



Whakatāne-Kawerau

SPATIAL PLAN FOUNDATION PAPER

Summary

MAY
2022



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Part A: Introduction

1. Purpose of the Spatial Plan

Recent population growth in Whakatāne and Kawerau Districts was unexpected, with Statistics New Zealand forecasts prior to 2013 forecasting that the population in both Districts would decline. Instead, since 2016 the opposite has happened with both Districts experiencing population growth at a higher rate than many other locations in New Zealand.

In 2020, the Government released the National Policy Statement – Urban Development (NPS-UD) which requires all Tier 1, 2 and 3 territorial authorities¹ to provide sufficient development capacity to meet expected demand for housing in the short (1-3 years), medium (3-10 years) and long (11-30 years) term. Recent analysis in Whakatāne and Kawerau shows there is sufficient land (infrastructure ready and plan-enabled) to meet population growth predictions in the short to medium term, but not in the long term.

The purpose of the Spatial Plan is to identify:

- how much land will be required for housing development over the next thirty years
- where housing development will take place
- the types of housing that will be delivered
- the infrastructure (transport, three waters, community, lifelines) requirements for the development that is proposed.

2. Foundation papers - Overview

Five *Foundation Papers* have been prepared to set the scene for the Whakatāne Kawerau Spatial Plan. They have two purposes: to describe the current state; and to identify challenges facing the two Councils as they seek to provide sufficient land for the forecast levels of future growth. Each paper focuses on a different aspect of the current situation in the two Districts and include:

- People and community
- Housing and Land
- Economy and jobs
- Infrastructure
- Natural Environment.

Many of the issues discussed in these papers are complex and affect our communities in a wide range of ways, which has meant that some issues are addressed in more than one Foundation Paper. This Summary Paper seeks to pull together the key themes discussed in the Foundation Papers as they relate to future

¹ Whakatāne District is a Tier 3 Council.

development in Whakatāne and Kawerau. Detailed information relating to the topics and issues discussed in this paper can be found in the appropriate Foundation Paper.

The Foundation Papers provide in-depth analysis of the status quo in both Districts. Together they form the starting point for understanding the needs of our communities now and going into the future. The Foundation papers also provides data that will be used to develop a business case(s) seeking support for and investment in the infrastructure and services required to enable the future development to occur.

3. Partnership with Tangata Whenua

Approximately half of the population in the Whakatāne and Kawerau District's identify as Māori. Affiliated to the seven iwi of the two Districts (Ngāti Awa, Ngāi Tūhoe, Ngāti Rangitahi, Tūwharetoa ki Kawerau, Ngāti Manawa, Ngāti Whare and Ngāti Makino) are over 80 hapū and 69 marae.

The cultural landscape within the Whakatāne and Kawerau Districts is complex, with seven recognised iwi - Ngati Awa, Ngāi Tūhoe, Ngāti Rangitahi, Ngāti Manawa, Ngāti Whare, Tūwharetoa ki Kawerau and Ngāti Mākino – and many more hapū. Many iwi have rohe that overlap with each other. All iwi have settled treaty claims with the Crown, providing redress for Treaty breaches.

Preparing the five foundation papers has been a collaborative project undertaken jointly by Whakatāne District Council, Kawerau District Council and the Bay of Plenty Regional Council. The purpose of the Foundation papers was to collate and gather publicly available information and data in order to provide a 'snapshot in time' of life in Whakatāne and Kawerau from a range of perspectives.

The Councils recognise the importance of incorporating Mātauranga Māori values and principles into development of the Spatial Plan. Developing partnerships with local iwi and hapū will be intrinsic to the success of the Strategy going forwards. Planning for growth needs to provide options for co-design, co-management and co-governance.

4. Regional context

These papers recognise that the Whakatāne and Kawerau Districts do not exist in isolation from the wider Eastern Bay, the Bay of Plenty Region or the rest of New Zealand. The development of the Ōpōtiki Harbour, Rangiuru business park, the possible Eastern City at Paengaroa and Rotorua growth nodes are potentially key influences on the Spatial Plan, as are other nationally or globally driven political and economic factors.

Part B:

Key Findings from the Foundation Papers

5. Context – Key facts

An overview of key facts about Whakatāne and Kawerau Districts is shown below (Figure 1).

Figure 1: Key Facts - Whakatāne and Kawerau Districts (Statistics New Zealand, 2021)

Key Facts	Whakatāne	Kawerau	New Zealand
Total land area	443,000 ha	2,350 ha	
Estimated Population	38,200	7,670	
% Population who identify as Māori	47.2%	61.9%	16.5%
Population growth (2013-2020)	16.8%	20.5%	12.5%
Median Age: Total Population	39.8 years	38.2 years	38.0 years
Median Age: Māori Population	26.3 years	29.3 years	26.1 years
Employment rate 2021	63%	37%	68.5%
Median annual household income 2022	\$80,700	\$55,500	\$92,000
Compound annual growth rate 2015-2021	4.9%	4.2%	5.9%

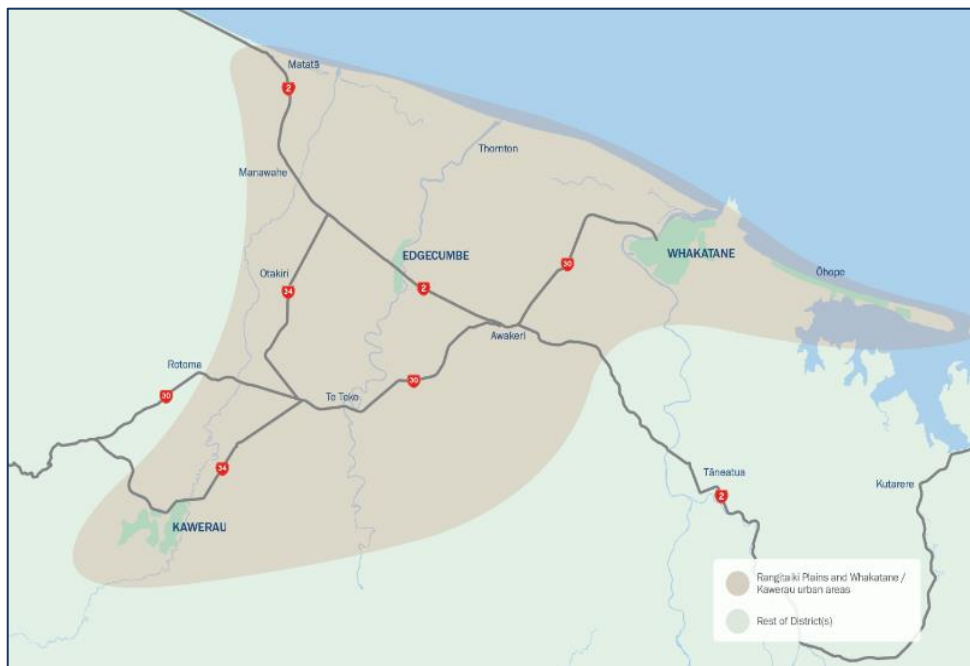
6. Our population is growing

The forecasts from Statistics New Zealand following the 2013 Census indicated that the population of both Districts would increase slightly before declining steadily in the medium to long term. Instead, since 2016 the reverse has happened. Whakatāne District has experienced rapid population growth, with approximately 600 additional residents living in the District each year. This equates to an average growth rate of 1.6% per annum. It is estimated that as at December 2021, Whakatāne District had a total population of 38,400², which equates to 2,700 more people since 2018.

Kawerau District has also experienced significant population growth. Between 2013 and 2018 there have been approximately 150 additional residents living in Kawerau District each year. It is estimated that as at December 2021, Kawerau District had a total population of 7,670, which is 524 more people since 2018. The key areas of growth across the two Districts can be seen in Figure 2 below.

² Infometrics (2021). Whakatāne Economic Profile 2021. <https://ecoprofile.infometrics.co.nz/Whakatāne%20District/PDFProfile>. Downloaded 22 April 2022.

Figure 2: Areas of growth - Whakatāne and Kawerau Districts



Population growth is driven by natural increase (births minus deaths), domestic and international migration. Since 2013, natural increase has been the primary driver of population growth in Whakatāne District, followed by international migration while domestic migration has been the least important. In contrast in Kawerau, natural increase and domestic migration have been equal drivers of growth with international migration the least important.

International migration between 2020 and 2021 was severely impacted by New Zealand’s closed international borders. However, during that time the population in the wider Bay of Plenty continued to grow at nearly twice the rate for growth in New Zealand overall.

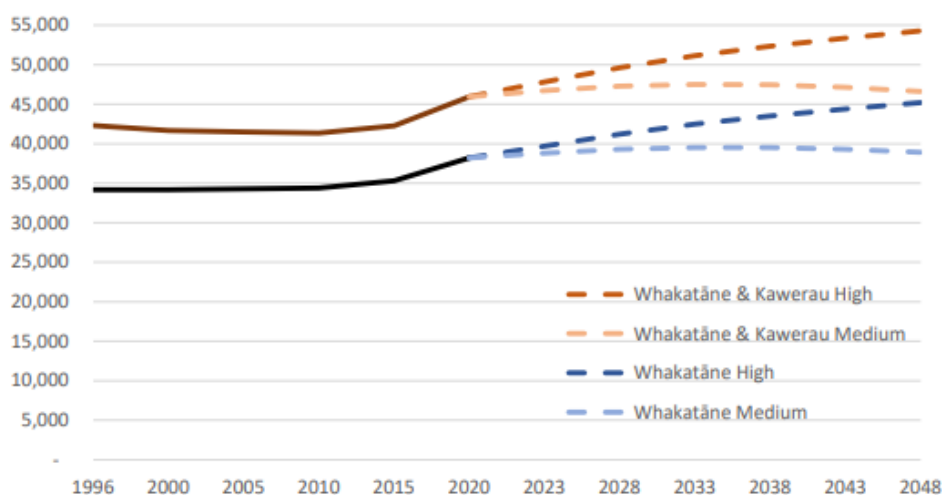
7. Forecast population growth

The population of Whakatāne and Kawerau Districts is expected to continue growing over the longer term due to the high rate of natural increase taking place, particularly in Whakatāne, and as international migration reverts to pre-COVID-19 patterns. The recently released Statistics New Zealand sub-national population projections show that growth in the two Districts is now projected to continue at least at a medium to high growth rate until 2033 and could continue at a high growth rate out to 2048³. This level of growth means that the population in Whakatāne District could reach 45,000 by 2048 with almost 55,000 residents living in the combined Whakatāne and Kawerau Districts area⁴ (Figure 3 below).

³ RCG Consultants 2020. Whakatāne Demand Assessment.

⁴ Market Economics 2021. Whakatāne District Housing Demand – Economic Assessment.

Figure 3: Population projections – Whakatāne and Kawerau Districts (Statistics NZ, 2021)



While Statistics New Zealand forecasts a range of population projections, the high projection has been adopted for the Spatial Plan project to ensure that the requirements associated with the greatest potential demand for housing are understood. The high projection forecasts that the combined population could reach 55,000 by 2050. This equates to 250 new residents in Whakatāne District and 50 new residents in Kawerau District every year. Meeting this level of demand would mean that an additional 3,900 houses will be required in Whakatāne and Kawerau by 2050 (Figure 4).

Figure 4: Whakatāne Dwelling Demand Projections and Land Requirements to 2050

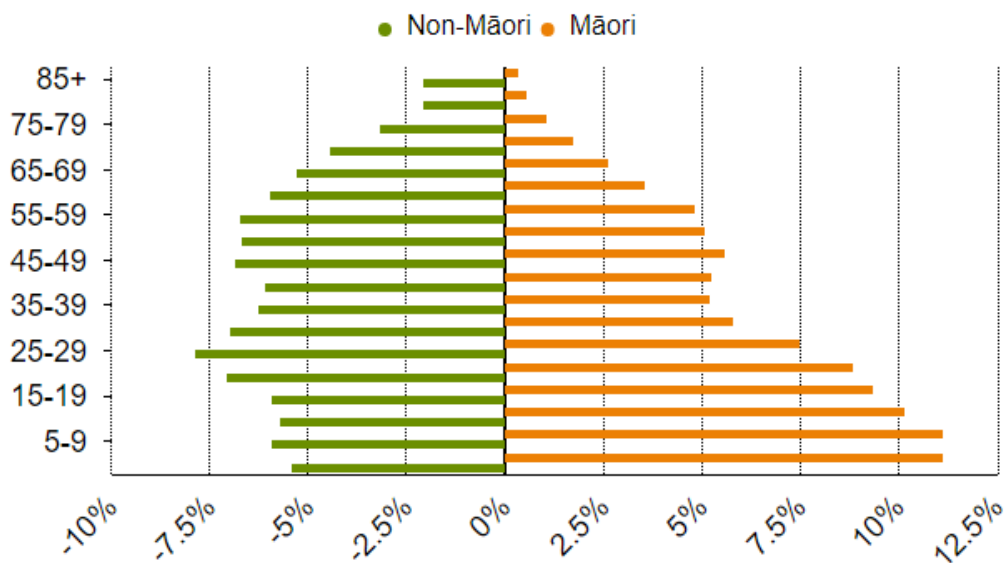
	Short term (2020-2023)		Medium Term (2024-2030)		Long Term (2031-2050)		Total by 2050	
	Houses	Land (Ha)	Houses	Land (Ha)	Houses	Land (Ha)	Houses	Land (Ha)
Per Year	150	11	150	11	120	9	3,900	279
Total	450	32	1,050	75	2,400	171	3,900	279

8. The makeup of our population is changing

The population of both Districts is ageing. Currently 18% of people are aged 65+ years, with this cohort expected to make up 30% of the population by 2043. An ageing population means there will be increased demand for smaller dwellings on smaller plots and retirement village facilities close to amenities and centres. This trend towards smaller households increases the overall demand for housing.

Māori make up nearly two thirds (62%) of Kawerau’s population and nearly half (44%) of Whakatāne’s. This is significantly higher than for New Zealand (16.5%) as a whole. Māori have a very different age profile compared to non-Māori both nationwide (Figure 5) and in the local context. The Māori population in both Districts has a median age of 26.3 years, which is much younger than in Whakatāne (39.8 years), Kawerau (38.2 years) and New Zealand overall (Figure 1s). The largest cohort of Māori in both Districts is aged 14 years and below. Additional demand for housing can be expected in the next two decades as this cohort ages and looks to set up households of their own.

Figure 5: New Zealand - Māori and non-Māori population by age (2018)



9. Household tenure

Household tenure in Whakatāne and Kawerau Districts has remained relatively stable with just under two-thirds of households (64.5%) owning or indirectly owning via a trust, the dwelling they live in (**Error! Reference source not found.**)⁵. In contrast, Māori home ownership rates are significantly lower with only 30.3% of Māori living in their own homes⁶.

The remaining 35.5% of households live in dwellings that they do not own. Most of these households rent from private landlords (82%), government housing providers (14%) and other community groups (2%). The structure of rental market in the two Districts is similar to the nation overall, which has most rentals being provided by private landlords and government housing providers (98%). However, iwi (1%) and other community groups (2%) play a more significant role in Whakatāne and Kawerau Districts than nationally in providing rentals.

Note that rental housing is generally of poorer quality than owner-occupied houses as shown in the 2015 BRANZ House Condition Survey⁷ which included an interview and a follow-up visit by an independent assessor.

⁵ ME Consultants (2021) Whakatāne District Housing Demand – Economic Assessment

⁶ Greenaway R (2022). Homelessness in the Whakatāne District – A Situational Overview.

⁷ https://d39d3mj7qio96p.cloudfront.net/media/documents/SR370_2015_House_Condition_Survey.pdf Downloaded 22 April 2022.

10. Our housing needs have changed

Approximately 80% of the dwelling stock in Whakatāne and Kawerau Districts is over 30 years old, with 15% of all stock being built in the 1990s or 2000s and only 5% of the dwelling stock constructed in the last decade. Not only is most of our housing old, but some of it is in very poor condition. Recent research⁸ using updated 2018 Census data shows that approximately:

- 7,800 people (20.8% of the population) live in dwellings that are often damp
- 5,325 people (14.2% of the population) live in dwellings that have severe mould
- 1,125 people (3% of the population) live in housing that lacked one of six basic amenities: tap water that is safe to drink; electricity; cooking facilities; a kitchen sink; a bath or shower; a toilet.

Nearly all the dwelling stock (89%) in both Districts consists of traditional single level standalone houses with three or more bedrooms. The remaining 10% of properties are attached dwellings and some apartments. In terms of living space, 80% of dwellings have three or more bedrooms, 16% have two bedrooms and 5% have one bedroom. Since 2006, the average number of bedrooms has remained static at 3.1 per dwelling, whereas the size of households is changing.

Since 2013, there has been a decline in household size nationally and in Whakatāne and Kawerau where over half of all households are now one person (25%) or two person (29%). Over 85% of future growth is projected to be in one person and two person households, with limited growth expected to occur in households with children or multi-families. This change in demographics means that the majority of current housing stock may not meet the needs of smaller households currently and in the future.

In contrast, the average household size for Māori families in Whakatāne is 4.7 people and on average 2.2 generations live within a household. This means that many Māori households need larger houses or multiple houses in close proximity to each other. Many of the rural and remote communities in Whakatāne District are predominantly Māori and based around whānau, hapū and marae. A recent survey of housing demands in the Whakatāne District, showed that 28% of the Māori population desired larger homes of 5 to 6 bedrooms⁹.

Traditional housing subdivisions mostly comprise three to four bedroom single storey houses on 400-600 square metre sections, which may not be well aligned to the type of housing needed in the future, particularly given the growth of the 65+ years age group and one to two person households.

⁸ Greenaway R (July 2022): Homelessness in the Whakatāne District – A Situational Overview

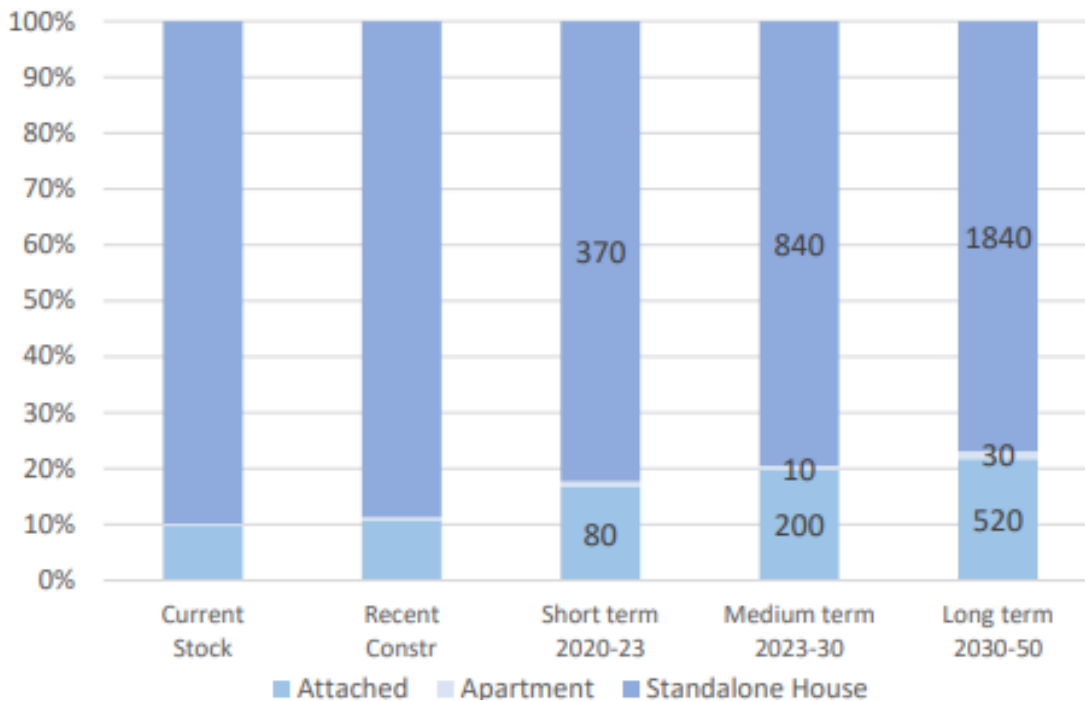
⁹ TIROHANGA ORANGA O MATAATUA: Māori in the Eastern Bay of Plenty Covid-19 survey report by Melanie Cheung, 2020

Modelling to identify the future demand by housing typology¹⁰ shows that:

- Over three quarters of households are projected to demand standalone dwellings, which equates to approximately 100 new standalone dwellings per year between now and 2050.
- Between 18-23% of households are projected to demand attached dwellings and apartments, which equates to approximately 30 new attached dwellings and apartments per annum between now and 2050. This is more than double the number that the market has delivered over the last five years.

The projected demand for dwellings by typology in terms of share and number, and for the short, medium and long term in Whakatāne and Kawerau, is shown below (Figure 6)¹¹. For comparative purposes, Figure 6 also shows the share of current dwelling stock and recently consented dwellings (in the last five years) by typology.

Figure 6: Dwelling Typology Projections - Whakatāne & Kawerau Districts. 2020-2050



¹⁰ ME Consulting (2020): Whakatāne District Housing Demand – Economic Assessment

¹¹ Source: Market Economics (June 2021) Whakatāne District Housing Demand – Economic Assessment.

11. Māori housing experiences

A recent survey¹² of Māori in the Eastern Bay of Plenty using 2018 Census data found that on average, Māori have very different housing experiences than the general population. The survey found that:

- The average number of people living in a Māori household is 4.7
- EBOP Māori homes are overcrowded and on average have 2 more people per household than the general New Zealand population
- On average, 2.2 generations live within a Māori household
- Nearly half of all Māori in the Eastern Bay of Plenty rent or board (43.2%)
- 30.3% of Māori own their own home compared to 64.5% of the general population
- 25.2% of Māori live with whānau, at the whānau homestead or on whanau land
- 0.7% of Māori are in emergency housing
- Māori are 13 times more likely to experience racism when trying to rent or buy a home.

Other research¹³ shows that Māori households spend about 20% of their expenditure on rent, compared to about 14% for the average household.

12. Housing costs have increased

The purchase price of houses and rental costs have increased substantially over the last five years in Whakatāne and Kawerau Districts, with the average price of a dwelling in Whakatāne nearly trebling from \$310,000 in 2015 to \$878,000 in January 2022. The growth in house prices has been more extreme in Kawerau with the average price of a dwelling has nearly quadrupled from \$110,000 in 2015 to \$450,000 in December 2021.

While this level of price inflation is unprecedented for the two Districts, it has not been as severe as in many high growth areas in New Zealand. However, while the sale prices of most dwellings within Whakatāne and Kawerau remain 'affordable' within a wider New Zealand context and are priced below Kiwibuild/HomeStart grant price caps (\$500,000), it is clear that the affordability of dwellings for the local community has worsened significantly¹⁴. This is both in terms of the increased deposit required (at least triple what was required in early 2000s) and the ongoing repayments (which have doubled since the early 2000s). In order to afford an average dwelling in Whakatāne District a buyer would need a deposit of at least \$50,000 and be able to afford weekly repayments of almost \$500. A Kawerau buyer would need at least \$30,000 deposit and be able to afford weekly repayments of \$300. Low-income households will struggle to meet these requirements.

Weekly rents have also increased in Whakatāne and Kawerau Districts. Whakatāne average rents increased from \$278 per week in 2015 to \$363 per week in 2020, while Kawerau average rent increased from \$187 per

¹² TIROHANGA ORANGA O MATAATUA: Māori in the Eastern Bay of Plenty Covid-19 survey report by Melanie Cheung, 2020

¹³ Greenaway R (2022). Homelessness in the Whakatāne District – A Situational Overview.

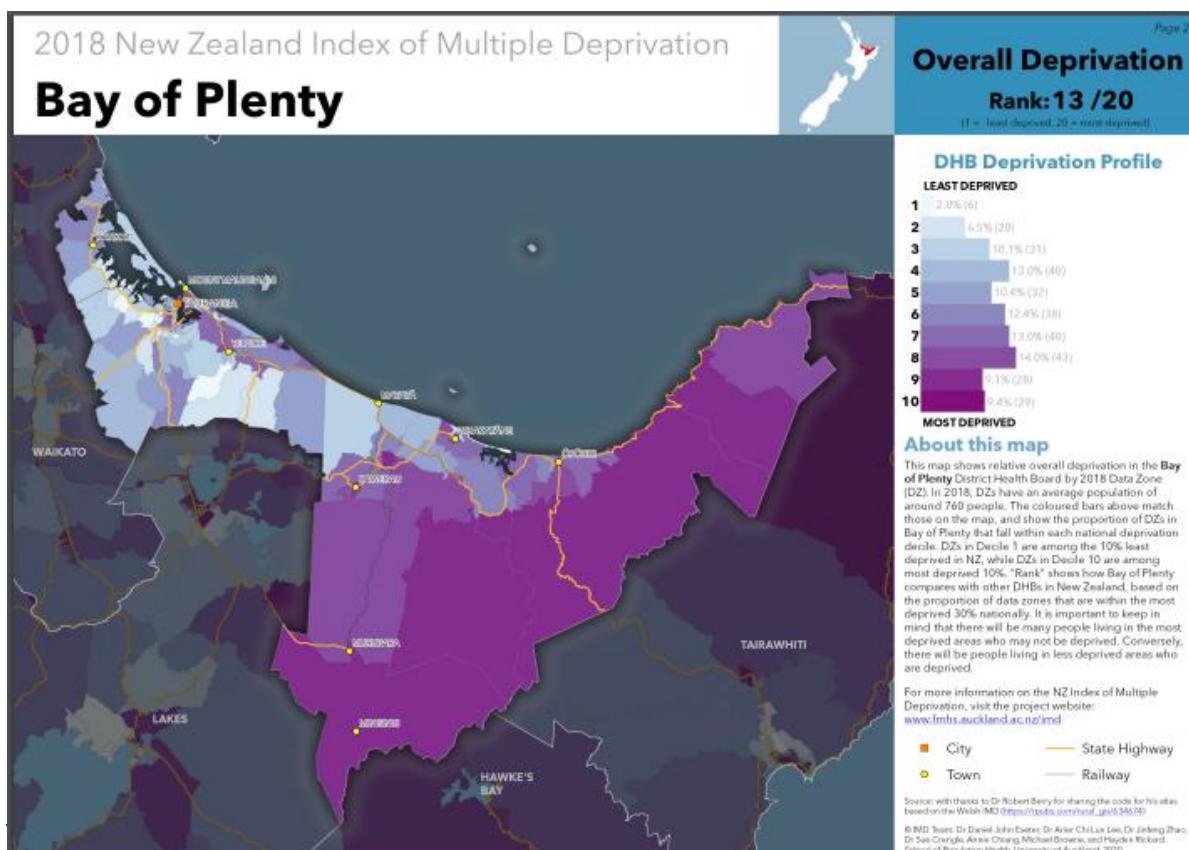
¹⁴ ME Consultants (2021). Whakatāne District Housing Demand – Economic Assessment

week in 2015 to \$272 per week in 2020. The average rent in Whakatāne is approximately 25% less per week than the mortgage repayment on an average dwelling. Kawerau average rent is approximately 10% less per week than the mortgage repayment on an average dwelling. In most high growth areas in New Zealand the difference between mortgage repayments and rents are much larger due to the higher house prices. However, given the low incomes of nearly half of all households within Whakatāne and Kawerau District, many households would also struggle to afford to pay rent¹⁵.

13. Many of our people experience deprivation and poverty

Overall, median income levels are much lower in Whakatāne (\$62,000) and Kawerau (\$42,800) than in New Zealand overall (\$75,700). The 2018 New Zealand Index of Multiple Deprivation (IMD 18) is a set of tools used for identifying concentrations of deprivation at the neighbourhood level in New Zealand. Whakatāne and Kawerau Districts experience high rates of deprivation, with Kawerau¹⁶ and seven of the nineteen census areas in Whakatāne District having the highest deprivation score of ten (being the highest level of deprivation), while a further five census areas in Whakatāne have the next highest deprivation level of nine (Figure 7).

Figure 7: 2018 NZ IMD: Bay of Plenty Health Board Overall Deprivation



¹⁵ Based on ASB mortgage calculator and average value of dwellings in Whakatāne and Kawerau districts (2020).

¹⁶ Note that Kawerau District comprises a single census area.

There is a clear divide between the western and eastern sub-regions of the Bay of Plenty with most of the western Bay (Tauranga City and Western Bay of Plenty District) having low deprivation scores while much of the eastern Bay (apart from Ōhope and some suburbs in Whakatāne township) having high deprivation scores.

Deprivation is strongly linked to low household income levels. Overall, median income levels are much lower in Whakatāne (\$62,000) and Kawerau (\$42,800) than nationally (\$75,700). Approximately 12% of households in the two Districts have an income of less than \$20,000 per year while 43% of households earn \$50,000 or less. This means that 55% of all households in Whakatāne or Kawerau District have incomes below \$50,000. Households with an income of less than \$50,000 (43%) are likely to struggle to meet mortgage lending requirements or to pay rent in Whakatāne and Kawerau, even though housing costs are lower than those nationally¹⁷.

14. Public housing, transitional housing and homelessness

Kāinga Ora owns and manages 459 dwellings in Whakatāne District and 39 in Kawerau District. These properties house 1,374 customers in Whakatāne and 108 customers in Kawerau¹⁸. In April 2022, there were 300 applicants on the Kāinga Ora Housing Register in Whakatāne and 94 on the Housing Register for Kawerau District. The number per capita is very high compared to other territorial authorities and has grown significantly over the past few years. Kainga Ora has identified a number of projects in Whakatāne District that will deliver approximately 100 new units by 2024. Redevelopment in Kawerau District is currently being investigated and could result in up to 20 new units.

Transitional housing provides warm, dry, safe short-term accommodation for people in need, along with tailored housing related support while they are there. People living in transitional housing pay rent of up to 25% of their income, which is in line with income-related rents for public housing. The balance is subsidised to providers by the Ministry of Housing and Urban Development (MHUD). Whakatāne has 33 transitional housing places, while there are currently no transitional housing places in Kawerau.

A joint research project has recently been undertaken by a range of agencies, including Whakatāne District Council, to identify the current situation of homelessness and inadequate housing in the Whakatāne District. Updated 2018 Census data shows that in Whakatāne District:

- 48 people were considered to be living without shelter (on the streets, improvised dwellings including cars, and in mobile dwellings). The same year the community did a head count of 53 rough sleepers in Whakatāne township
- 61 people were living in temporary accommodation (night shelters, women’s refuges, transitional housing, camping grounds, boarding houses, hotels, motels, vessels, and marae)
- 333 people were living in severely crowded dwellings
- Approximately 1,125 people lived in uninhabitable housing lacking one of the six basic amenities (tap water that is safe to drink, electricity, cooking facilities, a kitchen sink, a bath or shower, a toilet)

¹⁷ ME Consultants (2021). Whakatāne District Housing Demand – Economic Assessment

¹⁸ Source: Kāinga Ora May (May 2022).

- Approximately 7,800 people (20% of the population) lived in dwellings that were often damp and 5,325 people (14.2% of the population) lived in dwellings that had severe mould.

15. We don't have sufficient land zoned for residential development

Population growth forecasts for Whakatāne and Kawerau, together with the trend towards smaller households means that in future, significantly more housing will be required than is currently being delivered. Recent analysis¹⁹ forecasts that 150 extra houses will be needed in Whakatāne and Kawerau each year until 2030, with 120 per year in the longer term (2030 to 2050). Altogether 3,900 additional dwellings will be required in both Districts by 2050. Based on an assumed density of 14 homes per hectare, 279 hectares of land will be required in Whakatāne and Kawerau by 2050 to meet the forecast levels of population growth²⁰ (see Figure 4 above).

In 2020, the Government introduced the National Policy Statement – Urban Development (NPS-UD) which required all Tier 1, 2 and 3 'territorial authorities²¹ to provide sufficient development capacity²² in its region or district to meet expected demand for housing:

- in existing and new urban areas; and
- for both standalone dwellings and attached dwellings; and
- in the short term, medium term, and long term.'

Whakatāne District Council currently has approximately 49 hectares of land zoned residential or deferred residential available while Kawerau District has 3 hectares. However, 27 hectares of the zoned land in Whakatāne District is for the proposed Opihi Development which is currently under appeal. Given the uncertainty around the future of the Opihi development, an additional **217 to 244 hectares** of plan-enabled and infrastructure-ready land will be required across both Districts by 2050 to provide for the additional 3,900 houses needed as outlined in the NPS-UD.

Note that the assumption of 14 houses per hectare depends entirely on the type of housing that is delivered and levels of intensification that can be achieved. The development of more intensive housing such as terraced housing, apartments or in-fill housing would significantly reduce the amount of land required. However, although planning rules enabling intensification in both Whakatāne and Kawerau Towns are permissive, interest by developers has been limited, primarily because the added cost of removing old

¹⁹ RCG Ltd 2020. Whakatāne Demand Assessment.

²⁰ Greenfields density is likely to be lower than 14 houses per hectare, while it is assumed that some housing will be more intensive or come from infill

²¹ Whakatāne District is a Tier 3 territorial authority.

²² Note that the NPS-UD defines development capacity as being plan-enabled (see clause 3.4(1)); infrastructure-ready (see clause 3.4(3)); and feasible and reasonably expected to be realised (see clause 3.26).

buildings before construction is not financially viable²³. Enabling the development of new retirement villages could further reduce the total amount of plan-enabled and infrastructure-ready land required to meet future housing demand.

16. Our economies performed well during COVID-19

New Zealand's economy has been significantly impacted by COVID-19 and the Russian invasion. Different industries and different regions have been affected in different ways. The Bay of Plenty region fared better than most regions in terms of COVID-19 impact owing to the region's strong primary industries which were classified as essential services.

16.1 Whakatāne District

In 2021, Whakatāne's GDP totalled \$1,907 million and grew by 1.1% during the previous year, which compares well to the national growth of -1.2% for the same period. In 2021, there were 4,266 business units in Whakatāne District with the largest growth in businesses over the past ten years being in construction, financial and insurance services, and rental, hiring and real estate services. A key driver underpinning Whakatāne District's economy is the role of Whakatāne Township as the service centre for the Eastern Bay of Plenty. While many of the industries linked to this role²⁴ create little economic benefit on an individual basis, together they generate just under half (46%) of the District's GDP.

A key industry driving the District's economy is Agriculture, Forestry and Fishing (14%). The changing climate can be expected to affect the patterns and productivity of primary production activities. For example, climate change may create opportunities for crop diversification by enabling production of varieties currently unviable in the Bay of Plenty's current climate. Exotic forestry is projected to increase in productivity, although there will be an increased fire risk due to droughts. The potential changes caused by climate change could significantly alter the regional and local economies.

Manufacturing is responsible for 12% of Whakatāne District's economy. In 2019/20, the marine sector was identified as an emerging key industry with potential to underpin economic resilience and generate growth in the wider District. Two of New Zealand's three largest aluminium trailer boat manufacturers are located in Whakatāne District and in 2018, the marine sector contributed just over 1.1% or \$14.59m of the total District GDP. The local boat building sector has grown by 13% per year versus a stagnant growth rate for the industry in other parts of the country. This growth is forecast to significantly accelerate with the addition of the big-boat building company *Extreme*. Their growth forecast is to double every three years. In 2020, the Council sought and received funding of \$19.6m from the Provincial Growth Fund for a new boat harbour to support this projected growth. The boat harbour development is currently underway.

²³ Market Economics, 2020. Whakatāne District Housing Demand – Economic Assessment.

²⁴ Industries linked to Whakatāne Township's role as the service centre for the Eastern Bay include Electricity, Gas, Water and Waste Services (10.3%), Health Care and Social Assistance (8%), Retail Trade (6%), Rental Hiring and Real Estate Services (5.3%), Education and Training (4.4%), Professional, Scientific and Technical Services (4.3%), Public Administration and Safety (3.4%), Financial and Insurance Services (2.4%), and Other services (1.8%).

Tourism was identified as another growth sector in the 2019 application to the Provincial Growth Fund (PGF). However, the Whakaari/White Island volcanic eruption in December 2019 resulted in the death of 22 people with a further 25 being seriously injured. The District's international tourism industry collapsed and the industry was forced to re-focus on the domestic tourism market. This change in focus meant that the economic impact of the country's closed borders due to COVID-19 in 2020-2021 was less severe than in many other locations. Whakatāne's tourism industry declined by 24.9% in 2021 compared to a 46.4% decline in New Zealand overall. In 2021, tourism was up from 2.4% ten years ago and contributed \$51.5 million towards Whakatāne District's GDP. This equalled 2.7% of the District's total economic output that year.

16.2 Kawerau District

Kawerau Township was purpose-built in the 1950s for heavy industry. Prior to 2021, the manufacturing of pulp and paper products was the District's key industry generating nearly one-third of GDP (\$388 million). In 2021, the Norske Skog pulp and paper mill closed with the loss of approximately 160 jobs, and this together with the effects of COVID-19 meant that Kawerau's annual GDP declined by 2.5%. Kawerau is beginning to see a range of new industries growing, although they are small in size relative to the District's overall economy.

17. The importance of the Māori economy

The Bay of Plenty has New Zealand's highest Māori population and the largest number of Iwi within any New Zealand region. There are over 35 Iwi, 230 Hapu and approximately 163 Marae in the wider Bay of Plenty, while 38% of the land area is Māori owned. Nearly 30% of the Māori collective asset base in New Zealand is in the Bay of Plenty with the majority of that in agriculture and forestry. The Māori asset base in the Bay of Plenty totals \$8.6 billion while Māori contribute 11% to the GDP of the Bay of Plenty. The financial redress and transfer of assets to Iwi through Te Tiriti o Waitangi settlement processes contributes significantly to local and regional economies.

All seven Iwi in Whakatāne and Kawerau have negotiated Te Tiriti o Waitangi settlements with Post Settlement Governance (PSG) structures in place. Whenua Trusts, incorporations and other collectively owned Māori entities significantly contribute to land and natural resource-based industries in the two Districts such as forestry, farming, horticultural and aquaculture. There is growing economic investment in real estate and property services sectors, manufacturing and construction, and growing confidence amongst Whenua Māori entities and businesses to align their values with their economic activities.

Approximately 38% of the land area in the Bay of Plenty is Māori owned. A range of barriers prevent Māori from realising the full potential that their land could provide. These barriers include collective ownership, absentee ownership, difficulties accessing finance, governance/management issues, access to information and rating of Māori land. These barriers preclude private sector development taking place on Māori land. However, there is potential for Iwi-led development such as Papakāinga meeting some housing demand.

18. Commercial and industrial land requirements are changing

Economic growth has traditionally been dependent on the availability of sufficient land zoned for commercial or industrial growth. However, the growth of internet-based businesses and the impact of COVID-19 has altered business and workplace practices with many employees now working from home either full or part-time. Online shopping in New Zealand grew by an average of 7% per year between 2017 and 2022. The market size of the Online Shopping industry in New Zealand increased faster than the economy overall and this trend is likely to impact on the demand for land zoned for commercial and/or retail activities.

Over time, these changes are likely to have a significant impact on the structure of the New Zealand and local economies. It is difficult to assess how closely future economic growth will be tied to the availability of commercial zoned land, particularly in Whakatāne where nearly half of the economic activity is linked to the role of the Town Centre as the service centre for the Eastern Bay. Because Kawerau's economy is primarily driven by industrial activity, future growth there is likely to remain linked to the availability of industrial zoned land.

A business land assessment undertaken by the Whakatāne District Council in 2021 showed that the District has 10.02 hectares of business and industrial land available over the short (1 to 3 years) and medium (4 to 10 years) term. This land is considered to be infrastructure ready because these sites are in close proximity to existing infrastructure networks.

Kawerau's total land area is only 23.58km² and 335 hectares of this is zoned for industrial purposes. Approximately 285 hectares is zoned for heavy industrial activity and 50 hectares for light industry, manufacturing and value-added enterprise. Kawerau District currently has 94.9 hectares of undeveloped land zoned industrial, with 79.9 hectares of this located within the new Pūtauaki Industrial zone. There is no land currently zoned for commercial development in Kawerau District, although there are a number of vacant buildings with some being advertised.

Note that in 2020, Whakatāne District Council approved a request from Kawerau District Council to alter the boundary between the two Districts to allow Kawerau District to expand its industrial land. This will add 478 hectares to Kawerau District.

19. Some of our existing infrastructure needs upgrading

Providing infrastructure such as three waters, local transport and in some cases ports, and airports, is a core function of local authorities. However, delivering infrastructure that is fit for purpose is becoming increasingly more challenging for many councils. Gross debt levels in councils continue to increase at the same time as population pressures and ageing infrastructure come together to stretch councils' ability to fund its services.

19.1 Three Waters

In 2020, the Government initiated the Three Waters Reform Programme to reform local government three waters service delivery arrangements. One possible outcome of this reform is that the management and operation of the two Districts' three water assets may move to another agency. There are a number of uncertainties around the final outcome.

Whakatāne District Council owns and operates the following three waters infrastructure:

- Ten drinking water supply schemes throughout the District
- Eight stormwater schemes, which cover over 1,697 hectares of land and 78% of the population in the District
- Six wastewater schemes, which cover over 1,691 hectares and serve 75% of the District's population.

Key three waters challenges facing the Council include:

- The need for a new water supply source for Whakatāne/Ōhope and a new reticulated wastewater scheme for Matatā
- The need to upgrade infrastructure to meet higher environmental standards
- New consents required from the Bay of Plenty Regional Council for stormwater discharges and for wastewater in the near future
- Existing three waters infrastructure and services will not provide for areas of new development located outside areas already being serviced.

Kawerau District Council owns and manages:

- a single drinking water supply network that services 75% of the population
- a single stormwater system
- a single wastewater system that services round 2,700 properties, including 250 businesses.

The Bay of Plenty Regional Council manages five separate Rivers and Drainage Schemes across the Bay of Plenty. Three of the schemes are located within Whakatāne District: the Rangitāiki Drainage Scheme, the Rangitāiki-Tarawera Rivers Scheme, and the Whakatāne-Tauranga Rivers Scheme. Urban settlements including Whakatāne, Ōpōtiki and Edgecumbe rely heavily on the performance of flood protection assets. All drainage schemes have a range of issues that need addressing.

19.2 Transport

The Bay of Plenty State Highway network provides the key roading connections for freight movements across the Bay of Plenty with much of the inter-regional freight movement focused on the Port of Tauranga.

Whakatāne District Council manages the local roading network comprising 905km of roading, 177 bridges and a range of other types of infrastructure including guard railing, bus shelters, streetlights, footpaths, and cycleways. Overall, the assets are in good condition. There are approximately 21,000 traffic movements per day travelling into Whakatāne township across the Landing Road Bridge. While the bridge can handle this capacity, having a single crossing over the Whakatāne River directly into town makes the route vulnerable in the event of a significant civil defence emergency.

Whakatāne has a high fatal and serious crash rate for vulnerable users on urban arterial and collector routes. An ageing population is seeing increased demand for mobility scooters. Residential growth west of the river is putting pressure on urban arterial access into town. The recently adopted *Active Whakatāne Strategy* outlines key areas of investment to meet the needs of active users.

The existing roading networks meet the needs of the current population and economies of the two Districts, however major upgrades are likely to be needed to service locations where future growth development is undertaken.

Kawerau District Council manages 41km of roading, along with other infrastructure including kerbs, footpaths, street lighting, 1 bridge and 5 culverts. An ageing population will require upgraded infrastructure to meet the needs of mobility scooters. Development in the industrial area will generate more traffic and require additional roads and infrastructure.

19.3 Rail, Port and Airport

Rail plays a significant role in the movement of freight within the region, with the Bay of Plenty section of the East Coast Main Trunk line (ECMT) carrying over a third of New Zealand's rail traffic. The region has 321 km of rail network and is the most densely utilised section of the national rail network. Significant volumes of product are carried by rail to and from the Port of Tauranga, which is New Zealand's largest export port carrying 30% of the country's exports and imports. The Bay of Plenty region's rail network currently carries approximately 1.355 billion net tonnes of freight per kilometre per annum.

A number of emerging industries and development opportunities currently underway in the Eastern Bay are expected to increase the freight task in the Bay of Plenty. These include the Opotiki Aquaculture and Harbour Development; Kawerau Industrial Land Development and Container Terminal; and high value horticulture and water bottling through Otakiri and Murupara. There is capacity for more services within the ECMT before additional infrastructure investment is required. There are currently no significant rail constraints within the Bay of Plenty network.

Whakatāne District Council's Port assets consist of land and buildings located at Whakatāne Port, Ōhope Port and Thornton Port. In order to meet the current shortage of commercial berth capacity and demand, and support the growing boatbuilding industry, work is being undertaken to develop a new Whakatāne Boat Harbour at Keepa Road.

Whakatāne Airport, the air gateway to the Eastern Bay of Plenty, enables airport based commercial and recreational activities to be undertaken. Scheduled passenger services from Whakatāne to and from Auckland are currently provided by Air Chathams. In addition to Whakatāne Airport, the Council also owns the Galatea airfield which is used mainly for recreational and agricultural operations. The airport requires ongoing critical maintenance in a number of areas, including the runway surface, taxiways, and carparks. Part of the car park was resealed with chip seal, but significant levels of maintenance are still required. In 2019, the Terminal building was listed as a Category 1 listing on the Heritage New Zealand List, which means that alterations to the building, or demolition of the building is now a Restricted Activity.

19.4 Electricity and Fibre Networks

Electricity is generated at hydroelectric dams at Wheao River, Aniwhenua and Matahina on the Rangitāiki River, and at the Kawerau Geothermal Station.

A major economic enabler across the two Districts is digital connectivity. It provides for opportunities in locations that may otherwise not be possible, and it helps to connect communities socially, culturally and

economically. New Zealand is currently in the midst of a major upgrade of its telecommunication infrastructure. The Ultra-Fast Broadband (UFB) programme and the Rural Broadband Initiative (RBI) are delivering vastly improved broadband services to urban and rural New Zealand. Overall, 86% of New Zealanders can now access UFB. However, there is still high variability in the quality of connection in many rural locations as these initiatives have tended to be prioritised by sector, such as education. Within the Bay of Plenty, 21 towns and cities have UFB available with 69% of households with access having connected. In total, 83,410 premises in the region are now connected. Kawerau District has 64% uptake of fibre, while Whakatāne District has 63%.

Ngāi Tūhoe and other iwi have also led the roll out of internet across their rohe enabling some remote communities to have good internet access as a result, and five WISPs have established themselves across the Bay of Plenty. The lack of digital connectivity remains one of our greatest barriers to development.

19.5 Education

There are 36 schools in Whakatāne and Kawerau Districts, with nineteen of these in Whakatāne urban area. Currently there is sufficient capacity available within the schooling network catchment, although population growth to the extent that has been forecast can be expected to affect the future capacity of the network.

19.6 Community infrastructure

Community infrastructure includes appropriate recreational facilities, health and education facilities, open and green spaces. While there are many open spaces and recreational facilities across the Districts, further work will be required to assess whether these spaces are currently appropriate and whether they will be adequate in meeting the future demands of the communities they serve.

20. Some infrastructure is at risk from natural hazards and climate change

Due to the region's geography and coastal location, Whakatāne and Kawerau Districts are at risk from a wide range of natural hazards including slips, debris flows, flooding, tsunamis, earthquakes and volcanic eruption.

Whakatāne District in particular, will face a range of challenges adapting to the impacts of climate change. These include dealing with increased intensity of extreme rainfall events for communities on the floodplains and with communities located on estuaries and harbours due to the high sensitivity of our coastline to erosion and inundation. Some existing lifeline infrastructure and low-lying coastal communities are already at risk due to climate change effects. Climate change effects include:

- Saltwater incursion into rivers and groundwater aquifers, impacts on water supplies and wastewater treatment plants.
- Sea level rise and increased storm surge in coastal low-lying areas, will impact on people, homes and infrastructure (transport, 3 waters, and community infrastructure).
- Exacerbated coastal erosion impacts on vulnerable coastal communities.
- Erosion and inundation impacts on marae, urupā, wāhi tapu and other taonga in the coastal environment

- Increased risk to people, property, and lifelines in the future where climate change exacerbates natural hazards.
- High groundwater levels from sea level rise in low coastal low-lying areas.

In addition, vertical land movement can exacerbate or decrease the effect of sea-level rise in a location. For example, the land around Matatā is dropping, which further increases the annual rate of sea level rise in that area.

Improving the resilience of networks is a key element of the work programmes for all asset owners and managers. The current focus is on identifying the climate change risk profile associated with assets, with the intention of undertaking upgrades to increase resilience over the longer term. This work will require high levels of resourcing and is likely to create a financial challenge for the infrastructure asset owners.

21. New and upgraded infrastructure needed

Some existing three waters infrastructure needs to be upgraded to meet higher environmental standards while new infrastructure is required to meet the needs of existing settlements such as Matatā. Addressing the effects of climate change could require additional upgrades over time. The extent of this work and the resulting costs have not yet been identified. Future development outside locations that are currently serviced will require new three waters infrastructure. The existing three waters programme of works and budget does not allow for this additional infrastructure.

Although the existing roading network meets the needs of many users, additional infrastructure is required to improve the safety of vulnerable users such as pedestrians, cyclists and users of mobility scooters. The potential effects of climate change on the transport network are currently being assessed and can be expected to have a financial impact. Any future development will require a significant upgrade of parts of the existing roading network. The existing transport programme of work and budget do not provide for these upgrades.

22. Our natural environment must be protected

The Whakatāne Kawerau environment is diverse and rich. The area stretches from the headwaters of the Rangitaiki River (east of Taupō) to the coastal margin of Ōhiwa Harbour to Pikowai. Within that area are maunga (mountains), ngahere (forests), plantation forests, agricultural and horticultural production, geothermal fields and springs, floodplains, wetlands, awa (rivers and streams), coastal dune systems, beaches, estuaries and harbours. The Rangitāiki Plains is dominated by dairy, with forest (native and exotic) on hills and steeper slopes. Kiwifruit, horticulture, and mixed-use blocks (including lifestyle) also major land uses in the area.

As more intensive agricultural uses and potential impacts of climate change have increased within the Whakatāne Kawerau area, this has placed pressure on our natural environment, including negative outcomes such as pollution of waterways, sedimentation, loss of flora and fauna and impacts on biodiversity. Today, competing demands continue to put pressure on our natural environment, with potential to erode these values further.

A number of significant cultural sites and protected valuable areas lie within the Whakatāne and Kawerau Districts. Many of the areas and sites with cultural, ecological, and environmental values have been lost through previous development. Remaining areas and sites often have multiple values and should be protected from impacts of urban development.

23. A range of constraints limit where development can take place

Commercial and industrial activity is primarily located in or near Kawerau and Whakatāne township. While some future growth can be accommodated through infill and more intensive forms of housing within Whakatāne Township, the geographical constraints of the Whakatāne River and the escarpment prevent any physical expansion of Whakatāne township. Some intensification could take place in parts of the town, however much of the land close to the river and town centre is low lying and already prone to flooding. These challenges currently being experienced in Whakatāne are likely to increase with climate change. Addressing these issues will significantly increase the cost of development and is therefore likely to prevent intensification in parts of the township. This means much of the future growth may need to be located elsewhere within the two Districts.

The natural topography of some areas of the two Districts is challenging for urban development. Spatial planning identifies key issues and challenges so that these are clearly understood and can be managed. For example, it would be foolhardy to enable future housing development in locations known to be at risk of flooding, slips or coastal inundation. Much of the land within the northern part of Whakatāne District is low-lying floodplain and unsuitable for residential development. Land slope in other parts of the District creates a different range of problems to be managed. For example, the volume of earthworks increases when development takes place on steeper slopes and higher elevations require water supply to be pumped. While these issues can be resolved through engineering solutions, the solutions come at increased cost which may make the development unaffordable. Potentially contaminated land needs to be remediated before it can be used for urban development.

The Rangitāiki Plains are dominated by dairy, with forest (native and exotic) on hills and steeper slopes. Kiwifruit, horticulture, and mixed-use blocks (including life-style blocks) are also major land uses in the area. Peat soils present a challenge to urban development because they are more expensive to develop due to the need to address geotechnical issues. A large portion of the land used for primary production in the Eastern Bay has been classified as highly productive land and as such, needs to be protected from inappropriate subdivision, use and development. The Government has recently released the National Policy Statement for Highly Productive Land (NPS-HPL), which aims to:

- direct new housing development away from highly productive land
- retain the productive capacity of highly productive land
- ensure this land continues to be used for food and fibre production.

Many of the areas and sites with cultural, ecological, and environmental values have been lost through previous development. Remaining areas and sites often have multiple values and should be protected from urban development. Only about 3 percent of our wetland area remains, 26 percent of our dunes (although

much of these are heavily modified), and less than 30 percent of our geothermal vegetation. Amongst the biodiversity that remains there are one or two species and ecosystems that are unique to the Bay of Plenty; including a variety of kanuka at Thornton.

Protecting, enhancing and restoring the natural environment is important for climate change adaptation and mitigation. Afforestation, improving biodiversity and habitats, and pest control are also important for soil conservation and water quality. Protecting and restoring wetlands and dune systems provide buffers to natural events such as storms and flooding.

Over a third of the land in the wider Bay of Plenty is Māori owned land. A range of barriers prevent development of Māori land including collective ownership, absentee ownership, difficulties accessing finance, governance/management issues, access to information and rating of Māori land. These barriers usually preclude private sector development taking place on Māori land. However, there is potential that for Iwi-led development such as Papakāinga could meet some housing demand.

24. What's important to our community

Engaging with the community will be an important part of the process for developing a Spatial Plan. In the past five years, Whakatāne District Council has formerly engaged with the community on two occasions. These conversations provided an opportunity for the community to tell us what is important to them with regard to living in Whakatāne District (*Ki Mua* Consultation, 2017) and the future of the Whakatāne Town Centre and riverfront (*Te Ara Hou* Consultation, 2020).

24.1 *Ki Mua* Consultation - 2017

The *Ki Mua* community consultation programme undertaken in 2017 sought to understand the following questions. “What makes Whakatāne a great place to live?”, “What are the challenges facing Whakatāne?”, and “What will make Whakatāne a better place?”.

Community connection, the natural environment, recreation, and leisure activities (especially in the natural environment), the natural environment, retail and shopping, and public facilities were all identified as being valued by people living in Whakatāne.

The key challenge facing the community was safety and wellbeing, while the economy, community, services and facilities were also identified as key issues. Threats to safety and wellbeing were identified as coming from gangs, crime, natural hazards, alcohol and drugs. Poverty, wealth distribution and the cost of living were also identified as safety and wellbeing issues.

A related theme was the economy with a focus on employment and jobs, tourism and hospitality, business and industry growth. An objective of the Spatial Plan is to enable the growth of the commercial and industrial sectors in order to generate new jobs in both Districts. The provision of safe and appropriate transport infrastructure was identified as a challenge for communities.

Key suggestions for making our communities even better included providing greater recreation and leisure opportunities, improving transport infrastructure, improving personal and community safety and wellbeing, and the provision of a range of community services such as education and training opportunities.

24.2 *Te Ara Hou* Consultation - 2020

In 2020, Whakatāne District Council received funding from the Provincial Growth Fund (PGF) to revitalise the Whakatāne Town Centre and riverfront area. This programme of work was named *Te Ara Hou*. A four-week public consultation programme was undertaken to confirm the objectives and principles of the Reference Plan and to provide feedback on two of the proposed development sites. The key themes that emerged from the consultation included:

- Create spaces for activities and events, and encourage family-friendly activities
- Create and encourage pedestrian-friendly streets, alternative transport options and improve disability parking
- Connect to the river, create a wide promenade with hospitality and public facilities
- Retain car parking and/or change car parking facilities (including parking building/s)
- Enhance natural environment connections, promote green spaces and parks
- Greater recognition of local Māori culture and enhancing connections.