



# Economic Development Strategy

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Prepared for Papakura District Council

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## **Executive Summary**

### **Purpose**

Papakura District Council commissioned Rod Oram and Phil McDermott to prepare a framework to assist with strategic choices about economic development.

The consultants conducted workshops with councillors, council staff, and business people to identify expectations for economic development, reviewed relevant reports and documents, analysed statistics about economic performance, and interviewed business managers and opinion leaders.

### **The Recent Past ...**

The 1980s were marked by a drive for efficiency through reduced government intervention. Many businesses became more flexible, efficient and profitable. Others, particularly those competing with low-cost imports, failed.

In Papakura, manufacturing responded by sharply reducing employment and the district experienced changed circumstance, including a decline in the town centre. The contraction of traditional pastoral farming in the catchment accelerated.

By the mid-1990s, reform-fatigue was widespread. Many companies, having reshaped their activities, struggled to grow, especially in the 1997-98 recession.

The 1990s were challenging. Papakura District Council out-sourced functions. Rates were contained, but at the cost of amenities and infrastructure. There was a loss of knowledge and capability as a result of council staff reductions.

The current decade has brought more change. New Zealand's growth turned positive again in 1998 and has been strong since. Domestic demand has played the main role, but the productive side of the economy also progressed through initiatives like the creation of Fonterra, helped by strong commodity prices. Some areas of manufacturing have also become more sophisticated, internationally oriented and profitable, even at high exchange rates.

The service sector has had international market successes, including tourism, education, software, and professional services.

However, Papakura is home to few examples of the new internationally competitive companies. Restructuring continues.

### **... And the Future**

Rapid growth raises a number of pressing issues:

1. High consumption / low investment: Consumption-based growth has been funded at the cost of household savings and business investment, and calls for a monetary policy that maintains high interest rates.

For business, limited funds have meant a steady uptake of spare capacity to meet growing demand, but low investment in new plant, machinery, skills, and research and development, will constrain future growth.

Given the increasing capability of low-cost economies elsewhere, New Zealand companies need to be more sophisticated in research, design, product development,

technology, manufacturing, branding, sales, marketing and customer service to remain competitive.

2. Falling engagement with the global economy: New Zealand Export growth over the past 15 years has been slower than elsewhere. Less than 4% of all companies export, and exports still account for only 30% of economic activity.

3. Increasing international competition: New Zealand's primary sector, the mainstay of exports, is facing increasing competition from new producers overseas. The OECD's 10-year forecasts of world agriculture show a rapid rise of production and consumption in developing countries; and developing countries enjoying the fastest rate of growth in world trade of foodstuffs,.

### **The Challenges:**

Trade, investment, and current account deficits and growing household debt appear unsustainable. The broad solution appears to be economic transformation from dependence on commodities to more sophisticated, higher value niche products and services.

New Zealand companies struggle to build the scale they need for long-term export success and profitability. But their diversity, niche nature, and ability to use a strong New Zealand brand suggest that many do have the potential.

Yacht builders, plastic processors and fabricators, tertiary education, biotechnology, film and other creative industries, winemaking and tourism have demonstrated how, individually and collectively, specialised New Zealand firms and sectors can be successful internationally.

### **Regional Growth Management and Land Use**

The liveability of Auckland may be an over-arching competitive advantage. But with rapid population growth (3.1% a year) the region faces a huge challenge to invest in the infrastructure and amenities to maintain it as an attractive and practical place to live and invest in.

As a contribution, the Regional Growth Strategy focuses on residential land use, with growth management based on largely containing expansion within Metropolitan Urban Limits (MUL) and intensification of nodes around selected public transport corridors. Land use planning for employment purposes also emphasises intensification and redevelopment within the MUL.

But, growth already exceeds projections. The rapid uptake of employment and residential land means that limiting supply raises the spectre of imminent shortages, especially as communities resist higher densities outside the CBD.

### **Implications for Papakura**

Consequently, Auckland is facing pressure on land and infrastructure. For its part, Papakura will be under significant pressure to accommodate additional population, by accelerating planned development, increasing densities, and possibly bringing more land into the MUL.

Medium and long-term land use planning for Papakura is influenced by regional and Southern Sector plans. The question is how far an economic strategy for Papakura

will be constrained by or contributes to planning by other councils. In defining a desirable economic future for Papakura, a strategy will also need to consider how it might best contribute to regional land use objectives.

Planning for Papakura has already become focused on managing and accommodating growth, to support the Regional Growth Strategy. It also acknowledges the increasing pressures beginning to flow inevitably from the District's location on the edge of an expanding metropolitan area.

This is reflected in attention to medium-density mixed use on the transit (rail) corridor, the potential for intensification around existing centres, the provision for diverse residential densities in a quality urban environment, and a positive approach to the changes impacting on the rural development.

However, the main emphasis of statutory planning has been on accommodating residential growth, with commercial provisions either in support of the anticipated increase in household numbers, or in support of existing activity, especially on the transport corridor (e.g., Takanini).

## **Regional Economic Initiatives**

For the past six or so years, Auckland’s councils, business and educational interests have been developing strategies and structures to promote economic growth, primarily by international engagement. The themes flowing through these initiatives include boosting infrastructure, skills, and innovation. They also call for coordination and clarity of leadership.

The currently favoured means for moving forward is on regional-scale projects, especially with respect to infrastructure investment.

The question follows as to what part Papakura might play in such a programme? How much influence might the District seek to exert in regional initiatives? How far should its resources and planning be directed by regional priorities? This is a dilemma all councils face in pursuing, supporting, or shaping the economic needs and aspirations of their citizens.

## **Economic Performance**

Auckland has experienced strong economic growth, although relying heavily on domestic demand. Growth in manufacturing and in exports through the Airport is encouraging. This strong performance does not mean that the economy is well placed for the long-term, though. Among other things, it has created factor shortages (land, labour and skills) and placed pressure on infrastructure.

Economic development policy has had an uneven history in Papakura. The most relevant initiatives to date have focused on land use requirements to cater for the employment and service needs of local population growth.

Recent data and analysis indicate that previous estimates of business land need may have been too light, and that continuing inward investment requires increasing the “unconstrained” and available land sooner rather than later.

## **A Strategic Framework for Economic Development**

Papakura has a significant contribution to make to regional development. There is a strong imperative for managing growth in an effective manner, pursuing local community self-sufficiency to complement the District’s nodal advantages, protecting the distinctive character of Papakura rural areas, and lifting the quality of its built-up areas.

### ***The Vision: Do it in Papakura***

The expectations revealed in this study confirm the importance of business investment as one of the three key elements in Papakura’s vision of its future:

“a coherent rural-urban district with high standards of amenity centred on a strong and vibrant urban heart with its own cohesive base of residential, business and recreational development.”

The elements of a strategy for supporting business development in Papakura in a way that is consistent with this wider, long-term vision are summarised below.

### ***Build the Vision***

Methods for encouraging mutual understanding and respect between council, the local community and local business are proposed.

### ***Drive the Possibilities***

A comprehensive long-term economic strategy requires the Council as a key local driver to continue to develop the way it approaches economic development and how it stimulates and encourages private sector investors.

### ***Boost the Town Centre***

The Town Centre is critical to the district's economic development, quality of work and life, connectivity, investment, image and reputation. It has the potential to develop into the real heart of Papakura, becoming a point of arrival rather than a point of departure for commuters and a modest shopping precinct..

### ***Expand Business Land***

If the town centre is the heart, Papakura's lifeblood is its business investment. Regional needs and a rapidly expanding local population call for an urgent focus on identifying and realizing additional business land. This means reviewing opportunities around Takanini, reconsidering development at Ardmore, and looking creatively at opportunities around Drury, among other things.

### ***Make the Connections***

Papakura faces a number of issues and opportunities that bear on how people get around the District, and on maintaining its local and regional accessibility and transport advantages. For this reason, a local transport strategy should be prepared, under the umbrella of the Regional Land Transport Strategy, covering local and arterial routes, public transport, integration across modes, and the development of a district-wide network for pedestrian and cycle access.

### ***Work with Business***

Business's interest in working with the Council can be sustained through a forum which deals with issues of concern as they arise. A number of matters are proposed which could be covered by a relatively informal and flexible arrangement. These include streamlining ways in which the Council and businesses interact over plans, rules and regulations; working together on local development and as advocates for business in Papakura; jointly developing a document that outlines business outcomes that will support the community outcomes identified in the Long Term Council Community Plan, and developing and progressing a Papakura Business Development Portfolio.

### ***The Papakura Business Portfolio***

A "district development portfolio" of eight opportunities is proposed for consideration for consideration as business leader projects, around which public and private resources might be focused. They comprise:

- (1) The New Zealand Heavy Construction Centre
- (2) The South Auckland Trades Business Park

- (3) Ardmore Aerospace and Technology Centre
- (4) 21st century market town
- (5) Youth sports academy
- (6) Linkages with NZ Bloodstock Centre
- (7) The Hub
- (8) Technical Education Centre

### ***The People Part***

Central to these initiatives is the capacity and commitment of the residents of Papakura, and a sense of mutual interest and belonging between business and community. At a practical level, this should increase the pool of skilled workers, reduce labour turnover, and lift residents' income and career opportunities.

Given the youthful nature of the population, one key is involving children, young adults, and their families in Papakura and its economy in the broadest possible way. For example, a vision of "liveability" requires policies to ensure that Papakura is family - and child-friendly. A "whole of family" approach to public places can be a distinguishing theme for Papakura's development. A youth forum may also assist the Council in identifying and catering for young adult needs for public space and community facilities.

The proposed Technical Education Centre might link a number of providers, including businesses, into a local "learning for life" programme, attuned to the needs of the residents and the opportunities in the District.

The community can also be involved in shaping the local environment and a distinctive local culture through a "creativity forum", built around a space and volunteers who would work especially with youth, to expose and support their creative talents in music, the visual. and the performing arts.

### **Implementing the framework**

The initiatives outlined address a vision in which living, working and playing in Papakura are entwined. Progressing the framework, and Papakura's economic and community development, can be achieved through a variety of mechanisms and avenues. Several principles are proposed to ensure that the Council uses its position as much as its resources to give effect to the framework:

- (1) Tap into existing resources as far as possible and integrate actions, supporting business development through modification or extension of the council's activities and responsibilities;
- (2) Develop partnerships and use collaboration as a means of getting more mileage from finite resources, and tapping into existing expertise rather than trying to recreate it;
- (3) Use forums to engage with different groups on an open, informal, but focused manner, addressing specific issues with the benefit of input and assistance of the affected parties;

- (4) Collaborate with other Southern Sector Councils on economic as well as land use planning matters;
- (5) Use leverage through which the commitment and resources of other, interested agencies can be brought to bear on individual initiatives;
- (6) Act as a catalyst for change, an agent of the resident and business communities that can use leadership to motivate and mobilise parties that can bring about desired outcomes.

# **1 Introduction**

## **1.1 Purpose**

Papakura District Council commissioned Rod Oram and Phil McDermott to prepare a framework to assist with the strategic choices the Council can make to influence the District's economic development.

Currently, guidance on economic direction comes from the Commercial-Retail Strategy and Guidelines (2001) and the Employment Strategy and Guidelines (2002). The Commercial-Retail Strategy has been largely implemented. The Employment Strategy aims at employment self-sufficiency of 61% by 2011 and to ensure adequate business land to meet the regional growth needs.

The Long Term Council Community Plan 2004-2014 outlines additional measures of economic well-being, including growth in Hingaia and Takanini, employment and unemployment, and the attitudes of business owners to operating in the District.

## **1.2 Approach**

The consultants combine expertise in economic development, economic and business analysis and regional development planning. For the present assignment, we have conducted workshops to establish expectations for local economic development, reviewed relevant reports and documents regarding international, national, regional and local development, analysed statistics about economic performance, and interviewed business managers and opinion leaders in the local area.

## **1.3 Outline**

Section 2 of this report deals with the context within which the plan is being considered. It addresses the international forces impacting on local development and how they might influence what happens in Papakura.

It also considers the regional setting, where central and local government's focus on development is currently fixed. There are a number of regional issues and initiatives that involve local councils working together to influence their economic futures.

Finally, Section 2 outlines the current planning setting in Papakura as understood by the consultants.

Section 3 outlines planning and policy for economic development in the Auckland Region, and measures of recent performance in Papakura District.

Section 4 shifts the emphasis from "outside looking in" to "inside looking out". It summarises views and expectations passed on to the consultant team in workshops of council members and officials, as well as local business leaders.

Section 5 considers Papakura's strengths and weaknesses on a sector by sector basis going forward. Section 6 outlines the proposed strategy framework.

## 2 The Setting

### 2.1 The Global Picture

#### **New Zealand's recent economic history:**

New Zealand has experienced turbulent economic times over the past 40 years, with each decade characterised by sharply different outcomes and challenges. Together, they have significantly reshaped the New Zealand economy. In many ways, Papakura District is a microcosm of the national experience.

#### **The 1960s: Steady prosperity**

This decade saw the country enjoy the last fruits of a successful commodity economy. Secure overseas markets, predominantly in the UK, and good commodity prices helped the country earn one of the highest per capita incomes among developed countries.

But it was also a time of great social change as the rise of low-skilled manufacturing jobs attracted to urban areas Maori from rural areas and Pacific Islanders from Pacific nations. The Auckland region expanded rapidly with the urban area spreading south into what is now Manukau City.

Impact on the district: In this decade, Papakura was still very much a country town serving an agricultural hinterland. It had a strong identity and character and a history stretching back to the earliest days of the colonial period. Its strategic location on the Great South Road ensured it also had a military history going back to those times.

#### **The 1970s: Economic shocks**

This decade saw the tide start to turn against New Zealand. The key trigger was the UK joining the European Economic Community on January 1<sup>st</sup>, 1973. The loss of a large proportion of our secure commodity markets required radical change from the primary sector. It needed to learn how to access and develop new markets outside the UK.

But the country was slow to respond. Moreover, the two global oil shocks of the 1970s compounded New Zealand's difficulties. The governments of the day responded in increasingly interventionist ways such as rising levels of agricultural subsidy and heavy investment in the Think Big energy projects.

Impact on the district: In this decade, Papakura had some economic wins and losses. On one hand, it attracted a number of large manufacturing investments such as the biscuit factory now owned by Pacific Equity Partners of Australia and the Formica veneer plant now owned by Fletcher Building.

But on the other hand it began to experience the decline of farming in its hinterland, which in turn began to undermine its role as a market town. Moreover, the growth of Manukau may have undermined Papakura's role.

## **The 1980s: Economic crisis and reform**

In this decade, these national economic issues escalated, culminating in 1984 in the foreign debt crisis and subsequent foreign exchange crisis. The election of 1984 triggered a decade of sweeping economic and social change under Labour and National governments.

The drive for a highly efficient economy, characterised by sharply reduced government control, ownership and intervention, paid off in multiple ways. Many businesses became more flexible, efficient and profitable. But others, particularly those subjected to low-cost competition from imports, failed.

Impact on the district: In this decade, Papakura experienced all of these changes. Many local manufacturing businesses adapted by sharply reducing their employment levels and seeking other ways to remain competitive. But this had a significant impact on the district. In keeping with the rest of New Zealand, manufacturing became a less powerful contributor to the local economy, particularly in terms of the number and value of jobs it created.

As a result, the district experienced a number of changes in its circumstances. For example, its town centre saw a significant decline in vitality and wealth; and its demographics skewed further to a higher proportion of low income residents and a small, and possibly poorer, middle class.

## **The 1990s: Economic uncertainty**

This was a difficult decade for the country. The early years brought the second, though, smaller wave of reform under National Party governments; a sharp boom thanks to pent-up demand; and then a bust as the economy dealt with a number of property and corporate hang-overs from the 1987 global stock market crash.

By the mid-1990s, the energy and enthusiasm of many (but not all) businesses and sectors of society unleashed by reforms had waned markedly: the reformers had run out of ideas and political capital; a feeling of reform-fatigue was widespread through the country; and many companies, having reshaped their activities, were struggling to plot a more strategic approach to their long-term growth.

These factors were compounded by the brief, shallow recession of 1997-98 brought on at home by two successive droughts in parts of the country; high interest and foreign exchange rates; and the Asian economic crisis.

Impact on the district: This was also a challenging time for Papakura. It was one of only a handful of local governments in New Zealand to push radical change to the point of out-sourcing many of its functions to private sector contractors.

This short-lived approach led to a very tight lid being kept on investment in infrastructure and amenities. Rates were held down but perhaps at a cost, in terms of the quality of amenities and infrastructure. Equally important was the loss of institutional knowledge and capability in the Council as staff numbers diminished (??) and turnover increased. Among other things, this reduced the capacity of the Council to make long-term and strategic decisions for the district.

## **The 2000s: Prolonged growth**

This decade has brought yet another marked change in the New Zealand economy. Growth turned positive again in 1998 and has continued since, apart from a very slight dip into negative territory in the quarter ended December 2005.

This has thus become the longest period of sustained economic growth for 30 years. While high international commodity prices have helped underpin this, many other factors are at work. Unemployment has fallen from over 11% in 1992 to 3.9% in the March 2006 quarter; wage growth has been modest but accelerating; consumer confidence and consumption have tracked strongly; and the housing market has shown vigorous sales and sharply higher prices.

The productive side of the economy has also made great strides, although its success attracts less attention and credit.

The primary sector has made further larger and beneficial changes. The creation of Fonterra, for example, has increased efficiency and eradicated industry politics in dairying; and Zespri's work on kiwifruit innovation, supply chain management, branding and marketing show how it is possible to "de-commoditise" a product.

A number of areas within manufacturing have become more sophisticated, internationally oriented and capable of being profitable at high exchange rates. Examples include plastics companies, superyacht builders, specialised machinery manufacturers and some niche electronics companies.

Overall, the manufacturing data in Statistics New Zealand's Annual Enterprise Survey released each October is highly encouraging. Key measures such as return on assets and capital have shown strong growth since the 1997-98 recession. While these measures softened over the past 18 months, while the dollar was high, the sector overall is clearly performing better than it did when the exchange rate hit its previous high in 1997.

The service sector also has many successes to its credit in recent years. Tourism has become New Zealand's largest earner of foreign exchange; education of overseas students boomed (but has since given up some of its gains); some software companies such as Orion in healthcare, Peace in utilities, Right Hemisphere in graphics and Software of Excellence in dentistry are enjoying international growth and success; and professional services firms such as engineers and consultants are extending their overseas reach.

Impact on the district: A survey of local businesses indicates that Papakura is home to only a few examples of these new types of internationally competitive company. Moreover, major restructuring of the district's established businesses continues with for example, one clothing company ceasing manufacture at the end of last year to focus solely on distribution and retailing.

Only over the last few years has Papakura District begun to enjoy the full benefits of growth experienced by the region. This lag offers, however, a significant upside. Compared with other parts of the region, the district has more 'elbow room' in terms of land and old buildings to redevelop and more land awaiting its first development.

## **New Zealand's economic future**

The country's economic growth over recent years has been in part a response to and a reward for the hard yards of economic reform in the previous decade. But the rapid expansion has also brought into sharp focus a number of pressing issues. Each requires significant behaviour change to correct it, which in turn presents considerable challenges to business strategies, government policies and the spending and investment patterns of individuals and households.

1. High consumption / low investment: The New Zealand Institute estimates that some 85% of economic growth over the past 15 years has been driven by consumption while only 15% was driven by investment.

This dynamic has manifested itself in different ways. For households, it has meant a rapid rise in net debt as a percentage of net disposable income. Today, New Zealand households are "dis-saving" (that is, adding to net debt) at about 8% of net disposable income per year. This makes them the second most indebted households in the OECD after Australia's.

Increased job security, thanks to low unemployment, and rising house prices have encouraged consumers to take on more debt. This has been partly to fund property aspirations, but also to fund current consumption. Consumption-based growth has not just been funded at the cost of household savings. It has also absorbed much of the available labour pool, and underlies a relatively tight monetary policy that has maintained high interest rates.

For businesses, these dynamics meant steady uptake of spare capacity of plant and work force as the basis for growth, but a low level of investment in plant, machinery, skills, and research and development to provide the capacity for future growth.

As a result, the productive sector has become sharply constrained. It has, by and large, run out of people to employ and plant capacity utilisation is running at near-historic highs. Staff, skill and plant shortages are pervasive across the economy.

The combination of tight labour markets, capacity shortages and continuing strong consumption levels has contributed to inflationary pressures. These in turn have been exacerbated by sharply increased fuel costs and the rising cost of imports as the New Zealand dollar has weakened since late 2005.

In response to production bottlenecks, businesses began sharply increasing their investment from the third quarter of 2003 following a decade of static investment. This in turn translated into a marked increase in imports of plant and machinery, made more attractive by a high New Zealand dollar.

But the surge in investment subsided rapidly from the third quarter of 2005 as the economy slowed down and profits began to slip. This is a serious concern. Given the rapidly rising capability of low-cost economies elsewhere in the world, New Zealand companies will need to be ever-more sophisticated in their research, design, product development, technology, manufacturing, branding, sales, marketing and customer service if they are to remain competitive.

The household sector has a crucial role to play in this. Increased savings would flow through into increased investment in New Zealand businesses to help them grow in skill, scope and capability at home and abroad.

2. Decreasing engagement with the global economy: While New Zealand's exports have grown over the past 15 years, they have grown more slowly than the OECD's and even slower than world trade in total. If they had kept pace with the OECD rate, they would be 66% bigger today.<sup>1</sup>

Moreover, the number of exporters remains stuck at less than 4% of total companies. Exports have remained at around 30% of economic activity over recent decades; their composition has not changed greatly. Some 60% are still raw or lightly processed commodities; and even some of the strongest, largest scale commodity export sectors have lost world market share.

In addition, New Zealand companies have proved reluctant to capitalise on globalisation by investing in overseas operations. Consequently, outbound foreign direct investment has also remained stuck, at around 9% of GDP over the past 15 years. The Institute calculates that the OECD average has trebled over the period.

Combining exports and investment in an index of internationalisation, the Institute demonstrates that New Zealand is the only country in the OECD to have become relatively less engaged with the global economy.

3. Increasing international competition: New Zealand's primary sector, the mainstay of exports, is facing increasing competition from new producers overseas. The dairy sector, for example, is no longer the lowest-cost producer in the world. Parts of the dairy industries in Chile, Argentina, the US and Australia, for example, have lower operating costs.

Moreover, the dairy and lamb industries have traditionally relied on dominating international trade in their sectors, with roughly 40% and 50% market shares respectively. But the OECD's 10-year forecasts of world agriculture, published in June 2006, show two big trends adverse to New Zealand's interests: the rapid rise of production and consumption in developing countries; the converse fall in OECD; and an increase in world trade of foodstuffs, with developing countries showing the fastest rate of growth.

This increasing competition is evident in evident in various ways across almost all sectors of the New Zealand economy, in both export and domestic markets.

#### The Challenges:

Together, these three dynamics confront New Zealand with economic challenges that may be as great as those that triggered the 1984 reforms. Back then, the immediate crisis was clear and economic solutions evident in theory, though barely tested in practice. By necessity, we were one of the earliest adopters, and most rigorous pursuers, of market-led reforms.

Today, the challenge is quite different. We are some way still from a crisis, although trade, investment and current account deficits appear unsustainable, as does the

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<sup>1</sup> New Zealand Institute (November 2005), *No Country is an Island*.

continuing growth of household debt. The broad solution appears to be the transformation of the economy from dependence on commodities to production of far more sophisticated, higher value niche products and services that play to New Zealand's unique strengths. However, the corporate strategies and government policies required to achieve are still very much works in progress. While there are lessons to learn from overseas, our circumstances are different, and so we will need to pioneer new business models and skills that are uniquely right for us.

#### The Opportunities for New Zealand:

The frequent discovery of typically small, highly entrepreneurial companies that are doing impressive things in international markets is one of the constant delights for even the best-connected and most-widely experienced analysts of the New Zealand economy.

New Zealand ingenuity finds expression in countless areas of exporting. Almost always, these companies are struggling to build the scale and capability they need for long-term success and profitability. But their sheer diversity, the highly niche nature of their products and services, and the ability to brand them strongly New Zealand suggests many have the potential to compete internationally.

This broad approach to exporting is radically different from the economic development strategies of other small countries. We lack the large pools of low-cost but skilled workers and proximity to large, wealthy consumer markets that the likes of Ireland, Taiwan and Singapore have had. They have been able to exploit those resources by targeting a few large-scale industries and building them with a combination for domestic and foreign investment and skills.

It is highly significant, though, that Singapore in recent years has started to see its own small and medium-sized businesses as complementing the major corporates, domestic and foreign, which have been the prime drivers of its economic progress. It has begun to develop programmes and to devote resources to nurture not only Singaporean SMEs but also to support foreign SMEs that set up in Singapore.

Since the late-1990s, appreciation has grown in New Zealand of the SME opportunities across a wide range of sectors and international markets. A number of industries have been building their collective skills and ambitions. Yacht builders, plastic processors and fabricators, tertiary education, biotechnology, film and other creative industries, winemaking and tourism are some of the best examples.

Rapid development of the New Zealand brand has underpinned their efforts, lifting the nation's profile in overseas markets and changing people's perceptions of New Zealand capabilities. While our historic prowess in agricultural science and operations is still widely admired, there is growing appreciation of our technology and creativity in many other sectors.

#### The Opportunities for the Auckland Region:

The goal of making Auckland an international city of the highest calibre is the central idea in discussion, analysis and planning for the region's future. Every country needs a magnet for international talent and investment and source of skills and resources to serve the national economy.

Even so, Auckland needs to recognise that it will be a relatively small, second tier international city, complementary to rather than competing head on with much larger ones in our immediate region such as Sydney and Melbourne. And they in turn complement not compete against the first tier cities such as London, New York and Tokyo which are truly global centres.

Within New Zealand, Auckland may strengthen and draw strength from an emerging northern North Island economic region which has a greater depth and diversity of skills and expertise, infrastructure and investment opportunities than the metropolitan area, defined according to a particular and specific set of administrative boundaries and land use conventions.

Auckland Region is in the process of articulating its own economic development strategy (see below). This appears to build on the existing sectors that lead the local economy: corporate and professional services, tertiary education, food and beverage, creative industries, biotechnology and tourism. The Metropolitan Auckland strategy is pointing to an infrastructural and institutional fix rather than a sector oriented one. This is an issue that needs exploring.

The central challenge for those sectors will be two-fold: to build their international capabilities and relationships so they can earn a bigger living in the global economy; and to deploy those enhanced skills across the national economy.

The liveability of the Auckland region may be the over-arching competitive advantage playing out across those sectors. The region's credentials are well-verified internationally. For example, it has ranked for many years in the top five cities in the world in the quality of life index calculated annually by Mercer, the US-headquartered but worldwide consultant on human resources.

As such Auckland is in the company of the likes of Vancouver, Zurich, Geneva, Vienna and Sydney. But with population growth averaging 3.1% a year over the past decade – and similar growth forecast in coming years – Auckland faces a huge challenge. It is currently the fastest growing city in Australasia. As such, it needs to invest very heavily in its infrastructure and amenities in order to maintain its appeal as an attractive and practical place to live and world.

Furthermore, as developed nations globally feel the forces of sea change (such as the counter-urban tendencies of many prosperous and talented households), so preoccupation simply with city-states may be limiting. More focus may have to go on the lifestyles of the non-metropolitan areas, the rural and coastal hinterland, small towns and provincial cities, and the lifestyle opportunities they offer.

## 2.2 Regional Planning

Traditionally, territorial authorities (local councils) deal with the land use matters, physical infrastructure, and social infrastructure (e.g., libraries, community and swim centres, recreation centres and parks) that their communities have wanted of them. Regional councils have focused on the quality of the environment, especially air and water quality and soil protection, planning for regional transport, public transport services, and providing regional parks.

Through a series of legislative changes from the late 1990s these roles broadened and now overlap. The Local Government Act (2002) gives local and regional councils responsibility “for promoting the social, economic, environmental and cultural well-being of communities, in the present and for the future”. What they do in detail is subject to following good consultative and decision-making procedures.

The Local Government Amendment Act (Auckland) 2004 goes further in requiring local councils to conform to the Regional Policy Statement and adopt and enforce the Auckland regional growth concept (as outlined in the Auckland Regional Growth Strategy) through their District plans.

There are two principal regional issues that affect Papakura. These are growth management, primarily through land use policies, and growth promotion, with an emphasis on Auckland’s role in the national and international economies.

Growth management is a long-standing regional preoccupation, with councils cooperating to produce the 1999 Regional Growth Strategy. Promoting growth has been a more recent development, highlighted early in the current decade by the work of Competitive Auckland, and subsequently by the Auckland Region Economic Development Strategy and Metropolitan Auckland.

### 1.1.1 The Auckland Regional Growth Strategy

The ARGS was prepared by the Regional Growth Forum, which was, in turn, convened by the ARC in response to local councils and the Ministry for the Environment questioning the proposed Regional Policy Statement (1994). Their concern was that the RPS went too far by advancing a regional development plan of the sort prepared under the defunct Town and Country Planning Act (1977) to prescribe local land use.

The Growth Forum used consensus and some technical analysis to develop a strategy for managing long-term growth, spurred by a concern about the potential impact of substantial growth on the physical environment.

The Growth Forum broadened its objectives to also include:

- Safe, healthy communities
- Diversity of employment and business opportunities
- Housing choice
- High amenity urban environments
- Protection of the region’s natural environment
- Sustainable use of natural and physical resources (including infrastructure)

- Efficient access to activities and appropriate social infrastructure.

The resulting strategy was based mainly on a concept that promoted “containment of urban development within defined limits and encouragement of intensification at selected places within those limits”. This strategy was translated into local policies through sector agreements.

The Growth Strategy focused on residential land and not employment needs. Since then, some consideration has been given to where employment might locate.

Understanding the Location Decisions of Retail and Business Service Activity (ARC March 2003) suggested that retail and business “concentrate employment in nodes and ... centralise products and services in convenient locations for both businesses and the wider community”. The report thus promotes nodal development favoured. However, it also observes that, contrary to this favoured direction, these sectors have shifted into non-centre locations, ‘business parks’ or employment zones (p 3).

The Auckland Business Location Strategy (November 2004 <sup>2</sup>) report noted a diminishing supply of employment land in the face of 15% employment growth expected by 2011 (as forecast by the New Zealand Institute of Economic Research). It proposed a strategy to ensure land for business, with “intensification of existing centre and business areas, and brownfield development” making up a larger component of business growth.

The report divided businesses into space-demanding, “industrial” uses (Group 2), which “tend to seek large, relatively cheap greenfield sites, with good access to motorways, and away from residential areas” and the balance (Group 1): retailing and catering, financial and business services, public services, health and education.

Proposed policies include encouraging Group 1 business to locate in existing town centres and business areas at higher densities to cater for their growth. Group 2 businesses are to be encouraged in “business areas” or in limited greenfield sites.

While the Regional Growth Strategy pays lip service to wide ranging objectives, it focuses on residential land use, with growth management dependent on containing expansion largely within closely defined metropolitan limits through intensification on nodes and around public transport corridors. Land use planning for employment more or less follows this pattern, emphasizing intensification and redevelopment, as far as possible, within the Metropolitan Urban Limits.

### **1.2.1 Recent Trends in Population and Households**

While the Regional Growth Strategy is subject to review, the underlying growth concept will be enforced in regional and district plans as a result of the requirements of the Local Government (Auckland) Amendment Act 2004. This is despite emerging evidence of shortcomings in the Growth Concept.

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<sup>2</sup> The Draft Business Location Strategy was endorsed by the ARC on July 17 2006.

This indicates, for example, that the population could reach 2,000,000 by 2041, not by 2051 as assumed in the RGS, because of high international migration<sup>3</sup>. This raises questions over capacity provisions in the Growth Concept. It also reflects the uncertainty of population forecasting and a need for flexibility to manage growth.

The Capacity for Growth Update (ARC, 2003) indicated regional capacity for 137,950 households in 2001. Statistics New Zealand population estimates from 2001 to 2005 indicate growth of 117,000 people, or around 41,800 new households (at 2.8 persons per household), or 10,450 households per year.<sup>4</sup> This would reduce the capacity to 96,130 in 2005, or nine years supply (Table 1). Provisional Census night counts suggest that population growth may have been even higher, with annual compound growth of Census night population of 2.4% from 2001 to 2006, suggesting that current regional residential land supply may be eight years or less.

**Table 1:** Population Growth and Residential Capacity, 2001-2005

	Population		2001-05 Growth			Household Units				Years Capacity
	2001	2005	Gain	% Gain	Share	Capacity 2001		Est Uptake 2001-05	2005 Capacity	
						Total	Share			
Rodney District	78,500	89,200	10,700	14%	9.1%	11,843	9%	3,821	8,022	8.4
North Shore City	194,200	212,200	18,000	9%	15.4%	25,233	18%	6,429	18,804	11.7
Waitakere City	176,200	191,900	15,700	9%	13.4%	23,163	17%	5,607	17,556	12.5
Northwestern Sector	448,900	493,300	44,400	10%	37.9%	60,239	44%	15,857	44,382	11.2
Auckland City	388,800	425,400	36,600	9%	31.3%	47,352	34%	13,071	34,281	10.5
Manukau City	298,200	332,900	34,700	12%	29.6%	26,305	19%	12,393	13,912	4.5
Papakura District	42,300	43,700	1,400	3%	1.2%	4,055	3%	500	3,555	28.4
Southern Sector	340,500	376,600	36,100	11%	30.8%	30,360	22%	12,893	17,467	5.4
Auckland	1,178,200	1,295,300	117,100	10%	100.0%	137,951	100%	41,821	96,130	9.2

Source: Regional Growth Forum (2003) Capacity for Growth 2001; Statistics New Zealand

Note: Omits that part of Franklin District in Auckland Region

This does not include an estimated 25,000 additional households that could be accommodated in future areas identified outside the MULs – Takanini, Hingaia, East Tamaki, and Westgate. When available, these would add three years at recent rates. Even allowing for this, substantial additional capacity is required at an early stage if the Region is to sustain the 20 years supply thought to give flexibility, support a reasonably efficient market, and contain house price inflation.

Supply may be even more limited than suggested by this analysis. Not all identified capacity is likely to be available at any one time and new capacity takes time to process. Problems with limited supply are compounded because the market operates inefficiently, especially given that demand is highly differentiated. The consequences of not providing a good supply buffer include reduced options for buyers, reduced affordability, and a potential reversal of recent population gains.

<sup>3</sup> "Components of Growth in the Auckland Region – Update" Agenda Attachment, Regional Strategy and Planning Committee, 9/8/05

<sup>4</sup> This is conservative – average household size is likely to be lower, especially for new households, suggesting a greater rate of capacity uptake

Already growth is well in excess of projections, meaning that the constrained supply of land associated with the Regional Growth Strategy is raising the spectre of imminent shortages of land, especially if communities resist high density living outside the regional CBD.

### 1.3.1 Regional Trends in Employment Location

Statistics New Zealand Business Demographics data indicate 19% growth in regional employees over the four years to 2005. Consequently, the ARC employment-based estimates of land need using 15% growth over ten years are well behind.

Over one third of the 105,440 additional jobs identified between 2001 and 2005 were in Group 2 sectors. The share was higher in Rodney, Waitakere, Manukau and Papakura (Table 2). In fact, 64% of non-residential building consents issued in Manukau in that period, and 58% in Papakura, were for factories and warehouses.

**Table 2:** Expansion of Secondary Group 2 (secondary) and Group 1 (Tertiary) Employment, 2001-2005

	Rodney	North Shore	Waitakere	Auckland	Manukau	Papakura	Franklin	Region
Employment Gain								
Secondary	1,994	5,120	2,585	11,540	10,600	3,711	940	36,490
Tertiary	2,750	13,100	3,620	31,450	14,330	1,930	1,240	68,420
Total	4,894	18,320	6,170	42,935	25,250	5,676	2,200	105,445
Secondary Share	41%	28%	42%	27%	42%	65%	43%	35%
Floorspace Consented (m2)								
Secondary	109,528	226,506	79,921	516,633	971,011	79,920	50,759	2,034,278
Tertiary	124,600	359,500	160,202	948,140	543,308	58,935	60,025	2,254,710
Total	234,128	586,006	240,123	1,464,773	1,514,319	138,855	110,784	4,288,988
Secondary Share	47%	39%	33%	35%	64%	58%	46%	47%
Incremental Density (m2/Employee)								
Secondary	55	44	31	45	92	22	54	56
Tertiary	45	27	44	30	38	31	48	33
Total	44	29	35	31	55	22	46	37

Note: (1) Employees is difference between 2005 & 2001 as at 30 June

(2) Total employees includes primary sector (agriculture and mining)

(3) Floorspace consented is 90% of consents issued over calendar years 2000-2004, excludes farm buildings, power houses

Source: Statistics New Zealand

If this division is sustained, 47% of “new” business land will have to cater for large footprint, low employment density, low floor area ratios activities, usually in single storey structures and generating significant heavy vehicle movements.

One difficulty in planning for business land is knowing what is available. The most recent estimate (Nov. 2005, partly updated in April 2006) indicated 1,306 ha vacant (Table 3). A further 571 ha planned for greenfield sites gives a total of 1,877 ha.

**Table 3:** Estimates of Business Land Availability, 2005

	Zoned	Occupied	Share Occupied	Vacant	Available Capacity			
					Greenfield	Future	Total	% Region
Rodney	348	265	76%	83	Silverdale Nth	60	321	17%
					Silverdale Sth	84		
					Warkworth	46		
					Other	48		
North Shore	813	654	80%	159			159	8%
Waitakere	586	488	83%	98	Hobsonville Corridor	80	298	16%
					Massey Nth/Westgate	90		
					Hobsonville Penin	30		
Auckland City	1,778	1,648	93%	130			130	7%
Manukau	2,328	1,613	69%	715	Flatbush	25	740	39%
Papakura	421	352	84%	69	Takanini	78	177	9%
					Hingaia	30		
Franklin	527	475	90%	52			52	3%
Total	6,801	5,495	81%	1,306		571	1,877	100%

Source: ARC, some updated to April 2006

Between 2001 and 2005 the potentially available zoned business land fell by 633 ha. This suggests an uptake of at least 158 ha/year. Taking a longer term view, over the ten years to 2005 (omitting Franklin, for which there is no data for 1996) and during which there was a short slow down in 1998, the figure was 135 ha/year.

If the higher rate of uptake is sustained, Auckland has enough vacant business land “available” for 8 years, and enough planned for nearly four more. If the lower rate prevails, “available” land could last ten years and planned land four more.

The region is facing significant growth pressure, manifest in the rapid uptake of employment and residential land. While regional planning is focusing on greater employment intensification and brownfield redevelopment, recent trends suggest that significant additional land will need to be brought into the pool over the next 5-10 years. This will put pressure on advancing planned developments within Papakura and possibly on finding new areas to bring into urban land use.

### 2.3 Planning for Papakura

There is clearly an urgent regional need to advance the development of further residential and business land, especially industrial land, in Auckland. The part Papakura plays in meeting this demand will significantly influence the economic options and outcomes it faces. This will depend in part on how it works with its neighbours to determine its land use options.

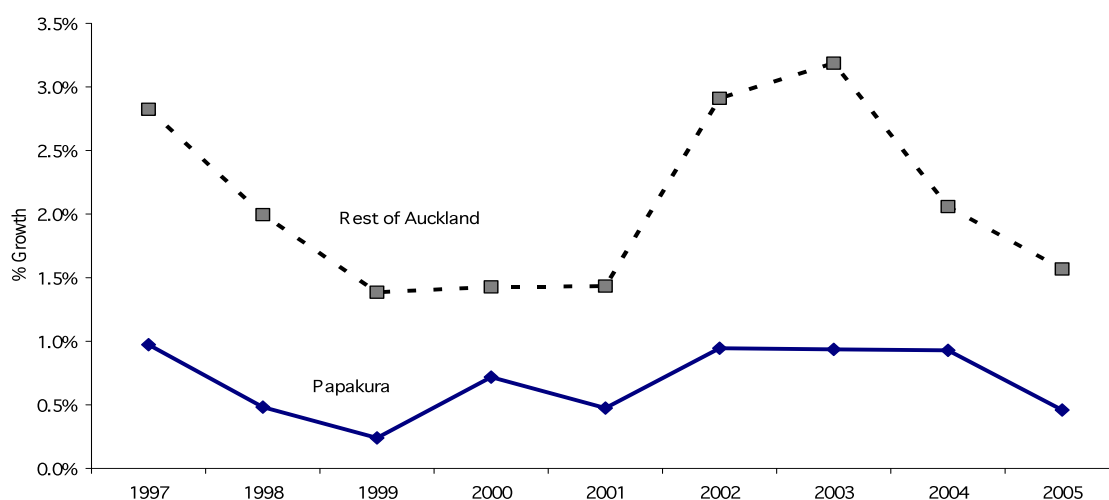
The Southern Sector Agreement (SSA) applies principles contained in the Regional Growth Strategy to Papakura, Manukau and Franklin.

### 1.4.1 Population

Signed off in 2001, the SSA contains a target population for Papakura of 94,000 people in 2050, compared with 42,000 in 2001. Of the increase, 12,000 are intended to be housed in existing rural and urban residential areas (5,520 in the first 20 years), 5,000 in Papakura Central (2,400 to 2021) and 35,000 in growth areas (16,080 to 2021 in Takanini and Hingaia). Provision was made for no fewer than 20,000 people in Takanini and 10,000 in Hingaia through the release of land and shifting the Metropolitan Urban Limits (MULs).

The projections are for annual growth of 2.3% to 2021, and 1.2% over the next 29 years, to 2050. These compare with Papakura's 0.3% per year from 1996 to 2005 (the lowest rate in Auckland) and 0.7% per year between 2000 and 2005.<sup>5</sup>

**Figure 1:** Population Growth Rates, Auckland and Papakura, 1996-2005



The SSA promotes Papakura Central, Takanini-Glenora Rd and Takanini-Spartan Rd as development nodes on the Southern Transit Corridor, to be based on structure plans adopted by Papakura District Council.

High demand (around 3,200 households in south Auckland per year from 2001-2005) mean that Manukau (and the Southern Sector generally) are already under significant pressure, despite apparent capacity (Table 1).

Papakura appears to have considerable capacity. However, this will be absorbed quickly as Manukau City comes under pressure and “spills over” into Papakura.

The immediate challenge is to progress Hingaia and Takanini in an orderly fashion. However, even within the next five years significant pressure to increase capacity beyond that is likely, both through density rules applied to existing urban and rural areas and through identification of further greenfield capacity.

<sup>5</sup> Provisional Census night counts suggest an acceleration later in the period, with an intercensal growth rate for census night population of 2%. Either way, the SSA agreement will see a significant acceleration in population growth.

Papakura will come under pressure to accommodate additional population in the near future, by accelerating planned development, increasing densities, and possibly increasing the urban footprint, bringing more land into the MULs.<sup>6</sup>

### **1.5.1 Employment**

In 2005 the ARC estimated that Papakura has 69 ha of available business land, complemented by an anticipated 78ha to be developed at Takanini and 30ha in Hingaia. This represented close to 10% of the Region's vacant or planned greenfield employment land, although in 2005 Papakura was the location of only 3% of regional employment. As business land comes under substantial demand pressure regionally, the district's capacity is highly significant.

A 2006 unpublished review for Manukau City Council of industrial land demand, supply and uptake in the Southern Sector suggested little more than 410 ha of available land in Manukau compared with the estimate of 820ha of vacant land indicated in the 2005 ARC Draft Business Land Plan City. This is sufficient for six to eight years, depending on the rate of uptake.

The greatest capacity identified within Papakura is in Drury-Opaheke, with limited potential around Hingaia and Takanini. Ardmore was also identified as an area with capacity. However, the report suggested that the major contribution from Papakura would come ten to thirty years out, with existing and potential Manukau business land subject to uptake in the interim.

Medium and long-term use planning for Papakura is influenced by regional and particularly Southern Sector plans. The question is how far an economic strategy for Papakura will be constrained by or contribute to the planning of other councils. In defining a desirable economic future for Papakura, a strategy will also need to take account of how it might best contribute to regional land use objectives.

## **2.4 Planning Documents**

### **1.6.1 The District Plan**

The Papakura District Plan became operative in 1999, with sections dealing separately with urban and rural development. Subsequent Plan Changes have incorporated the Takanini Structure Plan. Other changes deal with the Hingaia Structure Plan, development at Ardmore and Ardmore noise controls and Central Area changes.

The Plan had an overarching vision of Papakura "evolving as a coherent rural-urban district with high standards of amenity characterised by pastoral farming, horticulture

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<sup>6</sup> The MULs contained in Regional Policy Statement (ARC Proposed Change 6, currently being heard by a joint committee of Auckland councils) are under challenge from a number of submitters this on the grounds that they will lead to a shortage of land. Together with resistance to intensification this would raise the prospect of a significant slow down in economic and population growth.

and vigorous rural settlement centred on a strong and vibrant urban heart with its own cohesive base of residential, business and recreational development”.

There was clear recognition of the duality of Papakura, and, in the light of this, a commitment to promote an integrated approach to managing its resources. The resource management challenge was couched in terms of protecting environmental amenity while meeting urban growth demands.

The Local Government (Auckland) Amendment Act 2004 required district plans in the region to give effect to the growth concept contained in the Regional Growth Strategy and to changes to the Regional Policy Statement intended to promote the integration of transport and land use. Plan Change 10 to the Papakura District Plan responds by:

- Providing for the use of catchment management plans for urban expansion and intensification (Para 4.1);
- Emphasising the quality of urban design with urban expansion and intensification (4.4.1)
- Acknowledging the LGAAA and the Regional Policy Statement as instruments influencing growth management (4.7);
- Setting a “20 year plus” time horizon for staging urbanisation of Hingaia and Takanini (4.7.2), including qualifications emphasizing the quality of design to achieve satisfactory outcomes;
- Acknowledging the growth concept and Regional Policy Statement as identifying “the values of people living in the region now and in the future” (5.2), and;
- Advancing intensification and compact urban growth in the objectives (5.5, 1.0, 2.3 and 2.7).

This and Proposed Change 6 to the Regional Policy Statement establish the primacy of regional planning documents, in promoting intensification of urban areas.

### **1.7.1 Takanini Structure Plan, 2000**

The Takanini Structure Plan advances two areas as mixed use nodes focused on rail stations as a means of achieving intensification on the transport corridor. Glenora Rd is intended to accommodate commercial and medium-density residential development, and Spartan Rd industrial, commercial and medium-density residential development. Detailed design, use and density provisions seek to achieve a substantial population within 10 minutes walk of the stations, while lifting the activity of the town centre. Proximity of residential development to Bruce Pulman Park provides for significant open space and recreation in accessible to residents around both nodes.

Provision is also made for medium density residential development around existing social facilities, including open space and primary schools.

### **1.8.1 Papakura Central Area Structure Plan, 2000**

The Structure Plan was prepared in response to the Regional Growth Strategy identifying Papakura as one of two southern sub-regional centres for more intense, mixed use development. (The other is Manukau City). This requires expansion of

the commercial and residential components of the Central Area. Papakura is also identified as a major transit point and a focus for users of rapid transit.

At the same time, the structure plan recognises the need to create a pleasant atmosphere for pedestrians, cyclists, users of public transport and motorists. A series of land use, design and access outcomes were developed through a charette process, and combined into an integrated plan.

### **1.9.1 Hingaia Structure Plan**

The plan aims to provide a high quality residential area, protect estuaries and watercourses, promote a village style shopping area that supports the local community, provide for a mix of residential densities and active recreation facilities, maximize growth opportunities to provide a “balanced economic mix”, and provide for market driven development and a comprehensive infrastructure network.

The plan dealt with land use, environmental protection, and infrastructure development to create “a high amenity urban area with a strong community base that retains essential aspects of a semi-rural character with appropriate forms of subdivision and development to accommodate a minimum of 10,000 people in an environmentally sustainable manner”.

Estimation of residential potential and staging suggest that Hingaia could accommodate 11,500-13,500 people, 6,000 in Stage 1 (20 years). Sequencing is based on achieving orderly and manageable growth, and managing the funding requirements within the bounds of the Council’s long term funding strategy.

### **1.10.1 Rural Plan Review**

The Council is reviewing the Rural Section of the District Plan. The existing plan has three key “elements” – protecting productive soils from development, protecting natural character, and providing for lifestyle development.

The current Plan opts for a “flexible” approach, which reflects the diversity of rural environments and land uses in a relatively small area. It gives rise to complex planning, however, with seven zones in the rural area, each subject to a suite of rules over and above those applied to rural areas generally.

The current review seeks to take into account such matters as:

- The role of the rural part of Papakura District in helping to manage population growth and employment across the greater Auckland region
- Environmental degradation and opportunities for restoration and enhancement
- How the transition from town to country will work in the future
- Issues relating to activities in the rural areas
- Opportunities to foster home industries, recreation and tourism in the rural areas
- Providing for Māori and their culture and traditions
- Providing for network utilities
- And above all providing for the overall social, economic, environmental and cultural dynamics of the rural areas.

The review suggests a more active and forward looking approach to rural areas, rather than the emphasis on preservation and containment of change implicit in the current Plan. The Review promises to address the greater range of activities taking place in the rural areas, their inevitable association with urban issues, and the need to manage the effects of change in a dynamic, peri-urban environment on which a growing range of demands are being made.

Planning for Papakura has become focused in the current decade on managing and accommodating growth, in this way supporting the Regional Growth Strategy at the same time as acknowledging the increasing pressure that is beginning to flow inevitably from the District's location on the edge of an expanding metropolitan area.

This is reflected equally in attention to medium-density mixed use on the transit corridor, the potential for intensification around existing centres, the provision for diverse residential densities in a quality urban environment elsewhere, and a positive approach to the changes impacting on the rural development.

However, the overall emphasis of statutory planning has been heavily on accommodating residential growth, with commercial provisions either in support of anticipated increases in household numbers, or in support of existing activity, especially on the transport corridor (e.g., Takanini).

## 3 Economic Development in Papakura

### 3.1 Auckland's Economic Growth

#### 1.11.1 The Institutional Framework

It has been argued for some time that Auckland Region has lacked a coherent economic development strategy or an agency to drive it.

The first attempt to remedy this came from business leaders, who formed Competitive Auckland in 2000. The organisation undertook detailed analysis of the regional economy at that time and sought to “promote initiatives for Auckland to become a leading place -

“that offers a vibrant future for young people;

“which attracts talent and creativity;

“an economically dynamic region;

“a quality, well-designed place;

“a region of diverse and connected Aucklanders;

“with broad, visionary leadership;

“and a common sense of purpose.”

The Committee highlighted the need for a cross-sector, region-wide initiative. This was taken up through the development of the Auckland Regional Economic Development Strategy (AREDS), developed in 2002 through a partnership between the ARC, local councils, central government, business, educational establishments, Maori and the public.

To aid this process, Competitive Auckland changed its name to Committee for Auckland and refined its strategy to concentrating on a number of specific projects such as urban design, the downtown education quadrant and a future leaders programme, as ways of enhancing the capability of the local economy.

One of its main insights was that local businesses were heavily oriented towards serving only the local population and were largely dependent on population gains for their growth. A much smaller percentage of companies served wider, national markets, Very few were focused on overseas markets, however. Moreover, during the 1990s, buoyed by expanding domestic demand, inwardly focused companies grew faster than those that were outwardly focused.

Competitive Auckland suggested a number of sectors such as education, food & beverage, tourism and marine industry on which it recommended concentrating development efforts.

The parallel AREDS vision is for Auckland Region to be an "internationally competitive, inclusive and dynamic economy". It aims to provide a framework for building alignment, collaboration and a common direction for the many people, communities, businesses and agencies who can make a difference to the quality of the region's economy. The principle of collaboration has become important as Auckland's territorial authorities have begun to pursue their own programmes, in part

in response to the apparent broadening of their mandate under the Local Government Act 2002. They have, however, attempted to align themselves with the broadly defined regional goals.

Hence, the AREDS Strategy focuses on improved regional economic performance as a basis for connecting the region to the world, on a platform of exceptional people, cultures, environment and infrastructure. Key elements are:

- Promoting Auckland Region;
- Encouraging innovation and excellence;
- Developing overseas markets;
- Supporting Exports;
- A high quality living environment;
- Building an entrepreneurial culture;
- Producing a skilled and responsive labour force;
- Delivering a high quality and responsive government.

Implementation is based on eight principles:

1. A continuing partnership between business, central and local government, Maori, Pacific Peoples, education providers and communities within Auckland;
2. Long-term sustainability from a socially, culturally and environmentally sustainable approach to economic development;
3. Flexibility and responsiveness to changing circumstances, using the best resources 'fit for purpose'
4. Recognising relationships with current local, regional and national activities and organisations and avoiding duplicating or replacing current effective activities and organisations
5. Regional integration and coordination of activities and initiatives
6. Clear accountability for performance
7. Clear links between funding and accountability
8. Support design and decision making with robust information

A Regional Economic Development Forum, comprising business, council and educational leaders was established in 2005 to:

- 1) Oversee implementation, review and development of the Strategy;
- 2) Provide direction on the allocation of resources for implementation;
- 3) Provide a platform for dialogue among players in economic development;
- 4) Provide opportunities for discussion on issues of regional importance in economic development;

- 5) Monitor the progress of the region's economy and the results of implementing the Strategy;
- 6) Liaise, consult and advocate with key stakeholders to ensure that the outcomes outlined in the Strategy are achieved;
- 7) Advocate for the integration of economic development outcomes with other regional strategies.

Auckland Plus was established as a business unit of the ARC in 2005, charged with implementing the Strategy, with particular emphasis on:

- Promotion to attract national and international business to the region;
- Acting as a single point of contact for current and potential investors.
- Facilitating regional economic development projects (large, multi-agency, cross-boundary/council projects that receive external funding)

Most recently, the "Metro Project" has been undertaken to develop action plans to deliver the Strategy's vision for "an internationally competitive, inclusive and dynamic economy". The project is based on collaboration between local and central government, and the education, non-profit, and business sectors of the region.

Given the growing recognition of the need for the public sector to encourage and support business development and employment growth, and, at the same time, a growing commitment to region-wide rather than local initiatives, the Metro Project International Panel view was that the current initiatives are too small in scale or too disaggregated to be effective. It promotes instead the idea of a small number of "large scale interventions that command wide support and are delivered in a participative manner", requiring a degree of "institutional collaboration", achieved by working towards One Plan under the direction of a Leadership Commission.

The views of the panel of experts led to 15 key recommendations:

- An enhanced "Leadership Commission" drawing on skills from a number of agencies;
- One Plan for Auckland – integrating strategies into a single vision for the region;
- An investment prospectus for Auckland;
- A jointly owned regional development organisation to deliver major projects;
- Improved interaction between employers and skill providers to enhance the labour market;
- A programme to better integrated national and regional; initiatives promoting innovation;
- Paying more attention to the needs of disadvantaged communities;
- A substantially enhanced regional identity and promotion;
- Transport improvements that connect the regions hubs;
- The revitalisation of the CBD and waterfront as the region's "shop window";
- Moving forward to address Auckland's energy needs;
- Enhancing the quality of broadband and promoting connectedness;

- Treating the Rugby World Cup 2011 as an important catalyst for improvements to transport and visitor infrastructure;
- Expanding the knowledge infrastructure through taking higher education, research and medical facilities and capabilities to world markets;
- An events strategy and programme to regularly “bring the world to Auckland”.

In summary, the prognosis that has developed through thinking stemming from Competitive Auckland, through the Committee for Auckland, AREDS, Auckland Plus and Metro Auckland points to a consensus that Auckland requires:

- Coordinated leadership, planning and promotion for regional economic development;
- Collaboration between central and local government, business and education providers;
- A “large project” approach to developing “world class” infrastructure.

For the past six or more years, Auckland’s councils, business and educational interests have been developing strategies and structures to promote and sustain growth, primarily by boosting international engagement. The themes flowing through these initiatives include investing in infrastructure, skills, and innovation. They also call for coordination and clarity of leadership.

The currently favoured means for moving forward is on regional-scale projects, especially with respect to infrastructure investment.

The question follows as to what part Papakura might play in such a programme? How much influence might Papakura seek to exert in regional initiatives? How far should its resources and planning be directed by regional priorities? These questions underlie the dilemma all local councils face in pursuing, supporting, or shaping the economic aspirations of their citizens (expressed often as community outcomes); which is how far to pursue them in the face of potentially different directions emerging from a regional process addressing development prospects?

### **1.12.1 Auckland’s Recent Development**

Auckland Region has in fact enjoyed good growth since 1998. Statistics New Zealand Business Demographics database confirms that economic progress through the first five years of the current decade has been strong, although this was matched by strong national growth. Auckland’s employment count grew by almost 100,000 people, a 20% expansion from 2000 to 2005. The country’s employment grew by 22%, 306,000 employees, so that Auckland’s share fell marginally over the period.

Sectors in which Auckland dominates national employment, and grew ahead of the rest of New Zealand, include wholesaling, transport and storage. This highlights the region’s growing role as a distribution hub. By 2005, Auckland employed 50% of the country’s employees in wholesaling and 40% in transport and storage (Table 3).

Auckland also dominates finance, property and business, and communications. However, the last two, property and business services and communications are

growing more rapidly elsewhere, where there may be a degree of “catch up”. Finance, however, appears likely to become more concentrated.

Although not growing as fast as others sectors, education is also becoming concentrated in Auckland, as it contracts elsewhere.

Despite the growing concern about innovation and investment, manufacturing employment grew at a healthy 12%. While this is behind the rest of New Zealand’s 14%, it still accounts for 25% of the country’s total employees in manufacturing. Commercial property has also enjoyed strong growth, although with demand more from distribution and small industrial use than from new major industrial activity.

Population growth and rising incomes have driven residential construction in the suburbs and in CBD apartments; and strong consumer spending had boosted the retail sector, prompting big new shopping developments such as the Chancery in the CBD and Sylvia Park at Mount Wellington.

More recently, infrastructure investment has begun to pick up. Roading is the main area of infrastructure investment, but bus and especially rail transport are also seeing increased investment to build the Region’s public transport trips. Within the CBD, for example, the Britomart transportation centre and the redeveloped ferry terminal have significantly increased the attractiveness and functionality of public transport while adding to local activity.

Any slight easing in Auckland’s growth is offset by increases in neighbouring regions, Northland, Waikato and Bay of Plenty, which recorded substantially higher growth rates in a number of sectors including manufacturing and wholesaling (Table 4).

The implication is that Auckland is the centre of a dynamic, northern North Island region, across which there may be significant functional complementarity.

This is suggested by trade across the three main ports (Table 5). Port of Auckland and Auckland International Airport dominate imports into the region (and New Zealand), despite a decline in trade through the airport in 2005. Tauranga is equally important for exports (focused on primary and processed products out of the Bay of Plenty and Waikato). It is also lifting its import trade.

It is interesting that the growth in the value of imports across the Northern North Island was almost three times the growth in the value of exports, although a contraction in imports and strong export growth took place through the airport.

**Table 4:** Employment Growth, Auckland and New Zealand 2000-2005

	Auckland Region			Rest New Zealand		All New Zealand	
	2005	2001-05	Share NZ	2005	2001-05	2005	2001-05
Ag, Forestry, Fishing	1,510	41%	4%	32,760	34%	34,270	34%
Mining	490	48%	11%	4,010	41%	4,500	42%
Manufacturing	89,250	12%	35%	168,420	14%	257,670	13%
Utilities	2,230	29%	30%	5,250	-4%	7,480	4%
Construction	32,220	56%	30%	75,220	58%	107,440	58%
Wholesaling	57,690	16%	50%	56,730	30%	114,420	22%
Retail	72,150	20%	32%	154,390	23%	226,540	22%
Accommodation, etc	30,790	27%	28%	78,870	27%	109,660	27%
Transport, Storage	29,770	22%	40%	44,880	17%	74,650	19%
Communications	11,950	5%	43%	15,880	18%	27,830	12%
Finance	23,390	22%	45%	28,650	4%	52,040	11%
Property & Business	95,360	25%	42%	129,720	48%	225,080	37%
Government	17,230	25%	25%	51,540	12%	68,770	15%
Education	41,140	16%	32%	87,700	-5%	128,840	1%
Health & Community	48,020	14%	27%	130,040	24%	178,060	22%
Cultural & Recreational	16,930	22%	36%	30,200	9%	47,130	13%
Personal & Other	19,360	26%	31%	42,400	30%	61,760	29%
<b>Total</b>	<b>589,480</b>	<b>20%</b>	<b>34%</b>	<b>1,136,660</b>	<b>22%</b>	<b>1,726,140</b>	<b>22%</b>

**Table 5:** Employment Growth, Northern NI, 2000-2005

	Auckland Region			Rest, Northern North Island		
	2005	2001-05	% NZ	2005	2001-05	% NZ
Ag, Forestry, Fishing	1,510	41%	4%	10,325	24%	30%
Mining	490	48%	11%	1,132	13%	25%
Manufacturing	89,250	12%	35%	42,765	38%	17%
Utilities	2,230	29%	30%	1,807	12%	24%
Construction	32,220	56%	30%	21,180	61%	20%
Wholesaling	57,690	16%	50%	13,830	39%	12%
Retail	72,150	20%	32%	41,930	25%	19%
Accommodation, etc	30,790	27%	28%	19,925	35%	18%
Transport, Storage	29,770	22%	40%	10,525	19%	14%
Communications	11,950	5%	43%	3,417	35%	12%
Finance	23,390	22%	45%	5,280	25%	10%
Property & Business	95,360	25%	42%	28,650	25%	13%
Government	17,230	25%	25%	8,745	32%	13%
Education	41,140	16%	32%	22,480	-5%	17%

Health & Community	48,020	14%	27%	33,750	27%	19%
Cultural & Recreational	16,930	22%	36%	7,410	23%	16%
Personal & Other	19,360	26%	31%	10,335	38%	17%
Total	589,480	20%	34%	283,486	27%	16%

This confirms the weight of the employment statistics (Table 4): employment and growth are concentrated among sectors driven by local demand.

**Table 6:** Trade in the Northern North Island, 2000-0005 (\$million)

	Auckland	Tauranga	Ak Airport	Total NNI	Share NZ	NZ Total
2000						
Exports	6,168	6,533	3,446	16,450	55%	29,820
Imports	12,634	1,882	7,050	23,965	80%	29,919
Total	18,802	8,416	10,496	40,414	68%	59,739
2005						
Exports	6,049	6,896	4,044	17,289	55%	31,575
Imports	14,095	4,007	6,923	27,832	79%	35,435
Total	20,144	10,903	10,967	45,121	67%	67,010
% Shift, 2000-2005						
Exports	-2%	6%	17%	5%	-1%	6%
Imports	12%	113%	-2%	16%	-2%	18%
Total	7%	30%	4%	12%	0%	12%

Auckland has experienced strong economic growth, although this has relied heavily on domestic demand. Growth in manufacturing and exports through the Airport is encouraging. This strong performance does not mean that the economy is well placed for long-term growth, though. Among other things, it may create factor shortages (land, labour and skills, investment capital) and place pressure on infrastructure as resources are absorbed by domestic consumption. On the other hand, taking a northern North Island perspective raises a range of opportunities for responding to such shortages which are less constrained than suggested by preoccupation with the built up metropolitan area.

### 3.2 Papakura's Economic Development Policy

Papakura District funded an economic development agency for three years, but failed to make the transition required of it to become self funding. It was replaced by the Economic Development Office within the Council. This has helped to integrate economic initiatives within the Council's wider policy and management activities while continuing with promotional and development events, such as Biz Training, business awards and encouraging business networking, as well as the promotion of community events.

However, there has been little formal development of long term strategy for economic development, a gap that has led to the current assignment. Indeed, as observed above, planning for employment and business needs has been largely consequent on planning for additional households.

Only two “economic” planning documents have been produced in the recent past, a commercial strategy in 2001 and employment strategy in 2002.

### **1.13.1 Commercial/Retail Strategy and Guidelines**

**(Hames Sharley July 2001)**

The Commercial-Retail Strategy Guidelines were intended to establish criteria for assessing new retail development “to ensure continued viability of existing centres and development that meets the needs of present and future residents” through “an efficient, equitable and sustainable retail network throughout the District”.

The Strategy proposes a four-tier hierarchy

- The Town centre
- Neighbourhood centres of 6-14 shops and services – a new neighbourhood centre in Papakura East, Conifer Grove and Glenora/Takanini in Papakura North, Pahurehure (Papakura West), Hingaia, Drury;
- Local centres of 1-8 shops and services – Ardmore; and
- Large format (bulk) retail,

and proposes principles against which development proposals can be addressed.

It suggests the level of development Papakura might support at each level, although does not consider the possibility of redevelopment attracting customers from outside the District. It is noted, however, that proximity to Manukau City’s regional mall (ten minutes away) will impact on the viability for a new mall in Papakura.

### **1.14.1 Employment Strategy and Guidelines**

**(Hames Sharley, December 2001)**

The employment strategy was prepared “in response to the need for information regarding existing and future industrial and employment land requirements”, precipitated in part by a net outward commute of 7,000 workers a day (11,600 workers out, 7,000 workers in). Given expected population growth it was seen as important to increase the extent to which residents’ work needs can be met locally.

Among the strategies proposed were:

- Target firms that would benefit from relocating in Papakura
- Define a clear network of planned employment nodes
- Maintain the lead role of the existing employment nodes
- Identify and rezone 70ha of land for future commercial and industrial purposes
- Protect the employment integrity of land currently zoned for industrial and commercial purposes

The 70ha increment is based on a population projection of 56,120 in 2021 and 69,400 in 2041; a constant participation rate of 30 FTEs per 100 population; and an assumed employment density of 53 FTEs/ha.

These assumptions are questionable. The population projection is light relative to the Growth Strategy targets (1.4% per year to 2021, compared with 2.3%). Also, a range of demographic factors and increasing wages from labour scarcity are likely to raise participation rates in the medium term, at least. The investment appeal and

opportunity of Papakura may also drive growth independently of internal population growth, invalidating the use of local population as a predictor of local employment.

The density estimate is probably on the high side if it refers to useable land, and definitely so if it refers to total land (including roads, reserves and provision for infrastructure). The implication is that achieved densities will be lower and demand for new land per new job will therefore be higher. .

As a result of all these factors, the recommended addition of 70 ha is conservative.

### 1.15.1 Employment Characteristics and Business Land Capacity Analysis

The Council is finishing a review of employment and land capacity (compiled by Joy La Nauze, Senior Policy Planner). Reanalysis of journey to work figures in this study suggest that the 2001 figure for employment “self-sufficiency” was already over the 70% target in the employment strategy.

The 2006 survey of business land availability suggests that there is only 10.2ha of “unconstrained” vacant land (Table 6).<sup>7</sup>

**Table 7:** Business Land Availability, 2006

	Business Land 2006			Unconstrained Vacant Land	
	Developed	Vacant	Total	Ha	% Total
Takanini North	72.8	19.5	92.3	6.7	9%
Takanini South	44.9	0.7	45.6	0.6	1%
Central	26.7	2.4	29.1	0.5	2%
Hunua	109.4	15.9	125.3	1.2	1%
Drury	26.3	3.6	29.9	1.2	5%
Ardmore	117.8	38.3	156.1	0	0%
<b>Total</b>	<b>397.9</b>	<b>80.4</b>	<b>478.3</b>	<b>10.2</b>	<b>3%</b>

The ARC reported 69 ha of vacant land in Papakura in November 2005.<sup>8</sup> The significance of this comparison lies not just in the difference in gross figures, but also in the fact that a systematic analysis of land identified as “vacant” leads to a sharp contraction in the estimate of what might actually be available in the short- to medium-term.

Of 80.4 ha theoretically vacant, 4.1 ha was already under development, other components were committed to roading, park and esplanade provision, or council car parking, and 39ha was in possible flood hazard area. These constraints, together with limits on development at Ardmore, reduce the unconstrained pool of land to just 3% of the District’s total employment land. According to these figures, only Takanini North has any significant realizable capacity, and this represents just 9% of total business land in that area.

<sup>7</sup> Some minor changes in the mix of business land will take place as a result of Plan Change 8a, which also introduces 1.15ha of previously unzoned railway land as commercial 3. Also, land occupied by businesses outside business and commercial zonings and land committed to quarrying was omitted from the survey.

<sup>8</sup> *Review of Business Land Capacity in Auckland Region*, June 2006, Phil McDermott Consultants Report to Metropolitan Auckland Project

Further, these figures do not account for the possibility that some vacant land may be subject to land banking and therefore not available for early release, or it may be under pressure for non-industrial (residential) use.

The 2006 survey also estimates additional industrial and commercial floor space developed since 2001, based on Council records. These records are not complete in terms for floor area, and for present purposes They therefore underestimate the likely increase in activity.

Given that they are likely to be minima, these figures are nevertheless useful for estimating land absorption, using representative Floor Area Ratios (Table 7). These refer to coverage of available sites, rather than yield (which estimates the share of a zoned area available for use once reserve, utility and road provisions have been made). They are therefore associated more with unconstrained than vacant land.

**Table 8:** Business Land Absorption, 2001-2006

	Development, Sq metres since 01			Estimated Land Absorption, Ha		
	Industrial	Commercial	Total	Industrial	Commercial	Total
Takanini North	22,384		22,384	7.46	-	7.46
Takanini South	30,753	650	31,403	10.25	0.13	10.38
Central	1,455	7,467	8,922	0.49	-	0.49
Hunua	35,965		35,965	11.99	1.49	13.48
Drury	7,715	1,253	8,968	2.57	0.25	2.82
Ardmore	10,534	-	10,534	2.11	-	2.11
Total	108,806	9,370	118,176	34.87	1.87	36.74

Note: Assumes achieved Floor Area Ratios of 0.3 for industry and 0.5 for commercial activity (office and retail)

The indication that 7.4 ha has been taken up per year indicates that current “unconstrained” availability of perhaps 10 ha is a serious impediment to continuing investment in Papakura. This also puts considerable pressure on the 78 ha identified for future development at Takanini (some of which is likely to go to non-business uses) and 15ha for Hingaia, particularly if recent performance is sustained.

Economic development policy has had an uneven history in Papakura, and the most relevant initiatives to date have focused on land use requirements to cater for the employment and service needs of local population growth.

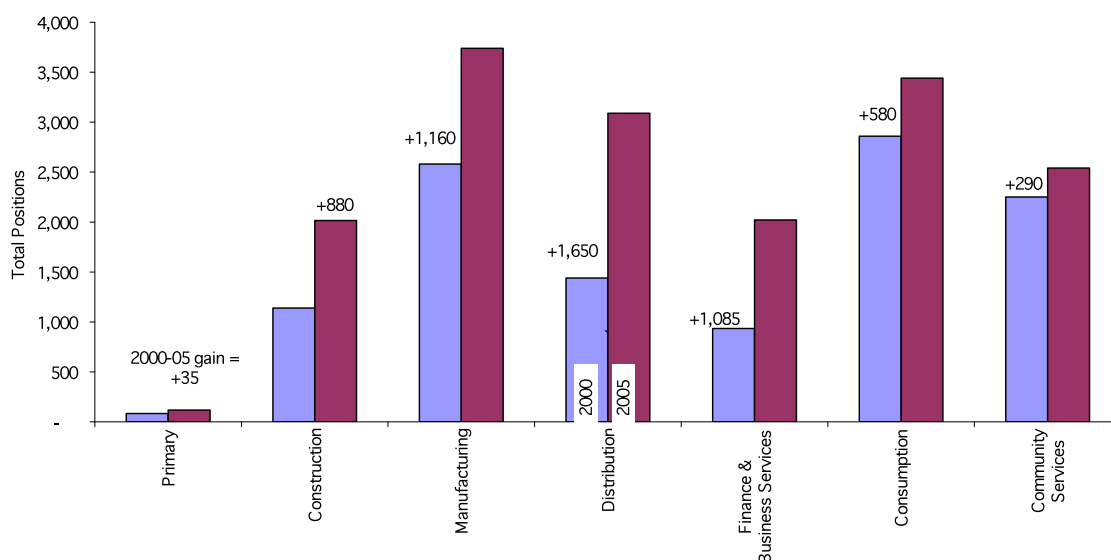
This situation is changing as the regional picture points to a growing role for Papakura in accommodating business growth. However, recent data and analysis indicate that previous estimates of business land need may have been too light and estimates of available land to high. The District is facing crunch time in the provision of business (or employment) land. Continuing inward investment requires increasing the “unconstrained” and available pool of land sooner rather than later.

### 3.3 Recent performance

This section outlines an analysis of Papakura’s recent economic performance”.

In 2005 Papakura, with around 17,000 jobs, accounted for just 3.7% of Auckland’s employment. However, the District recorded a spectacular 50% increase in employment from 2000 to 2005 (a gain of 5,670 positions), well ahead of the region’s 20% and Manukau’s 28%, and well ahead of the Districts 4% population growth over the same period.<sup>9</sup>

**Figure 2:** Employment Growth, Papakura 2000-2005



Growth was concentrated in manufacturing and distribution (transport, storage and wholesaling). Manufacturing, already strong in Papakura, increased its workforce by 45%. Distribution more than doubled local employment, as did finance and business

<sup>9</sup> Comparison of the expected growth in employment on floor area (based on average square metres per employee) with estimated growth in land absorption (Table 7) suggests that the latter figure is much lower. In turn, this that much of the growth was taken up in increased densities on existing developed sites and also out of zone.

services, the latter reflecting a degree of employment decentralisation (Auckland City recorded just 20% growth in this sector, Manukau 64%).

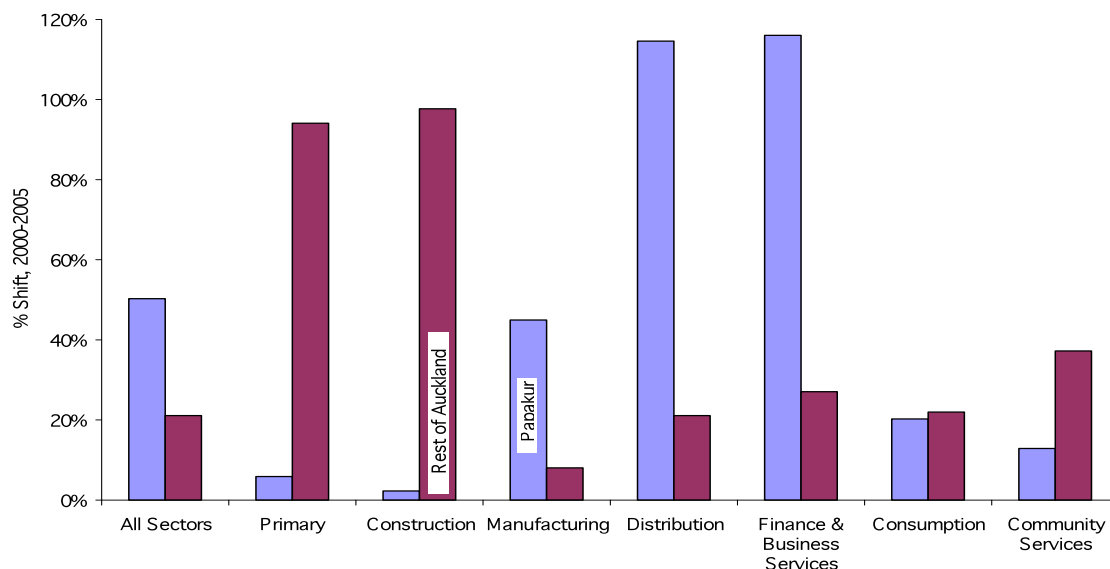
Consumption activities are defined as retailing, accommodation, restaurants, and personal services. Jointly, they grew by just 2%. Community services (health, education, government and cultural and recreation services) grew by 13%.

There have been some major new initiatives such as the Bruce Pulman Park, the Addison and Hingaia residential developments, the Southgate retail complex, and commercial and industrial expansion.

Despite this, the focus of investment in the District has been on production, distribution and business services. Relatively slow population growth is reflected in slow growth in consumption activities, and community services. In South Auckland, Manukau dominates these areas, with 72% of employment in consumption in 2005 and 82% of community service employment. These activities grew by 27% and 33% respectively in Manukau over five years, suggesting that concentration is increasing.

Papakura increased its share of employment in three sectors, manufacturing, distribution and business, with growth well ahead of the rest of the region (Figure 3).

**Figure 3:** Relative Employment Growth, Papakura and Rest of Auckland 2000-2005



The growing significance of Papakura in the production sector is apparent from building consents issued since 2000 (Table 8). While not all building permits are acted upon, or necessarily represent precisely the floor space actually completed, they are a useful indicator of the relative commitment of different activities to different parts of the region.

With just 4.3% of Auckland’s manufacturing jobs in 2000, Papakura accounted for 7% of new factory floor area, which, in turn, dominated non-residential consents in the District (at 32% - the equivalent figure for the Region was 16%). Warehouse space was the second biggest category for new construction investment. At 6% of Auckland’s retail space, Papakura’s consented area for new shops and taverns was also substantial.

In each case, however, floor area investment in Manukau still dominates South Auckland and, indeed, the region as a whole.

**Table 9:** Non-Residential Building Consents, 2001-05

	Factories		Warehouses		Offices		Shops, Taverns	
	Sq M	Share	Sq M	Share	Sq M	Share	Sq M	Share
Rodney	55,400	8%	52,665	4%	5,880	1%	37,426	7%
North Shore	49,274	7%	173,327	14%	164,877	31%	57,051	11%
Waitakere	51,589	8%	27,974	2%	18,363	3%	60,329	12%
Auckland	215,326	32%	226,760	19%		44%	159,907	31%
Manukau	229,349	34%	674,795	56%	236,232		149,107	29%
Franklin	34,110	5%	16,296	1%	106,656	20%	12,194	2%
Papakura	44,725	7%	35,075	3%	5,478	1%	31,731	6%
% Papakura	32%		25%		4%		23%	
Total	679,773	100%		100%	540,031	100%	507,745	100%
% Region	16%		1,206,892	28%	13%		12%	

	Hotels		Hospitals		Education		Social Cultural	
	Sq M	Share	Sq M	Share	Sq M	Share	Sq M	Share
Rodney	6,097	3%	9,070	6%	46,845	9%	19,282	6%
North Shore	14,625	6%	14,159	9%	83,526	16%	25,262	8%
Waitakere	1,011	0%	2,123	1%	52,410	10%	25,966	8%
Auckland	166,739	73%	109,557	71%	162,226	31%	113,479	37%
Manukau	30,226	13%	17,274	11%	133,939	26%	106,106	35%
Franklin	9,009	4%	1,050	1%	25,761	5%	9,466	3%
Papakura	302	0%	-	0%	15,428	3%	5,996	2%
% Papakura	0%		0%		11%		4%	
Total	228,009	100%	153,233	100%	520,135	100%	305,557	100%
% Region	2%		4%		12%		7%	

Among the other sectors, only education received significant additional floorspace.

The ten area units in Auckland region receiving the greatest share of new manufacturing and distribution floorspace between 2001 and 2005 have been identified (Table 7).

These figures place Papakura's industrial growth in context: Papakura South has the ninth highest concentration of new floorspace in the region. The more important point, though, is that the majority of localities are close to or on the north-south regional axis of State Highway 1. This includes Silverdale, Pinehill and North Harbour in the north, through to Papakura and Pokeno in the south.<sup>10</sup>

Future growth pressure is likely to be sustained on this north-south arterial, meaning that Papakura is likely to be faced with increasing pressure on business land, as

<sup>10</sup> The main exception is Mangere South, where the development of an airport focused logistics centre accounts for substantial warehouse expansion.

alternative sites close to the Auckland and Manukau centres (e.g., Penrose, East Tamaki) become substantially redeveloped or fully occupied.

**Table 10:** Leading Areas for New Factory and Warehouse Investment, 2001-2005

Area Unit	Total \$m	New Buildings			Additions & Alterations		
		No.	\$m	Sq m	No.	\$m	% Total
<b>Warehouses</b>							
Mangere South	\$159.82	63	\$141.87	248,949	52	\$17.95	11.2%
East Tamaki	\$78.60	50	\$66.04	144,408	41	\$12.56	16.0%
North Harbour	\$61.43	55	\$50.19	82,732	37	\$11.24	18.3%
Pinehill	\$58.95	50	\$56.73	83,623	17	\$2.22	3.8%
Manukau Central	\$55.47	37	\$48.44	98,883	23	\$7.03	12.7%
Penrose	\$52.16	25	\$41.46	68,909	49	\$10.69	20.5%
Mangere Station	\$42.05	10	\$41.19	57,130	4	\$0.87	2.1%
Mt Wellington Sth	\$33.35	16	\$18.92	36,330	66	\$14.43	43.3%
Rosebank	\$25.69	23	\$20.19	41,260	26	\$5.50	21.4%
Favona	\$16.08	1	\$15.00	52,568	2	\$1.08	6.7%
<b>Factories</b>							
East Tamaki	\$92.80	46	\$71.92	88,084	92	\$20.88	22.5%
Manukau Central	\$56.27	41	\$43.09	76,049	93	\$13.17	23.4%
Mangere South	\$38.25	21	\$33.40	32,470	26	\$4.84	12.7%
Penrose	\$31.83	19	\$24.87	125,729	56	\$6.96	21.9%
Mt Wellington Sth	\$24.65	14	\$18.65	23,257	39	\$6.00	24.3%
Pokeno	\$22.78	6	\$22.74	8,682	2	\$0.04	0.2%
Ferndale	\$14.97	5	\$2.27	2,891	11	\$12.70	84.9%
Silverdale South	\$13.65	25	\$11.30	24,234	19	\$2.35	17.2%
Papakura South	\$12.80	26	\$6.56	16,627	29	\$6.23	48.7%
North Harbour	\$12.14	21	\$10.64	15,159	43	\$1.49	12.3%

Papakura's recent growth indicates that it is strengthening its position as a manufacturing centre within the wider Auckland Region, with manufacturing, transport and storage, dominating local employment and investment. This relative specialisation reflects the quality of access to the State Highway 1, as production and distribution sectors moves down this corridor, which is increasingly integrating the northern North Island regions as New Zealand's major axis of growth.

Currently, a substantial share of household and community services is likely to be met to outside the Papakura District. However, this may change as demonstrated by recent growth in retailing and in response to the likely rapid expansion of housing and population.

The question remains, though, whether the business land is available to sustain recent growth rates into the future.

## 4 Expectations

This section aims to build a picture of what the Papakura community wants of future economic development. Not all community and council aspirations are economic in nature, but even those that deal with “non-material” aspects of community life have economic implications, or may best be served by having a strong local economy.

Our sources for this section include the community outcomes derived through consultation for the Long Term Council Community Plan, and a series of workshops and interviews with councillors, officers, and business interests.

No attempt has been made to undertake a resurvey of the community at large given the narrow scope of an economic strategy. Ultimately, it, like the councillors and the council, needs to be seen to serve community ends. Hence the significance of community outcomes as the over-arching guidelines to council action.

### 4.1 The Long Term Council Community Plan

Sought after community outcomes are defined by eight themes, which reflect a process of consultation and a commitment to a sustainable future. Sustainability calls for a broad view of community outcomes, aiming at:

- A healthy natural and built environment
- Enhanced social links
- Greater economic prosperity
- Enhanced cultural expression

Economic prosperity is one of the four planks on which community outcomes can be built. The outcomes themselves are defined as eight themes:

- An accessible and cared for natural environment
- A safe and stable community
- Fostering involvement in arts and recreation
- Pride in community and heritage
- The town centre as the heart of the District
- A well planned built environment
- Healthy lifestyles
- Releasing the potential of our rangatahi/young people.

The key role of an economic strategy in this framework appears to be:

- Providing the prosperity through which the community and its council secure the public and private resources necessary to delivering these outcomes. High levels of employment and income, for example, sustain safe and stable communities, underpin growth in the arts and recreation, fund a quality urban environment, and are associated with a valued, quality natural environment;

- Strengthening the town centre as the heart of the District provides a clear physical focus to any attempt to build the level and quality of investment, and potentially creates the “commercial credibility” of the Papakura marketplace.
- A commitment to releasing the potential of young people means developing a labour market that facilitates their entry, skills development and personal and material advancement.

The community aspirations outlined in the LTCCP emphasise the quality of life in Papakura – its natural, built and community environments. A sound economic strategy will play a central role in achieving them. While a strong economy is by no means the only requirement, without it the opportunity of building a sustainable community based on Papakura will be greatly diminished. On the other hand, the community outcomes clearly position economic development as a means to community ends, rather than as an end in itself. The implication is that development should not take place “at any cost”.

## 4.2 Councillors

The Mayor and five councillors were able to attend a workshop with the consultants. This section seeks to synthesise the views expressed on the future for Papakura and the role of the economic strategy in getting there.

Councillors have a vision of Papakura evolving as a thriving community, shedding its image as a dormitory suburb for commuters heading to Manukau or South Auckland. This means tapping into growing work flexibility and the desire of people to pursue lifestyles which, among other things, involve living close to work. It means having a good town centre with diverse work opportunities, a range of retail options, and the capacity for people to live there. It also recognises the quality of the surrounding area and the lifestyle opportunities it offers.

It also means placing a greater focus on arts and recreation in the future, and recognising the diverse needs and aspirations of a community that has a high proportion of Māori residents and young people. It is important to reflect the roots and culture of a long-standing settlement, at the same time creating a place – and an economy – where young people and families can thrive.

At the same time, there is recognition that this is a community of contrasts, with large areas of low income households in established urban areas distinguished from much higher income households in some newer suburbs and rural areas. The vision for a thriving Papakura requires paths that mediate these differences. Hence a focus on heritage, culture, arts, recreation and the built environment all play an important part in building towards the vision.

The councillors also recognise the importance of the natural heritage to the future of Papakura – the quality of rural areas, the eastern, bush-covered hills, and plentiful, quality urban parks and trees.

Given these sorts of community aspiration, Councillors see their role in economic development as identifying the triggers that will encourage investment appropriate for the Papakura community and suited to and benefiting from the District’s geography. Appropriate investment is seen as quality investment, and refers to business and

commerce generally, including manufacturing. This may mean building on cluster opportunities – Ardmore is frequently cited as a key opportunity. At the same time, recreational and education amenities are seen as themselves potentially propelling economic development.

All this means that the economic strategy need not be preoccupied solely with economic matters. It needs to encompass such things as the future of the town centre in its broadest sense, and not just its role for business. Physical infrastructure and transport are important to economic success. Good public amenities and a creative community are also, and other benefits to residents.

While councillors acknowledge a commitment to the Council playing its part in the Regional Growth Strategy, there is a feeling that this “big city” focused, with a specific ARC agenda and that business “is being strangled” as a result, and discouraged from investing in Auckland. The big city solution means local councils are being dictated to, yet some councillors feel that the District plan with its understanding of local circumstance should form the foundation on which a community of interest can develop initiative and innovation for development.

Councillors expressed a vision for the future that goes beyond economic matters, to include the quality of the physical and social environments, with which economic progress remains entwined. The promotion of Papakura as a place to do business is paralleled by a concern that it should be a great place to live in and to raise a family, and that local land use initiatives, including district plans, should support that.

### **4.3 Council Staff**

A workshop with 14 senior council staff explored their understanding of residents’ wishes for Papakura, as well as ideas on opportunities for economic development and ways to pursue it. This section focuses on their understanding of community expectations and aspirations.

These were seen to revolve around the development of the town centre as a vibrant hub, supported by cultural, social and recreational facilities. People’s aspirations in these areas tend to be localised, especially in comparison with the less geographically contained views of professional planners and staff. There is apparently a growing desire for growth, although the public does not necessarily recognise a significant role for the Council in delivering on this aspiration.

Despite the perceived acceptance of a pro-growth stance, there is surprisingly little concern for more industry or jobs – a sign, perhaps, of full employment and the relative ease, at present, of securing jobs.

Interestingly, the notion that Papakura is, or should be, a place “to live, work, and play” does not appear strongly held in the community. It has long been seen as a dormitory suburb by its residents – the place you live but not the place you work. Commuting outside Papakura may not involve long commutes. Many residents work in Glenbrook, elsewhere in Franklin District or in Manukau City.

Meeting the recreational and schooling needs of children features strongly in community aspirations. This is likely to become an even stronger sentiment as accelerating residential development sees more families settling in Papakura.

The rapid recent growth of residential land use and the expectation of much more in the future raise a question of whether the aspirations of future residents will be the same as current ones. This applies to entire new suburbs such as Hingaia, which could easily align with Manukau City for employment and higher order shopping. Consequently, there may be a significant revision and growing diversity of community expectations.

These conclusions are qualified by the comment that there has not been a strong recent tradition of community or community identity in Papakura. In the recent past, at least, the council played a minimal role in community building. This may be expected to change under the statutory requirements for consultation and for council spending to reflect the clearly expressed views of their citizens. A change in the councillors' commitment to community development is recognised by staff. One of the corollaries of this political shift, and of investment in a more attractive public realm may be the development of community coherence and a growing appreciation of a quality, local living and working environment

The community is aware of the role of the town centre and supportive of growth in Papakura generally. However, at this stage, residents may not have embraced fully the notion that Papakura offers opportunities to “live, work and play”. Developing a stronger sense of identity is a challenge that will increase with the expected influx of residents over the coming decades. This can be met, in part, by developing a thriving and distinctive town center. Recognising the wider needs of families and particularly children in community development will also be important.

#### **4.4 Business Interests**

Ten people representing a range of local business interests attended a workshop, while another 17 were interviewed one-on-one.

Most discussion focused on shortcomings in the local environment, issues facing business, and how these might be addressed. People also discussed economic constraints and opportunities, a number of which revolved around land use options.

Business consultation tends to focus on practical measures, rather than expectations regarding how Papakura District might develop economically, and what sort of vision the Council might build an economic strategy on.

Nevertheless, there was a strong interest in advancing the local economy and an appreciation of the importance both the Council's actions and the local quality of life in this. A particular concern is the quality of the town centre, a perception that it is currently down-market (exemplified by “the \$2.00 shops”), and that an inadequate town centre is driving people to shop elsewhere. Without improvement, new residents in Papakura are more likely to shop in Manukau City or Botany Downs.

It was also suggested that there needed to be a shift in thinking about Papakura's future because the current perception is that planning is currently “all about residential development”. In this connection, the establishment of the Southgate Home Centre retail complex was seen as a step in the right direction. Providing greater opportunity for more expensive homes was also favoured for potentially boosting local demand and local skills. The issue, then, is how to retain the additional spending and experience in the District.

Papakura's business potential was acknowledged, with an excellent location relative to rail and road corridors and potentially a substantial land resource, although there may still be zoning issues around some of it. In addition, the rising value of land was placing pressure for expedient development, risking a departure from the vision contained, for example, in the Takanini Structure Plan. This pressure is anticipated to intensify over the next five years.

There is a view among business people that the Council needs a plan which encourages business investment, and provides a lead, for example, for private plan changes that might bring more land into the pool. There may be a need for a "business" vision to sit alongside the community vision contained in the LTCCP.

The quality local infrastructure is part of a vision that would see business play a stronger role in Papakura's development, generally, underpinned by a sound land use and services plan. The vision might address the sorts of industry desired by Papakura, including an elevated vision of the role of manufacturing. It would encourage schools to offer paths to technical as well as professional employment, and contribute to a quality labour force as well as a quality work environment through business s park development, for example.

Amenity investment in the town centre by the Council and the redevelopment of Massey Park are initiatives that would help redress current perceptions.

A vision for Papakura, though, and an economic development plan should address the whole of the District, not just the town centre. Like the wider community, business people consider it important to reduce the need for commuting "up the motorway" by advancing lifestyle, amenity and environmental quality in Papakura, developing the image of an nice place to work with good housing and transport.

Business interests recognise the potential of Papakura as a location for investment, and accept that the council has a role to play in helping to realise that potential. While their immediate focus is on the quality of the business environment, including infrastructure and transport, labour and skills, there is also concern that immediate pressures and costs will see any long term physical vision for development lost. In addition, a quality living environment is seen as a necessary condition for strengthening local business.

## **5 Sector Issues in Papakura**

### **5.1 Manufacturing:**

While Papakura has a sizable and expanding manufacturing base, interviews with companies have revealed some weaknesses.

The largest, longest established manufacturers have had a chequered history, marked by frequent ownership changes. They have borne the brunt of economic restructuring. As a result of an intense focus on cost control, a number have neglected investment in new technology and equipment. This makes them vulnerable to competitors, typically from overseas, deploying the latest technology to produce more sophisticated products. Increasing competition from these imports is expected.

These companies also face a challenge from scale. When they were established several decades ago, the domestic market determined the optimum manufacturing scale. But, with the loss of import protection and changes in technology, plants have typically had to become far larger to remain competitive. This means they must export to supplement the tiny domestic market. There is reluctance to export, often based on uncertainty and the costs and risks associated with entering offshore markets, or in the case of some foreign owned firms, on corporate policies that limit their exports. This is proving to be a major barrier to new investment. As a result, the long term future of some of these manufacturers in New Zealand is in some doubt.

At the small end of the scale, all the typical SME business issues are apparent, such as over-stretched management and strained financial resources, vulnerability to competition, and dependence on a small range of local customers.

Several of the interviewees said they had moved their companies to Papakura in past years because of the lower costs of land, buildings and doing business compared with areas closer to the region's urban centre. If Papakura fails to remain a low cost location, they would consider moving further south.

These businesses are also concerned that growth will cause traffic to worsen if district and central agencies fail to plan longer term and invest more in roads. Again, deteriorating traffic conditions would encourage them to relocate further south.

### **5.2 Primary Sector**

With the steady decline of agriculture in the District, quarrying has become the major primary sector activity. Winstone's quarry in the Hunua Gorge and Stevenson's near Drury has become major operations.

Given the region's fast rising demand for aggregates for road and building construction, the two companies are keen to expand their operations on adjacent land designated for quarrying that they already own.

However, in recent years the council had approved residential subdivision very close to both sites, even though the quarrying activity now and in the future was fully disclosed. As a result, both companies expect some legal challenges when they seek approval for expansion.

This issue has arisen because previous councils have failed to make the appropriate long term designations on land surrounding the quarries. The companies may also be partially responsible, failing to plan far enough ahead in the past. That has changed in recent years with, for example, Stevenson's purchase of extensive land as a buffer zone around its Drury quarry, including around its desired extension.

### **5.3 Retailing**

Papakura saw a decline in its town centre shopping through the 1980s and 1990s with the investment in new, larger and more attractive developments in Manukau City and south Auckland City. Like a number of smaller centers faced with the challenge of increasing shopper mobility and the rise of major malls, the town center is now faced with the challenge of "reinventing" itself, to take advantage of new consumer tastes and trends.

The Southgate shopping centre has helped reverse the outflow by catering for an element of the "out of centre" end of the market. It could become the nucleus of a bigger big box retailing area. Rather than being a threat, such a development should create an opportunity for the town centre to redefine its focus, making it a specialty retailing, services and entertainment centre. Recent plan changes have already triggered some promising investment proposals. Together, a readily accessible big box centre and a nearby, reinvigorated town centre will have the capacity to attract custom from wider than the local market, moving towards the provision of goods and services for the growing lifestyle market in the surrounding hinterland.

But, further strategy and policy work, developed in close partnership with existing and potential property owners and investors, is needed to secure a vibrant future for the town centre.

This is essential because, without this, Papakura would lose a significant element of its identity and attraction as a community.

## 6 Getting from Here to There

### 6.1 The Vision: Living, working and playing together in Papakura

Papakura has a significant contribution to make to regional development, as Auckland seeks to promote efficient development through intensification and the containment of urban growth. Location on the main transport corridors and proximity to South Auckland and Manukau mean that Papakura will experience substantial pressure in light of a growing need for land to accommodate residential and business expansion.

There is therefore a strong imperative for Papakura to manage growth in an effective manner, pursuing local community self-sufficiency to complement the District's nodal advantages, protecting the natural character of the rural areas, and lifting the quality of its built-up areas.

Local community expectations and outcomes focus on the quality of the Papakura environment. While still perceived in part as a dormitory town, there is a positive attitude to growth, enthusiasm for a strong and distinctive town centre, and appreciation of a varied and attractive natural environment. These attitudes provide the underpinnings of a distinctive, locally focused community. Business investment, employment growth, and quality jobs catering for a growing and diverse community are important for building both identity and community.

The expectations discussed in this study confirm the importance of local business as one of the three key elements in Papakura's collective vision of the future:

“a coherent rural-urban district with high standards of amenity centred on a strong and vibrant urban heart with its own cohesive base of residential, business and recreational development.”

Papakura has a unique opportunity to do deliver on this vision, even in the face of strong growth pressures, building on its distinctive town and country character to deliver growth, investment, income and liveability. It has a distinctive environment and is of a scale that potentially enables the Council to act effectively through a network of community and business connections.

The elements of a strategy for supporting business development in Papakura in a way consistent with this long-term vision and with delivering on the community's economic outcomes are developed in this section.

### 6.2 Build the Vision

The community has expressed its views and goals for Papakura's future through the Long Term Community Consultation Plan and other forums. But ideas about how to achieve those goals, particularly the crucial roles businesses can play, are far less well articulated.

The Council is a critical driver of economic development. Through its development of strategies, plans and priorities it is the one organisation engaged with all the relevant parties. It has the capacity to build commitment, advocate and catalyse investors, property owners, educational institutions and business networks.

Building an understanding of each other's business is an important first step by the council and local business. Equally, mutual understanding and respect between the local community and local business is essential to Papakura's progress, so that each experiences a sense of belonging and ownership.

A number of events and programmes that relate today's economy and community to what Papakura aspires to be in, say, 2020 and the steps it needs to get there can build bridges across the different components of the community, as well as help to clarify a shared vision.

Such events might include:

**A Business Open Day:** a weekend day on which local businesses open their doors to the public to show them what they do.

**Papakura Business Highlights:** a profile series in the local paper.

**Papakura Roadshow:** A small group of business and community leaders take a 2-hour presentation, discussion and visioning event out to community groups, schools and other local organizations.

**Papakura 2020 Forum:** a one-day event bringing business and community leaders together to discuss their goals, roles and needs for the future.

### **6.3 Boost the Town Centre**

The Town Centre is central to Papakura's economic development. It has the potential to enhance the quality of work and life locally, to be a transport hub that focuses decisions on investment in roads and public transport, to stimulate private sector investment, and to redefine Papakura's image and reputation.

Above all, the town centre has the potential to develop into the real heart of Papakura.

For this to happen, though, requires a big, unique ambition; for example, to develop Papakura as the "21<sup>st</sup> century market town", rather than seeing it as just a "sub-regional centre". The case for this bigger vision is made in the portfolio of development opportunities (Section 6.8(5))

One condition of revitalisation might be to limit the park and ride capacity to ensure that the railway station is better integrated into the town centre through the nature and quality of pedestrian connections to the station; through the development of a corridor and envelope of complementary land uses; and through the placement of car-parking.

Turning the station at Papakura into a point of arrival rather than a point of departure is a key. At the same time, a more substantial park and ride facility at Drury should reduce the vehicle congestion that otherwise associated with the Papakura Station and town centre. This would substantially reduce the potential for conflict between intensification and redevelopment on the one hand, and creation of a regional transport node, on the other.

The opportunity exists now to redefine the market town through a comprehensive and inclusive approach to redeveloping the centre. Slow growth in the recent past has helped to maintain the options in terms of the built form. A piecemeal approach,

though, or one in which there is limited coordination and commitment from the full range of stakeholders could see options narrowed down as increasing population pressures result in ad hoc, incoherent initiatives.

#### **6.4 A Quality Rural Environment**

Managing growth in Auckland Region has for several decades focused on limiting over-spill into rural areas, although with only limited success. Recognising that the quality of Auckland's rural setting is one of the drivers of growth, and that this is likely to be the case in Papakura, provides grounds for addressing the Rural Plan review in terms of growth management rather than in terms of exclusionary policies.

In Papakura as much as anywhere in the region “urban” and “rural” uses come together in a countryside environment, in this case with industrial scale quarries tucked into bush clad hill country; with large industrial installations screened within a setting of small farms and fields, with an international bloodstock centre dominating its local landscape, and with a highly accessible General Aviation Airport sitting in a landscape of mixed horticulture, pastoralism and lifestyle dwellings.

Having people and businesses occupying the Papakura hinterland is the means of sustaining its “post-pastoral” economic contribution. Active settlement creates the opportunity for investing in the quality of land management necessary to maintain the area's aesthetic and environmental qualities, while increasing the worth and accessibility of valued landscapes for enjoyment by all.

Maintaining the diversity and flexibility of rural land uses probably best serves the economic well being of the wider community, while retaining the diversity reflected in a share of households pursuing rural residential opportunities. This means accepting and endorsing the need to maintain and enhance the quality of the environment as a key attraction of Papakura District. Where employment or industrial uses exist in country areas, or might usefully be located, conditions of operation, screening, traffic access and egress will need to be addressed.

Equally, where water quality, soil conservation, or landscape enhancement call for it, the Council might seek restoration and conservation measures as conditions of occupation and use of rural land. In other words, a positive approach to rural development provides the economic base and rationale for investing in high environmental standards and management and protecting iconic landscapes.

And, as growth pressures inevitably require current open space to be urbanized in proximity to the built-up area, particular care needs to be given to the rural edge. This includes the quality of its management and landscaping, its accessibility, and avoidance of subdivision that limits long-term development options.

At the same time, promoting the quality of the urban edge through appropriate design and rules and avoiding piecemeal development on the edge will both enhance the quality of the interface between town and country, while maintaining options for future development.

#### **6.5 Expand Business Land**

Limited land availability is a threat to business and, especially, industrial investment in Auckland, in the Southern Sector, and in Papakura. Matching recent levels of

growth in demand with estimates of supply points to a sharp slowdown on the back of escalating land prices within the next five years.

Papakura, because of relatively slow growth through to the late 1990s and the proximity and historical protection of rural land, is seen widely as “having the elbow room” to cater for additional growth. Auckland requires sites where large footprint activities, in particular, might locate close to the arterial corridor formed by SH1 and the Main Trunk Railway.

The risk is that the availability of relatively low cost, extensive sites leads to a proliferation of large footprint, low employment, low wage, storage and ware-house development.

An economic development strategy for Papakura should address the urgent need for zoning additional land as a condition of future growth. In doing so, the Council will acknowledge the regional and sub-regional setting and liaise with other southern Sector councils. At the same time, the nature of new land zoned and the process for bringing it to market should promote quality development, investment and employment.

Given this qualification and based on work done so far there are some immediate areas to address.

#### Takanini

The Takanini Structure Plan identifies mixed use and future development areas. Development pressures are building up in the area. The success of the recent Addison residential development and its imminent expansion, the establishment of Southgate as a successful, although still limited, bulk retail centre, and a possible private plan change seeking an industrial business park south of Popes Road and west of Porchester Road are all signs of this pressure.

The areas for which other private plan changes might be introduced and the conditions that they should meet could be incorporated within an economic strategy framework that recognises the urgency of meeting demand if growth is not to be stymied at some cost to the Region.

#### Ardmore

The planning process and Environment Court hearings into noise and movements have created wariness among tenants at Ardmore. This has limited their level capital spending. When these matters are resolved, the council could engage with the airport company, its tenants (through the Ardmore Airfield Tenants and Users Committee), and residents to determine a policy for liberalising access, encouraging appropriate development and, perhaps, extending the Ardmore Business Zone for more general business purposes. A connection may be retained among investors with aviation generally, for example, but this need not focus on aircraft-related activity. And, any liberalization should ensure that standards of investment appropriate for a quality business park environment are maintained (see Section 6,8(4), below)

#### Drury

The area in which a substantial additional contribution to business land could be made is Drury, where there is already a concentration of businesses in close proximity to the motorway and railway. The Drury offers opportunities for expansion of business on this node, at the same time as it is developed as a significant park and ride facility.

This could be done through a structure plan which also recognises and provides for the development of the major park and ride facilities for the District (and for northern Franklin).

## **6.6 Make the Connections**

Good connectivity – the way people, areas, and activities come together – is essential to strong economic development. Papakura has a role to play, primarily as a transport node, in the regional and sub-regional setting, identified through the Regional Growth Strategy and endorsed in the Regional Land Transport Strategy.

However, it is important that this role should not be at the cost of local connectivity and transport integration. To protect the quality of the residential and living environment, and to sustain the attractiveness of Papakura to business, a local transport strategy should be prepared. This would cover, among other things, arterial and local road development and integration, vehicle access to key nodes, vehicle and pedestrian access, cross-modal integration, and so forth. Ideally it will cover different forms and purposes of transport – through traffic, local commuting, recreational and social needs, traffic among local nodes, and suburban traffic.

A transport strategy would address the following, obvious issues including:

- Integrating arterial routes with SH1;
- Ensuring that routes are designated for new arterial roads as the backbone of a comprehensive network, and that sufficient corridor is allowed in these for a much more populous and economically active district in the future;
- Developing a transport hub at Drury;
- Traffic management in and around the town centre;
- Better connecting Hingaia and other developments to the west of the Southern Motorway with the rest of Papakura;
- Developing an extensive network of attractive greenways for pedestrians and cyclists to connect areas with the town centre, key recreational nodes and areas (active and passive), schools and other community facilities.

## **6.7 Work with Business**

Business interests showed an enthusiasm to work with the Council. This can be sustained through a Business Forum which maintains dialogue with councillors and officials, dealing with issues of concern as they arise. The Business Forum need not be formal nor should membership necessarily be fixed.

However, it would be a conduit to address and collaborate on such matters as:

- The continuing role of business in the community, and its role in the planning, policies and activities of the council;

- Clarification and simplification of regulations and plans;
- Joint advocacy and coordination of submissions and representation to government agencies and others;
- Networking, area promotion, celebrations of success, investor friendly
- Clarity and certainty over land use and investment in key elements of infrastructure;
- Information exchange –current trends and expectations in local government and in business;
- Preparing a document on business outcomes to underpin the Community outcomes contained in the LTCCP;
- Developing and progressing the Papakura Business Development Portfolio.

## **6.8 The Papakura Business Development Portfolio**

Following business interviews and our analysis, the consultants propose a range of economic and business possibilities that Papakura could pursue. To judge the merits of each, we tested them against 12 criteria:

- Does Papakura have existing strengths in the area?
- Does the opportunity offer good growth potential?
- Will it contribute to the regional and national economies?
- Will it play well to long-term changes in the global economy?
- Can Papakura develop a dominant or leading position in the area?
- Is it relatively resilient to economic cycles?
- Will it create higher value, higher wage and more sophisticated jobs?
- Will it attract champions and investment from the private sector?
- Will it attract government funding?
- Will it attract strong support from the people of Papakura and the region?
- Can it be developed in logical steps, each with significant impact?
- Will it enhance Papakura’s image?

From that analysis, we advance a “district development portfolio” of seven opportunities for consideration. These are discussed below.

### (1) The New Zealand Heavy Construction Centre

Papakura is one of Auckland's most important sources of construction materials and concentration of skills. It is well placed to play its role in helping to meet the strong growth in infrastructure and other construction investment.

Spending has been lifted by the need for Auckland region to catch up on under-investment in roads and other facilities over some 15 years. Projected population growth will also maintain strong demand.

Consequently, the demand for construction materials is rising rapidly. The New Zealand Minerals Association forecasts that demand for aggregates in the Auckland region will rise from 8 tones per person per year to 10 tonnes.

The Winstone and Stevenson quarries within Papakura District supply 60% of the Region's aggregates and have sufficient resource on their own land to meet demand for several generations to come.

Also located within Papakura are facilities for manufacturing pipes, blocks, structures and other concrete products. The two largest are the Humes plant near Winstones Hunua quarry and the Stevenson plant at its Drury quarry.

Further along the production chain is HEB Construction. Based in Drury, HEB has grown into one of New Zealand's largest civil and construction works. Papakura Engineering, fabricates steel components for construction. An informal survey of local businesses indicates that there is a good range of other, though predominantly small, companies in the construction sector.

While these businesses maintain traditional business relationships, they could jointly form a heavy construction cluster that could, in turn, become a much bigger economic driver for Papakura, especially if, in due course, the cluster became a national centre of excellence.

A cluster structure could promote development of a wide range of activities relating to heavy construction such as:

- Engineering, design, specification and project management;
- Training in equipment use and health, safety and other practices;
- Specialist support skills in environmental monitoring and other areas;
- Research in materials, product development & environmental control.

This cluster would also give Papakura the opportunity to attract its first major tertiary activities. These might concentrate initially on skills training, but preferably would develop to involve academic and research functions in the heavy construction and materials sector.

Uniquely in Auckland, Papakura can offer tertiary partners a range of locations for this, including: office-style accommodation for classrooms; yards, workshops and areas for construction research; and open space on, for example, the buffer zones of the quarries, for training heavy equipment operators.

Potential partners in the cluster include:

- The construction-related companies already established in the district;
- The Heavy Engineering Research Association headquartered nearby in Manukau City. HERA has 392 Ordinary Member companies, 188 Associate Members and 14 Affiliate Members. It has formal relations with 12 international research organizations. While its current focus is on the metals sector, there are synergies with heavy construction;
- Major construction and civil engineering companies such as Fletcher Construction, Fulton Hogan, Multiplex and Beca Carter;
- The New Zealand Council for Infrastructure Development whose members include major construction companies and investors
- The University of Auckland's Department of Civil and Environmental Engineering;
- Manukau Institute of Technology and Unitec 's construction courses;
- Tai Poutini Polytechnic, headquartered in Greymouth, this has well-established programmes in heavy equipment training and other construction skills, In Auckland City, for example, it already runs a scaffolding school.

A heavy construction cluster:

- Enhances high value, largely unique role in regional economy
- Capitalises on strong long-term growth demand
- Avoids most competition from outside the region or country
- Free of competition from substitute products
- Builds on strong local base; and potential for national support
- Generates of knowledge-based activity and jobs
- Attracts tertiary teaching and research activity

(2) The South Auckland Trades Park

Trades-based businesses are essential players in the construction sector. Typically working as subcontractors, they contribute skilled tradesmen to projects. But because many of them are very small companies or sole-traders, they face a number of challenges to running their businesses such as:

- Developing their commercial skills;
- Enhancing their trade skills;
- Learning about and adopting new technology;
- Finding support services and mentoring;
- Meeting their regulatory obligations.

There is potential in Papakura to develop a trades park, centre or similar facility for hosting organisations offering these learning and support services, including:

- Polytechnics and private sector training establishments offering short courses in commercial and trades skills;
- Accounting, health and safety advisers and other professional providers offering fee-based services to relieve the trades companies of book-keeping, safety audits and training and other compliance activities;
- Central and local government agencies offering a one-stop-shop for their services;
- Builders merchants and other product suppliers with trade outlets and demonstration centres supplying companies. A major DIY chain, for example, could be the anchor tenant or cornerstone developer of such a trade centre.

Papakura is location of choice for such a centre. It is the scene of, or close to, much of the construction activity in south Auckland; the trades-focused services would complement the activities of the proposed Heavy Construction Centre; and Papakura has potentially the land to house such a park in an accessible location.

A trades park:

- Creates a new type of facility and service in region
- Up skills a large segment of local business owners
- Creates synergies with the Heavy Construction Centre
- Improves the knowledge content, economic value and wages of local jobs

### (3) Technical Education Centre

The convergence of a growing labour shortage, a youthful age structure, and possible gaps in the curriculum raise the possibility of the Council acting as a catalyst to address the issue of technical education and work preparation among students who are not following an academic path.

The secondary school system is seen by some as too heavily emphasising academic rather than practical streams, thereby reducing an awareness of technical options, and the capability to move easily into trades, skilled, and semi-skilled vocations.

At the same time, Papakura has a concentration of “blue collar” work and is in an area of Auckland in which production-oriented activities are a major component of the economy. The aim of a Technical Education centre would be to fill the gap in a unique way, building on and coordinating local resources and community goodwill.

The aim would be to introduce a range of programmes, including on- and off-curriculum training, through the collaboration of secondary schools, employers, and the council. Such a programme could be run out of a small office, coordinating the provision of resources, tutors and advisors, and places for learning from throughout the District, offering, for example:

- Workplace observation and experience;

- Introductory technical courses;
- Pathways to apprenticeships;
- Part-time work opportunities;
- Education for life programmes;
- Vocational advice and mentoring.

The collaborative nature of such an initiative would build on resources already in place and strengthen the links between local business, education providers, and the community at large. By operating in a collaborative manner, drawing on resources across a range of interests and avoiding delivery by a new agency, such an initiative can be achieved at low cost and with maximum flexibility.

The focus could well be an existing (or new) school, operating a specialist facility across Papakura. However, such a location should not limit the nature of people participating, both as providers and as students and this would need to be reflected in governance and management arrangements.

A Technical Education Centre:

- Meets the needs of a large number of new people for skills;
- Offers them the prospect of local employment and income;
- Increases the skilled labour force available to business;
- Builds linkages that strengthen the local community;
- Increases the attractiveness of Papakura to new investment.

#### (4) Ardmore Aerospace and Technology Centre

Ardmore Airport is a unique resource as the undisputed centre for general aviation operations, services and training in Auckland. It faces some competition, however, from neighboring airports such as Hamilton and Tauranga.

Ardmore's development has been held back for many years by long-running issues of aircraft noise, number of movements and land use. Residents and Ardmore have not yet agreed on airport movements and noise issues, but the company and local residents association are anticipate that agreement can be reached in the near future through the Environment Court.

The limits likely to be set should give room for moderate growth in aircraft activity over coming years before the ceilings are reached. However, the airport's long-term ability to operate needs to be secured by robust planning processes by the District Council.

Hopefully, such certainty would give companies already operating there and new investors the confidence to embark on long-term development strategies. Three major opportunities are proposed:

#### Enhance general aviation:

Current facilities for charter flights and general aviation are adequate at best. While road access from the Southern Motorway is currently acceptable, it is poorly signposted and will need upgrading to cope with increased airport-based traffic.

Investment in facilities and promotion of Ardmore's services is required if the Airport is to grow and counter competition from other airports. Moreover, the road linking Ardmore to the Motorway needs to be upgraded to a main route so that it can handle the growth of economic activity and traffic along its length.

While investment at Ardmore will come from the airport company, its tenants and other private sector sources, Papakura District could stimulate that process by working with them on a long-term development strategy.

#### Deepen the training and technology base:

In recent years, the airport has seen expansion of its training and maintenance activities. For example, Eurocopter, a subsidiary of European Aeronautic Defence and Space Company, the maker of Airbus and other aircraft, has recently extended its helicopter maintenance facilities and expects further steady growth.

Some NZ-owned companies and subsidiaries of large foreign corporates working in training, aircraft operation and maintenance services appear well-resourced and capable of growth at the airport.

It should be noted, however, that a number of companies at Ardmore seem less commercially secure and are thus vulnerable to rises in rent, aircraft fees and other charges levied by the airport company.

All the aviation companies interviewed for this report said one of their major constraints was the shortage of qualified aviation mechanics and other specialists. They expected this pressure to become more acute because of growing demand and a high average age for current staff.

This suggests an opportunity to build up this function at the Ardmore. Further discussion and analysis is required though with employers and the main training providers. The latter include Massey University's School of Aviation; People Development and Training; the maintenance training provider to Air New Zealand Engineering Services; the Aviation, Tourism and Travel Training Organisation (ATTO); and Nelson Marlborough Institute of Technology which runs an Aircraft Maintenance Engineering programme at Blenheim airport.

#### Broaden the range of activities:

There are benefits from broadening the activity base at Ardmore. The Aerodrome Zone is extensive, allowing scope for further development while maintaining a good buffer between those businesses and neighbours.

Further study is required to determine how wide a range of new activities could be allowed. Would, for example, a total lack of restrictions see some land being used for low-value commercial activities with no connection to the airport's existing activities and therefore making no contribution to development of its core business? Or would, a focus on engineering and other technical services strengthen the role of the airport?

The airport company says it would have a better chance of keeping aviation charges low if it could put the areas of unoccupied land to a wider range of uses, rather than being tightly restricted to aviation uses.

In interviews for this report, however, some companies at the airport said they were sceptical that the airport company would subsidise aircraft activity from higher-yielding, non-aircraft uses if it was allowed greater commercial freedom.

Ardmore Aerospace and Technology Center:

- Increases economic activity of a large and unique asset
- Enhances the asset's value and service to the region
- Builds knowledge base of local companies and employees
- Deepens linkages with overseas technology firms
- Attracts tertiary training providers
- Attracts technology companies from outside aviation
- Increases demand for high skilled, high wage jobs

#### (5) The 21st century market town

Papakura has a long history as a market town. Some of that legacy is apparent today in the layout and amenities of the town centre and in the annual Town & Country festival.

Papakura has the opportunity to reclaim and build on that distinctive role as the Auckland urban area spreads south. As a growth node under the current Regional Growth Strategy, Papakura has a unique advantage because its town centre remains close to an attractive rural area. Papakura can develop this town and country alignment into a modern version of the market town, a place where people come to:

- Meet, transact, recreate, relax and recharge in a pleasant atmosphere;
- Benefit from the strong sense of community;
- Work in small scale offices, professional services and other businesses;
- Live close by, with some living on or near their work premises;
- Shop in small scale outlets offering the best urban and rural products;
- Experience the nearby bush, paddock and coast;
- Connect with Papakura's rich history.

Papakura's slow growth over the past two decades has left it with much of the old town centre and character intact. Moreover, slow growth has left it plenty of older buildings to redevelop, "elbow room" to rework existing spaces, manageable traffic and people flows and amenities, and land for new developments. However, the opportunity may not be enduring as the pressure of residential and business growth lead to ad hoc responses to short-term pressures. For this reason, the opportunity needs to be addressed with urgency.

People increasingly value town and country style - lifestyle, workstyle and visitor experience. The market is large, comprising local people, residents of the Region connected by good road and rail services, and, potentially, overseas visitors keen to experience an attractive and traditional aspect of New Zealand life.

21<sup>st</sup> Century Market Town:

- Strengthens Papakura's economic base;
- Broadens retail catchment area to regional, national & overseas clients;
- Enhances Papakura's identity and reputation;
- Stimulates private sector investment in urban regeneration;
- Creates local jobs;
- Diversifies housing;
- Improves amenities and services.

(6) Youth sports academy

Papakura's rapid growth in housing over the next few decades will draw young families to the District. They will ensure that Papakura continues to have one of the youngest age structures in Auckland. This, in turn, gives Papakura the opportunity to become a regional centre for youth sports training and venue for competition. Such an academy will give a sense of purpose and achievement to its members, enhance community well-being and build Papakura's reputation.

Substantial groundwork has already been laid at Bruce Pulman Park thanks to the foresight and efforts of Mr Pulman and others. However, the district has yet to articulate big, long-term goals for such an academy, commit to them and develop a comprehensive network of partners and sources of funding to achieve them.

One model that might be explored as an exemplar from which an academy might draw is the Millenium Institute located in North Shore City.

A youth sports academy:

- Improves local amenities and services
- Enhances Papakura's reputation
- Attracts sports, recreation and health professional services
- Improves quality of life for young people
- Generates economic activity from local users and visitors

## (7) Linkages with NZ Bloodstock Centre

The New Zealand Bloodstock Centre at Karaka must be the most internationally focused business in the District. Each year, overseas buyers flock to its eight sales held over 13 days, particularly its three-day Select Yearling sale in late January.

The Centre is achieving one of the most important goals any NZ exporter can set itself: it is building its success on increasing the value of its sales, not the volume. For example, the average price paid per horse at its yearling sales has doubled from \$55,000 in 1996 to \$125,000 last year.

Moreover, it expects the average to reach \$200,000 per horse in the next few years thanks to the continuing rise in quality of NZ-bred horses, their escalating reputation overseas and expansion of horse racing, particularly in Asia.

The Centre has also developed a significant role in some ancillary services. For example, it believes it is the second largest arranger of international airfreighting of racehorses.

Currently, the Centre has minimal economic impact on the district other than generating some part-time employment on sales days. For example, the local lack of high quality hotel accommodation and restaurants means that most international visitors stay in the Auckland CBD, driving out to Karaka for only the sales.

Detailed analysis is needed to understand better how the district and Centre could deepen their economic engagement. But the most likely area is the development of Papakura as a location for professional services for the thoroughbred industry. Providing high-end hospitality to the Centre's visitors could be a longer-term goal. But the business generated by the Centre alone would not offer a big enough customer base. Such up market hospitality venues would need to draw on a far wider clientele from the region's residents and visitors. This might be a related area for investigation.

One option to be considered is the possibility of focusing the Sports Horse Cluster on the Karaka site. This would be subject to suitable leasing arrangements being made with the New Zealand Bloodstock Centre, but it could see an assembly or equine interests co-located at what is an iconic and highly visible location. Such a facility could include an arena, stable and training facilities, equipment retail and hire, and veterinary services, for example.

Linkages with New Zealand Bloodstock Centre could

- Leverage opportunities with a world-class, highly international business
- Attract professional services to the district
- Deepen a national role for Papakura
- Enhance Papakura's reputation and identity at home and abroad
- Stimulate high-end of the hospitality sector

## (7) A Logistics Hub

Further growth of distribution services is a good prospect for Papakura. The district's strategic location on the southern fringe of Auckland, its road and rail connections and its available land all work in its favour. Its attributes work well for both the metropolitan market but also for the northern half of the North Island.

Careful consideration needs to be given, however, to mitigating the adverse side-effects of such activity. Distribution centres are typically large footprint, bland premises offering low-skilled, low wage employment. Moreover, they increase the demands on local roads.

However, recognising their growing significance in the national and regional economies, one or two such investments could be allowed into screened countryside sites with good arterial and motorway access.

Logistics hub development:

- Builds on existing strength
- Reflects current regional and national development trends
- Provides lower skilled jobs
- Catalyst for some roading investment
- Strengthens Papakura's role in national distribution networks

## 6.9 The People Part

Central to many of the initiatives outlined, including advancement of the proposed Papakura Business Development Portfolio, is the capacity and commitment of the community. Initiatives that fall under the Building the Vision are intended to encourage the people of Papakura to identify with local business (and vice versa). The aim is to build a sense of mutual interest and belonging that, among other things, would increase the availability of skilled workers and reduce labour turnover and costs to Papakura-based business, and increase the local income and advancement opportunities for Papakura residents.

### People, Work and Business

One of the issues increasingly constraining business development in Auckland is limits on the skilled and semi-skilled workforce. If the capacity of the local population can be released, particularly as it expands, the skills and resources required to implement a local economic strategy will be available.

Given the youthful nature of the population, one of the keys to this is education. This can focus on the involvement of children, young adults, and their families in Papakura's economy in the broadest possible manner.

This might commence, perhaps, with the involvement of business and council in the primary school class room. It might entail regular site visits by pupils to workplaces, and visits by business people and councillors, to schools. It may involve making exhibitions about the local area and economy child friendly and accessible.

## A Family-Friendly Environment

More directly, the liveability part of the vision may require the development of policies to ensure that Papakura is family- and child-friendly. This may permeate planning and design by the council and developers. Indeed, a “whole of family” approach to public places can be a distinguishing theme of Papakura’s development.

The needs of young adults also need to be addressed. The development of a youth forum may assist the Council in identifying and catering for their needs for public space and community facilities. Flexibility and openness should be the hallmark of such an initiative and any actions that might flow from it.

Flowing from this, and perhaps driven by the Technical Education Centre, should be a programme of “learning for life” attuned to the needs of the residents and the opportunities in the District. This would build on and link the expertise of school vocational offices, the Manukau Institute of Technology, and business leaders.

Another initiative directed towards wider community involvement in shaping and sharing in local progress might be a “creativity forum”, built around a space and volunteers who would work with youth, in particular, to expose and support them in developing their creative talents in music, the visual. and the performing arts.

## 6.10 Getting Started

The initiatives outlined in this framework address a vision in which living, working and playing in Papakura are entwined. Regional initiatives highlight growth management and quality of life both as conditions of a healthy regional economy.

### Key Elements of the Framework

The framework outlined here adopts a growth management perspective. It addresses as keys:

- The likely housing and growth pressures facing Papakura and the need to address these jointly as a condition of positive economic development;
- The need to work with business to do so;
- The critical role of land supply to economic development, and of the growth management strategies associated with this;
- The centrality of the town centre to Papakura’s economic and community life, and the opportunity it offers to build a distinctive sense of place and image for the district;
- The importance of an active and progressive approach to the integration of rural development, open space, the rural-urban edge and the natural environment
- The importance of a transport plan which ensures the nodal opportunities at Papakura are not exploited at the cost of local connectivity, the residential environment, or the town centre, and that recognises and plans for vehicle and non-vehicle movement between local nodes in an integrated manner;
- The opportunity to get working with business through debating and developing a distinctive Papakura Business Development Portfolio in an open business forum;

- The importance of involving the community in this initiative. This involves, among other things, building bridges between business and residents; creating an environment in which skills can be acquired through a variety of practical paths leading to local employment and business opportunities; and working with young people to realise their visions of community, building their local commitment, and developing their sporting and creative potential.

#### Principles for Implementation

The outstanding question is how the framework proposed might be developed and implemented.

Perhaps the first underlying principle in the framework is the requirement for the Council to work with and tap into existing resources. For example, elements of the framework might simply inform and influence the priorities of planning, infrastructure investment, and projects already undertaken by the council. Others may require the Council to identify and mobilize the appropriate skills and resources within the wider community.

Indeed, the more active components of the framework rely on the Council working to draw in resources from the business sector, from education, government, and the community. Hence, a second principle is to develop partnerships and collaboration, elements of which are already underway within the Economic Development Office.

A third principle suggested is for the council to use forums to engage with different groups – particularly business, education and youth. These can build commitment without undue expenditure by the Council or undue weight on individual participants. Forums might recognise and formalise some of the cooperation already underway or implicit in the discussion undertaken for this report. They provide the flexibility that they can be organised to respond to different issues and dissolved when those issues have been addressed.

A fourth principle is to collaborate with other Southern Sector Councils on economic as well as land use planning matters. Again, this is already a reality.

There are areas in which significant additional resources, including funding might be required. The development of an integrated transport plan is one. The development of some form of children's and young people's policy which can inform planning and projects may be another.

A fifth principle is the use of leverage. The establishment of a Tertiary Education Centre implies a commitment of resource by a variety of parties that stand to benefit as well as participate. The Ministry of Education is an obvious stakeholder. However the council might choose to act as a catalyst, provide some seed funding, or provide an office.

Similarly, the development of a Heavy Construction Centre might be materially supported by the Ministry of Trade and Enterprise, tertiary institutions, the construction and civil engineering sectors.

There may be a number of potential partners in the key project of town centre redevelopment and positioning. This is perhaps the most difficult area in which to generate long engagement that will commit to long-term change. This is partly

because of fragmented accountability. There are many owners and tenants with different stakes in the town centre, as well as the public in various guises, and the Council as representative of the wider community. These stakeholders have different time frames, with retailers subject to both economic cycles and tenancies terms; land lords often having a long-term “hold” objective, and councillors caught between aiming for long-term, planned community as a response to community planning processes, and short-term wins as a response to political realities.

The difficulties in progressing integrated planning for the town centre raise another principle, that of catalysing change. In this case, the council acts as an agent of the community seeking to motivate and mobilize other agencies that can bring about change. It may involve the provision of seed money for an initiative, or convening a group (or groups) that later takes on its own life, or investing in strategic public projects (parks, streetscapes, facilities) designed to stimulate a wider and cumulative response.

## **Conclusion**

This framework advanced in this report builds on the current vision for Papakura, an analysis and understanding of the global, regional and local issues facing its economic development (and, indeed, the wider development of the community), to provide a framework through which the council might pursue the economic well being of the community.

The framework includes a range of initiatives that the council might pursue and a set of principles through which it might choose to action them.

The further development of the elements of this framework, prioritising them, and then seeking the responses and resources, from within Council and without, is the next step in this process.

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