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Manawatū Region Annual Employment Report 2019



Overview

The rate of employment growth in the Manawātū region in the year to February 2019 was slightly stronger than the average for New Zealand, with employee numbers in the region increasing by 2.2% from 2018 while national growth was 2.1%. Most economic indicators point to much stronger growth in region over the next two years due to significant growth in construction activity in the region. Between February 2016 and February 2019, 4,200 additional jobs have been created in the region.

Earnings (salaries, wages and self-employment income) in the Manawātū region in the year ended March 2018 were \$3,480 million, an increase of 4.9% from 2017 (\$162 million increase). National incomes increased by 5.4% over the same period. Income from salaries and wages in the region rose by 4.9% in the year to March 2018 while income from self-employment increase by 5.0%. Construction sector activity in the region increased strongly from the first quarter of 2018, which means to data for earnings in the year ended March 2018 does not capture the momentum of growth in the region. Salary and wages data for the region to September 2018 confirms this growth in the region, with annual growth of 9.3% in salaries and wages paid between the September 2017 and September 2018 quarters.



Source: Statistics New Zealand

The latest Infometrics estimates suggest the unemployment rate for Manawatū region residents aged 15 years and over in the region averaged 5.2% over the year ended September 2019 compared with 4.2% for New Zealand. The estimated unemployment rate for Manawatū District over the year to September 2019 was 3.5% and 5.6% for Palmerston North. Ministry of Social Development (MSD) job seeker benefit numbers in the region increased by 3.7% in the year to December 2019 while national job seeker benefits increased 10.0%. Palmerston North job seeker benefits increased by just 0.8% over the year to December 2019 and there was a decline in the city in the number of people in the 18 – 24 years age group receiving the benefit.

Employee Numbers

Annual employment data for February 2019 shows there were 60,400 jobs in the Manawatū region, an increase of 1,300 jobs from February 2018 (2.2% increase). National employment increased by 46,300 jobs in the year to February 2019, an increase of 2.1%.

Data for the individual local authorities in the region shows that in February 2019 there were:

- 9,500 jobs in Manawatū District, an increase of 400 jobs (4.4% increase) from February 2018
- 50,900 jobs in Palmerston North, an increase of 900 jobs (1.8% increase) from February 2018

Sectors which contributed most to the increase in the number of jobs between 2018 and 2019 were public administration and safety (480 jobs), logistics (290 jobs), manufacturing (250 jobs) and health care and social assistance sector (180 jobs).

Manawatū region employment - February 2019					
Industry sector	Employee count	2018 - 2019 change		2000 - 2019 change	
		Number	%	Number	%
Retail	9,150	140	1.6%	1,410	18.2%
Health Care and Social Assistance	8,040	180	2.3%	2,560	46.7%
Public Administration and Safety	7,050	480	7.3%	2,950	72.0%
Education and Training	6,820	-120	-1.7%	1,240	22.2%
Logistics	6,280	290	4.8%	2,360	60.2%
Manufacturing	5,050	250	5.2%	200	4.1%
Construction	4,500	110	2.5%	2,080	86.0%
Professional, Scientific and Technical Services	3,190	130	4.2%	660	26.1%
Administrative and Support Services	2,690	-60	-2.2%	580	27.5%
Other Services	2,120	70	3.4%	550	35.0%
Agriculture, Forestry and Fishing	2,110	-60	-2.8%	300	16.6%
Arts and Recreation Services	1,010	0	0.0%	235	30.3%
Rental, Hiring and Real Estate Services	920	60	7.0%	305	49.6%
Financial and Insurance Services	840	20	2.4%	35	4.3%
Information Media and Telecommunications	400	-180	-31.0%	-640	-61.5%
Electricity, Gas, Water and Waste Services	280	50	21.7%	8	2.9%
Mining	31	0	0.0%	13	72.2%
Total	60,400	1,300	2.2%	14,700	32.2%

Note: Employee count data in this table does not include the self-employed

Source: Statistics New Zealand

Over the period from 2000 to 2019, total employment in the region increased by 32.2%, with 14,700 more jobs in 2019 compared with 2000. The public administration and safety sector accounted for the largest share of the increase in employment, with 2,950 more jobs at the end of the 19-year period, an increase of 72%. Other significant contributors were healthcare and social assistance (2,560 jobs increase, 47% increase), logistics (2,360 jobs, 60% increase), construction (2,080 jobs increase, 86% increase), education and training (1,240 jobs increase, 22%) and retail (1,410 jobs increase, 18% increase).

Information media and telecommunications sector was the only sector to record a decline in employment between 2000 and 2019 (640 jobs decline, 62% decline).

Census employment status data shows that most of the growth in employment in the region between 2013 and 2018 came from an increase in the number of paid employees, while there was only minimal growth in the number of employers and the self-employed. Self-employment in the region has declined from 9.1% of the total workforce in 2006 to 7.8% in 2018. Manawatū District has a higher rate of self-employment because of the high contribution of agriculture to its economy, which has a high rate of self-employment. However, there has been a greater decline in the self-employment share in the District

from 13.8% in 2006 to 11.1% in 2018. Palmerston North has a low self-employment share, which is influenced by the high percentage of workers who are employed in the government sector.

Employment status for census usually resident population aged 15 years and over							
	Paid employee	Employer	Self employed and without employees	Unpaid family worker	Total stated	Not elsew here included	Total
2006 Census							
Manaw atu District	9,678	1,179	1,824	510	13,194	603	13,797
Palmerston North City	32,862	2,115	2,871	441	38,295	2,106	40,401
Manaw atū region	42,540	3,294	4,695	951	51,489	2,709	54,198
New Zealand	1,511,250	142,881	234,954	39,567	1,928,655	57,123	1,985,778
2013 Census							
Manaw atu District	10,185	1,029	1,728	507	13,446	219	13,665
Palmerston North City	31,545	1,893	2,802	405	36,642	690	37,332
Manaw atū region	41,730	2,922	4,530	912	50,088	909	50,997
New Zealand	1,553,508	129,867	235,920	37,719	1,957,011	43,992	2,001,009
2018 Census							
Manaw atu District	12,483	1,119	1,752	465	15,816	0	15,816
Palmerston North City	37,683	1,893	2,799	387	42,762	0	42,762
Manaw atū region	50,166	3,012	4,551	852	58,578	0	58,578
New Zealand	2,021,400	137,706	250,062	35,970	2,445,141	0	2,445,141
2013 to 2018 percentage change							
Manaw atu District	22.6%	8.7%	1.4%	-8.3%	17.6%		15.7%
Palmerston North City	19.5%	0.0%	-0.1%	-4.4%	16.7%		14.5%
Manaw atū region	20.2%	3.1%	0.5%	-6.6%	17.0%		14.9%
New Zealand	30.1%	6.0%	6.0%	-4.6%	24.9%		22.2%

Note: Employment status data in this table is based on place of residence while the table on page 2 is based on place of work

Source: Census 2006, 2013 and 2018

Data from the annual Statistics New Zealand Business Demography series also includes data on the number of geographic units (business locations) in the region and the distribution of employment by business size. Data on the distribution of employment is limited because of the amount of business data that is confidentialised by Statistics New Zealand. However, the data published shows growth in the number of people employed in the region in organisations which have 100 or more employees.

Distribution of employment by size in the Manawatū region (February 2019)			
	Geographic units	Employees	Average employees
zero employees	7,194	0	0
1 to 5	2,649	6,271	2
6 to 9	705	5,481	8
10 to 19	555	8,150	15
20 to 49	261	9,160	35
50 to 99	69	5,290	77
100+	51	18,860	370
Confidential	144	7,197	50
Total	11,655	60,481	5

Source: Statistics New Zealand

The proportion of employees who work part-time has been gradually declining (refer to the table on page 8). There has been a greater decline in the part-time share in Palmerston North compared with the overall trend for New Zealand, which might be influenced by the decline in tertiary student numbers in the city between 2013 and 2018.

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 2018. 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 data we have is for 2018.

The data shows that total earnings in the Manawatū region in the year ended March 2018 were \$3,480 million, an increase of 4.9% from 2017 (\$162 million increase). National incomes increased by 5.4% from the previous year. Income from salaries and wages in the region rose by 4.9% in the year to March 2018 while income from self-employment increased by 5.0%.

The main contributors to the \$162 million earnings growth in the year to March 2018 were:

- Agriculture, forestry and fishing sector, \$51.5 million increase (39.9% increase)
- Logistics, \$27.3 million (7.5% increase)
- Construction, \$24.7 million increase (9.1% increase)
- Professional, scientific and technical services, \$12.5 million increase (4.6% increase)

Annual Earnings for the Manawatū Region (salaries, wages and self-employment income)					
Industry sector	Year to March 2018 (\$m)	2000 - 2018 change		2017 - 2018 change	
		\$m	%	\$m	%
Health Care and Social Assistance	440	297	207.6%	8	2.0%
Logistics	390	249	176.3%	27	7.5%
Education and Training	374	149	65.8%	-6	-1.5%
Retail Sector	338	184	119.2%	11	3.3%
Manufacturing	294	119	68.3%	11	3.7%
Professional, Scientific and Technical Services	286	167	140.2%	13	4.6%
Agriculture, Forestry and Fishing; and Mining	181	89	97.2%	52	39.9%
Other Services	110	63	137.0%	3	3.0%
Administrative and Support Services	100	67	202.5%	-1	-0.9%
Financial and Insurance Services	77	36	86.2%	-8	-8.9%
Rental, Hiring and Real Estate Services	75	36	94.1%	6	9.0%
Arts and Recreation Services	36	21	133.8%	3	9.3%
Electricity, Gas, Water and Waste Services	18	4	30.9%	1	7.2%
Confidential ⁽¹⁾	760	468	160.4%	42	5.8%
Total	3,480	1,949	127.4%	162	4.9%

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

Source: Statistics New Zealand

Education sector earnings declined for the second consecutive year, declining by \$5.7 million in the year to March 2018, a decline of 1.5%. There appear to be three main factors at play in the weakness in earnings in the education sector.

1. Until 2018, the Tertiary Education Commission was cutting the number of student places it funded in response to a decline in the number of births in New Zealand up until 2002. Total domestic university student numbers declined by 5% between 2012 and 2018.
2. Massey University national student enrolments declined by a greater extent, with a decline of 16% between 2012 and 2018
3. Massey Palmerston North campus recorded a larger decline in student numbers than at the Auckland and Wellington campuses.

National data shows domestic student numbers decreased by 2.3% (8,020), from 343,430 to 335,410 between 2017 and 2018. Student numbers decreased overall at polytechnics by 3.6 percent (4,995), at wānanga by 5.7 percent (2,275) and at private training education

(PTEs) institutions by 5.4 percent (3,435), but increased overall at universities by 0.8 percent (1,405). Between 2017 and 2018 equivalent full-time student numbers (EFTS) at Massey University, UCOL, Te Wānanga o Aotearoa, and IPU dropped from 7,138 to 6,683 (a decline of 6.4%) while student head counts dropped from 2.8%. Student numbers in the city declined further in 2019, despite the free fees policy.

Between 2000 and 2018, total incomes in the region increased by \$1.9 billion, an increase of 127%, while national income growth was 151%. Major contributors to growth in the region were the health care and social assistance sector (\$297 million increase, 208% increase), logistics (\$249 million, 176% increase), confidential sectors (\$468 million, 160% increase), professional, scientific and technical services (\$167 million, 140% increase) and retail (\$184 million, 119% increase). While growth in the education sector was just 66% between 2000 and 2018, it still contributed \$149 million to the total increase in income. The rate of increase in the consumer price index over this time period was 47.1%.

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 10.8% in 2018. The health care and social assistance sector had total earnings of \$440 million in the year to March 2018, making it the largest sector, while the education sector had total earnings of \$374 million. It is estimated that the Public Administration and Safety sector is the second largest sector in the region but earnings data for Manawatū District is confidential due to the size of Ohakea Airforce base. The logistics sector had total earnings of \$374 million, overtaking the education sector, and becoming the third largest sector in the region. Average annual earnings growth in the logistics sector was 5.8% between 2000 and 2017 while the growth rate for the education sector was 2.8%.

Data for the individual local authorities in the region shows that in the year ended March 2018:

- Annual earnings were \$619 million in Manawatū District, an increase of \$46 million (8.0% increase) from the previous year
- Annual earnings were \$2,860 million in Palmerston North, an increase of \$116 million (4.2% increase) from the previous year.

Data for salaries and wages is published on a quarterly basis and is available to September 2018. Indicators from the salaries and wages series for the Manawatū region to September are:

- The number of filled jobs increased by 3.1% between September 2017 and September 2018 (2.3% increase for New Zealand)
- Total salaries and wages increased by 7.6% (6.7% increase for New Zealand)
- Average earnings from salaries and wages in the region (full quarter jobs) were \$56,850 in the year to September, an increase of 3.8% from the previous year (New Zealand increase of 3.6%, average salaries and wages of \$61,710)

- Median earnings from salaries and wages in the region (full quarter jobs) were \$50,527 in the year to September, an increase of 3.6% from the previous year (New Zealand increase of 3.7%, median salaries and wages of \$52,710)
- The average worker turnover rate in the region in the September 2018 quarter was 16.0% compared with 25.4% for New Zealand.

Unemployment

Unemployment data for the Manawātū Region is estimated by Infometrics using Manawātū-Whanganui region data from the Statistics New Zealand Household Labour Force Survey. Their September 2019 quarter estimates suggest the unemployment rate for residents aged 15 years and over in the region averaged 5.2% over the year ended September 2019 compared with 4.2% for New Zealand. The estimated unemployment rate for Manawātū District over the year to September 2019 was 3.5% and 5.6% for Palmerston North. Infometrics uses an average for the last four quarters because regional unemployment rates are volatile.

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 December 2019 there were 3,500 people registered for the benefit in the Manawātū region, an increase of 3.7% from December 2018 (increase of 125 people). National Job Seeker benefits in December increased by 10.0% from the previous year. Job seeker numbers increased by 16.4% in Manawātū District and by 0.8% in Palmerston North.

Number of Palmerston North residents registered for a Job Seeker benefit										
	December 2016		December 2017		December 2018		December 2019		Dec 16 to Dec 19 change	
Age group	Number	Annual change	Number	Annual change	Number	Annual change	Number	Annual change	Number	Annual change
18 - 24 years	695	-3.6%	730	5.0%	778	6.6%	684	-12.1%	-11	-1.6%
25 - 39 years	795	3.5%	793	-0.3%	918	15.8%	981	6.9%	186	23.4%
40 - 54 years	645	3.4%	641	-0.6%	681	6.2%	717	5.3%	72	11.2%
55 - 64 years	317	-0.6%	333	5.0%	363	9.0%	379	4.4%	62	19.6%
Total	2,452	0.8%	2,497	1.8%	2,740	9.7%	2,761	0.8%	309	12.6%

Number of New Zealand residents registered for a Job Seeker benefit										
	December 2016		December 2017		December 2018		December 2019		Dec 16 to Dec 19 change	
Age group	Number	Annual change	Number	Annual change	Number	Annual change	Number	Annual change	Number	Annual change
18 - 24 years	25,306	-1.4%	23,808	-5.9%	26,406	10.9%	29,920	13.3%	4,614	18.2%
25 - 39 years	34,825	5.5%	35,588	2.2%	40,753	14.5%	46,245	13.5%	11,420	32.8%
40 - 54 years	38,191	-1.1%	37,304	-2.3%	39,249	5.2%	42,035	7.1%	3,844	10.1%
55 - 64 years	25,989	1.5%	26,341	1.4%	27,640	4.9%	29,264	5.9%	3,275	12.6%
Total	124,311	1.1%	123,041	-1.0%	134,048	8.9%	147,464	10.0%	23,153	18.6%

Source: Ministry of Social Development

Between December 2016 and December 2019 job seeker benefit numbers in Palmerston North increased by 12.6% while national job seeker benefit numbers increased by 18.6%. The strongest growth in benefit numbers over this time period was in the 25 – 39 years age group, where there was a 23.4% increase in Palmerston North and a 32.8% increase nationally.

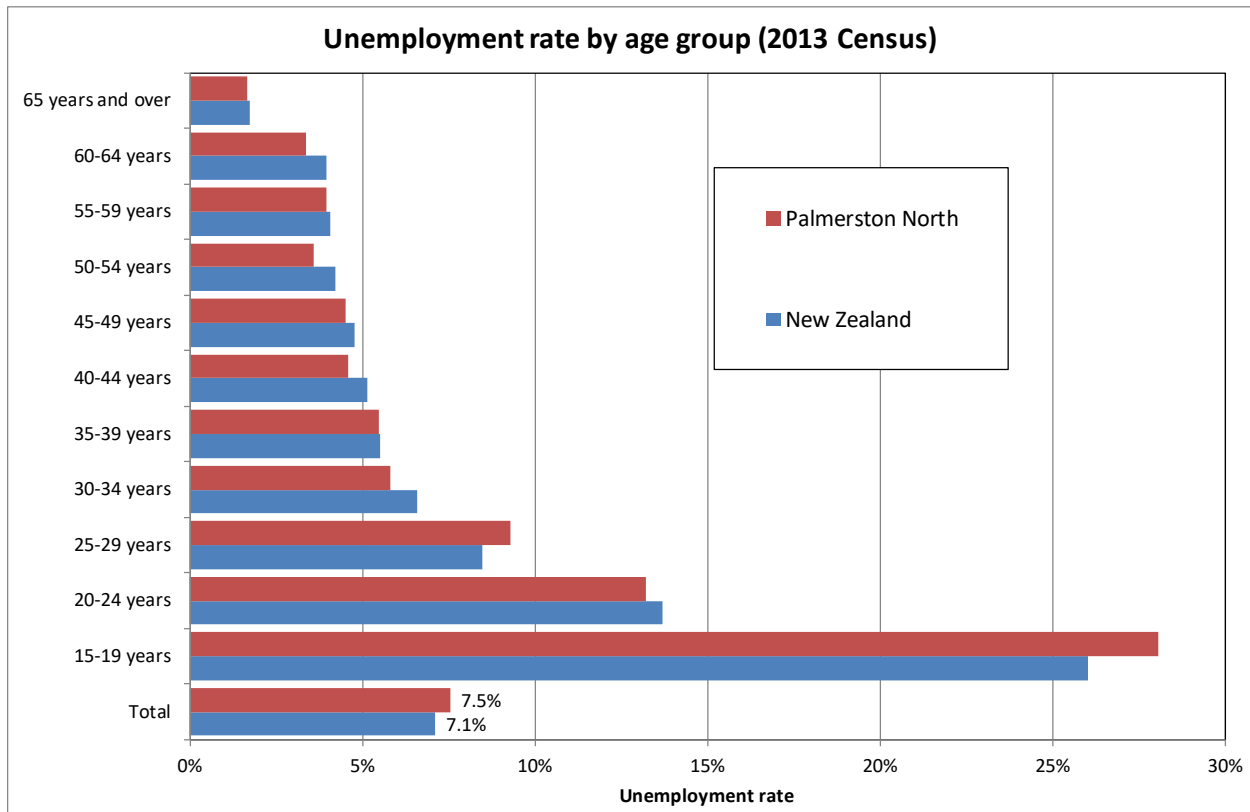
There was a small decline of 1.6% in the 18 – 24 years age group in Palmerston North between 2016 and 2019 while national benefit numbers for this age group increased by 18.2%. Annual school leaver numbers in Palmerston North in 2018 were 22% higher than in 2009 (an increase of 245 people) while across New Zealand the increase in school leavers was only 7%. The increase in Manawātū district was 3%. The decline in job seeker benefits for this age group in Palmerston North suggests more school leavers are having success finding employment.

Census 2018 data shows a decline in unemployment in the region between 2013 and 2018, but the decline was smaller than the decline across New Zealand. In 2013 the unemployment rate for the Manawātū region was 7.1%, the same as for New Zealand. By 2018 the unemployment rate for the region had declined to 6.3% while the rate for New Zealand was 5.8%. The unemployment rate calculated using Census data is higher than the rate published in the Household Labour Force Survey (HLFS) because the HLFS survey excludes some people who are considered to not be looking actively for work or not currently available for work.

Work and labour force status for census usually resident population aged 15 years and over										
	Employed Full time	Employed Part time	Unemployed	Not in the Labour Force	Total stated	Work and Labour Force Status Unidentifiable	Total	Unemployment rate	Labour force participation rate	Part-time share
2006 Census										
Manaw atū District	10,485	3,312	549	5,475	19,824	285	20,109	3.8%	72.4%	24.0%
Palmerston North	30,606	9,795	2,232	17,964	60,600	1,260	61,860	5.2%	70.4%	24.2%
Manaw atū region	41,091	13,107	2,781	23,439	80,424	1,545	81,969	4.9%	70.8%	24.2%
New Zealand	1,531,020	454,758	106,497	961,788	3,054,063	106,308	3,160,371	5.1%	68.5%	22.9%
2013 Census										
Manaw atū District	10,545	3,123	846	6,504	21,018	651	21,669	5.8%	69.1%	22.8%
Palmerston North	28,413	8,916	3,048	20,814	61,197	2,871	64,065	7.5%	66.0%	23.9%
Manaw atū region	38,958	12,039	3,894	27,318	82,215	3,522	85,734	7.1%	66.8%	23.6%
New Zealand	1,541,061	459,945	153,210	1,058,100	3,212,316	164,100	3,376,419	7.1%	67.1%	23.0%
2018 Census										
Manaw atū District	12,321	3,498	726	7,335	23,880	0	23,880	4.4%	69.3%	22.1%
Palmerston North	32,877	9,882	3,204	21,969	67,932	0	67,932	7.0%	67.7%	23.1%
Manaw atū region	45,198	13,380	3,930	29,304	91,812	0	91,812	6.3%	68.1%	22.8%
New Zealand	1,891,371	553,770	151,035	1,180,179	3,776,352	3	3,776,355	5.8%	68.7%	22.6%

Source: Census 2006, 2013 and 2018

Palmerston North usually has a higher unemployment rate than the average for New Zealand because of its younger population compared with the average for New Zealand. Statistics New Zealand has not yet published detailed labour market data from Census 2018, so the only breakdown by age we have is for Census 2013 (see graph below), which shows that the unemployment rate for most age bands in the city was below the rate for New Zealand. Labour force participate rates declined between 2006 and 2013 due to the impacts of the global financial crisis in 2009 but increased between 2013 and 2018.



Source: Census 2013



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