

RiverLink



PROUDLY DELIVERING

New Zealand
Upgrade
Programme



RiverLink

Notices of Requirement for Designations and
Applications for Resource Consent
Volume Four: Supporting Technical Reports

Technical Report #18

Economics

IN THE MATTER OF

The Resource Management Act 1991

AND

IN THE MATTER OF

Resource consent applications under section 88, and Notices of Requirement under section 168, of the Act in relation to the RiverLink project

BY

Waka Kotahi NZ Transport Agency
Requiring Authority

Greater Wellington Regional Council
Requiring Authority

Hutt City Council
Requiring Authority

**RIVERLINK
TECHNICAL ASSESSMENT #18
Economics**

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1. INTRODUCTION

1. My name is Mark David Case, and I am an Associate Director of Economics at Ethos Urban, a consulting firm which specialises in providing analysis and advice to support city building, planning, infrastructure and property investment.
2. I have over ten years of experience delivering projects in Australia, the Asia Pacific and US for public and private sector clients and specialise in strategic planning, economic modelling and impact assessments.

1.1 Qualifications and experience

3. I hold a Bachelor's Degree of Economics (International Trade and Corporate Finance) and a Bachelor's Degree in Business Management (Human Resources and Industrial Relations) from the University of Queensland graduating in 2008.
4. I have previously been engaged to prepare economic impact assessments for major infrastructure projects including the Port of Townsville Expansion, Western Sydney Stadium Stage 2, Maroochy River Flood Mitigation Strategy and Cradle Mountain Cableway developments.

1.2 Code of Conduct

5. I confirm that I have read the Code of Conduct for expert witnesses contained in the Environment Court Practice Note 2014. This assessment has been prepared in compliance with that Code, as if it were evidence being given in Environment Court proceedings. In particular, unless I state otherwise, this assessment is within my area of expertise, and I have not omitted to consider material facts known to me that might alter or detract from the opinions I express.

1.3 Purpose and scope of assessment

6. This assessment has been prepared to provide an overview and assessment of the anticipated effects to local businesses, industry and the wider economy as a result of the RiverLink project (hereafter referred to as the Project) to support the Resource Management Act 1991 (RMA) approval process.
7. To achieve this outcome my assessment considers the following:
 - i. The existing and likely future economic and social environment of local and regional areas
 - ii. How the Project supports or limits the achievement of key local and regional economic priorities
 - iii. How local businesses, industry and the wider economy may be affected during construction and operation of the Project
 - iv. Assess the likelihood and severity of effects should they occur, and
 - v. If required, prepare mitigation strategies and recommendations for significant negative effects expected to occur during construction, operation and maintenance of the Project.

1.4 Assumptions and exclusions

8. Assumptions required to complete this assessment include:
 - i. Analysis and information provided in background reports and other technical assessments, including the Traffic and Transport and Social Impact Assessments, is accurate and to sufficient detail to identify significant positive and negative effects
 - ii. Previously completed economic assessments and evaluations of the Project can be relied upon to outline the likely scale and composition economic effects
 - iii. The assessment parameters and evaluation techniques of previously completed economic assessments and evaluations of the Project are comparable
 - iv. Existing and future growth expectations for the affected areas is accurate, and
 - v. Construction methodology and programme does not substantially change.

2. EXECUTIVE SUMMARY

2.1 Existing Environment

9. The Project site is located adjacent to Lower Hutt city centre and the neighbouring urban areas of Alicetown, Melling, and Harbour View.
10. The area has a range and intensity of land uses that is commensurate to a regional city centre. Land uses observed adjacent to the Project site include low density residential, commercial office, district and location retail facilities, service industrial, parkland, recreation facilities, primary and secondary schools and community facilities such as theatres, town hall and libraries.
11. The area is serviced by major transport infrastructure including Western Hutt Road/SH2 and Upper Hutt and Wairarapa Railway Lines. The area also features a number of river bridge crossings which connect the city centre to communities and businesses west of the Te Awa Kairangi / Hutt River.
12. Lower Hutt is the second largest city in the Wellington Region and the sixth most populous city in New Zealand. At the time of the 2018 Census, Lower Hutt had an estimated population of 104,532 persons. Lower Hutt city centre is a significant focus for retail, commercial and community infrastructure, and supports approximately 1,587 businesses and 9,600 workers.
13. Between 2000 and 2020 the total number of businesses has increased. However, the total number of workers fluctuated from a high of 10,600 workers in 2008 to a low of 9,000 workers in 2018¹.

2.2 Assessments undertaken

14. A review of local and regional economies and communities has been undertaken to identify the type, degree and duration of potential economic effects generated by the Project. Key tasks undertaken as part of this assessment have included:
 - i. Review of previously completed background studies and reports that outline how the Project is expected to directly and indirectly effect issues of transport, flooding, accessibility, amenity and any associated development within Lower Hutt City

¹ Source: Statistics New Zealand www.stats.govt.nz; NZ.Stat; Business Demography Tables. Geographic units by industry and area unit 2000 - 00; (data extracted 18 February, 2021)

- ii. Defining “effect areas” which represent the geographic location of businesses and industries potentially affected by the construction and operation of the Project
- iii. Reviewing the New Zealand Census and other relevant data sources to compile a detailed understanding of the existing and future community and economic profile of defined effect areas
- iv. Identifying non-residential land uses within the effect areas and investigating their existing role, function, and how this might change over time and affect the environment within the effect areas without the Project proceeding (i.e. a No Project scenario)
- v. Reviewing key strategic planning and economic development policies to determine desired outcomes for businesses, industry and the economy within the defined effect areas
- vi. Analysing potential effects that may arise from the construction and operation of the Project (relative to the No Project scenario), and
- vii. Assessing the level of effect (either adverse or positive) to local businesses, industry and the wider economy should any of the identified potential effects occur and, where appropriate, develop mitigation strategies to reflect the severity and scale of effect.

2.3 Potential effects

15. Assessment of the economic effects attributed to the construction and operation of the Project demonstrated that it will be overwhelmingly positive to local businesses, industry and the wider economy. These effects are summarised in *Table 1* below.

Table 1 Summary of positive economic effects

	Riverside Promenade ²	Melling transport improvements ³	Flood protection ⁴
	Construction		
Project cost	\$703 million ⁵		
Key benefits	<ul style="list-style-type: none"> • Significant direct and indirect employment and economic activity generated from construction • Construction workers increased rates of expenditure within the local area which will support local businesses 		
	Operation		
Key benefits and outcomes	<ul style="list-style-type: none"> • Improved walking and cycling connections • Providing new opportunities for future mixed-use developments and public space that integrate the city centre • Encourage city centre development, 	<ul style="list-style-type: none"> • Improved safety and resilience of SH2 at Melling • Enhance modal accessibility and transport connections at Melling, including to the new station, and to the Lower Hutt city centre • Improve travel time reliability for freight, 	<ul style="list-style-type: none"> • Safeguard and protect up to 3,000 home, five schools and 600 business from flood events • Ensure economic and social activity continuity during a flood event

² The Riverside Promenade: Building the Future Business Case, prepared by Hutt City, updated September 2020

³ Information provided by NZTA

⁴ Hutt River City Centre Upgrade Project: River Corridor Options Report, prepared by Greater Wellington Regional Council, July 2015 and information provided by Greater Wellington Council, July 2021.

⁵ Figure provided by RiverLink Project Partners

	Riverside Promenade ²	Melling transport improvements ³	Flood protection ⁴
	activation and investment <ul style="list-style-type: none"> • Provision of new amenities and open space • Improved workforce amenity • Urban agglomeration benefits 	private and public transport along SH2, and to the Lower Hutt city centre <ul style="list-style-type: none"> • Increase Lower Hutt city centre's accessible labour market 	
Key measures of effect	<ul style="list-style-type: none"> • Encourage key development outcomes such as 2,600 additional residents in the city centre, and 2,700 additional workers in the city centre • Once the envisaged development outcome is achieved it will contribute \$422 million of direct value add to the economy, and \$643 million of indirect value add to the economy 	<ul style="list-style-type: none"> • \$303 million of value (in net present terms) generated by the project • \$385 million of benefits attributed to travel time savings • A Benefit Cost Ratio of 1.9 	<ul style="list-style-type: none"> • Protect district from up to \$1.1 billion in damages from a breach of the left bank for a 2800 cumec event • Deliver a benefit of approximately \$304 million of avoided indirect and direct average annual damages

16. Three adverse economic effects were identified during the construction of the Project. Firstly, the loss of employment land; secondly, reduced accessibility and movement to the city centre and along the SH2 during construction; and thirdly, the reduction of car parking within Lower Hutt city centre.
17. I have assessed the adverse effects to be of low impact. Specific mitigation measures or conditions on development are considered to not be required as:
- i. Council has noted declining demand for employment land in the region
 - ii. The construction methodology notes that access and movement will be maintained, when safe to do so, during construction. It is also noted that a Construction Traffic Management Plan (CTMP) will be prepared for the Project to ensure access and movement is maintained as best as possible during construction
 - iii. The Project is envisaged to deliver a significant uplift of expenditure within the Lower Hutt city centre that offsets any potential loss of expenditure due to a perceived lack of accessibility to the Lower Hutt city centre from a reduction of car parks
 - iv. The Riverside Promenade will deliver a high-quality public realm outcome that provides a range of spaces for cultural and recreation activity. This will attract more people to Lower Hutt city centre, increasing levels of activation, and

- v. Council's existing About Space programme is delivering a range of city centre activation initiatives and projects, in collaboration with local businesses, which will help mitigate any potential fluctuations of visitors to parts of Lower Hutt city centre during construction.

2.4 Proposed measures to avoid, remedy or mitigate adverse effects, including conditions

- 18. No measures are proposed to mitigate the identified adverse economic effects beyond ensuring they are appropriately addressed during detailed design and construction management for the Project. Assessments of the Project completed to date rely upon differing set of assessment parameters and modelling assumptions which are likely to result in an underreporting of the total economic impacts and benefits of the Project. While this does not prohibit an assessment of the Project and its expected impacts at this time, a detailed economic assessment undertaken in a future phase of the Project would provide a more accurate quantification of the Project's benefits.

3. PROJECT DESCRIPTION

- 19. The Project is the design, construction, operation and maintenance of RiverLink. Key components of the project are as follows:
 - i. Upgrade and raising of existing and construction of new stopbanks on both sides of Te Awa Kairangi/Hutt River between Ewen Bridge and Mills Street
 - ii. Instream works between the Kennedy Good and Ewen Bridges to re-align, deepen and widen the active river channel
 - iii. The replacement of the two signalised at-grade intersections of SH2/Harbour View Road/Melling Link and SH2/Tirohanga Road with a new grade separated interchange
 - iv. Construction of an approximately 215m long and up to 7 span road bridge with a direct connection across the River from the new interchange to Queens Drive
 - v. Removal of the existing Melling Bridge
 - vi. Changes to local roads
 - vii. Changes to the Melling Line rail network and supporting infrastructure
 - viii. Construction of an approximately 177m long and 4 span pedestrian/cycle bridge over the River
 - ix. Construction of a promenade located along the stopbank connecting with future development, running between Margaret Street and High Street. This includes new steps and ramps to facilitate access between the city centre and the promenade,
 - x. Integration of infrastructure works with existing or future mixed-use development
 - xi. Associated works including construction and installation of culverts, stormwater management systems, signage, lighting, landscape and street furniture, pedestrian/cycle connections and landscaping within the project area.
- 20. The Project seeks to improve the flood resilience, accessibility and vibrancy of Lower Hutt and is expected to deliver a range of economic benefits to surrounding areas.

4. ASSESSMENT METHODOLOGY

4.1 Economics and the RMA

21. The RMA seeks to promote the sustainable management of natural and physical resources. Section 5 (2) of the RMA outlines, “*sustainable management means managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic and cultural well-being and for their health and safety*”.
22. Economics is therefore an important consideration to determine if a Project adequately demonstrates the sustainable management of natural and physical resources. This Assessment seeks to confirm if the Project, from an economic perspective, achieves the requirements of the RMA.

4.2 Approach

23. This Assessment seeks to complement and extend analysis already completed for the Project and ensure potential effects to local businesses, industry and wider economy are accurately accounted for and mitigated, where necessary.
24. By providing an objective assessment of the expected economic effects associated with the construction and operation of the Project it can be determined if a net positive or negative impact to the community is achieved. This includes through the sustainable management of natural and physical resources.
25. The following methodology has been employed for this Economic Assessment:
 - i. Review previously completed background studies and reports that outline how the Project is expected to directly and indirectly address issues of transport, flooding, accessibility, amenity and any associated development within Lower Hutt CBD
 - ii. Define effect areas which represent the geographic location of businesses, industries and communities potentially affected by the construction and operation of the Project
 - iii. Review the New Zealand Census and other relevant data sources to compile a detailed understanding of the existing and future community and economic profile of defined effect areas
 - iv. Identify non-residential land uses within the effect areas and investigate their existing role, function, and how this might change over time and affect the environment within the effect areas without the Project proceeding (i.e. a No Project scenario)
 - v. Review key strategic planning and economic development policies to determine desired outcomes for businesses, industry and the economy within the defined effect areas
 - vi. Utilising existing economic assessments and evaluations of the Project and additional technical studies and assessments, determine and analyse potential effects that may arise from the construction and operation of the Project (relative to the No Project scenario), and
 - vii. Assess the level of effect (either adverse or positive) to local businesses, industry and the wider economy should any of the identified potential effects occur and, where appropriate, develop mitigation strategies to reflect the severity and scale of effect.
26. To facilitate this Assessment effect areas were defined. Effect areas represent geographically the communities and economies that are likely to experience effects (adverse and positive) of the Project. For the purposes of this Assessment, three effect areas have been defined as:

- i. The primary effect area is defined as the Hutt Central North, Hutt Central South and Alicetown Melling Statistical Areas. This area is expected to experience most of the direct positive and negative effects of the Project during its construction and operation.
- ii. The secondary effect area represents the administrative boundary of Hutt City Council. This area is likely to benefit from the positive economic effects generated from the Project although, not all of the community will be as directly affected by construction and operation of the Project as those identified in the primary effect area.
- iii. The tertiary effect area represents the administrative boundary of Greater Wellington Regional Council which reflects the social, cultural and economic reach of the region. This area will experience the wider economic benefits generated by the Project.

5. EXISTING AND FUTURE ENVIRONMENT

5.1 Surrounding Context

27. The Project site is located adjacent to Lower Hutt Central Business District (CBD) and the neighbouring urban areas of Alicetown, Melling, and Harbour View.
28. The area has a range and intensity of land uses that is commensurate to a regional city centre. Land uses observed adjacent to the project site include low density residential, commercial office, district and location retail facilities, service industrial, parkland, recreation facilities, primary and secondary schools and community facilities such as theatres, town hall and libraries.
29. Lower Hutt CBD serves as a regionally significant economic, social and cultural hub for New Zealand's sixth most populous city and is approximately 15kms north west of Wellington CBD.
30. The area is serviced by major transport infrastructure including Western Hutt Road, the Melling, Upper Hutt and Wairarapa Railway Lines. The area also features a number of river bridge crossings which connect the CBD to communities and business west of the Te Awa Kairangi / Hutt River.
31. Major economic and social infrastructure within the primary effect area include:
 - i. The Hutt Hospital
 - ii. The Hutt River Trail
 - iii. Queensgate Shopping Centre
 - iv. The Petone Commercial Activity Area (Jackson Street)
 - v. Hutt Central Library
 - vi. Huia Pool
 - vii. Avalon Park
 - viii. Wellington Institute of Technology (WelTec – Petone Campus)
 - ix. The Dowse Art Museum, and
 - x. Petone Settlers Museum.

5.2 Alignment with policies, strategies and objectives

34. There are a range of regional and local strategic plans and policies which collectively outline the future growth and development vision and objectives of communities and economies within each of the identified effected areas.
35. Analysing this framework provides a better understanding of the common and unique strategic objectives of each effected area. It will also help identify potential opportunities and issues the project could respond to and address, revealing potential positive and negative effects.
36. The following framework of regional and district level statutory and non-statutory documents are relevant to the Project and have assisted in informing this assessment:
 - i. "Wellington Regional Strategy 2012", prepared by Greater Wellington Regional Council, updated February 2016
 - ii. "Draft Wellington Regional Growth Framework", prepared by Welling Regional Growth Framework, February 2021
 - iii. "Wellington Regional Investment Plan' prepared for Wellington Regional Growth Framework
 - iv. "Hutt River Floodplain Management Plan", (2001) prepared by Greater Wellington Regional Council, updated August 2017
 - v. "Wellington Regional Land Transport Strategy 2015", Prepared by Greater Wellington Regional Council (updated in July 2018)
 - vi. "Urban Growth Strategy 2012-2032", prepared by Hutt City Council, May 2018
 - vii. "Vision CBD 2030", prepared by Hutt City Council, June 2009
 - viii. "Economic Development Plan 2015-2020", prepared by Hutt City Council, November 2015
 - ix. "Infrastructure Strategy 2018-2048", prepared by Hutt City Council, May 2018, and
 - x. "Central City Transformation Plan", prepared by Hutt City Council, March 2019.
37. Analysis of this framework has identified a series of common and unique strategic planning objectives that the Project helps deliver. These include:
 - i. Improving the district's resilience to flooding
 - ii. Facilitating the expansion and creation of local businesses and employment as well as tourism and events across the city
 - iii. Increasing investment in major projects that aim to enhance perceptions and encourage development in Lower Hutt
 - iv. The development of low-rise apartments in key locations such as around shops and train stations and in the CBD area. Linking the CBD to the Hutt River and its wider environment
 - v. Creating a vibrant Lower Hutt CBD through activities, creativity, and new attractions
 - vi. Promoting employment growth in retail industry and tourism within the Lower Hutt CBD
 - vii. Connecting the Lower Hutt CBD to strategic transport routes for all transport modes
 - viii. Enhancing the Lower Hutt CBD's identity, character, and future development quality
 - ix. Rejuvenating the Lower Hutt CBD to assist both retail and commercial activities
 - x. Attracting businesses, investment and talent to the region, and

- xi. Improving cross-Hutt Valley transport connections (east-west connection across the Hutt Valley) to achieve travel time reliability on the key arterial roads for buses, heavy commercial vehicles, and general traffic.
- 38. Achieving these objectives is expected to promote, encourage and ultimately increase economic growth for the region. Further, the objectives promote consolidating the role and function of Lower Hutt CBD as the social, cultural and economic focal point of the region and improving freight efficiency for Hutt City's residents, local businesses and wider community.

5.3 Land Use

- 39. The primary effect area (Hutt Central North, Hutt Central South and Alicetown Melling Statistical Areas) contains some of the greatest concentrations and mix of land uses in the wider region. Land uses in the primary effect area include residential, retail, commercial, civic, industrial, health, education and recreation activities, amongst others.
- 40. As the economic, cultural and social hub for the region, the primary effect area has a significant role in providing access to services for the community, facilitating trade and investment which enables the growth and development of the surrounding areas.
- 41. The Lower Hutt CBD is forecast to expand its role as a key employment and economic hub for the region. However, the land required to support this employed growth is expected to decline overall.
- 42. Lower Hutt is forecast to experience a decline in demand for land required to support industrial activities between 2017 and 2047⁶. This is due to a significant projected decline in demand for industrial land driven by a decline in manufacturing and changes in technology and production processes which mean many businesses are able to increase productivity on their existing sites, rather than seek a larger footprint elsewhere. It is also noted that businesses are seeking locations that have reduced risk of impact from natural hazards such as sea-levels rise, and earthquake risks.
- 43. In contrast to industrial activities, demand for land required to support industries such as government, retail, health, education and training is forecast to increase. Much of this is expected to be concentrated within Lower Hutt CBD.⁷
- 44. Due to Lower Hutt's constrained geography, the city has limited scope for greenfield expansion. As such, population and business growth will have to increasingly rely on the intensification of existing urban areas, such as Lower Hutt CBD.
- 45. The Riverbank Market currently operates from the Riverbank carpark every Saturday. Established in 2009, the market provides an opportunity for the local and surrounding communities to purchase fresh fruit, vegetables, fish, meat and bread. The market is accessed by the people either by car, parking in the Riverbank carpark and surrounding Lower Hutt CBD, as well as by active and public transport however, it is noted that the Melling line does not operate on a weekend.

5.4 Community and economic profile

- 46. Lower Hutt is the second largest city in the Wellington Region and was estimated to have a total population of 104,532 persons at the time of the 2018 Census. Historic average annual population growth rates for the city between 2006 and 2018 are relatively consistent with those observed for Greater Wellington. Over this time the population increased by +6,831 people at an average annual growth rate of 0.6%.

⁶ Housing and Business Development Capacity Assessment, prepared by Hutt City Council, 2019

⁷ Housing and Business Development Capacity Assessment, prepared by Hutt City Council, 2019

47. Population forecasts for Lower Hutt indicate continued growth. The high and medium growth population growth scenarios indicate the potential for the population to increase to 124,600 persons by 2043.
48. Approximately 10,872 business were recorded in Lower Hutt as of February 2020. The majority of businesses were within Rental, Hiring and Real Estate Services (2,157 or 19.8%), Professional, Scientific and Technical Services (1,857 or 17.1%), and Construction (1,542 or 14.2%) industries which collectively accounted for approximately 51.1% of all businesses within Lower Hutt.
49. Approximately 46,405 workers were employed within Lower Hutt as of February 2020. The most significant industries of employment were Health Care and Social Assistance (6,400 or 13.8%), Retail Trade (5,200 or 11.2%) and Construction (5,100 or 11.0%) which collectively represented approximately 36% of all employed persons.
50. Between 2000 and 2020 the total number of businesses within Lower Hutt CBD has increased. However, the total number of workers fluctuated from a high of 10,600 workers in 2008 to a low of 9,000 workers in 2018.⁸
51. Industries which employed the highest number of workers within Lower Hutt CBD included Retail Trade (980 or 10.2%), Public Administration and Safety (780 or 8.1%) and Accommodation and Food Services (390 or 4.1%). These industries employed approximately 22.4% of all workers within Lower Hutt CBD.

6. ASSESSMENT OF CONSTRUCTION ECONOMIC EFFECTS

52. I have assessed the potential economic effects during the Project's indicative four-year construction phase, on local businesses, industries and the wider economy. The following I regard as being relevant and significant:
 - i. **Employment and economic output:** Construction of the \$703 million⁹ Project will generate significant employment and economic output. The size and scale of the Project will require input from a range of industries and employ a significant number of workers. Economic benefits from construction of the Project will extend beyond the direct capital expenditure and on-site employment. Additional flow-on economic and employment benefits of construction will occur as a result of produced induced and consumption induced effects
 - a. Production induced effects captures all of the direct inputs and employment required to construct the Project. It also captures the industrial-support effects which relate to the flow-on employment and expenditure required to produce the inputs into the materials/services to support the construction i.e., design services, logistics, financing, manufacturing and government administration
 - b. Consumption induced effects captures all the additional economic and employment generated by the increased wages and salaries from produced induced effects of the project as these industries and employed persons spend on household goods and services

⁸ Business Demography Tables for Hutt Central North Statistical Area 2000 - 2020, Statistics NZ

⁹ Figure provided by RiverLink Project Partners

- ii. **Supporting local businesses:** Construction of the Project will indirectly support local businesses. Retail, accommodation and food services and construction businesses in close proximity to the Project are likely to receive the majority of the consumption induced economic benefits of construction as workers and businesses seek goods, services and materials close to the site.
- iii. **Loss of employment land:** Construction of the Project will result in the temporary and permanent loss of land within the Lower Hutt CBD and Melling. The temporary loss of land within the Lower Hutt CBD includes five properties along Daly, Rutherford and High Streets. These sites will provide car parking during construction and are planned to be redeveloped in the future to fulfil the aspirations of the Central City Transformation Plan.

The permanent loss of land in Melling is not considered a significant economic effect overall, as the demand for industrial land is expected to decline overtime. However, businesses will need to relocate and may experience some disruption finding alternative sites to operate from. Businesses currently operating in Melling do not appear to have made significant investments in specialised plant and equipment, compared to those located in other areas such as Seaview, which will not significantly limit their ability to find potential sites or locations to operate from. Some of the existing businesses may be able to relocate into Lower Hutt CBD.

- iv. **Reduced movement and accessibility:** Review of the construction methodology notes temporary realignment of transport routes to ensure safety of the community and enable construction. This is likely to result in temporary reduced movement and perceived accessibility to and from businesses and industries located within Lower Hutt CBD.

During construction access will be maintained to all destinations, by all modes. However, there may be a restricted number of routes to get there, and some routes may be longer than currently available.

It is noted that the total provision and location of car parking will be affected by construction of the Project. The greatest reduction of car parking is expected to occur within the Riverbank car park. It is also noted that the Riverbank market operates from the Riverbank car park and the capacity of the space will be reduced.

It is understood that the Riverbank market will need to be relocated during Stage 2 of construction of the Project. Two potential alternative sites have been identified (a temporary car parking which may be built at Daly Street or partial closure of Andrews Avenue and Dudley Street) however, these sites are a smaller area and may impact the operations of the market.

Once construction of the Project is complete, the Riverbank market can return to its original location.

7. ASSESSMENT OF OPERATIONAL ECONOMIC EFFECTS

- 53. My assessment of potential operational economic effects on local businesses, industries and the wider economy has identified the following as being relevant and significant:
 - i. **Precinct development and activation:** The Project aims to be a catalytic development that will encourage and induce subsequent development projects to assist in activating Lower Hutt city centre. Public realm enhancements, improved transport connections, lighting, new recreation

facilities, and improved wayfinding will help Lower Hutt city centre increase its role as a vibrant high-intensity and mixed-use precinct.

- ii. An economic assessment of the promenade component of the Project outlines the potential opportunity to attract new residents and workers to the city centre. The envisaged precinct development and activation outcome of the Project is that it will encourage development of an additional 1,330 apartments and 49,000m² of new commercial office space to the city centre¹⁰. Should this occur, it will increase the resident (+2,598) and workforce (+2,715) population of the CBD. The total estimated economic benefits associated with this envisaged precinct development and how it enables the city centre's urban renewal and activation is estimated to be \$422 million. This captures the expected increase in visitor expenditure, new resident and workforce expenditure and improved property values in the long term.

- iii. **Flood resilience:** A key economic benefit of the Project is the improved flood resilience and avoided flood damages it provides businesses, residents and critical infrastructure. Once operational, the Project is expected to safeguard up to 3,000 homes, five schools and 600 businesses¹¹. The Project is expected to protect the community from up to \$1.1 billion worth of flood damages from a breach of the left bank during a 2800 cumec event.

The estimated avoided average annual damages (AAD) from the Project are \$304 million.¹² This figure represents the average yearly value of direct, indirect, tangible and intangible damages from flooding in the region, over a long period of time, that would be avoided by the Project. The avoided AAD captures economic benefits such as avoided damages to property, avoided loss of economic production, avoided cleaning and repair costs and avoided mental health and wellbeing costs from dealing with a flood event.¹³ This is a significant economic benefit of the Project and will provide greater confidence for future investment in the region

- iv. **Congestion reduction and improved travel time:** The Project will deliver improved traffic and transport outcomes with a new interchange on SH2 at Melling and a new Melling bridge connected to Lower Hutt city centre. An economic impact assessment of these upgrades demonstrated a Benefit Cost Ratio (BCR) of 1.9 for the preferred option which demonstrates a discounted net present value of \$303 million¹⁴. Approximately \$385 million of the identified benefits is attributed to travel time savings for road users. Traffic modelling indicates a potential travel time saving of up five minutes during peak hour. This is a significant benefit for private, public and freight road uses in the area. Business and industries utilising the road will also significantly benefit from the reduced travel time and improved accessibility to Lower Hutt CBD
- v. **Night time and visitor economies:** The Project is expected to greatly assist Lower Hutt CBD's night time and visitor economies. Visitors will be attracted to the area to enjoy the improved public realm and recreation facilities. The new visitors are expected to increase expenditure in the city centre. A potential \$32.8 million of additional visitor expenditure could be achieved each year once the project is complete.¹⁵ This increased expenditure is likely to increase the level of activity and trade of the city centre's night time economy as people enjoy cafés and restaurants close to the promenade. The increased number of visitors to the area is also expected to increase in the which demand for short term visitor accommodation
- vi. **Access to skilled workers:** To be competitive and improve productivity businesses need access to skilled labour. Locations that provide access to the largest skilled labour market within

¹⁰ The Riverside Promenade: Building the Future Business Case, prepared by Hutt City, updated September 2020

¹¹ Hutt River City Centre Upgrade Project: River Corridor Options Report, prepared by Greater Wellington Regional Council, July 2015

¹² Information provided by Greater Wellington Council, July 2021

¹³ Hutt River City Centre Upgrade Project: River Corridor Options Report, prepared by Greater Wellington Regional Council, July 2015

¹⁴ Updated SSBC economics (which had a BCR 1.7 before updating), with new Melling Transport Improvements cost information and updated Economic Evaluation Manual (EEM) procedures with a discount rate (4%), analysis period (60 years), and update factors (base date July 2019)

¹⁵ The Riverside Promenade: Building the Future Business Case, prepared by Hutt City, updated September 2020

a suitable travel time (30 to 60 minutes) are attractive locations for businesses to operate. This a critical factor for the success and performance of tradeable and high value industries like advanced manufacturing, creative and knowledge industries, and other industries that require specialist skilled labour. As the Project will improve actual and perceived travel times and connection to and from Lower Hutt city centre, existing local businesses will benefit from an increased labour market to draw from, potentially making them more productive. This will also increase the attractiveness of Lower Hutt city centre as a place for new businesses seeking to establish operations in the region

- vii. **Urban agglomeration:** An indirect economic benefit of the Project is the additional economic output generated by urban agglomeration. Businesses and industries seek locations which provide the greatest access to the largest (scale) and most diverse (scope) areas of economic activity. Areas that generate large volumes of economic activity enable businesses to leverage the scale of local economic activity to sustain their businesses as they export to other regions. Locations that have a diverse range of economic activity are also more likely to have the necessary range of goods and services required for the production of high value and tradeable goods and services. As the Project will encourage the density and capacity of economic activity within Lower Hutt city centre, local businesses and industries will benefit from the increased scale and scope of economic activity. This will generate additional economic activity across the region
- viii. **Improved workforce amenity:** An important economic externality of the project is improved workforce amenity. The actual and perceived diversity of lifestyle, cultural choices, retail offer and amenity of a place directly influences the long-term willingness for skilled workers to work at that location. Businesses that do not operate in areas of high workforce amenity are unable to attract and retain workers. Areas with low urban and natural amenity are not sought after. The Project will deliver significant public realm enhancements for Lower Hutt city centre as well as new recreation opportunities, and
- ix. **Reduced car parking:** Construction of the Project will result in a net loss of 598 car parks. This reduction in car parking may negatively impact the perceived accessibility of Lower Hutt city centre and businesses may be concerned this will negatively influence their ability to attract customers by private vehicle. The reduced car parking will occur in parts of Lower Hutt city centre, with other areas remaining unchanged.

It is noted that a key planned outcome of the Project is that it will encourage development and urban renewal of the city centre. This could result in an increase the resident (+2,600 persons) and workforce (+2,700 employees) of Lower Hutt city centre. Should this occur, it will significantly increase the amount of retail expenditure within the local area. It is estimated that these new residents to the Lower Hutt city centre, could generate a direct value add of approximately \$141 million to the local economy.¹⁶ This additional expenditure generated is expected to offset any negative perceptions of accessibility generated by the loss of parking.

8. SUMMARY RATING OF EFFECTS

- 54. With the potential effects of the Project identified, it is important to understand and assess their potential effect on the community and economy should they occur. This assessment helps determine what adverse effects require a specific and detailed mitigation strategy and those adverse effects

¹⁶ The Riverside Promenade: Building the Future Business Case, prepared by Hutt City, updated September 2020

which will be addressed through existing initiative or a construction management plan or further consultation and engagement process.

55. Effects can be defined as either low impact, moderate impact or high impact. A low impact is one which has an unlikely chance of occurring and has a minor or incidental consequence to the community or economy should it happen. A moderate impact is one which has a possible chance of occurring and/or moderate to significant consequence to the community or economy should it occur. A high impact is one which has a greater chance of occurring and has a significant to severe consequence for the community or economy.
56. Using this assessment technique, the economic effects of the Project have been summarised as:
 - i. Construction effects:
 - a. Employment and economic output – high positive impact
 - b. Supporting local businesses – moderate positive impact
 - c. Loss of employment land – low negative impact
 - d. Reduced movement and accessibility – low negative impact, and
 - ii. Operational effects:
 - a. Precinct development and activation – moderate positive impact;
 - b. Flood resilience – high positive impact
 - c. Congestion reduction and improved travel times – high positive impact
 - d. Access to skilled workers – low positive impact
 - e. Urban agglomeration – low positive impact
 - f. Improved workforce amenity – low positive impact, and
 - g. Reduced car parking – low negative impact

9. MEASURES TO AVOID, REMEDY OR MITIGATE ACTUAL OR POTENTIAL ADVERSE ECONOMIC EFFECTS

57. This Assessment has identified three adverse economic effects to local businesses, industry and wider economy arising from the construction and operation of the Project. These adverse impacts include:
 - i. Loss of employment land
 - ii. Reduced movement and accessibility
 - iii. Reduced car parking
58. A low impact has been identified following an assessment of the potential adverse economic effects. Specific mitigation measures or conditions on development are not required to address the identified adverse effects as:
 - i. Council has noted declining demand for employment land in the region

- ii. The construction methodology notes that access and movement will be maintained, when safe to do so, during construction. It is also noted that a Construction Traffic Management Plan (CTMP) will be prepared for the Project to ensure access and movement is maintained as best as possible during construction
- iii. The project will deliver a significant uplift of expenditure within the Lower Hutt city centre that will offset any potential loss of expenditure due to a perceived lack of accessibility to the Lower Hutt city centre from a reduction of car parks
- iv. The Riverside Promenade will deliver a high-quality public realm outcome and provide a range of spaces for cultural and recreation activity. This will attract more people to Lower Hutt city centre, increasing levels of activation, and
- v. Council's existing About Space programme is delivering a range of city centre activation initiatives and projects, in collaboration with local businesses, which will help mitigate any potential fluctuations of visitors to parts of Lower Hutt city centre during construction.

10. CONCLUSION AND RECOMMENDATIONS

- 59. The Project will generate significant economic and employment benefits during construction. Once complete the Project will encourage urban renewal and activation of Lower Hutt city centre, improve the flood resilience of businesses and communities along the River and greatly reduce congestion and improve travel times to and from Lower Hutt city centre.
- 60. The Project is also expected to deliver additional indirect economic benefits such as increasing the night time and visitor economies in Lower Hutt city centre, improving access to skilled workers, additional economic activity from urban agglomeration and improving workforce amenity.
- 61. . Assessments of the Project completed to date rely upon differing set of assessment parameters and modelling assumptions which is likely to result in an underreporting of the total economic impacts and benefits of the Project. While this does not prohibit an assessment of the Project and its expected impacts at this time, a detailed economic assessment undertaken in a future phase of the Project would provide a more accurate quantification of the Project's benefits.
- 62. Construction and operation of the Project is expected to provide a significant net positive economic benefit to the local businesses, industries and economies of Lower Hutt City and Greater Wellington.

Mark David Case

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