

# Greater Wellington Region COVID-19 economic impact scenario one summary

Pipiri 2020

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**Author(s): Nick Robertson, Hugh Dixon, Hannah Riley**

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## *Making sense of the numbers*

This is a supplementary report to support BERL's Greater Wellington Region COVID-19 economic impact report based on three scenarios.

Our analysis shows that in the best case scenario (scenario one) the national and regional economy will take at least five years to recover from the impacts of COVID-19. Even then, growth will be below that experienced in the years prior to COVID-19.

Under this scenario the population of the Wellington region is expected to increase from 524,876 in 2020 to 569,821 in 2030. This is an 8.6 percent increase (44,945 people). Population growth from outside the region is expected to continue. However, this will be at a much lower rate than expected before COVID-19. The rate of job creation in the region is expected to slow as businesses recover. As a result there is likely to be fewer opportunities to attract people to the region from other parts of New Zealand.

As the country moves away from the restrictions put in place at various alert levels and the economic situation begins to improve, the population growth is expected to pick up over the decade.

International migration will be limited by the border restrictions. This will limit the ability of international migrants to relocate to the region. Once border controls are lifted, in the short to medium term, it is likely that people will be apprehensive to relocate away from family or move country to take a new job given experiences during the pandemic. A reduction in flight frequency and a likely increase in fares will also make New Zealand and Wellington a less attractive option.

Over the short-term, the region's gross domestic product (GDP) will reduce by 8.3 percent in the year to 31 March 2021. Four industries are expected to be especially negatively impacted:

- Accommodation and food services
- Arts and recreations services
- Personal services
- Administrative and support services.

The three largest industries by GDP in the Wellington region will suffer a decline in 2021, these are:

- Professional scientific and technical services
- Public administration and safety
- Financial and insurance services.

Employment in the Wellington region will decrease in 2021 and 2022 before bouncing back in 2023. Unemployment will peak at 6.4 percent in 2021 before falling to 5.7 percent in 2022.

Impacts on other indicators will see household income fall with an associated decrease in consumer spending before both pick up as the economy recovers from 2022 onwards.

Māori have been adversely impacted by every previous economic shock, COVID-19 will also disproportionately impact upon Māori. Māori employment loss at alert level one in the Wellington region is (again) most significant for accommodation and food services.

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# 1 About the report

This report is a summary of the findings of scenario one, the best case, from BERL's report for Greater Wellington Regional Council (GWRC), COVID-19 economic impact.

The positive direction of the national recovery from the restrictions put in place to combat COVID-19 leads us to believe that scenario one (best case) is the most likely path.

This report places the findings of the COVID-19 economic impact report in the context of the challenges facing the region as identified by BERL for GWRC during alert level four.

The COVID-19 pandemic has resulted in a global health and economic crisis that will have long lasting impacts for the Wellington region and GWRC. The impact of COVID-19 requires GWRC to reconsider the assumptions, forecasts and data that will be used to prepare its long term and annual plans.

The impact of COVID-19 is likely to be one of the biggest challenges many of us will face. The International Monetary Fund (IMF) forecast that the global economic impact could be the worst since the Great Depression. Maintaining an environment that saves lives and a health system that meets the demands placed on it is of the upmost importance COVID-19 will have long term impacts on the wellbeing of Wellington communities and will require a long term response. The recovery will impact all four of the wellbeings; economic, social, cultural and environmental.

## **Greater Wellington Region COVID-19 economic impact report**

Because there is so much uncertainty surrounding COVID-19 the focus of the Greater Wellington Region COVID-19 economic impact report is

to provide GWRC with early projections and forecasts of how the Wellington region is likely to respond to the impacts of COVID-19 under a range of scenarios:

- Scenario one -the best case
- Scenario two - the mid-point
- Scenario three - the worst case.

The scenarios are based on the time spent at each alert level (the health response), the economic impact at each alert level (the economic response) and the time spent to develop and distribute a vaccine (the treatment response).

The information in this report and the main report is intended to inform and guide GWRC as it prepares to develop its planning documents which will outline the council's response to support regional wellbeing during the recovery.

The economic impacts are presented across six indicators

- Population
- Gross domestic product (GDP)
- Employment
- Unemployment
- Household income
- Consumer spending.

The report also comments on the impact on the Māori economy's GDP in each scenario. All GDP, household income and household consumption figures in this report are real in 2020 values.

## 2 The scenario

What happens in the 12 to 24 months following identification of COVID-19 in New Zealand will set the foundation for the economic recovery and the performance of the Wellington regional economy over the 10 year period of the Long Term Plan (LTP). To enable Greater Wellington Regional Council (GWRC) to plan for the future BERL created three scenarios to illustrate how the recovery might unfold.

Given the success New Zealand has had in fighting COVID-19 it appears that the path identified in scenario one of the report is the most likely.

Scenario one is the best case scenario for the economic recovery. The scenario begins from April 2020 soon after New Zealand entered alert level four. In this scenario New Zealand will continue on the successful trajectory that has seen the county move from alert level four down through the alert levels to alert level two at the time of writing. We have assumed that the remaining ten months of the year will be split evenly with five months at alert level two and five months at alert level one. This also allows for uncertainty and some movement between alert levels as the situation in New Zealand and globally evolves.

To account for the additional time required to manufacture and distribute the vaccine, an additional six months at alert level one is included. This is to account for the border restrictions that will be in place while distribution occurs. We have referred to this as alert level one (2021).

As restrictions on activities reduce at each alert level and the impact on the economy is also reduced. To account for this we have applied the Reserve Bank forecasts for the impact on GDP at each level.

Table 2.1 Time spent at each alert level and GDP reduction

Alert level	Months	GDP Reduction (%)
Level four	1	37.0
Level three	1	19.0
Level two	5	8.8
Level one	5	3.8
Level one (2021)	6	4.8

Once New Zealand leaves alert level one (2021) in October 2021, New Zealand will move from the short term scenarios into the long term recovery that will continue until March 2030.

This report makes a number of assumptions about the time spent at each alert level and the level of activity allowed. If the health and treatment responses are better than the assumptions in the respective scenarios, the negative economic impact will be less than the scenario. This would reduce the initial negative impacts and keep the economic trajectory of the region as close to pre-COVID-19 levels and trajectory, forecasts and projections as possible.

The industries that would benefit from fewer restrictions are expected to be those hardest impacted across the GDP and employment measures used in this report. These include:

- Accommodation and food services
- Arts and recreation services
- Retail trade.

The benefits that are experienced from being able to increase activities have indirect and induced benefits that further reduce the impact of COVID-19 and will drive the recovery.

### 3 Impact on the region

Central government has shown a commitment to the recovery. It is clear that government will play a much greater role in economic activity. Private sector businesses, despite their best efforts, will struggle to maintain cashflow. Consequently, and given ongoing uncertainty, there will be little appetite for investment in renewal or expansion opportunities. Similarly, families, whānau, and households will face uncertain employment and income prospects. Their appetite for spending will similarly be constrained. It will be left for government, both central and local, to underpin spending (the demand side) but also reinforce confidence in future plans. The latter includes maintaining confidence in social and community networks as the safety net for businesses and for families (the supply side). Continued spending and operations in the economic and social infrastructure will be critical to enabling a return to some confidence in future opportunities.

Consequently, the role of local government is just as critical as that of central government. Front and centre for local government must remain the four wellbeings. The kaupapa remains unchanged.

Local government can ensure demand remains strong. Increased investment by local government will support the recovery. Local government sets the environment for economic activity. Local government also has closer levels of engagement and stronger relationships with local business. Local government will play a significant role in promoting local projects to central government. To show that these projects are ready to proceed it will be important to have well developed business cases to support investment. Shovel ready projects require political support, budgets in long term plans (LTPs) and a lot of initial design already done.

GWRC and the territorial authorities should work with central government early to investigate alternative methods of funding and financing for local projects. Funding options such as special purpose vehicles or growth zones could be used to enable local government to bring forward projects. Government has shown a willingness to do this before COVID-19.

With central government looking to bring projects forward it is likely to be open to alternative approaches led by local government.

#### Long Term

In the long term, fiscal policy will drive the economic recovery. Government has a central role in maintaining the demand for goods and services.

As well as short term support for households and families, central government have indicated that it will make significant investment in infrastructure. The Government has tasked the Infrastructure Industry Reference Group to seek infrastructure projects that are ready to start within six months of the construction industry returning, and will put forward projects to Ministers from the private and public sector.

GWRC should ensure that it has projects ready to get maximum benefit from infrastructure investment that will continue to support the recovery into the medium and long term. The infrastructure developed during the recovery can have an intergenerational benefit like the electrification of the Johnsonville line and state houses built during the Great Depression.

Government investment presents the opportunity to prepare for climate change. The importance of a strong utility network has been highlighted before and during the COVID-19 pandemic. Broadband and phone lines have been essential to ensuring that some of the economy can continue to operate in an emergency.



Given the increasing number of weather events expected the recovery presents the opportunity for Wellington to improve the resilience of the utility networks so that they are equipped to withstand weather and seismic events.

Accessing government funding to prepare for the future impacts of climate change could enable the region to support multigenerational wellbeing.

Longer term there are likely to be significant changes in the roles of central and local government, and potentially the funding sources. Given the level of government investment expected to support the economy through the recovery, the role and activities of government will likely broaden. This may mean that local authorities are given more opportunity to access funding and financing.

### Rates and spending

All Wellington councils should expect a reduction in non-rate revenue in 2021 and 2022. The impact on the business sector is likely to be more pronounced than in a conventional economic downturn. Local authorities with a high proportion of business rates are likely to face greater collection difficulties than others.

We are aware of pressures across many councils to hold rates increases as household incomes fall. We must advise that this ‘kicking the can down the road’ is likely to jeopardise the delivery of future services. This will act directly against the kaupapa of ensuring the wellbeing of current and future generations.

The Department of Internal Affairs (DIA) expects that the effect of lower-than-planned rates and other revenue reductions means

councils are likely to reduce expenditure which will create job losses directly or indirectly. Longer-term, DIA expects that reduced investment in infrastructure is likely to lower productivity and reduce the availability of serviced land needed for housing.<sup>1</sup>

We understand the need to put a realistic LTP together, the use of deferred payment schemes (rather than zero rates increases), should be explored. Similarly, the use of debt funding should be explored (as should a revision of the debt-ceiling constraint) – given the likelihood of incredibly low interest rates for the foreseeable future. Further, alternative funding mechanisms from central government should be actively pursued (together with LGNZ).

Conversely, an untowardly narrow perspective on protecting council finances will be reflected in deficits across other wellbeing domains as has been experienced in recent years.

Figure 3.1 Wellington region and territorial local authorities



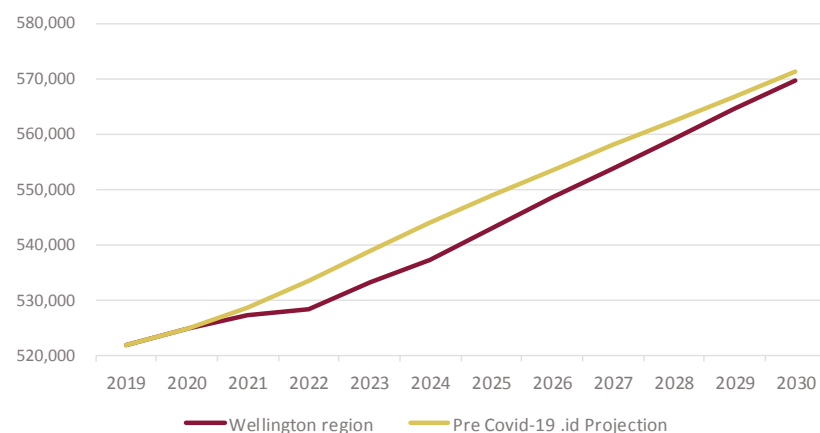
<sup>1</sup> Department of Internal Affairs (2020). *Local Government Sector COVID-19 Financial Implications Report 1 – Initial Analysis*

### 3.1 Population

Population estimates from before COVID-19 are now likely to be inaccurate as the underlying assumptions no longer stand. We expect that COVID-19 will cause domestic and international migration into the region to slow in the short term before picking up again from 2024 for the remainder of the decade. By 2030 the Wellington region population is expected to be close to those forecast prior to COVID-19.

The population of the Wellington region is expected to increase from 524,876 in 2020 to 569,821 in 2030. This is an 8.6 percent increase (44,945 people). The natural cycle of birth and deaths is expected to keep the population growing while international migration slows.

Figure 3.2 Wellington region population 2019-30



Population growth is expected to be slower in 2021 and 2022 as the impact of border measures continue to be felt. Once the country moves away from the restrictions put in place at all alert levels and the economic situation begins to improve, the population growth is expected to pick up.

The impact on population will depend on how well Wellington recovers compared to the rest of the country. With employment opportunities limited and high unemployment, it is unlikely that there will be large movements of people into Wellington to take on work opportunities.

When new jobs are created during the recovery, it is likely that the majority of these jobs will be filled by locals who lost their job as a result of COVID-19. There is likely to be fewer opportunities to attract people to the region from other parts of New Zealand.

However, if Wellington can recover faster than other parts of the country, there is potential that a strong recovering economy could attract more people to the region in the medium term.

International migration will be limited by the border restrictions. This will limit the ability of international migrants to relocate to the region. Then once border controls are lifted, in the short to medium term, it is likely that people will be apprehensive to relocate away from family or move country to take a new job given experiences during the pandemic. A reduction in flight frequency and a likely increase in fares will also make New Zealand and Wellington a less attractive option.

The reduction in inward migration will be partially offset by residents staying in Wellington. Unemployment will remain high across the world. This may cause some New Zealanders living overseas to return. With Australia already in recession, people there may return home. Additionally, the traditional overseas experience will be a less attractive proposition with tighter travel restrictions. This may reduce the attraction of living in the United Kingdom and travelling to Europe.

Table 3.1 Wellington region population 2020-30

Total population	2020	2021	2022	2025	2030
Wellington region	524,876	527,271	528,469	542,984	569,821

### 3.2 Gross domestic product (GDP)

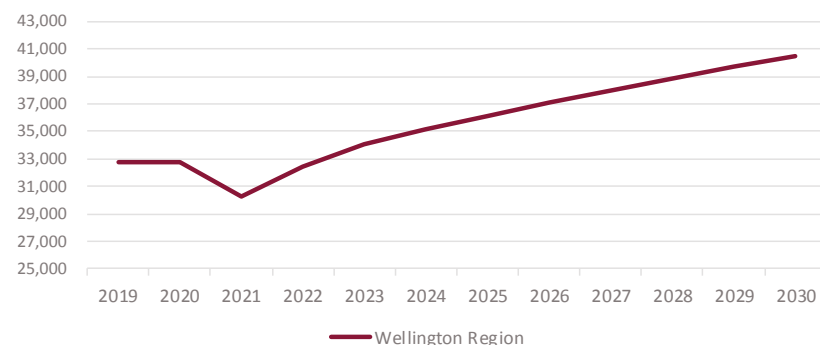
The impact of COVID-19 will cause the GDP of the Wellington region to fall by \$277 million between 2020 and 2021 (8.3 percent). GDP will then pick up again in 2022 when GDP is expected to recover by 7.8 percent (\$223.5 million) to \$30.4 billion. By 2023 GDP in the region will increase a further 5.5 percent from 2021 to \$32.1 billion.

Table 3.2 Wellington region GDP 2020-30

Total GDP (\$millions)	2020	2021	2022	2025	2030
Wellington region	30,746	28,193	30,389	34,142	38,452

All industries will be impacted by the COVID-19 restrictions directly or, indirectly. Industries that are reliant on face to face interactions or people being in close contact will be impacted hardest by the health measures taken to stop the spread of COVID-19. Industries that were able to transition to alternative ways of working such as public administration and safety, agriculture, fishing and forestry and information media and telecommunications will be the least impacted.

Figure 3.3 Greater Wellington regional GDP 2019-2030 (\$million)



Wellington City will have the highest contribution to regional GDP across the decade from \$19.9 billion in 2020 to \$24.9 billion by 2030.

### 3.3 Employment

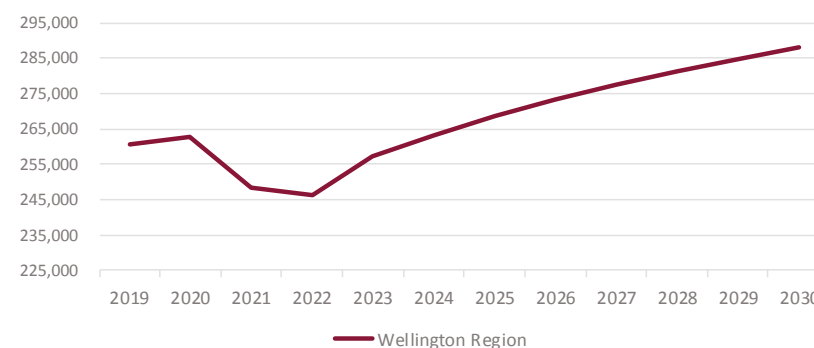
Employment is expected to fall by 5.5 percent by March 2021 to 248,266 full time equivalent employees (FTEs). In 2022 there will be a further 0.9 percent decrease in the number of FTEs in the Wellington region. Total FTEs will decrease to 246,134.

Table 3.3 Wellington region employment 2020-30

Total employment (FTEs)	2020	2021	2022	2025	2030
Wellington region	262,783	248,266	246,134	268,629	288,055

In 2023 employment will bounce back and the total number of FTEs will increase by 4.5 percent. Total employment in the region will reach 288,055 by 2030. This is an increase of 17 percent (41,922 FTEs) from the low expected in 2022.

Figure 3.4 Greater Wellington employment 2019-2030 (FTEs)



Employment growth over the decade will be greatest in Wellington City where FTEs will increase by 9.7 percent (15,376 FTEs) from 2020 to 2030 and 17 percent from the low of 2022. Lower Hutt City will add an additional 4,249 FTEs between 2020 and 2030 (9.6 percent). The second largest increase in the region. Upper Hutt City will have the largest proportional increase over the decade (10.1 percent).

### 3.4 Retail

The retail sector will be impacted by the COVID-19 restrictions. Some retail businesses will not reopen after the lockdown. The retail sector is likely to see an initial spike as people replace what was used during the lockdown. However, as the economic slowdown continues and unemployment grows the retail sector will suffer. Retail that focusses on low cost and savings may become popular as people become more budget conscious.

#### Retail GDP

GDP in the retail sector will see a decline by 16.3 percent in 2021 due to the COVID-19 restrictions on activity. In 2022, retail GDP will recover by 16.3 percent from the low in 2021. Following this low, in 2022 retail trade will grow to \$2 billion by 2030. This is a 22.5 percent increase in retail trade over the decade.

Table 3.4 Retail trade GDP 2020-30

Total GDP (\$millions)	2020	2021	2022	2025	2030
Retail trade	1,703	1,425	1,649	1,853	2,086
<b>Total</b>	<b>30,746</b>	<b>28,193</b>	<b>30,389</b>	<b>34,142</b>	<b>38,452</b>

Figure 3.5 Retail Trade GDP 2019-2030



#### Retail employment

Employment in retail trade will decline by 9.5 percent in 2021. Almost 2,000 retail workers will become unemployed. This will bounce back in 2022 as the economy recovers. Retail will add 921 FTEs in 2022. However, this will leave over 1,000 workers still unemployed.

Employment in the retail industry will remain below 2020 pre COVID-19 levels until 2024. Retail employment will pick up as the recovery continues and will reach 23,202 FTEs by 2030.

Table 3.5 Retail trade employment 2020-30

Total employment (FTEs)	2020	2021	2022	2025	2030
Retail trade	20,898	18,904	19,825	21,637	23,202
<b>Total</b>	<b>262,783</b>	<b>248,266</b>	<b>246,134</b>	<b>268,629</b>	<b>288,055</b>

Retail trade employment is concentrated in Wellington City where retail employment will fall by 61.6 percent in 2021 before recovering in 2022 and continuing to grow out to 2030. At this time there will be 9,585 retail FTEs in Wellington City. Lower Hutt City will remain a key retail centre with 5,363 FTEs in 2030. An increase of 11 percent from 2020.

Figure 3.6 Retail trade employment 2019-2030



### 3.5 Hospitality

The impact of COVID-19 on the hospitality sector has already been seen with some businesses announcing they will not reopen. A number of hospitality businesses will re-open, however, the impact of COVID-19 may cause many to change their operating model and some may find their business is no longer sustainable. Experience with takeaway and delivery during the lockdown period may see these options become more popular. This could create new employment opportunities in the warehousing and logistics industry.

As the recovery continues hospitality will be negatively impacted by reduced international tourism and a reduction in household incomes. Falling household incomes will see spending on non-essential goods decline. Eating out and recreational travel are often some of the first areas where families can look to reduce costs when facing budget concerns.

#### Hospitality GDP

The after work and weekend economy which typically involves dense numbers of people in confined spaces will see a number of these businesses face pressure. This could impact on the vibrancy of places like Courtney Place and Station Village.

The accommodation and food services industry will be hit the hardest by COVID-19. GDP in the accommodation and food services sector will fall by 63.9 percent in 2021. Although there will be some recovery, the industry contribution to regional GDP will remain below 2020 levels until past 2030.

Table 3.6 Accommodation and food services GDP 2020-30

Total GDP (\$millions)	2020	2021	2022	2025	2030
Accommodation and food service	796	288	374	420	473
<b>Total</b>	<b>30,746</b>	<b>28,193</b>	<b>30,389</b>	<b>34,142</b>	<b>38,452</b>

#### Hospitality employment

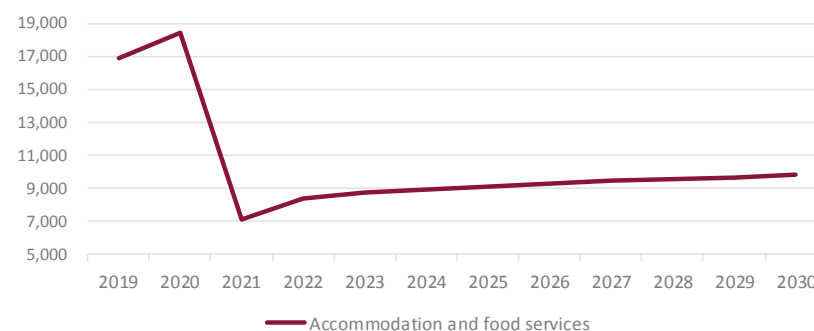
Accommodation and food services employment will be heavily impacted and will fall by 61.6 percent (11,381 FTEs) in 2021. This will recover by 17.9 percent (1,270 FTEs) in 2022. Employment will remain below 2020 levels for the decade. By 2030 employment in accommodation and food services in the region will return to 9,793 FTEs. This is just 53 percent of the FTEs in the industry in 2020.

Table 3.7 Accommodation and food services employment 2020-30

Total employment (FTEs)	2020	2021	2022	2025	2030
Accommodation and food service:	18,479	7,098	8,368	9,133	9,793
<b>Total</b>	<b>262,783</b>	<b>248,266</b>	<b>246,134</b>	<b>268,629</b>	<b>288,055</b>

The biggest loss of accommodation and food service employment will be seen in Wellington City. In 2020 there were over 11,000 accommodation and food service employees in Wellington City. By 2021 this will have declined to 4,240. From this low of 2021 accommodation and food service employment will grow slowly to see 5,850 FTEs employed in 2030.

Figure 3.7 Accommodation and food services employment 2019-30



### 3.6 Tourism

Industries involved in tourism activities are expected to be the hardest hit by COVID-19. These will primarily be the industries identified in this summary; accommodation and food services, retail trade and arts and recreation services. There are a number of migrant workers who work in these industries who will face a decision whether to stay in New Zealand or return home.

International travel options will be limited and more expensive which will make people want to visit more of their own backyard. With international tourism likely to be constrained for a while businesses with a focus on international tourism will be the hardest hit and will need to consider options for domestic tourists.

Wellington is well positioned to take advantage of domestic tourism. Wellington has a number of significant attractions including Te Papa and Zealandia. The Kapiti Coast and Wairarapa will also be attractive for weekend or day trips. Wairarapa has been a popular domestic tourist destination for residents from the western side of the Remutaka hill and should remain a popular domestic tourist destination.

#### Trans-Tasman Bubble

A trans-Tasman travel bubble would limit the impact of COVID-19 on the Wellington economy. Accommodation and food services, arts and recreation services and retail trade will be the industries that will benefit from increased tourism activity. However, airfares are likely to be higher than before COVID-19 which will reduce demand.

If a vaccine is developed sooner than expected, the benefits to tourism focussed businesses will further limit the negative impact that COVID-19 will have on the economy and wellbeing.

### 3.7 Transport

A reduction in vehicle traffic was seen during alert levels three and four. However, as restrictions have eased traffic levels have begun to increase. Social distancing may require changes to regional public transport services. Overseas public transport has been one of the major causes of virus spread. Allowing fewer passengers on individual busses or trains may require smaller more frequent services.

If people work from home more frequently after the experiences during alert levels three and four, this could see a reduction in the demand for public transport services. This may also see some services needing to change to adapt for the changing needs of Wellington's public transport users.

Reduced international and domestic air travel will also push back the timeframe for needing to extend the runway at Wellington International Airport. Only once air transport sees a significant growth will the runway length need to be considered. Air travel will continue to be more expensive but the industry will be recovering.

An increase in domestic tourism could put pressure on the road networks in and out of the region. The opening of Transmission Gully and the Levin and Otaki Bypasses should help this. However, the Remutaka hill road could become congested at peak holiday times.

The impact on the transport warehousing and logistics industry will be less than other sectors, as many of the businesses operating in this industry were considered essential and continued operating across all alert levels.

Employment in transport warehousing and logistics will grow by 1.8 percent (162 FTEs) in 2021 as deliveries become more popular. This will decline by 2.8 percent (266 FTEs) in 2022. By 2030 employment in the industry will be 16 percent greater than in 2020 with 10,670 FTEs.

### 3.8 Future of work

Currently and looking ahead to 2030, the five largest industries in Wellington by employment are:

- Public administration and safety
- Professional scientific and technical services
- Health care and social assistance
- Construction
- Education and training.

Employment in these industries will drop by 2,554 full time employees by 2022, but will recover in 2023. Employment in these industries is expected to grow by an estimated 21,350 between 2019 and 2030.

Table 3.8 Employment in largest industries 2020-30

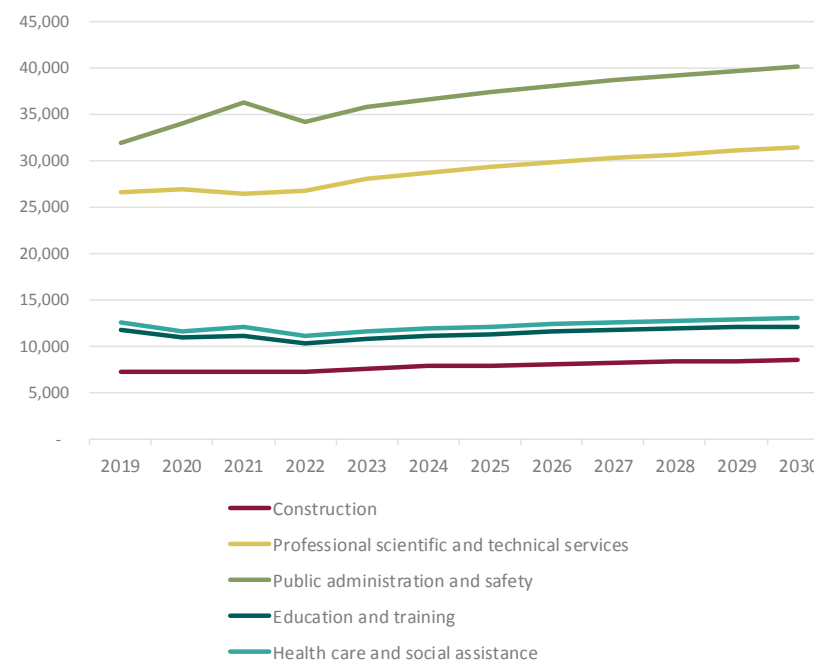
Total employment (FTEs)	2020	2021	2022	2025	2030
Construction	21,426	21,348	21,583	23,555	25,259
Professional scientific	33,527	33,023	33,408	36,461	39,098
Public Administration	41,659	44,453	41,968	45,803	49,115
Education and training	20,949	21,274	19,903	21,722	23,293
Health care and social	24,374	25,551	23,487	25,633	27,487
<b>Total for these industries</b>	<b>141,935</b>	<b>145,650</b>	<b>140,348</b>	<b>153,175</b>	<b>164,253</b>

It is vital that businesses are kept informed about government programs and support packages that are available to ensure businesses and the jobs they support directly and indirectly survive.

The increase of people working from home during the COVID-19 lockdown may result in people working from home more frequently. Working from home will take people from our city centres and will keep them in the local communities. This will likely see more activity in smaller town and city centres.

Public administration and safety was the largest industry by employment in 2020 (41,659 FTEs). This is expected to grow in 2021 to support the COVID-19 response before declining in 2022 to a level consistent with 2020 employment. By 2030 employment in this industry will have grown 17.9 percent from 2020. Eighty percent of Public administration and safety FTEs will be based in Wellington City.

Figure 3.8 Employment in largest industries 2019-2030



Professional scientific and technical services is the largest industry by regional GDP contribution (\$4.4 billion). The industry will be one of eight to see employment decline in 2021 (1.5 percent). By 2030 the industry employment will have grown by 16.6 percent from 2020, while GDP will grow 28.6 percent over the same period to \$5.7 billion.

### 3.9 Future of leisure

Local outdoor recreation facilities are likely to see increased demand from residents. Regional and national parks are likely to see higher demand as international tourism is reduced. An increase in patronage at these locations could require additional investment from GWRC to ensure natural capital is maintained and kept safe.

Recreation is important to wellbeing, in particular for social and cultural wellbeing. GWRC should support and encourage recreation activities where possible.

Arts and recreations services' GDP will fall by 58.1 percent to \$218 million and its regional employment will fall by 55.3 percent (3,138 FTEs). Arts and recreation GDP in the Māori economy will fall by \$46 million from 2020 to 2021.

Arts and recreation services will recover in 2022 but will still be well below pre COVID-19 GDP levels. The impact on arts and recreation will continue right through the decade. Arts and recreation services are only expected to reach 72.2 percent of their 2019 GDP by 2030.

Employment in arts and recreation will be heavily impacted by COVID-19. Employment will fall 55.5 percent in 2021 before recovering by just 23.6 percent in 2022. By 2030 employment will be 35.2 percent less than 2020.

Table 3.9 Arts and recreation GDP, FTEs, Māori GDP 2020-30

Arts and recreation	2020	2021	2022	2025	2030
GDP (\$millions)	521	218	297	334	376
Empoyment (FTEs)	5,678	2,541	3,140	3,427	3,675
Māori GDP (\$millions)	80	34	46	51	58

<sup>2</sup> Māori economy in the Greater Wellington Region, BERL report #5885, March 2018

### 3.10 The Māori economy

Māori have been adversely impacted by every previous economic shock, COVID-19 will also disproportionately impact upon Māori. However, a successful response to COVID-19 could insulate against being adversely impacted in future shocks.

Immediate consequences on the Māori economy will centre on the negative impact on several tourism operators, with employment loss in the accommodation and food services industry. The Wellington region Māori economy GDP will drop eight percent (\$299 million) from 2020 to 2021. Māori economy GDP will return above pre COVID-19 levels by 2023. Māori rangatahi between the ages of 15 and 19 in the Wellington region will be leaving formal secondary education during the most severe period of low employment.

A 2018 report for GWRC<sup>2</sup> found Māori business thriving, with a strong presence in film, technology and business services. Further, Māori owned entities play a key role in commercial property, housing and social developments. However, Māori did earn significantly less than the regional average. Notably lower home ownership rates constrained their ability to enter into self-employed or SME business enterprise. Nearly 60 percent of Māori in the region were aged under 30 years old.

Longer term the impact on Māori will be acutely felt by their currently young population. In particular, decisions to defer infrastructure spending (whether on social networks, community facilities, or physical and natural capital) will impact disproportionately more on Māori. Especially Māori rangatahi who will bear more of the load of restoring infrastructure in the future, should it be neglected now.



## 4 Conclusion

GWRC should assume that the Wellington region will see the impact of the response to COVID-19 across all indicators and all territorial authority areas. While the scenario shows that the Wellington region will be significantly impacted by COVID-19 up to 2030, it is likely that the region will perform better than a number of regions. Wellington does not have the same reliance on tourism and face to face services as other regions. Wellington's position as the heart of New Zealand's government will help it recover. Government will play a major part in the recovery, and will require staff to perform the roles required to lead New Zealand through the recovery from COVID-19.

If the health and treatment responses are better than the scenario foresees, we expect the economic impact will be less than the scenario predicts. Therefore, the economic future of the region will be better with less time at each alert level.

The industries that will be hardest hit by COVID-19 will be those that rely on face to face interactions. These include accommodation and food services, professional services, retail trade and personal services.

Looking ahead to 2023, when the recovery will be in full effect, all industries and territorial authorities will begin to see an increase in employment. Finally, looking out to 2030 employment and GDP growth will continue but the rate of growth will decline as the economic recovery continues and COVID-19 is behind us.

In his Budget 2020 speech, Minister of Finance Grant Robertson said that "here are few times in life when the clock is reset. Now is the time we should address these long-term issues." This statement also applies to local government. This once in a lifetime event presents an opportunity to try new ideas and approaches.

The experience of working from home has seen some businesses announce office closures in Wellington City. If more follow this will have an impact on retail and hospitality in the central city.

This could see the Wellington region's town and city centres attract additional activity as people spend more time in local communities rather than commuting into Wellington City.

The Government has tasked the Infrastructure Industry Reference Group to seek infrastructure projects that are ready to start as soon as possible. GWRC should ensure that it has projects ready to provide maximum benefit from infrastructure investment. The infrastructure developed during the recovery can have an intergenerational benefit like the electrification of the Johnsonville line and state houses built during the Great Depression.

Government investment also presents the opportunity to prepare for climate change. Accessing government funding to prepare for the future impacts of climate change could enable the region to support multigenerational wellbeing.

Given the increasing number of weather events expected the recovery presents the opportunity for Wellington to improve the resilience of the utility networks to withstand weather and seismic events.

Some Wellington businesses could benefit from the increased unemployment. Businesses have the opportunity to hire more domestic talent than at any time in recent memory. Displaced employees will be returning to the job market hungry for their next challenge while government supported training will enable this transition.

The data tables that follow show some of the impacts Wellington can expect as the region recovers from COVID-19.

## 5 Select data tables

Table 5.1 Wellington region population 2019-2030

Total Population	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Kapiti Coast District	55,163	55,503	55,710	55,781	56,137	56,462	56,959	57,543	58,143	58,786	59,454	60,166
Porirua City	58,606	59,230	59,600	60,067	61,109	62,197	63,582	65,048	66,530	68,106	69,745	71,399
Upper Hutt City	44,126	44,084	43,955	43,714	43,755	43,892	44,131	44,426	44,746	45,124	45,484	45,824
Lower Hutt City	105,702	105,722	106,046	106,066	106,667	107,117	107,877	108,750	109,555	110,422	111,274	112,114
Wellington City	212,923	214,537	215,891	216,678	219,077	220,885	223,151	225,040	226,566	228,002	229,331	230,645
Wairarapa	45,400	45,800	46,069	46,162	46,503	46,828	47,284	47,764	48,228	48,722	49,202	49,671
<b>Wellington Region</b>	<b>521,920</b>	<b>524,876</b>	<b>527,271</b>	<b>528,469</b>	<b>533,248</b>	<b>537,380</b>	<b>542,984</b>	<b>548,571</b>	<b>553,768</b>	<b>559,163</b>	<b>564,492</b>	<b>569,821</b>

Table 5.2 Wellington region employment by industry 2019-2030

Total employment (FTEs)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Agriculture, fishing and forestry	3,713	3,755	4,018	3,783	3,954	4,047	4,129	4,201	4,267	4,326	4,379	4,427
Mining	417	421	433	425	444	454	463	472	479	485	491	497
Manufacturing	13,867	13,144	13,451	13,241	13,841	14,166	14,451	14,706	14,935	15,141	15,328	15,496
Electricity and waste services	2,205	2,090	2,221	2,105	2,201	2,252	2,298	2,338	2,375	2,407	2,437	2,464
Construction	21,403	21,426	21,348	21,583	22,561	23,090	23,555	23,971	24,344	24,680	24,984	25,259
Wholesale trade	8,411	7,510	7,638	7,435	7,772	7,954	8,115	8,258	8,386	8,502	8,607	8,702
Retail trade	19,122	20,898	18,904	19,825	20,724	21,210	21,637	22,018	22,361	22,670	22,949	23,202
Accommodation and food services	16,908	18,479	7,098	8,368	8,747	8,952	9,133	9,294	9,438	9,569	9,687	9,793
Transport, postal and warehousing	7,682	9,222	9,384	9,118	9,531	9,754	9,951	10,126	10,284	10,426	10,554	10,670
Information media and telecommunications	4,919	4,619	4,951	4,653	4,864	4,978	5,078	5,168	5,248	5,321	5,386	5,445
Financial and insurance services	12,416	11,813	12,399	11,723	12,254	12,542	12,795	13,020	13,223	13,405	13,571	13,720
Rental hiring and real estate services	2,779	2,609	2,781	2,595	2,713	2,776	2,832	2,882	2,927	2,968	3,004	3,037
Professional scientific and technical services	33,208	33,527	33,023	33,408	34,922	35,741	36,461	37,104	37,681	38,202	38,673	39,098
Administrative and support services	11,252	11,359	9,524	10,931	11,427	11,695	11,930	12,141	12,329	12,500	12,654	12,793
Public administration and safety	39,195	41,659	44,453	41,968	43,870	44,898	45,803	46,610	47,335	47,990	48,581	49,115
Education and training	22,500	20,949	21,274	19,903	20,805	21,293	21,722	22,105	22,449	22,759	23,040	23,293
Health care and social assistance	26,596	24,374	25,551	23,487	24,551	25,127	25,633	26,085	26,491	26,857	27,188	27,487
Arts and recreations services	5,366	5,678	2,541	3,140	3,282	3,359	3,427	3,487	3,542	3,591	3,635	3,675
Personal Services	8,741	9,250	7,274	8,443	8,826	9,033	9,215	9,377	9,523	9,655	9,774	9,881
<b>Total</b>	<b>260,700</b>	<b>262,783</b>	<b>248,266</b>	<b>246,134</b>	<b>257,289</b>	<b>263,322</b>	<b>268,629</b>	<b>273,362</b>	<b>277,616</b>	<b>281,453</b>	<b>284,921</b>	<b>288,055</b>

Table 5.3 Wellington region gross domestic product by industry 2019-2030

<b>Total GDP (\$millions)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Agriculture, fishing and forestry	461	464	459	477	503	520	535	550	564	578	591	603
Mining	591	595	564	611	645	666	687	705	724	741	757	773
Manufacturing	1,752	1,761	1,666	1,810	1,910	1,974	2,034	2,090	2,143	2,194	2,243	2,290
Electricity and waste services	1,025	1,030	1,012	1,059	1,117	1,155	1,189	1,222	1,254	1,283	1,312	1,340
Construction	1,823	1,833	1,688	1,883	1,988	2,054	2,116	2,174	2,230	2,283	2,334	2,383
Wholesale trade	1,143	1,147	1,079	1,159	1,223	1,264	1,302	1,338	1,372	1,405	1,436	1,467
Retail trade	1,702	1,703	1,425	1,649	1,740	1,798	1,853	1,904	1,952	1,999	2,044	2,086
Accommodation and food services	832	796	288	374	394	408	420	432	443	453	463	473
Transport, postal and warehousing	1,149	1,153	1,085	1,164	1,228	1,269	1,307	1,343	1,378	1,411	1,442	1,472
Information media and telecommunications	1,956	1,967	1,948	2,021	2,133	2,204	2,271	2,334	2,393	2,450	2,505	2,558
Financial and insurance services	3,231	3,244	3,146	3,284	3,466	3,582	3,690	3,792	3,889	3,981	4,070	4,156
Rental hiring and real estate services	717	720	709	731	771	797	821	844	865	886	905	925
Professional scientific and technical services	4,379	4,398	4,006	4,471	4,719	4,876	5,024	5,162	5,294	5,420	5,541	5,658
Administrative and support services	694	695	540	683	720	745	767	788	808	828	846	864
Public administration and safety	4,219	4,242	4,182	4,359	4,600	4,754	4,897	5,032	5,161	5,284	5,402	5,515
Education and training	1,549	1,549	1,454	1,502	1,586	1,639	1,688	1,735	1,779	1,821	1,862	1,901
Health care and social assistance	2,460	2,463	2,386	2,422	2,556	2,642	2,722	2,797	2,868	2,937	3,002	3,065
Arts and recreations services	539	521	218	297	314	324	334	343	352	360	368	376
Personal Services	465	464	338	433	457	472	486	500	512	525	536	547
<b>Total</b>	<b>30,688</b>	<b>30,746</b>	<b>28,193</b>	<b>30,389</b>	<b>32,070</b>	<b>33,142</b>	<b>34,142</b>	<b>35,085</b>	<b>35,982</b>	<b>36,839</b>	<b>37,661</b>	<b>38,452</b>

Table 5.4 Wellington region population by age and territorial authority 2019-2030

Total Population	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Kapiti Coast District</b>												
Child - up to 15 years	9,649	9,627	9,582	9,516	9,499	9,477	9,485	9,507	9,606	9,712	9,822	9,939
Young adult - 15 to 24 years	5,343	5,356	5,357	5,345	5,361	5,373	5,402	5,440	5,452	5,468	5,487	5,509
Adult - 25 to 64 years	25,042	25,093	25,084	25,016	25,078	25,125	25,250	25,414	25,625	25,856	26,097	26,357
Older adult - 65 years and over	15,129	15,427	15,686	15,903	16,200	16,486	16,821	17,182	17,460	17,751	18,049	18,362
<b>Total</b>	<b>55,163</b>	<b>55,503</b>	<b>55,710</b>	<b>55,781</b>	<b>56,137</b>	<b>56,462</b>	<b>56,959</b>	<b>57,543</b>	<b>58,143</b>	<b>58,786</b>	<b>59,454</b>	<b>60,166</b>
<b>Porirua City</b>												
Child - up to 15 years	13,855	13,936	13,958	14,004	14,184	14,375	14,633	14,909	15,251	15,613	15,990	16,371
Young adult - 15 to 24 years	7,884	7,918	7,918	7,932	8,023	8,118	8,253	8,397	8,549	8,713	8,885	9,058
Adult - 25 to 64 years	29,594	29,853	29,986	30,168	30,639	31,133	31,775	32,457	33,141	33,872	34,634	35,404
Older adult - 65 years and over	7,274	7,523	7,738	7,963	8,264	8,571	8,921	9,286	9,590	9,908	10,235	10,566
<b>Total</b>	<b>58,606</b>	<b>59,230</b>	<b>59,600</b>	<b>60,067</b>	<b>61,109</b>	<b>62,197</b>	<b>63,582</b>	<b>65,048</b>	<b>66,530</b>	<b>68,106</b>	<b>69,745</b>	<b>71,399</b>
<b>Upper Hutt City</b>												
Child - up to 15 years	8,825	8,792	8,742	8,671	8,655	8,659	8,683	8,719	8,762	8,817	8,868	8,916
Young adult - 15 to 24 years	5,290	5,226	5,153	5,068	5,017	4,977	4,949	4,927	4,952	4,984	5,013	5,040
Adult - 25 to 64 years	22,826	22,757	22,644	22,474	22,450	22,475	22,553	22,660	22,752	22,875	22,988	23,091
Older adult - 65 years and over	7,185	7,309	7,416	7,501	7,633	7,780	7,945	8,120	8,279	8,449	8,615	8,777
<b>Total</b>	<b>44,126</b>	<b>44,084</b>	<b>43,955</b>	<b>43,714</b>	<b>43,755</b>	<b>43,892</b>	<b>44,131</b>	<b>44,426</b>	<b>44,746</b>	<b>45,124</b>	<b>45,484</b>	<b>45,824</b>
<b>Lower Hutt City</b>												
Child - up to 15 years	21,963	21,873	21,847	21,759	21,790	21,791	21,855	21,942	22,046	22,161	22,274	22,384
Young adult - 15 to 24 years	13,604	13,520	13,476	13,394	13,386	13,359	13,372	13,397	13,455	13,520	13,583	13,645
Adult - 25 to 64 years	54,999	54,933	55,026	54,961	55,198	55,357	55,676	56,054	56,337	56,653	56,961	57,262
Older adult - 65 years and over	15,136	15,396	15,698	15,952	16,293	16,609	16,974	17,357	17,717	18,087	18,456	18,823
<b>Total</b>	<b>105,702</b>	<b>105,722</b>	<b>106,046</b>	<b>106,066</b>	<b>106,667</b>	<b>107,117</b>	<b>107,877</b>	<b>108,750</b>	<b>109,555</b>	<b>110,422</b>	<b>111,274</b>	<b>112,114</b>
<b>Wellington City</b>												
Child - up to 15 years	34,869	34,835	34,761	34,599	34,696	34,700	34,777	34,795	34,854	34,899	34,927	34,952
Young adult - 15 to 24 years	36,942	37,132	37,278	37,327	37,654	37,879	38,184	38,424	38,650	38,860	39,053	39,242
Adult - 25 to 64 years	114,761	115,087	115,278	115,173	115,928	116,370	117,055	117,542	117,851	118,111	118,315	118,509
Older adult - 65 years and over	26,352	27,483	28,574	29,580	30,800	31,936	33,136	34,279	35,211	36,131	37,037	37,941
<b>Total</b>	<b>212,923</b>	<b>214,537</b>	<b>215,891</b>	<b>216,678</b>	<b>219,077</b>	<b>220,885</b>	<b>223,151</b>	<b>225,040</b>	<b>226,566</b>	<b>228,002</b>	<b>229,331</b>	<b>230,645</b>
<b>Wairarapa</b>												
Child - up to 15 years	8,609	8,620	8,606	8,560	8,560	8,558	8,580	8,606	8,654	8,708	8,759	8,807
Young adult - 15 to 24 years	4,938	4,950	4,949	4,929	4,936	4,942	4,961	4,983	5,003	5,025	5,047	5,067
Adult - 25 to 64 years	22,140	22,271	22,337	22,319	22,422	22,517	22,675	22,845	23,018	23,206	23,386	23,562
Older adult - 65 years and over	9,713	9,959	10,177	10,354	10,584	10,811	11,068	11,330	11,553	11,783	12,011	12,236
<b>Total</b>	<b>45,400</b>	<b>45,800</b>	<b>46,069</b>	<b>46,162</b>	<b>46,503</b>	<b>46,828</b>	<b>47,284</b>	<b>47,764</b>	<b>48,228</b>	<b>48,722</b>	<b>49,202</b>	<b>49,671</b>
<b>Wellington Region</b>												
Child - up to 15 years	97,770	97,682	97,496	97,108	97,385	97,561	98,014	98,479	99,173	99,910	100,640	101,369
Young adult - 15 to 24 years	74,000	74,103	74,131	73,996	74,376	74,649	75,120	75,567	76,060	76,571	77,068	77,562
Adult - 25 to 64 years	269,363	269,994	270,356	270,112	271,714	272,977	274,985	276,971	278,726	280,573	282,381	284,184
Older adult - 65 years and over	80,788	83,097	85,288	87,253	89,773	92,193	94,865	97,554	99,809	102,109	104,403	106,705
<b>Total</b>	<b>521,920</b>	<b>524,876</b>	<b>527,271</b>	<b>528,469</b>	<b>533,248</b>	<b>537,380</b>	<b>542,984</b>	<b>548,571</b>	<b>553,768</b>	<b>559,163</b>	<b>564,492</b>	<b>569,821</b>