

TAI POUTINI WEST COAST GROWTH STUDY

EVIDENCE REPORT 1 – ECONOMY
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**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
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Preface

This report has been prepared for the Ministry of Business Innovation and Employment and the Ministry for Primary Industries by Stephen Knuckey and Jason Leung-Wai from MartinJenkins (Martin, Jenkins & Associates Limited).

Infometrics provided regional and district data for this report. We also used publicly available datasets from a range of agencies including Statistics New Zealand, Ministry of Business, Innovation and Employment, Ministry for Social Development and the Organisation for Economic Cooperation and Development. To allow us to undertake the analysis, all data used in this report was finalised on 31 July 2016.



Executive summary

The overall picture of the West Coast's economy is one that is at the lower end of commodity cycles and in the process of structural change.

The region's gross domestic product (GDP) and employment is heavily concentrated in just a few sectors, with minerals, dairy, construction and tourism making up over 50 percent of the value of output and 40 percent of jobs.

The region has performed well over the long-term on the back of these sectors and experienced relatively high growth over 2000–2012, even post the global financial crisis. However, the reliance on a few sectors makes the economy vulnerable to economic shocks, which it has experienced over the last 3 years through the significant impact of lower international coal, gold and dairy prices. This has resulted in lower rates of GDP and employment growth, with flow through effects on the population.

Buller has been hit the hardest from the contraction in minerals activity while Grey, as the main service centre, has been hit by reduced activity in both the minerals and dairy sectors. Although Westland has been affected by the contraction in dairy, growth in tourism has offset this.

The West Coast region contributes about 0.7 percent of New Zealand's economy. In 2015, GDP was \$1.87 billion¹ and there was close to 17,000 filled jobs in the region. The population was estimated to be 32,700.

Buller is estimated to make the most significant contribution to GDP in the region, at around 40 percent of the economy, followed by Grey (36 percent) and Westland (24 percent). In terms of employment, Grey accounts for 45 percent of filled jobs, followed by Buller (29 percent) and Westland (27 percent).

The economy is estimated to have been growing at 2.2 percent per year over the last decade compared to 1.9 percent per year nationally. However, GDP growth in the region has slowed significantly over the last 5 years as the downturn in minerals and dairy has been felt, to 0.2 percent per year, whereas nationally GDP grew by 2.5 percent per year.

GDP per capita in the region has followed a similar trend – growing very strongly on average over 2005–2015 at 1.9 percent per year (compared to 0.8 percent per year nationally) and at a much slower rate over the last 5 years at 0.3 percent per year. In 2015, GDP per capita on the West Coast was \$57,300, higher than nationally (\$47,800).

There have been significant differences in the performance of districts in the region, with Westland growing at the fastest rate over the last 5 years (3.9 percent per year GDP growth), reflecting its stronger tourism base. Buller has achieved more moderate growth (2.0 percent per year) although this captures the tail end of the mining growth. GDP in Grey has declined (by 3.4 percent per year).

¹ GDP is reported in real terms, 2010\$.



The region is performing below national averages on some indicators of prosperity. Median household income was well below the national average when last measured and was below several comparator regions (annual median household income in 2013 was \$55,000 compared to \$63,800 nationally). The annual average level of earnings in the West Coast in 2014 was also lower than the New Zealand average (\$50,700 compared to \$54,300), but was towards the middle of New Zealand regions. The average earnings level in Buller in 2014 was relatively high (\$57,200), while it was relatively low in Westland (\$46,500).

The West Coast performs better on several measures of wellbeing. Based on the OECD regional wellbeing indicators, the region ranks higher than the New Zealand average on measures related to education, environment, safety and life satisfaction, although lower on measures of health (life expectancy, mortality rate) and community (proportion of people with friends and relatives to rely on in case of need).

Employment on the West Coast grew at a slightly faster rate than nationally over the last decade (1.3 percent per year compared to 1.1 percent per year), although slowed dramatically to 0.1 percent per year over the last 5 years, which is much lower than the 1.3 percent growth experienced in New Zealand as a whole. The region's labour force participation rate declined between 2007 and 2015 (from 75 percent to 66.2 percent), and the employment rate fell over the period (a decline from 73.1 percent to 65.4 percent), although both are around New Zealand's levels (68.7 percent and 64.5 percent respectively).

The region's estimated labour productivity level (GDP/filled job) is much higher than New Zealand's (\$110,350 compared to \$85,350 in 2015), largely due to the scale of the high-productivity minerals sector. Estimated productivity growth was similar to the New Zealand average over 2005–2015, although productivity growth over 2010–2015 was at the lower end of regions.

Population growth on the West Coast was half the national rate between 2006 and 2013 (0.37 percent per year compared to 0.74 percent per year) and lower than many regions. The population in Buller grew strongly over that period (1.1 percent per year) while the population in Grey grew very slowly (0.16 percent per year) and Westland experienced a decline in population (-0.17 percent per year). All of the West Coast's population growth over the 7 years has been due to natural increase, with a net migration outflow over the period.

Between 2013 and 2015, the population is estimated to have declined by 390 people. At a district level, Westland's population is estimated to have grown, while the population in Buller and Grey is estimated to have declined.

The region's population is expected to grow very slightly over the next 20 years (around 0.02 percent per year) relative to New Zealand as a whole (0.9 percent). Compared to New Zealand's age structure, the West Coast has a greater proportion of elderly people (over 65) and a lower proportion of youth (0-19) and younger working-age people (20-39). This has labour market implications, with higher proportions likely to leave the labour market as they reach retirement age and what appears to be a hollowing out of the working-age population as youth leave the region.

A much higher proportion of the West Coast population identify themselves as European than nationally (84 percent compared to 67 percent) and a smaller proportion identify themselves as Asian or Pasifika. Similarly, a much smaller proportion of the population were born overseas (11 percent) than across New Zealand as a whole (25 percent). This may limit the international connections of the region and its ability to attract a more diverse population.

Close to 11 percent of people in the region identify themselves as Māori, compared to 15 percent nationally. Over half of the Māori living in the region are affiliated with Ngāi Tahu. Māori are important



investors in the region, with significant landholdings in Greymouth and Westport and interests in forestry, dairy, resources (e.g., rivers and pounamu) and tourism, and they will play an important role in the economic future of the West Coast.

Looking ahead, although dairy and coal prices are expected to recover somewhat, the minerals sector is unlikely to be as significant as it has been in the medium-term and, possibly, long-term. Not surprisingly, the West Coast's economy is forecast to grow relatively slowly under a business-as-usual scenario. Employment in the region is estimated to grow by only 0.9 percent per year over the 5 years to 2020, compared to 1.5 percent per year nationally. Employment in both Grey and Westland is forecast to grow by more than 1 percent per year but employment in Buller is expected to be relatively static and grow by only 0.3 percent per year over the 5 years.



The Tai Poutini West Coast region

The Tai Poutini or West Coast region covers 23,000 square kilometres, or 8.5 percent of New Zealand's land area.

It is the longest region in New Zealand, spanning more than 600 kilometres from Kahurangi Point in the north to Awarua Point in the south.

It sits between the Southern Alps and Tasman Sea and is less than 70 kilometres wide at its widest point. Around 85 percent of the land is part of the conservation estate.

The geographic boundaries of the West Coast region include the Buller, Grey and Westland Local Authorities or districts.

The region is New Zealand's least populated, accounting for 0.7 percent of the population. Grey is the largest district in the region with a population of around 13,650, followed by Buller (10,350) and Westland (8,720).

Figure 1. The West Coast Region



Source: localcouncils.govt.nz












Summary - by the numbers

In economic terms, the West Coast is the smallest of New Zealand's regions. In 2015, the West Coast region contributed about 0.7 percent of New Zealand's GDP and employment.













As shown in Table 1, the region's performance relative to New Zealand's on key economic indicators has been mixed.














Table 1. Top line indicators of the West Coast's economic performance and growth

Indicator	West Coast	Trend at a glance	New Zealand	Regional Performance Prosperity	Comment	Source
Gross domestic product	Estimated GDP for the West Coast: \$1,874 million (2015, 2010\$)	2005–2015  2010–2015 	Estimated GDP for 2015: \$219,529 million	Estimated growth for the region: 2005–2015  2010–2015 	Between 2005 and 2015, GDP in the region was estimated to have grown at a compound annual rate of 2.2 percent in real terms. This was higher than the New Zealand average of 1.9 percent per year. From 2010 to 2015, GDP in the region was estimated to have grown by 0.2 percent annually, compared to New Zealand's growth of 2.5 percent per year.	Infometrics regional database
GDP per capita	Estimated GDP per capita for the West Coast: \$57,321 (2015, 2010\$)	Estimated for the region: 2005–2015:  2010–2015: 	Estimated GDP per capita: \$47,800	Overall level:  Estimated real growth 2005–2015  Estimated real growth 2010–2015 	Between 2005 and 2015, GDP per capita in the region was estimated to have increased by 1.9 percent per year on average, much higher than the New Zealand average of 0.8 percent per year. Between 2010 and 2015, GDP per capita was estimated to have grown by only 0.3 percent per year, well below the 1.4 percent per year increase nationally.	Infometrics regional database
Median household income	\$55,000 (2013)	2006–2013: 	\$63,800 (2013)	Overall level:  Estimated growth 2006–2013: 	Between 2006 and 2013, the West Coast's median household income increased by 5.5 percent per year, compared to 3.1 percent per year nationally.	Statistics New Zealand Census



Indicator	West Coast	Trend at a glance	New Zealand	Regional Performance	Comment	Source
Average annual earnings	\$50,700 (2014)	2004–2014:  2009–2014: 	\$54,200 (2014)	Overall level:  Estimated growth 2004–2014:  Estimated growth 2009–2014: 	The West Coast's average annual earnings level is less than the New Zealand average but in the middle of other regions. The average earnings level increased by 4.9 percent per year on average over 2004–2014, higher than growth in New Zealand's median earnings level (3.7 percent per year). Growth slowed over 2009–2014 to 2.9 percent per year but was still higher than the national increase of 2.7 percent per year.	Infometrics regional database
Wellbeing	OECD indices: Life satisfaction: 9.3/10 Safety: 10/10 Environment: 10/10 Community: 8.7/10 Health: 3.2/10	N/A	Average of New Zealand regions: Life satisfaction: 8.3 Safety: 9.3 Environment: 9.9 Community: 9.3 Health: 5.8	Overall level on key indices: 	On the basis of the OECD regional well-being ratings, the West Coast ranks higher than the New Zealand average on indicators related to education (4th out of 14 regions), safety (1st out of 14 regions), civic engagement (1st out of 14 regions), accessibility of services (4th out of 14 regions) and life satisfaction (2nd out of 14 regions). It rates lower on health (13th out of 14 regions) and community (10th out of 14 regions). Overall, the West Coast rates relatively high in terms of well-being.	OECD Well-being database.
Drivers of Prosperity						
Employment	16,986 filled jobs (2015)	2005–2015:  2010–2015: 	2,286,967 filled jobs (2015)	Employment growth 2005–2015:  Estimated growth 2010–2015: 	The number of filled jobs on the West Coast increased from 14,957 in 2005 to 16,986 in 2015. In the last 10 years, filled jobs grew by an estimated 1.3 percent per year, slightly higher than the national rate of 1.1 percent per year. Between 2010 and 2015, the region experienced very limited growth in filled jobs of 0.1 percent per year while, nationally, filled jobs grew by 1.3 percent per year on average.	Infometrics regional database
Labour participation rate	67.0 percent (March 2016)	2008–2016: 	68.9 percent (March 2016)		The West Coast has a low labour participation rate compared to New Zealand as a whole, and it has been falling over time (from 75 percent in 2007 to 67 percent in March 2016).	Statistics New Zealand Household Labour Force Survey



Indicator	West Coast	Trend at a glance	New Zealand	Regional Performance	Comment	Source
Employment rate	65.3 percent (March 2016)	2008–2016: 	64.9 percent (March 2016)		The proportion of the West Coast's working-age population who are employed has reduced from 73.1 percent in 2007 to 65.3 in March 2016. However, it is slightly higher than New Zealand's employment rate.	Statistics New Zealand Household Labour Force Survey
Jobseeker Support payments	Recipients: 1,054 (March 2016)	2014–2016: 	Recipients: 117,134 (March 2016)		In March 2016 quarter, 4.0 percent of the working-age population on the West Coast received a jobseeker benefit, compared to 3.2 percent nationally.	Ministry of Social Development
Estimated Productivity – GDP per employee	\$110,350 (2015, 2010\$)	2005–2015:  2010–2015: 	\$95,991 (2015, 2010\$)	Overall level:  Estimated growth over 2005–2015:  Estimated growth over 2010–2015: 	The West Coast's estimated labour productivity is at the top end of all regions, much higher than the New Zealand average. Over 2005–2015, labour productivity is estimated to have increased by 0.9 percent per year, which was slightly higher than the national average (0.8 percent per year). Productivity growth over 2010–2015 was very limited at 0.1 percent per year, lower than most other regions and lower than national growth of 1.1 percent per year.	Infometrics regional database
Population	32,700 (2015)	2005–2015: 	4,596,700 (2015)	Population growth over 2005–2015 	The West Coast's population growth has been relatively low. Over 2005–2015, the region's population grew by 0.3 percent per year on average. New Zealand's population rose by 1.1 percent per year over the same period.	Source: Statistics New Zealand Subnational Population Estimates

Key:



Relatively high or a positive trend



Relatively low or a negative trend



Close to national levels or static



Indicators of prosperity

Gross domestic product

Gross domestic product (GDP), or the total value added from goods and services produced in the region, is an important indicator of economic activity and arguably provides a good indicator of the standard of living in a locality.

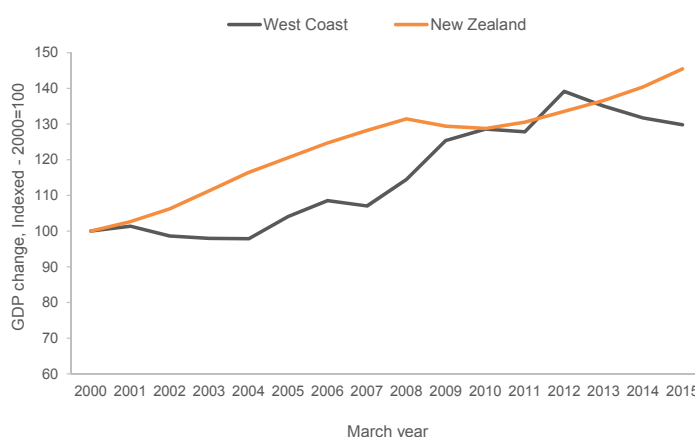
The official statistics provide a relatively limited picture of GDP growth on the West Coast, showing only nominal growth and no district estimates. We have therefore used regional GDP estimates supplied by Infometrics. While not official statistics, these are currently the best estimates available for the districts in the region. GDP estimates are real numbers, and have been adjusted for inflation to allow for trend comparison. All GDP numbers are presented in 2010 dollars.

The region's GDP declined slightly over 2001–2004 before growing strongly over 2004–2009, although the change in the West Coast's GDP was below New Zealand's during the period (Figure 2).

The region's GDP flat-lined after the global financial crisis (2009–2011) then increased sharply over 2011–2012.

Since 2012, the West Coast's GDP has fallen, while New Zealand's GDP has grown.

Figure 2. GDP change, West Coast and New Zealand, 2000–2015

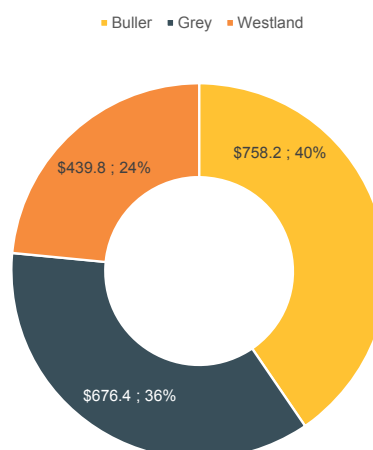


Source: Infometrics regional database

Buller makes the most significant contribution to the region's GDP, accounting for 40 percent in 2015. Grey contributes just over a third of the West Coast economy (36 percent) and Westland makes up almost a quarter of the region's GDP (Figure 3).

Buller's GDP share is higher than its population share (31 percent), while Grey's and Westland's share of GDP are lower than their population share (42 percent and 27 percent respectively).

Figure 3. GDP by West Coast district, 2015 (2010\$ m)



Source: Infometrics regional database



Of the three West Coast districts, Buller's economy has grown at the fastest rate over the last 10 years. Westland's economy grew at the fastest rate over the last 5 and 3 years. Grey has been the worst performing over all three time-periods, with GDP falling on average over the last 10, 5 and 3 years (Table 2).

Table 2. GDP, West Coast region and districts, 2015 and 10, 5 and 3 year change

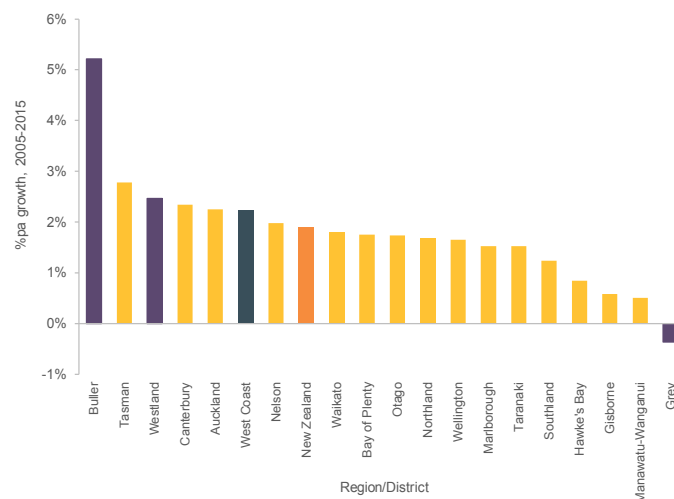
Area	GDP, 2015 (2010\$m)	10yr	% pa 5yr	3yr
Buller	758	5.2%	2.0%	-3.7%
Grey	676	-0.4%	-3.4%	-4.6%
Westland	440	2.5%	3.9%	4.7%
West Coast	1,874	2.2%	0.2%	-2.3%
New Zealand	219,529	1.9%	2.5%	2.9%

Source: Infometrics regional database

The West Coast's GDP growth performance over 2005–2015 puts it in the upper quarter of New Zealand's regions, just below Canterbury and Auckland.

At a district level, Buller and Westland achieved growth rates above the New Zealand average, whereas Grey's performance was well below average (Figure 4).

Figure 4. Growth in GDP, regions and West Coast districts, 2005–2015



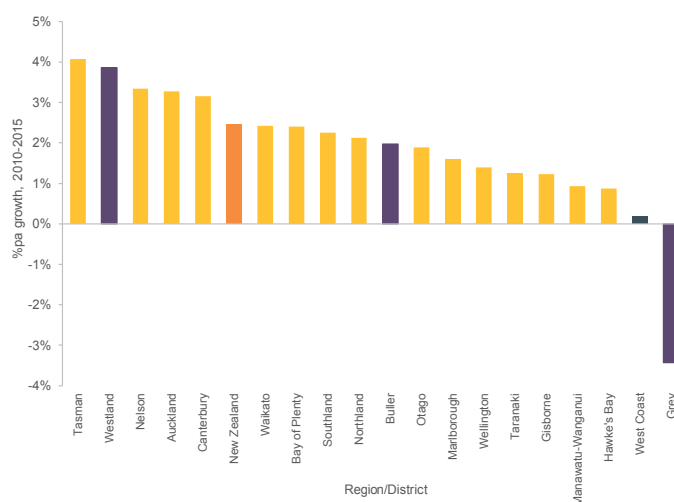
Source: Infometrics regional database

Over the last 5 years, the region's annual average GDP growth has been the lowest of all New Zealand regions, and much lower than the New Zealand average (Figure 5).

Westland's GDP growth over the 5 years was well above average, while Buller's was slightly lower than average.

Grey experienced a large fall in GDP over 2010-2015 (a decline of 3.4 percent per year).

Figure 5. Growth in GDP, regions and West Coast districts, 2010–2015



Source: Infometrics regional database

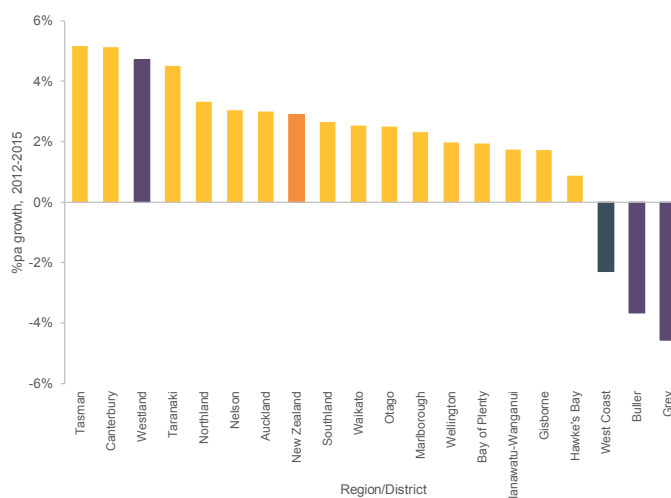


Over the last 3 years, the region's GDP has declined by 2.3 percent per year as the effects of mining closures and lower dairy prices have been felt (Figure 6).

GDP in Grey and Buller has fallen significantly, by 4.6 percent and 3.7 percent per year respectively.

However, Westland has experienced strong GDP growth over the last 3 years, at 4.7 percent per year.

Figure 6. Growth in GDP, regions and West Coast districts, 2012–2015



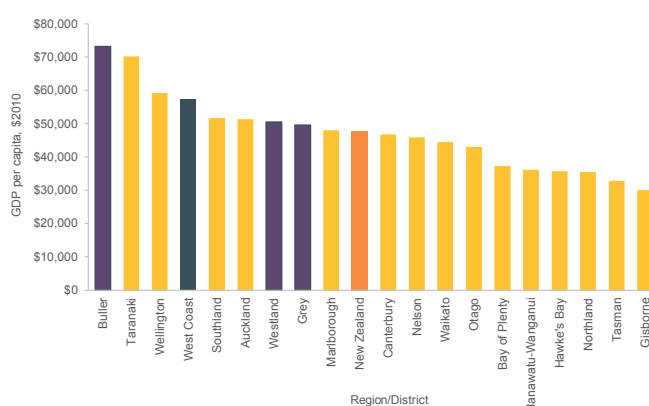
Source: Infometrics regional database

GDP per capita

The West Coast's GDP per capita in 2015 (\$57,320) was estimated to be well above the New Zealand average (\$47,760), and the third-highest behind Taranaki and Wellington (Figure 7).

GDP per capita in Buller (\$73,260), Westland (\$50,440) and Grey (\$49,550) were all above the New Zealand average.

Figure 7. GDP per capita, regions and West Coast districts, 2015



Source: Infometrics regional database and Statistics New Zealand subnational population estimates

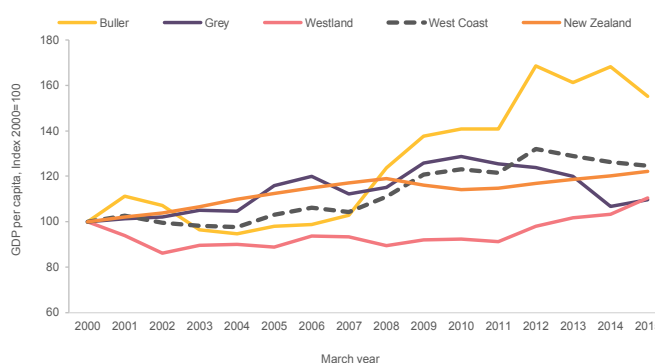
The region's GDP per capita remained relatively flat over 2000–2007, grew strongly over 2007–2012 and then declined slightly after 2012 (Figure 8).

Most of the growth in GDP per capita over 2007–2012 was due to strong growth in Buller.

GDP per capita in Westland has been relatively flat over the period.

GDP per capita in Grey fell from 2010 to 2014 before recovering in 2015.

Figure 8. GDP per capita, West Coast districts and New Zealand, 2000–2015

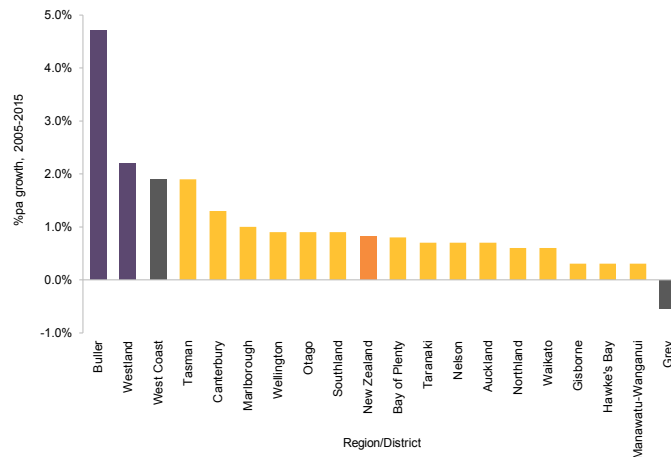


Source: Infometrics regional database and Statistics New Zealand subnational population estimates



Over 2005–2015, GDP per capita on the West Coast has been the highest of all regions at 1.9 percent per year, which was over double the national rate (0.8 percent per year). This is due to significant growth in GDP per capita in Buller at 4.7 percent per year, which countered the decline in Grey's GDP per capita over the period (Figure 9).

Figure 9. Growth in GDP per capita, regions and West Coast districts, 2005–2015



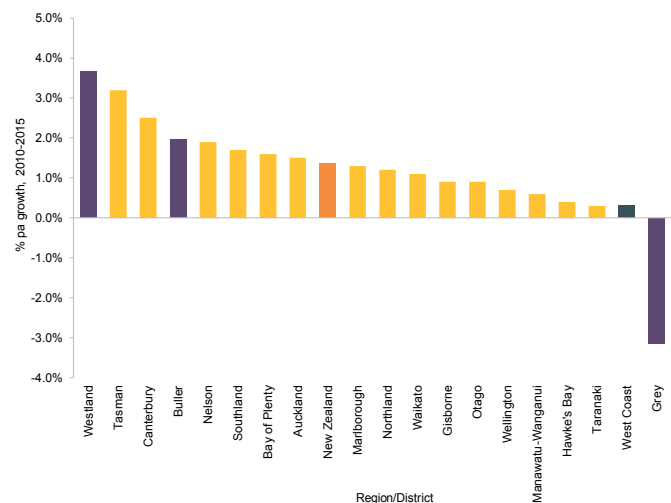
Source: Infometrics regional database and Statistics New Zealand subnational population estimates

However, the West Coast's growth rate in real GDP per capita over 2010–2015 was the lowest of all regions at 0.3 percent per year (Figure 10).

There was a stark contrast when looking at district growth. There was a significant decline in real GDP per capita in Grey over the period by 3.1 percent per year.

On the other hand, Westland's growth in real GDP per capita was very high over the period at 3.7 percent per year.

Figure 10. Growth in GDP per capita, regions and West Coast districts, 2010–2015



Source: Infometrics regional database and Statistics New Zealand population estimates



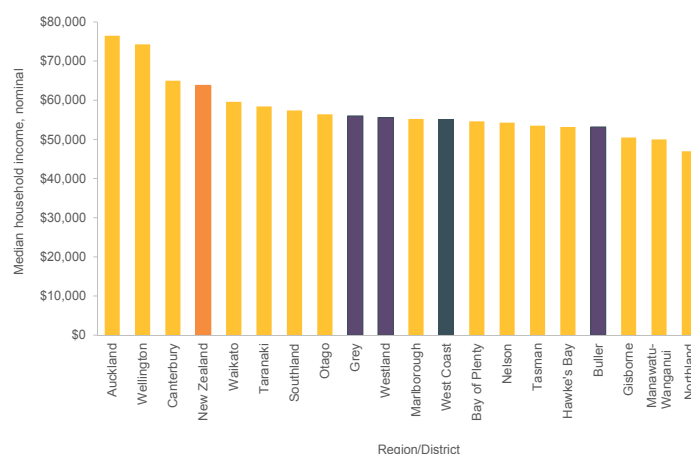
Incomes and earnings

Income and earnings are good measure of standards of living because they capture what people receive out of the value generated in an economy. Median income or earnings, in particular, are preferred measures because they show what the 'typical' person or household receive and are not affected by extremes.

The West Coast's estimated annual median household income in the 2013 Census was \$55,000, well below the New Zealand median of \$63,800.

Although the high national median is driven by higher incomes in the three major city-regions of Auckland, Wellington and Canterbury, the West Coast's median household income was below several comparator regions such as Taranaki, Southland and Marlborough (Figure 11).

Figure 11. Median annual household income, regions and West Coast districts, 2013

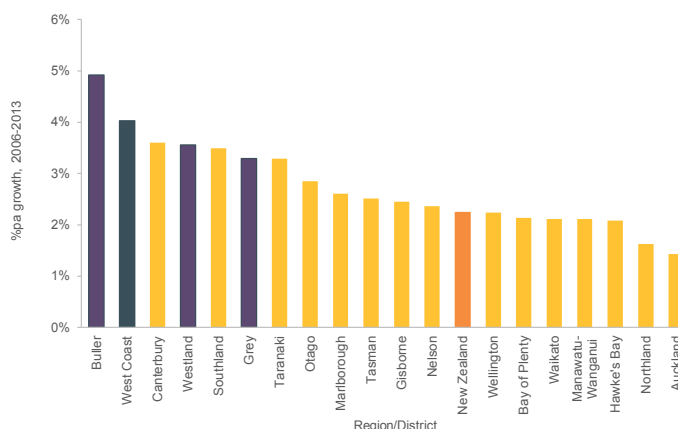


Source: Statistics New Zealand, Census 2013

Positively, the region's growth-rate for median annual household income over 2006–2013 was well above the New Zealand average (5.5 percent per year compared to 3.1 percent per year) (Figure 12).

All of the West Coast districts experienced relatively high growth in median household income over the period, particularly Buller (7.6 percent per year).

Figure 12. Growth in median annual household income, regions and West Coast districts, 2006–2013



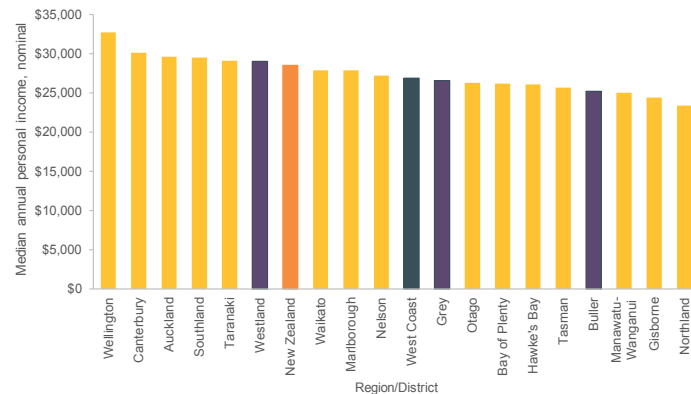
Source: Statistics New Zealand, Census 2013



In 2013, annual median personal income (from all sources and including those 15 years old and above that are not in paid employment) on the West Coast was \$26,900, which was slightly lower than the Zealand median personal income level of \$28,500 (Figure 13).

Annual median personal income in Westland was slightly above the New Zealand median.

Figure 13. Median annual personal income, regions and West Coast districts, 2013

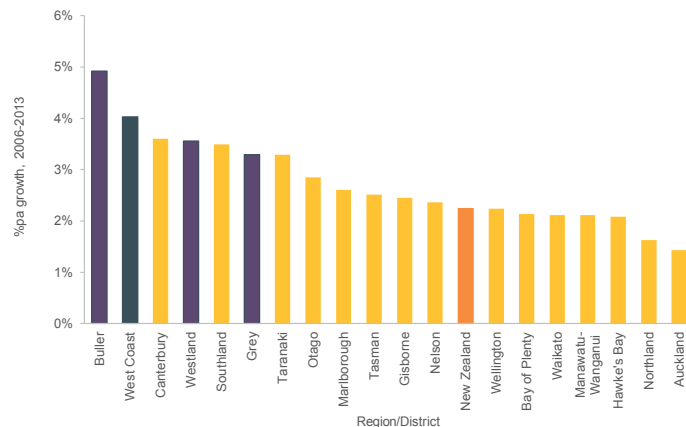


Source: Statistics New Zealand, Census 2013

Over 2006–2013, the region's median annual personal income growth rate was also well above the New Zealand average (4.0 percent per year compared to 2.2 percent per year) (Figure 14).

All of the West Coast districts experienced relatively high growth in median annual personal income over the period.

Figure 14. Growth in median annual personal income, regions and West Coast districts, 2006–2013



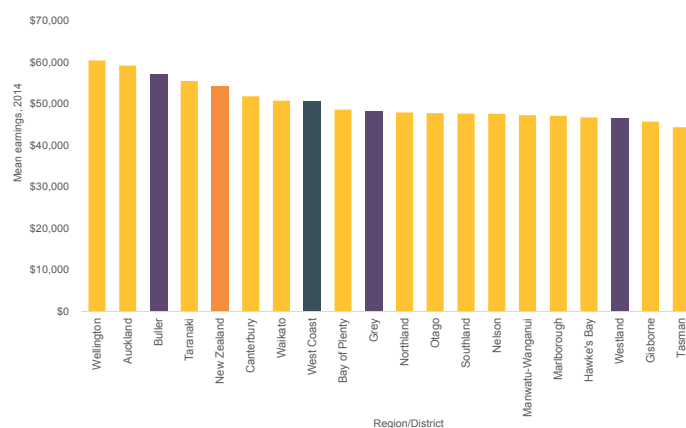
Source: Statistics New Zealand, Census 2013

The West Coast's average earnings (i.e., the earnings of those employed or working proprietors) in 2014 was towards the middle of New Zealand regions at \$50,700 (Figure 15).

Earnings were lower than the New Zealand average level of \$54,300 (although this is skewed upwards by Wellington and Auckland).

Buller's average annual earnings level is relatively high, while Westland's is relatively low.

Figure 15. Mean annual personal earnings, regions and West Coast districts, 2014



Source: Infometrics regional database

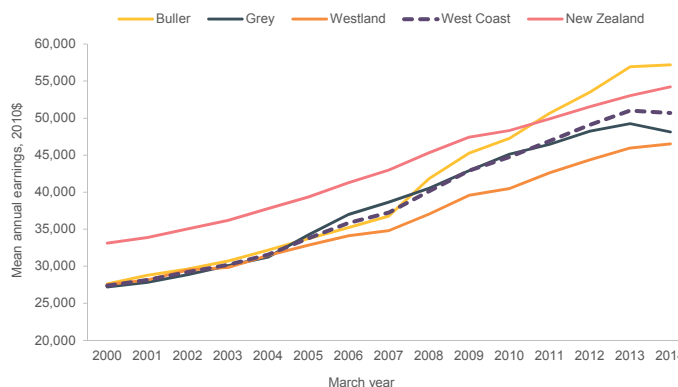


The average annual earnings level on the West Coast has increased over time and has tracked closely with New Zealand's (Figure 16).

The average earnings level on the West Coast has remained below New Zealand's, although the gap narrowed over 2007–2013.

This was largely due to strong growth in mean earnings in Buller which are higher than for New Zealand.

Figure 16. Mean annual personal earnings, West Coast districts and New Zealand, 2000–2014

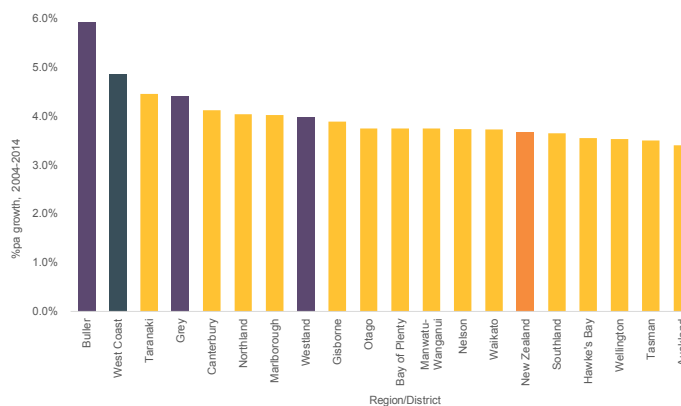


Source: Infometrics regional database

The West Coast's annualised growth rate of earnings over 2004–2014 was well above the New Zealand average (4.9 percent per year compared to 3.7 percent per year) (Figure 17).

All of the districts experienced relatively high growth in average earnings over the period.

Figure 17. Growth in mean annual personal earnings, regions and West Coast districts, 2004–2014

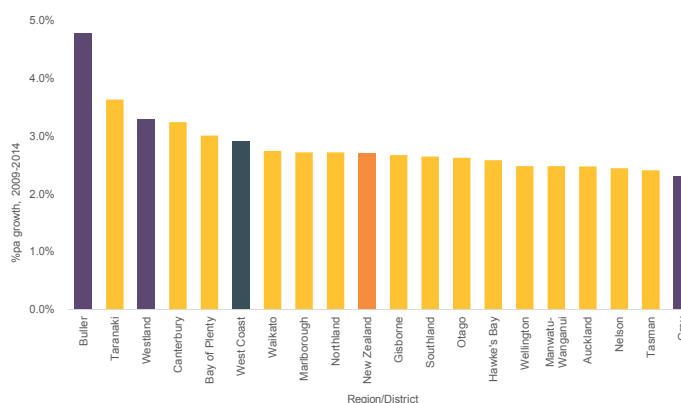


Source: Infometrics regional database

Over the 2009–2014 period, the region's growth in average earnings (2.9 percent per year) remained above New Zealand's average earnings growth (Figure 18).

Growth in earnings in Grey was relatively low over this period (2.3 percent per year).

Figure 18. Growth in median annual earnings, 2009–2014



Source: Infometrics regional database



Wellbeing

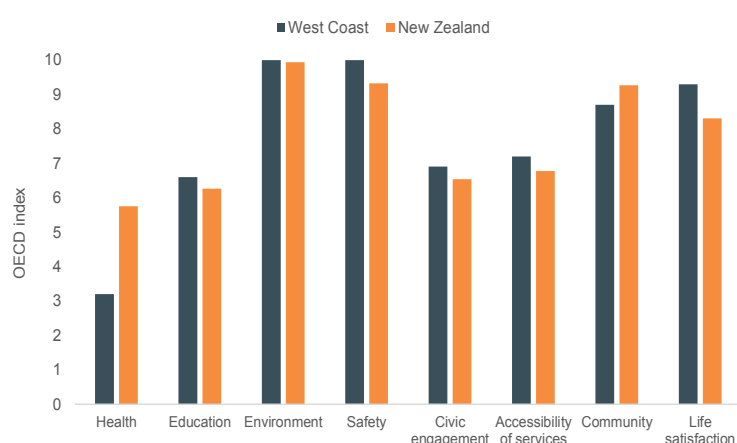
Wellbeing is a broader measure of prosperity than GDP and incomes, and relates to the liveability of the region and the satisfaction of individuals about their lifestyle, work, environment, safety, health, amenities and services. It has been identified in research as a key driver of regional competitiveness, and is associated with attracting talent and investment.

The OECD recently produced an index of well-being across regions in OECD economies (OECD, 2016). In addition to indicators of incomes and jobs, the index is based on the following range of indicators:

- Health – life expectancy at birth (years); aged adjusted mortality rate
- Education – share of labour force with at least a secondary education
- Environment – estimated average exposure to air pollution
- Safety – homicide rate (per 100,000 people)
- Civic engagement – voter turnout
- Accessibility of services – share of households with broadband access
- Community – percentage of people who have friends or relatives to rely on in case of need (based on a Gallup world poll)
- Life satisfaction – average self-evaluation of life satisfaction on a scale of 0 to 10 (based on a Gallup world poll).

The West Coast's ranking on these indicators, relative to New Zealand as a whole, are shown in Figure 19. The West Coast ranks higher than the New Zealand average on education (4th out of 14 regions), safety (1st out of 14 regions), civic engagement (1st out of 14 regions), accessibility of services (4th out of 14 regions) and life satisfaction (2nd out of 14 regions). It rates lower on health (13th out of 14 regions) and community (10th out of 14 regions). Overall, the West Coast rates relatively highly on these indicators of well-being.

Figure 19. West Coast and New Zealand scores on OECD wellbeing indicators

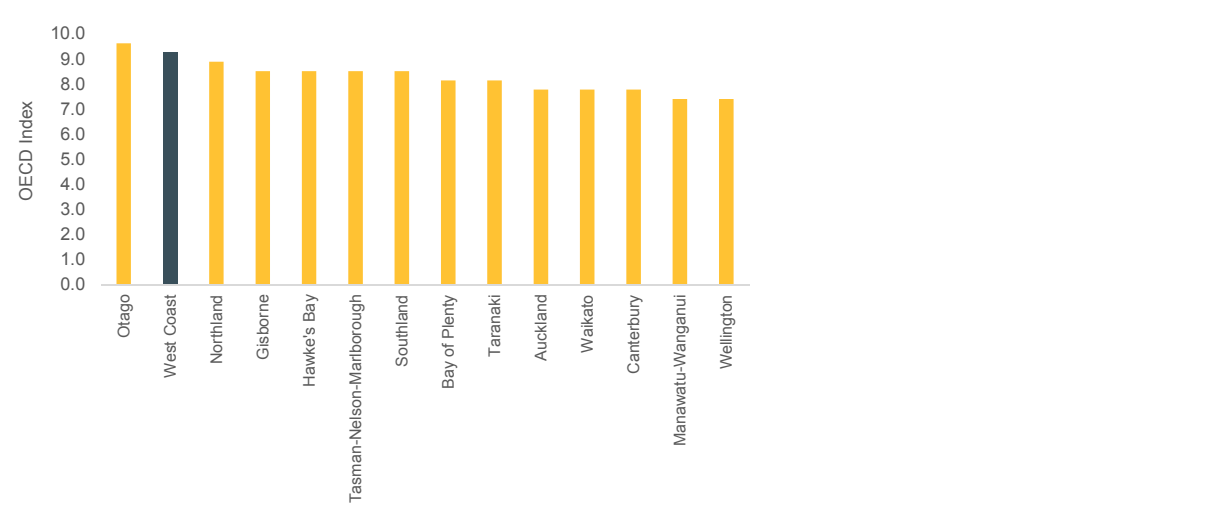


Source: MartinJenkins using data from OECD, 2016



Life satisfaction, in our view, is a key indicator as it essentially encapsulates what residents believe about liveability on the Coast. As noted, the West Coast rates particularly well on life satisfaction, higher than all other regions other than Otago. In addition, the West Coast is in the top 9 percent of all OECD regions on life satisfaction (Figure 20).

Figure 20. New Zealand regions’ scores on the OECD life satisfaction index



Source: OECD, Life satisfaction index

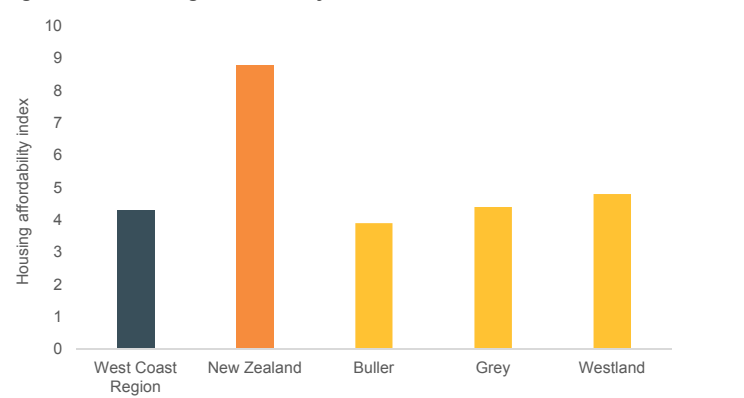
Affordability

Even if incomes are relatively low, the population of a region may be better off than higher-income regions if their outgoings to income ratios are relatively low. Housing costs represent a significant proportion of outgoings.

In 2014, it took just over 4 times the average level of earnings to purchase a house at the average price level in the West Coast (Figure 21).

This was much more affordable than across New Zealand as a whole, where the average house price was nearly 9 times the average level of earnings.

Figure 21. Housing affordability index, 2014



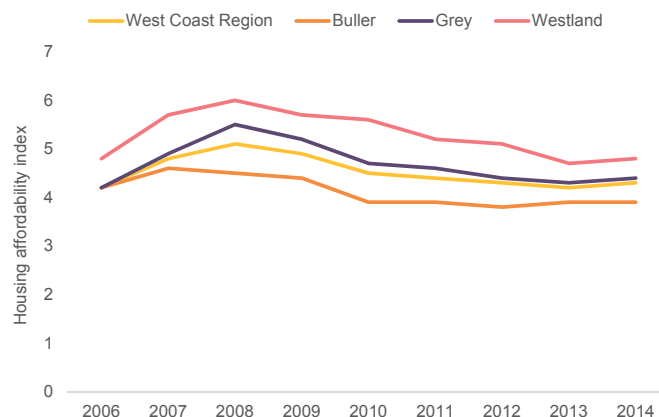
Source: Infometrics regional database
 Note: Housing affordability index is average house price/average annual earnings



The housing affordability index shows consistent trends across the three districts over time, with Buller being the most affordable district on the West Coast over 2007 to 2014.

There has been some convergence in affordability across the districts over time (Figure 22).

Figure 22. Housing affordability index, West Coast districts, 2006–2014

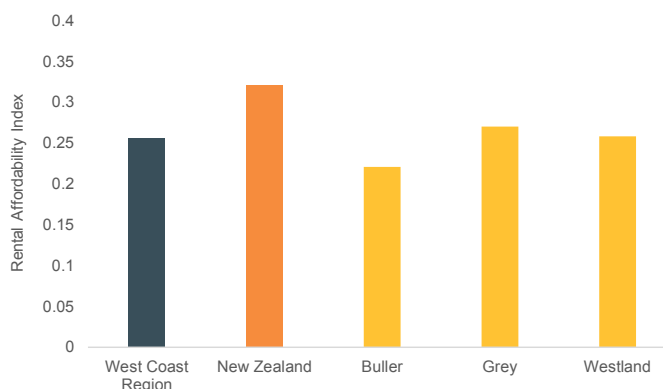


Source: Infometrics regional database

The West Coast is also more affordable in terms of rentals than New Zealand as a whole, although the gap is not as large.

In 2014, the average rental level in the region was a quarter of the average weekly earnings level, compared to almost a third across New Zealand (Figure 23).

Figure 23. Rental affordability index, West Coast districts and New Zealand, 2014



Source: Infometrics regional database.

Note: Rental affordability index is: average weekly rental / average weekly earnings.

Drivers of growth and prosperity

Labour participation and employment

Changes in material standards of living can be attributed to increases in labour utilisation or labour productivity. Under-employment and unemployment will limit the overall performance of the region, and undermine the quality of life of its residents.

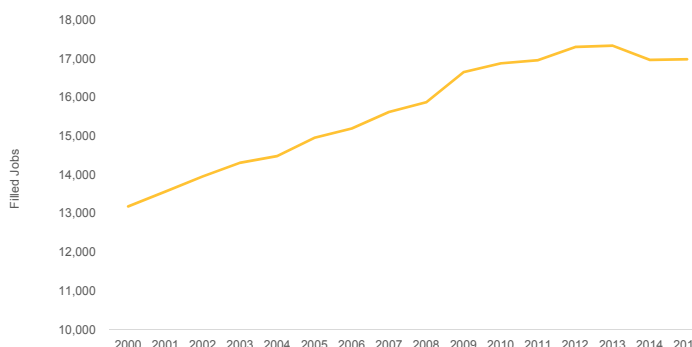
We have used Infometrics data to consider how employment on the West Coast and its districts has changed relative to trends across New Zealand.



The number of filled jobs was close to 17,000 in 2015.

The change in the number of filled jobs on the West Coast follows a similar pattern to GDP – growing consistently over 2000–2009, before flattening over 2009–2010 after the financial crisis. There was a slight recovery over 2011–2012, before job growth flattened and then declined in 2014 and 2015 (Figure 24).

Figure 24. Filled jobs on the West Coast, 2000–2015

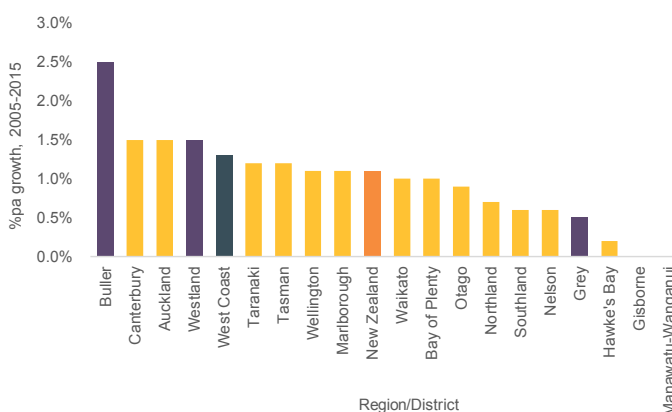


Source: Infometrics regional database

Growth in employment in the region over 2005–2015 (1.3 percent per year on average) was slightly higher than growth in employment across New Zealand as a whole (1.1 percent per year).

Employment growth in Buller has been particularly high at 2.5 percent per year, while growth in Grey was low at 0.5 percent per year (Figure 25).

Figure 25. Growth in filled jobs, regions and West Coast districts, 2005–2015

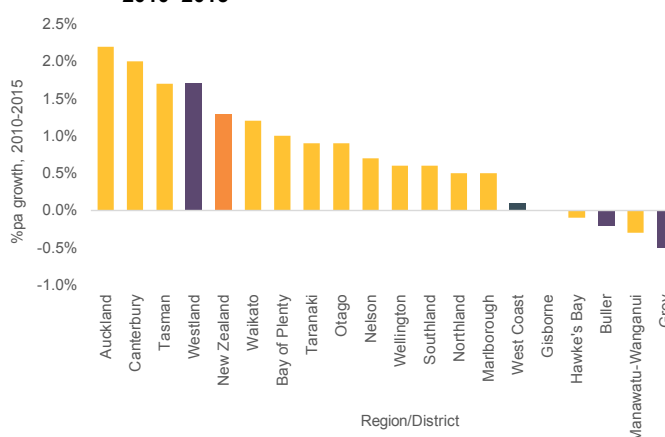


Source: Infometrics regional database

At 0.1 percent per year, there was very limited growth in filled jobs in the region over 2010–2015. This was much lower than the 1.3 percent per year growth in New Zealand as a whole (Figure 26).

Job growth in Westland, however, was relatively strong at 1.7 percent per year over the period, while employment in Buller and Grey declined over the period.

Figure 26. Growth in filled jobs, regions and West Coast districts, 2010–2015



Source: Infometrics regional database

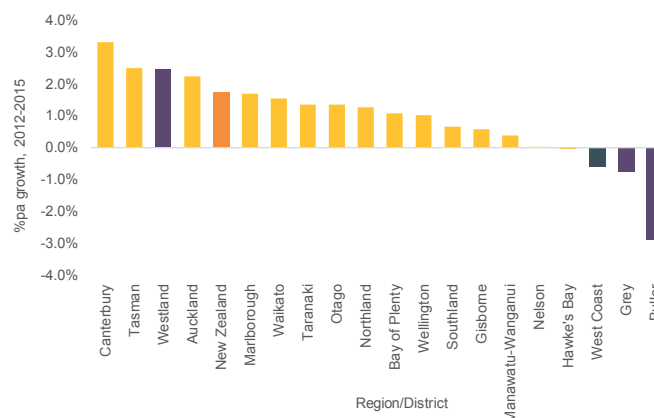


The decline in jobs has accelerated over the last 3 years, where employment in the region declined by 316 jobs or 0.6 percent per year (Figure 27).

The number of jobs in Buller fell by 451 (2.9 percent per year) and in Grey by 179 (0.8 percent per year).

Westland bucked the trend by adding 315 jobs over the period (average job growth of 2.5 percent per year).

Figure 27. Growth in filled jobs, regions and West Coast districts, 2012–2015



Source: Infometrics regional database

The West Coast region's labour force participation rate is below New Zealand's but its employment rate is higher than New Zealand's. Both the participation and employment rate in the region fell significantly over 2007–2015, whereas New Zealand's rates remained relatively constant over the period (Table 3).

Table 3. Key labour market data for the West Coast region

Indicator	West Coast			New Zealand		
	2007	2014	2015	2007	2014	2015
Persons employed in labour force	16,800	17,670	18,360	2,231,700	2,356,300	2,425,200
Participation rate, annual average	75.0%	69.0%	66.2%	68.0%	68.0%	68.7%
Employment rate, annual average	73.1%	65.9%	65.4%	65.3%	63.4%	64.5%

Source: MBIE Regional Activity Statistics.

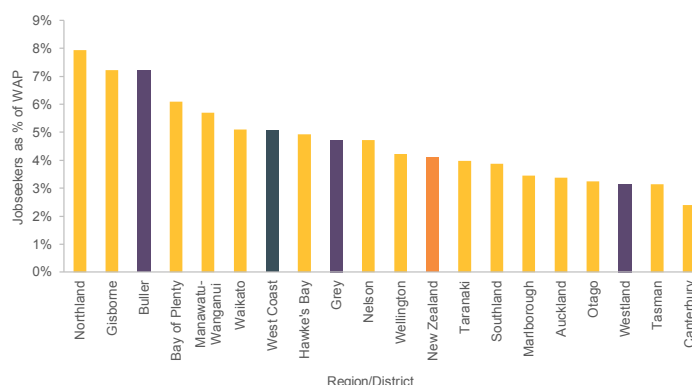
In the March 2016 quarter, 1,110 people in the West Coast region received jobseeker benefits.

The proportion of the working-age-population that are job seeker beneficiaries is above the national average.

In the December 2015 quarter, 5.1 percent of the working-age-population were job seekers compared to 4.1 percent nationally (Figure 28).

The proportion of job seekers in Buller was particularly high at 7.2 percent, while the proportion in Westland was relatively low (3.1 percent).

Figure 28. Job Seeker beneficiaries as a proportion of the Working-Age-Population (WAP), December quarter 2015



Source: Derived from MSD Benefit tables for December 2015 quarter and Statistics New Zealand subnational population estimates June 2015

Note: Working Age Population is those residents aged between 15 and 64



Unemployment figures are not regularly available for the West Coast region. According to Census 2013, only 3.3 percent of people in the region were unemployed compared to 4.8 percent across New Zealand.

This situation has undoubtedly changed with the decline in the minerals sector and a tightening in dairy activity and we assume the unemployment rate in the region has increased. Certainly the number of job seeker beneficiaries as a proportion of the working-age-population in Buller increased from 5.7 percent to 7.2 percent between December 2013 and December 2015.

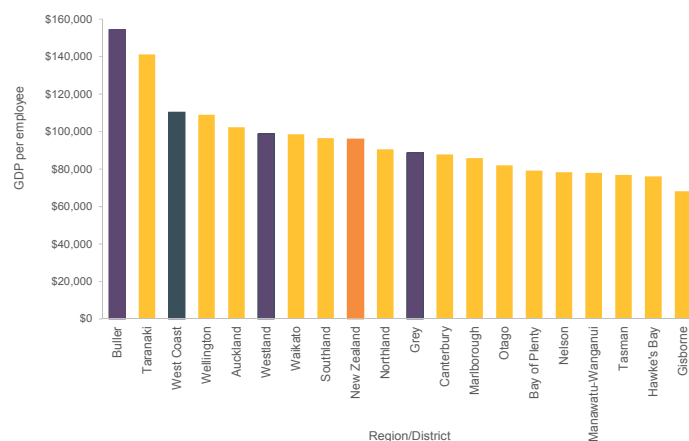
Productivity

Labour productivity is a direct contributor to economic growth and measures how effectively labour is being used as a productive input in the economy. Improvements in productivity mean that a region is getting more value from its labour force. GDP per employee provides a rough approximation of labour productivity (it is typically measured as the value of output per hour worked).

Compared to other regions, the West Coast's labour productivity in 2015 was relatively high at \$110,350 and well above the New Zealand average of \$95,991 (Figure 29).

Buller had a very high productivity level of \$154,400. This reflects the high proportion of employment in the mining sector in the district.

Figure 29. GDP per employee, regions and West Coast districts, 2015



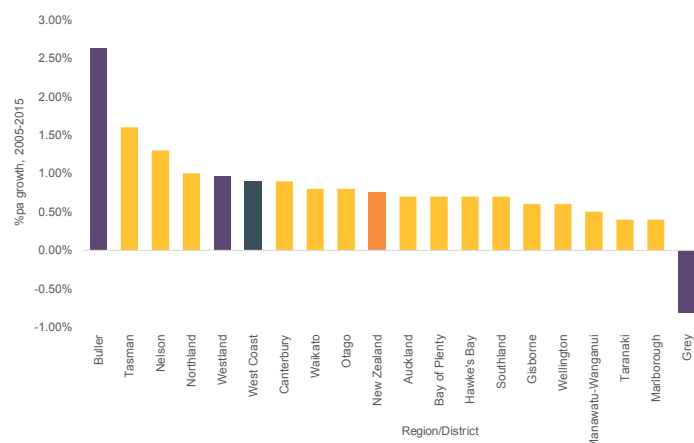
Source: Infometrics regional database

The West Coast's labour productivity growth performance over 2005–2015 was slightly better than the national average (at 0.9 percent per year compared to 0.8 percent) (Figure 30).

This was due to significant real productivity growth in Buller (2.6 percent per year).

Estimated productivity levels fell in Grey over the period.

Figure 30. Growth in GDP per employee, regions and West Coast districts, 2005–2015



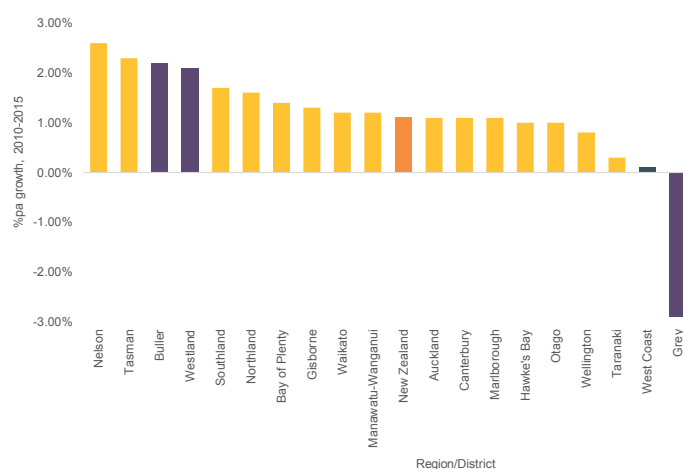
Source: Infometrics regional database



The region's productivity growth performance over 2010–2015 was at the bottom end of regions (at 0.1 percent per year) (Figure 31).

This was due to a significant decline in productivity in Grey (-2.9 percent per year), as Buller and Westland both experienced quite strong productivity growth.

Figure 31. Growth in GDP per employee, regions and West Coast districts, 2010–2015



Source: Infometrics regional database

Population

An important factor impacting on the quantity of labour for productive activity in an economy is the size and growth of the population and its age distribution. A stable or growing population is a good indicator of a sustainable region.

Population and projected growth

The usually-resident population in the West Coast was counted at 32,148 in 2013, which makes the West Coast the smallest region by population in New Zealand. Over the 7 years to 2013, the region's population grew by 0.37 percent per year (by 819 people), which was half the rate of population growth in New Zealand as a whole (Table 4).

Table 4. Census usually resident population count and change

	2001	2006	2013	Change 2001-2006		Change 2006-2013	
				Number	%pa	Number	%pa
New Zealand	3,737,280	4,027,947	4,242,048	290,667	1.51%	214,101	0.74%
West Coast	30,288	31,326	32,151	1,038	0.68%	825	0.37%
Buller	9,624	9,702	10,473	78	0.16%	771	1.09%
Grey	12,891	13,221	13,371	330	0.51%	150	0.16%
Westland	7,773	8,403	8,307	630	1.57%	-96	-0.17%

Source: Statistics New Zealand, Census 2013, 2006, 2001.

The West Coast's population growth was, however, higher than that experienced in the Hawke's Bay, Northland, Marlborough, Manawatu-Wanganui and Gisborne.



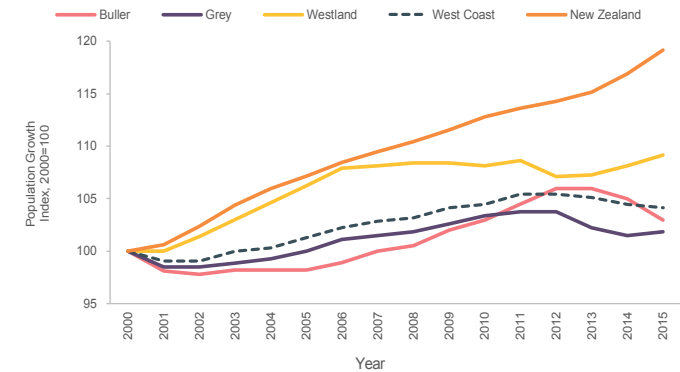
There were variations within the region’s districts. Buller experienced relatively strong population growth of 1.1 percent per year over 2006–2013, while Grey’s population grew very slowly (0.16 percent per year) and Westland’s population declined (-0.17 percent per year).

Statistics New Zealand’s subnational population estimates suggest that the population in the region has declined between 2012 and 2015 by 390 people. This is due to falls in population in Buller (-350) and Grey (-250). In contrast, Westland is estimated to have increased its population by 160 people over the period.

The West Coast’s pattern of annual population change has differed on several occasions to New Zealand’s over the last 15 years. It is estimated to have fallen from a peak of 0.6 percent per year in 2011 to a trough of -0.6 percent per year in 2013.

Figure 32 shows the upward trend in Westland’s population since 2012, while Buller’s population has been on a downward trend over the same period. Grey’s population is estimated to have recovered in the last year.

Figure 32. Annual population change, West Coast districts and New Zealand, 2000–2015

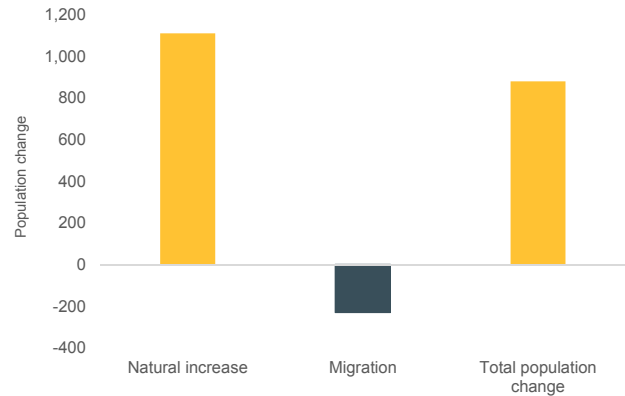


Source: Statistics New Zealand, subnational population estimates

All of the West Coast’s population growth over 2006–2013 was due to natural increase, with a net outflow of migration from the region over the period (Figure 33).

This differs to New Zealand’s population growth over the same period, which was due to a combination of natural increase and net inward migration.

Figure 33. Source of population change on the West Coast, 2006–2013

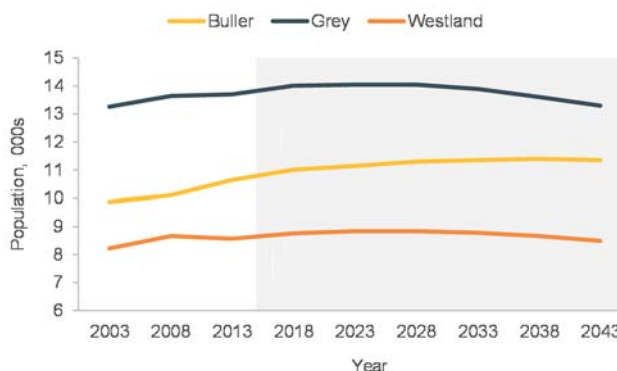


Source: Statistics New Zealand, Census 2013



Statistics New Zealand population projections suggest that there will be virtually no growth in the West Coast as a whole over 2013-2043 (0.02 percent per year growth), slight declines in the populations of Grey (-0.1 percent per year) and Westland (-0.03 percent), and limited growth in Buller (0.2 percent). The region's population is expected to grow slowly until around 2028 and then decline. These projections do not take into account the falling population in Buller and Grey since the Census (Figure 34).

Figure 34. Population projections to 2043, West Coast districts

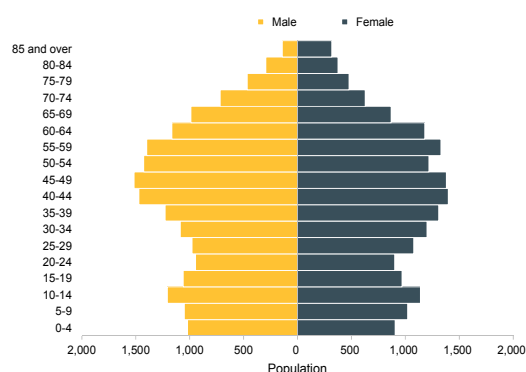


Source: Statistics New Zealand, subnational population projections 1996-2043 (2013-base) medium projection

Age profile

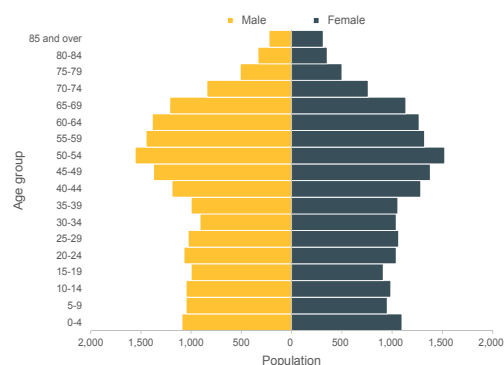
There are a number of demographic factors that need to be considered to understand the future labour force potential. These include aging populations, life expectancy and labour force participation. The West Coast's population, like elsewhere, is aging and the bulk of the population are in higher age groups (Figure 35 and Figure 36).

Figure 35. West Coast age and sex profile, 2006



Source: Statistics New Zealand, Census 2006

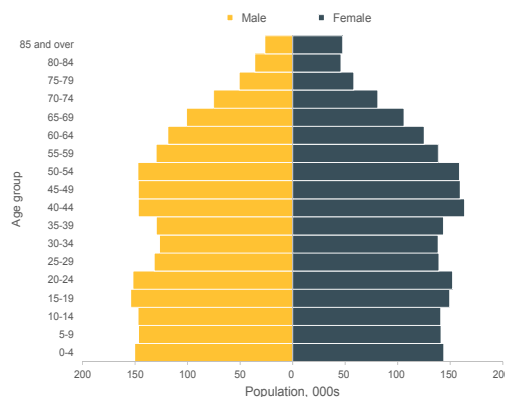
Figure 36. West Coast age and sex profile, 2013



Source: Statistics New Zealand, Census 2013

Compared with New Zealand's age structure (Figure 37), the West Coast has greater proportions of older age groups in the 65+ age brackets (17.1 percent compared to 14.4 percent nationally) and a lower proportion of people in the 0–19 year (22.4 percent compared to 27 percent) and 20–39 year age bracket (22.6 percent compared to 25.6 percent nationally). The West Coast has a more defined 'hour glass' structure than New Zealand as a whole.

Figure 37. New Zealand age and sex profile, 2013



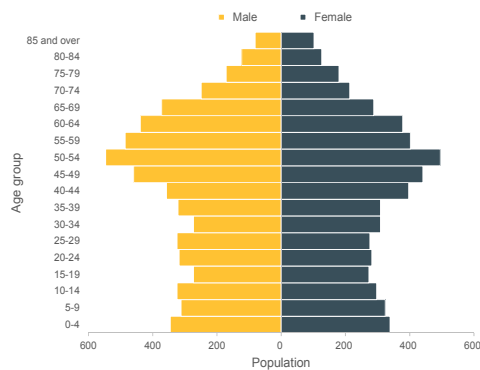
Source: Statistics New Zealand, Census 2013



This has labour market implications, with higher proportions likely to leave the labour market as they reach retirement age and what appears to be a hollowing out of the working age population as youth leave the region. Succession and future skills planning will be required to tackle this potential labour shortage.

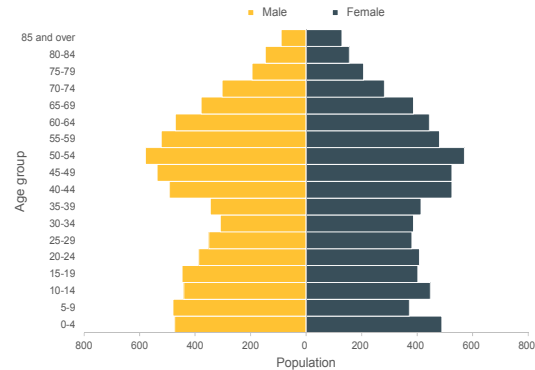
There are some differences between districts (Figure 38, Figure 39 and Figure 40). Westland has a more even distribution overall, but a much higher proportion of 20-39 year olds than the other districts. Buller has a higher proportion of the population over 40 years of age.

Figure 38. Buller district age and sex profile, 2013



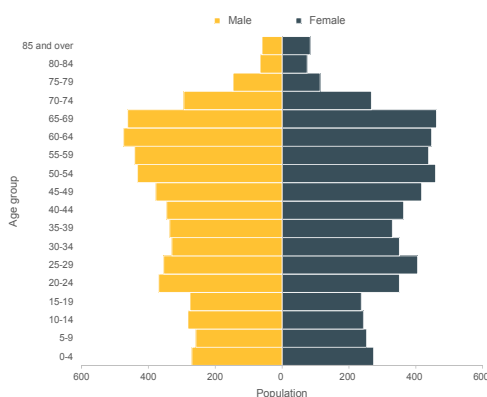
Source: Statistics New Zealand, Census 2006

Figure 39. Grey district age and sex profile, 2013



Source: Statistics New Zealand, Census 2013

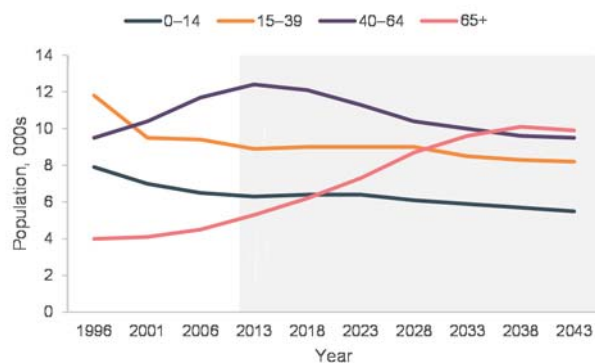
Figure 40. Westland district age and sex profile, 2013



Source: Statistics New Zealand, Census 2013

The region's population projections by age group show the potential decline in the younger and working-age groups, and a large expected increase in the population aged over 65 (by around 2,000 by 2023 and by 4,600 by 2043). This will result in a higher demand for health and social services (Figure 41).

Figure 41. Population projections to 2043 by age group, West Coast



Source: Statistics New Zealand, subnational population projections 1996–2043 (2013-base) medium projection



Ethnicity

The West Coast has a high proportion of people who identify themselves as European, representing 84 percent of the population relative to 67 percent nationally (Figure 42 and Figure 43). Conversely, only a very small proportion of the population identified themselves as Asian (2 percent) or Pacific Peoples (1 percent). About 3,170 people in the region identified themselves as Māori. This was 10.5 percent of the region's population compared with 15 percent nationally.

Figure 42. West Coast ethnic population, 2013

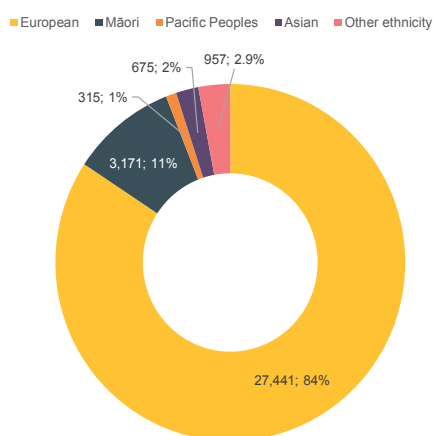
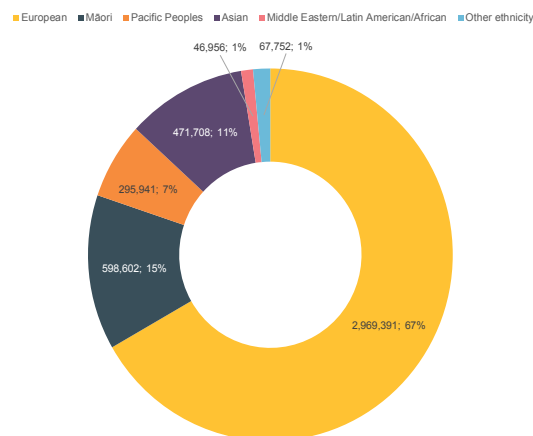


Figure 43. New Zealand ethnic population, 2013



Source: Statistics New Zealand, Census 2013.

Note: Other includes "New Zealander".

Of those who identify themselves as Māori on the West Coast, 54 percent indicated they were affiliated with Ngāi Tahu, 19 percent with Ngāpuhi and 13 percent with Ngāti Porou (Figure 44).

In 2013, close to a third of all Māori in the region lived in each district (Figure 45).

Figure 44. Iwi grouping affiliation on the West Coast, 2013

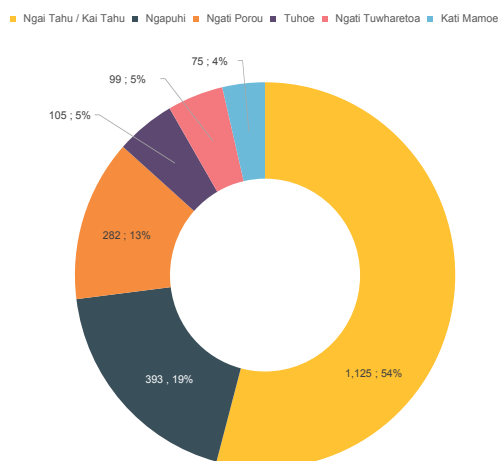
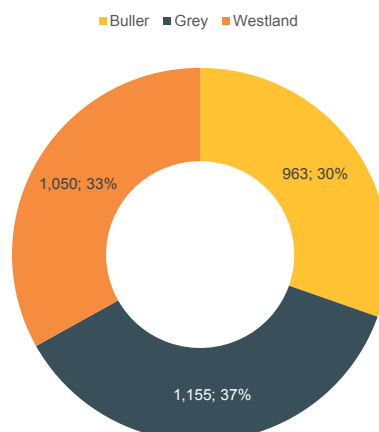


Figure 45. Māori population, West Coast districts, 2013



Source: Statistics New Zealand, Census 2013.

Note: Individuals can report more than one iwi.



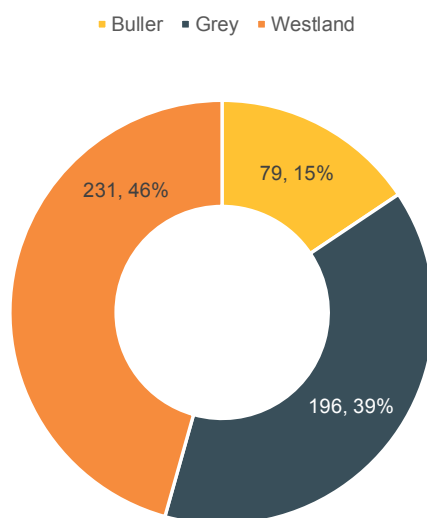
Tai Poutini Māori labour force

Similar to Māori in the rest of New Zealand, Māori on the West Coast tend to under-perform across a number of labour market measures compared to non-Māori.

Employment

According to the Infometrics regional database there are 506 Māori employed on the West Coast. Close to half of Māori employed are in the Westland district (231). A further 40 percent are employed in Grey (196), with the remaining 15 percent (79) are employed in Buller (Figure 46).

Figure 46. Māori employment by West Coast district, 2015



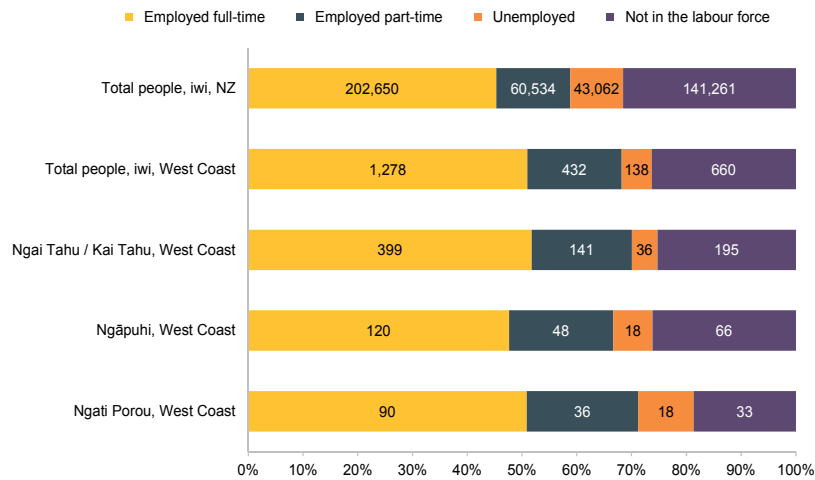
Source: Infometrics regional database

Māori make up about 3 percent of employment in the West Coast region. Māori account for 5.2 percent of employment in Westland, 2.6 percent of employment in Grey, and 1.6 percent of employment in Buller.

In Census 2013, a higher proportion of Māori in West Coast iwi were employed and in the labour force compared with Māori in iwi across New Zealand and all people on the West Coast. A lower proportion of Māori in West Coast iwi were unemployed compared to Māori in iwi across New Zealand (Figure 47).



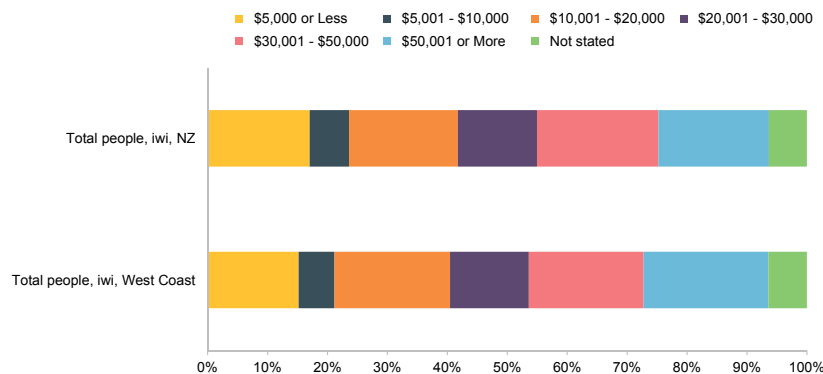
Figure 47. Iwi Labour force status, West Coast, 2013



Source: Statistics New Zealand, Census 2013

Slightly higher proportions of Māori in West Coast iwi were in higher income brackets than Māori across New Zealand in 2013 (Figure 48).

Figure 48. Personal income by iwi, West Coast, 2013



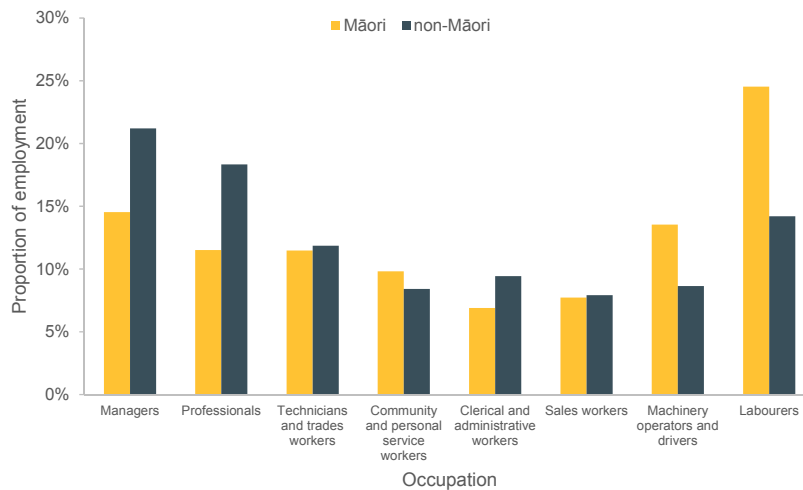
Source: Statistics New Zealand, Census 2013

Sectors, occupations and skills

Figure 49 shows Māori and non-Māori employment broken down by the eight key occupations on the West Coast in 2015.



Figure 49. Employment by occupation, Māori vs non-Māori, 2015

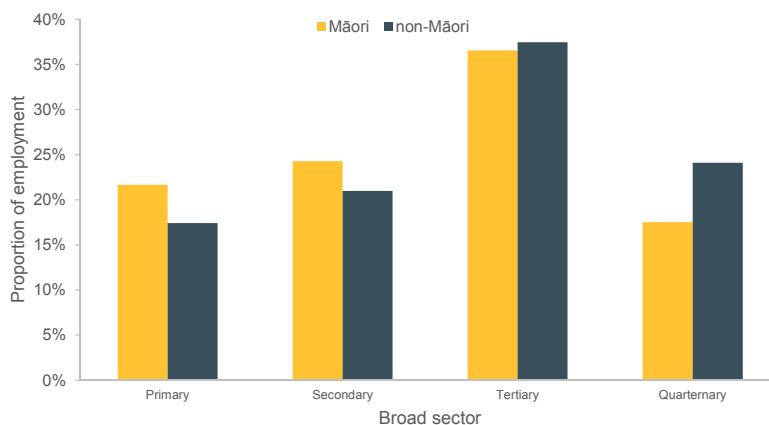


Source: Infometrics regional database

Māori are over-represented in the machinery operators and drivers, labourers and community and personal service workers occupations. Māori are under-represented in the managers, professionals and clerical and administrative occupations.

Figure 50 shows employment by broad sector for Māori and non-Māori on the West Coast in 2015.

Figure 50. Employment by broad sector, Māori vs non-Māori, 2015



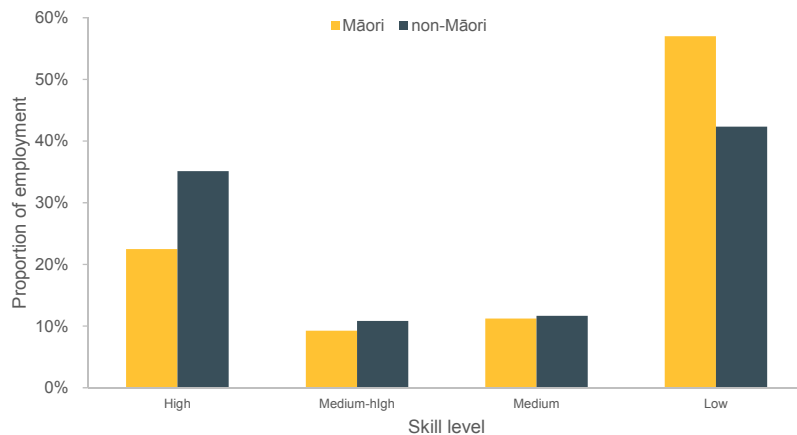
Source: Infometrics regional database

A larger proportion of Māori than non-Māori work in the primary and secondary sectors. A significantly smaller proportion of Māori work in the quaternary sector compared to non-Māori.

Only 22 percent of Māori on the West Coast are in jobs categorised as high-skilled compared to 35 percent for all employed. In contrast, 57 percent of Māori are in jobs classified as low-skilled compared to 43 percent for non-Māori (Figure 51).



Figure 51: Employment by skill level, Māori vs non-Māori, 2015



Source: Infometrics regional database

Figure 52 shows the top five sectors and occupations for Māori workers in 2015 by West Coast district.

Figure 52: Top five sectors and occupations for Māori workers by West Coast district, 2015

Buller	Grey	Westland
Top 5 sectors		
Mining	Health Care and Social Assistance	Manufacturing
Agriculture, Forestry and Fishing	Agriculture, Forestry and Fishing	Accommodation and Food Services
Manufacturing	Retail Trade	Agriculture, Forestry and Fishing
Accommodation and Food Services	Accommodation and Food Services	Retail Trade
Education and Training	Manufacturing	Mining
Top 5 occupations		
Machine & Stationary Plant Operators	Specialist Managers	Factory Process Workers
Mobile Plant Operators	Factory Process Workers	Cleaners and Laundry Workers
Specialist Managers	Health Professionals	Sales Assistants and Salespersons
Construction & Mining Labourers	Other Labourers	Education Professionals
Other Labourers	Education Professionals	Farm, Forestry & Garden Workers

Source: Infometrics regional database

The majority of Māori are employed in the key West Coast sectors of minerals (mining), tourism (accommodation and food services) as well as in agriculture, forestry and fishing, and manufacturing.

The most common occupations in which Māori are employed across the three districts are plant operators, factory process workers and labourers. In relation to higher-skilled occupations, the key occupations for Māori are specialist managers, health professionals and education professionals.

Beneficiaries

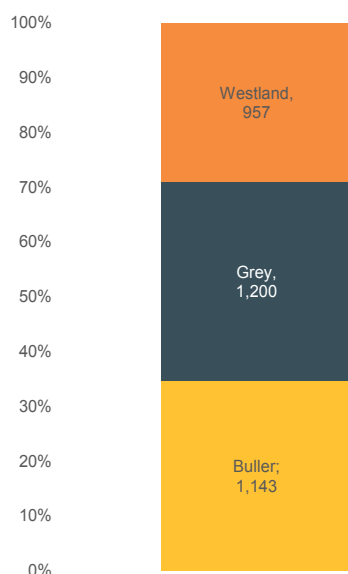
Māori on the West Coast are over-represented in the beneficiary statistics. In June 2016, there were 404 Māori receiving benefits on the West Coast, 16.3 percent of all beneficiaries. There were 199 Māori on job seeker support (18 percent of job seekers) and 95 receiving sole parent support (21 percent of sole parents). 108 Māori (12 percent of supported-living recipients) were recipients of supported-living payments.



Tai Poutini migrant population

The 2013 Census showed that 11 percent of people in the West Coast region were born overseas, compared with 25 percent for New Zealand as a whole. International migrants are relatively evenly spread across the three districts, although there is a slightly higher proportion in Grey and Buller than Westland (Figure 53). A much higher proportion of international migrants in the West Coast came from Australia, UK and Ireland, and Europe than New Zealand as a whole, and a much smaller proportion came from Asia (Figure 54).

Figure 53. Migrants by district, 2013



Source: Statistics New Zealand, 2013 Census

Figure 54. Birthplace of migrants, 2013

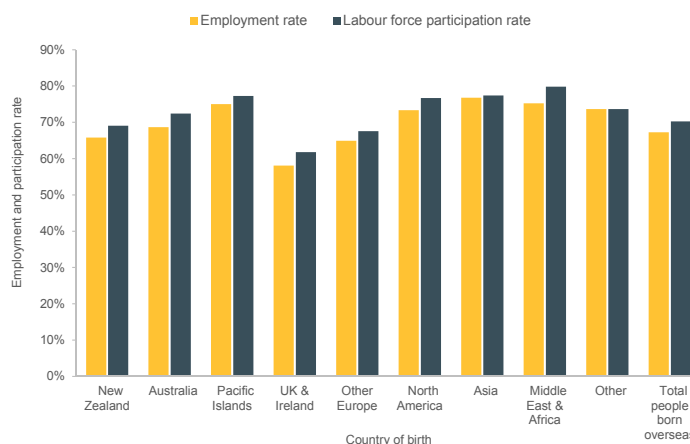


Source: Statistics New Zealand, 2013 Census

In 2013, 1.7 percent of the West Coast's population were recent migrants (defined as those who arrived in New Zealand in the last 2 years), compared to 3.1 percent of New Zealand's population. Southland, Tasman, Hawke's Bay, Gisborne and Northland had similar or slightly lower proportions of recent migrants.

Lower proportions of migrants from the UK, Ireland and Europe were employed or in the labour force in the West Coast in 2013 than migrants from other countries, particularly Asia, North America and the Middle East and Africa (Figure 55).

Figure 55. Employment and labour force status by country of birth, West Coast, 2013



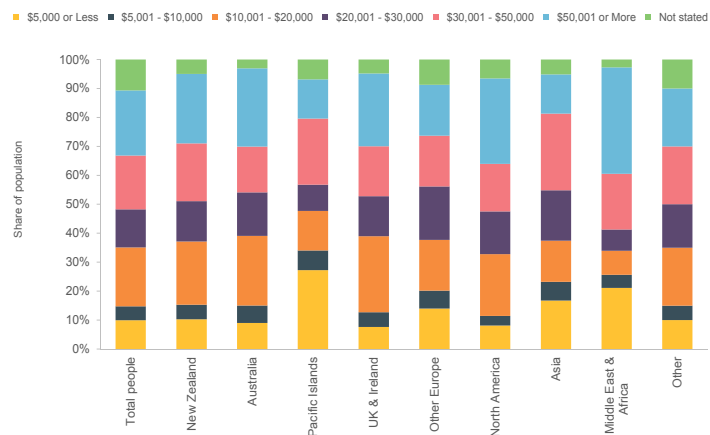
Source: Statistics New Zealand, 2013 Census



On the West Coast, higher proportions of migrants from the North America and Australia are in higher personal income brackets than migrants from other countries (Figure 56).

Conversely, higher proportions of migrants from the Pacific Islands, Asia and Other Europe are in lower personal income brackets.

Figure 56. Personal income, by country of birth, West Coast, 2013

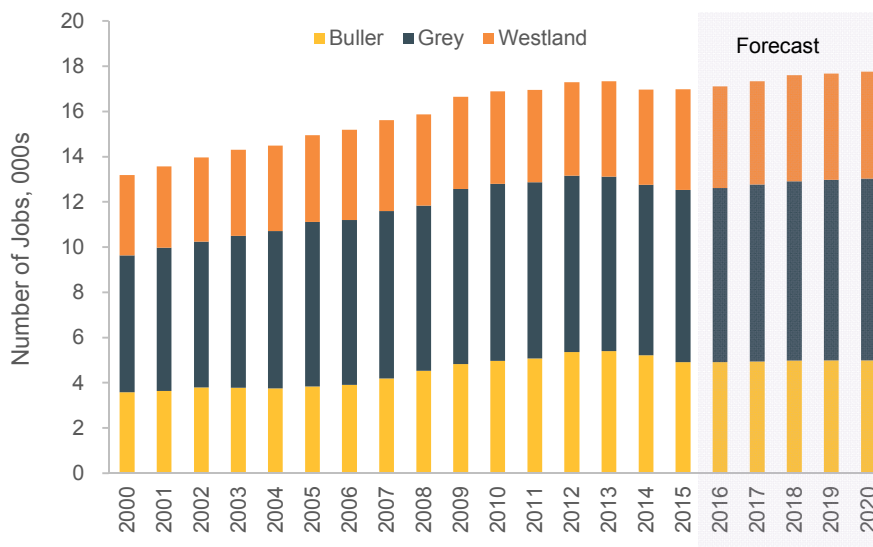


Source: Statistics New Zealand, 2013 Census

Tai Poutini employment forecast

Infometrics forecasting model estimates that, under a business-as-usual scenario, employment on the West Coast will grow by 0.9 percent per year over 2016–2020, or by around 770 jobs (Figure 57). This is less than the expected 1.5 percent per year growth in employment across New Zealand as a whole.

Figure 57. Employment forecasts, West Coast districts, 2016–2020



Source: Infometrics regional database.

Note: Forecast shaded.



Much of this growth is expected to be generated in Westland and Grey. Employment in Grey is expected to grow by 1.1 percent per year over 2016–2020 (around 425 jobs), and employment in Westland is expected to grow by 1.2 percent per year (265 jobs). Employment in Buller is expected to only grow marginally, by 0.3 percent per year or around 85 jobs over the period.

Given the large decline in employment in Buller and Grey over the last 2 to 3 years, the forecasts for those districts may be optimistic as, in the absence of a significant investment or step-change in the performance of a key sector, we would expect employment to be static or slightly decline over the period. This is based on the likely continued difficult trading conditions that will be faced by the large scale minerals and dairy sectors in the medium-term (discussed further in the evidence report on key sectors). However, it is also possible that the expected falls in employment in those industries will be offset by stronger growth in tourism and other services. We also note that Infometrics' regional forecasts for the region are more pessimistic than official estimates.²

² The forecasts are more pessimistic than MBIE's latest short-term employment forecasts (Ministry of Business, Innovation and Employment, 2016), which estimate that employment in the region will grow by 3.2 percent per year over 2016–2019. We note that MBIE's forecasts suggest that employment in the mining and construction industries will grow by 5.1 percent per year and 9.1 percent per year respectively over the period, and on this basis we assume that their forecasts have not incorporated the recent downturn in the minerals industry.

