

New Zealand is a highly urbanised country

Most of New Zealand's population growth is occurring in Auckland and a few other key urban centres. New Zealand's future economic, social and environmental performance will be entwined with the performance of Auckland and our other urban areas. We need to make the most of the significant opportunities that our urban areas present, which also means managing those urban challenges that can constrain outcomes. This requires co-ordinated government activity and greater alignment with local government for key portfolios that have an interest in planning, housing, infrastructure provision and funding, and transport.

Your priorities:

During the election you indicated priorities were;

- Delivering more affordable, quality housing faster
- Providing new infrastructure funding and financing tools
- Reviewing the planning system to ensure 'fit-for-purpose'
- Setting a zero Carbon emissions goal and establishing a Climate Commission

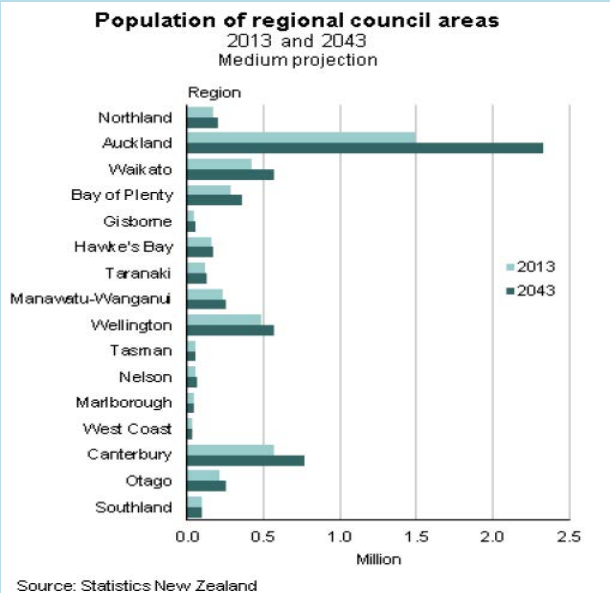
Well-functioning cities are key to our economy

Successful, well-functioning cities are the engine rooms of any modern economy. Through scale, effective density and connectivity they maximize the opportunities for, and dividends from, economic, social and cultural exchange.

New Zealand's cities are the key to delivering a stronger, more diverse, inclusive and productive economy. The knowledge-based economic activity that is generated by our urban areas — often complementing and leveraging the strengths of our primary sector — is crucial for decoupling New Zealand's growth from the biophysical limits of our environment, so we can sustain economic growth and living standards well into the future.

Most of New Zealand's future population growth will occur in our cities. Projections to 2043 show **Auckland's population will increase by more than the rest of NZ's growth combined.** This includes 75% of the growth of New Zealand's total working age population over the next 30 years.

Not all of our cities and urban areas are growing rapidly. Between now and 2043, many New Zealand cities will experience very little population increase, while others will experience only moderate increases (around 1% per year, StatsNZ med projections). Some urban areas are at risk of economic decline.



Source: Statistics New Zealand

**Regional council boundaries include surrounding rural areas, but almost all of the future population growth graphed above will be in cities and urban areas.*

Urban areas can deliver a range of outcomes

When performing, our urban areas can:

- Enable a high quality of life, and be responsive to the diverse needs of current and future residents
- Provide greater housing affordability and choice through a wide variety of housing types, locations and price-points
- Provide connectivity that maximises opportunities for firms and people to find each other, and to grow and prosper
- Promote the sharing of knowledge, enabling innovation and helping support the move towards more productive activities and exports
- Provide safe, high-quality and resilient buildings, and public spaces and urban amenities that nurture wellbeing and give people more choices
- Deliver environmental benefits by making more efficient use of land and other resources, and facilitating investment in infrastructure, technology and design to mitigate environmental impacts
- Stimulate growth in regional New Zealand
- Connect New Zealand to the world through our key gateways

Urban areas matter...

... But they face a number of challenges... and these can limit New Zealand's economic productivity

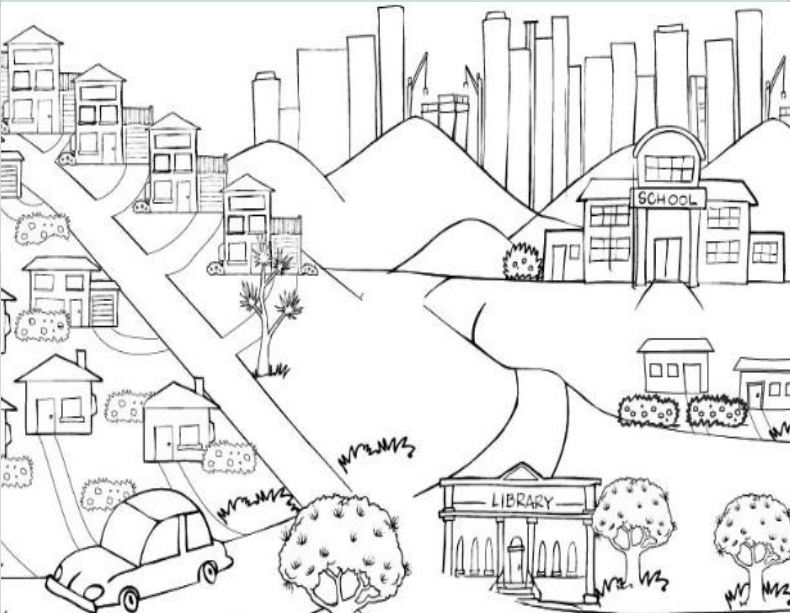
New Zealand's built and urban systems are currently not responding effectively to key pressures (including population growth or decline) resulting in poor outcomes:

Housing: Insufficient housing supply and choice, and rising house prices

- Land price accounts for 60% of the capital value of Auckland dwellings on average
- Over the next 10 years, a city the size of Christchurch needs to be built in Auckland. There is an estimated short fall of 30-45,000 dwellings in Auckland
- High house price growth has also occurred in some other centres including Hamilton and Wellington
- There is increased pressure on social and emergency housing

Infrastructure: Unresponsive infrastructure provision and accessibility and congestion issues

- The benefits of decongestion to current capacity in Auckland would be between \$0.9 billion and \$1.3 billion (1% to 1.4% of Auckland's GDP)
- From 2016-2025, approximately \$100 billion is projected to be spent across central and local government and the private sector, although local government is debt constrained
- Some of our biggest infrastructure networks – such as social infrastructure, electricity distribution and three waters networks – will need refurbishment/ replacement/ upgrade, amidst the affordability constraints of our aging population, growing cities and some regional populations shrinking.
- We need to think differently about how we deliver new infrastructure and how we can better manage the use of existing infrastructure networks



Environment: Declining environmental quality in and around urban areas

- Incremental reform of our current resource management and planning system has led to mixed environmental outcomes in urban areas
- Urban waterways are generally the most polluted in New Zealand, mainly through storm and waste water networks and run off from land, roads and buildings

Economic development: Poor productivity, low economic diversity, and low exports

- New Zealand's productivity is low compared to other OECD nations. To raise productivity and increase per capita incomes, our cities must play a greater role in lifting New Zealand's overall economic performance
- Auckland, Wellington, and Christchurch urban areas' contribution to New Zealand's total GDP (66.4%) is only marginally greater than their share of national population (60%)
- Auckland's employment growth is strong, contributing to 57% of New Zealand's total employment growth since 2010

So we need urban systems that can...

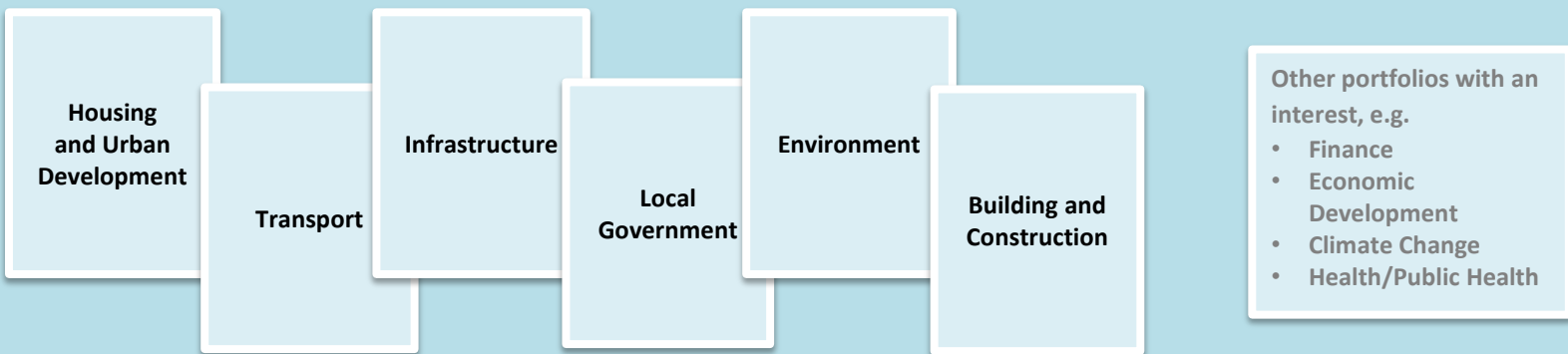
A number of Ministerial portfolios have an interest in urban areas...

There are some specific opportunities to progress urban performance that you should prioritise...

This requires partnering and working with others

Maximise the benefits of the development of our cities, urban planning and governance:

- Enable cities to grow and evolve** – through changes in land use over time
- Ensure sufficient development capacity (including infrastructure)** – informed by demand and price signals
- Enable access to opportunity (including employment, education and services)** – through mobility and location freedom for people and businesses
- Provide local public goods** – including parks, recreational facilities and other community amenities
- Deliver quality of life** – through a well-designed built environment, and access to clean air, harbour and waterways
- Ensure resilience** – of communities and infrastructure to natural hazards, climate change and other shocks



Working together across these portfolios will be necessary and achieve more enduring outcomes.

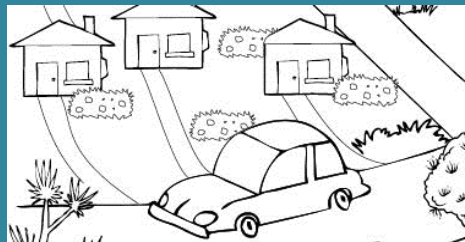
A group of government agencies are committed to working closely across these portfolios to ensure advice is co-ordinated, that there is active collaboration across relevant work programmes, and that a strategic view can be taken.

The group of agencies are Treasury, Ministry for the Environment, Ministry for Social Development, Ministry of Transport and Department of Internal Affairs, and are led by the Ministry for Business, Innovation and Employment.

Fundamental reform of the planning system: homes, cities and towns

There is an opportunity to reform the planning system to create a system that is more cohesive and coherent, is better aligned across legislative roles and responsibilities, produces better decision making outcomes, and is more agile and durable for the future.

A whole-of-system approach will be needed to develop solutions that endure, but there is a strong case for beginning with a focus on urban issues such as housing and infrastructure. The rapid population growth in our urban areas provides important opportunities for New Zealand, but has left cities and towns under pressure to deliver the standard of living New Zealanders expect, and it puts at risk our ability to deliver inclusive and sustainable economic growth.



Enabling large scale developments

Create Urban Development Authorities with enabling development powers, land assembly and coordinating functions to enable specific complex, large scale developments in growing centres.

Increased capital available to the infrastructure sector and urban developments

Establish innovative infrastructure bonds to fund housing developments and improve transport in Auckland

Investigate opportunities to attract more third-party capital by creating streams of revenues through existing or new funding tools, and to expand use of Crown capital or take on some risk for projects with widespread benefits

Improved transport access within and between cities and regions

- There are opportunities to:
- Better manage transport demand through more efficient road pricing and investing in smart transport technologies.
 - Ensure transport and land use planning and investment are aligned.



Important work underway includes:

- Assessment of current local government practices and the system oversight of three waters
- Crown land housing developments delivering affordable and social housing
- Auckland focussed activities such as the Auckland Transport Alignment Project, the Unitary Plan implementation and monitoring, and the Auckland Plan Refresh
- Implementation of the National Policy Statement on Urban Development Capacity)

Local government: have a number of key roles in supporting the urban systems we need, including: regulator, funder and provider

Iwi/Māori: have important roles including: Treaty partner, developer and provider.



Developers

Investors and Financial Institutions