



NEW ZEALAND COUNCIL OF TRADE UNIONS

Te Kauae Kaimahi

CTU Monthly Economic Bulletin

No. 144 (March 2013)

Commentary

Is the cost of living the same in all parts of New Zealand?

Summary

From time to time I get questions like “I’m just heading into negotiations. Do you have any up to date information on the actual cost of living for workers in [region X]?” It’s long been a question in Auckland, and is particularly a concern in Christchurch right now, for good reason.

There are two types of information that could help to answer this question. The first would answer the question “does it cost more to live in my region than the rest of New Zealand?” The second would answer the question “are prices rising faster in my region than the rest of New Zealand?”

It turns out that there aren’t very good answers available to the first question, and that in general the answer to the second is “no” – price rises around the country are usually pretty uniform. So on the whole, for reasons of both evidence and organising (it can be quite divisive) it is not worth spending much time on this.

However, it is useful to keep an eye on these things because there are times – and the Christchurch earthquakes are an example – where prices can shoot away, out of kilter with the rest of the country, and we need to consider how to respond to it. It looks like this has happened to some degree: from June 2011 to December 2012, prices rose only 0.7 percent in Auckland, 1.0 percent in Wellington and 0.9 percent in the Rest of the North Island. But they rose 2.1 percent in Canterbury.

In general, for prices measured in the CPI, which excludes purchases of existing housing and interest costs, Auckland, Wellington and the Rest of the North Island have slightly slower price increases than the South Island. But Canterbury’s prices appear to have accelerated more than usual post-quakes.

From time to time I get questions like “I’m just heading into negotiations. Do you have any up to date information on the actual cost of living for workers in [region X]?” It’s long been a question in Auckland, and is particularly a concern in Christchurch right now, for good reason. I’ll use the example of Canterbury below, but as you will see, the same information exists to a greater or lesser extent for all regions.

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Does it cost more to live in my region than the rest of New Zealand?

This is a hard question to answer for a number of reasons. The most authoritative data for household expenditure is the Household Economic Survey (HES) run by Statistics New Zealand. The publicly available data from the HES gives a breakdown by “broad” region (Auckland, Wellington, Rest of North Island, Canterbury, Rest of South Island).

However they only survey the full breadth of household expenditure items every three years, and the most recent one was for the year ended June 2010 (pre-earthquake for Canterbury!). They do an annual survey of housing costs, but not of everything else that makes up the cost of living.

Even putting these problems aside, without further analysis is hard to interpret what the household expenditures in each region tell us about the cost of living, because it just tells us about an average household in each area and not whether they have the same incomes. You could imagine for example that if household incomes in Wellington were higher than say the “Rest of the South Island” then Wellington households would be likely to spend more, even if the cost of individual items was exactly the same. Neither does it allow us to take into account the size and make-up of the households. A household with one person in it has quite different costs to one with two adults and four children, and we don’t know to what extent different regions have different proportions of household types. These issues could probably be resolved with access to the detailed survey data, time and analysis, but it would have to be done on a regular basis and so is impractical for our purposes.

There’s a further caution that applies to both the HES and the Consumer Price Index (CPI) which we look at below. Neither includes the cost to a household of buying an existing house. That is obviously a major difference in costs between regions. (They do include the cost of newly built houses, property maintenance costs and other costs of owning or renting a house.)

With all these warnings in mind, the table on the next page shows what the HES tells us about the average expenditures of households in those five “broad regions” for the year ended June 2010.

This shows Wellington households spending more than any others, averaging \$1,256 a week, with Auckland next at \$1,116 a week. Canterbury is third at \$970 a week, not much different from the Rest of the South Island at \$940 a week. Lowest expenditure is in “Rest of the North Island” with \$866. Households in Wellington and Auckland spend considerably more on housing and household utilities (which includes rent, the costs of home ownership such as hiring plumbers and buying materials for repairs, rates, and energy such as electricity). For those interested, there is another level of detail available for each of the expenditure categories (e.g. for clothing and for footwear under the combined Clothing and Footwear category).

There is some (unofficial) comparative price information at the following web site, whose reliability I cannot vouch for. It surveys a relatively small number of items.

<http://www.numbeo.com/cost-of-living/comparison.jsp>

Average weekly household expenditure by region, year to June 2010

	All Regions	Auckland	Wellington	Rest of North Island	Canterbury	Rest of South Island
	Year ended June 2010					
	Average weekly household expenditure (\$)					
Total net expenditure	1,010.40	1,116.50	1,256.30	866.40	970.20	940.40
Food	177.70	194.50	208.30	157.00	169.20	171.00
Alcoholic beverages, tobacco	29.20	27.00	39.10	24.60	34.50	32.90
Clothing and footwear	30.50	29.20	42.90	23.70	37.00	33.70
Housing, household utilities	253.00	312.10	325.10	196.80	220.60	219.10
Household contents & services	45.00	43.90	58.00	40.80	47.40	44.70
Health	24.30	27.30	25.80	21.90	22.80	23.50
Transport	131.10	142.40	151.80	120.20	127.20	115.70
Communication	35.60	38.40	41.10	32.80	34.40	31.80
Recreation and culture	98.90	92.10	124.80	91.60	110.30	99.80
Education	16.80	20.00	25.60	9.90	20.70	14.40
Miscellaneous goods & services	92.40	97.40	110.90	83.60	88.40	91.10
Other expenditure	96.50	110.90	118.60	83.90	84.70	85.90
Sales, trade-ins and refunds	-20.60	-18.70	-15.90	-20.50	-27.00	-23.20

Are prices rising faster in my region than the rest of New Zealand?

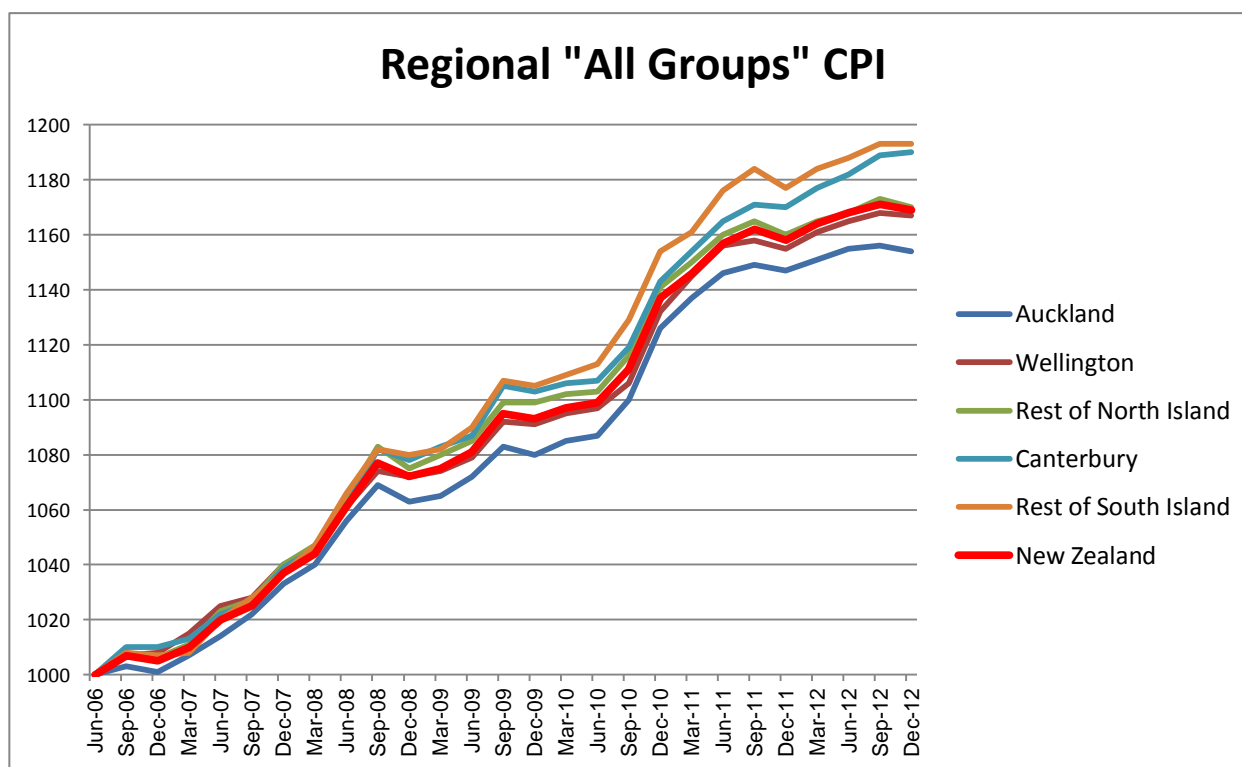
The Consumer Price Index (CPI) which is widely used to measure changes in the cost of living, also has some regional indexes. Bear in mind what an “index” tells us. It only tells us about *changes* – in this case, changes in costs. It doesn’t tell us “how big” whatever it’s measuring is. So the CPI tells us if prices are rising at different rates at different times (or regions), but not what it cost to live last year or ten years ago. And remember too, as I mentioned above, that it doesn’t including the cost of buying an existing house – and neither does it include the cost of interest such as on a mortgage.

Statistics New Zealand provides CPI indexes for the same “broad regions” as for the HES. (No surprise, because it relies on the HES for a lot of its information.) It also has indexes for the whole of the North Island, whole of the South Island, and for more detailed regions for monthly food prices. There is also some additional “broad regional” detail for the costs of new housing and for rents. However, on the whole, the information available is not at nearly the same detail as for the national CPI, and regional information is not available for the price groups Communication and Education.

First let’s look at whether the “All Groups” regional indexes show much difference. The regional indexes only go back to June 2006 (unlike the venerable national CPI itself which goes back to 1914). The graph below shows what happened to them starting from the same point in June 2006. In other words, suppose that in June 2006 someone in each region bought \$1,000 worth of the goods and services that a household typically buys (commonly referred to as a “basket” of goods and services). The lines show how much each of them would need in their region and at any given time since then, to buy the same basket of goods and services.

In New Zealand on average you would have needed \$1,169 in December 2012 – in other words, an increase of 16.9 percent in the dollars needed to buy the same basket. Perhaps surprisingly – but bear in mind many housing costs are not counted – the lowest cost increases were in Auckland where you

would have need only \$1,154 (a 15.4 percent increase), followed by Wellington (\$1,167 or a 16.7 percent increase). The fastest rise was for the Rest of the South Island (i.e. excluding Canterbury) which would have required \$1,193 or 19.3 percent more. Canterbury needed \$1,190 or 19.0 percent more.



So the difference between the slowest and fastest rises is about 4 percentage points over the six and a half years from June 2006 to December 2012 (it was only 3 percentage points at June 2012). That’s about half a percentage point a year difference between the slowest and the fastest. The difference is even less – about half of that – compared to the national CPI, which runs down the middle of them.

The question arises: are the faster price rises in the South Island due to the earthquakes? Looking at the period clearly before the quakes – June 2006 to June 2010 – prices in Canterbury and the Rest of the South Island were rising faster than the rest of the country. Canterbury’s rose 10.7 percent over that period for example, compared to Auckland’s 8.7 percent. Prices in the Rest of the South Island rose even more quickly: by 11.3 percent. So it looks like there is a regional effect independent of the earthquakes.

Increase in CPI by regions, June 2006 to December 2012

	Auckland	Wellington	Rest of North Island	Canterbury	Rest of South Island	New Zealand
June 2006 - Dec 2012	15.4%	16.7%	17.0%	19.0%	19.3%	16.9%
June 2006 - June 2010	8.7%	9.7%	10.3%	10.7%	11.3%	9.9%
June 2010 - Dec 2012	6.2%	6.4%	6.1%	7.5%	7.2%	6.4%
June 2011 - Dec 2012	0.7%	1.0%	0.9%	2.1%	1.4%	1.0%

Taking June 2010 as a base, prices again rose faster in Canterbury post-earthquake, but that included the period of the GST increase and big price increases all round which might have diluted any regional differences. It could be more revealing to look at the period June 2011 to December 2012 when we were largely past the GST and other government-enhanced inflation, and into the period where housing and other shortages in Canterbury could be expected to really start to bite in rent and other cost increases. During that period, prices rose only 0.7 percent in Auckland, 1.0 percent in Wellington and 0.9

percent in the Rest of the North Island. But they rose 2.1 percent in Canterbury, and 1.4 percent in the Rest of the South Island. Note that price increases in the Rest of the South Island are still higher than the North Island, but unlike before 2010, they are quite a lot lower than in Canterbury. It seems probable that there is some earthquake effect – and I doubt Canterbury people would need the CPI to tell them that. Of course if the cost of existing housing was added to this, the difference (at least compared to the country outside Auckland) might be even greater.

What is leading to this greater increase in Canterbury if it is not the cost of buying existing housing? The following looks at Canterbury compared to all of New Zealand since June 2011. It also looks at the last year and the last quarter (September to December 2012).

Price increases post-earthquakes – CPI all groups and individual groups

	All groups		Food		Alcoholic beverages and tobacco		Clothing and footwear		Housing and household utilities	
	Canty	New Zealand	Canty	New Zealand	Canty	New Zealand	Canty	New Zealand	Canty	New Zealand
Jun-11 to Dec-12	2.1%	1.0%	0.7%	-1.1%	5.6%	6.1%	-1.0%	-1.0%	7.0%	4.1%
Year to Dec-12	1.7%	0.9%	0.4%	-0.5%	5.9%	5.3%	-2.0%	-0.8%	5.5%	3.0%
Sep to Dec-12	0.1%	-0.2%	-1.8%	-1.8%	-0.3%	-0.4%	-1.2%	-0.1%	1.7%	0.6%

	Household contents and services		Health		Transport		Recreation and culture		Miscellaneous goods and services	
	Canty	New Zealand	Canty	New Zealand	Canty	New Zealand	Canty	New Zealand	Canty	New Zealand
Jun-11 to Dec-12	-0.3%	-2.0%	4.4%	4.1%	1.0%	0.3%	-3.4%	-2.8%	4.5%	4.7%
Year to Dec-12	-1.0%	-1.1%	3.1%	2.7%	0.3%	0.0%	-2.8%	-2.3%	3.0%	3.2%
Sep to Dec-12	-2.2%	-1.8%	1.4%	1.1%	0.8%	0.6%	0.3%	0.5%	-0.3%	0.1%

As you will see from the first table in this commentary (from the HES), the biggest parts of the average household budget are Food and Housing and household utilities. Transport is close behind.

Since June 2011, Canterbury's food prices have risen 1.8 percentage points more than the country as a whole (0.7 percent compared to a fall of 1.1 percent nationally). Housing and household utilities have risen 2.8 percentage points more (a hefty 7.0 percent increase in Canterbury compared to 4.1 percent nationally). This includes rent, maintenance, buying a newly built house, rates and energy. Transport has increased 0.7 percentage points more – 1.0 percent in Canterbury compared to 0.3 percent nationally.

There have been some areas where Cantabrians have had a better run than the rest of New Zealand – mainly Alcoholic beverages and tobacco, Household contents and services (furniture, appliances, garden tools and the like), and Recreation and culture – but these are mainly smaller areas of expenditure which do little to offset the increases to the biggest and most important parts of their budgets. More recently, clothing and footwear seem to have fallen in price more quickly in Canterbury than the rest of the country, but on the whole, the region's prices are still rising faster.

Spare a thought for the people of Christchurch and Canterbury as you munch your Easter eggs.

Bill Rosenberg

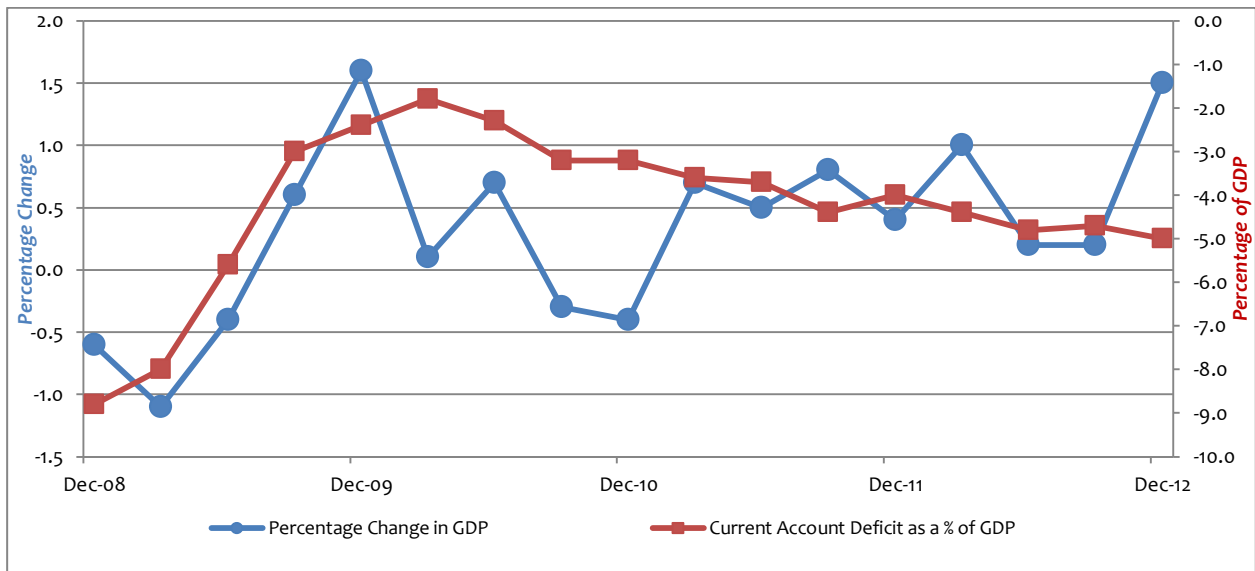
Forecast

- 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 economy grew much faster than forecast in the December 2012 quarter, after growth slowed more than forecast in the September 2012 quarter. [Gross Domestic Product](#) rose 1.5 percent in the three months ended December, following the 0.2 percent rise in the previous quarter. Growth for the year ended December 2012 was 2.5 percent. All industries except manufacturing grew in the quarter, with the largest increases in agriculture, forestry, and fishing (up 2.6 percent), retail trade and accommodation (up 2.3 percent), and wholesale trade (up 2.1 percent). Manufacturing fell 0.5 percent in the quarter, though it rose 1.3 percent for the year. However this was dependent on the continuing rise in food, beverage and tobacco manufacturing. Other manufacturing fell approximately 1.4 percent in the quarter and also fell over the whole year. The largest decreases in the December quarter were in printing (down 4.8 percent), petroleum, chemicals, plastics, and rubber manufacturing (down 8.7 percent), and transport equipment, machinery and equipment manufacturing (down 2.0 percent). On the other hand, textiles, clothing and footwear manufacturing grew by a spectacular 9.7 percent in

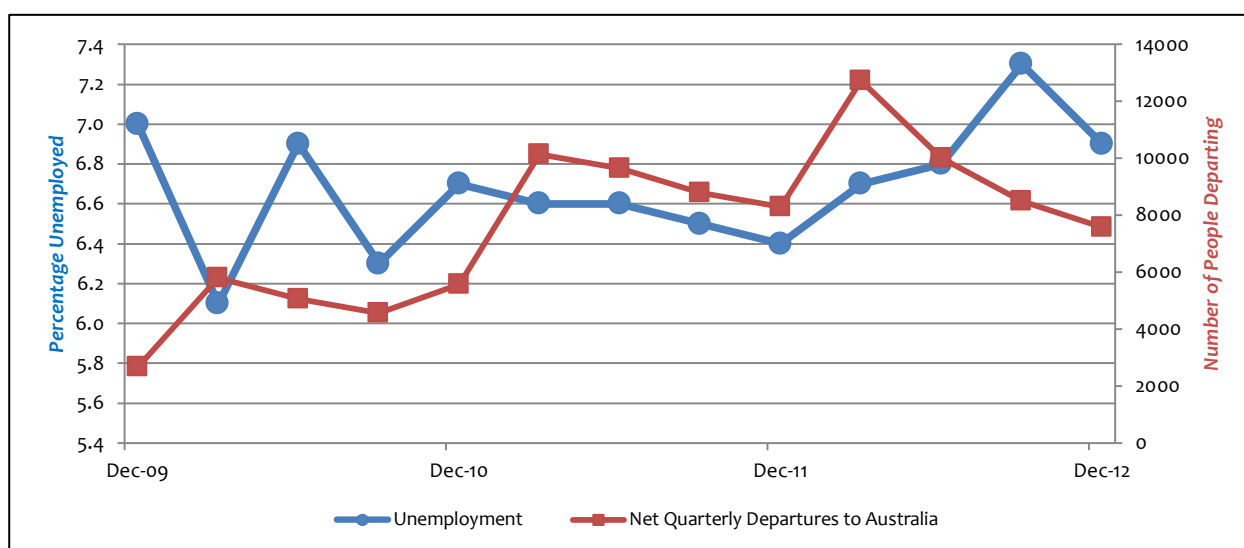
the quarter and has grown 5.3 percent in the year. Construction rose 1.8 percent in the quarter, and has had five quarters of increasing activity. Household consumption expenditure rose a strong 1.6 percent in the quarter, after being flat in the previous quarter, driven by spending on durable goods including audio-visual equipment, furniture, appliances and used vehicles. However expenditure on non-durable goods (such as groceries) rose only 0.6 percent. Over the year, durable goods expenditure has risen 6.1 percent compared to 1.1 percent for non-durables, perhaps indicating increasing spending as a result of increased house building (expenditure on residential construction which includes alterations rose 10.6 percent in the year) and perhaps that growth in the economy is tilted towards people who can afford more expensive items. Business investment rose strongly at 2.2 percent for the quarter and 5.3 percent for the year, though it has been erratic, with a 4.1 percent fall in the previous quarter.

- ★ New Zealand recorded a [Current Account](#) deficit of \$2.7 billion for the December 2012 quarter in seasonally adjusted terms, \$0.1 billion higher than the September 2012 quarter. The increase was driven by falling exports of goods and services due mainly to lower dairy and oil exports, falling overseas visitors' expenditure, and increased income going to foreign investors, particularly from larger dividends from overseas owned companies or shares. Of the \$2.7 billion deficit in the quarter, \$2.5 billion is from the deficit on investment income. For the year to December 2012 the deficit was \$9.9 billion, equal to the negative balance on investment income of \$9.9 billion. This deficit is 5.0 percent of GDP and the first time it has hit this level (considered to ring warning bells) since 2009 when it was falling as a result of reduced imports and profits during the global financial crisis. Prior to 2009 it had been above 5 percent since 2004.
- ★ The country's [Net International Liabilities](#) were \$150.0 billion at the end of December 2012 (71.7 percent of GDP) up from a revised \$147.8 billion (70.7 percent GDP) at the end of September 2012, and \$147.9 billion (72.3 percent GDP) in December 2011. Total insurance claims owed by overseas reinsurers from all Canterbury earthquakes have been re-estimated at \$17.9 billion, and at 31 December 2012, \$8.0 billion of these claims had been settled, leaving \$9.9 billion outstanding. Without these, net international liabilities would have been \$159.9 billion or 76.4 percent of GDP. New Zealand's gross international liabilities were \$324.1 billion in December, against \$174.1 billion in overseas assets. Of the net liabilities, \$142.2 billion was net debt (the remainder being largely shareholdings in companies), and 7.2 percent or \$10.8 billion of that net debt was owed by the government, made up of \$52.5 billion in debt (borrowing) and \$41.7 billion in overseas assets (lending). Of the remaining net debt, 71.9 percent or \$102.3 billion was owed by the banks. Of the debt, half (49.9 percent) is owed to related parties – either to the owner or a subsidiary of the borrower. In the case of the banks, \$62.8 billion of the \$131.8 billion debt they use to fund lending comes from related parties. That could be regarded as a source of stability – the lender has a stake in their stability and profitability – or a source of risk – the lender (such as the Australian parents of the four largest banks) could force its subsidiary to rapidly repay funds if it has financial problems of its own, as has occurred in Europe during the current financial turmoil.
- ★ For the month of February 2013, [Overseas Merchandise Trade](#) recorded a seasonally adjusted \$83 million surplus, following a \$311 million deficit in January. The following are also in seasonally adjusted terms unless otherwise stated. By value, exports rose 15.6 percent or \$544 million and imports increased 3.9 percent or \$149 million compared to January. Exports rose by

volume in all the leading categories except aluminium which fell 4.2 percent. Exports to China rose 19.6 percent in the year to February, and fell 10.0 percent to Australia.

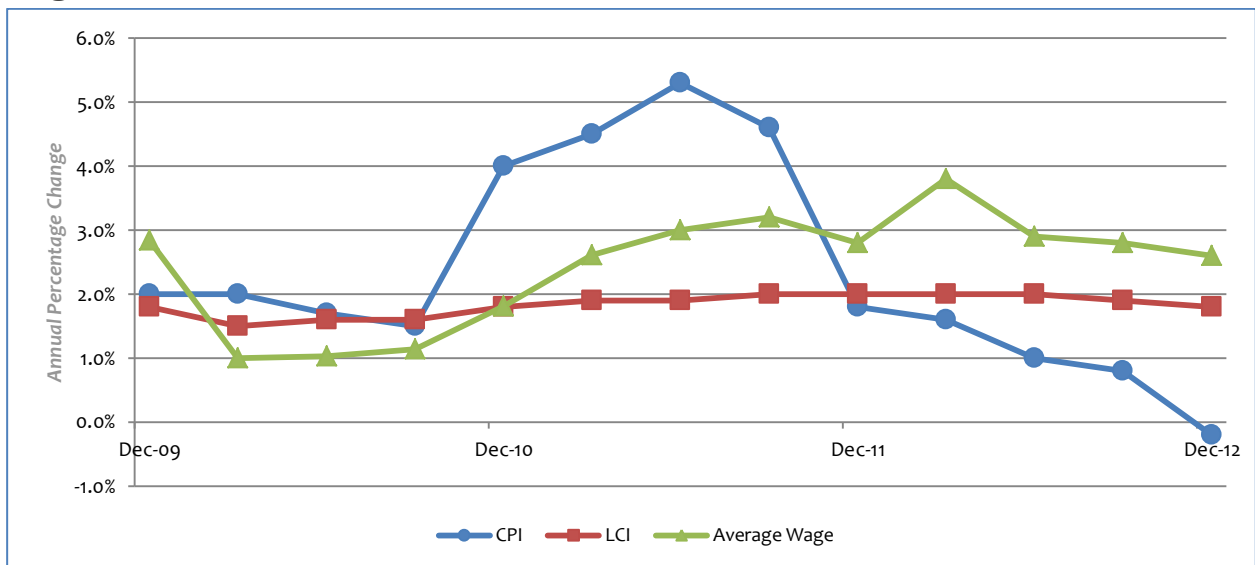
- ★ The [Performance of Manufacturing Index¹](#) for February 2013 was 56.3, an increase from 55.2 in January. The employment sub-index also rose to 50.1 from 48.5 in January.
- ★ The [Performance of Services Index¹](#) for February 2013 was 57.0, a steep increase from 50.5 in January, bringing it back to levels last seen in October and November last year. The employment sub-index also rose, but not as strongly, to 52.7 from 50.0 in January.
- The [Retail Trade Survey](#) for the three months to December 2012 showed retail sales rose a strong 2.1 percent by volume and 1.7 percent (\$300 million) by value in the December quarter compared with the September quarter, seasonally adjusted. A strong driver was the 4.3 percent rise in hardware, building, and garden supplies, reflecting increasing activity in Canterbury. Accommodation also rose steeply, up 5.9 percent, fuel volumes rose even faster, up 7.7 percent, and department store sales volumes rose 4.5 percent for the quarter. On the other hand supermarket and grocery store sales rose only 0.6 percent reflecting weakness over several quarters, and recreational goods fell 2.9 percent.
- ★ On 14 March 2013 the Reserve Bank left the [Official Cash Rate](#) unchanged at 2.5 percent. The next review will be announced on 24 April 2013.
- ★ The [REINZ Housing Price Index](#) rose 1.6 percent in the month of February 2013 to a level almost identical to where it was in November 2012. The index was up 8.1 percent compared to February 2012. The Auckland region index recorded a 4.4 percent increase in the month, more than offsetting the 2.1 percent decrease the previous month, ending 11.6 percent higher compared to February 2012. The Christchurch house price index rose 4.2 percent in the month following a 4.4 percent retreat in January, but was up 12.3 percent over the year to February 2012. The national median house price rose to \$382,000 from \$370,000 in January 2013, an increase of 3.2 percent, though still lower than the \$389,000 in December.

Employment



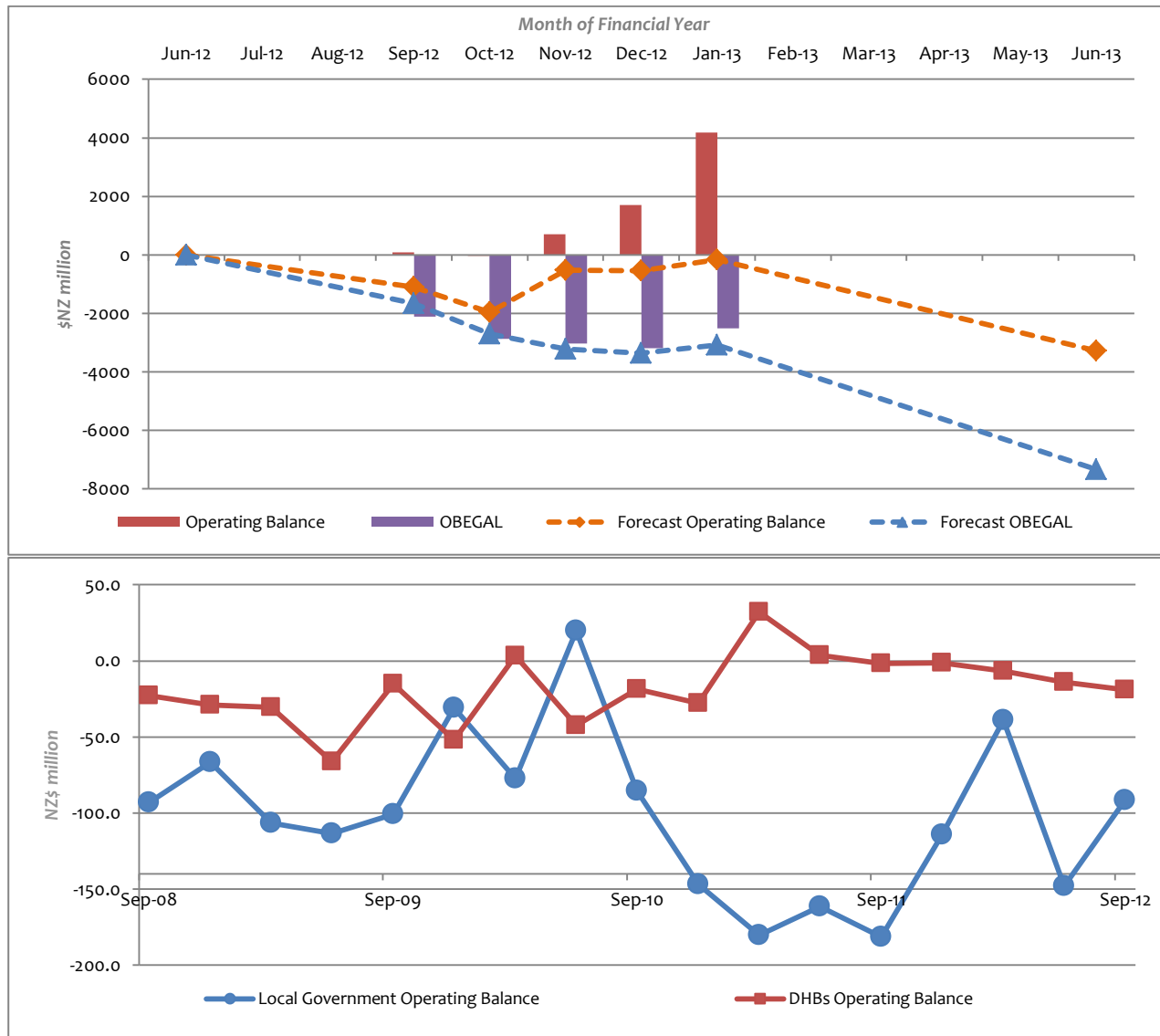
- According to the [Household Labour Force Survey](#) the unemployment rate in the December 2012 quarter fell to 6.9 percent from 7.3 percent in the September quarter, but still up from 6.8 percent in the June quarter. There were 163,000 people unemployed. Maori unemployment was 14.8 percent (up from 13.4 percent in December 2011) and Pacific unemployment was 16.0 percent (up steeply from 13.8 percent in December 2011). Youth unemployment (15-19 year olds) was 30.9 percent, up considerably from 24.2 percent in December 2011, and the unemployment rate among 20-24 year olds was 12.4 percent, also up from 11.9 percent in the December 2011 quarter. There were 90,000 people aged 15-24 years who were not in employment, education, or training (NEET), which is 14.2 percent of people in that age group, up from 13.4 percent in the September quarter or 85,000 people (seasonally adjusted). There are signs people are giving up looking for scarce work with the labour force participation rate falling 1.2 percentage points over the quarter. Compared to unemployment rates in the OECD, New Zealand has improved slightly to 14th position, from 15th equal position in September (out of 35 countries). Over a quarter of unemployed people (28.7 percent or 46,100) have been out of work for more than 6 months and 12.3 percent or 19,800 for more than a year.
- 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. Data is now available only quarterly (see [Unemployment Benefit](#) numbers on the MSD website).
- ★ [Job Vacancies Online](#) showed that all job vacancies decreased 3.0 percent in the month of February 2013 in seasonally adjusted terms, following a 12.6 percent increase in January. Skilled job vacancies fell by 2.5 percent in February, following a 10.6 percent increase in January. In the year to February, all vacancies rose 2.9 percent while skilled vacancies rose just 0.2 percent
- ★ [International Travel and Migration](#) data showed 7,130 permanent and long-term arrivals to New Zealand in February 2013 and 6,580 departures in seasonally adjusted terms, a net gain of 550. There was an actual net gain of 1,195 migrants in the year to February. Net migration to Australia in the year to February was 36,718 departures, with 52,073 departures and 15,355 arrivals. For the month of February, at 2,350 the seasonally adjusted net loss to Australia was the smallest since January 2011.

Wages



- The [Labour Cost Index](#) (LCI) for salary and ordinary time wage rates rose 0.5 percent in the 3 months to December 2012, following a 0.5 percent rise in the 3 months to September. The LCI increased 1.8 percent in the year to December. It increased 0.5 percent in both the public and private sectors in the 3 months to December. Over the year to December it rose 1.5 percent in the public sector and 1.9 percent in the private sector. For the 55 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 December 2012 [Quarterly Employment Survey](#) found the average hourly earnings for ordinary-time work was \$27.25, down 0.1 percent on the September 2012 quarter and up 2.6 percent over the year. The average ordinary-time wage was \$25.17 in the private sector (down 0.4 percent in the quarter and up 2.6 percent in the year) and \$34.70 in the public sector (up 0.9 percent in the quarter and 2.6 percent in the year). Female workers (at \$25.16) earned 13.4 percent less than male workers (at \$29.04) for ordinary time hourly earnings, a pay gap which has increased sharply from 12.9 percent a year before and 12.3 percent in December 2010. The pay gap was reduced from 13.9 percent in the previous (September) quarter, in part because the male average wage fell from \$29.14 to \$29.04 during the quarter.
- 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 0.3 percent in the month of February 2013, following a sharp rise of 1.9 percent in January. Food prices fell 0.1 percent in the year to February, following a 0.8 percent increase in the year to January. In February compared with January, meat, poultry, and fish prices fell 1.4 percent; fruit and vegetable prices fell 1.6 percent; grocery food prices were unchanged overall; non-alcoholic beverage prices rose 1.3 percent; and restaurant meals and ready-to-eat food prices fell by 0.1 percent.

Public Sector



★ According to Treasury’s [Financial Statements of the Government of New Zealand](#), for the seven months to 31 January 2013, government tax revenue was up \$442 million (1.2 percent) on the revised forecast in the December 2012 Half Year Economic and Fiscal Update (HYEFU). Tax revenue was \$486 million more than forecast with PAYE \$225 million above forecast, other individuals’ tax \$277 million above forecast and GST \$49 million above forecast. Other taxes were close to forecast. Treasury commented, reflecting on the lower employment levels in the December quarter, particularly among low income workers, “that the same amount of total income being earned by fewer workers, increases the average tax rate across the labour force owing to the progressive nature of the personal income tax scale” – or in other words there is a shift of income to those on high incomes. Core Crown expenses were \$282 million or 0.7 percent lower than forecast, the biggest contributors being \$188 million of forecast Treaty settlements and \$57 million of New Zealand Aid programmes running behind their expected time. However “departments were collectively \$519m underspent excluding the top-down adjustment”. The operating balance before gains and losses (OBEGAL) was \$571 million (18.5 percent) better than forecast, at a \$2.5 billion deficit, and the operating balance was \$4.2 billion in surplus, \$4.3

billion better than the \$154 million deficit forecast, continuing to be greatly helped by unforecast investment gains of \$2.3 billion, mainly on the New Zealand Superannuation Fund and ACC investment portfolios. Total investment gains were \$4.7 billion. Treasury gives the example of the New Zealand Superannuation fund which had a 4.3 percent return for the month of January and a 20.37 percent return for the 12 months to 31 January. ACC's outstanding claims liability was revalued, resulting in \$1.4 billion in gains conjured up by an increase in the discount rate and "favourable claims experience". The Government's net debt was 27.5 percent of GDP or \$57.3 billion, just below its 27.7 percent forecast, and a fall from the 28.4 percent (\$59.1 billion) in December.

- [District Health Boards](#) recorded an operating deficit of \$18.9m for the September 2012 quarter compared to a deficit of \$13.9m for the June 2012 quarter. Total revenue rose to \$3.45 billion in September (including \$2.92 billion from the Ministry of Health), compared to \$3.44 billion in March. Employment costs were \$1.28 billion in the three months to September, down from \$1.32 billion for the June 2012 quarter, compared to total expenses of \$3.47 billion, up from \$3.45 billion in the June quarter. [Further information](#) is on the Ministry of Health web site.
- ★ [Local Government](#) recorded a 2.5 percent rise (\$49.7 million) in operating income and a fall (\$37.1 million) in operating expenses for the December 2012 quarter compared to September, resulting in a small operating surplus of \$259,000, compared with a revised deficit of \$86.5 million in the September 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/economicbulletin144>.

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