



Summary of economic performance of Whangarei District

**for
Whangarei District Council**

Prepared by Infometrics Ltd

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Glossary

Gross Domestic Product

Gross domestic product (GDP) is a measure of economic output. It is equal to the sum of the value added (see below) at every stage of production (the intermediate stages) by all the industries within a region.

Nominal GDP

Nominal GDP is GDP expressed in the current prices of the period being measured.

Primary industries

The primary sector of the economy involves changing natural resources into primary products. Most products from this sector are considered raw materials for other industries. Industries in this sector include agriculture, fishing, forestry and mining and quarrying.

Productivity

Productivity measures of output from production processes, per unit of input. Labour productivity, for example, is measured as a ratio of output per labour-hour, an input.

Real GDP

Real GDP is a measure of the size of the economy adjusted for price changes and inflation. It enables measures of GDP to be meaningfully compared over time. Real GDP for a given year is the given year's nominal GDP stated in the base-year price level. In this report all GDP measures are real and are expressed in 2007/08 prices (the year to March 2008 is the base year).

Secondary Industries

The secondary sector of the economy includes those economic industries that create a finished, usable product ie manufacturing and construction. This sector generally takes the output of the primary sector and manufactures finished goods or where they are suitable for use by other businesses, for export, or sale to domestic consumers.

Tertiary Industries

The tertiary sector of economy involves the provision of services to businesses as well as final consumers. Services may involve the transport, distribution and sale of goods from producer to a consumer as may happen in wholesaling and retailing, or may involve the provision of a service, such as in banking, education and social services.

Value added

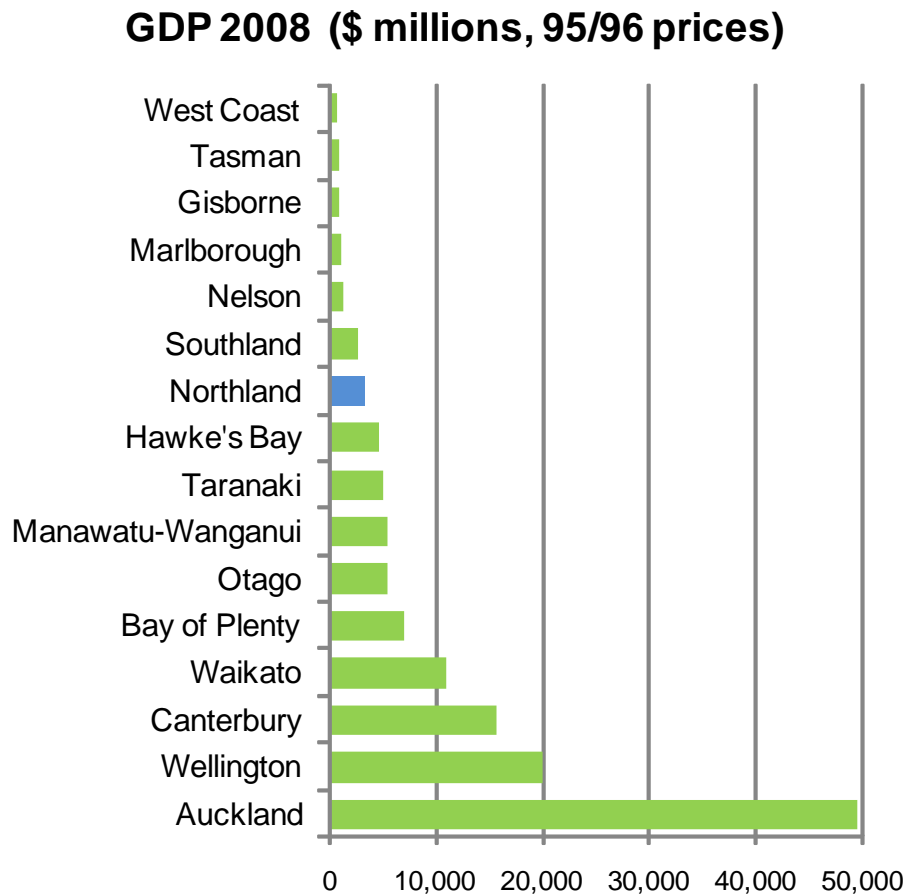
A term used to describe the contribution of an industry to gross domestic product. Value added measures the difference between total revenue of firms and the cost of raw materials, services and components.



Northland's place in New Zealand

In the year to March 2008 Northland's GDP was \$4,470million in current prices or \$3,328million in 1995/96 prices¹. Northland's GDP accounted for 2.6% of New Zealand's GDP. It is among the smaller of the regional economies, although it is larger than Gisborne, Tasman, Nelson, Marlborough, West Coast and Southland. Northland GDP per capita is about a third lower than the national average and is the lowest among regions, except for Tasman.

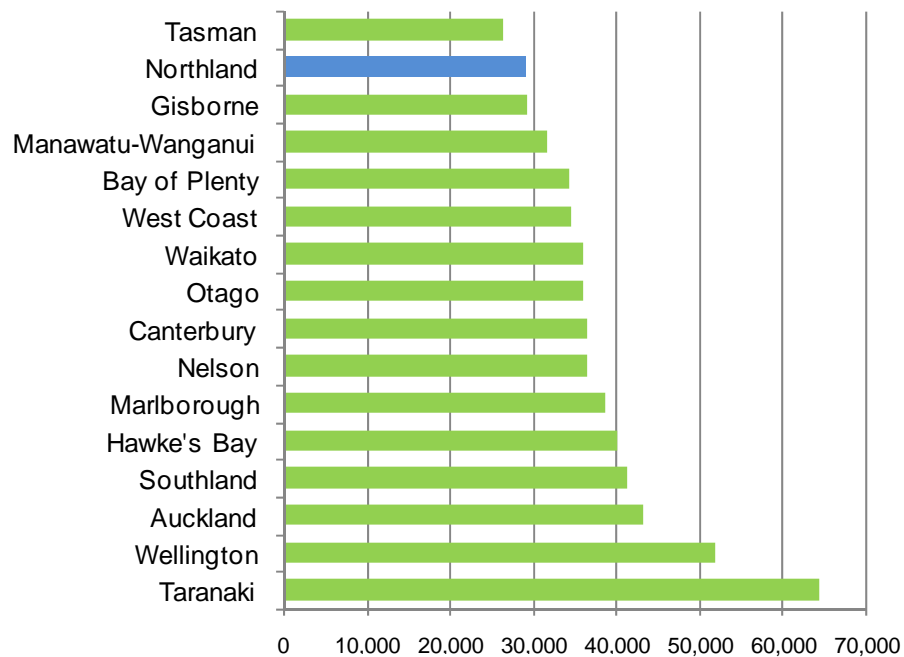
Figure 1



¹ In this report GDP levels are reported in 2007/2008 prices. However, to ensure consistency with official GDP statistics all analysis (including growth rates, industry shares etc) was conducted in constant 1995/96 prices. All official GDP statistics in New Zealand are published in 1995/96 prices.



Figure 2. GDP per capita by region, (year to March 2008, current prices)



Source: Infometrics and Statistics New Zealand

Primary industry is important to Northland's economy, contributing 15.4% to GDP. This is significantly higher than primary industry's contribution to total New Zealand GDP (7.1%). However, Northland is middle ranking among the regions in terms of primary industry's contribution to GDP. Regions with higher contributions include Gisborne (24.8%), Hawke's Bay (19.2%), Taranaki (24.6%), Tasman (24.2%), Marlborough (17.6%), West Coast (29.2%) and Southland (17.7%).

Secondary industry contributes 23.2% to Northland's GDP, but this is only slightly higher than the same measure at the national level (20.3%). According to this measure Northland is again in line with the national median, well below the likes of Taranaki (40.7%) and Hawke's Bay (31.6%).

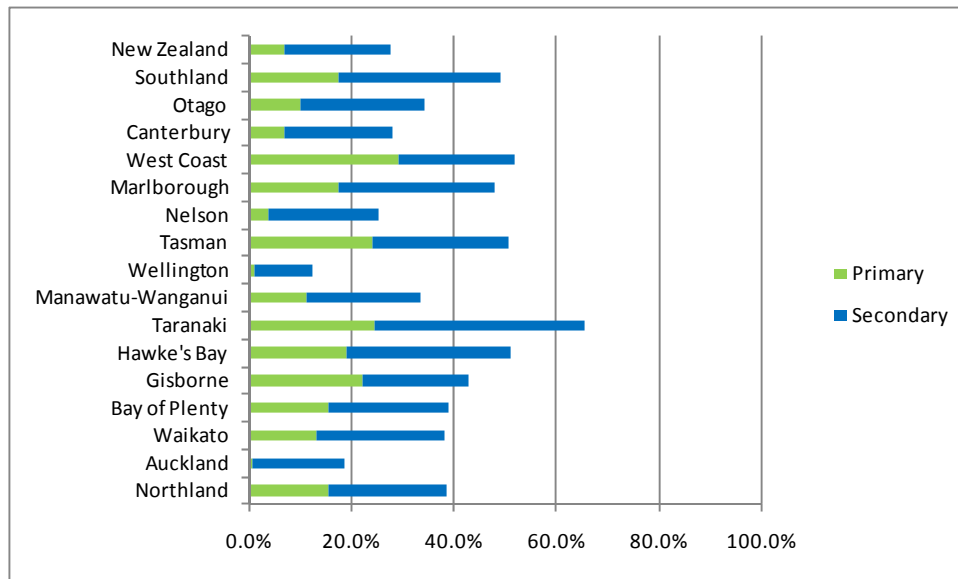
Tertiary industry is also important to Northland's economy, but less so than on a national level because of the relative importance of primary and secondary industry. Tertiary industry contributes 50.5% to Northland's GDP, compared to 63.3% for total New Zealand GDP. Once again, Northland is middle ranking among regions according to this measure, the highest being Wellington (79.5%) and Auckland (72.1%) and the lowest being Taranaki (28.3%).

In summary, compared with the national average, Northland output is very high in primary industries, high in secondary industries, and low in services. However, this difference with the average largely reflects the concentration of service activities in the large population centres. The median (ie typical) split between industrial production in New Zealand regions is 15.5% in primary, 23.2% in secondary, and 50.7% in tertiary.



This is practically identical to what is found for Northland, suggesting that Northland is perhaps the archetypal regional economy.

Figure 3: Importance of primary and secondary industries to regional production



Source: Infometrics and Statistics New Zealand

Table 1. Size and structure of regional economies in New Zealand (March 2008 year)

| | GDP (current prices) | | | Share of regional total | | | | Total |
|-------------------|----------------------|------------|-------------------|-------------------------|----------------------|---------------------|-------|-------|
| | Total (\$m) | Per capita | Share of NZ total | Primary industries | Secondary industries | Tertiary industries | Other | |
| Northland | 4,470 | 28,890 | 2.6% | 15.4% | 23.0% | 50.6% | 10.9% | 100% |
| Auckland | 61,001 | 43,120 | 35.4% | 0.8% | 17.7% | 72.0% | 9.5% | 100% |
| Waikato | 14,434 | 35,890 | 8.4% | 13.0% | 25.1% | 52.3% | 9.7% | 100% |
| Bay of Plenty | 9,222 | 34,170 | 5.4% | 15.6% | 23.4% | 50.7% | 10.2% | 100% |
| Gisborne | 1,345 | 29,250 | 0.8% | 22.2% | 20.5% | 47.8% | 9.5% | 100% |
| Hawke's Bay | 6,130 | 40,120 | 3.6% | 19.2% | 31.9% | 41.0% | 8.0% | 100% |
| Taranaki | 6,896 | 64,150 | 4.0% | 24.5% | 41.1% | 28.1% | 6.3% | 100% |
| Manawatu-Wanganui | 7,263 | 31,690 | 4.2% | 11.4% | 21.9% | 57.4% | 9.2% | 100% |
| Wellington | 24,569 | 51,860 | 14.3% | 1.2% | 11.1% | 79.4% | 8.3% | 100% |
| Tasman | 1,228 | 26,410 | 0.7% | 24.1% | 26.5% | 38.5% | 10.9% | 100% |
| Nelson | 1,632 | 36,510 | 0.9% | 3.8% | 21.5% | 62.9% | 11.8% | 100% |
| Marlborough | 1,713 | 38,490 | 1.0% | 17.6% | 30.3% | 42.4% | 9.6% | 100% |
| West Coast | 1,118 | 34,510 | 0.6% | 29.1% | 22.8% | 38.9% | 9.2% | 100% |
| Canterbury | 20,125 | 36,400 | 11.7% | 6.9% | 20.9% | 62.0% | 10.1% | 100% |
| Otago | 7,320 | 35,970 | 4.2% | 10.2% | 24.0% | 56.0% | 9.7% | 100% |
| Southland | 3,825 | 41,120 | 2.2% | 17.7% | 31.3% | 43.7% | 7.3% | 100% |
| New Zealand | 172,290 | 40,360 | 100.0% | 7.1% | 20.5% | 63.2% | 9.3% | 100% |

Source: Infometrics and Statistics New Zealand



Structure of Northland's economy

Table 2 shows value added by major industry for Northland and its three territorial authorities: Far North, Whangarei and Kaipara.

Table 2. GDP by major industries (March 2008 year)

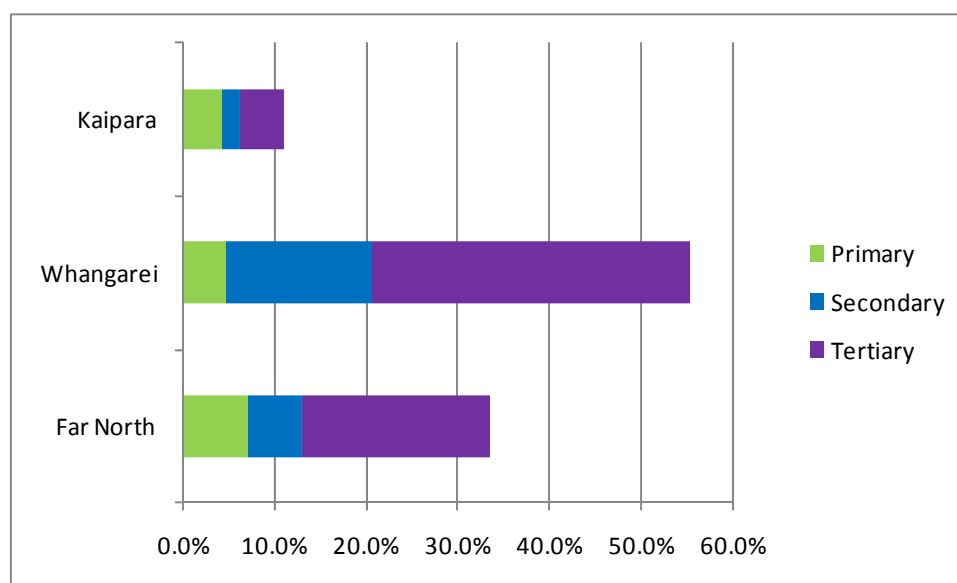
| | GDP (\$m, current prices) | | | | New Zealand |
|---------------------------------------|---------------------------|--------------|------------|--------------|----------------|
| | Far North | Whangarei | Kaipara | Northland | |
| Agriculture, Forestry and Fishing | 306 | 205 | 184 | 696 | 12,996 |
| Mining | 11 | 5 | 7 | 23 | 1,693 |
| Total primary industries | 317 | 210 | 191 | 718 | 14,689 |
| Manufacturing | 150 | 502 | 69 | 721 | 22,533 |
| Electricity, Gas and Water Supply | 50 | 84 | 0 | 134 | 4,235 |
| Construction | 63 | 127 | 15 | 206 | 8,466 |
| Total secondary industries | 263 | 713 | 84 | 1,061 | 35,234 |
| Wholesale Trade | 23 | 73 | 11 | 107 | 11,014 |
| Retail Trade | 101 | 152 | 25 | 279 | 10,764 |
| Accommodation, Cafes and Restaurants | 47 | 35 | 7 | 89 | 3,208 |
| Transport and Storage | 34 | 49 | 5 | 87 | 6,007 |
| Communication Services | 19 | 18 | 4 | 42 | 3,969 |
| Finance and Insurance | 36 | 104 | 9 | 149 | 11,259 |
| Property and Business Services | 205 | 326 | 49 | 580 | 27,309 |
| Government Administration and Defence | 67 | 138 | 15 | 220 | 8,272 |
| Education | 75 | 91 | 17 | 183 | 6,617 |
| Health and Community Services | 93 | 216 | 15 | 324 | 9,414 |
| Cultural and Recreational Services | 17 | 24 | 4 | 44 | 4,304 |
| Personal and Other Services | 38 | 54 | 6 | 98 | 3,429 |
| Total tertiary industries | 754 | 1,279 | 168 | 2,201 | 105,567 |
| Ownership of owner-occupied dwellings | 42 | 68 | 14 | 124 | 5,729 |
| Not Elsewhere Included | 125 | 201 | 40 | 365 | 11,070 |
| Total | 1,502 | 2,471 | 497 | 4,470 | 172,290 |
| Tourism | 109 | 128 | 23 | 260 | 8,555 |

Source: Infometrics and Statistics New Zealand

Whangarei is by far the largest contributor to Northland's GDP, accounting for more than half (54.0%) of the region's value added (Table 3). Far North contributes slightly more than a third (34.6%) while Kaipara contributes about 11%. Whangarei is the largest contributor to Northland's GDP in most major industries. However, Far North is the largest contributor in agriculture, forestry & fishing, mining, accommodation, cafes & restaurants and communication services.



Figure 4: Share of Northland GDP, year to March 2008



Source: Infometrics and Statistics New Zealand

Table 3. Distribution of value added across industries and selected areas (March 2008 year)

| | Share of Northland industry GDP | | | | Share of area GDP | | | | |
|---------------------------------------|---------------------------------|--------------|--------------|-------------|-------------------|--------------|--------------|--------------|--------------|
| | Far North | Whangarei | Kaipara | Northland | Far North | Whangarei | Kaipara | Northland | New Zealand |
| Agriculture, Forestry and Fishing | 44.0% | 29.5% | 26.5% | 100% | 20.0% | 8.0% | 33.0% | 14.8% | 5.9% |
| Mining | 48.5% | 21.2% | 30.3% | 100% | 0.9% | 0.2% | 1.7% | 0.6% | 1.2% |
| Total primary industries | 44.2% | 29.2% | 26.6% | 100% | 20.9% | 8.2% | 34.7% | 15.4% | 7.1% |
| Manufacturing | 20.9% | 69.6% | 9.5% | 100% | 11.1% | 19.5% | 15.8% | 16.2% | 14.0% |
| Electricity, Gas and Water Supply | 37.1% | 62.7% | 0.3% | 100% | 2.4% | 2.5% | 0.1% | 2.2% | 1.7% |
| Construction | 30.7% | 61.8% | 7.4% | 100% | 4.1% | 5.2% | 3.1% | 4.6% | 4.6% |
| Total secondary industries | 24.8% | 67.2% | 8.0% | 100% | 17.6% | 27.2% | 19.0% | 23.0% | 20.3% |
| Wholesale Trade | 21.7% | 68.3% | 10.1% | 100% | 2.0% | 3.8% | 2.8% | 3.1% | 7.8% |
| Retail Trade | 36.4% | 54.6% | 9.0% | 100% | 7.0% | 6.5% | 5.4% | 6.5% | 6.2% |
| Accommodation, Cafes and Restaurants | 52.2% | 39.6% | 8.1% | 100% | 2.7% | 1.3% | 1.3% | 1.7% | 1.5% |
| Transport and Storage | 38.7% | 55.8% | 5.4% | 100% | 3.2% | 2.8% | 1.4% | 2.8% | 4.7% |
| Communication Services | 45.5% | 43.9% | 10.6% | 100% | 3.4% | 2.1% | 2.5% | 2.6% | 6.0% |
| Finance and Insurance | 24.0% | 69.8% | 6.2% | 100% | 2.6% | 4.7% | 2.1% | 3.7% | 6.8% |
| Property and Business Services | 35.3% | 56.1% | 8.5% | 100% | 11.9% | 12.2% | 8.9% | 11.7% | 13.9% |
| Government Administration and Defence | 30.4% | 62.6% | 6.9% | 100% | 4.5% | 5.7% | 3.2% | 5.0% | 4.6% |
| Education | 40.9% | 49.6% | 9.5% | 100% | 4.5% | 3.4% | 3.3% | 3.7% | 3.3% |
| Health and Community Services | 28.7% | 66.7% | 4.6% | 100% | 6.1% | 8.9% | 3.1% | 7.3% | 5.2% |
| Cultural and Recreational Services | 37.8% | 53.7% | 8.5% | 100% | 0.9% | 0.8% | 0.6% | 0.8% | 1.9% |
| Personal and Other Services | 39.3% | 54.9% | 5.8% | 100% | 1.9% | 1.6% | 0.9% | 1.7% | 1.4% |
| Total tertiary industries | 34.3% | 58.1% | 7.6% | 100% | 50.6% | 53.7% | 35.4% | 50.6% | 63.3% |
| Ownership of owner-occupied dwellings | 34.1% | 55.0% | 10.9% | 100% | 3.1% | 3.1% | 3.1% | 3.1% | 3.5% |
| Not Elsewhere Included | 34.1% | 54.9% | 10.9% | 100% | 7.9% | 7.9% | 7.9% | 7.9% | 5.8% |
| Total | 33.6% | 55.3% | 11.1% | 100% | 100% | 100% | 100% | 100% | 100% |
| Tourism | 42.1% | 49.2% | 8.7% | 100.0% | 7.1% | 5.2% | 4.6% | 5.8% | 5.0% |

Using a high level of classification, manufacturing is the largest of Northland's industries, contributing 16.2% of value added to the region's economy in the March 2008 year. The petrol refinery contributed \$245



million (in current prices) to the region's GDP in the year to March 2008, which is about one-third of total manufacturing in Northland.

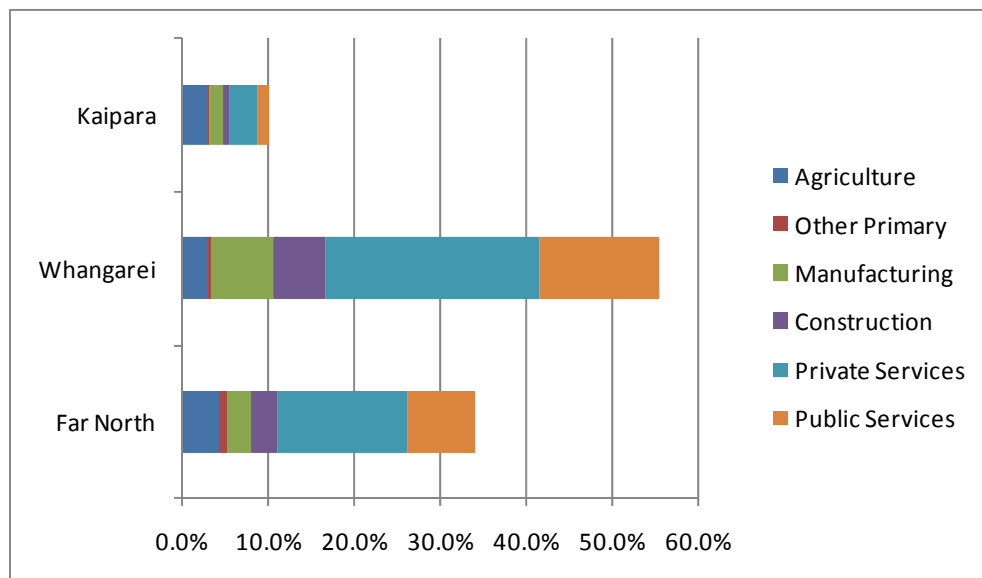
The second largest major industry is agriculture, forestry and fishing (14.8%) followed by business and property Services (11.7%).

Major industries that account for a notably larger share of the Northland economy than at the national level include agriculture, forestry & fishing, electricity, gas & water supply, government administration & defence and health & community Services. Among the three territorial authorities making up Northland, Whangarei is the most diversified and also most closely resembles the composition of the national economy. Kaipara and Far North are heavily dependent on agriculture which accounts for nearly a third of the former and a fifth of the latter's economic output.

Employment

In terms of employment, the split between regions is very similar to that found for production, with 55.5% of the region's employment in Whangarei, 34.3% in the Far North and 10.2% in Kaipara. However, as services are typically more labour-intensive, the proportion of employment in services is higher than its share of the regional economy, with services accounting for 66.8% of the region's employment, but just 60.2% of production. The bulk of this service employment is within the Whangarei District, with 38.8% of the region's total employment being in service activities in Whangarei.

Figure 5: Share of Northland employment, March 2008



Source: Infometrics and Statistics New Zealand



Table 4: Job count in year to March 2008

| Detailed industry | Far North | Whangarei | Kaipara | Northland | New Zealand |
|---|---------------|---------------|--------------|---------------|------------------|
| Horticulture and fruit growing | 869 | 340 | 438 | 1,647 | 25,309 |
| Livestock and cropping farming | 643 | 230 | 266 | 1,139 | 28,928 |
| Dairy and cattle farming | 599 | 832 | 891 | 2,322 | 29,602 |
| Other farming | 92 | 124 | 26 | 241 | 6,950 |
| Services to agriculture, hunting and trapping | 488 | 377 | 236 | 1,101 | 30,480 |
| Forestry and logging | 390 | 224 | 128 | 742 | 7,024 |
| Fishing | 128 | 49 | 13 | 190 | 2,952 |
| Mining and quarrying | 93 | 41 | 58 | 191 | 3,960 |
| Oil and gas (including petroleum refining) | 0 | 274 | 0 | 274 | 2,044 |
| Meat and Dairy Manufacturing | 302 | 433 | 367 | 1,103 | 34,952 |
| Other food manufacturing | 116 | 86 | 36 | 238 | 26,045 |
| Beverage, malt and tobacco manufacturing | 36 | 8 | 2 | 46 | 5,850 |
| Textiles and apparel manufacturing | 26 | 108 | 49 | 183 | 17,368 |
| Wood product manufacturing | 622 | 936 | 160 | 1,718 | 21,592 |
| Paper and paper product manufacturing | 0 | 15 | 1 | 17 | 4,732 |
| Printing, publishing and recorded media | 114 | 268 | 25 | 407 | 24,086 |
| Chemicals incl fertiliser, ind chem and personal chem | 1 | 65 | 2 | 68 | 2,811 |
| Rubber, plastic and other chemical product man. | 90 | 126 | 19 | 236 | 17,920 |
| Non-metallic mineral product manufacturing | 59 | 407 | 28 | 495 | 8,512 |
| Basic metal manufacturing | 0 | 2 | 0 | 2 | 5,416 |
| Structural, sheet & fabricated metal product man. | 135 | 577 | 28 | 740 | 26,666 |
| Transport Equipment manufacturing | 83 | 585 | 2 | 670 | 13,971 |
| Machinery and other equipment manufacturing | 157 | 506 | 41 | 703 | 32,937 |
| Furniture and other manufacturing | 76 | 145 | 180 | 400 | 14,844 |
| Electricity generation, transmission and distribution | 128 | 166 | 0 | 294 | 4,943 |
| Water supply | 6 | 14 | 1 | 21 | 1,071 |
| Sewerage, drainage and waste disposal services | 139 | 104 | 37 | 281 | 5,442 |
| Residential Construction | 411 | 600 | 96 | 1,107 | 29,796 |
| Other Construction | 1,481 | 3,204 | 361 | 5,046 | 146,057 |
| Wholesale trade to non trade sectors | 403 | 1,154 | 166 | 1,723 | 76,697 |
| Wholesale trade to trade sector | 87 | 387 | 61 | 535 | 53,438 |
| Retail Trade | 2,882 | 4,329 | 717 | 7,928 | 260,323 |
| Accommodation, restaurants and bars | 1,759 | 1,334 | 274 | 3,368 | 115,003 |
| Road freight transport | 307 | 565 | 50 | 922 | 28,358 |
| Road passenger transport | 212 | 162 | 40 | 415 | 13,342 |
| Rail, water & Air Transport and Transport services | 195 | 303 | 11 | 508 | 44,360 |
| Communication services | 199 | 192 | 46 | 438 | 27,053 |
| Finance and Banking | 176 | 445 | 45 | 667 | 30,220 |
| Insurance | 0 | 68 | 0 | 68 | 9,570 |
| Services to Finance & Insurance | 92 | 269 | 24 | 385 | 19,146 |
| Real estate | 590 | 627 | 172 | 1,388 | 30,176 |
| Equipment hire and investors in other property | 97 | 123 | 15 | 234 | 10,039 |
| Scientific research and computer services | 266 | 754 | 22 | 1,041 | 69,722 |
| Other business services | 1,098 | 3,056 | 206 | 4,360 | 218,337 |
| Central government administration and defence | 604 | 1,100 | 65 | 1,769 | 73,111 |
| Local government administration | 272 | 222 | 71 | 565 | 16,505 |
| Pre-school, primary and secondary education | 1,810 | 1,853 | 413 | 4,076 | 106,086 |
| Other education | 217 | 602 | 58 | 877 | 54,497 |
| Hospitals and nursing homes | 283 | 1,544 | 72 | 1,899 | 59,471 |
| Other health and community services | 1,853 | 3,430 | 270 | 5,553 | 136,294 |
| Cultural and recreational services | 495 | 702 | 111 | 1,308 | 60,068 |
| Personal and other community services | 497 | 1,057 | 86 | 1,639 | 54,271 |
| Total | 21,677 | 35,126 | 6,485 | 63,288 | 2,148,350 |
| Other industries | | | | | |
| Aquaculture | 17 | 26 | 4 | 47 | 278 |
| Tourism | 3,590 | 3,034 | 496 | 7,121 | 138,070 |
| Marine industries | 55 | 135 | 12 | 202 | 8,581 |
| Information technology | 110 | 468 | 16 | 593 | 27,228 |

Source: Infometrics and Statistics New Zealand

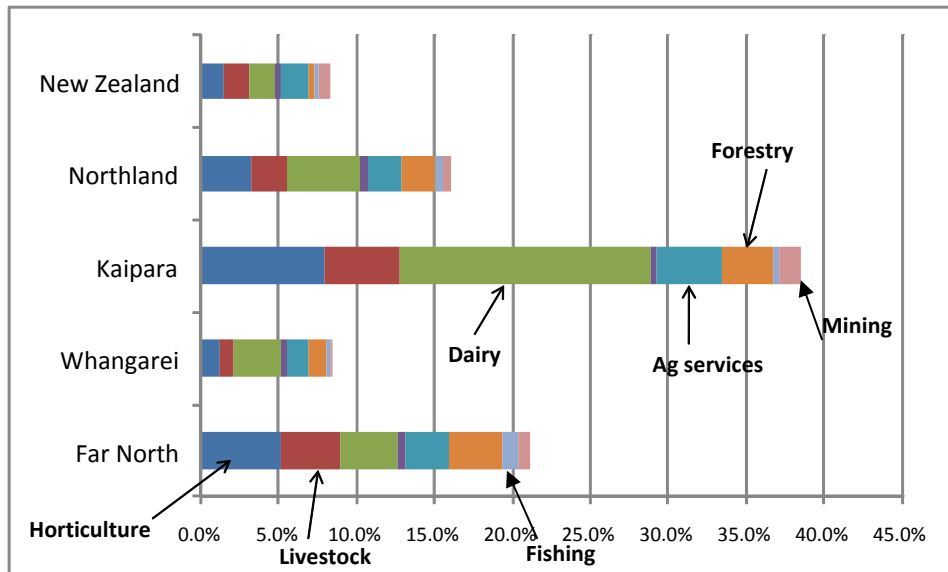


Detailed industrial production

Primary production

Primary production is of vital importance to the Kaipara district economy, representing 38.5% of the district's production in 2008. At 16.1% of the district's total production, dairy is the most important industry in Kaipara. Other important primary industry activities in Kaipara are horticulture (representing 8.0% of the district's total production), livestock farming (4.8%) and agriculture services (4.1%).

Figure 6: Primary production, % of area's total production



Source: Infometrics and Statistics New Zealand

Primary production is also very important for the Far North economy, representing 21.1% of the district's total production in 2008.

For Whangarei, the importance of primary production is close to the national average, 8.5% of total production in Whangarei compared with 8.3% nationally. The key difference with the national average is the greater importance of Dairying in Whangarei (3.0% of the district's total production compared with 1.7% nationally).

Manufacturing

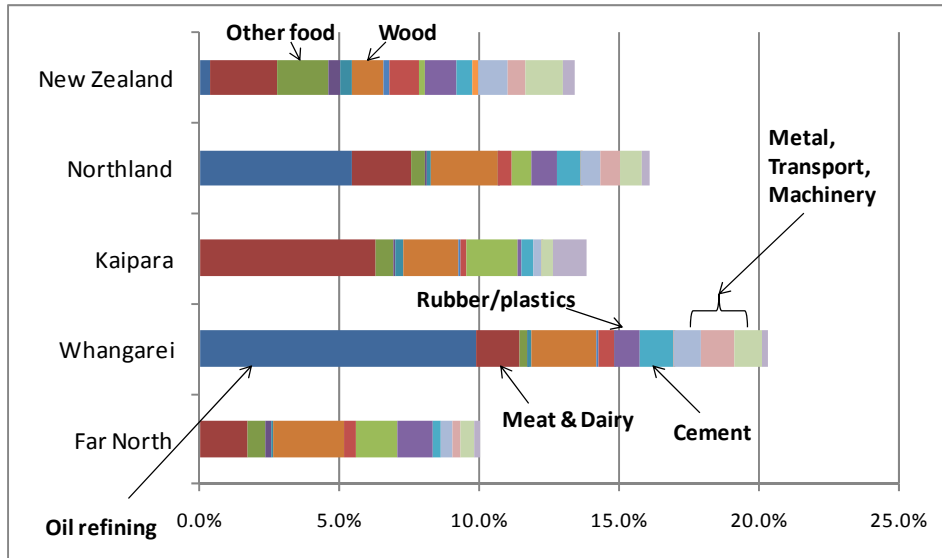
Where production in Whangarei stands out is with manufacturing production, with 20.3% of production in Whangarei coming from manufacturing activities, compared with 13.4% nationally. The contrast is less stark once one removes the 9.9% contribution to Whangarei's total production from the oil refinery. After the refinery, wood processing is the second most important manufacturing activity for Whangarei, representing 2.3% of the district's total production. Cement (1.2% of total production)



and transport equipment manufacturing² (1.2%) are two other areas of specialisation for manufacturing in Whangarei.

Food processing and wood processing are the two key areas of manufacturing activity in Kaipara and the Far North.

Figure 7: Manufacturing, % of area's total production



Source: Infometrics and Statistics New Zealand

² Includes boat building



Table 5. Distribution of GDP by detailed industry (year to March 2008, 95/96 prices)

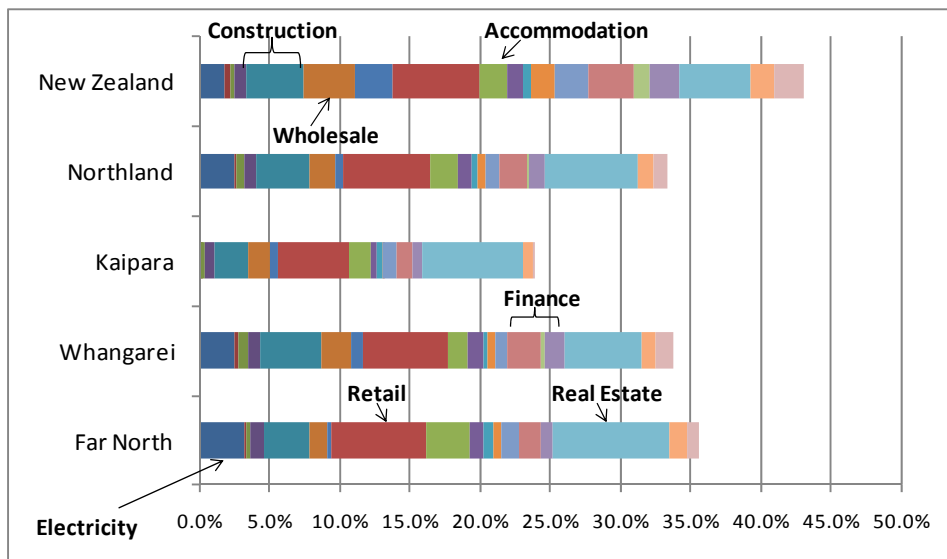
| | Far North | Whangarei | Kaipara | Northland | New Zealand |
|---|-----------|-----------|---------|-----------|-------------|
| Horticulture and fruit growing | 5.2% | 1.2% | 8.0% | 3.3% | 1.4% |
| Livestock and cropping farming | 3.8% | 0.8% | 4.8% | 2.3% | 1.7% |
| Dairy and cattle farming | 3.6% | 3.0% | 16.1% | 4.7% | 1.7% |
| Other farming | 0.6% | 0.5% | 0.5% | 0.5% | 0.4% |
| Services to agriculture, hunting and trapping | 2.8% | 1.3% | 4.1% | 2.1% | 1.7% |
| Forestry and logging | 3.4% | 1.2% | 3.3% | 2.2% | 0.5% |
| Fishing | 1.1% | 0.3% | 0.3% | 0.5% | 0.2% |
| Mining and quarrying | 0.7% | 0.2% | 1.4% | 0.5% | 0.8% |
| Oil and gas (including petroleum refining) | 0.0% | 9.9% | 0.0% | 5.5% | 0.4% |
| Meat and Dairy Manufacturing | 1.7% | 1.5% | 6.3% | 2.1% | 2.4% |
| Other food manufacturing | 0.7% | 0.3% | 0.6% | 0.5% | 1.8% |
| Beverage, malt and tobacco manufacturing | 0.2% | 0.0% | 0.0% | 0.1% | 0.4% |
| Textiles and apparel manufacturing | 0.1% | 0.1% | 0.3% | 0.1% | 0.5% |
| Wood product manufacturing | 2.6% | 2.3% | 2.0% | 2.4% | 1.1% |
| Paper and paper product manufacturing | 0.0% | 0.0% | 0.0% | 0.0% | 0.2% |
| Printing, publishing and recorded media | 0.4% | 0.6% | 0.3% | 0.5% | 1.0% |
| Chemicals incl fertiliser, ind chem and personal chem | 1.5% | 0.0% | 1.8% | 0.7% | 0.2% |
| Rubber, plastic and other chemical product man. | 1.3% | 0.9% | 0.2% | 0.9% | 1.2% |
| Non-metallic mineral product manufacturing | 0.3% | 1.2% | 0.4% | 0.8% | 0.5% |
| Basic metal manufacturing | 0.0% | 0.0% | 0.0% | 0.0% | 0.2% |
| Structural, sheet & fabricated metal product man. | 0.4% | 1.0% | 0.2% | 0.7% | 1.1% |
| Transport Equipment manufacturing | 0.3% | 1.2% | 0.0% | 0.7% | 0.6% |
| Machinery and other equipment manufacturing | 0.5% | 1.0% | 0.4% | 0.8% | 1.4% |
| Furniture and other manufacturing | 0.2% | 0.2% | 1.2% | 0.3% | 0.4% |
| Electricity generation, transmission and distribution | 3.2% | 2.5% | 0.0% | 2.4% | 1.7% |
| Water supply | 0.1% | 0.2% | 0.1% | 0.2% | 0.4% |
| Sewerage, drainage and waste disposal services | 0.3% | 0.8% | 0.3% | 0.6% | 0.3% |
| Residential Construction | 0.9% | 0.8% | 0.6% | 0.8% | 0.8% |
| Other Construction | 3.3% | 4.3% | 2.4% | 3.8% | 4.1% |
| Wholesale trade to non trade sectors | 1.3% | 2.2% | 1.6% | 1.8% | 3.8% |
| Wholesale trade to trade sector | 0.3% | 0.7% | 0.6% | 0.6% | 2.6% |
| Retail Trade | 6.8% | 6.2% | 5.1% | 6.2% | 6.2% |
| Accommodation, restaurants and bars | 3.1% | 1.4% | 1.5% | 2.0% | 1.9% |
| Road freight transport | 1.0% | 1.1% | 0.5% | 1.0% | 1.1% |
| Road passenger transport | 0.7% | 0.3% | 0.4% | 0.4% | 0.5% |
| Rail, water & Air Transport and Transport services | 0.6% | 0.6% | 0.1% | 0.5% | 1.8% |
| Communication services | 1.3% | 0.7% | 0.9% | 0.9% | 2.3% |
| Finance and Banking | 1.6% | 2.4% | 1.2% | 2.0% | 3.4% |
| Insurance | 0.0% | 0.4% | 0.0% | 0.2% | 1.1% |
| Services to Finance & Insurance | 0.8% | 1.4% | 0.6% | 1.1% | 2.1% |
| Real estate | 8.3% | 5.4% | 7.3% | 6.6% | 5.1% |
| Equipment hire and investors in other property | 1.4% | 1.0% | 0.6% | 1.1% | 1.7% |
| Scientific research and computer services | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Other business services | 0.8% | 1.3% | 0.2% | 1.0% | 2.2% |
| Central government administration and defence | 3.2% | 5.4% | 1.8% | 4.3% | 6.9% |
| Local government administration | 2.8% | 4.7% | 1.2% | 3.7% | 4.1% |
| Pre-school, primary and secondary education | 2.7% | 1.3% | 2.1% | 1.9% | 1.3% |
| Other education | 4.4% | 2.8% | 3.1% | 3.4% | 2.5% |
| Hospitals and nursing homes | 0.5% | 0.9% | 0.4% | 0.7% | 1.3% |
| Other health and community services | 0.8% | 2.7% | 0.6% | 1.8% | 1.7% |
| Cultural and recreational services | 5.4% | 6.0% | 2.4% | 5.4% | 3.8% |
| Personal and other community services | 1.1% | 1.0% | 0.8% | 1.0% | 2.5% |
| Imputed rent | 1.2% | 1.6% | 0.6% | 1.3% | 1.3% |
| Unallocated | 8.3% | 8.1% | 8.0% | 8.2% | 6.4% |
| | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |



Services

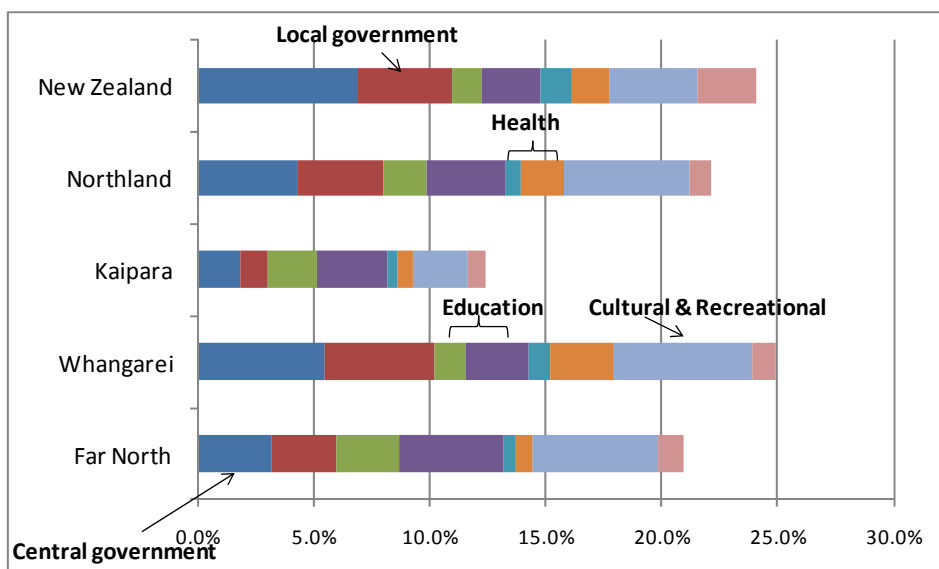
Retail (6.2% of total economic activity in Whangarei), cultural and recreational service (6.0%), real estate (5.4%), central government (5.4%), construction (5.1%), and local government (4.7%) are the major service industries of Whangarei. The two service areas that seem relatively small in Whangarei compared with New Zealand as a whole are wholesale trade (3.0% of the Whangarei economy compared 6.4% nationally) and communications (0.7% in Whangarei and 2.3% nationally).

Figure 8: Private services, % of area total production



Source: Infometrics and Statistics New Zealand

Figure 9: Public services, % of area's total production



Source: Infometrics and Statistics New Zealand



Whangarei's most important industries by jobs and contribution to GDP are presented in Table 6 and Table 7. Eight industries make both lists (retail trade, other health and community services, other construction, other business services, pre-school and school education, hospitals and nursing homes, central government, and dairy and cattle farming).

Table 6: Industries with most jobs in Whangarei, percent of total jobs in district in 2008

| | |
|---|-------|
| 1 Retail Trade | 12.3% |
| 2 Other health and community services | 9.8% |
| 3 Other Construction | 9.1% |
| 4 Other business services | 8.7% |
| 5 Pre-school, primary and secondary education | 5.3% |
| 6 Hospitals and nursing homes | 4.4% |
| 7 Accommodation, restaurants and bars | 3.8% |
| 8 Wholesale trade to non trade sectors | 3.3% |
| 9 Central government administration and defence | 3.1% |
| 10 Personal and other community services | 3.0% |
| 11 Wood product manufacturing | 2.7% |
| 12 Dairy and cattle farming | 2.4% |

Important labour intensive industries in Whangarei are retail trade, health services, education, construction and business services. Important capital intensive industries are oil refining, real estate services, electricity distribution, and finance.

Table 7: Industries with largest contribution to GDP in Whangarei, % of district GDP in 2008

| | |
|--|------|
| 1 Oil and gas (including petroleum refining) | 9.9% |
| 2 Retail Trade | 6.2% |
| 3 Other health and community services | 6.0% |
| 4 Other business services | 5.4% |
| 5 Real estate | 5.4% |
| 6 Central government administration and defence | 4.7% |
| 7 Other Construction | 4.3% |
| 8 Dairy and cattle farming | 3.0% |
| 9 Pre-school, primary and secondary education | 2.8% |
| 10 Hospitals and nursing homes | 2.7% |
| 11 Electricity generation, transmission and distribution | 2.5% |
| 12 Finance and Banking | 2.4% |

In Table 8, we present the importance of industry clusters for employment and GDP in Whangarei. From a GDP perspective, the key industry clusters for Whangarei are: Finance and business services (contributing 12.0% of GDP in 2008), mining, mineral processing (including cement production), and oil refining (11.3%), accommodation, retail and wholesale trade (10.6%) and construction and real estate services (10.5%). With the exception of mining, mineral processing, and oil refining (which is responsible for just 2.1% of jobs in the district), these industry clusters are also important sources of employment. The table indicates that health services are also very important as a source of jobs for the district.



Table 8: Share of jobs and GDP in Whangarei, by industry clusters in 2008

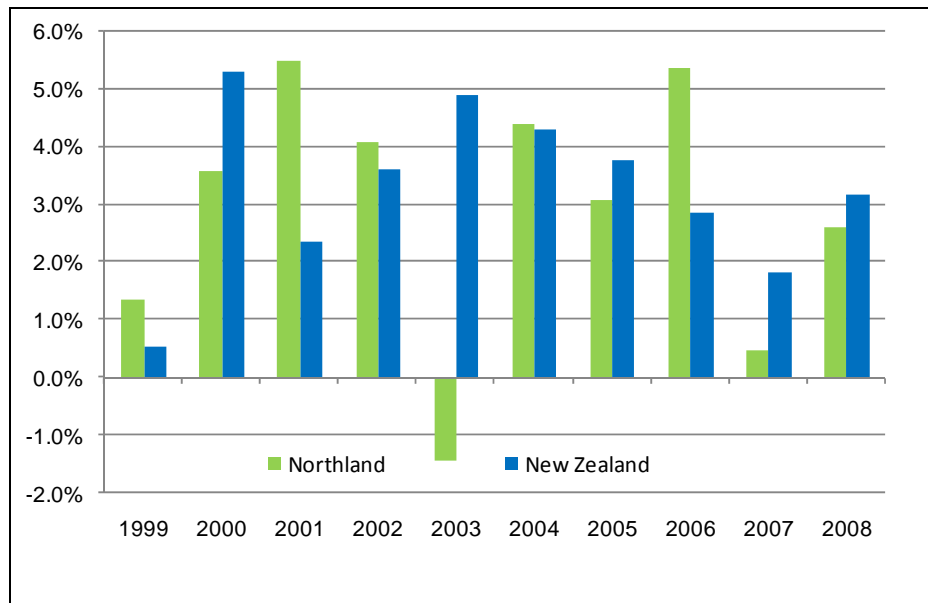
| Sector | Jobs | GDP |
|--|-------|-------|
| Agriculture, fishing and food processing | 7.1% | 8.9% |
| Mining, mineral processing, and oil refining | 2.1% | 11.3% |
| Forestry, wood and paper processing | 3.3% | 3.6% |
| Other manufacturing | 6.8% | 5.0% |
| Utilities | 0.8% | 3.5% |
| Construction and real estate | 12.6% | 10.5% |
| Accommodation, retail, and w holesale | 20.5% | 10.6% |
| Transport | 2.9% | 2.0% |
| Communication | 0.5% | 0.7% |
| Finance and business services | 13.4% | 12.0% |
| Government | 3.8% | 6.1% |
| Health | 14.2% | 8.7% |
| Education | 7.0% | 3.7% |
| Other services ¹ | 5.0% | 13.4% |

¹ GDP of other services include imputed rents and unallo cated items such as indirect taxes

Growth performance

Northland’s economy has grown slower (2.9%pa) than the national economy over the past ten years (3.3%). However, over the past five years Northland’s economic growth has matched the national economy (3.2%pa). If economic growth is adjusted for the difference in population growth then Northlands’ GDP growth matches that of the national economy over the ten year period (2.1%pa) and exceeds national growth over the past five years (2.3%pa in Northland compared with 2.0%pa nationally).

Figure 10: Economic growth, annual % change



Source: Infometrics and Statistics New Zealand

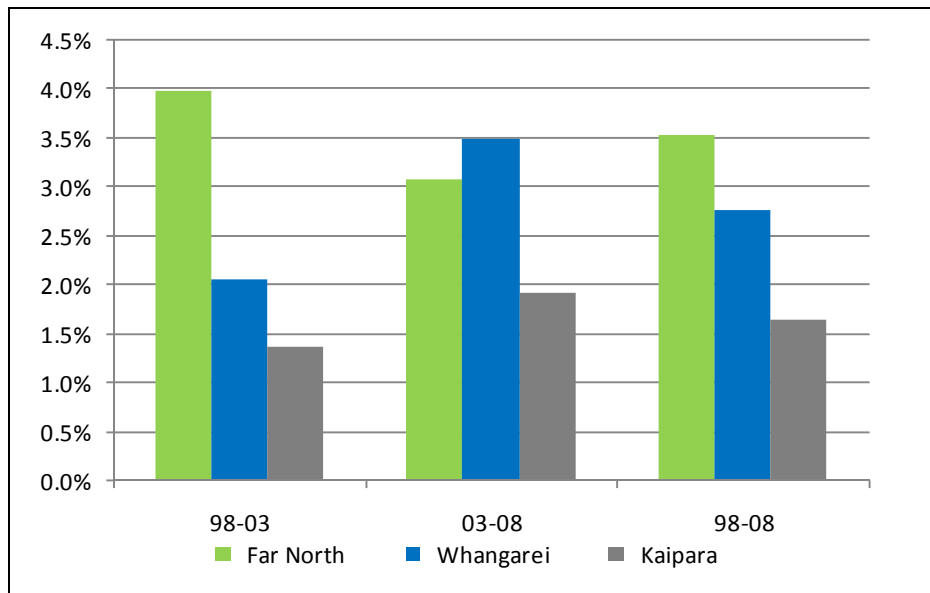


Annual growth measures indicate that the year to March 2003 was critical for reducing the economic performance of Northland. Northland was hit by a drought that year which resulted in a 1.4% contraction in economic activity. Despite reasonable growth in the years since, Northland has been unable to make up the ground lost during 2003.

Indeed it appears that contractions in activity in four industries in Northland (oil refining, livestock and cropping farming, food processing, and fishing) have been largely responsible for the growth differential between Northland and New Zealand. The rest of the Northland economy had to expand by 3.4%, the equivalent to one year's growth at the national average over the period, simply to make up for the production losses in these four industries.

There has been divergent growth experiences in the region's three districts. Over the ten years to March 2008, the strongest growth occurred in the Far North, averaging 3.5%pa. The Whangarei economy expanded on average by 2.8%pa and Kaipara by 1.6%pa. However, these ten year growth figures mask some more complex growth dynamics. The pace of growth appears to have eased in the Far North, with growth averaging 3.0%pa from 2003 to 2008, compared with an average of 4.0%pa from 1998 to 2003. In contrast, the pace of growth has sped up in both Whangarei (from 2.0%pa to 3.5%pa) and Kaipara (from 1.4%pa to 1.9%pa).

Figure 11: Average growth in Northland districts



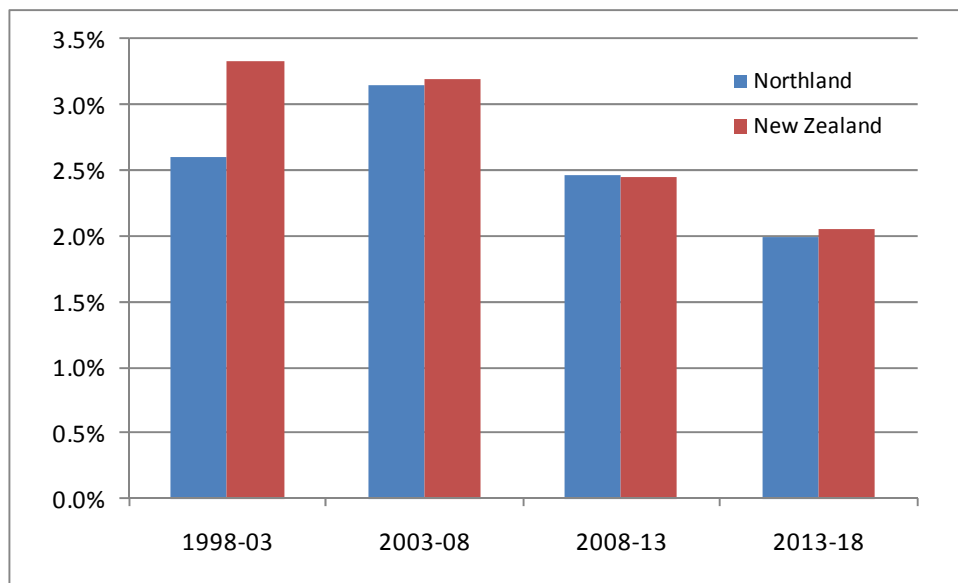
Source: Infometrics and Statistics New Zealand



Growth prospects

The fallout from the global financial crisis has reduced growth prospects in the short term. A full recovery is expected by 2013, but an increasing pace of retirements is expected to limit both employment and economic growth in the period after 2013. The net result is that national economic growth is expected to average just 2.2%pa in the ten years to March 2018. The outlook for Northland is very similar, with growth forecast to also average 2.2%pa. At the district level, growth prospects are stronger for Whangarei and Kaipara, which are both expected to average 2.4%pa economic growth, while growth in the Far North is expected to average 1.9%pa.

Figure 12: Pace of growth forecast to slow



Source: Infometrics and Statistics New Zealand