

ECONOMIC DEVELOPMENT

OUR APPROACH

Wellington has enjoyed steady economic growth in recent years. Unemployment is low, incomes are relatively high, and the city has retained a healthy government and financial sector while also making progress towards developing new high-tech and creative industries.

Under the Wellington Regional Strategy, economic development agency Grow Wellington has principal responsibility for promoting economic development throughout the region.

We support economic development generally through provision of many of the facilities and services that make this a great place for workers and their families to live and for businesses to locate. We also provide specific support for tourism through the marketing of Positively Wellington Tourism and the attraction of iconic events.

CASE STUDY: HOMEGROWN

Wellington's waterfront rocked for the Homegrown Music Festival.

Held over Anzac Weekend 2008, the Vodafone Homegrown Music Festival attracted a sold-out crowd of thousands.

The festival featured 33 bands and DJs across five stages. Headline acts included a who's who of New Zealand music: Shihad, Pluto, Kora, the Mint Chicks, Opshop, Elemeno-P, Salmonella Dub, The Black Seeds, The Phoenix Foundation, and more.

All stages were either indoors or in massive marquees to ensure the event could go ahead rain or shine. Art installations, street performers and stalls for arts and crafts, food and clothing all complemented the on-stage entertainment.

Festival venues, all on Wellington's waterfront, included the TSB Arena and Shed 6, Frank Kitts Park and the Lagoon. Festival organisers encouraged use of sustainable transport to and from venues, as well as recycling of food and drink containers.

Wellington City Council was a major sponsor for the festival, provided the venues, assisted with red tape such as building consents, and supported marketing of the event.

About half of the 14,000 tickets sold were to people outside Wellington, meaning the festival brought significant economic benefit to the city.

Quotes

- 'The vibe was outstanding... happy bands, happy people.' – Vodafone Homegrown Music Festival Organiser Mark Wright.
- 'I've never seen Wellington like this... this is awesome.' – Shihad lead singer Jon Toogood during the festival.

PROGRESS TOWARDS OUR OUTCOMES

STRONGER SENSE OF PLACE – WELLINGTON WILL BE A PRIME TOURIST AND CONFERENCE DESTINATION, WITH A RANGE OF ATTRACTIONS THAT HIGHLIGHT THE CITY'S BEST FEATURES.

Both guest nights and accommodation rates for the city's commercial accommodation providers have increased between 2006-2008 (1,719,881 in 2006 to 1,976,078 in 2008, and 61.2% in 2006 to 63.2% in 2008, respectively). We contribute by funding regional tourism promotion, and also by providing or supporting visitor attractions and facilities.

MORE COMPACT – WELLINGTON'S CBD WILL BE THE REGION'S PREMIER RETAIL, ENTERTAINMENT AND COMMERCIAL DISTRICT.

Between 2001 and 2007, the number of businesses in the retail, entertainment, service and knowledge sectors increased by 10.2%, from 4,133 to 4,556. The number of people employed in these sectors increased from 25,350 to 29,750.

MORE EVENTFUL – WELLINGTON WILL PROVIDE A WIDE RANGE OF EVENTS THAT BRING ECONOMIC VALUE TO THE CITY.

We supported eight major events during the year. Three 'iconic' events (Rugby Sevens, World of WearableArts, and LA Galaxy and Wellington Phoenix football match) contributed \$30.6m to the local economy while the five 'A-level' events contributed \$30.5m (combined estimated new spend \$61.1m, \$36.7m estimated total value added).

BETTER CONNECTED – WELLINGTON WILL HAVE WORLD CLASS COMMUNICATIONS AND TRANSPORT LINKAGES.

The proportion of residents with access to broadband at home has increased from 51% in 2006 to 68% in 2007. The value of cargo loaded at the Wellington seaport and airport has remained broadly constant, while cargo unloaded has increased. Domestic and international airline arrivals at Wellington International Airport have continued to increase. We are working to bring world class fibre optic broadband to all areas of the city.

MORE PROSPEROUS – WELLINGTON WILL HAVE A STRONG AND GROWING ECONOMY.

Wellington region's gross domestic product growth (per capita) grew by 2.3% in 2007 (compared to 1.7% in 2006). After declining regional economic activity from September 2005, economic activity for the region has been positive since December 2006. A total of 137,260 employees work in Wellington (February 2007 figures), an increase of 4,500 people from the same month in 2006.

MORE COMPETITIVE – WELLINGTON WILL BE A COMPETITIVE CITY, ATTRACTING AND RETAINING PEOPLE, INVESTMENT, BUSINESSES AND INDUSTRIES.

According to *Management Magazine*, Wellington had 30 of New Zealand's top 200 companies in 2005, declining to 27 in 2006 and increasing to 29 in 2007 (the list excludes banking, insurance and financial companies). The number of businesses in the city grew by 18.1% (3,739 businesses) between 2001 and 2007.

MORE ENTREPRENEURIAL AND INNOVATIVE – WELLINGTON WILL HAVE HIGH LEVELS OF INNOVATION UNDERPINNED BY STRONG EDUCATION AND TRAINING, RESEARCH, ENTREPRENEURSHIP AND INVESTMENT.

The number of research and development businesses more than doubled between 2000 and 2007, from 37 businesses to 103. Employment in the sector also grew significantly over the same period, from just under 3,000 to 4,250. The number involved in industry training has reduced slightly from 16,969 in 2006 to 16,749 in 2008. The number of students involved in tertiary education has remained broadly constant (79,234).

We contribute to these outcomes through:

City promotions, events and attractions
Business support

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pxx

CITY PROMOTIONS, EVENTS AND ATTRACTIONS

We aim to maintain the city's edge as a prime tourist and conference destination, maximise economic value from hosting high-profile events, and support the development of a thriving retail sector.

Our activities that contribute primarily to this aim include:

- **Tourism promotion** – we fund Positively Wellington Tourism to run domestic and international visitor campaigns
- **Visitor attractions** – we support Te Papa, one of the city's major visitor attractions, and we are supporting redevelopment of the Carter Observatory
- **Suburban and city centre vitality** – we help keep the city centre lively on weekend by providing free parking, and we also maintain Marsden Village in Karori
- **Events attraction and support** – we operate an events development fund which we use to support a huge range of events, from the Rugby Sevens to World of WearableArts, which contribute to the city's economy
- **Convention venues** – we own and operate the Wellington Convention Centre, which includes the Michael Fowler Centre, Wellington Town Hall and TSB Bank Arena
- **Creative workforce** – we support initiatives that promote the city as Creative Wellington Innovation Capital, and run a Move to Wellington promotional campaign.

(See also Environmental and conservation attractions.)

WHAT WE DID

We helped bring football fever and David Beckham to town.

The former England captain's highly popular visit with his LA Galaxy football team was one of the highlights of our events development programme. Around 15,000 school children attended the Galaxy's training session and a crowd of 31,800 – the largest ever to a football match in this rugby mad country - watched their match against the Wellington Phoenix. The event brought \$6 million in new spending to the city.

In April, the Waterfront was host to the inaugural Vodaphone Homegrown Music Festival. More than 14,000 people flooded Frank Kitts Park and the TSB Bank Arena for ten hours of Kiwi music from 35 acts, including Shihad, the Black Seeds and the Phoenix Foundation.

"I've never seen Wellington like this. This -- is awesome." - Jon Toogood, Shihad lead singer.

Another highlight was the Montana World Of WearableArt Awards (WOW) which ran for 10 nights to a sell-out total crowd of 35,000. The event showcased amazing artwork from New Zealand and international designers, and attracted media attention from all over the world.

The NZI Sevens tournament attracted thousands of people to the city.

The tournament brought \$15.6 million in new spending – 81% more than in 2001 when the tournament's economic impact was last measured.

About 70,000 people went to the Sevens over two days, and 10,000 more came to the city even though they didn't have tickets. Of those who attended, 74% were from out of Wellington, compared with 67% in 2001. Auckland is the largest source of visitors.

Te Papa celebrated its 10th birthday.

More than 20,000 visitors attended the celebration, which included a 12-hour festival of music, dance, workshops and floor talks. Visitors had the opportunity to sample Te Papa's

massive birthday cake, a 20m long chocolate lamington. The celebration was Te Papa's second busiest day since opening.

We started redevelopment of the Carter Observatory as a visitor attraction.

We took over the redevelopment project at the beginning of 2008, and have appointed a permanent Director to lead the make-over of the Observatory. The redevelopment, which will feature exhibition galleries, a library and education room, and an upgraded planetarium - will add to Wellington's 'cluster' of nature- and science-based visitor attractions.

We plan to provide funding to the Observatory for the next 10 years, and are likely to bring it under the management of the Wellington Museums Trust some time after the new Observatory is up and running in early 2009.

Positively Wellington Tourism ran successful domestic visitor attraction campaigns.

Wellington accommodation providers continue to be busy - 'guest nights' have increased by 15% since 2006.

Regional visitor surveys showed increasing numbers of visitors rating the city highly as a place to have fun and socialise, and as a place to recharge and refresh.

Positively Wellington Tourism participated in Tourism New Zealand's 'Green and Gold' campaign aimed at attracting Australian visitors to the New Zealand.

The Wellington Convention Centre continued to host a wide range of conferences and events.

Major events during the year included the Diabetes Conference (our largest conference with an estimated economic impact to the city of \$3 million), Harvest 07 (a series of concerts with a religious theme produced by over 100 regional churches), and parts of the New Zealand International Arts Festival.

The convention centre installed energy efficient lighting and appliances, and became the first conference and events venue in the country to achieve the International Standards Organisation's ISO 14001 series of environmental standards. The centre is also the only convention venue in New Zealand to gain a five-star rating from Qualmark – New Zealand tourism's official mark of quality – and to achieve the ISO 9000 standard which addresses general management practices.

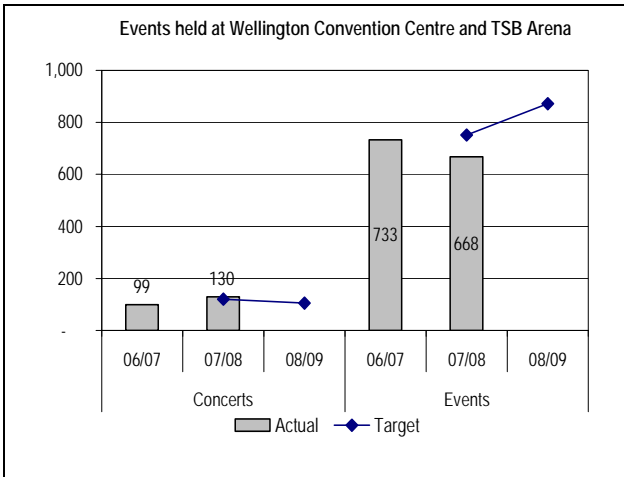
We also completed our upgrade of the TSB Bank Arena. This has resulted in: improved and increased seating throughout the venue; increased toilet, changing room, and kitchen facilities; and improved air treatment.

We upgraded our Move to Wellington website

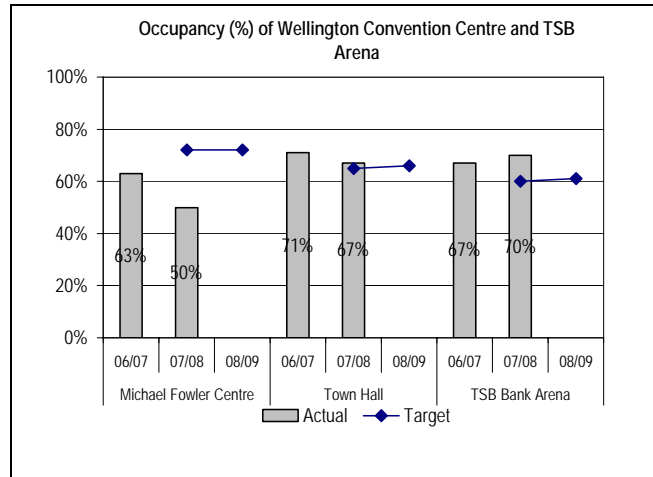
The site (www.Wellington.govt.nz/move) provides information and advice for people considering a shift to Wellington. The site continued to receive high levels of traffic.

We also supported events in Wellington and at job expos in London and Manchester, and reviewed our Welcome Pack for new residents.

HOW WE PERFORMED



Source: Wellington Convention Centre (Activity 3.1.3 Wellington Convention Centre)

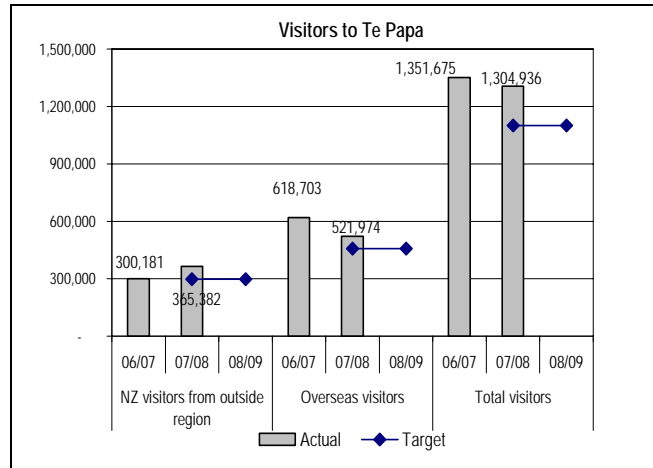


Source: Wellington Convention Centre (Activity 3.1.3 Wellington Convention Centre)

Retention of 4-star Qualmark rating and ISO 9001 accreditation

We have exceeded our target and attained a 5-star Qualmark rating and ISO9001 accreditation for the Wellington Convention Centre.

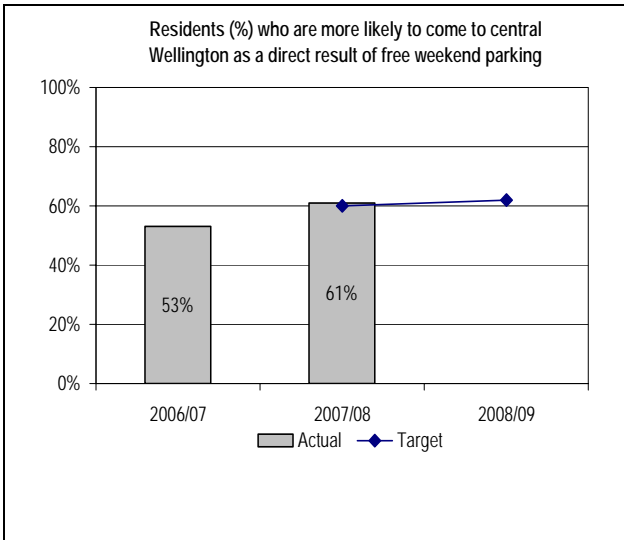
Source: Wellington Convention Centre (Activity 3.1.3 Wellington Convention Centre)



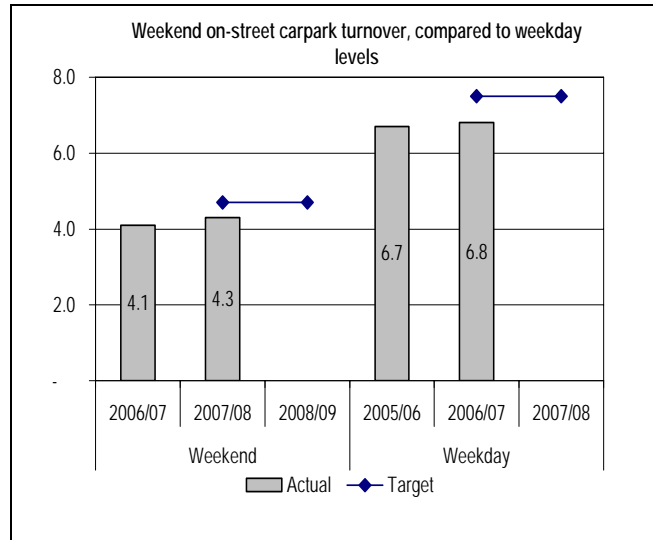
Source: Te Papa (Activity 3.1.2 Visitor Attractions)

COMMENT:

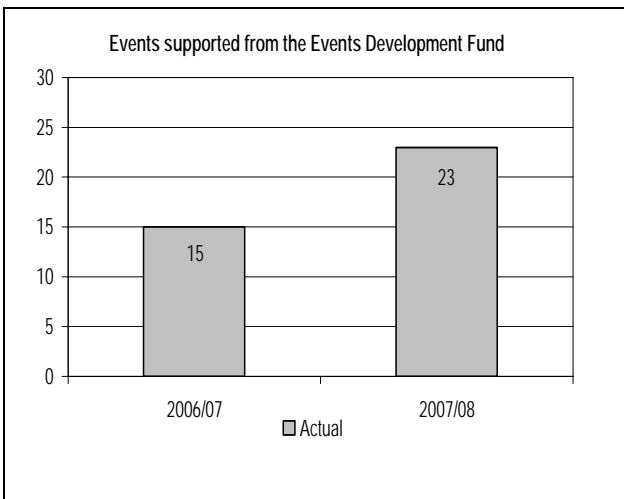
Wellington Convention Centre – We met three out of five performance targets for events and occupancy at the Wellington Convention Centre and TSB Arena. Although the total numbers of events has decreased and continues below target, occupancy of the Wellington Town Hall and TSB Arena continues above target. Such a result can indicate events are being held at the venues for longer periods, reducing the number of short-term events that have access to the venues. We will closely monitor trends over coming months, particularly for the Michael Fowler Centre which has had lower than expected occupancy.



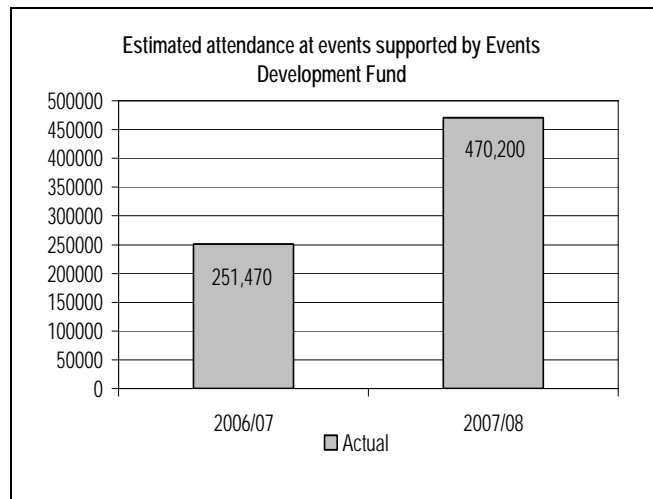
Source: WCC Infrastructure (Activity 3.2.1 Suburban and city centre vitality)



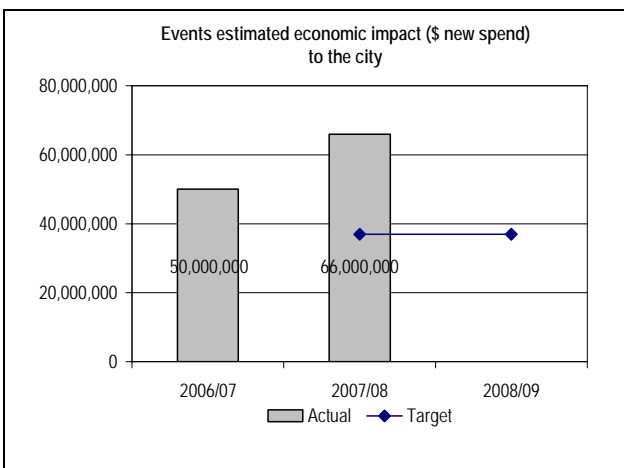
Source: WCC Parking and Property (Activity 3.2.1 Suburban and city centre vitality)



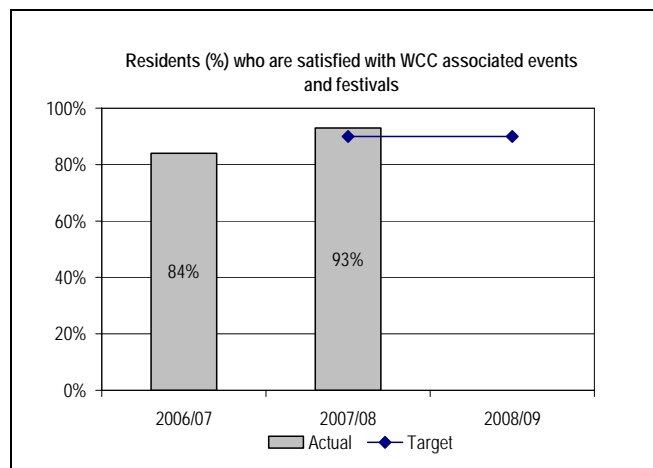
Source: WCC City Events (Activity 3.3.1 Events and attractions)



Source: WCC City Event (Activity 3.3.1 Events and attraction)



Source: WCC City Events (Activity 3.3.1 Events and attractions)



Source: WCC Resident Survey 2008 (Activity 3.3.1 Events and attractions)

COMMENT:

Suburban and central city vitality - Parking – The 'turn-over rate' is the average number of cars that use a particular carpark each day. During the year, an average of 6.8 cars made use of car parks on weekdays, while 4.3 cars made use of each car park on weekends. Both results reflect an improvement, but the results are still below target. This indicates that more people have access to car parks.

Events and attraction - We supported 23 major events, which were attended by 470,200 people. Events supported from our Events Development

Fund brought an estimated economic impact (new spend) of over \$66 million (approximately \$39.6 million estimated total value added) to the city.

This result far exceeded our target. Due to the competitive nature of the events market and the number and type of events supported, the estimated economic impact of those events can vary from year to year. It is therefore difficult to determine a target for the number of events and attendance.

The vast majority of residents continue to be satisfied with Council-supported events and festivals.

WHAT IT COST

	2008	2008	2008	2007
Operating Expenditure (\$000)	Actual	Budget	Variance	Actual
Tourism promotion (3.1.1)				
Cost	4,116	4,116	-	4,116
Revenue	-	-	-	-
Net Cost	4,116	4,116	-	4,116
Visitor Attractions (3.1.2)				
Cost	2,378	2,319	(59)	2,160
Revenue	-	-	-	-
Net Cost	2,378	2,319	(59)	2,160
Convention Centre (3.1.3)				
Cost	9,892	9,103	(789)	9,134
Revenue	(5,794)	(5,129)	665	(5,113)
Net Cost	4,098	3,974	(124)	4,021
Suburban and City Centres Vitality (3.2.1)				
Cost	1,228	1,223	(5)	1,225
Revenue	-	-	-	-
Net Cost	1,228	1,223	(5)	1,225
Events Attractions and Support (3.3.1)¹				
Cost	2,356	1,859	(497)	1,828
Revenue	(213)	(10)	203	(168)
Net Cost	2,143	1,849	(294)	1,660
Creative Workforce (3.6.1)				
Cost	1,232	1,235	3	976
Revenue	(23)	(7)	16	(14)
Net Cost	1,209	1,228	19	962
	2008	2008	2008	2007
Capital Expenditure (\$000)	Actual	Budget	Variance	Actual
Visitor Attractions (3.1.2)				
Cost	2,535	2,497	(38)	574
Unspent portion of budget to be carried forward	-	27	-	-
Convention Centre (3.1.3)				
Cost	512	497	(15)	677

¹ Increases in the number and cost of delivering events has resulted in an overspend in the events development fund.

BUSINESS SUPPORT

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

Our activities that contribute primarily to this aim include:

- **Information and Communications Infrastructure** – we are working to secure high-speed broadband infrastructure in the city
- **Transport gateway connections** – we are supporting efforts to attract a long-haul airline service from Asia to Wellington
- **Economic grants** – we provide grants to support one-off projects that bring strategic economic benefits to the city
- **Regional and external relations** – we promote the city's interests to central government, the business community and others; we also host business and civic delegations, and maintain international sister city and friendly city relationships.

WHAT WE DID

We made progress on bringing high-speed broadband to the city.

The Council agreed to submit an application – in conjunction with other councils in the region – to the government's Broadband Investment Fund.

The Council also agreed to a number of policy changes to support private sector investment in open access fibre optic broadband infrastructure. Work is continuing on an appropriate business model for Council investment.

We also surveyed municipal, university, school and hospital entities regarding their broadband needs, and consulted central and local government and the telecommunications industry.

One-off grants supported four strategic economic development projects.

The projects included: Wellington Creative Markets to create a weekend market for artists and designers; Multicultural Centre for Learning & Support Service to raise public awareness of migrant and refugee successes in workforce and tertiary studies; NZ Academy of Fine Arts to host the Da Vinci Exhibition featuring three-dimensional models of 60 machines devised by the great artist; and the Wellies – a website for IT professional expats and returning Kiwis.

We received delegations from all three of our sister cities: Beijing, Xiamen and Sakai City.

The delegations support business, educational, artistic and cultural interests. We marked the 20th anniversary of our sister city relationship with Xiamen by establishing a 'Wellington Garden' for the Sixth China International Garden and Flower Exposition in Xiamen in September.

We also received international visits from Japan's Navy, cultural delegations from various cities in China, and a visit from an Indian school.

The Wellington Regional Strategy is well underway.

The Wellington Regional Strategy (WRS) is a collaborative project between the local authorities of the region, central government and business, education, research and voluntary sector interests. The Strategy was fully adopted in May 2007 and the economic development agency *Grow Wellington* was established by the Greater Wellington Regional Council to implement the strategy. We worked alongside their staff on initiatives such as the development of Genuine Progress Indicator.

We are working to attract Wellington-Asia direct flights.

The joint initiative Wellington International Airport and Positively Wellington Tourism has progressed with negotiations with an international airline. We had hoped secure a service in the coming year but delays in the delivery of new aircraft means this is likely to be achieved later.

HOW WE PERFORMED

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. See comments above for more detail.

Source: WCC (Activity 3.4.2 Transport gateway connection)

Economic Grants	2006/07	2007/08
Total number of grant applicants	19	13
Total number of applicants receiving grants	10	4
Total budget available to applicants	\$165,000	\$165,000
Total budget distributed to applicants	\$156,172	\$164,741

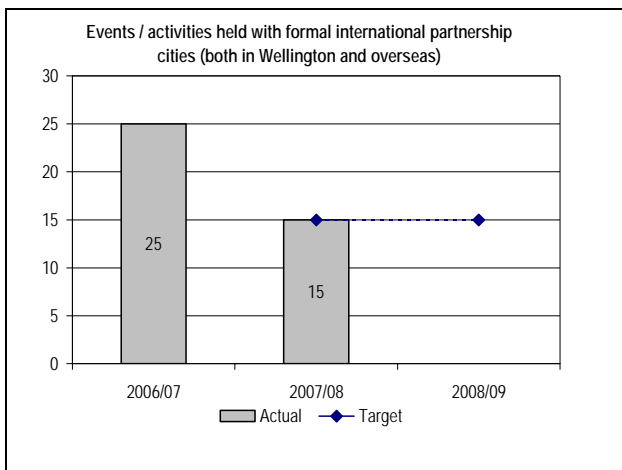
Source: WCC Grants (Activity 3.5.2 Economic grants)

BUSINESSES, JOBS AND GDP BY TARGETED SECTOR

- 1. Number of business and jobs by targeted sector. Sectors include: education, ICT,**
- 2. Location quotients by targeted sector.**

Wellington Region	Full time equivalents (FTEs)		Business units		GDP
	2006	2007	2006	2007	2007
Communications and Media	7,035	7,044	557	563	\$2,228M

Source: Infometrics – Wellington Regional Sector Report 2008 (Activity 3.6.1 Creative workforce)



Source: WCC External Relations (Activity 3.7.1 External relations)

COMMENT:

Creative workforce – Our target for the year was for positive growth across all sectors. Most sectors have experienced positive growth, with the exception being the manufacturing and creative sectors.

Note: we have changed the source of our Creative Workforce figures from Positively Wellington Business to Grow Wellington and its *Wellington Regional Outlook* report. This source categorises the sectors slightly differently, so the information reported has changed from what was reported last year. We have also not reported location quotients for the sectors, but have included their GDPs.

WHAT IT COST

2008	2008	2008	2007
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Operating Expenditure (\$000)	Actual	Budget	Variance	Actual
Transport Gateway Connections (3.4.2)				
Cost	200	200	-	200
Revenue	-	-	-	-
Net Cost	200	200	-	200
Economic Grants (3.5.2)				
Cost	165	165	-	144
Revenue	-	-	-	-
Net Cost	165	165	-	144
Cost	335	300	(35)	328
Revenue	(78)	(5)	73	(17)
Net Cost	257	295	38	311
	2008	2008	2008	2007
Capital Expenditure (\$000)	Actual	Budget	Variance	Actual
Regional and External Relations (3.7.1)				
Cost	-	-	-	-
Unspent portion of budget to be carried forward	-	108	-	-