

Economic Development

Economic development is important because of its impact on residents' quality of life.

With growth comes jobs and opportunities, along with a sense of pride in the region's achievements.

We work to attract major events such as the World of WearableArt Awards and the International Sevens. We also fund tourism promotions, and support attractions such as Te Papa and conference venues such as the Wellington Convention Centre. To support businesses we provide free weekend parking in the city, provide grants to help community projects with economic benefits for the city, and market the city as a destination of choice.

THE OUTCOMES WE'RE SEEKING

Our long-term aims are for Wellington to:

- Have a stronger sense of place – the city should be a prime tourist and conference destination, with a range of attractions that highlight the city's best features
- Be more compact – with a CBD that is the region's premier retail, entertainment and commercial district
- Be more eventful – providing a wide range of events that bring economic value to the city
- Be better connected – with world class communications and transport linkages
- Be more prosperous – with a strong and growing economy
- Be more competitive – attracting and retaining people, investment, businesses and industries.

STATE OF THE CITY

Wellington's economy is performing reasonably well. But there are still challenges. Like the rest of the country, to raise living standards we need to raise our economic game.

We are part of a global market, which means we have to compete every step of the way for sales, investment capital, talent, events, tourism, and for businesses to locate here.

During 2006, Wellington's GDP per person increased by 1.7%, compared with 1.2% for the whole country. Regional economic activity grew by 1.7% in the year to March 2007, compared with a national average of 1%.

Total employment increased during the year to February by just over 3000 to 132,720. Labour force participation rate also increased.

After years of rapid growth, the number of tourists declined slightly but the sector remained healthy.

Total visitor numbers have decreased slightly, to 568,000 from just under 572,000 the previous year. Domestic and international airline arrivals also declined slightly. However, commercial accommodation occupancy rates increased and so did guest nights (by just under 10% in the March quarter), suggesting that visitors are staying longer.

Guest nights, March quarter		
2005	2006	2007
476,157	487,386	534,502

Events brought an estimated \$50 million in economic benefit.

Two 'iconic' events were held during the year – the World of WearableArt Awards and the IRB Rugby Sevens. Another five 'A level' events were held – the World Golden Oldies Rugby Festival, Elton John's December 2006 concert at Westpac Stadium, the Vodafone X*Air Games, the Super 14/Black Caps v Australia double-header, and Pinot Noir 2007. (An iconic event is one that's recognised as nationally unique, has a proven track record of success over several years, and brings more than \$5m into the local economy; an A level event has significant media profile and brings more than \$1m into the region).

In all, the economic impact of Council-supported events during the year was estimated at \$50.33 million.

In addition to events, more than 1,000 national and international conferences were held in the city during the year.

The number of businesses overall grew, but the number of very large businesses declined.

According to *Management* magazine, Wellington had 32 of New Zealand's top 200 companies in 2004, declining to 30 in 2005 and 27 in 2006. The list excludes banking, insurance and financial companies. By contrast, the number of enterprises in the city grew by 13.3% over the period 2002-2006.

Between 2001 and 2006, the number of businesses in the retail, entertainment, service and knowledge sectors increased by 9%, from 3,876 to 4,610. The number of people employed in these sectors increased from just under 25,000 to just under 29,000.

There has been rapid growth in the number of research and development businesses.

Involvement in research and development is a good measure of future competitiveness – today's research will become tomorrow's innovative products. The number of businesses in this sector more than doubled between 2001 and 2006, from 37 businesses to 89. Employment in the sector also grew significantly over the same period, from just over 3,000 to 3,860.

In education and training, the picture is more mixed. The number involved in industry training grew by more than 40% in two years from 2004. But the number involved in tertiary education dropped by just over 5% in one year from 2005.

A competitive economy needs world class transport and communications infrastructure.

Most residents (88%) have internet access, but only 51% have broadband. We're working to address that through our Broadband Vision.

We're also working to attract direct flights to and from Asia. A daily connection will help local businesses tap into the large and growing markets in the region.

THREE-YEAR PRIORITIES

For the period 2006-09, we've identified the following two priorities for our economic development work. The priorities are important stepping stones towards our long-term goals:

- we will contribute significantly to the completion and successful implementation of the Wellington Regional Strategy
- we will strengthen and further develop the city's status as a centre of creativity and innovation.

LOOKING AHEAD

Key challenges for coming years include implementation of the Wellington Regional Strategy for sustainable long-term economic development and advocating for the rollout of world-class broadband throughout the city in line with our Broadband Vision.

ECONOMIC DEVELOPMENT

City promotions, events and attractions

We want Wellington to be vibrant, prosperous and 'eventful'.

Through our involvement in city promotions, events and attractions, we aim to position Wellington as an internationally competitive city, attractive to residents and visitors alike. In this work, we aim to help the city maintain its edge as a prime tourist and conference destination, maximise economic value from promoting and hosting high-profile events, support the development of a thriving retail sector, and build on the city's strengths – such as its compactness and its strong sense of identity – to enhance prosperity and contribute to higher quality of life for all Wellingtonians.

WHAT WE DID

Positively Wellington Tourism continued to run highly successful, award-winning domestic and international visitor attraction campaigns.

Positively Wellington Tourism (PWT) is the region's official economic development agency. During the year, PWT launched a new TV advertising campaign in Australia in partnership with Tourism NZ, being the first New Zealand region to be presented on TV as part of the *What's on in NZ* marketing campaign.

PWT hosted Australian and New Zealand event managers/specialists, securing \$1 million in business. A new city guide website (www.texture.co.nz) was launched, and a new campaign got under way to attract people into the city at weekends.

PWT's *Have a Love Affair with Wellington* TV campaign aimed at attracting other New Zealanders to the city won the tourism and transport services category at the 2006 New Zealand Tourism Awards.

Breakout: "We set out to do something different with this campaign, something that was at the cutting edge of marketing, and that couldn't be ignored." – Positively Wellington Tourism CEO Tim Cossar.

PWT and Wellington International Airport continued to work to attract at least one daily long-haul air service to the city from an Asian destination. PWT consulted with airlines that could operate a Wellington-Asia route. Meetings were held with tourism wholesalers in Asia, and 80 travel agents were trained in Hong Kong and 240 in China. We part-funded this work in a bid to increase Wellington's visitor numbers from Asia.

We supported major events and tourist attractions.

Te Papa is one of the city's major attractions with more than one million visitors each year. We provide ongoing funding to support its exhibition programme. It held over 400 events and visitor entertainment activities during 2006/07 with a total audience of 97,838.

We committed to support a redevelopment of Carter Observatory. With new exhibition areas telling the story of astronomy – with a key focus on Maori and Pacific astronomy – the observatory will become a leading science-based visitor attraction. The government is also providing funding for the redevelopment, which got under way during 2007.

The Lambton Quay cable car terminal was refurbished and cable car operations transferred in-house. Major maintenance was completed on the cable car's Salamanca Bridge.

Our Events Development Fund supported a huge range of events, including the X*Air Games, World of WearableArt Awards, Chinese New Year festivities, New Zealand Affordable Art Show, Golden Oldies World Rugby Festival, IRB Rugby Sevens, Pinot Noir 2007, and sports internationals.

We own and operate the Wellington Convention Centre, which includes the Michael Fowler Centre/Town Hall and the TSB Bank Arena. These venues hosted 832 events ranging from conferences to sports internationals to arts performances and children's festivals. A seating upgrade was completed at TSB Bank Arena and approval received to complete further upgrade work in 2007/8.

We also promoted Wellington as New Zealand's creativity and innovation capital.

This included marketing support for high profile Wellington events, and sponsorship of awards to recognise and encourage creativity and innovation such as the World Class New Zealander Awards, Gold Awards, Wellingtonian of the Year, and creativity scholarships for university students.

During the year, we redeveloped the Move to Wellington pages on our website www.Wellington.govt.nz. There are now more than 100 pages of information for prospective migrants or recent arrivals on living and working in Wellington. We also carried out a Move to Wellington online advertising campaign, focusing on the UK market. Visits to the web pages grew from 5000 in July 2006 to 24,000 in May 2007.

Breakout: "Fantastic site... We've been contemplating where to move to in NZ for awhile. Wellington stunned us when we were there in March and would be our ultimate city." – visitor to www.Wellington.govt.nz Move to Wellington pages.

In addition, we helped keep the city centre lively by providing free weekend parking. During the year Positively Wellington Tourism worked with Wilson Parking to attract more Wellingtonians into the CBD at weekends by reducing charges (to \$3 for six hours) in some parking buildings.

HOW WE PERFORMED

VISITOR ATTRACTIONS (3.1.2)	2004/05	2005/06	2006/07	TARGET	COMMENTS
Visitors to Te Papa (with breakdown by overseas visitors, domestic visitors and visitors outside the region) (Source: Te Papa)	Total 1,289,035, Overseas 662,236, Outside region 242,112	Total 1,264,291, Overseas 655,464, Outside region 251,632	Total 1,351,675, Overseas 618,703, Outside region 300,181	<i>Total 1,100,000 Overseas at least 35% Outside region at least 35%</i>	Te Papa has had another busy year with a notable increase in the total number of visitors and NZ visitors from outside the region.
WELLINGTON CONVENTION CENTRE (3.1.3)	2004/05	2005/06	2006/07	TARGET	COMMENTS
1. Total events (including concerts) held at the Wellington Convention Centre (Michael Fowler Centre, Wellington Town Hall) and TSB Arena. (Source: Wellington Convention Centre)	927 (140 concerts)	771 (133 concerts)	832 (99 concerts)	<i>840 (100 concerts)</i>	The Wellington Convention Centre and TSB Arena had another busy year with 832 events/concerts being held, falling slightly short of the target, though improving on the previous year. Venue occupancy rates were above target with the exception of the Michael Fowler Centre.
2. Occupancy levels at the Wellington Convention Centre (Michael Fowler Centre, Wellington Town Hall) and TSB Arena. (Source: Wellington Convention Centre)	-	-	MFC 63%; TH 71%; TSB Arena 67%	<i>MFC 70%; TH 62%; TSB Arena 58%</i>	
3. Retention of 4-star Qualmark rating and ISO9001 accreditation. (Source: Wellington Convention Centre)	-	Achieved	Achieved	<i>Retention</i>	
SUBURBAN AND CITY CENTRE VITALITY (3.2.1)	2004/05	2005/06	2006/07	TARGET	COMMENTS
1. Weekend on-street carpark turnover, compared to weekday levels. (Turn-over rate measures the average number of cars that use a particular carpark each day). (Source: WCC Parking and Property)	Weekday 6.7 / weekend 4.1	Weekday 7.0 / weekend 4.2	Weekday 6.7 / weekend 4.1	<i>Weekday 7.5 / weekend 4.7</i>	We use this measure to assess whether free on-street parking in the central city is having the desired effect of attracting more people into the central city. The turn-over rate for on-street car parks at weekends are broadly in-line with past achievement, but did not meet our targets. There has also been a minor reduction in residents who stated that free weekend parking makes them more likely to come into the central city.
2. Residents (%) who are more likely to come to central Wellington for other reasons than work as a direct result of WCC's free weekend parking. (Source: WCC Resident Satisfaction Survey)	56%	56%	53%	<i>58%</i>	

EVENTS AND ATTRACTIONS (3.3.1)	2004/05	2005/06	2006/07	TARGET	COMMENTS																																																		
1. Estimated economic impact to the city of major events assisted by the Events Development fund. (Source: WCC Events Team)	-	-	\$50.33M total new spend (\$29.44M estimated total value added)	>\$20M total new spend	We supported 15 major events that saw over 250,000 people attend. Combined events supported from the Events Development Fund brought an estimated economic impact of over \$50 million (new spend) to the city. This result far exceeded our target.																																																		
2. Events supported by the Events Development fund, and the estimated attendance. (Source: WCC Events Team)	-	-	15 events 251,470	<i>The number of events supported and the estimated attendance can vary from year to year, therefore a target is not appropriate.</i>	Due to the competitive nature of the events market, the number and type of events supported, and the estimated economic impact of those events can vary from year to year.																																																		
3. Resident (%) satisfaction with WCC associated events and festivals. (Source: WCC Resident Satisfaction Survey)	-	-	84%	90%	Although we did not achieve our target for event satisfaction, the vast majority of residents surveyed stated they are satisfied or very satisfied with WCC associated events and festivals.																																																		
CREATIVE WORKFORCE (3.6.1)	CHART				COMMENTS																																																		
1. Businesses and jobs by targeted sector. (Source: Infometrics - Wellington regional Sector report 2007)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Employees</th> <th colspan="2">Businesses</th> <th colspan="2">Business location quotients</th> </tr> <tr> <th>2005</th> <th>2006</th> <th>2005</th> <th>2006</th> <th>2005</th> <th>2006</th> </tr> </thead> <tbody> <tr> <td>ICT</td> <td>11,791</td> <td>12,265</td> <td>2,308</td> <td>2,517</td> <td>1.8</td> <td>1.9</td> </tr> <tr> <td>Creative</td> <td>10,114</td> <td>10,363</td> <td>3,003</td> <td>3,117</td> <td>1.4</td> <td>1.4</td> </tr> <tr> <td>Engineering</td> <td>3,406</td> <td>3,798</td> <td>625</td> <td>648</td> <td>1.1</td> <td>1.1</td> </tr> <tr> <td>Education</td> <td>9,929</td> <td>10,412</td> <td>436</td> <td>446</td> <td>1.2</td> <td>1.3</td> </tr> <tr> <td>Manufacturing</td> <td>19,853</td> <td>20,151</td> <td>1,875</td> <td>1,864</td> <td>0.7</td> <td>0.7</td> </tr> </tbody> </table>							Employees		Businesses		Business location quotients		2005	2006	2005	2006	2005	2006	ICT	11,791	12,265	2,308	2,517	1.8	1.9	Creative	10,114	10,363	3,003	3,117	1.4	1.4	Engineering	3,406	3,798	625	648	1.1	1.1	Education	9,929	10,412	436	446	1.2	1.3	Manufacturing	19,853	20,151	1,875	1,864	0.7	0.7	It has been a very positive year for the targeted sectors in Wellington. The vast majority of targets for each sector have been surpassed. The only sector to see a decline in achievement was manufacturing, with a minor decline in the number of businesses. It still managed to increase the number of employees engaged in the sector.
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2. Location quotients by targeted sector. (Source: Infometrics - Wellington regional Sector report 2007)	<p style="text-align: center;">Note: Targets for each sector sought positive growth</p> <p>Note: Business location quotients are a summary measure of business concentration in an area relative to the national average. A location quotient greater than 1.0 indicates a concentration stronger than the national average. Conversely, a location quotient less than 1.0 presents a level that is below the national average.</p>																																																						

WHAT IT COST

OPERATING EXPENDITURE (\$000)	2007			2006
	Actual	Budget	Variance	Actual
Tourism promotion (3.1.1)				
Expenditure	4,116	4,116	-	4,116
Revenue	-	-	-	-
Net expenditure	4,116	4,116	-	4,116
Visitor attractions (3.1.2)				
Expenditure	2,160	2,136	(24)	2,062
Revenue	-	-	-	(2)
Net expenditure	2,160	2,136	(24)	2,060
Convention venues (3.1.3)				
Expenditure	9,134	9,134	-	8,719
Revenue	(5,113)	(4,988)	125	(5,108)
Net expenditure	4,021	4,146	125	3,611
Suburban and city centres vitality (3.2.1)				
Expenditure	1,225	1,223	(2)	463
Revenue	-	-	-	-
Net expenditure	1,225	1,223	(2)	463
Events attraction and support (3.3.1)¹				
Expenditure	1,828	1,365	(463)	1,683
Revenue	(168)	(11)	157	(111)
Net expenditure	1,660	1,354	(306)	1,572
Creative workforce (3.6.1)²				
Expenditure	976	1,321	345	827
Revenue	(14)	(11)	3	(1)
Net expenditure	962	1,310	348	826
CAPITAL EXPENDITURE (\$000)				
Visitor attractions (3.1.2)³				
Actual cost	574	1	(573)	147
Budget to carry forward to 2007/08	-	99	99	2,700
Convention venues (3.1.3)				
Actual cost	677	648	(29)	1,120
Budget to carry forward to 2007/08	-	-	-	246

¹ Funding for the Golden Oldies Rugby Festival was higher than anticipated as the external funding received was lower than assumed.

² The 'Move to Wellington' and 'Creative Wellington - Innovation Capital' campaigns started later in the year and used a more targeted approach in marketing, promotional advertising and thus being more cost effective.

³ Upgrade works to the TSB Bank Arena budgeted for in 2007/08 have been brought forward in preparation for the New Zealand Arts Festival in 2008.

ECONOMIC DEVELOPMENT

Business support

We want Wellington to be an internationally competitive, prosperous city.

Through our business support work, we aim to enhance residents' quality of life by raising overall levels of prosperity. To achieve this, we encourage innovation and entrepreneurship, and work to enhance Wellington's competitiveness as a world-class location for talent, business/industry and investment.

We also support the city centre's development as the region's premier retail, knowledge and entertainment district, and work to build the communications and transport infrastructure so vital to business success.

WHAT WE DID

The Wellington Regional Strategy – a blueprint for the region's sustainable economic development – was adopted.

This was a joint initiative between Greater Wellington Regional Council and the region's eight city/district councils.

Internationally competitive regions have three key characteristics: they're great places to live, they have excellent career opportunities, and they have strong economies. The Wellington region is a great place to live, but it's yet to reach its full potential in terms of economic performance and career opportunities.

The Wellington Regional Strategy aims to address that by focusing on export-led growth, addressing skills shortages and infrastructure gaps such as a lack of truly world-class broadband, and improving urban form (for example, concentrating housing closer to where people work).

Greater Wellington has responsibility for leading the strategy's implementation.

A new regional economic development company was established to deliver the strategy's objectives.

The new company – initially known as Regional EDA Ltd – started operating on 1 July 2007. It will build on the award-winning work of former economic development agency Positively Wellington Business (PWB) and other economic agencies around the region. PWB staff have been retained, along with staff from Go Wairarapa. The new agency is operating from PWB premises, with a regional office in the Wairarapa.

Regional EDA Ltd (a working name – a new one will be decided before the end of 2007) is funded through a Greater Wellington targeted rate. It will take over current business support/promotion work including initiatives such as the Greater Wellington Industry Development Centre and Wairarapa's food and wine initiative.

“We need to make the Wellington region internationally competitive. To be more exact, we need to make it white-hot.” – Regional EDA Ltd chairman Murray McCaw.

Positively Wellington Business went out with a bang, winning a national award for business support.

PWB won the local government category at the 2007 Vero Excellence in Business Support Awards. To win the award, PWB's services and programmes were independently evaluated by the NZ Business Excellence Foundation and found to be innovative, benefit client companies, and offer a high level of business support.

PWB's work included supporting business incubators and clusters of high growth companies, providing business training, and working to attract investment and skilled people to the region.

Key achievements during the year included:

- facilitating five multi-million dollar film productions during the year – the value of regional spend by film productions is estimated to be at least \$6 million
- launching the Greater Wellington Industry Development Centre (IDC) – aimed at lifting the performance of Wellington's manufacturing sector to achieve high growth based on exports
- hosting a global animation and visual effects industries at a two-day symposium AnimfxNZ, run in partnership with the influential Los Angeles-based Visual Effects Society
- establishing Land NZ, a network of land information, geography and property management businesses providing services for export
- mentoring 15 companies through the Creative HQ business incubator
- working to attract investment to the region, with over \$40 million worth of investment deals either concluded or in the pipeline
- attracting more than 100 skilled migrants and expatriates to move to Wellington.

A key initiative for the Council was the development of a proposal to bring high speed broadband internet connections throughout the city.

Early in 2007, the Council adopted a vision for all Wellingtonians to have affordable access to broadband connectivity in the city by 2012. While the central city has access to world class broadband, in other parts of the city this is limited – causing frustration for businesses and householders. We're working with stakeholders to determine the best way to achieve our vision.

Grants were made to 10 projects with potential to deliver economic benefits to the city.

Successful grant applicants included the Wellington Tramway Museum, Toi Maori Aotearoa-Maori Arts New Zealand, and Enterprise Miramar Peninsula.

In addition, we worked to represent Wellington's interests to central government, the business community, sister cities and other organisations. Mayor Kerry Prendergast led a Wellington delegation to China, visiting four cities in early November.

HOW WE PERFORMED

TRANSPORT GATEWAY CONNECTIONS (3.4.2)	PERFORMANCE – COMMENTS				
Development and implementation of 'attracting long-haul airlines to Wellington' plan.	We continued marketing, research and business case development to assist our long-haul airline attraction. This is a three-year project.				
ECONOMIC GRANTS (3.5.2)	2006/07				COMMENTS
Total number of grant applicants; Total number of applicants receiving grants; Total budget allocated to grants. (Source: WCC Grants)	ECONOMIC GRANTS				All grants from our economic grants pool were distributed in-line with our eligibility criteria. Note: that the nine unsuccessful applicants fitted more appropriately with the social grants pool criteria and were transferred to the social grants pool.
	Total number of grant applicants	19			
	Number of applicants receiving grants	10			
	Total budget available to applicants	\$165,000			
	Total budget distributed to applicants	\$156,172			
EXTERNAL RELATIONS (3.7.1)	2004/05	2005/06	2006/07	TARGET	COMMENTS
The number of events/activities held with our formal international partnership cities (both in Wellington and overseas). (Source: WCC External Relations)	34	57	25	15	We have experienced another busy year, surpassing our target.

WHAT IT COST

OPERATING EXPENDITURE (\$000)	2007			2006
	Actual	Budget	Variance	Actual
Transport gateway connections (3.4.2)				
Expenditure	200	200	-	-
Revenue	-	-	-	-
Net expenditure	200	200	-	-
Positively Wellington Business (3.5.1)¹				
Expenditure	2,368	2,211	(157)	2,010
Revenue	-	-	-	-
Net expenditure	2,368	2,211	(157)	2,010
Economic grants (3.5.2)				
Expenditure	144	165	21	61
Revenue	-	-	-	-
Net expenditure	144	165	21	61
Regional and external relations (3.7.1)				
Expenditure	328	287	(41)	453
Revenue	(17)	(4)	13	(1)
Net expenditure	311	283	(28)	452
CAPITAL EXPENDITURE (\$000)				
Regional and external relations (3.7.1)				
Actual cost	-	-	-	-
Budget to carry forward to 2007/08	-	108	108	108

¹ The increase in operating costs is due to costs associated with the wind up of PWB.