

Chapter Nine

Economic development

What's in this chapter?

Economic growth

Employment

Research and development

Local businesses

Retail sales

Non-residential building consents

Tourism

Skilled migrants



Introduction

This is the second of two chapters that investigate economic wellbeing in the 12 cities. The previous chapter looked at changes to the standard of living for people and households, while this chapter looks at measures of the business sector and the broader economy.

Why this is important

New Zealand has a mixed economy which operates on free market principles. It has sizable manufacturing and service sectors complementing a highly efficient agricultural sector, with exports of goods and services accounting for around one third of the country's Gross Domestic Product. Indicators of economic development provide important information on whether or not there has been a sustainable increase in living standards. Such a rise implies increased per capita income, better education and health of local residents. This in turn helps stimulate further opportunities for economic growth and development within a community or nation.

Key points

The 12 cities account for nearly two thirds of all economic activity in New Zealand, a share which has gradually increased between 2001 and 2006. The economies of the 12 cities have grown, on average, by 4.3% per year over the five years to March 2006. The average growth rate of the rest of New Zealand was 3.5% per year over the same period.

There has been a growth in the number of businesses nationally. Although the number of economically viable business enterprises in the 12 cities grew by 23.6% between 2002 and 2006, this was lower than the growth rate in the rest of New Zealand.

Along with business growth, the total number of jobs has also increased and rates of unemployment have fallen. In the past five years there have been over 290,000 additional jobs created in New Zealand. Nearly two thirds of these jobs were created in the 12 cities.

These new jobs have contributed to raising the standard of living for many. The challenge of increasing productivity must be addressed, however, if New Zealand is to achieve sustainable economic development in the longer term.

Growth in retail expenditure reflects the health of the local economy. In the year ended March 2006, the 12 cities accounted for \$36.8 billion (60.0%) of New Zealand's total of \$61.3 billion in retail expenditure.

Low unemployment and a growing economy have increased the demand for skilled workers, some of which is met by encouraging immigration. A quarter of skilled migrants coming to New Zealand intend to settle in the Auckland region and a further quarter intend to settle in other urban regions.

Links to other indicators

Levels of employment and economic growth, along with personal and household income and expenditure, are closely linked with people's ability to secure a good quality of life for themselves and their families. This includes their ability to purchase adequate housing, health care and education.

As economic activity fluctuates, some groups are more likely to be vulnerable to unemployment, particularly the unskilled, those without qualifications and those living in areas of declining employment.

An increasing rate of productivity is associated with sustainable economic development, including international competitiveness, better employment opportunities and wellbeing for future generations and the more efficient use of natural resources.





Economic growth

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- The 12 cities account for nearly two thirds of all economic activity in New Zealand, a share which has gradually increased between 2001 and 2006.
- Estimated Gross Domestic Product in the 12 cities grew by 4.3% per year and Gross Domestic Product per capita by 3.5% per year from 2001 to 2006.
- Labour productivity increased in eight of the 12 cities and for the 12 cities as a whole, but declined at the total New Zealand level over the same period.

What this is about

Economic growth is a widely accepted indicator of how well an economy is performing. Faster economic growth generally translates into improved economic welfare with people having more purchasing power. Gross Domestic Product is defined as the market value of all final goods and services produced within a specific area (usually a country) in a given period of time.

The amount of Gross Domestic Product generated for each person (Gross Domestic Product per capita) is an indicator of the total real wealth of the society, while the amount of Gross Domestic Product generated per worker (productivity) is an indicator of current and future economic sustainability. Measures for this indicator include:

- Annual average percentage change in Gross Domestic Product
- Productivity gains.

What did we find?

Annual average percentage change in Gross Domestic Product

Over the five years from 2001 to 2006 the 12 cities accounted for between 62.8% and 65.3% of national Gross Domestic Product, a share that increased gradually over that period.

Over the five years ended March 2006, the 12 cities grew by an average of 4.3% per year, measured by estimated Gross Domestic Product for each city. This was 2.3% faster than the growth rate of the rest of New Zealand and 0.8% faster than the total New Zealand growth rate.

Manukau had the highest economic growth, with an average growth rate of 6.6% per year, followed by Rodney (5.8%) and North Shore (5.7%). The cities in the Auckland region experienced an upturn in economic growth from 2002 to 2003, with Auckland's economy growing by 6.4%, while the other four cities in the region grew by 10.4%. This was followed by more moderate growth rates from 2004 to 2007. The cities that had the lowest growth rates were Wellington (2.9%), Dunedin (2.8%) and Hutt (2.5%).

Two cities temporarily experienced negative growth (i.e. recession) during this period: Hamilton in 2003 (by -3.7%) and Dunedin in 2004 (by -2.3%). In both cases the downturn has affected their overall growth rate for these five years.

Changes in Gross Domestic Product per capita provide a clearer picture of real economic development because they indicate whether a better standard of living is being achieved. The greatest improvements were in Porirua (6.0%), followed by Manukau (5.1%) and North Shore (4.4%). The slowest rates of growth were in Wellington (2.2%), followed by Hamilton (2.3%) and Hutt (2.4%).

Productivity gains

Labour productivity is the value of economic output created per person employed. Increases in productivity are a key to long term economic sustainability and improvement in standards of living. In the short term, productivity can be affected by changes in the exchange rate, low unemployment and what New Zealand earns from its exports. Over the long term, productivity increases as a result of capital investment and investment in research and innovation as well as improvements in workers' skills and education.

Economic growth over the five years from 2001 to 2006 has been supported mainly by increased employment. Labour productivity for New Zealand as a whole declined at a rate of -0.2% per year over this period, while average labour productivity in the 12 cities increased by 0.4% per year.

Productivity increased in eight of the 12 cities, with Manukau leading the gain at 1.5% per year followed by Waitakere (1.1%) and Christchurch (1.2%). This is most likely to be explained by the establishment in these cities of new enterprises, which typically invest in new technology and equipment.

Productivity declined in Hamilton (-2.2%), Tauranga (-2.0%) and Dunedin (-0.4%). Hamilton's decline in labour productivity was mainly due to sharp drops in world dairy product prices during the period. However, productivity is also affected by very strong employment growth as it often declines as skilled labour becomes more scarce.

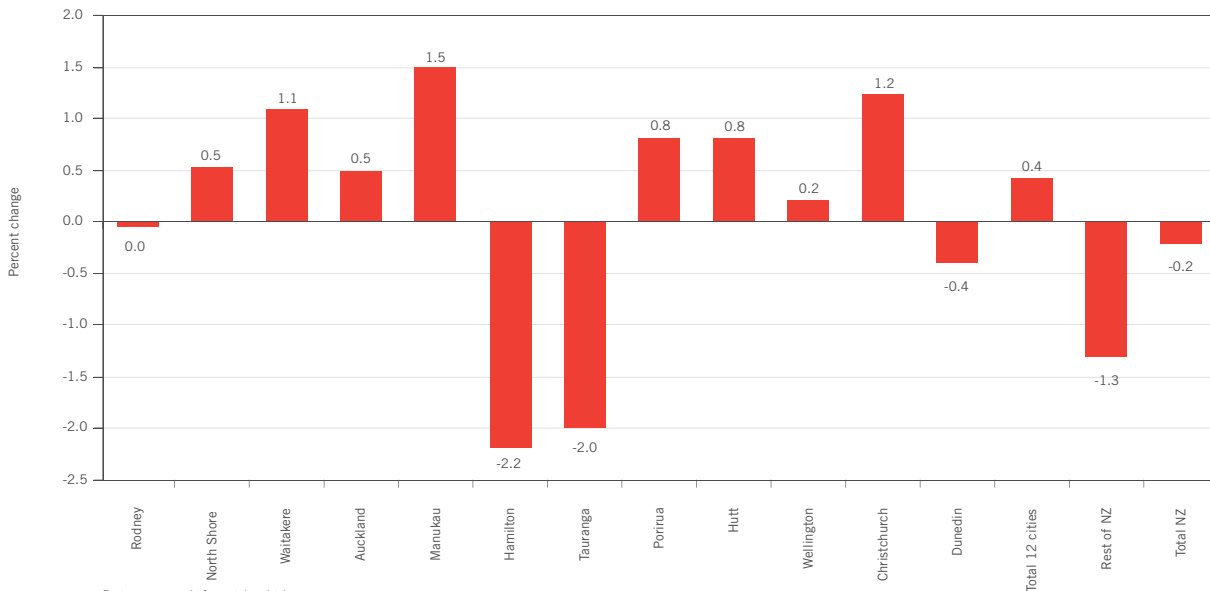
Economic growth continued

Average gross domestic product growth (March years, 2001 to 2006)

	Annual change from previous year						2001 to 2006	
	2001	2002	2003	2004	2005	2006	Average growth	Per capita growth
	%	%	%	%	%	%	%	%
Rodney	0.1	2.3	10.9	8.0	5.5	2.5	5.8	4.0
North Shore	1.1	5.7	9.8	6.2	2.0	4.9	5.7	4.4
Waitakere	-1.0	2.1	9.9	5.0	4.0	0.4	4.2	3.5
Auckland	0.1	3.8	6.7	3.3	2.1	4.4	4.1	4.0
Manukau	0.1	5.1	10.8	6.8	5.3	4.8	6.6	5.1
Hamilton	4.8	7.2	-3.7	4.5	7.0	2.3	3.4	2.3
Tauranga	2.7	5.8	7.6	5.7	2.4	0.8	4.4	2.8
Hutt	-0.2	2.0	2.8	0.7	4.3	2.6	2.5	2.4
Porirua	3.5	11.8	2.6	0.5	1.9	11.9	5.6	6.0
Wellington	-0.5	4.6	3.3	-0.0	6.4	0.2	2.9	2.2
Christchurch	2.7	2.2	5.4	4.8	7.6	2.0	4.4	3.6
Dunedin	3.2	6.2	6.0	-2.3	0.8	3.6	2.8	3.3
Total 12 cities	0.8	4.2	6.1	3.6	4.2	3.1	4.3	3.5
Rest of New Zealand	4.4	2.6	1.9	3.1	2.7	-0.1	2.0	1.1
New Zealand	2.1	3.6	4.6	3.4	3.7	2.0	3.5	2.1
GDP share of 12 cities (%)	62.8	63.2	64.1	64.2	64.6	65.3		

Data sources: Infometrics Ltd

Average annual growth of labour productivity (2001 to 2006)





Employment

9. Economic development

- The number of jobs in the 12 cities increased by more than 190,000 over the five years to February 2006.
- Unemployment has decreased to the point that much of it is likely to be due to seasonal fluctuation and turnover of the remaining unemployed.

What this is about

Paid employment is a major factor determining personal income, which in turn determines the ability of households to purchase goods and services. It also affects health, housing, education and crime outcomes. Employment is also related to an individual's ability to participate in social activities and enjoy a sense of belonging in their community.

Trends in employment and unemployment reflect the level of economic activity, demographic trends, skill levels and social policies. They can also show pressures within the labour market. Measures for this indicator include:

- Number of filled jobs
- Percentage of people in the labour force
- Filled jobs by industry
- Unemployment rate
- Labour force status of parents with children.

What did we find?

Number of filled jobs

This measure shows the number of filled jobs, which indicates the overall growth or decline in employment. The data show how many people are employed: it counts part-time workers as one filled job and may include working proprietors who pay themselves a taxable salary or wage.¹

Number of total filled jobs (2001 to 2006)

	2001	2002	2003	2004	2005	2006
Rodney	15,340	15,650	17,020	18,620	19,790	20,390
North Shore	64,210	66,590	71,700	75,380	79,070	82,490
Waitakere	38,140	38,310	40,460	42,480	44,340	44,410
Auckland	257,710	261,920	276,230	283,940	296,560	306,850
Manukau	94,670	97,640	104,160	109,470	116,190	120,540
Hamilton	54,740	57,910	61,750	64,330	69,190	72,150
Tauranga	33,560	36,320	39,850	41,280	44,580	46,030
Porirua	11,560	12,540	12,640	12,830	13,160	14,620
Hutt	39,730	39,300	39,280	39,950	42,020	43,230
Wellington	116,750	117,080	118,660	120,570	129,300	132,720
Christchurch	154,900	152,910	160,970	168,600	178,640	180,770
Dunedin	46,500	47,740	50,330	51,410	53,600	54,500
Total 12 cities	927,810	943,910	993,050	1,028,860	1,086,440	1,118,700
Rest of NZ	545,180	564,080	594,310	612,120	639,700	644,460
Total NZ	1,472,990	1,507,990	1,587,360	1,640,980	1,726,140	1,763,160

Data source: Statistics New Zealand, Business Demographic Statistics

¹ The data comes from Statistics New Zealand's Business Demographic Statistics series, which provides an annual snapshot, taken in February each year, of the structure and characteristics of New Zealand businesses.

Employment continued

The 12 cities combined followed the same pattern as the rest of New Zealand, with growth in every year from 2001 to 2006 and especially strong growth in 2002 and 2004.

The pattern of growth differed among cities: Porirua had strong growth in 2001 (8.5%) followed by three years of slow growth, then a resurgence in 2005 (11.1%). Christchurch experienced negative growth in 2001 to 2002 (-1.3%), but then rebounded strongly in the three subsequent years. Hutt had the lowest rate

of growth (8.8%) experiencing two consecutive years of negative or nil growth, in 2001 to 2002 (-1.1%) and 2002 to 2003 (-0.1%), followed by expansion in the following three years.

The cities that created the highest number of new jobs over this period were Auckland (49,140), Christchurch and Manukau (both 25,870). The cities with the greatest rate of growth were Tauranga (37.2%), Rodney (32.9%) and Hamilton (31.8%).

Total filled jobs: changes over period (2001 to 2006)

	2001 to 2002	2002 to 2003	2003 to 2004	2004 to 2005	2005 to 2006	Total Change 2001 to 2006	
	%	%	%	%	%	%	Number
Rodney	2.0	8.8	9.4	6.3	3.0	32.9	5,050
North Shore	3.7	7.7	5.1	4.9	4.3	28.5	18,280
Waitakere	0.4	5.6	5.0	4.4	0.2	16.4	6,270
Auckland	1.6	5.5	2.8	4.4	3.5	19.1	49,140
Manukau	3.1	6.7	5.1	6.1	3.7	27.3	25,870
Hamilton	5.8	6.6	4.2	7.6	4.3	31.8	17,410
Tauranga	8.2	9.7	3.6	8.0	3.3	37.2	12,470
Porirua	8.5	0.8	1.5	2.6	11.1	26.5	3,060
Hutt	-1.1	-0.1	1.7	5.2	2.9	8.8	3,500
Wellington	0.3	1.3	1.6	7.2	2.6	13.7	15,970
Christchurch	-1.3	5.3	4.7	6.0	1.2	16.7	25,870
Dunedin	2.7	5.4	2.1	4.3	1.7	17.2	8,000
Total 12 cities	1.7	5.2	3.6	5.6	3.0	20.6	190,890
Rest of NZ	3.5	5.4	3.0	4.5	0.7	18.2	99,280
Total NZ	2.4	5.3	3.4	5.2	2.1	19.7	290,170

Data source: Statistics New Zealand, Business Demographic Statistics

Filled jobs by industry

This measure shows the number of jobs in different industries, grouped by Australian and New Zealand Standard Industrial Classification codes (ANZIC) (New Zealand version 1996).

The Manufacturing industry comprised only 13.0% of jobs in the 12 cities and 14.4% of the jobs in New Zealand as a whole, indicating the relative weakness of manufacturing as a contributor to the New Zealand economy. Of the 12 cities only Manukau (20.8%) and Waitakere (19.7%) had a greater proportion of manufacturing jobs than the rest of New Zealand (16.7%).

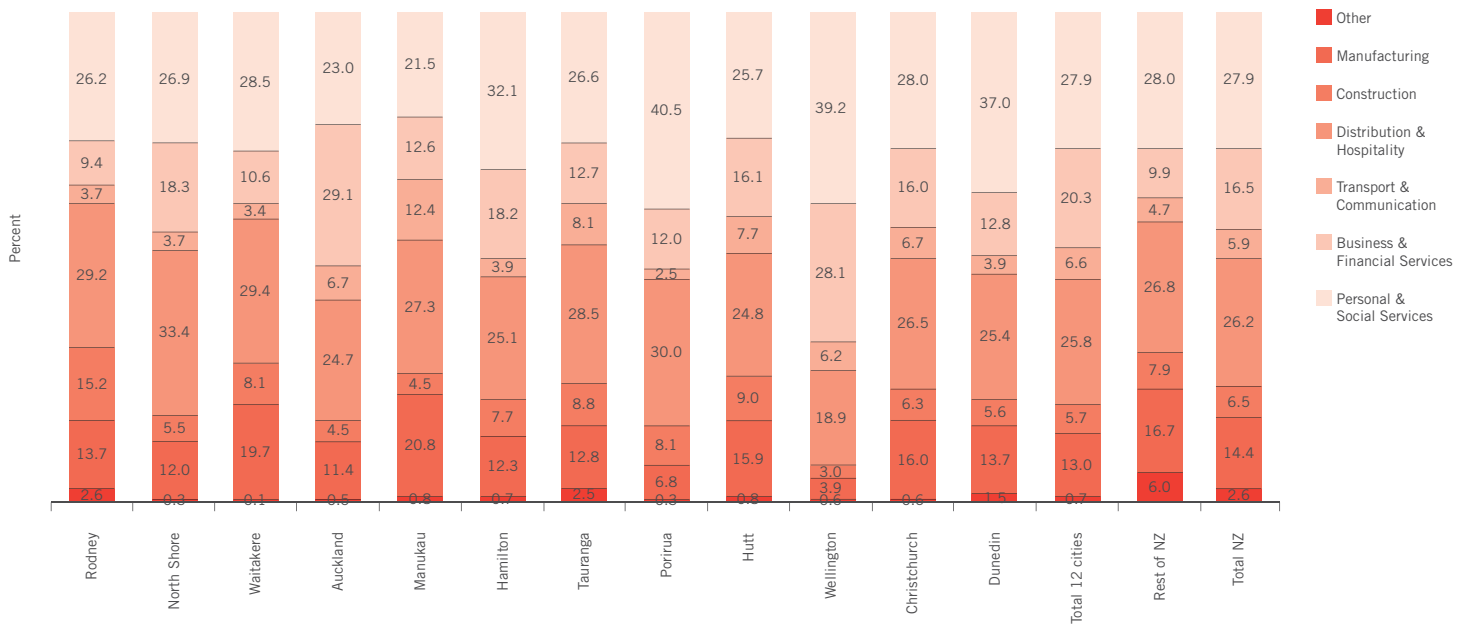
The Personal and Social Services industries accounted for the most jobs among the 12 cities (27.9%). The majority of these jobs were in the sub-categories of Health and Community Services (10.1%) and Education (7.0%). The cities with the highest proportion of workforce employed in the Personal and Social Services industries were Porirua (40.5%), Wellington (39.2%), Dunedin (37.0%) and Hamilton (32.1%).

The Distribution and Hospitality industries were the second largest employers, accounting for 25.8% of jobs. The largest sub-category was Retail Trade (12.4%). The cities with the highest proportion of workforce employed in the Distribution and Hospitality industries were North Shore (33.4%), Porirua (30.0%), Rodney (29.2%) and Waitakere (29.4%). For New Zealand as a whole the proportion was 23.0%.

The Business and Financial services industry comprised a large proportion of filled jobs in Auckland (29.1%) and Wellington (28.1%) reflecting the concentration of banks, insurance and technology head offices in those two cities.

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Filled jobs by industry (February 2006)



Data source: Statistics New Zealand, Business Demographic Statistics

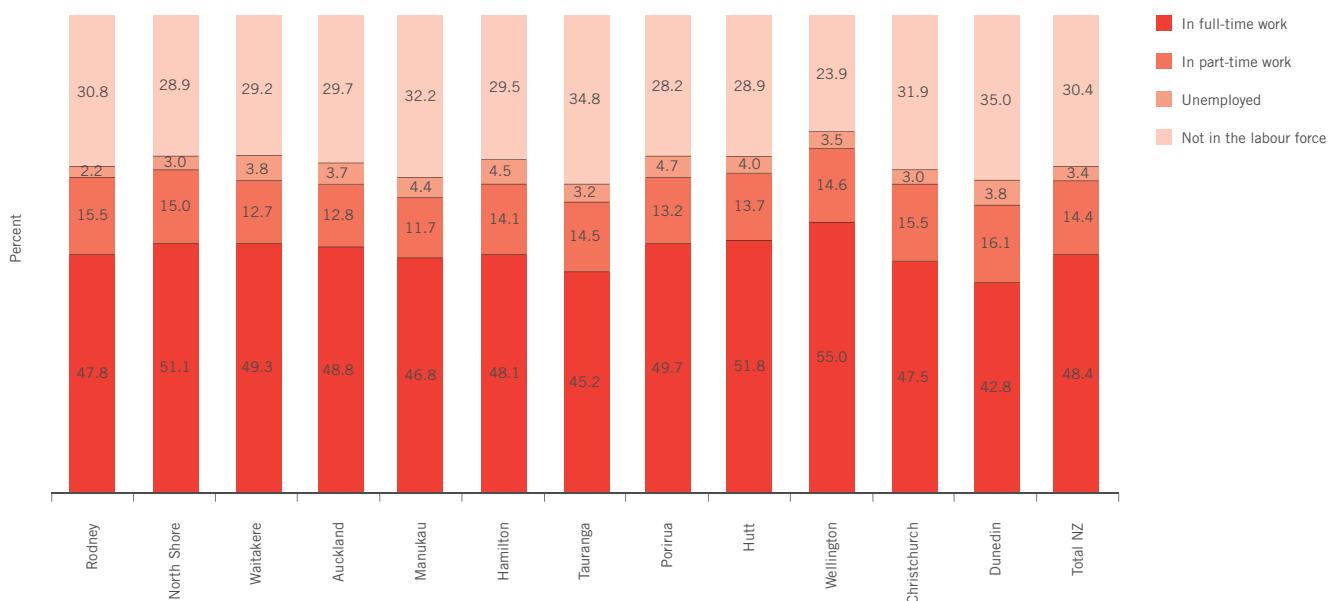
Percentage of people in the labour force

The labour force participation rate is the proportion of a population aged 15 years and over who identify themselves as either employed or unemployed and actively seeking work as a percentage of the total number of working age people. This measure shows the work status of the residents in the 12 cities, as recorded by the 2006 Census.²

Half of the 12 cities had labour force participation rates higher than the national average of 62.8%. Wellington had the highest rate (69.5%) followed by North Shore (66.1%) and Hutt (65.6%). The cities with the lowest rates were Manukau and Dunedin (both 58.8%), Waitakere (62%) and Auckland (61.5%).

The main factors behind the lower rates of labour force participation include younger populations where more people are at school or in training, as in Manukau, or the presence of large numbers of tertiary students, as in Auckland and Dunedin.

Employment status (2006)



Data source: Statistics New Zealand, Census 2006

² The category 'status unidentifiable' has been omitted, so the percentages shown may not exactly match other reports.

Employment continued

Unemployment rate

The unemployment rate is the number of unemployed people expressed as a percentage of the labour force. The labour force is defined as the total number of people who are either employed or not employed but available to work.

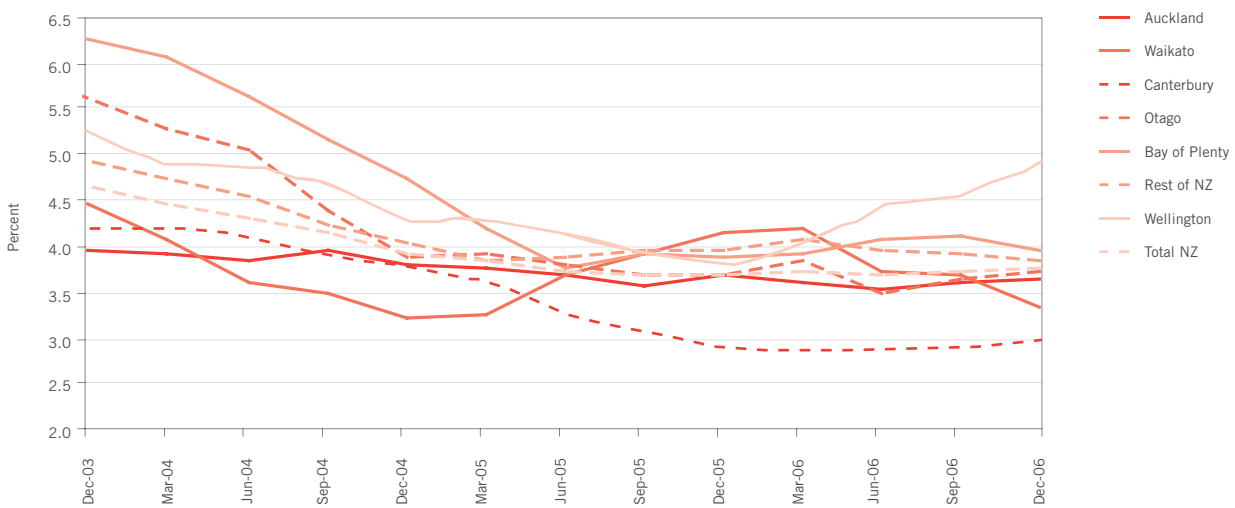
This measure uses the data from the quarterly Household Labour Force Survey and shows a rolling average of the previous four quarters, by region. This shows the overall trend more clearly than the raw data, which fluctuates due to seasonal changes in job opportunities.

The national average rate of unemployment decreased from 2003 to 2006, from 4.7% to a low of 3.7%, which persisted from June 2005 to September 2006.³

By December 2006, most regions were tightly clustered in a range between 3.3% (Waikato) and 4.0% (Bay of Plenty). This clustering may indicate that the unemployment in the economy is largely 'frictional' (including temporary unemployment as people change jobs and seasonal variations in the job market). The notable exceptions were Wellington (5.0%) and Canterbury (3.0%).

The greatest regional decline in the unemployment rate occurred in the Bay of Plenty, falling from 6.3% to 4.0% over this three year period. The smallest decline occurred in the Wellington region, where unemployment fell from 5.3% at the beginning of the period to a low of 3.8% in December 2005, then rising to 5.0% by December 2006.

Regional unemployment rate rolling four quarter average, (December quarter 2003 to December quarter 2006)



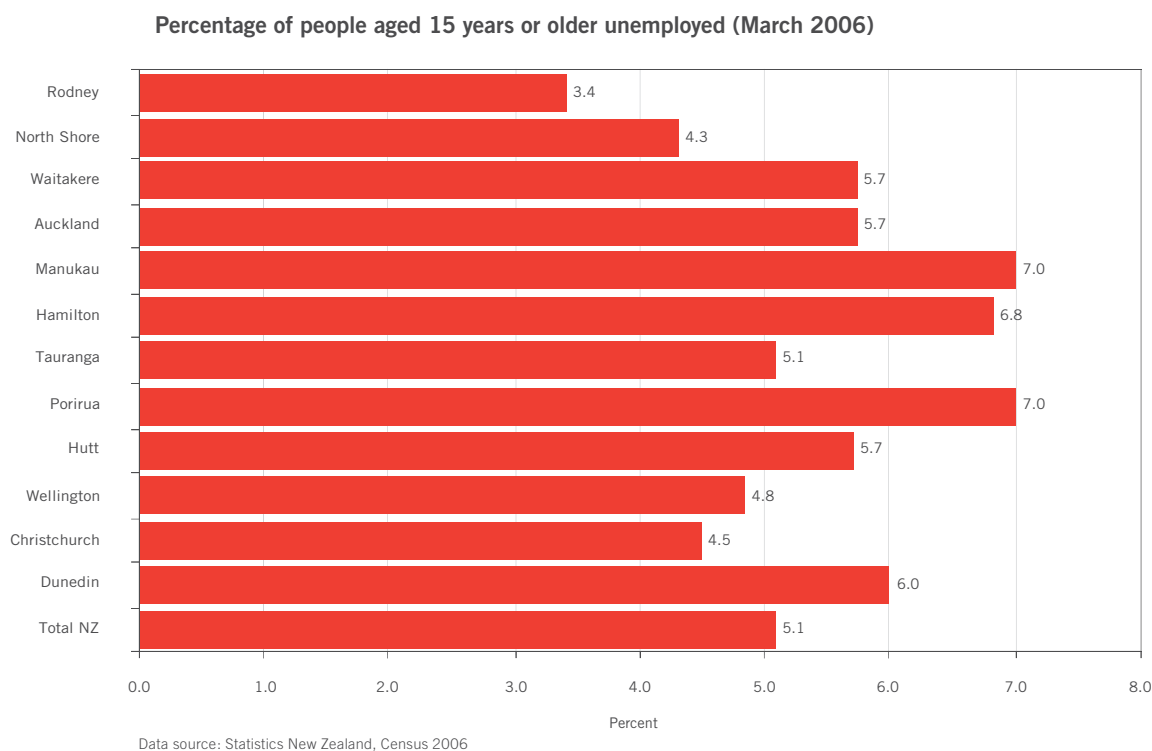
Data source: Statistics New Zealand, Household Labour Force Survey

In March 2006, the Household Labour Force Survey estimated that unemployment was 4.3% of the labour force. The 2006 Census, also taken in March, showed that 5.1% of the working age population was unemployed. Census figures show that unemployment was higher than the national figure in seven of the 12 cities, especially in Manukau and Porirua (both 7.0%) and Hamilton (6.8%). The cities with the lowest rates of unemployment were Rodney (3.4%), North Shore (4.3%) and Christchurch (4.5%).

The variation between the Household Labour Force Survey and the census may be explained by two key factors. Both surveys count people as employed if they had worked for one hour or more in the previous week, but there has been a systematic difference in the way this is interpreted by surveyors who fill in the Household Labour Force Survey form and by residents who fill in the census form. The Household Labour Force Survey is also not designed to provide statistically robust results at city level, so there will be a wider margin of error.

3 The graph shows a slight rise to 3.8% in December 2006, which was due to a quarterly peak of 4.3% in March that year. The June, September and December quarters were all 3.5% or 3.6%.

9. Economic development

**Labour force status of parents with children**

The hours per week that parents are employed can have a profound effect on their family's health and wellbeing, as well as the parents' work/life balance.

Households where both parents work less than 30 hours may also be likely to earn a low hourly wage and have difficulty in providing for their families. This can be associated with poorer health, lower educational achievement and an ongoing cycle of deprivation. These statistics do not include the total family size, so family circumstances will be more difficult when more than one child is present.

The 2006 Census identified 28,041 households in New Zealand where the combined employment of both parents (including households with only one parent) were less than 30 hours per week. This represented 1.9% of all households.

For the 12 cities in total, 2.2% of households had parents working less than 30 hours per week. The cities with the lowest percentages within their area were Dunedin and Wellington (both 1.3%), followed by Rodney, Tauranga and Christchurch (all 1.6%).

Manukau had the greatest number (4,077), the greatest proportion of households (4.3%) and the highest share of the national total (14.5%). The other cities with large shares of the national total were Auckland (12.3%), Christchurch (7.5%), Waitakere (6.0%) and North Shore (5.3%).

There tends to be a higher number of households with children in the age range one to four years old. This pattern is reasonably consistent in all 12 cities and for New Zealand as a whole. In approximately 32.0% of these households the youngest child is in this age bracket, indicating that one or both parents are at home caring for the child during these early years. The largest numbers of such households are in Auckland (1,098) and Manukau (1,260), although in both cases the proportion is lower than the national average (Auckland 31.8%, Manukau 30.9%).

There are a number of explanatory factors that will account for the overall proportion of households in which parents work less than 30 hours per week. The age structure and ethnicity of the population may be an important factor, as will the average age of the parents and whether the household has one parent or two.

Employment continued

Households with combined employment of parents less than 30 hours per week (2006)

Age of youngest child:	Less than 1 Year Number	1 to 4 Years Number	5 to 9 Years Number	10 to 14 Years Number	15 to 17 Years Number	Total all ages Number	NZ total %	Households in area %
Rodney	57	150	144	129	42	522	1.9	1.6
North Shore	171	390	351	387	192	1,488	5.3	2.1
Waitakere	255	549	399	321	147	1,674	6.0	2.7
Auckland	474	1,098	813	675	387	3,453	12.3	2.4
Manukau	594	1,260	951	849	420	4,077	14.5	4.3
Hamilton	132	327	183	174	90	906	3.2	2.0
Tauranga	90	198	156	132	48	621	2.2	1.6
Porirua	69	156	108	66	33	435	1.6	2.8
Hutt	90	210	156	114	54	624	2.2	1.8
Wellington	144	294	195	168	81	882	3.1	1.3
Christchurch	339	615	456	453	234	2,097	7.5	1.6
Dunedin	81	198	123	114	57	570	2.0	1.3
Total 12 cities	2,496	5,445	4,035	3,582	1,785	17,349	61.9	2.2
Rest of NZ	1,548	3,450	2,628	2,289	783	10,692	38.1	1.6
Total NZ	4,044	8,895	6,663	5,871	2,568	28,041	100.0	1.9
All NZ by age (%)	14.4	31.7	23.8	20.9	9.2	100.0		

Data source: Statistics New Zealand, Census 2006





Research and development

9. Economic development

- Employment in research and development has only just kept pace with growth in the overall job market.

What this is about

Research and development is an important factor in promoting sustainable economic development. Innovation and the use of new technology can increase labour productivity and result in better use of scarce natural resources, as well as producing higher value goods and services that are more competitive in global markets.

Statistics New Zealand's definition of research and development is: '...creative work undertaken on a systematic basis in order to increase the stock of knowledge. Any activity classified as [Research and Development] is characterised by originality. Investigation is a primary objective.'⁴

This indicator shows the number of people employed in research and development (scientific research and higher education) by ANZSIC codes.⁵

What did we find?

The cities with the greatest number of people employed in research and development are those that are home to a Crown Research Institute: Porirua (5.1%) and Hutt (3.4%), or a university: Dunedin (8.9%), Hamilton (4.0%), Auckland (2.9%), Wellington (2.8%) and Christchurch (2.5%).

Although the total number of filled jobs in research and development had increased by nearly 5,500 over the five years to 2006, the proportion of people in these jobs remained at 2.3% of the workforce for New Zealand as a whole. In the 12 cities they increased from 2.6% in 2001 to 2.9% in 2004 and then dropped back to 2.7% in 2006.

Number and percentage of workforce employed in scientific research and higher education (2001 to 2006)

	2001		2002		2003		2004		2005		2006	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Rodney	-	-	-	-	-	-	-	-	25	0.1	9	0.0
North Shore	533	0.8	763	1.1	870	1.2	933	1.2	966	1.2	1,053	1.3
Waitakere	3	0.0	-	-	3	0.0	3	0.0	9	0.0	-	-
Auckland	7,470	2.9	7,870	3.0	8,590	3.1	9,220	3.2	9,020	3.0	9,050	2.9
Manukau	865	0.9	970	1.0	1,030	1.0	1,195	1.1	1,185	1.0	1,120	0.9
Hamilton	2,810	5.1	2,860	4.9	3,120	5.1	3,010	4.7	3,000	4.3	2,900	4.0
Tauranga	373	1.1	413	1.1	556	1.4	483	1.2	469	1.1	475	1.0
Porirua	500	4.3	540	4.3	680	5.4	660	5.1	730	5.5	740	5.1
Hutt	1,310	3.3	1,530	3.9	1,630	4.1	1,640	4.1	1,540	3.7	1,490	3.4
Wellington	2,990	2.6	3,120	2.7	3,410	2.9	3,540	2.9	3,720	2.9	3,660	2.8
Christchurch	3,040	2.0	3,000	2.0	3,380	2.1	4,580	2.7	4,650	2.6	4,550	2.5
Dunedin	4,550	9.8	4,200	8.8	4,280	8.5	4,270	8.3	4,430	8.3	4,860	8.9
Total 12 cities	24,444	2.6	25,266	2.7	27,549	2.8	29,534	2.9	29,744	2.7	29,907	2.7
Rest of NZ	9,706	1.8	10,544	1.9	10,831	1.8	11,746	1.9	12,166	1.9	11,523	1.8
Total NZ	34,150	2.3	35,810	2.4	38,380	2.4	41,280	2.5	41,910	2.4	41,430	2.3

Data source: Statistics New Zealand, Business Demographic Statistics

⁴ Statistics New Zealand and Ministry of Research, Science and Technology. (2004). *Research and Development in New Zealand 2004*, pg 1.

⁵ Australian and New Zealand standard industrial classification - New Zealand version 1996: codes L781 Scientific Research and N8431 Higher Education were selected.

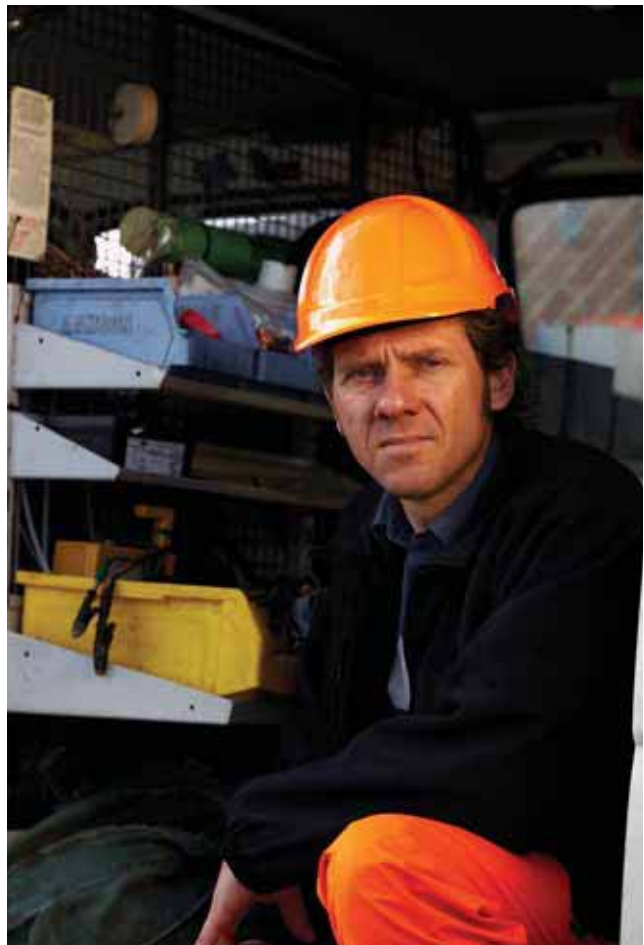
Research and development continued

Number and percentage of workforce employed in scientific research alone (2001 to 2006)

	2001		2002		2003		2004		2005		2006	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Rodney	-	-	-	-	-	-	-	-	-	-	9	0.0
North Shore	3	0.0	3	0.0	-	-	3	0.0	6	0.0	3	0.0
Waitakere	3	0.0	-	-	3	0.0	3	0.0	3	0.0	-	-
Auckland	800	0.3	960	0.4	1,010	0.4	1,110	0.4	810	0.3	930	0.3
Manukau	25	0.0	20	0.0	30	0.0	75	0.1	65	0.1	80	0.1
Hamilton	410	0.7	320	0.6	340	0.6	350	0.5	420	0.6	440	0.6
Tauranga	3	0.0	3	0.0	6	0.0	3	0.0	9	0.0	15	0.0
Porirua	160	1.4	160	1.3	170	1.3	190	1.5	190	1.4	210	1.4
Hutt	590	1.5	620	1.6	650	1.7	660	1.7	620	1.5	600	1.4
Wellington	410	0.4	410	0.4	470	0.4	460	0.4	440	0.3	440	0.3
Christchurch	270	0.2	350	0.2	320	0.2	380	0.2	440	0.2	410	0.2
Dunedin	210	0.5	200	0.4	200	0.4	190	0.4	250	0.5	360	0.7
Total 12 cities	2,884	0.3	3,046	0.3	3,199	0.3	3,424	0.3	3,253	0.3	3,497	0.3
Rest of NZ	3,416	0.6	3,564	0.6	3,391	0.6	3,436	0.6	3,367	0.5	3,543	0.5
Total NZ	6,300	0.4	6,610	0.4	6,590	0.4	6,860	0.4	6,620	0.4	7,040	0.4

Data source: Statistics New Zealand, Business Demographic Statistics

When higher education is excluded from the data, the total number of people employed in scientific research has increased by only 613 in the 12 cities and 740 for New Zealand as a whole over this period. The proportion of the total workforce has remained constant at 0.3% for the 12 cities and 0.4% for New Zealand as a whole.





Local businesses

9. Economic development

- The overall growth rate of businesses among the 12 cities, from 2002 to 2006, was lower than the rest of New Zealand with the exception of Tauranga and Rodney.

What this is about

Growth in the number of businesses is a leading indicator of current and future employment and economic activity. Vigorous business growth is a sign of a healthy local economy. This indicator shows the percentage growth in the number of economically viable business enterprises (i.e. business 'births' minus business 'deaths').

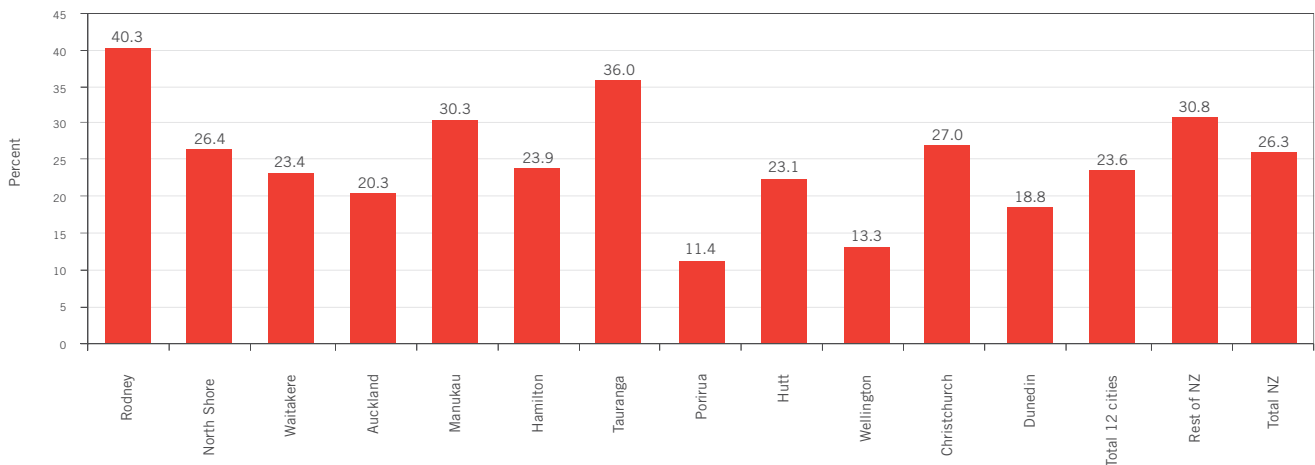
What did we find?

This indicator looks at the number of 'economically significant enterprises' that were in existence in February of each year.⁶ The data shows net growth in the number of businesses.

From 2002 to 2006, the overall growth rate of businesses for New Zealand was 26.3%. Among the 12 cities it was 23.6%, which was lower than the rest of New Zealand (30.8%).

Among the 12 cities, the overall growth rate in the number of business enterprises was highest in Rodney (40.3%). The highest increase in terms of numbers was Auckland with an increase of 9,145 businesses over the four year period. Other cities that had higher business growth rates than the New Zealand average (26.3%), were Tauranga (36.0%), Manukau (30.3%), Christchurch (27.0%) and North Shore (26.4%). The cities with the lowest rates of growth were Wellington (13.3%) and Porirua (11.4%).

Growth in number of economically viable business enterprises (2002 to 2006)



Data source: Statistics New Zealand, Business Demographic Statistics

⁶ The Business Demography Statistics are derived from Statistics New Zealand's Business Frame Survey, which defines an 'economically significant enterprise' as GST registered with a turnover of \$30,000 per year or more.

Retail sales

- Retail spending has increased in all 12 cities over the period 2003 to 2006.
- The highest amount and greatest proportion of national retail spending occurs in Auckland.

What this is about

Change in retail expenditure reflects the health of a local economy. Locally spent dollars potentially contribute to more jobs for local residents and higher profits for local businesses. Increases in retail sales may also indicate increased disposable income and higher levels of employment.

What did we find?

This indicator shows the estimated total value of retail expenditure from 2004 to 2006, as well as each city's share of the national total. These results are indicative only and should be treated with caution.⁷ The data is taken from Statistics New Zealand's Retail Trade Survey, which is not designed to provide robust results at this level of analysis. Also, because this data is collected from businesses located in each city, the sales figures will include tourist spending as well as spending by people who reside in adjacent cities and districts.

In the year ended December 2006, total estimated retail sales in New Zealand were \$61.3 billion. The 12 cities accounted for \$36.8 billion (60.1%) of those sales.

For New Zealand as a whole, sales increased substantially in the year ended 2005 and then slowed in the year ended December 2006, a trend that has been linked with the slowdown in economic activity across New Zealand. A similar pattern was observed in all regions and across the rest of New Zealand.

The highest amount and proportion of sales were in Auckland, totalling \$8.56 billion. Although retail sales grew in all 12 cities, Auckland's share decreased from 14.6% of the national total to 14.0% over the period 2004 to 2006.⁸

On a per capita basis, retail sales in 2006 were strongest in Tauranga (\$21,418 per person), followed by Auckland (\$21,165) and North Shore (\$18,313). The lowest sales per capita were in Porirua (\$12,364), Manukau (\$12,205), Waitakere (\$11,411) and Rodney (\$10,758). As noted above, some of these results may indicate that people do not necessarily shop in the city where they live, especially where two cities are directly adjacent.

Actual retail sales, all retail industry groups (2004 to 2006)

	2004		2005		2006		Change 2004 to 2006 (%)	Per capita spending (2006, \$)
	Total sales (\$m)	Share (%)	Total sales (\$m)	Share (%)	Total sales (\$m)	Share (%)		
Rodney	693	1.3	839	1.4	964	1.6	39.1	10,758
North Shore	3,541	6.4	3,649	6.2	3,765	6.1	6.3	18,313
Waitakere	1,892	3.4	2,022	3.4	2,128	3.5	12.5	11,411
Auckland	8,050	14.6	8,326	14.2	8,564	14.0	6.4	21,165
Manukau	3,731	6.7	3,948	6.7	4,015	6.6	7.6	12,205
Hamilton	2,220	4.0	2,250	3.8	2,350	3.8	5.9	18,182
Tauranga	1,886	3.4	2,171	3.7	2,220	3.6	17.7	21,418
Porirua	531	1.0	543	0.9	600	1.0	13.0	12,364
Hutt	1,191	2.2	1,348	2.3	1,540	2.5	29.2	15,757
Wellington	2,950	5.3	3,103	5.3	3,102	5.1	5.1	17,285
Christchurch	5,085	9.2	5,504	9.4	5,668	9.3	11.5	16,268
Dunedin	1,622	2.9	1,839	3.1	1,884	3.1	16.2	15,876
12 cities	33,393	60.4	35,541	60.5	36,800	60.1	10.2	16,421
Rest of NZ	21,894	39.6	23,251	39.5	24,472	39.9	11.8	13,694
Total NZ	55,287	100.0	58,792	100.0	61,272	100.0	10.8	15,212

Data sources: Statistics New Zealand, Retail Trade Survey 2004 to 2006 and Census 2006

7 The survey has a sample of 4,000 enterprises with a turnover of \$30,000 or more and is stratified according to retail store type and size at the national level.

8 Note: These are actual sales not adjusted for inflation. The CPI can be used to adjust these sales to compensate for inflation.



Non-residential building consents

9. Economic development

- The 12 cities account for nearly 60.0% of the value of all non-residential consents.

What this is about

Building and construction activity is a significant leading indicator of overall economic activity. Non-residential building relates to business investment and government spending.

This indicator provides information on the number of new non-residential building work proposed, as well as the total value (cost) of the work.

What did we find?

The 12 cities account for nearly 60.0% of the value of all non-residential consents. Much of the growth in non-residential building activity has been in factories, warehouses, hospitals and educational institutions.

Between 2003 and 2004 the value of non-residential consents in the 12 cities grew by 67.0%, compared to 22.0% in the rest of New Zealand.

The four cities in the Auckland region account for 33.0% of the total value of non-residential building consents issued in New Zealand. There has been limited growth in investment in non-residential buildings since 2004, except in Christchurch where the value of consents increased from \$165.7 million to \$293.1 million (an increase of 76.9%) from 2005 to 2006.

Number and value (\$ million) of consents for new non-residential buildings (2003 to 2006)

	2003		2004		2005		2006	
	Number	Value (\$m)	Number	Value (\$m)	Number	Value (\$m)	Number	Value (\$m)
Rodney	205	42.1	268	59.6	228	43.2	213	45.7
North Shore	93	84.4	133	120.8	109	144.2	75	156.3
Waitakere	84	53.8	106	110.8	70	33.1	81	67.2
Auckland	179	266.7	244	337.1	210	417.2	217	376.2
Manukau	208	182.1	228	313.9	210	327.0	200	296.7
Hamilton	135	66.4	156	106.5	149	139.5	109	114.4
Tauranga	107	29.4	117	90.3	112	104.8	152	140.9
Hutt	36	14.9	54	68.6	63	72.1	41	35.5
Porirua	30	13.9	32	26.9	31	6.6	36	14.6
Wellington	99	36.0	99	165.0	107	210.8	73	61.6
Christchurch	281	118.9	314	181.9	304	165.7	234	293.1
Dunedin	99	54.7	117	27.1	105	46.5	117	18.8
Total 12 cities	1,556	963.4	1,868	1,608.5	1,698	1,710.6	1,548	1,621.1
Rest of NZ	5,672	760.3	6,414	929.5	6,409	1,197.1	6,551	1,090.3
Total NZ	7,228	1,723.7	8,282	2,537.9	8,107	2,907.8	8,099	2,711.3
12 city share NZ (%)	21.5	55.9	22.6	63.4	20.9	58.8	19.1	59.8

Data source: Statistics New Zealand, Building Consent Information

Tourism

- The 12 cities account for almost two fifths of total guest nights purchased at commercial accommodation in New Zealand.
- The number of guest nights purchased grew in the 12 cities in the period 2004 to 2007 and at a similar rate of growth for New Zealand as a whole.

What this is about

Tourism plays a significant role in the New Zealand economy in terms of the production of goods and services and the creation of employment opportunities. Tourism includes both international and local (domestic) visitors travelling in New Zealand for non-business or recreational purposes. In 2005, the Gross Domestic Product of the tourism industry represented 4.8% of New Zealand's economy. Tourism also comprised 18.7% of New Zealand's total export earnings and 5.8% of total employment.⁹

Expenditure of tourists generates foreign currency income and creates demand for goods and services which in turn supports production and employment. This indicator shows the number of guest nights purchased at commercial accommodation.

What did we find?

The 12 cities accounted for over 39.0% of total guest nights purchased at commercial accommodation in New Zealand. In the year to March 2007, Auckland recorded the largest number of guest nights purchased, accounting for 11.7% of the New Zealand total, followed by Christchurch (9.5%) and Wellington (5.7%).

For the period March 2004 to March 2007, the number of guest nights purchased by tourists/visitors in the 12 cities increased by 7.6%. A similar growth rate was recorded for the rest of New Zealand (7.5%).

Of the 12 cities, those with the highest growth over the last three years were Waitakere (25.0%), Wellington (22.0%), Tauranga (15.0%) and Hamilton (10.0%).

Number and percentage of guest nights purchased (years ended March, 2004 to 2007)

	2004		2005		2006		2007	
	Number	%	Number	%	Number	%	Number	%
Rodney	323,877	1.1	364,097	1.2	331,015	1.1	311,716	1.0
North Shore	363,724	1.2	354,627	1.1	336,771	1.1	353,374	1.1
Waitakere	61,327	0.2	60,169	0.2	71,934	0.2	76,826	0.2
Auckland	3,589,670	12.0	3,765,337	11.9	3,618,886	11.6	3,782,409	11.7
Manukau	700,301	2.3	667,595	2.1	720,473	2.3	713,985	2.2
Hamilton	516,585	1.7	527,541	1.7	557,268	1.8	569,060	1.8
Tauranga	669,618	2.2	722,037	2.3	731,537	2.3	775,819	2.4
Hutt	227,868	0.8	218,410	0.7	232,305	0.7	217,892	0.7
Porirua	62,502	0.2	64,581	0.2	60,000	0.2	60,453	0.2
Wellington	1,510,162	5.0	1,599,147	5.1	1,703,656	5.4	1,842,132	5.7
Christchurch	2,925,388	9.8	3,241,147	10.3	3,138,014	10.0	3,072,120	9.5
Dunedin	828,253	2.8	864,297	2.7	902,916	2.9	900,294	2.8
Total 12 cities	11,779,275	39.3	12,448,985	39.5	12,404,775	39.6	12,676,080	39.3
Rest of NZ	18,206,523	60.7	19,069,837	60.5	18,883,523	60.4	19,567,800	60.7
Total NZ	29,985,799	100.0	31,518,822	100.0	31,288,293	100.0	32,243,880	100.0

Data source: Statistics New Zealand, Accommodation Survey



Skilled migrants

9. Economic development

- A quarter of the skilled migrants to New Zealand elect to settle in the Auckland region.
- A further quarter settled in the other regions where the 12 cities are situated.

What this is about

To sustain growth and improve productivity, New Zealand needs a well-educated, skilled and adaptable workforce. Skill shortages are often cited as a key impediment to business growth.¹⁰

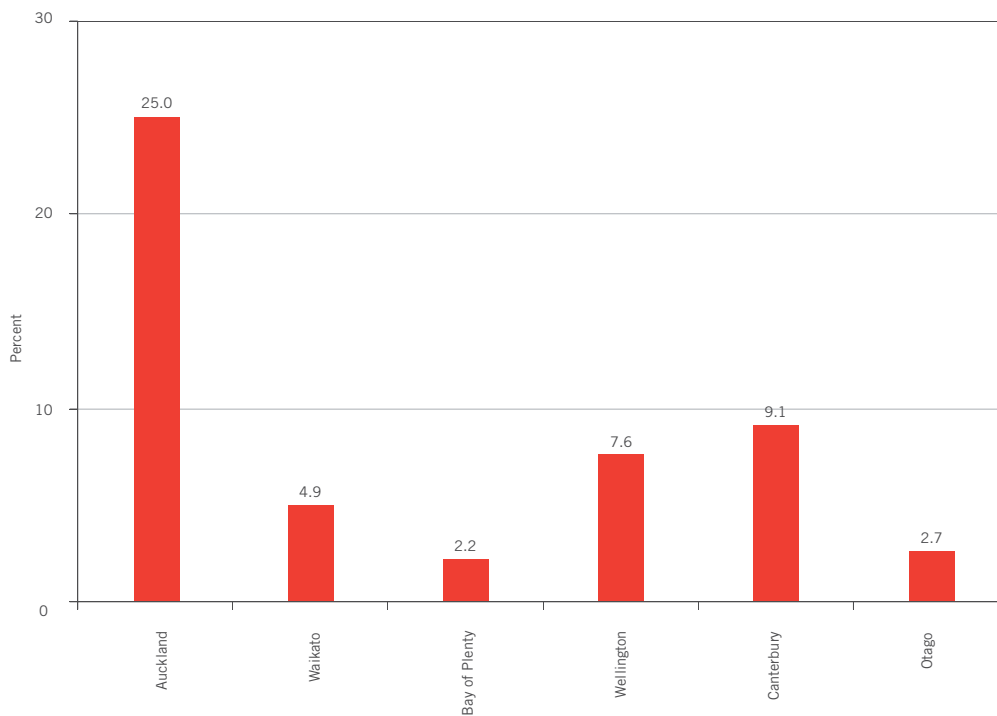
The number of skilled migrants arriving in any region may reflect the region's attractiveness in terms of quality of life and opportunities. It may also reflect the growth potential of the region or the size of the current migrant community within these cities. This indicator looks at the percentage of skilled migrant applicants that are approved by region of employment. It shows the region in which successful applicants in the Skilled Migrants Category intend to settle.

What did we find?

Over the years 2004 to 2007 there were 33,773 skilled migrants (principal applicants) to New Zealand. Of these 8,457, or 25.0% of the total, intended to settle in the Auckland region.

Large numbers of skilled migrants were also recruited by businesses in Canterbury (3,073 or 9.1%), Wellington (2,551 or 7.6%), Waikato (1,669 or 4.9%), Otago (909 or 2.7%) and Bay of Plenty (734 or 2.2%). The remaining 48.5% nominated a region elsewhere in New Zealand as their destination.

Percentage of skilled migrants approved, by region (2004 to 2007)



Data source: Department of Labour

10 Department of Labour. (2007). *Skills in the Labour Market - May 2007*. www.dol.govt.nz. Retrieved 11 July 2007.