



Manawātū Region Annual Employment Report 2017

Overview

The rate of employment growth in the Manawātū region in the year to February 2017 was weaker than the average for New Zealand but the rate of growth for the region is continuing to improve. Most economic indicators point to much stronger growth in the year to February 2018, due to a significant strengthening in economic growth in the region in the June and September 2017 quarters.

Earnings (salaries, wages and self-employment income) in the Manawātū region in the year ended March 2016 were \$3,158 million, an increase of 3.6% from 2015 (\$111 million increase). National incomes increased by 5.6% over the same period. Income from salaries and wages in the region rose by 4.9% in the year to March 2016 while income from self-employment declined by 3.4%. The weakness in self-employment income is likely to be due to the low dairy payout for the 2015/16 season. Total earnings in the agriculture, forestry and fishing sector declined by 6.2% between 2014 and 2015, and there was a further 16.5% decline between 2015 and 2016, (a decline of \$22.1 million in earnings in the year to March 2016). This drop in incomes will have also affected sectors that supply goods and services to the agricultural sector. Another contributor to weakness in income growth in the year to March 2016 was the completion of construction of the Fonterra milk powder factory in Pahiatua in late 2015.

The latest Infometrics estimates suggest the unemployment rate for Manawātū region residents aged 15 years and over in the region averaged 5.0% over the year ended September 2017 compared with 4.9% for New Zealand. The estimated unemployment rate for Manawātū District over the year to September 2017 was 4.0% and 5.5% for Palmerston North. Ministry of Social Development (MSD) job seeker benefit numbers in the region declined by 1.4% in the year to September 2017 while national job seeker benefits declined 1.3%.

Employee Numbers

Annual employment data for February 2017 shows there were 57,400¹ jobs in the Manawātū region in February, an increase of 1,200 jobs from February 2016 (2.1% increase). National employment increased by 55,800 jobs in the year to February 2017, an increase of 2.6%.

Employment data for the region for February 2016 was revised up from the initial estimate of 56,100 jobs to a new estimate of 56,200 jobs. The revision to the jobs estimate occurred in Palmerston North.

Data for the individual local authorities in the region shows that in February 2017 there were:

¹ The provisional employee count data has been adjusted to take account of an expected revision to data for a major employer in Palmerston North, which was excluded from the provisional data

- 8,900 jobs in Manawatū District, an increase of 400 jobs (4.7% increase) from February 2016.
- 48,500 jobs in Palmerston North, an increase of 800 jobs (1.7% increase) from February 2016.

Sectors which contributed most to the increase in the number of jobs between 2016 and 2017 were construction (280 jobs), wholesale trade (200 jobs), professional, scientific and technical services (130 jobs), health care and social assistance (110 jobs) and other services (110 jobs increase). The manufacturing sector experienced its fifth year of consecutive job growth, with the number of jobs increasing by 19% between 2012 and 2017. Manufacturing jobs growth between 2012 and 2017 is close to fully reversing the job losses that occurred between 2000 and 2012.

Over the period from 2000 to 2017, total employment in the region increased by 24.9%, with 11,400 more jobs in 2017 compared with 2000. The healthcare and social assistance accounted for the largest share of the increase in employment, with 2,570 more jobs at the end of the 17 year period, an increase of 47%. Other significant contributors were public administration and safety (2,280 jobs increase, 56% increase), logistics (1,890 jobs, 48% increase), construction (1,440 jobs increase, 60% increase) and retail (1,090 jobs increase, 14% increase).

Three sectors recorded declines in employment between 2000 and 2017; manufacturing (50 jobs decline, 1% decline), electricity, gas, water and waste services (74 jobs decline, 27% decline) and information media and telecommunications (455 jobs decline, 44% decline).

Manawatū region employment change					
Industry sector	February 2017	2016 - 2017 change		2000 - 2017 change	
		Number	%	Number	%
Agriculture, Forestry and Fishing	2,100	30	1.4%	290	16.0%
Mining	69	15	27.8%	51	283.3%
Manufacturing	4,800	100	2.1%	-50	-1.0%
Electricity, Gas, Water and Waste Services	198	3	1.5%	-74	-27.2%
Construction	3,860	280	7.8%	1,440	59.5%
Retail	8,840	-10	-0.1%	1,090	14.1%
Logistics	5,810	210	3.8%	1,890	48.2%
Information Media and Telecommunications	585	45	8.3%	-455	-43.8%
Financial and Insurance Services	820	-70	-7.9%	15	1.9%
Rental, Hiring and Real Estate Services	780	30	4.0%	165	26.8%
Professional, Scientific and Technical Services	3,100	130	4.4%	570	22.5%
Administrative and Support Services	2,740	20	0.7%	630	29.9%
Public Administration and Safety	6,380	100	1.6%	2,280	55.6%
Education and Training	6,300	100	1.6%	720	12.9%
Health Care and Social Assistance	8,050	110	1.4%	2,570	46.9%
Arts and Recreation Services	960	10	1.1%	185	23.9%
Other Services	2,040	110	5.7%	470	29.9%
Total	57,400	1,200	2.1%	11,400	24.9%

Source: Statistics New Zealand

Incomes

Statistics New Zealand data for incomes from salaries and wages and self-employment by industry sector has recently been released for the year ended March 2016. The data is drawn from monthly employer payroll records supplied to IRD and IR3 tax returns for the self-employed. There is an 18 month lag before the data is published so the latest information we have is for 2016.

The data shows that total earnings in the Manawatū region in the year ended March 2016 were \$3,158 million, an increase of 3.6% from 2015 (\$111 million increase). National incomes increased by 5.6% from the previous year. Income from salaries and wages in the region rose by 4.9% in the year to March 2016 while income from self-employment declined by 3.6%. The weakness in self-employment income is mostly due to the reduction in the dairy payout. Total earnings in the agriculture, forestry and fishing sector declined by 6.2% between 2014 and 2015, and by a further 16.5% between 2015 and 2016.

The main contributors to the \$111 million earnings growth in the year to March 2016 were:

- Health care and social assistance, \$21.6 million increase (5.5% increase),
- Education and training, \$19.1 million increase (5.3% increase)
- Manufacturing, \$18.4 million increase (7.2% increase)
- Retail, \$11.8 million increase (3.9% increase)
- Confidential sectors (mining, construction, information media and telecommunications, public administration and safety services), \$32.5 million increase (4.9% increase)

Between 2000 and 2016, total incomes in the region increased by \$1.6 billion, an increase of 106%, while national income growth was 125%. Major contributors to growth in the region were the health care and social assistance sector (\$270 million increase, 188% increase), logistics (\$203 million, 144% increase), confidential sectors (\$399 million, 137% increase) and retail (\$160 million, 103% increase).

Annual Earnings for the Manawatū Region					
Salaries, wages and self-employment income for the year ended March 2016	2016	2015 - 2016 change		2000 - 2016 change	
		\$ million	%	\$ million	%
Agriculture, Forestry and Fishing; and Mining	112	-22	-16.5%	20	21.7%
Manufacturing	274	18	7.2%	99	56.9%
Electricity, Gas, Water and Waste Services	15	1	8.7%	1	7.3%
Logistics	345	10	3.0%	203	143.9%
Retail Sector	315	12	3.9%	160	103.9%
Financial and Insurance Services	76	-1	-1.8%	34	82.5%
Rental, Hiring and Real Estate Services	60	5	8.9%	21	54.7%
Professional, Scientific and Technical Services	257	5	2.1%	137	115.3%
Administrative and Support Services	91	4	4.3%	58	174.6%
Education and Training	381	19	5.3%	156	68.9%
Health Care and Social Assistance	413	22	5.5%	270	188.3%
Arts and Recreation Services	32	2	6.0%	17	108.5%
Other Services	99	4	4.7%	52	113.2%
Confidential (1)	691	33	4.9%	399	136.9%
Total	3,158	111	3.6%	1,628	106.4%

(1) Includes Mining, Construction, Information Media and Telecommunications, Public Administration and Safety, and Not Elsewhere Classified

Source: Statistics New Zealand

The education sector was replaced as the largest sector in 2012 with regards to earnings. Its share of total earnings in the region has declined from 14.8% in 2000 to 12.1% in 2016. The health care and social assistance sector had total earnings of \$413 million in the year to March 2016, while the education sector had total earnings of \$381 million. The logistics sector had total earnings of \$345 million and may overtake the education sector within the next four years if current growth levels continue. Average annual earnings growth in the logistics sector was 5.7% between 2000 and 2016 while the growth rate for the education sector was 3.3%.

Data for the individual local authorities in the region shows that in the year ended February 2016:

- Annual earnings were \$526 million in Manawatū District, an increase of \$15.8 million (3.1% increase) from the previous year,
- Annual earnings were \$2,632 million in Palmerston North, an increase of \$95.4 million (3.8% increase) from the previous year.

Data for salaries and wages is published on a quarterly basis and is available to September 2016. Indicators from the salaries and wages series for the Manawatū region to September are:

- The number of filled jobs increased by 2.2% between September 2015 and September 2016 (3.3% increase for New Zealand)
- Total salaries and wages increased by 4.6% (5.1% increase for New Zealand)
- Average earnings from salaries and wages in the region (full quarter jobs) were \$53,736 in the year to September, an increase of 2.6% from the previous year (New Zealand increase of 2.4%, average salaries and wages of \$58,220),
- The average worker turnover rate in the region in the September 2016 quarter was 11.9% compared with 14.4% for New Zealand.

Unemployment

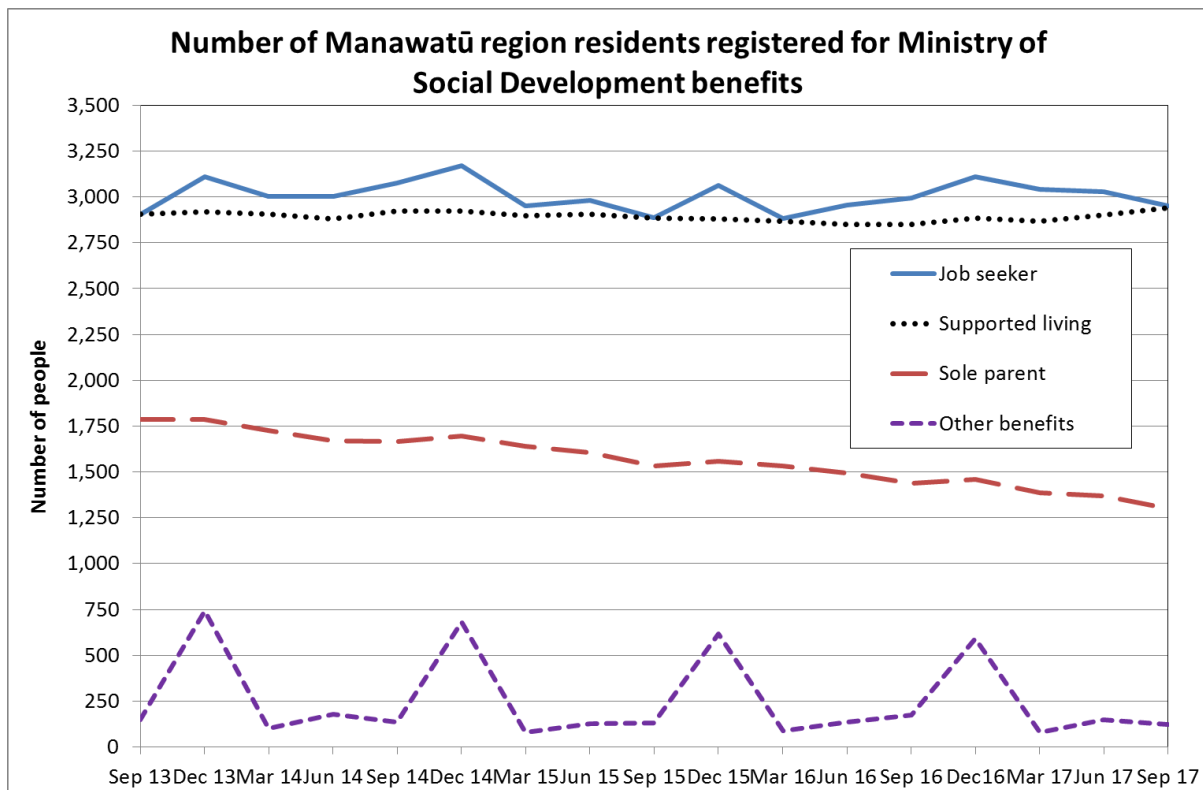
Unemployment data for the Manawatū Region is estimated by Infometrics using Manawatū-Whanganui region data from the Statistics New Zealand Household Labour Force Survey. The latest estimates suggest the unemployment rate for residents aged 15 years and over in the region averaged 5.0% over the year ended September 2017 compared with 4.9% for New Zealand. The estimated unemployment rate for Manawatū District over the year to September 2017 was 4.0% and 5.5% for Palmerston North.

An alternative indicator of labour force trends is data on the number of people aged between 18 and 64 years receiving the Ministry of Social Development Job Seeker benefit. In September 2017 there were 2,952 people registered for the benefit in the Manawatū region, a decline of 1.4% from September 2016 (decline of 41 people). National Job Seeker benefits in September declined by 1.3% from the previous year. Job seeker numbers increased by 6.8% in Manawatū District but declined by 3.4% in Palmerston North.

Number of Manawātū residents registered for a Job Seeker Benefit				
	September 2016		September 2017	
Age group	Number	Annual change	Number	Annual change
18 - 24 years	791	1.2%	816	3.2%
25 - 39 years	934	6.6%	916	-1.9%
40 - 54 years	804	1.5%	785	-2.4%
55 - 65 years	464	6.4%	435	-6.3%

Source: Ministry of Social Development

Changes to benefit policies are resulting in some single parents being moved onto the job seeker benefit while they find employment. Over the last year the number of people registered for the sole parent benefit in the region declined from 1,437 people in September 2016 to 1,302 people in September 2017, a decline of 135 people (9.4% decline) (New Zealand decline of 5.0%). Between September 2013 and September 2017, the number of people registered for the sole parent benefit in the region has declined by 485 people, a decline of 27%.



Source: Ministry of Social Development

The volatility in the “other benefits” category in the graph above is due to the Jobseeker Student Hardship benefit paid to students during the summer semester break. The December peak has been gradually declining as the labour market has improved.