Regional Economic Activity Report

New Zealand Government

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Minister's foreword

THE NEW ZEALAND ECONOMY IS THE SUM OF ITS INDIVIDUAL GEOGRAPHIC PARTS. THE ABILITY OF REGIONS AROUND THE COUNTRY TO PROVIDE ECONOMIC OPPORTUNITIES AND JOBS FOR PEOPLE THAT LIVE IN EACH REGION ADD UP TO THE ABILITY OF THE COUNTRY AS A WHOLE TO DO THE SAME.

Many of the decisions that affect New Zealand's economic performance are made at a regional and local level. It therefore makes sense to have a much clearer view of how individual regions are faring. Which regions are doing well and why? Which aren't and why not?

It is perhaps surprising that regional-level economic information has not been a priority for Governments for more than a decade. Up until now, decision makers at both the national and local level have been working with inconsistent and patchy information about regional economies. This report aims to improve on this situation.

For the first time, the report pulls together in one place the available economic data on all of our regions. It provides another dimension to the evidence supporting the Government's Business Growth Agenda as well as improving decisions that affect local economies.

We plan to publish this report annually so that we can monitor changes over time. I have asked that the next Regional Economic Activity Report includes a new official measure of regional gross domestic product (GDP). This will be produced by Statistics New Zealand and available for the first time in June 2013.

For the first time, the report pulls together in one place the available economic data on all of our regions.

I make a point of visiting regions across New Zealand and talking with business leaders, representatives of local government, Iwi, infrastructure providers and tertiary education and research institutions.
When I do, I find examples of entrepreneurship, innovation and opportunity everywhere. And while our regions are facing some common challenges, there is also considerable diversity in their circumstances.

For businesses to succeed they need to be able to make the most of their local resources, both physical and human. They need public institutions that make sound infrastructure investment decisions, administer fit-for-purpose regulation and provide services that improve local circumstances.

This report is designed to encourage more debate about what it takes for a region to be successful, and to more clearly link the decisions that are made by local stakeholders about resource allocation and usage, for example, to the number of jobs available in a region.

I expect stakeholders will want to use it to compare and contrast the economic fortunes of different regions around the country, and ask themselves what lessons and opportunities there are for growth and jobs in their region.

Nothing creates jobs and boosts incomes better than business growth. For New Zealand to build a more productive and competitive economy, we need all of our regions to achieve to their potential.

Hon Steven Joyce

MINISTER FOR ECONOMIC DEVELOPMENT
MINISTER FOR SCIENCE AND INNOVATION
MINISTER FOR TERTIARY EDUCATION, SKILLS AND EMPLOYMENT
ASSOCIATE MINISTER OF FINANCE

Contents

GEOGRAPHIC BOUNDARIES OF REGIONAL AND UNITARY COUNCILS (REGIONS) AND CITY AND DISTRICT COUNCILS. SOME DISTRICTS SPAN ACROSS SEVERAL REGIONS.

Source: Statistics New Zealand

Introduction

THIS IS THE FIRST ANNUAL REGIONAL ECONOMIC ACTIVITY REPORT. IT PROVIDES CONSISTENT INFORMATION ABOUT THE ECONOMIES OF NEW ZEALAND'S 16 REGIONS (AS DEFINED BY REGIONAL COUNCIL AND UNITARY AUTHORITY BOUNDARIES). IT PULLS TOGETHER THE MOST RECENT OFFICIAL ECONOMIC DATA ON REGIONS.

The regions are shown on the map opposite, along with the geographic boundaries of the city and district councils within them. These administrative regions are more or less approximate to 'economic' regions. Each region incorporates at least one urban centre that provides services, manufacturing and infrastructure to a surrounding rural area that generates primary products. However, there are significant economic transactions across regional boundaries, while some regions have distinct sub-regional clusters of economic activity. This report does not yet include estimates of economic indicators such as regional GDP, productivity or exports, for which there are not currently official measures.

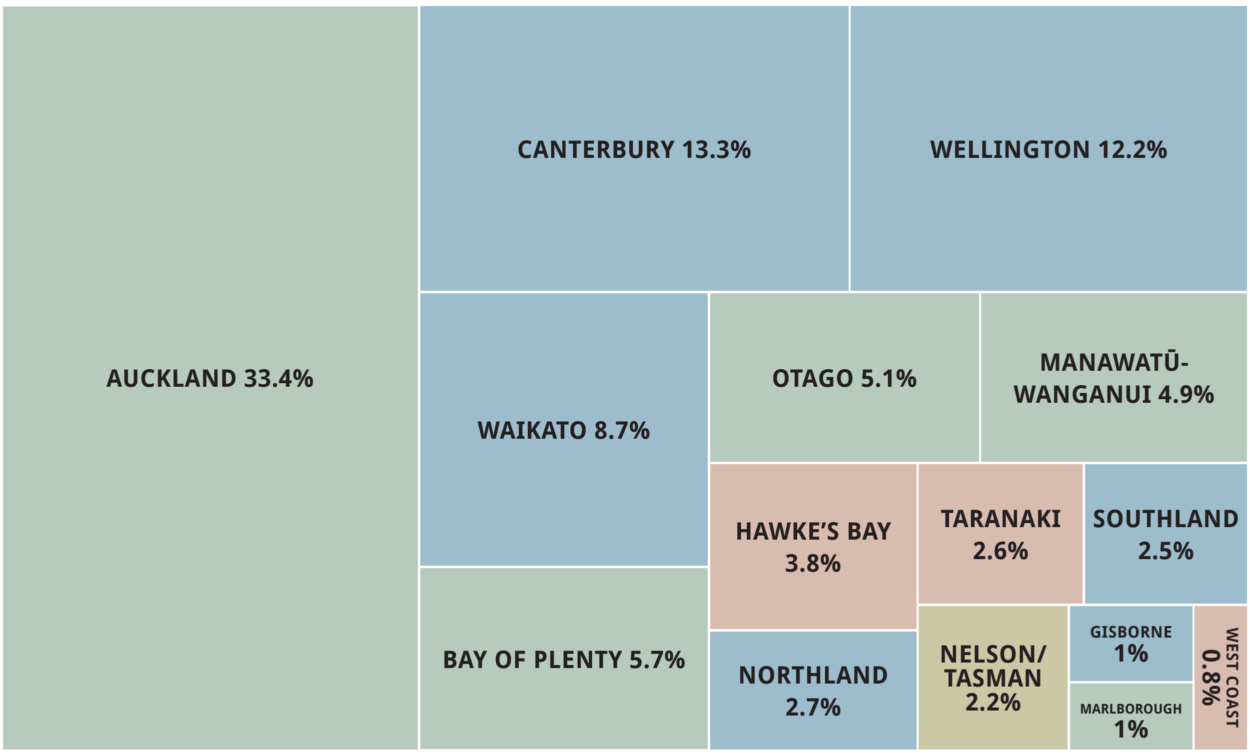
The scale of New Zealand's regional economies varies considerably, as shown in Figure 1. While Auckland takes up only two percent of the country's land area, it has a third of the nation's jobs and population. Only a few other city-regions around the world are proportionately this large within their nations. At the other end of the spectrum, half of our regions (Northland, Gisborne, Taranaki, Nelson, Tasman, Marlborough, the West Coast and Southland) each make up less than three percent of employment in the national economy. Sample size constraints for some surveys means that data is not always available for these smaller regions, and at times, they are grouped together in this report.[1]

Further information is available about the datasets in the Sources and notes section.

1 Particularly for regions such as Nelson (which is really a city) and nearby rural Tasman, which have a close economic relationship.

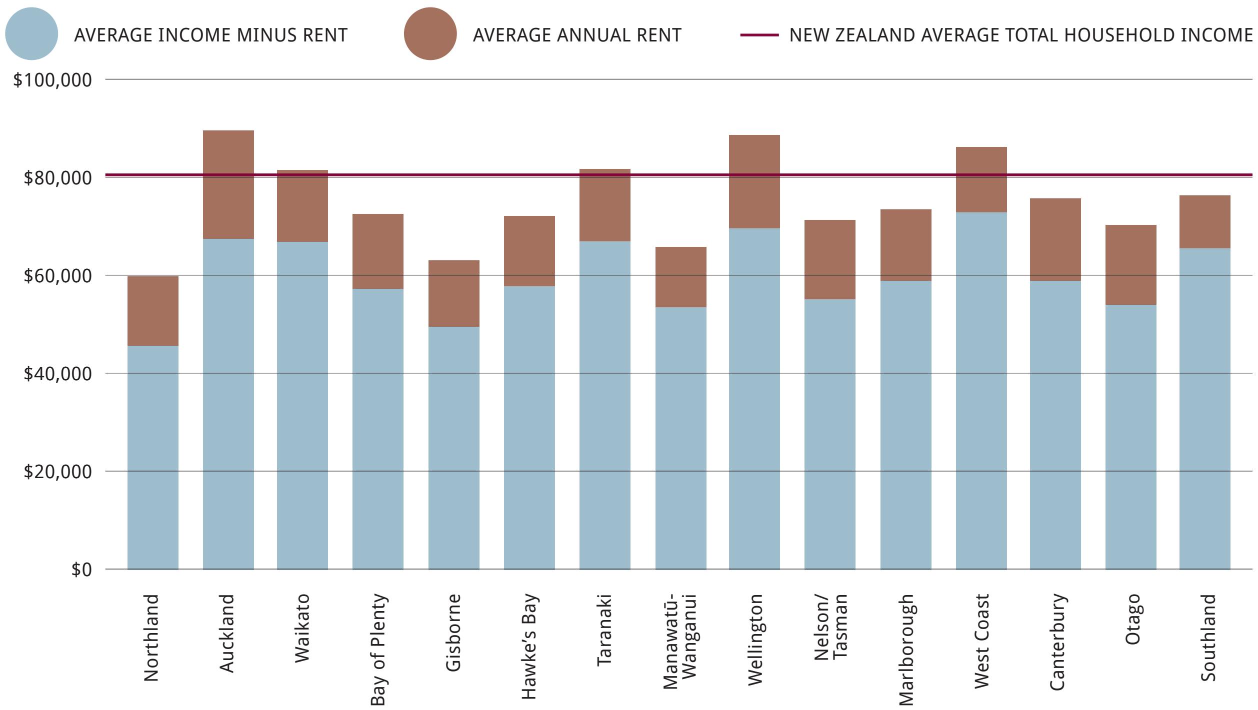
1. REGIONAL SHARES OF NATIONAL EMPLOYMENT

FEBRUARY 2012



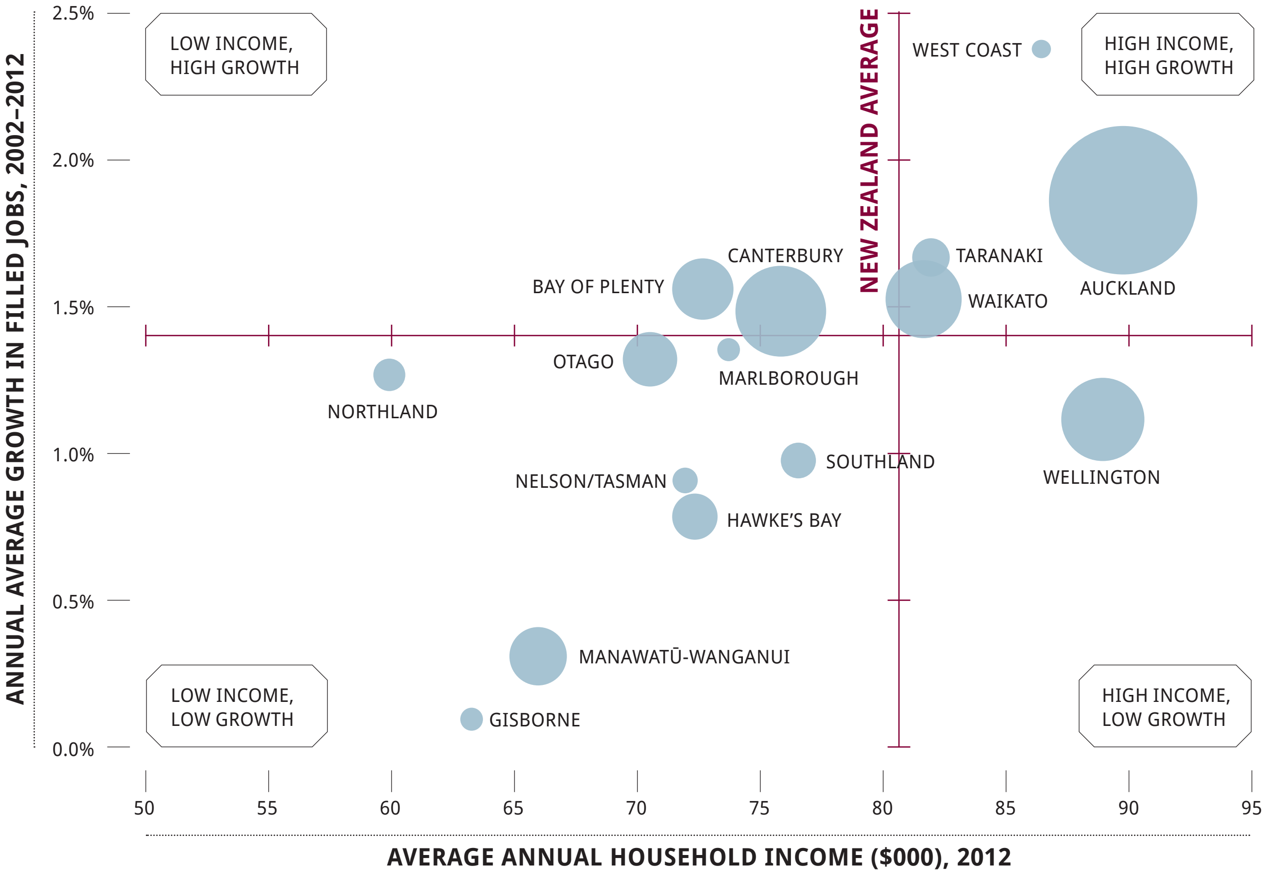
Source: Statistics New Zealand

2. AVERAGE ANNUAL HOUSEHOLD INCOME 2012



Source: Statistics New Zealand, Ministry of Business, Innovation and Employment, NZ Institute of Economic Research

3. HOUSEHOLD INCOME AND EMPLOYMENT GROWTH 2012



Source: Statistics New Zealand, NZ Institute of Economic Research

Note: Circle area indicates region's share of national employment

Regional economic outcomes

THE ECONOMIC PERFORMANCE OF NEW ZEALAND'S REGIONS CAN BE COMPARED IN TERMS OF THE LIVING STANDARDS AND ECONOMIC OPPORTUNITIES THAT THEY PROVIDE. WE MEASURE THIS HERE BY LOOKING AT INCOMES, HOUSING COSTS, JOBS GROWTH AND EMPLOYMENT RATES. WE FIND CONSIDERABLE DISPARITY BETWEEN REGIONS AND THAT EXTERNAL EVENTS HAVE IMPACTED ON EACH OF THEM DIFFERENTLY OVER TIME.

Incomes and housing costs

Figure 2 shows the average annual household incomes and rental costs in each region.[2] Average incomes are presented as a proxy for the value of economic activity (in lieu of regional GDP), while average housing prices are probably the main drivers of price differences between regions. Together, the two measures provide information about the living standards in our regions.

Incomes have for a long time been highest in our two most urban economies – Auckland (currently at $89,700) and Wellington ($88,900). This is consistent with international trends and reflects the benefits and costs of more densely populated places. Cities tend to attract high-return, knowledge-intensive services businesses and skilled people. On the other hand, competition for resources forces prices up, particularly for land and therefore office space and housing. The combined effect is that successful businesses pay a premium for locating in these places, including a premium for labour.

However, in recent years, incomes on the West Coast have grown to the point that they are now almost as high as in Auckland and Wellington (at $86,000).

2 Mean values – total incomes and rental housing costs in each region, divided by their number of households.

Incomes in Taranaki and Waikato are also higher than average. Their prosperity has been generated by favourable world prices for commodities from these regions: prices for oil and gas from Taranaki, dairy from the Waikato, and (until very recently) coal from the West Coast. In each of these regions, the application of technology and capital to their natural resource endowments has yielded high returns because of export earnings.

All of New Zealand's regions have generated improved employment opportunities...

Over the last decade, Canterbury incomes have often been a little higher than the national average but have fallen recently – likely as an immediate result of the Christchurch earthquakes.

Meanwhile, the Northland, Gisborne and Manawatū-Wanganui regions have consistently shown the lowest household incomes.

People's material standard of living is affected by high or low housing costs as well as their incomes. As Figure 2 shows, once average annual rents are taken into account, the West Coast offers the highest incomes at $72,700, followed by Wellington at $69,900, and there is very little difference between Auckland ($67,600), Taranaki ($67,100), Waikato ($66,900) and Southland ($65,600).

Income distribution is also important. There are no income inequality metrics for New Zealand regions, however, in all of our regions, median incomes[3] are lower than the mean incomes presented here. This means that, in every region, a small proportion of people earn very high incomes, and a larger group of people earn somewhat less than the average. This pattern is most pronounced in Auckland, in common with other cities that have a high rate of inward migration.

Employment opportunities

All of New Zealand's regions have generated improved employment opportunities, with both the numbers of jobs and the employment rate (percent of the population aged 15 or over who are employed) increasing in every region over the last 10 years.

3 The middle income in the distribution.

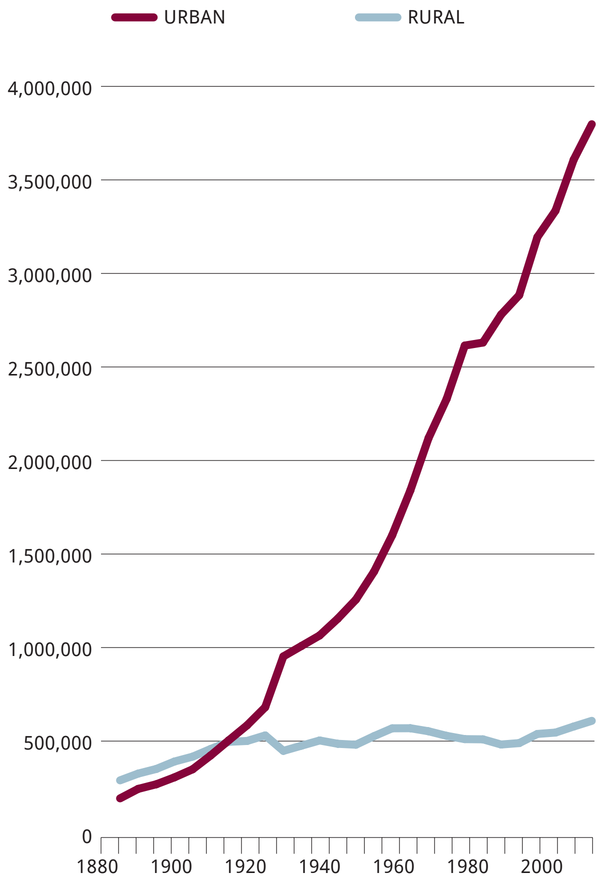
4. EMPLOYED SHARE OF WORKING-AGE POPULATION 2012

POPULATION AGED 15 YEARS AND OVER

Source: Statistics New Zealand, NZ Institute of Economic Research

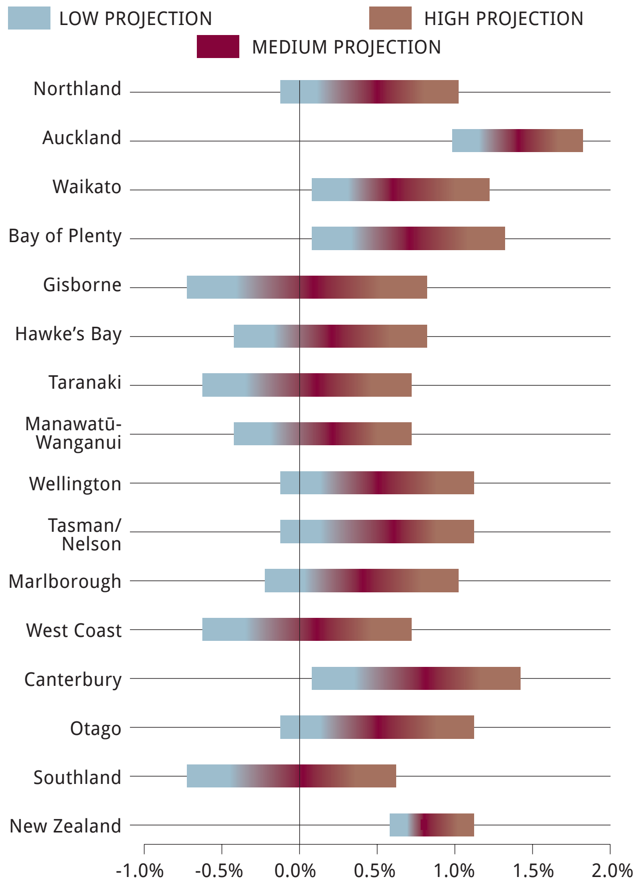
Note: Estimates made for small regions – these differ from Summary data

5. URBAN AND RURAL POPULATION OF NEW ZEALAND 1880–2012



Source: Statistics New Zealand, NZ Institute of Economic Research

6. PROJECTED POPULATION GROWTH PER YEAR 2012–2031



Source: Statistics New Zealand

Figure 3 shows a correlation between incomes and growth in job numbers. Jobs growth has been fastest in higher income areas like the West Coast, Waikato, Taranaki and Auckland and slowest in lower income regions like Gisborne and Manawatū-Wanganui. Regions that have been doing relatively well offer both job opportunities and good incomes to those who will move there.

As you would expect, growth in job numbers and population are also closely linked. However, regions such as Northland and Bay of Plenty have experienced relatively high jobs growth, but this has not quite kept up with their population growth. Accordingly, as Figure 4 shows, the employment rates of these regions – the share of their population aged 15 and over in jobs – are lower than average.

Indeed, Figure 4 shows that employment rates tend to be higher the further south you go, in regions with the slowest population growth. Differences in both labour force characteristics in different regions and economic demand seem to be behind this pattern. First, there are higher proportions of Māori and Pasifika in the North Island, and these population groups have lower employment rates than others. Second, the populations of South Island regions are older than most North Island populations. The proportion of older people in work has been increasing, while 15–24-year-olds are more likely to be in training and have lower levels of workforce participation. Finally, some regions are simply more economically buoyant than others, and local businesses are currently able to provide greater job opportunities for local people.

The different roles of the 16 regions

A significant proportion of New Zealand's exports are generated from our rural areas. At the same time, most of our economic activity is undertaken in urban areas, and this is increasing.

...all of New Zealand's regions can provide a good standard of living provided they develop their economic opportunities.

New Zealand is subject to what has been one of the international megatrends of the past century: as technological improvements have released labour from agriculture, people and capital increasingly concentrate in large, connected cities. Over half of the world's population and about three-quarters of OECD residents now live in cities. In New Zealand, about 72 percent of the population live in 16 main urban areas (centres with 30,000 or more people). Figure 5 shows the urbanisation that has occurred in the last 120 years. Our rural population is little bigger than it was a century ago.

Figure 6 shows that New Zealand's population growth over the next 20 years will be concentrated in Auckland, which will likely account for 60 percent of national population growth to 2031. The demographic composition and pace of this population growth is very different to other parts of New Zealand. While most other regions will see modest growth, in a few regions, population levels will be static.

Nevertheless, the previous charts show that high incomes and employment rates are being achieved both in some of our urban regions and in some of our smaller more rural regions. This suggests that all of New Zealand's regions can provide a good standard of living provided they develop their economic opportunities.

New Zealand's prosperity will depend on the ability of businesses across the 16 regions to achieve productivity gains by:

+ applying capital and technology
+ making use of their natural resource endowments
+ increasing their skill levels
+ adopting innovations
+ commercialising research and ideas.

There is a degree of interdependence between cities and the rural areas that surround them and between regions. Each region makes a specialised contribution, for example:

+ Wellington has a range of national functions associated with being the capital city
+ Auckland provides specialised business services and logistics to the rest of the country
+ Christchurch is a hub of high-technology manufacturing
+ Otago undertakes leading medical research and supplies half of the nation's hydro-electricity
+ Waikato generates a third of our milk production
+ Marlborough produces most of our wine.

When each region builds on its complementary strengths, New Zealand's economy benefits.

The impact of external events

New Zealand's regional economies are affected both by global economic change and by local events such as the weather. Resilience to these external events depends on the regions' economic structure, sources of comparative advantage and ability to adapt.

Figure 7 shows the fluctuation of regional employment levels between 2001 and 2012. The recessionary effect of the global financial crisis is clear in most regions, although Taranaki and the West Coast were relatively insulated because of favourable prices for oil and (until very recently) coal. You can see the impact of the Christchurch earthquakes, which extended the recession in the Canterbury region, and you can also see the beginnings of economic recovery evident there a year ago. What is most striking is the volatility of employment in the smaller, more climate-sensitive regions, particularly those with significant horticulture sectors such as the Bay of Plenty, Hawke's Bay and Marlborough.

Smaller and more specialised regions, which most of our regions are, tend to be more significantly affected by the growth or contraction of individual businesses or sectors.

7. ANNUAL EMPLOYMENT GROWTH IN THE REGIONS VERSUS NEW ZEALAND 2001–2012

Source: Statistics New Zealand

The regions

Northland

NORTHLAND MAKES UP ABOUT THREE PERCENT OF NEW ZEALAND'S ECONOMY IN EMPLOYMENT TERMS. ITS MĀORI POPULATION IS SIGNIFICANT (COMPRISING 28 PERCENT COMPARED WITH 14 PERCENT NATIONALLY). THE REGION'S AVERAGE ANNUAL HOUSEHOLD INCOMES ARE THE LOWEST IN NEW ZEALAND. THIS IS PARTLY BECAUSE NORTHLAND'S POPULATION HAS A LOW PROPORTION OF WORKING-AGE PEOPLE AND A HIGH PROPORTION OF BOTH YOUNG AND OLDER DEPENDENTS. NORTHLAND'S EMPLOYMENT RATE (SHARE OF WORKING-AGE PEOPLE IN EMPLOYMENT) IS ALSO THE LOWEST IN NEW ZEALAND.

Northland has comparative advantages in tradable sectors such as pastoral farming and forestry as well as tourism, with nationally important heritage offerings and an attractive climate.

A priority is to upskill local people to provide them greater ability to participate in the economy.

The Marsden Point oil refinery is located in Northland, just outside Whangārei, and supplies 50 percent of New Zealand's petrol, 80 percent of its diesel, 80 percent of bitumen for roads and sulphur for farm fertiliser. Marsden Point plans to expand its petrol production facilities, and this will create a surge of employment in the mining, construction and related manufacturing sectors.

Permits for offshore petroleum exploration will be awarded in late 2013, pointing to further potential in the oil and gas industry.

Northland's proximity to Auckland means that both businesses and labour tend to be drawn to the much larger market that Auckland provides. The Pūhoi to Wellsford road link (expected to be complete by 2022) will improve travel times and likely accentuate the relationship between the two regions.

There are a range of opportunities for Northland to improve its economic potential. A priority is to upskill local people to provide them greater ability to participate in the economy. This starts with improving secondary school pass rates (with NCEA level 2 achievement rates currently 68.2 percent compared with 74.3 nationally) to take advantage of the tertiary education programmes on offer in the region. Enhancing skills levels in the population will also be important to encourage employment rate growth over the medium to long term, strengthening labour participation and encouraging entrepreneurs.

Northland also has opportunities to get more out of its natural resource endowments. Greater value could be added to the wood being logged in Northland's forests and exported to China and Europe. There is also potential to grow the fledgling aquaculture sector around the National Institute of Weather and Atmospheric Research (NIWA) facility, the Bream Bay Aquaculture Park, which is located in Whangārei. Further, over the next few years, expected Treaty settlements will provide Māori economic development opportunities in the Northland region.

EXAMPLES OF BUSINESS GROWTH AGENDA ACTIONS OF PARTICULAR RELEVANCE TO NORTHLAND

+ PŪHOI TO WELLSFORD ROAD OF NATIONAL SIGNIFICANCE
+ ULTRA-FAST BROADBAND IN WHANGĀREI
+ RURAL BROADBAND UPGRADE THROUGH NORTHLAND
+ NATIONAL CYCLE TRAIL
+ INCREASED YOUTH GUARANTEE PLACES
+ EXPAND TRADES AND SERVICES ACADEMIES' FLEXIBLE SCHOOL-BASED PROVISION
+ DEVELOPMENT OF NEW ZEALAND APPRENTICESHIPS AND APPRENTICESHIP REBOOT
+ REFOCUS POLYTECHNIC SECTOR ON SKILLS FOR REGIONS
+ LIFT MĀORI SCHOOL LEAVER ACHIEVEMENT
+ MĀORI TRADES TRAINING
+ PETROLEUM BLOCK OFFERS
+ MINERALS EXPLORATION PERMITS
+ AQUACULTURE REFORMS
+ LEVERAGE CULTURAL AND ASSET BASE OF MĀORI ECONOMY FOR GROWTH

PEOPLE	Northland	NZ	% of NZ
Population	158,300	4,433,100	3.6%
Share of population (%): 0–14 years	22	20	
15–24 years	12	14	
25–64 years	49	52	
65 years+	17	14	
Projected population growth, 2012–2031 (% p.a.)	0.5	0.8	

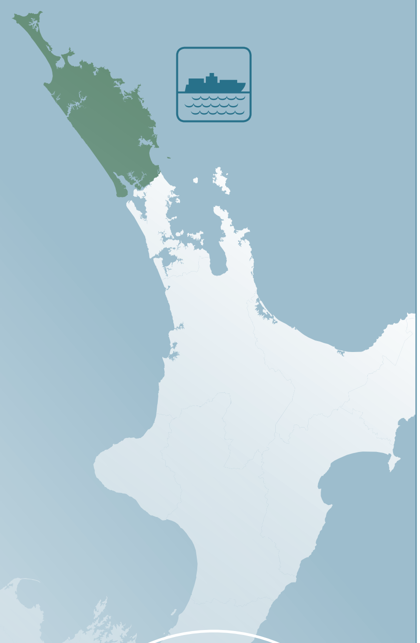
HOUSEHOLDS	Northland	NZ	% of NZ
Household income, annual average (nearest $100)	60,000	80,600	
Rental cost, annual average (nearest $100)	14,100	17,900	
Rent share of household income (%)	24	22	
Employment (number of filled jobs)	52,370	1,926,580	2.7%
Employment growth, 2002–2012 (% p.a.)	1.3	1.4	
Employment rate (% share of population)	56	64	
Unemployment rate (% of labour force)	9.5	6.9	

KEY INFRASTRUCTURE	Northland	NZ
Broadband internet (% of households, 2009)	52	63
Road density (length per 1,000 km^2 area, 2010)	461	215
Heavy vehicle km travelled per km of network (2011)	123,229	97,686

INTERNATIONAL CONNECTIONS	Northland	NZ	% of NZ
Cargo traded through regional ports ($m): Exports	766	48,076	2%
Imports	6,003	47,037	13%
International tourism spending: $m	158	5,566	3%
% of household income	5	5	
International migration, 2002–2012 average (per 100,000)	-277	309	

SKILLS AND INNOVATION	Northland	NZ
18-year-olds attaining min. NCEA L2 or equivalent (%, 2011)	68	74
Patent applications (per million heads, 2009)	19	74
High-growth firms (per 1,000 firms, 2011)	12	20

INDUSTRY MIX OF JOBS		Share of all jobs	
	Number	Northland	NZ
Agriculture, Forestry and Fishing	4,450	8%	6%
Dairy	*1,540*	3%	1%
Sheep, beef cattle and grain farming	*650*	1%	1%
Horticulture (inc. viticulture)	*945*	2%	1%
Fishing and aquaculture	*70*	0%	0%
Forestry and logging	*610*	1%	0%
Other	*635*	1%	1%
Mining	200	0%	0%
Manufacturing	5,310	10%	11%
Food and beverage	*1,480*	3%	4%
Wood, paper and printing	*1,218*	2%	2%
Chemicals, minerals and metal	*1,500*	3%	3%
Transport and machinery equipment	*814*	2%	2%
Other	*298*	1%	1%
Electricity, Gas, Water and Waste Services	730	1%	1%
Construction	3,300	6%	6%
Wholesale Trade	1,720	3%	5%
Retail Trade	6,120	12%	10%
Accommodation and Food Services	4,030	8%	7%
Transport, Postal and Warehousing	2,010	4%	4%
Information Media and Telecommunications	450	1%	2%
Financial and Insurance Services	710	1%	3%
Rental, Hiring and Real Estate Services	860	2%	1%
Professional, Scientific and Technical Services	2,130	4%	8%
Administrative and Support Services	1,580	3%	5%
Public Administration and Safety	2,670	5%	6%
Education and Training	5,440	10%	9%
Health Care and Social Assistance	7,880	15%	11%
Arts and Recreation Services	920	2%	2%
Other Services	1,860	4%	3%



AVERAGE HOUSEHOLD INCOME

$60,000

All data refers to 2012, unless otherwise stated

Source: Statistics New Zealand, Ministry of Business, Innovation and Employment, NZ Transport Agency, Ministry of Education, NZ Institute of Economic Research (most recent data available)

Auckland

WHILE ACCOUNTING FOR ONLY TWO PERCENT OF NEW ZEALAND'S LAND MASS, AUCKLAND COMPRISES OVER A THIRD OF NEW ZEALAND'S ECONOMY AND POPULATION. IT IS ALSO GROWING MUCH FASTER THAN OTHER REGIONS.

Projections are that the region's population will increase from 1.5 million in 2011 to 2.0 million in 2031 (60 percent of the nation's population growth over this period). The 2010 local government reforms created an Auckland unitary council to better manage Auckland's growth and improve economic outcomes. The Government and Auckland Council are working together to:

+ improve infrastructure and urban amenities
+ develop education and labour opportunities for Auckland's youth and migrant populations
+ help the region become more innovative and export driven.

Population growth, fuelled by both high birth rates and inward international migration, is a key driver of the Auckland economy. The region provides by far the greatest number and range of job opportunities in New Zealand because of its size and its diverse range of economic activities. It has many businesses engaged in manufacturing, wholesale trade, commercial and professional services, finance, information technology and communications.

The Auckland economy generates the highest average household incomes in New Zealand. This is partly because of the concentration of high-return activities in Auckland and partly a result of 'agglomeration benefits' associated with scale and density. However, Auckland's incomes are not as high as in Australian and European cities that it is usually benchmarked against, which are larger and better connected to international markets.

Auckland's size and growth is also pushing up land prices so that, when regional housing costs are taken into account, Auckland's incomes are lower than those in the West Coast and Wellington and comparable to the Waikato, Taranaki and Southland.

There is also wide variation in living standards and workforce participation across the region. South and West Auckland have high proportions of Māori and Pasifika who have lower levels of literacy and numeracy than the regional and national average and lower employment rates. While secondary school NCEA level 2 achievement rates in Auckland are higher than the national average at 78 percent, Māori and Pasifika rates are 57 percent and 66 percent respectively. Also while many of the migrants coming into Auckland are often highly skilled, they tend to be under-employed for several years after entering New Zealand.

Clearly, Auckland has a big impact on the national economy. It is home to most of the corporate head offices. While Auckland generates a lower proportion of exports than other, more agriculture-focused, areas, it has a key role in providing services and a market for the rest of New Zealand. It also provides transport and logistics links to the rest of the world through the Auckland International Airport, Ports of Auckland and the high numbers of foreign-owned firms and migrants located in the city.

EXAMPLES OF BUSINESS GROWTH AGENDA ACTIONS OF PARTICULAR RELEVANCE TO AUCKLAND

+ WATERVIEW CONNECTION ROAD OF NATIONAL SIGNIFICANCE
+ AUCKLAND COMMUTER RAIL UPGRADE AND ELECTRIFICATION
+ ULTRA-FAST BROADBAND ACROSS AUCKLAND
+ TĀMAKI TRANSFORMATION HOUSING PROGRAMME
+ HOBSONVILLE HOUSING DEVELOPMENT
+ HOUSING SUPPLY RESPONSE TO PRODUCTIVITY COMMISSION INQUIRY
+ STREAMLINE DELIVERY OF HIGH-QUALITY UNITARY PLAN
+ CALLAGHAN INNOVATION
+ NATIONAL SCIENCE CHALLENGES
+ GROWTH IN UNIVERSITY SECTOR ACROSS AUCKLAND
+ HEALTH INNOVATION HUB
+ ENCOURAGE INCREASED RESEARCH IN NZ BY MULTINATIONAL COMPANIES
+ REVIEW IMMIGRATION SETTINGS TO ATTRACT GREATER MIGRANT SKILLS AND INVESTMENT
+ DEVELOPMENT OF NEW ZEALAND APPRENTICESHIPS AND APPRENTICESHIP REBOOT
+ REFOCUS POLYTECHNIC SECTOR ON SKILLS FOR REGIONS
+ LIFT MĀORI AND PASIFIKA SCHOOL LEAVER ACHIEVEMENT
+ MĀORI AND PASIFIKA TRADES TRAINING
+ NEGOTIATE AIR SERVICES AGREEMENTS TO BUILD TRANSPORT CONNECTIONS
+ INTERNATIONAL CONVENTION CENTRE
+ PROMOTE COMMERCIAL SERVICES EXPORT PROJECTS
+ DOUBLE VALUE OF INTERNATIONAL EDUCATION BY 2025
+ FINANCIAL MARKETS AUTHORITY

PEOPLE	Auckland	NZ	% of NZ
Population	1,507,700	4,433,100	34.0%
Share of population (%): 0–14 years	21	20	
15–24 years	15	14	
25–64 years	53	52	
65 years+	11	14	
Projected population growth, 2012–2031 (% p.a.)	1.4	0.8	

HOUSEHOLDS	Auckland	NZ	% of NZ
Household income, annual average (nearest $100)	89,700	80,600	
Rental cost, annual average (nearest $100)	22,100	17,900	
Rent share of household income (%)	25	22	
Employment (number of filled jobs)	642,940	1,926,580	33.4%
Employment growth, 2002–2012 (% p.a.)	1.9	1.4	
Employment rate (% share of population)	63	64	
Unemployment rate (% of labour force)	7.7	6.9	

KEY INFRASTRUCTURE	Auckland	NZ
Broadband internet (% of households, 2009)	72	63
Road density (length per 1,000 km² area, 2010)	1,347	215
Heavy vehicle km travelled per km of network (2011)	822,086	97,686

INTERNATIONAL CONNECTIONS	Auckland	NZ	% of NZ
Cargo traded through regional ports ($m): Exports	9,559	48,076	20%
Imports	25,739	47,037	55%
International tourism spending: $m	2,065	5,566	37%
% of household income	5	5	
International migration, 2002–2012 average (per 100,000)	865	309	

SKILLS AND INNOVATION	Auckland	NZ
18-year-olds attaining min. NCEA L2 or equivalent (%, 2011)	78	74
Patent applications (per million heads, 2009)	100	74
High-growth firms (per 1,000 firms, 2011)	21	20

		Share of all jobs	
INDUSTRY MIX OF JOBS	Number	Auckland	NZ
Agriculture, Forestry and Fishing	5,390	1%	6%
Dairy	*440*	0%	1%
Sheep, beef cattle and grain farming	*330*	0%	1%
Horticulture (inc. viticulture)	*3,150*	0%	1%
Fishing and aquaculture	*90*	0%	0%
Forestry and logging	*370*	0%	0%
Other	*1,010*	0%	1%
Mining	460	0%	0%
Manufacturing	72,250	11%	11%
Food and beverage	*16,910*	3%	4%
Wood, paper and printing	*8,683*	1%	2%
Chemicals, minerals and metal	*22,370*	3%	3%
Transport and machinery equipment	*15,790*	2%	2%
Other	*8,497*	1%	1%
Electricity, Gas, Water and Waste Services	3,430	1%	1%
Construction	33,820	5%	6%
Wholesale Trade	53,300	8%	5%
Retail Trade	61,010	9%	10%
Accommodation and Food Services	42,320	7%	7%
Transport, Postal and Warehousing	31,970	5%	4%
Information Media and Telecommunications	18,440	3%	2%
Financial and Insurance Services	27,670	4%	3%
Rental, Hiring and Real Estate Services	10,350	2%	1%
Professional, Scientific and Technical Services	65,690	10%	8%
Administrative and Support Services	36,870	6%	5%
Public Administration and Safety	29,530	5%	6%
Education and Training	56,330	9%	9%
Health Care and Social Assistance	61,940	10%	11%
Arts and Recreation Services	10,920	2%	2%
Other Services	21,270	3%	3%

AVERAGE HOUSEHOLD INCOME

$89,700

All data refers to 2012, unless otherwise stated

Source: Statistics New Zealand, Ministry of Business, Innovation and Employment, NZ Transport Agency, Ministry of Education, NZ Institute of Economic Research (most recent data available)

AUCKLAND'S ROLE IN THE WORLD

Cities of scale and connectivity are key magnets of particular types of economic activity (particularly knowledge-intensive services), destinations for global flows of capital and skills, and where higher growth and income tends to be focused.

Economic geographers have observed a global hierarchy of cities. Tokyo, London and New York are considered the central financial powerhouses or megacities, while Sydney and Toronto are secondary cities, and places like Auckland are hubs that provide support services and connect their nations to the world. This hierarchy is, of course, rapidly changing with the rise of new cities in China, India and South America, which are growing much faster than mature developed economies. In 15 years' time, many of the world's largest cities will be ones that we are currently unfamiliar with.

Auckland is New Zealand's primary 'international city'. However, Figure A below shows that, while Auckland comprises over a third of the national economy and has a high rate of population growth, it is a small city in world terms.

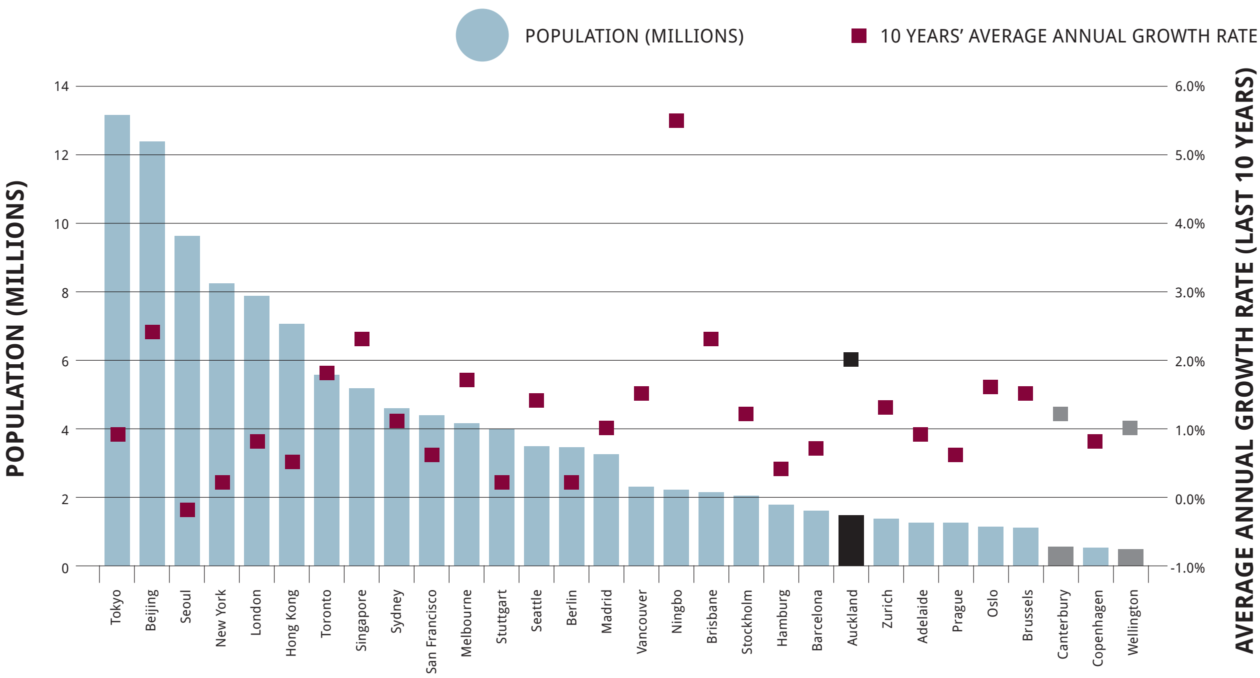
In 15 years' time, many of the world's largest cities will be ones that we are currently unfamiliar with.

Predictions are that small-medium cities like Auckland will be more likely to balance and sustain economic growth, while pressures on environment and society pose a greater challenge in really large cities. Auckland consistently scores well, alongside other small cities, on international comparisons such as the Mercer Quality of Living survey. This is one of Auckland's comparative advantages and a reason for its relatively high immigration. Figure C shows that the proportion of Aucklanders born overseas (more than 37 percent) is amongst the highest in the OECD, up there with Vancouver, New York and London.

Auckland doesn't compare so well on measures of income or cost of living, particularly when housing costs are taken into account (see Figures D and E). Figure F shows that it is also a medium performer when its share of employment in knowledge-intensive services is compared with European cities (but it compares respectably with Australian cities).

In international terms, Auckland shows relatively high overall employment rates, reflecting the fact that New Zealand appears to have weathered the global financial crisis better than Europe and North America.

A. POPULATION (2011) AND POPULATION AVERAGE ANNUAL GROWTH RATES (LAST 10 YEARS, SELECTED WORLD CITIES)

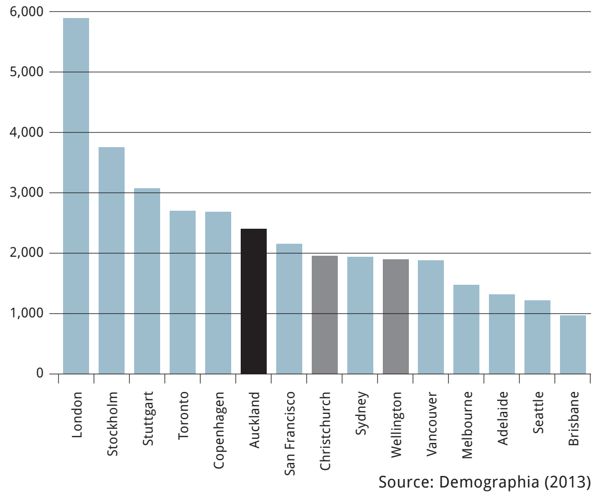


Source: Ministry of Internal Affairs and Communications, National Bureau of Statistics of China, Korean Statistical Information Service Census and Statistical Department (Hong Kong), United States Census Bureau, Eurostat, Statistics Singapore, Australian Statistics Bureau, Statistics Canada, Statistics New Zealand, Statistics Denmark, Ministry of Business, Innovation and Employment calculations

Note: Population in Tokyo, Seoul, Chinese and US cities and Metropolitans are for 2010

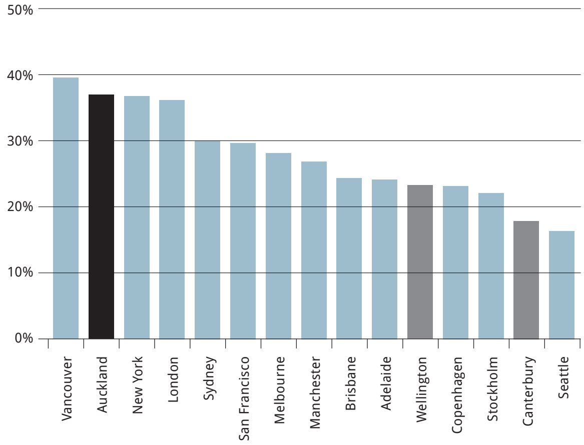
Auckland and other city-regions: international comparisons

B. POPULATION DENSITY (POPULATION PER KM²), 2013



Source: Demographia (2013)

C. OVERSEAS BORN AS A PERCENTAGE OF TOTAL POPULATION, 2011 (OR LASTEST AVAILABLE)

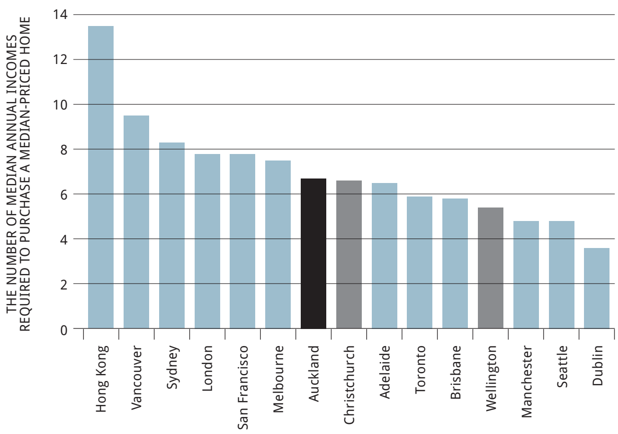


Source: Statistics Canada, Statistics New Zealand, United States Census Bureau, Official for National Statistics, Australian Statistics Bureau, Statistics Denmark, Statistics Sweden

Note: New Zealand and Canadian city regions data as at 2006

D. HOUSING AFFORDABILITY – AMOUNT OF INCOME REQUIRED TO BUY A HOUSE

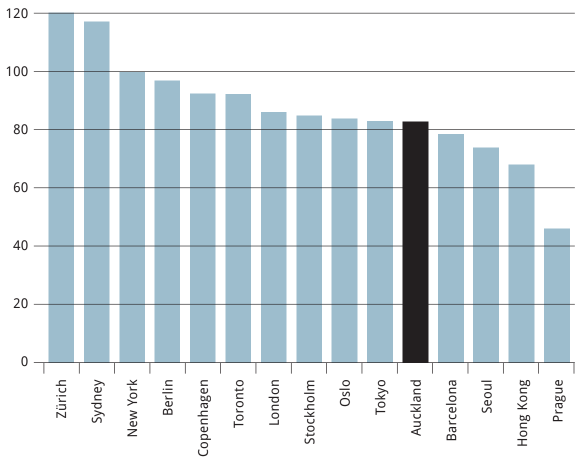
(2012 3RD QUARTER)



Source: Demographia (2013)

E. DOMESTIC PURCHASING POWER INDEX

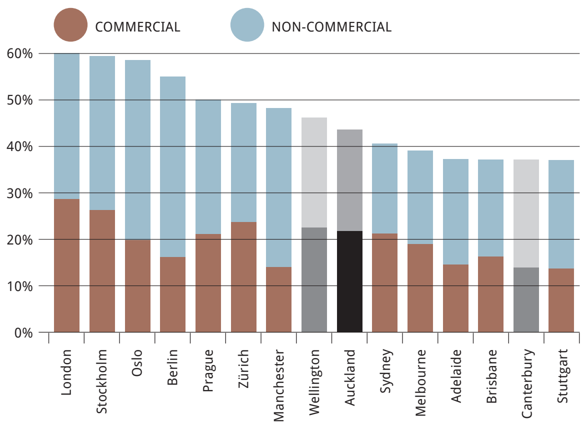
(NEW YORK = 100), 2012



Source: UBS

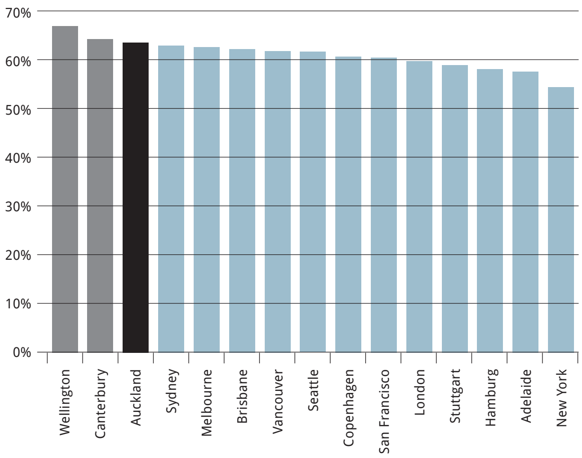
Domestic purchasing power: After-tax hourly earnings divided by the cost of a basket of goods, excluding rent

F. COMMERCIAL AND NON-COMMERCIAL KNOWLEDGE-INTENSIVE SERVICES, PERCENT OF TOTAL EMPLOYMENT, 2011



Source: Eurostat, Statistics New Zealand, Australian Statistics Bureau, Ministry of Business, Innovation and Employment calculations

G. EMPLOYED SHARE OF WORKING-AGE POPULATION (15 AND OVER), 2011



Source: Statistics New Zealand, Australian Statistics Bureau, Statistics Canada, Bureau of Labour Statistics, Statistics Denmark, Eurostat

Waikato

THE WAIKATO REGION MAKES UP AROUND NINE PERCENT OF NEW ZEALAND'S ECONOMY IN EMPLOYMENT TERMS. THE ADMINISTRATIVE BOUNDARIES OF THIS REGION INCLUDE SEVERAL DISTINCT SUB-REGIONAL ECONOMIES SUCH AS HAMILTON CITY AND THE COROMANDEL PENINSULA. IT ALSO DIVIDES THREE SUB-DISTRICTS – WAITOMO, ROTORUA, AND TAUPŌ.

The region's rich natural resources provide the basis for strong primary production performance, energy supply for large-scale processing and manufacturing activity, and minerals and petroleum potential. As well as being New Zealand's predominant dairy centre, the region has developed strengths in electricity generation including geothermal energy (with its uses in other industries), minerals, aquaculture and forestry.

Waikato's central location makes it a nationally significant infrastructure corridor.

Higher-value specialisations in materials and equipment manufacturing (including aircraft manufacturing), natural resource management research and science, and forestry manufacturing have been developed off this primary sector base.

Waikato's central location makes it a nationally significant infrastructure corridor. Auckland, Waikato and the Bay of Plenty region form a triangle of growing centres, and the freight movements between them represent over half of all national freight movements. This is likely to increase, with Tainui investing in a freight hub at Ruakura. Growth in the Waikato's manufacturing sector appears to be linked to the Auckland market.

The Waikato has a higher proportion of Māori than the national average (20 percent versus 14 percent nationally). It also has a relatively youthful population, partly boosted by students from elsewhere in New Zealand attending the University of Waikato, Waikato Institute of Technology and Te Wānanga o Aotearoa.

The region's tertiary education providers are part of a regional innovation system that includes the Waikato Innovation Park, AgResearch and the Soda entrepreneurship centre. These support public-private innovation in the region's key industries and provide links to other institutions such as Scion in the neighbouring Bay of Plenty region. The region's above-average patent levels reflect this capability, which is a strong platform for increasing the sophistication of the region's products and services.

Despite these strengths, the Waikato's NCEA level 2 achievement rates for school leavers are below the national average. The proportion of 25–34-year-olds with NZQF level 4 or above qualifications is also below the national average, suggesting that there are opportunities to upskill this age group, many of whom are in the workforce, in line with the region's specialisations.

Iwi that have rohe in the region are important economic actors, for example, in primary industries and tourism and as land owners.

EXAMPLES OF BUSINESS GROWTH AGENDA ACTIONS OF PARTICULAR RELEVANCE TO WAIKATO

+ WAIKATO EXPRESSWAY ROAD OF NATIONAL SIGNIFICANCE
+ ULTRA-FAST BROADBAND IN HAMILTON, CAMBRIDGE, TE AWAMUTU, TOKOROA AND TAUPŌ
+ RURAL BROADBAND UPGRADE THROUGH WAIKATO
+ NATIONAL CYCLE TRAIL
+ NATIONAL SCIENCE CHALLENGES
+ FOOD INNOVATION NETWORK
+ DEVELOPMENT OF NEW ZEALAND APPRENTICESHIPS AND APPRENTICESHIP REBOOT
+ REFOCUS POLYTECHNIC SECTOR ON SKILLS FOR REGIONS
+ INCREASED YOUTH GUARANTEE PLACES
+ EXPAND TRADES AND SERVICES ACADEMIES' FLEXIBLE SCHOOL-BASED PROVISION
+ LIFT MĀORI SCHOOL LEAVER ACHIEVEMENT
+ MĀORI TRADES TRAINING
+ MINING AND PETROLEUM WORKPLACE SAFETY REFORM
+ FRESHWATER REFORM
+ PRIMARY GROWTH PARTNERSHIP TO LIFT PRIVATE SECTOR INVESTMENT IN INNOVATION
+ LEVERAGE CULTURAL AND ASSET BASE OF MĀORI ECONOMY FOR GROWTH
+ AQUACULTURE REFORMS
+ DOUBLE VALUE OF INTERNATIONAL EDUCATION BY 2025

PEOPLE	Waikato	NZ	% of NZ
Population	416,200	4,433,100	9.4%
Share of population (%): 0–14 years	22	20	
15–24 years	15	14	
25–64 years	50	52	
65 years+	14	14	
Projected population growth, 2012–2031 (% p.a.)	0.6	0.8	

HOUSEHOLDS	Waikato	NZ	% of NZ
Household income, annual average (nearest $100)	81,600	80,600	
Rental cost, annual average (nearest $100)	14,700	17,900	
Rent share of household income (%)	18	22	
Employment (number of filled jobs)	166,760	1,926,580	8.7%
Employment growth, 2002–2012 (% p.a.)	1.5	1.4	
Employment rate (% share of population)	63	64	
Unemployment rate (% of labour force)	6.8	6.9	

KEY INFRASTRUCTURE	Waikato	NZ
Broadband internet (% of households, 2009)	57	63
Road density (length per 1,000 km² area, 2010)	423	215
Heavy vehicle km travelled per km of network (2011)	227,404	97,686

INTERNATIONAL CONNECTIONS	Waikato	NZ	% of NZ
Cargo traded through regional ports ($m): Exports	86	48,076	0%
Imports	5	47,037	0%
International tourism spending: $m	300	5,566	5%
% of household income	3	5	
International migration, 2002–2012 average (per 100,000)	-33	309	

SKILLS AND INNOVATION	Waikato	NZ
18-year-olds attaining min. NCEA L2 or equivalent (%, 2011)	73	74
Patent applications (per million heads, 2009)	99	74
High-growth firms (per 1,000 firms, 2011)	19	20

INDUSTRY MIX OF JOBS	Number	Share of all jobs Waikato	Share of all jobs NZ
Agriculture, Forestry and Fishing	17,320	10%	6%
Dairy	*7,100*	4%	1%
Sheep, beef cattle and grain farming	*1,950*	1%	1%
Horticulture (inc. viticulture)	*2,600*	2%	1%
Fishing and aquaculture	*175*	0%	0%
Forestry and logging	*1,310*	1%	0%
Other	*4,185*	3%	1%
Mining	1,290	1%	0%
Manufacturing	19,890	12%	11%
Food and beverage	*7,758*	5%	4%
Wood, paper and printing	*3,070*	2%	2%
Chemicals, minerals and metal	*4,804*	3%	3%
Transport and machinery equipment	*3,483*	2%	2%
Other	*775*	0%	1%
Electricity, Gas, Water and Waste Services	1,940	1%	1%
Construction	11,370	7%	6%
Wholesale Trade	6,740	4%	5%
Retail Trade	17,370	10%	10%
Accommodation and Food Services	11,450	7%	7%
Transport, Postal and Warehousing	4,930	3%	4%
Information Media and Telecommunications	1,680	1%	2%
Financial and Insurance Services	2,640	2%	3%
Rental, Hiring and Real Estate Services	2,120	1%	1%
Professional, Scientific and Technical Services	10,860	7%	8%
Administrative and Support Services	5,710	3%	5%
Public Administration and Safety	7,700	5%	6%
Education and Training	15,610	9%	9%
Health Care and Social Assistance	18,650	11%	11%
Arts and Recreation Services	3,760	2%	2%
Other Services	5,720	3%	3%

AVERAGE HOUSEHOLD INCOME

$81,600

All data refers to 2012, unless otherwise stated

Source: Statistics New Zealand, Ministry of Business, Innovation and Employment, NZ Transport Agency, Ministry of Education, NZ Institute of Economic Research (most recent data available)

Bay of Plenty

THE BAY OF PLENTY REPRESENTS ALMOST SIX PERCENT OF THE NEW ZEALAND ECONOMY BY EMPLOYMENT. MANY OF ITS ECONOMIC ACTIVITIES ARE SIMILAR TO THOSE UNDERTAKEN IN PARTS OF THE ADJOINING WAIKATO REGION, AND THE ROTORUA AND TAUPŌ SUB-DISTRICTS STRADDLE BOTH REGIONS.

The Bay of Plenty has experienced quite high employment growth over the last 10 years, but average household incomes remain relatively low, with sub-regional differences between the east and west of the region. The region's economy has been expanding with its high population growth, concentrated in the Western Bay of Plenty around Tauranga. This is fuelled by the birth rates of its high proportion of Māori (25 percent compared with 14 percent nationally) and by in-migration of retirees with lower incomes.

Meanwhile, many young people leave the region to access tertiary education and employment opportunities. While the proportion of the region's school leavers with NCEA level 2 or above is on par with the national average (75 percent), the proportion of 25–34-year-olds with NZQF level 4 or above qualifications is well below the national average.

The region's economic strengths have developed from the natural resources and assets located in the area, for example, horticulture, forestry, health, transport and logistics, and tourism. Employment growth has been strong in parts of the primary sector and in sectors related to the port and transport. There has also been employment growth over the last decade in service sectors located in the region's urban centres, Tauranga and Rotorua.

The region's economy has been expanding with its high population growth, concentrated in the Western Bay of Plenty around Tauranga.

The region's economy has recently been affected by the bacterial vine disease Psa that hit the kiwifruit industry. Primary commodity exports, such as horticulture and forestry in the region, are particularly vulnerable to changes in global demand.

Despite these challenges, the Bay of Plenty has shown resilience, drawing on key assets such as the Port of Tauranga. Exports from the port make up 28 percent of national exports by value, and it continues to grow its capacity.

Local councils and other leaders have collaborated to develop a regional economic development strategy (Bay of Connections). Māori sit on the Bay of Connections governance group and are an important economic actor in the region, with interests in natural resources and tourism and ownership of an estimated 32 percent of the region's land.

Opportunities for the Bay of Plenty region rest on its key assets such as the Port of Tauranga, its climate and its proximity to Auckland and building the skills of its people to diversify from its primary resource base. Providing an environment that attracts and grows firms that provide employment opportunities will also be important.

EXAMPLES OF BUSINESS GROWTH AGENDA ACTIONS OF PARTICULAR RELEVANCE TO BAY OF PLENTY

+ TAURANGA EASTERN LINK ROAD OF NATIONAL SIGNIFICANCE
+ ULTRA-FAST BROADBAND IN TAURANGA, ROTORUA AND WHAKATĀNE
+ RURAL BROADBAND UPGRADE THROUGH BAY OF PLENTY
+ NATIONAL CYCLE TRAIL
+ DEVELOPMENT OF NEW ZEALAND APPRENTICESHIPS AND APPRENTICESHIP REBOOT
+ REFOCUS POLYTECHNIC SECTOR ON SKILLS FOR REGIONS
+ INCREASED YOUTH GUARANTEE PLACES
+ EXPAND TRADES AND SERVICES ACADEMIES' FLEXIBLE SCHOOL-BASED PROVISION
+ LIFT MĀORI SCHOOL LEAVER ACHIEVEMENT
+ MĀORI TRADES TRAINING
+ PRIMARY GROWTH PARTNERSHIP TO LIFT PRIVATE SECTOR INVESTMENT IN INNOVATION
+ LEVERAGE CULTURAL AND ASSET BASE OF MĀORI ECONOMY FOR GROWTH
+ AQUACULTURE REFORMS

PEOPLE	Bay of Plenty	NZ	% of NZ
Population	277,200	4,433,100	6.3%
Share of population (%): 0–14 years	21	20	
15–24 years	13	14	
25–64 years	49	52	
65 years+	17	14	
Projected population growth, 2012–2031 (% p.a.)	0.7	0.8	

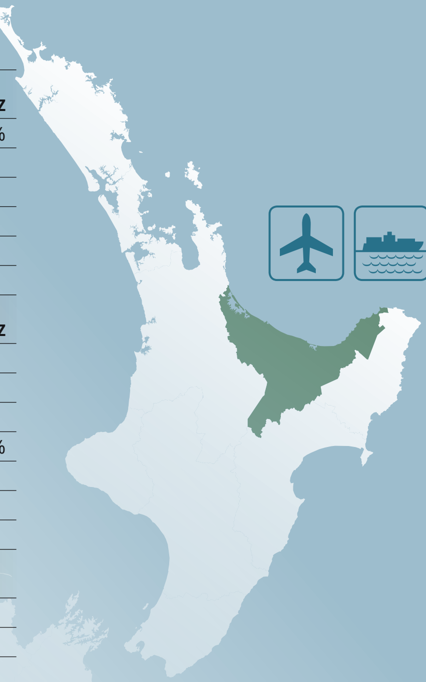
HOUSEHOLDS	Bay of Plenty	NZ	% of NZ
Household income, annual average (nearest $100)	72,700	80,600	
Rental cost, annual average (nearest $100)	15,300	17,900	
Rent share of household income (%)	21	22	
Employment (number of filled jobs)	109,460	1,926,580	5.7%
Employment growth, 2002–2012 (% p.a.)	1.6	1.4	
Employment rate (% share of population)	59	64	
Unemployment rate (% of labour force)	7.5	6.9	

KEY INFRASTRUCTURE	Bay of Plenty	NZ
Broadband internet (% of households, 2009)	54	63
Road density (length per 1,000 km² area, 2010)	364	215
Heavy vehicle km travelled per km of network (2011)	233,146	97,686

INTERNATIONAL CONNECTIONS	Bay of Plenty	NZ	% of NZ
Cargo traded through regional ports ($m): Exports	15,217	48,076	32%
Imports	5,884	47,037	13%
International tourism spending: $m	293	5,566	5%
% of household income	5	5	
International migration, 2002–2012 average (per 100,000)	-294	309	

SKILLS AND INNOVATION	Bay of Plenty	NZ
18-year-olds attaining min. NCEA L2 or equivalent (%, 2011)	75	74
Patent applications (per million heads, 2009)	46	74
High-growth firms (per 1,000 firms, 2011)	21	20

INDUSTRY MIX OF JOBS	Number	Share of all jobs: Bay of Plenty	Share of all jobs: NZ
Agriculture, Forestry and Fishing	9,230	8%	6%
Dairy	*1,480*	1%	1%
Sheep, beef cattle and grain farming	*430*	0%	1%
Horticulture (inc. viticulture)	*2,080*	2%	1%
Fishing and aquaculture	*73*	0%	0%
Forestry and logging	*1,410*	1%	0%
Other	*3,757*	3%	1%
Mining	150	0%	0%
Manufacturing	11,840	11%	11%
Food and beverage	*3,294*	3%	4%
Wood, paper and printing	*3,430*	3%	2%
Chemicals, minerals and metal	*2,395*	2%	3%
Transport and machinery equipment	*2,153*	2%	2%
Other	*568*	1%	1%
Electricity, Gas, Water and Waste Services	1,040	1%	1%
Construction	6,590	6%	6%
Wholesale Trade	4,460	4%	5%
Retail Trade	12,220	11%	10%
Accommodation and Food Services	8,290	8%	7%
Transport, Postal and Warehousing	5,350	5%	4%
Information Media and Telecommunications	790	1%	2%
Financial and Insurance Services	1,720	2%	3%
Rental, Hiring and Real Estate Services	1,600	1%	1%
Professional, Scientific and Technical Services	5,240	5%	8%
Administrative and Support Services	5,650	5%	5%
Public Administration and Safety	4,660	4%	6%
Education and Training	10,040	9%	9%
Health Care and Social Assistance	14,490	13%	11%
Arts and Recreation Services	2,150	2%	2%
Other Services	3,910	4%	3%



AVERAGE HOUSEHOLD INCOME

$72,700

All data refers to 2012, unless otherwise stated

Source: Statistics New Zealand, Ministry of Business, Innovation and Employment, NZ Transport Agency, Ministry of Education, NZ Institute of Economic Research (most recent data available)

Gisborne

GISBORNE MAKES UP ONE PERCENT OF NEW ZEALAND'S ECONOMY IN EMPLOYMENT TERMS. IT INCLUDES SOME OF NEW ZEALAND'S MOST REMOTE AREAS, WITH MOUNTAINOUS TOPOGRAPHY AND DIFFICULT TRANSPORT ROUTES. GISBORNE ALSO HAS A VERY DIFFERENT AGE AND ETHNIC PROFILE COMPARED TO THE COUNTRY AS A WHOLE. NEARLY HALF THE POPULATION IS MĀORI (47 PERCENT COMPARED TO 14 PERCENT FOR NEW ZEALAND), AND IT IS CORRESPONDINGLY YOUNGER THAN MOST OTHER REGIONS.

The region's average household incomes are amongst the lowest in New Zealand, and the region experienced relatively low employment growth in the last decade. The region's population has been growing quite slowly, and despite having the highest proportion of children aged 0–14 of any region, it has been losing working-age people. Accordingly, the Gisborne region includes a high proportion of very young and older dependents.

Young school leavers in Gisborne are among the least likely in the country to have NCEA level 2 qualifications. While data on the region itself is not available, it is likely that the proportion of Gisborne residents aged 25–34 years with NZQF level 4 qualifications is also lower than the national average. In part, these statistics reflect local employment opportunities, which are concentrated in elementary occupations.

The Gisborne region economy has strong comparative advantages in a number of export-intensive primary industries – forestry, sheep and beef farming and horticulture. Exports out of the region's port (Eastland Port) have increased by 100 percent over the last three years, on the back of these industries.

The Gisborne region economy has strong comparative advantages in a number of export-intensive primary industries...

The majority of these exports are unprocessed or only semi-processed (for example, about four percent of logs grown in Gisborne are processed in the region).

Alongside the region's primary industry strengths, employment in public services such as early childhood, education, health care and social assistance is more important in the region than nationally.

Gisborne's population growth in the next two decades will be negligible. The region's most significant opportunities are its natural resources, including in the development of Māori natural resources, to provide employment for the region's young population.

Treaty settlements and opportunities to raise land productivity are an area of focus for Māori in the region, with local initiatives such as the Potikirua ki Whangaokena project exploring how Māori land blocks can work together and develop products further up the value chain.

Broader efforts to develop higher-value products in areas of existing competitive advantage (such as agriculture, forestry and wood processing) will continue to be important for the region. It will be important to ensure that the region's children and young people have the qualifications and skills to participate in these activities.

EXAMPLES OF BUSINESS GROWTH AGENDA ACTIONS OF PARTICULAR RELEVANCE TO GISBORNE

- IMPROVE RESILIENCE OF STATE HIGHWAY 2 BETWEEN GISBORNE AND NAPIER
- ULTRA-FAST BROADBAND IN GISBORNE CITY
- RURAL BROADBAND ACROSS THE REGION
- DEVELOPMENT OF NEW ZEALAND APPRENTICESHIPS AND APPRENTICESHIP REBOOT
- REFOCUS POLYTECHNIC SECTOR ON SKILLS FOR REGIONS
- LIFT MĀORI SCHOOL LEAVER ACHIEVEMENT
- MĀORI TRADES TRAINING
- INCREASED YOUTH GUARANTEE PLACES
- EXPAND TRADES AND SERVICES ACADEMIES' FLEXIBLE SCHOOL-BASED PROVISION
- EAST COAST OIL AND GAS EXPLORATION
- LEVERAGE CULTURAL AND ASSET BASE OF MĀORI ECONOMY FOR GROWTH
- PRIMARY GROWTH PARTNERSHIP TO LIFT PRIVATE SECTOR INVESTMENT IN INNOVATION
- HIGH-IMPACT MULTI-FIRM MARKET DEVELOPMENT PROGRAMME FOR WINE

PEOPLE	Gisborne	NZ	% of NZ
Population	46,800	4,433,100	1.1%
Share of population (%): 0–14 years	24	20	
15–24 years	14	14	
25–64 years	49	52	
65 years+	13	14	
Projected population growth, 2012–2031 (% p.a.)	0.1	0.8	

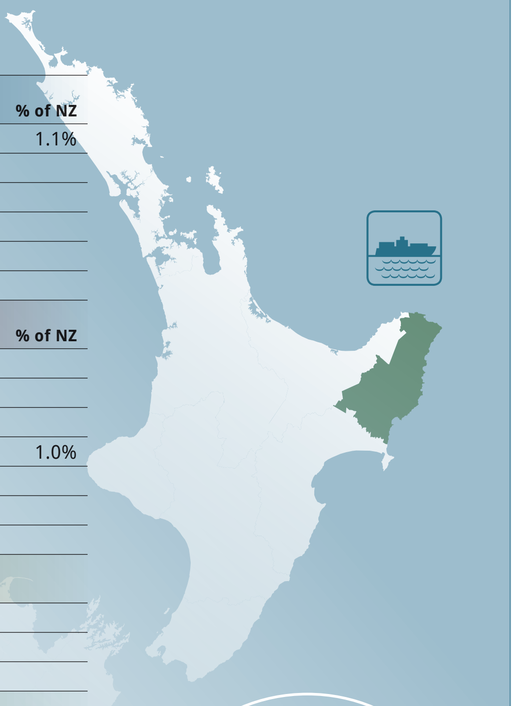
HOUSEHOLDS	Gisborne	NZ	% of NZ
Household income, annual average (nearest $100)	63,500	80,600	
Rental cost, annual average (nearest $100)	13,500	17,900	
Rent share of household income (%)	21	22	
Employment (number of filled jobs)	19,720	1,926,580	1.0%
Employment growth, 2002–2012 (% p.a.)	0.1	1.4	
Employment rate (% share of population)	63	64	
Unemployment rate (% of labour force)	8.1	6.9	

KEY INFRASTRUCTURE	Gisborne	NZ
Broadband internet (% of households, 2009)	51	63
Road density (length per 1,000 km² area, 2010)	242	215
Heavy vehicle km travelled per km of network (2011)	75,529	97,686

INTERNATIONAL CONNECTIONS	Gisborne	NZ	% of NZ
Cargo traded through regional ports ($m): Exports	284	48,076	1%
Imports	0	47,037	0%
International tourism spending: $m	16	5,566	0%
% of household income	2	5	
International migration, 2002–2012 average (per 100,000)	–423	309	

SKILLS AND INNOVATION	Gisborne	NZ
18-year-olds attaining min. NCEA L2 or equivalent (%, 2011)	64	74
Patent applications (per million heads, 2009)	0	74
High-growth firms (per 1,000 firms, 2011)	17	20

		Share of all jobs	
INDUSTRY MIX OF JOBS	Number	Gisborne	NZ
Agriculture, Forestry and Fishing	4,580	23%	6%
Dairy	*40*	0%	1%
Sheep, beef cattle and grain farming	*1,850*	9%	1%
Horticulture (inc. viticulture)	*1,253*	6%	1%
Fishing and aquaculture	*20*	0%	0%
Forestry and logging	*550*	3%	0%
Other	*867*	4%	1%
Mining	25	0%	0%
Manufacturing	1,800	9%	11%
Food and beverage	*1,008*	5%	4%
Wood, paper and printing	*375*	2%	2%
Chemicals, minerals and metal	*210*	1%	3%
Transport and machinery equipment	*84*	0%	2%
Other	*123*	1%	1%
Electricity, Gas, Water and Waste Services	75	0%	1%
Construction	1,260	6%	6%
Wholesale Trade	450	2%	5%
Retail Trade	1,680	9%	10%
Accommodation and Food Services	1,130	6%	7%
Transport, Postal and Warehousing	690	3%	4%
Information Media and Telecommunications	200	1%	2%
Financial and Insurance Services	210	1%	3%
Rental, Hiring and Real Estate Services	230	1%	1%
Professional, Scientific and Technical Services	870	4%	8%
Administrative and Support Services	780	4%	5%
Public Administration and Safety	690	3%	6%
Education and Training	1,890	10%	9%
Health Care and Social Assistance	2,290	12%	11%
Arts and Recreation Services	300	2%	2%
Other Services	570	3%	3%



AVERAGE HOUSEHOLD INCOME

$63,500

All data refers to 2012, unless otherwise stated

Source: Statistics New Zealand, Ministry of Business, Innovation and Employment, NZ Transport Agency, Ministry of Education, NZ Institute of Economic Research (most recent data available)

Hawke's Bay

THE HAWKE'S BAY REGION COMPRISES ABOUT FOUR PERCENT OF THE NEW ZEALAND ECONOMY BY EMPLOYMENT. IT IS AN EXPORT-ORIENTED REGION WITH A VERY SIGNIFICANT PRIMARY SECTOR. HOWEVER, HOUSEHOLD INCOME LEVELS ARE LOWER THAN THE NATIONAL AVERAGE, AND THE REGION HAS BEEN EXPERIENCING RELATIVELY SLOW EMPLOYMENT GROWTH OVER THE LAST 10 YEARS.

The Hawke's Bay region has a relatively high proportion of Māori (22 percent compared to 14 percent nationally). It also has a lower proportion of working-age residents and a higher proportion of both young and older dependents than the national average. Like many New Zealand regions, its population profile is being affected both by ageing and outward migration. The region's overall population is not expected to grow much in the next two decades.

Over half of Hawke's Bay's total land area (950,000 hectares) is dedicated to sheep and beef farming. It also has strengths in horticulture – which accounts for over a fifth of regional employment (including seasonal employment) – and forestry. The region's wine industry has expanded over the last decade, with growing expertise in red grape varietals and increased production.

While overall employment in manufacturing has contracted during the last decade, food processing is growing, with several international firms increasing their Hawke's Bay processing capacity in recent years.

...horticulture...accounts for over a fifth of regional employment...

These activities are highly export oriented. The Napier Port is important to the region's ability to transport primary produce to export markets. It is now the North Island's second largest export port by volume and New Zealand's fourth largest container terminal. Recent growth has been supported by increases in apples, logs and container shipping volumes and in passenger cruise ship berths.

Low rainfall across much of the region is a constraint on diversifying land use, and the region is exploring irrigation options, including a proposed water storage system in the Ruataniwha Basin. A recently completed study suggests that this project would be economically feasible with employment and economic benefits for the region.

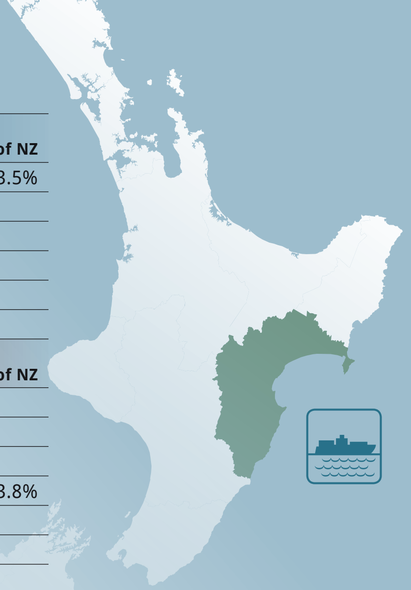
Young people are leaving secondary school in the Hawke's Bay with higher rates of NCEA level 2 achievement than the national average (76.9 percent compared to 74.3 percent nationally).

Research and development in bioprotection, breeding and food innovation, which are being progressed by Hawke's Bay businesses and Crown research institutes such as Plant and Food Research, also present opportunities for the region.

The recently announced expansion to the region by The ICEHOUSE business incubator will further increase support to the region's businesses to develop and grow.

EXAMPLES OF BUSINESS GROWTH AGENDA ACTIONS OF PARTICULAR RELEVANCE TO HAWKE'S BAY

- IMPROVE RESILIENCE OF STATE HIGHWAY 2 BETWEEN NAPIER AND GISBORNE
- IMPROVE RESILIENCE OF MANAWATŪ GORGE
- ULTRA-FAST BROADBAND IN NAPIER AND HASTINGS
- RURAL BROADBAND UPGRADE THROUGH HAWKE'S BAY
- NATIONAL CYCLE TRAIL
- DEVELOPMENT OF NEW ZEALAND APPRENTICESHIPS AND APPRENTICESHIP REBOOT
- REFOCUS POLYTECHNIC SECTOR ON SKILLS FOR REGIONS
- INCREASED YOUTH GUARANTEE PLACES
- LIFT MĀORI SCHOOL LEAVER ACHIEVEMENT
- EXPAND TRADES AND SERVICES ACADEMIES' FLEXIBLE SCHOOL-BASED PROVISION
- MĀORI TRADES TRAINING
- IRRIGATION DEVELOPMENT FUNDING
- EAST COAST OIL AND GAS EXPLORATION
- LEVERAGE CULTURAL AND ASSET BASE OF MĀORI ECONOMY FOR GROWTH
- PRIMARY GROWTH PARTNERSHIP TO LIFT PRIVATE SECTOR INVESTMENT IN INNOVATION
- HIGH-IMPACT MULTI-FIRM MARKET DEVELOPMENT PROGRAMME FOR WINE



PEOPLE	Hawke's Bay	NZ	% of NZ
Population	155,000	4,433,100	3.5%
Share of population (%): 0–14 years	22	20	
15–24 years	13	14	
25–64 years	49	52	
65 years+	16	14	
Projected population growth, 2012–2031 (% p.a.)	0.2	0.8	

HOUSEHOLDS	Hawke's Bay	NZ	% of NZ
Household income, annual average (nearest $100)	72,200	80,600	
Rental cost, annual average (nearest $100)	14,300	17,900	
Rent share of household income (%)	20	22	
Employment (number of filled jobs)	73,390	1,926,580	3.8%
Employment growth, 2002–2012 (% p.a.)	0.8	1.4	
Employment rate (% share of population)	63	64	
Unemployment rate (% of labour force)	8.1	6.9	

KEY INFRASTRUCTURE	Hawke's Bay	NZ
Broadband internet (% of households, 2009)	51	63
Road density (length per 1,000 km² area, 2010)	321	215
Heavy vehicle km travelled per km of network (2011)	156,977	97,686

INTERNATIONAL CONNECTIONS	Hawke's Bay	NZ	% of NZ
Cargo traded through regional ports ($m): Exports	3,819	48,076	8%
Imports	558	47,037	1%
International tourism spending: $m	90	5,566	2%
% of household income	2	5	
International migration, 2002–2012 average (per 100,000)	-287	309	

SKILLS AND INNOVATION	Hawke's Bay	NZ
18-year-olds attaining min. NCEA L2 or equivalent (%, 2011)	77	74
Patent applications (per million heads, 2009)	20	74
High-growth firms (per 1,000 firms, 2011)	24	20

INDUSTRY MIX OF JOBS	Number	Share of all jobs: Hawke's Bay	NZ
Agriculture, Forestry and Fishing	12,010	16%	6%
Dairy	*330*	0%	1%
Sheep, beef cattle and grain farming	*2,370*	3%	1%
Horticulture (inc. viticulture)	*5,662*	8%	1%
Fishing and aquaculture	*25*	0%	0%
Forestry and logging	*560*	1%	0%
Other	*3,063*	4%	1%
Mining	90	0%	0%
Manufacturing	10,300	14%	11%
Food and beverage	*6,052*	8%	4%
Wood, paper and printing	*1,220*	2%	2%
Chemicals, minerals and metal	*1,116*	2%	3%
Transport and machinery equipment	*824*	1%	2%
Other	*1,088*	1%	1%
Electricity, Gas, Water and Waste Services	490	1%	1%
Construction	3,880	5%	6%
Wholesale Trade	2,310	3%	5%
Retail Trade	6,820	9%	10%
Accommodation and Food Services	4,150	6%	7%
Transport, Postal and Warehousing	2,580	4%	4%
Information Media and Telecommunications	430	1%	2%
Financial and Insurance Services	1,080	1%	3%
Rental, Hiring and Real Estate Services	870	1%	1%
Professional, Scientific and Technical Services	3,200	4%	8%
Administrative and Support Services	4,750	6%	5%
Public Administration and Safety	3,050	4%	6%
Education and Training	6,000	8%	9%
Health Care and Social Assistance	8,280	11%	11%
Arts and Recreation Services	1,070	1%	2%
Other Services	2,040	3%	3%

AVERAGE HOUSEHOLD INCOME

$72,200

All data refers to 2012, unless otherwise stated

Source: Statistics New Zealand, Ministry of Business, Innovation and Employment, NZ Transport Agency, Ministry of Education, NZ Institute of Economic Research (most recent data available)

Taranaki

TARANAKI COMPRISES NEARLY THREE PERCENT OF THE NEW ZEALAND ECONOMY IN TERMS OF EMPLOYMENT. THE REGION HAS RELATIVELY HIGH INCOMES, AND EMPLOYMENT HAS GROWN STRONGLY OVER THE LAST DECADE. THE UNEMPLOYMENT RATE IS ONE OF THE LOWEST IN NEW ZEALAND, WHILE LABOUR PARTICIPATION RATES ARE RELATIVELY HIGH.

The region's strong economic performance is underpinned by two high-income, export-oriented sectors – oil and gas – and dairy farming. The region has successfully built a hub of related industries on this base. There is a diverse range of manufacturing and engineering businesses that provide inputs to both the oil and gas industry and to dairy farming and undertaking unrelated activities.

Taranaki's regional innovation links appear to be strong, for example, through the region's oil and gas companies and the specialist support firms clustered in the region, despite the absence of a university or other formal research and development infrastructure. The Taranaki region has also been proactive in sharing its knowledge and experience of leveraging key industries with other New Zealand regions.

Taranaki is strongly export oriented, and its key industries are very internationally connected. The Taranaki region also has one of the highest proportions of employment in firms with high levels of foreign ownership outside of Auckland. The region's port is a key asset, alongside roads that connect the region to people and markets in larger urban centres.

Taranaki is strongly export oriented, and its key industries are very internationally connected.

Connectivity to other places in New Zealand, along with Taranaki's small size, may continue to be a constraint on the region's growth. Taranaki's population is projected to hardly grow over the next 20 years. The region's school leavers achieve similar NCEA level 2 or above qualifications as the national average, but many will leave for education and employment opportunities elsewhere.

A higher proportion of firms than the New Zealand average have between one to five employees in the region, in line with the importance of the capital-intensive dairy industry and small enterprises generally. At the same time, the Taranaki region has fewer high-growth firms than the national average, suggesting firms are not as likely to grow in the region.

The recipe for success would appear to be for the region's businesses to continue to invest in capital-intensive activities where it has already built economic strengths and expertise, for example, dairy processing and engineering. Businesses can benefit from industry collaboration and continuing to access research and development expertise that supports innovation. Local investment in urban amenities will be important to attract and retain the skills the region needs.

EXAMPLES OF BUSINESS GROWTH AGENDA ACTIONS OF PARTICULAR RELEVANCE TO TARANAKI

+ IMPROVE RESILIENCE OF MT MESSENGER ON STATE HIGHWAY 3
+ ULTRA-FAST BROADBAND IN NEW PLYMOUTH AND HĀWERA
+ RURAL BROADBAND UPGRADE THROUGH TARANAKI
+ DEVELOPMENT OF NEW ZEALAND APPRENTICESHIPS AND APPRENTICESHIP REBOOT
+ REFOCUS POLYTECHNIC SECTOR ON SKILLS FOR REGIONS
+ INCREASED YOUTH GUARANTEE PLACES
+ EXPAND TRADES AND SERVICES ACADEMIES' FLEXIBLE SCHOOL-BASED PROVISION
+ MINING AND PETROLEUM WORKPLACE SAFETY REFORM
+ PETROLEUM BLOCK OFFERS
+ PRIMARY GROWTH PARTNERSHIP TO LIFT PRIVATE SECTOR INVESTMENT IN INNOVATION

PEOPLE	Taranaki	NZ	% of NZ
Population	110,100	4,433,100	2.5%
Share of population (%): 0–14 years	21	20	
15–24 years	13	14	
25–64 years	50	52	
65 years+	16	14	
Projected population growth, 2012–2031 (% p.a.)	0.1	0.8	

HOUSEHOLDS	Taranaki	NZ	% of NZ
Household income, annual average (nearest $100)	81,800	80,600	
Rental cost, annual average (nearest $100)	14,700	17,900	
Rent share of household income (%)	18	22	
Employment (number of filled jobs)	49,150	1,926,580	2.6%
Employment growth, 2002–2012 (% p.a.)	1.7	1.4	
Employment rate (% share of population)	66	64	
Unemployment rate (% of labour force)	4.6	6.9	

KEY INFRASTRUCTURE	Taranaki	NZ
Broadband internet (% of households, 2009)	55	63
Road density (length per 1,000 km² area, 2010)	532	215
Heavy vehicle km travelled per km of network (2011)	167,959	97,686

INTERNATIONAL CONNECTIONS	Taranaki	NZ	% of NZ
Cargo traded through regional ports ($m): Exports	2,690	48,076	6%
Imports	362	47,037	1%
International tourism spending: $m	52	5,566	1%
% of household income	2	5	
International migration, 2002–2012 average (per 100,000)	-5	309	

SKILLS AND INNOVATION	Taranaki	NZ
18-year-olds attaining min. NCEA L2 or equivalent (%, 2011)	76	74
Patent applications (per million heads, 2009)	37	74
High-growth firms (per 1,000 firms, 2011)	13	20

INDUSTRY MIX OF JOBS	Number	Share of all jobs Taranaki	NZ
Agriculture, Forestry and Fishing	3,720	8%	6%
Dairy	*2,410*	5%	1%
Sheep, beef cattle and grain farming	*390*	1%	1%
Horticulture (inc. viticulture)	*233*	0%	1%
Fishing and aquaculture	*12*	0%	0%
Forestry and logging	*33*	0%	0%
Other	*642*	1%	1%
Mining	1,090	2%	0%
Manufacturing	8,580	17%	11%
Food and beverage	*4,330*	9%	4%
Wood, paper and printing	*645*	1%	2%
Chemicals, minerals and metal	*2,202*	4%	3%
Transport and machinery equipment	*1,222*	2%	2%
Other	*181*	0%	1%
Electricity, Gas, Water and Waste Services	570	1%	1%
Construction	3,980	8%	6%
Wholesale Trade	1,520	3%	5%
Retail Trade	5,060	10%	10%
Accommodation and Food Services	3,180	6%	7%
Transport, Postal and Warehousing	1,940	4%	4%
Information Media and Telecommunications	610	1%	2%
Financial and Insurance Services	670	1%	3%
Rental, Hiring and Real Estate Services	660	1%	1%
Professional, Scientific and Technical Services	2,370	5%	8%
Administrative and Support Services	1,860	4%	5%
Public Administration and Safety	1,640	3%	6%
Education and Training	3,760	8%	9%
Health Care and Social Assistance	5,420	11%	11%
Arts and Recreation Services	800	2%	2%
Other Services	1,710	3%	3%

AVERAGE HOUSEHOLD INCOME

$81,800

All data refers to 2012, unless otherwise stated

Source: Statistics New Zealand, Ministry of Business, Innovation and Employment, NZ Transport Agency, Ministry of Education, NZ Institute of Economic Research (most recent data available)

Manawatū-Wanganui

MANAWATŪ-WANGANUI MAKES UP AROUND FIVE PERCENT OF NEW ZEALAND'S ECONOMY IN EMPLOYMENT TERMS. IT IS A REGION THAT INCLUDES LOCAL ECONOMIES WITH DIVERGENT ACTIVITIES, POPULATIONS AND ECONOMIC OUTCOMES. THE SOUTH-EAST OF THE REGION SURROUNDS PALMERSTON NORTH CITY WHILE THE NORTH-WEST HAS WANGANUI AS ITS CENTRE.

Overall, the region has experienced the lowest level of employment growth in New Zealand in the last decade and has low average incomes. Parts of the region have a large seasonal workforce, and young people in the Wanganui district have lower levels of qualifications. Employment has also been falling in agriculture, forestry and fishing, and manufacturing, as these sectors become more capital intensive and productive.

On the other hand, the region has a comparative advantage in science and research and development, with Massey University, the Riddet Institute Centre of Research Excellence (food and digestion science) and Fonterra's research and development centre all located in Palmerston North. Together, these institutions provide strong research and development specialities in biotechnology, agricultural technology, animal health, food and human wellbeing.

Government investment in education, health and defence is also a strong driver of the regional economy and has supported the development of related industries, for example, in the aviation and logistics sectors.

Overall, the region has experienced the lowest level of employment growth in New Zealand in the last decade and has low average incomes.

Outside of the cities, a substantial primary industries base dominates, specialising in sheep, beef and increasingly dairy farming (which earns higher returns). However, farmers are now facing constraints to further converting land to dairy. Freshwater supplies have been compromised and now have some of the highest nutrient concentrations in the country. The Horizons Regional Council is proposing increased regulations to address the issue.

The challenges and opportunities for the Manawatū-Wanganui region in the future will include finding ways to balance greater agricultural specialisation within current resource constraints (especially water quality), continuing to commercialise ideas from the region's extensive science and research base and developing the region's higher-value industries to create an enduring range and depth of new job opportunities.

EXAMPLES OF BUSINESS GROWTH AGENDA ACTIONS OF PARTICULAR RELEVANCE TO MANAWATŪ-WANGANUI

+ IMPROVE RESILIENCE OF THE MANAWATŪ GORGE
+ WELLINGTON AIRPORT TO LEVIN ROAD OF NATIONAL SIGNIFICANCE
+ ULTRA-FAST BROADBAND IN PALMERSTON NORTH, WANGANUI, FEILDING, LEVIN
+ RURAL BROADBAND UPGRADE THROUGH MANAWATŪ-WANGANUI
+ NATIONAL CYCLE TRAIL
+ NATIONAL SCIENCE CHALLENGES
+ FOOD INNOVATION NETWORK
+ DEVELOPMENT OF NEW ZEALAND APPRENTICESHIPS AND APPRENTICESHIP REBOOT
+ REFOCUS POLYTECHNIC SECTOR ON SKILLS FOR REGIONS
+ INCREASED YOUTH GUARANTEE PLACES
+ EXPAND TRADES AND SERVICES ACADEMIES' FLEXIBLE SCHOOL-BASED PROVISION
+ LIFT MĀORI SCHOOL LEAVER ACHIEVEMENT
+ MĀORI TRADES TRAINING
+ FRESHWATER REFORM
+ PRIMARY GROWTH PARTNERSHIP TO LIFT PRIVATE SECTOR INVESTMENT IN INNOVATION
+ CENTRE FOR GREENHOUSE GAS RESEARCH
+ DOUBLE VALUE OF INTERNATIONAL EDUCATION BY 2025

PEOPLE	Manawatū-Wanganui	NZ	% of NZ
Population	232,500	4,433,100	5.2%
Share of population (%): 0–14 years	20	20	
15–24 years	16	14	
25–64 years	48	52	
65 years+	16	14	
Projected population growth, 2012–2031 (% p.a.)	0.2	0.8	

HOUSEHOLDS	Manawatū-Wanganui	NZ	% of NZ
Household income, annual average (nearest $100)	66,000	80,600	
Rental cost, annual average (nearest $100)	12,300	17,900	
Rent share of household income (%)	19	22	
Employment (number of filled jobs)	95,190	1,926,580	4.9%
Employment growth, 2002–2012 (% p.a.)	0.3	1.4	
Employment rate (% share of population)	61	64	
Unemployment rate (% of labour force)	8.3	6.9	

KEY INFRASTRUCTURE	Manawatū-Wanganui	NZ
Broadband internet (% of households, 2009)	47	63
Road density (length per 1,000 km² area, 2010)	391	215
Heavy vehicle km travelled per km of network (2011)	176,225	97,686

INTERNATIONAL CONNECTIONS	Manawatū-Wanganui	NZ	% of NZ
Cargo traded through regional ports ($m): Exports	–	48,076	0%
Imports	–	47,037	0%
International tourism spending: $m	79	5,566	1%
% of household income	1	5	
International migration, 2002–2012 average (per 100,000)	-22	309	

SKILLS AND INNOVATION	Manawatū-Wanganui	NZ
18-year-olds attaining min. NCEA L2 or equivalent (%, 2011)	74	74
Patent applications (per million heads, 2009)	50	74
High-growth firms (per 1,000 firms, 2011)	19	20

INDUSTRY MIX OF JOBS	Number	Share of all jobs: Manawatū-Wanganui	Share of all jobs: NZ
Agriculture, Forestry and Fishing	8,650	9%	6%
Dairy	*2,080*	2%	1%
Sheep, beef cattle and grain farming	*3,120*	3%	1%
Horticulture (inc. viticulture)	*980*	1%	1%
Fishing and aquaculture	*3*	0%	0%
Forestry and logging	*295*	0%	0%
Other	*2,172*	2%	1%
Mining	95	0%	0%
Manufacturing	10,100	11%	11%
Food and beverage	*4,108*	4%	4%
Wood, paper and printing	*1,040*	1%	2%
Chemicals, minerals and metal	*2,002*	2%	3%
Transport and machinery equipment	*1,423*	1%	2%
Other	*1,527*	2%	1%
Electricity, Gas, Water and Waste Services	630	1%	1%
Construction	5,720	6%	6%
Wholesale Trade	4,200	4%	5%
Retail Trade	10,630	11%	10%
Accommodation and Food Services	6,000	6%	7%
Transport, Postal and Warehousing	3,280	3%	4%
Information Media and Telecommunications	950	1%	2%
Financial and Insurance Services	1,370	1%	3%
Rental, Hiring and Real Estate Services	1,100	1%	1%
Professional, Scientific and Technical Services	4,070	4%	8%
Administrative and Support Services	3,190	3%	5%
Public Administration and Safety	8,400	9%	6%
Education and Training	9,930	10%	9%
Health Care and Social Assistance	12,180	13%	11%
Arts and Recreation Services	1,550	2%	2%
Other Services	3,130	3%	3%

AVERAGE HOUSEHOLD INCOME

$66,000

All data refers to 2012, unless otherwise stated

Source: Statistics New Zealand, Ministry of Business, Innovation and Employment, NZ Transport Agency, Ministry of Education, NZ Institute of Economic Research (most recent data available)

Wellington

THE WELLINGTON REGION ACCOUNTS FOR OVER 12 PERCENT OF THE NEW ZEALAND ECONOMY IN EMPLOYMENT TERMS, SIMILAR TO CANTERBURY. AS THE SEAT OF GOVERNMENT, IT IS PRIMARILY AN URBAN REGION, WITH ITS DISTRICTS IN THE WAIRARAPA PROVIDING A MORE RURAL COMPLEMENT.

The region has high average household incomes (and when housing costs are considered, residents have the highest incomes in New Zealand). A high proportion of its population are also employed, although its employment and population growth is somewhat less than the national average.

Wellington has a range of important national functions in line with its role as a capital city, including providing institutional connections with the rest of the world.

It has developed strengths in related sectors such as information communications and technology, finance and insurance, and business services. It is home to the head offices of many firms in these sectors.

It also has a range of tertiary education and research institutions, including the new Callaghan Innovation and three existing Crown research institutes. As a consequence, Wellington has the highest proportion of people employed in knowledge-intensive services amongst all of New Zealand's regions. Its residents are also better qualified than residents in other New Zealand regions.

...Wellington has the highest proportion of people employed in knowledge-intensive services amongst all of New Zealand's regions.

Wellington has a higher proportion of working-age people than any other New Zealand region, offering education and employment opportunities that are attractive to people from New Zealand and around the world.

Typical of regions that are home to capital cities, Wellington has one of the lowest levels of export-oriented employment in New Zealand. However, in 2012, Wellington had the fourth highest international visitor spend of any region, and this is growing.

To build resilience in the Wellington economy, there are opportunities to internationalise Wellington's professional business service firms, which are currently focused on government as the key client; continue to improve tourism takings; and commercialise science and research and development.

EXAMPLES OF BUSINESS GROWTH AGENDA ACTIONS OF PARTICULAR RELEVANCE TO WELLINGTON

+ WELLINGTON AIRPORT TO LEVIN ROAD OF NATIONAL SIGNIFICANCE
+ WELLINGTON COMMUTER RAIL UPGRADE
+ ULTRA-FAST BROADBAND IN WELLINGTON, PORIRUA, HUTT, UPPER HUTT, KAPITI AND MASTERTON
+ RURAL BROADBAND UPGRADE THROUGH WAIRARAPA AND KAPITI COAST
+ DEVELOPMENT OF CALLAGHAN INNOVATION
+ NATIONAL SCIENCE CHALLENGES
+ DEVELOPMENT OF NEW ZEALAND APPRENTICESHIPS AND APPRENTICESHIP REBOOT
+ REFOCUS POLYTECHNIC SECTOR ON SKILLS FOR REGIONS
+ IRRIGATION FUNDING TO ENCOURAGE IRRIGATION DEVELOPMENT
+ SECURE EXPORT OPPORTUNITIES USING PUBLIC SECTOR INTELLECTUAL PROPERTY
+ PROMOTE COMMERCIAL SERVICES EXPORT PROJECTS
+ DOUBLE VALUE OF INTERNATIONAL EDUCATION BY 2025

PEOPLE

	Wellington	NZ	% of NZ
Population	490,100	4,433,100	11.1%
Share of population (%): 0–14 years	19	20	
15–24 years	15	14	
25–64 years	53	52	
65 years+	13	14	
Projected population growth, 2012–2031 (% p.a.)	0.5	0.8	

HOUSEHOLDS

	Wellington	NZ	% of NZ
Household income, annual average (nearest $100)	88,900	80,600	
Rental cost, annual average (nearest $100)	19,000	17,900	
Rent share of household income (%)	21	22	
Employment (number of filled jobs)	235,460	1,926,580	12.2%
Employment growth, 2002–2012 (% p.a.)	1.1	1.4	
Employment rate (% share of population)	66	64	
Unemployment rate (% of labour force)	6.9	6.9	

KEY INFRASTRUCTURE

	Wellington	NZ
Broadband internet (% of households, 2009)	69	63
Road density (length per 1,000 km² area, 2010)	504	215
Heavy vehicle km travelled per km of network (2011)	377,119	97,686

INTERNATIONAL CONNECTIONS

	Wellington	NZ	% of NZ
Cargo traded through regional ports ($m): Exports	1,108	48,076	2%
Imports	2,638	47,037	6%
International tourism spending: $m	463	5,566	8%
% of household income	3	5	
International migration, 2002–2012 average (per 100,000)	119	309	

SKILLS AND INNOVATION

	Wellington	NZ
18-year-olds attaining min. NCEA L2 or equivalent (%, 2011)	79	74
Patent applications (per million heads, 2009)	51	74
High-growth firms (per 1,000 firms, 2011)	25	20

INDUSTRY MIX OF JOBS

		Share of all jobs	
	Number	Wellington	NZ
Agriculture, Forestry and Fishing	3,290	1%	6%
Dairy	*500*	0%	1%
Sheep, beef cattle and grain farming	*920*	0%	1%
Horticulture (inc. viticulture)	*675*	0%	1%
Fishing and aquaculture	*75*	0%	0%
Forestry and logging	*275*	0%	0%
Other	*845*	0%	1%
Mining	290	0%	0%
Manufacturing	13,150	6%	11%
Food and beverage	*3,170*	1%	4%
Wood, paper and printing	*2,525*	1%	2%
Chemicals, minerals and metal	*3,828*	2%	3%
Transport and machinery equipment	*1,916*	1%	2%
Other	*1,711*	1%	1%
Electricity, Gas, Water and Waste Services	1,830	1%	1%
Construction	12,500	5%	6%
Wholesale Trade	8,430	4%	5%
Retail Trade	21,680	9%	10%
Accommodation and Food Services	16,210	7%	7%
Transport, Postal and Warehousing	8,140	3%	4%
Information Media and Telecommunications	6,750	3%	2%
Financial and Insurance Services	10,730	5%	3%
Rental, Hiring and Real Estate Services	2,610	1%	1%
Professional, Scientific and Technical Services	26,610	11%	8%
Administrative and Support Services	12,240	5%	5%
Public Administration and Safety	30,870	13%	6%
Education and Training	21,120	9%	9%
Health Care and Social Assistance	24,300	10%	11%
Arts and Recreation Services	5,780	2%	2%
Other Services	8,950	4%	3%

AVERAGE HOUSEHOLD INCOME

$88,900

All data refers to 2012, unless otherwise stated

Source: Statistics New Zealand, Ministry of Business, Innovation and Employment, NZ Transport Agency, Ministry of Education, NZ Institute of Economic Research (most recent data available)

Tasman

TASMAN COMPRISES A LITTLE LESS THAN ONE PERCENT OF THE NEW ZEALAND ECONOMY AND IS THE MOST RURAL OF OUR REGIONS, COMPLEMENTING NELSON. OVER A QUARTER OF ITS WORKFORCE IS EMPLOYED IN PRIMARY SECTOR BUSINESSES. PROCESSING OF THIS PRIMARY PRODUCE, TOURISM AND THE ARTS SECTORS MAKE TASMAN A HIGHLY EXPORT-ORIENTED REGION. HOWEVER, WORK IS ALSO QUITE SEASONAL, AND THERE IS RELIANCE ON MIGRANT LABOUR FOR SOME SECTORS.

Over half of Tasman's primary sector employment is in horticulture and fruit growing, with forestry and fishing also being important. Tasman's household incomes are relatively low because of the dominance of primary industries and other activities that employ high proportions of labour with elementary skills.

Current water resources are over-allocated in the Waimea basin, and water rationing has been a constraint on the local economy. The local council is planning a major investment in the Lee Valley dam to address this.

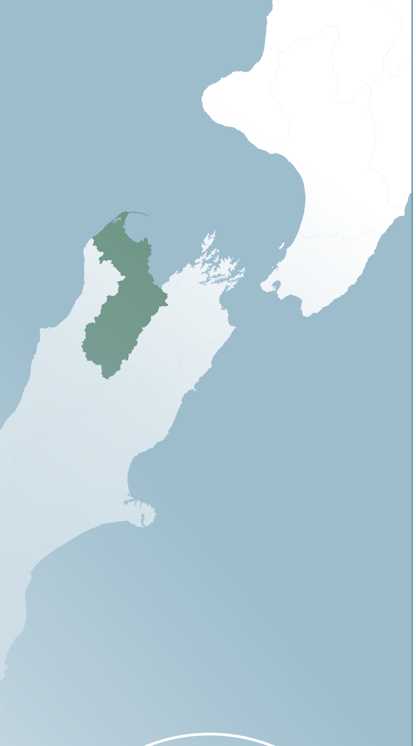
With high sunshine hours, good-quality water and soils, aquaculture and fishing activities in the Golden and Tasman Bays and the introduction of new varieties of horticulture and aquaculture species, the region is well placed to contribute towards New Zealand's export targets. It is focusing on provision of high-quality food products to export markets like Asia.

There are also opportunities for tourism and services to contribute more to the economy, for consolidation and cooperation across small-scale enterprises and for increased forestry productivity through mechanisation, improved harvest methodologies and value-added manufacturing.

Over half of Tasman's primary sector employment is in horticulture and fruit growing...

EXAMPLES OF BUSINESS GROWTH AGENDA ACTIONS OF PARTICULAR RELEVANCE TO TASMAN

+ RURAL BROADBAND UPGRADE ACROSS TASMAN
+ NATIONAL CYCLE TRAIL
+ DEVELOPMENT OF NEW ZEALAND APPRENTICESHIPS AND APPRENTICESHIP REBOOT
+ REFOCUS POLYTECHNIC SECTOR ON SKILLS FOR REGIONS
+ PRIMARY GROWTH PARTNERSHIP TO LIFT PRIVATE SECTOR INVESTMENT IN INNOVATION
+ IRRIGATION DEVELOPMENT FUNDING
+ AQUACULTURE REFORMS
+ GROW BUSINESS OPPORTUNITIES ON CONSERVATION LAND



PEOPLE	Tasman	NZ	% of NZ
Population	48,400	4,433,100	1.1%
Share of population (%): 0–14 years	20	20	
15–24 years	11	14	
25–64 years	52	52	
65 years+	17	14	
Projected population growth, 2012–2031 (% p.a.)	0.6	0.8	

HOUSEHOLDS	Tasman	NZ	% of NZ
Household income, annual average (nearest $100)	54,000	80,600	
Rental cost, annual average (nearest $100)	16,200	17,900	
Rent share of household income (%)	30	22	
Employment (number of filled jobs)	18,180	1,926,580	0.9%
Employment growth, 2002–2012 (% p.a.)	0.5	1.4	
Employment rate (% share of population)	64	64	
Unemployment rate (% of labour force)	5.2	6.9	

KEY INFRASTRUCTURE	Tasman	NZ
Broadband internet (% of households, 2009)	56	63
Road density (length per 1,000 km² area, 2010)	181	215
Heavy vehicle km travelled per km of network (2011)	131,329	97,686

INTERNATIONAL CONNECTIONS	Tasman	NZ	% of NZ
Cargo traded through regional ports ($m): Exports	–	48,076	0%
Imports	–	47,037	0%
International tourism spending: $m	64	5,566	1%
% of household income	7	5	
International migration, 2002–2012 average (per 100,000)	-209	309	

SKILLS AND INNOVATION	Tasman	NZ
18-year-olds attaining min. NCEA L2 or equivalent (%, 2011)	73	74
Patent applications (per million heads, 2009)	39	74
High-growth firms (per 1,000 firms, 2011)	15	20

INDUSTRY MIX OF JOBS	Number	Share of all jobs Tasman	Share of all jobs NZ
Agriculture, Forestry and Fishing	4,290	24%	6%
Dairy	*330*	2%	1%
Sheep, beef cattle and grain farming	*360*	2%	1%
Horticulture (inc. viticulture)	*2,735*	15%	1%
Fishing and aquaculture	*55*	0%	0%
Forestry and logging	*445*	2%	0%
Other	*365*	2%	1%
Mining	55	0%	0%
Manufacturing	2,530	14%	11%
Food and beverage	*1,104*	6%	4%
Wood, paper and printing	*795*	4%	2%
Chemicals, minerals and metal	*412*	2%	3%
Transport and machinery equipment	*195*	1%	2%
Other	*24*	0%	1%
Electricity, Gas, Water and Waste Services	120	1%	1%
Construction	1,040	6%	6%
Wholesale Trade	450	2%	5%
Retail Trade	2,060	11%	10%
Accommodation and Food Services	1,470	8%	7%
Transport, Postal and Warehousing	780	4%	4%
Information Media and Telecommunications	160	1%	2%
Financial and Insurance Services	240	1%	3%
Rental, Hiring and Real Estate Services	270	1%	1%
Professional, Scientific and Technical Services	810	4%	8%
Administrative and Support Services	550	3%	5%
Public Administration and Safety	300	2%	6%
Education and Training	1,060	6%	9%
Health Care and Social Assistance	1,200	7%	11%
Arts and Recreation Services	310	2%	2%
Other Services	470	3%	3%

AVERAGE HOUSEHOLD INCOME

$54,000

All data refers to 2012, unless otherwise stated

Source: Statistics New Zealand, Ministry of Business, Innovation and Employment, NZ Transport Agency, Ministry of Education, NZ Institute of Economic Research (most recent data available)

Nelson

NELSON MAKES UP JUST OVER ONE PERCENT OF THE NEW ZEALAND ECONOMY, PROVIDING AN URBAN COMPLEMENT TO THE TASMAN AND MARLBOROUGH REGIONS. IT HAS HIGH AVERAGE HOUSEHOLD INCOMES AND EMPLOYMENT RATES. HOWEVER, JOB NUMBERS IN NELSON HAVE GROWN ONLY AT ABOUT THE NATIONAL AVERAGE (BECAUSE OF THE OLDER AGE PROFILE AND SLOWER GROWTH OF ITS POPULATION).

The Nelson region is the smallest of New Zealand's regions (by population and land area). It is really a city, with the Tasman and Marlborough regions providing its hinterland.

Like Tasman and Marlborough, Nelson has opportunities to add value to primary products and for smaller-scale enterprises to work together to grow and to export.

Although it is small, Nelson has developed economic activity in diverse sectors as well as some specialisations. It provides services for Tasman and Marlborough people and businesses and has particular strengths in marine construction and aviation manufacturing and almost one-third of New Zealand's fishing and aquaculture.

Like Tasman and Marlborough, Nelson has opportunities to add value to primary products and for smaller-scale enterprises to work together to grow and to export. There are encouraging signs of this between the natural products and nutraceutical contract manufacturers and extraction companies that operate in the region.

Nelson people have relatively high secondary school achievement levels, with the second highest NCEA level 2 pass rate in New Zealand. The challenge is to leverage off these to develop skills for the future – both growth in a diverse range of businesses and the future needs of its ageing population.

EXAMPLES OF BUSINESS GROWTH AGENDA ACTIONS OF PARTICULAR RELEVANCE TO NELSON

+ ULTRA-FAST BROADBAND ACROSS NELSON
+ NATIONAL CYCLE TRAIL
+ DEVELOPMENT OF NEW ZEALAND APPRENTICESHIPS AND APPRENTICESHIP REBOOT
+ REFOCUS POLYTECHNIC SECTOR ON SKILLS FOR REGIONS
+ NATIONAL SCIENCE CHALLENGES
+ PRIMARY GROWTH PARTNERSHIP TO LIFT PRIVATE SECTOR INVESTMENT IN INNOVATION
+ IRRIGATION DEVELOPMENT FUNDING
+ AQUACULTURE REFORMS
+ GROW BUSINESS OPPORTUNITIES ON CONSERVATION LAND

PEOPLE	Nelson	NZ	% of NZ
Population	46,600	4,433,100	1.1%
Share of population (%): 0–14 years	19	20	
15–24 years	13	14	
25–64 years	52	52	
65 years+	16	14	
Projected population growth, 2012–2031 (% p.a.)	0.5	0.8	

HOUSEHOLDS	Nelson	NZ	% of NZ
Household income, annual average (nearest $100)	90,600	80,600	
Rental cost, annual average (nearest $100)	16,200	17,900	
Rent share of household income (%)	18	22	
Employment (number of filled jobs)	24,890	1,926,580	1.3%
Employment growth, 2002–2012 (% p.a.)	1.3	1.4	
Employment rate (% share of population)	64	64	
Unemployment rate (% of labour force)	5.2	6.9	

KEY INFRASTRUCTURE	Nelson	NZ
Broadband internet (% of households, 2009)	56	63
Road density (length per 1,000 km² area, 2010)	181	215
Heavy vehicle km travelled per km of network (2011)	131,329	97,686

INTERNATIONAL CONNECTIONS	Nelson	NZ	% of NZ
Cargo traded through regional ports ($m): Exports	877	48,076	2%
Imports	286	47,037	1%
International tourism spending: $m	64	5,566	1%
% of household income	4	5	
International migration, 2002–2012 average (per 100,000)	330	309	

SKILLS AND INNOVATION	Nelson	NZ
18-year-olds attaining min. NCEA L2 or equivalent (%, 2011)	80	74
Patent applications (per million heads, 2009)	39	74
High-growth firms (per 1,000 firms, 2011)	21	20

		Share of all jobs	
INDUSTRY MIX OF JOBS	Number	Nelson	NZ
Agriculture, Forestry and Fishing	1,000	4%	6%
Dairy	*9*	0%	1%
Sheep, beef cattle and grain farming	*12*	0%	1%
Horticulture (inc. viticulture)	*179*	1%	1%
Fishing and aquaculture	*755*	3%	0%
Forestry and logging	*28*	0%	0%
Other	*17*	0%	1%
Mining	0	0%	0%
Manufacturing	2,660	11%	11%
Food and beverage	*1,413*	6%	4%
Wood, paper and printing	*385*	2%	2%
Chemicals, minerals and metal	*294*	1%	3%
Transport and machinery equipment	*366*	1%	2%
Other	*202*	1%	1%
Electricity, Gas, Water and Waste Services	50	0%	1%
Construction	1,390	6%	6%
Wholesale Trade	1,110	4%	5%
Retail Trade	2,950	12%	10%
Accommodation and Food Services	1,960	8%	7%
Transport, Postal and Warehousing	1,090	4%	4%
Information Media and Telecommunications	340	1%	2%
Financial and Insurance Services	370	1%	3%
Rental, Hiring and Real Estate Services	290	1%	1%
Professional, Scientific and Technical Services	1,450	6%	8%
Administrative and Support Services	1,620	7%	5%
Public Administration and Safety	890	4%	6%
Education and Training	2,370	10%	9%
Health Care and Social Assistance	3,830	15%	11%
Arts and Recreation Services	480	2%	2%
Other Services	1,060	4%	3%

AVERAGE HOUSEHOLD INCOME

$90,600

All data refers to 2012, unless otherwise stated

Source: Statistics New Zealand, Ministry of Business, Innovation and Employment, NZ Transport Agency, Ministry of Education, NZ Institute of Economic Research (most recent data available)

Marlborough

MARLBOROUGH MAKES UP JUST OVER ONE PERCENT OF THE NATIONAL ECONOMY. IT IS A HIGHLY EXPORT-FOCUSED PRODUCER OF PRIMARY PRODUCTS, WITH SOME SIMILARITIES TO TASMAN, THE OTHER REGION WITH STRONG LINKS TO NELSON. HOWEVER, MARLBOROUGH HAS BEEN GROWING FASTER AND HAS RELATIVELY HIGH INCOMES. RETIRED PEOPLE ARE ATTRACTED TO THE REGION'S CLIMATE AND NATURAL AMENITIES, AND IT NOW HAS THE HIGHEST PROPORTION OF PEOPLE AGED 65 AND OVER OF ALL REGIONS.

Employment growth in Marlborough appears to have been driven by productivity improvements obtained from changing land uses and population inflows to the region.

A fifth of Marlborough's workforce is employed in the primary sector. However, over the last decade, the region has successfully converted most of the land formerly dedicated to cropping and stone fruit orchards to viticulture so that Marlborough is now New Zealand's largest wine-growing region.

It has also diversified into manufacturing and services businesses that leverage off primary sector activities. There has been an increase in technology-based and consultancy businesses providing services to farming and in forestry processing. Aquaculture, aviation and tourism are also important sectors in Marlborough. Construction and services have been growing with the population.

Marlborough's economic activities are quite reliant on seasonal labour and are highly export oriented.

Marlborough is now New Zealand's largest wine-growing region.

Marlborough has a range of sources of growth and the potential to obtain further productivity improvements through consolidation and cooperation across its small-scale enterprises.

EXAMPLES OF BUSINESS GROWTH AGENDA ACTIONS OF PARTICULAR RELEVANCE TO MARLBOROUGH

+ ULTRA-FAST BROADBAND IN BLENHEIM
+ RURAL BROADBAND UPGRADE ACROSS MARLBOROUGH
+ CLIFFORD BAY FERRY TERMINAL INVESTIGATION
+ NATIONAL CYCLE TRAIL
+ DEVELOPMENT OF NEW ZEALAND APPRENTICESHIPS AND APPRENTICESHIP REBOOT
+ REFOCUS POLYTECHNIC SECTOR ON SKILLS FOR REGIONS
+ PRIMARY GROWTH PARTNERSHIP TO LIFT PRIVATE SECTOR INVESTMENT IN INNOVATION
+ AQUACULTURE REFORMS
+ NEW RENT SETTING FOR HIGH COUNTRY CROWN PASTORAL LAND
+ GROW BUSINESS OPPORTUNITIES ON CONSERVATION LAND
+ HIGH-IMPACT MULTI-FIRM MARKET DEVELOPMENT PROGRAMME FOR WINE

PEOPLE	Marlborough	NZ	% of NZ
Population	45,700	4,433,100	1.0%
Share of population (%): 0–14 years	18	20	
15–24 years	11	14	
25–64 years	52	52	
65 years+	20	14	
Projected population growth, 2012–2031 (% p.a.)	0.4	0.8	

HOUSEHOLDS	Marlborough	NZ	% of NZ
Household income, annual average (nearest $100)	73,500	80,600	
Rental cost, annual average (nearest $100)	14,500	17,900	
Rent share of household income (%)	20	22	
Employment (number of filled jobs)	20,700	1,926,580	1.1%
Employment growth, 2002–2012 (% p.a.)	1.4	1.4	
Employment rate (% share of population)	64	64	
Unemployment rate (% of labour force)	5.2	6.9	

KEY INFRASTRUCTURE	Marlborough	NZ
Broadband internet (% of households, 2009)	56	63
Road density (length per 1,000 km² area, 2010)	181	215
Heavy vehicle km travelled per km of network (2011)	131,329	97,686

INTERNATIONAL CONNECTIONS	Marlborough	NZ	% of NZ
Cargo traded through regional ports ($m): Exports	52	48,076	0%
Imports	0	47,037	0%
International tourism spending: $m	84	5,566	2%
% of household income	7	5	
International migration, 2002–2012 average (per 100,000)	-35	309	

SKILLS AND INNOVATION	Marlborough	NZ
18-year-olds attaining min. NCEA L2 or equivalent (%, 2011)	77	74
Patent applications (per million heads, 2009)	39	74
High-growth firms (per 1,000 firms, 2011)	15	20

		Share of all jobs	
INDUSTRY MIX OF JOBS	Number	Marlborough	NZ
Agriculture, Forestry and Fishing	3,680	18%	6%
Dairy	*110*	1%	1%
Sheep, beef cattle and grain farming	*270*	1%	1%
Horticulture (inc. viticulture)	*1,348*	7%	1%
Fishing and aquaculture	*230*	1%	0%
Forestry and logging	*155*	1%	0%
Other	*1,567*	8%	1%
Mining	50	0%	0%
Manufacturing	3,420	17%	11%
Food and beverage	*2,459*	12%	4%
Wood, paper and printing	*165*	1%	2%
Chemicals, minerals and metal	*292*	1%	3%
Transport and machinery equipment	*407*	2%	2%
Other	*97*	0%	1%
Electricity, Gas, Water and Waste Services	170	1%	1%
Construction	1,210	6%	6%
Wholesale Trade	530	3%	5%
Retail Trade	2,250	11%	10%
Accommodation and Food Services	1,700	8%	7%
Transport, Postal and Warehousing	860	4%	4%
Information Media and Telecommunications	210	1%	2%
Financial and Insurance Services	250	1%	3%
Rental, Hiring and Real Estate Services	360	2%	1%
Professional, Scientific and Technical Services	620	3%	8%
Administrative and Support Services	630	3%	5%
Public Administration and Safety	1,020	5%	6%
Education and Training	1,190	6%	9%
Health Care and Social Assistance	1,720	8%	11%
Arts and Recreation Services	250	1%	2%
Other Services	540	3%	3%

AVERAGE HOUSEHOLD INCOME

$73,500

All data refers to 2012, unless otherwise stated

Source: Statistics New Zealand, Ministry of Business, Innovation and Employment, NZ Transport Agency, Ministry of Education, NZ Institute of Economic Research (most recent data available)

West Coast

THE WEST COAST MAKES UP LESS THAN ONE PERCENT OF NEW ZEALAND'S POPULATION AND WORKFORCE. THE REGION SPANS THE GREATEST DISTANCE IN NEW ZEALAND, EQUIVALENT TO THE DISTANCE FROM AUCKLAND TO WELLINGTON. EIGHTY-FIVE PERCENT OF ITS LAND IS PART OF THE NATIONAL CONSERVATION ESTATE AND NOT AVAILABLE FOR COMMERCIAL USE.

Over the last decade, average household incomes on the West Coast have grown so that they are now amongst the highest in New Zealand. The region has also experienced significantly higher than average growth in jobs.

The West Coast economy is driven by mining, dairying and tourism. Mining directly employs about 10 percent of the region's workforce and dairying about six percent, but together, these high-value, capital-intensive activities are likely to generate over half of the region's income.

By contrast, accommodation and café services – some of which are tourism related – earn lower returns but employ about one-fifth of the workforce.

Together, these businesses make the West Coast highly export oriented. High world prices for minerals and dairy milk have so far protected the West Coast region from the effects of the Global Financial Crisis.

The West Coast is likely to remain a small and relatively isolated region with some natural resource advantages. It has a low proportion of younger people under 40, and the population is forecast to grow only slightly by 2031. The region's secondary school education rates are also the lowest in New Zealand.

To offset this and build resilience to external shocks on the local economy, the challenge for the West Coast is to diversify economic activity. This might include continuing to develop technology and services for the mining and dairying industries and building off knowledge and technology developed for mining and dairy and applying it to other industries.

High world prices for minerals and dairy milk have so far protected the West Coast region from the effects of the Global Financial Crisis.

EXAMPLES OF BUSINESS GROWTH AGENDA ACTIONS OF PARTICULAR RELEVANCE TO WEST COAST

+ ULTRA-FAST BROADBAND IN GREYMOUTH
+ RURAL BROADBAND UPGRADE ACROSS WEST COAST
+ NATIONAL CYCLE TRAIL
+ DEVELOPMENT OF NEW ZEALAND APPRENTICESHIPS AND APPRENTICESHIP REBOOT
+ REFOCUS POLYTECHNIC SECTOR ON SKILLS FOR REGIONS
+ INCREASED YOUTH GUARANTEE PLACES
+ EXPAND TRADES AND SERVICES ACADEMIES' FLEXIBLE SCHOOL-BASED PROVISION
+ MINING AND PETROLEUM WORKPLACE SAFETY REFORM
+ GROW BUSINESS OPPORTUNITIES ON CONSERVATION LAND
+ PRIMARY GROWTH PARTNERSHIP TO LIFT PRIVATE SECTOR INVESTMENT IN INNOVATION

PEOPLE	West Coast	NZ	% of NZ
Population	32,900	4,433,100	0.7%
Share of population (%): 0–14 years	19	20	
15–24 years	12	14	
25–64 years	53	52	
65 years+	17	14	
Projected population growth, 2012–2031 (% p.a.)	0.1	0.8	

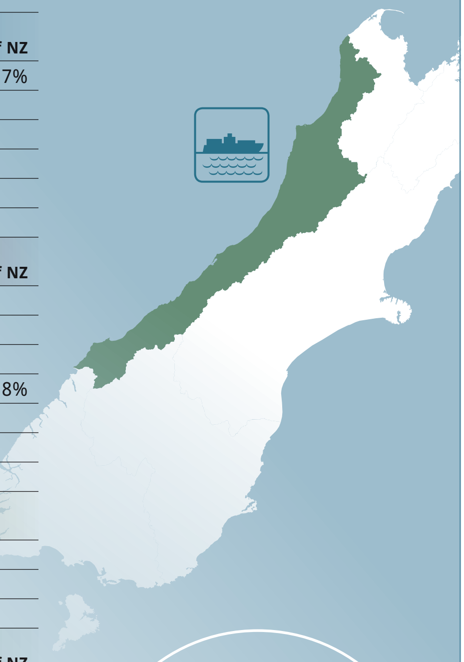
HOUSEHOLDS	West Coast	NZ	% of NZ
Household income, annual average (nearest $100)	86,000	80,600	
Rental cost, annual average (nearest $100)	13,300	17,900	
Rent share of household income (%)	15	22	
Employment (number of filled jobs)	15,570	1,926,580	0.8%
Employment growth, 2002–2012 (% p.a.)	2.4	1.4	
Employment rate (% share of population)	64	64	
Unemployment rate (% of labour force)	5.2	6.9	

KEY INFRASTRUCTURE	West Coast	NZ
Broadband internet (% of households, 2009)	56	63
Road density (length per 1,000 km² area, 2010)	104	215
Heavy vehicle km travelled per km of network (2011)	131,329	97,686

INTERNATIONAL CONNECTIONS	West Coast	NZ	% of NZ
Cargo traded through regional ports ($m): Exports	–	48,076	0%
Imports	–	47,037	0%
International tourism spending: $m	128	5,566	2%
% of household income	13	5	
International migration, 2002–2012 average (per 100,000)	19	309	

SKILLS AND INNOVATION	West Coast	NZ
18-year-olds attaining min. NCEA L2 or equivalent (%, 2011)	62	74
Patent applications (per million heads, 2009)	31	74
High-growth firms (per 1,000 firms, 2011)	0	20

		Share of all jobs	
INDUSTRY MIX OF JOBS	Number	West Coast	NZ
Agriculture, Forestry and Fishing	1,270	8%	6%
Dairy	*910*	6%	1%
Sheep, beef cattle and grain farming	*70*	0%	1%
Horticulture (inc. viticulture)	*57*	0%	1%
Fishing and aquaculture	*20*	0%	0%
Forestry and logging	*85*	1%	0%
Other	*128*	1%	1%
Mining	1,570	10%	0%
Manufacturing	1,460	9%	11%
Food and beverage	*695*	4%	4%
Wood, paper and printing	*195*	1%	2%
Chemicals, minerals and metal	*237*	2%	3%
Transport and machinery equipment	*238*	2%	2%
Other	*95*	1%	1%
Electricity, Gas, Water and Waste Services	65	0%	1%
Construction	1,470	9%	6%
Wholesale Trade	360	2%	5%
Retail Trade	1,600	10%	10%
Accommodation and Food Services	1,940	12%	7%
Transport, Postal and Warehousing	710	5%	4%
Information Media and Telecommunications	140	1%	2%
Financial and Insurance Services	150	1%	3%
Rental, Hiring and Real Estate Services	140	1%	1%
Professional, Scientific and Technical Services	490	3%	8%
Administrative and Support Services	330	2%	5%
Public Administration and Safety	470	3%	6%
Education and Training	1,010	6%	9%
Health Care and Social Assistance	1,640	11%	11%
Arts and Recreation Services	380	2%	2%
Other Services	380	2%	3%



AVERAGE HOUSEHOLD INCOME
$86,000

All data refers to 2012, unless otherwise stated

Source: Statistics New Zealand, Ministry of Business, Innovation and Employment, NZ Transport Agency, Ministry of Education, NZ Institute of Economic Research (most recent data available)

Canterbury

CANTERBURY IS NEW ZEALAND'S LARGEST REGION BY AREA AND SECOND EQUAL IN TERMS OF ECONOMIC ACTIVITY. CHRISTCHURCH, THE REGION'S URBAN CENTRE, IS HOME TO NEARLY THREE-QUARTERS OF THE REGION'S PEOPLE AND AN IMPORTANT HUB FOR THE SOUTH ISLAND. THE CHRISTCHURCH EARTHQUAKES AND REBUILD, WHICH IS ESTIMATED TO COST $30 BILLION, HAVE HAD A NATIONAL AS WELL AS REGIONAL ECONOMIC IMPACT.

Canterbury and the Wellington region vie for the position of New Zealand's second biggest economy, being relatively equal in size (each between 12 and 13 percent of national employment). However, Canterbury's economic activity is more evenly distributed between the agriculture, manufacturing and services sectors.

Christchurch has national strengths in transport, machinery, and food and beverage manufacturing.

For most of the last decade, average household incomes earned in Canterbury have been slightly higher than the national average, and employment has been growing relatively strongly. Canterbury has been the magnetic pole for South Island residents moving region for work.

The region's agriculture sector is focused on dairy, sheep, beef and grain farming. There has been a rapid conversion of land to dairy farming in the region over the last decade, and Canterbury now has the highest average dairy herd size in New Zealand and correspondingly high productivity levels. Sixty-eight percent of New Zealand's freshwater is located in Canterbury. However, increased irrigation and management of nutrient runoff will be required to support further growth in dairy farming.

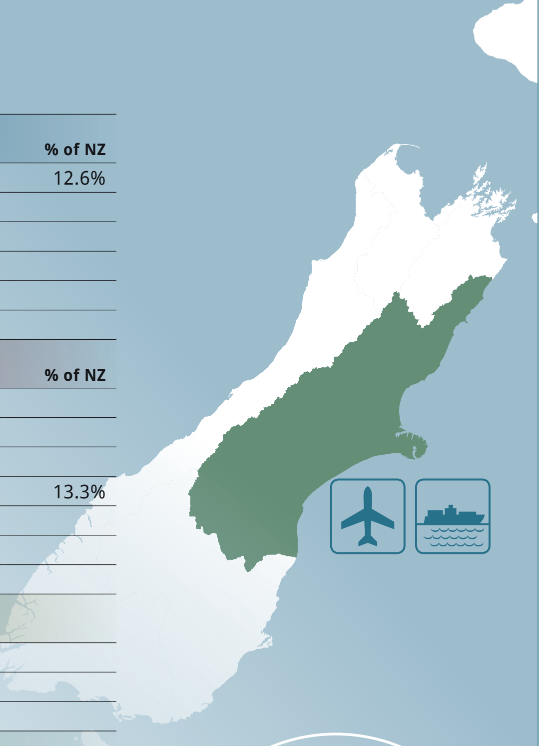
Christchurch City comprises about 70 percent of the region's economy. As well as providing services to the rest of the region, Christchurch has national strengths in transport, machinery, and food and beverage manufacturing. It has a high proportion of medium to high-tech manufacturing businesses, which are linked to a regional innovation system that includes several tertiary education providers and all of the country's Crown research institutions.

The 2010–2011 earthquakes killed more than 180 people and destroyed much of the Christchurch City centre and centres of nearby towns, such as Kaiapoi.

This resulted in net out-migration from the region and particularly affected the tourism and education sectors, which were previously comparative advantages for Christchurch. Despite this, the region's overall economic performance has dipped only slightly since the earthquakes – a positive sign that the region has been resilient and that earthquake-affected areas are recovering. The integral relationship between Canterbury's rural and urban economies also contributes to this resilience.

EXAMPLES OF BUSINESS GROWTH AGENDA ACTIONS OF PARTICULAR RELEVANCE TO CANTERBURY

+ CHRISTCHURCH REBUILD
+ CHRISTCHURCH MOTORWAYS ROADS OF NATIONAL SIGNIFICANCE
+ ULTRA-FAST BROADBAND IN CHRISTCHURCH, ROLLESTON, RANGIORA, ASHBURTON AND TIMARU
+ RURAL BROADBAND UPGRADE THROUGH CANTERBURY
+ NATIONAL CYCLE TRAIL
+ INVEST CHRISTCHURCH
+ CALLAGHAN INNOVATION
+ NATIONAL SCIENCE CHALLENGES
+ HEALTH INNOVATION HUB
+ LINCOLN HUB
+ ADDITIONAL CONSTRUCTION TRADES TRAINING PLACES
+ MĀORI AND PASIFIKA TRADES TRAINING
+ THE SKILLS AND EMPLOYMENT HUB
+ DEVELOPMENT OF NEW ZEALAND APPRENTICESHIPS AND APPRENTICESHIP REBOOT
+ REFOCUS POLYTECHNIC SECTOR ON SKILLS FOR REGIONS
+ FRESHWATER REFORM
+ IRRIGATION DEVELOPMENT FUNDING
+ PRIMARY GROWTH PARTNERSHIP TO LIFT PRIVATE SECTOR INVESTMENT IN INNOVATION
+ AQUACULTURE REFORMS
+ NEW RENT SETTING FOR HIGH COUNTRY CROWN PASTORAL LAND
+ NEGOTIATE AIR SERVICES AGREEMENTS TO BUILD TRANSPORT CONNECTIONS
+ CONVENTION CENTRE
+ SUPPORT RECOVERY OF CHRISTCHURCH EXPORT EDUCATION
+ HIGH-IMPACT MULTI-FIRM MARKET DEVELOPMENT PROGRAMME FOR WINE



PEOPLE

PEOPLE	Canterbury	NZ	% of NZ
Population	558,800	4,433,100	12.6%
Share of population (%): 0–14 years	18	20	
15–24 years	14	14	
25–64 years	52	52	
65 years+	16	14	
Projected population growth, 2012–2031 (% p.a.)	0.8	0.8	

HOUSEHOLDS

HOUSEHOLDS	Canterbury	NZ	% of NZ
Household income, annual average (nearest $100)	75,800	80,600	
Rental cost, annual average (nearest $100)	16,800	17,900	
Rent share of household income (%)	22	22	
Employment (number of filled jobs)	256,560	1,926,580	13.3%
Employment growth, 2002–2012 (% p.a.)	1.5	1.4	
Employment rate (% share of population)	65	64	
Unemployment rate (% of labour force)	5.5	6.9	

KEY INFRASTRUCTURE

KEY INFRASTRUCTURE	Canterbury	NZ
Broadband internet (% of households, 2009)	64	63
Road density (length per 1,000 km² area, 2010)	338	215
Heavy vehicle km travelled per km of network (2011)	177,300	97,686

INTERNATIONAL CONNECTIONS

INTERNATIONAL CONNECTIONS	Canterbury	NZ	% of NZ
Cargo traded through regional ports ($m): Exports	8,727	48,076	18%
Imports	4,383	47,037	9%
International tourism spending: $m	654	5,566	12%
% of household income	4	5	
International migration, 2002–2012 average (per 100,000)	351	309	

SKILLS AND INNOVATION

SKILLS AND INNOVATION	Canterbury	NZ
18-year-olds attaining min. NCEA L2 or equivalent (%, 2011)	76	74
Patent applications (per million heads, 2009)	80	74
High-growth firms (per 1,000 firms, 2011)	19	20

INDUSTRY MIX OF JOBS

		Share of all jobs	
INDUSTRY MIX OF JOBS	Number	Canterbury	NZ
Agriculture, Forestry and Fishing	14,360	6%	6%
Dairy	*4,550*	2%	1%
Sheep, beef cattle and grain farming	*3,320*	1%	1%
Horticulture (inc. viticulture)	*2,500*	1%	1%
Fishing and aquaculture	*460*	0%	0%
Forestry and logging	*390*	0%	0%
Other	*3,140*	1%	1%
Mining	580	0%	0%
Manufacturing	33,650	13%	11%
Food and beverage	*11,650*	5%	4%
Wood, paper and printing	*3,776*	1%	2%
Chemicals, minerals and metal	*6,924*	3%	3%
Transport and machinery equipment	*8,285*	3%	2%
Other	*3,015*	1%	1%
Electricity, Gas, Water and Waste Services	1,940	1%	1%
Construction	20,420	8%	6%
Wholesale Trade	13,700	5%	5%
Retail Trade	27,000	11%	10%
Accommodation and Food Services	16,320	6%	7%
Transport, Postal and Warehousing	12,220	5%	4%
Information Media and Telecommunications	3,600	1%	2%
Financial and Insurance Services	5,110	2%	3%
Rental, Hiring and Real Estate Services	3,930	2%	1%
Professional, Scientific and Technical Services	16,390	6%	8%
Administrative and Support Services	13,620	5%	5%
Public Administration and Safety	11,270	4%	6%
Education and Training	20,680	8%	9%
Health Care and Social Assistance	29,100	11%	11%
Arts and Recreation Services	4,350	2%	2%
Other Services	8,340	3%	3%

AVERAGE HOUSEHOLD INCOME

$75,800

All data refers to 2012, unless otherwise stated

Source: Statistics New Zealand, Ministry of Business, Innovation and Employment, NZ Transport Agency, Ministry of Education, NZ Institute of Economic Research (most recent data available)

THE CHRISTCHURCH EARTHQUAKES

Figures H to S illustrate the economic impact of the earthquakes that hit Christchurch in September 2010 and February 2011.

Two years on, Christchurch's population has stopped declining, and consumer spending and domestic trading activity are now increasing. Indicators are that the rebuild is contributing significantly to national as well as regional economic growth.

The earthquakes did not appear to affect the Canterbury agricultural sector. This probably explains why, despite the significant disruption and damage to the Lyttelton Port, exports from Canterbury reached their highest-ever levels in 2011 and are continuing to grow at rates well above ports in the rest of the country.

Manufacturing businesses were clearly affected but seem to have bounced back relatively quickly, with manufacturing activity now higher than national levels.

However, services activities were more tied to the city centre and some – such as tourism and international education – will take longer to recover.

Manufacturing businesses were clearly affected but seem to have bounced back relatively quickly...

A Greater Christchurch Recovery Strategy and Economic Recovery Programme are now in operation. These prioritise rebuilding the foundations for economic growth to ensure a flourishing commercial sector. The rebuild is estimated to cost $30 billion in private and public investment, including insurance. The Earthquake Commission and Canterbury Earthquake Recovery Fund is currently at $13 billion.[4]

4 According to the Half Year Economic and Fiscal Update 2012.

Regional building consents are now being issued at a rate well above the rest of New Zealand, commercial investor confidence is growing, and advertised online vacancies – particularly in the construction and engineering sectors – are rising sharply.

The reduction in greater Christchurch's working-age population following the earthquakes appears to be reversing, with a net inflow of migrants now entering the region. At the same time, demand in the wider region for labour continues to increase in sectors such as construction and related administration.

The Government is providing extra training places, immigration and skills-matching services to help fill these vacancies. One of the challenges will be to ensure that the new workers can obtain suitable housing, which is in short supply and becoming more expensive faster than in other parts of New Zealand.

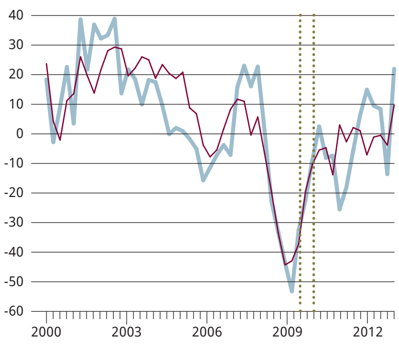
OVERALL ACTIVITY

Canterbury — Rest of NZ — Earthquakes

H. BUSINESS ACTIVITY

(2000–2012)

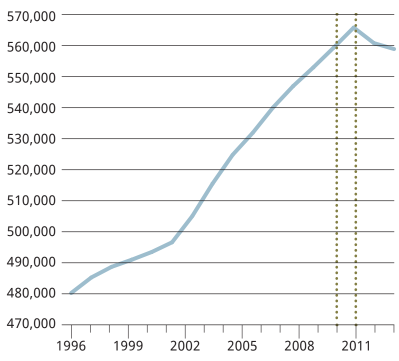
QSBO trading activity, net % of firms



Source: NZIER *Quarterly Survey of Business Opinion*

I. POPULATION

(1996–2012)

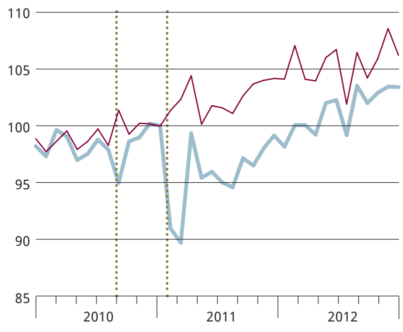


Source: Statistics New Zealand

J. CONSUMER SPENDING

(2010–2012)

Electronic card transactions on the Paymark network, January 2011 = 100



Source: Paymark, NZ Institute of Economic Research

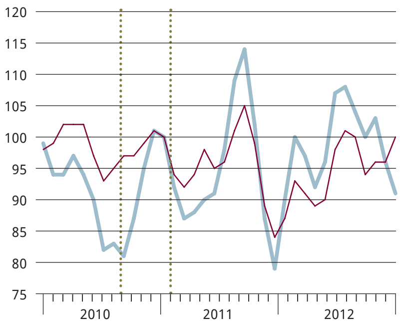
Impact of earthquakes and recovery

Canterbury — Rest of NZ — Earthquakes

KEY SECTORS

K. AGRICULTURE

Weight of livestock slaughtered for export, January 2011 = 100



Source: Statistics New Zealand, NZ Institute of Economic Research

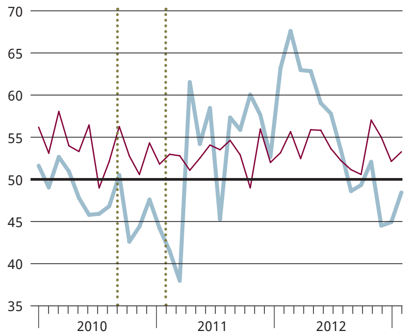
L. MANUFACTURING

Performance of Manufacturing Index – seasonally adjusted

Source: BNZ-Business NZ, NZ Institute of Economic Research

M. SERVICES

Performance of Services Index (PSI) – seasonally adjusted

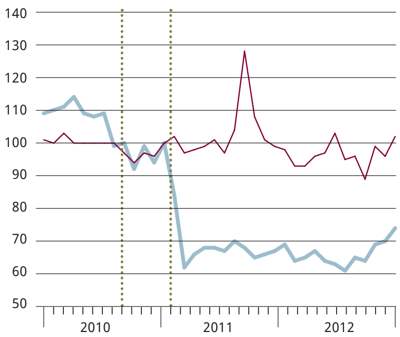


Source: BNZ-Business NZ, NZ Institute of Economic Research

EXPORTS

N. TOURISM

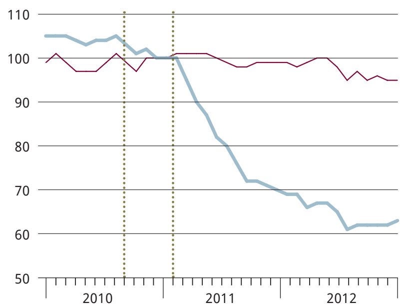
International guest nights, seasonally adjusted, January 2011 = 100



Source: Statistics New Zealand, NZ Institute of Economic Research

O. INTERNATIONAL EDUCATION

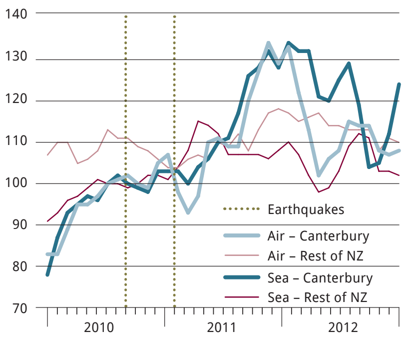
International student visas, seasonally adjusted, January 2011 = 100



Source: Ministry of Business, Innovation and Employment, NZ Institute of Economic Research

P. MERCHANDISE EXPORTS

Free on board exports values, seasonally adjusted, January 2011 = 100



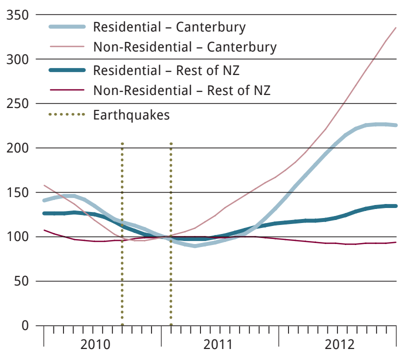
Source: Statistics New Zealand, NZ Institute of Economic Research

Note: Excludes exports of aircraft

REBUILDING

Q. CONSTRUCTION

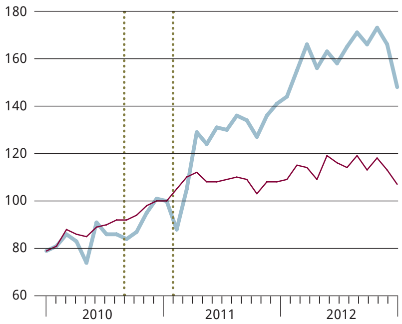
Building consent value, trend, January 2011 = 100



Source: Statistics New Zealand

R. SKILLED JOB VACANCIES

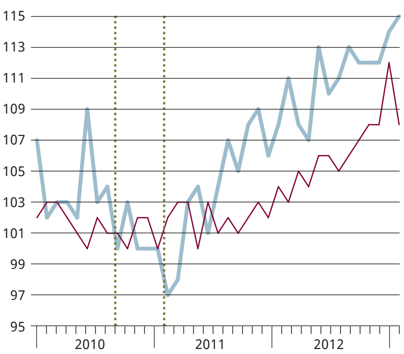
Skilled vacancies index of jobs advertised online, seasonally adjusted, January 2011 = 100



Source: Ministry of Business, Innovation and Employment

S. HOUSING COSTS

Median house price, January 2011 = 100



Source: REINZ, NZ Institute of Economic Research

Otago

OTAGO IS THE SECOND LARGEST REGION IN NEW ZEALAND BY LAND AREA AND ACCOUNTS FOR FIVE PERCENT OF NEW ZEALAND'S ECONOMY IN EMPLOYMENT TERMS. ITS HOUSEHOLD INCOMES ARE LOWER THAN THE NATIONAL AVERAGE, BUT ITS EMPLOYMENT RATE IS ABOVE THE NATIONAL AVERAGE. THESE FACTORS RELATE TO THE VERY HIGH PROPORTION OF TERTIARY STUDENTS IN DUNEDIN CITY, SOME OF WHOM WORK PART-TIME, AND THE SIGNIFICANT PRESENCE OF SEASONAL LABOUR IN OTHER PARTS OF THE REGION.

Half of Otago's population live in Dunedin, which provides services to the surrounding region as well as national health and education services. Other districts each have different specialisations, including hydro-electric power generation, tourism, sheep and beef farming, gold and silver mining, horticulture and wine making.

Port Chalmers is the third largest port in New Zealand based on the value of exported goods, reflecting a high value of commodities, particularly meat and dairy products, and manufactured goods produced across the region.

While the region's overall population is projected to grow only slowly in the coming decades, Queenstown and Central Otago are amongst the fastest growing sub-regions in New Zealand, in both population and economic terms.

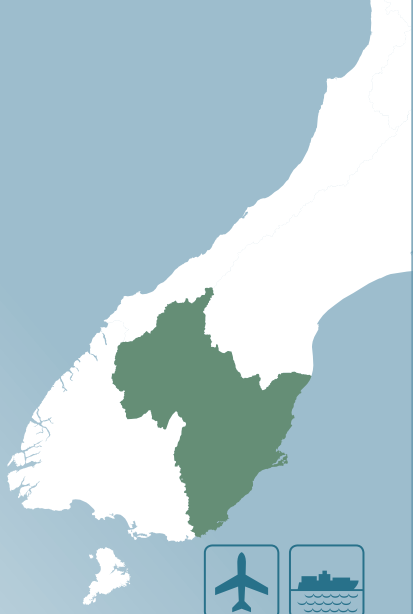
Queenstown and Central Otago are amongst the fastest growing sub-regions in New Zealand

Otago people have high rates of both secondary and tertiary level education. However, about 80 percent of Otago University students are from outside the region, and while they are a good supply of part-time employees in Dunedin, they tend not to remain when their education is complete. Seasonal employment is a characteristic of local labour markets outside of Dunedin, particularly in the horticulture, meat processing and tourism sectors. Some employers rely on migrants to meet demand.

Otago has a range of areas of comparative advantage that it can build on. The University of Otago is New Zealand's most research-intensive university and the key generator of the region's high per capita patent applications. The University and other tertiary institutions are key to meeting the skills and innovation needs of various sectors in the regional economy.

EXAMPLES OF BUSINESS GROWTH AGENDA ACTIONS OF PARTICULAR RELEVANCE TO OTAGO

- ULTRA-FAST BROADBAND IN DUNEDIN, QUEENSTOWN AND OAMARU
- RURAL BROADBAND UPGRADE THROUGH OTAGO
- NATIONAL CYCLE TRAIL
- DEVELOPMENT OF NEW ZEALAND APPRENTICESHIPS AND APPRENTICESHIP REBOOT
- REFOCUS POLYTECHNIC SECTOR ON SKILLS FOR REGIONS
- NATIONAL SCIENCE CHALLENGES
- IRRIGATION FUNDING
- PETROLEUM BLOCK OFFERS
- PRIMARY GROWTH PARTNERSHIP TO LIFT PRIVATE SECTOR INVESTMENT IN INNOVATION
- NEW RENT SETTING FOR HIGH COUNTRY CROWN PASTORAL LAND
- DOUBLE VALUE OF INTERNATIONAL EDUCATION BY 2025
- HIGH-IMPACT MULTI-FIRM MARKET DEVELOPMENT PROGRAMME FOR WINE



PEOPLE	Otago	NZ	% of NZ
Population	211,300	4,433,100	4.8%
Share of population (%): 0–14 years	17	20	
15–24 years	18	14	
25–64 years	51	52	
65 years+	15	14	
Projected population growth, 2012–2031 (% p.a.)	0.5	0.8	

HOUSEHOLDS	Otago	NZ	% of NZ
Household income, annual average (nearest $100)	70,500	80,600	
Rental cost, annual average (nearest $100)	16,300	17,900	
Rent share of household income (%)	23	22	
Employment (number of filled jobs)	97,640	1,926,580	5.1%
Employment growth, 2002–2012 (% p.a.)	1.3	1.4	
Employment rate (% share of population)	65	64	
Unemployment rate (% of labour force)	4.8	6.9	

KEY INFRASTRUCTURE	Otago	NZ
Broadband internet (% of households, 2009)	61	63
Road density (length per 1,000 km² area, 2010)	310	215
Heavy vehicle km travelled per km of network (2011)	60,850	97,686

INTERNATIONAL CONNECTIONS	Otago	NZ	% of NZ
Cargo traded through regional ports ($m): Exports	3,854	48,076	8%
Imports	356	47,037	1%
International tourism spending: $m	934	5,566	17%
% of household income	17	5	
International migration, 2002–2012 average (per 100,000)	241	309	

SKILLS AND INNOVATION	Otago	NZ
18-year-olds attaining min. NCEA L2 or equivalent (%, 2011)	81	74
Patent applications (per million heads, 2009)	93	74
High-growth firms (per 1,000 firms, 2011)	19	20

		Share of all jobs	
INDUSTRY MIX OF JOBS	Number	Otago	NZ
Agriculture, Forestry and Fishing	8,790	9%	6%
Dairy	*1,420*	1%	1%
Sheep, beef cattle and grain farming	*2,550*	3%	1%
Horticulture (inc. viticulture)	*2,495*	3%	1%
Fishing and aquaculture	*30*	0%	0%
Forestry and logging	*255*	0%	0%
Other	*2,040*	2%	1%
Mining	640	1%	0%
Manufacturing	8,590	9%	11%
Food and beverage	*4,378*	4%	4%
Wood, paper and printing	*1,070*	1%	2%
Chemicals, minerals and metal	*1,452*	1%	3%
Transport and machinery equipment	*936*	1%	2%
Other	*754*	1%	1%
Electricity, Gas, Water and Waste Services	630	1%	1%
Construction	6,590	7%	6%
Wholesale Trade	3,030	3%	5%
Retail Trade	10,820	11%	10%
Accommodation and Food Services	11,160	11%	7%
Transport, Postal and Warehousing	3,500	4%	4%
Information Media and Telecommunications	1,560	2%	2%
Financial and Insurance Services	1,510	2%	3%
Rental, Hiring and Real Estate Services	1,540	2%	1%
Professional, Scientific and Technical Services	4,680	5%	8%
Administrative and Support Services	4,450	5%	5%
Public Administration and Safety	3,860	4%	6%
Education and Training	9,400	10%	9%
Health Care and Social Assistance	11,090	11%	11%
Arts and Recreation Services	2,930	3%	2%
Other Services	2,860	3%	3%

AVERAGE HOUSEHOLD INCOME

$70,500

All data refers to 2012, unless otherwise stated

Source: Statistics New Zealand, Ministry of Business, Innovation and Employment, NZ Transport Agency, Ministry of Education, NZ Institute of Economic Research (most recent data available)

Southland

SOUTHLAND MAKES UP ABOUT 2.5 PERCENT OF THE NEW ZEALAND ECONOMY IN EMPLOYMENT TERMS. AVERAGE HOUSEHOLD INCOMES IN SOUTHLAND ARE CLOSE TO THE NATIONAL AVERAGE, AND BECAUSE HOUSING COSTS ARE COMPARATIVELY LOW, PEOPLE IN THE REGION HAVE A RELATIVELY HIGH MATERIAL STANDARD OF LIVING. BUSINESSES ARE MAKING THE MOST OF THE CURRENT LABOUR FORCE, SUCH THAT THE REGION HAS THE HIGHEST EMPLOYMENT RATE IN NEW ZEALAND (71 PERCENT OF THOSE AGED 15 AND OVER ARE EMPLOYED).

Southland's rich natural resources form the basis of its most dominant and productive sectors. Key drivers of the economy include:

+ dairy farming, sheep and beef farming
+ the Manapōuri power station (which generates 20 percent of New Zealand's hydro-electric power).
+ the New Zealand Aluminium Smelter (which produces over 70 percent of New Zealand's aluminium exports)

Dairy productivity in Southland is significantly higher than the national average because of larger property and herd sizes.

Southland has a number of other smaller sectors, among them fishing and aquaculture and tourism, which are showing potential for future growth.

...the Southland economy has been diversifying into food processing, engineering and construction businesses related to its main sectors.

Overall, Southland businesses tend to be highly export oriented and, as such, significantly affected by the impact of world prices on sectors that dominate the economy.

Somewhat mitigating this, the Southland economy has been diversifying into food processing, engineering and construction businesses related to its main sectors.

Investment in local workplace skills, retention and attraction of workers will be necessary to enable the region to capitalise on these opportunities. Southland has been experiencing skills shortages in several areas, including trades, civil and mechanical engineering and dairy. Businesses are currently relying on migrant workers to fill employment gaps.

Long term, the biggest constraint for Southland is its stagnant population growth and ageing population. There is no population growth projected for the region through to 2031, which is the lowest of any region in New Zealand. Economic growth will depend on the application of capital and technology to natural sources.

EXAMPLES OF BUSINESS GROWTH AGENDA ACTIONS OF PARTICULAR RELEVANCE TO SOUTHLAND

+ ULTRA-FAST BROADBAND IN INVERCARGILL
+ RURAL BROADBAND UPGRADE THROUGH SOUTHLAND
+ NATIONAL CYCLE TRAIL
+ DEVELOPMENT OF NEW ZEALAND APPRENTICESHIPS AND APPRENTICESHIP REBOOT
+ REFOCUS POLYTECHNIC SECTOR ON SKILLS FOR REGIONS
+ FRESHWATER REFORMS
+ PRIMARY GROWTH PARTNERSHIP TO LIFT PRIVATE SECTOR INVESTMENT IN INNOVATION
+ AQUACULTURE REFORMS
+ GROW BUSINESS OPPORTUNITIES ON CONSERVATION LAND
+ NEW RENT SETTING FOR HIGH COUNTRY CROWN PASTORAL LAND

PEOPLE	Southland	NZ	% of NZ
Population	94,900	4,433,100	2.1%
Share of population (%): 0–14 years	20	20	
15–24 years	13	14	
25–64 years	51	52	
65 years+	16	14	
Projected population growth, 2012–2031 (% p.a.)	0.0	0.8	

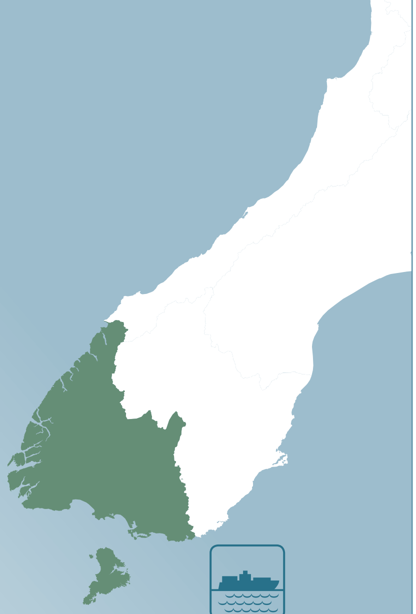
HOUSEHOLDS	Southland	NZ	% of NZ
Household income, annual average (nearest $100)	76,500	80,600	
Rental cost, annual average (nearest $100)	10,700	17,900	
Rent share of household income (%)	14	22	
Employment (number of filled jobs)	48,300	1,926,580	2.5%
Employment growth, 2002–2012 (% p.a.)	1.0	1.4	
Employment rate (% share of population)	71	64	
Unemployment rate (% of labour force)	4.6	6.9	

KEY INFRASTRUCTURE	Southland	NZ
Broadband internet (% of households, 2009)	60	63
Road density (length per 1,000 km² area, 2010)	215	215
Heavy vehicle km travelled per km of network (2011)	108,462	97,686

INTERNATIONAL CONNECTIONS	Southland	NZ	% of NZ
Cargo traded through regional ports ($m): Exports	1,020	48,076	2%
Imports	807	47,037	2%
International tourism spending: $m	123	5,566	2%
% of household income	5	5	
International migration, 2002–2012 average (per 100,000)	24	309	

SKILLS AND INNOVATION	Southland	NZ
18-year-olds attaining min. NCEA L2 or equivalent (%, 2011)	73	74
Patent applications (per million heads, 2009)	0	74
High-growth firms (per 1,000 firms, 2011)	12	20

		Share of all jobs	
INDUSTRY MIX OF JOBS	Number	Southland	NZ
Agriculture, Forestry and Fishing	7,750	16%	6%
Dairy	*2,720*	6%	1%
Sheep, beef cattle and grain farming	*2,600*	5%	1%
Horticulture (inc. viticulture)	*430*	1%	1%
Fishing and aquaculture	*185*	0%	0%
Forestry and logging	*205*	0%	0%
Other	*1,610*	3%	1%
Mining	160	0%	0%
Manufacturing	8,940	19%	11%
Food and beverage	*5,839*	12%	4%
Wood, paper and printing	*653*	1%	2%
Chemicals, minerals and metal	*1,734*	4%	3%
Transport and machinery equipment	*524*	1%	2%
Other	*190*	0%	1%
Electricity, Gas, Water and Waste Services	210	0%	1%
Construction	2,840	6%	6%
Wholesale Trade	1,690	3%	5%
Retail Trade	4,880	10%	10%
Accommodation and Food Services	3,100	6%	7%
Transport, Postal and Warehousing	2,520	5%	4%
Information Media and Telecommunications	470	1%	2%
Financial and Insurance Services	830	2%	3%
Rental, Hiring and Real Estate Services	520	1%	1%
Professional, Scientific and Technical Services	1,780	4%	8%
Administrative and Support Services	1,040	2%	5%
Public Administration and Safety	1,630	3%	6%
Education and Training	3,010	6%	9%
Health Care and Social Assistance	4,550	9%	11%
Arts and Recreation Services	840	2%	2%
Other Services	1,560	3%	3%



AVERAGE HOUSEHOLD INCOME

$76,500

All data refers to 2012, unless otherwise stated

Source: Statistics New Zealand, Ministry of Business, Innovation and Employment, NZ Transport Agency, Ministry of Education, NZ Institute of Economic Research (most recent data available)

Businesses and regional business environments

Sectors and specialisations

EACH OF NEW ZEALAND'S REGIONAL ECONOMIES HAS DIFFERENT SECTORAL STRENGTHS, WITH AUCKLAND AND WELLINGTON TENDING TO PROVIDE NATIONAL SERVICES AND OTHER REGIONS PRODUCING GOODS AND SERVICES FOR LOCAL CONSUMPTION AND EXPORTS.

Sectoral specialisations have developed in each region according to history and local factor endowments (natural resources, infrastructure, access to markets and skills). Figure 9 shows concentrations of sectoral employment in different regions.

For example, dairy farming is concentrated in the Waikato and Canterbury, horticulture in the Hawke's Bay and a third of our fishing and aquaculture is undertaken in and around Nelson. Taranaki is New Zealand's centre for the oil and gas industry, and a quarter of our mining is on the West Coast. Each of these sectors is highly export focused.

Along with the main international airport and seaport, over half of the country's wholesale trade employment is located in Auckland. Food and wood manufacturing is distributed across several regions, but transport and machinery manufacturing is particularly concentrated in Auckland and Canterbury.

Meanwhile, Auckland and Wellington stand out as the primary locations for finance; information media and communications; and professional, technical and business services provided to the rest of New Zealand.

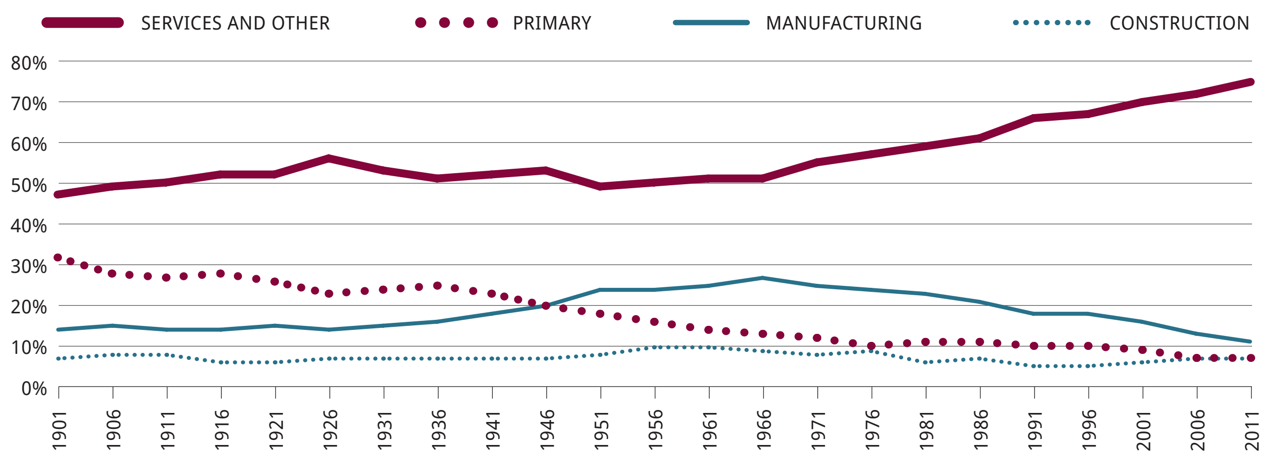
In the last 100 years, New Zealand (like other OECD nations) has had major changes to its sectoral structure. Figure 8 shows how manufacturing and primary employment has fallen while services have grown strongly.

Factors accounting for this structural change include:

+ technological advances that have both released labour from agriculture and manufacturing and created new business opportunities, particularly those that use digital information
+ movement of standardised, mass manufacturing activities to developing economies with low labour costs and large growth markets
+ rising incomes stimulating the consumption of services.

This structural change has been a key driver for the generally higher population growth and incomes of urban regions, worldwide and in New Zealand. However, solid export returns have been a source of prosperity for some of our more rural regions in recent years.

8. EMPLOYMENT SHARES BY BROAD INDUSTRIES 1901–2011



Source: Statistics New Zealand, NZ Institute of Economic Research

9. INDUSTRY CONCENTRATION BY REGION 2012

(ANZSIC 2006)

SHARE OF JOBS OF INDUSTRY BY REGION, %

	Northland	Auckland	Waikato	Bay of Plenty	Gisborne	Hawke's Bay	Taranaki	Manawatū-Wanganui	Wellington	Tasman	Nelson	Marlborough	West Coast	Canterbury	Otago	Southland	New Zealand
Agriculture, Forestry and Fishing	4	5	16	8	4	11	3	8	3	4	1	3	1	13	8	7	100
Dairy	6	2	27	6	0	1	9	8	2	1	0	0	3	17	5	10	100
Sheep, beef cattle and grain farming	3	2	9	2	9	11	2	15	4	2	0	1	0	16	12	12	100
Horticulture (inc. viticulture)	3	12	10	8	5	21	1	4	2	10	1	5	0	9	9	2	100
Fishing and aquaculture	3	4	8	3	1	1	1	0	3	2	33	10	1	20	1	8	100
Forestry and logging	9	5	19	20	8	8	0	4	4	6	0	2	1	6	4	3	100
Other	2	4	16	14	3	12	2	8	3	1	0	6	0	12	8	6	100
Mining	3	7	19	2	0	1	16	1	4	1	–	1	23	9	9	2	100
Manufacturing	2	34	9	6	1	5	4	5	6	1	1	2	1	16	4	4	100
Food and beverage	2	22	10	4	1	8	6	5	4	1	2	3	1	15	6	8	100
Wood, paper and printing	4	30	10	12	1	4	2	4	9	3	1	1	1	13	4	2	100
Chemicals, minerals and metal	3	43	9	5	0	2	4	4	7	1	1	1	0	13	3	3	100
Transport and machinery equipment	2	41	9	6	0	2	3	4	5	1	1	1	1	21	2	1	100
Other	2	44	4	3	1	6	1	8	9	0	1	1	0	16	4	1	100
Electricity, Gas, Water and Waste Services	5	25	14	7	1	4	4	5	13	1	0	1	0	14	5	2	100
Construction	3	29	10	6	1	3	3	5	11	1	1	1	1	17	6	2	100
Wholesale Trade	2	51	6	4	0	2	1	4	8	0	1	1	0	13	3	2	100
Retail Trade	3	31	9	6	1	4	3	5	11	1	2	1	1	14	6	3	100
Accommodation and Food Services	3	31	9	6	1	3	2	4	12	1	1	1	1	12	8	2	100
Transport, Postal and Warehousing	2	39	6	6	1	3	2	4	10	1	1	1	1	15	4	3	100
Information Media and Telecommunications	1	50	5	2	1	1	2	3	18	0	1	1	0	10	4	1	100
Financial and Insurance Services	1	50	5	3	0	2	1	2	19	0	1	0	0	9	3	2	100
Rental, Hiring and Real Estate Services	3	38	8	6	1	3	2	4	10	1	1	1	1	14	6	2	100
Professional, Scientific and Technical Services	1	45	7	4	1	2	2	3	18	1	1	0	0	11	3	1	100
Administrative and Support Services	2	39	6	6	1	5	2	3	13	1	2	1	0	14	5	1	100
Public Administration and Safety	2	27	7	4	1	3	2	8	28	0	1	1	0	10	4	2	100
Education and Training	3	33	9	6	1	4	2	6	13	1	1	1	1	12	6	2	100
Health Care and Social Assistance	4	30	9	7	1	4	3	6	12	1	2	1	1	14	5	2	100
Arts and Recreation Services	2	30	10	6	1	3	2	4	16	1	1	1	1	12	8	2	100
Other Services	3	33	9	6	1	3	3	5	14	1	2	1	1	13	4	2	100
TOTAL	**3**	**33**	**9**	**6**	**1**	**4**	**3**	**5**	**12**	**1**	**1**	**1**	**1**	**13**	**5**	**3**	**100**

Source: Statistics New Zealand

Figure 10 shows that larger firms tend to locate in urban centres because cities provide larger markets, more skills and supplier choice, and key infrastructure.

This is important because large firms are more likely to engage in innovation and R&D activities, invest offshore and in forwards or backwards supply chain integration and create more jobs. While firms with 100+ employees only comprise one percent of all companies, they generated 64 percent of New Zealand's net job growth in the last decade.

Local economic development strategies often place importance on high-tech manufacturing,[5] knowledge-intensive services[6] and tourism[7] as sectors with significant potential to grow export earnings and jobs.

While high-tech manufacturing firms employ less than one percent of the New Zealand workforce, they are highly innovative and generate relatively high export earnings. Figure 11 shows that high-tech manufacturing employment is concentrated in Auckland (54 percent) and Canterbury (25 percent).

Knowledge-intensive services jobs also tend to generate high incomes per worker. Figure 12 shows that commercial knowledge-intensive services jobs are concentrated in Auckland, Wellington and Canterbury. In Wellington, many of these jobs are likely to be associated with the public sector. In Auckland and Canterbury, the line between high-tech manufacturing and some knowledge-intensive services is increasingly beginning to blur, with manufacturers increasingly incorporating a service element along with their products. These types of activities benefit from locating close to skilled workforces and research facilities.

Tourism activities do not generally earn such high returns, but they do employ a lot of people (including those with lower skills). International tourism attracts overseas earnings. Figure 13 shows that tourism is spread much more evenly across the country and comprises a significant share of the jobs in the West Coast, Otago and Bay of Plenty regions.

Economically high-performing regions are underpinned by strengths across several sectors, rather than just one or two, as well as some industrial diversity. This 'diverse specialisation' provides for more scope for businesses and people from different sectors and backgrounds to work together – and increases the likelihood that innovation will occur. It also provides a broader economic base to protect against economic shocks.

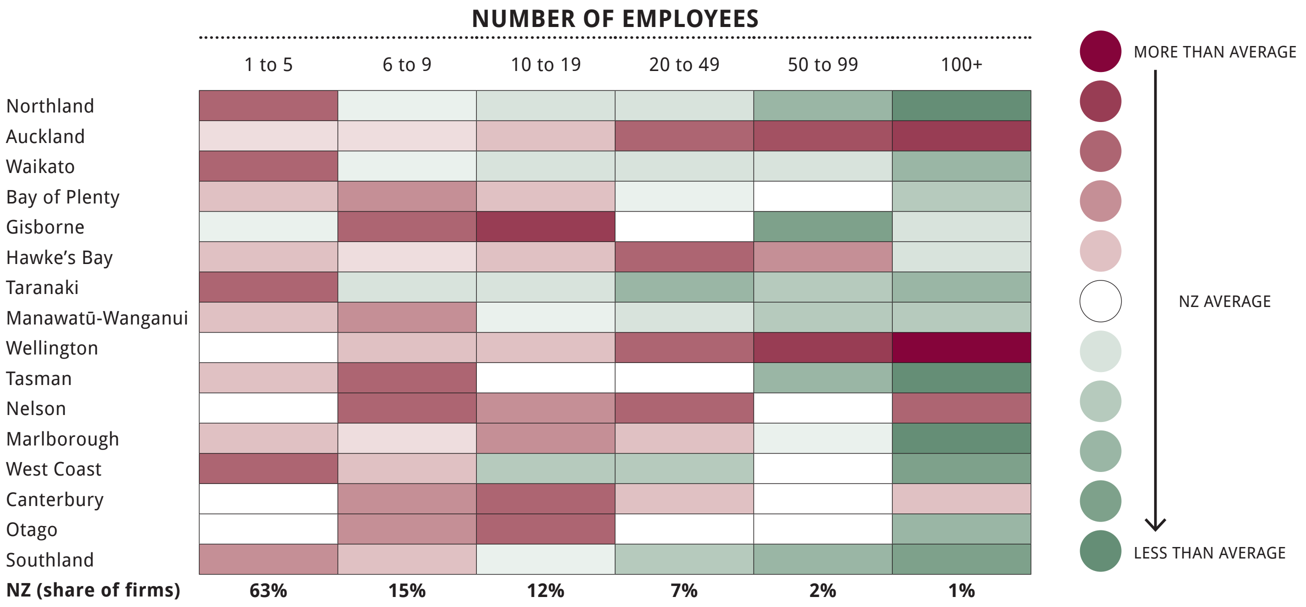
Examining the concentration of jobs by industry and by region shows that, across New Zealand, Auckland has significant proportions of employment in many sectors, which is unsurprising given its population base. New Zealand's smaller regional economies are more narrowly specialised. There may be opportunity for businesses in some of these regions to undertake higher-value activities leveraging existing local strengths.

5 The OECD definition of 'high-tech manufacturing' is used here: those industries where research and development expenditure is higher than eight percent of the value of the industry's production (e.g. aircraft manufacturing, pharmaceuticals and electronics).

6 The OECD definition of 'commercial knowledge-intensive services' is used here: firms operating in post and telecommunications, finance and insurance and professional services (e.g. excluding public sector activities).

7 Tourism includes 'tourist characteristic sectors' such as accommodation and restaurants, and retail trade.

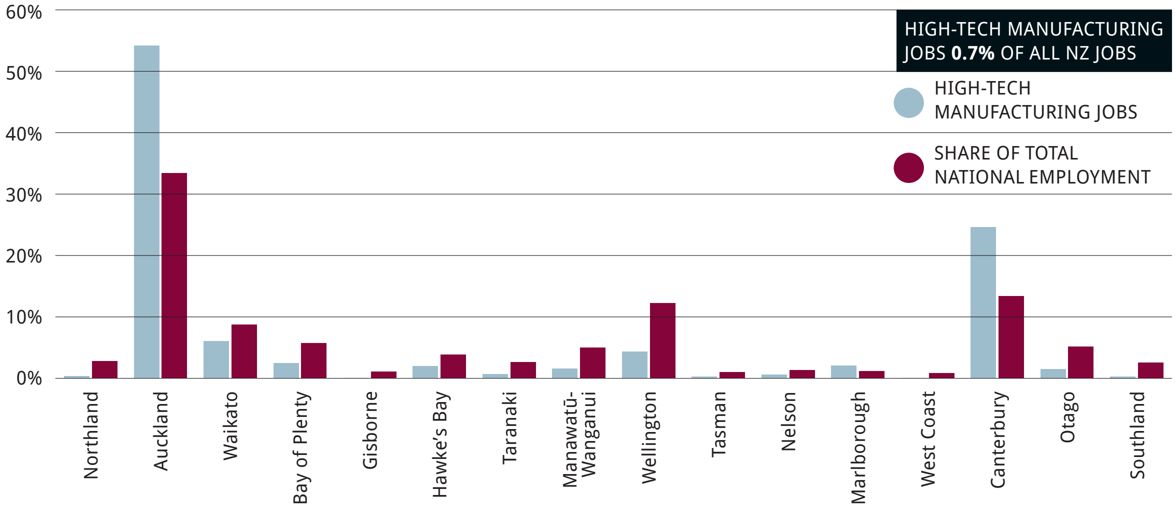
10. CONCENTRATION OF FIRMS BY SIZE IN THE REGIONS 2012



Source: Statistics New Zealand

11. HIGH-TECH MANUFACTURING JOBS 2012

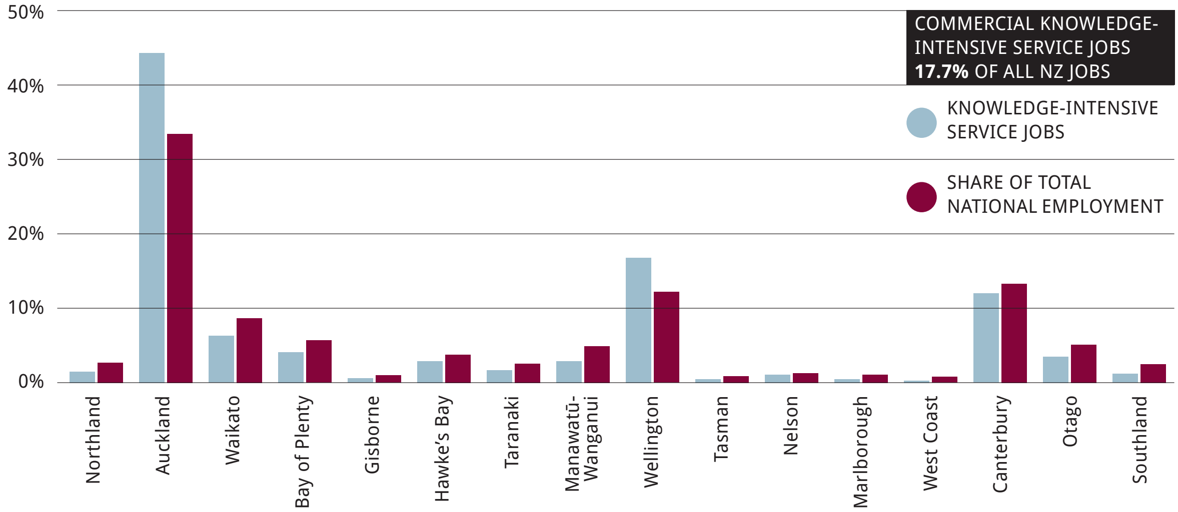
SHARE IN EACH REGION



Source: Statistics New Zealand

12. COMMERCIAL KNOWLEDGE-INTENSIVE SERVICE JOBS 2012

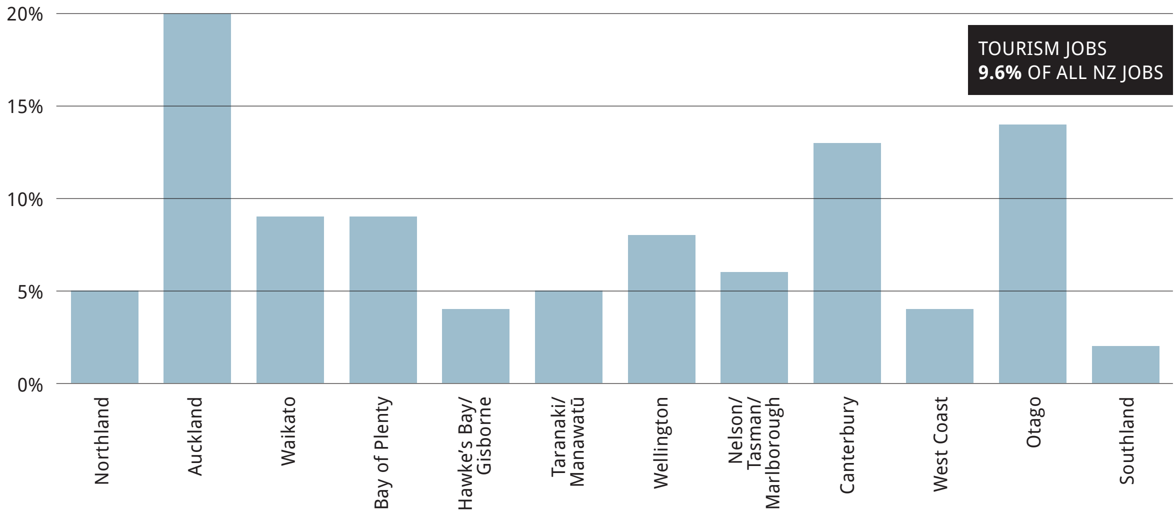
SHARE IN EACH REGION



Source: Statistics New Zealand

13. TOURISM GUEST NIGHTS 2012

SHARE IN EACH REGION



Source: Statistics New Zealand

Skills

SKILLED PEOPLE ARE AT THE HEART OF THRIVING ECONOMIES. AN EDUCATED WORKFORCE IS CRUCIAL TO LIFTING LABOUR PRODUCTIVITY, AND SKILLED ENTREPRENEURS START AND GROW SUCCESSFUL BUSINESSES. BY WORLD STANDARDS, ON AVERAGE, NEW ZEALANDERS HAVE GOOD SKILLS LEVELS.

However, this is not true for all population groups and all parts of the country. The skills requirements of businesses and the supply of skilled labour vary across our regions, and this is constantly changing with technology and our highly mobile workforce. There may be skills mismatches in some regions constraining businesses or the living standards of local people.

Employment opportunities and demand for skills differ across New Zealand's regions, in line with their industrial strengths. Figure 14 illustrates these differing requirements. It shows that the most services-focused economies – Auckland and Wellington – also have the highest proportions of people in 'highly skilled' occupations, such as lawyers and accountants, and comparatively low proportions of 'elementary' labour. The reverse pattern is evident in other regions with primary sector-based export industries, which have higher than average levels of people employed as plant and machinery operators and general labourers.

While skills needs vary and skills are partly shaped on the job, all businesses need people with good foundation education and training. In line with this, the Government has established two goals:

1) 85% of 18-year-olds will have achieved NCEA level 2 or an equivalent qualification in 2017.

2) 55% of 25–34-year-olds will have a qualification at New Zealand Qualifications Framework (NZQF) level 4 or above in 2017.

There is considerable difference between regions in their attainment of these goals. Figure 15 shows that, currently, no region is achieving the NCEA level 2 goal, but the highest overall rates of attainment of NCEA level 2 are in the Otago, Nelson, Wellington and Auckland regions. The lowest rates of NCEA level 2 attainment are typically in more geographically isolated regions such as the West Coast and Gisborne. Figure 16 shows a widening education gap between regions at the tertiary level. In Auckland, Wellington, Canterbury and Otago regions, 25–34-year-olds typically have NZQF level 4 qualifications above or at the national average (with Wellington exceeding the goal for 2017). The attainment rate in other regions is much lower.

Regional differences in the availability of skills are caused by interrelated factors, including access to tertiary

14. OCCUPATION MIX BY SKILL LEVEL 2006

	HIGHLY SKILLED	SKILLED	SEMI-SKILLED	ELEMENTARY
Northland	0.98	1.05	0.92	1.11
Auckland	1.06	0.98	1.06	0.78
Waikato	0.98	1.05	0.93	1.12
Bay of Plenty	0.95	1.07	0.97	1.11
Gisborne	0.86	0.94	0.86	1.48
Hawke's Bay	0.84	0.94	0.90	1.43
Taranaki	0.96	1.08	0.86	1.20
Manawatū-Wanganui	0.89	0.97	0.99	1.15
Wellington	1.17	0.87	1.07	0.67
Tasman	0.90	0.98	0.85	1.54
Nelson	0.92	1.03	1.00	1.22
Marlborough	0.87	1.06	0.86	1.51
West Coast	0.84	0.96	0.84	1.55
Canterbury	0.93	1.05	1.01	1.10
Otago	0.93	1.07	1.00	1.14
Southland	0.88	1.03	0.85	1.51

Key:

ABOVE NATIONAL AVERAGE

AROUND (+/- 5 PERCENT) NATIONAL AVERAGE

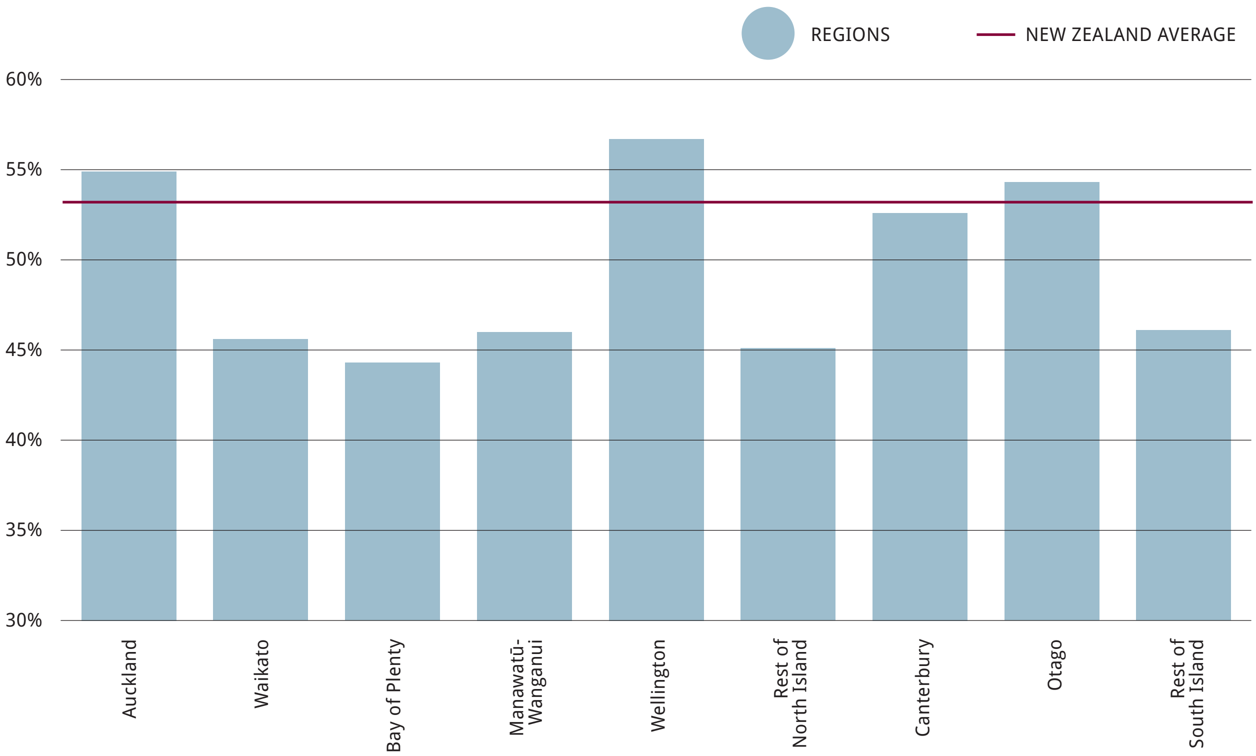
LESS THAN NATIONAL AVERAGE

Source: Statistics New Zealand

15. 18-YEAR-OLDS ATTAINING A MINIMUM OF NCEA LEVEL 2 OR EQUIVALENT 2011

Source: Ministry of Education

16. PERCENTAGE OF 25–34-YEAR-OLDS WITH NZQF LEVEL 4 OR ABOVE 2012



Source: Statistics New Zealand, Ministry of Business, Innovation and Employment education provision (particularly universities), demographics, regional labour market requirements and migration.

New Zealand's labour force is one of the most mobile in the world, with significant proportions of people moving both domestically and internationally in response to employment opportunities and lifestyle factors. However, this movement is regionally uneven. Figure 18 shows that people moving for work within New Zealand are most likely to relocate to Auckland from North Island regions or Canterbury from South Island regions. There is also significant movement of young people to urban regions where the universities are located.

International migration is even more divergent. In the decade ended 2012, net international migration to New Zealand was positive (averaging an additional 309 people per 100,000 over the period). However international migrants concentrate in Auckland (with over 45 percent of its workforce comprising people born overseas). Meanwhile, more people tend to leave our small regions for overseas than arrive.

These patterns of migration influence the age structure of regional populations and the skills available to them: the general trend is a drain of working-age people and students from the smaller regions. Figure 19 shows that Auckland and Wellington have the highest proportions of people aged 25 to 64 – the ages at which workforce participation is highest. This age group is below average in all other North Island regions (and about average in most of the South Island regions). 15 to 24-year-olds make up higher than average shares of the population in Otago, Manawatū-Wanganui, Auckland, Wellington and Waikato, the regions where universities are located (see Figure 17). In general, regions in the North Island have younger populations than South Island regions because of both migration and greater proportions of Māori with high birth rates.

It is difficult to ascertain from the data how well matched are regional skills with business requirements. Local businesses do report difficulty finding people with select qualifications and workplace skills. This is the case in small regions that are making full use of their labour force and in growing regions or those with relatively high unemployment.

New Zealand's labour force is one of the most mobile in the world...

Persistently high unemployment rates in some North Island regions suggest either that particular population groups do not have the skills required to take advantage of job opportunities or that job opportunities have not been keeping up with population growth (or both).

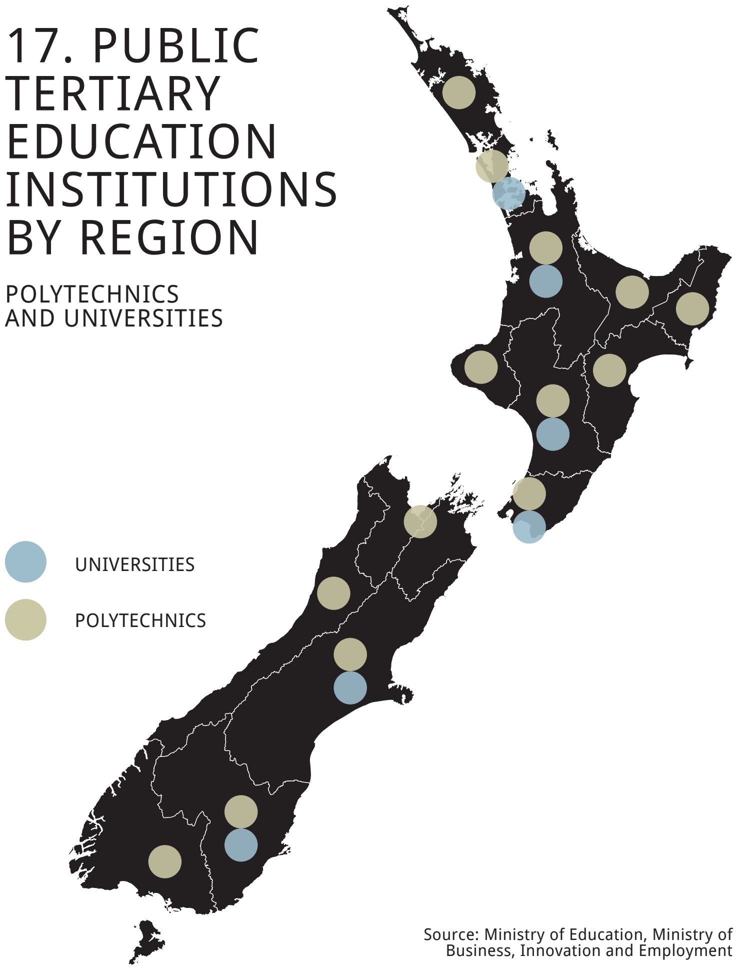
Northland and Manawatū-Wanganui are examples of regions with both relatively high unemployment rates and high proportions of long-term unemployment beneficiaries.[8]

Meanwhile, Auckland has very high growth in jobs and high average education levels, but its employment rate (share of the population aged 15 or over in employment) is slightly lower than the national average. Auckland's higher proportion of young people, Pasifika and migrants are less likely to be in employment. Initiatives focused on improving young people's skills levels and ensuring that more migrants are employed in jobs that match their skills and qualifications are designed to support this potential.

8 Unemployment rates were 9.5 percent in Northland, 8.3 percent in Manawatu-Wanganui and 6.9 percent nationally in December 2012. Over half of the unemployment beneficiaries in Northland, and more than 45 percent of those in Manawatū-Wanganui had received a benefit for more than one year (compared to 39 percent nationally).

17. PUBLIC TERTIARY EDUCATION INSTITUTIONS BY REGION

POLYTECHNICS AND UNIVERSITIES



Source: Ministry of Education, Ministry of Business, Innovation and Employment

18. INTER-REGIONAL LABOUR MIGRATION

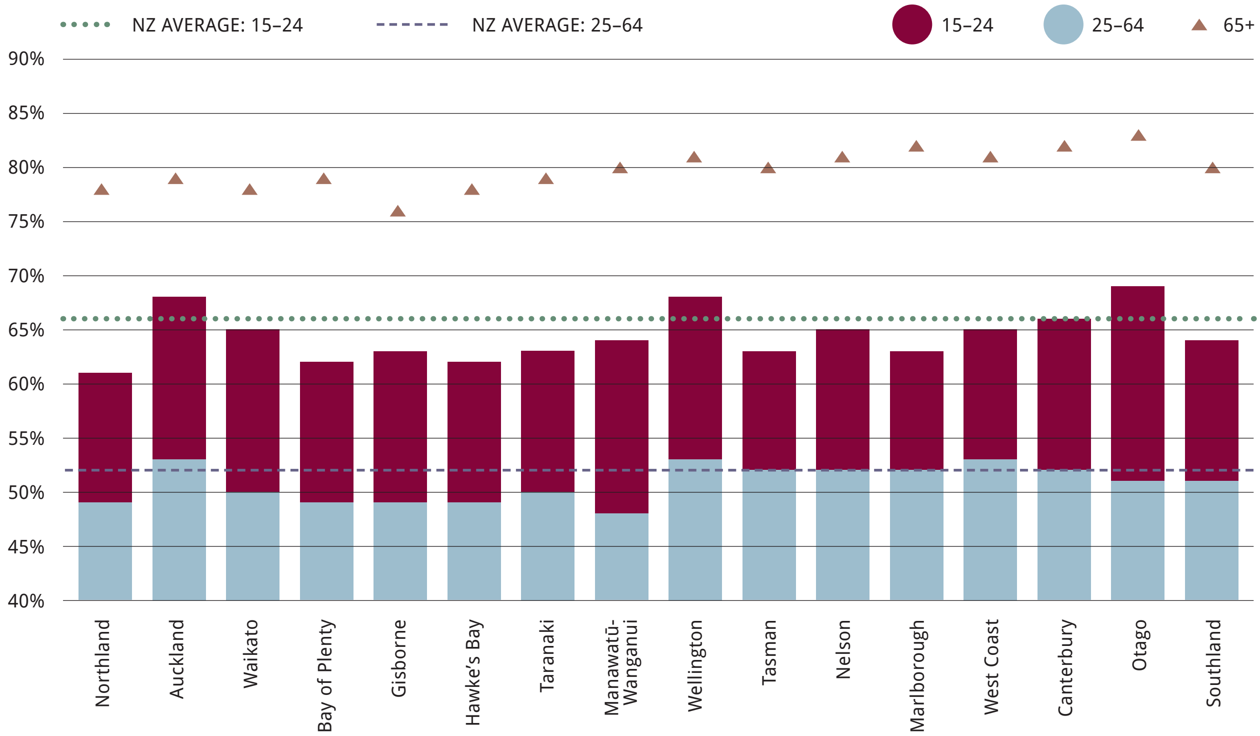
ANNUAL AVERAGE 2001 TO 2011

PEOPLE MOVING TO EMPLOYMENT IN ANOTHER REGION,
AS A PERCENTAGE OF ALL EMPLOYEES IN SOURCE REGION

FROM \ TO	Northland	Auckland	Waikato	Bay of Plenty	Gisborne/ Hawke's Bay	Taranaki/ Manawatū-Wanganui	Wellington	Tasman/Nelson/ Marlborough/ West Coast	Canterbury	Otago	Southland	Total
Northland		6%	1%	1%	0%	0%	0%	0%	0%	0%	0%	9%
Auckland	1%		1%	1%	0%	1%	1%	0%	1%	0%	0%	6%
Waikato	0%	5%		2%	1%	1%	1%	0%	1%	0%	0%	11%
Bay of Plenty	0%	3%	3%		1%	1%	1%	0%	1%	0%	0%	11%
Gisborne/Hawke's Bay	0%	2%	1%	2%		2%	2%	0%	1%	0%	0%	10%
Taranaki/Manawatū-Wanganui	0%	3%	2%	1%	1%		3%	1%	1%	0%	0%	12%
Wellington	0%	4%	1%	0%	1%	2%		1%	2%	0%	0%	11%
Tasman/Nelson/Marlborough/West Coast	0%	2%	0%	0%	0%	1%	2%		4%	1%	0%	11%
Canterbury	0%	2%	0%	0%	0%	1%	2%	1%		2%	0%	9%
Otago	0%	2%	0%	0%	0%	0%	1%	1%	5%		2%	12%
Southland	0%	1%	0%	0%	0%	0%	0%	1%	3%	5%		11%

Source: Statistics New Zealand, NZ Institute of Economic Research

19. WORKING-AGE POPULATION AS A SHARE OF TOTAL 2012



Source: Statistics New Zealand

Innovation

MANY EMPIRICAL STUDIES SHOW THAT, WHILE NATURAL RESOURCES, LABOUR (HOURS WORKED) AND CAPITAL (INVESTMENT IN ASSETS) CONTRIBUTE TO ECONOMIC GROWTH, OTHER FACTORS SUCH AS INNOVATION AND TECHNOLOGICAL CHANGE EXPLAIN MOST OF THE DIFFERENCES IN THE LONG-RUN PERFORMANCE OF DIFFERENT COUNTRIES AND REGIONS.

Innovation involves introducing new ideas and new or improved ways of doing things. These can be products, ways of organising work or ways of marketing. Innovation is just as much about incremental improvements as it is about high-tech activities or formal research and development. It occurs in all parts of the economy, from agriculture to services.

By undertaking innovation, businesses increase revenue or reduce costs. Innovation can be a driver for regions that are concentrated in single sectors to move up the value chain and diversify. Some innovations can enable businesses in isolated regions to better connect to market. Some provide more sustainable ways of using natural resources. Some innovations create new and better jobs, while others can increase labour productivity in regions where labour is scarce.

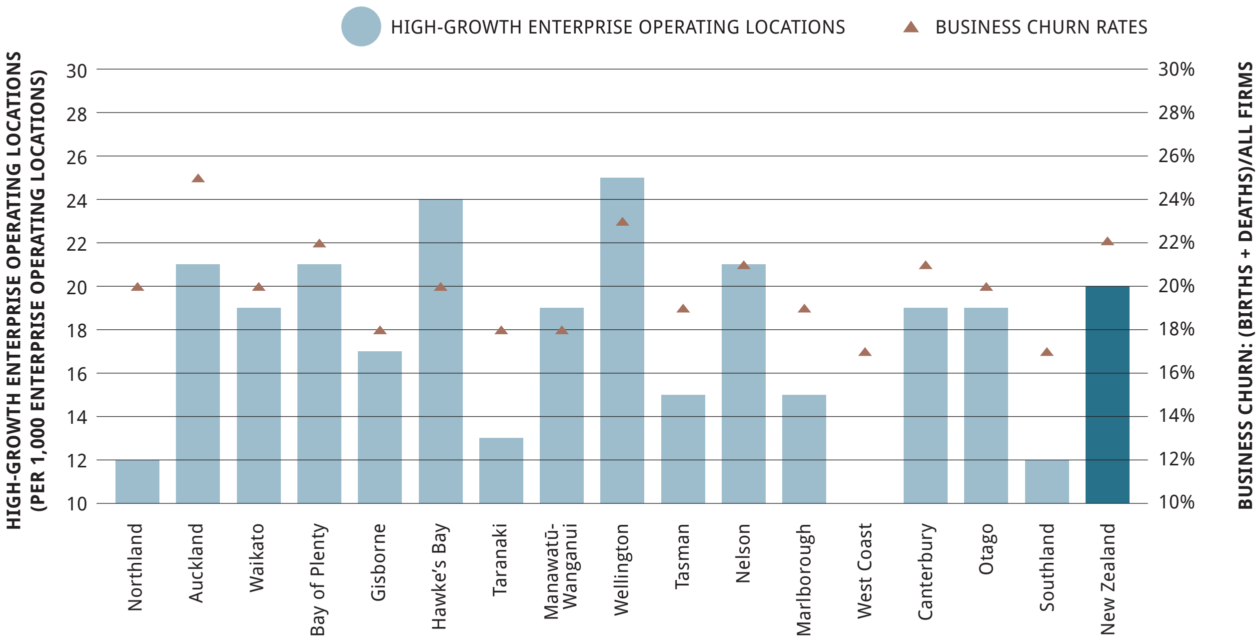
There are examples of innovative businesses everywhere in New Zealand, but regional rates of innovation are very difficult to measure.

We know that patent applications are particularly concentrated in Auckland,[9] followed by other places where there are also universities and Crown research institutes – Christchurch, Hamilton, Dunedin, Palmerston North and Wellington.

Figure 20 shows that Auckland and Wellington have both relatively high business turnover and are locations for high-growth enterprises, which are also indicators of innovation. In recent years, high-growth firms have also been operating in Hawke's Bay, Bay of Plenty and Nelson. Meanwhile, the West Coast and Taranaki have had low rates of business churn and only a small proportion of high-growth firms, despite having higher than average incomes and jobs growth. The economic performance of these regions seems more closely linked to the fortunes of single sectors or businesses.

9 With 100 patent applications per million heads in 2009, compared to the national average of 74.

20. HIGH-GROWTH ENTERPRISES 2011 AND BUSINESS CHURN 2002–2012



Source: Statistics New Zealand; Professor Bob Hamilton, University of Canterbury

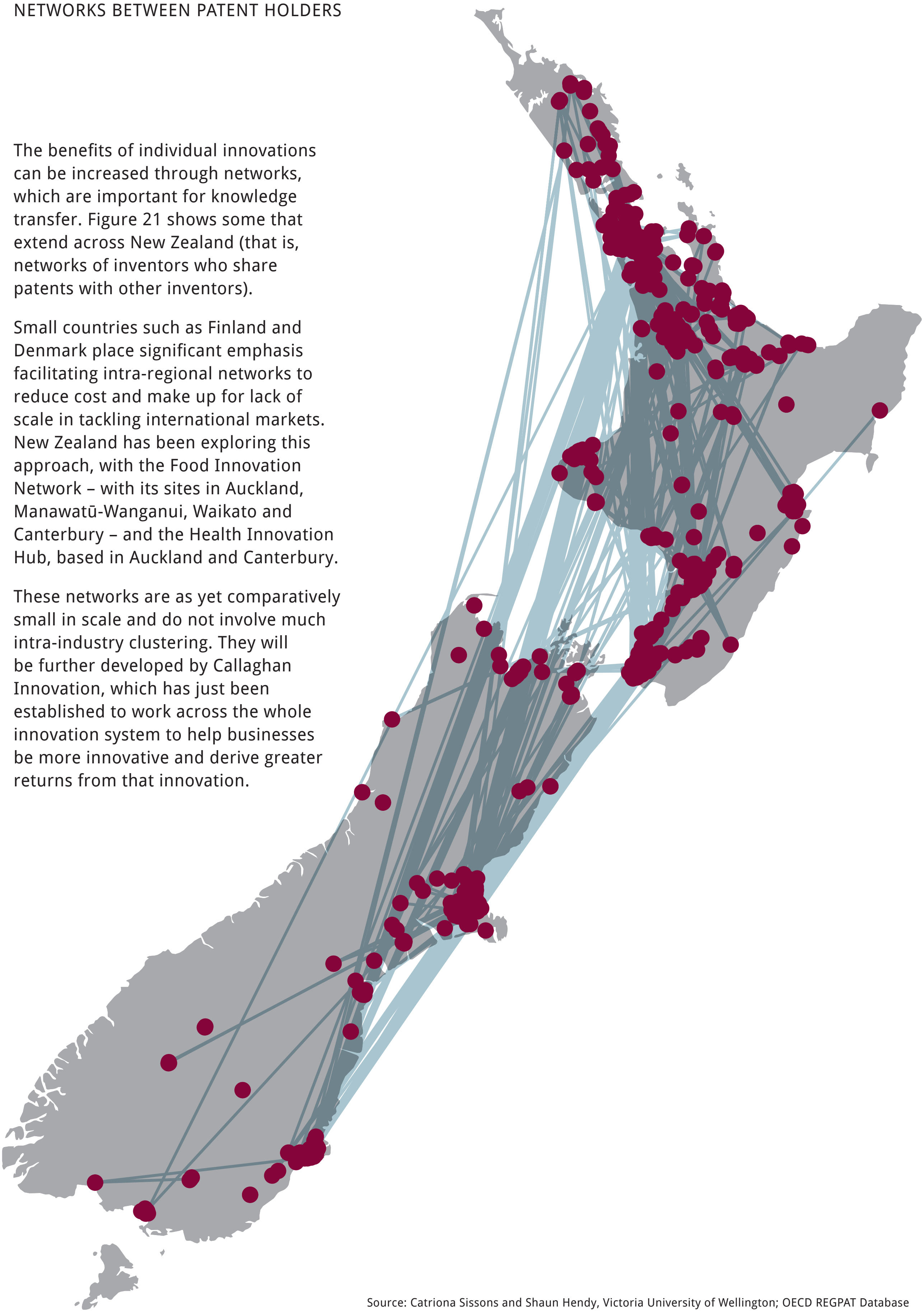
21. INNOVATION NETWORKS ACROSS NEW ZEALAND

NETWORKS BETWEEN PATENT HOLDERS

The benefits of individual innovations can be increased through networks, which are important for knowledge transfer. Figure 21 shows some that extend across New Zealand (that is, networks of inventors who share patents with other inventors).

Small countries such as Finland and Denmark place significant emphasis facilitating intra-regional networks to reduce cost and make up for lack of scale in tackling international markets. New Zealand has been exploring this approach, with the Food Innovation Network – with its sites in Auckland, Manawatū-Wanganui, Waikato and Canterbury – and the Health Innovation Hub, based in Auckland and Canterbury.

These networks are as yet comparatively small in scale and do not involve much intra-industry clustering. They will be further developed by Callaghan Innovation, which has just been established to work across the whole innovation system to help businesses be more innovative and derive greater returns from that innovation.



Source: Catriona Sissons and Shaun Hendy, Victoria University of Wellington; OECD REGPAT Database

Natural resources

NEW ZEALAND'S ABUNDANT NATURAL RESOURCES ARE CONCENTRATED IN DIFFERENT PARTS OF THE COUNTRY, UNDERPINNING OUR DIVERSE REGIONAL ECONOMIES. THERE ARE OPPORTUNITIES FOR BUSINESSES IN EACH REGION TO MAKE MORE PRODUCTIVE AND SUSTAINABLE USE OF THESE RESOURCES AND TO DEVELOP RELATED AND SUPPORTING INDUSTRIES THAT BRING GREATER VALUE TO THE ECONOMY.

Soils, water and minerals provide key inputs to the economic activity of most of our regions. Productivity improvements have enabled labour to be released from the primary sector and rural parts of New Zealand into services jobs in urban areas. However, agriculture, forestry, fishing, mining and the processing of natural resources for export still generates a significant share of income, if not direct employment, in all regions other than Auckland and Wellington.

Regional specialisations have developed off the back of natural resource concentrations in different locations. Figures 22 to 30 show this:

+ The Waikato region generates one-third of New Zealand's dairy production, which is also important in Taranaki, Canterbury and Southland.
+ Forestry is concentrated in the north of the North Island.
+ Sheep and beef farming is concentrated in Manawatū-Wanganui, Canterbury and Otago, while meat processing is dispersed around the country. Horticulture is concentrated in the hotter eastern regions, particularly the Bay of Plenty and Hawke's Bay, while about 60 percent of the country's wine grapes are grown in Marlborough.
+ Mining is particularly important on the West Coast and Waikato (the Coromandel Peninsula), where there is coal, gold and other minerals deposits.
+ Taranaki is so far the only part of New Zealand producing oil and natural gas.

Geothermal resources in central/upper North Island also provide a source of renewable energy that augments the hydro-electricity generated predominantly in the South Island. In addition, the natural assets of places such as Queenstown and Rotorua make them key tourism destinations.

While most of the regions specialise in producing different resource exports, it is clear that there is also a degree of interdependence between regions. Primary product generated in one region is often sent to major processing plants, storage facilities and ports located in other regions. The transport of logs is concentrated in the north of the North Island, but dairy and meat is somewhat more dispersed. This underlines the importance of having good freight connections across New Zealand.

Some land uses earn significantly more than others depending on their inputs and world prices, which also fluctuate considerably, impacting on the relative economic performance of our regions. In recent years, world prices have been much higher for oil, minerals and dairy milk than for forestry or horticulture products. On top of this, mining, oil and dairy farming are much less labour-intensive activities than horticulture. This partly explains the higher per capita incomes of regions such as Taranaki, Waikato and the West Coast and the lower incomes of Northland, Bay of Plenty and Hawke's Bay.

Regional specialisations have developed off the back of natural resource concentrations in different locations.

Dairy farming currently earns about three times as much per hectare as sheep and beef farming, both because of favourable milk prices and because dairying is a more intensive use of pastoral land. In response, over the last decade, farmers have converted a considerable amount of land from sheep and beef to dairy, particularly in South Island regions such as Canterbury. A similar pattern has occurred with the conversion of horticultural land into wine growing – Marlborough saw an eightfold increase in land area planted in grapes between 1997 and 2008.

There are, however, natural limits to increasing economic returns through land conversions and to expanding agricultural production in general without significant infrastructure investment and innovation. For example, insufficient supplies of water constrains horticultural production in the Hawke's Bay,

22. MEAT

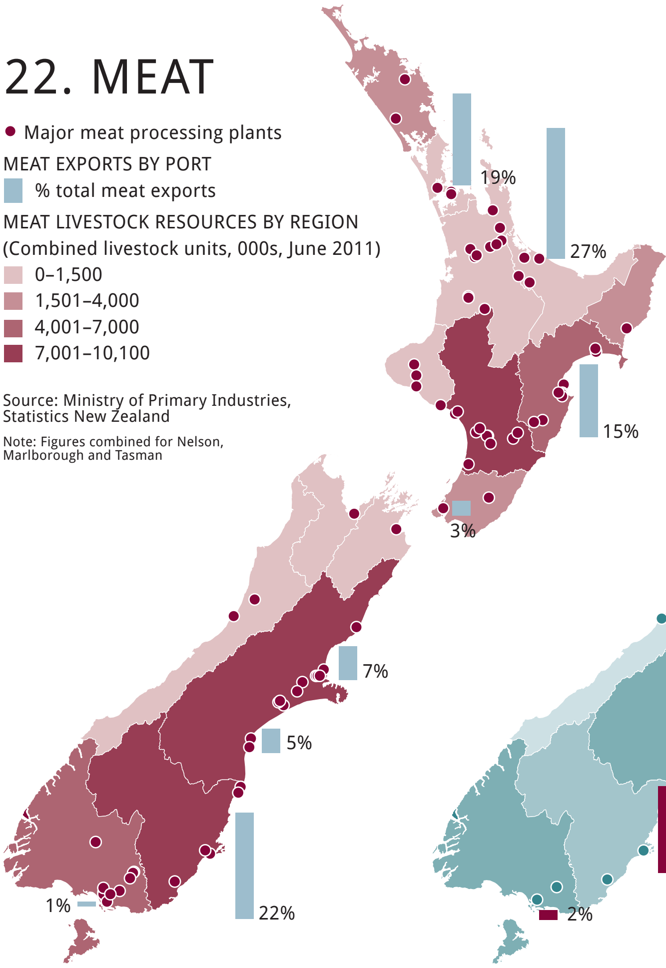
● Major meat processing plants

MEAT EXPORTS BY PORT

% total meat exports

MEAT LIVESTOCK RESOURCES BY REGION
(Combined livestock units, 000s, June 2011)

- 0–1,500
- 1,501–4,000
- 4,001–7,000
- 7,001–10,100



Source: Ministry of Primary Industries, Statistics New Zealand

Note: Figures combined for Nelson, Marlborough and Tasman

23. DAIRY

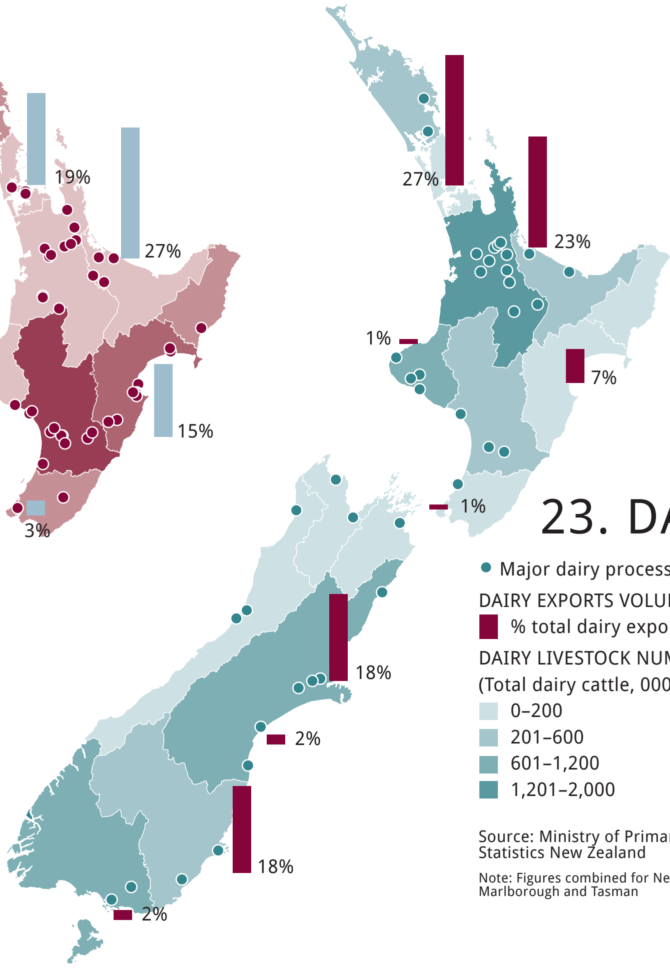
● Major dairy processing plants

DAIRY EXPORTS VOLUME

% total dairy exports

DAIRY LIVESTOCK NUMBERS BY REGION
(Total dairy cattle, 000s, June 2011)

- 0–200
- 201–600
- 601–1,200
- 1,201–2,000



Source: Ministry of Primary Industries, Statistics New Zealand

Note: Figures combined for Nelson, Marlborough and Tasman

24. FORESTRY

MAJOR WOOD PROCESSING PLANTS

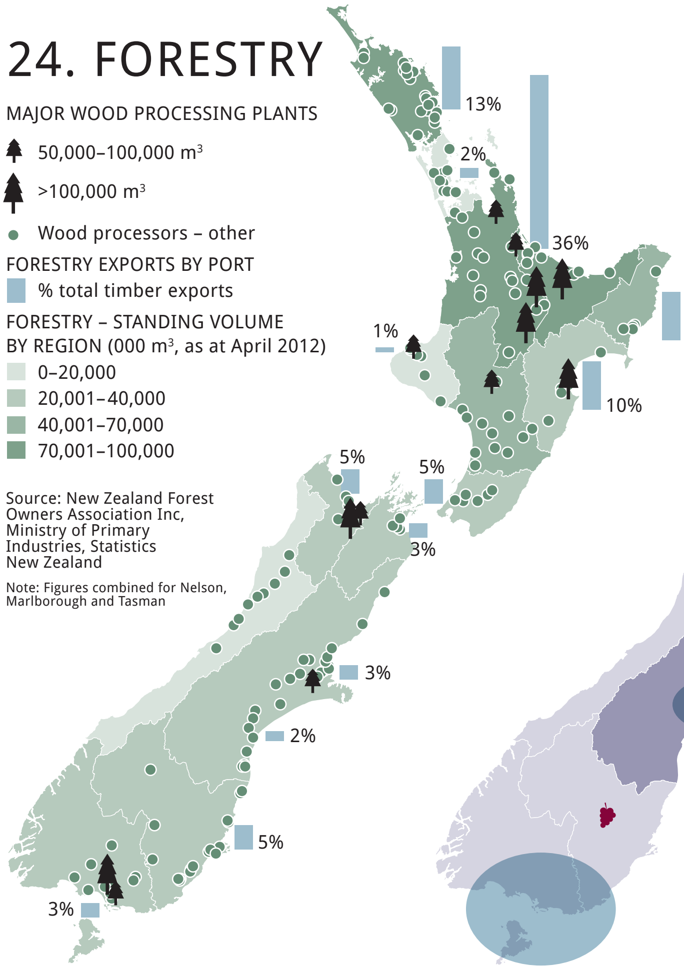
- 50,000–100,000 m^3
- >100,000 m^3
- Wood processors – other

FORESTRY EXPORTS BY PORT

% total timber exports

FORESTRY – STANDING VOLUME
BY REGION (000 m^3, as at April 2012)

- 0–20,000
- 20,001–40,000
- 40,001–70,000
- 70,001–100,000



Source: New Zealand Forest Owners Association Inc, Ministry of Primary Industries, Statistics New Zealand

Note: Figures combined for Nelson, Marlborough and Tasman

25. HORTICULTURE, VITICULTURE AND AQUACULTURE 2011

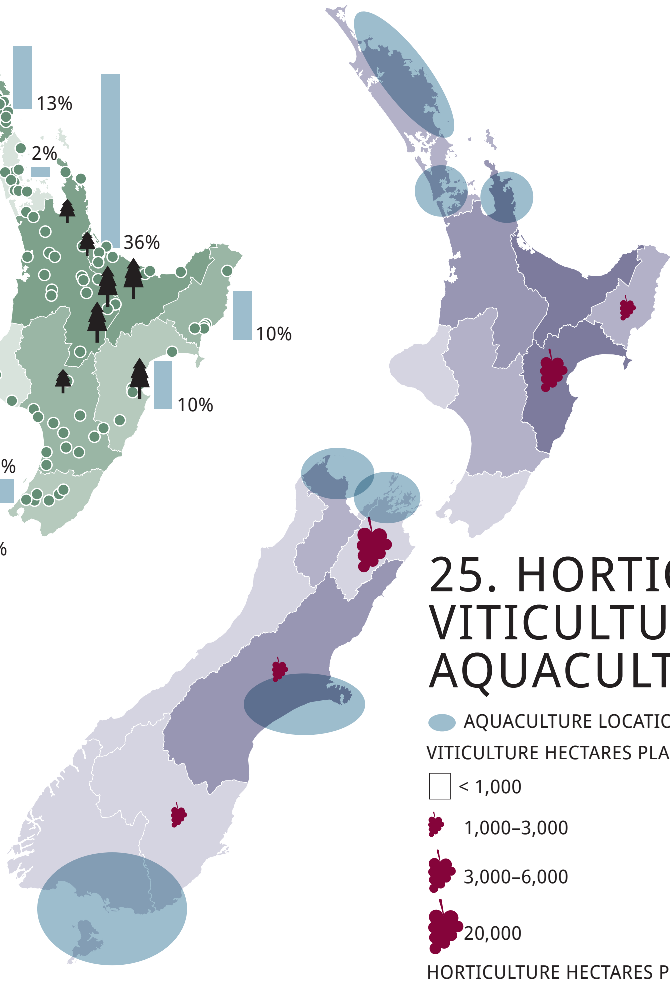
AQUACULTURE LOCATIONS

VITICULTURE HECTARES PLANTED

- < 1,000
- 1,000–3,000
- 3,000–6,000
- 20,000

HORTICULTURE HECTARES PLANTED

- < 2,000
- 2,000–4,500
- 4,500–7,000
- 10,000+



Source: Statistics New Zealand, Aquaculture New Zealand

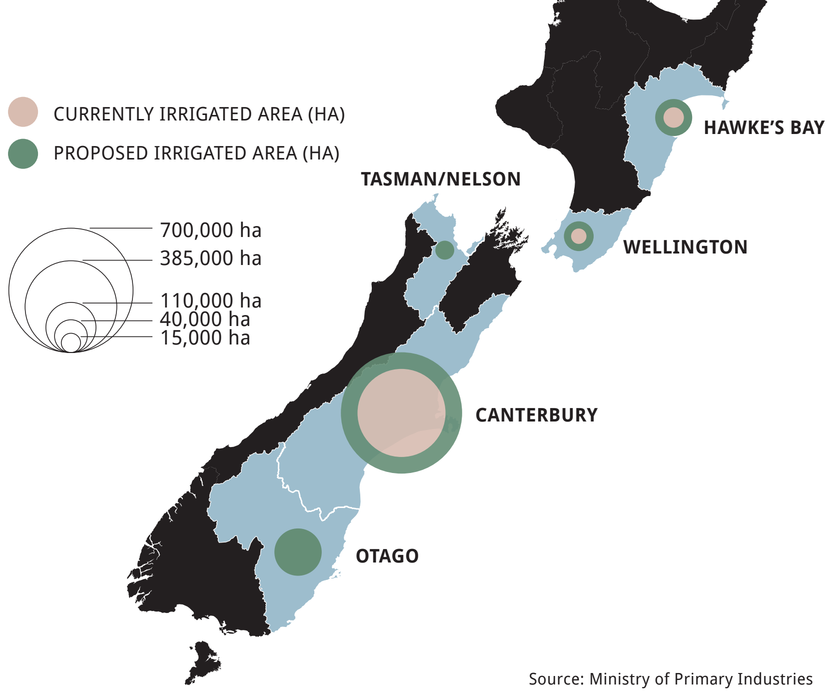
Tasman and Canterbury regions and is a limitation to further dairy conversions in Canterbury and Otago. Dairy farming both uses more water than other pastoral farming and leads to greater runoff of pollutants into waterways.

The combined impact of greater competition for available water and declining fresh-water quality is a concern in several regions around New Zealand. The recently released discussion document Freshwater Reform 2013 and Beyond proposes a range of solutions, including more integrated decision making in catchments, better tools to manage within concrete water quantity limits and improved farming practices. In addition, further irrigation infrastructure is proposed in the Hawke's Bay, Wellington, Tasman, Canterbury and Otago regions.

There is scope for new businesses to develop that leverage off the traditional resource-based sectors and provide more sophisticated and higher-value products.

Economic opportunities exist to increase sustainable use of other natural resources. For example, New Zealand's fledgling aquaculture industry has considerable growth potential. The mussel, salmon and oyster farms developing on the coastal parts of Northland, Auckland, the Coromandel, Tasman, Marlborough, Canterbury and Southland currently employ about 3,000 people and earn $400 m in revenue, three-quarters of that from exports. The industry target is to generate one billion dollars in annual revenue by 2025.

26. CURRENT AND PROPOSED IRRIGATION INFRASTRUCTURE DEVELOPMENT



Source: Ministry of Primary Industries

Opportunities may also emerge from oil and gas prospecting and exploration. The annual petroleum block offer system is encouraging exploration in Southland, the East Coast and off the West Coast of the North Island.

There is also potential to further develop renewable energy prospects, including geothermal, wind and bioenergy.

New Zealand still exports commodities from most of its regions – milk powder, meat and logs. Of New Zealand's total merchandise exports for the year ended December 2012, logs accounted for 39 percent by weight but less than four percent by value, while dairy products were about nine percent by weight and 30 percent by value and meat about three percent by weight and 12 percent by value.

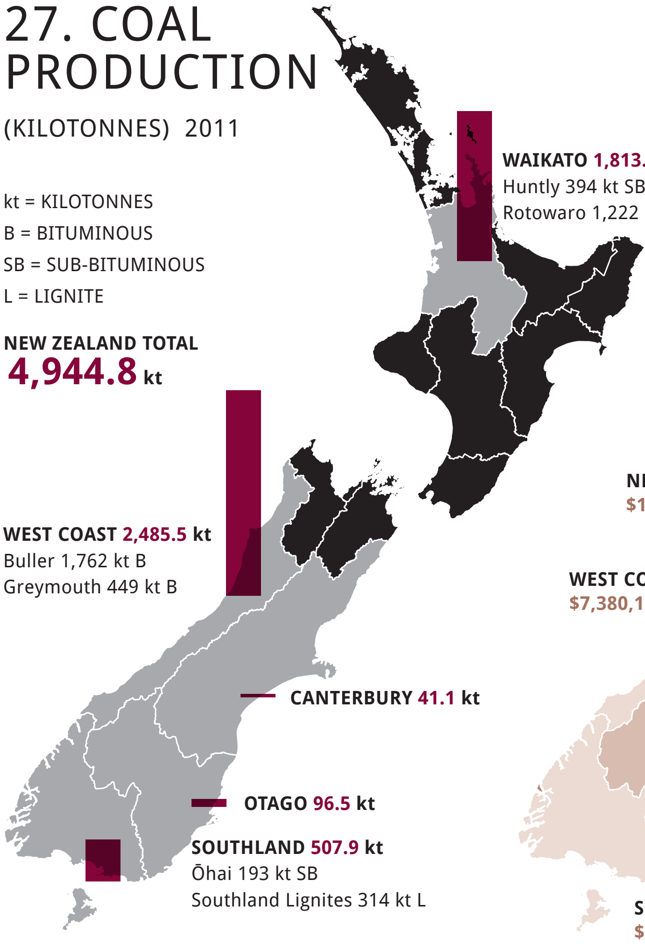
There is scope for new businesses to develop that leverage off the traditional resource-based sectors and provide more sophisticated and higher-value products. These include businesses that provide inputs to agriculture (such as farm machinery and consultancy services), process outputs (such as food or wood products) or develop from these things into something entirely new (such as security systems or nutraceuticals). Regions where such businesses are flourishing not only have more high income-earning options, but their more diverse economic structures make them more resilient to changes in world prices for a given commodity.

27. COAL PRODUCTION

(KILOTONNES) 2011

kt = KILOTONNES
B = BITUMINOUS
SB = SUB-BITUMINOUS
L = LIGNITE

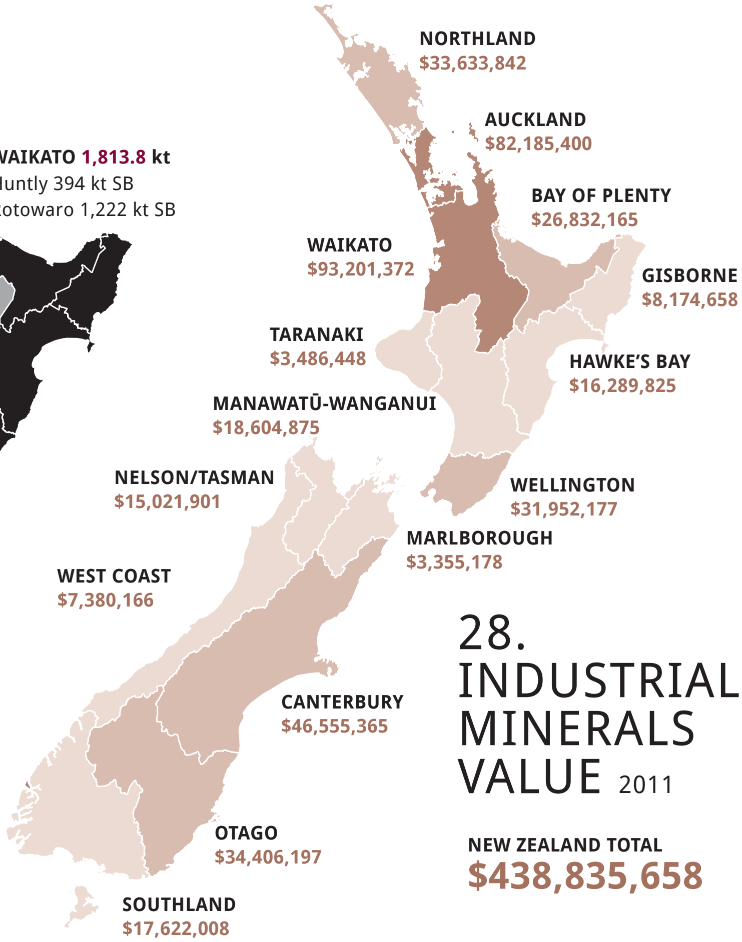
NEW ZEALAND TOTAL
4,944.8 kt



Source: Ministry of Business, Innovation and Employment

28. INDUSTRIAL MINERALS VALUE 2011

NEW ZEALAND TOTAL
$438,835,658

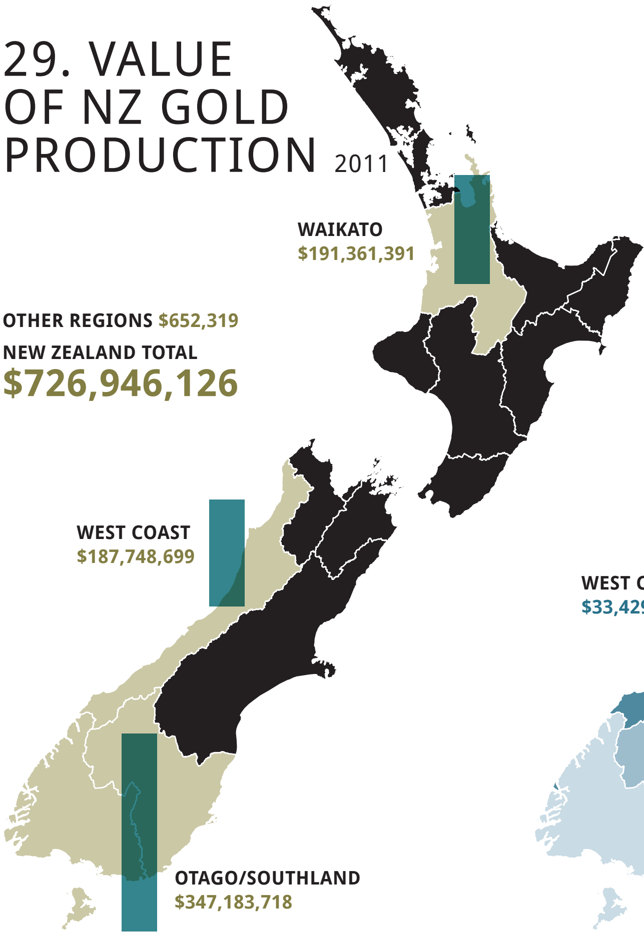


Source: Ministry of Business, Innovation and Employment

29. VALUE OF NZ GOLD PRODUCTION 2011

OTHER REGIONS $652,319

NEW ZEALAND TOTAL
$726,946,126

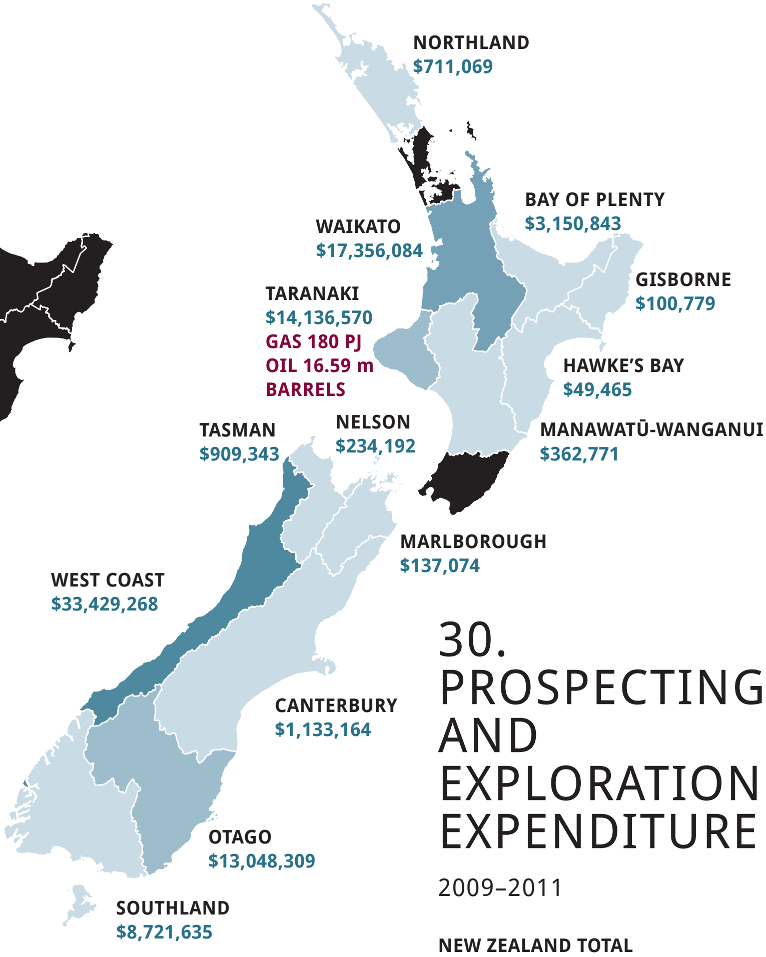


Source: Ministry of Business, Innovation and Employment

30. PROSPECTING AND EXPLORATION EXPENDITURE

2009–2011

NEW ZEALAND TOTAL
$93,480,566



Source: Ministry of Business, Innovation and Employment

Infrastructure

NEW ZEALAND'S SMALL POPULATION IS UNEVENLY DISTRIBUTED ACROSS OUR NARROW ISLANDS, AND KEY NATIONAL INFRASTRUCTURE IS GEOGRAPHICALLY CONCENTRATED, PROVIDING A DRIVER OF REGIONAL ECONOMIC SPECIALISATION AND INTERDEPENDENCE. TRANSPORT AND COMMUNICATIONS NETWORKS DETERMINE THE ACCESS THAT REGIONS HAVE TO THE THINGS THAT THEY NEED, INCLUDING NATIONAL AND INTERNATIONAL MARKETS. PLANS TO FURTHER DEVELOP INFRASTRUCTURE ACROSS NEW ZEALAND IN THE NEXT 10 YEARS WILL FURTHER IMPACT ON THE WAY DEVELOPMENT OCCURS.

The Government has set a vision that, by 2030, New Zealand's infrastructure is resilient and coordinated and contributes to economic growth and increased quality of life.

All businesses fundamentally depend upon the services provided by the physical transport, communications, energy, water and education assets distributed across New Zealand. Transport and communications infrastructure connects businesses to their employees, suppliers and markets. Educational facilities produce skilled labour. Water is a particularly essential input for horticulture, dairying and some manufacturing activities.

Some of New Zealand's infrastructure is highly concentrated in particular regions despite usage being dispersed across the nation. For example, Figure 31 shows that most of the country's electricity is generated in the South Island hydro lakes, but demand is concentrated with population in Auckland and with key industrial users such as the Marsden Point oil refinery in Northland and the Tiwai Point Aluminium Smelter in Southland. Our universities and hospitals are concentrated where the population is – in cities – and while there are ports located near most regions, major seaports and airports are also concentrated near our main centres.

Our network infrastructure (roads, rail and transmission lines) distributes fuel, energy and goods across New Zealand and links all regions with each other and the rest of the world.

Nevertheless, it is no accident that over half of the country's wholesale trade activity is located in Auckland, close to the main international airport and major seaport and the country's largest market.

Some of New Zealand's infrastructure is highly concentrated in particular regions despite usage being dispersed across the nation.

Despite most regions having a polytechnic, the location of universities in our cities encourages young people to move there from other places. Over 80% of Otago University's students are from outside Dunedin, and one person in six in that city is a student.

Meanwhile, those regions that are most isolated from the rest of the country and from universities, hospitals and so on – Gisborne, Southland and the West Coast – are also the smallest and slowest growing (in terms of total population). These regions also show relatively lower tertiary educational achievement levels, lesser skilled economic activity and less business turnover.[10]

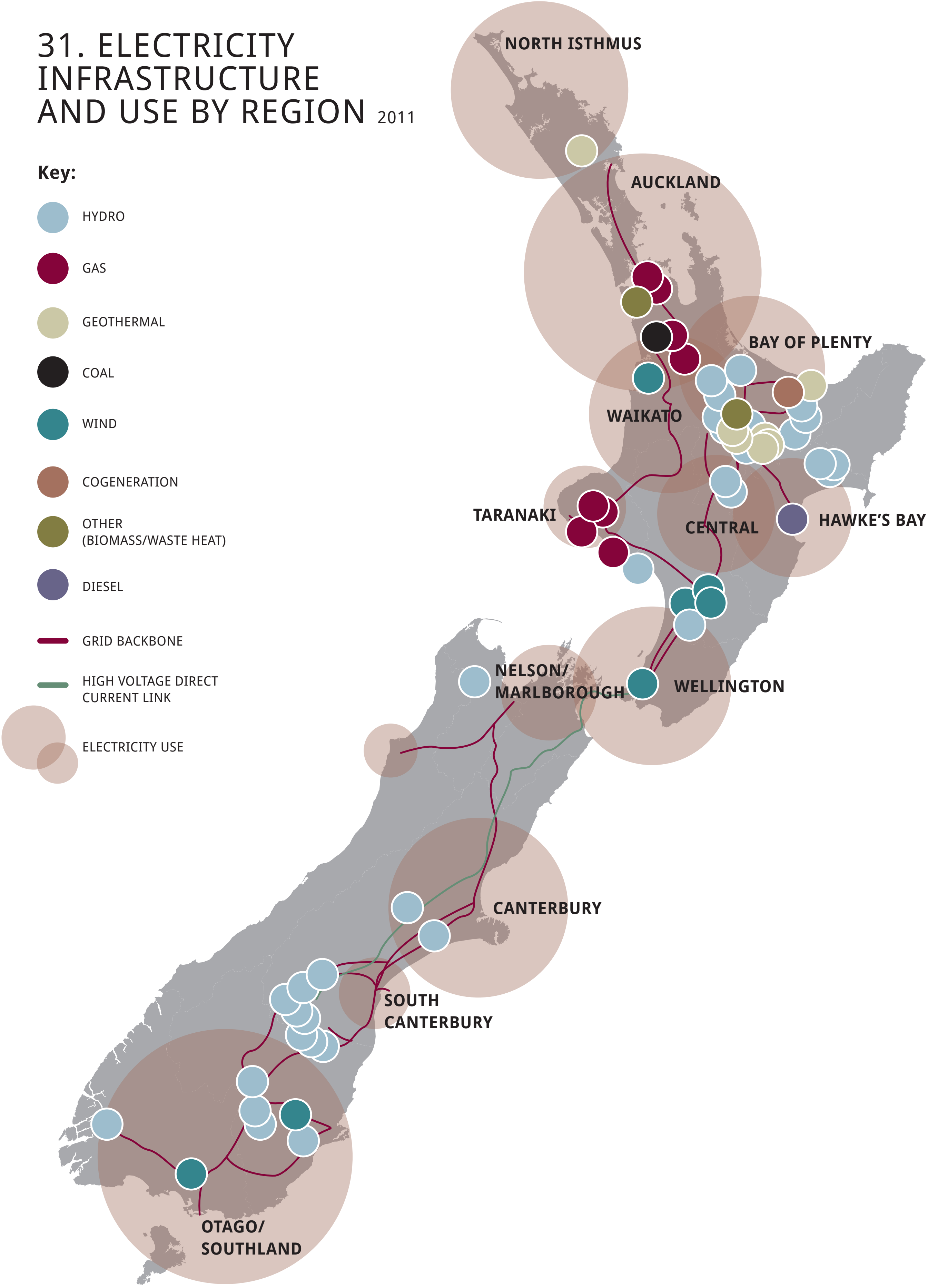
The Government, local authorities and various private sector entities are involved in funding infrastructure. All are faced with having to make trade-offs between demands across New Zealand. For example, what proportion of limited funds should be used to develop new infrastructure in areas with growing demand versus improving levels of service in areas where there is static or declining populations? How much emphasis should be put on supporting the movement of high-volume commodity exports versus improving accessibility and amenity within urban areas where services-based economic activity is growing? Getting the balance right requires taking into account a range of objectives.

The Government's currently committed infrastructure investment projects demonstrate a range of approaches to this.

Its contribution to the Christchurch earthquake rebuild is a priority.

10 In terms of rates of business turnover and proportions of high-growth enterprises.

31. ELECTRICITY INFRASTRUCTURE AND USE BY REGION 2011



Source: Electricity Authority

Aside from this, the Roads of National Significance (RoNS) programme is one of New Zealand's biggest ever infrastructure investments. Figure 33 shows the seven RoNS – essential state highways – to be built around New Zealand's five largest population centres (Auckland, Waikato, Bay of Plenty, Wellington and Canterbury). These projects seek to strike a balance between improving accessibility within areas of higher population growth and reducing travel times from more distant regions (both shown in Figure 32).

Meanwhile, the Government's investment in ultra-fast broadband and rural broadband is aimed at improving levels of service to most New Zealanders in most places.

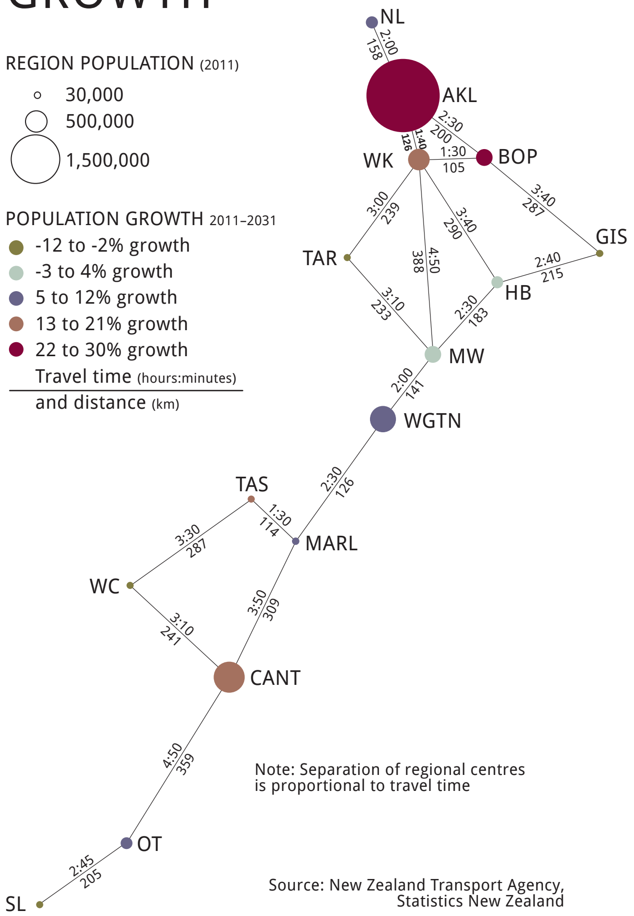
The Irrigation Acceleration Fund is designed to support rural irrigation projects.

The infrastructure projects planned over the next decade or so will, in themselves, stimulate economic activity in some regions.

The infrastructure projects planned over the next decade or so will, in themselves, stimulate economic activity in some regions. The Christchurch rebuild has only just started, but already it is both driving economic recovery in Canterbury and is the key contributor to growth for New Zealand as a whole, after the earthquakes initially reduced growth.

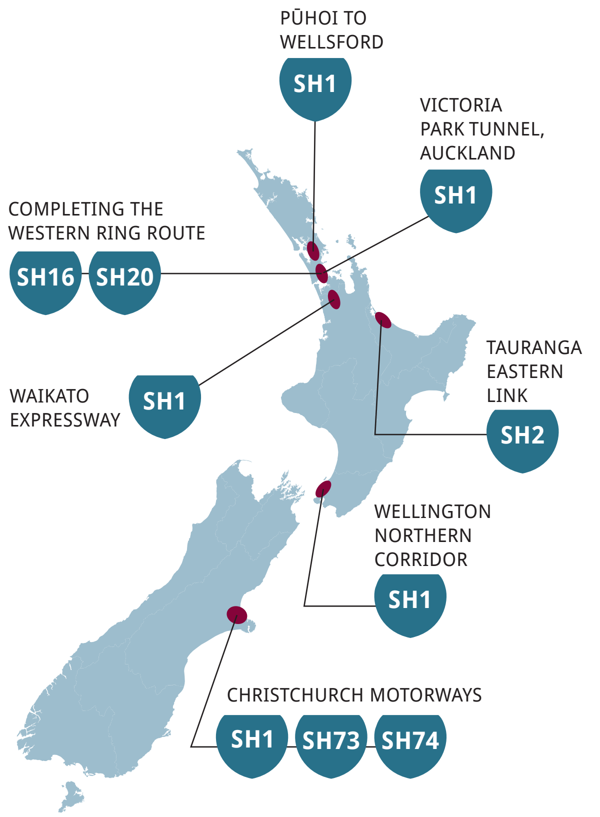
Infrastructure projects require large upfront investment, take a long time to plan and build and require maintenance over their long economic lifetimes. Strong investment analysis and decision making is imperative. Information about regional economies is a key input to this.

32. CURRENT TRAVEL TIME AND POPULATION GROWTH



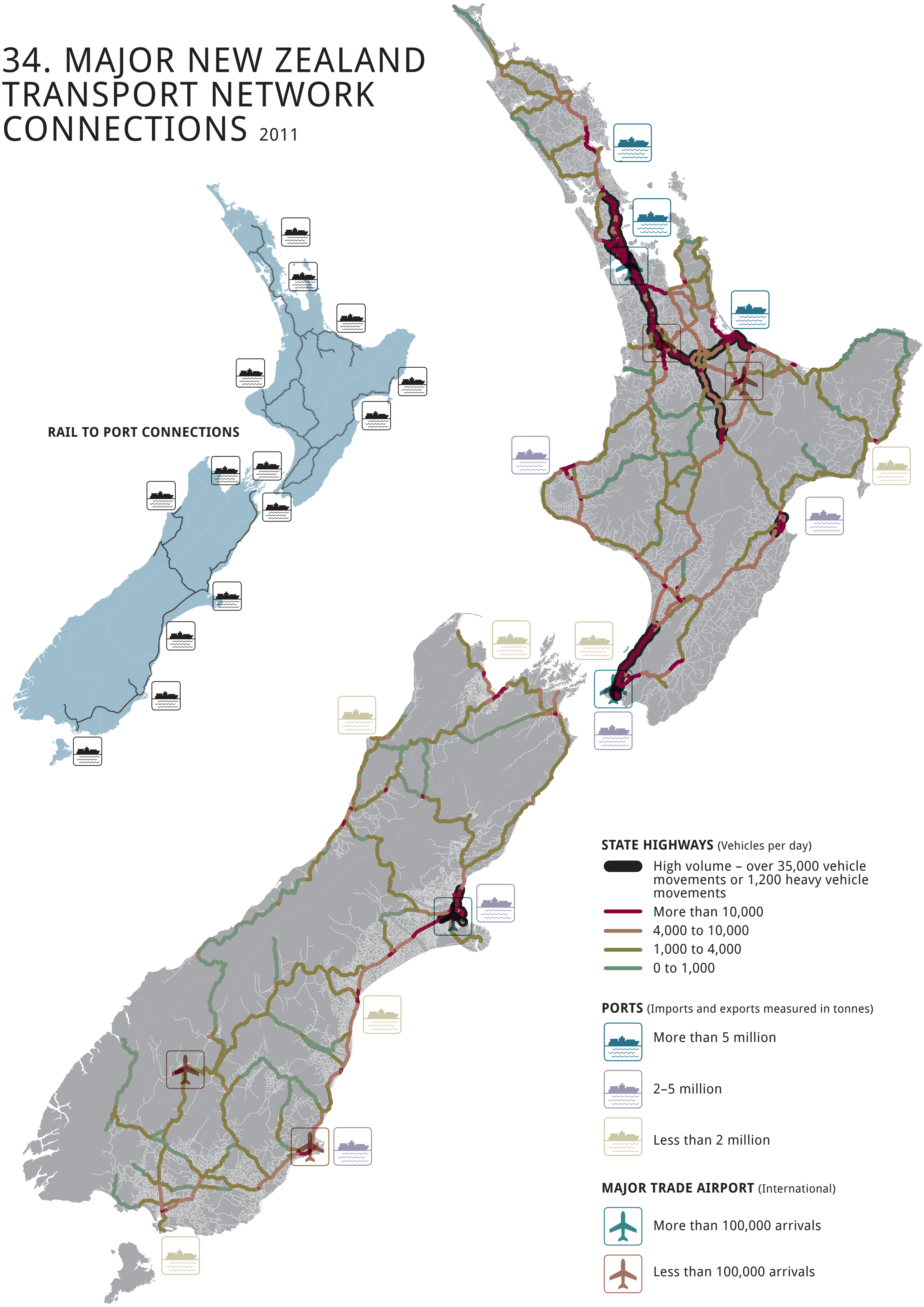
Source: New Zealand Transport Agency, Statistics New Zealand

33. THE SEVEN ROADS OF NATIONAL SIGNIFICANCE (RoNS)



Source: New Zealand Transport Agency

34. MAJOR NEW ZEALAND TRANSPORT NETWORK CONNECTIONS 2011



Source: Ministry of Transport, New Zealand Transport Agency

International connections

THE GOVERNMENT HAS COMMITTED TO THE GOAL OF INCREASING THE RATIO OF EXPORTS TO GDP TO 40 PERCENT BY 2025, WHICH WILL REQUIRE THE VALUE OF OUR EXPORTS TO DOUBLE IN REAL TERMS. IT WILL REQUIRE NEW ZEALAND TO MAKE THE MOST OF ITS LINKS WITH THE REST OF THE WORLD, INCLUDING TRADE, TOURISM, CAPITAL AND PEOPLE FLOWS.

Our regions connect internationally in different ways. The smaller regions generate commodity exports, while the urban areas tend to contribute inputs to these and export some services. They also have high proportions of migrants and foreign firms, which can provide links to overseas markets.

New Zealand's sea and airports are important points of connection between regions and the rest of the world. Figure 36 shows that the Auckland and Tauranga Ports carry most of New Zealand's merchandise cargo by value, followed by the Lyttelton Port and Port Chalmers.

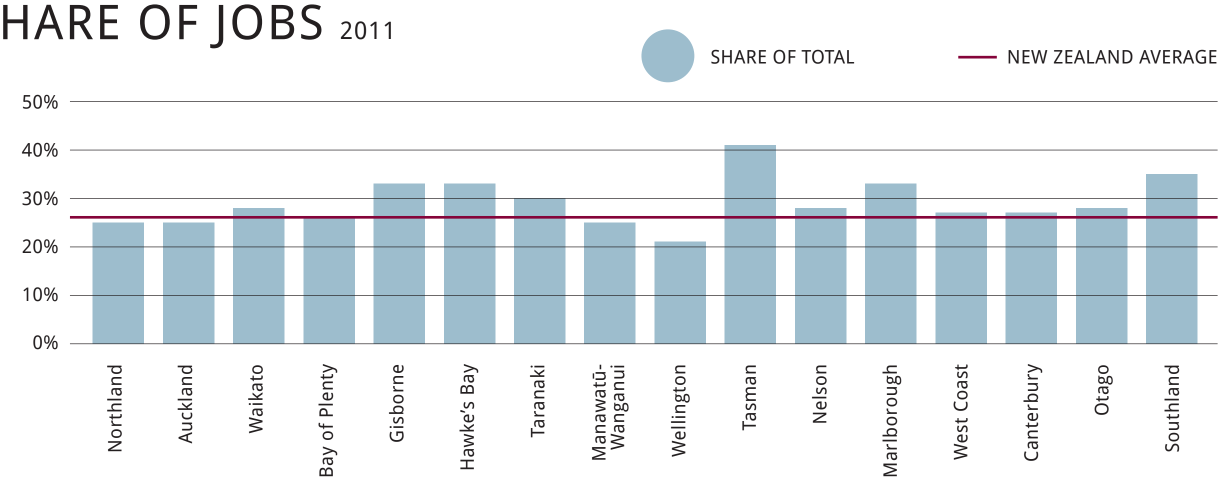
It also shows that different ports provide different functions. Tauranga, Lyttelton and Port Chalmers tend to carry export staples such as dairy, meat and forestry products, while the Auckland international airport carries most of New Zealand's high-value export cargo. The Auckland sea port brings in most of New Zealand's imports, and other ports provide regional links. The councils in the north of the North Island are working together in an Upper North Island Alliance (UNISA) to ensure that their ports work efficiently as a system.

The ports where commodities exit New Zealand provide a partial indicator of where they originate from. Often goods travel great distances across New Zealand before they leave via a port. In addition, while international tourism and export education are provided in New Zealand, a high proportion of services exports are exported via the internet or telephone. Because data on exports is not available by region, estimates need to be made.

Figure 35 shows that the proportion of the workforce in each region that is employed in export-related sectors[11] is highest in Tasman, Marlborough, Southland, Gisborne and the Hawke's Bay. These regions have high proportions of employment in primary industries such as horticulture.

11 This is calculated by multiplying the share of output exported by each sector in the national accounts by regional employment shares in these sectors. The figure probably understates the economic impact of exports in regions such as Taranaki, which has two key sources of export income – oil and dairy farming – that do not directly employ a high proportion of the region's workforce.

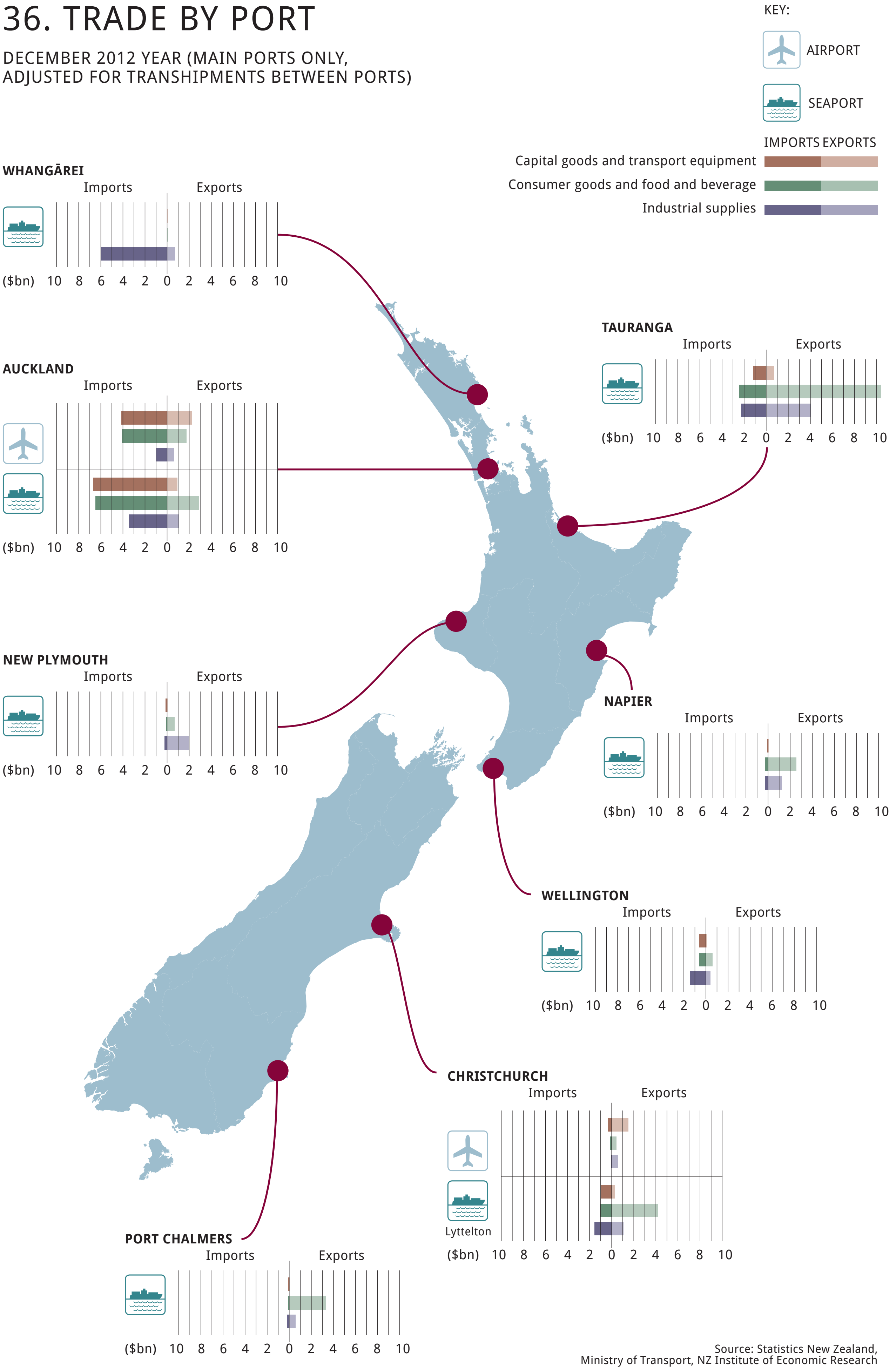
35. EMPLOYMENT IN EXPORT-RELATED SECTORS, SHARE OF JOBS 2011



Source: Statistics New Zealand, NZ Institute of Economic Research

36. TRADE BY PORT

DECEMBER 2012 YEAR (MAIN PORTS ONLY, ADJUSTED FOR TRANSHIPMENTS BETWEEN PORTS)



Source: Statistics New Zealand, Ministry of Transport, NZ Institute of Economic Research

Figure 38 shows how important international tourism is as an export earner for some of our regions. In absolute dollar terms, Auckland, Otago, Canterbury and Wellington receive large doses of international spending. Relative to total household income of the region, international tourism is most integral to Otago, the West Coast, Tasman and Marlborough.

The larger urban regions do not tend to be as directly focused on exporting products. This is related to their industrial structure as well as their market size. Auckland and Wellington have large services industries and head office functions (such as accounting, legal, marketing and financial advice) servicing both domestic and international companies. They may not export those services directly but are part of the chain of inputs into an export good or service.

Nevertheless, information technology is enabling consistent growth in commercial services exports from New Zealand and internationally. There are opportunities for business services companies concentrated in Auckland and Wellington to diversify their market focus from the rest of New Zealand to the rest of the world.

Currently, over half of our services exports go to our traditional, English-speaking trade partners (particularly Australia), while Asia takes 41 percent of New Zealand's merchandise exports. As Asia develops, its import demands are likely to grow and evolve.

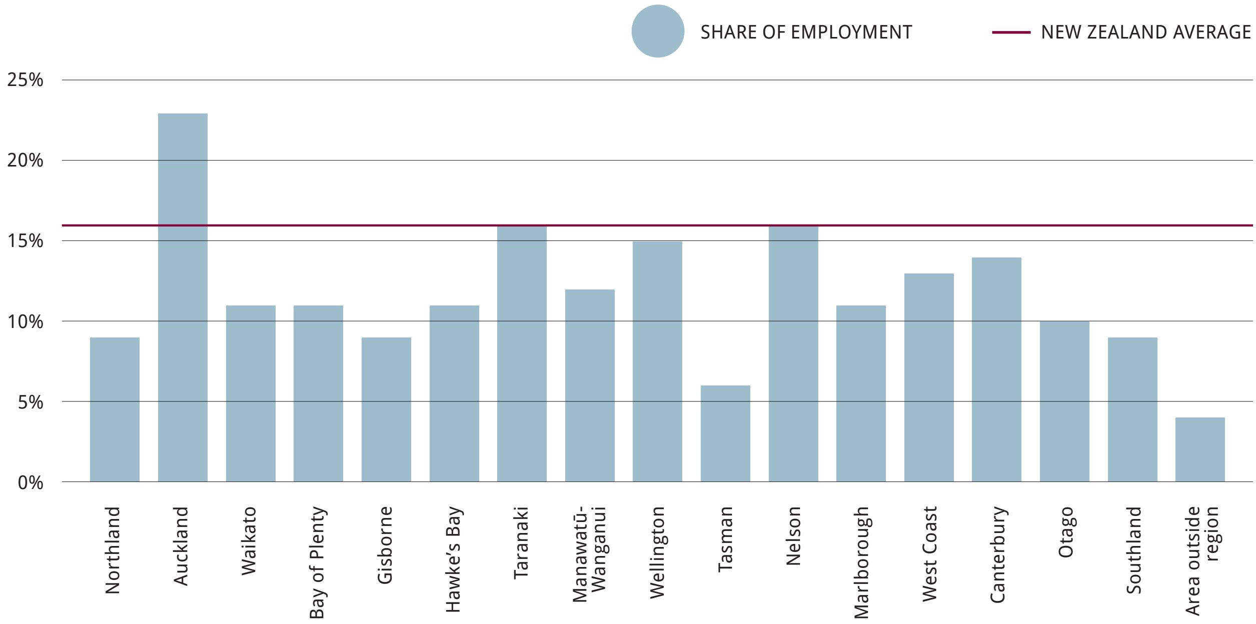
There is potential to increase exports by tapping into the international linkages provided by foreign-owned firms and migrants located in our regions.

Figure 37 shows that employment in firms with foreign ownership is highest in Auckland. Many of these firms are involved in the wholesale trade and finance sectors concentrated in this region. Foreign-owned companies in other sectors are located in Taranaki, Nelson and Wellington. Many of these firms are foreign owned. Half of New Zealand's foreign direct investment is from Australia (and 50 percent of New Zealand's outward direct investment is in Australia). These firms are often well connected into global value chains.

Migrants come from a diverse range of countries, mostly providing new skills but also potential trade links and capital. International migration fluctuates from year to year, but overall, during the last 10 years, there has been a net inflow to New Zealand. Figure 39 shows, however, that migration flows over the last 10 years have not been even across the country. While more people are leaving Northland, Bay of Plenty, Gisborne and the Hawke's Bay than arriving, net inward migration is concentrated in Auckland. In the 2006 Census, over 37 percent of the people living in Auckland said they were born overseas (and over 45 percent of the workforce).

The more we diversify our markets and add value to our natural resources before exporting them, the more prosperous New Zealand will be. Each of our regions can contribute to this in different ways.

37. EMPLOYMENT IN FIRMS WITH 50 PERCENT OR MORE FOREIGN OWNERSHIP 2012



Source: Statistics New Zealand

38. INTERNATIONAL VISITOR SPENDING BY REGION

JUNE 2012 YEAR

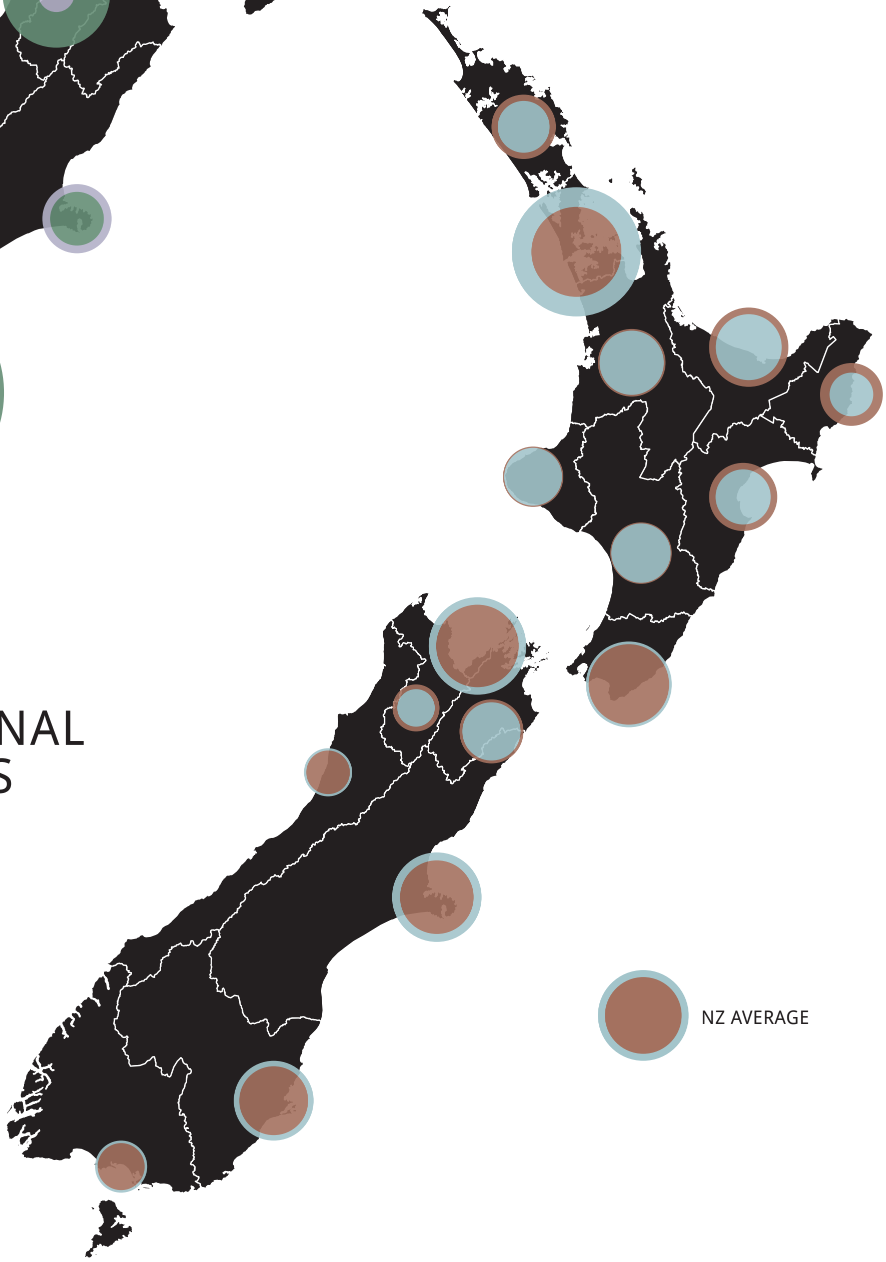
INTERNATIONAL TOURISM EXPENDITURE ($B)

% SHARE OF REGIONAL HOUSEHOLD INCOME

Source: Statistics New Zealand, Ministry of Business, Innovation and Employment, NZ Institute of Economic Research

39. INTERNATIONAL MIGRANT FLOWS PER CAPITA

2002–2012 AVERAGE



ARRIVALS

DEPARTURES

Source: Statistics New Zealand

Note: Unidentified regions for arrivals and departures have been apportioned on a pro-rata basis

Conclusion

THIS REPORT SHOWS THAT NEW ZEALAND IS A SUM OF ITS PARTS. EACH REGION HAS A DIFFERENT CONTRIBUTION TO MAKE TO NATIONAL ECONOMIC PERFORMANCE AND THE POTENTIAL TO PROVIDE GOOD STANDARDS OF LIVING AND JOBS.

It also shows considerable disparity between our regions in terms of their economic outcomes in the last decade.

The underlying causes of this are complex. Higher incomes and growth are tending to concentrate in our urban areas, particularly Auckland. However, there are examples of both urban regions and small rural ones that are offering local people high incomes and job opportunities and a mix of regions that are lagging behind.

Each region is endowed with a different set of natural resources, geography, populations and infrastructure assets and has developed its own unique mix of economic activities using these.

New Zealand is a small, open economy, and international trade and immigration movements have impacted on the fortunes of our regions quite differently, with some regions being particularly vulnerable to changes in commodity prices.

The Christchurch earthquakes and weather events have also taken their toll.

Successful regional economies are facilitated by Government working together with local people to martial local resources, build resilience and leverage opportunity. The Business Growth Agenda provides a strategy and a set of actions for doing this. The agenda is focused on six elements needed for business growth: natural resources, skilled and safe workplaces, infrastructure, capital, innovation and access to export markets. Applying the Business Growth Agenda to regions will go beyond what is traditionally thought of as regional development.

This report supports the Business Growth Agenda by providing new information from a regional perspective to improve our understanding of the New Zealand economy. In future, the information in this report will be further developed with the release of official measures of regional GDP and data from the 2013 Census.

Appendices

Summary data

All data refers to 2012, unless otherwise stated

* Data is only available for Gisborne/Hawke's Bay, and Tasman/Nelson/Marlborough/West Coast grouped together

PEOPLE	Northland	Auckland	Waikato	Bay of Plenty	Gisborne	Hawke's Bay
Population	158,300	1,507,700	416,200	277,200	46,800	155,000
Share of population (%): 0–14 years	22	21	22	21	24	22
15–24 years	12	15	15	13	14	13
25–64 years	49	53	50	49	49	49
65 years+	17	11	14	17	13	16
Projected population growth, 2012–2031 (% p.a.)	0.5	1.4	0.6	0.7	0.1	0.2

HOUSEHOLDS	Northland	Auckland	Waikato	Bay of Plenty	Gisborne	Hawke's Bay
Household income, annual average (nearest $100)	60,000	89,700	81,600	72,700	63,500	72,200
Rental cost, annual average (nearest $100)	14,100	22,100	14,700	15,300	13,500	14,300
Rent share of household income (%)	24	25	18	21	21	20
Employment (number of filled jobs)	52,370	642,940	166,760	109,460	19,720	73,390
Employment growth, 2002–2012 (% p.a.)	1.3	1.9	1.5	1.6	0.1	0.8
Employment rate (% share of population)*	56	63	63	59	63	63
Unemployment rate (% of labour force)*	9.5	7.7	6.8	7.5	8.1	8.1

KEY INFRASTRUCTURE	Northland	Auckland	Waikato	Bay of Plenty	Gisborne	Hawke's Bay
Broadband internet (% of households, 2009)	52	72	57	54	51	51
Road density (length per 1,000 km^2 area, 2010)	461	1,347	423	364	242	321
Heavy vehicle km travelled per km of network (2011)	123,229	822,086	227,404	233,146	75,529	156,977

INTERNATIONAL CONNECTIONS	Northland	Auckland	Waikato	Bay of Plenty	Gisborne	Hawke's Bay
Cargo traded through regional ports ($m): Exports	766	9,559	86	15,217	284	3,819
Imports	6,003	25,739	5	5,884	0	558
International tourism spending: $m	158	2,065	300	293	16	90
% of household income	5	5	3	5	2	2
International migration, 2002–2012 average (per 100,000)	-277	865	-33	-294	-423	-287

SKILLS AND INNOVATION	Northland	Auckland	Waikato	Bay of Plenty	Gisborne	Hawke's Bay
18-year-olds attaining min. NCEA L2 or equivalent (%, 2011)	68	78	73	75	64	77
Patent applications (per million heads, 2009)	19	100	99	46	0	20
High-growth firms (per 1,000 firms, 2011)	12	21	19	21	17	24

INDUSTRY MIX OF JOBS (Number)	Northland	Auckland	Waikato	Bay of Plenty	Gisborne	Hawke's Bay
Agriculture, Forestry and Fishing	4,450	5,390	17,320	9,230	4,580	12,010
Dairy	*1,540*	*440*	*7,100*	*1,480*	*40*	*330*
Sheep, beef cattle and grain farming	*650*	*330*	*1,950*	*430*	*1,850*	*2,370*
Horticulture (inc. viticulture)	*945*	*3,150*	*2,600*	*2,080*	*1,253*	*5,662*
Fishing and aquaculture	*70*	*90*	*175*	*73*	*20*	*25*
Forestry and logging	*610*	*370*	*1,310*	*1,410*	*550*	*560*
Other	*635*	*1,010*	*4,185*	*3,757*	*867*	*3,063*
Mining	200	460	1,290	150	25	90
Manufacturing	5,310	72,250	19,890	11,840	1,800	10,300
Food and beverage	*1,480*	*16,910*	*7,758*	*3,294*	*1,008*	*6,052*
Wood, paper and printing	*1,218*	*8,683*	*3,070*	*3,430*	*375*	*1,220*
Chemicals, minerals and metal	*1,500*	*22,370*	*4,804*	*2,395*	*210*	*1,116*
Transport and machinery equipment	*814*	*15,790*	*3,483*	*2,153*	*84*	*824*
Other	*298*	*8,497*	*775*	*568*	*123*	*1,088*
Electricity, Gas, Water and Waste Services	730	3,430	1,940	1,040	75	490
Construction	3,300	33,820	11,370	6,590	1,260	3,880
Wholesale Trade	1,720	53,300	6,740	4,460	450	2,310
Retail Trade	6,120	61,010	17,370	12,220	1,680	6,820
Accommodation and Food Services	4,030	42,320	11,450	8,290	1,130	4,150
Transport, Postal and Warehousing	2,010	31,970	4,930	5,350	690	2,580
Information Media and Telecommunications	450	18,440	1,680	790	200	430
Financial and Insurance Services	710	27,670	2,640	1,720	210	1,080
Rental, Hiring and Real Estate Services	860	10,350	2,120	1,600	230	870
Professional, Scientific and Technical Services	2,130	65,690	10,860	5,240	870	3,200
Administrative and Support Services	1,580	36,870	5,710	5,650	780	4,750
Public Administration and Safety	2,670	29,530	7,700	4,660	690	3,050
Education and Training	5,440	56,330	15,610	10,040	1,890	6,000
Health Care and Social Assistance	7,880	61,940	18,650	14,490	2,290	8,280
Arts and Recreation Services	920	10,920	3,760	2,150	300	1,070
Other Services	1,860	21,270	5,720	3,910	570	2,040

Taranaki	Manawatū-Wanganui	Wellington	Tasman	Nelson	Marlborough	West Coast	Canterbury	Otago	Southland	NZ
110,100	232,500	490,100	48,400	46,600	45,700	32,900	558,800	211,300	94,900	4,433,100
21	20	19	20	19	18	19	18	17	20	20
13	16	15	11	13	11	12	14	18	13	14
50	48	53	52	52	52	53	52	51	51	52
16	16	13	17	16	20	17	16	15	16	14
0.1	0.2	0.5	0.6	0.5	0.4	0.1	0.8	0.5	0.0	0.8
Taranaki	Manawatū-Wanganui	Wellington	Tasman	Nelson	Marlborough	West Coast	Canterbury	Otago	Southland	NZ
81,800	66,000	88,900	54,000	90,600	73,500	86,000	75,800	70,500	76,500	80,600
14,700	12,300	19,000	16,200	16,200	14,500	13,300	16,800	16,300	10,700	17,900
18	19	21	30	18	20	15	22	23	14	22
49,150	95,190	235,460	18,180	24,890	20,700	15,570	256,560	97,640	48,300	1,926,580
1.7	0.3	1.1	0.5	1.3	1.4	2.4	1.5	1.3	1.0	1.4
66	61	66	64	64	64	64	65	65	71	64
4.6	8.3	6.9	5.2	5.2	5.2	5.2	5.5	4.8	4.6	6.9
Taranaki	Manawatū-Wanganui	Wellington	Tasman	Nelson	Marlborough	West Coast	Canterbury	Otago	Southland	NZ
55	47	69	56	56	56	56	64	61	60	63
532	391	504	181	181	181	104	338	310	215	215
167,959	176,225	377,119	131,329	131,329	131,329	131,329	177,300	60,850	108,462	97,686
Taranaki	Manawatū-Wanganui	Wellington	Tasman	Nelson	Marlborough	West Coast	Canterbury	Otago	Southland	NZ
2,690	–	1,108	–	877	52	–	8,727	3,854	1,020	48,076
362	–	2,634	–	286	0	–	4,383	356	807	47,037
52	79	463	64	64	84	128	654	934	123	5,566
2	1	3	7	4	7	13	4	17	5	5
-5	-22	119	-209	330	-35	19	351	241	24	309
Taranaki	Manawatū-Wanganui	Wellington	Tasman	Nelson	Marlborough	West Coast	Canterbury	Otago	Southland	NZ
76	74	79	73	80	77	62	76	81	73	74
37	50	51	39	39	39	31	80	93	0	74
13	19	25	15	21	15	0	19	19	12	20
Taranaki	Manawatū-Wanganui	Wellington	Tasman	Nelson	Marlborough	West Coast	Canterbury	Otago	Southland	NZ
3,720	8,650	3,290	4,290	1,000	3,680	1,270	14,360	8,790	7,750	109,820
2,410	*2,080*	*500*	*330*	*9*	*110*	*910*	*4,550*	*1,420*	*2,720*	*26,010*
390	*3,120*	*920*	*360*	*12*	*270*	*70*	*3,320*	*2,550*	*2,600*	*21,220*
233	*980*	*675*	*2,735*	*179*	*1,348*	*57*	*2,500*	*2,495*	*430*	*27,310*
12	*3*	*75*	*55*	*755*	*230*	*20*	*460*	*30*	*185*	*2,320*
33	*295*	*275*	*445*	*28*	*155*	*85*	*390*	*255*	*205*	*6,990*
642	*2,172*	*845*	*365*	*17*	*1,567*	*128*	*3,140*	*2,040*	*1,610*	*25,970*
1,090	95	290	55	0	50	1,570	580	640	160	6,760
8,580	10,100	13,150	2,530	2,660	3,420	1,460	33,650	8,590	8,940	214,520
4,330	*4,108*	*3,170*	*1,104*	*1,413*	*2,459*	*695*	*11,650*	*4,378*	*5,839*	*75,740*
645	*1,040*	*2,525*	*795*	*385*	*165*	*195*	*3,776*	*1,070*	*653*	*29,250*
2,202	*2,002*	*3,828*	*412*	*294*	*292*	*237*	*6,924*	*1,452*	*1,734*	*51,680*
1,222	*1,423*	*1,916*	*195*	*366*	*407*	*238*	*8,285*	*936*	*524*	*38,700*
181	*1,527*	*1,711*	*24*	*202*	*97*	*95*	*3,015*	*754*	*190*	*19,150*
570	630	1,830	120	50	170	65	1,940	630	210	13,900
3,980	5,720	12,500	1,040	1,390	1,210	1,470	20,420	6,590	2,840	117,370
1,520	4,200	8,430	450	1,110	530	360	13,700	3,030	1,690	104,020
5,060	10,630	21,680	2,060	2,950	2,250	1,600	27,000	10,820	4,880	194,170
3,180	6,000	16,210	1,470	1,960	1,700	1,940	16,320	11,160	3,100	134,430
1,940	3,280	8,140	780	1,090	860	710	12,220	3,500	2,520	82,630
610	950	6,750	160	340	210	140	3,600	1,560	470	36,790
670	1,370	10,730	240	370	250	150	5,110	1,510	830	55,260
660	1,100	2,610	270	290	360	140	3,930	1,540	520	27,470
2,370	4,070	26,610	810	1,450	620	490	16,390	4,680	1,780	147,270
1,860	3,190	12,240	550	1,620	630	330	13,620	4,450	1,040	94,860
1,640	8,400	30,870	300	890	1,020	470	11,270	3,860	1,630	108,650
3,760	9,930	21,120	1,060	2,370	1,190	1,010	20,680	9,400	3,010	168,880
5,420	12,180	24,300	1,200	3,830	1,720	1,640	29,100	11,090	4,550	208,570
800	1,550	5,780	310	480	250	380	4,350	2,930	840	36,830
1,710	3,130	8,950	470	1,060	540	380	8,340	2,860	1,560	64,380

Sources and notes

PAGE	FIGURE	TITLE	NOTES	SOURCE AND DATASET
7	**1**	REGIONAL SHARES OF NATIONAL EMPLOYMENT	Employment as measured by filled jobs in Business Demography Statistics. While the employee count is primarily used to support business size measure statistics, this source is considered the best for providing both a recent and a comprehensive measure of relative employment across regions. While it does not include working proprietors, it is more up to date than the Linked Employer-Employee Dataset (which does). It is also much more comprehensive than the Household Labour Force Survey, which, while it is the most up-to-date source, is too small to be used to measure employment numbers at the regional level used in this report.	Statistics New Zealand: Business Demography Statistics
8	**2**	AVERAGE ANNUAL HOUSEHOLD INCOME	Annualised weekly amounts of income from the Household Income Survey for most regions. For small regions, these have been disaggregated using LEED income and population estimate data. Estimates for the small regions should be used with care as they have small samples and are prone to wide confidence intervals. Rents are as reported in tenancy bond lodgements.	Statistics New Zealand: New Zealand Income Survey, Linked Employer-Employee Dataset (LEED) Ministry of Business, Innovation and Employment: Tenancy Bond Database
8	**3**	HOUSEHOLD INCOME AND EMPLOYMENT GROWTH	Employment growth between 2002 and 2012 using filled jobs as per Figure 1. Average annual household income is as per Figure 2. Population size is from official subnational estimates.	Statistics New Zealand: Business Demography Statistics, New Zealand Income Survey, Subnational Population Estimates
10	**4**	EMPLOYED SHARE OF WORKING-AGE POPULATION	The Household Labour Force Survey uses internationally comparable definitions for employment and unemployment rates and is available quarterly, making it the best source for making regional comparisons on these indicators. Data for small regions (Gisborne and Hawke's Bay; and Tasman, Nelson, Marlborough and West Coast) are combined in this survey, so for this figure, we have estimated separate employment rates for these regions using LEED employment and population estimates. However, employment rates presented in the regional profiles (pages 25, 27, 35, 37, 39 and 41) and summary data (pages 76 and 77) are for the regions combined.	Statistics New Zealand: Household Labour Force Survey, LEED, Subnational Population Estimates
10	**5**	URBAN AND RURAL POPULATION OF NEW ZEALAND	Urban areas are statistically defined areas with no administrative or legal basis. This classification is designed to identify concentrated urban settlements. Rural is the balance. Definitions are as used by Statistics New Zealand. Historical data is collected from Year Books.	Statistics New Zealand: Population Estimates, Year Books
10	**6**	PROJECTED POPULATION GROWTH PER YEAR	Provisional population projections. The base data is the 2006 Census, so they include a long period of estimates and care should be used in using this data. The three scenarios are used to highlight inherent uncertainty in projecting far into the future. The medium growth projection is presented in the regional tables (pages 14–50) and summary data (pages 76 and 77).	Statistics New Zealand: Subnational Population Projections: 2006 (base)–2031 (October 2012 update)
12	**7**	ANNUAL EMPLOYMENT GROWTH IN THE REGIONS VERSUS NEW ZEALAND	Employment data as per Figure 1 presented as annual growth rates.	Statistics New Zealand: Business Demography Statistics
Auckland and other city-regions: international comparisons				
18	**A**	POPULATION (2011) AND POPULATION AVERAGE ANNUAL GROWTH RATES (LAST 10 YEARS)	With the exception of charts B, D and E, city-regions are defined as geographical areas covering a core highly dense urban area and less dense surrounding territories that are highly connected to the core in terms of employment, industry, real estate, etc. This definition is similar to the one used by the European Union (EU) for 'metropolitan region', and the Organisation for Economic Co-operation and Development (OECD) Mono-Centric Metropolitan Region.	Census figures from Eurostat and other national sources Official subnational estimates for Tokyo and the New Zealand city-regions.

PAGE	FIGURE	TITLE	NOTES	SOURCE AND DATASET
19	B	POPULATION DENSITY (POPULATION PER KM^2), 2013	This figure shows average density, but it should be noted that density also varies within urban areas. Urban area is defined as a continuously built-up land mass of urban development that is within a labour market (metropolitan area or region). This is a different definition than is used in other sources and leads to different results.	Demographia: World Urban Areas (World Agglomerations), 9th annual edition, March 2013
19	C	OVERSEAS BORN AS A PERCENTAGE OF TOTAL POPULATION, 2011 (OR LATEST AVAILABLE)	Foreign-born population is defined as the population that was not born in their country of residence and is expressed as a percent of the overall population in a city-region.	National Census figures and Census-based estimates
19	D	HOUSING AFFORDABILITY, 3RD QUARTER 2012	City-regions are defined by their metropolitan markets boundaries (markets with a population greater than one million). Affordability of housing is measured using the median multiplier (median house price to the gross median income ratio).	9th Annual Demographia International Housing Affordability Survey, Demographia (2013)
19	E	DOMESTIC PURCHASING POWER INDEX (NEW YORK = 100), 2012	CIO Wealth Management Research uses a definition of city-regions that cover smaller areas than used in the other charts. Net hourly income refers to the hourly earnings for 15 professions, weighted according to distribution net after deduction of taxes and social security contributions. Basket of goods refers to the cost of 122 goods and services (excluding rent) weighted according to the European Consumption Habits. Survey spans one month (April–May) during 2012.	Prices and earnings, CIO Wealth Management Research, September 2012
19	F	COMMERCIAL AND NON-COMMERCIAL KNOWLEDGE-INTENSIVE SERVICES, PERCENT OF TOTAL EMPLOYMENT, 2011	The knowledge-intensive services (KIS) figures are based on the Eurostat KIS sector classification (ISIC Revision 3), and an ANZSIC06 adaptation of it for the New Zealand and Australian city-regions. The commercial KIS definition is the equivalent to the aggregation of the following KIS sub-sectors: high-technology services, market services and financial services. The non-commercial KIS definition is equivalent to the Eurostat ISIC Revision 3 other knowledge-intensive services sub-sector.	High Tech Statistics, Business Demography statistics, and national census figures
19	G	EMPLOYED SHARE OF WORKING-AGE POPULATION (15 OR OVER), 2011	People in the working-age population (15 and over) who were employed in some capacity during the reference week.	Eurostat and other national census figures NZ Household Labour Force Survey and Labour Force Survey for North Atlantic city-regions
Canterbury: Impact of earthquakes and recovery				
44	H	BUSINESS ACTIVITY	Net percentage of firms reporting an increase in activity, seasonally adjusted.	NZIER: Quarterly Survey of Business Opinion
44	I	POPULATION		Statistics New Zealand: Subnational Population Estimates
44	J	CONSUMER SPENDING	Value of electronic card transactions recorded by Paymark, which processes over 74% of all electronic card transactions according to the company.	Paymark: Spending on electronic cards through Paymark's network
45	K	AGRICULTURE	Livestock slaughter for export gives a measure of activity in the meat sector.	Statistics New Zealand: Livestock Slaughter Statistics
45	L	MANUFACTURING	An index that combines a range of indicators to describe health of the manufacturing sector. A reading above 50 signifies expansion and below 50 contraction.	Bank of New Zealand – Business New Zealand: Performance of Manufacturing Index
45	M	SERVICES	As per Figure L, page 45.	Bank of New Zealand – Business New Zealand: Performance of Services Index

PAGE	FIGURE	TITLE	NOTES	SOURCE AND DATASET
45	**N**	TOURISM	Number of guest nights provides a proxy for visitor arrivals and spending in the region.	Statistics New Zealand: Accommodation Survey
45	**O**	INTERNATIONAL EDUCATION	Number of residents with an international student visa.	Ministry of Business, Innovation and Employment: Visa statistics
45	**P**	MERCHANDISE EXPORTS	Value of exports and re-exports by port. Excluding aircraft, which tend to be lumpy.	Statistics New Zealand: Cargo Statistics
45	**Q**	CONSTRUCTION	Value of building consents issued. Residential consents are generally realised within six months, and non-residential consents may take 12–18 months.	Statistics New Zealand: Building Consents
45	**R**	SKILLED JOB VACANCIES	Estimate of skilled job vacancies based on jobs advertised online.	Ministry of Business, Innovation and Employment: Jobs Online
45	**S**	HOUSING COSTS	Median price of houses sold.	Real Estate Institute of New Zealand: Market Facts
Businesses and regional business environments				
52	**8**	EMPLOYMENT SHARES BY BROAD INDUSTRIES	Data preceding 1986 is based on Census measure of employment by sector. Data from 1986 onwards is from the Household Labour Force Survey. Primary is agriculture, forestry and mining. Services and other is the residual category, which is mainly services and it includes government.	Statistics New Zealand: Census from Yearbooks, Household Labour Force Survey
53	**9**	INDUSTRY CONCENTRATION BY REGION	The table shows the share of employment in each sector by region.	Statistics New Zealand: Business Demography Statistics
54	**10**	CONCENTRATION OF FIRMS BY SIZE IN THE REGIONS	Shows the relative concentration of geographic units by firm size in each region, measured by number of employees.	Statistics New Zealand: Business Demography Statistics
55	**11**	HIGH-TECH MANUFACTURING JOBS	The OECD definition of 'high-tech manufacturing' is applied to Business Demography Statistics: those industries where research and development expenditure is higher than eight percent of the value of the industry’s production (e.g. aircraft manufacturing, pharmaceuticals and electronics).	Statistics New Zealand: Business Demography Statistics
55	**12**	COMMERCIAL KNOWLEDGE-INTENSIVE SERVICE JOBS	The OECD definition of 'commercial knowledge-intensive services' is applied to Business Demography Statistics: firms operating in post and telecommunications, finance and insurance and professional services (e.g. excluding public sector activities).	Statistics New Zealand: Business Demography Statistics
55	**13**	TOURISM GUEST NIGHTS	Share of all guest nights spent in each region for the year ended November 2012. Employment in tourism includes accommodation, restaurants and retail trade.	Statistics New Zealand: Tourism Satellite Account, Accommodation Survey
56	**14**	OCCUPATION MIX BY SKILL LEVEL 2006	The skill levels of occupations are defined as: **Highly skilled** (Legislators, administrators and managers; Professionals; Technicians and associate professionals); **Skilled** (Clerks, service and sales workers); **Semi-skilled** (Agriculture and fishery workers; Trades workers; Plant and machine operators and assemblers); **Elementary** occupations (remaining labour). Modified location quotients are shown here (each occupation group’s share of employment in a given region, relative to the share that occupation group makes up in New Zealand as a whole).	NZIER calculations from Statistics New Zealand data: 2006 Census

PAGE	FIGURE	TITLE	NOTES	SOURCE AND DATASET
57	**15**	18-YEAR-OLDS ATTAINING A MINIMUM OF NCEA LEVEL 2 OR ABOVE	Measures the number of 18-year-olds with an NCEA level 2 or above pass rate.	Ministry of Education: Education Counts
57	**16**	PERCENTAGE OF 25–34-YEAR-OLDS WITH NZQF LEVEL 4 OR ABOVE	Tertiary education attainment: New Zealand Qualifications Framework level 4 or above qualifications include advanced trade qualifications, diplomas and degrees.	Ministry of Business, Innovation and Employment calculations from Statistics New Zealand: Household Labour Force Survey
58	**17**	PUBLIC TERTIARY EDUCATION INSTITUTIONS BY REGION	Location of tertiary education institution by region.	Ministry of Education: Education Counts
59	**18**	INTER-REGIONAL LABOUR MIGRATION	Average annual movement of workers with jobs from one region to another during the 10 years ended March 2011. Movements between most regions have increased in recent years, with the Christchurch earthquakes and Global Financial Crisis.	Statistics New Zealand: Customised dataset from LEED
59	**19**	WORKING-AGE POPULATION AS A SHARE OF TOTAL		Statistics New Zealand: Subnational Population Estimates
60	**20**	HIGH-GROWTH ENTERPRISES (2011) AND BUSINESS CHURN (2002–2012)	High-growth enterprises are defined as enterprises with average annualised growth in employees (turnover) greater than 20 percent a year, over a three-year period and with 10 employees at the beginning of the observation period (this is the OECD definition). The chart shows the geographic operating units of these enterprises – where a high-growth enterprise operates in several regions, it is shown as high growth in each of these regions (although the employment growth may not be happening in all locations). Business churn is defined as the sum of all enterprise geographic unit 'births' and 'deaths', expressed as a percentage of all enterprise geographic units in the region for the same time period.	Professor Bob Hamilton, University of Canterbury; Statistics New Zealand: Business Demography Statistics and customised dataset from LEED
61	**21**	INNOVATION NETWORKS ACROSS NEW ZEALAND	Shows the location of patent applicants and links between them, where patents are shared.	Catriona Sissons and Shaun Hendy, Victoria University of Wellington; OECD Regional Patent Database
63	**22**	MEAT	Dots on the map represent the location of major meat processing plants. Colours of the map show the number of livestock units by region. Bars show the export of meat through ports.	Ministry for Primary Industries data and calculations from Statistics data: Cargo Statistics, Agricultural Production Statistics
63	**23**	DAIRY	Dots on the map show the location of main dairy processing plants. Colours of the map show the number of dairy cattle in each region. Bars show exports of dairy through ports.	Ministry for Primary Industries data and calculations from Statistics data: Cargo Statistics, Agricultural Production Statistics
63	**24**	FORESTRY	Dots and trees on the map show the location of major wood processing plants. Colours on the map show standing volume of forestry by region. Bars show forestry exports by port.	New Zealand Forest Owners Association Inc. and Ministry of Primary Industries
63	**25**	HORTICULTURE, VITICULTURE AND AQUACULTURE	Dots on the map show key aquaculture locations. Grapes on the map show key viticulture locations. Colours on the map show hectares of area planted in horticulture.	Aquaculture New Zealand, Statistics New Zealand: Agricultural Production Statistics

PAGE	FIGURE	TITLE	NOTES	SOURCE AND DATASET
64	**26**	CURRENT AND PROPOSED IRRIGATION INFRASTRUCTURE DEVELOPMENT		Ministry of Primary Industries
65	**27**	COAL PRODUCTION		Ministry of Business, Innovation and Employment
65	**28**	INDUSTRIAL MINERALS VALUE		Ministry of Business, Innovation and Employment
65	**29**	VALUE OF NZ GOLD PRODUCTION		Ministry of Business, Innovation and Employment
65	**30**	PROSPECTING AND EXPLORATION EXPENDITURE		Ministry of Business, Innovation and Employment
67	**31**	ELECTRICITY INFRASTRUCTURE AND USE BY REGION		Electricity Authority
68	**32**	CURRENT TRAVEL TIME AND POPULATION GROWTH	Current travel time by road. Population growth uses Statistics New Zealand medium population projections.	New Zealand Transport Agency, Statistics New Zealand
68	**33**	THE SEVEN ROADS OF NATIONAL SIGNIFICANCE		New Zealand Transport Agency
69	**34**	MAJOR NEW ZEALAND TRANSPORT NETWORK CONNECTIONS	Infrastructure and traffic flow data as at 2010, except for high-volume flows, which were for 2011.	Ministry of Transport, New Zealand Transport Agency
70	**35**	EMPLOYMENT IN EXPORT-RELATED SECTORS, SHARE OF JOBS	The sum of employment by industry weighted by the propensity of an industry to export (exports as a share of value added) as share of total regional employment.	NZIER calculations from Statistics New Zealand data: 2007 Input-Output Tables, Business Demography Statistics
71	**36**	TRADE BY PORT (MAIN PORTS ONLY)	Summarises the value of merchandise exports and imports by broad economic category and key ports. The Statistics New Zealand data has been adjusted for transhipments (to show exports against the original port and imports against the final port).	Statistics New Zealand: Cargo Statistics Ministry of Transport: Freight Information Gathering System
72	**37**	EMPLOYMENT IN FIRMS WITH 50 PERCENT OR MORE FOREIGN OWNERSHIP	Shows the proportion of employment in each region where firms with over 50 percent foreign ownership are located.	Statistics New Zealand: Business Demography Statistics
73	**38**	INTERNATIONAL VISITOR SPENDING BY REGION	Total spending by overseas visitors in each region. Expenditure is also shown as a share of total household income in the region, to give context within the size of the regional economy.	MBIE: International Visitor Survey Statistics New Zealand: New Zealand Income Survey
73	**39**	INTERNATIONAL MIGRANT FLOWS PER CAPITA	The average permanent and long-term overseas migration inflow and outflow relative to the resident population. This map is indicative only and should be read with the summary data (pages 76–77), which provides international migration numbers. Note that many people who are moving to or from Tasman actually call this Nelson. Not all people note the region they are going to/coming from; these have been assigned on a pro-rata basis.	NZIER calculations from Statistics New Zealand data: International Travel and Migration, Subnational Population Estimates

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