OPEN FOR BUSINESS
MAKING SURE THIS BECOMES A REALITY
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INTRODUCTION
BEING OPEN FOR BUSINESS

As part of Wellington’s Economic Development Strategy, the Council has a focus on being seen as ‘open for business’. Open for business means that the Council supports the business community by providing efficient services, facilitating growth and supporting businesses to locate to, and remain in, Wellington City.

To work towards this, the Council needs to gain greater insight into what the experience of being a business in Wellington, and doing business in Wellington, is like.

Nielsen was commissioned to carry out research among businesses to:

• Understand the benefits of, and challenges faced by, operating a business in Wellington

• Measure businesses’ perceptions of, and experiences with, Wellington City Council

• Gain an indication of the level of risk for businesses being lost to Wellington (from closure or from relocation) in the foreseeable future.

This research will help the Council to identify how it can better support the Wellington business community.
APPROACHING BUSINESSES

The research was conducted via a postal survey, with an option for respondents to complete the survey online. The survey approach is outlined below:

Chief Executive of Wellington City Council writes to businesses advising them of the survey
- Hard copy of the survey and pen provided
- Instructions for completing online
- Details of Nielsen survey 0800 helpline

Reminder letter sent from the Chief Executive to businesses that had not completed the survey
- Instructions for completing online
- Details of Nielsen survey helpline

Cut off date for completed surveys.
Prize draw undertaken for incentive (iPad) offered to respondents

The sampling frame was a database of Wellington businesses\(^1\). This represented commercial entities in Wellington city. The survey data was weighted to reflect the make up of commercial entities in Wellington (i.e. excluding schools, government entities etc.)

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1 The database of businesses was purchased from Martins by Wellington City Council. Please refer to Appendix I for a profile of the sampling frame and the sample achieved.
A POSITIVE RESPONSE

There was a strong response to the survey with 683 surveys being completed, well above the anticipated target of 400. Businesses’ engagement with the topic was also evident, with four in every ten completing the survey also agreeing to have contact details passed on to Wellington City Council so the Council could communicate with them in future.

The response rate to the survey was 35%.

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<thead>
<tr>
<th>Description</th>
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<tbody>
<tr>
<td>LETTERS SENT</td>
<td>2074</td>
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<tr>
<td>INELIGIBLE RESPONDENTS (E.G. RETURN TO SENDERS)</td>
<td>122</td>
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<tr>
<td>ELIGIBLE RESPONDENTS</td>
<td>1952</td>
</tr>
<tr>
<td>COMPLETED SURVEYS</td>
<td>683</td>
</tr>
<tr>
<td>RESPONSE RATE (COMPLETES/ELIGIBLE RESPONDENTS)</td>
<td>35%</td>
</tr>
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</table>

23% of businesses completed the survey online

Please refer to Appendix I for a more detailed response rate calculation
EXECUTIVE SUMMARY
EXECUTIVE SUMMARY

This research shows that the mood among businesses is relatively buoyant. In general, businesses have a positive outlook for the economy and their own business. However, they are slightly more cautious about the Wellington economy.

Three in every twenty businesses anticipate harder times ahead, while two in ten indicate that there is at least some possibility of relocating or closing their Wellington operations.

The most prominent challenge businesses face is the size of the local market. This is both a positive and a negative, with Wellington’s compactness identified as a clear benefit for many businesses. Similarly, the proximity to government also generates polarised views (i.e. a source of business, but also a heavy reliance on this sector). Other specific issues related to doing business in Wellington, that were raised during the survey, included international connections, vulnerability to earthquakes, and parking.

Around one in four businesses currently perceive the Council positively when it comes to being open for business. Among those who have more negative perceptions, comments highlighted that there is a perceived lack of understanding or interest in business. Businesses clearly want the Council to focus on making it easy for businesses to grow and invest, but more importantly, they are willing to engage with the Council to improve this.
OVER-ARCHING RECOMMENDATIONS

Enhance communication with business
There is a clear lack of awareness and knowledge about what Council is doing in terms of strategy and initiatives to make Wellington more open for business. We recommend that Council evaluates the channels through which it communicates with businesses, and the content of these communications. This may result in putting more mechanisms in place to encourage dialogue with businesses. The fact that nearly half of all businesses who took part in the survey agreed to be contacted by the Council for future communications indicates a willingness to engage and to work with Council.

Address the anti-business perception
While often based on hearsay rather than experience, there is nevertheless a perception held by some that the Mayor and councillors (pre-election 2013) are not sufficiently supportive of businesses. The elected representatives need to work at changing this perception because if it is not addressed it could undermine any business-related initiatives by Council.

Monitor progress and bring businesses along for the ride
This survey contains measures that could act as key performance indicators for the relationship between businesses and Council. It provides a baseline measurement against which progress can be tracked over time. We recommend repeating this survey annually. We strongly recommend a summary of results is fed back to the businesses who took part along with actions that will be taken. This demonstrates a commitment to act on the findings.
MORE SPECIFIC RECOMMENDATIONS

Recommendations relating more closely to each of the four economic development strategy platforms are:

<table>
<thead>
<tr>
<th>Destination Wellington</th>
<th>Smart Capital</th>
<th>Connected Capital</th>
<th>Open for Business</th>
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</thead>
<tbody>
<tr>
<td>• Market to Wellington’s strengths – in particular the benefits offered to businesses on the basis of Wellington’s compactness, sound infrastructure, lifestyle/vibe/arts and culture reputation, affordable housing (relative to Auckland)</td>
<td>• Encourage the smart, knowledge-intensive businesses but be careful not to alienate other sectors</td>
<td>• Market our central NZ location to attract businesses to Wellington</td>
<td>• Work to reduce the processes/ red tape when businesses deal with Council (e.g. consents process.)</td>
</tr>
<tr>
<td>• Consider every Council initiative in light of whether or not it makes Wellington a place where businesses will want to operate and people will want to live</td>
<td>• Ensure infrastructure, particularly technological infrastructure, is at least as good as and hopefully superior to other centres</td>
<td>• Enhance our international links, especially with Asia (for many businesses this translates to supporting the airport extension)</td>
<td>• Communicate and work with businesses to avoid needing to delay progress or decline applications.</td>
</tr>
<tr>
<td>• Manage the issues relating to earthquake vulnerability.</td>
<td>• Use local businesses wherever possible when Council is purchasing smart services – signals a belief in and support for our local smart businesses</td>
<td>• Protect and enhance connectedness around our compact city (e.g. minimise congestion)</td>
<td>• Approach interactions and provide service to business customers in ways that acknowledge the differing needs of business to residents</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• Ensure you understand the issues many businesses have relating to parking in the city and work to address these</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• Consult prior to undertaking activity that may impact on a business (e.g. impact of roadwork)</td>
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</tbody>
</table>
WELLINGTON BUSINESS SCENE
HOW ARE BUSINESSES DOING?

This section provides a ‘state of the nation’ summary of Wellington businesses.

It provides some key indicators of how Wellington businesses have performed in the past 12 months. It also asks about their expectations for the next 12 months.

We use both recent performance and future expectations to segment businesses on the basis of outlook.
**THE YEAR THAT WAS**

40% of businesses reported **increased total sales** compared with the previous year. 27% reported **decreased total sales**.

52% of businesses **had invested** in growth potential (Research and Development or expansion) in the past 12 months. 82% had maintained or increased their **marketing spend**.

72% of businesses **had recruited staff** in the past 12 months, and 62% have at least one **contractor working** for them.

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36% found it difficult or very difficult to recruit staff. A net 11% of those recruiting in each of last two years found it harder to recruit in the past year than the 12 months prior.
OVERALL, A POSITIVE OUTLOOK

The majority of businesses expect the national economy to have improved in 12 months time. Just over half have positive expectations for their own businesses. However, businesses are more cautious about the Wellington City economy.

- 54% Net improvement in **own** business
- 31% Net improvement in **Wellington** City economy
- 63% Net improvement in **National** Economy

Those more optimistic than average about the Wellington City economy are:

- Construction businesses
- Accommodation & food industry
- Businesses with local operations (i.e. no overseas sales)

- Businesses with positive perceptions of Wellington City Council
- Businesses not in the CBD

Note: Net improvement is calculated by subtracting the Net worse results from the Net better results.
HAVE THEY CONSIDERED CLOSING/RELOCATING?

One in every four businesses have considered closing their Wellington operations and/or relocating their operations out of Wellington City in the past three years.

Considered relocating or closing Wellington business

- Considered relocating: 18%
- Considered closing: 11%
- Have not considered: 75%

Base: All respondents, excluding not answered (n=681)
SEGMENTATION OF BUSINESSES

Four segments were identified based on investment in growth potential, change in turnover and expectations for their own business in the next 12 months.

- **Growth**
  - Turnover increased cf. previous year, and expecting business situation to get better or remain strong (or investing in growth)

- **Optimists**
  - Turnover the same as, or lower than, the previous year but expecting business situation to get better

- **Business as usual**
  - Turnover same as previous year and expecting business situation to remain the same

- **Hard times ahead**
  - Expecting business situation to be worse
SIZING THE SEGMENTS

One in three businesses are in our growth segment, while 15% anticipate harder times for their business in the year ahead.

Base: All respondents, excluding not answered (n=663)
Note: Businesses’ performance was established based on their turnover, level of investment and expectations for their business over the next 12 months.
### PROFILING THE SEGMENTS

**Growth segment are more likely than average to:**

- have been in business 6-10 years
- also have operations outside of Wellington
- also have overseas operations
- be medium (6-99 employees) or large businesses (100+ employees)
- invest in Research & Development and expansion
- have increased marketing spend in the last 12 months
- see the airport’s limited international capacity as a challenge for doing business in Wellington
- perceive a lack of vision or proactivity as a challenge for Wellington
- be in the rental, hiring or real estate industry
- be in the finance and insurance sector

**Business as usual businesses are more likely than average to:**

- have been in operation more than 20 years
- be an owner-operator
- have turnover of less than $100,000 pa
- not be investing in Research & Development and expansion
- see housing quality/affordability as a challenge for doing business in Wellington
- be based out of the CBD due to the proximity of their home.

**Optimists are more likely than average to:**

- be small (5 or less employees) or medium (6-99 employees) businesses
- see having clients/business associates close by as a benefit of doing business in Wellington
- be in manufacturing

**Hard times ahead are more likely than average to:**

- be small businesses (5 or less employees)
- have turnover of less than $100,000 pa
- find it difficult to recruit staff
- find changes in government spending and/or less government work kept locally a challenge
- find cost of land/premises in CBD a challenge
- have considered closing their business in the past three years
- express some possibility they will close or relocate out of Wellington in the foreseeable future
- be in the health care or social assistance sector
PERCEPTIONS OF WELLINGTON
DOING BUSINESS IN WELLINGTON

This section looks at what it is like to operate a business in Wellington.

Key benefits and challenges, of having a business based in Wellington, compared with other places, are identified.

In our survey, respondents firstly wrote down the benefits and challenges they perceived in their own words.

They then rated eleven aspects of Wellington based on the extent to which they felt each was of benefit to their specific business (using a 5-point scale of no benefit at all to very strong benefit).
WHAT ARE THE CHALLENGES FOR A BUSINESS IN WELLINGTON?

Being a small city is the most prominent challenge that businesses face. Many feel challenged by businesses and clients moving out of Wellington or being based out of Wellington. One in nine spontaneously mention concerns with the Council.

Main challenges or disadvantages about Wellington City (spontaneous comments)

- Size of local market/small population/small number of SME's/smaller economy
  - 20%
- Head Offices/clients/members out of region (incl to Auckland, Sydney, offshore)
  - 16%
- Parking issues - costs/lack of
  - 11%
- Concerns with council (incl lack of leadership, poor decision making, money not spent wisely)
  - 11%
- Earthquake risks (incl building strengthening, increased insurance premiums)
  - 10%
- Traffic/transport problems/nuisances - congestion/bottlenecks
  - 9%
- Government pulling back/awarding fewer contracts locally
  - 9%
- Airport (lack of international capacity)
  - 8%
- Dominated by Central Government/public sector
  - 8%
- Expensive/cost to leases to operate in CBD/lack of affordable land
  - 7%

More likely to be a challenge for retailers (28%)
More likely to be a challenge for Accommodation & Food industry (23%)
More likely to be a challenge for businesses with overseas operations (20%)

Base: All respondents, excluding not answered (n=631)
Note: Only the top ten mentions are shown
WHAT MAKES WELLINGTON A GOOD PLACE TO BASE A BUSINESS?

Compared with other locations, the compactness of the city and its associated benefits in terms of ease and accessibility is what makes Wellington a good place for a business to be based. Government being based here also contributes to business success in Wellington.

What makes Wellington a good place to do business (spontaneous comments):

- Compact/small city/easy to get around/CBD, everything easily accessible/pedestrian/cycle friendly: 44%
- Close to Central Government/government decision makers/Capital City: 20%
- Clients/businesses associates close by (incl within walking distance, good for networking): 17%
- Clients are local/client base here/client base not available elsewhere/uniquely Wellington based service: 14%
- Central location (easy access to rest of NZ): 12%
- Good/efficient transport system/access: 10%
- Government departments: 9%
- Easy commuting/no traffic problems/access to suburbs/in and out of city: 8%
- I/family live here/my home/I enjoy being here/know city well: 8%
- Arts and culture (incl events, film industry, museum, entertainment): 7%

Wellington is a very compact city and has a CBD where you can walk... Being a hotel operator having major tourist attractions within walking distance is a bonus.

Base: All respondents, excluding not answered (n=654)
Note: Only the top ten mentions are shown
WHAT ASPECTS ARE OF BENEFIT TO MORE BUSINESSES?

Benefits that feature most prominently are the compactness of Wellington, and the city’s infrastructure. Few businesses identify support from organisations such as Chamber of Commerce and the Council, or rail and port connections to the rest of NZ, as being of benefit to their businesses.

Benefits to your business (% rated 4-5 on 5 point scale, where 1 is no benefit and 5 is very strong benefit)

- Compactness of Wellington - easy to navigate (n=677) 78%
- Good infrastructure (roads and rail, IT and communications (e.g. broadband and mobile coverage), water and waste) (n=671) 63%
- Close to government (n=669) 49%
- Proximity of airport to the city centre (n=671) 45%
- Presence/cluster of businesses that use your business' goods and services (n=675) 45%
- Availability of skilled labour (n=673) 40%
- Presence of like-minded businesses that fit with the culture and feel of Wellington (n=673) 40%
- Strong educational institutions (n=671) 37%
- Presence/cluster of businesses involved in the same industry as you (n=673) 32%
- Support for businesses from organisations such as Wellington Chamber of Commerce, Wellington City Council and so on (n=672) 21%
- Good port/rail connections to rest of NZ (n=672) 21%

Businesses are polarised about whether being close to the government is of benefit, with 32% feeling it is a very strong benefit, while 22% indicate it has no benefit to them.

Base: All respondents, excluding not answered
SOME ASPECTS ARE OF PARTICULAR BENEFIT TO SPECIFIC SECTORS

Other services (e.g. repairs and maintenance, personal care)
- Compactness
- Close to government
- Presence/cluster of businesses that use their services
- Presence/cluster of businesses involved in the same industry as them
- Proximity of city to airport

Healthcare and social assistance
- Presence/cluster of businesses that use their goods and services

Rental, hiring, real estate
- Support for businesses from organisations such as Wellington Chamber of Commerce and Wellington City Council

Professional, scientific, technical services
- Presence/cluster of businesses involved in the same industry as them
- Presence of like-minded businesses that fit with the culture and feel of Wellington

Accommodation & Food
- Close to government
- Strong education facilities
- Good rail/port connections
- Proximity of city to airport
RISK OF BUSINESSES BEING LOST TO WELLINGTON
LIKELIHOOD OF CLOSURE OR RELOCATION

Businesses were asked how likely it is that they will close their Wellington operations or relocate their business in the foreseeable future.

We profile the 31 businesses that indicate a strong likelihood that they will close or relocate their Wellington operation, outlining the factors they are weighing up in their decision as to whether to stay or to go (or close).

Three individual case studies are provided to illustrate the sentiments of these businesses.
THE FORESEEABLE FUTURE

Around two in ten businesses indicate there is **at least some possibility** that they will relocate or close their Wellington business in the foreseeable future.

Likelihood of relocating or closing Wellington City business operations

Sizing the risk in terms of number of employees:

- The 20% of businesses indicating at least some possibility represent 21% of all employees of Wellington businesses.
PROFILING THE AT RISK

Below is an outline of the types of businesses that indicate there is a strong possibility, or it is definite or almost definite, that they will close or relocate their business.

Owner-operators (n=2):

- Architecture
- Recruitment

Small businesses (n=11):

- Consulting for the electricity supply industry
- Graphic Design
- Audio Visual and Video Conference sales support and service.
- Trade association
- Architecture
- Bike sales, rentals & servicing
- Commercial property management and project management
- Electrical consultancy
- Prop hire & event management
- Building and Property Development
- Architectural design

Medium (n=11):

- Roading and civil construction and maintenance
- Event Management
- Manufacture of food packaging
- Software / web application interface
- Roofing
- Provider of professional consultancy services
- Arts and entertainment, hospitality and skills development
- Technical production services to the entertainment and events market
- Architecture - construction industry
- Membership representative organisation
- Architectural Practise

Large (n=2):

- Trustee services
- Membership representative organisation

Base: Those that provide detail of their business and number of employees (n=26)
WEIGHING IT UP: THE POSITIVE

Among those at risk of relocating or closing their business, the most common reason for staying in Wellington is the view that there will be more opportunities or future growth, followed by family ties to the community.

Reasons for staying in Wellington city (spontaneous comments)

- More business opportunities/future growth of business (incl increased work/sales/retain contract) 35%
- Family ties/I enjoy being here/lifestyle 20%
- Improved economy/financial benefits 16%
- Premises/location (incl good/central location, close to port, suppliers, good premises, land availability, just relocated) 14%
- Staff/experienced/skilled staff/located in Wellington 14%
- Council policy (incl supportive, forward thinking, spending, cooperation, events strategy) 10%
- Well established/historical/stable business/good reputation 10%

Base: Those with at least a strong possibility of relocating their business or closing their business in Wellington city, excluding not answered (n=22)
Note: The top 5 (equal) mentions are shown.
WEIGHTING IT UP: THE NEGATIVE

While future opportunities and growth are a reason for staying, opportunities and growth in other areas are also the main reason for considering relocating.

Reasons for relocating or closing their business (spontaneous comments)

- More business opportunities/lack of business opportunities/returns in Wellington/slow down in business/less work/more projects in north: 35%
- Costs (incl rates/rents, fees, compliance costs): 19%
- Planning to/may retire (incl my age): 14%
- Land availability/suitable land/no room for expansion/affordable space: 10%
- Council (incl poor leadership, attitude, Town Planning, changes in systems): 8%

Base: Those with at least a strong possibility of relocating their business or closing their business in Wellington city, excluding not answered (n=29)

Note: The top 5 mentions are shown
CASE STUDY ONE: DIMINISHING BUSINESS

Main business activity: Prop Hire and Event Management
Locations: Wellington
Length of operation: 11-15 years

Expectations: Anticipating the national economy to get moderately worse in the next 12 months, but expect Wellington economy and own business situation to stay the same.

Attitudes & Perceptions: The presence of like minded businesses’ and the presence of business’ that use their goods and services are benefits to their business. They do not agree that the council is business friendly or does what it can to enable Wellington based businesses to succeed

Working against staying in Wellington

Diminishing event business and city event contracts

Other comments

Disappointed in the lack of commitment by WCC in procuring local contractors for major Wellington City events where those contractors were available.
CASE STUDY TWO: LACK OF SUPPORT

Main business activity: Arts and entertainment, hospitality and skills development.
Locations: Wellington
Length of operation: More than 50 years

Expectations: Expect the national economy to be the same in the next year and their own business situation to be substantially better.

Attitudes & Perceptions: Wellington’s compactness, strong educational institutions and proximity of airport to city centre are of benefit to their business. They do not agree that WCC provides quality leadership for businesses or does what it can to enable Wellington based businesses to succeed.

Working against staying in Wellington
We required support from the WCC and Central Govt. We did not receive the funding required.

Other comments
We felt we lost the support of the Mayor and Councillors when there was no reason for it.

It used to be the creative capital, alive and vibrant, especially Courtenay Place, where we are located but now it's just brothels and bars.
CASE STUDY THREE: COST OF EXPANSION

Main business activity: Roading and civil construction and maintenance
Locations: New Zealand and overseas (outside of Australia)
Head office location: New Zealand (outside of main centres)
Length of operation: 21-30 years

Expectations: Anticipating the Wellington and national economies to get moderately worse in the next 12 months. Expect their own business to get substantially worse.

Attitudes & Perceptions: See the compactness of Wellington as a benefit to their business. Agree that WCC effectively promotes Wellington as a good place to do business but overall have mixed perceptions of WCC.

Working in favour of staying in Wellington
We need to stay in the Wellington area but require more land area which will probably require moving further out

Working against staying in Wellington
We need more affordable space for our operation

Other comments
Sometimes the desire to satisfy customers (ratepayers) over-rides sensible decisions
PERCEPTION OF COUNCIL
IS COUNCIL PERCEIVED AS BUSINESS FRIENDLY?

This section focuses on businesses’ perceptions of, and experiences with, the Wellington City Council.

Businesses were asked to rate the Council on six aspects pertaining to the economic development strategy including being business friendly, providing quality services and quality leadership, helping businesses to succeed, making it as easy as possible for businesses to comply and promoting Wellington as a place to do business.

Businesses that have dealt with the Council directly in the past 12 months rated their satisfaction with each interaction.

To conclude, this section looks at where businesses would like the council to focus their efforts in the future.
WHAT PERCEPTIONS EXIST?

Perceptions of Council are polarised. The most positive perception is of the Council promoting the city as a good place for businesses to locate. Of particular concern is the fact that four in ten businesses disagree that the Council provides quality leadership for businesses.

Ratings of Wellington City Council

- **Wellington City Council effectively promotes Wellington as a good place for businesses to locate (n=667)**
  - DISAGREE: 24%
  - AGREE: 33%

- **Wellington City Council is business friendly (n=667)**
  - DISAGREE: 22%
  - AGREE: 28%

- **Wellington City Council does what it can to enable Wellington-based businesses to succeed (n=666)**
  - DISAGREE: 28%
  - AGREE: 25%

- **Wellington City Council provides quality services for businesses (n=669)**
  - DISAGREE: 24%
  - AGREE: 19%

- **Wellington City Council makes it as easy and efficient as possible for businesses to comply with regulatory requirements pertaining to Council (n=666)**
  - DISAGREE: 29%
  - AGREE: 17%

- **Wellington City Council provides quality leadership for businesses (n=667)**
  - DISAGREE: 41%
  - AGREE: 9%

More likely to have concerns about leadership:

- Businesses expecting Wellington economy to get worse
- Considered relocating/closing in the past
- At least some possibility of closing/relocating in the future
RELATIONSHIP WITH COUNCIL

To obtain an overall perspective, the following analysis looked at how businesses rated the Council on all six aspects. This is on the premise that if a business has negative perceptions about the Council in one aspect they are more likely to have negative perceptions in other areas. Overall, 26% of businesses have a relatively positive perception of Council being open for business. One in every three has a relatively negative perception while the remainder have mixed perceptions.

Overall Perceptions of Wellington City Council

- **MORE POSITIVE THAN NEGATIVE**
  - No negative ratings given (all attributes 3-5 out of 5) and at least two attributes rated positively
- **MORE NEGATIVE THAN POSITIVE**
  - No positive ratings given (rated all attributes 1-3 out of 5) and at least two attributes rated negatively
- **MIXED PERCEPTIONS**

Profiling the more negative:
- Expecting Wellington economy to get worse
- Considered closing/relocating in past and express at least some possibility of closing/relocating in the future
- Have invested in expansion in past 12 months

Base: All respondents, excluding not answered (n=660)
Note: Overall perceptions were established based on ratings of six statements about Wellington City Council.
INTERACTING WITH COUNCIL

Around one in every four businesses leaves an interaction with the council feeling dissatisfied.

Satisfaction with Council interaction

<table>
<thead>
<tr>
<th>Service</th>
<th>DISSATISFIED</th>
<th>SATISFIED</th>
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<tbody>
<tr>
<td>Providing goods and services to the Council (n=132)</td>
<td>9%</td>
<td>70%</td>
</tr>
<tr>
<td>Consents and Licensing (n=286)</td>
<td>23%</td>
<td>53%</td>
</tr>
<tr>
<td>Council services for businesses (n=151)</td>
<td>21%</td>
<td>50%</td>
</tr>
<tr>
<td>Land and building development (n=198)</td>
<td>28%</td>
<td>41%</td>
</tr>
<tr>
<td>Engagement and consultation on policies/bylaws (n=101)</td>
<td>28%</td>
<td>37%</td>
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“[they] see us as a cash cow to be milked with no interaction or relationship required.”
FOCUS ON MAKING IT EASY FOR BUSINESSES

While all aspects need focus, making it easy for businesses to grow and invest thereby stimulating economic growth for the whole region is most frequently mentioned.

WCC efforts (% increase focus)

- Making it easy for businesses to grow, invest and create jobs, thereby resulting in economic growth for the whole region (n=660) - 84%
- Working with businesses to create, support and drive an economic vision, strategy and actions that reflects the priorities of businesses (n=657) - 75%
- Ensuring the physical and built environment is conducive to current and future economic growth (n=661) - 74%
- Coordinating and delivering services that support the effective functioning of local businesses and communities (n=659) - 69%
- Promoting, facilitating and coordinating local and regional development activities (n=659) - 60%
- Investing in and maintaining amenities as well as activities or programmes aimed at improving the social wellbeing of the community (n=665) - 53%

Base: All respondents, excluding not answered
BEHIND THE NUMBERS:
A QUALITATIVE VIEW
WHAT BUSINESSES HAD TO SAY

Many businesses took the opportunity to write comments to explain why they feel the way they do about doing business in Wellington and their perceptions of the Council.

This final section draws on these comments to provide greater insight into what is driving perceptions and to help identify what the Council needs to focus on to improve the relationships it has with businesses.
### WELLINGTON: A UNIQUE SETTING FOR DOING BUSINESS

Wellington has two main unique features, both of which are double-edged swords:

- Being compact
- Being the centre of government

To attract and retain businesses, the Council needs to capitalise on the positives associated with compactness while working on strategies to address the limitations of those businesses that rely heavily on the local economy.

Businesses feel exposed by Wellington's reliance on government. While the Council is working to address this issue, awareness of this among businesses is low. By communicating more effectively with businesses about plans and initiatives in this area, the Council will help alleviate these concerns and at the same time enhance its reputation among businesses.

**Compactness**

<table>
<thead>
<tr>
<th>Positives</th>
<th>Negatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accessibility</td>
<td>Size of local economy</td>
</tr>
<tr>
<td>Efficiency / ease</td>
<td>Businesses moving out</td>
</tr>
<tr>
<td>Vibe / atmosphere</td>
<td></td>
</tr>
</tbody>
</table>

**Government**

<table>
<thead>
<tr>
<th>Positives</th>
<th>Negatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source of business (both government itself and business coming because of government)</td>
<td>Heavy reliance on government sector</td>
</tr>
<tr>
<td>Proximity to decision-makers</td>
<td>Risk as government cuts spending</td>
</tr>
</tbody>
</table>
SOME OTHER BENEFITS AND CHALLENGES OF NOTE

**BENEFITS**
- Central NZ location
- Lifestyle/vibe (e.g. cafes, the Arts)
- Good infrastructure/transport options

**CHALLENGES**
- Issues relating to parking (cost, lack of parking)
- Earthquake-related issues
- Limitation of airport – international/Asian markets

“Much of our business is entertaining clients in cafes or coffees very little downtime travelling.”

“Would really help businesses like ours if we could fly direct to Asia.”

“Parking policy/infringement... This situation is damaging Wellington business severely. We no longer visit/shop in the CBD because of it!”
PERCEPTIONS OF COUNCIL DON’T MAKE HAPPY READING

This survey confirms that there is considerable room for improvement in the relationship between businesses and the Council. We know that one in every nine businesses spontaneously mention a concern with the Council as making it more difficult to do business in Wellington. Nearly a third lean towards having an overall negative view of the Council (compared with a quarter who lean towards being overall more positive). Four in ten disagree that the Council provides quality leadership for businesses, while around one in four are dissatisfied with the interaction they have with the Council.

Comments made indicate that the Council is perceived by some businesses as:

• Lacking understanding
• Lacking interest
• Lacking the desire to support

"I don’t think the Council has any idea what it takes to run a business"

"This (survey) is the first time any interest to business has been given by the Council"

"No institutional empathy – just going through the motions, following the procedures"

"No concessions from Council to businesses based and operating in Wellington"
ISSUES DIFFER FOR ELECTED REPRESENTATIVES AND FOR COUNCIL

The issues vary:

Elected representatives
- Perceptions of anti-business
- Lack of vision/direction
- Procrastination/poor decision-making

Council
- Bureaucracy / red-tape/process focused
- Can’t do attitude
- High rates & charges
- Do not act in partnership with Wellington businesses /relationships not fostered

Lack of direction and cohesion from [Council] give non-Wellingtonians the impression the city is going in circles with its strategy.

WCC is a bureaucracy that is out of control. If it was a business it would be broke.

Council will find 100 reasons why something cannot be done rather than the one reason it can.

Council very happy to take our rates, but not to provide business opportunities from them.
There are indications that many negative perceptions are based on hearsay rather than on knowledge or experience. For example:

- Perceptions that the mayor or councillors are anti-business is expressed in passive terms “The Mayor is seen as anti-business” rather than “I see the Mayor as anti-business”
- Many businesses in their comments praised specific divisions within the Council based on positive experiences

A lack of awareness of Council’s strategy and initiatives relating to businesses is evident. This research highlights the need for more, and more effective, communications with business.

Not aware of anything council does to promote business except for entertainment and accommodation sector

I don’t know what services they provide or what they offer

WCC invisible for business. Been here for years but couldn’t tell you what they do for business
SPECIFIC ISSUES OF NOTE

**Government advocacy**

Businesses want to be confident that Council is effectively protecting the interests of Wellington and its economy with Government. Some sense Wellington’s position has weakened while other regions now have a stronger position.

**District Plan**

Some businesses feel that the District Plan does not promote or encourage development within city boundaries, that there is a ‘can’t do’ approach that limits commercial growth.

**Sector focus**

While there is some awareness and endorsement of the focus of the Council on attracting specific types of businesses, some perceive the downside as being a lack of interest in other sectors.

**Supporting local business**

There is a sense among some that the Council does not itself act in ways that show support for Wellington businesses, for example:

- By not giving concessions or preference to Wellington-based businesses in tender situations
- By taking work in-house rather than outsourcing
APPENDIX I: TECHNICAL REPORT
THE SAMPLING FRAME

The sampling frame for this survey was a database of Wellington businesses purchased from Martins. The database represented commercial entities in Wellington city. Below is a detailed outline of the sampling frame for this survey:

<table>
<thead>
<tr>
<th>INDUSTRY</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGRICULTURE, FORESTRY AND FISHING</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>MINING</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>MANUFACTURING</td>
<td>4%</td>
</tr>
<tr>
<td>ELECTRICITY, GAS, WATER AND WASTE SERVICES</td>
<td>1%</td>
</tr>
<tr>
<td>CONSTRUCTION</td>
<td>14%</td>
</tr>
<tr>
<td>WHOLESALE TRADE</td>
<td>3%</td>
</tr>
<tr>
<td>RETAIL TRADE</td>
<td>4%</td>
</tr>
<tr>
<td>ACCOMMODATION AND FOOD SERVICES</td>
<td>4%</td>
</tr>
<tr>
<td>TRANSPORT, POSTAL AND WAREHOUSING</td>
<td>1%</td>
</tr>
<tr>
<td>INFORMATION MEDIA AND TELECOMMUNICATIONS</td>
<td>4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INDUSTRY CONT.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINANCIAL AND INSURANCE SERVICES</td>
<td>5%</td>
</tr>
<tr>
<td>RENTAL, HIRING AND REAL ESTATE SERVICES</td>
<td>5%</td>
</tr>
<tr>
<td>PROFESSIONAL, SCIENTIFIC AND TECHNICAL SERVICES</td>
<td>32%</td>
</tr>
<tr>
<td>ADMINISTRATIVE AND SUPPORT SERVICES</td>
<td>4%</td>
</tr>
<tr>
<td>PUBLIC ADMINISTRATION AND SAFETY</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>EDUCATION AND TRAINING</td>
<td>2%</td>
</tr>
<tr>
<td>HEALTH CARE AND SOCIAL ASSISTANCE</td>
<td>5%</td>
</tr>
<tr>
<td>ARTS AND RECREATION SERVICES</td>
<td>1%</td>
</tr>
<tr>
<td>OTHER SERVICES</td>
<td>11%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BUSINESS SIZE</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMALL (5 OR LESS)</td>
<td>45%</td>
</tr>
<tr>
<td>MEDIUM (6-99)</td>
<td>50%</td>
</tr>
<tr>
<td>LARGE 100+</td>
<td>5%</td>
</tr>
</tbody>
</table>

Source: Martins database of commercial entities
# RESPONSE RATE

The below table outlines the response rate calculation.

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>LETTERS SENT</td>
<td>2074</td>
</tr>
<tr>
<td>INELIGIBLE RESPONDENTS</td>
<td>125</td>
</tr>
<tr>
<td>RETURNED TO SENDER</td>
<td>107</td>
</tr>
<tr>
<td>NOT A WELLINGTON BUSINESS</td>
<td>13</td>
</tr>
<tr>
<td>REFUSED</td>
<td>2</td>
</tr>
<tr>
<td>UNAVAILABLE DURING SURVEY PERIOD</td>
<td>1</td>
</tr>
<tr>
<td>DECEASED</td>
<td>2</td>
</tr>
<tr>
<td>ELIGIBLE RESPONDENTS</td>
<td>1952</td>
</tr>
<tr>
<td>COMPLETED SURVEYS</td>
<td>683</td>
</tr>
<tr>
<td>ONLINE</td>
<td>160</td>
</tr>
<tr>
<td>HARD COPY</td>
<td>523</td>
</tr>
<tr>
<td>RESPONSE RATE (COMPLETES/ELIGIBLE RESPONDENTS)</td>
<td>35%</td>
</tr>
</tbody>
</table>
SAMPLE VS. POPULATION

The below tables show the sample achieved compared with the population of interest (i.e. commercial entities in Wellington).

<table>
<thead>
<tr>
<th>INDUSTRY</th>
<th>POPULATION</th>
<th>SAMPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGRICULTURE, FORESTRY AND FISHING</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>MINING</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>MANUFACTURING</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>ELECTRICITY, GAS, WATER AND WASTE SERVICES</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>CONSTRUCTION</td>
<td>14%</td>
<td>11%</td>
</tr>
<tr>
<td>WHOLESALE TRADE</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>RETAIL TRADE</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>ACCOMMODATION AND FOOD SERVICES</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>TRANSPORT, POSTAL AND WAREHOUSING</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>INFORMATION MEDIA AND TELECOMMUNICATIONS</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INDUSTRY CONT.</th>
<th>POPULATION</th>
<th>SAMPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINANCIAL AND INSURANCE SERVICES</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>RENTAL, HIRING AND REAL ESTATE SERVICES</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>PROFESSIONAL, SCIENTIFIC AND TECHNICAL SERVICES</td>
<td>32%</td>
<td>34%</td>
</tr>
<tr>
<td>ADMINISTRATIVE AND SUPPORT SERVICES</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>PUBLIC ADMINISTRATION AND SAFETY</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>EDUCATION AND TRAINING</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>HEALTH CARE AND SOCIAL ASSISTANCE</td>
<td>5%</td>
<td>7%</td>
</tr>
<tr>
<td>ARTS AND RECREATION SERVICES</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>OTHER SERVICES</td>
<td>11%</td>
<td>10%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BUSINESS SIZE</th>
<th>POPULATION</th>
<th>SAMPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMALL (5 OR LESS)</td>
<td>45%</td>
<td>46%</td>
</tr>
<tr>
<td>MEDIUM (6-99)</td>
<td>50%</td>
<td>47%</td>
</tr>
<tr>
<td>LARGE 100+</td>
<td>5%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Source: Martins database of commercial entities
WEIGHTING

• As we were unable to control who responded to the survey, there were some skews in the sample. For example, in the survey 7% of businesses that responded had 100 or more employees, but it is known that only 5% of commercial entities in Wellington city have 100 or more employees.

• To account for this and to ensure that our analysis ensures the correct proportions of commercial entities in Wellington city, the data is adjusted by a process called weighting.

• Weighting increases the influence of some observations and reduces the influence of others. So, continuing the above example, the responses of the 7% of businesses that had 100 or more employees have been weighted down.
APPENDIX II: PROFILE OF BUSINESSES
## LOCATION OF BUSINESS

<table>
<thead>
<tr>
<th>Location of Business</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wellington only</td>
<td>61</td>
</tr>
<tr>
<td>Have presence somewhere else in NZ</td>
<td>38</td>
</tr>
<tr>
<td>Have presence overseas</td>
<td>10</td>
</tr>
</tbody>
</table>

*Base: All respondents, excluding not answered (n=683)*
# Head Office Location

<table>
<thead>
<tr>
<th>Location</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wellington City</td>
<td>84</td>
</tr>
<tr>
<td>Rest of NZ</td>
<td>12</td>
</tr>
<tr>
<td>Overseas</td>
<td>3</td>
</tr>
</tbody>
</table>

Base: All respondents with head office, excluding not answered (n=627)
LENGTH OF OPERATION IN WELLINGTON CITY

<table>
<thead>
<tr>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>UP TO 10 YEARS</td>
<td>17</td>
</tr>
<tr>
<td>11-20 YEARS</td>
<td>34</td>
</tr>
<tr>
<td>21-40 YEARS</td>
<td>31</td>
</tr>
<tr>
<td>40+ YEARS</td>
<td>18</td>
</tr>
</tbody>
</table>

Base: All respondents, excluding not answered (n=681)
# NUMBER OF SITES/BRANCHES IN WELLINGTON CITY

<table>
<thead>
<tr>
<th>Number of Sites/Branches</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>87</td>
</tr>
<tr>
<td>2 to 5</td>
<td>10</td>
</tr>
<tr>
<td>6 to 9</td>
<td>1</td>
</tr>
<tr>
<td>10+</td>
<td>1</td>
</tr>
</tbody>
</table>

Base: All respondents, excluding not answered (n=679)
## LOCATION OF WELLINGTON BUSINESS

<table>
<thead>
<tr>
<th>Location</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>44</td>
</tr>
<tr>
<td>NOT IN CBD</td>
<td>56</td>
</tr>
<tr>
<td>TE ARO</td>
<td>18</td>
</tr>
<tr>
<td>NORTHERN SUBURBS</td>
<td>13</td>
</tr>
<tr>
<td>EASTERN SUBURBS</td>
<td>9</td>
</tr>
<tr>
<td>WESTERN SUBURBS</td>
<td>8</td>
</tr>
<tr>
<td>THORNDON</td>
<td>6</td>
</tr>
<tr>
<td>OTHER CENTRAL SUBURBS</td>
<td>6</td>
</tr>
<tr>
<td>SOUTHERN SUBURBS</td>
<td>6</td>
</tr>
<tr>
<td>OTHER</td>
<td>1</td>
</tr>
</tbody>
</table>

Base: All respondents, excluding not answered (n=682)
**NUMBER OF FULL TIME EQUIVALENT STAFF**

<table>
<thead>
<tr>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMALL (5 OR LESS)</td>
<td>45</td>
</tr>
<tr>
<td>MEDIUM (6-99)</td>
<td>49</td>
</tr>
<tr>
<td>LARGE 100+</td>
<td>6</td>
</tr>
</tbody>
</table>

Base: All respondents, excluding not answered (n=675)
## NUMBER OF FREELANCERS, CONTRACTORS, TEMPS

<table>
<thead>
<tr>
<th>Category</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMALL (5 OR LESS)</td>
<td>81</td>
</tr>
<tr>
<td>MEDIUM (6-99)</td>
<td>16</td>
</tr>
<tr>
<td>LARGE 100+</td>
<td>2</td>
</tr>
</tbody>
</table>

Base: All respondents, excluding not answered (n=646)
# TURNOVER

<table>
<thead>
<tr>
<th>Category</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNDER $100,000</td>
<td>8</td>
</tr>
<tr>
<td>$100,000 - $249,999</td>
<td>10</td>
</tr>
<tr>
<td>$250,000 - $499,999</td>
<td>11</td>
</tr>
<tr>
<td>$500,000 - $999,999</td>
<td>15</td>
</tr>
<tr>
<td>$1,000,000 - $2,499,999</td>
<td>19</td>
</tr>
<tr>
<td>$2,500,000 - $4,999,999</td>
<td>11</td>
</tr>
<tr>
<td>$5,000,000 OR MORE</td>
<td>21</td>
</tr>
<tr>
<td>DON'T KNOW</td>
<td>3</td>
</tr>
<tr>
<td>PREFER NOT TO ANSWER</td>
<td>2</td>
</tr>
</tbody>
</table>

Base: All respondents, excluding not answered (n=668)
## OVERSEAS SALES

<table>
<thead>
<tr>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>32</td>
</tr>
<tr>
<td>NO</td>
<td>67</td>
</tr>
<tr>
<td>DON'T KNOW</td>
<td>1</td>
</tr>
</tbody>
</table>

Base: All respondents, excluding not answered (n=673)
## BREAKDOWN OF OVERSEAS SALES

<table>
<thead>
<tr>
<th></th>
<th>THE SALE OF PHYSICAL GOODS OVERSEAS (n=149) %</th>
<th>THE SALE OF WEIGHTLESS GOODS AND SERVICES OVERSEAS (n=188) %</th>
</tr>
</thead>
<tbody>
<tr>
<td>NONE (0%)</td>
<td>56</td>
<td>25</td>
</tr>
<tr>
<td>1-5%</td>
<td>25</td>
<td>35</td>
</tr>
<tr>
<td>6-10%</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>11-20%</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>21-50%</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>51-80%</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>81% OR MORE</td>
<td>4</td>
<td>11</td>
</tr>
</tbody>
</table>

Base: Those with overseas sales, excluding not answered