

## 29 Economic effects

### Overview

The construction and operation of the proposed Expressway is anticipated to bring about a net increase in the economic wellbeing of the District.

As with any realignment of a major road, there will be some redistribution of economic activity, as some businesses and residents take advantage of the changes in the roading network, while others experience disruption of the current dynamics of passing traffic.

### 29.1 Introduction

This Chapter addresses economic effects as they related to the Resource Management Act's focus on enabling economic wellbeing. The potential economic effects of the proposed Expressway for local residents and businesses are canvassed.

This Chapter does not address the Project's overall economic assessment, which involves cost benefit analysis and the calculation of a benefit/cost ratio for the Project using the New Zealand Transport Agency's (NZTA's) Economic Evaluation Manual (EEM) procedures.

The economic assessment focuses on the economic consideration of effects at the regional, district wide and suburban levels in terms of enabling economic wellbeing. As the Resource Management Act (RMA) is not a vehicle for ascertaining the best use of resources, the Chapter does not seek or need to deal with the issue of whether or not the Project would constitute the greatest return on investment.

### 29.2 Existing economic environment

An assessment of potential economic effects for the purposes of considering the economic effects of a proposal under the RMA is generally undertaken at the aggregate district or regional level.

Assessment of the existing environment in relation to potential economic effects for residential, business and other stakeholders starts with a Wellington region-wide perspective. Economically, Kāpiti 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 Kāpiti 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). The town centre and the business and industrial areas in Paraparaumu are the principal sources of employment and economic activity in the District.

Forecasts for Kāpiti's economic environment are for on-going population increase, and associated demand for housing and business development<sup>232</sup>. Some key indicators in this regard are estimates for the period 2010 to 2031 of:

- Population growth of circa 10,000 persons or 20% (medium growth assumptions).
- Total employment counts growing between 3,400 (23%) to more than 6,000 (53%).
- Increases of over 50,000 m<sup>2</sup> in sustainable retail Gross Floor Area.

The assessment was undertaken at a broader aggregated urban scale, although, where appropriate, a suburban level was applied. The suburban level equates to an economic footprint which broadly encompasses a combination of Project Sectors 1 and 2 (the southern portion of the Project centred on Paraparamu), and Project Sectors 3 and 4 (centred on the Waikanae Town Centre).

Effects on the amenity of individual properties and other RMA effects (which may affect the value of those properties) are most appropriately addressed by consideration of whether location specific design or mitigation measures are appropriate and compensation for land acquisition or injurious affection to land is dealt with under the Public Works Act.

### 29.3 Methodology for assessing economic effects

The assessment has been structured to categorise whether there are potential 'enablement' effects for people and communities in terms of:

- a. Increased economic activity during the proposed Expressway's construction;
- b. Traffic related effects for local residents and businesses;
- c. Business redistribution effects;
- d. Increased economic activity once the proposed Expressway is operational; and
- e. Lifeline benefits.

In relation to increases in economic activity, there are associated benefits related to:

- changes in economies of scale
- changes in competition
- effects on unemployment and underemployment of resources, and
- quality of central government provided services.

Generally under the RMA retail or business redistribution effects are not relevant insofar as they impact on individual businesses. Such impacts are only relevant under the RMA if, cumulatively, they are of such

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<sup>232</sup> Kapiti Employment Areas Study, October 2011 produced by Property Economics Limited for Kāpiti Coast District Council (referred to as PEL Report).

significance that they threaten the public amenity values of city, town or suburban centres through the loss of critical mass, sustainability, vibrancy and vitality.

Assessment of economic effects on residential settings (encapsulated in property values as a proxy for overall effects experienced) follows a similar logic in that they are assessed at a district or region wide level, rather than looking at effects on the value of individual properties.

## 29.4 Investigation and assessment process

The Assessment was informed by:

- site visit and survey information;
- analysis of regional and district level demographic and business statistics;
- review of regional and district strategies and policies; and
- specialist assessment reports on the local economy and employment such as the Kāpiti Employment Areas Study, October 2011, produced by Property Economics for Kāpiti Coast District Council.

## 29.5 Assessment of economic effects

The summary findings of the economic effects assessment are:

- a. Increased economic activity during the proposed Expressway's construction –

A temporary boost to local economic activity and employment is likely to occur, with positive benefits for Kāpiti and the wider region.

- b. Traffic related effects for local residents and businesses –

Positive economic effects are likely to arise from the reductions in vehicle operating costs, travel times and accident costs and improvements in trip time reliability for local residents and businesses (for example, freight movement and employee travel). These effects are likely to occur for both (a) making journeys within the District; and (b) making journeys to the south or north of the District.

- c. Business redistribution effects –

A review of commercial areas adjacent to SH1 indicates that likely changes are not of such significance that they would threaten the public amenity values (through a loss of critical mass, sustainability, vibrancy and vitality) of Waikanae, Paraparaumu or other suburban centres.

Investigation work undertaken jointly between NZTA and Kāpiti Coast District Council has identified 'enabling' opportunities arising from the reduction of traffic on the existing State Highway 1 after the proposed Expressway is completed. At Waikanae and Paraparaumu, potential exists for improving areas adjacent to the current SH1 through improvements to amenity, safety, and the pedestrian environment,

plus improving ease of access to public transport facilities. While not part of the proposed Expressway, KCDC is working with NZTA to progress these opportunities.

d. Increased economic activity once the proposed Expressway is operational –

Net positive economic welfare enhancing benefits are predicted to occur when the proposed Expressway becomes operational.

Employment area projection work commissioned by Kāpiti Coast District Council shows the proposed Expressway delivering stronger employment growth compared to that which would occur under current conditions (Kāpiti Employment Areas Study, PEL: October 2011). An opportunity highlighted in the report would be to address, via the Council's District Plan review, the promotion of the quality and differentiation of town centres to assist in addressing out of district 'retail leakage' dynamics currently experienced by Kāpiti. Associated with increased levels of economic activity can be economic benefits from increased economies of scale, increased competition, and reductions in unemployment and underemployment of resources.

e. Changes to the value of properties –

Changes to the value of individual properties are a reflection of a combination of tangible and intangible effects on matters such as amenity values that are addressed elsewhere in the AEE. It is important not to double count these effects by treating likely changes to individual property values as a separate additional effect.

At the district-wide level, an overall increase in attractiveness of the District for business and residential development is likely to support property values.

For properties adjacent to the existing WLR designation, property values will already include a market allowance for the fact that development of a major road of some form has been flagged for many decades.

For the discrete number of property owners next to the proposed Expressway alignment where it has deviated from the previous designation (i.e., in the vicinity of Leinster Avenue and Puriri Road), Project design and mitigation measures aim to mitigate adverse effects (including amenity effects). Mitigation includes the NZTA seeking a wide designation to enable greater separation distance from properties, the design quality of structures, provision of planted bunds, landscaping, noise barriers, and use of noise reducing surfacing.

f. Lifeline benefits –

Economic benefits accrue from the additional road crossing of the Waikanae River provided by the proposed Expressway, and in addition leads to better network resilience in the event of road accidents or natural disasters closing the existing SH1 alignment.

## 29.6 Measures to avoid, remedy or mitigate actual and potential adverse economic effects

The economic assessment above identifies a range of benefits potentially arising from the construction and operation of the Project.

The following section outlines the measures which have been identified to avoid, remedy or mitigate potential adverse economic effects:

### 29.6.1 Managing potential economic effects during construction

During construction, there will be some adverse temporary effects from construction activity and traffic. The specific routes and locations that will be affected have been identified and assessed and measures to address these are detailed in the Construction Traffic Management Plan (CTMP) in Appendix O, of the CEMP (Volume 4). While these measures will not totally avoid effects on some businesses from construction activity, they should assist in reducing such effects and in providing business operators with sufficient information to plan appropriate responses.

### 29.6.2 Managing operational economic effects

Given that the proposed Expressway is anticipated to bring about a net increase in the economic wellbeing of the District, it is not appropriate to propose any specific mitigation measures.

As with any realignment of a major road, there will be some inevitable redistribution of economic activity, as some businesses take advantage of the changes in the roading network, while some others respond to the disruption of the current dynamics of passing traffic. As part of the construction of the proposed Expressway, directional signs will be used to assist travellers in wayfinding, including interchange signage to clearly identify the presence of the Paraparaumu and Waikanae town centres and other key destinations points (for example, Kāpiti Airport). In addition, opportunities will be available through standard NZTA State Highway management processes to establish tourist information signs on the proposed Expressway to indicate key visitor attractions in the District.