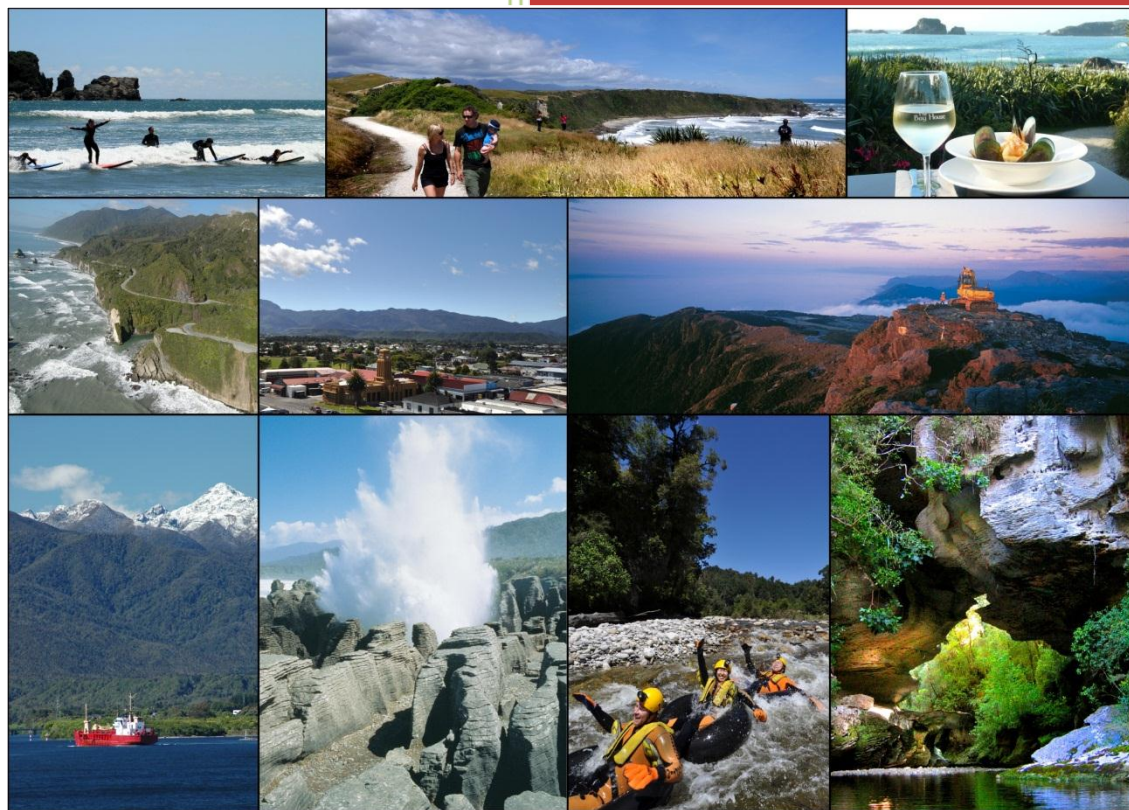


BERL Regional Rankings 2011



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BERL #5214

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1 Summary

It is our belief at BERL that “regions matter”. And that regional development is absolutely necessary to encourage economic growth at a national level.

An effective, efficient national economy needs strong local economies as part of a system that contributes to the final output of New Zealand Inc. Auckland cannot survive without the support and resources generated from the rest of the country. Urban areas cannot be as effective, without the rural areas generating the primary resources that are converted into products. Cities exist and form to facilitate activity and services. Transport and communications infrastructure link them all together.

Each local economy has different focuses, endowments and areas of specialisation, contributing to growth in their own way. But each also provides the environment and the infrastructure that supports populations and allows them to engage in business activity and prosper.

Changes in technology and the global economy have actually increased the importance of regions, and local activity. The ability for activity to be undertaken anywhere; the mobility of the workforce; and the localisation of innovation has put even further value on the importance of place.

To understand the national economy we must understand the building blocks that support it. That is, we must understand and support the local economies that make-up the national economy.

And to provide effective economic development support to local economies we need to be able to measure their activity. This is crucial if we are to identify benchmarks and to set an aspirational target. As the saying goes, “you cannot manage what you cannot measure”.

As such, this analysis provides government, local government and private businesses with a high-level overview on economic performance at a sub-national level. The analysis compares performance at three sub-national aggregations:

- local authority
- regional council
- city.

The rankings are based on indicators of economic activity – population, employment, value added (GDP) and businesses. The rankings also incorporate the level of activity in the productive (export focused) sectors of the economy.

Our ranking methodology has changed this year in that we look at both the short and medium term change in these indicators. This provides more consistency in year to year rankings and encourages a longer term focus on development and investment.

It is important to note that this is a ranking report. It is based on the change in activity in an area relative to changes in other areas. It is therefore looking at rate of change rather than the actual quantum of activity.

2 Introduction

Economic growth is important for all New Zealanders. Economic growth provides more jobs, more money, and an opportunity for an improved lifestyle. Understanding what causes economic growth and where this growth is coming from within New Zealand is especially important to maintain and increase our current standard of living.

The BERL economic indicator ranking provides a comprehensive measure of the economic performance of New Zealand's 66 local authorities, 14 regions and 20 cities.

The overall ranking provides government, industry and the public with an understanding of the relative performance of New Zealand's districts, cities and regions, and provides important information which:

- local authorities and regions can use to monitor their performance relative to their peers, and identify areas where they can improve their performance.
- businesses can use to identify areas of growth and decline.
- governments can use to inform national economic policies, and identify where activity is occurring.

The performance of each local authority, region or city is based on the change in key economic indicators over the last year (short term) and over the last five years (medium term).

Short and medium term performance of the area is taken into account to reflect changes in the area's performance that are more permanent in nature rather than solely reflecting shifts that may be one-off shocks or corrections. The Relative Openness Index provides a long term measure of the export sectors of the economy, and openness to trade.

Indicators are taken from the BERL Regional Database. This database contains several trend indicators at a local authority level broken down by industry sector. It is built from publicly available data including the New Zealand Business Demography statistics, Household Labour Force Survey, National Accounts, and sub-national Population Estimates. It forms the basis of much of the regional economic development work we do and is used by a number of councils and economic development organisations in New Zealand to identify economic activity and performance in their regions.

The key performance indicators that make up the regional rankings are: population, employment, GDP and business units (which are calculated in the short and medium term) and the Relative Openness Index, which provides a longer term measure of the gearing of the regional economy towards export focused sectors. The relative performance across all of these nine indicators determines the ranking for each area. There is also no weighting system applied to the economic indicators used in this report, i.e. employment growth in the short term has the same significance as employment growth over the medium term. However, for the overall ranking, scores for each measure are weighted and then summed.

The big change from last year is Auckland, which is now an amalgam of the seven local authorities that used to make up the Auckland region. This has reduced the number of local authorities being ranked to 66. As such, comparisons with last year don't necessarily match up. The other change is looking at regional and city rankings, which provide a further set of benchmarking tools for local authorities.

This report is organised into seven chapters. Chapter 3 provides some context on the national and international economy. The next three chapters then look at the three area breakdowns – Local Authority, Regional Council, and City.

Again we stress that this report provides a high-level analysis showing how local authorities, regions and cities compare relative to each other. For effective interventions and targeted regional economic development activity a much more detailed level of analysis is required that looks at the absolute values and quantum of change rather than comparative differences between councils. That is, more detailed information should be obtained and assessed to inform, identify and support regional economic development activity.

Further, this is purely a desk-based exercise. Where possible we have tried to verify the numbers where they look questionable and have related changes to activities that we are aware of as part of our general knowledge and understanding of regions. However, we have not verified all activity or gone out of our way to identify why the changes have occurred.

3 The Economic Context

While the rankings report compares the relative performance of districts, it is useful to put the performance within the context of the global and national economy. In general there has been a significant slowdown in economic activity since the Global Financial Crisis (GFC) in 2008. New Zealand dipped into recession in 2009 and appeared to have recovered by 2011. However, signs of a recovery are fading and there is every chance of a further decline in activity going forward.

3.1 International

Global growth and trade has slowed over the past year, with high uncertainty and volatility in international markets. The GFC, escalated by Europe's sovereign debt problem, continues to send jitters throughout the world with the outcome uncertain. This uncertainty has affected investment decisions and markets resulting in lower global growth forecasts. The IMF has lowered global growth forecasts to around 3.3 percent in 2012, with global growth increasing to 3.9 percent in 2013.

However, while slowing, Asian markets are still expected to grow strongly in 2012. China is expected to grow at around 8.2 percent and India at 7.0 percent. Developing Asia is expected to grow at around 7.3 percent. Growth is expected to accelerate even further in 2013.

The changing focus of New Zealand markets towards Asia means that we will avoid a lot of the pain out of Europe and that export demand is likely to continue. Similarly, the continuing trend for food and energy will support New Zealand's key export sectors.

3.2 National

The national economy continues to be influenced by the global economy, particularly the uncertainty around Europe. The recent GFC has resulted in increased caution in relation to investment and spending. Government has pulled back its spending, with major cuts to the public sector. New Zealanders are holding back on the big ticket items, and being much more careful in how they are spending. This has all resulted in a subdued domestic market with the expected recovery being pushed back until certainty returns.

On the flip side, exports continue to grow, with higher commodity prices for our main products. Dairy, wood, meat and oil are all generating excellent returns. Demand from our key markets, particularly in Asia and Australia, remain high. However, exports have been dampened somewhat by the high New Zealand dollar.

Ultimately, New Zealand's performance shows signs of an economy that is trying to regain ground after a global recession. Key economic indicators in 2011 are all above their five-year average. However, population growth, business units growth and business size growth are lower in 2011, than the five-year average.

Table 3.1. New Zealand KPIs

Key Performance Indicators	2011	%pa
		2006-2011
Resident population growth	0.9	1.0
GDP growth	1.6	0.6
GDP per capita growth	0.7	-0.4
Employment growth	1.6	0.7
Labour productivity growth	0.0	-0.1
Business units growth	-0.6	0.5
Business size growth	2.2	0.2

source: BERL Regional Database 2011

Employment growth for the year ending March 2011 was 1.6 percent compared to the medium term average of 0.7 percent. Unemployment is currently sitting around 6.3 percent (December 2011 quarter). In March 2011, where this data relates to, the unemployment rate was higher at 6.6 percent.

GDP growth was 1.6 percent for the year ending March 2011. However, over the medium term, there has been much slower growth, at 0.6 percent per annum.

Population growth has been slower in 2011, increasing by 0.9 percent last year compared to 1.0 percent per annum over the last five years. Emigration is continuing at record levels, with many skilled New Zealanders moving to Australia in particular. In the 2011 calendar year, there were 48,829 people departing New Zealand for Australia, the highest level since 1979.

The rankings reflect the ability of districts, regions and cities, to operate within the national and international environment. And it is apparent from the results that some have operated better than others in the trying environment of the last five years.

4 Local Authorities

At the most disaggregated level we have 66 local authorities. Each of these is tasked with encouraging the four wellbeings of their community – economic social, cultural and environmental. We do note that there is a huge variation in the size, scale and activity of local authorities, which can have an impact on what they can do but also on their economic performance.

Table 4.1. Local authority rankings

BERL Regional Rankings	RANK				RANK		
	2011	2010			2011	2010	
Buller	1	5	↑4	Hauraki	34	41	↑7
Queenstown-Lakes	2	2	→	Napier City	35	54	↑19
Waimakariri	3	4	↑1	Invercargill City	36	38	↑2
Selwyn	4	1	↓3	Rotorua	37	57	↑20
Waikato	5	42	↑37	Whangarei	38	44	↑6
Western Bay of Plenty	6	14	↑8	South Taranaki	39	47	↑8
Central Otago	7	8	↑1	Kaipara	40	53	↑13
Tauranga City	8	33	↑25	Otorohanga	41	16	↓25
Ashburton	9	7	↓2	Dunedin City	42	48	↑6
Hurunui	10	10	→	Kapiti Coast	43	30	↓13
Tasman	11	21	↑10	Marlborough	44	49	↑5
New Plymouth	12	3	↓9	Gore	45	26	↓19
Waipa	13	13	→	Far North	46	61	↑15
Auckland	14	35	↑21	Thames-Coromandel	47	64	↑17
Mackenzie	15	6	↓9	Palmerston North City	48	18	↓30
Carterton	16	9	↓7	Upper Hutt City	49	45	↓4
Southland	17	27	↑10	South Wairarapa	50	36	↓14
Taupo	18	19	↑1	Gisborne	51	12	↓39
Nelson City	19	29	↑10	Lower Hutt City	52	58	↑6
Hamilton City	20	34	↑14	Grey	53	17	↓36
Waimate	21	55	↑34	Waitomo	54	50	↓4
Timaru	22	28	↑6	South Waikato	55	52	↓3
Porirua City	23	22	↓1	Horowhenua	56	65	↑9
Westland	24	40	↑16	Christchurch City	57	37	↓20
Whakatane	25	56	↑31	Masterton	58	32	↓26
Waitaki	26	20	↓6	Central Hawke's Bay	59	25	↓34
Clutha	27	39	↑12	Whanganui	60	46	↓14
Opotiki	28	60	↑32	Kawerau	61	63	↑2
Manawatu	29	15	↓14	Wairoa	62	23	↓39
Hastings	30	31	↑1	Stratford	63	62	↓1
Wellington City	31	11	↓20	Tararua	64	59	↓5
Kaikoura	32	24	↓8	Rangitikei	65	51	↓14
Matamata-Piako	33	43	↑10	Ruapehu	66	66	→

source: BERL Regional Database 2011

Of interest, seven of the top ten local authorities are based in the South Island, including the top four. Of the three North Island local authorities, two were from the Bay of Plenty region. Only one city was represented in the top ten.

Of the bottom five performances, all were based around the Central North Island. They were all rural based, with small, declining populations.

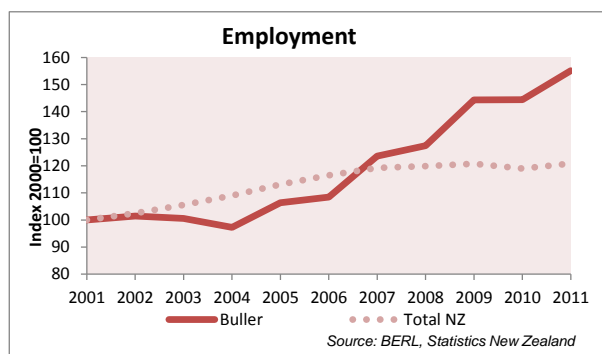
This section reviews the ranking performance of the ten highest ranked and the five lowest ranked local authorities. It also identifies local authorities that have made significant movements in this year's rankings.

4.1 The top ten

Three new entrants - Waikato district, Western Bay of Plenty district, and Tauranga City made their way into the top ten in 2011. Making way for these three were New Plymouth, Mackenzie and Carterton districts. We also have a new number one in 2011, with last year's top dog, Selwyn, dropping down to 4th.

1 Buller. Congratulations to Buller district. Despite a trying couple of years on the West Coast with the Pike River disaster, the Buller district has some good news as the best performing local authority in 2011.

Buller district topped four of the nine ranking indicators. It had the highest employment and business unit growth in 2011; and the best employment and GDP growth over the past five years of all districts.

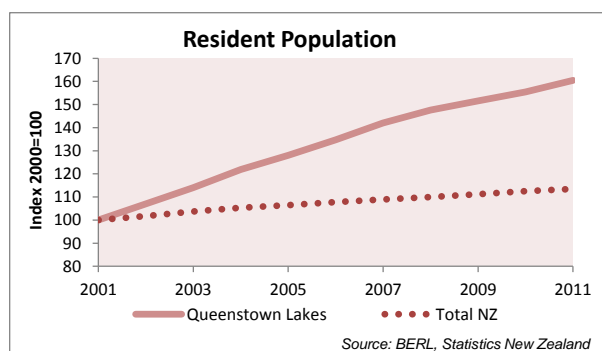


Buller is up four places in the rankings from last year, mainly due to improved employment and population growth in 2011. Over the past year, the district's employment growth has improved from 6th to 1st, while its population ranking improved from 61st to 28th place.

The mining sector continues to drive economic activity. The void created by Pike River has been quickly filled by expansion in other mines. Looking forward, the consenting for Bathurst mines has progressed, and a major growth period is looming for the district. We expect Buller to go from strength to strength over the next few years as increasing demand for mineral resources continues.

2 Queenstown Lakes. The Queenstown Lakes district is a perennial performer in the BERL regional rankings. It has retained 2nd place for the second year in a row and has been in the top five for the last five years.

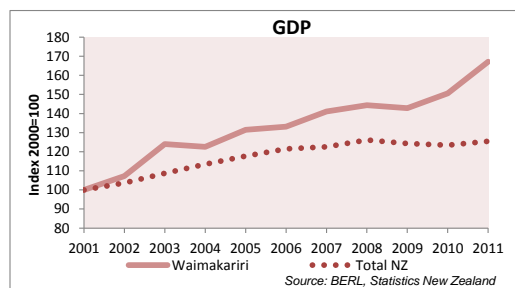
As usual, Queenstown Lakes' performance has been driven by population growth, which flows through into the other indicators. Queenstown Lakes ranks 1st in medium term population growth and medium term business units growth. In 2011, it ranked second in population and third in business unit growth.



The recession has hurt Queenstown Lakes, particularly the property market and the related construction industry. As a result, Queenstown Lakes ranked poorly in employment (31st) and GDP (56th). Despite this, longer term growth in both of these indicators has kept Queenstown Lakes in the top two.

3 Waimakariri. The Waimakariri district moved up one spot to secure a podium finish in 2011. Building on strong GDP growth in 2010, a further 11 percent surge in 2011 saw Waimakariri top the GDP rankings for 2011.

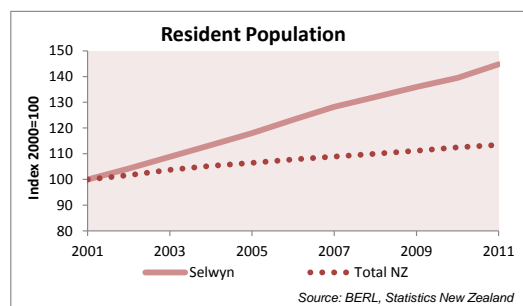
Waimakariri has also seen improvements in its population growth over the past year, improving from 7th to 4th place.



Waimakariri has been a strong performer over the medium term, ranking in the top ten in each of the four indicators. Over the medium term, Waimakariri is ranked 2nd in GDP, 3rd in population growth, 8th in employment growth and 9th in business unit growth.

4 Selwyn. Last year's best performing local authority, Selwyn district has fallen out of the medals to fourth in 2011. Out of all the districts, Selwyn had the highest population growth in 2011.

Selwyn has had the highest population growth for the last two years. However, a decline in employment, GDP and business unit growth in 2011 has resulted in a fall in the rankings.

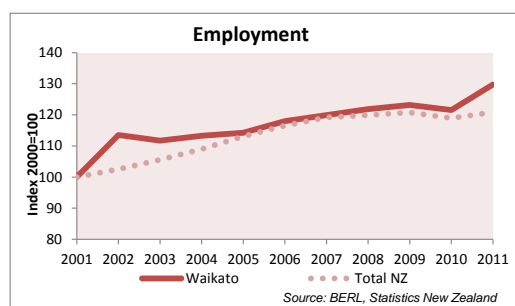


In 2011, Selwyn's employment ranking dropped from 5th place to 40th, while GDP ranking dropped from fourth place to 24th.

Over the medium term, however, Selwyn has performed strongly, with all four indicators ranking in the top 10. Over the medium term, Selwyn ranked 2nd in population, 5th in GDP, 6th in employment, and 10th in business units.

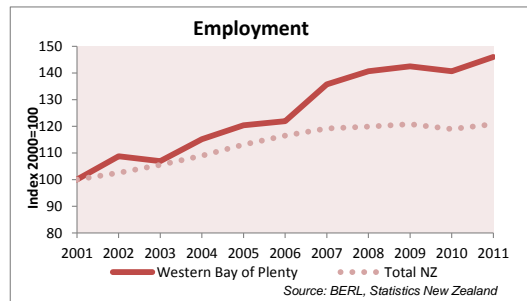
5 Waikato. The Waikato district was the biggest improver amongst the top ten districts, moving from 42nd in 2010 to 5th in 2011. The district had strong GDP and employment growth of 9.0 percent and 6.8 percent respectively over the past year, ranking 2nd on both indicators.

This growth has come from a 65 percent increase in employment in electricity supply and a 9.5 percent increase in manufacturing, which in turn was driven by growth in wood product manufacturing.



Supporting the rapid growth in employment and GDP, the Waikato district has enjoyed solid population growth over the medium term, ranking 8th. As well, Waikato has performed well over the medium term in employment (12th) and GDP (13th).

6 Western Bay of Plenty. The Western Bay of Plenty has moved up eight places from last year to rank just outside the top five. The district's performance was supported by improvements in employment and GDP rankings, where it came in 7th and 4th respectively. The Western Bay of Plenty also had the 9th fastest growing population in 2011.

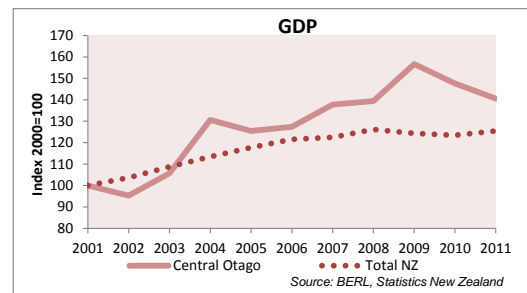


Western Bay of Plenty is a solid performer, with strong medium term rankings in population, employment and GDP, where it ranks in the top 10 for each. In particular, the Western Bay of Plenty ranked 2nd for employment growth over the last five years.

The indicator that stops the Western Bay of Plenty from ranking higher is business unit growth, where it ranked 57th in 2011 and 32nd over the medium term.

7 Central Otago. The Central Otago district moved up one spot to 7th place in 2011.

In 2011, Central Otago had the 4th fastest growth in business units, and the 6th fastest growth in employment. However, its population ranking dropped to 17th (from 9th), and it was a bad year for GDP where it ranked 60th (a large drop from 15th in 2010).

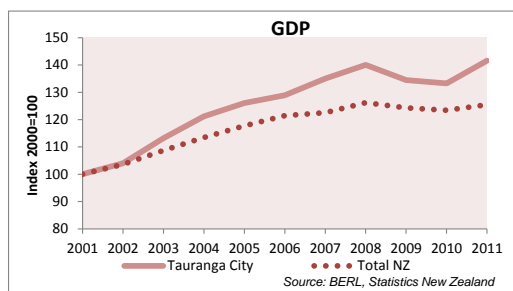


However, like many others in the top ten, Central Otago has performed strongly over the last five years, with three rankings in the top ten.

Over the last five years, Central Otago has had the 2nd fastest growth in business units, the 5th fastest growth in employment and the 7th fastest population growth.

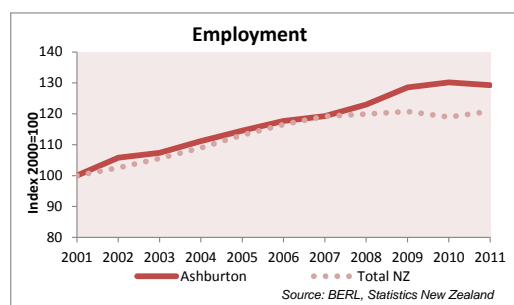
8 Tauranga. Tauranga is the only city in the top ten and it has achieved this with a stellar improvement from its 33rd rank in 2010.

While population growth has eased, with Tauranga City only the 25th fastest in 2011, the city's economy was humming. Tauranga City ranked 3rd in both employment and GDP growth, and 6th in business units growth.



Tauranga City's rapid population growth is reflected in its medium term ranking, where it has had the 6th fastest growing population over the last five years. As well it has had the 14th fastest employment growth and the 17th fastest GDP growth.

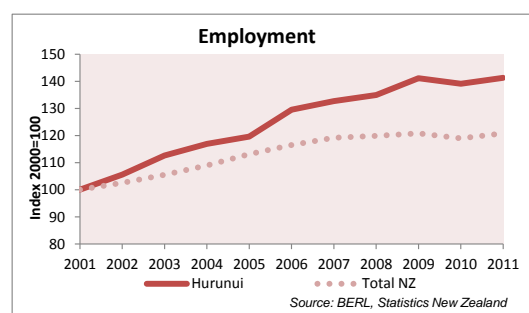
9 Ashburton. The Ashburton district dropped two places in 2011. Over 2011, an improved ranking in population (up 23 spots to 3rd) was offset by drops in employment and GDP. Rankings for employment and GDP were down 28 and 34 spots respectively, with Ashburton ranking 48th in employment and 54th in GDP in 2011.



What has kept Ashburton amongst the top ten local authorities is its medium term rankings, where it has had solid growth over the last five years. In particular, Ashburton ranks 13th in employment and 9th in population growth. It has had the 8th fastest increase in business units over the last five years.

10 Hurunui. The Hurunui district has remained in 10th place for the second year in a row. The result is a combination of a strong population rank in 2011, and good medium term rankings for GDP and business unit growth.

Hurunui's highest rank in 2011 was 5th for population. It ranked 25th for employment and 28th for business unit growth. Its GDP growth was in the bottom half at 42nd.



Solid medium term rankings were retained for GDP (7th) and business units (8th). Hurunui district also ranked well on the Relative Openness Index (5th).

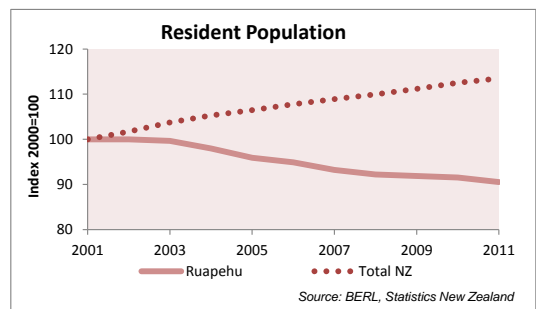
4.2 The bottom five

Unfortunately with any rankings exercise, there are those that are at the top and those that are at the bottom. For this report we want to focus on the positives, and so we have only included the bottom five rather than ten!!

Most of the local authorities in the bottom five had negligible or negative population growth for 2011. These districts were also predominantly rural and had small populations to start with. Interestingly, all of the bottom five are located around the Central North Island.

66 Ruapehu. New Zealand's poorest performing economy for 2011 is the Ruapehu district. This is the second year running that Ruapehu has been in last place.

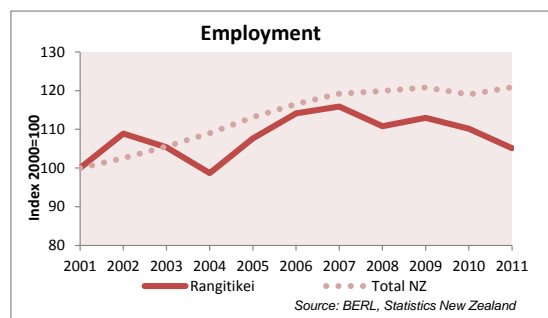
Over 2011, Ruapehu struggled to retain population and employment. It had the second lowest ranking for population and the lowest ranking for employment. In 2011, employment in Ruapehu declined by 8.9 percent.



Ruapehu's medium term performance is also low. The district had the lowest population and business unit growth over the past five years. It ranked in the bottom five for employment and GDP growth. Ruapehu's highest ranking is 45th on the openness index.

65 Rangitikei. The Rangitikei district is the second lowest ranked local authority in 2011. Apart from the openness index, where Rangitikei ranked 7th, and medium term business unit growth (52nd) all short and medium term indicators ranked in the bottom six.

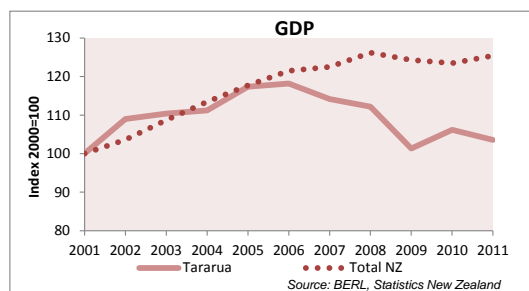
The Rangitikei district had the second lowest ranking for employment and GDP in 2011. It ranked 60th in population and 62nd in business unit growth.



Medium term indicators were not much better. Population and employment over the last five years ranked 62nd, while GDP ranked 63rd.

64 Tararua. The Tararua district struggled to retain population in 2011, ranking 59th. It also performed poorly across all other indicators.

On a positive note, the 2011 rankings appear higher than the medium term rankings, which suggest that there



are potentially positive times ahead. Apart from its 20th ranking on the openness index, its next best ranking was 50th for GDP growth in 2011.

63 **Stratford.** The Stratford district had the lowest ranking for GDP, and also ranked poorly in employment (63rd). Stratford's best ranking was for business units, where it ranked 36th.

Over the medium term, growth has been in the bottom half of the rankings across all indicators. Employment growth has been Stratford's best indicator, with a ranking of 38.

62 **Wairoa.** Wairoa district has the fourth slowest population growth of all local authorities. It also ranked poorly for GDP at 61st. Wairoa has had a big turnaround from 2010. In 2010, Wairoa ranked 2nd for business units and 8th for employment growth. In 2011, its ranking had fallen to 48th and 51st respectively.

Over the last five years, Wairoa has had the second worst population performance, just ahead of Ruapehu district.

4.3 Biggest gains

This section looks at the ten local authorities with the largest climb in terms of their ranked economic performance from 2010 to 2011.

Table 4.2 shows that the Waikato district had the largest spot climb during 2011, climbing 37 spots to secure a spot in the top ten.

Waimate district had the second highest climb; rising 34 spots from 55th place to 21st. It was followed by Ōpōtiki, which climbed 32 spots to 28th, and then Whakatāne, which climbed 31 spots to 25th. Tauranga City also had an impressive climb, climbing 25 spots to a position in the top ten local authorities in 2011.

Interestingly, four of the biggest improvers, - Ōpōtiki, Whakatāne, Tauranga, and Rotorua, are all from the Bay of Plenty region. This flows through into the regional council rankings in the next chapter.

Table 4.2. Local authorities with the largest gains

Local Authority	2011 rank	2010 rank	change
Waikato	5	42	37
Waimate	21	55	34
Ōpōtiki	28	60	32
Whakatāne	25	56	31
Tauranga City	8	33	25
Auckland City	14	35	21
Rotorua	37	57	20
Napier City	35	54	19
Thames-Coromandel	47	64	17
Westland	24	40	16

source: BERL Regional Database 2011

4.4 Largest declines

The local authorities with the largest declines fell between 19 and 39 spots. Leading the declines were Gisborne and Wairoa, situated next to each other on the East Coast of the North Island, and both falling 39 spots.

Three cities are on the list of the top ten largest declines – Palmerston North, Wellington and Christchurch. While there were no distinct issues to point at in the decline in Palmerston

North, Wellington struggled with a fall in employment and GDP, largely from the cleanout of the public service, where there was close to 800 job losses in Defence alone. Understandably, Christchurch ranked last in population growth in 2011.

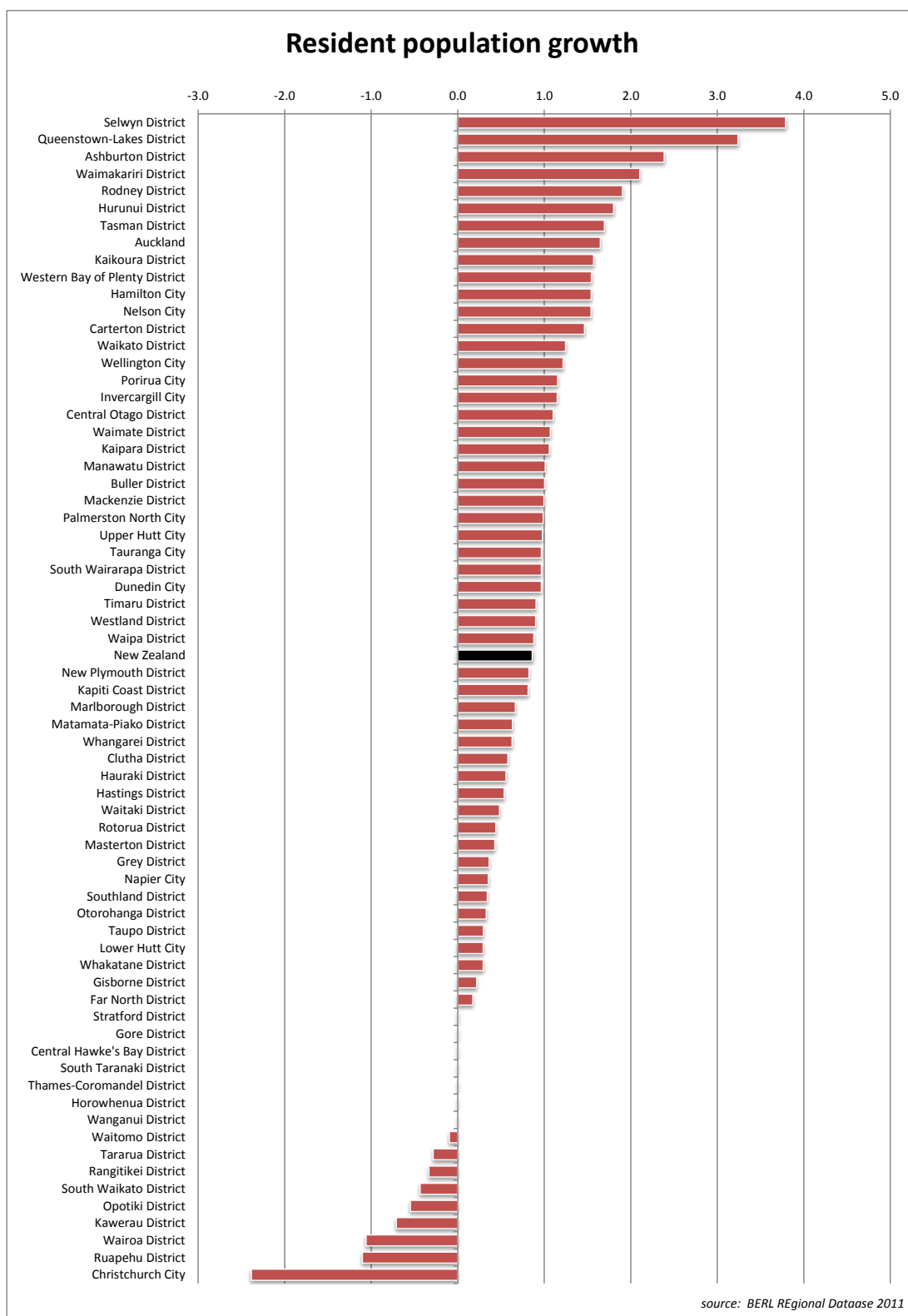
On the West Coast, the decline in Grey district is offset by the growth in Buller. Central Hawke's Bay, Masterton, Otorohanga and Gore rounded out the ten largest ranking falls.

Table 4.3. Local authorities with the largest falls

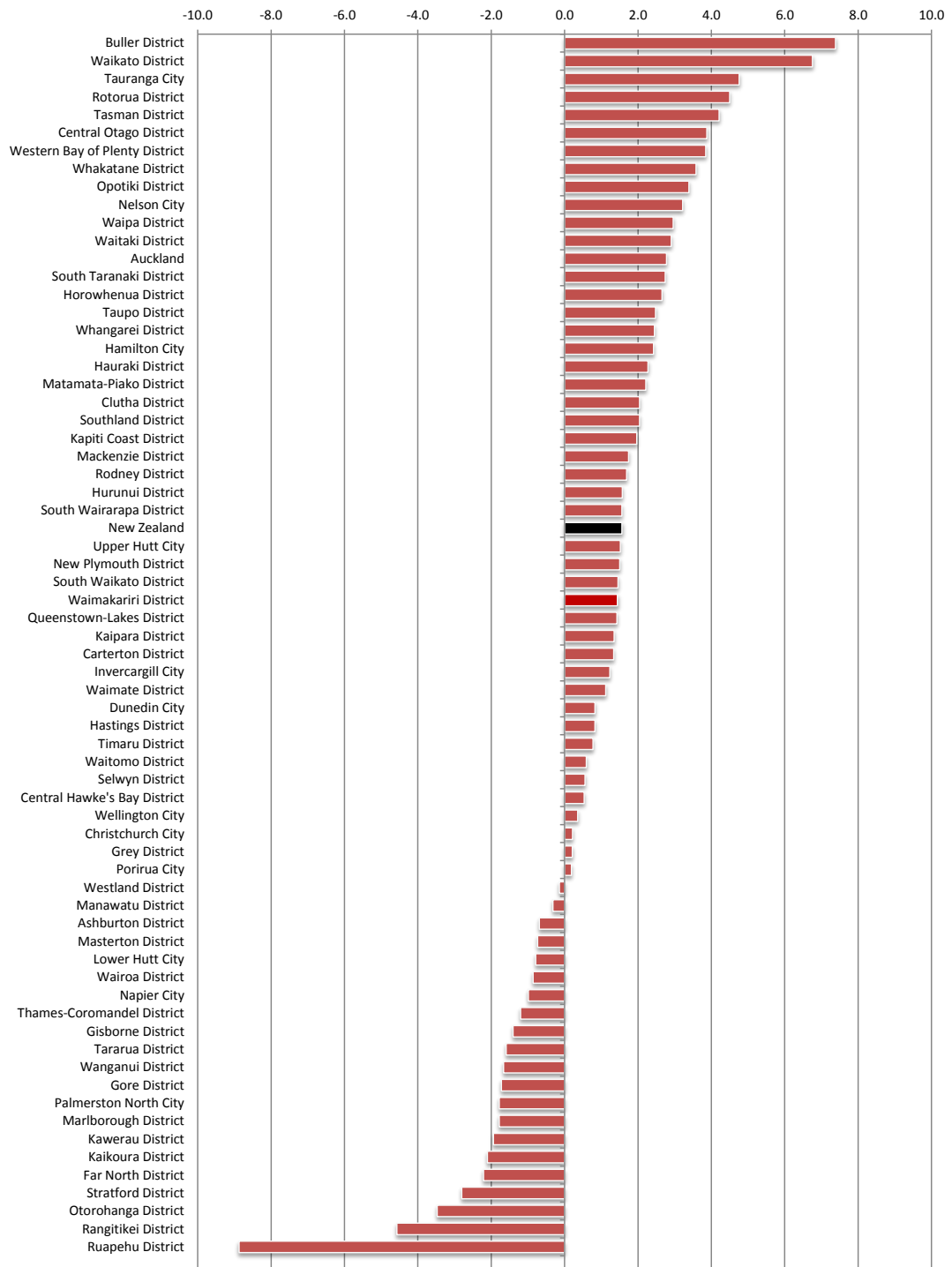
Local Authority	2011 rank	2010 rank	change
Gisborne	51	12	-39
Wairoa	62	23	-39
Grey	53	17	-36
Central Haw ke's Bay	59	25	-34
Palmerston North City	48	18	-30
Masterton	58	32	-26
Otorohanga	41	16	-25
Wellington City	31	11	-20
Christchurch City	57	37	-20
Gore	45	26	-19

source: BERL Regional Database, 2011

4.5 Short term indicator graphs – Local Authorities

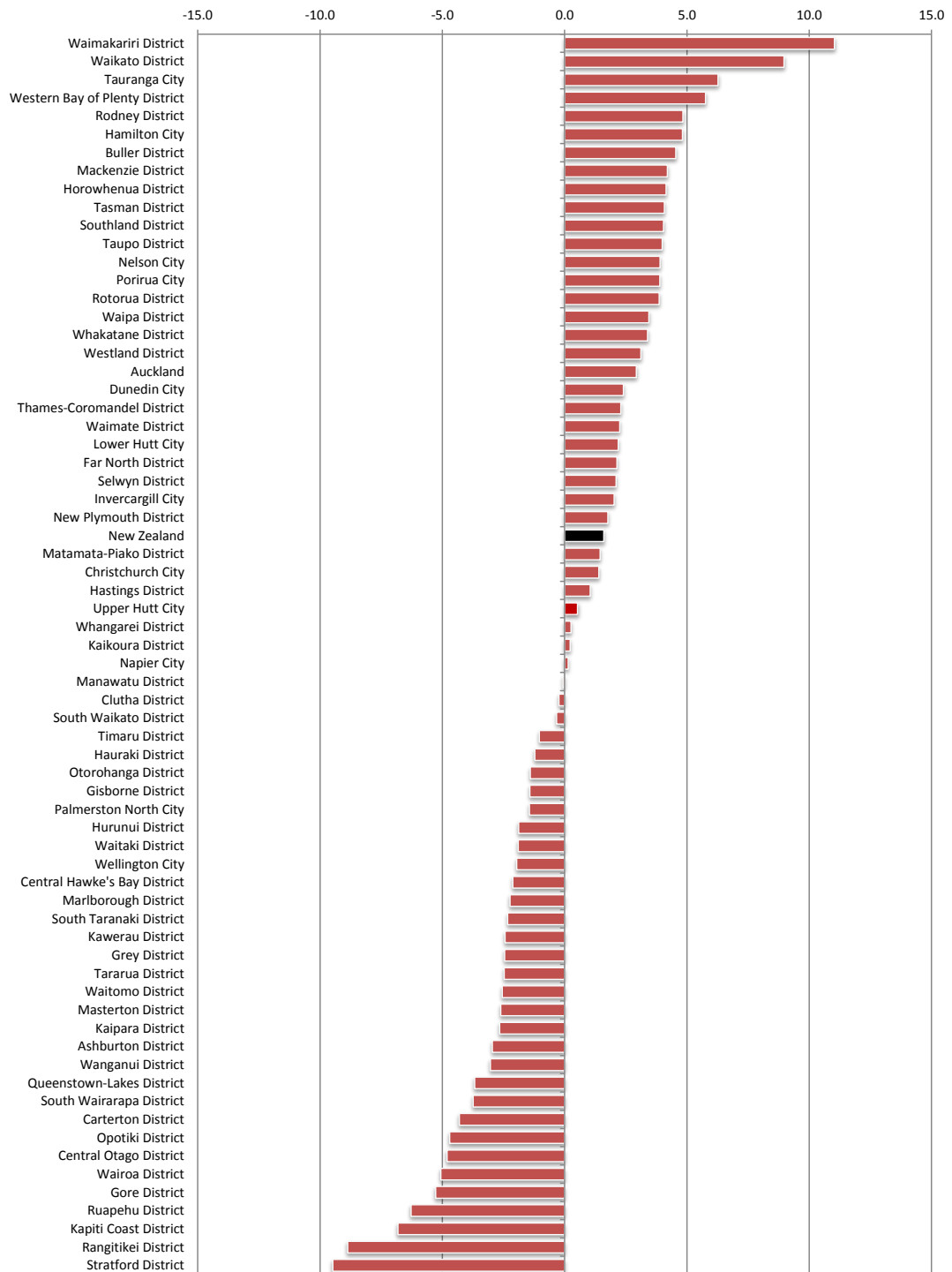


Employment (FTE) growth



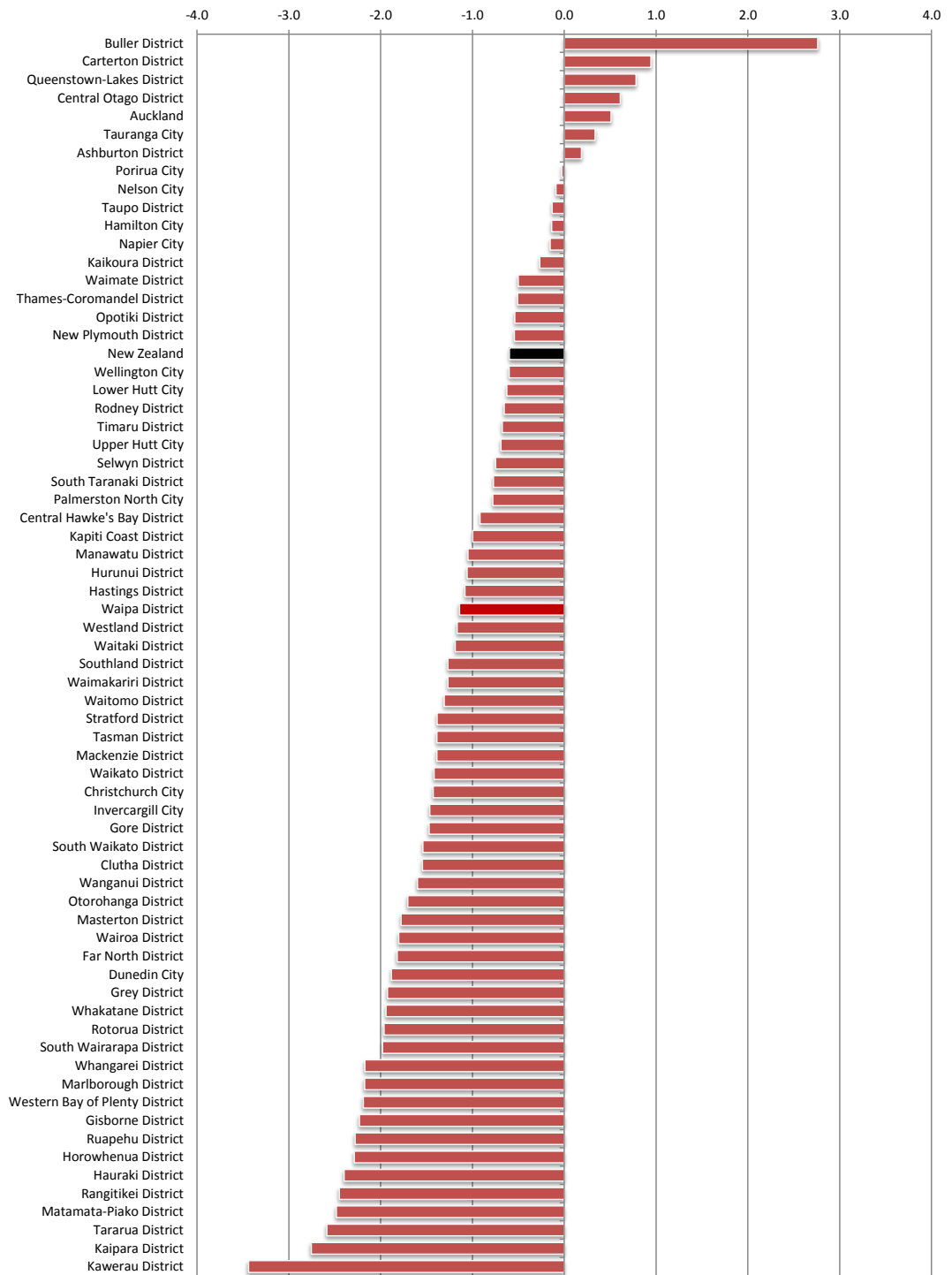
source: BERL Regional Database 2011

Real Value Added growth (GDP)



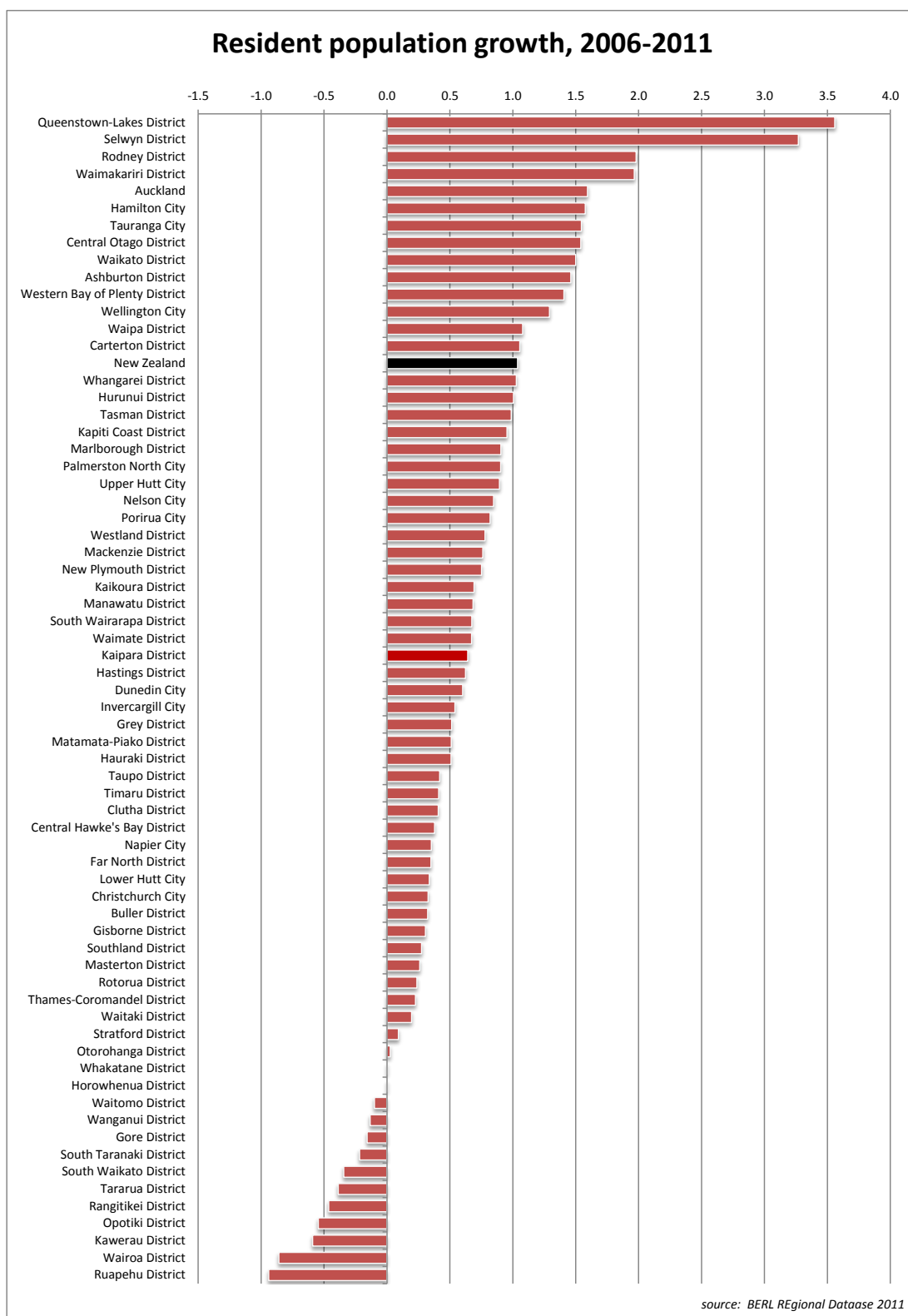
source: BERL Regional Database 2011

Business units growth

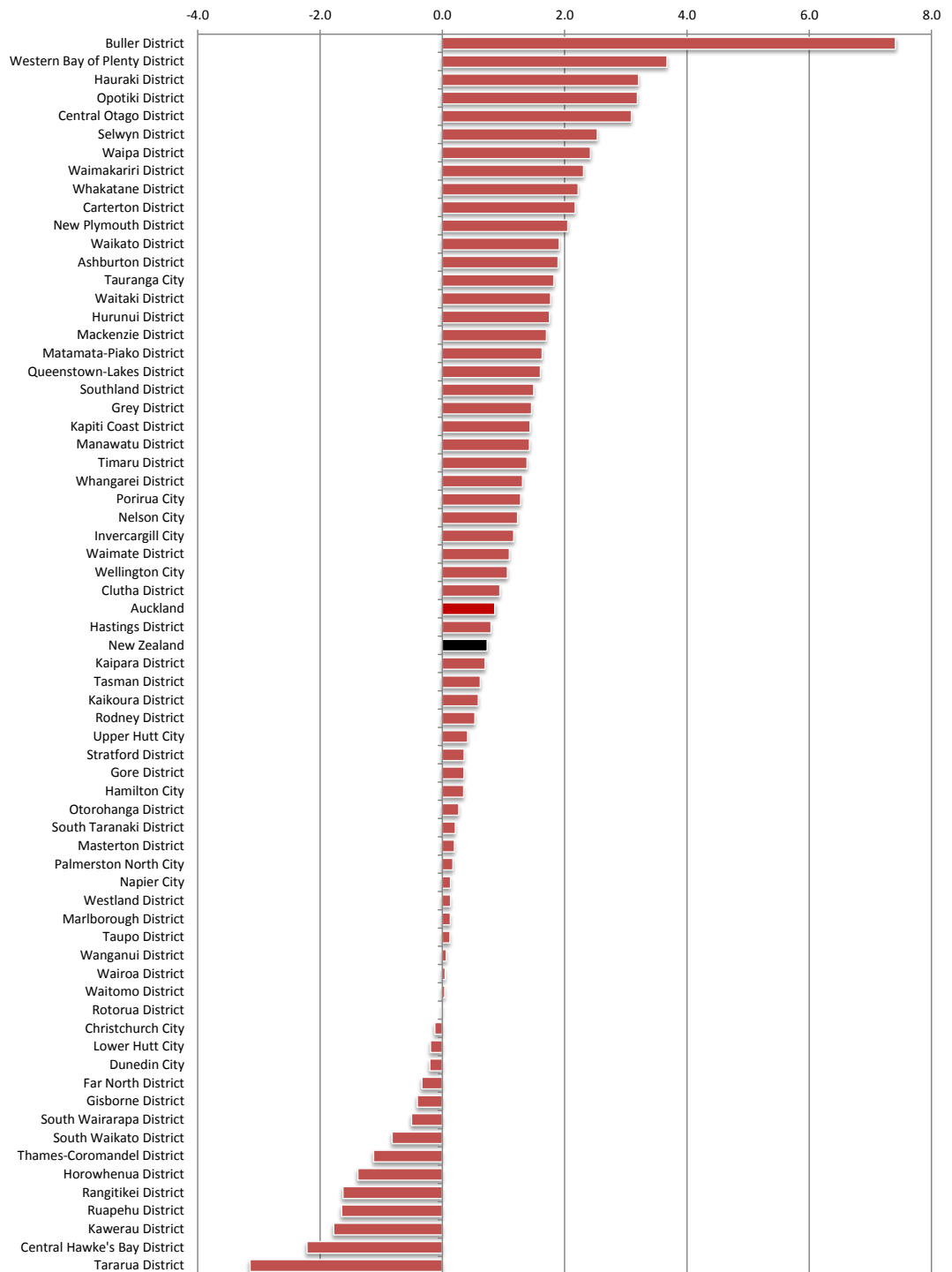


source: BERL Regional Database 2011

4.6 Medium term indicator graphs – Local Authorities

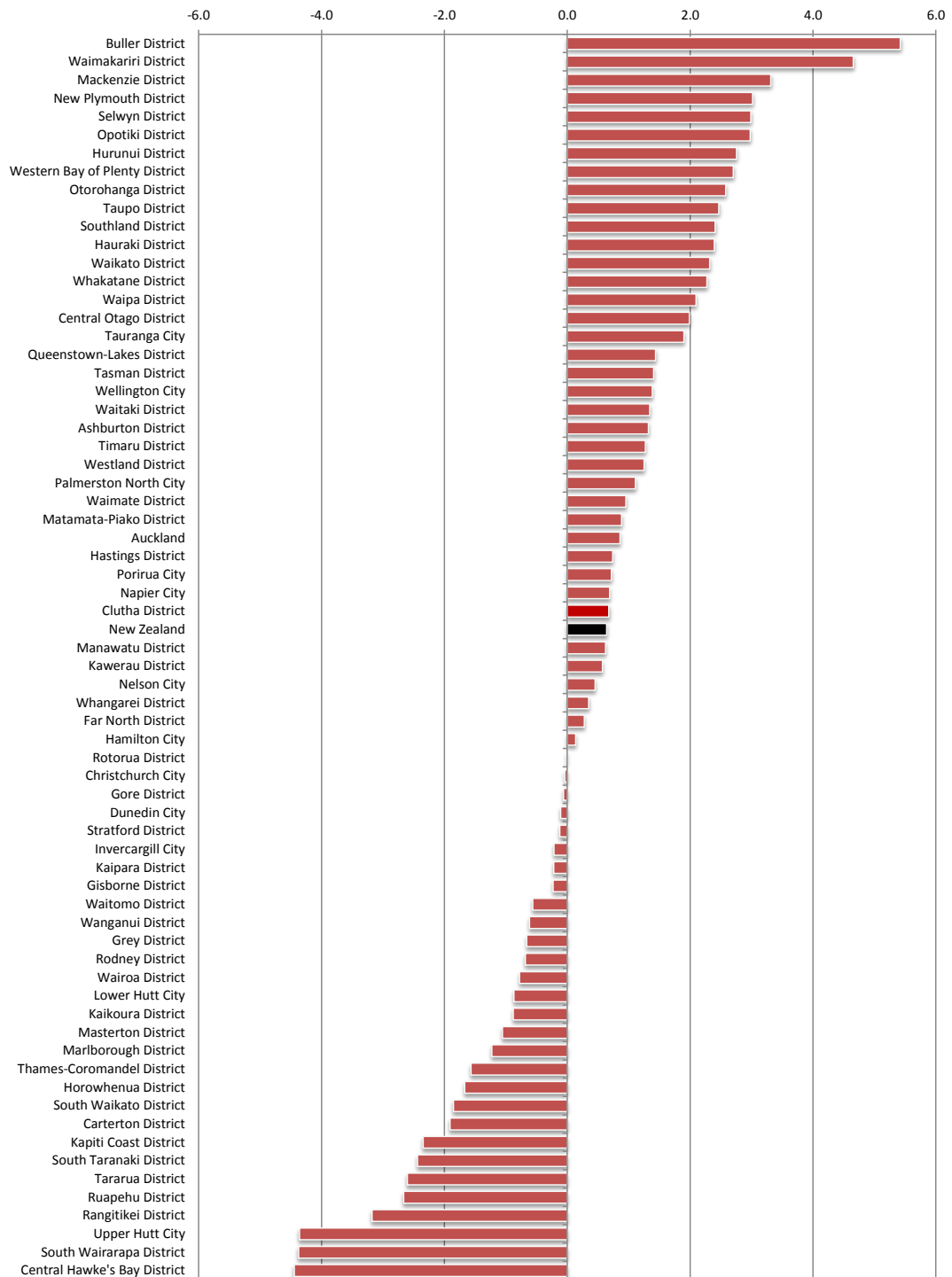


Employment (FTE) growth, 2006-2011



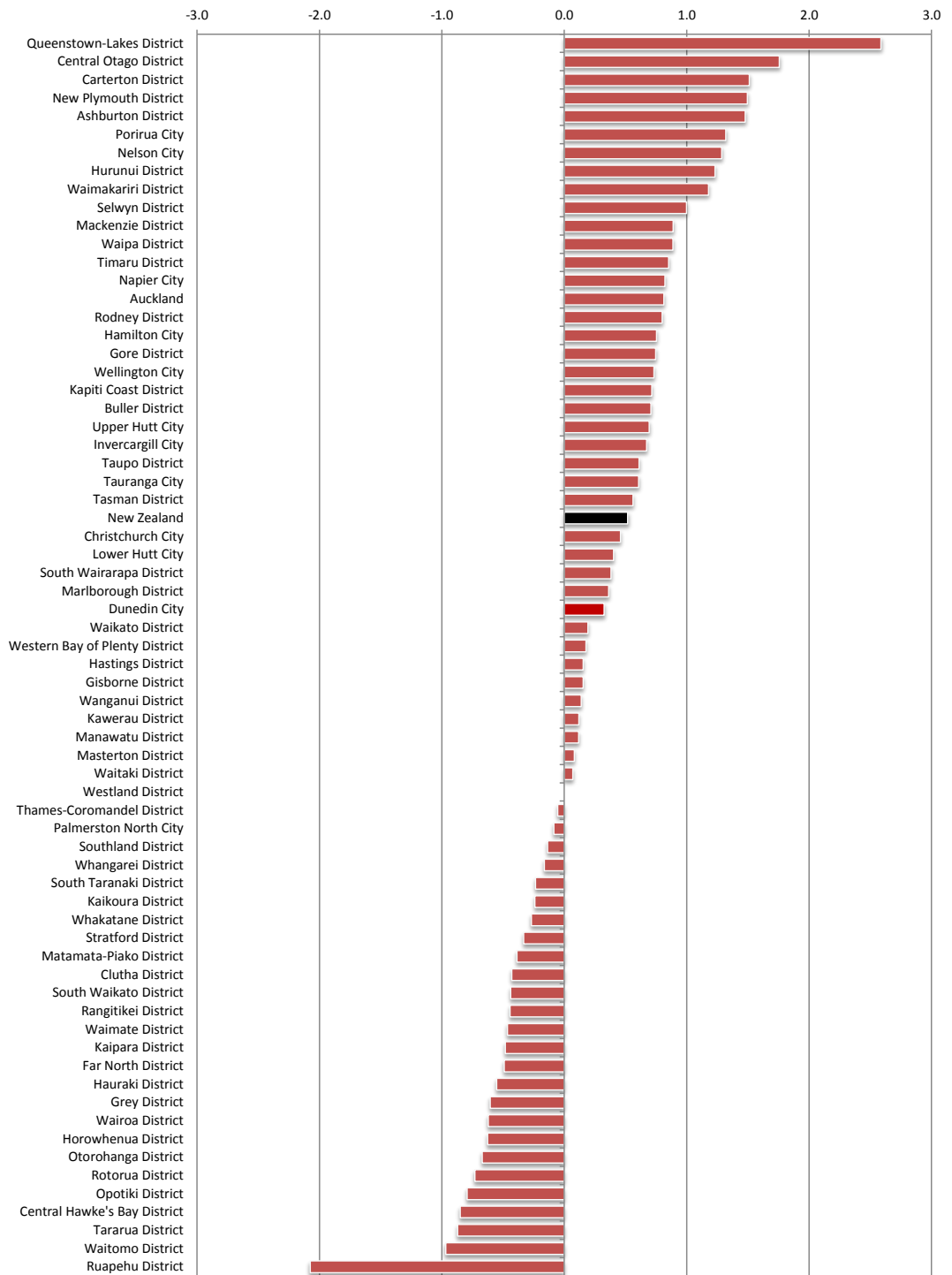
source: BERL Regional Database 2011

Real Value Added growth (GDP), 2006-2011



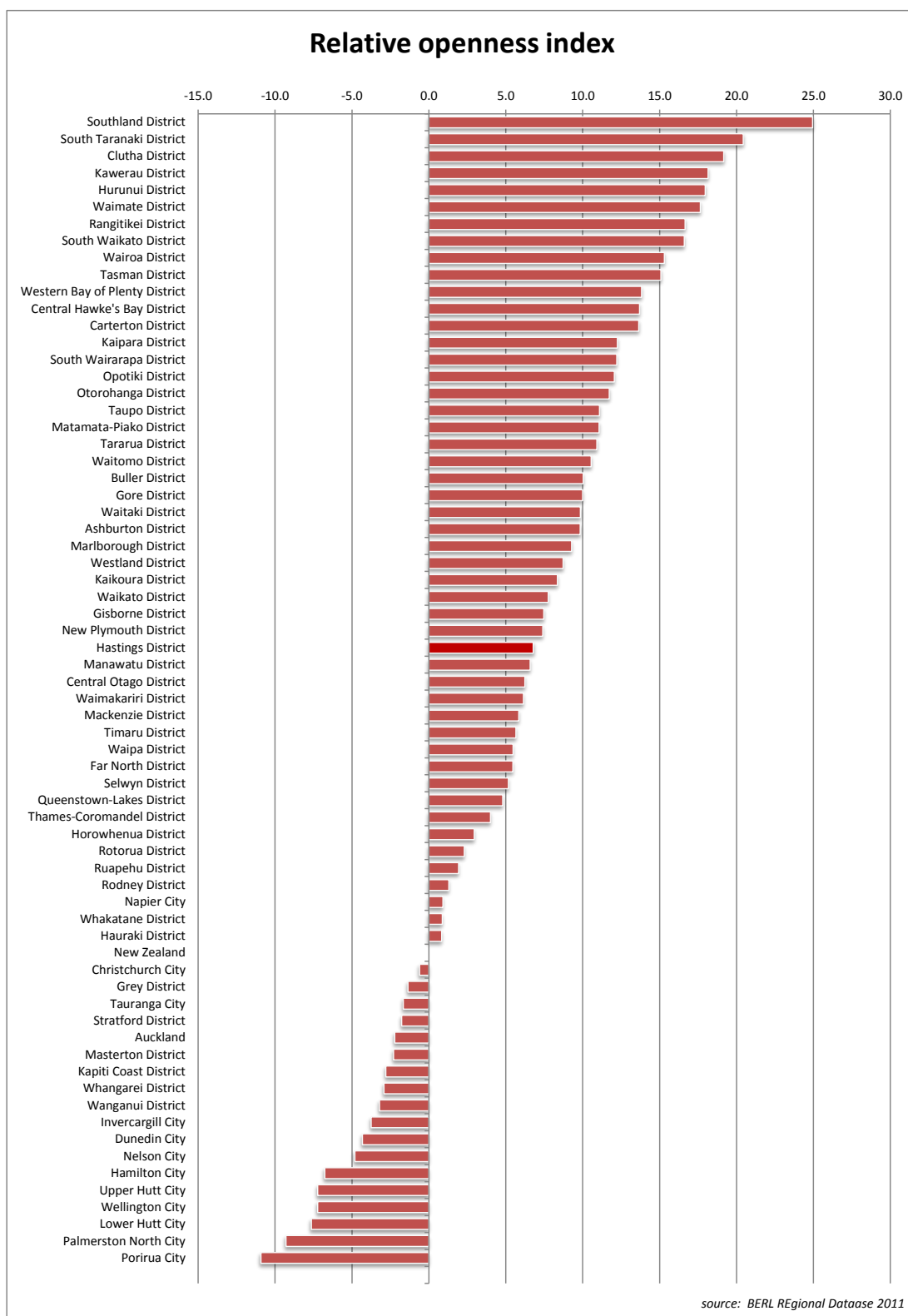
source: BERL Regional Dataase 2011

Business units growth, 2006-2011



source: BERL Regional Database 2011

4.7 Relative Openness Index graph– Local Authorities



5 Regional Councils

The 66 local authorities were grouped into their regional council areas to allow ranking across the 14 regional council areas. The performance of each region is shown in Table 5.1.

Table 5.1. Regional rankings

Region	Rank		
	2011	2010	
Auckland	1	3	↑2
Bay of Plenty	2	7	↑5
Taranaki	3	1	↓2
West Coast	4	12	↑8
Otago	5	5	→
Nelson/Tasman/Marlborough	6	14	↑8
Waikato	7	9	↑2
Southland	8	10	↑2
Haw ke's Bay	11	6	↓5
Canterbury	9	2	↓7
Wellington	10	4	↓6
Northland	12	13	↑1
Gisborne	13	8	↓5
Manaw atu-Wanganui	14	11	↓3

source: BERL Regional Database 2011

Taranaki has been bumped out of the top spot by Auckland, with the two regions swapping positions from last year.

Six of the top eight regions all improved their ranking from a year earlier, while Northland was the only bottom half region to show improvement (albeit by one spot). Otago stayed steady in the number five spot. The West Coast and Nelson/Tasman/Marlborough had the largest climb in rankings this year, both up eight spots.

There have been some large shifts this year in spite of the medium term indicators, which reflects the real shifts in activity in 2011. Nelson/Tasman/Marlborough region climbed from last place to 6th place this year, while the West Coast Region climbed from 12th to 4th place. The other big improver was Bay of Plenty, which climbed five spots from 7th place in 2010 to 2nd in 2011. Big shifts in the opposite direction were had by Canterbury, which dropped seven spots to 9th; and Wellington, which dropped six spots to 10th.

1 Auckland Not only can Auckland boast about being the biggest Council in New Zealand, it can now also boast about being the best performing region. Auckland's sublime performance in 2011 saw it climb from 3rd in 2010 to being the best performing region in 2011.

As the main entry for migrants and with a large migrant population already, Auckland consistently has the highest population growth of all regions. Auckland also had the highest business unit growth in 2011.



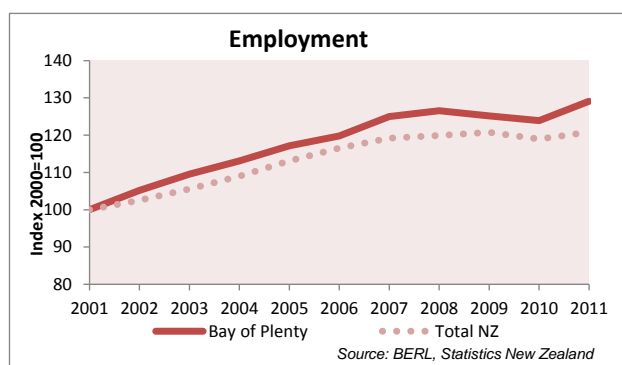
Auckland ranked either 1st or 2nd in five of the nine indicators and was in the top five for all bar the Relative Openness Index. Auckland came in 1st on resident population growth (short and medium term), and business unit growth (2011). It was the 2nd ranked region on employment growth (2011) and medium term business unit growth.

2 Bay of Plenty. The Bay of Plenty region is the 2nd best performing region in New Zealand in 2011, improving five spots from 2010.

The Bay of Plenty region had the highest employment and GDP growth for 2011, and the fastest growing GDP over the medium term.

The region also ranked 2nd in medium term employment growth and on the Relative Openness Index.

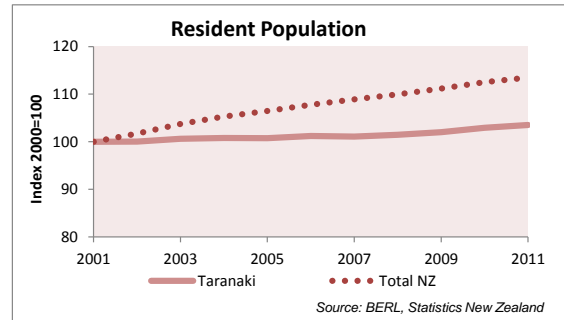
Two of the local authorities within the Bay of Plenty region – Western Bay of Plenty district and Tauranga City – finished in the top ten in the local authority rankings.



3 Taranaki. Taranaki, which ranked 1st in 2010, has dropped two spots to 3rd in 2011. This is the result of poor 2011 rankings in population and GDP growth, where it ranked 9th and 10th out of the 14 regions.

However, its medium term rankings reflect the economic strength of the Taranaki economy.

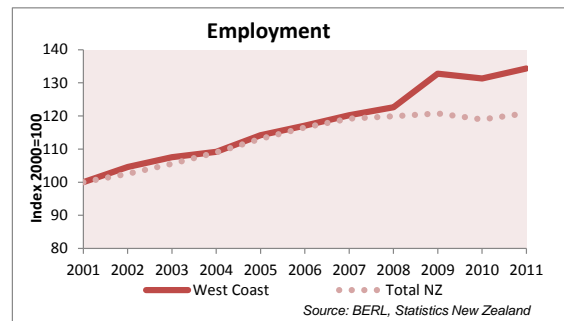
Taranaki ranked 3rd on both medium term employment, GDP and business unit growth. It is also the top ranked region in relation to relative openness.



The only measure that lets the Taranaki region down is population growth, where it ranks 10th over the medium term.

4 West Coast. The West Coast region is the 4th best performing of the 14 regions; and one of the largest movers from last year, up eight spots. The three districts that make up the West Coast - Buller, Grey and Westland – ranked 1st, 53rd and 24th respectively in the 2011 local authority rankings.

The West Coast had one 1st place ranking (medium term employment growth) and two 2nd place rankings (medium term GDP and business unit growth in 2011). The West Coast also ranked 3rd on the Relative Openness Index and 4th on employment growth in 2011.

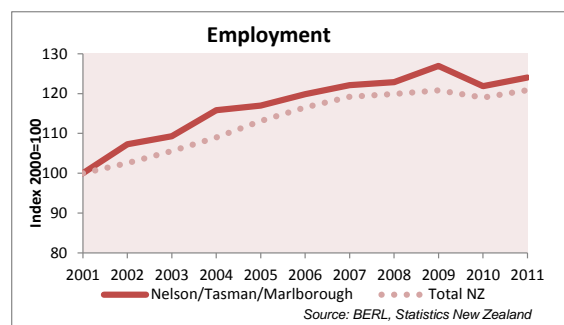


5 Otago. The Otago region came in 4th in 2011, an improvement of one position from 2010. Otago had one 1st place ranking, for medium term business unit growth.

It also came in 2nd for medium term population growth and 3rd for population growth in 2011, which is a strong performance for a provincial region in the south island.

6 Nelson/Tasman/Marlborough. Nelson/Tasman/Marlborough moved up nine places from last in 2010, to 5th in 2011. The rapid rise in the rankings has come about due to across the board consistency, with the region having six rankings in the top five.

The region performed well in population, GDP and employment in 2011, recording the 2nd, 5th and 4th fastest growth amongst the regions.



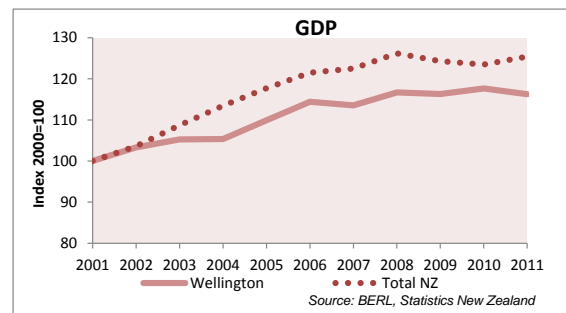
Over the medium term, the region achieved a ranking of 4th for population, business units and the Regional Openness Index.

10 Canterbury. The Canterbury Region had the largest fall in rank, going from 2nd place in 2010 to 10th in 2011, a decline of eight places. This is due in part to a decline in population growth from the 3rd fastest growth in 2010 to the slowest growing in 2011.

Canterbury also struggled on the employment front, ranking 11th in 2011 and over the medium term. Canterbury's best performance was for medium term business unit growth, where it ranked 5th.

11 Wellington. The Wellington region dropped seven places, from 4th in 2010, to 11th in 2011. The big drops were in short term employment and GDP, where the region ranked 11th and 12th respectively.

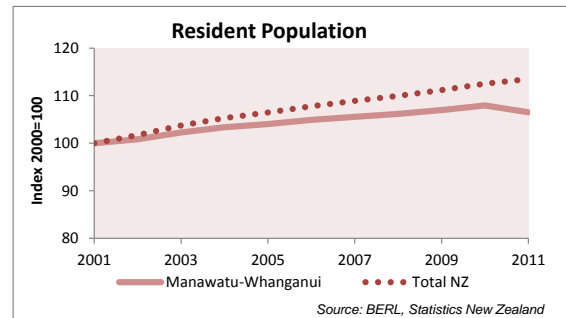
This is in contrast to short term business unit and population growth, where Wellington ranked 3rd and 4th respectively.



Over the medium term, Wellington had the 5th fastest population growth and the 6th fastest employment and business unit growth. However, it ranks 14th out of 14 on the Relative Openness Index.

14 Manawatu-Whanganui. The region with the lowest growth in 2011 is the Manawatu-Whanganui region. The Manawatu-Whanganui region has dropped three places from last year.

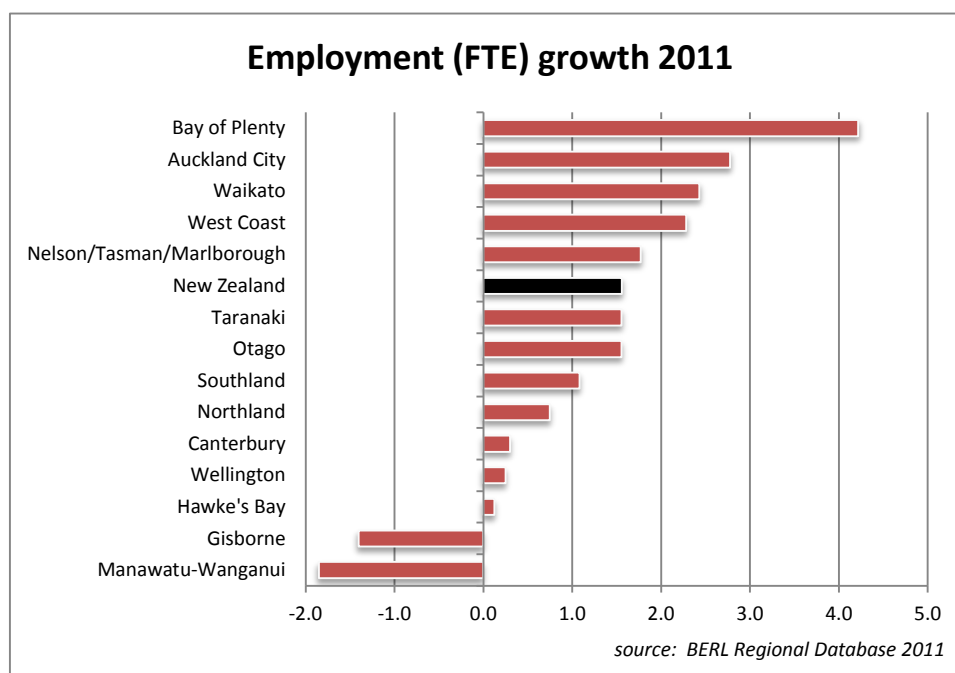
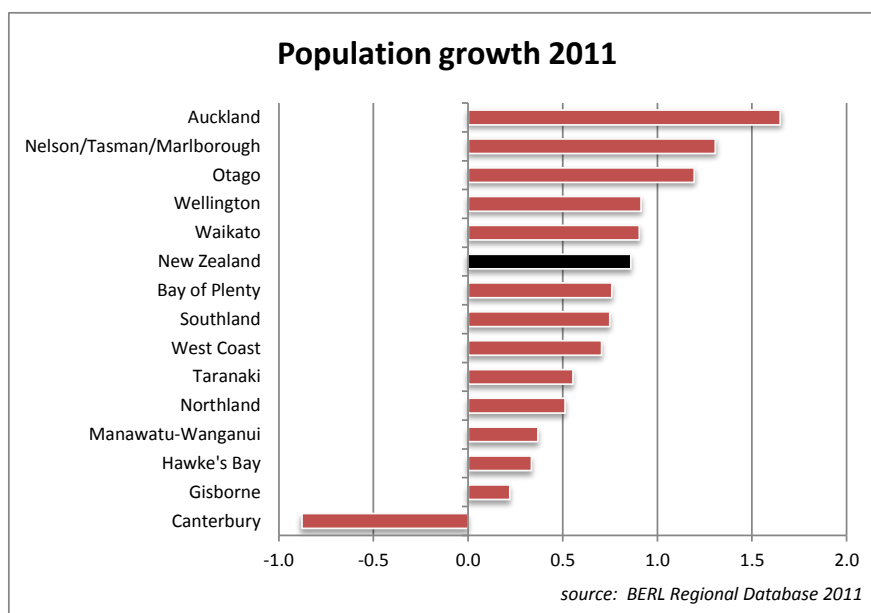
The Manawatu-Whanganui region had the lowest ranking on four of the five medium term indicators, and two of the four 2011 indicators.

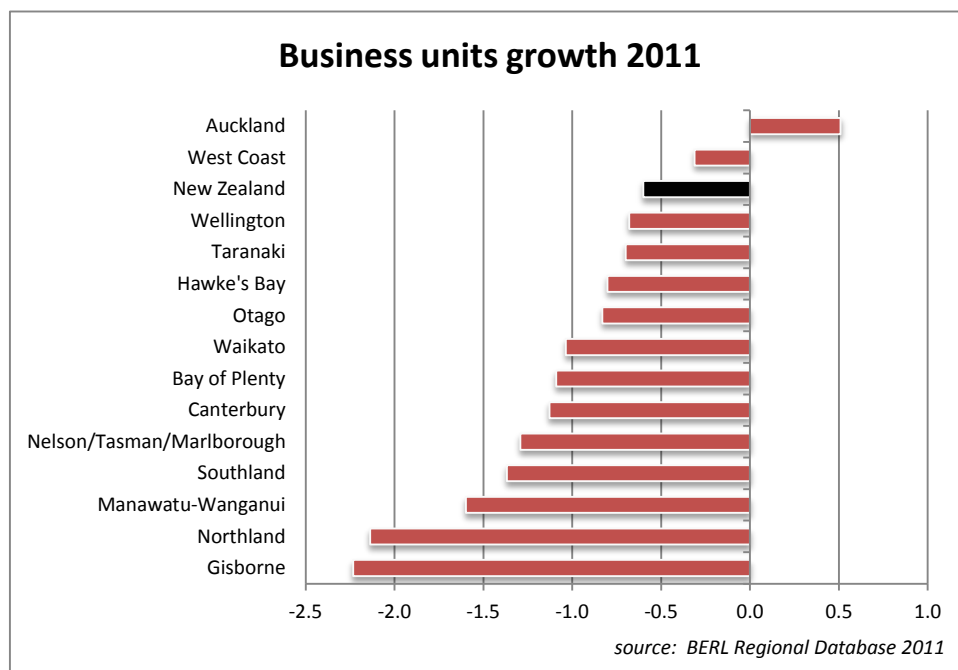
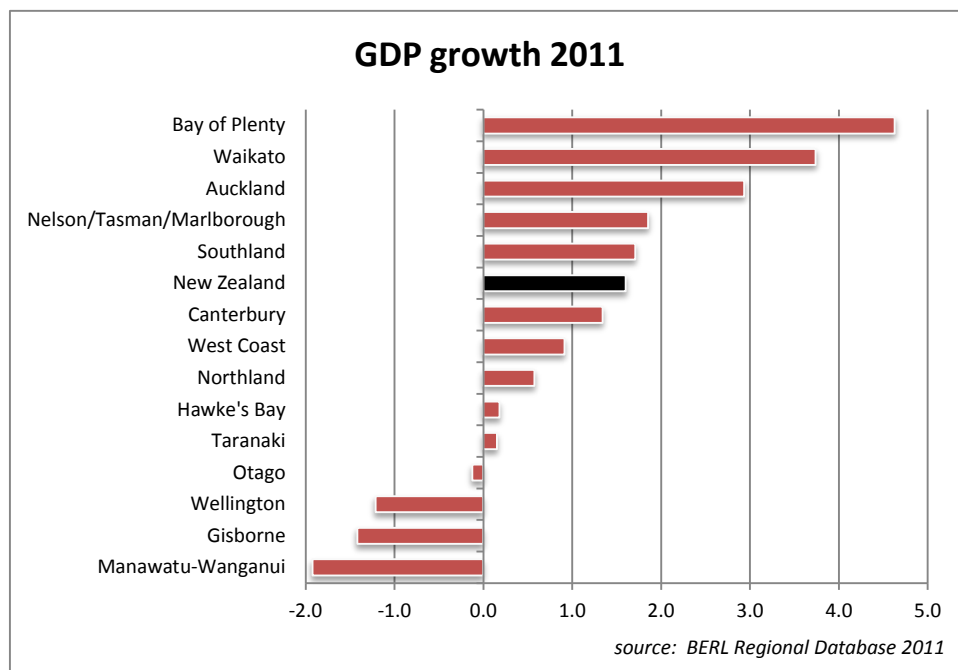


The Manawatu-Whanganui region had the lowest short term and medium term employment and GDP growth. In the medium term, the region was lowest across all indicators apart from employment, where it was one off the bottom. In relation to the openness index, the region was 12th.

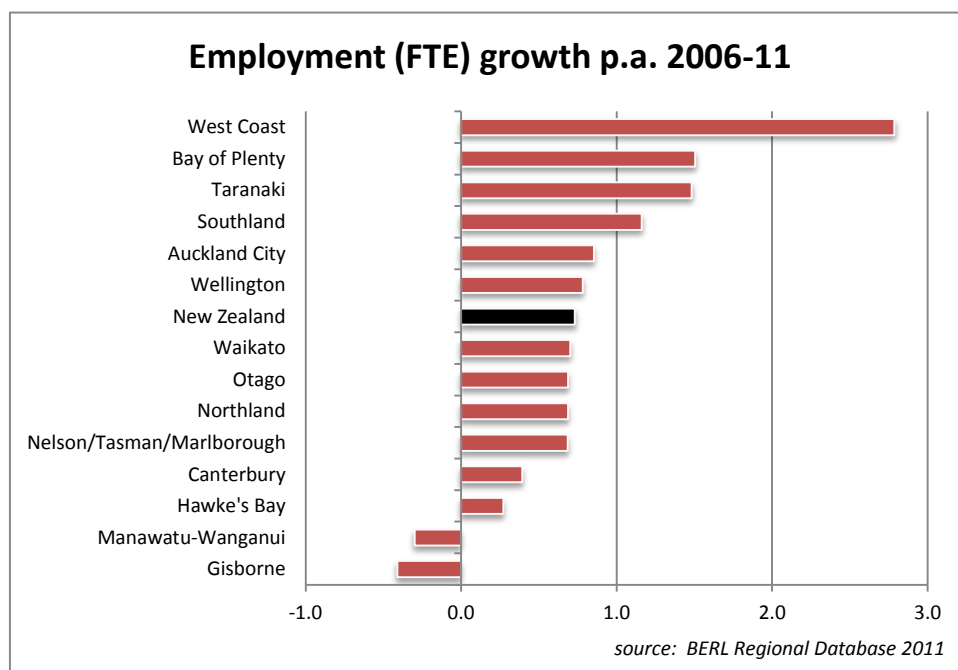
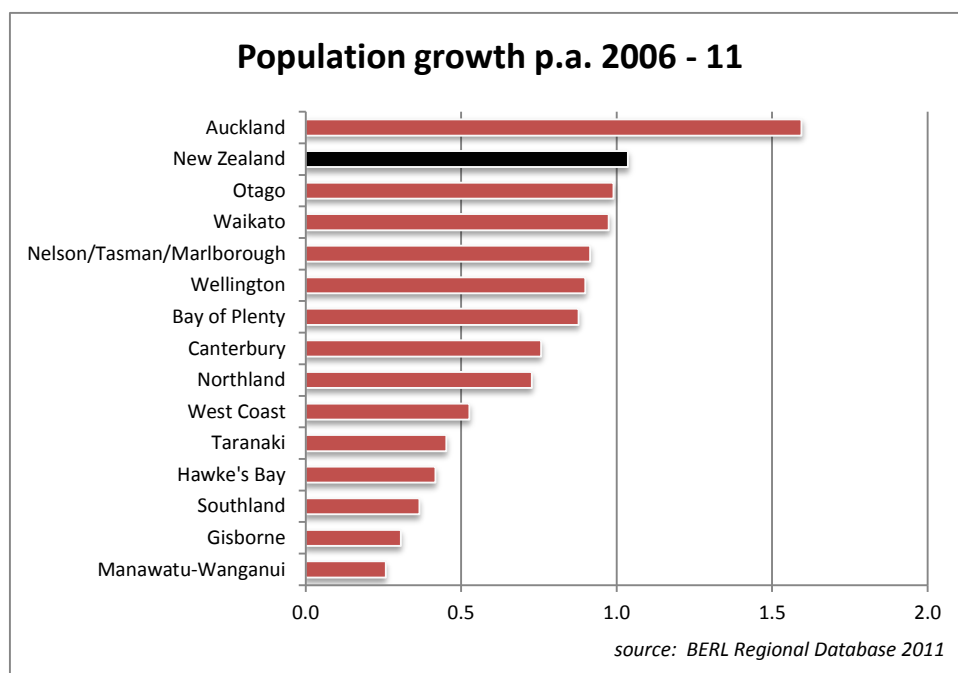
Included in the Manawatu – Whanganui region are Ruapehu, Rangitikei, Wanganui, Manawatu, Palmerston North, Tararua and Horowhenua. The region includes the three worst performing local authorities from 2011. The best performing local authority in the region was Manawatu district, which placed 29th.

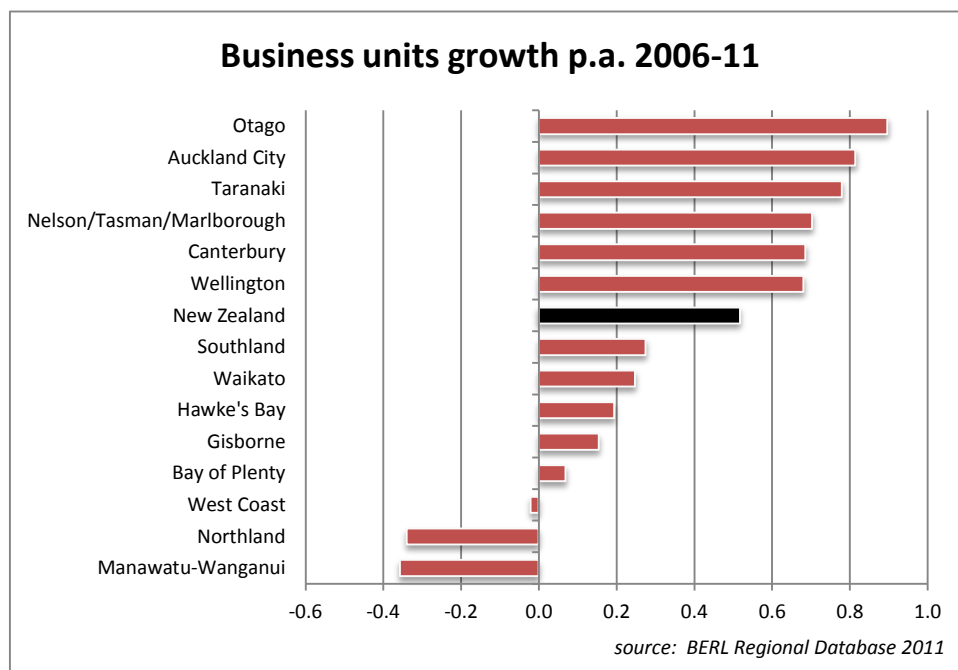
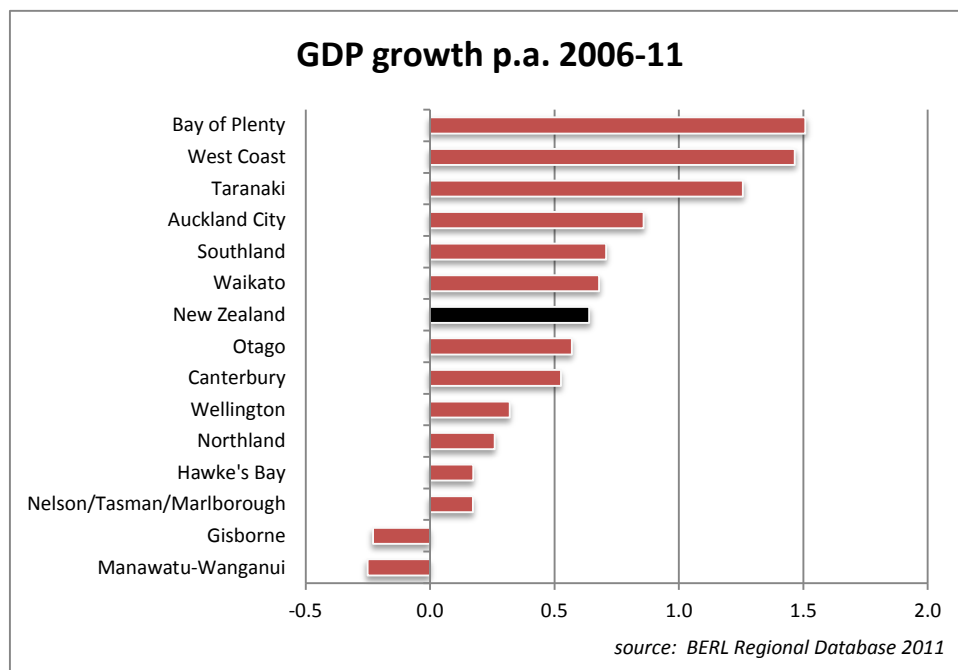
5.1 Short term indicator graphs – Regions



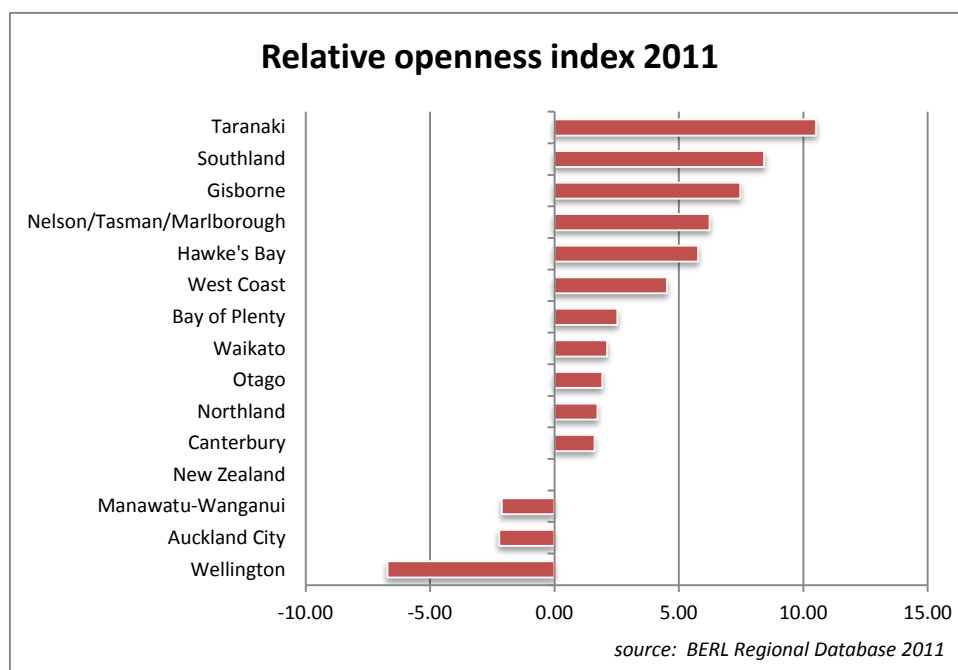


5.2 Medium term indicator graphs – Regions





5.3 Relative Openness Index graph - Regions



6 Cities

The importance of cities to economic growth and cultural, environmental and social wellbeing is well documented. In general, cities concentrate infrastructure and activity, resulting in reduced prices, improved networks, diversity, innovation, and the “buzz” that attracts ambitious people. Well-functioning cities will result in improved economic growth outcomes.

Of the 66 local authorities, we have included 20 into our city rankings. These differ from the ‘official’ defined cities in New Zealand to include what we consider the top 20 settlements in New Zealand.

Table 6.1. City rankings

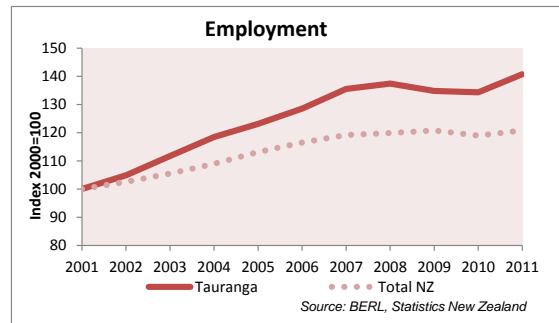
BERL Regional Rankings	rank		
	2011	2010	
Tauranga	1	9	↑8
New Plymouth	2	1	↓1
Auckland	3	11	↑8
Nelson	4	7	↑3
Hamilton	5	10	↑5
Timaru	6	6	→
Porirua	7	5	↓2
Hastings	8	8	→
Wellington	9	2	↓7
Napier	10	18	↑8
Invercargill	11	13	↑2
Rotorua	12	19	↑7
Whangarei	13	14	↑1
Dunedin	14	16	↑2
Marlborough	15	17	↑2
Palmerston North	16	4	↓12
Upper Hutt	17	15	↓2
Gisborne	18	3	↓15
Lower Hutt	19	20	↑1
Christchurch	20	12	↓8

source: BERL Regional Database 2011

1 Tauranga. Tauranga has claimed top dog status in relation to economic performance in cities in 2011. It achieved this by improving eight spots on 2010.

Tauranga had the fastest growing employment and GDP growth of all the cities in 2011. It also had the second fastest business unit growth in 2011.

Over the last five years, Tauranga has had the 2nd fastest employment and GDP growth, and the 3rd fastest population growth.

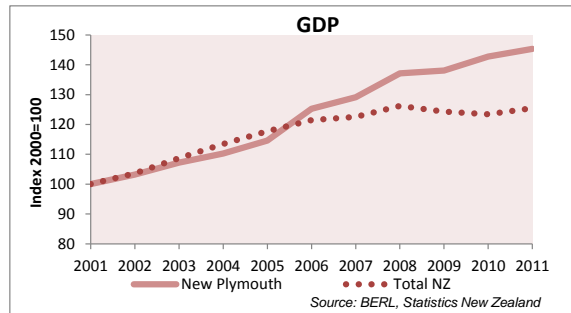


2 New Plymouth. New Plymouth has been dethroned from its top spot in 2010, but has dropped only one spot to still be the 2nd best performing city in 2011.

New Plymouth had a poor 2011 by its own standards, with its best result being ranked 7th on business unit growth, followed by 8th in employment growth.

However, what has kept it at number two is its medium term growth. New Plymouth has had the fastest

growth in employment, GDP and business units of all cities over the last five years. It is also ranked 3rd on the Relative Openness Index. The only indicator where New Plymouth struggles is population growth, ranking 11th over the medium term.



3 Auckland. Auckland has climbed in from outside the top 10 in 2010 to claim 3rd spot in the city rankings. This is an excellent outcome for what is considered our alpha city.

In 2011, Auckland had the fastest population and business unit growth. It was also the 4th fastest in terms of employment growth.

Similarly, Auckland ranked 1st in population growth over the medium term. GDP and business unit growth was ranked 6th and employment growth just snuck into the top half at 9th.

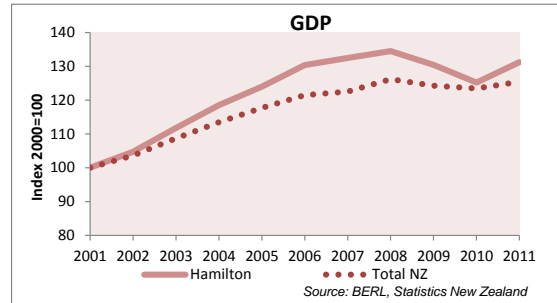
4 Nelson. Nelson has improved three spots from 2010 to take 4th spot in the city rankings. Nelson has displayed a solid performance in 2011.

In 2011, Nelson had the 3rd fastest growth in population, employment, and GDP. Business unit growth was not far behind, with Nelson ranking 4th.

Over the medium term, however, the performance has been constant with all indicators ranked in the top 10. Nelson ranked 3rd in business unit growth, 6th in employment growth, 9th in population growth, and 10th in GDP growth over the medium term.

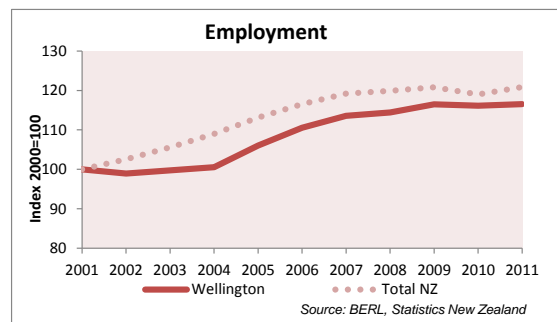
5 Hamilton. Hamilton has jumped five spots to round out the top five cities in 2011. In 2011, Hamilton had the 2nd fastest growth in both population and GDP. It also ranked 5th in business unit growth and 6th in employment growth.

Over the last five years, Hamilton has had the 2nd fastest population growth behind Auckland, and the 7th fastest business unit growth. Letting it down slightly were employment and GDP growth, where Hamilton ranked 12th in both measures.



9 Wellington. Wellington has fallen seven spots to 9th. However, it has hung on to its position in the top half of the city rankings. Which is good as you don't really want to see your capital city languishing!! Plus its where BERL lives.

Wellington had a poor economic performance in 2011, ranking 13th on employment growth and second to last on GDP growth (19th). It did, however, have the 4th fastest population growth and the 8th fastest business unit growth across all cities.



Over the last five years, its performance has been slightly better. Wellington ranked 3rd on GDP growth, 4th on population growth, and 8th on both employment and business unit growth.

10 Napier. Napier was a strong improver in 2011, moving up eight spots and breaking into the top ten. Napier's best ranking in 2011 was 6th, for business unit growth. It ranked 15th in GDP growth and 17th in both population and employment growth.

Over the medium term, Napier has had the 5th fastest growth in business units and the 9th fastest growth in GDP. It has not performed so well in population and employment growth, ranking 16th and 14th respectively.

12 Rotorua. Rotorua had a stellar performance in 2011, improving its ranking by seven spots to be the 12th ranked city in New Zealand. Rotorua had the 2nd fastest employment growth in 2011. It also had the 5th fastest GDP growth. This

was tempered by having the 16th fastest population growth and the 17th fastest business unit growth.

Rotorua has struggled through the last five years, which is why it is in the bottom half of the city rankings. It has had the slowest population and business unit growth of all the cities. Further it ranked 16th in employment growth and 13th in GDP growth.

16 Palmerston North. Palmerston North suffered the 2nd largest drop in 2011, falling from 4th in 2010, to 16th in 2011. Palmerston North was the 19th and 18th ranked city in relation to employment and GDP respectively, in 2011. It fared slightly better in business unit growth, ranking 12th. It also had the 7th fastest population growth of all the cities.

Over the last five years, Palmerston North was ranked 5th in GDP and 7th in population growth. It has not fared so well in business unit and employment growth, ranking 18th and 13th respectively.

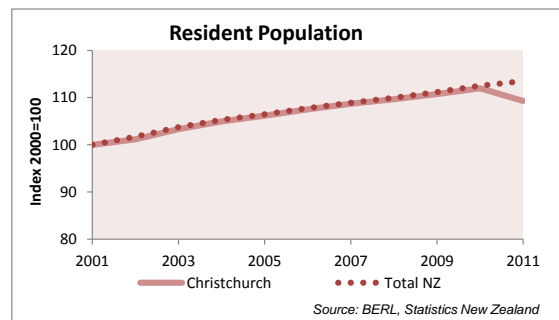
18 Gisborne. Gisborne had the largest fall in rankings out of all the cities evaluated. It has fallen 15 spots from 3rd in 2010 to 18th in 2011, largely a result of a very poor 2011. In 2011, Gisborne's best ranking was 17th for GDP growth. It ranked 18th for employment, 19th for population, and 20th for business unit growth.

Over the last five years, performance has not been much better. Gisborne ranked last for employment growth, second last for population growth, and 17th out of 20 for both GDP and business unit growth.

20 Christchurch. Christchurch is the lowest ranking city in 2011, falling eight spots from 2010.

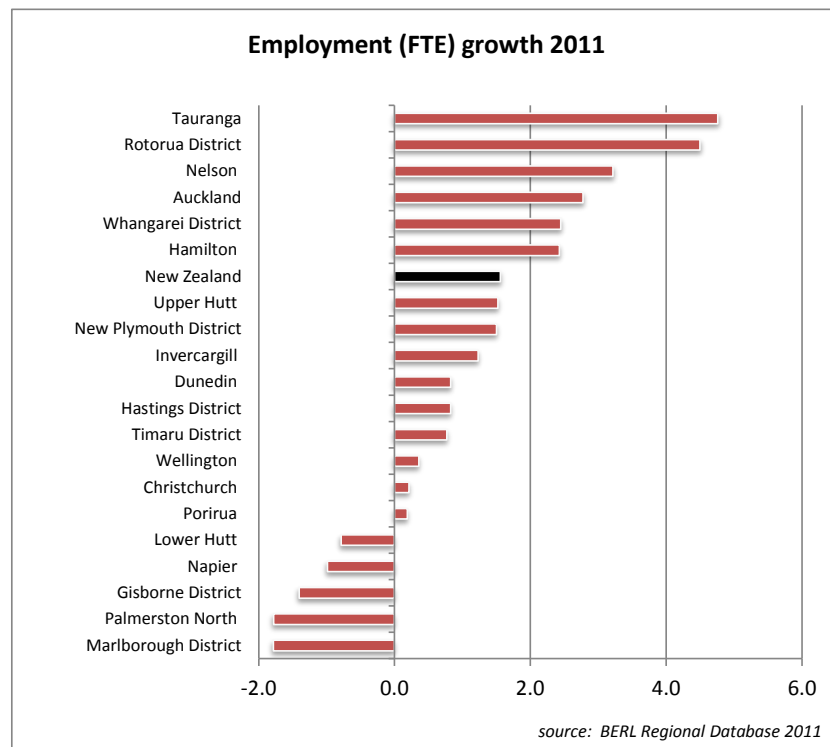
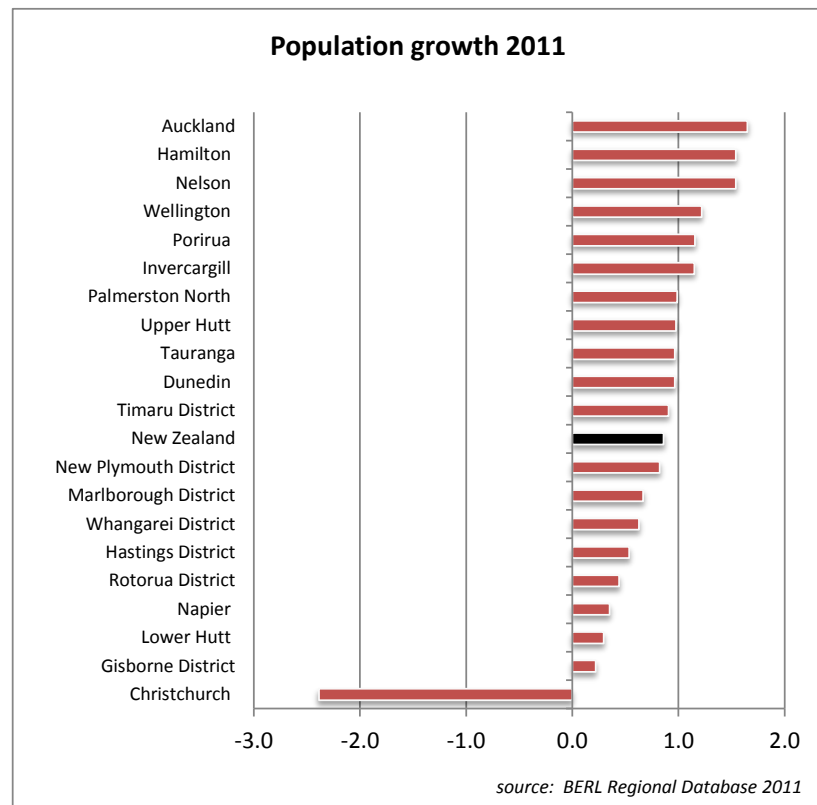
A large reason behind the drop was population growth, with Christchurch ranking last in 2011 and 18th over the medium term.

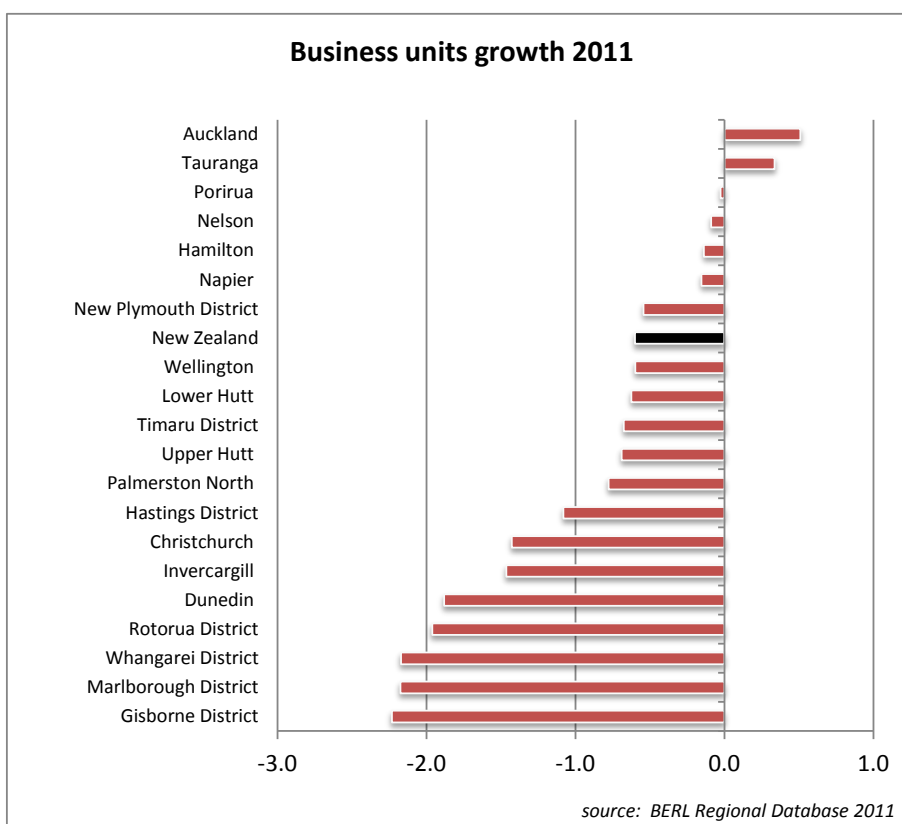
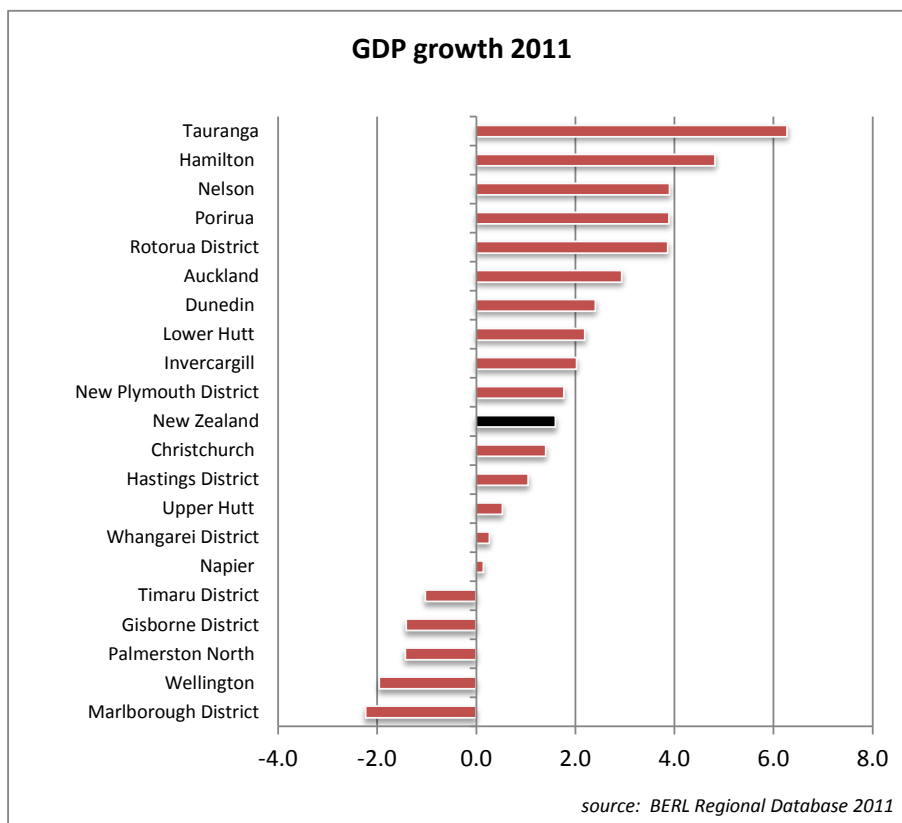
However, Christchurch also struggled in 2011, ranking 14th in employment and business unit growth, and only slightly better (11th) in GDP growth.



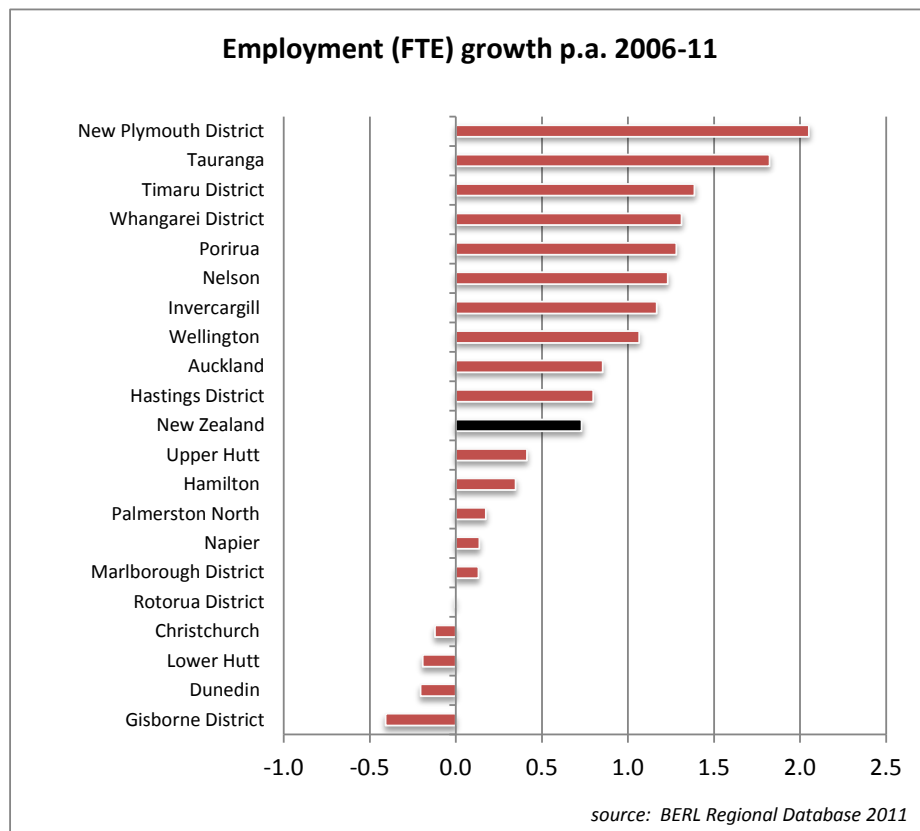
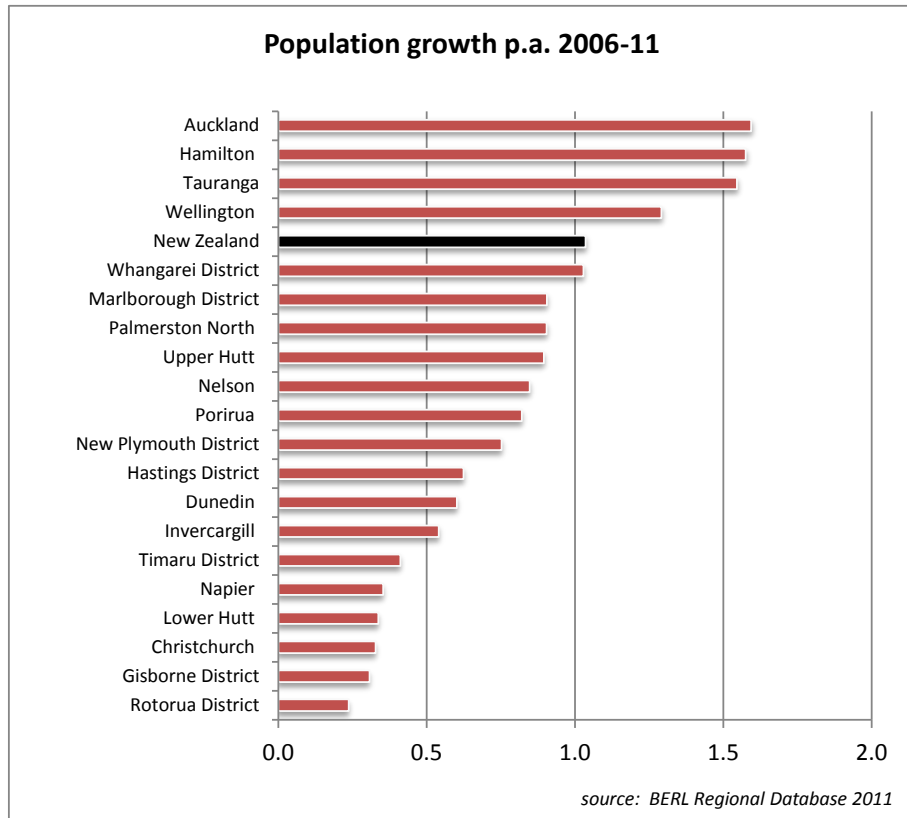
The earthquakes have taken a toll, with medium term performance also down. Over the last five years, Christchurch ranked 17th in employment growth, 14th in GDP growth, and 12th in business unit growth. Its only ranking in the top 10 is for the Relative Openness Index, where it ranks 8th.

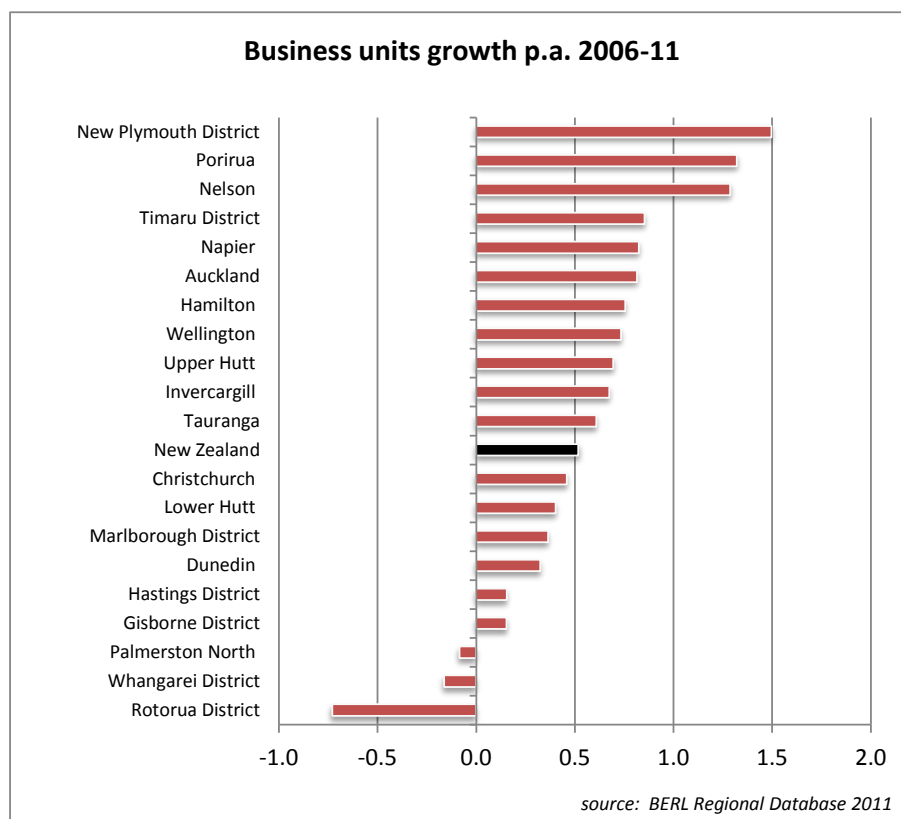
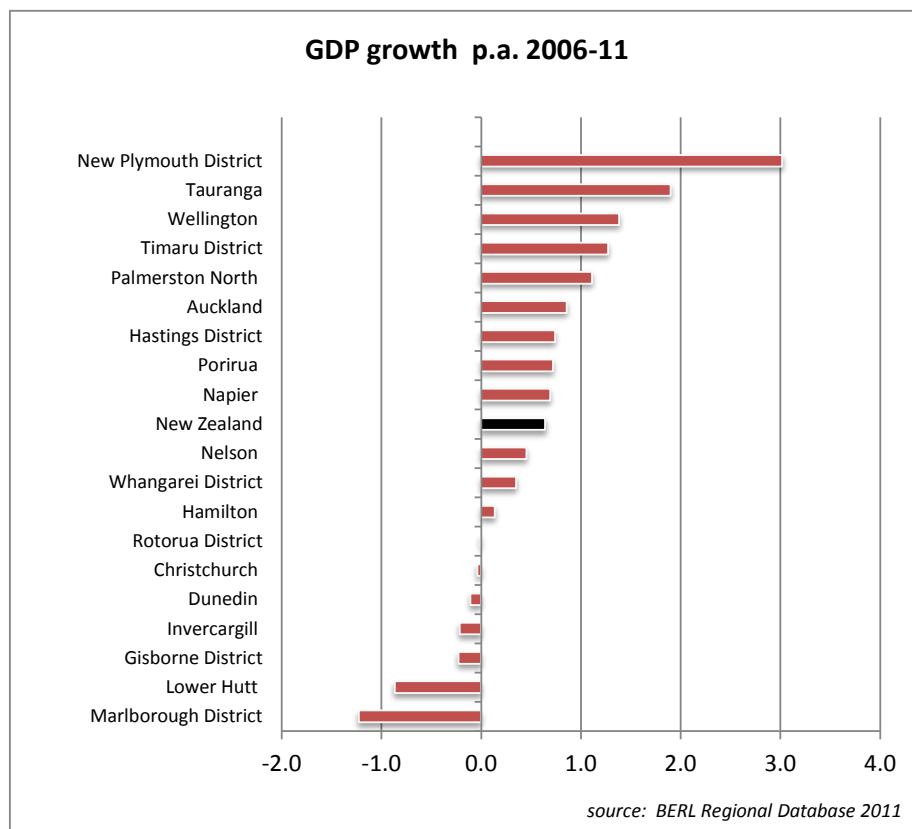
6.1 Short term indicator graphs – Cities



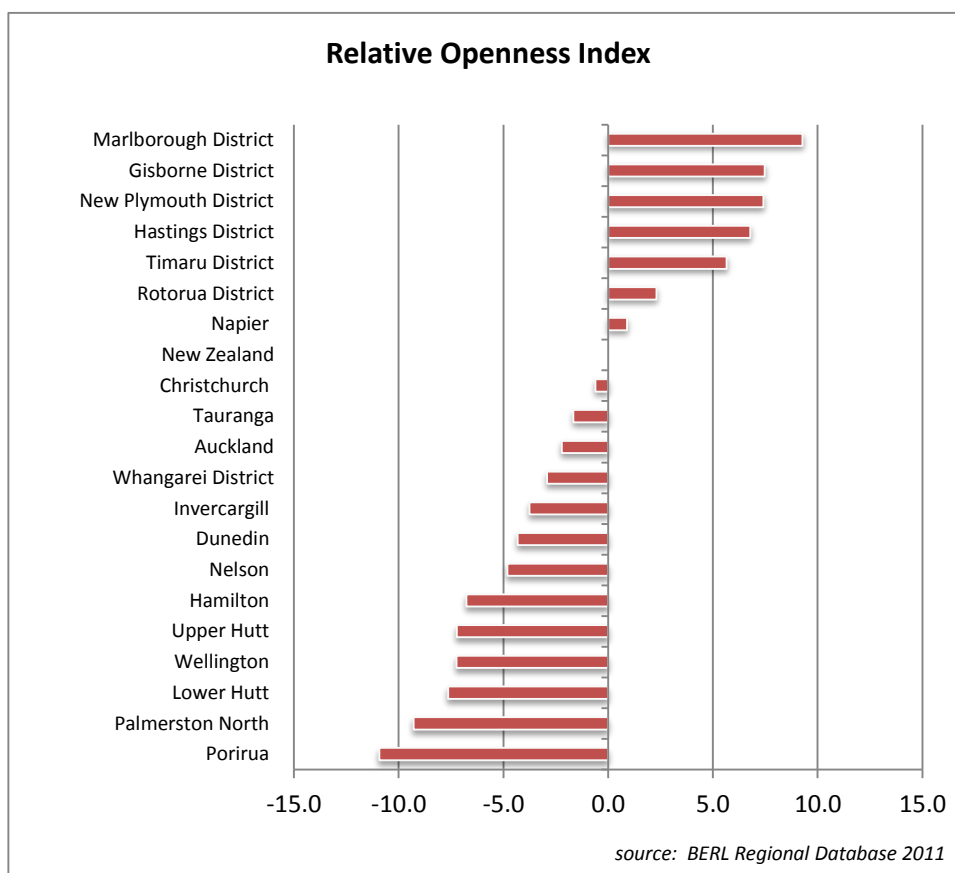


6.2 Medium term indicator graphs – Cities





6.3 Relative Openness Index graph – Cities



7 Appendix - Economic Indicators – what are they?

As outlined before there are five indicators measured over the short and medium term. The definitions are given in the table below.

Economic Indicator	Definition
Resident population	Population living in a particular area. Areas are based on Statistics New Zealand Census Area Unit Boundaries.
GDP	GDP stands for Gross Domestic Product, and measures the total value contributed by the activities of all businesses and organisations in the region. In theory it is equal to the value of the output of business (i.e. sales or turnover) less purchases from other businesses of goods and services used in production. In practice, GDP is akin to the sum of wages, salaries, profits and operating surplus arising from all economic activity in the industry and/or region.
Business unit	A business unit is a separate operating unit engaged in New Zealand in one, or predominantly one, kind of economic activity from a single physical location or base.
FTE Employment	Measured as the number of employed persons – but in terms of full-time equivalents (FTEs), such that two part-time employed persons is counted as one full-time person.
Relative Openness Index	<p>The BERL Relative Openness Index reflects the composition of the economic activity in a district/region. It measures the proportion of an area's GDP that is accounted for by sectors open to competition from abroad, compared with that proportion nationally.</p> <p>Sectors in the index include all of the primary and manufacturing industries, as well as accommodation, transport, communications and business services activities.</p> <p>A higher rank on this measure indicates an area whose economy is more oriented towards internationally competitive activities, relative to areas with a domestic market focus.</p>

Each of these indicators reflects the economic performance of a geographic area. In particular, they reflect the attractiveness of a place to live (population), its ability to sustain its population (GDP, business units and employment), and its ability to grow (Relative Openness Index).

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