



economics

BERL REGIONAL PERFORMANCE INDICATORS 2010

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For more information on this report or for more detail about a particular district, please contact BERL on 04 931 9200.

1 Summary

This report ranks New Zealand's 72 Territorial Local Authority's (TLA) by nine key performance indicators for the year ending March 2010. According to BERL's analysis, the Selwyn District was the best performing district in 2010.

Best performing district

For 2010, the Selwyn District was New Zealand's best performing district. The District has always been a high performer, remaining in the top five districts since 2008. The District had the fastest growing population in 2010, and in the medium term, the second best performance in three key performance indicators of population, employment and Gross Domestic Product (GDP) growth.

In Second place is the Queenstown-Lakes District, slipping from last year's first place. The Queenstown-Lakes District had strong population growth in both the short and medium terms, placing first in population growth over the last five years, and second in 2010. The District also had the largest growth in the number of businesses over the last five years.

In third place is the New Plymouth District. New Plymouth's growth has come from its strength in the business number growth, placing first in business number growth in 2010 and second over the past five years.

Population growth performance

New Zealand's total population grew by 1.2% in 2010, with the largest growth in the Selwyn and Queenstown-Lake districts of 2.6%.

Population growth has mainly come from cities rather than rural areas, with the largest population decline coming from the Horowhenua, Opotiki, Kawerau, Rangitikei, and Ruapehu districts. The lowest population growth was in Ruapehu where the population decreased by 0.4% over the past year.

When looking at population performance over the last five years, the results are very similar to that of 2010's with the fastest growing areas being predominantly cities, and the slowest growing areas being rural. In the medium term, the top two districts for population growth have swapped around, with the Queenstown-Lake district taking first place with 4.0% population growth, and the Selwyn district taking second place with 3.4% population growth.

There is no difference for last place between the short and medium term, with the Ruapehu District remaining last with an average decline of 0.9% per year over the past five years.

GDP growth performance

The highest growth in 2010 came from the Mackenzie and Manuwatu Districts at 7.7%, which is not surprising given the increase in log and timber exports increasing over the past year, and increased manufacturing of wood and paper. The Buller District is in third place, with GDP growth of 7.2%, followed by the Selwyn District at 6.3%. In fifth place is the highest GDP growth city of Wellington with growth of 6.0%.

In 2010, the Stratford District had the largest decline in GDP of 9.3%. The second largest decline was in the Rangitikei District at 6.0%. When looking at the decline in both the Stratford and Rangitikei districts, the decline in the Stratford District is significantly larger, 3.3% larger, than the Rangitikei District. Despite the Stratford District's decline in 2010, the District has been performing positively in the medium term with GDP growing on average at 0.2% per year over the past five years.

In the medium term, the Buller District had the greatest growth in GDP of 5.8% which could have contributed to the District also having the highest medium term employment growth. Some of this growth could have come from increased activities in the construction, coal mining and metal ore mining industries, which are high value industries typically requiring higher levels of labour than other industries.

Over the last five years, the South Taranaki District had the largest decline in GDP of 3% per year, followed by the South Waikato District with a decline of 2.9% per year.

It is interesting to note that, most of the districts with declining GDP over the last five years, such as the Central Hawke's Bay, Taranaki, Papakura, South Waikato, and South Taranaki, had positive GDP growth for 2010.

Employment growth performance

Over the last year, the Central Hawke's Bay District had the largest growth in employment of 5.2%, approximately 313 jobs. Employment has also grown significantly in the Otorohanga and Grey Districts with employment growth at 4.4% (this is equivalent to approximately 398 jobs in Otorohanga, and 165 jobs in the Grey District).

In 2010, the Marlborough District had the largest decline in employment, with a 7.8% decline or approximately 1,797 jobs. The loss of jobs in the Marlborough District is significantly larger than the decline in employment in the Otago and Waikato districts, which had the second largest decline of 5.1%, or approximately 152 jobs in the Otago District and 670 jobs in the Waikato District.

The top performer over the past five years was the Buller District, with growth in employment outstripping any other district at 5.9%, around 221 jobs per year. In second place is the

Selwyn District with growth of 4.0% (around 459 jobs per year), closely followed by the Central Otago District with 3.9% growth (approximately 320 jobs per year).

In the medium-term, the Papakura District had the largest employment decline of 2.9% per year, or a loss of approximately 477 jobs per year. Job losses were also high in the Kawerau District, where employment declined by 2.8% per year or approximately 74 jobs per year, over the last five years.

Business units growth

As one could expect with a recession, the number of businesses has been declining in almost all areas in New Zealand. Only six districts have had increases in the number of businesses in the past year, these were New Plymouth, Wairoa, Masterton, Western Bay of Plenty, Hurunui, Ashburton and Gisborne. Most new businesses are setting up in the North Island, with New Plymouth having the largest increase in business unit growth at 1.1%. Other districts had modest growth in business units, with Wairoa having a rise of 0.8% and Masterton having a rise of 0.7%.

Over the past year, the Kawerau District had the largest decline in businesses with a 4.2% decline, followed by the Ruapehu District with a 3.9% decline in businesses.

Over the past five years, the Queenstown-Lakes District had a significant increase in businesses, with businesses unit growth averaging 4.2% per year. Growth in businesses has also been high in the New Plymouth District at 2.6%, followed by the Central Otago District at 2.5%.

In the medium-term, the largest decline in businesses was in the Ruapehu District, declining at 1.3% per year. The Tararua and Waitomo Districts have also had large businesses losses, averaging losses of 0.2% per year over the last five years.

Openness Index

The BERL Relative Openness Index reflects the composition of economic activity in a district/region.

It measures the proportion of an area's GDP that is accounted for by sectors open to competition from abroad, compared with that proportion nationally. Open to competition (or internationally tradable sectors) include all of primary and manufacturing industries, as well as accommodation, transport, communications and business services activities.

A higher rank on this measure indicates an area whose economy is more oriented towards internationally competitive activities, relative to areas with a lower ranking.

Districts appear to be more open than cities. This would be because the majority of our exports are of a primary nature, agriculture, and manufactured goods, which require rural areas for the space.

The Southland District is the most open economy while Porirua City is the least open economy.

Biggest climbers

The biggest climber this year is the Otorohanga District, who has remarkably climbed up 46 places from 64th place to 17th place. Most of Otorohanga's performance was due to improvements in FTE growth and GDP growth over the past year.

The Wairoa District also had a significant change in its ranking, going from 67th place to 24th place. This improved performance came from the District having the second highest growth in new businesses and 8th highest growth in employment over the past year.

Biggest fallers

It hasn't been a strong year for the Stratford District, who fell 45 places from 22nd to 68th place. Real GDP growth is extremely low for the District and this is coupled with low growth in population and new businesses.

Another big fall was the Marlborough District, which has fallen from the top 10 at 9th place last year, to being 54th. The majority of this fall has come from the lack of employment growth in the area, as it had the lowest employment growth in 2010. Marlborough also had a very low level of GDP growth last year. The Marlborough District might be feeling the results of the wine glut.

2 Method

This report is based on data generated from the BERL Regional Database, which incorporates business demographic data, census, population estimates and national GDP from Statistics New Zealand.

The table below ranks the performance of 72 New Zealand TLA economies. The performance of an economy is measured using key performance indicators such as population, employment, GDP, and business unit growth.

In this case, the ranking is based on BERL's Regional Performance Indicator which uses nine key performance measures, short (the latest year) and medium term (the last five years) population, GDP, employment, and business unit growth as well as an openness index to produce an overall performance index for each TLA.

Short-term and medium-term performance measures are used to help the Regional Performance Indicator reflect the changes in the TLA's that are of a more permanent nature rather than reflecting shifts in each districts economies that are one-off shocks.

Note that it is also important to look at individual economic indicator rankings as the overall scoring system applies equal weight to each of the nine indicators. Thus, population growth is considered just as important as productivity growth. Further, the overall ranking includes nine indicators that not all TLAs might aspire to. For example, population growth may not be a key growth strategy for many TLAs.

3 Rankings

Rankings for the individual TLAs are based on the change in key performance indicators from the previous year (short-term) and over the past five years (medium-term). TLAs are then ranked from 1 (greatest positive change) to 72 (greatest negative change). TLAs with the same rate of change are ranked equally.

The rankings cover 72 TLAs and New Zealand overall. The overall ranking is obtained by combining the growth rankings on the nine key performance indicators.

Below is a table ranking the TLA's from highest performing to lowest performing economies in each year, and for each of the nine key performance indicators, for which the top 10 for each year or performance indicator are highlighted.

Territorial Authority	Overall rank			2010 Short-term performance				2010 Medium-term performance				Index of openness (NZ=100)
	2010	2009	2008	Resident population growth	FTE employment growth	Real value added (GDP) growth	Business units growth	Resident population growth	FTE employment growth	Real value added (GDP) growth	Business units growth	
Selwyn District	1	4	3	1	5	4	15	2	2	2	9	35
Queenstown-Lakes District	2	1	1	2	9	16	35	1	10	13	1	58
New Plymouth District	3	8	15	21	30	14	1	28	11	6	2	25
Waimakariri District	4	7	4	11	24	13	22	4	5	10	5	44
Buller District	5	3	7	67	6	3	61	51	1	1	51	13
Mackenzie District	6	13	16	18	4	1	47	32	14	7	6	41
Ashburton District	7	6	17	32	21	21	6	16	6	11	8	24
Central Otago District	8	2	2	14	52	41	8	6	3	3	3	34
Carterton District	9	20	12	8	10	19	11	24	22	53	7	5
Hurunui District	10	5	6	36	61	51	5	27	7	4	10	16
Wellington City	11	12	33	25	14	5	38	15	13	5	20	65
Gisborne District	12	52	59	47	7	6	7	48	42	30	34	27
Waipa District	13	27	10	17	17	15	44	18	19	19	14	33
Western Bay of Plenty District	14	10	8	16	60	66	4	13	9	22	36	12
Manukau City	15	11	9	4	40	40	24	5	27	33	13	37
Manawatu District	16	45	49	44	2	2	60	36	30	42	42	29
Otorohanga District	17	64	67	56	3	8	23	63	31	16	62	18
Grey District	18	16	26	40	11	9	65	33	8	8	50	30
Palmerston North City	19	51	57	20	18	12	12	26	29	23	46	69
Taupo District	20	54	56	23	51	17	13	44	57	21	23	50
Waitaki District	21	23	52	52	22	20	30	53	28	39	43	15
Tasman District	22	37	40	30	44	18	14	29	65	56	40	20
Porirua City	23	15	31	24	46	65	9	31	4	12	4	72
Wairoa District	24	67	68	63	8	25	2	71	47	63	59	10
Kaikoura District	25	31	29	51	25	28	40	39	15	15	28	40
North Shore City	26	38	23	13	42	46	16	14	35	38	12	68
Central Hawke's Bay District	27	59	63	26	1	23	57	42	59	68	66	6
Gore District	28	43	66	58	19	32	10	64	46	46	32	19
Southland District	29	24	38	43	28	34	51	52	40	36	47	1
Timaru District	30	19	34	54	41	37	19	50	18	20	18	31
Nelson City	31	39	44	27	29	33	29	35	45	40	15	49
Kapiti Coast District	32	36	13	33	37	38	20	20	17	29	16	71
Franklin District	33	42	27	9	49	53	37	7	39	60	37	45
Hastings District	34	28	19	29	53	52	26	30	20	24	41	38
Masterton District	35	57	64	57	33	27	3	57	37	55	29	60
Tauranga City	36	32	11	10	36	36	66	8	33	28	21	61
Hamilton City	37	17	25	7	48	57	45	9	32	37	19	67
South Wairarapa District	38	40	41	34	50	35	18	34	60	62	30	21
Rodney District	39	46	5	3	68	58	33	3	58	64	11	66
Auckland City	40	33	24	15	45	44	43	17	41	25	35	54
Christchurch City	41	34	21	28	47	59	27	21	53	48	17	53
Invercargill City	42	29	47	35	38	54	25	56	25	34	22	55
Clutha District	43	50	54	62	34	45	32	55	56	51	56	3
Westland District	44	14	43	53	55	39	52	25	51	43	45	14
Hauraki District	45	44	18	38	58	60	62	41	12	9	61	26
Waikato District	46	25	20	12	70	68	54	10	49	49	25	32
Papakura District	47	65	37	5	12	11	70	11	72	70	63	43
Matamata-Piako District	48	26	22	48	63	61	49	43	24	32	55	11
Whangarei District	49	53	28	19	64	48	50	19	34	35	44	56
Upper Hutt City	50	55	39	22	26	43	39	23	55	65	24	70
Whanganui District	51	48	53	64	27	29	34	61	48	45	38	48
South Taranaki District	52	62	70	59	31	24	21	65	62	72	64	2
Dunedin City	53	56	46	37	35	31	46	40	50	54	31	59
Marlborough District	54	9	14	45	72	64	36	22	21	26	26	36
Waitomo District	55	66	65	66	13	22	55	62	66	57	70	17
Rangitikei District	56	21	32	71	66	71	17	67	16	14	58	8
South Waikato District	57	70	69	55	16	7	28	69	69	71	69	9
Kaipara District	58	30	62	31	69	55	56	38	52	47	49	22
Napier City	59	41	50	41	67	42	48	46	43	44	27	46
Waimate District	60	18	30	46	56	69	67	37	44	17	65	7
Waitakere City	61	49	35	6	54	50	63	12	61	61	53	63
Whakatane District	62	47	36	60	43	56	42	58	26	27	52	47
Rotorua District	63	68	61	50	39	30	58	54	63	41	57	42
Lower Hutt City	64	35	51	49	62	63	41	49	36	31	39	57
Taranaki District	65	72	72	61	15	10	31	66	70	69	71	28
Opotiki District	66	60	55	69	71	26	53	70	23	18	68	23
Far North District	67	61	42	42	57	49	68	45	54	52	54	51
Stratford District	68	22	58	65	23	72	64	59	38	50	60	39
Kawerau District	69	58	45	70	20	47	72	68	71	66	33	4
Thames-Coromandel District	70	69	48	39	59	70	69	47	64	67	48	52
Horowhenua District	71	63	60	68	65	67	59	60	67	58	67	64
Ruapehu District	72	71	71	72	32	62	71	72	68	59	72	62

Top 10

The top ten TLA's for 2010 are all rural (districts as opposed to cities) and are predominantly in the South Island.

In first place, is the Selwyn District. The Selwyn District has always been a high performer, remaining in the top five fastest growing areas since 2008. The Selwyn District has the fastest growing economy because it has the fastest growing population in 2010, and in the medium term, it has the second best performance in all three key performance indicators (population, employment and real GDP growth).

Falling down from holding first place for the past two years into second place is the Queenstown-Lakes District. Following close behind the Selwyn District, Queenstown-Lakes had the second highest population growth over the last year, and the highest population growth and business unit growth in the medium term.

In fourth place is the Waimakariri District. Waimakariri's economic performance over the past year is better than average, it is the District's performance in the medium-term that has kept this district in the top 10 this year. In the short-term Waimakariri didn't place in the top 10 economies for any key performance indicators, but it placed 4th in population growth, 5th in employment growth, 10th in GDP growth and 5th in business unit growth when looking over the past five years.

The New Plymouth District, after slipping into 8th place, has reclaimed its 2008 ranking of 4th place. New Plymouth has had the largest growth in businesses starting up over the past year, and this trend has been happening over the past five years, where New Plymouth placed second in the amount of businesses starting up.

The solid performing Buller District remains in the top 10 at 5th place, with its strength being employment and GDP growth especially over the past year, where it has had the greatest growth in these areas.

New arrivals to the top 10 economies are the Carterton and Mackenzie Districts.

Carterton District had a major jump from last year's 20th place, into 9th place. The strength for the Carterton District is its openness index, where it is fifth, and it has also had favourable growth in short population and employment growth over the past year, and business unit growth over the medium term.

Another District that has pushed up into the top 10 is the Mackenzie District, at 8th place. The Mackenzie District was ranked number one for short term GDP growth coupled with high employment, placing fourth.

The Hurunui District hasn't managed to hold onto its previous rankings of 6th and 5th, but has just remained in the top 10 in 10th place.

A major drop in the top ten was seen by the Otago District, who previously held second place for the last two years, and is now ranked as 8th. This drop has been caused by the less than favourable performance of the Otago economy over the last year, but it is the District's medium-term performance placing third in employment, GDP and Business unit growth that has allowed it to stay in the top 10 performing economies.

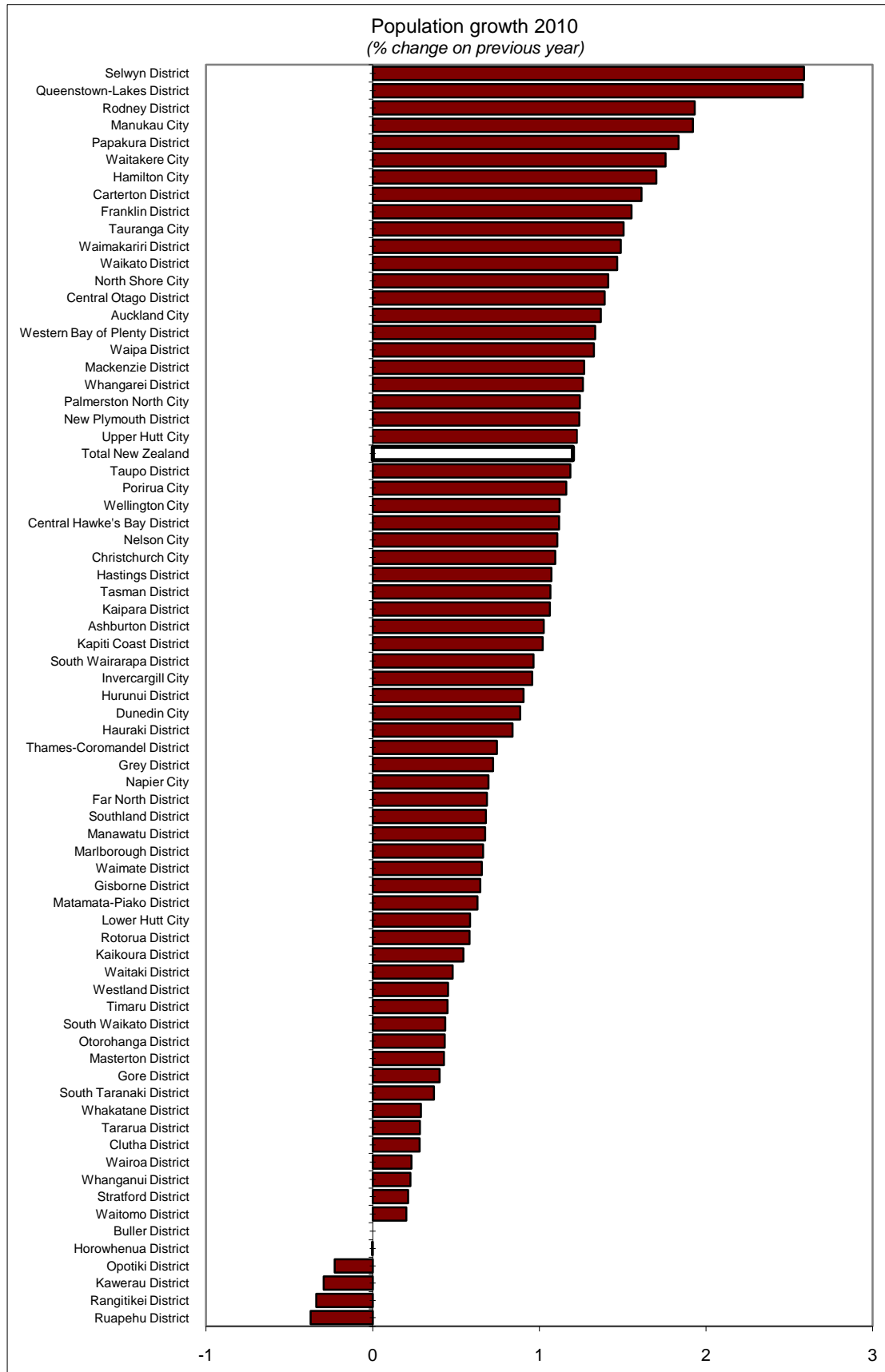
It is interesting to note that when looking at the best performing economies in 2010, that the top 10 economies, with the exception of Carterton District, are not the most open economies. Although, these top 10 economies are not the most closed either. The degree of openness provides a long-term measure of the sustainability of income growth in the area. It also provides an indicator of alignment to the national need for more export-oriented businesses.

Bottom place

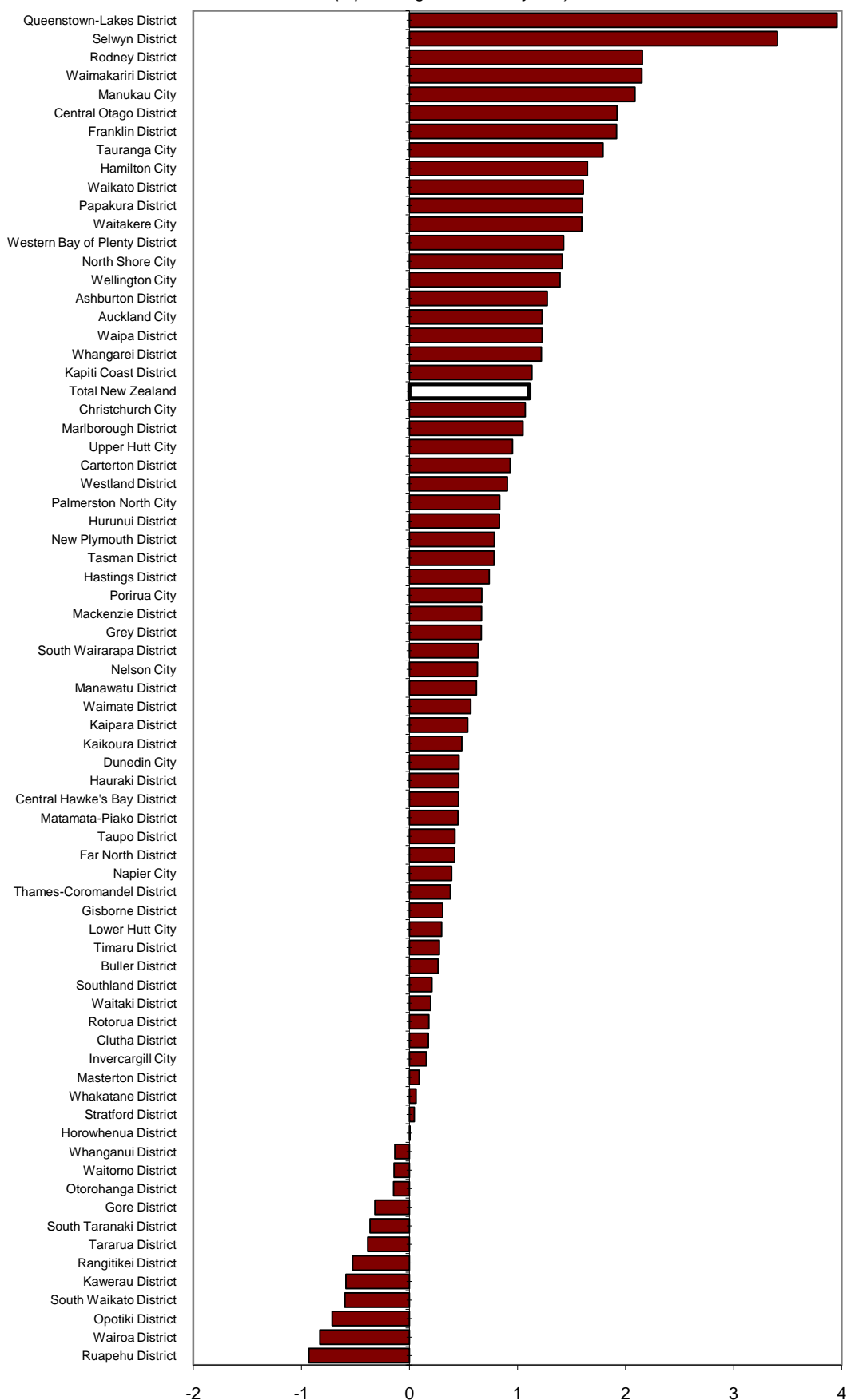
New Zealand's poorest performing economy for 2010 is the Ruapehu District in 72nd place. Although this is the first time Ruapehu has been in last place, the District has been second from the bottom for the past two years. The performance of the Ruapehu District has been driven by the huge decrease in business services in the area.

The following sections are graphs for each key performance indicator, for both the short and medium term, with the exception of the openness index. The following graphs also show how each TLA is performing against the overall performance for New Zealand.

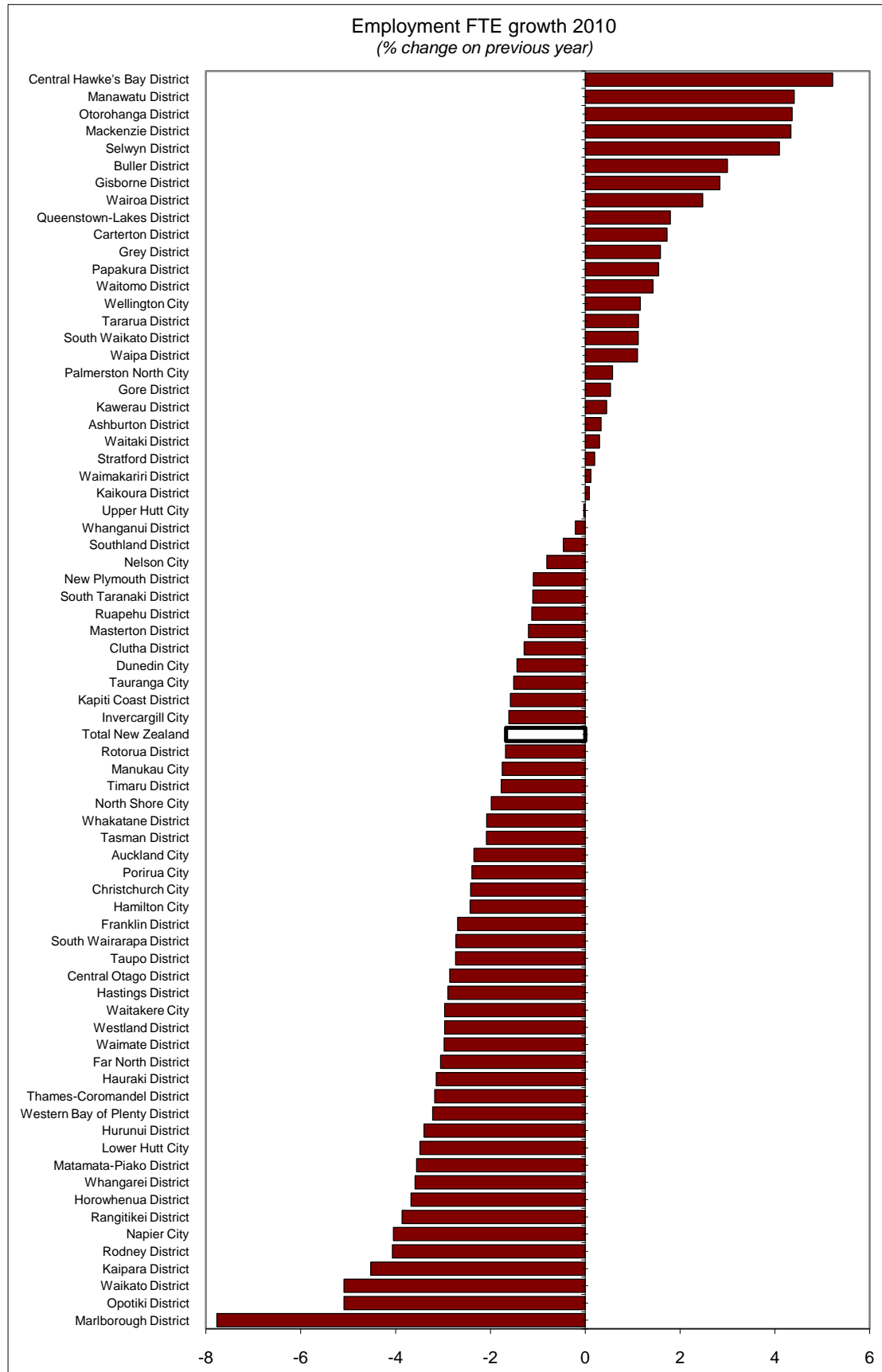
4 Population Growth



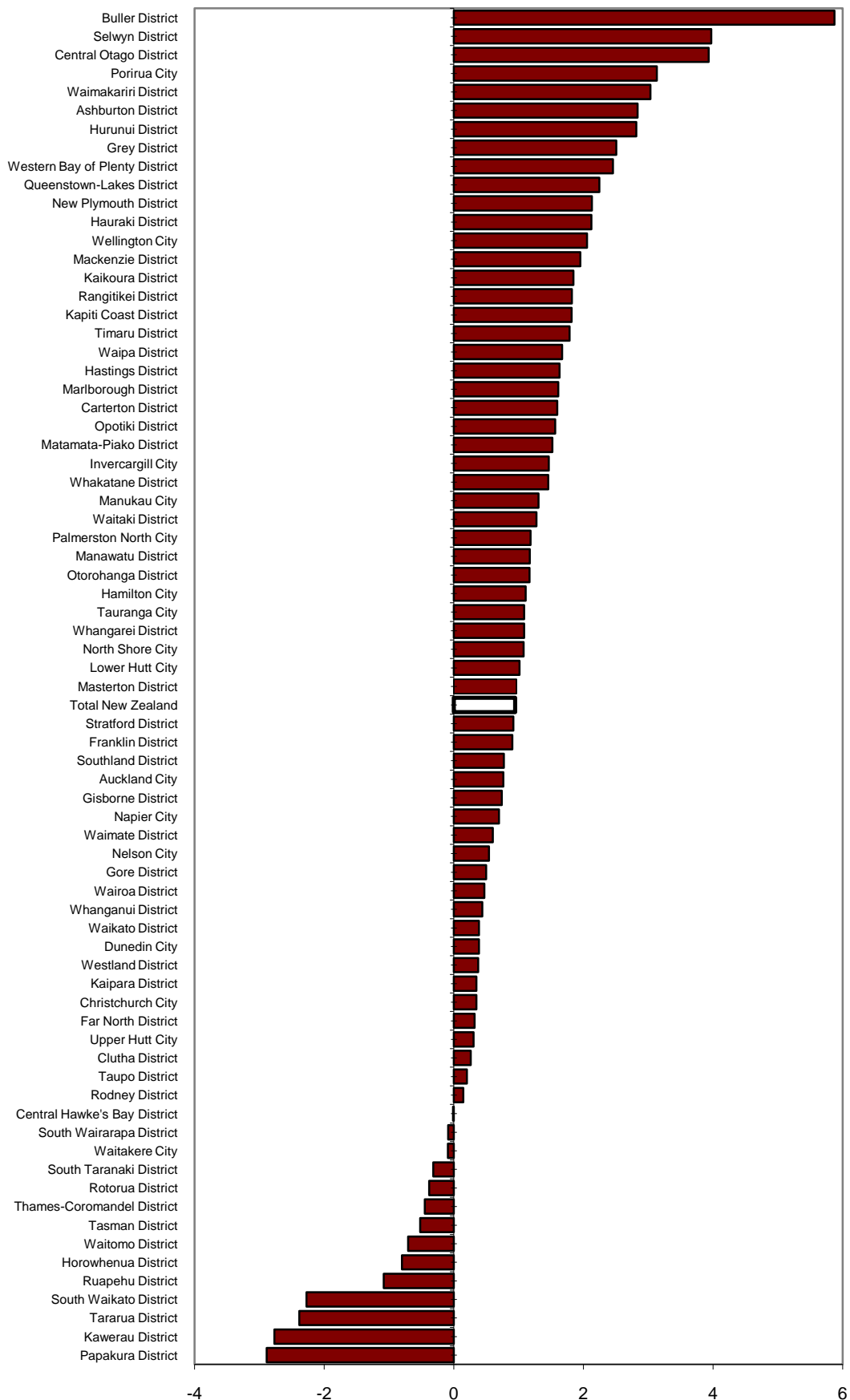
Population growth 2010
(%pa change over last 5 years)



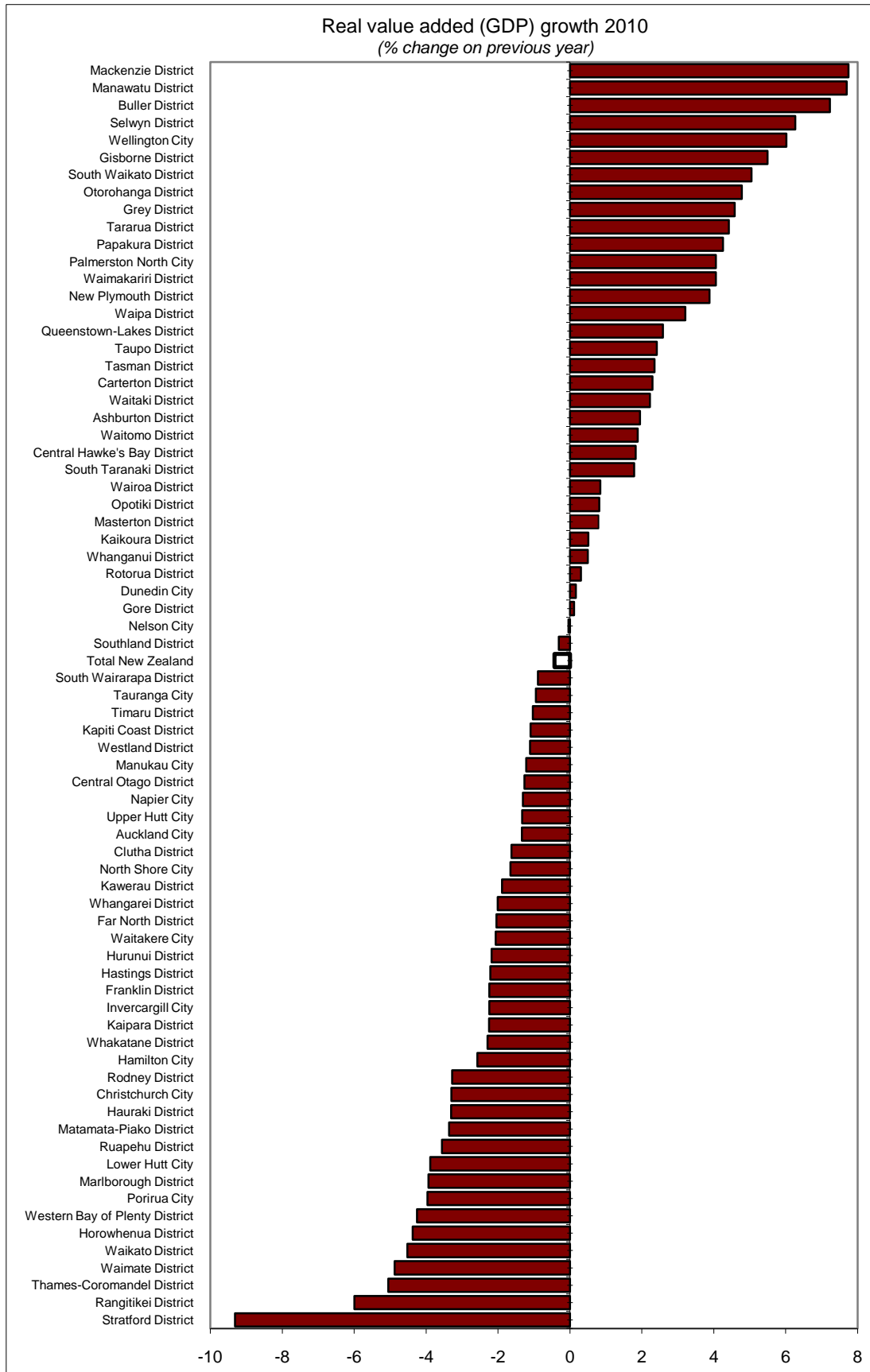
5 Employment Growth



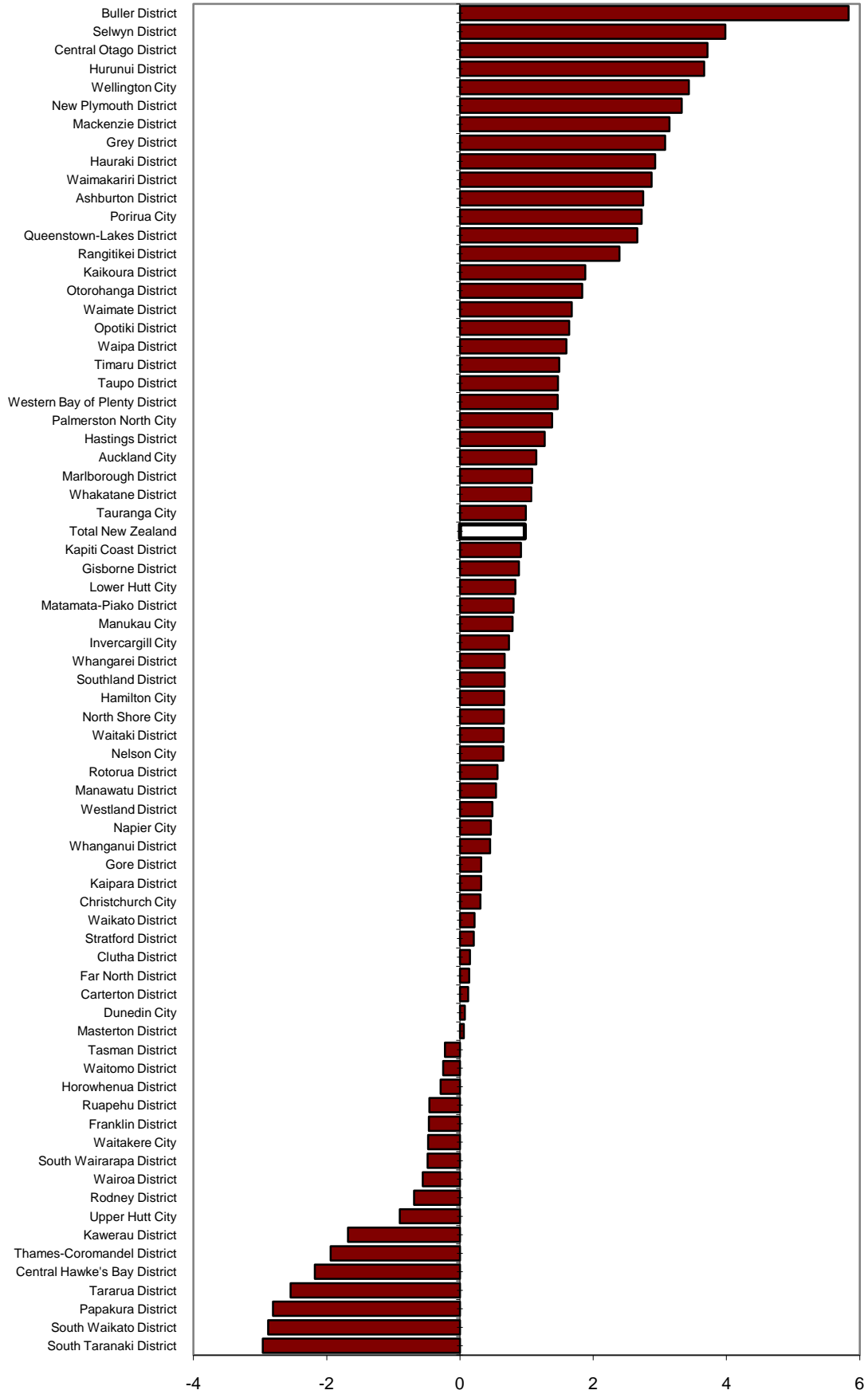
Employment FTE growth 2010
 (%pa change over last 5 years)



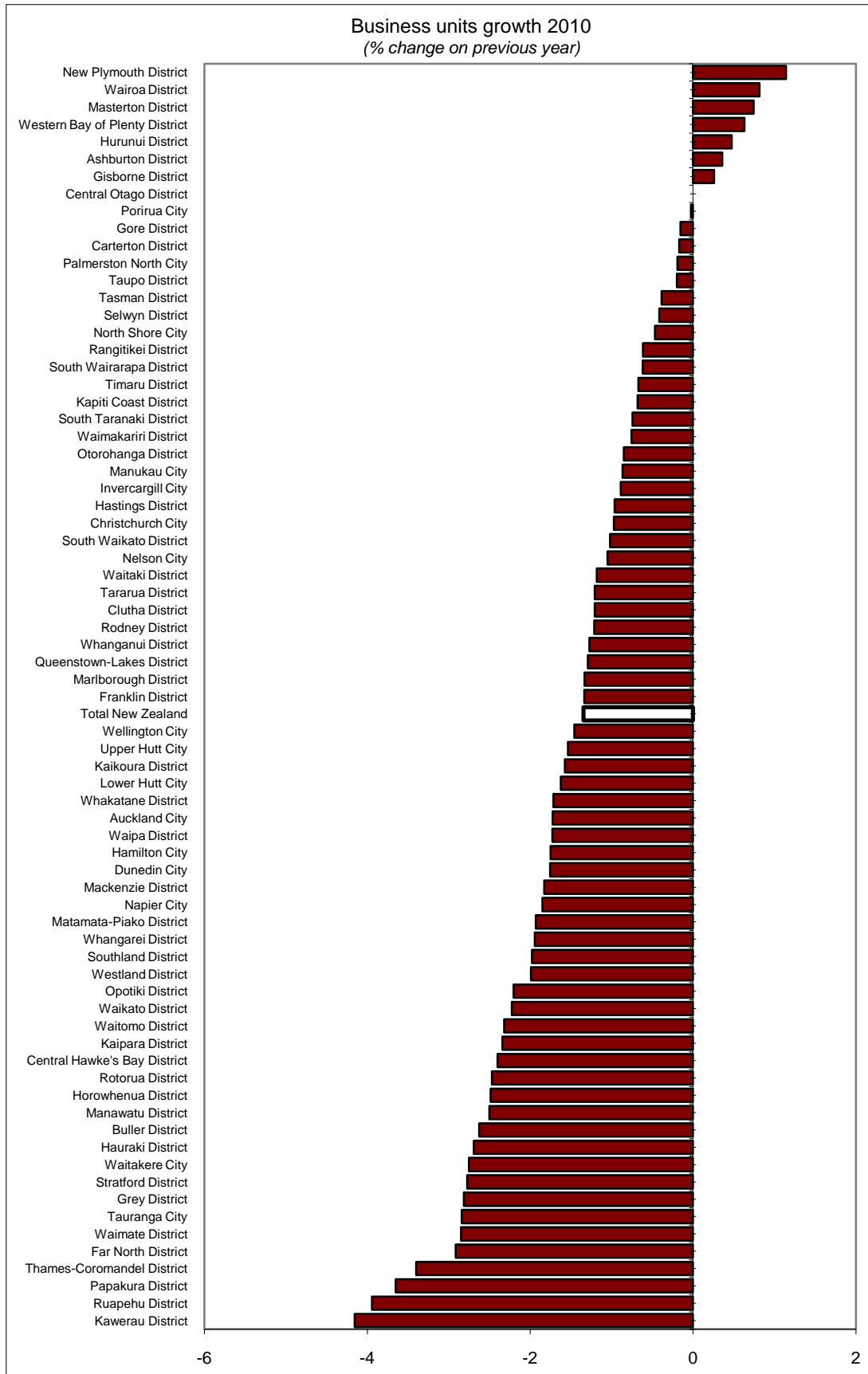
6 Value added (GDP) growth



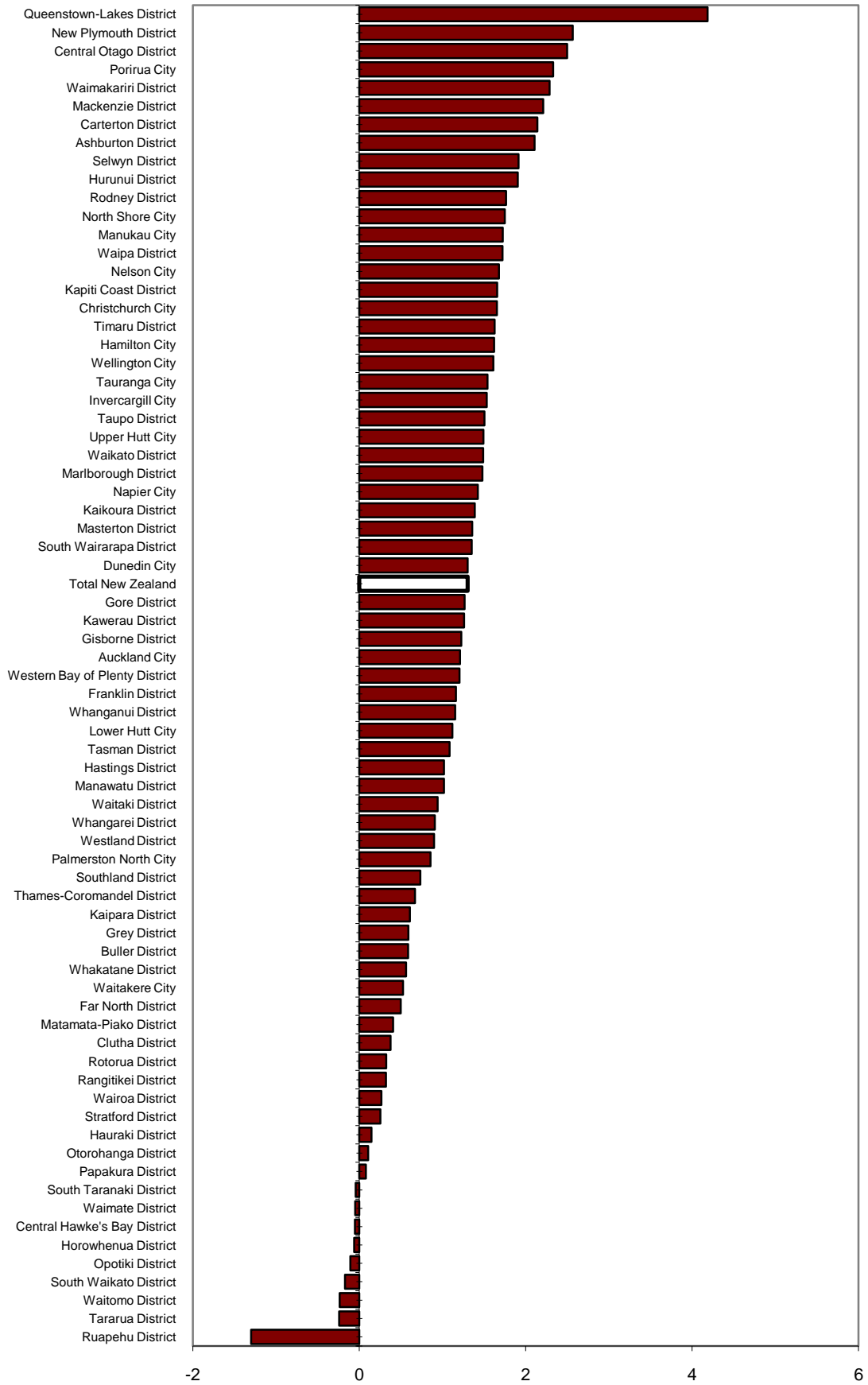
Real value added (GDP) growth 2010
 (%pa change over last 5 years)



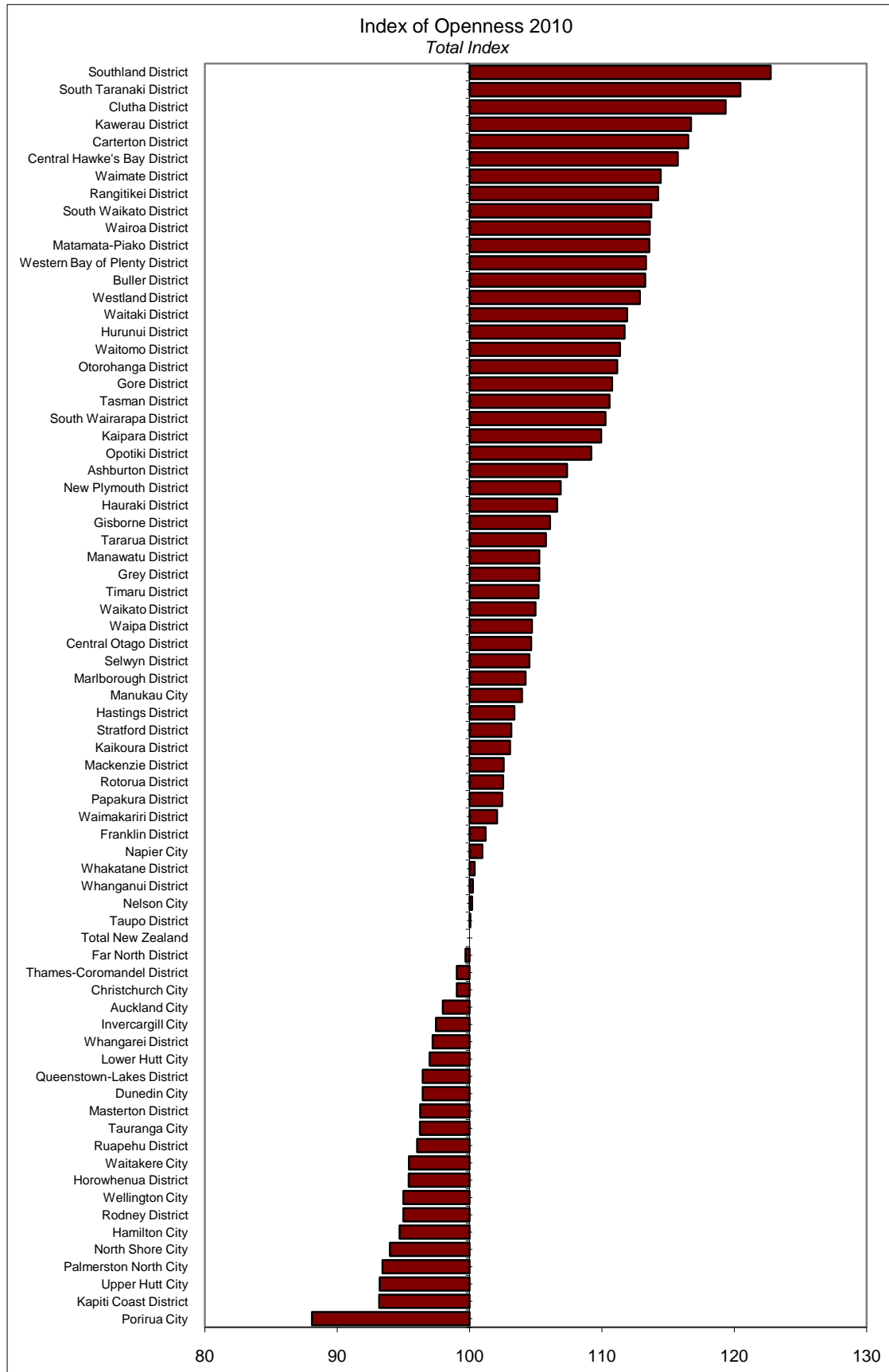
7 Business units growth



Business units growth 2010
 (%pa change over last 5 years)



8 Index of openness



9 Terminology

Year

Numbers are for the twelve months to March of the stated year.

Value Added (or the TLA Gross Domestic Product)

Value added measures the total value contributed by the activities of all businesses and organisations in the region. In theory it is equal to the value of the output of business (ie sales or turnover) less its purchases from other businesses of goods and services used in production (that latter are sometimes termed *intermediate inputs*).

In practice *value added* is akin to the sum of wages, salaries, profits and operating surplus arising from all economic activity in the industry and/or region. The total value added for a region is equivalent to its contribution to *national* Gross Domestic Product (GDP).

Employment (FTEs)

Measured as the number of employed persons - but in terms of full-time equivalents (FTEs), such that *two part-time* employed persons is counted as *one full-time* person.

Business units and size

This provides the number of business operating units within the TLA. Business size is defined as the average number of FTEs for each operating unit and indicates whether businesses in the TLA are on average growing or shrinking.

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