

Chapter 17 Economic impacts

This chapter assesses the potential impacts of the Proposal on the highway servicing roles of the townships of Johns River and Kew. The focus is on business turnover, investment and employment. Mitigation measures are proposed to ameliorate the potential impacts on highway-related business.

17.1 Highway-related business and employment

17.1.1 Surveys of businesses and highway users

Investigations of the local business and employment sectors in the study area are presented in Working Paper No. 10. This study also documents information from community consultation activities, a business survey and relevant data from Australian Bureau of Statistics (ABS) 2001 Census Data (ABS 2001) for the relevant collector districts (CD).

The tourism industry of the Camden Haven region relies on the Pacific Highway as the major means of land transport to the region. Information sources for assessment of tourism in the Camden Haven region included data from Hastings Council and the Kew Visitor Information Centre; discussions with tourism operators, Hastings Council's Economic Development Officer and Tourism Officers; and a review of ABS statistics and various tourism surveys at a regional scale.

17.1.2 Existing business structure and employment

The township of Johns River is located on the Pacific Highway approximately 340 km or four to four and a half hours drive from Sydney. Kew is also located on the Pacific Highway approximately 14 km or less than half an hour's drive further north of Johns River. Both townships have developed a highway servicing role over the years as a result of the highway's presence. The townships of Rossglen, Kendall and Herons Creek are located in proximity to the Pacific Highway but are not reliant on highway trade. Analysis from the 2001 Census revealed that across the total Moorland to Herons Creek assessment area the business type with the most employees is the retail trade (15.9%), followed by agriculture, forestry and fishing (12.5%) and manufacturing (12.3%) (ABS 2001).

Johns River and surrounds

Businesses in Johns River include a general store/takeaway food outlet, service station and facilities for mechanical repairs, and a tavern. While the degree of reliance varies, results from the survey of business operators indicated that all rely to a large degree on highway trade. The service station indicated that 90% of its business was derived from passing highway traffic. A community market is also held monthly in and around the Community Hall and it is estimated that 80% of its trade is sourced from highway traffic.

Businesses not reliant on highway trade in the vicinity of Johns River include the High Adventure Air Park (paragliding, hang-gliding and microlight recreational training), a private airfield at Camden Haven, various farms, and the Boral Quarry.

The 2001 Census also indicated an unemployment rate of 28.6% in Johns River. Unemployment rates in the Greater Taree CDs surrounding Johns River and along the route were 15.7% west of the Pacific Highway and 21% east of the highway. More recent data (September 2004) indicates that the unemployment rate for Greater Taree LGA overall was 7.1% compared with the overall Hunter and North Coast region rate of 7.3% (Australian Department of Employment and Workplace Relations 2004).

Kew and surrounds

Kew has the largest concentration of highway-related businesses on the 22 km stretch of the Proposal. These include two takeaway food shops, two cafés/restaurants, three service stations, a hotel, a motel, and a visitor information centre. Some businesses in Kew have little or no reliance on highway-related trade such as a real estate agency, a newsagency/supermarket, a heavy haulage business and various suppliers to other businesses. In and around Kew are a number of businesses that are not directly highway related which include the Camden Haven Golf Club, a veterinary clinic, a plant nursery, a cat and dog boarding kennel, a commercial egg producer, and the Boral Timber mill at Herons Creek.

The business survey revealed that 37 full time staff and 25 part time staff were employed in Kew itself. Most of these employees were identified as living locally. The timber mill employed approximately 60 staff from the area and the Camden Haven Golf Club employed 7 full time and 6 part time staff. Data from the 2001 Census revealed an unemployment rate of 13.3% in Kew and similar unemployment rates in surrounding CDs. More recent data (September 2004) indicates that the unemployment rate for the southern part of Hastings LGA was 5.9% compared with the overall Hunter and North Coast region rate of 7.3% (Australian Department of Employment and Workplace Relations 2004).

Camden Haven tourism

The Camden Haven tourism area is defined as being within the Camden Haven River catchment and includes the rural hinterland, the inland towns of Kew, Kendall and Comboyne and the coastal towns of Bonny Hills, Dunbogan, Laurieton and North Haven. Camden Haven tourism is of relevance in the economic impact assessment as Kew is identified as the primary gateway to the area for motorists using the Pacific Highway. A recent survey identified that 91% of visitors to the North Coast travel by car and the Pacific Highway is the major route used (Roy Morgan Research 2002). Thus, the highway is the principal means of tourist access to the Camden Haven area.

The Camden Haven area has approximately 500 beds for visitors together with various associated tourism businesses. A survey of visitor accommodation revealed that there are seven bed and breakfast facilities, one country retreat, four holiday unit complexes, ten caravan parks and nine motels/hotels operating in the Camden Haven area. Other businesses relying on the tourist trade include eight craft stores/galleries, five rural produce stores, three coffee shops/restaurants, ten recreation facilities and five licensed clubs.

A visitor information centre is located on the highway at Kew and is an important source of information for travellers to the Camden Haven area.

17.2 Likely impact of the Proposal on businesses

The reliance of many businesses in Kew and Johns River on the Pacific Highway in its present location means that there would be impacts, some significant, as a result of the proposed bypasses of these townships.

An evaluation of the economic impact of bypass roads on country towns was conducted in the mid 1990s for the RTA (Parolin and Garner 1996). The expected economic impact of bypassing Johns River and Kew is consistent with evidence from other bypassed towns. However, the Parolin and Garner report suggests that indirect impacts of the highway bypass would be minor and affect gross annual turnover rather than employment levels.

The RTA study focussed on a number of towns in NSW that have been bypassed by highways. The study concluded that, whilst some short term restructuring of local business does occur with associated business closures, there have been a number of beneficial outcomes in the medium to long term arising from the bypasses. Whilst each town responds differently to the effects of a bypass, experience has shown that employment impacts are generally not as severe as initially forecast and that there are compensating benefits from improved local

residential amenity, increased tourist trade and convenience of local shopping. Employment loss is minimised where niche markets are developed quickly (for example heritage-based tourism in Berrima) or where mitigation measures are incorporated into the highway design and implementation. Examples include the development of the highway service centre at Yass concurrent with the opening of the Hume Highway bypass of the town.

Experience of other highway bypasses has shown that travellers tend to purchase petrol, food and other services at highway service centres in preference to a detour into the local town. However, provision of overnight accommodation has been retained in local towns (Parolin and Garner 1996). While this involves a decision to break the trip, hotels and motels in towns that have been bypassed now offer accommodation that is much quieter than it was previously when affected by night-time highway noise. This situation is seen as a positive marketing opportunity for accommodation in Kew. Other affected businesses in Johns River and Kew may also benefit from product diversification or a change in marketing strategies.

17.2.1 Negative impacts

Those businesses with a high reliance on highway trade are likely to experience negative long-term impacts from the Proposal. Responses to the business survey indicated that the service station operator in Johns River believes closure of this business would result from the Johns River bypass as 90% of its customers are highway travellers. The owners of two service stations, a motel and a restaurant/café in Kew also consider that closure is inevitable. A similar view was expressed in relation to the Kew Visitor Information Centre.

The owner of the tavern in Johns River believes this business would suffer adverse impacts as approximately 50% of its customers are drawn from the highway, as do the organisers of the Johns River Community Markets who state highway trade as 80%. Five out of the fourteen Kew businesses that participated in the survey believed that the Pacific Highway is their most important source of customers and that a bypass of Kew would result in a negative economic impact. It was identified that service stations would suffer the greatest impact of decreased economic turnover resulting from the bypassing of the two townships.

Business closures and a decrease in trade would adversely affect employment. A decrease in employment opportunities is a particularly sensitive issue as Johns River had an unemployment rate at the 2001 Census which was over twice as high as the Mid-North Coast average and approximately four times higher than the state average. Kew's unemployment rate was in alignment with the Mid-North Coast average, but was still approximately twice as high as the state average in 2001. A decrease in the amount of available employment would also be of concern as one third of employees were identified as family members of business owners in Kew. Respondents in Johns River also identified a high proportion of family members being employed in their businesses and this employment pattern may contribute to negative social impacts in the townships (see Chapter 18).

Some components of the Camden Haven tourism industry may be adversely affected if visitation to tourist accommodation and facilities is reduced as a result of the Proposal.

17.2.2 Positive impacts

Short-term positive economic impacts are likely to occur in both Johns River and Kew due to increased patronage from workers during the construction phase of the Proposal.

The business survey indicated that the long-term expectations of the operators of the Camden Haven Golf Course and the veterinary clinic at Kew include a small increase in business due to the proposed Kew bypass and the Royal Hotel at Kew did not expect any change in business. Bypassing of the townships is expected to increase the amenity of both Kew and Johns River, and this could lead to additional residential development and increased patronage of local businesses.

Boral Timber at Herons Creek anticipated a slight increase in business due to the proposed town bypasses and improvements to the highway. Similarly this positive impact may be likely

for other employers in the region that use Ocean Drive and the Pacific Highway for transportation.

Positive impacts would be particularly prevalent regionally. From a business perspective, the enhancement in road conditions, safety, efficiency and reduced travel times are likely:

- to enhance access to the region for local tourism
- to increase opportunities for commerce, industry and tourism between Sydney and Brisbane, and other major centres
- to generate further economic development to the mid-north coast of NSW
- to increase the activity of the service industry between Port Macquarie and Taree
- to improve fuel efficiency due to better horizontal and vertical road alignments
- to increase accessibility to and within the region.

17.3 Measures to mitigate business impacts

The dependence of Johns River and Kew on the Pacific Highway for both business trade and employment is recognised. Whilst positive impacts to businesses may result, the proposed town bypasses also have the potential to result in a significant loss of trade and employment in highway-reliant businesses. There is a slight possibility that a loss of visitors to the region may occur and create a negative effect on tourism, as most motorists would no longer be directly exposed to the Kew Visitor Information Centre.

Some mitigation measures would be undertaken by the RTA such as the provision of advance advisory signage at appropriate intervals on the highway to ensure travellers are aware of their stopping options and the facilities offered in both townships. These mitigation measures and development opportunities are discussed below.

A range of opportunities exist that the local community, Councils and/or the private sector could undertake to offset the potential loss of highway-related trade and employment. An opportunity exists for the local community and Councils to develop new economic roles for Johns River and Kew, while also seeking to maintain a highway servicing role.

17.3.1 Highway signage

Advance highway signage provides an opportunity for promoting Johns River and Kew as 'stop-revive-survive' locations. Consistent with RTA signage policy, suitable signage near the townships would be placed on the highway to help boost awareness of Johns River and Kew and encourage travellers to stop there for a short and effective rest break or overnight stay (Kew) in the interests of driver safety. This signage would be located an appropriate distance in advance of the northbound and southbound exits from the proposed township bypasses to enable motorists sufficient time to decide to visit. Promotion of the 'stop-revive-survive' role for the townships would be consistent with current road safety initiatives to manage fatigue in transport operation.

Signage could also promote Kew as the 'gateway to the Camden Haven and greater Port Macquarie region' and notify the travelling public of the Kew Visitor Information Centre. This may help ameliorate the effects of a possible decrease in tourism resulting from reduced exposure of motorists to the bypassed Centre.

Signage could also be provided in advance of the north and southbound Johns River exits advertising the date of the next market to help sustain the successful operation of the Johns River Community Markets.

17.3.2 Potential opportunities for Johns River and Kew

The gradual development of new roles for Johns River and Kew would create new business and employment opportunities (i.e. through job replacement and creation) in the local area that are not dependent on highway through traffic. In the period leading up to construction and operation of the Proposal, there is the opportunity for current businesses in the townships to redefine their roles to a new operating environment.

The Proposal provides an opportunity for communities of the townships and surrounds to refocus and to define a new future. It is likely there would be a need for businesses in Johns River and Kew to reposition themselves from their current highway-reliant role to, for example, that of serving a pleasant place to live and/or visit. It would also be important for individual businesses to refocus, including the need to address product diversification and target marketing. In any such process, the business community would also need to ensure that it continues to meet the needs of local residents including those of surrounding settlements such as Rossglen, Kendall and Herons Creek.

In terms of attracting more permanent residents, both Johns River and Kew have the advantages of proximity (by car) to other employment centres on the Mid-North coast, in particular Taree and Port Macquarie. The townships have relatively affordable land, attractive rural settings, and village atmospheres with access to a range of social infrastructure including primary schools and recreation facilities. Large lot residential subdivisions have already been established at Kew and the newly constructed Kew/Kendall STP will have a positive effect on the residential development potential of the area serviced. Structure Plans for Johns River and Kew could be developed and implemented to guide the long-term services and facilities, improve the amenity of town centres through landscaping and street furnishing, and traffic management.

At present Johns River and Kew are neither perceived nor marketed as tourist destinations in their own right, and their short to medium term tourism potential is restricted by the lack of facilities and competition from other well established tourist destinations in the Camden Haven and surrounds. However, in terms of future targeted tourist development, Johns River could take advantage of its proximity to Middle Brother National Park, Middle Brother and Johns River State Forests, its rural setting, and the well-known monthly community market. Kew is located near the Camden Haven River, has rural qualities (including some heritage attractions) and is a gateway to the Camden Haven beaches and greater Port Macquarie region. The ease of access to the Newcastle and Sydney markets, especially once this Proposal and others to the south are in operation, increases each township's potential for tourism. Specific opportunities could include low cost and short-stay tourist accommodation, estuary and river fishing, boating facilities (including houseboat hire), farmstay accommodation, National Park related activities (i.e. ecotourism) and/or the establishment of an environmental and cultural education centre.

17.3.3 Development of highway service centres near Johns River and Kew

The development of a highway service centre by the private sector on or adjacent to the proposed bypass sections of the Proposal at Johns River and Kew would be an option for mitigating the business impacts in Johns River and Kew, particularly in relation to maintaining local employment levels. The nearest highway service centre is currently located near Port Macquarie, approximately 25 km north of Kew. As shown in Table 17-1, the establishment of such a facility within the Proposal area could generally comply with the location and design guidelines specified in the Minister for Infrastructure and Planning's Section 117(2) (under the EP&A Act) *Direction No S28 - Commercial/Retail Development along the Pacific Highway* (NSW Govt 1998b). The principal advantages of the location of such a centre near either township would be its potential to retain some of the current local employment and the associated multiplier effects for support businesses within the local economy that would otherwise be affected by the proposed bypasses.

Table 17-1 Relationship of a site on the proposed bypasses of Johns River and Kew to the Guidelines for Highway Service Centres

Guidelines for Highway Service Centres*	Proposed bypass at Johns River and/or Kew
The Pacific Highway's primary role is one of an inter- and intra-regional road traffic route rather than a traffic access route to retail facilities.	Establishment of a highway service centre on the proposed bypass near either township could provide services to inter- and intra-regional traffic with general retail activity remaining in Johns River and/or Kew.
General retail activity should be located in urban areas as distinct commercial centres and that any such activity located with frontage to the Pacific Highway should be designed to protect and enhance the safety and efficiency of the highway.	General retail activity could continue to be provided in Johns River and Kew. No such activity would have a frontage to the proposed bypass sections of the Proposal.
Commercial and retail activities that are bypassed by the highway should not be relocated to facilitate direct highway access.	No existing commercial or retail activities bypassed by the highway would have direct highway access along the proposed bypasses.
Highway service centres may be required to serve long distance travellers and policies that guide the location and design of such development are appropriate.	A highway service centre providing the range of services required by motorists could be located close to either town (i.e. approximately 4 km) at/near one of the junctions of the proposed bypass upgrade with the Johns River and/or Kew access roads (existing highway). Depending on the site of such a centre and access arrangements, employees residing in the villages may not need to use the proposed bypasses to access the centre.
Existing development that adjoins the highway but does not service highway traffic should not be expanded.	No retail or service development exists along the proposed bypass routes.
Existing development that adjoins the highway and fulfils a highway service function may be allowed to expand if such expansion will help it conform with other principles of the Direction.	No retail or service development exists along the proposed bypass routes.

* From the Minister for Infrastructure and Planning's Section 117(2) *Direction No S28 - Commercial/Retail Development along the Pacific Highway* (NSW Govt 1998b).

However, the development of such a centre might have some adverse impacts on the business structures of Johns River and Kew, in particular, discouraging the travelling public to visit the townships themselves, and the associated flow-on benefits to the business outlets. In addition, such a centre might result in the concentration of opportunities for one business operator rather than the current three operators of service stations in Kew and the service station operator in Johns River. The allocation of contracts for operation of the centre to an 'out-of-town' operator is likely to reduce the economic returns to the townships and have negative social effects as most businesses in both townships are locally operated and/or owned, many having family members as employees. It is also likely that potential highway service centres would not be able to create the current close linkages between highway-related business and other business in the townships.

17.4 Implications for ESD

17.4.1 Precautionary principle

Concerns have been raised regarding the economic impact of the Proposal on the Johns River and Kew townships. Both towns have historically performed a highway servicing role which has grown over time with the growth of traffic. To offset a possible economic downturn resulting from the introduction of the proposed bypasses at Johns River and Kew, a number of opportunities exist for the community, Councils and the private sector for the development of other economic roles for the townships. These include refocussing their business strategies as tourist destinations, attracting more permanent residents and product diversification for the service industry away from the highway servicing role. These strategies have community and Council support and it is anticipated that further development of the strategies would occur by the community in future years.

As a specific mitigation measure, the RTA would install advance highway signage promoting both Johns River and Kew as 'stop-revive-survive' locations to encourage drivers to stop and take an effective rest break in the interest of driver safety.

The implications of the Proposal for other future developments in the study area has been considered. The recent construction of the Kew/Kendall STP would allow further residential developments to proceed. The Proposal would not have a negative effect on the economic viability of other future developments.

17.4.2 Intergenerational equity

The Proposal would improve the level of service of the Pacific Highway and this has economic benefits for future generations in terms of reduced travel and accident costs to the community. Potential development strategies, if implemented, for Johns River and Kew would ensure that the townships continue to be economically viable for future generations.

17.4.3 Conservation of biological diversity

This principle is not relevant to the economic impact of the Proposal.

17.4.4 Improved valuation and pricing of environmental resources

Consideration has been given to the significance of changes in the viability of businesses in Johns River and Kew with a high reliance on highway-related trade and flow-on social and economic impacts.