

There were regional differences in expenditure patterns from 1997 to 1999, such as:

- Household expenditure increased over the period, except in the Auckland Region, where it shrank in 1997 and 1998, recovering slightly in 1999.
- Clothing expenditure grew strongly overall in Auckland, Wellington and Canterbury, but increased very little in New Zealand as a whole and actually decreased in the rest of New Zealand.
- Expenditure on drink, food and other (including department stores, services, and recreational goods) increased over the period in all the regions.
- Motor vehicle (retailing) dollar expenditure decreased substantially in Auckland, Canterbury and across New Zealand. While it also decreased in Wellington, the decrease was less dramatic. This decrease in dollar expenditure on vehicles is likely to have been affected by the removal of tariffs on imported vehicles. This has reduced the price of vehicles but not necessarily the number of vehicles bought.

#### ANNUAL PERCENTAGE CHANGE IN RETAIL EXPENDITURE, BY REGION (1997 TO 1999)

	Auckland Region (%)	Wellington Region (%)	Canterbury Region (%)	Rest of NZ (%)
<b>CLOTHING</b>				
1997	1.6	6.53	1.7	-5.9
1998	5.4	11.6	-3.2	-8.5
1999	7.5	10.3	17.6	-2.6
<b>DRINK</b>				
1997	1.4	9.9	-2.3	1.6
1998	0.8	0.8	4.4	3.4
1999	6.8	2.6	15.2	3.6
<b>FOOD</b>				
1997	4.3	6.8	8.8	3.9
1998	3.1	4.2	5.8	5.2
1999	6.9	5.2	5.4	4.1
<b>HOUSEHOLD</b>				
1997	-3.4	1.7	-7.4	2.9
1998	-10.1	6.2	2.5	3.5
1999	5.4	5.7	5.9	4.3
<b>MOTOR VEHICLES</b>				
1997	-14.6	-4.8	-13.5	-15.8
1998	-9.1	-3.1	3.8	-3.7
1999	-0.6	0.2	5.4	1.3
<b>OTHER</b>				
1997	3.0	3.1	4.0	2.3
1998	3.0	3.1	1.4	0.7
1999	7.8	3.3	8.3	6.2

Data Source: Statistics New Zealand

Where retail expenditure drops, less is spent and less is fed into the local economy. It also links to employment, income levels and economic growth. In general, retail expenditure will increase in times of economic growth. With the most recent changes, the weak New Zealand dollar and high oil prices, prices of imported goods and goods with imported components are likely to increase, and as transport costs increase these are likely to feed through to the final price of goods. This may see a slow-down in retail expenditure.

# Retail Sales Expenditure

## What this is about...

Changes in retail expenditure reflect the strength and liveliness of the local or regional economy. Locally spent dollars potentially contribute to more jobs for local residents and higher profits for local businesses. Retail spending indicates how well the regional economy is meeting the needs and wants of its residents. Increases in retail spending may also be linked to increased disposable income and higher levels of employment, although this is not a simple link.

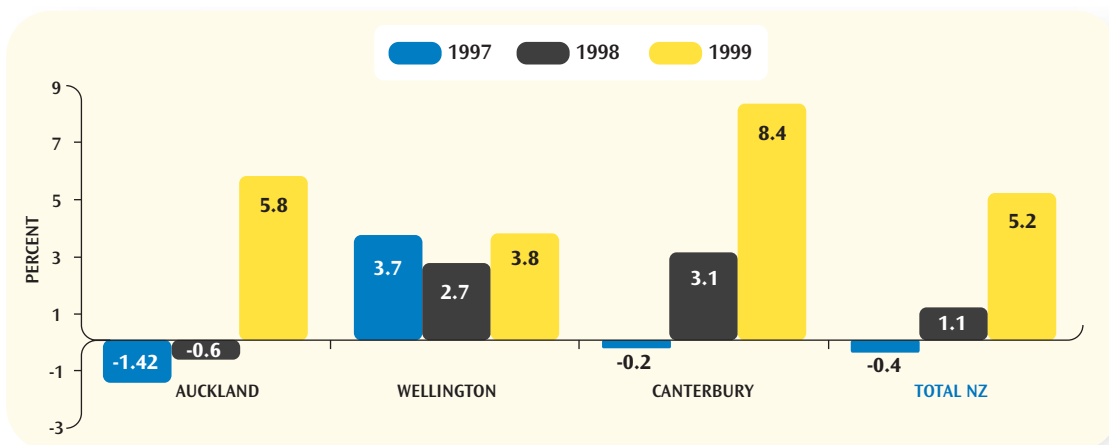
This indicator explores changes in retail sales expenditure by major sectors over time.<sup>140</sup>

## What did we find ?

Retail expenditure involves significant amounts of money. In the year ended December 1999, there was \$41 billion retail expenditure in New Zealand, of which \$13.4 billion was in the Auckland Region, \$5.1 billion in the Wellington Region, and \$5.5 billion in Canterbury Region.

- Overall retail spending fell slightly in the Auckland Region in 1997 and 1998, reducing by 1.4% and 0.6% respectively.
- The Canterbury Region and New Zealand as a whole were also relatively static in retail expenditure in 1997 and 1998, with expenditure reducing in Canterbury slightly in 1997 but growing by 3% in 1998.
- In New Zealand as a whole expenditure shrank by 0.4% in 1997 and grew by only 1.1% in 1998, reflecting a slower economy. In the year to December 1999, as economic activity grew, retail expenditure jumped substantially in Auckland (by 5.8%), in Canterbury (by 8.4%) and across New Zealand (by 5.2%). The large increase in Canterbury was driven primarily by significant increases in retail spending on clothing and drink.
- In contrast Wellington experienced relatively stable growth through this period, with 3.7% in 1997, 2.7% in 1998 and 3.8% in 1999. This is similar to the Wellington experience in the housing market, which was also relatively buoyant in this period.
- In the 1997 to 1999 period expenditure increased overall, in all regions. This reflects the growth in levels of economic activity in this period. It is also a period when unemployment was starting to decrease.

### ANNUAL PERCENTAGE CHANGE IN RETAIL SALES, BY REGION (1997 TO 1999)



Data Source: Statistics New Zealand

140 The data source is the Statistics New Zealand Retail Trade Survey. The categories for retail sales are:

- Clothing – clothing and softgoods, footwear
- Drink – accommodation, clubs & pubs, liquor, cafes and restaurants, takeaways
- Food – food retailing
- Household – appliance, retailing, furniture and floor coverings, hardware
- Motor – automotive vehicle retailing
- Other – chemists, department stores, vehicle services, personal and household services, recreational goods