

Local economic effects of COVID-19

Rotorua Lakes District Council

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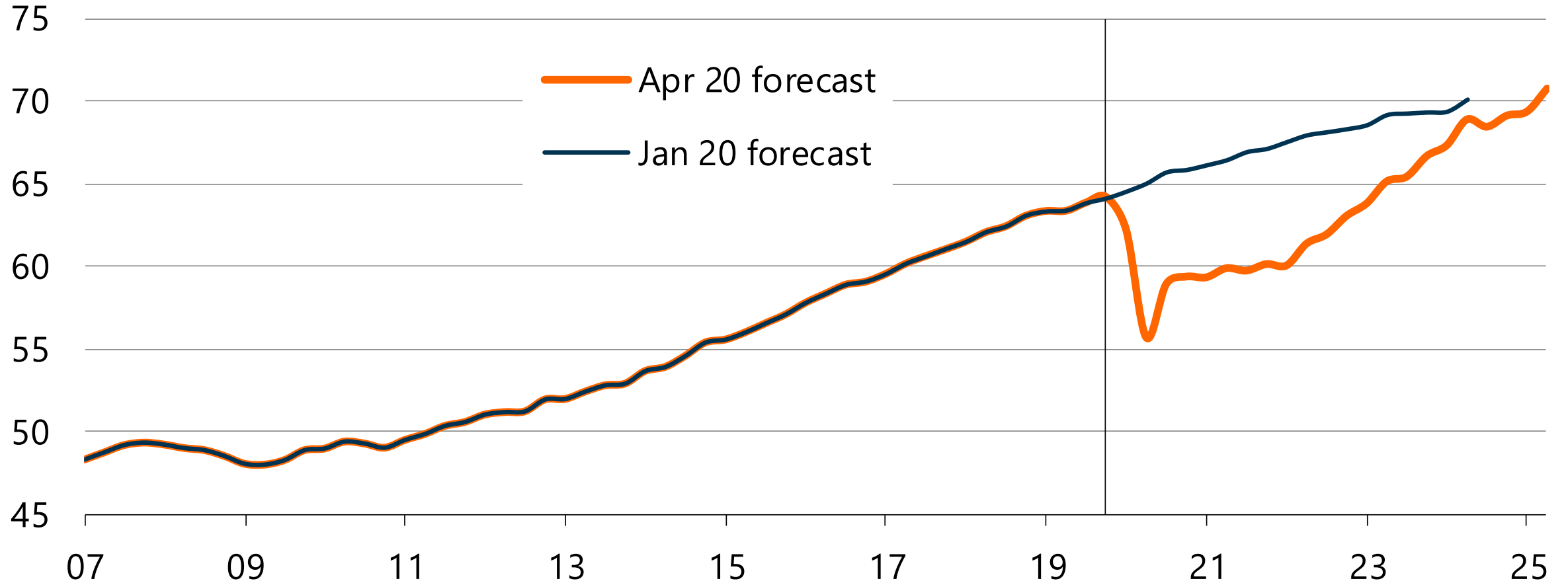
27 May 2020

• **Macro-economic overview** •

Macro overview

This recovery will take time

GDP forecast comparison, quarterly seasonally adjusted, 2009/10 \$b



Macro overview

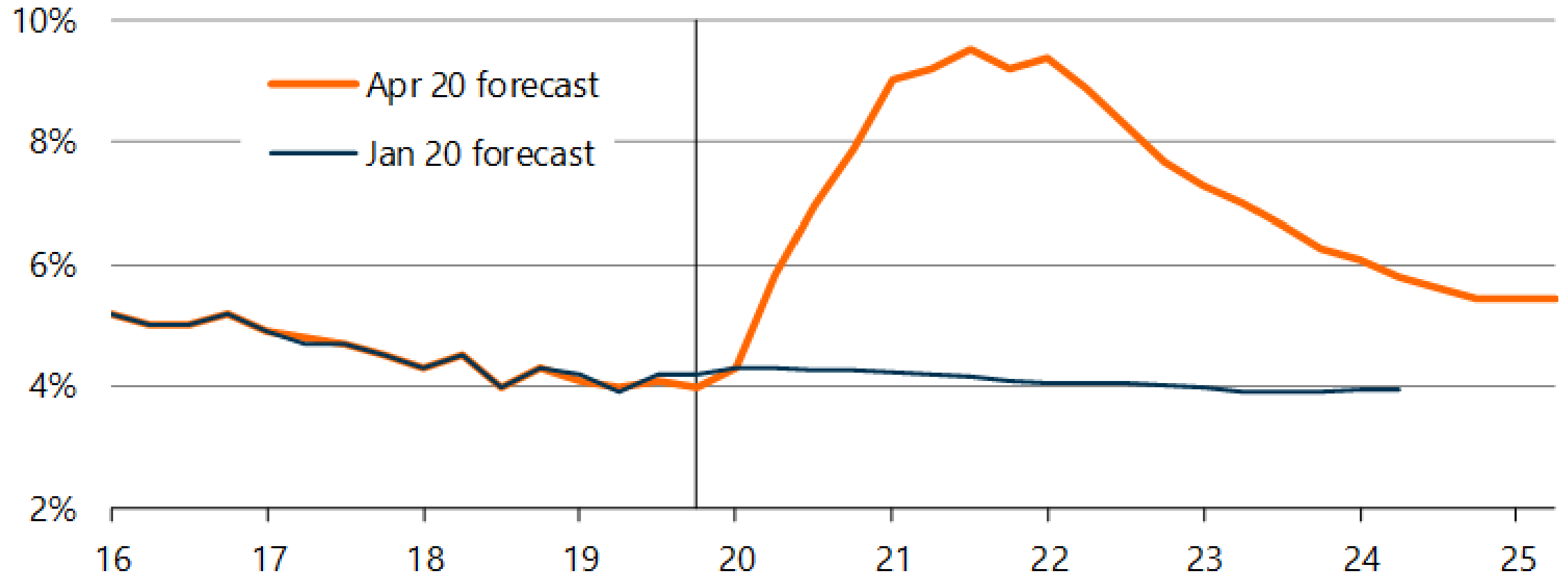
Our assumptions

- **Lockdown:** is **4½ weeks** at Level 4 and **2 weeks** at Level 3
- **Economic activity:** **65%** under Level 4, **82%** under level 3
- **Exports:** global demand for food OK but non-food exports will take a hit
- **Tourism:** **91%** fall in foreign tourism this year, **21%** decline in domestic tourism
- **International education:** revenue **halves** this year
- **Domestic education:** **8%** increase this year
- **House prices:** **11%** drop by the end of 2021
- Construction: residential and non-residential construction work down **20%** this year, prospects for civil construction are positive
- **Government:** **\$10b** wage subsidy scheme and **\$2.5b** increase in social welfare benefits of \$25 per week.

Macro overview

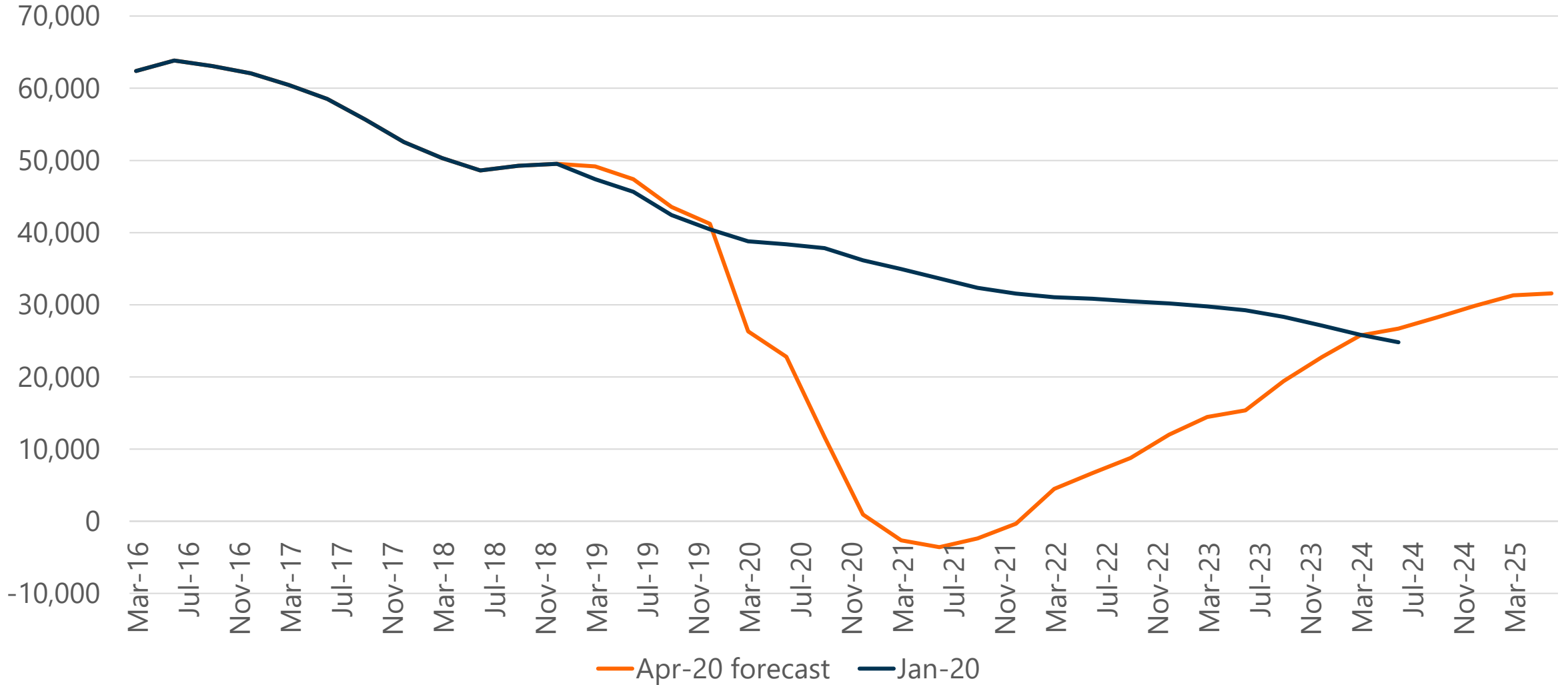
The labour market has a mountain to climb

Forecast comparison of the unemployment rate, seasonally adjusted



Macro overview

International net migration



Tourism

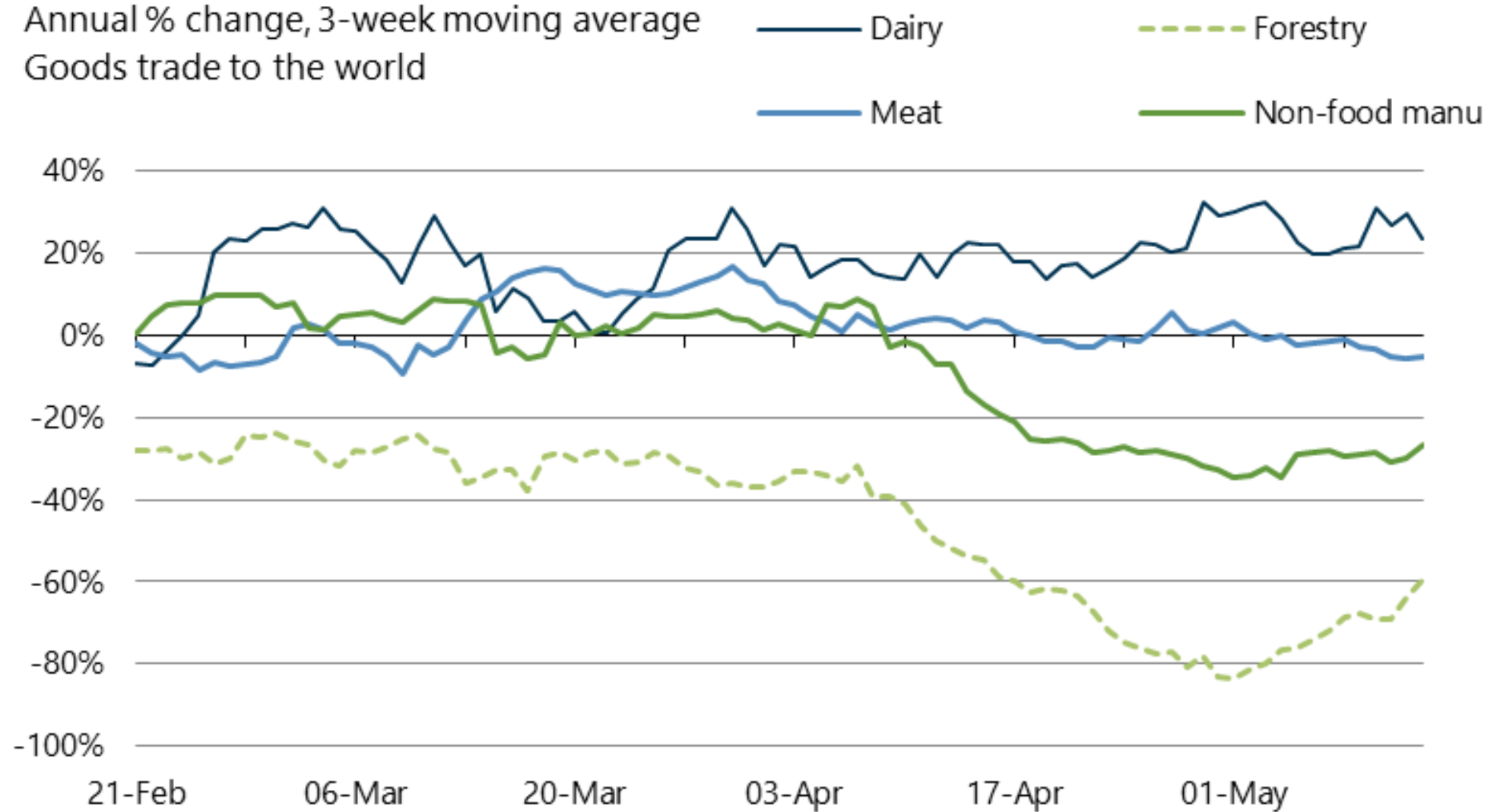
Tourism might never be the same

Annual visitor arrivals



• Dairy exports show strength •

Annual % change, 3-week moving average
Goods trade to the world



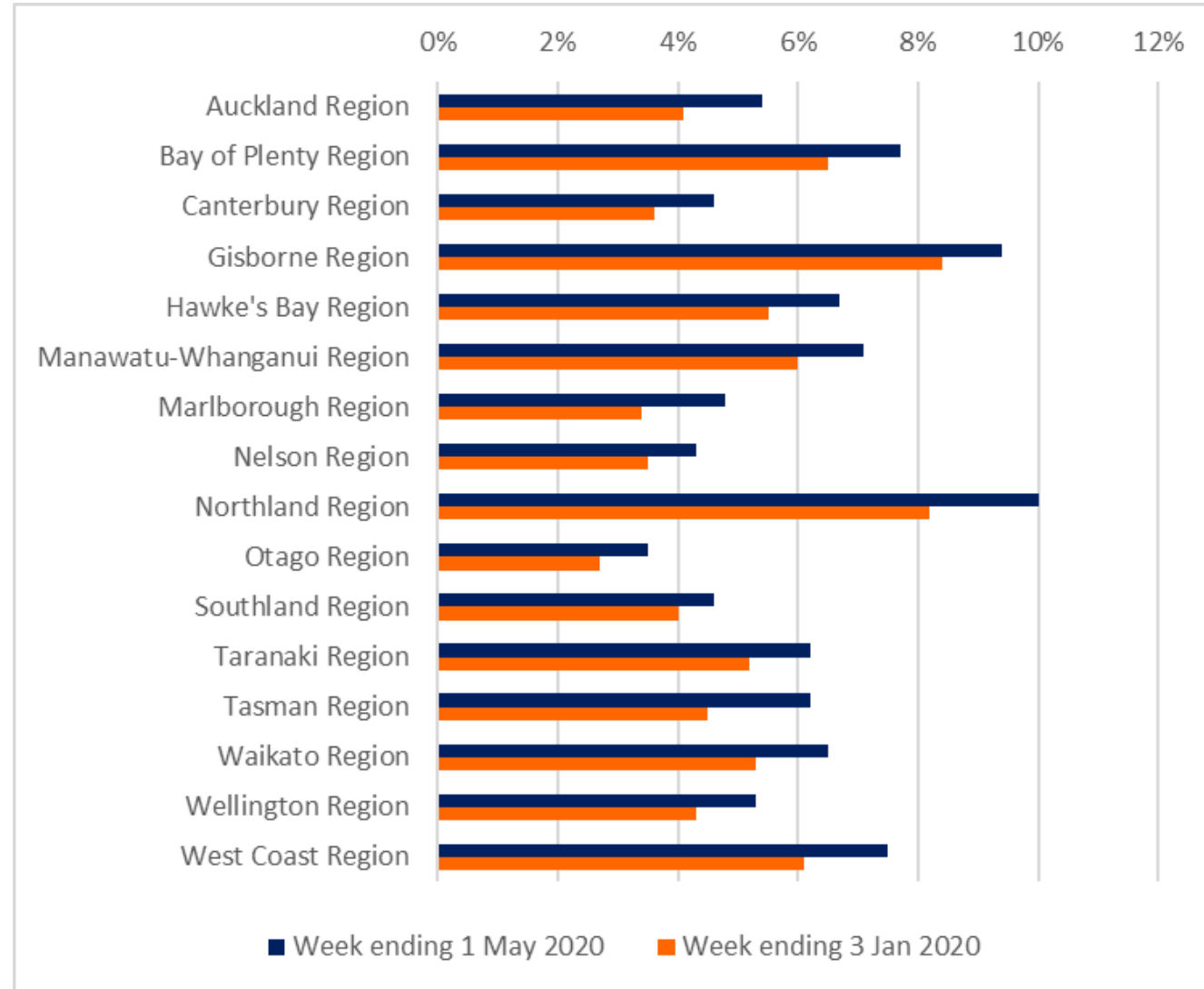
Forestry isn't as flash

PF Olsen Index, log prices



Rising Jobseeker Support

% of the estimated 15 - 64 population receiving Jobseeker Support



Rotorua

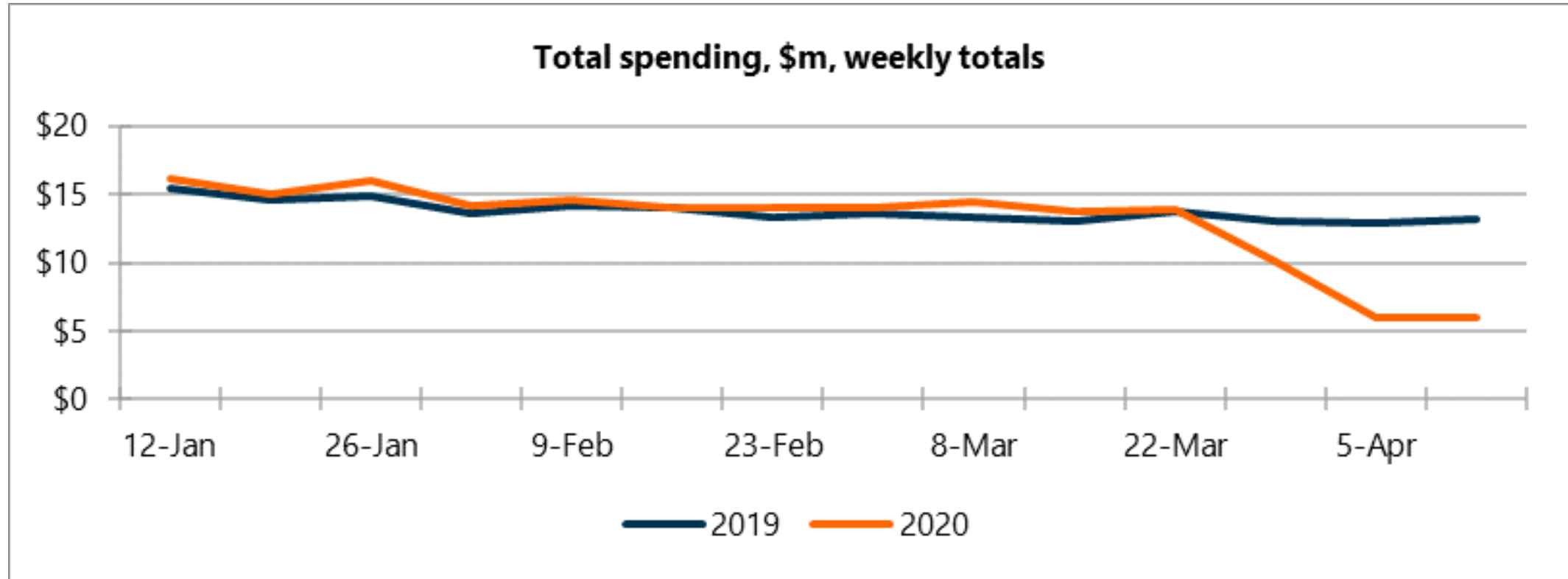
Rotorua's economic outlook

- GDP decline of **7.8%** for the March 2021 year
 - Smaller than the 8.0%pa drop for NZ
- Employment decline of **10.5%** for March 2021 year
 - **3,700 jobs** expected to go
 - Slightly higher than the NZ drop of 9.8%
- Unemployment rate expected to increase to **10.7%** in March 2021 quarter
 - Up from 5.9% at present
 - Slightly higher than national rate of 9.0%
- Lost earnings of **\$186m**

Rotorua's economic outlook

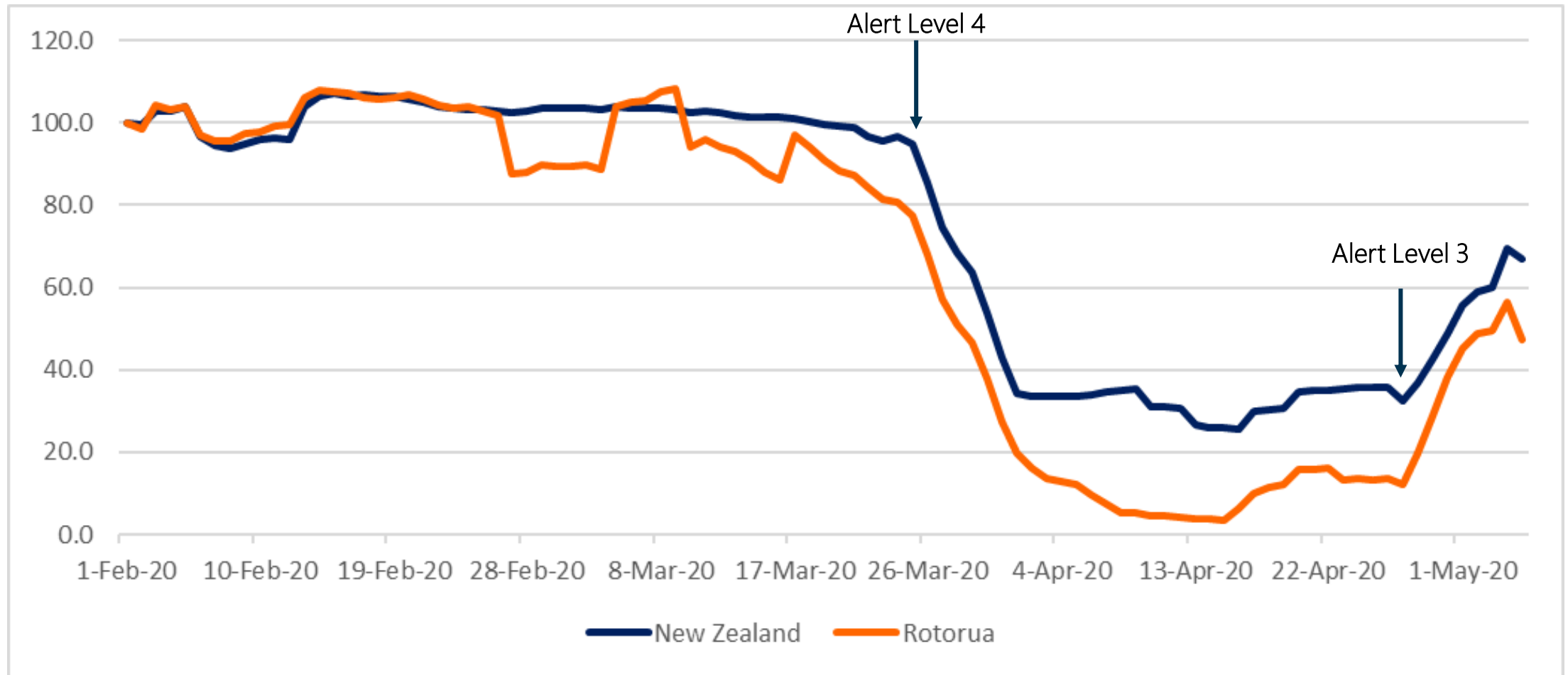
- At **Level 3**, **73%** of the workforce can work (NZ=74%), after having only **49%** working at **Level 4** (NZ=53%)
- Highly exposed to international tourism
- Forestry facing supply and demand constraints
- International education larger than in many other TAs
- Health care will continue to be a major employer
- Food exports are holding up

• Spending dropped during lockdown •

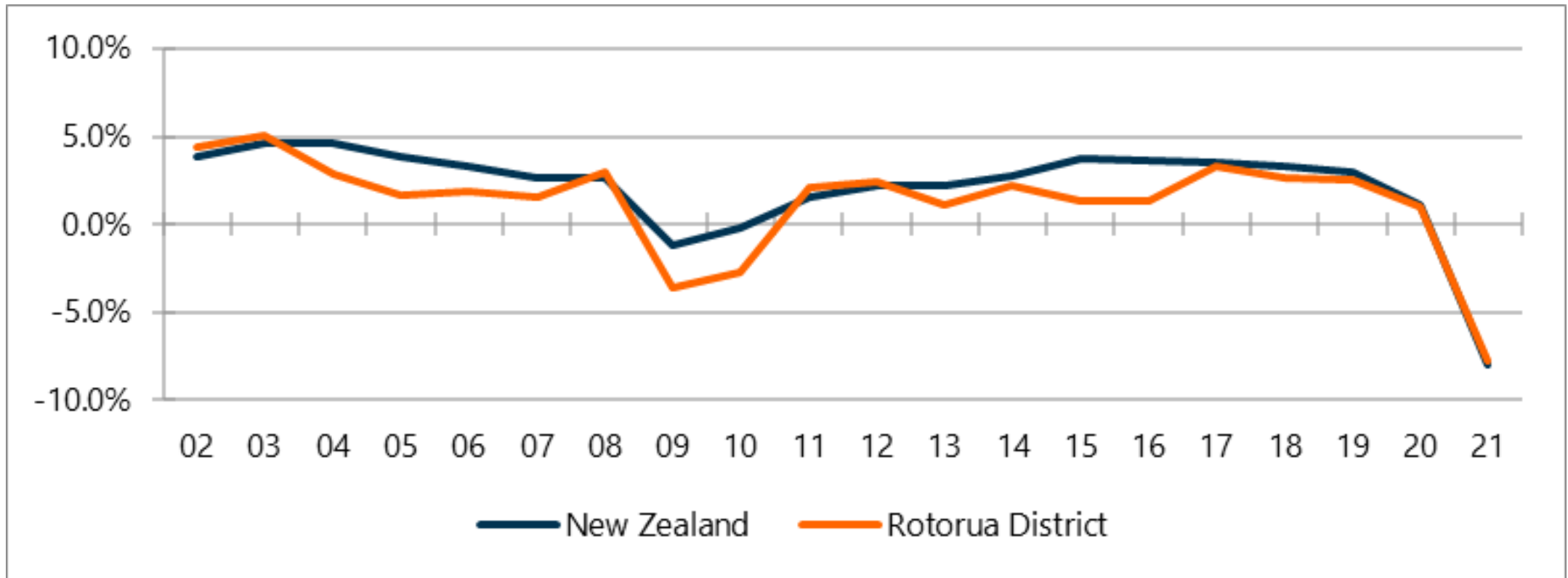


• Still moving, but not as much •

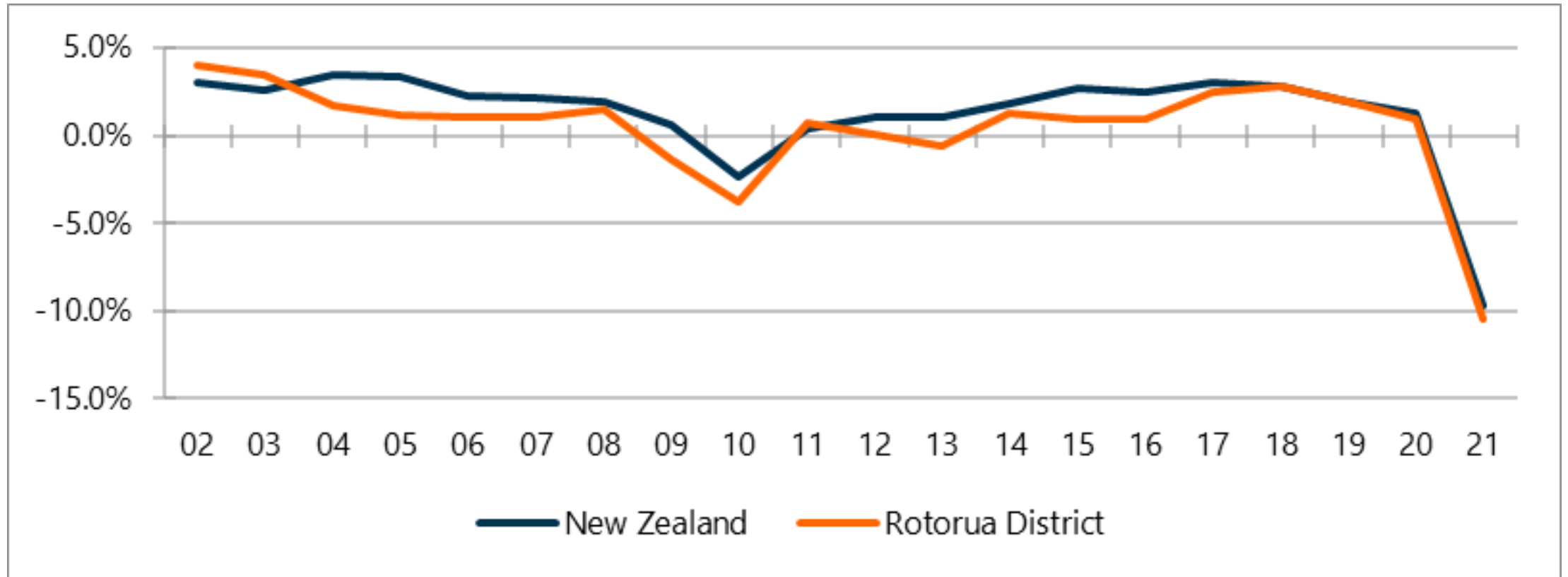
Heavy traffic flows, Index, 1 Feb 2020 = 100, 7-day moving average



Economic activity outlook

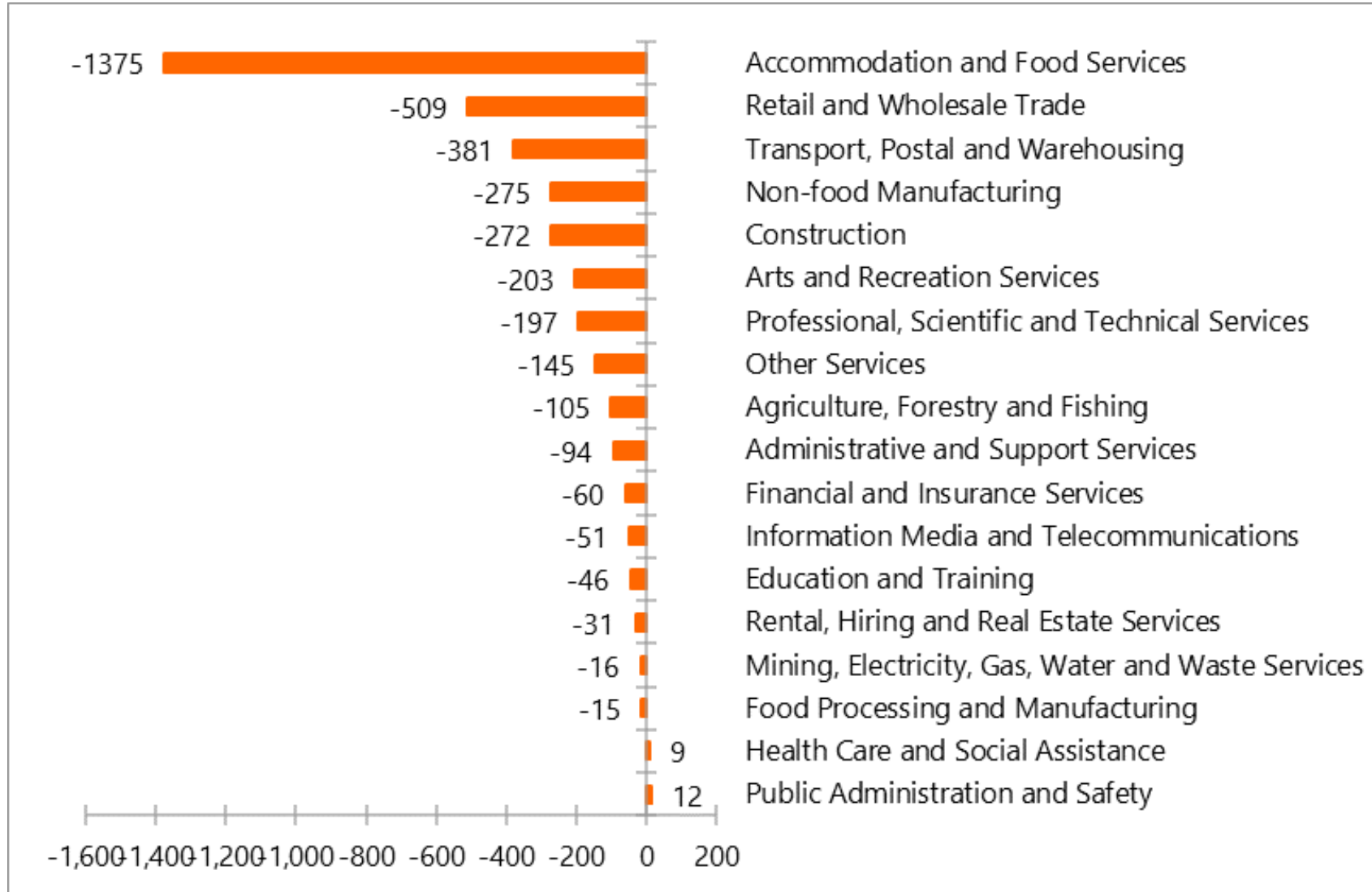


• Employment outlook •

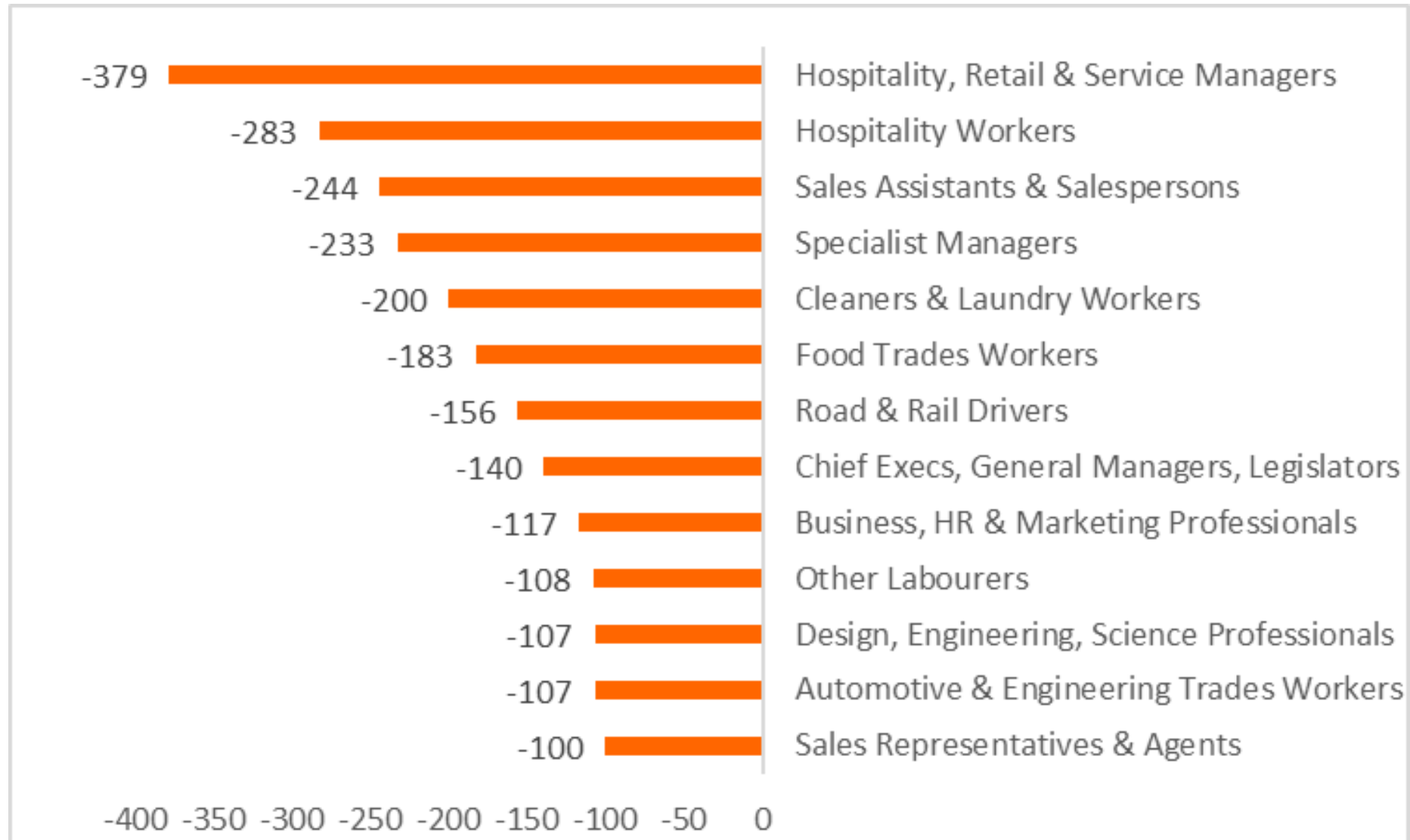


• Employment changes by industry, 2020-21 •

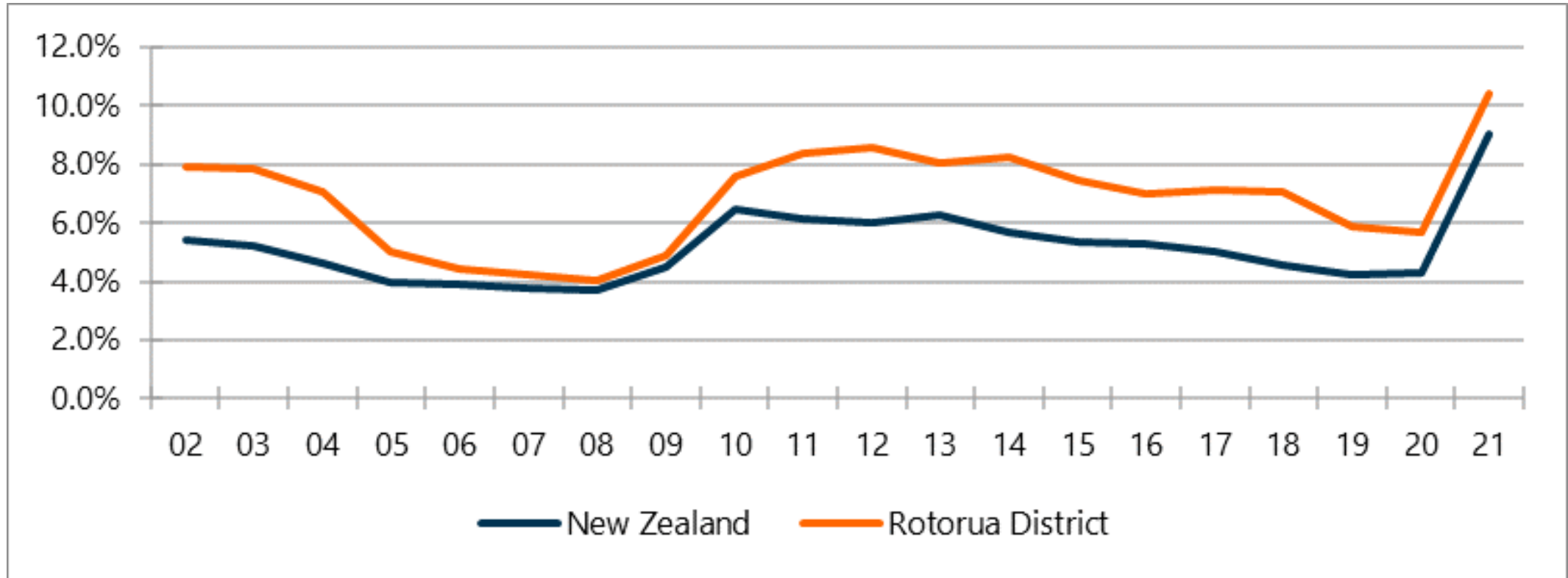
Employment changes by broad industry, 2020-2021



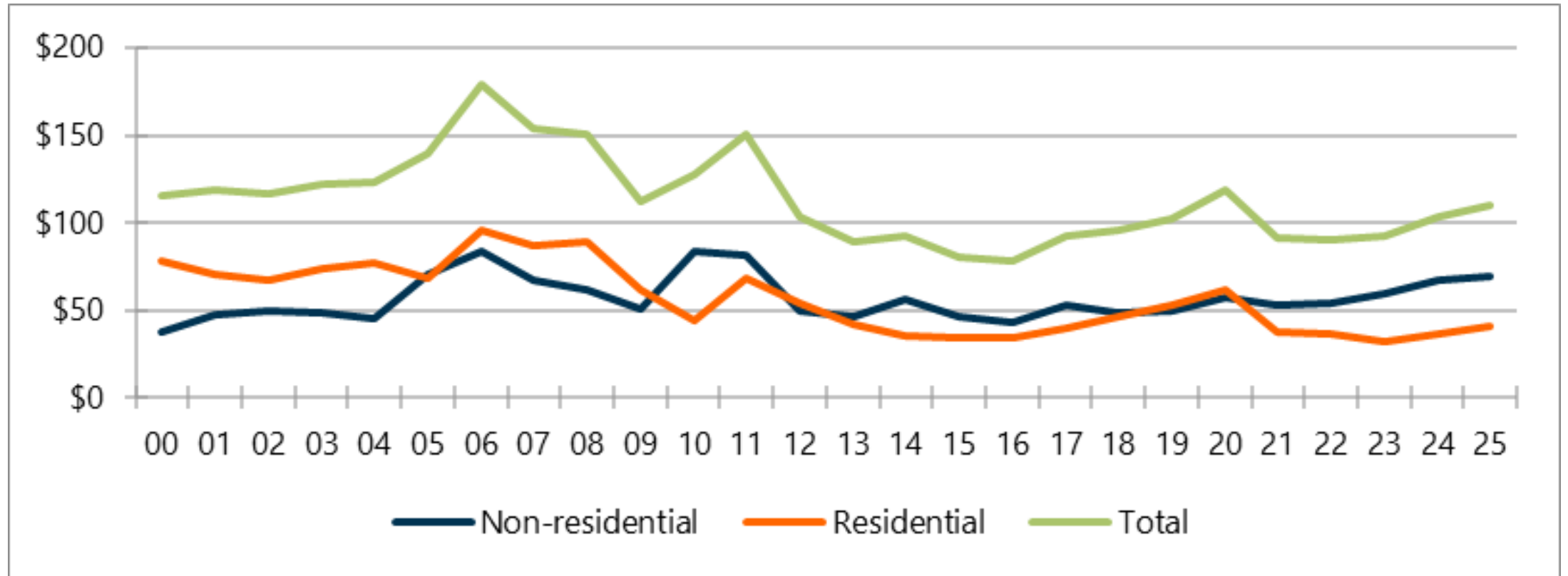
• Employment changes by occupation, 2020-21 •



• Unemployment outlook •



• Construction outlook •



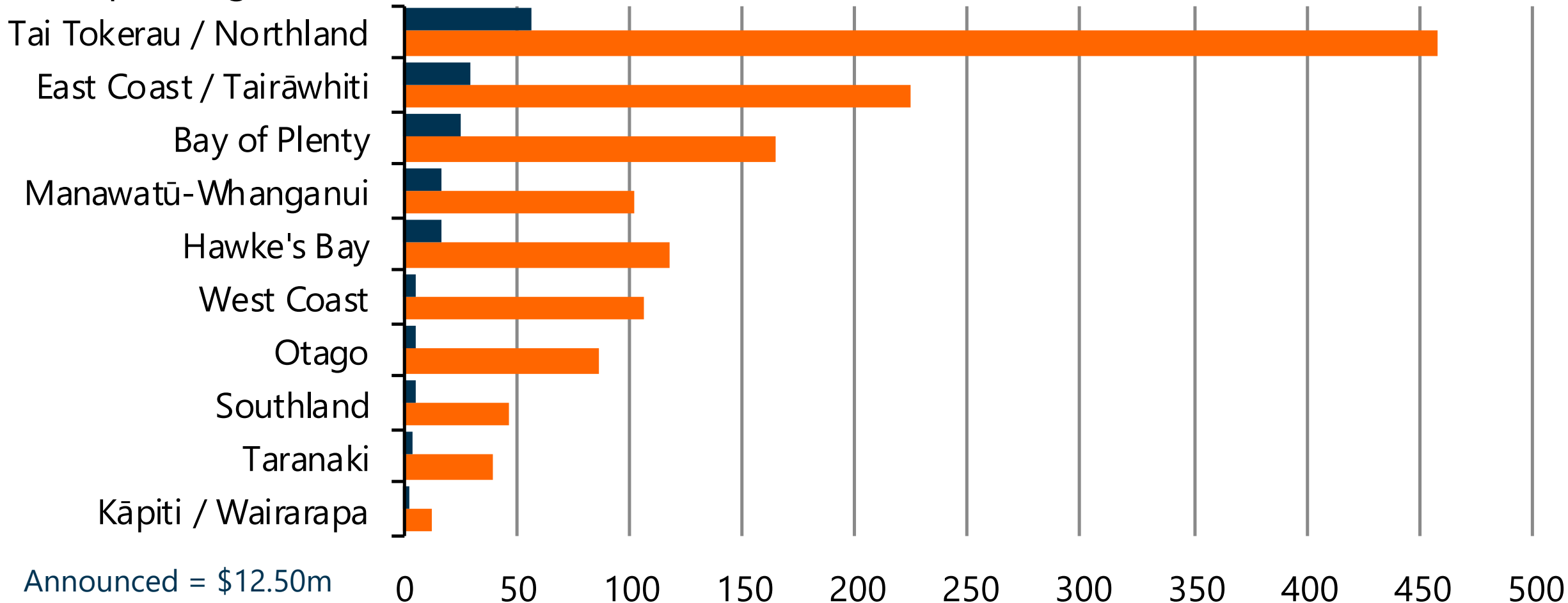
PGF slow to spend

Lots of press, not many cheques

PGF spending, \$m

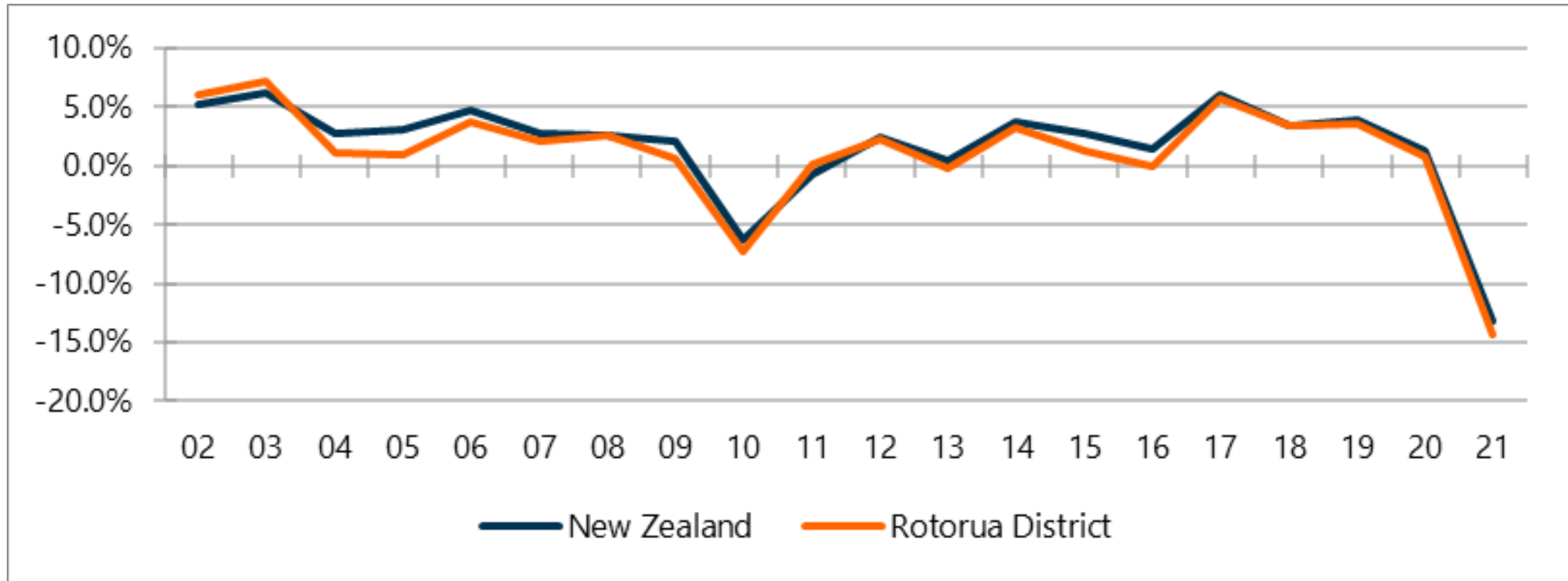
■ Amount paid as at 29 February 2020

■ Funding Announced

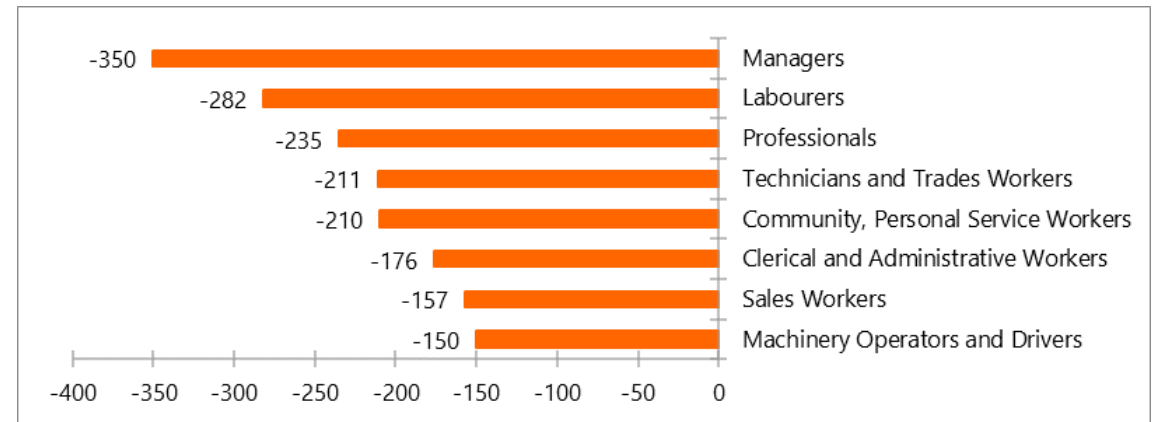
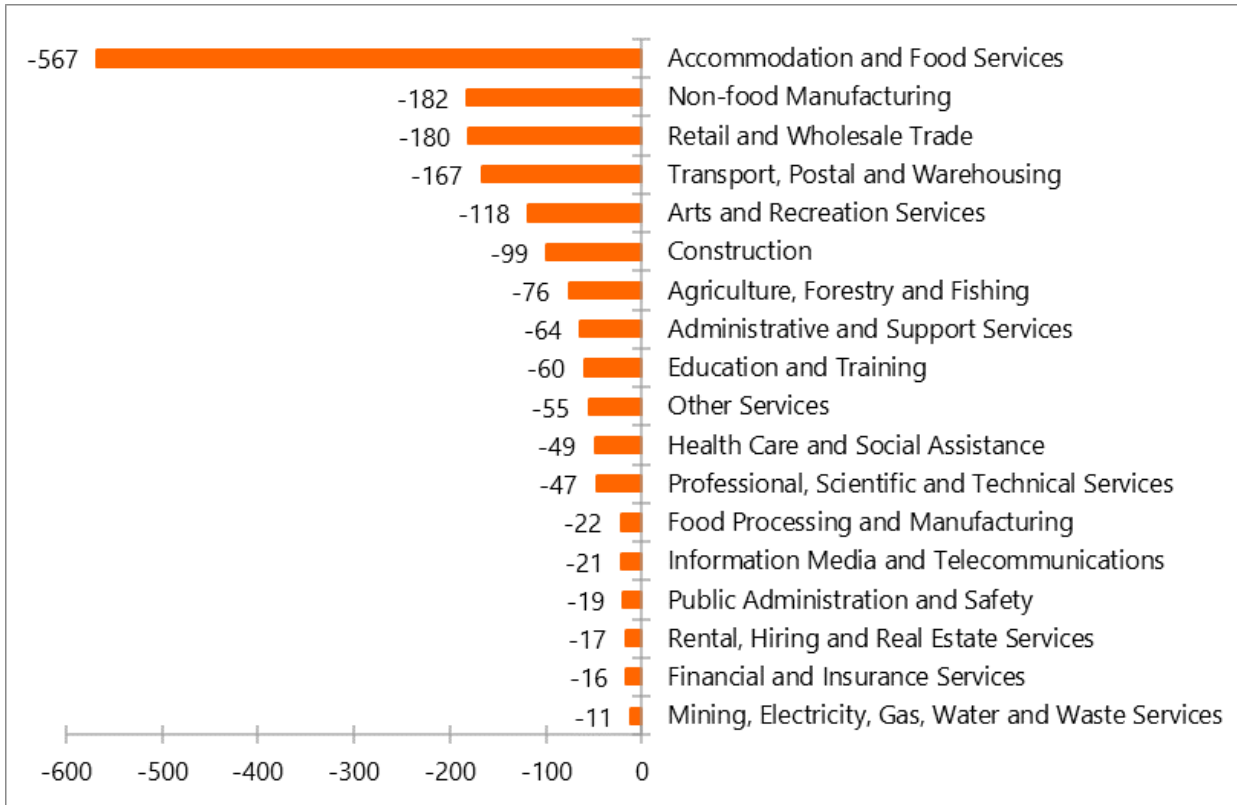


Announced = \$12.50m
Paid = \$2.85m

• Maori employment outlook •



• Maori employment changes •



Recovery

- Infrastructure investment
- Skills development and retraining
- Preferential procurement
- Community development
- Destination marketing
- Business support services
- Prudent fiscal policy



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