

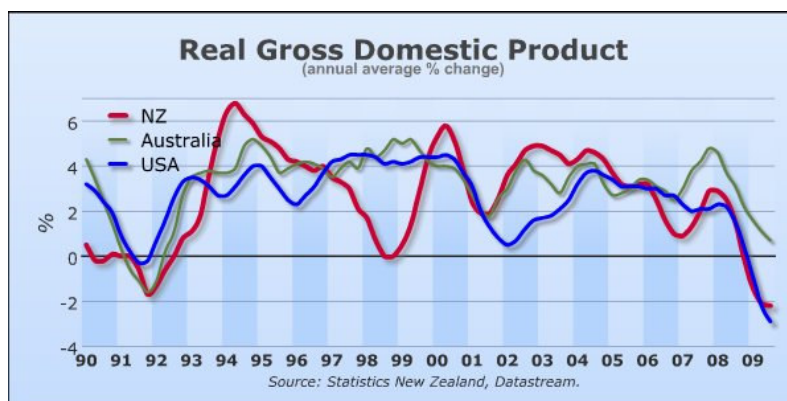
FRANKLIN DISTRICT Economic Monitor

January 2010



National Economic Growth

The Reserve Bank of New Zealand indicated in December 2009 that “although New Zealand fared rather badly during the "Asian crisis" of the late 1990s, in recent times New Zealand's GDP growth rate has compared more favourably to that of our two largest trading partners (Australia and the USA)”.¹ Statistics New Zealand reported on the 23rd December 2009 that economic activity as measured by gross domestic product (GDP) was up 0.2 percent in the September 2009 quarter. This follows a 0.2 percent increase in the June 2009 quarter.²



Source: The Reserve Bank of New Zealand, January 2010.

The New Zealand economy entered recession at the beginning of 2008 and recorded a fall in economic activity over all five quarters to March 2009, from its peak in the December 2007 quarter. In the June 2009 quarter however Statistic New Zealand and the National Bank both reported that New Zealand had exited recession. The National Bank's measure of economic activity rose by 0.3% over the quarter while official GDP data showed the economy grew by 0.1%. In the September 2009 quarter, the National Bank's measure of economic activity increased 0.7%.³

Regional Economic Activity

The National Bank measures regional economic activity using a combination of 23 different data series to provide an up to date measure of economic performance. The National Bank reported that “economic activity growth has been the lowest in Northland (0.5% per annum) followed by the Auckland region (0.6% per annum). The largest falls in activity over the past year were all in regions in the North Island. Wellington contracted by 3.2%, followed by Northland (-2.5%) and Waikato (-1.6%). Construction and retail activity has been particularly weak in all three regions. Drought conditions in early 2008 and the fall in commodity prices

¹ The Reserve Bank of New Zealand. <http://www.rbnz.govt.nz/keygraphs/Fig9.html>

² Statistics New Zealand.

http://www.statistics.govt.nz/browse_for_stats/economic_indicators/GDP/GrossDomesticProduct_MRSep09qtr.aspx

will have also affected Northland's and Waikato's large agricultural sectors. Only three regions experienced a rise in economic activity over the past year, with Gisborne recording the largest rise at 1.3%.³

Table 1: Regional Economic indicators, years to September 2004-2009

	National Bank Economic Activity	
	Annual average % change 2004-09	Annual % change 2008-09
Northland	0.5%	-2.5%
Auckland	0.6%	0.5%
Waikato	1.3%	-1.6%
Bay of Plenty	1.0%	-1.5%
Gisborne	1.8%	1.3%
Hawke's Bay	0.8%	-0.4%
Taranaki	1.8%	-0.8%
Manawatu-Wanganui	1.3%	0.6%
Wellington	1.4%	-3.2%
Nelson-Marlborough	1.2%	-0.1%
West Coast	1.9%	-0.1%
Canterbury	1.5%	-0.5%
Otago	1.2%	-0.6%
Southland	1.6%	-1.5%
New Zealand	1.1%	-0.7%

Source: National Bank, Regional Economic Indicators.

Employment

Statistics New Zealand has noted that “employment decreased by 17,000 (0.8 percent), dropping to 2,154,000 during the September 2009 quarter. This is the lowest number of employed people since the December 2006 quarter. Annually, employment decreased by 1.8 percent. Both full-time and part-time employment decreased during the September 2009 quarter. Full-time employment had the larger decrease of 8,000 (0.5 percent), while part-time employment decreased by 5,000 (1.1 percent). The Waikato was the only region to show a significant (unadjusted) annual decrease in the number of people employed, down by 17,300 to 192,600”.⁴

The Department of Labour indicated that the strong rise in employment for Waikato has been due to strong growth in health & community services, property & business services and construction.⁵

³ Department of Labour. Regional Labour Market Overview 2009.

http://www.dol.govt.nz/publications/lmr/regional/regional-overview-2009/regional-overview-2009_05.asp

⁴ Statistics New Zealand. Household Labour Force Survey September 2009.

http://www.statistics.govt.nz/browse_for_stats/work_income_and_spending/Employment/HouseholdLabourForceSurvey_HOTPSep09qtr/Commentary.aspx

⁵ Department of Labour. Regional Labour Market Overview 2009. Employment.

http://www.dol.govt.nz/publications/lmr/regional/regional-overview-2009/regional-overview-2009_07.asp

Table 2: Regional employment indicators, years to September 2004 and 2009

	Employment growth		Employment rate	
	Annual average % change 2004-09	Annual average % change 2008-09	2004	2009
Northland	1.6%	-0.7%	57.1%	58.4%
Auckland	1.5%	-2.8%	64.0%	64.1%
Waikato	3.3%	-1.9%	65.4%	65.3%
Bay of Plenty	0.7%	3.9%	61.3%	61.1%
Gisborne/Hawke's Bay	1.1%	-0.6%	60.5%	62.2%
Taranaki	2.1%	-4.1%	62.7%	64.6%
Manawatu-Wanganui	1.1%	2.6%	59.9%	63.1%
Wellington	2.2%	3.0%	64.9%	67.5%
T/N/M/WC	1.6%	2.9%	64.7%	65.8%
Canterbury	2.1%	-1.3%	66.6%	66.5%
Otago	-0.3%	8.6%	63.4%	63.2%
Southland	1.5%	-0.2%	65.9%	70.6%
New Zealand	1.7%	-0.3%	63.8%	64.7%

Source: Department of Labour, *Regional Labour Market Overview 2009*

Unemployment

The annual average unemployment rate in New Zealand fell from 4.3% in September 2004 to a 22-year low of 3.7% in September 2007. However, it has since risen to an 8-year high of 5.5% in the year to September 2009. Table 3 below shows regional unemployment rates for the years to September 2004 and 2009 and the percentage point change in the unemployment rate over the past five years and the past year.⁶

Statistics New Zealand indicated that the September 2009 Quarter Household Labour Force Survey (HLFS) showed further rises in unemployment and the unemployment rate, continuing the trend seen over the past seven quarters. The number of people unemployed reached its highest level in 15 years, while the unemployment rate hit a nine-year high. Employment continued to decline this quarter.

⁶ Department of Labour. *Regional Labour Market Overview 2009*.
http://www.dol.govt.nz/publications/lmr/regional/regional-overview-2009/regional-overview-2009_08.asp

Franklin District Statistics

<p style="text-align: center;">Population Estimates</p> <p style="text-align: center;">30 June 2009 Franklin District</p> <p style="text-align: center;">64,200 (+1,000) From June 2008</p>	<p style="text-align: center;">Employee Count</p> <p style="text-align: center;">2009 Franklin District</p> <p style="text-align: center;">18,560 (-650) From 2008</p>	<p style="text-align: center;">Business Locations</p> <p style="text-align: center;">2009 Franklin District</p> <p style="text-align: center;">8,901 (-78) From 2008</p>
<p style="text-align: center;">Number of New Residential Consents</p> <p style="text-align: center;">Year ended Nov 2009 Franklin District</p> <p style="text-align: center;">228 -62% (-137) From year ended Nov 2008</p>	<p style="text-align: center;">Floor Area of New Residential Consents</p> <p style="text-align: center;">Year ended June 2009 Franklin District</p> <p style="text-align: center;">77,363 square metres - 8.0% (- 6,354 square metres) From year ended June 2008</p>	<p style="text-align: center;">Value of Non-Residential Consents</p> <p style="text-align: center;">Year ended June 2009 Franklin District</p> <p style="text-align: center;">\$53.8m +35% (+\$14m) From year ended June 2008</p>

Franklin District: Sector Employment

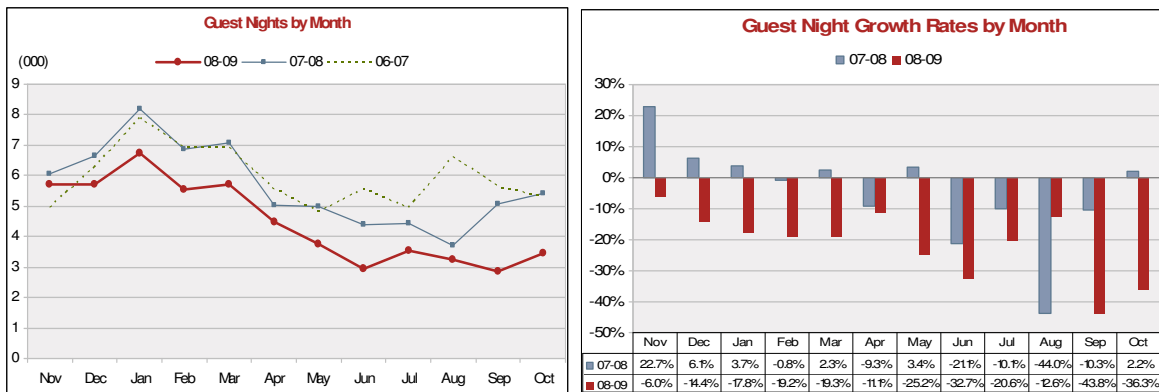
	Employee numbers 2009	Annual Average % Change in Region 2005-09	% Share of Region 2009	Employee numbers in New Zealand 2009
C Manufacturing	2,870	-1.1%	15.4%	228,505
A Agriculture, Forestry and Fishing	2,440	-3.9%	13.1%	110,740
G Retail Trade	2,050	1.4%	11.0%	198,008
P Education and Training	1,650	5.7%	8.9%	165,650
E Construction	1,490	1.9%	8.0%	121,219
Q Health Care and Social Assistance	1,240	8.3%	6.7%	196,128
H Accommodation and Food Services	1,210	6.0%	6.5%	130,175
N Administrative and Support Services	1,060	5.7%	5.7%	87,633
F Wholesale Trade	870	-3.2%	4.7%	105,260
M Professional, Scientific and Technical Services	720	5.1%	3.9%	143,339
S Other Services	660	2.0%	3.6%	64,016
R Arts and Recreation Services	470	12.8%	2.5%	37,780
O Public Administration and Safety	440	11.0%	2.4%	104,529
I Transport, Postal and Warehousing	430	-4.6%	2.3%	84,175
L Rental, Hiring and Real Estate Services	240	4.7%	1.3%	28,082
K Financial and Insurance Services	220	-2.2%	1.2%	53,789
D Electricity, Gas, Water and Waste Services	200	2.7%	1.1%	13,158
J Information Media and Telecommunications	160	-2.9%	0.9%	41,090
B Mining	160	7.5%	0.9%	5,920
Total	18,580	1.6%	100.0%	1,919,196

Source: Department of Labour, Regional Industry Tool, January 2010.

Tourism Statistics

International arrivals were down 0.6% on the previous year. Visitors from key markets saw a 10.3% increase from Australia, with declines in other key markets including UK -10.1%, USA -8.3%, China -6.8%, Japan -24.2%. These combined markets provide 70% of international visitors to New Zealand for the year ended November 2009. The purpose of the visit (annual growth) recording visiting friends & relatives +5.3%, Holiday -0.3%, Business -10.9%, with the average intended length of stay 20.3 days.⁷

Ministry of Tourism New Zealand's research data suggested that the Franklin District has experienced an overall decline in quest night accommodation as indicated in the graphs below.



Franklin Tourism

Franklin operators (non-accommodation)

20 businesses canvassed (key tourism businesses) 7 responded. Of those who did respond: 4 have noted an increase in business over the same period last year (December/January) with 1 recording a 50% increase

Source of business: 6 recorded that business is predominantly local/domestic market; 1 has had business from India, UK, Australia, USA and Europe with most business originating from the domestic market.

Accommodation

Accommodation businesses recorded a quieter January than expected however had a lot of international business as a result of the McLaren festival in February.

i-SITE's

During December, the Bombay i-SITE reported a 71% increase in business activities with 5714 customers served as against 2659 during the same period in 2008.

Local/domestic visitors went from 575 in December 2008 to 1270 in December 2009; while international visitors into the Bombay i-SITE went from 922 – 1641 over the same period.

⁷ Ministry of Tourism. Key Tourism Statistics, January 2010.
<http://www.tourismresearch.govt.nz/Documents/Key%20Statistics/KeyTourismStatisticsJan2010.pdf>

Pukekohe i-SITE recorded an increase in domestic/local business during December as against the same period in 2008: 763 – 994; and from 48 to 134 international visitors.

Franklin Country web-site

50% increase in visits during January 2010 with 2783 visits; 8218 page views (an increase of 58%) over previous month.

49% increase in visits from NZ; 153% increase in visits from the Australian market over the previous month.

Business Confidence Levels

Enterprise Franklin conducts a Business Confidence Survey twice yearly designed to gauge Franklin business owners' views on where the economy is moving. Survey participants are selected from the Enterprise Franklin Development Trust database that has a wide cross section of all business types. The survey whilst not based upon an extensive research model does independent anonymous feedback from local businesses within the Franklin District.

In March 2009 participants of this survey generally were expecting deterioration in business conditions over the full year ahead. By November 2009 most respondents (53.1%) believed that general business conditions within the national economy would improve, 37.5% thought conditions would remain the same, 9.4% believed that conditions would deteriorate.

When asked their views on how business conditions will be like in 6 months time with regards to the local economy 46.9% of Franklin businesses felt that local economy would remain the same, 46.9% felt that economy could improve and 6.2% believed the economy would deteriorate. When asked "How is your business trading at present?" 6.5% indicated poorly, 38.7% indicated average trading (business as usual), 41.9% indicated good business trading and 12.9% indicated very good trading was occurring.

Overall businesses felt that whilst the national economy would improve businesses within the next six months, most were not planning to undertake any significant business investments in any key indicator areas.