

## **CANTERBURY ECONOMIC INDICATORS – NOVEMBER 2011**

### **Objective**

The intention of the Canterbury Economic Indicators is to track activity of the Canterbury economy following the Canterbury earthquakes. This release largely focuses on activity through to the end of October 2011. We are now comparing October 2011 figure to October 2010 figure, after the initial earthquake had occurred.

### **Key Observations**

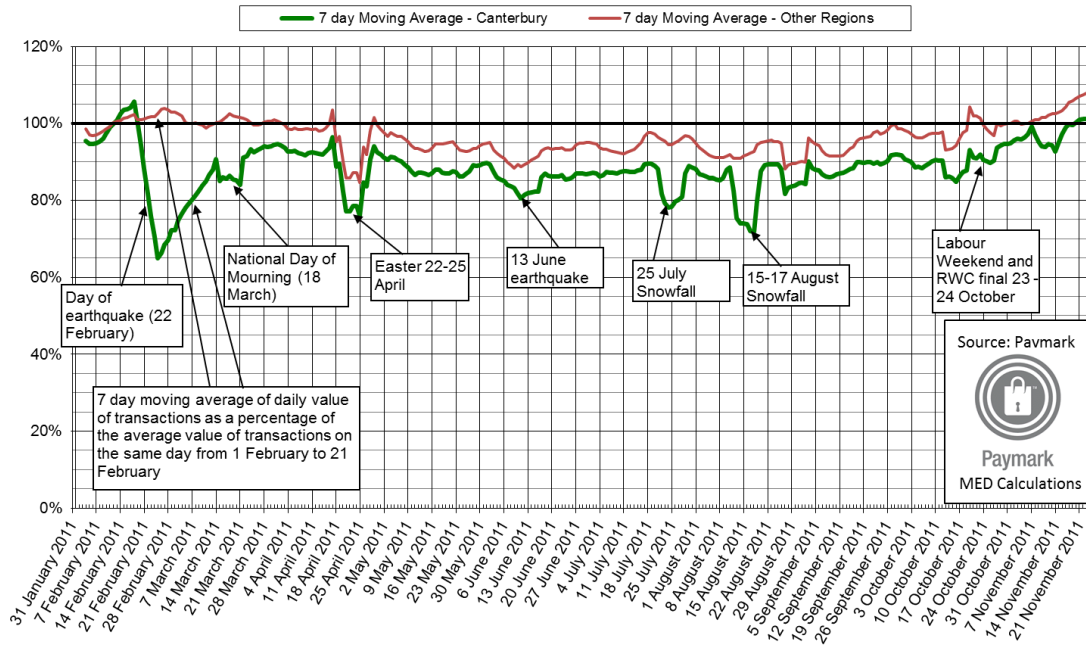
Economic activity within the Canterbury region has been consistent in this period (October and some early November) with previous periods. Parts of the economy have continued to show resilience while others continue to be impacted. Specifically:

- The index of Canterbury EFTPOS transactions continues to sit below the rest of the country by between 5 to 10%.
- October has seen the lowest number of business registrations in 2011 with only 338 new businesses registrations.
- In October 34 businesses left the region, which is significantly higher than the average (since January 2010) of 13.
- However, October saw the lowest number of individual taxpayers moving away from the region of 2011 with a net migration of 93, which is significantly lower than the average (since January 2010) of 273.
- In October the Canterbury/West Coast region the manufacturing index (PMI) fell below 50 (48.7) after five consecutive months in expansion. A PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining.
- The total guest nights in the Canterbury region have consistently tracked downwards from a high of 641 in January 2011 to 265 in September.
- There was a continuing drop in the overall jobs advertised online in October 2011 compared to August 2011. However the rate of advertisements is still much higher when compared with 2010.
- From July 2010 onwards, combined imports and exports for Canterbury ports had a higher value compared to the same month in the previous year, including the earthquake period.
- Numbers of unemployment benefits are now declining at a steady rate. In October, the number of unemployed people in Canterbury was 17% lower than the June peak.
- Aside from a one-month spike in April, market rent in Christchurch continues to be relatively stable. Canterbury house sales decreased in October, and fell as a proportion of national sales.

## BUSINESS ACTIVITY

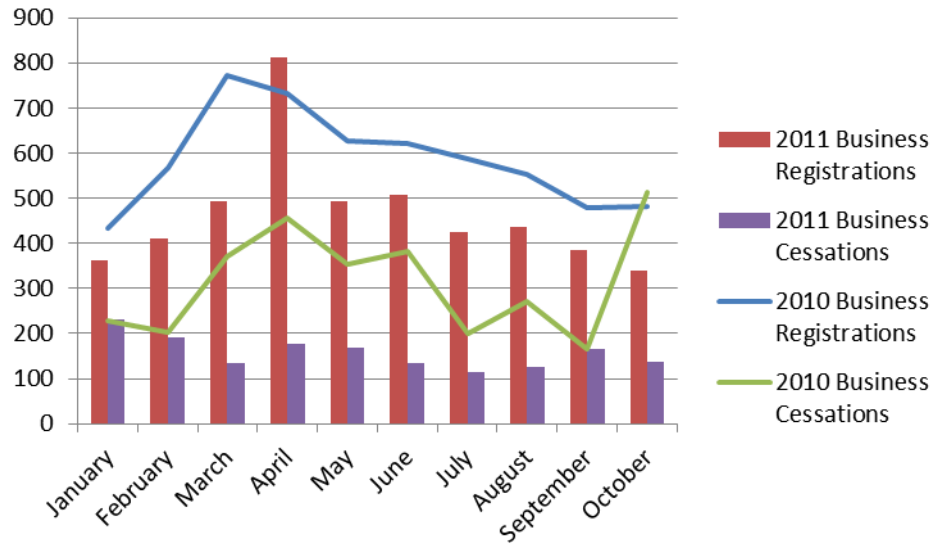
### Paymark payment data

Graph 4: Index of Spending - Canterbury and Other Regions



- This graph shows EFTPOS spending in Canterbury compared to spending in the rest of New Zealand. The index is set so that its average for the first three weeks is 100%.
- The index indicates that spending in Canterbury fell to about 75% of pre-earthquake activity immediately after the February earthquake. Subsequently it has recovered to approximately 5 to 10% below the level of the rest of New Zealand.
- The cumulative effect of the 5 to 10% reduction in spending over time is significant for the Canterbury economy.
- Part of the dip in spending may be attributed towards the 5% reduction in the working age population in Canterbury between June 2010 and 2011, noted in the 'Wage and Salary Income' table below.
- Data cover 70% of EFTPOS terminals. There is no evidence that there has been a drop in other forms of spending.
- There is an expected increase coming into December.

## Business Registrations and Cessations



Source: Inland Revenue

### Disclaimer:

This information originates from tax data supplied by Inland Revenue to the Ministry of Economic Development under the Tax Administration Act. The tax data is reliant on pro-active taxpayer disclosure to Inland Revenue and hence the data may not represent the complete picture.

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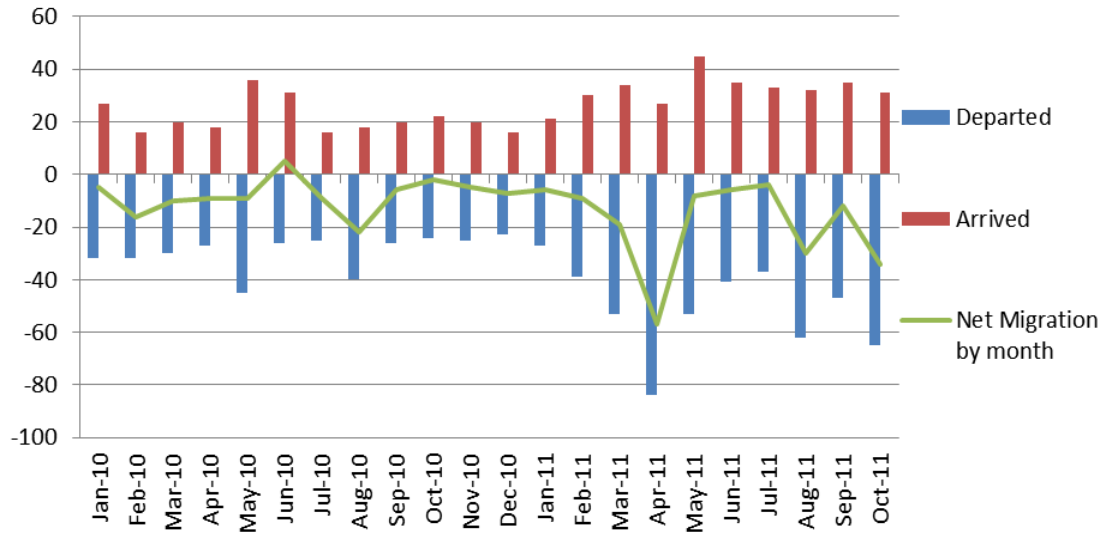
## No. of Business Registrations

- October has seen the lowest number of business registrations (338) in 2011.
- Business registrations have continued to decline for the third consecutive month.
- Of the businesses registered in October, over 80% of those were companies.
- Only one company in the last three months has a 'Nil Company' tax exemption'.

## No. of Business Cessations

- October had 136 cessations.
- Of those cessations, nearly 75% were Trusts (101).
- October 2010 had over 500 business cessations, causing a variance between years of 378 businesses. 371 of these were societies. This occurred after the first earthquake.
- To date, only one Company has ceased trading in 2011 (March), compared to more than 1,100 trusts and over 330 partnerships.

## Business Movement – Net Migration from the Canterbury Region



Source: Inland Revenue

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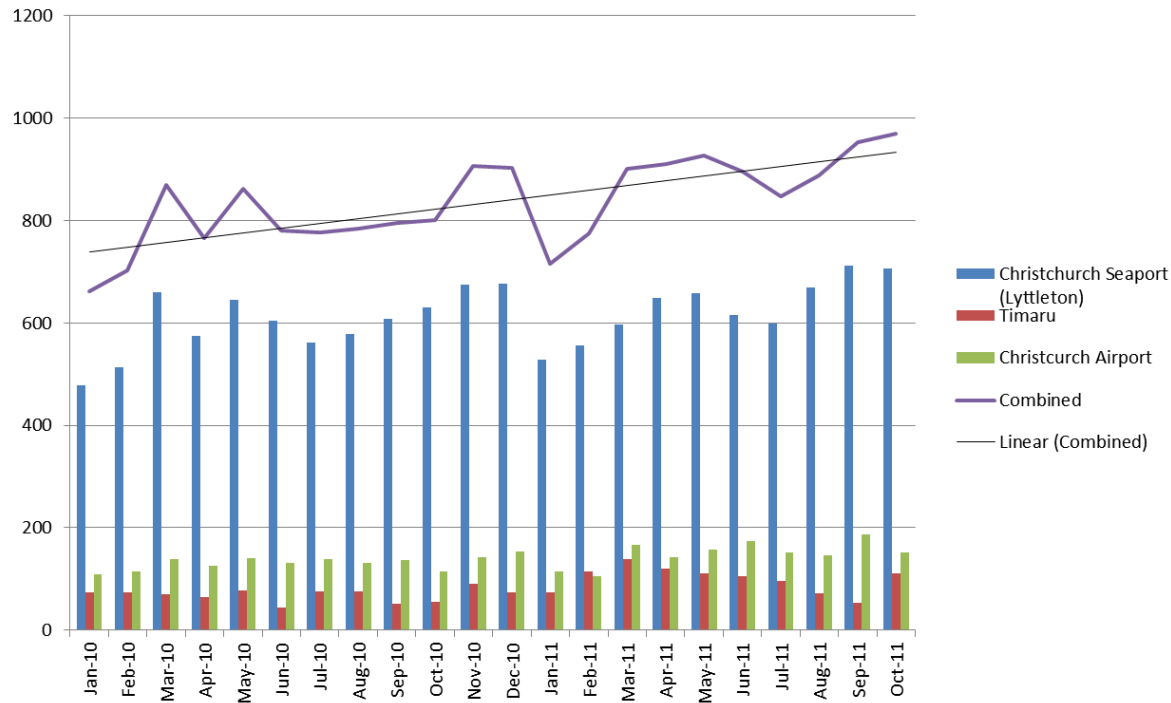
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## Net Migration of Businesses<sup>1</sup>

- October saw migration away from the region of 34 businesses, which is significantly higher than the average net migration away from the region (since January 2010) of 13.
- To date, the top three regions with the highest net migration away from the region are Auckland (53), Otago (48), and Nelson (34).
- The region with the highest net migration into the region for Canterbury is Manawatu - Whanganui (4).

<sup>1</sup> Please note: The net migration data for businesses does not recognise businesses which have moved away from the region, and have returned at a later date.

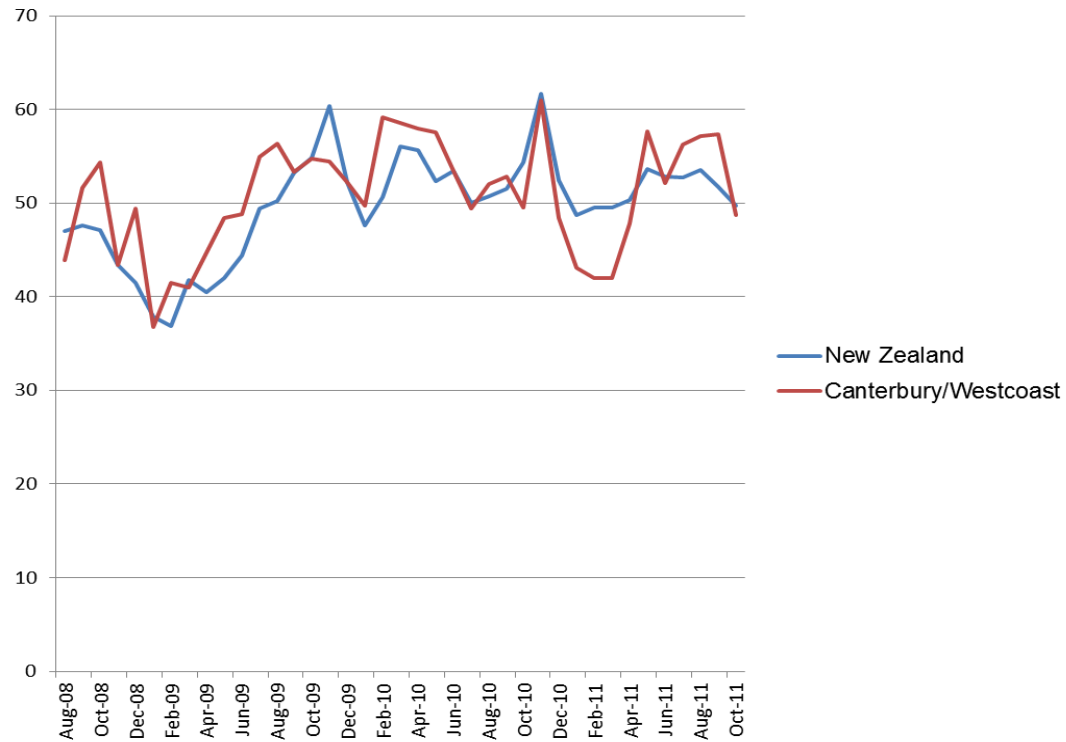
### Volume of Exports / Imports from Ports (\$NZ)



Source: Statistics New Zealand

- From July 2010 onwards, combined imports and exports for Canterbury ports had a higher value compared to the same month in the previous year, including the earthquake period.

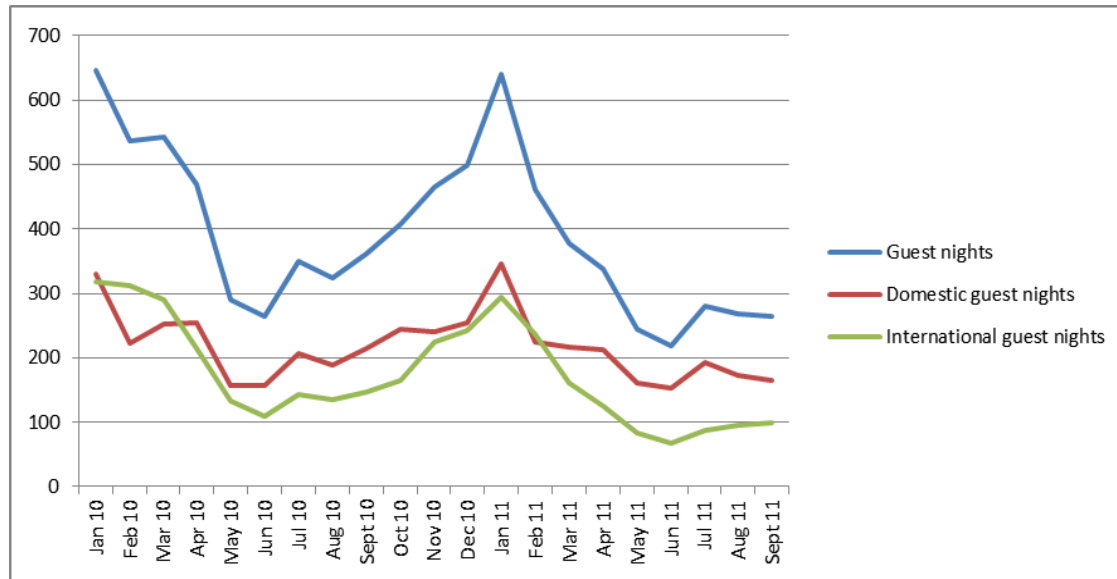
## BNZ – Business New Zealand: Performance of Manufacturing Index



Source: BNZ & Business New Zealand

- The BNZ - BusinessNZ Performance of Manufacturing Index (PMI) is a monthly survey providing an early indicator of levels of activity in the New Zealand manufacturing sector.
- The data referenced here is from the unadjusted series.
- A PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining.
- In October the Canterbury/Westland region (48.7) fell into decline after five consecutive months in expansion.

## Regional Guest Nights - Canterbury

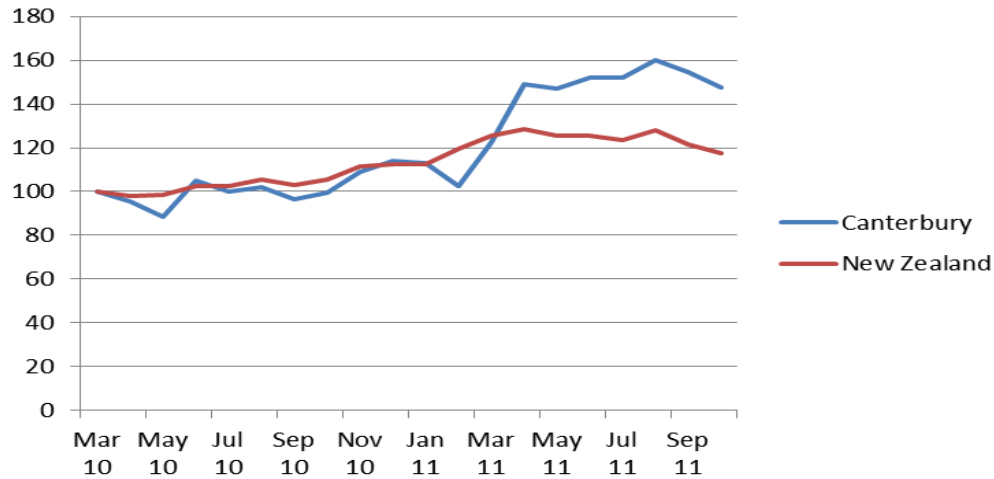


Source: Statistics New Zealand

- The total guest nights in the Canterbury region have consistently tracked downwards from a high of 641 in January 2011 to 265 in September.
- Since February 2011 the rate of international guest nights has been lower than domestic guest nights.

## LABOUR MARKET

### Jobs Advertised Online

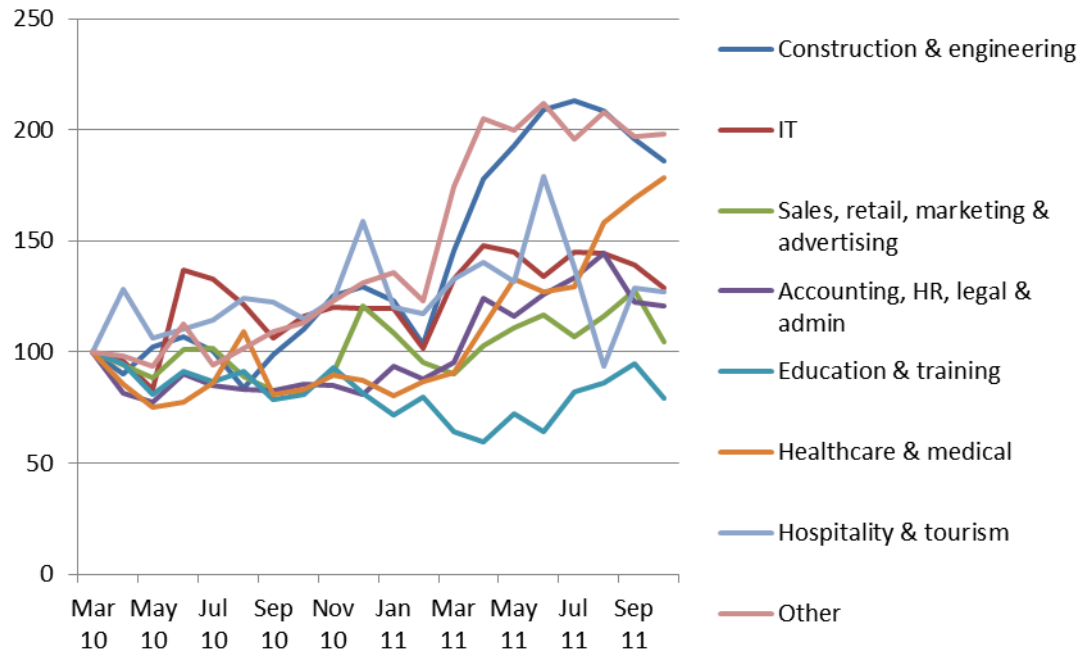


Source: Department of Labour

- There was a continuing drop in the overall jobs advertised online in October 2011 compared to August 2011. However the rate of advertisements is still much higher when compared with 2010.
- The levels for Canterbury have consistently held at high levels since April 2011.



### Jobs Advertised Online by Industry

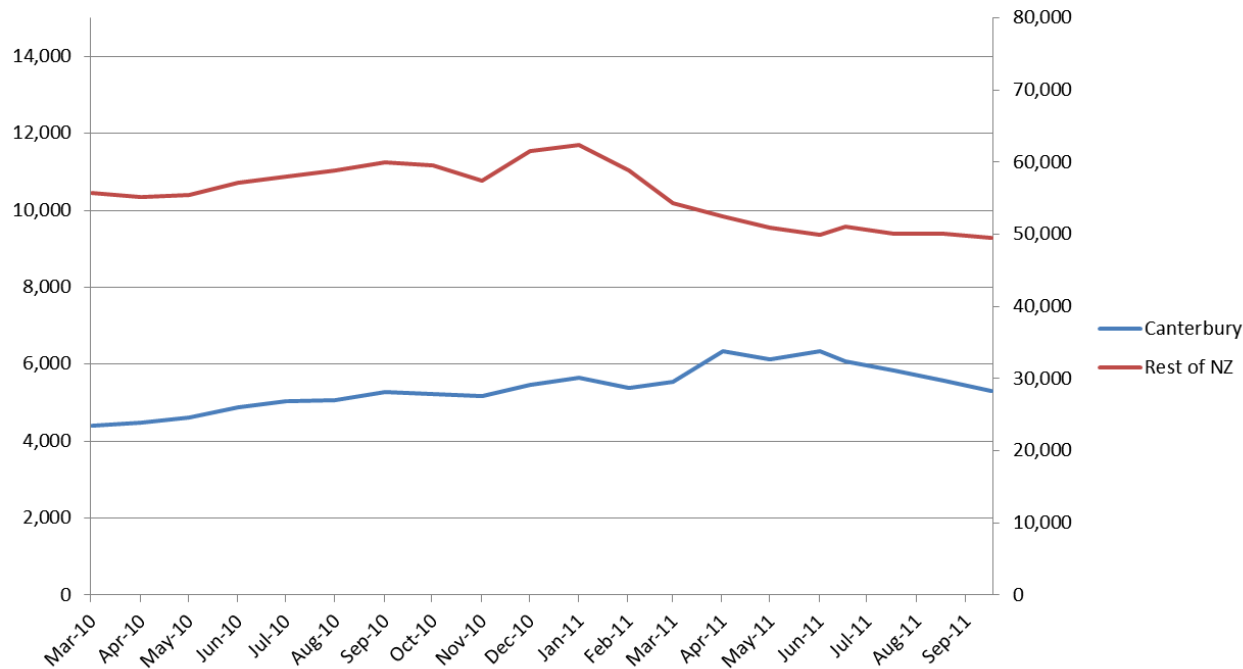


Source: Department of Labour

- The drop in the rate of overall job advertisements is likely to be accounted for a slight drop in advertisements for 'construction and engineering' and 'Sales' categories. Whilst there has been a drop since August 2011 the number of advertisements placed in September is still higher than the period prior to the earthquakes.
- The number of job advertisements for 'healthcare and medical' have started to recover towards 180 and sit higher than the period prior to the earthquakes.

## WELFARE STATISTICS

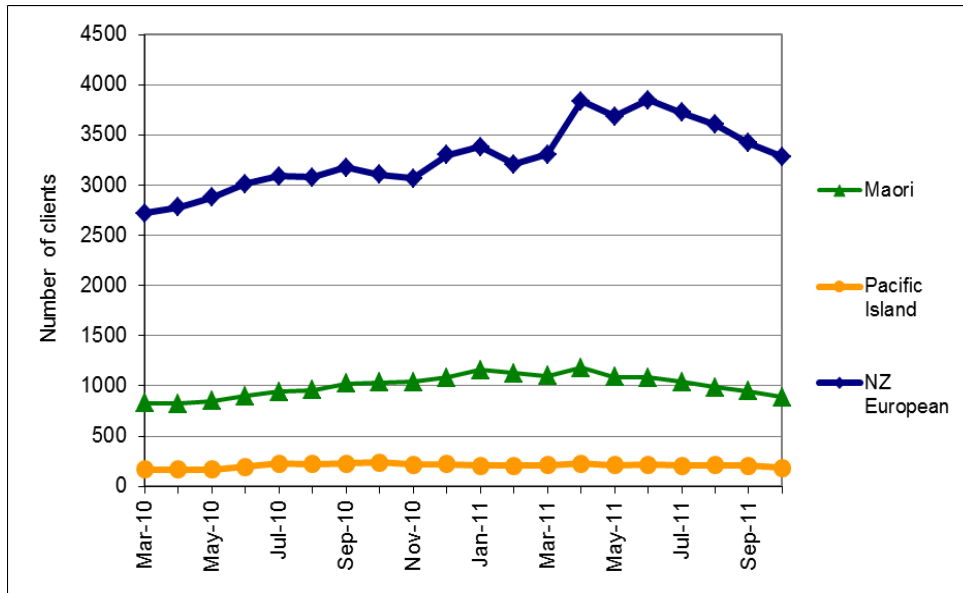
### Unemployment Benefit Recipients in Canterbury and New Zealand



Source: Ministry of Social Development

- Numbers of UB recipients paid through Canterbury Service Centres are now 2% below levels current around the February Earthquake. Numbers increased through March and April, peaking at 6,342 in June. Numbers are now declining at a steady rate. At October, Canterbury UB was 17% lower than the June peak.
- UB numbers nationally have declined since the seasonal high in January, and have been decreasing by 1-2% each month since July.
- The number of people receiving all main benefits in Canterbury has decreased by 8% since the earthquake, as declines in other main benefits offset the overall growth in UB recipients.
- In the year to October 2011 the number of UB recipients in Canterbury have grown by 1% compared to a national decline of 15%. Both the September and February earthquakes are likely to have had some impact on these figures.
- It is likely that there are other UB recipients that may have been in Canterbury immediately after the Earthquake who are now being paid through non-Canterbury centres, but as far as we can tell these numbers are relatively small.

### UB Recipients in Canterbury by Ethnicity

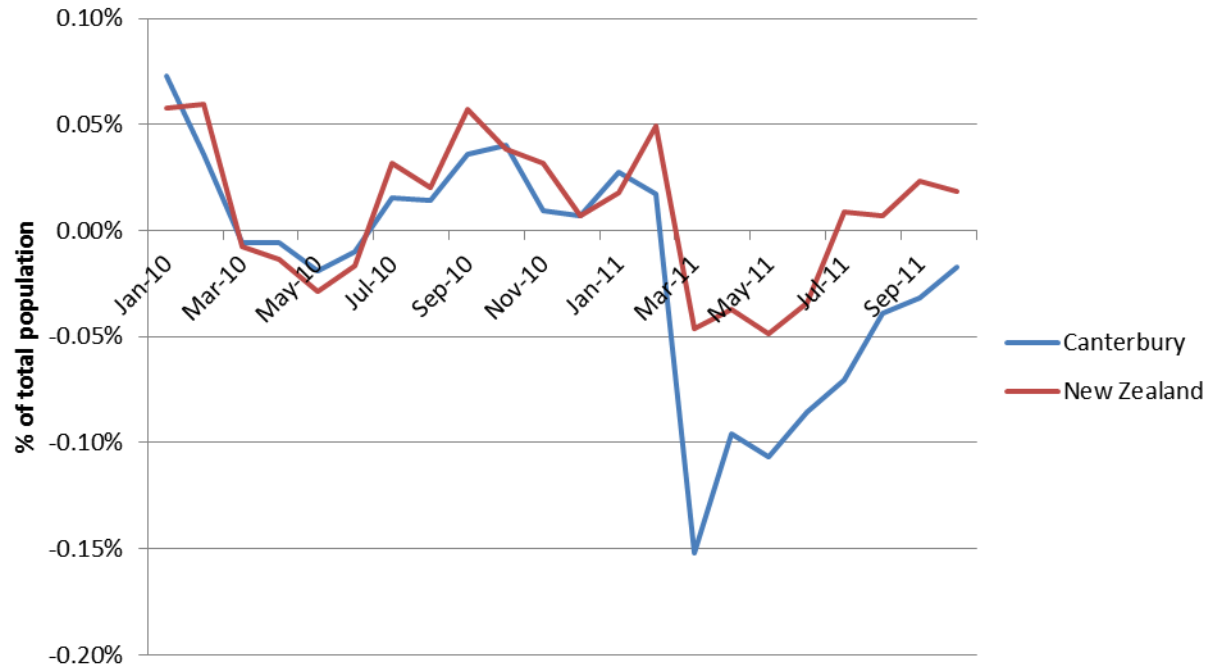


Source: Ministry of Social Development

- "Most of the growth in UB recipients since the earthquake was due to an increased number of NZ European people receiving UB, though numbers for this group have now dropped closer to pre-February levels. Numbers of NZ European UB clients peaked at 3,845 in June, then declined by 15% (561) to the end of October. They are still 2% higher than they were a year ago.
- Maori UB recipient numbers are 21% below their level before the earthquake."

## POPULATION IMPACT

### Net International Migration

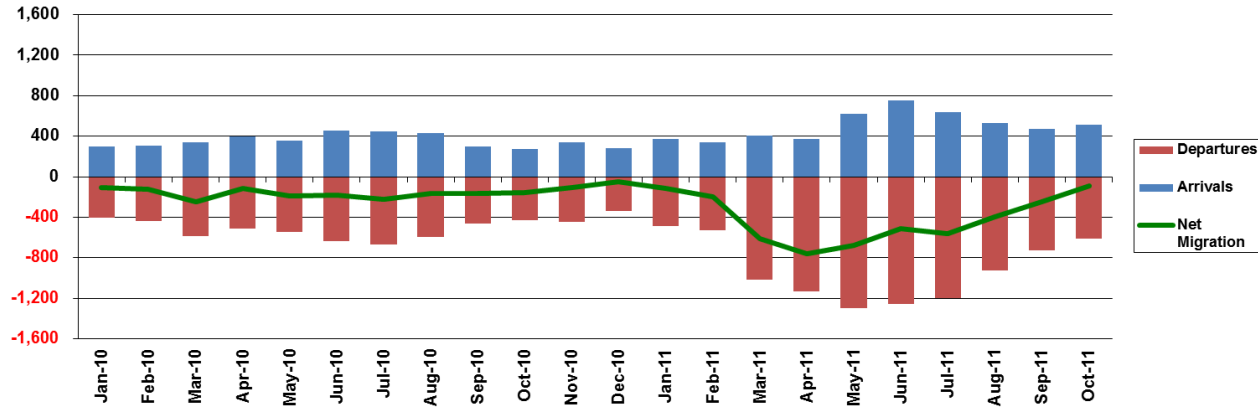


Source: Statistics New Zealand

- Christchurch residents leaving for overseas on a permanent and long-term basis numbered 500 in October 2011, up 33 percent when compared with October 2010
- Permanent and long-term arrivals into Christchurch from overseas numbered 400, down from 600 in October 2011
- Since the earthquake on 22 February, 2,300 more Christchurch residents have moved overseas than in the same period of 2010
- There have also been fewer arrivals into Christchurch, down 1,000 compared with the same period last year.

## Movement of Individual Taxpayers Away from Canterbury

Net Migration in Canterbury Region by Month



Source: Inland Revenue

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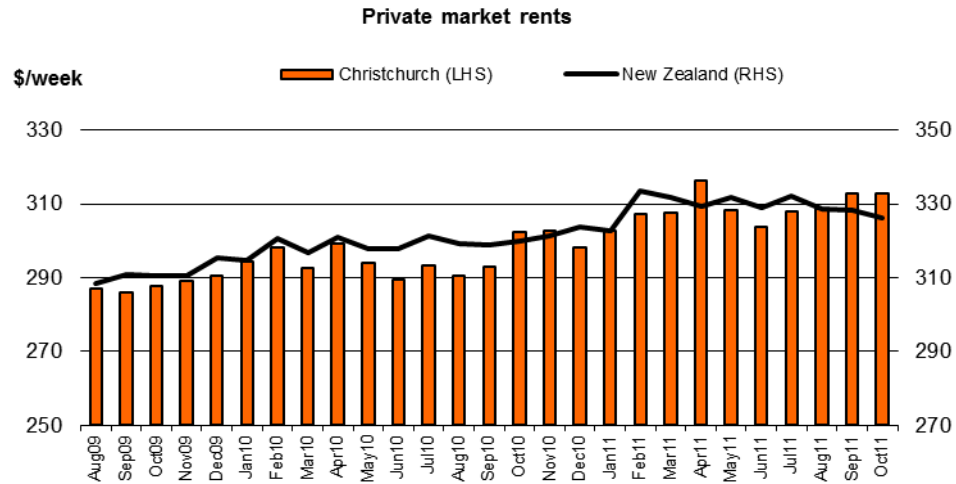
## Net Migration of Individuals<sup>2</sup>

- Canterbury had a net migration away from the region of 93 in October, which is significantly lower than the average (since January 2010) of 273.
- This is the lowest net migration away from the region of 2011.
- It is the fourth consecutive month where there has been a decline in the net migration away from the region.
- To date, the top three regions with the highest net migration away from the region are Auckland (1,718), Wellington (941), and Otago (831).
- Unlike the Net Migration of Business data, there is no region with a positive net migration. However, the Chatham Islands have had 2 arrivals and 3 departures in Canterbury since January 2010, giving them a net migration away from the region of 1.

<sup>2</sup> Please note: The net migration data for individuals does not recognise those who have moved away from the region, and have returned at a later date.

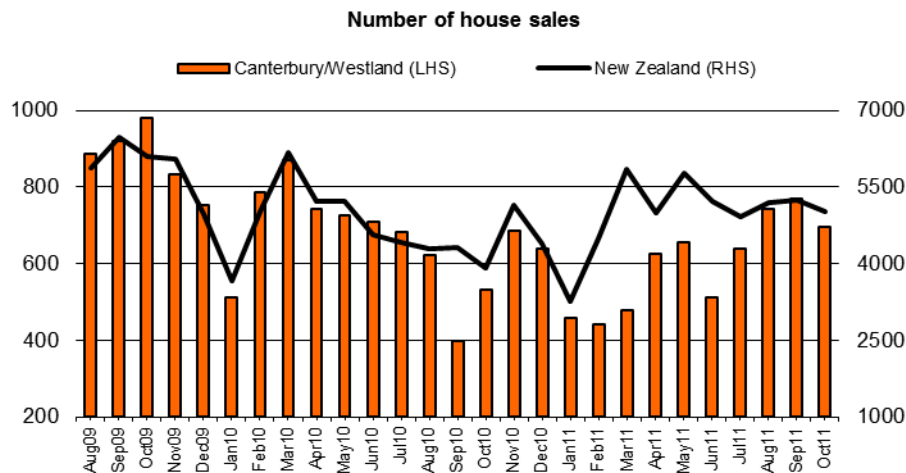


## Private Housing Market Rents



Source: Department of Building and Housing

## Number of Home Sales For Canterbury / Westland



Source: Department of Building and Housing

## Market Rent

Aside from a one-month spike in April, market rent in Christchurch continues to be relatively stable. At \$313 per week in October 2011, it is 5.0% higher than in September 2010, compared with 0.8% higher for New Zealand as a whole.

However, the change has not been uniform, with faster rent rises in North West Christchurch and Central Christchurch. Coastal areas and North East areas (primarily along the Avon River) have generally seen slower or negative market rent growth.

## House Sales

Canterbury house sales decreased in October, and fell as a proportion of national sales. October 2011 sales were up 30% on October 2010, but this is due to the post-earthquake lull in sales in October 2010. Canterbury sales accounted for 14% of the New Zealand total, a typical level for recent years.