

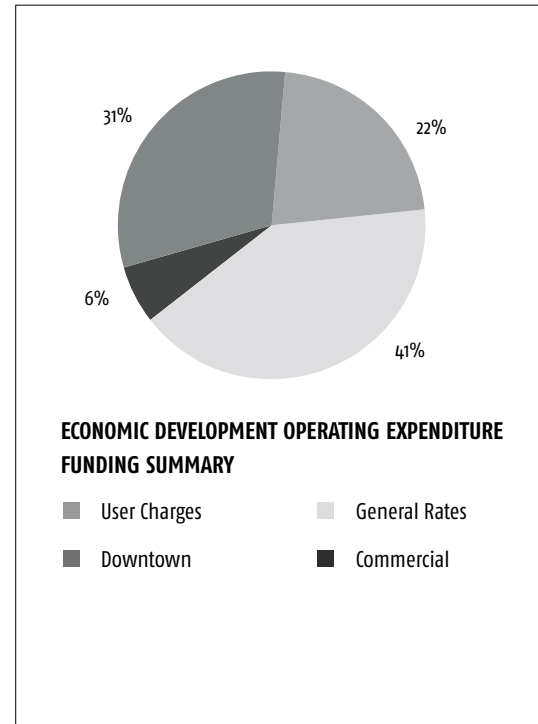
III) ECONOMIC DEVELOPMENT STRATEGY

GROWING THE REGIONAL ECONOMY FOR A PROSPEROUS COMMUNITY

The Economic Development Strategy is about achieving long-term and sustainable growth in Gross Domestic Product per capita. With a dynamic growing economy, Wellington is able to offer residents prosperity and an outstanding quality of life. Our economic activities include funding tourism promotions and visitor attractions, support for the regional economic development agency, and maintaining relationships with other agencies to foster economic growth.

OPERATING ACTIVITIES

The funding sources for this strategy are illustrated in the graph below.



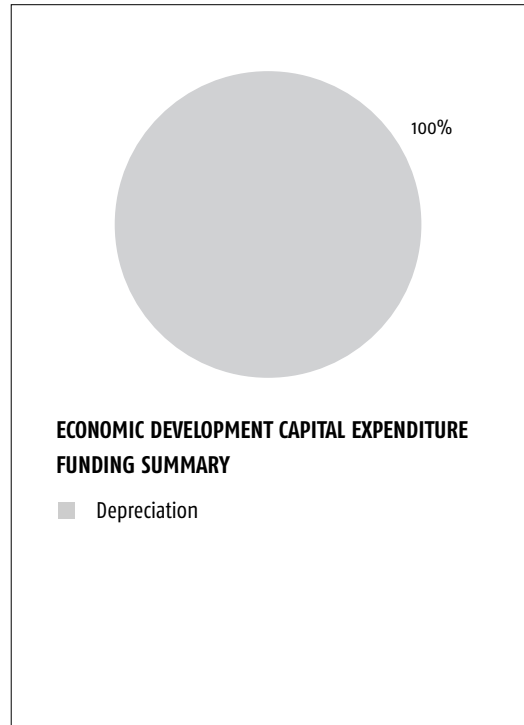
Activity	Funding Sources						
	User Charges	Other Income	General Rates	Targeted Rates			
				Residential	Commercial	Downtown	Other
3.1.1 Tourism promotion	0%	0%	0%	0%	0%	100%	0%
3.1.2 Visitor attractions	0%	0%	30%	0%	0%	70%	0%
3.1.3 Convention centre	55%	0%	45%	0%	0%	0%	0%
3.2.1 Facilitation of suburban and city centres vitality	0%	0%	0%	0%	0%	100%	0%
3.3.1 Events attraction and support	0%	0%	0%	0%	100%	0%	0%
3.4.1 Facilitation of ICT access	0%	0%	100%	0%	0%	0%	0%
3.4.2 Gateway connections facilitation	0%	0%	100%	0%	0%	0%	0%
3.5.1 Funder of Positively Wellington Business	0%	0%	100%	0%	0%	0%	0%
3.5.2 Economic grants	0%	0%	100%	0%	0%	0%	0%
3.6.1 Creative workforce promotion and facilitation	0%	0%	100%	0%	0%	0%	0%
3.7.1 Facilitation of external relations	0%	0%	100%	0%	0%	0%	0%

CAPITAL EXPENDITURE

The interest and depreciation costs relating to capital expenditure are incorporated in the operating costs of each activity.

Economic development capital expenditure projects generally relate to renewals and are funded through rates funded depreciation.

Economic development strategy – activity funding commentary



Activity	Funding Sources			
	LTNZ Capex Subsidies	Development Contributions	Depreciation	Borrowings
3.1.2 Visitor attractions	0.0%	0.0%	100.0%	0.0%

ACTIVITY 3.1.1: FUNDER – TOURISM PROMOTION

The Council funds Positively Wellington Tourism – the city’s official visitor marketing agency. It works alongside the accommodation and retail sectors to promote Wellington as a visitor destination.

COMMUNITY OUTCOME

Positively Wellington Tourism’s work contributes to the outcome that “Wellington will be a prime tourist and conference destination, with diverse and changing attractions that fit and highlight Wellington’s best features”.

WHO BENEFITS?

Identifiable part of the community 100%

The direct beneficiaries of Positively Wellington Tourism’s work are the retailers, restaurants, bars, hotels and other businesses located in the downtown area. The marketing and promotional work funded through this activity brings people to the central city, where their spending benefits businesses. While there are some benefits to the community, as tourism benefits the economy and adds to the vibrancy of the inner city, the principal purpose of this activity is to directly assist the downtown business sector. The effects of tourism promotion are cumulative and have positive long-term benefits for the inner-city economy.

WHO SHOULD PAY?

Identifiable part of the community 100%

As the downtown sector benefits directly from this activity, it is appropriate they should pay. This activity is funded from the downtown levy, which is a targeted rate levied on businesses in the downtown area.

OUR FUNDING TARGETS: OPERATING EXPENSES

User charges	0%
Other revenue	0%
Targeted rate (Downtown)	100%
General rate	0%

Total	100%
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ACTIVITY 3.1.2: FUNDER AND PROVIDER – VISITOR ATTRACTIONS

Through this activity the Council funds attractions and facilities that bring visitors to the city. It includes an ongoing commitment to Te Papa, a grant to the Carter Observatory located at the top of the Cable Car, and the costs associated with the Events Centre including capital upgrades and renewals.

Also see the following activities: 3.3.1 Events attraction and support and 4.8.1 Environmental and conservation attractions.

COMMUNITY OUTCOME

This activity contributes to the outcome that “Wellington will be a prime tourist and conference destination, with diverse and changing attractions that fit and highlight Wellington’s best features”.

HOW WE APPROACH FUNDING THIS ACTIVITY

The overarching purpose of this activity is to have visitor attractions. The principal expenditure under this activity is the funding which the Council provides to Te Papa and the Carter observatory. Any entry fees that apply to exhibitions at Te Papa reside with them – so the Council does not receive any revenue in relation to this activity.

EXTERNAL ATTRACTIONS

WHO BENEFITS?

<i>Individuals</i>	50%
<i>Whole community</i>	30%
<i>Identifiable parts of the community</i>	20%

The direct beneficiaries are those who visit Te Papa and attend other events funded through this activity.

The community as a whole benefits by having a high-quality visitor experience such as Te Papa available year-round. Major attractions including Te Papa are sources of civic pride. These attractions bring visitors to the city and boost the economy, increasing prosperity for residents. They also play vital roles in Wellington’s vibrant cultural life, contributing to its image as New Zealand’s arts capital.

There are also direct benefits to the businesses located in the downtown area. The attractions funded by this activity bring people into the city, providing custom for hotels, restaurants, retailers and other city businesses. These benefits can be measured through increases in the number of “visitor nights” spent in the city during major events.

WHO SHOULD PAY?

<i>Identifiable parts of the community</i>	70%
<i>Whole community</i>	30%

Though the main beneficiaries of this activity are the individuals who choose to visit Te Papa or the observatory the Council does not believe it is viable or appropriate to charge them directly for these benefits. In the case of Te Papa, entry is free and the Council has no practical way of identifying beneficiaries.

There are strong arguments for the downtown sector to bear a portion of the cost of this activity as they benefit directly from the funding of this activity. The events and attractions bring people and visitors into the city. These people provide business for the retailers, and the wider hospitality sector in the city. The projects funded by this activity make major contributions to the Council’s goal that Wellington will be a prime tourist destination.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate (Downtown)	70%
General rate	30%
Total	100%

ACTIVITY 3.1.3: FUNDER AND PROVIDER – WELLINGTON CONVENTION CENTRE

The Town Hall, Michael Fowler Centre and Events Centre provide Wellington with venues of international quality. The facilities are used for conferences and functions, community events, and entertainment events such as concerts and sports. They are unique in the city, providing larger auditoriums than are available in the private sector.

WHO BENEFITS?

<i>Individuals</i>	55%
<i>Whole community</i>	45%

The main beneficiaries of these facilities are the businesses and other groups who hold conferences, functions, concerts and other events there, and the people who attend those events. These benefits are private and exclusive.

The community as a whole also benefits in several ways. The facilities existence means people have the option of attending events there if they wish. By helping attract events and visitors to the city, the centre contributes to the economy and to Wellington's vibrant cultural life. It provides a venue for major attractions including the New Zealand Symphony Orchestra and New Zealand Festival performances, which might otherwise have difficulty finding homes in Wellington. The Michael Fowler Centre and Town Hall are major city landmarks and focal points, which contribute to civic pride.

The final beneficiary is the accommodation and entertainment sector, which gains business because of the conferences and other events held at the centre.

WHO SHOULD PAY?

<i>Individuals</i>	55%
<i>Whole community</i>	45%

Users contribute to the cost of operating the centre through venue fees, and commissions on sales of tickets, books, beverages and technical supplies.

While the accommodation and entertainment sector also receives a small part of the benefit, the Council's view is that their share of the costs should be borne by general ratepayers. This is because of the benefit to the community as a whole, through an enhanced cultural life and stronger economy.

The Council has no rating mechanism that directly targets the accommodation and entertainment sectors. While consideration has been given to levying businesses in the downtown area to meet a share of the costs, it would mean rating businesses that are not beneficiaries such as retailers. Given the relatively modest benefit to the accommodation and entertainment sectors, introducing a new rate or other charge targeted at these sectors would not be efficient or cost-effective. Furthermore, the centre would be worth operating even if it did not benefit those sectors, and it does not cost any more to run because those sectors benefit. The Council believes the majority of this project should be funded by users (55 percent) and the remainder being drawn from general rates.

OUR FUNDING TARGETS: OPERATING EXPENSES

User charges	55%
Other revenue	0%
Targeted rate	0%
General rate	45%

Total	100%
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ACTIVITY 3.2.1: FACILITATOR – SUBURBAN AND CITY CENTRES VITALITY

A number of the Council's activities contribute to the vitality of the city and suburban centres. This activity covers two specifically targeted projects.

The Council manages a rolling programme of improvements on behalf of the proprietors at the Marsden Village in Karori. The Council also provides its car parks free on weekends to attract custom to the inner city. This forms part of a wider retail strategy.

COMMUNITY OUTCOME

This activity contributes in part to "Wellington's suburban centres offering enhanced services and lifestyle choices" and to the Council's outcome that "the central city will be the premier and most rapidly growing specialty retail, entertainment, service and knowledge centre for the region."

WHO BENEFITS?

<i>Identifiable part of the community</i>	50%
<i>Individuals</i>	50%

The direct beneficiaries of the free weekend parking policy are the people who get to make use of the parks. Their benefit is private and exclusive – two cars obviously cannot use the same park at once.

The other beneficiaries of the free weekend parking policy are the retailers, restaurants and other businesses located in the downtown area. Free parking brings people to the central city, where their spending benefits businesses.

The Marsden Village levy is managed by the Council on behalf of the proprietors and is of direct benefit to them.

WHO SHOULD PAY?

<i>Identifiable part of the community</i>	100%
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The main purpose of this activity is to encourage people into the city by subsidising their car parking. Clearly, this means someone other than the people using the car parks has to pay. Since the other beneficiaries of this policy are downtown businesses, it is appropriate they should bear the cost so long as the free weekend parking policy continues. Free weekend parking is funded from the downtown levy, which is a targeted rate levied on businesses in the downtown area.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate (Downtown)	100%
General rate	0%
Total	100%

ACTIVITY 3.3.1: FUNDER – EVENTS ATTRACTION AND SUPPORT

Through this activity the Council attracts and supports major events in the city. Major events such as the Rugby Sevens and the World of Wearable Art show attract visitors and add a spark of vitality to the city. The new spending that they bring boosts the local economy and is an important part of maintaining Wellington’s place as the “events capital”.

In addition to this activity the Council promotes and host a wide array of arts and cultural festivals. See: 5.2.1 Funder and provider – Arts and cultural festivals.

COMMUNITY OUTCOME

This activity directly contributes to the Council’s long term goal that the city will be more eventful. It also contributes to the community outcome that “Wellington will be a prime tourist and conference destination, with diverse and changing attractions that fit and highlight Wellington’s best features”.

WHO BENEFITS?

<i>Individuals</i>	50%
<i>Whole community</i>	30%
<i>Identifiable parts of the community</i>	20%

The direct beneficiaries are those who attend the events funded through this activity. These benefits are private and exclusive.

The community as a whole benefits in a number of ways. They have the opportunity to attend high-quality events that arguably wouldn’t come without the Council’s support. Major events, such as the Rugby Sevens, also contribute to social cohesion – they are an opportunity for people to mix and celebrate together. The events also play vital roles in Wellington’s vibrant cultural life, contributing to its image as New Zealand’s arts capital.

There are also direct benefits to the businesses located in the downtown area. The events funded by this activity bring people into the city, providing custom for hotels, restaurants, retailers and other city businesses. These benefits can be measured through increases in the number of “visitor nights” spent in the city during major events.

WHO SHOULD PAY?

Identifiable parts of the community 100%

Though the main beneficiaries of this activity are the individuals who choose to take part in the events, the Council does not believe it is viable or appropriate to charge them directly for these benefits. Council’s contribution to the hosting of the events reflects the collective benefit to the wider public, while any private benefit received by people attending shows is reflected in the tickets they purchase to attend.

There are strong arguments for the commercial sector to bear the cost of this activity as they benefit directly from the funding of it. The events bring people and visitors into the city. They also provide an important connection to the world, which is seen as a critical factor in attracting and retaining a highly-skilled creative workforce. The activity is an integral part of the Council’s “Creative Wellington – Innovation Capital” vision and our goal to maximise the economic value from promoting and hosting high profile events. The activity also strongly supports our overall economic strategy of building a strong economy based around an environment that fosters innovation and entrepreneurship. To this end the Council considers it appropriate that the commercial sector pays for the activity.

OUR FUNDING TARGETS: OPERATING EXPENSES

User charges	0%
Other revenue	0%
Targeted rate (Commercial)	100%
General rate	0%

Total 100%

ACTIVITY 3.4.1: FACILITATOR – INFORMATION COMMUNICATION TECHNOLOGY ACCESS

The Council's aim is that Wellington will be connected locally, nationally and globally by offering world class accessibility and linkages, which includes high-capacity broadband. The Council is developing its strategy to achieve this. As such, no projects or costs are directly associated with the activity.

See also: 6.4.7 Provision of community ICT access.

ACTIVITY 3.4.2: FACILITATOR – TRANSPORT GATEWAY CONNECTIONS

The airport and the seaport are important factors in any city's economy. Ensuring they are readily accessible and connected locally, nationally and globally are central to their continued viability. Given its role in the city the Council can play a useful part in facilitating elements of this.

The Council is supporting an initiative aimed at attracting more long haul airlines to the city. This activity covers the cost of that project. The Council's proposed improvements to access the port and ferry terminal clearly has a close linkage to this activity. It is funded through activity: 2.2.2 Facilitator – Port access.

COMMUNITY OUTCOME

This activity contributes to the outcome that "Wellington will have an increasing diversity of vibrant, internationally competitive businesses and industries of all sizes and sustainable employment opportunities".

WHO BENEFITS?

<i>Identifiable part of the community</i>	50%
<i>Community as a whole</i>	50%

The port, the airport and the users of those facilities benefit from Council's funding of this activity. The purpose of the activity is to facilitate ease of access to these gateways so that the movement of freight and of their customers remains efficient overtime.

The community as a whole also benefits from this activity. These major transport gateways are central components of the local economy. The connections they offer to other markets and places are also important to the social fabric of the community.

WHO SHOULD PAY?

<i>Whole community</i>	100%
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Through the benefits of this activity are split between the businesses and users of the gateways and the wider community, the Council believes the activity is most appropriately funded from general rates. The main reason for this is that identifying individual beneficiaries and requiring them to pay would be impractical. It also believes that any of these benefits are outweighed by those to the community as whole.

Funding the activity from the general rates is considered the fairest and most effective way of funding this.

NB: this is a new activity and primarily covers a new initiative

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

ACTIVITY 3.5.1: FUNDER – POSITIVELY WELLINGTON BUSINESS

Maintaining a strong economy is essential to sustaining Wellingtonian's quality of life. In recognition of this, the region's councils contribute funding to the regional economic development agency Positively Wellington Business (PWB). PWB's work includes marketing the region as a great place to invest and do business.

COMMUNITY OUTCOME

PWB's activities primarily contribute to the outcome that "Wellington will have an increasing diversity of vibrant, internationally competitive businesses and industries of all sizes, and sustainable employment opportunities".

WHO BENEFITS?

<i>Identifiable part of the community</i>	50%
<i>Whole community</i>	50%

The benefits are split between the community and industries that benefit from Positively Wellington Business's efforts. The core aim is to help the city and regional economy grow. This benefits residents by providing jobs, raising incomes, and ensuring a wider range of career choices. PWB's work also benefits those industry sectors it supports, such as the film industry and the business clusters. It also benefits individual businesses that receive investment or develop skills or business opportunities as a result of its efforts.

Though the benefits to the community are immediate and relate to economic well-being, these efforts to improve the city's prosperity are cumulative and have positive, long-term spin-offs both for the economy and social well-being.

WHO SHOULD PAY?

<i>Whole community</i>	100%
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Though the benefits are split between the community and certain business sectors, the Council believes this activity is most appropriately funded from general rates. There are several reasons for this.

Although business sectors benefit from these activities, identifying individual beneficiaries and requiring them to pay would in many cases be impractical. For example, identifying the beneficiaries of PWB's marketing and investment promotion work would not be easy.

Levying the industries that benefit directly from the work done by PWB would run counter to the Council's aim of attracting those industries to the region. The Council's marketing and relationship-building efforts also complement the efforts of businesses themselves.

OUR FUNDING TARGETS: OPERATING EXPENSES

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%

Total	100%
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ACTIVITY 3.5.2: FUNDER – ECONOMIC GRANTS

The Council maintains four grants pools. This activity covers the grants to community groups and organisations whose projects seek to promote economic wellbeing. The grants process is overseen by a subcommittee of Council.

COMMUNITY OUTCOME

This activity contributes to overall economic wellbeing.

WHO BENEFITS?

<i>Identifiable part of the community</i>	50%
<i>Whole community</i>	50%

The groups and organisations that receive grants clearly benefit from this activity. But the community as a whole also benefits. The grants pool itself is not exclusive – it is open so that anyone has the opportunity to apply. And the projects of the successful applicants will have flow on benefits for the wider community.

WHO SHOULD PAY?

<i>Whole community</i>	100%
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While grants recipients benefit directly from this activity seeking to recoup the cost from them would defeat the purpose of the grants pool. Given this and that there are benefits to the community as a whole, the Council believes the fairest and most effective way to fund it is from general rates.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

ACTIVITY 3.6.1: FACILITATOR AND PROMOTER – CREATIVE WORKFORCE

The core aim of this activity is to attract and retain an increasing diversity of vibrant, internationally competitive people, businesses and industries to Wellington.

Our work includes marketing the city's Creative Wellington Innovation Capital vision and celebrating success with a creative achievers programme.

Through this activity we also consult with the city's universities and other tertiary providers to develop programmes that support the development of a "creative" workforce. Our work in this area is closely linked to out activities under 3.7.1 External relationships.

COMMUNITY OUTCOME

This activity contributes primarily to the outcome that "Wellington will have an increasing diversity of vibrant, internationally competitive businesses and industries of all sizes, and sustainable employment opportunities."

WHO BENEFITS??

<i>Whole community</i>	80%
<i>Individuals</i>	20%

The "creative workforce" initiatives primarily benefit the Wellington community by encouraging development of a vibrant economy.

Individuals and employers are also likely to receive benefits as a result of the programme.

WHO SHOULD PAY?

<i>Whole community</i>	100%
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Although there is some benefit to individuals, the principal benefit is to the community. The creative workforce programme contributes strongly to the Council's "Creative Wellington – Innovation Capital" vision and our strategic priority of attracting talented and innovative people to the city. Identifying the individual beneficiaries and the level of benefit they receive is not practicable. Furthermore, if it were practicable charging people who benefit from the activity would tend to defeat its purpose by discouraging people from taking part.

For these reasons, the Council believes the fairest and most effective way of meeting the costs of this activity is through general rates.

OUR FUNDING TARGETS: OPERATING EXPENSES

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%

Total	100%
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ACTIVITY 3.7.1: FACILITATOR - EXTERNAL RELATIONSHIPS

The Council works to make Wellington’s economy more competitive and innovative by promoting the city’s interests to central government, local authorities, the business community, and to educational providers. We also maintain relationships offshore to promote the region. The activity also covers the cost of our contribution to the Wellington Regional Strategy office.

COMMUNITY OUTCOME

This activity contributes primarily to the outcome that “Wellington will become a centre of excellence for education and training, and the promotion of entrepreneurship”.

WHO BENEFITS?

<i>Whole community</i>	50%
<i>Identifiable part of the community</i>	50%

The benefits of this activity are split between the community as a whole and institutions that benefit from our efforts. The core aim of this work is to help the city and regional economy grow through innovation. This benefits residents directly by providing jobs, raising incomes, providing a wider range of career choices, and making the city more prosperous. Our work in this activity also benefits some business sectors, such as export education and creative industries, by boosting their profile and helping build the investor base and potential business partnerships in foreign markets.

Though the benefits to the community are immediate and relate to economic well-being, our efforts to improve the city’s prosperity and in particular any partnerships with the training and educational sector have positive, long-term spin-offs both for the economy and social well-being.

WHO SHOULD PAY?

<i>Whole community</i>	100%
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Though the benefits are split between the community and certain sectors, the Council believes this activity is most appropriately funded from general rates. This is because in most situations it would be impractical to identify the individuals or business that benefit directly from our activity. For example, it would not be possible to identify the direct beneficiaries of a sister city relationship or a trade delegation. Furthermore, the Council’s and relationship-building efforts complement the efforts of businesses or institutions themselves. The Council’s contributions can fairly be seen as reflecting the public benefits only.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%