

11 April 2025

Minister Chris Bishop
Parliament House
Wellington
c.bishop@ministers.govt.nz

Dear Minister Bishop,

Supporting Wellington business through disruption on the Golden Mile

The Wellington Chamber of Commerce, Retail NZ and Hospitality NZ propose a co-funded support package for businesses affected by construction disruption on the Golden Mile.

You are no doubt aware of significant concerns from business and the public about the scale and impact of the changes proposed. Recent polling by Curia found just 20% of Wellington residents support the Golden Mile Revitalisation, with 37% opposed.¹

Businesses have consistently raised concerns about a number of issues since the project's inception, including scale, cost, timing, duration, design and prolonged construction disruption. WCC's decision to move ahead with the project, which starts in April, has done little to address these concerns.

Wellington's economy is currently underperforming when compared to the rest of New Zealand. Wellington City's GDP fell 1.1% in the year to December 2024, compared with 0.5% nationwide.²

We – and the businesses we represent – are deeply concerned about the viability of affected businesses if this project goes ahead without additional business support. The risks to business are not assessed or understood. This not only risks damaging the local economy but also the very aims of the project. There will be no increase to public amenity if Golden Mile businesses can't sustain success.

The City Rail Link (CRL) project in Auckland has demonstrated large construction projects of this nature can have a significant impact on business, particularly when that activity is concentrated in a major city CBD. Smaller businesses that operate on tight margins are likely to be disproportionately affected.

These impacts were highlighted in a recent NZIER paper³, which found considerable effects on foot traffic, and increased business closures, in areas close to the CRL works. Analysis of similar infrastructure projects in Canada found business revenues dropped an average of 22%. The paper concludes by recommending financial compensation for business be considered before major infrastructure projects begin.

1 https://www.scribd.com/document/825708386/Wellington-Poll-results-January-2025#from_embed

2 <https://qem.infometrics.co.nz/wellington-city/economic/gdp>

3 <https://www.nzier.org.nz/publications/where-do-the-costs-and-benefits-of-infrastructure-projects-fall-nzier-insight-121>

For this reason, Auckland Council and the Government set up the Targeted Hardship Fund in 2021 to support businesses affected by CRL construction⁴. The Fund provides targeted financial support to businesses who experience genuine hardship – measured by sustained revenue loss.

We believe this provides an excellent framework for business support on the Golden Mile. Such a scheme was considered by WCC officers in 2023 but has not been progressed.

Modelling suggests a relatively small investment by the project's co-sponsors would be required to establish such a fund. An outline of WCC's work is attached to this letter in [Appendix 1](#).

WCC's modelling estimates \$5 million would be required to establish such a fund, providing an average grant of \$30,000 to approximately a third of the 500-locally-owned businesses operating on the Golden Mile.

The criteria and quantum should be subject to more rigorous investigation. We believe it merits analysis by the Ministry of Transport, applying the existing framework of the Targeted Hardship Fund.

Responsibility for the Golden Mile Revitalisation project lies with Wellington City Council (WCC), though the project is jointly funded by the New Zealand Transport Agency and WCC.

As such we submit that it is appropriate the project's co-sponsors contribute to business relief, as they have for the Targeted Hardship fund.

The Golden Mile is the city's most significant economic area, and we're confident a modest contribution from Council and Government will support its viability in the years ahead. Where the Council negatively impacts business activity through its actions, it is reasonable to expect it will take steps to mitigate that harm.

We appreciate your consideration of this matter and would like to request a meeting to discuss the proposed approach.

Kind regards,



Simon Arcus
Chief Executive
Wellington Chamber of Commerce



Carolyn Young
Chief Executive
Retail NZ



Steve Armitage
Chief Executive
Hospitality NZ

⁴ <https://www.cityraillink.co.nz/newsletter-september-2021/2021/9/30/targeted-hardship-fund>

Appendix 1

Internal Wellington City Council document dated 26 January, 2023:

City in Transition: Business Support Approach

ii. Business relief funding

Whilst there is a significant amount of work occurring right across the city, we're recommending LGWM's Golden Mile project needs special consideration in relation to business support. The Golden Mile, covering Lambton Quay, Willis Street, Manners Street and Courtenay Place, is the economic spine of the city.

- There are approximately 500 businesses along Golden Mile
- Whilst essential to the vibrancy and livability of a city, the retail environment (including hospitality) is becoming increasingly challenging
- There is widespread concern amongst local retailers that the Golden Mile refurbishment will have a significant detrimental effect on their business. This is resulting in some business closures and shorter leases
- This project is coming at a challenging time:
 - Off the back of Covid and high inflation – small local businesses have no reserves and in many cases are still in the red
 - Consumer retail and hospitality spend in the city is 20% below pre-pandemic levels o The project will likely take place in a period of recession, which will see a downturn in consumer spend
 - Major staffing and ongoing material challenges
 - Low trust and confidence in the project itself and frustration business feedback has never been listened to

We believe this presents a strong case for why local businesses along Golden Mile will require an additional layer of support. Draft criteria from officers is proposed below:

Criteria

If the impact of construction by an individual project could be demonstrated to have caused loss of earnings, which could put the viability of a business at risk (as in cause the business to struggle to pay bills vs just impacting its profitability) within the geographically specified area of a project, then a hardship fund could provide the necessary targeted support to keep that business afloat.

The proposed eligibility criteria would be based on:

- New Zealand based business with fewer than five stores operating under the same brand nationwide or a franchise business where the franchisee holds five stores or fewer

- Businesses gross income from the impacted premises must have been detrimentally impacted for a prolonged and sustained period as a result of development works immediately adjacent to the premises
- Experienced a 40% reduction in income (not profit),
- Over a period of four weeks or longer, and
- Construction works are occurring within 50m of the shop door (or are located in an impacted zone of Golden Mile)
- Each business entitled to a maximum grant of \$50,000

Multinational businesses would be exempt on the basis that they have other supports to draw on. Local business owners deliver a broader benefit in creating Wellington's distinct character and profit reinvestment into our community.

Process

Businesses would make an online application into the fund, providing financial statements in support of their claim. These would be quickly assessed by an independent finance analyst, aligning with the agreed criteria, with payments made to businesses within a 2 – 4 week period.

Businesses would compare earnings to a similar period in 2022 and 2021 (keeping in mind pre pandemic is not a good comparison as consumer spend is down 20% on average in the central city compared with 2019).

We will also use a new weekly retail spend monitor that has been set up to take a birds eye view of the impact of development activity within the central city.

It is important to ensure that support is being provided to businesses who are trading solvently as supporting businesses where failure is imminent are not the purpose of the scheme. In addition, businesses where a lease expiry is within 3 months of project works may need to be outside of scope given this may be argued as an inappropriate use of ratepayer funds. Solvency would be assessed through the application process (through several qualifying questions) as well as using relevant checks on Companies Office.

Quantum

We believe a fund of approximately **\$5million** would be needed. This would provide an average one-off grant of \$30,000 for 33% of the 500 locally owned businesses along the Golden Mile corridor ¹.

¹ Further analysis is required to determine accurate quantum of business ownership (locally owned) and eligibility