

<b>To</b>	<b>Performance and Strategy Committee</b>
<b>Report title</b>	<b>Growth Projections to inform the 2024-2034 Long Term Plan</b>
Date:	8 May 2023
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## **1. Purpose of the report**

### **Te Take moo te puurongo**

To inform the Committee about the Council's official growth projections being the University of Waikato 2021 ("UoW2021") high growth projections and to seek the Committee's endorsement to utilise the UoW2021 high growth projections as the Long Term Plan 2024-2034's base scenario.

## **2. Executive summary**

### **Whakaraapopotanga matua**

Population and household growth projections are one of the significant forecasting assumptions required to inform a Council's Long Term Plan (LTP). The adoption of a set of growth projections will ensure that all estimates and forecasts are made on the same basis throughout the LTP, and helps to inform technical analysis and debate when making decisions about levels of service, capital project funding, and budgeting.

The Waikato District Council (WDC) formally adopted the University of Waikato ("UoW2021") high growth scenario as its default growth projection on 21 September 2021. In February 2023, Future Proof Implementation Committee (FPIC) adopted the Future Proof Senior Managers Steering Group (SMSG) recommendations, and reaffirmed the UoW2021 high growth scenario as the default growth projection for the next LTP cycle.

The adoption by WDC of the UoW2021 high growth scenario for the LTP 2024-2034 will ensure the appropriate strategy and policy alignment with the Future Proof partners.

### 3. Staff recommendations Tuutohu-aa-kaimahi

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**That the Performance and Strategy Committee:**

- a. **Notes that the Council formally adopted the University of Waikato 2021 high growth scenario as its default growth projection on 21 September 2021;**
- b. **Recommends that Council adopts the University of Waikato 2021 high growth projections as the base scenario to inform its 2024-2034 Long Term Plan.**

### 4. Background Koorero whaimaarama

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The work on Waikato Projection started in 2015 to provide consistent and defensible projections of demographic and economic indicators across the Waikato region. Based on the 2013 Census data, the University of Waikato's (UoW) National Institute of Demography and Economic Analysis (NIDEA) generated the first set of projections (2013-2063) by performing population and household modelling for the sub-region comprising Hamilton City Council, Waikato District Council and Waipa District Council. Using these projections, the Waikato Integrated Scenario Explorer (WISE) was able to spatially allocate the growth based on parameters such as zoning, densities, transport, economic and employment drivers, and land-use constraints to determine where this growth is likely to be realised.

In preparation for the LTP 2021-2031, the Future Proof partner councils engaged the UoW in 2018 to update the Waikato Projections using the 2018 Census data. However, the update was postponed due to delays in the release of the Census results. As an alternative option, the UoW re-forecasted population and household growth at territorial level in 2020 using the 2013 Census and the new Estimated Usual Resident Population (EURP) data from Stats NZ. This modelling work ("UoW2020") also factored in assumptions regarding the impacts of Covid-19 in respect to border closures and changes in international migration, which was a key assumption used in LTP 2021-2031.

The 2018 Census data became available in October 2020, and the UoW2021 projections were completed at the end of March 2021. In agreement with Future Proof partners, the WDC formally adopted the UoW2021 high growth scenario as the default growth projection at a Council meeting on 21 September 2021 (ref: GOV1318/3228629).

In June 2022, Future Proof commissioned further work to test the UoW2021 projections. The following scenarios were considered by the UoW.

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- Scenario 1: using the previous high projection assumptions, but updating the international migration flows assumptions to account for new data available since the previous projections (as the actual data show lower than projected international migration)
- Scenario 2: combining the assumptions in Scenario 1, and assuming higher net internal migration outward from Auckland (which will include all other territorial authorities but with a focus on those in the Future Proof subregion).

The report showed that Scenario 1 is only slightly lower than the high projection and Scenario 2 is slightly higher than the high projection over the entire projection period (i.e. 2018-2068). However, as the existing default scenario already picks up on recent dynamics of internal migration movements within New Zealand, (including the extension of the Waikato Expressway and spill-over growth from Auckland into the north of the Waikato District and further afield), Scenario 2 is likely to be less plausible than Scenario 1 or the existing default projection scenario.

The UoW report on the scenario testing was approved by the FPIC on 20 February 2023 based on recommendations from the SMSG, and it was decided that the UoW2021 high growth scenario should continue to be used as the default growth projection for long term planning purposes.

## **5. Discussion and analysis**

### **Taataritanga me ngaa tohutohu**

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The UoW2021 high growth scenario indicates:

- WDC's population will increase by 42.1% between 2024 and 2054, from 88,113 to 126,454 (see Figure 1).
- The number of households in the WDC will increase by 50.2%, from 29,353 to 44,086 (see Figure 2).

The projections imply a drop in average household size, from 3 to 2.87 people per household.

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Figure 1: UoW population projection 2021- High (Waikato District area)

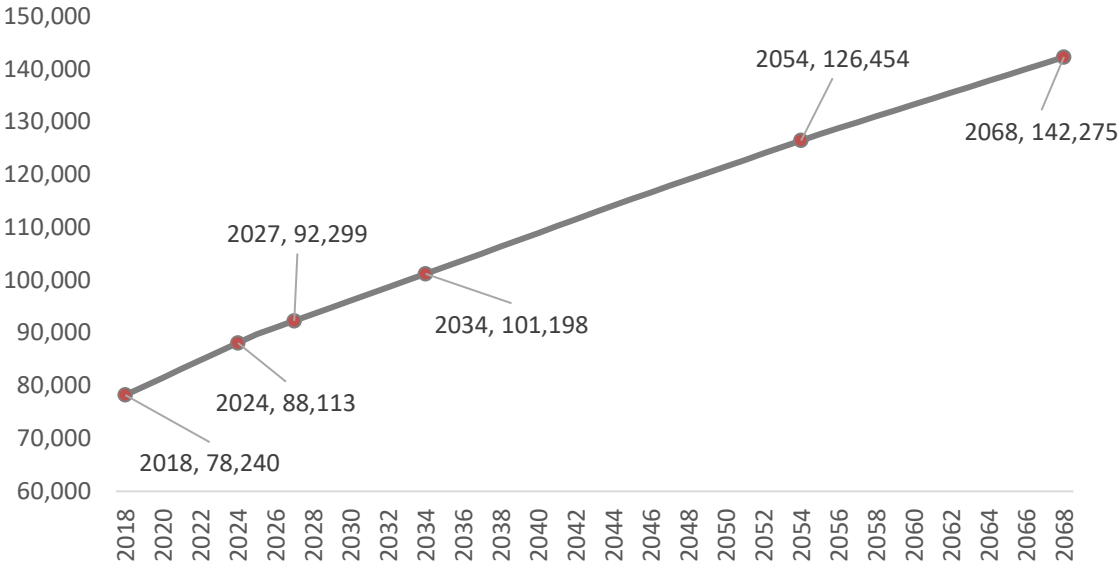
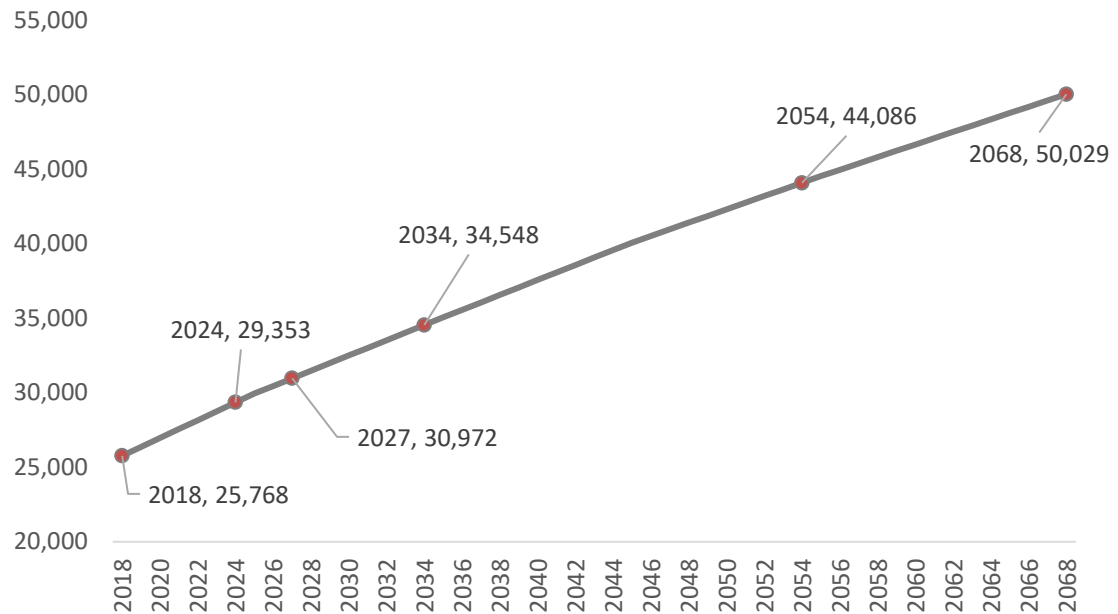


Figure 2: UoW household projection 2021- High (Waikato District area)



Based on demographic projections at the territorial authority level, UoW was able to provide projections at the SA2 (Statistical Area 2) level<sup>1</sup> for selected years (2025, 2035, 2045, 2055 and 2065) using the method of statistical downscaling and the WISE land use model<sup>2</sup>.

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<sup>1</sup> The boundaries for the UoW2021 projections are 2020 SA2 boundaries.  
<sup>2</sup> The full technical report can be obtained from [www.waikatoregion.govt.nz/assets/WRC/TR202124.pdf](http://www.waikatoregion.govt.nz/assets/WRC/TR202124.pdf)

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To support council’s regular activities, such as infrastructure and service planning, WDC’s Business Intelligence team converted the UoW2021 high projections into annualised projection series based on designated boundaries. Recently, urban/rural boundaries within the WDC have been reviewed to reflect Waikato 2070 and the latest Proposed District Plan decisions/appeals, these new boundaries will be used as the default boundaries in the rest of this report (“urban/rural boundaries”) (see Attachment 1).

Based on local-level projections, three areas in the WDC are expected to experience population growth of more than 50% in the next 10 years (between 2024-2034) (see Table 1), and eight rural areas are expected to experience a small decline in population numbers (see Table 2).

Table 1 Projected high population growth areas in WDC (2024-2034)

	<b>Area</b>	<b>Growth rate (2024-2034)</b>
<b>1</b>	Te Kauwhata	65.0%
<b>2</b>	Pokeno	53.9%
<b>3</b>	Whale Bay	52.5%

Table 2 Projected area with negative population growth (2024-2034)

<b>Rank</b>	<b>Area</b>	<b>Growth rate (2024-2054)</b>
<b>1</b>	Whitikahu	-5.87%
<b>2</b>	Te Uku	-3.16%
<b>3</b>	Tamahere	-2.75%
<b>4</b>	Whatawhata West	-1.99%
<b>5</b>	<b>Te Akau</b>	-0.41%

Between 2024 and 2054, seven areas in the WDC are expected to experience population growth of more than 100% (see Table 3), and five rural areas will experience a small decline in population numbers (see Table 4).

Table 3 Projected high population growth areas in WDC (2024-2054)

	<b>Area</b>	<b>Growth rate (2024-2054)</b>
<b>1</b>	Hamilton Park	393.0%
<b>2</b>	Horsham Downs	269.4%
<b>3</b>	Te Kauwhata	187.6%
<b>4</b>	Ohinewai	146.8%
<b>5</b>	Huntly Rural	120.1%
<b>6</b>	Pokeno Rural	117.4%
<b>7</b>	Mercer	114.9%

Table 4 Projected areas with negative growth (2024-2054)

<b>Rank</b>	<b>Area</b>	<b>Growth rate (2024-2054)</b>
<b>1</b>	Whitikahu	-5.87%
<b>2</b>	Te Uku	-3.16%
<b>3</b>	Tamahere	-2.75%
<b>4</b>	Whatawhata West	-1.99%
<b>5</b>	Te Akau	-0.41%

Overall, Huntly is likely to remain as the most populated area in the district in 2054, housing 10.5% of the WDC’s population, Te Kauwhata is expected to become the second most populated urban area with a total population of 9,409, followed by Ngāruawāhia with 9,071 people. Refer to Figure 3 for more detail information.

In terms of households, UoW2021 predicts a similar growth trend to the population projection, with a higher number of households being forecasted for areas like Hamilton Park (422.9%), Horsham Downs (288.6%), Te Kauwhata (169.1%) and Ohinewai (137.8%) between 2024 and 2054. Please refer to Figure 4 for more detail information.

Figure 3: WDC population projection by urban/rural boundaries (2024, 2034, 2054) – UoW 2021 'High'

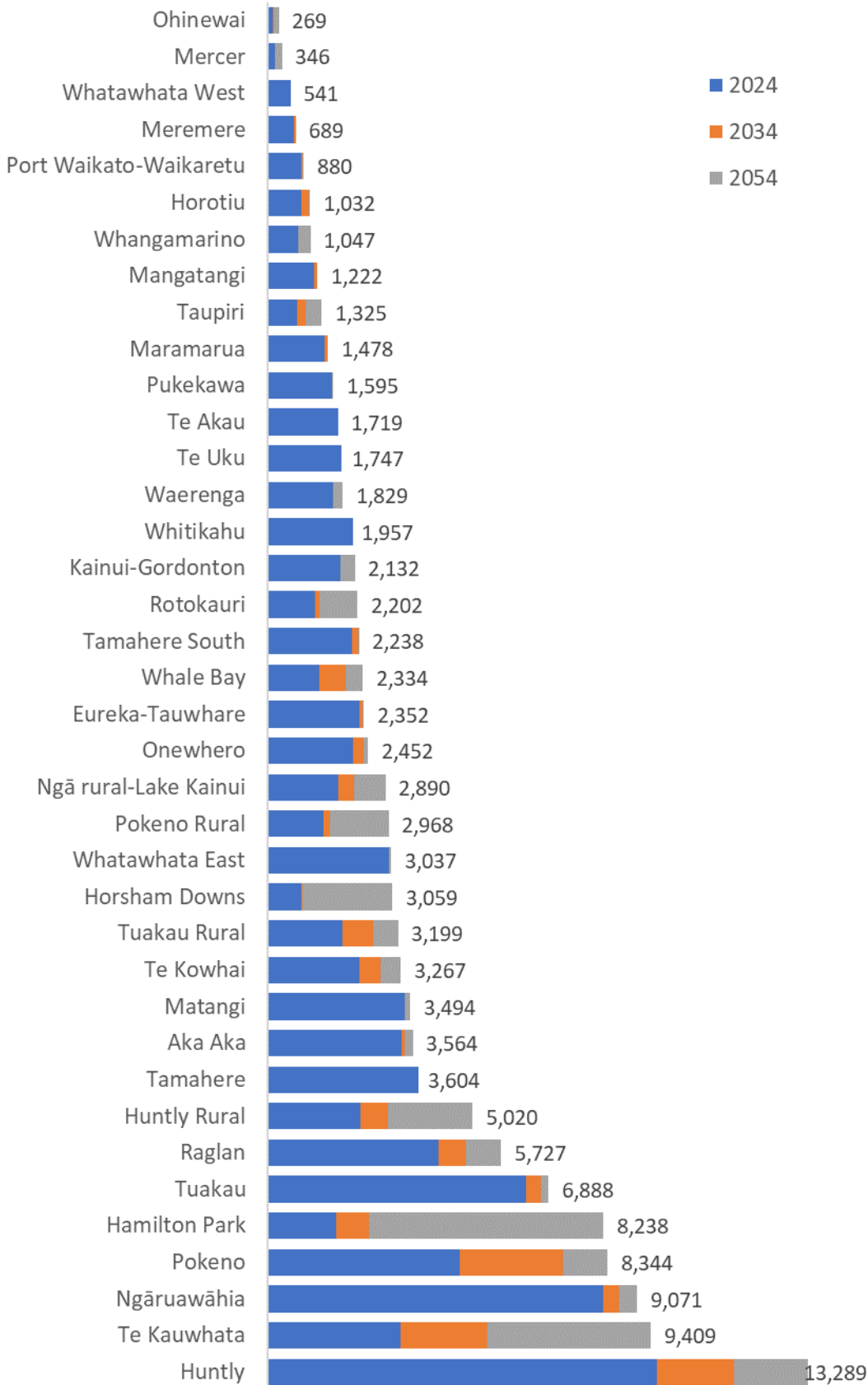
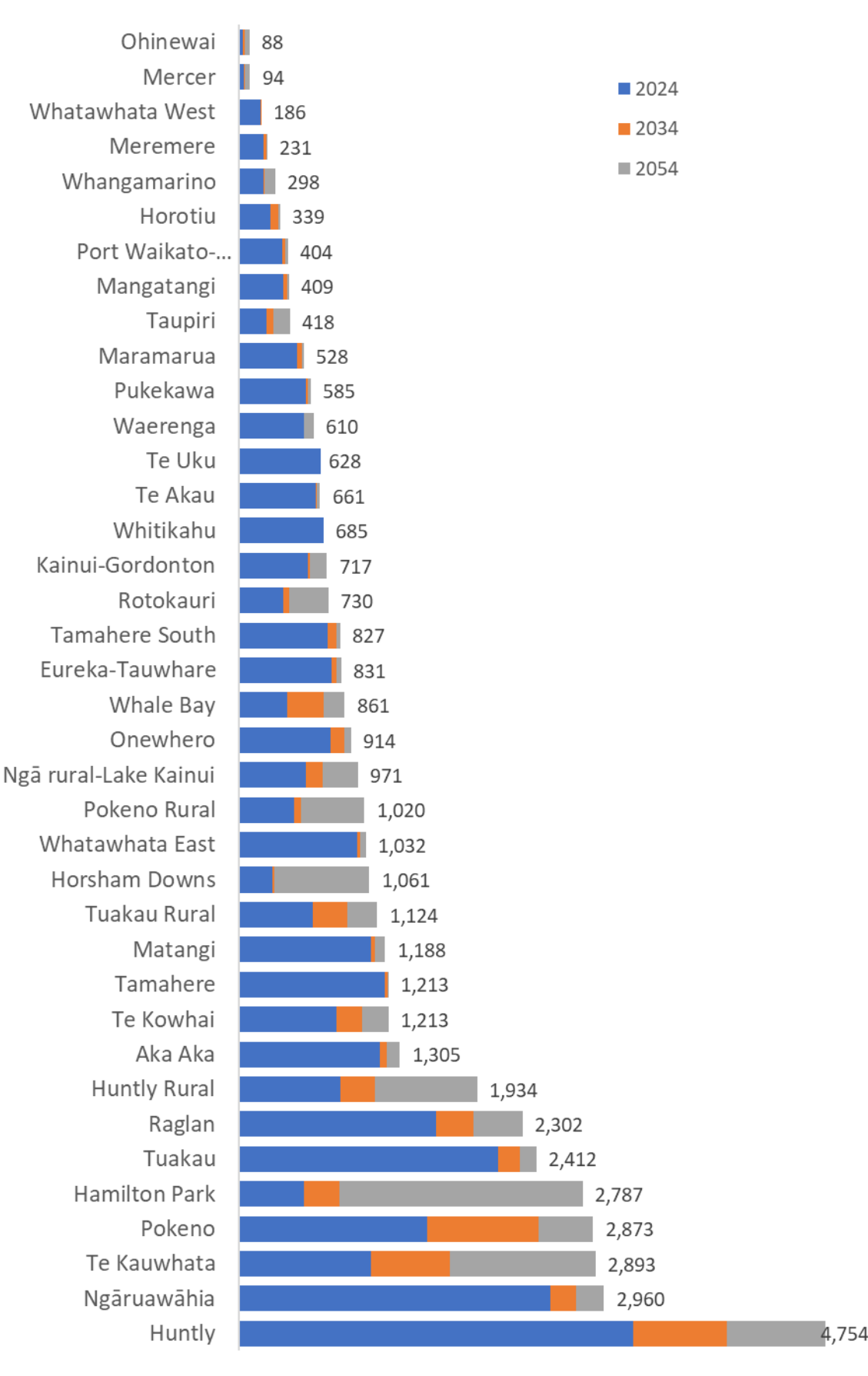


Figure 4: WDC household projection by urban/rural boundaries (2024, 2034, 2054) – UoW 2021 'High'





## **5.1 Options**

### **Ngaa koowhiringa**

The recommended option is to continue to utilise the as Council's default growth projection and to adopt it as Council's official base scenario for its LTP 2024-2034.

As mentioned in Section 4, Future Proof partners commissioned further work to sensitivity test the existing projections. An alternative option would be to adopt one of these projection results, which were based on a higher international and/or internal migration flow. This option is not recommended given that sensitivity tests revealed insignificant difference between growth outcomes, and alternative scenarios are less plausible than the default high growth scenario. Further, the Future Proof partners have already reaffirmed the adoption of the UoW2021 high growth scenario and any deviation from the decision is likely to lead to inconsistency in the subregional policy frameworks.

## **5.2 Financial considerations**

### **Whaiwhakaaro puutea**

There are no material financial considerations associated with the recommendations of this report. However, as LTP 2024-2034's base scenario, these growth projections will have a direct influence on council's Assets Management Plans, infrastructure funding and financial planning activities.

## **5.3 Legal considerations**

### **Whaiwhakaaro-aa-ture**

Staff confirm that using the high growth projections as LTP 2024-2034's base scenario complies with the Council's legal and policy requirements.

## **5.4 Strategy and policy considerations**

### **Whaiwhakaaro whakamaaherehere kaupapa here**

The report and recommendations are consistent with the Council's policies, plans and prior decisions. Further, the recommendations are consistent with the actions being taken by Future Proof and the Future Proof partner councils.

## **5.5 Maaori and cultural considerations**

### **Whaiwhakaaro Maaori me oona tikanga**

While demographics are often explored in terms of ethnicity, diversity, age and gender, among other things, the projections required to inform the technical components of Council's LTP (asset management planning, financial planning, etc) are simply that of population and household numbers. Broader demographic characteristics of the district will be considered by Council throughout the LTP, including when setting its strategic priorities and level of service expectations. As such, for the purpose of this report, there are not believed to be any particular Maaori or cultural considerations associated with the recommendations in this report.

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## **5.6 Climate response and resilience considerations**

### **Whaiwhakaaro-aa-taiao**

The matters in this report have no known impact on climate change or resilience for the Council. The adopted projections will be used by Council in its asset management planning activities which will have climate response and adaptation embedded within it.

## **5.7 Risks**

### **Tuuraru**

As all projections are associated with intrinsic uncertainties, considerable uncertainties exist in UoW2021 projections regarding timing and precise spatial allocation of population and household growth, especially at local levels. It is important that the Council continues to monitor actual dwellings consented/constructed to ensure any deviations from current and expected trends can be detected and appropriately responded to.

The WDC has continued to work with its Future Proof partners to promote and procure up-to-date population and household projections. The establishment of Council's Community Growth Group and the establishment of a dedicated Growth and Analytics function within that group has provided an increased level of rigour with regards to population and household projections and their use within the business. The team will continue to work on the monitoring of development capacity and actual dwellings consented, to ensure any deviations from current trends can be detected early.

## **6. Significance and engagement assessment**

### **Aromatawai paahekoheko**

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### **6.1 Significance**

#### **Te Hiranga**

The decisions and matters of this specific report are assessed as of low significance in accordance with the Council's [Significance and Engagement Policy](#). However, this report is part of the broader 2023-2034 LTP project, and asset and activity management planning activity that is, or may be in future, assessed as of high significance.

### **6.2 Engagement**

#### **Te Whakatuutakitaki**

The Significance and Engagement Policy is not triggered in this case, and no public consultation is planned. The LTP itself will be assessed separately against the Significance and Engagement Policy.

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## 7. Next steps

### Ahu whakamua

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Following adoption, Council's Growth and Analytics team will share the UoW2021 projections with internal and external stakeholders as part of LTP project. The Growth and Analytics team will provide ongoing support to staff, and Elected Members, in understanding and interpreting the projections.

## 8. Confirmation of statutory compliance

### Te Whakatuuturutanga aa-ture

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As required by the Local Government Act 2002, staff confirm the following:

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The report fits with Council's role and Committee's Terms of Reference and Delegations. Confirmed

The report contains sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages (*Section 5.1*). Confirmed

Staff assessment of the level of significance of the issues in the report after consideration of the Council's Significance and Engagement Policy (*Section 6.1*). Low

The report contains adequate consideration of the views and preferences of affected and interested persons taking account of any proposed or previous community engagement and assessed level of significance (*Section 6.2*). Confirmed

The report considers impact on Maaori (*Section 5.5*). Not applicable

The report and recommendations are consistent with Council's plans and policies (*Section 5.4*). Confirmed

The report and recommendations comply with Council's legal duties and responsibilities (*Section 5.3*). Confirmed

## 9. Attachments

### Ngaa taapirihanga

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1. WDC urban/rural boundaries 2023
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# Attachment 1: WDC urban/ rural boundaries 2023

