



**economics**

Report to:

**Grow Wellington**

**QUARTERLY ECONOMIC UPDATE OF  
THE WELLINGTON REGION – SEPTEMBER 2009**

Prepared by

**David Norman**

**Jason Leung-Wai**

**Dr Ganesh Nana**

September 2009

Copyright© BERL

BERL ref #4748

JEL classification R11 – Regional Economic Activity: Growth, Development and Changes

# Economic Update – Wellington Region, September 2009

<b>1 Summary .....</b>	<b>3</b>
<b>2 Labour market.....</b>	<b>5</b>
<b>3 Domestic spending and confidence .....</b>	<b>8</b>
<b>4 Infrastructure and investment .....</b>	<b>12</b>
<b>5 External connections.....</b>	<b>16</b>

## Tables

Table 1.1 Economic environment indicators summary, latest.....	3
Table 2.1 Labour force summary, June 2009 quarter .....	5
Table 3.1 Consumption spending indicators, 12-month running totals, 1999 to 2009 .....	8
Table 3.2 Housing market summary, 12-month running totals, 1999 to 2009.....	10
Table 4.1 Consents summary, 12-month running totals, 1999 to 2009.....	12
Table 4.2 Wellington public transport patronage, 2000 to 2009.....	14
Table 5.1 Tourism indicators, 12-month running totals, 1999 to 2009 .....	16
Table 5.2 Airport passenger numbers, 1999 to 2009.....	18
Table 5.3 Overseas cargo statistics, seaports, 1999 to 2009 .....	20

## Figures

Figure 2.1 LFPR rate, 12-month running average, 1999 to 2009 .....	6
Figure 2.2 Unemployment beneficiaries, 12-month running average, 2001 to 2009.....	7
Figure 2.3 Running average annual earnings, 2000 to 2008 .....	7
Figure 3.1 Nominal retail sales growth, 1999 to 2009.....	9
Figure 3.2 New vehicle registrations growth, 1999 to 2009 .....	10
Figure 3.3 Days to sell, 1999 to 2009 .....	11
Figure 4.1 Consents growth in the Wellington Region, 1999 to 2009 .....	13
Figure 4.2 Wellington public transport patronage, 2000 to 2009 .....	14
Figure 5.1 Guest night growth, 1999 to 2009.....	17
Figure 5.2 Wellington airport annual passenger numbers, 1999 to 2009.....	19

# 1 Summary

Across the majority of indicators, both latest and trend, the Region is performing better than the country overall. There are early signs of recovery at the Wellington and national levels after a rough few months. However, there are still significant numbers of indicators heading the wrong way, so we would caution against excessive optimism.

The labour force participation rate (LFPR) remains strong, meaning people are still confident of finding a job; vehicle sales are showing signs of an upswing; house price declines have slowed to a trickle; and guest nights are also showing promising signs. But at the same time, unemployment beneficiaries continue to surge, and residential building consents are still well below what they were a year ago.

Table 1.1 summarises a range of indicators for the Region, and compares the local performance to that seen nationally. Latest figures refer to the last three months, or changes in the last three months over the same period a year before. Trend figures refer to changes in the last year over the year before. Indicators are grouped into labour market, domestic spending and confidence, infrastructure and investment, and external connections.

**Table 1.1 Economic environment indicators summary, latest**

Indicator	Date	Wellington Region		New Zealand	
		Latest	Trend	Latest	Trend
percent					
<b>Labour market</b>					
Unemployment rate	Jun 09	5.5	na	5.8	na
Labour Force Participation rate	Jun 09	72.0	na	68.2	na
percentage change					
Unemployment beneficiaries	Jun 09	131.5	56.0	187.2	71.5
Mean quarterly earnings	Jun 08	5.5	5.1	5.6	5.9
<b>Domestic spending and confidence</b>					
Nominal retail sales	Jun 09	-4.7	-1.0	-1.8	-1.6
Vehicle registrations	Jun 09	-26.1	-27.6	-34.7	-30.5
House sales	Jun 09	31.5	-14.7	41.2	-12.5
House prices	Jun 09	-0.9	-2.1	-1.2	-3.4
<b>Infrastructure and investment</b>					
New dwelling consents	Jun 09	-60.5	-27.8	-38.1	-39.1
Non-residential consents (number)	Jun 09	-25.0	-21.0	-31.8	-13.1
Non-residential consents (value \$ m)	Jun 09	-75.1	6.7	22.0	11.9
Public transport use	Jun 09	-3.2	2.1	na	na
<b>External connections</b>					
Guest nights	Jun 09	0.5	-1.0	0.3	-3.5
Wellington Airport passenger numbers	Jun 09	-7.3	-1.1	na	na
Volume of port imports and exports	Jun 09	2.6	-6.2	-1.5	3.7

*sources: Statistics NZ, NZTA, REINZ, GWRC*

The LFPR in the Region remains strong, at 72 percent of the working age population. Nationally, it has fallen from 69.6 to 68.2 over the last six months. The unemployment rate in the Wellington Region, at 5.5 percent in June 2009, is in line with figures from the previous quarter (revised to 5.4 percent), but remains slightly below that seen nationally.

Regional unemployment beneficiaries have increased 132 percent over the same quarter a year ago, and 56 percent year-on-year, both rates below those for New Zealand as a whole. Earnings for those with jobs have continued to rise strongly although it is important to bear in mind that this data is a year old.<sup>1</sup>

There are some signs of improvement in domestic spending and confidence in the latest quarter, with the fall in vehicle sales flattening out, house sales up 32 percent over the same quarter last year, and house prices almost flat over the same time last year.

Guest nights have moved into positive territory this quarter over a year ago, and volumes through CentrePort are up slightly. Passenger numbers through Wellington International Airport remain subdued, down 7.3 percent in the latest quarter compared with the same time last year.

---

<sup>1</sup> Earnings data on a quarterly basis is taken from the Linked Employer-Employee Dataset (LEED). This data is released around 15 months after the quarter to which it applies.

## 2 Labour market

This section looks at changes in the labour market over several years.

The picture in the current recession, as in many recessions, has been one of increases in unemployment lagging declines in economic activity. Effectively, businesses hold on to their best workers for as long as they can. The result is that even as the economy pulls out of the trough, we can expect employment indicators to remain gloomy for some time.

Table 2.1 presents data on employment, unemployment, and labour force participation rates (LFPR) for the Region and New Zealand as of June 2009.

**Table 2.1 Labour force summary, June 2009 quarter**

Area	Labour Force			Not in labour force	Working-age pop.	Unemploy	
	Employed	Unemployed	Total			LFPR	ment rate
	'000					percent	
Wellington Region	275.3	16.0	291.3	113.1	404.4	72.0	5.5
New Zealand	2,166.1	133.5	2,299.6	1,072.6	3,372.2	68.2	5.8

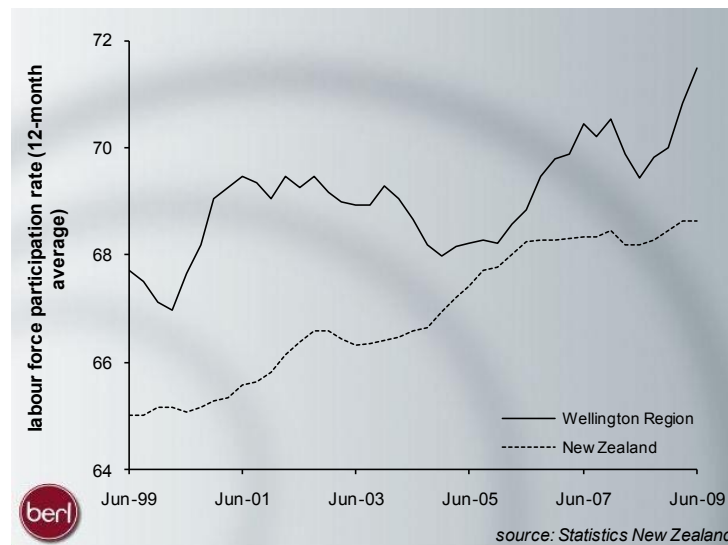
*source: Statistics NZ*

Just over 275,000 people were employed in the Wellington Region in June 2009, with a further 16,000 unemployed. With a labour force of 291,000, of a working-age population of 404,000, the Region had a LFPR of 72 percent. The Region had 12.7 percent of the national labour force, and 12.0 percent of the working-age population.

The unemployment rate in the Region was barely changed from in the March quarter, at 5.5 percent. Nationally it rose from 5.6 percent to 5.8 percent. We can expect to see the figure for the Region remain where it is or even rise somewhat in the months to come.

Figure 2.1 presents the Wellington Region and the New Zealand LFPR for the last 10 years. Historically, the Wellington Region LFPR has been well ahead of that seen nationally. The national rate rose sharply between mid-1999 and late-2005. Since then, the national LFPR has flattened out, while the LFPR in the Wellington Region has seen rapid growth, from around 68 percent, to near 72 percent on an annual average basis. The fact that the Wellington Region LFPR remains so strong indicates that the unemployed are still hopeful of finding work in the short to medium-term, and therefore have not left the labour force.

**Figure 2.1 LFPR rate, 12-month running average, 1999 to 2009**

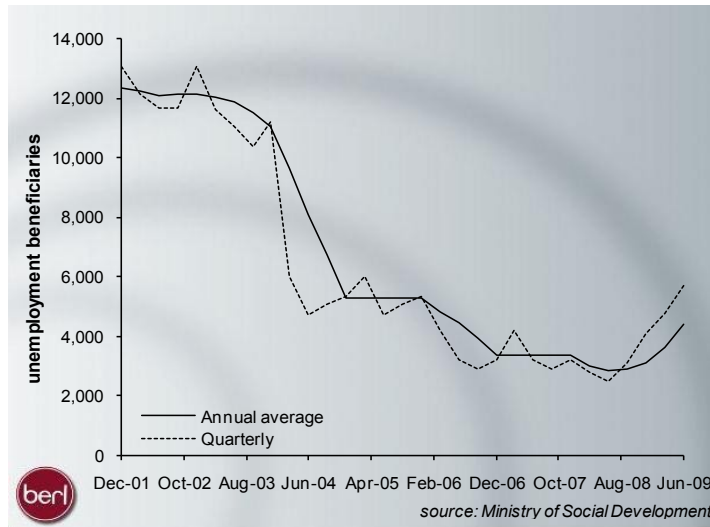


Across New Zealand, the number of unemployment beneficiaries is surging. Despite signs of recovery, or at least a slowdown in the rate at which the economy has been contracting, further job losses are being forecast. The Wellington Region can also expect to see unemployment beneficiaries rise further. As shown in Table 1.1, the number of unemployment benefit recipients has grown 132 percent in the March 2009 quarter over March 2008 figures.

Figure 2.2 shows the number of unemployment benefit recipients in the Wellington Region in two ways: the annual average number of recipients (the solid line, which smooths out the figures) and the quarterly raw numbers (the dotted line, which reflects large quarterly changes more clearly).

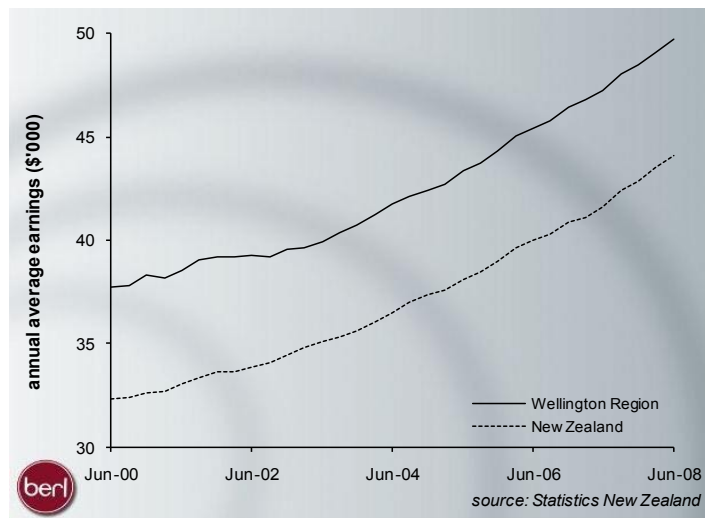
Both the annual average and quarterly figures show sharp rises since late 2008. The quarterly figures show a far more rapid rise, however, indicating the sudden and intense nature of the change. There were 5,720 unemployment beneficiary recipients in the June quarter, up from 2,470 in the same quarter last year. Historically-speaking, however, unemployment benefit recipient numbers are still low, at less than half the highs of 2001. An indicator of a downturn in unemployment will be when the slope of the quarterly series flattens relative to that of the annual average.

**Figure 2.2 Unemployment beneficiaries, 12-month running average, 2001 to 2009**



Average annual earnings of the employed have been well above the national average over the last eight years although the gap continues to narrow, as Figure 2.3 points out.

**Figure 2.3 Running average annual earnings, 2000 to 2008**



Annual average earnings in the Wellington Region stood at \$49,700 in the year ending June 2008, or 5.1 percent higher than the year before. Nationally, annual average earnings reached \$44,100 in June 2008, up 5.9 percent over the previous year. Earnings in the Wellington Region were 12.8 percent higher than for the country as a whole in the June 2008 year. This gap has narrowed from 16.8 percent in the June 2000 year.

Given the slowdown in the national and Regional economies over the last year, we anticipate that earnings growth will be shown to have slowed significantly as more recent data becomes available. This is the result of the labour market becoming less favourable to job-seekers as the unemployment rate rises.

### 3 Domestic spending and confidence

This section looks at consumer confidence by examining two retail indicators – nominal retail sales, and new vehicle registrations – as well as housing indicators.

There are clear signs of renewed consumer confidence, with house prices stabilising, and vehicle sales well off their highs but moving in the right direction. Retail sales seem a little slower to recover, with the latest quarter still being strongly negative.

Table 3.1 presents changes in running annual totals for the retail indicators in the latest year and the decade.

**Table 3.1 Consumption spending indicators, 12-month running totals, 1999 to 2009**

Retail indicators	Year ending				%pa change	
	Jun-99	Jun-07	Jun-08	Jun-09	Jun-08 to Jun-09	Jun-99 to Jun-09
<b>Wellington Region</b>						
Retail sales	4,874	6,715	7,227	7,158	-1.0	3.9
New vehicle registrations	19,934	18,580	17,130	12,402	-27.6	-4.6
<b>New Zealand</b>						
Retail sales	39,179	63,226	66,042	65,009	-1.6	5.2
New vehicle registrations	180,625	193,517	189,794	131,943	-30.5	-3.1

source: Statistics New Zealand, NZTA

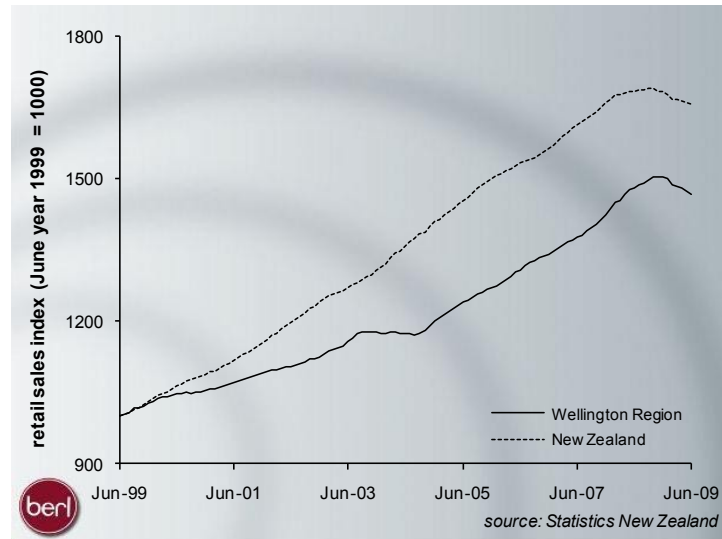
Nominal retail sales were down 1.0 percent in the Wellington Region in the latest year, compared with a 1.6 percent decline seen nationally. The last few months have been more challenging for the Region, however, with retail sales down 4.7 percent over the same quarter last year (see Table 1.1).

Over the decade, retail sales have grown at 3.9 percent a year in the Region compared with 5.2 percent in all of New Zealand. Part of the reason for this difference may be the slightly slower population growth seen in the Wellington Region, at 1.0 percent a year in the 10 years to 2008, compared with 1.2 percent nationally. GDP per capita and average annual earnings have also grown more slowly in the Region, suggesting slower increases in disposable income for consumption spending.

The annual vehicle sales figures presented in Table 3.1 look particularly bleak although once again, the Wellington Region is holding up better than New Zealand overall. Vehicle sales are down by more than a quarter in the Region year on year, and by almost one-third nationally over the last year. These dramatic falls put vehicle sales well below figures from ten years ago. But latest figures, as presented in Table 1.1, suggest we have reached the bottom of the trough, and that if nothing else, sales figures in the Region have stabilised.

Figure 3.1 presents the indexed change in annual nominal retail sales for the Wellington Region and New Zealand over the last 10 years.

**Figure 3.1 Nominal retail sales growth, 1999 to 2009**

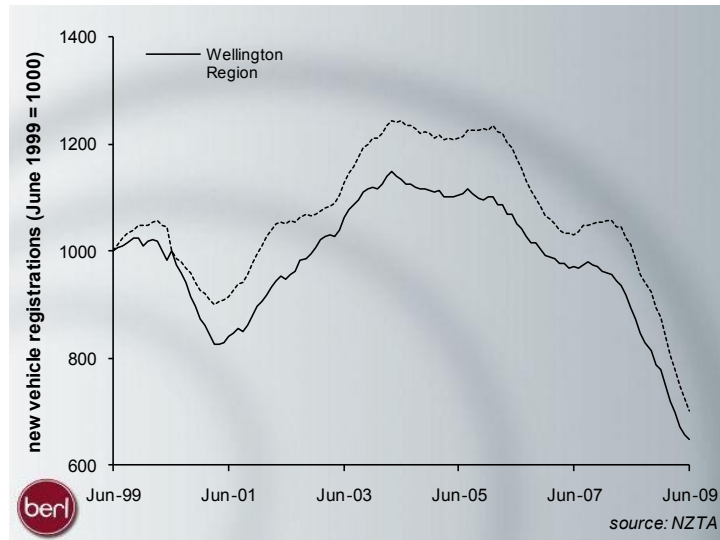


The slowdown in retail sales was more gradual at a national level than in Wellington Region. Early signs of a flattening out were already evident nationally in February 2008, while solid growth continued in Wellington Region through to September 2008. While national retail sales declined slowly from September 2008, they fell much faster in the Wellington Region, beginning in November 2008.

The latest figures are not particularly good for the Region (see Table 1.1) suggesting we may not yet have reached the bottom of the cycle. At the same time, overall national results appear to be turning positive. This indicates that we may at least see the drop in sales being arrested over the next three to six months.

Figure 3.2 shows the indexed change in annual new vehicle registrations for the Wellington Region and New Zealand for 1999 to 2009.

**Figure 3.2 New vehicle registrations growth, 1999 to 2009**



New vehicle registrations continue to fall year-on-year nationally and Regionally. Registrations are now well below those seen at any point in the last 10 years. The graph, which shows annual growth figures, provides little indication of an improvement in fortunes for vehicle sales. Nevertheless, as Table 1.1 shows, vehicle registrations appear to have bottomed out in the Wellington Region in the latest quarter, at around 26 percent below figures a year ago.

Table 3.2 summarises changes in the Regional and national housing markets for the latest year and the decade.

**Table 3.2 Housing market summary, 12-month running totals, 1999 to 2009**

Housing	Year ending				%pa change	
	Jun-99	Jun-07	Jun-08	Jun-09	Jun-08 to Jun-09	Jun-99 to Jun-09
<b>Wellington Region</b>						
House sales	11,422	11,344	7,929	6,767	-14.7	-5.1
House prices	168,903	361,354	378,576	370,754	-2.1	8.2
Days to sell	30.2	25.0	35.9	49.8	38.8	5.1
<b>New Zealand</b>						
House sales	78,106	104,932	69,034	60,427	-12.5	-2.5
House prices	167,723	331,309	346,228	334,592	-3.4	7.2
Days to sell	45.6	30.7	39.7	48.5	22.2	0.6

source: REINZ

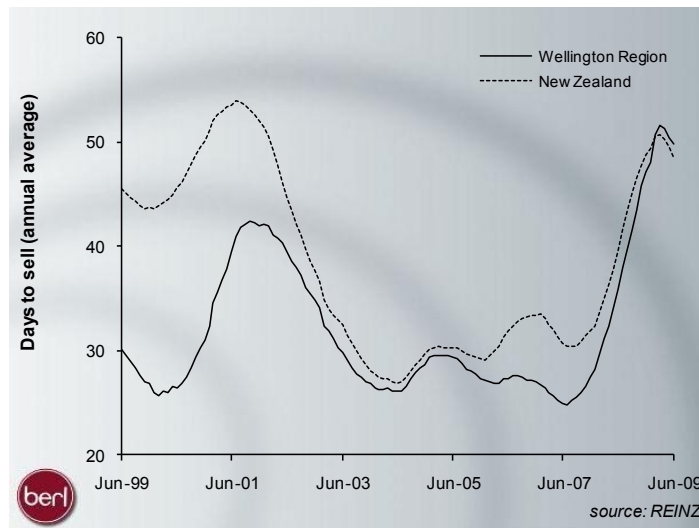
While house sales in the Region are still 15 percent below those in the previous year, this is a vast improvement on the 31 percent fall seen just three months ago. As Table 1.1 points out, sales in the latest **quarter** are up 31 percent on the same quarter last year.

Prices are also flattening out, now just 2.1 percent below what they were in the June 2008 year, and down just 2.3 percent off the peak of \$379,600 for the July 2008 year. Articles in the media support these observations, with talk of rapidly rising sales and greater price stability.

It took almost 50 days to sell a house in the Region in the year to June 2009, but this hides the fact that days to sell have fallen from 64 days in January and February 2009, to around 42 days in the April to June 2009 quarter.

Figure 3.3 shows the annual average days to sell in the Wellington Region and New Zealand for the last 10 years.

**Figure 3.3 Days to sell, 1999 to 2009**



Over the last 10 years, the number of days to sell a house in the Wellington Region has consistently been below the national average. This trend reversed in February 2009, with houses in Wellington now taking slightly longer to sell than nationally. One reason for this change may be that, because prices have fallen more slowly in the Region, a wider than national gap between buyer and seller expectations remains, leading to longer selling times.

## 4 Infrastructure and investment

This section looks at two areas of infrastructure and investment – construction and public transport use.

Construction indicators, while mixed, are looking better than three months ago. Public transport use has entered a flatter growth trend, possibly a result of lower oil prices and concerns about reliability of train services.

### 4.1.1 Construction

Table 4.1 presents a range of annual construction indicators for the Wellington Region and New Zealand.

**Table 4.1 Consents summary, 12-month running totals, 1999 to 2009**

	Year ending				%pa change	
	Jun-99	Jun-07	Jun-08	Jun-09	Jun-08 to Jun-09	Jun-99 to Jun-09
<b>Building consents</b>						
<b>Wellington Region</b>						
Residential - number	2,104	2,032	2,153	1,554	-27.8	-3.0
Non-residential - number	253	452	453	358	-21.0	3.5
Non-residential - value (\$m)	85	210	354	378	6.7	16.1
Non-building construction - number	320	454	476	492	3.4	4.4
Non-building construction - value (\$m)	10.8	49.3	31.7	30.3	-4.5	10.9
<b>New Zealand</b>						
Residential - number	22,608	26,538	23,261	14,175	-39.1	-4.6
Non-residential - number	5,403	8,163	8,344	7,250	-13.1	3.0
Non-residential - value (\$m)	1,227	2,743	3,164	3,541	11.9	11.2
Non-building construction - number	3,823	4,935	4,985	4,630	-7.1	1.9
Non-building construction - value (\$m)	235	417	485	506	4.4	8.0

source: Statistics New Zealand

There are signs of life in the construction industry in the June 2009 figures, after March quarter results that showed negatives across the board. Two indicators are up on an annual basis, while three remain negative.

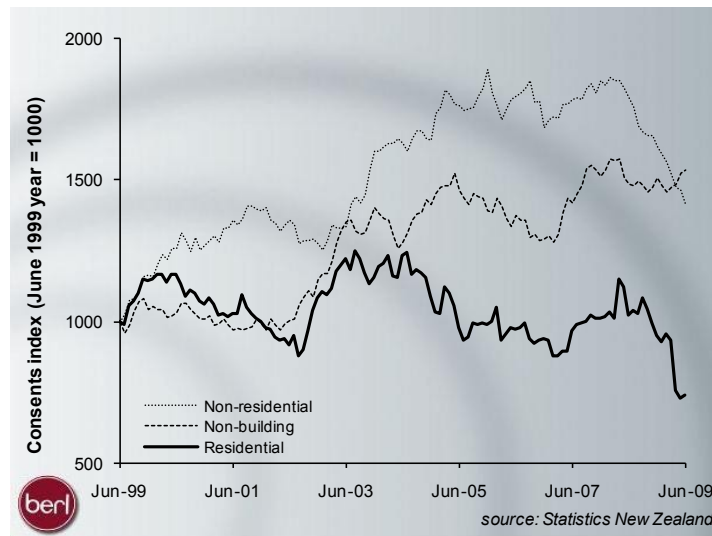
The Wellington Region's performance relative to the national economy is also mixed. The Region has seen growth in the number of non-building construction consents, while nationally there has been a decline. The fall in residential consents issued in the Region has not been as marked as that seen across New Zealand.

On the other hand, the number and value of non-residential building consents have grown better in the last year at a national level, as has the value of non-building construction consents issued.

The number of non-residential building consents has declined, by 21 percent, but the value of the projects being consented has risen almost seven percent. The number of non-building construction consents issued is growing again, up 3.4 percent over June 2008 figures, although the value of these consents has fallen slightly.

The last 10 years have shown consistent growth in non-building consents issued in the Wellington Region, while residential and non-residential consents have seen greater fluctuation. These patterns are shown in Figure 4.1.

**Figure 4.1 Consents growth in the Wellington Region, 1999 to 2009**



Apart from a dip between May 2005 and January 2007, non-building consents have enjoyed strong growth, up an average of 4.4 percent a year.

Growth in non-residential consents has been less consistent although growth rates were higher than for residential or non-building consents until recently. Between June 1999 and February 2008, the number of non-residential consents grew by 7.5 percent a year, but the fall in the last 16 months has been dramatic.

Residential consents have not grown as fast. There was a significant fall between April 2000 and August 2002, before strong growth to June 2003. Consent numbers flattened out over the next few months, before falling for almost three years, to June 2007. This was followed by another spike before the current downturn. It is too early to say whether the slight upturn in the June 2009 year is sustainable.

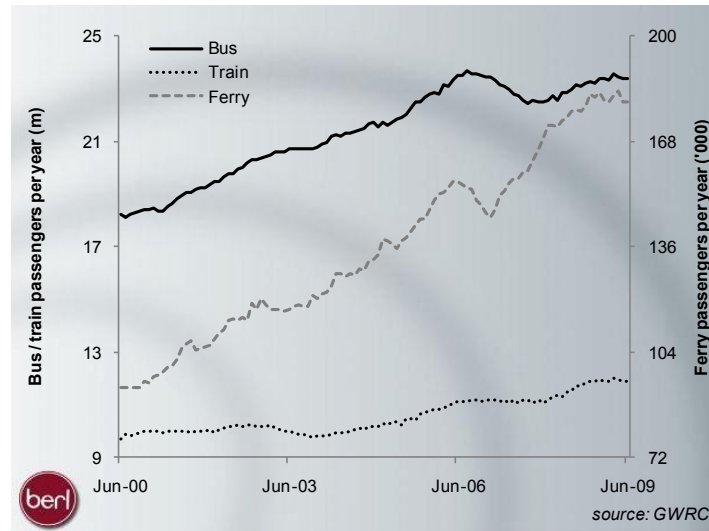
#### **4.1.2 Public transport**

The Wellington Region benefits from an extensive public transport network. According to Metlink, the Greater Wellington transport system has seven passenger train lines (with 43

stations), 103 bus routes (with 2,800 bus stops), and the harbour ferry (with five wharves). The result is that 90 percent of the Region's residents live within 400 metres of a bus stop or train station.

Rising oil prices and concerns about congestion have resulted in rapid growth in public transport use over the last several years, as shown in Figure 4.2.

**Figure 4.2 Wellington public transport patronage, 2000 to 2009**



Growth in patronage seems to be flattening out. One reason for this may be petrol prices that have consistently remained under \$1.80 a litre, almost 20 percent lower than the peak in 2008. This stability has made the use of private vehicles more affordable. Another reason may be concerns about reliability of services, especially the use of trains. The number of passengers carried by the Region's train service has fallen in each of the last three months, possibly as ongoing mechanical difficulties along with new ones related to the rail upgrade have discouraged use.

Total patronage in the June 2009 year was 35.4 million, down slightly from the record 35.7 million seen in the March 2009 year. Table 4.2 shows patronage broken down by mode.

**Table 4.2 Wellington public transport patronage, 2000 to 2009**

Passengers (000)	Year ending				%pa change	
	Jun-00	Jun-07	Jun-08	Jun-09	Jun-08 to Jun-09	Jun-00 to Jun-09
Bus	18,216	22,795	22,964	23,381	1.8	2.8
Train	9,700	11,176	11,552	11,876	2.8	2.3
Ferry	93	157	177	180	1.6	7.6

source: Greater Wellington Regional Council

Despite recent setbacks, train patronage saw the strongest growth in the June 2009 year, up 2.8 percent. Trip numbers on trains have increased by 2.2 million a year since 2000, or an extra 6,000 passengers a day.

Bus use is also still growing, albeit at a lower rate of 1.8 percent a year. An additional 5.2 million trips were made by bus in 2009 than in 2000, or 14,000 extra trips a day.

Ferry use has all but doubled in the last nine years, to 180,000 passengers a year, or nearly 500 a day. Growth in the June 2009 year was moderate, however, at 1.6 percent a year.

One reason the Wellington Region may have seen far lower growth in new vehicle registrations (see section 3) since 1999 may be the surge in public transport use. In the nine years since 2000, public transport use has increased 27 percent in the Region, while the population has grown 10 percent. The Region has by far the highest per capita public transport use, and also the lowest per capita vehicle ownership in New Zealand.

We expect that as the rail upgrade nears completion, and any teething problems arising from the upgrade are dealt with, passenger numbers on trains will resume their recent growth. New trains are expected to arrive from mid-2010.

## 5 External connections

This section examines three areas of connection with the rest of New Zealand and the world – tourism, Wellington Airport passenger numbers, and CentrePort exports and imports.

Wellington Region tourism has done particularly well given the current economic climate. International travel through the Airport continues to grow, while CentrePort has enjoyed year of strong growth across most indicators.

### 5.1.1 Tourism

This section highlights the recent and longer-term contribution of the Wellington Region tourism sector.

Table 5.1 presents several indicators of the performance of the tourism sector in the Wellington Region and New Zealand for the last 10 years.

**Table 5.1 Tourism indicators, 12-month running totals, 1999 to 2009**

Tourism	Year ending				%pa change	
	Jun-99	Jun-07	Jun-08	Jun-09	Jun-08 to Jun-09	Jun-99 to Jun-09
<b>Wellington Region</b>						
Establishments	158	216	222	218	-1.8	3.3
Capacity ('000)	2,104	3,382	3,492	3,571	2.3	5.4
Guest nights ('000)	1,687	2,552	2,675	2,648	-1.0	4.6
Stay nights ('000)	1,068	1,680	1,726	1,754	1.6	5.1
Occupancy rate (%)	50.8	49.7	49.4	49.1	-0.6	-0.3
<b>New Zealand</b>						
Establishments	3,145	3,784	3,872	3,889	0.4	2.1
Capacity ('000)	41,318	49,561	50,761	51,770	2.0	2.3
Guest nights ('000)	23,011	32,525	33,255	32,103	-3.5	3.4
Stay nights ('000)	12,829	18,823	19,224	18,808	-2.2	3.9
Occupancy rate (%)	31.0	38.0	37.9	36.3	-4.1	1.6

source: Statistics New Zealand

Not all the indicators for Wellington Region are positive, but they have held up far better than New Zealand overall.

Although the headline number for tourism – guest nights – fell 1.0 percent in the Region, this left the region in better shape than New Zealand overall, which saw a 3.5 percent decline.

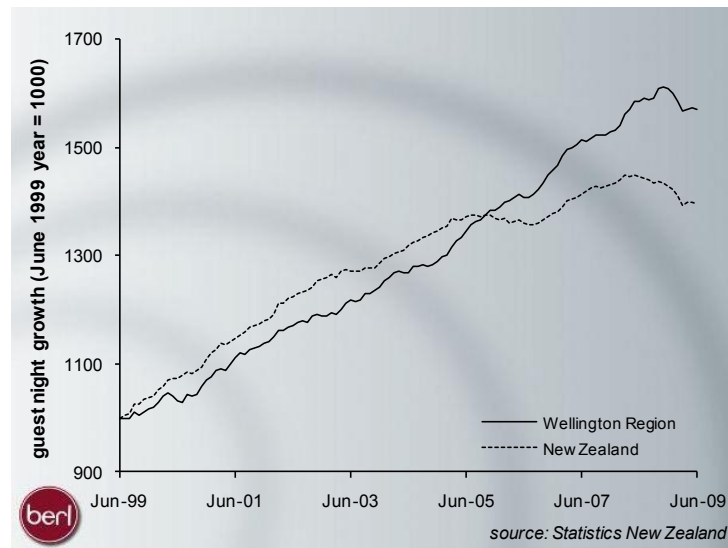
Stay nights, which measure the number of rooms occupied, rather than the number of guests, achieved growth of 1.6 percent in the Region although they fell 2.2 percent nationally.

Capacity continued to grow across the country and Region. This fact, coupled with the gain in stay nights, kept the drop in Wellington Region occupancy rates relatively small, at 0.6 percent. New Zealand saw a larger decline of 4.1 percent as increased capacity and reduced stay nights both acted to reduce occupancy rates.

One indicator that may be of concern was the reduction in the number of establishments in the Region, down 1.8 percent. The small numbers involved however (a loss of four establishments) suggests that not too much should be read into these figures.

Figure 2.1 shows how the number of guest nights has grown in the Region and New Zealand over the last 10 years.

**Figure 5.1 Guest night growth, 1999 to 2009**



Guest nights enjoyed strong growth across the country to mid-2005. After that point, growth in the Wellington Region continued to surge, while slower gains were evident in New Zealand as a whole. Guest nights reached a turning point nationally in January 2008, while the Wellington Region still saw growth through to September 2008. Since then, the pattern of change has been relatively similar at both levels.

### 5.1.2 Wellington International Airport

Table 5.2 shows the numbers of passengers passing through Wellington International Airport and Auckland International Airport from 1999 to 2009.

**Table 5.2 Airport passenger numbers, 1999 to 2009**

Passenger movements	Year ending			%pa change		
	Jun-99	Jun-07	Jun-08	Jun-09	Jun-08 to Jun-09	Jun-99 to Jun-09
<b>Wellington International Airport ('000)</b>						
International	440	586	598	617	3.2	3.4
Domestic	3,135	4,059	4,618	4,540	-1.7	3.8
Total	3,575	4,645	5,216	5,157	-1.1	3.7
<b>Auckland International Airport ('000)</b>						
International	na	6,373	6,622	6,913	4.4	na
Domestic	na	5,054	5,726	5,646	-1.4	na
Total	na	11,427	12,349	12,559	1.7	na

source: Infratil, Auckland International Airport

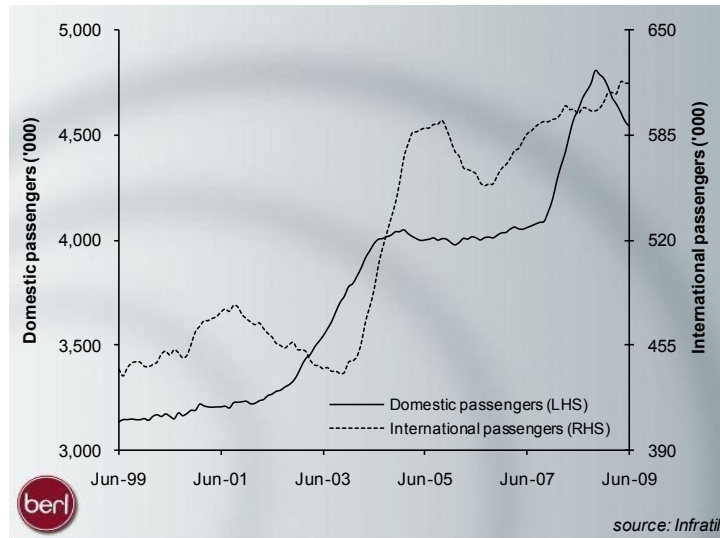
The total number of passengers passing through Wellington International Airport has fallen by 1.1 percent in the latest year, largely as a result of the domestic downturn. International passenger numbers grew well, up 3.2 percent, while domestic passenger numbers fell 1.7 percent on the previous year. With the domestic market accounting for 88 percent of all passengers passing through the Airport, this is no surprise.

Auckland International Airport saw a similar fall in domestic passenger movements, but enjoyed strong gains in international travel.

The gains in international travel are a particularly interesting result given the current global economic conditions, and fears about swine flu hampering international travel. They may point to higher levels of competition and therefore more affordable prices on trans-Tasman and Pacific Island routes. This would explain ongoing international passenger growth out of Wellington, which only serves Australian routes.

Table 5.3 shows recent trends in passenger numbers passing through Wellington International Airport.

**Figure 5.2 Wellington airport annual passenger numbers, 1999 to 2009**



The graph shows clearly how the growth in domestic passengers has been reversed, as predicted in our June update. Meanwhile, international passenger numbers continue to trend upward, reaching a record 618,000 in the April 2009 year.

### 5.1.3 CentrePort

Table 5.3 presents the total imports into and exports out of CentrePort and New Zealand in dollar and weight terms. CentrePort has enjoyed a year of solid results, with its share of gross weight transported through New Zealand seaports up to of 4.8 percent in the June 2009 year, from 4.5 percent in the March year.

**Table 5.3 Overseas cargo statistics, seaports, 1999 to 2009**

Seaports	Year ending			%pa change	
	Jun-99	Jun-08	Jun-09	Jun-08 to Jun-09	Jun-99 to Jun-09
<b>Wellington</b>					
<b>Exports</b>					
FOB*	1,450	816	951	16.6%	-4.1%
Gross Weight**	611	764	789	3.3%	2.6%
<b>Imports</b>					
CIF***	1,412	2,455	2,662	8.4%	6.5%
Gross Weight	686	1,243	1,242	-0.1%	6.1%
<b>Total</b>					
Gross Weight	1,297	2,008	2,032	1.2%	4.6%
<b>New Zealand</b>					
<b>Exports</b>					
FOB	19,423	35,296	37,673	6.7%	6.8%
Gross Weight	19,955	24,922	25,348	1.7%	2.4%
<b>Imports</b>					
CIF	16,984	35,124	35,973	2.4%	7.8%
Gross Weight	12,646	19,219	17,349	-9.7%	3.2%
<b>Total</b>					
Gross Weight	32,601	44,141	42,697	-3.3%	2.7%

\* Free on board, NZ\$million

source: Statistics New Zealand

The value of merchandise imported and exported through CentrePort continues to rise strongly, up 8.4 percent and 17 percent respectively. The gross weight of exports was up year on year, while imports were down. The result was a 1.2 percent overall gain in weight through the Port in the June year. These results were significantly better than those for New Zealand over the same period.

Over the decade, total weight through the Port has increased at 4.6 percent a year. This growth rate has been almost double that seen nationally.

All work is done, and services rendered at the request of, and for the purposes of the client only. Neither BERL nor any of its employees accepts any responsibility on any grounds whatsoever, including negligence, to any other person.

While every effort is made by BERL to ensure that the information, opinions and forecasts provided to the client are accurate and reliable, BERL shall not be liable for any adverse consequences of the client's decisions made in reliance of any report provided by BERL, nor shall BERL be held to have given or implied any warranty as to whether any report provided by BERL will assist in the performance of the client's functions.