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**Darryl Jones** – Economist  
darrylj@nrc.govt.nz  
09 470 1247

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## From the economist

Welcome to the eighth issue of the Northland Economic Quarterly. Much has been said about the rise in the March quarter unemployment rate in Northland. Other employment indicators suggest that this reflects more an improvement in labour market conditions rather than deterioration. For example, the number of people receiving the Jobseeker Support-Work Ready benefit fell by 5% and the number of online jobs listed on Trade Me rose 7% in the quarter. Greater opportunities for employment are causing more people to be seeking jobs, leading to a record Northland labour force number of 80,700.

The annual section contains data from the Agricultural Production Statistics. It focuses on trends in beef, sheep, deer and pig numbers in Northland. All four types of livestock have fallen since the mid-2000s. There has also been a considerable drop in the quantity of fertiliser applied to Northland farms which may have some long term implications for farm productivity.

The Spotlight section analyses some recently released data from the 2013 Census on commuting patterns between districts and regions. Some of the main findings are that around 95% of Northlanders live and work in the same district: the highest share for any region not a unitary authority. On the other side, 8% of people employed in Northland usually reside outside the region: the highest for any region. In fact, more Aucklanders work in Northland than Northlanders work in Auckland.



Darryl Jones

## Quick quarterly stats

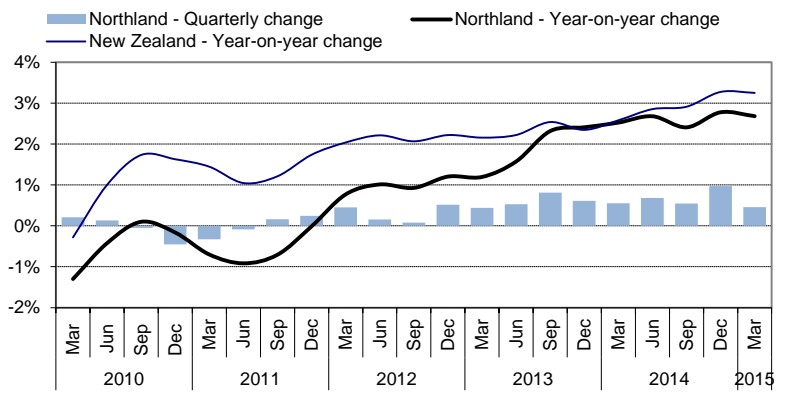
- GDP is forecast to have risen by 2.7% in the year ended March 2015.
- The number of new building unit consents remained constant for the year.
- Guest nights regionally reached a record level in the year to March 2015.
- Business confidence stabilised but remains relatively subdued.
- The annual average unemployment rate rose to 8.4% in March 2014.
- More Northlanders are classed as in the labour force than ever before.
- The number of people on Jobseeker-Support-Work Ready benefit fell 5%.
- Northland vacancies on Trade Me Jobs are 24% higher than a year ago.
- The average wage and salary rose 3.1% in the year ended December 2013.
- The average rent in Whāngārei fell by \$10 per week in February 2015.
- Food prices in Whāngārei rose by 1.7% in the year ended March 2015.
- Consumer confidence has risen and remains comparatively upbeat.

# Economic activity – quarterly

## Gross domestic product (GDP) in Northland

Northland's GDP is estimated to have risen 0.5% in the March 2015 quarter. This contributed to an annual GDP growth rate of 2.7% for the year ended March, just below the national estimate of 3.2%.

This growth is spread fairly evenly across the region, with annual growth rates of 2.8% in the Far North, 2.5% in Whāngārei and 3.6% in Kaipara. Northland was the tenth fastest growing region in the year ended March 2015.

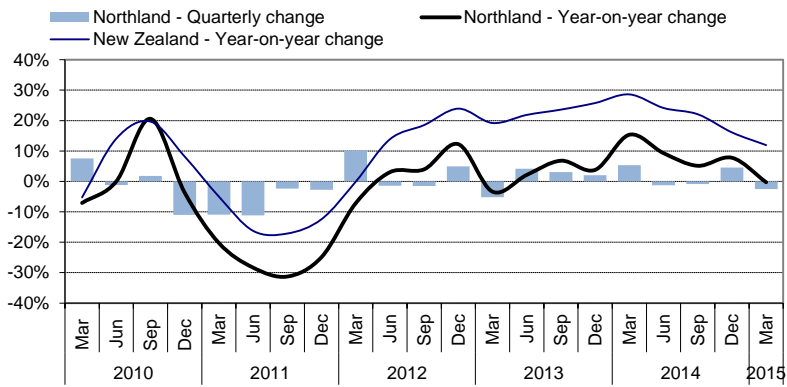


Source: Infometrics Regional Database

## Number of new dwelling unit consents in Northland

During the year ended March 2015, 690 new dwelling unit consents were issued in Northland. This is 2.5% fewer than the number of dwelling unit consents issued in the year ended December but very similar to the number issued in the year ended March 2014.

There is a large regional variation around the 12% national increase in consents issued in the year ended March 2015, ranging from 22% in Auckland to -22% in Nelson. Northland ranked 10<sup>th</sup> of 16.

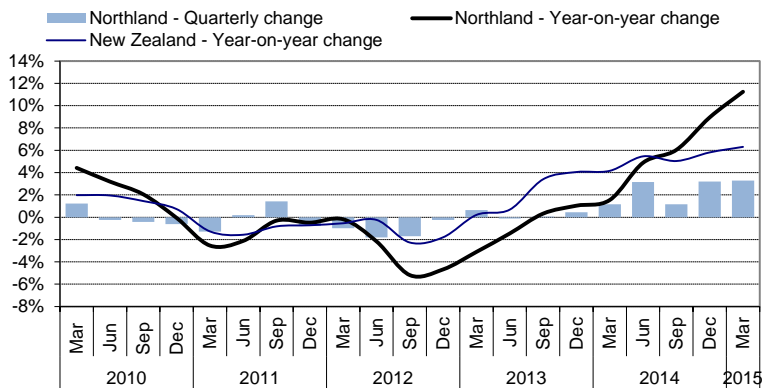


Source: Statistics New Zealand

## Guest nights in Northland

In the year to March 2015, just over 1.76 million guest nights were spent in Northland. This is 11% higher than in the year to March 2014 and is the highest annual number ever recorded in Northland, exceeding the previous record of 1.75 million recorded back in June 2007.

The increase in Northland exceeded the national increase (6%), and was only bettered by Southland (13%) and the West Coast (12%). Northland's share of national guest nights has risen from 4.8% to 5% but remains below the 5.5% level achieved in 2007.

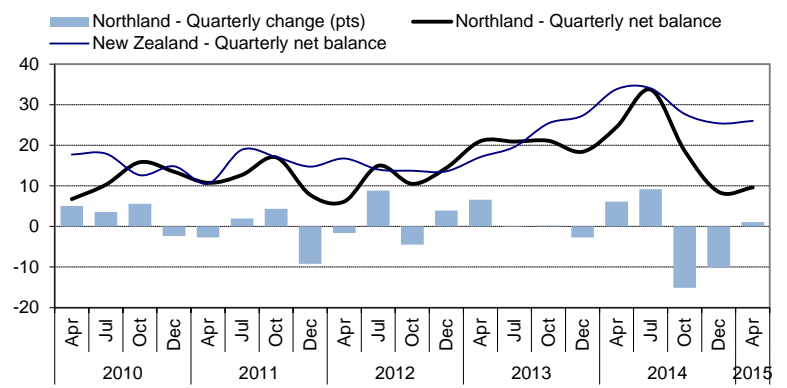


Source: Statistics New Zealand

## Business confidence in Northland

The composite index of business confidence measures the difference between those expecting an improvement and those expecting conditions to deteriorate. The Northland index rose by 1 point in the March 2015 quarter. This followed a large drop in business confidence in the second half of 2014.

All regions with the exception of Gisborne have a higher level of business confidence than Northland, ranging from 18.4 in Nelson to 37 in Southland. Business confidence in Gisborne has returned to negative. The gap between Northland and the New Zealand average remains large.



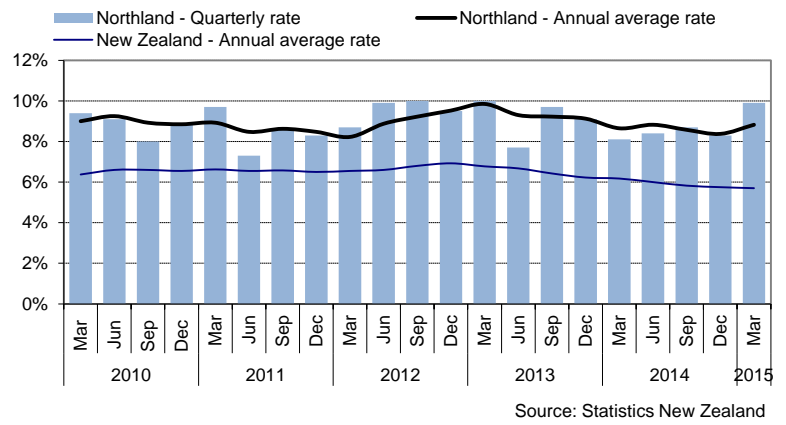
Source: ANZ

# Employment activity – quarterly

## Unemployment in Northland

The annual average unemployment rate in Northland was 8.8% in the year ended March 2015. This was up from the annual average rate of 8.4% recorded in December 2014. Since March 2010, the region's unemployment rate has averaged 8.9%.

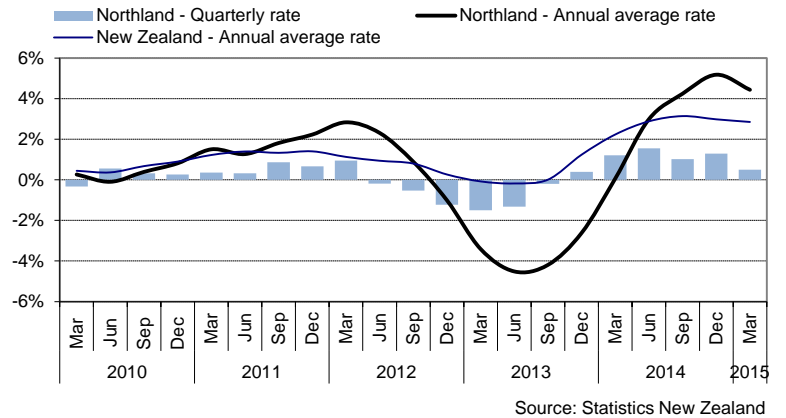
Northland's unemployment rate is 55% higher than the national average of 5.7% and is the highest among the 12 regions for which it is calculated. Manawatu-Wanganui and Gisborne/Hawkes Bay have the next highest unemployment rates of 7.7% and 7.3% respectively.



## Northland labour force

In the year ended March 2015, an annual average of 80,700 people was estimated to be participating in the Northland labour market: either employed or looking for employment (defined by Stats NZ as unemployed). This is 0.5% higher than the annual average for the year ended December 2014 and 4.4% higher than for the year ended March 2014.

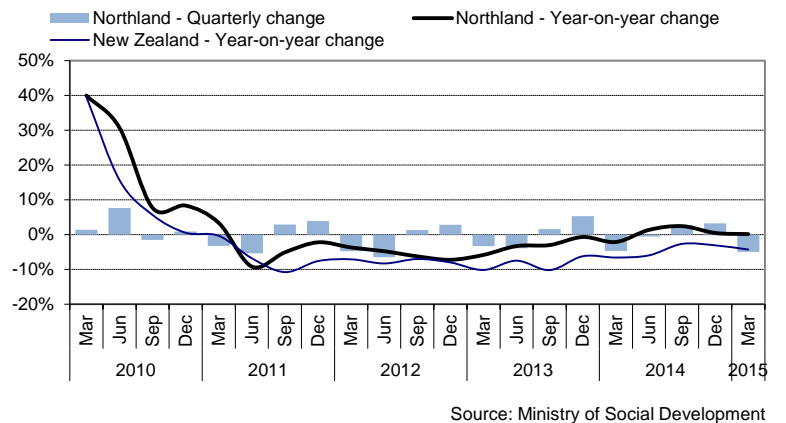
It is also the highest number ever recorded; some 5% higher than in March 2010. The national labour force grew by 2.8% in the year ended March and is 8% larger than in March 2010.



## Jobseeker Support – Work Ready in Northland

A total of 4,755 people in Northland were receiving the Jobseeker Support-Work Ready benefit at the end of March. This is down 5% from December and is 0.1% higher than in March 2014. While the number of people currently receiving this benefit is 15% less than the peak recorded in June 2010, it remains 28% higher than in March 2009.

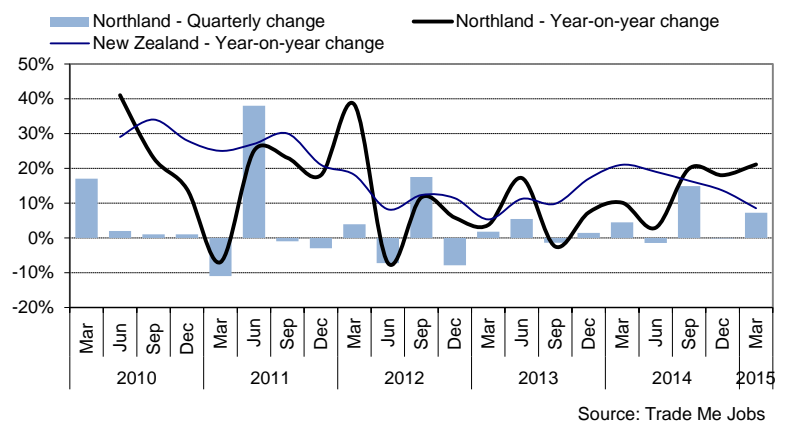
At the national level, the number of people receiving this benefit has fallen by 4.3% over the past year. Northland accounts for 7.5% of the total, and this share has been rising since 2009.



## Online job advertisements in Northland

The number of vacancies in Northland listed on Trade Me Jobs during the March 2014 quarter was 7% higher than in the December quarter and 21% higher than in March 2014. Trade Me job listings in Northland are 74% higher than in March 2010.

Nationally, the number of vacancies has grown by 8.5% over the past year. Only two regions – Bay of Plenty and Marlborough – have recorded a higher year-on-year increase in job listings than Northland. Three regions – Gisborne, Wellington and Taranaki – have seen a drop in job vacancies.

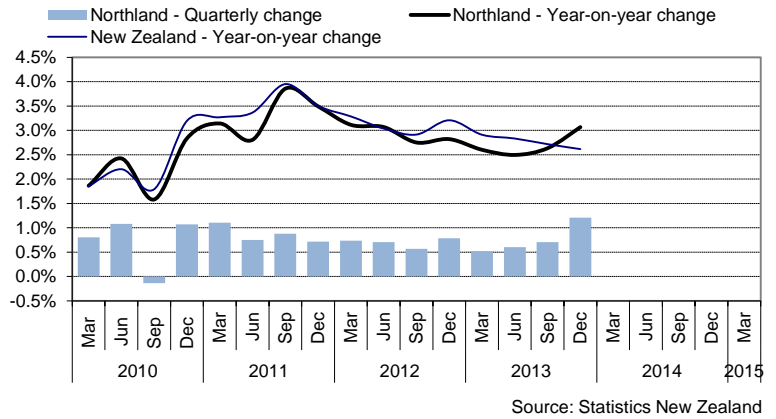


# Household welfare – quarterly

## Average wage and salary earnings in Northland

The average annual 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 \$47,730 in December 2013. This represents an annual increase of 3.1%, slightly higher than the national increase of 2.6%.

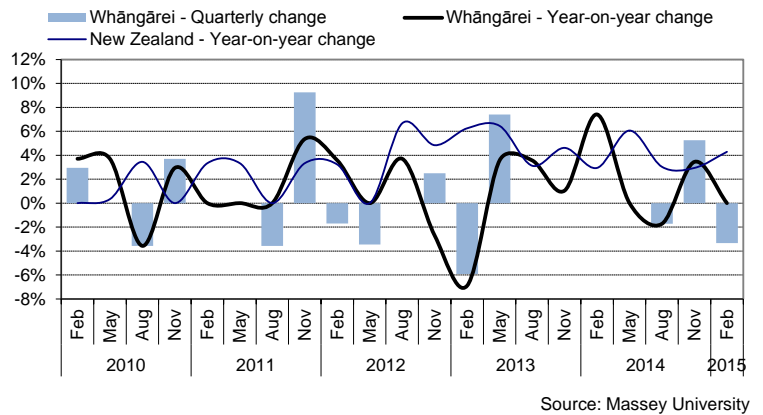
Northland's average is 12% below the national average of \$53,680 and has been fairly steady at this level for the last five years. Since December 2009, the annual average wage and salary in Northland and New Zealand has increased by 14.5%.



## Median rent in Whāngārei

The median rent in Whāngārei in February 2015 was \$290 per week. This is 3.3% (\$10) lower than in December 2014 when it peaked at \$300 per week and is the same level as in February 2014. The current median rent is just \$10 per week more than it was five years ago in February 2010.

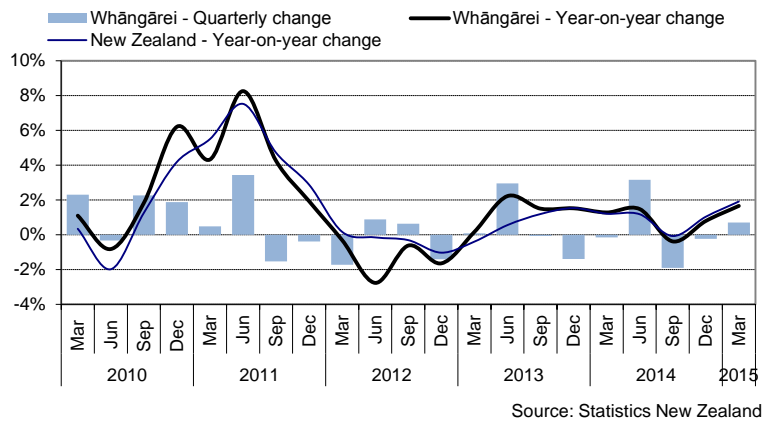
The national median rent rose 4.3% (\$15 per week) in the year ended February 2015 to a new high of \$365. The median rent paid in Auckland and Christchurch both increased by \$20 per week to \$450 and \$420 respectively.



## Food prices in Whāngārei

Food prices in Whāngārei rose by 0.7% in the March 2015 quarter. This followed two quarters in which food prices dropped in total by just over 2%. Over the year ended March, food prices rose by just 1.7% in Whāngārei. Local food prices have closely followed the national trend over the past year.

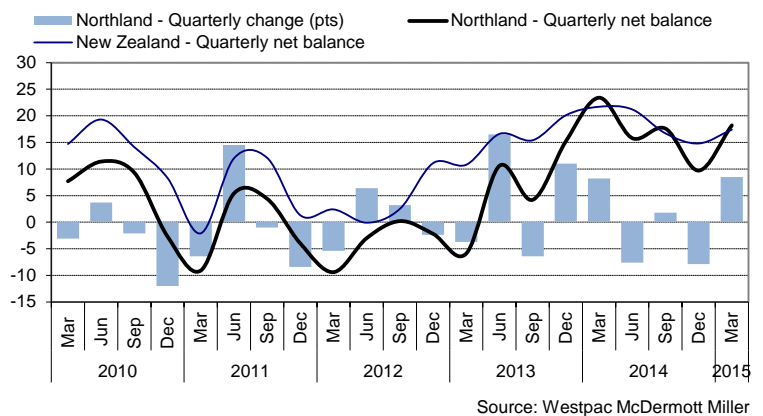
The cost of the standard basket of commodities used for measuring food prices was around the same in Whāngārei in March 2015 as it was in June 2011. However, the standard food basket costs 7% more today than it did five years earlier in March 2010.



## Consumer confidence in Northland

The Westpac-McDermott Miller Consumer Confidence Index for Northland rose 8 points to 18 in March 2015. An index number above zero indicates that optimists outnumber pessimists. While this is down from the post-GFC high of 23 recorded in March 2014, this was the eighth consecutive quarter showing a positive number.

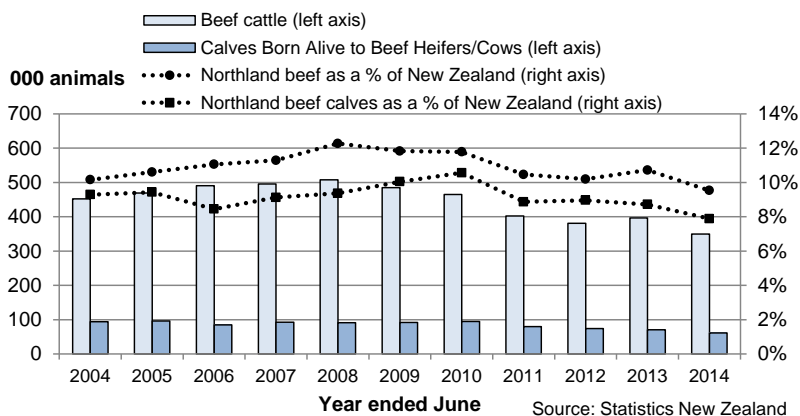
Northland was one of nine (out of 11) regions that recorded a rise in consumer confidence in the March quarter. Only consumers in Auckland, Bay of Plenty and Canterbury reported higher confidence levels.



# Agricultural statistics – annual

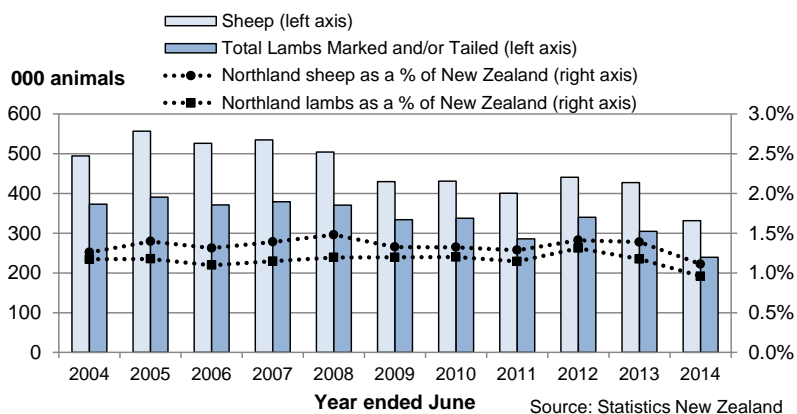
## Beef animals in Northland

The number of beef cattle in Northland fell by almost 12% in the year ended June 2014 to just below 350,000 head. The number of beef cattle in Northland has been constantly falling over the past six years since reaching 507,000 head in 2008. Between 2008 and 2014, the number of beef cattle in Northland has fallen by 31%. This compares with an 11% drop in the national beef cattle herd. Consequently, Northland's share of the national beef herd has fallen from 12.3% in 2008 to 9.5% in 2014. In the early 1990s, there were close to 600,000 beef cattle in Northland.



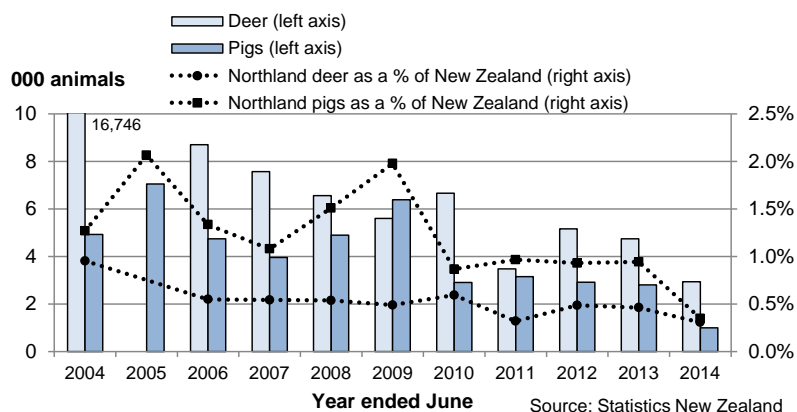
## Sheep animals in Northland

In the year ended June 2014 there were 330,000 sheep in Northland, 96,000 (23%) fewer than in 2013. The number of sheep in Northland has been declining since 2005 when the regional flock numbered 550,000. Between 2005 and 2014, the number of sheep in Northland has fallen by 41%. This compares with a 25% drop in the national flock. There were 240,000 lambs born in Northland in the year ended June 2014, down from 391,000 in 2005. The region's sheep flock numbered more than one million in the early 1990s.



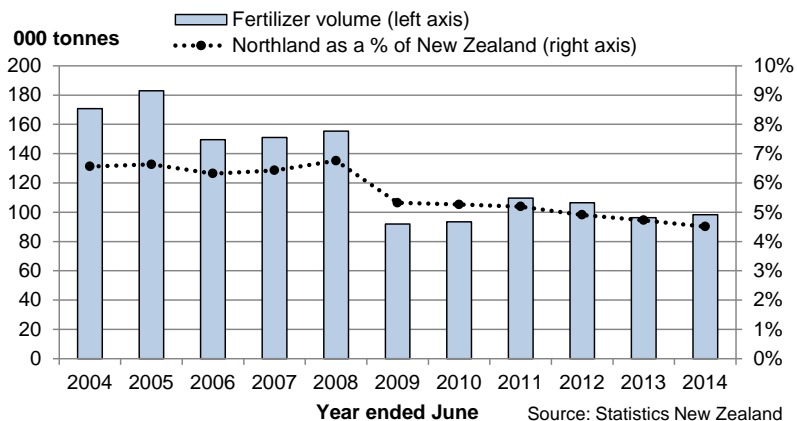
## Deer and pigs in Northland

There were 2,900 deer and 1,000 pigs in Northland in June 2014. As for beef and sheep, these are down on the number of animals in the mid-2000s. The number of deer has fallen from over 20,000 in the early 2000s while pig numbers have fallen from over 5,000. A similar, but not so dramatic decline is also observed in the national deer and pig numbers. Consequently, Northland's share of the national deer herd has fallen from a peak of 1.5% in 2002 to 0.3% in 2004, while for pigs the decrease has been from about 2% in 2009 to 0.3%.



## Fertiliser use in Northland

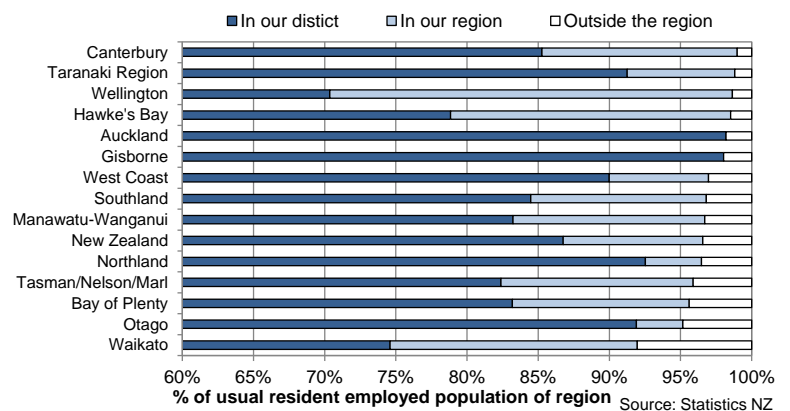
The volume of fertiliser applied on Northland farms has remained fairly constant over 2013 and 2014 at just under 100,000 tonnes per annum. This is down from the 110,000 tonnes applied in 2011 and 2012, and is considerably lower than the 183,000 tonnes applied in 2005. For most of the 2000s (2002-08), Northland farmers put on around 160,000 tonnes of fertiliser each year, equivalent to 6.5% of total fertiliser applied in New Zealand. Over the six years since 2008, the annual average applied in Northland has fallen to around 100,000 tonnes, around 5% of the New Zealand total. During the early 1990s over 300,000 tonnes p.a. was applied.



# Spotlight – Inter-district employment patterns

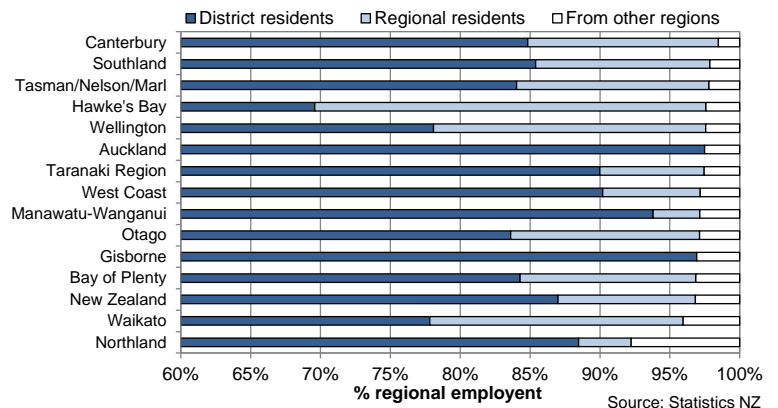
## Where do people go to work at the regional level?

Data from the 2013 Census reveals that 92.5% of Northlanders that are employed work within the district in which they live. This is the highest proportion of any region that is not a unitary authority. A further 4% commute to a place of employment located in another district within Northland. The remaining 3.5% of Northlanders who are employed commute outside the region for work, mainly to Auckland. Only four other regions have a higher level of out-of-region employment.



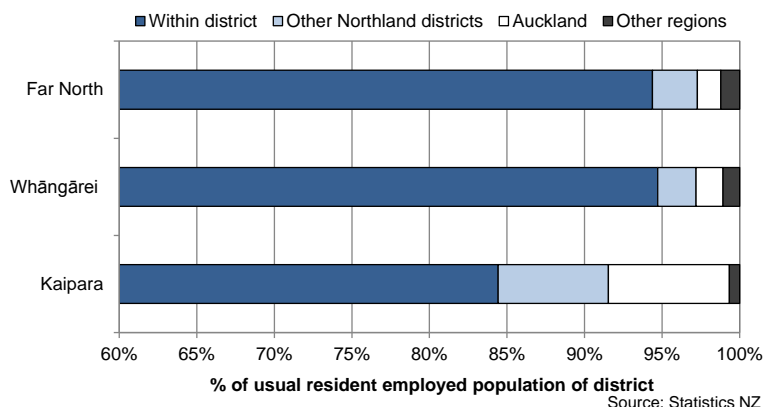
## Who makes up regional workforce?

Of all the regions, Northland has the highest proportions of its workforce originating from outside the region. Of those employed in Northland, 92% are resident in Northland. The remaining 8% are usually resident in another region of New Zealand, mainly in Auckland, Waikato and Otago. The share for other regions ranges from 4% in Waikato to 1.5% in Canterbury.



## Where do people go to work in Northland?

Around 95% of employed people who are living in the Far North and Whāngārei districts are working in jobs within their respective districts. A further 3% work in other Northland districts and 2% in Auckland. Almost all the 3% from the Far North working outside the district work in Whāngārei, while the 3% living in Whāngārei are split evenly between jobs in the Far North and Kaipara. Conversely, Kaipara has a greater proportion of its employed population working outside the district: 7% elsewhere in Northland (primarily Whāngārei) and 8% in Auckland.



## Who makes up district workforces?

Persons living within the districts make up between 87-90% of the people employed in all three districts. In all three districts, around 5% of those employed are residents of Auckland. There are more residents of Auckland (2,500) who come to work in Northland than residents of Northland who go to work in Auckland (1,400). 5% of people employed in Kaipara live elsewhere in Northland, 90% of which come from Whāngārei. 5% of those employed in the Far North came from other regions, primarily from Otago for horticulture.

