

Economic Development – Whanaketanga ōhanga

Central city activity drives the economy

This chapter will be introduced with a double page graphic, including the following information:

Events attract visitors from outside the region. The money they spend has positive flow on effects for the city.

Successful events are all about buy-in. We work with partners to understand their business requirements and to get them enthused about events.

Strict liquor controls mean an event can cater for all – from young families to tourists.

Structures all need to be safe and fit for purpose. Structures have building consents and their design considers the environment. Our big screen needed to be able to stand up to Wellington's wind!

We provided rubbish and recycling stations, and cleaning 24/7, meaning that the area remained clean, hygienic and felt safe.

Providing a range of performances means that an event can have more than one focus. We organised 5000 performers over a 30 day period at our fanzone.

These 'did you know' facts will be used in the body of the chapter:

- September 2011 was the largest September for commercial guest nights on record, with an increase driven by a 51% increase in international visitors. For the period during and around RWC 2011, average daily expenditure per visitor was also significantly higher than historical events.
- Exceptionally high levels of visitor satisfaction were recorded amongst those visiting the Wellington Region for RWC 2011. Visitors on average rated their overall level of satisfaction with their Wellington experience as 9 out of 10 (where 10 = extremely satisfied).
- In 2011/12, 75% of residents attended a festival or event that Wellington City Council provided or supported. Of those attendees, 94% were satisfied or very satisfied with their experience.

3.1 CITY PROMOTIONS, EVENTS AND ATTRACTIONS

We aim to position Wellington as an attractive destination for visitors and residents alike.

What we do:

- We undertake domestic and international visitor promotion through Positively Wellington Tourism.
- We provide funding to Te Papa, which attracts visitors to the city.
- We provide world-class venues through Wellington Venues Limited, who operate the Michael Fowler Centre, Wellington Town Hall, TSB Bank Arena, the St James Theatre and the Opera House.
- We provide free parking in the central city at weekends and maintain time restrictions to generate turnover. This means more people can easily access the area. This has a flow-on benefit for retailers.
- We operate an events development fund which we use to support major events such as the Brancott Estate World of Wearable Art Awards and the Hertz Sevens.

This activity contributes towards us:

Being more prosperous: Tourism is a major contributor to the city's economy. The city's hospitality and entertainment industry benefits directly from tourism spending.

Having a stronger sense of place: Events and attractions draw visitors to Wellington and add to the city's vibrant atmosphere.

Being more eventful: The city hosts performances, shows and conventions that provide residents with access to world-class and local performances.

Key projects

Rugby World Cup:

The Rugby World Cup was a great success with economic benefits well above expectations, a large number of people attending matches and related events, and volunteers playing a critical role in providing high levels of friendly customer service for domestic and international visitors.

- Wellington's eight Rugby World Cup 2011 matches injected just over \$94 million into the Wellington region's economy, according to an economic impact report prepared by research consultancy firm Angus & Associates.

- We estimate that over 300,000 domestic and international visitors attended the Festival of Carnivale. This included events in the waterfront Fanzone, Civic Village, street events and other 'one-off' opportunities such as the New Zealand Navy's open days, the ice rink at Queens Wharf and the highly popular 'Illuma' projection show in the Fanzone. Over 5,000 performers were involved in staging the Festival.
- A total of 268,000 people attended the matches (six pool and two quarter finals) at Westpac Stadium. Over 67,000 people attended the two quarterfinals. On both occasions 40% of the total ticket audience were international travellers.
- Wellington hosted the final All Blacks victory parade on 26 October 2011 which started in Civic Square and ended in Parliament grounds. This event was a fitting end to the Rugby World Cup 2011 celebrations in Wellington, with an estimated 100,000 spectators attending the parade to be part of the atmosphere.
- Over 720 volunteers were involved in Wellington's Rugby World Cup activities. Volunteers greeted and assisted visitors at the airport, had an 'on the ground' presence in the Fanzone, provided information at key city points, assisted fans get to matches and helped deliver the All Blacks victory parade. We provided support for the volunteers by training and working with them over the duration of the event.

Other flagship events:

- We supported several sell-out events including the Hertz Sevens, the Brancott Estate World of Wearable Art Awards show and Jim Beam Homegrown 2012. We also hosted the Wellington's first World Vintage Cricket Carnival and continued to deliver a range of important waterfront events including a four-week Global Ocean Race stopover.
- We worked in partnership with the New Zealand International Arts Festival Trust to successfully deliver the 2012 New Zealand International Arts Festival. This utilised key waterfront and city venues with 300 performances and 900 artists from 31 countries. Over 110,000 tickets were issued and over 165,000 people attended free events. The Festival resulted in total expenditure in Wellington City of \$56 million, a \$17 million increase over that generated by the 2010 Festival. The Festival again reinforced Wellington's reputation as an arts and events capital. For further information on the Festival please see section 4.4 Arts Partnerships.

What it cost

| Operating Expenditure (\$000) | Actual 2012 | Budget 2012 | Variance 2012 | Actual 2011 |
|----------------------------------------------------------|------------------------|------------------------|--------------------------|------------------------|
| 3.1.1 Tourism Promotion | | | | |
| Expenditure | 5,740 | 5,778 | 38 | 5,740 |
| Revenue | 0 | 0 | 0 | 0 |
| Net Expenditure | 5,740 | 5,778 | 38 | 5,740 |
| 3.1.2 Visitor Attractions | | | | |
| Expenditure | 3,032 | 3,037 | 5 | 3,026 |
| Revenue | 0 | 0 | 0 | 0 |
| Net Expenditure | 3,032 | 3,037 | 5 | 3,026 |
| 3.1.3 Convention Centre ¹ | | | | |
| Expenditure | 18,343 | 3,343 | (15,000) | 9,041 |
| Revenue | (13,825) | (248) | 13,577 | (5,919) |
| Net Expenditure | 4,518 | 3,095 | (1,423) | 3,122 |
| 3.1.4 Suburban and City Centres Vitality | | | | |
| Expenditure | 1,266 | 1,286 | 20 | 1,266 |
| Revenue | 0 | 0 | 0 | 0 |
| Net Expenditure | 1,266 | 1,286 | 20 | 1,266 |
| 3.1.5 Events Attractions and Support ² | | | | |
| Expenditure | 4,922 | 4,386 | (536) | 3,451 |
| Revenue | (344) | 0 | 344 | (193) |
| Net Expenditure | 4,578 | 4,386 | (192) | 3,258 |
| | Actual 2012 | Budget 2012 | Variance 2012 | Actual 2011 |
| Capital Expenditure (\$000) | | | | |
| 3.1.3 Convention Centre ³ | | | | |
| Expenditure | 212 | 797 | 585 | 261 |
| Unspent portion of budget to be carried forward | N/A | 1,736 | | N/A |

¹ Over budget due to the consolidation of Wellington Venues Project trading position and costs associated with the establishment.

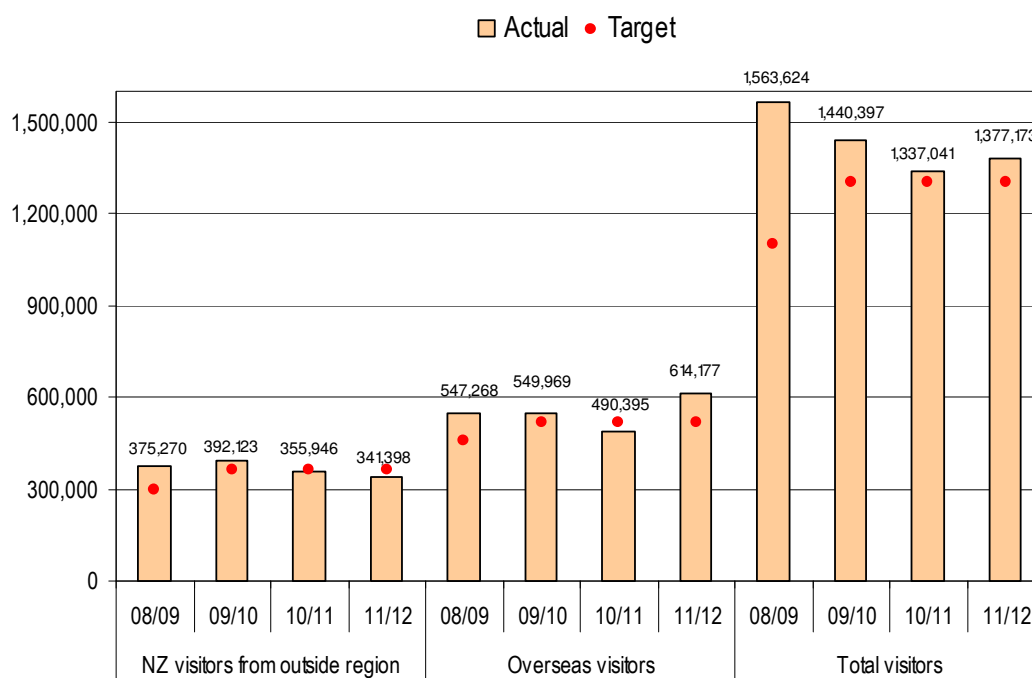
² Over budget due to higher costs with traffic management, security, regulatory work and venue hire for Rugby World Cup 2011.

³ Under budget as renewals work in the Town Hall has been deferred until earthquake strengthening work is completed.

How we performed

We measure our contribution to the development of Wellington as an events hub and tourist destination by monitoring the number of visitors to the city, attendees at key facilities and by the strong return on events investment.

Visitors to Te Papa



Source: Te Papa

International visitors – visitor nights

International visitor room nights increased to 776,834 in the year to April 2012, an increase of 10.6% on the same period in 2011 (target: maintain international visitor nights).

Source: Positively Wellington Tourism

International visitors – market share (US, UK and Australian)

Wellington's market share of Australian visitors increased by 0.1 percentage points (from 21.7% to 21.8%). Market share for UK visitors declined by 0.6 percentage points to 35.1% and US visitor market share increased 2.9 percentage points to 30.9% for the nine months to March 2012 (target: maintain market share).

Source: Ministry of Tourism's International Visitor Survey

New Zealand market visitors

Domestic visitor room nights increased by 2.8% to 1,315,814 for the year to April 2012, compared to the same period in 2011 (target: maintain domestic visitor nights).

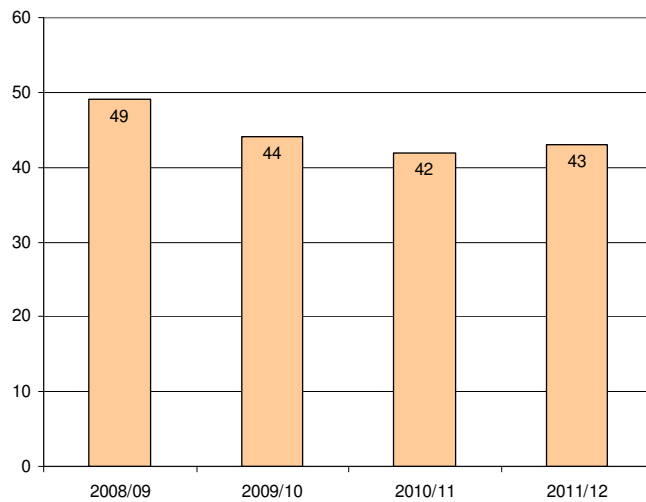
Source: Positively Wellington Tourism

Positively Wellington Tourism – partnership funding

The Council's funding amounted to 48% of total income (target: maintain the Council's funding at less than 50% of total income; 2010/11: 50%).

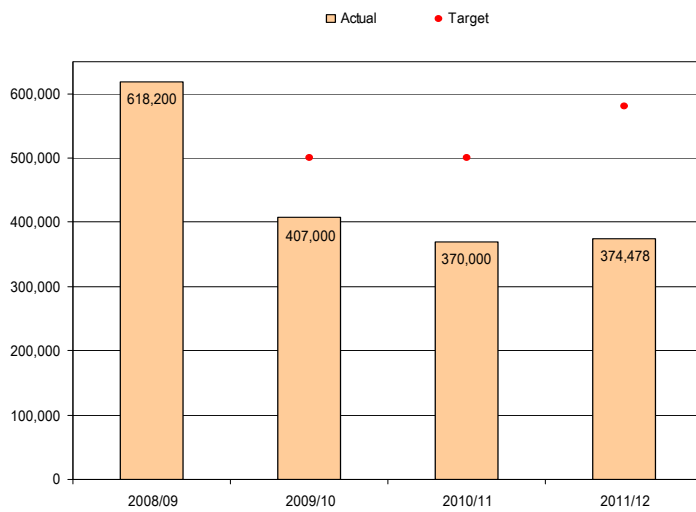
Source: Positively Wellington Tourism

Events Development Fund – events supported



Source: WCC City Events

Events Development Fund – estimated attendance at supported events

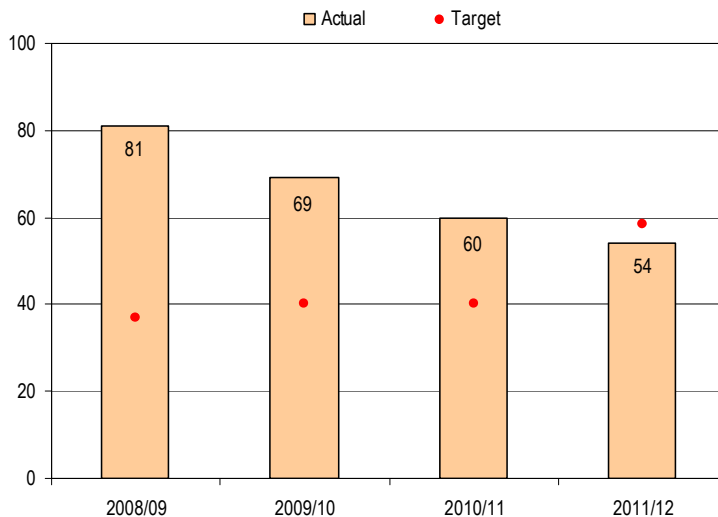


Please note that these figures exclude Rugby World Cup and associated events. RWC events generated an additional estimated attendance of 300,000 people.

Attendance was affected this year due to the events development fund not supporting any major concert events. There is no target for number of events. We aim to support events that meet our funding criteria. Estimated attendance is for both ticketed and non-ticketed events.

Source: WCC City Events

Events Development Fund – estimated economic impact of events (new spend \$000,000)



Please note that these figures exclude Rugby World Cup and associated events – RWC generated an additional estimated spend in the city of \$94M.

Major ticketed events attracted significant visitor numbers and economic benefit. We met our overall goal of economic benefits outweighing costs by a ratio of at least 20:1. We achieved 28:1.

Source: WCC City Events

Carter Observatory – visitors

Result: 50,978 (target: 52,300; 2010/11: 46,124).

Source: Carter Observatory

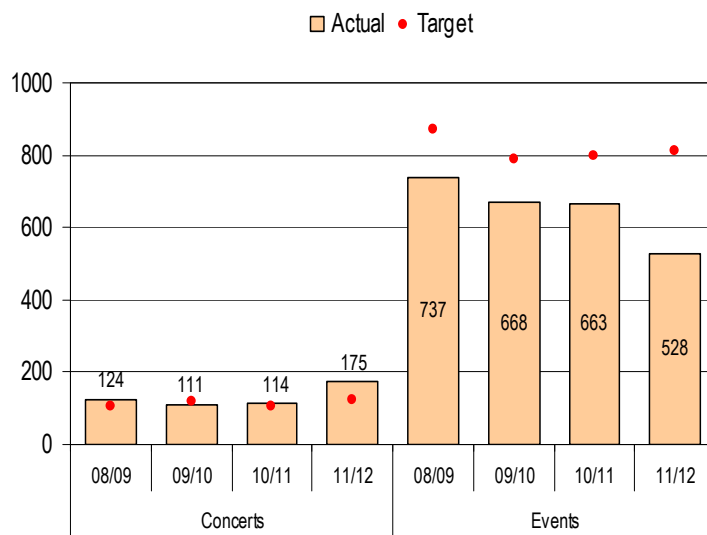
Free on-street weekend parking – turnover rates

Result: turnover of 5.0 cars per day (target: 5.0; 2010/11: 5.2).

Frequent car park turnover makes the central city accessible to more vehicles.

Source: WCC Infrastructure

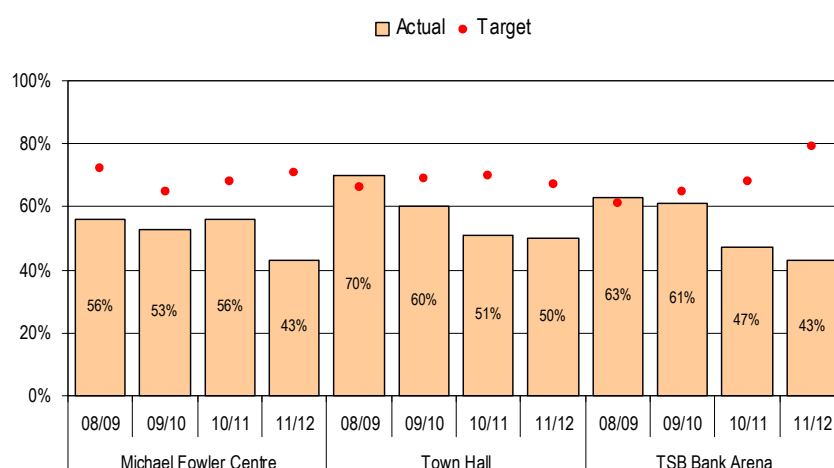
Wellington Convention Centre and TSB Arena events



The decrease in event numbers reflects the tough economic times for arts organisations. There were also fewer events using formal venues at the New Zealand International Arts Festival, than there were in previous years.

Source: Wellington Venues Limited

Wellington Convention Centre and TSB Arena occupancy



Source: Wellington Venues Limited

Creative workforce – Businesses, jobs and GDP by targeted sectors (Education Sector, Food and Beverage Sector, Manufacturing Sector, Film Sector and Primary Sector)

| Sector | Businesses | | | | Employees | | | | Industry composition of city's total GDP | | | |
|---------------------------------|------------|------|------|------|-----------|--------|--------|--------|------------------------------------------|------|------|------|
| | 2008 | 2009 | 2010 | 2011 | 2008 | 2009 | 2010 | 2011 | 2008 | 2009 | 2010 | 2011 |
| Education and Training | 526 | 544 | 536 | 536 | 10,250 | 10,130 | 10,540 | 10,790 | 2.3% | 2.2% | 1.6% | 2.2% |
| Accommodation and Food Services | 966 | 981 | 986 | 978 | 9,290 | 91,20 | 9,500 | 9,480 | 1.2% | 1.1% | 1.2% | 1.2% |
| Manufacturing | 588 | 565 | 542 | 530 | 4,840 | 4,460 | 4,030 | 4,040 | 3.2% | 2.7% | 2.4% | 2.4% |
| Arts and Recreation Services | 717 | 733 | 684 | 685 | 3,610 | 3,950 | 3,750 | 3,840 | 2.2% | 2.2% | 1.6% | 2.2% |
| Primary | 196 | 197 | 198 | 204 | 220 | 310 | 280 | 270 | 0.3% | 0.4% | 0.3% | 0.3% |

Target: Positive growth across all sectors.

Source: Business and employee numbers are from the Annual Statistics New Zealand Business Demographics series (as at February). GDP data is derived from annualised December year end data and is sourced from Infometrics Ltd.

Note: All sectors are based on the Australian and New Zealand Industrial Classification 2006 (ANZSIC 06). The Annual Statistics New Zealand Business series changed from using ANZSIC 96 to ANZSIC 06 classifications this year. Numbers from previous years have been recalculated for comparative purposes and may not match numbers reported in previous annual reports.

3.2 BUSINESS SUPPORT

We aim to create an infrastructure that can support economic growth and well-being.

What we do:

- We promote the city's interests to central government, the business community and others. This includes hosting international delegations and maintaining international relationships.
- We encourage creativity and innovation by sponsoring awards and scholarships and provide grants to support projects that bring strategic economic benefits to the city.
- We make the city more connected by providing communications and transport infrastructure.
- We are engaging in efforts to attract daily long-haul air services from Asia.
- We have a programme of activity to enhance Wellington's international reputation as a digital creative city and attract talent and business to locate here.

This activity contributes towards us being:

Better connected: Good access to foreign markets, through transport links and relationships, increases tourism and investment in Wellington.

More competitive: By promoting the city's interests to central government, we can help to ensure that Wellington gets its fair share of resources (for example, for transport infrastructure), and that the city's interests are taken into account when legislation is passed or regulations made.

Key projects

During the year:

- Council adopted a Digital Strategy in September 2011 to support the development of creative digital businesses such as web design, gaming, applications, film, music, digital art and web tools over the next 30 years. We consider that deliberate growth of these activities can bring advantages in economic and social development to the city, while also contributing to green aspirations.
- Council also adopted an Economic Development Strategy with four platforms: Destination Wellington, The Smart Capital, The Connected Capital and Open for Business. The strategy focuses on fostering a business environment where it is easy, efficient and affordable to invest and do business in the city.

- The Mayor led business delegations throughout Asia in July 2011 and May/June 2012, visiting sister and friendly cities. This opened doors for more than 30 Wellington businesses into China. Wellington businesses signed Memorandums of Understanding and confirmed projects with a variety of Chinese organisations. Additionally, Wellington City formalised its friendly city relationship with Tianjin.
- We celebrated the 25th anniversary of our sister city relationship with Xiamen, China in 2012. Wellington City hosted three delegations from Xiamen, including a song and dance group who performed as part of the Chinese New Year festivities in February 2012.
- We hosted a visit from Chinese Vice Premier Hui Linagyu and Chinese government officials in September 2011.
- We established free-to-use Wi-Fi through the CBD. From September 2011 to May 2012 over one million sessions were logged.
- We won the rights to host the 4th Digital Earth Summit in Wellington in 2012.

What it cost

| Operating Expenditure (\$000) | Actual 2012 | Budget 2012 | Variance 2012 | Actual 2011 |
|---------------------------------------------------------|-------------|-------------|---------------|-------------|
| 3.2.1 Long-Haul Airline Attraction | | | | |
| Expenditure | 200 | 200 | 0 | 200 |
| Revenue | 0 | 0 | 0 | 0 |
| Net Expenditure | 200 | 200 | 0 | 200 |
| 3.2.2 Regional and External Relations | | | | |
| Expenditure | 590 | 519 | (71) | 586 |
| Revenue | (9) | 0 | 9 | (43) |
| Net Expenditure | 581 | 519 | (62) | 543 |
| 3.2.3 Grants and Creative Workforce ¹ | | | | |
| Expenditure | 1,826 | 1,419 | (407) | 1,453 |
| Revenue | (50) | 0 | 50 | (59) |
| Net Expenditure | 1,776 | 1,419 | (357) | 1,394 |

¹ Over budget due to the CBD Wi-Fi initiative and higher than anticipated costs on developing the Economic Strategy.

How we performed

By supporting strategic projects and by representing the city's interests to central government and overseas, we aim to improve Wellington's economic competitiveness. To assess success, we monitor the projects we are involved in and support.

Economic grants

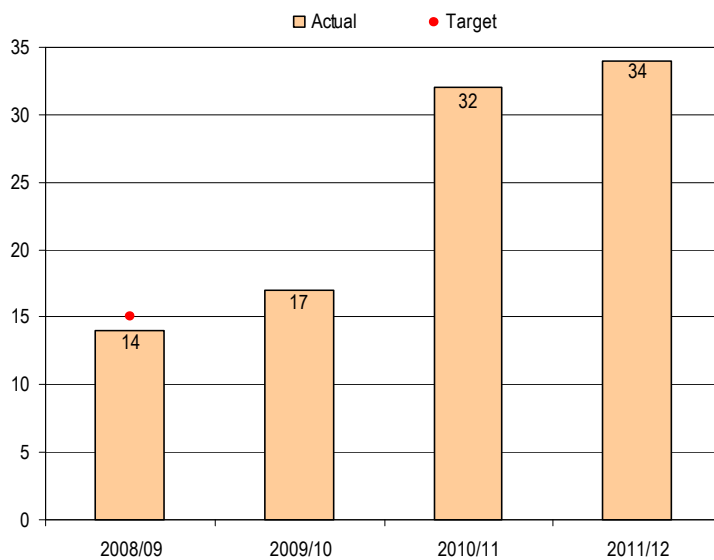
Economic grants support projects that are of economic benefit to Wellington.

| ECONOMIC GRANTS | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
|---------------------------------------------|----------------|----------------|----------------|----------------|
| Total number of grant applicants | 15 | 12 | 12 | 7 |
| Total number of applicants receiving grants | 11 | 4 | 6 | 6 |
| Total budget available to applicants | \$213,200 | \$55,000 | \$50,000 | \$65,000 |
| Total budget distributed to applicants | \$212,500 | \$55,000 | \$50,000 | \$53,620 |

Economic grant support was given to a number of projects. These included supporting the Fair Trade Partnership to further develop their presence in the city, economic impact studies for the local arts sector and for the Clyde Quay Boat Harbour Master Plan.

Source: WCC City Communities and Grants

Events/activities held with formal international partnerships cities (in Wellington and overseas)



We no longer set a target for this performance measure. Opportunities vary from year to year depending on a range of factors, including demand from partners and one-off events.

Source: WCC International Relations

Long-haul airline project

Positively Wellington Tourism and Wellington International Airport Limited presented detailed route business cases and propositions to three airlines and prepared initial business cases for eight additional airlines. They also attended the Asia Route Development Forum in China to meet with 12 airlines.

Source: Positively Wellington Tourism