

Long-term economic forecasts

Tararua District Council

Whiringa-ā-nuku 2023

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Executive Summary

Tararua District Council (the Council) is updating the Tararua District Plan through a formal review to ensure that the Tararua district (Tararua) can grow in a sustainable way. The Council engaged Business and Economic Research Limited (BERL) to forecast Tararua's future economic growth, including the changes to gross domestic product (GDP), employment, and occupied commercial and industrial land, and specifically for its four major centres Woodville, Dannevirke, Eketāhuna, and Pahiatua. Two scenarios were used to forecast the future direction of Tararua's economy; a business as usual (BAU) scenario and an aspirational scenario.

Business as usual (BAU) scenario – This entailed a district wide forecast based on the StatsNZ high population growth scenario, and the results of the latest business as usual forecast from BERL's national computable general equilibrium (CGE) model. District level forecasts were then distributed across Tararua's four main centres and a combined rural area. Current land use and occupancy data was provided by the Council for commercial and industrial land. Future occupancy of commercial and industrial land was then estimated assuming the ratios of FTEs per hectare for each industry will remain constant over the forecast period.

Aspirational scenario – A district wide forecast that used the same methodology and CGE assumptions, but assumes that Tararua's industries all grow by one percentage point per annum greater than the BAU. Additionally, the population projections were adjusted to reflect an outcome where the Council achieves its aspirational population goals. It also assumes that the Council is successful in attracting manufacturing, transport, and warehousing businesses to locate in Woodville. Occupancy of commercial and industrial land was then estimated assuming the current ratios of FTEs per hectare for each industry will remain constant.

Gross domestic product

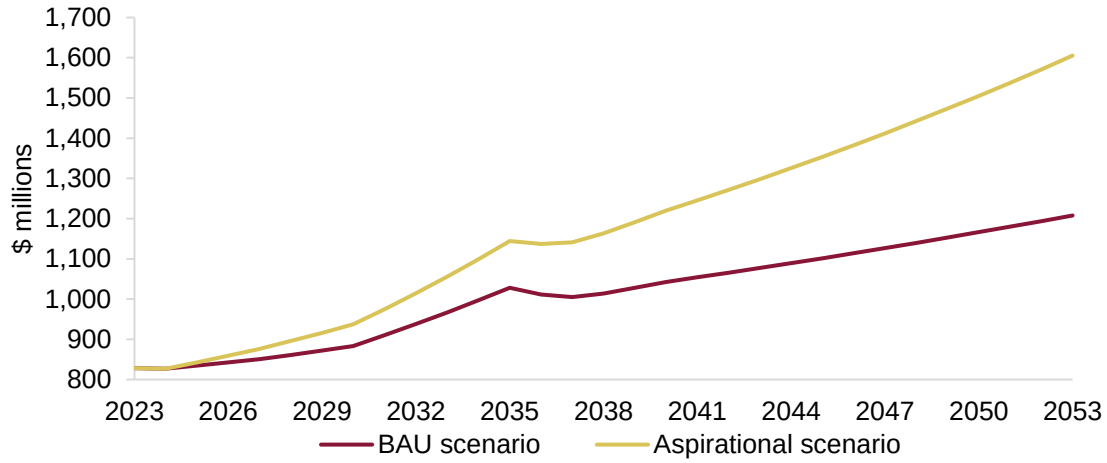
Business as usual - GDP generated in Tararua is forecast to grow by $378 million from 2022 and reach $1.208 billion by 2053 (an average annual increase of 1.2 percent).

GDP growth is forecast to be led by rural Tararua which will see GDP increase by $188 million, at an annual growth rate of 1.1 percent, to reach $631 million by 2053. Dannevirke will make the second largest contribution to GDP as its contribution to Tararua's GDP grows by $109 million at an annual growth rate of 1.2 percent. The greatest proportional growth is expected in Woodville and Eketāhuna where the average annual growth rate over the period will be 1.6 percent.

Aspirational - GDP is forecast to grow by $776 million from 2022 and reach $1.605 billion by 2053 (an average annual increase of 2.2 percent).

GDP growth is forecast to be led by rural Tararua which will see GDP increase by $380 million, at an annual growth rate of two percent, to reach $823 million by 2053. Dannevirke will make the second largest contribution as its GDP grows by $188 million at an annual growth rate of 1.8 percent. The decision to promote growth in Woodville will see its GDP grow at an average 5.7 percent per annum from $18 million in 2022 to $100 million in 2053.

Tararua GDP scenario comparison ($m)



Employment

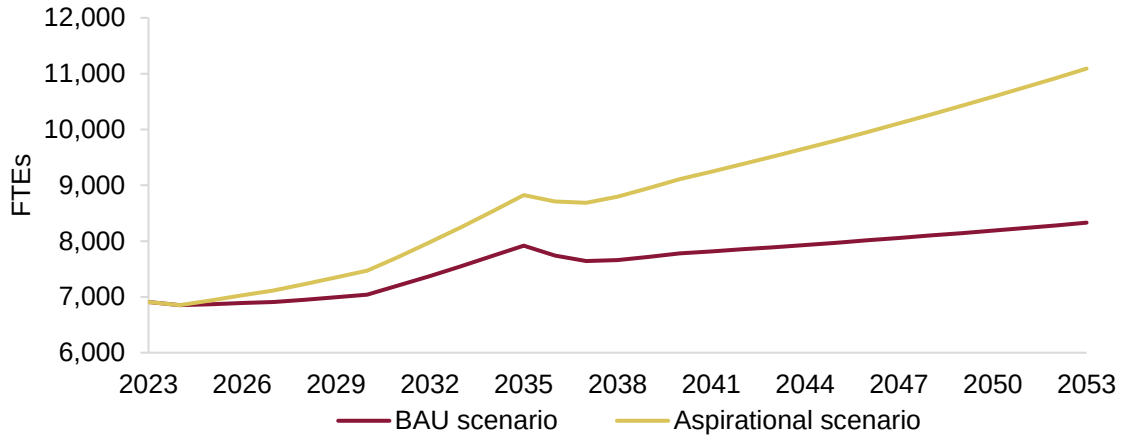
Business as usual - The number of full-time equivalent employees (FTEs) is forecast to grow by 1,367 from 2022 to 2053, at an annual growth rate of 0.6 percent.

Rural Tararua and Dannevirke are expected to see the greatest increase in the total number of FTEs. Rural Tararua is forecast to grow by 480 FTEs at an average annual rate of 0.4 percent, and Dannevirke is expected to grow by 468 FTEs at a rate of 0.6 percent per year. Eketāhuna is expected to see the greatest proportional growth with average annual growth of 1.2 percent across the period adding an additional 68 FTEs.

Aspirational - The additional population is expected to see the number of FTEs grow by 4,128 from 2022 to 2053, at an annual growth rate of 1.5 percent.

Rural Tararua and Dannevirke are expected to see the greatest increase in the total number of FTEs. Rural Tararua is forecast to grow by 1,683 FTEs and Dannevirke is expected to grow by 1,074 FTEs at a rate of 1.3 percent per year. Woodville will see employment increase at an average annual rate of 4.6 percent and will see the number of FTEs increase from 173 in 2022 to 700 in 2053.

Tararua FTE scenario comparison (FTEs)



Occupied commercial and industrial land

Business as usual - The area of commercial and industrial land that will be occupied will increase by 56 hectares at an annual growth rate of 1.2 percent.

An additional 43 hectares of industrial land will be occupied in Tararua by 2053. In rural Tararua occupied industrial land is expected to grow at 1.6 percent per annum resulting in an additional 31 hectares of occupied industrial land by 2053. Dannevirke is expected to see occupied industrial land grow by seven hectares by 2053.

An additional 13 hectares of commercial land will be occupied by 2053. Seven hectares will be occupied in Dannevirke, three in Pahiatua, and one hectare each in Woodville and Eketāhuna.

Aspirational - The area of commercial and industrial land occupied in this scenario will increase by 118 hectares at an annual growth rate of 2.1 percent.

An additional 89 hectares of industrial land will be occupied in Tararua by 2053. Growth is expected to be greatest in rural Tararua where an additional 50 hectares will be occupied. Growth targeted at Woodville will result in an additional 19 hectares being occupied. Dannevirke is expected to see occupied industrial land grow by eight hectares by 2053.

An additional 29 hectares of commercial land will be occupied by 2053. This will be greatest in Dannevirke (15ha) and Pahiatua (7ha).

Tararua occupied commercial and industrial land comparison 2022-2053 (ha)

Business as usual				Area	Aspirational			
2022	2053	Growth	Pa %	Land use Type	2022	2053	Growth	Pa %
131	**188**	**56**	**1.2**	**Tararua District**	**131**	**250**	**118**	**2.1**
36	49	13	1.0	Commercial	36	65	29	1.9
95	139	43	1.2	Industrial	95	185	89	2.2
51	**63**	**12**	**0.7**	**Dannevirke**	**51**	**75**	**24**	**1.2**
22	29	7	1.0	Commercial	22	37	15	1.7
29	34	5	0.5	Industrial	29	38	8	0.8
3	**4**	**2**	**1.4**	**Woodville**	**3**	**24**	**22**	**7.2**
2	3	1	1.1	Commercial	2	4	2	2.6
1	2	1	1.9	Industrial	1	20	19	10.3
4	**6**	**2**	**1.1**	**Eketahuna**	**4**	**10**	**5**	**2.7**
2	3	1	1.6	Commercial	2	5	3	3.3
2	3	1	0.7	Industrial	2	4	2	2.1
23	**32**	**9**	**1.1**	**Pahiatua**	**23**	**39**	**16**	**1.8**
8	11	3	1.1	Commercial	8	15	7	2.1
15	21	6	1.1	Industrial	15	24	9	1.5
51	**82**	**31**	**1.6**	**Rural Combined**	**51**	**102**	**52**	**2.3**
3	3	0	0.4	Commercial	3	4	1	1.1
48	79	31	1.6	Industrial	48	99	50	2.3

Source: Tararua District Council, BERL analysis

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1 Introduction

To ensure sustainable growth while preserving Tararua's distinctive qualities, the Tararua District Council is undertaking a formal review of the Tararua District Plan. The current District Plan was made operative in 2012 and, under the Resource Management Act 1991, it is now due for a review.

Tararua is the third largest district in New Zealand covering 424,000 hectares. Tararua has four main urban areas; Dannevirke, Woodville, Eketāhuna, and Pahiatua. These urban areas are surrounded by a large rural community. Dannevirke is the largest community in Tararua and is well serviced with a modern hospital, three secondary schools, and a growing commercial sector.

Te Ahu a Turanga-Manawatū Tararua Highway will become a key gateway to Tararua. The long awaited opening will significantly improve Tararua's connection to the rest of the Manawatū-Whanganui region, and is expected to create a wealth of opportunities for employment and business growth that will increase Tararua's gross domestic product (GDP).

In light of these future developments within the district, the Council engaged Business and Economic Research Limited (BERL) to forecast Tararua's future economic growth, including the changes to GDP, employment, and occupied commercial and industrial land, and specifically for its four major centres Woodville, Dannevirke, Eketāhuna, and Pahiatua. This report is accompanied by a supporting excel file with full data table and additional supporting graphs.

1.1 Tararua district's economic communities

Tararua is made up of 12 statistical area two (SA2) areas. SA2 is an output geography that aims to reflect communities that interact together socially and economically. In populated areas, SA2s generally contain similar sized populations. For the purposes of forecasting the future growth of the four main centres we have split Tararua into five areas as shown in Table 1.1. Dannevirke has two SA 2 areas, Dannevirke West and Dannevirke East, that combine to form the Dannevirke urban area. The Woodville and Pahiatua SA2 areas capture these urban centres. Because of the smaller size of Eketāhuna's urban centre it is part of the larger Nireaha-Eketāhuna SA2 area which includes a large rural area to the west of the urban centre. For the purposes of these forecasts the remaining seven SA2 areas have been combined to form the Rural Combined area, also referred to as rural Tararua in this report.

Table 1.1 Tararua district SA-2 areas

Dannevirke	Woodville	Eketāhuna	Pahiatua	Rural Combined
Dannevirke West	Woodville	Nireaha-Eketāhuna	Pahiatua	Norsewood
Dannevirke East				Papatawa
				Kaitawa
				Owhanga
				Mara
				Waitahora
				Mangatainoka

1.2 Methodology

BERL's local authority database was used to identify the 2022 value of Tararua's GDP, the count of full time equivalent (FTE) employment by industry, and the trend of how this has changed over the last 10 years. We extrapolated 2022 employment and GDP figures for each of the four main centres using employment data at the SA2 level. Two scenarios were then created to forecast the economic future of Tararua; a business as usual scenario and an aspirational scenario.

1.2.1 Business as usual scenario

To determine the future growth of Tararua's economy BERL, in conjunction with the Council, developed a district wide forecast based on the StatsNZ high population growth scenario, provided by the Council. To further enhance this forecast, the results of BERL's latest business as usual forecast (assumes no major changes to the structure of the New Zealand economy) from our national computable general equilibrium (CGE) model were used to create a specific business as usual (BAU) scenario of growth in industry level employment and GDP for the district. An economic model was then created to expand the BAU scenario by taking the industry growth forecasts, and adjusting them to match the high population scenario. The result of this process was a distinct population and industry growth forecast that was then used to show the future growth of Tararua's economy.

The district level forecasts were then estimated at the SA2 level for Tararua's four main centres. The main centre forecasts are based on local growth factors, such as current economic activity, current population, StatsNZ forecast future population, and the future working age population.

Current land use and occupancy data was provided by the Council for commercial and industrial land in each of the five areas. This data was then categorised into industry groups based on the industry of the occupant. Future demand for commercial and industrial land was then estimated assuming the ratios of FTEs per hectare for each industry will remain constant over the forecast period.

1.2.2 Aspirational scenario

The aspirational scenario uses the same CGE assumptions as the BAU scenario, but assumes that all of Tararua's industries will grow by one percentage point per annum greater than the BAU scenario. Additionally, the population projections were adjusted to reflect an outcome where the Council achieves its aspirational population goal. This scenario also assumes that the Council is successful in attracting and encouraging manufacturing, construction, transport, and warehousing and storage businesses to locate in Woodville.

As for the business as usual scenario, future demand for commercial and industrial land was then estimated assuming the ratios of FTEs per hectare for each industry will remain constant over the forecast period.

2 Forecasts informing the scenarios

The two scenarios in these forecasts are informed by future expectations for the growth of Tararua's population and the overall performance of the national economy. In this section we provide a summary outline of the population and GDP data used to inform these forecasts.

2.1 Population projections

Both the BAU scenario and the aspirational scenario rely on population growth to drive Tararua's economic growth. The business as usual scenario uses the StatsNZ high growth forecast. This forecast is the upper range of the StatsNZ subnational population projections. The aspirational scenario uses the aspirational population expectations for the Tararua's four urban centres as agreed by the Council.

2.1.1 StatsNZ high population growth

Tararua's population is expected to grow by 3,300 people from 2022 to 2053. This 17 percent increase will see the population grow to 22,350 by 2053. As Table 2.1 shows, Dannevirke will see the greatest total population growth with an additional 1,126 residents by 2053, a 20 percent increase. The greatest proportional increase is expected in Woodville where the resident population is expected to increase by 37 percent, with an additional 607 residents growing the population to 2,257. Pahiatua will add an additional 813 residents to grow by 29 percent, and Eketāhuna will grow by 183 residents (34 percent). Tararua's rural population is only expected to grow by seven percent, with an additional 570 residents by 2053.

Table 2.1 Tararua high growth population projection

	2022	2023	2028	2033	2038	2043	2048	2053
Tararua District	19,050	19,153	19,961	20,803	21,617	22,007	22,246	22,350
Dannevirke	5,650	5,788	6,055	6,322	6,548	6,601	6,694	6,776
Woodville	1,650	1,664	1,825	1,985	2,120	2,153	2,208	2,257
Pahiatua	2,810	2,882	3,083	3,284	3,452	3,493	3,562	3,623
Eketāhuna	540	575	615	655	689	697	711	723
Rural Combined	8,400	8,243	8,382	8,556	8,807	9,064	9,070	8,970

Source: StatsNZ, Tararua District Council

2.1.2 Tararua District Council main centre aspirational growth

The Council has set its own aspirational growth targets for Tararua's main centres. This aspirational scenario is expected to see Tararua's urban population grow by 37 percent, resulting in an additional 4,090 residents living in the four urban centres. As Table 2.2 shows, Woodville is expected to see the greatest total and proportional population growth. An 80 percent increase in Woodville's population would see an additional 1,336 residents. Dannevirke will grow by 21 percent adding an additional 1,212 residents by 2053. Pahiatua's growth to 4,000 people will be a 39 percent increase with 1,118 more residents residing in the town in 2053 compared to 2023. Eketāhuna will grow by 425 residents (74 percent) to reach 1,000 by 2053.

Table 2.2 Tararua District Council urban centre aspirational population expectations

	2023	2053	Change	% change
Dannevirke	5,788	7,000	1,212	21
Woodville	1,664	3,000	1,336	80
Pahiatua	2,882	4,000	1,118	39
Eketāhuna	575	1,000	425	74

Source: StatsNZ, Tararua District Council

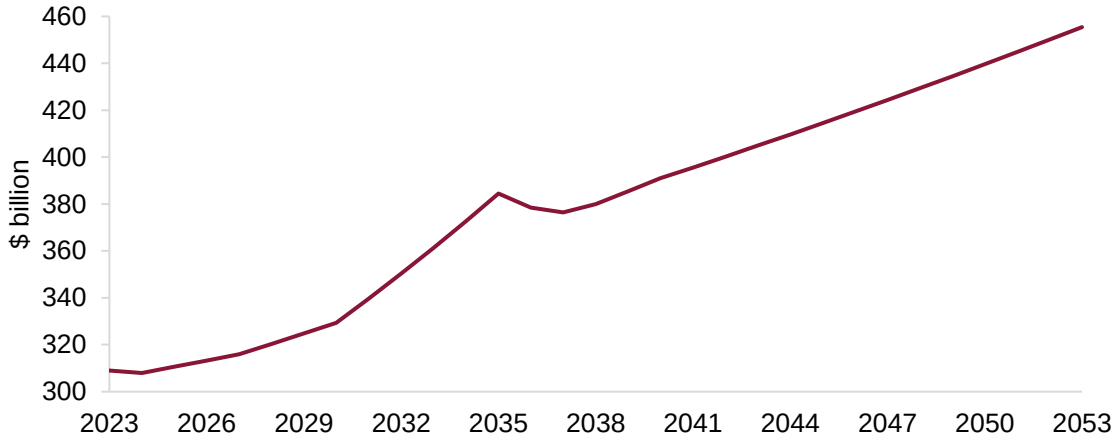
2.2 Gross domestic product (GDP)

Tararua's economic performance over the next 30 years is largely going to be influenced by the performance of New Zealand's national economy. To inform the future direction of Tararua's economy over the next 30 years we have used BERL's CGE model to create a specific business as usual forecast of GDP growth.

As Figure 2.1 shows, there is expected to be a slight decline in national GDP from 2023 to 2024 as a result of the Reserve Bank of New Zealand's actions to bring inflation back within the one to three percent target range. Increases to the Official Cash Rate are intended to decrease demand for goods and services to slow the rate of price increases. In the short term this results in higher interest rates, slowing GDP growth, a fall in employment, and an increase unemployment.

With inflation gradually easing, economic activity is projected to experience a moderate growth phase until 2030, followed by a period of robust expansion leading to strong GDP growth until 2035. History shows that the path to 2053 is unlikely to be smooth and there will be an economic downturn or two during this period. However, given the long term nature of these forecasts we are unable to forecast when these downturns will occur and what the exact impact will be. These forecasts incorporate an anticipated economic downturn in 2035, resulting in a temporary decline in GDP, before a recovery phase starting in 2038 followed by a period of relatively steady growth out to 2053. Over this period national GDP is expected to increase 47 percent from $310 billion in 2022 to $455 billion in 2053.

Figure 2.1 New Zealand GDP forecast 2023-2053 ($bn)



Source: BERL computable general equilibrium (CGE) model

3 Tararua district's historic economic performance

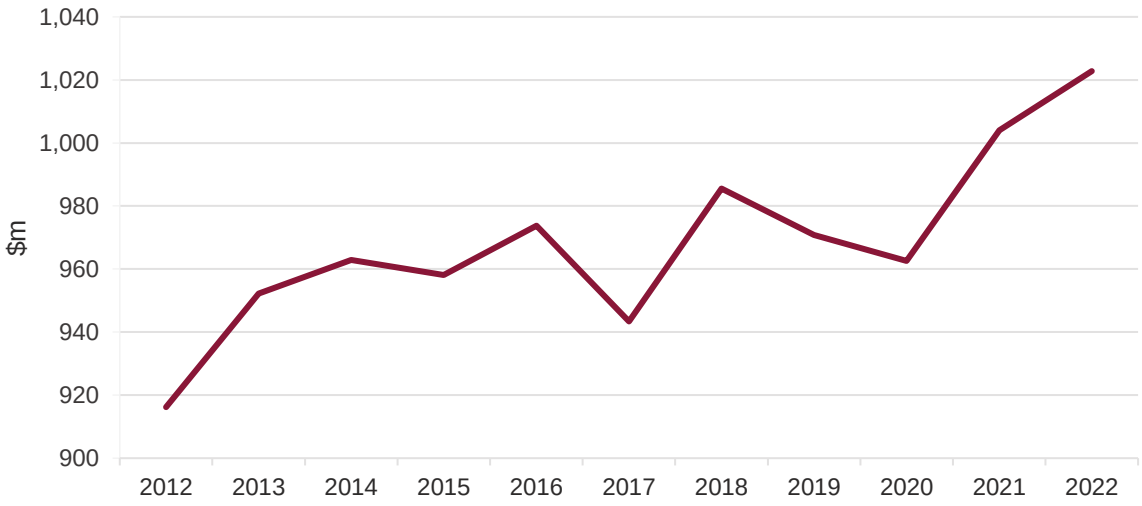
To understand the future of Tararua's economy it is important to understand how Tararua's economy is structured and how the economy has performed historically. In this section we look at Tararua's historic GDP and employment performance, the current structure of Tararua's economy, and the current use of land in each of the main centres and the combined rural area.

3.1 GDP

The value-added / production approach to GDP measures the total value of goods and services produced in an economy and is a primary measure of economic growth.

Tararua's total GDP for 2022 was $1.02 billion, as shown in Figure 3.1, and had increased from $916 million in 2012 (an average increase of 1.1 percent per annum). For comparison, New Zealand's total GDP for 2022 was $361 billion (an average increase of 2.9 percent per annum from 2012).

Figure 3.1 Tararua district GDP 2012-2022($m)



Source: BERL local authority database

When looking at productive GDP, total GDP less Owner-Occupied Dwellings (OOD), Tararua's productive GDP was $830 million in 2022. OOD made up 19 percent of Tararua's GDP. For comparison, New Zealand's productive GDP for 2022 was $310 billion, and OOD accounted for 14 percent of total national GDP.

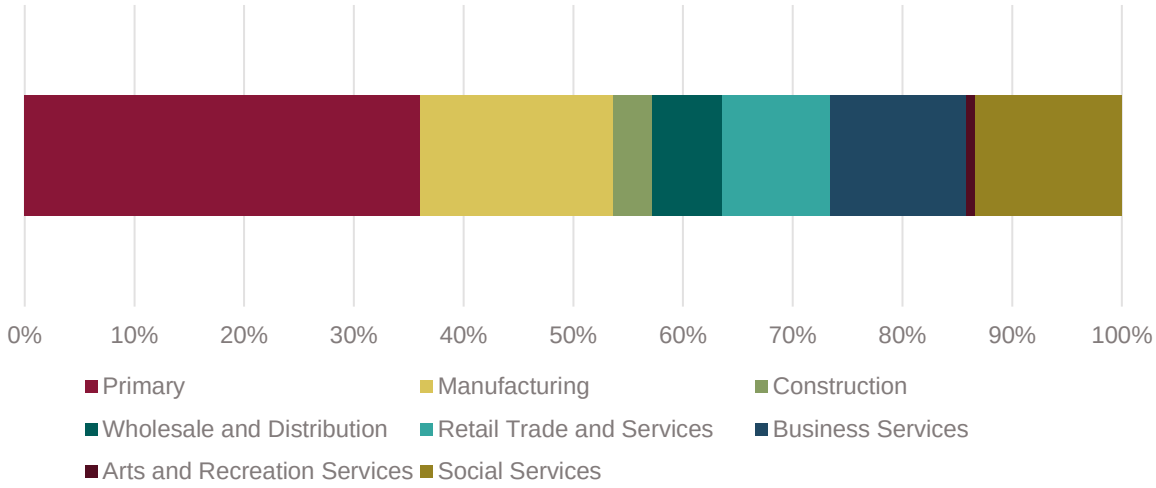
For the past decade, total productive GDP growth has been driven by growth in manufacturing, wholesale and distribution, retail and trade, and social services. Manufacturing, Tararua's second largest contributing sector to GDP, has performed strongly increasing GDP by 3.9 percent.

As in most of New Zealand's districts, Tararua's largest sector is the primary sector. As shown in Figure 3.2, in 2022 the primary sector accounted for 29 percent of Tararua's GDP. However, over the past 10 years (2012-2022), the sector's contribution to GDP has declined by 0.5 percent.

A further three sectors experienced negative growth across the decade; arts and recreation (-3.4 percent), construction (-2 percent), and business services (-0.1 percent).

The 2022 year, however, had improved GDP performance, with all but one sector experiencing positive growth. Only business services experienced negative growth. The total GDP for Tararua's largest sector (primary) increased 0.4 percent in 2022 compared to 2021. Tararua's second-largest industry (manufacturing) increased by 2.3 percent in 2022 compared to 2021.

Figure 3.2 Tararua district GDP contribution by sector (%)

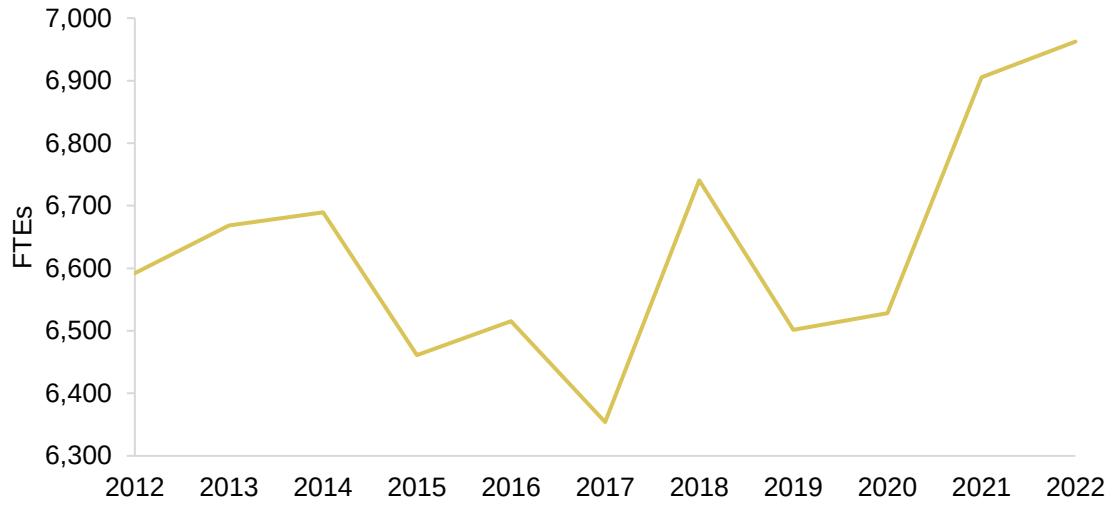


Source: BERL local authority database

3.2 Employment

The number of full-time equivalent employees (FTEs) in Tararua has grown six percent between 2012 and 2022. In comparison, national employment is up 30 percent. As Figure 3.3 shows, there was a decline in employment in 2017 followed by a strong recovery in 2018. This was then followed by a decline in 2019. However, since 2019 employment has increased by 461 FTEs (seven percent)

Figure 3.3 Tararua district full-time equivalent employees 2012-2022

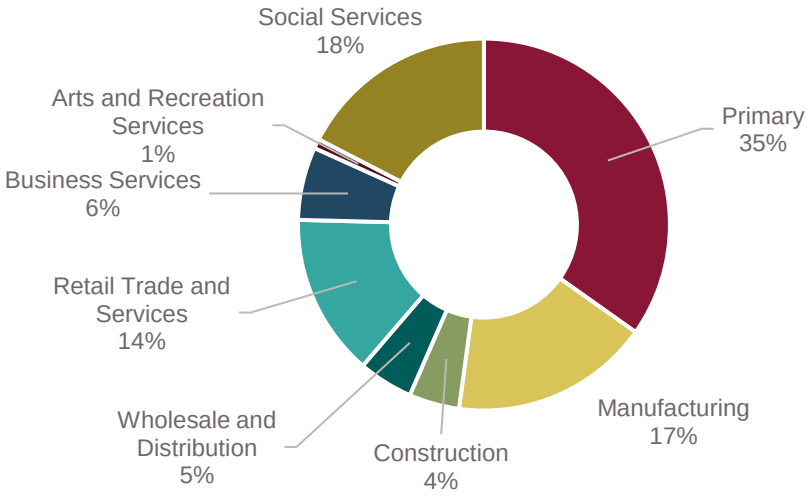


Source: BERL local authority database

As in contribution to GDP, Tararua's employment is dominated by the primary sector. As shown in Figure 3.4 the primary sector accounted for 35 percent of Tararua's FTEs in 2022. Other sectors with significant employment include social services (18 percent), manufacturing (14 percent), and retail trade and services (14 percent).

Manufacturing and social services have seen the largest growth in employment over the past decade. Manufacturing has grown 49 percent and social services by 33 percent. Retail and trade employment has remained stable, while construction saw a large drop of 53 percent of its FTEs in 2015 which the sector has still not recovered from. In 2022 employment in construction was down 19 percent in comparison to 2012. Employment in the primary sector was down 10 percent in 2022 when compared to 2012.

Figure 3.4 Tararua district employment by sector 2022 (%)



Source: BERL analysis

3.3 Commercial and industrial occupied land use

Tararua district currently has an estimated 131.3 hectares of occupied commercial and industrial land. Occupied industrial land accounts for 95.5 hectares (73 percent) and occupied commercial land is the remaining 35.8 hectares (27 percent).

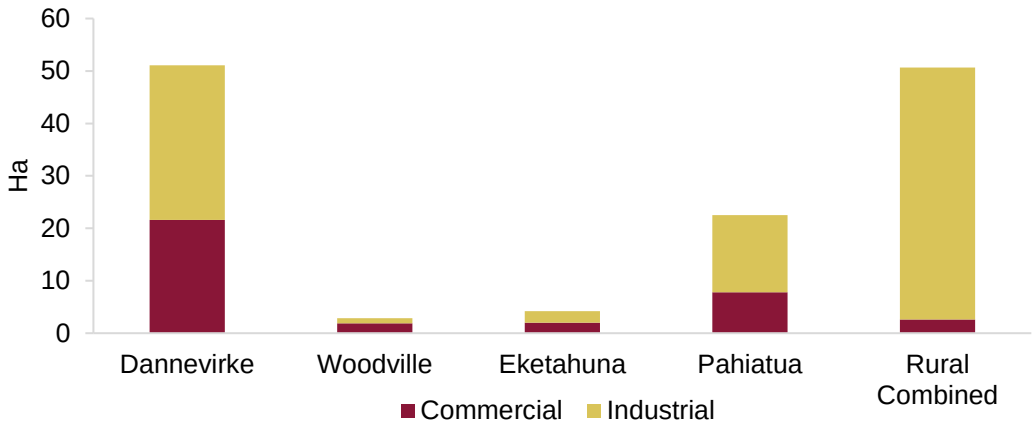
As Figure 3.5 shows, Dannevirke has the largest area of occupied commercial and industrial land. The 51.1 hectares of industrial land accounts for 38.9 percent of occupied commercial and industrial land in Tararua. This is closely followed by Rural Combined which has 50.7 hectares which is 38.6 percent of the occupied commercial and industrial land.

As the commercial centre of Tararua, Dannevirke is home to 60 percent (21.6 hectares) of Tararua's occupied commercial land. Pahiatua is the other centre with a significant commercial presence. Pahiatua's 7.8 hectares of occupied commercial land is 22 percent of Tararua's occupied commercial land.

With the exception of Eketāhuna the boundaries of the SA2 areas that make up the urban centres are tight around the urban centres. This means that some industrial businesses are located outside

the main centre's SA2 areas. Rural Combined has 50 percent of Tararua's occupied industrial land. This includes the Oringi Business Park and Alliance Dannevirke which, although close to Dannevirke, are located just outside of the SA2 areas that make-up Dannevirke, and Fonterra Pahiatua, which is just outside the Pahiatua SA2 area. Dannevirke is also home to 32 percent of Tararua's occupied industrial land, and Pahiatua accounts for 15 percent.

Figure 3.5 Tararua district commercial and industrial occupied land by area (ha)



Source: Tararua District Council, BERL analysis

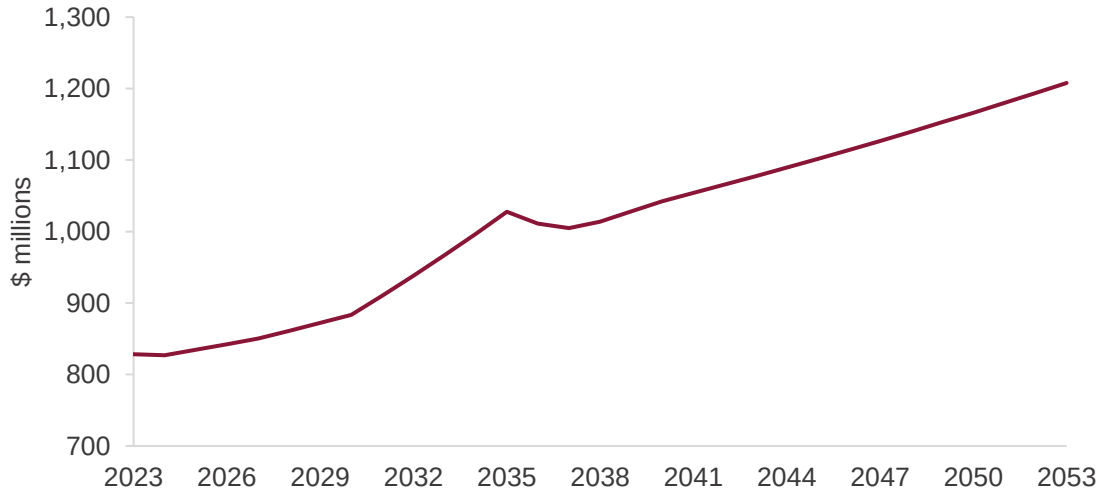
4 Business as usual scenario

This scenario assumes that Tararua's population will match the StatsNZ high population growth forecast, and that New Zealand's economy will experience growth consistent with the results from the most recent business as usual (BAU) forecast from BERL's national computable general equilibrium (CGE) model.

4.1 GDP

GDP generated in Tararua is forecast to grow by $378 million from 2022, and reach $1.208 billion by 2053; an average increase of 1.2 percent per annum. The forecasts show a slight fall in GDP in 2023 and 2024. The dominant industries in Tararua are expected to be amongst the hardest hit by the Reserve Bank of New Zealand's (RBNZ) efforts to reduce inflation, and also by falling commodity prices. As Te Ahu a Turanga (Manawatū Tararua Highway) becomes established, and inflation comes back within the RBNZ's one to three percent target range, Tararua's GDP is then expected to pick up. This will see Tararua's GDP grow slowly to 2030, before picking up from 2030 to 2035. As Figure 4.1 shows, consistent with BERL's CGE BAU forecast for national GDP, an economic shock is included at 2035 which will see a fall in GDP between 2035 and 2038. GDP growth is then expected to continue at a consistent pace out to 2053.

Figure 4.1 Tararua GDP forecast ($m)



Source: BERL analysis

The growth in GDP is forecast to be led by rural Tararua (Rural Combined) which, as Table 4.1 shows, will see GDP increase by $188 million, at an annual growth rate of 1.1 percent, to reach $631 million by 2053. Dannevirke will make the second largest contribution as its GDP grows by $109 million, at an annual growth rate of 1.2 percent. The greatest proportional growth is expected in Woodville and Eketāhuna where the average annual growth rate over the period will be 1.6 percent.

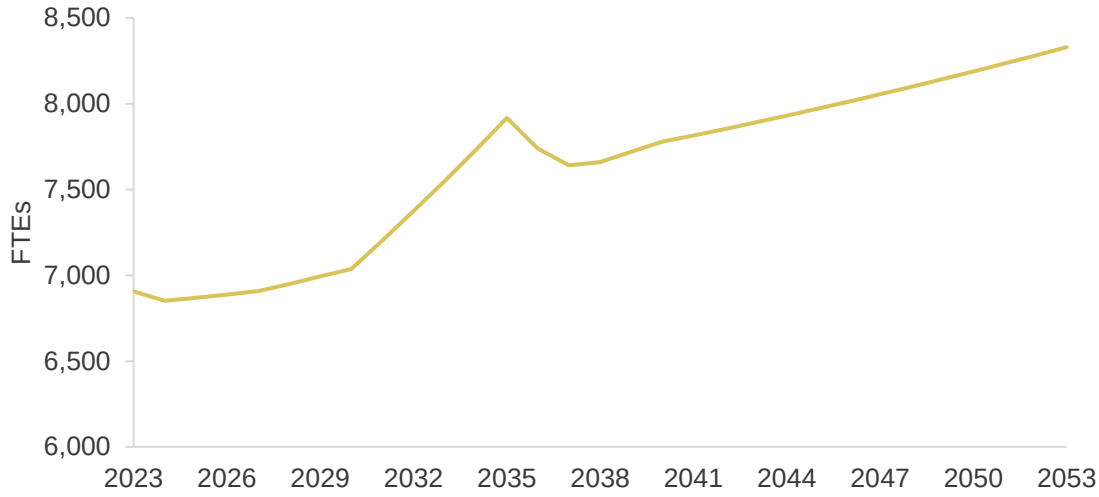
Table 4.1 Tararua GDP forecast 2022-2053 ($m)

	2022	2023	2028	2033	2038	2043	2048	2053
Tararua District	830	828	861	967	1,014	1,077	1,140	1,208
Dannevirke	252	252	260	291	303	321	340	361
Woodville	18	18	19	22	24	25	27	29
Eketāhuna	15	16	17	19	20	22	23	25
Pahiatua	101	101	107	123	132	140	150	161
Rural Combined	443	441	458	512	536	570	599	631

Source: BERL analysis

4.2 Employment

The number of FTEs in Tararua is forecast to grow by 1,367 from 2022 to 2053, at an annual growth rate of 0.6 percent. There is expected to be a slight decline in the number of FTEs from 2022 to 2024, consistent with an increase in the national unemployment rate. However, as the national unemployment rate starts to decrease employment in Tararua improves and continues to grow out to 2035. BERL's long term forecast for the national economy includes the expectation of an economic slowdown at some point during the forecast period. The decrease in GDP will be accompanied by a fall in employment. However, once the economy begins to recover, from 2038 employment will continue to grow out to 2053.



Source: BERL analysis

Rural Tararua and Dannevirke are expected to see the greatest increase in the total number of FTEs. As shown in Table 4.2, rural Tararua is forecast to grow by 480 FTEs at an annual rate of 0.4 percent, and Dannevirke is expected to grow by 468 FTEs at an annual rate of 0.6 percent. Eketāhuna is expected to see the greatest proportional growth with average annual growth of 1.2 percent across the period, adding an additional 68 FTEs.

Table 4.2 Tararua employment 2022-2053 (FTE equivalents)

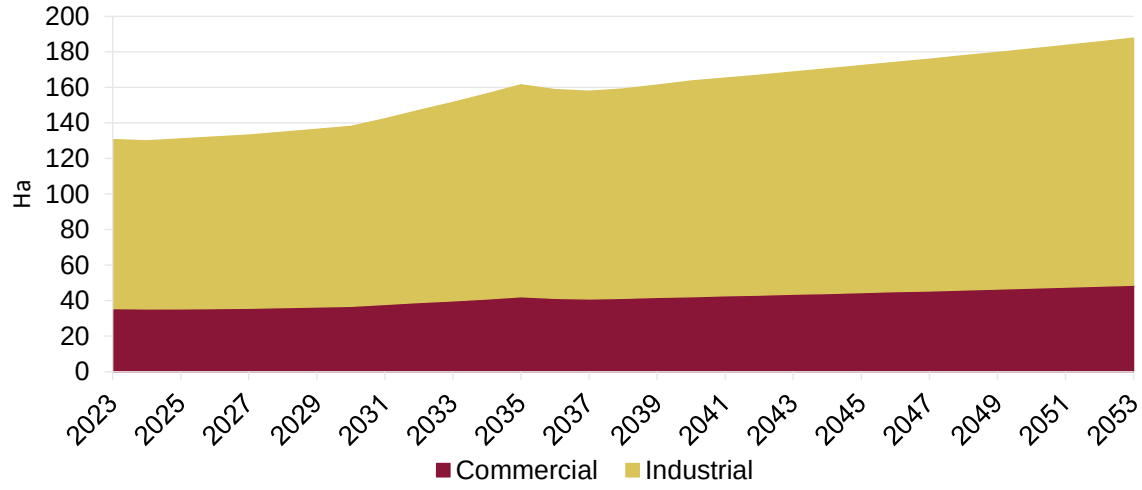
	2022	2023	2028	2033	2038	2043	2048	2053
Tararua District	6,962	6,907	6,950	7,551	7,661	7,891	8,098	8,330
Dannevirke	2,256	2,243	2,242	2,437	2,469	2,547	2,630	2,725
Woodville	173	170	177	199	206	212	220	228
Eketāhuna	160	165	170	189	196	206	216	228
Pahiatua	926	925	948	1,055	1,088	1,126	1,170	1,221
Rural Combined	3,447	3,403	3,413	3,670	3,702	3,801	3,862	3,927

Source: BERL analysis

4.3 Land use

Assuming the relationship between FTE employment and commercial and industrial land use in Tararua remains consistent between 2022 and 2053, the area of occupied commercial and industrial land will increase by 57 hectares at an annual growth rate of 1.2 percent. As Figure 4.2 shows, an additional 13 hectares of commercial land, and an additional 43 hectares of industrial land, will be occupied in Tararua by 2053.

Figure 4.2 Tararua forecast occupied commercial and industrial land use (ha)



Source: BERL analysis

Growth of occupied commercial and industrial land is expected to be greatest in rural Tararua. As shown in Table 4.3, the combined rural SA2 areas are forecast to have an additional 31 hectares of occupied industrial land by 2053. Occupied industrial land in rural Tararua is expected to grow at an average of 1.6 percent per annum across the period. Dannevirke is expected to see occupied industrial land grow by five hectares by 2053.

An additional 13 hectares of commercial land is expected to be occupied by 2053. Seven hectares will be occupied in Dannevirke, three in Pahiatua, and one hectare each in Woodville and Eketāhuna.

Table 4.3 Tararua forecast occupied commercial and industrial land 2022-2053 (ha)

	2022	2023	2028	2033	2038	2043	2048	2053
Tararua District	**131**	**131**	**135**	**152**	**159**	**169**	**178**	**188**
Commercial	36	36	36	40	41	44	46	49
Industrial	95	95	99	112	118	125	132	139
Dannevirke	**51**	**51**	**51**	**56**	**57**	**59**	**61**	**63**
Commercial	22	21	22	24	25	26	27	29
Industrial	29	29	29	32	33	33	34	34
Woodville	**3**	**3**	**3**	**3**	**4**	**4**	**4**	**4**
Commercial	2	2	2	2	2	2	3	3
Industrial	1	1	1	1	1	1	2	2
Eketāhuna	**4**	**4**	**4**	**5**	**5**	**5**	**6**	**6**
Commercial	2	2	2	2	3	3	3	3
Industrial	2	2	2	3	3	3	3	3
Pahiatua	**23**	**22**	**23**	**26**	**28**	**29**	**30**	**32**
Commercial	8	8	8	9	9	10	10	11
Industrial	15	15	15	18	18	19	20	21
Rural Combined	**51**	**50**	**53**	**61**	**65**	**71**	**77**	**82**
Commercial	3	2	2	3	3	3	3	3
Industrial	48	48	51	58	63	68	74	79

Source: BERL analysis[1]

[1] District and area totals may not be equal to the sum of commercial and industrial due to rounding.

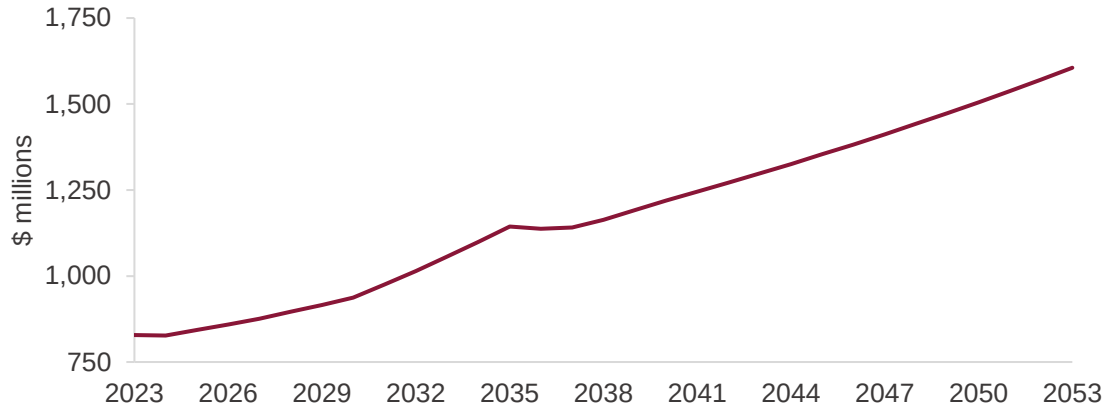
5 Aspirational scenario

This scenario assumes that Tararua's population will reach the Council's aspirational population expectations, New Zealand's economy will experience growth consistent with the most recent BAU forecast from BERL's national CGE model, GDP in all of Tararua's industries will grow by one percentage point more per annum than the BAU scenario, and the Council will be successful in attracting manufacturing, construction, transport, and warehousing and storage businesses to locate in Woodville.

5.1 GDP

In this aspirational scenario GDP generated in Tararua is forecast to grow by $776 million from 2022, and reach $1.605 billion by 2053; an average annual increase of 2.2 percent. As Figure 5.1 shows, the overall trend is consistent with the BAU scenario and sees a slight fall in GDP in 2023 and 2024, GDP growing slowly to 2030, before picking up from 2030 to 2035. There is then a fall in GDP between 2035 and 2038, before GDP growth continues at a consistent pace out to 2053.

Figure 5.1 Tararua aspirational GDP forecast ($ million)



Source: BERL analysis

The growth in GDP is forecast to be led by rural Tararua which, as Table 5.1 shows, will see GDP increase by $380 million, at an annual growth rate of two percent, to reach $823 million by 2053. Dannevirke will make the second largest contribution to GDP as its GDP grows by $188 million at an annual growth rate of 1.8 percent. The decision to promote growth in Woodville will see its GDP grow at an average 5.7 percent per annum from $18 million in 2022 to $100 million in 2053.

Table 5.1 Tararua aspirational GDP 2022-2053 ($m)

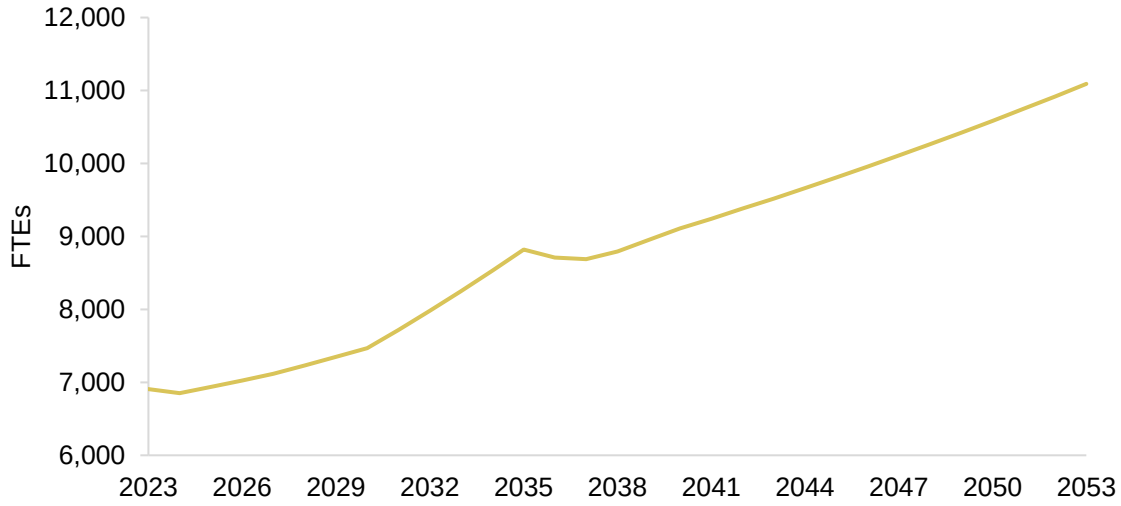
	2022	2023	2028	2033	2038	2043	2048	2053
Tararua District	830	828	896	1,056	1,163	1,298	1,442	1,605
Dannevirke	252	252	269	308	332	363	399	441
Woodville	18	18	21	38	51	67	82	100
Eketāhuna	15	16	18	23	26	30	35	41
Pahiatua	101	101	111	130	143	161	179	201
Rural Combined	443	441	476	557	611	677	747	823

Source: BERL analysis

5.2 Employment

In this scenario the additional population is expected to see the number of FTEs in Tararua grow by 4,128 from 2022 to 2053, at an annual growth rate of 1.5 percent. As in the BAU scenario, there is expected to be a slight decline in the number of FTEs from 2022 to 2024 before employment improves and continues to grow out to 2035. There is then an economic slowdown from 2035 to 2038, before growth resumes again out to 2053.

Figure 5.2 Tararua aspirational employment forecast (FTEs)



Source: BERL analysis

As in the BAU scenario, rural Tararua and Dannevirke are expected to see the greatest increase in the total number of FTEs. As shown in Table 5.2, rural Tararua is forecast to grow by 1,683 FTEs, at an annual rate of 1.3 percent, and Dannevirke is expected to grow by 1,074 FTEs at a rate of 1.3 percent per year. The decision to promote growth in Woodville will see employment increase at an average annual rate of 4.6 percent, which will see the number FTEs increase from 173 in 2022 to 700 in 2053. Eketāhuna is expected to see the second largest proportional increase with the town's 2.8 percent average annual growth rate adding an additional 212 FTEs across the period.

Table 5.2 Tararua aspirational employment 2022-2053 (FTEs)

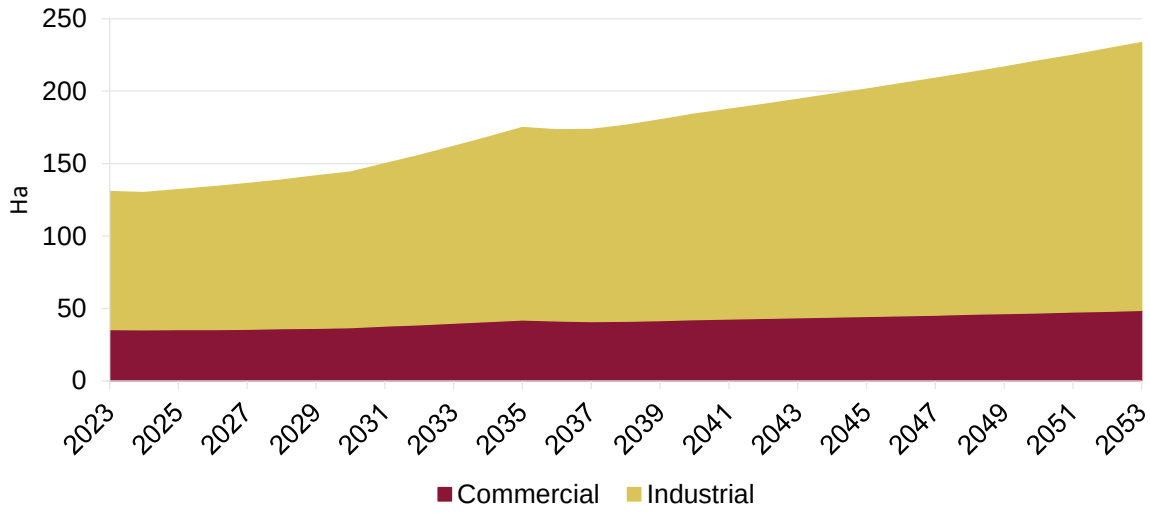
	2022	2023	2028	2033	2038	2043	2048	2053
Tararua District	6,962	6,907	7,231	8,250	8,795	9,519	10,263	11,091
Dannevirke	2,256	2,243	2,318	2,587	2,709	2,886	3,094	3,330
Woodville	173	170	197	322	410	512	598	700
Eketāhuna	160	165	185	224	252	288	327	372
Pahiatua	926	925	982	1,119	1,201	1,311	1,426	1,559
Rural Combined	3,447	3,403	3,548	3,998	4,223	4,522	4,817	5,131

Source: BERL analysis

5.3 Land use

Assuming the relationship between FTE employment and commercial and industrial land use in Tararua remains consistent between 2022 and 2053, the area of commercial and industrial land that will be occupied in this scenario will increase by 118 hectares at an annual growth rate of 2.1 percent. As Figure 4.2 shows, an additional 29 hectares of commercial land and an additional 89 hectares of industrial land will be occupied in Tararua by 2053.

Figure 5.3 Tararua aspirational occupied commercial and industrial land (ha)



Source: BERL analysis

As in the BAU scenario, the growth of occupied commercial and industrial land is expected to be the greatest in rural Tararua. As shown in Table 5.3, the combined rural SA2 areas are forecast to require an additional 50 hectares of occupied industrial land by 2053. Occupied industrial land in rural Tararua is expected to grow at an average of 2.3 percent per annum across the period. With growth targeted at Woodville, an additional 19 hectares of industrial land is forecast to be occupied. Pahiatua is expected to see occupied industrial land grow by nine hectares by 2053. Because of the efforts to grow Woodville, occupied industrial land in Dannevirke is forecast to grow by eight hectares.

An additional 29 hectares of commercial land is expected to be occupied by 2053. Fifteen hectares will be occupied in Dannevirke, seven in Pahiatua, three in Eketāhuna, two hectares in Woodville, and one in rural Tararua.

Table 5.3 Tararua aspirational occupied commercial and industrial land 2022-2053 (ha)

	2022	2023	2028	2033	2038	2043	2048	2053
Tararua District	**131**	**131**	**140**	**166**	**183**	**203**	**225**	**250**
Commercial	36	36	38	44	47	53	58	65
Industrial	95	95	103	122	135	151	167	185
Dannevirke	**51**	**51**	**52**	**58**	**61**	**65**	**70**	**75**
Commercial	22	21	22	26	28	30	33	37
Industrial	29	29	30	32	34	35	36	38
Woodville	**3**	**3**	**4**	**8**	**12**	**16**	**20**	**24**
Commercial	2	2	2	3	3	3	4	4
Industrial	1	1	2	6	9	13	16	20
Eketāhuna	4	4	5	6	7	8	9	10
Commercial	2	2	2	3	3	4	5	5
Industrial	2	2	2	3	3	4	4	4
Pahiatua	**23**	**22**	**24**	**27**	**29**	**32**	**35**	**39**
Commercial	8	8	8	10	11	12	13	15
Industrial	15	15	16	18	19	20	22	24
Rural Combined	**51**	**50**	**55**	**66**	**73**	**82**	**92**	**102**
Commercial	3	2	3	3	3	3	3	4
Industrial	48	48	53	63	70	79	88	99

Source: BERL analysis[2]

[2] District and area totals may not be equal to the sum of commercial and industrial due to rounding.

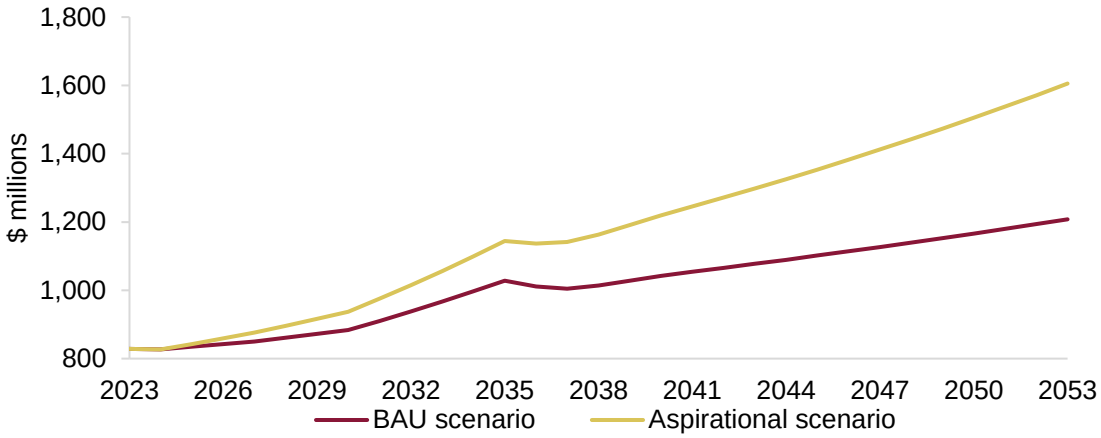
6 Scenario comparison

This section compares the differences in GDP, employment, and occupied commercial and industrial land between the BAU scenario and the aspirational scenario. The differences shown in this section are the changes from the BAU scenario.

6.1 GDP

In the aspirational scenario, Tararua's GDP is expected to be $398 million greater than it would be in the BAU scenario. As Figure 6.1 shows, the impact of Tararua's additional population and GDP growth begins to show from 2025 as the economy begins to recover.

Figure 6.1 Tararua GDP scenario comparison ($m)



Source: BERL analysis

The difference in GDP growth is greatest rural Tararua where GDP will increase by an additional $192 million compared to the BAU scenario. The greatest proportional difference in GDP growth is forecast to occur in Woodville, where efforts to focus growth attract additional economic activities to locate in the town. By 2053 this increases Woodville's GDP by $71 million more than the BAU scenario. Growth in Woodville attracts businesses that would have otherwise located in Dannevirke, where GDP will be $79 million greater in 2053 than in the BAU scenario. In the aspirational scenario the additional population and GDP growth sees GDP in Pahiatua increase by an additional $40 million by 2053, and in Eketāhuna by an additional $15 million.

Table 6.1 Tararua GDP scenario comparison 2022-2053 ($m)

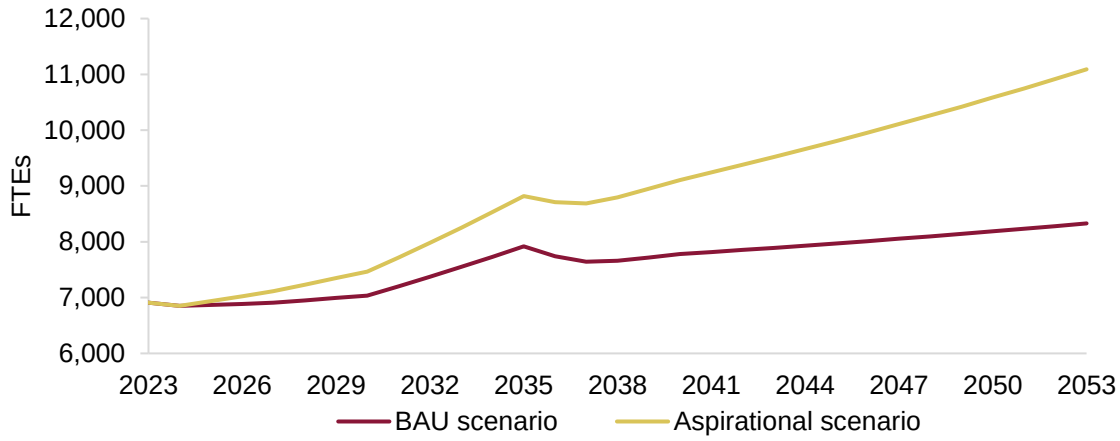
	2022	2023	2028	2033	2038	2043	2048	2053
Tararua District	0	0	35	89	149	221	303	398
Dannevirke	0	0	9	18	29	42	59	79
Woodville	0	0	2	16	28	42	55	71
Eketāhuna	0	0	1	3	6	9	12	15
Pahiatua	0	0	4	6	12	20	29	40
Rural Combined	0	0	18	46	75	107	147	192

Source: BERL analysis

6.2 Employment

The aspirational scenario results in an additional 2,761 FTEs across Tararua. As Figure 6.2 shows, this growth occurs as the population increases and the economy begins to recover as the national economic situation improves. The number of FTEs then continues to remain above the BAU scenario out to 2053.

Figure 6.2 Tararua FTE scenario comparison (FTEs)



Source: BERL analysis

Rural Tararua is forecast to have an additional 1,203 FTEs in the aspirational scenario when compared to the BAU scenario. Dannevirke, will have an additional 605 FTEs in 2053. Dannevirke's proportional FTE growth is slightly lower than other locations as some businesses who would have located in Dannevirke base themselves in Woodville instead. The decision to focus growth on Woodville, combined with a larger population, results in an additional 472 FTEs in 2053. The larger population and GDP growth also results in an additional 338 FTEs in Pahiatua, and 144 FTEs in Eketāhuna,

Table 6.2 Tararua employment scenario comparison 2022-2053 (FTEs)

	2022	2023	2028	2033	2038	2043	2048	2053
Tararua District	0	0	281	699	1,135	1,628	2,165	2,761
Dannevirke	0	0	77	150	240	339	464	605
Woodville	0	0	20	123	205	300	379	472
Eketāhuna	0	0	15	34	56	83	111	144
Pahiatua	0	0	34	64	112	185	256	338
Rural Combined	0	0	135	328	522	721	955	1,203

Source: BERL analysis

6.3 Land use

The aspirational scenario is forecast to result in an additional 62 hectares of occupied commercial and industrial land in Tararua district compared to the BAU scenario. This comprises 46 hectares of industrial land and 16 hectares of commercial land. As Table 6.3 shows, the biggest difference is in Woodville, where an additional 20 hectares of occupied commercial and industrial land is forecast in the aspirational scenario, most of which will be industrial land.

When compared to the BAU scenario, the aspirational scenario's growth in GDP and population is expected to require an additional 20 hectares of commercial and industrial land in rural Tararua, which will predominately be industrial. An additional 11 hectares will be occupied in Dannevirke, where eight additional hectares of commercial land will be occupied. Pahiatua will have an additional seven hectares occupied, while Eketāhuna will have four more hectares of occupied commercial and industrial land in the aspirational scenario.

Table 6.3 Tararua occupied commercial and industrial land comparison 2022-2053 (ha)

	2022	2023	2028	2033	2038	2043	2048	2053
Tararua District	**0**	**0**	**5**	**14**	**23**	**35**	**47**	**62**
Commercial	0	0	1	4	6	9	12	16
Industrial	0	0	4	10	17	26	35	46
Dannevirke	**0**	**0**	**2**	**2**	**4**	**6**	**8**	**11**
Commercial	0	0	1	2	3	4	6	8
Industrial	0	0	1	1	1	2	2	3
Woodville	**0**	**0**	**1**	**5**	**8**	**12**	**16**	**20**
Commercial	0	0	0	0	1	1	1	2
Industrial	0	0	0	4	8	11	15	19
Eketāhuna	**0**	**0**	**0**	**1**	**1**	**2**	**3**	**4**
Commercial	0	0	0	0	1	1	2	2
Industrial	0	0	0	0	1	1	1	2
Pahiatua	**0**	**0**	**1**	**1**	**2**	**3**	**5**	**7**
Commercial	0	0	0	1	1	2	3	4
Industrial	0	0	0	0	0	1	2	3
Rural Combined	**0**	**0**	**2**	**5**	**8**	**11**	**15**	**20**
Commercial	0	0	0	0	0	0	1	1
Industrial	0	0	2	5	8	10	15	19

Source: BERL analysis[3]

[3] District and area totals may not be equal to the sum of commercial and industrial due to rounding.