

Local Economic Impacts of Proposed 'Kapiti Gateway' Visitor Facility

10 February 2021

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Results Summary

- **Table A** below summarises the range of GRP/Economic activity and Employment economic impact results indicated in the main body of the report in relation to the proposed new ‘Kapiti Gateway’ visitor amenity/facility, and associated current and forecast increased visitation to Kapiti Island.
- Economic impact results are provided for the new facility construction period, the annual expenditure operation of the facility, and current and forecast visitation to Kapiti Island. In terms of visitor spending, a range of economic impact results are provided for, reflecting potential variation in some of the underlying influences on the level of visitor spending. Key results to note are as follows:
 - The current (year 2020) annual level of visitation to Kapiti Island is in the order of 15,000 people whose spending is estimated to have a mid-point total economic activity/GRP impact within the Kapiti Coast district of \$2.08 million and a total associated employment impact of 24 persons. GRP refers to Gross Regional Product or regional GDP.
 - The short-term local GRP and Employment economic impacts of the construction period for the new amenity have been assessed at approximately \$2.23 million and 16 persons respectively.
 - The local GRP and Employment impacts of the initial full year (2023) annual operation of the new amenity have been assessed at \$0.16 million and 3 persons respectively. These could increase with a larger facility operation resulting from significantly increased visitation to Kapiti Island over the longer-term.
 - The forecast increased visitation to Kapiti Island from 2023, will see the mid-point levels of local economic impact (of the visitor spending) increase to \$3.99 million (GRP impact) and Employment 46 persons.

Table A: Summary Kapiti Coast District Economic Impacts for Proposed New ‘Kapiti Gateway’ Visitor Amenity

Project Activity	Total Local Economic Impacts GRP/Economic Activity \$M			Total Employment (Persons)		
	Lower Bound	Mid Point	Upper Bound	Lower Bound	Mid Point	Upper Bound
Facility Construction		2.23			16	
Annual Facility Operation From 2023		0.16			3	
Visitor Spending:						
Year 2020	1.60	2.08	2.56	18	24	30
Year 2023	1.96	2.54	3.12	22	29	36
Year 2027	2.60	3.38	4.16	30	39	48
Year 2030	3.07	3.99	4.91	35	46	57
Annual Facility Operation Plus Annual Visitor Spending:						
Year 2023	2.12	2.70	3.28	25	32	39
Year 2027	2.76	3.54	4.32	33	42	51
Year 2030	3.23	4.15	5.07	38	49	60

1- Introduction

- 1.1 Economic Solutions Ltd (ESL) has been asked to provide a suitably detailed assessment of the potential total flow-on economic impacts within the Kapiti Coast district, resulting from the establishment and ongoing operation of the proposed new Kapiti Island related visitor centre to be located at Paraparaumu Beach. The proposal is currently referred to as the 'Kapiti Gateway' visitor facility.
- 1.2 The aim of the proposal is to provide a facility (building) on the Kāpiti Coast beachfront at Paraparaumu Beach which effectively addresses the range of specific needs, issues and requirements relating to past and current visitation to Kāpiti Island, and also encourage opportunities for enhancing the overall Kapiti Coast district visitor experience.
- 1.3 The specific matters covered in the report's analysis, are as follows:
- The economic impact assessment approach used for the purposes of the report.
 - The local/district economic impacts for the new facility construction period.
 - The local economic impacts for the annual operation of the new facility.
 - The local economic impacts associated with the current level of annual visitation to Kapiti Island and forecast increased levels of visitation in the future.
 - Aside from the economic impact gains, other local economic benefits expected to be generated by the new facility.
- 1.4 The key base information sources used for the report have included a range of project description, business feasibility, operational financials and other relevant information provided to ESL by Giblin Group Consultants (Hastings) working on behalf of Kapiti Coast District Council. The base economic impact modelling results have been provided by Dr Warren Hughes of Hughes Economics, Auckland (specialist economic impact modelling consultancy). Copies of Dr Hughes' modelling results and his CV details are attached in **Appendices 1 and 2**.

2- Economic Impact Assessment Methodology

- 2.1 Economic Impact Assessment (EIA) quantifies the total multiplied economic impacts for a specific geographical area (local/regional/national) of a significant existing or new revenue/expenditure operation, development or activity in an area.
- 2.2 The total economic impacts comprise the initiating direct expenditure or revenue/turnover impact associated with the activity and the flow-on or 'multiplied' economic impacts.
- 2.3 'Backward linked' flow-on impacts incorporate both production (indirect) and consumption (induced) impacts. The production impacts comprise the flow-on gains for businesses supplying goods and services to the initial expenditure or revenue activity, whilst the consumption impacts comprise the additional household spending of employees working directly in the activity and also in the businesses supplying inputs to the activity.

- 2.4 Economic impacts are traditionally measured using four different variables, these being Total Revenue/Gross Output (the total value of the economic impact including the value of any imported items), Net (Disposable) Household Income (after removing taxation, savings, superannuation, etc.), Total Employment (measured in terms of persons/jobs) and Total Value Added/Gross Domestic Product GDP (or Gross Regional Product GRP for sub-national areas).
- 2.5 The GRP impact is considered to best measure the true multiplied gain in total economic activity in an area as a result of an initial expenditure or revenue project/change, as it excludes the value of imported items required for the project (payments for which flow out of the region to externally based suppliers of goods and services).
- 2.6 An economic impact or input-output table/model for a particular district/region/country is required in order to calculate multiplied economic impacts for an area. The economic impact results presented in this report are based on the latest available (year ended December 2019) Kapiti Coast district multiplier results for relevant sectors within a 106-sector economic (impact) model of the district.
- 2.7 The underlying national input-output table for these results relates to the 2013 year and was released by Statistics New Zealand in 2016. The national table has subsequently been modified by Butcher Partners, Christchurch for regional and local application. Dr Hughes has updated the national and Kapiti Coast district impact models using employment data for the year ended December 2019.
- 2.8 It is noted that the various multiplier results presented in the report incorporate Type II 'backward linkage' multipliers which include both production and consumption flow-on economic impacts.
- 2.9 It is also noted that the various economic impact results presented in the following three sections of the report represent the total or gross impacts/gains before any possible downside economic impacts associated with the development and operation of the Kapiti Gateway facility are taken into account. General examples of potential downside impacts include 'trade' divergence from competing entities, comparative economic benefits of alternative district locations for a new development and other options for use of a proposed development site.
- 2.10 ESL has considered these factors as they relate to the proposed Kapiti Gateway and concludes that given the nature of the facility within the Kapiti district context, any adverse impacts will be minimal if any. It is noted that the specialist Kapiti i-Site formerly located in Coastland's Mall, actually ceased operation in 2019 with its various services being transferred to other existing community organisations. Reasons for closure of the operation included its location with respect to the district's tourism market and the associated limited community and commercial/tourism use of the operation's services.
- 2.11 The proposed Paraparaumu Beach/McLean Park location of the new facility together with the various visitor, tourism operator, bio-security and district visitor information that it could potentially provide means that the facility should be much better placed to meet both Kapiti Island and wider district visitor needs.

3- Economic Impacts for Facility Construction Period

- 3.1 This section indicates the Kapiti Coast district flow-on economic impacts for the Kapiti Gateway facility construction period which is currently estimated at nine months.
- 3.2 The present construction cost estimate is approximately \$4.5 million. The district-level flow-on economic impacts of this are indicated in **Table 1** over-page and *Table 2* of *Appendix 2*.

Table 1: Kapiti Coast District Economic Impacts for Kapiti Gateway Construction Period

Economic Impact Components	Economic Impact Measures			
	Revenue (\$M)	Net Household Income (\$M)	Employment (Persons/Jobs)	Value Added/ GRP (\$M)
Initiating Expenditure	4.50			
Total Direct Economic Impacts	4.50	0.60	7	0.95
Total Flow-on Economic Impacts Including Backward Linkages	4.20	0.59	9	1.28
TOTAL KAPITI COAST DISTRICT ECONOMIC IMPACTS	8.70	1.20	16	2.23

- 3.3 The key results to note from the table are as follows:
- i) A total Revenue impact within the region of \$8.70 million. This comprises the initial direct Revenue impact of \$4.50 million and a flow-on/multiplied Revenue impact of \$4.20 million;
 - ii) A total district Net Household Income impact of \$1.20 million, comprising a direct Income impact of \$0.60 million and a flow-on/multiplied Income impact of \$0.59 million. The total income figure above represents the additional Net Household Income generated within the district by the development activity, including multiplier impacts;
 - iii) A total district Employment impact of 16 persons/jobs, comprising a direct impact of 7 persons and a flow-on/multiplied impact of 9 persons; and
 - iv) A total Value Added or GRP (Gross Regional Product) economic impact for the district of \$2.23 million, comprising a direct GRP impact of \$0.95 million and a flow-on/multiplied GRP impact of \$1.28 million. The total GRP economic impact result indicates the true level of the contribution of the facility development expenditure to overall economic activity in the district.
 - v) The last row of *Table 2 in Appendix 2* indicates the size of the various economic impact multipliers generated by the Kapiti Coast district economic impact model. They range from 1.93 for Revenue to 2.35 for Value Added.

4- Economic Impacts for Initial Facility Operation

- 4.1 This section indicates the annual local district flow-on economic impacts of the new Kapiti Gateway facility operation during its initial full years (2023-2030). The impact results are provided in **Table 2** below and *Table 3 of Appendix 2*. Annual operating expenditure is forecast by the Council to be stable over this period.
- 4.2 The base gross operating expenditure figure used for the modelling analysis was a \$0.3 million (\$300,000) estimate, following exclusion from the draft facility operating budget of the depreciation (non-cash) item, and rounding down of the result for the purposes of the economic impact assessment.

Table 2: Kapiti Coast District Economic Impacts of Annual Kapiti Gateway Visitor Operation 2023-2030

Economic Impact Components	Economic Impact Measures			
	Revenue (\$M)	Net Household Income (\$M)	Employment (Persons)	Value Added/ GRP (\$M)
Initiating Total Expenditure	0.30			
Total Direct Economic Impacts	0.30	0.11	2	0.10
Total Flow-on Production and Consumption Economic Impacts	0.19	0.04	1	0.06
TOTAL KAPITI COAST DISTRICT ECONOMIC IMPACTS	0.49	0.15	3	0.16

- 4.3 The key results to note from the table are as follows:
- i) A total Revenue impact within the district of \$0.49 million. This comprises the initial direct Revenue impact of \$0.30 million and a flow-on/multiplied Revenue impact of \$0.19 million;
 - ii) A total Net Household Income impact of \$0.15 million, comprising a direct Income impact of \$0.11 million and a flow-on/multiplied Income impact of \$0.04 million. The total income figure above represents the additional Net Household Income generated within the district by the annual facility operation, including multiplier impacts;
 - iii) A total district Employment impact of 3 persons, comprising a direct Employment impact of 2 persons and a flow-on/multiplied Employment impact of 1 person; and
 - iv) A total Value Added or GRP (Gross Regional Product) economic impact for the district of \$0.16 million, comprising a direct GRP impact of \$0.10 million and a flow-on/multiplied GRP impact of \$0.06 million.
 - v) The last row of *Table 3 in Appendix 1* indicates the size of the various operational economic impact multipliers generated by the Kapiti Coast district model. The multipliers range from 1.36 for the Net Household Income impact to 1.64 for the Revenue impact.

5- Economic Impacts for Current and Future Visitor Numbers

- 5.1 This section quantifies the economic impact gains for the Kapiti Coast district associated with the current annual level of visitors travelling to Kapiti Island and with the Council's current forecasts for increased visitation to the Island over the next decade (in association with the operation of the proposed new Kapiti Gateway visitor amenity).
- 5.2 Current (year 2020) annual visitor numbers for Kapiti Island have been advised to ESL as being 15,000. After taking into account estimated proportions of this number for non-Kapiti Coast district resident visitors (20%), overnight and day visitors, domestic and international overnight visitors and Kapiti Island as a prime visitation factor, the total number of qualifying visitors calculated for economic impact assessment purposes is in the range 9,340-12,000 (80-100% of total non-local resident visitor numbers for the Island).
- 5.3 After further taking into account the average length of stay of overnight visitors to Kapiti Island, total night-stays have been calculated at in the range 5,320-10,640. The total number of day visitors has been calculated at 6,680.
- 5.4 ESL has quantified the total annual direct visitor spending impacts of the above results as overnight visitor spending as approximately \$1.33 million-\$2.66 million and day visitor spending \$0.85 million, hence a total of \$2.18 million-\$3.51 million. The mid-point of this range (\$2.85 million) has been used for the purposes of the visitor spending economic impact calculation.
- 5.5 **Table 3** indicates the economic impacts within the Kapiti Coast district of the above indicative level of direct visitor spending. *The relevant reference section in Appendix 2 is Section 5.*

Table 3: Kapiti Coast District Economic Impacts of Initial Annual Kapiti Gateway Visitor Spending 2020

Economic Impact Components	Economic Impact Measures			
	Revenue (\$M)	Net Household Income (\$M)	Employment (Persons)	Value Added/ GRP (\$M)
Initiating Total Expenditure	2.85			
Total Direct Economic Impacts	2.85	0.69	18	1.29
Total Flow-on Production and Consumption Economic Impacts	2.57	0.29	6	0.79
TOTAL KAPITI COAST DISTRICT ECONOMIC IMPACTS	5.42	0.98	24	2.08

- 5.6 The key results to note from the table are as follows:
- i) A total Revenue impact within the region of \$5.42 million. This comprises the initial direct Revenue impact of \$2.85 million and a flow-on/multiplied Revenue impact of \$2.57 million;
 - ii) A total district Net Household Income impact of \$0.98 million, comprising a direct Income impact of \$0.69 million and a flow-on/multiplied Income impact of \$0.29 million. The total income figure above represents the additional Net Household Income generated within the district by the current level of visitor spending, including multiplier impacts;

- iii) A total district Employment impact of 24 persons/jobs, comprising a direct impact of 18 persons and a flow-on/multiplied impact of 6 persons; and
 - iv) A total Value Added or GRP (Gross Regional Product) economic impact for the district of \$2.08 million, comprising a direct GRP impact of \$1.29 million and a flow-on/multiplied GRP impact of \$0.79 million. The total GRP economic impact result indicates the true level of the contribution of the Kapiti Island related visitor spending to overall economic activity in the district.
 - v) The last row of *Table 5 in Appendix 2* indicates the size of the various economic impact multipliers generated by the Kapiti Coast district economic impact model. They range from 1.35 for Employment to 1.90 for Revenue.
- 5.7 Given the range of total direct visitor spending impact indicated in section 5.4 above, the level of local economic impact could range from 76% to 123% of the economic impacts quantified in Table 3 above. This situation also applies in the case of the results presented in the next section (5.8).
- 5.8 **Table 4** below summarises the total district economic impacts for the current and forecast levels of visitation to Kapiti Island, again based on the mid-point total annual visitor spending figure used for the Table 3 analysis above. *Section 6 of Appendix 2* provides more economic impact details for the individual scenarios.

Table 4: Current and Forecast Kapiti Coast District Visitor Spending Economic Impact Scenarios

Visitor Scenarios (# of Visitors)	Total Annual Economic Impacts			
	Revenue \$	Net Household Income \$M	Employment (Persons)	Value Added/GRP \$M
Year 2020 (15,000)	5.42	0.98	24	2.08
Year 2023 (18,330)	6.62	1.20	29	2.54
Year 2027 (24,370)	8.81	1.59	39	3.38
Year 2030 (28,790)	10.41	1.88	46	3.99

- 5.9 Assuming the above forecast year 2023 level of annual visitation to Kapiti Island along with the first full year (2023) of operation of the new Kapiti Gateway facility, the combined total district economic impacts are Revenue \$7.11 million, Net Household Income \$1.35 million, Employment 32 persons and Value Added/GDP \$2.70 million. These impacts assume the mid-point level of direct visitor spending associated with Kapiti Island.
- 5.10 By year 2030, the combined economic impacts could be in the order of Revenue approximately \$11 million, Net Household Income \$2 million, Employment 50 persons and Value Added/GDP \$4.2 million. These impacts assume a continuation of both the overall scale of the year 1 new facility operation and use of the mid-point level of direct visitor spending.

6- Other Economic Benefits

6.1 Other economic/tourism benefits for the Kapiti Coast district potentially arising from the proposed new Kapiti Gateway and increased tourism to Kapiti Island briefly include as follows:

- The proposed facility will provide an important platform for significantly increasing the overall quality of the Kapiti Island visitor experience and the level of visitation to the area (as reflected in the projections for increased visitor numbers to the Island over the next 10 years).
- The proposed development and associated increased tourism to Kapiti Island will strengthen the 'iconic' tourism status of the area from both a local district and wider Wellington region perspective. This is important for attracting further domestic tourism to the area (particularly in the short to medium term given the adverse impact of COVID-19 on international tourism to New Zealand). However, in the longer-term, the proposed development will be important for attracting increased international tourism to the district and region.
- Strengthening of both the Kapiti Coast and wider Wellington region visitor 'product' including both Maori/cultural and other tourism attractions and activities.
- An important opportunity to inform, promote and showcase the tourism profile of the Kapiti Coast district, particularly given the absence in the district now of a specialised dedicated 'visitor i-Site/information centre.
- Increased business opportunity for existing Kapiti Island related commercial tourism operators and for new operators over the longer-term as visitor numbers to the area increase.
- Potential development of other new tourism operations in the district, taking advantage of the increased numbers of visitors coming into the area.
- Increased visitation to the district and associated spending will have positive flow-ons to local servicing sectors such as accommodation, retailing, transport, food and beverage outlets, etc.
- Encouragement of further skill development within the overall Kapiti Coast visitor sector.

APPENDIX 1**POTENTIAL ECONOMIC IMPACTS OF PROPOSED 'KAPITI GATEWAY'
TOURISM FACILITY**

**Dr Warren R Hughes
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FEBRUARY 2021

1. INTRODUCTION

This report details the economic impacts generated by the proposed new 'Kapiti Gateway' tourism facility in the Kapiti Coast District economy.

The impacts for total business sales Revenue, full and part-time Employment in number of persons employed, Net Household Income after tax and saving, and Value Added or Gross Regional Product GRP (the regional or district equivalent of national GDP). Note that Value Added comprises employee wages, business profits and all government taxes. All impacts have been estimated using an underlying 106-sector economic model of the Kapiti Coast District, for the year ended December 2019.

Local/regional models such as this comprise 106 sectors ranging from *Horticulture & Fruit Growing* through to *Religious & Business Associations* (e.g. Rotary and Lions). Activity initiated in sectors related to tourism, such as *Accommodation* and *Food & Beverage Services*, generate flow-on impacts in supplying sectors such as *Horticulture & Fruit Growing*, *Food Cereal & Other Food Manufacturing*, *Electricity Distribution*, *Banking & Financial Services* and other sectors, which enable capture of the total economic impacts of a development in a local or regional economy. The total impacts flowing from and including an initiating activity are estimated and reported below.

2. KEY ECONOMIC INDICATORS

By way of background, **Table 1** below summarises the latest annual statistics for the New Zealand and Kapiti Coast District economies, in 2019.

TABLE 1: SUMMARY STATISTICS FOR THE NZ & KAPITI COAST DISTRICT ECONOMIES

Economic Measure	New Zealand	Kapiti Coast District	Kapiti CD % of NZ
GDP or GRP for the year ended December 2019 \$m*	\$314,650.1	\$2,083.0	0.7%
Population as at June 2019	4,917,000	56,000	1.1%
Population growth rate for latest year 2018/19	1.6%	1.3%	81.3%
Employment Count as at February 2019	2,284,000	13,600	0.6%
Value Added/GRP per Employment Count for 2019 in \$	\$137,763	\$153,162	111%

*Projected GDP/GRP for the last 3 quarters of 2019 was estimated using latest growth rates for the year ended March 2019.

Note that Kapiti district's Value Added per employee at \$153,162 is 11% greater than the NZ average. This possibly reflects the significant district employment of between 110 and 190 persons for the high value-adding sectors such as *Scientific & Technical Services*, *Legal & Accounting Services*, *Advertising Marketing & Consulting Services*, *Veterinary Services* and *Computer Services*. Furthermore, *Medical & Dental Services* (EC 650) and *Sport & Recreation* (EC 220) are two other high-value, high-emplying sectors in the district. Note that the *Sport & Recreation* sector includes attractions such as aquariums, theme parks etc.

Kapiti Coast's population growth for the latest year at 1.3% exceeded that for the total Wellington Regional Council area of 1.1%. The Kapiti Coast GDP/GRP value estimated at \$2.1 b or 0.7% of the NZ total, is in line with the district's total national Employment Count share of 0.6%.

3. CONSTRUCTION/DEVELOPMENT IMPACTS FOR THE KAPITI GATEWAY FACILITY

The Kapiti Gateway is a proposal to build a “modest iconic building”, located on the Paraparaumu Beachfront. This will essentially function as a visitor centre where people can buy tickets to go across to Kapiti Island, and also provide a place for biosecurity checking before passengers go on the boat. It will also be a place to tell the iwi stories and history of the area (e.g. it was Te Rauparaha’s stronghold). It is envisaged there may be other commercial activities attached to the facility such as bike hire, paddleboard hire, etc. At the present time, there is no building or anything to denote the departure point of boats to the Island. Currently, the biosecurity process is conducted on the beach, which is not at all satisfactory from a conservation point of view.

There is considered to be major potential for visitor numbers to Kapiti Island to grow, especially with a probable shift in NZ’s tourism focus to domestic tourism, in the light of the Covid-19 outbreak. This project will be a key development for the Kapiti Coast tourism sectors such as *Accommodation, Food & Beverages* and *Road Transport* (scenic tours, etc.)

Table 2 summarises the economic impacts for the Kapiti Coast District based on an estimated \$4.5 m total construction cost for the new ‘Kapiti Gateway’ facility. This cost figure has been allocated within the economic model as \$1.12 m to *Residential Building* (allowing for superior fit-out for reception, toilet, etc. areas in the facility), \$1.12 m to *Non-Residential Building* (the main shell), \$1.12 m to *Non-Building Construction* (parking, walkways, wharf, etc.) and \$1.14 m to *Construction Services* (electrical, air-conditioning etc.).

TABLE 2: ECONOMIC IMPACTS FOR THE KAPITI COAST ECONOMY FROM ‘KAPITI GATEWAY’ CONSTRUCTION PERIOD (Estimated at 9 Months)

Impact Round	Revenue \$ millions	Net HH* Income \$ m	Employment Persons	Value Added or GRP \$ m
Direct or first round construction impacts \$4 m	4.50	0.62	7	0.95
Flow-ons to supplying sectors e.g. aggregates	4.20	0.61	9	1.28
Total Impacts for the Kapiti Coast District	8.70	1.23	16	2.23
Kapiti Coast District Multipliers	1.93	1.98	2.29	2.35

*HH = Household

Table 2 shows that the equivalent of seven employees earn \$0.62 m/7 or about \$88,000 (after tax) each over the course of the project’s construction time. The flow-on employment impacts show another 9 employees earning \$0.61 m or about \$68,000 each (average) over the course of the project. Note that these employees could be engineers, quantity surveyors, etc. employed in the *Scientific & Technical Services* sector, as well as employees servicing household expenditures linked to sectors such as *Supermarkets & Groceries* patronised by construction and other workers.

The Net Household Income multiplier for Kapiti shows that for every \$1 of construction income earned on the site, another \$0.98 of worker income is generated somewhere in the Kapiti Coast District.

4. ECONOMIC IMPACTS FROM INITIAL ANNUAL OPERATIONS OF THE NEW KAPITI GATEWAY VISITOR FACILITY

To estimate the economic impacts from the initial annual operational activities at the new Kapiti Gateway, an estimated \$0.3 m direct operating expenditure figure has been used for the purposes of modelling the initial scale of local economic impacts of these activities.

This value has been applied to the *Travel & Tour Services* sector in the district economic model; this sector currently employs 18 people in the Kapiti Coast district and its various constituent activities approximate the type of operations the new facility could undertake. The facility will, however, spend on inputs such as *Electricity Distribution, Banking & Financial Services* and similar, up to an estimated \$0.3 m annually. The estimated district economic impacts from the modelling of the annual operations at the Kapiti Gateway are detailed in **Table 3**.

It is anticipated that significantly increased visitation to Kapiti Island will in time require an increased level of operational resources for the Kapiti Gateway facility. This will, in turn, generate increased flow-on economic impacts from the facility's operation for the Kapiti district, above the levels indicated in the table below.

TABLE 3: LOCAL ECONOMIC IMPACTS FROM ANNUAL OPERATIONS AT THE KAPITI GATEWAY

Impact Round	Revenue \$ millions	Net HH* Income \$ m	Employment Persons	Value Added or GRP \$ m
Direct or first round spending	0.30	0.11	2	0.10
Flow-on impacts to supplying sectors	0.19	0.04	1	0.06
Total Impacts for the Kapiti Coast District	0.49	0.15	3	0.16
Kapiti Coast District Multipliers	1.64	1.36	1.50	1.56

*HH = Household

5. ECONOMIC IMPACTS FOR THE KAPITI COAST DISTRICT FROM VISITOR SPENDING

For the purposes of the initial economic impact modelling analysis, total direct visitor spending currently generated within the Kapiti Coast district by the present 15,000 visitors to Kapiti Island is estimated to be \$2.85 m. The first round or direct spending by visitors in relevant tourism related sectors is summarised in the first two columns of **Table 4**.

TABLE 4: ALLOCATION OF VISITOR EXPENDITURE ACROSS TOURISM SECTORS

Sector	\$ millions	Percentage	Total Employment in District
Accommodation	0.285	10	150
Food & Beverages	0.570	20	1,100
Road Transport (includes tours)	0.570	20	210
Other Retail	0.998	35	230
Sport & Recreation	0.427	15	260
TOTALS	2.850	100	1,950*

*Currently represents 14.3% of Kapiti employment.

Table 5 summarises the local economic impacts for the Kapiti Coast district from the current Kapiti Island visitor related spending of \$2.85 m.

TABLE 5: CURRENT LOCAL ECONOMIC IMPACTS FROM VISITOR SPENDING RELATED TO KAPITI ISLAND

Impact Round	Revenue \$ millions	Net HH* Income \$ m	Employment Persons	Value Added or GRP \$ m
Direct or first round spending by visitors	2.85	0.69	18	1.29
Flow-on impacts to supplying sectors	2.57	0.29	6	0.79
Total Impacts for the Kapiti Coast District	5.42	0.98	24	2.08
Kapiti Coast District Multiplier	1.90	1.42	1.35	1.61

*HH = Household

Flow-ons to supplying sectors total \$2.57 m in Revenue and six employees for Employment. **Table 6** below shows the top five supplying sectors in both cases. These linkages are labelled backward linkages since they link back from a final sale to a Kapiti Island visitor from a sector such as *Food & Beverages*, to an intermediate or supplying sector such as *Employment & Business Services* which includes activities such as debt collection, credit checking and security services.

TABLE 6: KAPITI COAST SECTORS GAINING MOST FROM SUPPLYING GOODS & SERVICES TO VISITOR SPENDING SECTORS

SALES REVENUE or OUTPUT IN DOLLARS			EMPLOYMENT IN PERSONS		
#	Inputs from supplying sectors	\$ mill	#	Persons employed in supplying sectors	Persons
1	Non-Residential Property Mngt (20)*	0.20	1	Employment & Business Serv (360)	0.47
2	Bank & Financial Services (85)	0.14	2	Food & Beverages (1,100)	0.41
3	Road Transport (210)	0.12	3	Road Transport (210)	0.39
4	Petrol Refining (0)	0.10	4	Residential Care Services (1,850)	0.29
5	Employment & Business Services (360)	0.08	5	Supermarkets & Groceries (650)	0.27
	Top 5 supplying sectors	0.64		Top 5 supplying sectors	1.83
	Remaining 101 sectors & Households	1.93		Remaining 101 sectors & Households	4.17
	Total Backward Revenue Links	2.57		Total Backward Employment Links	6.00

*Current employment count in this sector at 20 persons.

The values shown in Table 5 are not large reflecting the relatively small total visitor spend of \$2.85 m used in this analysis. Of course, even these small values suffice to identify the important flow-on sectors for tourist spending.

Note that *Petrol Refining* shows up as a supplying sector but of course these goods originate from Northland or overseas and are imported into the Kapiti district. Also, *Road Transport* and *Food & Beverages* show up as supplying sectors as well as direct spend sectors (Table 3). In Table 5, current employment counts are shown for each sector as in 360 for *Employment & Business Services*. Currently, sectors important for supplying the demands of visitors to the Kapiti district all show significant employment apart from *Petrol Refining* discussed above. This means, the district is currently well

staffed in sectors to service tourist demands although some expansion would be expected in these and other sectors with the projected increases in visitors to Kapiti Island in the future, as analysed below.

6. DISTRICT ECONOMIC IMPACTS ASSOCIATED WITH THE KAPITI GATEWAY FACILITY BASED ON PROJECTED FUTURE INCREASES IN VISITOR NUMBERS

Projected visitors to Kapiti Island in the future have been estimated at 18,330 in 2023, 24,370 in 2027 and finally at 28,790 in 2030. Economic impacts for these visitor numbers are detailed in **Tables 7-9** below.

TABLE 7: ECONOMIC IMPACTS FROM VISITOR SPENDING RELATED TO KAPITI ISLAND – 18,330 Visitors 2023

Impact Round	Revenue \$ millions	Net HH* Income \$ m	Employment Persons	Value Added or GRP \$ m
Direct or first round spending by visitors	3.48	0.85	21	1.58
Flow-on impacts to supplying sectors	3.14	0.35	8	0.96
Total Impacts for the Kapiti District	6.62	1.20	29	2.54
Kapiti Coast District Multiplier	1.90	1.42	1.35	1.61

*HH = Household

Impacts from **24,370 annual visitors** are detailed in **Table 8**.

TABLE 8: ECONOMIC IMPACTS FROM VISITOR SPENDING RELATED TO KAPITI ISLAND – 24,370 Visitors 2027

Impact Round	Revenue \$ millions	Net HH* Income \$ m	Employment Persons	Value Added or GRP \$ m
Direct or first round spending by visitors	4.64	1.12	29	2.10
Flow-on impacts to supplying sectors	4.17	0.47	10	1.28
Total Impacts for the Kapiti District	8.81	1.59	39	3.38
Kapiti Coast District Multiplier	1.90	1.42	1.35	1.61

*HH = Household

Impacts from **28,790 annual visitors** are detailed in **Table 9**.

TABLE 9: ECONOMIC IMPACTS FROM VISITOR SPENDING RELATED TO KAPITI ISLAND – 28,790 Visitors 2030

Impact Round	Revenue \$ millions	Net HH* Income \$ m	Employment Persons	Value Added or GRP \$ m
Direct or first round spending by visitors	5.47	1.33	33	2.48
Flow-on impacts to supplying sectors	4.93	0.55	13	1.51
Total Impacts for the Kapiti District	10.40	1.88	46	3.99
Kapiti Coast District Multiplier	1.90	1.41	1.40	1.61

*HH = Household

Note that the flow-on sectors from Tables 7-9 will be the same as detailed in Table 6 but the flow-on values will be correspondingly larger. The dollar values in Tables 7-9 are in 2020 dollars. Accordingly, the actual dollar impacts in those years will be higher measured in the dollars-of-the-day. The actual

dollar values at that time will depend upon the inflation rate between 2020 and the year in question, that is, 2025 or 2030 or later.

7. CONCLUSION

The economic impacts for the Kapiti Coast district from the Year 2023 annual operation of the new Kapiti Gateway facility and forecast Kapiti Island visitor related spending in that year, are summarised in **Table 10** below.

The projected increases in visitor numbers to the Island following the proposed development of the facility will significantly increase the economic impacts for the Kapiti district, as the visitor spending increases in Tables 7-9 indicate.

TABLE 10: TOTAL ECONOMIC IMPACTS FROM YEAR 2023 KAPITI ISLAND VISITATION AND NEW FACILITY ANNUAL OPERATION

Impact Round	Revenue \$ millions	Net Household Income \$ m	Employment Persons	Value Added or GRP \$ m
Visitor Spending 2023 Table 7	6.62	1.20	29	2.54
Kapiti Gateway Operations 2023 Table 4	0.49	0.15	3	0.16
Total Impacts for the Kapiti Coast District	7.11	1.35	32	2.70

APPENDIX 2

Dr WARREN R HUGHES – AUTHOR PROFILE

The author is Cambridge, NZ born and a graduate of the University of Auckland and Indiana University in the USA, where he completed his doctorate in Business Economics and Public Policy in 1970.

Since that time, he has taught in the areas of econometrics, forecasting, financial economics and managerial strategy at The University of New South Wales in Sydney (1970 – 1978) and most recently at The University of Waikato (1978 – 2007). At various times, he has taught in MBA programmes at the University of Florida in Gainesville and in the Graduate School of Management at the University of California at Irvine. Dr Hughes retired from the University of Waikato in 2007 and was appointed an Honorary Fellow in Economics in 2008. At the present time, he works as an independent economic consultant based in Auckland.

The author has published extensively, mainly as single-authored articles in international journals such as *Decision Sciences*, *Theory and Decision*, *The Journal of Business*, *Mathematical & Computer Modelling*, *Environment & Planning*, *Australian Journal of Management*, *Forest Science*, *Australasian Journal of Regional Studies* and, most recently in April 2009, *OMEGA*, the international journal of management science and again in September 2010 in the *Chinese Business Review*. Other articles on theoretical and applied economics have been published by the author in *NZ Economic Papers* and *Australia's Economic Record*. He is a former member of the Advisory Board for the Wiley journal *Managerial and Decision Economics* and maintains a continuing interest in the latest developments in economic theory as it relates to management and business. The author has developed a particular expertise in the area of impact and regional analysis. He was the Editor/Manager of the *Regional Economic Bulletin*, which focused on topical issues relevant to the business and wider communities, mainly but not exclusively, in the Waikato and Bay of Plenty regions. The *Bulletin*, which was a complimentary publication of the University of Waikato, ceased publication in 2008.

The author has acted as a consulting economist for *Economic Solutions Limited*, *Environment Waikato*, *Carter Holt Harvey Limited*, *Contact Energy*, *Norske Skog Tasman Limited*, *Port of Tauranga Limited*, *Port of Napier*, *Feltex Carpets Limited*, *Man'O War Farm Limited*, *Refining NZ Limited*, *Zespri International*, *Waikato Innovation Park*, *Property Council of NZ*, *Creative Napier*, *Katolyst*, *Priority One BOP*, *Vision Manawatu*, *Enterprise Franklin*, *Venture Taranaki*, various District Councils in the Waikato, Bay of Plenty, Hawke's Bay and other regions and for events such as *Tauranga's Montana Jazz Festival*, *Hamilton's Balloons Over Waikato* and *Napier's Art Deco Weekend*.

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