

Strategic area 3

Economic development

Introduction

This provides a succinct outline of the key challenges we face, our long term approach, the outcomes we seek, the types of things we do towards those, and an indication of the measures we use to monitor progress. We also state what we'll focus on for the next three years.

Strategy tree

The diagram shows the links between the community outcomes, our long-term outcomes and the activities we do towards those.

3.1 City promotions events and attractions

This activity covers our support of Positively Wellington Tourism, the Wellington Convention Centre, and our events development fund. We outline what we do, provide context as to why it's important, and outline the budget and performance measures for this area. (See also the Council controlled organisations section.)

3.2 Business support

This activity covers our work to improve the city's connections to the world including broadband infrastructure. We outline what we do, provide context as to why it's important, and outline the budget and performance measures for this area.

DRAFT

Economic development

Introduction

Supporting growth to enhance quality of life

Wellington is:

- New Zealand's capital city and the home of the country's public sector
- the traditional home of New Zealand's finance industry
- a growing centre for creativity and innovation, based on sectors such as film and creative content
- an important centre for education, with two universities and several polytechnics
- New Zealand's events capital
- connected to international markets through the airport and port
- a city with a strong tourism sector based on high quality attractions like Te Papa and major events such as the World of WearableArts.

The city's economy is based on services, and on its well educated and highly skilled population. Growth in recent years has been steady, supporting low unemployment and standards of living that are among the highest in New Zealand.

The challenges we face

The global economic slowdown is the largest immediate challenge facing the city. In this environment, the Council has to strike a very careful balance. We must ensure that rates and other Council costs do not unduly stretch residents' budgets, but we must also continue to provide the important services and infrastructure that will support future development.

While the early signs for the city have been encouraging – unemployment remains relatively low, and in the latest available National Bank regional economic survey (from November 2008) Wellington was the only region to have recorded growth in economic activity during the previous two quarters – there remains a need for vigilance.

The construction and retail sectors are likely to face tough times as household budgets and access to borrowings tighten. Fluctuations in the NZ dollar will impact on export earnings but it also presents opportunities around tourism and entrepreneur investment from abroad.

We also need to ensure that the city's an easy place to do business – make sure our own processes are efficient and that we are aware of business needs so that people can access and retain jobs.

It will be important that as a city we focus on our strengths and ensure we retain the skills that will be required when the wider economy lifts.

The long term approach

The Council will spend more than \$4 billion in the local economy over the next decade. Much of this will be on the essential services that are required to keep the city running. But our role goes beyond those essentials. We know that to be internationally competitive the city must offer a high quality of life. This means continuing to invest in Wellington's points of difference – our cultural capital status, high quality public spaces, easy access to the coast and open spaces, and major events that make it a place where talented people want to live and work.

In the mid-term we've committed to complete major upgrades of our housing stock and to a 12 court indoor community sports centre. While both have strategic value in their own right they have the added benefit of sustaining roles in the construction industry.

While this long-term plan in its entirety can be seen as our commitment to the local economy there are specific steps we're taking to grow the local economy. Not least is the Wellington Regional Strategy.

The Wellington Regional Strategy is a joint initiative involving nine local authorities, focuses on: providing leadership; achieving sustainable economic growth, in particular through exports; and enhancing Wellington's 'regional form' – the connections between cities, and between rural and urban areas.

Grow Wellington, which is funded through Greater Wellington Regional Council rates, has overall responsibility for promoting regional economic growth. Key initiatives include a plan for high speed broadband for the city, and a regional labour market strategy to ensure that Wellington businesses have the skills they need to prosper.

Our work complements the regional approach with a strategy that:

- supports high quality events
- celebrates creativity and innovation in the business sector
- aims to improve the city's connection to the rest of the world; and
- promotes tourism and a vibrant retail sector
- supports downtown Wellington as the centre of the region's retail and service economy.

Supporting policies

The Council's strategic approach to economic development is supported by its International Relations Policy, Events Policy and Centres Policy, which guides retail and other development. These are available from www.Wellington.govt.nz. Positively Wellington Tourism's statements of intent and the Wellington Regional Strategy also complement our aims.

Links to other strategies

The Council's core contributions to economic development are made through its Environment and Transport Strategies, which provide the essential infrastructure on which all economic activity depends. The Urban Development Strategy supports Wellington's status as 'events capital' by protecting the city's vibrant 'heart' around the Golden Mile and waterfront. All areas of Council activity aim to enhance quality of life and therefore to attract and retain the skilled people and innovative businesses on which a growing economy depends.

State of the city - key facts

- % growth in regional economic activity (year to September 2008): **1.2%**
- Unemployment rate (regional, December 2008): **3.6%**
- % of Wellingtonians in deciles 10 (most deprived): **4.6%**
- % of Wellingtonians with a university degree: **32.9%**
- Guest nights per annum in the city's tourist accommodation (2008): **1.9 million**
- Estimated new spend in the city from Council supported events (2008): **\$61.1 million**

Negative effects

We do not anticipate any significant negative effects arising from our economic development activities.

What we want – the outcomes we seek

Wellington City Council aims to achieve the following long-term goals or 'outcomes' for the city. Along with the Council, businesses, community organisations, central and regional government, and individuals all play crucial roles in contributing to these outcomes.

***STRONGER SENSE OF PLACE** – Wellington will be a prime tourist and conference destination, with a range of attractions that highlight the city's best features.*

The Council contributes by supporting tourism promotion, providing conference venues, and supporting visitor attractions and facilities such as Te Papa. (We also fund the City Gallery, the Zoo, botanical gardens and other attractions under other strategy areas.)

We measure progress towards this outcome by monitoring visitor numbers and their length of stay.

***MORE COMPACT** – Wellington's CBD will be the region's premier retail, entertainment and commercial district.*

The Council contributes through its Urban Development Strategy by protecting the city's compact 'heart', providing an urban environment of outstanding quality around the waterfront and city centre, and allowing mixed land use in the inner city so shops, cafes and bars, offices, visitor attractions and residential developments can all co-exist.

Through this strategy, the Council supports tourism and events, and supports city centre vitality by providing free weekend parking.

We measure progress towards this outcome by monitoring the number businesses and people employed in the retail, entertainment and knowledge sectors.

***MORE EVENTFUL** – Wellington will maximise economic value from promoting and hosting high-profile events.*

The Council contributes by supporting a wide range of entertainment and community events and festivals, ranging from the Sevens to the NZ International Arts Festival to Cuba Carnival. 'Iconic' events such as the Sevens and World of WearableArt contribute tens of millions of dollars to the city's economy each year.

We measure progress towards this outcome by monitoring the economic return (estimated new spend and total value added) from the major events that we support.

***MORE ENTREPRENEURIAL AND INNOVATIVE** – Wellington will have high levels of innovation underpinned by strong education and training, research, entrepreneurship and investment.*

The number of research and development businesses in Wellington more than doubled between 2000 and 2007, from 37 businesses to 103.

Employment in the sector also grew significantly over the same period.

The Council contributes by maintaining relationships with tertiary institutions and creative businesses, and through initiatives that attract skilled people and celebrate and foster the development of an innovation economy.

***BETTER CONNECTED** – Wellington will have world class communications and transport linkages.*

The Council contributes by supporting plans to establish a high speed broadband network throughout the city, and by engaging with government, business and other partners such as our sister cities to promote Wellington's interests.

We measure progress towards this outcome by monitoring the roll-out and uptake of broadband across the city and business and tourism growth that comes as a result of securing a direct long-haul airline link between Wellington and Asia.

***MORE COMPETITIVE** – Wellington will be a competitive city, attracting and retaining people, investment, businesses and industries.*

According to *Management* magazine, Wellington had 29 of New Zealand's top 200 companies in 2007 (the list excludes banking, insurance, and financial companies). The number of businesses in the city grew by 18.1% between 2001 and 2007.

The Council contributes by promoting all the services that make the city a place where employers and employees want to live.

We measure progress towards this outcome by monitoring the number and types of business that locate here.

Our focus for the next three years

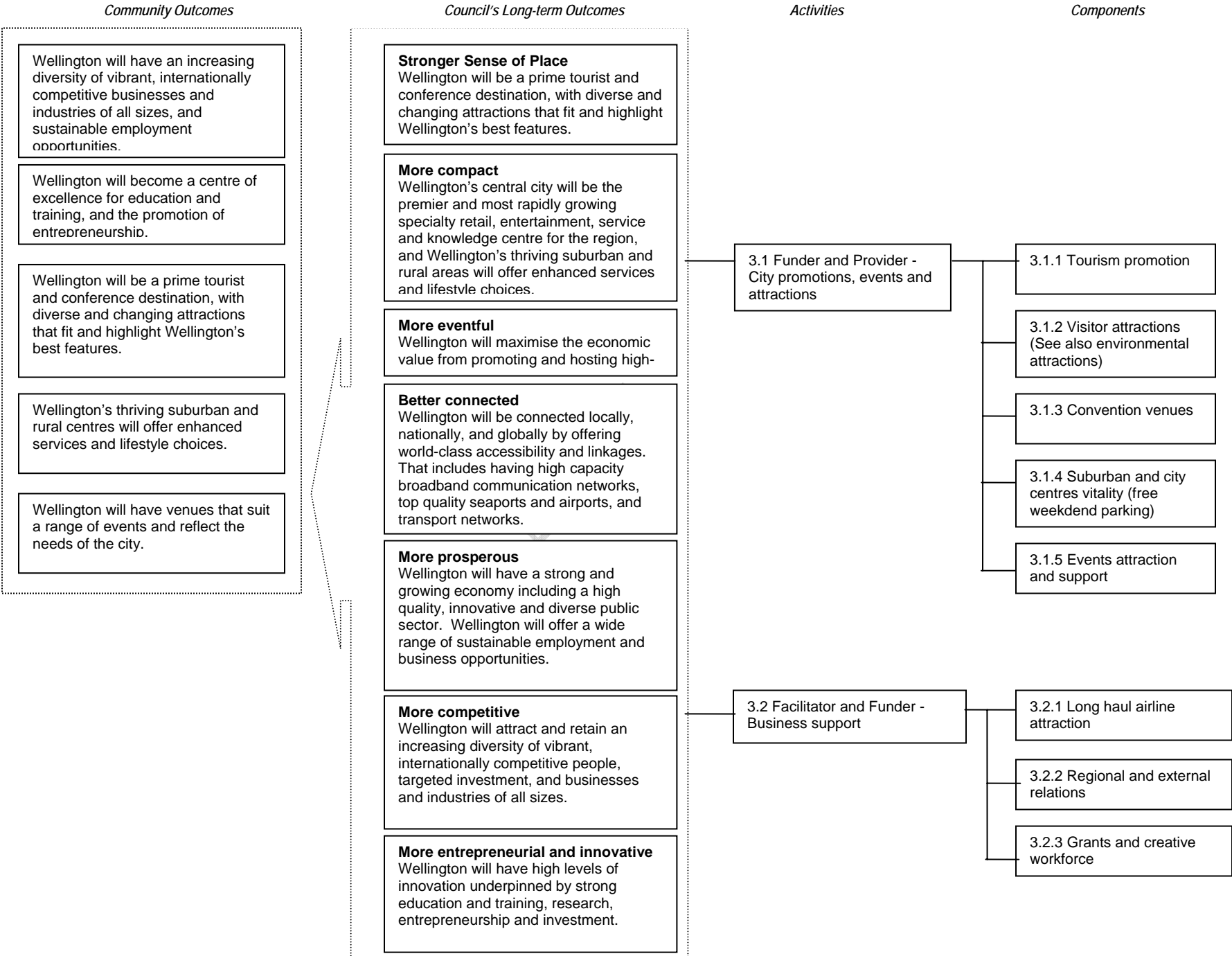
The way we respond to our current challenges will be important over the next three years. Our key focus will be on:

- Maintaining Wellington's reputation as a vibrant, creative and eventful place. Specific actions towards this will be to maximise the economic return from our events development fund. This will include making the most of the opportunities provided by the city hosting games as part of the 2011 Rugby World Cup.
- Working with others to sustain Wellington's service/creative industries and workforce. This includes maintaining our investment in tourism and advocating on behalf of our community to the government and business for investment in activities such as broadband.

Our investment in the city

In the Economic development area we plan to spend \$55.45 million in operating expenditure in the next three years and \$1.39 million on capital works.

Strategy tree



3.1 CITY PROMOTIONS, EVENTS AND ATTRACTIONS

What's included here

We support a wide range of events, attractions, and city promotions to position Wellington as an internationally competitive city. We aim to help the city maintain its edge as a prime tourist and conference destination, maximise economic value from promoting and hosting high-profile events, and support the development of a healthy retail sector.

Towards these aims we plan to provide: funding to Positively Wellington Tourism; an annual grant to Te Papa; an Events Development fund; car parking free at the weekends. We also provide the Wellington Convention Centre and other attractions.

In addition to what's covered here, we provide funding for Wellington Zoo, Zealandia – the Kaori Sancturay, the Wellington Museums Trust and maintain the botanical gardens and many other facilities that appeal to tourists. We discuss these in other chapters (see cultural wellbeing for museums and the environment chapter for the others).

Why it's important

Tourism makes a major contribution to the city's economic well-being. The city's service industry is a major employer and it benefits directly from tourism spending. The events and attractions that draw visitors to Wellington also add to the city's vibrant atmosphere.

Sustaining and increasing visitor numbers also provides economic incentives for us to preserve and enhance Wellington's natural landforms and other features and venues that add to our cultural identity. Our support of Te Papa, for example reflects, the appeal it has to tourists. Te Papa currently welcomes 1.3 visitors per year. Our funding helps with promotions domestically and overseas. Because its focus is New Zealand's history, prehistory and art, its presence allows other Council-funded museums and galleries to focus on the Wellington story.

The Wellington Convention Centre offers auditoriums that are not provided for in the private sector. The performances, shows and conventions that are hosted bring new spending to the city and also provide residents access to world class and local performances.

Major events such as the World of WearableArts Awards and the NZI Rugby Sevens raise Wellington's profile, help increase the city's economic competitiveness, encourage innovation and entrepreneurship, and help forge partnerships that bring economic benefits to the city.

A thriving retail sector in the heart of the city is an important part of Wellington's appeal. It makes the central city lively and supports the wide range of events that are on. We offer free parking at the weekends to encourage residents and visitors into the city to shop and access other services. We maintain time restrictions to generate turnover and allow more people access.

Contribution to community outcomes

This activity contributes towards the following community outcomes:

'Wellington will be a prime tourist and conference destination, with diverse and changing attractions that fit and highlight Wellington's best features', and 'Wellington will have venues that suit a range of events and reflect the needs of the city'

What we'll provide – our level of service

Visitor numbers have grown rapidly over the past decade. More than half a million people now visit Wellington each year. But the current global economic climate threatens to impact on further growth in the short term. That's why we think it's vitally important that we sustain our investment in this area.

Wellington's vibrant central city and events scene are at the heart of the city's distinctive character. They have been important points of difference in recent years. Our effectiveness of using these to attract visitors has not been lost on other cities which are now looking to emulate our success.

These two factors - the likelihood of people choosing to spend less on travel and competing for that spend with other destinations - means we need to ensure that the city remains an appealing destination.

We think we're well placed to do this and that to sustain our spending in the immediate future and beyond is important for two key reasons. First, it is prudent to do so. We have invested on behalf of the community in high-

quality events and promotions for a number of years. Much of the city's appeal and reputation is linked to these. It would be difficult to retain or regain these if investment was reduced.

Secondly, decisions to withdraw or reduce spending in these areas would likely have negative consequences beyond any event that was cut. It would impact on employment. The city's vibrant reputation and appeal benefits the economy in two ways. It makes the city a stimulating place for employees and employers to live, and it keeps viable Wellington's large service industry (and associated jobs).

A further consideration is the need to retain the skills and capacity in the tourism and events sector in the lead up to the 2011 Rugby World Cup. This event is expected to attract unprecedented visitor numbers and will showcase the city to the world.

Our funding for Positively Wellington Tourism aims to ensure the city remains a destination of choice. The core approach to attract visitors will be:

- to focus on the domestic and Australian markets while maintaining a presence in other markets such as the United States and Britain
- to encourage longer stays
- to promote quality experiences.

We also plan to continue to provide free weekend parking, and our annual \$2 million grant to Te Papa.

We'll continue to operate the Wellington Convention Centre to its high standard. Its 22 venues over three sites cater for 50 – 4,500 people. The main auditorium at the Michael Fowler Centre is one of the country's premier concert halls and the TSB Arena is the city'S largest indoor concert venue. Combined with the Town Hall the venues host events as varied as formal dinners, conferences, trade shows, sports internationals, the NZ orchestra and children's and community festivals.

We'll maintain our events development fund to attract high profile events to the city. Those currently planned include the annual NZI Rugby Sevens, and World of WearableArts Awards, and in 2010 the Tai Kwon Do World championships, Women's Waterpolo World Cup, World OK Dingy Champs, and the World Unicycle Champs. We'll work alongside promoters to attract and secure other events to ensure that each year there is a variety of major events with wide appeal. This work is complemented by the many community festivals and events that we run (see section 4.3).

Key projects over the next three years, we'll:

- Host matches and promote Wellington as part of the 2011 Rugby World Cup. In the current economic climate it is of increased importance that opportunities to attract new spend to the city are seized and that they are commercially viable at a time when discretionary spend has been reduced. With an estimated 60,000 international visitors to the country this is one such event. The city will host two quarter finals and has also bid to host pool games.

- Support Positively Wellington Tourism's online strategy to meet the changing expectations of travellers. In the last few years, people have become less likely to select tourism products and services through travel agents. Instead, they have embraced research and purchasing of tourism products and services online. In 2008 we committed long-term funding of more than \$500,000 per year for them to create and maintain a fully interactive online experience.
- Re-launch the Carter Observatory as a cutting edge science-based visitor attraction in October 2009.
- Work with the St James Theatre Trust to review opportunities to consolidate its and the Wellington Convention Centre's operations.
- Explore the viability of introducing a regional amenities levy. This would see ratepayers from across the region contributing towards the costs of attractions and facilities that benefit the region as a whole. A similar approach has been introduced in Auckland (through the Auckland Regional Amenities Funding Act 2008).

Other attractions that are planned for completion in the coming years include:

- a wharewaka on the waterfront (see 6.5 Waterfront development)
- a substantial extension to the city gallery (which plans to re-open by October 2009)
- a new visitor centre at Zealandia – the Kaori Sanctuary (which is due to open in autumn 2010).

How we'll measure our performance

We'll know we're succeeding: when visitor numbers and lengths of stay continue to increase; when the major events we support return more than 20:1 on the council's investment; and when the convention centre sustains its high number of events and attendees. We'll use the following performance measures to monitor our progress.

OUTCOMES WE SEEK	MEASURING PROGRESS TOWARDS OUR OUTCOMES					
STRONGER SENSE OF PLACE MORE EVENTFUL MORE COMPACT MORE COMPETITIVE	<ul style="list-style-type: none"> ▪ Number of domestic and international visitors ▪ Accommodation rates ▪ Number of major conferences ▪ Number of A-level events held in 			<ul style="list-style-type: none"> ▪ Wellington and their economic contribution ▪ New Zealand's top 200 companies based in Wellington ▪ Business enterprises – births and growths (net growth in business) 		
COUNCIL ACTIVITY LEVELS OF SERVICE	MEASURING OUR PERFORMANCE	PERFORMANCE TARGETS				
		BASELINE 2008	2009/10	2010/11	2011/12	2012/13 – 2018/19
We support a wide range of events, attractions and city promotions to position Wellington as an internationally competitive city.	Te Papa visitors (by overseas visitors (OV) and NZ visitors from outside the region (NZOR))	Total = 1.3m OV = 521k NZOR = 365k	Total = At least 1.3m OV = At least 520k NZOR = At least 365k	Total = At least 1.3m OV = At least 520k NZOR = At least 365k	Total = At least 1.3m OV = At least 520k NZOR = At least 365k	Total = At least 1.3m OV = At least 520k NZOR = At least 365k
	International visitors - guest nights	7% increase	Note: performance targets for the Positively Wellington Tourism will be confirmed as part of their Statement of Intent which will be finalised in June 2009			
	International visitors - market share (US, UK and Australian)	US -0.08% UK -0.25% Australia -0.8%				
	New Zealand market visitors	6.4% increase				
	Positively Wellington Tourism - partnership funding compared to WCC funding (%)	40% of WCC funding				
	Events Development Fund:					
<ul style="list-style-type: none"> ▪ events supported 	23	No target – we seek to support as many worthwhile events as possible that meet criteria within budget constraints				

	▪ estimated attendance**	470k	500k	500k	580k	500k
	Resident satisfaction with WCC supported events and festivals	93%	At least 95%	At least 95%	At least 95%	At least 95%
	Events Development Fund - economic impact of events (new spend)**	\$66 million	\$40 million	\$40 million	\$58.5 million	\$40 million
	Carter Observatory - visitors	New measure	26,700*	82,800	85,000	85,000
	Free on-street weekend parking - weekend car park turnover rates	Weekends 6.8 cars/day	Weekends 6.8 cars/day	Weekends 6.8 cars/day	Weekends 6.8 cars/day	Weekends 6.8 cars/day
	Wellington Convention Centre and TSB Arena - events	798 events, incl. 130 concerts	790 events, incl. 120 concerts	800 events, incl. 105 concerts	810 events, incl. 125 concerts	820 events, incl. 125 concerts
	Wellington Convention Centre and TSB Arena - occupancy	Town Hall 67% MFC 50% TSB 70%	Town Hall 65% MFC 69% TSB 65%	Town Hall 66% MFC 70% TSB 68%	Town Hall 67% MFC 71% TSB 79%	Town Hall 70% MFC 74% TSB 83%
	Creative workforce - Businesses, jobs and GDP by targeted sectors (Education Sector, Food & Beverage Sector, Manufacturing Sector, Film Sector and Primary Sector)	New measure	Positive growth across all sectors			

* Carter Observatory visitor target for 2009/10 is dependant on when the facility re-opens.

** Note: Targets reflect the impact of the two quarter finals for the Rugby World Cup 2011. Targets will be adjusted post 12 March, once pool game allocations have been determined.

Who should pay

Activity component	User fees	Other income	Rates	General rate	Residential target	Commercial target	Downtown/Other
Tourism promotion (3.1.1)	-	-	100%	-	-	-	100%
Visitor Attractions (3.1.2)	-	-	100%	30%	-	-	70%
Convention venues (3.1.3)	55%	-	45%	45%	-	-	-
Suburban and city centres vitality (3.1.4)	-	-	100%	-	-	-	100%
Events attraction and support (3.1.5)	-	-	100%	-	-	100%	-

For more information on how activities are funded see our Revenue and Financing Policy in volume two.

How we manage our assets that support this activity

Wellington Convention Centre: The Wellington Convention Centre comprises the Wellington Town Hall and the Michael Fowler Centre. Our Wellington Convention Centre Asset Management Plan sets out performance, condition and customer service requirements for both buildings. The properties are managed with the aim of complying with all relevant legislative requirements at all times. We aim to maintain both in excellent condition, sufficient to protect our investment and maintain existing levels of service while achieving reasonable return on expenditure. Regular audits are carried out to assess condition and performance on all buildings. User surveys are also used.

The century-old Town Hall is listed as a heritage building in our District Plan and is also registered with the Historic Places Trust. We manage it in line with our Built Heritage Policy and in compliance with district plan requirements which aim to protect heritage features.

Events Centre: The Events Centre is owned by Wellington Waterfront Ltd (a council controlled organisation) and managed by our Wellington Convention Centre business unit under contract.

The main factors that affect the demand on this portfolio are demographic changes and usage trends/expectations. While usage in the convention business is likely to be affected by economic conditions in the short to medium term, there is no basis for that to be the case long-term. The city's population is forecasted to increase as is the 40-64 age group, who have historically been the largest section of the events audience.

Research undertaken to date also indicates that Wellington as a convention destination remains in high demand. This also indicates that even though we offer the largest venue in Wellington, we lack the supporting flat floor exhibition space to accommodate large trade exhibits required for larger conventions.

Accordingly we have a planning project under way that will investigate opportunities to expand the Michael Fowler Centre, across the adjacent carpark to meet this identified need in the long-term. In the short to medium term, to reflect the likely impact of the economic downturn on this activity, our approach will be to manage demand and focus on looking at ways of modifying customer demands in order that the utilisation of existing assets is maximised and the need for new assets is deferred or reduced.

What it costs

3.1 City promotions, events and attractions	Operating expenditure 2009-2012			Capital expenditure 2009-2012
	Income (\$000)	Expenditure (\$000)	Net expenditure (\$000)	Total (\$000)
3.1.1 Tourism promotion	-	4,740	4,740	-
3.1.2 Visitor attractions	-	2,300	2,300	538
3.1.3 Convention venues	(5,853)	10,681	4,828	-
3.1.4 Suburban and city centres vitality	-	1,266	1,266	-
3.1.5 Events attraction and support	-	2,758	2,758	-
2009/10	(5,853)	21,746	15,893	538
2010/11	(6,029)	22,093	16,064	582
2011/12	(6,210)	23,990	17,780	273

Note the events attraction and support fund includes the annual \$750,000 grant to the NZ International Festival of the Arts (see the cultural well-being chapter).

Note the 3.1.4 Suburban city and centre vitality covers the provision of free weekend parking and the Marsden Village levy.

DRAFT

3.2 BUSINESS SUPPORT

What's included here

Through our business support work, we aim to enhance residents' quality of life by raising overall levels of prosperity. Our strategies as a whole aim to provide an environment that encourages innovation and entrepreneurship, and enhance Wellington's competitiveness as a world-class location for talent, business/industry and investment. An important step in achieving this is to make the city more 'connected', by securing the communications and transport infrastructure so vital to business success.

Towards these aims we plan to:

- enhance the city's communications infrastructure by working with the government and others to roll-out high-speed broadband across the city
- support Positively Wellington Tourism and Wellington International Airport in their bid to attract at least one daily long-haul air service to the city from a destination in Asia
- represent Wellington's interests to central government and other agencies, sister cities, and the business community – and celebrate their success.

We also plan to advocate for our community's interests through the Wellington Regional Strategy and *Grow Wellington* – the new regional economic development agency responsible for its implementation.

Why it's important

Information technology is increasingly seen as a driver of economic growth, which means development of communications infrastructure and a tech-literate workforce is important for our city's future prosperity. It provides connections to businesses around the world – reducing the city's distance from markets – and stimulates new creative industries (for example computer gaming which is now a significant part of the entertainment sector).

A community with widely available and affordable broadband can also expect environmental and health benefits. Being able to access information 'remotely' and quickly could reduce the need to travel and allow convenient access to some health care services.

Maintaining relationships with other cities and gaining more direct access to their markets will increase tourism and investment in the city. Improving access to Asian markets is particularly important at this time. New Zealand's free trade agreement with China, for instance, provides local businesses with new opportunities to access large markets. Securing an airline to fly regularly between Wellington and Asia would further enhance those opportunities.

New Boeing and Airbus aircraft are opening up new routes to airlines. Planes can now travel further and land on shorter runways. This means Wellington's relatively short runway is no longer a restriction to long haul aircraft. This technology change and pressures in the industry mean airlines are currently reviewing routes and making decisions about where to use

these aircraft. It is considered an opportune time for Wellington to be advancing its case.

These initiatives will benefit not only the city but the region. We know that our prosperity is linked to that of the wider Wellington community. Working alongside other institutions in the region such as *Grow Wellington* means we can make the most effective use of our limited resources towards shared goals.

Contribution to community outcomes

This activity contributes to the following community outcomes: 'Wellington will have an increasing diversity of vibrant, internationally competitive businesses and industries of all sizes, and sustainable employment opportunities' and 'Wellington will become a centre of excellence for education and training and the promotion of entrepreneurship.'

What we'll provide – our level of service

The Council's vision is for Wellington to achieve universal access to high-speed affordable broadband by 2012. We've asked potential industry partners for their help in how best to turn this vision into a reality. And in 2008, we submitted an expression of interest to the government's broadband investment fund.

The new government has indicated it will extend support for broadband across New Zealand. The details of its approach are not yet known. We will

continue to advocate to them to secure a contribution towards an improved broadband network in Wellington.

Options for how this will be implemented are not yet finalised. They may include private/public partnerships and user pays. The overall objective is to stimulate more investment that will result in better services – which doesn't necessarily mean the Council has to start building its own infrastructure, although that is an option. \$200,000 has been budgeted for each of the next two years at this stage to cover our business case and advocacy work.

We also plan to do the following:

We'll continue to contribute \$200,000 per annum towards Positively Wellington Tourism and Wellington International Airport's bid to secure a regular long haul airline route between Wellington and Asia.

We'll retain our sister city relationships with Beijing and Xiamen in the People's Republic of China and with Sakai, Japan. These formal, long term relationships are based on diverse linkages between the two cities - including cultural, educational and business links. They involve hosting and taking part in international delegations. The number of events can fluctuate from year to year. We're expecting around 15 delegations a year.

We'll celebrate Wellington's talented and creative workforce through a series of annual sponsored awards and scholarships. These will include the Training Graduation Ceremony, Gold Awards, World Class New Zealanders Awards, Don Trow Fellowship, Wellingtonian of the Year Awards (The Wellys), and the Sustainable Business Awards.

We'll also maintain relationships with key institutions towards the common goal of attracting and retaining a skilled workforce. These include the universities and the development of a Settlement Strategy with the Ministry of Social Development.

We've considered what we can do to **reduce our costs** across this activity. We're proposing to reduce our spending and involvement in the *Move to Wellington* website. It is designed to attract skilled migrants to Wellington. We remain committed to the objective but given that it is a primary goal of Grow Wellington we see the function being delivered by them. This is also true of our economic grants programme. We'll reduce the programme from \$165,000 per annum to \$50,000. A number of past applicants have been eligible for grants under other programmes such as our cultural pool.

DRAFT

How we'll measure our levels of service and performance

We'll know we're succeeding: when direct flights to Asia can be accessed out of Wellington; when high-speed broadband is rolled out across the city; and when we see positive growth in jobs and businesses in the information technology and other creative industries. We'll use the following performance measures to monitor our progress.

OUTCOMES WE SEEK	MEASURING PROGRESS TOWARDS OUR OUTCOMES					
<p>MORE ENTREPRENEURIAL AND INNOVATIVE MORE PROSPEROUS BETTER CONNECTED</p>	<ul style="list-style-type: none"> ▪ Growth in businesses and employees - retail, entertainment, service and knowledge sectors ▪ Domestic and international airline passengers entering Wellington Airport ▪ Broadband usage ▪ Cargo loaded and unloaded at Wellington Seaport and Airport ▪ GDP and regional economic activity growth 	<ul style="list-style-type: none"> ▪ Employees by industry ▪ Labour force participation rate ▪ Number of job vacancies ▪ Income - household and personal ▪ Industry training enrolments ▪ Businesses and employees in research and development sector ▪ Tertiary students enrolled in Wellington City and NZ 				
COUNCIL ACTIVITY LEVELS OF SERVICE	MEASURING OUR PERFORMANCE	PERFORMANCE TARGETS				
		BASELINE 2008	2009/10	2010/11	2011/12	2012/13 – 2018/19
<p>We provide economic grants to one-off projects that bring economic benefit to the city.</p>	<p>Economic grants - Number of applicants; number of successful applicants; total budget allocated</p>	<p>Applicants 13 / Successful applicants 4</p>	<p>No target – we seek to support as many worthwhile initiatives that contribute to the economic well-being of Wellington city and its people in accordance with eligibility criteria and budget constraints.</p>			
<p>We represent Wellington's interests to central government and other agencies, sister cities, and the business community.</p>	<p>Events / activities held with formal international partnership cities (in Wellington and overseas)</p>	<p>15 events / activities</p>	<p>No target – we seek to seize opportunities when they arise and do not have a formal schedule for all international partnership city events / activities</p>			
<p>We are supporting Positively Wellington Tourism and Wellington International Airport in their bid to attract a long haul air service.</p>	<p>Long haul airline project - project milestones</p>	<p>Marketing, research and business case development continues</p>	<p>Business case completed</p>	<p>Performance measures and targets will be developed following completion of the business case</p>		

Who should pay

Activity component	User fees	Other income	Rates	General rate	Residential target	Commercial target	Downtown/Other
Long-haul airline attraction (3.2.1)	-	-	100%	100%	-	-	-
Regional and external relations (3.2.2)	-	-	100%	100%	-	-	-
Grants and creative workforce(3.2.3)	-	-	100%	100%	-	-	-

For more information on how activities are funded see our Revenue and Financing Policy in volume two.

What it will cost

3.2 Business Support	Operating expenditure 2009-2012			Capital expenditure 2009-2012
	Income (\$000)	Expenditure (\$000)	Net expenditure (\$000)	Total (\$000)
3.2.1 Long-haul airline attraction	-	200	200	-
3.2.2 Regional and external relations	-	261	261	-
3.2.3 Grants and creative workforce	-	1,488	1,488	-
2009/10	-	1,948	1,948	-
2010/11	-	1,967	1,967	-
2011/12	-	1,795	1,795	-

10-YEAR FINANCIAL PROJECTIONS

Net Operating expenditure (by strategy area and activity for 10 years) (\$000)										
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Economic development										
3.1 City promotions, events and attractions	15,893	16,064	17,780	16,996	16,797	17,189	18,011	17,901	18,172	19,066
3.2 Business support	1,948	1,967	1,795	1,839	1,875	1,910	1,953	1,996	2,040	2,094
3 Economic development	17,841	18,031	19,575	18,836	18,671	19,099	19,964	19,897	20,211	21,160

Net Capital expenditure (by strategy area and activity for 10 years) (\$000)										
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Economic development										
3.1 City promotions, events and attractions	538	582	273	684	564	1,085	665	510	990	287
3 Economic development	538	582	273	684	564	1,085	665	510	990	287