

# ANNUAL ECONOMIC PROFILE

# WELLINGTON REGION



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# ECONOMY

The New Zealand economy expanded by 2.5% over the year to March 2014, its fastest pace of growth since 2008 and well up on average growth of 0.7%pa over the previous five years. The economic upturn has become increasingly broad-based, with the service, construction, and manufacturing sectors all experiencing a good year. The drought that prevailed into the autumn of 2013 pulled down activity levels in parts of the agricultural sector, but these effects were offset by a large increase in global dairy prices which pushed up the value of manufactured dairy products.

From an expenditure perspective, consumption and investment behaviour remained robust during the March 2014 year. Private consumption lifted by 2.9% over the year, while private investment rose 11% over the same period. In this environment, demand for imports was high, with imports of goods and services climbing by 8.0% during the March 2014 year.

## How fast has Wellington Region's economy grown?

This section measures economic performance in Wellington Region during the year to March 2014 and previous years. All GDP estimates are measured in constant 2010 prices.

- GDP in Wellington Region measured \$28,330m in the year to March 2014, up 2.1 % from a year earlier. New Zealand's GDP increased by 2.5 % over the same period.
- Economic growth in Wellington Region averaged 1.7 %pa over the last 10 years compared with an average of 1.8 %pa in the national economy.
- Growth in Wellington Region reached a high of 4.2 % in 2007 and a low of -0.9 % in 2009.
- Wellington Region accounted for 13.5 % of national GDP in 2014.

Figure 1: GDP growth (year to Mar 2014)

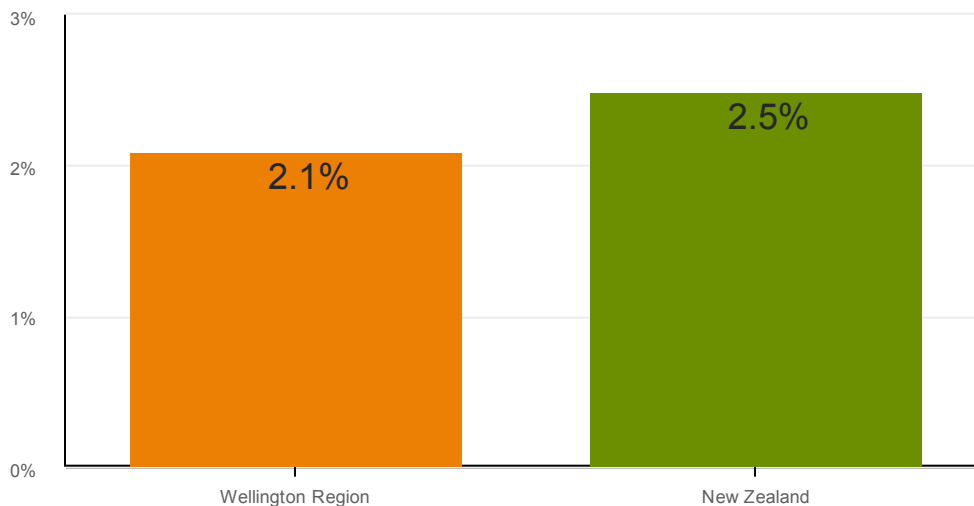
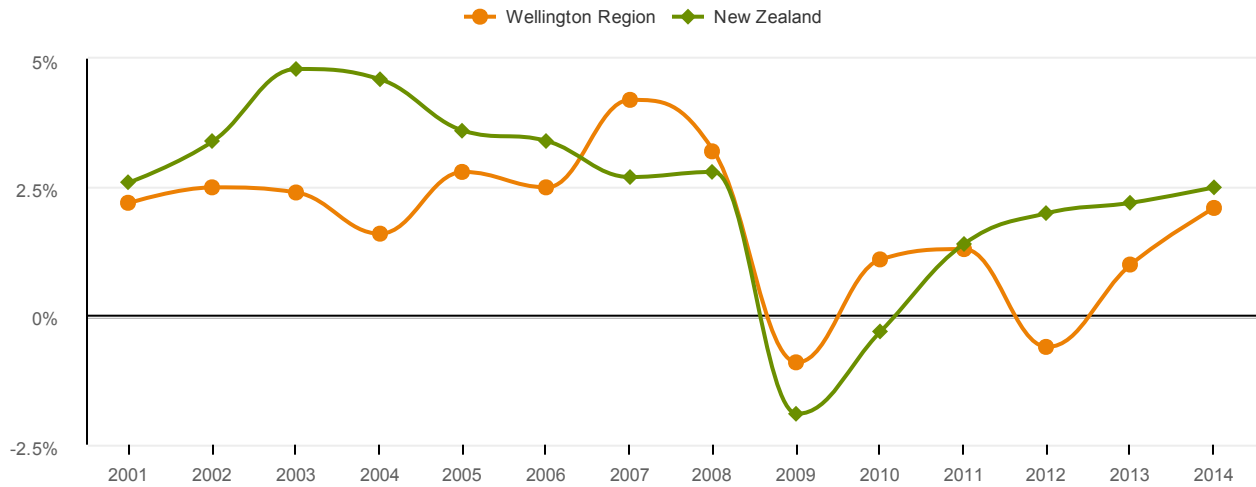
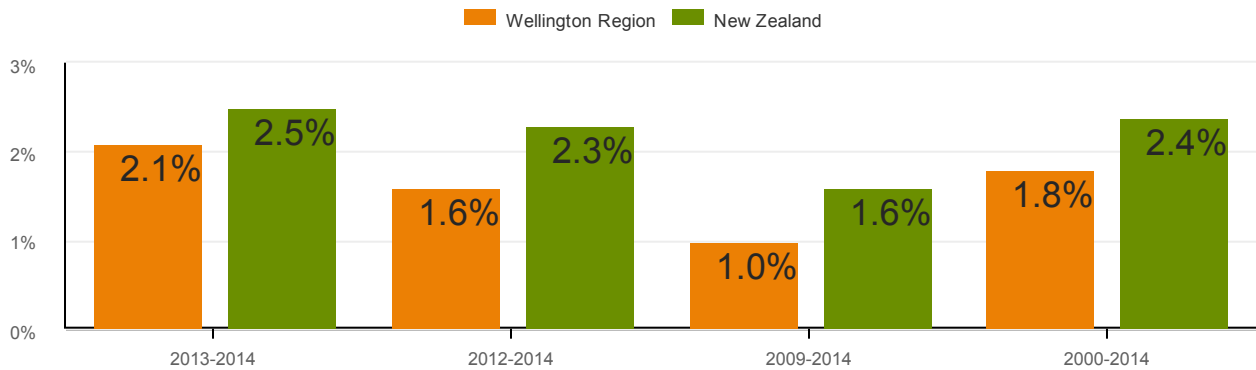


Figure 2: Annual average GDP growth (2000-2014)



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Wellington Region	2.2 %	2.5 %	2.4 %	1.6 %	2.8 %	2.5 %	4.2 %	3.2 %	-0.9 %	1.1 %	1.3 %	-0.6 %	1.0 %	2.1 %
New Zealand	2.6 %	3.4 %	4.8 %	4.6 %	3.6 %	3.4 %	2.7 %	2.8 %	-1.9 %	-0.3 %	1.4 %	2.0 %	2.2 %	2.5 %

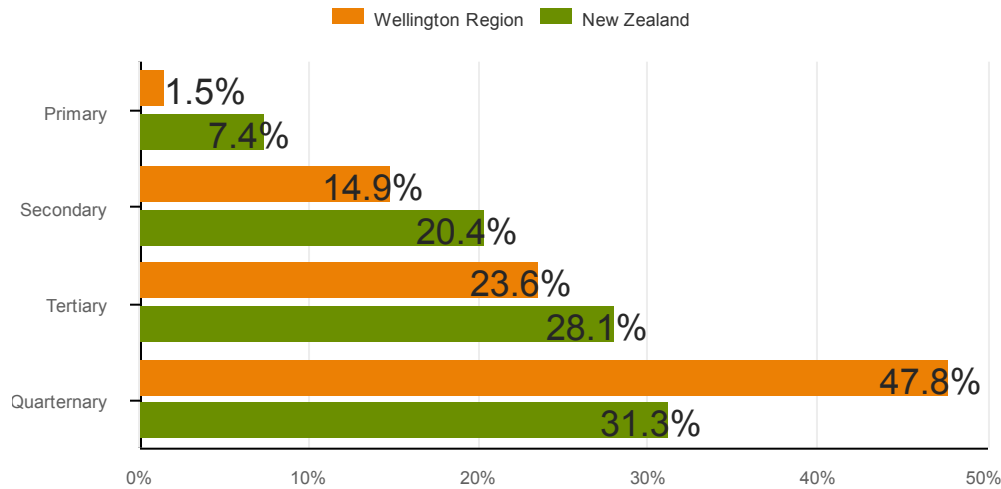
Figure 3: GDP growth last 1,2,5 and 10 years



## What is the industrial structure of Wellington Region's economy?

This section describes the structure of the economy in terms of the broad sectors: primary, secondary, tertiary and quaternary. The primary sector makes direct use of natural resources. It extracts or harvests products from the earth. The secondary sector produces manufactured and other processed goods. The tertiary sector includes the lower value-adding service industries while the quaternary sector includes the higher value-adding, knowledge-based service industries. A full definition of the sectors is given in the technical appendix.

Figure 4: Share of total GDP (2014)



- Primary industries accounted for the smallest proportion in Wellington Region: 1.5 % compared with 7.4 % in the national economy.
- Secondary industries accounted for 14.9 % compared with 20.4 % in the national economy.
- Tertiary industries accounted for 23.6 % compared with 28.1 % in the national economy.
- Quarternary industries accounted for the largest proportion of GDP (47.8 %) in Wellington Region, which is higher than in the national economy (31.3 %).

Table 1. 1-digit industries ranked by contribution to GDP (2014)

Industry	Wellington Region		Share of total	
	Wellington Region	New Zealand	Wellington Region	New Zealand
Public Administration and Safety	3,212.1	9,069.0	11.3 %	4.3 %
Professional, Scientific and Technical Services	3,018.8	15,227.0	10.7 %	7.3 %
Financial and Insurance Services	2,838.6	12,147.0	10.0 %	5.8 %
Manufacturing	2,123.4	23,388.0	7.5 %	11.2 %
Information Media and Telecommunications	1,691.3	6,695.0	6.0 %	3.2 %
Health Care and Social Assistance	1,637.5	12,922.0	5.8 %	6.2 %
Rental, Hiring and Real Estate Services	1,414.0	13,409.0	5.0 %	6.4 %
Construction	1,177.1	13,052.0	4.2 %	6.2 %
Education and Training	1,156.0	9,343.0	4.1 %	4.5 %
Wholesale Trade	972.6	10,875.0	3.4 %	5.2 %
Retail Trade	948.7	9,430.0	3.3 %	4.5 %
Electricity, Gas, Water and Waste Services	930.4	6,180.0	3.3 %	3.0 %
Transport, Postal and Warehousing	856.3	9,102.0	3.0 %	4.4 %
Other Services	709.1	4,098.0	2.5 %	2.0 %
Arts and Recreation Services	629.6	2,944.0	2.2 %	1.4 %
Administrative and Support Services	628.2	4,462.0	2.2 %	2.1 %
Accommodation and Food Services	535.9	4,393.0	1.9 %	2.1 %
Agriculture, Forestry and Fishing	329.6	11,810.9	1.2 %	5.6 %
Mining	86.2	3,588.0	0.3 %	1.7 %
Owner-Occupied Property Operation	1,340.2	11,490.0	4.7 %	5.5 %
Unallocated	2,094.6	15,461.0	7.4 %	7.4 %
<b>Total</b>	<b>28,330</b>	<b>209,086</b>	<b>100%</b>	<b>100%</b>

- Among broad industries Public Administration and Safety was the largest in Wellington Region in 2014 accounting for 11.3 % of total.
- The second largest was Professional, Scientific and Technical Services (10.7 %) followed by Financial and Insurance Services (10.0 %)

**Figure 5: Share of total GDP (2014)**

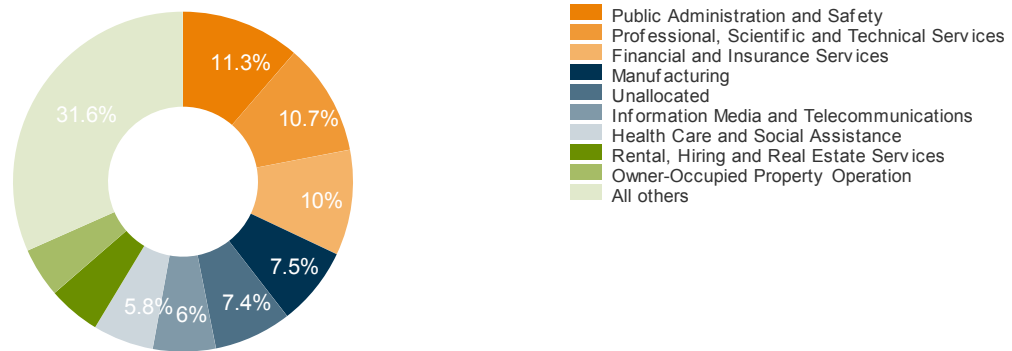


Table 2 on the following page show 54 industries ranked according to their contribution to GDP. These industry categories are used by Statistics New Zealand in the national accounts. They are a mix of various levels of industries on the ANZSIC-06 classification. Further information about the industrial classification is given in the Technical Notes at the end of the document.

- Among detailed industries Central Gov Admin, Defence & Safety was the largest in Wellington Region in 2014 accounting for 10.8 % of total.
- The second largest was Professional, Scientific & Tech Services (10.7 %) followed by Finance (7.0 %)

Table 2. GDP by 54 industry categories (2014)

Industry			Share of total	
	Wellington Region	New Zealand	Wellington Region	New Zealand
Central Gov Admin, Defence & Safety	3,068.0	8,031.0	10.8 %	3.8 %
Professional, Scientific & Tech Services	3,018.8	15,227.0	10.7 %	7.3 %
Finance	1,984.7	7,902.3	7.0 %	3.8 %
Health Care & Social Assistance	1,637.5	12,922.0	5.8 %	6.2 %
Telecomms, Internet & Library Services	1,280.8	4,831.3	4.5 %	2.3 %
Property Operators & Real Estate Services	1,199.7	10,941.1	4.2 %	5.2 %
Education & Training	1,156.0	9,343.0	4.1 %	4.5 %
Wholesale Trade	972.6	10,875.0	3.4 %	5.2 %
Electricity & Gas Supply	784.5	5,148.5	2.8 %	2.5 %
Other Services	709.1	4,098.0	2.5 %	2.0 %
Construction Services	665.9	6,438.1	2.4 %	3.1 %
Arts & Recreation Services	629.6	2,944.0	2.2 %	1.4 %
Administrative & Support Services	628.2	4,462.0	2.2 %	2.1 %
Accommodation & Food Services	535.9	4,393.0	1.9 %	2.1 %
Other Store & Non Store Retailing	529.7	5,296.0	1.9 %	2.5 %
Insurance & Superannuation Funds	465.5	2,407.4	1.6 %	1.2 %
Information Media Services	410.4	1,863.7	1.4 %	0.9 %
Auxiliary Finance & Insurance Services	388.4	1,837.3	1.4 %	0.9 %
Postal, Courier & Warehousing Services	360.7	4,035.1	1.3 %	1.9 %
Petroleum & Coal Product Manufacturing	320.4	1,012.5	1.1 %	0.5 %
Supermarket & Specialised Food Retailing	304.3	2,783.3	1.1 %	1.3 %
Road Transport	281.4	3,161.6	1.0 %	1.5 %
Heavy & Civil Engineering Construction	276.3	4,101.3	1.0 %	2.0 %
Building Construction	234.9	2,512.6	0.8 %	1.2 %
Machinery & Other Equipment Manu	228.6	3,055.5	0.8 %	1.5 %
Rail, Water, Air & Other Transport	214.3	1,905.3	0.8 %	0.9 %
Rental & Hiring Services	214.2	2,467.9	0.8 %	1.2 %
Fruit, Cereal & Other Food Product Manu	205.5	1,993.1	0.7 %	1.0 %
Fabricated Metal Product Manufacturing	166.8	1,819.2	0.6 %	0.9 %
Beverage & Tobacco Product Manu	164.0	2,191.1	0.6 %	1.0 %
Polymer Product & Rubber Product Manu	154.6	1,233.5	0.5 %	0.6 %
Water, Sewerage & Waste Services	145.9	1,031.5	0.5 %	0.5 %
Local Government Administration	144.1	1,038.0	0.5 %	0.5 %
Meat & Meat Product Manufacturing	140.2	2,196.3	0.5 %	1.1 %
Printing	117.3	565.0	0.4 %	0.3 %
Motor Vehicle, Parts & Fuel Retailing	114.7	1,350.7	0.4 %	0.6 %
Basic Chemical & Chemical Product Manu	103.5	1,497.0	0.4 %	0.7 %
Wood Product Manufacturing	95.3	1,223.9	0.3 %	0.6 %
Forestry & Logging	89.0	1,457.0	0.3 %	0.7 %
Mining	86.2	3,588.0	0.3 %	1.7 %
Pulp & Paper Product Manufacturing	84.9	791.1	0.3 %	0.4 %
Sheep, Beef Cattle & Grain Farming	83.7	2,534.7	0.3 %	1.2 %
Textile, Leather, Clothing, Footwear Manu	74.8	690.0	0.3 %	0.3 %
Furniture & Other Manufacturing	70.1	602.0	0.2 %	0.3 %
Non-Metallic Mineral Product Manu	69.9	1,018.0	0.2 %	0.5 %
Dairy Cattle Farming	66.9	4,936.2	0.2 %	2.4 %
Primary Metal & Metal Product Manu	47.6	963.8	0.2 %	0.5 %
Transport Equipment Manufacturing	45.6	981.5	0.2 %	0.5 %
Agric Support Services & Hunting	35.5	1,322.1	0.1 %	0.6 %
Horticulture & Fruit Growing	27.1	1,089.2	0.1 %	0.5 %
Dairy Product Manufacturing	24.5	1,108.5	0.1 %	0.5 %
Poultry, Deer & Other Livestock Farming	13.8	290.8	0.0 %	0.1 %
Fishing & Aquaculture	13.6	180.9	0.0 %	0.1 %
Seafood Processing	9.7	446.0	0.0 %	0.2 %
Owner-Occupied Property Operation	1,340.2	11,490.0	4.7 %	5.5 %
Unallocated	2,094.6	15,461.0	7.4 %	7.4 %
<b>Total</b>	<b>28,330</b>	<b>209,086</b>	<b>100%</b>	<b>100%</b>

## Which broad industries made the largest contribution to economic growth?

Although an industry may be growing rapidly, if it is small relative to a region's total economy its contribution to overall GDP growth may also be small. This section therefore investigates which broad industries made the largest contribution to the overall growth of Wellington Region's economy taking into account their relative sizes.

- Financial and Insurance Services made the largest contribution to overall growth in Wellington Region between 2013 and 2014. The industry grew by 9.5% over the year and contributed 0.89 percentage points to the district's total growth of 2.1%.
- The next largest contributor was public administration and safety (0.34 percentage points) followed by rental, hiring and real estate services (0.20 percentage points).
- The largest detractor from growth over the year was Manufacturing which declined by 5.3% and contributed -0.43 percentage points to the total growth of 2.1%. Transport, Postal and Warehousing (-0.07 percentage points) was the next largest detractor.

**Table 3. 1-digit industries ranked by % point contribution to GDP growth (2013 -2014)**

Industry	2013	2014	% point contribution to growth	Annual Growth
Public Administration and Safety	3,117.8	3,212.1	0.3 %	3.0 %
Professional, Scientific and Technical Services	2,968.5	3,018.8	0.2 %	1.7 %
Financial and Insurance Services	2,591.6	2,838.6	0.9 %	9.5 %
Manufacturing	2,241.4	2,123.4	-0.4 %	-5.3 %
Information Media and Telecommunications	1,668.5	1,691.3	0.1 %	1.4 %
Health Care and Social Assistance	1,588.3	1,637.5	0.2 %	3.1 %
Rental, Hiring and Real Estate Services	1,358.5	1,414.0	0.2 %	4.1 %
Construction	1,128.5	1,177.1	0.2 %	4.3 %
Education and Training	1,150.7	1,156.0	0.0 %	0.5 %
Wholesale Trade	960.7	972.6	0.0 %	1.2 %
Retail Trade	932.2	948.7	0.1 %	1.8 %
Electricity, Gas, Water and Waste Services	936.8	930.4	0.0 %	-0.7 %
Transport, Postal and Warehousing	875.4	856.3	-0.1 %	-2.2 %
Other Services	698.0	709.1	0.0 %	1.6 %
Arts and Recreation Services	608.2	629.6	0.1 %	3.5 %
Administrative and Support Services	598.3	628.2	0.1 %	5.0 %
Accommodation and Food Services	532.0	535.9	0.0 %	0.7 %
Agriculture, Forestry and Fishing	332.5	329.6	0.0 %	-0.9 %
Mining	77.7	86.2	0.0 %	11.1 %
Owner-Occupied Property Operation	1,341.3	1,340.2	0.0 %	-0.1 %
Unallocated	2,043.5	2,094.6	0.2 %	2.5 %
<b>Total</b>	<b>27,750</b>	<b>28,330</b>	<b>2.1 %</b>	<b>2.1 %</b>



## Which detailed industries made the largest contribution to economic growth?

Table 4 shows a ranking of the detailed industries by their contribution to economic growth over the past year.

- Finance made the largest contribution to overall growth in Wellington Region between 2013 and 2014. The industry grew by 12% over the year and contributed 0.76 percentage points to the district's total growth of 2.1%.
- The next largest contributor was central gov admin, defence & safety (0.37 percentage points) followed by property operators & real estate services (0.25 percentage points).
- The largest detractor from growth over the year was Petroleum & Coal Product Manufacturing which declined by 25% and contributed -0.39 percentage points to the total growth of 2.1%. Water, Sewerage & Waste Services (-0.11 percentage points) was the next largest detractor.

Table 4. 54 industries ranked by percentage point contribution to growth (2013 -2014)

Industry	2013	2014	% point contribution to growth	Annual Growth
Central Gov Admin, Defence & Safety	2,964.3	3,068.0	0.4 %	3.5 %
Professional, Scientific & Tech Services	2,968.5	3,018.8	0.2 %	1.7 %
Finance	1,774.2	1,984.7	0.8 %	11.9 %
Health Care & Social Assistance	1,588.3	1,637.5	0.2 %	3.1 %
Telecomms, Internet & Library Services	1,278.5	1,280.8	0.0 %	0.2 %
Property Operators & Real Estate Services	1,130.2	1,199.7	0.3 %	6.2 %
Education & Training	1,150.7	1,156.0	0.0 %	0.5 %
Wholesale Trade	960.7	972.6	0.0 %	1.2 %
Electricity & Gas Supply	761.6	784.5	0.1 %	3.0 %
Other Services	698.0	709.1	0.0 %	1.6 %
Construction Services	621.8	665.9	0.2 %	7.1 %
Arts & Recreation Services	608.2	629.6	0.1 %	3.5 %
Administrative & Support Services	598.3	628.2	0.1 %	5.0 %
Accommodation & Food Services	532.0	535.9	0.0 %	0.7 %
Other Store & Non Store Retailing	523.7	529.7	0.0 %	1.1 %
Insurance & Superannuation Funds	438.0	465.5	0.1 %	6.3 %
Information Media Services	389.9	410.4	0.1 %	5.3 %
Auxiliary Finance & Insurance Services	379.4	388.4	0.0 %	2.4 %
Postal, Courier & Warehousing Services	370.9	360.7	0.0 %	-2.8 %
Petroleum & Coal Product Manufacturing	428.8	320.4	-0.4 %	-25.3 %
Supermarket & Specialised Food Retailing	295.8	304.3	0.0 %	2.9 %
Road Transport	286.9	281.4	0.0 %	-1.9 %
Heavy & Civil Engineering Construction	277.6	276.3	0.0 %	-0.5 %
Building Construction	229.1	234.9	0.0 %	2.5 %
Machinery & Other Equipment Manu	230.4	228.6	0.0 %	-0.8 %
Rail, Water, Air & Other Transport	217.7	214.3	0.0 %	-1.6 %
Rental & Hiring Services	228.3	214.2	-0.1 %	-6.2 %
Fruit, Cereal & Other Food Product Manu	210.4	205.5	0.0 %	-2.3 %
Fabricated Metal Product Manufacturing	160.3	166.8	0.0 %	4.1 %
Beverage & Tobacco Product Manu	151.0	164.0	0.0 %	8.7 %
Polymer Product & Rubber Product Manu	154.8	154.6	0.0 %	-0.2 %
Water, Sewerage & Waste Services	175.2	145.9	-0.1 %	-16.7 %
Local Government Administration	153.5	144.1	0.0 %	-6.1 %
Meat & Meat Product Manufacturing	152.2	140.2	0.0 %	-7.9 %
Printing	109.9	117.3	0.0 %	6.7 %
Motor Vehicle, Parts & Fuel Retailing	112.6	114.7	0.0 %	1.8 %
Basic Chemical & Chemical Product Manu	100.4	103.5	0.0 %	3.1 %
Wood Product Manufacturing	92.1	95.3	0.0 %	3.4 %
Forestry & Logging	87.4	89.0	0.0 %	1.8 %
Mining	77.7	86.2	0.0 %	11.1 %
Pulp & Paper Product Manufacturing	86.5	84.9	0.0 %	-1.8 %
Sheep, Beef Cattle & Grain Farming	87.3	83.7	0.0 %	-4.2 %
Textile, Leather, Clothing, Footwear Manu	80.6	74.8	0.0 %	-7.2 %
Furniture & Other Manufacturing	68.2	70.1	0.0 %	2.8 %
Non-Metallic Mineral Product Manu	69.0	69.9	0.0 %	1.3 %
Dairy Cattle Farming	71.9	66.9	0.0 %	-6.9 %
Primary Metal & Metal Product Manu	48.4	47.6	0.0 %	-1.5 %
Transport Equipment Manufacturing	64.6	45.6	-0.1 %	-29.3 %
Agric Support Services & Hunting	32.2	35.5	0.0 %	10.3 %
Horticulture & Fruit Growing	27.2	27.1	0.0 %	-0.5 %
Dairy Product Manufacturing	24.1	24.5	0.0 %	1.4 %
Poultry, Deer & Other Livestock Farming	12.0	13.8	0.0 %	15.4 %
Fishing & Aquaculture	14.5	13.6	0.0 %	-5.9 %
Seafood Processing	9.6	9.7	0.0 %	0.9 %
Owner-Occupied Property Operation	1,341.3	1,340.2	0.0 %	-0.1 %
Unallocated	2,043.5	2,094.6	0.2 %	2.5 %
<b>Total</b>	<b>27,750</b>	<b>28,330</b>	<b>2.1%</b>	<b>2.1%</b>

## In which industries does Wellington Region have a comparative advantage?

A high concentration of certain industries in a region may be indicative of that region having a comparative advantage in those industries. This may be due to its natural endowments, location, skills of its labour force or other reasons. The location quotient indicates in which industries a region has comparative advantage. A region has a location quotient larger (smaller) than one when the share of that industry in the regional economy is greater (less) than the share of the same industry in the national economy.

Table 5 shows a ranking of 54 industries by their location quotients.

- The industries in which Wellington Region has the largest comparative advantages are Central Gov Admin, Defence & Safety (location quotient = 2.8), Petroleum & Coal Product Manufacturing (2.3), and Telecomms, Internet & Library Services (2.0).

Table 5. Location quotient as a measure of comparative advantage

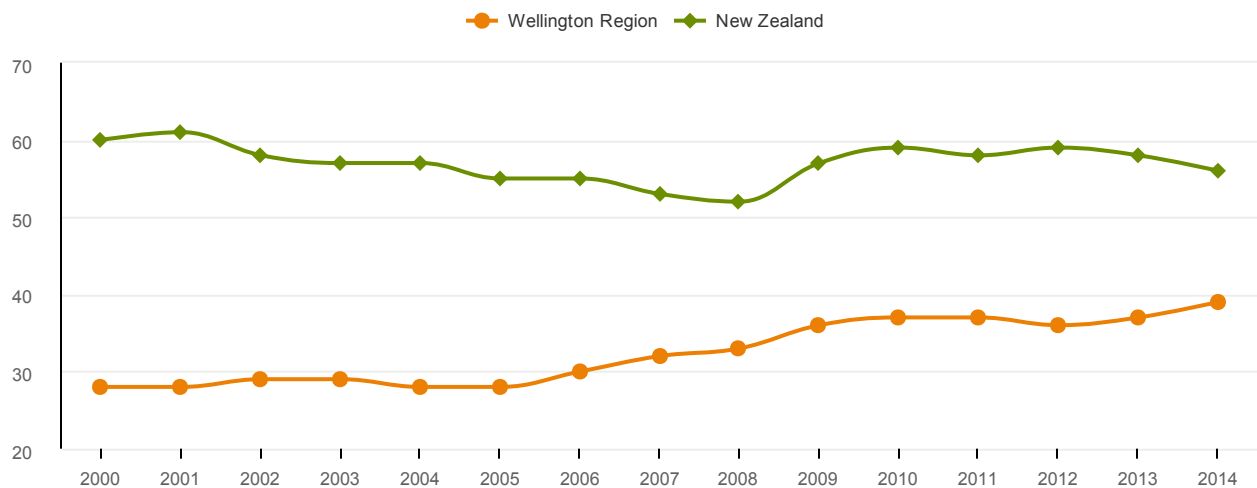
Industry	Location Quotient	Share of total GDP	
		Wellington Region	New Zealand
Central Gov Admin, Defence & Safety	2.8	10.8 %	3.8 %
Petroleum & Coal Product Manufacturing	2.3	1.1 %	0.5 %
Telecomms, Internet & Library Services	2.0	4.5 %	2.3 %
Finance	1.9	7.0 %	3.8 %
Information Media Services	1.6	1.4 %	0.9 %
Arts & Recreation Services	1.6	2.2 %	1.4 %
Auxiliary Finance & Insurance Services	1.6	1.4 %	0.9 %
Printing	1.5	0.4 %	0.3 %
Professional, Scientific & Tech Services	1.5	10.7 %	7.3 %
Insurance & Superannuation Funds	1.4	1.6 %	1.2 %
Other Services	1.3	2.5 %	2.0 %
Electricity & Gas Supply	1.1	2.8 %	2.5 %
Water, Sewerage & Waste Services	1.0	0.5 %	0.5 %
Administrative & Support Services	1.0	2.2 %	2.1 %
Local Government Administration	1.0	0.5 %	0.5 %
Health Care & Social Assistance	0.9	5.8 %	6.2 %
Polymer Product & Rubber Product Manu	0.9	0.5 %	0.6 %
Education & Training	0.9	4.1 %	4.5 %
Accommodation & Food Services	0.9	1.9 %	2.1 %
Furniture & Other Manufacturing	0.9	0.2 %	0.3 %
Rail, Water, Air & Other Transport	0.8	0.8 %	0.9 %
Property Operators & Real Estate Services	0.8	4.2 %	5.2 %
Supermarket & Specialised Food Retailing	0.8	1.1 %	1.3 %
Textile, Leather, Clothing, Footwear Manu	0.8	0.3 %	0.3 %
Pulp & Paper Product Manufacturing	0.8	0.3 %	0.4 %
Construction Services	0.8	2.4 %	3.1 %
Fruit, Cereal & Other Food Product Manu	0.8	0.7 %	1.0 %
Other Store & Non Store Retailing	0.7	1.9 %	2.5 %
Building Construction	0.7	0.8 %	1.2 %
Fabricated Metal Product Manufacturing	0.7	0.6 %	0.9 %
Wholesale Trade	0.7	3.4 %	5.2 %
Postal, Courier & Warehousing Services	0.7	1.3 %	1.9 %
Road Transport	0.7	1.0 %	1.5 %
Rental & Hiring Services	0.6	0.8 %	1.2 %
Motor Vehicle, Parts & Fuel Retailing	0.6	0.4 %	0.6 %
Wood Product Manufacturing	0.6	0.3 %	0.6 %
Fishing & Aquaculture	0.6	0.0 %	0.1 %
Beverage & Tobacco Product Manu	0.6	0.6 %	1.0 %
Machinery & Other Equipment Manu	0.6	0.8 %	1.5 %
Basic Chemical & Chemical Product Manu	0.5	0.4 %	0.7 %
Non-Metallic Mineral Product Manu	0.5	0.2 %	0.5 %
Heavy & Civil Engineering Construction	0.5	1.0 %	2.0 %
Meat & Meat Product Manufacturing	0.5	0.5 %	1.1 %
Forestry & Logging	0.5	0.3 %	0.7 %
Primary Metal & Metal Product Manu	0.4	0.2 %	0.5 %
Poultry, Deer & Other Livestock Farming	0.4	0.0 %	0.1 %
Transport Equipment Manufacturing	0.3	0.2 %	0.5 %
Sheep, Beef Cattle & Grain Farming	0.2	0.3 %	1.2 %
Agric Support Services & Hunting	0.2	0.1 %	0.6 %
Horticulture & Fruit Growing	0.2	0.1 %	0.5 %
Mining	0.2	0.3 %	1.7 %
Dairy Product Manufacturing	0.2	0.1 %	0.5 %
Seafood Processing	0.2	0.0 %	0.2 %
Dairy Cattle Farming	0.1	0.2 %	2.4 %

## How diversified is Wellington Region's economy?

The more concentrated a region's economy is in a few industries the more vulnerable it is to adverse events such as climatic conditions and commodity price fluctuations. This section presents the Herfindahl-Hirschman Index (HHI) which measures the level of diversification of Wellington Region's economy. An index of 0 represents a diversified economy with economic activity evenly spread across all industries. The higher the index the more concentrated economic activity is in a few industries.

- Wellington Region had a standardised HHI of 38.6 in 2014.
- Since 2000 Wellington Region's HHI has increased from 27.7 indicating a decrease in industrial diversity. During the same period New Zealand's economy has become more diversified with the HHI decreasing from 60.0 to 55.7.

Figure 6: HHI Index in Wellington Region and New Zealand (2000 - 2014)



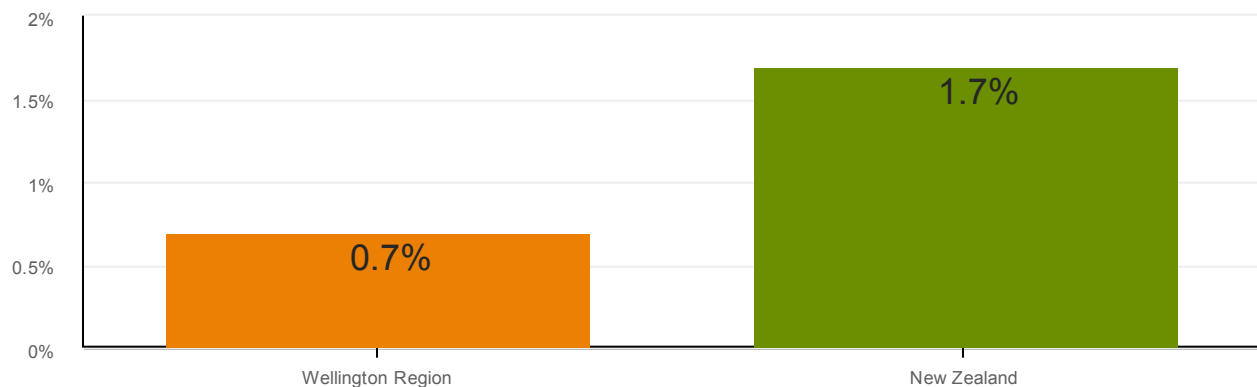
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Wellington Region	27.7	27.7	28.9	29.2	28.2	28.3	29.9	31.9	32.9	35.8	36.9	37.0	36.0	37.3	38.6
New Zealand	60.0	61.2	57.8	57.1	56.7	55.4	55.1	53.2	51.9	56.5	59.2	58.2	59.0	57.8	55.7

# EMPLOYMENT

## How fast has employment grown in Wellington Region?

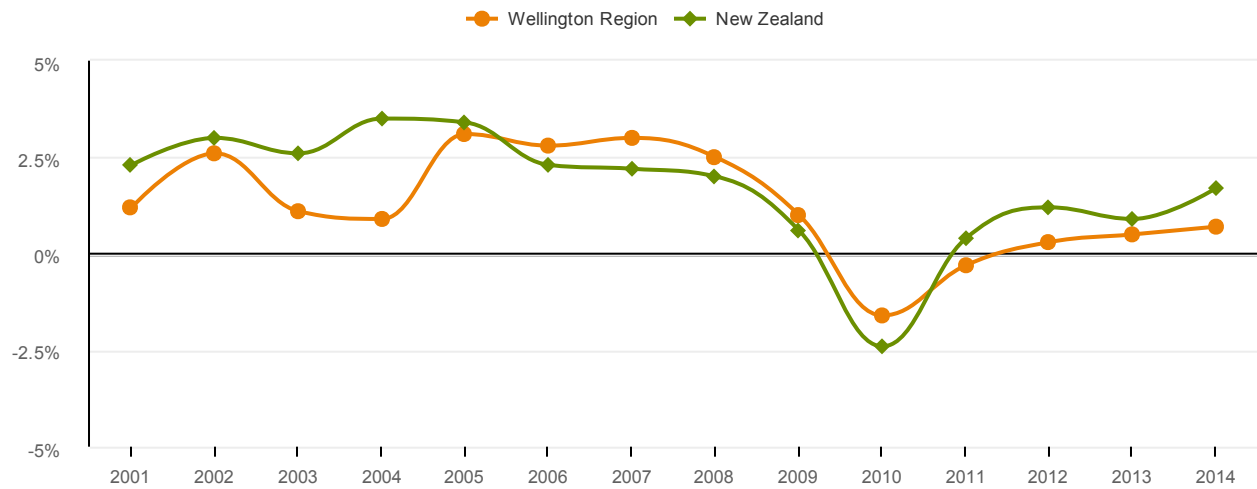
Employment growth provides new opportunities for the region's population to earn income and contribute to the region's economy. This section contrasts Wellington Region's recent performance in creating jobs with other regions in the country.

Figure 7: Employment growth (year to Mar 2014)



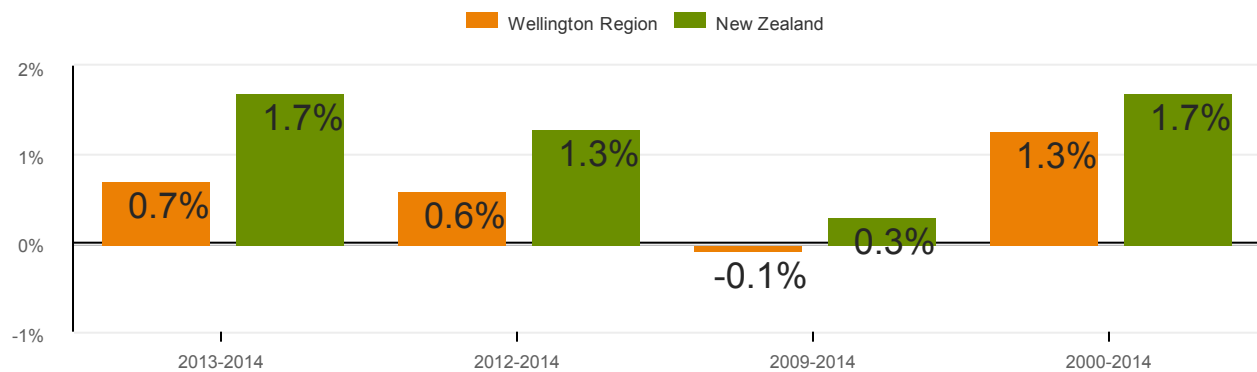
- Total employment in Wellington Region averaged 265,022 in the year to March 2014, up 0.7% from a year earlier. Employment in New Zealand increased by 1.7% over the same period.
- Employment growth in Wellington Region averaged 1.2 %pa over the last 10 years compared with 1.2 %pa in the national economy.
- Employment growth in Wellington Region reached a high of 3.1 % in 2005 and a low of -1.6 % in 2010.

Figure 8: Annual average employment growth



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Wellington Region	1.2 %	2.6 %	1.1 %	0.9 %	3.1 %	2.8 %	3.0 %	2.5 %	1.0 %	-1.6 %	-0.3 %	0.3 %	0.5 %	0.7 %
New Zealand	2.3 %	3.0 %	2.6 %	3.5 %	3.4 %	2.3 %	2.2 %	2.0 %	0.6 %	-2.4 %	0.4 %	1.2 %	0.9 %	1.7 %

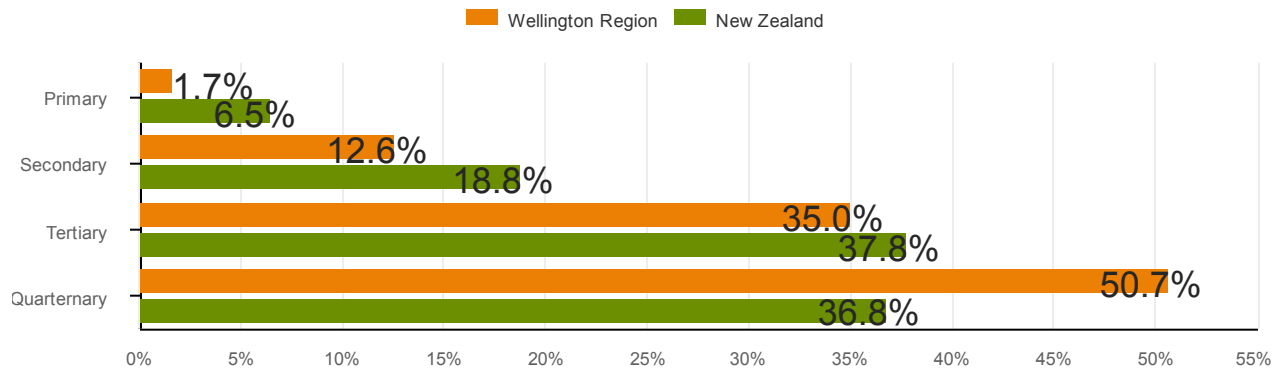
Figure 9: Employment growth over last 1,2,5 and 10 years



## What is the industrial structure of employment in Wellington Region?

This section describes the structure of the labour market in terms of the primary, secondary, tertiary and quaternary categories and the industries that fall within these categories. The primary sector makes direct use of natural resources. It extracts or harvests products from the earth. The secondary sector produces manufactured and other processed goods. The tertiary sector produces manufactured and other processed goods. The tertiary sector includes the lower value-adding service industries while the quaternary sector includes the higher value-adding, knowledge-based service industries. A list of industries making up the quaternary sector is given in the technical appendix.

Figure 10: Employment by broad sector (2014)



- Primary accounted for 1.7 % in Wellington Region compared with 6.5 % in New Zealand.
- Secondary accounted for 12.6 % in Wellington Region compared with 18.8 % in New Zealand.
- Tertiary accounted for 35.0 % in Wellington Region compared with 37.8 % in New Zealand.
- Quarternary industries accounted for the largest proportion of employment (50.7 %) in Wellington Region, which is higher than in New Zealand (36.8 %).



## Which are the largest employing industries in Wellington Region?

This section identifies the broad industries that make the largest contribution to employment in Wellington Region.

**Table 6. 1-digit industries ranked by size of employment (2014)**

Industry			Share of total	
	Wellington Region	New Zealand	Wellington Region	New Zealand
Professional, Scientific and Technical Services	36,541.0	207,516.0	13.8 %	9.3 %
Public Administration and Safety	29,539.3	107,236.8	11.1 %	4.8 %
Health Care and Social Assistance	25,235.0	222,038.3	9.5 %	10.0 %
Education and Training	22,483.3	178,002.5	8.5 %	8.0 %
Retail Trade	22,185.0	207,889.0	8.4 %	9.3 %
Construction	18,256.5	184,400.8	6.9 %	8.3 %
Accommodation and Food Services	16,652.8	138,994.8	6.3 %	6.2 %
Manufacturing	13,543.5	221,599.5	5.1 %	9.9 %
Administrative and Support Services	13,349.5	108,073.5	5.0 %	4.8 %
Financial and Insurance Services	11,804.3	62,566.5	4.5 %	2.8 %
Other Services	10,653.5	84,523.5	4.0 %	3.8 %
Transport, Postal and Warehousing	9,349.0	95,252.0	3.5 %	4.3 %
Wholesale Trade	9,243.3	114,756.3	3.5 %	5.1 %
Information Media and Telecommunications	8,649.8	43,729.5	3.3 %	2.0 %
Arts and Recreation Services	6,449.5	41,129.0	2.4 %	1.8 %
Rental, Hiring and Real Estate Services	4,854.5	51,861.3	1.8 %	2.3 %
Agriculture, Forestry and Fishing	4,304.5	139,516.3	1.6 %	6.3 %
Electricity, Gas, Water and Waste Services	1,612.5	14,242.8	0.6 %	0.6 %
Mining	315.3	6,351.3	0.1 %	0.3 %
Owner-Occupied Property Operation	0.0	0.0	0.0 %	0.0 %
Unallocated	0.0	0.0	0.0 %	0.0 %
<b>Total</b>	<b>265,022</b>	<b>2,229,679</b>	<b>100%</b>	<b>100%</b>

- Among broad industries Professional, Scientific and Technical Services was the largest in Wellington Region in 2014 accounting for 13.8 % of total.
- The second largest was Public Administration and Safety (11.1 %) followed by Health Care and Social Assistance (9.5 %)

Table 7 on the following page shows the 50 detailed industries among the approximately 500 7-digit ANZSIC industry categories which employ the highest number of people in Wellington Region.

- Professional, Scientific and Technical Services was the largest 7-digit industry in Wellington Region in 2014 employing 36,541 persons and accounting for 13.8 % of total employment in the district. By contrast this industry accounted for 9.3 % of total employment in New Zealand.
- The second largest employing industries were public administration and safety (29,539) followed by health care and social assistance (25,235).

Table 7. 50 largest employing 7-digit ANZSIC industries (2014)

Rank	Industry	Wellington Region		New Zealand
		Jobs	% of total	% of total
1	Central Government Administration	15,154	5.7 %	1.3 %
2	Computer Systems Design and Related Services	9,650	3.6 %	1.6 %
3	Cafes and Restaurants	7,188	2.7 %	2.6 %
4	Hospitals (except Psychiatric Hospitals)	6,695	2.5 %	2.9 %
5	Supermarket and Grocery Stores	6,486	2.4 %	2.4 %
6	Banking	5,986	2.3 %	1.1 %
7	Management Advice and Other Consulting Services	5,864	2.2 %	1.5 %
8	Corporate Head Office Management Services	5,443	2.1 %	1.2 %
9	Higher Education	5,339	2.0 %	1.5 %
10	Primary Education	5,154	1.9 %	2.2 %
11	Other Allied Health Services	3,989	1.5 %	1.4 %
12	Secondary Education	3,656	1.4 %	1.6 %
13	Aged Care Residential Services	3,566	1.3 %	1.4 %
14	House Construction	3,277	1.2 %	1.6 %
15	Accounting Services	2,944	1.1 %	1.0 %
16	Other Social Assistance Services	2,849	1.1 %	0.9 %
17	Takeaway Food Services	2,816	1.1 %	1.0 %
18	Buildings Cleaning Services	2,799	1.1 %	1.0 %
19	Legal Services	2,788	1.1 %	0.8 %
20	Preschool Education	2,777	1.0 %	1.1 %
21	Engineering Design and Engineering Consulting Services	2,761	1.0 %	1.0 %
22	Accommodation	2,741	1.0 %	1.3 %
23	Labour Supply Services	2,709	1.0 %	1.2 %
24	Employment Placement and Recruitment Services	2,605	1.0 %	0.5 %
25	Defence	2,285	0.9 %	0.6 %
26	Regulatory Services	2,284	0.9 %	0.3 %
27	Local Government Administration	2,215	0.8 %	1.0 %
28	Real Estate Services	2,085	0.8 %	0.9 %
29	Electrical Services	1,997	0.8 %	0.8 %
30	Pubs, Taverns and Bars	1,985	0.7 %	0.6 %
31	Police Services	1,979	0.7 %	0.5 %
32	Road Freight Transport	1,951	0.7 %	1.3 %
33	Wired Telecommunications Network Operation	1,944	0.7 %	0.3 %
34	Department Stores	1,923	0.7 %	0.7 %
35	Hairdressing and Beauty Services	1,877	0.7 %	0.6 %
36	Other Administrative Services n.e.c.	1,856	0.7 %	0.6 %
37	Clothing Retailing	1,851	0.7 %	0.7 %
38	Hardware and Building Supplies Retailing	1,811	0.7 %	0.8 %
39	Other Interest Group Services n.e.c.	1,794	0.7 %	0.5 %
40	Other Auxiliary Finance and Investment Services	1,792	0.7 %	0.4 %
41	Justice	1,776	0.7 %	0.2 %
42	Adult, Community and Other Education n.e.c.	1,760	0.7 %	0.5 %
43	Child Care Services	1,652	0.6 %	0.6 %
44	General Practice Medical Services	1,614	0.6 %	0.7 %
45	Scientific Research Services	1,520	0.6 %	0.4 %
46	Painting and Decorating Services	1,518	0.6 %	0.6 %
47	Other Residential Care Services	1,478	0.6 %	0.7 %
48	Catering Services	1,469	0.6 %	0.4 %
49	Technical and Vocational Education and Training	1,450	0.5 %	0.5 %
50	Other Heavy and Civil Engineering Construction	1,417	0.5 %	0.8 %
	All other industries total	102,507	38.7 %	50.0 %
	<b>Total</b>	<b>265,022</b>	<b>100%</b>	<b>100%</b>

## Which industries have created the most jobs?

The section investigates which industries have created and lost the most number of jobs in Wellington Region. The employment numbers differ from those published in Business Demography by Statistics New Zealand. The reasons for these differences are explained in the technical appendix.

**Table 8. 1-digit industries ranked by number of jobs created (2013 -2014)**

Industry	2013	2014	Change	Annual Growth
Professional, Scientific and Technical Services	35,938	36,541	603	1.7 %
Public Administration and Safety	28,693	29,539	846	2.9 %
Health Care and Social Assistance	25,232	25,235	3	0.0 %
Education and Training	22,132	22,483	351	1.6 %
Retail Trade	22,626	22,185	-441	-1.9 %
Construction	18,513	18,257	-256	-1.4 %
Accommodation and Food Services	16,910	16,653	-257	-1.5 %
Manufacturing	14,060	13,544	-516	-3.7 %
Administrative and Support Services	12,728	13,350	622	4.9 %
Financial and Insurance Services	11,259	11,804	546	4.8 %
Other Services	10,660	10,654	-6	-0.1 %
Transport, Postal and Warehousing	9,412	9,349	-63	-0.7 %
Wholesale Trade	9,216	9,243	28	0.3 %
Information Media and Telecommunications	8,786	8,650	-137	-1.6 %
Arts and Recreation Services	6,279	6,450	171	2.7 %
Rental, Hiring and Real Estate Services	4,634	4,855	221	4.8 %
Agriculture, Forestry and Fishing	4,123	4,305	181	4.4 %
Electricity, Gas, Water and Waste Services	1,661	1,613	-48	-2.9 %
Mining	297	315	19	6.3 %
Owner-Occupied Property Operation	0	0	0	NaN
Unallocated	0	0	0	NaN
<b>Total</b>	<b>263,158</b>	<b>265,022</b>	<b>1,864</b>	<b>0.7%</b>

- Public Administration and Safety made the largest contribution to employment growth in Wellington Region between 2013 and 2014 with the industry adding 846 jobs.
- The next largest contributor was Administrative and Support Services (622 jobs) followed by Professional, Scientific and Technical Services (603 jobs).
- The largest detractor from growth over the year was Manufacturing in which employment declined by 516.

Table 9 on the next page shows the 50 industries (out of a total of approximately 500 industries of the ANZSIC 2006 industry classification<sup>1</sup>) that created the most number of jobs over the past year. Table 15 shows the 50 detailed industries that made the lowest contribution to job creation over the same period.

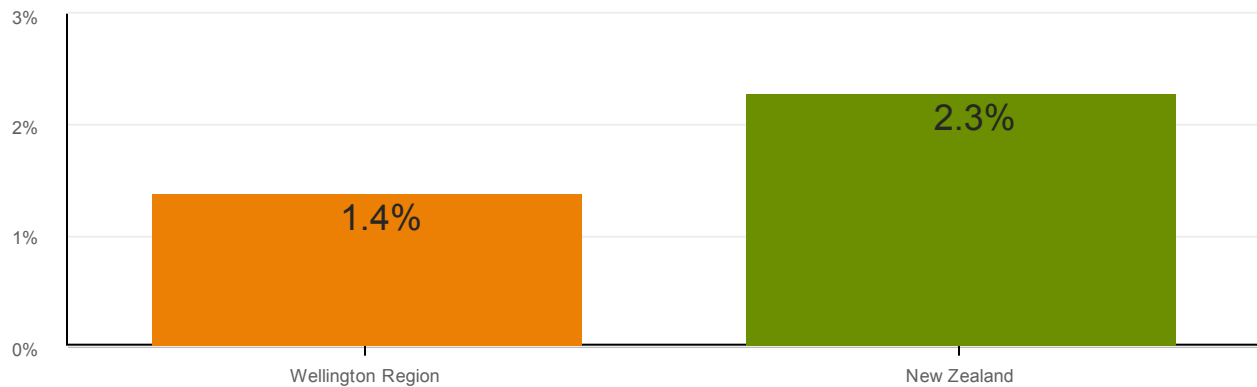
- Public Administration and Safety was the largest creator of jobs in Wellington Region between 2013 and 2014 generating an additional 846 positions.
- This was followed by Administrative and Support Services, which added 622 jobs over the same period.
- Manufacturing was the largest detractor of jobs in Wellington Region between 2013 and 2014 losing 516 positions.
- This was followed by Retail Trade, which lost 441 jobs over the same period.

# BUSINESS GROWTH

## How fast did the number of business units grow in Wellington Region?

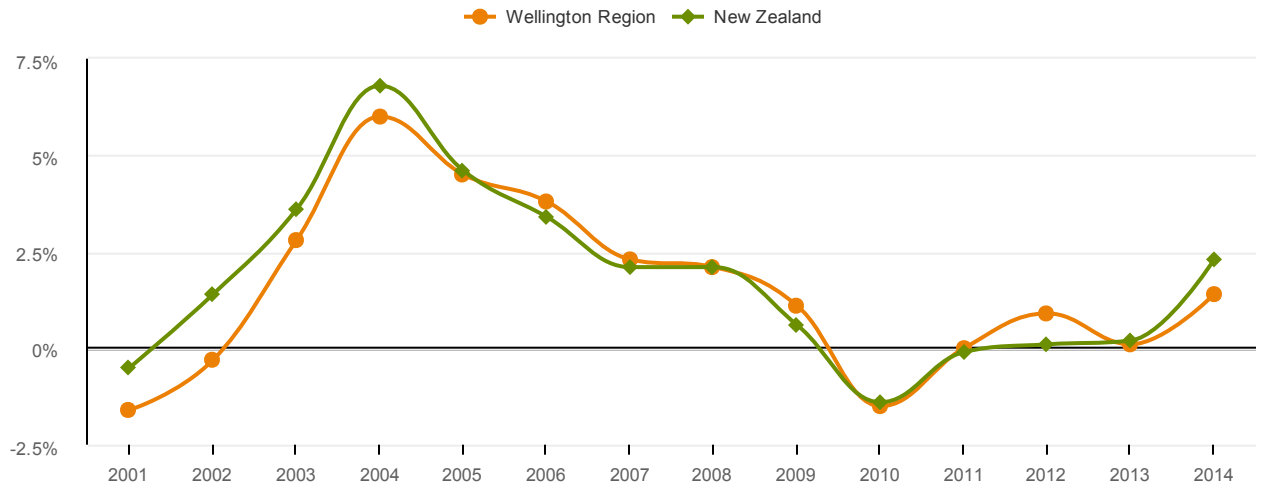
Growth in the number of business units is an indicator of entrepreneurial activity. It indicates an environment in which entrepreneurs are prepared to take risks to start new ventures. This section contrasts Wellington Region's recent performance in business unit growth with other regions in the country.

Figure 11: Business unit growth (year to Mar 2014)



- A total of 53,213 business units were recorded in Wellington Region in 2014, up 1.4% from a year earlier.
- The number of business units in New Zealand increased by 2.3% over the same period.
- Growth in the number of business units in Wellington Region averaged 1.5 %pa over the past 10 years compared with 1.4 %pa in the national economy.
- Business unit growth in Wellington Region varied from a high of 6.0 % in 2004 to a low of -1.6 % in 2001.

Figure 12: Annual average business unit growth



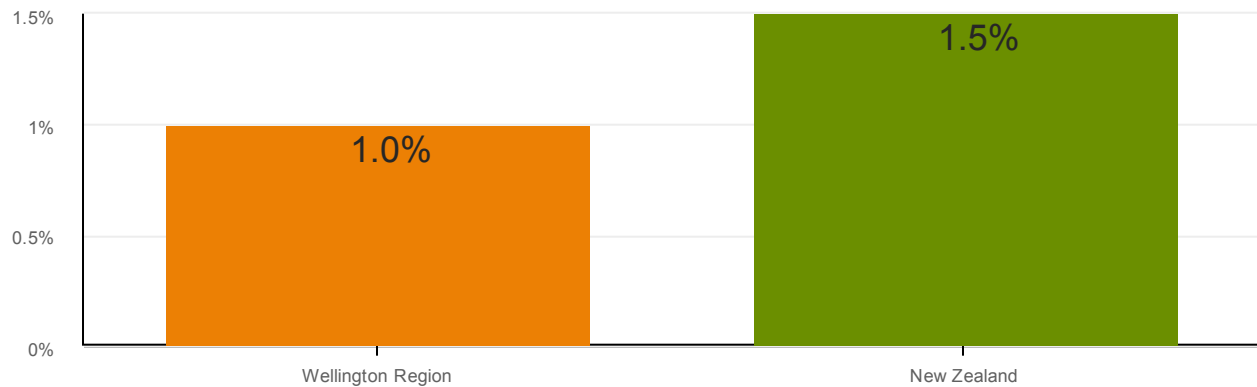
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Wellington Region	-1.6 %	-0.3 %	2.8 %	6.0 %	4.5 %	3.8 %	2.3 %	2.1 %	1.1 %	-1.5 %	0.0 %	0.9 %	0.1 %	1.4 %
New Zealand	-0.5 %	1.4 %	3.6 %	6.8 %	4.6 %	3.4 %	2.1 %	2.1 %	0.6 %	-1.4 %	-0.1 %	0.1 %	0.2 %	2.3 %

# POPULATION GROWTH

## How fast has Wellington Region's population grown?

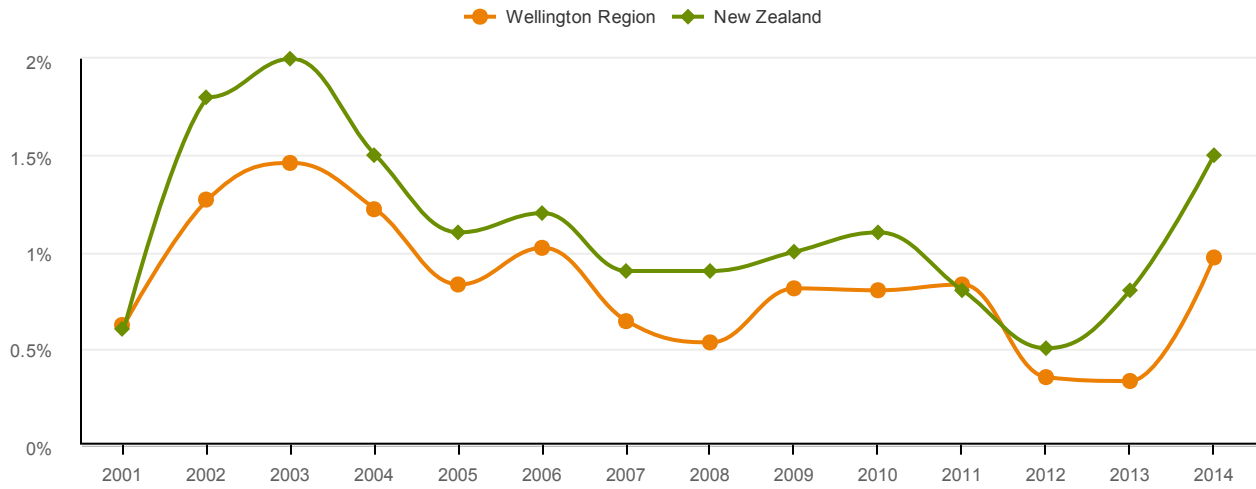
Population growth is an indicator of a region's attractiveness as a place to live and work. A strong regional economy with plentiful job opportunities will help a region retain its population and attract new residents from other regions and abroad. This section contrasts Wellington Region's recent population growth with other districts and the country as a whole.

Figure 13: Population growth (year to Mar 2014)



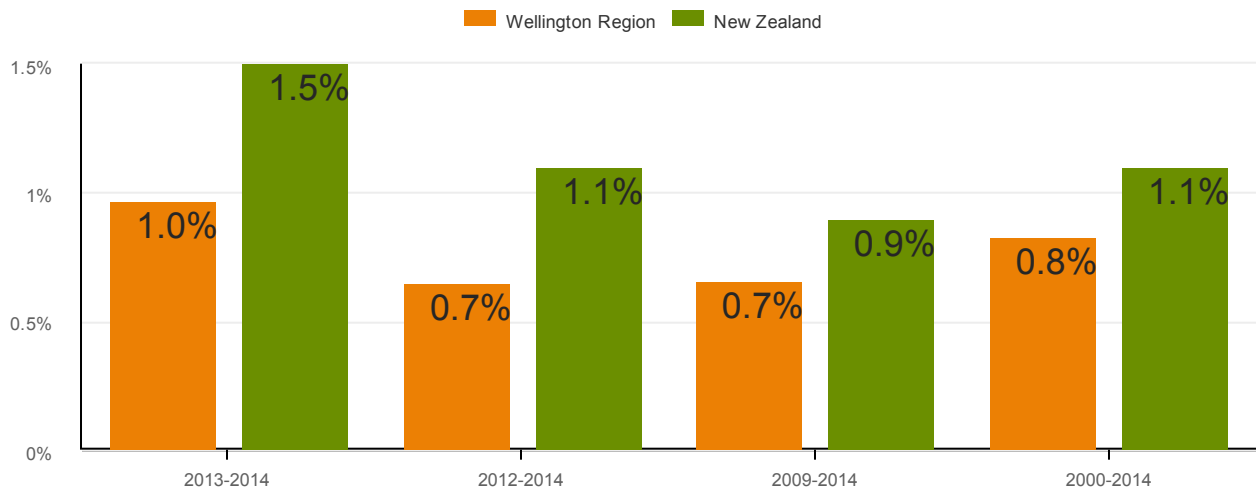
- Wellington Region's population was 491,400 in 2014, up 1.0% from a year earlier. New Zealand's total population grew by 1.5% over the same period.
- Population growth in Wellington Region averaged 0.7 %pa over the last 10 years compared with 1.0 %pa in New Zealand.
- Since 2000 growth in Wellington Region reached a high of 1.5 %pa in 2003 and a low of 0.3 %pa in 2013.

Figure 14: Annual population growth



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Wellington Region	0.6 %	1.3 %	1.5 %	1.2 %	0.8 %	1.0 %	0.6 %	0.5 %	0.8 %	0.8 %	0.8 %	0.4 %	0.3 %	1.0 %
New Zealand	0.6 %	1.8 %	2.0 %	1.5 %	1.1 %	1.2 %	0.9 %	0.9 %	1.0 %	1.1 %	0.8 %	0.5 %	0.8 %	1.5 %

Figure 15: Population growth last 1,2,5 and 10 years

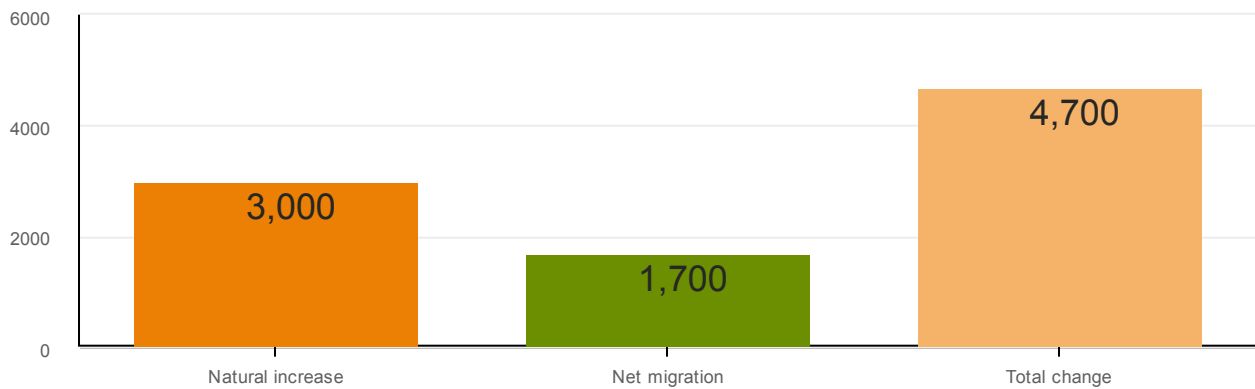


## What is the source of Wellington Region's population growth?

A region's population can grow through natural growth (births less deaths) and net migration (arrivals less departures). This section describes the relative contributions of these two sources to population growth in Wellington Region.

- Wellington Region's population increased by 4,700 people in the year to June 2014. This net increase was made up of net migration of 1,700 and natural increase of 3,000.

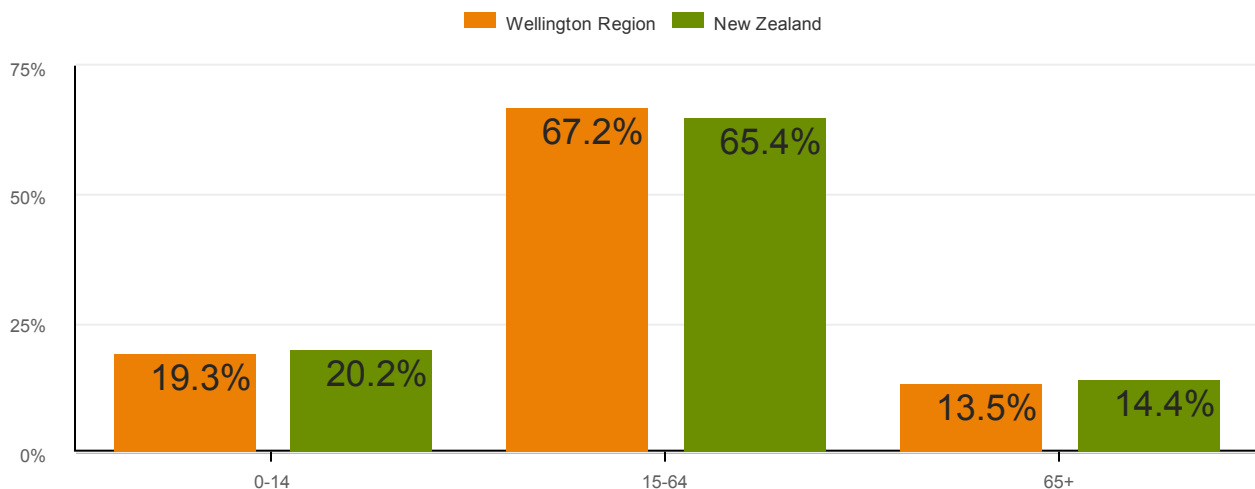
Figure 16: Source of population growth (year to June 2014)



## What is the age structure of Wellington Region's population?

- In 2014, 67.2 % of Wellington Region's population was of working age (15-64). This was significantly higher than the proportion of the national population (65.4 %).
- Wellington Region had a slightly lower proportion (19.3 %) of young people (0-14) than the country as a whole (20.2 %) and a significantly lower proportion (13.5 %) of people 65 years and older compared with the national (14.4 %). Overall the dependency ratio in Wellington Region (48.8 %) was lower than in the national economy (53.0 %). The dependency ratio expresses the number of persons outside of the working age as a proportion of the number of persons of working age (15 to 64 years).

Figure 17: Age composition of the population (year to June 2014)





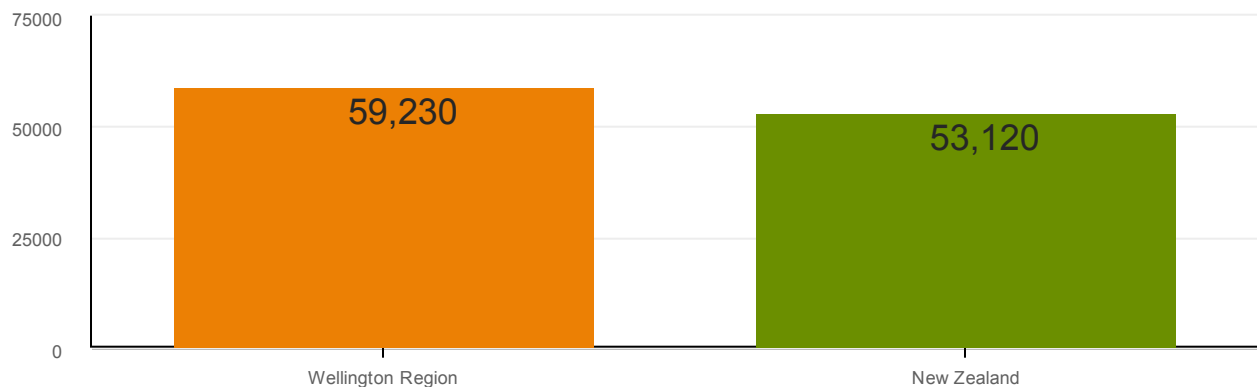
# STANDARD OF LIVING

This section describes a few indicators of economic standard of living. It investigates average earnings, house prices and housing affordability. Note that due to data constraints earnings data are provided for the year to March 2013.

## What are the mean earnings in Wellington Region ?

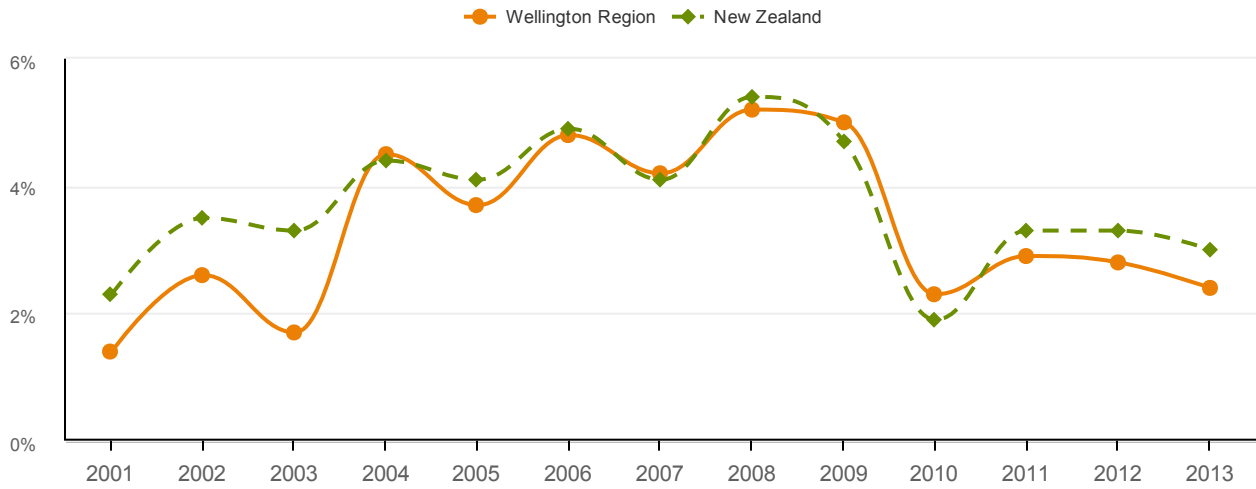
Income earned in the labour market is an important source of household income. This section contrasts Wellington Region's mean annual earnings with the country as a whole.

Figure 18:



- Mean annual earnings in Wellington Region was \$59,230 in the year to March 2013, which was higher than the New Zealand mean of \$53,120.
- Mean earnings in Wellington Region increased by 2.4% over the year to March 2013 compared with an increase of 3.0% New Zealand.
- Over the last ten years earnings growth in Wellington Region reached a maximum of 5.2 % in 2008 and a minimum of 1.4 % in 2001.

Figure 19: Annual earnings growth



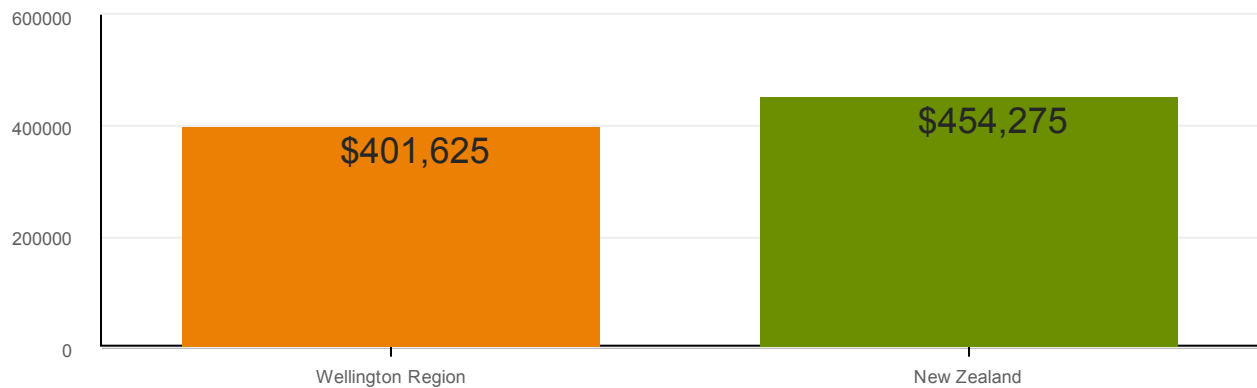
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Wellington Region	1.4 %	2.6 %	1.7 %	4.5 %	3.7 %	4.8 %	4.2 %	5.2 %	5.0 %	2.3 %	2.9 %	2.8 %	2.4 %
New Zealand	2.3 %	3.5 %	3.3 %	4.4 %	4.1 %	4.9 %	4.1 %	5.4 %	4.7 %	1.9 %	3.3 %	3.3 %	3.0 %

- Mean annual earnings in Wellington Region was \$59,230 in the year to March 2013, which was higher than the New Zealand mean of \$53,120.
- Mean earnings in Wellington Region increased by 2.4% over the year to March 2013 compared with an increase of 3.0% New Zealand.
- Over the last ten years earnings growth in Wellington Region reached a maximum of 5.2 % in 2008 and a minimum of 1.4 % in 2001.

## How do house prices in Wellington Region compare?

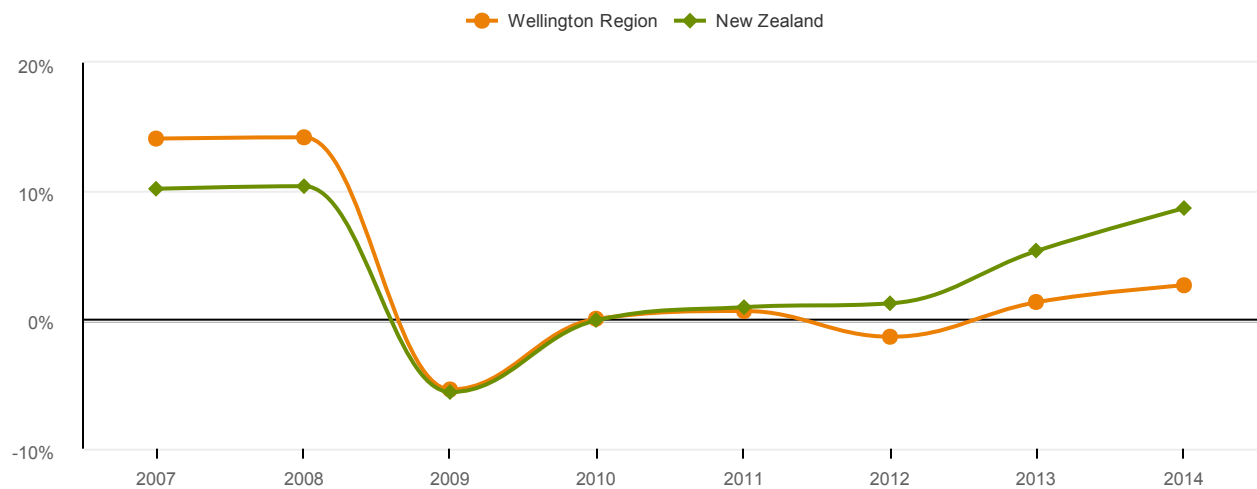
The cost of housing is a major component of household spending. This section describes the cost of housing in Wellington Region relative to the rest of the country.

Figure 20: Median house price (year to Mar 2014)



- The median house price in Wellington Region was \$ 401,625 in 2014, which was lower than the New Zealand median of \$454,275.

Figure 21: Annual median house price growth



	2007	2008	2009	2010	2011	2012	2013	2014
Wellington Region	14.1 %	14.2 %	-5.4 %	0.1 %	0.7 %	-1.3 %	1.4 %	2.7 %
New Zealand	10.2 %	10.4 %	-5.6 %	0.0 %	1.0 %	1.3 %	5.4 %	8.7 %

# TECHNICAL NOTES

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## Time period

This economic profile reports on March years (eg. 2014 refers to the 12 months to March 2014) for all indicators except population (June year), dairy sector statistics (May year), and government social service expenditure and beneficiary data (June years).

## Gross Domestic Product

Gross Domestic Product (GDP) measures the value economic units add to their inputs. It should not be confused with revenue or turnover. A company's value adding is broadly equivalent to its sales revenue less the cost of materials (eg steel for making motor cars) and services (eg telecommunications) purchased from other firms.

Total GDP is calculated by summing the value added to all goods and services for final consumption – i.e. it does not include the value added to goods and services used as intermediate inputs for the production of other goods as this would result in double counting. As a result, GDP estimates should not be confused with revenue/turnover/gross output.

In this profile Gross Domestic Product for each region and territorial authority (TA) is estimated by Infometrics. A top down approach breaks national production-based GDP (published by Statistics New Zealand) down to territorial authority level by applying TA shares to the national total. Each TA's share of industry output is based on the share of earnings measured in the Linked Employer Employee Data (LEED), which is, in turn, based on taxation data. This approach captures differences in productivity between TAs and changes in productivity over time. Our estimates are benchmarked on regional GDP published by Statistics New Zealand for the period 2007-2010.

GDP is measured in constant 2010 [prices](#) .

## Prices

In this profile, we present all GDP estimates in constant 2010 prices. GDP presented in constant prices is sometimes referred to as real GDP. By using constant prices we remove the distractionary effect of inflation. It enables us to meaningfully compare GDP from one year to the next. Our GDP estimates differ from those published by Statistics New Zealand which are at 1995/6 prices.

## Industrial classification

This profile uses industry categories from the 2006 Australia New Zealand Standard Industrial Classification (ANZSIC). The ANZSIC is a hierarchical classification with four levels, namely divisions (the broadest level also referred to as 1-digit categories), subdivisions (3-digit), groups (4-digit) and classes (7-digit). There are approximately 500 7-digit industries.

This profile also uses a grouping of 54 industries. These are the industries used by Statistics New Zealand in the national accounts.

## Unallocated

Unallocated items include taxes levied on the purchaser rather than the producing industry (such as GST, import duties, and taxes on capital transactions), and items that cannot easily be allocated to a specific industry (such as the seasonal adjustment balancing item). A seasonal adjustment balancing item is necessary to ensure that the sum of all seasonally adjusted industries can be reconciled with total GDP.

## Broad economic sectors

The primary sector extracts or harvests products from the earth and includes agriculture, forestry, fishing, and mining. The secondary sector produces manufactured and other processed goods and includes manufacturing, electricity, gas and water, and construction. The tertiary sector includes all service industries that are not knowledge intensive, such as retail trade, and food and accommodation services. The quaternary sector includes knowledge **intensive** service industries. 'Other' includes owner occupied property operation and **unallocated** activity.

## HHI Index

Economic diversity is measured using the Herfindahl–Hirschman Index. It is calculated by squaring the share of each industry (at 54 industry level), and then summing the resulting numbers. The HHI number can theoretically range from close to zero (diversified economy) to 10,000 (concentrated economy). The HHI for New Zealand is calculated as the average for the 66 territorial authorities.

## Employment by industry

Employment is measured as an average of the four quarters making up each year. The unit of measurement is filled jobs.

Regional employment numbers are from Infometrics' Regional Industry Employment Model (RIEM). The model draws heavily on quarterly and annual Linked Employer Employee Data (LEED) published by Statistics New Zealand. RIEM differs from data from Business Demography in that it is a quarterly series (BD is annual) and it includes both employees and self-employed, whereas BD only includes employees.

**Industrial classification** can be found [here](#).

## Self-employment

Self-employment rates are from Annual Linked Employer Employee Data (LEED).

## Employment by occupation

Employment in each industry is converted to occupational employment using the relationship between industry and occupational employment observed in various Population Censuses. The Population Census measures the occupational composition of employment in each industry and how this changes over time. Occupations conform to the categories used in the Australian New Zealand Standard Classification of Occupations (ANZSCO).

## Productivity

Productivity measures the efficiency of production. In this profile, we measure productivity as GDP per employed person (ie. The amount of economic activity generated on average by each employee). One needs to be aware that labour is only one input into production. The output of each employee may differ across industries in a region due to differing access to machinery, technology, and land. Therefore, productivity comparisons should only be made in circumstances where it is reasonable to assume that capital intensity will be broadly the same – for example, when looking at productivity within an industry over a limited-time period, or when comparing productivity of a particular industry with that same industry in another region.

## Earnings

Earnings data are from the quarterly Linked Employer Employee Data published by Statistics New Zealand. LEED publishes the mean earnings of full quarter jobs for each quarter. We sum the mean earnings for the four quarters making up the year to arrive at an estimate of average annual earnings.

## House prices

House price levels (dollar value) are sourced from REINZ. The levels are based on median sale prices for the month when the sale and purchase becomes unconditional. Median prices are influenced by both underlying housing values and the specifications (eg. size, number of bedrooms, age of home, etc) of the median house sold in a given year.

## Population

Demographic statistics including age composition and source of growth (natural increase and net migration) are sourced from Statistics New Zealand. The population totals for territorial authorities are consistent with the sub-national population estimates published by Statistics New Zealand on 22 October 2013. These estimates were produced prior to the 2013 population census data being available so are not consistent with the census population counts. Statistics New Zealand will revise their subnational population estimates taking into account findings from census later in 2014.

The number of persons in five-year age, sex, and territorial authority groups are rounded by Statistics New Zealand, which means that the sum of persons in each group may be inconsistent with the published total for a territorial authority or region. Infometrics scales the disaggregated data on a pro rata basis to ensure that the sum of all five-year groups by sex is consistent with the published total for each territorial authority and region. Before publishing the data, Infometrics rounds the data to the nearest 10.

## Dependency ratio

The dependency ratio is the number of under 15 year olds and over 65 year olds as a ratio of the rest of the population (working age).

## Business Units

Data on the number of businesses is sourced from the Business Demography statistics from Statistics New Zealand. Businesses are measured by geographic units, which represent a business location engaged in one, or predominantly one, kind of economic activity at a single physical site or base (eg. a factory, a farm, a shop, an office, etc). All non-trading or dormant enterprises, as well as enterprises outside of New Zealand, are excluded from business demography statistics.

A significant number of enterprises are recorded as having zero employment. Enterprises in the zero employee count size category may have:

- working owners who don't draw a wage from their business
- labour provided by other businesses or contractors
- business activity that requires no labour (eg. holding company).

Only business units that are economically significant enterprises are included. To be regarded as economically significant they must meet at least one of the following criteria:

- annual expenses or sales subject to GST of more than \$30,000
- 12-month rolling mean employee count of greater than three
- part of a group of enterprises
- registered for GST and involved in agriculture or forestry
- over \$40,000 of income recorded in the IR10 annual tax return (this includes some units in residential property leasing and rental).

## Exports

Lack of regional specific data on exports requires us to employ a modeling approach. The main assumption of our approach is that the industries in the regions have the same export characteristics as those at the national level, i.e., their export orientation (export / gross output ratio) is the same as the national average. The export characteristic of the industry is calculated as an average for the period 2008-2010 and remains constant over time. Thus, an industry's contribution to export growth in a region is different to the country as a whole (or another region) because of the relative importance of the industry in the region compared to the country as a whole (or another region). If a region becomes better represented in an industry with a relatively high export orientation, this industry is expected to make a higher positive contribution to the region's overall export orientation and the latter will improve as a result. We therefore do not account for national level industry specific changes in export orientation nor for regional level industry specific export orientation or changes thereof. All export estimates are measured in constant 2010 prices.