



Tai Rāwhiti community, people, and economy

Whiringa-ā-nuku 2019

Photo credits

Top Left - Benjamin Paul Jeffery, 23 October 1993

Top Middle - Niall Robertson, 15 December 1998

2nd on left – Fraser Geologic, 2019

3rd on left - Aberail, 13 January 2012

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1 Whakarāpopototanga (Summary)

This report outlines the current situation in the districts of Gisborne and Wairoa with respect to the community, people, and the economy. The purpose of describing the districts in this way is to provide an evidence base. Changes which may occur as a result of reinstating the Gisborne to Wairoa rail line can then be estimated and compared to this base.

This research found that Wairoa and Gisborne are districts with significant natural assets and a favourable climate. The population is growing, and there are a large number of young people who will be seeking employment and housing in the decades to come.

Growth in employment and Gross Domestic Product (GDP) are both positive, but are well below the New Zealand average. While this can sound like a negative, it would tend to indicate the economy has potential to improve if current constraints can be alleviated.

Key infrastructure in the region is supported by local councils, and a major player is the Eastland Community Trust which owns strategic assets such as the port through its Eastland Group corporation.

With the rail line currently mothballed, the major transport infrastructure is road and sea as well as an airport at Gisborne. Both of the state highways in the area are narrow and winding, unsuited to large trucks. There is a significant vehicle crash rate. On state highway two between Gisborne and Wairoa there is an average five crashes each year resulting in either severe injury or death.

The Gisborne area supplies wood products, fruit, and vegetables to the rest of New Zealand and for export internationally. Raw logs are shipped directly from Eastland Port, but the majority of other freight types must travel on the state highway network. There is a thriving tourism sector in Tai Rāwhiti, with two enterprises making use of the rail line even in its mothballed state.

Overall the Gisborne Wairoa District has significant potential in its benign climate and natural beauty. The major constraints on the economy are the region's isolation from the rest of New Zealand, and the vulnerability of the existing transport links.

This report is summarised in Section Six of the full feasibility study Tūranga ki Wairoa Rail.

2 The geography (maps and connections)

Gisborne and Wairoa are relatively isolated from the rest of the North Island. Both of these communities and the communities along the railway corridor rely heavily on the state highway corridors to connect within the region as well as to neighbouring regions and the rest of the country. The Wharerata ranges separates Gisborne from Wairoa while the Waioeka Gorge separates Gisborne and the Bay of Plenty.

The Gisborne and Wairoa districts are subject to a wide range of natural hazards that can threaten the security and resilience of the roading network. The roading network is particularly susceptible to weather events. Being situated on the east of the North Island, periodically the remnants of decaying tropical cyclones and storms can cause high rainfall, winds and high seas.

These events have resulted in flooding, coastal flooding by the sea, coastal erosion and landslides. The effects are road closures, poor road conditions, excessive wear and tear on vehicles and resultant economic loss. Because of the reliance on the road network local residents and businesses in both districts have an expectation that the network will be restored at a fast rate when weather related events cause closures.

Figure 2.1 Map of the Gisborne and Wairoa Districts



As a coastal region, the east coast is at risk from the effects of climate change, particularly rising sea levels. Global warming has the potential to bring warmer average temperatures and a greater

number of hot days when temperatures exceed 25° C. Sea levels are expected to rise from 0.5 meters (relative to 2000 levels), to as much as 1.4 meters by 2120 under a continued high emissions scenario¹. There is also potential increases in storm intensity (wind extremes and rainfall). These trends will exacerbate existing natural hazard threats and threaten to create more periods of isolation due to road damage.

¹ Ministry for the Environment (2018). Climate change projections for the Gisborne and Hawke's Bay region.

3 Existing transport links

3.1 Gisborne Airport

As well as the state highways, Gisborne residents are also served by Gisborne Airport. Gisborne District Council owns the airport and the Eastland Group manage the airport and lease the assets.

The airport has regular Air New Zealand services to Auckland and Wellington seven days a week. Additionally, smaller airlines such as Air Napier also utilise the airport. In 2018 the airport had 29,674 take-offs and landings and over 191,600 passenger movements.

3.2 Eastland Port

For businesses looking to export from Gisborne the Eastland Port provides an alternative to road. Eastland Port is New Zealand's second largest log exporter. However, despite its proficiency for exporting logs Eastland Port currently has a limited ability and capacity to handle containerised freight meaning that goods that cannot be loaded at the port must be transported out of the region by road.

3.3 Road

State Highway Two (SH2) provides the only major road connection to the south, while SH2 and State Highway 35 (SH35) connect Gisborne to the Bay of Plenty. The New Zealand state highway system is the responsibility of the New Zealand Transport Authority (NZTA).

SH2 runs from Napier through Wairoa in the south, cuts inland of the Māhia Peninsula, and up to Poverty Bay. Northwards the highway connects to Opōtiki and on to Tauranga. Despite being a major state highway, SH2 is narrow and winding in parts, due to the topography and level of investment. The roading design results in slow traffic speeds and a significant accident rate.

SH35 goes from Gisborne north around East Cape, a vital link to the numerous small communities in that region. From Wairoa State Highway 38 (SH38) provides the shortest connection from the central North Island (Rotorua) to the East Coast. However, it is not often used as such. Large parts of the road are narrow and winding, and about 74 kilometres is unsealed. Due to its narrow and twisty nature, trucks are not permitted to tow heavy trailers on the unsealed section of the route.

3.3.1 Traffic volumes

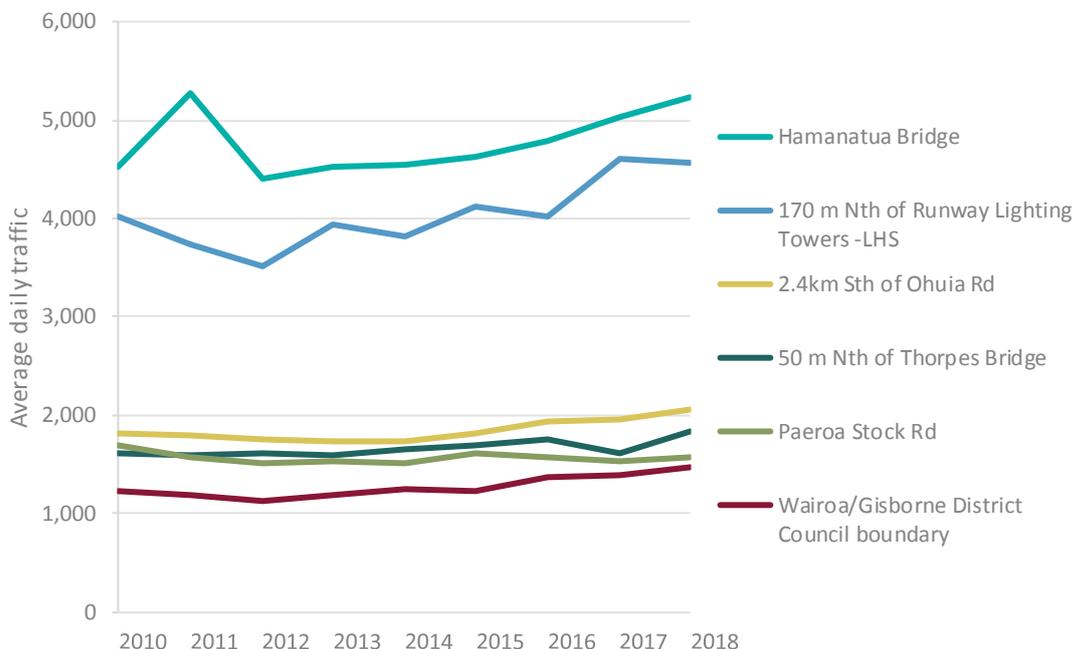
Selected traffic volume monitoring sites are chosen to reflect the traffic situation in urban and rural areas. The sites chosen are four around Gisborne, three around Wairoa and one on the Wairoa/Gisborne District Council boundary to give information on the current and past traffic volumes.

Figure 3.1 Map of selected traffic monitoring site locations



As Figure 3.2 shows traffic volumes have been increasing across all monitoring sites from just north of Gisborne down into Hawke's Bay. In Figure 3.2, the monitoring site "South of Harris Street" is omitted as the volumes of traffic in this downtown Gisborne location are much higher than at the other locations. Information for this site is presented in Figure 3.4.

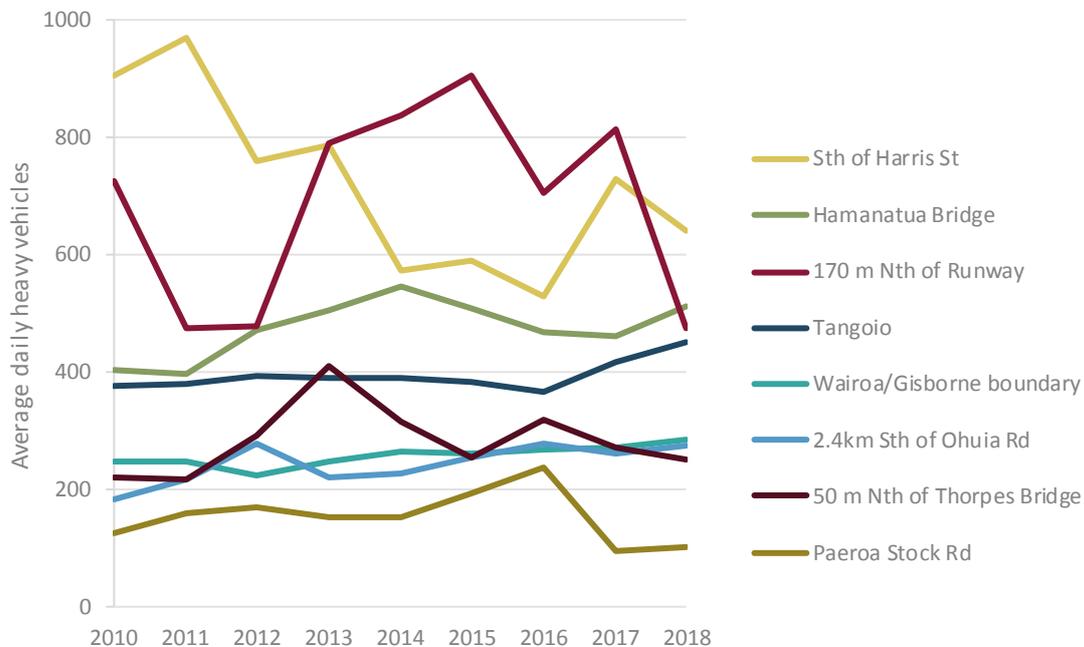
Figure 3.2 Average daily total traffic, selected sites



Source: New Zealand Transport Agency

The proportion of total traffic which is heavy vehicles is of importance for road maintenance and the effect on road safety and amenity values.

Figure 3.3 Average daily numbers of heavy vehicles

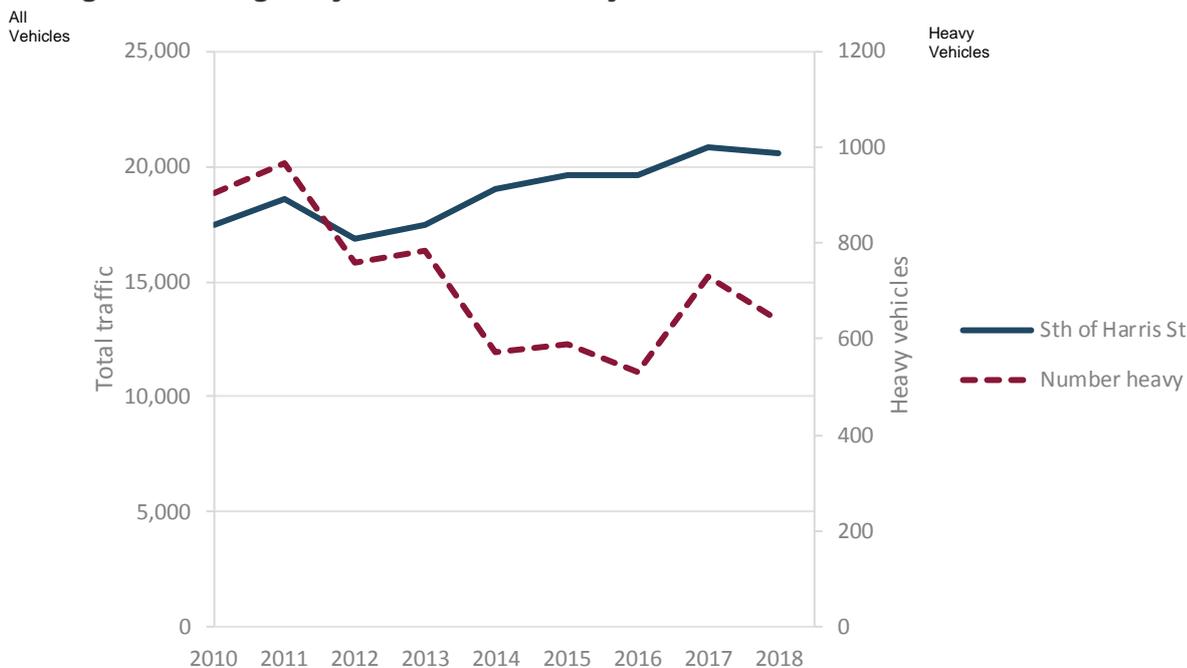


Source: New Zealand Transport Agency

The traffic monitoring site with the highest daily average heavy vehicles “Sth of Harris St” is in central Gisborne, on SH35 near the port. This site will capture most of the heavy vehicles coming

from north of Gisborne, but those approaching from the southern areas will not go through the monitoring site indicating the actual numbers of heavy vehicles in downtown Gisborne will be higher. As Figure 3.4 illustrates heavy vehicles coming from north of Gisborne have actually decreased since 2010. This could partially be down to changes to vehicle mass and volume rules that came into force in 2010 that allowed larger heavier vehicles on to national roads.

Figure 3.4 Average daily total traffic and heavy vehicles in central Gisborne

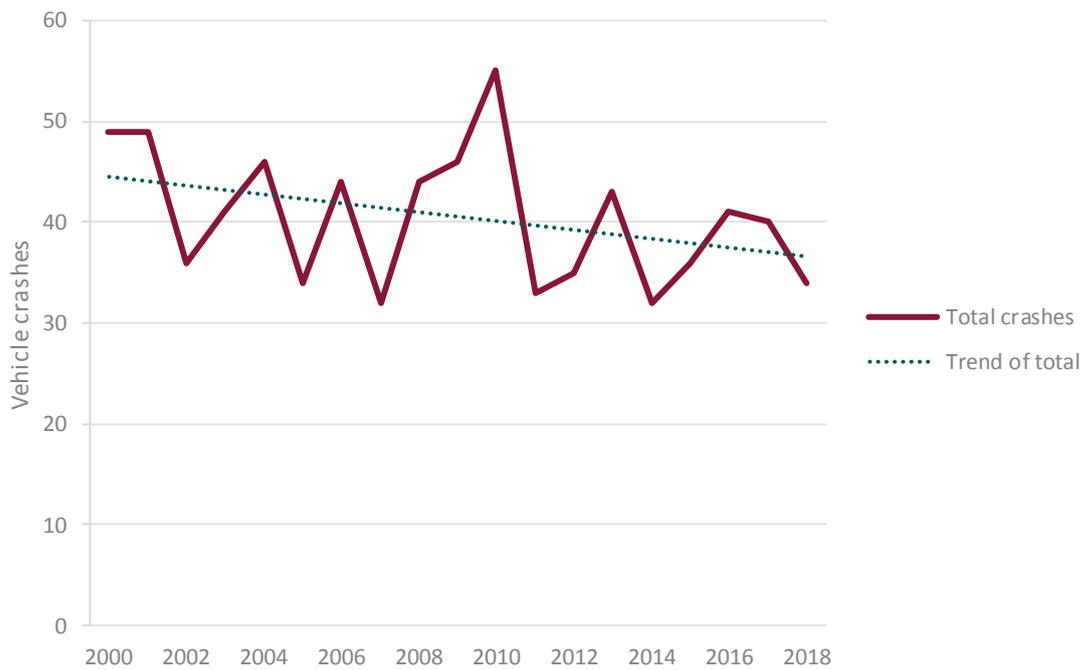


Source: New Zealand Transport Agency

3.3.2 Vehicle crashes on State Highway Two

State Highway Two (SH2) between Wairoa and Gisborne districts has significant numbers of vehicle crashes every year, but the total number of accidents is declining from a five year average of over 40 crashes per year prior to 2010, to an average of 37 crashes per year in the five years to 2018.

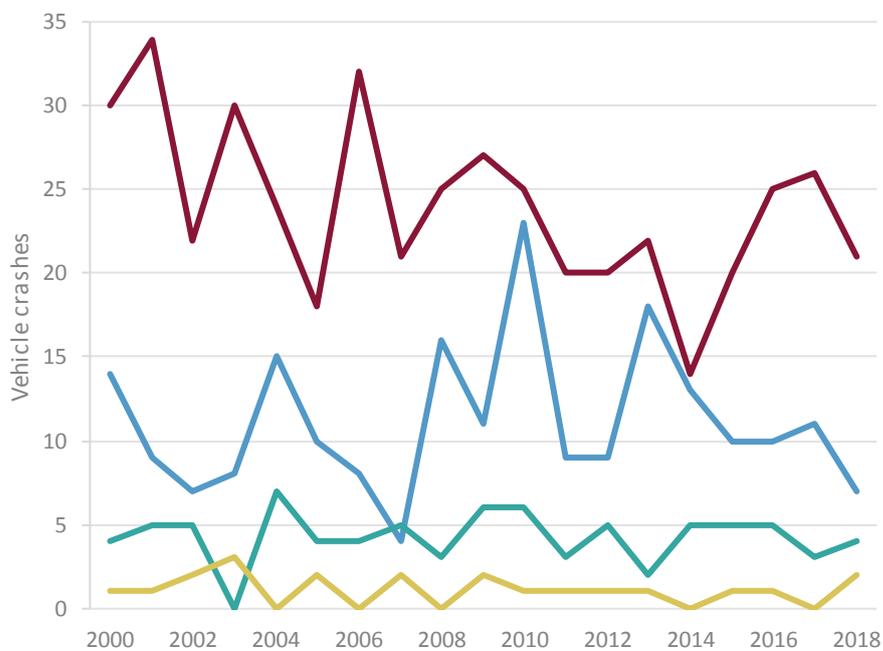
Figure 3.5 Total crashes on SH2 between Gisborne and Wairoa



Source: New Zealand Transport Agency

Most of the reduction in crashes has been of less serious incidents, with the numbers of crashes resulting in fatalities or serious injury remaining fairly consistent.

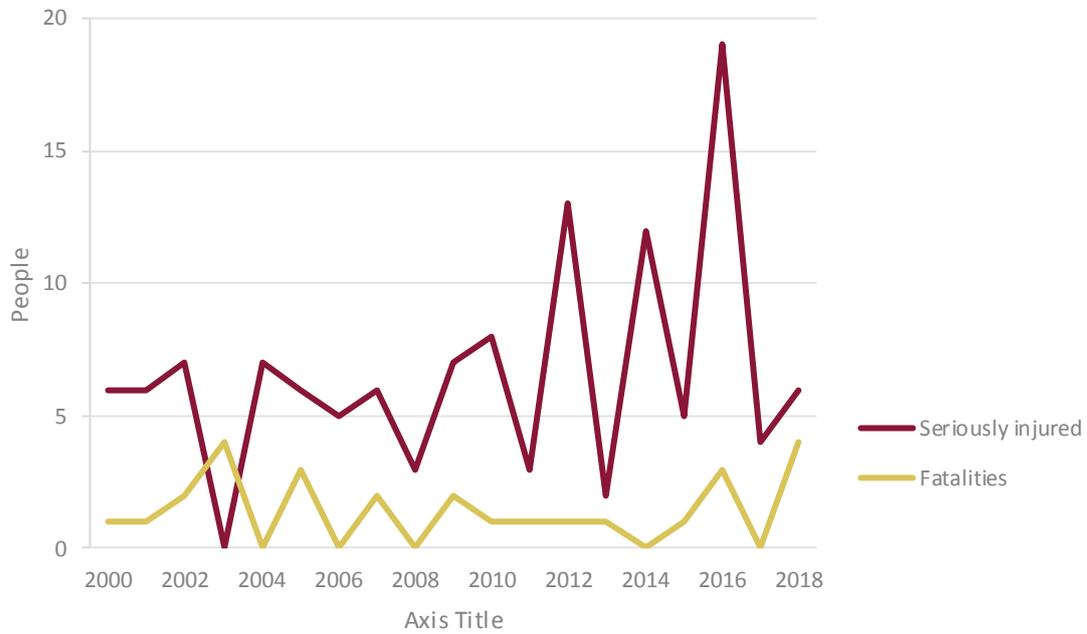
Figure 3.6 Crashes on SH2 in the Gisborne and Wairoa Districts, by severity



Source: New Zealand Transport Agency

The number of crashes resulting in serious or fatal injuries, while varying from year to year, has remained fairly consistent on average, despite the overall decrease in total road crashes. The reduction appears to have occurred in the number of non-injury crashes.

Figure 3.7 Road fatalities and serious injuries



Source: New Zealand Transport Agency

The number of people suffering the serious injuries and fatalities is highly variable as it is influenced by the number of people in vehicles which crash. As such it is a less useful measure of how dangerous the road is, but these figures represent a huge impact on the local community.

Figure 3.8 Locations of serious and fatal vehicle crashes on SH2, 2000 - 2018



4 Community institutions

4.1 Healthcare

Hauora Tai Rāwhiti, previously Tai Rāwhiti District Health Board, is responsible for providing a full range of healthcare services in Gisborne. Gisborne Hospital has an emergency department, mental health, children's health, maternity, surgical, and general medical service provision.

Primary Health Organisations (PHO) in Tai Rāwhiti are Ngati Porou Hauora, and Pinnacle Midlands Health Network.

Wairoa is within the Hawkes Bay District Health Board. Wairoa Hospital and Health Centre offers maternity and medical care. Health Hawke's Bay is the region's single PHO.

4.2 Education

Eastern Institute of Technology (EIT) Tai Rāwhiti Campus is in Gisborne with a Rural Studies Unit, and Regional Learning Centres in Wairoa, Ruatoria and Tokomaru Bay. In 2018 EIT had 8,190 students enrolled of which 1,065 were international. This equates to 4,475 equivalent full time students. Completion rates have been fairly steady over the past five years at around 40 percent, slightly above the national average of 36 percent.

Te Wānanga o Aotearoa and Te Wānanga o Raukawa have campuses in Gisborne, and Te Whare Wānanga o Awanuiārangī deliver programmes on some Marae. Tūranga Ararau is the Iwi Tertiary Education provider of Te Rūnanga o Tūrangānui ā Kiwa promoting skills, knowledge and qualifications to enable Iwi to manage, advance and control their cultural and economic resources of land, forests, and the sea.

There are a number of private training establishments including Matapuna Training Centre and Gisborne Development Incorporated which does trades training.

Gisborne has 51 schools with 9,399 students². 74 percent of Gisborne school leavers have achieved NCEA Level 2 or above compared to the national average of 80 percent.

Wairoa District has 14 schools with 1,487 students. 52 percent of Gisborne school leavers have achieved National Certificate of Educational Achievement (NCEA) Level 2 or above.

² Ministry of Education, 2016

5 Infrastructure providers

Local infrastructure is primarily developed and maintained by central and local government or organisations aligned to local authorities such as the Eastland Community Trust and Gisborne Holdings Ltd.

5.1 Gisborne District Council

The Gisborne District Council (GDC) is a unitary authority with no territorial local authorities. The council consists of the mayor, 13 elected councillors, an appointed chief executive, six directors and approximately 250 staff.

The district is 8,386 km² and the council collects around \$55 million in rates revenue annually. Council facilities include cemeteries, library, community housing, camping sites, community venues, pool, recycling and refuse services, parks and reserves.

GDC wholly owns Gisborne Holdings Limited (GHL). GHL is managed by an independent board of directors. The Council, as the 100 percent shareholder, has the ability to set strategic objectives for GHL as well as retains the right to approve material transactions. Council's aim is for GHL to grow the total investment portfolio while taking advantage of commercial opportunities across the investment base. The long-term aim is to significantly increase the return to GDC.

GHL was originally established as Gisborne Port Limited in 1998 and owned both the local port and Tauwhareparae Farms. The 11,000 hectare farms had their origins as an endowment to the Port. Following the sale of the Port by Council to Eastland Community Trust (ECT), the company was renamed Gisborne Holdings Limited.

In 2015 GHL took over ownership of a number of Council's commercial investments, including Gisborne Vehicle Testing, GDC's commercial property portfolio including the municipal offices and supporting properties. It also manages GDC's commercial forestry and community housing interests.

5.2 Wairoa District Council

The Wairoa District Council is within the Hawke's Bay region, and consists of the mayor, six elected councillors, an appointed chief executive, four group managers and about 60 staff.

Council facilities include cemeteries, library, pensioner housing, camping sites, community centre including pool, recycling and refuse services, parks and reserves and the airport.

The district is 4,077 km² and the council collects around \$12.5 million in rates revenue annually.

5.3 Hawkes Bay Regional Council

Hawkes Bay Regional Council (HBRC) is the unitary authority which includes the Wairoa District Council. The council consists of nine councillors assisted by the Chief Executive. The region is divided into five constituencies, the constituency of Wairoa is represented by one council member.

Covering a total of 14,137 km² the region is primarily rural. A number of major roading projects in the region have been under construction, resulting from the work of the Regional Transport Committee to improve safety and efficiency across the region's strategic routes, including freight to and from

Napier Port. The revised Regional Land Transport Plan (RLTP) contains proposed roading, public transport, and walking and cycling programmes for 2018-2021, with a 10-year forecast of anticipated spending.

5.4 Eastland Community Trust

Infrastructure in the Gisborne District is dominated by the Eastland Community Trust (ECT) which emerged from the electricity industry deregulation of the early 1990s. The assets of the Poverty Bay Electric Power Board then valued at \$20 million formed the capital base of the trust, which is now worth \$333 million.

ECT was established to preserve the value of the capital of the trust fund to provide for the people of Gisborne. ECT does this by paying and subsidising the installation, maintenance, or supply of electricity to areas of the district that have excessive charges. ECT supports business, community and other initiatives which are likely to encourage or sustain economic growth within the district, or may directly or indirectly benefit the people of Gisborne.

ECT has two portfolios, an investment portfolio and a project portfolio. The objectives of the investment portfolio are to preserve the Trust's capital by generating a sufficient risk-weighted return on existing investments, grow the net income of the Trust, diversify investments to minimise risk, and acquire, own and prudently govern the Trust's investments.

Objectives of the project portfolio are to support business, community and other initiatives, encourage or sustain economic growth within the district, deliver a transformational project and having a clear, well communicated, consistent and transparent funding process.

ECT is the sole shareholder of Eastland Group.

5.5 Eastland Group

Eastland Group is a collection of businesses specialising in regional infrastructure: air and seaports, electricity distribution and transmission networks, and electricity generation. Eastland Group's sole shareholder is Trust Tairāwhiti, the regional development trust for Te Tairāwhiti. The business sectors of Eastland Group are:

- Eastland Port – Primarily moving logs, in times past the port was the primary means of exporting a range of primary goods produced in the region including butter, maize and wool. Current capacity allows for three million tons of cargo, development plans aim to increase this to five million tons. This will enable the port to accommodate the increasing volume of logs, containerised produce and manufactured timber products. The port plays a major role in supporting the growth of cruise ship tourism. Larger cruise ships are unable to berth at the port, and passengers are ferried ashore to visit. The port recently completed an upgrade of the inner harbour marina, which includes enhanced infrastructure for cruise ship visitors
- Gisborne Airport – Owned by Gisborne District Council, the airport assets are leased by Eastland Group who manage the airport operations. The airport has air traffic control. Of the four runways, one is sealed and night capable, the other three are grass and suitable only for light aircraft. The terminal building is currently being redeveloped. Gisborne Airport is one of the few airports in the world that has a railway line crossing the main runway
- Eastland Network - The electricity network for Gisborne, Wairoa and the East Coast

- Eastland Generation - Produces electricity from hydro, diesel and geothermal plants.
- Eastland Energy Solutions - A recently-established business sector actively exploring the opportunities offered by emerging technologies.

5.6 New Zealand Transport Agency

The New Zealand Transport Agency (NZTA) is the Crown entity tasked with managing funding of the land transport system, in particular the state highway system, and the regulatory requirements for transport on land. NZTA issues guidelines for, and monitors the development of, regional public transport plans.

Until recently primarily focussed on roading, The Minister of Transport issued a directive in 2018 that NZTA has the function to plan, fund, design, supervise, construct and maintain rapid transit networks and/or projects, including light rail.

With the annual road toll increasing in recent years there is a renewed focus on transport safety. NZTA already investigates and reviews accidents and incidents involving transport on land, and the current position statement on deaths and serious injuries states that it is unacceptable for anyone to be killed or seriously injured while travelling or working on the land transport system³.

Investment in the Gisborne region from the 2015-18 National Land Transport Programme (NLTP) was planned to be \$120 million and was primarily focused on developing and maintaining a resilient transport network. NZTA has identified lifelines in the region for the local population and enable the efficient movement of freight, on which the economy depends.⁴

NZTA has also identified affordability issues faced by GDC in maintaining a large and dispersed road network that is heavily used by freight.

The 2015-18 NLTP included funding for provision of additional High Productivity Motor Vehicle (HPMV) routes from Gisborne to the Hawke's Bay, with a focus on key journeys between forest harvesting areas and Eastland Port. This was an important programme of works, enabling permitted trucks to weigh up to 62 tonnes and allowing more freight to be carried on fewer trucks. The HPMV work programme included bridge strengthening, such as replacing the Mata Bridge deck.

The HPMV work programme was intended to improve safety by reducing the effects of freight movements on the urban environment. The conflict between heavy vehicles and vulnerable road users continues to be a concern for the community and road controlling authorities including NZTA.

Tai Rāwhiti Roads was a unique collaboration that managed the roading assets of NZTA and GDC under one shared business unit. Tai Rāwhiti Roads was intended to bring together the asset management and decision making for the region's roads in close proximity to the assets, customers and suppliers. In April 2019 the NZTA and Gisborne District Council agreed to dissolve the Tai Rāwhiti Roads partnership and replace it with a new shared services model for managing the transport network in Tai Rāwhiti.

³ NZ Transport Agency Amended Statement Of Intent 2018-22

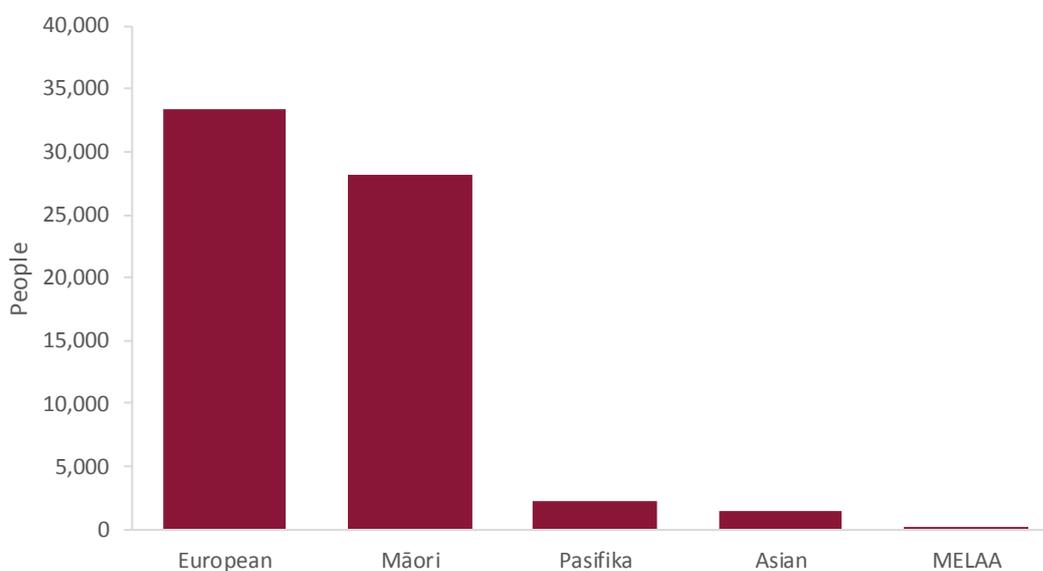
⁴ <https://www.nzta.govt.nz/assets/planning-and-investment/docs/nltp-2015-18-gisborne-factsheet.pdf>

6 Demographics of Gisborne-Wairoa

The most valuable asset of Gisborne-Wairoa, and New Zealand in general, is its people. As at 2013 the Census showed there were around 55,000 people living in the districts of Gisborne and Wairoa. In 2018 this was estimated to have grown to between 56,000 and 57,000 people.

The ethnic profile of the area is dominated by people who identify as European and Māori. With a small Pasifika Asian and Middle Eastern, Latin American, and African (MELAA) population.

Figure 6.1 People of Gisborne and Wairoa, by ethnicity

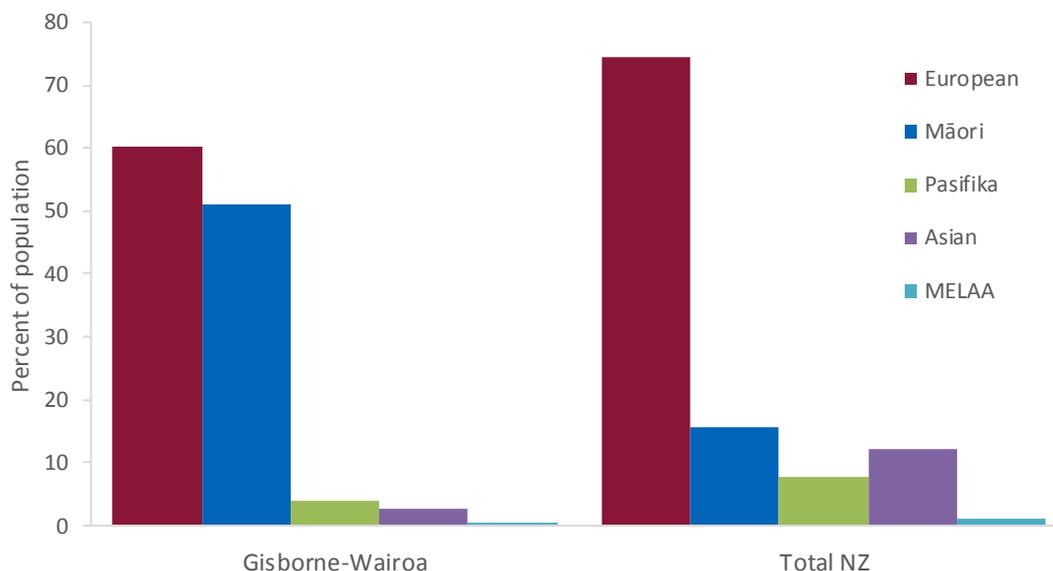


Source: Statistics New Zealand

Compared to the rest of the country the ethnic profile of Gisborne-Wairoa is strikingly different. The area has a much greater than average population of people identifying as Māori and slightly less identifying as European. It is interesting that the proportion of people identifying as Asian and Pasifika is also lower in Gisborne-Wairoa.

People identify as multiple ethnicities so the bars of the chart below may sum to over 100.

Figure 6.2 Ethnicities in Gisborne-Wairoa and total New Zealand

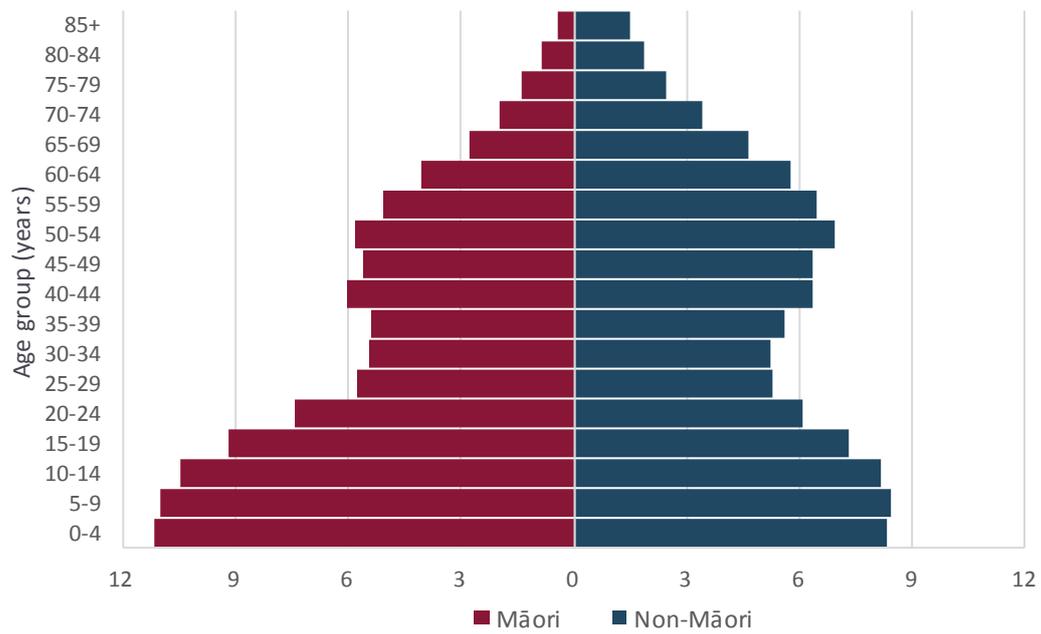


Source: Statistics New Zealand

Data from the 2013 Census summarised below shows that, like many parts of the country the Māori population is much younger than the non-Māori. Both populations exhibit a relative dearth of people in the late 20s to early 40s age groups. This is probably the lingering result of the infamous “brain drain” and urbanisation. This is also the commonly labelled “gen X” which we know to be the smaller generation.

Both population groups show a large number of very young people (under 14 years of age) who will be entering the workforce and education in the near future. The picture below shows that the proportion of the workforce in future that is Māori will continue to grow.

Figure 6.3 Population distribution by age and ethnicity



Source: Statistics New Zealand

7 Existing economic structure

The East Coast has industry strengths in sheep, beef and grain farming as well as horticulture and forestry and wood product manufacturing. The region has rich alluvial river flats which, combined with the temperate climate, make it an ideal location for the growing of different horticultural crops. Growing forest harvests provide significant business development and investment opportunities for processing in the region over the long term.

The cost of doing business here is lower than in the main centres, with affordable housing, well-priced land, and reasonable average salaries.

The region is blessed with many natural assets. Its rich river flats and temperate climate make for a great location for growing horticultural crops. As a result, the region's economy is driven by solidly-growing agricultural, horticultural and forestry sectors. Kiwifruit, persimmons, squash, citrus fruit, grape growing and wine making are particular strengths.

The growing harvest coming out of the region from horticulture and forestry provides significant opportunities for business development and growth as well as investment opportunities for processing in the region over the long term. Local business leaders, council, the government, innovation and enterprise agencies, funders and investors are all working together to create a welcoming environment with plenty of opportunities.

The Hawke's Bay and Gisborne regions are poised to continue to take advantage of the unique climate and location to grow into New Zealand's leading exporter of primary produce. The Matariki: Hawke's Bay Regional Economic Development Strategy and Action Plan 2016 has the vision for the Hawke's Bay to become New Zealand's most innovative region for business growth.

The Tai Rāwhiti Economic Action Plan identifies the opportunity for the region to tap into the potential for primary production. The action plan states that "Tai Rāwhiti has a strong natural advantage on primary production and there is significant potential for growth through intensification and adding value to our existing produce". The goal is for strong growth in primary production and a 25 percent increase in local processing leading to at least \$230 million per annum increase in GDP and 1220 new jobs.

7.1 Employment

Overall employment in the area is growing faster than of the rate of increase in the general population. There are signs the structure of the economy is moving from being extraction based to more diverse industries and processing. This should result in more valuable goods being produced and upward pressure on wages meaning higher incomes for employees.

Employment in the area is estimated at a total of 23,450 full time equivalent jobs, this employment is mainly in the primary and social services industries with these accounting for 10,773 full time equivalent jobs. Figure 7.1 demonstrates that primary industries are a major contributor to the region's employment.

Figure 7.1 Full time equivalent employment, by sector in Gisborne-Wairoa, 2018

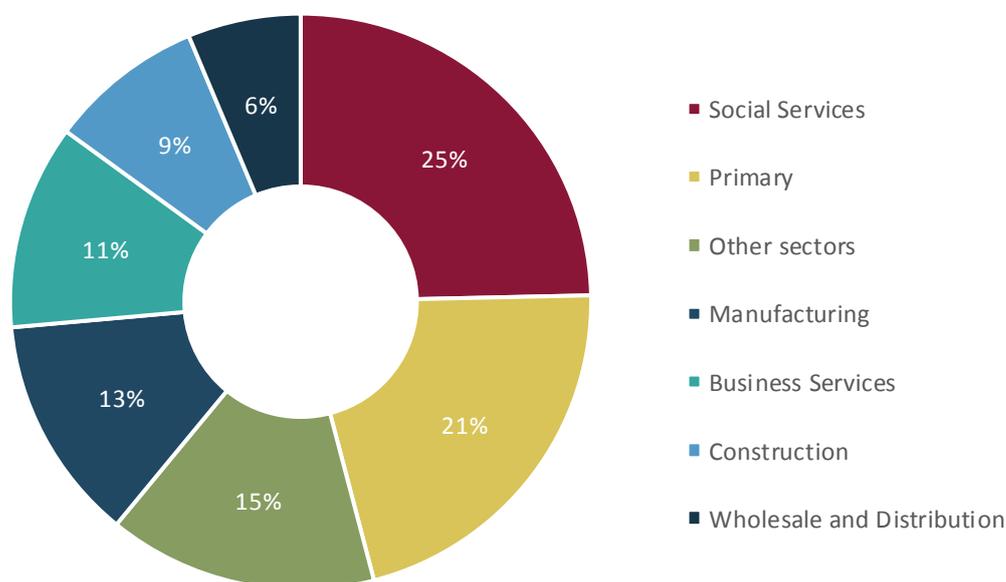


Table 7.1 Full time equivalent employment, by sector in Gisborne-Wairoa, 2018

Sector	Employment Number FTEs				%pa change	
	2008	2016	2017	2018	2018	2008 - 2018
Primary	5,312	5,343	5,132	4,992	-2.7	-0.6
Social Services	4,690	5,216	5,574	5,781	3.7	2.1
Manufacturing	2,461	2,662	2,829	2,967	4.9	1.9
Business Services	2,676	2,668	2,648	2,694	1.7	0.1
Construction	2,122	1,769	1,771	2,027	14.4	-0.5
Wholesale and Distribution	1,188	1,256	1,429	1,475	3.3	2.2
Other sectors	4,088	3,440	3,519	3,516	-22.2	-2.4
Gisborne-Wairoa	22,537	22,355	22,902	23,452	2.4	0.4
New Zealand	1,846,417	2,019,472	2,145,160	2,222,855	3.6	1.9

7.2 Gross domestic product (GDP)

Table 7.2 summarises the structure of the economy in Gisborne-Wairoa. This area is a mix of large provincial city and rural economy. Like most of provincial New Zealand the economy is dominated by primary industries, such as livestock farming and fruit and vegetable growing. The area also has a large social services sector, which includes schools hospitals and care facilities. These industries together with the primary industries contributed \$1.15 billion in GDP in 2018. This represents around 46 percent of the total GDP of the area.

Figure 7.2 GDP by sector, Gisborne-Wairoa, 2018

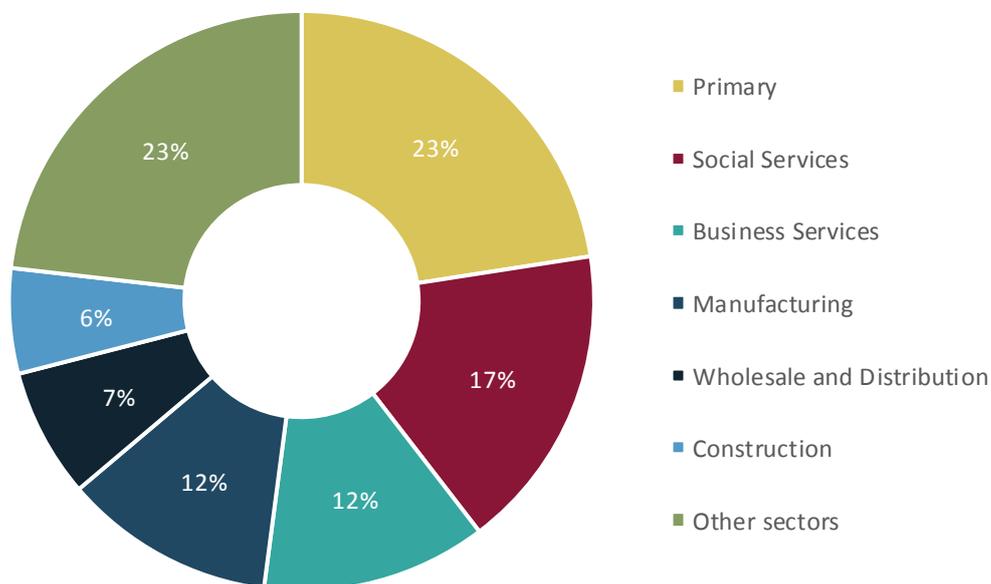


Table 7.2 GDP by Sector, Gisborne-Wairoa

Sector	Value Added or GDP (2018\$m)				%pa change	
	2008	2016	2017	2018	2018	2008 - 2018
Primary	530	713	659	653	-0.8	2.1
Social Services	458	462	485	495	2.2	0.8
Business Services	389	366	366	361	-1.4	-0.7
Manufacturing	297	313	325	340	4.6	1.4
Wholesale and Distribution	160	183	200	209	4.4	2.7
Construction	177	144	155	170	9.9	-0.4
Other sectors	603	656	668	672	-18.3	1.2
Gisborne-Wairoa	2,614	2,837	2,857	2,900	1.5	1.0
New Zealand	231,964	268,210	278,204	285,814	2.7	2.1

8 References

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