



Wellington Regional Economic Development Plan – Regional Snapshot

AUGUST 2022 – 2032

 Wellington
Regional Leadership Committee



Regional snapshot – August 2022

This regional snapshot provides a summary of data and insights to form the basis of the Wellington Regional Economic Development Plan 2022–2032. This has been developed using the Independent Review and Advice Report 11 April 2022 provided by Martin Jenkins and other data sources as referenced.

Te Upoko o Te Ika represents the wider supra-region and contributes to the rich history that is part of the Wellington story.

As a region we accounted for 13.7% or \$44.87 billion of New Zealand's Gross Domestic Product (GDP) in 2021. This represents almost \$77,000 GDP per capita across the Wellington region, much higher than New Zealand overall at \$63,700 GDP per capita.

However, this is driven by Wellington city, which achieved an estimated \$126,000 GDP per capita in 2021, accounting for 61% of the region's total, and is growing at one of the lowest rates of all regions, only above growth achieved on the West Coast and in Taranaki. GDP per capita across all the other sub-regions was well below the New Zealand average, particularly Horowhenua, Kāpiti Coast and Porirua.¹

The mean income per capita in 2020 was \$46,333 for the Wellington region, an increase of 1.5% from 2019, and higher than the mean income per capita of \$40,399 across New Zealand.²

Estimates indicate Wellington's real regional GDP growth over 2011–2021 was 2.1% per year, an increase of \$8.38 billion over the decade. This was below the national growth rate over the same period of 2.6% per year, though some sub-regions, including Porirua, Carterton and South Wairarapa, achieved stronger growth than others.

GDP per capita – Wellington region

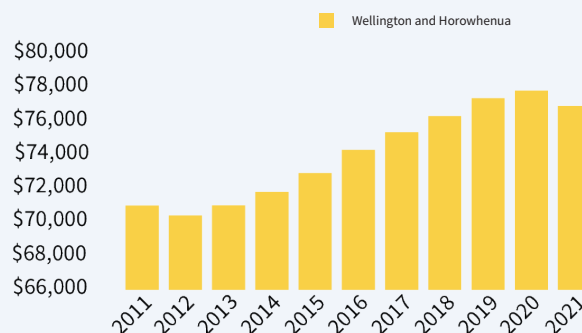
\$76,891

GDP per capita in 2021

1.3% ▼

Compared to 2020

13.7% NZ Total



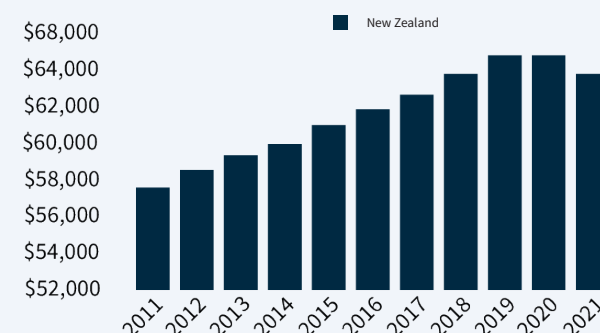
GDP per capita – New Zealand

\$63,698

GDP in 2021

1.9% ▼

Compared to 2020



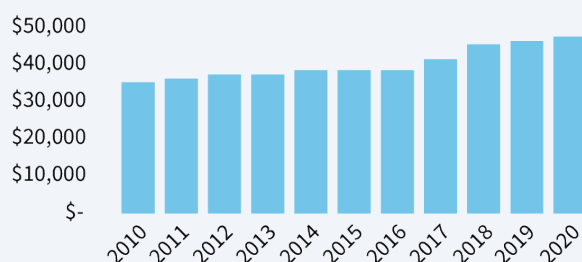
Income per capita – Wellington region

\$46,333

Mean income per capita in 2020

1.5% ▲

Compared to 2019



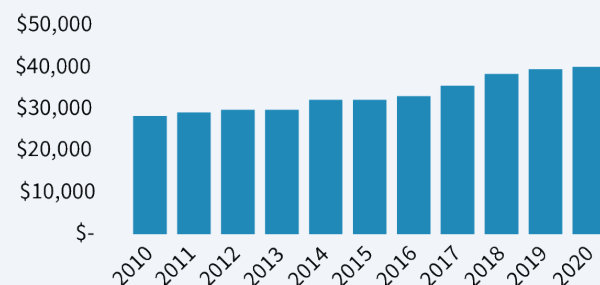
Income per capita – New Zealand

\$40,399

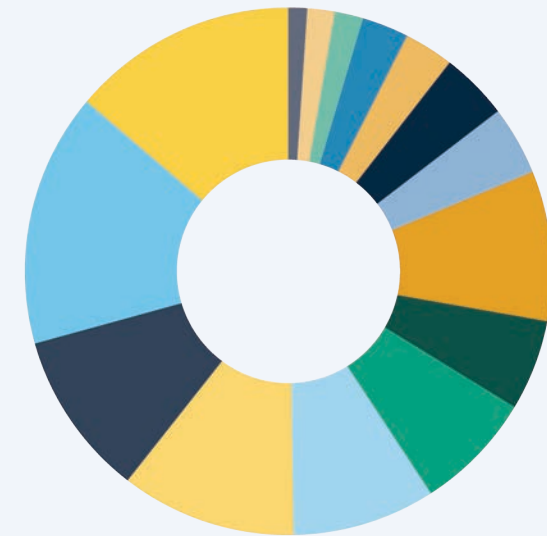
Mean income per capita in 2020

1.1% ▲

Compared to 2019



Estimated industry contribution to regional employment in 2021



- Electricity, Gas, Water and Waste Services – 1%
- Agriculture, Forestry and Fishing – 2%
- Information Media and Telecommunications – 2%
- Wholesale Trade – 3%
- Transport, Postal and Warehousing – 3%
- Administrative and Support Services – 4%
- Financial and Insurance Services – 4%
- Manufacturing – 6%
- Construction – 7%
- Education and Training – 9%
- Other Services – 9%
- Professional, Scientific and Technical Services – 10%
- Health Care and Social Assistance – 11%
- Accommodation, Food Services and Arts and Recreation and Retail Trade – 14%
- Public Administration and Safety – 15%

In 2021, Wellington's regional employment rate (excluding Horowhenua), sat at 70.3%, well above the New Zealand rate of 67%. Our labour force participation rate (the proportion of working-age people 15 years and over that are either employed or actively looking for work) of 73.6% in 2021 was also well above the New Zealand rate (70.3%).

Employment and participation rates differ across our sub-regions, with urban areas generally having higher rates than rural areas, and unemployment represents unfilled potential for our region.

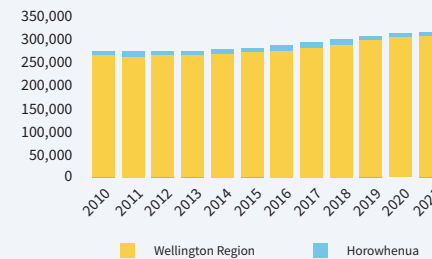
Horowhenua, Porirua and Wellington city have relatively high unemployment rates, the latter two along with Masterton also having relatively high under-utilisation rates.

However, our regional employment growth has been relatively low over the past decade at 1.5% per year job growth, or a total increase of 43,100 jobs, compared to 2% per year nationally.¹

The number of people receiving a work-ready job seeker benefit in the region decreased significantly between 2021 to 2022 as the region began to recover from the initial shock of Covid-19.

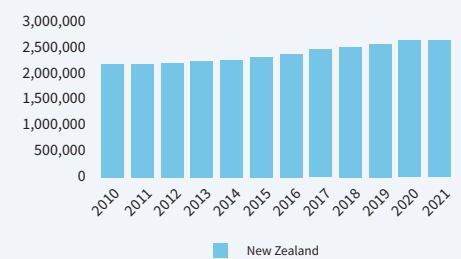
Filled jobs – Wellington region

315,356
Jobs Filled in 2021
1% ▲
Compared to 2020
12% NZ Total



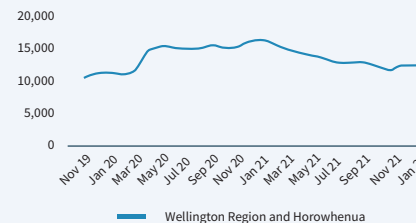
Filled jobs – New Zealand

2,612,700
Jobs Filled in 2021
0.15% ▲
Compared to 2020



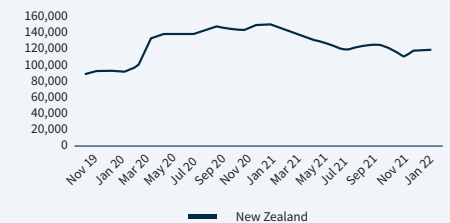
Number receiving work-ready Job Seeker Benefit

12,231
People in Jan 2022
-24% ▼
Compared to Jan 2021
12% NZ Total



Number receiving work-ready Job Seeker Benefit

106,050
People in Jan 2022
-21% ▼
Compared to Jan 2021



Our population growth has been below the national average over the last 10 years, at 1.3% per year compared to 1.6% nationally, representing a growth of 69,100 from 2011-2021. Most population growth for the region (excluding Horowhenua) has been due to inward migration (87%), much higher than most urban regions other than Auckland, and a low proportion from natural increase. Wellington has had a relatively high proportion of international migration compared to other urban regions.¹

Horowhenua and Wairarapa have experienced the strongest population growth in our region for the medium-term, while Wellington city and Lower Hutt have experienced the lowest.

Our working-age population is expected to grow relatively slowly by 42,800 over the next 20 years, while the population of over 65-year-olds is expected to grow strongly, by 67,400, over the same period.

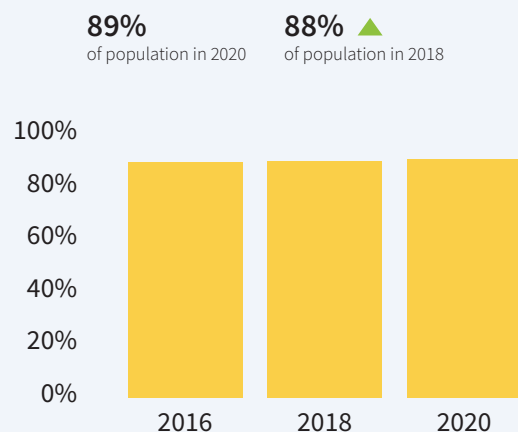
Wellington was the 94th most expensive city from 209 in Mercer's annual cost of living index 2021,³ indicating the cost of living here is more affordable than Sydney at 31, Melbourne at 59 and Auckland at 70, however much higher than the New Zealand average.

A key indicator of our regional performance is that 89% of residents reported overall satisfaction with their quality of life compared to 87% of New Zealanders. This has remained relatively consistent over the past six years.⁴

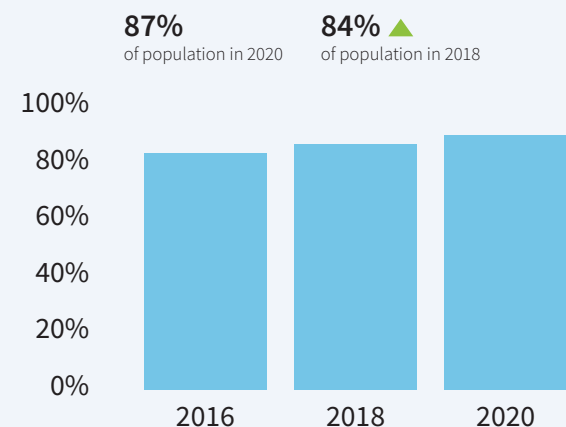
Despite this, there are differences in affordability across the region - only 56% of residents reported having enough, or more than enough, income to meet their everyday needs in 2020 compared to 48% across New Zealand. This is expected to decline as the increased cost of food, fuel and impacts from COVID-19 affect consumers.

Overall, our region is achieving mixed results, with moderate GDP growth and good performance on indicators of wellbeing and labour market participation, relatively slow employment and population growth, but high productivity and income levels.

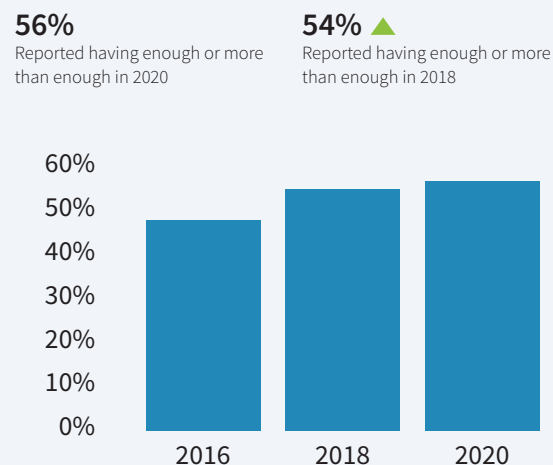
Overall satisfaction with quality of life – Wellington region



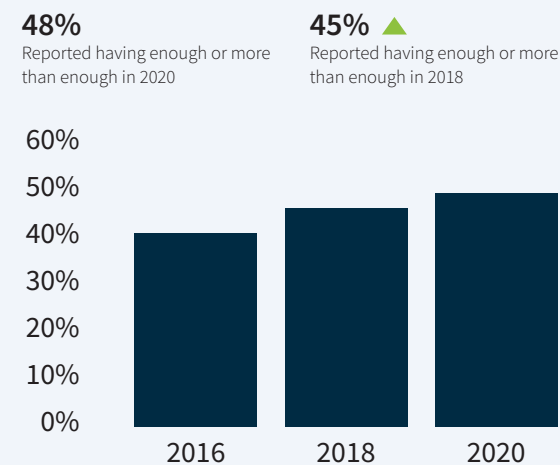
Overall satisfaction with quality of life – overall participating cities



Ability of income to meet everyday needs – Wellington region



Ability of income to meet everyday needs – overall participating cities



³ Mercer's Cost of Living city ranking (mercer.com)

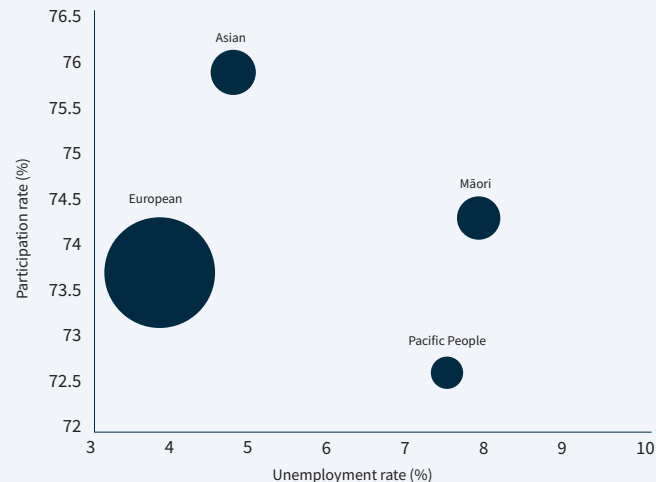
⁴ Quality of Life Survey 2020 – Topline Report (qualityoflifeproject.govt.nz)



Impact of our regional performance on Māori and Pasifika

Māori represent 14%⁵ of our regional population and 12% of our workforce (excluding Horowhenua),⁶ however only 16% of Māori living in our region whakapapa to one of our local mana whenua, meaning 84% whakapapa elsewhere.⁷

Labour participation, unemployment and employment size by ethnic groups in our region:



While our regional economy performs strongly in some areas, there are wide disparities, especially for Māori and Pasifika.

In 2021, our region's unemployment rate was 4.5%, just below the New Zealand rate of 4.7%, however the unemployment rate was 7.9% for Māori and 7.5% for Pacific People, compared to 3.7% for European and 4.8% for Asian.¹ The figure above illustrates how unemployment and labour participation vary considerably across ethnicities.

We have a young and growing Māori population, with 58% under 30 years old compared to 38% of non-Māori. Yet Māori in employment earn \$165 per week less than the regional average, and only 30% are employed in high-skill jobs compared to 47% of non-Māori.¹ One quarter of our Māori workforce have no qualifications, and half of Māori with a degree live in Wellington city.¹

Māori home ownership rates remain constant despite a declining national trend, however only 28% of Māori in our region own their home compared to 57% of non-Māori.⁸

Covid-19 has amplified the disparity between many Māori living in our region, and Western economic measures such as GDP do not reflect the socio-economic realities that Māori live and experience. More holistic wellbeing frameworks are being developed to reflect that Māori wellbeing is measured more in terms of quality of life than quantity of wealth and employment rates.

Pasifika represent 8%⁵ of our population and 6%⁹ of our workforce. Pasifika experience many similar issues to Māori. Pasifika people contribute to our economy and connect us to the Pacific and related trade opportunities. They have potential to leverage commercial opportunities that enhance these connections. Showcasing international partnerships in events and festivals is a key element in achieving a vibrant, creative region.

Photo: A Waka Odyssey, 2018 New Zealand Festival. Photo by Matt Grace

⁵ StatsNZ, Regional Report

⁶ Household Labour Force Survey, Dec 2021 StatsNZ

⁷ BERL – Maori Economy in the Greater Wellington Regional – 30 March 2018 (wrgf.co.nz)

⁸ Current state of play (tematarau.co.nz)

⁹ Household Labour Force Survey, StatsNZ

Our transition to a low carbon economy

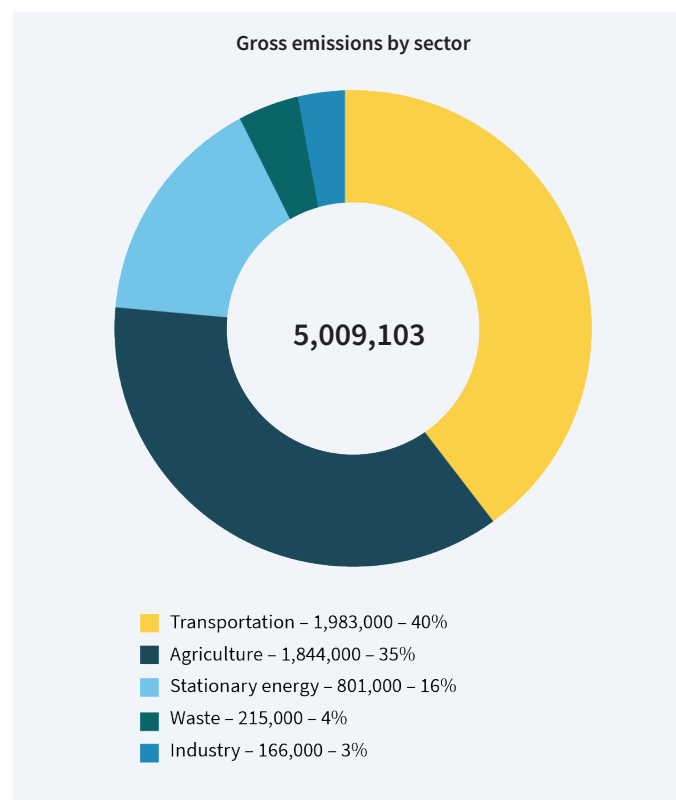
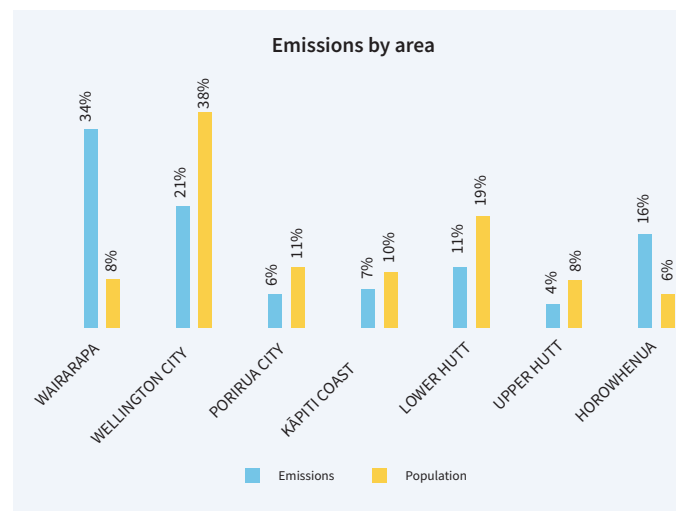
In 2019, our region emitted just over 5 million tonnes of CO₂, or about 8.8 tonnes per person. Though the Wairarapa accounted for about 8% of the population, it accounted for just over a third of emissions. Upper Hutt, which had a similar-sized population, only accounted for 4% of emissions. Wellington city, which accounts for just under 40% of the population, accounted for just over 20% of emissions.¹

Transport accounts for the largest share of emissions, followed by agriculture and then stationary energy. Industry and waste account for less than 5% of total emissions respectively. Most agricultural emissions are from Wairarapa and Horowhenua, however the largest carbon sinks (forests) are also in these locations.

Increased environmental consciousness is driving greater industry-consumer interaction, changes in consumer behaviour and community action around environmental change. This creates new opportunities for business, particularly future niche sectors and services, redefining skills requirements and innovative operational approaches.

We need to build the reduction of CO₂ emissions and potential impacts of climate change into planning and economic development processes to become more resilient to the future economic and social impacts of climate change while ensuring we can take advantage of opportunities.

The Regional Emissions Reduction Strategy being developed by June 2023 will guide how our region can actively reduce emissions. In the interim we have considered the impact on emissions as part of determining which initiatives to support.



Trends and drivers

The high-level trends and drivers that may impact our future regional economy¹ include:

- The critical importance of climate change mitigation, adaptation and resilience, and changing consumer preferences and regulatory requirements. These are increasing demand for “green” technology and solutions, driving a changing job mix and skills requirements, and creating new opportunities for existing and future industries. There is increased interest in circular and regenerative approaches to managing the economy
- The impact of the Government’s industry transformation and just transition agenda on reducing emissions and lifting productivity
- Population changes are certain, especially with migration flows from the borders reopening. Population spread across the region is changing, raising the importance of transport networks, urban design and access to local housing, services and job opportunities
- The growing Māori economy and increasing Māori asset base. An increasing proportion of our young workforce are Māori, and there will be new investment and opportunities for Māori businesses operating in current and future niche industries and community partnerships across the region. More opportunities for Māori, including through active partnership and shared decision-making, will support better outcomes for our communities
- Our constrained labour supply, employment growth and migration flows mean key industries and employers will be competing for labour. To attract and retain staff, and keep and grow our young people, our regional employers will need to offer flexible employment pathways and quality jobs that are well paid and provide high levels of staff amenity
- The impact of technology on the way we work, including the number and types of jobs available and the skills required. Being prepared for these changes and ensuring effective and timely adoption of new technologies will drive increased productivity and competitiveness
- Strong service sectors underpin our region, however industries such as tourism and hospitality will need support, as will start-ups that often lack access to capital. There is a push towards social procurement practices to build local business eco-systems, and collaborate more, particularly in the service sectors
- Societal values and consumer preferences are changing, requiring policymakers and businesses to consider a greater focus on sustainability, work/life balance, remote interactions with customers, equity considerations and supporting local
- The lack of affordable housing supply and increasing costs of living are creating pressure on businesses to raise wages and for support to be provided to those in vulnerable or disadvantaged population groups
- Competition for land and land use changes impact the mix of jobs and industries at place, and the affordability of key community infrastructure including roading, housing and water

- Maximising the potential economic benefits of our current and planned infrastructure investment, which will impact the spatial dynamics of our region
- Global uncertainties around the pace of change, international politics, migration flows and supply chains impact the ability to provide certainty around the economic environment, political stability, talent attraction and industry competitiveness

Strategic uncertainties

There are several strategic uncertainties for our region that we need to be mindful of as we implement the plan. These involve:

1. The changing structures, relationships, and roles of local and central government, including central government reviewing the future of local government, local government’s role in facilitating economic development, and how central and local government can work better together. Our plan aims to embed flexibility and include partnership with mana whenua, to have a positive impact despite the changing landscape.
2. The pace of change and speed of behavioural adaptation, including climate change, migration flows, future of working patterns, changing social values, and the future of service sectors including tourism and retail. Our plan aims to help our region best adapt and respond to these changes at speed.
3. The degree to which the global environment influences the region, including geo-political conflict, comparative advantage impacts and global supply chains. Our plan aims to give certainty to people and businesses through supporting the delivery of initiatives through global uncertainties.

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