

Economic Update

1 September 2021

The sharp onset of a Level 4 lockdown will suppress the good results we had seen so far in 2021.

Like last year, we expect the effect on this region to be less than other areas of New Zealand and we should bounce back relatively quickly assuming we get back to Level 2 in a timely manner. Auckland in particular will have a much harder time, with a longer lockdown and increased uncertainty for businesses.

In this region we are fortunate that most of our large industries can keep operating in lockdown, and it's interesting to note that Kiwi businesses have adapted well to changing environments over the last year – see below for the Infometrics/Treasury info on economic activity.

While the indicators show a quick change in employment activity, this is not something we expect to persist in our economy. We came into this lockdown with very low unemployment and we expect any employer who is able to keep staff on will do so, to avoid being short on talent in better conditions.

Economic activity at different Alert Levels

Infometrics has revised their analysis of economic and employment activity across the Alert Level system, first undertaken at the start of lockdown in April 2020.

The revised analysis applies an expanded range of evidence and data, including actual economic activity in 2020, updated Business Operations Survey data and labour market outcomes.

Effective economic activity is higher across all Alert Levels this year, consistent with the reality experienced throughout the last 18 months, and revised estimates from Treasury.

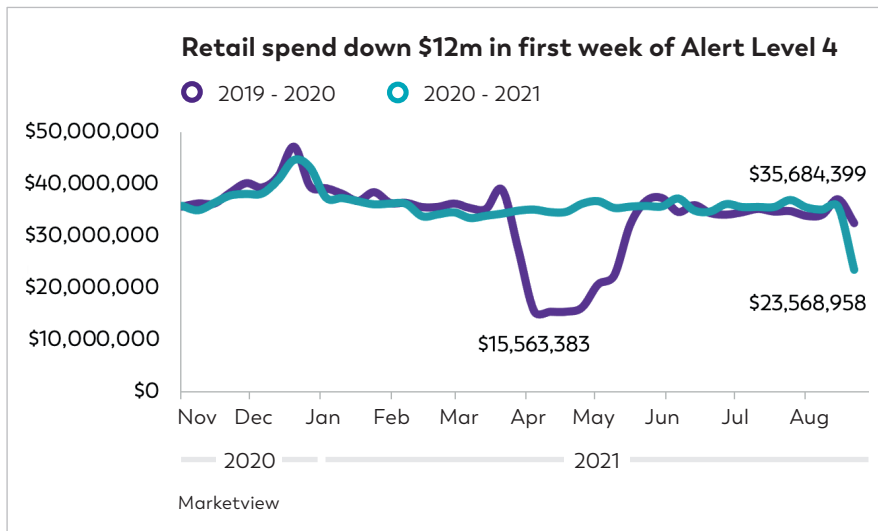
	April 2020 Alert Level 4	May 2020 Alert Level 3	August 2021 Alert Level 4	September 2021 Alert Level 3
Economic activity	65%	82%	74%	89%
Workforce operational	53%	74%	63%	84%

Infometrics

Analysis now shows that 74% of economic activity can occur at Alert Level 4, with 63% of the national workforce still operational.

At Alert Level 3, Infometrics estimates 89% of economic activity can occur, with 84% of the workforce operational.

Retail Spend

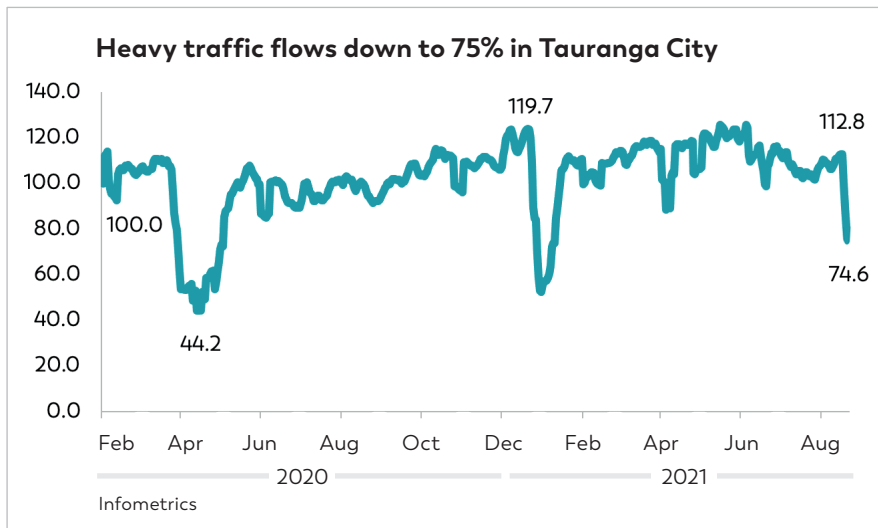


At this time of year, retail spend in the Western Bay sub-region normally sits at around \$35 million per week.

Lockdown has seen spend in stores drop by \$12m or 34%, mostly in Hospitality, Clothing & Department Stores, and Home & Recreation.

Food Liquor & Pharmacy spend rose by 27% as households stocked up, and Fuel & Automotive spend dropped by 39% due to curtailed travel.

Heavy Traffic

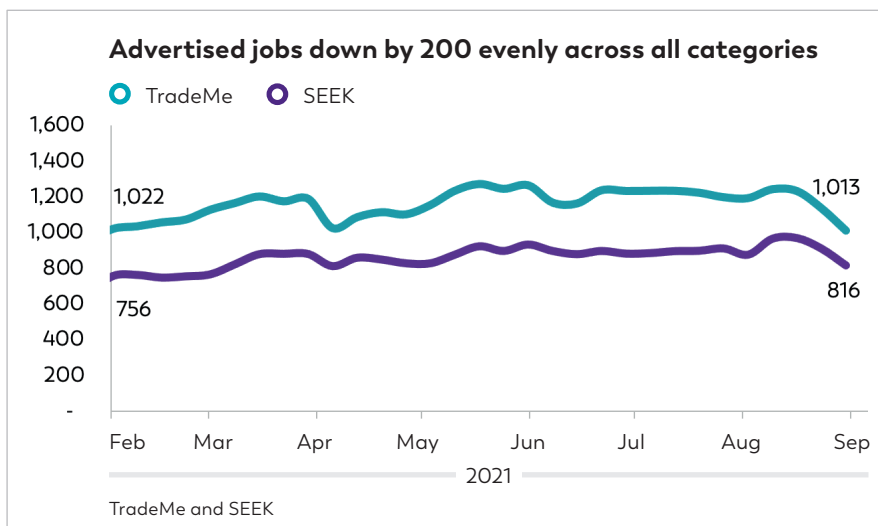


Heavy Traffic flows are a good indicator of business activity.

Using 1 February 2020 as a reference point of 100%, Heavy Traffic flows dropped to 44% in last year's April lockdown, bouncing back to almost 120% in December before the summer holidays.

Traffic flows were at 113% before Alert Level 4 being implemented at 11.59pm on 17 August, dropping to 75% within 5 days of lockdown.

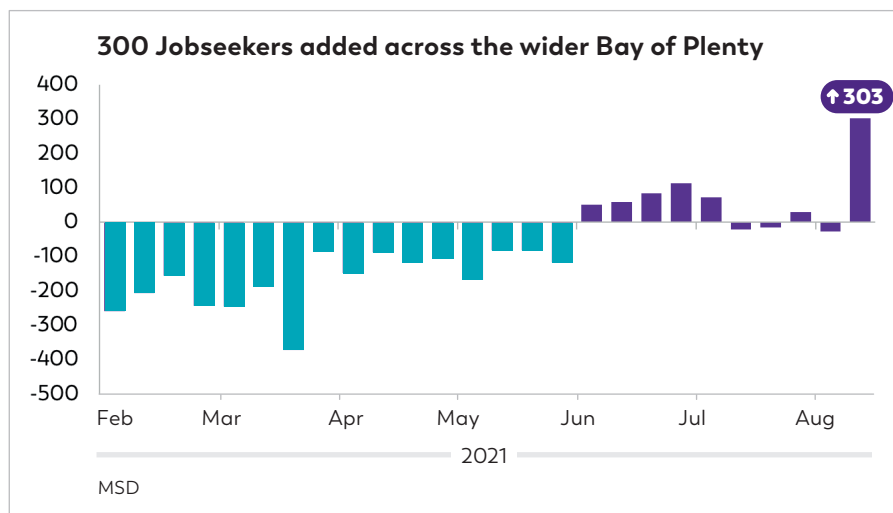
Advertised Jobs



Advertised job numbers have taken a tumble in the last two weeks during Alert Level 4, dropping by 219 jobs last week to around 1,800 total jobs listed.

Trades, Manufacturing, Professional Services, Healthcare and Construction remain the most popular job categories.

Jobseeker Support



We do not have weekly Jobseeker Support figures for the Western Bay sub-region, so presenting the wider Bay of Plenty instead.

Number of recipients had been dropping since February, with low seasonal numbers added in June and early July.

Alert Level 4 has seen 300 new people join Jobseeker Support in the first week of lockdown, across the whole Bay of Plenty.

Social Indicators

Tauranga Community Foodbank and Socialink have provided updates on what is happening in the wider community during this lockdown. Food security is the greatest issue for families.

The number one need identified is access to food

- There is early demand for food, in contrast to the 2020 lockdown where it took 3-4 weeks before demand began to rise.
- Tauranga Foodbank are seeing lots of new faces, including those who do not qualify for subsidies or do not have enough money to pay for food.
- Another factor that two food providers identified is those families who relied on school lunches and breakfasts to assist with their budgeting are now having to find food for these meals.
- Supply of food does not appear to be an issue at this stage for Good Neighbour or Tauranga Foodbank.
- The Student Volunteer Army grocery service is available nationwide to those in self-isolation or who have no other way to access food. The service is completely contactless and is for those aged 65+, anyone who may be medically vulnerable, essential workers (and their whānau) and anyone that requires support due to their personal circumstances, such as single parents.

Other issues observed in the community are concerns about victims of family harm and increased demand for support from Women's Refuge; financial struggles and mental health issues for people with disabilities; drug and alcohol use; and increased anxiety in children and young people.

Yet for some, lockdown means more time for whānau to connect and enjoy each other's company. As with the 2020 lockdown, we have seen marae and communities mobilise to support their community, particularly the vulnerable in the delivery of food. People are exercising more outside, and the environment is being allowed to 'rest.'

Liz Davies, General Manager, Socialink

Record amount of food leaving Tauranga Foodbank

Tauranga Community Foodbank has distributed a record amount of food since 19 August 2021.

In the first seven working days of lockdown, 229 food parcels were issued.

Comparatively 131 food parcels were issued for the same period during the first lockdown in 2020.

The 229 food parcels issued helped 638 people.

The parcels contained 2,552 days of food which would create at least 7,656 meals.

Nicki Goodwin, Manager, Tauranga Community Foodbank