

Chapter 28

Part G

VOLUME 2

Economic

Overview

The Project will have significant net economic benefits for the Wellington Region and especially the Kāpiti district.

During the construction of the Project, there will be increased expenditure, employment and incomes, with associated economic benefits for local and regional businesses and residents.

Once operational, the Project will also contribute economic benefits to local and regional businesses as a consequence of:

- Savings in vehicle operating costs, travel time costs and accident costs;
- Improvements in travel time reliability; and
- Increased business development and population growth.

For most residents within the Ōtaki Railway Retail area, the Project will have neutral or positive effects. There will be negative business redistribution effects for a small minority of businesses within this area. Negative business redistribution effects of the Project are likely to be greatest for a small minority of businesses on or near SH1 at Te Horo and on SH1 between Te Horo and South Ōtaki. Whilst important from the perspective of the residents of Te Horo, these businesses do not constitute a significant commercial centre in terms of the hierarchy of centres within the Kāpiti district. Appropriate signage at exit points on the Expressway will provide some protection against negative business redistribution effects.

Some property values will be affected by the Project. However such effects are a reflection of, and not in addition to, the intangible impacts of the Project identified in other Technical Reports of the AEE.

28 Economic

28.1 Introduction

This chapter summarises the economic effects of the Project as they relate to the RMA's focus on enabling economic wellbeing, including local, district and regional economic effects and effects resulting from both construction and operation. The cost benefit analysis for the Project is discussed in Technical Report 21. This chapter also contains recommendations for mitigation.

The assessment in this chapter is consistent with the requirements of the RMA and aims to measure the ability of the Project to enable economic wellbeing.

The report that contributes to this overall assessment is:

- Peka Peka to Ōtaki Expressway Project Assessment of Economic Effects (Technical Report 21)

This technical report is included in Volume 3 of this AEE report.

28.2 Existing Economic Environment⁵¹

Economically, Kāpiti district is strongly intertwined with the wider Wellington Region, and the district has a relatively high dependence on the wider region for employment.

The 70% local employment retention rate for the Kāpiti district is third lowest in the Wellington Region after Upper Hutt with 62% and Porirua with 67%. This means that a sizeable proportion of residents rely on employment opportunities outside district boundaries (in that about 30% of the labour force travel outside the district for employment). Ōtaki town centre and the business and industrial areas in Paraparaumu are the principal sources of employment and economic activity in the district.

Forecasts for the Kāpiti district's economic environment are for on-going population increase, and associated demand for housing and business development. Some key indicators in this regard are estimates for the period 2010 to 2031 of:

- Population growth of circa 10,000 persons or 20% (Statistics New Zealand medium growth assumptions). This is Statistics New Zealand medium forecast (fertility, mortality and net migration) for the Kāpiti district. The actual forecast for 2011-2031 is 10,300 for the Kāpiti district with 2,300 for Peka Peka, Ōtaki Forks, Te Horo and Ōtaki.
- Total employment counts growing between 3,400 to more than 6,000.
- Increases of over 50,000 m² in sustainable retail gross floor area.

There are three retail areas potentially affected by the Project, the Ōtaki Railway Retail area, Ōtaki Main Street and Te Horo.

28.2.1 Ōtaki Railway Retail Area

The Ōtaki Railway Retail area contains a mixture of shops and businesses which serve local Ōtaki residents, visitors to Ōtaki and passing traffic. An inventory⁵² of the businesses in the Ōtaki Railway Retail area shows that out of a total of 85 businesses, 63 were involved in retail. Of these 30 (48%) were classified as clothing and footwear, 13 (21%) were cafes, bakeries and takeaways, 3 (5%) sold food, groceries and/or liquor, 3 (5%) were petrol stations and 14 (22%) were classified as miscellaneous retail stores. Of the 22 other businesses in this area, 8 provided professional and business services, 4 provided auto repair services, 2 were motels, 1 was a hotel providing accommodation and bar services, 2 were healthcare businesses and 5 provided other services.

The high number of clothing and footwear stores reflects the concentration of "factory outlet" stores in the Ōtaki Railway Retail area. This has attracted other clothing and footwear stores and other retail outlets to also locate in the area and has made the Ōtaki Railway Retail area an attractive shopping destination for visitors.

28.2.2 Ōtaki Main Street

The Ōtaki Main Street centre contains a number of shops and other commercial activities, which principally serve the local community rather than visitors to Ōtaki or passing through traffic who stop at Ōtaki. Because of the particular mix of activities and its distance from SH1, it is not a "destination" centre attracting visitors to Ōtaki and is less

⁵¹ Information regarding the existing economic environment has been obtained from MacKays to Peka Peka project, Assessment of Environmental Effects report: Chapter 29: Economic effects, dated March 2012, pgs 588-589.

⁵² Undertaken in March 2011 (see Table 1 in *Ōtaki Customer Survey: Report of Pedestrian Intercept Surveys Conducted in March 2011*; Opus International Consultants Limited; 2011). The business inventory was updated in October 2012.

reliant on the passing motorised trade than is the Ōtaki Railway Retail area, which is on or adjacent to the existing SH1.

An inventory⁵³ of the businesses in the Ōtaki Main Street centre shows that out of a total of 59 businesses, 28 were involved in retail. Of these only 4 were classified as clothing and footwear, 11 were cafes, bakeries and takeaways, 6 sold food, groceries and/or liquor, and 7 were classified as miscellaneous retail stores. Of the 31 other businesses in this area, 3 provided professional and business services, 2 were hotels (of which only 1 provides accommodation as well as bar services), 4 were healthcare businesses and 22 provided other services.

28.2.3 Te Horo

At Te Horo there is a small cluster of businesses on SH1 and down Te Horo Beach Road, near to SH1. These include 2 cafes, an art gallery, a jewellery shop, an auto repairer, a building products yard, a museum, a plant, fruit and vegetables store, a hairdresser, a second-hand furniture store, a second-hand clothing store, and a caravan sales yard. Whilst these businesses form something of a commercial "centre" from the perspective of the local Te Horo residents, they do not constitute a significant commercial centre in terms of the hierarchy of centres for the wider Kāpiti district.

28.3 Assessing Economic Effects

For the Project the economic effects at a Kāpiti district level are relevant, because the economic effects of the Project will largely (but not solely) affect residents and businesses in the district. At a regional level, Wellington (and Kāpiti) viewpoints are relevant as the residents and businesses of these locations will also experience economic effects of the Project.

The effects at the national level are also relevant particularly as the Project forms part of the Wellington Northern Corridor RoNS. For this Project the national economic effects are also relevant because of the size of the Project and because the Project will be funded through the NZTA.

The assessment in this chapter considers:

- Efficient use and development of resources;
- Increased economic activity during the Project's construction;
- Operational effects for local and regional residents and businesses;
- Business redistribution effects on Ōtaki and Te Horo; and
- Property value effects.

28.4 Investigation and Assessment Process

The Assessment was informed by:

- Ōtaki Customer Survey: Report of Pedestrian Intercept Surveys Conducted in March 2011; Opus International Consultants 2011;
- An update of the business inventory undertaken in October 2012;
- Results of consultation;
- The traffic assessment for the Project (refer Technical Report 6 titled 'Integrated Transport Assessment', Volume 3); and

⁵³ Undertaken in March 2011 (see Table 1 in *Ōtaki Customer Survey: Report of Pedestrian Intercept Surveys Conducted in March 2011*; Opus International Consultants Limited; 2011). The business inventory was updated in October 2012.

- Analysis of regional and district-level demographics and business statistics.

28.5 Assessment of Economic Effects

The summary findings of the economic effects assessment are set out below.

28.5.1 Increased Economic Activity During the Expressway's Construction

During the construction of the Project (anticipated to be over a four-year period) there is likely to be increased expenditure, employment and incomes, with associated economic benefits for local and regional businesses and residents.

28.5.2 Operational Effects for Local and Regional Residents and Businesses

Once operational the Project will also contribute economic benefits to local and regional businesses and residents as a consequence of (i) savings in vehicle operating costs, travel time costs and accident 'costs', (ii) improvements in trip travel time reliability; and (iii) increased business development and population growth.

28.5.3 Business Redistribution Effects on Ōtaki and Te Horo

A consequence of the Project is that through-traffic on the Expressway will no longer pass through Ōtaki and Te Horo, and passing traffic wishing to visit these centres will be required to exit and re-join the Expressway. For Ōtaki this will be relatively straightforward as traffic can exit and enter at the North and South Ōtaki on and off ramps. For Te Horo this will be more difficult. Through traffic from the south will need to exit at the Waikanae (Te Moana Road) off-ramp and re-enter at the North Ōtaki on-ramp. Through-traffic from the north will need to exit at the North Ōtaki off-ramp and re-enter at the Waikanae on-ramp. The distance to be travelled along a local road for through traffic wishing to visit Te Horo will be 15km.⁵⁴

Leaving the Expressway to visit either centre will result in longer travelling times compared to remaining on the Expressway. This will create a disincentive for passing motorists to visit Ōtaki and Te Horo with potentially negative implications for local businesses. On the other hand, removing through traffic from the existing SH1 provides the opportunity to improve access, parking and the general ambience of these centres, potentially encouraging more visitors to them.

For most businesses within the Ōtaki Railway Retail area, the Project will have neutral or positive effects. There will be negative business redistribution effects for a small minority of businesses within this area. However competing businesses at other centres between Wellington and North Ōtaki will be similarly affected by the proposed Transmission Gully Project and another expressway Project (M2PP). Also by the time the Project is operational, growth in population and expenditure is likely to more than offset any negative business redistribution effects of the Expressway and the Project will not result in any reduction in public amenity values for the Ōtaki Railway Retail area commercial centre.

The Project will have minimal business redistribution effects on businesses located within the Ōtaki Main Street centre, given their predominant servicing of local residents and businesses.

Negative business redistribution effects of the Project are likely to be greatest for businesses on or near the new local arterial road (existing SH1) at Te Horo and on the new local arterial road between Te Horo and South Ōtaki. Whilst important from the perspective of the residents of Te Horo, these businesses do not constitute a significant commercial centre in terms of the hierarchy of centres within the Kāpiti district.

⁵⁴ 10 km between Waikanae and Te Horo and 5 km between Te Horo and North Ōtaki.

28.5.4 Property Value Effects

Some property values will possibly be negatively affected by the Project. However such effects are a reflection of, and not in addition to, the intangible impacts of the Project identified in other chapters of this AEE report.

The increase in attractiveness of the Kāpiti district for business and residential development is likely to mean increases in property values. However this is likely to largely be a transfer effect from a broader regional or national perspective. To the extent that the Project increases the demand (and price) of properties for development within the Kāpiti district, there will be lesser demand (and price) for properties elsewhere in the region.

Also, whilst the accessibility benefits for the occupiers of existing commercial and residential properties will exert upward pressure on these properties' values, these are a reflection of, not in addition to, the traffic-related benefits already discussed above.

28.6 Measures to Avoid, Remedy or Mitigate Actual and Potential Adverse Economic Effects

The economic assessment identifies some possible business redistribution effects for a limited number of businesses at Te Horo, between Te Horo and Ōtaki and at Ōtaki. Appropriate signage at exit points on the new Expressway will provide some protection against such effects.