

Economic Development

Waitakere City accounts for 15 percent of the Auckland Region’s population, but generates only 8 percent of the region’s gross domestic product and jobs. Because of its lower ratio of jobs to population, more than half the Waitakere workforce still commutes to jobs in other cities of the region. This creates a variety of negative environmental and other impacts. The city needs to generate more local jobs, which means it needs more economic development.

This chapter provides an overview of the following issues related to economic development:

1. **THE REGIONAL CONTEXT AND SIZE OF THE ECONOMY.**
2. **THE STRUCTURE OF THE ECONOMY.**
3. **RECENT PERFORMANCE OF THE ECONOMY.**
4. **IMPACT OF ECONOMIC DEVELOPMENT ON THE NATURAL ENVIRONMENT.**
5. **FACTORS AFFECTING ECONOMIC DEVELOPMENT PROSPECTS.**

More detailed analyses of related economic development issues are covered in the chapters on “Industries and Businesses”, “Work and Income” and “Commercial Land Use and Clusters”.

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KEY INDICATOR

Proportion of the Waitakere workforce working locally: 51% at June 2001.
 (From residents survey conducted in June 2001, with a margin of error +/- 5%.)

There has been an increase in the proportion of residents working in Waitakere City since 1991. In 1991, 42.7% of residents worked in Waitakere City, compared to 43.8% in 1996 and 51% in 2001. People who commute into Waitakere from other parts of the Auckland region fill about 20% of jobs.

From 1995 to 1998, the number of local jobs has increased by 17%. In 2001 there were approximately 40,950 full-time and part-time jobs in Waitakere City. The workforce has been growing, but the number of local jobs is growing even faster. This indicates that the Waitakere economy is managing to become more successful in terms of generating work for the people who live here, so that they don’t need to commute to other parts of the region.

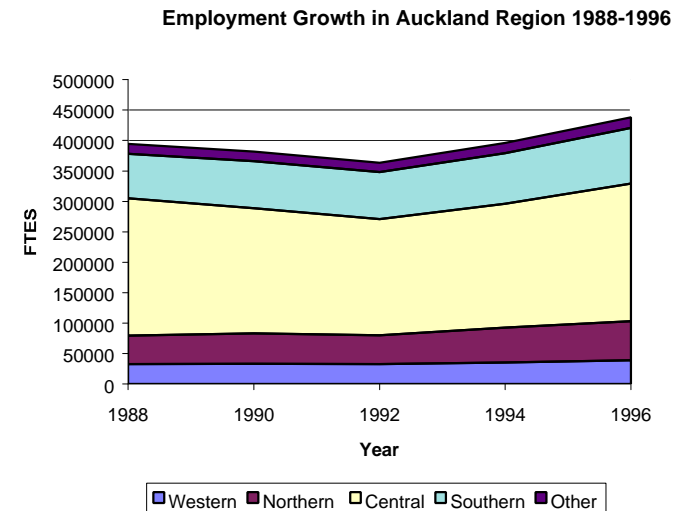
1. CONTEXT AND SIZE OF WAITAKERE ECONOMY

The Waitakere City economy comprises around 8 percent of the Auckland Region by both employment (40,960) and gross domestic product (\$2,750m)

Source: Waitakere City Business and Economy 2002

Waitakere City's share of regional employment peaked in 1991 at 9.3%, and by 1997 was down to around 8.4% (Johnson, Alan, 'Growth Trends in Auckland', April 1998).

The graph below indicates relatively constant growth in the west, compared with other parts of the Auckland region.



•• The Waitakere economy comprises around 8% of the Auckland Region by both employment and gross domestic product.

2. STRUCTURE OF THE ECONOMY

SECTORS AND INDUSTRIES

Until recently, the area covered by Waitakere City was mainly a mixture of agriculture, horticulture, dormitory suburbs and a small manufacturing sector. Population growth and “urban sprawl” have stimulated local retail; construction and service industries but displaced much agriculture and horticulture. Manufacturing has been gradually declining (unlike in Manukau and the North Shore).

Most of the 11,054 businesses in Waitakere City are in the ‘services sector. Within this sector, business and financial services, construction and retailing have the greatest number of businesses. Together they account for 68% of businesses (7545 businesses).

Manufacturing accounts for 10% of Waitakere City’s businesses with 1,082 business units although when compared with 2000 figures it has declined in 2001. The number of business units has decreased by 5%. Waitakere manufacturers are particularly strong in textiles and clothing, wood and wood products, paper products, plastics and boat building.

Property and Business Services has the highest number of business units in the City with 25% of the total and they employ 10% of the City’s employment. This industry has the highest business unit growth than all other industries growing by 2.2% from 2000 to 2001.

The ‘West’ is well known for its long association with viticulture. Horticulture and fruit growing businesses (including viticulture) together with other agriculture, forestry, fishing and mining account for less than 1% of Waitakere City’s businesses and yet have had the highest percentage of employment growth with 33% (25 FTE’s)

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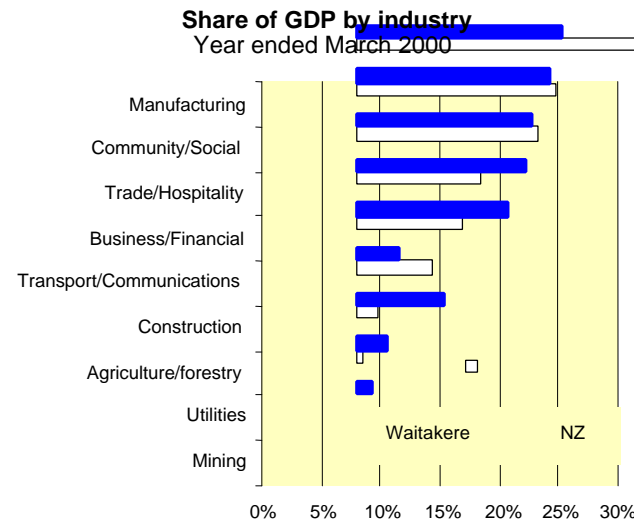
Table 1: Number of Businesses by Sector/Industry, Waitakere City, 2000

Sector/Industry	Number of businesses	%
Property and Business Services	2806	25.4%
Construction	2336	21.1%
Retailing	1507	13.6%
Wholesaling	684	6.2%
Other services	2574	23.3%
Total services	9907	89.6%
Total manufacturing	1082	9.8%
Total agricultural	65	.6%
Total businesses	11054	100%

Source Business Demographics, Statistics NZ, 2001

MAIN INDUSTRIES BY GROSS DOMESTIC PRODUCT

Three sectors/industries stand out as accounting for a higher proportion of Waitakere City’s gross domestic product (GDP) than for the country as a whole: manufacturing, construction, and retail trade. Together they account for around 40% of Waitakere City’s GDP, compared with under 30% of New Zealand’s GDP for those sectors at the national level.



Source: Infometrics, “Waitakere City’s Economy, March 2001”

There are also some niche industries, which while currently small and hard to capture in official statistics, have the potential to grow rapidly. One such industry in Waitakere is film and television production, which has recently achieved several impressive successes. The film and video production industry employed 139 people full-time in 2001, up from just 45 in 1998.

• **WORK PATTERNS**

Community services are the largest employer, followed by trade - mainly retailers. Wholesalers and tourism-related businesses are under-represented relative to the rest of the country. The fastest growing sector is business services, in which Waitakere City is still under-represented but catching up. Waitakere City is considerably more reliant than the rest of New Zealand on the manufacturing sector and the construction industry, for jobs as well as GDP.

Table 2: Employment in selected service industries
(Full time equivalent employment as at February 2001)

	Waitakere		NZ	
	Number	% of total	Number	% of total
Community, social services	8,470	20.7%	358,318	25.2%
Property & Business services	4,170	10.2%	190,871	13.4%
Personal/household good retail/Food /Automotive retail	6,777	16.5%	75,820	5.3%
Wholesale trade	2,430	6%	102,230	7.2%
Accommodation, restaurants	1,050	2.6%	69,580	4.9%
Finance, insurance	570	1.4%	43,432	3.0%
Total all industries	40,960		1,424,150	

Source: Infometrics, 'Waitakere City's Economy, March 2001

• **REGIONAL LINKAGES**

Waitakere City's economic fortunes are closely linked to the success of the Auckland region as a whole. Waitakere City businesses tend to be smaller and less export focussed, leaving them more susceptible to changes in local and regional conditions. Waitakere City retailers and service providers depend

heavily on the spending power of local customers employed in other parts of the region.

Most businesses deal directly with the public, with only 31% selling mainly to other businesses.

Waitakere City retailers and service providers depend heavily on the spending power of local customers.

Table 3: Main retail customers for Waitakere City businesses

Main buyers or customers are	Percentage
Mainly other businesses	31%
Mainly retail customers/ members of the public	41%
Both	29%

Source: A survey of a sample of businesses in December 2000, with a margin of error of +/- 5%.

Most businesses' customers are either locals or from other parts of Auckland, reflecting the predominance of catering to the local market plus the importance of a regional customer base. While most businesses buy mainly from within the Auckland region, more businesses buy from outside the City than inside. (Note: The percentages indicate the proportion of businesses that supply or buy from a particular source.)

Table 4: Main sources of suppliers and customers for Waitakere City, Auckland, New Zealand and Overseas

	Source of main suppliers*	Source of main buyers or customers
In Waitakere City	41%	68%
In other parts of Auckland	72%	61%
In other parts of New Zealand	22%	29%
Overseas	18%	12%

Source: A survey of a sample of businesses in December 2000, with a margin of error of +/- 5%.

* Businesses were able to tick more than one option

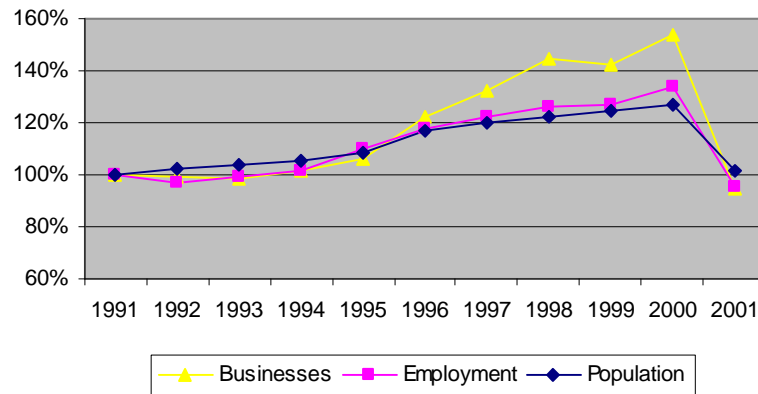
18% of businesses import goods from overseas, while only 12% export goods. Both levels are relatively low considering the importance of international trade to New Zealand and to the Auckland region.

3. RECENT PERFORMANCE OF THE ECONOMY

- EMPLOYMENT GROWTH**

Waitakere City has generally been successful in generating new jobs at least as fast as the rate of population growth. Over the 10-year period from 1991 to 2001 the increase in employment was 2.8% p.a. while the increase in population was 2.3% p.a. (Although there was a decline in the period 1991-1994, which was offset by a catch-up from 1995-1997). Prior to 1991 new jobs approximately matched population growth. (Source: Statistics New Zealand.)

Waitakere City Growth Trends 1991-2001



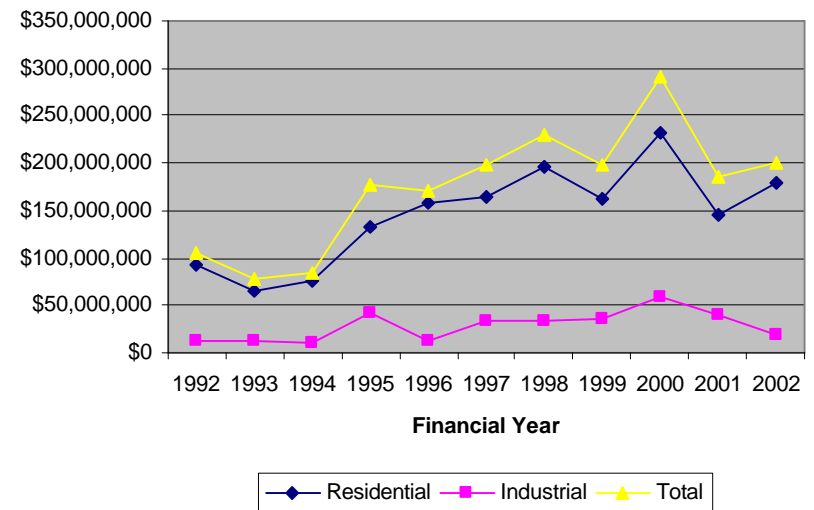
Source: Statistics New Zealand

- VALUE OF BUILDING CONSENTS**

In the last 10 years the growth in building consents outstripped growth in population, employment and number of businesses, until 2000 when building consents fell significantly causing a lack of work in the important construction industry. Since then, there has been a slow but steady recovery in building activity. The construction industry has recovered, at least in the wider Auckland Region, and this is translating into more jobs for Waitakere residents and improved earnings for businesses in the city.

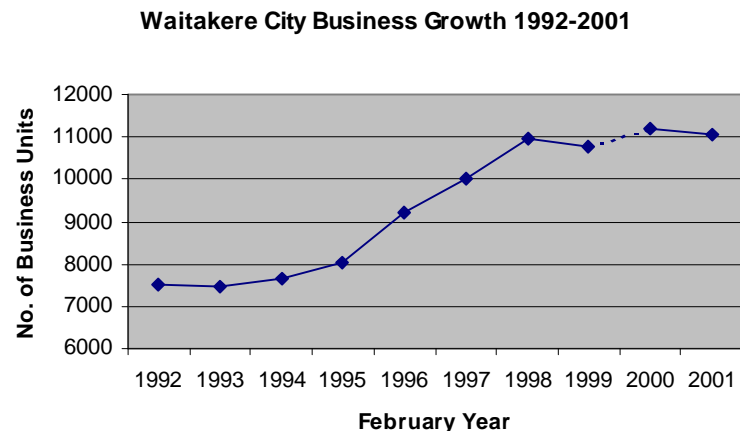
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Total Value of Building Consents Waitakere City 1992-2002



NUMBER OF BUSINESSES

In 2001 Waitakere City had 11,054 businesses. Since 1996 there has been an increase of 1,827 businesses in the city. This is an increase of 20% over five years, an average growth of 4% per year. The number of local businesses has decreased over the year to February 2001, but since then there has been slow but steady recovery.



nb: data for 2000 & 2001 is not directly comparable to previous years due to slight methodology changes.

Source: Statistics New Zealand Business Demographics February 2001.

4. IMPACT OF ECONOMIC DEVELOPMENT ON THE NATURAL ENVIRONMENT

• **SPACE OCCUPIED AND LAND USE**

Waitakere City has 504 hectares of industrial area and 114 hectares of commercial land, only a tiny fraction of the total land area (39,134 hectares). Nearly half (43 percent) of the City's employment is generated in residential areas (of which there are 5,700 hectares). These jobs are mainly associated with schools, medical facilities, shops, garages, and other household services. Seven percent of businesses perform all of their activities from a residential address. (Source: Waitakere City Council, 'Land Availability and Employment Growth', 12 May 1999.)

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• **POLLUTION AND WASTE PRODUCED**

Economic activity in Waitakere City tends to have a relatively low environmental impact in terms of both pollution and waste produced. The predominance of the service sector reinforces this trend. The manufacturing sector is dominated by cutting and assembly operations, with no major chemicals or materials-processing operations. Horticulture and food processing have localised impacts, but are relatively minor industries and are in decline. The small but significant boat-building industry uses toxic substances, but is cooperating with Council's Cleaner Production programme to minimise the effects.

Economic Development

CASE STUDY

CHANGES IN THE LINCOLN RD AREA

The character of the Lincoln Road area has changed markedly over the last 2-3 decades. The former prevalence of vineyards and orchards has incrementally given way to a wide range of industrial and commercial activities, congregating to take advantage of high traffic volumes and convenient access to the northwestern motorway. Today, relatively few fragments of the former viticultural heritage remain.

“
Central Park Drive opened up a substantial area of land to the east of Lincoln Road that ... has become some of the highest value industrial land in Auckland”

The construction of Central Park Drive has been a significant catalyst for this development. Central Park Drive opened up a substantial area of land to the east of Lincoln Road that, through proximity to the motorway, has become some of the highest value industrial land in the Auckland Region.

A distinctive feature of Lincoln Road is the division between the predominantly residential western side of the road and the largely industrial and commercial development that has occurred on the eastern side of the road. This distinction has been reinforced by successive zoning regimes.

Another identifiable phenomenon that has occurred in recent times is the growth of small administrative, professional and commercial offices within existing buildings that were originally designed as housing. Substantial and increasing traffic volumes have made such housing simultaneously less desirable for residential activities and more appealing for office development. District Plans have responded to this demand through relatively permissive rules relating to the establishment of offices in Lincoln Road.



WHAT THE COUNCIL IS DOING:

- The Council provides funding to Enterprise Waitakere, which provides business support programmes and training programmes such as 'Be Your Own Boss'.
- Enterprise Waitakere also provides information and business development seminars on a range of topics under the Government's BIZinfo and BIZ programmes.
- Enterprise Waitakere provides advice to businesses looking to invest in the city, runs an annual business awards programme, and supports the development of fast growing sectors such as film, marine, tourism and wine.
- The Council provides infrastructure and services such as water and sewerage, which enable the economy to function efficiently.
- The Council has a pivotal role in city design. Through regulation, encouraging town centre development and passenger transport, it supports a city form that enables businesses to function with minimal adverse impacts.
- The Council invests in town centre revitalisation, sparking private investment that stimulates economic growth.
- The Council is a major customer for many businesses in the city.
- The Council provides Cleaner Production advice to businesses.

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" Council ... supports a city form that enables businesses to function with minimal adverse impacts. "

WHAT YOU CAN DO:

- Education.
- On the job training.
- Buy local.
- Set up businesses locally.
- Encourage staff to work from home in Waitakere.

■
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