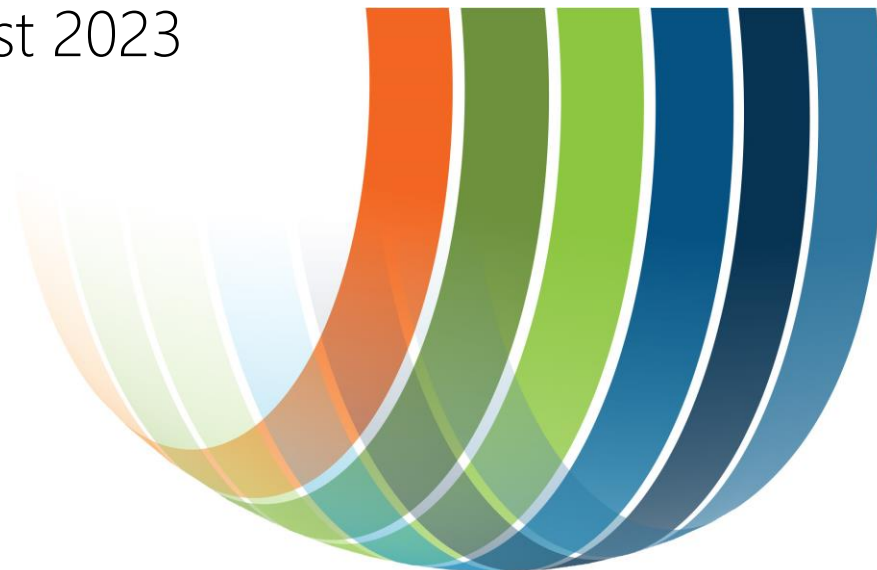


# Estimating the economic impact of Whale Song **for Kāpiti Coast District Council**

August 2023



**Infometrics**

Economics put simply

## Authorship

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# Introduction

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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

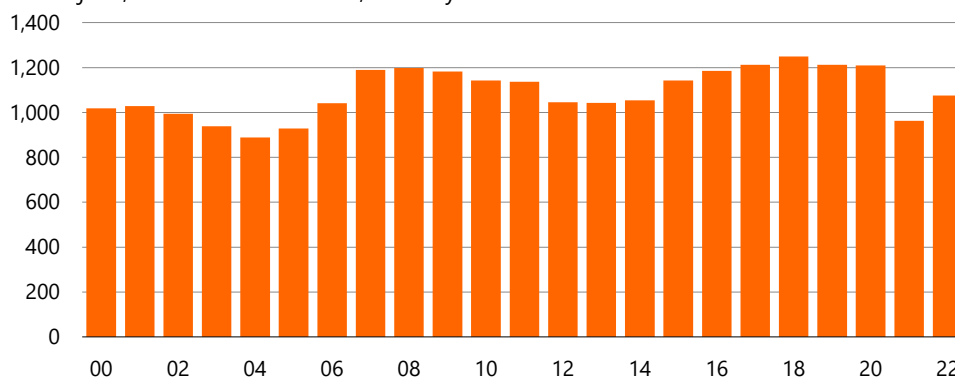
### Tourism makes steady, modest contribution to employment

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.

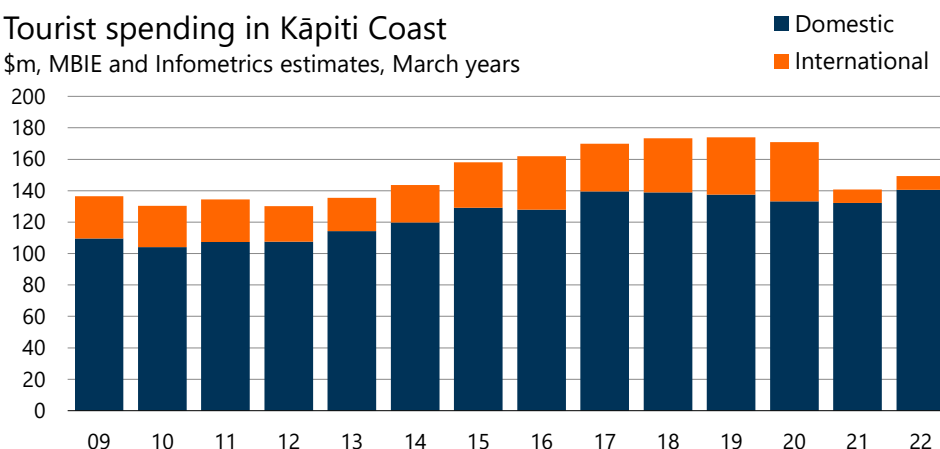
### Tourism expenditure in Kāpiti reaches \$174m

Tourism expenditure in Kāpiti has grown steadily over the past decade to reach a peak of \$174m in 2019 (Graph 2). Tourism expenditure was knocked by the COVID-19 pandemic to reach a low point of \$141m in 2021, before partially bouncing back to \$149m in 2022.

Graph 2

### Tourist spending in Kāpiti Coast

\$m, MBIE and Infometrics estimates, March years



International visitors accounted for \$36m or 21% of tourism spending in Kāpiti in 2019, falling away to \$8.5m 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 \$47m or 45% of domestic tourist electronic card spending in Kāpiti in the year ending March 2023 (Graph 3). Manawatu-Whanganui residents accounted for \$26m 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.

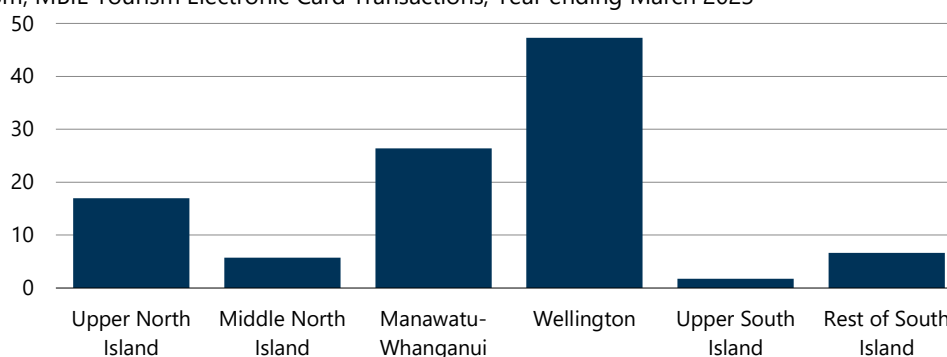
Middle North Island visitors, including Taranaki and Hawke's Bay, are generally within four hours' drive of Kāpiti and accounted for \$6m or 5%.

Upper North Island visitors, including Gisborne, Waikato, Bay of Plenty, Auckland, and Northland, accounted for \$17m 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

### Domestic tourist spending in Kāpiti by visitor origin

\$m, MBIE Tourism Electronic Card Transactions, Year ending March 2023



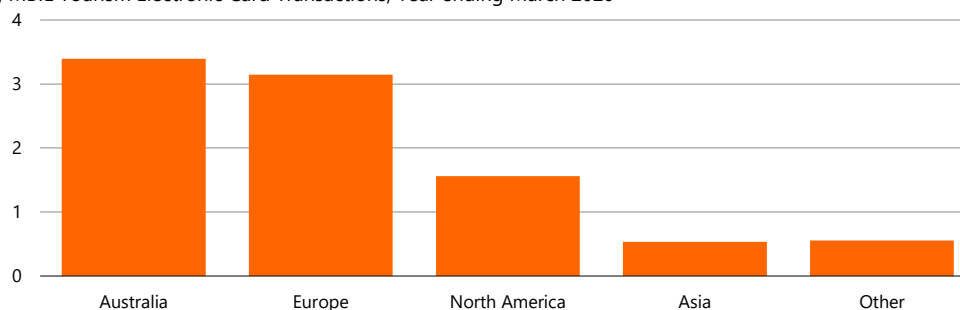
South Island visitors collectively accounted for just over \$8m or around 8% of tourist spending in Kāpiti, including \$2m or 2% from the Upper South Island (Marlborough, Nelson and Tasman).

## Most international spend in Kāpiti from Australia and Europe

Australian visitors accounted for \$3.4m or 37% of international visitor spend in Kāpiti in the year ending March 2020, followed by European visitors (including United Kingdom and Ireland) with \$3.1m or 34%.

Graph 4

International tourist spending in Kapiti 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 (\$23 adult admission), Ngā Manu Nature Reserve (\$25) and Kāpiti Island (\$109+), which are likely to occupy visitors for 2 hours or more.

Similarly in Wellington City, key attractions include Zealandia (\$24) 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.<sup>1</sup>
- Hundertwasser Public Toilets in Kawakawa, with 250,000 visitors per year.<sup>2</sup>
- Huka Falls near Taupō, with 900,000 visitors per year.<sup>3</sup>
- The Church of the Good Shepherd at Lake Tekapo, with 600,000 visitors per year.<sup>4</sup>

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

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

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

<sup>3</sup> <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>

<sup>4</sup> <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.<sup>5</sup>
- 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.<sup>6</sup>
- The Kelpies in Falkirk UK is visited by 1m visitors per year, with 50,000 or 5% of those opting for a guided tour.<sup>7</sup>

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

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<sup>5</sup> [https://www.chicago.gov/city/en/depts/mayor/press\\_room/press\\_releases/2017/april/Millennium\\_Park\\_Tourism.html](https://www.chicago.gov/city/en/depts/mayor/press_room/press_releases/2017/april/Millennium_Park_Tourism.html)

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

<sup>7</sup> <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

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## 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 \$5.7-51m

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 \$173m 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 \$5.7m increase in tourism spending under the low scenario, and \$51m 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 \$3.8m-34m

Based on the potential increases in expenditure associated with increased visitation, we estimate that Whale Song could increase GDP in the Kāpiti Coast by \$3.8m under the low scenario, and \$34m 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

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## 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 \$174m in 2019, with international visitors accounted for \$36m 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 \$5.7-51m

Infometrics estimates total tourism spending in Kāpiti Coast amounted to \$173m in the year to June 2023, based on MBIE data. Applying the projected increases in visitation implies an \$5.7m increase in tourism spending under the low scenario, and \$51m 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).

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## 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.