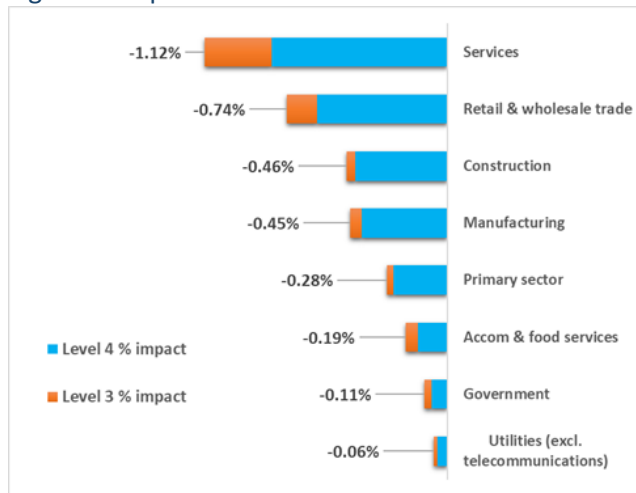


Manawatū District summary

The Manawatū District economy is estimated to contract by 3.5% (-\$42.2m) over 2020 as a direct result of level 3 and level 4 restrictions imposed in response to COVID-19¹, compared to the national average of 3.7%. Overall, for levels 1 to 4, the district is estimated to contract by 6.2% over the remainder of 2020, compared to 6.4% across New Zealand. Figure 1 illustrates the impacts of level 3 and level 4 restrictions by broad industry.

Estimated impact on total annual Gross Domestic Product (GDP)

Figure 1: Impact of level 3 and level 4 restrictions



Source: Reserve Bank of New Zealand industry economic impacts applied to the Manawatū District

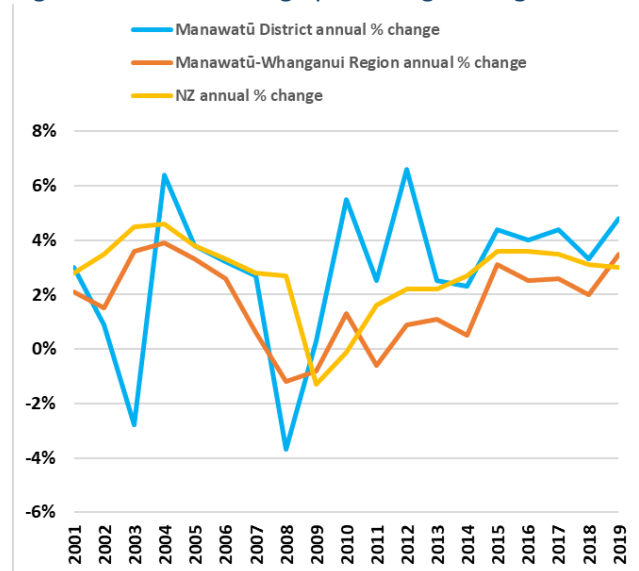
This assessment estimates the direct impacts of COVID-19 on the Manawatū District economy and identifies industry strengths and vulnerabilities that will influence economic recovery over 2020.

Economic projections are subject to considerable uncertainty about how the impacts of COVID-19 will play out, both domestically and across different parts of New Zealand. The magnitude of the impact relative to projections will be influenced by a range of factors including whether we remain in alert level 1, any partial reopening of barriers to support industry and enable skilled workers to enter the country, industry mix by place, and the pace and scale of the global recovery from COVID-19. Another factor that will have a considerable influence on economic recovery is the impact of uncertainty on business and household activity. Limiting uncertainty will support economic activity and add pace to the local economic recovery. The objective of this reporting series is to reduce the economic impacts of uncertainty on local businesses and households by providing up-to-date information and insights and

guidance on support services, to sustain local economic activity and protect local jobs.

Annual GDP growth

Figure 2: Annual average percentage change



Source: Infometrics

The economy started from a position of particular strength.

The Manawatū District economy grew by 4.8% to a total of \$1.21b to the year ended March 2019. This exceeds both regional and national growth of 3.5% and 3.0% respectively over the same period. The industry mix of the district will support the economic recovery, relative to other parts of New Zealand dependent upon international tourism and demand for services. However, there are industries within the district that are vulnerable to the impacts of COVID-19. These local strengths and vulnerabilities are discussed in detail in this report.

Key findings

- The district economy is estimated to contract by 3.5% (↓\$42.2m) over 2020 as a direct result of COVID-19 level 3 and level 4 restrictions. This compares with an estimated 3.7% contraction in the New Zealand economy.
- The additional impacts of level 1 and level 2 restrictions are estimated to contract the district economy a further 2.7%. This is an estimated decline in GDP of \$33.1m over 2020. The total impact of COVID-19 restrictions on the district is estimated at ↓6.2%.
- Primary and agri-food sector production in the district is strong and, based on the assumption of continued global demand, will add significant support to the local economic recovery.

¹ Estimates based on the 'Reserve Bank of New Zealand Economic impacts of COVID-19 containment measures' (May 2020). Industry

impacts for level 3 and level 4 restrictions have been applied to the Manawatū District economy to estimate specific local impacts.

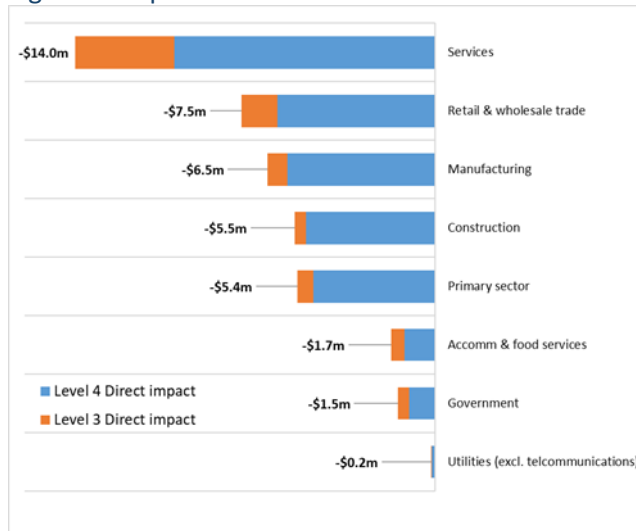
- Significant defence force employment in addition to agri-food and support services employment will support household incomes and help to maintain jobs within the service sector.
- The construction sector experienced significant disruption as a result of the lockdown period; however, the strong pipeline of work coming through in addition to infrastructure projects across the region supports the outlook for the sector over 2020. Expanding construction sector capacity will be crucial to the local recovery.
- The outlook for the manufacturing sector is mixed. The concentration of agri-food manufacturing in the district provides a buffer from the vulnerabilities of the wider manufacturing sector.
- The retail sector, accommodation and food services sector, and the wider services sector are most vulnerable to the economic disruption. The concentration of defence force, public employment and agri-food production in the district will support employment and income levels, and help to maintain levels of demand for services.

Table 1 provides a broad industry summary of economic impacts specific to the Manawatū District economy. The industries are ranked based on the level of contribution to district GDP.

Impact of lockdown by sub-industries

Estimated impact \$m by industry

Figure 3: Impact of level 3 and level 4 restrictions



As summarised, the lockdown period affected industries differently across the district. Identifying the impacts on each industry is important for understanding both the strengths and vulnerabilities that exist within the Manawatū District economy. Figure 3 illustrates the estimated impact of level 3 and level 4 restrictions by industry across the district.

The service industries were most affected, with accommodation and food services GDP falling an estimated 11.1% of annual GDP (↓\$1.7m). The percentage impact on service industries apart from accommodation and food services was smaller at 3.8%, but due to the size of the sector, the impact on GDP is estimated at \$14.0m. Evidence shows a significant rebound in demand for both groups of services post lockdown; however, the losses sustained over the lockdown period continue to make the industry vulnerable.

The impact on retail and wholesale trade is estimated at 6.6% of industry GDP. This assumes annual losses of \$7.5m for the sector. The effects were felt differently within the sector. Supermarket and grocery shopping expenditure increased substantially over the lockdown period while expenditure on non-essential items fell sharply. While evidence indicates a considerable rebound in demand for non-essential goods, the impacts on the sector of the lockdown period and any future softening of business and household spending render the sector vulnerable.

The construction and manufacturing sectors are estimated to have lost \$5.5m and \$6.5m from the lockdown period respectively. This is an estimated 7.7% decline in construction sector GDP and a 5.2% decline in manufacturing GDP. In the construction sector, losses may impact on the sustainability of individual businesses; however, building consent data and planned infrastructure investment suggest there will be a substantial pipeline of work available to support the recovery of the sector. Manufacturing is less certain, due to exposure to international supply chain and demand conditions, and the uneven impacts of COVID-19 on the various subsectors within the industry. International demand conditions, commodity prices, and jobs data by industry will help to understand the impacts on the local manufacturing sector throughout the recovery period.

The government and utilities sectors (excluding the telecommunications sector) are also assumed to be affected by the lockdown period, with GDP estimated to fall a modest \$1.5m and \$0.2m respectively. This assumes a 1.3% fall in government GDP over the year and a 2.3% fall in GDP generated from utilities. While some councils may opt to defer spending on 'nice-to-have' projects, both sectors are assumed to recover, with the government sector expected to expand due to the significant stimulus from central government spending on infrastructure and services.

The local education sector is considered resilient to the impacts of COVID-19 due to the concentration of school education in the district.

Table 1: Broad industry summary

Industry sector	GDP \$m	Jobs	Impact summary
Agriculture, forestry & fishing	\$216	2,059	The sector makes up 17.9% of district GDP and 17.1% of total employment. Dairy farming and sheep, beef cattle and grain farming are the largest subsectors collectively, contributing 75.6% (\$163.3m) to total agricultural GDP and 68.8% (1,411) to total jobs in the sector. Ongoing strength in demand for dairy products and red meat is expected to add significant support to the recovery of the district economy. The impact of drought, the volatility of global economic conditions and the collapse of wool prices present some ongoing risks to the sector.
Manufacturing	\$126.3	1,576	Manufacturing contributes 10.4% of district GDP and 13.1% of total employment. Agri-food production makes up 49.8% of local manufacturing GDP and 56.2% of manufacturing jobs. This concentration of agri-food production is a resilience factor. The district also has a substantial machinery and pharmaceutical manufacturing sector. Pharmaceutical and agri-food manufacturing will be relatively resilient to the current shock; however, the wider sector remains vulnerable to supply chain disruptions and global demand factors.
Public Admin & Safety	\$112.7	1,109	The public administration and safety sector contributes 9.3% of total district GDP and 9.2% of total employment. Within the sector, defence contributes 81.5% (\$91.8m) of GDP and 78.4% of public administration and safety jobs. The contribution of the sector significantly exceeds the contribution at the national level. This is a particular strength as expenditure and employment is not dependent on levels of demand, and is therefore relatively resilient to the economic fallout of COVID-19.
Rental, hiring and real estate services	\$108.3	323	The rental, hiring and real estate services sector contributes 9.0% of total district GDP and 2.7% of total employment. The sector is vulnerable to the impacts of reduced business and household demand; however, data to April 2020 indicates the sector is continuing to perform well. A strong primary and agri-food manufacturing sector will support the sector over 2020.
Construction	\$70.7	1,115	The construction sector contributes 5.8% of district GDP and 9.3% of total employment. The local sector is particularly strong in the construction services sector which contributes 67.0% (\$47.4m) to total industry GDP and 68.5% (764) to industry employment. The sector includes trade services, land development, subdivision services, landscaping etc. The strong pipeline of construction projects in the district and the wider region will support recovery of the local construction sector.
Wholesale trade	\$62.4	575	The wholesale trade sector contributes 5.2% of local GDP and 4.8% of total employment. Basic material wholesaling makes up 36.2% (\$22.6m) of industry GDP and 35.3% (203) to industry employment, while machinery and equipment wholesaling contributes a further 26.9% (\$16.8m) to industry GDP and 25.9% (149) to industry employment. Wholesale trade was heavily exposed to the impacts of the lockdown period and continues to be vulnerable to domestic demand conditions and supply chain disruptions.
Professional, Scientific and Technical services	\$60.9	651	The professional, scientific and technical services sector contributed 5.0% to GDP and 5.4% to total employment. The district has particular strength in scientific, architectural, and engineering services, legal and accounting services, and veterinary and other professional services, with these contributing 75.4% (\$45.9m) to total sector GDP and generating 68.4% (445) of sector jobs to the sector. Demand for services is experiencing a stronger than expected recovery from level 3 and level 4 restrictions.
Retail trade	\$52.2	837	The retail sector contributed 4.3% of district GDP and 7.0% of total employment. The local sector is particularly strong in supermarket and grocery store retail, contributing 22.4% (\$11.7m) to sector GDP and creating 24.7% (207) jobs in the sector. Retail trade was heavily exposed to the impacts of the lockdown period and continues to be vulnerable to domestic demand conditions and supply chain disruptions. Protecting these businesses and jobs will rely on maintaining levels of business and household income and spending. The maintenance of incomes from the agri-food sector in the district will support retail demand.
Education and training	\$46.6	781	The education and training sector contributes 3.9% of district GDP and 6.5% of total employment. School education contributes 72.1% (\$33.6m) to sector GDP and 72.0% (562) jobs to the local sector. The sector is resilient to the impacts of COVID-19 due to the concentration in school education and a lack of dependency on international students.
Health care and social assistance	\$45.0	749	The healthcare and social assistance sector contributed 3.7% to local GDP and 6.2% of total employment. The district is particularly strong in the delivery of residential care services and social assistance, with these contributing 75.1% (\$33.8m) to sector GDP and 75.0% (562) of jobs in the sector. Overall, the sector is not considered to be vulnerable to the impacts of COVID-19, although some general practice business level vulnerability has been reported due to the impacts of

			level 3 and level 4 restrictions. Due to the establishment of the Feilding Health Centre, local general practices are considered to be resilient to these impacts on small practices evident across other parts of the country.
Transport, postal & warehousing	\$40.7	3,902	The transport, postal and warehousing sector contributes 3.4% to local GDP and 3.4% of total employment. Distribution is a crucial support sector to the local, regional and national economy. While sectoral GDP is estimated to decline by 3.9% as a direct result of level 3 and 4 lockdown restrictions, the outlook for the sector is improving and investment in the distribution hub in Palmerston North will support activity within the local sector. The local economy is less exposed to the halt in international tourism than other parts of NZ.
Financial & insurance services	\$26.0	136	The financial & insurance service sector contributes 2.2% to local GDP and 1.1% of total employment. The New Zealand financial system is well positioned to support the recovery ² and there is little risk currently to the stability of New Zealand's financial institutions. Across finance and insurance, some vulnerability exists from tightening financial conditions of businesses and households.
Other services ³	\$16.4	455	The other services sector contributes 1.6% to local GDP and 3.8% of total employment. The service sector was most affected by the level 3 and 4 lockdown period. Indicators show that demand for services is recovering; however, the sector remains vulnerable to changes to business and household demand.
Accommodation & food services	\$15.2	592	The accommodation and food services sector contributes 1.7% to district GDP and 5.9% of total employment. The sector was most affected by the lockdown period, with an estimated annual reduction in GDP of 11.1% (-\$21.7m) as a result of the level 3 and level 4 lockdown. Accommodation and food services remain vulnerable to the downturn in international and domestic tourism expenditure and the impacts of any downturn in business and consumer confidence.
Administrative & support services	\$14.1	331	The administrative and support services sector contributes 1.2% to local GDP and 2.8% of local employment. Tourism-related administrative and support service industries are particularly exposed to the risk of business closures and job losses.
Information, media & telecommunications	\$10.6	89	The information, media and telecommunications sector contributes 0.9% of local GDP and 0.7% of total employment. The local sector is not particularly exposed to the impacts of COVID-19. Over time, cash flows of businesses may influence the demand for media services.
Arts & recreation services	\$9.0	165	The arts and recreation sector contributes 0.7% to total local GDP and 1.4% of total employment. Sports and recreation services is the largest contributor to the local industry, making up 83.1% (\$7.5m) of sector GDP and generating 81.2% (134) of jobs in the sector. Local concentration in the sector is low; however, business activity and employment continues to be vulnerable to border restrictions. Recovery of domestic tourism will drive some recovery in the sector.
Electricity, Gas, Water and Waste Services	\$6.5	52	The utilities sector contributes 0.5% to local GDP and creates 0.4% of total jobs. Sectoral activity is dominated by waste collection, treatment and disposal services. While services were restricted over the level 4 lockdown period, the sector is relatively resilient due to strong government level participation and procurement.
Total	\$1,209 ⁴	12,014	

² Reserve Bank of New Zealand Financial Stability Report, May 2020.

³ Other services includes Repair and Maintenance, Personal and Other Services, and Private Households Employing Staff. Note, this sector is a sub-set of Services included in the assessment of economic impacts.

⁴ The totals include industries with fewer than 6 employees and unallocated GDP, and therefore exceed the sum of industry sector GDP and job numbers.

The tourism sector makes up 2.0% of total GDP and 2.7% of employment across the district. For context, this compares with 55.6% of GDP and 63.5% of total employment in the Queenstown-Lakes District. Approximately 18% of the Manawatū District tourism sector is generated from international tourism and therefore 82% from domestic visitors. The structure of the local tourism sector will minimise impacts on the district economy.

Estimating the exact impact on the tourism sector is complex due to tourism being made up of a proportion of several industry sectors. Table 2 specifies these industry sectors in addition to the proportion of total industry spending contributed from tourism⁵. The greater the reliance on tourism as a proportion of total expenditure, the greater the vulnerability of that industry to the impacts of COVID-19.

Table 2: Tourism related industries and expenditure

Industry sector	Estimated proportion contributed from tourism
Accommodation	0.69
Food & beverage services	0.40
Road, rail & water transport	0.09
Air & space transport	0.87
Other transport, transport support & travel & tour services	0.22
Rental & hiring services	0.31
Arts & recreation services	0.17
Retail trade	0.14
Education & trade	0.08
All non-tourism related industries	0.02

From Table 2, Accommodation and food and beverage services will bear the brunt of the impact. However, the other tourism industries (in addition to non-tourism related industries) will also be affected by the cessation of international tourism and the shutdown of all domestic tourism over the period 26 March to 13 May. Minimal reliance on international tourism supports the local economic outlook relative to parts of New Zealand dependent on international tourism.

⁵ The proportion of each sector contributed from tourism is from the Statistics New Zealand Tourism Satellite Accounts from 2017.

Level 1 and level 2 impacts

The economic impact in the Manawatū District is softer than national averages. GDP estimates the value of all goods and services produced within an area over an annual period. Applying the Reserve Bank of New Zealand economic impacts by industry to the Manawatū District industry structure, the district's GDP is estimated to decline by 3.8% as a result of level 1 restrictions and 8.8% as a result of level 2 restrictions. Overlaying the length of time New Zealand spent in level 2 (14 May to 9 June), local GDP in 2020 is estimated to decline by \$7.6m (0.6%). Assuming New Zealand remains under alert level 1 for the remainder of 2020, local GDP is estimated to fall a further \$25.6m (↓2.1%) over the year.

The combined impact of level 1 to level 4 restrictions on Manawatū District GDP is estimated at 6.2% (↓\$75.3m) from the previous year. This compares with an estimated decline in New Zealand GDP of 6.4% over 2020 as a result of COVID-19 restrictions.

The following section provides a detailed analysis of the structure, strengths and vulnerabilities of the Manawatū District economy. Appendix one provides ranked GDP and employment figures for 106 industries in the district.

Manawatū District economic structure⁶

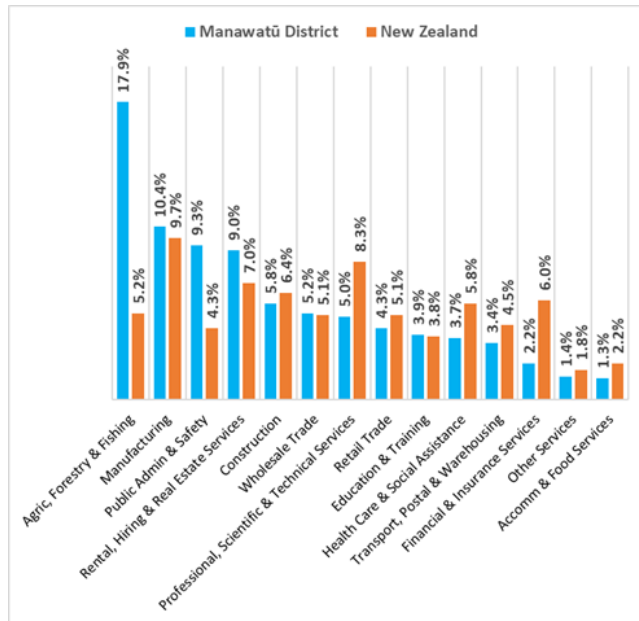
The Manawatū District economy has particular strength in the agriculture, forestry and fishing, public administration and safety, health care and social assistance, retail trade, and education and training sectors. The district is also relatively strong in manufacturing and construction, with these sectors contributing a similar proportion to local GDP as the national economy. Similarly, employment in the district is heavily weighted toward health care and social assistance, agriculture, forestry and fishing, manufacturing, education and training, retail trade, construction, and public administration and safety. The accommodation and food services sector is also a significant employer in the district.

Figure 4 and Figure 5 illustrate the proportion of GDP and employment generated by broad industry level in the Manawatū District. Figure 4 is based on the 14 largest industry contributors to GDP, while Figure 5 illustrates the proportion of jobs generated from the 14 largest industry employer groups.

⁶ Industry data is for the Manawatū District is sourced through Infometrics, year to March 2019.

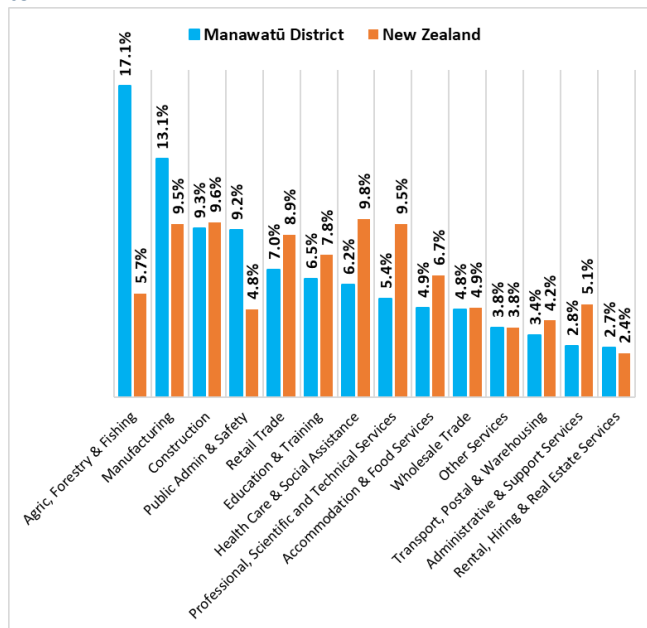
Industry structure

Figure 4: Manawātū District industry GDP relative to NZ



Employment structure

Figure 5: Manawātū District industry employment relative to NZ



The following section details industry breakdown, GDP, employment and status of the following key local industry sectors (based on these sectors' combined contribution to GDP and employment):

1. Agriculture, forestry and fishing;
2. Manufacturing;
3. Public administration and safety;
4. Rental, hiring and real estate services;
5. Construction;
6. Wholesale trade;
7. Retail trade;
8. Health care and social assistance; and
9. Accommodation and food services.

Agriculture, forestry & fishing

The primary sector and support services industry is the largest contributor to the local economy, generating \$216m in GDP and creating 2,059 jobs, and exceeding the concentration of industry activity at the national level. The Manawātū District is particularly strong in the production of dairy products and red meat. Global and domestic demand for agri-food products has remained strong despite the economic slowdown. Local strength in dairy and sheep, beef and cattle farming strongly supports the economic outlook for the district.

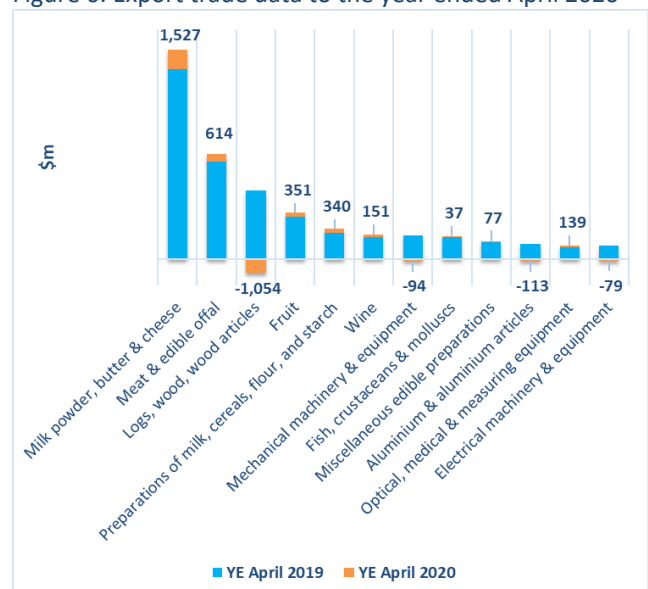
Table 3: The agriculture, forestry & fishing sector

Sub-industry	GDP contribution	Jobs
Dairy cattle farming	\$89.8m	680
Sheep, beef cattle & grain farming	\$73.5m	731
Agriculture, forestry & fishing support services	\$21.1m	320
Forestry and logging	\$17.0m	44
Horticulture and fruit growing	\$8.4m	156
Poultry, deer, and other livestock farming	\$6.2m	128
Total	\$216m	2,059

As indicated in Figure 6, export trade for goods produced in the district has held up well despite global economic conditions. While forestry suffered a downturn in late 2019 and early 2020, recent data indicates some recovery within the sector.

Trade values and commodity prices of goods produced in the district over the coming months will reveal the longer-term outlook for the sector and identify any emerging vulnerabilities.

Figure 6: Export trade data to the year ended April 2020



Manufacturing

The manufacturing sector contributes \$126.3m and 1,576 jobs to the district economy. Agri-food production makes up 49.8% of total manufacturing GDP and 56.2% of manufacturing jobs. Machinery manufacturing, transport equipment manufacturing, fabricated metal product manufacturing, and non-metallic mineral product manufacturing are also strong manufacturing industries for the local economy. Strength in agri-food production is a resilience factor; however, overall the local manufacturing sector remains vulnerable to supply chain disruptions and global demand factors.

Table 4: The manufacturing sector

Sub-industry	GDP contribution	Jobs
Meat and meat product manufacturing	\$50.5m	695
Machinery manufacturing	\$17.0m	173
Transport equipment manufacturing	\$15.5m	174
Fabricated metal product manufacturing	\$8.8m	135
Non-metallic mineral product manufacturing	\$7.9m	67
Fruit, oil, cereal, and other food manufacturing	\$7.4m	114
Pharmaceutical, cleaning, and other chemical	\$5.1m	33
Polymer product and rubber product manufacturing	\$4.3m	43
Wood product manufacturing	\$3.0m	44
Electronic and electrical equipment manufacturing	\$2.9m	32
Textile and leather manufacturing	\$1.2m	25
Furniture manufacturing	\$1.1m	20
Printing	\$0.7m	11
Total⁷	\$126.3m	1,576

⁷ Where totals differ from the sum of the individual industry groups, this may reflect that some industries with fewer than 6 jobs have been removed, or rounding has occurred.

Public administration and safety

The public sector contributes \$112.7m and adds 1,110 to the district economy. Defence force GDP and employment dominates the sector, contributing \$91.8m and 869 jobs locally. These jobs and incomes are not dependent on levels of international and domestic demand, and are therefore more resilient to the impacts of global and domestic economic disruption. The planned upgrades to Ohakea Air Force Base in addition to planned infrastructure spending will provide significant stimulus to the local economy, driving demand for local services and supporting jobs and incomes.

Table 5: The public administration & safety sector

Sub-industry	GDP contribution	Jobs
Defence	\$91.8m	869
Public order, safety, and regulatory services	\$9.7m	90
Local government administration services	\$6.4m	102
Central government administration services	\$4.8	49
Total	\$112.7	1,110

Rental, hiring and real estate services

The rental, hiring and real estate services sector contributes \$108.3m to the district economy and generates 324 jobs. The sector is vulnerable to the economic impacts of COVID-19; although data to April 2020 indicates the sector is continuing to perform well, the full impact will not be known for some time as any effects on levels of employment and household incomes flow through to levels of demand.

Table 6: The rental, hiring & real estate services sector

Sub-industry	GDP contribution	Jobs
Real estate services	\$45.1m	130
Non-residential property operation	\$43.8m	121
Rental and hiring services (except real estate); non-financial asset leasing	\$8.0m	40
Residential property operation	\$11.4m	33
Total	\$108.3m	324

Construction

The construction sector contributes \$70.7m and 1,115 jobs to the district economy. Locally, the sector is concentrated in the construction services sector. There is a significant pipeline of construction projects planned, consented and underway in the district in addition to the upgrade of Ohakea Air Force Base. However, the lockdown period is estimated to have reduced construction sector GDP by \$5.5m, placing pressure on the sector at the business level. Maintaining capacity in the sector to enable planned infrastructure and building projects to get underway is crucial to the local recovery.

Table 7: The construction sector

Sub-industry	GDP contribution	Jobs
Construction services	\$47.4m	764
Residential building constructions	\$13.7m	262
Heavy and civil engineering construction	\$8.7m	70
Non-residential building construction	\$1.0m	19
Total	\$70.7m	1,115

Wholesale trade

The wholesale trade sector contributes \$62.4m in GDP and 576 jobs to the local economy. With the exception of grocery, liquor and tobacco product wholesaling, the wholesale trade sector was particularly exposed to the COVID-19 lockdown period. The sector is estimated to contract by 6.6% over 2020 as a direct result. It continues to be vulnerable to demand conditions and supply chain disruptions; however, recent data indicates a strong recovery in levels of expenditure. Consumption indicators over the coming months will highlight if there is ongoing risk to the sector over and above the impacts of the level 3 and 4 lockdown period.

Table 8: The wholesale trade sector

Sub-industry	GDP contribution	Jobs
Basic material wholesaling	\$22.6m	203
Machinery and equipment wholesaling	\$16.8m	149
Other goods and commission based wholesaling	\$9.5m	93
Grocery, liquor and tobacco product wholesaling	\$8.8m	86
Motor vehicle and motor vehicle parts wholesaling	\$4.7m	45
Total	\$62.4m	576

Retail trade

The retail sector contributes \$52.2m and 837 jobs to the local economy. Alongside wholesale trade, retail trade was particularly exposed to the impacts of the lockdown period with an estimated decline in GDP of 6.6% over 2020. The sector continues to be vulnerable to domestic demand conditions and supply chain disruptions. As expected over the lockdown period, levels of retail spending fell sharply. Weekly data since level 3 lockdown ended indicates a strong recovery in retail spending; however, cumulatively expenditure is still down on the same period in 2019. On a positive note, the district has significant concentration of employment in the supermarket sector where revenues were bolstered as a result of the level 3 and level 4 lockdown. Overall, the level of employment in the retail sector highlights the importance of protecting business and household incomes to maintain spending in the local economy, to protect retail sector jobs.

Table 9: The retail trade sector

Sub-industry	GDP contribution	Jobs
Supermarket and grocery stores	\$11.7m	207
Furniture, electrical, and hardware retailing	\$10.5m	169
Other store based retailing; non-store and commission based retailing	\$9.6m	157
Motor vehicle and motor vehicle parts retailing	\$6.5m	88
Fuel retailing	\$4.6m	61
Department stores	\$4.0m	64
Recreational, clothing, footwear, and personal accessory retailing	\$3.8m	63
Specialised food retailing	\$1.5m	28
Total	\$52.2m	837

Health care and social assistance

The healthcare and social assistance sector contributes \$45.0m to the district economy and employs 749 people. The local sector is concentrated in residential care services and social assistance, which is relatively resilient to the economic impacts of COVID-19. The local industry is also resilient to impacts on small general practice due to the establishment of the Feilding Health Centre in 2016. The sector is not considered to be vulnerable to the impacts of COVID-19 because of these structural characteristics.

Table 10: The health care & social assistance sector

Sub-industry	GDP contribution	Jobs
Residential care services and social assistance	\$33.8	562
Medical and other health care services	\$10.8m	180
Hospitals	\$0.4m	7
Total	\$45.0m	749

Accommodation and food services

The accommodation and food services sector contributes \$15.2m in GDP and 593 jobs to the local economy. The sector was most affected by the level 3 and level 4 lockdown and is estimated to contract by 11.1% over the 2020 year. The accommodation and food services sector is not a significant contributor to the local economy when compared with New Zealand. However, its contribution to employment, in addition to providing employment and income for younger and less skilled workers, highlights the sector's importance to the local economy. The local sector is predominantly reliant on local spending and therefore less vulnerable to the halt in international tourism. The resumption of local events will support the recovery of the sector over 2020; however, the sector does remain vulnerable to changing patterns in the frequency and scale of events in addition to domestic tourism.

Table 11: The accommodation and food services sector

Sub-industry	GDP contribution	Jobs
Food and beverage services	\$12.4m	468
Accommodation	\$2.8m	125
Total	\$15.2m	593

Conclusion

The industry structure of the Manawatū District provides some protection from the worst impacts of COVID-19. In particular, the concentration of economic activity and employment in primary production, agri-food manufacturing, and public administration and safety means the outlook for the local economy is better than for many parts of New Zealand. The local economy is also far less vulnerable to the impact of border closures on service sector activity relative to most other parts of New Zealand.

While the industry mix of the district will support the economic recovery, there are sectors that continue to be vulnerable to the impacts of COVID-19. Service sectors continue to be particularly exposed, as are retail and wholesale trade. There are risks to the manufacturing and construction sectors due to the impacts of the lockdown period on the sustainability of individual businesses and uncertainty surrounding global demand and supply conditions.

Despite ongoing favourable conditions and performance, primary production and agri-food manufacturing remain vulnerable to changes in global demand and supply dynamics, made more volatile by current global economic conditions. Rental, hiring and real estate services are exposed to changes in business and household income. Current data indicates house prices are continuing to grow; however, if unemployment levels rise above expectation and confidence slumps, this will impact on the sector and place downward pressure on house prices.

Industry risk profiles and uncertainty of the impacts of COVID-19 highlight the importance of monitoring and reporting at the local level to identify vulnerabilities and opportunities to support economic recovery.

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Appendix One: Data for 106 industries, ranked by contribution to Manawatū District GDP compared to NZ⁸

106 Industry sector	Manawatū GDP \$m	Manawatū % of total GDP	NZ % of total GDP	Manawatū District employment	Manawatū % of total employment	NZ % of total employment
<i>Defence</i>	91.8	7.6%	0.5%	869	7.2%	0.5%
<i>Dairy cattle farming</i>	89.8	7.4%	2.0%	680	5.7%	1.4%
<i>Sheep, beef cattle, and grain farming</i>	73.5	6.1%	1.1%	731	6.1%	1.2%
<i>Meat and meat product manufacturing</i>	50.5	4.2%	0.7%	695	5.8%	1.0%
<i>Construction services</i>	47.4	3.9%	3.3%	764	6.4%	5.5%
<i>Real estate services</i>	45.1	3.7%	3.2%	130	1.1%	1.0%
<i>Non-residential property operation</i>	43.8	3.6%	1.8%	121	1.0%	0.5%
<i>Residential care services and social assistance</i>	33.8	2.8%	2.0%	562	4.7%	3.4%
<i>School education</i>	33.6	2.8%	2.0%	562	4.7%	4.0%
<i>Basic material wholesaling</i>	22.6	1.9%	1.0%	203	1.7%	1.0%
<i>Agriculture, forestry, and fishing support services</i>	21.1	1.7%	0.7%	320	2.7%	1.2%
<i>Road transport</i>	20.7	1.7%	1.6%	250	2.1%	1.9%
<i>Scientific, architectural, and engineering services</i>	18.1	1.5%	2.2%	194	1.6%	2.5%
<i>Banking and financing; financial asset investing</i>	17.5	1.4%	4.0%	76	0.6%	1.5%
<i>Forestry and logging</i>	17	1.4%	0.6%	44	0.4%	0.3%
<i>Machinery manufacturing</i>	17	1.4%	0.8%	173	1.4%	0.7%
<i>Machinery and equipment wholesaling</i>	16.8	1.4%	1.4%	149	1.2%	1.3%
<i>Transport equipment manufacturing</i>	15.5	1.3%	0.6%	174	1.4%	0.6%
<i>Legal and accounting services</i>	14.1	1.2%	1.5%	150	1.2%	1.7%
<i>Residential building construction</i>	13.7	1.1%	1.1%	262	2.2%	2.1%
<i>Advertising, market research, and management services</i>	13.7	1.1%	2.7%	147	1.2%	3.0%
<i>Food and beverage services</i>	12.4	1.0%	1.7%	468	3.9%	5.3%
<i>Supermarket and grocery stores</i>	11.7	1.0%	1.2%	207	1.7%	2.4%
<i>Residential property operation</i>	11.4	0.9%	0.9%	33	0.3%	0.3%

⁸ Industries where employment is less than 6 have been removed, to maintain confidentiality.

<i>Medical and other health care services</i>	10.8	0.9%	2.1%	180	1.5%	3.4%
<i>Furniture, electrical, and hardware retailing</i>	10.5	0.9%	1.0%	169	1.4%	1.7%
<i>Postal and courier services</i>	9.91	0.8%	0.7%	80	0.7%	0.5%
<i>Public order, safety, and regulatory services</i>	9.74	0.8%	1.8%	90	0.7%	1.8%
<i>Veterinary and other professional services</i>	9.72	0.8%	0.4%	101	0.8%	0.5%
<i>Other store based retailing; non-store and commission based retailing</i>	9.62	0.8%	0.8%	157	1.3%	1.3%
<i>Other goods and commission based wholesaling</i>	9.47	0.8%	1.3%	93	0.8%	1.2%
<i>Grocery, liquor, and tobacco product wholesaling</i>	8.84	0.7%	1.1%	86	0.7%	1.0%
<i>Fabricated metal product manufacturing</i>	8.75	0.7%	0.9%	135	1.1%	1.1%
<i>Heavy and civil engineering construction</i>	8.65	0.7%	1.8%	70	0.6%	1.5%
<i>Repair and maintenance</i>	8.44	0.7%	0.7%	229	1.9%	1.5%
<i>Horticulture and fruit growing</i>	8.4	0.7%	0.5%	156	1.3%	1.1%
<i>Rental and hiring services (except real estate); non-financial asset leasing</i>	7.97	0.7%	1.2%	40	0.3%	0.6%
<i>Non-metallic mineral product manufacturing</i>	7.88	0.7%	0.5%	67	0.6%	0.4%
<i>Building cleaning, pest control, and other support services</i>	7.57	0.6%	0.7%	178	1.5%	1.8%
<i>Sport and recreation services</i>	7.48	0.6%	0.8%	134	1.1%	1.1%
<i>Fruit, oil, cereal, and other food product manufacturing</i>	7.4	0.6%	0.8%	114	0.9%	1.1%
<i>Warehousing and storage services</i>	7.15	0.6%	0.3%	58	0.5%	0.3%
<i>Motor vehicle and motor vehicle parts retailing</i>	6.46	0.5%	0.5%	88	0.7%	0.8%
<i>Local government administration services</i>	6.41	0.5%	0.5%	102	0.8%	0.9%
<i>Preschool education</i>	6.35	0.5%	0.6%	106	0.9%	1.1%
<i>Poultry, deer, and other livestock farming</i>	6.2	0.5%	0.2%	128	1.1%	0.3%
<i>Employment and other administrative services</i>	5.79	0.5%	1.2%	137	1.1%	2.9%

<i>Library and other information services - internet*</i>	5.41	0.4%	0.6%	23	0.2%	0.2%
<i>Computer system design and related services</i>	5.3	0.4%	1.6%	59	0.5%	1.8%
<i>Personal services; domestic household staff</i>	5.2	0.4%	0.6%	147	1.2%	1.2%
<i>Pharmaceutical, cleaning, and other chemical manufacturing</i>	5.13	0.4%	0.4%	33	0.3%	0.2%
<i>Auxiliary finance and insurance services</i>	5.09	0.4%	1.0%	44	0.4%	0.8%
<i>Central government administration services</i>	4.78	0.4%	1.6%	49	0.4%	1.6%
<i>Motor vehicle and motor vehicle parts wholesaling</i>	4.65	0.4%	0.4%	45	0.4%	0.4%
<i>Fuel retailing</i>	4.56	0.4%	0.2%	61	0.5%	0.3%
<i>Waste collection, treatment, and disposal services</i>	4.35	0.4%	0.4%	35	0.3%	0.3%
<i>Adult, community, and other education</i>	4.32	0.4%	0.4%	74	0.6%	0.9%
<i>Polymer product and rubber product manufacturing</i>	4.29	0.4%	0.5%	43	0.4%	0.5%
<i>Department stores</i>	3.98	0.3%	0.4%	64	0.5%	0.7%
<i>Recreational, clothing, footwear, and personal accessory retailing</i>	3.83	0.3%	0.7%	63	0.5%	1.3%
<i>Publishing (except internet and music publishing)</i>	3.21	0.3%	0.3%	43	0.4%	0.3%
<i>Wood product manufacturing</i>	3.01	0.2%	0.6%	44	0.4%	0.7%
<i>Electronic and electrical equipment manufacturing</i>	2.93	0.2%	0.6%	32	0.3%	0.5%
<i>Health and general insurance</i>	2.82	0.2%	0.8%	13	0.1%	0.3%
<i>Accommodation</i>	2.81	0.2%	0.5%	125	1.0%	1.4%
<i>Religious services; civil, professional, and other interest groups</i>	2.72	0.2%	0.5%	79	0.7%	1.1%
<i>Tertiary education</i>	2.32	0.2%	0.9%	40	0.3%	1.8%
<i>Transport support services</i>	2.28	0.2%	1.0%	19	0.2%	0.8%
<i>Water supply</i>	1.94	0.2%	0.1%	15	0.1%	0.1%
<i>Specialised food retailing</i>	1.54	0.1%	0.3%	28	0.2%	0.5%
<i>Motion picture and sound recording activities</i>	1.4	0.1%	0.4%	20	0.2%	0.4%
<i>Heritage and artistic activities</i>	1.25	0.1%	0.4%	24	0.2%	0.6%

<i>Textile and leather manufacturing</i>	1.24	0.1%	0.1%	25	0.2%	0.3%
<i>Furniture manufacturing</i>	1.09	0.1%	0.2%	20	0.2%	0.3%
<i>Non-residential building construction</i>	0.99	0.1%	0.3%	19	0.2%	0.6%
<i>Travel agency and tour arrangement services</i>	0.72	0.1%	0.2%	17	0.1%	0.4%
<i>Printing</i>	0.68	0.1%	0.2%	11	0.1%	0.3%

Source: Infometrics