

# Wairoa District Council: Long Term District Planning

*Demographic and Economic Growth Directions  
2018-2048*

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## Executive Summary

- For the purposes of its next Long Term Plan (2018-2028) and longer-term infrastructural planning (for the 2018-2048 period), the Wairoa District Council has requested this long-term demographic and economic growth outlook/directions report for the Wairoa district.
- The specific matters addressed in the report are the longer-term historical district trends since 2001 in population/household growth and economic activity, the current socio-economic situation in the district, the longer-term outlook for population and household growth, and the economic growth outlook for the area.
- The base information and perspectives required for the report have been obtained from a number of sources including Statistics New Zealand, Ministry of Business Innovation and Employment, Ministry of Primary Industries and Wairoa District Council, along with consultation with Council staff and some community representatives.
- In the report, the long-term outlook for Wairoa district is firstly informed by an understanding of the main demographic and economic trends which have occurred in the area over the past 16 years and the current situation in the district in respect of a number of key socio-economic indicators.
- Significant demographic and economic trends which have occurred within the district since 2001 include ongoing population decline until June 2016; a noticeable population gain since then however; an increase in the Maori population; increase in the 50+ population and overall median age; falling household numbers overall and household occupancy (persons per household); increased households in the Mahia area; underlying limited annual average economic growth (0.82% per annum); increased GDP per capita/average standard of living; fluctuating employment levels and strongest employment growth over the past four years for the professional/scientific/technical services, construction, wholesaling, transport/storage and arts/recreation services industries.
- Section 3 (Tables 1 and 2) of the report provides a summary demographic and economic profile of the district for the latest year and current key indicator results for the area can be seen there.
- Sections 3.4-3.9 of the report provide an assessment of the current situation within the district in respect of the affordability/'ability' to pay factor. This was requested to be included in the report. The analysis concludes that the Wairoa community in general faces significant challenges in terms of this factor. This conclusion is drawn from the evidence of the district's standing vis-à-vis the overall Hawkes Bay region and the country as a whole in terms of a wide selection of socio-economic indicators and the level of relative socio-economic deprivation at both the district-wide and also within and amongst the different localities comprising the district.
- Section 4 of the report provides a detailed analysis of the long-term demographic growth outlook for Wairoa district. **Table A** below provides ESL's recommended household growth

projection results for the area. It is noted that the projections are more optimistic than those of Statistics New Zealand, which ESL considers do not necessarily reflect, in particular, the Wairoa District Council's commitment to significantly lifting the demographic and economic performance of the district and the considerable economic development opportunities that now present themselves in the area. The Medium projection, which could provide an initial focus for the Council, sees the number of district households increasing by 110 or 3.4% over the next LTP period, followed by further growth of 105 households or 3.2%. The Low projection sees a much lower level of household loss than with Statistics New Zealand, whilst the High projection is very aspirational and consistent with a return to a district population around the 10,000 mark, which last prevailed in 1996. The three projection scenarios thus provide both a 'range of possibility' and a 'target' for the Council to aim at, in terms of its long-term planning.

**Table A: Wairoa District Projected Household Growth 2018-2048**

Year	Low	Medium	High
2013	3,200	3,200	3,200
2017	3,210	3,210	3,210
<b>2018</b>	<b>3,215</b>	<b>3,220</b>	<b>3,230</b>
2023	3,190	3,300	3,360
<b>2028</b>	<b>3,170</b>	<b>3,330</b>	<b>3,460</b>
2033	3,150	3,355	3,570
2038	3,130	3,380	3,680
<b>SNZ Projection 2038</b>	<b>2,300</b>	<b>2,800</b>	<b>3,300</b>
2043	3,110	3,410	3,790
<b>2048</b>	<b>3,085</b>	<b>3,435</b>	<b>3,910</b>

- With the above Medium household growth scenario, the resident population of the district is projected to increase by 140 over the next LTP period and by a further 190 over the 2028-2048 interval, reaching a level of 8,360 in 2028 and 8,620 in 2048. Statistics NZ's projections, which tend to focus more narrowly on population growth factors (e.g. fertility, mortality and net migration), project the district's population to decline even under its High/most optimistic projection.
- Table 8 in the detailed report indicates the broad geographical location within the district of the household growth under the Medium projection. Over the full 2018-2048 period, the Mahia area accounts for 90 or 42% of the total household growth, Wairoa township 40 or 19% and the rest of the district 39%. The distribution of the projected population growth closely follows this pattern.
- Section 5 of the report indicates the long-term economic growth outlook for the Wairoa district. It can be clearly concluded from the analysis in this section that the potential is definitely there for the district to achieve higher levels of economic growth and development during the next LTP period, with the proactive leadership and other support of the governmental sector, Maori community, business sector and the Wairoa community generally.

The report forecasts increased levels of GDP growth, tourism and new commercial-industrial floorspace during the period.

## 1- Introduction

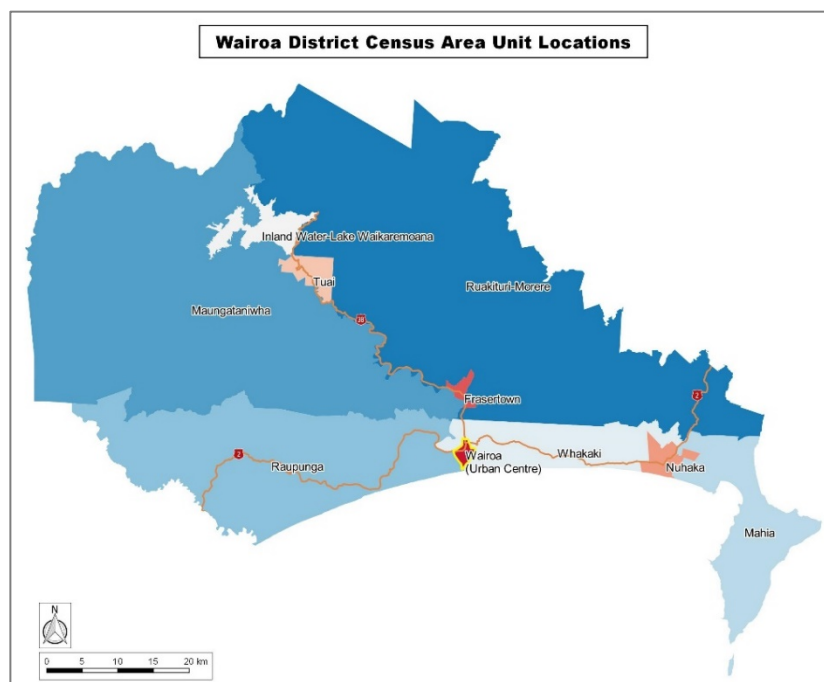
- 1.1 The purpose of this report is to provide a suitably detailed and integrated assessment of the long-term demographic and economic outlook for the Wairoa district. The report has been requested by the Wairoa District Council in order to assist the Council in the process of formulating both its next Long Term Plan (covering the period 2018-2028) and also in terms of its longer-term infrastructural planning and development requirements (for the period 2018-2048).
- 1.2 The key demographic considerations addressed in the report are population and households. The key economic considerations are economic growth/GDP, industry including tourism, labour-force, affordability and commercial/industrial floorspace. Additional socio-economic factors are covered in the section of the report concerning the current demographic and economic situation in the district.
- 1.3 The main geographical areas for the analysis provided in the report are the total Wairoa district (as represented by the Council's administrative catchment) and its constituent lower-level Census Area Units or CAUs. The latter are referenced in different sections of the report, including in an appropriate CAU boundary map of the district. Comparisons with other Local Government districts, the wider Hawke's Bay region and the country as a whole are also provided in the report analysis, as appropriate.
- 1.4 The specific matters addressed in the report are as follows:
- Historical demographic and economic growth in the Wairoa district since the 2001 Census period. This contributes to the basis and context for the future growth assessment in the report.
  - The current demographic and economic profile of the district, including an assessment of the overall affordability situation in the area.
  - Projected/forecast demographic, economic, tourism and commercial/industrial sector floorspace growth in the district over the long-term.
- 1.5 A range of base information sources have been used in the process of preparing the report, including:
- Relevant Wairoa District Council information and documentation.
  - Statistics New Zealand and other Government Department (including Ministry of Business Innovation and Employment MBIE and Ministry of Primary Industries MPI) statistical information for the district.
  - Consultation with key Council staff and provision of relevant information provided by them.
  - Feedback from other district representatives on specific matters, where required.

## 2- Historical Demographic and Economic Growth

### Demographic

- 2.1 Statistics New Zealand (SNZ) estimates indicate that over the 2001-2016 interval, Wairoa District's resident population continued to fall and overall by 1,100 or approximately 12%.
- 2.2 However, the latest estimates indicate that the district's population actually increased by 50 or 0.6% during the year to June 2017. Population decline in the area slowed noticeably during the 2014-2016 interval. The current total population figure is 8,210.
- 2.3 Since 2001, the European population of the district has also continued to fall and overall by 730 or approximately 15%. The Maori population has fallen by 4% overall since 2001 but has in fact been increasing from 2006 with an overall gain since then of 160 or 3% being recorded.
- 2.4 The age-groups that have recorded strongest population growth in the district since 2001 are, in order, 65+ years, 60-64 years and 50-59 years. The 30-39, 40-49 and 0-14 year age-groups have recorded the largest population declines. The median age of the total district population has been increasing gradually over time and currently stands at 38.7 years (compared with 37.7 years in 2013).
- 2.5 **Figure 1** below provides a map of the Wairoa District containing the 10 different Statistics NZ 'Census Area Unit' (CAU) localities/boundaries. These localities are a 'collection point' for a range of both Census and other survey results for the Wairoa area, below the district level. The map also contains some of the major and minor urban centres in the district and the key state highway corridors passing through the area.

**Figure 1**



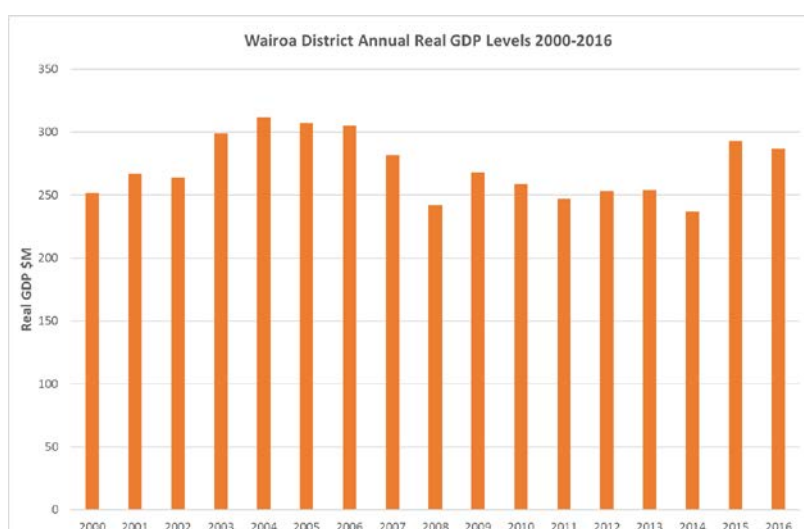
- 2.6 All CAU 'usually resident' populations have declined overall between 2001 and 2017, especially in the Nuhaka, Tuai, Whakiki, Mahia and Frasertown CAU areas.

- 2.7 The total number of households in Wairoa district in June this year is projected by SNZ to be in the range 3,120 (Low projection) to 3,280 (High projection), with a Medium or ‘middle of the road’ projection of 3,200 households. The latter figure is the same as the 2013 result, which is lower than the previous two Census year results.
- 2.8 Following an analysis of Census based household results since 2001 and consented new dwelling results for the period, the actual total number of households in the district at the present time is estimated at 3,210, which is above the SNZ Medium projection for this year (2017).
- 2.9 Taking into account the associated fall over the period in the district population, average household occupancy (average number of persons per household) in the area has continued to fall, from a level of 2.72 (persons per household) to 2.56 this year. As with the rest of New Zealand, this trend is the result of an increasing proportion of single-person households in the district (due to such factors as the ageing population and social changes in the community) and a decline in the average size of family based households.
- 2.10 Over the 2001-2013 period, total household numbers fell in all Wairoa CAU areas, especially the Nuhaka, Whakiki, Wairoa and Raupunga localities. However, the interval since 2013 has seen relative stability in total household numbers in most CAU areas; total households in the Mahia area have increased though by an estimated 18 or 5%.
- 2.11 According to SNZ projections, the number of family based households in Wairoa district is expected to fall during the current Census period (2013-2018) whilst the number of single-person households is expected to increase. At the same time, the number of two-parent families is also expected to fall.

## Economic

- 2.12 **Figure 2** indicates the trend in Wairoa district real terms annual GDP, since year 2000. The base data for the graph is sourced from MBIE. As shown, economic growth in the district has fluctuated markedly over the period but has averaged out at an underlying annual (growth) rate of 0.82%. This compares with the respective Hawke’s Bay region and national growth rates of 1.66% and 2.54%.

**Figure 2**



- 2.13 It is noted that GDP per capita or per person in the district has increased at an average annual rate of 1.8% since year 2000, with the value in 2017 (\$35,172) being over 30% up on the year 2000 figure. GDP per capita is a formal economic measure of the average standard of living of the residents of an area (in terms of access to goods and services).
- 2.14 Total employment in the district was relatively stable around the 3,500 mark during the 2000-2011 period. It then fell during the following two years but recovered sharply over the 2013-2015 interval. Since then employment in the area has fallen significantly down to around the 3,355 mark.
- 2.15 On a CAU basis, total industry employment in the district has increased most since 2013 in the Whakaki and Mahia areas, and fallen most in the Ruakituri-Morere and Wairoa Township localities.
- 2.16 The district industries which have recorded positive annual average employment growth over the long-term (since year 2000) are construction, visitor accommodation and food services, transport/storage, rental/hiring/real estate services, professional/scientific/technical services, health care and social assistance services, and arts and recreation services. Employment growth has been strongest over the past four years in professional/scientific/technical services, construction, arts and recreation services, wholesaling and transport/storage.

### 3- Current Demographic and Economic Situation

- 3.1 **Table 1** below summarises the current demographic and economic situation in the Wairoa district, in terms of a range of local indicators. Together with Table 2 following and the section 2 analysis above, this information provides the basis for the analysis in section 4 of the future long-term growth outlook for the district. For a number of the indicators listed in the table, comparative Hawke's Bay region-level results are also provided.
- 3.2 **Further comments on the table:** the Wairoa district accounts for 5% of the total Hawke's Bay population. The population growth result over the latest year compares to the total regional growth figure of 1.5%. The median age of the Wairoa population compares with the current Hawke's Bay figure of approximately 41 years whilst the district's Maori community share of the total population is more than double the regional proportion. Family based households comprise 68% of all households in the district and one-person households 31%. 'Couple without children' families account for 41% of all resident families, two-parent families 32% and one-parent families the balance of 27%. The total number of businesses/organisations in the district comprise primary production 42%, secondary industry 7% and service industries 51%. The average full/part time employee size of businesses in the district is 3.3, with the processing/manufacturing sector figure being 43.3. The primary production and processing sector accounts for 56% of total industry GDP and employment in the district. The district presently accounts for just 2.8% of total direct Hawke's Bay visitor spend. The current Wairoa GDP per capita figure of \$35,172 compares to the overall Hawke's Bay figure of \$37,177. In March this year, the annualised Wairoa unemployment rate stood at an estimated 13.5%, compared to the overall Hawke's Bay-Gisborne figure of 6.8%.

**Table 1: Wairoa District Key Demographic and Economic Indicator Results 2016/17 Year**

Indicator	Result 2016/17
<b>Estimated Resident Population</b>	8,210
<b>Annual Population Growth %</b>	0.6
<b>15+ Working-Age Population</b>	6,240
<b>65+ Age-Group Population</b>	1,440
<b>Median Age (Years)</b>	38.7
<b>% Maori Population</b>	54.0
<b>Households</b>	3,210
<b>Average Household Occupancy (Persons Per Household)</b>	2.56
<b>Total Business Numbers</b>	940
<b>Leading Industries' Direct Contribution to Total Industry GDP \$M:</b>	
Agriculture & Forestry/Logging	107
Processing & Manufacturing	42
Health Social & Education/Training Services	31
Business & Professional Services	26
Construction & Utility Services	21
<b>Total Direct Visitor Spend \$M</b>	17
<b>Total Real GDP \$M</b>	287
<b>Real GDP Per Capita \$</b>	\$35,172
<b>Total Employment</b>	3,355
<b>Leading Industry Contributions to Employment:</b>	
Processing/Manufacturing	943
Pastoral farming	881
Education and Training	343
Health & Social Assistance	293
Retailing	186
<b>Estimated Total Unemployment</b>	525
<b>Estimated Unemployment Rate %</b>	13.5
<b>Number of Residents Receiving Job Seeker Support Benefit</b>	728

3.3 **Table 2** below provides a brief internal demographic and economic profile of the Wairoa district, based on the spread of the listed indicators amongst its various CAU areas (excluding the Lake Waikaremoana CAU). The Wairoa CAU area accounts for just over half of the district population and households, 30% of all businesses and almost 40% of total industry employment in the district. Other significant residential settlement areas in the district are Whakiki, Ruakituri-Morere and Raupunga. Outside of Wairoa, business numbers are highest in Ruakituri-Morere and Raupunga, whilst employment is highest in the Whakiki and Ruakituri-Morere CAU areas. It is noted that part of the Whakiki CAU extends into the broader Wairoa township area; this part includes the major AFFCO meat processing facility and construction industry related activity. The rest of the CAU includes a significant level of rural industry employment. This category of industry employment dominates the industry employment profile of the Ruakituri-Morere CAU area.

Table 2: Wairoa District Census Area Unit Demographic &amp; Economic Indicator Results 2017

Census Area Unit	Population	Households	Businesses	Employment
<i>Tuai</i>	225	87	18	65
<i>Frasertown</i>	271	105	27	110
<i>Ruakituri-Morere</i>	693	271	180	410
<i>Maungataniwha</i>	312	121	84	90
<i>Raupunga</i>	652	257	135	195
<i>Whakiki</i>	772	296	87	940
<i>Nuhaka</i>	174	65	30	60
<i>Mahia</i>	872	348	90	195
<i>Wairoa</i>	4,239	1,660	279	1,290
<b>Total</b>	<b>8,210</b>	<b>3,210</b>	<b>930</b>	<b>3,355</b>

## Affordability

- 3.4 As part of this assessment of the future growth outlook for the Wairoa area, ESL has been asked to comment in this section of the report on the relative ‘affordability’/‘ability to pay’ situation of the Wairoa district community. These related terms basically refer to the financial capability of individual Wairoa district residents, groups of residents or the community as a whole, to meet their financial obligations on a sustainable basis. These obligations relate to both private and public shorter and longer-term spending requirements. From a local government perspective, these requirements typically include property rates and service fees/charges. Central Government related factors include taxation and particular charges and fees. Private considerations potentially cover a wide range of factors including housing, household operation and personal health costs for example.
- 3.5 **Table 3** provides comparative results for the Wairoa district/Hawke’s Bay region/New Zealand, for a range of demographic, income and economic indicators that are considered to have a significant potential influence on the level of affordability/‘ability to pay’ in the above areas. In terms of the demographic, economic and income factors listed, the Wairoa district faces a significantly higher ‘ability to pay’ challenge than for the Hawke’s Bay region as a whole and nationally, in respect of many of the listed factors. The average standard of living (or GDP per person) in the district is only slightly behind the overall regional figure but noticeably below the national level. However, average labour productivity in the Wairoa area is noticeably higher than the regional result but less than the national figure. The University of Otago’s Deprivation Index which is calculated following each national Census in New Zealand, is a measure of socio-economic deprivation within local authority districts of the country. The Index measures the relative deficit of income, employment, communications, transport, support, qualifications, home ownership and living space in homes, in local areas. The results in the table indicate a significant orientation within the Wairoa area towards the more deprived end of the deprivation scale and a significantly greater level of overall deprivation for the district than at the regional and national levels.

**Table 3: Wairoa District Affordability/ Ability to Pay Indicator Results 2013-2018**

Indicator	Indicator Year	Area		
		Wairoa District	HB Region	NZ
<b>Demographic</b>				
% Two-parent families with children	Projected 2018	40.9	34.2	39.0
% One-parent families with children	Projected 2018	27.3	21.1	17.8
% Households with families	Projected 2018	65.6	69.5	71.5
% Single-person households	Projected 2018	31.3	27.4	24.4
% of Residents Aged 65+	Projected 2018	17.3	18.8	15.4
% of residents in own housing	2013 Census	45.6	53.4	49.8
% of residents in rented housing	2013 Census	54.4	46.6	50.2
<b>Economic</b>				
% No formal education qualification	2013 Census	37.3	26.5	20.9
% Level 1-6 certificate/diploma	2013 Census	53.4	55.6	52.3
% University based qualification	2013 Census	7.2	13.7	20.0
% Workforce in professional occupations	2013 Census	12.4	18.7	22.5
% Workforce in labouring occupations	2013 Census	31.8	18.1	11.1
% Workforce in lowest 3 Earnings Industries	2016	35.5	26.8	21.3
% Workforce in highest 3 Earnings Industries	2016	12.7	15.3	19.8
% Labourforce unemployed	2017	13.5	6.8	5.0
% Working-age population employed	2017	69.9	64.0	66.7
Real GDP per person (standard of living) \$	2016	35,172	37,175	46,605
Real GDP per employee (labour productivity) \$	2016	85,545	75,195	89,364
<b>Income</b>				
Median annual earnings \$	2016	45,080	46,980	51,570
Median personal income \$	2013 Census	21,900	26,100	28,500
Median family income \$	2013 Census	49,000	62,800	72,700
Median household income \$	2013 Census	42,400	53,200	63,800
% Income earners receiving benefits	2013 Census	27.2	19.5	21.8
% Wage and salary earners	2013 Census	52.5	56.7	56.7
% Self-employed or in business	2013 Census	13.5	14.6	16.7
<b>Deprivation Index</b>				
% of population living in:	2013 Census			
Quintile 1 (least deprived group)	2013 Census	0	15	20
Quintile 2	2013 Census	1	14	20
Quintile 3	2013 Census	12	20	20
Quintile 4	2013 Census	23	24	20
Quintile 5 (most deprived group)	2013 Census	64	27	20

3.6 **Table 4** indicates the comparative annual personal income distribution profiles of the total Wairoa district, Hawke's Bay region and New Zealand areas, at the time of the 2013 Census. The three areas have similar proportions of income-earners earning \$10,000 or less for the year in question. Wairoa district then has a noticeably higher proportion of income-earners in the \$10,001-30,000 income range. The district has a significantly higher proportion of its earners in the \$30,000-50,000 band compared to the other two areas but a considerably lower proportion in the \$50,000+ category.

**Table 4: Wairoa District Comparative Personal Income Distribution Profile 2012/13 Census Year**

Income Band \$	% of Income Earners in Each Band 2012/13		
	Wairoa District	HB Region	NZ
<i>5,000 or less</i>	6.4	5.6	5.4
<i>5,001-10,000</i>	4.1	4.0	4.0
<i>10,001-20,000</i>	14.7	11.9	10.2
<i>20,001-30,000</i>	18.6	15.7	12.9
<i>30,001-50,000</i>	33.8	30.7	28.5
<i>50,001 or more</i>	22.4	32.1	39.0

- 3.7 **Table 5** indicates the average socio-economic deprivation score calculated for each of Wairoa district's CAUs, based on the 2013 Census results for the area for the relevant indicators (refer to section 3.5 above). It is noted that the range of deprivation has been widened for the purposes of the table, from 1-5 (quintiles) in Table 3 above to 1-10 deciles (with 1 representing the least deprived decile group and 10 the most deprived decile group). The figures in the table indicate all broad areas within the district being within the more deprived socio-economic categories, with Tuai, Nuhaka and Wairoa township being in the most deprived decile group and Frasertown/Ruakituri-Morere in a lesser deprived group. It is noted that the level of deprivation will vary though within each CAU area, depending on the socio-economic circumstances of individual/groups of households within each area. It is also noted in the Mahia case that the Index score reflects the situation of the residents permanently living in the area.

**Table 5: Wairoa District Census Area Unit Deprivation Index Scores 2012/13 Census Year**

Census Area Unit	Deprivation Index Score
<i>Tuai</i>	10
<i>Frasertown</i>	7
<i>Ruakituri-Morere</i>	7
<i>Maungataniwha</i>	8
<i>Raupunga</i>	9
<i>Whakaki</i>	9
<i>Nuhaka</i>	10
<i>Mahia</i>	9
<i>Wairoa</i>	10

- 3.8 In summary, it can be concluded that the Wairoa community in general terms faces significant affordability/'ability to pay' challenges. This relates to the district-wide level, broad geographical areas /CAUs within the district and also within the individual CAU areas.
- 3.9 In terms of the ability of district residents to meet Wairoa District Council rating requirements, it is noted that the current level of average residential rates (\$2,500-\$3,000 as advised by Council staff) represents approximately 6-7% of estimated annual median household income in the district at the present time. This compares to approximately 3-4% at the national level.

## 4- Long-Term Demographic Growth Outlook

### Total Population

- 4.1 This section provides projected population and associated household growth figures for the Wairoa district, for both the next Long Term Plan period 2018-2028 and for the longer-term infrastructural planning and development period 2018-2048. The projections have been developed based on the sections 2 and 3 analyses, latest SNZ demographic projections for the district and feedback from consultation undertaken with Council staff and community organisation representatives. Due to the linkages between population and economic growth, the comments provided in this section should be considered in close association with those provided in the following section concerning the longer-term economic growth outlook for the district.
- 4.2 SNZ's latest available sub-national population projections, based on the 2013 Census results, indicate the district's population falling over the 2017-2043 period from the current level of 8,210 to a level of 4,600 under a Low growth projection. This represents a fall of 3,610 or 44%. The comparable figures for a Medium growth projection are a year 2043 population of 6,310 and a population decline of 1,900 or 23%. The figures for the High/most optimistic projection are a population in year 2043 of 8,070 and an overall population decline from 2017 of 140 or 1.7%. The three different projections are based on varying assumptions concerning future levels of population fertility, mortality, migration and living arrangements.
- 4.3 In light of the Wairoa District Council's commitment to actively pursuing higher levels of economic growth and development in the district in the future, the impact of significant new commercial initiatives such as the Rocket Lab facility at Mahia, further developments (including growth in log harvest outputs) in the district's primary production sector, further tourism sector growth, local application of Maori Treaty Settlement monies and recent local population developments (e.g. population growth over the past year, apparent increasing interest in retirement migration to the district, returning former Maori community residents and the house price push out of Auckland), it is suggested that the above projections are not necessarily consistent with the Wairoa community's long-term future growth aspirations and potential.
- 4.4 Consequently, ESL recommends that the Wairoa District Council considers an alternative set of more aspirational long-term population levels/targets for the district. The levels are indicated in **Table 6** below and take into account SNZ's more optimistic population growth projections for the immediately adjacent Gisborne and Hawke's Bay (excluding Wairoa district) regions. ESL's alternative Low (Wairoa) projection scenario sees a significantly lower level of population decline in the area, compared to the SNZ projection. The Medium projection sees a noticeable increase in the district population over the long-term, whilst the High projection sees steady population growth back towards the mid-1990s high point.
- 4.5 The Medium growth scenario could be an initial planning focus for the Council, providing for as it does noticeable overall population gain during the long-term. The High growth population track represents a 'major stretch' on the Medium track and will require amongst other things a combination of much more favourable population growth factors (e.g. increased net migration to the district), significantly increased economic growth levels in the area, further significant

resource developments and more proactive Council economic and community development policy implementation.

**Table 6: Projected Wairoa District Population Change 2018-2048**

Year	Low	Medium	High
2013	8,300	8,300	8,300
2016	8,160	8,160	8,160
2017	8,210	8,210	8,210
<b>2018</b>	<b>8,180</b>	<b>8,220</b>	<b>8,240</b>
2023	8,050	8,290	8,560
<b>2028</b>	<b>7,920</b>	<b>8,360</b>	<b>8,850</b>
<i>SNZ Projection 2028</i>	<b>6,810</b>	<b>7,610</b>	<b>8,400</b>
2033	7,790	8,420	9,130
2038	7,660	8,490	9,420
2043	7,520	8,550	9,710
<i>SNZ Projection 2043</i>	<b>4,600</b>	<b>6,310</b>	<b>8,070</b>
<b>2048</b>	<b>7,390</b>	<b>8,620</b>	<b>10,000</b>

- 4.6 Over the next LTP period 2018-2028, the population of the district is projected to change in the range -260 for the Low scenario, +140 for the Medium scenario and +610 for the High scenario. These results provide a range of possibilities for the Council in terms of both a focus for its next Long Term Plan and for its ongoing infrastructural, services, and economic and community development policies.

## Households

- 4.7 Following analysis of historical household growth in Wairoa district, the historical trend in average household occupancy, the projected future population levels in Table 6 above and the latest SNZ household growth projections for the adjacent Gisborne and Hawke's Bay (excluding Wairoa District) regions, the following projected changes in total household numbers in the district have been determined:

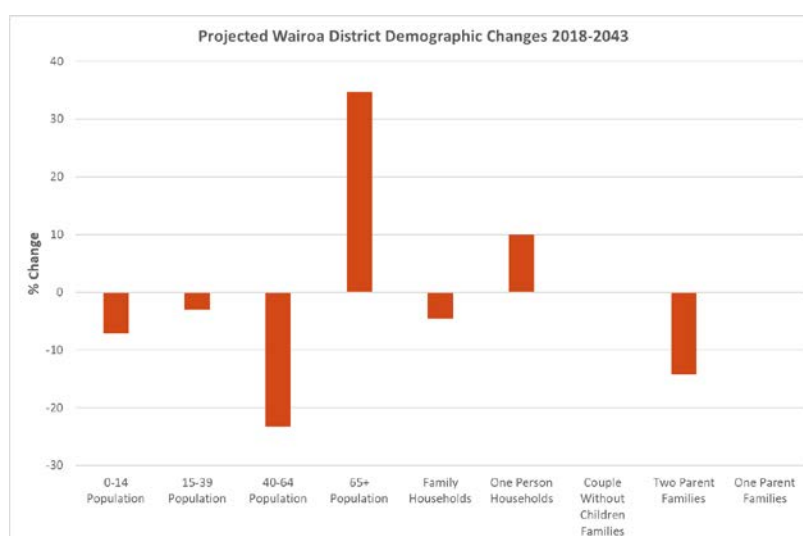
- For the next 2018-2028 LTP period, a Low projection change of -45 or -1.4%; a Medium projection gain of 110 households or 3.4%; and a High projection gain of 230 households or 7.1%.
- For the 2028-2048 period, a Low projection change of -85 or -2.7%; a Medium projection gain of 105 households or 3.2%; and a High projection gain of 450 households or 13%.
- For the full 2018-2048 longer-term infrastructural planning period, a Low projection change of -130 or -4%; a Medium projection gain of 215 households or 6.7%; and a High projection gain of 680 households or approximately 21%.
- **Table 7** details the household projections for the district, for the long-term projection period. It is noted that the year 2038 projections compare with the SNZ figures for that year of Low 2,300, Medium 2,800 and High 3,300. SNZ projections do not go beyond year 2038. The projections in the table for the 2018-2038 period are slightly lower than those of SNZ for the adjacent Gisborne and Hawke's Bay regions.

Table 7: Projected Wairoa District Households 2018-2048

Year	Low	Medium	High
2013	3,200	3,200	3,200
2017	3,210	3,210	3,210
<b>2018</b>	<b>3,215</b>	<b>3,220</b>	<b>3,230</b>
2023	3,190	3,300	3,360
<b>2028</b>	<b>3,170</b>	<b>3,330</b>	<b>3,460</b>
2033	3,150	3,355	3,570
2038	3,130	3,380	3,680
<b>SNZ Projection 2038</b>	<b>2,300</b>	<b>2,800</b>	<b>3,300</b>
2043	3,110	3,410	3,790
<b>2048</b>	<b>3,085</b>	<b>3,435</b>	<b>3,910</b>

- 4.8 It will be important for the Wairoa District Council to regularly monitor both overall household numbers and consented new dwelling numbers in the district, in order to assess how actual new household/dwelling growth in the area is faring against the projected growth figures in the above table.
- 4.9 **Figure 3** below indicates SNZ High growth projections for the district for the long-term period out to year 2043, in relation to population age-group, household type and family type factors. The only projected gains for the period are the 65+ population and single-person households. No change is currently projected for 'couple without children' families and single-parent families. If overall population growth occurs during the period, it could be expected that (further) gains for all these factors are recorded along with possibly the 0-14 and 15-39 populations, and family based households. The graph also indicates projected significant numerical declines for the 40-64 population and two-parent families in the district, over the long-term.

Figure 3



## Location of Future Household and Population Growth

- 4.10 This section comments on the potential location within the district of the projected total household growth indicated in Table 7 above. For the purposes of this report, the Medium projection scenario is used- this scenario projects additional total household growth in the district of 110 or 3.4% over the next LTP period, followed by further growth of 105 households or 3.2% during the 2028-2048 period, making for a total of 215 households. Statistics New Zealand figures indicate a total of 92 new dwellings consented in the Wairoa District over the last ten years and 334 since January 1990 (a 28-year period).
- 4.11 **Table 8** provides the CAU based projections, specifically for the next LTP period and then the 2018-2048 interval. Historical CAU shares of consented new dwellings and Census recorded total district households, residential land/section availability and other relevant factors have been taken into consideration, in preparing the projections. The projections should be regarded as indicative only and will need to be monitored closely over time and revised in light of any significant changes in the housing development profile and environment in the district.
- 4.12 As the table indicates, the key future housing development localities in the district are anticipated to be the general Mahia and Wairoa Township areas, which are projected to collectively account for 60% of total new household growth in the district over the long-term. Feedback from Council staff indicates in the case of the Wairoa township area that both residential ‘infill’ and ‘greenfield’ sub-division land supply should be able to cater for the projected household increase. In the case of the Mahia area, ESL has been advised that the projected increase in household demand there should be able to be met by both existing/proposed ‘greenfield’ subdivisions.

**Table 8: Location of Projected Wairoa District Household Growth 2018-2048 ESL Medium Projection**

Census Area Unit	Number of Households						
	Actual		Projected				
	2013	2017	2018	2028	Change 2018-2028	2048	Change 2018-2048
<i>Tuai</i>	90	90	<b>90</b>	<b>95</b>	5	<b>105</b>	15
<i>Frasertown</i>	105	105	<b>105</b>	<b>110</b>	5	<b>120</b>	15
<i>Ruakituri-Morere</i>	270	270	<b>270</b>	<b>275</b>	5	<b>280</b>	10
<i>Maungataniwha</i>	120	120	<b>120</b>	<b>125</b>	5	<b>130</b>	10
<i>Raupunga</i>	255	255	<b>255</b>	<b>260</b>	5	<b>270</b>	15
<i>Whakiki</i>	300	300	<b>300</b>	<b>305</b>	5	<b>310</b>	10
<i>Nuhaka</i>	70	70	<b>70</b>	<b>75</b>	5	<b>80</b>	10
<i>Mahia</i>	330	350	<b>355</b>	<b>415</b>	60	<b>445</b>	90
<i>Wairoa (Township)</i>	1,660	1,650	<b>1,655</b>	<b>1,670</b>	15	<b>1,695</b>	40
<b>Total</b>	<b>3,200</b>	<b>3,210</b>	<b>3,220</b>	<b>3,330</b>	<b>110</b>	<b>3,435</b>	<b>215</b>

- 4.13 **Table 9** below presents a similar table to the above, indicating the associated CAU profile of projected population growth within the Wairoa district, over the long-term period. The Mahia area accounts for approximately half of the population gain over the interval and Wairoa Township 21%.

Table 9: Location of Projected Wairoa District Population Growth 2018-2048 ESL Medium Projection

Housing Locality/Area	Population						
	Actual		Projected				
	2013	2017	2018	2028	Change 2018-2028	2048	Change 2018-2048
<i>Tuai</i>	235	230	230	235	5	250	20
<i>Frasertown</i>	270	270	270	275	5	290	20
<i>Ruakituri-Morere</i>	700	690	690	690	0	700	10
<i>Maungataniwha</i>	310	305	305	310	5	320	15
<i>Raupunga</i>	660	650	650	655	5	670	20
<i>Whakiki</i>	780	765	765	765	0	775	10
<i>Nuhaka</i>	180	180	180	185	5	195	15
<i>Mahia</i>	855	895	910	1,005	95	1,115	205
<i>Wairoa (Township)</i>	4,310	4,225	4,220	4,240	20	4,305	85
<b>Total</b>	<b>8,300</b>	<b>8,210</b>	<b>8,220</b>	<b>8,360</b>	<b>140</b>	<b>8,620</b>	<b>400</b>

## 5- Long Term Economic Growth Outlook

5.1 This section considers the short to longer-term economic growth outlook for the Wairoa district and provides comments on a range of matters that form part of the outlook. These include relevant international, national, wider Hawke's Bay region and local Wairoa district factors. Reference is also made to the tourism growth outlook for the district and to future demand for new industrial and commercial sector building floorspace. The overall conclusion to be drawn from the various points made is presented at the end of the commentary and should also be borne in mind in considering the long-term demographic outlook for the district as indicated in the previous section of the report.

### International and National Growth Factors

5.2 As noted earlier in the report, sheep/beef farming and related processing, and forestry are the leading rural production industries in Wairoa district. From a national perspective, export receipts for meat and wool this year are up noticeably on 2013 and 2014 levels but down significantly on 2015 and 2016 returns. However, the Ministry of Primary Industries is presently forecasting a gradual recovery in returns over the next four years and overall by approximately 10%. Log export returns have been improving since 2015 and overall by almost 30%; this trend is expected to continue over the medium-term. It is also noted that national horticultural export returns have been increasing steadily since 2013 and are expected to continue to do so (+20% overall) during the next four years.

5.3 The latest (September 2017) Consensus Economic Forecasts from the NZ Institute of Economic Research indicate economic growth in New Zealand increasing significantly over the coming year up to an annual level of 3.4% and then falling from there over the next two years, although remaining relatively close to the 3% mark. The leading growth industries in New Zealand over the past five years have been construction, retailing/visitor accommodation, information media and telecommunications, and professional, scientific and technical services. From a future

perspective, MBIE is forecasting strongest employment growth nationally for the construction and utility services, business services and health/education sectors.

- 5.4 The new Labour/NZ First/Greens coalition Government has signalled two major new economic policy approaches in the future that will be of close interest throughout the country, from an economic development perspective. These include a major national afforestation programme and an active regional development support and facilitation programme.

### Hawke's Bay Region Factors

- 5.5 Following the adverse regional economic effects of the Global Financial and Economic Crisis (GFC) during 2007/2008, the overall Hawke's Bay economy (of which Wairoa district is a part) has recorded ongoing positive although fluctuating economic growth. The last two years have seen sustained improved economic growth in the region, up to an estimated annual level of 2.7% in June this year. Overall employment has been increasing since 2013. Strongest industry growth within the primary and secondary sectors has been recorded by forestry and logging, rural sector support services, horticulture and fruit, manufacturing of forest product items, utility services (power/gas/water) and the manufacturing of metal products/machinery/equipment. Overall, the regional economy has been growing at an annual average rate of close to 2% since year 2000.
- 5.6 MBIE is currently forecasting strongest employment growth in Hawke's Bay over the next three years for the business and health/community services sectors, followed by Government administration, agriculture, construction, cultural and recreational services, retailing and education. The Ministry is forecasting an overall employment gain of 2,700 or 1% annual average employment growth for the Hawkes Bay region, over the next three years. The national annual growth forecast is 2%.
- 5.7 The major new joint Central Government-Hawke's Bay region economic development strategy ('Matariki Regional Economic Development Strategy 2016'), was released last year. The vision under the strategy is that "Hawke's Bay will be NZ's most innovative region; the leading exporter of premium primary produce and a hub for business growth". The goals of the strategy include to become a beacon for investment, new business and skilled migrants; the provision of resilient physical, community and business infrastructure; support of existing business expansion; improving pathways to employment; promoting greater innovation, productivity and agility; and enhancing visitor satisfaction and increased visitor spend. Objectives under the strategy include increasing median household income above the national average, accelerating job growth and significantly improving economic growth rates throughout the region.

### Wairoa District Factors

- 5.8 As noted earlier in the report, the Wairoa district economy has grown at an average annual rate of 0.82%, since year 2000. Thus, there has been underlying growth, albeit it somewhat limited, in the area over the longer-term. This at least provides a positive starting point for the Wairoa District Council and other parties working to improving the overall economic performance of the district in the future.

- 5.9 Continued annual average growth in the district at the historical growth rate would see real GDP in year 2028 standing at \$317 million, compared to the 2018 figure of \$287 million, that is, an overall increase of 8.5%. Slightly increased annual growth of 1% would see real GDP in 2028 standing at \$323 million, representing a GDP gain of 10.5%. The comparative figures for a 1.5% annual GDP growth rate would be \$343 million real GDP in 2028 representing a 16% increase. 2% annual GDP growth in the district over 2018-2028 would see GDP increasing to \$364 million and an overall gain for the period of almost 22%. These results potentially provide a target GDP growth range for the district to aspire to, for the next LTP period. A 1.5% annual average GDP growth rate for the period could represent an appropriate and at the same time challenging economic growth target for the period.
- 5.10 There are a number of Wairoa based economic factors that could potentially contribute to significantly improving the district's economic and employment performance during the next LTP period. The factors include:
- Further horticultural sector developments in the district, e.g. fruit-growing and vegetables.
  - Increased forestry sector harvesting activity. The present annual level of activity is approximately 0.6 million tonnes; this is currently forecast to increase to a peak level of 1.8 million tonnes in 2021/22 and then fall back gradually to approximately 0.7 million tonnes in 2027/28. The total harvest output for the period is approximately 12 million tonnes. This harvesting activity could provide a real opportunity for increased Wairoa based forestry industry servicing, including freight movement, forestry and related road upgrading and maintenance, re-established use of the Wairoa-Port of Napier rail line for the purpose of log exports through the Port, and ongoing maintenance and renewal work on the SH2 roading corridor between Napier and Gisborne. There may also be an opportunity to increase the scale of wood manufacturing activity in the district.
  - Further Maori economic, business, employment and community/social development initiatives underpinned by local application of Treaty of Waitangi settlement claim monies. These are estimated to total in the order of \$340 million.
  - Maintenance and growth of rural commodity processing activity in the district. This includes the continued operation of the major AFFCO meat processing enterprise in the Wairoa township area and potential additional horticultural value-adding businesses.
  - Additional residential and commercial/industrial/rural construction (both new buildings and building upgrades and alterations) activity.
  - Substantial extension of the Ultra-Fast (Urban) and Rural Broadband network facility throughout the district.
  - Infrastructural developments such as the possible sealing of SH38 from Wairoa to Lake Waikaremoana and upgrading of the Wairoa Airport runway.
  - Further tourism sector growth and development in the district. This is considered in the next section of the report.

### **Tourism Growth 2018-2028**

- 5.11 Statistics NZ Commercial Accommodation Monitor (CAM) results indicate that following the overall fall in overnight visitor arrival numbers in Wairoa district during the 2003-2012 period,

the number has since initially stabilised then increased slightly. The CAM results do not include all forms of possible commercial visitor accommodation in the district and in any event only form part of the potential total number of visitors in the area. Other categories of visitor arrivals could include visitors staying overnight with friends and relatives (VFR), people staying on marae, people staying in holiday homes and day visitors to the district.

- 5.12 The total number of nights spent by overnight visitors in commercial accommodation in the district generally fell over 2003-2012 but has stabilised since.
- 5.13 Over the year ended September 2017, the total number of commercial accommodation visitor arrivals recorded for the Wairoa district was 31,211 and visitor-nights 60,944; hence an average visitor length of stay of 1.95 nights. The peak figures for these indicators over the past decade were the 44,163 arrivals recorded in the year ended September 2004 and 95,190 visitor-nights for the same period.
- 5.14 The Wairoa i-Site has recorded a sharp 60% increase in 'foot-traffic' through its doors over the past 3-4 years.
- 5.15 Since year 2010, MBIE visitor spending data indicates total annual visitor spending in Wairoa district varying in the range \$15 million to \$18 million. Visitor spending for the year ended September 2017 was recorded at \$17 million, up 13% on the previous year.
- 5.16 Following analysis, ESL estimates total overnight visitor numbers for the Wairoa district currently standing at an annual 75,000. This covers visitors staying in commercial accommodation, VFR visitors, holiday home visitors, other overnight visitors and day visitors. ESL forecasts this figure to increase to 90,000 by year 2028, that is, an increase over the LTP period of 20%.
- 5.17 Hawkes Bay Tourism, which is responsible for the external tourism marketing of the Hawkes Bay region, is currently forecasting annual visitor-nights and visitor spending growth for the region of 5% and 4% respectively, over the medium-term.
- 5.18 ESL estimates total visitor-nights spent in the district currently standing at an annual 190,000, covering all visitor categories other than day visitors. ESL forecasts this figure to increase to approximately 220,000 by year 2028, that is, an increase over the LTP period of approximately 15%.
- 5.19 Total annual visitor spend in the Wairoa district currently stands at \$17 million. ESL forecasts this to increase to approximately \$25 million, by year 2028.
- 5.20 The above forecasts can be achieved depending on the extent to which the wide range of existing and potential new tourism assets of the district can be more effectively harnessed, developed and promoted. These include Maori community/cultural tourism initiatives and tourism spinoffs from the Rocket Lab development.

## Floorspace Growth 2018-2028

- 5.21 Over the long-term period since 1991, the Wairoa district has recorded ongoing although significantly fluctuating annual levels of consented new commercial/industrial building activity. Over the period, the annual average amount of new building work consented was in the order of 1612m<sup>2</sup>. Since 2009, the annual average level of new building work consented has dropped away considerably, down to a level of approximately 290 m<sup>2</sup>. The commercial building sector has accounted for 78% of the total consented new commercial /industrial building floorspace and the industrial sector the balance of 22%, for the period since 1991.
- 5.22 The combined Wairoa (township)/Whakaki CAUs have accounted for 70% of the consented new commercial/industrial building floorspace since 1991, followed by Raupunga and Mahia CAUs 13% apiece and Tuai CAU 6%.
- 5.23 Given the relative volatility of new building development historically in the district, it is difficult to predict the precise demand trend for new commercial and industrial floorspace in the area, over the next LTP period. From a commercial perspective in particular, demand will also be influenced by the availability and suitability of existing building floorspace for additional business activity. Council staff have advised that particularly within the main Wairoa urban area, there is capacity within the existing building stock to accommodate increased commercial activity; however, there are likely to be issues concerning the overall quality of the building stock. In respect of land for new development, Council staff have also advised their view that there is generally sufficient land within the main urban area for new business developments.
- 5.24 It would be valuable as a support for the Council's future proactive economic development facilitation work, if suitable updated information and details about commercial/ industrial land and building availability in the district were on hand, particularly in relation to new business investment possibilities.
- 5.25 The comments made in sections 5.2-5.20 above collectively point to the real potential in Wairoa district to significantly improve its economic performance during the next LTP period. This should in turn encourage additional investment in commercial and industrial building floorspace in the area, over time.