CTU Monthly Economic Bulletin

No. 210 (May 2019)

Information Section p.4

Commentary

The 'Wellbeing Budget'

The CTU published its report on the "Wellbeing Budget", Budget 2019, last evening. It is available at http://www.union.org.nz/wp-content/uploads/2019/05/CTU-Report-on-Budget-2019.pdf. It contains detailed comment on aspects of the Budget. Below is an edited version of a summary assessment I gave to a Post-Budget Analysis Briefing today.

The CTU reaction to the Budget on the day is available at http://www.union.org.nz/ctu-welcomes-wellbeing-budget-as-a-good-start/.

Was the "Wellbeing Budget" much different from any other Budget? Was it better? It is of course the first one, so we need to allow the Government some room to develop its ideas and processes.

Quick answer: Yes it was a Wellbeing Budget in that it was built around the idea of focusing on many of the things in life that improve wellbeing, and that is praiseworthy. But it was greatly underfunded to achieve what we know is needed.

While there can be lots of debate over whether the way the Government has defined "wellbeing" and put it to work is the right one, in practical terms there are at least two ways to answer to these questions. One is the way it was put together, which the Government says should give us more confidence in the standard of decision-making. The other is by looking at results.

But before assessing these, we can't overlook the elephant in the room. We can have the best decision making in the world, and the best intentions to produce good results but if there is not enough money to pay for them then vital priorities will go unaddressed. We will always live in an environment where we have limited resources. But the Government is trying to do more with essentially the same level of funding as the previous Government which we know has created huge gaps in health, education, housing, welfare (and poverty), conservation, attracting and retaining good staff, and the list goes on. It was sensible to cancel National's tax cuts, but unfortunately the $2 billion that it saved is far from enough to address the scale of needs the Government faces.

The Government's Budget Responsibility Rules are inconsistent with meeting these needs. They put a particular view of fiscal prudence ahead of other needs that must be put in the balance if wellbeing is to mean anything practical. One of the advantages of taking a wellbeing approach is that it makes clear that worthy objectives like managing your finances with care needs to be weighed up against other worthy objectives like being intolerant of decades of poverty or of people going untreated for illness for years or of people being forced to live in health destroying housing.

So how was the Budget put together? Well, if I think about how I would do it, it would be something similar to what they have come up with. Set some priorities to focus your resources. Make the people bidding for those resources address those priorities, but also think about what they are trying to achieve rather than what they are trying to spend, judge that in terms of what it does for New Zealanders' wellbeing using the best evidence available. Tell us how it will be implemented and how much it will cost. The Government has added a requirement that bids must be made jointly by several departments if they don't want to be sent to the bottom of the ranking. That breaks down the artificial silos. So as long as the process doesn't become a barrier to doing anything – like the previous Government's Social Investment Approach seemed to be – I think we are into a much better process of decision making, and one that forces people to think about the longer term and about the many dimensions of wellbeing rather than one or two.

So I do think this has the basis for calling itself a Wellbeing Budget. The Government and officials will learn and refine and get better as they go along. We should have some patient support for this.

The next question is what do the results look like? Of course, at this stage we can only look at what was announced, not whether it will work to improve wellbeing, and they are now published, including in our Budget Report.

I would highlight the mental health funding, which begins the process of treating this long neglected part of our health system, the indexation to wages of welfare benefits which at least stops the creation of yet more poverty even if it does not yet do anything to get the recipients out of it, the serious resources put into addressing domestic violence, funding for public housing, money to keep the Just Transition and Future of Work developments moving, more money for rail, and the settlements for pay equity and wages and staffing of our public services.

The trouble is the 'buts' around some of these. I'm most familiar with the Health Vote so let me give you one example. We did our pre-Budget analysis of Health as we have done since 2010. We figure that the overall Health vote is close to funding rising costs, including the pay settlements of the last year and the effects of population increases and aging population. We are worried though that the already stressed DHBs are underfunded by $300 million. We have not yet done our post-Budget analysis but a question will be how much of the additional funding in the rest of the Budget is used to create additional services rather than boost existing ones. Because if it is just meeting costs, the new services will be at the expense of the existing ones. This question is raised by the mental health funding. The funding for primary mental health funding is great, and it is sensible to focus on services that help people before they get to a critical stage that ends in hospital or, worse, suicide. But we must still treat the serious cases.

From what we can work out, the existing so-called ring-fenced funding which is allocated to DHBs to cover services for people with the most severe needs has increased from $1,478 million in 2018/19 to $1,531 million. This is just a 3.6 percent increase which amounts in real terms to being at best a nil increase, depending on the demand for those services and how rising costs affect them. Yet we know they are not servicing all the needs of those people – the Mental Health inquiry estimated they were providing services to 3.7% of the population. A 2006 Ministry study indicated about 4.7 percent of the population has severe needs and that could well have increased since. Will DHBs cope? Admittedly part of the problem is insufficient staff with the skills to expand these services, and ramping up has to be gradual, but stressing DHBs further in the meantime is not going to help.

A second example of the 'buts' is that raising benefits in line with wages does stop the creation of yet more poverty, which is good – but it doesn't do anything to get the recipients out of poverty to even a minimally acceptable standard of living. That requires much more funding – $5 billion per year according to the Welfare Expert Advisory Group.

So the worthy enterprise is wracked by underfunding.

Let me finish with a bigger picture. We have reached a little over 4 percent unemployment, which is good. Treasury's forecasts have it sitting around there for the next 4 years. But at 4 percent unemployment there will still be 110,000 people unemployed, plus another 200,000 people wanting work or working part-time and wanting full time employment. For the sake of their wellbeing, why are we not stimulating the economy to provide the jobs, and helping them to do what is necessary to get those jobs? Employment growth is forecast to taper off, another reason to stimulate.

There is room in the economic and fiscal position for further stimulation of the economy. According to Treasury's own analysis, Budget surpluses are structural and the fiscal position is depressing on the economy from 2021 onwards, a reason for the government to be more active in its infrastructure and housing development and provision of services. Debt is cheap and we could do good things with it.

To an extent, within its own Budget Responsibility Rules, the Government has moved in this direction. Its $3.8 billion operating allowance was a significant move, the highest since Labour was last in power. It is reducing debt more slowly than in the December forecasts, though it will still be in an exceptionally safe position even if it misses the forecasts a little, and its spending as a proportion of GDP is forecast to be up a little. But these are still a long way from meeting the needs of the population's wellbeing.

Was the "Wellbeing Budget" much different from any other Budget? Yes, it has some important differences in the way it was constructed that could lead to better decisions and choices. It will develop with time. Was it better? There are many good initiatives announced which will make a difference to people's lives – but funding in many cases is still far from adequate. That in the end is the Budget's silent but greatest weakness. We need to replace the Government's Budget Responsibility Rules with principles that are consistent with wellbeing. We need to face up to the need for more revenue.

Bill Rosenberg

Information

Forecast....4
Economy....4
Employment....10
Wages and prices....16
Public Sector....19
Notes....20

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

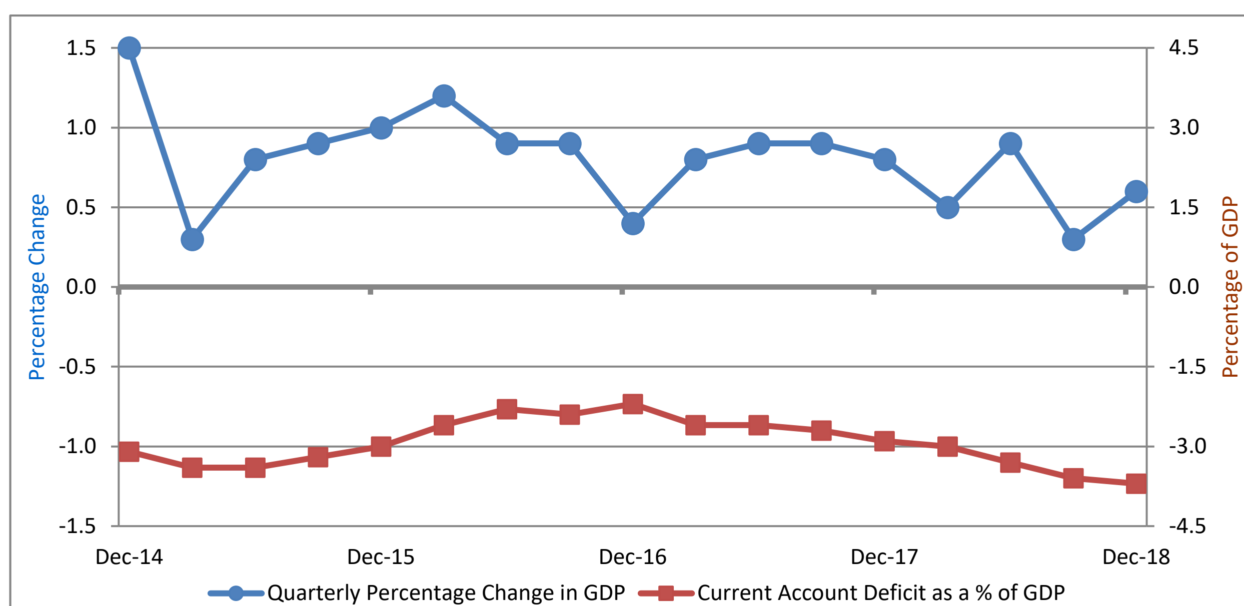
Thanks to Nick Henry who assisted in updating this section.

Forecast

- This NZIER consensus forecast was released on 18 March 2019.

Annual Percentage Change (March Year)	2018/19	2019/20	2020/21	2021/22
GDP	2.7	2.8	2.9	2.5
CPI	1.7	1.9	2.0	2.0
Private Sector average hourly wage	3.2	3.3	3.3	3.2
Employment	2.5	1.6	1.6	1.4
Unemployment rate (% of labour force)	4.2	4.1	4.0	4.1

Economy



- Growth in New Zealand's measured economy in the three months to December 2018 was moderate, with Gross Domestic Product rising by 0.6 percent, up from 0.3 percent in the previous quarter, but

below the 0.9 percent in the June quarter. Average growth for the year ended December 2018 was 2.8 percent (and 2.3 percent compared to the same quarter last year). Growth in GDP per person continues to be weak with a rapidly growing population (though population growth is slowing): GDP growth per person was just 0.1 percent in the September quarter, better than a 0.1 percent fall in the September quarter, but up 0.9 percent over the previous year. GDP per person has been increasing at far below the rate in the 2000s when GDP per person was increasing at an average 2.4 percent a year. Since 2011 it has averaged 1.5 percent per year. Real gross national disposable income per capita, which takes into account the income that goes to overseas investors, transfers (such as insurance claims) and the change in prices for our exports and imports, fell 0.6 percent over the quarter and rose 0.9 percent over the year.

- I estimate that **labour productivity**, measured by production per hour worked in the economy, stayed still, growing 0.0 percent in the year to December compared to the same period a year ago, continuing weak labour productivity growth which is bad for future wage growth. It rose 2.6% in the quarter, seasonally adjusted.
- **Business investment** rose by 1.3 percent compared to the previous quarter, with a 8.9 percent fall in investment in Transport equipment offset by strong rises in Intangible fixed assets (up 5.2 percent), Non-residential buildings (up 4.1 percent), Land improvements (up 2.4 percent), and Plant, machinery and equipment (up 2.0 percent). Other Construction rose 0.4 percent after a 4.4 percent fall in the previous quarter. Residential construction rose 2.1 percent. All investment spending tends to be very variable from quarter to quarter, and can be significantly affected by a single large purchase such as an aircraft, so single quarter changes do not necessarily indicate trends. Compared to the same quarter the previous year, growth in total investment including housing (Gross Fixed Capital Formation) was 1.1 percent but Business investment grew only 0.3 percent, driven by Intangible fixed assets (up 7.5 percent), Non-residential buildings (up 4.9 percent) and Land improvements (up 3.2 percent), offset by falls in Transport equipment (down 10.9 percent) and Other construction (down 7.7 percent). Investment in housing rose 3.1 percent over the same quarter the previous year. Again, even annual quarter to quarter comparisons can be misleading: Business investment rose 4.3 percent when comparing annual values, and Residential building investment rose 2.7 percent on the same basis.
- **Household consumption** expenditure grew 1.3 percent in the December quarter in real terms, after a 1.0 percent increase in September and increases of around 1.0 percent in quarters before that apart from a 0.2 percent increase in the March 2018 quarter. It rose a strong 3.6 percent over the same quarter in the previous year.
- Inflation in the economy as a whole, shown by the **GDP deflator** (a price index for expenditure on the economy's production, largely reflecting the revenue employers are getting for their products) fell 0.1 percent compared to the same quarter the previous year, and fell 0.3 percent in the most recent quarter.
- **By industry**, the largest contributors to growth in the latest quarter were Transport, postal and warehousing (up 3.2 percent), Retail trade and accommodation (up 2.5 percent), Rental, hiring, and real estate services (up 1.1 percent), Construction (up 1.8 percent), Public administration and safety (up 1.8 percent), and Health care and social assistance (up 0.9 percent). The largest fall in activity was in Arts, recreation, and other services (down 2.4 percent). There were also contractions in Mining (down 1.7 percent), Electricity, gas, water and waste services (down 1.1 percent), Manufacturing

(down 0.4 percent), and Wholesale trade (down 0.4 percent). Year-on-year, the biggest rises were in Transport, postal and warehousing (up 5.3 percent), Public administration and safety (up 4.2 percent), Wholesale trade (up 4.1 percent), Professional, scientific, technical, administrative and support services (up 3.8 percent), and Retail trade and accommodation (up 3.8 percent); only Mining contracted (down 11.3 percent).

- New Zealand recorded a Current Account deficit of $2.5 billion in seasonally adjusted terms for the December 2018 quarter, following a $2.5 billion deficit for the previous quarter. There was a deficit in goods trade ($1.0 billion, seasonally adjusted) following a $0.9 billion deficit in the previous quarter, with deficits in all quarters back to September 2014. There was a seasonally adjusted surplus of $54 million in goods and services (down from the $148 million surplus in the previous quarter) including a $1.0 billion surplus in services, while the deficit on primary income (mainly payments to overseas investors) was almost static on a deficit of $2.5 billion (seasonal adjustment not available). For the year to December 2018, the current account deficit was $11.0 billion or 3.7 percent of GDP, up from the $10.6 billion deficit in the year to September (3.6 percent of GDP). The deficit on investment income was $10.7 billion for the year.

- The country's Net International Liabilities were $167.3 billion at the end of December 2018, up sharply from $156.3 billion at the end of the previous quarter and $156.3 billion a year before. The December liabilities were equivalent to 57.0 percent of GDP, up from the previous quarter (53.6 percent) and 55.4 percent a year before. The sharp rise is because of a fall in the value of overseas assets owned by New Zealand residents from $269.5 billion to $258.8 billion. Gross international liabilities were equivalent to 145.3 percent of GDP, compared to 146.1 percent in the previous quarter and 144.6 percent a year before. Net international liabilities would take 2.03 years of goods and services exports to pay off, unchanged from 2.03 years a year before. However gross liabilities at $425.8 billion would take 5.17 years of goods and services exports to pay off. The rise in net liabilities over the quarter was due to a net $9.6 billion valuation decrease plus a $1.4 billion net outflow of investment, the great majority of which affected assets owned by New Zealand residents rather than liabilities. Government reserves were reduced by $3.1 billion in the quarter. Statistics New Zealand comments: "The fall in reserve assets was mainly due to The Treasury switching from foreign short-term debt securities to New Zealand based assets ahead of the March 2019 government bond maturity." Without the valuation changes, the net liabilities would have been $157.7 billion. New Zealand's international debt was $295.9 billion (other than shares; equivalent to 100.9 percent of GDP), of which 33.6 percent is due within 12 months, compared to $144.4 billion in financial assets (49.2 percent of GDP), leaving a net debt of $151.6 billion (51.7 percent of GDP). Of the net debt, $4.4 billion was owed by the government including the Reserve Bank, and $115.6 billion by the banks (39.4 percent of GDP), which owed $159.6 billion gross.

- In international trade in services, exports amounted to $24.9 billion in the year to December 2018, of which over half ($15.9 billion) was Travel and another $3.3 billion was Transportation. Services imports were valued at $20.1 billion, leaving a surplus on services of $4.8 billion for the year. The largest areas of imported services were $4.8 billion in Transportation, $6.7 billion in Travel, $1.5 billion in Insurance and pension services, $0.5 billion in Financial Services, $1.3 billion in Charges for the use of intellectual property (such as franchises, trademark licensing and royalties), $1.3 billion in Telecommunication, computer, and information services (mainly computer services), and $3.3 billion in a variety of Other business services.

★ Overseas Merchandise Trade for the month of April 2019 saw exports of goods rise in value by 11.7 percent from the same month last year while imports rose 7.3 percent. This contributed to a trade surplus for the month of $433 million or 7.8 percent of exports. There was a trade deficit for the year of $5.5 billion or 9.3 percent of exports. In seasonally adjusted terms, exports fell 7.8 percent or $419 million over the month (partially reversing a 9.3 percent increase the previous month) with the decline led by Mechanical machinery and equipment (down 14.2 percent or $25 million), Meat (down 6.3 percent or $43 million), Fruit (down 4.7 percent or $15 million), Dairy Products (down 2.6 percent or $36 million), and Logs and Wood (down 1.9 percent or $9 million), offset by increases in Crude Oil (up 70.4 percent or $38 Million, not seasonally adjusted), Aluminium (up 15.6 percent or $15 million, not seasonally adjusted) and Seafood (up 12.5 percent or $18 million). Seasonally adjusted imports rose 0.1 percent or $4 million on the previous month, leaving a trade deficit of $348 million following a $75 million surplus in the previous month. The increase in imports was led by Plastics (up 17.0 percent or $31 million), Textiles (up 16.8 percent or $33 million, not seasonally adjusted), Petroleum (up 12.5 percent or $66 million, not seasonally adjusted), Mechanical machinery and equipment (up 6.4 percent or $41 million, not seasonally adjusted), Optical, Medical and Measuring Equipment (up 4.3 percent or $7 million), and Electrical Machinery (up 3.9 percent or $18 million). In the year to April, 25.8 percent of New Zealand's exports went to China, 15.4 percent to Australia, 9.6 percent to the US, and 62.6 percent went to the top six countries buying New Zealand exports. This compares with 22.8 percent going to China in the previous year, and 60.7 percent going to the top six destinations. Over the same period, 20.0 percent of New Zealand's imports came from China (compared to 19.0 percent in the previous year), 11.4 percent from Australia, 9.9 percent from the US, and 58.2 percent from the top six countries selling to New Zealand, compared to 57.1 percent a year before. There were trade surpluses with China ($2.14 billion) and Australia ($1.63 billion) but deficits with most other major trading partners.

★ The Retail Trade Survey for the three months to March 2019 showed retail sales rose 3.3 percent by volume and 3.7 percent by value compared with the same quarter a year ago. They rose 0.7 percent by volume and 0.2 percent by value in the quarter, seasonally adjusted. The fastest rises by seasonally adjusted value over the quarter were in Non-store and commission-based retailing (which includes online sales - up 7.0 percent), Furniture, floor coverings, houseware, textiles (up 3.1 percent), Department Stores (up 2.9 percent), Liquor (up 2.8 percent), Hardware, building, and garden supplies (up 2.8 percent), Specialised Food (up 2.4 percent), and Recreational Goods (up 2.3 percent), offset by decreases in Pharmaceutical and other store-based retailing (down 8.5 percent), Fuel (down 2.8 percent), Electrical and electronic goods (down 2.2 percent), and Accommodation (down 1.1 percent). By far the largest category, Supermarket and grocery stores, rose 1.1 percent.

★ The Performance of Manufacturing Index for April 2019 was 53.0, up from 52.0 in the previous month. The employment sub-index was at 51.6, down from 52.0 in the previous month.

★ The Performance of Services Index for April 2019 was 51.8, down from 52.3 the previous month. The employment sub-index was 48.6, down from 50.7 the previous month.

For these indexes, a figure under 50 indicates falling activity, above 50 indicates growing activity. Previous figures are often revised and may differ from those in a previous Bulletin.

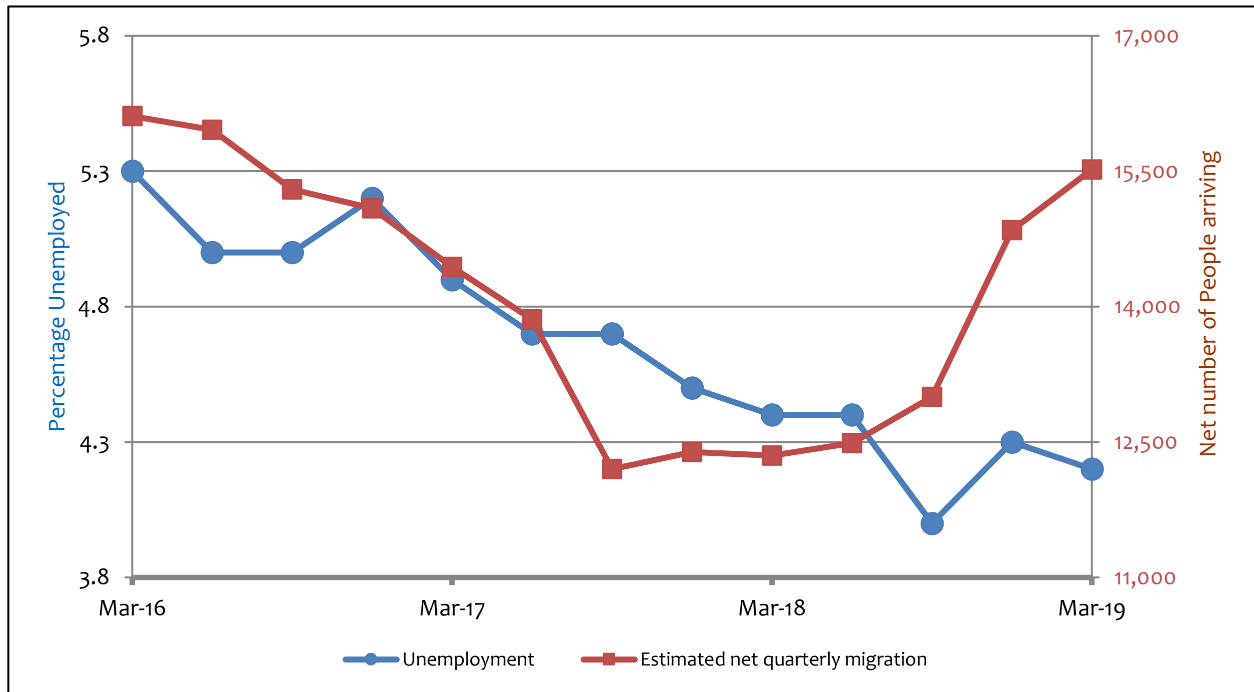
★ On 8 May 2019, the Reserve Bank took the Official Cash Rate (OCR) to a new record low of 1.5 percent, down 0.25 points from the previous rate of 1.75 percent. This was the first

decision on the OCR made by the new Monetary Policy Committee, which is chaired by the Governor of the Reserve Bank, and is made up of both Reserve Bank staff and external members including former CTU Economist, Peter Harris, and the head of Treasury as a non-voting observer. In making the announcement, the Monetary Policy Committee emphasised the need to 'support the outlook for employment and inflation consistent with its policy remit.' The Committee commented that 'Global economic growth has slowed since mid-2018, easing demand for New Zealand's goods and services. This lower global growth has prompted foreign central banks to ease their monetary policy stances, supporting growth prospects.' The Committee saw further uncertainty ahead in the global economic outlook. 'Trade concerns remain, while some other indicators suggest trading-partner growth is stabilising.' There were also concerns on the domestic front, with growth slowing from the second half of 2018. 'Reduced population growth through lower net immigration, and continuing house price softness in some areas, has tempered the growth in household spending. Ongoing low business sentiment, tighter profit margins, and competition for resources has restrained investment.' The Committee's claim that employment is 'near its maximum sustainable level' reflects the view that if unemployment goes too low it will stoke inflation, although the theoretical relationship between unemployment and inflation (the Philips curve) is controversial with low inflation the rule in most developed countries including New Zealand, alongside falling unemployment. The Committee went on to qualify this by saying that 'the outlook for employment growth is more subdued and capacity pressure is expected to ease slightly in 2019. Consequently, inflationary pressure is projected to rise only slowly.' The record of its meeting noted "employment headwinds", and "the relatively subdued private sector wage growth, despite businesses suggesting that the inability to find labour is a significant constraint on their growth. The Committee noted the limited pass-through of the nominal wage growth to consumer price inflation." Some members were also concerned that lower mortgage rates and easing of loan-to-value requirements might feed further rises in house prices. After considering holding the OCR steady but indicating a future reduction, the Committee concluded that: 'Given this employment and inflation outlook, a lower OCR now is most consistent with achieving our objectives and provides a more balanced outlook for interest rates.' The announcement was accompanied by the May 2019 Monetary Policy Statement. The next OCR announcement is on 26 June 2019.

★ According to REINZ, over the year to April the national median house price rose $35,000 or 6.4 percent to $585,000 and REINZ's house price index rose 1.3 percent. (The house price index adjusts for the type of house, such as its size and land area, and seasonal price patterns.) Over the month, the median price rose 1.9 percent seasonally adjusted while the house price index fell 1.2 percent. In Auckland over the year the median price did not change at $850,000 while the house price index fell 4.4 percent. Over the month, Auckland's median price was up 2.0 percent seasonally adjusted, and the house price index fell 2.1 percent. Excluding Auckland, over the year the national median price rose $35,000 to $495,000 or 7.6 percent while the house price index rose 6.7 percent. Over the month the median price excluding Auckland was up 1.4 percent seasonally adjusted, and the house price index fell 0.4 percent. There were record median prices in Waikato (up 9.3 percent to $550,000), Manawatu/Wanganui (up 18% to $360,000) and Southland (up 22.4 percent to $300,000). Median prices rose over the year in 13 of REINZ's 14 regions except Otago (down 0.4 percent to $463,000), the fastest rise being 22.4 percent in Southland, followed by 18.0 percent in Manawatu/Whanganui and 16.3 percent on the West Coast. Seasonally adjusted median prices fell over the month only in Hawke's Bay (down 2.2 percent), Taranaki (down 1.1 percent), Nelson/Marlborough/Tasman (down 0.9 percent) and Otago (down 7.3 percent). Sales fell in nine of

the 14 regions over the month, seasonally adjusted, while over the year, sales fell in all but one of the regions, with a national fall of 11.5 percent.

Employment



The December 2018 Household Labour Force Survey, from which the employment statistics below are derived, was affected by adjustments that make many of the changes in this quarter "unrealistic" according to Statistics New Zealand. The adjustments were due to additional questions asked with for the 2018 Survey of Working Life (last run in 2012). Statistics New Zealand advises as follows:

> Some seasonally adjusted employed and "Not In the Labour Force" (NILF) series … (eg the number of people employed, broken down by age; underemployment; and youth not in employment, education, and training series)… may show unrealistic movements this quarter. We recommend users exercise caution when considering the latest data and focus on longer-term trends. In addition, all actual employed and NILF series, including all age, ethnicity, industry, occupation, and regional breakdowns, should be used with caution.

For further details see https://www.stats.govt.nz/information-releases/labour-market-statistics-december-2018-quarter which also provides a link to a full list of affected series in HLFS data collection in DataInfo+.

The change to migration collection methods which has led to significant differences in estimates of permanent and long term migration (see below) are not yet reflected in these employment statistics. It is expected to be a year before they will be, and at that time may lead to further revisions.

★ According to the Household Labour Force Survey (HLFS) the seasonally adjusted **unemployment** rate in the March 2019 quarter fell to 4.2 percent or 116,000 people, compared to 4.3 percent three months before (120,000 people). If it were the 3.3 percent it was in December 2007, 24,000 more

people would have jobs. The seasonally adjusted female unemployment rate rose to 4.5 percent from 4.2 percent three months before, higher than for men (3.9 percent) whose unemployment rate fell from 4.4 percent. Māori unemployment fell from 9.6 percent a year before to 8.6 percent in March 2019, while Pacific people's unemployment rose from 8.3 percent to 9.0 percent over the year. Compared to OECD unemployment rates, New Zealand remained at 14th equal lowest (out of 35 countries). New Zealand's employment rate for 15-64 year olds fell from 3rd to 6th highest for the OECD at 77.4 percent.

★ **Youth unemployment** for 15-19 year olds was 20.5 percent in March 2019, down from 22.4 percent three months before, and from 19.0 percent a year before. (These and the other statistics for the whole youth population are seasonally adjusted, but those for Māori and for Pacific Peoples are not; small differences may not be statistically significant. *Take particular note of the warning in the box above.)* For Māori 15-19 year olds in March 2019, the unemployment rate was 25.3 percent, down from 25.7 percent a year before. For 15-19 year old Pacific Peoples it was 30.3 percent, up from 16.9 percent a year before. For 20-24 year olds, youth unemployment was 7.9 percent, down from 8.2 percent three months before, and down from 8.2 percent a year before. For Māori 20-24 year olds the unemployment rate was 11.5 percent, down from 12.9 percent a year before. For 20-24 year old Pacific Peoples it was 10.8 percent, down from 14.2 percent a year before. The proportion of 15-19 year olds "not in employment, education, or training" (the NEET rate) was 10.1 percent, down from 11.3 percent three months before and up from 9.8 percent a year before. For Māori 15-19 year olds the rate was 15.9 percent, down from 16.4 percent a year before and for Pacific Peoples it was 13.4 percent, down from 14.1 percent a year before. For 20-24 year olds the NEET rate was 16.0 percent, down from 16.4 percent three months before and up from 14.8 percent a year before. For Māori 20-24 year olds the NEET rate was 26.7 percent, down from 26.8 percent a year before, and for Pacific Peoples it was 23.6 percent, down from 24.7 percent a year before. For the whole 15-24 year old group, unemployment was higher for those in education (14.6 percent) than those not in education (11.1 percent). There were 88,000 people aged 15-24 years who were not in employment, education, or training (NEET), seasonally adjusted, down from 94,000 three months before, and up from 84,000 a year before.

★ By **region**, in March 2019, in the North Island, Northland had the worst regional unemployment rate at 7.1 percent, up from 5.8 percent a year before, and Manawatu/Wanganui was next at 6.5 percent unemployment compared to 6.4 percent a year before. All other North Island regions had unemployment rates at or under 5.5 percent, with Wellington the lowest at 3.7 percent (down from 4.8 percent a year before) and all but Northland, Manawatu/Wanganui, Gisborne (5.4 percent up from 5.1 percent) and Taranaki (5.5 up from 5.1) with lower rates than a year before. All South Island regions had unemployment at or below 4 percent with average unemployment among the South Island regions being 3.5 percent compared to 5.2 percent in the North Island. In Tasman/Nelson/Marlborough/ West Coast unemployment was 3.3 percent, down from 3.6 percent a year before, in Canterbury it was 4.0 percent, up from 3.5 percent a year before, in Otago it was 3.3 percent, down from 4.7 percent a year before, and in Southland 3.4 percent, up from 2.9 percent a year before.

★ There were 33,700 unemployed people in December 2018 who had been **out of work for more than 6 months** compared to 35,800 a year before. This is 27.4 percent of the unemployed compared to 28.1 percent a year before, but is still at a much higher level than the mid-2000s. Those out of work

for more than a year are 11.1 percent of the unemployed compared to 12.7 percent a year before. After rising until 2016, the proportion of long-term unemployed appears to have peaked and is moving downward.

★ The unemployed were not the only people looking for work: "**underutilisation**" includes the officially unemployed as above, people looking for work who are not immediately available or have not looked for work sufficiently actively to be classed as officially unemployed, plus people in part time work who want more hours ("underemployed"). In the March 2019 quarter there were a total of 324,000 people looking for work classed as "underutilised", or 11.3 percent of the labour force extended to include these people, in seasonally adjusted terms. Of them, 102,000 were underemployed, 116,000 were officially unemployed, and 106,000 were additional jobless people looking for work. The 11.6 percent underutilisation rate is down on the previous quarter (seasonally adjusted 12.1 percent) and down from 11.9 percent a year before. It is higher for women at 13.7 percent than for men (9.0 percent).

★ The number recorded as **employed** fell by 4,000 over the three months to March 2019 (seasonally adjusted). It rose by 38,000 over the year. The employment rate fell to 67.5 percent over the three months from 67.8 percent. It was 62.8 percent for women and 72.3 percent for men. The participation rate (the proportion of the working age population – those aged 15 years and over – either in jobs or officially unemployed) was slightly down at 70.4 percent compared to 70.9 percent three months before.

★ **By industry**, the actual increase in employment of 20,600 in the three months to the March 2019 quarter (not seasonally adjusted) was made up of both gains and losses. The largest gains were of 20,600 in Professional, scientific, technical, administrative, and support services, 5,900 in Financial and insurance services, and 4,200 in Rental, hiring, and real estate services. The largest losses were 5,200 in Education and Training, 3,500 in Transport, postal and warehousing, and 3,000 in Retail trade, accommodation and food services. Over the year, the biggest contributors to the 38,200 additional jobs were 21,500 in Professional, scientific, technical, administrative, and support services, 6,200 in Health care and social assistance and 6,000 in Financial and insurance services. The largest losses were 16,500 in Education, 13,900 in Manufacturing, and 5,000 in Construction.

★ In the March 2019 quarter, total **union membership** was estimated at 404,500, a 0.7 percent fall from 407,300 in the previous quarter and down 0.9 percent from 408,200 a year before. The membership is 18.7 percent of employees compared to 18.8 percent three months before and 19.1 percent a year before. Women make up 58.6 percent of the membership compared to being 49.6 percent of all employees. As a result, the proportion of female employees who are in unions is higher than for males: 22.0 percent compared to 15.3 percent. The rate of membership for women workers was up 0.9 percent over the year, compared to a decrease for men of 3.3 percent, with one factor being the impact of pay equity settlements. The membership changes were not evenly spread across age groups: the membership of 15-24 year olds fell 6.5 percent in the year but rose 10.5 percent in the quarter, 25-34 year olds rose 11.1 percent in the year but fell 3.4 percent in the quarter, 35-44 year olds rose 6.3 percent in the year but fell 0.5 percent in the quarter, 45-54 year olds fell 12.1 percent in the year and 1.3 percent in the quarter, 55-64 year olds fell 2.3 percent in the year and 1.6 percent in the quarter, and 65+ year olds rose 0.8 percent in the year and 2.4 percent in the quarter. Union membership growth mainly came from Public Administration and Safety, which increased

5,300 or 10 percent over the year, and Retail Trade up 2,400 or 14 percent. , Agriculture Forestry and Fishing shows as more than doubling from 1,900 to 4,700 over the year, but with such small numbers it is not yet clear whether this is a real trend or just statistical variation. Education and training fell 5,300 or 6 percent, and Health Care and Social Assistance fell 1,800 or 2 percent while Manufacturing shows as falling sharply by 10,600 or 22 percent over the year to 39,300, which again is likely to be in part statistical variation. There was a mixture of rises and falls in other industries, but they are unlikely to be statistically meaningful. There may be seasonal variations in union membership which are not yet apparent, so quarterly comparisons may not represent annual trends.

★ In the March 2019 quarter, total **collective employment agreement** coverage was estimated at 406,500 employees, which makes 18.7 percent of employees who said their employment agreement was a collective compared to 19.1 percent three months before and 19.0 percent (406,200) a year before. An estimated 69.5 percent (1,507,700) said they were on an individual agreement compared to 69.3 percent three months before and 68.1 percent a year before, and 5.2 percent or 112,300 said they had no agreement (which is illegal), compared to 5.5 percent three months before and 6.3 percent a year before. A further 6.5 percent of employees didn't know what kind of employment agreement they had. Coverage by collective agreement was 15.9 percent for men and 21.6 percent for women. All age groups except 45-54 year olds and 55-64 year olds rose in membership of collective agreements over the year, and those age groups plus the over 65s fell during the quarter. Those aged 15-24 rose 1.3 percent in the year and 0.9 percent in the quarter, 25-34 years rose 12.5 percent in the year and 0.7 percent in the quarter, 35-44 year olds rose 7.7 percent in the year and 1.1 percent in the quarter, 45-54 year olds fell 9.6 percent in the year and 2.6 percent in the quarter, 55-64 year olds fell 6.8 percent in the year and 6.3 percent in the quarter, and members aged 65+ rose 1.3 percent in the year but fell 4.4 percent in the quarter. Over the year, density rose for all age groups under 45 years, but fell for all age groups over 45. By industry, collective membership grew over the year by 4,100 or 8 percent in Public Administration and Safety, and by 2,700 or 11 percent in Retail Services. Education fell 2,800 or 3 percent, Health Care and Social Assistance fell 3,400 or 4 percent, and Manufacturing shows as falling by 8,000 or 17 percent. Other industries had a mix of increases and decreases (though they are unlikely to be statistically significant).

★ By **employment relationship**, in the March 2019 quarter, 91.0 percent of employees (1,973,400) reported they were permanent, 4.6 percent casual (100,500), 2.4 percent fixed term (51,300), 1.0 percent seasonal (20,800), and 0.4 percent employed through a "temporary agency" (9,100). The proportion reporting they were permanent was up from 89.7 percent (1,942,200) three months before and from 90.2 percent (1,930,500) a year before. Women were slightly less likely to be permanent employees: 90.1 percent of women were permanent compared to 91.9 percent of men. Instead, women were more likely to be casual (5.3 percent of them compared to 4.0 percent of men) or fixed term (2.7 percent of women compared to 2.0 percent of men). However more men were in seasonal work than women – 1.2 percent of men compared to 0.7 percent of women. Of the temp agency employees, 3,200 were men and 5,900 women. Employment relationships may have seasonal variations, so we should be cautious about seeing trends in quarterly comparisons. In addition, small differences may not be statistically significant. However, over the almost three years this data has been available the number and proportion of fixed term employees measured by this survey has fallen, starting in June 2016 with 63,600 and in March 2019 down to 51,300 though there was a sharp upturn in the last quarter of 2018. The number of Temporary Agency employees has increased

in the same period from 6,600 to 9,100, but this has been a bumpy road so it is too early to say there is a trend.

★ By **duration of employment (job tenure)**, in the March 2019 quarter, 23.4 percent of those in the labour force (including the self-employed) had been in their jobs for less than a year. Another 33.7 percent had been in their job for at least a year but less than five years, so a majority had been in their jobs less than five years. A further 16.2 percent had been in their job for at least five but less than ten years, and 25.1 percent had been in their jobs for 10 years or more. Women appeared to be somewhat more likely to have been in their jobs for a shorter time than men. For example, 26.8 percent of men had been in their jobs for more than 10 years, but only 23.3 percent of women. Age is a significant factor as would be expected: 55.6 percent of people aged 15 to 24 had been in their jobs for less than a year, and 28.8 percent of 25-34 year olds, but only 14.7 percent of 45-54 year olds and 9.3 percent of 55-64 year olds. Small differences may not be statistically significant.

- The Ministry of Social Development reports that at the end of March 2019 there were 131,720 working age people on the Jobseeker benefit, 12,965 more than a year before but 2,328 fewer than three months before. At that time, 72,185 were classified as 'Work Ready', and 59,535 were classified as 'Health Condition or Disability'. A total of 286,450 were on 'main' benefits, 13,063 more than a year before, with numbers of all other than those on Jobseeker Support relatively stable: Sole Parent Support benefits were down just 6, Supported Living Payments were up 30 and Other Main Benefits were up 74. There were 12,895 fewer on main benefits than three months earlier, mainly because of the seasonal fall in "Jobseeker Support Student Hardship" benefits, which rose to 8,934 at the end of December and then fell back to 94 at by the end of March, but also helped by the reduction in numbers on Jobseeker benefits and 1,046 fewer on Sole Parent Support. Of the 48,354 benefits cancelled during the three months to March, 20,511 or 42.4 percent of the people obtained work, 11.6 percent transferred to another benefit and 13.6 percent became full time students. A further 2,517 (5.2 percent) left on their 52 week reapplication or annual review. A total of 10,190 suffered sanctions (down 30.7 percent on a year before), the majority (8,993) on a Jobseeker benefit. Of the people sanctioned, 47.0 percent were Māori, though only 36.3 percent of working-age benefit recipients were Māori.

★ International Migration

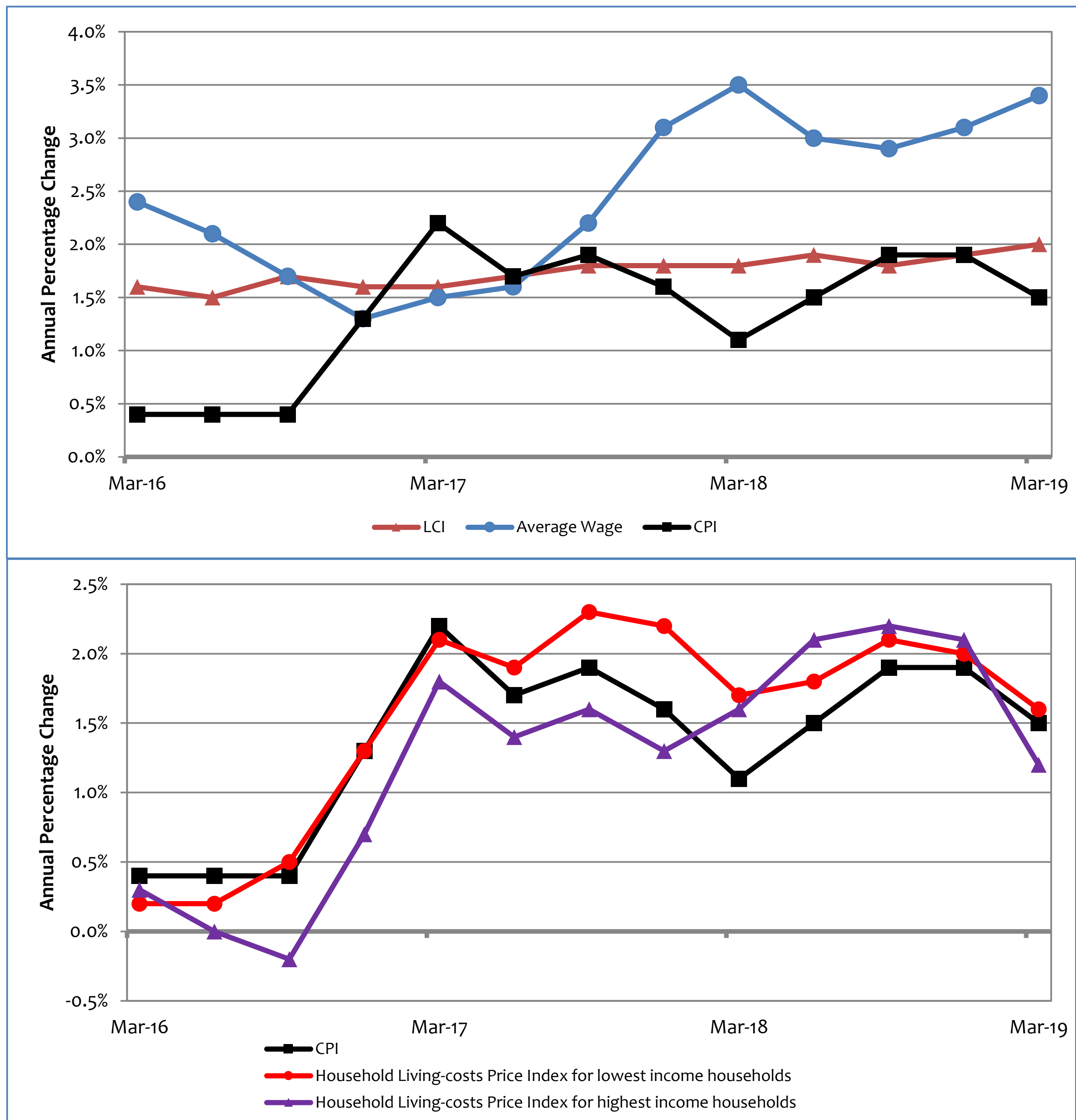
There were a provisionally estimated 12,620 permanent and long-term arrivals to New Zealand in March 2019 and 7,600 departures in seasonally adjusted terms, a net gain of 5,020 which was lower than the (revised) 5,750 estimated for the previous month. There was a seasonally adjusted net loss of 630 New Zealand citizens, compared to a loss of 280 the previous month, and a net gain of 5,650 other citizens, compared to 6,030 the month before. There was an estimated actual net gain of 56,100 migrants in the year to March, up from 50,600 in the year to March 2018. In March, 10.3 percent of the arrivals had residence visas, 14.4 percent student visas, 21.7 percent work visas, and 24.4 percent visitors. A further 27.7 percent were New Zealand or Australian citizens.

In November 2018, there was a significant change in how migration has been estimated by Statistics New Zealand. It changed from being based on intentions shown on arrival and departure cards to being based on whether they stay in New Zealand (or abroad, respectively) for at least 12 of the next 16 months. Recent data is therefore provisional for 17 months.

- Job Vacancies Online for the three months to March 2019 showed the seasonally adjusted number of job vacancies rose by 1.1 percent in the quarter and rose 5.6 percent over the same quarter a year previously. All the following are seasonally adjusted, though it should be borne in mind that many

jobs are still filled by word of mouth, social networks and through recruitment agencies rather than the job advertisements surveyed for these statistics. Over the quarter, highly skilled vacancies rose 0.8 percent while semi-skilled vacancies rose 3.1 percent and unskilled vacancies fell 1.8 percent, while over the year, highly skilled vacancies rose 6.7 percent while semi-skilled vacancies rose 4.9 percent and unskilled vacancies rose 4.8 percent. Over the quarter, vacancies in Auckland were up 0.7 percent, Bay of Plenty 3.6 percent, Gisborne/Hawke's Bay 1.7 percent, Marlborough/Nelson-Tasman/West Coast 1.3 percent, Otago/Southland 1.5 percent, Waikato 0.6 percent, and Wellington 4.7 percent, while vacancies in Canterbury were down 0.6 percent, Manawatu-Whanganui/Taranaki down 0.1 percent, and Northland down 3.5 percent. By industry for the quarter, vacancies rose fastest in IT (up 5.5 percent) and Hospitality (up 3.3 percent), while they fell 6.1 percent in Primary industries and 1.7 percent in Sales. Over the year IT also leads (up 16.1 percent) followed by Health (11.9 percent), Hospitality (5.6 percent) and Education (5.2 percent). By occupation, vacancies for Managers and for Technicians and Trades both rose by 3.0 percent over the quarter, followed by Community and Personal services up by 2.7 percent, while Sales vacancies fell 2.0 percent and Machinery drivers were down 2.3 percent. Over the year, the fastest growing vacancies were for and Community and Personal services (up 9.6 percent), followed by Professionals (up 8.2 percent), Clerical and Administration (up 7.4 percent) and Managers (up 4.9 percent).

Wages and prices



★ The Labour Cost Index (LCI) for salary and ordinary time wage rates rose 0.4 percent in the three months to March 2019 and increased 2.0 percent in the year. The annual increase was slightly higher than the 1.5 percent increase in the CPI. The LCI increased 0.5 percent in the public sector and 0.3 percent in the private sector in the three months. Over the year it rose 1.9 percent in the public sector and 2.0 percent in the private sector. Statistics New Zealand reports that "Some collective agreements pushed up annual wage inflation. For example, the nurses' collective agreement, which was signed in early August 2018, continues to push up wages. Other collective agreements in the past year included that for the New Zealand Police, as well as agreements for welfare and social workers.". During the year, 42 percent of jobs surveyed did not receive a pay rise, and 44 percent of private sector jobs got no rise. For the 57 percent of those jobs surveyed which received an increase in their salary or wage rate during the year, the median increase was 2.8 percent and the average

increase was 3.8 percent. For those jobs in the public sector that received increases during the year, the median increase was 2.4 percent and in the private sector 2.9 percent; the average increase in the public sector was 3.2 percent and in the private sector 3.9 percent. We estimate that over the year, jobs on collective employment agreements were 1.9 times as likely to get a pay rise as those which were not, and were more likely to get a pay rise of any size ranging from less than 2 percent to over 5 percent. Only 52 percent of jobs that were not on a collective got a pay rise during the year whereas the Centre for Labour, Employment and Work reports that 99 percent of those on a collective stating pay rates got a pay rise in the year to June 2018.

- ★ The Quarterly Employment Survey for the three months to March 2019 found the average hourly wage for ordinary-time work was $32.00, up 1.2 percent on the previous quarter and up 3.4 percent over the year, significantly more than the 1.5 percent rise in the CPI. Female workers (at $29.82) earned 11.9 percent less than male workers (at $33.86) for ordinary time hourly earnings. This pay deficit is the same as it was in March 2018, but has fallen slightly from 12.4 percent two years ago in March 2017. The average ordinary-time wage was $30.00 in the private sector, up 1.1 percent in the quarter and 3.7 percent in the year. In the public sector the average ordinary-time wage was $40.33 which was up 2.0 percent in the quarter and up 2.8 percent in the year. Average total hourly wages (including overtime) ranged from $20.71 in Accommodation and food services and $22.76 in Retail trade, to $45.76 in Finance and insurance services, and $40.91 in Electricity, gas, water and waste services. In Accommodation and food services, 55.1 percent of employee jobs were part time, and in Health care and social assistance 41.6 percent were part time; in Retail trade 39.2 percent were part time; 34.1 percent were also part time in Arts, recreation and other services; 25.5 percent in Education and training; 25.8 percent in Rental, hiring, and real estate services; and 22.5 percent in Professional, scientific, technical, administration and support services. Together these seven industries made up 81.2 percent of all part time work. (However the QES does not include agriculture or fishing and excludes very small businesses.)

- The Consumer Price Index (CPI) rose 0.1 percent in the March 2019 quarter compared with the December 2018 quarter. It was steady in seasonally adjusted terms. It increased 1.5 percent in the year to March, down from 1.9 percent in the year to December. For the quarter, the largest single upward influence was Alcohol and Tobacco, which rose 4.7 percent, most of which came from a 9 percent rise in Cigarettes and Tobacco prices largely due to the annual increase in excise duties. Next came Food which rose 1.2 percent, driven by a 5.4 percent increase in Fruit and Vegetable prices. Housing and household utilities (up 0.6 percent) continued to be a significant factor, mainly due to rising rents (up 0.6 percent) and the cost of new housing (up 0.7 percent, varying from 0.1 percent in Wellington to 0.3 percent in Canterbury and 0.8 percent in Auckland). Increases in housing costs also came from a further increase of 1.8 percent in house insurance and 0.1 percent in contents insurance over the quarter, though mortgage interest rates (not in the CPI) continue to fall – by 1.6 percent (note – not 1.6 percentage points) in the quarter according to Statistics New Zealand. There were also some significant negative contributions bringing down the rise in the overall index. Transport costs fell 3.7 percent from the previous quarter, largely driven by a 7 percent decrease in petrol prices and an 11.8 percent drop in international airfares. Over the year, Housing and household utilities, Alcohol and Tobacco, and Food were the three largest contributors to the rise, responsible for 51.9 percent, 21.4 percent and 16.3 percent of the rise respectively. In Housing and household utilities, which rose 3.0 percent overall, rents rose 2.4 percent, purchase of new housing rose 3.9 percent, property maintenance rose 2.2 percent, property rates and related services rose 4.6

percent, and household energy rose 2.7 percent. In addition, house insurance rose 13.1 percent and contents insurance rose 2.4 percent though mortgage interest fell 3.4 percent. In Food, which rose 1.3 percent overall, the biggest impact was an increase in prices for restaurant and ready-to-eat meals, up by 2.9 percent, followed by grocery food prices, up by 1.1 percent, and the cost of meat, poultry, and fish up by 2.1 percent. Rents rose fastest in Wellington (up 3.3 percent for the year) and slowest in Canterbury (up 0.6 percent for the year). In seasonally adjusted terms, CPI showed no increase over the last three months, Food rose 0.2 percent, Alcoholic beverages and tobacco rose 1.6 percent, Clothing and footwear rose 0.4 percent, Housing and household utilities rose 0.8 percent, Communications fell 0.9 percent, Recreation and culture fell 0.3 percent, and Education rose 0.8 percent. Over the year, in Auckland consumer prices rose 1.2 percent, in Wellington they rose 1.3 percent and they rose 1.6 percent in the North Island other than Auckland and Wellington. Inflation in Canterbury for the year was 1.7 percent and prices rose 1.8 percent in the rest of the South Island.

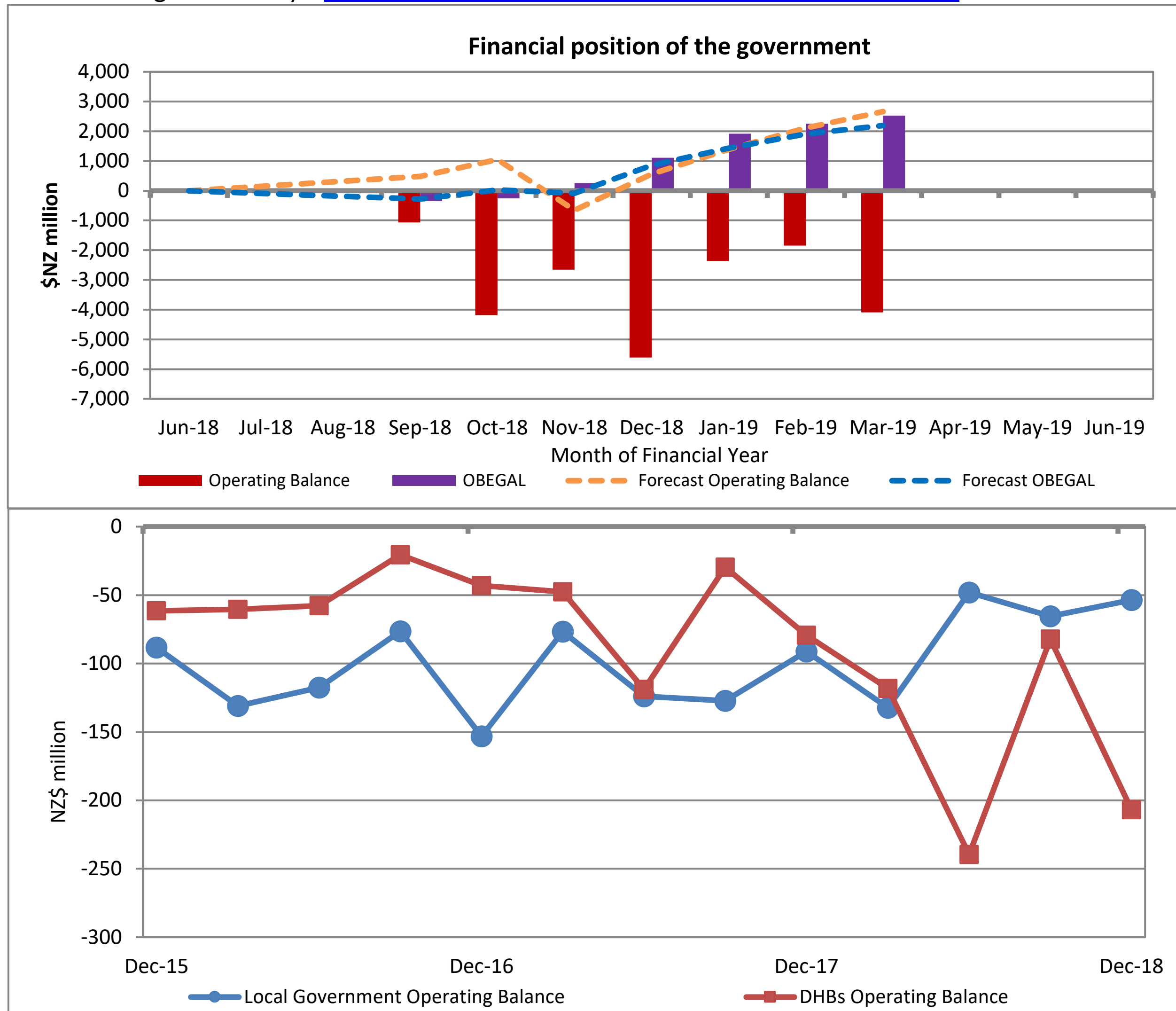
- The Household Living-costs Price Indexes (HLPIs) for the year to March 2019 showed a return to a trend of lower income households facing the highest increases in living costs. The lowest income households experienced a 1.6 percent increase in living costs over the year while the highest income households saw an increase of only 1.2 percent (compared to rises of 2.0 percent and 2.1 percent respectively in the year to December). By expenditure, the lowest spending households had their living costs increase by 1.7 percent over the year while the highest spending households had an increase of 1.1 percent. Over the year, the All-households HLPI rose 1.4 percent, the Beneficiary households index rose 1.8 percent, the Māori households index rose 1.4 percent, and the Superannuitant households index rose 1.8 percent. By income quintile, the index for the lowest income households (quintile 1) rose 1.6 percent, quintile 2 rose 1.4 percent, quintile 3 rose 1.2 percent, quintile 4 rose 1.2 percent, and quintile 5 (the highest income) rose 1.2 percent. Ranking households by expenditure quintile showed a similar pattern, as the costs of the lowest spending quintile (quintile 1) rose by 1.7 percent, quintile 2 rose by 1.6 percent, quintile 3 rose by 1.3 percent, quintile 4 rose by 1.2 percent, and quintile 5 (the highest spending) rose by 1.1 percent. Over the quarter, the All-households HLPI rose by 0.1 percent, the Beneficiary households index rose 0.6 percent, the Māori households index rose 0.4 percent, and the Superannuitant households index rose 0.3 percent. By income quintile, over the quarter the index for the lowest income households (quintile 1) rose 0.3 percent, quintile 2 rose 0.1 percent, quintile 3 rose 0.1 percent, quintile 4 rose 0.0 percent, and quintile 5 rose 0.0 percent. By expenditure quintile, the index for the lowest expenditure households (quintile 1) rose 0.5 percent, quintile 2 rose 0.3 percent, quintile 3 rose 0.1 percent, quintile 4 fell 0.2 percent, and quintile 5 fell 0.2 percent.

HLPIs show price increases like the CPI (above) but are designed to be better at showing the costs faced by households, and to show the different costs faced by fourteen different types of households. See the commentary in the November 2016 Bulletin for more detail. Weights reflecting the proportion of different products bought by households were updated starting from the December 2017 release.

- ★ The Food Price Index fell 0.1 percent in the month of April 2019 in both actual and seasonally adjusted terms. Food prices rose 1.0 percent in the year to April 2019. Compared with the previous month, fruit and vegetable prices fell 2.4 percent (and were down 1.2 percent seasonally adjusted); meat, poultry, and fish rose 0.5 percent; grocery food prices rose 0.2 percent (and were up 0.2 percent seasonally adjusted); non-alcoholic beverage prices fell 0.6 percent; and restaurant meals and ready-to-eat food prices rose 0.9 percent. (There are no significant seasonal effects for the categories without a seasonal adjustment.)

Public Sector

- According to Treasury's Financial Statements of the Government of New Zealand for the nine months



to 31 March, core Crown tax revenue was $542 million (0.9 percent) lower than forecast in the December 2018 Half Year Economic and Fiscal Update (HYEFU 18). This was mainly because corporate tax was $0.2 billion below forecast, and GST was $0.4 billion below forecast primarily due a timing issue. Overall core Crown revenue was $475 million or 0.7 percent below forecast. Core Crown expenses were $583 million (0.9 percent) below forecast, of which $0.2 billion was due to education spending being lower than expected due to "demand-driven factors across all sectors", and Social assistance benefits were also below forecast. The resulting $2.5 billion surplus in the Operating Balance before Gains and Losses (OBEGAL) was $329 million more than forecast. This was "primarily driven by the Crown Entity sector with the largest impact relating to the Earthquake Commission". Meanwhile the Operating Balance, a $4.1 billion deficit, was $6.8 billion below the forecast $2.7 billion surplus. This was driven by net losses of $6.7 billion largely due to reductions in the discount rate used to value long term liabilities (such as for future ACC claims) and unfavourable movements in exchange rates. Net debt at 20.6 percent of GDP ($60.5 billion) was $0.9 billion lower than forecast. Gross debt at $85.4 billion (29.1 percent of GDP) was $1.9 billion above forecast. The Crown's net worth in financial terms was $7.0 billion lower than forecast at $125.9 billion, mainly due to the lower operating balance. Note that the above debt figures are for the Core Crown; total debt was $12.5 billion, $1.1 billion (1.0 percent) lower than forecast.

- District Health Boards had 801 fewer full time equivalent staff than planned at the end of January 2019 (66,660 compared to 67,461 planned). Only Nursing Personnel had more staff (299) than planned, but these were offset by shortfalls in Medical Personnel (doctors) who were 222 fewer than planned, Allied Health Personnel (547 short), Management/Administration staff (222 short), and Support Personnel (110 short). Average costs per full time equivalent staff were very close to plan ($99,900 compared to $99,100 planned). The DHBs had accumulated combined deficits of $230.5 million in the six months to January 2019. This is $37.2 million worse than their plans. The Funder arms were in surplus by $60.7 million, $27.8 million more than the $32.9 million surplus planned, and Provider arms (largely their hospitals) in deficit by $293.8 million, $67.0 million worse than planned. The Northern region was $10.4 million behind plan with a deficit of $52.5 million and all four DHBs in deficit including Counties Manukau with a $29.2 million deficit. The Midland region was $12.0 million behind plan with a deficit of $60.1 million and all of the five DHBs in deficit including Waikato with a deficit of $33.5 million. Central region was $5.0 million behind plan, with a combined $42.9 million deficit and all of the six DHBs in deficit. The Southern Region was $9.8 million behind plan with a $74.9 million deficit and all five DHBs in deficit, with Canterbury showing a $47.6 million deficit and Southern $22.8 million. Overall, none of the 20 DHBs were in surplus and only four were ahead of plan. The DHB furthest ahead of plan was Hutt Valley by $3.9 million though with a deficit of $2.0 million, and Auckland was furthest behind, by $11.2 million with a deficit of $11.4 million. Capital expenditure across all DHBs was $154.8 million behind plan with $229.0 million spent out of $383.8 million planned.
- Local Government in the December 2018 quarter recorded a 0.5 percent ($14.1 million) rise in operating income in seasonally adjusted terms and a 0.1 percent rise in operating expenditure ($2.2 million) including a 2.4 percent rise in employee costs (up $14.5 million) compared to the previous quarter. This resulted in an operating deficit of $53.7 million in the quarter, compared with a deficit of $65.5 million in the previous quarter, and deficits in all the quarters back to June 2007 with the exception of June 2010. Note that the latest quarter results are provisional and all are seasonally adjusted figures which are revised with each release.

Notes

This bulletin is available online at http://www.union.org.nz/economicbulletin210. For further information contact Bill Rosenberg.