

Gisborne-Hawke's Bay

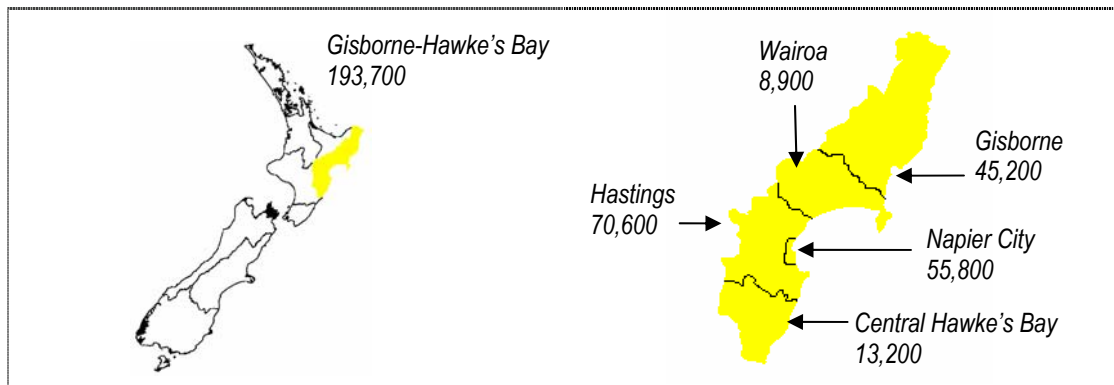
Regional Labour Market Reports July 2004

www.dol.govt.nz/labour-market-reports.asp

Background

- This report provides information on recent trends and the outlook for the labour market of the Gisborne-Hawke's Bay region, prepared six-monthly by the Department of Labour. The data used are not seasonally adjusted, are usually averaged over a year to reduce sample errors and are from a wide range of sources: Department of Labour, Statistics New Zealand, Ministry of Social Development, National Bank and Westpac. A glossary is appended to this report.

Box 1: Map and population of Gisborne-Hawke's Bay at June 2003



Source: Subnational Population Estimates, Statistics New Zealand

- The primary sector is important in Gisborne-Hawke's Bay, employing almost 20% of the workforce in industries such as agriculture, horticulture, viticulture and forestry. About 20% are also employed in the goods producing industries: manufacturing (especially the primary processing of meat, fruit, vegetables, wood and wine) and construction. The remaining jobs are in services, including retail & hospitality (partly due to tourism), health, education and road transport.

Box 2: Main industries in Gisborne-Hawke's Bay at March 2003

Primary sector		Goods producing sector		Service sector	
Industry	Number of jobs	Industry	Number of jobs	Industry	Number of jobs
Agriculture*	9,100	Construction	5,300	Retail trade	8,700
Agriculture services	3,600	Meat manufacturing	3,800	Education	5,100
Forestry & logging	1,200	Fruit & vegetable	2,300	Health	4,500
Commercial fishing	300	Wood manufacturing	1,400	Hospitality	2,900
* estimate from 2001 Census		Wine manufacturing	600	Road transport	1,600

Source: Business Demographics, Statistics New Zealand

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Recent trends

- The Gisborne-Hawke's Bay labour market performed quite well over the last year. Unemployment fell slightly in the region due to solid job growth, which was supported by a strong local economy.

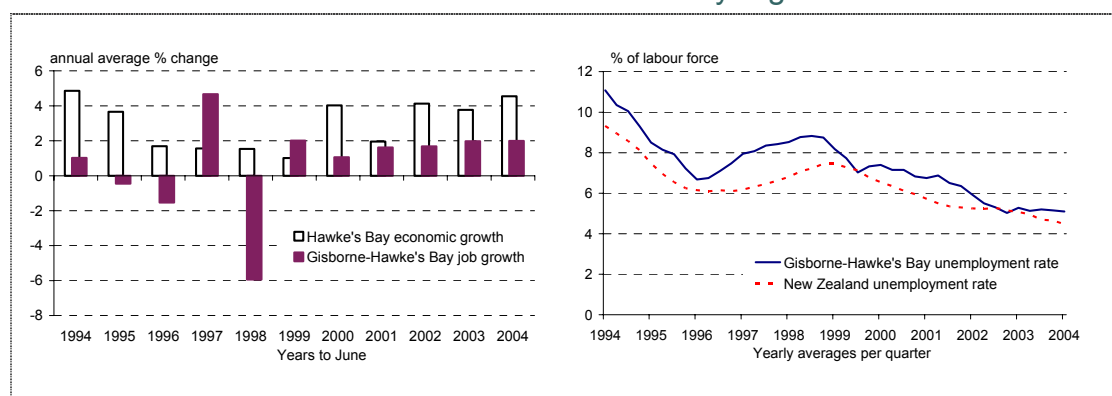
Employment

- Job growth in Gisborne-Hawke's Bay was solid during the past year, as employment rose by 2.0% to 89,500 people in the year to March 2004.
 - This is only just below national job growth of 2.7% in the past year.
 - This is the same job growth that occurred during the year to March 2003.
- Recent job growth has been driven by high growth in the Hawke's Bay economy and solid growth in the Gisborne economy:
 - The strength of domestic demand (eg due to low interest rates, earlier high farm incomes and population growth) meant the drivers of job growth in the year to March 2004 were construction and services such as wholesale & retail trade, and hospitality.
 - The reason that job growth was not stronger stemmed from weakness in the export sector, as exporters struggled from a high Kiwi dollar and a weak global economy. Thus there was a large fall in employment in Gisborne-Hawke's Bay primary sector in the past year.

Labour force

- The labour force in Gisborne-Hawke's Bay only grew moderately during the year to March 2004 because of:
 - a fall in the labour force participation rate from 64.8% in the year to March 2003 to 64.2% in the year to March 2004, the third lowest of the ten regions,
 - despite high population growth due to a net gain of migrants from overseas.

Box 3: Recent trends in the Gisborne-Hawke's Bay region



Indicator	Gisborne-Hawke's Bay regional council area			New Zealand
	Year to March 2004	Year to March 2003	1990-2002 average	Year to March 2004
Economic growth ^a (Gisborne)	2.4	5.1	2.3	3.9
Economic growth ^a (Hawke's Bay)	4.5	3.8	2.9	
Job growth ^a	2.0	2.0	1.4	2.7
Working age population growth ^a	2.6	1.1	0.1	2.0
Participation rate ^b	64.2	64.8	61.8	66.5
Unemployment rate ^b	5.1	5.3	8.3	4.5

a) annual average % change b) yearly average, %

Source: Household Labour Force Survey, Statistics New Zealand; Regional Trends, National Bank

Unemployment

- The unemployment rate in Gisborne-Hawke's Bay fell to 5.1% of the labour force in the year to March 2004, down from 5.3% in the year before.
 - 5.1% is the third highest unemployment rate of the ten main regions, with only Northland (6.7%) and Bay of Plenty (6.1%) having higher rates.
 - Nevertheless, it is a low rate for Gisborne-Hawke's Bay; only once has it fallen below this on an annual basis, the year to December 2002 when it was 5.0%.
 - Within the region, the Census tells us the unemployment rate at March 2001 was lowest in Central Hawke's Bay at 5.0%, but all other areas were higher than the nationwide rate of 7.5% at the time: Wairoa at 12.0%, Gisborne at 10.4%, Napier City at 7.8% and Hasting at 7.6%.
- Gisborne-Hawke's Bay experienced a small fall in the number of unemployed people during the past year, down 2% to 4,800.
 - The number of people on unemployment benefits fell 24% to 5,100 in the March 2004 year, much more than the fall in official unemployment.

Job Vacancy Monitor

- The Department of Labour's Job Vacancy Monitor shows the occupations in Hawke's Bay that are most advertised in newspapers are services & sales, clerks and associate professionals & technicians.
 - The major differences from the national average are that Hawke's Bay had proportionally more vacancies for agriculture & fishery workers and plant & machinery operators.
- Growth in job vacancies can tell us which occupations are having an increase in demand, and perhaps which occupations are experiencing skill shortages.
 - For Hawke's Bay, the semi-skilled/elementary occupations (eg service & sales workers) had the strongest growth over the last year, while highly skilled occupations (eg managers) had a small fall in job vacancies in the region.

Box 4: Hawke's Bay job vacancies by occupation from newspapers

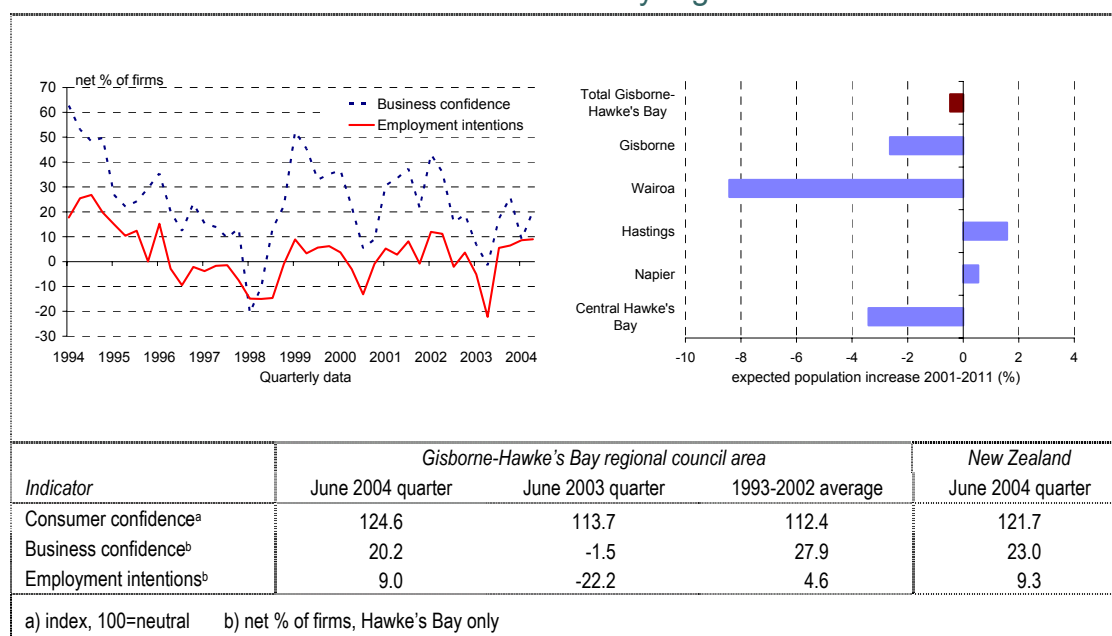
Year to June 2004	Composition of vacancies (% of total vacancies)		
	Hawke's Bay	New Zealand	
Managers	4	6	<p>% change in vacancies: June 03 quarter to June 04 quarter</p>
Professionals	7	10	
Ass. professionals/technicians	13	12	
Clerks	13	12	
Service/sales	23	23	
Agriculture/fishery workers	9	6	
Trades	9	13	
Plant/machine operators	12	9	
Elementary workers	8	7	
Not classified	2	3	
Total	100	100	

Source: Job Vacancy Monitor, Department of Labour; figures may not sum to 100 due to rounding

Outlook

- Economic growth will slow over the next year from the current high rate because of a softening in the domestic sector; eg construction due to higher interest rates and lower population growth. But growth will stay solid as exporters benefit from a strong global recovery and high commodity prices, offsetting a still high Kiwi dollar.
- This moderate economic outlook is supported by:
 - Hawke's Bay firms have been cautiously optimistic during the past year. Business confidence in Hawke's Bay is now just below the long-term average, but is about higher than a year ago and is above the national average.
 - Gisborne-Hawke's Bay consumer confidence is positive and high for the region, up from a year ago and higher than nationwide.
- Economic growth is expected to lead to moderate job growth, supported by:
 - Employment intentions among Hawke's Bay firms are moderately high.
 - Job vacancies in Hawke's Bay have grown 25% over the last year according to the Department of Labour's Job Vacancy Monitor.
- A negative factor for the region is expected to be a lack of population growth, after the strong growth of the past one to two years. The Gisborne-Hawke's Bay region is set to be steady between 2001 and 2011, according to Statistics New Zealand central projections. Of the ten main regions, only Taranaki-Manawatu-Wanganui is expected to have lower population growth. Within the region, only Hastings and Napier City are expected to have a rise in their populations from 2001 to 2011.

Box 5: Outlook for the Gisborne-Hawke's Bay region



Source: Westpac Bank, National Bank, Statistics New Zealand

Glossary

Household Labour Force Survey (HLFS): the official source of all regional labour market data, published by Statistics New Zealand (www.stats.govt.nz). It provides labour market data for people of working age (15 years and over) in each region:

- **Employment:** the number of people in paid work for one hour or more per week. Annual growth in employment is termed job growth.
- **Unemployment:** the number of people not in employment, but actively seeking and available for work. This is the official definition of unemployment. The unemployment rate is the proportion of the labour force that is unemployed.
- **Labour force:** the number of people either employed or unemployed, ie those who want to work. The labour force participation rate is the proportion of the working age population that is in the labour force.

Business Demography: an annual count of businesses and the number of full-time equivalent jobs they have, published by Statistics New Zealand (www.stats.govt.nz).

Net overseas migration: the difference between the number of permanent and long-term (PLT ie one year or more) arrivals and the number of PLT departures, to and from New Zealand, published by Statistics New Zealand (www.stats.govt.nz).

Job Vacancy Monitor: an experimental series that provides a monthly count of job vacancies from selected editions of 14 major newspapers, published by Department of Labour (www.dol.govt.nz/job-ad-monthly-report.asp). Vacancies are split into nine main occupations, with annual growth for three groupings: *highly skilled* (managers, professionals), *skilled* (associate professionals/technicians, trades), and *semi-skilled/elementary* (clerks, services/sales, plant/machinery, elementary).

Unemployment Benefits: the number of people receiving the unemployment benefit, published by Ministry of Social Development (www.msd.govt.nz).

Economic activity: an index constructed from a wide range of economic indicators that provides a gauge of economic growth by region, published as Regional Trends by the National Bank (www.nbnz.co.nz).

Business Outlook: the main source of consistent regional information about how firms are feeling about the future, published by the National Bank (www.nbnz.co.nz):

- **Business confidence:** the number of firms expecting their own activity to improve over the next year minus the number expecting a worsening, expressed as a net percentage of respondents. Firms are more likely to increase investment and employment if they are confident about the year ahead.
- **Employment intentions:** the number of firms expecting to increase employment over the next year minus the number expecting a decrease, expressed as a net percentage of respondents. This is a good indicator of job growth, although firms are not asked about the number of people they expect to hire or layoff.

Consumer confidence: an index of consumer sentiment, where a value over 100 means that optimists outnumber pessimists, published by Westpac Bank (www.westpac.co.nz) and McDermott Miller. High consumer confidence may lead to higher spending, residential investment or borrowing.

Annual average percentage change: the percentage change between the average for a whole year (eg March 2004 year) and the year previous (in this case, the March 2003 year). Unless stated, all growth rates are annual average percentage changes.