

Economic Quarterly



Issue 30 | June 2021

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Darryl Jones
Economist

darrylj@nrc.govt.nz

09 470 1247



Emmanouela Galanou
Economic Policy
Advisor

emmanouelag@
nrc.govt.nz

09 470 1210
ext 9029

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From the economics team at NRC

Kia ora and welcome to the 30th issue of this newsletter. As highlighted in the last issue, relative to New Zealand as a whole, and many other regions, economic activity in Northland has fared rather well. The “K” shaped recovery is clearly seen in the GDP graph with the New Zealand growth rate being pulled down by the fall in activity in Auckland and the southern South Island. However, within Northland the recovery is not necessarily evenly spread, with growth in Kaipara stronger than elsewhere.

The annual section reports on Northland data from the latest Agricultural Production Statistics. Beef cattle, sheep and dairy cattle numbers in Northland as at 30 June 2020 were all lower than in 2019, with the sheep flock just over 15% lower. Current animal numbers are well below the highest recorded herd/flock numbers: 82% for sheep, 38% for beef and 23% for dairy. The quantity of fertiliser applied in Northland in 2019/20 decreased by 13% to around 90,500.

The spotlight section examines the increase in recipients of Jobseeker Support benefit in Northland. Over the past year, the increase in Northland has been lower than in most regions. However, more than one-in-ten Northlanders aged 18-64 years-old receive this benefit. While the percentage increase has been similar for males and females, in absolute terms the increase was larger for females, who account for almost 60% of the total increase. The broad age group of 18-24 years-old has risen most dramatically for the Work Ready component, with older age groups dominating the Health condition or disability type. Māori continue to be overrepresented in the increase in Work Ready recipients.

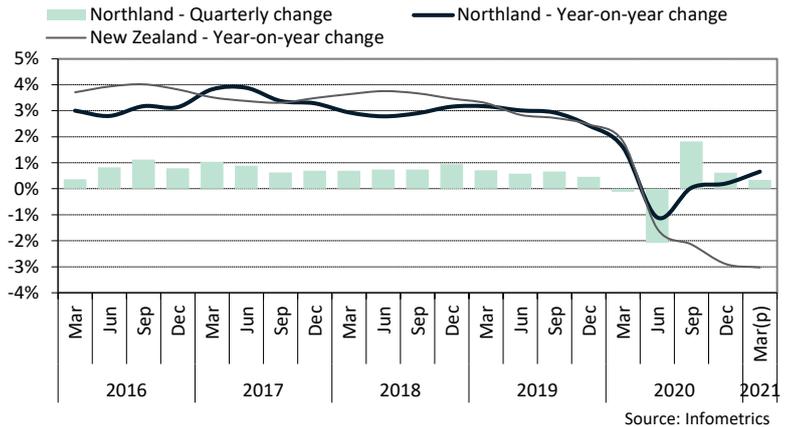
Quick quarterly statistics

- Annual GDP is estimated to have risen 0.7% in the year ended March 2021.
- Ready-mix concrete production rose 1.4% in the past 12 months.
- The total value of retail trade increased 4% in the 12 months to March 2021.
- Wood chip export volumes fell 3% in the year ended March 2021.
- The number of people working rose by 4.6% in the year ended March 2021.
- The annual average unemployment rate increased to 5.0% in the March 2021 quarter.
- The annual average youth not in employment, education or training (NEET) rate rose to 15.1% in the year ended March 2021.
- The number of people on the Jobseeker Support-Work Ready benefit rose by 26% in the year ended March 2021.
- The average wage and salary rose 4.1% in the year ended March 2020.
- Food prices in Whangārei fell 0.1% in the year ended March 2021.
- The average weekly rent of bonds lodged by landlords rose 5.5% in the 12 months to March 2021.
- Consumer confidence in Northland fell by eight points in June 2021.

Economic activity – quarterly

Gross domestic product (GDP) in Northland

Northland’s annual GDP is estimated to have grown by 0.3% in the March 2021 quarter, contributing to an estimated annual growth rate of 0.7% for the calendar year. The 0.7% growth in Northland’s GDP is “higher” than the -3.0% fall in the national economy. Regional growth rates during the year ended March 2021 are estimated to vary from -5.6% in Auckland to 1.3% in Hawke’s Bay, with Northland sitting third out of 16 regions. Only four regions are estimated to have positive growth rates in the year ended March. Annual growth rates in the districts range from a fall of -0.2% in the Far North District to growth of 0.4% in Whangarei and 4.0% in Kaipara.



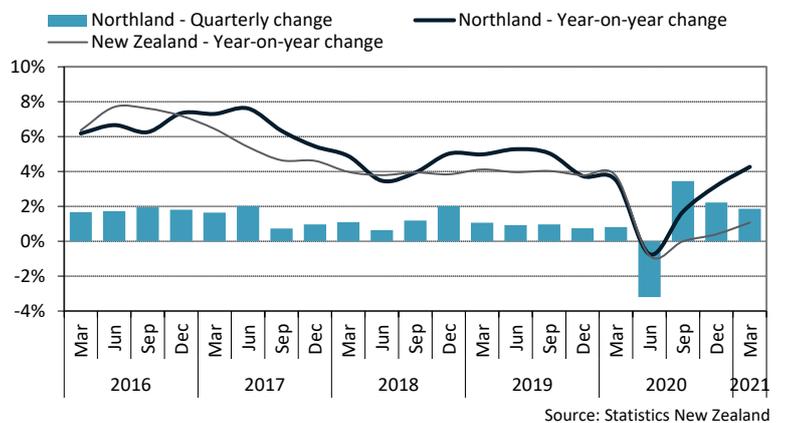
Ready-mixed concrete in Northland

In the year ended March 2021, 169,900m³ of ready-mixed concrete was produced in Northland. This is 1.4% higher than the annual volume recorded in the year ended March 2020. Nationally, concrete production decreased by 2.0% in the year ended March 2021. Gisborne/Hawke’s Bay recorded a 31% increase in concrete production while Auckland (-4.7%) and Canterbury (-8.4%) had the largest falls. The current annual volume of concrete production in Northland is just below the record volume set in the year ended September 2008 (173,300m³) and more than double the 21st century annual volume low of 71,100m³ recorded the 2011 calendar year.



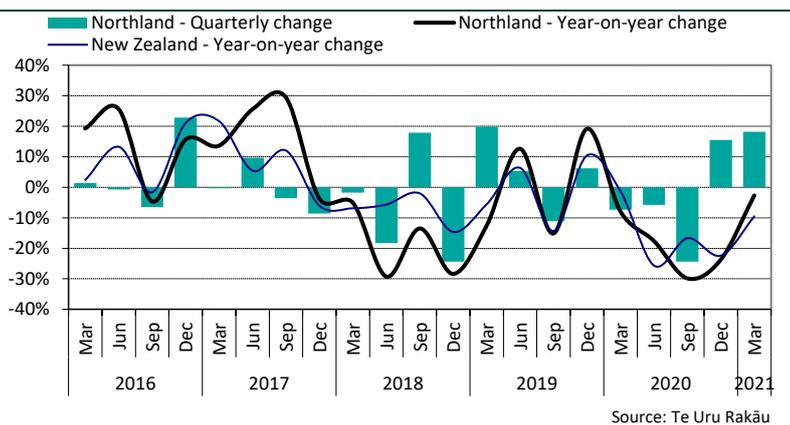
Retail trade in Northland

The annual value of retail trade spending in Northland was just over \$3.14B in the year ended March 2021. This was 2% higher than the annual value recorded for the year ended December 2020, and 4.3% higher than the value of spending in the year ended March 2020. Over the past year, there has been considerable variation in retail spending across the regions, rising by 6.5% in Hawke’s Bay and falling by 14% in the West Coast. Northland recorded the fourth highest rate. Since 2016, retail spending in Northland has grown by 27%, faster than the national increase of 21%, with Northland ranking fifth out of the 16 regions in terms of growth rates.



Wood chip exports from Whangārei

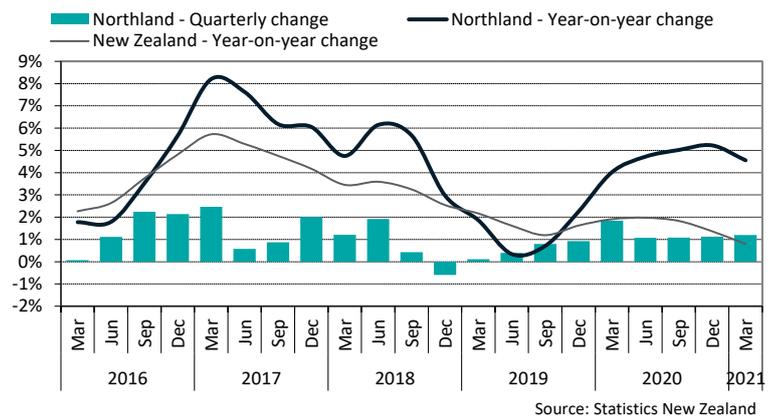
Some 105,961 Bone Dry Units (BDU) of wood chips were exported from the port of Whangārei in the year ended March 2021. This is 3% less than the annual volume exported in the year ended March 2020 and 33% below the annual record of 158,000 BDU exported in the year ended March 2012. The region accounts for 45% of total New Zealand wood chip exports. Softwood chips account for 100% of the volume exported from Whangārei compared to 45% nationally.



Employment activity – quarterly

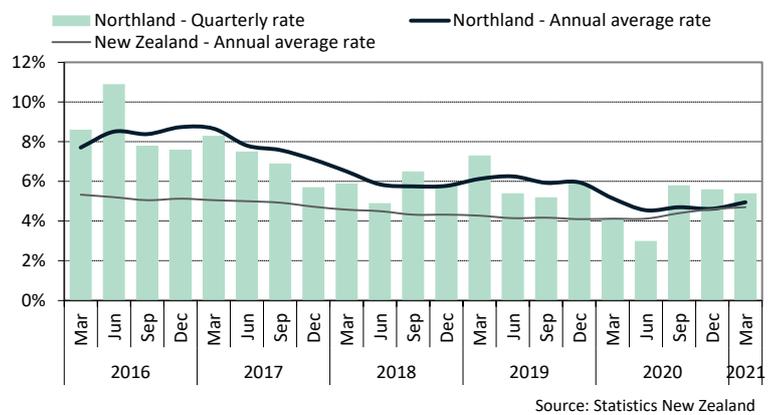
People working in Northland

An estimated average of 95,300 people were working in Northland (both full-time and part-time) in the year ended March 2021. This is 4.6% higher (4200 people) than the number working in the year ended March 2020. Nationally, the number of people working increased by 0.8% during the year ended March 2021. All regions except three, Taranaki (-3.7%), Otago (-1.8%) and Wellington (0%), experienced a rise in the number of people working, growing between 0.1% (Auckland) and 4.6% (Northland). Since 2016, the number of people working in Northland has increased by 18,300 or 26%. This is the largest percentage increase in people working across the 12 regions, with Southland recording just a 5% increase.



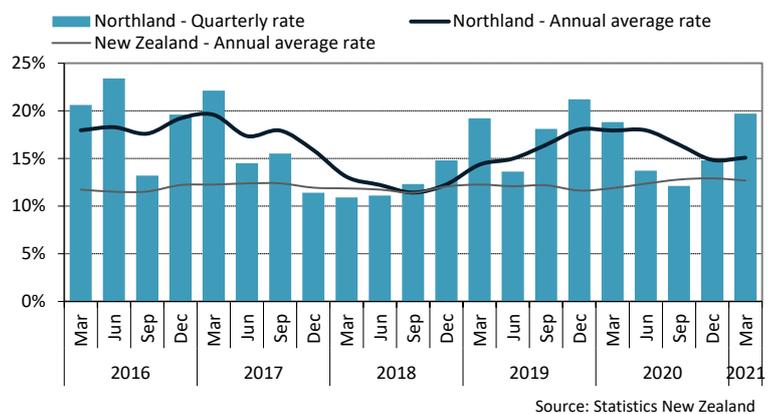
Unemployment in Northland

The annual average unemployment rate in Northland was 5.0% in the year ended March 2021. This is 0.2 percentage points lower than the annual average rate recorded in March 2020. The national unemployment rate has been slowly rising over the year and averaged 4.7% for the year ended March 2021, up from 4.1% one year earlier. Four of the 12 regions have a higher annual average unemployment rate than Northland: Gisborne/Hawke's Bay (5.5%), Bay of Plenty (5.2%) and Taranaki and Auckland (5.1%). The combined Tasman, Nelson, Marlborough, and West Coast region has the lowest unemployment rate of 3.1%.



Youth (aged 15-24) not in education, employment or training in Northland

The annual average youth NEET rate in Northland was 15.1% in the year ended March 2021 (\approx 2900 people). This is up slightly on the annual average rate for December 2020, but down from 17.9% recorded in March 2020. The current rate is 10.4 percentage points below the peak of 25.4% recorded in March 2013. Northland's NEET rate is above the national youth NEET rate of 12.7%. Northland has the highest NEET rate, just above Gisborne/Hawkes Bay (14.4%), Manawatu-Wanganui (14.3%) and Waikato (14.1%). Canterbury and Wellington have the lowest NEET rate (9.8%) in the year ended March 2021.



Jobseeker Support-Work Ready in Northland

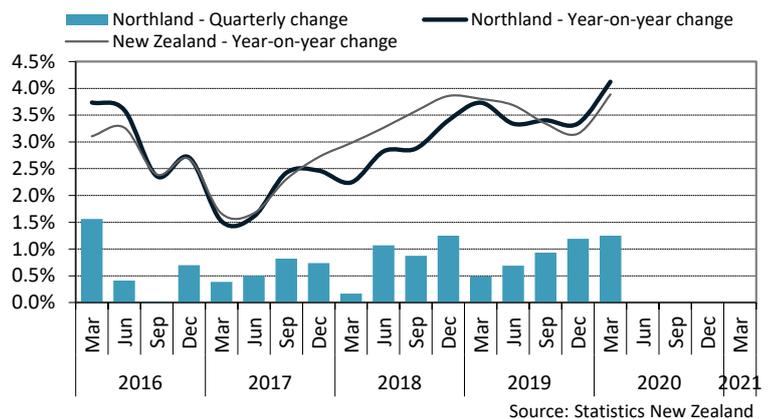
A total of 6972 people in Northland was receiving the Jobseeker Support-Work Ready benefit at the end of March 2021. This is up by 1431 people (26%) from the number in March 2020 but is 510 (7%) lower than the peak number receiving this benefit in June 2020. The current number is almost 1400 (25%) higher than the number recorded at the peak of the post-GFC recession in June 2010. Nationally, the number of people receiving this benefit has risen by 38% during the past year. Northland has experienced a lower rise in Jobseeker Support Work Ready beneficiaries than most other regions in New Zealand.



Household welfare – quarterly

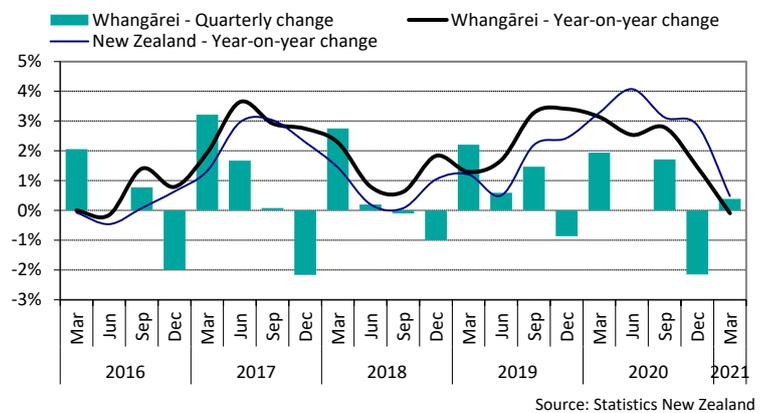
Average wage and salary earnings in Northland

The annual average wage and salary in Northland, based on the sum of mean earnings of people in paid employment for the four quarters making up the year, was \$57,600 in March 2020, 4.1% higher than in March 2019. This is slightly above the national average increase of 3.9%, with six of the 16 regions (including Auckland and Canterbury) recording a lower increase than Northland in the year ended March 2020. Northland's average wage and salary is 88% of the national average. Only Auckland and Wellington have average earnings above the national average. Northland ranks 13th out of the 16 regions, with eight regions, including Northland, having an average in the narrow range between \$57,500-\$59,000.



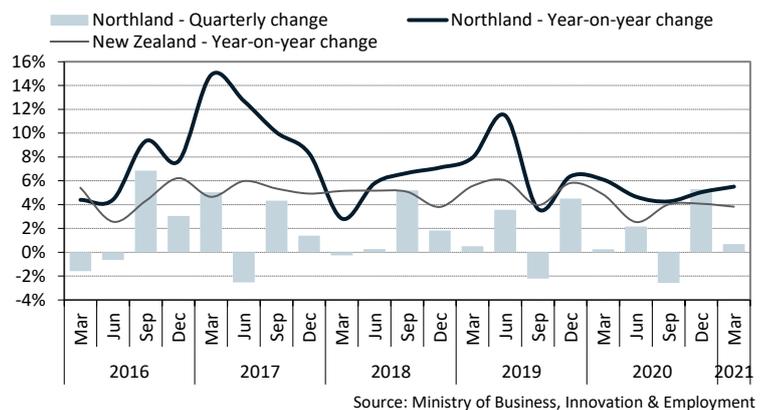
Food prices in Whangārei

Food prices in Whangārei rose 0.4% in the March 2021 quarter, following a seasonal fall of -2.2% in the December quarter 2020. On an annual basis, food prices in Whangārei fell 0.1% in the year ended March 2021 compared to a 0.5% increase in the national food price index. Over the past year, food prices in Whangārei increased at a slower rate than nationally, a reverse of the general trend of food prices in Whangārei increasing at a faster rate than nationally. The cost of the standard basket of commodities used for measuring food prices in Whangārei is 9% higher today than it was five years ago in March 2016; nationally it is 8% higher.



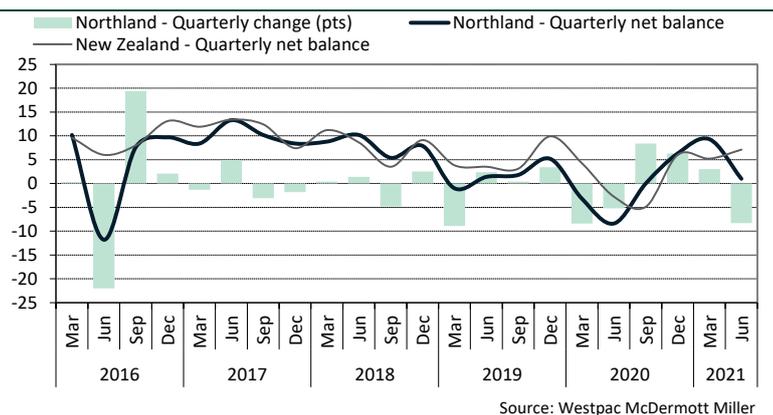
Average rent in Northland

The mean average rent of bonds lodged in March 2021 for rentals in Northland was \$441 per week. This is a new record level and is 5.5% higher than the average rent charged on bonds lodged in March 2020. Nationally, average rents increased by 4%. Since March 2016, the average rent in Northland has risen by 43%, well above the national average rent increase of 26%. Only five regions recorded a larger increase in average weekly rental cost than Northland over these five years, with increases between 52% in Manawatu/Wanganui and 7% in Canterbury. The average rent in Northland is now 85% of the national average compared to 76% in 2016.



Consumer confidence in Northland

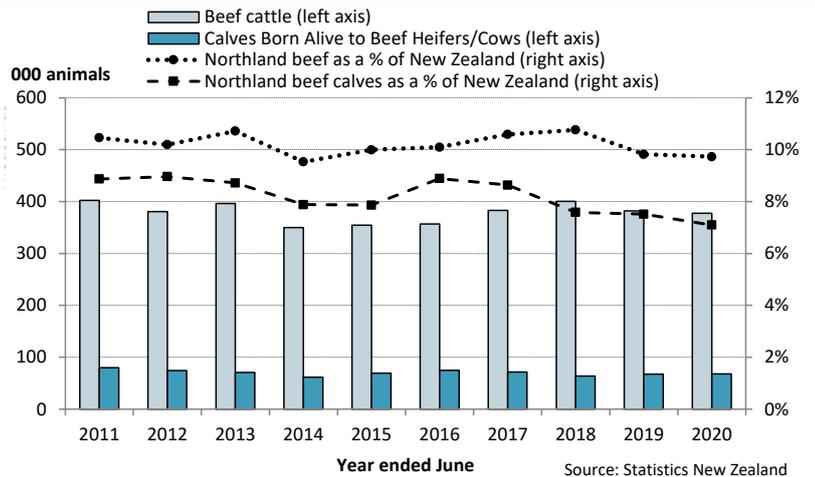
The Westpac-McDermott Miller Consumer Confidence Index for Northland fell by eight points in June 2021 from 9 to 1. An index number of zero indicates that the number of optimists is equal to the number of pessimists. This fall diverged from the slight rise in the national level of consumer confidence, which Northland had sat above for three consecutive quarters (a record length). Of the 11 regions for which data is compiled, consumer confidence is lower than Northland in only Taranaki/Manawatu-Wanganui (-2pts), which too had a significant fall this quarter.



Agricultural statistics – annual

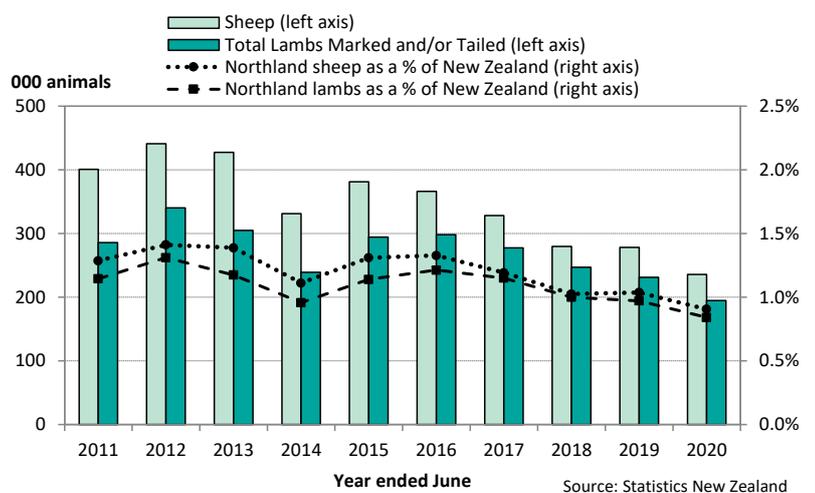
Beef animals in Northland

The number of beef cattle in Northland fell by 1.2% in the year ended June 2020 to 377,000 head. This follows a 4.6% decrease in the previous 12 months. In 2020, Northland accounts for 10% of the national herd, down from 13% in the early 1990s. There had been a steady decline in the Northland beef herd from 2008 to 2014, falling about 30% from around 0.5 to 0.35 million animals. Since 2014, the Northland beef herd has grown by 8%; the national herd has grown by 6%. There is wide variation across regions over the six years 2014-20, ranging from a 25% increase in beef cattle in Canterbury and Bay of Plenty, to a -25% drop in the West Coast.



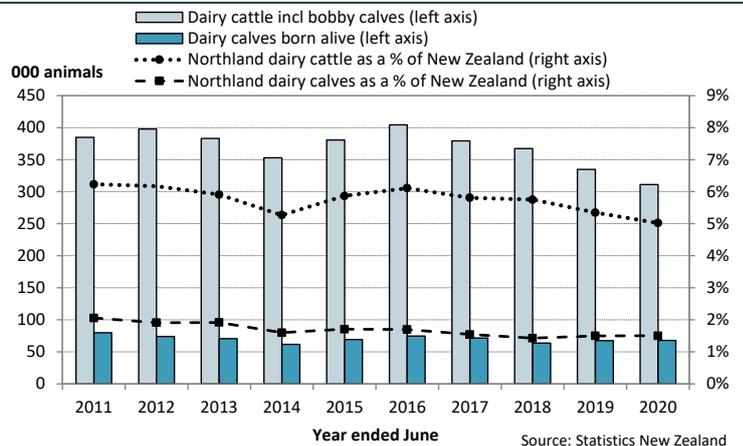
Sheep in Northland

In the year ended June 2020, there were 236,000 sheep in Northland, 42,000 (15%) less than in 2019. The number of sheep in Northland has been steadily declining for many years. The region's sheep flock totalled 1.3 million in 1990. In the last 10 years, the number of sheep in Northland has fallen by 45% while the national flock has fallen by 20%. Northland's share of the national flock has fallen from 1.5% to 0.9%. There were 195,000 lambs born in Northland in the year ended June 2020, down from 231,000 in 2019, and 338,000 in 2010. Only Tasman and the West Coast regions have recorded steeper declines in their sheep flock since 2010, although all regions except Nelson and Marlborough have experienced a decline.



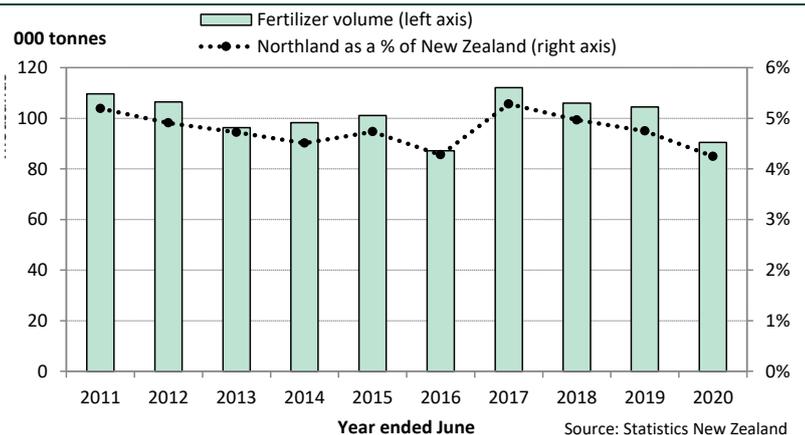
Dairy cattle in Northland

There were 311,282 dairy cattle in Northland in June 2020, including bulls, cows in milk, heifers, and calves. This was 23,451 (7%) lower than in 2019, and is the lowest total number recorded in the historical series that goes back to 1990. The number of dairy cattle in Northland has fallen by 17% since 2016 - when it was close to a thirty-year peak number of 404,415. Since 2016, the total number of dairy cattle in New Zealand has fallen by 6%, resulting in a fall in Northland's share of the total dairy herd from 6.1% to 5.0%. In 1990, Northland accounted for 10.7% of the national dairy cattle.



Fertiliser use in Northland

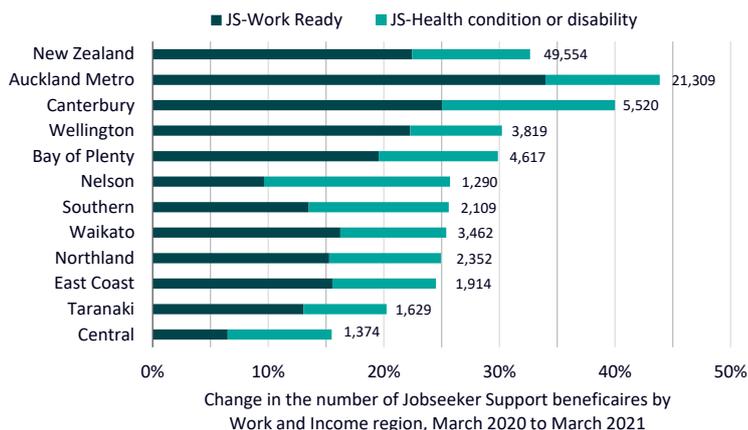
Northland farmers applied 90,492 tonnes of fertiliser in the year ended June 2020. This is 13% less than the quantity applied in 2018/19 and just above the 30-year annual low of 87,233 recorded in 2015/16. For most of the 2000s (2002-08), Northland farmers applied around 160,000 tonnes of fertiliser each year, equivalent to 6.5% of total fertiliser applied in New Zealand. Over the past decade (2011-20), the annual quantity of fertiliser applied in Northland has averaged just over 100,000 tonnes, 5% of the New Zealand total. During the early 1990s over 300,000 tonnes per annum was applied in Northland.



Spotlight – Jobseeker Support beneficiaries

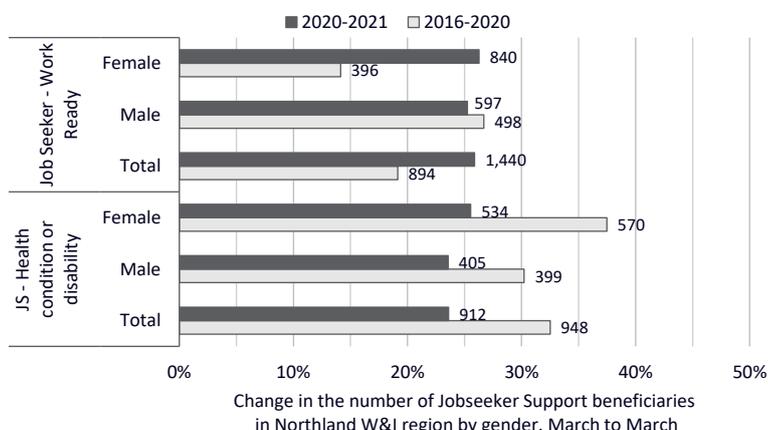
Jobseeker Support beneficiaries by region

Between March 2020 and March 2021, Jobseeker Support recipients in Northland increased by 2352 or 25%. Nationally, the number has increased by 33%, a rise of almost 50,000. Only three Work and Income regions have experienced a lower percentage increase than Northland. The largest increase (44%) has been in Auckland Metro. There are two types of Jobseeker Support benefits: Work Ready (most like the previous unemployment benefit), and Health condition or disability. All regions have experienced growth in both types, although the contribution to the total increase varies by region. Nationally, Work Ready recipients represent 69% of the increase, with 61% in Northland, 77% in Auckland and 37% in Nelson.



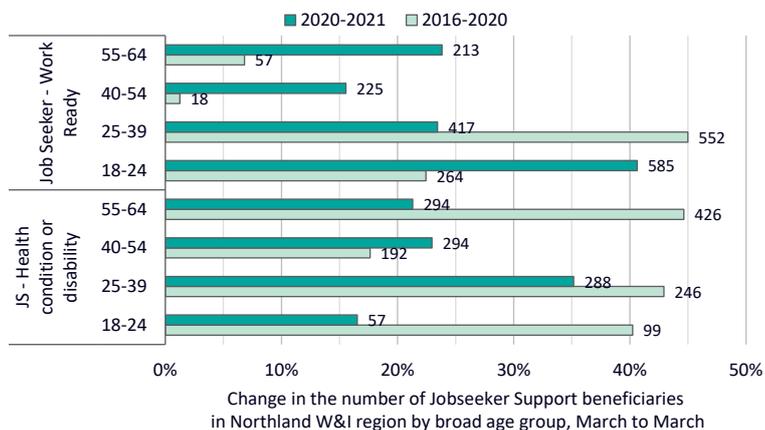
Jobseeker Support in Northland by gender

Between March 2020 and March 2021, the number of Jobseeker Support Work Ready recipients increased by 1440 (26%) while the number of Jobseeker Support Health condition or disability recipients increased by 912 (24%). Over the five-year period from March 2016 to March 2020 the number of Work Ready recipients had increased by 894 (19%). The one-year increase between 2020 and 2021 is over 160% more than the increase in the previous five-years. The percentage increase in Work Ready recipients by gender in 2020-21 is very similar: 25% for male and 26% for female. However, in absolute terms, the number of females increased far more (40%) than males: 840 compared to 597.



Jobseeker Support in Northland by age

During the five-year period 2016-2020, the largest increase in Work Ready recipients were in the 25-39 years-old age group, which increased by 552 (45%) and represented 62% of the increase. Over the last year, recipients of Work Ready in the 18-24 years-old age group have risen the fastest: 585 (41%), more than double the number in the previous five years and 41% of the annual increase. For the Health condition or disability benefit, recipients in the 55-64 years-age group contributed most to the increase in the 2016-2020 period. Over the past year, the 25-39 years-old age group has increased relatively faster.



Jobseeker Support in Northland by ethnicity

In term of ethnicity, while the recent increase in Jobseeker Support recipients has been much more evenly spread than in the previous five-year, Māori are still overrepresented. For example, during 2016-20, the number of Māori receiving the Work Ready benefit increased by 723 (22%), accounting for around 90% of the increase. Over the past year the number of Māori receiving this benefit has increased by a further 912 (23%), accounting for 66% of the increase. While the percentage increase in NZ European and Other has been greater than for Māori, the absolute increase is much lower.

