Tairawhiti Economic and Social Wellbeing

The value at stake

May 2026

Date

Disclosure and Data Sources

This report has been developed to provide evidence to make decisions to pursue the opportunity to implement a Tairawhiti Community Commissioning entry initiative.

The report focuses on the economic value at stake and the drivers of investment in wellbeing services. The report is informed by data collation, modelling, and insights from Tairawhiti, New Zealand, and global reports.

Use of this document

This document has been prepared to enable the initial decision to engage with Crown entities to move accountability and decision-making associated with wellbeing interventions to the region.

The information within this document is prepared at a relatively high level, and additional analysis will be prepared for the formal business case for the commissioning initiative. No one should act on such information without appropriate professional advice after a thorough examination of their particular situation.

MSH Aotearoa Ltd

This report has been developed by Simon Hunter. Simon Hunter established his advisory, MSH Aotearoa, to support commercial and social enterprises as they pursue opportunities to improve, magnify and accelerate their enterprise impacts and outcomes.

Document purpose

The purpose of this document is to present data and analysis to inform Tairawhiti's decision to pursue the Tairawhiti Community Commission's opportunity

The analysis provides an assessment of the potential value at stake. The value includes an assessment and insights into the:

- Potential drivers of the cost of wellbeing services.
- Regional cost of the wellbeing service.

This report supports the expression of interest. Insights in this report may provide guidance for the design of the solutions and decisions on the pace for implementation and the scope of the initiative.

The insights that decision makers embrace

Tairawhiti is the New Zealand region with the lowest level of economic prosperity and social wellbeing needed for whanau to lead good lives today.

This stretches the impact through current generations today, over time and into future generations over decades.

The prosperity issues and gaps include low levels of employment participation, incomes, and wealth.

The prosperity gap is linked to the very significant gap in wellbeing.

There is a vicious relationship between the two factors that make up the system.

The state of the system indicates there are clear missed opportunities to improve both factors.

The state of the systems results in the need for high and potentially increasing public, not-for-profit, private, and personal financial costs and impacts.

This has a flow-on effect on population growth, retention, and the attraction of great people to the region.

The reality for Tairawhiti is that the people, and the next generation, who are being impacted are the ones who will make a difference in the level of future prosperity and wellbeing in the region.

The fact that all the impacts and their scale today and in future is not discussed, which makes this scary. It is a worry that this is repeated in other regions.

It is now recognised in Tairawhiti that the current way of working is failing to address this reality. It does not produce the required outcomes.

The experience and evidence now show that the way of working can be flipped to be effective and efficient.
People can be engaged in ways that work.

Tairawhiti has been invited to demonstrate how its way of working lifts prosperity and wellbeing

This knowledge can guide the shaping of how services and support are delivered

The path forward is supported by the robust assessment of the value at stake

This document explores the value at stake. Further analysis will be completed to support the next stage of decision-making

This interim document includes

1. The value of impacts and the cost to achieve this
2. Decision to impact key values
3. Population impacted by economic and social well-being gaps
4. The areas of focus that dictate the value and cost of change
5. Investments that matter for a “person”
6. The high proportion of Tairawhiti residents rate their life experience negatively
7. Investments to deliver the results in Tairawhiti
8. Contribution to the Tairawhiti economy

Value highlights

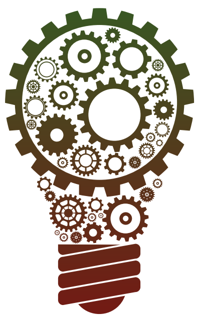
The initial value analysis (September 2025) for economic and social well-being highlights the upside for residents today and for future generations, having the opportunity to live better lives.

The issues and challenges of deprivation are well known. The level of deprivation is known to be the highest for a region in New Zealand.

Where Tairawhiti successfully navigates the issues, challenges and issues, challenges and barriers to progress, uplift will be felt by the person, the groups that matter in Tairawhiti and the total region.

Success in Tairawhiti can flow to other regions and communities.

The scale of impact is immense. The key to capturing the value at stake is adopting the way of working and accelerating the application of the ways.



- The value of changes in economic and social wellbeing are felt by the individual person, groups and the region.
- In Tairawhiti, the number of deprived residents is double the level of the rest of New Zealand.
- The challenges from low income, housing costs and other social issues are felt by >35,000 residents (69%) in 11,700 homes. There are 4,400 more homes than expected experiencing severe poverty.
- Each person has many issues to address. These issues are interrelated.
- Our people changing their lives must navigate many services, connections and systems. There can be over 25 options or pathways to make this happen.
- The cost to support whanau can easily be $30,000. This is multiplied over 10 years.
- The financial cost for investment is matched by all the well-being impacts and reduced quality of life.
- It is estimated that over $27,000 per resident is invested by the government in all the related support for social, housing, health, education, and other needs.
- The total government investment is estimated to exceed >$1.4 billion. This is likely to be matched by investment from all the other groups in the region.
- The value of reduced well-being is equally high.
- Addressing the issues today, so our people lead good lives in future, is key to lifting prosperity. This means lifting the region’s GDP by $1.8 billion per year.
- The regional change in prosperity will flow back into the lift in wellbeing.

1: The value of impacts and the cost to achieve this

Social investment is designed to improve people's well-being.

An estimated $2.5 billion is invested each year in activities connected to the wellbeing of the 53,000 Tairawhiti residents

The level of investment to improve wellbeing impacts many different people in different ways. different people. The impacts of the change in investment can differ for:

- The type of value that is counted from cost to benefits and induced value.
- The people involved, from the individual person to the whole community.
- The investors that make things happen.

The importance of what will be achieved, its scale, and the interconnectedness of many impacts, investments, and cost values within a single system emphasise the need to share a robust assessment of the potential value.

The integrated nature of value over many years requires decision makers and people who are part of the whole system to recognise the intricacies of the assessments and the critical importance of doing what is right at the right pace for the people that matter.

This discussion paper maps out an initial view of the value. This provides a view of the values as a guide for future phases.

The value at stake from working in a way that is right for future generations combines as one system to count the:

- Value of successful changes for the individual and family
- Investment to deliver the right results
- Flow of benefits to the wider community,
- Improvement in the Tairawhiti economy

The value at stake is visible for:

- The individual person and their family today, and over many years
- Groups connected to a specific type of issue and the specific support related to this
- For the whole of the region and then its flow onto the rest of New Zealand

The value of investment to deliver the results that matter includes inputs from:

- Individuals
- Community and community organisations
- Iwi, Trusts and not-for-profit organisations
- Public sector, including the crown and local government

2) Decision to impact key values

The “counting” of value takes into consideration the three primary levels: the individual, groups and the whole region.

The initial assessment includes a focus on:

- The potential value to be created
- The investment to achieve the result.

This initial assessment is relatively conservative. The true value could be much higher.

The values that give decision makers the insight to drive change that matters. This includes:

- The scale of both the opportunity and the issues.
- The impact of making the change at multiple levels
- Investment and costs.

The assessment of the business case for the proposed changes will assign a value to the implementation proposal and plan for each people or different groups.

Key values for the assessment of different people in different circumstances

A person

- Priorities for support
- Investment to deliver the impact (Crown, Other)
- Personal impacts (income gaps, wellbeing gaps and costs)

Tairawhiti groups

- Core investment (national investment in health and education)
- Social support (Value of targeted support)
- Whole of region (whole

Tairawhiti

- Employment
- Incomes
- Total economic activity and uplift

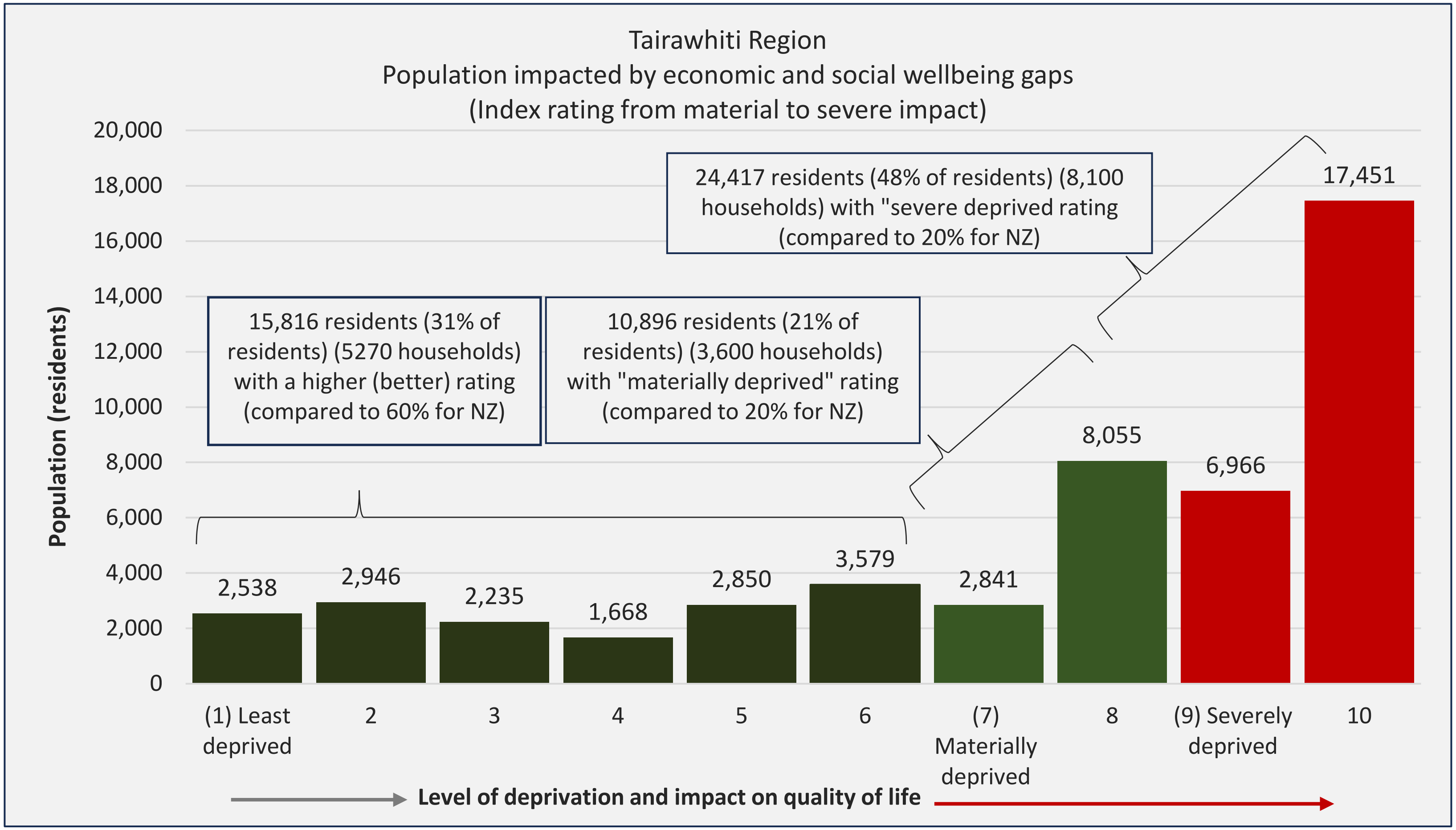
3: Population impacted by economic and social well-being gaps

The populations with low levels of well-being included 10,896 (21%) of the Tairawhiti residents who are materially deprived, and 24,417 (48%) are severely deprived. The total number of deprived residents is >35,000.

The 69% of Tairawhiti residents are materially or severely deprived. This exceeds 40% of NZ's population who are materially deprived.

An estimated 3,600 of the Tairawhiti households are materially deprived, and 8,100 are severely deprived, a total of 69% of households.

Based on the data for the whole of New Zealand, there are 12,300 residents and 4,500 households more than expected



Source StatsNZ (2024) New Zealand index of socioeconomic deprivation(Deprivation score 1-10 by region)

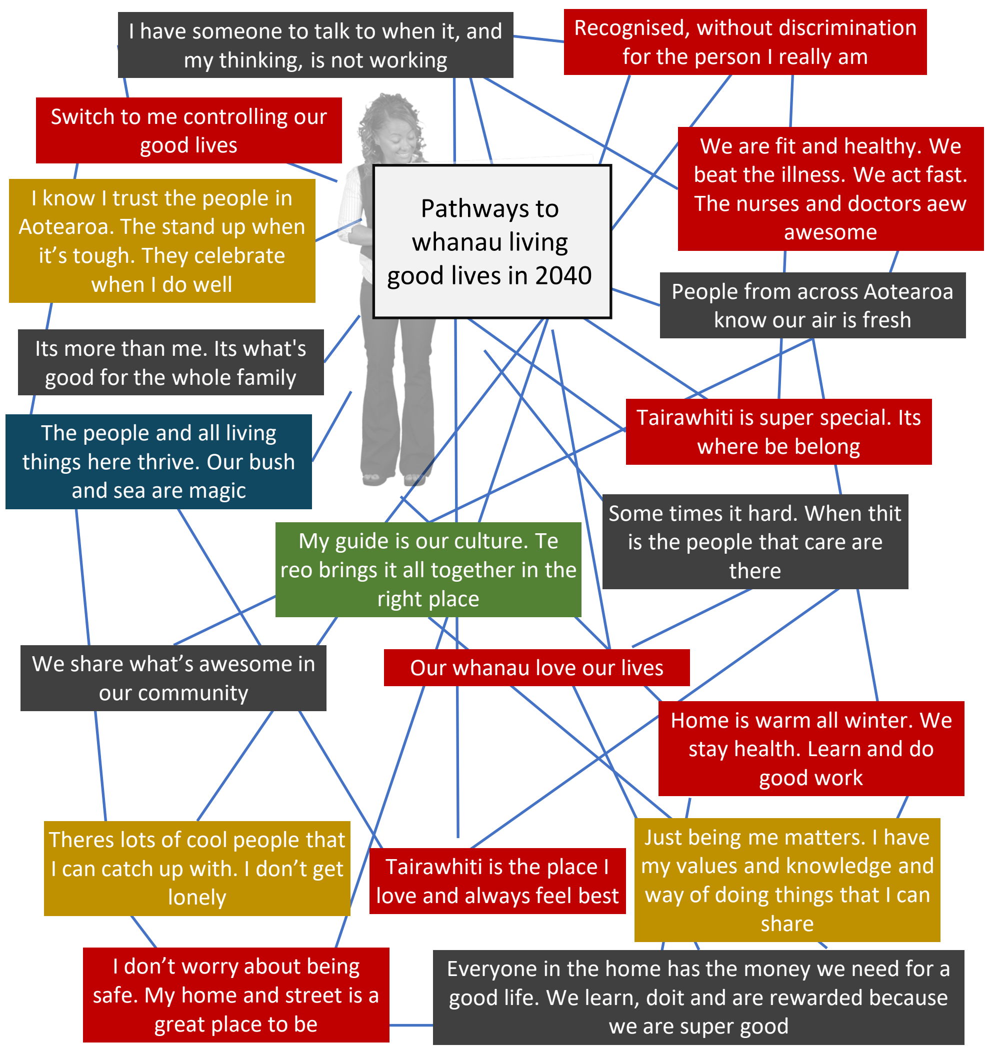
4: The areas of focus that dictate the value and cost of change:
A case study for one resident

A combination of Tairawhiti's direct engagement with whanau, a deep dive into system-related data, national service engagement and national data provides clear insight and understanding of what truly matters to people. This determines the value at stake.

The highlights that dictate both the impacts, their value, and the cost of investment needed to achieve changes, include:

- The needs for change and improving the lives of whanau are all connected into a “whole system”. One issue is connected to many others. Impact and cost are about the whole person and family.
- The statistical correlation between many interventions is very strong.
- Separating interventions and services is a barrier that gets in the way of pace and impact. The data and services get confused. Opportunities for success are lost.
- The issues for one person combine social health, safety, poverty, child wellbeing, disability, health, housing, justice, food, employment, income, and infrastructure.

Case Study: The areas of focus that dictate the value of change for a mother alone at home with two children



5: Investments that matter for a "person": A case study

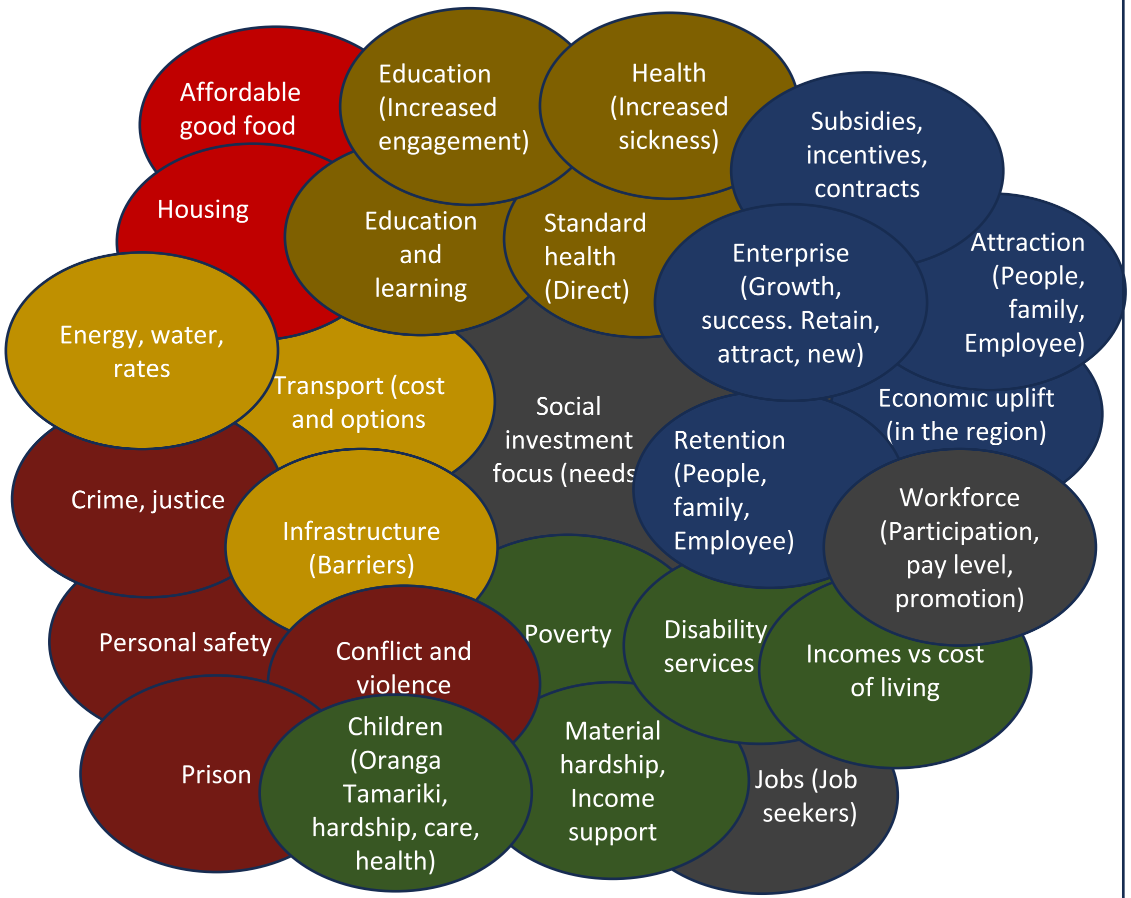
An individual whose living situation reduces their quality of living:

- Could be managing over 10 issues
- Connecting with over people for solutions
- Engaging with national crown services for health, education and housing
- Receive support through standard crown-funded services, working with people and/or payments

A person and their family could receive additional support from:

- Whanau
- Iwi and iwi pr Māori Trust entities
- Not for profit Trusts and organisations
- Local government
- Cultural and recreation groups

Case Study: Investments to negate or navigate well-being challenges



5: Investments that matter for a "person"
A case study

The value at stake varies significantly depending on the situation and challenges to overcome.

For an individual with 1 child, resolving multiple issues to live a better life requires a combination of direct financial support and Crown services.

The cost of the support, excluding core crown investment, could be $30,000 per year. Over 10 years, this could equate to over $170,000 (NPV), even if some of the barriers to living well are removed.

The cost of the support will be matched by the personal loss of well-being. The equivalent value could be $30,000 per year. This will become a bigger share of the value in 10 years.

Over 10 years, the total value at stake could be >340,000 (NPV).

Changes take time. Over time, there is an opportunity to:

- Reduce the crown investment by >70%.
- Reduce the personal well-being impacts by >25%.

The total value that can be enabled by the change could be>$185,000 for the person over 10 years.

The value would continue to grow and accumulate over the future years.

Economic and Social Wellbeing Impacts 12/10/2025

Value at stake

Individual value - Qualitative example for a person

Value examples

Note: The assessment is not based on a specific person in a specific situation

	Current (Reduced over 10 years)				**Future Value (Improve)**				**Change (Improve)**				**% Change**			
	Base (Year 1)	2	Year 10 Value	NPV	Base (Year 1)	2	Year 10 Value	NPV	Base (Year 1)	2	Base (Year 1)	NPV	Base (Year 1)	2	Base (Year 1)	NPV
Annual Investment																
Direct payments	20,000	18,750	$11,250	$117,210	20,000	10,500	$1,000	$34,434	0	8,250	$10,250	$82,776	0%	44%	91%	71%
Crown support and service (Above core)	10,000	9,375	$5,625	$58,605	10,000	5,250	$500	$17,217	0	4,125	$5,125	$41,388	0%	44%	91%	71%
Total crown	30,000	28,125	16,875	175,815	30,000	15,750	1,500	51,651	0	12,375	$15,375	$124,165	0%	44%	91%	71%
Non-crown	593	533	$178	$2,811	593	480	$142	$2,121	0	53	$36	$690	0%	10%	20%	25%
Total	30,593	28,658	17,053	178,626	30,593	16,230	1,642	53,771	0	12,428	$15,411	$124,855	0%	43%	90%	70%
Personal impacts on quality of living																
Income gaps	$14,280	$13,923	$11,067	$98,967	14,280	12,750	$5,100	$67,665	0	1,173	$5,967	$31,302	0%	8%	54%	32%
Wellbeing gaps (quality and years of living)	$18,720	$18,363	$16,935	$135,555	18,720	17,190	$11,070	$105,998	0	1,173	$5,865	$29,557	0%	6%	35%	22%
Total	$33,000	$32,286	$28,002	$234,522	33,000	29,940	$16,170	$173,662	0	2,346	$11,832	$60,859	0%	7%	42%	26%
	$63,593	$60,944	$45,055	$413,148	63,593	46,170	$17,812	$227,434	0	14,774	$27,243	$185,715	0%	24%	60%	45%

6: The high proportion of Tairawhiti residents rate their life experience negatively: The insights identify issues that add to the high costs of low wellbeing

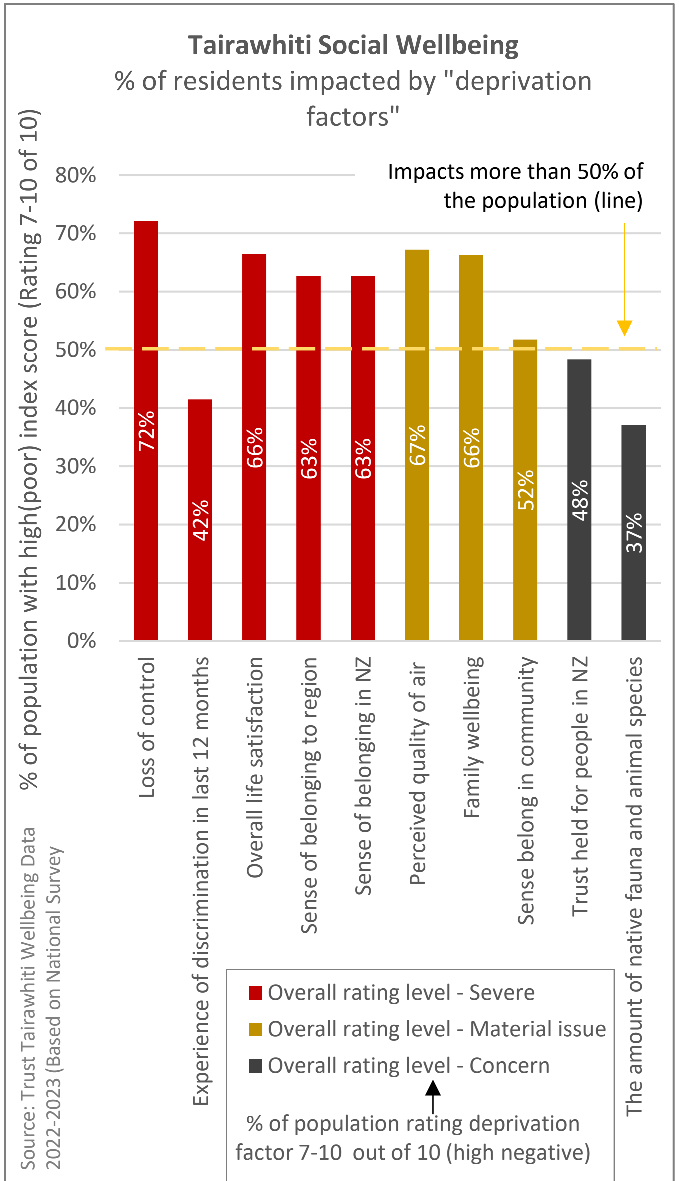
The Ministry of Health and the University of Otago's New Zealand Health Survey (NZHS) provide information on the health and well-being of adults and children in New Zealand.

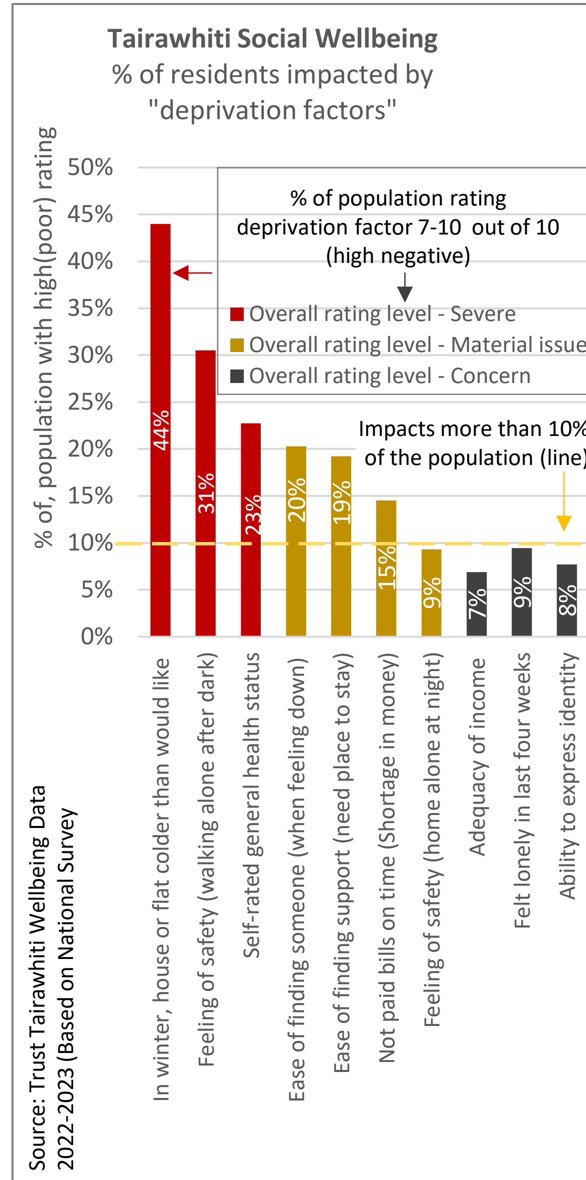
Tairawhiti is consistently ranked among the worst regions. The data provides evidence of both the high levels of deprivation and areas to focus on.

The survey highlights concerns for many factors. The concern across multiple factors indicates a strong correlation among them for individuals. This is likely to be magnified when multiple adults live in one home.

The three insights from the levels of correlation are:

- Fixing a single issue does not reduce the lost value for the individual. Multiple issues must be resolved.
- Interventions will be more effective when they address multiple issues.
- Costs will be reduced when multiple issues are addressed as one intervention.





7: Investments to deliver the results in Tairawhiti

The support that improves people's well-being is delivered by a very wide mix of organisations.

To be efficient and effective, these organisations must collaborate and combine their efforts.

This occurs across all activities, from planning, systems, data, digital, communication, delivery, and interventions, to engagement for funding and people.

The investment and funding of many organisations is significant and is therefore part of the assessment.

Investment includes direct interventions for core activities, such as health, as well as investments for specific activities to address specific issues, such as deprivation

The government's role spans the entire chain of activities and organisation.

The non-government investment is also spread across the entire chain of activities.

Tairawhiti organisations and activities directed at improving wellbeing

Central Government

- Housing
- Oranga Tamariki
- Social wellbeing, development and social Investment
- Social development payments

Core crown delivery expenditure

- Health
- Education
- Justice, police, prison, fraud
- Māori Development
- Pacifica Development

Core crown economic expenditure

- Economy (e.g. agri-food, workforce development, etc)
- Infrastructure and construction (e.g. land Transport)
- Environment, e.g. environment, land use, forest, event recovery
- Arts, culture and heritage

Social wellbeing investment boost (Expanded support related to the core crown activities)

Supporting and enabling partner organisations e.g.

- Iwi
- Māori Trusts
- Not-for-profit organisations
- Local Government

Direct private sector activity and organisations e.g.

- Property and construction
- Medical care

7: Investments to deliver the results in Tairawhiti

Tairawhiti's investment in economic and social well-being has been reviewed through many assessments.

The value for assessments is sometimes duplicated and counted multiple times.

The estimates of the value of the investment include:

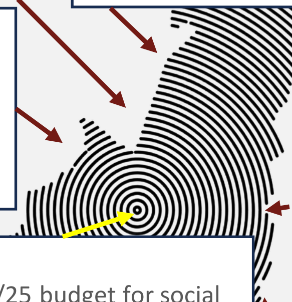
- All estimates indicate the total spend is >1.2 billion
- Estimates indicate the potential spend in the region is >$billion, but currently some of this is spent in other regions.
- Investment, including all other contributions, will drive another 60%-80% of indirect spend.
- The total spend has multiple flows into impacts for employment, income levels and GDP.
- The impacts will be locked in for many years.
- The financial impacts will be matched by personal well-being impacts.

Well-being Investment in Tairawhiti

NZIER (2021 expenditure)
Education, health, housing, justice, social welfare, transfer payments
≈ $1.2 billion (less $0.2 billion superannuation payments)
True value S0.8 billion, including transfers

Toitū Tairawhiti
Social Investment Cluster
≈ $1.5 billion
Includes private healthcare and Iwi, Trust and other not-for-profit. Excludes housing infrastructure and superannuation
Approx ≈ $1 billion "regional spend" (approx. 65%)

Tairawhiti Health
Hauora Cluster
$0.4 billion
Includes aged care, whanau care, and private care for health and dentistry)
>80% "regional spend



Tairawhiti Projected Value at Stake
Core Crown expenditure
≈ $1.5 billion ≈ >$27,000 per capita
≈ $1.5 gap in GDP (low GDP)
Plus
Iwi, trusts, not-for-profit, local, enterprise, whanau and personal investment. The additional spend is likely to match the current crown spend

The analysis indicates that:
$1 billion could equate to ≈$ 0.3 billion of payments to employees
A $1.0 billion investment and expenditure in the region could conservatively contribute to another $0.8 billion of indirect or induced expenditure

Tairawhiti
The New Zealand Government's 2024/25 budget for social investment-related activity was approximately. $116 billion.
This equates to $20,800/capita
The Tairawhiti spend is estimated at $1.2 billion, including $1.0 billion in the region. This equates to $27,000 per capita

NZ Government 2024/25 Budget (1)
Allocations summary (excludes SOE and CRI revenues)
Tairawhiti Share of Annual Investment (2)

	NZ Government 2024/25 Output Budget $m	Tairawhiti budget (total) $m	Tairawhiti share of budget (2) % of NZ	Estimated spend within the region (3) $m	% in region (possible) $m
Population (2025)	5,120,000	52,600	1.03%		
Economic	$7,914	$90	1.14%	$19	21%
Infrastructure (Transport)	$8,783	$116	1.32%	$93	80%
Education	$23,442	$256	1.09%	$191	75%
Health	$29,637	$324	1.09%	$243	75%
Housing and Urban Development	$9,257	$122	1.32%	$91	75%
Wellbeing	$17,413	$230	1.32%	$172	75%
Environment	$3,878	$48	1.24%	$36	75%
Event recovery (Best estimate)	$2,800	$42	1.49%	$33	80%
	$103,123	$1,228	1.19%	$879	72%
Social development payments	$13,300	$176	1.32%	$176	100%
	$116,423	$1,403	1.21%	$1,054	75%
Out of scope	$64,105	641	1.00%	0	0%
National Budget	$180,528	2,044	1.13%	1,054	52%

Note:
(1) NZ Government 2024/25 Output budgets reflect estimates published on 30th May 2024
(2) Tairawhiti includes small value for addional population from border areaas
(3) Estimated spend within regions is driven by reported and/or assumed staff numbers and costs

Toitū Tairawhiti
The Infrastructure Investment Cluster spends $1.2 billion (Higher estimates are possible with accelerated investment)
Includes housing, transport, cyclone recovery, infrastructure investment, local government and private investment
Approx $0.8 billion "in region spend)

7: Investments to deliver the results in Tairawhiti

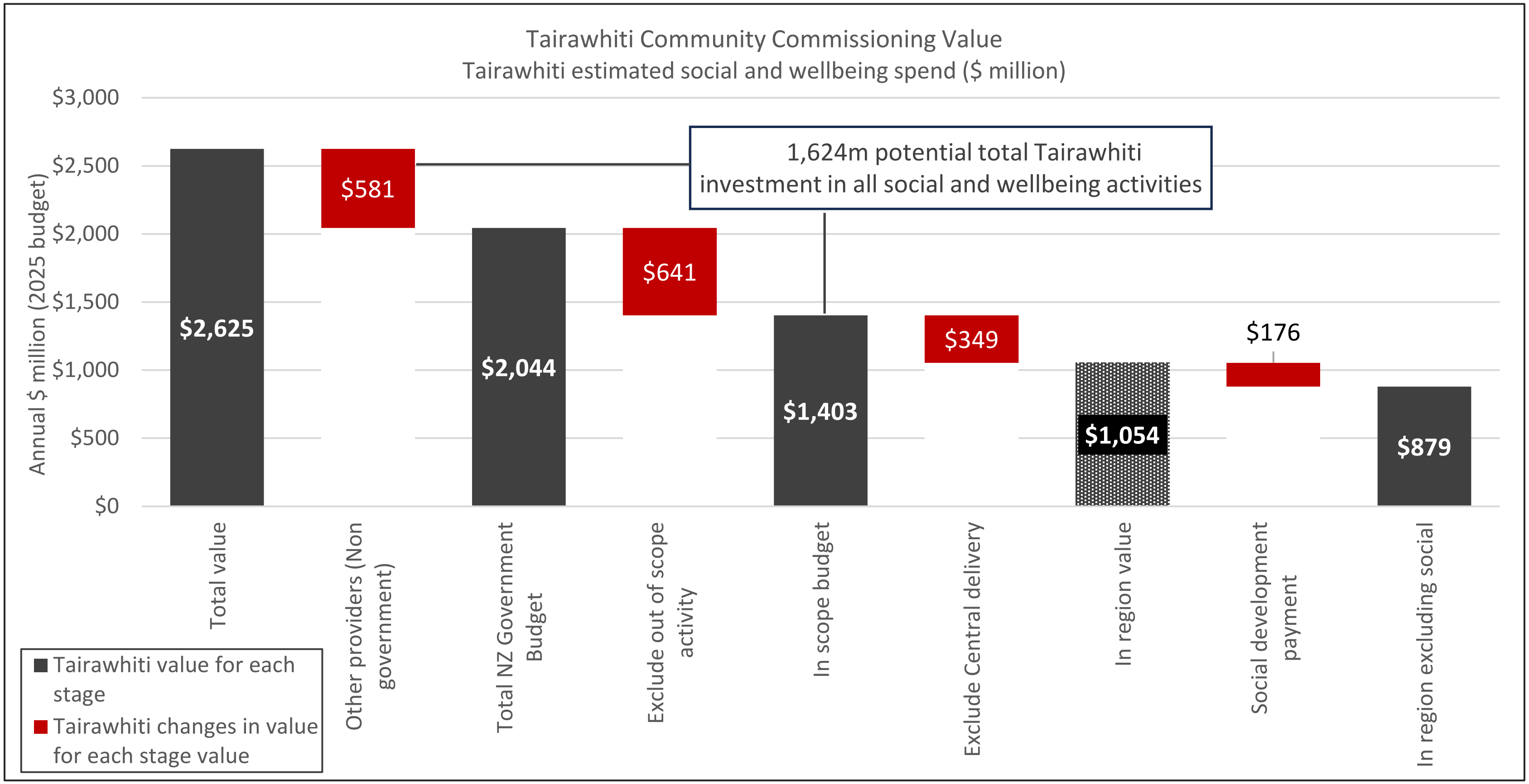
The total crown investment in social and wellbeing service delivery in Tairawhiti is estimated at $1.2 billion. An additional $200m has been included for investment in event recovery, such as storm recovery.

It is estimated that an additional $581 million will be invested by a mix of not-for-profit and private-sector enterprises.

The estimates amount to approximately 25% - 30% of the region's total economic activity.

High investment in social and wellbeing activities is linked to low GDP in the region. This is the result of:

- GDP for each $ of social and wellbeing activity is lower than GDP for other economic activities
- High levels of employment in social and wellbeing activities result in lower resources available for other economic activity



7: Investments to deliver the results in Tairawhiti

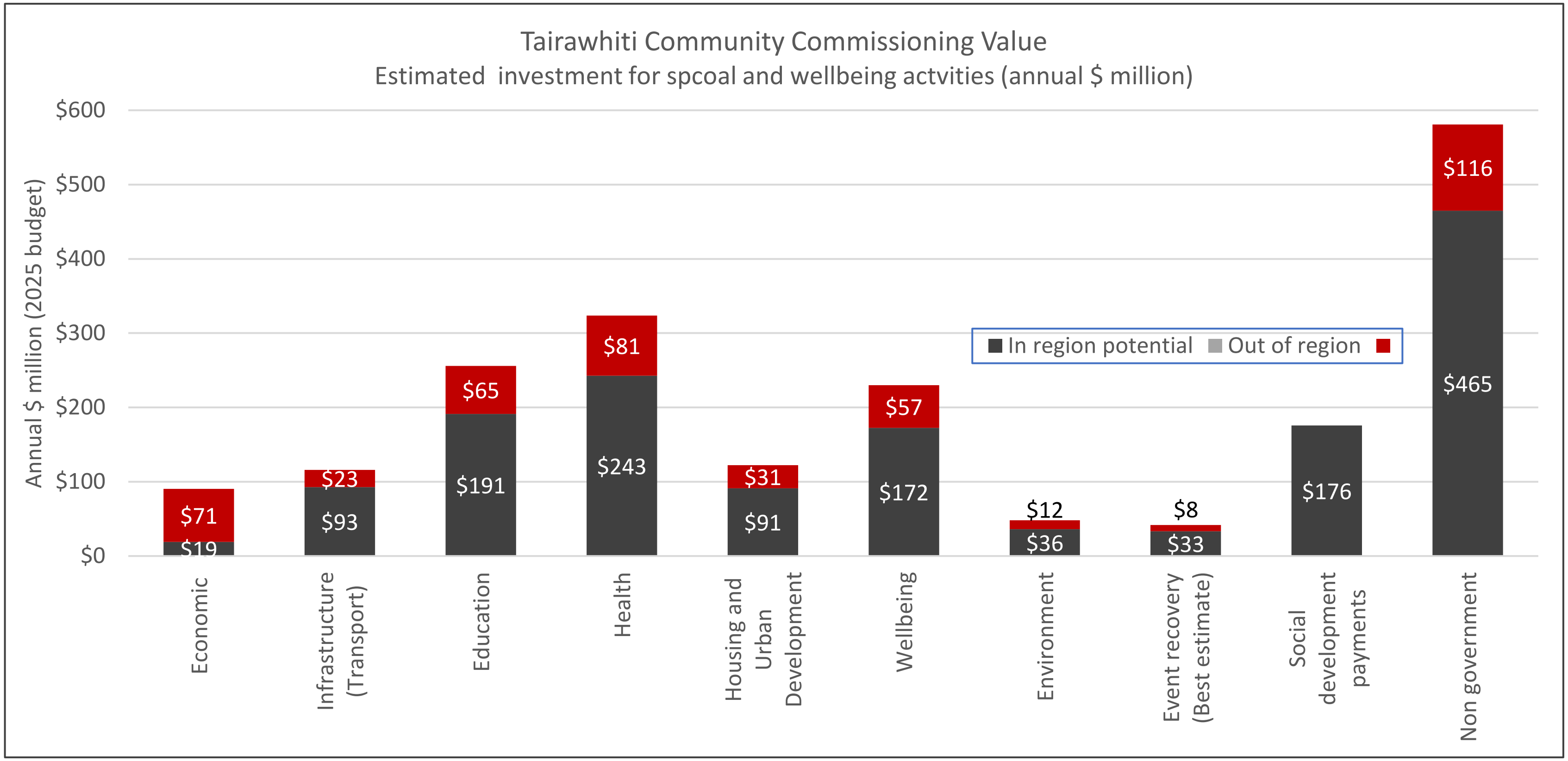
The Tairawhiti $1.2 billion government investment in social and wellbeing services is allocated across 8 activities, plus the direct individual social payments.

The value excludes social payments for pensions

The three highest value investments are:

- Health: In region $243m, out of region $81 million + non- government investment
- Education: In region $193m, out of region $65 million + non-government investment
- Wellbeing (Includes Justice): In region $172m, out of region $57million + non-government investment

Non-government payments could add >$500m



8: Contribution to the Tairawhiti economy

The social and wellbeing economic activity is a very significant contributor to the region's employment and GDP.

The contribution of the social and well-being sectors to employment and GDP by activity is spread across multiple. While this makes it difficult to measure the sector's contribution, the observation is that:

- 38% of employment is in sectors with links to social and wellbeing activities
- 28% of GDP is in sectors with links to social and wellbeing activities

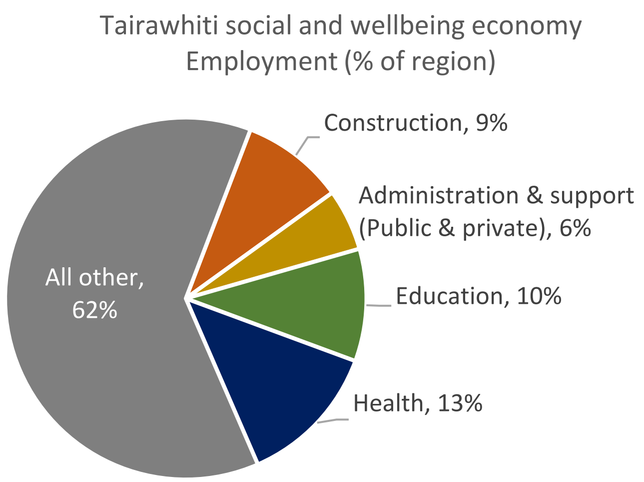
It is acknowledged that the actual social and wellbeing values will constitute only a proportion of the sector measured values. The best estimate is that actual social and wellbeing services contribute:

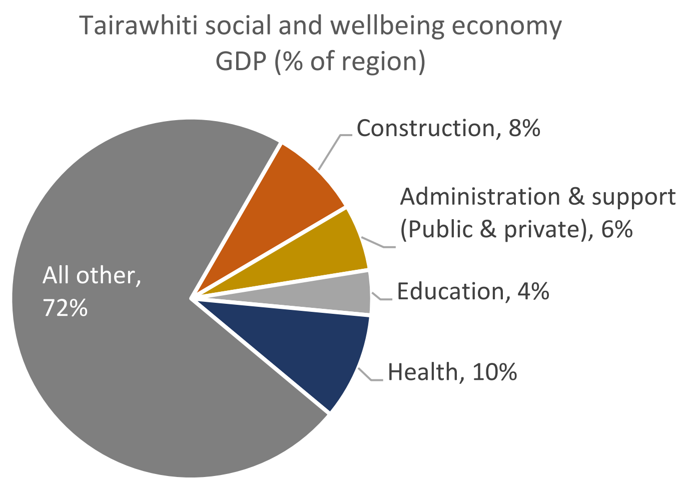
- 23% of the region's employment
- 15% of the region's GDP

Tairawhiti social and wellbeing investm,emt
Contribution to the regional economy
2025 estimates

	Employment (includes parttime)	% of region	GDP $m	% of region
Construction	2,285	9%	$240	8%
Administration & support (Public & private)	1,367	6%	$174	6%
Education	2,491	10%	$118	4%
Health	3,185	13%	$280	10%
Total linked to social and wellbeing	9,328	38%	$812	28%
All other	15,457	62%	$2,118	72%
Total	24,785	100%	$2,930	100%

Source: StatesNZ
Note:
Excludes economic
Construction includes activities such utilities
Administration and support includes non-social and wellbeing activity
Other GDP includes owner-occupied homes and unallocated GDP





9: The flow of impacts through the region

Over many decades, there have been missed opportunities to improve the economic and social well-being of residents and the region as a whole.

The impacts are now evident. They are felt in:

- Employment, including participation in many groups.
- Income levels.
- Economic productivity and growth for enterprises.
- Investment in social services and social issues.
- The movement of resources between social and economic investment.
- Retention and attraction of residents to the region.
- Retention and attraction of enterprises to the region.
- Attraction of enterprises outside the region to capture a share of the economy.
- Defining a core type of enterprise(s) that propels the economy forward.
- The uplift for future generations.
- Reputation.
- Mana.

The reality for the region is that all these factors are interrelated. They are part of a single system.

If the health of the total system is recognised and truly understood, this creates the opportunity to switch from “a vicious cycle to a virtuous cycle” for the community.

The switch for the region is good for our people and for the region. The switch is good for New Zealand.

Social investment is part of the “whole system” that changes the economic and social prosperity and well-being in the region.

Tairawhiti’s current level of economic and social prosperity reflects a long period where the system adopted to enable positive change was not fit for purpose.

The impact today is a $1.8 billion missed opportunity to sustain the Tairawhiti economy at a level consistent with the region's qualities and advantages. The gap includes:

- A direct gap of $1.4 billion in GDP to match the current (2024) NZ GDP/Capita.
- A flow-on impact of $0.4 billion driven by the state of the large economy being a barrier to retaining s and attracting new residents and enterprises. This is estimated to have a 10% impact on the population, workforce, and enterprises over 10 years.

(Note: for every $100 million of GDP, there is an expectation that this would flow into $300 million of expenditure in enterprises and $33 million of employee incomes).

The region-wide adoption of ways of working on social wellbeing changes that are fit for the region should be the catalyst for positive change. The social and economic ways of working would constitute a “whole system” change that would support the prosperity of the next generation.

The Tairawhiti social services’ way of working also has the potential to become one of the region's standout economic clusters.

In a cluster, the ways of working and the IP, data and technology can be configured and enabled by systems and exported to other regions and other groups.

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