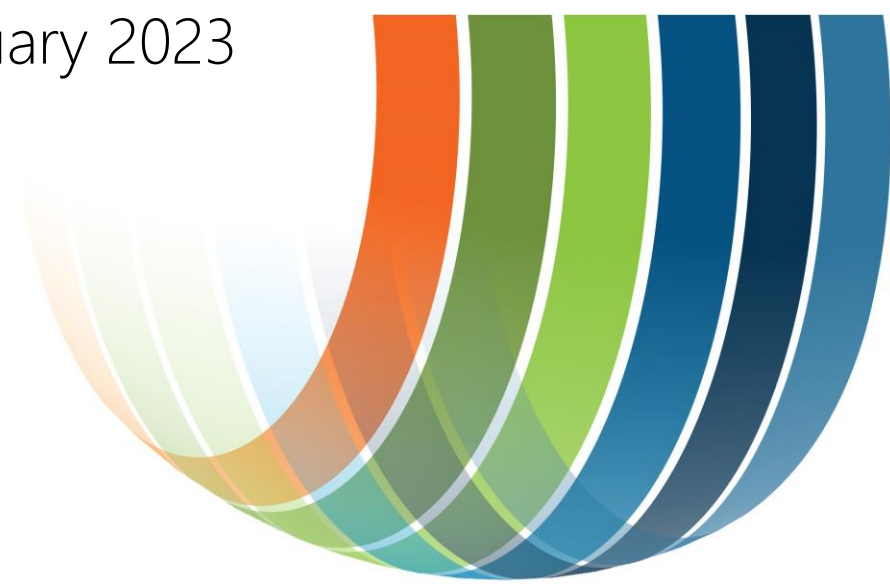


Southland Region Baseline Report for **Beyond 2025 Southland**

February 2023



Authorship

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Executive summary

Introduction

This report analyses the Southland Region through four lenses to provide a baseline assessment for the Beyond 2025 Southland programme. The four lenses include population; housing; education, work and incomes; and economy. We explore a number of indicators for Southland Region, analysing how the territorial authorities compare to one another, and how the region compares to New Zealand. We also explore how these indicators have changed over time.

Population generally older and less diverse

The Southland Region estimated population totals 102,400 as of 2022. This is an increase of 3,550 people (3.6%) from the estimated population of 98,850 in 1996.

Southland Region has a slightly higher proportion of people aged over 65 (18.3%), compared to New Zealand (16.4%). The population has been aging over time, as the share of people aged 40 and over has lifted from 39.5% in 1996, to 50.4% in 2022.

The 2018 Census indicates that Europeans comprise a higher share of Southland Region (87%) than New Zealand (70%). Māori account for a slightly smaller share of the Southland Region population (15%) compared to New Zealand (17%).

Southland's population faces lower rates of crime and deprivation than New Zealand overall, although residents greater deprivation in terms of access to services, reflecting the rural nature of the region.

Rents and house prices relatively affordable

The average house value in Southland Region is \$471,755, 54% below the New Zealand average of \$1,021,171. The average rent in the Southland Region is \$342p/w, 33% below the New Zealand average of \$509p/w. Given more affordable housing, it is unsurprising that the home ownership rate in Southland Region (69.6%) is above the national average (64.5%). Construction activity has also picked up in Southland over the past three years, adding to housing supply.

A slightly lower share of Southland Region dwellings are occupied, with 88% occupancy compared to the New Zealand average of 90%. Southland households also have lower internet access, with 80.5% of Southland households reporting internet access in 2018, compared to 86.1% nationally.

Low but increasing qualification levels

Qualification levels in Southland Region are generally lower than in New Zealand. A higher proportion of the New Zealand population has a qualification level past high school (43.5%), i.e., certificate or university degree, compared to Southland Region (34.0%).

The majority of qualifications completed at Southland Region tertiary institutions are at the Level 1-3 Certificate level. In 2021, Southland Region accounted for 2.2% of total tertiary institution qualifications in New Zealand, but 5.1% of agriculture related

qualifications. Southland Region also represents a disproportionately high number of food, hospitality, and food services tertiary qualifications (8.7%).

Household incomes are generally lower in Southland Region than in New Zealand overall. There is a higher proportion of households earning under \$50k in Southland Region (42%) compared to New Zealand (34%), and a slightly lower benefit dependency ratio to the national average.

Agriculture, forestry and fishing, and manufacturing, are the largest industries for employing residents in the region, and in all three territorial authorities. Southland workers face notably shorter commutes (8.6 minutes) than the national average (11.2 minutes).

Strong labour market, economy driven by agriculture

The unemployment rate in Southland Region has been generally lower than in New Zealand. Over the year to March 2022, the unemployment rates in Southland Region and New Zealand were 3.2% and 3.4% respectively.

The agriculture, forestry, and fishing industry has added 520 jobs to workplaces in Southland Region between 2016 and 2021. During this five-year period, 425 jobs were added in the health care and social assistance industry, 320 in manufacturing, and 250 in construction. Low-skilled work makes up the largest proportion of employment in Southland Region, making up 39.8% of total employment as of 2022.

Infometrics estimates suggest that the agriculture, forestry, and fishing industry accounted for 22.3% of Southland Region's GDP in 2021, followed by manufacturing (14.4%), electricity, gas, and wastewater services (6.0%), construction (5.3%), and health care and social assistance (5.0%).

Businesses with between 6 and 19 employees have taken up a larger proportion of business size composition in recent years. The composition of business sizes across Southland Region and New Zealand as a whole are very similar, although average business size is slightly smaller in Southland (3.9 employees per business), than New Zealand (4.4).

Introduction

Beyond 2025 Southland commissioned Infometrics to produce this report, as part of a wider package of reporting on the Southland Region down to sub-district level and forecasting. This report provides a baseline for the region, including historical trends a summary of the region using the latest available data.

This report is structured into four main lenses through which to explore the Southland Region – population; education, work and income; housing; and economy. This is supplemented with an executive summary and list of data sources.

Approach

We have assembled and analysed data from a range of sources. This regional report includes a broad range of indicators, with a narrower range used in the related district and sub-district reports which reflects limitations in data availability. Data is primarily sourced the Stats NZ Census, and is supplemented by further data sourced from a range of public sector agencies. We have also used a number of our own estimates, which are in turn derived from Stats NZ and public sector agency data. The full list of data sources is detailed in Data sources.

The latest available Census data is for 2018, which pre-dates the COVID-19 pandemic, but is the most recent and detailed data for district and sub-district areas in many cases. The next Census will be conducted in 2023, however, it can take over a year for data outputs to be published.

Data which is built up from very small areas can be skewed by rounding and suppression, for example, with rates at a district-wide level being inconsistent with rates at an SA2 level. To ensure a consistent comparison in this report, we have used SA2 based data to build up estimates at a district and regional level. This means that the district-wide figures in this report may vary to those published elsewhere.

Geography

This report is focused on the Southland Region, which encompasses the area of three territorial authorities – Invercargill City, Gore District and Southland District.

Population

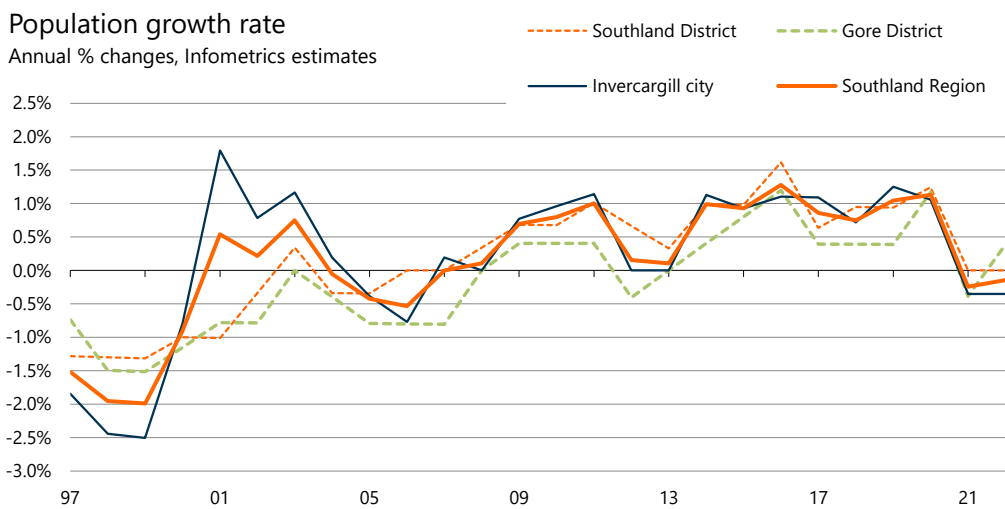
Population

The Southland Region population totals 102,400 as of 2022. This is an increase of 3,550 people (3.6%) from the population of 98,850 in 1996. Southland Region accounts for 2.0% of the New Zealand population as of 2022, a 0.6 percentage point decline from 1996, when the region made up 2.6% of the national population.

Population growth in Southland was persistently negative through the late 1990's and mid 2000's, turning positive in 2008 with approximately 0.7%pa growth thereafter. For comparison, the New Zealand population has been growing at around 1.3%pa since 2008.

Despite a decline of 400 people between 2020 and 2022, there was a net increase of 6,600 people in Southland Region between 2012 and 2022.

Figure 1

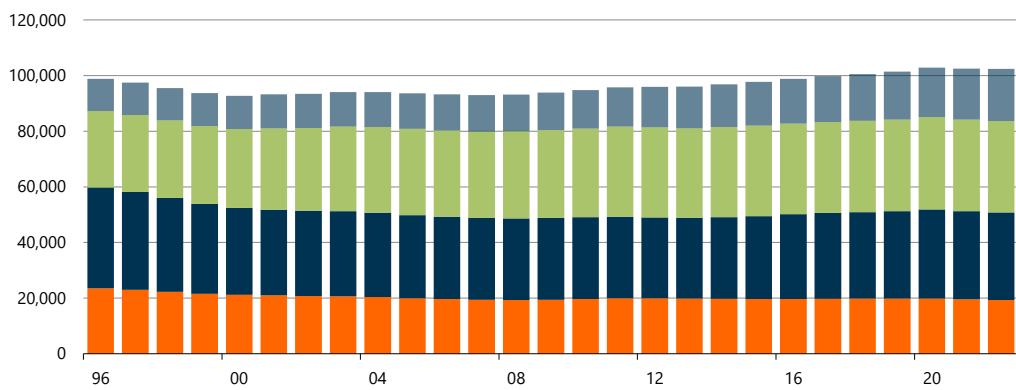


65-plus age group growing across region

The age composition of Southland Region is very similar to New Zealand overall. Southland Region has a slightly higher proportion of people aged 65 or older (18.3%), compared with New Zealand (16.4%). The population has been aging over time, as the share of people aged 40 and over has lifted from 39.5% in 1996, to 50.4% in 2022. Over 1996-2022, the number of people aged 65-and-over increased by 62%, and the number of 40-64-year-olds increased by 19.6%. In the same period, the number of 15-39-year-olds has fallen by 13.1%, and the number of under 15's by 18%.

Figure 2

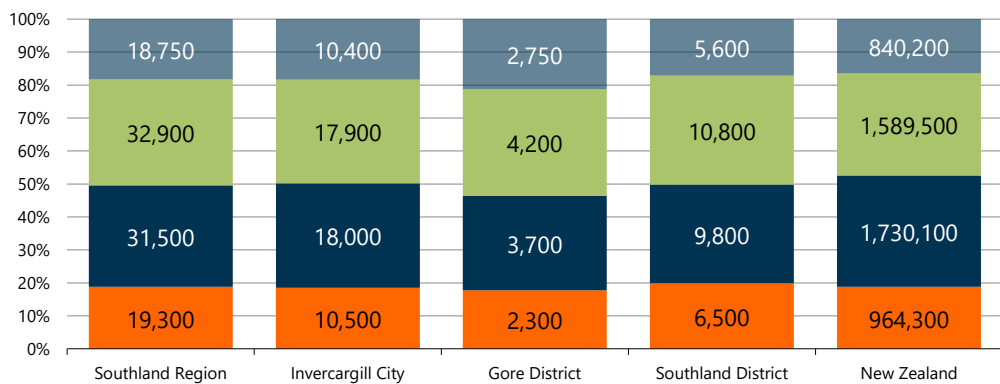
Population age structure in Southland Region
Estimated Resident Population, Stats NZ 2022



The populations in Southland District, Gore District, and Invercargill City are structured similarly, with rapidly growing numbers of people aged 65-and-older. Over-65's are most concentrated in Gore District, making up 21.2% of the 2022 resident population (Figure 3). This cohort makes up 18.3% and 17.1% of the Invercargill City and Southland District populations respectively. Southland District has the largest concentration of under 15's, at 20% of the 2022 population. This cohort makes up 18.5% and 17.7% of the Invercargill City and Gore District populations respectively.

Figure 3

Population age structure in Southland Region
Estimated Resident Population, Stats NZ 2022



Highest concentration of Māori in Invercargill City

The ethnic composition of Southland Region is less diverse than New Zealand overall (Figure 4). The 2018 Census indicates that Europeans comprise a higher share of Southland Region (87%) than New Zealand (70%). Māori account for a slightly smaller share of the Southland Region population (15%) compared to New Zealand (17%). The Asian ethnic group accounts for 15% of the overall New Zealand population, but only 6% of the Southland Region population.

The Asian population in Southland Region grew by 2,600 people (90% increase) between 2013 and 2018. Strong growth in the Asian population was recorded across all three territorial authorities. The Asian population grew most rapidly in Invercargill (105% increase), followed by Gore District (83% increase), and Southland District (71% increase). Southland District has the highest concentration of Asian people, at 6.2%. The Asian ethnic group makes up 3.1% and 5.7% of the Gore District and Invercargill City populations respectively.

Between 2013 and 2018, the Māori population increased by 2,900 people (25% increase), and the Pacific ethnic group grew by 606 people (32% increase). In the same period, the European population grew by only 6%, causing the European share of the population to fall by 2.4 percentage points.

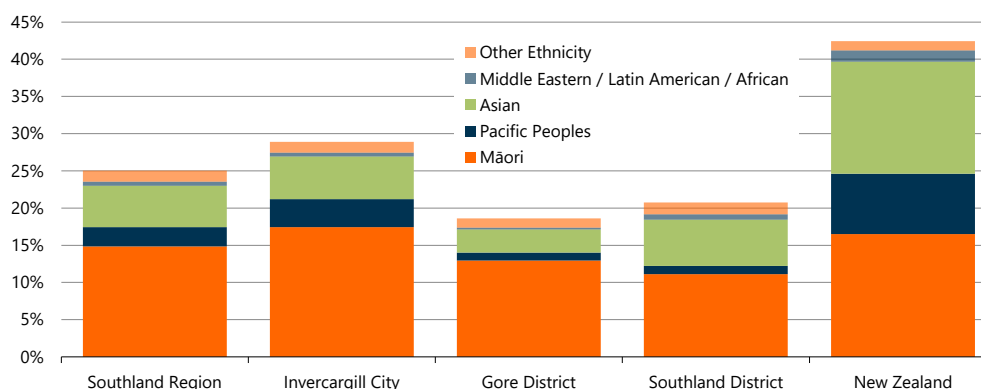
The Māori population grew most rapidly between 2013 and 2018 in Gore District, recording a 28.0% increase. The number of Māori rose 25.5% in Invercargill City, and 21.3% in Southland District. The highest concentration of Māori is in Invercargill City (17.4%), followed by Gore District (12.9%) and Southland District (11.1%). Overall, Invercargill City is the most diverse, and Gore District the least.

Note that people can identify with more than one ethnicity, so ethnic shares of the population add up to greater than 100%.

Figure 4

Non-European ethnicities in Southland Region

% of population identifying with non-European ethnicities, Stats NZ 2018 Census



Growth slowed by negative internal migration, ageing population

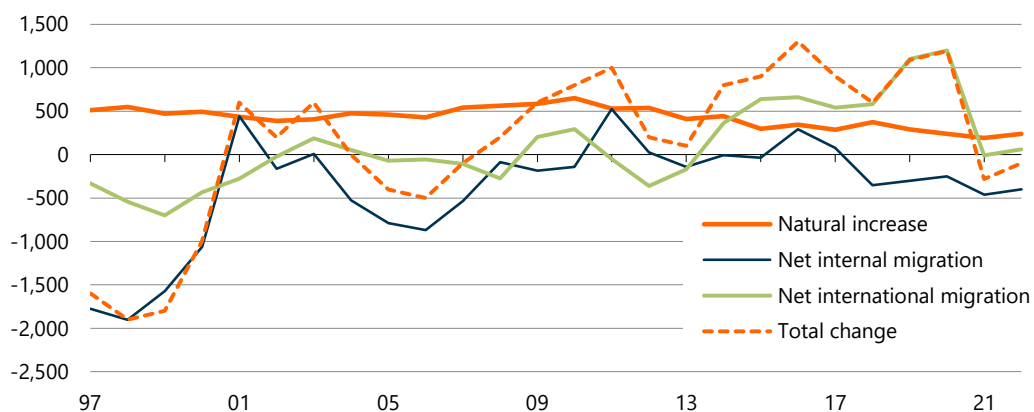
Population growth in Southland Region tends to be driven by a combination of net international migration and natural increase, based on Infometrics analysis of Stats NZ subnational population estimates (Figure 5). Net internal migration has been persistently negative since 2018, meaning more people were leaving Southland Region to go to other parts of New Zealand, than were moving into Southland from other parts of New Zealand. In the years prior to the pandemic, net international migration has been strong at around 600 people per year. International migration spiked in 2020 as New Zealanders living internationally returned home before border closures. Natural increase, the difference between births and deaths, remains positive, but is falling over time as the population ages. We expect the population of Southland Region will continue to grow, but at a slower rate as natural increases continue to ease and more New Zealanders migrate out of the region. The same is true of New Zealand as a whole - the rate of natural increase has been slowing down. Population growth has been supported by positive net international migration between 2013 and 2021, which then turned negative after the onset of the pandemic.

Population growth in Southland District and Invercargill City has similarly been slowed down by negative net internal migration. Gore District has seen modest internal migration gains in the past few years, but this has not been enough to prevent overall declines in internal migration in the region. Natural increase has eased in all three territorial authorities, even slipping into negative in Gore District, meaning deaths began to outnumber births. Net international migration numbers have been strong across the region.

Figure 5

Components of population change in Southland Region

Infometrics estimates



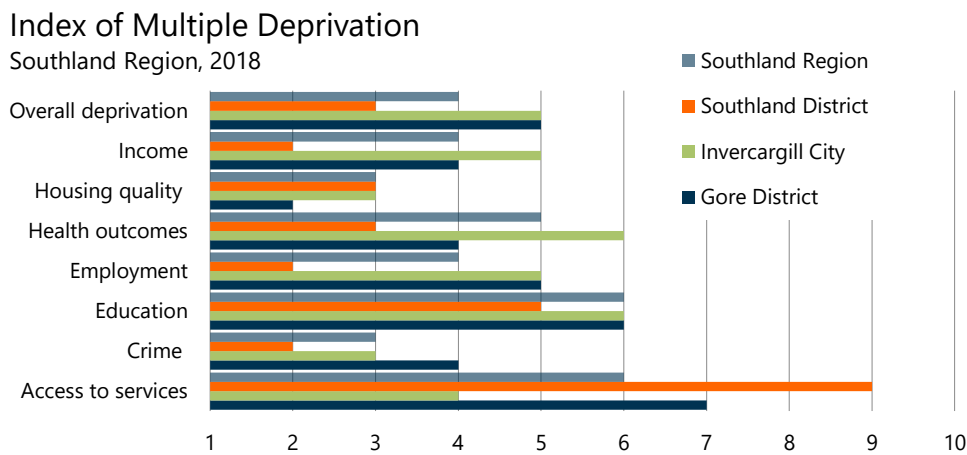
Southland Region relatively less deprived

The Index of Multiple Deprivation (IMD) identifies deprivation across seven domains, which is useful for understanding each community’s strengths and weaknesses in terms of deprivation. IMD scores are given as deciles, with 1 representing the least deprivation and 10 representing the most, relative to New Zealand overall. IMD scores are estimated by the University of Auckland based on data from the Census, health, Police and other agencies.

The overall IMD rank for Southland Region is 4, meaning Southland Region is slightly less deprived relative to New Zealand as a whole (Figure 6). Southland Region scores worse in the access and education domains, both with rank 6. This score means Southland Region residents tend to have more inconvenient access to institutions like doctors, schools, and supermarkets, as well as lower education outcomes. Southland Region scores best in the crime and housing domains, both with rank 3, meaning that crime rates and housing quality are better than the national average.

Gore District and Invercargill City both score 5 for overall deprivation, meaning they fall in line with the national average. Southland District is relatively less deprived, with rank 3 overall. Access to services is particularly poor in Southland District and Gore District, reflecting the relatively remote nature of these areas.

Figure 6

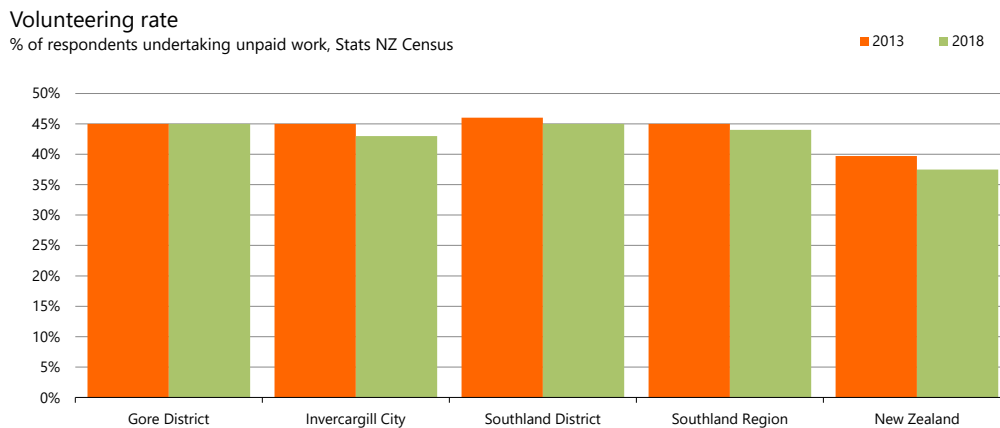


Volunteering rate 44%

The volunteering rate in Southland Region (44%) is above the national average (37%) (Figure 7). This measures the proportion of respondents who undertake volunteering through any organisation, as well as respondents who help look after people outside of their own household, such as children or someone with a disability.

The Southland Region volunteering rate fell one percentage point from 45% in 2013. Volunteering rates are well above the national average across the region, at 45% in both Gore District and Southland District, and 43% in Invercargill City.

Figure 7



Crime numbers fairly steady

We have measured crime based on victimisations, which are the number of instances of crime reported with a distinct victim, based on data from NZ Police. Crime numbers below are absolute counts of victimisations.

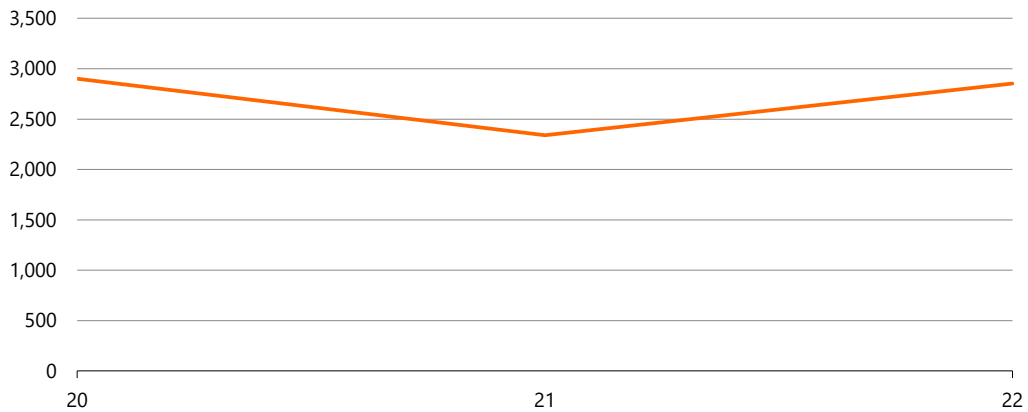
The number of victimisations reported in Southland Region remained fairly level from 2,902 in 2020 to 2,854 in 2022 (Figure 8). Southland Region accounted for 1.2% of victimisations in New Zealand in 2022. Because Southland Region accounts for 2% of the New Zealand population, this suggests crime in Southland Region is relatively low.

There were 317 victimisations recorded in Gore District in 2022, 549 in Southland District, and 1,988 in Invercargill City. Crime numbers have remained fairly level from 2020 in all territorial authorities.

Figure 8

Crime victimisations in Southland Region

Number of crime victimisations based on location of crime



Slightly less active compared to NZ

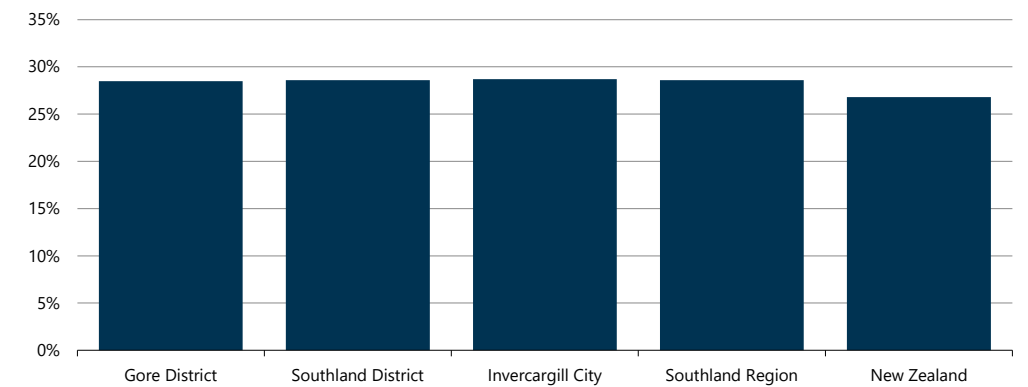
Data from the Sport New Zealand 'Active NZ' survey indicates that Southland Region has a slightly higher level of inactivity (28.6%) than the national average (26.8%) (Figure 9). Inactivity levels are fairly consistent across Gore District (28.5%), Southland District (28.6%), and Invercargill City (28.7%).

These figures measure the proportion of respondents that did no physical activity specifically for the purpose of sport, exercise, or recreation in the seven days preceding the survey.

Figure 9

Physically inactive adults

% of adults who reported no physical activity in past week, Sports NZ 2020



Population summary

Southland Region overall has an increasingly diverse and ageing population. Invercargill City is the most diverse, with 29% of the population belonging to a non-European ethnic group (Table 1). Gore District has the largest concentration of people aged 65 and older (21%), and Southland District has the highest concentration of under 15's (21%). Crime victimisations are given as absolute counts, however victimisations per capita (2022 victimisations divided by estimated population) is highest in Invercargill City.

Table 1

Summary of Southland Region population indicators

Area	Population (2022)	Population under 15 years (2022)	Population 65+ (2022)	Non-european ethnicity (2018)	Index of multiple deprivation (2018)	Crime victimisation (2022)
Gore District	13,000	18%	19%	19%	5	317
Invercargill City	56,800	18%	18%	29%	5	1,988
Southland District	32,600	21%	15%	21%	3	549
Southland Region	102,400	19%	18%	25%	4	2,854

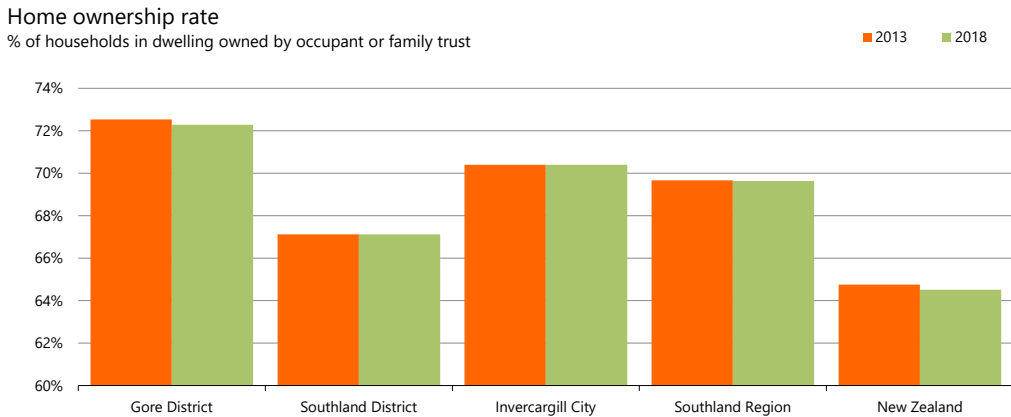
Housing

Home ownership rate fallen slightly

The home ownership rate measures the proportion of households living in a dwelling owned by an occupant or their family, based on Stats NZ Census responses. The home ownership rate in Southland Region (69.6%) is above the national average (64.5%) (Figure 10).

Between 2013 and 2018, the home ownership rate remained level in both Southland Region and New Zealand. Gore District has the highest home ownership rate within Southland Region, at 72.3%. Invercargill City and Southland District follow, with home ownership rates of 70.4% and 67.1% respectively.

Figure 10



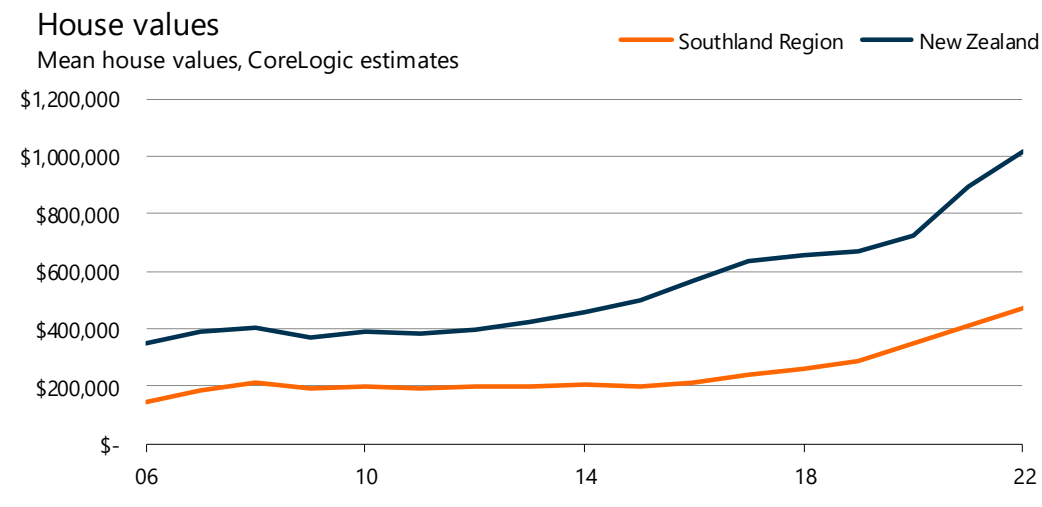
House values half of national average

CoreLogic estimates indicate that the average house value in Southland Region is \$471,755, 54% below the New Zealand average of \$1,021,171 (Figure 11). The average house value in New Zealand is dragged upwards by more expensive areas such as Auckland. Within Southland Region, house values are highest in Southland District, at an average of \$485,407. The average house value in Invercargill City is \$478,617. Gore District has the most inexpensive average house value, at \$402,180.

Houses include residential lifestyle blocks, which could drive up values in Southland District. Buildings on farms are classified by the nature of the building, so farmhouses will be considered in the average house value, but sheds or stables are excluded. Compositional differences, such as a higher prevalence of attached dwellings and flats in the more urban areas of Invercargill and Gore will drag down their average house values.

House prices are accelerating faster in New Zealand than in Southland Region. In the ten years to March 2022, house values increased an average of 8.8%pa in Southland Region, and 9.9%pa in New Zealand overall.

Figure 11



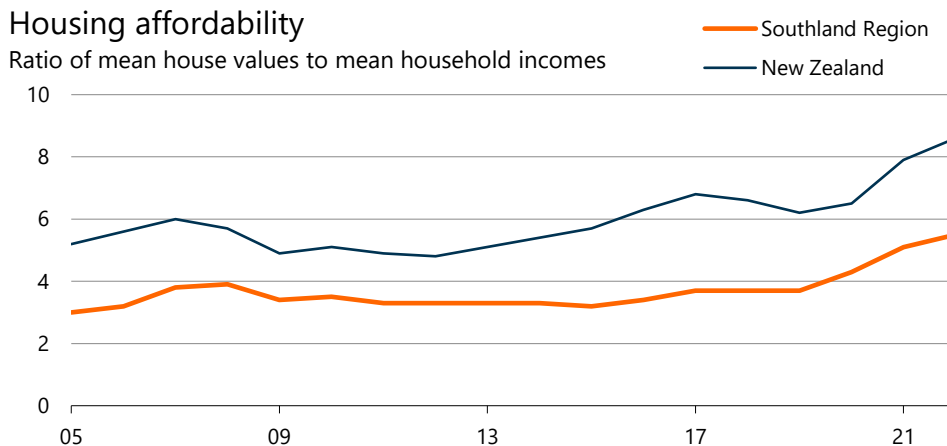
Housing relatively affordable

Infometrics housing affordability ratio is the ratio of the average current house value (from CoreLogic) to average household income (Infometrics estimates) in each area. Incomes are gross, including benefits, but before tax or accommodation supplements. A higher ratio suggests that houses cost a greater multiple of typical incomes, indicating lower housing affordability.

The housing affordability ratio has generally increased over time, at an accelerated rate between 2019 and 2022 (Figure 12). Housing is similarly affordable across Southland Region: Gore District and Invercargill City have an index of 5.4, while Southland District and the region overall sit at 5.5. The New Zealand index of 8.6 indicates that houses are considerably less affordable nationally.

The effect of interest rates on affordability is not captured with this metric. Although rising interest rates have contributed to affordability and offset the benefit of falling house prices, they effect all areas of New Zealand the same way. Individual regions are, however, able to influence their local housing affordability through economic development and changes to land supply.

Figure 12

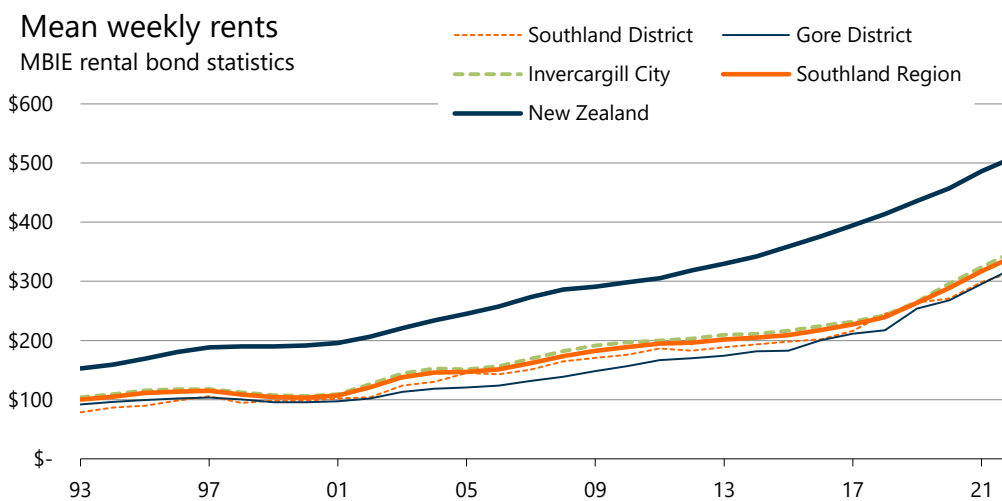


Rents lowest in Southland District

The average rent in the Southland Region is \$342p/w, 33% below the New Zealand average of \$509p/w, based on MBIE rental bond statistics (Figure 13). Rent growth has accelerated since 2016. In Southland Region, rents have increased by an average of 7.8%pa in the last six years, compared to 3.0%pa in the previous six years (2009-15). This growth is slightly faster than the 5.2%pa increase in New Zealand from 2016-22.

Average rents are fairly consistent across Southland Region. Southland District is the most inexpensive at \$316p/w, followed by Gore District (\$322p/w) and Invercargill City (\$350p/w).

Figure 13



Rental affordability slightly better than national average

Infometrics rental affordability ratio is the ratio of average rent (MBIE rental bond statistics) to average household income (Infometrics estimates). Incomes are gross, including benefits, but before tax or accommodation supplements. A higher ratio suggests that average rents are a greater proportion of typical incomes, meaning lower rental affordability.

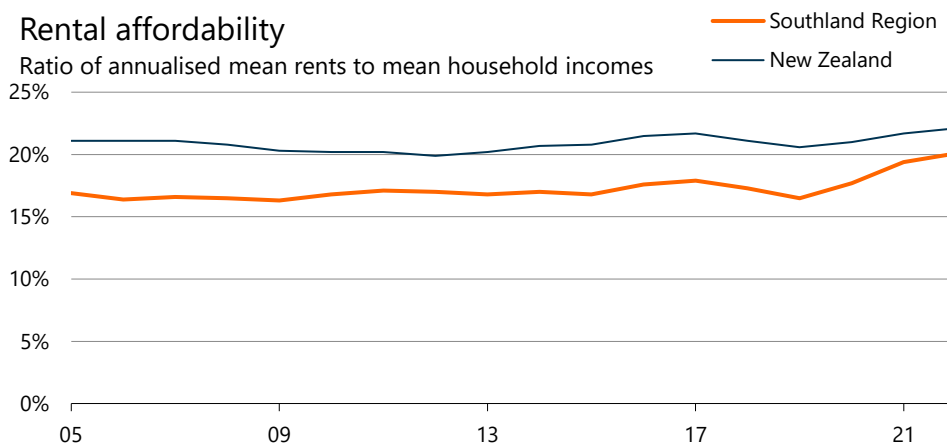
The 2022 Southland Region ratio of 20% means that a fifth of a household's income is spent on rent, on average (Figure 14). This figure is slightly below the national ratio of 22%. The rental affordability ratio has generally increased over time across Southland Region, at a faster rate than in New Zealand overall. In the last ten years, the Southland Region rental affordability ratio has lifted by 3 percentage points, and the national ratio has risen by 2 percentage points.

These ratios reflect that although Southland Region is generally more affordable for renting, it is quickly becoming less affordable. The number of households earning over \$30k increased by 20% over 2013-18 in New Zealand while remaining level in Southland Region. The more rapid decline in Southland Region rental affordability can be

attributed to the fact that rents are increasing slightly faster in Southland Region than New Zealand (as detailed in previous section), and incomes are increasing slower (further detail in education, work, and incomes section).

Southland District is the most affordable territorial authority in Southland Region for renting, with a ratio of 18%. This is followed by Invercargill City at a ratio of 20%, and Gore District at 22%.

Figure 14



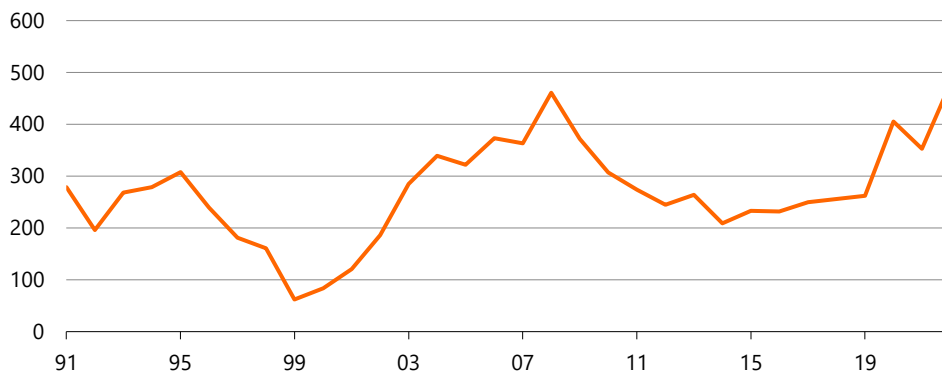
Strong residential consent numbers

Stats NZ figures indicate that Southland Region accounted for 0.9% of the 51,000 residential consents issued in New Zealand in the year to March 2022. These consents include standalone houses, as well as attached dwellings such as townhouses and apartments. Consent numbers eased from an earlier peak of 461 in 2008, but have been rising again since 2015, reaching 480 in 2022 (Figure 15).

This growth is largely driven by Invercargill City, which issued 277 consents in 2022, and has typically issued 100-200 consents per year in the past ten years. Southland District issued 170 consents in the year to March 2022, and typically issues 60-150 per year. There were 33 consents issued in Gore District in the year to March 2022 - usually, the district issues 20-40 per year.

Figure 15

New dwelling consents in Southland Region



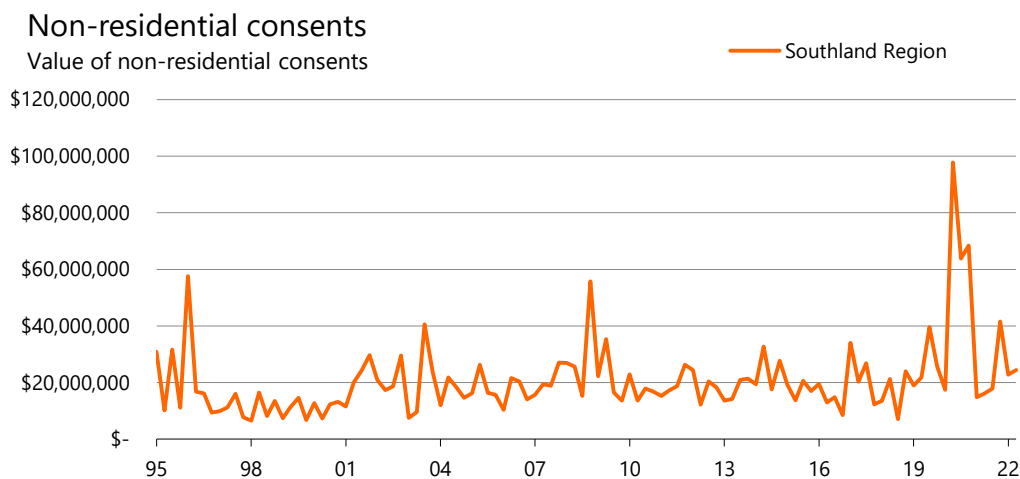
Non-residential consent values high in recent years

Stats NZ figures indicate non-residential building consents to the value of \$106.7 million were issued in Southland Region during the year to June 2022 (Figure 16). This accounts for 1.2% of the \$9b in consents issued in New Zealand in the June year. We note here that non-residential consent figures will include non-dwelling farm buildings, such as sheds and stables.

The value of consents in Southland Region fell by 35% in the year to June 2022, compared to a year earlier. This decline came primarily from Invercargill City, where the value of consents fell by 54% in the year to June 2022, as compared to a year earlier. In Gore District, consents rose 75% over the June year. In Southland District, consents rose 5.8%. This reflects the varied nature of non-residential consent building across Southland Region; modest growth in Gore District consents were not enough to make up for the large decline in Invercargill City. In comparison, the value of consents increased by 16% in New Zealand over the June year.

As Southland Region's central urban hub, Invercargill City primarily drives non-residential consents. Of the \$24.5m in consents issued in the June 2022 quarter, \$12.8m of this was in Invercargill City. There were \$8.6m worth of non-residential consents issued in Southland District in the June 2022 quarter, and \$3.0m in Gore District.

Figure 16



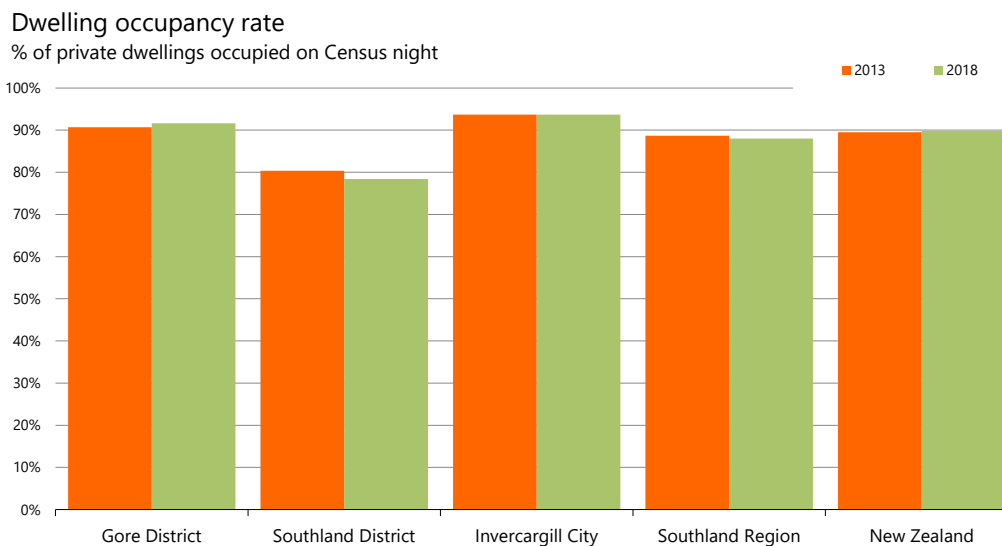
Dwelling occupancy below national average

Dwelling occupancy measures the proportion of private dwellings which were occupied on Census night. Dwellings can be unoccupied for a range of reasons – residents away for holiday or work; the dwelling having recently been sold or rented and in-between occupants; being kept as a holiday house, or simply being left empty.

Stats NZ's 2018 Census indicates that the occupancy rate in Southland Region is 88% (Figure 17). Occupancy has fallen very slightly in the region from 88.7% in 2013. Southland Region's occupancy rate is just below the New Zealand average of 89.8%.

Invercargill City has the highest dwelling occupancy rate in the region, at 93.7%. The occupancy rate in Gore District is 91.6%. In Southland District, the dwelling occupancy rate is much lower at 78.4%, reflecting the higher number of holiday homes in some parts of the district.

Figure 17



Internet access rate below national average, lowest in Gore District

The internet access rate in Southland Region is 80.4%, 5.7 percentage points below the national average of 86.1% (Figure 18). Internet access has improved from across Southland Region, having lifted 8.6 percentage points from 71.8% in 2013. The Census asks respondents whether they have internet access or not, but doesn't ask to elaborate on what barriers to access exist, whether they be cost, availability or otherwise.

Internet access is fairly consistent across the region. Access is lowest in Gore District, at 79.4%. The access rates in Southland District and Invercargill City are 81.2% and 80.3% respectively.

Figure 18



Housing summary

Lower house prices and rent make Southland Region housing particularly affordable (Table 2). Strong dwelling consent numbers and a solid internet access rate also help the region to perform well across the housing indicators. As Southland Region's urban hub, Invercargill City leads in dwelling occupancy, consents, and internet access. However, rent is also relatively more expensive in Invercargill City.

Table 2

Summary of Southland Region housing indicators

Area	Home ownership rate (2018)	Mean weekly rent (2022)	Dwelling occupancy rate (2018)	New dwelling consents (2022)	Internet access (2018)
Gore District	72%	\$322	92%	33	79%
Invercargill City	70%	\$350	94%	277	80%
Southland District	67%	\$316	78%	170	82%
Southland Region	70%	\$342	88%	480	80%
New Zealand	65%	\$509	90%	50964	86%

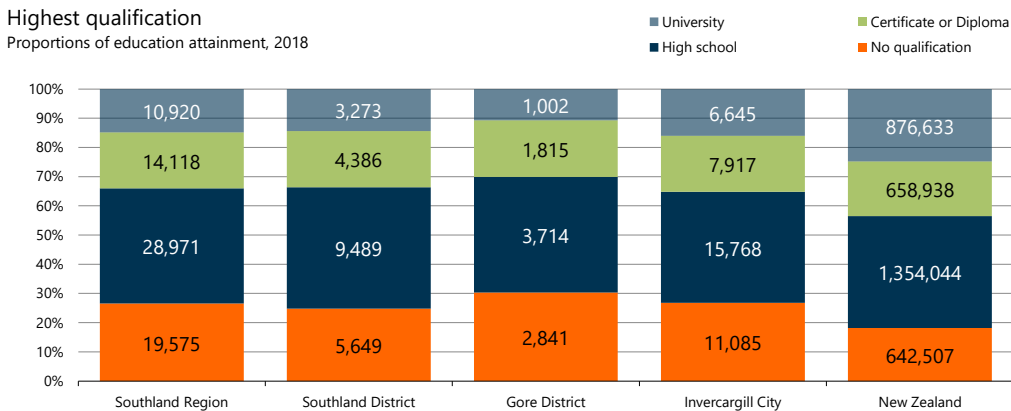
Education, work and incomes

Education attainment increasing

Qualification levels in Southland Region are generally lower than in New Zealand, based on Stats NZ Census responses (Figure 19). A higher proportion of the New Zealand population has a qualification level past high school (43.5%), (i.e. certificate, diploma or degree), compared to Southland Region (34.0%).

However, education levels are increasing in Southland Region. The proportion of people with university qualifications lifted from 11.5% in 2013, to 14.8% in 2018. In the same period, the proportion of people with no qualifications fell from 30.0% to 26.6%. The proportions of people with high school qualifications, and certificates or diplomas, have remained fairly level. This trend is apparent across all three territorial authorities in the region.

Figure 19

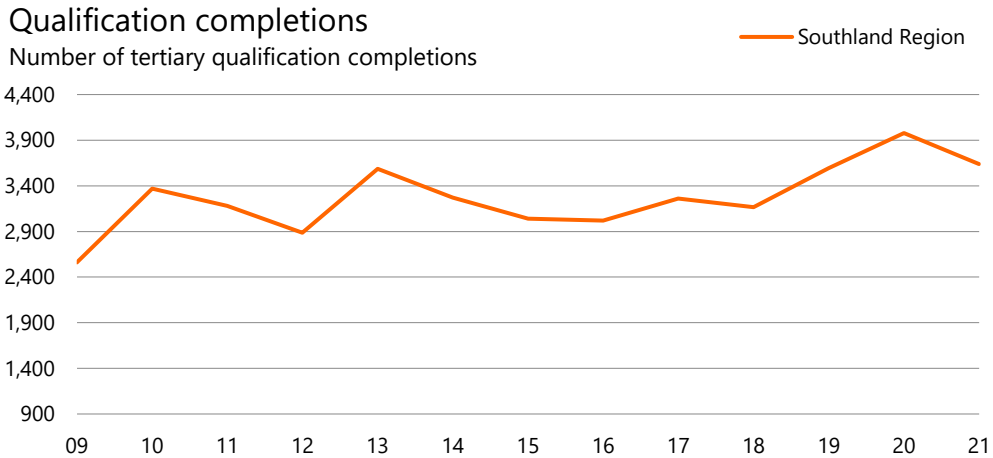


Southland Region hotspot for hospitality related studies

There were 3,640 qualifications completed at Southland Region tertiary institutions and industry training organisations in 2021, 2,040 (56%) of which were from industry training organisations (ITOs) (Figure 20). ITOs work with people learning a trade on-the-job as apprentices or trainees.

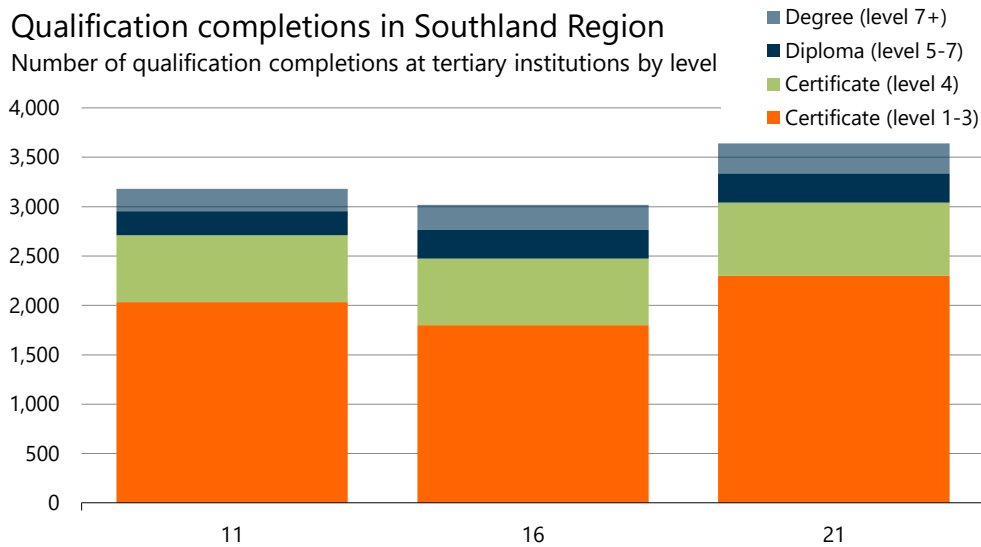
The number of qualifications completed has trended upwards over time, lifting 42% from 2,560 in 2009. ITO qualifications have remained a fairly consistent proportion of total completions, fluctuating between 45% and 65%.

Figure 20



The majority of qualifications completed at Southland Region tertiary institutions and industry trade organisations are at the Level 1-3 Certificate level (Figure 21). This level qualifies individuals with literacy and numeracy skills, and introductory knowledge in a field. Of the 3,640 qualifications completed in Southland Region in 2021, 2,300 (63%) of these were Level 1-3. There were 740 (20%) Level 4 Certificates completed, which require operational and theoretical knowledge in a broad field. There were also 295 (8%) Level 5-7 diplomas completed (this qualification prepares individuals for more specialised fields), and 305 (8%) degrees.

Figure 21



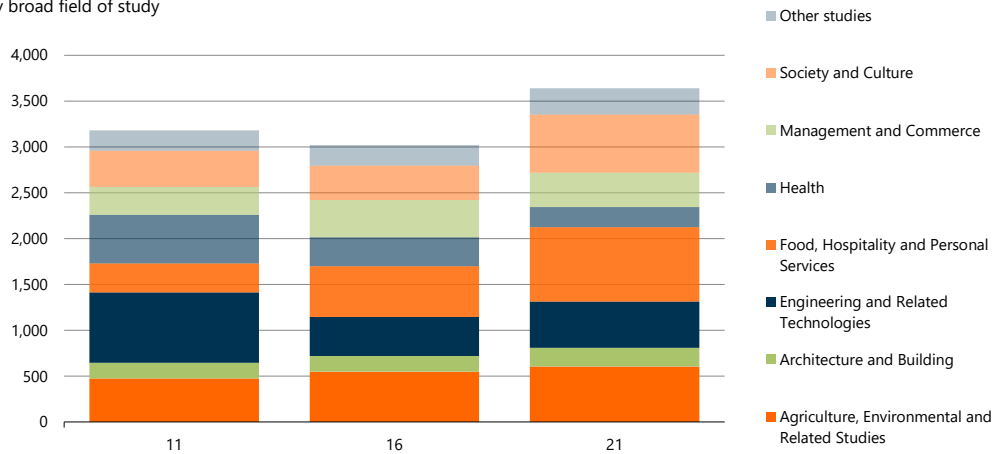
In 2021, Southland Region accounted for 2.2% of total tertiary institution qualifications in New Zealand, but 5.1% of agriculture related qualifications. Southland Region also represents a disproportionately high number of food, hospitality, and food services tertiary qualifications (8.7%).

Food, hospitality, and personal services qualifications account for 22.3% of qualifications completed in Southland Region in 2021 (Figure 22). Society and culture studies account

for 17.4%, followed by agriculture related studies (16.6%), engineering and technology (13.9%), and management and commerce (10.3%). Food and hospitality qualifications have gained considerable popularity, lifting 12 percentage points from 9.9% of total qualifications in 2011. Society and culture has also become increasingly popular, lifting 5 percentage points from 12.4%. The growth in society and culture includes languages and sport and recreation. Engineering and health qualifications have both fallen 10 percentage points as a proportion of total qualifications since 2011.

Figure 22

Qualification completions in Southland Region
 Number of qualification completions at tertiary institutions
 by broad field of study



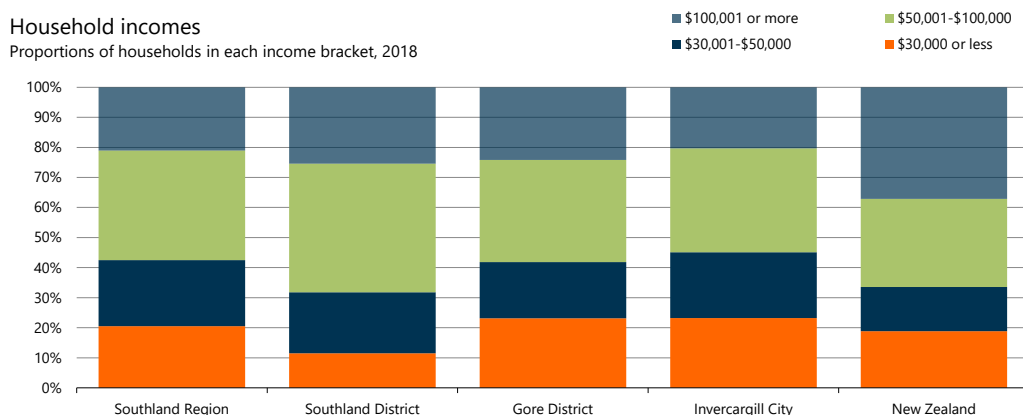
Lower household incomes

Household incomes are generally lower in Southland Region than in New Zealand overall, based on Stats NZ Census data (Figure 23). There is a higher proportion of households earning under \$50k in Southland Region (42%) compared to New Zealand (34%).

Household incomes have remained fairly level in Southland Region overall from 2013. By comparison, the proportion of households in New Zealand earning over \$100k lifted from 28% in 37% between 2013 and 2018.

Southland District has the highest overall incomes, with 68% of households earning over \$50k. Gore District follows, with 58% of households earning over \$50k. In Invercargill City, 55% of households earn over \$50k.

Figure 23



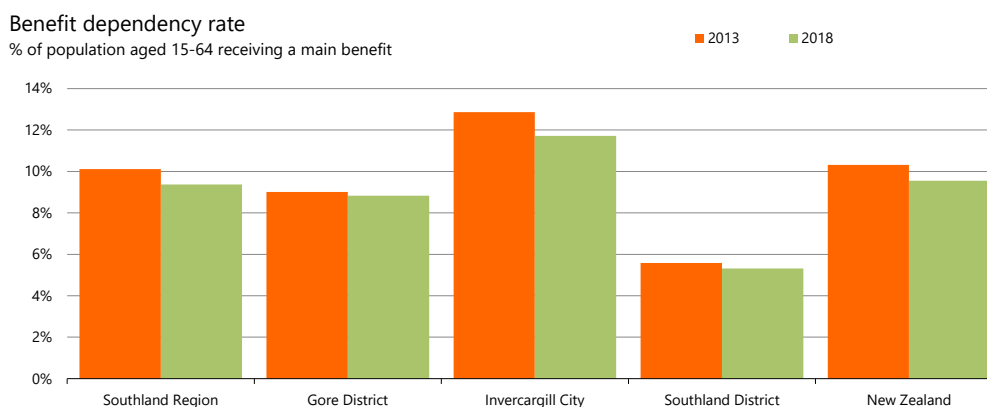
Benefit dependency just below national average

Benefit dependency measures the proportion of the working-age (15-64 year old) population receiving a main benefit – primarily Jobseeker Support, Sole Parent Support, or the Supported Living payment.

The 2018 Census indicates the benefit dependency rate is 9.4% in Southland Region, slightly below the 9.6% national average (Figure 24). This regional rate has fallen from 10.1% in 2013. Benefit dependency has declined in all territorial authorities in Southland Region.

Benefit dependency is lowest in Southland District, at 5.3%. The rate is highest in Invercargill city, at 11.7%. Gore District has a benefit dependency rate of 8.8%.

Figure 24

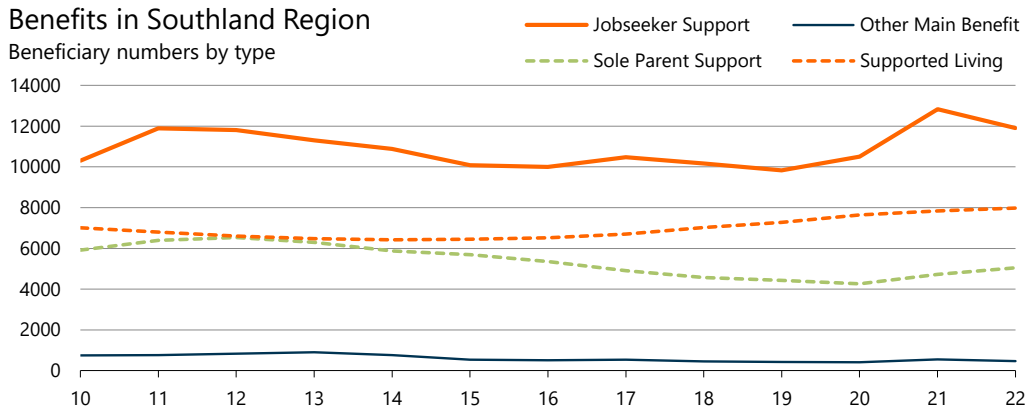


Jobseeker Support most common benefit

Ministry of Social Development data provides a more detailed and up to date look at benefit recipients. Jobseeker Support recipients make up the largest proportion of beneficiaries in Southland Region, at 47% (Figure 25). Supported Living recipients are the next largest group (31%), followed by Sole Parent Support (20%). This distribution is similar to that of New Zealand overall, where Jobseeker Support recipients account for 52% of beneficiaries. The number of Jobseeker recipients spiked in 2021 due to job losses during the pandemic. Otherwise, increases in the number of beneficiaries have been in line with overall population increases in the region.

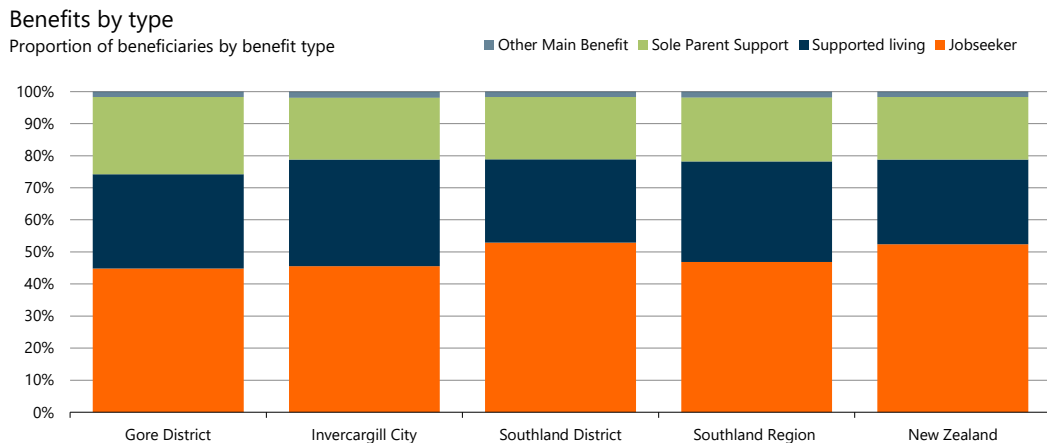
Infometrics estimates there was a 0.7% decline, or net loss of 407 jobs in Southland Region between 2020 and 2021. The largest losses were in accommodation and food services (loss of 275 jobs), transport (loss of 191), and retail trade (loss of 116). Job losses were somewhat offset by gains in the agriculture and health care industries. The employment section further details pandemic related, and more general, changes to job numbers in Southland Region workplaces.

Figure 25



The distribution of benefit types varies a small amount across the region: a slightly higher proportion of Southland District beneficiaries receive Jobseeker Support (53%) compared to Gore District (45%) and Invercargill City (46%) (Figure 26). Gore District has a particularly high proportion of beneficiaries that receive Sole Parent Support (24%) compared to Southland District (19%) and Invercargill City (19%).

Figure 26



Agriculture and manufacturing industries drive resident employment

Based on the 2018 Census, Southland Region’s largest industries for employment of residents are agriculture, forestry, and fishing (18% of total employment), manufacturing (13%), retail trade (9%), health care and social assistance (9%), and construction (8%). In contrast, the top industries in New Zealand are professional services (10%), manufacturing (10%), health care and social assistance (9%), construction (9%), and retail trade (9%). This reflects the particular concentration of agricultural and aquacultural work in the Southland Region. The definition of each industry is included in Appendix: Industry definitions.

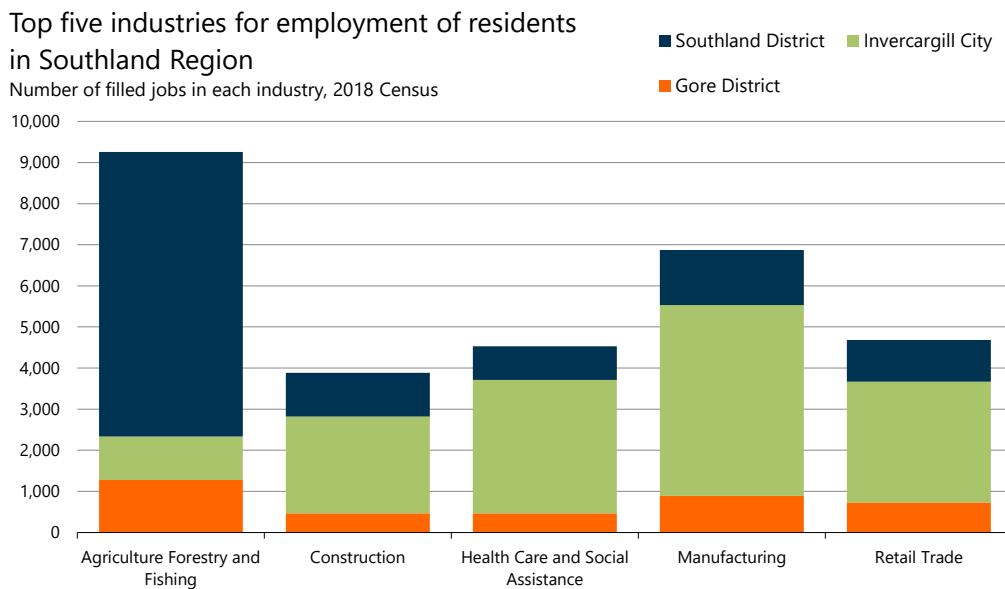
Agriculture and manufacturing provide 9,261 and 6,870 resident jobs respectively across the region, as of the 2018 Census. Retail trade, health care, and construction provide 4,683, 4,527, and 3,882 respectively.

Southland Region residents gained an additional net 6,900 total jobs between 2013 and 2018, an increase of 15%. The wholesale trade industry added the most jobs (1,220), followed by manufacturing (1,030), construction (800), accommodation and food services (760), and professional services (720). Declines in the financial and insurance services industry (loss of 200 jobs), rental, hiring, and real estate services (200), and information media and telecommunications (150) slowed down overall job growth.

Figure 27

Top five industries for employment of residents in Southland Region

Number of filled jobs in each industry, 2018 Census



Agriculture and manufacturing are the top industries in all Southland Region territorial authorities (Table 4). Retail trade is the third largest industry for resident employment in both Gore District and Invercargill City. The third largest industry for resident employment in Southland District is accommodation and food services, reflecting the strength of the district’s tourism sector. Tables below are as of the 2018 Census.

Table 3

Employment by industry

Largest five industries for employment of residents

% of total employed residents in each area

Rank	Gore District	Invercargill City
1st	Agriculture Forestry and Fishing (20%)	Agriculture Forestry and Fishing (18%)
2nd	Manufacturing (13%)	Manufacturing (13%)
3rd	Retail Trade (11%)	Retail Trade (9%)
4th	Construction (7%)	Health Care and Social Assistance (9%)
5th	Health Care and Social Assistance (7%)	Construction (8%)

Table 4

Employment by industry

Largest five industries for employment of residents

% of total employed residents in each area

Rank	Southland District	Southland Region
1st	Agriculture Forestry and Fishing (39%)	Agriculture Forestry and Fishing (18%)
2nd	Manufacturing (8%)	Manufacturing (13%)
3rd	Accommodation and Food Services (7%)	Retail Trade (9%)
4th	Construction (6%)	Health Care and Social Assistance (9%)
5th	Retail Trade (6%)	Construction (8%)

Table 5

Employment by industry

Largest five industries for employment of residents, 2018

% of total employed residents in each area

Rank	New Zealand
1st	Professional Services (10%)
2nd	Manufacturing (10%)
3rd	Health Care and Social Assistance (10%)
4th	Construction (9%)
5th	Retail Trade (9%)

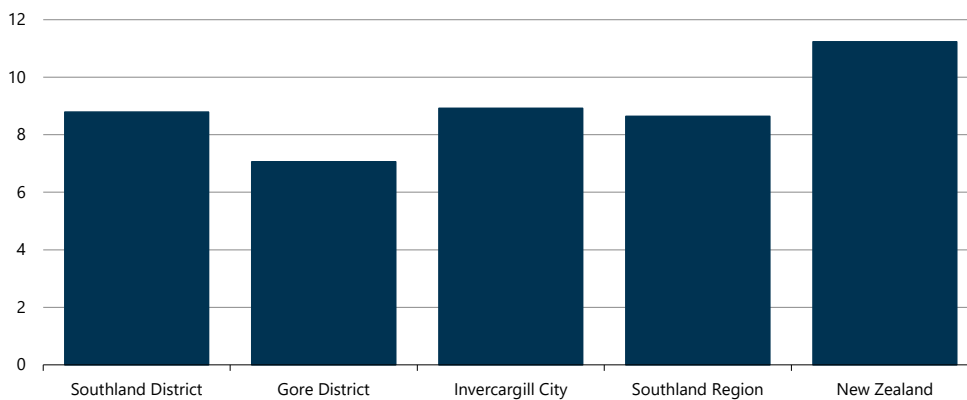
Commuting times just above regional average

The average work commute time in Southland Region is 8.6 minutes (Figure 28). The average commute is longest in Invercargill City, at 8.9 minutes. This is followed by Southland District (8.8 minutes) and Gore District (7.1 minutes). Commutes across Southland Region are shorter than the New Zealand average of 11.2 minutes. This is based on Infometrics estimates using 2018 Census commuting data and Google Maps travel time estimates. Average commute times in rural areas are often dragged down by the high proportion of people who reside on the farm that they work on, who effectively face no commute time.

Figure 28

Commuting times

Average commute time in minutes, 2018



Education, work and incomes summary

Southland Region has a higher proportion of people with no qualification, and a lower proportion of high earning households, as compared to the national average (Table 6). Southland District has the lowest proportion of people with no qualification, and the highest proportion of high earners, as well the lowest benefit dependency rate.

Table 6

Summary of Southland Region education, work and income indicators

Area	Population with no qualification (2018)	Household income over \$100k (2018)	Benefit dependency (2018)	Volunteering rate (2018)	Mean commute time (minutes, 2018)
Gore District	30%	24%	9%	45%	7.0
Invercargill City	27%	20%	12%	43%	8.9
Southland District	25%	31%	5%	45%	8.8
Southland Region	27%	28%	9%	44%	8.6
New Zealand	18%	37%	10%	37%	11.2

Economy

Labour force status

Unemployment reflects individuals who are available for work and actively seeking employment, but have no paid job. This is measured through Stats NZ's Household Labour Force Survey. Data presented is for March years.

The unemployment rate in Southland Region has been generally lower than in New Zealand. As of the year to March 2022, the unemployment rates in Southland Region and New Zealand are 3.2% and 3.4% respectively (Figure 29). This point represented a record low for New Zealand and Southland's lowest since 2009. Southland Region's unemployment rate reached an even lower 2.5% in the December 2022 quarter, but it should be noted that the quarterly estimates are more volatile.

The unemployment rate has generally trended downwards over time. The 2022 unemployment rate in Southland Region is 0.9 percentage points below the 2012 figure of 4.1%. In the same ten-year period, the New Zealand unemployment rate fell 2.7 percentage points from 6.1%.

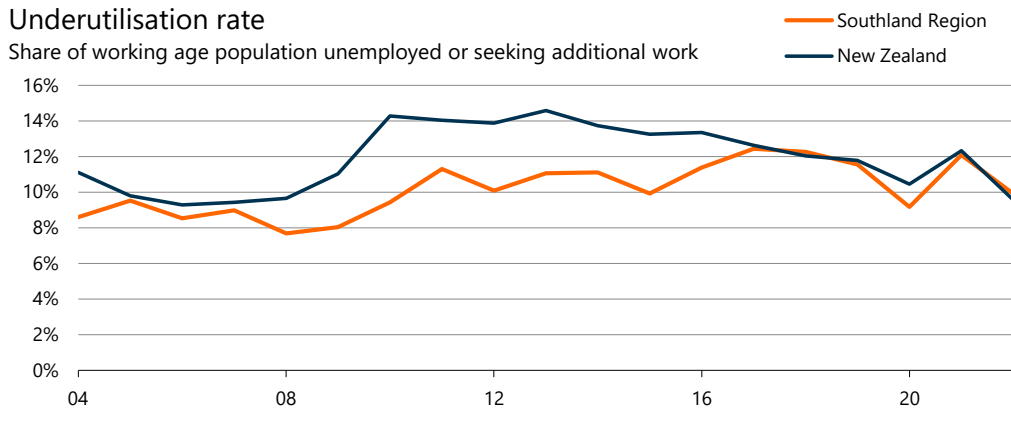
Figure 29



The underutilisation rate is a broader measure of untapped labour capacity. Underutilisation reflects unemployment, as well as individuals employed part time who would like to increase the number of hours they work, and individuals who are available to work but are not currently seeking a job.

The Stats NZ's Household Labour Force Survey indicates that the Southland Region underutilisation rate remained below New Zealand over the early 2000s (Figure 30). However, the regional rate now sits at 9.9%, 0.3 percentage points above the national average of 9.6%. There has been virtually no change in the underutilisation rate over time; the average rate in Southland Region between 2017 and 2022 is the same as in the previous five years.

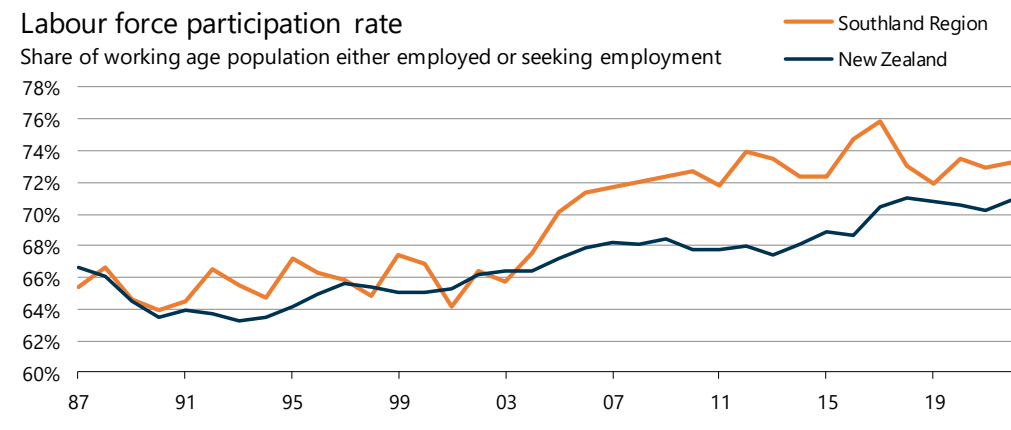
Figure 30



The labour force participation rate (LFPR) is an estimate of the active workforce. It divides the total working age population by the number of working age people who are employed or seeking employment, and is also measured through Stats NZ’s Household Labour Force Survey.

The LFPR in Southland Region is 73.3%, higher than the national average of 70.9% (Figure 31). These figures mean that a greater proportion of the working age population in Southland Region are either working, or looking for work. The LFPR has trended upwards over time, increasing by 8 percentage points over 1987-22 in Southland Region, and 4 percentage points in New Zealand.

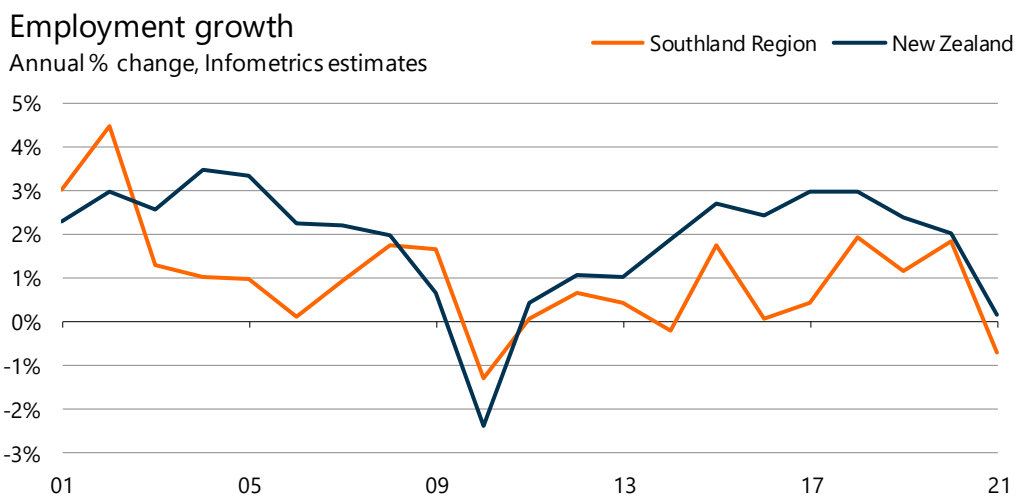
Figure 31



Employment grows, but lags New Zealand

Employment in Southland Region has grown fairly consistently over the past twenty year, with brief decline after the global financial crisis in 2001, and in 2021 as a result of COVID-19 induced job losses (Figure 32). However, Southland employment has consistently grown slower than New Zealand overall. Between 2011 and 2020, Southland employment grew 0.9% per annum on average, compared to 2.1% nationally. Within the region, employment has grown most strongly in Southland District (1.1%), followed by Invercargill City (0.8%) and Gore District (0.4%).

Figure 32



Strong and growing agriculture industry

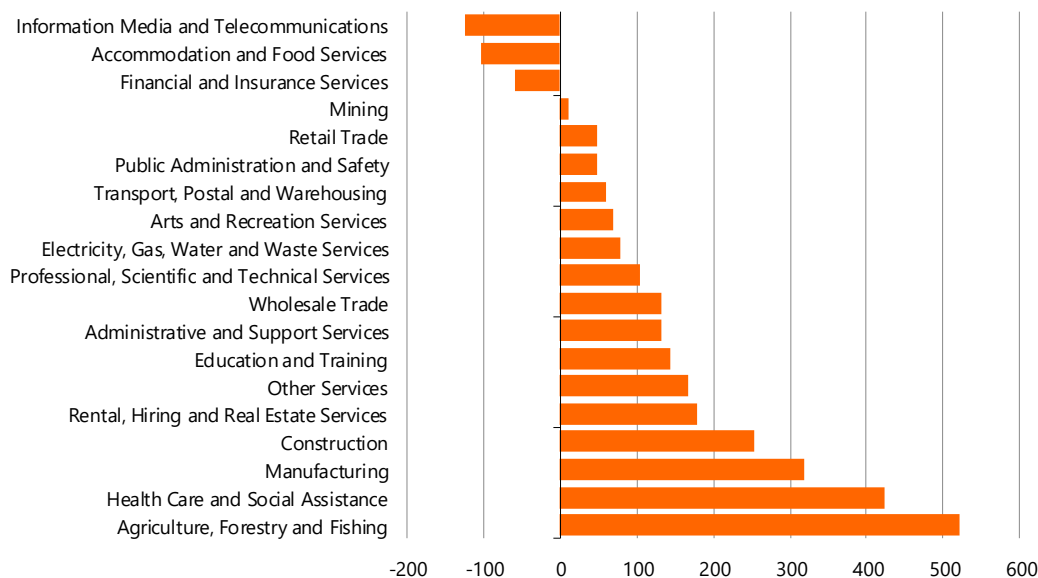
Infometrics estimates indicate that as of 2021, 9,854 (18.1% of total) jobs in Southland District workplaces are in the agriculture, forestry, and fishing industry. The manufacturing industry accounts for 8,057 (14.8%), and health care and social assistance accounts for 5,145 (9.3%). Southland Region employment is significantly more concentrated in primary and goods-producing industries compared to New Zealand as a whole. In 2021, Infometrics estimates that 9.2% of jobs in New Zealand workplaces were in manufacturing, and just 5.6% were in agriculture. The definition of each industry is included in Appendix: Industry definitions.

The agriculture, forestry, and fishing industry has added 520 jobs to workplaces in Southland District between 2016 and 2021 (Figure 33). During this five-year period, 425 jobs were added in the health care and social assistance industry, 320 in manufacturing, and 250 in construction. The only industries to record declines were accommodation and food services (loss of 105 jobs), information media and telecommunications (125), and financial and insurance services (60). These estimates do not include owner-occupied property operation.

Figure 33

Employment growth by industry in Southland Region workplaces

Change in number of filled jobs, 2016-21



Within the agriculture, forestry, and fishing industry, agriculture support services added 320 jobs between 2016 and 2021. Dairy cattle farming added 140 jobs, sheep, beef, and grain farming added 87, and horticulture/fruit-growing added 59. These gains came at the expense of fishing and aquaculture (loss of 14 jobs), forestry and logging (23), and other livestock (45).

Nationally, the number of jobs in dairy farming and sheep, beef, and grain farming fell as all other agricultural sub-industries recorded gains. This suggests Southland Region's land use is pivoting over time towards the major sub-industries of dairy and meat, as fishing, forestry, and other livestock jobs shift to other areas of New Zealand. Even as New Zealand as a whole shifts into increased horticulture, forestry, and fishing activity and eases in dairy and meat, sheep and cattle farming remain important growth industries for Southland Region.

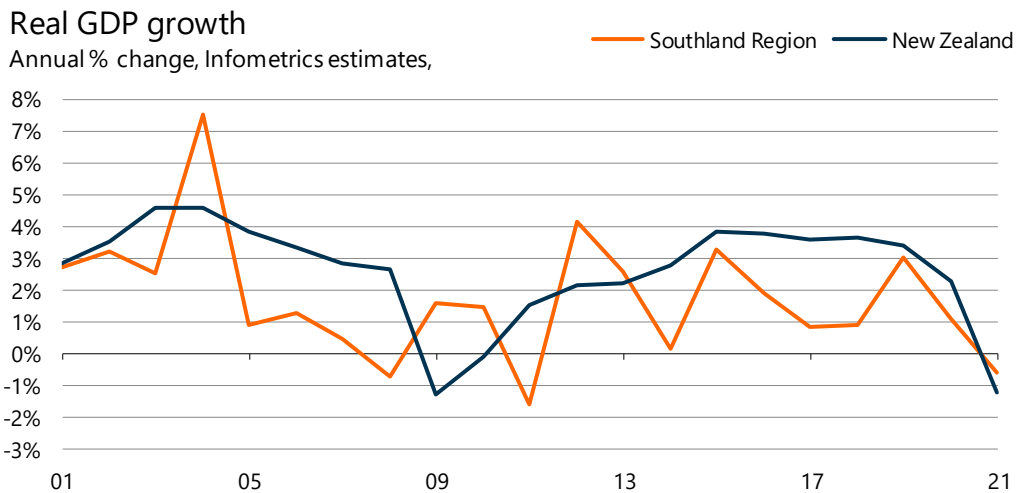
Infometrics estimates also indicate that productivity (i.e. the level of GDP per employed person) has increased in Southland Region's agriculture, forestry, and fishing industry. Between 2011 and 2021, agriculture productivity rose from around \$130,000 per person to \$160,000 per person. Improvements to productivity can arise from changes in worker skill levels, technology, and commodity prices.

GDP growth slower than New Zealand

According to Infometrics real GDP estimates, Southland Region's GDP has also grown more slowly than New Zealand (Figure 34). Southland Region's GDP grew 1.7% per annum on average between 2011 and 2021, bringing the estimated GDP of the region to \$6,888m as of 2021. This growth compares to 2.6%pa nationally, with Southland Region contributing an estimated 2.1% of the New Zealand GDP in 2021.

Southland Region GDP tends to be quite volatile, owing to the region's reliance on primary exports and associated swings in commodity prices. Within the region, Southland District and Invercargill City's GDP have both grown at 1.8%pa over 2011-21, while the Gore District economy grew at 1.0%pa.

Figure 34



GDP growth driven by retail trade

Infometrics estimates suggest that the agriculture, forestry, and fishing industry accounted for 22.3% of Southland Region's GDP in 2021, followed by manufacturing (14.4%), utility services (6.0%), construction (5.3%), and health care and social assistance (5.0%) (Figure 35).

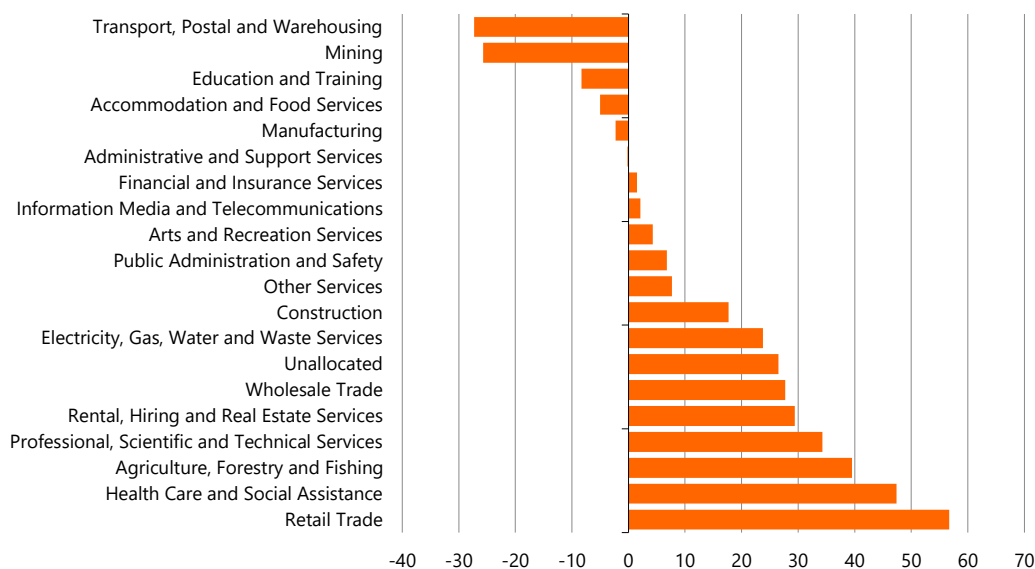
Agriculture, forestry, and fishing generated an estimated \$1537m in GDP in Southland Region in 2021. Manufacturing contributed \$992m, utility services contributed \$410m, and construction contributed \$364m. Although the region accounted for 2.1% of NZ GDP in 2021, 9.0% of the country's agricultural GDP was generated in Southland Region. Total GDP is inclusive of owner-occupied property operation.

In the five years to 2021, the Southland Region economy has grown an average of 1.0%pa. Within Southland Region, the fastest growing economy is Invercargill City, at 1.8%pa, followed by Gore District (1.0%pa) and Southland District (0.1%pa). The New Zealand economy overall has grown faster, at 2.3%pa.

Figure 35

GDP growth by industry in Southland Region

Change in GDP, 2016-21 (\$m)



Retail trade, health care and social assistance, and agriculture, forestry, and fishing were the top contributors to this growth. Retail trade has grown rapidly, at 3.7%pa over 2016-22 in Southland Region, adding \$56.7m in GDP. The fastest growth in retail trade GDP has been in Gore District, growing at 4.3%pa. Retail trade growth is also strong in Invercargill City (3.9%pa) and Southland District (2.5%pa).

Health care and social assistance has grown at 3.0%pa, adding \$47.4m to Southland Region's GDP in the last five years. Although the agriculture industry has grown at just 0.5%pa, it is a top contributor to growth due to the high level of GDP generated in the region, adding \$39.5m between 2016 and 2021. Negative GDP growth in transport, postal, and warehousing, and mining, have slowed economic growth, declining at 2.2%pa and 3.9%pa respectively.

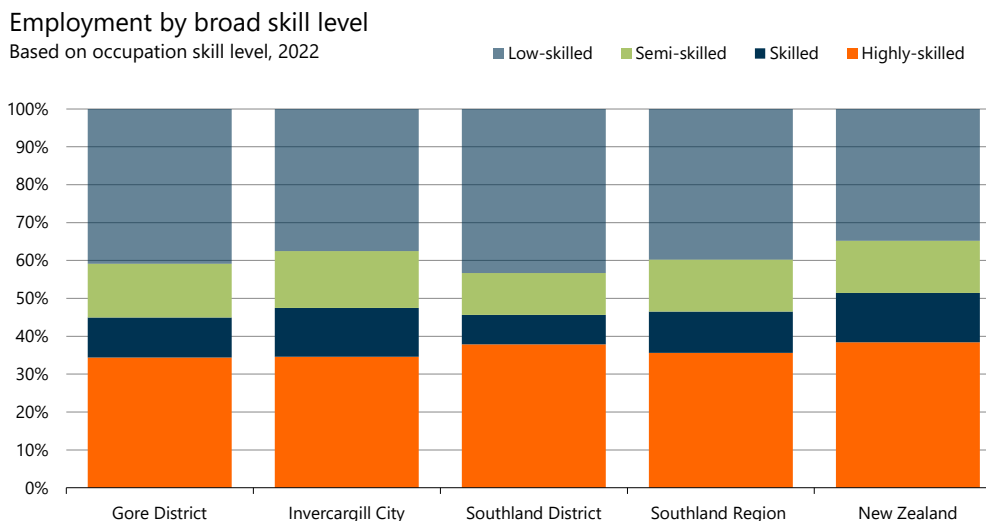
Low-skilled work largest proportion

Low-skilled work makes up the largest proportion of employment in Southland Region, making up 39.8% of total employment as of 2022 (Figure 36). This is followed by high skilled work (35.6%), semi-skilled (13.7%), and skilled (11.0%). High skilled work makes up the largest proportion of work in New Zealand (38.4%), followed by low skilled (34.8%).

This is based on Infometrics employment by skill level estimates, which are in turn based on Census and other sources. Skill level is classified based on the nature of each occupation, so reflects the nature of the work, but not necessarily the qualification level of the worker. For example, a farm manager is classified as highly-skilled, but may not have a degree-level qualification, particularly if they have many years of relevant experience. Conversely, a degree-qualified person working as a retail assistant would be classified as a low-skilled, as this reflects the nature of their work.

The highest concentration of low-skilled work is in Southland District, with 43.3% of 2022 employment in this category. In Gore district, 40.9% of work is low skilled, and in Invercargill City this proportion is 37.5%.

Figure 36



Skill levels in Southland District have largely maintained their relative proportion over the last 20 years. Highly skilled work has lifted as a proportion of total employment by 0.1 percentage points since 2012, while low skilled work has fallen 0.2 percentage points, signalling a slow trend of growth in high skilled work. The large amount of low-skilled work in Southland Region as compared to the national average reflects the position of agriculture and manufacturing as the region's top employment industries.

Tourism jobs falling through pandemic

Although employment growth in the tourism sector has trended positively in Southland Region, growth has been slower than for employment overall, meaning that the tourism sector accounts for a declining proportion of total employment. The tourism sector's share of Southland Region employment peaked at 11.3% in 2007, and has since fallen to 6.9% in 2021 (Figure 37).

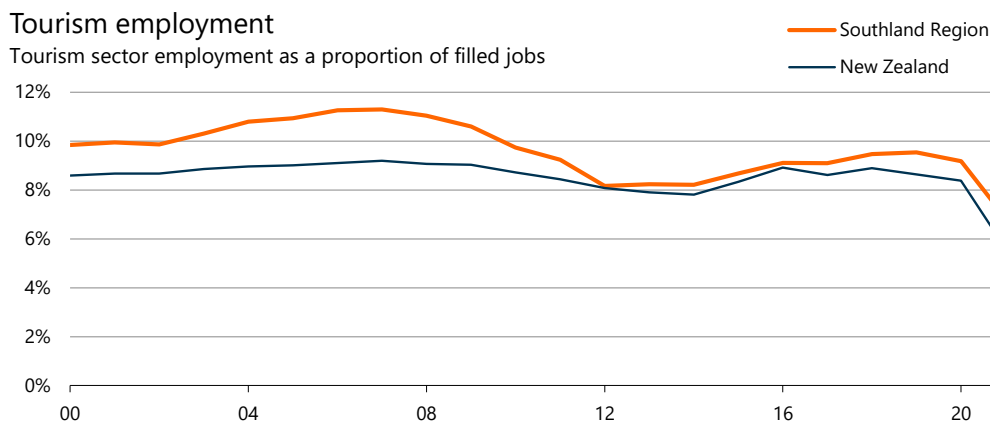
The number of tourism jobs in Southland Region increased from 4,370 in 2000, to 5,050 in 2020, and fell sharply to 3,750 in 2021. This 26% decline between 2020 and 2021 follows the pattern seen across New Zealand; nationally, there was a 33% fall in tourism sector jobs.

To construct estimates of tourism sector employment, we use Stats NZ Tourism Satellite Accounts (TSA) to estimate of tourism's share of GDP in each territorial authority. The TSA estimates the contribution of the tourism industry to GDP nationally, which is apportioned to each territorial authority using MBIE visitor expenditure data.

We use our understanding of the proportion of output in each industry in a territorial authority that is associated with tourism (related sub-industries such as accommodation services, food and beverage serving, passenger transport, and retail sales) and apply this proportion to underlying employment levels in that industry. These estimates help to

give an indication on tourism reliance both across territorial authorities, and within related industries. This reflects that the degree of tourism reliance varies between industries and between areas, with for example, a Te Anau café is likely to be more reliant on tourism than a Gore café.

Figure 37



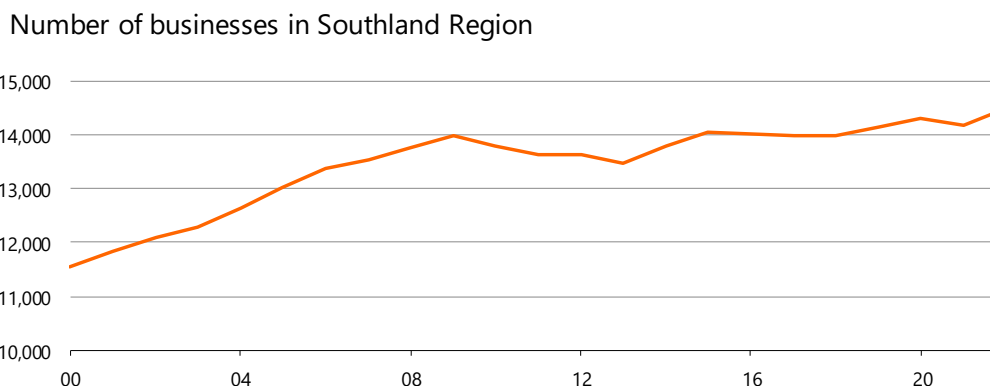
Prior to the pandemic, tourism accounted for 9.2% of all employment within the region, compared to 8.4% nationally, pre-pandemic (year to March 2020). Within the region, tourism employment was most significant in Southland District (15.4%), compared to 5.5% in Gore, and 6.3% in Invercargill.

Business units gently increasing

Business Demography statistics from Stats NZ indicate that Southland Region accounts for 2.3% of the number of businesses in New Zealand. There are 14,500 businesses in Southland Region as of 2022, the vast majority of which are in Southland District (Figure 38).

The number of businesses trended positively throughout the early-mid 2000s, with a dip during the global financial crisis. Southland Region gained an additional 2,950 businesses (increase of 25.5%) between 2000 and 2022. In the same period, the number of businesses in New Zealand increased by 54.9%.

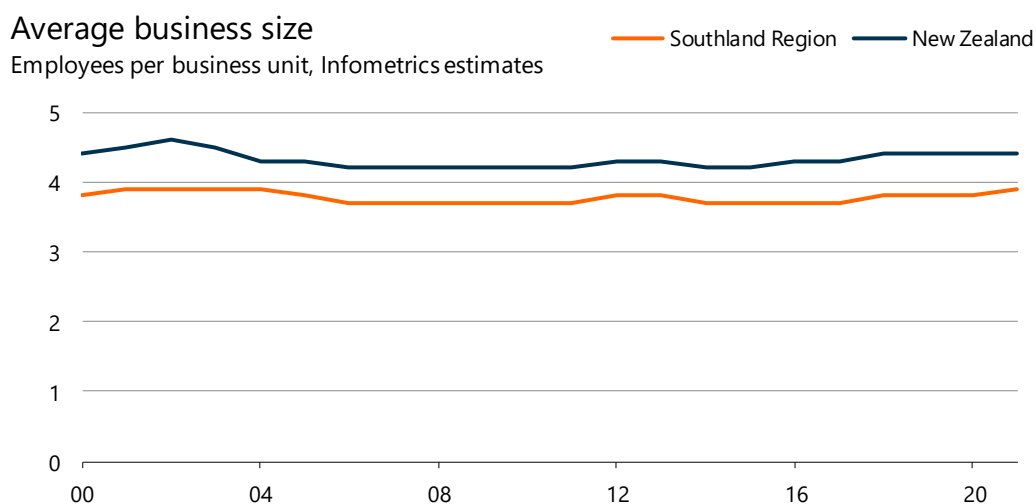
Figure 38



Slightly smaller businesses

The average business size in New Zealand is 4.4 employees in 2021, larger than the Southland Region average of 3.9 (Figure 39). A large number of 0-5 person businesses, which includes people that are self-employed, tends to drag down the overall average. Within the region, businesses are slightly larger in Invercargill with an average of 5.6 employees in 2021. Southland and Gore District businesses tend to be smaller, with an average of 2.6 and 3.5 employees per business respectively.

Figure 39



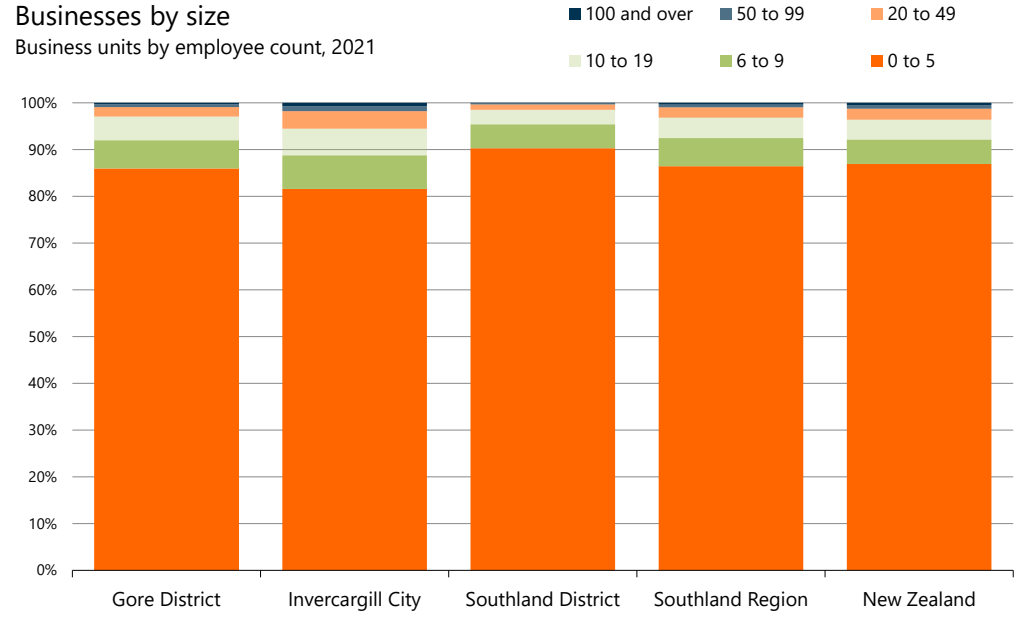
Small to medium size businesses growing

Businesses with between 6 and 19 employees have taken up a larger proportion of business size composition in recent years. The composition of business sizes across Southland Region and New Zealand as a whole are very similar (Figure 40).

An increased number of businesses with 6 to 9 employees is driving growth in the number of businesses in Southland Region, accounting for almost half of the overall 0.94% increase between 2016 and 2021. Businesses with 10-19 employees are the next largest driver of growth, followed by 0-5 person businesses. The number of large businesses with over 100 employees has declined 5.6%, slowing down overall growth. These changes in business size composition has meant that average business size has grown slightly in Southland Region from 3.7 in 2016, to 3.9 in 2021.

The number of medium size businesses (20-99 employees) has trended upwards over time, however declined most sharply over the pandemic. Between 2019 and 2021, the number of 50-99 person businesses fell 6.9%, and the number of 20-49 person businesses fell 1.9%. In contrast, growth was maintained in all other businesses sizes through the pandemic, resulting in an overall 0.3% increase in businesses numbers over 2019-21. This may have been due to downsizing of larger businesses during the pandemic, while entrepreneurship became more popular.

Figure 40



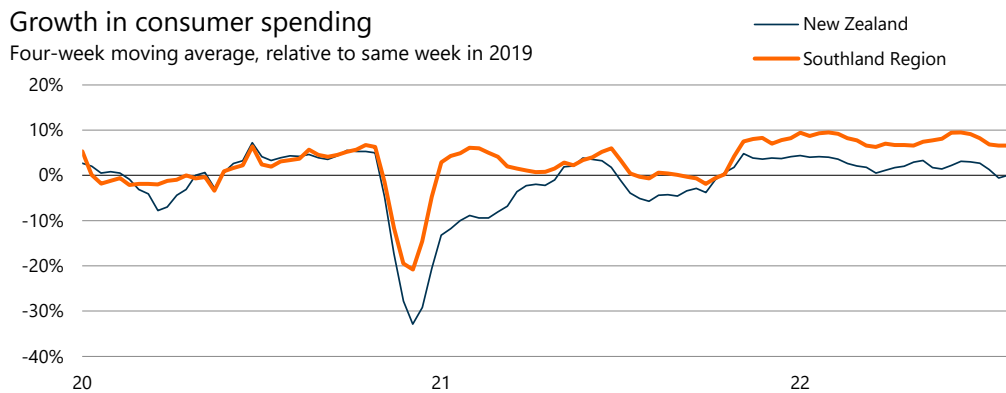
Consumer spending strong, beginning to falter

Consumer spending in Southland Region recovered to, and improved upon pre-pandemic levels, more strongly than in New Zealand as a whole. This is based on Marketview estimates published by MBIE. In the six months to October 2022, consumer spending was an average of 7.6% higher than the same period of 2019 in Southland Region, and 2.8% higher in New Zealand (Figure 41).

Recovery has been strongest in Gore District, with spending in the six months to October 15% higher than pre-pandemic levels. In Invercargill City, consumer spending was up 6.3%, and in Southland District, 6.2%.

Consumer spending is beginning to moderate as the combination of persistently high inflation and rising interest rates forces a change in spending behaviour. Higher inflation means households will need to direct more spending towards necessities (food, rent, and fuel), and resulting higher interest rates mean more money will go towards mortgage repayments, leaving less available for other consumption.

Figure 41



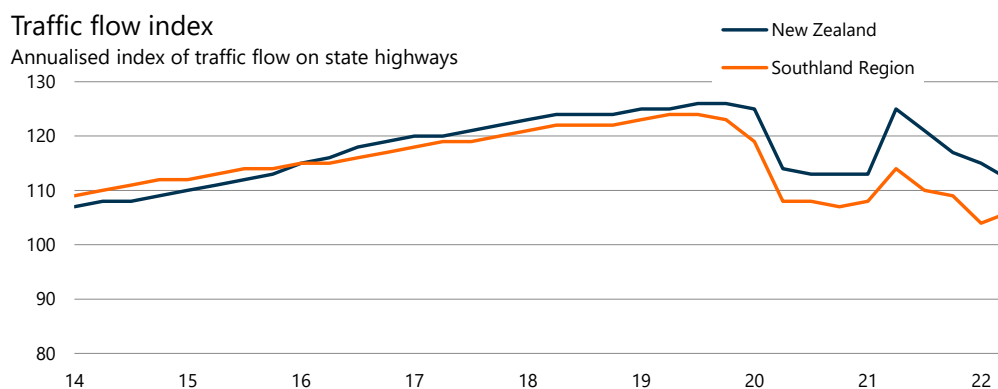
Traffic flows impacted by pandemic more severely in region

Our index of traffic flows constructed from Waka Kotahi – NZ Transport Agency traffic flow rates indicates traffic flow has grown faster in New Zealand than Southland Region overall. The gap increased during the pandemic as flows decreased more steeply in the region as compared to nationally. Southland Region traffic flows are based off traffic counters at five locations on state highways throughout the region: Invercargill, Winton, Five Rivers, Gore and Te Anau.

Traffic flow has declined between 2021 and 2022. The Southland Region index fell 7.0%pa in the June 2022 quarter as compared to the June 2021 quarter (Figure 42). Nationally, the index fell 10.4%. Traffic flow is appearing to recover in Southland Region, with the index rising 1.9% in the June 2022 quarter from the March 2022 quarter.

The steeper decline in traffic flow through the pandemic, and faster recovery in 2022 in Southland Region illustrates the region's traffic flow dependence on tourism, as compared to New Zealand overall.

Figure 42



Economy summary

The Southland Region has a strong labour force, with low unemployment and high labour force participation (Table 7). However, employment and GDP growth has lagged the rest of New Zealand. Although the region accounted for 2.1% of NZ GDP in 2011, 9.0% of the country's agricultural GDP was generated in Southland Region.

Southland District has been a particularly strong performer over the past decade.

Table 7

Summary of Southland Region economy indicators

Area	Employment growth (2011-21)	Per annum GDP growth (2011-21)	Average business size (2021)	Tourism share of employment (2020)
Gore District	0.4%	1.0%	3.5	5.5%
Invercargill City	0.8%	1.8%	5.6	6.3%
Southland District	1.1%	1.8%	2.6	15.4%
Southland Region	0.9%	1.7%	3.9	9.2%
New Zealand	2.1%	2.6%	4.4	8.4%

Data sources

Population

Population: Stats NZ estimated resident population annual estimates published by Stats NZ.

Ethnic composition: Stats NZ Census

Population drivers: Infometrics estimates based on various Stats NZ datasets - estimated resident population, births, deaths and net migration.

Index of multiple deprivation: Produced by the University of Auckland, from a range of data sources including Census, health agencies and Police. Aggregated to sub-district, district and regional level by Infometrics

Crime: NZ Police

Physical activity: Sports NZ

Housing

Home ownership: Stats NZ Census

House values: CoreLogic

Household income: Infometrics estimate based on various sources

Housing affordability: Infometrics estimate based on CoreLogic house values and Infometrics household income

Rents: MBIE

Rental affordability: Infometrics estimate based on MBIE rents and Infometrics household income

Building consents: Stats NZ based on data from local authorities

Dwelling occupancy: Stats NZ Census

Internet access rate: Stats NZ Census

Education, work and incomes

Education attainment: Stats NZ Census

Qualification completion: Ministry of Education

Household income: Infometrics estimate based on various sources including Stats NZ Census, Stats NZ LEED annual series, Stats NZ monthly employment indicators and MSD benefit recipients.

Benefit dependency: Stats NZ Census

Benefits: Ministry of Social Development

Resident employment: Stats NZ Census

Commuting times: Infometrics estimate, based on Google Maps (travel time) and Stats NZ Census (commuting patterns)

Volunteering rate: Stats NZ Census

Economy

Labour force status: Stats NZ household labour force survey

Employment: Infometrics estimates based on various sources from Stats NZ

GDP: Infometrics estimates based on various sources from Stats NZ

Occupation skill level: Infometrics estimates based on various sources from Stats NZ

Tourism employment: Infometrics estimates based on various sources from Stats NZ

Business units: Infometrics estimates based on various sources from Stats NZ

Consumer spending: Marketview electronic card spending, via MBIE

Traffic flows: Infometrics index based on Waka Kotahi state highway traffic counts at telemetry sites in Invercargill, Winton, Five Rivers, Gore and Te Anau.

Industry definitions

Industries are defined by the Australian Bureau of Statistics as their division in the Australian and New Zealand Standard Industrial Classification (ANZSIC), 2006.

Appendix: Industry definitions

We have used the Australian and New Zealand Standard Industrial Classification (ANZSIC) system in analysing employment and GDP by industry. The ANZSIC system is used by Stats NZ in collecting and classifying industry data. This section includes the definition of each industry.

Note that tourism is sector comprising parts of many industries, and is defined separately to this classification system.

Agriculture, Forestry and Fishing

The Agriculture, Forestry and Fishing Division includes units mainly engaged in growing crops, raising animals, growing and harvesting timber, and harvesting fish and other animals from farms or their natural habitats. The division makes a distinction between two basic activities: production and support services to production. Included as production activities are horticulture, livestock production, aquaculture, forestry and logging, and fishing, hunting and trapping.

The term 'agriculture' is used broadly to refer to both the growing and cultivation of horticultural and other crops (excluding forestry), and the controlled breeding, raising or farming of animals (excluding aquaculture).

Aquacultural activities include the controlled breeding, raising or farming of fish, molluscs and crustaceans.

Forestry and logging activities include growing, maintaining and harvesting forests, as well as gathering forest products.

Fishing, hunting and trapping includes gathering or catching marine life such as fish or shellfish, or other animals, from their uncontrolled natural environments in water or on land.

Also included in the division are units engaged in providing support services to the units engaged in production activities.

Mining

The Mining Division includes units that mainly extract naturally occurring mineral solids, such as coal and ores; liquid minerals, such as crude petroleum; and gases, such as natural gas. The term mining is used in the broad sense to include underground or open cut mining; dredging; quarrying; well operations or evaporation pans; recovery from ore dumps or tailings as well as beneficiation activities (i.e. preparing, including crushing, screening, washing and flotation) and other preparation work customarily performed at the mine site, or as a part of mining activity.

The Mining Division distinguishes two basic activities: mine operation and mining support activities.

Mine operation includes units operating mines, quarries, or oil and gas wells on their own account, or for others on a contract or fee basis, as well as mining sites under development.

Mining support activities include units that perform mining services on a contract or fee basis, and exploration (except geophysical surveying).

Units in the Mining Division are grouped and classified according to the natural resource mined or to be mined. Industries include units that extract natural resources, and/or those that beneficiate the mineral mined. Beneficiation is the process whereby the extracted material is reduced to particles that can be separated into mineral and waste, the former suitable for further processing or direct use. The operations that take place in beneficiation are primarily mechanical, such as grinding, washing, magnetic separation, and centrifugal separation. In contrast, manufacturing operations primarily use chemical and electro-chemical processes, such as electrolysis and distillation.

Manufacturing

The Manufacturing Division includes units mainly engaged in the physical or chemical transformation of materials, substances or components into new products (except agriculture and construction). The materials, substances or components transformed by units in this division are raw materials that are products of agriculture, forestry, fishing and mining, or products of other manufacturing units.

Units in the Manufacturing Division are often described as plants, factories or mills and characteristically use power-driven machines and other materials-handling equipment. However, units that transform materials, substances or components into new products by hand, or in the unit's home, are also included. Activities undertaken by units incidental to their manufacturing activity, such as selling directly to the consumer products manufactured on the same premises from which they are sold, such as bakeries and custom tailors, are also included in the division. If, in addition to self-produced products, other products that are not manufactured by the same unit are also sold, the rules for the treatment of mixed activities have to be applied and units classified according to their predominant activity.

Assembly of the component parts of manufactured products, either self-produced or purchased from other units, is considered manufacturing. For example, assembly of self-manufactured prefabricated components at a construction site is considered manufacturing, as the assembly is incidental to the manufacturing activity. Conversely, when undertaken as a primary activity, the on-site assembly of components manufactured by others is considered to be construction.

The boundaries between the Manufacturing Division and other divisions in ANZSIC can sometimes be unclear. The units in the Manufacturing Division are engaged in the transformation of materials into new products. Their output is a new product. However, the definition of what constitutes a 'new product' can be somewhat subjective. As clarification, the following activities are examples of manufacturing activities included in the Manufacturing Division in ANZSIC 2006:

- Milk bottling and pasteurising;
- Both processing and canning or bottling;
- Fresh fish packaging (including oyster shucking, fish filleting);
- Printing and related support activities;
- Ready-mixed concrete production;

- Leather tanning and dressing;
- Grinding of lenses to prescription;
- Wood preserving and treatment;
- Electroplating, plating, metal heat treating, and polishing;
- Fabricating signs and advertising displays;
- Tyre retreading;
- Ship, boat, railway rolling stock and aircraft repair and maintenance; and
- Substantial alteration, renovation or reconstruction of goods such as transport equipment.

There are some other activities that are often considered 'manufacturing', but for ANZSIC, these are classified in another division. These activities include:

- Logging and production of crops or livestock (included in the Agriculture, Forestry and Fishing Division);
- Construction of structures and fabricating operations performed at the site of construction by contractors (included in the Construction Division);
- Publishing and the combined activity of publishing and printing (included in the Information Media and Communications Division); and
- Beneficiation (included in the Mining Division).

The subdivisions in the Manufacturing Division generally reflect distinct production processes related to material inputs, production equipment and employee skills.

Electricity, Gas, Water and Waste Services

The Electricity, Gas, Water and Waste Services Division comprises units engaged in the provision of electricity; gas through mains systems; water; drainage; and sewage services. This division also includes units mainly engaged in the collection, treatment and disposal of waste materials; remediation of contaminated materials (including land); and materials recovery activities.

Electricity supply activities include the generation, transmission and distribution of electricity and the on-selling of electricity via power distribution systems operated by others.

Gas supply includes the distribution of gas, such as natural gas or liquefied petroleum gas, through mains systems.

Water supply includes the storage, treatment and distribution of water; drainage services include the operation of drainage systems; and sewage services include the collection, treatment and disposal of waste through sewer systems and sewage treatment facilities.

Construction

The Construction Division includes units mainly engaged in the construction of buildings and other structures, additions, alterations, reconstruction, installation, and maintenance and repairs of buildings and other structures.

Units engaged in demolition or wrecking of buildings and other structures, and clearing of building sites are included in Division E Construction. It also includes units engaged in blasting, test drilling, landfill, levelling, earthmoving, excavating, land drainage and other land preparation.

Wholesale Trade

The Wholesale Trade Division includes units mainly engaged in the purchase and onselling, the commission-based buying, and the commission-based selling of goods, without significant transformation, to businesses. Units are classified to the Wholesale Trade Division in the first instance if they buy goods and then onsell them (including on a commission basis) to businesses.

Wholesalers' premises are usually a warehouse or office with little or no display of their goods, large storage facilities, and are not generally located or designed to attract a high proportion of walk-in customers. Wholesaling is often characterised by high value and/or bulk volume transactions, and customers are generally reached through trade-specific contacts.

The Wholesale Trade Division distinguishes two types of wholesalers:

- merchant wholesalers who take title to the goods they sell, including import/export merchants; and
- units whose main activity is the commission-based buying and/or the commission-based selling of goods, acting as wholesale agents or brokers, or business to business electronic markets, both of whom arrange the sale of goods on behalf of others for a commission or fee without taking title to the goods.

A unit which sells to both businesses and the general public will be classified to the Wholesale Trade Division if it operates from premises such as warehouses or offices with little or no display of goods, has large storage facilities, and is not generally located or designed to attract a high proportion of walk-in customers.

For units that have goods manufactured for them on commission and then sell those goods, the following treatment guidelines are to be followed:

- units that own the material inputs and own the final outputs, but have the production done by others will be included in the Manufacturing Division;
- units that do not own the material inputs but own the final outputs and have the production done by others will not be included in the Manufacturing Division (these may be included in Wholesale Trade or other divisions); and units that do not own the material inputs, do not own the final outputs but undertake the production for others will be included in the Manufacturing Division.

As a result, units that have goods manufactured for them on commission will be included in the Wholesale Trade Division where they do not own the material inputs to the manufacturing process, but take title to the outputs and sell them in the manner prescribed above for typical wholesaling units.

Retail Trade

The Retail Trade Division includes units mainly engaged in the purchase and/or onselling, the commission-based buying, and the commission-based selling of goods, without significant transformation, to the general public. The Retail Trade Division also includes units that purchase and onsell goods to the general public using non-traditional means, including the internet. Units are classified to the Retail Trade Division in the first instance if they buy finished goods and then onsell them (including on a commission basis) to the general public.

Retail units generally operate from premises located and designed to attract a high volume of walk-in customers, have an extensive display of goods, and/or use mass media advertising designed to attract customers. The display and advertising of goods may be physical or electronic.

Physical display and advertising includes shops, printed catalogues, billboards and print advertisements. Electronic display and advertising includes catalogues, internet websites, television and radio advertisements and infomercials. While non-store retailers, by definition, do not possess the physical characteristics of traditional retail units with a physical shop-front location, these units share the requisite function of the purchasing and onselling of goods to the general public, and are therefore included in this division.

A unit which sells to both businesses and the general public will be classified to the Retail Trade Division if it operates from shop-front premises, arranges and displays stock to attract a high proportion of walk-in customers and utilises mass media advertising to attract customers.

Accommodation and Food Services

The Accommodation and Food Services Division includes units mainly engaged in providing short-term accommodation for visitors. Also included are units mainly engaged in providing food and beverage services, such as the preparation and serving of meals and the serving of alcoholic beverages for consumption by customers, both on and off-site.

Transport, Postal and Warehousing

The Transport, Postal and Warehousing Division includes units mainly engaged in providing transportation of passengers and freight by road, rail, water or air. Other transportation activities such as postal services, pipeline transport and scenic and sightseeing transport are included in this division.

Units mainly engaged in providing goods warehousing and storage activities are also included.

The division also includes units mainly engaged in providing support services for the transportation of passengers and freight. These activities include stevedoring services, harbour services, navigation services, airport operations and customs agency services.

Information Media and Telecommunications

The Information Media and Telecommunications Division includes units mainly engaged in:

- creating, enhancing and storing information products in media that allows for their dissemination;
- transmitting information products using analogue and digital signals (via electronic, wireless, optical and other means); and
- providing transmission services and/or operating the infrastructure to enable the transmission and storage of information and information products.

Information products are defined as those which are not necessarily tangible, and, unlike traditional goods, are not associated with a particular form. The value of the information products is embedded in their content rather than in the format in which they are distributed. For example, a movie can be screened at a cinema, telecast on television or copied to video for sale or rental. The division includes some activities that primarily create, enhance and disseminate information products, subject to copyright.

It is the intangible nature of the information products which determines their unique dissemination process, which may include via a broadcast, electronic means, or physical form. They do not usually require direct contact between the supplier/producer and the consumer, which distinguishes them from distribution activities included in the Wholesale Trade and Retail Trade Divisions.

Excluded from the division are units mainly engaged in:

- the mass storage or duplication of information products such as printing newspapers, CDs, DVDs, etc. (Manufacturing Division);
- purchasing and on-selling information products in their tangible form (Wholesale Trade and Retail Trade Divisions);
- providing specialised computer services such as programming and systems design services, graphic design services and advertising services, as well as gathering, tabulating and presenting marketing and opinion data (Professional, Scientific and Technical Services Division);
- providing a range of creative artistic activities such as the creation of an artistic original (e.g. a painting), or the provision of a live musical performance by a group or artist (Arts and Recreation Services Division); and
- units undertaking a range of activities such as directing, acting, writing and performing (Arts and Recreation Services Division).

Financial and Insurance Services

The Financial and Insurance Services Division includes units mainly engaged in financial transactions involving the creation, liquidation, or change in ownership of financial assets, and/or in facilitating financial transactions.

The range of activities include raising funds by taking deposits and/or issuing securities and, in the process, incurring liabilities; units investing their own funds in a range of

financial assets; pooling risk by underwriting insurance and annuities; separately constituted funds engaged in the provision of retirement incomes; and specialised services facilitating or supporting financial intermediation, insurance and employee benefit programs.

Also included in this division are central banking, monetary control and the regulation of financial activities.

Rental, Hiring and Real Estate Services

The Rental, Hiring and Real Estate Services Division includes units mainly engaged in renting, hiring, or otherwise allowing the use of tangible or intangible assets (except copyrights), and units providing related services.

The assets may be tangible, as in the case of real estate and equipment, or intangible, as in the case with patents and trademarks.

The division also includes units engaged in providing real estate services such as selling, renting and/or buying real estate for others, managing real estate for others and appraising real estate.

Professional, Scientific and Technical Services

The Professional, Scientific and Technical Services Division includes units mainly engaged in providing professional, scientific and technical services. Units engaged in providing these services apply common processes where labour inputs are integral to the production or service delivery. Units in this division specialise and sell their expertise. In most cases, equipment and materials are not major inputs. The activities undertaken generally require a high level of expertise and training and formal (usually tertiary level) qualifications.

These services include scientific research, architecture, engineering, computer systems design, law, accountancy, advertising, market research, management and other consultancy, veterinary science and professional photography.

Excluded are units mainly engaged in providing health care and social assistance services, which are included in Division Q Health Care and Social Assistance.

Administrative and Support Services

The Administrative and Support Services Division includes units mainly engaged in performing routine support activities for the day-to-day operations of other businesses or organisations.

Units providing administrative support services are mainly engaged in activities such as office administration; hiring and placing personnel for others; preparing documents; taking orders for clients by telephone; providing credit reporting or collecting services; and arranging travel and travel tours.

Units providing other types of support services are mainly engaged in activities such as building and other cleaning services; pest control services; gardening services; and packaging products for others.

The activities undertaken by units in this division are often integral parts of the activities of units found in all sectors of the economy. Recent trends have moved more towards the outsourcing of such non-core activities. The units classified in this division specialise in one or more of these activities and can, therefore, provide services to a variety of clients.

Public Administration and Safety

The Public Administration and Safety Division includes units mainly engaged in Central, State or Local Government legislative, executive and judicial activities; in providing physical, social, economic and general public safety and security services; and in enforcing regulations. Also included are units of military defence, government representation and international government organisations.

Central, State or Local Government legislative, executive and judicial activities include the setting of policy; the oversight of government programs; collecting revenue to fund government programs; creating statute laws and by-laws; creating case law through the judicial processes of civil, criminal and other courts; and distributing public funds.

The provision of physical, social, economic and general public safety and security services, and enforcing regulations, includes units that provide police services; investigation and security services; fire protection and other emergency services; correctional and detention services; regulatory services; border control; and other public order and safety services.

Also included are units of military defence, government representation and international government organisations.

Government ownership is not a criterion for classification to this industry division. Government units producing 'private sector like' goods and services are classified to the same industry as private sector units engaged in similar activities. Private sector units engaged in public administration or military defence are classified to the Public Administration and Safety Division. Units that engage in a combination of public administration and service delivery activities are to be classified to this division.

Education and Training

The Education and Training Division includes units mainly engaged in the provision and support of education and training, except those engaged in the training of animals e.g. dog obedience training, horse training.

Education may be provided in a range of settings, such as educational institutions, the workplace, or the home. Generally, instruction is delivered through face-to-face interaction between teachers/instructors and students, although other means and mediums of delivery, such as by correspondence, radio, television or the internet, may be used.

Education and training is delivered by teachers or instructors who explain, tell or demonstrate a wide variety of subjects. The commonality of processes involved, such as the labour inputs of teachers and instructors, and their subject matter knowledge and teaching expertise, uniquely distinguishes this industry from other industries.

Education support services include a range of support services which assist in the provision of education, such as curriculum setting and examination marking.

Health Care and Social Assistance

The Health Care and Social Assistance Division includes units mainly engaged in providing human health care and social assistance. Units engaged in providing these services apply common processes, where the labour inputs of practitioners with the requisite expertise and qualifications are integral to production or service delivery.

Arts and Recreation Services

The Arts and Recreation Services Division includes units mainly engaged in the preservation and exhibition of objects and sites of historical, cultural or educational interest; the production of original artistic works and/or participation in live performances, events, or exhibits intended for public viewing; and the operation of facilities or the provision of services that enable patrons to participate in sporting or recreational activities, or to pursue amusement interests.

This division excludes units that are involved in the production, or production and distribution of motion pictures, videos, television programs or television and video commercials. These units are included in the Information Media and Telecommunications Division.

Other Services

The Other Services Division includes a broad range of personal services; religious, civic, professional, and other interest group services; selected repair and maintenance activities; and private households employing staff. Units in this division are mainly engaged in providing a range of personal care services, such as hair, beauty and diet and weight management services; providing death care services; promoting or administering religious events or activities; or promoting and defending the interests of their members.

Also included are units mainly engaged in repairing and/or maintaining equipment and machinery (except ships, boats, aircraft, or railway rolling stock) or other items (except buildings); as well as units of private households that engage in employing workers on or about the premises in activities primarily concerned with the operation of households.

The Other Services Division excludes units mainly engaged in providing buildings or dwellings repair and maintenance services (included in the Construction or Administrative and Support Services Divisions as appropriate), and units mainly engaged in providing repair and maintenance services of books, ships, boats, aircraft or railway rolling stock (included in the Manufacturing Division).