



**SUSTAINABLE
FUTURES 30|50**
WHANGAREI DISTRICT



Whangarei District Development Strategies Background Report

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1.0 Introduction

A key assumption underpinning Sustainable Futures 30/50 is that Whangarei District's population will grow markedly over the next 30 to 50 years. This assumption is built on present growth patterns and trends, key attractants such as the coastal environment and a warm climate, and opportunities for industry expansion and port development within the district. This is a relatively benign position to be in, as not all parts of New Zealand are projected to increase; with around 30 districts expected to decline in population over the next 20 years (Statistics New Zealand 2010) and the bulk of any future population growth expected to be in the Auckland, Waikato, and Bay of Plenty regions. Whilst increasing populations can place pressure on local resources, declining populations put pressure on the viability of services and maintenance of infrastructure, as is happening in those New Zealand areas already facing decline.

Sustainable economic development is a high priority action for Whangarei District Council, and is obviously a key issue for Sustainable Futures 30/50. Northland Regional Council and Whangarei District Council jointly commissioned an economics report that covered recent economic history, and started to look for future opportunities at both regional and district levels. Given its present status as the regional service centre, in terms of both private and public services, Whangarei City, will be a key driver of the future regional economy. But in moving forward, it is necessary to identify and understand factors that will influence the type of development across Whangarei District, especially in terms of the attractiveness of Whangarei District as a place to live, or, in the case of businesses, a place to locate and grow.

Whilst it is projected that approximately 55,000 more people will move to the district over the next 50 years, it is not possible to say exactly who these people will be, and what skills these new residents might bring. The recently released Sustainable Futures 30/50 *Demographic Profile Report (2009)* notes an ongoing loss of younger population cohorts, steadily increasing median ages for many communities, and noted that much in-migration has been in older age groups retiring and taking advantage of the local lifestyle. In addition, the most common household type within the district is a couple with no children.

Whilst the availability of land and choice is a key factor in decisions made by firms, the skills and availability of the local labour force, local quality of life attributes, and the potential to attract suitable staff all play a role in business relocation, establishment, or expansion decisions. Whilst the recent recession led to increased unemployment rates in New Zealand, relative to previous recessions the unemployment rate nationally has risen more slowly. This slower rate has partly been attributed to the skills shortage just prior to the global recession, which may have meant that employers are loath to make skilled staff redundant and then return to skill shortages again when the economy picks up.

This report explores some of the implications of changing demographic and socioeconomic patterns on future economic development. It should be noted that more detailed information about the regional and district economies can be found in the *Historical Performance of the Northland Economy* (2009) document prepared by Infometrics. Please note also that other facets of local economic development such as energy, minerals and aggregates, telecommunications and regional infrastructure are explored in other background reports.

The report begins by outlining the broad rationale as to why an aging population demographic is a key issue over the next 30 to 50 years. It then looks at trends within broad economic sectors, and the impact of various environmental and other constraints in terms of spatial planning. This report then concludes by examining various broad strategies that could be used to attract younger population cohorts to the district, mainly built around the positive and negative aspects of the Whangarei environment. This includes the results of a literature review which specifically looked at commentary about smaller city development in the context of Australia, Canada, and the United States. These three nations are useful as comparators as the development timeframes and patterns of their cities is similar to those in New Zealand in that they have similar population densities, were developed at similar timeframes to New Zealand, and developed around rapid resource extraction.

In terms of actual tools used to regenerate and develop urban settlements, local detailed information can be found in the *Sense of Place Background Report, Plan Change 92 Urban Form and Development Chapter, Whangarei 20/20*, all of which refer to various common principles of urban design, best practice, and what is referred to as place-shaping. Please note that this background report is constructed as a think piece, with most of the key statistics found in other documents prepared for Sustainable Futures 30/50, which can be located on the Whangarei District Council website.

2.0 Global Aging Populations

Like many places in New Zealand and, more widely, in the United States, Europe, Japan, Korea and China, the average age of the local population is increasing. This is happening as so-called 'baby-boomers', which formed a large post-war bulge in many demographies, are beginning to retire without necessarily having large youthful populations or new job entrants to replace them in the workforce (Gordon 2003). A similar situation is occurring in Australia, where it is further compounded by ongoing major skills shortages. Migration of labour from overseas and between Australian cities is leading to increased competition for labour between states. Of note is that Australia is intending to phase in a change to the retirement age entitlements from 65 to 67, in part due to retirement costs, and in part due to the ageing population putting pressure on workforce availability.

An aging population dynamic will challenge present ideas about retirement age, work patterns, and local infrastructure needs (DOL 2008). This statement is not suggesting that an aging population is inherently disadvantageous, but instead simply highlights the need for planning to avoid major shocks

in the national and local economies. There are both benefits and disadvantages in an aging population. An aging population will have quite different infrastructural demands, whether preferred recreational opportunities, health needs, preferred business services, and different models of living (Gordon 2003). Whilst virtually all locations in New Zealand will have an ageing population, the actual demographic impacts will vary across New Zealand with some places 'aging' more rapidly than others. Alternatively, there may be larger pools of skilled advisors, volunteers, and experienced knowledge available in some locations, whilst more physically demanding positions will be difficult to fill. Within the Whangarei District, the Demographic Profile Report notes that some locations have high median ages compared with others, with Waipu being one of the oldest communities.

For Northland as a whole, the following table, based on the recent Statistics New Zealand publication "*Subnational Population Projections: 2006 (base)–2031 update 2010*" uses the medium series to project populations at regional or district level. These projections, which do differ somewhat from figures used in other Sustainable Futures 30/50 documents, have been used in this report because it contains information for comparative purposes over the next 20 years on the three districts and the region as a whole. The medium series projection tends to produce 'older' demographic profiles than Whangarei District's Growth Model, which is more aligned to Statistics New Zealand's high series demographic projections.

Table 1: Medium Series Statistics New Zealand Projections by Age Cohort for Northland Region and Districts

Age Cohort	Far North District (2006)	Far North District (2031)	Kaipara District (2006)	Kaipara District (2031)	Whangarei District (2006)	Whangarei District (2031)	Northland Region (2006)	Northland Region (2031)	New Zealand (2006)	New Zealand (2031)
0-14	13800	11700	4300	3200	17200	17700	35300	32600	888300	928000
15-39	15700	13400	5000	3700	22800	24800	43500	41900	1463700	1634600
40-64	20000	18400	6500	5700	25200	26600	51800	50700	1321000	1514100
65+	7900	16500	2800	5900	11400	23700	22100	46100	511600	5148500
(%) 65+	13.7%	27.5%	15%	31.8%	14.9%	25.5%	14.5%	26.9%	12.2%	20.5%
Median Age	38.9	46.8	40.2	51.6	38.4	43.4	38.8	45.3	35.8	40.2

As Table 1 illustrates, the population across Northland is projected to age rapidly over the next 20 year, but significant differences exist between the three districts. Both Kaipara and Far North District's population over the age of 65 increases markedly, although their total population remain fairly stable

overall. Whangarei District continues to expand population numbers across all age groups, although the population of retirement age expands the fastest, similar to the other districts.

Overall, the working age population across Northland region (between 15-64) is projected to decline by about 2700 people between 2006 and 2031. For comparison, in New Zealand as a whole the working age population is projected to increase by about 360,000 between 2006 and 2031 on their medium series projection. This difference in longer term trends will present challenges for local economic development in Northland as it suggests that the working age population is likely to be concentrating in other locations.

2.1 Balanced Population Age Structure

A further assumption underpinning this report is that a sustainable community needs a reasonably balanced population structure, with no particular age group out of equilibrium compared with other age groups. In other words, relatively balanced levels of youth, early working populations, mature working populations, late working populations, and retirees. This is important as every age group often has quite different sets of preferences and interests, competitive instincts, and abilities, all of which then has an impact on the viability of local business opportunities, sports and recreation clubs, and the provision of infrastructure, both physical and social. For example, the longevity of social infrastructure such as sports clubs is dependent on a pool of players, coaches and administrators, and these differing roles involve a range of ages. Sports clubs, like local schools, often provide a focal point for some communities, and the loss of sports clubs can seriously impact upon some communities.

Safety can also be indirectly impacted by large age group imbalances. Different age groups have different entertainment and recreation preferences, and these are reflected in where and when each group is at its most active. Maximising variety across age groups can lead to maximising use of public spaces. For example, increased use of public space by different user groups throughout the day is a key component of crime prevention through environmental design techniques, in which the opportunities for crime are reduced because there are more people out and about in public spaces. Some age groups tend to be more mobile, especially between 15-39, and thus more visible. Even visiting friends for dinner can lead to increased travel trips within an area, and thus increase the amounts of eyes on the streets.

On a similar note, local business communities depend on quality workforces with a range of experiences, and strong customer bases to provide opportunities for sales and research. Overall, the general level of goods and services available in a provincial city tend to be smaller than those offered in a metropolitan area. This includes leisure facilities, shopping choices, health services, and social opportunities. Smaller business populations have fewer opportunities to specialise, and will often have a more general focus in order to garner a range of clients. To a certain extent, this is to be expected,

and often provincial cities have a wide range of lifestyle opportunities to compensate for the lack of some cultural or recreational services.

But an imbalance in population cohorts may lead to declines in the present availability of cultural or recreational services. When population age imbalances occur, certain business do better than others if their particular target population is increased through demographic changes. However, should this situation be extreme, the overall effect can be a decline in the variety of goods, service, and facilities available to the local population as customer thresholds for some businesses drop. Whilst key target customers differ from business to business, it is the overall diversity of businesses and shops that can allow for business vitality within cities, along with a wider reputation for being vibrant. In addition, spatially spread-out businesses can often lead to generic services being offered, as local population thresholds are not large enough to make specialist services viable.

For settlement vitality and resilience, a reasonably balanced population age structure should be the aim of a thriving community. With this in mind, some of the other aspects of futures planning come into play, including methods for attracting a wider mix of ages and skilled labour to enhance community viability. Overall, a more balanced population structure gives the community more flexibility in terms of opportunities and future proofing against shocks. Over the longer term, Whangarei District should continue developing opportunities that can reduce the projected population age imbalance.

2.2 Competition for Skilled Labour

Historically, New Zealand workers are relatively mobile and are prepared to migrate for the right job. However, with an aging population both nationally and globally, attracting skilled labour may be more difficult than in the past (DOL 2008). In the event of continued job mobility but fewer skilled workers, there may be competition between cities, with ones that offer higher wages and/or higher quality life experiences having an edge over areas offering lower wages or lesser experiences. If skilled labour conditions continue to tighten globally, it would be expected that other attributes of potential job locations will increase attractiveness of some jobs to potential applicants. This is where the promotion, and reality, of quality of life will help in both attracting and retaining skilled staff.

Whilst increasing the local skill base through education remains very important in future strategies, many places are already using other strategies or methods to attract skilled, or potentially skilled, people to their areas. These methods range from media campaigns highlighting benefits of living in some locations, developing and promoting entertainment events, and in some cases where need is high, providing affordable housing. Many of these strategies are based on highlighting available amenities (whether natural, social, or cultural), or through attracting or developing major public and private facilities such as universities, art galleries, specialised business clusters, and large scale social infrastructure such as concert venues.

According to Statistics New Zealand projections, the bulk of future growth over the next 20 years will be located around Auckland, in the Waikato around Hamilton, in the Bay of Plenty near Tauranga, parts of Wellington, in Canterbury near Christchurch, and Queenstown Lakes. Most of these areas are associated with increasing urbanization. Overall 62% of growth in New Zealand is expected to be located in the Auckland region alone. In terms of other provincial cities outside this list, Whangarei and Palmerston North are expecting the highest level of growth for provincial cities. Potential future employers will be taking note of these trends.

Different regions in New Zealand have employed different strategies to attract skilled migrants, such as the development of a festival culture in Taranaki, the original fees free tertiary education scheme at Southland Polytechnic in Invercargill, and the immigration campaigns in the United Kingdom that promote Hawkes' Bay as a destination to live. Whilst New Zealand has not faced the same degree of labour competitiveness between individual cities faced in the United States or Europe, New Zealand continues to face pressure from work opportunities in Australia, as illustrated by Australian vacancies advertised in New Zealand newspapers, recruitment fairs such as the South Australia Job Expo 2008 in Auckland, and through word of mouth. Whilst the global recession dampened immediate demand in some vacancy areas, skilled opportunities are likely to remain, with Australia's relatively rapid economic rebound once again creating pressure in the very near future.

This theme of competition for skilled labour has been mentioned in global terms with regards to major economic and industrial cities, but less is spoken or written about smaller cities and towns and their role. Despite this, for all settlements, large or small, the literature often focuses on how to make best advantage of natural, cultural and social features to build settlements and attract skilled labour. Whangarei, within the context of New Zealand, is well placed to attract skilled labour from overseas and nationally, given the sub-tropical climatic, marine setting, environmental attributes, and the proximity to Auckland.

3.0 Structure of the Local Economy

In the recent report "*Summary of Economic Performance of Whangarei District*" (found on the Sustainable Futures 30/50 website) prepared by Infometrics, broad types of economic activity are highlighted. These include primary industry (including forestry, dairy, horticulture and farming), secondary industry (generally manufacturing), and tertiary industry, which is based around the provision of services.

In the year to March 2008, the Northland Gross Domestic Product (GDP¹) was around \$4500 million. This works out to be around \$29000 per person, which is the second lowest per capita figures for

¹ Basically the GDP sums up total revenues of all industries within a specified area, and then takes away any costs of raw materials, services and components that were required from outside the area. In this case, the sum of all economic activity in

regions in New Zealand. In the same period, the New Zealand GDP was around \$172 billion, which works out to be around \$40400 per person. During the same period, the estimated GDP of Whangarei District was estimated at \$2471 million, which works out to be around \$31600 per person. Over the 10 years up to March 2008, Whangarei District's economy expanded by about 2.6% per annum, but this growth expansion is less than the national economy as a whole, which was approximately 3.3% per annum. Thus Whangarei District's economy has grown over the last decade, but at a slower rate compared with New Zealand as a whole.

In terms of economic activity for New Zealand as a whole, primary industry contributes around 7% to GDP, the secondary industries about 20%, and the tertiary industries around 63%. The structure of Whangarei economy differs slightly, with a slightly higher contribution from primary industry (8%) and secondary industries (27%), but a smaller contribution from tertiary industries (54%). Important sectors (over \$50m GDP) within these three industry types are oil & gas (\$245m), retail trade (\$152.3m), cultural and recreational services (\$149.1m), real estate (\$132.5m), central government administration (\$134.2m), local government administration (\$117.2m), other construction (\$107.1m), dairy & cattle farming (\$74.7m), other education (\$68.3m), other health and community services (\$67.1m), electricity generation, transmission & distribution (\$61.4m), wood product manufacturing (\$57.8m), finance & banking (\$59.1m), wholesale trade to non trade sectors (\$54.9m).

Amongst the fastest growing sectors in the Whangarei economy between 1998 and 2008 have been other health and community services (14.0%), other business services (11.8%), real estate (10.0%), wood product manufacturing (9.8%), other construction (7.8%) retail trade (6.3%), and forestry and logging (5.9%) (Infometrics 2009).

The publication of the Infometrics Report in 2009 also highlighted the differences in the structure of Whangarei District economy when compared with both Far North and Kaipara Districts. Overall, there is greater diversity in the Whangarei economy, with a much smaller dependence on primary production.

This is further highlighted when comparing the 'strong sectors' of Whangarei compared with Northland as a whole. Using the figures contained within *Historical Performance of the Northland Economy* (Infometrics 2009), it is possible to identify Whangarei, and Northlands, comparatively strong industry sectors compared with New Zealand's economic structure as a whole. This is undertaken by carrying out a simple exercise called the simple location quotient (SLQ) using information produced in Infometrics (2009) "*Historic Performance of the Northland Economy*". A SLQ is a measure which compares the relative importance of employment or productivity of an industry sector in a region or district when compared with its relative importance across New Zealand. The SLQ measure helps

Whangarei was calculated, and then the cost of input from outside Whangarei district were then taken away from that figure. The Gross Domestic Product of New Zealand essentially adds up all the economic activity in New Zealand, then takes away the costs on inputs from outside New Zealand to come up with a national GDP.

evaluate a district's or region's self-sufficiency. "Strong" industries are sectors sizable enough to satisfy present local demand and may lead to the export of goods and services to other districts or regions. This compares with "weak" industries which are unable to satisfy local demand and therefore expertise or products from outside the district or region are required to satisfy local demand. "Strong" or "weak" refers to its relative size or prominence within the local economy.

Simple location quotients have been constructed for both Whangarei and Northland (to identify differences) for both employment and for productivity. In the table below, results greater than 1 (>1) are "strong" industries, whereas results less than 1 (<1) are considered "weak" industries. If the location is greater than 1.0, then national or international pressures may impact on the industry as goods and services from the district are exported out of the district or region. If it is less than 1.0 then the industry sector may not be meeting basic needs of its area and local opportunities may emerge. Sectors with large numbers of jobs and high SLQ are critical employers for the economy of Whangarei District. These include wood product manufacturing, other construction, hospitals and nursing homes, and other health and community services.

The yellow tabs in Table 2 indicates industries where there are comparative weaknesses, in either employment or productivity, of Whangarei compared with New Zealand as a whole, whereas the orange tabs indicate industries of comparative strength. If a tab is clear, then the local industry does not have comparative strengths or weaknesses when compared with New Zealand as a whole. The location quotients for Northland industries (employment or productivity) have also been calculated, with the dark green tabs indicating strengths of the Northland economy, whereas light green tabs are industries of relative weakness. In general terms, Northland major strengths are in primary production, and services in health or education, compared with New Zealand as a whole. Please note that SLQ can change in over time as industry sectors increase or decrease in employment or productivity ratios.

In terms of employment, comparatively 'strong' industries for Whangarei District can be found in: dairy and cattle farming; forestry; oil & gas; wood product manufacturing; chemical manufacturing; non-metallic mineral manufacturing; structural, sheet and fabricated metal manufacturing; transport equipment manufacturing; road freight transport; residential construction, other construction; real estate; hospital and nursing homes; other health and community services; and personal and other community services.

Results for productivity-based location quotients can differ from results of employment-based location quotients, which, in this case, suggests that comparative strengths in Whangarei District can be found in dairy and cattle farming; forestry; fishing; oil & gas; wood product manufacturing; non-metallic mineral product manufacturing; transport equipment manufacturing; other health and community services; and cultural and recreation services.

Detailed Industry	Employment		Productivity	
	Whangarei District	Northland Region	Whangarei	Northland
Horticulture & fruit growing	0.82	2.21	0.85	2.29
Livestock and cropping farming	0.49	1.34	0.5	1.38
Dairy and cattle farming	1.72	2.66	1.79	2.76
Other farming	1.09	1.18	0.23	1.23
Services to agriculture, hunting, and trapping	0.76	1.23	0.49	1.27
Forestry	1.95	3.58	1.39	4.45
Fishing	1.02	2.18	1.29	2.77
Mining and quarrying	0.63	1.64	0.25	0.65
Oil & Gas (including refining)	8.2	4.55	26.19	14.48
Meat and dairy manufacturing	0.76	1.07	0.62	0.87
Other food manufacturing	0.2	0.31	0.16	0.25
Beverage, malt and tobacco manufacturing	0.08	0.27	0.07	0.22
Textiles and apparel manufacturing	0.17	0.36	0.3	0.28
Wood product manufacturing	2.65	2.7	2.17	2.2
Paper and paper product manufacturing	0.19	0.12	0.17	0.09
Printing, publishing, and recorded media	0.68	0.57	0.53	0.45
Chemicals, incl fertiliser, industrial chemical, and personal care	1.41	0.82	0	3.83
Rubber, plastic, and other chemical product manufacturing	0.43	0.45	0.76	0.8
Non-metallic mineral product manufacturing	2.92	1.97	2.35	1.58
Basic metal manufacturing	0	0	0.02	0
Structural, sheet and fabricated metal product manufacturing	1.32	0.94	0.91	0.65
Transport equipment manufacturing	2.56	1.63	2.03	1.29
Machinery and other equipment manufacturing	0.94	0.72	0.75	0.57
Furniture and other manufacturing	0.6	0.91	0.47	0.71
Electricity generation, transmission and distribution.	2.05	2.02	0.43	1.4
Water supply	0.8	0.67	0.57	0.46
Sewerage, drainage and waste disposal services	1.17	1.75	2.34	1.74
Residential construction	1.23	1.26	0.98	0.99
Other construction	1.34	1.17	1.06	0.92
Wholesale trade to non trade sectors	0.92	0.76	0.59	0.49
Wholesale trade to trade sectors	0.44	0.34	0.28	0.22
Retail trade	1.02	1.03	0.99	1
Accommodation, restaurants and bars	0.71	0.99	0.77	1.07
Road freight transport	1.22	1.1	0.94	0.85
Road passenger transport	0.74	1.06	0.32	0.81
Rail, water, and air transport services	0.42	0.39	0.58	0.3
Communication services	0.43	0.55	0.32	0.4
Finance and banking	0.9	0.75	0.71	0.59
Insurance	0.43	0.24	0.34	0.19
Services to finance and insurance	0.86	0.68	0.68	0.54
Real estate	1.27	1.56	1.06	1.3
Equipment hire and investors in other property	0.75	0.79	0.62	0.66
Scientific research and computer services	0.66	0.51	0	0
Other business services	0.86	0.68	0.61	0.46
Central government administration and defence	0.92	0.82	0.79	0.62
Local government administration	0.82	1.16	1.17	0.91
Pre-school, primary and secondary education	1.07	1.3	1.06	1.49
Other education	0.68	0.57	1.09	1.33
Hospitals and nursing homes	1.59	1.08	0.69	0.56
Other health and community services	1.54	1.38	1.64	1.11
Cultural and recreational services	0.71	0.74	1.59	1.42
Personal and other community services	1.19	1.03	0.38	0.39

Table 2 - Location Quotients for Whangarei & Northland Industries

Of interest are industries that are not comparatively 'strong' in employment terms but seem to punch above their weight in terms of productivity. For example, cultural and recreational services, and local government administration. There are also some industries in Whangarei that are comparatively strong in terms of employment, but are less so in terms of productivity. Examples of this include chemical manufacturing and hospitals and nursing homes.

Retail trade is the only industry that is neither comparatively strong or weak, irrespective of whether Whangarei District or Northland Region. Accommodation Restaurants and Bars are quite similar although the SLQ suggest that Whangarei District is comparatively weak within this particular industry, and that there may be gaps available for development. Of note also is that whilst Northland is comparatively 'strong' in the primary sector, Whangarei District itself is more geared towards dairy and cattle farming and forestry than the full range of primary industries.

As well as the information about comparative industry strengths and weaknesses (in Table 2), it is also important to get a sense of business types and sizes. Statistics New Zealand collates business demography data, which puts together information about employment numbers and firm size by geographical area, and this can be used to understand the dynamics of the business community or employment opportunities in Whangarei District.

According to this data, there are approximately 30,000 employees (excluding self-employed who number about 6,000) and 9,500 firms located in Whangarei District. The majority of businesses in Whangarei District are considered either self-employed/sole operator (6,300) or have between 1 and 5 employees (2,030). Micro-businesses (1-5 employees) employ approximately 4,750 staff. There are approximately 460 small businesses (6-9 employees), whom employ a total of 3,300 people. Small-medium sized businesses (10-19 employees) number approximately 400 and employ around 5,300 staff. Medium sized enterprises (20-49 employees) employ 6,100 staff across 210 businesses. Large-medium firms that (50-99 employees) number around 50, and employs about 3,100 staff. The biggest employers (100+ employees) number just under forty, and provide employment opportunities to around 7,500 staff.

Most self-employed/sole-operators work in property and business services, agriculture, forestry and fishing, and construction. The micro-businesses (1-5 employees) are generally involved in property and business services, retail trade, and agriculture, forestry and fishing. Larger enterprises (6-9 employees) are involved in retail trade, construction and manufacturing. Small-medium employers (10-19 employees) are primarily in retail trade, property and business services, and accommodation, cafés and restaurants. Most of the medium employers (20-49 employees) are involved in retail trade, education, and property and business services. Schools and community services provide the most employers of medium sized enterprises. Larger services (50-99 employees) are generally found in manufacturing, health and community services, education, and retail trade.

The largest employers (over 100 staff) are spread across several sectors, with larger manufacturing businesses employing around 1,700 employees, education services around 880 employees, property and business staff around 350, retail trade around 900, and health and community services employing around 2,500 staff. Local government administration also provides a couple of the largest employers. Certain industries within these larger employers are also important. For example, the largest private employers are security firms, supermarkets, wood manufacturing firms, cement, non-building construction and dairy manufacturing. The largest public service providers are the high-schools, polytechnics, hospitals, and local government. For other large employers, community care services, health schools, central government administration form the bulk of the public service industries, whilst private industries provide around business services, supermarkets or grocery stores, building trades, and some transport equipment manufacturing, log sawmilling and construction trades.

Most larger employers or prospects for employment are located in central Whangarei, with approximately 17,400 employees working for approximately 2900 employers. Other nodes of employment include Kamo with 2,750 employees, Maunu with 2,240 employees, Otaika with 1,450 employees, and Marsden Point/Ruakaka with 1,330 employees. Other settlement nodes outside these five areas share approximately 3,800 jobs between them. Finally there are approximately 1100 employees working outside of any settlement node. Sole-operator/self-employed businesses are spread throughout the district, with no obvious central location. Most micro-businesses are found in Central Whangarei. Overall, the importance of Central Whangarei to the local economy, in terms of employment, is obviously very high.

Over time, it can be expected that the labour requirements for different industries will change, based upon longer term trends in an industry, as well as the implications from an aging population. The Infometrics report (2009) *Scenario Development Northland Regional Strategy Economic Futures* contains projections about growth and decline of industries out to 2030.

From their modelling, for Northland as a whole, the largest employment increases are expected to be in sectors such as hospitals and nursing homes, central government administration and defence, pre-school, primary and secondary education. Some increases in employment opportunities within some engineering firms and some primary production are also expected. In terms of sectors potentially reducing employment opportunities, industries such as Other Construction and Real Estate are expected to decline. Parts of the region that are the main base for these services would be expected to see increased employment, should the projected economic path continue. In this case, it would be locations such as Central Whangarei and Maunu which would likely see the highest increase in opportunities.

Industry Sector	Whangarei District Employment	Northland Region Employment	WDC share of Northland Region industry	Whangarei District Employment	Northland Region Employment	Projected WDC share of Northland Region industry	Whangarei District Employment Share Change	Whangarei District Projected Employment Change
	2006	2006	2006	2030	2030	2030		2006-2030
Horticulture and fruit growing	328	1665	19.70%	381	1689	22.57%	↑	53
Livestock and cropping farming	297	1542	19.24%	275	1257	21.86%	↑	-22
Dairy and cattle farming	795	2190	36.30%	869	2382	36.49%		74
Other farming	120	198	60.60%	126	249	50.81%	↓	6
Services to agriculture, hunting and trapping	399	978	40.83%	338	1037	32.63%	↓	-61
Forestry and logging	451	940	47.97%	220	773	28.52%	↓	-230
Fishing	50	288	17.42%	128	470	27.18%	↑	78
Mining and quarrying	47	173	27.21%	29	126	22.85%	↓	-18
Oil and gas	297	297	100.00%	352	352	100.00%		55
Meat and Dairy Manufacturing	402	1290	31.15%	473	1081	43.70%	↑	71
Other food manufacturing	190	405	47.03%	89	265	33.63%	↓	-101
Beverage, malt and tobacco manufacturing	11	42	26.06%	4	33	13.38%	↓	-6
Textiles and apparel manufacturing	115	168	68.54%	167	289	57.74%	↓	52
Wood product manufacturing	864	1581	54.68%	1056	1704	61.94%	↑	191
Paper and paper product manufacturing	6	6	100.00%	12	14	84.80%	↑	6
Printing, publishing and recorded media	252	389	64.71%	375	535	70.16%	↑	123
Chemicals incl fertiliser, ind chem and personal chem	66	68	97.06%	76	79	96.01%	↓	10
Rubber, plastic and other chemical product man.	77	151	50.79%	204	264	77.24%	↑	127
Non-metallic mineral product manufacturing	311	437	71.28%	389	455	85.42%	↑	77
Basic metal manufacturing	6	8	71.24%	2	2	100.00%	↑	-3
Structural, sheet & fabricated metal product man.	479	609	78.66%	559	725	77.19%	↓	80
Transport Equipment Manufacturing	446	546	81.72%	736	768	95.83%	↑	290
Machinery and other equipment manufacturing	486	695	69.96%	590	812	72.59%	↑	103
Furniture and other manufacturing	132	396	33.27%	178	442	40.37%	↑	47
Electricity generation, transmission and distribution	138	217	63.61%	199	385	51.59%	↓	60
Water supply	13	16	81.82%	11	20	56.62%	↓	-2
Sewerage, drainage and waste disposal services	79	224	35.40%	177	393	44.97%	↑	97
Residential Construction	586	1051	55.78%	547	1013	53.96%	↓	-39
Other Construction	2947	4656	63.29%	3078	4590	67.05%	↑	131
Wholesale trade to non trade sectors	1208	1713	70.50%	1128	1665	67.74%	↓	-80
Wholesale trade to trade sector	350	597	58.68%	371	519	71.60%	↑	21
Retail Trade	4526	8358	54.16%	4398	7926	55.49%	↑	-129
Accommodation, restaurants and bars	1543	3746	41.18%	1503	3521	42.69%	↑	-40
Road freight transport	633	938	67.43%	521	943	55.23%	↓	-112
Road passenger transport	209	464	45.15%	163	430	37.83%	↓	-47
Rail, water & Air Transport and Transport services	355	542	65.35%	300	523	57.46%	↓	-54
Communication services	224	483	46.41%	129	347	37.25%	↓	-95
Finance and Banking	366	559	65.44%	515	707	72.88%	↑	149
Insurance	42	42	100.00%	84	84	100.00%		42
Services to Finance & Insurance	259	344	75.07%	227	342	66.45%	↓	-31
Real estate	570	1176	48.47%	613	1264	48.53%	↑	43
Equipment hire and investors in other property	116	232	50.22%	191	327	58.42%	↑	75
Scientific research and computer services	643	890	72.33%	718	1005	71.49%	↓	75
Other business services	2159	3329	64.85%	3234	4301	75.19%	↑	1075
Central government administration and defence	1002	1625	61.69%	1661	2658	62.50%	↑	659
Local government administration	330	676	48.78%	276	758	36.42%	↓	-53
Pre-school, primary and secondary education	1758	4008	43.86%	2338	4772	49.00%	↑	580
Other education	535	770	69.46%	707	976	72.49%	↑	173
Hospitals and nursing homes	1362	1699	80.16%	2103	2474	85.01%	↑	742
Other health and community services	3024	5354	56.48%	3613	5376	67.21%	↑	589
Cultural and recreational services	649	1229	52.77%	767	1300	59.01%	↑	119
Personal and other community services	931	1436	64.84%	1177	1700	69.25%	↑	246
Total	33186	61438	54.02%	38381	66123	58.05%	↑	5195

Table 3: Future Employment Projections for Whangarei District and Northland Region, based on modelling used for Infometrics (2009) Scenario Development Northland Regional Strategy Economic Future².

² Please note that the figures used in this table are based on the setting called Baseline Forecast with the Statistics New Zealand Medium Series Population forecast to enable comparison with demographic figures used in Table 1. These are projections only, based on using local and national economic trends. It is recognised that future economic events may change this baseline forecast.

4.0 The Role of Small Cities

Most major metropolitan areas will be less affected by an aging population due to work and educational opportunities. Cities are increasingly seen as the engines of growth, whose role is to transform materials and commodities into more valuable products through knowledge, industry and information (Ericcek & McKinney 2004, Luckman et al 2009). Much literature in the United States, Europe, Australia and some of the emerging countries such as Brazil, India, and China is built around the city as the lynchpin of future growth. Recent debate over the Auckland Super City and similar smaller scale debates around amalgamation of local government boundaries in Wellington, Christchurch, and Waikato are all based around the perception of larger cities as important contributors to any country's economy.

Around the world, cities are starting to compete with one another for skilled and innovative workforces that can enhance their prospects (DOL 2008). Rural areas, in this vision, are often seen as the producers of the raw goods that are transformed by the productive industries in the city. If the cities are regarded as the lynchpins of future growth, what is the role given to small cities and towns in these visions. Often they are simply regarded as service centres to primary production and other commodities, settlements based around a single resource, or commuter towns supplying workforce to larger centres. In addition, provincial cities, small towns, and many rural areas are all 'aging' quickly. Whilst the production of commodities is very important, ongoing technological changes to commodity production may not necessarily provide enough opportunities for provincial areas to grow. Not all rural or small towns will be affected, with those providing good lifestyle opportunities, perhaps close to metropolitan areas or with consultants working from home, being the least affected by population aging.

Whangarei, as a small city, faces many challenges including the comparatively low economic baseline conditions, its geographical distance to markets, Northland's ongoing dependence on primary production, and potential loss of skilled labour to other centres. But Whangarei District is blessed with a high quality natural environment, especially in terms of the marine environment and amenities around the urban areas such as Parihaka, Pukenui, and Matakoho/Limestone Island, all of which are important to enhancing local economic development through talent attraction.

There are some issues in developing this potential, including overcoming national perceptions of the district, recent and past patterns of development creating an urban area dominated by roading systems and that is unattractive in many parts. This has been increasingly recognised, with Whangarei District Council developing strategies to mitigate this issue, including the 20/20 Programme, Open Space Strategy and future review, and options for the Town Basin including the promotion of the Hundertwasser Art Gallery. William Fraser Park on Pohe Island Reserve, urban development options, and further work around Parihaka have much potential for developing high amenity experiences close to the urban core, and options for amenity around most of the settlement nodes are high.

5.0 Local Economic Development and Whangarei

What types of opportunities or sectors exist for Whangarei District to turn around a potential scenario in which Whangarei District's population is growing rapidly, but the capacity of the working age population to pay for infrastructure shrinks, especially if other cities are more successful in attracting younger people to live, work and play in their city. Overall, a longer term strategy on enhancing the city and its environment is required for Whangarei to take advantage of its natural amenities for the attraction of skilled labour and new businesses. At the broad level, however, there are some key constraints or broad trends that need to be taken into account when trying to identify different opportunities.

5.1 Broad Trends in Primary industries (Forestry, Agriculture, Horticulture, Fisheries)

Production land across New Zealand covers approximately 58% of the land area, whilst in Whangarei District it is closer to 74%, with a further 9.7% classified as lifestyle (WDC 2009). Primary production is a mainstay of the regional economy, and will continue to be so, at especially over the short to medium term. However, four threats to this prominence of primary production exist: land-use change and fragmentation of productive lands, climatic and other environmental changes, costs associated with production, and ability to secure skilled labour.

The recent Land Use Report produced for Sustainable Futures 30/50 points to the ongoing fragmentation of productive land, the spread of lifestyle blocks on versatile soil, and issues around reverse sensitivity, when adjoining land-uses may disrupt agricultural practices such as spraying. Further details about the extent of these land-use changes are available in that report.

There are expectations that Whangarei District will see significant climatic events such as higher temperatures, increased flooding events, and increased numbers and intensity of drought with resultant impacts on primary production under climate change scenarios. This impact on primary production is most pronounced in regard to dairy and beef/sheep production, and in some years, costs to the Northland economy of many millions are projected (Ecoclimate 2008). The impact on horticulture and forestry is less easy to identify, but there are reasonable expectations of high impacts in these sectors as well. Changed climate parameters may also see the introduction of differing models and crops for productive purposes. The prognosis is that Northland will see a trend downwards in terms of total production quantity due to increased climatic impacts but perhaps changes in the product make-up.

The last factor, production costs associated with fertilizer may actually be a real risk to future production, but, as indicated by recent reports of building a urea factory in Southland, some opportunities are emerging to mitigate these production costs. But transporting, preparing, and distributing fertilizer requires a reasonable amount of energy in the form of oil, or, over time, coal reserves. The price of oil has considerable knock-on effects on the price of fertilizers, and the high

rises in oil prices in 2007/08 was paralleled in increased fertilizer costs, whether as raw materials such as phosphate rock or the finished product. Intensive style farming requires considerable amounts of fertilizer inputs, and sourcing required amounts at reasonable cost is potentially difficult should oil and other energy prices rise. Most medium term projections around oil costs see price rise (IEA 2009) as the high-quality, low extraction cost wells around the world diminish, and are replaced by either poor quality or high-extraction-cost sources that have higher marginal costs, as well as increased demand. Oil demand is projected to increase by 85 million barrels per day to 105 million barrels per day on a worldwide basis by 2030. Demand for coal and natural gas are expected to increase by 53% and 42% respectively over the same period. With these factors in mind, overall fertilizer production costs may rise. Other capital costs associated with primary production have increased over the years, with the price of technology, costs associated with mitigating environmental constraints, and fertilizer costs all rising. In terms of long term trends, technology and environmental constraint costs will likely continue to rise, although, as noted in the Ecosystem Services Report, some of the impact of these constraints can be mitigated through different forms of rural management, such as using different forages.

In terms of skilled labour, many industries point to the difficulties of recruiting appropriately skilled staff to their sector. A recent industry strategy for horticulture "Growing a New Future Strategy" (2009) from Horticulture New Zealand specifically notes the need to develop future leaders and recruit high quality staff as one of their key constraints, and advertising by Dairy New Zealand about farm managers suggest similar issues. Compared with other sectors, primary production sector workers may be the most mobile, but they also require more physical attributes that may not occur widely in an aging population. It is also noted that average ages of farmer in New Zealand is also high, which is another issue facing primary production.

5.2 Secondary Industries (Manufacturing Sector)

Large scale manufacturing in New Zealand has seen significant decline, and with the rise of China, India and others, it is expected that this decline will continue, at least in terms of large scale manufacturing. But this doesn't discount the development of smaller scale manufacturing in niche products, technology development or industrial processes that can add real value to some of the primary production across Northland and Whangarei. New Zealand has seen some success in terms of niche markets/products, but niche products tend to require specialised skills and equipment, and these may not be prevalent in a provincial city unless there are some comparative advantages.

Whangarei will likely see manufacturing boosts in terms of processing primary products such as dairy, horticulture, forestry, or potentially in terms of marine engineering, where resources are available, especially as changes in the climate and global population food demands increasing the value of primary products. Industrial development around Marsden Point is expected, but any development of highly skilled manufacturing or niche products will be dependant on outside forces, and the development of a more skilled local workforce. The demographic mentioned earlier may not be useful

in attracting employers to move to Whangarei because of the risks in obtaining either sufficient labour or the ability to recruit the skills they need. The Economic Report by Infometrics points to several manufacturing industries around engineering as holding good prospects for future growth. But to take advantage of these, it is necessary to ensure that skills are here, or that they are relatively easy to obtain or attract.

The recent list of priorities for Auckland transport by the Auckland Regional Council gives priority to public transport to reduce traffic issues for residents. If the removal of residential traffic off Auckland's roads in favour of public transport proves successful, then this would have a positive impact in terms of reduced commercial travelling times from manufacturers to shipping points (land, sea and air). This would lead to reduced competitiveness of shipping options from Marsden Point in favour of moving goods within Auckland. Whilst it is recognized that Marsden Point holds immense potential as a shipping node, it may well end up being used as a storage facility for bulky goods, rather than a direct manufacturing-shipping location, similar to its present role. Future plans for the Auckland and Tauranga ports will also impact on the long term direction for Marsden Point.

5.3 Tertiary Industries (Services Sector)

The services sector already plays a major role in terms of local employment, although it is clear from the location quotients that Whangarei District, or Northland as a whole, has few comparative advantages in many service industries when compared with New Zealand as a whole. Each of the sectors may have real opportunities, but all depend on the attraction and development of skilled labour. The key asset for many provincial towns is the availability of natural attributes, a distinct feeling of space, and, often, a more sedate pace of life. Developing the right mix of progress and retention of these assets seem to be the key – in other words, providing those amenities to attract people to live and to stay, and to convince potential companies that should they choose to move their offices, they will be able to attract people to work here. In the case of Whangarei, the development of a specialised service industry based on skilled administration business clustering, or the promotion of place-based services such as horticultural research, or the continued development of business services are other potential scopes for growth in the service industries.

Locally, there are often calls for a university to be located in Northland with the rationale that a university would help retain youth within the region. This rationale holds some substance as the evidence from Statistics New Zealand suggests that universities are often associated with smaller population age structure imbalances in metropolitan areas. In New Zealand there are 8/9 universities of varying size dependant upon a population of 4.3 million. The universities located in smaller metropolitan centres such as Dunedin, Palmerston North, and Hamilton, are located in these areas for historical reasons (Otago and Massey), or have large populations in close proximity (Waikato/Bay of Plenty). It would appear that a regional population catchment of approximately half a million is required to establish and maintain a university, or ready access to students from other population

centres is necessary. Given Statistics New Zealand projections, it is more likely that additional universities will locate in the Bay of Plenty and around Auckland. In terms of demand and potential future demand, it is noted that rolls have increased at most universities, and that the population key target age group (18-24) has increased slightly in recent years. But in the medium term, the key target group is set for decline. In addition, there is increased demand for the extra-mural form of learning, which fits a population that seeks to continually retrain.

Whilst building a stand-alone university in Northland is probably not viable over the next 50 years, there remain opportunities for either upsizing the existing branch campus of Auckland University or developing a branch campus for one of the other major universities such as Massey University. Massey University has had much experience in developing branch campuses in Auckland and Wellington. Auckland is close enough that it could use existing staff resources to support a branch campus, and could develop other specialised courses in Whangarei. Alternatively, Northtec Polytechnic can continue to develop increased specialisation and reputation in some arenas such as horticulture and in the marine environment and develop centres of excellence. Many smaller centres in the United States, and in Australia, have developed local economic development around branch campuses and smaller private universities. However, the structures of their tertiary sector and larger population sizes have enabled these university towns to exist. In New Zealand, distances between the main centres are much smaller, so more care in establishment is required. Whilst outdoor recreation is important, most student centres have a wide range of urban facilities at their disposal. Any decision to relocate or develop a campus will still be tempered by access to local skilled labour, and an ability to ensure popularity with intending students.

Another major services industry across Northland is tourism. Tourism, whilst providing strong opportunities to growth also has some downside risk. The increasing long-term price of oil holds some risk to tourism, both domestic and international. For the latter, the cost of flying to New Zealand may impede growth in this sector, although it is noted that the tourism industry is focusing on promoting longer stays for fewer numbers of people. In terms of domestic tourism, the price of petrol, should it remain high, presents a barrier to an increase in day trippers or overnight stays in Whangarei District. The reputation of Whangarei is not conducive to large visitor numbers, although it is noted that the Tutukaka coast is featured in many widely read Auckland publications such as *North and South* magazine. There is a need to ensure that Whangarei's reputation improves as a destination in order to combat the cost of coming here, but also building enough depth in the services offered to warrant longer term stays.

6.0 Development Strategies

As noted in the introduction, much work has been undertaken to understand the motivation and mobility of skilled workers, especially in the United States, in order to develop new strategies for attracting skilled labour. Compared with New Zealand, local and regional governments in North

America have historically been more interested in local economic development, especially as many are highly dependent on local sales tax receipts for their income. Some of this research has emerged from places experiencing large-scale decline in their populations, whereas other analysis have emerged from locations that have seen inward migration to their new centres of growth.

Three main types of economic development strategies are evident: attracting more employers to the district, ongoing support and development of local enterprises, and amenity-led development. The first refers to the use of tools and strategies to attract larger employers to a district, especially those offering higher quality employment. The second refers to activities that help promote the existing businesses and enable them to grow. The third notes that the growth in certain cohorts of the population tends to produce employment opportunities, as more people require more services. What all these three strategies have in common is a need for a reasonable sized and educated workforce. Given the aging population and presently low skill base in Whangarei District, there may be some difficulties in generating high-quality local employment opportunities through either the attraction of new employers or the evolution of local businesses. Therefore it may be necessary to develop a strategy that enables the increase of skilled labour through both education and through the attraction of skilled labour, which in turn may lead to increase attraction for potential employers. Several current theories are applicable for this type of strategy.

Elements of each theory tend to have some similarities e.g. amenities and quality social atmospheres, but where each of these strategies differs is in their focal points of attention. Focal points of attention range from the person, location, job types, and skill sets. All have being used to some degree around many parts of the world. The four main theories are:

- Creative Class
- Amenity-led Development
- Business Improvement Districts
- Cluster development

These theories focus on different targets, with creative class theories looking at characteristics which will attract people to an area and whether certain types of people induce creativity and productivity; amenity-led development emphasises the importance of location and how this can be harnessed for local economic development, and can include topics such as urban design; business improvement district theories focus on the quality of main office/shopping centres and their contribution to local economic development; cluster development is strongly related to the ongoing development and specialisation of local industries and advantages that may accrue through increased scale or prominence of industries where comparative advantages may be found. Whilst these are not the only theories around local economic development, they seem to be the ones most applicable to local economic development in small cities.

In considering future economic development, Whangarei District will likely use elements of each theory in an economic development strategy, rather than using a sole theory. Given limited resources inherent to a provincial city, there is value in understanding the commonalities that may enable more targeted development opportunities. This could include promoting some aspects of creative classes around the urban fabric of Whangarei city, through to the ideas surrounding amenity-led development for the development of nodes and villages at localities such as Hikurangi, Parua Bay, and Waipu. With the development potentiality around Ruakaka/One Tree Point and around the Old Port, Whangarei has multiple opportunities in terms of cluster development path. The main Whangarei CBD, and other local centres such as Kamo, could be more enhanced or developed as business improvement districts.

Each strategy has a series of strengths, weaknesses, opportunities and threats associated with it. It should also be noted that given the development patterns of the past, not all development paths popular in Europe or the United States can automatically be transferred to New Zealand. As Luckman et al (2009) note in their critique of simply transferring theories from a locality with one set of characteristic to another, or Gosnell & Abrams (2009) note in their review of amenity migration, care must be taken in simply transferring local economic models without understanding the subtle attributes of the new locality. However, there are difficulties in finding information about places with similar dynamics to Whangarei. Most of the more notable places, of similar scale to Whangarei, written about in international literature are called college towns, due to the associated impact of a reasonably sized university on the local economy.

Perhaps not surprisingly, all of these theories have one feature in common, the availability or potential access to a wide set of amenities, whether biophysical or cultural. Places offering a wide set of attributes do tend to do better, whether it is redeveloping the amenity of a central business district, or leveraging off the amenities of an area to attract skilled labour. Even a brief perusal of the employment section in many New Zealand papers, or using web-based job sites, will show an emphasis on lifestyle opportunities, or used phrases such as diversity, pristine environment, diversity, world class and so on when advertising for skilled staff.

6.1 Creative Class Theories

This theory is based on the work of Richard Florida from the United States, who suggested that most urban economies were driven by the so-called creative class (Berry 2005, Clifton 2008, Atkinson & Easthope 2009). These workers are the sector of a labour force generally more involved in the creative and knowledge intensive industries. According to Florida, the productive processes have shifted from being mainly dependent on the access of raw materials to one based more on non-tangible elements such as knowledge, as global trade has led to greater exchanges of raw materials. This has meant some changes from the classic model where people followed jobs, to one in which the jobs start to follow talented people (Clifton 2008). In this model, it becomes more important to attract talent.

The theory is that those localities that promoted wider community diversity, had a reputation for tolerance and safety, and had a range of potential leisure and recreational activities would tend to attract more creative people, who would, in turn, give more strength to the local economy where they may act as entrepreneurs. In this theory, certain classes of workers are generally attracted to particular location because of their amenities. Locations with ethnic and racial diversity, walkable, vibrant, mixed-use downtowns, cultural and historical amenities, and outdoor recreational activities are often the focus of the creative class, especially in urban areas (Besser et al 2009). The night-time economy can also be important in developing opportunities to attract skilled and educated younger population cohorts, and has been the focus of several programmes in the United States across different sized towns and cities to attract people between 25 and 35 (Dewan 2006).

The creative class does not just include artist, musicians, and artisans, but also includes other professionals that use creativity in their work, such as information technology, health (especially health professionals) or in education and research (Berry 2005). Many of the creative class are attracted to places with a diversity of attractions, have a diversity of people, and are regarded as tolerant. Many places in the United States and Australia have implemented strategies designed to attract the creative class, ranging from more events, through to the regeneration of some areas as knowledge centres. The creative class theory has captured the attention of many decision-makers world-wide, but it must be stated that, by in large, those places that use this strategy tend to be larger cities, which may have knowledge intensive industries already existent within their local communities.

It should be noted that compared with larger metropolitan areas, Whangarei District does not have a wide selection of jobs dedicated to professional or creative type work. A strategy wholly developed on this approach is not particularly appropriate to Whangarei. Rural areas are less likely to benefit from creative class development strategy as it requires sufficient density of population to provide reasonable level of services. However, as the burgeoning local arts and food scene in Whangarei and Northland suggests, there is growing potential for attracting some of the so-called creative types through increasing urban amenity. Many present urban design proposals would increase choice of living opportunities (e.g. mixed use development options, increased residential density intensification in some central city or nodal areas). The enhancement of the Whangarei urban area would seem to be critical in this approach. Under this approach, landscape and recreational opportunities, and safety are treated as assets rather than an afterthought.

6.2 Business Improvement Districts (BID)

This is a concept originating in Canada, and has now been used globally from the United States to South Africa, from Latvia to New Zealand. The focus of this theory is on developing core business areas within a district or city, ranging from the central business district to local suburban shopping areas as "delightful, clean and safe" (Hoyt 2006, Hoyt 2007, Remetis 2007) that in turn attract more

business. Often these districts emerged in response to perceived threats from urban shopping malls to their customer base.

The basic premise is that, upon majority agreement of businesses within a defined area, a targeted rate will be levied by the local council on behalf of an incorporated association. The monies raised will be used to develop project, events, and ideas to promote the business district. The local council is responsible for raising the monies and also ensuring that the monies are spent on the BID projects. The actual projects chosen by the BID itself could range quite dramatically from graffiti control through to beautification projects through to business recruiting. Not all are retailing centres, with some light industrial/manufacturing areas also looking to improve viability through recruitment of other businesses and crime prevention

In New Zealand, Business Improvement Districts have mainly been set up within the wider Auckland region, including North Shore, Auckland City, Rodney District, Waitakere and Manukau. Different themes for each improvement district will often emerge, dependant upon the local business community. For example, North Shore has seven BID and each has a particular theme. Two such BID's include Northcote that uses food and associated events for its promotion through to Birkenhead Town Centre which uses the natural environment (walks and parks for its promotion). Even industrial areas are using BID as part of development programmes.

Whilst a Business Improvement District is more of a tool than a strategy, it is a tool available to private businesses and business areas that want more direct input into the development of an area. Whilst local government often focuses on developing local business, other concerns and issues may compete for limited funds from general rates. In addition, the development of a targeted rate can be struck over all businesses meeting certain criteria in an area, meaning that costs are distributed widely, especially if all benefits are also distributed widely. Many BID are consolidated around the development of amenity – ranging from higher levels of safety, through to attractive light industrial areas that promote productivity.

6.3 Cluster Led Development

Whilst Business Improvement Districts are primarily used for the promotion of an established business community, cluster-led strategies concentrates on attracting a more limited number of industries and businesses, most of which will have some level of connection, e.g marine industries. For example, the development of a private health business cluster would seek to attract a selection of businesses in the health industry, including pharmacies, private hospitals, dentists, physiotherapists, and alternative health practitioners. Porter's (2000) cluster theory implies that developing a cluster of related and supporting industries would led to local sophistication of serves, which combined with demanding customers, would drive local innovation processes. This would, in turn, enable more competitive

advantages to accrue locally. This has some connection to the simple location quotient concept and discussion outlined earlier in the report.

Alternatively, a cluster development focussing on food manufacturing would seek to develop links between producers, manufacturers, promoters, and marketers in developing a whole approach to development. Large scale examples of this approach would include works carried out around Brisbane in the development of the Southbank for education and research, or in Hamilton near the University, where a host of research and development sectors have sprung up. Small scale version of this could include the development of local tourism cooperatives in some parts of the district that compete with other locations in Northland and New Zealand; or perhaps the development of industries using a wider set of marine resources.

6.4 Amenity Led Development

In recent years, alternatives to the resource pool model (e.g. rural areas simply provide resources to urban areas) have emerged, especially in rural places such as the United States, Canada and Australia (Deller et al 2001, Jackson et al 2008, Gosnell & Abrams 2009). Alternatives tend to be developed around such ideas as amenity-migration where the scenic, recreational, entertainment values of a city or area, led to changes in migration patterns. 'Sea-change' and 'Tree-change' are terms coined in Australia for those communities that have seen rising levels of migration (Gurran 2008) especially when compared with years of depopulation in some cases) as people move from the larger capital cities to smaller communities located on the coast, near forests, and near the alpine districts.

Amenity-led migration strategies are typically used to broaden the skill base in some rural areas or have led to more entrepreneurs moving into the area, who may create new opportunities. Reasonably sizable firms in the United States have located in smaller cities where amenities are not only evident, but also have much variety in terms of recreational choices, and are easily accessible (Deller et al 2001, Gosnell & Abrams 2009). In the USA, states in the Rockies and in the Southwest have seen a growth in the migration of people seeking alternatives to the larger cities. New migrants bring new skills to an area, but also bring different sets of values that can create conflict. Urban areas in the United States, Australia and the United Kingdom have pursued strategies that improve environmental and amenity values, increase entertainment options, and reduce crime in order to attract high-quality skills, and companies' dependant on a pool of skills, to their urban areas (Atkinson & Easthope 2008, Clifton 2008). This suggests that amenity values are an important commodity in economic development, especially as the rise of manufacturing centres in China, India and other places puts pressure on the large scale manufacturing centres of the United States.

In terms of natural amenities, Whangarei is fortunate to have world class beaches and estuaries, and has access to a wide range of potential food resources. The landscape itself is a feature of the district, with bush clad hills providing a scenic backdrop to the lifestyle here, as long as these areas are

carefully managed and utilized. However, relative to some locations in New Zealand, access to facilities and the variety thereof, needs to be considered in both urban and rural areas, not just in terms of the coast.

7.0 Three Futures

The Whangarei District Council Growth Strategy outlines three alternative futures for the district over the next 30/50 years. The Three futures are presented to stimulate debate as to the preferred future settlement pattern for the district over the next 50 years. The following is a brief analysis of the most plausible impacts in terms of the local economy, dependant on the likely spatial patterns of development in the Whangarei District. Once again, it should be reiterated that this assessment is at a broad level and there are high levels of uncertainty in some respects.

Future One represents a lightly regulated, market led approach to development and, in general, reflects land development in the district over the past 10-20 years. It is presented as a continuation of this lightly regulated, largely market driven approach to land development and can be seen as a baseline against which to evaluate the other two options, in addition to being an alternative development path in its own right.

Futures Two is an intermediate position between Futures One and Three. It represents a moderately controlled, less consolidated development path based upon a three tier settlement pattern. These tiers consist of: twin cities at Whangarei and Marsden Point/Ruakaka competing with each other for higher level service provision; urban and coastal settlements with some associated urban sprawl and ribbon development; and rural urban development largely at village level with some sporadic development throughout the rural area.

Future Three represents a managed, consolidated development path based upon a structured five tier settlement pattern. This hierarchical arrangement is as follows: Whangarei City as the primary district and regional urban centre with a strong, protected and enduring CBD; a satellite town at Marsden Point/Ruakaka which complements (but does not compete with) Whangarei City; five urban villages within greater Whangarei; one rural (Hikurangi) and two coastal growth nodes at Parua Bay and Waipu; and two rural villages along with eight coastal villages located along the coastline from Waipu Cove in the south to Oakura in the north.

7.1 Future One: Lightly Regulated, Market Led Development (Business as Usual)

In this Future there is continued market led development resulting in a widely dispersed settlement pattern consisting of two discernable trends:

- (1) Urban development dispersed throughout the district with concentrations in Whangarei, Marsden Point/Ruakaka, and other urban, rural and coastal locations and along transport corridors.

- (2) Widely dispersed, sporadic rural residential development throughout the district including both countryside and coastal countryside environments.

In Future One, there is likely to be fewer opportunities to build medium sized enterprises or business areas dependent on specialist skills, or population thresholds in immediate proximity to an activity. Continued dispersed populations will increase reverse sensitivity issues, and may reduce opportunities for primary production, and consequently reduce raw materials available for developing primary processing industries.

Forestry covers approximately 60,000 ha of Whangarei District. Transport and movement of wood requires unimpeded access to various processing stations. Continued population dispersal into the countryside areas alongside main routes can present issues around reverse sensitivity and lead to constraints on transport. As noted earlier, forestry and wood product manufacturing is an area of growing advantage for the district. Similar to forestry, agriculture and stock is important to the district's economy. Continued population dispersal into the countryside may raise reverse sensitivity issues in relation to agricultural activities including the movement of stock.

Both horticultural and aquaculture opportunities are reduced by dispersed populations in the countryside and coastal areas. The countryside population is important because freshwater catchments can affect coastal and harbour water quality. In addition, dispersed populations can create issues over reverse sensitivity as new residents object to traditional production activities. Thus there are fewer opportunities to expand horticultural activities, due to popularity of areas for lifestyle blocks.

A dispersed population can also impact on the viability of extractive industries, including the development of minerals and aggregate resources that can be used for infrastructure, through reverse sensitivity limiting options for these industries.

Like New Zealand, employees in Whangarei work long hours, with 20% working over 50 hours per week. Expanding the dispersed population will have the highest increase on travel times and congestion times, adding to these long hours. Considering the present importance of Central Whangarei, and that future job growth is likely to be continue to be mainly found in places like Central Whangarei, Otaika, and Maunu, continued congestion is expected in this future.

Funding for amenity improvements that may aid economic development or attract skilled labour will be suffer from a smaller capacity to raise finance that may be needed to ensure a vibrant business sector. Whilst there are still opportunities to develop clusters of industry or undertake business improvement districts, the dispersed population and likely dispersed businesses will reduce certainty, and these activities will be more risky to undertake. An upside is business land costs will not be specifically constrained in this future, but lack of business zoned land near may be troublesome, due to reverse sensitivity issues.

7.2 Future Two: Twin City/Urban and Coastal Spread

Future Two represents a moderately controlled, partly consolidated development path based upon a three tier settlement pattern. These tiers consist of:

- (1) Twin cities at Whangarei and Marsden Point/Ruakaka
- (2) Urban and coastal settlements with some associated urban sprawl and ribbon development,
- (3) Rural urban development largely at village level with some sporadic development throughout the rural area.

Future Two has the highest ability to attract skills to Marsden Point/Ruakaka, but may impede capacity to develop further skills around Whangarei City. There will be more capacity to develop new areas of business land if required as less dispersed population reduces issues around reverse sensitivity. The availability of local labour force may increase, but this is dependent on the make-up of the local population.

Future Two would have a medium impact on transport access, due to a less dispersed population on main routes. This future would result in a smaller increase for travel times and congestion times, due to planning around two labour centres than Future One. However, there will still be some sprawl along major roads. There would be good opportunities to develop public transport around and between Marsden point/Ruakaka and Whangarei. This includes bus, ferry, and potentially train. However, there would be fewer opportunities to develop a transport system beyond these two nodes. With more consolidation, tourism based on natural resources is less affected across much of the district than Future One. Tourism-related activities (including accommodation and retail trade) are a large generator of jobs, outside of public services, within Whangarei District. This option may provide opportunities to develop new tourism enterprises around Bream Bay as increases in local demand occur.

Consolidation of the population around the twin cities would remove some issues over transport access for the transportation of commodities like timber and dairy. Whilst there would be the potential for reverse sensitivity issues near Marsden Point/Ruakaka, recent roading developments should mitigate this potential issue. Similar to forestry, agriculture and stock is important to the district's economy. A higher population consolidated in Whangarei City and Marsden Point/Ruakaka may reduce reverse sensitivity issues in relation to agricultural activities including the movement of stock. However, in some locations that remain popular along the coast, reverse sensitivity may continue to be an issue.

Aquaculture opportunities are less reduced by consolidated populations in the twin cities. This is because population is less spread over the countryside and coastal areas, therefore are less affected. However, continued population spread in Whangarei Heads, Ngunguru/ Tutukaka, and Waipu/Langs Cove continue to present issues of reverse sensitivity, and may provide sources of potential

contamination of coastal environments. Future Two presents few constraints on the potential to expand horticultural activities, with the exception of activities in the vicinity of Marsden Point/Ruakaka.

In terms of developing industry clusters, there is likely to be good opportunities in both Whangarei and Marsden Point/Ruakaka. But as Marsden Point/Ruakaka is a reasonably blank slate, building clusters in this location may take longer to identify and build (with the possible exception of transport and storage). Because of the longer lead-in times, building clusters in Marsden Point/Ruakaka may be impacted by population aging. Central Whangarei, with its present capacity base, may find it easier to develop business clusters.

Overall, there are good opportunities for live work and play in Whangarei City and Marsden Point/Ruakaka, due to high populations in the vicinity, but fewer opportunities elsewhere. However, resources available for developing amenities are still being spread throughout two main centres, which may not be optimal.

7.3 Future Three: Satellite Town/Rural and Coastal Villages

Future Three represents a controlled, consolidated development path based upon a structured five tier settlement pattern. This hierarchical arrangement is as follows:

- (1) Whangarei City as the primary district and regional urban centre with a strong, protected and enduring CBD.
- (2) A satellite town at Marsden Point/Ruakaka which complements (but does not compete with) Whangarei City.
- (3) Five urban villages within greater Whangarei urban area.
- (4) One rural and two coastal growth nodes.
- (5) Two rural villages along with eight coastal villages.

There will be some duplication of generic services between Whangarei City and Marsden Point/Ruakaka, but the capacity to develop more specialised services in Whangarei City will be highest of the three futures. In terms of implementing cluster developments or business improvement districts, Future Three creates the most certainty for business location development and potential labour forces, which may lead to more investment in these types of strategies. However, in this future, cluster led industry is more likely around Whangarei city than in Marsden Point/Ruakaka in the short to medium term. This may have implications for the price of business land.

In terms of attracting members of the creative class, Future Three has the highest opportunities based on higher populations with given area enabling more production of specialist goods and services. It would also enable a higher pool of resource to enhance public recreational resources. However, it may

reduce opportunities in terms of some rural amenity development, unless the coastal and rural villages were developed in which the benefits and attributes of rural lifestyles were maintained.

There are some possibilities to build up secondary business clusters around the growth nodes of Parua Bay, Waipu, and Hikurangi, but business are likely to be service orientated, although there could be potential for light industrial clusters in the longer term. Funding for amenity improvements that may aid economic development or attract skilled labour will be spent across the two main centres, and the three growth nodes. However, more could be pooled into Whangarei City than Future Two (with less competition between two main centres).

There are increased opportunities for live, work and play across Whangarei City, Marsden Point/Ruakaka, and three growth nodes, with local labour pools. Coastal and rural villages may be seen as supporting partners to these nodes, but need to provide high quality amenity experiences. The more consolidated population of this future has least impact on tourism opportunities dependant on natural environments or reverse sensitivity.

This Future has the most concentrated populations, with the bulk of the population found in five locations. This would reduce reverse sensitivity constraints. Consolidation of the population into five main settlements will reduce reverse sensitivity issues in relation to agricultural activities including the movement of stock. This future has the smallest reverse sensitivity issues in relation to aquaculture opportunities and the least impact on the potential to expand horticultural activities. This future would result in the smallest increase on travel times and congestion times due to planning around the two main labour centres, and potentially the other nodes. Good opportunities would exist to develop a public transport network from Waipu to Hikurangi, with several key towns and villages having enough critical mass to warrant some service. This includes bus, ferry, and potentially train. However, due to a smaller sized settlement at Marsden Point/Ruakaka, train services are less likely that under Future Two.

8.0 Conclusions

The background report examined constraints and opportunities for local economic development in Whangarei District. Future Three has the least impact on present and future economic activities of importance in the district, especially primary production and manufacturing. In terms of the service sector, Future Three provides the most certainty and potential customer base for the development of these industries. Future Three also provides the most opportunities to enhance local economic development from strategies designed to attract skilled and youthful labour to the district.

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