



Whakatāne-Kawerau
**SPATIAL PLAN
FOUNDATION PAPER**
Economy and jobs

MAY
2022



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1 Purpose of the Spatial Plan

Recent population growth in Whakatāne and Kawerau Districts was unexpected, with Statistics New Zealand forecasts prior to 2013 forecasting that the population in both Districts would decline. Instead, since 2016 the opposite has happened with both Districts experiencing population growth at a higher rate than many other locations in New Zealand.

In 2020, the Government released the National Policy Statement – Urban Development (NPS-UD) which requires all Tier 1, 2 and 3 territorial authorities¹ to provide sufficient development capacity to meet expected demand for housing in the short (1-3 years), medium (3-10 years) and long (11-30 years) term. Recent analysis in Whakatāne and Kawerau shows there is sufficient land (infrastructure ready and plan-enabled) to meet population growth predictions in the short to medium term, but not in the long term.

The purpose of the Spatial Plan is to identify:

- how much land will be required for housing development over the next thirty years
- where housing development will take place
- the types of housing that will be delivered
- the infrastructure (transport, three waters, community, lifelines) requirements for the development that is proposed.

Five *Foundation Papers* have been prepared to set the scene for the Whakatāne Kawerau Spatial Plan. They have two purposes: to describe the current state; and to identify challenges facing the two Councils as they seek to provide sufficient land for the forecast levels of future growth. Each paper focuses on a different aspect of the current situation in the two Districts and include:

- People and community
- Housing and Land
- Economy and jobs
- Infrastructure
- Natural Environment.

The Foundation Papers provide in-depth analysis of the status quo in both Districts. Together they form the starting point for understanding the needs of our communities now and going into the future. The Foundation papers also provides data that will be used to develop a business case(s) seeking support for and investment in the infrastructure and services required to enable the future development to occur.

¹ Whakatāne District is a Tier 3 Council.

2 Partnership with Tangata Whenua

Approximately half of the population in the Whakatāne and Kawerau District's identify as Māori. Affiliated to the seven iwi of the two Districts (Ngāti Awa, Ngāi Tūhoe, Ngāti Rangitihi, Tūwharetoa ki Kawerau, Ngāti Manawa, Ngāti Whare and Ngāti Makino) are over 80 hapū and 69 marae.

The cultural landscape within the Whakatāne and Kawerau Districts is complex, with seven recognised iwi - Ngāti Awa, Ngāi Tūhoe, Ngāti Rangitihi, Ngāti Manawa, Ngāti Whare, Tūwharetoa ki Kawerau and Ngāti Mākinō – and many more hapū. Many iwi have rohe that overlap with each other. All iwi have settled treaty claims with the Crown, providing redress for Treaty breaches.

Preparing the five foundation papers has been a collaborative project undertaken jointly by Whakatāne District Council, Kawerau District Council and the Bay of Plenty Regional Council. The purpose of the Foundation papers was to collate and gather publicly available information and data in order to provide a 'snapshot in time' of life in Whakatāne and Kawerau from a range of perspectives.

The Councils recognise the importance of incorporating Mātauranga Māori values and principles into development of the Spatial Plan. Developing partnerships with local iwi and hapū will be intrinsic to the success of the Strategy going forwards. Planning for growth needs to provide options for co-design, co-management and co-governance.

3 Key Findings – Economy and Jobs

3.1 Global Economy – Recent Events

The COVID-19 pandemic delivered a huge economic shock to the global economy with most countries in recession by 2021². Unemployment increased across all major economies with tourism and hospitality sectors particularly hard hit as millions of jobs were lost. The global impact of the pandemic began to recede with the introduction of vaccinations and as countries slowly opened their borders. Future economic growth was forecast while inflation became endemic in all major economies reaching 4.6% per annum by October 2021.

The global supply disruption caused by COVID-19 was easing when Russia invaded Ukraine in February 2022. This caused a new global shock as world prices for oil, metals and food began increasing significantly. Current price rises and global economic instability are expected to continue for some time. Forecasts suggest economic growth will be low while inflation could exceed 6% due to the huge spikes occurring in commodity prices³.

² <https://www.imf.org/en/Publications/WEO/Issues/2021/10/12/world-economic-outlook-october-2021>.
Downloaded 22 April 2022.

³ <https://www.eiu.com/n/global-economic-implications-of-the-russia-ukraine-war/>

3.2 Impact of COVID-19 and the Russian invasion on New Zealand's economy

New Zealand's economy received a huge shock due to COVID-19 and to a lesser degree, the Russian invasion. The impact has had an uneven impact on different industries and in different regions. Tourism and hospitality sectors were the most severely hit, while at the same time growth occurred in the public sector, construction, health care, rental and real estate, and primary production sectors during the pandemic. Regions highly dependent on tourism were the hardest hit, as were larger cities where working from home reduced demand for hospitality services. The key impact of the Russian invasion on New Zealand's economy has been an increase in fuel and commodity costs including fertiliser and wheat. Food imports will continue to cost more while inflation is forecast to rise above 4%, the highest it has been since 2010⁴.

Together the pandemic and Russian invasion have significantly affected supply chains making it difficult to get a wide range of products into New Zealand. The escalating costs of housing construction, fuel, fertiliser and foodstuffs has had a flow-on effect into the cost of living. Inflation, together with job losses has created real hardship for some households that were already struggling prior to the pandemic

Prior to COVID-19, New Zealand's unemployment rate had been at its lowest for a long period of time. The closure of New Zealand's international borders exacerbated an already tight labour market. While the recent border re-opening will re-start the flow migrant workers into the country, this will be offset by the emigration of New Zealand citizens who remained within the country during the global lockdowns.

3.3 Bay of Plenty Economy

The Bay of Plenty region fared better than most regions in terms of the COVID-19 impact due to the region's strong primary industries which were classified as essential services. The retail sector and locations in the Bay that relied heavily on tourism were greatly affected by Covid-19 with Rotorua, which is highly dependent on tourism, being particularly hard hit.

However, the Bay of Plenty economy which generates 6% of New Zealand's total Gross Domestic Product (GDP), grew by 8% in the year to December 2021. The Cafes, Restaurants and Takeaway Foodservices industry is the largest employer in the region, with 5% of all employees. Other key industries include agriculture, forestry, horticulture, construction, real estate, health and social assistance services. In the Bay of Plenty, the kiwifruit industry produces 80% of New Zealand's kiwifruit and is the main horticulture industry employer. The kiwifruit industry is forecasting critical skills shortages at the same time as planned expansion through to 2027 is being undertaken to meet high levels of global demand.

The Bay of Plenty contains 38,170 firms with two thirds of these being self-employed operations. The region currently has higher unemployment than for New Zealand as a whole, especially in the Eastern Bay. The Western Bay sub-region has an average rate of 4.8%, the Central Bay (Rotorua and Taupo) has an average rate of 6.4% while the Eastern Bay sub-region has an average unemployment rate of 12.6%. Household

⁴ <https://www.treasury.govt.nz/system/files/2022-05/feu-29apr22.pdf>. Downloaded 9 May 2022.

incomes in the Bay of Plenty are lower than the national average (\$98,200 compared to \$106,600⁵). Sub-regional variations are marked with a large difference between the highest household average incomes of \$100,700s in the Western Bay (Tauranga and Western Bay District Councils), and the lowest of \$75,200 in Opotiki.

Māori are more likely to be affected by economic downturns because they tend to be employed in lower skilled occupations. Māori unemployment in the Bay of Plenty region (excluding Taupō) was 9.9% in the March 2021 quarter, compared to 7.8% for Māori nationally during the same period.

In 2019, the Government allocated \$3 billion from the Provincial Growth Fund (PGF) for investment in regional economic development in the Eastern Bay of Plenty. Whakatāne received \$36.8 million, while Kawerau received \$19.9 million. Other significant industries across the Eastern Bay were funded by the PGF included aquaculture in Ōpōtiki, high value horticulture, tourism development. Analysis undertaken to support the PGF applications forecast that together the projects would add:

- Whakatāne – 450 jobs in the next decade and 936 jobs in the next twenty years
- Kawerau – 1,484 jobs in the next 10-20 years
- Ōpōtiki – 730 jobs in the next twenty years.

It is expected that a large percentage of these jobs will need to be filled by workers not currently living in the sub-region.

3.4 Whakatāne

In 2021, Whakatāne's GDP totalled \$1,907 million and grew by 1.1% during the previous year. This compared well to the national decline in growth of minus 1.2% for the same period. In the ten years to 2021, employment growth (0.9%) was much lower in Whakatāne than for the national economy (1.9%), but this trend reversed in 2021 when employment growth in the District equalled 1.6%, significantly higher than for New Zealand as a whole (0.1%).

In the year to March 2021 the mean annual earnings in Whakatāne District was \$57,410, lower than the New Zealand mean of \$65,910⁶. Over the past twenty years, earnings growth in Whakatāne District reached a maximum of 6.3% in 2009 and a minimum of 1.4% in 2017. In 2021m the mean household income in Whakatāne District was \$101,760 in Whakatāne compared to \$112,387 nationally. However, a quarter of Whakatāne and Kawerau households have household incomes under \$30,000 per annum, compared to one-fifth of households at the national level.

A key driver of Whakatāne District's economy is the role played by the town centre as the service centre for the Eastern Bay providing a full range of community services, including a hospital, schools, airport and a range of community facilities and emergency services. The town centre serves as a main workplace for many urban

⁵ <https://www.mbie.govt.nz/dmsdocument/17895-bay-of-plenty-regional-labour-market-and-socio-economic-profile>

⁶ <https://ecoprofile.infometrics.co.nz/Whakatane%20District/StandardOfLiving/Earnings>. Downloaded 9 May 2022.

as well as rural dwellers, and provides commercial, industrial and administrative functions. While many industries⁷ linked to this role generate small economic benefit on their own, together they account for just under half (46%) of the District's GDP. There are a number of rural support townships including Edgecumbe, Matatā, Tāneatua, Te Teko, Murupara, Minginui and Ruatahuna that have long histories but currently offer limited employment opportunities, and reduced availability and access to community services and facilities. The Fonterra dairy factory is located in Edgecumbe.

Key industries driving the District's economy are Agriculture, Forestry and Fishing (14.5%), Electricity Gas, Water and Waste Services (10.3%) and Manufacturing (8.8%)⁸. In 2021, there were 4,266 business units in Whakatāne District with the largest growth in businesses over the past ten years being in construction, financial and insurance services, and rental, hiring and real estate services.

In 2019, the marine sector was identified as an emerging key industry with potential to underpin economic resilience and generate growth in the wider District. Two of New Zealand's three largest aluminium trailer boat manufacturers are located in Whakatāne District. In 2018, the marine sector contributed just over 1.1% or \$14.59 million of the total District GDP with local boat building growth at 13% per year versus a stagnant growth rate in other parts of the country. This growth is forecast to significantly accelerate with the addition of the new big boat building facility by *Extreme*, with investment in infrastructure to do this already completed. Their growth is forecast to double every three years. In 2020, the Council sought and received funding of \$19.6 million from the Provincial Growth Fund (PGF) for a new boat harbour to support this projected growth.

Tourism had also been identified as a growth sector in 2019. However, the eruption of Whakaari/White Island in December 2019 which resulted in 22 people killed and a further 25 seriously injured, meant that the District's international tourism industry collapsed and the focus shifted to attracting domestic tourists. As a result, the economic impact of COVID-19 on the District in 2020 was less severe than in many other locations. Whakatāne's tourism industry declined by 24.9% in 2021, compared to a 46.4% decline in New Zealand overall. In 2021, tourism contributed \$51.5 million towards Whakatāne District's GDP, which amounted to 2.7% of the District's total economic output, and was up from 2.4% in 2011.

3.5 Kawerau

Kawerau township was purpose-built in the 1950s for heavy industry and prior to 2021, the manufacturing of pulp and paper products was Kawerau District's key industry, generating \$388 million and accounting for nearly one-third of the District's GDP. In 2021, the Norske Skog pulp and paper mill closed with the loss of approximately 160 jobs, and the closure combined with the effects of COVID-19c has meant that Kawerau's

⁷ Industries linked to Whakatāne Township's role as the service centre for the Eastern Bay include Electricity, Gas, Water and Waste Services (10.3%), Health Care and Social Assistance (8%), Retail Trade (6%), Rental Hiring and Real Estate Services (5.5%), Education and Training (4.4%), Professional, Scientific and Technical Services (4.3%), Public Administration and Safety (3.4%), Financial and Insurance Services (2.4%) and Other Services (1.8%).

⁸ <https://ecoprofile.infometrics.co.nz/Whakatane%20District/Gdp/Structure> Downloaded 9 May 2022.

annual GDP declined by 2.5%. Kawerau is beginning to see a range of new industries growing, although they are small relative to the District's total economy.

3.6 Māori Economy

It is estimated there are approximately 9,300 Māori owned businesses in New Zealand⁹, which equals 6% of all businesses nationwide. In the Bay of Plenty, 12% of businesses are Māori-owned. Two further business groups that contribute to the Māori economy are Māori sole traders (14,700) and Significant Employers of Māori (10,200) businesses where at least 75% of all employees are of Māori ethnicity or descent.

The GDP contribution of Māori producers is still dominated by the primary sector, but real estate and property services contributions are notable. These are followed by manufacturing, construction, tourism and hospitality related-retail, accommodation and food services sectors, and education and training, and professional services. Note that the tourism sector is not separately identified in standard classifications of industries but is a combination of a range of activities in various sectors. Estimates suggest that GDP from the Māori economy tourism sector totals just over \$975 million¹⁰.

Māori own a significant proportion of assets in the primary sector and are now diversifying. Together the financial value of the Māori asset based in 2018 across all New Zealand totals \$68.7 billion comprising:

- \$39.1 billion assets in the businesses of 9,850 Māori employers
- \$21.0 billion assets in trusts, incorporations, and other Māori entities
- \$8.6 billion assets in the businesses of 18,600 self-employed Māori.

The Bay of Plenty has the largest number of iwi within any region of New Zealand. There are over 35 Iwi, 230 Hapu and approximately 163 Marae in the wider Bay of Plenty, while 38% of the land area is Māori owned. Approximately 29% of the Māori collective asset base in New Zealand is in the Bay of Plenty with the majority of that in agriculture and forestry. The Māori asset base in the Bay of Plenty totals \$8.6 billion while Māori contribute 11% to the GDP of the Bay of Plenty. The financial redress and transfer of assets to iwi through Te Tiriti o Waitangi settlement processes contributes significantly to local and regional economies.

A number of barriers prevent Māori from using the land for housing, growing kai or generating a financial return. Barriers include collective ownership, absentee ownership, difficulties accessing finance, governance/management issues, access to information and rating of Māori land. These barriers also preclude private sector development taking place on Māori land. However, there is potential for Iwi-led development such as Papakāinga meeting some housing demand

⁹ As defined by Te Puna Kokiri

¹⁰ Reserve Bank of New Zealand (2020). Te Ohanga Māori 2018 – the Māori Economy 2018. Downloaded 20 May 2022.

3.7 Potential impact of climate change on the economy

The changing climate is expected to affect the patterns and productivity of primary production activities and will impact on the local and regional economy. Climate change is likely to reduce the viability of some current primary production activities mainly due to increased flooding, but it may also create opportunities for crops currently unviable in the Bay of Plenty's current climate to be grown in future. Exotic forestry is projected to increase in productivity, although there will be an increased fire risk due to droughts.

3.8 Commercial and industrial land supply

Economic growth was traditionally dependent on the availability of sufficient land zoned for commercial or industrial use. However, since 2020 and the onset of COVID-19, business and workplace practices have altered, with many employees now working from home either full or part-time. Online shopping in New Zealand has become commonplace and grew by an average of 7% per annum between 2017 and 2022¹¹. The market size of the online shopping industry in New Zealand increased faster than the economy overall. It is anticipated that growth in this market will continue as online shopping is becoming more normalised.

Over time, these changes are likely to have a significant impact on the structure of the New Zealand and some local economies. It is therefore difficult to assess how closely future economic growth will be tied to the availability of commercial zoned land, particularly in Whakatāne where nearly half of the economic activity is derived from the role of the township as the service centre for the Eastern Bay. Because Kawerau's economy is primarily driven by industrial activity, future growth there is more likely to be tied to the availability of industrial zoned land.

A business land assessment undertaken by the Whakatāne District Council in 2021 showed that the District has 10 hectares of business and industrial land available over the next ten-year period (see **Error! Reference source not found.**). This land is also considered to be infrastructure ready due to the location of these sites being in close proximity to existing infrastructure networks.

Kawerau District's total land area is 23.58km². Land zoned for industrial purposes totals 335 hectares comprising 285 hectares for heavy industrial activity and 50 hectares for light industry, manufacturing and value-added enterprise. There is currently no greenfields land zoned for commercial development in Kawerau District, although there are a number of vacant buildings with some being for sale. Kawerau District currently has 79.9 hectares of undeveloped land zoned industrial, with 67 hectares of this located within the new Pūtauaki Industrial zone.

In 2020, Whakatāne District Council approved a request from Kawerau District Council to alter the boundary between the two districts to allow Kawerau District to expand its industrial land. This will add 478 hectares to Kawerau.

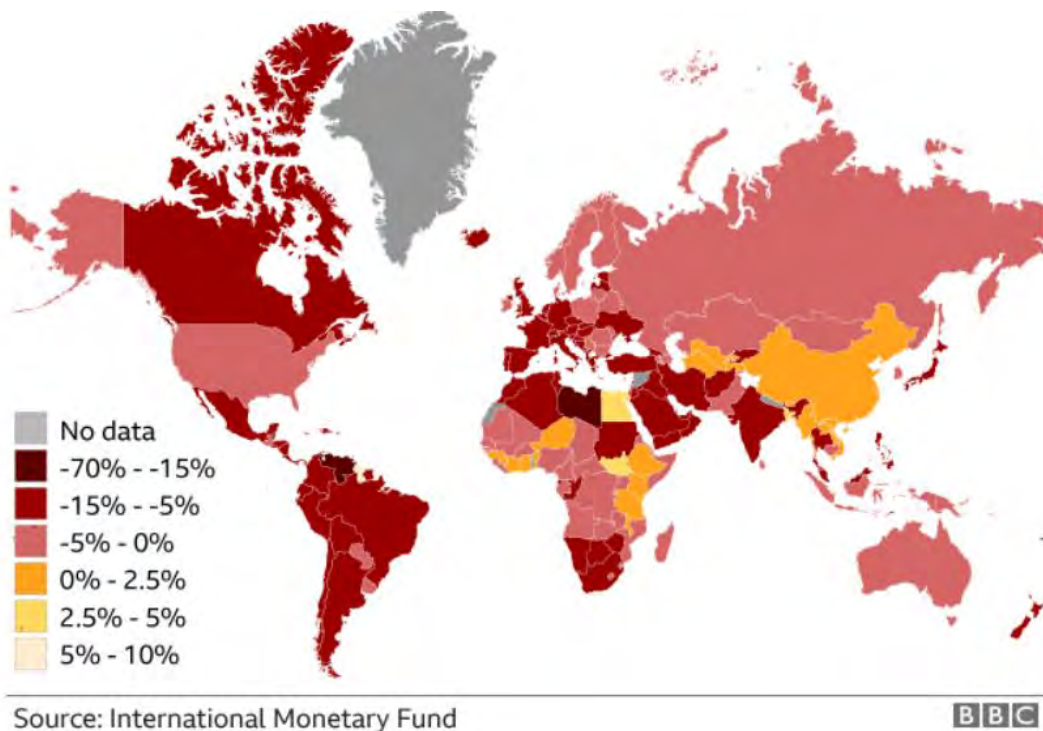
¹¹ <https://www.ibisworld.com/nz/market-size/online-shopping/> Downloaded 17 May 2022.

4 Global economy – Recent events

4.1 Impact of COVID-19

The Coronavirus 2019 (COVID-19) pandemic delivered a global economic shock of enormous magnitude, leading to a steep recession in the majority of countries. By early 2021, the majority of countries were in recession with China the only economy to grow in 2020 at 2.3%¹² (Figure 1).

Figure 1: Real GDP in 2019-2020



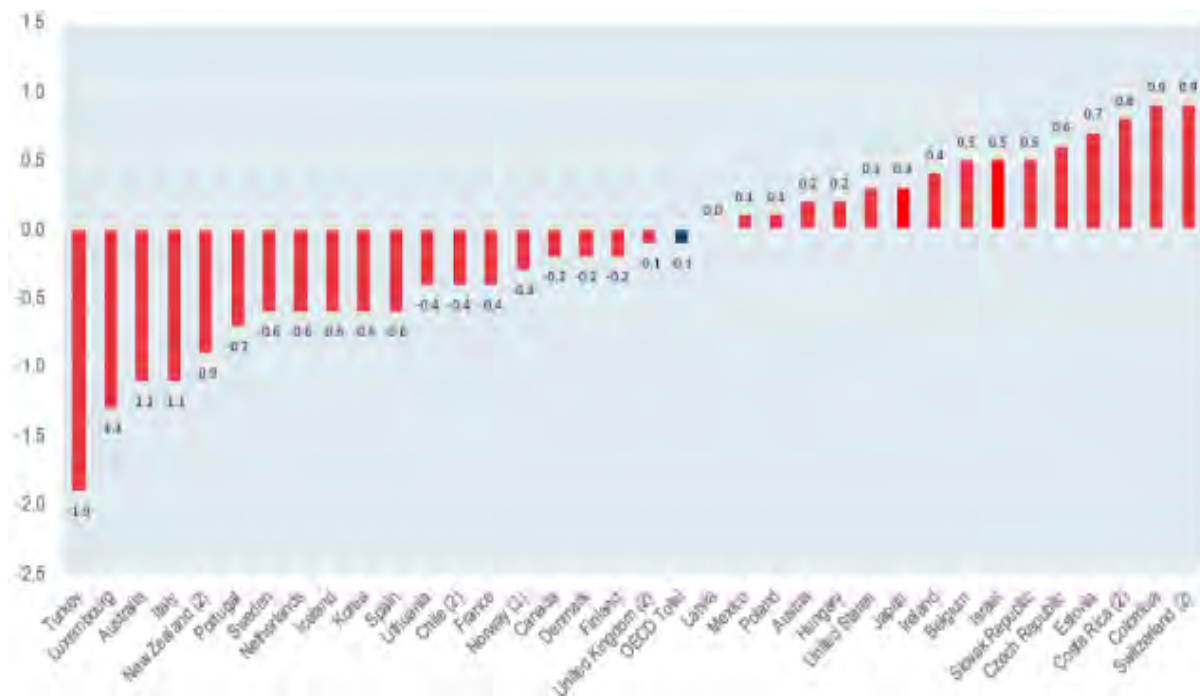
Worldwide, tourism and hospitality sectors were particularly hard hit with millions of jobs lost and many companies bankrupted. As jobs were cut, unemployment rates increased across all major economies¹³ (

¹² <https://www.imf.org/en/Publications/WEO/Issues/2021/10/12/world-economic-outlook-october-2021>. Downloaded 22 April 2022.

¹³ <https://www.oecd.org/sdd/labour-stats/unemployment-rates-oecd-04-2022.pdf>. Downloaded 9 May 2022.

Figure 2).

Figure 2: Changes in unemployment rate for OECD area and selected OECD countries between February 2019 and February 2020 (Percentage Points).



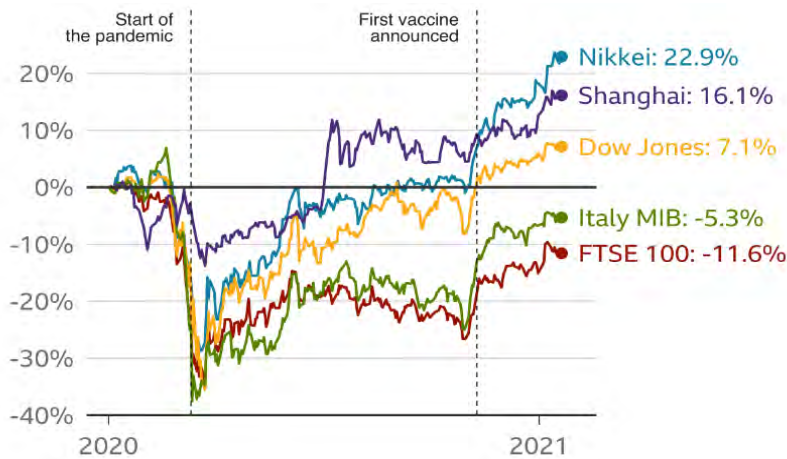
The global impact of the pandemic began to wane with introduction of vaccinations and as countries slowly opened their borders. In October 2022, the International Monetary Fund (IMF) projected global economic growth of 5.9% in 2021 and 4.9% in 2022 (Figure 3)¹⁴. However, by early January 2022 inflation had become endemic in all major economies, reaching 4.6% on a 12-month basis in October 2021, up from a pandemic trough of 1.2% in May 2020¹⁵. This has been driven by temporary supply shortages, consumer inflation price inflation and housing price inflation, along with the heavy financial stimulus generated by central banks, shrinking labour forces and rising wages¹⁶.

¹⁴ <https://www.imf.org/en/Publications/WEO/Issues/2021/10/12/world-economic-outlook-october-2021>
Downloaded 22 April 2022.

¹⁵ <https://openknowledge.worldbank.org/bitstream/handle/10986/36519/9781464817601.pdf>

¹⁶ Financial Times 2021: A new economic era: is inflation coming back for good?

Figure 3: The impact of COVID-19 on stock markets since the start of the outbreak



Source: Bloomberg, 24 January 2021, 00:01 GMT

4.2 Russian invasion of Ukraine

The Russian invasion of Ukraine on 20 February 2022 generated another shock to the global economy and the global supply chains. Prior to the invasion, Ukraine and Russia together accounted for more than a quarter of the global wheat trade and produced 12% of calories consumed globally. Following the invasion:

- World oil prices have increased by 33% and coal prices by 80%.
- World metals prices have increased by 11%, based on a weighted average of changes in prices for copper, gold, zinc, iron ore, nickel, aluminium, palladium and platinum.
- World food prices have increased by a weighted average of 6%, with wheat prices up by 90%, corn prices by 40% and all other index components assumed to remain unchanged.
- Fertiliser prices are assumed to be 30% higher¹⁷.

OECD scenarios suggest global economic growth could be over 1.0% point lower and global consumer price inflation around 2.5% points higher in the first full year, assuming that the shocks to commodity and financial markets seen in the weeks following the invasion, persist for at least a year¹⁸. Other forecasts suggest that global inflation could exceed 6% in 2022 due to the huge spikes occurring in commodity prices¹⁹. Global food and fuel prices are likely to remain high for some time into the future.

¹⁷ <https://www.oecd.org/economy/Interim-economic-outlook-report-march-2022.pdf>

¹⁸ <https://www.treasury.govt.nz/system/files/2022-03/feu-18mar22.pdf>

¹⁹ <https://www.eiu.com/n/global-economic-implications-of-the-russia-ukraine-war/>

5 New Zealand's Economy

5.1 Impact of COVID-19

COVID-19 reached New Zealand at the end of February 2020 resulting in a number of lockdowns aimed at eliminating the spread of the virus. The most recent data shows that COVID-19 has caused considerable shock to parts of the New Zealand economy and resulted in the weakest period of employment activity since the Global Financial Crisis (GFC) in 2008²⁰. Prior to the pandemic, New Zealand's unemployment rate had dropped to an annual average of 4.1%, the lowest since the GFC with wage growth picking up and firms reporting high levels of difficulty finding labour. The COVID-19 economic downturn made it necessary for many businesses to cut staff or wind up their business. While the number of declining industries was the highest since the GFC, employment across New Zealand's entire economy actually rose a marginal 0.1%, as other sectors responded to pandemic-related events and grew strongly²¹.

5.1.1 Impact of COVID-19 on different sectors of the economy

The impact of COVID-19 on the New Zealand economy has been incredibly uneven with the following three trends emerging:

- Regional and local economies with a strong primary sector focus performed strongly as commodity prices rose and food needs across the globe were sustained, and in some cases, grew strongly
- Urban centres showed a trend of lower economic activity as more people worked from home
- Economies with a strong focus on international tourism were the hardest hit, with the lack of nearly 4 million international travellers not being made up by travelling Kiwis.

Employment in the accommodation and food services fell by 5.2%pa, with 9,100 fewer workers (Figure 4). Transport, postal, and warehousing declined by 5.1%pa with 5,500 fewer workers. The transport decline was focused on air transport, with Air New Zealand employment levels falling as international crew were laid off. There has also been a strong decline in administrative and support services, down 3.4%pa, or 4,600 fewer workers, as travel agencies saw business activity dry up²².

²⁰ <https://www.infometrics.co.nz/article/2022-02-examining-the-local-and-industry-effects-of-the-first-year-of-covid-19>. Downloaded 2 April 2022

²¹ <https://www.infometrics.co.nz/article/2022-02-examining-the-local-and-industry-effects-of-the-first-year-of-covid-19> Downloaded 22 April 2022

²² <https://www.infometrics.co.nz/article/2022-02-examining-the-local-and-industry-effects-of-the-first-year-of-covid-19> Downloaded 22 April 2022

Figure 4: Annual % change in average annual employment, ending March 2021, by high level industry

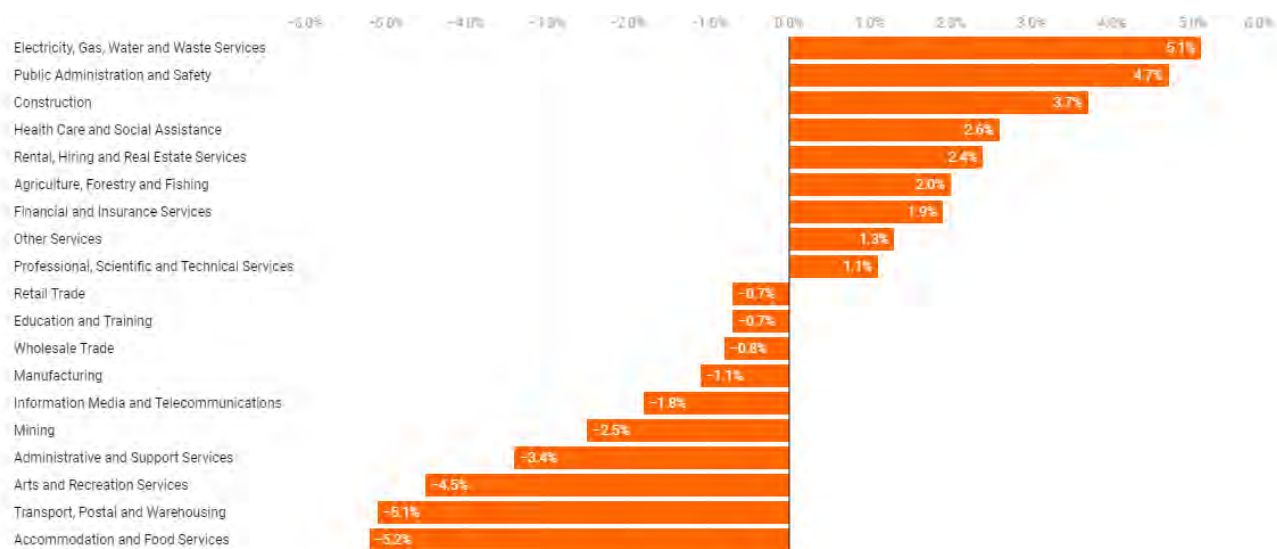


Chart: Brad Olsen/Infometrics • Source: Infometrics • Created with Datawrapper

In contrast, some industries experienced employment growth during the pandemic. These included the electricity, gas, water and waste services sector²³, public sector, construction, health care, rental and real estate, and primary production sectors. Public sector employment rose 4.7%, adding 6,300 jobs primarily related to Managed Isolation and Quarantine (MIQ), contact tracing, and administration and social support related to benefit need. Substantial increases in building activity saw the construction sector add the largest number of jobs in absolute terms in the March 2021 year. Average annual employment in the industry rose 3.7%, adding 9,300 jobs. Unsurprising for a pandemic, the health sector also expanded, as hospital capacity and community care levels were boosted as much as possible. The healthcare sector grew 2.6%, adding 6,600 roles²⁴.

5.1.2 Impact of COVID-19 on regional economies

The impact of COVID-19 has been felt unevenly across New Zealand with the tourism areas in the South Island (Queenstown Lakes, Mackenzie Country, Kaikoura and Westland) being the hardest hit (Figure 5). Domestic tourism could not make up for loss of international visitors in these areas. Employment rates also fell in the larger cities (Auckland, Wellington, Christchurch and Dunedin) as the shift towards working from home reduced demand for hospitality services²⁵. Areas of New Zealand without a focus on international tourism and with a strong primary industry performed the best throughout the pandemic.

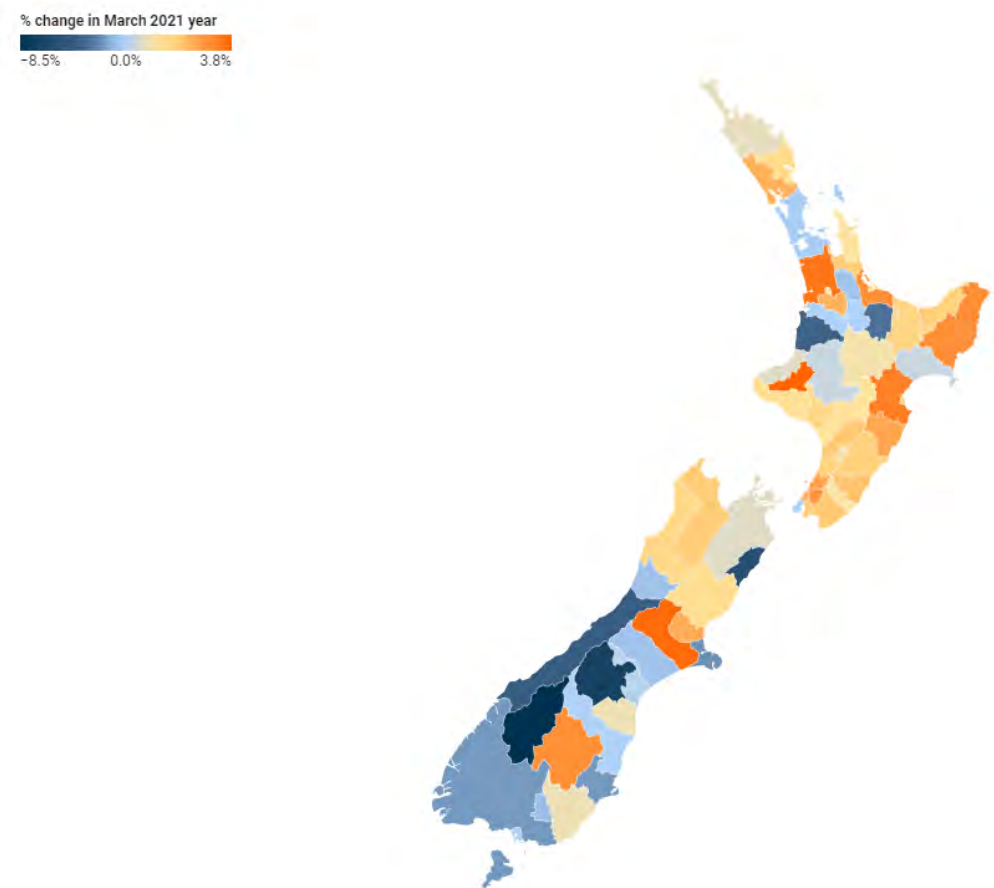
²³ The Electricity, Gas, Water and Waste Services sector was a small industry to begin with, so the total growth compared to other sectors is quite small.

²⁴ <https://www.infometrics.co.nz/article/2022-02-examining-the-local-and-industry-effects-of-the-first-year-of-covid-19> Downloaded 22 April 2022

²⁵ <https://www.infometrics.co.nz/article/2022-02-examining-the-local-and-industry-effects-of-the-first-year-of-covid-19> Downloaded 22 April 2022

Although primary sector employment didn't necessarily rise considerably, spending in the sector remained high and supported the economic base of any areas. Working from home together with domestic tourism boosted some local economies as workers moved further out from major metro centres, and people drove to local tourism destinations.

Figure 5: Uneven impact of COVID-19 on local economies

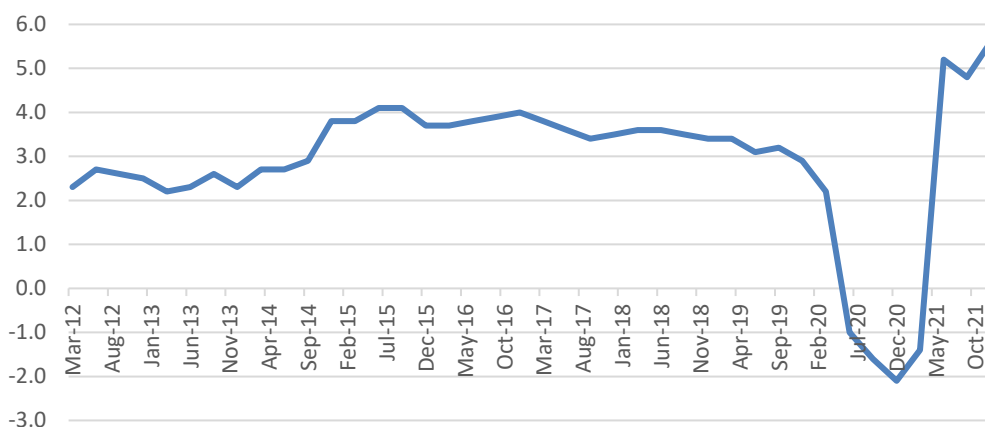


Economic activity has bounced back considerably since the end of lockdowns (Figure 6). In the three months to December 2021, real GDP increased by 3%. This saw annual average GDP growth rise to 5.6% and the level of GDP to 3.5% above its pre-pandemic level. Growth was strongest in the services sector as these industries reopened for business, aided by a 5.2% increase in household consumption.

Manufacturing and construction activity also recovered strongly while business investment surged. The fall in export volumes was entirely driven by the lack of the usual increase in tourist numbers that occurs in the December quarter²⁶.

²⁶ <https://www.treasury.govt.nz/system/files/2022-03/feu-18mar22.pdf> Downloaded 22 April 2022

Figure 6: Real GDP (production growth) 2012 - 2021 ²⁷



5.2 Impact of Russian invasion of Ukraine

Following the Russian invasion of Ukraine on 24 February 2022, economic sanctions were imposed on Russia by a large number of countries, including New Zealand. New Zealand’s distance from the conflict together with our limited bilateral trading relationship (Russia is our 28th largest export partner) could insulate New Zealand from the direct economic effects of the invasion. Exports to Russia were \$293 million in the year to June 2021 (half of which was butter) and much of this can potentially be diverted elsewhere. New Zealand mostly imports crude oil from Russia and this has dropped close to zero in recent months²⁸.

However, the most significant impacts of the invasion on New Zealand will be indirect, primarily through higher fuel and commodity prices, financial market volatility, and the potential drag on global economic activity. The flow-on financial effects could affect the value of the New Zealand dollar and raise the cost of some imported goods (particularly fuel), placing additional pressure on already high domestic inflation²⁹. Food prices are like to come under pressure as fuel costs and commodity prices rise. Food imports will cost more because Russia and Ukraine are key exporters of wheat, corn and sunflower oil and farm inputs will become more expensive because Russia is a key exporter of fertiliser. An extended invasion that continues to affect global economic growth could potentially affect the medium-term prospects for New Zealand³⁰. Inflation expectations remain firmly anchored above 4%³¹. The rate of inflation since 2010 is shown below (Figure 7).

²⁷ <https://www.rbnz.govt.nz/statistics/key-graphs/key-graph-real-gdp> Downloaded 22 April 2022

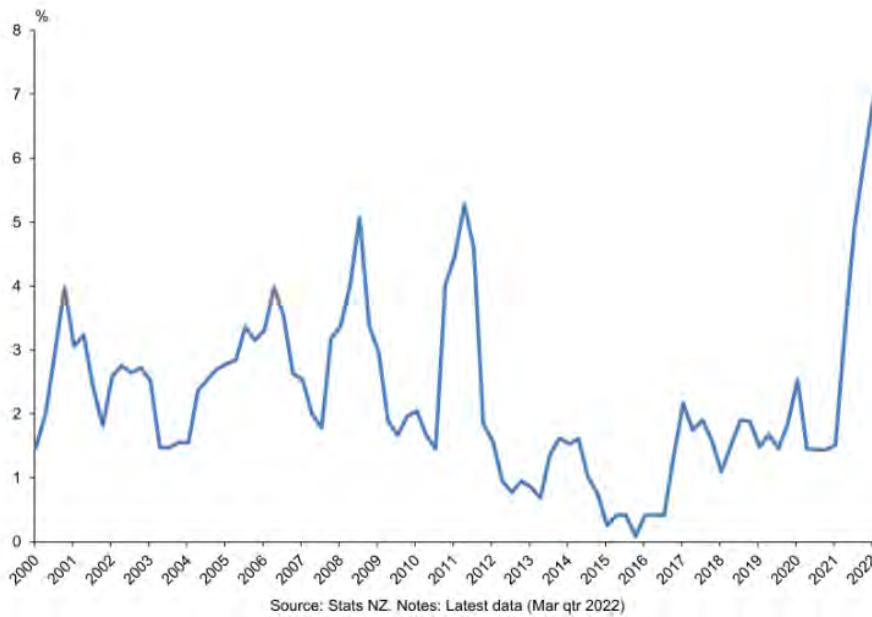
²⁸ <https://www.infometrics.co.nz/article/2022-02-russian-invasion-to-increase-prices-global-uncertainty>

²⁹ <https://www.mfat.govt.nz/en/trade/mfat-market-reports/market-reports-global/potential-impacts-of-the-russia-ukraine-conflict-on-the-new-zealand-economy/>

³⁰ <https://www.mfat.govt.nz/en/trade/mfat-market-reports/market-reports-global/potential-impacts-of-the-russia-ukraine-conflict-on-the-new-zealand-economy/>

³¹ <https://www.treasury.govt.nz/system/files/2022-05/feu-29apr22.pdf>. Downloaded 9 May 2022.

Figure 7: CPI Inflation – Reserve Bank of New Zealand³²



6 Bay of Plenty economy

6.1 Overview

The Bay of Plenty comprises 6% of New Zealand’s total GDP, with an annual GDP of \$15,833 million³³. The Bay of Plenty’s GDP grew by 8% for the year to December 2021, which was higher than New Zealand’s growth of 5.5%³⁴. The Cafes, Restaurants and Takeaway Foodservices industry is the largest employer in the Bay of Plenty comprising 5% of all employees. The top three industries (by number of self-employed workers) in Bay of Plenty are Residential Building Construction (1,600 self-employed), Building Completion Services (1,100 self-employed), and Fruit and Tree Nut Growing (1,100 self-employed) as shown below (

³² <https://www.rbnz.govt.nz/monetary-policy/inflation> Downloaded 9 May 2022

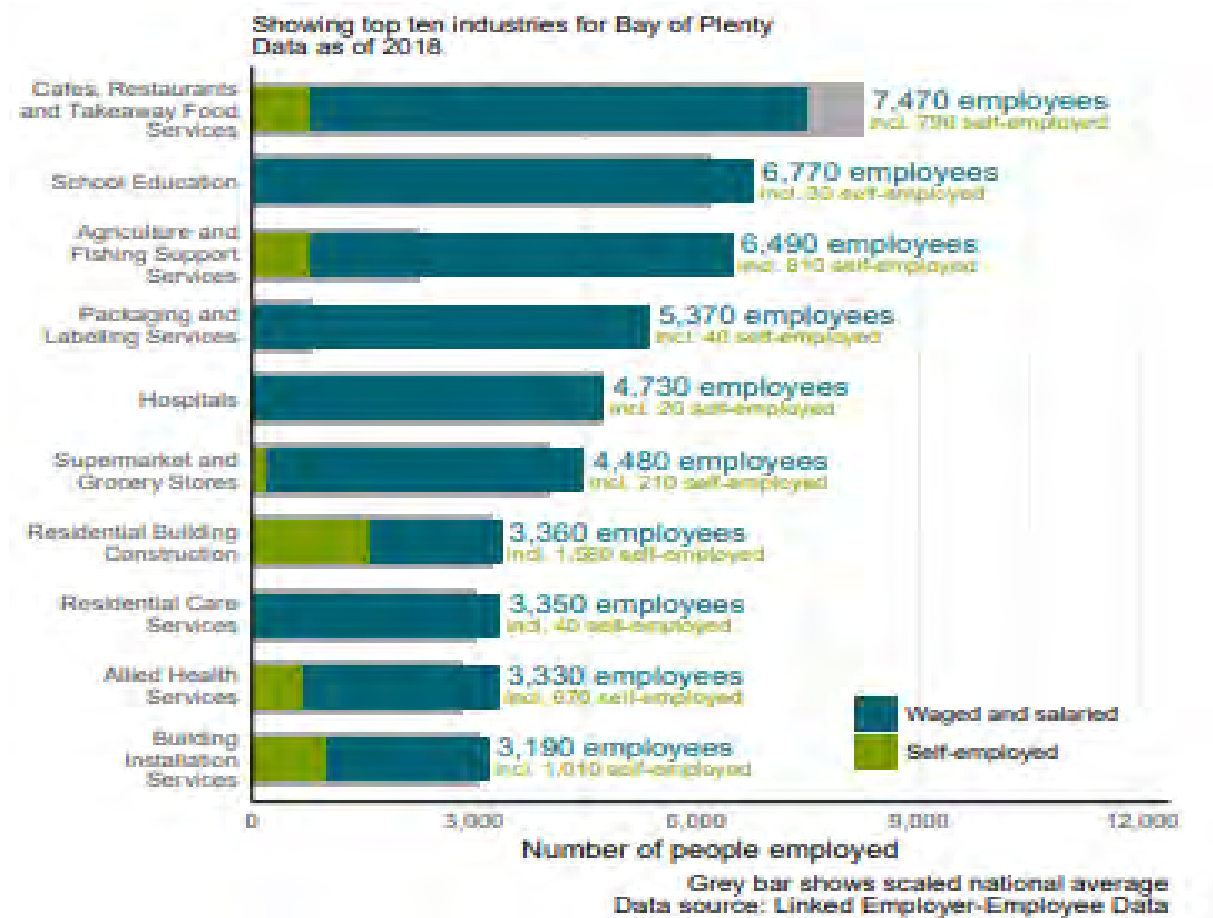
³³ <https://www.mbie.govt.nz/dmsdocument/11443-regional-factsheet-bay-of-plenty-pdf>

³⁴ <https://qem.infometrics.co.nz/bay-of-plenty-region/indicators/gdp?compare=new-zealand>

Figure 8)³⁵.

³⁵ <https://www.mbie.govt.nz/dmsdocument/11443-regional-factsheet-bay-of-plenty-pdf>. Downloaded 9 May 2022.

Figure 8: Employment by Industry in the Bay of Plenty



Agriculture, forestry), horticulture, construction, real estate, health and social assistance services have been the top four earning sectors for the past couple of decades. The Bay of Plenty produces 80% of New Zealand’s kiwifruit, which is the main horticulture employer in the region. The industry is already forecasting critical skills shortages, while planned expansion through to 2027 to meet high levels of global demand, is expected to add further pressure³⁶.

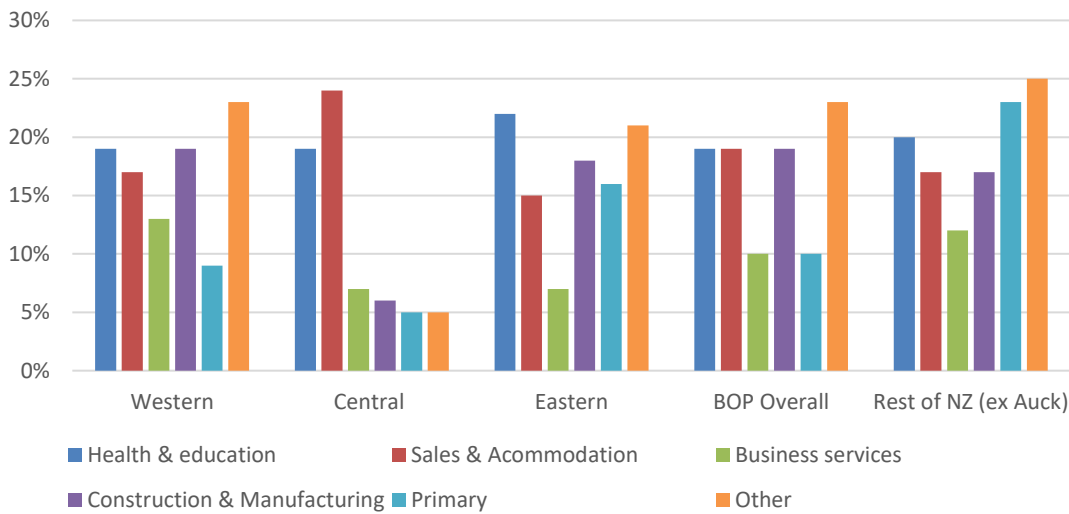
6.1.1 Sub-regional differences in key industries

MBIE³⁷ data from 2021 show that sub-regional differences between the key industries for employment exist across the Bay of Plenty, and between the Bay of Plenty and the rest of New Zealand excluding Auckland (Figure 9).

³⁶ <https://www.mbie.govt.nz/dmsdocument/17895-bay-of-plenty-regional-labour-market-and-socio-economic-profile>

³⁷ <https://www.mbie.govt.nz/dmsdocument/17895-bay-of-plenty-regional-labour-market-and-socio-economic-profile>

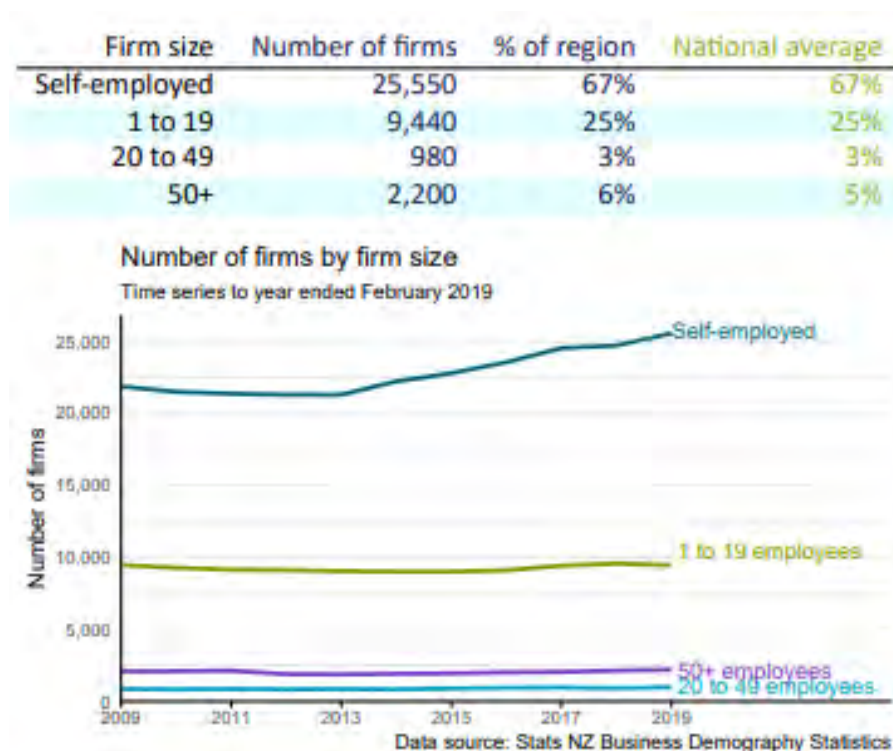
Figure 9: Employment by industry 2021



6.1.2 Size of businesses in the Bay of Plenty

The Bay of Plenty contains 38,170 firms according to Statistics New Zealand’s Business Demography statistics with two thirds of these being self-employed operations³⁸ (Figure 10).

Figure 10: Firm size in the Bay of Plenty



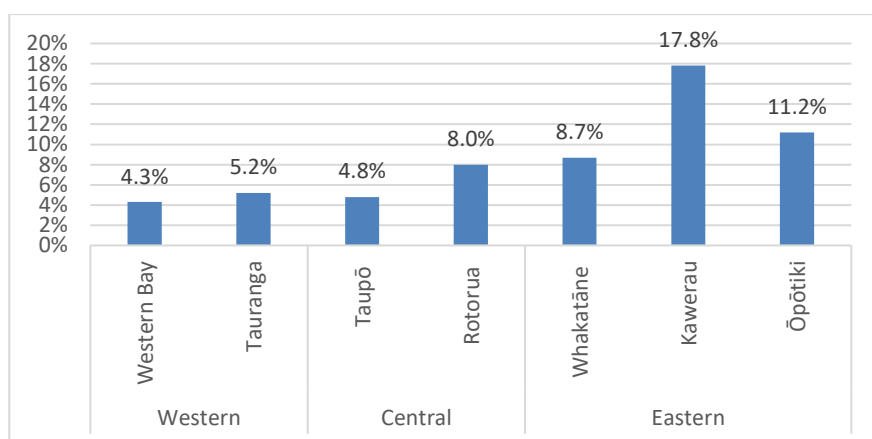
³⁸ <https://www.mbie.govt.nz/dmsdocument/11443-regional-factsheet-bay-of-plenty-pdf>. Downloaded 9 May 2022

6.1.3 Employment rates across the Bay of Plenty

The unemployment rate for the Bay of Plenty region in the March 2021 quarter was 5.5%, up 0.3 percentage points on March 2020 quarter. This compares with the total New Zealand unemployment rate of 4.7% for the March 2021 quarter.

When the unemployment rates across the three parts of the region are averaged out, the Western Bay (Tauranga City and Western Bay of Plenty) has an average rate of 4.8%, the Central Bay (Rotorua and Taupō) has an average rate of 6.4% while the Eastern Bay (Whakatāne, Kawerau and Ōpōtiki) has an average unemployment rate of 12.6% (Figure 11). Overall, the unemployment rate for the Eastern Bay and Rotorua are noticeably higher than for the rest of the Bay³⁹.

Figure 11: Unemployment in the Western, Central and Eastern sub-regions of the Bay of Plenty



Māori are more likely to be employed in lower skilled occupations making them more susceptible to economic downturns and shocks⁴⁰. Māori unemployment for the Bay of Plenty region (excluding Taupō) was 9.9% in the March 2021 quarter compared to 7.8% for Māori nationally in the same period⁴¹.

³⁹ <https://www.mbie.govt.nz/dmsdocument/17895-bay-of-plenty-regional-labour-market-and-socio-economic-profile#:~:text=The%20unemployment%20rate%20for%20the,points%20on%20March%202020%20quarter>.
Downloaded 22 April 2022.

⁴⁰ <https://www.mbie.govt.nz/dmsdocument/17895-bay-of-plenty-regional-labour-market-and-socio-economic-profile>
Downloaded 22 April 2022.

⁴¹ <https://www.mbie.govt.nz/dmsdocument/17895-bay-of-plenty-regional-labour-market-and-socio-economic-profile#:~:text=The%20unemployment%20rate%20for%20the,points%20on%20March%202020%20quarter>.
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6.2 Impact of COVID-19 in the Bay of Plenty

The region has fared better than most regions in terms of the COVID-19 impact mainly due to the region's strong primary industries which were classified as essential services. More than half of all jobs in the Bay of Plenty were supported by the COVID-19 wage subsidy during (or immediately following) the Level 4 lockdowns⁴². Job losses were predominantly in tourism, retail, hospitality and construction sectors. The construction and infrastructure sector is recovering with a rising number of consents and the pipeline of work looking strong, particularly for housing. The regional events sector was compromised by the second lockdown with huge implications across many sectors including revenue for the charitable sector. The retail sector and locations that relied heavily on tourism were greatly affected by Covid-19, with Rotorua, which is highly dependent on tourism being particularly hard hit. The latter part of 2020 saw more normal trading patterns return, and the tourism sector (at large) reported an improving situation at the end of a very challenging year.

Existing skills shortages have been exacerbated by border closures. Prior to COVID-19, approximately half of the workforce in the horticulture sector was made up of overseas workers including those on working holiday visas, and from the Regional Seasonal Employer scheme. Another source of labour lost during the pandemic were international students with the right to work up to 20 hours on their visa. Many of these workers filled seasonal vacancies. Horticulture, forestry and meat processing have all struggled with on-going labour shortages. Some progress is being made attracting the domestic workforce, through employment campaigns, addressing transport barriers, and increasing wages.

Women have been disproportionately affected due to job losses in hospitality and retail, where women make up a higher percentage of the workforce. Another group that has been affected are sole traders or small business owners aged 40 years and over. Due to uncertainty, many employers moved to an increased use of casual and fixed-term worker, creating fewer opportunities for permanent employment. A number of migrant workers on temporary work/working holiday visas were stuck in the region due to border closures but could not work past the date their visa expired.

6.3 Qualifications in the Bay of Plenty

Formal qualification levels in the Bay of Plenty are rising - primarily in the urban centres⁴³:

- 19% of people aged 15 years or over in the Bay have no formal qualification, down from 40% a decade ago and compared to 18% nationally.
- 21% of working age people in the Bay have a level 7 qualification, up from 11% a decade earlier. Those with level 7 qualifications are most likely to live in Tauranga and Rotorua. The Eastern BOP has the lowest proportion of people with level 7 qualifications.

⁴² Ministry of Business, Innovation and Employment (August 2021). Regional Labour Market and Socio Economic Profile. Downloaded 22 April 2022.

⁴³ <https://www.mbie.govt.nz/dmsdocument/17895-bay-of-plenty-regional-labour-market-and-socio-economic-profile>
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- Employment in skilled jobs is similar to the national average.
- People in the region are more likely to be employed in farming (farmers/farm managers), construction, and as auto/engineering trades workers than nationally.
- The Bay of Plenty employs a lower proportion of Business and ICT professionals.

6.4 Household incomes

Household incomes in the Bay of Plenty are lower than the national average (\$98,200 compared to \$106,600)⁴⁴. Sub-regional variations are marked - there is a large difference between the highest average incomes in the Western Bay (\$100,700), and the lowest in Opotiki (\$75,200).

6.5 Provincial Growth Fund projects – Eastern Bay of Plenty

In 2019, the Government coinvested \$285 million of funding from the Provincial Growth Fund (PGF) to support key industries in the Eastern Bay of Plenty. These are forecast to generate 730 additional jobs across the wider Eastern Bay over the next thirty years:

- Whakatāne Boat Harbour and Town Regeneration – \$76 million
- Industrial Expansion/Development - \$32.7 million comprising a container terminal (KCT Co. Ltd), roading extension and associated infrastructure (Putauaki Trust) and an off-road highway (Sequel Lumber Ltd). This is anticipated to see a further 150 jobs created
- Ōpōtiki Harbour /Aquaculture and Ōpōtiki development - \$129 million
- Te Teko – \$4.2 million in high value horticulture
- Minginui/Murupara/Kāingaroa - \$13 million - Forestry/town redevelopment
- East Coast (Opotiki District) - \$29.5 million - high value horticulture and irrigation.

Analysis for the PGF applications forecast that together the projects would add:

- Whakatāne – 450 jobs in the next decade and 936 jobs in the next twenty years
- Kawerau – 1,484 jobs in the next 10-20 years
- Ōpōtiki – 730 jobs in the next twenty years.

It is expected that a large percentage of these jobs will need to be filled by workers not currently living in the Eastern Bay sub-region.

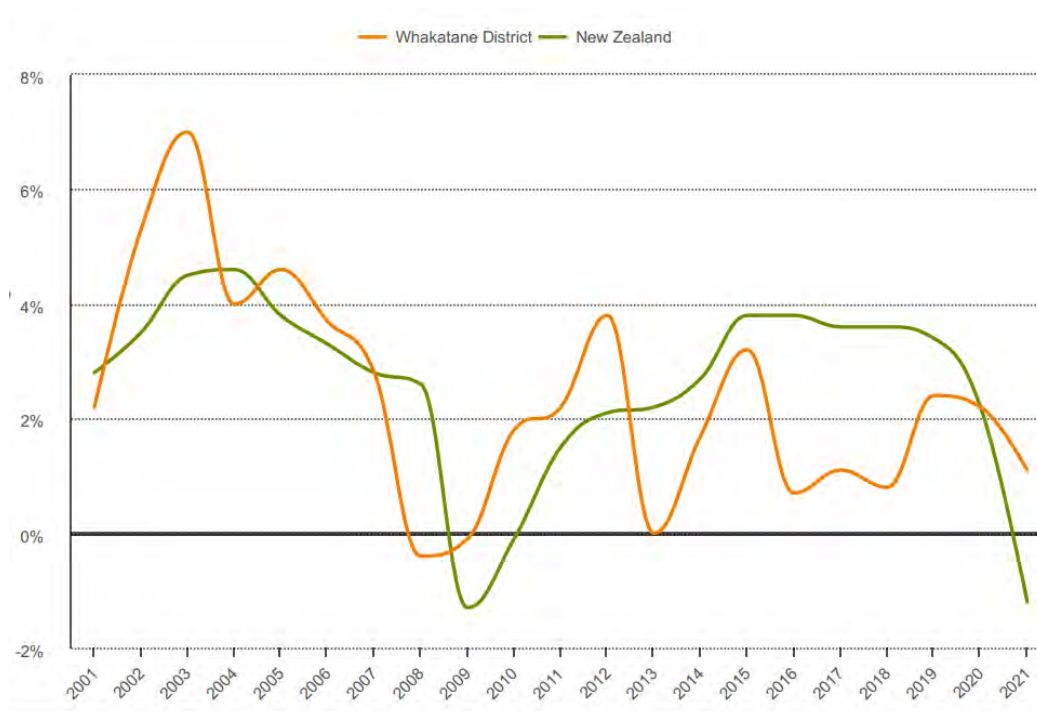
⁴⁴ <https://www.mbie.govt.nz/dmsdocument/17895-bay-of-plenty-regional-labour-market-and-socio-economic-profile>
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7 Whakatāne

7.1 Overview of the economy

In 2021, Whakatāne’s GDP totalled \$1,907 million and had grown by 1.1% during the previous year. This compares well to the national growth of -1.2% for the same period as shown in Figure 12⁴⁵.

Figure 12: GDP growth 2001-2021



A key driver underpinning Whakatāne District’s economy is the role of Whakatāne township as the service centre for the Eastern Bay by providing a full range of community services including a hospital, schools, a range of community facilities, and emergency services. It serves as a main workplace for many urban as well as rural dwellers, and provides commercial, industrial and administrative functions.

Key industries linked to this role include Electricity, Gas, Water and Waste Services (10.3%), Health Care and Social Assistance (8%), Retail Trade (6%), Rental Hiring and Real Estate Services (5.3%), Education and Training (4.4%), Professional, Scientific and Technical Services (4.3%), Public Administration and Safety (3.4%), Financial and Insurance Services (2.4%) and Other Services (1.8%). Although many of these industries are small, together they generate 46% of the District’s GDP. The two other significant industries driving the District’s economy are Agriculture, Forestry and Fishing (14.4%) and Manufacturing (8.8%). The contribution to the District’s economy of each of these industries is shown below (Figure 13).

⁴⁵ <https://ecoprofile.infometrics.co.nz/Whakatane%20District/PDFProfile> Downloaded 22 April 2022

Figure 13: Whakatāne: Industry contribution to Whakatāne's economic growth 2011-2021⁴⁶

Industry	\$ earned	% GDP
Agriculture, Forestry and Fishing	273.7	14.4%
Electricity, Gas, Water and Waste Services	196.7	10.3%
Manufacturing	168.7	8.8%
Health Care and Social Assistance	153.4	8.0%
Retail Trade	114.6	6.0%
Rental, Hiring and Real Estate Services	104.7	5.5%
Construction	100.5	5.3%
Education and Training	84.1	4.4%
Professional, Scientific and Technical Services	81.9	4.3%
Public Administration and Safety	64.1	3.4%
Transport, Postal and Warehousing	49.0	2.6%
Financial and Insurance Services	46.3	2.4%
Wholesale Trade	44.1	2.3%
Other Services	34.5	1.8%
Administrative and Support Services	32.6	1.7%
Accommodation and Food Services	29.2	1.5%
Information Media and Telecommunications	15.6	0.8%
Arts and Recreation Services	9.0	0.5%
Mining	2.7	0.1%
Owner-Occupied Property Operation	157.7	8.3%
Unallocated	143.6	7.5%
Total	1,906.50	100.0%

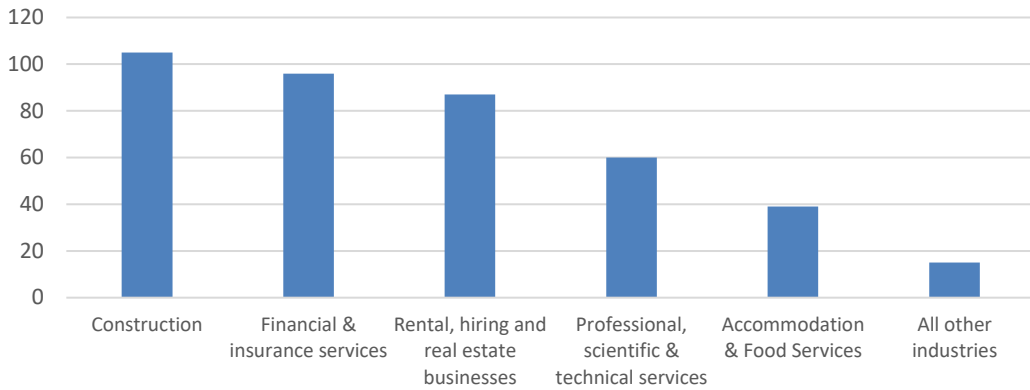
In 2021, there were 4,266 business units in Whakatāne District with the largest growth in the number of business units over the past ten years being in construction, financial and insurance services, and rental, hiring and real estate services⁴⁷ (

Figure 14).

Figure 14: Biggest contributors to growth in business units last 10 years

⁴⁶ <https://ecoprofile.infometrics.co.nz/Whakatane%20District/PDFProfile>

⁴⁷ <https://ecoprofile.infometrics.co.nz/Whakatane%20District/PDFProfile> Downloaded 22 April 2022



7.2 Growth industries – Provincial Growth Fund

7.2.1 Marine Sector

In the 2019 PGF application, the marine sector was identified as an emerging key industry with potential to underpin economic resilience and generate growth in the wider District. Two of New Zealand’s three largest aluminium trailer boat manufacturers are located in Whakatāne District and in 2018, the marine sector contributed just over 1.1% or \$14.59 million of the total District GDP while local boat building grew at 13% compared to stagnant growth in other parts of the country. This growth is forecast to significantly accelerate with the addition of *Extreme’s* new big-boat building facility with investment in infrastructure to do this already completed. Their forecast growth is to double every 3 years. In 2020, the Council sought and received funding of \$19.6m from the Provincial Growth Fund for a new boat harbour to support this projected growth.

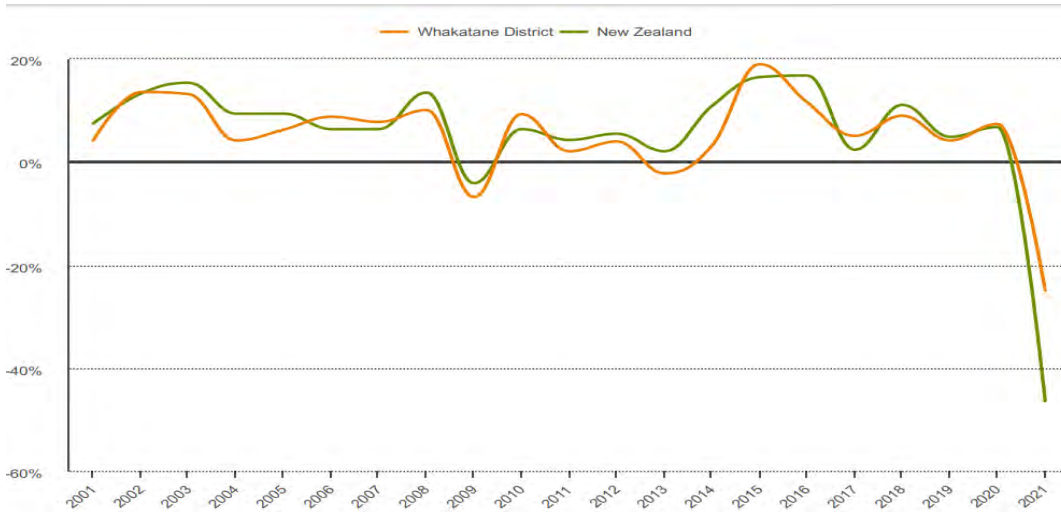
7.2.2 Tourism

Tourism was also identified as a growth sector in the 2019 PGF application. However, in December 2019 Whakaari/White Island erupted resulting in 22 people being killed while a further 25 seriously injured. The international tourism industry collapsed almost immediately and the industry shifted its focus to attracting domestic tourists. This meant that economic impact of COVID-19 on the District was less severe than in many other locations. Whakatāne’s tourism industry declined by 24.9% in 2021, compared to a 46.4% decline in New Zealand overall. Tourism contributed \$51.5 million towards Whakatāne District’s GDP in 2021, which amounted to 2.7% of the District’s total economic output in 2021, and was up from 2.4% ten years ago⁴⁸ (Figure 15)⁴⁹.

Figure 15: Whakatāne and New Zealand Tourism GDP growth, 2001-2021

⁴⁸ <https://ecoprofile.infometrics.co.nz/Whakatane%20District/PDFProfile> Downloaded 22 April 2022

⁴⁹ <https://ecoprofile.infometrics.co.nz/Whakatane%20District/PDFProfile> Downloaded 22 April 2022



7.2.3 Current Status of PGF Projects

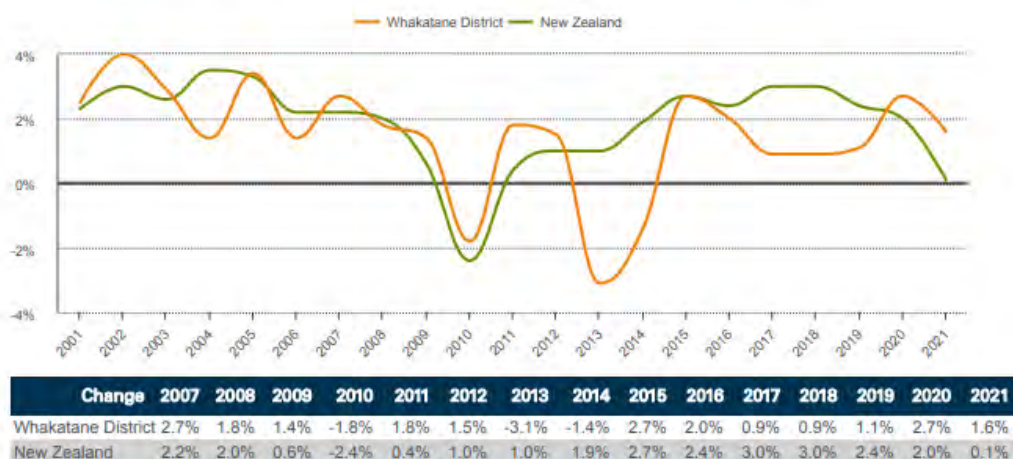
The Whakatāne Boat Harbour Development project (Te Rāhui Herenga Waka) filed its application to the Environmental Protection Agency for resource consent in February 2022. This has been granted, and the project is now seeking BOPRC Bylaw and Department of Conservation concession approvals. Detailed design and procurement will be undertaken in parallel with construction expected to start in early 2023 subject to the availability of resources.

The remediation of the primary concrete wharf in Whakatāne was completed in July 2021 after the project commenced in August 2020. Planning is underway to commence the second and third phases of the planned works to the neighbouring two wharves all of which have co-funding from the crown via Kānoa – the Regional Economic Development & Investment Unit. The second phase of works is programmed to be completed in early 2023 and includes the upgrading of the existing facilities at the ‘Western Timber Wharf’ to provide improved passenger access options to the vessels loading and unloading at this wharf. The third and final phase of the wharf works will include the demolition of the eastern finger jetty which is the wharf to the East of the main concrete wharf. The demolition of this end-of-life structure will be completed after the proposed Te Rāhui Herenga Waka – Whakatāne Boat Harbour opens in early 2025.

7.3 Employment

In 2021, there were 16,384 filled jobs in Whakatāne District. Employment growth had averaged 0.9% over the ten years to 2021, much lower than the 1.9% growth for the national economy during this time⁵⁰. However, this trend reversed in 2021 when employment growth in the District equalled 1.6%, significantly higher than 0.1% experienced New Zealand as a whole in 2021 (Figure 16). In 2021, 3,050 workers were self-employed in Whakatāne District. This equates to 18.6% of all employment in Whakatāne, which is higher than the percentage nationally of 16.7%.

Figure 16: Annual average employment growth 2001-2021



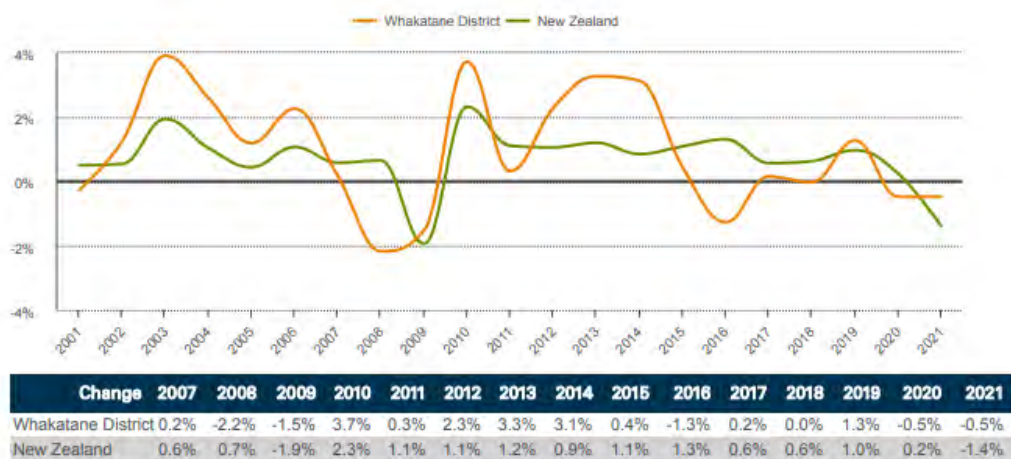
⁵⁰ <https://ecoprofile.infometrics.co.nz/Whakatāne%20District/PDFProfile>

The mean annual earnings in Whakatāne District in the year to March 2021 was \$56,685, significantly lower than the New Zealand mean of \$65,910. Over the past twenty years, earnings growth in Whakatāne District reached a maximum of 6.3% in 2009 and a minimum of 1.4% in 2017⁵¹.

Income earned in employment is an important source of household income and well-being. Overall, the median household incomes are significantly lower in Whakatāne (\$62,200) and Kawerau (\$42,800) than the national levels (\$75,700). The greatest difference in household incomes in Whakatāne and Kawerau compared to the national income levels of households is at both the lower and higher income levels. A quarter of Whakatāne and Kawerau households have income under \$30,000 per annum compared to one-fifth at the national level while a quarter of Whakatāne and Kawerau households have income over \$100,000 per annum, compared to two-fifths at the national level.

Productivity per employee is also lower in the District with a GDP per employee of \$116,364 in the year to March 2021. This is 6.8% lower than for New Zealand overall⁵² (Figure 17).

Figure 17: Productivity growth 2001-2021



8 Kawerau

8.1 Overview of the economy

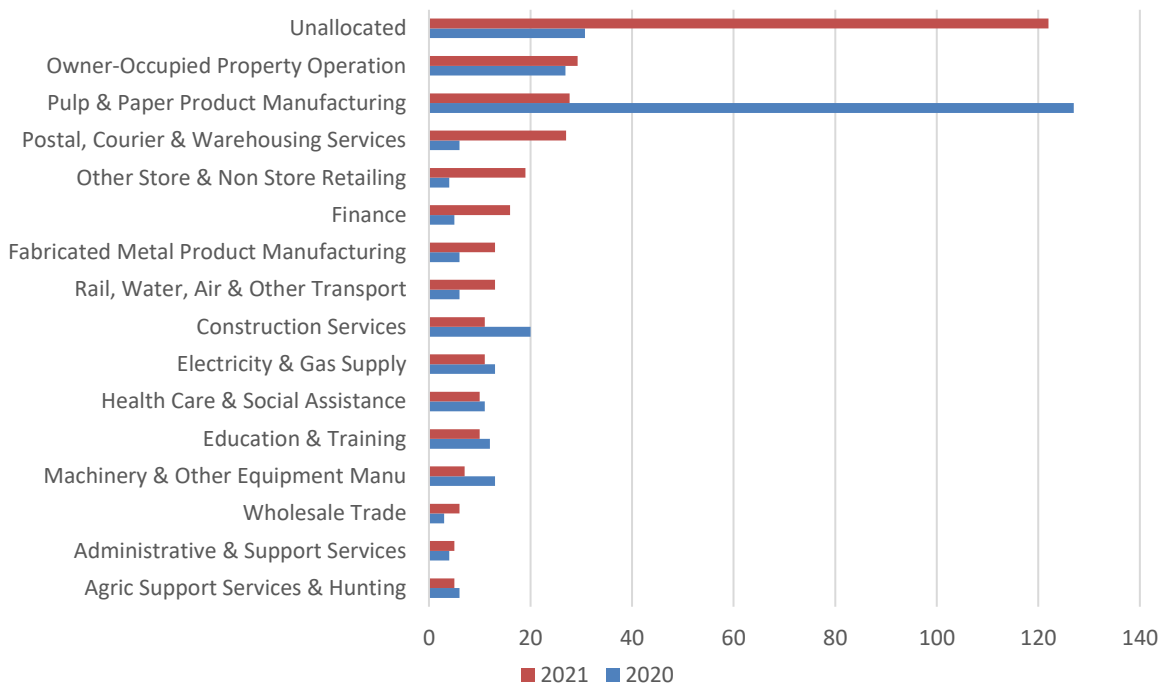
Kawerau District was founded in 1953 specifically to cater to the Tasman Pulp and Paper mill. The town was purpose built for heavy industry due to the ready availability of geothermal energy and fresh water, and its proximity to a large supply of radiata pine in the Kāingaroa forest. In 2021, Kawerau District was home to 324 businesses that employed 2,800 people.

⁵¹ <https://ecoprofile.infometrics.co.nz/Whakatane%20District/PDFProfile>

⁵² <https://ecoprofile.infometrics.co.nz/Whakatane%20District/PDFProfile>

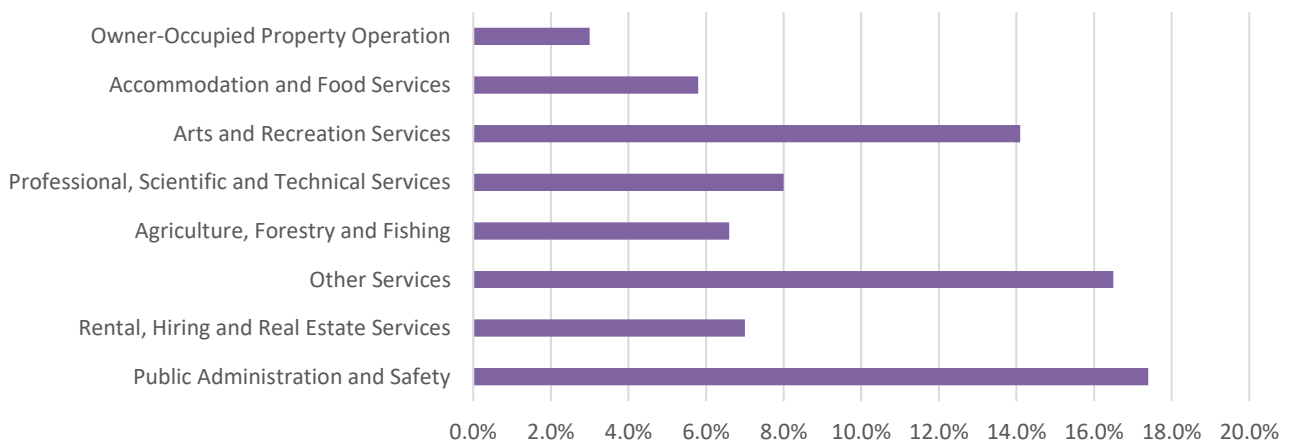
Prior to 2021, the manufacturing of pulp and paper products was the District’s key industry, generating nearly one third (31.4%) of GDP which totalled \$388 million. However, in 2021 the Norske Skog pulp and paper mill closed with the loss of approximately 160 jobs. In 2021, Kawerau’s annual GDP declined by 2.5%, due to the effects of COVID-19 and to the closure of the pulp and paper mill. The contribution of different industries in 2020 and 2021 is shown below (Figure 18).

Figure 18: Kawerau - Key industries by \$M generated in 2020 and 2021



Kawerau is beginning to see a range of new industries grow (Figure 19). However, because these industries are small relative to the District’s total economy, their contribution to GDP growth will also be small. Together these industries contribute just 1.42% of the District’s GDP.

Figure 19: Kawerau – Percentage growth of industries 2021



8.1.1 Current status of PGF Projects in Kawerau

The current status of the three PGF funded projects in Kawerau is:

- Kawerau Container Terminal Co Limited (KCT): The design plans have been completed and negotiations are currently underway regarding land ownership. The current owner, Norske Skog, is looking to sell and that needs to be completed with the potential new owner before works on the KCT can commence.
- Putauaki Trust: The new roundabout and extension road was completed in 2021, but no buildings have been constructed to date. Pūtauaki Trust is expected to be the first build of all PGF projects in Kawerau.
- Kawerau Off-Highway Road: The build is yet to commence. Waiotahi has been awarded the contract and will commence the build once negotiations with landowners have been finalised.

The commencement of all projects is yet to be determined as contractors will be engaged once negotiations are complete.

9 Māori Economy

9.1 New Zealand Overview

The Māori economy is not a clearly identifiable segment of the wider Aotearoa economy. Te Puni Kōkiri (TPK) defines a Māori owned business as having one of the following criteria⁵³:

- An enterprise that is flagged as Māori by Statistics NZ (1,300 businesses)
- An enterprise where the majority of shareholders are Māori (8,000 businesses). A business where at least 51% of salaries paid to directors, partners or active shareholders are to individuals of Māori ethnicity or descent.

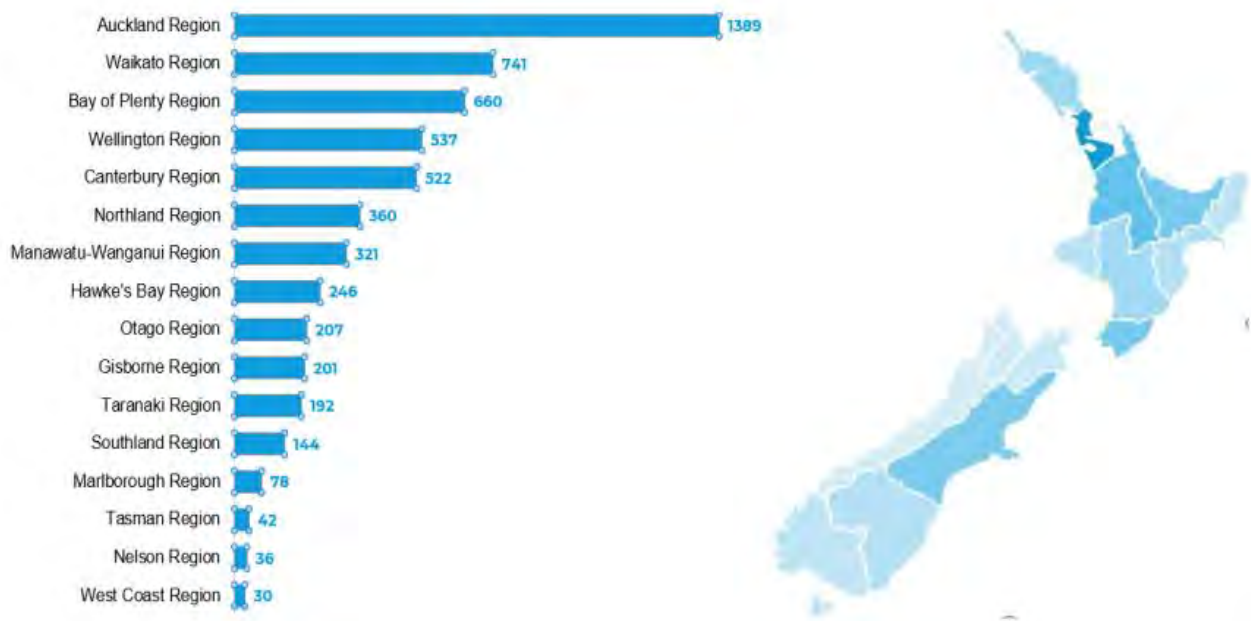
Together these two groups total 9,300 Māori owned businesses, which equates to 6% of all businesses nationwide. Gisborne has the highest proportion of Māori-owned businesses (23%), followed by Northland (13%) and the Bay of Plenty (12%) as shown below (

⁵³ Te Puni Kōkiri (2019). Te Matapaeroa 2019- looking toward the horizon. Some insights into Māori in business.

Figure 20)⁵⁴. On average, Māori-owned businesses employ more Māori (43%) than non-Māori owned businesses (14%).

⁵⁴ Note that these figures do not add to 8,800 due to 3,100 businesses unable to be allocated to a region.

Figure 20: Number of Maori owned businesses by region⁵⁵.



In addition to Māori owned businesses, TPK identified two additional groups that contribute to the Māori economy:

- Māori Sole Traders (14,700) of Māori ethnicity or descent. Māori sole traders account for 7% of all sole traders.
- Significant Employers of Māori (10,200 businesses) which were businesses where at least 75% of the total number of employees were individuals of Māori ethnicity or descent. Note that 2,200 of these were also Māori owned businesses. 6% of employers are classified as significant employers of Māori.

Gisborne has the highest proportion (27%) of Significant Employers of Māori by region, followed by Northland (16%) and Bay of Plenty (14%) (

⁵⁵ Te Puni Kōkiri (2019). Te Matapaeroa 2019- looking toward the horizon. Some insights into Māori in business

Figure 21). Businesses in the Agriculture, Forestry and Fishing sector employ the largest numbers of Māori with 2,295 businesses, followed by Construction with 2,163 businesses, and Other Services with 750 businesses.

Figure 21: Location of Significant Employers of Māori by region

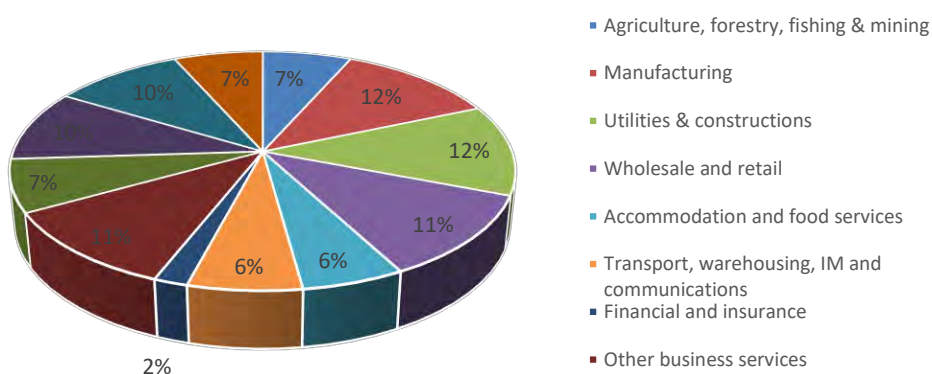


Source: Te Puni Kokori, 2019

9.2 Māori Employment by sector

In 2021 there were 378,100 Māori in employment. The key sectors that Māori were employed in are shown below (Figure 22) and include agriculture, forestry, fishing and mining (12%), manufacturing (12%), and utilities and construction (11%)⁵⁶.

Figure 22: Māori employment by sector 2021⁵⁷.



⁵⁶ <https://www.mbie.govt.nz/dmsdocument/16892-maori-in-the-labour-market-june-2021-quarter-unadjusted>

⁵⁷ Te Puni Kōkiri: 2019. Te Matepaeroa 2019 – Insights Māori Business.

9.3 Māori Asset base

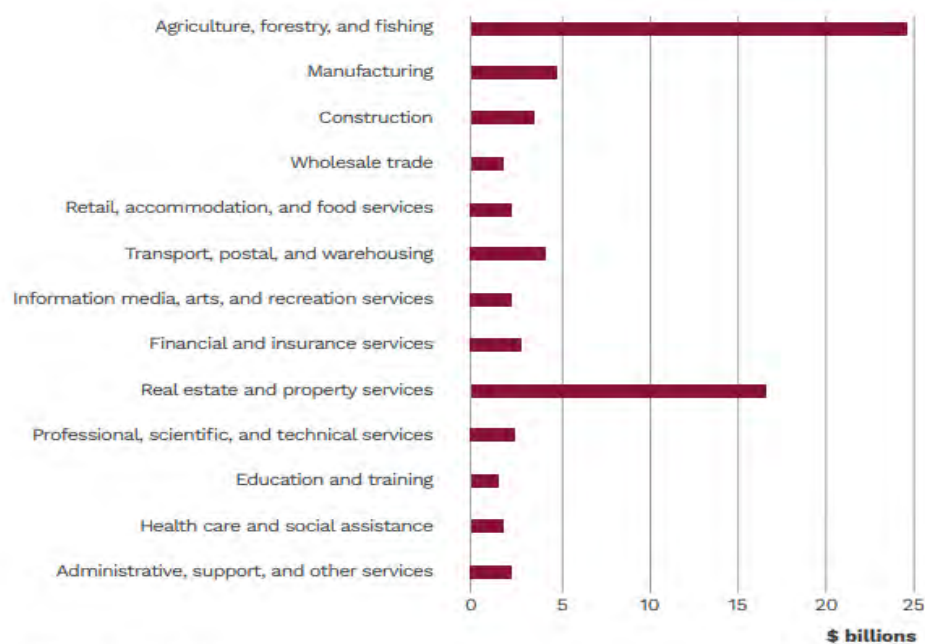
Māori own a significant proportion of assets in the primary sectors:

- 40% of the fishing quota
- 40% of forestry
- 30% in lamb production
- 30% in sheep and beef production
- 10% in dairy production
- 10% in kiwifruit production.

The Māori economy is also diversifying across a range of sectors, with new investment areas including geothermal, digital, services, education, tourism and housing (Figure 23). The financial value of the Māori asset base in 2018, totalled \$68.7 billion⁵⁸ comprising:

- \$39.1 billion assets in the businesses of 9,850 Māori employers
- \$21.0 billion assets in trusts, incorporations, and other Māori entities
- \$8.6 billion assets in the businesses of 8,600 self-employed Māori.

Figure 23: Māori assets by sector



Source: BERL analysis

⁵⁸ <https://www.rbnz.govt.nz/-/media/ReserveBank/Files/Publications/Research/Te-Ohanga-Maori-Report-2018.pdf?revision=7eae6b2b-14d1-480e-95b8-fb57e6ba6e8e>

9.4 Te Tiriti o Waitangi Settlements and beyond

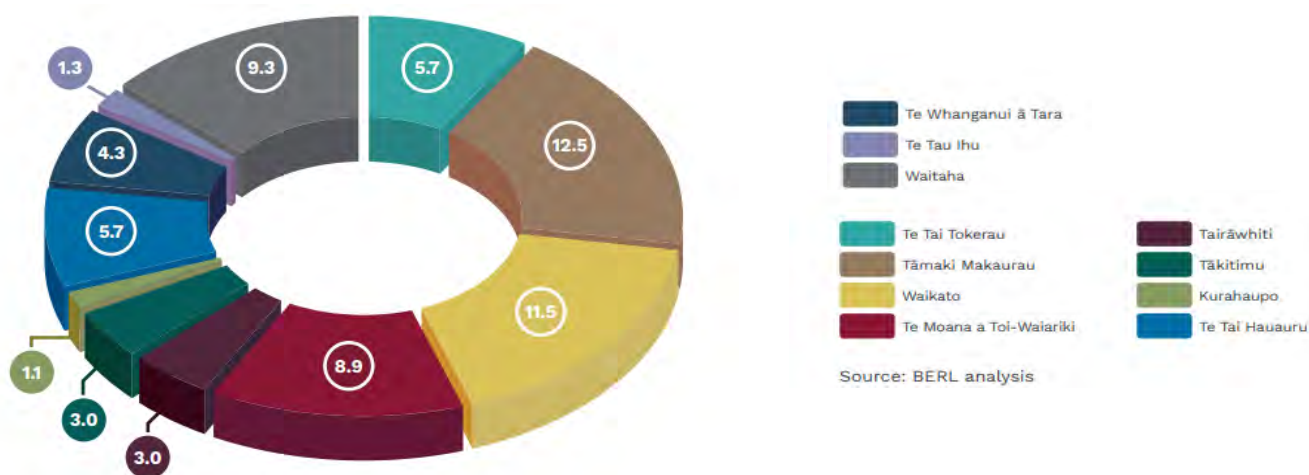
Te Tiriti o Waitangi settlements to date total \$2.2 billion in cash and assets transferred from the Crown to iwi over the past 25 years. The combination of financial, natural, and cultural assets have been used by iwi to (re-)establish operations based on whenua Māori, to leverage new business ventures, and to develop sustainable enterprises across a range of sectors and services. Of the 120 or so top Māori entities that have a combined \$13.8 billion in assets, more than \$7 billion is accounted for by around 50 entities that pre-date the beginning of settlement processes in the mid-1990s.

9.5 Assets spread across New Zealand

Four rohe (Tamaki Makaurau, Waikato, Waitaha and Te Moana a Toi-Waiariki) each had more than \$8.8 billion in assets in 2018, accounting for more than 60 percent of total financial assets (

Figure 24). Other rohe estimated to have between \$3 billion and \$6 billion in assets, include Te Tai Tokerau, Tairāwhiti, Tākitimu, Te Tai Hauāuru, and Te Whanganui ā Tara⁵⁹.

Figure 24: Assets spread across the rohe

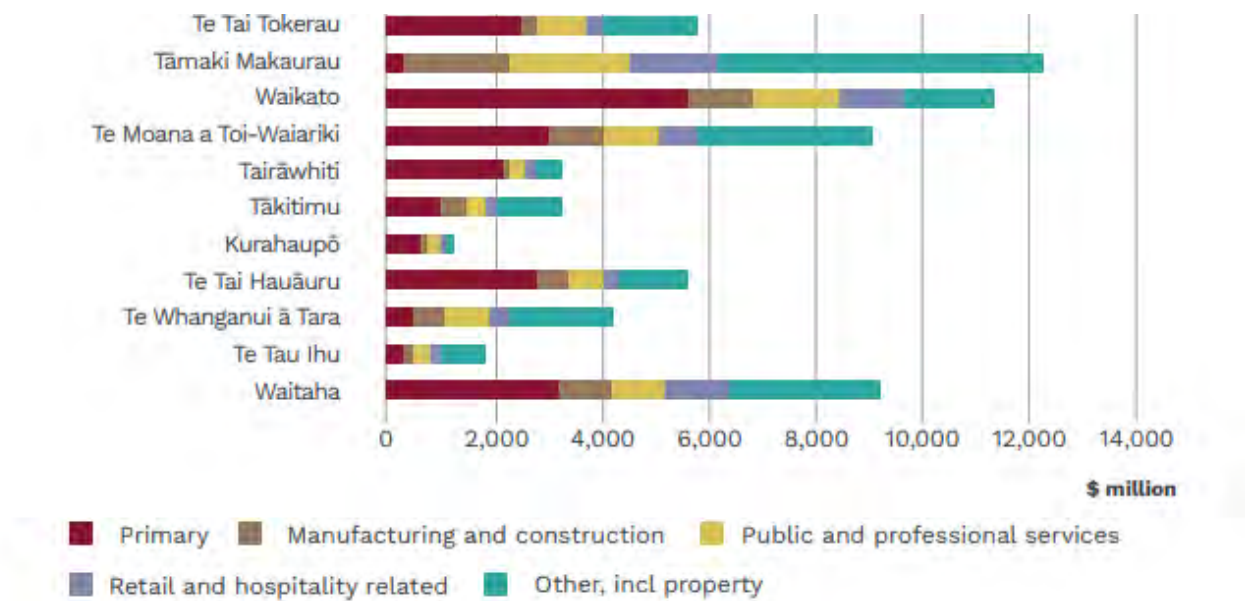


⁵⁹ <https://www.rbnz.govt.nz/-/media/ReserveBank/Files/Publications/Research/Te-Ohanga-Maori-Report-2018.pdf?revision=7eae6b2b-14d1-480e-95b8-fb57e6ba6e8e>

Of the natural resource-based assets in agriculture, horticulture, forestry, and fishing, more than half (\$14.4 billion) are situated in four rohe: Waikato, Te Moana a Toi-Waiariki, Waitaha, and Te Tai Hauāuru.

Assets in the real estate and property services sector are dominated by the total of \$9.1 billion situated in three rohe: Tāmaki Makaurau, Te Moana a Toi-Waiariki, and Waitaha. The asset base of each rohe is spread differently across key sectors as shown below (Figure 25)⁶⁰.

Figure 25: Asset base by broad sector and rohe, 2018



Source: BERL analysis

9.6 Value Added GDP from Māori Producers

The GDP contribution of Māori producers is still dominated by the primary sector, but real estate and property services contributions are notable. These are followed by manufacturing, construction, tourism and hospitality related-retail, accommodation and food services sectors, and education and training, and professional services (

⁶⁰ <https://www.rbnz.govt.nz/-/media/ReserveBank/Files/Publications/Research/Te-Ohanga-Maori-Report-2018.pdf?revision=7eae6b2b-14d1-480e-95b8-fb57e6ba6e8e>

Figure 26). Note that the tourism sector is not separately identified in standard classifications of industries but is a combination of a range of activities in various sectors. Estimates suggest that GDP from the Māori economy tourism sector totals just over \$975 million⁶¹.

⁶¹ Reserve Bank of New Zealand (2020). Te Ohanga Māori 2018 – the Māori Economy 2018. Downloaded 20 May 2022.

Figure 26: Contribution of Key Sectors - Māori Economy

Industries	\$m	%
Agriculture, forestry, fishing	2,400	13%
Manufacturing	1,855	10%
Construction	1,452	8%
Wholesale trade	660	4%
Retail, accommodation & food services	1,343	7%
Transport, postal & warehousing	979	5%
Information media, arts & recreation services	860	5%
Financial and insurance services	855	5%
Real estate and property services	3,316	18%
Professional, scientific and technical services	1,217	7%
Education & training	1,414	8%
Health care & social assistance	872	5%
Administrative, support and other services	1,012	6%
Total	18,235	
Tourism	975	

9.7 Māori Economy in the Bay of Plenty

Collectively Māori contribute significantly to the Bay of Plenty through ownership of assets, economic investment initiatives, participation in co-governance arrangements with councils and a growing influence in natural resource management.

The Bay of Plenty has the highest number of iwi within any region of New Zealand. Māori make up a third of the population in the Bay of Plenty and own 37% of the land, totalling more than 400,000 hectares. The Bay of Plenty has over 35 Iwi, 230 Hapu and approximately 163 Marae, along with 29% of New Zealand's Māori collective asset. The Māori asset base totals \$7.6 billion and Māori contribute 11% to the region's GDP⁶². All seven iwi have negotiated Treaty of Waitangi settlements with Post Settlement Governance (PSG) structures in place.

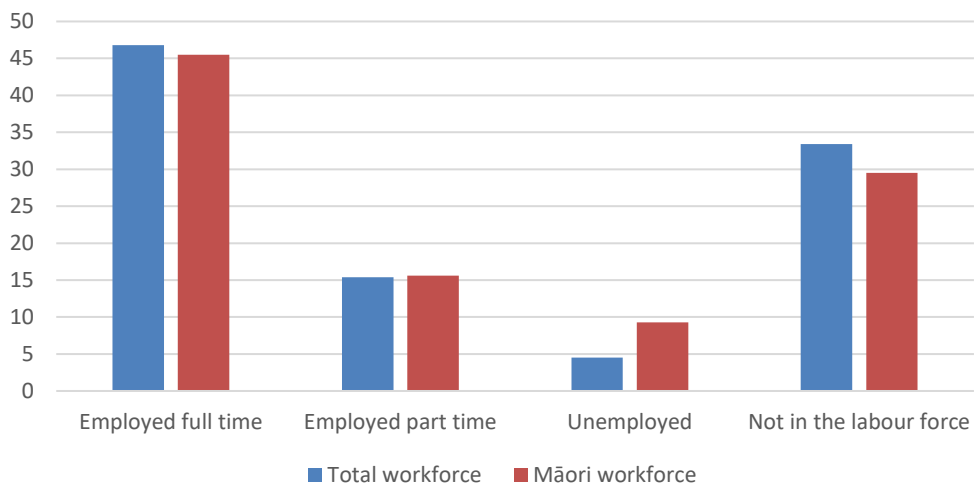
Māori business activity is based largely on traditional land assets including forestry, dairy, sheep and cattle farming, horticulture and aquaculture, as well as the visitor industry. Whenua Trusts, incorporations and other collectively owned Māori entities significantly contribute to land and natural resource-based industries in both Districts such as forestry, farming, horticultural and aquaculture. There is growing economic investment in real estate and property services sectors, manufacturing and construction, and growing confidence amongst whenua Māori entities and businesses to align their values with their economic activities.

In 2021, Māori made up nearly 25 per cent of employment in the Bay of Plenty compared with 13.4 per cent nationally. Statistics New Zealand 2018 employment rates for Māori are lower than for the overall workforce in the Bay of Plenty is shown below (

⁶² <https://www.bayofconnections.com/downloads/HMO-Strategy-Refresh-2020-2018-Final1.pdf>

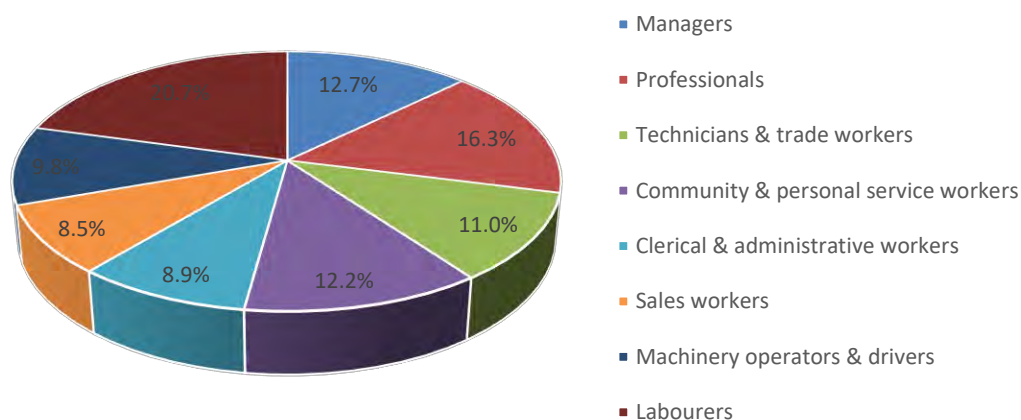
Figure 27). However, there has been strong employment growth for Māori in the Bay of Plenty between 2016 and 2021, growing from 32,836 to 39,972 – highlighting the increase in Māori gaining valuable work skills and earning income⁶³.

Figure 27: Labour force status for Bay of Plenty Māori and the overall population



Currently the majority of the Māori workforce (48%) are in low-skilled employment. More than 45,000 rangatahi are expected to enter the workforce in the next ten years. It is critical that they have access to high-quality vocational pathways, career advice education and training to enable Māori to increase employment in high-skilled and high paying professional and managerial occupations. The key job types held by Māori in the Bay of Plenty are shown below (Figure 28).

Figure 28: Job types held by Māori in Bay of Plenty



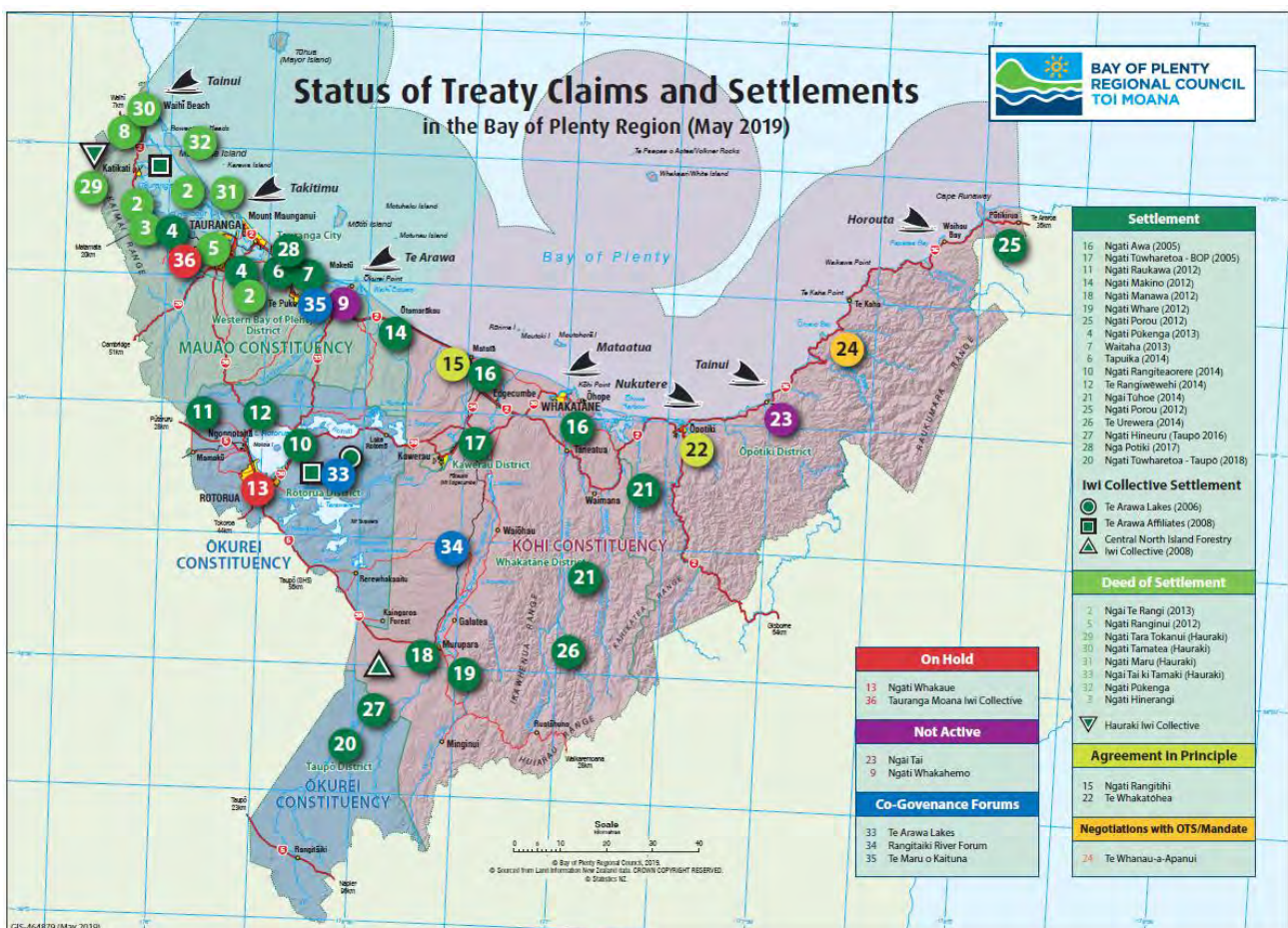
⁶³ <https://www.bayofconnections.com/news/informetrics-te-matapae-maori-economic-profile/> Downloaded 22 April 2022

9.8 Treaty settlements – Bay of Plenty

As Treaty partners, Māori have a unique role in shaping and contributing to regional leadership and direction. Several Iwi have received large financial settlements and cultural redress through the Treaty of Waitangi settlements and many more will be settled in the future. Comprehensive settlements that have been achieved include:

- Ngāti Awa Settlement (2004)
- Tuwharetoa ki Kawerau (Bay of Plenty) Settlement (2004)
- Te Arawa (affiliates) Settlement (2005)
- Central North Island Iwi Collective Crown Forest Settlement (2008)
- Te Arawa River Iwi Settlement (2010)

Figure 29: Status of Treaty Claims and Settlements in the Bay of Plenty (May 2019)



Te Arawa Lakes Settlement has been one of the most significant, providing a co-governance model to manage the Te Arawa lakes under the Rotorua Te Arawa Strategy Group. It is the first co-governance model established between iwi and Councils over a natural resource in New Zealand.

Financial redress, together with the transfer of assets to Iwi will have a significant impact on economic growth in a district and the wider region. Ngāti Whare, Ngāti Manawa, Ngāti Māhino and Waitaha recently signed respective Deeds of Settlement with the Crown. Ngāi Tūhoe, Ngāti Rangiwewehi, Ngāti Rangiteaorere, Tapuika, Ngāi Te Rangi, Ngāti Ranginui and Ngāti Pūkenga are negotiating towards settlement milestones in the near future⁶⁴. The Bay of Plenty Regional Council has mapped the status of Treaty Claims and Settlements as at May 2019 (**Error! Reference source not found.**).

9.9 Māori land

Land sales and confiscations following the New Zealand Wars resulted in considerable loss of legal ownership of land. The result is that as at June 2018, 5.7% of New Zealand was Māori land, almost all of which was freehold. Today Māori land is collectively owned by means of a 'shares system' in which whānau with officially recognised interests in a block of land have 'shares' in the whenua. No one person owns the land. When a shareholder dies, their shares are divided between their descendants, which means that over time there are more and more shareholders in a block of land. Some blocks have hundreds of shareholders. This fragmented ownership can make it difficult to make decisions about the whenua. There are several categories of Māori land defined in Te Ture Whenua Māori Act 1993. These are:

- Māori Customary Land – land held by Māori in accordance with tikanga Māori. There is very little of this land compared to the other two categories.
- Māori Freehold Land – land of which the beneficial ownership has been determined by the Māori Land Court by freehold order. Most Māori Land falls in this category.
- Māori Reservations – land (often Māori Freehold Land or occasionally General Land) that has been officially set apart for:
 - The purposes of a village site, marae, meeting place, burial ground or a range of other specific purposes.
 - Wahi Tapu – a place of special significance according to tikanga Māori.

A range of barriers to the development of Māori land have been identified including:

- Collective ownership
- Absentee ownership
- Difficulties in accessing finance
- Governance/management issues
- Access to information
- Rating of Māori land.

⁶⁴ <https://www.boprc.govt.nz/your-council/working-with-iwi/treaty-toolkit> Downloaded 22 April 2022

Over a third (37%) of land in the Bay of Plenty is Māori owned land and the barriers outlined above are preventing Māori from using the land for housing, growing kai or generating a financial return. These barriers also make it difficult to undertake large scale development on Māori land.

9.10 Māori economic development in Whakatāne and Kawerau

Approximately 50% of the population of the two Districts is of Māori descent and nearly half of the rural land area is in Māori ownership, including land adjacent to urban populations. The use of Māori land varies considerably from agricultural, horticultural, forestry and industrial developments, to little productive use. This is often a reflection of whether an adequate governance structure is in place (Trustees or other authority to act), the ability to raise finance and the location of the land. An assumption is that Māori land will not be alienated, so options for investment rely on legal arrangements that the “market” may not ordinarily favour, such as occupation orders, a license to occupy, partition orders and lease arrangements, authorised through the Māori Land Court. These arrangements have been seen as an impediment for a bank to lend finance, although this is changing. Many Trusts are starting to explore options to develop land and invest in other commercial enterprises, as funding avenues become more available.

Iwi and Māori Trusts have commercial aspirations, with most iwi having commercial boards running multi-million-dollar investment portfolios. Whenua Trusts, incorporations and other collectively owned Māori entities significantly contribute to the District’s land and natural resource-based industries such as forestry, farming, horticultural and aquaculture. There is growing economic investment in real estate and property services sectors, manufacturing and construction, and growing confidence amongst whenua Māori entities and businesses to align their values with their economic activities.

While the District Plan enables Papakainga housing development on Māori land, there is an opportunity to become more innovative. Te Uru Taumatua has built a village of fifteen houses in Tāneatua, as a pilot for a model of ownership that is based on cultural values as well as affordability and sustainability principles. It is likely to become a model for other housing developments through the Tūhoe rohe. Other housing proposals near Whakatāne are being explored in partnership with the Council and Crown agencies.

Treaty settlement provisions such as those that create the Rangitāiki River Forum, Tarawera River Awa Restoration Group and that recognise the CNI Forestry Collective, need to be adhered to, as well as having regard to Iwi Management Plans – Ngāti Awa Environmental Plan, Ngāti Whare, Ngāti Manawa and Ngāti Rangitihī Iwi Management Plans - and other strategic documents published by iwi. These outline environmental, social and cultural outcomes for iwi/hapū that focus on environmental enhancement, particularly in terms of biodiversity and Te Mana o Te Wai, but also seek to improve health, education and other social outcomes for Māori.

Digital connectivity

A major economic enabler across the District is digital connectivity. It provides economic opportunities in locations that otherwise may not be possible and helps to connect communities socially, culturally and economically. Most main centres have been part of the Government roll out of UFB and other initiatives have seen \$3.1 million of government investment in the Whakatāne District. However, there is still high variability in the quality of connection in many rural locations as these initiatives have tended to be prioritised by sector, such as education.

Ngāi Tūhoe and other iwi have also led the roll out of internet across their rohe enabling some remote communities to have good internet access as a result, and five Wireless Internet Service Providers have established themselves across the Bay of Plenty. However, the lack of digital connectivity remains one of our greatest barriers to development.

10 Climate change and the economy

By mid-century the world stands to lose around 10% of total economic value due to climate change if temperature increases remain on the current trajectory and the Paris Agreement and 2050 net-zero emissions targets are not met (Swiss Re Institute April 2021⁶⁵). The Stern Review estimated that by 2200, unmitigated climate change would lead to global per capita economic loss of up to 13.8%. Over 48 countries representing 90% of the world economy will be impacted. Economies in south and southeast Asia are particularly vulnerable to the adverse effects of climate change and could lose between 33-36% of GDP by 2048. China could lose 15-18% of GDP by mid-century while the US, Canada and the UK could lose around 6-7% of GDP⁶⁶.

Climate change will have a significant effect on New Zealand's economy and financial system. It is estimated that between 2007 and 2017, climate change related floods and droughts cost the New Zealand economy \$840 million⁶⁷. This figure is conservative because it does not include the cost of uninsured damages (e.g. the transport network, lost production, the costs of medical or pastoral care in affected communities, disaster relief, clean-up cost etc.). It also does not include the costs associated with other weather events such as wildfires or hail. This figure also does not include any potential financial benefits associated with climate change.

⁶⁵ Swiss RE Institute April 2021: The economics of climate change: not action not an option.

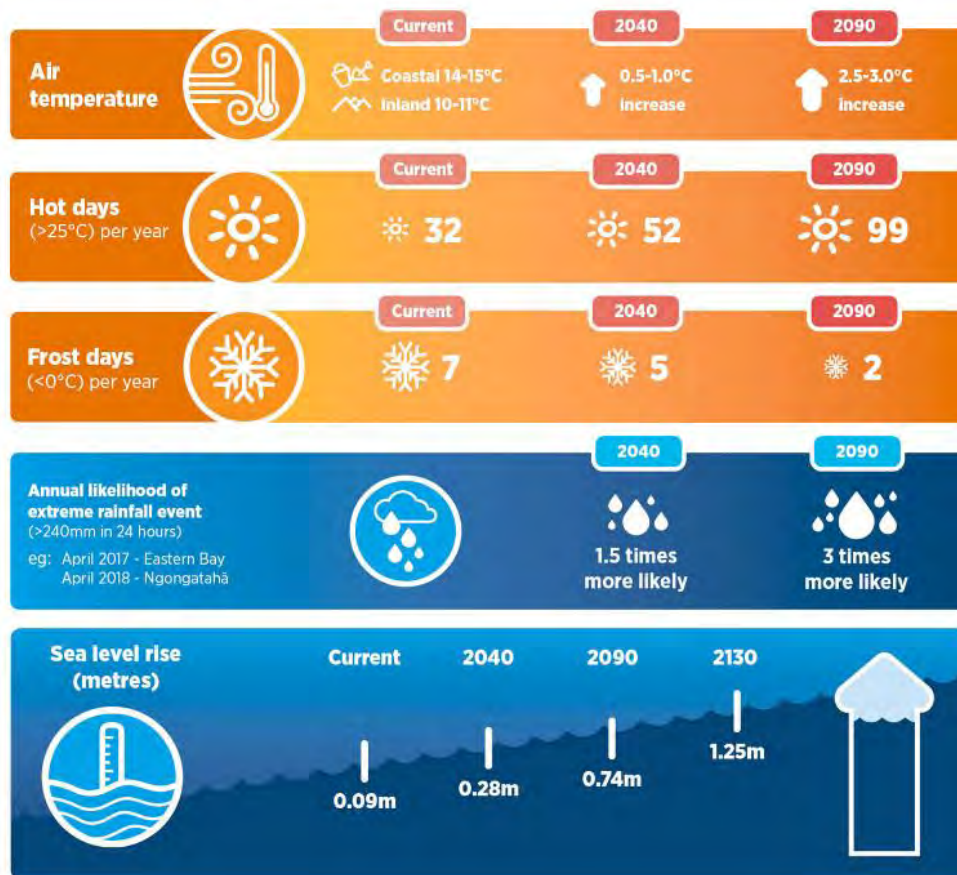
⁶⁶ <https://www.lse.ac.uk/granthaminstitute/publication/the-economics-of-climate-change-the-stern-review/>
Downloaded 22 April 2022.

⁶⁷ <https://www.treasury.govt.nz/sites/default/files/2018-08/LSF-estimating-financial-cost-of-climate-change-in-nz.pdf>

10.1 Potential impact of climate change in the Bay of Plenty

The Bay of Plenty climate will change and as temperatures rise, wind, rainfall and seasonal patterns will unfold. The weather will become more unpredictable and there will be more extreme events. Impacts will include new pests taking up residence, increasing coastal erosion and more drought like conditions. The key changes are outlined below (Figure 30).

Figure 30: Impacts of climate change in the Bay of Plenty



The Bay of Plenty Regional Council⁶⁸ notes that a changing climate can be expected to affect the patterns and productivity of primary production activities in ways that will have an impact on the local and regional economy such as:

- Pests that cannot currently survive in winter may be able to survive all year round. This will have implications for primary sector production.

⁶⁸ <https://www.boprc.govt.nz/environment/climate-change/climate-change-overview> Downloaded 22 April 2022

- More drought conditions will have implications for pasture growth and crops while kiwifruit which are dependent on winter chilling may become marginal or unviable in parts of the Bay of Plenty.

Climate change may create opportunities for diversification of crop type as varieties currently unviable in the Bay of Plenty's current climate may be able to be growth in the future. Exotic forestry is projected to increase in productivity, however increased fire risk may cause issues in the forestry sector. Each of these changes has the potential to significantly impact the economies of Whakatāne and Kawerau Districts.

11 Commercial and industrial land supply

11.1 Rise of E-Commerce and Changing Workplace Practices

Economic growth was traditionally dependent on the availability of sufficient land zoned for commercial or industrial growth. However, since 2020 with the onset of COVID-19, business and workplace practices have altered with many employees now working from home either full or part-time. Online shopping grew by an average of 7% per year between 2017 and 2022⁶⁹ and the market size of the Online Shopping industry in New Zealand increased faster than the economy overall. It is anticipated that growth in this market will continue as online shopping has become more normalised. E-commerce has helped small businesses to expand and create new businesses much easier and faster than before. It has changed the way businesses deal with customers and helped the growth of the economy. Over time, these changes are likely to have a significant impact on the structure of the New Zealand and local economies.

It is difficult to assess how these changes will affect future economic growth in Whakatāne, particularly as just under half of the District's economic activity is linked to the role of the town centre as the service centre for the Eastern Bay. There is likely to remain a close link between the availability industrial zoned land in Kawerau where industrial activity is the primary economic driver.

11.2 Whakatāne

A business land assessment undertaken by the Whakatāne District Council in 2021 showed that the District has 10.02 hectares of business and industrial land available over the short (1 to 3 years) and medium (4 to 10 years) term (

⁶⁹ <https://www.ibisworld.com/nz/market-size/online-shopping/> Downloaded 17 May 2022.

Figure 31). This land is also considered to be infrastructure-ready due to the location of these site being in close proximity to existing infrastructure networks.

Figure 31: Whakatāne business land capacity assessment - short and medium term

Identified Site	Zone	Land available (Ha) short & medium term
Whakatāne – McAlister Street, The Strand ⁷⁰	Commercial	0.51
Kopeopeo – Stewart Street, King Street	Business Centre	0.59
Whakatāne - 36 Gateway Drive	Light Industrial	4.07
Whakatāne - 45 Keepa Road	Light Industrial	3.2
Whakatāne - 41 Mill Road	Light Industrial	0.31
Whakatāne - 49 Mill Road	Light Industrial	0.41
Whakatāne – 57B Mill Road	Light Industrial	0.2
Tāneatua – 37 Tūhoe Street	Commercial	0.19
Matatā – 53 Arawa Street	Commercial	0.14
Murupara – 16A Pine Drive	Commercial	0.13
Murupara – 54 & 56 Pine Drive	Commercial	0.09
Murupara – 80 Pine Drive	Commercial	0.18
Total Business Land Area Available		10.02

11.3 Kawerau

Kawerau’s total land area is only 22km² and of this, land zoned for industrial purposes totals 222 hectares comprising:

- 172 hectares for heavy industrial activity
- 50 hectares for light industry, manufacturing and value-added enterprise.

11.3.1 Heavy industrial zone

The heavy industrial zone sits on top of the Kawerau geothermal field, which supply geothermal energy for electricity and direct heat. The Tasman mill complex was home to four manufacturing companies until 2021 when Norske Skog Tasman shut down its operations. The remaining companies are:

- Carter Hold Harvey Tasman (CHH) – owns 118 hectares of industrial zoned land in the site, as well as further land in the surrounds
- Carter Hold Harvey Woodproducts NZ (CHHWP) – owns 39 hectares of industrial zoned land in the site
- SCE Hygiene Australasia (SCA HA) – owns 14 hectares of industrial zoned land.

11.3.2 Light industrial zone

Approximately half of the remaining 50 hectares of industrial land is located directly opposite the mill complex, to the south. This land was developed through two industrial parks, with both catering to light industrial use:

⁷⁰ Formerly known as the Wally Sutherland site.

- The Kawerau Enterprise Agency (KEA) Industrial Park – comprising approximately 3.6 hectares.
- The Manukorihi Industrial Park – comprising approximately 21 hectares. Individual parcels are now owned by private investors or operating companies.

11.3.3 Current utilisation and availability

There is no land currently zoned for commercial development in Kawerau District, although there are many vacant buildings with some of these being advertised. There is currently 94.9 hectares of undeveloped land zoned industrial, with 82 hectares of this located within the new Pūtauaki Industrial zone.

In 2020, Whakatāne District Council approved a request from Kawerau District Council to alter the boundary between the two Districts, in order to allow Kawerau District to expand its industrial land. This will add 478 hectares to Kawerau. If approved by the Local Government Commission, the transfer of land would occur in two stages. The first would see an extension to the Kawerau Putauaki Industrial Park and would also see Ngāti Tūwharetoa ki Kawerau's Te Tohia o te Rangi Marae and Tūwharetoa ki Kawerau Farm included in the Kawerau District. Stage two would see the inclusion of the Pulp and Paper Waste Treatment and Disposal Site into the Kawerau District and an adjustment to the boundary at Onepu Springs Road as it currently runs down the middle.