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Late Agenda for a meeting of the Strategy & Finance Committee to be held by audio visual conference on **WEDNESDAY, 10 JUNE, 2020** commencing at **9.30am**.

*The open meeting will be livestreamed on the [Council's YouTube webpage](#).*

*Information and recommendations are included in the reports to assist the Council in the decision making process and may not constitute Council's decision or policy until considered.*

## **REPORTS**

5.3 COVID-19 Analytics Report - May 2020 2

GJ Ion  
**CHIEF EXECUTIVE**

### **Open Meeting**

|                                 |  |
|---------------------------------|--|
| <b>To</b>                       | Strategy and Finance Committee                   |
| <b>From</b>                     | Clive Morgan<br>General Manager Community Growth |
| <b>Date</b>                     | 5 June 2020                                      |
| <b>Prepared by</b>              | Mark Davey<br>Analytics Manager                  |
| <b>Chief Executive Approved</b> | Y  |
| <b>Reference #</b>              | GOV1318 / 2628898                                |
| <b>Report Title</b>             | COVID-19 Analytics Report - May 2020             |

## **I. EXECUTIVE SUMMARY**

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The purpose of this report is to provide a summary and analysis of the findings from a survey outreach programme, which Waikato District Council undertook April-May 2020.

The Survey was undertaken to help understand the impacts of the COVID-19 lockdown, on households and businesses in the district and their outlook post-lockdown. The report also presents a number of secondary data sources from within the business, such as resource and building consent data and externally such as Ministry of Social Development, Infometrics and NZ Police, to better understand the current environment.

The report analyses the data, summarises the key findings and puts forward recommendations to the Council regarding COVID-19 recovery over the next 12 to 24 months.

## **2. RECOMMENDATION**

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**THAT the report from the General Manager Community Growth be received.**

## **3. BACKGROUND**

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The New Zealand Government responded to the likely health effects of the COVID-19 global pandemic, by implementing a national lockdown in March 2020. To better understand the economic and social effects of the lockdown for our Districts, we conducted a phone survey on households and businesses. In conjunction with this, Council began monitoring a range of internal and external indicators. The intention of this work is to interpret what is

happening in the district, with the feedback providing insight into what is happening, enabling decision-makers to make evidenced based decisions.

## 4. CONSIDERATION

### 4.1 FINANCIAL

All aspects of this initiative were supported by internal resources within exiting budgets.

### 4.2 LEGAL

Consideration was given to necessary privacy matters and the survey methodology and interview script was constructed to ensure survey respondents privacy has been protected.

### 4.3 STRATEGY, PLANS, POLICY AND PARTNERSHIP ALIGNMENT

The survey was identified as a critical to support the Councils Recovery Plan work programme.

### 4.4 ASSESSMENT OF SIGNIFICANCE AND ENGAGEMENT POLICY AND OF EXTERNAL STAKEHOLDERS

(Ascertain if the Significance & Engagement Policy is triggered or not and specify the level/s of engagement that will be required as per the table below (refer to the Policy for more detail and an explanation of each level of engagement):

| Highest levels of engagement  | Inform  | Consult                  | Involve                  | Collaborate                         | Empower                  |
|---|---|--------------------------|--------------------------|-------------------------------------|--------------------------|
|   | <input checked="" type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <i>Tick the appropriate box/boxes and specify what it involves by providing a brief explanation of the tools which will be used to engage (refer to the project engagement plan if applicable).</i> | Ministry of Social Development was engaged to assist with understanding social impacts. Iwi has been engaged to inform them of the recovery work (including the survey initiative). |                          |                          |                                     |                          |

State below which external stakeholders have been or will be engaged with:

| Planned | In Progress | Complete |   |
|---------|-------------|----------|---|
|         | /           |          | Internal  |
|         | /           |          | Community Boards / Community Committees   |
|         | /           |          | Waikato-Tainui / Local iwi<br>(provide evidence / description of engagement and response) |
|         | /           |          | Households  |
|         | /           |          | Business  |
|         |             |          | Other Please Specify  |

## **5. ATTACHMENT**

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COVID-19 Analytics Report - May 2020

# Analytics Report Covid-19

May 2020 v1.3

|                 |   |
|-----------------|---|
| Contributors(s) | Dr Mark Davey, Julian Hudson, Nick Johnston, Mitch King, Dr Nicolas Pirsoul |
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| Reviewer(s)     | Julie Dolan, Clive Morgan   |
| Approved        | Executive Leadership Team   |

## I.0 Executive Summary

### HIGH LEVEL FINDINGS

- 83% of businesses have accessed the wage subsidy
- The optimism of households and businesses was higher than expected, 71% of households were not concerned about their job security, 43% of businesses expected business to return to pre-lock-down<sup>1</sup> levels post lock-down
- The effects of Covid-19 lock-down has touched all sectors of the economy and not isolated to one geographic area of the district
- 90% of businesses reported that they were in 'okay' or better health pre-lockdown
- Effects of the draught, commodity prices, and export hurdles have negatively impacted the Agriculture, Forestry and Fisheries sectors
- 63% of households have reported a drop-in income, some as much as a total loss
- Job Seeker benefit numbers have grown by 25%. compared to other local authorities in NZ the Waikato District is in the middle of the pack, not the worst, not the best (Waikato District is disproportionately represented in the Waikato Region: approx. contributing approx. 50% of total region-wide numbers)
- 47% of new 'job-seekers' are first time beneficiaries showing that it is not just the lower skilled and lower paid employees who have been affected
- Crime rates are increasing, particularly in Huntly
- Building Consent numbers (construction activity) for the first quarter of 2020 remain strong relative to previous periods however resource consents in the district have been gradually falling since a peak in mid-2018.
- 99% of businesses and residents contacted as part of the Survey were pleased to hear from the Council and were willing to be a part of the second phase Survey to be conducted in late June early July.

This report provides insights and analysis surrounding the impacts of Covid-19 and lock-down on the Waikato District. The findings draw on a range of data including household and business surveys (over 800) along with a range of secondary data sources from the Ministry of Social Development, NZ Police, Infometrics and from within Waikato District Council.

The effects of Covid-19, namely the lock-down have been far reaching across all sectors in the Waikato District and not confined to certain geographic areas. Job losses have occurred and are expected to continue post-lock down along with business closures (some businesses are already as small as they can be before having to close).

The construction industry has survived throughout the lock-down period illustrated by strong building consent data, which in some cases has outperformed the same months in previous years. However, the construction industry reported through the survey responses that it was accessing the wage subsidy more than others. This coupled with declining resource consent numbers since mid-2018 suggests that the construction market had reached a peak pre-lock-down and that the effects of Covid-19 will increase its rate

<sup>1</sup> Refers the New Zealand Government response to Covid-19 pandemic whereby in late March 2020 large parts of the economy were required to shut-down, schools close and the population to remain home.

of decline and depth. Media are reporting issues related to residential construction-market liquidity issues with third-party lenders suggesting that once the current housing projects have been completed it will be increasingly difficult for new developments and new players to enter the market.<sup>2</sup> This will likely mean a window of continued but reduced construction activity (few new developments occurring) for a period, possibly 6-12 months until demand and liquidity return.

Unemployment in the district for the month of April has increased by approximately 25%. Prior to Covid-19 approximately 20% of the Waikato District working age population were receiving some form of benefit. The Waikato District numbers of people on the 'job seeker benefit' is disproportionate at a regional level (contributing as much as 50% of the regions total). What is unique about the effects from Covid-19 is the cross-section of industry sectors and demographics affected, over 47% of those joining the job seeker benefit have never received a benefit before. The effects of unemployment will still be worst felt by those in lower-skilled jobs such as construction trade workers, farming, forestry, garden workers, sale assistants and salespersons.

The effects of the drought during the 2019/2020 season have come through in the survey responses along with commodity price and export issues related to the forestry industry. They will compound the impacts of Covid-19 and the lock-down.

Crime rates have increased, particularly in Huntly and this has been identified in Police NZ data and in survey responses. In general Police 'events' in the district have increased by over 10% during April-May 2020.

Over 50% (206) of households surveyed have reported a drop-in income, some by as much as 100% with 30% being concerned about job security. The concern of unemployment, drop in income, and the closure of small businesses were the major themes which emerged from the household surveys. Generally, rural households had a more positive outlook. Few people were concerned about the direct health impacts of Covid-19, moreover they were concerned about their ability to access healthcare in general. Retired persons were worried about social isolation and a need to see family and friends.

Households surveyed strongly favoured Council involvement in promoting employment, investment and skills and training within the district. A number of ideas/suggestions were presented by respondents. The themes centred around efficient provision of core services, promotion of job and training opportunities for residents, and enhancement/beautification projects.

Some data has been acquired regarding the use and demand of Food Banks and this has been significant in the Waikato District. Unfortunately, at the time of writing we were unable to access any historic data to understand trends as most food banks have not been tracking how many food parcels they have been providing. Only rough estimates of how many have been distributed exist.

Whilst the wage subsidy scheme will be providing a 'false economy' for some time the data already shows that even with the wage subsidy the effects on businesses and households are widespread. The increase in unemployed combined with the lock-down is correlating with a rise in crime, domestic violence and suicides.

The levels of optimism, particularly among business owners/operators were strong across a number of sectors (primarily agriculture, fishing and forestry) and the majority of households (70%) were confident about job security.

In respect to recovery, it is important that the Council provides certainty and confidence through its activities. Council-driven initiatives to promote, enable and maintain local employment are critical. This can include a range of things such as favouring local businesses when awarding contracts, zoning and servicing more land so new businesses can start-up and existing ones can expand or relocate to the district. Council can ease job transition by advocating and lobbying relevant government departments and agencies to support specific sectors and areas that we know are most affected by Covid-19. The main outcome that Council

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<sup>2</sup> *Credit crunch: Funding for property development and subdivisions dries up*, NZ Herald, 27<sup>th</sup> May, 2020.  
[https://www.nzherald.co.nz/business/news/article.cfm?c\\_id=3&objectid=12334626](https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12334626)



should be seeking through this is to ensure local residents who have lost or are losing their jobs or businesses are provided career pathway support, training and skills development opportunities so they can re-join the workforce as soon as possible.

Finally, it is important to continue to monitor a range of indicators as set out in the report below to understand the social and economic health of residents and businesses in the district to help guide where Council and related agencies should be focusing their efforts.

## HIGH LEVEL RECCOMENDATIONS

1. The economic effects of lock-down are being masked by the wage subsidy creating a 'false-economy', the report findings therefore provide a snapshot in time whilst the wage subsidy has been in place. It is expected that some sectors will worsen in the coming months post lock-down and following the end of the wage subsidy.
2. It is unlikely revenue/sales and GDP in all sectors will simply 'bounce-back' to pre-Covid-19 levels.
3. This will mean some sectors, businesses and households who exhibited optimism during lock-down will likely have a more pessimistic outlook in the coming months as the true economic effects are felt
4. New residential construction activity is likely to decline over the next 6-12 months due to liquidity and demand once current 'live' projects are completed.
5. Until the end of the wage subsidy it will be difficult to determine the true economic health of sectors and businesses. The effects are likely to come in waves over the next 12-24 months.
6. Job losses and business closures will increase, it is therefore important that Council works with and facilitates partner agencies and their programmes to ensure the districts communities receive the support they need to return to work.
7. Job retention and creation is critical to avoiding the negative social and economic impacts of Covid-19. Household and business confidence is a key factor in achieving a speedy recovery. If households are confident, they'll spend more, if businesses are confident, they'll take more risks, invest more and hire more people.
8. The Council should look at ways to promote and enable business growth in the district including the growth of existing businesses, new business establishment, and relocation of businesses from other parts of the country to the district.
9. The Council should continue to drive Community Led Development programmes to broaden the capacity and ability of communities to improve on both social and economic recovery outcomes.
10. The lens that Council could apply to its business to support recovery falls into four broad programmes:
  - **Investment:** promoting and enabling investment in the district for business growth (this includes making sure it is easy to do business with the Council, that land is available for business to establish, and initiatives are undertaken to promote the district)
  - **Community resilience:** supporting the building of social resilience for our residents and their communities. Supporting community led development so that our communities can create, lead and implement local projects for the betterment of their environment. (this includes making sure that local businesses are able to deliver local projects, and that local communities can identify and deliver projects themselves) Opportunities to develop local Social Enterprises through these projects should also be encouraged and supported by Council
  - **Labour market transition:** understanding the skills investment required from central government to meet new and existing business needs to maximize potential opportunities for residents (this includes understanding the areas and sectors affected in the district and ensuring relevant central government agencies are involved with activities such as skills matching and training.
  - **Business leadership and development:** to work alongside existing employers to support employment retention, sector growth and building career pathways (this includes such things as understanding business sector performance and health in the district and ensuring the Council is enabling opportunities)

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## 2.0 Purpose

The purpose of this report is to provide insights and analysis to better inform the elected members, the executive leadership team and stakeholders regarding the economic and social challenges facing the Waikato District as a result of the Covid-19 pandemic and the 'lock-down'.

This report draws on primary data (surveys) along with secondary data sources to help build an understanding of the current economic and social challenges facing the district.

The main content of this report are the findings of a survey outreach programme which WDC ran for a month between 14<sup>th</sup> April 2020 to 15<sup>th</sup> May 2020 to understand the initial impacts of Covid-19 on businesses and households in the district. The report also includes several other key indicators from across the business as well as Waikato District-specific Infometrics data and forecasting based on their modelling.

## 3.0 Survey outreach

### Overview

To better understand the impacts of Covid-19 on residents and businesses within the district a phone survey outreach programme was setup to glean first-hand insights.

Two outreach teams made-up of Waikato District Council staff were established: one conducted business surveys, and the other conducted surveys with households. In total 307 business owners or leaders were surveyed with approximate call-times of 40min each. 420 households were surveyed, with approximate call times of 20 minutes each. Over 30 WDC staff undertook this outreach.

It is planned that a secondary outreach programme will be undertaken in June/July 2020 once access to the wage subsidy is further limited and many businesses will no longer qualify to receive it. This will help inform WDC regarding the outlook for businesses and households in the district.

### Survey Design

The two survey designs were different and asked specific questions, both qualitative and quantitative. We wanted to understand if businesses were able to work during the lockdown, if they had received assistance, what their outlook for the next 12-month period was, what sector they operate in, how many staff they have, if they've had to lay off staff, and what in their view Council could do to support them as they recover. The residential survey asked questions regarding how many people in the household were employed. We asked what they do, if they were able to work during the lockdown, if they will have work to return to following the lockdown, what concerns they have and what in their view council can do to support them. Both households and businesses were randomly selected from Council database records. The survey design/questionnaire was based off similar surveys being undertaken by other agencies such as Te Waka (Waikato's regional economic development agency) so that a level of comparative analysis could be undertaken. WDC callers uploaded respondents' responses directly into cloud-based software Survey Monkey.

Sample of respondents

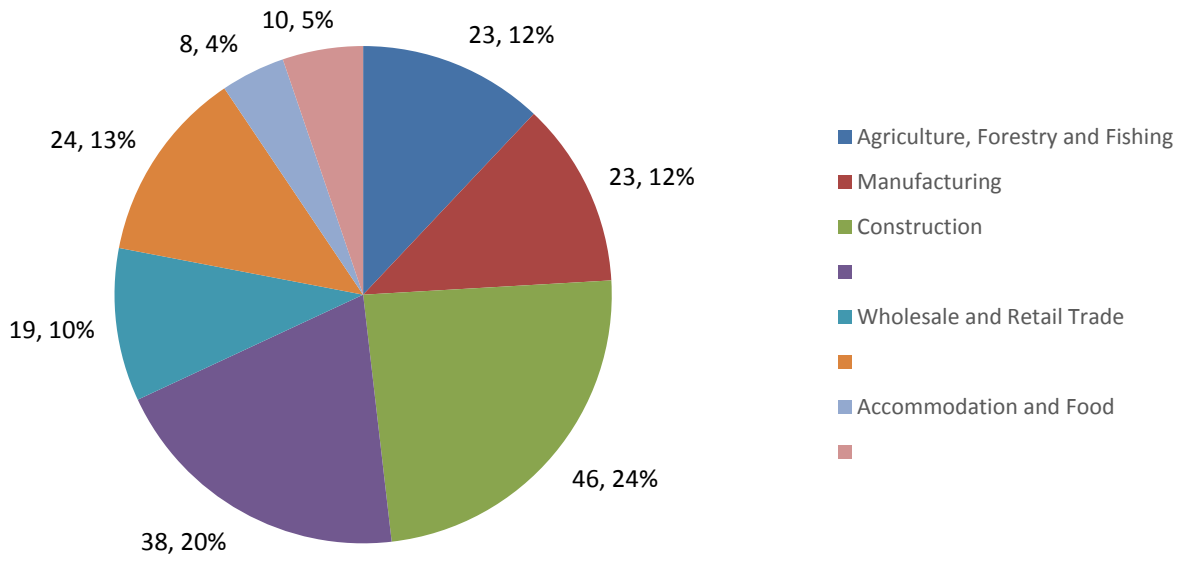


Figure. 1. Sector break-down of business survey respondents

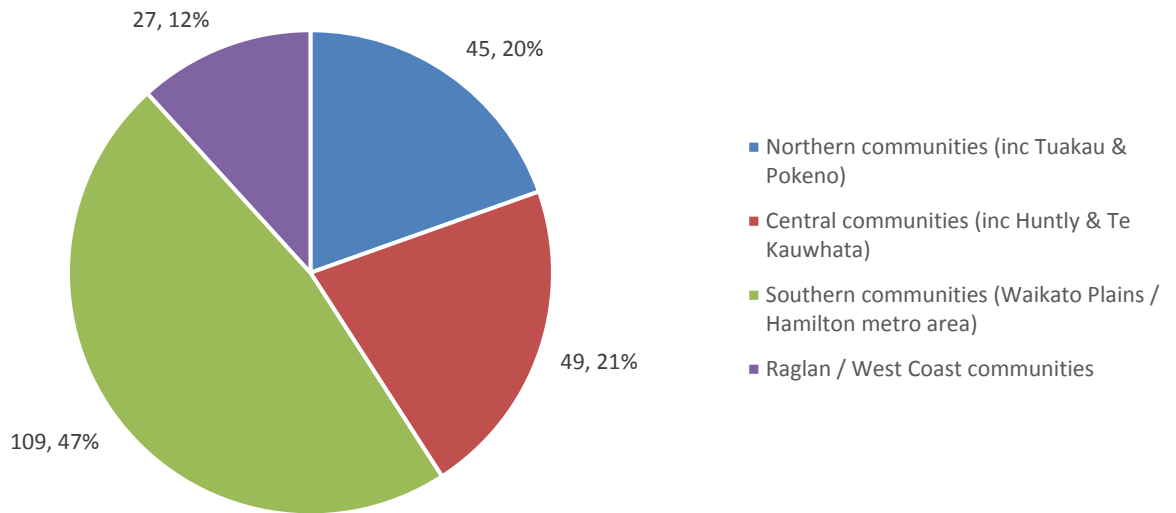


Figure. 2. Location break-down of business survey respondents

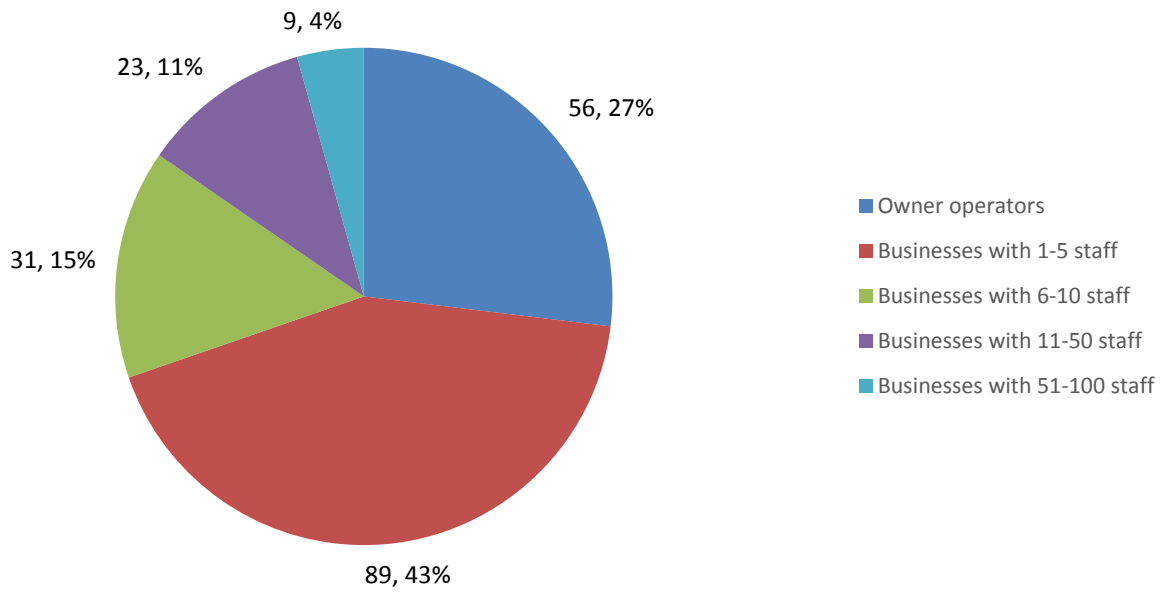


Figure. 3. Size (number of employees) of business survey respondents

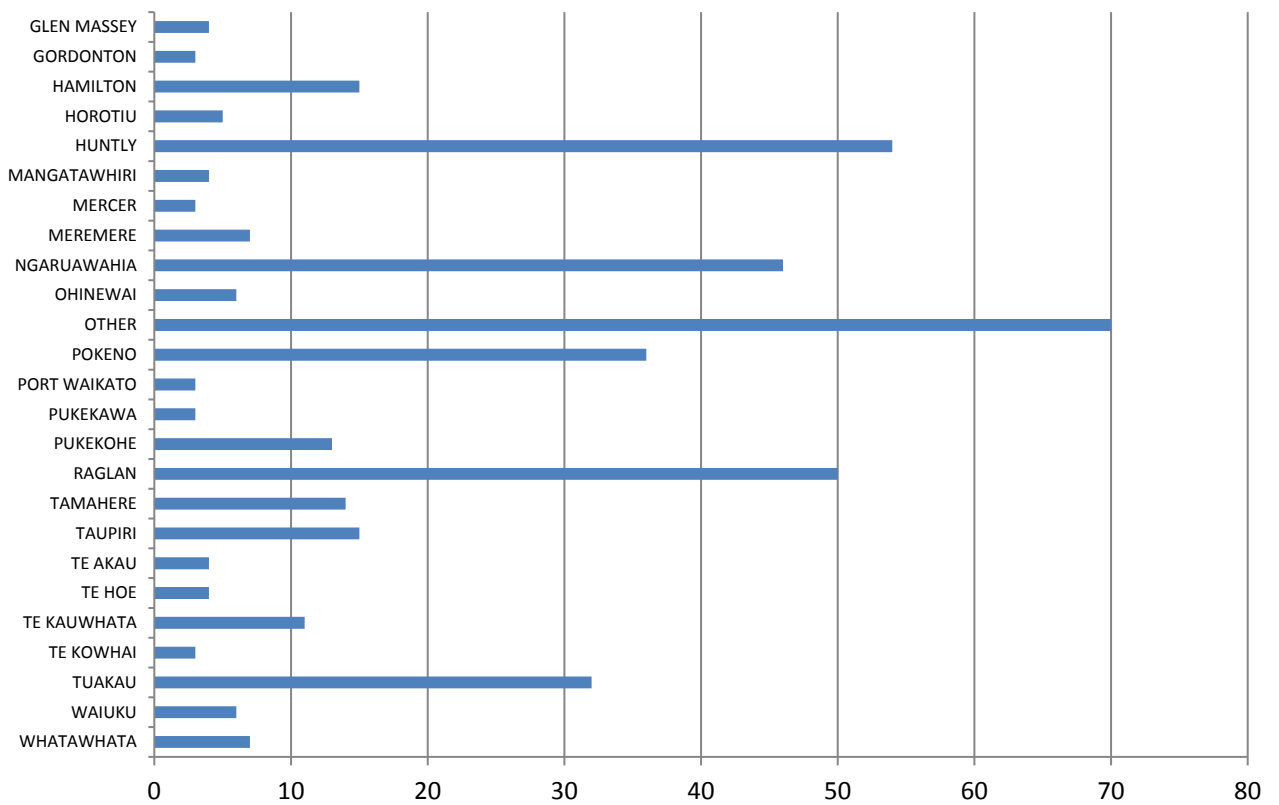


Figure. 4. Location of household's respondents by town

Note: 'Location' is as described by the respondents as their nearest community/town when answering the survey

## Business Survey Findings

### State pre-lockdown

- Prior to lock down largely all businesses reported that they were doing Okay, Great, or Booming. Only 3% reported that they were ‘struggling’ or ‘not great’
- The Manufacturing and Accommodation and Food<sup>3</sup> sectors were the only ones that reported they were ‘struggling’ pre-lockdown (4-5%)
- The findings show that the health of businesses in the district was generally good pre Covid-19

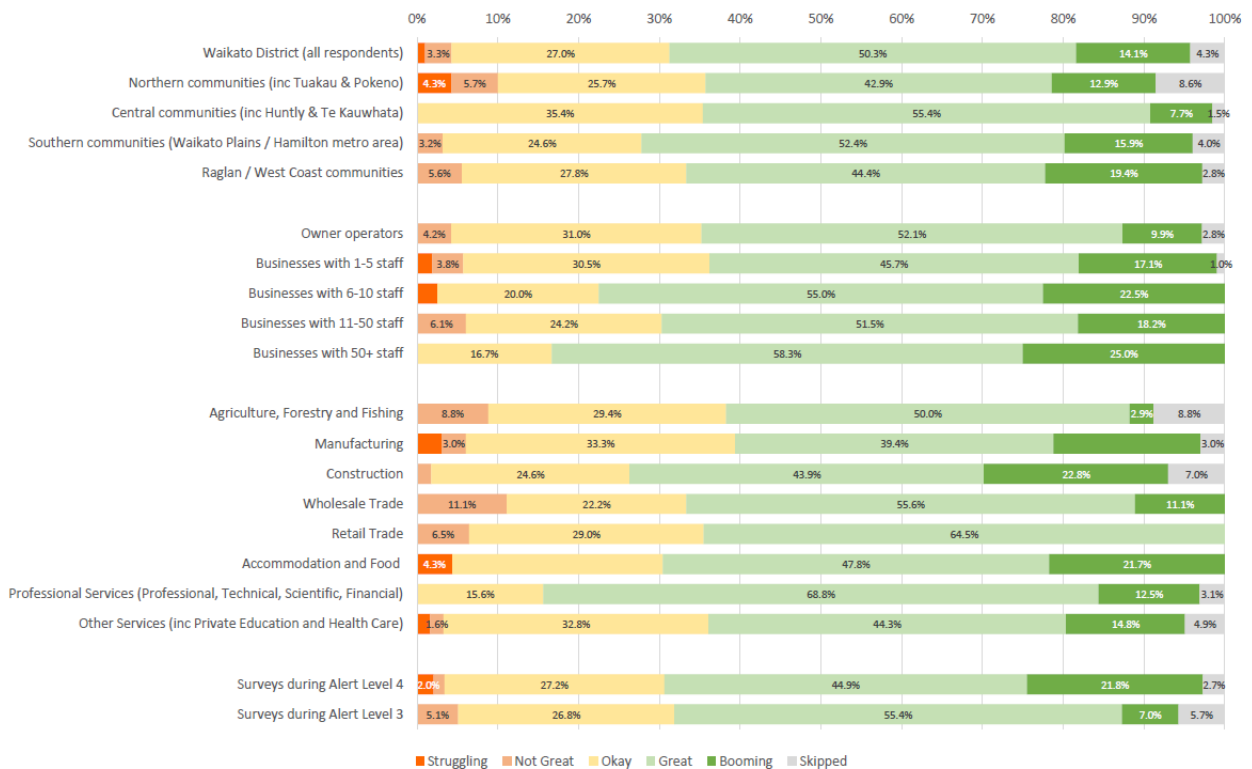


Figure. 5. How was your business going before the lock-down?

<sup>3</sup> Tourism derived spend will fall largely under this classification.



### Business confidence about post-lockdown

- Business confidence and optimism regarding their ability to return to normal following the lock-down were mixed.
- Roughly 1/3 thought that their business would return to normal directly following the lock-down period, 1/3 thought that it would take 3-6 months to return to normal following the lockdown, 1/3 were relatively pessimistic about their ability to return to normal and thought that it would take at least 12 months and in some cases greater than 2 years.
- Agriculture, forestry and fishing were by far the most optimistic regarding the ability to return to normal (70.6%) reported that they would return to normal directly following lock-down.
- Accommodation and Food have the most pessimistic outlook with only 30.4% reporting they would return to normal following the lock-down.
- Raglan/West Coast Communities were the most pessimistic geographic area with over 20% of businesses reporting that they thought that the recovery would take longer than 2 years.
- Retail Trade also had a high proportion (19.4%) of businesses which thought that the recovery would take greater than 2 years.
- It is worth noting that business confidence regarding the economic outlook for their businesses and the economy did improve as the lock-down levels were down-graded, with over 50% at level 3 reporting that they thought that their business would return to normal. However, concerningly, almost the same percentage of businesses remained pessimistic i.e. believed that recovery would take 12 months or more.
- This suggests that there could be an underlying 25-30% of businesses that will be struggling for an extended period following the end of lockdown.



Figure. 6. How long do you think recovery of your business will take following lockdown?

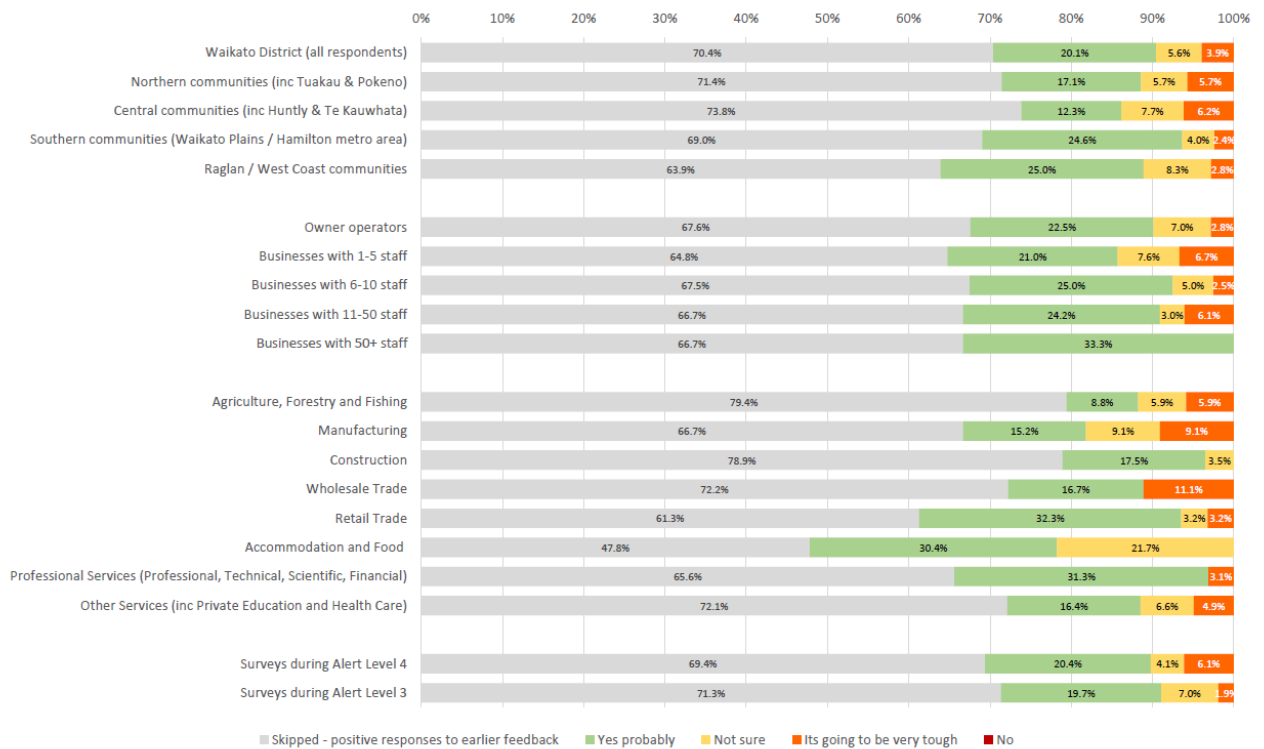


Figure. 7. Business resilience/ability to remain in business post crisis of those who thought recovery would take 12+ months

- Despite the relatively high number of businesses which reported that they would be struggling post-lockdown there were few businesses that said they would not make it through and only 3.9% of respondents in total reported that it was going to be “very tough”. There were varying degrees of uncertainty from some sectors, particularly ‘accommodation and food’ (21.7%) and Manufacturing (9.1%).
- The percentage of those who were ‘not sure’ about the ability to maintain their business post crisis moved from 4.1% in level four to 7.0% during level three illustrating a shift/moderation in sentiment (from those considering that ‘it’s going to be very tough’ to ‘not sure’).

### Reduction of staff numbers

- 8.3% have had to reduce staff numbers, 10.4% skipped answering the question.
- Some businesses reported having to let go up to 16-20 staff.
- Agriculture, forestry and fishing, and Accommodation and food were the worst affected. Agriculture, forestry and fishing businesses, however, were the most optimistic about their businesses being able to return to normal immediately following the lockdown.

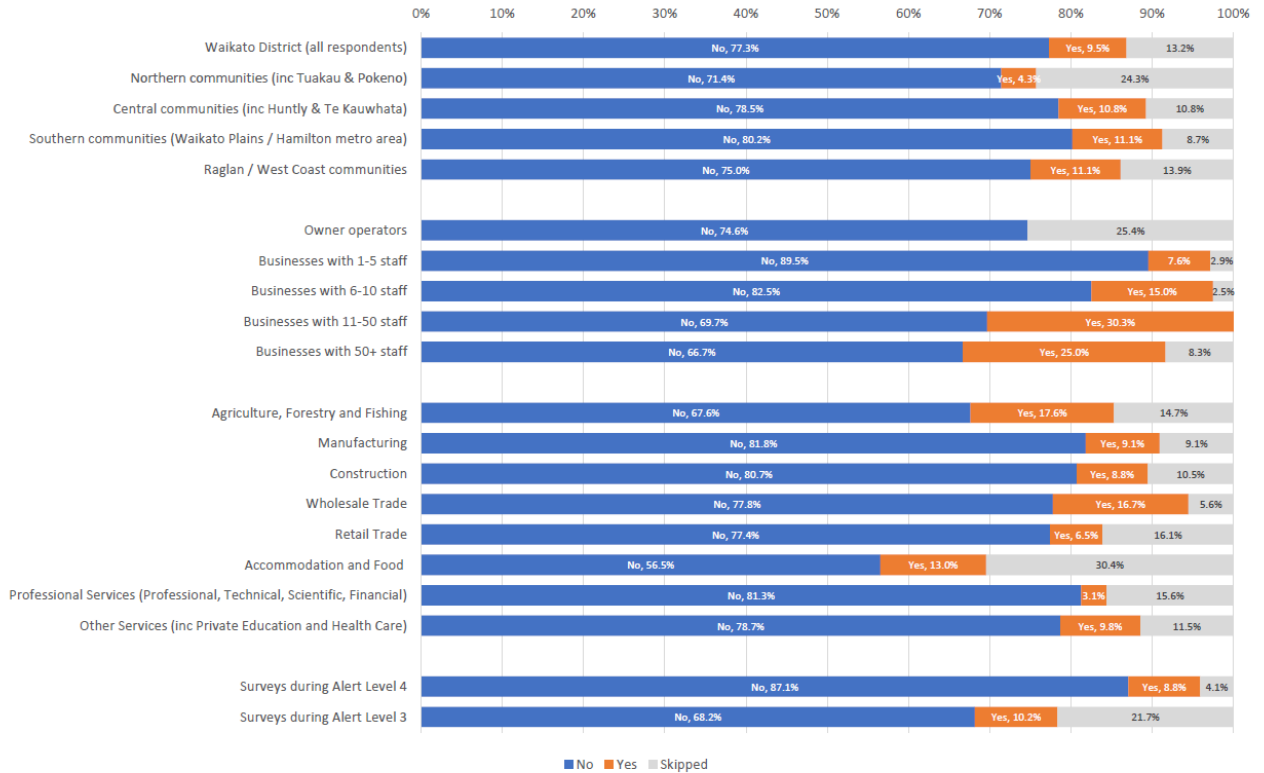


Figure. 8. How many businesses have had to reduce staff numbers?

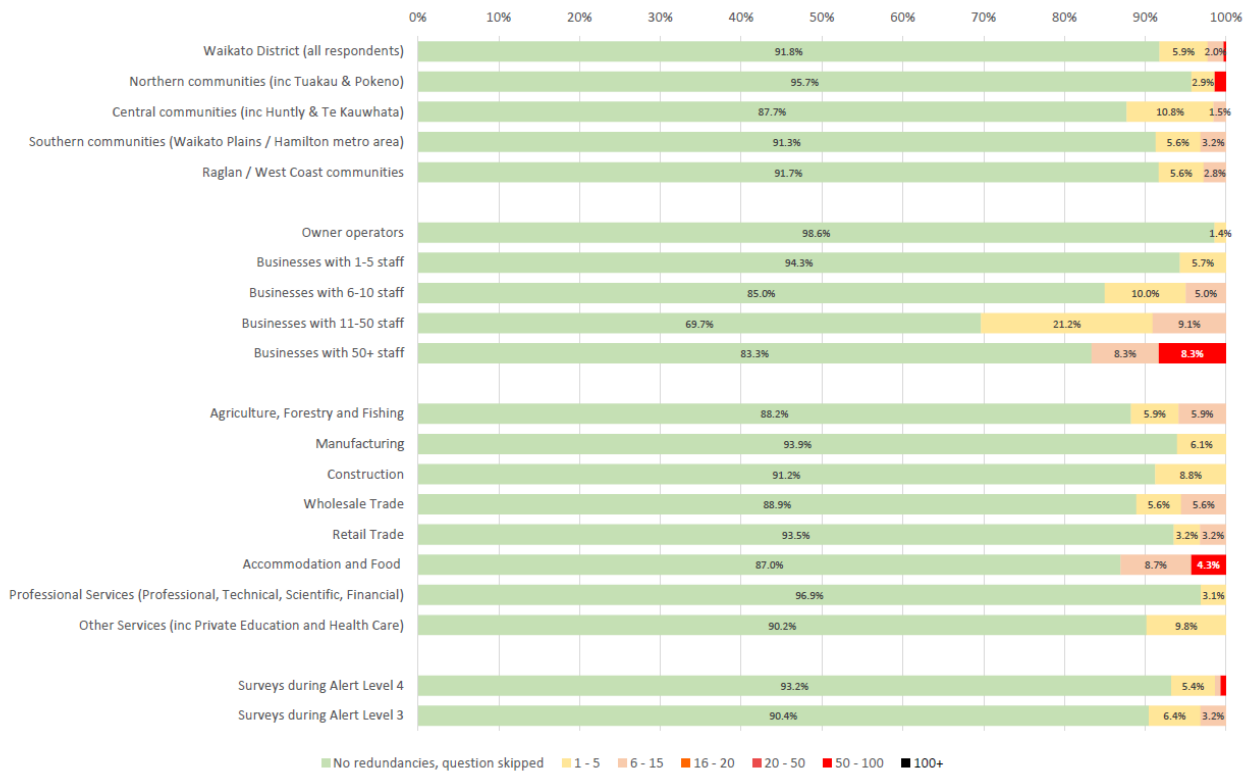


Figure. 9. How many jobs have been lost/business?



Figure. 10. Are you worried you might need to reduce employee numbers further as the year progresses as a result of Covid-19?

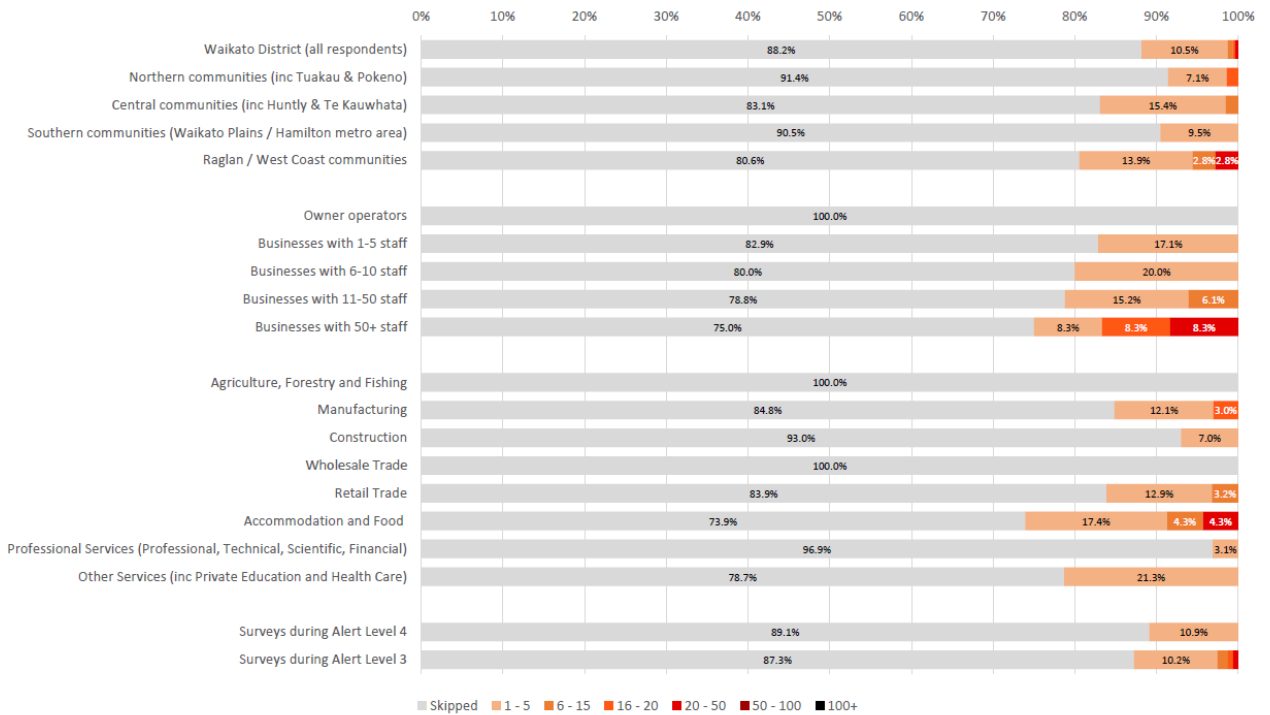


Figure. 11. How many more positions might need to be reduced?

## Government Agency Engagement

- Generally, there was an even split between those businesses which had engaged and/or received support from other agencies or industry bodies. Larger employers generally had more engagement than smaller businesses with up to 5 staff.
- Owner operators had the lowest level of engagement (32.1%) with government agencies and industry bodies compared with larger businesses (up to 77.8%)
- Businesses in total had most engagement with the Ministry of Social Development (26.5%),
- ‘Construction and manufacturing’ was the sector that had most engagement with government agencies and industry bodies.

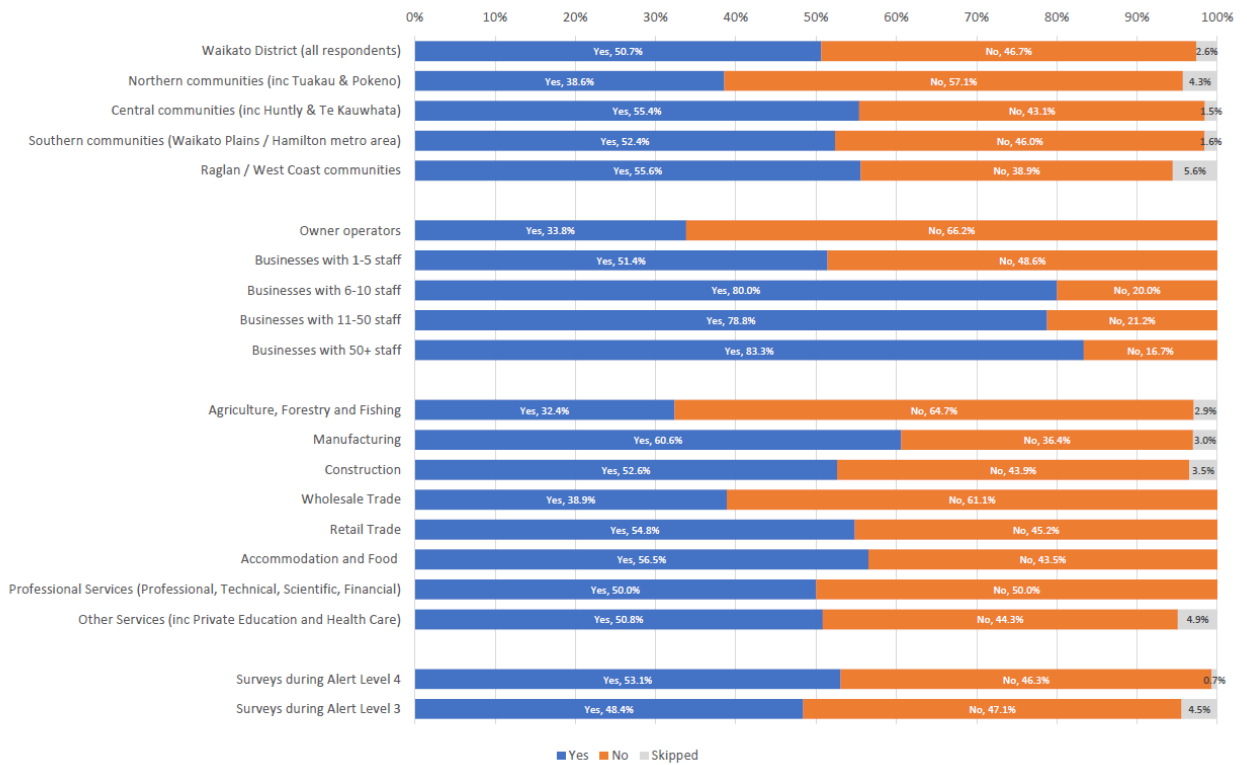


Figure. 12. Have you spoken with any other government agency or industry body?

- Agriculture, Forestry and Fishing accessed the wage subsidy the least, 17.6% suggesting that they either did not need it or did not quality.
- Construction accessed the wage subsidy the most. This probably reflects the business model of this industry which tends to operate with narrow margins, high debt levels and long timeframes before profits are realised.
- Most sectors, other than Construction and Agriculture, Forestry, Fishing on average accessed the wage subsidy at a rate of approx. 60% suggesting that those who needed it, were able to access it.
- A large number of respondents generally chose not to answer this question (over average 26.3), the reason for this is unclear.

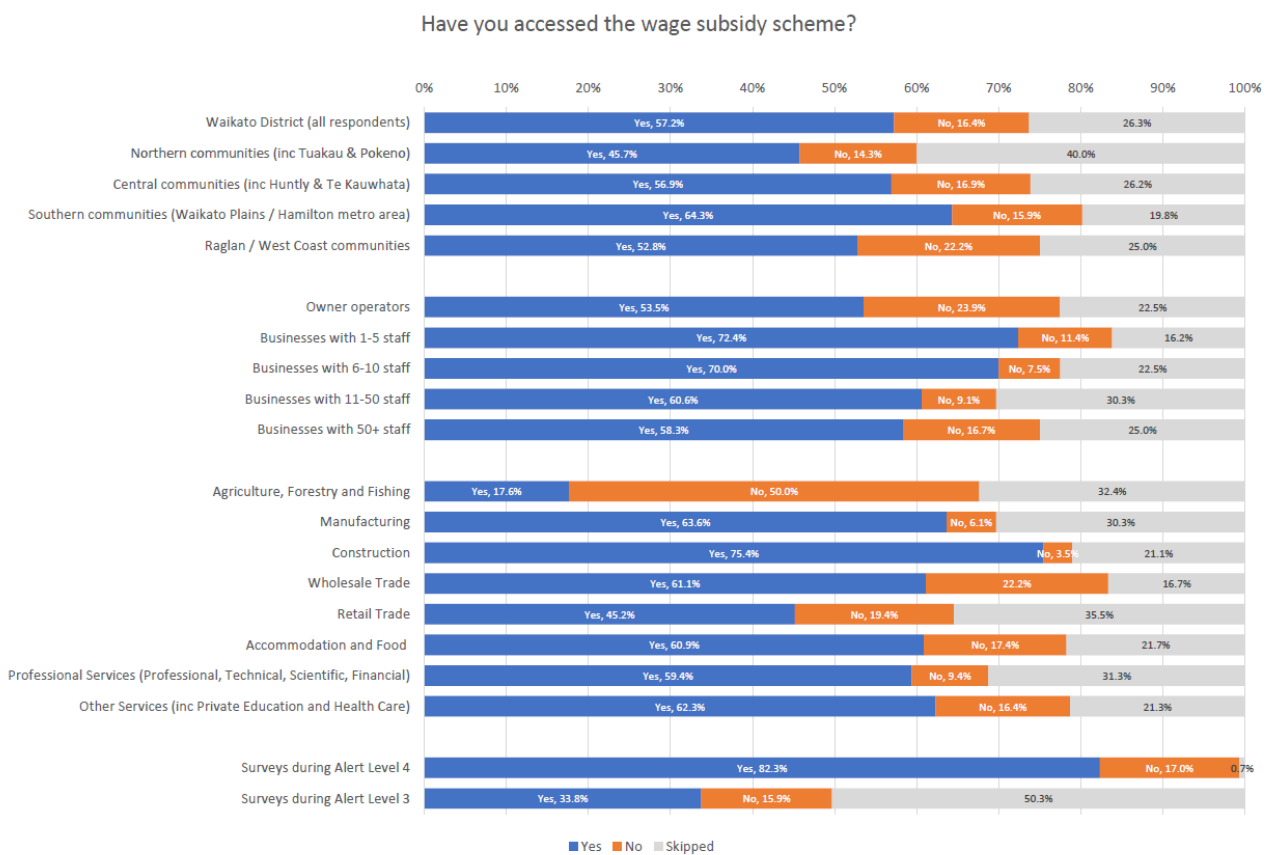


Figure. 13. Have you accessed the wage subsidy scheme

- The majority of families of business owners/leaders reported they were ‘holding up’ and considered that they’d ‘get through’ or better.

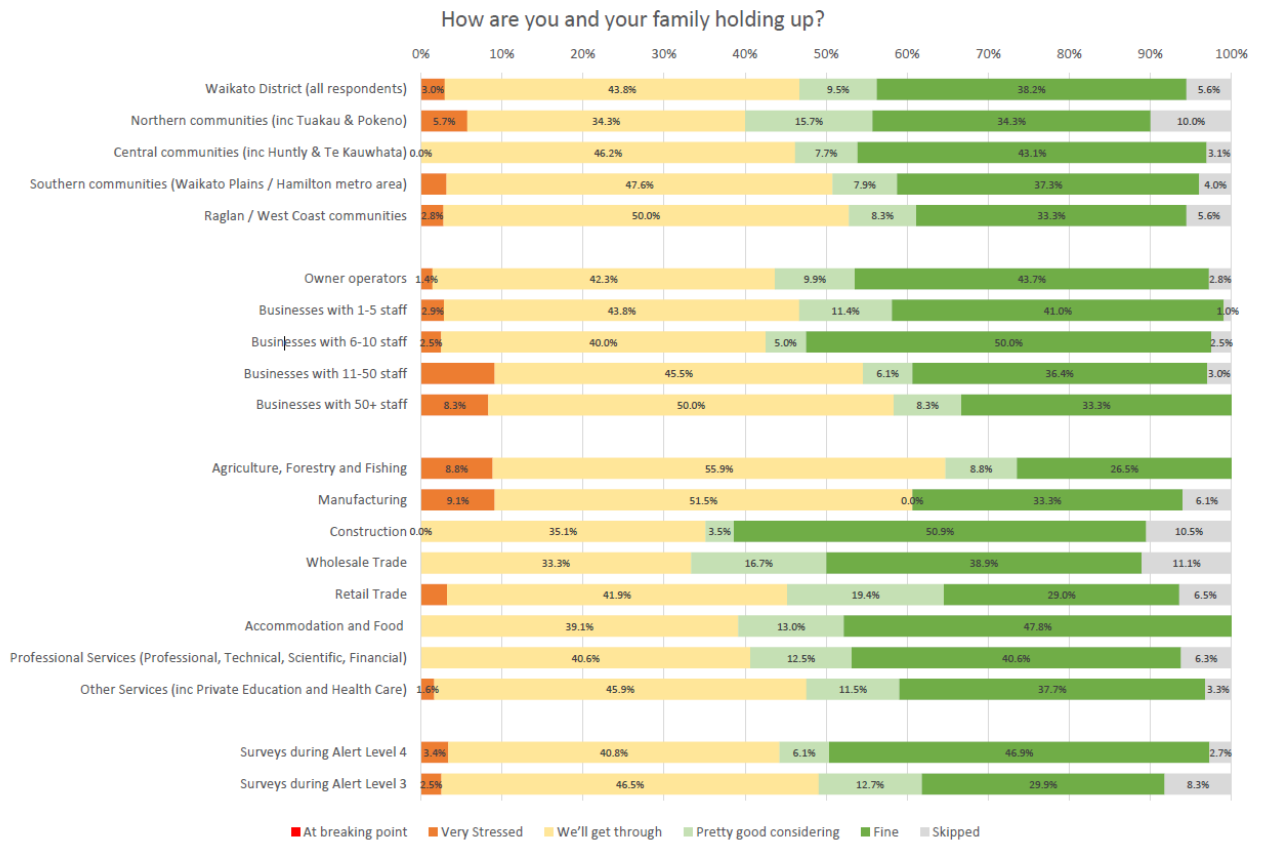


Figure. 14. Business owner/operator family resilience

- A large proportion of businesses reported they either owned their own property and/or received rent relief from their land lord. Only 18.3% had not received support.

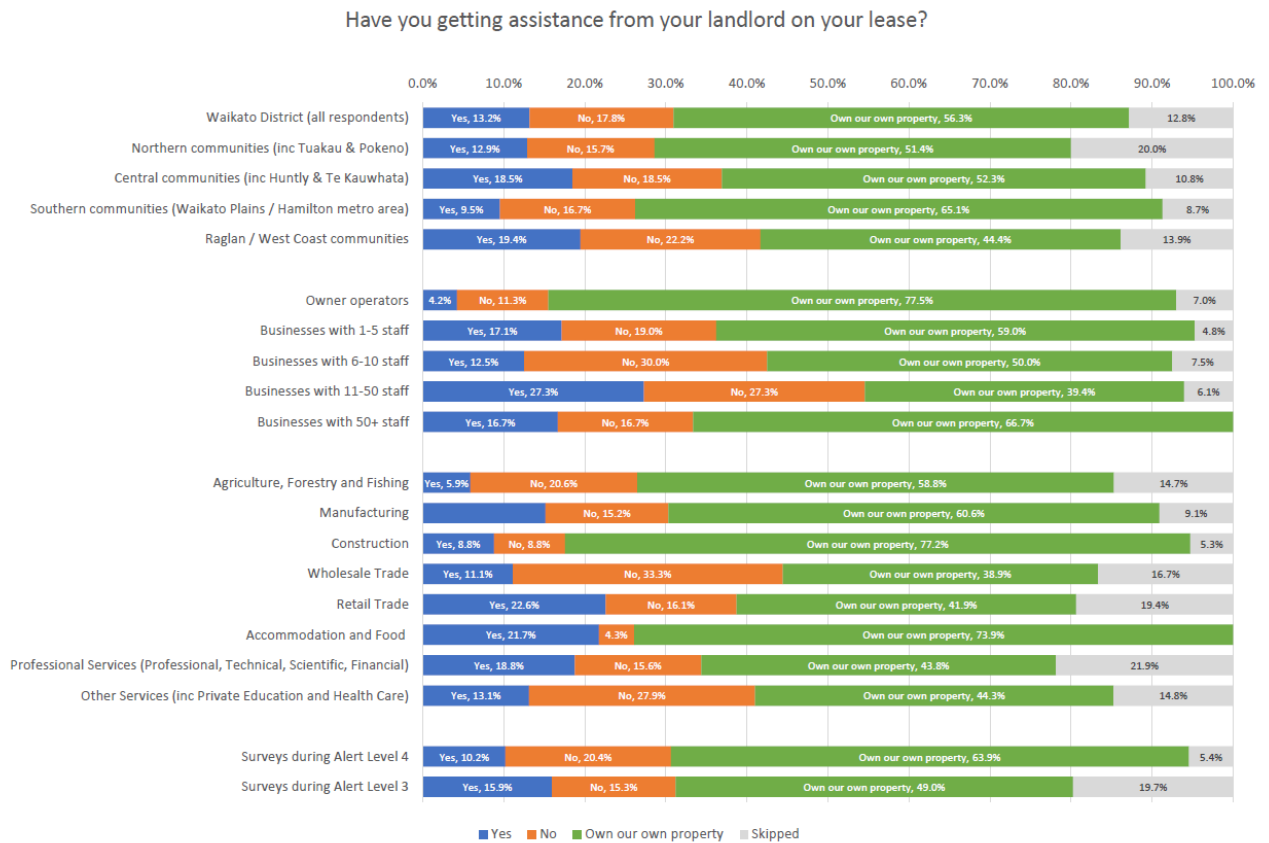


Figure. 15. Those respondents who have received support from their landlord

### Summary

- Generally, the health of businesses in the district pre lockdown was good with the exception of the agriculture and forestry sectors affected by drought and global commodity prices. Some weaknesses were reported in other sectors such as retail and manufacturing.
- The wage subsidy scheme was widely accessed with the exception of agriculture, forestry and fishing, which suggests most businesses have sought assistance where needed and that it was forthcoming.
- Business confidence was mixed and further job-losses and business closures are likely. Construction, retail trade and food and accommodation are likely to be the worst affected based on the survey data. However without further analysis it is difficult to pinpoint exactly where this will occur since each business has its unique circumstances.
- Manufacturing is a sector that needs to be monitored closely and better understood.



### Household Survey Findings

- In total 419 households were surveyed. Information related to employment was collected for a total of 1,227 people. From the survey responses, 600 were employed at the time of survey, 736 of working age and 36 had lost their jobs as a result of Covid-19.
- 55% of households reported a drop in income, 15 households by as much as 100%
- 63% of households were able to continue working during the lockdown, Infometrics estimated that only 54% of the Waikato District workforce could remain working.
- 29% of respondents were concerned about job security

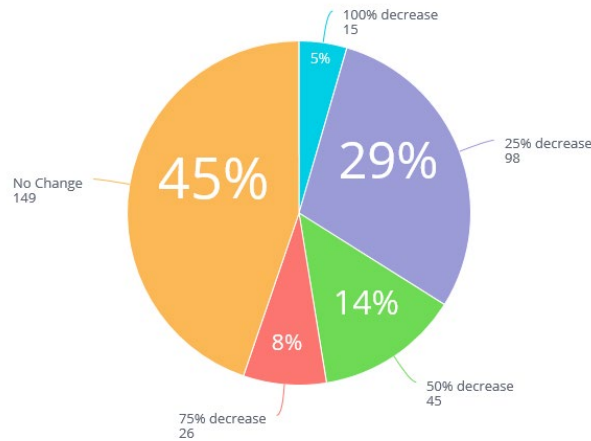


Figure. 16. Household Income Change

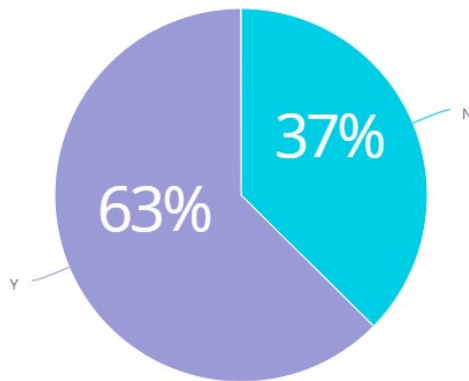


Figure. 17. Number of respondents able to work during the lockdown

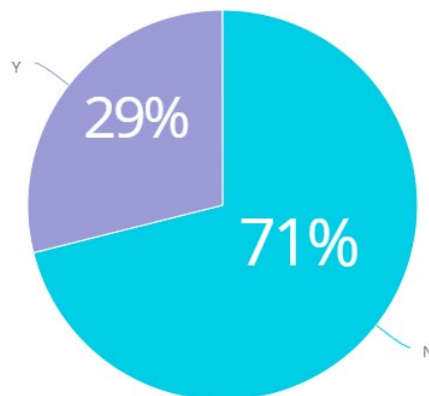


Figure. 18. Number of respondents concerned about job security

## Households and Community concerns

Not everybody in the district expressed concerns. At least 135 (34%)<sup>4</sup> respondents have expressed a positive or neutral outlook on the future wellbeing of their household (and in some cases, on the wellbeing of the community as a whole). People living on farms, or in rural areas, seemed less affected than the rest of the community possibly due to their familiarity with living in an isolated manner already, and the fact that they had less interruption to their daily routines. They show higher levels of self-reliance. Older people (retirees) were also less affected and had held a more positive outlook regarding the impacts of the pandemic (unless they were suffering from health issues). One common concern amongst them was related to missing visits/activities with grandchildren.

The main concerns for the respondents were related to financial matters. At least 161 respondents were worried about unemployment, drops in income, the closure of small businesses, etc (for both their household and the wider community). A few people (10) were also worried about a potential fall in their properties' values.

Many people (52) also had health-related worries. Most of the concerns were directly related to Covid 19 (the fear of catching it). Given the time when the survey results were collected and the subsequent drop in positive cases and the move to level 2, it is likely that these concerns will have decreased. Some respondents did mention their fears of seeing a long backlog in the health care system resulting in decreased levels of efficient health care in the coming months. A potential increase in mental health issues was mentioned in some responses.

A number of respondents (34) mentioned fears related to witnessing an increase in crime and anti-social behaviours. This was particularly prevalent from respondents from Huntly.

## Perceived remedies

Generally, survey respondents were highly supportive of Councils involvement in promoting employment, investment and skills and training within the district: 81%, said yes, only 6% said no.

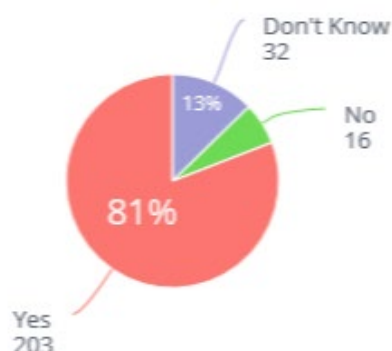


Figure. 19. Households' opinions on whether Council should be promoting employment, investment and skills training within the district

<sup>4</sup> These percentages are of the total respondents who answered these questions

From those who did have specific ideas as to if or if not Council should be involved in the 'promoting employment, investment, skills and training the following key themes emerged:

- A decrease/freeze in rates (34)<sup>5</sup>.
- An improvement in infrastructure (24). From those who mentioned this the main priorities for them were maintenance of roads and public spaces.

Other ideas included:

- The creation of jobs (13).
- The creation of recreation/training/community programs (11). Conversely, some respondents saw training initiatives as a waste of time and/or rate payer money (5).
- The promotion of local tourism (particularly in Raglan) and other environmentally friendly initiatives (7).
- Better communication and transparency from Council (4)

## Summary

A number of people in our district seem to have been affected very little by the crisis and even highlighted a beneficial increased sense of community. Most people, however, do feel insecure about the future. While the physical health concerns related to Covid 19 will probably be dissipating by now, the anticipated mental health issues related to the lockdown may need to be taken seriously into account. The main sources of anxiety, however, were related to financial struggles (which may feed mental health problems) and the potential increase in crime that could follow a surge in unemployment and poverty. Most of the remedies mentioned by the respondents were directly linked to financial matters, but a few were also related to mental well-being and community cohesion.

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<sup>5</sup> Note: the survey questionnaire did not specifically ask questions related to rates. Further research would need to be undertaken to determine ratepayers appetite for rates increases or not.

## 4.0 Ministry of Social Development Data

- Waikato District has seen an increase of an additional 543 people on the Job Seeker Benefit (these are people deemed as 'work ready') between February 2020 and May 2020.
- The numerical increase of additional people in the Waikato District on the Job Seeker benefit is the 15th highest out of all Territorial Authorities in the Country.
- Compared regionally, Waikato District is disproportionately represented, contributing 58% to the wider region's total at the end of April 2020.
- Since April 2019 the Waikato District has been experiencing a gradual increase in people on the Job Seeker Benefit (circa 1% month on month)
- Waikato Districts increase in Job Seeker Benefit between February 2020 and April 2020 is 35% vs 23% for the Region and 44% nationally. This indicates that the districts employment is not as resilient as other parts of the region but comparatively has performed better than the national average. This is likely reflective of the make-up of businesses in the district and their relative resilience to the effects of Covid-19 lockdown compared to other parts of the country (e.g. Queenstown's Lakes District, an economy heavily reliant on the international tourist market, which has seen a 1528% increase).
- The Waikato District has seen a 7% rise in Accommodation Supplement over the period February 2020 to April 2020 which is the 10th highest numerical (person) increase across the country.
- 47% of those joining the Job Seeker Benefit are first-time clients of the Ministry of Social Development, i.e. have not received any form of Ministry of Social Development welfare previously. This suggests that the effects of the Covid-19 lockdown are affecting parts of the economy and communities differently to other economic down-turns e.g. the global financial crisis.
- Across other benefit types there has been little to no change for the period February 2020 to April 2020, for example Health Condition and Disability which is to be expected.

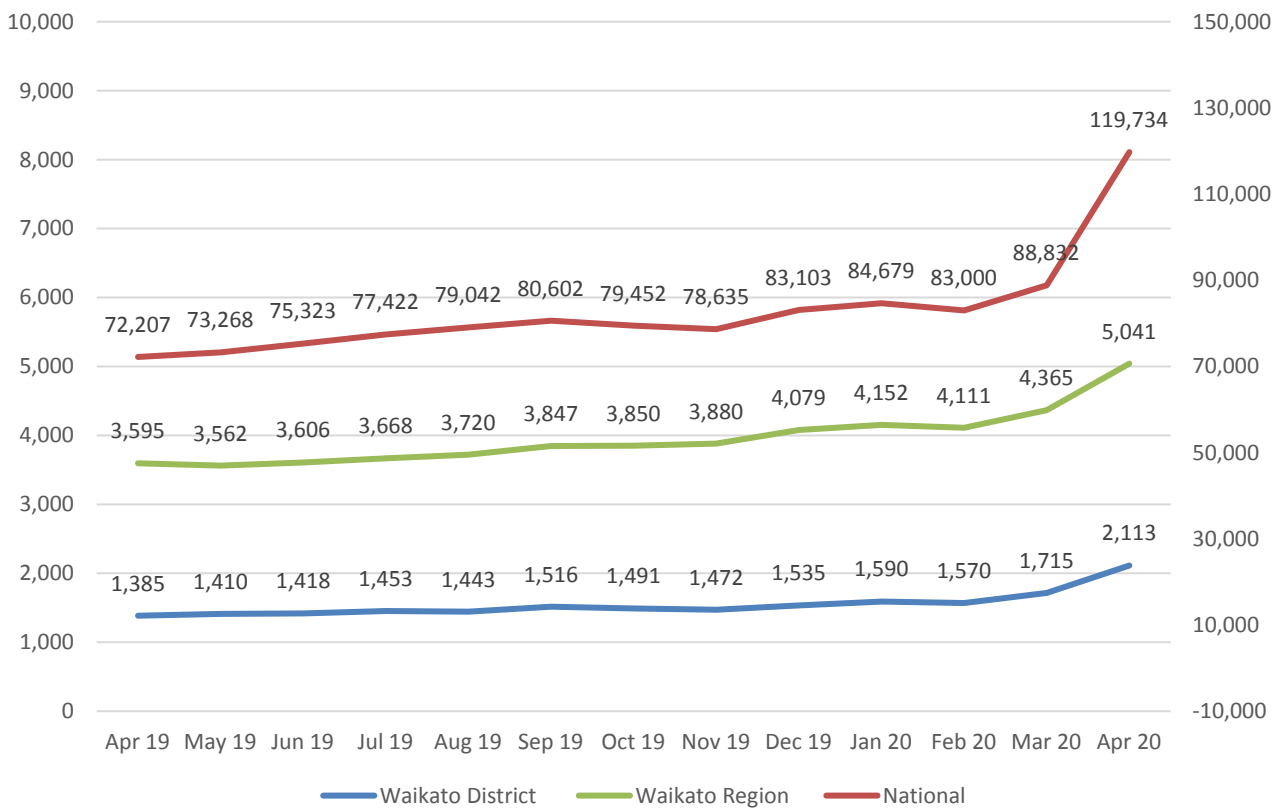


Figure. 20. Job Seeker Benefit by Month, National vs Waikato Region vs Waikato District

## 5.0 Food Banks

- Between 23 March and 22 May 2020 Council has distributed approximately 250 food parcels,
- Food banks have distributed approximately 4,000 food parcels across the district (the number does not include cross-boundary agencies that have come into the district).
- Waikato Tainui has distributed food parcels across the district to those who are registered tribal members. We have had reports that they have distributed as many as 400/week.

## 6.0 Police

- Huntly and Ngaruawahia have the highest numbers of Police related incidents recorded between 4th April and 13th May 2020.
- Across all areas in the district the largest percentage is of ‘suicide attempt’ and ‘family harm’. Huntly has the highest number of these incidents compared to other areas in the district.

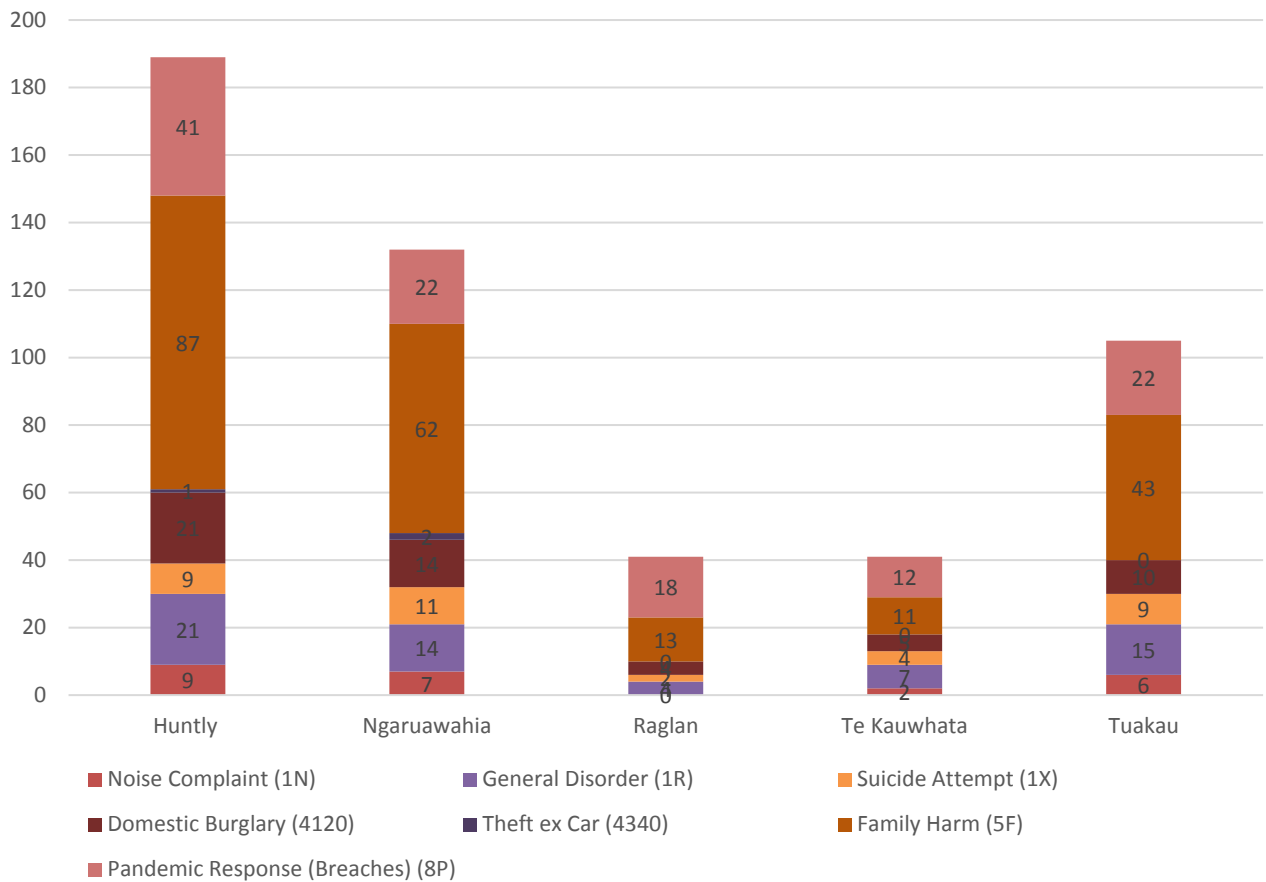


Figure. 21. Crime Data: Waikato District, 6th April - 13th May

- We have been unable to access Waikato District data prior to April 2020. Regional data, however, show there has been a consistent increase in crime year on year. However, data is not yet available for April 2020.
- Generally, what data we have shows that the downward trend for the first quarter of 2020 is consistent with previous years following the Christmas/New Year’s period.

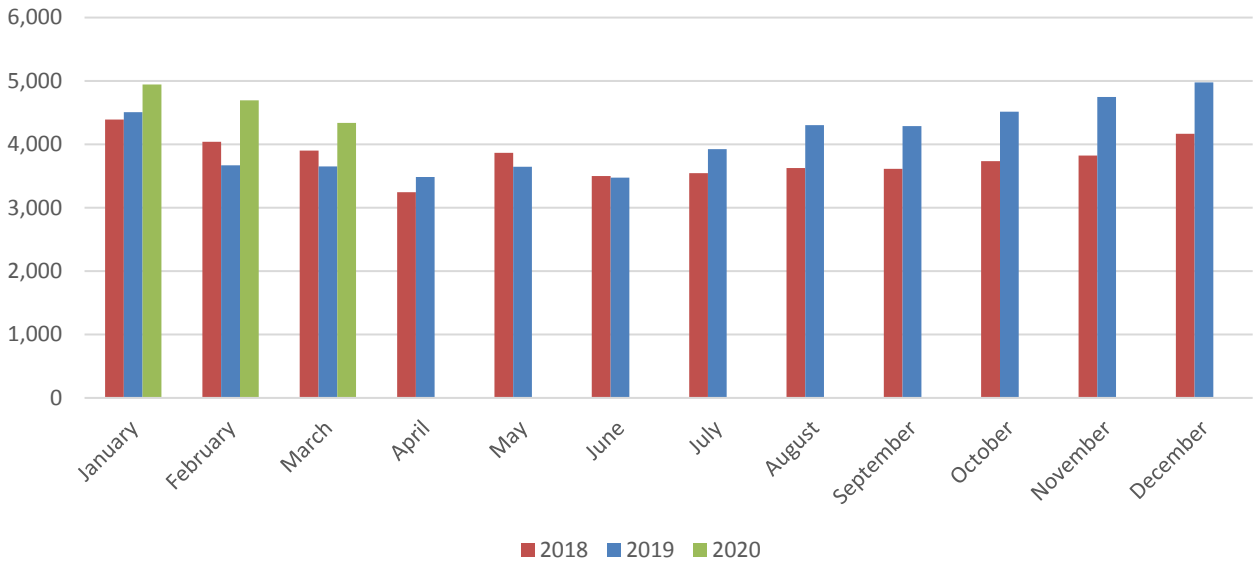


Figure. 22. Recorded crime/month, Waikato Region: 2018, 2019, 2020

- The number of recorded police ‘events/occurrences’ (which show total police activity) again is up on previous years in 2020 and its trend of spiking in January, falling in February and rising again in March is consistent with previous years.

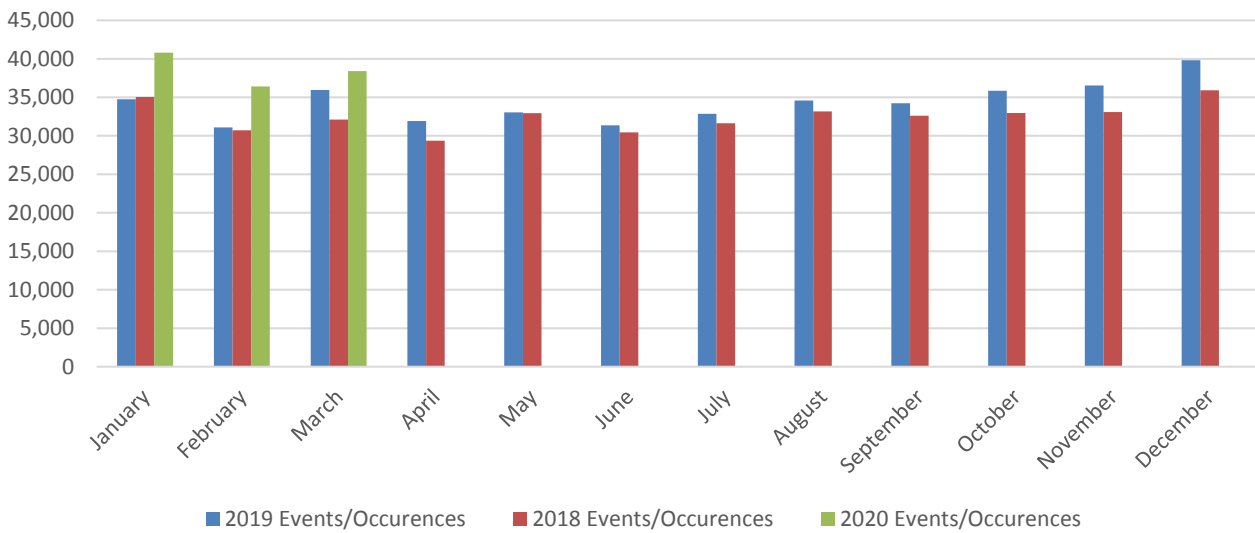


Figure. 23. Recorded police events/occurrences, Waikato Region: 2018, 2019, 2020

## 7.0 Business Indicators

### Resource Consents Received

- Resource consents follow a clear pattern in the Waikato District, typified by a quiet January relative to months through the middle of the year, a relatively consistent core between February to November, with some spikes of activity over these months and a decline in December.
- 2020 numbers reflect this trend. January 2020, however, was the lowest in the past 5 years, compensated for by a stronger than usual February (strongest since 2017: peak year).
- March 2020 reflected a softening on previous years, down on February and closer to the March low point over the past 5 years in 2015
- April continued to show this softening, the lowest recorded April in 5 years, -37% decrease on the 5-year April average. At the time of reporting, May data was still being captured but early indications suggest a continued softening, netting a 40-50% decrease on the May monthly average.

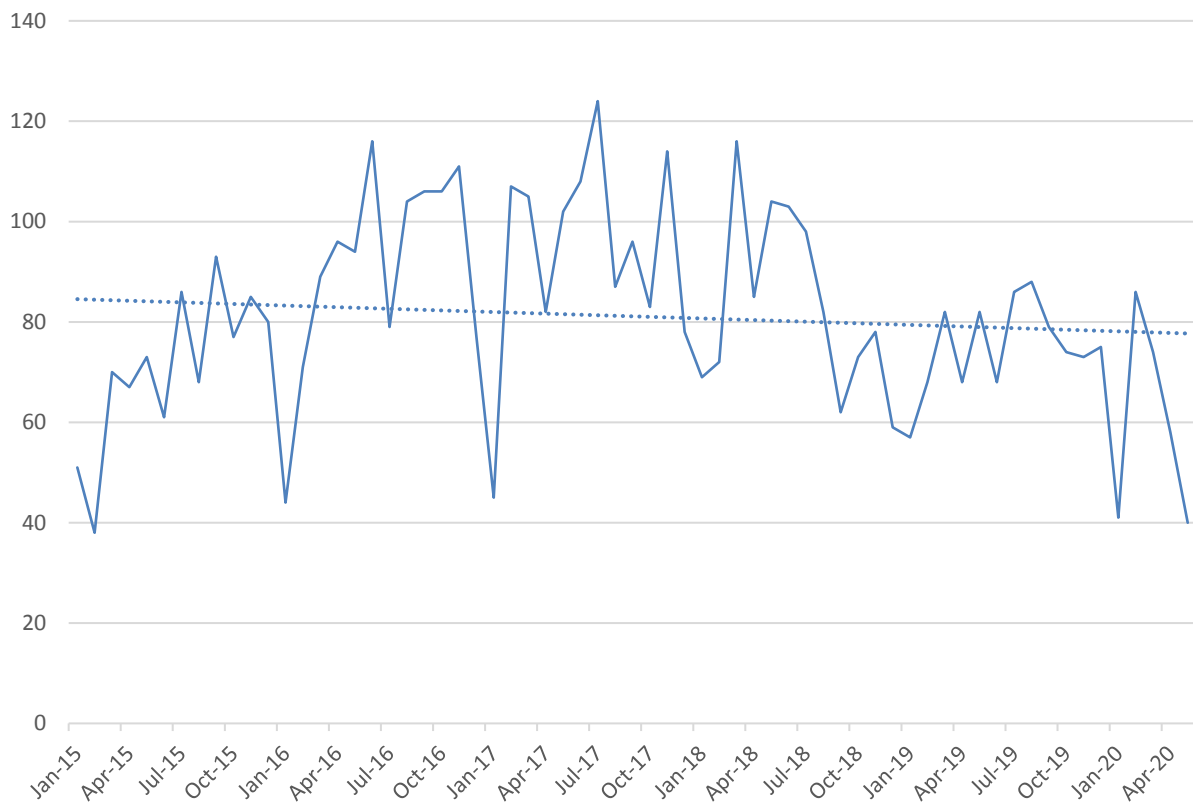


Figure. 24. Resource Consents Received, Waikato District Council: 2015-2020

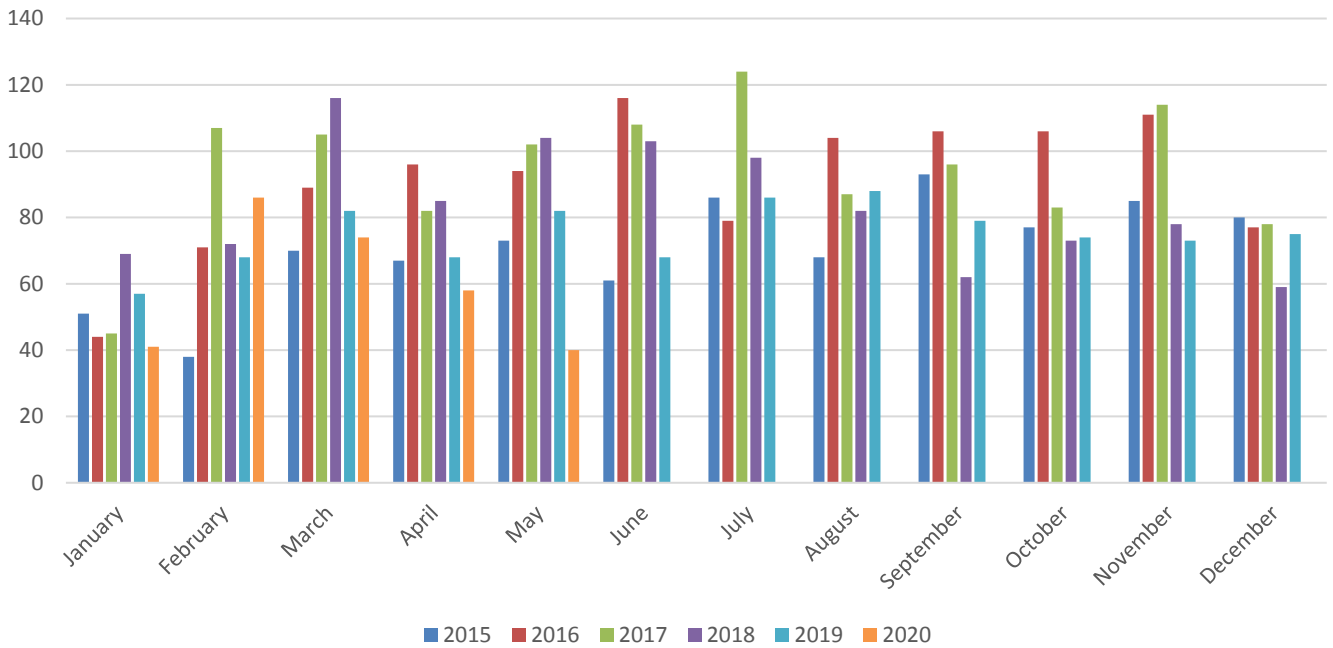


Figure. 25. Resource Consents Received by Month, Waikato District Council: 2015-2020

### Building Consents Received

- Building consents received show a smoother trend compared to resource consents. March often represents the highest month, and January the lowest.
- January 2020 was the strongest month in the past 5-years showing a 41% increase on January 2019. This trend continued through February and March both with results comparable to the highest in the past 5-years.
- April 2020 saw a 25% drop on the same month last year. Whilst all data are not yet collected for May, at the time of reporting it was 50% down on previous years and a 25-35% drop is likely.

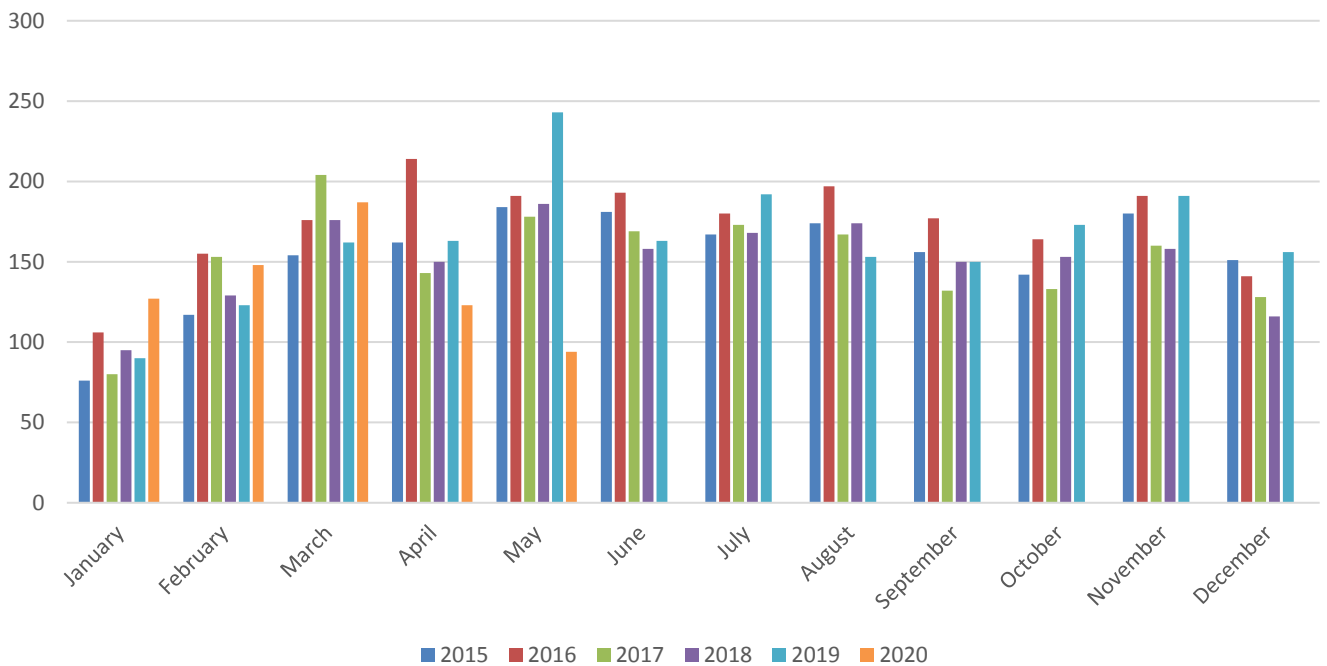


Figure. 26. Building Consents Received by Month, Waikato District Council: 2015-2020



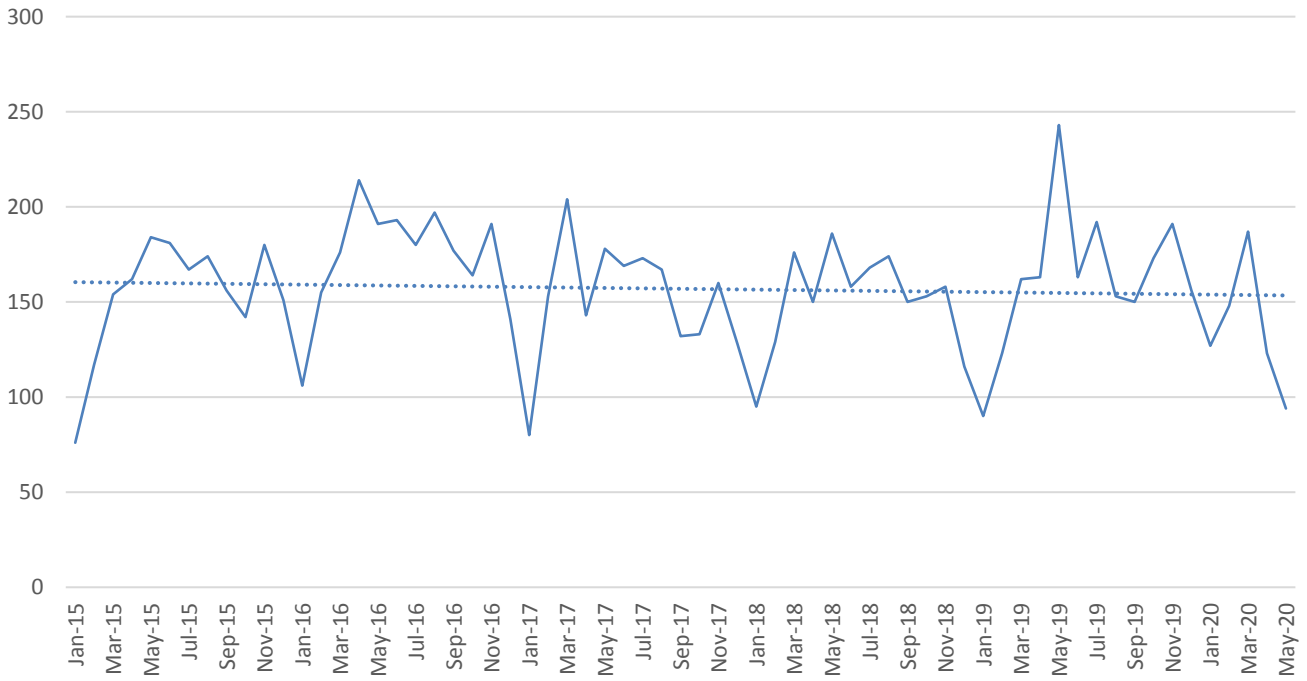


Figure. 27. Monthly Building Consents Received Waikato District Council: 2015-2020

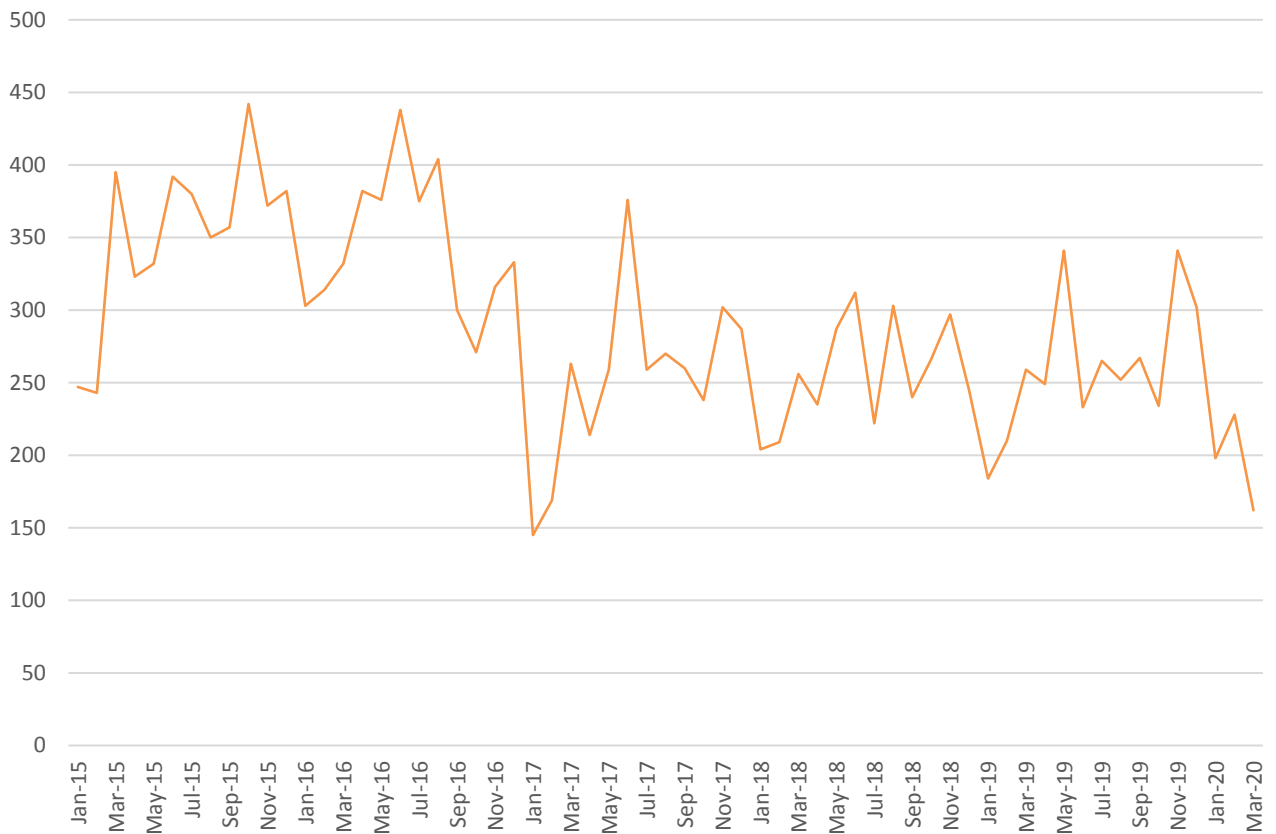


Figure. 28. Waikato District Council Sales Data Transactions 2015-2020

## Summary

- Resource consent data over the past 5 years illustrate a peak between 2016 – mid-2018 with a cooling off starting mid-2018 through 2019 and into 2020, the latter comparable to the rates seen in 2015.
- Building consent numbers have remained consistently up until March 2020. There is a range of factors that could be influencing this including: a large number of subdivision resource consents providing the 'supply', low interest rates (maintaining demand and liquidity), constrained housing supply and increasing prices in Hamilton and Auckland (spill over effects from these centres driving demand in the Waikato District).

## 8.0 Population Projection

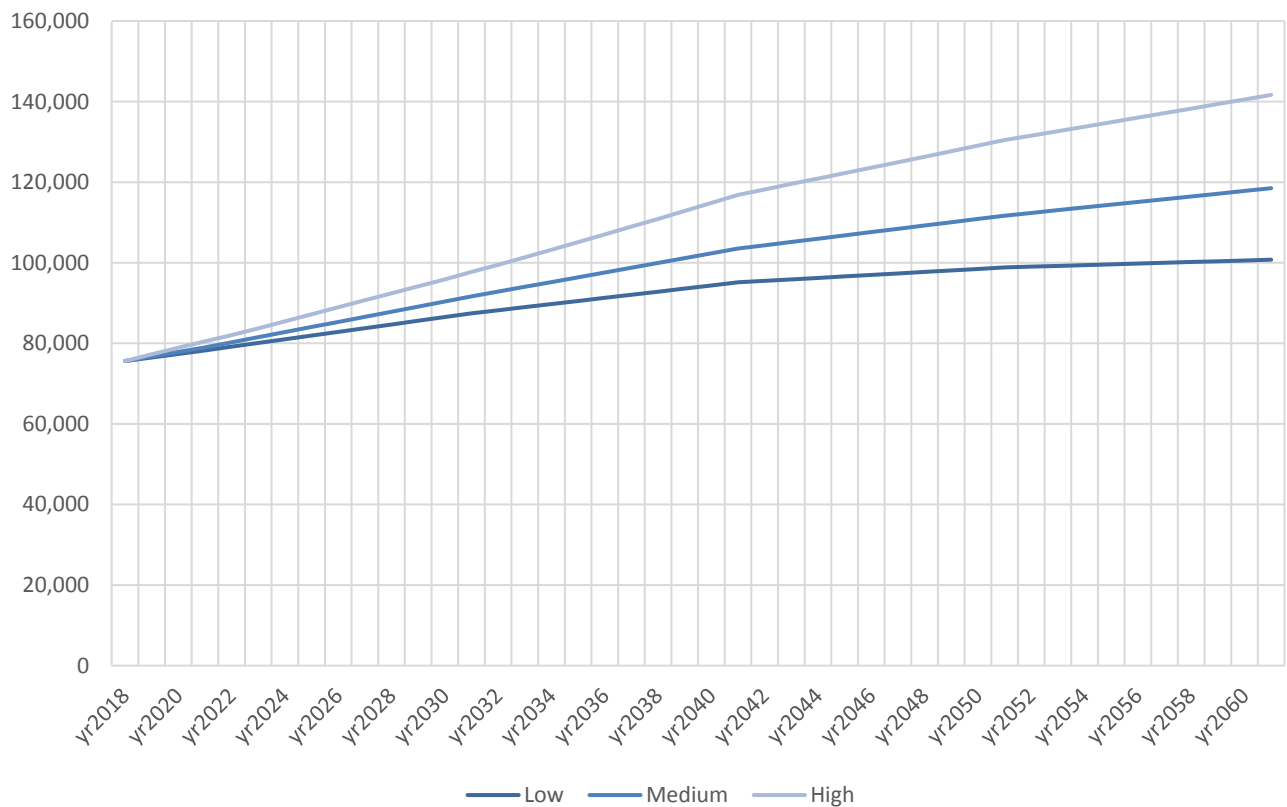


Figure. 29. Waikato District Population Projection 2018-2061<sup>6</sup>

- Prior to the Covid-19 Pandemic the above population projections reflected a low, medium and high scenarios for population growth in the district based on a range of factors including births, deaths, immigration etc using 2018 Stats NZ estimates.
- With the borders now currently closed and little certainty as to future government policy related to immigration it is unclear what the short- and medium-term impacts on these population projections will be.
- Notwithstanding this, the factors that drive growth in the Waikato District pre-pandemic are likely to still exist post-pandemic and this includes: land availability, environmental characteristics (rural environment, small towns), price differential/affordability compared to Hamilton and Auckland, access to major labour markets/employment centres (Auckland and Hamilton), close proximity to major ports and inland ports and Auckland International Airport, strong economic fundamentals built on agriculture, horticulture, extractive industries and primary production and related secondary industries (i.e. food processing).
- If the Waikato District can maintain its comparative advantage in the above noted areas and most importantly maintain supply of land for business and residential activities to locate then it is likely to fare relatively well compared with other parts of the country.

<sup>6</sup> Note: WISE, 2018 estimates

## 9.0 Infometrics Forecasting

Infometrics have provided some useful analysis regarding the economic effects of Covid-19 in the Waikato District. Generally, as widely reported, the national economy is set to see a contraction in GDP which will ultimately mean fewer dollars are in circulation. The below graphs show the forecasted contraction in total GDP (\$) and the percentage change (%) over the next 12 months marked by a strong recovery beginning in 2021 but with a long tail of 3-4 years before GDP catches up to levels experienced pre-Covid-19.

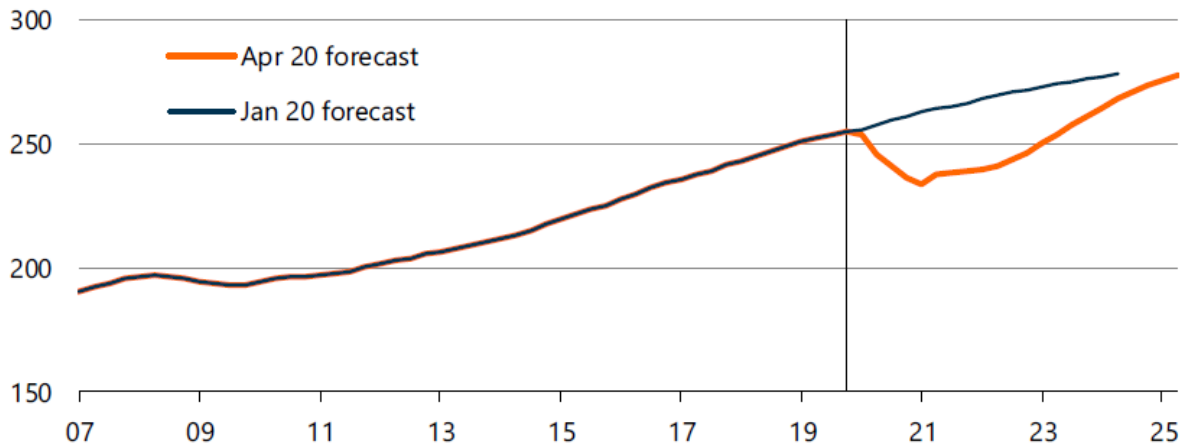


Figure. 30. GDP Forecast comparison, annual running totals, 2009/10 \$b

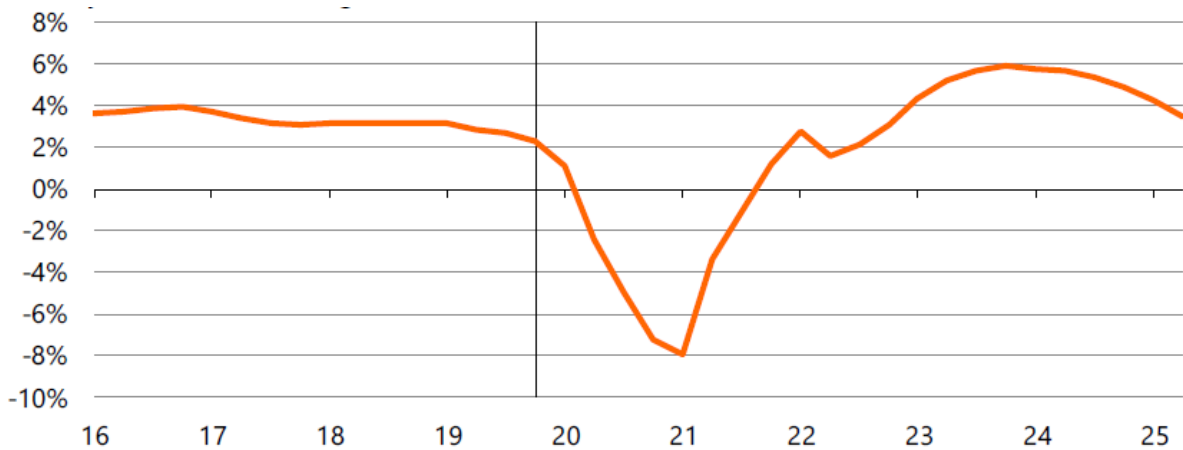


Figure. 31. GDP, year-ended % change

Sector performance

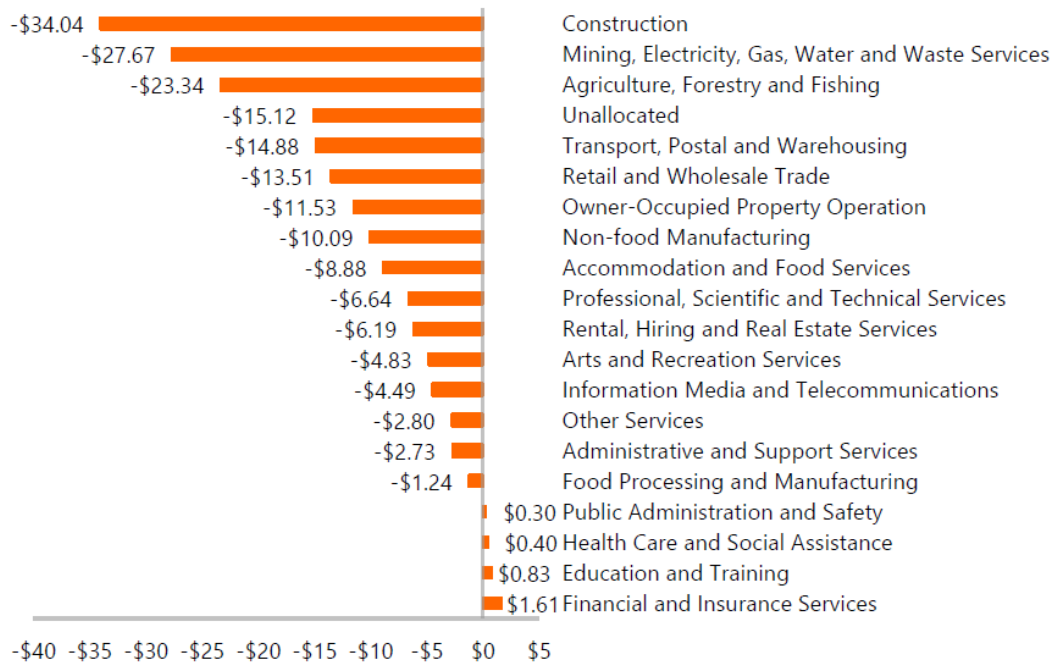


Figure. 32. Change in GDP in the Waikato District, \$m, 2020-2021

- As a result of the declining GDP across a number of sectors within the Waikato District Infometrics predict a drop in employment from 24,000 in March 2020 to 21,900, a loss of 2,100 jobs or -8.6%.

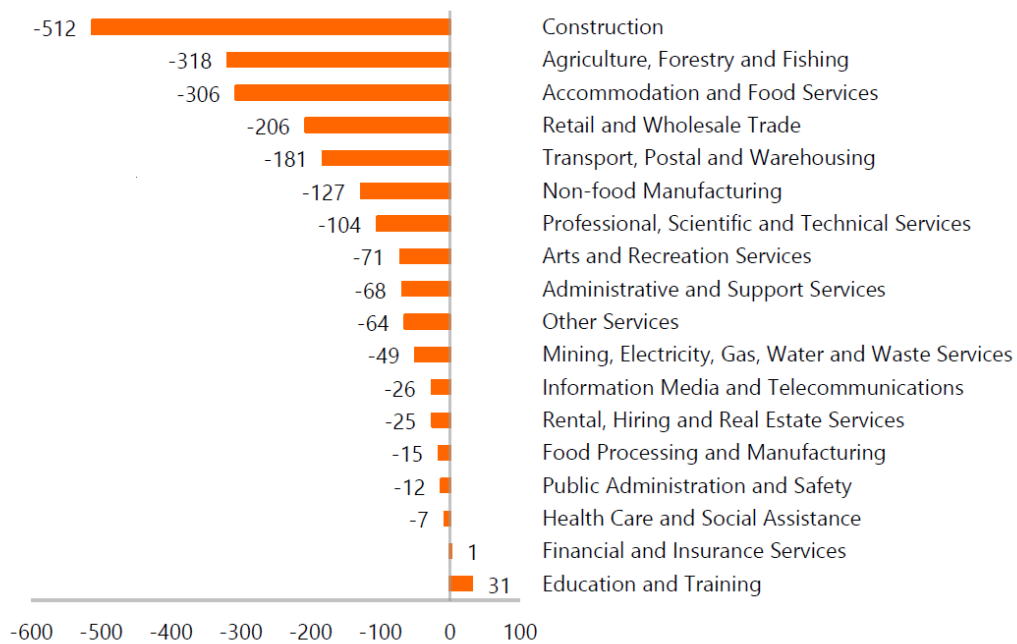


Figure. 33. Change in unemployment by broad industry, 2020-2021

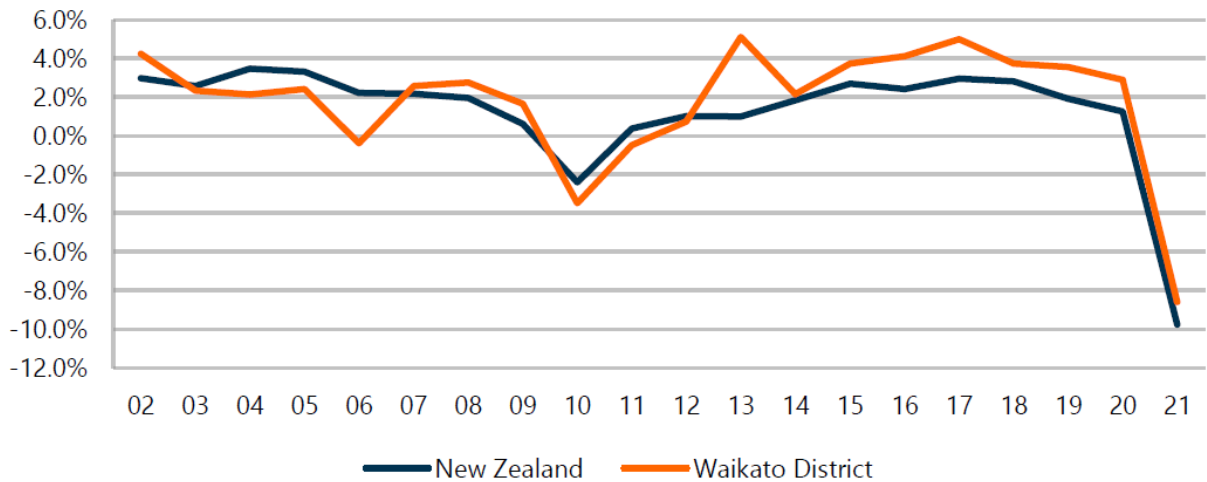


Figure. 34. Forecast growth/decline in employment: Waikato District vs New Zealand

## Construction

Infometrics assumptions suggest an 11% drop in average house prices between mid-2020 and the end of 2021. Short term falls will be cushioned by the mortgage holiday scheme that the government has negotiated with retail banks. However, beyond this Infometrics predict that the housing market downturn will drag down the rate of new residential construction, particularly given that banks are likely to be cautious to finance property development over the next year. Nationally, Infometrics estimate the value of residential building work put in place to decline by 19% over the year to March 2021.

## Retail Spending

Consumer spending in Waikato District was already declining prior to the lockdown commencing. Marketview data shows that the two weeks prior to lockdown both recorded declines in spending compared to 2019.

Spending levels have continued to decline during lockdown, with spending over the week ending 12 April 36% lower than the same week in 2019. Spending over the 20 days between 23 March and 12 April was 28% lower than in 2019.

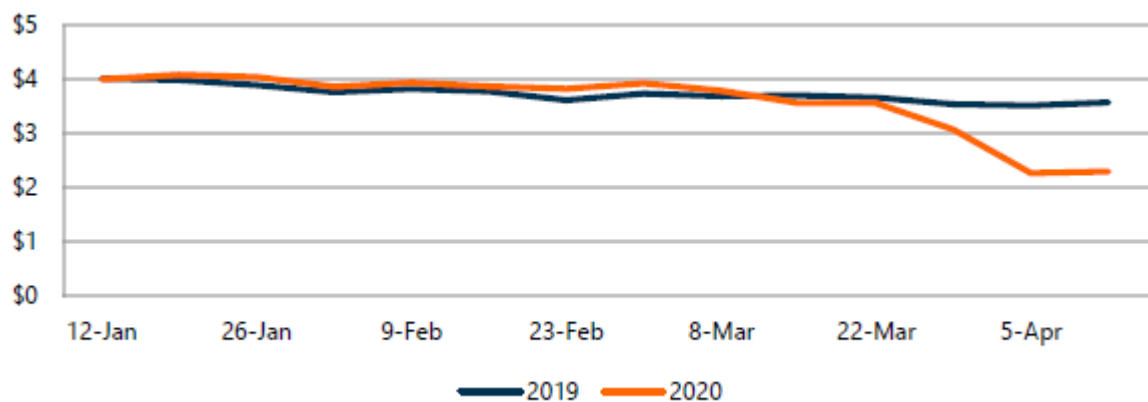


Figure. 35. Total Consumer Spending (weekly) (\$m)

## Traffic

According to data from NZTA, heavy traffic flows in Waikato peaked ahead of the Level 4 lockdown, then dropped sharply as non-essential businesses closed, and goods movement declined.

Heavy traffic flows indicate the level of freight movement, and correlate with economic activity. Waikato District's heavy traffic flows in the middle of lockdown had fallen to just 20% of the level recorded for the week ending 1 February 2020. NZTA traffic data shows that both light vehicle and heavy vehicle counts have rebounded to pre March 2019 levels since approx. 20<sup>th</sup> May.

Figure. 36. Heavy traffic Flows Index, 1 Feb 2020 = 100

