Responses to IA questions asked at CSG16b

Question	Answer
A general lack of understanding on confidence around employment figures, with a specific example by baseline of 19,732 for Dairy farms.	*Few points from phone call today:* • *Difficult to compare 2007 and 2014 equivalents, as 2007 was a more productive year.* • *The base input-output table for our analysis is for 2007; this is the latest available from Statistics New Zealand*
Is it appropriate to report and consider employment figures as a % change. If so, please provide.	• *"Relativity does not change". We have also provided results in 2014 equivalents for the last set of scenario runs. The conversion from 2007 to 2014 results in a slight loss of accuracy, as we must apply conversion factors at the regional rather than FMU level). The conversion requires that we account for productivity differences between 2007 and 2014 based on valued added per employee figures. SNZ however only produces this data at a regional level.*
Why is there a reduction in local government employment	• *Reduction in various sectors results in a downscaling of local government* • *Ag consultants (farm plans, etc) are private, and fall into Agricultural Services rather than Local Government* • *REM based on FCM results. FCM projected costs such as farm erosion plans (costs born to farmer), however not increased employment in local councils.*
Which sector does water provision and waste water fall into.	• *Water provision and waste water are both included under utilities*
What is in "other agriculture"	• *Please see attached concordance showing how the 106 base industries relate to the 17 reporting industries.*
In general terms, where do the jobs go.	• *Beyond the scope of a static model, however experience would suggest….* o *Stay within area for a while, however overtime will migrate out.*

Other questions to help the IA panel

- What is in "other services?

Other services cover a range of different services including:

Accommodation
Restaurants
Telecommunications
Banking

Finance and Insurance
Rental and hiring services
Property operation and real estate services
Education
Health
Sport and recreation services
Personal services

A number of service industries highly interconnected within an economy, and thus are impacted through a myriad of supply chain interconnections when there is a change in the system. Also, many of these service industries are particularly affected by changes in consumer/household spending associated with changes in incomes.
Under all scenarios, an industry that accounts for a very high proportion of the total impact in 'Other Services' is the industry 'owner-occupied property operation'. For example, under s1 this industry accounts for 30% of the Other Services value added impact, and 33% of the value added impact under s4. This is the 'industry' within the national accounts attributed with providing the value from owner-occupied dwellings. New Zealanders tend to spend a very large proportion of their income on their homes and thus when incomes fall, there is an associated fall in the value provided by this industry. Note however that as this industry does not employ persons, it does not account for any of the employment impact recorded for Other Services in any of the results.
Other industries that account for a substantial proportion of the value added impact recorded for other services are education (e.g. 16% of impact under s1 and 17% of impact under s4) and Health (e.g. 19% s1 and 23% s4).

- In original results s1 international export hort (other primary) had no change, whilst in new run of s1 it shows a large decrease. Similar situation for meat and meat products (-$98M to -20M), and wood/paper manufacturing ($6M – 18M).

  In our first round of modelling we did not attempt to estimate changes in horticulture exports due to limited information on export products. In our latest round of modelling, however, we were requested to provide some estimation of export changes of horticulture products.
  In terms of the other numbers above, can you please clarify which numbers you are referring to? I presume we are comparing s1 in the original round of results with s5 for the latest round of results. However I cannot seem to match up the wood/paper manufacturing results.
  Although the forestry data from Graeme's inputs is the same for s1/s5, there are some differences between the scenarios for other sectors.
  As part of including horticulture exports in our analysis, we adjusted our method for estimating industries for all industries. This has the most significant influence on the meat processing industry. Essentially, we adjusted the method to better capture <u>substitution</u> between sheep and beef in export meat markets (i.e. loss of exports in one product would be compensated by gain in exports in the other product).