
3. Current State – Wellington Region

Hutt City as part of the wider Wellington region is impacted by and impacts the economic performance of the region. The information below provides a view on the economic status of the Wellington Region¹. Section 4 then provides key facts on Hutt City.

3.1 Summary

The statistics and other known information for the Wellington region suggests that:

- 1 The region as a whole is not keeping pace with other regions and the country as a whole. Recent economic trends that have impacted on regional GDP growth as well as specific underlying structural economic factors are:
 - Contraction in financial and business services
 - Reduction in utility business in the region
 - Impact of being the capital city
 - Under-representation of high growth manufacturing and traditional primary industry
 - Low population growth
 - Topography
 - Central location in the country
- 2 Many measures are flat at best (e.g. population) indicating that perhaps any change in economic wealth in the region will require more than a business as usual approach.
- 3 The wealth of individuals (on average) in the Wellington region is high compared to the rest of the country - this wealth may be keeping the regional economy buoyant (e.g. expenditure on events, entertainment, restaurants, retail etc). Any drop in this would therefore impact on the regional economy.
- 4 The region is not at the lower end of economic performance nationally – the middle ground in terms of performance may be acceptable.

¹ Three sources of data have been used for this profile. They are: (a) Summary Performance of Wellington Region 1996-2001 – dated February 2002 by Berl ;(b) Regional Labour Market Reports Wellington Region – dated December 2001 by the Labour Market Policy Group of the Department of Labour and (c) Regional Outlook, Wellington Regional Economy 2002 – by the Wellington Regional Council (with Infometrics data) - dated February 2002

3.2 The Statistics

Overall

1. The region's economy has lagged behind the rest of New Zealand since 1994, in part because of slower population growth, job cuts and businesses moving out of the city.
2. The pace of economic growth in the Wellington region has slowed over the last eighteen months. Economic growth in the region is estimated to be about 0.5% down from almost 4% 18 months ago.
3. The Wellington labour market improved over the past year, according the Household Labour Force Survey (HLFS) but expectations are that the Wellington labour force market conditions will deteriorate slightly over 2002.

Population

4. The region's average population growth in the period 1996-2001 of 0.5% pa was marginally below the nationwide average of 0.7% pa.
5. Population changes to the year-end June 2001 show a 0.2% increase in the Wellington region compared to a 0.5% increase nationally.

Employment

6. The region's average annual growth over 1996-2001 of 1.4% pa is marginally above that of the 1.3% recorded nationally in the same period.
7. Figures to year-end September 2001 show employment increased by 2.1% in that year – this includes rates of over 4% in the first half of 2001 and a negative result in the September 2001 quarter. Employment rose by 2.2% nationally over the year to September 2001.

Unemployment

8. The unemployment rate fell to 4.2% in the year to September 2001, from 5.2% in the previous year. This is the third lowest annual average unemployment rate in the country, and is the lowest ever recorded in the Wellington region since 1991 (when records begun). The NZ figure for the year-end September 2001 was 5.2%, a decrease from 5.8% at September 2000.
9. The unemployment rate has been falling steadily in the Wellington region since 1993.
10. The number of officially unemployed people in the Wellington region dropped 17.1% to September 2001. Nationally the number of unemployed people fell by 9.9% to year-end September 2001.
11. In addition, the number of registered unemployed fell 12.2% in the September year in the Wellington region.

GDP/GDP per head

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12. GDP grew in the region by 0.3% to the year ended March 2001 compared to an increase of 2.5% for New Zealand as a whole.
 13. Over the five years between 1996 and 2001 the overall region experienced population growth of 0.5% pa and GDP growth of 2.0% pa. Together, these numbers imply an increase in GDP per head of 1.5% - below the average nationwide performance of 1.8%.

Economic activity (as measured by the National Bank)

14. This rose in the year to September 2001 with year on year growth of 3.3%. This is the fourth lowest in New Zealand and the lowest ranking for the region since 1993, but is only slightly below the national growth rate of 3.4%.

Labour productivity²

15. The region's (and all areas within it) productivity was well below that of the New Zealand average of 0.8%.

Number of businesses

16. The region's average growth for the period 1996-2001 for this indicator was recorded at 4.0%, slightly below the New Zealand average.
17. During the year ended February 2001 however, the change to the number of businesses in the region was -3.6% compared to -2.3% nationally.

Average size of businesses

18. The region wide average for this indicator was a decline of 2.5% pa, not as great a fall as that across the country as a whole of 2.8% pa.

Wages

19. The region had the highest average hourly wages at August 2001, \$21.32 compared to the national average of \$18.48.
20. Wellington also had the equal highest wage growth of the main centres with growth in average hourly earnings of 4.1% in the year August 2001, with national growth being 3.4%.

² For employment growth to be an indicator of economic performance, it should not be accompanied by declines in productivity

4. Current State – Hutt City

4.1 Summary

To date the statistics and other known information for Hutt City suggests that:

- 1 The Hutt City economy is under performing within the Wellington region, which in itself is under performing within the national economy.
 - In part this has been affected by the impact on GDP and job numbers related to the departure or down sizing of large businesses within Hutt City –this impact was particularly seen through 2000-2001.
 - In part this is also related to the specifics identified in Section 3 of this report.
- 2 As with the region, a number of indicators are at best seen as flat.
- 3 At a time when the number of jobs in Hutt City is falling, the number of unemployed is also falling – indicating perhaps that people are finding jobs outside the region, that more Hutt City jobs are going to Hutt City residents or that unemployed are moving from the region or from WINZ lists.
- 4 The makeup of people living in Hutt City will change and impact on the job market in the next ten years with a 15% decrease in the under 25 year group and an almost 30% increase in the over 60 year old group.
- 5 Whilst the income of people living in Hutt City is high compared to the national average, the range of income levels within the city is quite marked and will impact on the ability of residents within the city to fill available jobs.

4.2 The Statistics

Hutt City in 2001/02 can be summarised as follows:

Economy

1. The performance of the Hutt City economy in the 2000/2001 March year was below that of the national average as measured in terms of employment, gross output and value added (GDP) growth³. However, the growth of the Hutt City economy is more positive if viewed over an extended period. In particular, growth in value add (GDP) is positive.

³ Source: Economic Profile of Hutt City 1997-2001 – Berl January 2002.

2. A comparison of the Hutt Valley (Hutt City and Upper Hutt) against other areas in the region for the period 1996-2001 is shown below.

Indicator	Hutt Valley	Wgtn City	Kapiti-Porirua	Region average	NZ average
Population	-0.11	0.76	1.06	0.53	0.65
Employment	0.22	1.80	1.71	1.36	1.31
GDP	1.57	2.03	2.84	2.00	2.52
GDP per head	1.68	1.25	1.77	1.46	1.86
Labour productivity	0.17	0.05	-0.13	0.09	0.78
No. of businesses	2.89	4.23	5.08	3.99	4.26

3. During the period 1997-2001 total gross output⁴ fell by 0.7% (pa change) compared to an increase of 0.7 in the region and an increase of 1.6% pa change for New Zealand as a whole.
4. Total gross output for Hutt City for 2001 fell by 7.0% on 2000 and was largely due to a decline in the secondary sector. By comparison, gross output decreased by 2.7% in the Wellington region and increased by 0.3% nationwide. After two solid years of growth, gross output in Hutt City fell over 2001 to be at a level similar to 1998.
5. Value added⁵ for Hutt City in the period 1997-2001 increased by 1.2% pa compared to the regional figure of 1.7% pa growth and 2.3% nationally.
6. 2000/2001 shows a different picture with value added for Hutt City in 2000/2001 falling by a total of \$41m or by 1.6% on 2000. This compares to a drop of 0.9% in the Wellington region and an increase of 2.6% for New Zealand as a whole.
7. The level of GDP per capita for Hutt City residents has been growing at a similar pace to the New Zealand average and more quickly than the Wellington region average. This increase is due at least in part to a decline in population.

Businesses

8. There were 7497 activity units in Hutt City in 2001, a decrease of 4.4% from the previous year. Activity units in the Wellington region and New Zealand also decreased although not to the same extent as Hutt City.
9. However, looking at a four-year period (1997-2001), the number of activity units in Hutt City increased by 1.8% compared to the Wellington region increase of 2.9% and New Zealand increase of 2.7%.
10. In 2000, nearly 84% of businesses in Hutt City were small businesses (employing 0-5 people) whilst only 38 businesses or 0.5% of businesses employed 100+ people. This is consistent with the national picture.
11. Within Hutt City the top sectors in terms of number of employees are business services, education, construction trade services, health services and communication services.

⁴ Gross output: total sales recorded by businesses in the region and the equivalent value of goods and services provided by non-market organisations.

⁵ Value added: total value contributed by the activities of all businesses and organisations in the region (including wages and salaries)

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12. The top sectors in terms of value added as a percentage of output are property services, insurance, communication services, finance and machinery and motor vehicle wholesaling.
 13. Communication services provides the best results for Hutt City in terms of a combined analysis of output, value add, number of employees and output per FTE.

Employment/Unemployment

14. In 2001, 36,976 people were employed in Hutt City with 39% employed in Service industries, 33% in Distributive industries and 29% employed in Secondary industries.
15. Employment ⁶ during the period 1997-2001 declined by 0.3% in Hutt City compared to an increase in Wellington region (0.6%) and in New Zealand as a whole (0.9%).
16. During 2001, employment in Hutt City declined by 2.0%, which represents a net loss of 746 FTE. By contrast employment in the Wellington region decreased by 1.2% and in New Zealand as a whole, it increased by 0.2%.
17. In 2000, just over 30% of people working in Hutt City live outside the city, mainly in Upper Hutt or Wellington. In 2000, nearly 37% of people living in Hutt City, worked outside the city, most of them in Wellington.
18. According to WINZ registered unemployed in Hutt City fell by just over 5% to year end January 2002 to close at 4993.
19. In 2000, just over 6% or 2545 of the available workforce was unemployed. This compares to 5.6% nationally. Whilst the percentage of unemployed has been decreasing over time, Hutt City consistently has between 2.4% and 2.5% of New Zealand's unemployed.

Retail Spend

20. Total retail spend⁷ in Hutt City for the year ended November 2001 was \$1,143,046,370. This is a growth of 2.11% over the previous year. In contrast, total retail spend for New Zealand grew 6.03% over the same period.
21. The largest growth section in the 12 months to November 2001 was food and hospitality, which grew at 6.6%. This sector also had the largest share of retail spend of 35.9% of total spend.

⁶ Economic Profile of Hutt City 1997-2001 – Berl – February 2002

⁷ Statistics NZ

Population ⁸

22. Statistics NZ currently have two sets of valid population figures from the 2001 census – estimated and usually resident on census night – both numbers are shown.
23. The latest Statistics NZ figure Hutt City usually resident population in 2001 was 95,478 (down from 95,871 in 1996) – this equates to the Hutt City’s usually resident population declined by 0.4% between 1996-2001. In contrast, over the same period, New Zealand’s population as a whole grew by 3.3%.
24. The latest Statistics NZ figure for Hutt City estimated resident population in 2001 was 97,200 (down from 98,300 in 1996), which shows a 1.1% decline of the estimated population between 1996-2001.
25. Some comparisons are shown with other cities using both sets of valid population figures.

City	Usually resident				Estimated population			
	1996 popn	2001 popn	change	% change	1996 popn	2001 popn	change	% change
Hutt City	95,871	95,478	-393	-0.4	98,300	97,200	-1100	-1.1
Porirua	46,626	47,370	744	1.6	47,800	47,300	-500	-1.0
Upper Hutt	36,714	36,369	-345	-0.9	37,500	37,000	-500	-1.3
Dunedin	118,143	114,342	-3801	-3.2	120,300	119,000	-1300	-1.1
Palmerston North	73,095	72,033	-1062	-1.5	74,900	75,000	100	0.1
Napier	53,463	53,661	198	0.4	54,600	54,100	-500	-0.9
Nelson	40,239	41,568	1329	3.3	41,000	41,400	400	1.0

26. In 2001, 24% of the population was under 15 years, 13% were 15-24 years, 31% were 23-44 years, 21% were 45-64 years and 11% were over 65 years old. Changes from 1996-2001 are a decrease in the 15-24 year bracket from 14% in 1996 and an increase in the 45-64 age bracket, up from 20% in 1996.
27. The majority of the Hutt City population are European with 15% being Maori, 8% Pacific Island and 6% Asian. This varies throughout the city.
28. Projections⁹ 1996-2006 show a 9% decrease in the under 25-year population and a 29% increase in the over 60 years population. These projections show even more change to 2011 with a 15% decrease in under 25 years (from 1996-2011) and a 29% increase in the over 60 population.

Social Status

29. In 2001, nearly 11.1% of the Hutt City population had university qualifications, compared to 10.1% nationally. This average masks the range within Hutt City of between 1.6% in areas of Wainuiomata and nearly 27% in Eastbourne of the population with these qualifications.
30. The 2001 census also shows that 17,000 people or just over 23% of Hutt City residents have no qualifications. This compares to 23.7% nationally.

⁸ Statistics NZ currently have two sets of valid population figures from the 2001 census – estimated and usually resident on census night – both numbers are shown

⁹ Based on work undertaken by Opus for WRC late 2000

Both the Hutt City and national percentages have been trending down since 1986.

31. In 2001, Hutt City had the fourth highest median income of all cities. The average per capita income in Hutt City was \$22,000 compared to \$18,500 nationally.

Tourism

32. Average length of stay in accommodation in Hutt City averages 1.76 days. This compares to a national average of 1.80 days.
33. Stay unit nights have remained relatively stable over the year 2001, with the guest arrival numbers increasing but the average length of stay decreasing.
34. Occupancy rates average 55.1% in Hutt City compared to 36.2% nationally.
35. By far the greatest number of visitors to Hutt City are New Zealanders. International visitors make up 27.0% of visitors and Australia and UK/Ireland provide the most international visitors.¹⁰

Real Estate Sales

36. The average sale price in Hutt City fell 9.74% in the year ending March 2002.
37. The average capital value of Hutt City properties¹¹ was \$174,695 at March 2002.
38. The number of house sales has decreased by 24.1% to the year ending March 2002.

¹⁰ These percentages are for Kapiti, Porirua, Hutt City and Upper Hutt

¹¹ Quotable Value figures

4.3 SWOT Analysis

An analysis of strengths, weaknesses, opportunities and threats (SWOT) of the Hutt City economic environment has been undertaken. This identifies those things that are relevant to Hutt City and does not encompass wider economic issues (e.g. the exchange rate).

From analysis and discussion with businesses in the City, the **major issues** facing Hutt City can be summarised as:

- 1 Retention and growth of current businesses – from the Council point of view, providing the right environment to achieve this.
- 2 Lifting its economic performance within the region and assisting the region to lift its economic performance relative to the country as a whole.
- 3 Differentiating the Hutt City economy from others to the extent that it will create benefit for current businesses and leverage current advantages.
- 4 Managing the consequences of economic growth – with flat results in Hutt City and the region within at least the last five years, this has not had the attention that in the future it may require.
- 5 Promoting its image and advantages to bring businesses to Hutt City – the dilemma between focusing on retaining versus attracting businesses.
- 6 Changing the perception (regionally, nationally and internationally) that Hutt City is a boring place to do business.
- 7 Ensuring that for current businesses and into the future, the infrastructure can provide for the needs of businesses in a sustainable manner (e.g. roading, telecommunications).

A more detailed analysis can be seen in the table on the following page.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Land – flat land for building, availability of land • A range of service industries and logistics/distribution companies that support other businesses and service the wider region • A variety of education providers • Key sectors of manufacturing, service organisations and retail • A range of retail opportunities • Presence of CRIs • Successful conversion of commercial and industrial buildings • Comparatively educated workforce • Fiscally responsible council • Low rates increases over recent years • Higher than average incomes • Close to Wellington • Central location in the country and the region • Availability of residential lifestyle alternatives 	<ul style="list-style-type: none"> • Perceptions and actuality of infrastructure e.g. road, rail, technology • Not seen as a “tourism destination” • Do not have unique Hutt City event(s) • Are behind other Councils in development of an EDS • Lack of services for the elderly (growing proportion of the population) • The old style industrial areas have a lack of life • Businesses working as individuals/in isolation • Poor image of Hutt – “boring” • Retail leakage • Lack of retail options for some types of retail • Rates still high comparatively • Planning barriers to growth of residential properties and businesses
Opportunities	Threats
<ul style="list-style-type: none"> • Changing the perception of being in business in Hutt City • Making setting up business easier • Increasing access to private and public sector investment • Increased collaboration between businesses in Hutt City • Eco-tourism market • Retail development and expansion • Liberalisation of planning regime • Piggybacking off Wellington/regional initiatives • Promotion of Hutt City and its businesses – telling success stories • Growing capabilities and opportunities for current businesses • Building on CRI and similar intellectual capital capabilities • Focus on research, design and development opportunities • Niche manufacturing and Education markets 	<ul style="list-style-type: none"> • Other local bodies targeting Hutt City businesses • Old technology businesses in Hutt City • The large number of employees in Hutt City employed in businesses owned and/or run offshore • Dependent on supplying Wellington city businesses - reliant on the Wellington region • Increased wages • Inability to resolve Hutt City and regional transport constraints