NEW ZEALAND COUNCIL OF TRADE UNIONS
Te Kauae Kaimahi

CTU Monthly Economic Bulletin

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Commentary

Greetings and best wishes for the new year. I'd like to take this opportunity to acknowledge Zac Gerring who has been doing the hard work on the statistical section of the Bulletin since the middle of last year. He's off to do more research and study, so this is his last Bulletin. Thanks Zac.

The year ahead

Summary

I guess it is inevitable that the first Bulletin of the year should have a look at the year ahead. The outlook is very mixed, and though it is improved from a year ago, most of the hopes and fears of the same time last year remain. The rural economy is still bolstering our exports; the Christchurch rebuild is still the other main hope for growth in the economy. Internationally, the situation in Europe and the US is still ranging from dire to depressed, but the outlook has improved somewhat. Domestically, our concerns that Government policies are holding the economy back are being confirmed, there are no policies in place that will address the high unemployment, and it is looking like the Christchurch rebuild will not give as much of a boost to the growth statistics – let alone the reality on the ground in the rest of New Zealand – as has been forecast. There are alternative policies that would make a difference, including positive employment relations policies; moving the focus from an unrealistic budget target to allow spending on reducing poverty, more education and training, food in schools, more low cost housing, expanding help for people to find jobs; and assisting manufacturing, managing the exchange rate, and taxing high incomes and capital gains to reduce high income inequality.

I guess it is inevitable that the first Bulletin of the year should have a look at the year ahead. The outlook is very mixed, and though it has improved from a year ago, most of the hopes and fears of the same time last year remain. The rural economy is still bolstering our exports; the Christchurch rebuild is still the other main hope for growth in the economy. Internationally, the situation in Europe and the US is still ranging from dire to depressed, but the outlook has improved somewhat. Domestically, our concerns that Government policies are holding the economy back are being confirmed (by no less than the Reserve Bank), there are no policies in place that will address the high unemployment, and it is looking like the Christchurch rebuild will not give as much of a boost to the growth statistics – let alone the reality on the ground in the rest of New Zealand – as has been forecast.

The latest (September) statistics on the whole economy showed that while growth overall was minimal at 0.2 percent for the three months, and agriculture, forestry, and fishing together fell by 2.1 percent in that quarter, growth over the year was 2.5 percent for the whole economy but an astonishing 20.0 percent for agriculture, forestry, and fishing. While the overall annual growth looks moderately good, it was almost all in the first half of the year and there has been a marked slowdown in the second half leaving the big question whether growth will continue at the rate needed to pull the economy out of its stagnation. Household consumption is not growing, indicating the hard conditions for many families.

The fall in agriculture, forestry, and fishing production in the September quarter (which takes account of seasonal effects) is a warning that the future is uncertain. The fall continued in export data for the three months to December with dairy exports down 12 percent in value and 15 percent in quantity, though meat was stable and forestry exports up sharply. The pattern since the Global Financial Crisis began is that we have become increasingly dependent on agriculture, forestry, and fishing in exports and the economy as a whole. If international prices or demand for these products from key markets like China were to fall it would have a big effect on the economy.

At the same time, while these products dominate our goods exports – they are well over half, with another ten percent or so when processed products are added – they are a relatively small part of the economy as a whole: only 6 percent, though perhaps double that when processing is added. So though they are big export earners, they provide only about 7 percent of employment directly. Together with the current high indebtedness of many farmers (especially in dairy) the pass through of their increased income to the rest of the economy is not fast. These are relatively low value-added products on which the economy is becoming increasingly dependent. That is not good for "rebalancing" the economy, nor for jobs, nor for higher incomes for most of us.

Over the same period, manufacturing has fallen as a proportion of the economy and employment. Its production fell by 1.1 percent in the three months to September compared to the previous three months, and rose only 0.6 percent in the year. It is about 13 percent of the economy providing 11 percent of the jobs directly, and at least as many further jobs in the rest of the economy.

Manufacturing, much of which is for export, is being particularly affect by the continuing high exchange rate. Even exports to Australia fell in the last three months of 2012, many of which would have been manufactured goods. Part of this is due to some weakening in the Australian economy, but the rising exchange rate with Australia would also have contributed.

As well as the increased concentration in the primary industries, the destination of our exports is becoming more concentrated. The top three - Australia, China and the US – accounted for 45.5 percent of our goods exports in 2012, up from 43.5 percent in 2011. China rose from 12.3 percent to 14.9 percent; Australia fell from 22.7 percent to 21.4 percent. We are becoming more vulnerable to a slowdown in China, both directly and through Australia's own dependence on China.

Internationally, the picture in Europe is mixed. Government austerity programmes have led to repeated cuts in growth forecasts, with the International Monetary Fund now openly acknowledging that the effect of government cuts in spending that it had advocated did not lead to the growth it forecast but to worsening of economies. It is now forecasting further shrinking of the economies using the Euro currency. The U.K. has had a "triple dip" recession, its government's harsh programmes having shrunk the economy further (0.3 percent) in the last three months of 2012. Unemployment among 16-17 year olds is at 37 percent and at 22 percent for 16-24 year olds. While the leaders of the Euro countries have taken some action to ease the crisis in that area, there are still huge problems that will take years to work out, being due to the high levels of debt associated with the financial crisis. Spain now has unemployment at 26.6 percent (up 3.6 percentage points in the year, and at 55 percent for youth) under the burden of bank debt and government austerity policies. In Greece, unemployment is at a new high of 26.8 percent, having almost tripled since 2009, with 56.6 percent unemployment for youth. The economy contracted at an annualised rate of nearly 7 percent in the three months to September 2012. For people in Greece, Spain and to a lesser extent Ireland, Italy and the UK, things are getting worse, not better, and the standard prescriptions of further cuts in government spending are compounding the problems. In Greece at least, current policies cannot continue without major social resistance and rebellion.

In the US, unemployment is at last falling and at 7.8 percent (December) is not much greater than New Zealand's rate of 7.3 percent – remarkable given that the US was the centre of the financial crisis with unemployment peaking at 10.0 percent in late 2009. Perhaps the trend towards "reshoring" – firms bringing back production (particularly domestic production) from cheap labour economies – which is now notable enough for the free-trade *Economist* magazine to have a special feature on it, could be helping. The comparison does show how poorly unemployment has been managed in New Zealand. A major blockage to the US recovery is the Republican insistence on further cuts in government spending and the highly polarised political environment in the US in which rational debate appears to be increasingly difficult. This will delay solutions and, even if a compromise is found, likely severely restrict the options the President has to address the large debt, housing and financial system problems which are far from being resolved.

Meanwhile in New Zealand, there is a rising trend for imports, increasingly leading to trade deficits. The Christchurch reconstruction will add to this as materials and machinery are imported for the growing activity there. The Government recently trumpeted the low price it had achieved for plasterboard by buying it from a German firm. While lower costs are obviously an advantage, this not only worsens the trade deficit but it also reduces the benefits of the rebuild to the rest of the economy.

The "low cost" focus is also seen in the use of migrant labour for the rebuild rather than a focussed effort to attract skilled New Zealand workers and to make use of the rebuild as an opportunity to train workers for the purpose. The Government's recently announced initiative to encourage people into apprenticeships, with grants to both them and employers to make the proposition more attractive, is good as far as it goes, but must be seen as too little too late. Over two years have passed since the first earthquake. If more urgency had been shown, much could have been done to get apprentices and other trainees to a stage where they could have taken part in the rebuilding, even if still on their way to being fully trained.

Lower cost may not be obvious to people in Christchurch, with rents and house prices increasing sharply. This is not going to let up in the new year unless the Government acts decisively to increase the supply of houses, change the behaviour of the insurance companies and put controls on rents during the rebuild. While wages are rising more quickly in Canterbury than the rest of the country (for example the Labour Cost Index shows pay increases in the construction industry at 6.8 percent for those who got them in the year to September, in Canterbury, but only 3.9 percent in the rest of New Zealand) the use of low cost immigrant labour, and reported widespread use of contract rather than waged employment will hold down the benefits to workers and the local community.

The rebuild is now well underway, after longer delays than expected, and with many residents still having a long time to wait until their houses are repaired or they find a new home. In general, while the estimated cost of the rebuild has increased – up from $20 billion to $30 billion according to the Reserve Bank – the forecasts are now for it to be carried out over a longer period. The Reserve Bank now expects it to peak in 2016, and the effect on GDP growth is now down to an annual 0.7 percentage points rather than well over 1 percentage points previously. Together these mean that consensus forecasts of GDP growth are now peaking at under 3.0 percent in the year ended March 2014 (see our first table below, though the Reserve Bank is more optimistic at 3.2 percent). The official growth forecasts have steadily reduced over the last year. Take off the Canterbury contribution and ongoing growth looks very thin.

A big question will be how much the Canterbury effort benefits production and jobs in the rest of the economy. So far, the picture is not good, and it seems likely that we will get an economy where Canterbury is a large building site with continuous activity and increasing living costs, Auckland is faced with its growing housing price bubble, but the rest of the economy (with a few local exceptions such as Taranaki, fuelled by the oil and gas industry) continuing in something close to recession.

The most recent Reserve Bank interest rate announcement was interesting in relation to all these points (see our media release). The Bank is worried about house price inflation: "House price inflation has increased and we are watching this and household credit growth closely. The Bank does not want to see financial stability or inflation risks accentuated by housing demand getting too far ahead of supply." The action it takes on this is important. If it simply raises interest rates, it will hit jobs and investment in the rest of the economy, and raise the exchange rate further. What is needed is mixture of action by the Government to provide more low cost housing, and the use of other policies by the Bank ("macro-prudential" is the current jargon) to directly address house prices rather than the whole economy. These policies can hit first home buyers more than most, so Government action to counteract that is essential.

The announcement acknowledges that "Inflation remains subdued and is currently just below the bottom of the Reserve Bank's inflation target range". Inflation is not a problem. There is plenty of room to move by lowering interest rates or the New Zealand dollar without inflation getting out of control. The Bank continues: "This mainly reflects the impact of the overvalued New Zealand dollar. The high currency is directly supressing inflation on traded goods, and is undermining profitability in export and import competing industries." This is a rare acknowledgement that the exchange rate has not been properly set by the financial markets. Contrary to Government rhetoric, the Bank concedes it is hitting exporters and firms competing with imports, none of which is good for job creation. "At the same time," says the Bank, "the labour market remains weak and fiscal consolidation is dampening growth." Again, these are significant statements. There is high unemployment, only slow wage increases, and the Government is not helping: its cost-cutting is holding back the economy.

The problem for the coming year is that it is unlikely that any of these problems will be addressed by current Government policies. Unemployment is going to remain high and fall only slowly according to all forecasts. Employment in the Canterbury rebuild is estimated to add around 20,000 jobs. That is not many compared to the 175,000 currently unemployed and 295,000 jobless – and it will make even less of a contribution if they are filled by workers from overseas. Any flow-on effect to the rest of the economy in providing building materials, furnishings and so on will be limited if the pattern of preferring imports continues. The Minister of Finance recently admitted that the Government's welfare policies of pushing people off benefits into jobs is raising unemployment. Both the Government and the Reserve

Bank resolutely refuse to do anything about the exchange rate. We are left in the hands of fate ("the market"). Any improvement in the economy, unemployment and our balance of payments is going to be slow, and the change in any one of these may be in the wrong direction.

We could do much better (as we said in a pre-Christmas media release). Our unemployment rate is marching down the OECD rankings, now at 15th best: it was 3rd best in 2006. It didn't have to be like this. Australia has never gone into recession as a result of the policies its government has followed during the crisis. Instead of making the economy worse, the New Zealand Government could be

- Moving from employment relations which see workers and good pay, job security and working conditions as costs to be reduced, to treating workers as valuable assets and encourages collective bargaining, skill creation, and cooperation between unions and employers to increase productivity as a way forward – as it is in the highly successful Nordic societies. The Government should be scrapping its proposals to further reduce work protections and union rights.
- Taking its focus off an unrealistic budget surplus target to job creation, raising benefit levels to take children out of poverty, encouraging more people into tertiary education including industry training, building more good quality low cost houses and increasing the quality of private rental housing, providing food in schools, and taxing high incomes and capital gains (excluding the primary home) to bring in more revenue and reverse growing gaps between rich and poor.
- Greatly expanding programmes to assist people who are jobless through community job schemes, more help in retraining, matching skills to jobs, and relocation assistance.
- Assisting manufacturing and other local employers through government procurement, expanded support and funding for research and development, export marketing, and venture capital to create good jobs.
- Intervening in finance markets to manage the exchange rate to make exporting and competing with imports more profitable and less risky.

The financial crisis dramatically demonstrated we need new policies. Around the world there is a growing reassessment of the old policies which relied on "the market" to put things right: neoliberalism. Those policies failed around the world, and in few countries more so than New Zealand. We have yet to see that acknowledged, let alone addressed, in the citadels of orthodoxy in New Zealand.

Bill Rosenberg

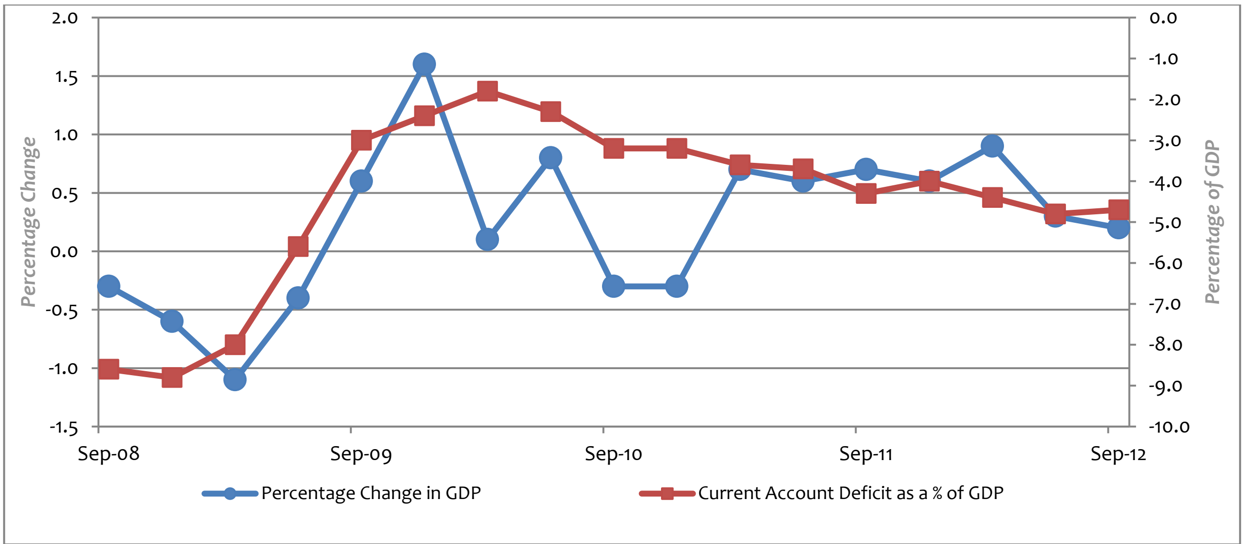
Forecast

★ This NZIER forecast was released on 17 December 2012.

Annual Percentage Change (March Year)	**2012-13**	**2013-14**	**2014-15**
GDP	2.3	2.8	2.5
CPI	1.4	2.1	2.4
Private Sector Wages	3.1	3.2	3.3
Employment	0.3	1.8	1.3
Unemployment	6.9	6.3	5.9

A ★ indicates information that has been updated since the last bulletin.

Economy

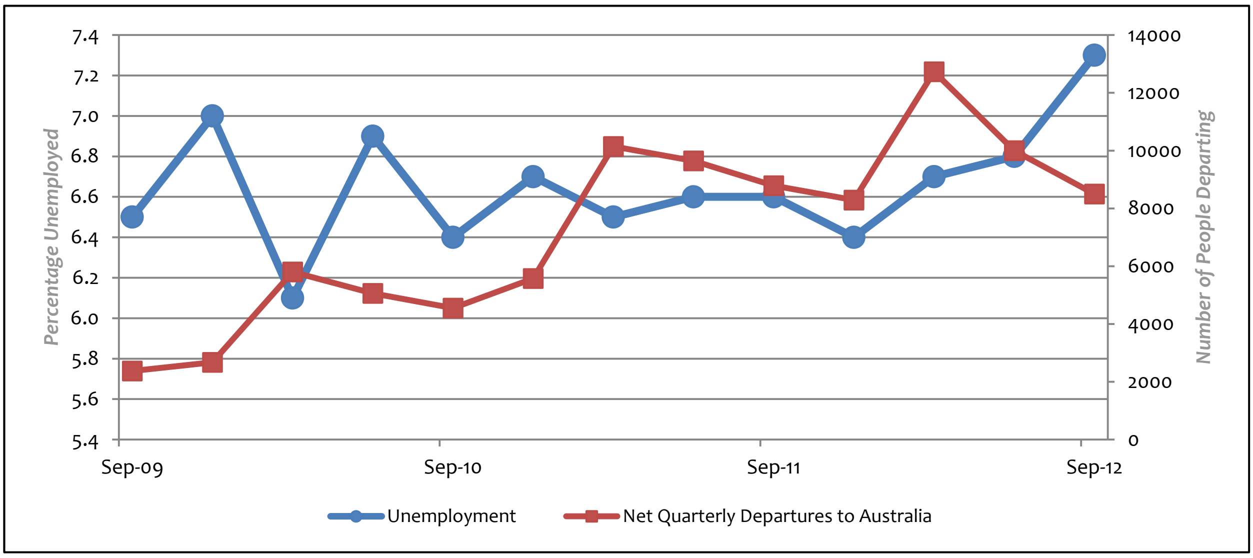


★ New Zealand's economic growth slowed more than forecast in the September 2012 quarter amid a drop in manufacturing and farm output. Gross Domestic Product rose 0.2 percent in the three months ended September, in line with the Reserve Bank's 0.2 percent forecast but short of the 0.4 percent growth economists surveyed by Bloomberg were expecting. GDP growth for the year to September 2012 remained positive, up 2.5 percent. Primary industries declined 3.2 percent in the quarter, driven by agriculture, which decreased 2.8 percent. However primary industries increased 14.4 percent for the year with agriculture up 23.3 percent, but mining down 2.4 percent. Goods producing industries increased 1.2 percent in the quarter following a 0.8 percent increase in the June quarter, driven by a 4.5 percent increase in construction activity and a 4.4 percent increase in electricity, gas, water, and waste services, but fell 0.1 percent in the year. Construction activity remains 14 percent below its December 2007 peak. Manufacturing activity decreased 1.1 percent in the September 2012 quarter, which was also 1.5 percent lower than the same quarter in 2011. However manufacturing rose by 0.6 percent comparing the full year to September 2012 with the year to September 2011. The decrease in the most recent quarter was primarily driven by an 8.0 percent fall in metal manufacturing. Activity in services industries was flat in the September quarter, following a revised 0.5 percent increase in the June quarter, but up 1.7 percent for the year with the largest rises in professional, scientific, technical, administration, and support services (up 4.6 percent) and retail trade and accommodation (up 4.7 percent). Household consumption expenditure was also flat in the quarter, following a revised 0.4 percent increase in the June quarter. However, for the year ended the September quarter, household expenditure was up 2.4 percent amid increased spending on durables (up 7.0 percent) and non-durable goods (1.7 percent). Investment in fixed assets decreased 1.8 percent following a 3.1 percent increase in the June 2012 quarter, but remains considerably lower (13 percent) than its December 2007 peak. Investment in residential buildings rose 7.4 percent in the quarter, driven by activity in Canterbury and the upper North Island. Business investment fell 4.7 percent in the quarter, with investment in plant, machinery, and equipment down 17.6 percent, following a revised 3.2 percent rise in the June 2012 quarter. Significant revisions to GDP estimates showed that the recession in New Zealand in 2008 was not as deep as originally thought, and that the country went into a second recession (a "double dip") in late 2010.

- New Zealand recorded a Current Account deficit of $2.5 billion for the September 2012 quarter in seasonally adjusted terms, $0.3 billion lower than the June 2012 quarter. For the year to September 2012 the deficit was $9.9 billion (4.7 percent of GDP), up from $8.8 billion (4.3 percent of GDP) for the year ended September 2011. This deficit was mainly comprised of a negative balance on income of $10.4 billion from foreign investment in New Zealand, though profits from foreign owned companies fell during the quarter.
- The country's Net International Liabilities were $148.4 billion at the end of September 2012 (71.2 percent of GDP) up from a revised $148.1 billion (71 percent GDP) at the end of June 2012, and $146.5 billion (72.1 percent GDP) in September 2011. Reinsurance claims owed but not yet paid for the Canterbury earthquakes were $11.1 billion at the end of September 2012, compared to a revised $12.4 billion at the end of June 2012. Reinsurance claims related to the Canterbury earthquakes have been falling since June 2011 when they stood at a revised $17.1 billion. Total claims from all Canterbury earthquakes are now estimated to be $17.6 billion. As of 30 September 2012, a total of $6.5 billion had been settled with overseas reinsurers.
- For the month of December 2012, Overseas Merchandise Trade recorded a seasonally adjusted $306 million surplus, following a revised $151 million deficit in November. Exports increased 5.2 percent or $199 million and imports decreased 6.5 percent or $258 million compared to November. The rise in exports was driven by milk powder, butter, and cheese, which was up 9.8 percent in value ($92 million) and 10.5 percent in volume. Crude oil (up 5.8 percent, $6.9 million) was also up in value, while fruit (down 36.8 percent, $45 million) and aluminium and aluminium articles (down 28.5 percent, $37 million) were down in value. Among imported goods, the value of petroleum and petroleum products was down 34.4 percent ($271 million), following a revised 22.8 percent ($146 million) increase in the month of November. The value of imported mechanical machinery and equipment (down 13.2 percent, $72 million) and textiles and textile articles (down 14.7 percent, $25 million) also fell. The value of exports to Australia in the month of December 2012 was down 18.7 percent ($182 million) compared to December 2011, and down 9.2 percent ($1.0 billion) year on the year.

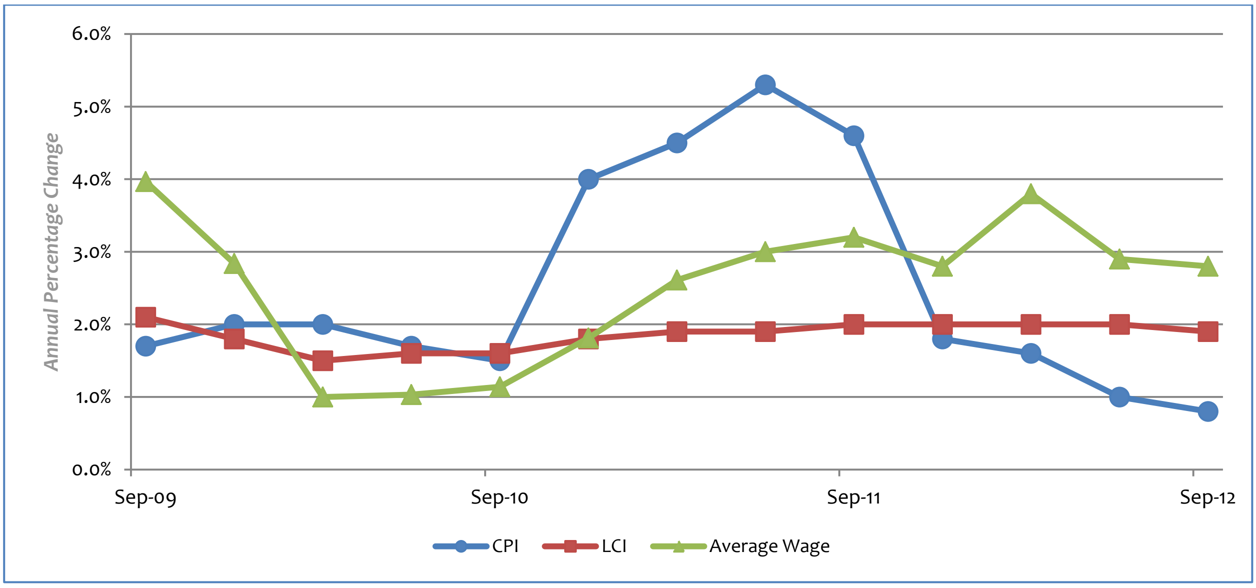
- The Performance of Manufacturing Index[1] for December 2012 was 50.1, an increase from 48.8 in November. The employment sub-index also increased to 49.1 from 48.2 in November.
- The Performance of Services Index[1] for December 2012 was 51.5, a large decrease from 54.2 in November. The employment sub-index however rose from 50.1 in November to 51.6 in December.
- The Retail Trade Survey for the three months to September 2012 showed retail sales fell 0.4 percent by volume and 0.8 percent ($139 million) by value in the September quarter compared with the June quarter, seasonally adjusted. The volume of supermarket and grocery store sales fell 1.5 percent and this has been on a falling trend since December 2011. The sales value of both recreational goods and electronic goods decreased 4.4 percent, while the value of commission-based retailing rose 5.3 percent. The sales volume of hardware, building, and garden supplies increased 4.2 percent, strengthened by sales in Canterbury. Volume for core retailing, which excludes vehicle-related industries, decreased 0.3 percent, following a 0.9 percent rise in June quarter. Retail sales were up 2.3 percent in volume and 2.1 percent in value (to $16.9 billion) compared to the September quarter in 2011.
- On 31 January 2013 the Reserve Bank left the Official Cash Rate unchanged at 2.5 percent. The next review will be announced on 14 March 2013 which will be accompanied by a Monetary Policy Statement.
- The REINZ Housing Price Index fell 0.6 percent in December 2012. The house price index was up 6.7 percent compared to December 2011. The Auckland region index recorded a 3.0 percent decrease in the month, but remained 8.6 percent higher compared to December 2011. The Christchurch house price index reached a new record, and was up 11.8 percent over the year to December 2012. The national median house price increased to $389,900 from $383,250 in November, an increase of 1.5 percent.

Employment



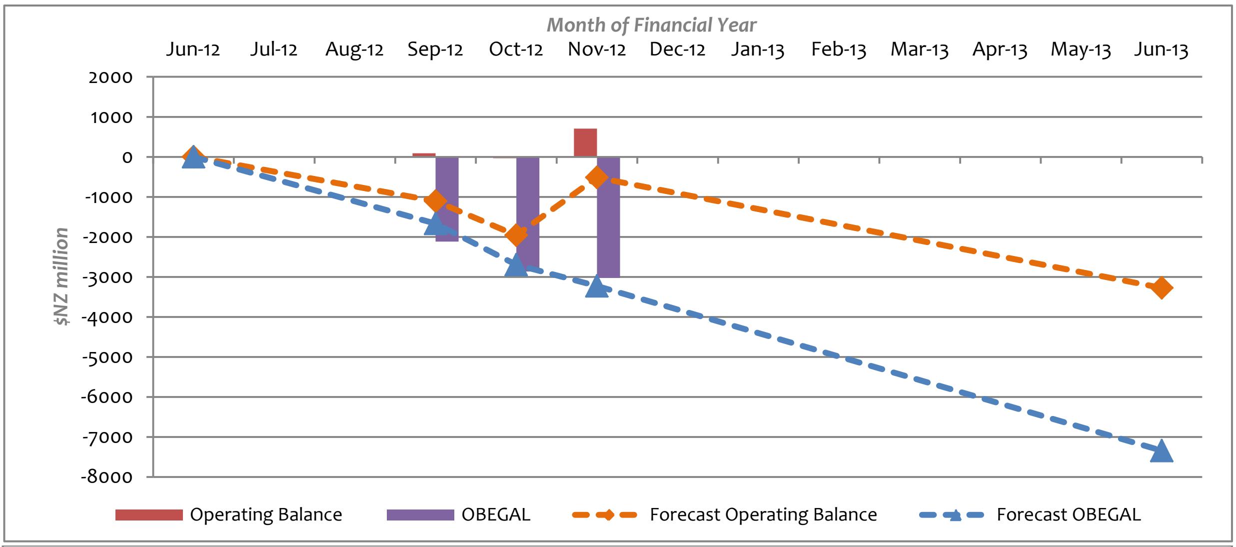
- According to the Household Labour Force Survey the unemployment rate in September 2012 quarter increased to 7.3 percent, from 6.8 percent in the June quarter. This represents the largest increase in the unemployment rate since 1999. There were 175,000 people unemployed (up 7.9 percent from June 2012). Maori unemployment was 15.1 percent (up from 13.1 percent in September 2011), Pacific unemployment was 15.6 percent (up from 14.4 percent the previous September quarter), Asian unemployment was 10.0 percent (up from 7.9 percent a year before), and European/Pakeha unemployment was 5.4 percent (up from 4.9 percent a year before). Youth unemployment (15-19 year olds) was 25.5 percent (up from 23.4 in the previous September quarter), and the unemployment rate among 20-24 year olds was 12.8 percent (up from 12.2 percent in the September 2011 quarter). There were 85,000 people aged 15-24 years who were not in employment, education, or training (NEET), which is 13.4 percent of people in that age group. Compared to unemployment rates in the OECD, New Zealand has slipped from 12th to 15th position (out of 35 countries) since March 2012.
- ★ At the end of December 2012 there were 53,747 working age people on the unemployment benefit, a decrease of 6,217 from December 2011. No November figures were available at time of publication, and it appears that monthly figures will no longer be publicly available. We will see whether the Minister will continue to issue media releases on monthly figures when it suits her. (Quarterly figures on Unemployment Benefit numbers are available from the MSD website.)
- ★ Job Vacancies Online showed that all job vacancies decreased 6.3 percent in the month of December 2012, in seasonally adjusted terms, following a revised 2.7 percent decrease in November 2012. Skilled job vacancies decreased by 5.6 percent in December, following a revised 4.0 percent decrease in November.
- ★ International Travel and Migration data showed 7,380 permanent and long-term arrivals to New Zealand in November 2012 and 6,790 departures in seasonally adjusted terms, a net gain of 590. There was a net loss of 1,567 migrants in the year to November 2012. Net migration to Australia in the year to November 2012 was 38,846 departures, with 53,438 departures and 14,637 arrivals. There was a net increase of 1,206 permanent and long-term departures from New Zealand nationally for the year to November 2012 compared with the year to November 2011.

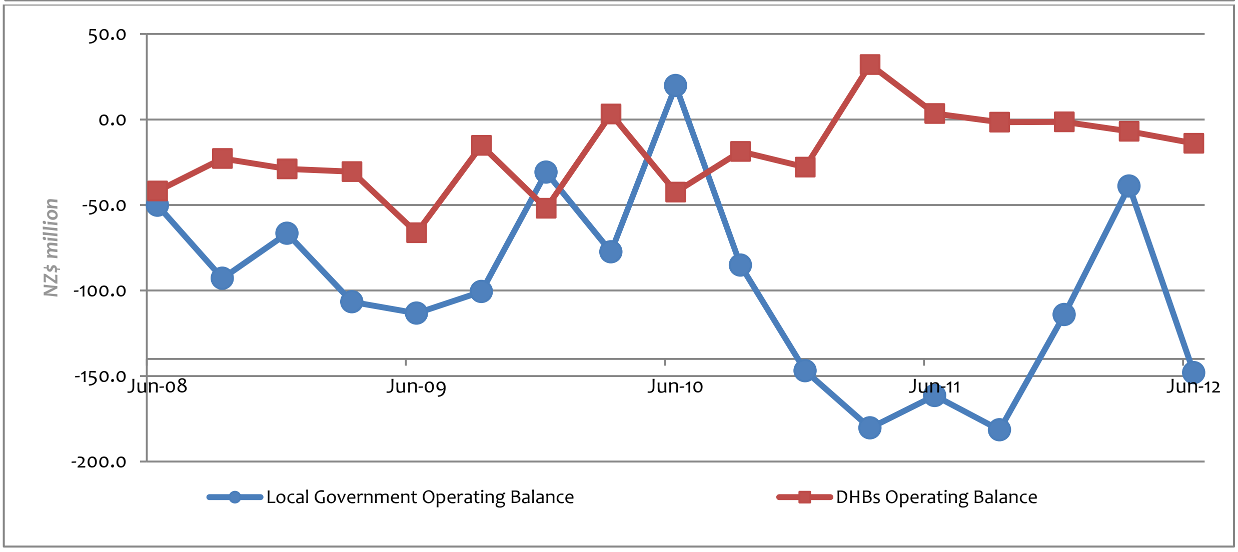
Wages



- The Labour Cost Index (Wage and Salary Rates) (LCI) rose 0.5 percent in the 3 months to September 2012, following a 0.5 percent rise in the 3 months to June. The LCI increased 1.9 percent in the year to September quarter. It increased 0.4 percent for those in the public sector in the 3 months to September 2012 and 0.5 percent in the private sector. Over the year to September it rose 1.4 percent in the public sector and 2.1 percent in the private sector. For the 56 percent of those surveyed who received an increase in their salary or wage rate during the year, the median increase was 3.0 percent.
- The September 2012 Quarterly Employment Survey found the average hourly earnings for ordinary-time work was $27.27, up 1.1 percent on the June 2012 quarter and 2.8 percent over the year. The average ordinary-time wage was $25.26 in the private sector (up 1.4 percent in the quarter and 3.0 percent in the year) and $34.40 in the public sector (up 0.4 percent in the quarter and 2.6 percent in the year). Female workers (at $25.08) earned 13.9 percent less than male workers (at $29.14) for ordinary time hourly earnings, a pay gap which has increased sharply from 12.6 percent a year before.
- ★ The Consumer Price Index fell 0.2 percent in the December 2012 quarter compared with the September quarter but increased 0.9 percent for the year to December. For the quarter, the largest contributor to the decrease was a 1.8 percent decrease in the food group. The household contents and services group also decreased 1.8 percent, and the communication group fell 2.0 percent. These decreases were countered by higher health (up 1.1 percent), household and household utilities (up 0.6 percent), and transport prices (up 0.6 percent).
- ★ The Food Price Index fell by 0.2 percent in the month of December 2012 compared with November. Food prices decreased 1.0 percent in the year, following a 0.6 percent decrease in the year to November 2012. In December compared with November, Meat, Poultry, and fish prices increased 0.9 percent; fruit and vegetable prices increased 0.7 percent; grocery food prices fell 0.2 percent; and non-alcoholic beverage prices fell 2.8 percent. There was no change in the price of restaurant meals and ready-to-eat food.

Public Sector





- According to Treasury's Financial Statements of the Government of New Zealand, for the five months to 30 November 2012, government tax revenue was up $127 million (0.6 percent) on the revised forecast in the December 2012 Half Year Economic and Fiscal Update (HYEFU). All sources of tax revenue were close to forecast and similarly total revenue was $122 million (0.5 percent) higher than forecast. Core Crown expenses were only $27 million or 0.1 percent higher than forecast, but there were underspends by most departments, totalling $150 million while finance costs were $69 million higher than expected. The operating balance before gains and losses (OBEGAL) was $203 million (6.3 percent) better than forecast, at a $3.0 billion deficit, but the operating balance was $706 million in surplus, $1.2 billion better than the $515 million deficit forecast, greatly helped by $1.1 billion in unforecast gains on the New Zealand Superannuation Fund and ACC investment portfolios. The Government's net debt was 27.1 percent of GDP, just below its 27.2 percent forecast.
- District Health Boards recorded an operating deficit of $13.9m for the June 2012 quarter compared to a deficit of $6.9m for the March 2012 quarter. Total revenue rose to $3.4 billion in June ($2.9 billion from the Ministry of Health), from $3.3 billion in March. Employment costs

were $1.3bn, up 4.2 percent for the June 2012 quarter, compared to total expenses of $3.4bn, up 2.8 percent. Further information is on the Ministry of Health web site.

★ Local Government recorded a 5.9 percent fall ($127 million) in operating income and a 8.0 percent fall ($184 million) in operating expenses for the September 2012 quarter compared to June, resulting in an operating deficit of $91.4 million, compared with a revised deficit of $148.1 million in the June quarter, all in seasonally adjusted terms.

Notes

1 For the Performance of Manufacturing Index (PMI) and Performance of Services Index (PSI) a figure under 50 shows the sector is contracting; above 50 shows that it is growing. Previous month's figures are often revised and may differ from those published in a previous Bulletin.

This bulletin is available online at http://www.union.org.nz/economicbulletin142.
For further information contact Bill Rosenberg.