

# ANNUAL ECONOMIC PROFILE

# Wellington Region



2015

# TABLE OF CONTENTS

<b>ECONOMY</b>	<b>2</b>
How fast has Wellington Region's economy grown?	2
What is the industrial structure of Wellington Region's economy?	3
Which broad industries made the largest contribution to economic growth?	7
Which detailed industries made the largest contribution to economic growth?	8
In which industries does Wellington Region have a comparative advantage?	10
How diversified is Wellington Region's economy?	12
<b>EMPLOYMENT</b>	<b>13</b>
How fast has employment grown in Wellington Region?	13
What is the industrial structure of employment in Wellington Region?	15
Which are the largest employing industries in Wellington Region?	16
Which industries have created the most jobs?	18
What proportion of the workforce is self-employed in Wellington Region?	21
<b>PRODUCTIVITY</b>	<b>22</b>
What are the most productive industries in Wellington Region?	24
<b>BUSINESS GROWTH</b>	<b>25</b>
How fast did the number of business units grow in Wellington Region?	25
<b>POPULATION GROWTH</b>	<b>27</b>
How fast has Wellington Region's population grown?	27
What is the source of Wellington Region's population growth?	29
What is the age structure of Wellington Region's population?	29
<b>STANDARD OF LIVING</b>	<b>30</b>
What are the mean earnings in Wellington Region?	30
How do house prices in Wellington Region compare?	32
How affordable is housing in Wellington Region?	33
<b>WORKFORCE AND SKILLS</b>	<b>34</b>
How do skill levels in Wellington Region compare with New Zealand?	34
What is the occupational structure of employment in Wellington Region?	35
Employment in knowledge intensive industries in Wellington Region	37
What are the top knowledge intensive industries in Wellington Region?	38
Which qualifications are in demand in Wellington Region?	39
<b>TOURISM</b>	<b>41</b>
Tourism GDP	41
Tourism Employment	42
<b>TECHNICAL NOTES</b>	<b>43</b>

# ECONOMY

The New Zealand economy grew by 3.6% over the year to March 2015. This rate of growth was the fastest in a decade, although there were signs by early 2015 that growth was starting to slow.

construction industry made the biggest contribution to growth, with value-added lifting by 10.9% in the March 2015 year. Growth was underpinned by rebuilding activity in Christchurch and increasing residential construction in Auckland, but many other regions also recorded a lift in activity. The agriculture, forestry, and fishing industry expanded by 8.1% despite a decline in forestry and logging

activity. Agriculture's growth partly reflected the tail end of the dairy price boom in 2013/14, although other areas of agriculture such as sheep and beef farming and horticulture also performed strongly. Many service-based industries recorded healthy growth in the

March 2015 year, reflecting good business and consumer confidence conditions. The fastest growth was recorded by accommodation and food services (8.0%) and retail trade (5.1%), with activity in both industries also boosted by increased tourist numbers and spending.

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

This section measures economic performance in Wellington Region during the year to March 2015 and previous years. All GDP estimates are measured in constant 2010 prices.

- GDP in Wellington Region measured \$29,397m in the year to March 2015, up 3.0% from a year earlier. New Zealand's GDP increased by 3.6% over the same period.
- Economic growth in Wellington Region averaged 1.6%pa over the last 10 years compared with an average of 1.9%pa in the national economy.
- Growth in Wellington Region reached a high of 4.4% in 2007 and a low of -0.7% in 2009.
- Wellington Region accounted for 13.4% of national GDP in 2015.

Figure 1: GDP growth (year to Mar 2015)

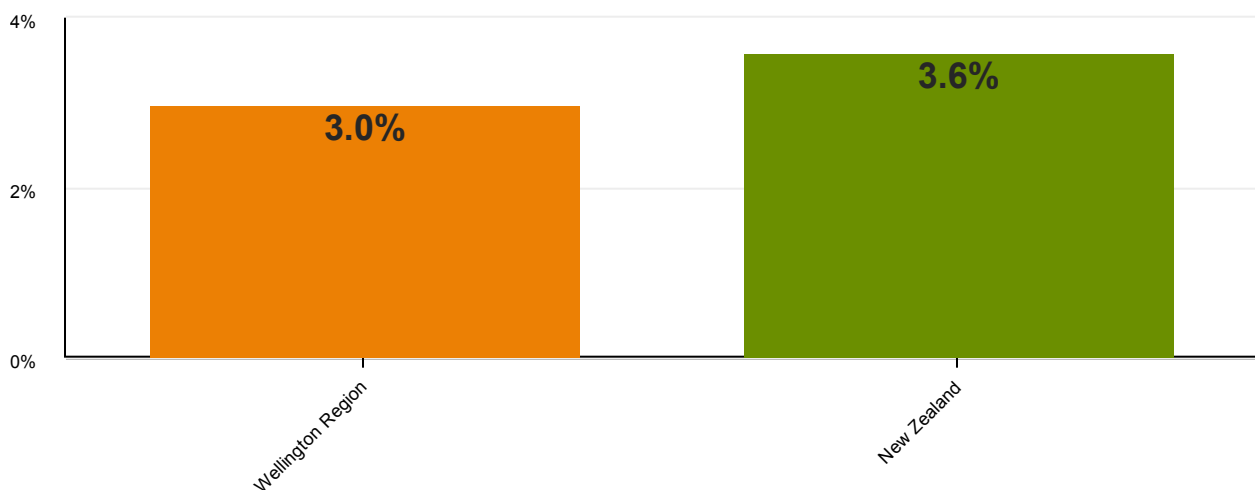
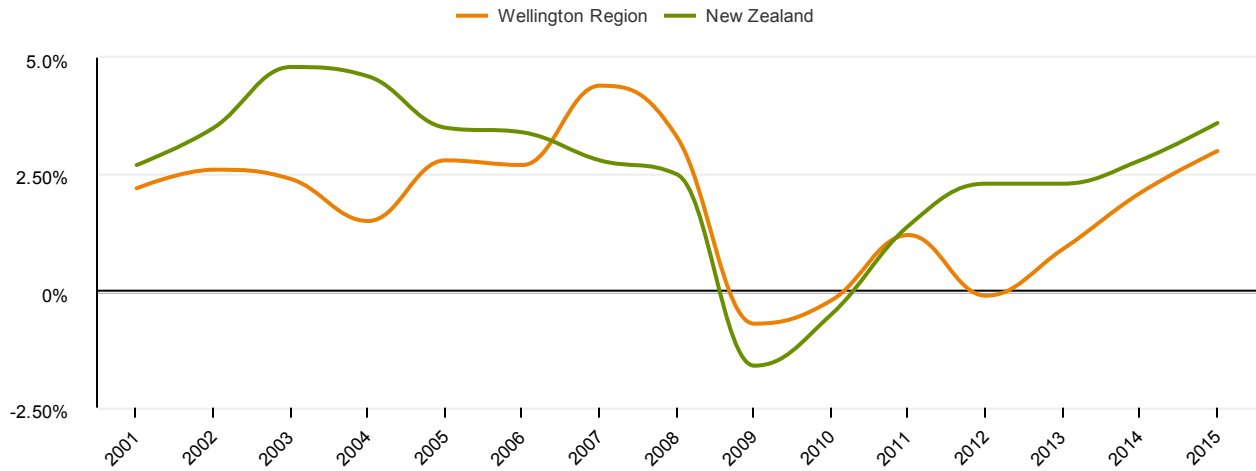
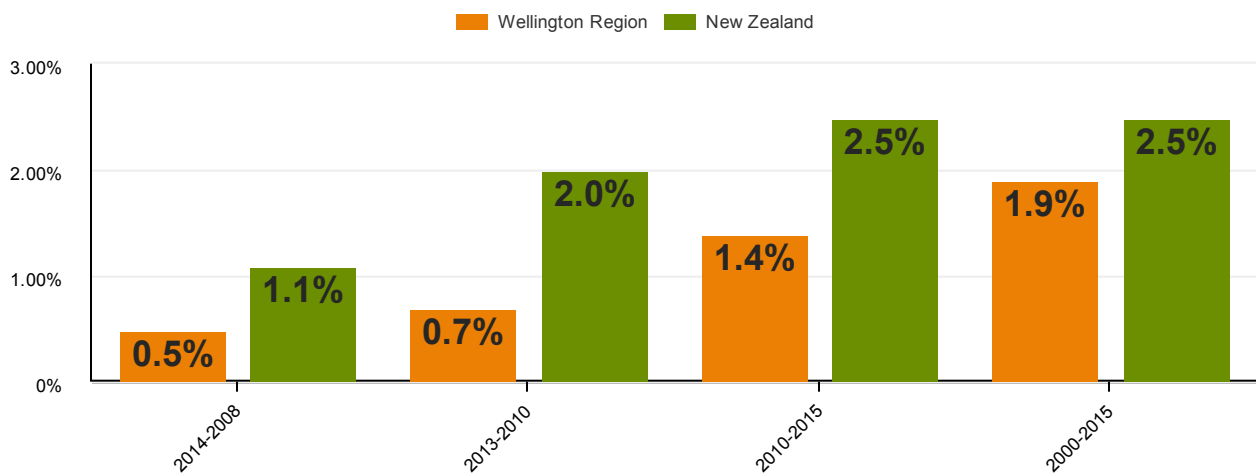


Figure 2: Annual average GDP growth (2000-2015)



Change	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Wellington Region	2.2%	2.6%	2.4%	1.5%	2.8%	2.7%	4.4%	3.3%	-0.7%	-0.2%	1.2%	-0.1%	0.9%	2.1%	3.0%
New Zealand	2.7%	3.5%	4.8%	4.6%	3.5%	3.4%	2.8%	2.5%	-1.6%	-0.5%	1.4%	2.3%	2.3%	2.8%	3.6%

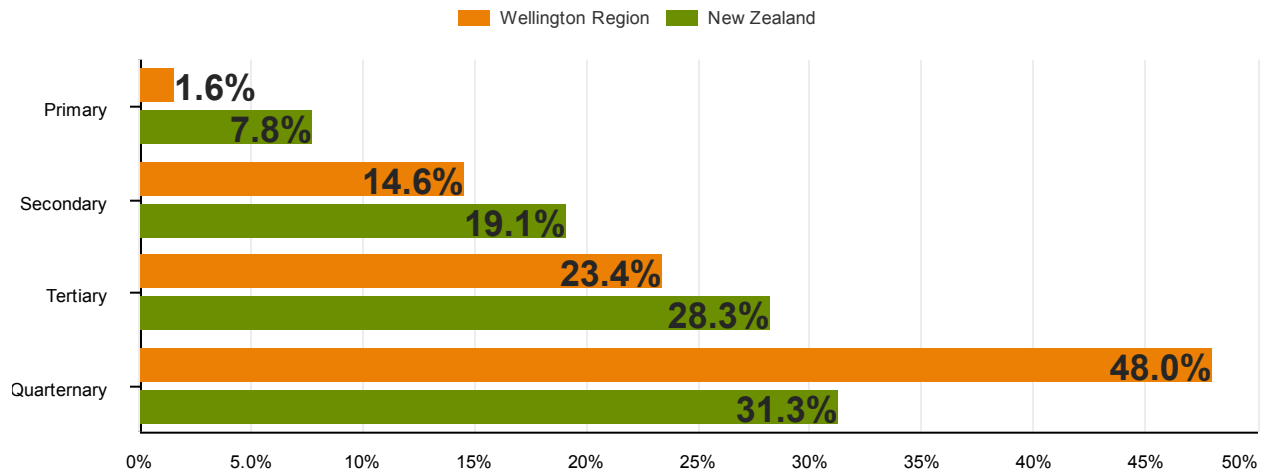
Figure 3: GDP growth over various time periods



## 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 (2015)



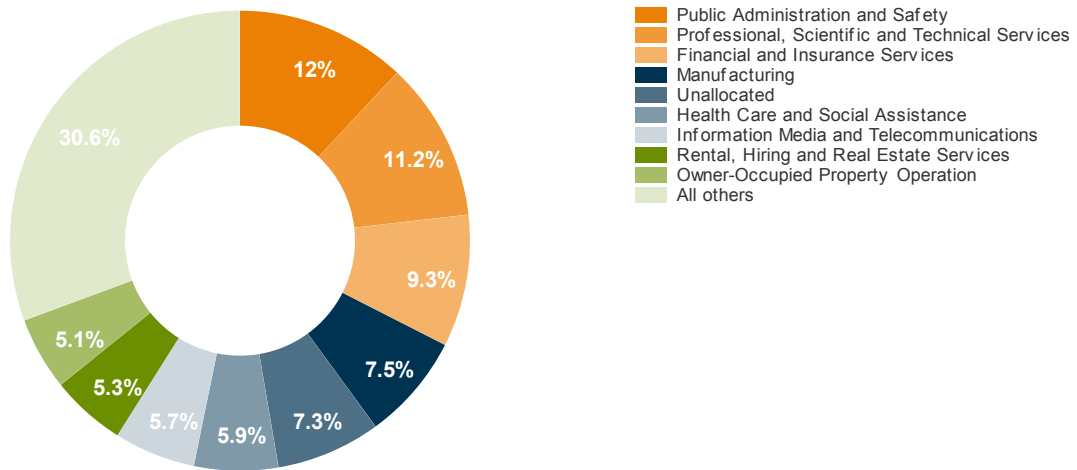
- Primary industries accounted for the smallest proportion in Wellington Region: 1.6% compared with 7.8% in the national economy.
- Secondary industries accounted for 14.6% compared with 19.1% in the national economy.
- Tertiary industries accounted for 23.4% compared with 28.3% in the national economy.
- Quarternary industries accounted for the largest proportion of GDP (48.0%) in Wellington Region, which is higher than in the national economy (31.3%).

Table 1: GDP by 1-digit industry (2015)

Industry	Wellington Region		New Zealand	
	Level	Share of total	Level	Share of total
Agriculture, Forestry and Fishing	\$342m	1.2%	\$13,391m	6.1%
Mining	\$120m	0.4%	\$3,766m	1.7%
Manufacturing	\$2,200m	7.5%	\$22,360m	10.2%
Electricity, Gas, Water and Waste Services	\$979m	3.3%	\$6,436m	2.9%
Construction	\$1,120m	3.8%	\$13,239m	6.0%
Wholesale Trade	\$1,004m	3.4%	\$11,551m	5.3%
Retail Trade	\$981m	3.3%	\$10,056m	4.6%
Accommodation and Food Services	\$538m	1.8%	\$4,503m	2.1%
Transport, Postal and Warehousing	\$870m	3.0%	\$8,993m	4.1%
Information Media and Telecommunications	\$1,677m	5.7%	\$6,891m	3.1%
Financial and Insurance Services	\$2,731m	9.3%	\$12,887m	5.9%
Rental, Hiring and Real Estate Services	\$1,557m	5.3%	\$15,641m	7.1%
Professional, Scientific and Technical Services	\$3,301m	11.2%	\$16,858m	7.7%
Administrative and Support Services	\$626m	2.1%	\$4,503m	2.1%
Public Administration and Safety	\$3,521m	12.0%	\$9,410m	4.3%
Education and Training	\$1,130m	3.8%	\$9,338m	4.3%
Health Care and Social Assistance	\$1,739m	5.9%	\$13,433m	6.1%
Arts and Recreation Services	\$636m	2.2%	\$3,065m	1.4%
Other Services	\$660m	2.2%	\$3,884m	1.8%
Owner-Occupied Property Operation	\$1,508m	5.1%	\$13,200m	6.0%
Unallocated	\$2,159m	7.3%	\$16,124m	7.3%
<b>Total</b>	<b>\$29,397m</b>	<b>100%</b>	<b>\$219,529m</b>	<b>100%</b>

- Among broad industries Public Administration and Safety was the largest in Wellington Region in 2015 accounting for 12.0% of total.
- The second largest was Professional, Scientific and Technical Services (11.2%) followed by Financial and Insurance Services (9.3%)

Figure 5: Share of total GDP (2015)



The table on the following page shows 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 2015 accounting for 11.4% of total.
- The second largest was Professional, Scientific & Tech Services (11.2%) followed by Finance (6.7%)

Table 2: 54 industries ranked by contribution to GDP (2015)

Industry	Wellington Region		New Zealand	
	Level	Share of total	Level	Share of total
Horticulture & Fruit Growing	\$27.6m	0.1%	\$1,199m	0.5%
Sheep, Beef Cattle & Grain Farming	\$93.8m	0.3%	\$2,901m	1.3%
Dairy Cattle Farming	\$73.9m	0.3%	\$5,756m	2.6%
Poultry, Deer & Other Livestock Farming	\$15.9m	0.1%	\$334m	0.2%
Forestry & Logging	\$79.7m	0.3%	\$1,430m	0.7%
Fishing & Aquaculture	\$21.4m	0.1%	\$316m	0.1%
Agric Support Services & Hunting	\$29.6m	0.1%	\$1,455m	0.7%
Mining	\$120m	0.4%	\$3,766m	1.7%
Meat & Meat Product Manufacturing	\$127m	0.4%	\$1,767m	0.8%
Seafood Processing	\$6.02m	0.0%	\$415m	0.2%
Dairy Product Manufacturing	\$30.1m	0.1%	\$1,228m	0.6%
Fruit, Cereal & Other Food Product Manu	\$207m	0.7%	\$1,991m	0.9%
Beverage & Tobacco Product Manu	\$155m	0.5%	\$1,924m	0.9%
Textile, Leather, Clothing, Footwear Manu	\$67.3m	0.2%	\$611m	0.3%
Wood Product Manufacturing	\$110m	0.4%	\$1,341m	0.6%
Pulp & Paper Product Manufacturing	\$71.0m	0.2%	\$689m	0.3%
Printing	\$145m	0.5%	\$649m	0.3%
Petroleum & Coal Product Manufacturing	\$374m	1.3%	\$1,079m	0.5%
Basic Chemical & Chemical Product Manu	\$93.3m	0.3%	\$1,285m	0.6%
Polymer Product & Rubber Product Manu	\$165m	0.6%	\$1,299m	0.6%
Non-Metallic Mineral Product Manu	\$83.3m	0.3%	\$1,068m	0.5%
Primary Metal & Metal Product Manu	\$29.2m	0.1%	\$621m	0.3%
Fabricated Metal Product Manufacturing	\$176m	0.6%	\$1,885m	0.9%
Transport Equipment Manufacturing	\$72.6m	0.2%	\$1,071m	0.5%
Machinery & Other Equipment Manu	\$213m	0.7%	\$2,804m	1.3%
Furniture & Other Manufacturing	\$75.6m	0.3%	\$632m	0.3%
Electricity & Gas Supply	\$857m	2.9%	\$5,390m	2.5%
Water, Sewerage & Waste Services	\$122m	0.4%	\$1,046m	0.5%
Building Construction	\$227m	0.8%	\$2,656m	1.2%
Heavy & Civil Engineering Construction	\$259m	0.9%	\$3,926m	1.8%
Construction Services	\$634m	2.2%	\$6,657m	3.0%
Wholesale Trade	\$1,004m	3.4%	\$11,551m	5.3%
Motor Vehicle, Parts & Fuel Retailing	\$119m	0.4%	\$1,438m	0.7%
Supermarket & Specialised Food Retailing	\$305m	1.0%	\$2,909m	1.3%
Other Store & Non Store Retailing	\$557m	1.9%	\$5,709m	2.6%
Accommodation & Food Services	\$538m	1.8%	\$4,503m	2.1%
Road Transport	\$276m	0.9%	\$3,087m	1.4%
Rail, Water, Air & Other Transport	\$228m	0.8%	\$1,888m	0.9%
Postal, Courier & Warehousing Services	\$366m	1.2%	\$4,018m	1.8%
Information Media Services	\$417m	1.4%	\$1,925m	0.9%
Telecomms, Internet & Library Services	\$1,260m	4.3%	\$4,966m	2.3%
Finance	\$1,967m	6.7%	\$8,480m	3.9%
Insurance & Superannuation Funds	\$415m	1.4%	\$2,441m	1.1%
Auxiliary Finance & Insurance Services	\$349m	1.2%	\$1,966m	0.9%
Rental & Hiring Services	\$203m	0.7%	\$2,531m	1.2%
Property Operators & Real Estate Services	\$1,354m	4.6%	\$13,110m	6.0%
Professional, Scientific & Tech Services	\$3,301m	11.2%	\$16,858m	7.7%
Administrative & Support Services	\$626m	2.1%	\$4,503m	2.1%
Local Government Administration	\$161m	0.5%	\$1,121m	0.5%
Central Gov Admin, Defence & Safety	\$3,360m	11.4%	\$8,289m	3.8%
Education & Training	\$1,130m	3.8%	\$9,338m	4.3%
Health Care & Social Assistance	\$1,739m	5.9%	\$13,433m	6.1%
Arts & Recreation Services	\$636m	2.2%	\$3,065m	1.4%
Other Services	\$660m	2.2%	\$3,884m	1.8%
Owner-Occupied Property Operation	\$1,508m	5.1%	\$13,200m	6.0%
Unallocated	\$2,159m	7.3%	\$16,124m	7.3%
<b>Total</b>	<b>\$29,397m</b>	<b>100%</b>	<b>\$219,529m</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 2014 and 2015. The industry grew by 5.1% over the year and contributed 0.47 percentage points to the district's total growth of 3.0%.
- The next largest contributor was public administration and safety (0.46 percentage points) followed by electricity, gas, water and waste services (0.33 percentage points).
- The largest detractor from growth over the year was Transport, Postal and Warehousing which declined by 2.2% and contributed -0.07 percentage points to the total growth of 3.0%. Information Media and Telecommunications (-0.04 percentage points) was the next largest detractor.

**Table 3: 1-digit industries ranked by % point contribution to GDP growth**

Industry	2014	2015	% point contribution to growth	Annual Growth
Financial and Insurance Services	2,598.0	2,731.2	0.5%	5.1%
Public Administration and Safety	3,389.1	3,521.1	0.5%	3.9%
Electricity, Gas, Water and Waste Services	885.8	979.2	0.3%	10.5%
Professional, Scientific and Technical Services	3,208.8	3,300.7	0.3%	2.9%
Construction	1,038.8	1,119.9	0.3%	7.8%
Health Care and Social Assistance	1,677.1	1,739.0	0.2%	3.7%
Rental, Hiring and Real Estate Services	1,503.7	1,556.9	0.2%	3.5%
Accommodation and Food Services	501.3	537.8	0.1%	7.3%
Mining	83.1	119.6	0.1%	43.9%
Retail Trade	956.1	981.1	0.1%	2.6%
Agriculture, Forestry and Fishing	320.0	341.9	0.1%	6.9%
Administrative and Support Services	605.3	626.4	0.1%	3.5%
Wholesale Trade	987.9	1,003.7	0.1%	1.6%
Manufacturing	2,188.4	2,199.8	0.0%	0.5%
Arts and Recreation Services	629.0	636.4	0.0%	1.2%
Other Services	657.2	659.7	0.0%	0.4%
Education and Training	1,132.5	1,129.8	0.0%	-0.2%
Information Media and Telecommunications	1,687.3	1,677.2	0.0%	-0.6%
Transport, Postal and Warehousing	889.6	869.7	-0.1%	-2.2%
Owner-Occupied Property Operation	1,514.3	1,507.5	0.0%	-0.4%
Unallocated	2,091.4	2,158.8	0.2%	3.2%
<b>Total</b>	<b>28,545</b>	<b>29,397</b>	<b>3.0%</b>	<b>3.0%</b>



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

The following table 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 2014 and 2015. The industry grew by 7.5% over the year and contributed 0.48 percentage points to the district's total growth of 3.0%.
- The next largest contributor was central gov admin, defence & safety (0.45 percentage points) followed by electricity & gas supply (0.38 percentage points).
- The largest detractor from growth over the year was Telecomms, Internet & Library Services which declined by 2.2% and contributed -0.10 percentage points to the total growth of 3.0%. Petroleum & Coal Product Manufacturing (-0.09 percentage points) was the next largest detractor.

Table 4: 54 industries ranked by percentage point contribution to growth

Industry	2014	2015	% point contribution to growth	Annual Growth
Finance	1,830.6	1,967.0	0.5%	7.5%
Central Gov Admin, Defence & Safety	3,231.9	3,359.7	0.4%	4.0%
Electricity & Gas Supply	748.9	857.1	0.4%	14.4%
Professional, Scientific & Tech Services	3,208.8	3,300.7	0.3%	2.9%
Health Care & Social Assistance	1,677.1	1,739.0	0.2%	3.7%
Property Operators & Real Estate Services	1,293.6	1,354.3	0.2%	4.7%
Accommodation & Food Services	501.3	537.8	0.1%	7.3%
Mining	83.1	119.6	0.1%	43.9%
Construction Services	598.8	634.3	0.1%	5.9%
Heavy & Civil Engineering Construction	227.3	258.5	0.1%	13.7%
Administrative & Support Services	605.3	626.4	0.1%	3.5%
Information Media Services	398.9	417.1	0.1%	4.6%
Other Store & Non Store Retailing	539.4	557.0	0.1%	3.3%
Non-Metallic Mineral Product Manu	67.0	83.3	0.1%	24.3%
Wholesale Trade	987.9	1,003.7	0.1%	1.6%
Building Construction	212.7	227.1	0.1%	6.8%
Machinery & Other Equipment Manu	203.5	212.9	0.0%	4.6%
Sheep, Beef Cattle & Grain Farming	85.6	93.8	0.0%	9.7%
Transport Equipment Manufacturing	64.4	72.6	0.0%	12.8%
Arts & Recreation Services	629.0	636.4	0.0%	1.2%
Printing	138.5	145.2	0.0%	4.9%
Dairy Cattle Farming	67.6	73.9	0.0%	9.4%
Motor Vehicle, Parts & Fuel Retailing	114.8	119.2	0.0%	3.8%
Local Government Administration	157.2	161.5	0.0%	2.7%
Meat & Meat Product Manufacturing	122.7	126.8	0.0%	3.4%
Basic Chemical & Chemical Product Manu	89.5	93.3	0.0%	4.3%
Wood Product Manufacturing	105.9	109.7	0.0%	3.6%
Poultry, Deer & Other Livestock Farming	12.5	15.9	0.0%	27.2%
Supermarket & Specialised Food Retailing	301.9	304.9	0.0%	1.0%
Fishing & Aquaculture	18.8	21.4	0.0%	14.0%
Other Services	657.2	659.7	0.0%	0.4%
Dairy Product Manufacturing	27.7	30.1	0.0%	8.7%
Horticulture & Fruit Growing	25.2	27.6	0.0%	9.6%
Beverage & Tobacco Product Manu	152.4	154.7	0.0%	1.5%
Fabricated Metal Product Manufacturing	174.1	175.9	0.0%	1.0%
Primary Metal & Metal Product Manu	29.1	29.2	0.0%	0.6%
Forestry & Logging	79.6	79.7	0.0%	0.1%
Polymer Product & Rubber Product Manu	165.6	164.9	0.0%	-0.4%
Insurance & Superannuation Funds	415.9	415.1	0.0%	-0.2%
Furniture & Other Manufacturing	76.8	75.6	0.0%	-1.6%
Agric Support Services & Hunting	30.9	29.6	0.0%	-4.1%
Seafood Processing	7.7	6.0	0.0%	-21.5%
Textile, Leather, Clothing, Footwear Manu	69.7	67.3	0.0%	-3.5%
Auxiliary Finance & Insurance Services	351.6	349.1	0.0%	-0.7%
Education & Training	1,132.5	1,129.8	0.0%	-0.2%
Postal, Courier & Warehousing Services	370.0	365.7	0.0%	-1.2%
Fruit, Cereal & Other Food Product Manu	212.0	207.4	0.0%	-2.2%
Road Transport	282.7	275.6	0.0%	-2.5%
Rental & Hiring Services	210.1	202.6	0.0%	-3.6%
Rail, Water, Air & Other Transport	236.9	228.3	0.0%	-3.6%
Pulp & Paper Product Manufacturing	82.0	71.0	0.0%	-13.5%
Water, Sewerage & Waste Services	136.9	122.1	-0.1%	-10.8%
Petroleum & Coal Product Manufacturing	399.8	373.6	-0.1%	-6.5%
Telecomms, Internet & Library Services	1,288.4	1,260.1	-0.1%	-2.2%
Owner-Occupied Property Operation	1,514.3	1,507.5	0.0%	-0.4%
Unallocated	2,091.4	2,158.8	0.2%	3.2%
<b>Total</b>	<b>28,545</b>	<b>29,397</b>	<b>3.0%</b>	<b>3.0%</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.

The following table 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 = 3.0), Petroleum & Coal Product Manufacturing (2.6), and Telecomms, Internet & Library Services (1.9).

Table 5: Location Quotient 2015

Industry	Wellington Region		New Zealand
	Location Quotient	Share of total GDP	Share of total GDP
Central Gov Admin, Defence & Safety	3.0	11.4%	3.8%
Petroleum & Coal Product Manufacturing	2.6	1.3%	0.5%
Telecomms, Internet & Library Services	1.9	4.3%	2.3%
Finance	1.7	6.7%	3.9%
Printing	1.7	0.5%	0.3%
Information Media Services	1.6	1.4%	0.9%
Arts & Recreation Services	1.6	2.2%	1.4%
Professional, Scientific & Tech Services	1.5	11.2%	7.7%
Auxiliary Finance & Insurance Services	1.3	1.2%	0.9%
Insurance & Superannuation Funds	1.3	1.4%	1.1%
Other Services	1.3	2.2%	1.8%
Electricity & Gas Supply	1.2	2.9%	2.5%
Local Government Administration	1.1	0.5%	0.5%
Administrative & Support Services	1.0	2.1%	2.1%
Health Care & Social Assistance	1.0	5.9%	6.1%
Polymer Product & Rubber Product Manu	0.9	0.6%	0.6%
Education & Training	0.9	3.8%	4.3%
Rail, Water, Air & Other Transport	0.9	0.8%	0.9%
Furniture & Other Manufacturing	0.9	0.3%	0.3%
Accommodation & Food Services	0.9	1.8%	2.1%
Water, Sewerage & Waste Services	0.9	0.4%	0.5%
Textile, Leather, Clothing, Footwear Manu	0.8	0.2%	0.3%
Supermarket & Specialised Food Retailing	0.8	1.0%	1.3%
Fruit, Cereal & Other Food Product Manu	0.8	0.7%	0.9%
Property Operators & Real Estate Services	0.8	4.6%	6.0%
Pulp & Paper Product Manufacturing	0.8	0.2%	0.3%
Other Store & Non Store Retailing	0.7	1.9%	2.6%
Construction Services	0.7	2.2%	3.0%
Fabricated Metal Product Manufacturing	0.7	0.6%	0.9%
Postal, Courier & Warehousing Services	0.7	1.2%	1.8%
Road Transport	0.7	0.9%	1.4%
Wholesale Trade	0.6	3.4%	5.3%
Building Construction	0.6	0.8%	1.2%
Motor Vehicle, Parts & Fuel Retailing	0.6	0.4%	0.7%
Wood Product Manufacturing	0.6	0.4%	0.6%
Beverage & Tobacco Product Manu	0.6	0.5%	0.9%
Rental & Hiring Services	0.6	0.7%	1.2%
Non-Metallic Mineral Product Manu	0.6	0.3%	0.5%
Machinery & Other Equipment Manu	0.6	0.7%	1.3%
Basic Chemical & Chemical Product Manu	0.5	0.3%	0.6%
Meat & Meat Product Manufacturing	0.5	0.4%	0.8%
Transport Equipment Manufacturing	0.5	0.2%	0.5%
Fishing & Aquaculture	0.5	0.1%	0.1%
Heavy & Civil Engineering Construction	0.5	0.9%	1.8%
Forestry & Logging	0.4	0.3%	0.7%
Poultry, Deer & Other Livestock Farming	0.4	0.1%	0.2%
Primary Metal & Metal Product Manu	0.4	0.1%	0.3%
Sheep, Beef Cattle & Grain Farming	0.2	0.3%	1.3%
Mining	0.2	0.4%	1.7%
Dairy Product Manufacturing	0.2	0.1%	0.6%
Horticulture & Fruit Growing	0.2	0.1%	0.5%
Agric Support Services & Hunting	0.2	0.1%	0.7%
Seafood Processing	0.1	0.0%	0.2%
Dairy Cattle Farming	0.1	0.3%	2.6%

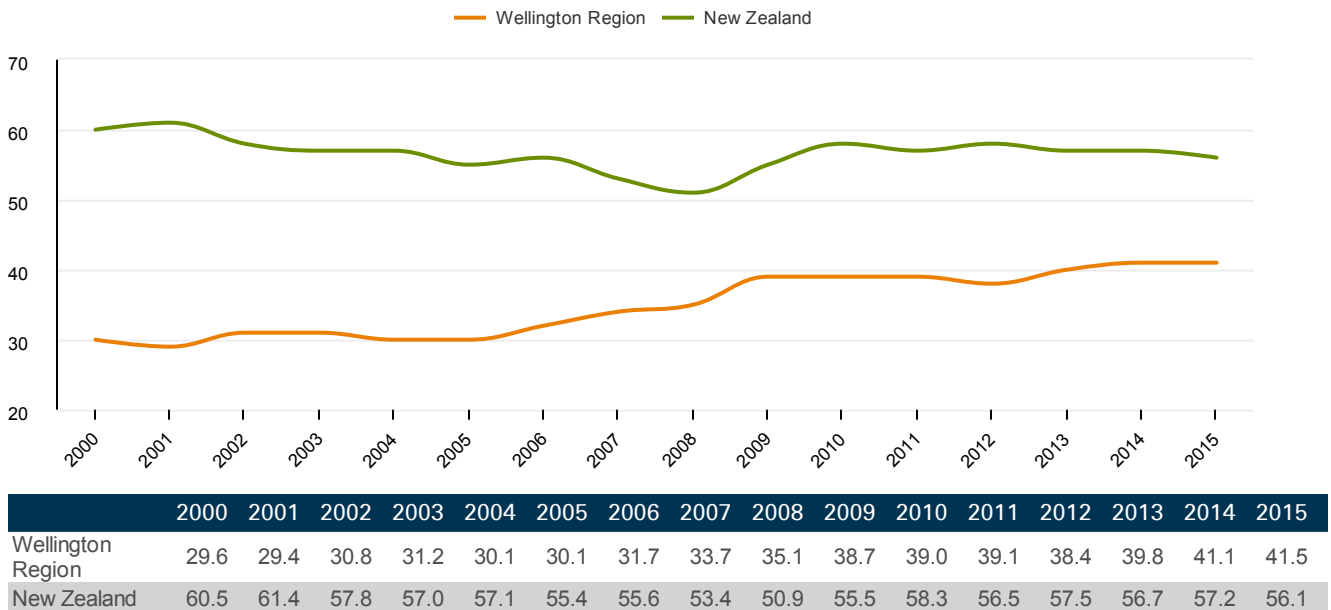
## How diversified is Wellington Region's economy?

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.

The HHI Index for New Zealand is measured as the average HHI across all 66 territorial authorities.

- Wellington Region had a standardised HHI of 41.5 in 2015.
- Since 2000 Wellington Region's HHI has increased from 29.6 indicating a decrease in industrial diversity. During the same period New Zealand's economy has become more diversified with the HHI decreasing from 60.5 to 56.1.

Figure 6: HHI Index in Wellington Region and New Zealand (2000 - 2015)

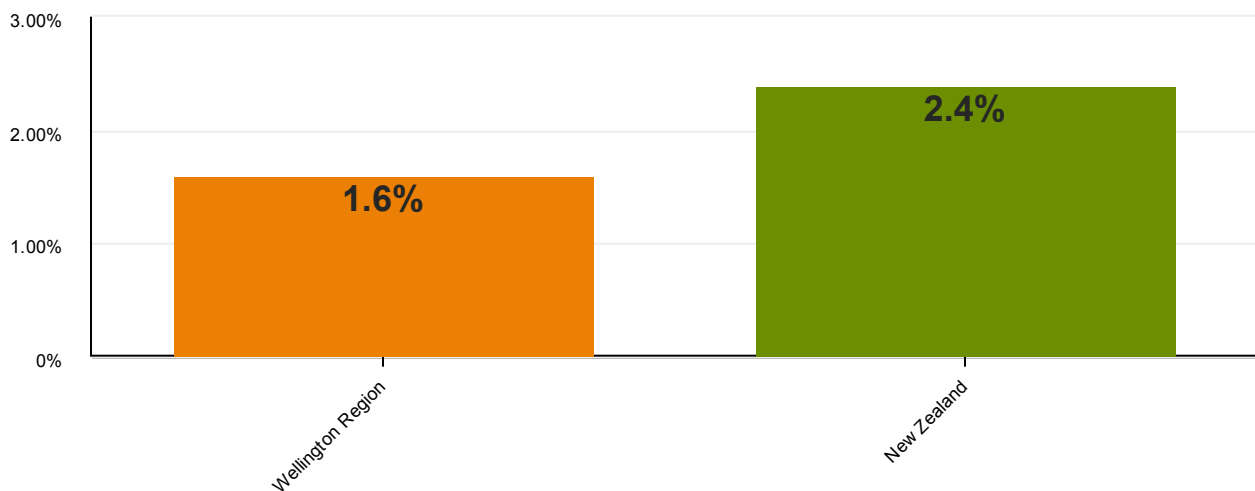


# EMPLOYMENT

## How fast has employment grown in Wellington Region?

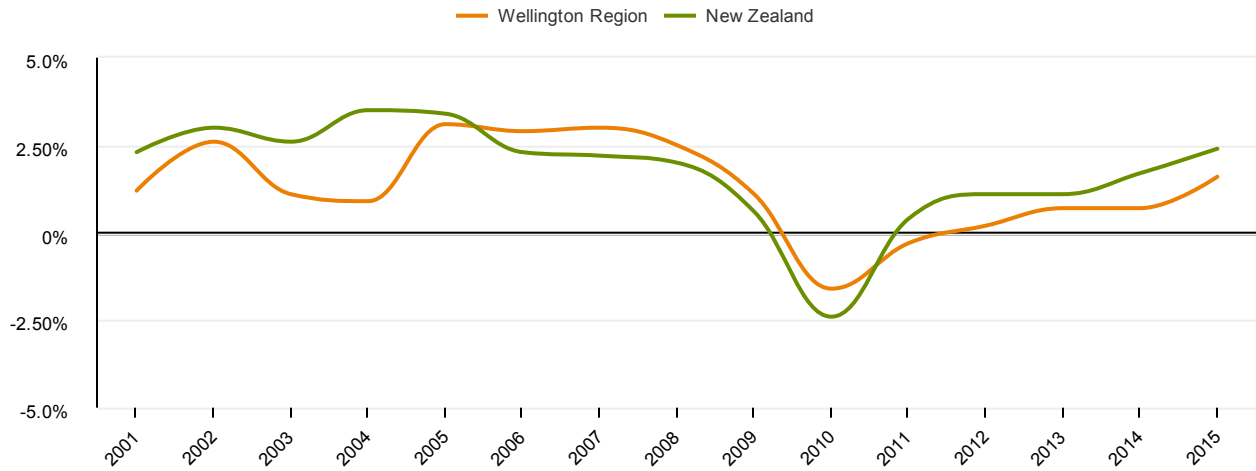
Employment growth provides new opportunities for the region's population to earn income and contribute to the region's economy. This section contrasts Wellington Region's recent performance in creating jobs with other regions in the country.

Figure 7: Employment growth (year to Mar 2015)



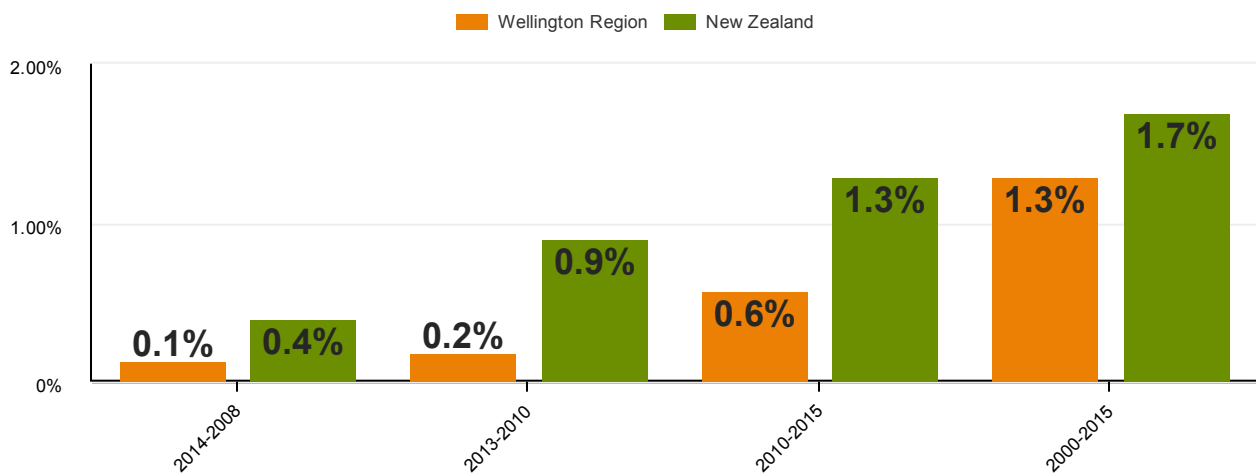
- Total employment in Wellington Region averaged 269,630 in the year to March 2015, up 1.6% from a year earlier. Employment in New Zealand increased by 2.4% over the same period.
- Employment growth in Wellington Region averaged 1.1%pa over the last 10 years compared with 1.1%pa in the national economy.
- 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



Change	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Wellington Region	1.2%	2.6%	1.1%	0.9%	3.1%	2.9%	3.0%	2.5%	1.1%	-1.6%	-0.3%	0.2%	0.7%	0.7%	1.6%
New Zealand	2.3%	3.0%	2.6%	3.5%	3.4%	2.3%	2.2%	2.0%	0.6%	-2.4%	0.4%	1.1%	1.1%	1.7%	2.4%

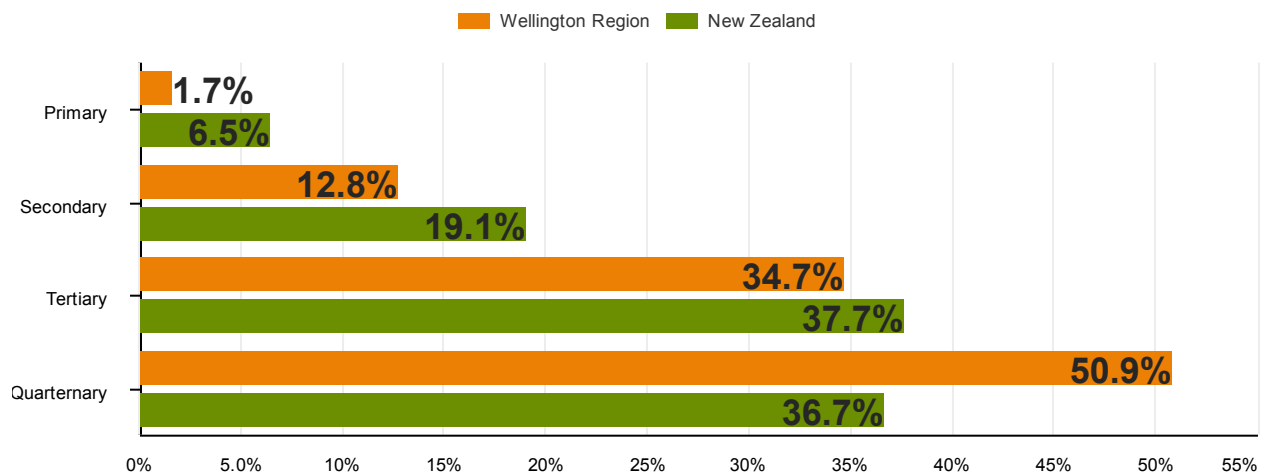
Figure 9: Employment growth over various time periods



## 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 (2015)



- Primary accounted for 1.7% in Wellington Region compared with 6.5% in New Zealand.
- Secondary accounted for 12.8% in Wellington Region compared with 19.1% in New Zealand.
- Tertiary accounted for 34.7% in Wellington Region compared with 37.7% in New Zealand.
- Quaternary industries accounted for the largest proportion of employment (50.9%) in Wellington Region, which is higher than in New Zealand (36.7%).



## 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 (2015)**

Industry	Wellington Region		New Zealand	
	Level	Share of total	Level	Share of total
Agriculture, Forestry and Fishing	4,129.0	1.5%	142,316.8	6.2%
Mining	409.3	0.2%	6,038.8	0.3%
Manufacturing	13,890.0	5.2%	226,233.8	9.9%
Electricity, Gas, Water and Waste Services	1,730.5	0.6%	14,639.8	0.6%
Construction	18,761.8	7.0%	196,429.3	8.6%
Wholesale Trade	9,265.8	3.4%	116,251.8	5.1%
Retail Trade	22,136.3	8.2%	211,917.8	9.3%
Accommodation and Food Services	17,343.5	6.4%	144,228.3	6.3%
Transport, Postal and Warehousing	9,119.3	3.4%	95,694.0	4.2%
Information Media and Telecommunications	8,021.8	3.0%	41,521.3	1.8%
Financial and Insurance Services	12,106.3	4.5%	63,154.3	2.8%
Rental, Hiring and Real Estate Services	4,719.0	1.8%	53,429.5	2.3%
Professional, Scientific and Technical Services	37,534.8	13.9%	215,311.5	9.4%
Administrative and Support Services	13,644.3	5.1%	111,813.8	4.9%
Public Administration and Safety	30,964.8	11.5%	109,860.3	4.8%
Education and Training	22,740.8	8.4%	181,387.5	7.9%
Health Care and Social Assistance	25,875.5	9.6%	227,549.3	9.9%
Arts and Recreation Services	6,466.8	2.4%	42,518.8	1.9%
Other Services	10,771.0	4.0%	86,670.8	3.8%
<b>Total</b>	<b>269,630.0</b>	<b>100%</b>	<b>2,286,966.8</b>	<b>100%</b>

- Among broad industries Professional, Scientific and Technical Services was the largest in Wellington Region in 2015 accounting for 13.9% of total.
- The second largest was Public Administration and Safety (11.5%) followed by Health Care and Social Assistance (9.6%)

The table 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 2015 employing 37,535 persons and accounting for 13.9% of total employment in the district. By contrast this industry accounted for 9.4% of total employment in New Zealand.
- The second largest employing industries were public administration and safety (30,965) followed by health care and social assistance (25,876).

Table 7: 50 largest employing 7-digit ANZSIC industries (2015)

Rank	Industry	Wellington Region		New Zealand
		Jobs	% of total	% of total
1	Central Government Administration	15,213	5.6%	1.3%
2	Computer Systems Design and Related Services	10,299	3.8%	1.7%
3	Cafes and Restaurants	7,504	2.8%	2.7%
4	Hospitals (except Psychiatric Hospitals)	6,958	2.6%	2.9%
5	Banking	6,398	2.4%	1.0%
6	Management Advice and Other Consulting Services	6,331	2.3%	1.6%
7	Supermarket and Grocery Stores	6,309	2.3%	2.4%
8	Higher Education	5,313	2.0%	1.5%
9	Primary Education	5,238	1.9%	2.1%
10	Corporate Head Office Management Services	4,923	1.8%	1.1%
11	Other Allied Health Services	4,074	1.5%	1.4%
12	Aged Care Residential Services	3,764	1.4%	1.4%
13	Secondary Education	3,652	1.4%	1.6%
14	House Construction	3,328	1.2%	1.6%
15	Takeaway Food Services	3,098	1.1%	1.1%
16	Accounting Services	3,027	1.1%	1.0%
17	Buildings Cleaning Services	2,968	1.1%	1.0%
18	Other Social Assistance Services	2,904	1.1%	0.8%
19	Engineering Design and Engineering Consulting Services	2,872	1.1%	1.1%
20	Accommodation	2,848	1.1%	1.3%
21	Legal Services	2,749	1.0%	0.8%
22	Preschool Education	2,718	1.0%	1.1%
23	Labour Supply Services	2,707	1.0%	1.2%
24	Defence	2,593	1.0%	0.6%
25	Employment Placement and Recruitment Services	2,563	1.0%	0.5%
26	Police Services	2,543	0.9%	0.6%
27	Regulatory Services	2,468	0.9%	0.3%
28	Local Government Administration	2,204	0.8%	0.9%
29	Real Estate Services	2,154	0.8%	0.9%
30	Pubs, Taverns and Bars	2,020	0.7%	0.6%
31	Electrical Services	2,005	0.7%	0.8%
32	Department Stores	1,928	0.7%	0.7%
33	Other Interest Group Services n.e.c.	1,888	0.7%	0.5%
34	Adult, Community and Other Education n.e.c.	1,883	0.7%	0.5%
35	Hardware and Building Supplies Retailing	1,861	0.7%	0.8%
36	Clothing Retailing	1,855	0.7%	0.7%
37	Justice	1,847	0.7%	0.2%
38	Hairdressing and Beauty Services	1,845	0.7%	0.6%
39	Road Freight Transport	1,791	0.7%	1.3%
40	Wired Telecommunications Network Operation	1,753	0.7%	0.3%
41	Other Auxiliary Finance and Investment Services	1,744	0.6%	0.4%
42	Other Administrative Services n.e.c.	1,705	0.6%	0.5%
43	Child Care Services	1,639	0.6%	0.6%
44	General Practice Medical Services	1,626	0.6%	0.6%
45	Other Heavy and Civil Engineering Construction	1,598	0.6%	0.8%
46	Painting and Decorating Services	1,537	0.6%	0.6%
47	Scientific Research Services	1,520	0.6%	0.4%
48	Catering Services	1,464	0.5%	0.5%
49	Technical and Vocational Education and Training	1,456	0.5%	0.4%
50	Plumbing Services	1,419	0.5%	0.5%
	<b>All other industries total</b>	<b>103,532</b>	<b>38.4%</b>	<b>50.0%</b>
	<b>Total</b>	<b>269,630</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**

Industry	2014	2015	Change	Annual Growth
Public Administration and Safety	30,043	30,965	922	3.1%
Professional, Scientific and Technical Services	36,778	37,535	757	2.1%
Health Care and Social Assistance	25,227	25,876	649	2.6%
Accommodation and Food Services	16,852	17,344	492	2.9%
Administrative and Support Services	13,250	13,644	394	3.0%
Construction	18,391	18,762	371	2.0%
Financial and Insurance Services	11,781	12,106	325	2.8%
Manufacturing	13,617	13,890	273	2.0%
Education and Training	22,571	22,741	170	0.8%
Electricity, Gas, Water and Waste Services	1,641	1,731	89	5.4%
Rental, Hiring and Real Estate Services	4,631	4,719	88	1.9%
Mining	330	409	79	24.0%
Wholesale Trade	9,192	9,266	74	0.8%
Other Services	10,702	10,771	69	0.6%
Agriculture, Forestry and Fishing	4,063	4,129	66	1.6%
Arts and Recreation Services	6,452	6,467	15	0.2%
Retail Trade	22,250	22,136	-113	-0.5%
Transport, Postal and Warehousing	9,303	9,119	-183	-2.0%
Information Media and Telecommunications	8,391	8,022	-369	-4.4%
<b>Total</b>	<b>265,463</b>	<b>269,630</b>	<b>4,167</b>	<b>1.6%</b>

- Public Administration and Safety made the largest contribution to employment growth in Wellington Region between 2014 and 2015 with the industry adding 922 jobs.
- The next largest contributor was Professional, Scientific and Technical Services (757 jobs) followed by Health Care and Social Assistance (649 jobs).
- The largest detractor from growth over the year was Information Media and Telecommunications in which employment declined by 369.

The table 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.

- Computer Systems Design and Related Services was the largest creator of jobs in Wellington Region between 2014 and 2015 generating an additional 602 positions.
- This was followed by Call Centre Operation, which added 386 jobs over the same period.
- Corporate Head Office Management Services was the largest detractor of jobs in Wellington Region between 2014 and 2015 losing 441 positions.
- This was followed by Supermarket and Grocery Stores, which lost 216 jobs over the same period.

Table 9: Table 9. The 50 seven-digit industries that created the most jobs between 2014 and 2015

Rank	Industry	Jobs		Change 2014 - 2015	% of total 2015
		2014	2015		
1	Computer Systems Design and Related Services	9,697	10,299	602	3.8%
2	Call Centre Operation	613	999	386	0.4%
3	Justice	1,506	1,847	341	0.7%
4	Central Government Administration	14,890	15,213	323	5.6%
5	Banking	6,095	6,398	303	2.4%
6	Hospitals (except Psychiatric Hospitals)	6,720	6,958	238	2.6%
7	Cafes and Restaurants	7,272	7,504	231	2.8%
8	Management Advice and Other Consulting Services	6,101	6,331	230	2.3%
9	Takeaway Food Services	2,890	3,098	208	1.1%
10	Aged Care Residential Services	3,558	3,764	206	1.4%
11	Regulatory Services	2,271	2,468	197	0.9%
12	Buildings Cleaning Services	2,804	2,968	163	1.1%
13	Commission Based Wholesaling	427	587	160	0.2%
14	Adult, Community and Other Education n.e.c.	1,737	1,883	146	0.7%
15	Other Heavy and Civil Engineering Construction	1,461	1,598	137	0.6%
16	Other Allied Health Services	3,959	4,074	115	1.5%
17	Other Interest Group Services n.e.c.	1,775	1,888	113	0.7%
18	Accommodation	2,742	2,848	106	1.1%
19	Financial Asset Investing	563	669	106	0.2%
20	Accounting Services	2,941	3,027	86	1.1%
21	Other Professional, Scientific and Technical Services n.e.c.	556	630	74	0.2%
22	Oil and Gas Extraction	219	289	70	0.1%
23	Postproduction Services and Other Motion Picture and Video Activities	1,056	1,126	69	0.4%
24	Internet Publishing and Broadcasting	40	108	68	0.0%
25	Non-Residential Property Operators	991	1,058	67	0.4%
26	Defence	2,531	2,593	62	1.0%
27	Fossil Fuel Electricity Generation	164	226	62	0.1%
28	Engineering Design and Engineering Consulting Services	2,811	2,872	61	1.1%
29	Printing	1,276	1,337	61	0.5%
30	Other Specialised Food Retailing	426	486	60	0.2%
31	Gas Supply	86	142	55	0.1%
32	Primary Education	5,184	5,238	54	1.9%
33	Hardware and Building Supplies Retailing	1,808	1,861	53	0.7%
34	Scientific Testing and Analysis Services	640	693	53	0.3%
35	Meat Processing	752	803	51	0.3%
36	Railway Rolling Stock Manufacturing and Repair Services	244	294	50	0.1%
37	Metal and Mineral Wholesaling	283	331	49	0.1%
38	Interurban and Rural Bus Transport	188	236	48	0.1%
39	Other Health Care Services n.e.c.	566	612	47	0.2%
40	Plastering and Ceiling Services	534	579	45	0.2%
41	Sport and Physical Recreation Clubs and Sports Professionals	514	560	45	0.2%
42	Investigation and Security Services	1,297	1,342	45	0.5%
43	Real Estate Services	2,109	2,154	45	0.8%
44	Religious Services	1,157	1,202	45	0.4%
45	Educational Support Services	897	940	42	0.3%
46	Road and Bridge Construction	717	759	42	0.3%
47	Sports and Physical Recreation Venues, Grounds and Facilities Operation	691	733	41	0.3%
48	On Selling Electricity and Electricity Market Operation	121	162	41	0.1%
49	Other Residential Building Construction	307	348	41	0.1%
50	Beekeeping	144	185	41	0.1%
	<b>All other industries</b>	<b>157,135</b>	<b>155,316</b>	<b>-1,818</b>	<b>57.6%</b>
	<b>Total</b>	<b>265,463</b>	<b>269,630</b>	<b>4,167</b>	<b>100%</b>

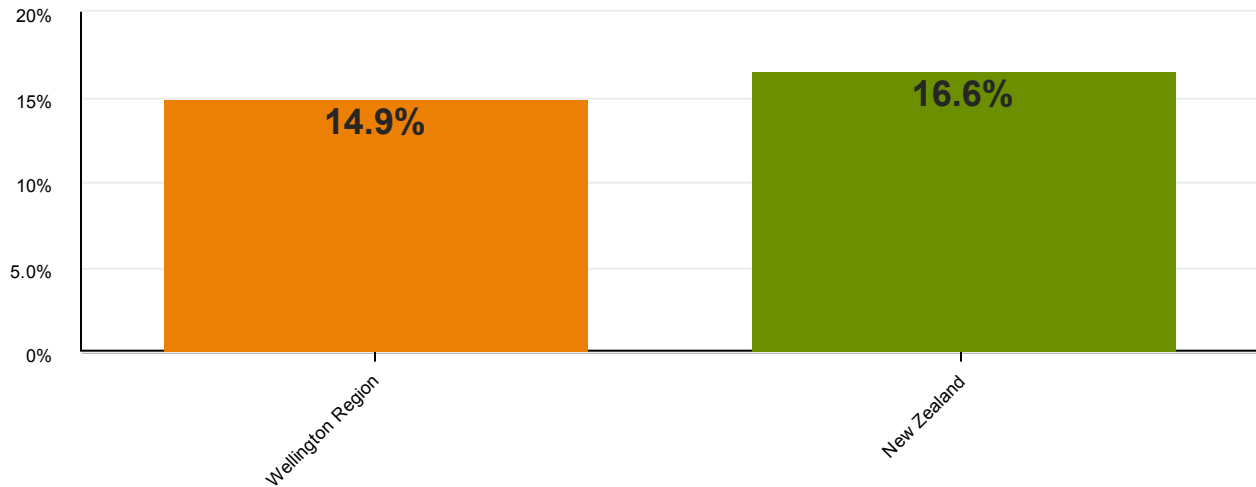
Table 10: Table 9. The 50 seven-digit industries that lost the most jobs between 2014 and 2015

Rank	Industry	Jobs		Change 2014 - 2015	% of total 2015
		2014	2015		
1	Corporate Head Office Management Services	5,364	4,923	-441	1.8%
2	Supermarket and Grocery Stores	6,525	6,309	-216	2.3%
3	Wired Telecommunications Network Operation	1,934	1,753	-181	0.7%
4	Road Freight Transport	1,942	1,791	-151	0.7%
5	Other Administrative Services n.e.c.	1,838	1,705	-133	0.6%
6	Office Administrative Services	1,173	1,046	-127	0.4%
7	Telecommunication Goods Wholesaling	525	414	-110	0.2%
8	Motion Picture and Video Production	1,052	957	-96	0.4%
9	Health and Fitness Centres and Gymnasias Operation	889	808	-80	0.3%
10	Other Electrical and Electronic Goods Wholesaling	1,085	1,009	-77	0.4%
11	Newspaper Publishing	682	610	-72	0.2%
12	Libraries and Archives	990	927	-63	0.3%
13	Water Freight Transport	319	257	-61	0.1%
14	Manchester and Other Textile Goods Retailing	300	243	-57	0.1%
15	Clothing Retailing	1,910	1,855	-55	0.7%
16	Waste Remediation and Materials Recovery Services	179	125	-54	0.0%
17	Book Publishing	202	148	-54	0.1%
18	Legal Services	2,802	2,749	-53	1.0%
19	Preschool Education	2,769	2,718	-52	1.0%
20	Video and Other Electronic Media Rental	200	154	-46	0.1%
21	Clubs (Hospitality)	455	410	-45	0.2%
22	Rail Passenger Transport	414	369	-45	0.1%
23	Other Auxiliary Finance and Investment Services	1,788	1,744	-43	0.6%
24	Data Processing and Web Hosting Services	756	714	-41	0.3%
25	Other Telecommunications Network Operation	167	127	-40	0.0%
26	Fire Protection and Other Emergency Services (except Ambulance Services)	723	685	-38	0.3%
27	Performing Arts Venue Operation	309	272	-37	0.1%
28	Sheep Farming (Specialised)	579	542	-37	0.2%
29	General Insurance	717	680	-37	0.3%
30	Technical and Vocational Education and Training	1,492	1,456	-37	0.5%
31	Fuel Retailing	724	688	-37	0.3%
32	Corrugated Paperboard and Paperboard Container Manufacturing	210	174	-37	0.1%
33	Clothing Manufacturing	318	282	-36	0.1%
34	Laundry and Dry-Cleaning Services	422	387	-36	0.1%
35	Electronic (except Domestic Appliance) and Precision Equipment Repair and Maintenance	235	199	-36	0.1%
36	Newspaper and Book Retailing	457	424	-33	0.2%
37	Postal Services	978	946	-33	0.4%
38	Higher Education	5,344	5,313	-31	2.0%
39	Museum Operation	653	623	-30	0.2%
40	Pharmaceutical and Toiletry Goods Wholesaling	466	438	-28	0.2%
41	Correctional and Detention Services	807	779	-28	0.3%
42	Auxiliary Insurance Services	921	895	-26	0.3%
43	Courier Pick-up and Delivery Services	691	666	-26	0.2%
44	Watch and Jewellery Retailing	307	282	-25	0.1%
45	Forestry Support Services	107	83	-25	0.0%
46	Clothing and Footwear Wholesaling	239	216	-23	0.1%
47	Catering Services	1,487	1,464	-23	0.5%
48	Other Transport Support Services n.e.c	429	406	-23	0.2%
49	Petroleum Refining and Petroleum Fuels Manufacturing	200	177	-23	0.1%
50	Shearing Services	185	163	-22	0.1%
	<b>All other industries</b>	<b>210,208</b>	<b>217,534</b>	<b>7,326</b>	<b>80.7%</b>
	<b>Total</b>	<b>265,463</b>	<b>269,630</b>	<b>4,167</b>	<b>100%</b>

# What proportion of the workforce is self-employed in Wellington Region?

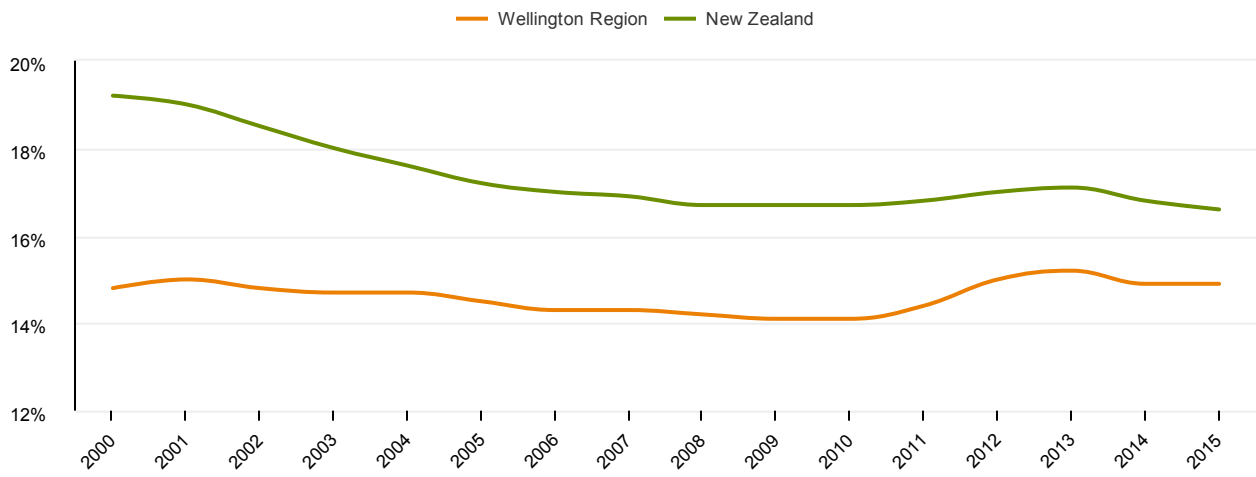
Self-employment makes up a sizeable proportion of total employment in New Zealand although it declined through the economic boom years and stabilised since the recession. This section contrasts self-employment in Wellington Region with the national economy.

Figure 11: Self employment rate, 2015



- Self-employed workers accounted for 14.9% of the workforce in Wellington Region in 2015, which was a lower rate than in the national economy (16.6%)
- A total of 40,042.5 workers were self-employed in Wellington Region in 2015.

Figure 12: Self employment rate



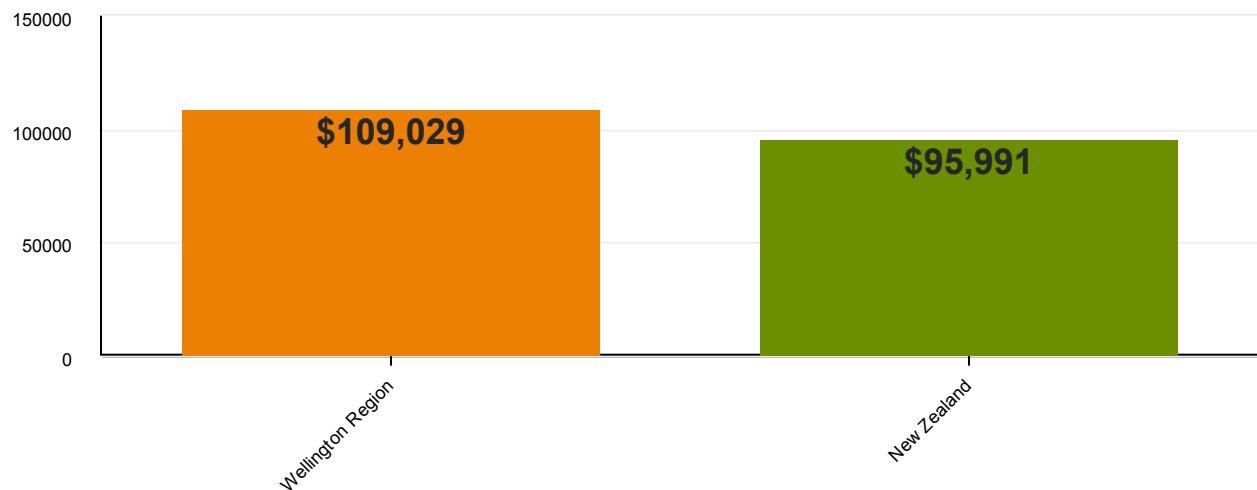
Level	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Wellington Region	15.0%	14.8%	14.7%	14.7%	14.5%	14.3%	14.3%	14.2%	14.1%	14.1%	14.4%	15.0%	15.2%	14.9%	14.9%
New Zealand	19.0%	18.5%	18.0%	17.6%	17.2%	17.0%	16.9%	16.7%	16.7%	16.7%	16.8%	17.0%	17.1%	16.8%	16.6%

# PRODUCTIVITY

Productivity is a way of describing the efficiency of production. In this section, we investigate GDP per employee to determine how much economic activity is generated on average by each employee. When looking at this indicator, one needs to consider that labour is only one input into production. As a result, a comparison of a region's labour productivity growth to its own history or to other districts, implicitly assumes that each worker has the same access to machinery, technology, and land.

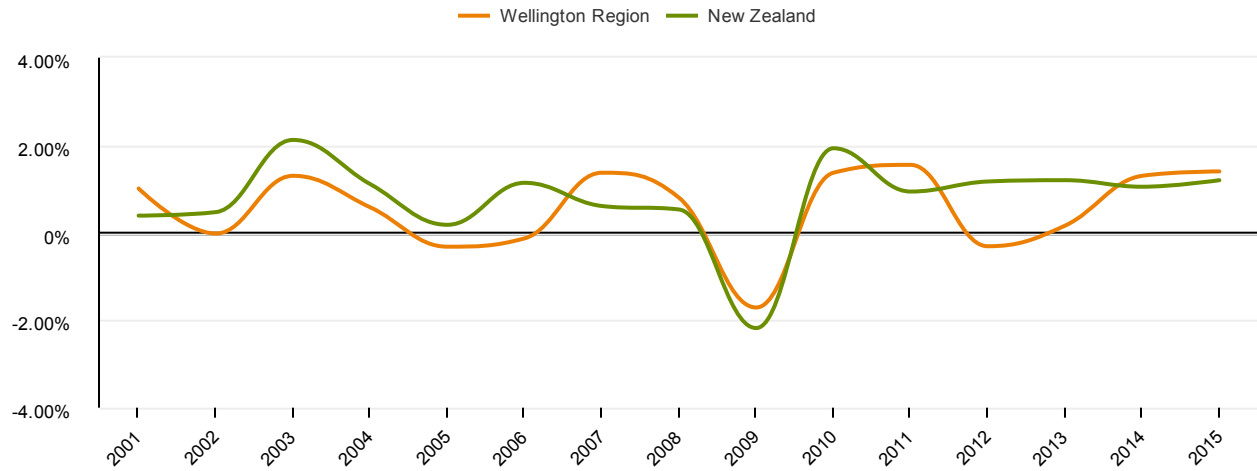
This section describes Wellington Region's productivity level during the year to March 2015 and previous years. Productivity is measured by GDP per employee (in constant 2010 prices).

Figure 13: Productivity 2015



- GDP per employee in Wellington Region measured \$109,029 in the year to March 2015, which was 14% higher than in New Zealand.
- Productivity in Wellington Region increased by 1.4% from a year earlier compared with an increase of 1.2% in New Zealand).
- Productivity growth in Wellington Region averaged 0.6%pa over the last ten years compared with an average of 0.8%pa in New Zealand.

Figure 14: Productivity growth



Change	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Wellington Region	1.0%	0.0%	1.3%	0.6%	-0.3%	-0.1%	1.4%	0.8%	-1.7%	1.4%	1.5%	-0.3%	0.2%	1.3%	1.4%
New Zealand	0.4%	0.5%	2.1%	1.1%	0.2%	1.1%	0.6%	0.5%	-2.2%	1.9%	0.9%	1.2%	1.2%	1.0%	1.2%



## What are the most productive industries in Wellington Region

This section ranks industries according to their level of GDP per employee in Wellington Region. The level of GDP per employee may differ between industries because of the skill levels of workers and their inherent efficiency, as well as due to different amounts of machinery, technology, and land being used as production inputs. Table 17 below ranks broad industries by GDP per employee in Wellington Region and shows the corresponding GDP per employee in the national economy. Since the capital intensity of industries is often a significant explainer of productivity we also show the capital intensity of each industry in the table. Capital intensity is measured as the share of GDP which is attributable to capital. Industries with a high proportion are thus highly capital intensive.

**Table 11: 1-digit industries ranked by productivity (2015)**

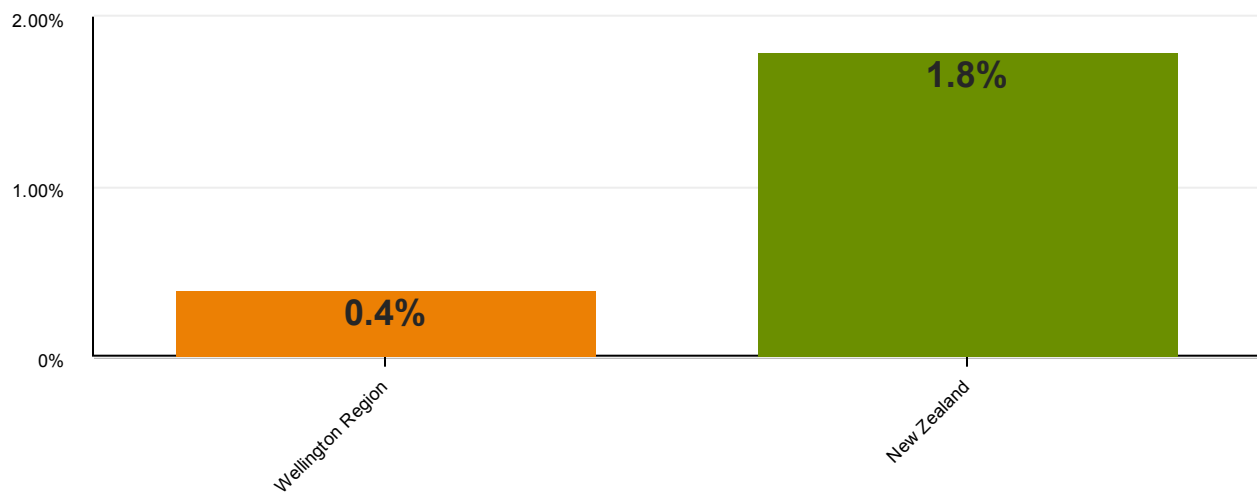
Industry	Productivity		Capital intensity
	Wellington Region	New Zealand	New Zealand
Agriculture, Forestry and Fishing	82,810	94,093	0.58
Mining	292,345	623,639	0.81
Manufacturing	158,375	98,836	0.38
Electricity, Gas, Water and Waste Services	565,841	439,625	0.81
Construction	59,693	67,398	0.22
Wholesale Trade	108,321	99,362	0.38
Retail Trade	44,319	47,452	0.26
Accommodation and Food Services	31,011	31,221	0.33
Transport, Postal and Warehousing	95,365	93,977	0.42
Information Media and Telecommunications	209,079	165,963	0.56
Financial and Insurance Services	225,605	204,056	0.48
Rental, Hiring and Real Estate Services	329,911	292,741	0.83
Professional, Scientific and Technical Services	87,937	78,296	0.20
Administrative and Support Services	45,913	40,272	0.18
Public Administration and Safety	113,714	85,654	0.18
Education and Training	49,680	51,481	0.24
Health Care and Social Assistance	67,206	59,033	0.12
Arts and Recreation Services	98,413	72,086	0.45
Other Services	61,246	44,813	0.26
<b>Total</b>	<b>109,029</b>	<b>95,991</b>	

# BUSINESS GROWTH

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

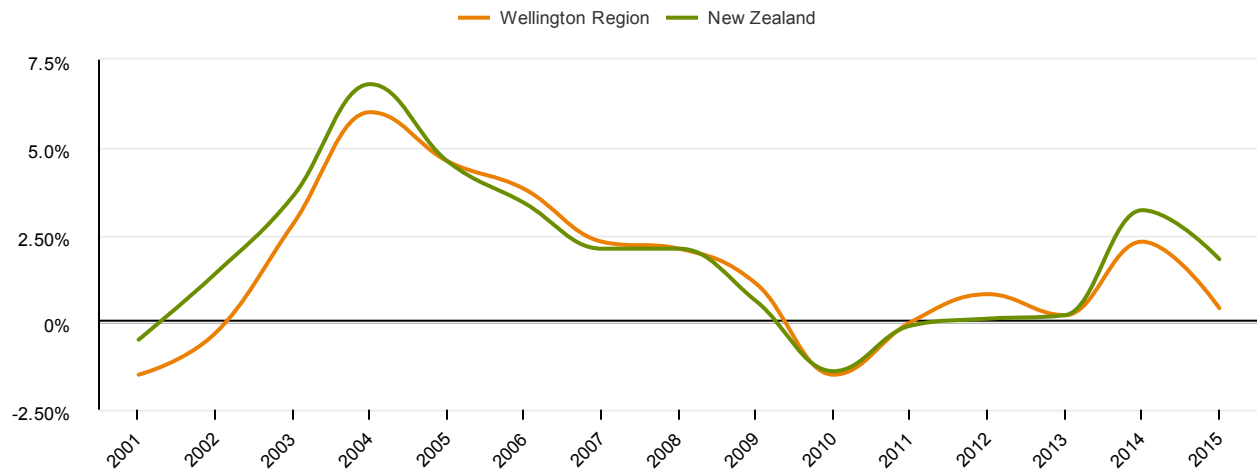
Growth in the number of business units is an indicator of entrepreneurial activity. It indicates an environment in which entrepreneurs are prepared to take risks to start new ventures. This section contrasts Wellington Region's recent performance in business unit growth with other regions in the country.

Figure 15: Business unit growth (year to Mar 2015)



- A total of 53,883 business units were recorded in Wellington Region in 2015, up 0.4% from a year earlier.
- The number of business units in New Zealand increased by 1.8% over the same period.
- Growth in the number of business units in Wellington Region averaged 1.1%pa over the past 10 years compared with 1.2%pa in the national economy.
- Business unit growth in Wellington Region varied from a high of 6.0% in 2004 to a low of -1.5% in 2001.

Figure 16: Annual average business unit growth



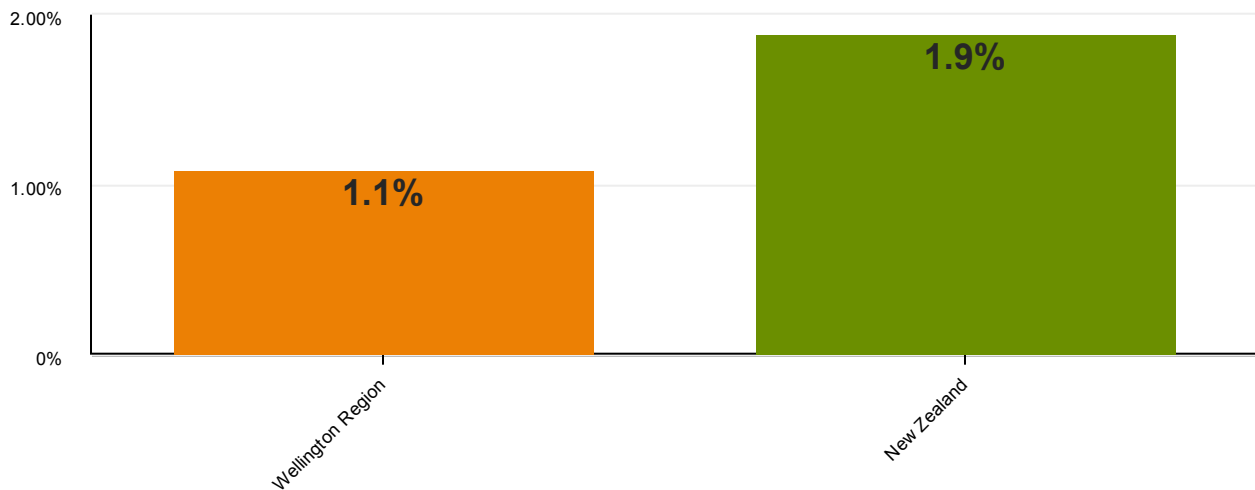
Change	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Wellington Region	-1.5%	-0.3%	2.8%	6.0%	4.6%	3.8%	2.3%	2.1%	1.1%	-1.5%	0.0%	0.8%	0.2%	2.3%	0.4%
New Zealand	-0.5%	1.4%	3.6%	6.8%	4.6%	3.4%	2.1%	2.1%	0.6%	-1.4%	-0.1%	0.1%	0.2%	3.2%	1.8%

# POPULATION GROWTH

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

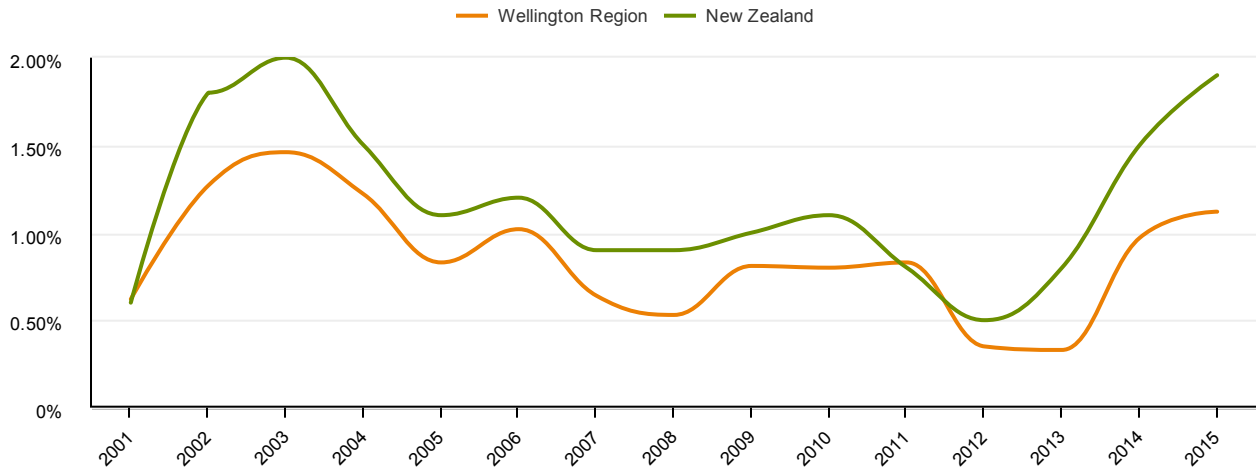
Population growth is an indicator of a region's attractiveness as a place to live and work. A strong regional economy with plentiful job opportunities will help a region retain its population and attract new residents from other regions and abroad. This section contrasts Wellington Region's recent population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

Figure 17: Population growth (year to Mar 2015)



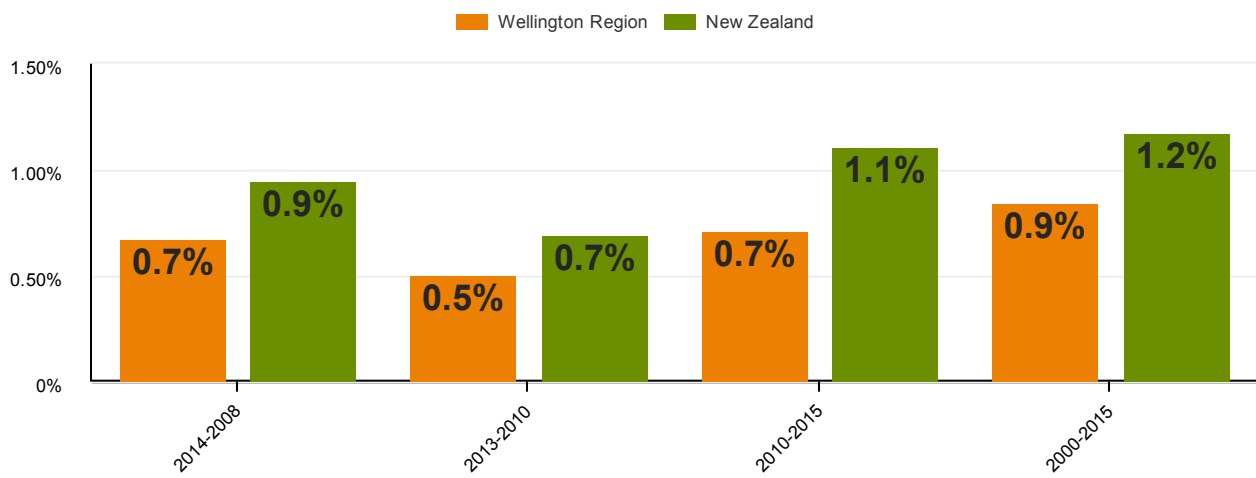
- Wellington Region's population was 496,900 in 2015, up 1.1% from a year earlier. New Zealand's total population grew by 1.9% over the same period.
- Population growth in Wellington Region averaged 0.7%pa over the last 10 years compared with 1.1%pa in New Zealand.
- Since 2000 growth in Wellington Region reached a high of 1.5%pa in 2003 and a low of 0.3%pa in 2013.

Figure 18: Annual population growth



Change	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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%	1.1%
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%	1.9%

Figure 19: Population growth last 1,2,5 and 10 years

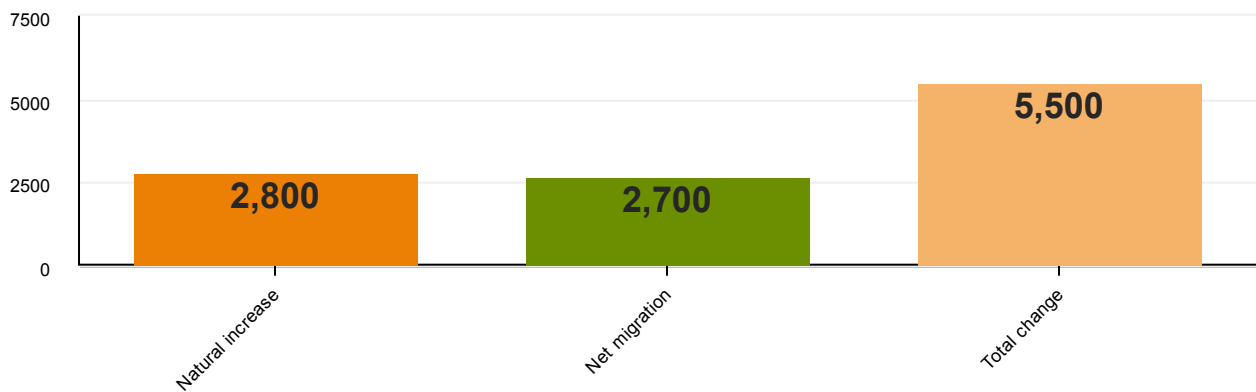


## What is the source of Wellington Region's population growth?

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 5,500 people in the year to June 2015. This net increase was made up of net migration of 2,700 and natural increase of 2,800.

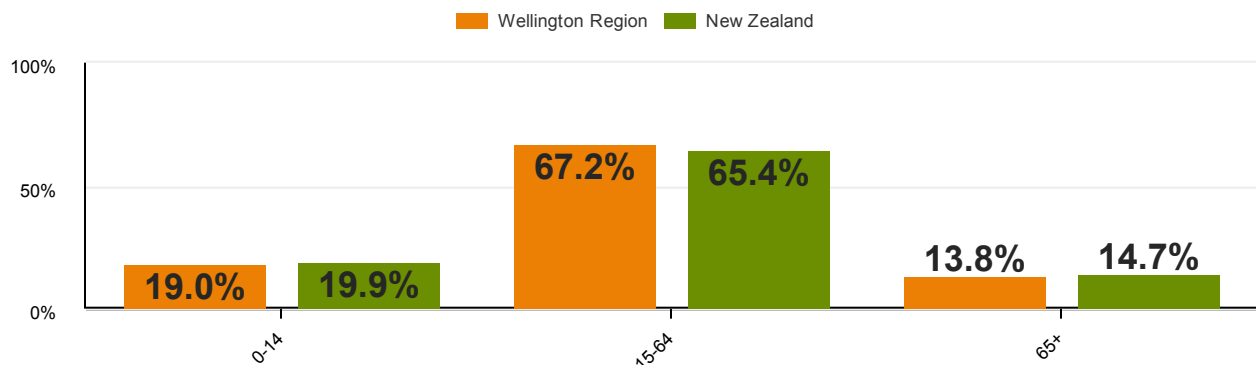
Figure 20: Source of population growth (year to June 2015)



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

- In 2015, 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 (19.0%) of young people (0-14) than the country as a whole (19.9%) and a significantly lower proportion (13.8%) of people 65 years and older compared with New Zealand (14.7%).
- Overall the dependency ratio in Wellington Region (48.8%) was lower than in the national economy (52.9%). 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 21: Age composition of the population (year to June 2015)



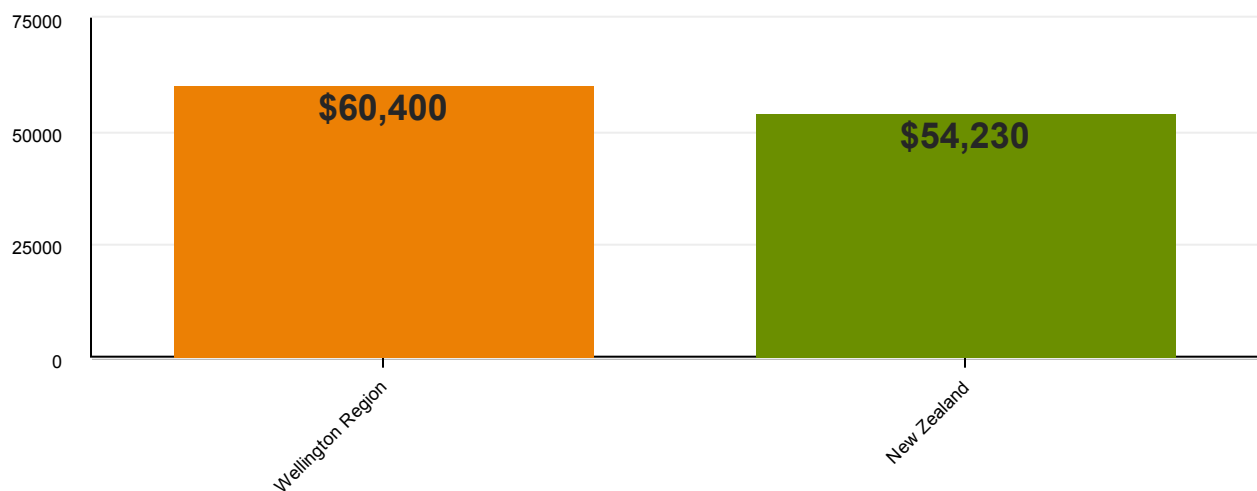
# STANDARD OF LIVING

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 2014.

## What are the mean earnings in Wellington Region?

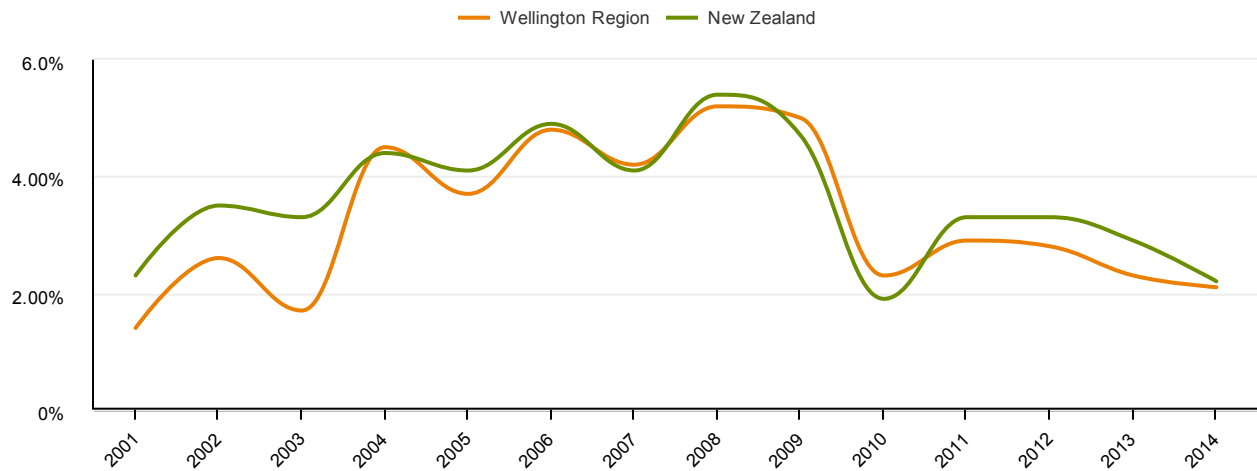
Income earned in the labour market is an important source of household income. This section contrasts Wellington Region's mean annual earnings with the country as a whole.

Figure 22: Earnings, 2014



- Mean annual earnings in Wellington Region was \$60,400 in the year to March 2014, which was higher than the New Zealand mean of \$54,230.
- Mean earnings in Wellington Region increased by 2.1% over the year to March 2014 compared with an increase of 2.2% in 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 23: Annual earnings growth



Change	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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%	2.3%	2.1%
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%	2.9%	2.2%

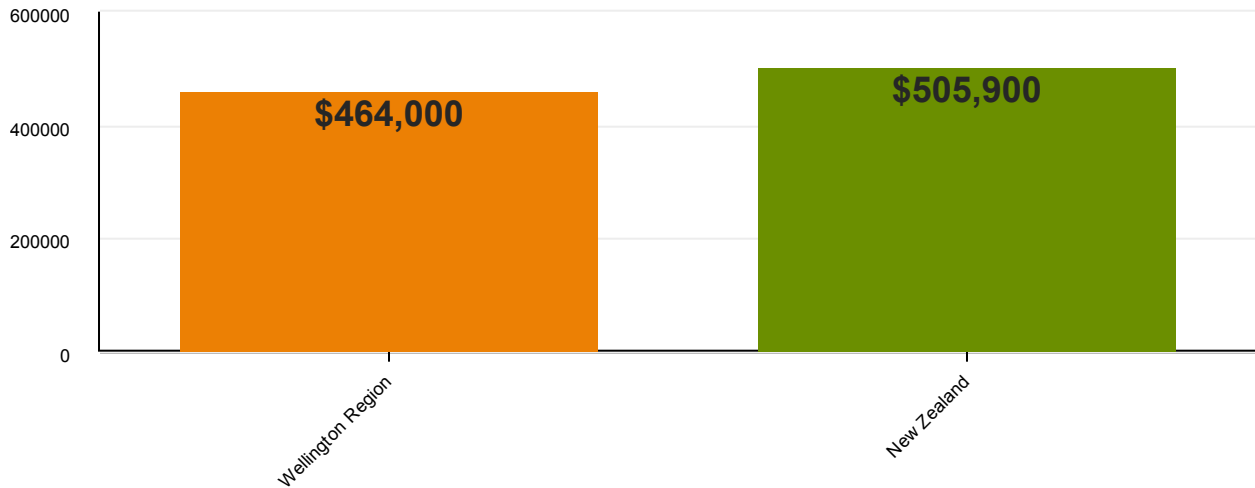
- Mean annual earnings in Wellington Region was \$60,400 in the year to March 2014, which was higher than the New Zealand mean of \$54,230.
- Mean earnings in Wellington Region increased by 2.1% over the year to March 2014 compared with an increase of 2.2% in New Zealand.
- Over the last ten years earnings 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?

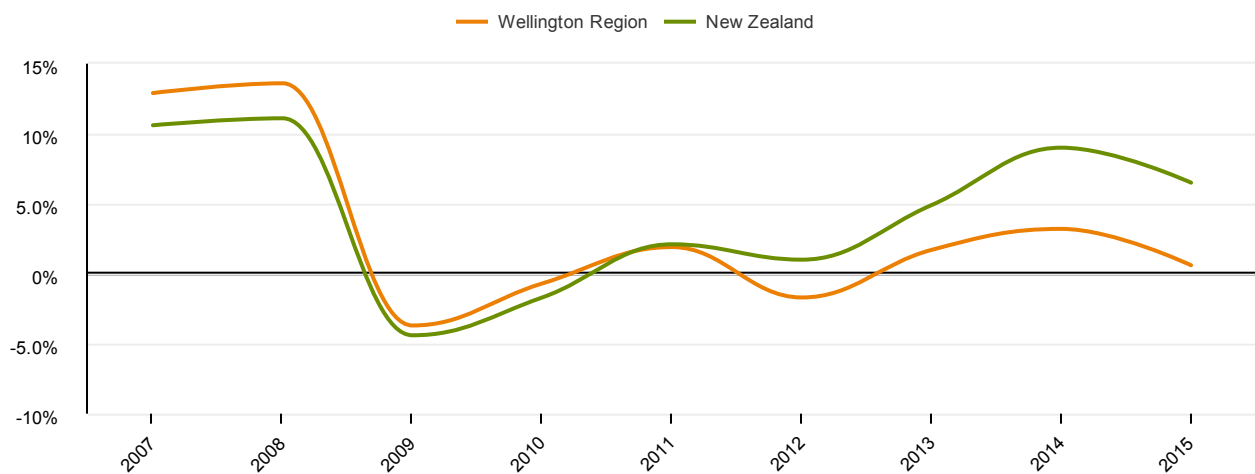
The cost of housing is a major component of household spending. This section describes the cost of housing in Wellington Region relative to the rest of the country.

Figure 24: Average current house value, 2015



- The Average current house value in Wellington Region was \$464,000 in 2015, which was lower than the New Zealand median of \$505,900.
- House price growth in Wellington Region was 0.6% for the year to March 2015. Growth was weaker than in New Zealand (6.5%).

Figure 25: Annual Average current house value growth

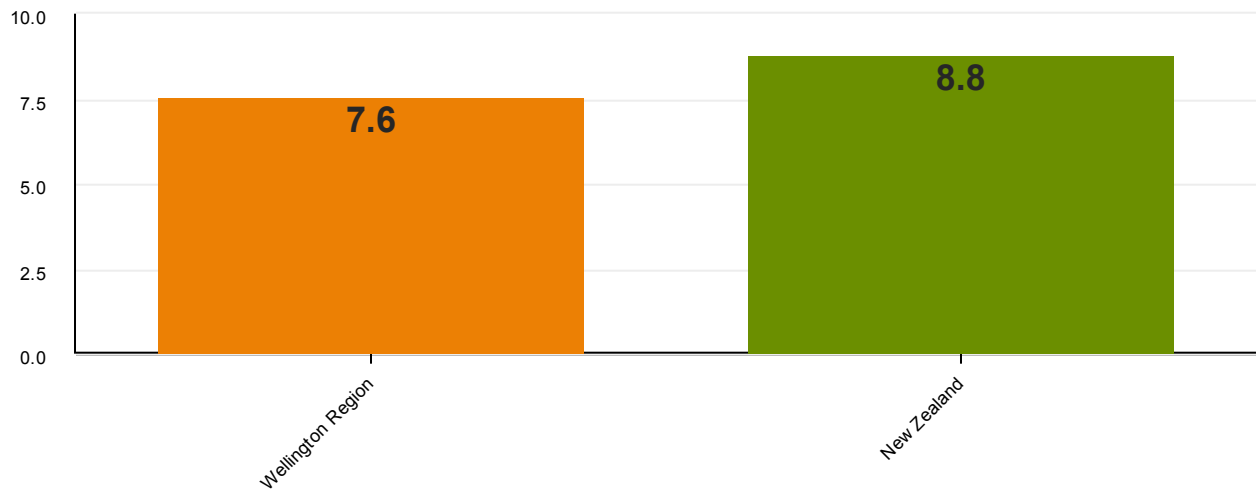


Change	2007	2008	2009	2010	2011	2012	2013	2014	2015
Wellington Region	12.9%	13.6%	-3.7%	-0.7%	1.9%	-1.7%	1.7%	3.2%	0.6%
New Zealand	10.6%	11.1%	-4.4%	-1.7%	2.1%	1.0%	4.9%	9.0%	6.5%

## How affordable is housing in Wellington Region?

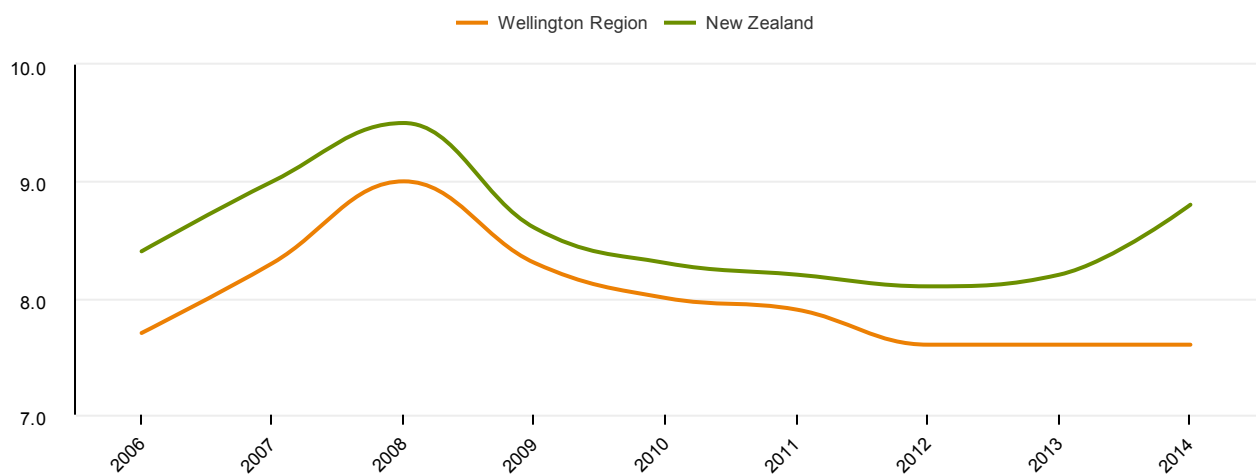
This section investigates the affordability of housing by comparing Average current house values with average earnings. We have estimated a housing affordability index which is the ratio of the Average current house value to annual average earnings measured in the Linked Employer Employee Data. A higher ratio therefore indicates lower housing affordability.

Figure 26: Housing affordability index 2014



- The housing affordability index in Wellington Region was 7.6 in the year to March 2014, which was lower than New Zealand's index of 8.8. This means that housing is more affordable in Wellington Region than in New Zealand.

Figure 27: Housing affordability



Level	2007	2008	2009	2010	2011	2012	2013	2014
Wellington Region	8.3	9.0	8.3	8.0	7.9	7.6	7.6	7.6
New Zealand	9.0	9.5	8.6	8.3	8.2	8.1	8.2	8.8

# WORKFORCE AND SKILLS

## How do skill levels in Wellington Region compare with New Zealand?

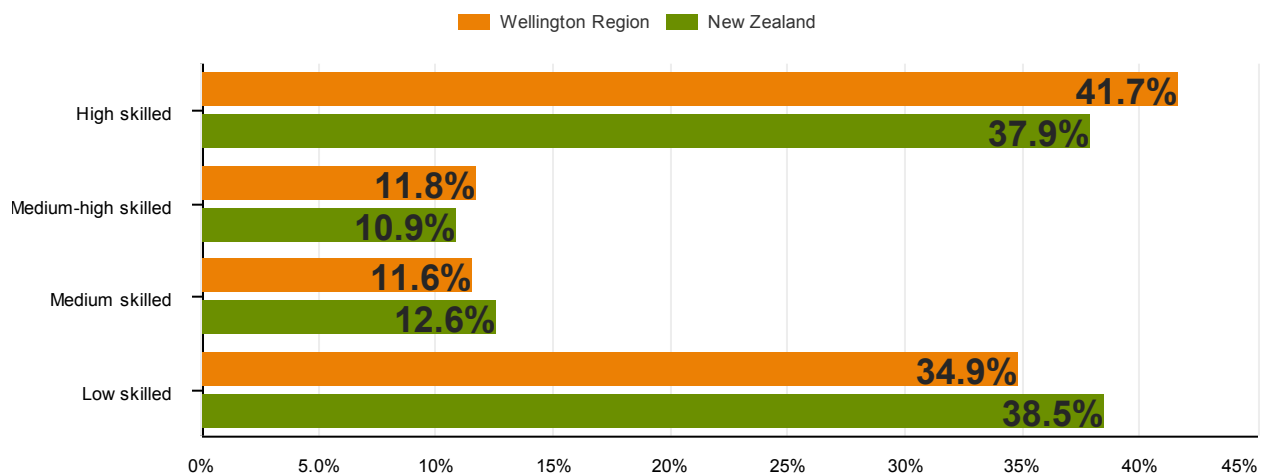
A region that can offer high skilled jobs can generally offer a higher standard of living to its residents. It is also has a better chance of retaining its residents and attracting new skills. This section contrasts the skill levels required by jobs in Wellington Region with those required in the national economy. The broad skill categories used are defined in the technical section at the end of the report.

Table 12: Employment by broad skill level 2015

Skill level	Wellington Region		New Zealand	
	Jobs	% of total	Jobs	% of total
High skilled	112,373	41.7%	867,660	37.9%
Medium-high skilled	31,859	11.8%	249,854	10.9%
Medium skilled	31,276	11.6%	288,208	12.6%
Low skilled	94,121	34.9%	881,245	38.5%
<b>Total</b>	<b>269,630</b>	<b>100%</b>	<b>2,286,967</b>	<b>100%</b>

- Approximately 42% of Wellington Region's workforce was employed in highly skilled occupations in 2015. This is higher than in New Zealand (38%).
- Approximately 35% of Wellington Region's workforce was employed in low-skilled occupations in 2015. This is lower than in New Zealand 39%.

Figure 28: Employment by broad skill level, 2015



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

This section describes the types of occupations that are employed in Wellington Region. The following graph shows the distribution of employment across broad occupational categories (1-digit occupations).

- Professionals accounted for the largest share of employment (29%) in Wellington Region, which is higher than New Zealand (23%).
- Managers accounted for the second largest share of employment (17%) in Wellington Region, which is lower than New Zealand (19%).
- Machinery operators and drivers accounted for the lowest share of employment (4%) in Wellington Region, which is lower than New Zealand (9%).

Figure 29: Employment by broad occupation, 2015

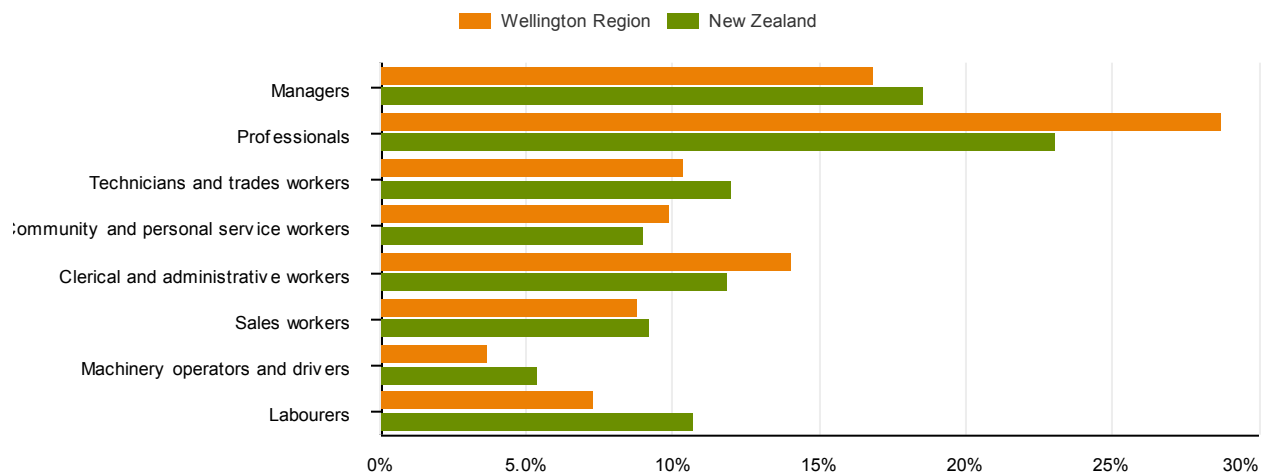


Table 13: Employment by 2-digit occupation (2015)

Occupation	Wellington Region		New Zealand	
	Employment	% of total	Employment	% of total
Chief Execs, General Managers, Legislators	10,113	3.8%	86,178	3.8%
Farmers & Farm Managers	2,385	0.9%	67,024	2.9%
Specialist Managers	23,032	8.5%	190,475	8.3%
Hospitality, Retail & Service Managers	9,934	3.7%	82,840	3.6%
Arts & Media Professionals	3,276	1.2%	20,282	0.9%
Business, HR & Marketing Professionals	19,244	7.1%	114,021	5.0%
Design, Engineering, Science Professionals	8,697	3.2%	71,967	3.1%
Education Professionals	16,832	6.2%	134,298	5.9%
Health Professionals	10,272	3.8%	89,989	3.9%
ICT Professionals	9,901	3.7%	49,585	2.2%
Legal, Social & Welfare Professionals	9,391	3.5%	48,968	2.1%
Engineering, ICT & Science Technicians	5,470	2.0%	42,616	1.9%
Automotive & Engineering Trades Workers	4,281	1.6%	57,955	2.5%
Construction Trades Workers	5,364	2.0%	51,880	2.3%
Electrotech & Telecoms Trades Workers	2,780	1.0%	27,140	1.2%
Food Trades Workers	4,124	1.5%	36,078	1.6%
Skilled Animal & Horticultural Workers	2,109	0.8%	23,435	1.0%
Other Technicians & Trades Workers	4,028	1.5%	34,370	1.5%
Health & Welfare Support Workers	2,800	1.0%	21,911	1.0%
Carers & Aides	9,041	3.4%	75,131	3.3%
Hospitality Workers	5,196	1.9%	43,707	1.9%
Protective Service Workers	5,267	2.0%	31,034	1.4%
Sports & Personal Service Workers	4,380	1.6%	34,871	1.5%
Office Managers & Program Administrators	7,850	2.9%	63,342	2.8%
Personal Assistants & Secretaries	3,197	1.2%	21,539	0.9%
General Clerical Workers	7,154	2.7%	52,443	2.3%
Inquiry Clerks & Receptionists	4,444	1.6%	35,262	1.5%
Numerical Clerks	7,078	2.6%	44,156	1.9%
Clerical & Office Support Workers	2,729	1.0%	17,954	0.8%
Other Clerical & Administrative Workers	5,678	2.1%	38,553	1.7%
Sales Representatives & Agents	8,688	3.2%	69,207	3.0%
Sales Assistants & Salespersons	12,184	4.5%	114,161	5.0%
Sales Support Workers	2,946	1.1%	26,136	1.1%
Machine & Stationary Plant Operators	2,427	0.9%	32,069	1.4%
Mobile Plant Operators	1,227	0.5%	20,585	0.9%
Road & Rail Drivers	4,666	1.7%	49,340	2.2%
Storepersons	1,736	0.6%	21,072	0.9%
Cleaners & Laundry Workers	5,266	2.0%	48,032	2.1%
Construction & Mining Labourers	1,912	0.7%	21,565	0.9%
Factory Process Workers	2,694	1.0%	45,106	2.0%
Farm, Forestry & Garden Workers	2,287	0.8%	51,025	2.2%
Food Preparation Assistants	2,121	0.8%	17,690	0.8%
Other Labourers	5,428	2.0%	61,971	2.7%
<b>Total employment</b>	<b>269,630</b>	<b>100%</b>	<b>2,286,967</b>	<b>100%</b>

# Employment in knowledge intensive industries in Wellington Region

Knowledge intensive industries are those in which the generation and exploitation of knowledge play the predominant part in the creation of wealth. These sectors represent an increasing share of the New Zealand economy's output and employment, and will most likely be the source of the future productivity growth.

An industry is defined as knowledge-intensive if it meets two criteria: at least 25 per cent of the workforce is qualified to degree level and at least 30 per cent of the workforce is in professional, managerial and scientific and technical occupations. Further details of the definition are providing in the technical notes at the end of the report.

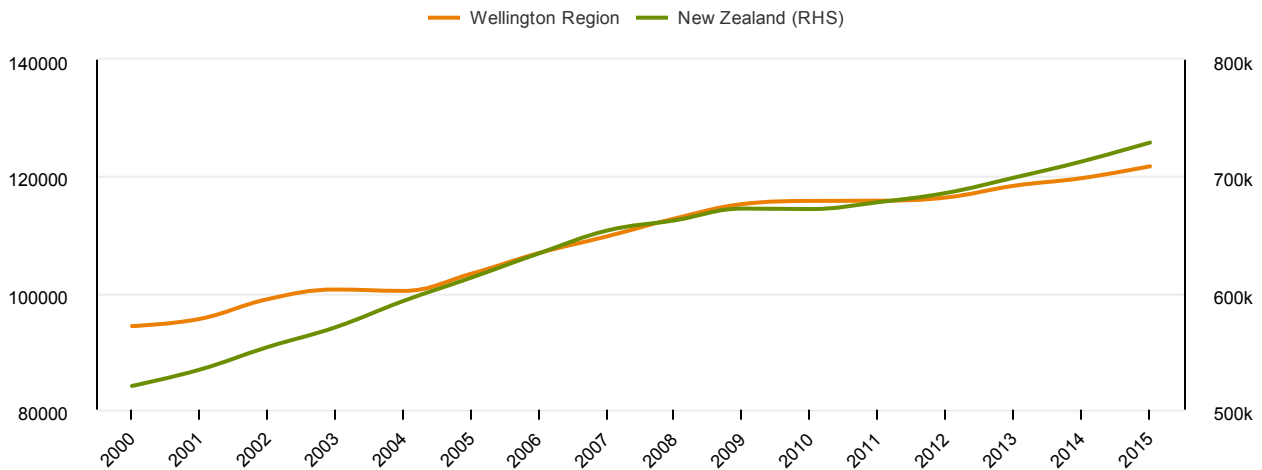
This section describes employment in knowledge intensive industries in Wellington Region.

**Table 14: Employment in knowledge intensive industries (2015)**

	Employment in KI industries 2015	KI employment as share of total employment 2015	Annual growth in KI employment 2015	Annual average growth in KI employment 2005-2015
Wellington Region	121,725	45%	1.7%	1.7%
New Zealand	729,001	32%	2.3%	1.7%

- During 2015, there were 121,725 jobs in Wellington Region's knowledge intensive industries. At 45% of total employment, this was higher than in New Zealand (32%).
- During the year March 2015, growth in employment in knowledge intensive industries was 1.7%, compared with a change of 2.3% in New Zealand.

**Figure 30: Employment in knowledge intensive industries**



## What are the top knowledge intensive industries in Wellington Region?

Table 15: Top 30 knowledge intensive industries in Wellington Region, 2015

Rank	Industry	Wellington Region		New Zealand	
		Employment	% of total employment	Employment	% of total employment
1	Central Government Administration	15,213	5.6%	29,832	1.3%
2	Computer Systems Design and Related Services	10,299	3.8%	38,086	1.7%
3	Hospitals (except Psychiatric Hospitals)	6,958	2.6%	67,127	2.9%
4	Management Advice and Other Consulting Services	6,331	2.3%	36,387	1.6%
5	Higher Education	5,313	2.0%	33,863	1.5%
6	Primary Education	5,238	1.9%	49,168	2.1%
7	Corporate Head Office Management Services	4,923	1.8%	25,658	1.1%
8	Other Allied Health Services	4,074	1.5%	32,280	1.4%
9	Secondary Education	3,652	1.4%	36,241	1.6%
10	Accounting Services	3,027	1.1%	23,062	1.0%
11	Engineering Design and Engineering Consulting Services	2,872	1.1%	24,371	1.1%
12	Legal Services	2,749	1.0%	17,413	0.8%
13	Employment Placement and Recruitment Services	2,563	1.0%	12,449	0.5%
14	Regulatory Services	2,468	0.9%	6,434	0.3%
15	Local Government Administration	2,204	0.8%	21,644	0.9%
16	Other Interest Group Services n.e.c.	1,888	0.7%	11,976	0.5%
17	Adult, Community and Other Education n.e.c.	1,883	0.7%	11,717	0.5%
18	Justice	1,847	0.7%	3,928	0.2%
19	Wired Telecommunications Network Operation	1,753	0.7%	7,077	0.3%
20	Other Auxiliary Finance and Investment Services	1,744	0.6%	8,555	0.4%
21	Other Administrative Services n.e.c.	1,705	0.6%	12,526	0.5%
22	General Practice Medical Services	1,626	0.6%	14,813	0.6%
23	Scientific Research Services	1,520	0.6%	8,191	0.4%
24	Technical and Vocational Education and Training	1,456	0.5%	10,031	0.4%
25	Religious Services	1,202	0.4%	9,403	0.4%
26	Postproduction Services and Other Motion Picture and Video Activities	1,126	0.4%	1,548	0.07%
27	Business and Professional Association Services	1,075	0.4%	2,349	0.1%
28	Other Public Order and Safety Services	1,069	0.4%	2,028	0.09%
29	Architectural Services	1,046	0.4%	7,925	0.3%
30	Pharmaceutical, Cosmetic and Toiletry Goods Retailing	1,033	0.4%	10,153	0.4%

## Which qualifications are in demand in Wellington Region?

This section examines the types of qualifications, in terms of NZQA level and field of study, that are in demand in Wellington Region. The demand for qualifications is derived from our estimates of the demand for occupations by using assumptions about the types of qualifications which are ideally required for each occupation. Thus our estimates do not describe the educational profile of the region's workforce but rather the type of qualifications that are ideally required in the region. Further details are provided in the technical notes at the end.

**Table 16: Employment by level of qualification and field of study in Wellington Region**

Field of study	Certificate (level 1-3)	Certificate (level 4)	Diploma (level 5-6)	Degree (level 7+)	Total
<b>Number</b>					
Natural and Physical Sciences	67,288	12,854	28,026	90,013	198,181
Information Technology	62,001	6,866	19,326	74,121	162,314
Engineering and Related Technologies	231,515	181,606	75,532	162,692	651,345
Architecture and Building	75,279	127,145	22,477	44,763	269,664
Agriculture, Environmental and Related Studies	64,662	30,544	10,764	27,463	133,432
Health	118,514	24,773	37,058	180,857	361,202
Education	81,011	13,893	18,517	172,098	285,519
Management and Commerce	378,137	73,709	106,043	312,831	870,720
Society and Culture	215,608	48,512	68,311	264,903	597,335
Creative Arts	109,650	25,930	23,384	92,964	251,928
Food, Hospitality and Personal Services	118,107	66,041	24,518	16,484	225,151
Totals	1,521,773	611,873	433,955	1,439,190	4,006,792
<b>% of total</b>					
Natural and Physical Sciences	1.7%	0.3%	0.7%	2.2%	4.9%
Information Technology	1.5%	0.2%	0.5%	1.8%	4.1%
Engineering and Related Technologies	5.8%	4.5%	1.9%	4.1%	16.3%
Architecture and Building	1.9%	3.2%	0.6%	1.1%	6.7%
Agriculture, Environmental and Related Studies	1.6%	0.8%	0.3%	0.7%	3.3%
Health	3.0%	0.6%	0.9%	4.5%	9.0%
Education	2.0%	0.3%	0.5%	4.3%	7.1%
Management and Commerce	9.4%	1.8%	2.6%	7.8%	21.7%
Society and Culture	5.4%	1.2%	1.7%	6.6%	14.9%
Creative Arts	2.7%	0.6%	0.6%	2.3%	6.3%
Food, Hospitality and Personal Services	2.9%	1.6%	0.6%	0.4%	5.6%
Totals	38.0%	15.3%	10.8%	35.9%	100%

- The greatest demand in Wellington Region in 2015 was for qualifications at the level of Certificate (level 1-3). Approximately 38% of all positions in Wellington Region required this level of qualification.
- By field of study, the highest demand was for Management and Commerce. Approximately 22% of all positions in Wellington Region required this field of study.



**Table 17: Change in employment by level of qualification and field of study in Wellington Region 2005 - 2015**

Field of study	Certificate (level 1-3)	Certificate (level 4)	Diploma (level 5-6)	Degree (level 7+)	Total
<b>Absolute change</b>					
Natural and Physical Sciences	0	0	0	0	0
Information Technology	0	0	0	0	0
Engineering and Related Technologies	0	0	0	0	0
Architecture and Building	0	0	0	0	0
Agriculture, Environmental and Related Studies	0	0	0	0	0
Health	0	0	0	0	0
Education	0	0	0	0	0
Management and Commerce	0	0	0	0	0
Society and Culture	0	0	0	0	0
Creative Arts	0	0	0	0	0
Food, Hospitality and Personal Services	0	0	0	0	0
Totals	0	0	0	0	0
<b>annual average % change</b>					
Natural and Physical Sciences	0.0%	0.0%	0.0%	0.0%	0.0%
Information Technology	0.0%	0.0%	0.0%	0.0%	0.0%
Engineering and Related Technologies	0.0%	0.0%	0.0%	0.0%	0.0%
Architecture and Building	0.0%	0.0%	0.0%	0.0%	0.0%
Agriculture, Environmental and Related Studies	0.0%	0.0%	0.0%	0.0%	0.0%
Health	0.0%	0.0%	0.0%	0.0%	0.0%
Education	0.0%	0.0%	0.0%	0.0%	0.0%
Management and Commerce	0.0%	0.0%	0.0%	0.0%	0.0%
Society and Culture	0.0%	0.0%	0.0%	0.0%	0.0%
Creative Arts	0.0%	0.0%	0.0%	0.0%	0.0%
Food, Hospitality and Personal Services	0.0%	0.0%	0.0%	0.0%	0.0%
Totals	0.0%	0.0%	0.0%	0.0%	100%

- The number of positions in Wellington Region requiring a Certificate (level 1-3) increased by 0 between 2005 and 2015, ranking it as the qualification level with the largest absolute increase in demand.
- By field of study, Natural and Physical Sciences experienced the highest increase in demand between 2005 and 2015. The number of positions requiring this field of study increased by 0 over the 10 year period.

# TOURISM

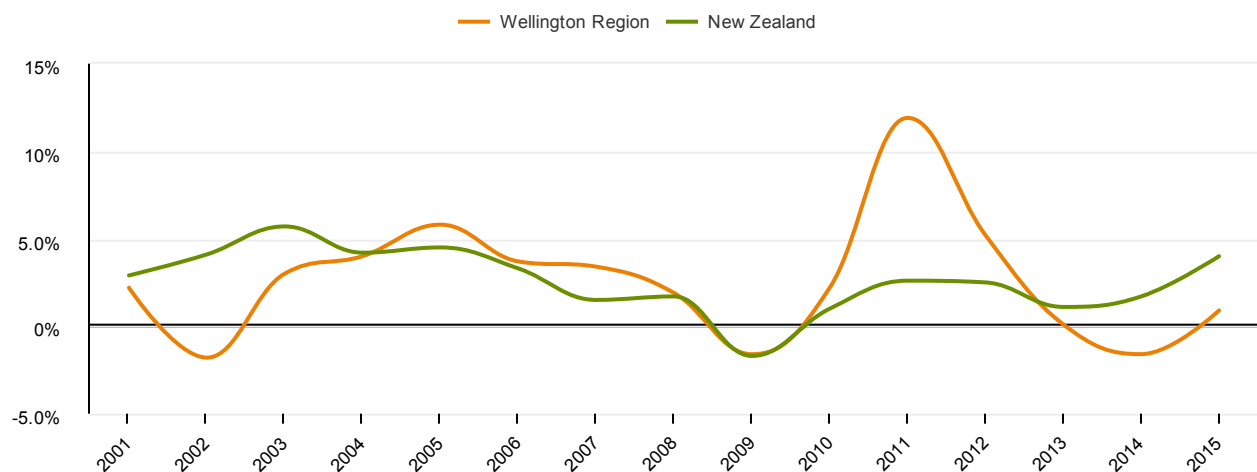
Tourism has grown rapidly in New Zealand since 2000. Not only has the number of overseas tourist arrivals increased substantially, but the level of domestic tourism has also expanded rapidly as spending on leisure by New Zealand residents increased. This section describes the contribution of tourism to Wellington Region's economy.

## Tourism GDP

Table 18: Tourism GDP (2001-2015)

Year	Wellington Region		New Zealand	
	Level	Change	Level	Change
2000	\$657m		\$5,615m	
2001	\$672m	2.2%	\$5,778m	2.9%
2002	\$660m	-1.8%	\$6,012m	4.1%
2003	\$679m	3.0%	\$6,354m	5.7%
2004	\$707m	4.0%	\$6,622m	4.2%
2005	\$747m	5.8%	\$6,919m	4.5%
2006	\$775m	3.7%	\$7,150m	3.3%
2007	\$801m	3.4%	\$7,260m	1.5%
2008	\$817m	1.9%	\$7,385m	1.7%
2009	\$804m	-1.6%	\$7,261m	-1.7%
2010	\$822m	2.2%	\$7,335m	1.0%
2011	\$919m	11.9%	\$7,525m	2.6%
2012	\$967m	5.2%	\$7,712m	2.5%
2013	\$968m	0.1%	\$7,800m	1.1%
2014	\$953m	-1.6%	\$7,935m	1.7%
2015	\$962m	0.9%	\$8,249m	4.0%

Figure 31: Annual average tourism GDP growth (2001-2015)



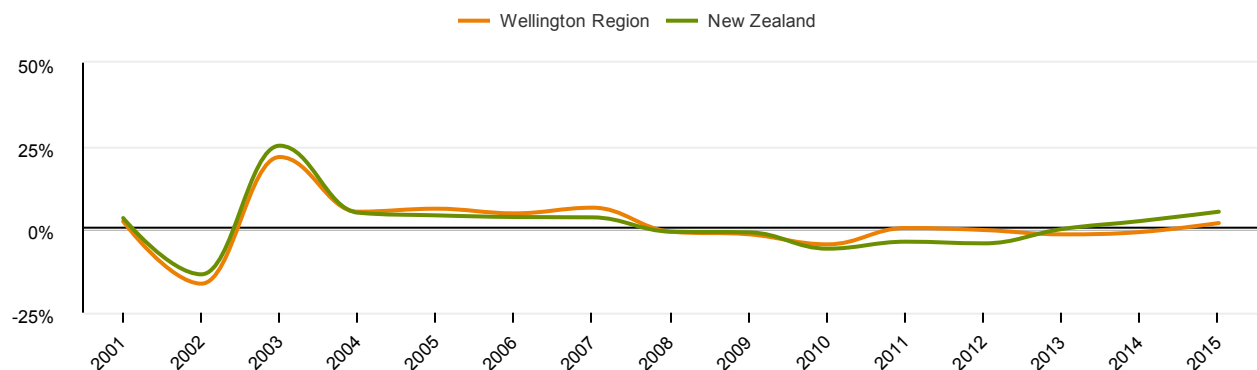
- The tourism industry contributed \$962m towards GDP in Wellington Region in 2015. This amounted to 3.3% of the Wellington Region's economic output in 2015, up from 3.0% ten years ago.
- Economic output in Wellington Region's tourism industry increased by 0.9% in 2015, compared with a 4.0% increase in New Zealand.
- Growth in the industry in New Zealand has averaged 2.6% over the last ten years, compared with 1.8% in New Zealand.

## Tourism Employment

Table 19: Tourism employment (2001-2015)

Year	Wellington Region		New Zealand	
	Level	Change	Level	Change
2000	14,661		138,222	
2001	15,019	2.4%	142,857	3.4%
2002	12,567	-16.3%	123,609	-13.5%
2003	15,297	21.7%	154,674	25.1%
2004	16,114	5.3%	162,384	5.0%
2005	17,107	6.2%	169,281	4.2%
2006	17,928	4.8%	175,557	3.7%
2007	19,085	6.5%	181,842	3.6%
2008	18,943	-0.7%	180,612	-0.7%
2009	18,655	-1.5%	178,902	-0.9%
2010	17,821	-4.5%	168,582	-5.8%
2011	17,899	0.4%	162,363	-3.7%
2012	17,857	-0.2%	155,502	-4.2%
2013	17,584	-1.5%	155,733	0.1%
2014	17,448	-0.8%	159,618	2.5%
2015	17,778	1.9%	168,012	5.3%

Figure 32: Annual average tourism employment growth (2001-2015)



- The tourism-related industry employed an average of 17,778 people in Wellington Region in 2015. This amounted to 6.6% of the Wellington Region's total employment in 2015, down from 7.1% in 2005.
- Employment growth in the industry in New Zealand has averaged 0.4% over the last ten years, compared with -0.08% in New Zealand.
- Employment in the tourism industry increased by 1.9% in 2015, compared with a 5.3% increase in New Zealand.

# TECHNICAL NOTES

## Time period

This economic profile reports on March years (eg. 2015 refers to the 12 months to March 2015) 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.

## 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 comes from the quarterly Linked Employer Employee Data published by Statistics New Zealand. LEED publishes the mean earnings of full quarter jobs for each quarter. Full quarter jobs may include full time and part time jobs. Earnings include overtime and lump sum payments. 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 QVNZ. The house price levels used are average current values. An average current value is the average (mean) value of all developed residential properties in the area based on the latest house price index from QVNZ. It is not an average or median sales price, as both of those figures only measure what happens to have sold in the period. These average current values are affected by the underlying value of houses (including those not on the market) and are quality adjusted based on the growth in each house's price between sales.

## Population

The estimated resident population is an estimate of all people who usually live in that area at a given date. Visitors from elsewhere in New Zealand or from overseas are excluded.

The estimated resident population at 30 June 2013–14 is based on the 2013 census usually resident population count, updated for:

- net census undercount (based on the 2013 Post-enumeration Survey)
- residents temporarily overseas on census night
- births, deaths, and net migration between census night and the date of the estimate
- reconciliation with demographic estimates at ages 0–9 years.

The estimated resident population is not directly comparable with the census usually resident population count because of these adjustments.

The estimated resident population is sourced from Statistics New Zealand.

## 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. Data published by Statistics New Zealand is confidentialised. Infometrics use a Bayesian imputation method to estimate values for confidentialised cells. 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).