

Waikato District Council

Working Paper 1

Relative 'Competitive Advantage' of Waikato:

Economic and Employment Prospects

and

Future Industrial Land and Office Space

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Relative ‘Competitive Advantage’ of Waikato

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1.0 INTRODUCTION AND OVERVIEW OF THIS 'WORKING PAPER'

This Working Paper is a '*scoping study*' intended to help inform Waikato District Council officers with planning and economic development activities.

As such it builds substantially on the work done for Council's 2018 '*Blueprint Strategy*' work, that this author was heavily involved with.

The first part of this Working Paper examines recent employment growth trends in the Waikato District to identify:

- Waikato's Recent Economic and Business '*Competitive Advantages*' and '*Competitive Disadvantages*'- compared with the employment growth taking place elsewhere in non-metropolitan North Island, New Zealand from 2001 to 2017.
- Waikato's Likely '*Future Employment Growth*' Activities

The second part of this Report examines recent *Industrial Land Users'* employment growth to:

- Identify likely *future Industrial Land Uses* that Waikato should plan to accommodate.
- Particular Industrial Land Use *Threats* and *Opportunities* Waikato may need to address.

The third part of this Report examines recent Service Sector employment growth to:

- Identify *future Service Sector Land Uses* that Waikato should plan to accommodate.
- Particular *Service Sector Land Use* that Waikato may seek to further develop.

The fourth part of this Report considers the amount of different types of *Industrial Land* Waikato should seek to supply:

- Under three different '*Economic Growth Scenarios*'
- Under a '*Minimum regrets*' Scenario , and
- To *always have sufficient serviced Industrial Land available* to meet immediate needs.

The fifth part of this Report examines the need for Waikato to provide office space and service sector business opportunities, including:

- The amount and quality of *Office Space* it could be important to supply under three different '*Economic Growth Scenarios*'.
- The identification of Specific '*new economy*' business opportunities that the Waikato District may wish to realise.

Conclusions and possible '*Strategic Responses*' are provided which may assist Council's decision making about:

- The provision for future Industrial Land
- The provision for future office space, and
- Specific economic, employment and business opportunities the District could seek to realise.

This work could provide the rationale for particular '*place based*' industrial land and urban centres strategies that Council could consider for its present Town Plan Review and future Economic Development Strategies.

2.0 RECENT WAIKATO EMPLOYMENT AND GROWTH TRENDS

Waikato's recent employment growth in 184 activities was compared with that for regional (non-metropolitan) parts of North Island as a whole for the 16 years between 2001 and 2017 (the latest figures available with a consistent definition of the area concerned).

The comparison area of '*Regional North Island*' was defined as the whole of the North Island - less Auckland, Wellington, Upper and Lower Hutt and Hamilton TLAs.

This allowed Waikato's recent employment growth for to be assessed against that of similar non-metropolitan areas of North Island and projections to be made of potential employment growth and land use needs if Waikato continued along its present employment trajectory or matched that of similar parts of North Island.

Waikato's *relative 'competitive advantages'* compared with these other parts of North Island is revealed by the how well Waikato has been growing each type of activity compared with Regional North Island New Zealand.

Insights into Waikato's future employment growth prospects and future employment opportunities can be gained from comparing Waikato's recent employment growth rates for different activities with those for similar activities in Regional North Island to identify:

- Activities Waikato has been *growing faster* in employment than other parts of North Island
- Activities Waikato has *failed to grow* that are growing fast in the rest of North Island.

Activities less likely to require future land and space can then be identified as:

- Activities that *Waikato has been growing that are in decline* in the rest of the North Island economy
- Activities that are *declining in employment in both* Waikato and the rest of the North Island.

Both of these analyses provide insights into the type of industrial land and business space that Waikato should plan for in the future.

They also suggest other possible '*Strategic Economic Development and Town Planning Responses*' that would enable Waikato to gain most from each of these employment prospects.

2.1 Waikato's Recent '*Competitive Advantages*' and '*Competitive Disadvantages*'

It is informative to compare the recent economic and employment growth of Waikato compared with Regional North Island (North Island without the major urban areas of Auckland, Wellington, Upper and Lower Hutt and Hamilton).

Consistent employment figures are available for comparable areas for the 16 years between 2001 and 2017.

'*Shift Share*' Analysis can split this recent employment growth into three separate components:

- i. The '*Growth Effect*' – the employment expected because Waikato's population and employment has been growing.
- ii. The '*Industry Mix*' Effect - employment growth expected if each of the activities in Waikato had grown at the same rate as the same activities throughout Regional North Island.
- iii. The '*Differential*' Effect – the difference between actual recent (2001 to 2017) employment growth for Waikato in each activity compared with that expected (from these other two effects).

The '*Competitive Advantages*' of Waikato compared to Regional North island as a whole are revealed by the activities that Waikato has been able to grow more jobs than expected compared to Regional North Island as a whole. (Those activities revealed as having a positive '*Differential Effect*') – shown green in Table 2.1.

The '*Competitive Dis-advantages*' of Waikato compared to Regional North island as a whole are revealed by the activities that Waikato has not been able to grow as many jobs as expected. (Those activities revealed as having a negative '*Differential Effect*') – shown red in Table 2.1.

This analysis reveals Waikato's recent '*Competitive Advantages*' in jobs creation between 2001 and 2017 compared to Regional North Island have been in the following industries and services (see Appendix 'A').

Industries:

- *Meat and Meat Product Manufacturing* (190 jobs, 22% more than expected)
- *Dairy Product Manufacturing* (148 jobs, 92% more jobs than expected)
- *Specialised Machinery and Equipment Manufacturing* (116 jobs, 77% more than expected)
- *Sawmilling and Timber Dressing* (102 jobs, 43% more than expected)
- *Other Construction Services* (119 jobs, 48% more than expected)

Services:

- *Scientific Research Services* (264 jobs, 94% more jobs than expected)
- *Other Administrative Services* (103 jobs, 39% more than expected)
- *Public Order and Safety Services* (317 jobs, 67% more jobs than expected)
- *School Education* (202 jobs, 16% more than expected)
- *Child Care Services* (188 jobs, 65% more jobs than expected)

Table 2.1
Jobs Growth in Waikato between 2001 and 2017
Due to Waikato District ‘Advantages’ and ‘Disadvantages’

Results of 'Shift Share Analysis of Employment Growth from 2001 to 2017 (Red = less than expected) (Green = More than expected)	Actual employment 2017	Expected employment 2017	Difference due to Waikato Factors	% Difference from Expected
A052 Agriculture and Fishing Support Services	890	2,035	-1145	-129%
C111 Meat and Meat Product Manufacturing	850	660	190	22%
C113 Dairy Product Manufacturing	160	12	148	92%
C246 Specialised Machinery and Equipment Manufacturing	150	34	116	77%
E310 Heavy and Civil Engineering Construction	220	446	-226	-103%
E321 Land Development and Site Preparation Services	85	401	-316	-372%
H451 Cafes, Restaurants and Takeaway Food Services	550	735	-185	-34%
I462 Road Passenger Transport	50	177	-127	-254%
M691 Scientific Research Services	280	16	264	94%
N729 Other Administrative Services	260	157	103	39%
N732 Packaging and Labelling Services	20	185	-165	-826%
O771 Public Order and Safety Services	470	153	317	67%
P802 School Education	1,300	1,098	202	16%
Q871 Child Care Services	290	102	188	65%
TOTAL	17,436	17,709	-273	-2%

This analysis also reveals Waikato's 'Competitive Dis-advantages' resulting in *far fewer jobs being created* in Waikato compared to Regional North Island between 2001 and 2017 have been in the following industries and services (see Appendix 'A' for more details).

Industries:

- *Land Development and Site Preparation Services* (316 fewer jobs than expected)
- *Heavy and Civil Engineering Construction* (226 fewer jobs than expected)
- *Packaging and Labelling Services* (165 fewer jobs than expected)

Services:

- *Agriculture and Fishing Support Services* (1,145 fewer jobs, half the number expected)
- *Cafes, Restaurants and Takeaway Food Services* (185 fewer jobs than expected)
- *Road Passenger Transport* (127 fewer jobs than expected)

In terms of Waikato's overall employment growth, these relatively large shortfalls in jobs creation were compensated for by modest increases, greater than expected, in a broad range of other industries so that the *overall shortfall* in expected job creation in Waikato was *only 2% (273 jobs)* between 2001 to 2017 compared with the employment growth being achieved in the same types of activities in Regional North Island.

2.2 Waikato's Likely 'Future Employment Growth' Activities

Insights into Waikato's possible future employment growth prospects can be gained by comparing Waikato District's recent employment growth rates for different activities with those for similar activities in Regional North Island (Figure 2.1).

Figure 2.1

Comparative Employment Growth

Employment Increase by activities 2001 to 2017

Regional Nth Island								
Waikato	+ ve							
	<table border="1"> <tr> <td>Waikato <i>Growth</i></td><td>Waikato <i>Growth</i></td></tr> <tr> <td>Reg Nth Island <i>Decline</i></td><td>Reg Nth Island <i>Growth</i></td></tr> <tr> <td>Waikato <i>Decline</i></td><td>Waikato <i>Decline</i></td></tr> <tr> <td>Reg Nth Island <i>Decline</i></td><td>Reg Nth Island <i>Growth</i></td></tr> </table>	Waikato <i>Growth</i>	Waikato <i>Growth</i>	Reg Nth Island <i>Decline</i>	Reg Nth Island <i>Growth</i>	Waikato <i>Decline</i>	Waikato <i>Decline</i>	Reg Nth Island <i>Decline</i>
Waikato <i>Growth</i>	Waikato <i>Growth</i>							
Reg Nth Island <i>Decline</i>	Reg Nth Island <i>Growth</i>							
Waikato <i>Decline</i>	Waikato <i>Decline</i>							
Reg Nth Island <i>Decline</i>	Reg Nth Island <i>Growth</i>							
- ve	+ ve							

Regional Nth Is = Nth Island less Wellington, Lower/Upper Hutt, Auckland and Hamilton

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This also provides insights into possible types of 'Strategic Responses' (Figure 2.2).

Figure 2.2

Strategic Response

Regional Nth Island				
Waikato	+ ve			
	<table border="1"> <tr> <td>THREATENED (Improve Ability to 'Compete')</td><td>'STAPLES' (Overcome Emerging 'Constraints')</td></tr> <tr> <td>'DOUBTFULS' (Gradually 'Let-Go')</td><td>'STARS' (Assist 'Clusters' to Grow)</td></tr> </table>	THREATENED (Improve Ability to 'Compete')	'STAPLES' (Overcome Emerging 'Constraints')	'DOUBTFULS' (Gradually 'Let-Go')
THREATENED (Improve Ability to 'Compete')	'STAPLES' (Overcome Emerging 'Constraints')			
'DOUBTFULS' (Gradually 'Let-Go')	'STARS' (Assist 'Clusters' to Grow)			
- ve	+ ve			

Regional Nth Is = Nth Island less Wellington, Lower/Upper Hutt, Auckland and Hamilton

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Activities that Waikato is growing rapidly, that are also growing rapidly in Regional North Island can be considered **Existing Growth ‘Staples’** – that should be easy to grow in the future provided sufficient suitable sites are available and any other potential constraints are overcome (Top right quadrant in Figure 2.1).

Activities that Waikato is failing to grow, that are growing rapidly in Regional North Island could be Waikato’s potential **Future ‘Star’ Performers’** – that could be grown in the future provided they are encouraged to cluster in Waikato and sufficient sites are provided with superior settings to attract them (Bottom right quadrant in Figure 2.1).

Activities that Waikato is growing rapidly, that are in decline throughout Regional North Island can be considered **‘Threatened’** – they could be difficult to continue to grow unless steps are taken to retain their competitiveness and grow new markets. They could require less land and possibly release existing sites (Top left quadrant in Figure 2.1).

Activities that Waikato is failing to grow, that are in decline in Regional North Island could be considered to have **‘Doubtful’** future growth prospects – they are unlikely to grow in the future, but their decline could be managed and planned for with the release of some existing sites (Bottom left quadrant in Figure 2.1).

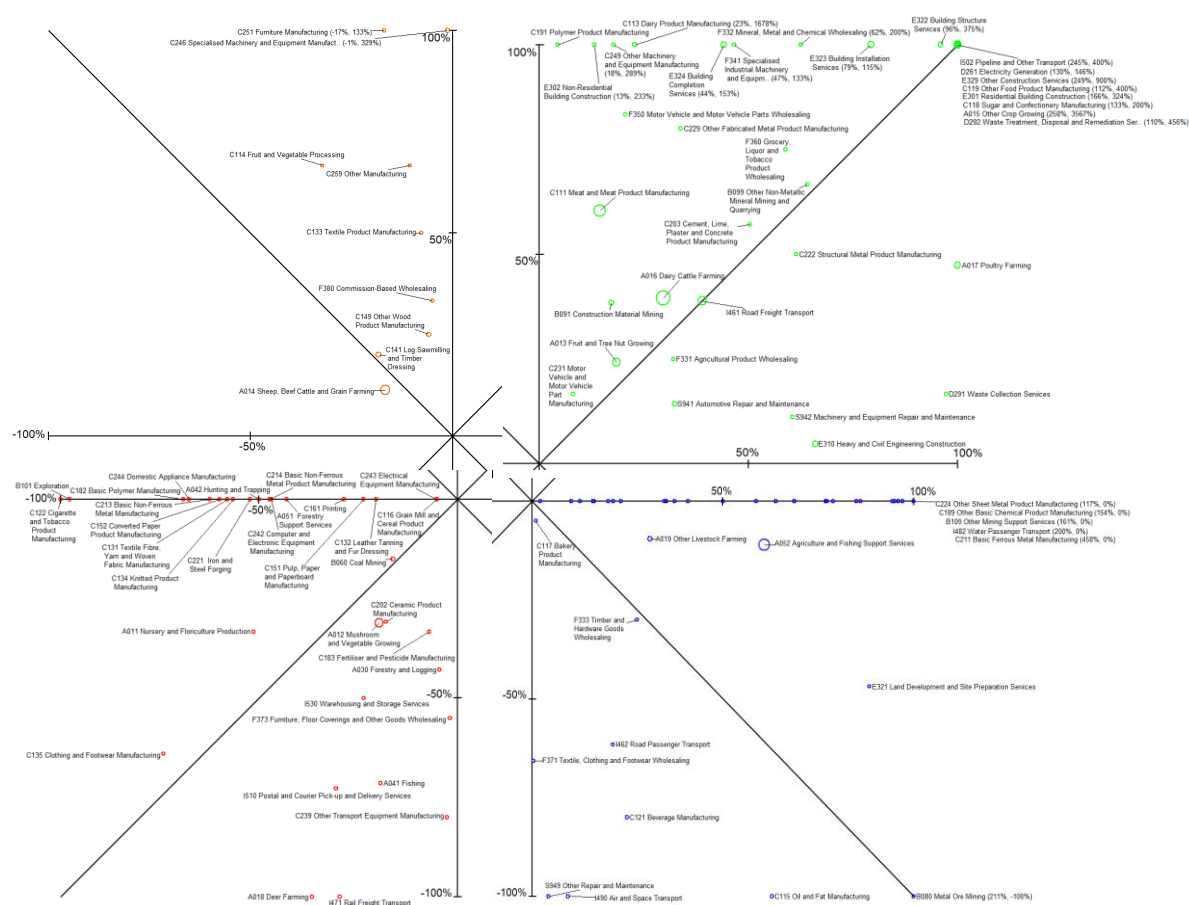
Further insights into possible *‘Strategic Responses’* for each of these sets of possible industrial land uses are presented in Section 2.4.

3.0 RECENT 'INDUSTRIAL EMPLOYMENT' GROWTH ANALYSIS

The overall comparative growth patterns for *industrial land activities* show (Figure 3.1):

- a. Large numbers of industrial land activities (**'Staples'**) are growing faster in the Waikato District than in Regional North Island (Those above the diagonal line in the top right quadrant).
- b. Many industrial land activities are not in decline but are not growing in Waikato whilst the same activities are growing strongly in Regional North Island (Potential **'Future Stars'**).
- c. Few industrial land activities are growing in Waikato when they are decline in employment in Regional North Island (**'Threatened'** Industries). However, many of these activities have exhibited limited or no growth in the Waikato District over the last 16 years.
- d. Few industrial land activities declined in employment in both Waikato and in Regional North Island (**'Doubtful'** Industries) – many of the industrial land uses in decline in Regional North Island have exhibited limited or no growth in the Waikato District over the last 16 years.

Figure 3.1
Comparative ‘Industrial Employment’ Growth
Waikato vs Regional North Island



3.1 Waikato's Existing 'Staple' Industrial Land Uses

Most of Waikato's '**Staple**' industrial land activities ('**Staples**') that are growing employment faster in the Waikato District than in the rest of Regional North Island (Those above the diagonal line in Figure 3.2) were relatively small employers in Waikato in 2017 (the size of the circle represents the number of jobs in these industries in Waikato in 2017).

Some of the fastest growing industrial land uses in Waikato that are also growing in Regional North Island are:

- Dairy Product Manufacturing
- Sugar & Confectionary Manufacturing
- Other Food Products Manufacturing

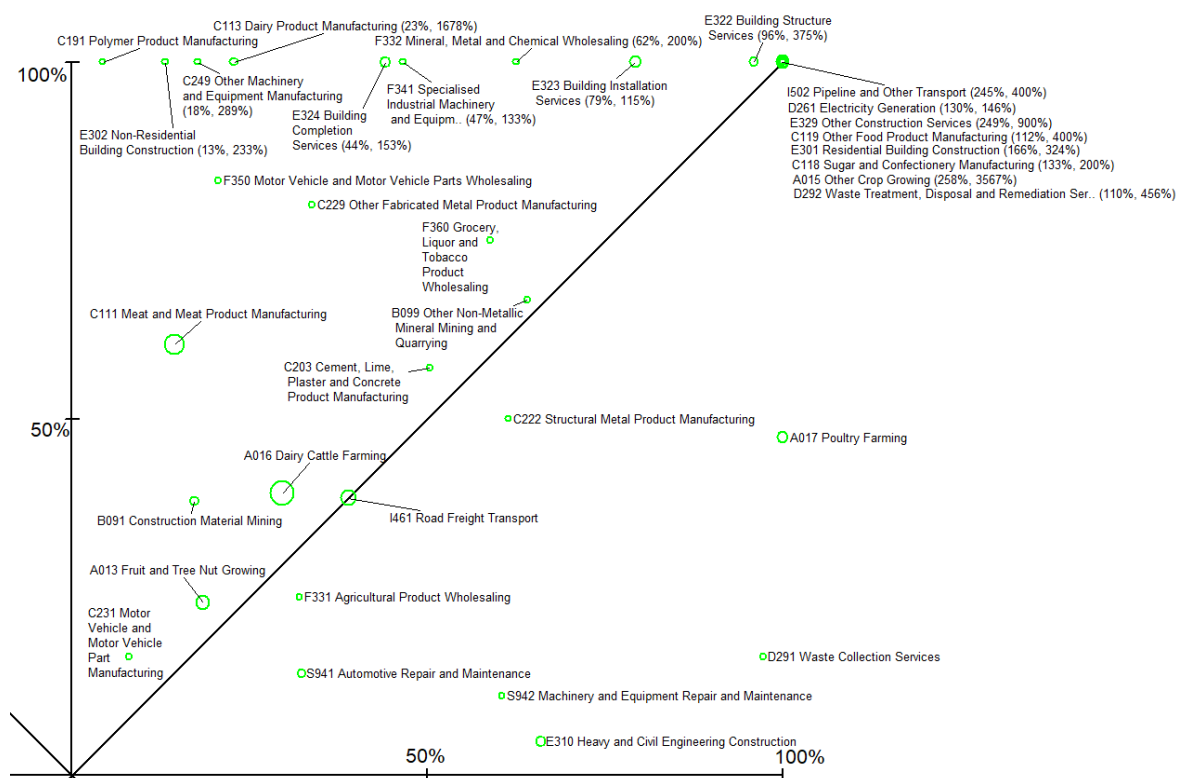
- Specialised Industrial Machinery & Equipment Manufacturing
- Other Machinery & Equipment Manufacturing

- Mineral, Metal & Chemical Wholesaling

- Building Structural Services
- Building Installation Services
- Building Completion Services
- Other Construction Services

Figure 3.2
Comparative Employment Growth in
Waikato's 'Staple' Industries

(First figure is % growth in Regional North Island; second figure is % growth in Waikato District between 2001 and 2017)



3.2 Waikato's Potential Future 'Star' Industrial Land Uses

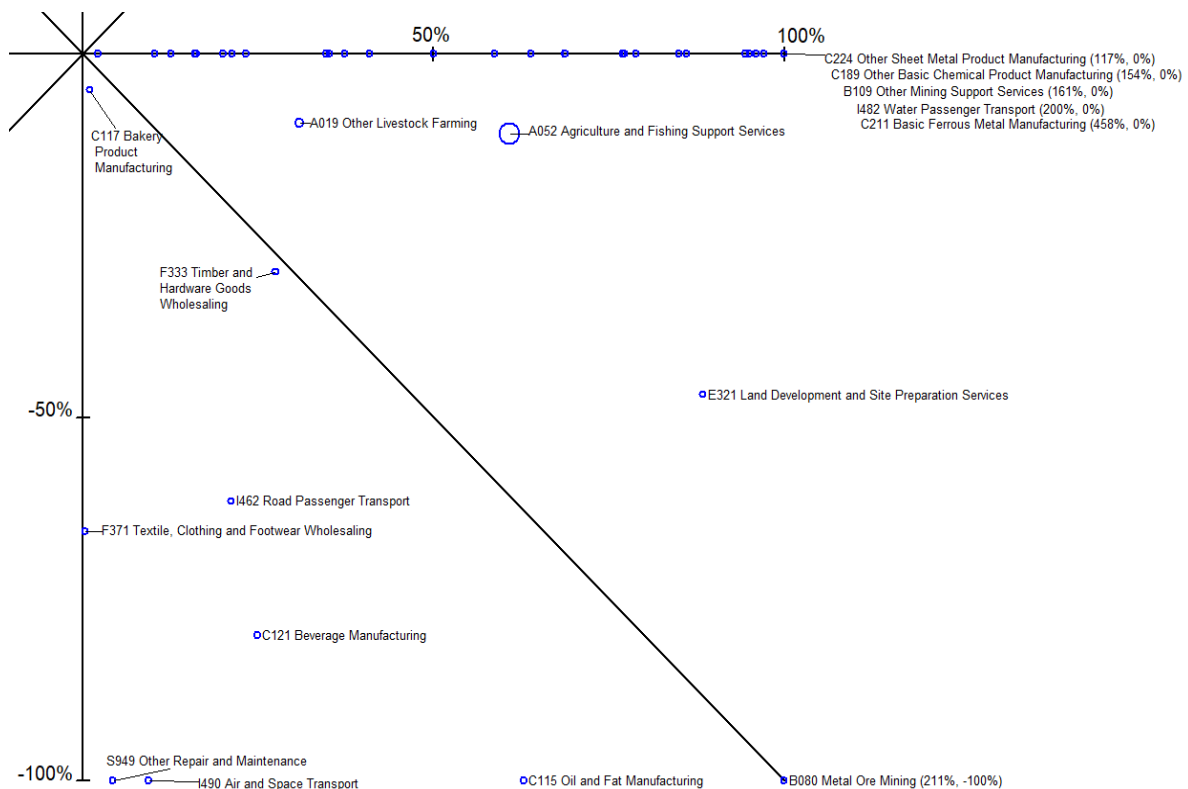
Most of Waikato's potential future industrial employment '**Stars**' – rapidly growing employment in Regional North Island but not yet in Waikato were relatively small employers in Waikato in 2017 (Figure 3.3).

Some of the fastest growing in Regional North Island presently not growing in employment in Waikato are:

- *Basic Ferrous Metal Manufacturing*
- *Other Basic Chemical Manufacturing*
- *Other Sheet Metal Product Manufacturing*

Figure 3.3
Comparative Employment Growth in
Waikato's Possible Future 'Star' Industries

(First figure is % growth in Regional North Island; second figure is % growth in Waikato District between 2001 and 2017)



3.3 Waikato's 'Threatened' Industrial Land Uses

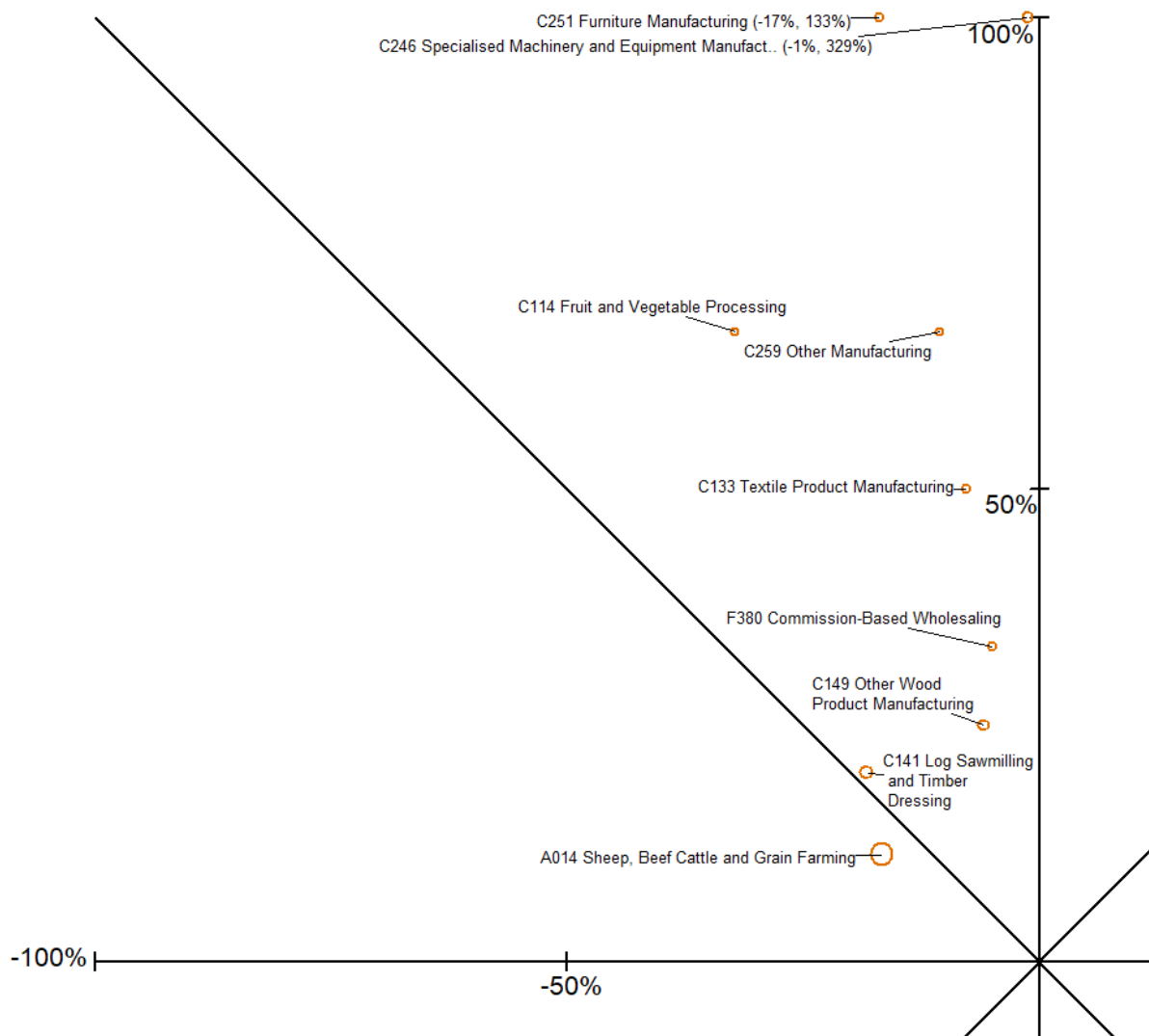
Most of Waikato's '**Threatened**' industries - growing employment in in Waikato but not in Regional North Island are also relatively small employers in Waikato in 2017 (Figure 3.4).

The most notable of these 'Threatened' Industries are:

- *Furniture Manufacturing* (jobs up 133% in Waikato, when 17% decline in employment in Regional North Island)
- *Specialised Machinery & Equipment Manufacturing* (jobs up 3 times in Waikato, when jobs not increasing in Regional North Island)

Figure 3.4
Comparative Employment Growth in
Waikato's 'Threatened' Industries

(First figure is % growth in Regional North Island; second figure is % growth in Waikato District between 2001 and 2017)



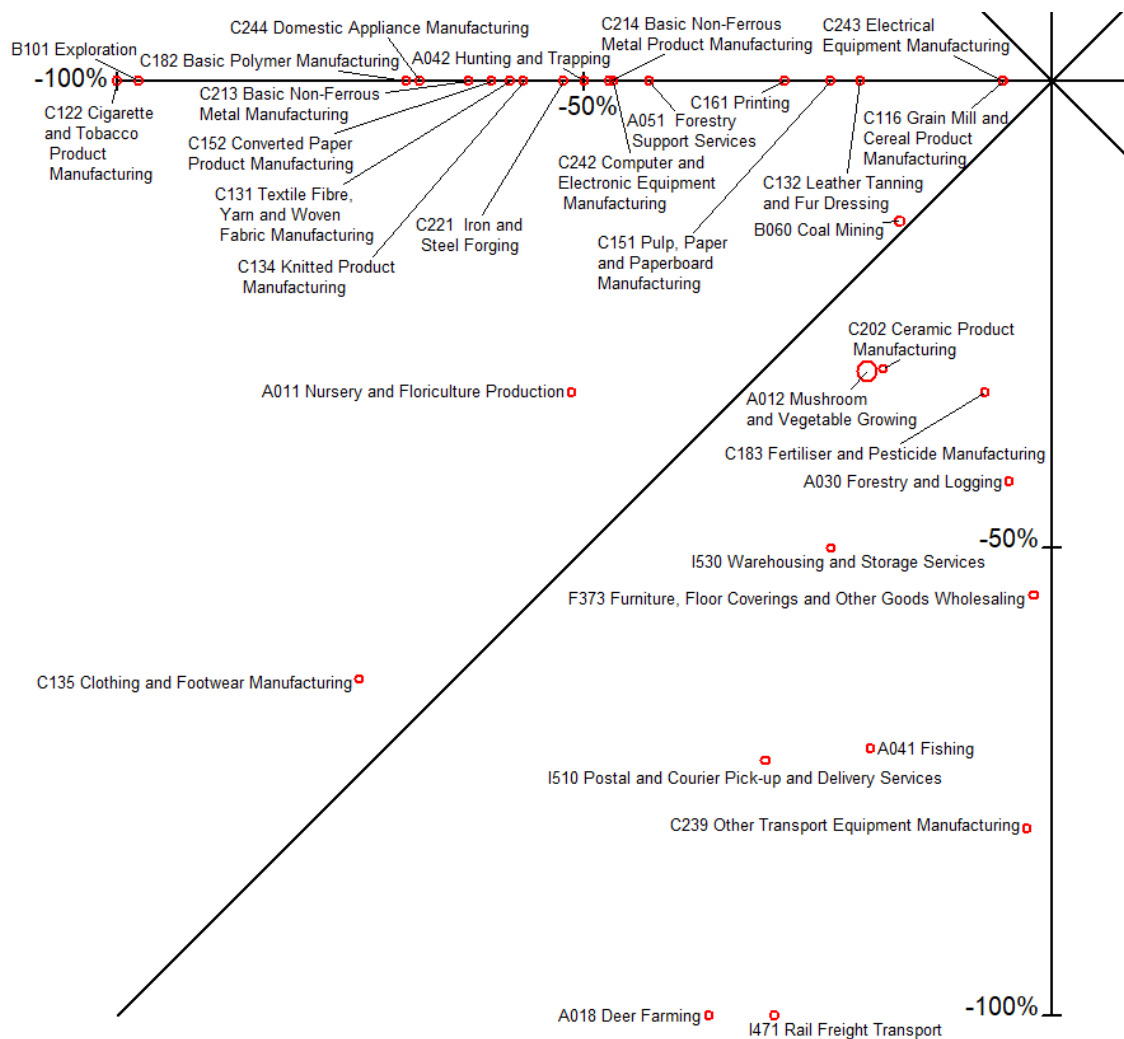
3.4 Waikato's 'Doubtful' Industrial Land Uses

There are far larger numbers of Waikato's '**Doubtful**' industrial land uses – that are declining in employment in both Waikato and Regional North Island (Figure 3.5). Again these are individually relatively small employers in the Waikato District.

Those activities struggling to retain employment in both Waikato and Regional North Island include (Figure 3.5):

- Furniture, Floor Covering and Other Wholesaling
- Domestic Appliance Manufacturing
- Textile, Fibre and Woven Fabric Manufacturing
- Knitted Products Manufacturing
- Clothing & Footwear Manufacturing
- Basic Non-ferrous Metal Manufacturing
- Basic Non-ferrous Metal Product Manufacturing
- Iron & Steel Forging

Figure 3.5
Comparative Employment Growth in
Waikato's 'Doubtful' Industries



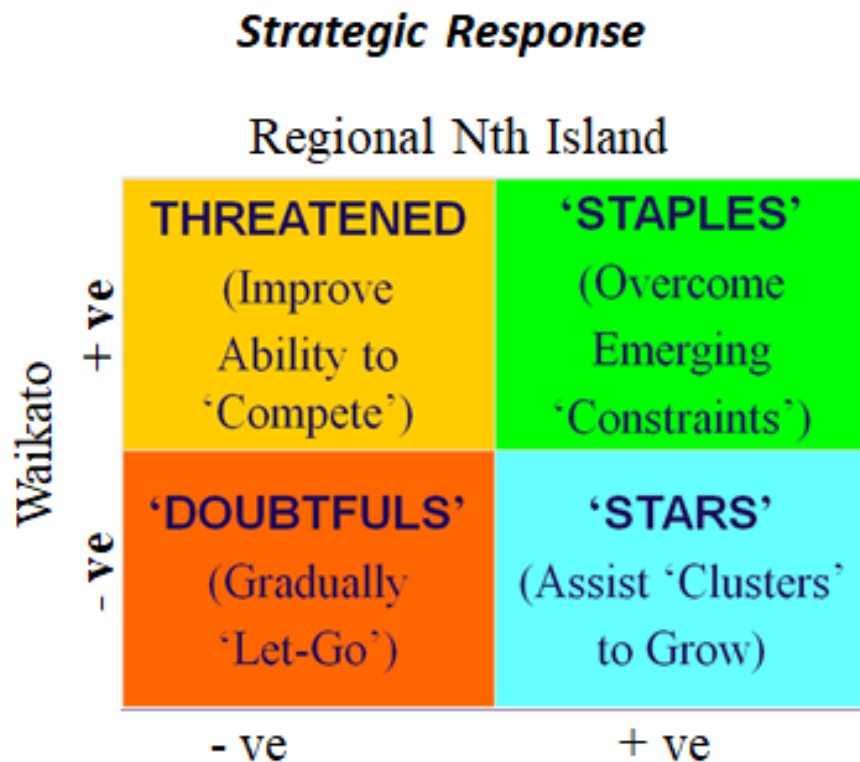
3.5 Conclusions and Possible Strategic Responses

The overall demand for Industrial Land in the Waikato District is likely to play out in the near future in the following ways:

- a. Most demand for future Industrial Land in Waikato could be for 'Clean Production' in particular for:
 - Food Production, and
 - Machinery & Equipment Manufacturing
- b. Demand for industrial land could also rapidly increase from *Building and Construction*
- c. The demand for 'general industry' land from *Ferrous Metal and Sheet Metal Industries* could be partly offset by the decline in existing demand from *forging* and *non-ferrous metal* industries
- d. It could be difficult to maintain Waikato's recent growth in 'Furniture Manufacturing' employment in the future (which is an industry in decline elsewhere) - unless Waikato can provide new products and develop new markets for new and existing products.

Figure 3.6 outlines the type of 'Strategic Response' that the Waikato District could take to address these threats and opportunities

Figure 3.6



Regional Nth Is = Nth Island less Wellington, Lower/Upper Hutt, Auckland and Hamilton

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Existing ‘Staple’ Industrial Land Uses (activities that Waikato is growing rapidly, that are also growing rapidly in Regional North Island) should be easy to grow in the future provided sufficient suitable sites are available and any other potential constraints are overcome.

Potential Future ‘Star’ Performers’ (activities that Waikato is presently failing to grow, that are growing rapidly elsewhere in Regional North Island) could be rapidly grown in Waikato in the future provided they are encouraged to cluster and sufficient sites are provided with superior business settings to attract them.

Existing ‘Threatened’ Industrial Land Uses (activities that Waikato is growing rapidly, that are in overall decline throughout Regional North Island) could be difficult to continue to maintain or grow unless steps are taken to renew their competitiveness and gain new markets. Otherwise, they could require less land and possibly release existing sites for other uses.

‘Doubtful’ Existing land Uses (activities that Waikato is failing to grow, that are in also in rapid decline in Regional North Island) are unlikely to grow in the future, but their decline could be managed and planned for with the possible release of some existing sites.

Section 5.0 provides a more detailed analysis of the amount and types of industrial land that the Waikato District should seek to supply, given recent employment growth trends, between now and 2045.

Figure 3.7 provides a more detailed overview of the types of ‘Strategic Directions’ that the Waikato District Council could consider taking to better address each of these sets of challenges and opportunities through its Town Planning and Economic Development initiatives.

Figure 3.7
Possible Industry Growth Strategies
‘Strategic Directions’

‘Staple’ Strategies



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Future‘Star’ Strategies:

Improve ‘Efficiency’:

- ***Locational Efficiency***
 - Consolidate & Cluster
 - Accessible New Locations
 - Rationalise Old Locations
 - Support Relocations
- ***Infrastructure Efficiency***
 - Use Existing Capacity
 - Build New Capacity
 - Provide New Capability
 - Infrastructure Technologies
- ***Business Efficiency***
 - Business Monitoring
 - Market Intelligence
 - Business Management
 - Training & Team Building
- ***Productive Efficiency***
 - Industry Intelligence
 - Appropriate Technologies
 - Business Networks
 - Specialised Services

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'Threatened' Staples Strategies

Increase 'Innovation':

- ***Cluster Development***
 - Superior Locations
 - Catalytic Infrastructure
 - Suitable Premises
 - Settings for Interaction
- ***Applied Technologies***
 - Technology Identification
 - Best Practice Applications
 - Trial Applications
 - Technology Transfer
 - Specialist Suppliers
- ***Skills & Training***
 - New Technologies
 - Business Management
 - Appropriate Technologies
 - Monitoring & Evaluation
- ***New Products & Markets***
 - Skills, Technology Training
 - Business Skills
 - Industry Intelligence
 - Appropriate Technologies
 - Infrastructure Technology

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'Decline' Strategies

Release Resources:

- ***Property Release***
 - Identify Best Future Use
 - Vision & Urban Design
 - Planning Proposals
 - Scheme Amendments
 - Industry Consolidation Plan
 - Closers and Relocations
 - Adaptive Re-use Premises
 - Opportunity Promotion
- ***Infrastructure Release***
 - Re-use Existing Capacity
 - Access Future Needs
 - Infrastructure Up-grades
 - Technology Improvements
 - Release Infrastructure Land
- ***Catalytic Public Investment***
 - Site 'Consolidation'
 - Demolition and Removals
 - 'Relocation Assistance'
 - Site 'Remediation'
 - Infrastructure Improvements
 - 'Road & Transport' Upgrades
 - New 'Business Settings'
 - Public 'Place Making'
 - 'Demonstration' Projects
- ***Workforce and Skills Release***
 - Re-skilling and Up-skilling
 - New Technology Training
 - Job Search and Placements
 - Roads to Employment
 - Public Transport Efficiency

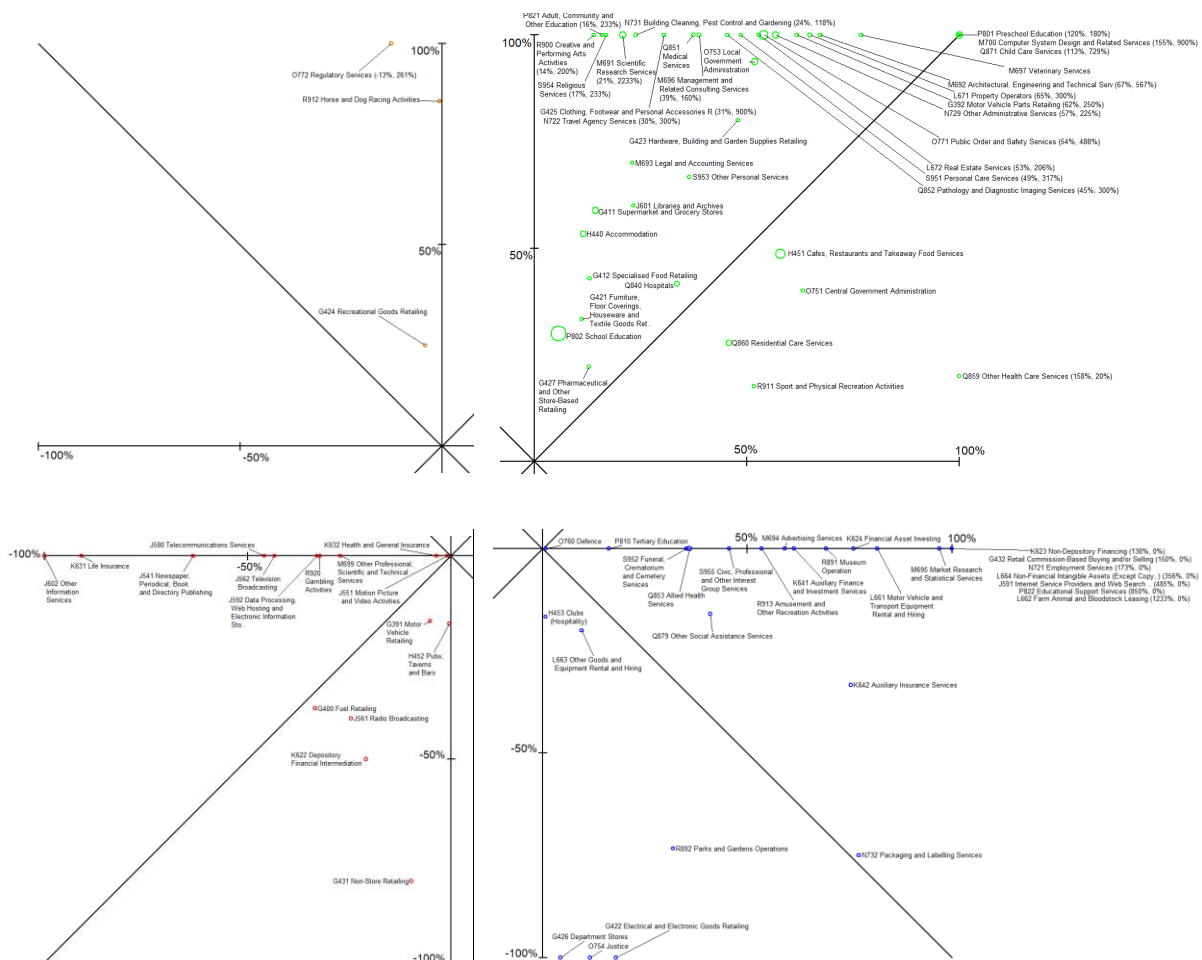
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4.0 RECENT 'SERVICE SECTOR' EMPLOYMENT GROWTH ANALYSIS

The overall comparative growth patterns for *service sector activities* show (Figure 4.1):

- Large numbers of small Service Sector activities (**'Staples'**) growing *far faster* in Waikato than in Regional North Island (Those shown horizontally above the diagonal line in the top right quadrant).
- Relatively few, small Service Sector activities not in decline but not growing in Waikato that are growing strongly in employment in Regional North Island (Potential **'Stars'**).
- Very few Service Sector activities growing in Waikato that are in overall decline in Regional North Island (**'Threatened'** Activities).
- Some Service Sector activities that are declining in employment in both Waikato and in Regional North Island (**'Doubtful'** Service Activities) – many of these have exhibited limited or no growth in the Waikato District over the last 16 years.

Figure 4.1
Comparative 'Service Sector' Employment Growth
Waikato vs Regional North Island



4.1 Waikato's Existing 'Staple' Service Sector Activities

Most of Waikato's growing Service Sector activities can be classified as '**Staple**' activities.

Many of these have been growing employment in the Waikato District over the last 16 years more rapidly than they have been growing in the rest of Regional North Island (Those above the diagonal line in Figure 4.2).

However, each of these rapidly growing service activities provided relatively small employment in the Waikato District in 2017 (the size of the circle represents the number of jobs in these industries in Waikato in 2017).

Most of these rapidly growing services in Waikato fall into the *Business Services* and *Personal Services* categories.

Some of the fastest growing '*Business Services*' in Waikato that are also growing in Regional North Island are:

- *Scientific Research Services* (Waikato employment growth 22 times from 2001 to 2017)
- *Computer Systems Design & Related Services* (9 times)
- *Architectural, Engineering & Technical Services* (6 times)
- *Property Operators* (3 times)
- *Other Administration Services* (2 times)
- *Management & Related Consultancy Services* (1.6 times)

Some of the fastest growing '*Personal Services*' in Waikato that are also growing in Regional North Island between 2001 and 2017 are:

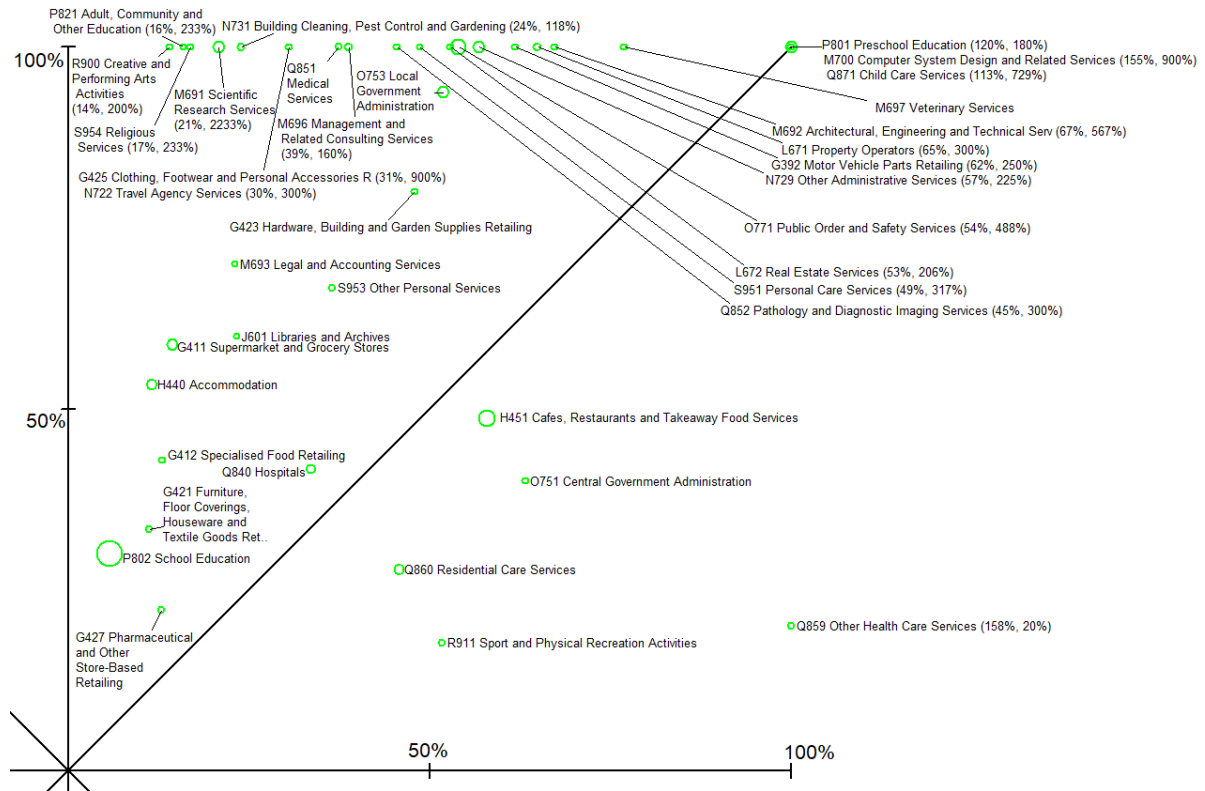
- *Childcare Services* (employment has growth 7 times in Waikato since 2001)
- *Public Order & Safety* (5 times)
- *Pathology & Diagnostic Services* (3 times)
- *Personal Care Services* (3 times)
- *Travel Agency Services* (3 times)
- *Real Estate Agency Services* (2 times)
- *Adult & Community Education* (2 times)
- *Creative & Performing Arts* (2 times)
- *Religious Services* (2 times)

Whilst *most retailing employment grew faster in the Waikato District* than in Regional North Island (services above the diagonal line in Figure 4.2), the fastest relative growth between 2001 and 2017 was in:

- *Clothing, Footwear & Personal Accessories* (where Waikato employment grew 9 times)
- *Motor Vehicle Parts Sales* (where Waikato employment grew 2.5 times)

Figure 4.2
Comparative Employment Growth in
Waikato's 'Staple' Service Activities

(First figure is % growth in Regional North Island; second figure is % growth in Waikato District between 2001 and 2017)



4.2 Waikato's Potential Future 'Star' Service Activities

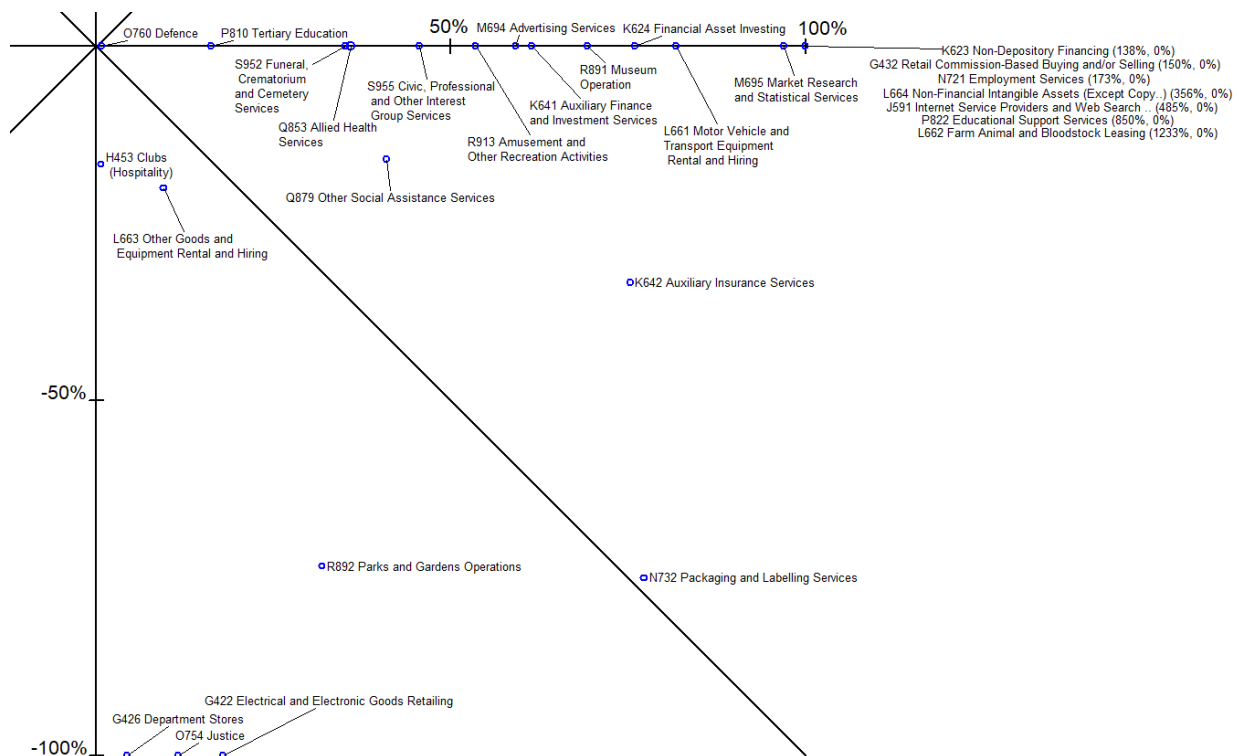
Potential 'Star' Service Activities that Waikato is 'missing out' on employment - compared with the rapid employment growth occurring elsewhere in Regional North Island are shown in Figure 4.3

The service sector activities that the Waikato District has failed to grow in employment between 2001 and 2017, when the same activities have grown rapidly in employment in other parts of Regional North Island, include:

- Education Support Services
- Internet & Web Search Services
- Non-Financial Asset Services
- Non-depository Finance Services
- Financial Asset Investment Services
- Auxiliary Insurance Services
- Auxiliary Financial & Investment Services
- Market Research & Statistical Services
- Advertising Services

Figure 4.2
Comparative Employment Growth in
Waikato's Possible Future 'Star' Services

(First figure is % growth in Regional North Island; second figure is % growth in Waikato District between 2001 and 2017)



4.3 Waikato's 'Threatened' and 'Doubtful' Service Sector Activities

There are relatively few 'Threatened' (Figure 4.3) and 'Doubtful' Service Activities (Figure 4.4) - with adverse, possibly 'negative', employment growth prospects in the near future in the Waikato District.

Figure 4.3
Comparative Employment Growth in
Waikato's 'Threatened' Services

(First figure is % growth in Regional North Island; second figure is % growth in Waikato District between 2001 and 2017)

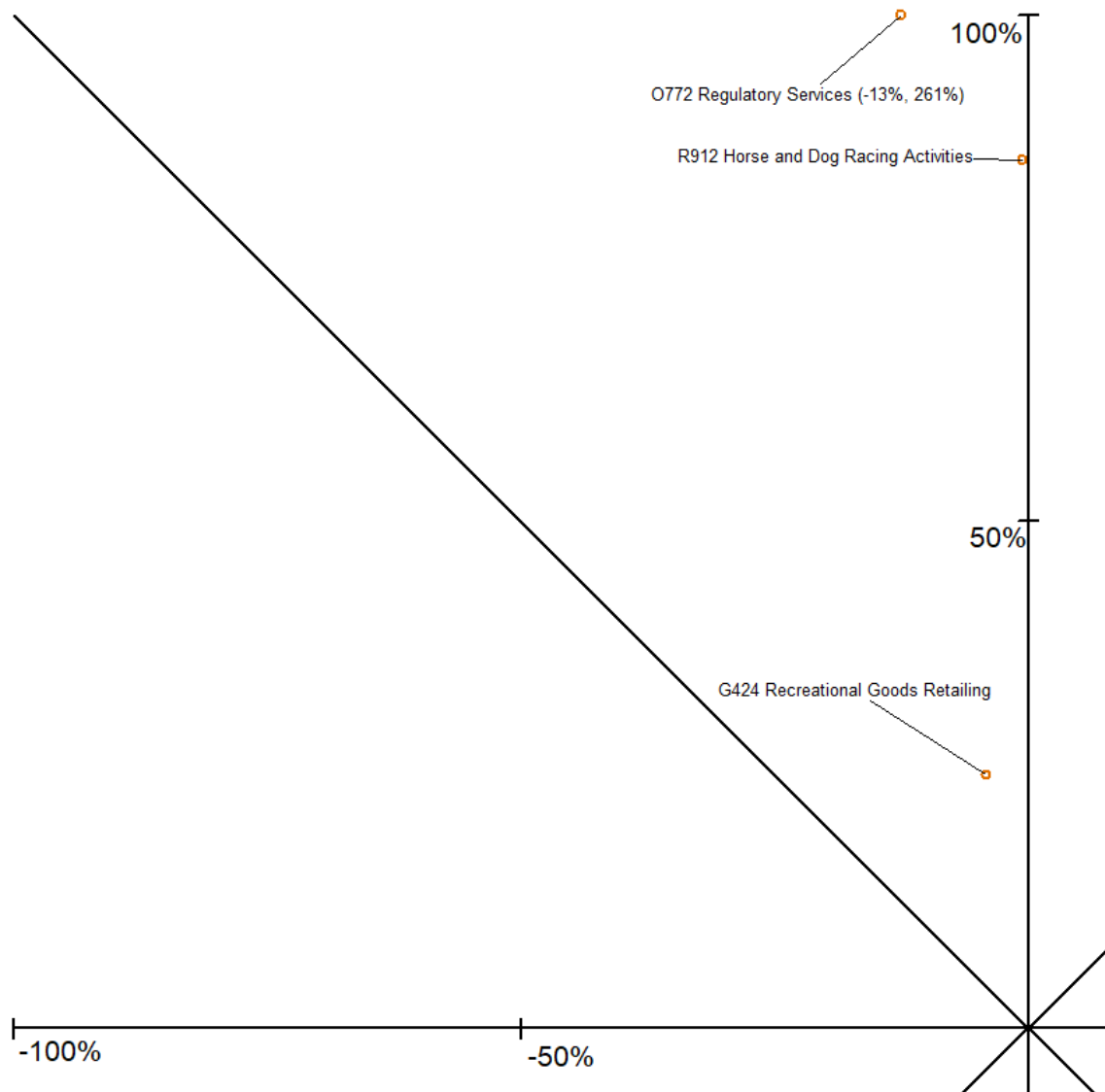
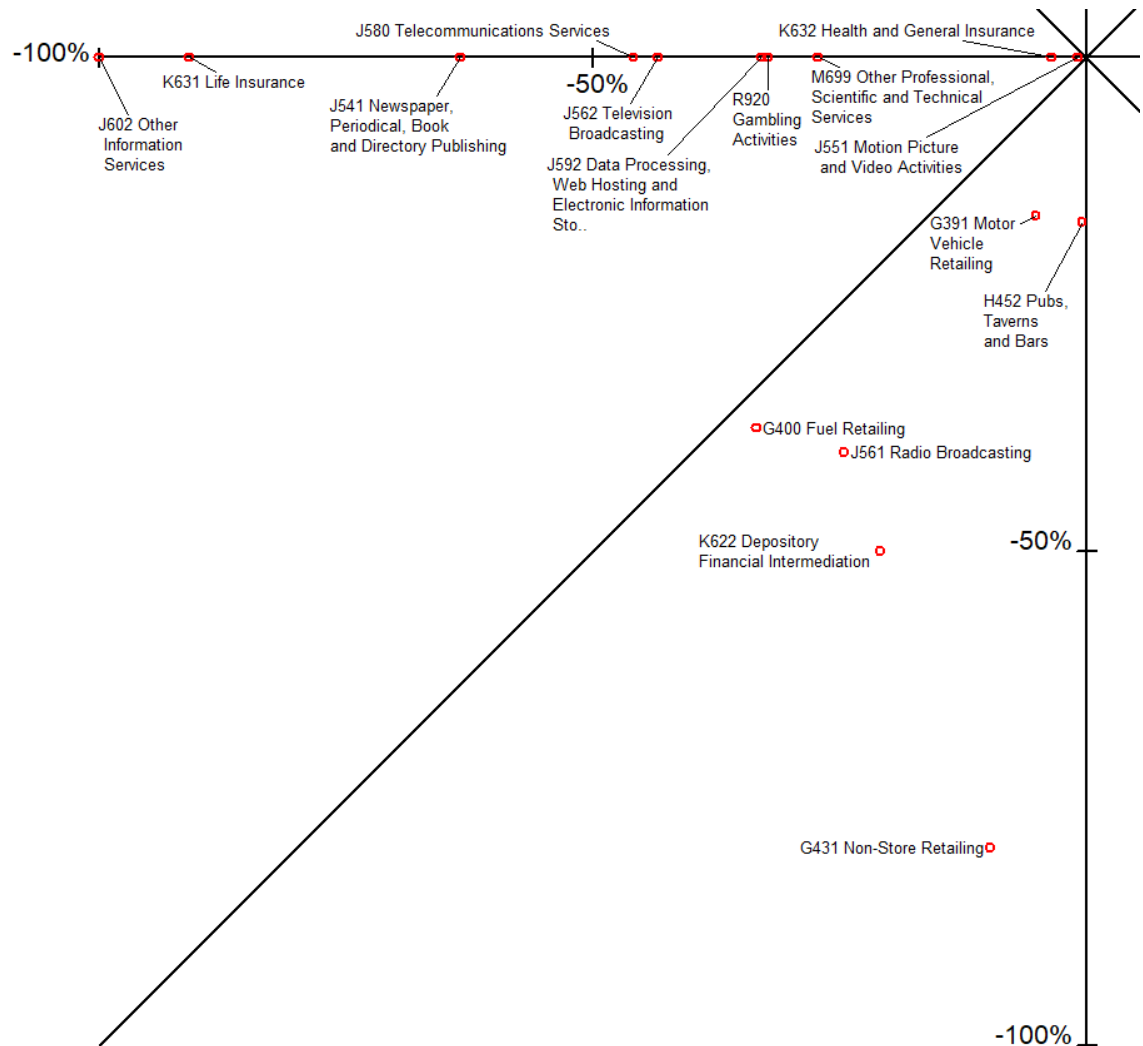


Figure 4.4
Comparative Employment Growth in
Waikato's 'Doubtful' Services

(First figure is % growth in Regional North Island; second figure is % growth in Waikato District between 2001 and 2017)



4.4 Conclusions and Possible Strategic Responses

The overall demand for service sector office space in the Waikato District is likely to play out in the near future in the following ways:

- a. Most demand for future Service sector space is likely to come from small *Business, Professional and Auxiliary Financial services* – that will require ‘superior small business settings’.
- b. Additional high demand is likely to come from *Personal and Community Services* – that are likely to require ‘affordable’, ground floor office space best located adjacent to ‘retail areas’.

Section 6.0 provides a more detailed analysis of the amount and types of office space that the Waikato District should seek to supply, given recent employment growth trends, between now and 2045.

A similar set of ‘Strategic Responses’ (Figure 4.5) and similar set of ‘Strategic Directions’ (Figure 4.6) are applicable to these different components of Service Sector Growth as those already described in the Industry Section of this Report.

It is the spatial manifestation and differences in providing superior ‘business setting’ that will most differentia these service sector Strategies.

Existing ‘Staple’ Service Sector Land Uses (activities that Waikato is growing rapidly, that are also growing rapidly in Regional North Island) should be easy to grow in the future provided sufficient suitable sites and premises are available and other potential constraints are overcome.

Potential Future ‘Star’ Performers’ (activities that Waikato is presently failing to grow, that are growing rapidly elsewhere in Regional North Island) could be rapidly grown in Waikato in the future provided they are encouraged to cluster and sufficient sites and ‘superior business settings’ are provided to attract them.

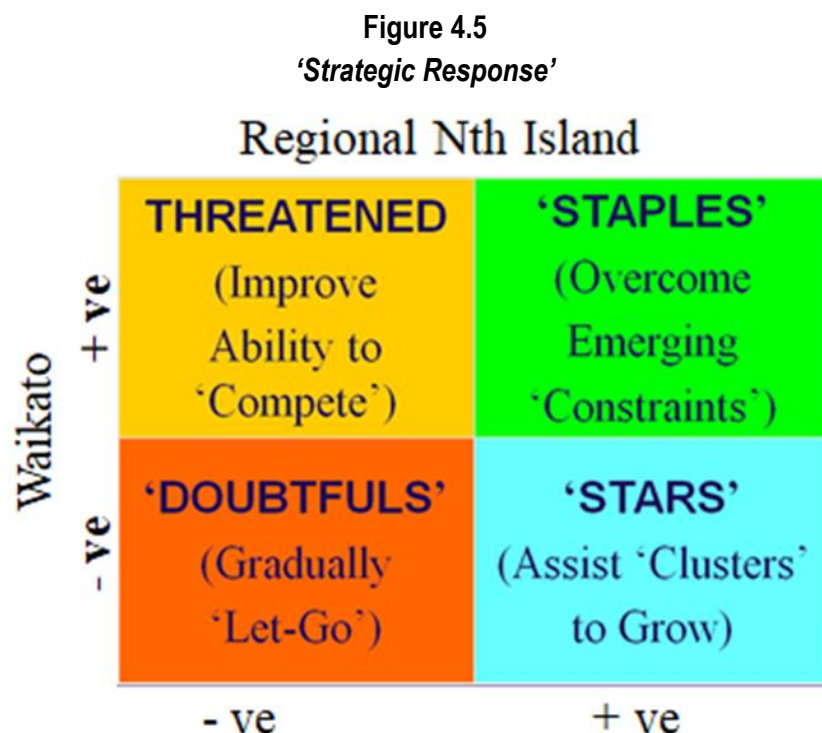


Figure 4.6 provides a more detailed overview of the types of ‘*Strategic Directions*’ that the Waikato District Council could consider taking to better address each of these sets of challenges and opportunities through its Town Planning and Economic Development initiatives.

Figure 4.6
‘*Strategic Directions*’

‘*Staple*’ Strategies

<p>Avoid ‘Constraints’:</p> <ul style="list-style-type: none"> • Property Constraints <ul style="list-style-type: none"> – Superior Locations – Serviced Land – Suitable Premises • Infrastructure Constraints <ul style="list-style-type: none"> – Transport – Telecommunications – Industry Infrastructure – Specific Facilities 	<ul style="list-style-type: none"> • Skills Shortages <ul style="list-style-type: none"> – Training & Up-Skilling – Attraction of Skilled – Retention of Skilled • Limited Local Markets <ul style="list-style-type: none"> – Access To New Markets – Apply New Technologies – Training Beyond Region
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Future‘*Star*’ Strategies:

<p>Improve ‘Efficiency’:</p> <ul style="list-style-type: none"> • Locational Efficiency <ul style="list-style-type: none"> – Consolidate & Cluster – Accessible New Locations – Rationalise Old Locations – Support Relocations • Infrastructure Efficiency <ul style="list-style-type: none"> – Use Existing Capacity – Build New Capacity – Provide New Capability – Infrastructure Technologies 	<ul style="list-style-type: none"> • Business Efficiency <ul style="list-style-type: none"> – Business Monitoring – Market Intelligence – Business Management – Training & Team Building • Productive Efficiency <ul style="list-style-type: none"> – Industry Intelligence – Appropriate Technologies – Business Networks – Specialised Services
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5.0 PROJECTED FUTURE DEMAND FOR INDUSTRIAL LAND

Three 'Future Scenarios' were used to project the potential future demand for industrial land in Waikato over the 28 years to 2045:

'Existing Economy' Scenario – Where future employment continues to reflect the *existing Waikato economy*

'Recent Growth' Scenario – Where future employment growth reflects the *types of activities growing in Waikato* between 2001 and 2017

'High Growth' Scenario – Where Waikato's future employment growth matches the *highest recent growth* achieved for different activities in Regional North Island or the Waikato District (whichever was the highest between 2001 and 2017).

5.1 Potential Future Demand for Waikato's Industrial Land

Potential future demand for industrial land was projected under each of these Scenarios based on Waikato's projected population growth and the amount of Industrial land typically required for each type of employment increase in 144 different industrial land using activities between 2017 and 2045 (Table 5.1).

Table 5.1
The Likely Demand for Waikato 'Industrial Land'
Under Each Scenario

	<i>Existing Economy</i>		<i>Waikato 'Recent Growth'</i>		<i>High Growth</i>	
General industries	40		46		86	
Food & Clean Production	41		52		64	
Construction & Utilities	40		78		126	
Total Industries	121		176		276	
Transport & Storage	9		10		40	
Wholesaling	21		47		124	
Total Logistics	30	20%	57	24%	164	37%
Total Industrial Land	151		232		440	
Vehicle and Parts Sales	0		0		0	
Bulky Goods & Hire Services	1		2		11	
Retail Services	0		0		0	
Office Based Services	2		5		9	
Retail & Support Services	3		7		20	
TOTAL Ind Land Demand (Ha)	154		239		460	
Showroom Space (ha)	4		8		40	
* 'High Growth' = highest of Waikato and Regional North Island recent growth (calculated as increased jobs/1000 resident population increase from 2000 to 2017)						
Regional North Island defined as North Island excluding Metropolitan Areas (of Auckland, Hamilton, Wellington, Lower Hutt, Upper Hutt TLAs)						

Home based businesses have been deducted from each activity (such as the building & construction industries)

The Waikato 'Recent Growth' Scenario projects potential demand for 239 ha of Industrial Land for Waikato over the 28 years between 2017 and 2045 (giving an average of 8.5 ha per year).

This is somewhat less than the 268 ha of Industrial Land demand identified under the WISE 'Medium Population Projection' for the Waikato District between 2013 and 2041 (9.6 ha pa).

This 'Recent Growth' Scenario projected future demand for 239 ha of Waikato District Industrial Land from 2017 to 2045 is also equivalent to the 241 ha of demand for Industrial Land between 2017 and 2047 projected by the latest 'Business Development Capacity Assessment 2017' for the Waikato District – which included a 15% margin above the actual projected demand (Market Economics July 2018, Table 5.2).

Table 5.2
'Business Development Capacity Assessment
Demand for Waikato 'Industrial Land' 2017-2047

Ward	Demand 2017-2047	Available Supply 2017	Centres in ward
	Ha	Ha	
Awaroa ki Tuakau	75.2	119.5	Ohinewai, Tuakau
Onewhero	4.0	0	
Whangamarino	14.6	47.1	Meremere, Te Kawkata
Hukanui-Waerenga	11.0	21.6	
Whaingaroa	12.9	0.8	
Huntley	19.1	7.2	Huntley
Ngaaruawahia	11.6	4.1	Ngaaruawahia
Newcastle	68.7	89.7	Whatawhata
Raglan	7.1	7.4	Raglan
Eureka	14.1	0	
Tamahere	2.6	1.9	
Total	240.8	299.2	

(Market Economics July, 2018 NB includes a 15% margin above the model's projected demand)

5.2 Protecting Suitable Industrial Land for Long-Term Growth

The '*High Growth*' Scenario would involve planning for three times more industrial land in Waikato (460 ha) than envisaged under the Prosperous Places '*Existing Economy*' Scenario (154 ha).

This could be considered an appropriate '*Minimum Regrets*' Planning Approach that will:

- Protect '*Strategically Located Land*' important to attract future industrial land uses
- Ensure Waikato *does not run out of* suitable, affordable, well located, cheaply serviced industrial land (if high growth rates eventuate)
- Ensure future well located, cheaply serviced *industrial land is not lost to other activities* (such as residential land uses) – that have other alternative locations available for development
- Provide *more industrial land than that immediately needed* to stop existing land owners tying up the only available industrial land supply (keeping it for higher prices, or insisting on design & build project profits)
- Recognises that well located Industrial Land will be *needed beyond the life of the present District Plan* (which has a 10 year time frame at lower growth rates).

This 460 ha '*High Growth*' demand is of the same order of magnitude as the 439 ha projected demand under the WISE '*Medium Population Projection*' for Industrial Land needed in the Waikato District between 2013 and 2061.

It is important that this is suitable flat land that is easy and affordable to service, located where these activities will want to locate, with easy access to the regional transport network (without introducing additional industrial traffic through town and village centres or through residential areas).

General Industry Areas also need to be well buffered from residential and environmental areas and other areas likely to be sensitive to electro-magnetic radiation, noise and vibration and geological stable land able to provide sound foundations.

Clean Production Areas need to be kept free from inappropriate nearby land uses that could create dust, vibration, and electromagnetic vibration and food processing and manufacturing restricted to areas easily provided with sufficient water and appropriate effluent discharge.

Advanced Warehousing Areas need to accommodate very large sites (up to 5 ha and beyond) with stable foundations and no nearby activities (such as heavy gauged rail lines) that could transmit vibrations that could adversely impact automated picking operations.

Securing strategically located industry land of National, Regional or Local Significance beyond immediate needs could be achieved by:

- Delineating this land on promotional and planning documents
- Identifying why this land is important and for what proposed uses – as *specific*, '*place based*' economic and employment opportunities
- Promoting and publicising this land at these locations in an Waikato '*Atlas of Economic Opportunities*' (see an example Figure 5.1)

Such land would not be '*locked up*' for these uses for ever – the continuing future need for such land would be reassessed during each plan review and whenever some alternative use is proposed for that land.

Figure 5.1

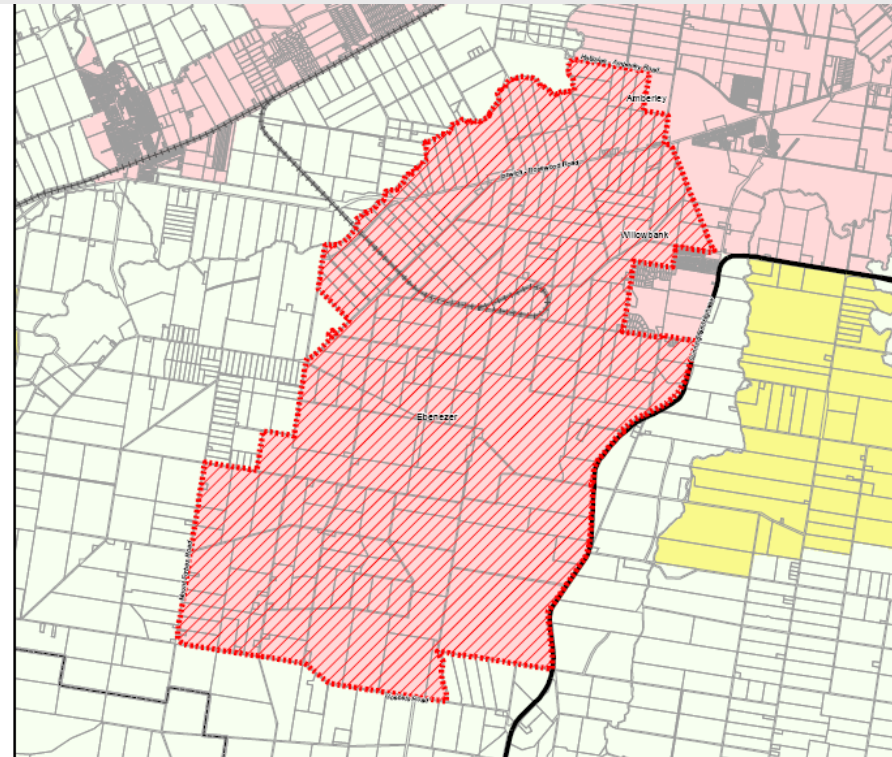
Specific 'Place Based'

Economic or Employment Opportunity

Title: Ebenezer 'Integrated Industrial and Logistics' Area

<p>Opportunity:</p> <p>For a major regional scale employment area of 8,000 hectares Including opportunities for very large industrial, freight and logistics operations (able to provide large sites up to 25ha).</p>		
<p>Location: Ipswich City Council, Ebenezer/Willowbank, UBD</p>		
<p>Source: Qld Dept Infrastructure and Planning</p>		
<p>Proponents: Include Qld Dept Infrastructure and Planning 'Property Services Group'</p>		
<p>Contact Person:</p>	<p>Phone:</p>	<p>Date:</p>
<p>email:</p>		

Opportunity Map



1. Possible Future Economic and Employment Opportunities of:
State Significance

2. Identified Opportunity:

- Major regional scale (with possible State significance) employment area of for the Western Corridor and the SEQ Region.
- Suitable for large footprint activities (requiring sites greater than 5ha) - including food and other clean production, manufacturing, freight, warehousing and logistics (with sites possibly exceeding 25ha).

5.3 Ensuring Sufficient Short-Term Suitable 'Serviced' Industrial Land Supply

At least half of the lowest projected demand of Industrial Land under the 'Existing Economy' Scenario (half of 154 ha = 77 ha) provides a realistic estimate of the minimum amount of *vacant, already zoned and serviced* Industrial Land that should always be available both now **and maintained always in the future** - to ensure no emerging land shortages (that could force up land values and drive away economic opportunities).

This would be equivalent to 9 year's supply under the Waikato 'Recent Growth' Scenario or 4.7 year's supply under the 'High Growth' Scenario.

This *immediately available industrial land* should be suitable for the mix of industrial land uses identified in the 'Recent Growth' Scenario (Table 5.2).

Table 5.2
Minimum Amount of 'Always Available'
'Development Ready' Waikato 'Industrial Land'
(Vacant, suitably located, already zoned and serviced)

General industries	15
Food & Clean Production	17
Construction & Utilities	25
Transport & Storage	3
Wholesaling	15
Retail & Support Services	2
TOTAL (Ha)	77

5.4 Conclusions About Specific Waikato Industry Needs and Opportunities

The following 'Industrial Land' Opportunities have been identified in the District's Economic Strategies and from consultations for the Waikato 'Blue Print' Workshops:

- Freight & Logistics
- Food Processing
- Motor Sports Cluster
- Building Fabrication
- Bedding Furniture and Soft Furnishings
- Health and Technology Based Business Clusters
- Communications, Information Technology & Data Warehousing

Freight & Logistics

Waikato straddles the 'southern freight corridor' between Auckland, Port Tauranga and the southern parts of North Island New Zealand.

Key freight routes include the Waikato Expressway (SH1), State Highway 2 (SH2) and Main Trunk Railway. These routes provide easy access to Auckland (including its port and International Airport), Hamilton, and Tauranga (New Zealand's second major port).

The District's 'Economic Development Strategy' identifies the opportunity to capitalise on the Waikato Expressway and the strategic location to grow a local 'freight hubbing' industry with significant opportunities being:

- The proposed Ruakura 'Freight Hub',
- The new rail and road terminal in Tokoroa, and
- The Northgate Business Park (109 ha which is being marketed as a freight and logistics site and home to the Port of Auckland regional rail/road freight hub).

Food Processing

The District's 'Economic Development Strategy' also identifies the opportunity for 'value-adding' processing from local rural production.

However, the lack of water availability and lack of large scale water storage constrains the attraction of further 'wet' industry and more intensive, irrigation based, primary production such industries rely on.

Horotiu is home of one of the most modern beef processing plants in the southern hemisphere 'AFFCO Horotiu' with its associated rendering plant, where protein meals and tallows are produced for the Asian market.

The 'Gateway Business Park' is located just south of Pokeno village. A range of lots ranging in size from 0.2ha to 25 hectares have already been taken up. Infant formula manufacturer Yashili has constructed a state-of-the-art production plant in Pokeno with an output of 52,000 tonnes of infant formula per annum.

There are 91 hectares of land in the south-east of Tuakau which are zoned Industrial and 15ha of land zoned industrial services. The industrial zone provides for manufacturing, processing, assembling, storage, distribution and wholesale activities. The industrial services zone provides for businesses that support the industrial zone, as well as small-scale manufacturing, processing, assembling, storage, distribution and wholesale activities.

Te Kauwhata is renowned for its horticulture, and a number of notable products come from the area. It is centrally located in one of New Zealand's famous wine-producing regions, and is home to the historic 1902 Rongopai Winery, secured by Invivo Wines in January 2016 - New Zealand's first 'crowd-funded' winery which also offers the prospect of frequent visits from many equity owning small investors.

Motor Sports Cluster

There is also potential to further develop a '*motorsports cluster*' based on Pukekohe, Meremere and Hampton Downs.

This could include attracting high value motor sports parts and accessory manufacturing and fitting (such as very high value telemetry, brake and electrical harnesses for sports and racing cars).

There could be opportunities to expand into a '*specialist vehicle building, service and repair*' cluster – perhaps focused on lithium ion electric and hydrogen cell vehicles (possibly including agricultural, construction, trucking and logistics equipment and machinery).

Coach building and car restoration industries could also prove a valuable fit with the development of a more diversified '*Motor Industry Cluster*' for the District.

Security, anti-hijacking and defensive driving training may be another opportunity – for national and international government agencies, high value businesses; individuals, visitors, security, car hire and chauffer firms, insurance companies and high power car and motor bike retailers, their staff and clients.

This could form a valuable part of the District's '*high value*' visitor attraction strategy - that could include providing high powered motor sports training and 'track days' for local, national and international visitors.

All desirably packaged with overnight accommodation and attractive associated 'family and partner' programs.

Building Fabrication

Puketirini's existing construction businesses include *Fletcher Constructions, Metro-Panel, Phillip Leather Prefabrication 'BuiltSmart' Modular Homes, Huntly Joinery, and Huntly Kitchens.*

There could be opportunities to build on and diversify the District's board manufacturing and construction products industries by attracting specialised, bespoke, and customised engineered, reinforced and architectural timber product manufacturers (including those seeking to relocate out of Auckland).

Useful connections could be made with the timber research and product innovation activities conducted by Scion, the Rotorua Polytechnic and the Forestry Industry Centre of Excellence and Innovation Centre at Rotorua.

It may also be possible to develop a *New Zealand Centre of Excellence* around construction trades.

Bedding, Furniture and Soft Furnishings

There could be opportunities to further diversify the District's construction products industries by attracting specialised, bespoke and customised furniture manufacturers, and specialised shop fitting businesses.

There is the prospect to consolidate and build a '*Bedding, Furniture and Soft furnishings*' Cluster focusing on the large '*Sleepy Head*' manufacturer – also attracting related businesses from more constrained sites in Auckland.

Clustering these and related businesses could attract other product and component manufacturers and suppliers and foster a commercially strong *soft furnishing* manufacturing, wholesaling and retail industry – that would also serve the growing residential population in Auckland's *Southern Metropolitan Growth Corridor*.

Health and Technology Based Business Clusters

There are opportunities to develop 'Health and Technology Based Business' clusters that could include:

- *Pharmaceutical* - sales and distribution (possibly including small scale manufacturing – with large scale pharmaceutical manufacturing plants less likely).
- *Health and Beauty Products* – manufacturing, marketing and distribution.
- *Veterinary products* – manufacturing, marketing and distribution (including artificial insemination/breeding supplies, otherwise known as AI or AB)
- *Medical Equipment* – assembly, repair and servicing (ranging from remote keyhole surgery, remote cataract lens replacement, laser cutting lens to colonoscopy equipment for humans and animals)
- *Scientific, Business and Robotic Equipment* – assembly, repair and servicing.
- *CAD/CAM Equipment and Software Development* - such as that used for automated layout and cutting, precision water and laser cutting, casting and die-making for plastic extrusion (possibly specialising in that used for building products, furniture and architectural products manufacturing).
- *Specialised New Material, Reinforced Plastics, Genetic and Medical Products* – specialised designed, assembly and production of specialised individual, bespoke and small batch production items
- *Specialised Processing, Process Control, Quality Control and Sorting Equipment* – assembly, software and servicing (e.g. for milk, horticulture, agriculture, mining, deep water and other hostile environments).
- *Remote and Satellite Sensing* – monitoring, telemetry, communications, data logging, expert system assessments and automated interventions.
- *Robotics, Remote Control, Specialised and Electric Vehicles* – assembly, evaluation, monitoring, servicing, innovations, improvements and repair (including customised robotics and remote control vehicles and systems - possibly specialising in those developed for hostile environments).

Communications, Information Technology & Data Warehousing

The relatively stable geology compared to other parts of New Zealand should make the District attractive as a safe and secure location for data warehousing, data storage, cloud storage 'computer centres', call centres and communication facilities.

However, there is uncertainty about the timing and rollout of latest Broadband installations.

Ultrafast Broadband rollout for main towns and improvements in rural Broadband coverage and performance is yet to be confirmed under the Government's UFB2 and RBI2 funding program.

The national fibre network presently only extends around Waikato's major townships.

In the case of industrial areas, there is extensive fibre optic cable coverage at Taupiri.

The existing fibre optic network only extends to North Huntly (with a possible 'point of presence' node at the Ohinewai Township).

5.5 Conclusions Concerning Future 'Industrial Land' Provision

- a. A '*Minimum Regrets*' Strategy would require planning for **at least 460 ha** of appropriately located Industrial Land for the following activities:
 - *Clean Production* (including service trades and services) (minimum of 90 ha)
 - *General Industries* (including construction & utilities) (minimum of 210 ha)
 - *Transport & Logistics* (minimum of 160 ha)
- b. Key locational requirements for such land include:
 - *Large, flat sites without nearby sensitive land uses* (such as residential areas)
 - *Ease of access to the regional road network* (without passing through urban areas)
 - *Ease and affordability of providing water and effluent discharge* (for food industries)
 - *Geological stability* (for Heavy Industry and Wholesaling Land)
- c. At least 80 ha of suitable, well located, already zoned and serviced land *should be kept 'always available'* in Waikato for the following land uses:
 - *General Industry* (including construction & utilities) 15 ha
 - *Clean Production* (including service trades and services) 20 ha
 - *Wholesaling & Logistics* 45 ha
- d. '*Strategically located*' industrial land should be *identified and protected* for 'specific future purposes' and publicised and promoted for such uses (until no-longer needed for future industrial use)

-

6.0 PROJECTED FUTURE DEMAND FOR 'NEW ECONOMY' ACTIVITIES

The same three 'Future Scenarios' were used to project the potential future demand for office space at Waikato's centres up to 2045:

The 'Existing Economy' Scenario – Where future employment continues to reflect the existing Waikato economy

A 'Recent Growth' Scenario – Where employment growth reflects the types of activities growing in Waikato between 2001 and 2017

A 'High New Economy Growth' Scenario – Where Waikato's service sector employment growth matches the highest recent growth achieved for different activities in Regional North Island or the Waikato District (whichever was the highest between 2001 and 2017).

6.1 Potential Demand for Office Space at Waikato's Centres

Future demand for different quality office space, with different locational requirements was projected under each of these Scenarios - based on the projected population growth and the amount of space typically required for the employment increase projected for 46 different types of office based activities in Waikato between 2017 and 2045 (Table 6.1).

The likely proportion of 'Home Based Businesses' have been deducted from these town and village 'centre based' office demand projections.

Table 6.1
The Likely Demand for Waikato 'Office Space'
Under Each Scenario

	Existing Economy		Waikato 'Recent Growth'		High 'New Economy' Growth*	
'High' Quality	3,300	8%	5,900	8%	15,600	8%
'Medium' Quality	28,300	65%	49,300	65%	110,800	55%
'Low Cost' Office Space	12,000	28%	20,600	27%	75,500	37%
Total 'Centres Based' office Space	43,600	100%	75,800	100%	201,900	100%
<i>Industrial Land Based Offices</i>	4,800		1,100		12,300	
TOTAL Office Demand (sq m gfa)	48,400		76,900		214,200	
<i>Centre Offices in 'Retail Settings'</i>	1,800	4%	3,300	4%	14,600	7%
*High 'New Economy' Growth = highest of Waikato and Regional North Island recent growth (calculated as increased jobs/1000 resident population increase from 2000 to 2017)						
Regional North Island defined as North Island excluding Metropolitan Areas (of Auckland, Hamilton, Wellington, Lower Hutt, Upper Hutt TLAs)						

Waikato's opportunity to attract '*higher order*', '*New Economy*' Services is limited by the relative attractiveness of the far larger nearby centres of Hamilton to the south and the proposed large, new Drury Town Centre (capturing potential demand from the northern part of Waikato).

However, Waikato could realistically seek to provide a higher proportion of services than it presently does for the 47,250 increase in residential population expected by 2045.

Consequently the likely demand for '*centres based*' office space is likely to be higher than the 'Waikato's 'Recent Growth' projection and approaching that of the '*High Growth*' Scenario.

Planning for the '*High Growth*' supply is also appropriate if demand increase as the New Zealand, greater Auckland and Waikato economy continues to transition and grow it's small business service economy.

Greatest demand is likely to be for more modest, *affordable*, '*medium quality*' office space – especially for personal and community services which is best located adjacent to the most frequented retail areas.

Relatively little future demand can be expected for in the Waikato District for '*high quality*' *prestige office space* (only 8% of demand).

Well located affordable '*low cost*', '*good quality*' office space is also likely to be in reasonably high demand – this will need to be clustered at suitable locations which will help these activities attract passing custom and clients.

This '*low cost*', '*good quality*' office space will be most attractive if provided in recognisable, accessible, highly visible, '*superior small business settings*' - that individual businesses will be unable to provide for themselves because of the required scale and cost compared with the limited demand from each business.

The provision of sufficient *reasonable quality*, *affordable*, '*low cost*' office space within 4 km of each major residential growth area will also be important - to effectively 'grow out' new, rapidly home based businesses to commercial premises.

These premises need to be clustered, at prominent, highly visible locations in '*superior small business settings*' (decrepit, old spaces above old shops will 'not cut it').

The key question arises of where best to plan to meet this demand for different types of future office space.

6.2 Other Specific Waikato ‘New Economy’ Opportunities

The following *additional ‘New Economy’* Opportunities have been identified in the District’s Economic Strategies and from consultations for the *Waikato ‘Blue Print’* Workshops:

- *Agricultural Services R&D*
- *Short-stay Visitors*
- *Aged Care Services*

Agricultural Services, Research & Development

Newstead hosts the DairyNZ headquarters and the Livestock Improvement Corporation (LIC), and just across the border are the CRIs AgResearch and Plant and Food Research at Ruakura and AgResearch’s Hill Country research station at Whatawhata.

There may be possibilities to attract or expand these and similar agricultural research and development or training activities.

Short Stay Visitors

According to Council’s web site:

- One in six (16.6%) of jobs held by Waikato District residents are supported by tourism (domestic and international).
- Waikato District visitor expenditure has grown by over 50% in the last two years – up from \$86m in 2016 to \$130m in 2018.
- Airbnb is a growing market in Waikato district, making up the equivalent of 30% of the available commercial accommodation stock.
- Visitor expenditure throughout the wider Waikato Region (with its 7 TLAs) came 76% from ‘domestic’ visitors and only 24% from ‘international’ visitors in the year to June 2018.

Although over 2 million international visitors arrived in New Zealand annually via Auckland International Airport (only 40 minutes from the District’s northern boundary) and tens of thousands must pass through the District visiting other North Island destinations only 44,500 are said to visit the Waikato District.

Intercepting touring International Visitors is likely to be difficult because of the District’s proximity to Auckland – with most visitors seeking an overnight destination a day’s drive away.

The one exception being those leaving from Auckland flights and cruises who may be persuaded to over-night in Waikato – or possibly stay the day in Waikato before their departure.

This could include those with camper vans – who may seek to take advantage of the free campervan parking and facilities at Ngaruawahia and other possible sites close to the expressway providing quick access the next morning to Auckland.

There could also be significant opportunities to attract ‘day visitors’ and ‘weekend escape’ visitors from Auckland (especially from the new residential growth areas immediately to the north) and Hamilton.

There could also be opportunities to attract more *departing visitors* - by providing interesting ‘overnight experiences’ for North Island residents and tourists on the *night before* leaving on cruises or from the Auckland International Airport (just 40 minutes away).

Providing unique, attractive recreational facilities for families would also help attract more international and domestic visitors as well as underpinning a broader 'overnight' and 'day visitor' strategy for Waikato.

There could be significant opportunities to develop overnight, weekend, short stay and week-long 'experiential' and 'special interest', 'short courses', 'cottage industry', live-in 'Master Classes' and 'training' in fields such as:

- Cooking, cheese, cake, baking, chocolate and small goods
- Health and beauty product making
- Beauty, health and fitness, holistic and alternative health
- Photography, writing, poetry, woodturning, pottery, wood and oil firing, and fine arts
- Fashion, dress making, greenstone and bone carving, accessory and jewellery design and making
- Computer aided music composition, sound production, sound mixing and cutting CDs
- Computer and 3D game making, web design, business software, computer building and repair
- Gardens, topiary & gardening, horticulture, heirloom plants, lighting, landscaping and pool design
- Design and fabrication of playground and child play equipment
- Design and construction of cultural and interpretative facilities (signage, cabinetry, landscaping, native vegetation management, environmental tracks and lookouts, dry stone walling)
- Interior decorating, soft furnishing and interior design
- Bespoke furniture and cabinet making
- Antique, jewellery, ceramics appreciation
- Furniture, upholstery restoration and repairs
- Building and home handypersons repair
- Restoration of heritage buildings and character housing and building components
- Environmental building design, and environmental products installation and repair
- Coach building, panel beating, veteran and vintage car restoration and car repair
- Supporting, managing and helping the disabled, the aged and those with addiction problems.

These could be facilitated by identifying and promoting these opportunities amongst local and North Island 'creators' and 'makers' and the provision of small incubator and training spaces (including enlarged and enhanced community facilities such as libraries, community halls, 'arts spaces' and 'men's sheds designed to be able to accommodate small group training).

There may be opportunities to extending 'motor sports' and specialised driver training (see previous section on a possible 'Motor Sports Cluster').

The same training facilities, business trainers and volunteers could possibly provide the same courses to alienated, non-main stream kids, high school students, school to work programs; retirees and those seeking retraining and lifestyle work and business opportunities.

Opportunities also exist for cycling and cultural tourism - with potential to promote weekend trips and encourage accommodation, transport and food outlets to reorientate to this market. Particular opportunities could be developed along the Te Awa cycleway connecting Ngaruawahia to Hamilton and Lake Karapiro.

The Waikato-Tainui are investigating the potential for cultural tourism experiences (e.g. waka journeys on the Waikato River and visits to sites of cultural significance along the Kingitanga Trail).

Raglan is the Waikato district's main tourism area with its three surf beaches and its world class left hand surf break, bringing visitors from around the globe. Raglan is also noted for its kite boarding, kayaking, fishing, Sports-fishing, natural harbour and harbour activities and rugged landscapes supporting tramping, horse-trekking and walking.

A large number of artists and creative people have made Raglan their home resulting in original art, pottery, weaving, stone carving, jewellery and photography businesses.

Visitor opportunities and infrastructure already identified for Raglan include:

- Expansion of the 'OceanTrails' Mountain Bike Park
- Enhancement of the 'Matarika' Maori New Year Festival
- Other 'Winter' Festivals (e.g. a Sculpture Festival)
- Small conferences
- Completion of the walkway/cycle trail from the Raglan Wharf to the Wainui Beach carpark.

Port Waikato is a relatively remote but popular holiday resort, wedding venue and *Sunshine Beach* surfing spot (breaking both left and right), with fishing and seasonal whitebait fishing at the mouth of the Waikato River.

At *Horotiu*, the *Te Awa River Ride* walking, running and cycling path linking Hamilton with Horotiu opened in December 2013, the newest section is 3km long and runs from Te Rapa to Horotiu.

Ngaaruawaahio is located at the base of the stunning Hakarimata Ranges at the confluence of the Waikato and Waipa Rivers used as trading routes by the Maori and early European traders. During the annual March regatta traditional war canoes (*waka*) parade on the Waikato River.

Ngaaruawaahio is also home to *Turangawaewae Marae*, a nationally significant marae and the headquarters for the Maori King Movement (*Te Kingitanga*). The marae grounds host the official residence and reception centre of the head of the Kingitanga - currently the Maori King, Tuheitia Pahi. However, the Marae is only open to the public one day a year – during the March regatta

Pokeno attracts many visitors for its world-famous *ice-creams* and flavoursome *Pokeno bacon or sausages*. *Pokeno* is also the site of the *Queen's Redoubt*, a major colonial military headquarters in the Waikato land wars of the 1860s. The Redoubt was a significant fortification on the Great South Road built by British Army troops to move supplies for the Waikato campaign.

The Te Kauwhata '*Whangamarino Wetlands*' are an internationally recognised wetland habitat with its 7,000 ha of swamps, fens and peat bogs, and has a number of walking tracks. The *Whangamarino 'Historic Walk'* takes 25 minutes to complete and takes in the Whangamarino Redoubt and Te Teoteo's Pa - two key sites of conflict during the Waikato War of 1863-64.

The Settlers Museum collection is housed in one of the first homes to be built in Te Kauwhata in 1887 and the Greenstone Museum showcases spectacular greenstone and bone carvings.

Aged Care Services

The rural and small town and village environment, combined with low land prices, the aging of the local resident population and the nearby urban growth areas of Auckland could make Waikato attractive to new '*aged care*' facilities – that would also attract further expansion of personal and health care services.

This could also increase demand for *health and fitness* and *holistic and alternative health* activities that could further support local business development.

For *maximum economic benefit* these should be located in local town and village centres (not in isolated, 'greenfield' locations).

6.3 Conclusions Concerning Future 'Service Sector' Opportunities

The following summarises the conclusions of this report about future 'Service Sector' provision in the Waikato District:

- a. 'Higher order' services are likely to be supplied from Hamilton and the new Drury Town Centre.
- b. Greatest demand is likely to be for *well located 'medium' quality office space* – much of which needs to be located at ground floor level, close to active retail areas.
- c. Substantial demand can be expected for come from *reasonable quality, affordable office space* – this needs to be supplied in highly visible, *'superior small business settings'*.
- d. *Reasonable quality, 'low cost' office space* will be needed within 4 km of each major residential growth area - to effectively 'grow-out' newly incubated home based businesses.
- e. Specific opportunities exist to develop high value *'weekend'* and *'day visitor'*; *'short stay'* and *'life – long interests'*, *'motor sports'* and *'driver training'*, and *'departing visitors'* through modest investment in appropriate accommodation, experiences, facilities and attractions.
- f. Other opportunities exist to develop a significant *'aged care' industry* with ancillary personal and health care services
- g. These opportunities need to be supported by appropriate 'business generating' location strategies and unique family recreational facilities that would attract more *'weekend'* and *'day' visitors*.

Summary Results of 'Shift Share' Analysis of Waikato's Recent Employment Growth 2001 to 2017

	Actual employment 2017	Expected employment 2017	Difference due to Waikato Factors	% Difference from Expected
(Red = less than expected) (Green = More than expected)				
A051 Forestry Support Services	15	4	11	73%
A052 Agriculture and Fishing Support Services	890	2,035	-1145	-129%
B060 Coal Mining	170	145	25	15%
B080 Metal Ore Mining	0	115	-115	
B091 Construction Material Mining	180	168	12	7%
B099 Other Non-Metallic Mineral Mining and Quarrying	25	31	-6	-25%
C111 Meat and Meat Product Manufacturing	850	660	190	22%
C112 Seafood Processing	6	6	0	-4%
C113 Dairy Product Manufacturing	160	12	148	92%
C114 Fruit and Vegetable Processing	25	7	18	73%
C115 Oil and Fat Manufacturing	0	37	-37	
C116 Grain Mill and Cereal Product Manufacturing	3	0	3	100%
C117 Bakery Product Manufacturing	95	102	-7	-7%
C118 Sugar and Confectionery Manufacturing	18	20	-2	-9%
C119 Other Food Product Manufacturing	75	44	31	42%
C121 Beverage Manufacturing	3	21	-18	-612%
C132 Leather Tanning and Fur Dressing	9	0	9	100%
C133 Textile Product Manufacturing	9	5	4	42%
C134 Knitted Product Manufacturing	0	0	0	
C135 Clothing and Footwear Manufacturing	9	-7	16	172%
C141 Log Sawmilling and Timber Dressing	240	138	102	43%
C149 Other Wood Product Manufacturing	150	108	42	28%
C161 Printing	9	0	9	100%
C162 Reproduction of Recorded Media	0	0	0	
C170 Petroleum Refining and Petroleum and Coal Product M	0	0	0	
C181 Chemical Manufacturing	0	0	0	
C182 Basic Polymer Manufacturing	0	0	0	
C183 Fertiliser and Pesticide Manufacturing	6	8	-2	-32%
C184 Pharmaceutical and Medicinal Product Manufacturing	3	0	3	100%
C185 Cleaning Compound and Toiletry Preparation Manufact	0	0	0	
C189 Other Basic Chemical Product Manufacturing	25	0	25	100%
C191 Polymer Product Manufacturing	6	3	3	46%
C192 Natural Rubber Product Manufacturing	9	0	9	100%
C201 Glass and Glass Product Manufacturing	0	0	0	
C202 Ceramic Product Manufacturing	45	45	0	0%
C203 Cement, Lime, Plaster and Concrete Product Manufact	55	65	-10	-18%
C209 Other Non-Metallic Mineral Product Manufacturing	25	0	25	100%
C211 Basic Ferrous Metal Manufacturing	0	0	0	
C212 Basic Ferrous Metal Product Manufacturing	3	0	3	100%
C213 Basic Non-Ferrous Metal Manufacturing	0	0	0	
C214 Basic Non-Ferrous Metal Product Manufacturing	0	0	0	
C221 Iron and Steel Forging	3	0	3	100%
C222 Structural Metal Product Manufacturing	45	61	-16	-36%
C223 Metal Container Manufacturing	0	0	0	
C224 Other Sheet Metal Product Manufacturing	6	0	6	100%
C229 Other Fabricated Metal Product Manufacturing	45	39	6	12%
C231 Motor Vehicle and Motor Vehicle Part Manufacturing	21	20	1	3%
C239 Other Transport Equipment Manufacturing	3	14	-11	-377%
C241 Professional and Scientific Equipment Manufacturing	0	0	0	
C242 Computer and Electronic Equipment Manufacturing	0	0	0	
C243 Electrical Equipment Manufacturing	0	0	0	
C244 Domestic Appliance Manufacturing	15	0	15	100%
C245 Pump, Compressor, Heating and Ventilation Equipment	6	0	6	100%
C246 Specialised Machinery and Equipment Manufacturing	150	34	116	77%
C249 Other Machinery and Equipment Manufacturing	70	23	47	67%
C251 Furniture Manufacturing	21	6	15	69%
C259 Other Manufacturing	15	7	8	51%

D261 Electricity Generation	320	418	-98	-30%
D262 Electricity Transmission	0	0	0	
D263 Electricity Distribution	0	0	0	
D264 On Selling Electricity and Electricity Market Operation	0	0	0	
D270 Gas Supply	6	0	6	100%
D281 Water Supply, Sewerage and Drainage Services	3	4	-1	-22%
D291 Waste Collection Services	35	80	-45	-128%
D292 Waste Treatment, Disposal and Remediation Services	100	52	48	48%
E301 Residential Building Construction	360	325	35	10%
E302 Non-Residential Building Construction	60	22	38	63%
E310 Heavy and Civil Engineering Construction	220	446	-226	-103%
E321 Land Development and Site Preparation Services	85	401	-316	-372%
E322 Building Structure Services	190	105	85	45%
E323 Building Installation Services	280	305	-25	-9%
E324 Building Completion Services	240	166	74	31%
E329 Other Construction Services	250	131	119	48%
F331 Agricultural Product Wholesaling	50	62	-12	-24%
F332 Mineral, Metal and Chemical Wholesaling	45	31	14	31%
F333 Timber and Hardware Goods Wholesaling	21	44	-23	-110%
F341 Specialised Industrial Machinery and Equipment Wholesaling	21	16	5	23%
F349 Other Machinery and Equipment Wholesaling	9	0	9	100%
F350 Motor Vehicle and Motor Vehicle Parts Wholesaling	55	41	14	26%
F360 Grocery, Liquor and Tobacco Product Wholesaling	70	80	-10	-14%
F371 Textile, Clothing and Footwear Wholesaling	12	35	-23	-193%
F372 Pharmaceutical and Toiletry Goods Wholesaling	3	0	3	100%
F373 Furniture, Floor Coverings and Other Goods Wholesaling	18	39	-21	-115%
F380 Commission-Based Wholesaling	12	8	4	31%
G391 Motor Vehicle Retailing	21	23	-2	-9%
G392 Motor Vehicle Parts Retailing	21	12	9	41%
G400 Fuel Retailing	100	69	31	31%
G411 Supermarket and Grocery Stores	270	212	58	22%
G412 Specialised Food Retailing	100	86	14	14%
G421 Furniture, Floor Coverings, Houseware and Textile Goods Retailing	12	11	1	11%
G422 Electrical and Electronic Goods Retailing	0	12	-12	
G423 Hardware, Building and Garden Supplies Retailing	90	91	-1	-1%
G424 Recreational Goods Retailing	25	19	6	26%
G425 Clothing, Footwear and Personal Accessories Retailing	30	5	25	85%
G426 Department Stores	0	16	-16	
G427 Pharmaceutical and Other Store-Based Retailing	110	110	0	0%
G431 Non-Store Retailing	3	13	-10	-317%
G432 Retail Commission-Based Buying and/or Selling	0	0	0	
H440 Accommodation	230	180	50	22%
H451 Cafes, Restaurants and Takeaway Food Services	550	735	-185	-34%
H452 Pubs, Taverns and Bars	50	60	-10	-19%
H453 Clubs (Hospitality)	50	61	-11	-21%
I461 Road Freight Transport	500	598	-98	-20%
I462 Road Passenger Transport	50	177	-127	-254%
I471 Rail Freight Transport	0	1	-1	
I472 Rail Passenger Transport	0	0	0	
I481 Water Freight Transport	0	0	0	
I482 Water Passenger Transport	0	0	0	
I490 Air and Space Transport	0	10	-10	
I501 Scenic and Sightseeing Transport	3	0	3	100%
I502 Pipeline and Other Transport	15	16	-1	-3%
I510 Postal and Courier Pick-up and Delivery Services	30	53	-23	-76%
I521 Water Transport Support Services	0	0	0	
I522 Air Transport Support Services	0	0	0	
I529 Other Transport Support Services	18	0	18	100%
I530 Warehousing and Storage Services	9	11	-2	-20%
J541 Newspaper, Periodical, Book and Directory Publishing	0	0	0	
J542 Software Publishing	6	0	6	100%
J551 Motion Picture and Video Activities	0	0	0	
J552 Sound Recording and Music Publishing	0	0	0	
J561 Radio Broadcasting	9	9	0	3%
J562 Television Broadcasting	0	0	0	

J570 Internet Publishing and Broadcasting	0	0	0	
J580 Telecommunications Services	3	0	3	100%
J591 Internet Service Providers and Web Search Portals	21	0	21	100%
J592 Data Processing, Web Hosting and Electronic Information Services	3	0	3	100%
J601 Libraries and Archives	40	35	5	13%
J602 Other Information Services	0	0	0	
K621 Central Banking	0	0	0	
K622 Depository Financial Intermediation	25	32	-7	-29%
K623 Non-Depository Financing	0	0	0	
K624 Financial Asset Investing	15	0	15	100%
K631 Life Insurance	0	0	0	
K632 Health and General Insurance	0	0	0	
K633 Superannuation Funds	0	0	0	
K641 Auxiliary Finance and Investment Services	0	0	0	
K642 Auxiliary Insurance Services	6	21	-15	-242%
L661 Motor Vehicle and Transport Equipment Rental and Hiring	6	0	6	100%
L662 Farm Animal and Bloodstock Leasing	3	0	3	100%
L663 Other Goods and Equipment Rental and Hiring	12	17	-5	-45%
L664 Non-Financial Intangible Assets (Except Copyrights) Leasing	0	0	0	
L671 Property Operators	140	74	66	47%
L672 Real Estate Services	55	34	21	38%
M691 Scientific Research Services	280	16	264	94%
M692 Architectural, Engineering and Technical Services	80	26	54	68%
M693 Legal and Accounting Services	85	70	15	18%
M694 Advertising Services	15	0	15	100%
M695 Market Research and Statistical Services	0	0	0	
M696 Management and Related Consulting Services	130	83	47	36%
M697 Veterinary Services	60	69	-9	-15%
M699 Other Professional, Scientific and Technical Services	35	0	35	100%
M700 Computer System Design and Related Services	30	11	19	64%
N721 Employment Services	50	0	50	100%
N722 Travel Agency Services	12	5	7	62%
N729 Other Administrative Services	260	157	103	39%
N731 Building Cleaning, Pest Control and Gardening Services	120	77	43	36%
N732 Packaging and Labelling Services	20	185	-165	-826%
O751 Central Government Administration	35	52	-17	-48%
O753 Local Government Administration	310	301	9	3%
O754 Justice	0	11	-11	
O760 Defence	0	0	0	
O771 Public Order and Safety Services	470	153	317	67%
O772 Regulatory Services	65	14	51	78%
P801 Preschool Education	280	304	-24	-9%
P802 School Education	1,300	1,098	202	16%
P810 Tertiary Education	60	0	60	100%
P821 Adult, Community and Other Education	100	38	62	62%
P822 Educational Support Services	0	0	0	
Q840 Hospitals	170	189	-19	-11%
Q851 Medical Services	110	90	20	18%
Q852 Pathology and Diagnostic Imaging Services	12	5	7	56%
Q853 Allied Health Services	150	242	-92	-61%
Q859 Other Health Care Services	30	92	-62	-208%
Q860 Residential Care Services	230	320	-90	-39%
Q871 Child Care Services	290	102	188	65%
Q879 Other Social Assistance Services	21	42	-21	-102%
R891 Museum Operation	3	0	3	100%
R892 Parks and Gardens Operations	12	69	-57	-478%
R900 Creative and Performing Arts Activities	9	4	5	59%
R911 Sport and Physical Recreation Activities	100	160	-60	-60%
R912 Horse and Dog Racing Activities	65	35	30	47%
R913 Amusement and Other Recreation Activities	65	124	-59	-91%
R920 Gambling Activities	0	0	0	
S941 Automotive Repair and Maintenance	160	217	-57	-36%
S942 Machinery and Equipment Repair and Maintenance	20	37	-17	-83%
S949 Other Repair and Maintenance	0	6	-6	
S951 Personal Care Services	25	11	14	56%
S952 Funeral, Crematorium and Cemetery Services	35	56	-21	-60%
S953 Other Personal Services	15	15	0	3%
S954 Religious Services	30	12	18	61%
S955 Civic, Professional and Other Interest Group Services	65	115	-50	-78%
TOTAL	17,436	17,709	-273	-2%