

# Economic Wellbeing

## From “Understanding the Landscape of Auckland & Northland: An Evidence Review”

Written by the Centre for Social Impact (July 2018)

This topic extract is taken from the above report which summarises the key findings of an evidence review completed by the Centre for Social Impact to inform the implementation of Foundation North’s 2018 Strategic Plan. These key findings have been used to inform the development of funding priorities for the Foundation alongside the development of a broader range of positive outcomes that best contribute to the Foundation’s overall vision.

### Key Findings

There are 10 topic-specific extracts from the full report.

All extracts and the full report are available at [www.foundationnorth.org.nz/how-we-work/resources](http://www.foundationnorth.org.nz/how-we-work/resources)

1. Population profile | 2. Population change | 3. Income inequality and deprivation | **4. Economic wellbeing** | 5. Social cohesion | 6. Education | 7. Children and young people | 8. Housing | 9. Environmental wellbeing | 10. Community sector

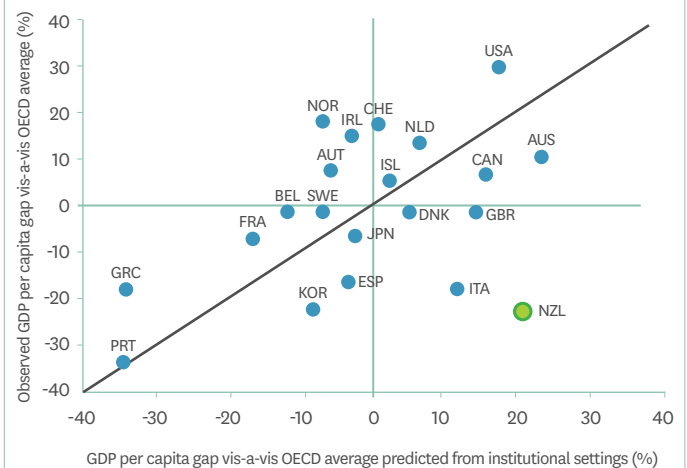
#### (i) Why is economic wellbeing an important indicator?

- 1) Economic wellbeing has a direct impact on labour force participation, hours of work, unemployment, joblessness and salary rises. Addressing economic wellbeing can therefore reduce income inequalities associated with low labour force participation, unemployment, joblessness and low salaries, and as a result can positively impact social and community wellbeing.  
*(Statistics New Zealand, n.d./b).*
- 2) The Ministry of Business, Innovation and Employment prioritises the relationship between economic development and household income, job opportunities and housing affordability (income to cost ratio).  
*(MBIE, 2017a).*
- 3) Regional economic wellbeing and development is of particular importance to Māori, “because of the relatively large proportion of Māori living outside the main centres.”  
*(MBIE, 2017a, p7).*

#### (ii) What are the regional trends and issues?

- 1) Economic growth in New Zealand has been faster than in most OECD countries. Despite this, low productivity growth has contributed to income levels that are 20% below the OECD average.  
*Sources: MBIE, 2015b; New Zealand Productivity Commission, 2014 (graph).*

Figure 3: Actual gap in GDP per capita versus predicted gap - OECD countries and OECD average



- 2) Job availability in Northland is low. Low labour intensity industries account for 30% of GDP (agriculture and manufacturing), and the region has the lowest GDP per capita in New Zealand.  
*Source: Statistics New Zealand, 2013.*

Region	GDP per capita
Northland	\$36,500
National	\$54,178

3) Auckland's economy is strong, driven primarily by professional, financial and ICT services. <i>Source: Statistics New Zealand, 2013.</i>	<b>Region</b>		<b>GDP per capita</b>
	Auckland		\$58,717
	National		\$54,178
4) Northland's poor economic wellbeing as a region impacts negatively on employment opportunities, unemployment and income inequalities. These impacts disproportionately affect Māori. <i>Source: Statistics New Zealand, 2013.</i>	<b>Income/Work indicators</b>	<b>Northland</b>	<b>NZ average</b>
	Unemployment	10%	7%
	Unemployment – Māori	20%	16%
	Median income	\$23,400	\$28,500
	Median income – Māori	\$19,100	\$22,500
5) These issues have contributed to Northland having the highest rate of young people not in education, employment or training (Y-NEET) in New Zealand. <i>Source: Statistics New Zealand, 2013.</i>	<b>Northland's Y-NEET youth</b>		
	16.8% of young people		
	5,000 young people		
6) Auckland's economic wellbeing offers employment growth and means that the median income is higher than the national average. However, there are still over half a million people in the region earning below \$20,000 per annum. <i>Source: Statistics New Zealand, 2013.</i>	<b>Income/Work indicators</b>	<b>Auckland</b>	<b>NZ average</b>
	Median income	\$29,600	\$28,500
	Earning <\$20,000	39%	38%
7) Auckland's rate of young people not in education, employment or training (Y-NEET) is lower than the New Zealand average; however, this still equates to 27,000 young people. <i>Source: Statistics New Zealand, 2013.</i>	<b>Auckland's Y-NEET youth</b>		
	11% of young people		
	27,000 young people		
8) Globally, place-based community economic development (CED) initiatives have been developed in response to the correlation between income inequality and social deprivation. CED, including social enterprise, can provide opportunities to "build a new economy" and contribute to regional community sustainability. <i>Sources: Jennings, D., 2014; MBIE, 2015b; Ākina Foundation, n.d.</i>	<b>Community economic development opportunities</b>		
	Community housing		
	Social enterprise		
	Community-owned buildings and assets		
	Iwi enterprise and the Māori economy		
	Pacific social enterprise		

## References

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