



I hereby give notice that an ordinary meeting of the Economic Development Committee will be held on:

Date: Tuesday, 1 July 2014
Time: 9.30am
Meeting Room: Council Chamber
Venue: Auckland Town Hall
301-305 Queen Street
Auckland

Economic Development Committee

OPEN AGENDA

MEMBERSHIP

Chairperson	Cr Anae Arthur Anae
Deputy Chairperson	Ross Clow
Members	Cr Cameron Brewer Cr Bill Cashmore Member Precious Clark Cr Linda Cooper, JP Cr Hon Christine Fletcher, QSO Cr Denise Krum Member Kris MacDonald Cr Dick Quax Cr Penny Webster
Ex-officio	Mayor Len Brown, Deputy Mayor Penny Hulse

(Quorum 6 members)

Elaine Stephenson
Democracy Advisor

24 June 2014

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TERMS OF REFERENCE

Areas of Activity

- Providing strategic oversight and direction to economic development in Auckland
- Management, monitoring and reporting on of the performance of Auckland's economy and the coordination of Auckland's Economic Development Strategy
- Proposing, supporting and reviewing strategic projects and programmes which will deliver on Auckland's Economic Development Strategy
- Facilitating partnerships and collaborative funding models to support economic development initiatives
- Providing a point of engagement for the Council with the government, business and business organisations and local economic development agencies in relation to all economic policy and strategy matters
- Evaluating the balance of economic development policies, programmes and initiative across Auckland and ensuring an appropriate balance between rural and urban opportunities

Responsibilities

Within the specified area of activity the Committee is responsible for:

- In accordance with the work programme agreed with the parent committee, developing strategy and policy, including any agreed community consultation, to recommend to the Regional Strategy and Policy Committee
- Acting as a community interface for consultation on policies and as a forum for raising community concerns, while ensuring community engagement is complementary to that undertaken by local boards
- Making decisions within delegated powers

Powers

All powers necessary to perform the Committee's responsibilities

Except:

- (a) powers that the Governing Body cannot delegate or has retained to itself (see Governing Body responsibilities)
- (b) where the Committee's responsibility is limited to making a recommendation only
- (c) where a matter is the responsibility of another committee or a local board
- (d) the approval of expenditure that is not contained within approved budgets
- (e) the approval of expenditure of more than \$2 million
- (f) the approval of final policy
- (g) deciding significant matters for which there is high public interest and which are controversial
- (h) the commissioning of reports on new policy where that policy programme of work has not been approved by the Regional Strategy and Policy Committee.

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1 Apologies

An apology from Cr CE Fletcher has been received.

2 Declaration of Interest

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

3 Confirmation of Minutes

That the Economic Development Committee:

- a) confirm the ordinary minutes of its meeting, held on Wednesday, 21 May 2014, as a true and correct record.

4 Petitions

At the close of the agenda no requests to present petitions had been received.

5 Public Input

Standing Order 3.21 provides for Public Input. Applications to speak must be made to the Committee Secretary, in writing, no later than **two (2)** working days prior to the meeting and must include the subject matter. The meeting Chairperson has the discretion to decline any application that does not meet the requirements of Standing Orders. A maximum of **thirty (30) minutes** is allocated to the period for public input with **five (5)** minutes speaking time for each speaker.

At the close of the agenda no requests for public input had been received.

6 Local Board Input

Standing Order 3.22 provides for Local Board Input. The Chairperson (or nominee of that Chairperson) is entitled to speak for up to **five (5)** minutes during this time. The Chairperson of the Local Board (or nominee of that Chairperson) shall wherever practical, give **two (2)** days notice of their wish to speak. The meeting Chairperson has the discretion to decline any application that does not meet the requirements of Standing Orders.

This right is in addition to the right under Standing Order 3.9.14 to speak to matters on the agenda.

At the close of the agenda no requests for local board input had been received.

7 Extraordinary Business

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“An item that is not on the agenda for a meeting may be dealt with at that meeting if-

- (a) The local authority by resolution so decides; and
- (b) The presiding member explains at the meeting, at a time when it is open to the

public,-

- (i) The reason why the item is not on the agenda; and
- (ii) The reason why the discussion of the item cannot be delayed until a subsequent meeting.”

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“Where an item is not on the agenda for a meeting,-

- (a) That item may be discussed at that meeting if-
 - (i) That item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- (b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.”

8 Notices of Motion

At the close of the agenda no requests for notices of motion had been received.

The current status of the rollout of Ultrafast Broadband in Auckland

File No.: CP2014/13799

Purpose

1. To provide the Economic Development Committee with an update on the current status of the rollout of Ultrafast Broadband in Auckland.

Executive summary

2. Crown Fibre Holdings and Chorus will provide a joint presentation on the current status of the rollout of Ultrafast Broadband in Auckland.
3. The presentation includes an overview of the current state of the build, uptake of the service and key deployment issues for Auckland, as per previous presentations to the Committee in prior years. This presentation is expected to keep the governing body abreast of how the programme is progressing in Auckland.
4. Crown Fibre Holdings is the Crown-owned company responsible for administering Ultrafast Broadband (UFB) funding and policy on behalf of central government, and Chorus is the company in charge of building the UFB network in Auckland.
5. The presenters are:
Anna Verboeket – Stakeholder relations manager, Crown Fibre Holdings
Craig Young – head of Industry Relations, Chorus.

Recommendation/s

That the Economic Development Committee:

- a) receive the presentations by Anna Verboeket and Craig Young on the current status of the rollout of Ultrafast Broadband in Auckland.
- b) thank Anna Verboeket and Craig Young for their presentations.

Attachments

There are no attachments for this report.

Signatories

Author	Elaine Stephenson - Democracy Advisor
Authoriser	Harvey Brookes - Manager Economic Development

Customer-centric approaches to regulatory activities

File No.: CP2014/13756

Purpose

1. To provide information to the Economic Development Committee on how the consents, compliance and enforcement processes under the Resource Management Act (RMA), Building Act and Bylaws are managed and delivered to ensure that the performance, processes and operating culture of the consenting system is customer and business friendly.

Executive summary

2. Auckland Council regulatory services have implemented, or will soon implement, a range of customer-centric processes to make it easier to do business with, including:
 - i. The Housing Project Office
 - ii. The Residential Partnership Programme for Building Control customers
 - iii. A mobile inspection app for building inspections
 - iv. Key account services for major Resources Consents customers
 - v. A pre-application process for Resource Consents customers
 - vi. A case-management approach for Resource Consents customers
 - vii. A fast-track application process for Resource Consents customers
 - viii. An integrated alcohol licensing approach for Licensing and Compliance Services customers.
3. The Committee will be provided with a presentation providing additional detail about the above.

Recommendation/s

That the Economic Development Committee:

- a) receive the Customer-centric approaches to regulatory activities report and its accompanying presentation
- b) note the improvements being made by Auckland Council to ensure that the consenting system is customer and business friendly.

Comments

4. The Residential Partnership Programme allows qualifying building developers, with standard designs and no site specific planning or engineering issues, to have their consents fast-tracked and delivered substantially under the statutory timeframe.
5. The mobile inspection app allows customers to book their building inspections online, rather than having to ring Auckland Council and validate details of their consent in order to arrange the inspection.
6. The key account service gives major customers of Resource Consents a single point of contact in order to assist them to better understand the consenting process overall, key contacts across the organisation, and processes prior to lodging an application.

7. The pre-application process allows customers of Resource Consents to work through issues before formal application. This allows for development issues to be clarified early and aims to speed up the overall consenting timeframe.
8. The case management approach for resource consent customers ensures that the many Council interactions required during the application process are coordinated. The approach is extremely beneficial for large and complex applications that involve many Council Controlled Organisations and Council departments.
9. The resource consenting fast track application process speeds up consenting timeframes for the lower risk applications.
10. Integrated alcohol licensing means applicants looking to set up a new bar or liquor store deal with a single Alcohol Licensing staff number. That staff member carries out the necessary co-ordination within Auckland Council, reducing the work required by the applicant.
11. The Housing Project Office (HPO) has been established to respond to and deliver on the Auckland Housing Accord and enabling housing legislation i.e. Housing Accord and Special Housing Area Act 2013. Development of new sites and homes within Special Housing Areas (SHAs) will be fast-tracked through a new end-to-end process model.

Consideration

Local board views and implications

12. Not applicable.

Māori impact statement

13. Not applicable.

Implementation

14. Not applicable.

Attachments

There are no attachments for this report.

Signatories

Author	Zhivan Alach, Licensing and Compliance Services
Authoriser	Harvey Brookes - Manager Economic Development

World Cities Summit

File No.: CP2014/13328

Purpose

1. To inform the Economic Development Committee about the Mayor's and senior council staff's attendance at the World Cities Summit in Singapore in June 2014.

Executive summary

2. The World Cities Summit 2014 was held in Singapore from 1-4 June 2014. It was attended by 120 mayors and 250 cities, and representatives of governments, local government, business and non-government organisations from around the world. It was preceded by the World Cities Summit Mayors' Forum attended by 120 mayors. The World Cities Summit Mayors Forum is an annual by-invitation only global event for city mayors and leaders to discuss pressing urban issues and share best practices. Mayor Brown was invited to this year's Mayors' Forum and attended along with Roger Blakeley.
3. The World Cities Summit is a global platform where government leaders and industry experts address liveable and sustainable city challenges, share urban innovation projects and forge new partnerships. Singapore provides strong leadership in hosting this World Cities Summit every two years. The summit was organised by the Centre for Liveable Cities, Singapore, and the Urban Redevelopment Authority, Singapore.
4. Auckland Council sent a delegation comprising Mayor Len Brown, Sir Bob Harvey (Chair, Waterfront Auckland), Roger Blakeley (Chief Planning Officer), Harvey Brookes (Manager, Economic Development Department), Ludo Campbell-Reid (Urban Design Champion), and Sanchia Jacobs (International Relations Manager). The delegation was supported by the New Zealand High Commission in Singapore.
5. The Summit was themed "*Liveable and Sustainable Cities: Common Challenges, Shared Solutions*". The scale and significance of the summit provided a unique leveraging and networking opportunity. The delegation engaged with global city leaders and senior city officials on strategic issues of importance to Auckland including liveability and sustainability, investment, best practice development and increasing Auckland's visibility. Parallel programmes on during the week and at the same venue included Singapore International Water Week and the Clean Enviro Summit Singapore. Topics of mutual importance to all three events were presented in joint plenary sessions, and there was a wide range of cross-fertilisation of delegates through the various events in the margins of the summit.
6. The delegation also focused on engagement with Singapore-based investors to promote Auckland as a business friendly city and to encourage investment interest. The delegation identified further opportunities to increase international investment in Auckland.
7. The summit included the Lee Kuan Yew World City Prize award ceremony, won this year by Suzhou, China. The Lee Kuan Yew World City Prize has become the pre-eminent cities prize in the world and the delegation's attendance provided a platform to position Auckland for a potential entry to the Lee Kuan Yew World City Prize 2016.

Recommendation/s

That the Economic Development Committee:

- a) note the attendance of the Mayor and senior council staff at the World Cities Summit in Singapore in June 2014.
- b) note the programme of meetings and the outcomes from the attendance of the mayor and senior council staff at the World Cities Summit in Singapore in June 2014.

- c) note that the delegation was successful in raising the profile of Auckland, both in terms of its liveability vision and investment attractiveness and that a follow-up investment roadshow to Singapore is being planned for later in 2014.
- d) note the council is likely to engage in future activity with the World Cities Summit and Lee Kuan Yew World City Prize.

Comments

8. Auckland's attendance at the World Cities Summit in Singapore was part of a strategic programme to raise Auckland's global visibility, with a view to positioning Auckland for the Lee Kuan Yew World City Prize. This represents a move away from the previous "international relations" approach towards one which deliberately seeks to raise Auckland's profile both as an investment destination and as a great place to do business.
9. The delegation developed shared objectives to achieve at the summit. These were outlined to the Economic Development Committee on 21 May 2014. These included to:
 - Raise Auckland's global visibility
 - Meet with successful investment driven cities
 - Identify and meet with cities of best practice in transport, waterfront, and planning
 - Learn about and position Auckland for entry into the Lee Kuan Yew World City Prize 2016
 - Identify and meet with key Lee Kuan Yew World City Prize stakeholders
 - Meet with New York City and Suzhou Lee Kuan Yew City Prize teams
 - Scope out the World Cities Summit showcases and exhibitions

Outcomes

The following were outcomes related to the shared objectives at the World Cities Summit:

10. Raise Auckland's global visibility

- The delegation had an active programme of meetings at and around the summit with political and city leader (key meetings are attached as appendix one). These meetings provided an opportunity to share and promote the Auckland story and raise Auckland's visibility at this global event.
- Mayor Brown's participation in a roundtable discussion in the Mayor's Forum, significantly raised Auckland's profile in this global forum and helped enhance Auckland's global visibility.
- The delegation met with counterparts from Brisbane, Fukuoka and Guangzhou at the summit to discuss closer collaboration, sister-city relationships, and areas of benefit between the cities.
- The delegation met with Rt. Hon. Helen Clark the Administrator of the United Nations Development programme. Topics discussed including the role and significance of the Lee Kwan Yew award, the strategic investment importance of Singapore to Auckland and Ms Clark's views on the current and future role of Auckland as a global city.
- Panel presentation by Mayor Brown at the Future Mobility session on the impact of advanced technologies in improving integrated transport solutions for people. Mayor Brown discussed Smart Mobility in Auckland.

- The panel met with Rt. Hon Hon Simon Upton. Mr Upton is now the head of the OECD Environment Directorate, in Paris, France. We discussed a wide range of issues including economic evaluation of environmental issues, transport and the evaluation of transport projects and sustainable energy options.
- Mayor Brown gave a speech at the New Zealand Chamber of Commerce breakfast detailing Auckland's vision going forward.

11. Meet with successful investment driven cities

- Discussion between Auckland Mayor and Fukuoka Mayor, Japan around possible high-tech collaboration Grid AKL and Fukuoka's Economic Improvement Zone.
- Discussion between Auckland and Guangzhou, China around a tripartite strategic economic alliance involving Los Angeles, Auckland and Guangzhou.
- The delegation engaged with Singapore-based investors holding several meetings with groups of investors, including a mayoral presentation to the New Zealand Chamber of Commerce in Singapore alongside the Mayor of Wellington.
- Singapore is the fourth-highest international investor in Auckland. The delegation identified significant interest in further potential investment in Auckland, but that there was a significant gap between the existing information available to investors and the existing opportunities. The mayor and delegation undertook to follow up with investors by providing additional information on Auckland's investment proposition. This includes of-scale investment opportunities, projected demand for visitors and population increase, the commercial context, the planning and regulatory environment, the support that can be provided by council as a "business-friendly" council and through "Auckland open for business".
- Given the significance of the investment opportunity, Mayor Brown suggests an Auckland Investment Symposium is held in Singapore within the next 2-3 months as follow-up. This will provide an opportunity to more adequately convey the Auckland proposition, and to do it in a way that is meaningful for the Singaporeans. It is proposed that an elected representative leads a group of 5-7 senior officials from the Auckland Council family and private sector to Singapore to engage with 40-60 potential investors. The expertise required on the delegation include political representation, planning, commercial investment and economic skills, regulatory provisions, and private sector support in property and commercial expertise. There is potential for the roadshow model to be developed as an on-going promotional tool to support the objective to boost and motivate investment in Auckland.

12. Identify and meet with cities of best practice in transport, waterfront, planning etc.

- Auckland has been invited to apply to become a member of the C40 Group of Cities committed to joint action on mitigation of greenhouse gas emissions and adaptation to climate change. This aligns to the council's recent agreement to the Low Carbon Action Plan.
- Discussion with Land Transport Authority, Singapore on transport best practices specifically around Singapore's Electronic Road Pricing system (ERP) and its use of variable price mechanisms to ensure that traffic flows are maintained even during peak periods. We discussed the merits of congestion charging tools both in terms of demand management and revenue raising.
- Agreement with the Singapore Urban Redevelopment Authority to explore the possibility of the next Sea Edge Symposium being held in Singapore adjacent to the next World Cities Summit in 2016.

13. Lee Kuan Yew World Cities Prize 2016

- The proposal for an Auckland entry for the Lee Kuan Yew World City Prize 2016 was warmly encouraged by the organisers: “Urban Redevelopment Authority” of Singapore.
- Discussions were held with four members of the Lee Kuan Yew World City Prize 2016 judging panel to raise Auckland’s profile and reiterate the mayor’s vision for Auckland, as well as with previous winner, the City of Bilbao, who provided clear guidance around the application process.
- Additional information gathered from these discussions will enable the council to further assess the requirements for a potential Auckland application to the Lee Kuan Yew City Prize 2016.

14. Opportunities and initiatives going forward:

A number of opportunities and initiatives have been identified for further assessment. These include:

- Follow up into Auckland’s potential membership of the C40 Cities group prior to September 2015.
- Progression of Auckland’s entry into the Lee Kuan Yew World City Prize 2016.
- Development of an Auckland investment roadshow in Singapore to follow up investment leads from the trip and communicate Auckland’s investment proposition.
- Progression of a tripartite strategic economic alliance involving Auckland, Los Angeles and Guangzhou and potential benefits to be gained for Auckland across a range of shared economic sectors including information, communication and technology, film, ports, education and tourism.
- An invitation for the mayor to attend a global mayoral forum in New York in 2015, along with a select group of world mayoral leaders.
- In addition, officers will follow up on action points from meetings including disaster relief, briefing for United Cities for Local Government (UCLG), connections to Watercare and Auckland Transport, identification of additional Lee Kuan Yew World City Prize nominee, and specific details on the Auckland investment proposition.

Consideration

Local board views and implications

15. There are no specific local implications associated with this report. The delegation did however meet with the Secretary General for United Cities and Local Governments (UCLG) where they touched on the local economic development work-stream of that organisation. Further investigation will be made into Auckland Council’s participation in UCLG initiatives.

Māori impact statement

16. This activity is aligned with the shared economic agenda for Auckland. Māori participation and outcomes are integral to a number of the nine priorities of the shared agenda, in particular relating to brand, visibility, skills, investment and business. The trip increased Auckland’s visibility and brand and through this our Māori identity, which is Auckland’s point of difference in the world (Auckland Plan outcome). We will be working with Māori business, cultural and iwi representatives on various aspects of our engagement on this activity and our application for the Lee Kuan Yew World City Prize. We are also looking to integrate Māori identity into the Auckland story.
17. The delegation took promotional collateral to the summit that included information about Māori in Auckland.

Implementation

18. N/A

Attachments

No.	Title	Page
A	Appendix 1	17

Signatories

Author	Sanchia Jacobs - International Relations Specialist
Authoriser	Harvey Brookes - Manager Economic Development

APPENDIX ONE

Summary of key meetings

- World Cities Summit Mayors' Forum, Sunday 1 June 2014.
- Meeting with Mr Tang Goucai, Head of Guangzhou, regarding International Award for Urban Innovation.
- Site visit by Australia and New Zealand delegations to Marina Bay City Gallery and Singapore River and infrastructure projects.
- Informal dinner with leaders from the World Cities Summit hosted by Greg Clark.
- World Cities Summit, Sunday 1 June – Wednesday 4 June.
- Meeting with United Nations Development Programme Administrator, the Right Honorable Helen Clark to update her on Auckland's progress since amalgamation and seek her advice regarding our potential Lee Kuan Yew World City Prize bid.
- Meeting with Deputy Mayor of Bilbao about Lee Kuan Yew World City Prize application process.
- Meeting with Mr Bill Foo and a group of high level investors in hotels in New Zealand about opportunities for further investment in the Auckland hospitality and commercial property market.
- Lee Kuan Yew World City Prize award ceremony, Monday 2 June.
- Meeting with Chief Executive, Infrastructure and Cities, Siemens.
- Meeting with Mayor of Fukuoka, Mr Takashima to discuss the Auckland – Fukuoka sister city relationship and areas for possible collaboration in the coming year. These included high-tech, innovation and education opportunities.
- Meeting with Jan Gehl, renowned architect and urban design consultant. Jan is a friend of Auckland and has been involved in a consultative role in many of our urban design initiatives. It was a valuable opportunity to touch base with him and seek his views on the Lee Kuan Yew World City Prize.
- Meeting with PricewaterhouseCoopers (Hazem Galal, Global Leader for Cities and Local Government Sector, Qatar) on report on cities of opportunities.
- Reception at New Zealand High Commission's residence with guests Right Honorable Helen Clark and Mayor Len Brown and delegation.
- Mayoral presentation to the New Zealand Chamber of Commerce, Singapore, breakfast for Auckland and Wellington delegations.
- Meeting with Dr Michael Dixon General Manager, Smarter Cities, IBM on smarter cities technologies.

- Site visit to the Liveable Cities Centre.
- Meeting with Honorable Simon Upton, Environment Director, Organisation for Economic Cooperation and Development (OECD).
- Meeting with Lee Kuan Yew World City Prize judge, Alfonso Vegara, President Fundacion Metropoli, Spain to discuss what a winning city looks like.
- Meeting with Kevin Austin, Director, C40 Cities to discuss potential application by Auckland to the C40 Cities group. This was welcomed and further research will be done into the viability of the opportunity for Auckland.
- Meeting with Ng Lang, Chief Executive of Urban Redevelopment Authority (URA), Singapore to discuss the World Cities Summit, Singapore-Auckland relations and the process for application to the Lee Kuan Yew World City Prize.
- Meeting with CapitaLand Limited, one of Asia's largest real estate companies with large-scale investments in apartment developments across Asia.
- Meeting at New Zealand High Commission with Ministry of Foreign Affairs and Trade, New Zealand Trade and Enterprise, New Zealand Tourism to discuss our further involvement with Singapore, the World Cities Summit and the Lee Kuan Yew World City Prize from an New Zealand Inc. perspective
- Meeting with Sime Darby Group who are a significant investor across a wide range of sectors, and who are looking to extend their investments in Auckland through a new concept centre for luxury cars.
- Meeting with Dr David Skilling, Landfall Strategy Group.
- Meeting with Mr Chua Chong Kheng, Deputy Chief Executive, Land Transport Authority, Singapore to discuss best practice around transport issues, in particular congestion charges and peak-hour pricing on public transport.

Māori Economic Development Forum

File No.: CP2014/13381

Purpose

1. To introduce the presentation from Auckland Tourism, Events and Economic Development (ATEED) on the Māori Economic Growth Forum that was held in June 2014.

Executive summary

1. On June 18, 2014, ATEED together with partners Callaghan Innovation, Te Puni Kōkiri and Treasury hosted a Māori Economic Growth Forum to facilitate partnerships that support and enable Māori business growth.
2. The Committee will be provided with a presentation outlining the outcomes of the Forum for discussion.

Recommendation/s

That the Economic Development Committee:

- a) receive the Māori Economic Development Forum report and its accompanying presentation.

Attachments

There are no attachments for this report.

Signatories

Author	David Taylor - Principal Advisor
Authoriser	Claire Gomas - Manager – Economic Development Strategy & Policy Harvey Brookes - Manager Economic Development

Industrial Business Land

File No.: CP2014/13572

Purpose

1. To update the Economic Development Committee on the monitoring of industrial business land in Auckland (current estimates of supply and demand), and what steps are being taken to plan for future industrial land demand.

Executive summary

2. The Auckland Plan and the Economic Development Strategy recognise the strategic requirement to plan and provide for business land. In particular, the Auckland Plan outlines the requirement to provide an additional 1,400 hectares ('ha') of business land to meet estimated growth demands up to 2041.
3. As an on-going monitoring requirement, it is important to understand the supply and demand profile of business land in Auckland. In order to do this the Economic Development Department (ED), in conjunction with the Research Information and Monitoring Unit (RIMU), has assessed recent information on supply and demand for business land to understand the adequacy of industrial land supply in Auckland.
4. As land demand begins to grow on the back of a recovering economy the pressure on currently available land supply becomes greater. In particular it is clear that land to meet the growth of industrial activities is most pressing. The majority of the new business land requirement outlined in the Auckland Plan is for industrial activities (1,000 hectares or 71%).
5. Depending on land take up rates it is estimated there is approximately 7 to 14 years' worth of industrial land supply available in the Auckland region, notwithstanding the small size of some vacant parcels available. However, if no new sources of land are provided for, business land is taken up by other competing activities and demand accelerates/exceeds historical take up rates, Auckland's supply of industrial business land will begin to decrease quickly.
6. It is therefore important to continue to plan for and enable greenfield business land opportunities that have been signalled in the Auckland Plan and Proposed Auckland Unitary Plan in an appropriately staged manner. Current efforts to identify Spatial Priorities for growth and to develop a Land Release Programme should have explicit consideration of business land demand to ensure the region can meet its land needs over the short, medium and long term.

Recommendation/s

That the Economic Development Committee:

- a) recommend to the Auckland Development Committee that:
 - i. business land is a key consideration of the Spatial Priorities work that is currently being advanced.
 - ii. new areas of business land growth are prioritised in any future Land Release Programme outlined by Auckland Council.

Comments

Strategic Approach

7. The Auckland Plan and the Economic Development Strategy have identified strategic issues related to business land demand and have made clear the business land targets the region will need to work towards over the next 30 years. The targets are driven by projections of the expected economic and employment growth in Auckland. The strategy for accommodating this growth is through the intensification of existing centres and business areas, safeguarding important areas of business land, reusing brownfields where possible, and to make provision for new industrial zoned land in suitable locations¹.
8. The provision of new business land is an explicit part of the Auckland Plan's development strategy, and it is expected that up to 1,400 hectares of new business land could be required over the 30 year horizon of the plan. This is split between 1,000 hectares for industrial activities² and 400 hectares for commercial activities³.
9. It has been highlighted that land to meet industrial growth is the most pressing given it needs to be well located, highly serviced including good transport connections, and be of sufficient size to accommodate the nature of industrial activities (i.e. large sites required for manufacturing plants and warehouses). Land must also have adequate separation from sensitive activities such as residential uses that can be negatively affected by noise, other discharges, traffic and other impact from industrial activities.
10. The Proposed Auckland Unitary Plan ('PAUP') takes forward the approach outlined in the Auckland Plan and has now outlined the mechanism for meeting the business land demand targets. This is achieved though providing some 6,500 hectares of new greenfield land in the proposed Future Urban Zone, which will accommodate the majority of this 1,400ha of business land, as well as significant residential development (for 67,000 to 90,000 dwellings).

Monitoring

11. A key aspect of the Council's approach is the regular monitoring of supply of and modelling of demand for business land, and in particular the land required for industrial activities. Monitoring forms a critical part of the strategic planning process and help guides the Council's response to land demands.
12. Plan enabled supply of both land and floorspace potential is assessed though the comprehensive Capacity for Growth Study undertaken by Council. The most recent published study was undertaken in 2012 and a more recent exercise has been undertaken to model the capacity that could be expected under the new planning provisions of the PAUP. The results of this exercise are expected to be reported to the Unitary Plan Committee at their next meeting on 9 July 2014.
13. Demand for additional business land is assessed in two ways. Firstly, a long term regional view is assessed by looking at regional economic projections and, by taking into account known capacity, establishing the potential short falls of business floorspace on a regional scale. The shortfall of floorspace is then converted into future land demand estimates.

¹ The Auckland Plan, May 2012. Auckland Council - Paragraph 390

² Industrial activities comprise manufacturing, construction, wholesale trade, transport and storage sectors, utilities and primary production. These sectors are typically business activities which require land extensive sites (large lots) and can contribute to reverse sensitivity issues due to noise, odour and other emissions.

³ Commercial activities comprise retail, communication services, finance and insurance, property and business services, and other service sectors (and includes government administration). These sectors are typically business activities which are land intensive, can afford relatively higher land prices/rents, and locate well in centres.

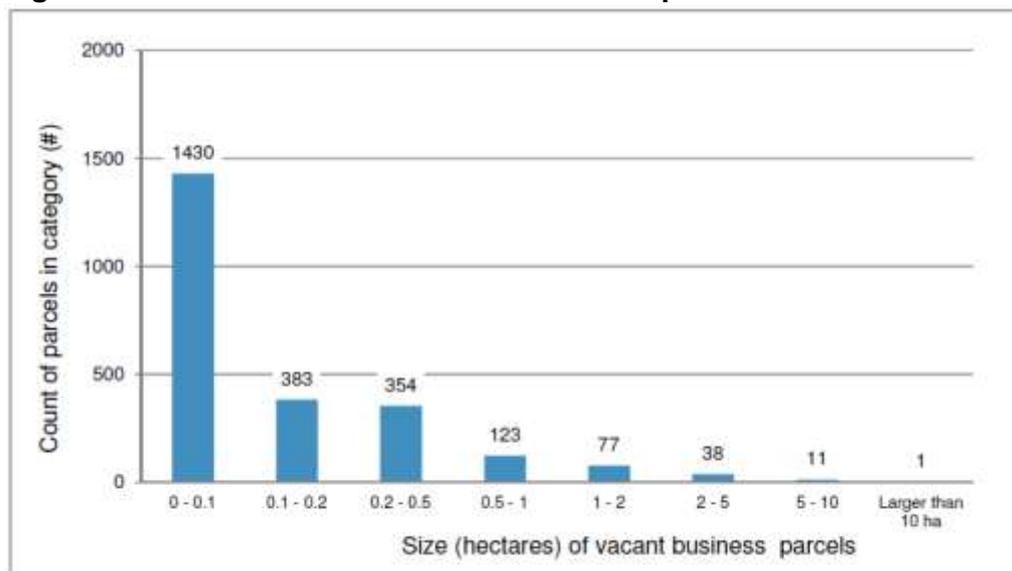
Secondly, a short term view is captured from a variety of sources including regional building consent data and information collected by commercial property agents who monitor key market indicators, such as land take up rates and the absorption of floorspace.

14. Through an active monitoring programme the Council can ascertain the adequacy of planned land supply versus expected demand, and fine tune planning processes to ensure there is sufficient land supply (along with the requisite supporting infrastructure and services) to run ahead of expected demand.

Supply

15. The forthcoming Capacity for Growth modelling of the PAUP provides an up to date estimate of the plan enabled potential land supply available in Auckland for business development. The preliminary results show a **total** business land capacity of approximately 3,310 hectares, from a total business land area of 7,800ha in the region.
16. This is encouraging due to the need to provide for on-going business growth in the region, however, the nature of some of this capacity (i.e. in many cases small and fragmented sites) may not provide for all business land needs. In particular, the needs of new industrial activity which typically occur on vacant, land extensive sites. Figure 1 provides an outline of the nature of total vacant business land available from the 2012 Capacity for Growth Study (at this time a comparative graph for the recent modelling is not available, but will be similar due to the small amount of time between studies and data limitations). According to this data, close to 60% of vacant business land parcels in the urban areas are less than 1,000 square meters in size.

Figure 1 - Distribution of vacant business land parcels in Auckland Urban Area



Source: Page 40, Capacity for Growth Study 2012: Results

17. The preliminary results show a total **industrial** land capacity of approximately 2,482 hectares. This is made up of approximately 858 hectares of vacant industrial land, 1,334 hectares of vacant potential industrial land, and an estimated 290 hectares of pipeline industrial land that is currently progressing through plan changes under operative plans. It should be noted that there are some limitations to the supply of *vacant potential* land. Vacant portions of the occupied sites considered as *vacant potential* may continue to remain unavailable for development given they are utilised for specific purposes (such as meeting bank requirements for loan insurance purposes, parking or truck manoeuvring or providing for future expansion opportunities).

18. A further 1,400 hectares of new greenfield land, of which 1,000 hectares is allocated for industrial activities, is identified in the Auckland Plan as a long term prospect (currently not zoned or serviced). Work has been progressing to finalise the details of this new industrial land within the proposed Future Urban Zone.

Demand

19. The most recent employment projections for Auckland generate an estimated demand for some 1,398 hectares of new business land over the next 30 years. This is consistent with the assumptions used to develop the Auckland Plan, and highlight that the strategic approach outlined in the plan in relation to future land provision remains robust. In particular, the projected industrial floorspace growth over this period of around 6 million square meters of floorspace or approximately 1,000 hectares remains stable (albeit a slight decrease of 200,000 sqm (or .03%) from earlier projections, well within the margin of error).
20. Prior to the Global Financial Crisis (GFC), the average annual industrial land uptake in Auckland had been in the order of 113 hectares a year (1996 to 2008), but this has since reduced to around 40 hectares per year over the years since the GFC.
21. Forecasts from CBRE highlight that the industrial market is beginning to expand, however there is currently sufficient supply to meet this growth in the short term as new developments and existing zoned land absorb this demand. Obviously this is a positive indicator that the market is recovering and increases in new building proposals may begin to occur as a result. Currently industrial building consents remain subdued compared to pre-GFC levels, however the total value and floorspace area consented has begun to rise over the last year (which is led by proposals for new *storage* buildings).
22. Industrial land values are also slowly rising following the economic downturn that occurred in 2008. Figure 2 highlights the influence of recovering demand across Auckland's industrial precincts. As land values begin to rise so too does demand for lower cost options to accommodate new development.

Figure 2 - Industrial land values (2008 to 2014)⁴



Land values recovering

Industrial land values continued their recovery in Q1 2014, with signs of robust growth emerging across several precincts. In the more supply constrained traditional industrial suburbs, indicative land values have pushed discernibly higher. For instance, over the last six months industrial land values in Mt Wellington have increased 12.9% to \$438 per sqm, and in East Tamaki they are up 7.1%, to \$375 per sqm. In overall terms, indicative land values across Auckland are up 7.7% y-o-y, with a 5-year annual compound growth rate of 3.9%.

Assessment of the Adequacy of Current Industrial Land Supply

23. The provision of sufficient land supply is important to ensure there is a competitive land market in Auckland which provides choices to business for a range of locations, sizes and prices. By bringing together the known supply and demand elements a high level assessment can be made regarding the adequacy of current land provision.
24. To guide such an assessment the Auckland Plan outlines the target that there should be on-going provision of planned and serviced capacity for industrial business land, including large lots, to meet 5 yearly demand, as assessed by annual surveys.

⁴ Auckland MarketView - Q1 2014, May 2014. CBRE

25. Based on the last five years of industrial land take up, the average annual demand is around 42 hectares per year. This is particularly low and is obviously influenced by the recent economic conditions. For the purposes of this assessment an historic average over a wider timeframe has been adopted. The monitoring benchmark of 93 hectares per year is used, which represents the average annual uptake of industrial land since 1996. Standard deviations either side of this benchmark are also used to show *high* and *low* scenarios.
26. Table 1 provides a comparison between these demand scenarios and the industrial land capacity that has been estimated. By assuming 100% of these various supply categories are available to meet demand, the amount of supply estimated is simply divided by the demand scenarios to provide indicative values for how many years of supply are provided for in Auckland.
27. By assessing the amount of vacant industrial land outlined in Table 1 it is estimated there is approximately 7 to 14 years' worth of industrial land supply available and ready to go in the Auckland region, notwithstanding the small size of some vacant parcels. The inclusion of vacant potential land (itself subject to uncertainty regarding availability) increases this estimate by between 11 to 22 years of supply. This data shows that available land supply is at best meeting the Council's targets to meet 5 yearly demand. However, if demand picks up to meet or exceed the high scenario outlined, or if land identified is not available, it is clear that the supply of industrial business land will begin to tighten rapidly if no new sources of supply are provided for.

Table 1 - Assessment of Auckland's Industrial Land Supply

Industrial Land Capacity estimates [^]		Number of Years of Estimated Supply*			Auckland Plan Targets
Capacity	Total Hectares	High Scenario (126 ha)	Historic Scenario (93 ha)	Low Scenario (60 ha)	
Vacant	858	7 years	9 years	14 years	Ready to Go capacity to meet 5 yearly demand
Vacant Potential	1,334	11	14	22	
Pipeline [~]	290				A total of 20 years of forward supply identified at all times
Future Urban Areas	1,000				
Total	3,482	28 years	37 years	58 years	

[^] Estimates based on the preliminary results of the Capacity for Growth Study modeling of the Proposed Auckland Unitary Plan (PAUP)

* The *Historic Scenario* is based on observed land take up from 1996 to 2012, and the *High* and *Low* scenarios are one standard deviation either side of this.

[~] Estimated based on the snapshot of information gathered for the Capacity for Growth Study

28. The Auckland Plan also outlines an expectation there will be 20 years of forward supply identified at all times⁵. By looking at the grand total of all industrial land capacity, including the expected capacity in the proposed Future Urban Zone, an indication of whether there is sufficient capacity identified can be determined. Based on the information outlined in Table 1, it is estimated there is between 28 and 58 years' worth of forward supply identified.

⁵ The Auckland Plan, May 2012. Auckland Council - Paragraph 138

However, 37% of this supply is either pipeline or future urban areas and still requires efforts to make these active zones in a timely manner (in particular the 1,000 hectares of new industrial land in the Future Urban Zone).

29. While the short term supply of industrial business land appears positive, it is dominated by small and fragmented sites which are not suited to large land extensive activities. This indicates a real need to start to plan for and enable the new greenfield opportunities that have been signalled in the Auckland Plan and PAUP.

Implications

30. In the short term, efforts of the legacy Councils now being advanced by Auckland Council are meeting more immediate needs though the rollout of new business land opportunities that are progressing through the planning system (for example, plan changes that have enabled new business land at the Airport and around the Westgate/Hobsonville area (NorSGA)). This has been reflected through the market activity that is being reported and the active provision of increased floorspace supply that is currently occurring. A recent CBRE market outlook report concluded that industrial vacancy rates will remain relatively stable over the next four years as expected supply closely matches demand⁶.
31. However in the longer term, it is clear that if efforts are not taken to advance further opportunities (i.e. identifying and protecting land for industrial activities within the proposed Future Urban Zone) there will be a point where the region begins to run out of business land opportunities or forecloses the realistic potential of that land to be used for business activities.
32. The assessment of the adequacy of current supply, estimates that based on historic land take up rates the region will begin to run out of available vacant industrial land within the next 10 years if there is no further new land provided for. This could occur much sooner if take up rates increase over what has historically been seen in Auckland, and if less than 100% of plan enabled opportunities are utilised.
33. It is also clear that the region has a very limited supply of large parcels of business land, in particular there is a significant shortage of large sites (i.e. > 5 hectares) for new business growth (see Figure 1 above). This is set against the context of slowly rising land values following the economic downturn that occurred in 2008.
34. Therefore the identification and protection of new land extensive business land opportunities (such as the proposed scheme at Drury South) is critical to ensuring the region meets the expected industrial business land needs over the next 30 years.

Next Steps

35. The key issue now is how Auckland Council proposes to implement its strategic framework for accommodating future growth as outlined in the Auckland Plan, the Economic Development Strategy and the PAUP.
36. Officers are currently confirming the location, scale and timing of new industrial business land opportunities that contributed to developing the proposed Future Urban Zone in the PAUP. This includes a significant amount of the land that is signalled for business activities through private plan change proposals (such as Drury South), area planning exercises (such as the Pukekohe Area Plan) or are subject to structure planning exercises (such as emerging efforts to reassess the business growth potential of land around Kumeu and Whenuapai, or legacy council efforts to assess areas such as Silverdale and Warkworth).

⁶ Auckland Property Market Outlook, December 2013. CBRE

37. As the Council advances work to identify Spatial Priorities for growth, business land needs should be considered and explicit priority areas for business growth which are consistent with work underway should be included. The aim is to ensure there is a clear stock of future land supply should the region require it, and to clearly differentiate Future Urban Business land from that which is intended to be made available for residential or other uses.
38. Work has also begun on developing a comprehensive Land Release Programme to support implementation of the Unitary Plan, and all greenfield business land supply should be managed by this to ensure there is an clear and integrated approached to future land supply.
39. Monitoring will form a key component of a Land Release Programme to ensure that land supply is provided in the right places and the right time.

Consideration

Local board views and implications

40. This report is not specific regarding the business land needs of Local Boards and is presented as a high level view on industrial land supply and demand for the Auckland region. More detailed area specific planning and analysis should consider the views of Local Boards to ensure local needs and expectations are met.

Māori impact statement

41. The Auckland Economic Development Strategy seeks to facilitate an iwi/Māori economic powerhouse as a key cross cutting theme of the strategy. The development of the Māori asset base in Auckland is a key consideration of this theme and further discussion will be had with iwi to establish what business land development opportunities exist. Further work will be undertaken with Te Waka Angamua to look at business land opportunities on Māori freehold land.

Implementation

42. Policy development will continue to ensure that sufficient business land supply is recognised and provided for in Auckland, particularly through the Unitary Plan. There are no financing and resourcing implications associated with this report.

Attachments

There are no attachments for this report.

Signatories

Author	David Taylor - Principal Advisor
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Business Growth Agenda - Future Direction 2014

File No.: CP2014/13066

Purpose

1. To introduce the Government's revised Business Growth Agenda – Future Direction 2014, launched on 10 June 2014 by Finance Minister Bill English and Economic Development Minister Steven Joyce.

Executive summary

2. The Business Growth Agenda is central to building a more productive and competitive economy, one of the Governments four key priorities for delivering a stronger and more prosperous New Zealand. Founded on the principle that it is businesses and growth that create jobs and raise our standard of living, the Business Growth Agenda identifies actions under six key areas, based on inputs that businesses need to succeed and grow:
 - Export Markets
 - Capital Markets
 - Innovation
 - Skilled and Safe Workplaces
 - Natural Resources
 - Infrastructure
3. The Government has refreshed the Business Growth Agenda under the title Future Direction – 2014. Future Direction – 2014 provides an update on progress across more than 300 actions, many of which are complete. While continuing to complete these actions, efforts under the Future Direction-2014 will focus on 62 actions to foster business confidence and growth.
4. The Committee will be provided with a presentation introducing Future Directions – 2014, outlining the actions that are its focus, their alignment with the Auckland Economic Development Strategy and Shared Economic Agenda, and concluding comment.

Recommendation/s

That the Economic Development Committee:

- a) receive the Business Growth Agenda – Future Direction 2014 report and its accompanying presentation.

Attachments

There are no attachments for this report.

Signatories

Authors	Wayne Brown - Principal Advisor - Regional Economic Policy Jennifer Davies - Principal Policy Advisor
Authorisers	Claire Gomas - Manager – Economic Development Strategy & Policy Harvey Brookes - Manager Economic Development

Regional Economic Activity Report - 2014

File No.: CP2014/13132

Purpose

1. To introduce the Regional Economic Activity Report 2014 (the 2014 Report) launched by the Minister of Economic Development on 5 June 2014.

Executive summary

2. The Government's first Regional Economic Activity Report, produced last year has been updated with the recent launch of the 2014 Report.
3. The 2014 Report provides picture of activity and trends in New Zealand's regions, combining a range of inputs from government agencies (e.g. Statistics NZ, Ministry of Business, Innovation and Employment, Ministry of Education and the Office of Treaty Settlements), other public agencies (e.g. Education New Zealand and the OECD) and other sources (e.g. ANZ, BNZ and REINZ).
4. The 2014 Report has expanded on some of the previous report's content in respect of housing information, regional demographics and Māori economic development within the report's main sections:
 - Regional economic outcomes – providing an overview of the regions
 - The regions – individual content for each of the 16 local authority regions
 - Regional sectors and specialisations – by industry and employment concentration, four sectors (high and medium tech manufacturing, knowledge-intensive services employment and tourism spend), firm size and contribution to employment growth
 - Regional business and environments – covering international connectedness, innovation, skills, people, Maori economic development and natural resources.
5. The Committee will be provided with a presentation introducing the 2014 Report, what it indicates for New Zealand and for Auckland, and concluding comment.

Recommendation/s

That the Economic Development Committee:

- a) receive the Regional Economic Activity Report 2014 and its accompanying presentation.

Attachments

There are no attachments for this report.

Signatories

Authors	Wayne Brown - Principal Advisor - Regional Economic Policy Jennifer Davies - Principal Policy Advisor
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