Manawatu
Young Heart, Easy Living

MANAWATU

ECONOMIC OUTLOOK

SEPTEMBER QUARTER 2011

DESTINATION MANAWATU

VISION MANAWATU
leading economic development

MANAWATU

ECONOMIC OUTLOOK

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EXECUTIVE SUMMARY

Revised Infometrics GDP estimates for the Manawatu region suggest annual GDP increased by 1.0% in the year to September, the weakest economic growth recorded in the region since the 2008/09 recession. Economic growth in the region is now lower than national economic growth for the first time in two years. However, a challenge with the data for the September quarter has been assessing the impact of one-off factors on the growth rate for the quarter, particularly the 1 October 2010 increase in the rate of GST, changes in the timing of school holidays and Rugby World Cup. These appear to have had a greater impact in the region compared with the national data.

The increase in the rate of GST on 1 October 2010 resulted in a surge in spending in the region prior to the GST increase and then weaker activity in October, slowing economic growth in the December quarter. Changes in the timing of school holidays had a noticeable impact on retail spending and visitor nights in September 2011 but Paymark retail data suggests there was a partial reversal in October. International visitor nights declined in the lead up to Rugby World Cup and there is expected to be a similar decline in the months immediately following, while the timing of conventions in the region was affected by school holiday changes and Rugby World Cup. Initial data suggests the region experienced a short-term decline in economic activity during the Rugby World Cup.

Another key factor contributing to the weakening economic growth over the last 12 months was the difficult 2010/11 production season for agriculture, when cold and wet conditions in spring last year and a dry summer resulted in reduced production levels. New Reserve Bank lending criteria introduced on 1 July, which tighten the rules for lending to the agriculture sector, a focus on reducing debt, a need to rebuild livestock numbers and uncertainty over the outlook for the exchange rate and its impact on farm-gate prices are constraining spending in the short-term.

Data just released for incomes for the year to March 2010, however, shows the Manawatu region continuing to significantly outperform national data. Salaries and wages and incomes for the self-employed were $2.7 billion, an increase of 2.8% from the previous year. National earnings, in contrast, were unchanged from the previous year. Between 2000 and 2010 earnings in the region have increased by $1.1 billion, an increase of 71%, well ahead of the national increase of 65%. More detail on the sectors contributing this growth is in the Annual Employment report on pages 7 and 8.

The latest salary and wage data showed a decline in the total job count in the region, with the loss of 810 jobs (1.5% decline) between September 2009 and September 2010, even though total earnings had increased 1.4%. This reflects changes in the relative performance of different sectors and possibly changes in numbers in part-time or casual work compared with full-time work.

ECONOMIC OUTLOOK

International

The OECD composite leading indicators index (an indicator of economic growth) for September points more strongly to a slowdown in economic activity for all of New Zealand's major trading partners. The index does not suggest the world is facing another recession but points to economic growth below the long-term trend. Economic growth in Australia is still reasonable at 2.5% and October labour force data still shows growth in employment and a further decline in unemployment.

At the beginning of the global financial crisis the US and European countries were quick to use increased government spending and tax cuts to stimulate economic activity. However, ongoing debt concerns in the USA and Europe now means cuts to government spending are required, slowing the rate of economic recovery.

New Zealand

The high New Zealand dollar continues to be a significant challenge to exporters. There has, however, been a significant easing in the dollar since 1 August, supporting a recovery in exports of elaborately transformed manufactured products in September and October. The weaker dollar has also been sufficient to offset a decline in commodity prices, which are still 4% higher than a year ago in New Zealand dollar terms.

The Official Cash Rate (OCR) cut following the February Canterbury earthquake continues to feed through into lower monthly interest costs for households, farmers and businesses. Reserve Bank data shows continuing declines each month in the rate of interest households are paying on their debt. There has recently been a substantial change in the date for when an increase in the OCR is forecast, with suggestions this may now not occur until late 2012 or mid-2013. An increase in housing loan approvals is not resulting in an increase in overall housing debt, with signs that many households are using lower interest rates to pay off debt faster. Real estate sales data, property values and housing loan approvals all show a firm but very slow recovery underway in the housing sector and signs of a gradual turnaround in the building sector.

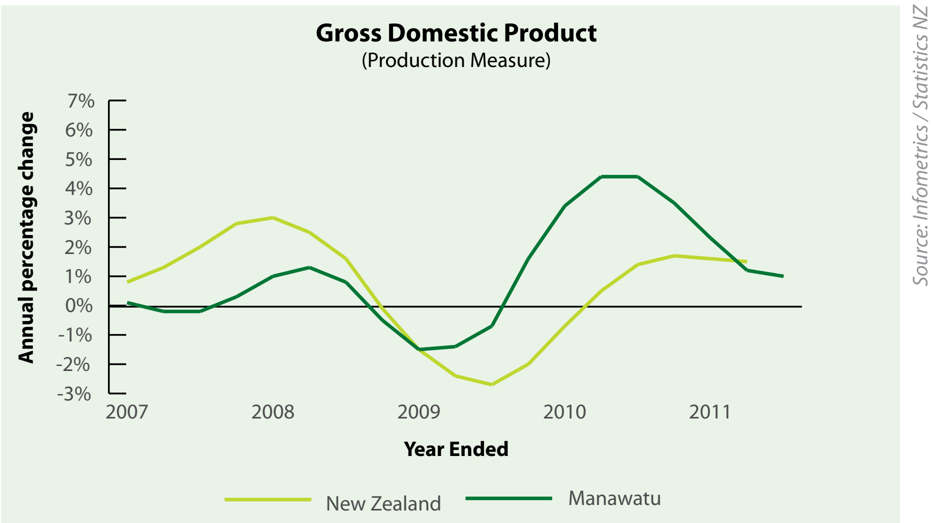
Manawatu

Population growth in the region remains strong, averaging slightly more than 1% a year for the last three years. June 2011 estimates released in late October show the region continues to exceed the longer-term growth projections for the region. Population growth for the region was higher than national growth for the first time since the early 90's and the gap is likely to widen over the next year, as national population growth continues to weaken due to a decline in the number of births and an increased loss of population though migration.

Early data suggests the Rugby World Cup dampened economic activity in the region, with the increase in international visitor spending insufficient to offset a significant decline in domestic tourist spending in the September quarter. In contrast, Auckland experienced very strong growth in economic activity.

Growth in non-residential building consents issued in the December quarter will provide a timely boost to the construction sector in the first half of 2012 while residential building should provide more support for economic activity later in the year.

Debt reduction in agriculture and rebuilding of livestock levels will keep agricultural spending subdued but will improve the long-term resilience of the sector. The longer-term outlook for the exchange rate should also support current high farm-gate prices for farmers.



SEPTEMBER QUARTER ECONOMIC TRENDS

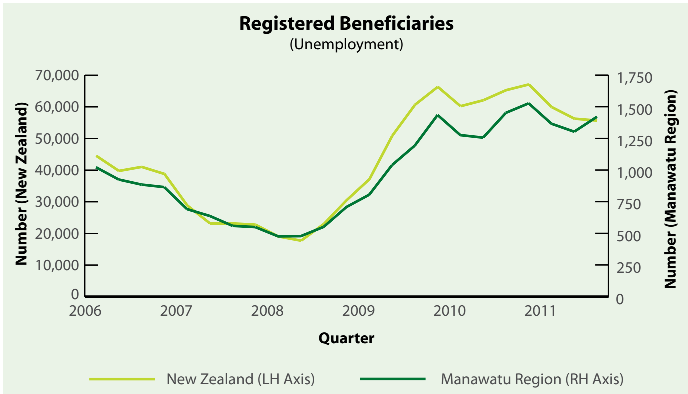
GDP growth in the Manawatu region growth has slowed from a high point of 4.4% annual growth in the year to September 2010 to 1.0% for the year to September 2011. National GDP growth was just 1.4% in the year to September 2010. GDP growth in the September 2010 quarter was boosted by increased spending prior to the 1 October increase in the rate of GST but economic activity then weakened in the December quarter.

September quarter comparisons with the September 2010 quarter are:

- 1.0% increase in estimated annual production. National GDP data is due to be released on 22 December.
- 0.9% increase in core retail sales (excludes motor vehicle sales and servicing). Core retail sales are a useful indicator of consumer expenditure trends in the region. National sales growth was 5.6%
- New car registrations declined by 3% while ex-overseas car registrations declined by 17%. (National new car registrations increased by 6% while ex-overseas car registrations declined by 13%).
- The number of beneficiaries increased by 1% compared with a 3% national decline (Palmerston North rose by 1% while Manawatu District was unchanged).
- The number of new residential building consents approved declined by 10% (national unchanged) while the total value of residential and non-residential consents declined by 10% (national decline of 5%).
- Visitor nights are estimated to have increased by 1%. Visitor nights in commercial accommodation declined by 11% while visitor nights with family and friends increased by 5% (national comparison not available).
- The contribution to population growth from external migration in the region declined, with a net gain of 45 people in the September 2011 quarter compared with a net gain of 86 people in the September 2010 quarter. National migration declined from a gain of 4,805 people in the September 2010 quarter to a net gain of 2,149 people in the September 2011 quarter.
- Net natural population growth declined slightly, with a net gain of 179 people in the September 2011 quarter compared with a net increase of 191 people in the September 2010 quarter (390 births and 211 deaths in the September 2011 quarter compared with 397 births and 206 deaths in the September 2010 quarter).

LABOUR FORCE

Unemployment data for the Manawatu Region is not available from the Household Labour Force Survey so the best up-to-date indicator of labour force trends is data on the number of people receiving the unemployment benefit. In September 2011 there were 1,421 people registered for the unemployment benefit in the Manawatu region, 1.6% of the working-age population in the region. The number of people registered for the unemployment benefit was 2% lower than in September 2010. National unemployment declined by 15%.



Source: Ministry of Social Development

BUILDING ACTIVITY

Residential building consents continued to decline in the September quarter. The number and value of residential dwellings consents declined (10% and 15% respectively) while consents for residential additions and alterations declined by 45% and 63% respectively compared with the September 2010 quarter.

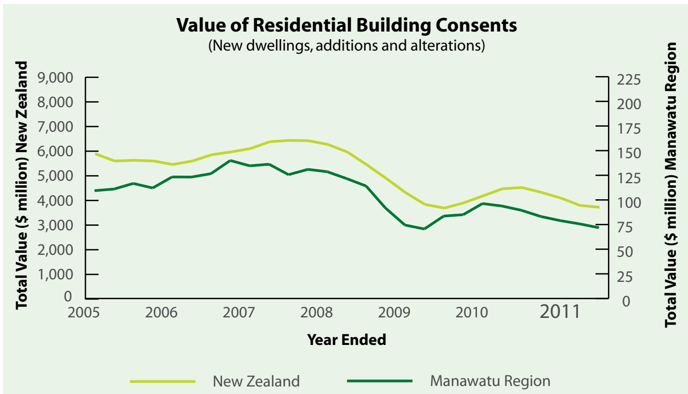
In the 12 months to September 2011 272 new dwelling consents were issued compared with 313 in previous year. The total value of consents was $72 million, 20% down on the previous year. Consents for residential additions and alterations were a further $14 million, 35% down on the previous year.

The value of non-residential consents approved in the year ended September 2011 was $94 million, a 7% increase from 2010. Major projects approved included the expansion to the Corrections Youth Facility in Kelvin Grove, retail developments in Featherston Street (Mitre 10) and Terrace End and a new commercial laundry.

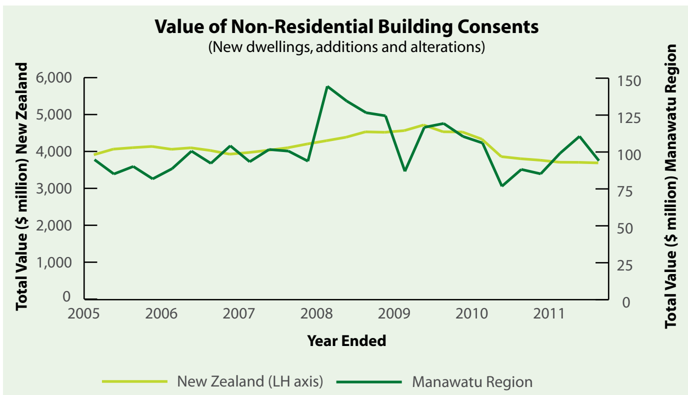
BUILDING CONSENTS ISSUED IN THE MANAWATU REGION

$ million	Year ended September 2010	Year ended September 2011	Annual Change
Residential Consents (new dwellings, additions, alterations)			
Palmerston North	76	58	-23%
Manawatu District	36	28	-22%
Manawatu Region	**112**	**86**	**-23%**
New Zealand	**5,789**	**4,819**	**-17%**
Non Residential Consents (new buildings, additions, alterations)			
Palmerston North	59	50	-15%
Manawatu District	29	44	51%
Manawatu Region	**88**	**94**	**7%**
New Zealand	**3,803**	**3,690**	**-3%**

Source: Statistics New Zealand



Source: Statistics New Zealand



Source: Statistics New Zealand

RETAIL ACTIVITY

Manawatu region core retail sales growth (excluding motor vehicle sales and servicing) slowed in the September quarter, increasing by just 0.9% from the September 2010 quarter while national growth increased by 5.6%.

Several one-off factors appear to have been the main contributors to the slowing retail growth in the region:

> The delay in the school holidays from September to October, affecting the timing of major secondary school sports tournaments and conventions in the region.
>
> Strong growth in retail expenditure in Auckland during Rugby World Cup – Auckland region retail sales increased by 8.5% in the September quarter. There was an 11% decline in visitor nights in commercial accommodation in the Manawatu region in the quarter.
>
> An increase in spending in the September 2010 quarter prior to the 1 October 2010 increase in the GST rate. Economic activity was slowing in the September 2010 quarter and would have been weaker if there was not a boost to spending prior to the GST increase.

Core retail sales growth in Manawatu District slowed to 3% in the September quarter, following growth of 9% in the September 2010 quarter. Palmerston North City growth also slowed to 1% but this also followed above average growth prior to the GST increase last year (national growth was just 1.9% in the September 2010 quarter.

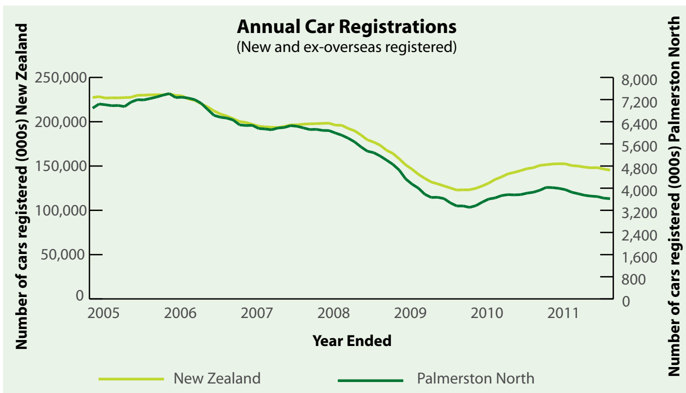
Total retail spending in the region increased by 0.5% in the quarter, with fuel and motor vehicle expenditure continuing to decline. New vehicle registrations in the region in the September quarter were down by 3% while registrations of ex-overseas registered cars were down by 17%.

RETAIL SALES IN THE MANAWATU REGION

$ million	Year ended September 2010	Year ended September 2011	Annual Change
Core Retail Sales (excluding motor vehicle sales and servicing)			
Palmerston North	1,260	1,273	1%
Manawatu District	184	189	2%
Manawatu Region	**1,445**	**1,461**	**1%**
New Zealand	**50,564**	**52,018**	**3%**
Motor Vehicle Sales and Servicing			
Palmerston North	567	559	-1%
Manawatu District	46	54	19%
Manawatu Region	**613**	**613**	**0%**
New Zealand	**14,351**	**15,283**	**6%**
Total Retail Sales			
Palmerston North	1,827	1,831	0%
Manawatu District	230	243	6%
Manawatu Region	**2,058**	**2,074**	**1%**
New Zealand	**64,915**	**67,301**	**4%**

Source: Statistics New Zealand

Source: Statistics New Zealand



Source: NZ Transport Agency

TOURISM TRENDS

Total visitor nights in the Manawatu region increased by 1% in the September quarter compared with September 2010 despite a significant decline in visitor nights in commercial accommodation in September. Visitor nights in private accommodation increased by 5% in the quarter while visitor nights commercial accommodation declined by 11%.

International visitor nights in private homes declined sharply in the June quarter and were 26% lower than in the June 2010 quarter. However, visitor nights increased by 54% in the September quarter, suggesting a change in timing for visitors to coincide with the Rugby World Cup.

The change in the school holidays from September to October appears to have been one of the main contributors to a 28% fall in commercial accommodation visitor nights in the month of September. The change in timing for major secondary school sports tournaments is a major factor in this, since students attending these normally stay in commercial accommodation rather than being billeted in private homes.

1.8 million visitor nights were recorded in the Manawatu region during the year to September 2011, a 3% decline from 2010. Visitor nights in commercial accommodation declined by 7% while visitor nights in private accommodation declined by 2%.

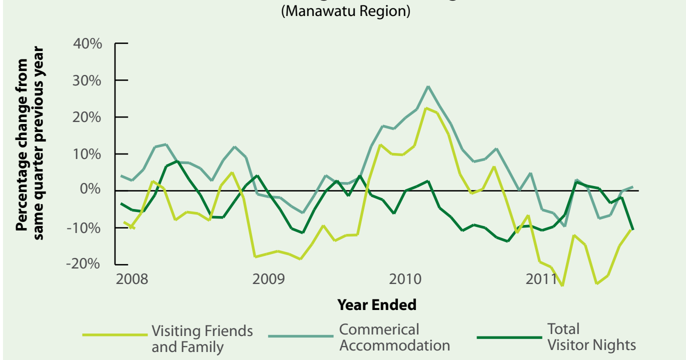
Comparable national data for private accommodation visitor nights is not available but nearly all regions participating in the survey experienced declines in visitor nights in the last year. Increased fuel prices over the year seem to be the main contributor to reduced domestic travel.

Paymark retail data for international cardholders showed 27% growth in spending in the quarter compared with the September 2010 quarter. Accommodation accounted for just 13% of international visitor spending in the quarter, reflecting the significant number of visitors who stayed in private accommodation.

GUEST NIGHTS IN THE MANAWATU REGION

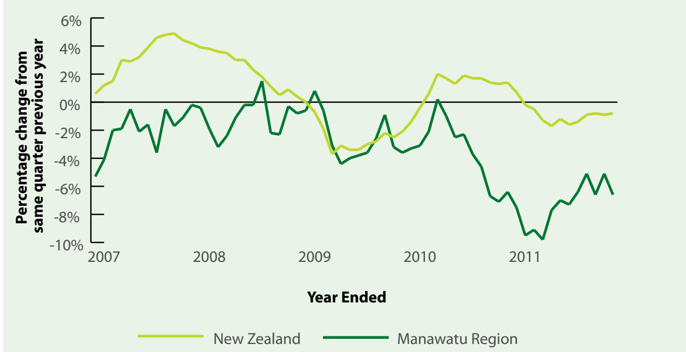
Guest Nights in:	Year ended September 2010	Year ended September 2011	Annual Change
Commercial accommodation			
Palmerston North	374,974	346,980	-7%
Manawatu District	41,320	41,670	1%
Manawatu Region	**416,294**	**388,650**	**-7%**
Private accommodation	**1,454,025**	**1,425,491**	**-2%**
TOTAL	**1,870,319**	**1,814,141**	**-3%**

Source: Statistics New Zealand / APR Consultants



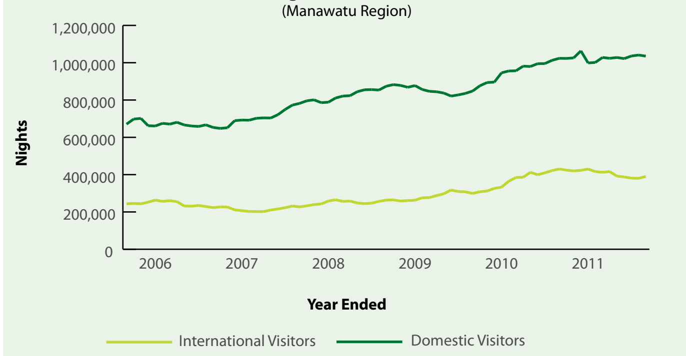
Annual Change in Visitor Nights
(Manawatu Region)

Source: Statistics New Zealand / APR Consultants



Annual Change in Visitor Nights - Commerical Accommodation

Source: Statistics New Zealand



Annual Visitor Nights - Private Accommodation
(Manawatu Region)

Source: APR Consultants

ANNUAL EMPLOYMENT REPORT

Employee Numbers

Annual employment data released in late October shows there were 54,580 jobs in the Manawatu region in February 2011, a decline of 1,270 jobs (2.3% decline from February 2010). In contrast, national employment increased slightly, with 6,830 more jobs than a year ago, an increase of 0.4%. Employment data for February 2010 was revised upwards from the previous estimates, with 55,850 jobs identified in the Manawatu region compared with the previous estimate of 55,620 jobs.

To give some perspective to the size of the Manawatu region economy, there were 53,520 jobs in Dunedin and 50,450 jobs in Tauranga. Smaller centres include Hastings, with 39,840 jobs and New Plymouth with 34,460 jobs.

Sectors which contributed most to the decline in the number of jobs between 2010 and 2011 were construction (600 jobs decline), public administration and safety (360 jobs), education and training (260 jobs), manufacturing (240 jobs) and accommodation and food services (190 jobs). It appears some of the change in the number of jobs is due to administrative factors and changes in the recording of the regional distribution of employment for major construction companies.

Few sectors showed increases in employment but growth was recorded in the health care and social assistance sector, with an increase of 260 jobs. The wholesale trade sector also increased, with 180 more jobs than in the previous year.

Over the eleven year period from 2000 to 2011, total employment in the region increased by 18%, with 8,290 more jobs in 2011 compared with 2000. The health care and social assistance sector accounted for over a quarter of the increase in employment, with 2,140 more jobs at the end of the 11 year period, an increase of 39%.

Other significant contributors were public administration and safety (1,440 jobs increase), wholesale trade (1,000 jobs increase) and construction (850 jobs increase). Four sectors recorded declines in employment between 2000 and 2011 but the only significant declines were in financial and insurance services (235 jobs decline) and manufacturing (840 jobs decline).

MANAWATU REGION EMPLOYEE COUNT

	2011	2000 - 2011 change		2010 - 2011 change	
	Number	Number	%	Number	%
Agriculture, Forestry and Fishing	1,890	110	6%	-80	-4.1%
Mining	42	21	100%	24	133.3%
Manufacturing	3,990	-840	-17%	-240	-5.7%
Electricity, Gas, Water and Waste Services	242	-20	-8%	-13	-5.1%
Construction	3,310	850	35%	-600	-15.3%
Wholesale Trade	3,320	1,000	43%	180	5.7%
Retail Trade	5,840	860	17%	60	1.0%
Accommodation and Food Services	3,210	410	15%	-190	-5.6%
Transport, Postal and Warehousing	2,150	620	41%	-50	-2.3%
Information Media and Telecommunications	940	-40	-4%	-70	-6.9%
Financial and Insurance Services	785	-235	-23%	-25	-3.1%
Rental, Hiring and Real Estate Services	650	0	0%	10	1.6%
Professional, Scientific and Technical Services	2,890	650	29%	-70	-2.4%
Administrative and Support Services	2,820	550	24%	280	11.0%
Public Administration and Safety	5,880	1,440	32%	-360	-5.8%
Education and Training	6,290	450	8%	-260	-4.0%
Health Care and Social Assistance	7,670	2,140	39%	260	3.5%
Arts and Recreation Services	860	55	7%	-60	-6.5%
Other Services	1,800	280	18%	-90	-4.8%
TOTAL INDUSTRY	**54,580**	**8,290**	**18%**	**-1,270**	**-2.3%**

Source: Statistics New Zealand

Incomes

Statistics New Zealand data for incomes from salaries and wages and self-employment by industry sector has recently been released by IRD for the year ended March 2010. The data is drawn from monthly employer payroll records supplied to IRD and IR3 tax returns for the self-employed. There is an 18 month lag before the data is published so the latest information we have is for 2010.

The data shows that total earnings in the Manawatu region in the year ended March 2010 were $2,660 million, an increase of 2.8% from 2009, the weakest increase in annual incomes since 2003. Income growth was much stronger in Manawatu District, which achieved a 6.5% increase in annual income while incomes in Palmerston North increased by 2.2%. National incomes were unchanged from the previous year.

The main contributor to the stronger growth in incomes in the last year was growth in public administration and safety services (amalgamated in the "Not elsewhere classified" category below due to confidentiality rules applying to the data for Manawatu District). Incomes in this sector in Palmerston North increased by 12% in the year to March 2009 and then a further 19% in the year to March 2010. A 10 -12% increase in pay rates for Defence force personnel on 1 July 2008, increased recruitment levels for Defence personnel and growth in employment at Ohakea and Linton due to transfers from other regions are all likely to be significant contributors to this strong growth.

Between 2000 and 2010 total incomes in the region have increased by $1.1 billion, an increase of 71%, well ahead of national income growth of 65%. The largest contributor to growth during this period was the public administration and safety sector, with a $200 million increase in incomes (129% increase). Other major contributors to growth were the health care and social assistance sector ($185 million, 128% increase), construction ($135 million, 134% increase), the logistics and supply chain sector ($134 million, 83% increase) and research, professional and technical services ($96 million, 77% increase).

The education sector is now the second largest sector with regards to earnings, with total earnings of $332 million in the year to March 2010. It is likely to fall to third position in the next financial year due to continuing strong growth in the health care and social assistance sector, which recorded total earnings of $331.5 million in the last year.

ANNUAL EARNINGS (WAGES AND SALARIES, AND SELF-EMPLOYMENT INCOME) FOR THE MANAWATU REGION

	Year ending March 31 2010 ($ million)	2000 - 2010 change $ million	%
Agriculture, Forestry and Fishing; and Mining	85.2	-3.1	-3.5%
Manufacturing	221.0	42.2	23.6%
Construction	236.3	135.3	133.9%
Wholesale Trade	171.6	73.7	75.3%
Retail Trade	203.3	74.3	57.6%
Accommodation and Food Services	75.5	35.6	89.3%
Transport, Postal and Warehousing	105.8	53.8	103.6%
Financial and Insurance Services	60.7	18.4	43.4%
Rental, Hiring and Real Estate Services	45.0	6.6	17.2%
Professional, Scientific and Technical Services	219.9	95.9	77.3%
Administrative and Support Services	68.0	32.4	91.0%
Education and Training	332.2	106.3	47.1%
Health Care and Social Assistance	331.5	185.8	127.5%
Arts and Recreation Services	26.1	10.5	67.6%
Other Services	78.6	31.8	67.9%
Not elsewhere classified(1)	399.0	203.8	104.4%
TOTAL	**2,659.7**	**1,103.3**	**70.9%**
Estimated Public Administration and Safety	354.7	199.7	128.8%
Logistics and Supply Chain Sector	293.5	133.5	83.4%

(1) Includes Electricity, Gas, Water and Waste Services, Information Media and Telecommunications, and Public Administration and Safety Services

Source: Statistics New Zealand

Source: Courtesy of Jock Brock

AGRICULTURE, FORESTRY AND FISHING

Overview

The agriculture sector is important to the Manawatu region, contributing a significant amount of its economic activity and wealth. In 2006 direct employment in the sector accounted for 7.3% of the total workforce in the Manawatu region, with a workforce of 3,651 people. Agricultural sector incomes from salaries and wages and annual incomes for the self-employed in 2006 were $74.6 million, 3.4% of total incomes in the region

However, measuring the sector's economic impact is not straightforward because there are different ways of defining the sector. There are clear linkages between producers and the processors of their product in the manufacturing sector and companies in the distribution sector (wholesale) that distribute fresh products to manufacturers and consumers. Estimating this wider impact of the agricultural, forestry and fishing sector is difficult since parts of the manufacturing sector process imported products as well as locally grown produce.

Sectors which are mostly involved in processing locally produced primary products accounted for 1,321 jobs in February 2011 (33% of total manufacturing employment) while wholesaling of primary products accounted for a further 375 jobs (11% of wholesale sector employment). Road transport employment is not differentiated so it is not possible to estimate how many of the 830 people employed in road freight transport in the region are primarily involved in transportation of agriculture, forestry or fishing produce.

Measuring the Economic Impact of the Agriculture, Forestry and Fishing Sector

The perishable nature of much of the output from the sector means there are clear linkages between producers and the processors of their product in the manufacturing sector and companies in the distribution sector (wholesale) which distribute fresh products to manufacturers and consumers. Key industry groupings which can be therefore used for measuring the economic impact of the agricultural sector are:

1. Agriculture, Forestry and Fishing Production

This covers enterprises mainly engaged in growing crops, raising animals, growing and harvesting timber, and harvesting fish and other animals from farms or their natural habitats. Support services which are classified in the agriculture, forestry and fishing production sector include aerial topdressing, artificial insemination services, herd testing, crop harvesting, fruit or vegetable picking, hay or silage baling or pressing, shearing services, and wool classing.

In February 2011 there were 1,960 people employed in the sector, 3.5% of total employment in the region. However, as noted earlier this is not a useful measure of the workforce in agriculture because of the high proportion of small units and the prevalence of self-employment. Census 2006 data shows that less than 50% of the sector's workforce were paid employees. There were 1,722 paid employees (47% of the total workforce), 561 employers (15%), 933 were self-employed (26%) and 408 were unpaid family members working in the sector (11%), giving a total workforce of 3,651 people.

2. Processing of Primary Products

The strength of manufacturing sectors in the Manawatu region is clearly linked to the importance of agriculture in the region. There are clear concentrations of employment in sectors which process agricultural products (especially food processing) or supply the agricultural and food processing sectors (e.g. plastic pipes, agricultural machinery and stainless steel tanks). Food processing accounts for 34% of manufacturing sector employment in the Manawatu and textile and wood products a further 12%. Other primary product processing activities in the region include New Zealand Pharmaceuticals (chemicals sector) and wood processing. A breakdown of earnings within the manufacturing sector is not possible due to confidentiality rules for individual business data but total earnings for the sector in the year to March 2009 were $221 million. A 34% share of this is $75 million, but this probably overstates the economic contribution of the food processing sector due to the seasonal nature of food processing activity. A major focus of the manufacturing sector in the region is producing materials and machinery for supply to the agricultural sector but estimating the contribution of this to total manufacturing earnings is difficult.

3. Distribution of Primary and Processed Products

This includes the transportation and wholesale of farm and processed products, both within New Zealand and overseas. Basic material and fruit and vegetable wholesaling are important components of the logistics and supply chain sector based in the region and the transport sector is also a significant employer. The wholesale and transport sector is a major part of the Manawatu region economy, with total earnings of $271 million in the year to March 2009. Road transport employment is not differentiated so it is not possible to estimate how many of the 830 people employed in the road freight transport sector are primarily employed in transport of agricultural or forest products. Basic materials wholesale employment accounted for 375 employees in 2011, 11% of employment in the wholesale sector.

4. Input Activities for the Agriculture, Forestry and Fishing Sector

These include items manufactured locally for the sector, such as agricultural machinery, prefabricated buildings, tanks, fencing and pipes, the wholesaling of agricultural supplies and farm machinery, and veterinary services. In February 2011 veterinary services accounted for 165 jobs in the region.

Agricultural Land

Source: Courtesy of Jock Brock

Agricultural areas are also subject to a Census every five years, with the last Census held in 2007. The Manawatu region had 2,219 km2 of agricultural land in June 2007, 1.5% of total agricultural land in New Zealand. Agricultural land accounted for 75% of the total land in the Manawatu region. The predominant use of agricultural land was for grassland, which accounted for 1,940 km2, 2.4% of total grassland in the New Zealand. There were 69 km2 of land in production forest (0.4% of the national total) and 101 km2 in mature native bush, native scrub and regenerating native bush (1.0% share). Arable crop land, fodder crop land and fallow land accounted for a further 53 km2 (1.5% share). Agricultural land in the region declined by 99 km2 between 2002 and 2007, a decline of 4.2% from 2002, a slower rate of decline than the national change of 5.7%. Both reflect the level of residential and commercial property expansion into agricultural areas and other removal of agricultural land from any form of production.

Agricultural Production

The intensive scale of grassland production in the region is reflected in its share of national livestock numbers. In 2007 there were 129,000 dairy cattle (2.5% of the national dairy herd), 123,041 beef cattle (2.8% of the national beef herd) and 982,297 sheep (2.6% of the national sheep flock) – the region accounted for 2.4% of national grassland area.

Infometrics annual estimates for dairy cow numbers suggest there was a 22% increase in dairy cow numbers in the region between 1998/99 and 2009/10, with nearly 19,000 more dairy cows in 2009/10 compared with 1998/99. However, despite this increase in dairy cow numbers the number of herds is estimated to have declined from 369 to 306 over this period, reflecting an increase in average herd size in the region from 238 cows in 1998/99 to 349 cows in 2009/10. National dairy herd size has increased more dramatically from 229 cows in 1998/99 to 379 cows in 2009/10. This growth in herd size is reflected in strong growth in the number of employees in the dairy sector, with the number of jobs in the region for dairy cattle farming increasing from 395 in February 2000 to 615 jobs in February 2011, an increase of 220 jobs (65% increase).

Consolidation of farm holdings has also occurred in the sheep and beef sector but the annual business numbers also show a change from specialist sheep farms to beef-sheep farming. There was also a small decline in the number of specialist beef and deer farms.

ECONOMIC INDICATORS FOR THE MANAWATU REGION - AS AT JUNE 2011

Key Economic Indicators	Palmerston North	Manawatu District	Manawatu Region	New Zealand
POPULATION (ESTIMATE) - JUNE 2011 (NUMBER)	**82,100**	**30,000**	**112,100**	**4,405,300**
Annual Increase	1.1%	0.9%	1.0%	0.9%
EMPLOYMENT (ANNUAL SALARIES AND WAGES) $ MILLION (SEPTEMBER 2010)	**1,963**	**341**	**2,035**	**83,928**
% annual change from September 2010 [*]	0.6%	6.4%	1.4%	0.0%
GROSS DOMESTIC PRODUCT (GDP) [1]			**(ESTIMATE)**	**(ACTUAL)**
June 2011 % change from June 2010 (annual)	NA	NA	1.2%	1.5%
September 2011 % change from September 2010 (annual)	NA	NA	1.0%	
ANNUAL NEW RESIDENTIAL DWELLING CONSENTS (NUMBER)	**191**	**81**	**272**	**13,533**
% change from September 2010 quarter	-11.1%	-8.3%	-10.3%	-0.2%
Year ended % change	-12.4%	-14.7%	-13.1%	-16.9%
ANNUAL NON RESIDENTIAL BUILDING CONSENT VALUES ($ MILLION)	**50**	**44**	**94**	**3,690**
% change from September 2010 quarter	-51.7%	-76.4%	-61.7%	-1.5%
Year ended % change	-15.2%	51.2%	6.6%	-3.0%
ANNUAL TOTAL BUILDING CONSENT VALUES ($ MILLION)	**109**	**72**	**180**	**8,509**
% change from September 2010 quarter	-34.1%	-49.9%	-39.6%	-5.4%
Year ended % change	-19.8%	11.1%	-9.8%	-11.3%
ANNUAL CORE RETAIL SALES ($ MILLION)	**1,273**	**189**	**1,461**	**52,018**
% change from September 2010 quarter	0.7%	2.8%	0.9%	5.6%
Year ended % change	1.0%	2.4%	1.2%	2.9%
ANNUAL TOTAL RETAIL SALES ($ MILLION)	**1,831**	**243**	**2,074**	**67,301**
% change from September 2010 quarter	-0.6%	9.2%	0.5%	6.3%
Year ended % change	0.2%	5.6%	0.8%	3.7%
ANNUAL GUEST NIGHTS IN COMMERCIAL ACCOMMODATION (NUMBER)	**346,980**	**41,670**	**388,650**	**32,050,107**
% change from September 2010 quarter	-12.9%	24.7%	-10.6%	3.4%
Year ended % change	-7.5%	0.8%	-6.6%	-0.8%
TOTAL BENEFICIARY NUMBERS [2]	**6,480**	**1,891**	**8,371**	**328,496**
% change from September 2010 quarter	1.2%	-0.1%	0.9%	-2.9%

[*] September 2010 is the latest employment data available
[1] Source: Infometrics (Production GDP estimate)
[2] Source: Ministry of Social Development

Source: Statistics New Zealand (except otherwise indicated)

VISION MANAWATU leading economic development

DESTINATION MANAWATU

Vision Manawatu is an independent organisation that leads the execution of the regional economic strategy. It identifies, researches and delivers initiatives that play a significant role in transforming the regional economy, while also delivering best practice services, particularly in the area of business support.

The agency has a wider mandate right across the Horizons region that encompasses Tararua, Horowhenua and Rangitikei districts, for delivery of various business support initiatives.

Key responsibilities are to:

- Lead the development of a 10 year economic development strategy for Palmerston North City and Manawatu.
- Enhance the region's reputation as a transport hub and centre of excellence in education, defence, health, science, food and agri-business.
- Drive key activities to ensure an effective regional labour market- including attracting and retaining talent and investment.
- Ensure the retention, growth and sustainability of existing businesses in key sectors.
- Broker central government research and development grants.
- Provide analysis, reports and forums to share regional performance.

PO Box 12025, Palmerston North
Ph: 06 350 1830
Fax: 06 350 1829

www.visionmanawatu.org.nz

Destination Manawatu is a collaborative marketing organisation that provides regional leadership in generating economic development from the tourism, visitor, business and education travel and events sectors.

Our key goals are:

- Increase Manawatu's market share of convention visitor nights to 10% (from 6% in 2009).
- Work with key regional agencies and local government to serve six annual events of national significance and one of international significance.
- Work with regional partners between Wellington and Taupo to develop a touring route that travels through Feilding and Palmerston North.
- Deliver excellent Visitor Information Services at Palmerston North, Feilding and on SH1 at or near Sanson.
- Work with Palmerston North Airport Ltd to establish Palmerston North as a sustainable International hub.
- Work collaboratively with our major tertiary education providers to attract International students to Manawatu.
- Use the web as our key marketing platform for promotion and development.
- Deliver a professional and capable destination marketing organisation with widespread support.

PO Box 12005, Palmerston North
Ph: 06 350 1811
Fax: 06 350 1801

www.manawatunz.co.nz

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