

ROLLESTON WEST RESIDENTIAL LTD

ASSESSMENT OF EMPLOYMENT EFFECTS FOR SKELLERUP BLOCK DEVELOPMENT

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Released under the provision of
the Official Information Act 1982

Direct (on-site) Employment Effects¹

1. Rolleston West Residential Ltd (RWRL) has requested comment on the employment creation effects of the proposed Rolleston West Plan Change, which will rezone the Skellerup Block from Rural Residential to Residential (Living Z). The proposed subdivision plan will allow for up to 961 lots on the 72.69 hectare Skellerup Block; i.e. an average density of up to 13.2 households per hectare. Included will be provision for a small 'local centre' (Business 1 zoning), to meet the convenience shopping needs of the developments' residents.
2. RWRL have estimated average house building costs of $\$9(2)(b)(ii)$ per dwelling, of which two-thirds $\$9(2)(b)(ii)$ are estimated to be labour costs and one-third $\$9(2)(b)(ii)$ are materials' costs. Assuming an average annual salary of $\$9(2)(b)(ii)$ per full-time equivalent (FTE) employee,² this implies 4 FTE employees per dwelling. The construction programme for the dwellings is expected to be over a five-year period, therefore the employment created (or retained) within the Greater Christchurch residential building sector for the Skellerup Block is 769 FTE jobs (i.e. 4 employees per dwelling x 961 dwellings / 5 years) over the five-year construction period for the dwellings.
3. In addition to the dwelling construction employment, there will be additional employment for site subdivision development works. These works are estimated to cost $\$9(2)(b)(ii)$ per dwelling or a total of $\$9(2)(b)(ii)$ million for the Skellerup Block. Assuming a materials (including machinery hire)/labour split of two-thirds/one-third and an average annual salary of $\$9(2)(b)(ii)$ for these workers, implies 187 FTE employees for site subdivision development works over the five-year development period – i.e. an additional 37 employees per annum.
4. Therefore, the total on-site employment impact of the development is estimated as an additional 806 FTE jobs (per annum) over the five-year period. This estimate is conservative in that it excludes any allowance for building sector employees engaged in the construction of the commercial buildings to be included in the 'local centre'.

Indirect Employment Effects

5. In addition to the direct (on-site) employment effects there are also indirect (or "multiplier" effects to account for:
 - a. The effects on suppliers of goods and services to the site (i.e. the "forward and backward linkage" effects) – for example in the transport sectors, construction material suppliers, building service providers, etc; and
 - b. The supply of goods and services to employees at the site and to those engaged in supplying goods and services to the site (i.e. the so called "induced" effects). For example, there will additional jobs for employees of supermarkets, restaurants and bars from the additional economic activity generated by the development.

¹Data in this section provided by Rolleston West Residential Limited.

²Averaged across trades people, apprentices and builders labourers.

- c. District or regional multipliers can be estimated to gauge the size of these indirect effects. The size of the multipliers is a function of the extent to which a district or region are self-sufficient in the provision of a full range of goods and services and the district or region's proximity to alternative sources of supply. Typically, multipliers fall in the range of 1.5 to 2.0 and taking the mid-point of this range implies total direct plus indirect employment effects from the Skellerup Block development for Greater Christchurch of 1,410 additional FTE jobs (806×1.75) per annum over the five-year period.

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