Ellesmere Area Plans Assessment

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Selwyn District Council

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1 Introduction

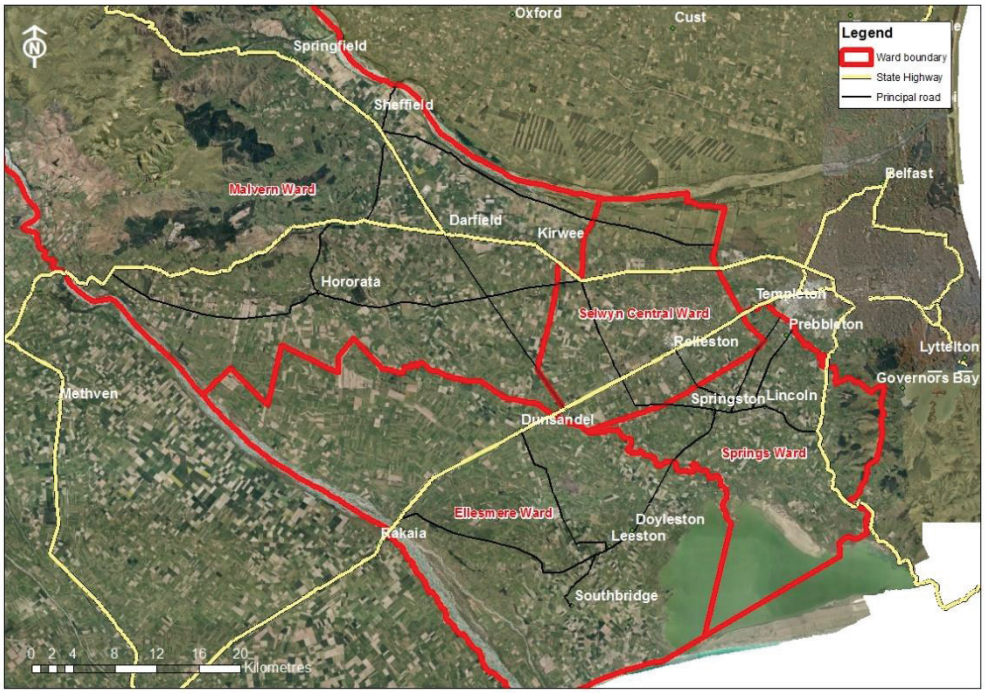
1.1 Background

Selwyn District's rapidly growing population provides a challenge to the Council's ability to cater for growth. To assist in managing this, Selwyn District Council (SDC) has adopted the "Selwyn 2031 District Development Strategy" (Selwyn 2031), a document that emphasises the importance of a strategic approach to managing urban growth.

One of the actions from Selwyn 2031 identifies the preparation of Area Plans for the Malvern and Ellesmere Wards (Figure 1.1) to guide the sustainable management of settlements for the next 15 years. The Area Plans seek to ensure more sustainable settlement patterns and outcomes are being enabled, and to provide Council with an understanding of where housing, employment, community facilities and recreation requirements should be planned for, and show how the Selwyn District Plan can be implemented at a local level.

Market Economics (M.E) was commissioned by SDC to provide input to SDC's Ellesmere Area Plan.

Figure 1.1: Selwyn Ward Boundaries



The main population centres in Selwyn are in the eastern wards (Selwyn Central and Springs), close to Christchurch. Growth in those areas is to be managed under the Urban Development Strategy (UDS). The settlements and populations in Ellesmere and Malvern are smaller, with economies dominated by rural activities. Growth patterns in Ellesmere and Malvern present different challenges to providing for future community and economic needs than in the rest

of Selwyn, including making allowance for a degree of self-sufficiency while recognising that the main economic nodes in the District are located closer to Christchurch.

1.2 Objective

The objectives of this report are to provide background information to contribute to Council's understanding of current and future land demand by businesses in Ellesmere, and to provide interpretation of growth trends and the implications of those trends for SDC's planning. Key among these objectives is to understand the likely spatial distribution of growth within Ellesmere, and to understand how much zoned land will be required to accommodate businesses in the future.

1.3 Scope

The assessment summarises how we expect the complete network of Ellesmere settlements to accommodate demand for business activity, from the provision of convenience and rural support services in the smaller settlements through to higher order retail, commercial and industrial activities. The study quantifies the size and timing of future additional land requirements, and makes recommendations as to how new business land might be accommodated. The geographic and economic scope applied is summarised here.

1.3.1 Economic Sectors

The core of this assessment is understanding the demand for business land, which includes retail, commercial and industrial land uses, and excludes agricultural and other rural land uses. It is assumed that these activities are currently and will continue to be accommodated predominantly outside the Business 1 and Business 2 areas.

For this assessment the 48 economic sectors from the Economic Futures Model (EFM, described in section 2.1) are aggregated to four summary groups. Those groups broadly correspond to the type of land employment tends to occupy:

- Retail and commercial: Land uses that tend to occupy Business 1 land, including: retail trade; accommodation and food services; personal services; finance and insurance; real estate and property; central and local government; professional and scientific services; information media and telecommunications; technical and administrative services.
- Industrial: Land uses that tend to occupy Business 2 land, including: manufacturing; construction; wholesale trade; transport.
- Rural: horticulture; agriculture; forestry; fishing; mining. Farm advisors, rural economists etc. are not classified as Rural, but instead fall into the Commercial sector.
- Other: Education; health; arts and recreation.

1.3.2 Spatial Areas

The demand for business land is assessed across the existing network of activity centres in Ellesmere, and also considers the potential for new demand to be serviced in other (non-activity centre) settlements (whether or not they have an existing Business zoning) and outside settlements. The centres network includes Key Activity Centres in Christchurch City and at Rolleston, Lincoln, Darfield and Leeston in Selwyn, Service Centres at Prebbleton and West Melton, and a number of Rural Activity Centres such as at Hororata, Kirwee, Coalgate, Dunsandel, Southbridge and Castle Hill. This network is established based on a hierarchy from KACs as the largest centres which should accommodate the most future development, through to the smallest centres (Rural Activity Centres) which are primarily focussed on providing convenience retail and services to local residents.

This study assesses the demand for both Business 1 (town centres) and Business 2 (industrial) land. The location of each town and the current extent of their business zones (if any) is shown in the maps in Appendix 1.

The spatial areas used in this assessment are based on the zoning file provided by SDC. Data is presented at a town (or settlement) level, where each town is defined as the grouping of meshblocks that intersect the Township boundary in the zoning file (Appendix 2). That boundary includes all types of zoning (Business, Living, Existing Development Areas etc.) and so the town definitions used in our assessment also take in, for example, employment across all these zones, and is not limited to employment only in Business zones. This definition has been applied because:

- SNZ Business Frame data is only available at a meshblock level, and zone boundaries do not necessarily follow meshblock boundaries, and;
- It is important to understand how much employment there is in each town in total, and therefore how much total demand there might be in the future to accommodate in Business zones, whether or not it is now located in Business zones.

1.3.3 Economic Drivers

The assessment takes into account a wide range of background economic drivers through the application of the EFM. In addition to assessing these underlying growth trends and their implications, we have had particular regard to two other specific (potential) growth drivers: the Central Plains Water (CPW) irrigation scheme and the tourism industry, as explained in section 2.

2 Methodology

The approach in this assessment was to create employment projections for Ellesmere, taking into account local and international growth drivers, and translate those employment projections into projections of the additional land that will be required to accommodate economic growth. Those projections take into account the projected population in each place, the amount of existing zoned land, the capacity of that land to accommodate additional activity, the presence and availability of vacant zoned land, and the role and location of significant out of zone economic activities. This section provides detail about that approach.

2.1 Economic Futures Model

The employment projections used in the assessment are calculated in the EFM. The EFM is a multi-regional scenario model which traces the economic implications of growth feedbacks between a local economy, and the surrounding regional and rest of NZ economy, in this case Selwyn, Canterbury and the rest of NZ. The EFM uses industry input and output structures representing the flow of goods and services between different economic sectors and areas and applies growth rates to final demand to project future economic activity.

The EFM evaluates economic (and environmental) impacts under a restricted set of consumption assumptions formulated as a scenario. The scenario applied for this assessment takes into account all known Christchurch rebuild data from CERA, and is also adjusted for:

- SDC's population projections;
- Central Plains Water (CPW) productivity changes (described in section 2.2);
- Tourism industry changes;
- The spatial distribution of industry growth, across each ward.

The scenario run used was established by generating projections of final consumption (i.e. household consumption, export consumption and gross fixed capital formation (GFKF)), and refined through supplementing quantitative data with qualitative analysis (for example, from interviews and international literature). The parameters have been adjusted to reflect New Zealand and Canterbury conditions.

The model maps the growth path for 48 sectors and for households out to 2031, and identifies major economic indicators (including, of most relevance to this assessment, employment), indicators of environmental resource requirements, and indicators of environmental residuals. Importantly, the EFM captures not only the direct economic implications of growth in final consumption but also the associated indirect (i.e. through supply chain) and induced (i.e. through consumer spending) economic and environmental effects.

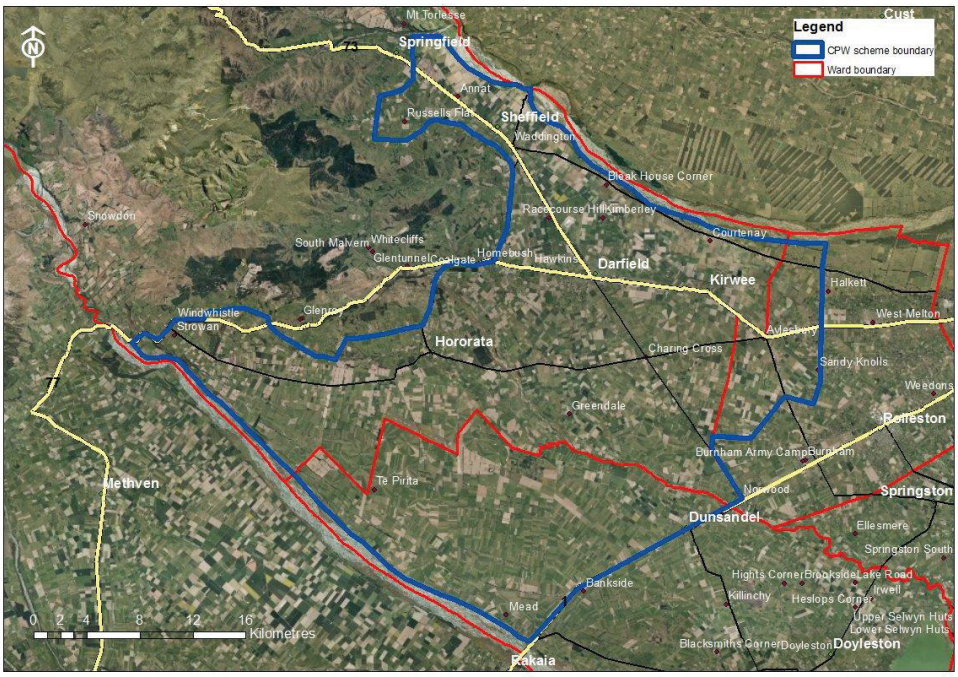
Industries driven by local demand (e.g. education, health, accommodation, hospitality, services and retail trade) are primarily influenced by changes in the size of the population, and its composition. The population projections used in the Model are those supplied by SDC

(section 3.1). Industries driven by international demand are analysed using quantitative projections of export growth, for each industry. Industries driven by intermediate demand (such as road transport and services to agriculture) are captured via flow-on implications from growth of the key industries. Technological progress and changes in labour productivity are also accounted for.

2.2 Central Plains Water

The Central Plains Water scheme (CPW) is an irrigation scheme that has been granted consent to take water from the Waimakariri and Rakaia Rivers. The scheme consists of a series of tunnels, canals and water races to supply water for irrigation to a large part of the Central Plains area between the two rivers, extending north to Springfield and south to Dunsandel and Rakaia along State Highway 1 (Figure 2.1). The CPW is planned to be developed in three stages, with the first planned for completion in September 2015, the second a year later and the final stage by late 2018[1]. The projections in this assessment apply those indicative timings.

Figure 2.1: CPW Area



The ability to irrigate new areas of rural land is expected to change the type and intensity of land use, and therefore the economic productivity of the land. That will then have flow-on effects to other industries, potentially supporting new business activity in other sectors (e.g. agricultural supplies and services, accountants, vets etc.) and how much land is required for those industries. The EFM has been applied to track the flow-on effects of that changing rural land use to other sectors.

[1] http://www.cpwl.co.nz/scheme-development/construction-stages

We have used data about the CPW scheme from the Environment Court evidence[2] of Andrew Macfarlane, a farm management consultant who assessed the on-farm economics of the scheme's irrigation. The evidence presented was that the total irrigated area would be 76,000ha, with a large increase in arable land, a slight increase in the area used by dairying, and a large decrease in land used for livestock. We translated those land area estimates, and the associated earnings data (EBIT) to estimate changes in employment that new land use would support. That post-CPW employment is used as input to the EFM.

That assessment indicates that although the economic productivity of the land (in EBIT terms) is projected to increase by over 50%, employment is projected to decrease slightly (Figure 2.2). The decline in employment is projected because the change in land use will be primarily from higher employment livestock agriculture to lower employment arable horticulture.

Figure 2.2: CPW Land Use Assumptions

	Land Area (ha)			Employment (MECs)			EBIT ($m)		
	Pre-CPW	Post-CPW	Change	Pre-CPW	Post-CPW	Change	Pre-CPW	Post-CPW	Change
Dairy	22,000	25,000	3,000	614	698	84	$ 44	$ 81	$ 37
Livestock	54,000	32,000	-22,000	745	397	-348	$ 12	$ 31	$ 19
Arable	-	19,000	19,000	76	268	193	$ -	$ 30	$ 30
Other	-	-	-	173	173	-	$ 0	$ 0	$ -
Total	76,000	76,000	-	1,607	1,535	- 72	$ 56	$ 142	$ 86

There are four ways that those changes in land use might affect demand for business land:

- The businesses (farms) in the CPW area consume the goods and services of other businesses (suppliers), thereby contributing to how much land those suppliers need to operate.
- An increase in economic productivity of some CPW farms will support an increase in off farm employment, such as in engineering and supply outlets.
- Farms in the CPW area yield produce that requires processing, contributing to how much land those processors need to operate.
- The workers on CPW area farms spend in retail and other businesses to support their domestic households.

The EFM takes these factors into account, and identifies the likely location of the businesses impacted by changes in land use based on the current distribution of economic activity in the region and existing economic linkages.

[2] Earlier evidence was completed in early 2008, but the data referred to here is from updated evidence presented in September 2009: http://ecan.govt.nz/publications/Consent%20Notifications/applicants-evidence-supplementary-andrew-macfarlane-180909.pdf and http://ecan.govt.nz/publications/Consent%20Notifications/applicants-evidence-central-plains-analysis-110909.pdf

2.3 Tourism Industry

The Selwyn 2031 document describes perceptions of Selwyn's tourism industry as being that "many people travel through Selwyn rather than seeing it as a destination"[3].This perception is supported by the small amount of visitor accommodation in the District, including an absence of chain brand and any large capacity hotels. Nevertheless, to ensure that the economic projections in this assessment take into account the potential impacts of tourism, we have interviewed SDC's Tourism Officer, and used the findings of that discussion to inform our assessment. From that discussion we can make the following observations about the tourism industry in Selwyn generally, and Ellesmere in particular.

There are few significant visitor attractions in the District, with the most notable being the skifields in the vicinity of Castle Hill[4] and Arthurs Pass[5]. These are all (with the exception of Porters) club skifields, that is, smaller skifields that are open to the public, but which aim to provide affordable skiing to their members. Porters was a club field but recently commercialised, and there are plans to significantly expand it, with consents having been granted in 2012. However, development has still not yet begun, the timeline is uncertain, and development is likely to take some time. The benefits of any expansion of Porters are likely to take some time to be felt, and because they are such a distance away from Ellesmere are unlikely to have many benefits for the Ellesmere economy anyway.

Other tourism attractions are limited to smaller, predominantly standalone businesses or natural attractions such as walking tracks. We have not identified any tourism initiatives which are expected to affect any significant changes to the current state of tourism in Selwyn generally, and Ellesmere in particular, but have incorporated an increase in tourism numbers consistent with the baseline tourism projections from our internal models.

2.4 Land Demand

The employment data output from the EFM provides the basis for the future demand for business land, spatially throughout Ellesmere. Land demand projections are calculated by applying industry-average employment density figures (compiled in-house from other similar studies[6]) to the employment projections. The land demand projections have been adjusted to take into account Selwyn-specific factors, such as lower than average development densities, and the presence and known density of the several large, standalone (and therefore easily identifiable) businesses (e.g. Synlait Dunsandel), as noted from our site visits.

Development densities are applied for the 48 economic sectors used in the EFM, so distinction is made between different types of manufacturing, transport, construction and wholesale trade, while commercial and retail sectors are assumed to have the same density. In this way,

[3] Page 189

[4] Porters, Mt Olympus, Cheeseman, Broken River, Craigieburn

[5] Temple Basin

[6] In a wide range of geographic areas, and adjusted to take into account the specific locational characteristics of the Ellesmere area.

10 MECs of growth in a low density sector such as road transport will require much more land than 10 MECs in a higher density sector such as retail or office-based activity.

These land demand projections are of the total additional amount of land that would be required to accommodate the additional employment described from the EFM output. That land demand is then adjusted to take into account:

- the capacity of existing businesses and business areas to accommodate some proportion of growth by way of intensifying;
- vacant and vacant potential land stocks, and;
- the operation of some commercial and industrial businesses outside of Business 1 and 2 zones.

As discussed below, there are some assumptions made, and accompanying uncertainty in this process, however in our opinion the assumptions made are robust and supported by our experience in business land studies in other jurisdictions.

2.5 Assumptions and Uncertainty

This assessment uses several datasets that introduce uncertainty into the modelling process:

- The EFM is based on a range of economic outlook information that drives projections of economic (employment) growth. Economic outlooks are subject to uncertainty, and prospects for growth in Ellesmere will be strongly influenced by domestic and international forces. Variables such as dairy prices have the potential to strongly influence the nature of economic development, and the flow-on effects on other industries in Selwyn.
- Business Frame data from Statistics NZ is a database of the individual economic units which make up the New Zealand economy. We have in the past, and again for this assessment, identified instances where businesses have been allocated to the wrong location, which can mean that they are coded to the wrong location (Business zone) in the modelling framework. We have manually corrected any inaccuracies found, however it is possible that there are other errors in the SNZ coding. Most instances of this would be related to small businesses and have little effect on the modelling output.
- Land vacancy data. It is difficult to accurately establish the vacancy status of some parcels of land in the absence of discussion with land owners and occupants (which was outside the scope of our assessment). Some parcels or buildings may appear to be not being used but in fact are, and premises which are identified as occupied could in fact be vacant. Further, there may be development plans for land which cannot be understood from site visits, whether construction of a new development or demolition of an existing premises. Vacant land is used in the model to potentially accommodate some future growth, and so conclusions about how much future land will be required are influenced by uncertainty in the vacant land variable. We

anticipate that some improvement of vacant land assumptions may be possible following the consultation process and stakeholder engagement.

- Not all additional employment will require additional business land on which to establish. Some share of employment growth will be directed towards existing businesses that can operate more productively within their existing footprint. The assumptions made in this regard have taken into account a number of factors including: the range of existing business types; the degree to which individual industries are dominant in each place; locational attributes such as accessibility, and; population projections.
- The employment density of new employment growth has been assumed to be comparable to existing employment within each land use.

A small number of relatively large businesses dominate the economy. The loss of a key employer would therefore have significant effects on the economy, including employment and demand for business land. The likelihood of this happening, or alternatively a large new business seeking to establish, is another element of uncertainty in this assessment.

3 Growth Projections

3.1 Population Projections

Understanding population growth is important when planning for business land demand because the domestic market supports a large proportion of the retail and household services sector. That activity is a significant component of the activity occurring on business land, especially in the Business 1 zone.

For this assessment we have used SDC's in-house population projections as the best current estimate of future population. Statistics NZ (SNZ) released projections in February 2015 which provide another scenario of future growth, but those projections are only available at a District level at present, and in any case the difference to the SNZ projections is less than 2% when compared to SDC's projections by 2031. The SDC projections are made for 19 towns throughout the District, including four in Ellesmere, and a residual "Rural" area. For the purposes of this assessment we have allocated SDC's projected growth quantum throughout the rural area in line with SNZ's distribution of growth in those areas from SNZ's most recent sub-District growth projections (2012).

Figure 3.1: Ellesmere Population Projections

	2014	2016	2021	2026	2031	Growth	
						n	%
Leeston	2,120	2,250	2,580	2,920	3,250	1,130	53%
Southbridge	940	960	1,000	1,040	1,080	140	15%
Doyleston	330	360	440	510	590	260	79%
Dunsandel	490	500	510	530	550	60	12%
Sub-total Ellesmere Towns	3,880	4,070	4,530	5,000	5,470	1,590	41%
Ellesmere Rural	2,790	2,820	2,940	3,050	3,170	380	14%
Total Ellesmere Ward	6,670	6,890	7,470	8,050	8,640	1,970	30%
Other Selwyn	41,160	46,880	54,750	60,450	65,730	24,570	60%
Total Selwyn District	47,830	53,770	62,220	68,500	74,370	26,540	55%

Those growth projections show that 57% of Ellesmere growth is projected to occur in Leeston, which is the biggest town in the ward with a current population of 2,120. That population is projected to increase to 3,250 by 2031, an increase of 53%. Elsewhere population growth is projected to occur in smaller amounts, with growth to 2031 amounting to 140 people in Southbridge, 260 in Doyleston and 380 spread throughout the rural areas. Growth in Ellesmere is projected to contribute only 7% of the total District population growth expected out to 2031.

3.2 Employment

3.2.1 Current Employment Structure

There are currently 3,200 MECs[7] engaged in Ellesmere, of which 1,320 (41%) are engaged in the five towns identified and 1,870 (59%) are employed in rural areas. The economy is dominated by the Rural sector (agriculture, horticulture etc.) which employs 46% of workers (1,240 MECs). Industrial businesses employ 35% of workers, while the Retail and Commercial sector is relatively small, employing only 12% of workers (390 MECs) (Figure 3.2).

Figure 3.2: Ellesmere Employment Distribution 2014 (MECs)

	Retail and Commrcl	Industrial	Rural	Other	Total
Leeston	192	312	58	168	731
Dunsandel	50	172	63	28	313
Southbridge	14	85	15	27	141
Doyleston	23	17	32	3	75
Rakaia Huts	4	3	51	-	58
Ellesmere Towns	283	590	219	227	1,318
Rural Ellesmere	106	520	1,244	4	1,874
Total Ellesmere	389	1,110	1,463	231	3,193

Leeston is the largest employment area in the ward, with 730 MECs, nearly a quarter of the Ellesmere workforce. Half of Ellesmere's retail and commercial employment is engaged in Leeston, and the town is also the predominant location for Industrial businesses with 28% of Ellesmere Industrial employment. The next largest single employment location is Dunsandel, where nearly half the town's employment (153 of 313 MECs) is engaged in Road Transport businesses with registered offices in the town.

A large proportion (59%) of Ellesmere's employment is engaged in rural areas. Two-thirds of that (1,240 MECs) is engaged in Rural businesses, although there are several large standalone industrial employers located outside of the ward's towns in Rural Ellesmere. Those large employers include: CMP Rakaia (meat works), the Synlait Dairy Factory at Dunsandel and a construction company registered to a rural location near Rakaia, together employing around 400 MECs.

3.2.2 Historic Employment Trends

Retail and Commercial

The proximity of most parts of Ellesmere to Rolleston (and to Christchurch) means that Ellesmere's retail and commercial sector has not developed a full service role, with only a small range of retail and household services businesses present in Ellesmere. In fact the role of retail and services in Ellesmere has declined recently:

[7] Modified Employment Count, a measure of total persons employed plus all working proprietors

- In 2000 there were 430 MECs engaged in Ellesmere towns' Retail and Commercial businesses, but that has decreased by 35% to 280 MECs in 2014. That decline has been due mostly to the closure of a Labour Supply Services business (110 MECs) that was in 2000 based in Southbridge, and the shift of SDC offices from Leeston to Rolleston. There has been growth in some businesses in the area, and some new businesses, but this has all been much smaller in scale, resulting in a net decrease in employment.
- Total retail employment in Ellesmere towns decreased from 113 MECs in 2000 to 102 in 2014, despite an increase in Leeston's retail employment (from 75 to 93 MECs).
- In 2000 there were 16 retail MECs in Dunsandel, 14 in Southbridge, and 9 in Doyleston (39 in total), but these three towns now have only 9 retail MECs between them.

This indicates a low level of demand for local Retail and Commercial supply, and a change in customer preferences to access retail in other locations, presumably Rolleston and Christchurch, as discussed in section 3.2.3.

Industrial

In contrast there has been reasonable growth recorded in Ellesmere towns' Industrial businesses:

- Industrial employment in the towns was 270 MECs in 2000, and has more than doubled to 590 in 2014.
- The largest growth was in Dunsandel, where the transport businesses identified above were responsible for most of the increase in employment from 14 MECs to 170 MECs in 2014. One of those businesses appears to have shifted from Leeston in 2011-12.
- Leeston's Industrial employment increased by 110 MECs (primarily growth of existing and establishment of one new construction business), and Southbridge's by 40 MECs (a new bus company and a new construction firm).

These changes do not indicate that there has been a very strong demand for new Industrial space. Some of the changes are relocations of existing firms within Ellesmere (or within Selwyn) while others represent an incremental expansion of existing businesses.

Overall

Across all sectors total employment in Ellesmere's towns increased by 8% between 2000 and 2014, from 1,220 to 1,320 MECs. This was comprised of net increases in employment in Leeston (+90 MECs) and Dunsandel (+40), but a significant decline (-70 MECs, -34%) in Southbridge. Given the growth in Industrial employment of 320 MECs in this time, this indicates a change in the focus of employment in Ellesmere's towns, with an emerging importance of Industrial activities compensating for a decline in other employment.

3.2.3 Current Spend Patterns

We have assessed data from BNZ Marketview[8] to provide a measure of the current spending patterns in Ellesmere. The data shows the share of spending (in services and food and non-food retail) that is directed to a number of major retail destinations[9] from each Ellesmere town. Data was not provided for small towns because of the confidentiality restrictions due to the small retail base in those towns. The data shows that only a minority of spend from each town is directed to Leeston, with Christchurch being significantly the most attractive destination for retail and services spending by people living in Ellesmere (Figure 3.3).

This is consistent with other studies we have completed for SDC which show that a large proportion of the spend resident in Selwyn 'leaks' out of Selwyn to destinations in Christchurch. The attractiveness of the large amount and wide range of retail and services businesses in Christchurch is a very strong drawcard to Selwyn consumers, many of whom regularly visit Christchurch (e.g. for work) and so retail there is very accessible to them.

Figure 3.3: Destination of Retail and Services Expenditure

Spend Origin	Spend Destination		
	Leeston	Rolleston	Chch
Leeston	0.33	0.06	0.48
Dunsandel	0.08	0.26	0.51
Southbridge	0.28	0.08	0.51
Doyleston	0.31	0.07	0.50
Rakaia Huts	0.30	0.08	0.47
Rural	0.09	0.10	0.58

3.2.4 Employment Projections

Employment projections are sourced from the EFM. As explained above, the EFM takes into account projections of future expected population growth and projections of international and domestic economic drivers to calculate employment projections by sector. For this assessment EFM output has been spatially allocated to a sub-District level, and so growth in individual towns is influenced by broader District and Regional growth drivers (which project growth in the District) to a greater extent than local factors. This means that in towns where there has been an historic decline in employment, the projections will indicate growth is expected, which is contrary to what would be expected if historic employment trends were to continue. For this assessment we prefer the EFM output, although interpret this with reference to historic trends.

Leeston's employment is projected to increase from 730 to 930 (+200 MECs), at a growth rate slightly faster than was experienced between 2000 and 2014 (Figure 3.4). Nearly half that growth will be in Industrial employment, and 27% from Retail and Commercial (see detail in Appendix 3). The next largest quantum of growth is projected to be in Dunsandel, with growth

[8] All credit and debit card spending by BNZ customers

[9] Darfield, Lincoln, Leeston and Rolleston in Selwyn, Christchurch, Ashburton, Methven, Geraldine, Temuka and Timaru

of nearly 60 MECs projected, which would equate to growth continuing at the same rate since 2000. Dunsandel's growth is projected to be heavily dominated by growth in the Industrial sector, with very little growth in the other sectors.

Figure 3.4: Ellesmere Employment Projections (MECs)

	2000	2014	2016	2021	2026	2031	Growth 2014-31 n	Growth 2014-31 %
Leeston	640	731	762	827	884	935	205	28%
Dunsandel	271	313	323	340	356	369	56	18%
Southbridge	214	141	149	164	177	190	48	34%
Doyleston	67	75	78	84	89	93	18	23%
Rakaia Huts	24	58	61	65	69	72	14	24%
Ellesmere Towns	1,318	1,318	1,374	1,481	1,575	1,659	341	26%
Rural Ellesmere	1,017	1,874	1,937	2,106	2,293	2,374	500	27%
Total Ellesmere	2,336	3,193	3,311	3,587	3,868	4,034	841	26%

Employment in Southbridge decreased from 210 to 140 (2000-2014), and so if those trends continue, a decline in employment in Southbridge would be expected in the future. However broader District and Regional growth drivers indicate potential for employment growth there. From analysis of detailed employment data at Southbridge we have identified that the decrease in employment between 2000 and 2014 was due predominantly to the closure of a single Labour Supply Services business (110 MECs in 2000, and nil thereafter), indicating net growth of 40 MECs if the closure of that single business 15 years ago is excluded. That is then consistent with the projected growth of nearly 50 MECs (predominantly in Industrial businesses) indicated from the EFM modelling.

The smaller towns (Doyleston and Rakaia Huts) are projected to experience very little employment growth. Doyelston's growth will be spread across the four sectors, with less than 10 MECs increase in any single sector, while it will be the Rural sector that drives growth in Rakaia Huts.

Growth in Rural Ellesmere out to 2031 is projected to be 500 MECs across all sectors, a 27% increase from the current 1,870 MECs. That growth is projected to be mostly in the Rural (63% of growth) and Industrial (30% of growth) sectors, and the current large employers (CMP and Synlait) are likely to employ a large proportion of that growth. Very little growth is projected in other sectors in Ellesmere's rural areas.

4 Land Use

4.1 Zoned and Vacant Land

Two key components to assessing whether additional zoned land will be required to accommodate economic growth are the total current zoned area and the amount of that which is vacant. SDC has provided GIS mapping files of zoned area within Ellesmere with associated land areas included, and we have measured the part of that which is vacant based on our observations from our site visits conducted in April and May 2015.

For this assessment we have provided two different measures of vacant land: vacant and vacant potential. Vacant land is land that is currently not built on at all, or is built on but the building is unoccupied. Vacant potential land is land that has a building on which is occupied by a land use but which could be converted to another land use (e.g. residential activity in a Business 1 zone). We have assumed that vacant potential land is not in fact available for development, given that it is occupied by an activity now, although the presence of that land indicates some potential to accommodate additional business activity in the future.

We anticipate that there may be some feedback from the consultation process as to the amount of vacant land in each town, and recognise it can be difficult to accurately capture all of the vacant land in any place, especially given changing land uses and the fact that activities may be using premises which appear vacant from the outside.

Appendix 4 provides a map (for Leeston) and descriptions (for the smaller towns) showing the parcels of land which have been categorised as vacant for the purposes of this assessment.

4.2 Land Area Required

The assessment of land required applies (as described in section 2.4) average employment density data to the employment projections in section 3.2.3 to calculate the additional business land that will be required in each town. That total is then adjusted to take into account that some of that additional activity is likely to be in existing businesses, and therefore not require any additional land to accommodate it.

4.2.1 Business 1 Land

There is currently 17.0 ha of Business 1 zoned land in Ellesmere, 12.6 ha of which is in Leeston. Much smaller amounts exist in Dunsandel and Southbridge, and there is no Business 1 land zoned in Doyleston or Rakaia Huts (Figure 4.1).

Figure 4.1: Ellesmere Business 1 Land Demand Projections to 2031

	Current Zoned Land a	Vacant b	Vacant Potential* c	Total Vacant d=b+c	Land Demand Growth e	Locate in Existing Business f	Add. Land reqd g=e-f	Land Shortfall by 2031 h=g-b
Leeston	12.6	-	1.3	1.3	1.7	0.9	0.8	0.8
Dunsandel	1.2	-	-	-	0.0	-	0.0	0.0
Southbridge	3.2	0.1	0.9	1.0	0.3	0.3	0.0	0.0
Doyleston	-	-	-	-	0.1	-	0.1	0.1
Rakaia Huts	-	-	-	-	0.0	-	0.0	0.0
Ellesmere Towns	17.0	0.1	2.2	2.3	2.1	1.2	0.9	0.9
Rural Ellesmere	-	-	-	-	0.3	0.3	0.0	0.0
Total Ellesmere	17.0	0.1	2.2	2.3	2.5	1.5	1.0	0.9

*e.g. currently residential use

Leeston

In Leeston there are three distinct areas of Business 1 zoning, the large (11.3 ha) High St town centre, and two smaller essentially spot zones each of under 1 ha[10]. The retail and commercial employment growth (56 MECs) projected in Leeston out to 2031 would equate to around an additional 1.7 ha of Business 1 land, although we anticipate that some of that would be supported in existing businesses, and therefore not require any additional land. In Leeston that is estimated to amount to around half of employment growth, or some 0.9 of the 1.7 ha.

The net additional land required then would be under 1.0 ha, which is less than the amount of vacant potential land in the town. Because vacant potential land may or may not be available for development in the future, this indicates that some additional Business 1 land may be required in Leeston to accommodate growth out to 2031. The amount of Business 1 land that will be required will depend on:

- The amount of new Retail and Commercial employment growth that is likely to be accommodated in existing businesses. Projected employment growth in that category to 2031 is 56 MECs and there are around 90 businesses in Leeston in this category now, so the projected growth equates to less than one extra employee per business.
- Whether any of the vacant potential land can be converted from existing (non-business) uses to commercial activities.
- Future retail preferences, and whether local consumers direct an increased proportion of their spend to Rolleston as Rolleston's retail offer grows.

In total then up to 1.0 ha of additional Business 1 land may be required in Leeston out to 2031, although our opinion is that much of the projected economic growth could be accommodated within the existing zoned area. There does not appear to be any current undersupply of Business 1 land, and it would be mid-2020s before growth leads to enough pressure that would justify the creation of additional Business 1 zoned land in Leeston. This is supported by the current high rates of leakage of this type of spending to businesses in Christchurch (per

[10] the tractor showroom west of the town centre on High St and the Airborne honey factory on Pennington St two blocks north of the town centre

section 3.2.3), and the fact that Lincoln and Rolleston have been accorded Key Activity Centre (KAC) status and this type of growth is to be prioritised in those centres (and in the KACs in Christchurch).

Other Towns

From the employment projections, no additional Business 1 land is projected to be required in Dunsandel or Southbridge, and neither town is expected to experience any change in its current retail/commercial role:

- In Dunsandel the Business 1 zone fronts SH1, and the retail and commercial activity there serves a predominantly passing trade clientele. Employment in Dunsandel is not projected to increase much from current levels, and the existing zoned area should be adequate to accommodate any increase in demand.
- In Southbridge the Business 1 zone is a single contiguous area fronting 200m of High St. Employment declines in some sectors since 2000 have left vacant premises and there is a significant amount of non-retail/commercial activity in the zone (which is identified as vacant potential Business 1 land). From our site visits and the changes in employment since 2000, we expect that the remaining retail and commercial businesses are likely to be performing well below their optimal levels. This indicates significant potential for any growth in the area to be accommodated within the existing Business 1 area, even without the conversion of any of the land currently used for residential dwellings. In fact there is likely to be a small amount of surplus Business 1 land at Southbridge out to 2031.

There is currently no Business 1 land zoned at Doyleston or Rakaia Huts, and growth projections indicate that none will be required in the future.

4.2.2 Business 2 Land

There is 19.3 ha of Business 2 zoned land in Ellesmere, including 10.6 ha at Leeston, 5.6 ha at Southbridge, and less than 2 ha in each of Doyleston and Dunsandel (Figure 4.2).

Figure 4.2: Ellesmere Business 2 Land Demand Projections to 2031

	Current Zoned Land a	Vacant b	Vacant Potential* c	Total Vacant d=b+c	Land Demand Growth e	Locate in Existing Business f	Add. Land reqd g=e-f	Land Shortfall by 2031 h=g-b
Leeston	10.6	1.1	-	1.1	2.8	1.0	1.8	0.8
Dunsandel	1.8	-	-	-	2.3	2.2	0.1	0.1
Southbridge	5.7	-	1.7	1.7	1.0	0.5	0.5	0.5
Doyleston	1.2	-	-	-	0.2	0.2	0.0	0.0
Rakaia Huts	-	-	-	-	0.0	-	0.0	0.0
Ellesmere Towns	19.3	1.1	1.7	2.7	6.3	3.9	2.5	1.4
Rural Ellesmere	-	-	-	-	2.2	2.2	0.0	0.0
Total Ellesmere	19.3	1.1	1.7	2.7	8.6	6.1	2.5	1.4

**e.g. currently residential use*

Leeston

In Leeston the Business 2 zone is a single, long (just over 1 km) strip on the south side of Station St, extending across to the western side of Leeston and Lake Rd. There are a number of vacant and underutilised (truck parking for neighbouring businesses) parcels in the zone, which from our calculations could yield around 1.1 ha of additional Business 2 land for development. The location of some of those parcels may not readily lend itself to development, with some of the vacant land being behind existing businesses with no street frontage which could be difficult to access.

The 90 MECs of projected growth in Industrial employment to 2031 would require an additional 2.8 ha of Business 2 land in that time. Of that:

- Around 1.0 ha would be expected to be accommodated within one of the existing 50 Industrial businesses in Leeston.
- Some new businesses might seek to establish in Leeston, and would require around 1.8 ha of Business 2 land. Given there is now nearly 0.5-1.0 ha of usable vacant Business 2 land, that indicates that up to another 0.8-1.3 ha, or say 0.5-1.5 ha in round terms, of Business 2 land might be required in Leeston by 2031, depending on how much of the land identified as vacant is actually suitable for development. That amount of additional Business 2 land would provide flexibility for different types of Industrial businesses to locate in Leeston.

Southbridge

The Southbridge Business 2 zone is just under 6 ha in area, and is one contiguous zone to the south of the Business 1 zone, around 500m from east to west (albeit intersected by roads). SNZ's Business Frame records only 16 Industrial businesses in Southbridge now, although these are relatively large on average, together employing just over 300 people. Projected Industrial employment growth out to 2031 is 30 MECs, which would occupy about 1 ha of land if all of that were to be in new businesses. Of that we would expect that maybe half would locate in existing businesses, and half might require the occupation of new Business land.

That then would equate to up to 0.5 ha of Business 2 land being required to accommodate growth in the Industrial sector in Southbridge. However, because there is a significant amount of vacant potential land it may be that most or all future Industrial growth can be accommodated within the existing Business 2 zoned area, and there is little or no need for additional Business 2 land at Southbridge.

Dunsandel

There is currently 1.8 ha of Business 2 land in Dunsandel. There was significant employment growth in Dunsandel's Industrial sector since 2000, from 15 MECs to 172 in 2014. Almost all of this growth was in three large transport businesses, and the employment projections indicate that future growth in Industrial employment (50 MECs to 2031) will be similarly dominated by road transport businesses. This reflects the excellent accessibility of Dunsandel at the junction of SH1 and the main roads south to Leeston and Southbridge. For this reason,

much of the employment growth is projected to be accommodated in existing businesses, and would mean that no additional Business 2 land is expected to be required in Dunsandel.

Notwithstanding this, there is potential for the area's locational attributes to attract new businesses (especially in or related to transport) to the area, in which case some additional Business 2 land could be required. This is difficult to assess because there are no projection models capable of working at this very micro level, and the possibility would depend on the commercial decisions of individual businesses. Although the area required for any such businesses would be small (say around 1-1.5 ha), because there is no vacant land in Dunsandel now, there will be limited location options available to any new Industrial business wishing to establish in Dunsandel. For that reason some consideration could be given to zoning a small amount of additional Business 2 land in Dunsandel of say up to 2 ha to provide flexibility for future Industrial growth.

Other Places

Industrial activity in Doyleston is limited to two spot zonings of Business 2 land, one on the southern edge of the town on Leeston Rd and one in the north fronting Railway Terrace. Only a very limited amount of employment growth is expected in Doyleston, given its current small economic role and population base and lack of strategic location. All employment growth is expected to be able to be accommodated within existing Business 2 zones.

There is no Business 2 zoning at Rakaia Huts, and none is anticipated in the future.

An increase in employment in Rural Ellesmere equivalent to 2.2 ha of land is expected to be accommodated in that area's large employers, including CMP Rakaia (meat works), Synlait Dunsandel and a large Rakaia construction company. Some ad hoc employment growth in Industrial type activities (e.g. sawmills, meat works, construction) is also likely elsewhere in Rural Ellesmere, although this would probably be mostly small scale businesses and would not warrant the zoning of additional Business 2 land, depending on SDC policies on these types of activities. SDC could, where appropriate in line with growth polices, rezone existing business to recognise their existing use.

5 Supporting Centres

Centres play an important role for local communities, providing a range of goods and services that have benefits not only for consumers, but also for the businesses themselves. The benefits from centres stem from the co-location and concentration of similar or related activities, providing an ability for businesses to access customers and suppliers, share facilities and infrastructure, and for customers to conveniently access a range of goods and services in one location. This applies to commercial activities, retail, service and hospitality businesses, and from a business to business point of view also to industrial activities.

In addition to the functional amenity of convenient access to goods and services in one location, and having greater choice and ability to compare among providers, town centres provide less tangible benefits such as opportunities for social interaction, a sense of place and community belonging (social amenity). Both aspects of amenity contribute to community social and economic well-being, and justify Council involvement in managing the role played by these centres.

The largest town centre in Ellesmere is in Leeston, while there is a very small centre at Southbridge, and a small strip centre at Dunsandel on SH1. The Dunsandel and Southbridge Business 1 areas provide a much lower level of functional amenity for their communities than Leeston does due to the more limited range of retail goods and services available there. This is consistent with the definition of these centres as Rural Activity Centres, which are intended to provide a more limited range of services to the community than the larger Key Activity Centres. Retail and commercial activity in other towns is limited to single stores or several commercial businesses spread throughout residential areas.

While most retail spend flows out of Ellesmere to Christchurch (and to a lesser extent Rolleston), the Leeston town centre serves as the focal point for retail and commercial activity in the ward, and plays an important role in providing the amenity and benefits described above. It is important that Council recognises and supports this role for the good of the community and local businesses, as is true also (although to a lesser degree due to the smaller size of the community served) for Dunsandel and Southbridge.

There are several main ways this can be achieved:

- The physical environment is important in creating a place that encourages people to visit and to spend time in. Council can contribute to the attractiveness of the Leeston town centre by creating and maintaining a built environment in the public realm (footpaths, gardens, parks etc.) that is aesthetically pleasant and safe. Methods for achieving this would require input from an urban designer.
- Having a business group that contributes to establishing and achieving objectives for the town centre. Such a group can have input into any plans for the town centre to achieve a shared vision, support centre marketing initiatives, form the basis of ongoing financial support for achieving those plans (e.g. through targeted rates) and provide a support network for business owners.

- Anchor activities are important in centres. Anchors are destinations that are very attractive to people, such as large retail stores or community facilities that draw people into a centre, providing potential consumers for other businesses. Leeston is not large enough to support large retail anchors like large supermarkets or department stores, rather Leeston's anchors are the businesses visited most frequently, such as the SuperValue grocery store, banks and farm supply outlets. These businesses and organisations are important in supporting the functioning of the town centre, so Council support for those businesses (assisting with carpark provision, access, street appeal etc.) will support the wider town centre.

6 Conclusion

The fastest growing parts of Selwyn District are those closest to Christchurch, and the area around Rolleston and Lincoln is expected to continue to grow at a much faster rate than the western and northern parts of the District. The shift of the SDC offices away from Leeston in the last decade recognised that changing focus of activity within the District, nevertheless growth pressures on the eastern wards will result in some flow over of growth into Ellesmere as well.

Total population growth in the Ellesmere ward is projected to be 2,000 people out to 2031, with Leeston expected to remain the focal point with growth of 1,200 people out to 2031 (2.8% average annual growth), 60% of Ellesmere population growth. Population growth in the rest of Ellesmere will amount to less than 900 people, half of which will be in rural areas outside the towns.

There are currently 3,200 MECs engaged in all industries in Ellesmere, most of which (59%) are employed in rural areas and in the rural sector. Industrial businesses employ 35% of workers, while the retail and commercial sector employs only 12% of workers. Leeston is the largest employment area, with half of Ellesmere's Retail and Commercial employment and a quarter of Industrial and total employment. The next largest employment town is Dunsandel, where Road Transport businesses dominate. There are several large standalone industrial employers located in Rural Ellesmere, including CMP Rakaia, Synlait Dunsandel and a construction company.

Much of the demand for Retail and Commercial is served in the eastern parts of the District and in Christchurch, and most (12.6 ha) of Ellesmere's Business 1 land is in Leeston, with much smaller areas in Dunsandel and Southbridge. Leeston functions as the commercial centre for Ellesmere, and growth in that sector there is projected to be nearly 60 MECs by 2031, equivalent to an additional 1.7 ha of Business 1 land. Much of that additional employment is likely to be accommodated within existing businesses and therefore not require any additional land, and from our assessment it would be mid-2020s before growth leads to enough pressure that would justify the creation of additional Business 1 land in Leeston.

Neither Dunsandel or Southbridge are expected to experience any change in their current retail/commercial role out to 2031, and no additional Business 1 land is projected to be required in either town, or elsewhere in Ellesmere in that time.

There is 19.3 ha of Business 2 zoned land in Ellesmere, including 10.6 ha at Leeston, 5.6 ha at Southbridge, and less than 2 ha in each of Doyleston and Dunsandel. In Leeston there are a number of vacant Business 2 parcels of some 1.1 ha area, although not all of that space may be practical to develop given access constraints. The 90 MECs of projected growth in Leeston Industrial employment to 2031 would require an additional 2.8 ha of Business 2 land, much of which would be accommodated in existing businesses or on vacant land, and another 0.5-1.5 ha of Business 2 land might be required in Leeston by 2031.

Projected Industrial employment growth in Southbridge out to 2031 is 30 MECs, although again much of that employment growth is likely to be supported in existing businesses. The estimated 0.5 ha of Business 2 land that might be needed to accommodate growth in the Industrial sector in Southbridge should be able to be accommodated within the existing Business 2 zoned area, and there will be little or no need for additional Business 2 land at Southbridge. Similarly growth in Doyleston is projected to be accommodated in existing businesses, requiring no additional Business 2 land to be created there.

There have been several transport firms establish in Dunsandel in the last five years, and although demand for Industrial land there generally is expected to be weak, because there is no currently vacant land available some consideration could be given to zoning a small amount of additional Business 2 land in Dunsandel of say up to 2 ha. That would provide flexibility for future Industrial growth to be accommodated in a place that has some locational benefits due to its location on SH1.

An increase in employment in Rural Ellesmere equivalent to 2.2 ha of land is expected to be accommodated mostly in that area's large employers, including CMP Rakaia (meat works), Synlait Dunsandel and a large Rakaia construction company. There is expected to be some additional ad hoc employment growth in Industrial type activities (e.g. sawmills, meat works, construction) in Rural Ellesmere, although this is likely to be largely opportunistic and would probably not warrant the zoning of additional Business 2 land, depending on SDC policies on these spot-type Industrial activities.

Appendix 1: Location Maps

Figure A1.1: Leeston Location and Zoning Overview

Figure A1.2: Doyleston Location and Zoning Overview

Figure A1.3: Dunsandel Location and Zoning Overview

Figure A1.4: Southbridge Location and Zoning Overview

Appendix 2: Town Definition

As explained in section 1.3.2, the spatial extent of each town is defined using the grouping of meshblocks that intersect the Township boundary in the zoning file. In some cases meshblocks that are inside the Township boundary may also extend into the surrounding rural area, which means that the meshblock-based town definition is usually larger than the zoned area. Rural meshblocks can be large, and so can increase the spatial area of the town used in our assessment, although it has been necessary to include these peripheral meshblocks to capture all of the economic activity that may or may not be located within the Township proper.

The meshblock-based town boundaries are shown below.

Figure A2.1: Leeston and Doyleston Meshblock-Defined Town Boundaries

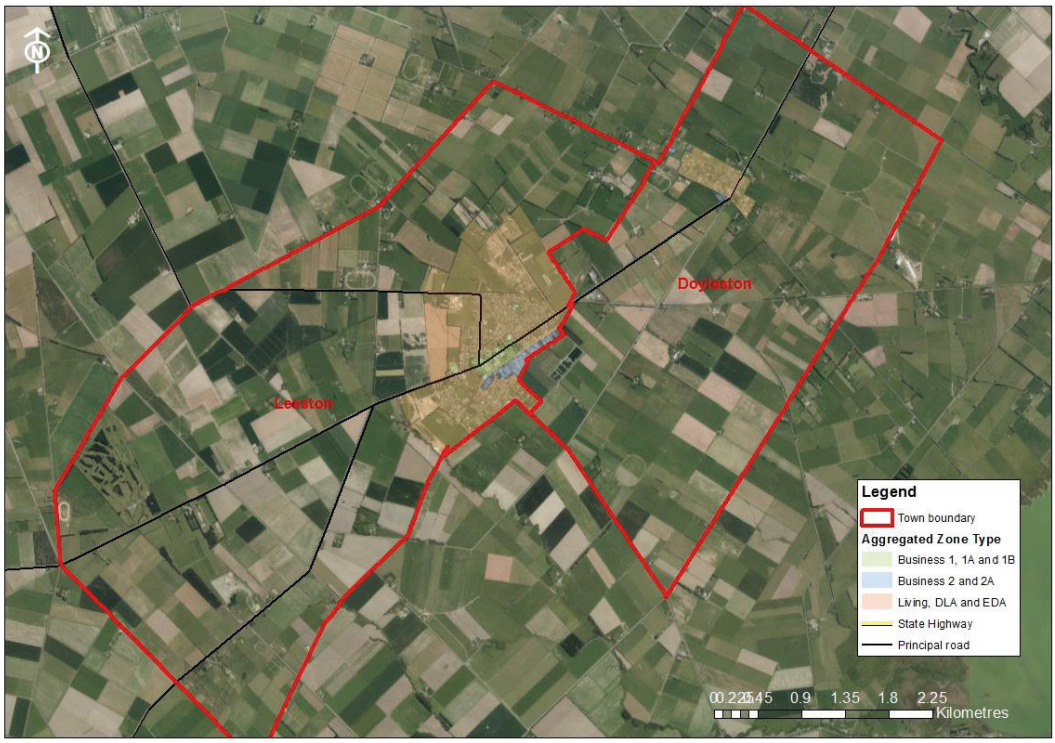


Figure A2.2: Dunsandel Meshblock-Defined Town Boundary

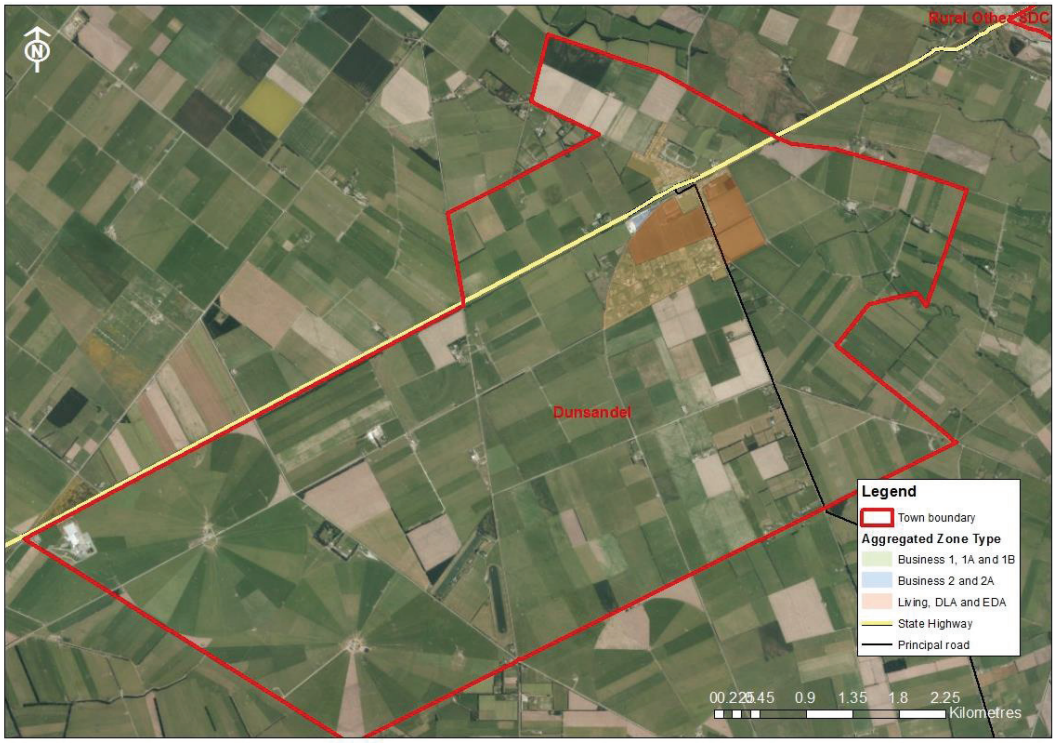


Figure A2.3: Southbridge Meshblock-Defined Town Boundary

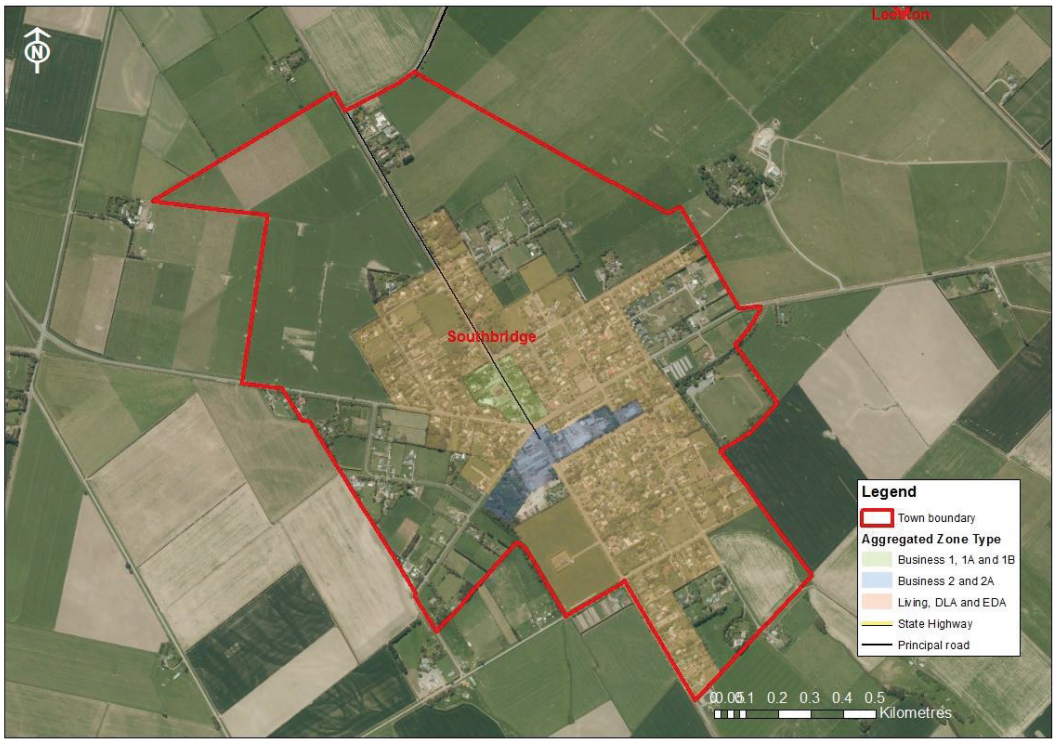
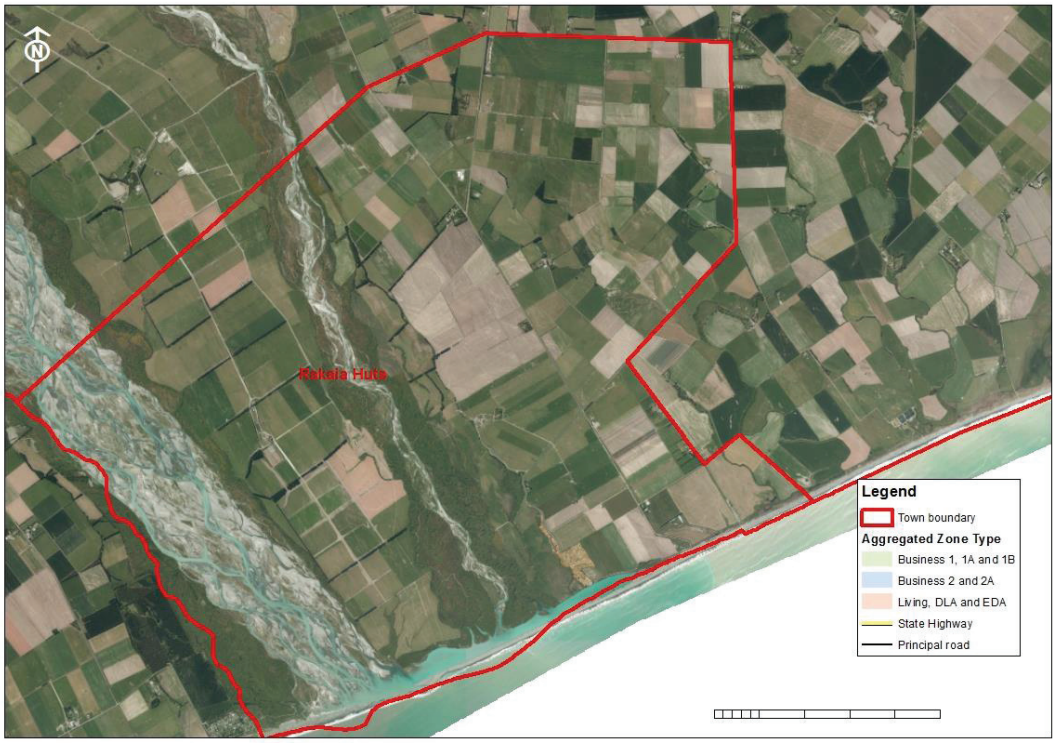


Figure A2.4: Rakaia Huts Meshblock-Defined Town Boundary



Appendix 3: Employment Projections

This Appendix provides breakdowns for the four key employment sectors which make up the total Ellesmere economy, as described in Figure 3.2.

Figure A2.1: Ellesmere Employment Projections: Retail and Commercial

	2014	2016	2021	2026	2031	Growth 2014-31 n	%
Leeston	192	201	219	234	248	56	29%
Dunsandel	50	51	51	51	51	0	1%
Southbridge	14	15	16	17	18	4	26%
Doyleston	23	24	26	27	29	6	27%
Rakaia Huts	4	4	4	5	5	1	23%
Ellesmere Towns	283	294	316	334	350	67	24%
Rural Ellesmere	106	111	123	136	141	35	33%
Total Ellesmere	389	405	439	470	491	102	26%

Figure A2.2: Ellesmere Employment Projections: Industrial

	2014	2016	2021	2026	2031	Growth 2014-31 n	%
Leeston	312	329	358	383	405	93	30%
Dunsandel	172	180	196	212	225	53	31%
Southbridge	85	90	100	108	116	31	36%
Doyleston	17	18	19	21	21	4	24%
Rakaia Huts	3	3	3	4	4	1	28%
Ellesmere Towns	590	621	677	727	771	181	31%
Rural Ellesmere	520	538	586	640	668	148	28%
Total Ellesmere	1,110	1,159	1,264	1,367	1,439	329	30%

Figure A2.3: Ellesmere Employment Projections: Rural

	2014	2016	2021	2026	2031	Growth 2014-31 n	%
Leeston	58	60	63	65	67	9	16%
Dunsandel	63	63	64	65	65	3	5%
Southbridge	15	16	17	18	19	3	23%
Doyleston	32	33	35	37	38	6	19%
Rakaia Huts	51	54	58	61	64	12	24%
Ellesmere Towns	219	226	236	246	253	34	16%
Rural Ellesmere	1,244	1,285	1,393	1,512	1,560	316	25%
Total Ellesmere	1,463	1,510	1,629	1,758	1,813	351	24%

Figure A2.3: Ellesmere Employment Projections: Other

	2014	2016	2021	2026	2031	Growth 2014-31 n	Growth 2014-31 %
Leeston	168	172	187	200	214	46	28%
Dunsandel	28	28	28	28	28	-	0%
Southbridge	27	28	32	35	38	11	39%
Doyleston	3	3	4	4	5	1	41%
Rakaia Huts	-	-	-	-	-	-	0%
Ellesmere Towns	227	233	252	268	285	58	26%
Rural Ellesmere	4	4	4	4	5	1	28%
Total Ellesmere	231	236	256	273	290	59	26%

Appendix 4: Vacant Land Parcels

This Appendix identifies the parcels of land that have been identified as vacant for the purposes of this assessment. Vacant parcels in Leeston are shown in Figure A3.1. In the other towns:

- Dunsandel: No vacant Business 1 or Business 2 land was identified.
- Southbridge: the vacant Business 1 land identified was the site of the former Four Square, and a number of residential sites fronting High St were classified as vacant potential. There were two Business 2 zoned sites classified as vacant potential, one fronting Cryer St which appears to be part of a larger (business) site that is occupied, and the other a large residential site behind the Hamilton Seed factory, fronting St John St.
- There is no Business zoned land in Doyleston or Rakaia Huts.

Figure A3.1: Leeston Vacant Land