Submission by

The Employers and Manufacturers Association (EMA)

to the

Auckland Council

on the

Draft Auckland Council Future Development Strategy

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About the EMA

The EMA has a membership of more than 7500 businesses, from Taupo north to Kaitaia, employing around 350,000 New Zealanders.

The EMA provides its members with employment relations advice and legal services from industry specialists, consulting services in HR, ER and Health and Safety, Collective Bargaining negotiation, a People Experience Practice and Advocacy at both Central and Local Government levels for its members to help their businesses and people businesses to grow.

The EMA also advocates on behalf of its members to bring changes in areas that can make a real difference to the day-to-day operations of our members including RMA reform, infrastructure development, employment law, skills and education, health and safety, manufacturing, and export growth.

The EMA is also part of the BusinessNZ network.

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Introduction

The Employers and Manufacturers Association (EMA) welcomes the chance to submit on Auckland Council's Draft Future Development Strategy (FDS).

Like a number of organisations, the EMA shares concerns about the assumptions behind and the timing of this strategy.

The EMA has long held the view that there is not enough land set aside for business/industrial purposes to support a growing economy and the locations of some of that allocated land also lend themselves to a repeat of the West Auckland dormitory suburb scenario. That's large volumes of residential traffic piling onto just a few corridors at peak travel times to get to business/industrial locations well away from their residential suburbs.

We share concerns raised by both the Property Council NZ and UDINZ about the timing of the FDS and its impact on residential housing development, infrastructure development and the future of business land allocations.

A system that seeks to lock up and lock in uses for large tracts of land for up to 30 years is unlikely to provide the flexibility and adaptability required for New Zealand's largest urban area and a city expecting to grow by a conservative 520,000 plus over the next 30 years.

While Covid slowed the growth projections of the city - projections prior to Covid were consistently exceeded - and with immigration levels now exceeding pre-Covid levels and up to 60% of migrants choosing to live in Auckland the current adherence to conservative growth projections in the FDS already seems outdated.

The FDS also appears to be at odds with Government's National Policy Statement on Urban Development – or at least is inconsistent with many of the goals in the NPS – and the recent storm and cyclone events have also been a cause or pause within Auckland Council's own planning regime.

The current Government's RMA reform, where we have only seen two of the three planned bills to replace the existing Resource Management Act (RMA), also gives cause to look more closely at the FDS alignment with a rapidly changing current environment, let alone any strategy supposed to look 30 years into the future.

For those reasons, the EMA agrees with Property Council, UDINZ and others that there should be a pause in developing the FDS.

Industrial Land

In theory, it may sound like there is enough land allocated for industrial/business purposes but in practice that has not been the case for a number of years.

The North Shore has had a shortage of business/Industrial land for many years to the point that we've had EMA members send manufacturing offshore for toll processing because they have been unable to expand their operations on the Shore and skilled staff who live in the area, have been unwilling to commute to points further north and south of Auckland.

The Onehunga/Southdown/Mt Wellington areas are also well developed for industry with prices rising as the options available are limited to redeveloping brownfields areas.

We are also aware of some members' land banking, not for industrial expansion, but in anticipation of residential development as restrictions on intensification ease and the area's relative proximity to either the city or nearby amenities make the area more attractive to residential development.

Again, in Onehunga, we are aware of members investigating options outside the Auckland region because land for industrial expansion is either unavailable or too expensive and their highly skilled workforces would prefer moving out of the city entirely to battling traffic and paying high prices for residential homes. There is some unpublished work undertaken by the then ATEED into the availability of business land in the region.

And there is the well-known example of Sleepyhead with the combined cost and unavailability of a large enough tract of business land to consolidate its three operations leading to a decision to leave the city for the Waikato.

The cost of housing in Auckland is also an issue for attracting workforces to the region. Auckland has suffered negative outflows of its New Zealand citizens as internal migration to Auckland has not kept up with outflows.

The recent Covid and policy-induced halt on immigration exacerbated the workforce issues for Auckland and we have yet to see that scenario rebalance.

Any plan that restricts future growth, particularly greenfield and urban boundaries in Auckland, will only make Auckland more expensive and therefore less attractive to potential incoming workers either from internal or international migration.

Fortunately, one of the areas designated for business/industrial expansion is the Drury/Papakura and southwest of Auckland.

The type of planned and integrated development envisioned for that area would potentially not be possible if there is a prescriptive regime across the Auckland region where notified plan changes become even more difficult. One of the anchors to that development is the (90-plus hectares at Waiuku where the industrial classification took years to finalise despite the area already being a centre for heavy industry.

Residential

Our main concerns with the views on residential housing expressed in the FDS is that projections for growth may err on the low side and that the FDS is inconsistent with the National Policy Statement on Urban Development (NPSUD).

For a number of years, Auckland's population growth exceeded even the uppermost growth predictions for the city and wider region.

A combination of the pandemic, higher house prices, some Aucklanders choosing different lifestyles elsewhere in the country and strangled immigration policy saw growth in the city drop dramatically.

But immigration now exceeds pre-Covid levels and as the city grows and more opportunities are created, internal migration from around New Zealand is also likely to return.

The current conservative estimate of 520,000 – plus new residents in 30 years runs the risk of undershooting demand.

We share Property Council NZ's concerns about the one-click methodology used to identify where developers were planning to develop as it's a very blunt tool that couldn't discern the difference between intent to build a handful of dwellings or multiple dwellings in an area.

Plan changes 78 and 79 reviews have yet to be completed with PC78 in particular seeming overly prescriptive. Given that it also looks at areas prone to flooding now and into the future and is incomplete it would seem too early to start deciding areas for future development.

T is also of concern that neither the current two bills to replace the RMA have been passed into law yet – although that is imminent – and the third bill, the Climate Adaptation legislation has yet to be seen.

Restricting greenfields development will only increase land prices in those areas already approved – just as numerous studies have shown the Rural Urban Boundary (RUB) has distorted land prices upwards with that boundary.

And the restriction on height to six stories conjures images of row upon row of six-story boxes built to the edge of every developable section to maximise the returns from that land and air space. Hardly a desirable urban form.

Finally, the restrictions on development through infrastructure triggers will handbrake affordable housing. Council never has enough money to provide infrastructure and infrastructure restrictions will also leave the timing development in the hands of utility and infrastructure providers rather than in the hands of residents and businesses demanding new homes and locations.

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Infrastructure

Apart from infrastructure triggers, the FDS is relatively silent on the funding and financing of infrastructure to accommodate Auckland's social and economic growth.

Any plan should address funding and financing and to that end, the FDS is a missed opportunity.

The plan should also be looking at an increased use of the Government's Infrastructure Funding and Financing Act (IFF) and Special Purpose vehicles (SPVs)to support infrastructure development. But there are other tools, widely used elsewhere around the world that could also be utilised.

Tolling, congestion charging, infrastructure bonds, asset recycling, Private Funding and Overseas Direct Investment are all funding and financing tools widely used elsewhere. A commitment to at least opening up the possibility of using some or even all of those tools should be part of any future growth strategy for the city and region.