

# Whakatane District Economic Profile and Trends Report June 2009

## 1.0 Introduction

This report provides a brief analysis of the current economic situation and profile within the Whakatane district, trends over the past five years and the medium-term economic outlook. The base information for the analysis is sourced from a range of economic agencies including Statistics New Zealand, Infometrics economic consultancy in Wellington, the New Zealand Institute of Economic Research also based in Wellington, trading bank reports and local organisations within the district. Growth comparisons with the wider Bay of Plenty region and the country as a whole are included in the analysis, where appropriate.

## 2.0 Trend Summary

- Whakatane district has recorded continuing positive but significantly fluctuating annual economic growth since Year 2002. Over the March 2009 year, the annual rate of growth was close to +1%, compared to the almost 5% growth rate for the previous March year.
- At the same time, total new building construction work approved fell 31%, house sales -37%, new motor vehicle registrations -26% (for the whole Bay of Plenty region), commercial visitor accommodation sector visitor nights -4% and employment +0.8%. Actual retail sales for the whole EBOP sub-region increased 3.4% though during the year. Unemployment benefit numbers rose 18% over the year.
- The slippage in economic activity in the district over the past year has not been as strong as for the whole EBOP area and in fact for the total Bay of Plenty region. As throughout the rest of the country, economic activity in the district is expected to continue to be soft over the coming year, with a pickup in growth anticipated from around mid 2010.

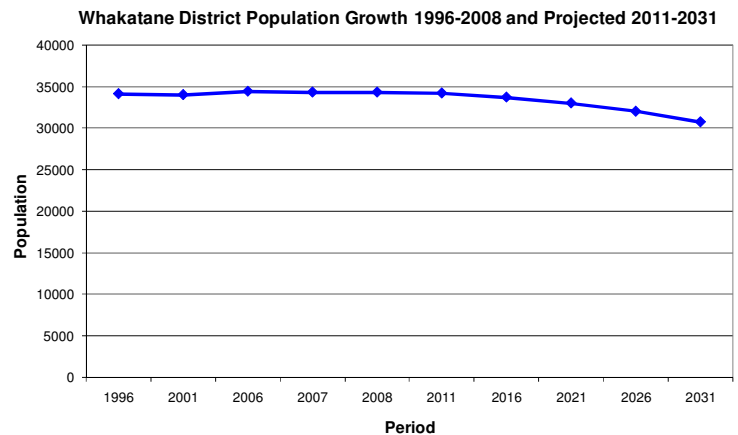
## 3.0 Key Whakatane District Economic Indicator Levels as at March 2009

<i>Population:</i>	34,400
<i>Household/Dwellings:</i>	13,634
<i>Nominal Gross Domestic Product (GDP):</i>	\$1,033 million
<i>Annual Economic Growth</i>	1.3%
<i>Employment:</i>	13,900
<i>Annual Employment Growth:</i>	0.8%
<i>Unemployment:</i>	1,232
<i>Unemployment Rate (%):</i>	8.3

## 4.0 Population

Figure 1:

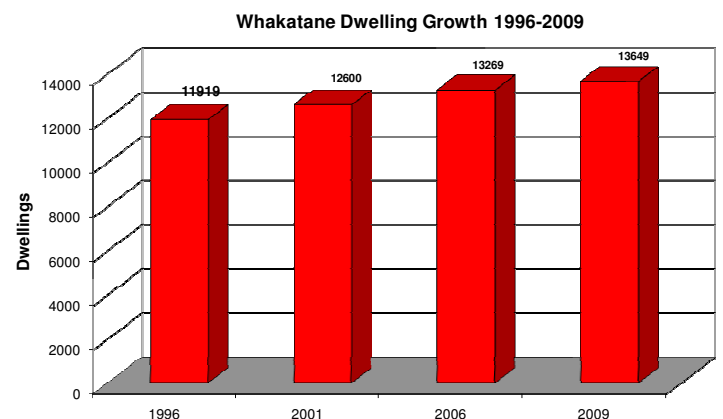
Whakatane district's population currently stands at an estimated 34,400 and has fallen slightly by 100 or -0.3% since the 2006 Census year. This compares to the full Eastern Bay of Plenty area -0.7%, total Bay of Plenty region +1.7% and 2.5% nationally. The district's population growth track since the 2006 Census shows that this indicator has been growing close to the Statistics NZ Low growth projection. This projection indicates that the district's population growth rate is anticipated to fall to 34,300 by Year 2011. Since the 2006 Census, the district has recorded a natural population increase gain of 767 (1,586 births and 819 deaths). However, there has been an overall net population migration loss of 867, comprising an internal migration loss of 158 and an external/overseas migration loss of 709.



## 5.0 Household/Dwellings

Figure 2:

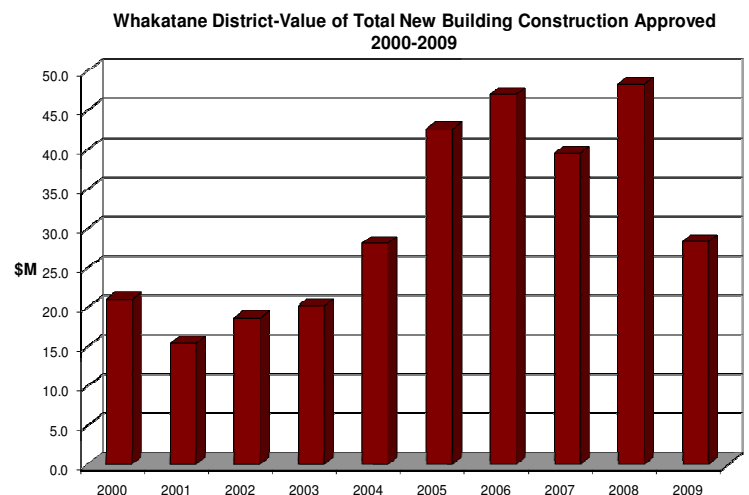
The total number of houses in Whakatane district in March this year stood at an estimated 13,650. This represents an increase of 380 or 7.9% from the 2006 Census result. Latest Statistics NZ projections indicate an approximate 10% further increase in dwelling numbers in the district over the 2006-2021 period, under the Medium growth projection. This compares to the total Bay of Plenty region projection of 24% and the national projection of 20%.



## 6.0 New Building

Figure 3:

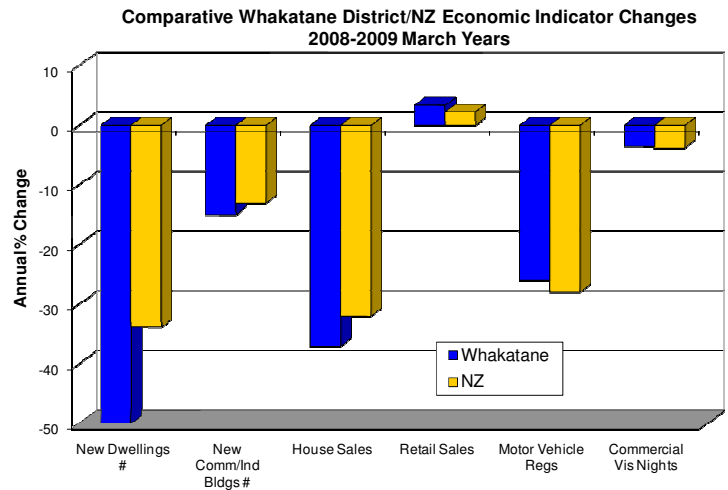
Over the period since the 2006 Census, a total of some 380 new dwellings have received building consent in Whakatane district, worth a combined value of \$89.4M. The number of new dwellings approved during the March 2009 year was down 50% on the previous year, whilst their combined value was down 51%. Total new commercial/industrial building work approved fell 15% in volume terms and 10% in value terms over the year, with increased activity only occurring in the office/ administration sectors. The value of new rural building work approved rose 62%, whilst the volume of work was down 3%. The total amount of new building activity in the district fell 31% over the year and the value 41%. Since 2005, the total volume of new building work in the district has generally been falling.



## 7.0 Other Economic Indicators

Whakatane district house sales for the March 2009 year were 37% down on the previous March year. Sales have been falling since 2006, overall by 44%. House prices fell 5% over the March 2009 year, compared to -9% in Tauranga, -11% in Rotorua and -9% nationally. Actual retail sales for the Eastern Bay of Plenty sub-region increased 3.4% for the March 2009 year, compared to 0.4% for the full Bay of Plenty region and 2.2% nationally. New motor vehicle registrations in the whole region fell 26% over the year, compared to the 28% fall nationally. Electricity consumption in the Bay of Plenty region over the March 2009 year was 1.9% down on the previous year.

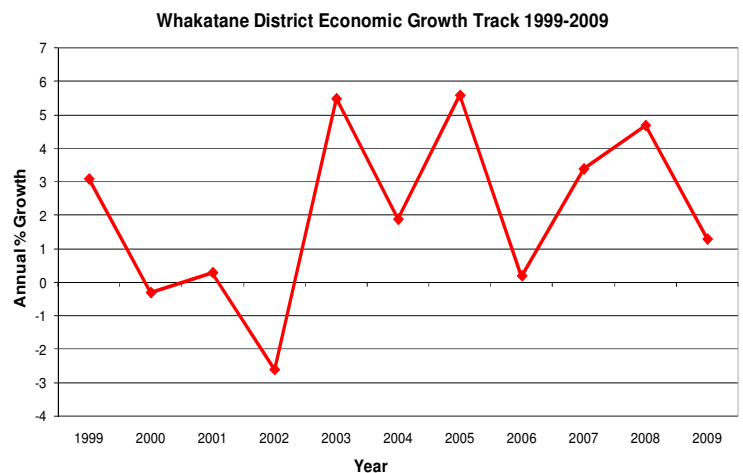
Figure 4:



## 8.0 Economic Growth

Figure 5 indicates the longer-term trend in real terms economic/GDP growth in Whakatane district, since 1998. The base growth data is sourced from Infometrics economic consultancy in Wellington. Economic growth in the district has fluctuated considerably but nevertheless generally been positive over the period, although the rate of growth fell noticeably over the March 2009 year. The growth rate for the Eastern Bay of Plenty sub-region over the March 2009 year was +0.3%, total Bay of Plenty region +0.5% and nationally -0.9%. The NZ Institute of Economic Research is currently forecasting average annual growth in the full Bay of Plenty region of 2% for the next five years, compared to 0.9% for the last five-year period and the national medium-term economic growth forecast of 1.7%.

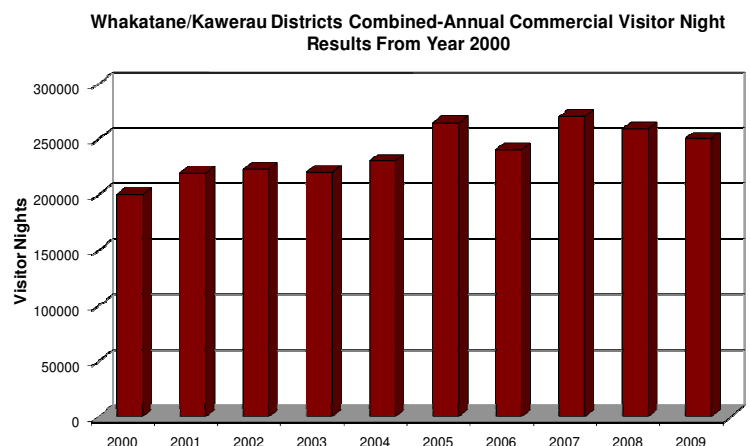
Figure 5:



## 9.0 Visitor/Tourism Numbers

Visitor arrival numbers into the Whakatane/Kawerau districts staying in commercial accommodation totalled 111,740 over the March 2009 year, down 3,579 or 3.1% on the previous year. The comparative national change was a 2.4% decline. The number of arrivals has fallen by 6.8% since the 2007 peak for the past decade. The number of nights spent in the region by visitors staying in commercial accommodation totalled approximately 250,295 for the March 2009 year, down 3.5% on the previous year. Visitor nights have fallen by 7.3% since 2007 and 0.5% nationally.

Figure 6:



## 10.0 Results Comparison

Table 1 provides an indication of the comparative local economic indicator changes over the past year for the Whakatane district, Eastern Bay of Plenty sub-region, total Bay of Plenty region and New Zealand, for the listed indicators.

Table 1: Eastern Bay of Plenty Area Comparative Local Economic Indicator Changes March 2009 Year vs March 2008 Year

Area	% Change 2007/08 – 2008/09 March Years						
	Economic Indicators						
	Total New Buildings	House Sales	Retail Sales	Vehicle Registrations	Comm Visitor Nights	Employment	Unemployment Benefit Numbers
Whakatane District	-30.9	-37.0	-	-	-3.5	+0.8 <sup>1</sup>	+18.4
Eastern Bay of Plenty Sub-Region	-33.9	-42.4	+3.4	-	-10.6	+0.8 <sup>1</sup>	+20.8
Bay of Plenty Region	-36.4	-45.2	+0.4	-21.9	-13.5	+0.8 <sup>1</sup>	+65.1
New Zealand	-25.8	-38.9	+1.5	-21.1	-3.8	+0.9	+95.2

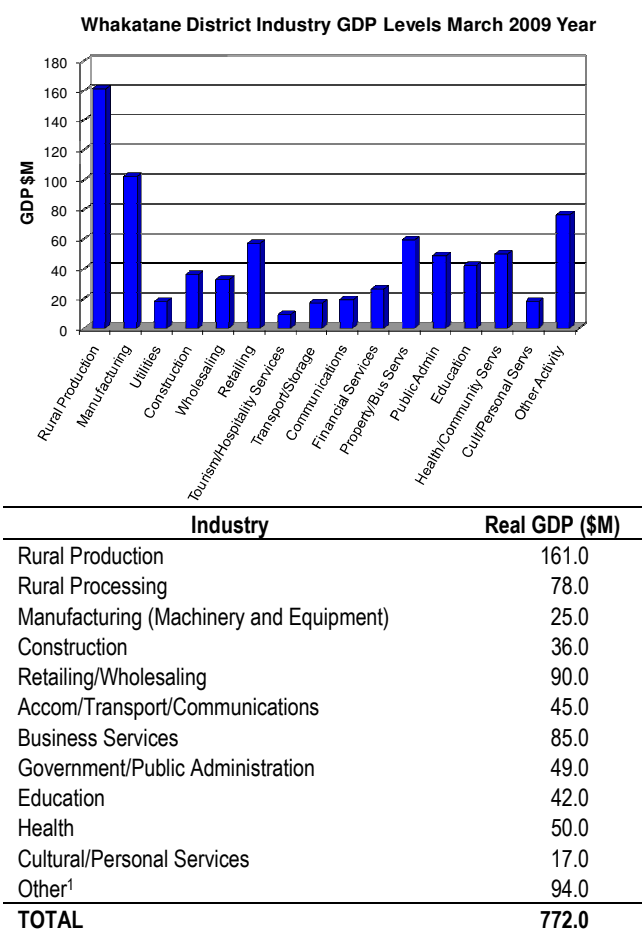
Note: 1. The results for the Whakatane and EBOP areas are the same as for the full Bay of Plenty region, as they are based on the region's total employment figure.

## 11.0 Industry Growth

Real GDP growth for Whakatane industry sectors over the last five years has been highest for the Central/Local Government, retailing/wholesaling, construction, business service, processing and manufacturing industries. Negative growth has been recorded only by the health/community service industries. The district's largest industries in GDP terms, as indicated in Figure 7, are agricultural production, manufacturing, retailing/wholesaling, business services, health/community service and Central/Local Government administration. The main employing production industries in the district are kiwifruit growing, dairying, forestry, agricultural services, dairy product processing and pulp/paper manufacturing. Returns for 'green' kiwifruit this year are expected to be on par with last year. Dairy farmers in the district are facing a significantly reduced Fonterra payout for the 2009/10 season; in the meantime the fall in the \$NZ has helped to moderate the financial impact of the falling overseas commodity price. The local wood sector has been assisted in recent times by the relatively strong overseas market for logs, depreciating exchange rate and lower shipping costs. Total rural production GDP in the district has fallen 5% since 2006/2007.

Table 2:  
Whakatane District Industry GDP Results  
for Year Ending March 2009 (In Constant 1995/96 Prices)

Figure 7:

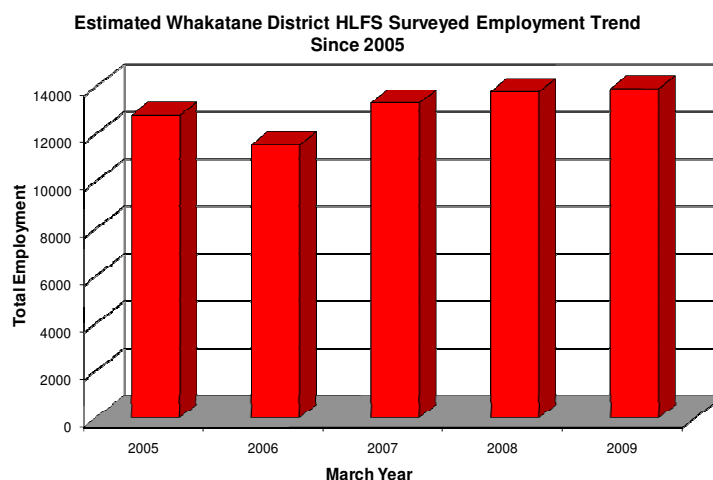


Note: 1. Includes utility services, owner-occupied dwellings (imputed rental) and unallocated GDP activity.

## 12.0 Employment

Figure 8:

Total employment in Whakatane district for the March 2009 year was up 0.8% on the previous March year, the same change as at the national level. Employment in the district in March this year was up 4.2% on March 2008. At the same time though, unemployment was up 272 or 23%, and 24% on an annualised basis. In March 2009, the district rate of unemployment stood at 8.3%, compared to 6.8% in March 2008 and the March 2009 national unemployment rate of 5.6%. The number of people receiving the unemployment benefit in the district in March 2009 stood at 553, compared to 467 in March 2008, that is an increase of 18.4%.



## 13.0 National Economic Outlook

Each quarter, the NZ Institute of Economic Research produces updated Consensus Forecasts for shorter-term economic activity in New Zealand. The forecasts are a consensus or average of the views of the different main economic forecasting agencies. The latest March 2009 forecasts are for weak GDP and consumption growth over the year ahead; solid Government spending growth over the next few years (including major infrastructural spending brought forward to help counter the recession); negative new construction growth; decline in business investment over the year ahead; lower inflation; further exchange rate depreciation; lower interest rates; employment decline and increased unemployment; and lower private sector wage growth.

Table 3: NZIER Consensus Forecasts March 2009

Indicator	March Years		
	2008/09	2009/10	2010/11
GDP	-0.9	-0.6	2.7
Private Consumption	-0.4	0.1	1.4
Govt Spending	3.4	3.7	3.4
Residential Investment	-22.8	-15.1	7.9
Other Investment	-2.8	-9.5	4.4
NZ TWI Exchange Rate	60.5	51.9	55.9
90 Day Bank Bill Rate	6.7	3.0	4.1
Employment	0.8	-1.7	1.0
Private Sector Wages	5.0	3.1	2.3

**Note:** All figures in the table other than for the TWI and 90-Day Bank Bill rate refer to the 'annual average % change' in the relevant indicators.