



Regenerate Taupō District

Background Report

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Prepared by

Kylie Hawker-Green (Enterprise Great Lake Taupō),
Aidan Smith and Nick Carroll (Taupō District Council)

Approved for release by

Gareth Green (Project Sponsor)

Executive Summary

Since the beginning of 2020, New Zealand has been feeling the effects of the COVID-19 pandemic. In March, those effects became wide-spread, when unprecedented measures were taken by central government to stop the spread of the COVID-19 pandemic and protect the lives of New Zealanders. These measures included the closure of all non-essential businesses for five weeks, the banning of all non-essential domestic travel, and the closure of all New Zealand borders to international visitors.

As a tourist destination, we know that COVID-19 will have far-reaching and long-lasting consequences across the Taupō District, with estimates of more than 2400 jobs lost by March 2021 and an economy that will shrink by over 9%. That in turn, has wide-spread effects on the wellbeing of our communities. To date, support across the district has been provided from both a national and local level. However, we know further measures will be needed to facilitate the recovery of our communities.

This report is the first step in developing a locally-led recovery plan that will provide clear direction for restoring and reimagining the Taupō District. This report identifies the effects on our district, at a present point in time, and some of the potential opportunities to address them.

At its core, this report, and the recovery plan it will inform, will use a local, sector-led approach to identify opportunities for our district, that are supported at a regional and national level. It will be collaborative and underpinned by a core focus on the economic, social, cultural and environmental wellbeing of our people.

Together, we can regenerate the Taupō District.

Whakapūpūtia mai ō mānuka, kia kore ai e whati.

Cluster the branches of the mānuka, so they will not break — Unite with a shared vision, and know which direction you are taking.

The purpose of this report

This report is intended to stimulate discussion on the opportunities to reduce the impacts of COVID-19 on the Taupō District, and foster resilience across our communities. The ideas in this report are not exhaustive, there will be many good ideas that have yet to be captured.

In this report, we have painted a picture of the potential impacts of the downturn in our economy as a result of COVID-19. Our understanding of those impacts will continue to evolve. We have also signaled some of the challenges ahead. These are significant. Nevertheless, there are opportunities to soften the impact and build back stronger, and we have outlined a number of these ideas in this report.

The recommended next steps are to:

1. Test the opportunities. Some will be worth pursuing now, while the timing will not be right for others. We also expect that there are further opportunities that will be identified as this process evolves.
2. Develop our understanding of the practicalities around those opportunities, refine and place them into different planning horizons.
3. Build a coordinated approach to regenerating the district that softens the initial economic impacts and then lays the foundations for future economic growth and community resilience.

If there are constraints to this regeneration process, they need to be raised as early as possible to ensure efficient and effective use of resources. These could include financial constraints, the appetite for risk, and timing.

When considering the next phases of planning, the following concepts may be useful:

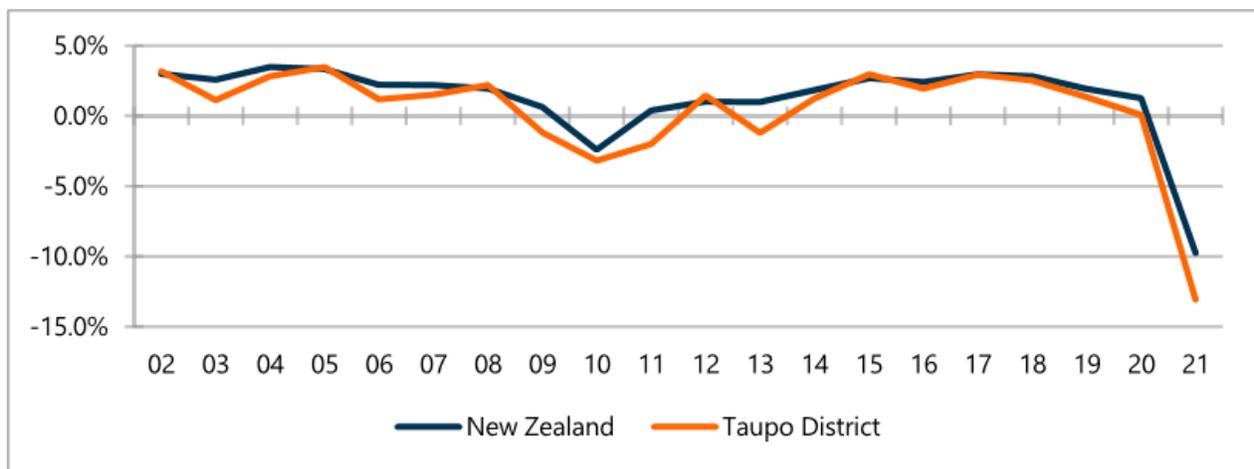
- The extreme uncertainty we are operating in due to the number of variables including government intervention and investment, geopolitical factors that impact on trade and travel, and commercial sector resilience. Despite that uncertainty, action needs to be taken.
- Our communities need leaders to take a collaborative approach and make decisions that are united and clearly focused on a future roadmap that supports the Taupō District to not only recover, but ideally flourish, in the post-Covid context.
- Community and commercial expectations are different to normal, in particular there is a greater desire for leadership but with that the potential for more freedom to act. That presents opportunities that should be grasped.
- Even when decisions are made to deal with short term issues, decision makers must be cognisant of the long-term implications.
- Not everyone can be saved from the economic harm, so investment and resources need to be focused where they can, to make the most impact.
- Our society is complex and multifaceted and so should our response be to this economic crisis. It will require economic interventions that are supported by work in the social, cultural and environmental areas.
- A sense of hope for the future is critical for building people's confidence to make investment decisions.

There will be an economic “shock”

The Taupō District is facing unprecedented economic shock, with economists¹ predicting the contraction to be at least four times larger than anything seen in New Zealand since the Great Depression.

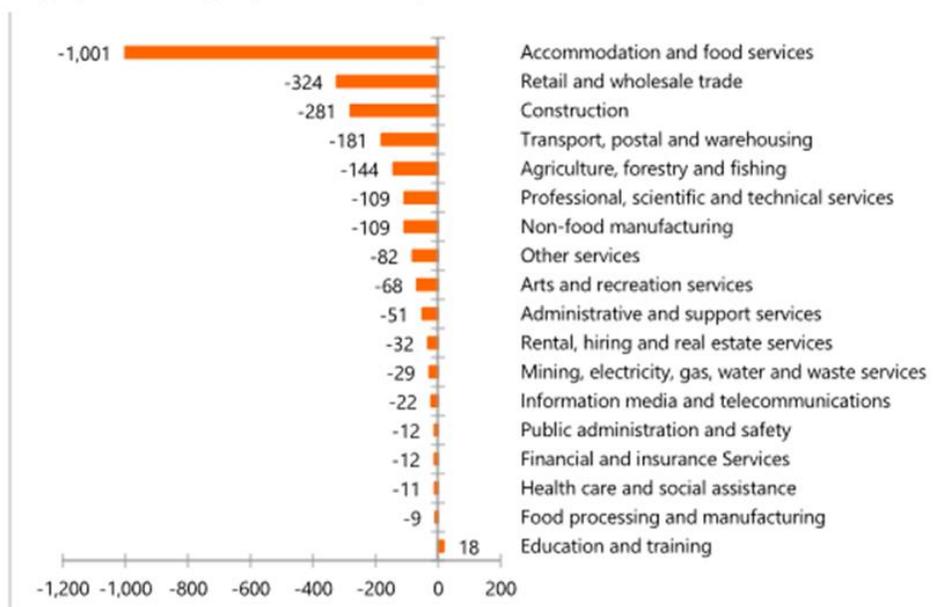
The Taupō District falls into the ‘worst-hit’ category in terms of pandemic economic impact, due to the size of our tourism sector. Our primary sector will provide some buffer for the short to mid-term and will underpin our economic recovery. That said, the ‘worst-case’ forecast shows more than 2,400 jobs could be lost across the district by March 2021 and that our economy will contract by 9.2%. Unemployment (measured via ‘Jobseeker’ registrations) is forecast to hit unprecedented levels of 13.3%. Proactive intervention to mitigate this impact is essential.

Employment annual % change, 2002-2021



Every sector of our economy, except for Education, is forecast to suffer significant job losses and GDP contribution contraction. Education is the outlier due to predicted increased demand for training, education and development activities in response to higher levels of unemployment.

Employment change by broad industry, 2020-2021



¹ Inofmetrics ‘Impact of COVID19 on the Taupō Economy’ April 2020

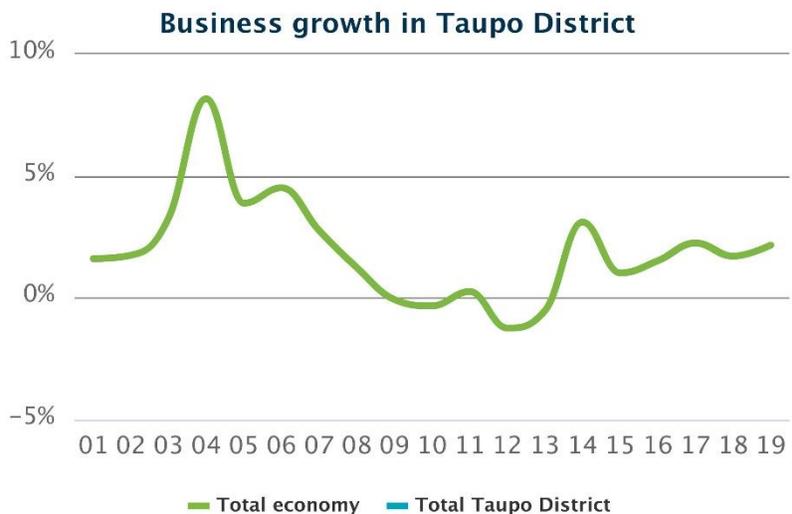
The sectors that will experience the largest job losses generally employ lower skilled workers. It makes sense then that lower skilled jobs will decline more quickly. Infometrics estimate that nearly half (-1,128) of all job losses are lower skilled. The largest losses are expected for hospitality, retail and service managers (-269), hospitality workers (-210), specialist managers (-159), and sales assistants/salespeople (-153). Opportunities for these workers *may* arise in some industries in Taupō who face reduced supply of international backpackers and other overseas seasonal workers; however, given the overall retraction of the economy, this is unlikely unless significant new employment opportunities are realised.

Infometrics modelling predicts a ‘U’ shaped economic recovery in terms of employment, with job loss/growth expected to rebound at different rates depending on the sector. As demonstrated in the graph below, the forecast recovery will take many years to revert to pre-Covid employment levels.

Job openings in the Total economy sector in Taupo District



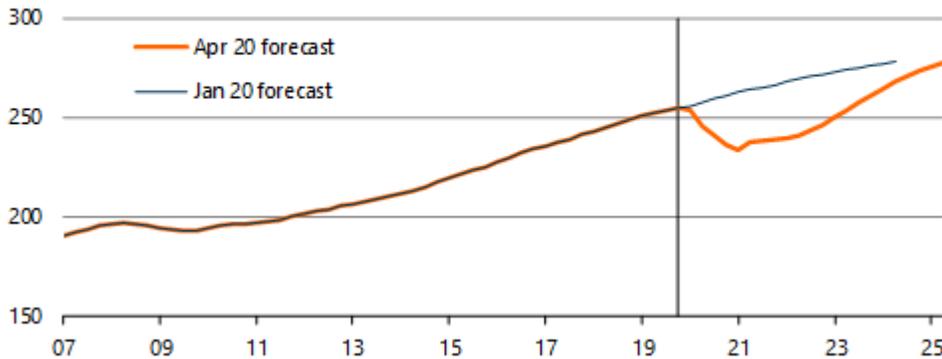
In 2019, there were 5,097 businesses in the Taupō District, 91% of which were classified as SME (‘small to medium enterprise’) and 19% were classified as self-employed. During the Global Financial Crisis (GFC), the business unit growth across the district effectively stalled for three years, with a minor contraction of 1.2% in the recovery period (as shown below). A 9% contraction in the economy over the next year could translate to a reduction of 450 business units.



In terms of overall recovery (measured by GDP), Infometrics² predict a ‘U’ shaped recovery with a lengthy 5-year period before we resume pre-Covid growth levels.

This recovery will take time

GDP forecast comparison, annual running totals, 2009/10 \$b



Key Sector Impacts

Taupō’s key economic pillars and the impacts are summarised below. Detailed sector insight sheets are provided as appendices with detailed commentary.

Primary tourism

Our primary Tourism (commercial accommodation, visitor activity operations, events) sector will be the hardest hit. There is an unknown timeframe before international tourism resumes and with a heavy investment in hard assets that cannot easily be repurposed or refinanced, insolvencies and large-scale job losses are inevitable. The immediate impact has been severe, with those operators working in the Chinese market feeling the COVID-19 impacts from January, with cancellations of forward bookings.

With the lockdown in March, tourism revenue from both domestic and international sources stopped immediately, and future bookings have been largely cancelled for the remainder of 2020. Whilst domestic tourism will provide some early recovery opportunities, the New Zealand landscape will become significantly more competitive, with potentially less discretionary household spend effectively contracting the market. The timings and framework for Alert Level 2 are significant in terms of short-term recovery, for example, Ruapehu Alpine Life’s (RAL) ability to trade this winter at limited capacity and what regional air capacity will look like. Longer term impacts in terms of border controls, consumer behaviour and business travel dynamics need to be robustly considered.

Our Events sector is unlikely to recover in the short term as Alert Level 2 rules will impact on financial and operational viability, with the additional impact of reduced sponsorship revenue and contraction of household discretionary spend. The significant impact from the ongoing hibernation of this sector cannot be underestimated - not only in terms of direct job losses and insolvencies, but also in terms of driving domestic travel and spend. Major events like Cycle Challenge, Ironman and the Summer Concert inject millions of dollars into our primary and secondary tourism sectors, and the potential losses of these events would have serious impacts.

² Sector Profiles Covid19 April 2020 Update, Infometrics

Secondary tourism

The secondary tourism cluster (Food & Beverage, Retail, Transport) will also be significantly impacted, but supported in some part by local consumer spend. Heavy job losses and insolvencies are inevitable. Whilst some have returned to (limited) trading at Alert Level 3, the massive reductions in traffic movement and footfall, along with consumer spending reductions, has impacted on revenue. At Alert Level 2, physical distancing measures will continue to impact on business capacity, and further constraints include interrupted supply chain and increased costs to operate in terms of health and safety measures.

Primary industries

Forestry and wood processing took an early hit, due to the closure of China's border (where the majority of our forestry and wood products are exported to) in February. Several Taupō firms actioned redundancy measures before the Government Wage Subsidy was launched. Logging and manufacturing have resumed at Alert Level 3, however the offshore market uptake is questionable in the short to medium term, with shipping delays and contraction of the construction sector globally.

The Dairy sector has maintained production throughout the COVID-19 Lockdown/Alert Levels, and payout prices are holding steady for this year. However, global milk price decline and volatility of the New Zealand dollar forewarns of medium to long term impacts for this sector. Geopolitical influences, including existing markets turning focus to consuming domestically produced dairy over New Zealand imported product, will influence both volume and value of exports.

Construction and building

Residential construction is forecast to retract by 40% in the year to March 2021, while non-residential construction is expected to reduce by 29%. Drivers for this significant decrease in residential activity (that has previously been in a boom-cycle) include soaring unemployment, reduction of domestic migration, and falling house prices. Commercial developments will stall due to market concerns and reduced appetite to investment. Significant civic infrastructure projects have the potential to be catalytic in terms of supporting direct and sub-industries, however, to date, there have been no confirmed government announcements to provide confidence for the sector.

Energy

The energy sector (at large) provides the highest GDP/employee contribution to the Taupō District and should come through the short to medium term period largely intact. Power generation and consumption levels may decline slightly, and retail pricing will fluctuate, but these factors have little direct impact on employment numbers for the district. The energy sector, especially in terms of new geothermal primary and secondary use industrial scale developments, has the potential to be catalytic in terms of buffering the recession impact on our economy, as demonstrated during the GFC (with the building of Te Mihi).

Professional Services, Trades and Manufacturing

Although less severely impacted than the above sectors, all functions within our district economy will be affected and the contraction impacts will ripple through our professional services and trades. In terms of highly skilled workers in these sectors, redeployment can be difficult due to their specialist focus or expertise. Sub-industries attached to the construction sector and those manufacturing for export markets will be heavily impacted.

Business Survey & Sentiment

In early April, the combined HUB agencies (Enterprise Great Lake Taupō, Destination Great Lake Taupō, Taupō Business Chamber, Towncentre Taupō and Taupō District Council's Events team) distributed a business insights survey. It was commissioned to provide 'real' insights into what was happening in our business community. Over 530 businesses completed the survey, with a good cross-section of responses from all sectors across the district, and across different sized businesses and tenures (from startups to established firms).

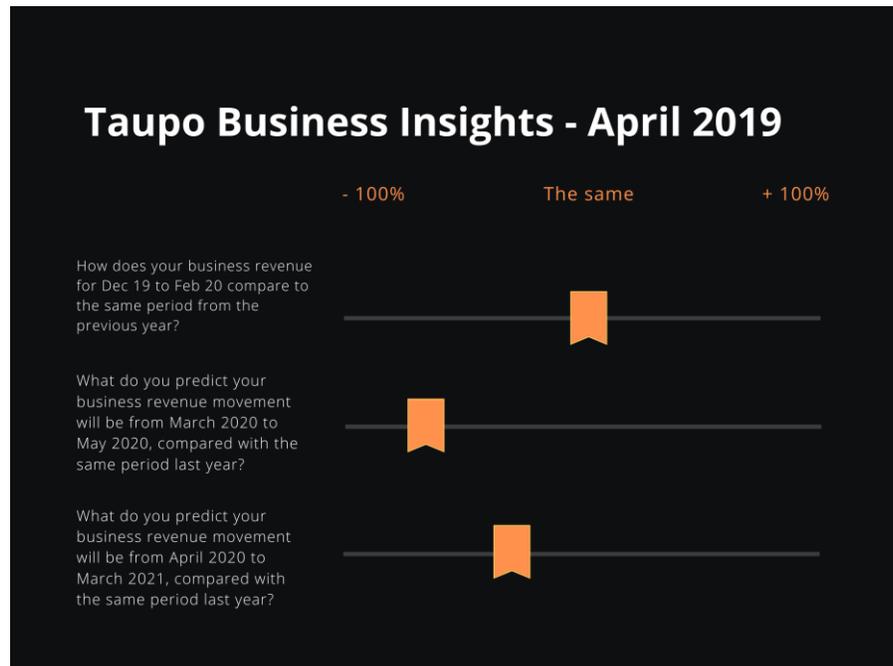
On average, those surveyed had recorded slightly better revenue conditions for the 2019/20 summer than the previous year, however they predicted revenue for the March-May 2020 period would be significantly reduced.

Respondents indicated higher confidence in the long-term, but still concern. The average response indicating a significant reduction in revenue for the full financial year.

When asked for the immediate financial priorities for the business, continuing to pay staff was the highest, closely followed by continuing to pay core operational expenses. It was pleasing to see 88% of respondents had applied for the Government wage subsidy.

Other key findings include:

- 67% of respondents had closed temporarily for Level 4 lockdown, and 31% had reduced staff hours. Many respondents had staff doing little or no work but were honouring the 80% of wages commitment.
- 28% of respondents had altered their product or service to adapt to the Level 4 conditions, and 36% had sought rent relief from their landlord.
- 5.7% of respondents had made some staff redundant, with over 20 redundancies, and 4 respondents had closed permanently. Most of the redundancies were in the tourism and hospitality sector.
- 30% had accessed personal funds/assets to support business operational expenses, yet only 17% had sought a short-term credit facility from their bank.
- 36% had prepared a business continuity plan, and 23% had sought independent business advice.
- 75% of respondents had accessed free information and advice through the Hub Agencies and/or other reputable information sources.



Looking ahead, the respondents were moderately confident that their business was well placed to recover swiftly from the impacts of the lockdown once trading resumes normal conditions. The majority of respondents weren't planning on making any drastic changes to their business model or structure (staffing, distribution, customer base, etc). Of those who were planning to make significant changes, the respondents were mostly in the tourism sector.



In response to being asked about what plans the business owners/managers had in place to facilitate business recovery, the responses varied from seeking to diversify products and new markets, to changing marketing strategies and channels, to significantly reducing costs and operations to effectively hibernate the business during lockdown. Many were awaiting confirmation of what levels 3 and 2 would look like before addressing their future business plans, whilst others were developing new strategies and business models.

When asked if there were other topics or areas where further advice or information was required, common themes were marketing, financial advice and planning, advocating to council for a reduction in rates/fees, support to negotiate with landlords, and information on how businesses need to adapt as we move through the COVID-19 alert levels.

Respondents were also asked if they had anything else they'd like to share to help frame up the economic recovery plan for the Taupō District. There were recurring themes in terms of attracting the domestic market to the district, and commentary on the impact of AirBnB on the traditional accommodation sector. Requests to show confidence and leadership to adapt to a new world, and numerous calls for a 'shop local' campaign. Many respondents were complimentary about the support and information provided to date.

The survey will be repeated in late May, once trading patterns have stabilised at alert Level 2, Budget announcements have been made, and further government support is finalised. The results from this second survey will feed into the recovery plan.

Early intervention & action

Since the impacts of COVID-19 became apparent and inevitable, there have been significant early interventions and actions through multiple channels, including but not limited to;

Government Support

- Subsidy for those having to isolate with suspected or actual COVID-19 (subsequently combined with wage subsidy)
- Wage subsidy for 12 weeks to support employers adversely affected by COVID-19 to retain employees (awaiting data from MSD in terms of how many Taupō businesses have received this support); with later iteration allowing more businesses to access the support
- Bank loan scheme; with later iterations removing the barriers that had made it difficult for most SME owners to access the funds
- Taxation changes; with immediate effect for provisional tax savings, and longer-term benefits for depreciation and other below the line costs
- Small business finance scheme; managed through the IRD with interest free loans up to \$100,000 available shortly
- MSD Work Brokers change of focus to working alongside businesses, rather than jobseekers

Local Support

- Council committed to a 0% general rates rise for 2020/21 financial year, a fee waiver for commercial and community tenants, and no increases on the majority of its fees and charges. A 'locals supporting locals' campaign was also launched.
- EGLT increased business support capacity and have worked directly with over 200 businesses to help them with planning, HR, marketing, cashflow management and strategy; as well as providing over \$80,000 of fully funded external expertise.
- A series of webinars (plus blogs and other resources) has been developed and made freely available to provide open access to specialist information for any business in the district
- An interactive 'business readiness tool' was built by EGLT and made freely available for business owners to work through the necessary requirements to trade at Alert Level 3, and subsequently refreshed for the Alert Level 2 framework
- An 'outreach' programme was launched by EGLT with hundreds of Taupō business owners/managers receiving a phone call and advice in terms of business readiness to trade at Alert Level 2
- A data and insights portal was developed by EGLT to house the various research reports and data/dashboards to monitor the impacts of Covid19
- Civil defence and emergency management operations provided immediate support, including temporary housing for the homeless.
- DGLT has worked closely with the hardest hit businesses in the tourism sector, to support and assist them in reshaping their business
- DGLT has launched a funded intensive marketing support programme directly for the primary tourism sector; and EGLT has prepared a free 'marketing 101' business development programme for non-tourism businesses to access

- DGLT has held regular industry webinars and briefings to ensure the industry are connected and engaged in the sector recovery process
- The Hub agencies collaboratively developed and launched a ‘shop local’ campaign (Love this Place)

Emerging challenges we are facing

Economic

Emerging issues

1. Low business confidence driven by reduced revenues, low expectations, and a high risk / uncertain economic environment can lead to halted expansion, reduced investment, and freezes on hiring. Where costs exceed revenue, businesses may run out of cash and need to cut jobs, sell assets and/or close.
2. Lost/reduced incomes as well as lower household confidence driven by fears over future income and/or job security can lead to reduced spending, with a focus on essentials rather than discretionary spending. This, in turn, has a ripple (or multiplier) effect on other’s revenues and incomes.
3. Increased unemployment, particularly in hard hit sectors. Unemployment is likely to come in waves, with the first coming when businesses exhaust their savings, the wage-subsidy scheme comes to an end, and businesses can sense what level of customers they will see post-lockdown. For many, there will be limited local alternative employment, education or training opportunities.
4. Housing market hit by redundancy and affordability impacts. This may result in some having to sell if they cannot afford to maintain mortgages. Holiday rental market will be impacted by the fall in international and domestic tourism, as well as events. These may be unsustainable and sold or become permanent residential rentals. Fall in house prices triggers concerns over household wealth, which further reduces household confidence and spending. Fall in house prices and reduced demand may lead to reduced investment in new housing (new subdivisions and new house builds).
5. Local and central government investment will be needed to provide alternative job opportunities, and secondary spending during the economic downturn. If the Taupō District is overlooked by central government investment, or our level of need is not recognised, economic impacts will be significantly worse, and the recovery will be slower. If the council is required to take austerity measures, in particular cutting capital programmes, there will be additional negative economic pressures.
6. Changes to consumer behaviour could be long-lasting and have permanent impacts on our consumer goods and discretionary retail sector. Having experienced extended periods of increased self-sufficiency and austerity measures in housing spending, it is likely consumer spending won’t ‘bounce back’ to previous high levels. Business practices have adapted to the new way of working and therefore a decreased level of business travel (especially in the conference market) should be expected.

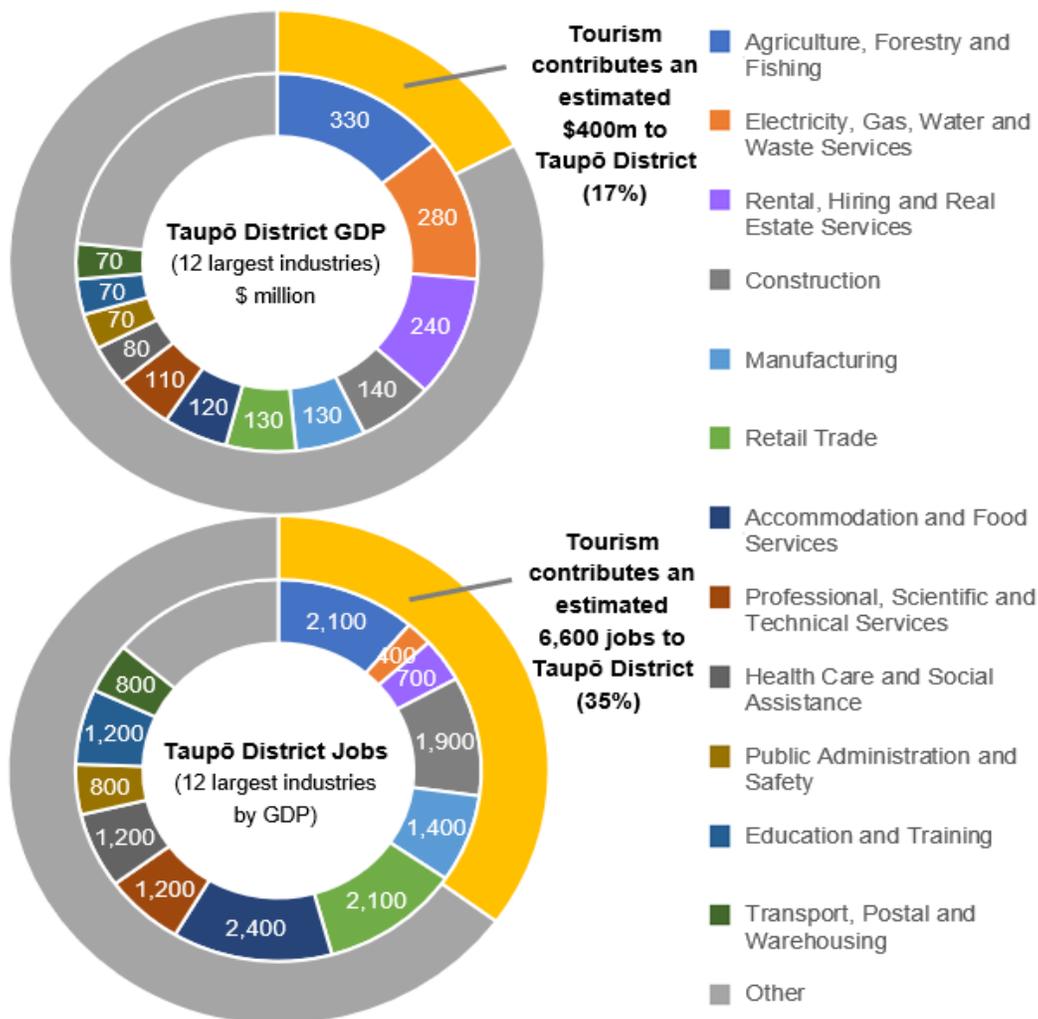
Pre-existing issues

7. Our district has significant spatial, cultural, and general economic inequality. We have many relatively wealthy households and many relatively poor households. Māori are over-represented in lower median household incomes. There are also areas with high numbers of young people (15-24) who are not in employment, education, or training (NEET). The NEET rate in Turangi is around 22% ([2015 data](#)), compared to a national average of 11% ([2015 data, but similar in 2019](#)).
8. Our economic structure has a heavy makeup of low-skill, low-wage jobs from forestry (and other primary production), hospitality, retail, and tourism activities. Māori feature prominently in industries that will be hard hit by impact of Covid-19. Māori unemployment for the region is historically double that of the overall

rate. In the year to March 2019 the Māori unemployment rate stood at 7.0% compared with 2.9% district wide (Infometrics, Economic Impacts of COVID-19 on the Taupō Economy – Early Estimates for Taupō District Council, April 2020).

9. Our economic structure is subject to international conditions and shocks, e.g. commodity prices, exchange rates, travel for tourism.
10. Our economy (jobs in particular) is heavily built on non-essential or luxury goods like tourism, hospitality, residential construction and retail. This heightens the impact of economic cycles and shocks.
11. Economic growth (generally) has been fueled by domestic growth, driven by increasing house prices, and strong population growth through inward migration. New Zealand continues to import more than it exports, with the deficit funded by borrowing and overseas investment in New Zealand. This results in New Zealand profits returning to overseas owners. Conversely, New Zealand is highly reliant on this foreign capital which is essential to increase productivity and wages.

Figure: Taupō district economic and job make up and the contribution from tourism



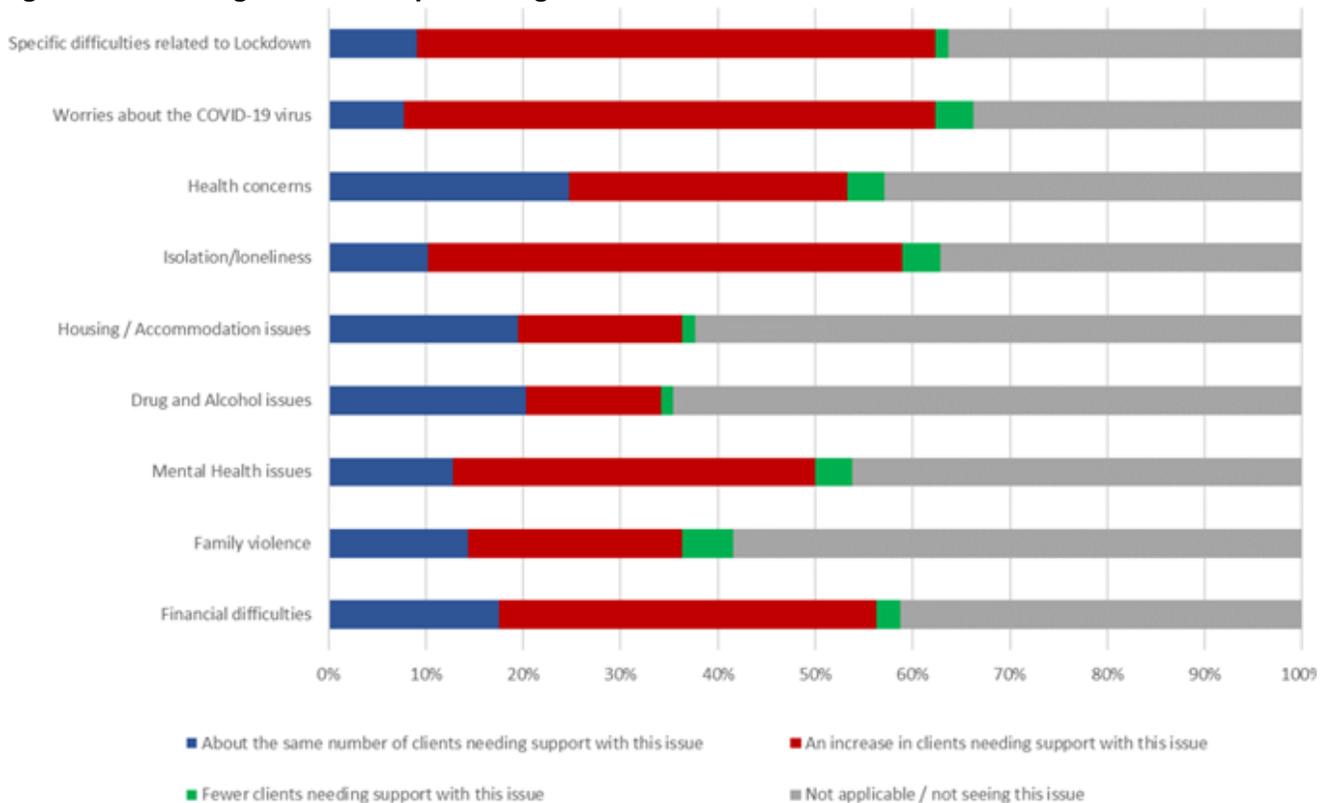
Data Source: Infometrics, Taupō District Economic Profile 2019

Strain on community and charity organisations

Community and charity organisations, iwi organisations and marae provide significant community support and safety net services, many of which (around 65% of those surveyed) are classified essential services. Many are facing increased demand for essential services and are warning that the worst is yet to come. There has been strong need for:

- Financial aid
- Food
- Health concerns
- Medicine
- Counselling and support
- Housing / accommodation
- Drug and alcohol issues
- Mental health issues
- Family violence
- Information and advice and support, including:
 - financial advice
 - about Covid 19
 - about lockdown rules
 - getting government support
 - negotiating rent

Figure: share of organizations experiencing increased demand



Source: Bay Trust COVID-19 Impact Survey Results, 30 April 2020

Demand for support for essential community services is expected to increase significantly. The full impact has yet to be felt, with the temporary wage subsidy scheme currently in place, delaying some business closures and job losses. Council, government and civil defence and emergency management operations have also provided temporary additional support, including temporary housing for the homeless.

There is significant concern on how demand, which is already a struggle to meet, may balloon in the future. This may be due to savings running out and when the full economic impacts are felt on businesses and households. There has been feedback from local communities that whanau (families) are crowding in together, including pitching tents to make ends meet. Community support organisations are also already getting queries about financial support options including Kiwisaver hardship applications, Insolvency applications, etc.

It is currently unclear how the role played by Civil Defence and Emergency Management, including temporary housing for the homeless will be managed in the medium term, and how the Ministry of Social Development and community organisations will take over the responsibility for supporting these people.

“Numbers needing assistance have been increasing over the past year, well before Covid-19 hit, and we have been struggling to meet the demand....

“We are anticipating an increased demand on our services when the current Covid-19 related wage subsidy stops. A lot of people in our community are vulnerable as they work in the hospitality industry, in Taupō as well as Turangi, and the immediate future looks bleak for those jobs. Most work in Turangi attracts the minimum wage on a casual basis, making living from week to week an uphill battle. Family violence is a major problem, as is child poverty. Without a well-stocked foodbank this will escalate.

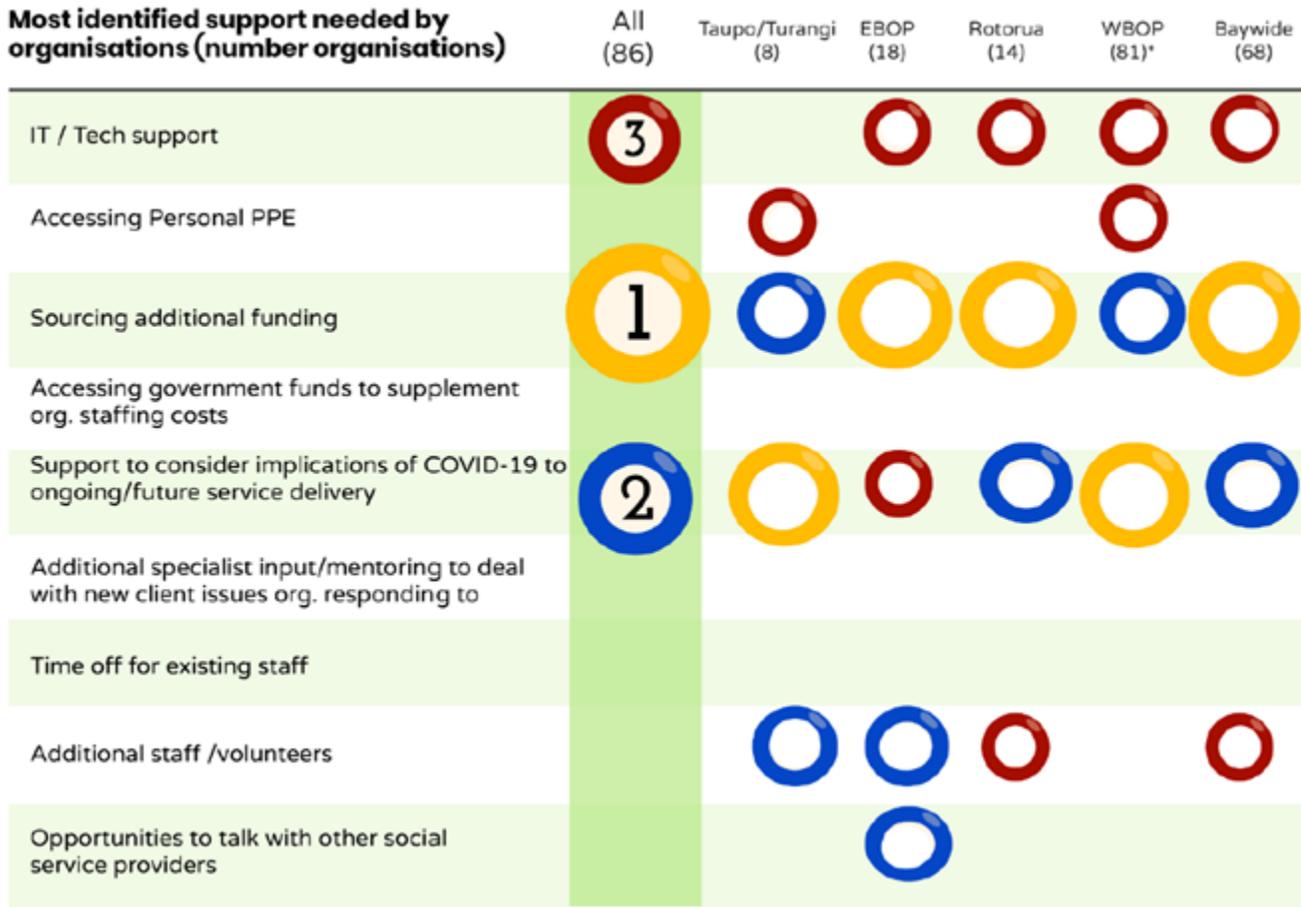
“While we are unable to estimate just how much increased need there will be for foodbank assistance in the coming months, we do know that we are an essential service in our low decile community.”

- Turangi foodbank

Charity and community organisations are facing many of the same challenges as businesses, including:

- Financial pressures from new operational challenges and increased demand.
- Loss of funding from:
 - donations
 - gaming (pokies machines)
 - events
 - fundraising
- Having to cancel some services, even those which people rely on.
- Operating through lockdown, including
 - remote assistance and IT requirements
 - PPE and health and safety requirements
 - reducing reliance on older or vulnerable volunteers (to keep them safe)

Cancellation of community, sports, arts and culture events causing further pressure on the circular economy in which they operate in – i.e. cancellation of artists, visual and audio requirements, logistics, hire equipment and fundraising opportunities for local sports and not for profit groups.



Key - Numbers represent priority ranking.

Source: Bay Trust COVID-19 Impact Survey Results, 30 April 2020

Social

Emerging issues

1. Lost incomes and jobs have created increased pressure for many households. Many are struggling for basic needs like food and shelter. There has been a significant increase in demand for food parcels, unemployment benefit, social housing and other safety nets.
2. Charities impacted by reduced revenue (as well as increased demand for services).
3. Increasing inequality and lack of economic and social inclusion creates social disengagement, cycles of unemployment, antisocial behaviour, and crime, among other things. Poverty also creates other harm, including negative health impacts and family violence. Economic pain will not be felt evenly, with those who are able to retain their jobs and livelihoods being relatively unharmed compared to those who lose their jobs.
4. During lockdown, government and civil defence and emergency management have provided temporary accommodation and support for homeless and vulnerable people. Civil Defence housed 97 vulnerable people in the Taupō district, including motel rooms, many of whom were homeless. There is a need to ensure that these people have permanent housing solutions and support when the temporary measures and emergency management responses cease.
5. Many community organisations are predicting an increase in levels of anxiety and depression, family violence and other issues that are currently being managed. Evidence from previous traumatic events supports this.
6. The sports sector has also been significantly hit, both financially and with physical distancing rules likely to reduce possible activities for some time.

Pre-existing issues

1. Paired with economic inequality. We have many areas of the district with high levels of deprivation. For example, Turangi is characterised by high levels of deprivation. The [New Zealand Index of Multiple Deprivation has identified Turangi as one of the most deprived communities for employment, crime, housing, education and access \(Q5\) and health \(Q4-5\)](#)
2. The high cost of housing (both owning and renting) in proportion to income creates greater financial pressure on households and reliance on jobs and income (often requiring two jobs per household). It also reduces money available for other necessities (transport, utilities, food, medical), and time available for other activities. Rents have increased 98% in Turangi between 2006 and 2019. At the same time, incomes have increased by just 25%. In Taupō, rents have increased 87% over the period, and incomes 54% (*BERL*, Taupō housing review and recommendations report, Nov 2019). Homeownership is also a key determinant in economic self-determination and social and community engagement. Higher rent costs as well as higher house prices increases the challenge for first home buyers.
3. The lockdown associated with COVID-19 has confirmed the significant problem of homelessness and gaps in social housing in the district.
4. Other common pre-existing issues for Taupō district include:
 - Family violence
 - Drug & alcohol abuse
 - Disengaged youth
 - Suicide
 - Lack of community housing solutions
 - Serious poverty
 - Unresolved mental health issues

Cultural

Emerging issues

1. Iwi organisations and marae provide significant essential community support services, which are under pressure.
2. Māori enterprises and jobs have significant reliance on tourism and forestry (and other primary production). These sectors have been significantly impacted. *Infometrics* forecasts potential national unemployment for Māori reaching 16% proportionally higher than non-Māori. The Waikato and BOP regions are expected to see 7000 – 8000 Māori job losses across them. The pandemic will exacerbate these inequities. Unemployment or low paid employment has flow on impact on housing, health, and education.
3. Large cohort of young Māori coming through. Negative forecast suggesting an increase in young Māori leaving school without NCEA level 3.
4. Māori workforce / job seekers to increase generally.
5. Housing construction is not expected to improve post 2022 in response to slower population growth and confidence. High proportion of Māori are employed in this sector.
6. There are other important cultures in the Taupō district community, including Pasifika, which are also facing unique challenges and opportunities, which are also exacerbated by COVID-19 and economic pressures.

Pre-existing issues

1. Low income from traditional Māori land areas. Desire to live on and utilise traditional lands and make best use of them rather than build and develop elsewhere.
2. Large levels of deforestation by non-Māori, over-time, have resulted in significant ecological and environmental losses, and led to the protection of remaining undeveloped land. This is often Māori land, preventing development opportunities and resulting in inequity and inability for Māori to generate comparable incomes. It can also be difficult to access finance for developing multiple owned Māori land.
3. The pre-covid economic model did not deliver good outcomes for Māori. Māori had higher levels of unemployment, poorer 'formal education' status, and often lower income levels, which impacts on their ability to enjoy better quality housing, better access to health opportunities, and other socio-economic concerns.
 - Māori unemployment for the region is historically double that of the overall rate. There is a high proportion of local Māori in seasonal work. In the year to March 2019 the Māori unemployment rate stood at 7.0% compared with 2.9% district wide (*Infometrics, Economic Impacts of COVID-19 on the Taupō Economy – Early Estimates for Taupō District Council, April 2020*).
 - There are system and resource limitations to support adequate transition between education, training and employment institutes. There is a lack of resources to support short to longer-term rangatahi Māori training, leadership and job ready opportunities to mobilise positive change and behaviour.
 - Turangi has some transient parts to the community owing to its close proximity to Tongariro/Rangipo prison. There are issues with gangs, drugs, and poverty.
4. Cook Island, Tokelau and Niue are associated states of New Zealand. With the New Zealand government migrant workers scheme in the 1950s to 1960s, a large amount of Pacific peoples were brought to New Zealand to work. Tokelau families relocated to Taupo to work planting forests in the New Zealand Forestry Ministry. Ngāti Tuwharetoa welcomed the Tokelau community recognising their

status and culture as being connected to the iwi. Their relationship with the Te Rangiita Marae at Nukuhau is strong. The Tokelau hall, on AC baths reserve is a priority for the community. This is their Marae in Taupo. It activates, their spiritual connection and religious beliefs, culture and language, dancing, family celebrations, Health and Well-being wananga for their community.

Environmental

Emerging issues

1. A global downturn may move the focus away from the need to reduce global greenhouse gas emissions and other environmental impacts.
2. Alternatively, there is potential for increased environmental taxes (national and international) in future, as governments change focus to repaying high levels of debt due to borrowing during the global recession.
3. A reduction in the returns from forestry and wood processing may reduce the incentive for landowners to integrate trees into their landscapes. This would slow the improvements on our environment that planting trees can offer, including protecting and improving our soil, water quality and other natural resources. It could also reduce the opportunities for Māori to maximise the potential of their land and resources and reduce New Zealand's ability to meet its international climate change commitments.

Pre-existing issues

1. Our district's existence relies on clean waterways and lakes. Pollution and run-off, in large part from agriculture, paired with conversion and removal of native bush and forestry, poses a threat to the health of our waterways.
2. New Zealand's international climate change commitments and the need to reduce greenhouse gas emissions, which contribute to harmful global climate change. Agriculture (animal emissions) and transport (burning of fuels) are New Zealand's largest contributors.
3. There is a push domestically and internationally for more sustainable production and consumption, e.g. reducing plastic waste, and/or increased environmental taxes.

Opportunities to grasp

In an environment undergoing disruption and change there will be opportunities to grow and flourish. We must recognise those opportunities when they present themselves and we must know which ones to grasp. With limited resources, it is not possible to meet every need.

Responding to this crisis is going to require balance to be found. We must face the harsh realities of economic recession, but we must balance that with maintaining optimism for the future and building confidence for investment. We must recognise the limitations of cash flow but balance that with the need to maintain and then stimulate economic activity. We must also acknowledge that while some are ready to envisage new paths and ways of doing things, others are simply focused on surviving.

The reality of those balances will change between individuals and organisations and over time. However, it is important that when weighing up which opportunities to take, we are conscious of the tension between those choices and the need for balance.

Some of the following opportunities are emerging while others are more about accelerating previous ideas and plans. That existing thinking and planning is much easier to accelerate compared to brand new ideas which is worth considering when weighing up where to put resources. We expect these options to be further explored as planning for recovery progresses. Some will stand out and others will be discarded.

A short term pick up in domestic visitors

With substantially reduced opportunities to travel internationally, we have the opportunity to attract New Zealanders to holiday in the district over the next 12 months and beyond. The ability to access the district by car for many New Zealanders may provide a competitive advantage over other domestic destinations.

Being in easy reach from the large population centres of Auckland, Hamilton and Tauranga has made Taupō an attractive destination. Similarly, the natural beauty and wide range of recreational opportunities remain. These fundamentals have not changed and will continue to draw people here. Destination Great Lake Taupō is developing marketing strategies that best position the district to make the most of this domestic tourism over the coming twelve months.

The trans-Tasman connection

Recent government announcements around moving toward opening Trans-Tasman air travel have the potential to offer real opportunities for the local visitor industry. The timing and management details are still to be resolved but given the importance of the Australian market to New Zealand, this opportunity provides a reason for confidence.

Secure critical visitor infrastructure

Visitors have been coming to the Taupō district for over a hundred years. They will keep coming in the future. But to make the most of that eventual resurgence we need to make sure that the key infrastructure, systems and institutional arrangements remain in place. If these fundamental components fall over the recovery will likely be hampered. As a national example, the government has decided that having a national air carrier is critical to our economy and invested to protect Air New Zealand.

Reimagine what our visitor industry looks like

Longer term, there is an opportunity to consider how the visitor industry could change to ensure its ongoing sustainability. Nationally, there is a review underway focusing on promoting values over volume while ensuring environmental protection and benefits to local communities from tourism. Taupō's approach has generally been aligned to this approach but there are opportunities to contribute to the national conversation.

Our visitor industry relies heavily on the social license to operate. Visitors fill up the waterfront over summer, they take up car parks and at times overrun some of our favorite places. However, those negative effects are balanced against the jobs the industry generates for locals, the wealth it generates and the amenities that it also provides for the local community. This downturn in the industry provides a unique opportunity to test that social license to operate.

Attract permanent residents

The lockdown has also presented an opportunity to attract more permanent residents. The nationwide lockdown has accelerated trends in remote working. The ability to work from anywhere and still stay connected with colleagues and customers has become easier and attractive. As more people take up those opportunities, their flexibility to live and work anywhere opens up opportunities for places like Taupō that offer an attractive lifestyle.

We could accelerate work that makes Taupō district the lifestyle destination of choice for those mobile workers. They are looking for vibrant communities, high quality restaurants, cafes and urban centres, easily accessed recreational opportunities in beautiful places and digital infrastructure to support their work. In turn, these new people help drive the residential construction sector, bring new skills and entrepreneurship along with fresh capital. They provide the opportunity for both short term and long-term benefits.

Leverage government funding

The government has already signaled several economic stimulus packages. More are expected to be announced in the coming months including the results of the Crown Infrastructure Partners application process. Council has already lodged applications for government funding totaling \$316m.

Opportunities exist to access those various government funding sources; however, it will require the community to present a united and coordinated picture of what assistance is of most value and where. There are also likely to be benefits if that planning is aligned with the regional work to give confidence to government.

Leverage Taupō District Council funding

Similarly, Taupō District Council has the potential to take action that stimulates local economic activity. In the short term, there will be pressures on operational expenditure and managing strict controls over rates. However, these reactions will need to be balanced with the need to keep spending.

More than any other organisation in the community, council has the flexibility in its balance sheet to leverage long term debt to deliver short term recovery, and directly generate employment through spending on capital projects. This opportunity has been built up over years through prudent financial management.

It is important that this opportunity is leveraged as part of the recovery process and there should be a specific focus on local businesses as part of that. However, we shouldn't lose sight of the fact we are also part of New Zealand Inc. It would be wrong to take an approach based on only looking after ourselves.

Council is also working towards development of the 2021-31 Long-term Plan. This opportunity only comes around once every three years and the timing is fortuitous. Development of the plan will take place over the rest of 2020 with consultation on the draft plan anticipated for April 2020. That plan provides an opportunity for the community to set out a renewed set of priorities for the spending of public funds. It can be shaped to meet the evolving economic conditions and need to generate employment and economic activity.

Lay the infrastructure foundations for growth

As painful as this economic recession may be for parts of our community, we know that there will be a subsequent period of economic growth. The slowdown in parts of the economy is an opportunity to set our communities up for that next period of growth by laying the foundations now. This is the time to plan for the future.

The wide array of businesses, organisations and institutions that make up our economy rely on basic infrastructure to be able to operate. That is provided by a combination of central and local government, as well as private enterprise. They supply and operate roads, water and wastewater services, solid waste management, power and telecommunication services.

The opportunity exists to upgrade that infrastructure in the short term. As an example, we know that a new wastewater pipe will be required across the Waikato River to enable ongoing residential subdivision on the northern side of the river in Taupō. Using this window to undertake the planning and engagement with iwi and landowners would help ensure that the pipe could be in place for the next residential construction boom.

Deliver an attractive town centre and world class waterfront

We know that Taupō's town centre and waterfront help to bring visitors along with attracting more permanent residents to the district. For over two decades, the Taupō community has been talking about transforming the town centre into a high-quality people focused place and to create a world class waterfront. This was one of the prime reasons for investing so much in the East Taupō Arterial. There is an opportunity to finally turn those plans into reality and realise the benefits while at the same time providing a pipeline of work for local contractors.

Rebuild our natural capital

Along with the sort of hard infrastructure discussed above, there is an opportunity to also consider wider ecological improvements. They can help build community resilience and grow the natural capital we rely on as a foundation for our economy.

There is also the opportunity for a strong collaborative approach with a number of community groups already involved in activities including planting indigenous vegetation, predator control and the formation of bike and walking trails. Specifically, there is the potential to look at opportunities to partner with iwi organisations to help generate employment opportunities for Maori. They are likely to experience higher rates of unemployment. Such environmental improvement programmes also represent an opportunity for them to connect with their kaitiaki role in our communities.

The recent lockdown experience has given many in the community the opportunity to get out and explore the natural environment and highlighted the value these areas provide for visitors and locals alike. While undertaking improvements in these areas is unlikely to be a substantial cost, there is the potential for substantial benefits in terms of short-term work and longer-term recreation and ecological gains.

Reset the regulatory systems

In addition to planning for the physical infrastructure, it is imperative to ensure the regulatory environment that we operate in is set correctly. Central and local governments can pull a range of levers to provide immediate relief like rates postponement policies. However, it is just as critical to make sure that more structural issues are addressed through longer term tools.

Taupō District Council is currently undertaking the 10-year review of the District Plan. There is the opportunity to reset the provisions of that planning document to support economic activity including businesses we may not have previously considered.

Build on the new social capital

There is an opportunity to further build social capital in our communities. The nation has come together to take collective action to fight the pandemic. This has brought communities together in a sense of solidarity and generated a sense of goodwill toward our neighbours. This is unprecedented outside of war time and it provides an opportunity to build a more caring society.

This newly emerged mandate could flow through into all parts of society, in particular many community groups will need support with declining revenue coinciding with increasing demand for their services.

Tackle our social housing shortage

Locking down our communities starkly highlighted issues around begging and homelessness. These confronting issues are difficult to deal with at the best of times; however, the scale of the issues is now better understood. There is an opportunity to build on the recent work by EGLT and BERL looking at housing issues in the district and make strides forward in tackling social housing shortages.

These complicated issues will require a coordinated and collaborative approach. To date there has been limited intervention from Central Government departments in terms of meeting the social housing needs in the district. It is likely that local government and community groups will need to take a lead in solving our problems.

Fortunately, work has already been progressed to better understand the problems and potential solutions like the formation of a housing trust. In addition, council has highlighted, through the recent applications to the Crown Infrastructure Partners, the potential for development of social housing on council-owned land.

Champion innovation

Since the GFC, there has been growth in innovation and entrepreneurship building across the district. Groups like EGLT's 'Engine Room' cluster of entrepreneurs have grown from 5 to 80+ members, many of whom have been supported to secure Central Government innovation and R&D funding through programmes like Callaghan Innovation. There is an opportunity to accelerate this work through the development of strategically relevant and highly commercially focused incubation programmes, in particular for those businesses that leverage our natural advantages like geothermal energy, freshwater sciences, alpine activities and primary industries.

The conceptual 'Geothermal Institute of New Zealand' project could be prioritised for investment and development, which would support the ideation and prototyping of cut-through technology and innovation in the global geothermal commercialisation space.

Our participation in the 'Bay of Plenty Film' collective has seen our district promoted globally as a location to make feature films, documentaries, adverts and short films. Our burgeoning film industry could be supported to expand, and the development of a regional film hub in Rotorua further supports this high-growth creative sector.

Allowing our talent to thrive

The Taupō District has a population bubble moving through our formal education network that will be seeking new ways to learn at tertiary level whilst remaining close to their whanau. The 'Taupō Tertiary Hub' project is in detailed design phase and could be fast-tracked for development through accessing central government support. Furthermore, the opportunity to consider the development of an 'Alpine Academy', whereby we are providing NZQA approved courses in subjects that create a future-focused workforce that can support our tourism and environmental management aspirations, could be prioritised.

The recent ROVE process, and the subsequent formation of the iRSLG allows an opportunity for education and trades training to be highlighted as a priority for our area, especially given the high numbers of forecast job losses and the imperative to have training and development provision ready.

Taupō Pathways have plans to extend their services (effectively supporting our school leavers to move into education, employment or training) and it is likely they will see increased demand and opportunities to evolve their offering to suit the needs of our community across the district.

Turangi has a disproportionately high number of NEETs (young people not in education, employment or training) and there is an opportunity to develop a regionally relevant and culturally appropriate talent development programme especially for this high-risk group.

In terms of fostering business resilience in the long term, we need to ensure our workforce is ready to work in the future growth sectors of our economy, so clear alignment to workforce needs and development of a 'Taupō' centric labour market and training strategy is essential.

Conclusion

This report provides a brief snapshot (at a point in time) of the current and future impacts our district is facing as a result of COVID-19. It is envisioned that this report will inform the wider recovery plan that will support us in regenerating the Taupō District.

While we have highlighted many challenges ahead, there are, of course, many opportunities to support our communities to thrive in the years ahead.

It will not be an easy road. Nor will it be short.

It is intended that this report will inspire further discussion on how we navigate the road ahead, together. More opportunities will arise from those discussions, while others may fall away.

What is certain, is that this process must be collaborative and locally-led. It must focus on the wellbeing of our district – across our economic, social, cultural and environmental pillars.

Together, we can regenerate the Taupō District.

Whakapūpūtia mai ō mānuka, kia kore ai e whati.

Cluster the branches of the mānuka, so they will not break — Unite with a shared vision, and know which direction you are taking.