

PROPERTY **E**CONOMICS



TAURIKO WEST - TUPENGA

FAST TRACK APPLICATION

ECONOMIC IMPACT ASSESSMENT

Client: New Zealand Transport Agency
Waka Kotahi

Project No: 52560

Date: July 2026



SCHEDULE

Code	Date	Information / Comments	Project Leader
52560.11	July 2026	Final	Phil Osborne / Tim Heath

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STATEMENT OF EXPERIENCE

Philip Osborne - I am an economic consultant and Director of Property Economics Limited, based in Auckland.

My qualifications include Bachelor of Arts (History / Economics), Masters in Commerce, and Masters in Planning Practice from the University of Auckland.

I have 25 years' experience advising local and regional councils, central government agencies, and private developers throughout New Zealand in respect of a wide range of property issues, including economic impact assessments, commercial and residential market assessments, economic cost benefit analyses and forecasting market growth and land requirements across all property sectors. I have undertaken numerous Economic Impact Assessments ("EIA") for fast track applications (including under the Covid-19 Recovery Fast Track Consenting Act 2020).

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22 July 2026

Tim Heath – I am founder and Managing Director of Property Economics Limited with 30 years' experience undertaking strategic property market analyses for major commercial and government clients.

My qualifications include Bachelor of Arts (Geography) and Bachelor of Planning from the University of Auckland.

My areas of specialisation include economic profiling of markets, property sector analysis, market demand / supply assessments, economic impact assessments, capacity modelling, development feasibility assessments, business land assessments, and cost-benefit analysis.

My comprehensive knowledge of property market drivers allows me to deliver research that bridges planning ideology and commercial realities to ensure recommendations have 'real world' practicality and can be successfully implemented.

I have extensive experience and am frequently commissioned to provide expert evidence in the Environment Court. I have also been involved in undertaking economic assessments for many fast track applications under the Covid-19 Recovery Fast Track Consenting Act 2020 and the Fast Track Approvals Act 2024 ("FTAA").

Signature:

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Date:

22 July 2026

Examples of EIAs undertaken by Property Economics for infrastructure developments across the country include but are not limited to:

- Takitimu North Link Stage 2 (approved)
- solar farms;
- rock and sand mines;
- data centres;
- cable car public transport system;
- movie studio / film production precinct;
- surf park precinct;
- retirement villages
- University of Victoria student accommodation complex;
- University of Auckland Student Centre and Library,
- Waitakere Courthouse for Minister of Justice;
- Eden Park Regulation Economic Impacts – Ministry for the Environment
- Grenada Petone Link Economic Assessment
- State Highway 1 North Canterbury – Woodend Bypass Project (Belfast to Pegasus)
Economic Impact Assessment

CODE OF CONDUCT

Although this application is not before the Environment Court, we have approached this EIA on the basis that it is prepared in the same way as it would be for expert evidence in Environment Court proceedings.

We therefore confirm that we have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2023 and confirm that we have complied with it in preparing this EIA. We confirm that the issues addressed in this EIA are within our area of expertise, except where we have indicated that we are relying on others' opinions. We have not omitted material facts known to me that might alter or detract from this EIA.

INFORMATION AND DATA SOURCES

To support our assessment, information has been obtained from a variety of reliable data sources and publications available to Property Economics, including:

- Input / Output Tables – Stats NZ
- Business Frame Data - Stats NZ
- Proposed Development Costings (estimates) – NZTA
- Unemployment Rate – Infometrics
- Regional Economic Profile – Infometrics
- Population Projection (2023 Base) – Stats NZ
- Overseas Cargo Statistics – Stats NZ
- Port of Tauranga Financial Results (30 June 2025) - NZX

GLOSSARY OF TERMS

Below is a list of terms relevant to this EIA. Note that the definitions of some terms may differ from those provided in the relevant statutory definitions and are intended solely for the purposes of this economic analysis. This does not affect the economic analysis conducted in this report or our economic position.

TERM	DEFINITION
Agglomeration Benefits	Where businesses and employees cluster together in a geographic area, offering several benefits. These include increased productivity, lower transportation costs, and knowledge spillovers.
ANZSIC	Australia New Zealand Standard Industrial Classification 2006 - a standard method used to classify businesses and organisations based on their primary economic activity. It provides a framework for analysing and comparing economic data across industries in Australia and New Zealand. ANZSIC is widely used by government agencies, researchers, and businesses for statistical, policy, and planning purposes.
CAPEX	Capital expenditure.
Direct economic impacts	Derived from the actual spending / expenses incurred through the construction of the anticipated development.

Indirect economic impacts	The increased spending brought about by those firms / households and their employees / occupants, who supply the development.
Induced economic impacts	Measured in terms of the additional income that will be spent in the area due to increased business activity.
Economic benefits	Usually gains that can be expressed in financial terms as the result of an improvement in facilities provided by a government, local authority, etc.
Employment multipliers	The level of indirect and induced employment activity generated through the expenditure on and off site.
FTE years	Full time equivalent years - these are all jobs created through the direct construction phase and ongoing operation of the development including indirect and induced employment through all business sectors (not solely construction jobs) and relate to job years rather than one employee.
GDP	Gross domestic product.
Net Present Value (NPV)	Net present value - the difference between the present value of cash inflows and the present value of cash outflows over a period of time – calculated using an associated discount rate.
Transaction costs	Costs that arise as part of engaging in an economic trade. This can include compliance costs, planning costs, variation costs, etc.
Well-functioning urban environment	As defined in Policy 1 of the NPS-UD: Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum: (a) have or enable a variety of homes that: (i) meet the needs, in terms of type, price, and location, of different households; and (ii) enable Māori to express their cultural traditions and norms; and (b) have or enable a variety of sites that are suitable for different business sectors in terms of location and site size; and (c) have good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of public or active transport; and (d) support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets; and (e) support reductions in greenhouse gas emissions; (f) and are resilient to the likely current and future effects of climate change.

1. EXECUTIVE SUMMARY

The Tauriko West - Tupenga Project ("Project") is a nationally significant transport infrastructure project being progressed by NZ Transport Agency Waka Kotahi ("NZTA") in Tauranga's western corridor in the Bay of Plenty. The Project extends from Ōmanawa Road in the southwest to Barkes Corner in the northeast and includes the construction of new offline four-lane corridors for State Highway 29 ("SH29") and State Highway 29A ("SH29A"), together with associated grade-separated interchanges, local road connections, and supporting transport network improvements to improve safety, reliability and freight efficiency and to enable planned urban growth in Tauriko West.

The total quantitative economic impact as a result of the Project's development is summarised in the following table:

Estimated Quantitative Economic Impact on Bay of Plenty's Regional Economy:	
Total direct expenditure over a 13-year development period ¹ (excl. land)	\$2.5 billion
Total NPV at 2% over a 13-year development period	\$1.04 billion
FTEs during the peak development year	950 FTE years
Total FTE years ² over the 13-year development period	5,466 FTE years
Total direct employment over the development period	2,459 FTE years
Total indirect and induced employment over development period	3,007 FTE years

In addition to the quantified economic impacts outlined above, the Project will deliver a wide range of notable qualitative and quantitative economic benefits. Those include:

- Contribution to a nationally and regionally significant infrastructure asset
- Travel time efficiencies and safety improvements
- Enhanced regional freight efficiency and connectivity to accommodate output growth
- Supporting future regional economic and population growth
- Positive spillover on broader regional and national economies
- Improved local servicing and capacity in local networks (particularly the new SH29A offline and parallel SH29A local road provision)

¹ Note that 13-year period includes allocation to pre-construction activities such as planning, design work, procurement and contracting rather than actual construction.

² NB These are all jobs created through the direct construction phase including indirect and induced employment through all business sectors (not solely construction jobs) and relate to job years rather than one employee.

- Potential to cater for greater levels of growth
- Improved productivities and agglomeration benefits

Importantly, the Project is expected to deliver travel time savings of approximately 7-11 minutes between Ōmanawa bridge and the Takitimu North Link (TNL) Stage 1 roundabout, and 3-8 minutes between Ōmanawa bridge and Barkes Corner. This is estimated to contribute to economic growth and productivity benefits of around \$5.7b-\$6.1b (NPV).

The most significant benefits are expected during future PM peak periods. The Project is also expected to substantially improve travel time reliability and network resilience by reducing forecast congestion and network delay, separating regional and inter-regional freight traffic from local movements, increasing effective corridor capacity, and providing alternative routes through the SH29 and SH29A corridors.

It will also improve travel time reliability by an estimated 63-73% between Ōmanawa bridge and the TNL 1 roundabout and 57-68% between Ōmanawa bridge and Barkes Corner, while enhancing the resilience of SH29 and SH29A through increased lane capacity, targeted safety improvements, and the provision of alternative routes.

Taken together, the economic benefits of the Project extend well beyond construction of the road itself and unlocks a range of wider economic benefits that cumulate annually which over the economic life of the road will extend into the billions of dollars.

The Project is expected to significantly reduce likelihood and severity of DSI crashes through provision of four-lane median-divided offline corridors, central median and roadside barrier treatment, safer tie-ins and grade-separated interchange arrangements at Redwood Lane, Takitimu Drive and Barkes Corner. As well as saving lives and reducing injuries, this improvement is estimated to generate annual crash-reduction benefits (NPV) of approximately \$5.9m to \$7.3m across the western corridor arterial network under untolled and tolled scenarios, respectively.

The Project directly supports up to 4,000 new homes within the Tauriko West growth area, commercial and industrial development in the remainder of the Tauriko Business Estate extension, and potential development of 20,000 houses in the Western Corridor by 2048. With regional population growth driving higher demand for transport, the Project will increase road capacity, reduce congestion, and improve travel reliability, supporting new residential, commercial, and industrial development.

Furthermore, the Project will directly benefit neighbouring districts and the wider North Island. For instance, the Project can be expected to significantly strengthen the connectivity of the Auckland-Hamilton-Tauranga 'Golden Triangle', which encompasses, New Zealand's primary freight and logistics area.

By increasing road capacity and improving travel reliability, the Project will facilitate faster movement of goods between Tauranga's port, Waikato production areas, and Auckland markets. This will help relieve congestion on key east-west corridors, including SH29 and SH29A, while also improving commuting efficiency for workers across the region, supporting labour mobility and business operations.

These efficiencies benefit critical strategic movements, including freight and commuter travel to major hubs such as the Port of Tauranga, the country's largest port by cargo volume, handling approximately 25.3 million tonnes³ of total trade for the year ended 30 June 2025 (or about 40% of New Zealand's total trade)⁴.

The Project's improvement in freight movement efficiency will have significant positive multiplier effects across the regional and national economy. Faster and more predictable logistics lowers supply chain costs for exporters and importers, enhances delivery / transport reliability, and increases the competitiveness of local and regional industries in global markets.

Beyond the Golden Triangle, the Project will deliver broader economic benefits to the North Island. Enhanced access to the Port of Tauranga, the country's largest by cargo volume, will improve the efficiency and competitiveness of exports, including horticultural, forestry, and industrial goods. In addition, the new route provides strategic resilience by offering an alternative to congested or disrupted sections of SH29/SH29A, ensuring continuity for freight and essential services.

The Project is a critical piece of strategic infrastructure that supports the long-term growth of the Bay of Plenty Region and the North Island's economies. With the Bay of Plenty population forecast to grow at a (fastest) rate of around 1.5% p.a. over the next 30 years⁵, the efficient movement of people, goods and services within and beyond the region is critical.

Advancing the Project will yield significant economic benefits for the regional and national economies as well as the local community.

³ Source: <https://www.nzx.com/announcements/457750>

⁴ Source: Stats NZ – Overseas Cargo Statistics – Total Exports by New Zealand Port

⁵ Based on Stats NZ High growth projection (2023 Base) realised on 25 September 2025 [source: <https://www.stats.govt.nz/information-releases/subnational-population-projections-2023base-2053/>]

2. INTRODUCTION

Property Economics have been commissioned by NZTA to assess the economic benefits associated with the Tauriko West – Tupenga Road of National Significance (“RoNS”) Project in the context of the FTAA.

Project Overview

SH29 and SH29A form part of the wider Western Corridor, a significant growth area in the western Bay of Plenty. These roads are part of an already busy route, crucial for local communities, including residents, freight, and those travelling to and from Tauranga across the Kaimai Range, which is a key inter-regional route requiring resilience, safety, and reliable travel times.

NZTA transport modelling shows traffic volumes are likely to grow significantly from today with further residential, commercial, and industrial growth and employment in the Western Corridor. Specifically, under a tolled scenario, total vehicle volumes are estimated to increase by approximately 51% on SH29A Offline & the old SH29A alignment, 217% on Takitimu Drive, and 48% on SH29 Offline & the old SH29 alignment. For heavy commercial vehicles, the corresponding increases are estimated at approximately 111%, 208%, and 135%, respectively.

Scope of this EIA

This EIA estimates the total gross economic output⁶ (value added GDP) into the Bay of Plenty regional economy that will be delivered by the development and construction of the Project. The initial specifications and details of the Project costs have been provided by NZTA and represent the Project’s configuration and costings at the time of writing this report.

This EIA has not endeavoured to identify the extent to which particular parts of the Bay of Plenty Region will benefit economically. Rather, it assesses the likely economic impacts upon aggregate Regional business activity given the composition of the Project, i.e. the significant regional benefits.

There are two key assumptions that play important roles in the following assessments. Firstly, the time adopted for completion and operation are based on a moment in time assessment and investment case. While there is no absolute certainty in these timings, nor an ability to provide certainty, the impacts of a public infrastructure project are materially less sensitive to time delays than private sector development in terms of development value in terms of the development value (due primarily to the low discount rate suggested by Treasury).

⁶ For example, this EIA has not taken into account the short-term loss of operational employment currently on site.

Additionally, delays to the commencement of the Project's operation would allow background traffic growth and congestion to increase, meaning that the travel time savings delivered once operational are likely to be greater. Overall, the economic assessment provides a moment in time assessment that is unlikely to be materially diminished over time.

The second assumption relates to the tolling of SH29. While the following assessment is based on a scenario of tolling it in no way indicates a decision or preference for tolling or no tolling for the project. A tolled scenario has been adopted as a conservative assumption, as tolling is expected to suppress demand and reduce network usage relative to an untolled scenario. As a result, the estimated user benefits (including travel time savings) are likely to be lower than would occur without tolling.

The economic benefits likely to be experienced as a result of the Project are broken down by the development phase, which includes the construction costs (CAPEX⁷) of the facilitated activities, and the proportion of those costs that are retained within the Region.

1

⁷ CAPEX – Capital Expenditure.

3. ECONOMIC CONTEXT

In assessing the potential economic impacts of the Project, it is important to firstly establish the context in which they will be assessed. For the purposes of this assessment the three important parameters are:

- 1) The geospatial extent of the economic impact. While facilitation of infrastructure and additional business development and spend is likely to have a national economic impact, a material level of the impacts is likely to be retained within the Bay of Plenty Region. For the purposes of this assessment, the extent of economic impacts is focussed on the retention⁸ of economic activity within this area.
- 2) The economic impacts are those resulting from the design and construction of the Project over a 13-year period.
- 3) While not directly applicable given the Project is progressing under the FTAA, the RMA provides context in terms of the utilisation of resources and the resulting impact on the price and provision of these resources. It requires that particular regard be had to the “*efficient use and development of natural and physical resources*” (Part 2 section 7 (b) RMA).

This is usefully considered from the perspective of economic efficiency which can be defined as “*the effectiveness of resource allocation in the economy as a whole such that outputs of goods and services fully reflect consumer preferences for these goods and services as well as individual goods and services being produced at minimum cost through appropriate mixes of factor inputs*”⁹.

As identified in this report, the Project is likely to have economic impacts that are felt beyond the specific benefits within the region. Additionally, as addressed in the various environmental assessment reports prepared in support of NZTA’s substantive application for the Project, there are likely to be other, non-economic effects that may result in further economic impacts, such as land value changes (e.g. improved accessibility can increase associated property values and unlocking surrounding urban growth area).

⁸ In this context retention relates to the level of direct spend that is attributable to the Bay of Plenty Region. This is based on a large number of factors e.g. the origin of machines, businesses that service this development.

⁹ Pass, Christopher and Lowes, Bryan, 1993, *Collins Dictionary of Economics* (2nd edition), Harper Collins, Page 148

Such effects are not separately quantified in this assessment where they are considered to represent a capitalisation of underlying user benefits (such as travel time savings) already captured in the economic evaluation. Including both would risk double counting the same underlying benefits.

For the most part, these other, non-economic effects, e.g., environmental benefits, have not been addressed in this report, as they fall outside the scope of this economic assessment.

4. TOTAL ECONOMIC ACTIVITY FROM DEVELOPMENT AND CONSTRUCTION

This section assesses the potential economic activity generated within the Bay of Plenty Region specifically attributable to the Project through spending on the general civil works and development.

This EIA aims to understand the overall economic activity from development and construction of the Project. It considers the direct effects (the immediate changes caused by the Project), indirect effects (changes in spending by suppliers to the Project), and induced effects (changes in spending by households due to increased income from the Project).

4.1. METHODOLOGY

Multipliers, a key component of this EIA, quantify how initial changes in spending as a result of the Project lead to larger, ripple effects throughout the Bay of Plenty regional economy. These effects include direct, indirect, and induced impacts, reflecting changes in output, employment, income, and other economic variables.

Multipliers are coefficients that translate direct changes in economic activity into the total economic impact. For example, a job multiplier shows how many jobs are created in total (directly, indirectly, and induced) for each new job created directly. Similarly, an output multiplier indicates how much total output increases for each dollar increase in output in a specific industry (e.g. the construction sector).

Each direct expenditure results in different 'flow on' impacts depending on the regional economy's composition and size. These are aggregated to allow for the development (earthworks, consulting fees, etc.), and construction (built form) multipliers identified later.

The total impact assessed through the EIA sums the direct, indirect, and induced effects to determine the overall anticipated economic impact. This begins with an initial direct 'expenditure' for the Project. However, not all of this expenditure is spent on goods or services from Bay of Plenty.

The component that is spent on goods and services from Bay of Plenty is said to be retained within the region. From this point the retained expenditure flows through the regional economy resulting in indirect and induced impacts, the total of which is outlined in this section of the EIA.

This EIA is based on construction costs, which have been estimated for the overall Project.

The impact of this injection on the initial business cycle has been calculated. This 'construction multiplier' was based on the national input-output tables produced by Statistics NZ (based on

48 sectors), which were then assessed at a district level based on Bay of Plenty's economic activity, composition and productivities.

This estimates the 'leakage' from the regional economy (within specified sectors), and therefore the overall regional production (within a given business cycle) for each \$1 injected.

This was performed for the general and commercial construction sectors. These multipliers are based on 'net' flows by broad sector type and are therefore approximations.

Total output impacts to the Bay of Plenty catchment for the Project include:

- Direct Construction Cost x 'Construction Multiplier' +
- Direct Development Cost x 'Development Multiplier' +
- Direct Increased Commercial Spending x 'Commercial Multiplier' +
- Indirect Business Spend x 'Commercial Multiplier' +
- Induced Retail Spending x 'Retail Multiplier'

Each identified multiplier relates simply to the economic sector from which the activity is generated.

This capital expenditure then is assessed through the process indicated at the beginning of this section which includes calculating the amount of direct spend that is retained within the Bay of Plenty Region.

Then, utilising the appropriate economic multipliers for each of the affected sectors, the economic model produces both indirect outputs and induced outputs. Given that the development will take place over a proposed period of 13 years, development beyond the first year is discounted to provide a NPV.

4.2. ASSUMPTIONS, UNDERPINNING DATA AND EXCLUSIONS

The following assumptions have been applied in this impact analysis in order to assess the level of economic injection into the overall economy at this time. This has some (limited) impact on the distributional effects of the costs and benefits but can be quickly adjusted to accommodate more specific construction and on-going costs and injections.

1. For the purposes of this EIA, it has been assumed that the construction costs will fall within the definition of the following categories (based on a standard 'special' commercial ratio): non-residential construction', 'non-building construction', 'other construction services'.
2. Financial or loan costs on capital primarily fall outside of the region and impact the national economy.

3. The origin of labour has been assessed based on regional labour movements furnished by Statistics NZ based on 2023 data. However, employment data has been updated as per the Statistics NZ Business Demography Statistics data¹⁰ to March 2025.
4. This report deals with the economic impact of the proposed development on the Bay of Plenty. These are specifically the direct impacts related to the construction of the proposed development.
5. The economic activity generated is based on the development's gross activity and does not consider redirecting growth opportunities from elsewhere in the catchment. This assessment is not site specific but is development specific.
6. For the purposes of this report a 2% discount rate has been applied, consistent with the default rate for non-commercial proposals set by the Treasury¹¹.
7. Labour movements are based on average retention rates rather than specific company locations.
8. Impacts based on total project cost of \$2.8 billion with a start date of 2027 and a finish of 2039.
9. The proportion of materials and labour internalised in direct benefits to Bay of Plenty are based on standardised labour movements as well as employment and production composition within the Region. The amount of each 'flow-on' dollar retained in Bay of Plenty are based on the movement of resources (including labour) between other districts and regions.

This EIA estimates the total additional gross economic output¹² into the Bay of Plenty regional economy that would be facilitated about by the Project. The initial specifications and details have been provided by NZTA and represent the development's configuration and costings at this point in time.

Additionally, the assessment has not endeavoured to identify the extent to which particular parts of the Bay of Plenty Region will benefit economically. It assesses the likely economic impacts on aggregate Bay of Plenty business activity given the composition of activities proposed.

¹⁰ *Business Frame Data* – provides Statistics NZ measure of employment in an area by ANZSIC sector.

¹¹ <https://www.treasury.govt.nz/information-and-services/public-sector-leadership/guidance/reporting-financial/discount-rates>

¹² For example, this has not taken into account the short-term loss of operational employment currently on site

The economic impacts likely to be experienced as a result of the Project are broken down by the development phase which includes the construction costs (CAPEX¹³) of the facilitated activities and the proportion of those costs that are retained within the Bay of Plenty Region.

The direct economic impacts are derived from the actual spending / expenses incurred through the operation of the facilitated development.

Indirect economic impacts are the increased spending brought about by those firms / households and their employees / occupants, who supply the development.

The induced economic benefits are measured in terms of the additional income that will be spent in the area due to increased business activity.

4.3. TOTAL BAY OF PLENTY REGIONAL ECONOMIC ACTIVITY

Table 1 below outlines the resulting impacts on the Bay of Plenty regional economy specifically attributable to the Project through spending on the general civil works and development as a result of the Project. It anticipates development across a 13-year period.

TABLE 1: TOTAL GROSS REGIONAL ECONOMIC IMPACT (GDP, FTE YEARS)

Year	Total Bay of Plenty GDP (NPV 48 sector multipliers), \$m	Total Employment (FTE years)
2027	\$7.8	51
2028	\$6.3	40
2029	\$0.5	3
2030	\$18.3	109
2031	\$63.8	374
2032	\$157.7	919
2033	\$177.9	953
2034	\$178.7	946
2035	\$104.4	535
2036	\$94.3	466
2037	\$94.8	452
2038	\$95.2	437
2039	\$41.0	181
Total	\$1,040.6	5,466

Source: Property Economics

Two key values are represented in Table 1. The first is the Economic Activity generated in the region. The Project is estimated to generate a direct expenditure of \$2.5 billion which represents the total cost of the development (excluding land). The Project will result in approximately \$1.04 billion of total value added (GDP) for the Bay of Plenty Region over the life of the development timeframe.

¹³ CAPEX – Capital Expenditure

The second aspect is the generation of employment. The Project will also contribute around 950¹⁴ jobs during the peak construction year within Bay of Plenty, with a total number of approximately FTE years at 5,466 over the development period.

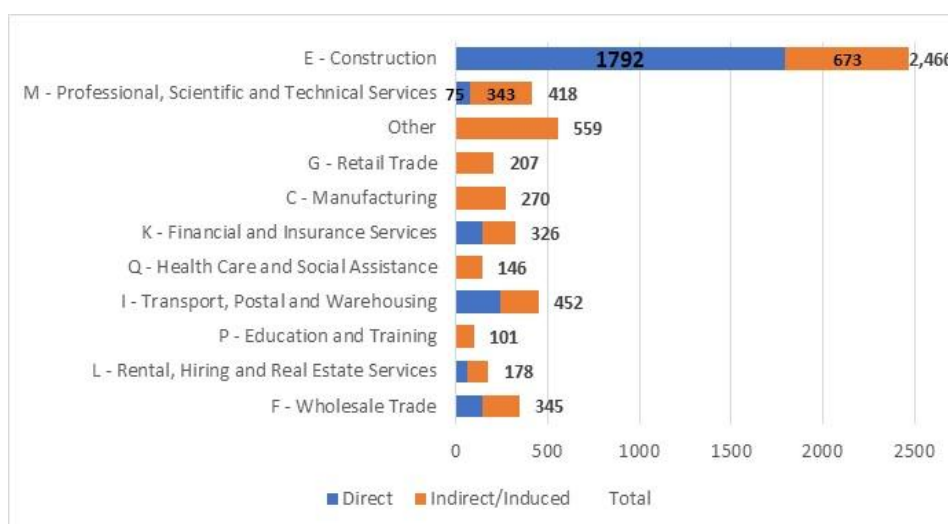
An explanation of how the outputs in Table 1 were calculated is provided in Appendix 1.

4.4. TOTAL BAY OF PLENTY DIRECT AND INDIRECT EMPLOYMENT

Figure 2 disaggregates employment generated by sector and Direct and Indirect (including Induced) FTE employment over the identified period. It illustrates the significant direct impact on the construction sector (as well as construction services).

Figure 2 illustrates the sectors associated with direct and indirect employment. Direct employment is estimated to generate approximately 2,460 FTE years, with the remaining around 3,000 FTE years resulting from indirect and induced activity.

FIGURE 2: DIRECT AND INDIRECT/INDUCED EMPLOYMENT IMPACTS



Source: Property Economics

By way of context, the Bay of Plenty region's unemployment rate has increased from 4.1% in 2023 to 5.4% in 2025¹⁵, equating to an estimated 9,800 people currently unemployed in the region. Against this context, the Project will make a significant and direct contribution to supporting regional employment levels.

¹⁴ These are all jobs created through the direct construction phase including indirect and induced employment through all business sectors (not solely construction jobs).

¹⁵ Source: <https://regions.infometrics.co.nz/bay-of-plenty-region/employment/unemployment?compare=new-zealand>

Together, these comparisons highlight the regional significance of the Project and its significant contribution to employment generation and economic activity in the region's construction sector.

5. WIDER OPERATIONAL ECONOMIC BENEFITS

In addition to the previously quantified economic injection outlined above, the Project will create a variety of other wider operational economic benefits. These are outlined in the following analysis. The quantified beneficial impacts within this section are based on a number of assumptions including:

- The Do-Minimum scenario is the existing network with the inclusion of the Tauriko Enabling Works (currently under construction).
- Costs and benefits were assessed using NZ Transport Agency's Monetised Benefits and Cost Manual (MBCM), April 2023.
- A Base Date of 1 July 2022.
- A Time Zero of 1 July 2024.
- A discount rate 4% applied to all annual benefits and costs, and sensitivity tested at 3% and 6%.
- Construction start date of 2027 with a 5 to 7year construction period.
- Traffic and PT benefits come from the TTSM's economic module, using 2031, 2048 and 2048+ scenarios. Year 2048+ scenario costs/benefits were set to reflect year 2063 in this analysis.
- Analysis period of 60 years adopted to capture the benefit of significant infrastructure investment.
- Emission benefits assessed from TTSM VEPM 6.3 model and MBCM values (CO2 for middle shadow-price values).
- Cycling travel time benefits were estimated from the Tauranga Cycle Model (TCM) outputs.

OPERATIONAL ECONOMIC BENEFITS

- **Contribution to a nationally and regionally significant infrastructure asset:** The Project has been identified in the Government Policy Statement on land transport ("GPS 2024") as a RoNS. It represents a major investment in a regionally significant infrastructure asset that will serve as a critical support for the Bay of Plenty's future growth. Its scale, integration with national infrastructure, and role in unlocking additional growth opportunities elevate its importance beyond just regional benefits, positioning it as a key contributor to the broader North Island's transport and economic network.
- **Travel time efficiencies and safety improvement:** A key economic contribution arising from the ongoing operation of the Project is the material improvement in travel time efficiency and network safety.

For the 2048 scenario, travel time savings of approximately 7-11 minutes (63-73%) are anticipated between Ōmanawa bridge and Takitimu North Link Stage 1 (TNL 1) roundabout, and 3-8 minutes (57-68%) between Ōmanawa bridge and Barkes Corner. This is estimated to contribute to economic growth and productivity benefits of \$5.7b-\$6.1b (NPV).

These efficiencies benefit critical strategic movements, including freight and commuter travel to major hubs such as the Port of Tauranga, the country's largest port by cargo volume, handling approximately 25.3 million tonnes for the year ended 30 June 2025 (or about 40% of New Zealand's total trade)¹⁶.

In addition, there were 330 crashes recorded in the Tauriko West Area between 2020 and 2025, including incidents resulting in 14 deaths and serious injury (DSI) crashes, of which 2 were fatal crashes. Of the 14 DSI crashes recorded, five occurred along SH29 and another five along SH29A, while four occurred on local roads adjacent to the State Highway corridors.

The Project is expected to significantly reduce likelihood and severity of DSI crashes through provision of four-lane median-divided offline corridors, central median and roadside barrier treatment, safer tie-ins and grade-separated interchange arrangements at Redwood Lane, Takitimu Drive and Barkes Corner. This improvement is estimated to generate annual crash-reduction benefits (NPV) of approximately \$5.9m to \$7.3m across the western corridor arterial network under untolled and tolled scenarios, respectively.

Collectively, the reliability, time savings, and safety improvements will enhance corridor efficiency, strengthen freight and supply chain performance, and generate enduring economic growth and productivity gains across the Bay of Plenty and upper North Island economy.

➤ **Enhanced regional freight efficiency and connectivity to accommodate output growth:**

SH29 is a strategically important freight corridor linking the western Bay of Plenty to the Waikato and upper North Island markets. The Project will improve the efficiency, resilience, and capacity of this corridor, which provides critical access between Tauranga's industrial areas (including Tauriko Business Estate), the Port of Tauranga, and the Golden Triangle economic region (Auckland-Hamilton-Tauranga).

The Project will improve freight movement efficiency which has significant multiplier effects across the regional and national economy. Faster and more predictable logistics lowers supply chain costs for exporters and importers, enhances delivery /

¹⁶ Source: <https://www.nzx.com/announcements/457750> & Stats NZ – Overseas Cargo Statistics – Total Exports by New Zealand Port

transport reliability, and increases the competitiveness of local and regional industries in global markets.

By reducing congestion, improving travel time reliability, and enhancing network safety, the project will better accommodate projected growth in freight volumes associated with industrial expansion, logistics activity, and population growth. This will support regional productivity, strengthen supply chain performance, and enable continued output growth across manufacturing, warehousing, construction, and export-oriented sectors.

Research from Transporting New Zealand shows a strong correlation between transport services and national output, with a 1% increase in output typically requiring about a 1.4% increase in transport services¹⁷. As Bay of Plenty's economy continues to expand, ensuring an efficient and reliable transport network will be essential to sustaining growth in regional production and overall economic performance.

- + **Supporting future regional economic and population growth:** Bay of Plenty is New Zealand's fourth-largest region by population and plays a critical role in both North Island and national economic performance. The region generates approximately \$23.5 billion in GDP annually, representing a noticeable contribution to the national economy. Over the past five years, Bay of Plenty's GDP has increased at an average rate of approximately +10.5% per annum, materially outpacing the national average growth rate of around +8.5% over the same period¹⁸.

Moreover, Bay of Plenty's population is projected to increase by approximately +194,700 people by 2053 (an uplift of around +56% from 2023 levels)¹⁹. Over the next 30 years, the region is expected to record the fastest average annual population growth rate nationally, at approximately 1.5% per annum, resulting in a total population exceeding 541,000 by 2053. It can be expected that the Project will play an important role in both enabling and sustaining this anticipated growth.

In the local market, the Project will directly support the completion of the Tauriko West growth area which is aimed to deliver up to 4,000 new houses, the remainder of the Tauriko Business Estate extension, and potential development of 20,000 houses in the Western Corridor by 2048.

As local and regional population expands, so too does demand for efficient transport infrastructure that can accommodate increased volumes of commuters, freight, and

¹⁷ Source: <https://www.transporting.nz/our-economic-contribution>

¹⁸ Infometrics – Regional Economic Profile [Source: <https://regions.infometrics.co.nz/bay-of-plenty-region/economy/growth>]

¹⁹ Based on Stats NZ High growth projection (2023 Base) realised on 25 September 2025 [source: <https://www.stats.govt.nz/information-releases/subnational-population-projections-2023base-2053/>]

service vehicles. The Project will help accommodate these needs by enhancing road capacity, reducing congestion, and improving travel time reliability, thereby unlocking access to new residential, commercial, and industrial development opportunities.

- + **Positive spillover on broader regional and national economies:** Infrastructure improvements like SH29 upgrades tend to produce ripple effects across the wider economy, boosting GDP, productivity, exports, and household consumption. Comparable projects (like the Waikato Expressway) have been shown to raise real GDP and regional economic output beyond their direct impacts. These precedents indicate that the Project will deliver similar macroeconomic benefits.

- + **Improved local servicing:** The Project will significantly enhance local servicing by improving accessibility and reducing travel times between residential areas, service hubs, and key employment areas. These benefits are supported by the additional capacity created within the existing SH29 and SH29A corridors, as strategic through-traffic is redistributed onto the upgraded network.

As a result, sections of these corridors will increasingly perform a local road function, with reduced congestion and improved reliability for local trips. This will support more efficient movement for residents, service providers, and freight accessing nearby destinations.

Local businesses benefit from a wider customer base and more predictable logistics, while residents gain quicker and more dependable access to essential services. For time-sensitive sectors such as emergency services or perishable goods distribution, these improvements will translate into substantial efficiency gains and better outcomes.

- + **Potential to cater for greater levels of growth:** Enhanced infrastructure delivered by the Project could act as a catalyst for further development activity in the Bay of Plenty Region, potentially stimulating interest in both additional urban development and complementary commercial and service-oriented developments. This growth dynamic will not only help facilitate expansion demand but also strengthen the local economic base by attracting new businesses and services to emerging communities.

In turn, this attraction of new businesses and services will foster job creation, increased consumer spending, and broader regional economic integration, providing long-term momentum for sustainable urban and economic development throughout the region.

- + **Improved productivities and agglomeration benefits:** The Project will boost productivity and generate agglomeration benefits by enhancing the efficiency of movement for both goods and people across the Bay of Plenty Region. Improved connectivity will further facilitate greater economic clustering by bringing businesses, workers, and services into closer proximity.

Essentially, the Project will increase the propensity for employment clustering and thereby density, leading to wider economic benefits such as agglomeration benefits (generally through increased density), labour supply impacts (through larger employment base), and the impacts of improved competition.

This agglomeration effect encourages knowledge-sharing, collaboration, and innovation, while also expanding the accessible labour pool for employers. In the long term, these dynamics will foster a more vibrant, interconnected regional economy with higher overall output, stronger business networks, and increased competitiveness. These benefits are also the result of enabling increased employment densities, as a result of the fully functioning Project.

6. CONCLUSION

SH29 and SH29A are more than local or regional routes, they are strategic east-west corridors connecting the Port of Tauranga with inland regions, supporting freight efficiency, regional development, tourism, and national transport resilience. Their role in both regional integration and the broader national state highway network highlight the importance of maintaining and enhancing these highways to meet future transport and economic demands.

As a RoNS, the Project therefore holds regional and national significance well beyond its immediate geographic context. Its strategic function within the broader state highway network infrastructure assets means the benefits extend to the wider Bay of Plenty region and national transport network. It can be expected that the Project will strengthen inter-regional supply chains, enhance access to ports and distribution networks, and reduce the national economic friction associated with traffic delays and road safety risks.

Given the scale of its strategic and long-term benefits, the Project's potential to enhance freight efficiency, strengthen labour market connectivity, and support infrastructure planning provides a clear rationale for its acceleration under the FTAA. Delaying the delivery of this Project risks compounding avoidable economic inefficiencies and undermining the potential of one of NZ's most important regional growth corridors.

The EIA and economic benefits analysis outlined in this report demonstrates that the Project would yield significant economic benefits for the regional and national economies and communities consistent with the purpose of the FTAA.

APPENDIX 1. EXPLANATIONS OF EIA MODELLING OUTCOMES

The “Level 2 Multiplier Effects” section identifies the proportion of the direct expenditure that is experienced in the Bay of Plenty Region only. This incorporates consideration of the economic multipliers described in the following section.

This EIA evaluates the total economic effects of the specific project on the Bay of Plenty regional economy. Multipliers, a key component of EIA, quantify how initial changes in spending lead to larger, ripple effects throughout the Bay of Plenty regional economy²⁰. These effects include direct, indirect, and induced impacts, reflecting changes in output, employment, income, and other economic variables.

Aggregating Impacts:

The following steps form the basis for the value and employment multipliers to quantify the number of FTE years generated by the project.

Step 1: Allocate total project expenditure by ANZSIC category.

Step 2: Apportion the extent of each expenditure category that is likely to be retained within the Region. This is based on business and employment composition, business size, capital formation, inflows of GDP (technically GRP), etc. This is direct regional spend and hence smaller than the total generated.

Step 3: Utilising Stats NZ Input / Output tables generate regionally specific Level 1 multipliers (i.e. where each \$1 spent goes through the first cycle). These multipliers are specific for each of the 48 sectors and are proportionally combined to produce the development multiplier: earth works, fees, etc (due to these having a materially different labour to capital breakdown) and the construction multiplier - built form.

Step 4: Utilise a similar process to assess the Level 2 multipliers for indirect and induced activities.

Step 5: These three (direct, indirect and induced impacts) are then aggregated and discounted to get the NPV seen in Table 1.

²⁰ Multipliers are coefficients that translate direct changes in economic activity into the total economic impact. For example, a job multiplier shows how many jobs are created in total (directly, indirectly, and induced) for each new job created directly. Similarly, an output multiplier indicates how much total output increases for each dollar increase in output in a specific industry. Relevant key multiplier types include Output Multiplier: Measures the total change in economic output resulting from a change in demand for a specific industry; and Employment Multiplier: Measures the total change in employment resulting from a change in employment in a specific industry.