

BERL Regional Rankings 2012



*Te Rewa Rewa Bridge in New Plymouth
Credit: Rob Tucker / Venture Taranaki*

Jason Leung-Wai

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1 Summary

It is our belief at BERL that “regions matter”. And that regional development is absolutely necessary to encourage economic growth at a national level.

A growing national economy needs strong local economies that are linked through an efficient and effective system to produce the final output of New Zealand Inc. It is obvious that Auckland cannot survive without the support and resources generated from the rest of the country. Similarly, urban areas cannot survive without rural areas that generate the primary resources that are converted into products and utilise services located in these urban areas.

In New Zealand, where our economy is strongly tied to primary production, regions are even more important. Regions produce the goods, such as fruit, meat, dairy, wood, oil, gas, coal, and steel. Cities facilitate activity and provide services for further production and people. Transport and communications infrastructure link them all.

Each local area has different endowments and advantages that result in specialisation and unique differences. Each local area also provides the environment and the infrastructure that supports populations and allows them to engage in business activity.

Recently in New Zealand, there has been a strong focus on Auckland based on the importance of cities, and rightly so. Cities provide mechanisms that attract, encourage and enable economic activity to happen. However, there is still a strong case for the contribution broader local areas can make to economic growth. Changes in technology and the global economy have actually increased the importance of regions, and local activity. The ability for activity to be undertaken anywhere; the mobility of the workforce; and the localisation of innovation has put even further value on the importance of place, which is broader than cities.

To understand and support the national economy we must understand and support the building blocks that enable it. Local areas are those building blocks. There are ways to support local areas to enable effective allocation of resources, efficient production, and supportive environments for businesses and people. This is called regional development.

And to provide effective economic development support to local economies we need to be able to measure their activity. This is crucial if we are to identify benchmarks and to set an aspirational target. As the saying goes, “you cannot manage what you cannot measure”.

As such, this analysis provides government, local government and private businesses with a high-level overview on economic performance at a sub-national level. The analysis compares performance at three sub-national aggregations:

- local authority
- regional council
- city.

This information can be used to identify areas where support is needed, or where additional focus or effort is required. It can underpin and allow effective measurement of economic development strategies.

It is important to note that this is a ranking report. It is based on the change in activity in an area relative to changes in other areas. It is therefore looking at rate of change rather than the actual quantum of activity.

Rankings

The rankings are based on indicators of economic activity – population, employment, value added (GDP) and businesses. The rankings also incorporate the level of activity in the productive (export focused) sectors of the economy.

In 2012, there has been a significant lift in GDP in primary based industries, largely a result of increased export sales and improved commodity prices. This has supported the performance of rural districts. Similarly, the reallocation of activity, especially population, in the Canterbury region has seen rapid growth in smaller districts around Christchurch.

Several of the rankings come as no surprise. Areas with a strong primary sector focus have done well, as have those with strong population growth. There are some new faces alongside the usual suspects from previous years. The top ten rankings by local authority, region and city are shown in Table 1.1.

Table 1.1. Regional Rankings (top 10)

Rank	Local Authority	Region	City
1	Selwyn	Auckland	New Plymouth
2	Ashburton	Taranaki	Timaru
3	Waimakariri	Southland	Auckland
4	Queenstown-Lakes	Waikato	Wellington
5	Waimate	Otago	Hamilton
6	Hurunui	West Coast	Tauranga
7	Hauraki	Wellington	Blenheim
8	Waikato	Canterbury	Nelson
9	Buller	Nelson/Tasman/Marl	Invercargill
10	Mackenzie	Gisborne	Gisborne

Congratulations to those who have made it into the top ten, or who have made strides over the previous year. As usual we expect robust discussion around the rankings, and whether they were deserved, accurate or even useful. From our perspective, this is what we hope to occur. We hope this ranking report starts a conversation around the region's performance, which is hopefully a precursor to discussion on how to improve. This ultimately leads to growth in the regions, which is what we want and need as a nation.

2 Introduction

Economic growth is important for all New Zealanders. Economic growth provides more jobs, more money, and an opportunity for an improved lifestyle. Understanding what causes economic growth and where this growth is coming from within New Zealand is especially important to maintain and increase our current standard of living.

The BERL Regional Rankings Report provides a comparative measure of the economic performance of New Zealand's 66 local authorities, 14 regions and 20 cities.

The overall ranking provides government, industry and the public with an understanding of the relative performance of New Zealand's districts, regions and cities, and provides important information which:

- local authorities and regions can use to monitor their performance relative to their peers, and identify areas of interest.
- businesses can use to identify areas of growth and decline.
- governments can use to inform national economic policies, and identify where activity is occurring.

2.1 Economic Indicators

The key performance indicators that make up the regional rankings are: population, employment, GDP and business units (which are calculated in the short and medium-term) and the Relative Openness Index, which provides a longer term measure of the gearing of the regional economy towards export focused sectors.

The performance of each local authority, region or city is based on the change in key economic indicators over the last year (short-term) and over the last five years (medium-term). The focus of these indicators is on outcomes – population growth, employment, GDP growth, and business growth.

By looking at both short and medium-term performance, the final rankings reflect changes in the area's performance that are more permanent in nature rather than solely reflecting shifts that may well be one-off shocks, corrections or even data error.

2.2 Weighting and ranking

All economic indicators are equally weighted in the analysis, i.e. employment growth in the short-term has the same significance as employment growth over the medium-term (so each indicator accounts for 11.1 percent). The overall rank is based on the total score. That is, scores for each measure are scaled and then summed to provide a final ranking. This takes into account the variance within each measure rather than being based on the order.

2.3 BERL Regional Database

Indicators are taken from the BERL Regional Database. This database contains relevant economic indicators at a local authority level broken down by industry sector.¹ It is built from publicly available data including the New Zealand Business Demography statistics, Household Labour Force Survey, National Accounts, and sub-national Population Estimates. It forms the basis of much of the regional economic development work we do to support

¹ Indicators include population, employment, GDP, Businesses – number and size. These can be used to identify further measures including GDP per Capita, Labour Productivity, and location quotients. Data can be broken down into industry groupings at the ANZSIC 2006 4-digit level (506 industries).

businesses, councils and economic development organisations in New Zealand to identify economic activity and performance in their regions.

There have been revisions to the BERL Regional Database in 2012 that influence the results. In particular, there have been methodological improvements to remove the distortion of GDP from ownership of owner-occupied dwellings. This has resulted in less variation from year to year, particularly for small districts, where a slight shift in employment in property services (the broader grouping within which ownership of owner-occupied dwellings sits) often resulted in significant changes in GDP.

The other major factor influencing results was the large increase in GDP generated by the primary sector. This is as a result of improved commodity prices and production levels. This has seen the GDP generated per unit of activity increase significantly across the primary sector. The result of this is apparent in the performance of smaller rural districts where the primary sector accounts for a relatively high proportion of economic activity.

2.4 Format of the report

This report is organised into seven chapters. Chapter 3 provides some context on the national and international economy. The next three chapters then look at the three geographic groupings – local authority, regional council, and city.

2.5 Caveats

In terms of caveats, we accept that this is mainly a desk-based exercise. Where possible, we have tried to verify the underlying data where they result in a questionable number. Where appropriate, we have overridden data based on patterns, and our general knowledge and understanding of regions. However, we have not verified all activity or gone out of our way to identify why the changes have occurred.

Further, the data is for the March 2012 year. Much has changed since then, for example the current drought affecting north island farms.

Finally, we stress that this report provides a high-level analysis showing how local authorities, regions and cities compare relative to each other. For effective interventions and targeted regional economic development activity a much more detailed level of analysis is required that looks at the absolute values and quantum of change rather than comparative differences between councils. That is, more detailed information should be obtained and assessed to inform, identify and support regional economic development activity.

3 Economic Context

While the rankings report compares the relative performance of sub-national geographic areas, it is useful to assess their performance within the context of the global and national economy. The world economy is still struggling to recover from the Global Financial Crisis (GFC), with many developed economies returning to recession. Earlier, bullish forecasts were based on continued explosive growth in developing countries, which would counter the stalled growth in the developed countries. However, this overlooked the fact that a large proportion of developing country growth was from selling goods to developed countries. As a result, developing country growth has also eased and will only return to the earlier high levels of growth when developed countries start buying goods again.

3.1 International

Global growth and trade has slowed further over 2012. This uncertainty has affected investment decisions and markets resulting in lower global growth forecasts. In their latest World Economic Situation and Prospects 2013, the United Nations expects global growth of 2.2 percent in 2012, increasing slightly to 2.4 percent in 2013 and 3.2 percent in 2014.² These expectations are well below what was forecast a year earlier.

Through 2011 developing economies grew at 5.7 percent, which was a 26 percent decline from the 7.7 percent growth in 2010. Looking forward, growth is expected to slow even further in 2012 to 4.7 percent before increasing again in 2013 and 2014 at 5.1 percent and 5.6 percent respectively.

An increasing focus for New Zealand exporters is in the Asian markets. However, their growth, while still respectable, has also eased significantly from the 9.2 percent GDP growth recorded in 2010. In 2011, East Asia growth fell by 16 percent to 7.1 percent. Growth in the Asian markets is expected to fall by a further 18 percent in 2012 to 5.8 percent before increasing slightly to 6.2 percent and 6.5 percent in 2013 and 2014.

3.2 National

The national economy continues to be influenced by the global economy. The whole experience around the GFC has seen a shift in consumer behaviour with increased prudence in relation to investment and spending. Government continues to pull back its spending in an effort to balance the budget by 2014. The expected spend on the Christchurch rebuild has not occurred as capacity constraints and squabbles around where and how to spend continues to delay activity. This has all resulted in a subdued domestic market with the expected recovery being pushed back until the national and global environments become less volatile.

While our export markets are not as bullish, exports continue to grow, with healthy commodity prices for our main products. Demand from our key markets, particularly Asia and Australia, remains relatively strong. According to the ANZ Commodity Price Index, prices for New Zealand commodities fell by 18 percent in the year to March 2012. However, this follows an increase of 21 percent in the previous year and growth over the last five years of 17 percent. Globally, world commodities dropped by around nine percent in 2012 but are up 43 percent from five years earlier.³

New Zealand commodity prices have been affected by the high New Zealand dollar, which is currently sitting at around US\$ 0.84. The trade weighted index is sitting at around 76 percent. Both are the highest they have been

² (Development Policy and Analysis Division, 2013)

³ (ANZ, 2013)

since the early 80s and have steadily increased since 2001 (with a blip in 2008 due to the GFC). There is a long held view that the NZ\$ is overvalued and hurting exports. Unfortunately, there is nothing to suggest that it will drop significantly in the short to medium-term, with favourable commodity prices, association to a strong Australian dollar and the active management of other currencies.

Despite the positive increase in the price of our commodity exports, key performance indicators over the last five years have been dismal. Economic activity has been subdued since the GFC in 2008 triggered global and national recessions.

Ultimately, New Zealand's performance shows signs of an economy that is still trying to regain ground after a global recession. Key economic indicators in 2012 tend to be better than the five year average but worse than the ten year average. Slower population and employment growth has seen GDP per capita and labour productivity growth significantly higher than both the medium and longer term.

Table 3.1. New Zealand KPIs

Key Performance Indicators	2012	5-yr ave	10-yr ave
	%pa		
Resident population grow th	0.6	1.0	1.2
GDP grow th	2.0	0.9	2.3
GDP per capita grow th	1.4	-0.1	1.1
Employment Grow th (FTEs)	1.0	0.5	1.8
Labour productivity grow th	1.0	0.4	0.5
Business units grow th	-0.2	0.1	2.1
Business size grow th	1.2	0.4	-0.3

source: BERL Regional Database 2012

Employment growth for the year ending March 2012 was 1.0 percent which is close to the halfway between the medium-term average of 0.5 percent and the long term average of 1.8 percent. Unemployment is currently sitting around 6.9 percent (December 2012 quarter). In March 2011, where this data relates to, the unemployment rate was lower at 6.7 percent. Unemployment peaked in the September 2011 quarter at 7.3 percent.

GDP growth was 2.0 percent for the year ending March 2012. Again, this is higher than the medium-term average of 0.9 percent but lower than the long term average of 2.3 percent.

Population growth slowed even further in 2012, easing to 0.6 percent from 0.9 percent the previous year. Population growth has averaged 1.0 percent over the last five years and by 1.2 percent over the last ten. In both 2011 and 2012, outward migration was higher than inward migration. The majority of outward migration was to Australia, with close to 54,000 people moving there compared to only 15,000 coming in to New Zealand.

The rankings reflect the ability of districts, regions and cities, to operate within the national and international environment. It is apparent from the results that some have operated better than others in the trying environment of 2012 and over the last five years.

4 Local Authorities

At the most disaggregated regional level we have 66 local authorities. Each of these is tasked with encouraging the four wellbeings of their community – economic, social, cultural and environmental. We do note that there is a huge variation in the size, scale and activity of local authorities, which can have an impact on what they can do and also on their economic performance.

Table 4.1. Local authority rankings, 2012

BERL Local Authority Rankings	RANK				RANK		
	2012	2011			2012	2011	
Selwyn District	1	4	↑3	South Waikato District	34	55	↑21
Ashburton District	2	9	↑7	Whakatane District	35	25	↓10
Waimakariri District	3	3	→	Marlborough District	36	44	↑8
Queenstown-Lakes District	4	2	↓2	Tararua District	37	64	↑27
Waimate District	5	21	↑16	Nelson City	38	19	↓19
Hurunui District	6	10	↑4	Invercargill City	39	36	↓3
Hauraki District	7	34	↑27	South Wairarapa District	40	50	↑10
Waikato District	8	5	↓3	Gisborne District	41	51	↑10
Buller District	9	1	↓8	Porirua City	42	23	↓19
Mackenzie District	10	15	↑5	Hastings District	43	30	↓13
Gore District	11	45	↑34	Grey District	44	53	↑9
Carterton District	12	16	↑4	Whangarei District	45	38	↓7
Central Otago District	13	7	↓6	Western Bay of Plenty District	46	6	↓40
Southland District	14	17	↑3	Westland District	47	24	↓23
Waitaki District	15	26	↑11	Napier City	48	35	↓13
Waipa District	16	13	↓3	Rangitikei District	49	65	↑16
New Plymouth District	17	12	↓5	Opotiki District	50	28	↓22
Timaru District	18	22	↑4	Dunedin City	51	42	↓9
Central Hawke's Bay District	19	59	↑40	Waitomo District	52	54	↑2
Auckland	20	14	↓6	Lower Hutt City	53	52	↓1
Stratford District	21	63	↑42	Rotorua District	54	37	↓17
Manawatu District	22	29	↑7	Palmerston North City	55	48	↓7
Wellington City	23	31	↑8	Kapiti Coast District	56	43	↓13
Otorohanga District	24	41	↑17	Thames-Coromandel District	57	47	↓10
Tasman District	25	11	↓14	Christchurch City	58	57	↓1
Clutha District	26	27	↑1	Kawerau District	59	61	↑2
Masterton District	27	58	↑31	Kaikoura District	60	32	↓28
Kaipara District	28	40	↑12	Far North District	61	46	↓15
Hamilton City	29	20	↓9	Horowhenua District	62	56	↓6
Matamata-Piako District	30	33	↑3	Upper Hutt City	63	49	↓14
South Taranaki District	31	39	↑8	Wanganui District	64	60	↓4
Tauranga City	32	8	↓24	Wairoa District	65	62	↓3
Taupo District	33	18	↓15	Ruaupahu District	66	66	→

source: BERL Regional Database 2012

There were three new entrants into the top ten – Waimate, Hauraki and Mackenzie. Dropping out of the top ten in 2012 were Central Otago, Tauranga City and Western Bay of Plenty.

Several districts jumped significantly in the rankings including Stratford, Central Hawke's Bay, Gore, and Masterton. The largest declines were Western Bay of Plenty, Kaikoura, Westland and Ōpōtiki.

The events in Christchurch have impacted on the rankings, with six of the top ten local authorities being in the Canterbury Region. Whether this continues depends upon the rebuild, and whether changes are permanent or temporary.

1st Selwyn District		
2012	Resident population growth	2nd
	Employment (FTE) growth	1st
	Real Value Added growth (GDP)	3rd
	Business units growth	5th
	Relative openness index	36th
2007-2012	Resident population growth	1st
	Employment (FTE) growth	2nd
	Real Value Added growth (GDP)	1th
	Business units growth	8th
<i>Previous rank (2011)</i>		4th

Selwyn District takes top spot in the 2012 rankings, moving up three spaces from the previous year.

Historically a strong farming community, Selwyn has seen most of its growth coming from population and associated sectors such as construction, retail trade and social services.

Selwyn District is in the centre of the South Island and south of Christchurch. It has a population of 40,700. It employs 14,400 FTEs and generates \$1.2 billion in GDP across 5,400 businesses.

In 2012, Selwyn's population increased by 2.9 percent, taking it over 40,000 people for the first time. There was

a 9.5 percent increase in FTE employment, around 1,200 jobs. There was a 50 percent increase in employment in the construction industry and a 40 percent increase in arts and recreation services.

Selwyn's performance is across the board, ranking in the top eight in eight of the nine indicators, and in the top three in six of those.

Selwyn District had the highest employment growth in 2012, and has had the second highest employment growth over the last five years. It had the second fastest rate of population growth in 2012 and has been the fastest growing local authority over the last five years.

Selwyn District had the third fastest growth in GDP in 2012 and has been the top performer over the last five years.

2nd Ashburton District		
2012	Resident population growth	6th
	Employment (FTE) growth	4th
	Real Value Added growth (GDP)	9th
	Business units growth	11th
	Relative openness index	22nd
2007-2012	Resident population growth	6th
	Employment (FTE) growth	4th
	Real Value Added growth (GDP)	8th
	Business units growth	4th
<i>Previous rank (2011)</i>		9th

Ashburton District, located south of Christchurch, moved up seven spots to place 2nd in 2012. Its ranking is due to solid performances across all indicators. While it was not in the top three in any of the indicators, it placed fourth in three indicators and was in the top ten on seven of the nine.

Ashburton has a population of 29,900. It employs 15,700 FTEs and generates \$1.4 billion in GDP across 5,400 businesses.

The Ashburton economy is strongly focused on the primary and manufacturing sectors, which account for close to 50 percent of employment in the District.

Ashburton has also seen above average population growth, which has resulted in solid growth in the construction sector. However, in the latest year, the fastest growth has been in wholesale and distribution (up 10.3 percent) and in business services (up 10.1 percent).

Ashburton has had strong performances over all the medium-term measures. Employment and business unit growth was strong, supported by a rapidly increasing population.

3rd Waimakariri District		
2012	Resident population growth	8th
	Employment (FTE) growth	3rd
	Real Value Added growth (GDP)	19th
	Business units growth	9th
	Relative openness index	53rd
2007-2012	Resident population growth	3rd
	Employment (FTE) growth	6th
	Real Value Added growth (GDP)	3rd
	Business units growth	9th
<i>Previous rank (2011)</i>		3rd

Waimakariri District held onto its previous year's ranking in 3rd place. In fact, three is a popular number in the Waimakariri. Over the last five years, it has had the 3rd fastest population and GDP growth. It also had the 3rd fastest employment growth in 2012.

Waimakariri also had three placings that were in multiples of three. It had the ninth fastest business unit growth in 2012. Employment growth was the sixth fastest and business growth was the ninth fastest over the 2007 to 2012 period.

Waimakariri has a population of 47,800. It employs 12,100 FTEs and generates \$1.1 billion in GDP across

5,800 businesses.

In 2012, Waimakariri saw a 27 percent increase in construction employment, with an extra 450 jobs created. With 2,100 FTEs, the construction sector is now the second largest sector behind retail trade and services (2,500 FTEs) and social services (2,080 FTEs).

4th Queenstown-Lakes District		
2012	Resident population growth	5th
	Employment (FTE) growth	7th
	Real Value Added growth (GDP)	25th
	Business units growth	4th
	Relative openness index	61st
2007-2012	Resident population growth	2nd
	Employment (FTE) growth	18th
	Real Value Added growth (GDP)	19th
	Business units growth	1st
<i>Previous rank (2011)</i>		2nd

Queenstown-Lakes District continues to appear at or near the top of the BERL regional rankings. In 2012, the district ranked 4th, down two spots from 2011.

In the past, the District has had a lock on the fastest population growth. However, it only ranked 5th in 2012 and it is now second over the medium-term for population growth.

Queenstown-Lakes has a population of 27,800. It employs 15,200 FTEs and generates \$1.1 billion in GDP across 6,300 businesses.

In 2012, while the District still performed well in employment and business unit growth, it was let down by GDP growth. Similarly, it has dropped down to 18th and 19th in medium-term rankings for employment and GDP growth.

Interestingly, Queenstown-Lakes strongest growth in 2012 came from the manufacturing sector, with a 13.8 percent increase in employment and a 15.3 percent increase in GDP. However, manufacturing only accounts for around 3.5 percent of employment. Employment growth in 2012 in construction was negative and subdued in retail trade and services. These are relevant facts as a) construction has been a significant driver of economic activity in the District and b) retail trade and services accounts for over 40 percent of employment in the District.

5th Waimate District		
2012	Resident population grow th	26th
	Employment (FTE) grow th	8th
	Real Value Added grow th (GDP)	1st
	Business units grow th	6th
	Relative openness index	5th
2007-2012	Resident population grow th	28th
	Employment (FTE) grow th	5th
	Real Value Added grow th (GDP)	4th
	Business units grow th	29th
<i>Previous rank (2011)</i>		21st

Waimate District jumped 21 spots to 5th place in the regional rankings in 2012. Specifically, Waimate had the fastest GDP growth in 2012. This was a result of the primary sector, where a 33 percent increase in primary sector GDP resulted in a 17 percent increase in the District's total GDP.

Waimate has a population of 7,500. It employs 2,600 FTEs and generates \$200 million in GDP across 1,200 businesses.

The primary sector accounts for close to 55 percent of Waimate's employment and 53 percent of its GDP. This is a major factor in its 5th placing on the Relative

Openness Index.

Waimate also had a 4.2 percent increase in employment in 2012, driven by a 15 percent increase in construction and a 12 percent increase in wholesale and distribution.

The strong employment and GDP growth in 2012 has translated through to the medium-term, where it ranked 5th and 4th respectively.

6th Hurunui District		
2012	Resident population grow th	4th
	Employment (FTE) grow th	14th
	Real Value Added grow th (GDP)	6th
	Business units grow th	24th
	Relative openness index	10th
2007-2012	Resident population grow th	9th
	Employment (FTE) grow th	9th
	Real Value Added grow th (GDP)	10th
	Business units grow th	11th
<i>Previous rank (2011)</i>		10th

Hurunui District moved up four places in 2012 to 6th place. Hurunui's performance was driven by excellent 2012 performances in population and GDP growth and strong performances across all medium-term indicators.

Again, as with all Canterbury districts, Hurunui had strong resident employment growth. This was anchored by the 6th fastest GDP growth, driven by strong primary sector returns.

Hurunui has a population of 11,200. It employs 4,400 FTEs and generates \$370 million in GDP across 2,500 businesses.

Hurunui District's 12.7 percent growth in GDP was underpinned by a 26 percent increase in primary sector GDP. Just over 47 percent of Hurunui District's employment is in the primary sector, with an increasing proportion of that being dairy cattle farming.

Also supporting the strength of the economy was a 27 percent increase in employment in the construction sector, driven by the growing population base.

7th Hauraki District		
2012	Resident population grow th	1th
	Employment (FTE) grow th	6th
	Real Value Added grow th (GDP)	7th
	Business units grow th	17th
	Relative openness index	35th
2007-2012	Resident population grow th	11th
	Employment (FTE) grow th	7th
	Real Value Added grow th (GDP)	14th
	Business units grow th	50th
	<i>Previous rank (2011)</i>	34th

Hauraki District, east of Auckland and Hamilton, catapulted 27 places to take the 7th ranking in 2012. This position, however, may be short lived.

The major reason for the increase was the absorption of the southwest coast of the Firth of Thames with the abolition of the Franklin District.

As a consequence, Hauraki had the fastest population growth in 2012 at 3.9 percent. It also had the 6th fastest employment growth (4.8 percent) and the 7th fastest GDP growth (12 percent) in the country.

Hauraki has a population of 18,300. It employs 6,200

FTEs and generates \$500 million in GDP across 2,600 businesses.

The one-off boundary change also bumped up its medium-term rankings. Hauraki has the 7th fastest employment growth and the 11th fastest population growth over the last five years.

Employment growth in 2012 was driven by the manufacturing industry, which increased by 48 percent in 2012, and the arts and recreation services industry, where employment grew by 43 percent, albeit of a low base. Manufacturing growth was the result of an additional 220 FTEs in the meat processing industry.

8th Waikato District		
2012	Resident population grow th	7th
	Employment (FTE) grow th	2nd
	Real Value Added grow th (GDP)	10th
	Business units grow th	44th
	Relative openness index	26th
2007-2012	Resident population grow th	5th
	Employment (FTE) grow th	3rd
	Real Value Added grow th (GDP)	6th
	Business units grow th	46th
	<i>Previous rank (2011)</i>	5th

Waikato was another district that benefited from the formation of the Auckland supercity and the carving up of Franklin District.

Because of the large population increase (32 percent in 2012) we have estimated their population growth excluding the absorption. Regardless, the subsequent increase in employment and GDP in 2012, and the medium-term performance has seen Waikato remain in the top 10.

Waikato District has a population of 62,700. It employs 17,200 FTEs and generates \$1.6 billion in GDP across 8,000 businesses.

A third of the Waikato District's employment is in the primary sector, with a further 14 percent in manufacturing, largely processing. In 2012, the Waikato District added 200 FTEs in dairy manufacturing, 35 FTEs in meat processing, and 41 FTEs in other food product manufacturing. As well, there were significant gains in dairy cattle farming (135 FTEs) and other agriculture and fishing support services (600 FTEs). As a result, the Waikato District experienced employment growth of eight percent and GDP growth of close to 11 percent in 2012.

9 th Buller District		
2012	Resident population grow th	24 th
	Employment (FTE) grow th	11 th
	Real Value Added grow th (GDP)	49 th
	Business units grow th	3 rd
	Relative openness index	20 th
2007-2012	Resident population grow th	38 th
	Employment (FTE) grow th	1 st
	Real Value Added grow th (GDP)	12 th
	Business units grow th	7 th
Previous rank (2011)		1 st

With a difficult year on the West Coast, **Buller District** relinquished its hold on the top spot. However, Buller has managed to stay in the top ten, claiming 9th place in 2012 and is still the strongest performer on the West Coast

Buller has a population of 9,900. It employs 5,100 FTEs and generates \$400 million in GDP across 1,200 businesses.

Business unit growth has been a strong indicator for the district, ranking 3rd in 2012 and 7th over the five year period.

Over the five year period, Buller has had the strongest employment growth of all districts. However, in 2012, employment growth was 3.2 percent, enough to give Buller the 11th fastest rate of growth.

GDP growth has definitely suffered, falling by 0.1 percent in 2012, ranking Buller 49th. Over the five year period, GDP growth has been relatively solid, with the 12th fastest rate of growth.

Interestingly, the strongest growth in 2012 has been in business services, with a 10.6 percent increase in employment. This has been supported by seven percent employment increases in manufacturing and construction. On the down side, there has been an 18 percent drop in employment in arts and recreation services, although this is of a lower base.

10 th Mackenzie District		
2012	Resident population grow th	11 th
	Employment (FTE) grow th	28 th
	Real Value Added grow th (GDP)	8 th
	Business units grow th	25 th
	Relative openness index	28 th
2007-2012	Resident population grow th	20 th
	Employment (FTE) grow th	13 th
	Real Value Added grow th (GDP)	2 th
	Business units grow th	10 th
Previous rank (2011)		15 th

We return to the Canterbury region for the 10th placed district, which is **Mackenzie**. The district has broken into the top 10, rising five places from the previous year.

Mackenzie had the 8th fastest GDP growth in 2012, and the 2nd fastest GDP growth over the last five years.

Mackenzie has also benefited from population growth, being the 11th fastest growing region in 2012.

Mackenzie has a population of 4,000. It employs 1,900 FTEs and generates \$190 million in GDP across 850 businesses.

A relatively small economy, activity is focused on the primary and retail sectors. However, the greatest growth has come from the manufacturing sector, albeit of a very small base.

Within the primary sector there has been a shift from sheep farming to beef and dairy cattle farming. There has also been growth in onshore aquaculture, with an aligned increase in seafood processing.

11th Gore District

2012	Resident population growth	51 st
	Employment (FTE) growth	10 th
	Real Value Added growth (GDP)	18 th
	Business units growth	2 nd
	Relative openness index	21 st
2007-2012	Resident population growth	56 th
	Employment (FTE) growth	21 st
	Real Value Added growth (GDP)	24 th
	Business units growth	2 nd
Previous rank (2011)		45 th

Heading further south, the much maligned **Gore** placed just outside the top ten. Driving its performance has been business unit growth, where it ranked second in 2012 and over the last five years.

Gore has a population of 12,000. It employs 6,800 FTEs and generates \$620 million in GDP across 2,000 businesses.

In a year where there was a decline in businesses in New Zealand, Gore added over 40 businesses, an increase of 2.4 percent. It also showed strong employment and GDP growth of 7.9 percent and 8.3 percent respectively.

Growth appeared to come from the arts and recreation and social services sectors, along with strong growth in the primary sector. In 2012, Gore had GDP growth of over 30 percent in the primary and arts and recreation services sectors. In terms of employment, the greatest absolute growth was in business services, where Gore added 67 FTE jobs.

12th Carterton District

2012	Resident population growth	10 th
	Employment (FTE) growth	18 th
	Real Value Added growth (GDP)	24 th
	Business units growth	51 st
	Relative openness index	6 th
2007-2012	Resident population growth	13 rd
	Employment (FTE) growth	14 th
	Real Value Added growth (GDP)	9 th
	Business units growth	13 th
Previous rank (2011)		16 th

Carterton is the highest ranking district in the lower north island. It has moved up four spots from 2011 to 12th place.

Carterton has a population of 7,600. It employs 2,900 FTEs and generates \$290 million in GDP across 1,200 businesses.

Carterton District's rankings could be considered "solid". Carterton's highest ranking indicator was its relative openness, where it ranked 6th. However, it also had a strong medium-term GDP ranking (9th) and recent population growth (10th in 2012 and 13th over the medium-term). Interestingly, Carterton also ranked 9th in

medium-term GDP growth.

Over 50 percent of Carterton's economy is in the primary and manufacturing sectors. GDP in the primary sector in Carterton increased by 38 percent in 2012. Within the primary sector, there were employment increases in nursery production, beef cattle farming, other grain growing, dairy cattle farming and beekeeping.

13th Central Otago District		
2012	Resident population grow th	15th
	Employment (FTE) grow th	25th
	Real Value Added grow th (GDP)	14th
	Business units grow th	34th
	Relative openness index	39th
2007-2012	Resident population grow th	10th
	Employment (FTE) grow th	17th
	Real Value Added grow th (GDP)	16th
	Business units grow th	3rd
<i>Previous rank (2011)</i>		7th

Central Otago was the 13th ranked economy in New Zealand in 2012. Its ranking was anchored by strong medium-term business unit (3rd) and population growth (10th). However, short-term indicators have dipped slightly, resulting in a drop of six places from 2011.

Central Otago has a population of 18,100. It employs 10,100 FTEs and generates \$810 million in GDP across 3,300 businesses.

GDP growth in 2012 of nine percent was well above the national average. Its highest ranking was for medium-term business unit growth, where it was the 3rd fastest.

The District also had consistently high population growth and now has over 18,000 residents. Central Otago had the 15th fastest growing population in 2012 and the 10th fastest growing population over the last five years.

Primary sector GDP increased by over 40 percent in 2012. With over 30 percent of the District's GDP coming from the primary sector, Central Otago posted a solid GDP performance.

Primary sector industries where employment increased in 2012 included apple and pear, stone fruit growing, sheep farming, and dairy cattle farming. There were also employment increases in wine manufacturing, construction and accommodation.

14th Southland District		
2012	Resident population grow th	17th
	Employment (FTE) grow th	37th
	Real Value Added grow th (GDP)	12th
	Business units grow th	27th
	Relative openness index	1st
2007-2012	Resident population grow th	35th
	Employment (FTE) grow th	15th
	Real Value Added grow th (GDP)	18th
	Business units grow th	33rd
<i>Previous rank (2011)</i>		17th

The 14th highest ranking district was from the Deep South. **Southland District** improved three spots from 2011, anchored by its top ranking in relative openness. It also had strong GDP growth in 2012 and has had relatively strong medium-term employment and GDP growth.

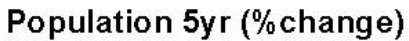
Southland District has a population of 29,000. It employs 17,100 FTEs and generates \$1.7 billion in GDP across 6,800 businesses.

Although employment dropped by 0.3 percent, GDP growth increased by 10 percent. The strong GDP performance of the primary sector nationally assisted

Southland's ranking, particularly as 40 percent of activity in Southland associated to the primary sector.

For a rural area, Southland District has done well in retaining population. After declining steadily to 2007, population is estimated to be back over 29,000 again. Over the decade, population growth was estimated at 0.2 percent per annum although it has been running at around 0.6 percent per annum for the last four years.

Figure 4.1. 5-year population map, annual average over medium-term



Over 3 percent

2 percent to 3 percent

1 percent to 2 percent

Zero to 1 percent

 Under zero

New Zealand annual average is 1 percent

Figure 4.2. 5-year FTE map, annual average over medium-term

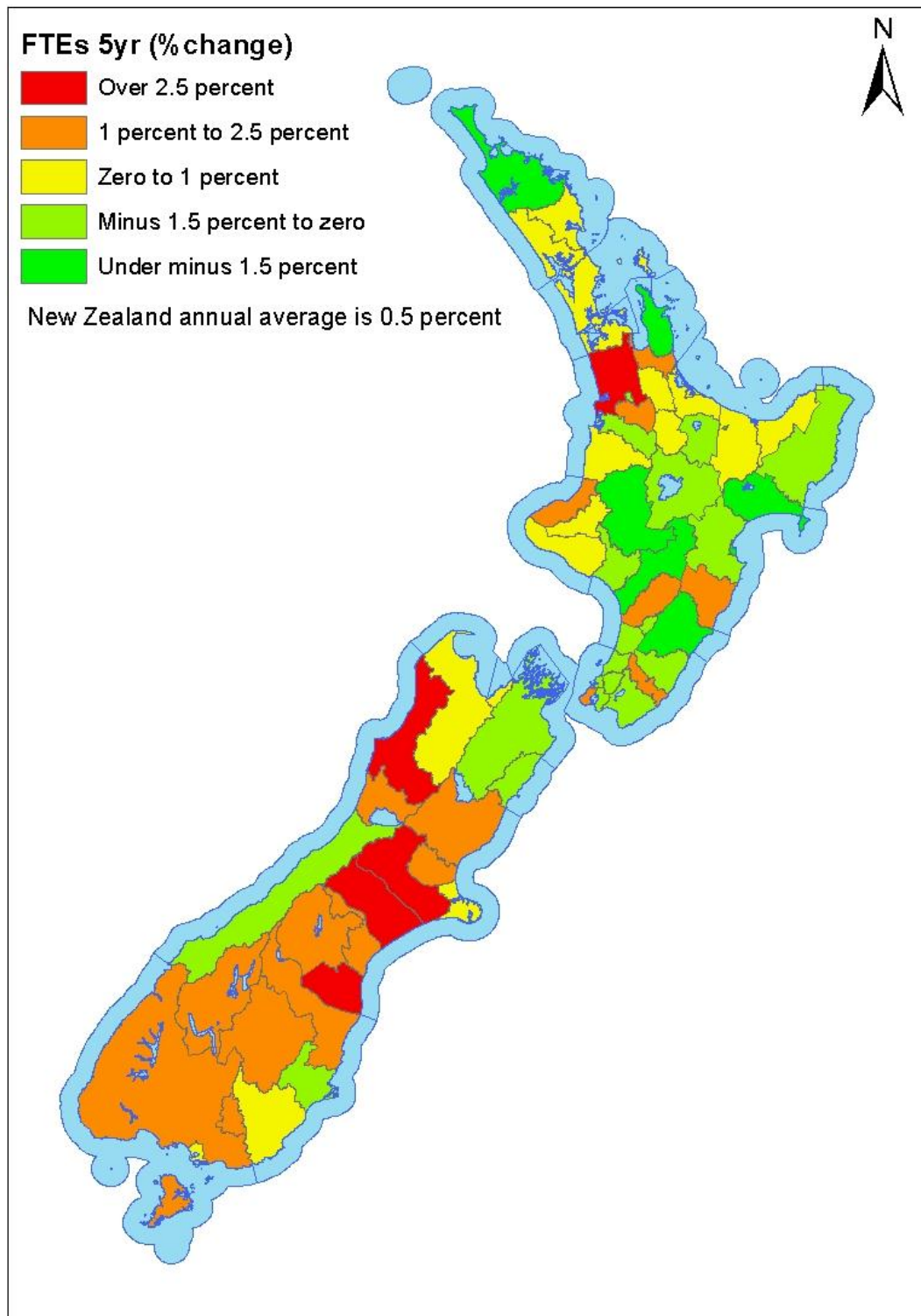
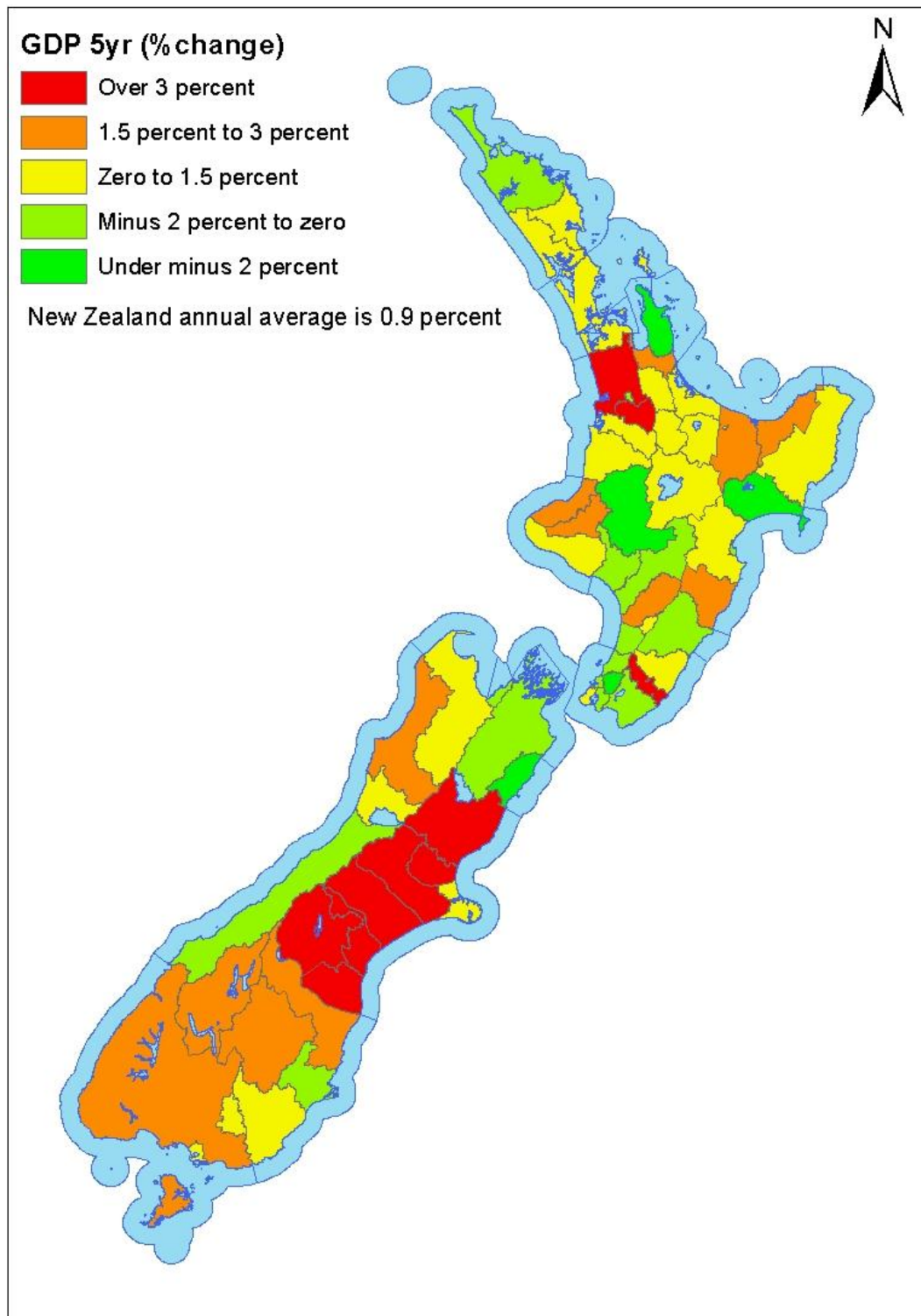


Figure 4.3. 5-year GDP map, annual average over medium-term



5 Regions

The 66 local authorities were grouped into their regional council areas to allow ranking across the 14 regional council areas. The performance of each region is shown in Table 5.1.

Table 5.1. Regional rankings, 2012

BERL Region Rankings	Rank		
	2012	2011	
Auckland	1	1	→
Taranaki	2	3	↑1
Southland	3	8	↑5
Waikato	4	7	↑3
Otago	5	5	→
West Coast	6	4	↓2
Wellington	7	10	↑3
Canterbury	8	9	↑1
Nelson/Tasman/Marlborough	9	6	↓3
Gisborne	10	13	↑3
Bay of Plenty	11	2	↓9
Hawke's Bay	12	11	↓1
Northland	13	12	↓1
Manawatu-Wanganui	14	14	→

source: BERL Regional Database 2012

The Auckland supercity retains its crown as the number one region in New Zealand. Taranaki has crept up one spot to finish in second place, while Southland has made the largest climb of all regions, up five spots to claim third.

The Waikato region, on the back of a strong dairy season climbs three spots to fourth, while Otago region retains its position and rounds out the top five.

The big fall has been the Bay of Plenty, which has dropped nine places to 11th, an unfamiliar position outside the top ten. The Wellington region has surprised by climbing three spots, as has Gisborne. Otherwise there have been slight movements up and down for the remaining regions. The Manawatu-Wanganui region has cemented its position, finishing 14th for the second year in a row.

1st Auckland City		
2012	Resident population growth	6th
	Employment (FTE) growth	1st
	Real Value Added growth (GDP)	7th
	Business units growth	3rd
	Relative openness index	9th
2007-2012	Resident population growth	1st
	Employment (FTE) growth	4th
	Real Value Added growth (GDP)	4th
	Business units growth	1st
<i>Previous rank (2011)</i>		1st

While only ranked 20th against local authorities, the **Auckland** supercity put up impressive rankings in 2012 when compared to other regions. Out of the 14 regions, Auckland had the fastest employment growth and the third fastest growth in business units in 2012. Boundary changes has seen its resident population ranking drop to sixth, while its GDP growth was around the mid-point of all regions.

In 2012, Auckland recorded population growth of 0.4 percent, GDP growth of 2.7 percent, and employment growth of 2.6 percent.

Auckland reported 4.8 percent growth in employment in business services, adding 7,100 jobs, and 3.2 percent employment growth in social services adding 4,200 jobs. The most interesting statistic is that 15,600 of the 18,500 net increase in FTE jobs nationally were from Auckland.

However, it is the medium-term indicators where the City of Sails really shines. Auckland has the highest ranking for medium-term population growth (1.3 percent per annum) and business unit growth (0.5 percent per annum). Auckland's lowest medium-term rankings were in employment and GDP, where it still claimed the fourth fastest growth amongst the 14 regions.

Taranaki is made up of New Plymouth, Stratford and South Taranaki. Individually, these local authorities ranked 17th, 21st and 31st respectively. Together, their performance was enough to make Taranaki the second best performing region in the country.

With a strong focus on oil and gas, dairy and meat processing, Taranaki's economic performance is tied to fuel and commodity prices. Out of the 14 regions, Taranaki has the highest ratio of export related businesses and has the fastest growth in GDP over the last five years. Over the medium-term, Taranaki has also had the third fastest employment and business unit growth.

In 2012, employment in Taranaki increased by 1.1 percent. However, GDP declined by 2.4 percent, largely a result of a decline in employment in the oil and gas sector where GDP estimates dropped from \$1.3 billion in 2011 to \$1 billion in 2012.

Over the last five years, Taranaki GDP has increased by 2.2 percent per annum, enough to make it the region with the strongest GDP growth over the medium-term. Taranaki employment has increased by 1.1 percent per annum over the last five years, the third fastest of all regions and more than twice the 0.5 percent per annum national employment growth rate. Taranaki has also had consistent growth in new businesses, ranking third over the medium-term.

2nd Taranaki		
2012	Resident population growth	5th
	Employment (FTE) growth	4th
	Real Value Added growth (GDP)	14th
	Business units growth	4th
	Relative openness index	1st
2007-2012	Resident population growth	8th
	Employment (FTE) growth	3rd
	Real Value Added growth (GDP)	1st
	Business units growth	3rd
<i>Previous rank (2011)</i>		3rd

3rd Southland		
2012	Resident population growth	9 th
	Employment (FTE) growth	5 th
	Real Value Added growth (GDP)	1 st
	Business units growth	5 th
	Relative openness index	2 nd
2007-2012	Resident population growth	10 th
	Employment (FTE) growth	2 nd
	Real Value Added growth (GDP)	3 rd
	Business units growth	6 th
	<i>Previous rank (2011)</i>	8 th

Southland improves five places from last year to squeeze into the top three. Buoyed by strong performances in GDP (1st in 2012 and third over the medium-term) and its second ranking in terms of openness, Southland has taken advantage of strong returns in the primary sector, particularly dairy.

The Southland region is made up of Gore, Southland and Invercargill. These three local authorities ranked individually 11th, 14th and 39th. Around 47 percent of the region's GDP is from the primary (20 percent) and manufacturing (27 percent) sectors.

Over the last five years, employment in dairy cattle farming has increased from 2,200 to close to 3,600, a 61 percent increase. Similarly, employment in cheese and other dairy product manufacturing has increased from 330 FTEs to 570 FTEs, a 71 percent increase.

In 2012, Southland had employment growth of 0.9 percent and GDP growth of 6.4 percent. GDP growth was anchored by a 28 percent increase in primary sector GDP, which added almost \$200 million to the region's GDP growth of \$267 million.

The region has performed well in employment and GDP over the medium-term, with the 2nd and 3rd highest growth rates respectively. The Southland region averaged 1.1 percent employment growth and 1.5 percent GDP growth over each of the last five years.

The **Waikato** region has also improved, rising three spots to sit just outside the top three in fourth place. Waikato has had the fastest population growth in 2012 and the second fastest population growth over the last five years. To an extent, the short-term result has been inflated through the absorption of part of Franklin District. However, Hamilton has experienced relatively high levels of population growth in its own right.

The Waikato region is made up of ten districts – Thames-Coromandel, Hauraki, Waikato, Matamata-Piako, Hamilton City, Waipa, Otorohanga, South Waikato, Waitomo and Taupō. The region has a strong primary sector focus, particularly in dairy and forestry.

The Waikato region had strong employment and GDP growth, ranking third in both indicators in 2012. Employment increased by 1.4 percent and GDP increased by 3.4 percent. The region increased employment in the primary sector by 1,124 FTEs, which resulted in an increase in primary sector GDP of \$429 million.

Over the medium-term, GDP and employment growth has not been as stellar, with average annual GDP growth of 0.7 percent and average annual employment growth of 0.4 percent. Both of these rates were less than that achieved nationally.

4th Waikato		
2012	Resident population growth	1 st
	Employment (FTE) growth	3 rd
	Real Value Added growth (GDP)	3 rd
	Business units growth	7 th
	Relative openness index	7 th
2007-2012	Resident population growth	2 nd
	Employment (FTE) growth	6 th
	Real Value Added growth (GDP)	8 th
	Business units growth	9 th
	<i>Previous rank (2011)</i>	7 th

5th		Otago
2012	Resident population growth	2nd
	Employment (FTE) growth	6th
	Real Value Added growth (GDP)	5th
	Business units growth	2nd
	Relative openness index	12th
2007-2012	Resident population growth	3rd
	Employment (FTE) growth	8th
	Real Value Added growth (GDP)	10th
	Business units growth	2nd
<i>Previous rank (2011)</i>		5th

The **Otago** region held steady in 5th place in 2012. The region has done well in terms of population growth, placing 2nd in 2012 and 3rd over the medium-term. Otago has also had strong business unit growth, placing 2nd in 2012 and over the medium-term.

The Otago region is made up of Queenstown-Lakes, Central Otago, Clutha and Dunedin City. We also include Waitaki, although it straddles both the Otago and Canterbury regions. Three of these districts placed in the top 15 local authority rankings.

In 2012, the Otago region had a population of 206,000, employed 37,200 FTEs and contributed \$7.7 billion in GDP to the New Zealand economy. The region's economic activity is spread across primary, manufacturing and tourism related sectors.

In 2012, the Otago region had population growth of 0.6 percent, GDP growth of 3.1 percent and employment growth of 0.7 percent.

Over the medium-term, the region still performs well in relation to population and business unit growth. However, both employment and GDP have grown slower than the national average at 0.2 percent and 0.3 percent respectively.

The **West Coast** region dropped two places to 6th in the 2012 rankings, driven by a relatively poor performance in 2012. However, its medium-term performance remains strong, ranking 1st in employment growth and 2nd in GDP growth over the last five years.

The West Coast is made up of Buller, Grey and Westland. In 2012, the region had a population of 32,100, employment of 15,560 FTEs and generated GDP of \$1.26 billion. The economy is based around coal mining, dairy and tourism.

While the dairy sector has performed well, both mining and tourism have dragged the economic performance in 2012 down. Employment increased by 0.6 percent while GDP declined by 0.2 percent.

Over the medium-term, however, the West Coast region has achieved employment growth of 2.4 percent per annum and GDP growth of 1.5 percent per annum, both well above the national average.

With a falling population, and issues around the mining sector, it will be interesting to see whether these growth rates are sustained. Significant declines in employment in arts and recreation services, retail trade services and construction may be reflective of the state of the region. However, with the reliance on mining, dairy and tourism, life on the Coast has always been cyclical and 'coasters' have built in resilience to ride those cycles.

6th		West Coast
2012	Resident population growth	12nd
	Employment (FTE) growth	7th
	Real Value Added growth (GDP)	12nd
	Business units growth	6th
	Relative openness index	5th
2007-2012	Resident population growth	11th
	Employment (FTE) growth	1st
	Real Value Added growth (GDP)	2nd
	Business units growth	8th
<i>Previous rank (2011)</i>		4th

7th Wellington		
2012	Resident population growth	4th
	Employment (FTE) growth	8th
	Real Value Added growth (GDP)	13th
	Business units growth	1st
	Relative openness index	13th
2007-2012	Resident population growth	5th
	Employment (FTE) growth	7th
	Real Value Added growth (GDP)	9th
	Business units growth	4th
<i>Previous rank (2011)</i>		10th

The **Wellington** region will surprise many with its improvement to 7th place in the 2012 rankings. However, strong business unit growth in 2012 and solid population growth has helped it move up three places.

The Wellington region is relatively diverse, including Kapiti Coast, Porirua City, Wellington City, Lower and Upper Hutt. It then goes over the Rimutaka ranges to include Masterton, Carterton and South Wairarapa.

This side of the Rimutaka Ranges, Wellington City dominates, providing a large part of the employment for the

Hutt Valley and up the coast to Porirua and even Kapiti.

The Wellington region has a combined population of around 472,000, employs 226,000 FTEs and generates around \$22.5 billion to New Zealand GDP. In 2012, the Wellington region had 0.5 percent employment growth. However, employment declined by 0.2 percent and GDP actually declined by 0.7 percent. The positives in the 2012 year were business unit growth (0.7 percent) and population growth, where it ranked 4th.

Over the medium-term, the region has fared in the top half across most of the indicators. In particular, the region has consistently created new businesses (4th) and had good population growth (5th). Its worst ranking over the medium-term was for GDP growth, where it ranked 9th of the 14 regional councils.

The only caveat around business unit growth was that most of it occurred in the business services sector. This is not necessarily a bad thing. However, it does suggest that many of the businesses created were contractors operating as companies in areas such as film production and IT services.

Canterbury region has improved by one placing to 8th in 2012. At a wider regional level, the population growth cancels itself out. The 14th placing suggests the level of displacement and the movement of people outside of the Canterbury region. The other short-term indicator to suffer has been business unit growth, where the region ranked 10th.

On a very positive note, Canterbury had the second fastest employment growth in 2012 and strong GDP growth, where it ranked sixth. In relation to the medium-term, the Canterbury region placed in the top ten in all four indicators.

In 2012, it is estimated that the Canterbury region population declined by three percent, dropping back to 535,000 people. Employment, however, increased by 2.5 percent to 251,400 FTEs and GDP increased by 2.9 percent to \$23.6 billion.

Much of the recent growth has been in the construction sector, with Canterbury one of the few regions that registered an increase in employment in 2012. Employment in construction increased by over 5,000 FTEs, or 22 percent, in 2012. This growth is expected to continue as the rebuild gains momentum.

8th Canterbury		
2012	Resident population growth	14th
	Employment (FTE) growth	2nd
	Real Value Added growth (GDP)	6th
	Business units growth	10th
	Relative openness index	8th
2007-2012	Resident population growth	9th
	Employment (FTE) growth	5th
	Real Value Added growth (GDP)	5th
	Business units growth	7th
<i>Previous rank (2011)</i>		9th

9th Nelson/Tasman/ Marlborough		
2012	Resident population growth	3rd
	Employment (FTE) growth	14th
	Real Value Added growth (GDP)	10th
	Business units growth	8th
	Relative openness index	3rd
2007-2012	Resident population growth	4th
	Employment (FTE) growth	10th
	Real Value Added growth (GDP)	13th
	Business units growth	5th
<i>Previous rank (2011)</i>		6th

The 'top of the south', consisting of **Nelson, Tasman and Marlborough** placed 9th in 2012, down three from their 6th placing in 2011. Despite having the worst employment growth of all the regions, the 'top of the south' is still considered one of the best places to live. The Nelson/Tasman/Marlborough region had the third fastest population growth in 2012 and has had the 4th fastest rate of population growth over the last five years.

The region has a population of 137,000 people. It contributed 44,000 FTE jobs and generated GDP of \$6 billion through 18,800 businesses in 2012. The economy

has a strong export focus around horticulture – pipfruit and grapes, forestry, and seafood/aquaculture. There is also a growing manufacturing sector, particularly around further processing of primary products. This export focus is complemented by solid population growth, which has supported population based sectors such as arts and recreation and social services.

In 2012, the region had population growth of 0.6 percent and GDP growth of 1.0 percent. FTE jobs declined by 2.4 percent, which is a large retrenchment in economic activity. The decline in employment was in all industries apart from manufacturing. In particular, close to 1,000 jobs were lost in the primary sector and a further 540 jobs were lost in the construction sector.

Over the medium-term there has been solid growth in both population and business units. However, the region is in the bottom four in employment (10th) and GDP (13th).

The **Gisborne** region improved three places to rank 10th in 2012. The Gisborne region is made up of Gisborne and Wairoa. In 2012, the region had the second fastest GDP growth of all regions. It also had the 7th fastest population growth and ranked 4th on the relative openness index.

One of the smallest regional economies in New Zealand, Gisborne had a population of 53,100, employed 21,700 FTEs and generated \$1.9 billion in GDP through 5,900 businesses in 2012. The primary sector accounted for around a quarter of employment and a third of all businesses.

In 2012, the region's population is estimated to have declined by 0.2 percent and employment fell by 2.5 percent. On the other hand, GDP increased by 2.9 percent, driven by a 23 percent increase in primary sector GDP. The Region lost 190 jobs in the primary sector, 150 jobs in the social services sector and 120 in both the manufacturing and wholesale/distribution sector. It was one of the few sectors with an increase in construction employment, which was specifically in the heavy and civil engineering area.

Over the medium-term GDP has been the Gisborne region's best indicator, where it ranked 7th, in the middle of the field. However, it was in the bottom four in the other three medium-term measures. The Gisborne region has had the second slowest employment growth and the third slowest population growth out of the 14 regions.

10th Gisborne		
2012	Resident population growth	7th
	Employment (FTE) growth	11th
	Real Value Added growth (GDP)	2nd
	Business units growth	14th
	Relative openness index	4th
2007-2012	Resident population growth	12th
	Employment (FTE) growth	13th
	Real Value Added growth (GDP)	7th
	Business units growth	11th
<i>Previous rank (2011)</i>		13th

11th Bay of Plenty		
2012	Resident population growth	11th
	Employment (FTE) growth	12th
	Real Value Added growth (GDP)	9th
	Business units growth	11th
	Relative openness index	10th
2007-2012	Resident population growth	6th
	Employment (FTE) growth	9th
	Real Value Added growth (GDP)	6th
	Business units growth	12th
<i>Previous rank (2011)</i>		2nd

The **Bay of Plenty** placed 11th in 2012 and had the largest decline of all regions, dropping from 2nd in 2011. This large drop is worrying considering the inclusion of medium-term indicators in the methodology. The region struggled across all indicators in 2012, even population, where the growth in Tauranga and Western Bay of Plenty tends to dominate.

The Bay of Plenty region is made up of six local authorities, Tauranga, Western Bay of Plenty, Rotorua, Whakatāne, Kawerau and Ōpōtiki. It has a population of 272,000, employs 108,000 FTEs and generates \$9.7 billion in GDP through 33,600 businesses. There were declines in rankings

across all local authorities apart from Kawerau, which improved by two places.

In 2012, population growth was stagnant at 0.01 percent and employment declined by 1.8 percent. On a positive, GDP increased by 1.3 percent. Especially hard hit was the primary sector, where employment declined by close to 1,700 FTEs; and construction, where there were 570 FTE jobs lost. There was a positive in that an additional 751 jobs were added in the wholesale and distribution sector.

We expect that the turnaround from last year is the impact of the PSA virus on the Kiwifruit industry. The Western Bay of Plenty district fell 40 places in the local authority rankings and registered a loss of over 1,000 FTE jobs in the agriculture and agriculture support services.

The medium-term performance is better, with top six placings in population and GDP. However, the fall in employment growth to 9th, and the slow business unit growth at 12th, are concerning.

The **Hawke's Bay** region ranked 12th in 2012, one place lower than in 2011. The region has the second slowest rate of population growth in the latest year and over the medium-term. It also ranks low in medium-term employment and GDP (both 12th) and medium-term business units growth (10th).

The Hawke's Bay region is made up of Hastings, Napier and Central Hawkes Bay. It has a population of 142,000, employs 66,400 FTEs and generates \$5.8 billion through 17,000 businesses. The region has a relatively strong export focus, ranking 6th on the relative openness index. Around 30 percent of employment and close to 40 percent of GDP is in the primary and manufacturing sectors.

In 2012, the region had a 0.1 percent decline in population and a 0.2 percent decline in employment. This was contrasted by a 3.7 percent increase in GDP. While employment in the primary sector fell by 950 FTEs and construction by 290 FTEs, there was an increase of 680 FTEs in manufacturing and 395 in business services, both high value-add sectors. Much of the manufacturing increase was in food product manufacturing.

Over the medium-term, the Hawke's Bay has struggled relative to the rest of the regions in New Zealand. Hawke's Bay had the second slowest rate of population growth and the third slowest rate of employment and GDP growth.

12th Hawke's Bay		
2012	Resident population growth	13th
	Employment (FTE) growth	9th
	Real Value Added growth (GDP)	4th
	Business units growth	9th
	Relative openness index	6th
2007-2012	Resident population growth	13th
	Employment (FTE) growth	12th
	Real Value Added growth (GDP)	12th
	Business units growth	10th
<i>Previous rank (2011)</i>		11th

13th Northland		
2012	Resident population growth	8 th
	Employment (FTE) growth	10 th
	Real Value Added growth (GDP)	8 th
	Business units growth	13 th
	Relative openness index	11 th
2007-2012	Resident population growth	7 th
	Employment (FTE) growth	11 th
	Real Value Added growth (GDP)	11 th
	Business units growth	14 th
Previous rank (2011)		12 th

Northland ranked 13th out of the 14 regions in 2012, down one from 2011, when it ranked 12th. The positive indicator has been population growth, where it ranks 8th in 2012 and 7th over the last five years.

Northland is made up of three local authorities, Far North, Kaipara and Whangarei. The region has a population of 154,000. It employs 52,800 FTEs and generates \$4.8 billion through 19,800 businesses.

In 2012, the Northland region had population growth of 0.1 percent, and GDP growth of 1.9 percent. Employment fell by

1.4 percent. Interestingly, the employment losses were in retail trade and services (455 FTEs), business services (270 FTEs), social services (229 FTEs) and, probably more expected, construction (219 FTEs). There is a strong social services sector in the region, accounting for 27 percent of employment.

Over the medium-term, population growth stood out. We expect that this is related to strong growth in Auckland, with growth likely along the southern boundary. Population in Kaipara and the Far North has been relatively slow over the last few years.

The **Manawatu-Wanganui** region remains in 14th place in 2012. The latest year rankings suggest some positive movement, albeit slight. The region ranked 10th in resident population growth, 11th in GDP growth, 12th in business unit growth and 12th in employment growth. This is in contrast to its medium-term performance, where it ranks 14th on all measures apart from business unit growth, where it is 13th.

The Manawatu-Wanganui region is made up of seven local authorities – Ruapehu, Wanganui and Rangitikei in the north; and Manawatu, Palmerston North and Horowhenua in the south. Across the Rangitikei ranges is the Tararua District.

The Manawatu-Wanganui region has a population of 225,000, employs, 94,600 FTEs, and generates \$8 billion through 25,000 businesses.

In 2012, the Manawatu-Wanganui region had a very slight increase in population, and a 0.6 percent increase in GDP. Employment declined by 2.0 percent. The region's construction and social services sectors were particularly hard hit, with 880 FTE job losses in construction and 840 FTE job losses in social services.

As noted earlier, over the medium-term, there is not much on a positive note to relate. The region has the slowest population, employment and GDP growth and the second slowest business unit growth of all the regions.

Employment has declined, on average by 0.6 percent. GDP has been stagnant over the last five years. Population has averaged 0.2 percent growth.

14th Manawatu-Wanganui		
2012	Resident population growth	10 th
	Employment (FTE) growth	13 th
	Real Value Added growth (GDP)	11 th
	Business units growth	12 th
	Relative openness index	14 th
2007-2012	Resident population growth	14 th
	Employment (FTE) growth	14 th
	Real Value Added growth (GDP)	14 th
	Business units growth	13 th
Previous rank (2011)		14 th

6 Cities

The importance of cities to economic growth and cultural, environmental and social wellbeing is well documented. In general, cities concentrate infrastructure and activity, resulting in reduced prices, accessible markets, improved networks, diversity, technology transfer, innovation, and the “buzz” that attracts ambitious people. Well-functioning cities will result in improved economic growth outcomes.

Of the 66 local authorities, we have included 20 into our city rankings. These differ from the ‘official’ defined cities in New Zealand to include what we consider the 20 largest settlements in New Zealand. Unfortunately, data is not available at the city level. Auckland, for example, has four unique settlements that would be included as separate cities were they not combined into a single ‘supercity’.

Table 6.1. City rankings, 2012

BERL City Rankings	rank		
	2012	2011	
New Plymouth	1	2	↑1
Timaru	2	6	↑4
Auckland	3	3	→
Wellington	4	9	↑5
Hamilton	5	5	→
Tauranga	6	1	↓5
Blenheim	7	15	↑8
Nelson	8	4	↓4
Invercargill	9	11	↑2
Gisborne	10	18	↑8
Porirua	11	7	↓4
Hastings	12	8	↓4
Whangarei	13	13	→
Napier	14	10	↓4
Dunedin	15	14	↓1
Low er Hutt	16	19	↑3
Rotorua	17	12	↓5
Palmerston North	18	16	↓2
Christchurch	19	20	↑1
Upper Hutt	20	17	↓3

Smaller cities, New Plymouth and Timaru, sit at the top of the city rankings in 2012. New Plymouth has made the giant leap into first from second, while Timaru has climbed four spots to take second.

Auckland and Hamilton retain their third and fifth places from last year, while Wellington jumps five spots to take fourth.

There have been strong improvements from Blenheim and Gisborne, both improving by eight positions. The largest declines were in Tauranga and Rotorua, who both dropped five places.

1st New Plymouth District		
2012	Resident population growth	8th
	Employment (FTE) growth	7th
	Real Value Added growth (GDP)	18th
	Business units growth	3rd
	Relative openness index	3rd
2007-2012	Resident population growth	10th
	Employment (FTE) growth	1st
	Real Value Added growth (GDP)	2nd
	Business units growth	2nd
<i>Previous rank (2011)</i>		2nd

New Plymouth, the main settlement for the Taranaki region has taken the important step from bridesmaid to bride, taking first in 2012. This has been a long time coming, with strong medium-term performances in employment, GDP and business unit growth.

New Plymouth has a population of 72,000. It employs 34,500 FTEs and generates GDP of \$3.8 billion through 8,800 businesses.

With strong oil and gas, dairy and food manufacturing employment in its own right, the City provides key services to these industries throughout the region. In particular, there is a focused engineering group that supports both the energy and the dairy sectors. The city has a strong export focus ranking 3rd on the relative openness index. Port Taranaki is a key asset based in the city, which supports the oil and gas industry alongside other bulk commodity goods.

In 2012, New Plymouth had population growth of 0.5 percent, and employment growth of 0.3 percent. New Plymouth's GDP declined by 3.9 percent, although this can be put down to a lower return on oil activity and exports following stellar growth in that industry in 2011. In particular, New Plymouth added 200 FTE jobs in manufacturing, and a further 160 FTE jobs in the primary sector.

Over the medium-term, New Plymouth has been the strongest performer of all the cities, ranking first in employment and second in GDP and business unit growth. New Plymouth has averaged employment growth of 1.6 percent per annum over the last five years, which is twice the rate nationally.

The area where New Plymouth has struggled is population growth where its medium-term ranking is 10th out of the 20 cities. However, its 2012 ranking of 8th suggests that there is likely to be improvement there. This improvement is being driven by the availability of high paying jobs as well as improving awareness, nationally and internationally, of the liveability of the city and region.

Timaru jumps four spots to take second ranking in 2012. Timaru has a similar ranking profile to Taranaki in that it is export focused and has strong medium-term employment and GDP growth. However, it has had a much better short game than Taranaki, ranking 2nd and 3rd in 2012 in employment and GDP respectively.

Timaru is the smallest city in the top five, with a population of 44,000. It employs 21,000 FTEs and generates \$2.1 billion in GDP through 5,300 businesses. Timaru is the main service centre for the South Canterbury region. There has been an improvement in short-term population growth, where Timaru ranks 9th compared to its 15th ranking in the medium-term. As with most population improvements in the central south island, this is likely at the expense of Christchurch.

In 2012, Timaru had strong GDP growth of 3.5 percent, and employment growth of 1.6 percent. This was alongside population growth of 0.5 percent.

Averaging a solid 3.3 percent per annum over the last five years, Timaru has the fastest GDP growth of all twenty cities ranked.

2nd Timaru District		
2012	Resident population growth	9th
	Employment (FTE) growth	2nd
	Real Value Added growth (GDP)	3rd
	Business units growth	12th
	Relative openness index	2nd
2007-2012	Resident population growth	15th
	Employment (FTE) growth	2nd
	Real Value Added growth (GDP)	1st
	Business units growth	7th
<i>Previous rank (2011)</i>		6th

3rd Auckland City		
2012	Resident population growth	11th
	Employment (FTE) growth	1st
	Real Value Added growth (GDP)	5th
	Business units growth	5th
	Relative openness index	8th
2007-2012	Resident population growth	2nd
	Employment (FTE) growth	4th
	Real Value Added growth (GDP)	4th
	Business units growth	5th
	<i>Previous rank (2011)</i>	3rd

and generates close to \$63 billion in GDP through 161,000 businesses.

Auckland City retains its third placing from 2011. The supercity had the fastest employment growth rate of the 20 cities ranked. Its medium-term performance was also top shelf ranking second for population growth, 4th for employment and GDP growth, and 5th for business unit growth. Were it not for its 11th placing in population growth, we may have seen Auckland place higher.

Auckland City has a population of 1.43 million, making it the largest city in New Zealand by far. It employs 619,000 FTEs

In 2012, Auckland City had population growth of 0.4 percent, employment growth of 2.6 percent, and GDP growth of 2.7 percent. Population growth was down due to the City losing a portion of its southern constituency, Franklin, with the formation of the supercity. Notwithstanding that, Auckland City has the second fastest medium-term population growth, adding close to 100,000 people over the last five years. To put this into context, the new residents added over the last five years in Auckland is equivalent to 1.5 times the total current population of New Plymouth and more than twice the current population of Timaru.

Over the medium-term, Auckland City had population growth of 1.4 percent per annum, employment growth of 1.2 percent per annum and GDP growth of 1.8 percent per annum. This was enough to rank it 2nd, 4th and 4th against the other 19 cities on those indicators.

Wellington City had defied the public sector cutbacks and bulldozed its way to 4th, an improvement of five places from 2011. In 2012, Wellington City, the “coolest little capital in the world” had the second fastest population growth and business unit growth and the 4th fastest employment growth of all the cities. Over the medium-term it placed 3rd on employment and GDP growth, 4th on population growth and 6th on business unit growth.

Wellington City has a population of 193,000. It employs 134,000 FTEs and generates \$14.6 billion in GDP through 25,000 businesses. The high FTE to population ratio is a result of a large proportion of employees coming from the wider Wellington region. This is supported by excellent (relative) public transport and road links into and out of the capital.

4th Wellington City		
2012	Resident population growth	2nd
	Employment (FTE) growth	4th
	Real Value Added growth (GDP)	13th
	Business units growth	2nd
	Relative openness index	9th
2007-2012	Resident population growth	4th
	Employment (FTE) growth	3rd
	Real Value Added growth (GDP)	3rd
	Business units growth	6th
	<i>Previous rank (2011)</i>	9th

In 2012, Wellington City had population growth of 1.0 percent, and employment growth of 1.5 percent. GDP declined by 0.3 percent. With only 0.3 percent of employment related to the primary sector, the City missed out on the GDP surge associated with the primary sector's performance.

Contrary to all the discussion around public sector cutbacks, the construction sector was where most jobs were lost with a decline of 350 FTEs. The numbers suggest that the central government administration actually added 590 employees in 2012.

Over the medium-term, Wellington City's population has grown by 1.2 percent per annum. Employment has increased by 1.1 percent per annum and GDP has averaged 1.3 percent growth.

5th Hamilton City		
2012	Resident population growth	1st
	Employment (FTE) growth	5th
	Real Value Added growth (GDP)	12th
	Business units growth	9th
	Relative openness index	15th
2007-2012	Resident population growth	1st
	Employment (FTE) growth	10th
	Real Value Added growth (GDP)	14th
	Business units growth	8th
	<i>Previous rank (2011)</i>	5th

Hamilton City held on to its 5th ranking, despite poor short-term results for GDP and business unit growth. Its 1st placing in both short and medium-term population growth was helped in the short-term by a re-zoning of the Franklin District and over the medium-term by its proximity and improved links into Auckland.

Hamilton City has a population approaching 143,000, employs 72,500 FTEs and generates \$6.6 billion through 13,100 businesses.

In 2012, Hamilton City had population growth of 2.0 percent, employment growth of 1.2 percent and no growth in GDP. The fact that much of its relationship to the agriculture sector is related to supporting services rather than production means the high GDP return experienced by the primary sector did not flow through into the Hamilton City numbers.

Over the medium-term, Hamilton City had population growth of 1.6 percent. However, GDP declined by 0.4 percent per annum and employment by 0.2 percent per annum. Thus much of the employment growth has been related to population rather than industry.

Tauranga City tumbled from top spot down to 6th in 2012. This was largely the result of poor 2012 performances in employment, GDP and business unit growth.

6th Tauranga City		
2012	Resident population growth	4th
	Employment (FTE) growth	9th
	Real Value Added growth (GDP)	10th
	Business units growth	11th
	Relative openness index	14th
2007-2012	Resident population growth	3rd
	Employment (FTE) growth	6th
	Real Value Added growth (GDP)	7th
	Business units growth	13th
	<i>Previous rank (2011)</i>	1st

Tauranga City has a population approaching 113,000. It employs 48,500 FTEs and generates \$4.3 billion through 13,400 businesses.

In 2012, Tauranga City had population growth of 0.9 percent and GDP growth of 0.5 percent, while employment dropped by 0.1 percent.

Over 600 jobs were shed in the primary sector, with a further 220 jobs lost in manufacturing. On a positive note, 540

wholesale and distribution jobs and 450 social services jobs were created.

Over the last five years, Tauranga City's population has increased by 1.3 percent per annum. Employment has increased by 0.5 percent and GDP by 1.0 percent per annum.

7th Marlborough District		
2012	Resident population growth	13th
	Employment (FTE) growth	18th
	Real Value Added growth (GDP)	6th
	Business units growth	10th
	Relative openness index	1st
2007-2012	Resident population growth	11th
	Employment (FTE) growth	19th
	Real Value Added growth (GDP)	13th
	Business units growth	14th
	<i>Previous rank (2011)</i>	15th

Marlborough jumped eight places to rank 7th in 2012. This was largely around strong growth in short-term GDP and being the most open city in terms of the relative openness index.

Marlborough has a population approaching 45,000. It employs 20,600 FTEs and generates \$2 billion through 6,800 businesses.

In 2012, Marlborough had population growth of 0.2 percent and GDP growth of 2.7 percent. Employment, however,

declined by 3.4 percent, mainly in the primary and construction sectors.

Over the medium-term, Marlborough had population growth of 0.8 percent per annum. However, both employment and GDP have been declining, averaging -1.1 percent and -0.4 percent per annum respectively.

8th Nelson City		
2012	Resident population growth	5th
	Employment (FTE) growth	16th
	Real Value Added growth (GDP)	17th
	Business units growth	15th
	Relative openness index	6th
2007-2012	Resident population growth	6th
	Employment (FTE) growth	7th
	Real Value Added growth (GDP)	18th
	Business units growth	4th
	<i>Previous rank (2011)</i>	4th

Nelson dropped four places to rank 8th in 2012. The city had strong population growth and scored well on the openness index. However, poor short-term employment and GDP performance resulted in its slide.

Nelson has a population of 45,000. It employs 23,400 FTEs, generates GDP of \$2.3 billion through 5,600 businesses.

In 2012, Nelson's population grew by 0.9 percent.

Employment declined by 1.7 percent and GDP declined by 3.1 percent. Employment declined by 405 FTEs. In

particular, employment in wholesale and distribution declined by close to 300 FTEs, social services fell by 255 FTEs and construction fell by 206 FTEs. This was offset by 280 additional FTEs in manufacturing and 90 in the retail trade and services sector.

9th Invercargill City		
2012	Resident population growth	17th
	Employment (FTE) growth	6th
	Real Value Added growth (GDP)	4th
	Business units growth	16th
	Relative openness index	13th
2007-2012	Resident population growth	14th
	Employment (FTE) growth	5th
	Real Value Added growth (GDP)	6th
	Business units growth	11th
	<i>Previous rank (2011)</i>	11th

Invercargill climbed two places to rank 9th in 2012. This was driven by strong growth in employment and GDP over the short and medium-term. If they could attract more people they would rank much higher up the list.

Invercargill has a population of 51,600. It employs 24,900 FTEs and generates \$2.2 billion in GDP through 4,800 businesses.

In 2012, population fell by 0.2 percent. Employment and GDP increased by 1.0 and 3.4 percent respectively. There

was a significant increase in employment in the wholesale and distribution sector of 225 FTEs.

10th Gisborne District		
2012	Resident population grow th	14th
	Employment (FTE) grow th	14th
	Real Value Added grow th (GDP)	1st
	Business units grow th	17th
	Relative openness index	4th
2007-2012	Resident population grow th	16th
	Employment (FTE) grow th	15th
	Real Value Added grow th (GDP)	8th
	Business units grow th	16th
	<i>Previous rank (2011)</i>	18th

Gisborne was the 10th ranked city in 2012, up eight spots from 2011. The City had the strongest growth in GDP in 2012 and ranked 4th out of all cities on the openness index. Also supporting Gisborne's position was strong medium-term GDP growth.

Gisborne has a population of 45,000. It employs 18,700 FTEs and generates \$1.7 billion in GDP through 4,900 businesses.

In 2012, Gisborne's population increased by 0.2 percent, its GDP increased by a stellar 4.1 percent, whereas employment declined by 1.5 percent.

11th Porirua City		
2012	Resident population grow th	7th
	Employment (FTE) grow th	20th
	Real Value Added grow th (GDP)	19th
	Business units grow th	1st
	Relative openness index	20th
2007-2012	Resident population grow th	7th
	Employment (FTE) grow th	18th
	Real Value Added grow th (GDP)	17th
	Business units grow th	1st
	<i>Previous rank (2011)</i>	7th

Porirua City chimed in at 11th in 2012, down from its 7th placing in 2011. Porirua had the fastest business unit growth in 2012 and over the last five years. However, its employment and GDP growth performance is near the bottom on both employment and GDP.

Porirua City has a population approaching 51,000. It employs 13,400 FTEs and generates GDP of \$1.1 billion through 4,000 businesses.

In 2012, Porirua had population growth of 0.6 percent. However, employment declined by 6.2 percent and GDP fell by 4.9 percent.

12th Hastings District		
2012	Resident population grow th	15th
	Employment (FTE) grow th	8th
	Real Value Added grow th (GDP)	2nd
	Business units grow th	18th
	Relative openness index	5th
2007-2012	Resident population grow th	13th
	Employment (FTE) grow th	11th
	Real Value Added grow th (GDP)	12th
	Business units grow th	18th
	<i>Previous rank (2011)</i>	8th

Hastings dropped four places to rank 12th in 2012. Hastings had the second fastest GDP growth and the 8th fastest employment growth, in 2012. However, it performs poorly in relation to population and business unit growth. Further, its medium-term performance has been less than average.

Hastings has a population of 73,000. It employs 37,200 FTEs and generates \$3.2 billion in GDP across 8,900 businesses.

In 2012, Hastings population and employment did not change. However, it had a 3.8 percent increase in GDP.

7 Appendix - Economic Indicators – what are they?

As outlined before there are five indicators measured over the short and medium-term. The definitions are given in the table below.

Economic Indicator	Definition
Resident population	Population living in a particular area. Areas are based on Statistics New Zealand Census Area Unit Boundaries.
GDP	GDP stands for Gross Domestic Product, and measures the total value contributed by the activities of all businesses and organisations in the region. In theory it is equal to the value of the output of business (i.e. sales or turnover) less purchases from other businesses of goods and services used in production. In practice, GDP is akin to the sum of wages, salaries, profits and operating surplus arising from all economic activity in the industry and/or region.
Business unit	A business unit is a separate operating unit engaged in New Zealand in one, or predominantly one, kind of economic activity from a single physical location or base.
FTE Employment	Measured as the number of employed persons – but in terms of full-time equivalents (FTEs), such that two part-time employed persons is counted as one full-time person.
Relative Openness Index	<p>The BERL Relative Openness Index reflects the composition of the economic activity in a district/region. It measures the proportion of an area's GDP that is accounted for by sectors open to competition from abroad, compared with that proportion nationally.</p> <p>Sectors in the index include all of the primary and manufacturing industries, as well as accommodation, transport, communications and business services activities.</p> <p>A higher rank on this measure indicates an area whose economy is more oriented towards internationally competitive activities, relative to areas with a domestic market focus.</p>

Each of these indicators reflects the economic performance of a geographic area. In particular, they reflect the attractiveness of a place to live (population), its ability to sustain its population (GDP, business units and employment), and the size of its non population based activity (Relative Openness Index).

8 Appendix – Local authority ranking by measure

Figure 8.1. Short-term measures – Population

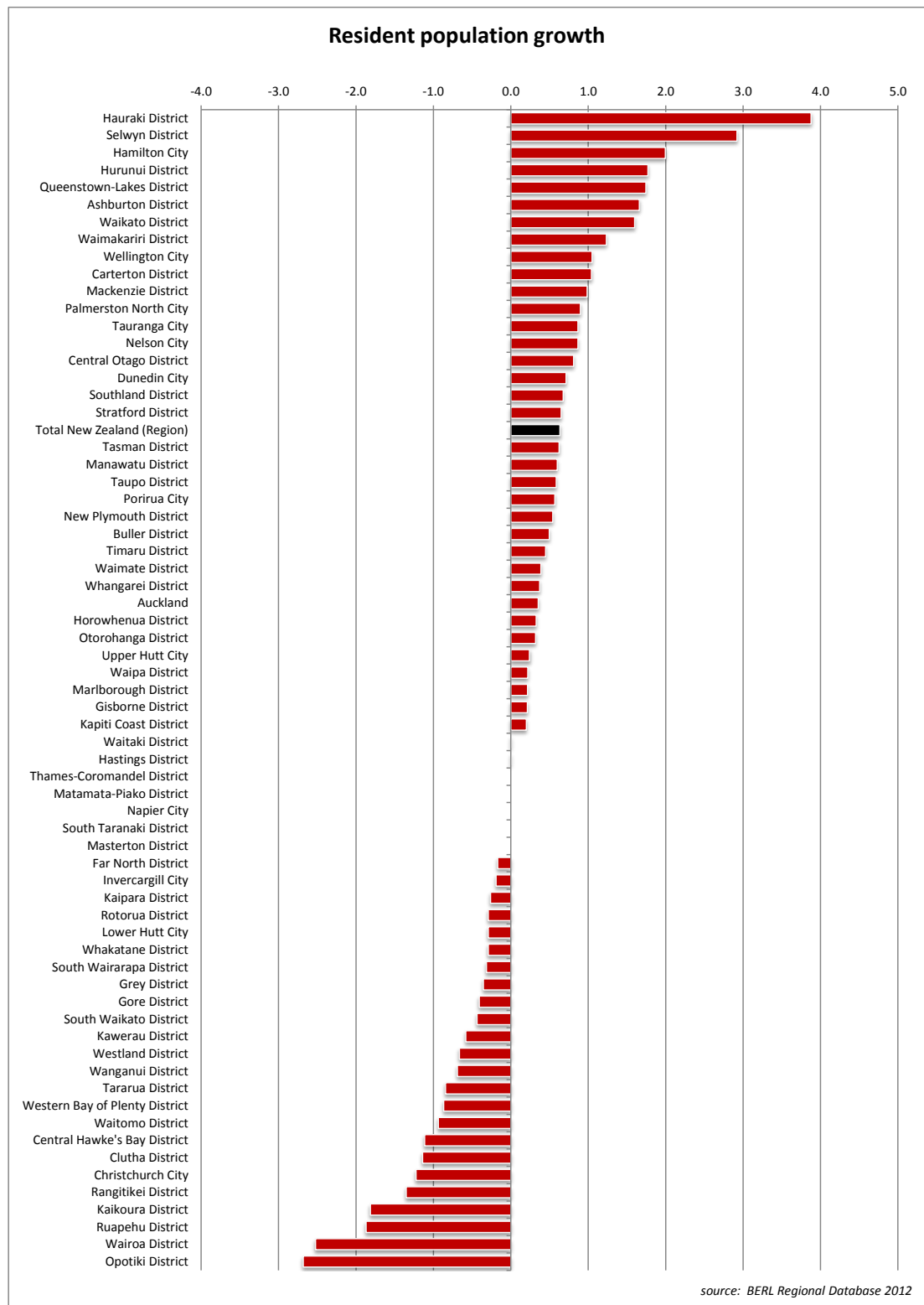


Figure 8.2. Short-term measure - employment

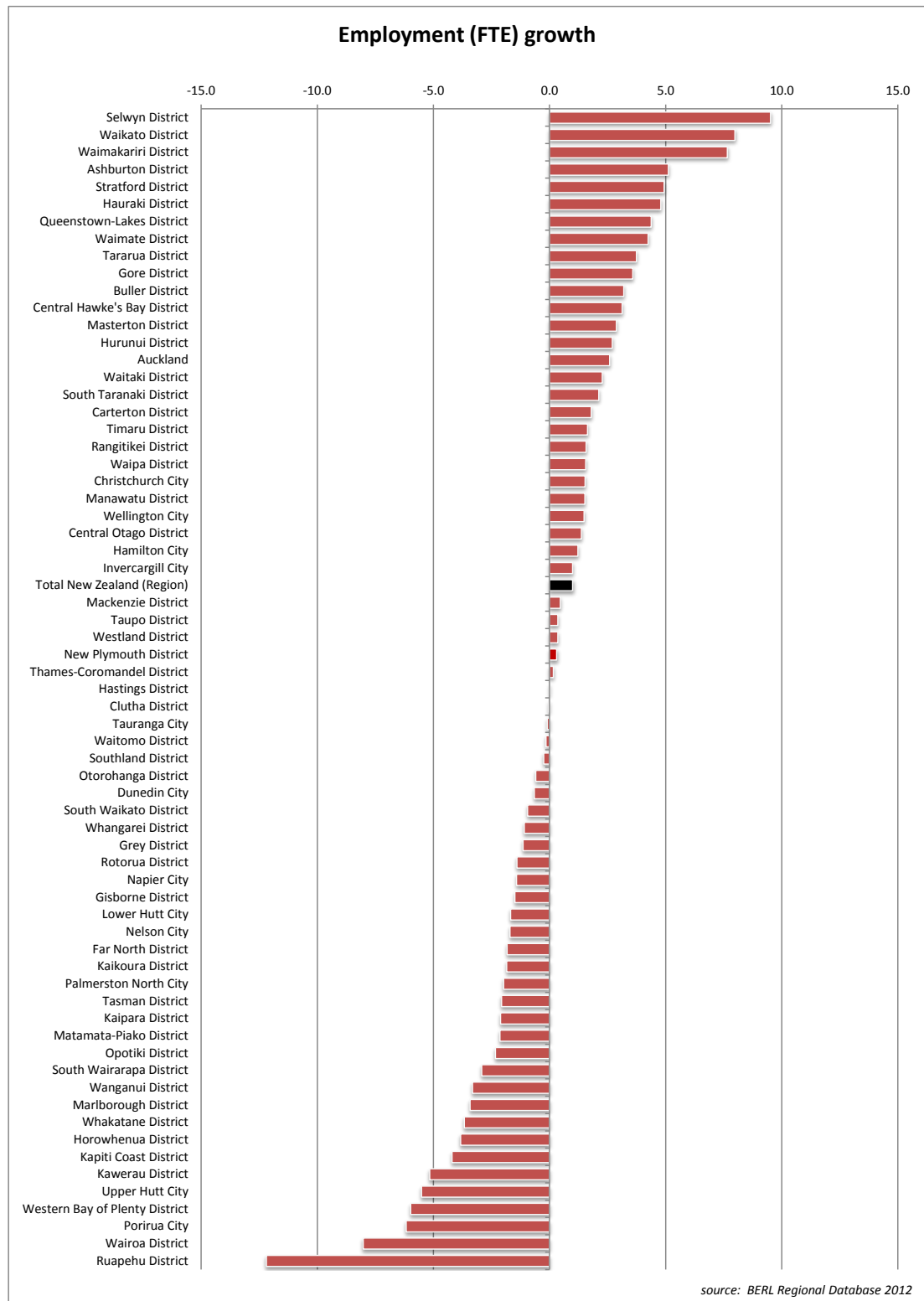


Figure 8.3. Short-term measure – GDP

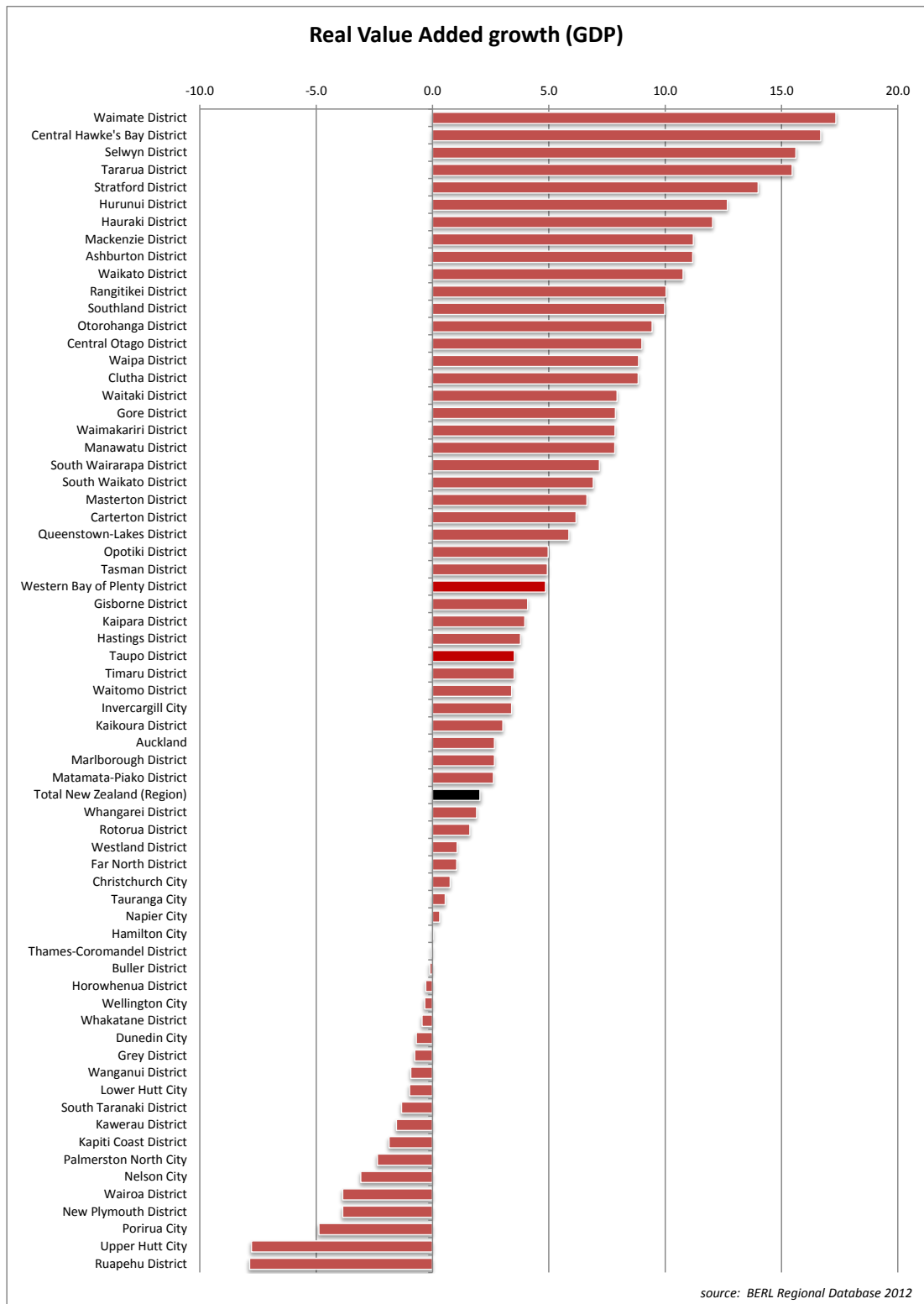


Figure 8.4. Short-term measure – business units

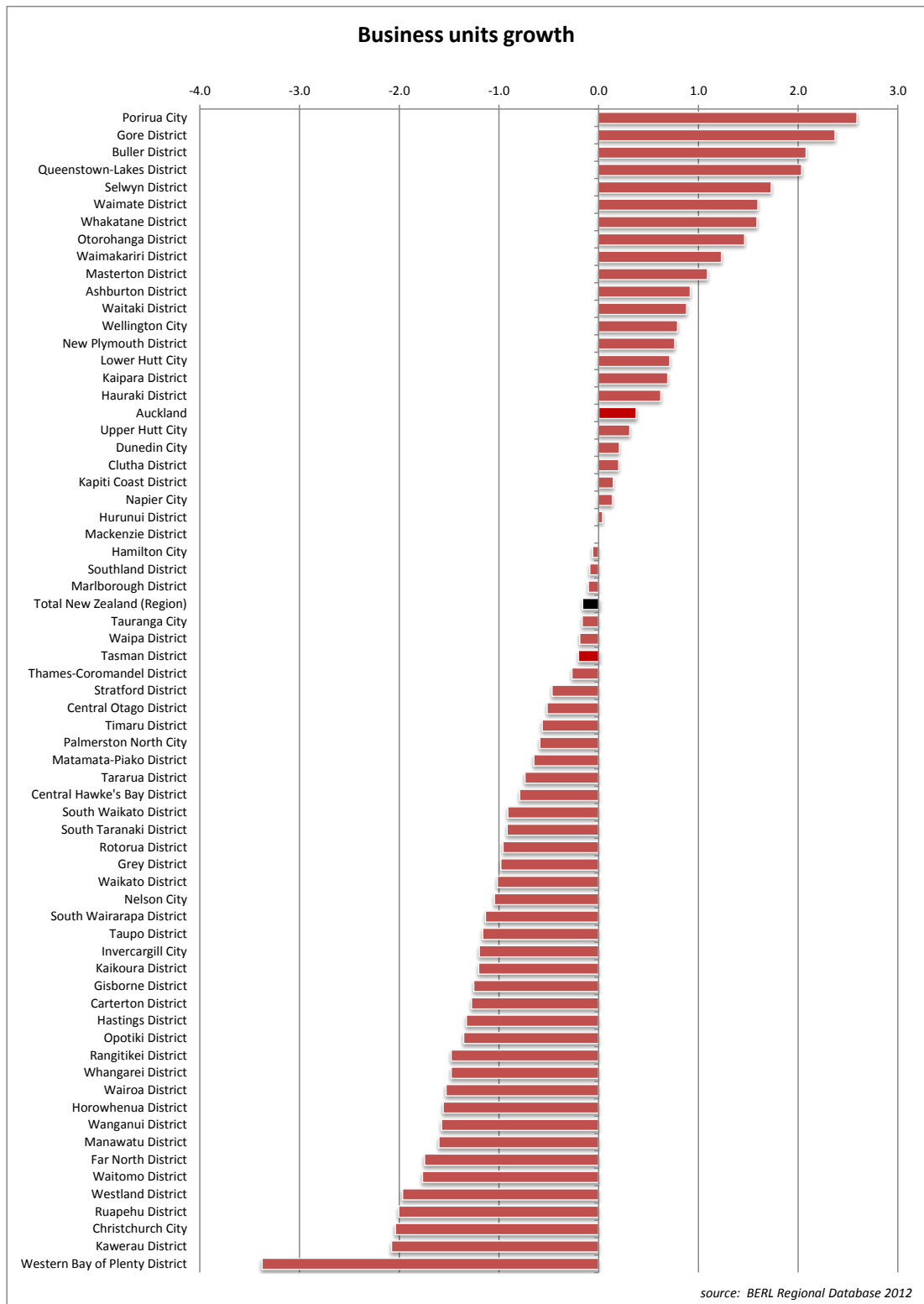


Figure 8.5. Medium-term measure – population

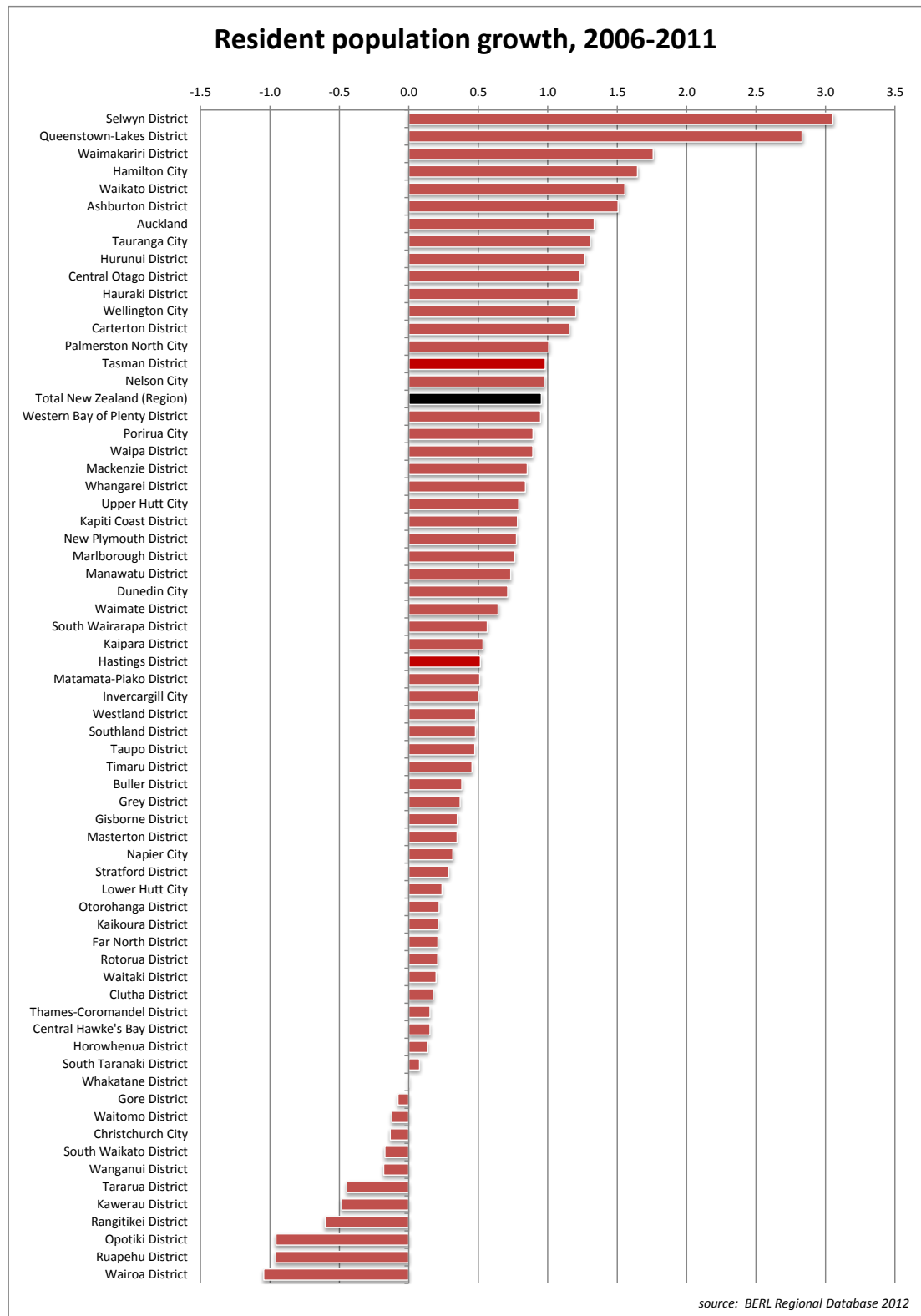


Figure 8.6. Medium-term measure – employment

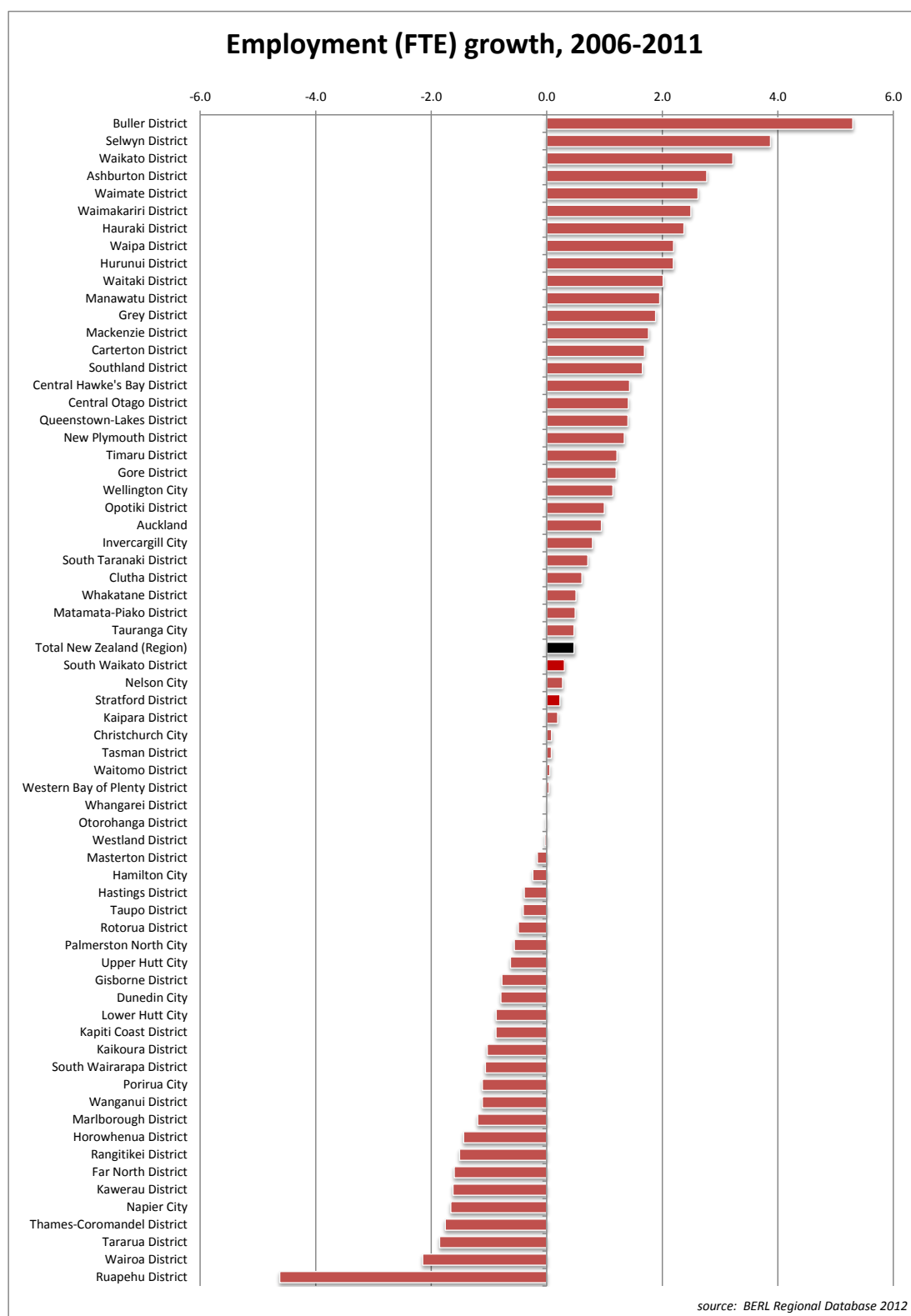


Figure 8.7. Medium-term measure - GDP

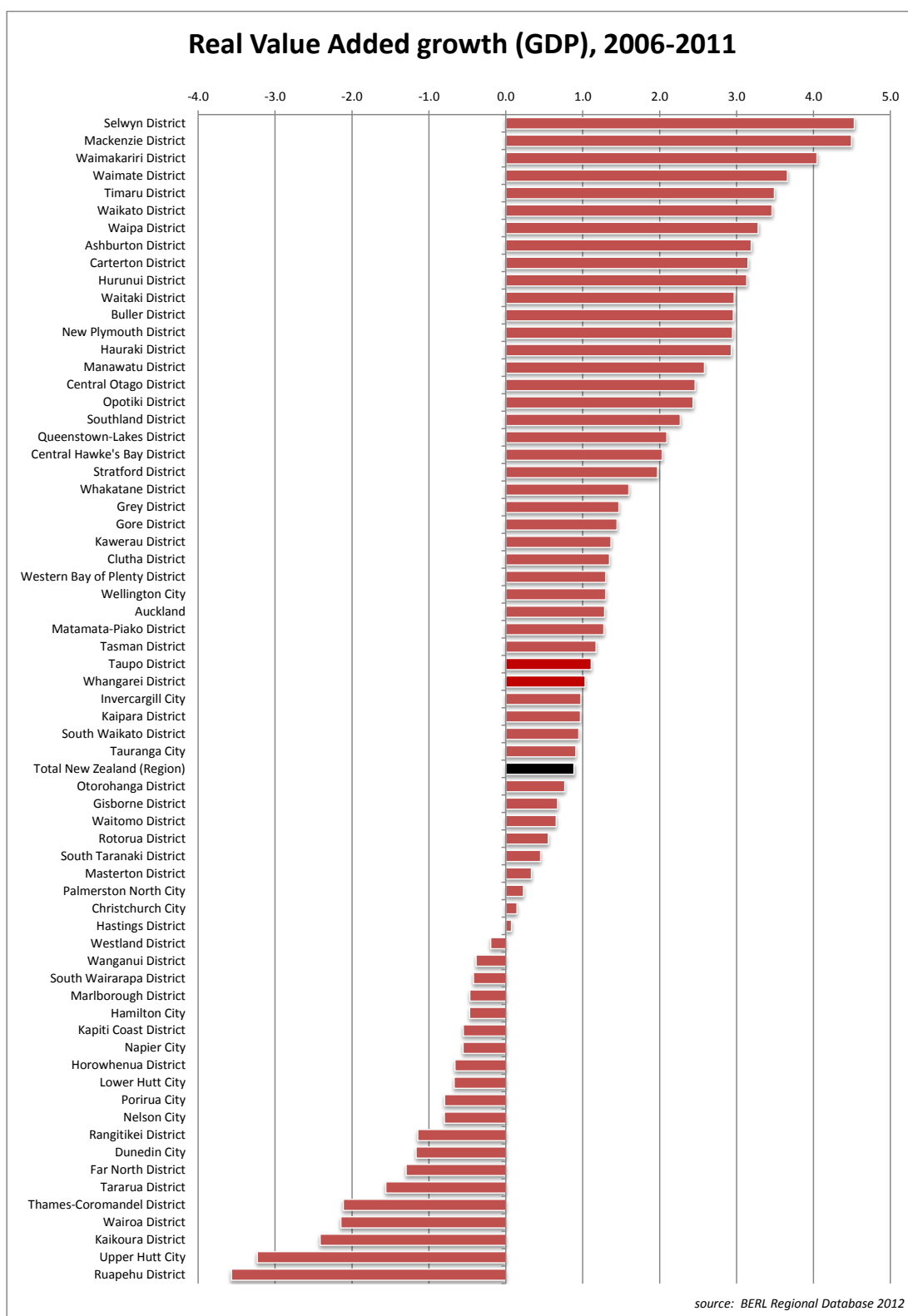


Figure 8.8. Medium-term measure – business units

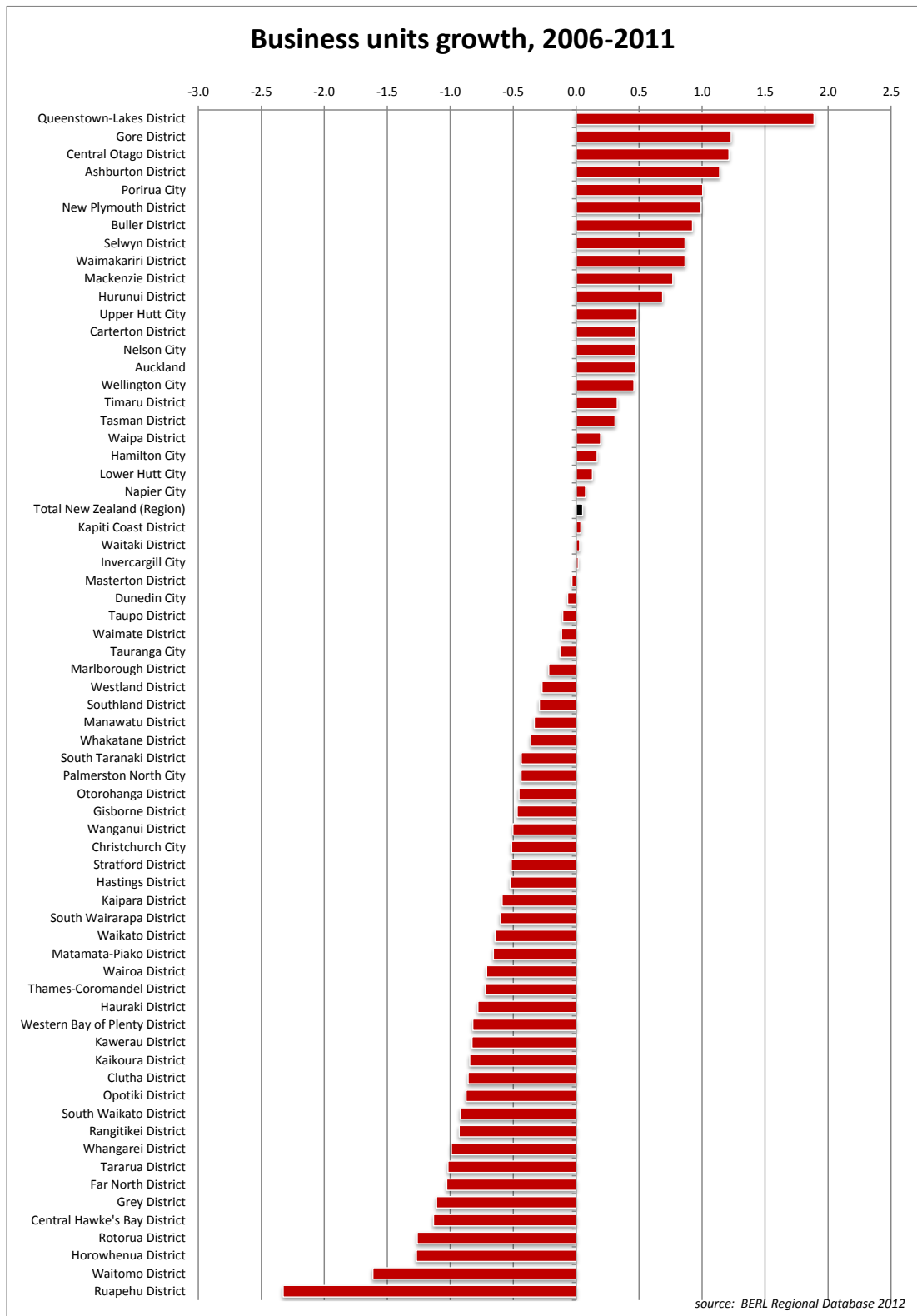
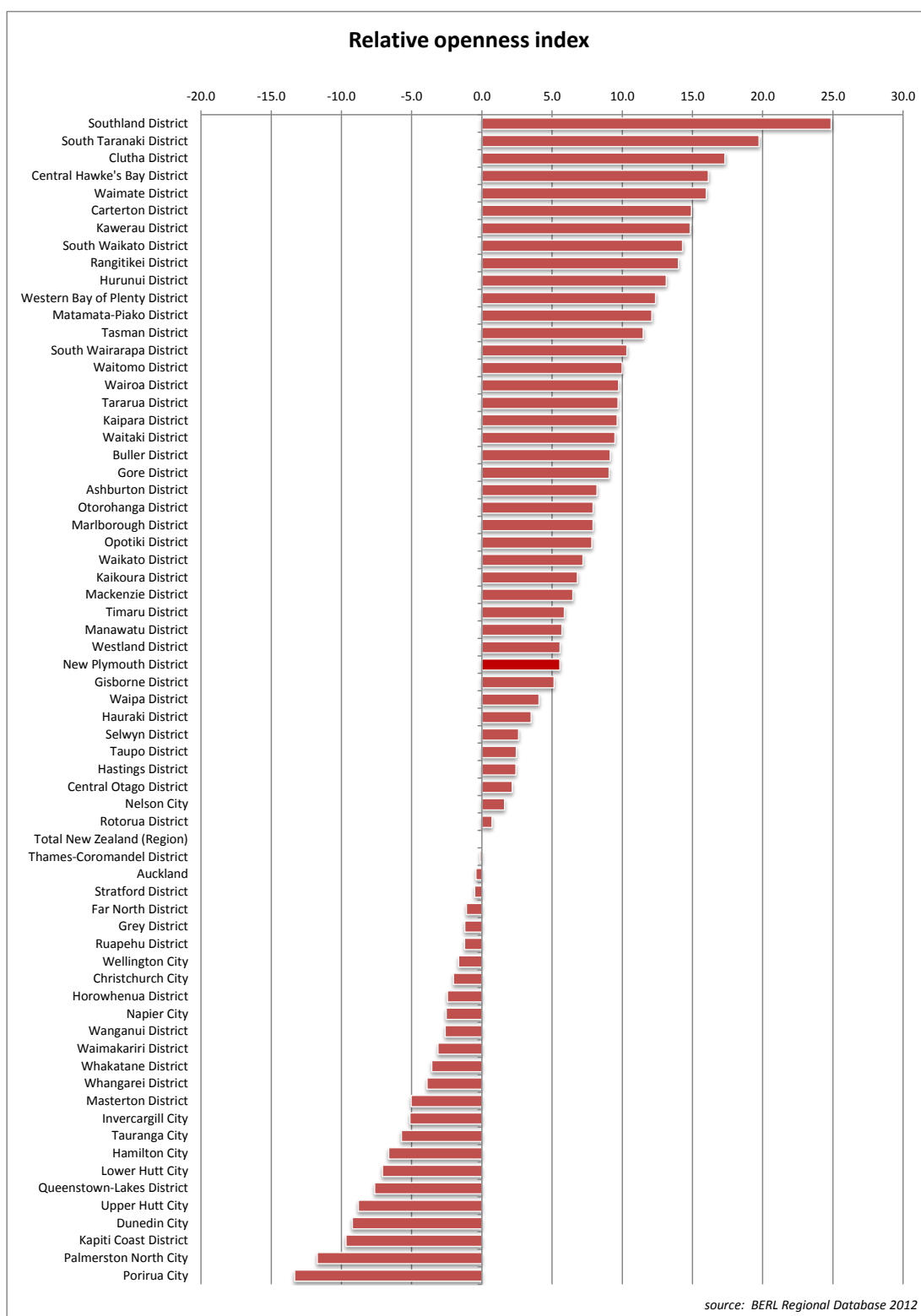


Figure 8.9. Measure – relative openness index



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