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- RESIDENTIAL LOT
- AGED CARE RESIDENTIAL
- ROAD TO VEST
- MIXED PURPOSE LOT
- LARGE FORMAT RETAIL LOT
- COMMERCIAL LOT
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PROJECT:

THE WELLINGTON COMPANY
ASSET MANAGEMENT LIMITED,
77 KAPITI ROAD, PARAPARAUMU

TITLE:

SCHEME PLAN OF PROPOSED SUBDIVISION
WITH CONCEPT BASE

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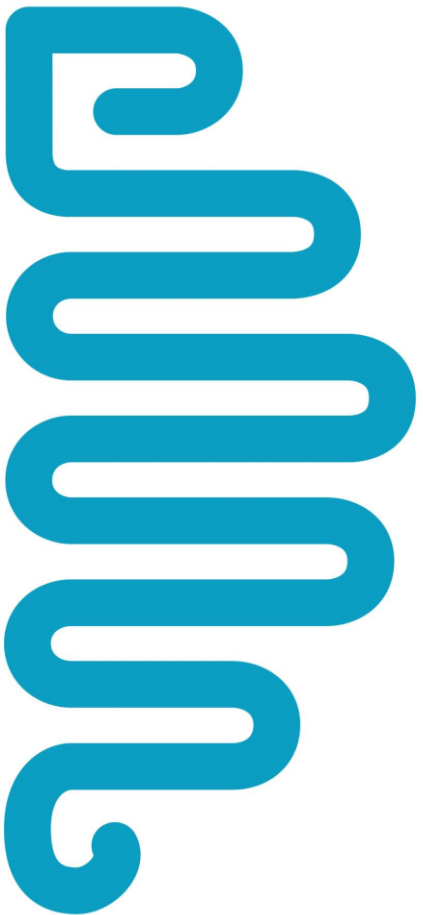
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102

REVISION:

P2



TWC on the Kāpiti Coast

*Assessing the economic benefits of The Wellington Company's
developments in Ōtaki and Paraparaumu*

Andrew Schoultz
28 November 2023



Overview



Housing benefits



Expanded rating base



New neighbours, new colleagues



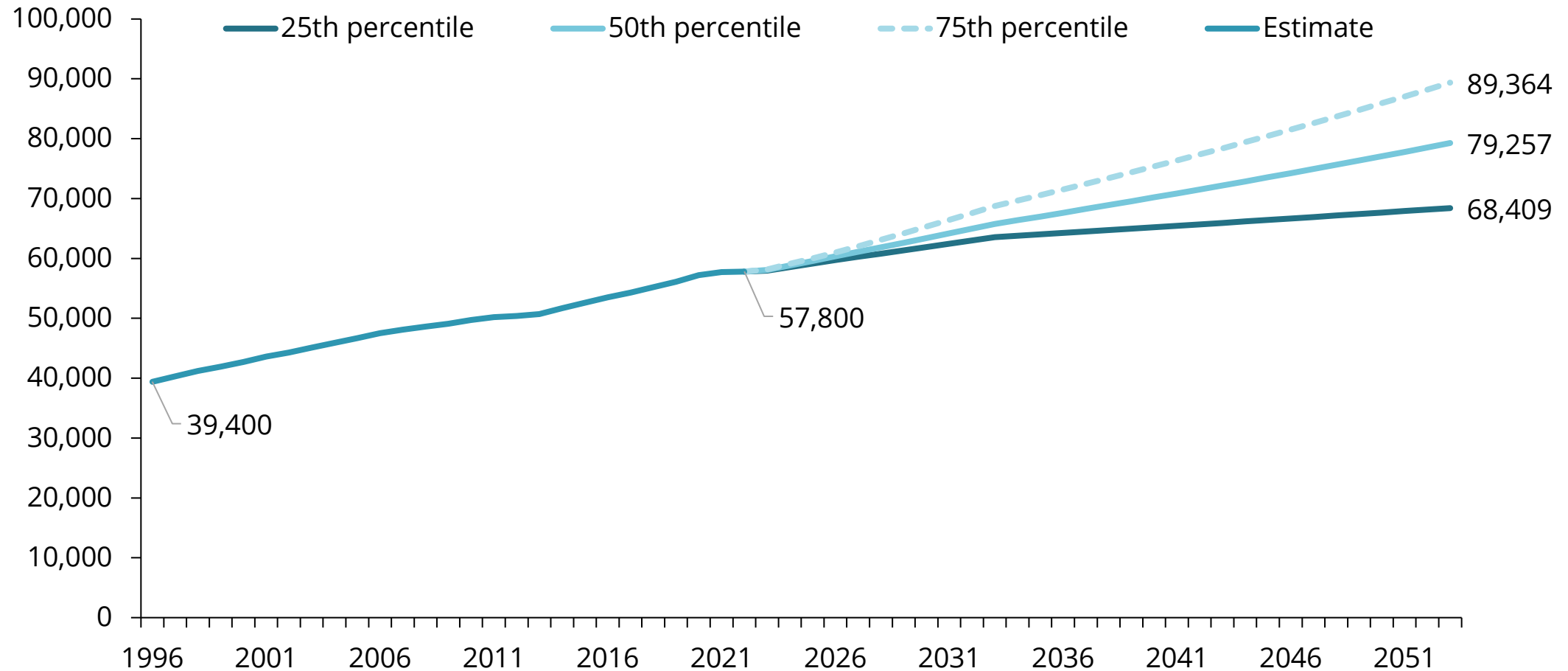
Teamwork makes the dream work

The essential context

The population is growing

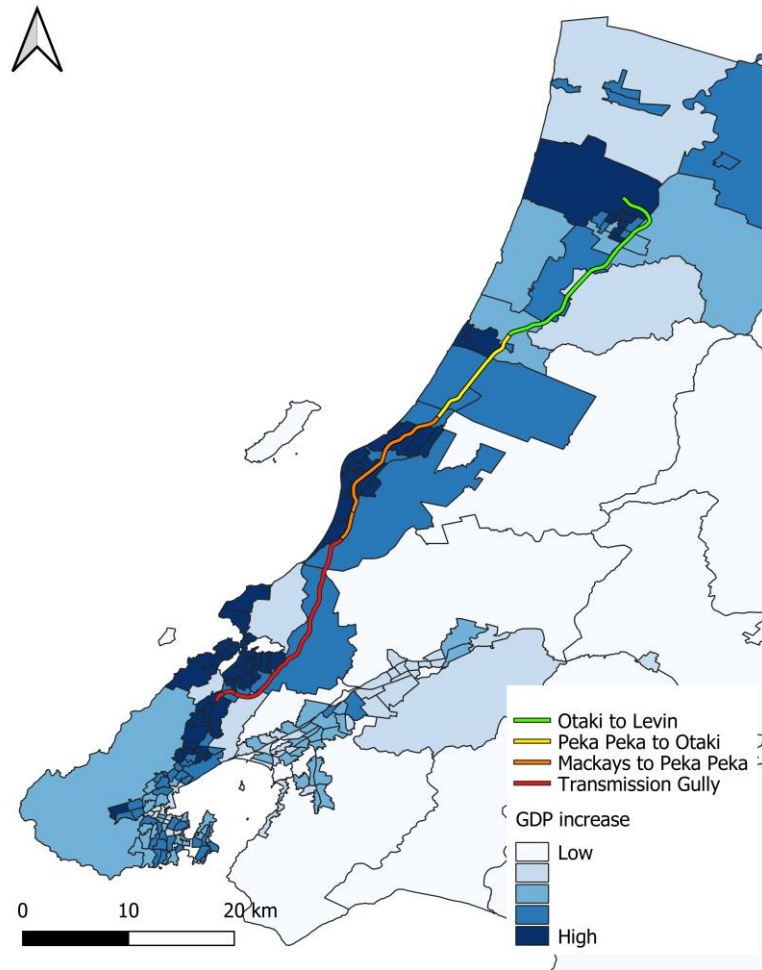


Figure 1: Estimated and projected population, Kāpiti Coast District



Better accessibility promotes the coast

Figure 2: Modelled GDP impacts of transport investment

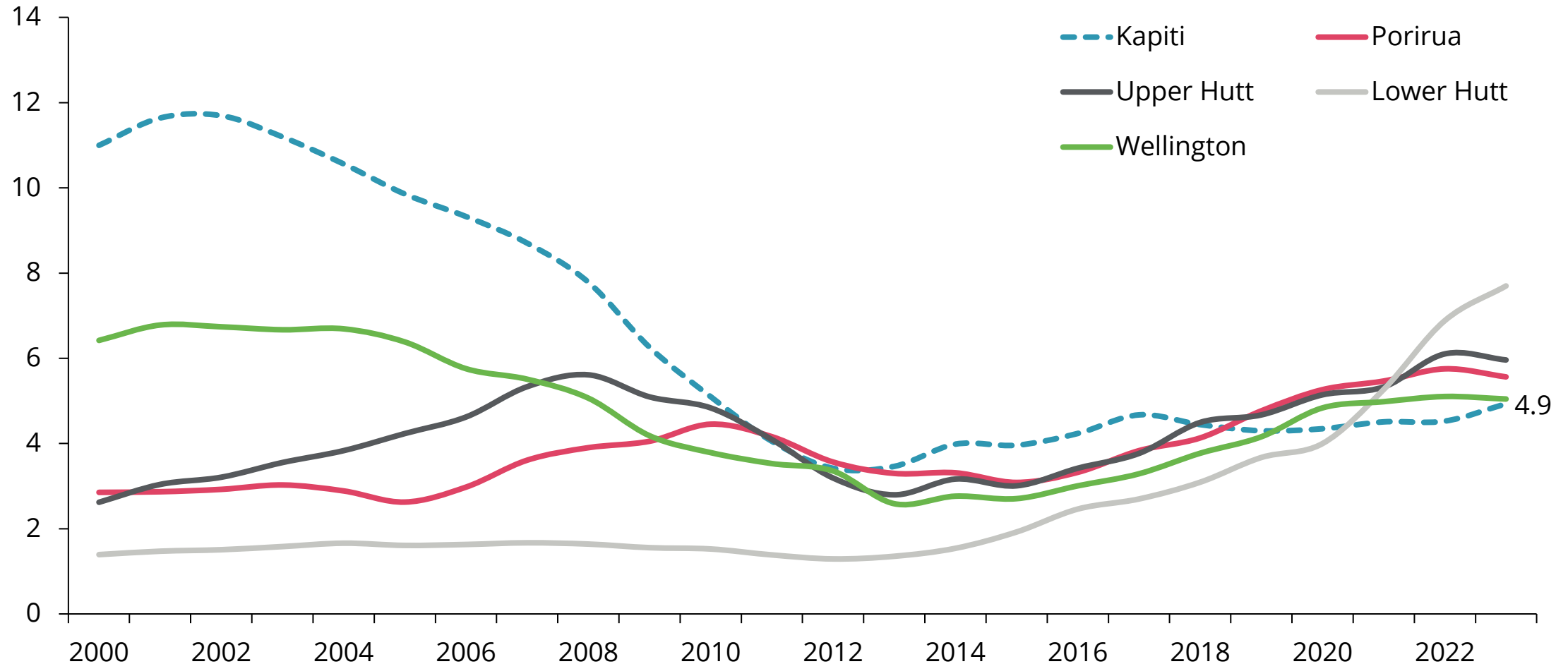


- The Kāpiti Expressway has improved access to the district
 - ~10-minute time saving, but real value is in expanded capacity.
 - Future expansions (Ō2NL) will build on this.
- Capital Connection rail
 - New trains and increased service frequency by ~Jan 2029

Source: Sense Partners

Housing has not kept up

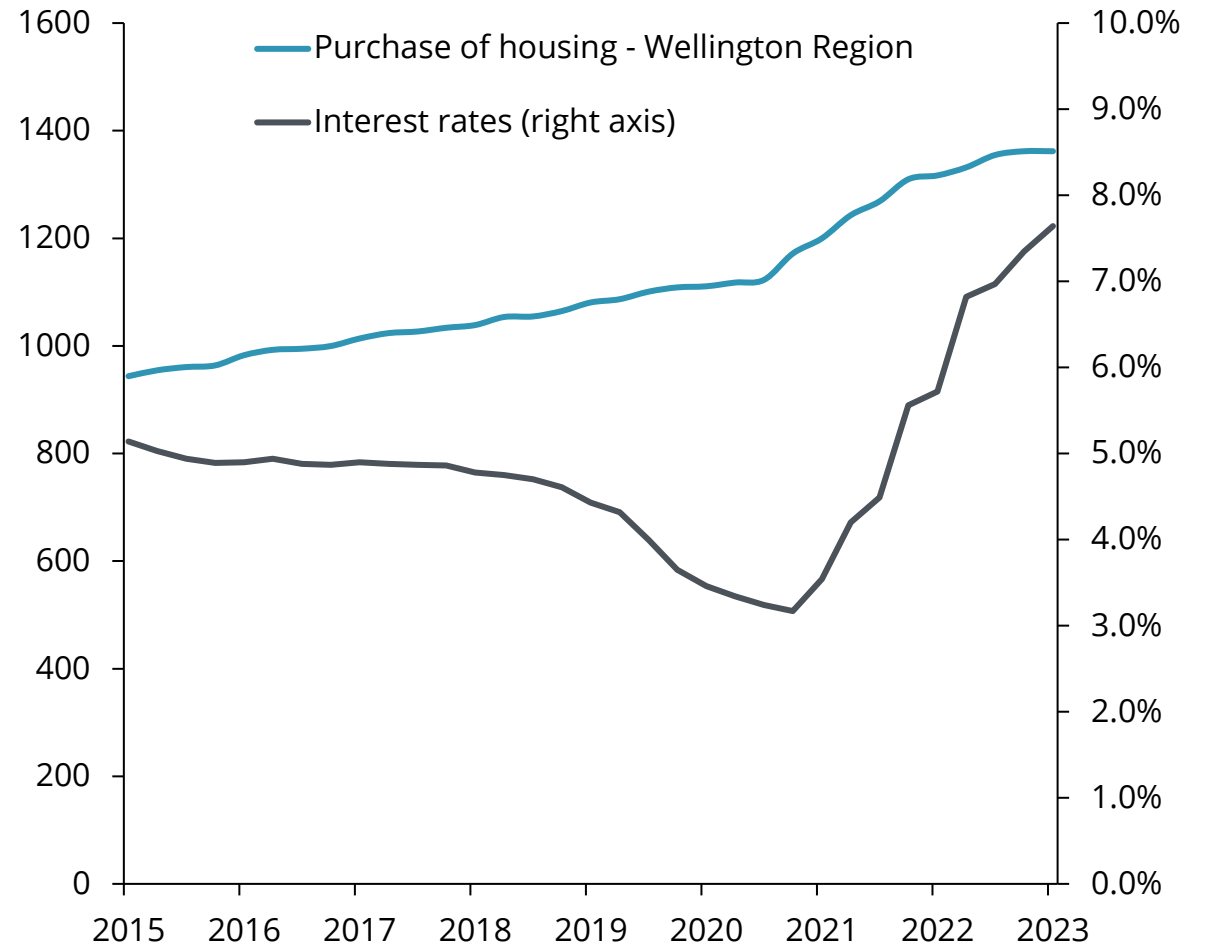
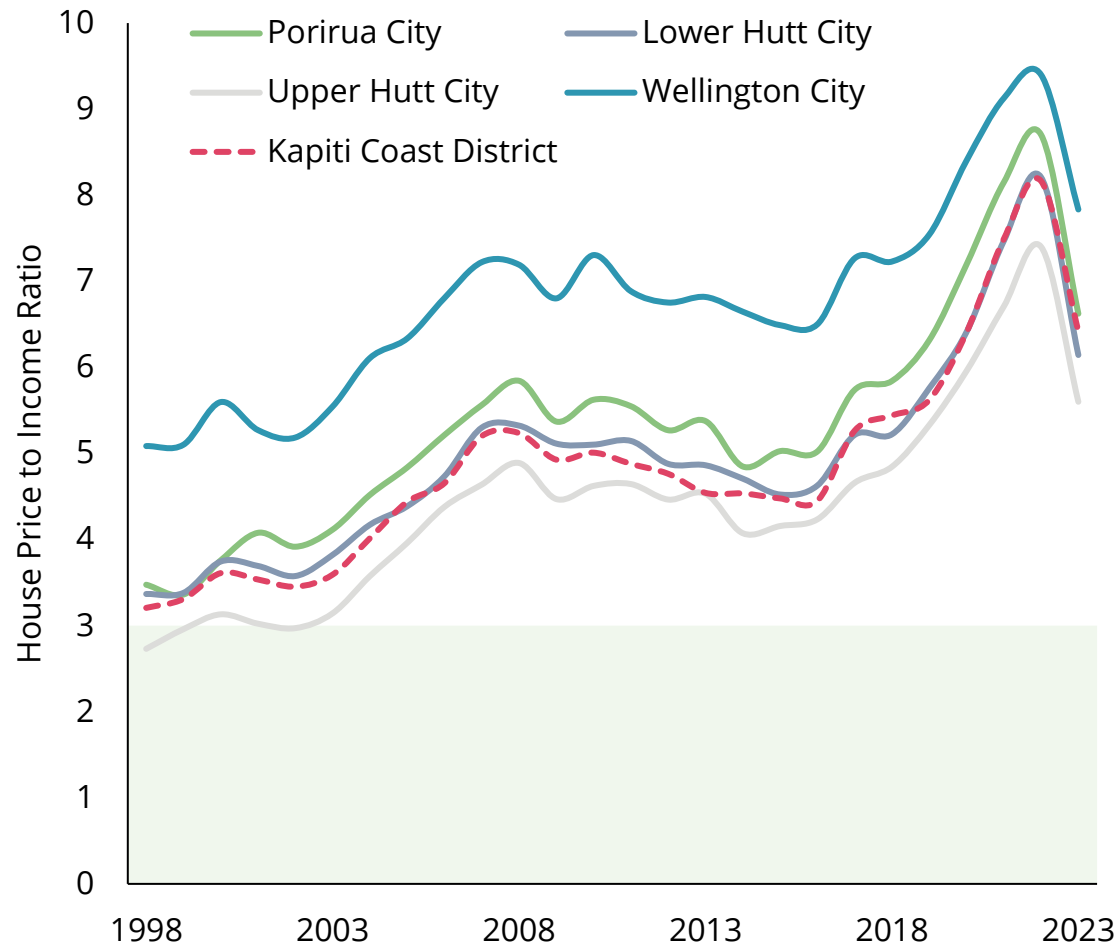
Figure 3: Consents per 1,000 residents, 5-year rolling average



Source: Statistics New Zealand; Sense Partners analysis

The result is unaffordability

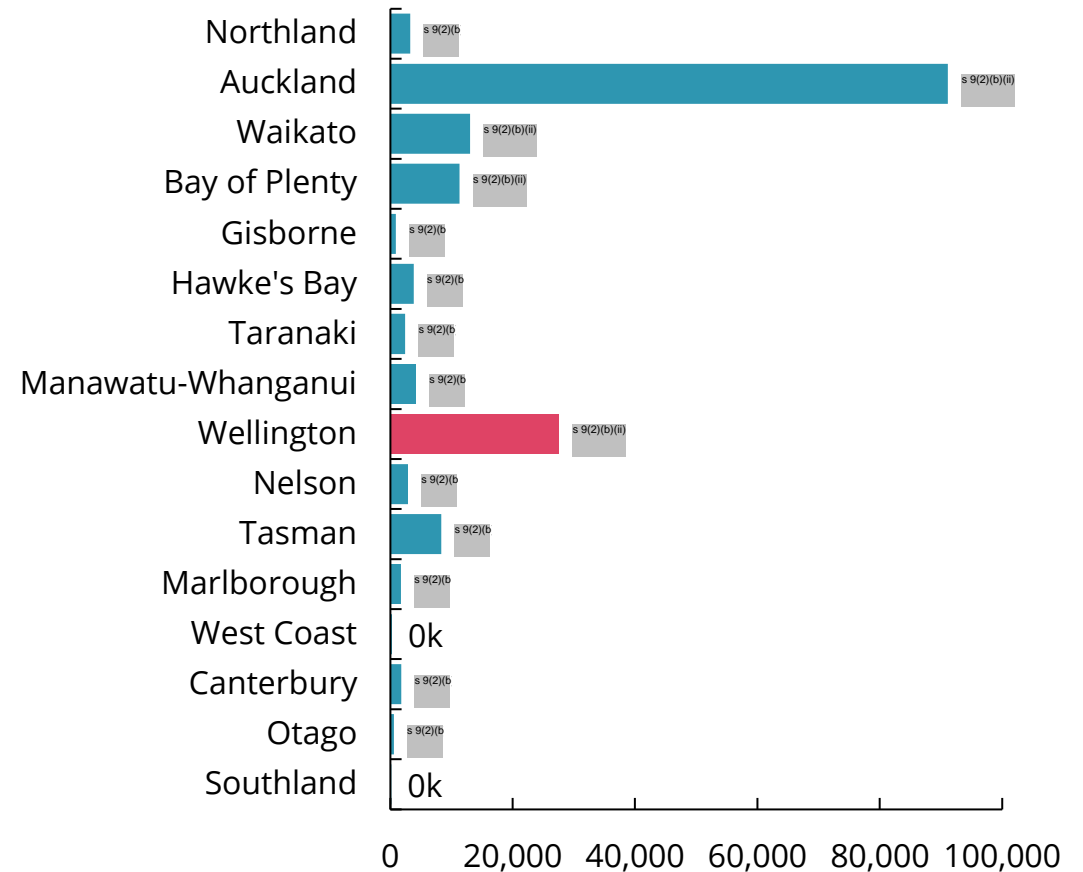
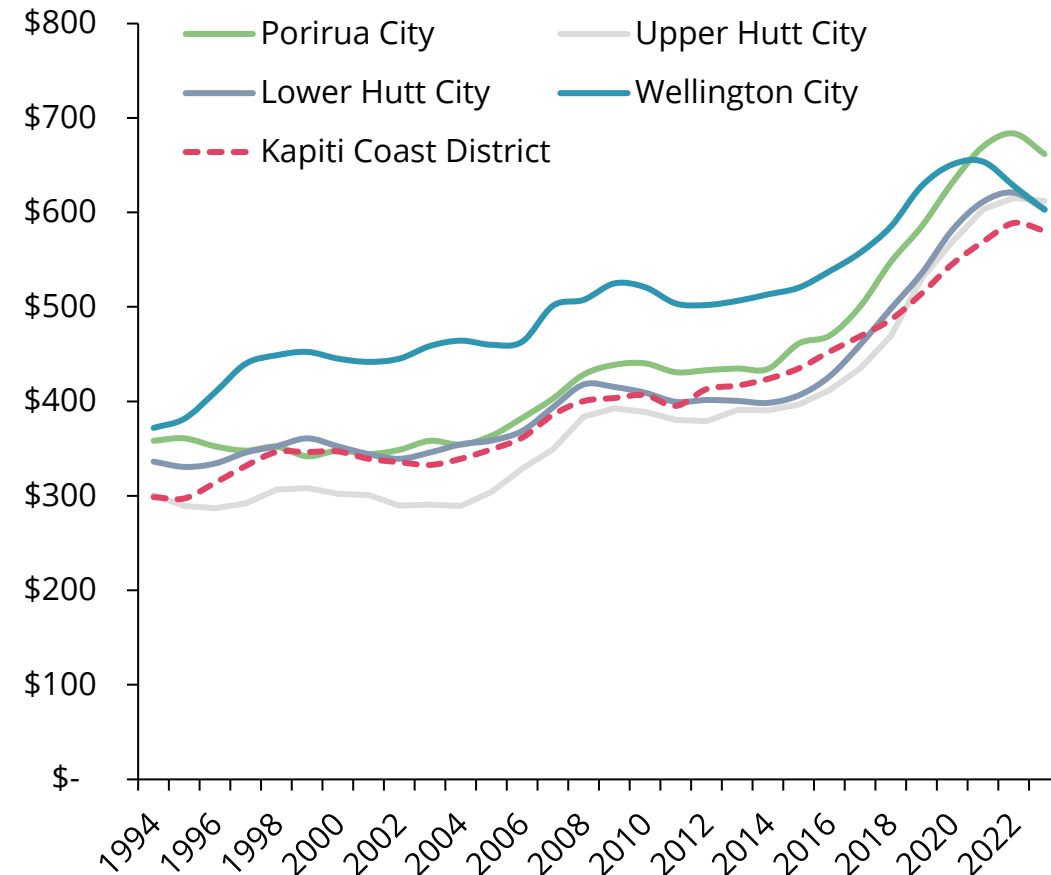
Figure 4: House price to income ratio (left) and Cost of purchasing housing (right)



Source: Statistics New Zealand, REINZ, RBNZ; Sense Partners analysis

And a backlog of unmet demand

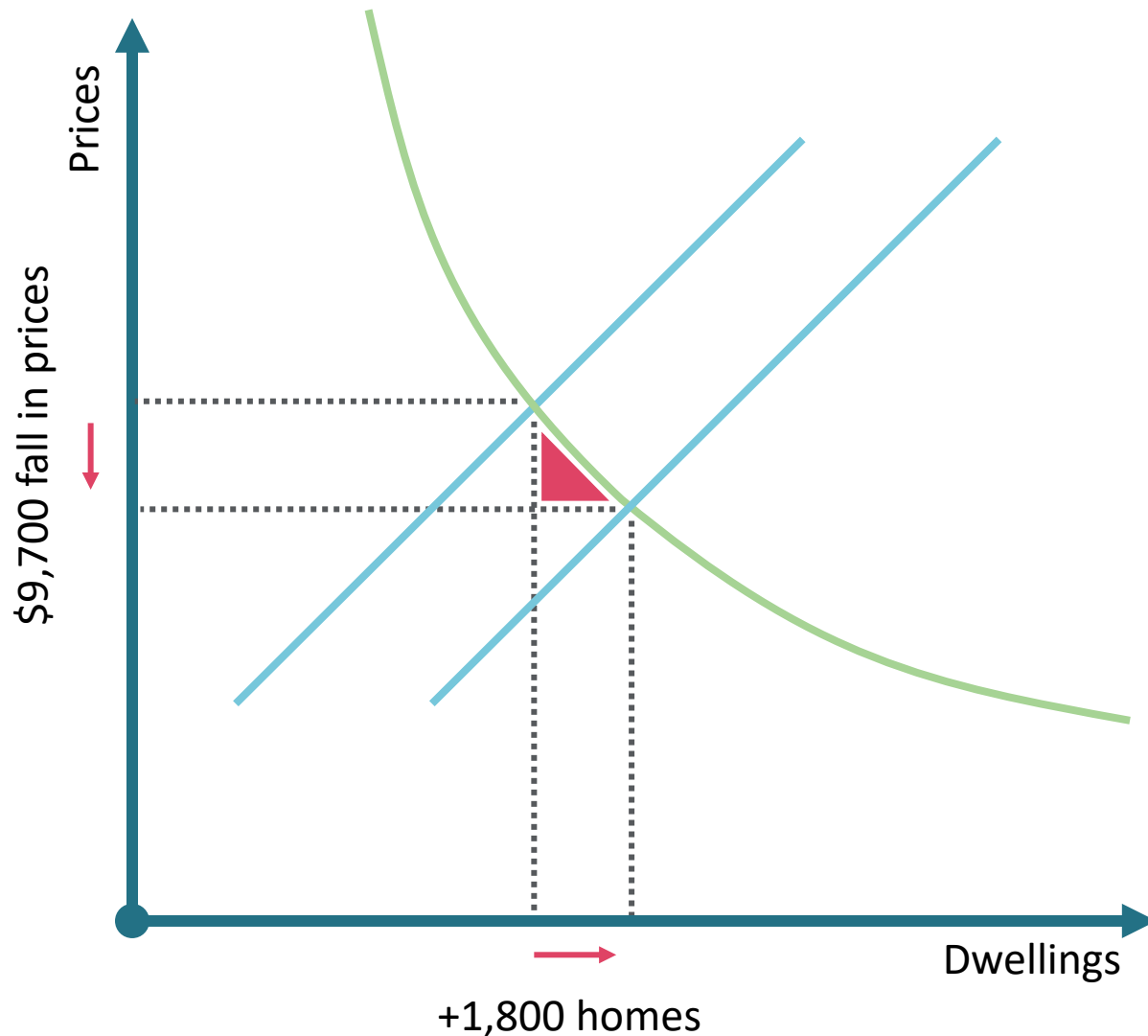
Figure 5: Real median rents (left) and Sale price implied 'need' for homes (right)



The housing benefit

We estimate a ^{s 9(2)(b)(ii)} housing benefit

Figure 6: Housing supply, demand, and consumer surplus



- We use a comparative statics approach to measuring the benefit.
- Lower house prices across Wellington region are a benefit to new residents.
- This is money into the community: affordable housing leaves money in people's pockets.



Expect this benefit to ease housing stress

- Increased supply will benefit owners *and* renters.
- *Not just a house, a life:* (Analysis by The Urban Advisory for KCDC)
 - 27% of KCD homeowners “stressed” – spending +30% income on housing.
 - 28% of KCD renters “extremely stressed” – spending +50% income on rent.
 - Keep in mind: prices have fallen, interest rates have risen – the cost of housing has not fallen since this 2021 analysis

An expanded rating base

An expanded rating base equivalent to \$9.5m

Figure 7: Estimated rates revenue using current rates schedule



Rating category	Value	Unit	Per dwelling	Total
Base	s 9(2)(b)(ii)	c/\$	s 9(2)(b)(ii)	
Road	s 9(2)(b)(ii)	c/\$	s 9(2)(b)(ii)	
Stormwater	s 9(2)(b)(ii)	c/\$	s 9(2)(b)(ii)	
Potable Water	s 9(2)(b)(ii)	Per dwelling	s 9(2)(b)(ii)	
Sewerage	s 9(2)(b)(ii)	Per dwelling	s 9(2)(b)(ii)	
Districtwide Comm. Facility	s 9(2)(b)(ii)	Per dwelling	s 9(2)(b)(ii)	
Otaki Comm. Facility	s 9(2)(b)(ii)	c/\$	s 9(2)(b)(ii)	
Paraparaumu Comm. Facility	s 9(2)(b)(ii)	c/\$	s 9(2)(b)(ii)	
Total				s 9(2)(b)(ii)

- Equivalent to additional s 9(2)(b)(ii) in rates revenue
- Based on the 2023/2024 rates schedule
- Based on average sale price of s 9(2)(b)(ii) across 1,800 dwellings.

New neighbours, new colleagues

New workers directly add to economic activity



1,800 homes



3,600 residents



91 jobs in Kāpiti



$\text{\$ } 9(2)(b)(ii)$ Kāpiti GDP

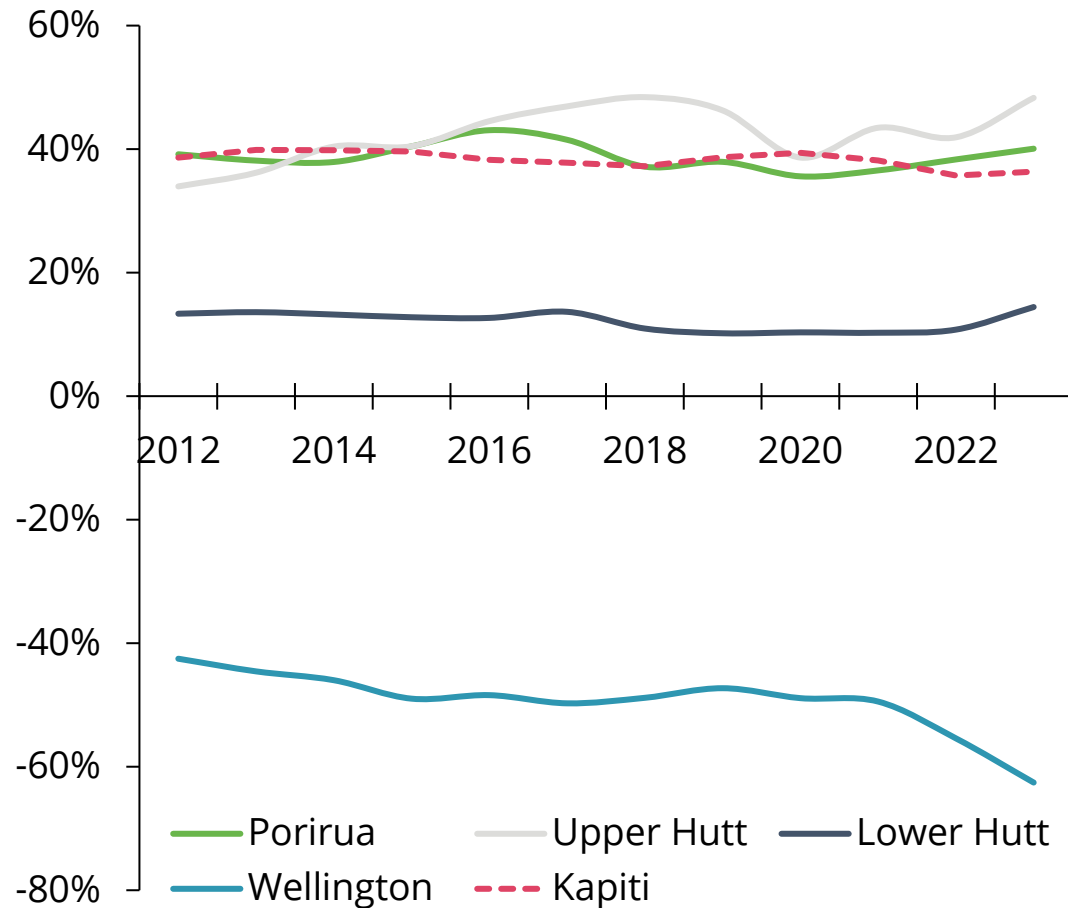
- We estimate these 1,800 homes will bring in approximately 3,600 new residents.
 - Some will be new to the region, attracted by new homes in a great location.
 - Some will already live within Wellington but choose to move. Typically, they will create space for other new residents.
- We estimate 1,570 jobs across the whole region – mostly Wellington City. Of these, 91 new jobs are in Kāpiti.
 - With an average Kāpiti wage of $\text{\$ } 9(2)(b)(ii)$, the total wage bill could reach $\text{\$ } 9(2)(b)(ii)$ per year.
- We estimate Kāpiti GDP increases by $\text{\$ } 9(2)(b)(ii)$ each year ($\text{\$ } 9(2)(b)(ii)$ per new worker). Regional GDP grows by $\text{\$ } 9(2)(b)(ii)$ per worker).

Teamwork makes the dream work

The Wellington Region is a single economic unit



Figure 8: Net commuter share



- 36% of employed residents in Kāpiti commute for work elsewhere.
- Kāpiti Coast, Porirua, the Hutt Valley, and Wellington city operate as a single economic unit.
- We model productive gains across the whole region.

We are better together

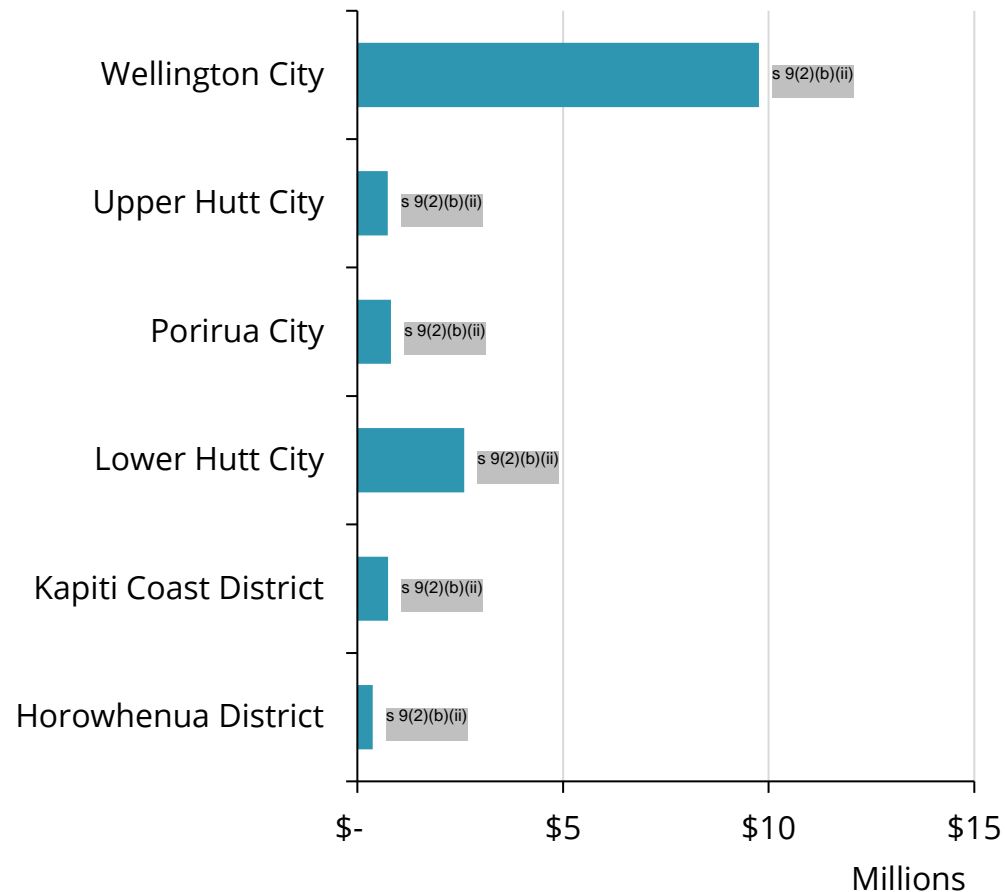
Figure 9: Example of the areas our model tests



- Cities bring people together. The economic benefits are termed “agglomeration” benefits.
- We can measure productive agglomeration:
 - Firms have a larger pool of workers to choose from
 - Workers have that same benefit – better job opportunities
 - Firms, their suppliers, and their customers are closer, making it easier to work together.
- Our model looks at the Wellington Region and Horowhenua, but models at a small spatial level.
 - The data and results are specific and tailored to the Kāpiti Coast

We estimate an additional \$0.75m annual benefit

Figure 10: Agglomeration benefit by Territorial Authority



- The improved productivity brings in an extra $\$0.75\text{m}$ for Kāpiti each year.
 - This is annual - it adds up over time.
- For the whole region, the extra benefit is over $\$0.75\text{m}$ per year.
 - It is attributed to areas outside Kāpiti, but we can credit Kāpiti for building the needed housing.
- Combined $\$0.75\text{m}$ increase in Kāpiti's annual GDP (approx. 0.2% of Kāpiti GDP).
 - That's nearly $\$0.75\text{m}$ in present value over the next 30 years.

In summary: housing, jobs, and productivity



s 9(2)(b)(ii) housing benefit

From a 1.1% fall in regional house prices



91 jobs in Kāpiti paying s 9(2)(b)(ii) in wages

These are permanent jobs, not a one-off construction boost



s 9(2)(b)(ii) increase in Kāpiti GDP

That's over s 9(2)(b)(ii) in value over the next 30 years



New Central Park Ltd - Land allocation for Whale Song

Whale Song is an inspirational public sculpture and community education project proposed for the Kāpiti Coast region, designed by Kāpiti cinematographer and artist Mike Fuller.

This large sculptural installation comprises of a family of seven life-sized Humpback whales swimming in pod formation, suspended over a one acre site, adjoining the Wharemauku stream.

To enable the hydrology improvements, tributary pathways and restoration around the Wharemauku Stream, Whale Song has been asked to release its perpetual lease over its original proposed location for this massive sculpture.

The new site for Whale Song, approximately 250 metres north, adjoins the proposed aged care block within the New Central Park (NCP) site, on the edge of the hydrology reticulation area. Note: A connection to water is a key aspect of Whale Song.

Whale Song will be New Zealand's largest public art sculpture, standing proudly among other sculptures globally of this magnitude, becoming a significant new jewel in New Zealand's tourism crown.

WHALE SONG IS ONE OF THE MOST UNPRECEDENTED
SCULPTURAL UNDERTAKINGS IN THE WORLD TODAY
SIR RICHARD TAYLOR, WETA WORKSHOPS

Whale Song will enhance and re-distribute tourism in New Zealand.

Whale Song - Why is Whale Song embedded in the New Central Park Ltd development?

New Central Park's vision includes establishing a 6 hectare wetland reserve with Whale Song as the centrepiece.

Whale Song will be the starting point for a new circuit benefitting from Transmission Gully, the Kāpiti Expressway's and the new Te-Ahu-a-Turanga Manawatū/Tararua Highway, with quicker access between Kāpiti, Wairarapa and Hawkes Bay. It will be sited right next to the Te Araroa National Trail, central to the district's and regional cycleways. Whale Song will enhance the region's attractions as an international and national tourism drawcard, strengthening the desire to see more of Wellington's offerings.

New Central Park Ltd and the Whale Song Trust

Infrastructure is a key part of a major development of this scale. This in turn will support the development itself and the people that choose to make Kāpiti their home.

Infrastructure required for Whale Song is planned to be done concurrently with the infrastructure for the development, thus reducing overall cost of the attraction.

The synergy between the Whale Song Trust and NCP has the full support of Kapiti Coast District Council (KCDC) and Puketapu ki Paraparaumu Hapū.

This synergy is fully aligned around:

- Resolving infrastructure stormwater and flooding issues.

- Wharemauku Stream re-alignment to a natural pathway
- A restored wetland and improved path/cycleways
- Whale Song – centrepiece to a new central park
- Building business growth and resilience
- Capacity in our growing community - housing, amenities
- Sustainable tourism
- Increased employment opportunities
- Focussing on indigenous values, Kāpiti's rich history and environmental conservation.

An assessment of the benefits of Whale Song to the district and wider Wellington Region was initiated by KCDC December 2023, from Infometrics NZ Ltd. Highlights from this assessment indicates, using their medium projection, tourism in Kāpiti would increase by:

- s 9(2)(b)(iii) per annum,
- creating 462 new jobs on the Kapiti Coast.
- contribute to the wider regional economy,
- enhance community connection, a sense of place and identity.

Refer to attached: Infometrics Report.

<https://www.whalesong.kiwi/post/estimating-the-economic-impact-of-whale-song>

Impacts

With 1000 new homes adding to the residential total, there is a clear need to build on employment opportunities and Whale Song is key to meeting that need, creating a sense of place and identity and increasing the amenity values of the area.

Aligning with the 15min city concept, the benefits of Whale Song will clearly add to the district's ability to provide a quality environment to live, providing local and resilient workplaces and desired recreational amenities.

These benefits clearly support the successful implementation of the NCP proposal for the Kapiti District and Wellington Region.

High Quality Tourists and building tourism in New Zealand

Tourism NZ's focus is to attract High Quality Visitors to New Zealand. These are visitors who want authentic transformational experiences and lifelong connections.

Whale Song delivers these experiences and connections by:

- Providing visitors, regardless of economic status or physical ability, a rare opportunity to interact with a pod of whales.
- Showcasing our region's environmental attractions and the focus on restoring and protecting forests and wetlands for future generations.
- By being in concert with Mana Whenua and mātauranga Māori, will explain the significance of whales in our waters from pre-european times to the present day - and leave visitors with a sense that they can contribute to a better future.

Reference: <https://www.tourismnewzealand.com/insights/markets-overview/#:~:text=High%20quality%20visitors%20contribute%20positively,our%20local%20culture%20and%20communities.>

Maximising Government investment in roads of significance.

Te Ara Nui o Te Rangihaeata Expressway - Transmission Gully has opened the door from Wellington, to Kāpiti and beyond.

Kāpiti and the other regions in the lower North Island are beginning to benefit from much improved arterial transport options. For those visiting Wellington, Kāpiti was often bypassed due to the risk of traffic congestion or cancelled transport services. With the completion of Transmission Gully and the Kāpiti Expressway, along with its scenic coastal passenger rail system, there is an increased confidence in travelling this route.

Redistributing Tourism in New Zealand

Current tourism distribution in New Zealand generally misses the lower half of the North Island, creating pressure areas in areas like Queenstown, Milford, Rotorua.

Whale Song will redefine the lower North Island to benefit a million New Zealanders and depressurise current tourist hotspots making national tourism more resilient and balanced across the country.

Jobs linked to the tourism industry equates to 13.6% of the New Zealand workforce, in Kāpiti that number is only 5.9%. Ref: KCDC, Statistics NZ.

Kāpiti Island is a key attraction into Kāpiti, however, is restricted in visitor numbers (around 15,-20,000 annually), has a relatively high cost to access and is weather dependent. Whale Song could attract a further 500,000 visitors, significantly enhancing the Kāpiti offering.

Redefine the lower North Island

This investment in improved road networks has physically unified the regions of the lower North Island, transforming them from a fragmented regional picture into a new national opportunity. Whale Song will play a significant role.

Stakeholders have called this new tourism route the “Golden Triangle”. This new visitor journey opportunity focuses on the four regions shown in the following map. Whale Song begins this journey that starts from Wellington, through the lower regions and back to Wellington. Refer below to the map of the lower North Island “golden” triangle.

Conclusion

Embedding Whale Song into NCP’s development makes for a balanced investment that supports the wider community in many ways. Creating housing, alongside stimulating the local economy, increasing local employment opportunities for new and existing residents, providing a significant centrally located recreational space and nature reserve, will make the area a sought after location to *invest, live, work and play*.

The opportunity to intertwine the “Kāpiti Story” and Whale Song into the development can only benefit the region and beyond as described in this document. It will also engender an increase in community engagement and pride, allowing this significant development, complete with Whale Song, to fit seamlessly into Paraparaumu.

By redefining tourism routes and improving regional connectivity, Whale Song contributes to a more balanced and resilient tourism sector. Its integration into the NCP development promises diverse benefits, spanning housing, economic stimulation, and the enrichment of local identity.

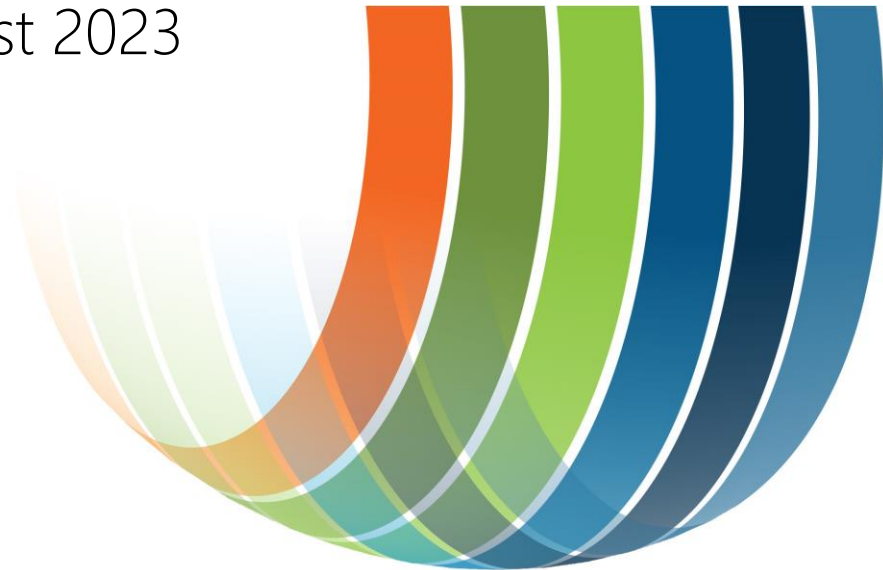
For more info on Whale Song please visit the website

www.whalesong.kiwi

or contact Marco Zeeman, Whale Song Trust Chairman on s 9(2)(a)
or via email to: s 9(2)(a)

Estimating the economic impact of Whale Song **for Kāpiti Coast District Council**

August 2023



Infometrics

Economics put simply

Authorship

This report has been prepared by Senior Economist Nick Brunsdon, with the input of Principal Economist and Chief Executive Brad Olsen.

Email:

s 9(2)(a)

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Introduction

Kāpiti Coast District Council approached Infometrics to estimate the economic impact of the proposed Whale Song installation.

Whale Song is a proposal for seven life-sized humpback whale sculptures in the Wharemauku Stream precinct, easily accessed within the centre of Paraparaumu. Whale Song will be a free-to-visit permanent attraction, with limited parallels, which makes estimating its potential contribution to the Kāpiti Coast economy uniquely challenging.

In this brief report, we provide context around the Kāpiti Coast tourism sector, and explore three scenarios for visitation to Whale Song, including the possible economic impact on the Kāpiti Coast economy.

Kāpiti Coast tourism sector

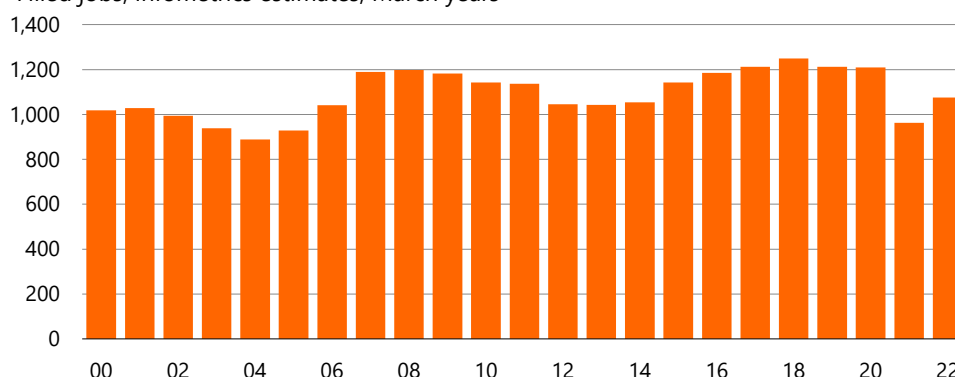
Tourism makes steady, modest contribution to employment

The tourism sector has made a modest contribution to employment in the Kāpiti Coast, accounting for around 1,000-1,200 jobs over the past 20 years (Graph 1). Tourism employment fell to 963 filled jobs in 2021, reflecting the impact of the COVID-19 pandemic and international border closures. Tourism employment bounced back to 1,075 in 2022 and has likely recovered further since.

Graph 1

Tourism employment in Kāpiti Coast

Filled jobs, Infometrics estimates, March years



Infometrics tourism employment estimates reflect the proportion of jobs in each industry which are reliant on tourism, such as accommodation and food services, retail, transport, and arts and recreation services.

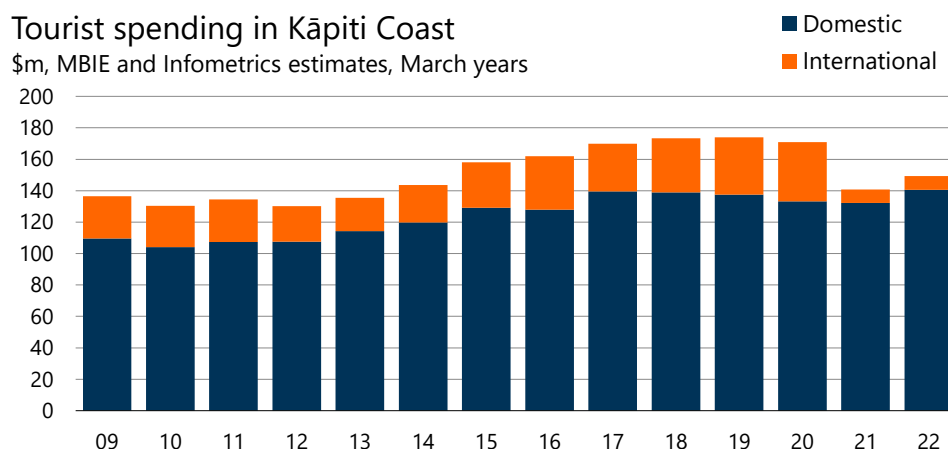
Tourism accounted for 6.6% of Kāpiti jobs before pandemic

Tourism accounted for 6.6% of employment in Kāpiti Coast in the year ending March 2020, before the COVID-19 pandemic hit the industry. Across the Wellington Region, tourism accounted for 7.1% of employment in 2020, rising to 9.0% in Wellington City. Tourism's share of employment in the Kāpiti Coast eased to 5.5% in 2022.

Tourism expenditure in Kāpiti reaches s 9(2)(b)(ii)

Tourism expenditure in Kāpiti has grown steadily over the past decade to reach a peak of s 9(2)(b)(ii) in 2019 (Graph 2). Tourism expenditure was knocked by the COVID-19 pandemic to reach a low point of s 9(2)(b)(ii) in 2021, before partially bouncing back to s 9(2)(b)(ii) in 2022.

Graph 2



International visitors accounted for $\text{\$9(2)(b)(ii)}$ or 21% of tourism spending in Kāpiti in 2019, falling away to $\text{\$9(2)(b)(ii)}$ or 6.0% in 2021.

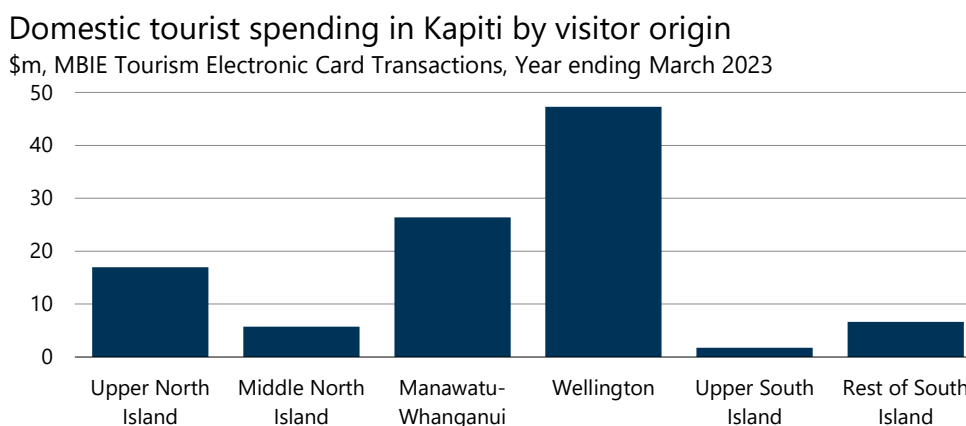
Wellington, Manawatu-Whanganui residents account for 70% of Kāpiti domestic spend

Residents of the Wellington Region (excluding Kāpiti Coast) accounted for $\text{\$9(2)(b)(ii)}$ or 45% of domestic tourist electronic card spending in Kāpiti in the year ending March 2023 (Graph 3). Manawatu-Whanganui residents accounted for $\text{\$9(2)(b)(ii)}$ or 25%. Collectively, the Wellington and Manawatu-Whanganui Region populations, generally within two hours' drive of Kāpiti, accounted for 70% of domestic visitor spend in Kāpiti.

Middle North Island visitors, including Taranaki and Hawke's Bay, are generally within four hours' drive of Kāpiti and accounted for $\text{\$9(2)(b)(ii)}$ or 5%.

Upper North Island visitors, including Gisborne, Waikato, Bay of Plenty, Auckland, and Northland, accounted for $\text{\$9(2)(b)(ii)}$ or 16%. This group is a more significant driving distance from Kāpiti and therefore more likely to have flown into the district or region.

Graph 3



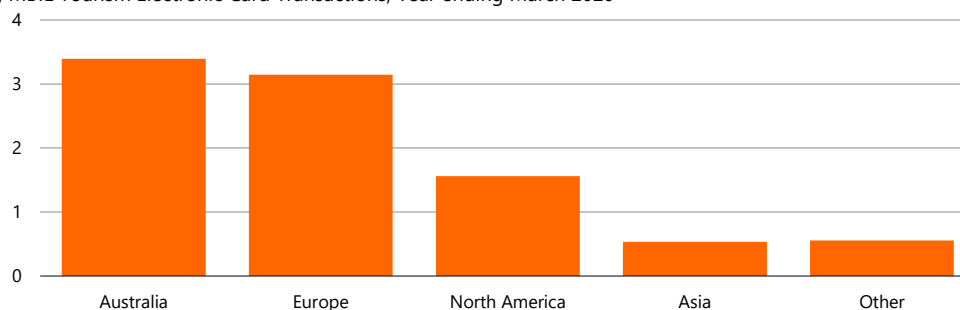
South Island visitors collectively accounted for just over $\text{\$9(2)(b)(ii)}$ or around 8% of tourist spending in Kāpiti, including $\text{\$9(2)(b)(ii)}$ or 2% from the Upper South Island (Marlborough, Nelson and Tasman).

Most international spend in Kāpiti from Australia and Europe

Australian visitors accounted for $\text{\$9(2)(b)(ii)}$ or 37% of international visitor spend in Kāpiti in the year ending March 2020, followed by European visitors (including United Kingdom and Ireland) with $\text{\$9(2)(b)(ii)}$ or 34%.

Graph 4

International tourist spending in Kāpiti by visitor origin
\$m, MBIE Tourism Electronic Card Transactions, Year ending March 2020



International visitor spending has shifted slightly since New Zealand's borders reopened in mid-2022, with North American's accounting for 24% of international visitor spending in Kāpiti, up from 17% in 2020.

Visitors to Whale Song

Whale Song is a unique attraction

As an attraction, Whale Song is relatively unique as it is a singular attraction with no entry fee. This offering is distinct from other attractions in Kāpiti, such as Southwards Car Museum ([§ 9\(2\)\(b\)\(ii\)](#) adult admission), Ngā Manu Nature Reserve ([§ 9\(2\)\(b\)\(ii\)](#)) and Kāpiti Island ([§ 9\(2\)\(b\)\(ii\)](#)), which are likely to occupy visitors for 2 hours or more.

Similarly in Wellington City, key attractions include Zealandia ([§ 9\(2\)\(b\)\(ii\)](#)) and Te Papa (free), which are both likely to occupy visitors for 2 hours or more.

Although the admission fee for nearby attractions is unlikely to be a major deterrent, the combination of cost and time is likely to deter some visitors, so conversely, we would expect Whale Song – a free attraction with broad-based appeal and which can be enjoyed in a shorter period of time – could attract a greater number of visitors. Visitors to Whale Song could adjust their visit to suit the available time – ranging from a brief 5-minute stop on a longer road trip, to perhaps an hour engaging with the proposed virtual reality aspects.

250,000-900,000 annual visitors at proxy attractions in New Zealand

We can consider proxy attractions elsewhere in New Zealand to provide reference points for potential visitation to Whale Song. Key characteristics for a proxy attraction are broad-based appeal, no access fee, and able to be accessed and appreciated in a short period of time (say 5-30 minutes). Proxy attractions similar in characteristics to Whale Song include:

- Te Rewa Rewa Bridge in New Plymouth, with 260,000 visitors per year.¹
- Hundertwasser Public Toilets in Kawakawa, with 250,000 visitors per year.²
- Huka Falls near Taupō, with 900,000 visitors per year.³
- The Church of the Good Shepherd at Lake Tekapo, with 600,000 visitors per year.⁴

These attractions are all unique in their own right but provide a frame of reference for considering visitation to Whale Song. It is important to note that the proxy attractions

¹ <https://www.npdc.govt.nz/council/news/2021/january/trial-work-underway-as-iconic-te-rewa-rewa-bridge-gets-a-spruce-up/>

² <https://www.stuff.co.nz/travel/destinations/nz/northland/132573826/top-of-the-plops-northlands-famed-hundertwasser-toilets-historically-listed>

³ <https://www.taupodc.govt.nz/repository/libraries/id:25026fn3317q9slqygym/hierarchy/our-services/planning-guidance-and-resource-consents/notified-consents/Zipline/Application%20documents%20appendices/Appendix%203.%20Huka%20Falls%20Scenic%20Reserve.pdf>

⁴ <https://www.stuff.co.nz/business/121546325/iconic-tekapo-church-suffers-a-big-drop-in-tourist-donations>

listed above are all established attractions with wide recognition locally, nationally and internationally. It could take many years for Whale Song to achieve a comparable level of recognition and visitation. The visitation estimates are indicative and may not be comparable, given the challenge of counting visitors at attractions with no entry fee and multiple entry points.

20,000 vehicles passing Whale Song per day

Waka Kotahi traffic counts indicate that 20,000 vehicles travel on State Highway One past the proposed Whale Song site per day. By comparison, state highway traffic near Huka Falls averages 6,000, through Kawakawa 9,000, and through Tekapo 4,300 vehicles per day. For all of these attractions, visitation only amounts to fraction of passing traffic, and Whale Song is likely to be similar given the high proportion of commuter traffic.

Larger visitation to sculptures overseas

As an alternative to comparison with tourist attractions in New Zealand, Whale Song could be considered amongst other large sculptures overseas.

- Cloud Gate ("The Bean") in Chicago USA increased visitation to Millenium Park by approximately 20m per year, with 54m total visitors to the City each year.⁵
- Angel of the North in Newcastle UK is visited by 150,000 visitors per year, sitting next to a motorway with 90,000 passing vehicles per day.⁶
- The Kelpies in Falkirk UK is visited by 1m visitors per year, with 50,000 or 5% of those opting for a guided tour.⁷

These three sculptures sit within larger tourism markets with larger populations or higher passing traffic. The approximately 5% of visitors to The Kelpies that opted for a guided tour illustrates the potential for large numbers engaging in with Whale Song in a light way, and a smaller number engaging in a more intensive way.

Three scenarios for Whale Song

We have nominated three scenarios for visitation to Whale Song, given visitation at proxy attractions and an indicative estimate by Whale Song's promoters.

The emphasis for these estimates is not to specifically forecast the level of visitation, rather provide a base to understand the range of economic impact that may result from Whale Song.

We have considered three scenarios:

1. 50,000 (low) annual visitors

⁵ https://www.chicago.gov/city/en/depts/mayor/press_room/press_releases/2017/april/Millennium_Park_Tourism.html

⁶ <https://medium.com/@johnwelford15/the-angel-of-the-north-gateshead-england-695be0ee9dea>

⁷ <https://www.bbc.com/news/uk-scotland-tayside-central-32396667>

2. 150,000 (medium) annual visitors
3. 500,000 (high) annual visitors.

Scenario 3 is based on an estimate by Whale Song Pakake Waiata Charitable Trust. These scenarios provide for a range of possible outcomes to be examined, particularly as the attraction becomes established and awareness is developed over time. The lower two scenarios feature visitation below that of the four proxy New Zealand attractions, which are well-established attractions.

The high scenario is based on the Trust's estimate and would place Whale Song among the higher end of its proxy attraction peers in New Zealand.

59,000 overnight visitors to Kāpiti in 2023

According to the MBIE Accommodation Data Programme, 59,000 guests arrived at commercial accommodation in Kāpiti in the year to June 2023, 17% of which were international guests. These guest arrivals amounted to 4.7% of all guests visiting the Wellington Regional Tourism Organisation (RTO) area (which covers the Wellington Region excluding Wairarapa).

191,000 total visitors to Kāpiti in 2023

According to MBIE's Monthly Unique Regional Population Estimates, there were 4.1m unique or total visitors to the Wellington RTO in the year to June 2023. Based on Kāpiti Coast's share of Wellington RTO guest nights, this result implies that there were 191,000 unique visitors to Kāpiti Coast in the year to June 2023.

The estimates of unique visitors including both international and domestic visitors. Domestic visitors exclude residents of the Wellington RTO area, even those visiting outside of their home area, for example, a Wellington City resident visiting Kāpiti Coast. International visitors exclude those in the country for longer than 90 days.

We assume 75% of existing Kāpiti Coast visitors visit Whale Song

We have assumed that 75% (the vast majority) of existing visitors to Kāpiti Coast would visit Whale Song, given its broad appeal, no cost, and low time commitment.

For estimating the economic impact of Whale Song, we only consider additional visitors to the district, over and above existing visitors who may also visit Whale Song. Visitors who already are visiting Kāpiti, and also would now visit Whale Song, do not add any additional spending to Kāpiti; their spending is already captured, and does not provide additional benefit.

Visitation could increase by 7-59%

Assuming that 75% of existing visitors to Kāpiti Coast would visit Whale Song, the low scenario of 50,000 visitors to Whale Song would yield an increase of 12,500 visitors to the district, or a 7% increase from the nearly 191,000 annual visitors (Table 1).

The medium scenario would yield 112,500 additional visitors, or a 59% increase above baseline. The high scenario of 500,000 visitors to Whale Song would yield 462,500 additional visitors, or a 242% increase (more than two and a half times current total visitation across the entire district).

Table 1

Scenarios for Whale Song impact on visitation to Kapiti Coast

Infometrics estimate and projection

Scenario	Visitors to Whale song	Additional visitors to Kapiti Coast	Total visitors to Kapiti Coast	Increase compared to baseline
Baseline (Year ending June 2023)	-	-	190,998	-
Low	50,000	12,500	203,498	7%
Medium	150,000	112,500	303,498	59%
High	500,000	462,500	653,498	242%

For the high scenario to materialise, visitation to the Kāpiti Coast would have to increase by more than two times current levels. The high scenario represents visitation to Whale Song among that of the most visited attractions in New Zealand, and that of internationally recognised sculptures.

This high scenario is a very lofty goal, and we consider it extremely unlikely that tourism capacity within Kāpiti would increase by the same magnitude. If the high scenario visitation were to eventuate, then we would expect that capacity constraints within Kāpiti would limit the economic impact, potentially to that of the medium scenario, with significant spillovers into the Wellington and Manawatu-Whanganui Regions.

This spillover could manifest as visitors staying overnight outside of the district and travelling in to visit Whale Song, with minimal local economic impact. We have focused on the low and medium scenario hereafter.

Economic impact of Whale Song on Kāpiti Coast

Economic impact analysis focus on out-of-towners

Standard convention for economic impact analysis is to focus on the economic impact of out-of-towners, instead of local residents. This practice reflects that, if for example, Whale Song were to attract residents of Paekākāriki and Otaki to visit Paraparaumu and spend time in the area, the additional spend in Paraparaumu would most likely come at the expense of spend in Paekākāriki and Otaki which would have occurred otherwise, meaning no increase in net spending for the Kāpiti Coast District.

On the contrary, if a tourist from Wellington City or further afield were to visit Whale Song, the additional spend in Paraparaumu could reasonably be assumed to be a net increase in spending in the Kāpiti Coast, as any displaced spending would occur elsewhere.

For the purposes of this analysis, the core measure for understanding the economic impact of Whale Song is the number of visitors, excluding Kāpiti Coast residents. This approach differs from the visitation estimates for proxy attractions in the prior section of this report, which do include visits by locals.

Multiplier approach used

We have estimated the GDP and employment effects using a multiplier approach. A multiplier approach uses modelling on relationships between industries within a region to understand how an increase in demand for one industry contributes to demand for other industries or resources, such as labour.

To understand how the increase in tourism spending in each scenario translates to demand for each industry, we have estimated the spend by tourists by industry in Kāpiti Coast over the year ending June 2023. Our estimate of spending uses MBIE's Monthly Regional Tourism Estimates and Tourist Electronic Card Transactions data.

Assume 50% lower spending than the average Kāpiti Coast visitor

We have assumed that the average visitor to Whale Song would spend 50% less in the Kāpiti Coast than the average visitor today. This assumption reflects the fact that many potential Whale Song visitors will be passing by, rather than making a visit exclusively to visit the attraction (compared to a likely exclusive trip to visit Kāpiti Island).

The nearby State Highway 1 road connection has a high number of people travelling through, many of which would make a brief excursion to Whale Song. Whale Song's proximity to State Highway 1 makes it easy to access, and easy to leave, so it is likely that many visitors will briefly visit and leave, with little to no economic impact on the Kāpiti Coast overall.

Proposed wayfinding features, which would promote the district to Whale Song visitors, could encourage some visitors to spend time in the district after visiting.

As an attraction that can be enjoyed in a short period of time, visitors won't necessarily require overnight accommodation or a meal. This less extensive spending profile would dilute the average spend per visitor, but it is important to note that the total spend would still be higher in each scenario compared to today.

The addition of Whale Song to Kāpiti's tourism offering may encourage a higher number of longer duration visits to the district overall as well.

Tourist spend could increase s 9(2)(b)(ii)

Applying the scenarios for increased visitation to existing tourism spending in the district gives an indication of how Whale Song could increase tourism spending.

Infometrics estimates total tourism spending in Kāpiti Coast amounted to s 9(2)(b)(ii) in the year to June 2023, based on MBIE's Tourism Electronic Card Transactions and Monthly Regional Tourism Estimates.

Applying the projected increases in visitation implies an s 9(2)(b)(ii) increase in tourism spending under the low scenario, and s 9(2)(b)(ii) under the medium scenario.

Employment could increase by 51 to 462 jobs

Based on the potential increases in expenditure associated with increased visitation, we estimate that Whale Song could increase employment in Kāpiti Coast by 51 jobs under the low scenario, and 462 jobs under the medium scenario.

The majority of these jobs would be in the tourism sector, particularly accommodation and food services. The increase in jobs would amount to a 5% increase in tourism employment under the low scenario, and 43% increase under the medium scenario.

Our modelling also reflects that higher employment in the tourism sector would have a dispersed effect across the economy by raising household incomes which in turn increases consumption across the local economy.

GDP could increase s 9(2)(b)(ii)

Based on the potential increases in expenditure associated with increased visitation, we estimate that Whale Song could increase GDP in the Kāpiti Coast by s 9(2)(b)(ii) under the low scenario, and s 9(2)(b)(ii) under the medium scenario.

Economic impacts rely on capacity

The economic impacts modelled assume that there is sufficient capacity in Kāpiti to meet demand from visitors, in terms of businesses, facilities and staff. For example, if accommodation capacity is insufficient, Kāpiti Coast will not benefit from an increase in overnight guests coming to visit Whale Song. Alternatively, visitors to Whale Song could take up accommodation capacity and displace existing tourist activity, such as business travellers.

Conclusions

Tourism accounted for 6.6% of Kāpiti jobs before pandemic

The tourism sector has made a modest contribution to employment in the Kāpiti Coast, accounting for around 1,000-1,200 jobs over the past 20 years. Tourism accounted for 6.6% of employment in Kāpiti Coast in the year ending March 2020, before the COVID-19 pandemic hit the industry. Tourism employment fell to a low of 963 jobs in 2021, bounced back to 1,075 in 2022, and has likely recovered further since.

Majority of tourists come from Wellington, Manawatu-Whanganui

Tourism expenditure in Kāpiti has grown steadily over the past decade to reach a peak of [s 9\(2\)\(b\)\(ii\)](#) in 2019, with international visitors accounted for [s 9\(2\)\(b\)\(ii\)](#) or 21%. International tourism fell away through the COVID-19 pandemic, with domestic tourism rising and picking up some of the slack. In 2023, residents of the Wellington Region (excluding Kāpiti Coast) and Manawatu-Whanganui accounted for 70% of domestic tourist spending in Kāpiti.

Whale Song is a unique attraction

As an attraction, Whale Song is relatively unique as it is a singular attraction with no entry fee. This offering is distinct from other attractions in Kāpiti which charge entry fees and require a greater length of time to be enjoyed. Similar attractions around New Zealand include the Te Rewa Rewa Bridge in New Plymouth, Hundertwasser Public Toilets in Kawakawa, Huka Falls near Taupō and the Church of the Good Shepherd at Lake Tekapo, which range between 250,000 and 900,000 visitors per year. Similar sculptures globally attract between 150,000 and 20m visitors per year, although higher visitation is associated with higher passing traffic or being located in major tourism cities.

Three scenarios for Whale Song

We have nominated three scenarios for visitation to Whale Song, given visitation at proxy attractions and an indicative estimate by Whale Song's promoters. The emphasis for these estimates is not to specifically forecast the level of visitation, rather provide a base to understand the range of economic impact that may result from Whale Song. These scenarios are 50,000 annual visitors (low), 150,000 (medium) and 500,000 (high). The high scenario is based on the Trust's estimate and would place Whale Song among the higher end of its proxy attraction peers in New Zealand.

Visitation could increase by 7-59%

Based on data from MBIE, we estimate that there were 191,000 unique visitors to Kāpiti Coast in the year to June 2023. Assuming that 75% of existing visitors to Kāpiti Coast would visit Whale Song, the low scenario of 50,000 visitors to Whale Song would yield an increase of 12,500 visitors to the district, or a 7% increase from the nearly 191,000 annual visitors. The medium scenario would yield 112,500 additional visitors, or a 59% increase above baseline.

Higher visitation may not have higher economic impact

The high scenario of 500,000 visitors to Whale Song would yield 462,500 additional visitors, or a 242% increase (more than two and a half times current total visitation across the entire district). For the high scenario to materialise, the entire Kāpiti Coast tourism sector would have to increase by a similar multiple of two to three times. We consider it unlikely that tourism capacity in Kāpiti would increase by this magnitude. If the high scenario eventuated, the economic impact on Kāpiti might be constrained to that of the medium scenario, with significant spillover into the Wellington and Manawatu-Whanganui regions – for example, visitors to Whale Song staying overnight outside the district. We have focused on the economic impacts of the low and medium scenario hereafter.

Tourist spending could increase by s 9(2)(b)(ii)

Infometrics estimates total tourism spending in Kāpiti Coast amounted to s 9(2)(b)(ii) in the year to June 2023, based on MBIE data. Applying the projected increases in visitation implies an s 9(2)(b)(ii) increase in tourism spending under the low scenario, and s 9(2)(b)(ii) under the medium scenario. We have assumed that the average visitor to Whale Song would spend 50% less in the Kāpiti Coast than the average visitor today. This assumption reflects the fact that many potential Whale Song visitors will be passing by, rather than making a visit exclusively to visit the attraction (compared to a likely exclusive trip to visit Kāpiti Island).

Employment could increase by 51 to 462 jobs

Based on the potential increases in expenditure associated with increased visitation, we estimate that Whale Song could increase employment in Kāpiti Coast by 51 jobs under the low scenario, and 462 jobs under the medium scenario. The majority of these jobs would be in the tourism sector, particularly accommodation and food services. The increase in jobs would amount to a 5% increase in tourism employment under the low scenario, and 43% increase under the medium scenario. Our modelling also reflects that higher employment in the tourism sector would have a dispersed effect across the economy by raising household incomes which in turn increases consumption across the local economy.

Economic impacts rely on capacity

The economic impacts modelled assume that there is sufficient capacity in Kāpiti to meet demand from visitors, in terms of businesses, facilities and staff. For example, if accommodation capacity is insufficient, Kāpiti Coast will not benefit from an increase in overnight guests coming to visit Whale Song. Alternatively, visitors to Whale Song could take up accommodation capacity and displace existing tourist activity, such as business travellers.

21 August 2023

It's my pleasure to write in support of Whale Song, a project with enormous potential for enhancing the Kāpiti District in many ways. This is a great opportunity for our region, and will position us as world-leaders in eco-cultural marine tourism.

This project enjoys significant support in the community, and it was a positive step to formally endorse the project as a Council in December 2022.

Kāpiti is a creative district with a strong environmental focus, so this project is a natural fit for our area and our people.

While Kāpiti has long been a loved destination, with Kāpiti Island as the major draw-card, the district lacks an iconic attraction which actively responds to and reflects its identity.

The benefits of the Kapiti region for the tourism sector are currently under-realised. We're close to an international transport hub in Wellington, new roading has given better access to the surrounding regions and our temperate climate make it an ideal tourism location.

The natural wonder of Kapiti with its nature reserve, safe family beaches and cycle trails are ready and waiting. What we lack is the global exposure, and this is what Whale Song can bring.

Whale Song will have a ripple effect across our region. Hospitality, retailers and accommodation providers will see an instant benefit.

Please join the Kāpiti Coast District Council in supporting this important and exciting project.



Janet Holborow
Mayor, Kāpiti Coast District

ID	Task Mode	Task Name	Duration	Start	Finish	Predecessors	Resource Names																												
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A diagram of a simple neural network. It consists of two layers of nodes. The top layer has two green rectangular nodes. The bottom layer has two blue rectangular nodes. A horizontal line connects the two layers. A curved line connects the two nodes in the bottom layer. A blue arrow points from the bottom layer to a diamond-shaped node.

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