
PRIORITY GROWTH AGENDA

1. Purpose of Report

Successful cities set clear direction and deliver projects to achieve that. This report outlines project ideas towards a city growth agenda. The projects are in their formative stages. Business cases and any funding decisions will follow in time. This report asks for leadership — the political commitment to advance these projects. Doing so will build confidence in the city and for partners looking to invest in and support the city's future.

2. Executive summary

Wellington has been transformed over the past two decades. It turned from a bureaucratic backwater where new ideas were spawned from 'overseas experiences' to a self confident city where individuals set their own path.

This transformation was the result of many factors. These manifested in tangible projects and a change in attitude. The stadium, the revitalisation of the waterfront, Te Papa, civic square, the Embassy Theatre, City Gallery and the Museum of City and Sea, Oriental Bay beach and other projects were the stimulus and the legacy of that change.

These investments were supported by a council strategy that focussed on creativity and lifting the quality of life for residents. They have been effective — the city now has an outstanding quality of life offering¹.

But the city's economic performance is falling short.² There is a need to act and transform again. There is a need to provide confidence in the city's future.

The council can be a leader in building that confidence. It can set in motion projects that will generate:

- growth in the local economy
- growth in the rating base
- diversification of the local economy.

Eight project ideas are proposed as a start.

¹ See for example the *Quality of Life* survey findings that place Wellington ahead of other NZ cities on the vast majority of indicators.

² As outlined in the Setting the Scene induction material.

3. Recommendations

That Council:

1. *Receive the information.*
2. *Note that the ideas identified in the attached Priority Growth Agenda represent opportunities to:*
 - a. *grow the economy*
 - b. *diversify the economy*
 - c. *grow the ratepayer base.*
3. *Agree to the Priority Growth Agenda ideas and direct the Chief Executive to work with potential partners and report options for implementation as part of the 2015-25 long-term plan or as they emerge.*
4. *Note that key decision points – including business case outcomes and funding decisions – will be brought back to committee for consideration.*

3. Discussion

3.1 Background

The city's economic performance has been below desired levels for a number of years. While the Global Financial Crisis can offer a partial explanation for the city's economic performance, it is broadly recognised that structurally the local economy requires greater diversity to deliver the economic growth needed for a more prosperous future.

This was identified as part of the new economic development strategy that was adopted in 2012. It concluded that the long term sustainability of the city's economy would hinge on building on our strengths and making a transition to a broader and increasingly knowledge-based economy.

The council cannot create this shift or prosperity on its own, and nor should it try. But it can work in partnership with others to create the environment, culture and opportunities that will allow talented people and businesses to flourish.

This paper presents project opportunities that can be advanced as a priority.

3.2 The benefits of investing in economic growth

There are considerable benefits to investing in economic growth. By supporting and enabling economic development, the Council can create a virtuous circle where stronger economic growth delivers greater financial dividends to Council through a growing rate-payer base. This can – in turn – be re-invested in city amenities and services, making the city more liveable and thereby attracting more people and businesses.



The benefits of sustainable economic growth do not relate to Council fiscal dividends and public services alone – the benefits are ubiquitous. The main advantages include:

- *Better and more jobs* – growth requires more resources and results in more jobs. It can generate a wider variety of quality jobs, and will attract people to the region and keep more of the city’s students in the city.
- *Higher business confidence* – sustainable economic growth will provide a positive impact on Wellington businesses and result in greater business confidence
- *Growth and investment* – economic growth and higher business confidence encourages investment, and therefore encourages a virtuous cycle of economic growth.
- *Improved public services* – economic growth drives in growth in the ratepayer base providing the means for Council to invest more in the city – everything from parks, events, through to biodiversity. It provides the means to deliver on the *Smart Capital* vision for the city.
- *Higher living standards* – economic growth can results in higher incomes and this enables residents to access more services, pursue more opportunities and enjoy better standards of living.
- *Less risk and more potential* – By building on our skilled knowledge base, creative industries and services sector we will be well placed to capitalise on a world economy that is becoming increasingly ‘weightless’. This focus will also lesion the city from an impact from a price being placed on carbon and associated charges – making the city more attractive for business and investment.

3.3 The risks of not pursuing growth

The risks of having an under-performing economy over a long period of time are significant. Cities compete against each other for talented and skilled

people, for entrepreneurs, for tourists and students, and for business and investment. The general trend is that people and businesses gravitate to cities where economies are strong and where quality of life is high. They do this because those cities offer better job and business opportunities, allow for more connections to be made and to live a higher quality of life.

A flat or underperforming economy means the city has fewer job opportunities, and is less attractive to businesses, talent, and students. A city that has an underperforming economy has fewer resources to invest in new or improved amenities – everything from arts and culture to green infrastructure to parks and neighbourhood centres. An under performing economy will – over time – have a gradual impact on ratepayer funding streams for the council and this will result in a gradual decline in the services and amenities the city can offer, and ultimately this will lead to a less vibrant city and weaker communities.

A static ratepayer base is the situation that the city currently faces. Growth in the value of ratepayer base – particularly the commercial sector – has not grown for five years. At the same time the council has continued to make new investments in the city. However, much of that investment has been on amenities and services that deliver quality-of-life outcomes.

The council hasn't directly targeted investments that grow the economy or ratepayer base which must become the priority if the council wants to secure a sustainable and growing funding platform from which it can build its vision of Wellington as a *Smart Capital*.

3.4 An eight part growth priority agenda

This paper identifies eight ideas to form part of an immediate economic growth priority agenda for the city. Each idea aligns to an overall growth agenda objectives of:

- i) Growth in the local economy
- ii) Greater diversity in the local economy
- iii) Growth in the ratepayer base.

The priority ideas include:

- A film museum
- International air connections – and a possible airport runway extension
- A tech hub/precinct
- A new and bigger conference and concert facilities
- A Miramar framework
- Better land transport options
- Being open for business
- Embracing change.

These ideas, the potential benefits, partners and actions are discussed in appendix 1.

The ideas (combined with existing programmes) collectively demonstrate the Council's commitment to provide an environment for businesses to prosper in the city, to grow the high-tech, high value industries, to partner with others on projects that grow the economy, and to build global recognition for the city's products and services.

While each idea is at a different stage of development, collectively they have the ability to transform the city.

Transformation is not new to Wellington. It's done it before. The city is a long way from the quite government town of the 1980s. The transformation that the city made to get to this point is a good example that significant change can occur – with the right investment – over very short periods of time.

3.5 Process for progressing ideas

This paper asks councillors to commit the Council to explore and refine these ideas further with stakeholders to a point where more detail can be brought back to committee for decision. At this time, progressing these ideas to the next stage of detail is not expected to require additional funding for the coming year.

As with funding for the airport runway extension business case, and changes to development contributions outlined in the draft annual plan, key decision stages and funding decisions will be brought back to committee. And funding will only be recommended if the business cases demonstrate clear cost benefit ratios within acceptable risk parameters.

3.6 A 'first edition' priority growth agenda

The ideas included in the attached priority growth agenda are not the complete list of initiatives or ideas being considered by the council. They represent ideas that deliver on the objectives of: economic growth, greater economic diversity and ratepayer-base growth. They also have various degrees of partner support and are therefore more advanced than others. As these ideas progress and more detail is developed, the nature and scope of them may change. At the same time, some may not meet the cost / benefit thresholds and be withdrawn and other opportunities may be added and pursued as they arise.

The priority growth agenda in many ways will evolve and be updated as required. Its purpose is to demonstrate a clear sense of direction and give city residents and partners confidence that the council is moving towards securing the city's future prosperity. They also provide focus for the organisation – clarity about where to direct effort in order to make the most impact for the city.

3.7 Induction workshop ideas

As noted above, the ideas identified in this paper are not the complete list of initiatives being carried out by the council. Council already undertakes talent

and tourism attraction programmes, supports major events and a whole range of visitor attractions and a wide array of social and environmental activities.

In developing the priority growth agenda, additional ideas were identified.³ In terms of these:

- the majority are captured within the attached priority agenda as one of the eight ideas or one of its subsequent actions eg holding the International Festival of the Arts annually
- some are more appropriately being addressed through existing committee works streams or the draft annual plan process eg a children's garden, libraries, parking, housing, campervan park etc
- some are on the work programme of agencies such as Grow Wellington eg development of new industries (health sector, manufacturing etc)
- some require more investigation by officers such as how to more effectively draw on social entrepreneurialism.

3.8 A public conversation

The project ideas provide for a conversation with the public and potential partners on initiatives that can stimulate growth and provide a revenue stream for the council.

The ideas will all be advanced in the coming months. Many will then be considered and consulted on as part of the 2015-25 draft long-term plan. Consultation about specific projects, locations and investments will occur over time. Affected and interested parties will be considered as appropriate.

Progress updates will be provided to council on a quarterly basis or as decision points emerge.

3.9 Funding for growth

The council has the ability to provide funding support to growth ideas from either budget/borrowing increases or from efficiencies.

In terms of efficiencies, council is already working on a broad programme of work geared towards achieving economies of scale for back office functions and shared services that will unlock funding.

At the same time, the council is in a very good financial position with a strong AA credit rating, and has the ability to borrow more.

While the final level of council contribution towards these ideas is contingent on a range of factors, including the level of stakeholder funding contribution, the important thing is to invest in the right things – those that cut council costs, leverage private sector or central government investment, or lead to

³ As part of the Setting the Scene induction sessions.

economic growth which in turn will expand the residential and business rate base and generate income for the council.

4. Conclusion

A focus on economic growth can provide the revenue and resources to strengthen the city's foundations and maintain residents' high quality of life so more can be invested in the things that make Wellington distinctive. A strong economy means a more prosperous Wellington, which is good for everyone. And it allows the city to secure its future as one of the world's best cities.

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SUPPORTING INFORMATION

1) Strategic fit / Strategic outcome

The paper directly aligns to deliver on the Council's vision for the city as the Smart Capital.

2) LTP/Annual Plan reference and long term financial impact

This paper identifies a range of future work streams. They currently do not have annual plan references.

3) Treaty of Waitangi considerations

There are no Treaty of Waitangi implications. Mana whenua will be consulted as part of project development.

4) Decision-making

This is not a significant decision.

5) Consultation

The report provides the basis for a public conversation. Consultation about specific projects, locations and investments will occur as appropriate.

6) Legal implications

There are no legal implications arising from this paper.

7) Consistency with existing policy

This report is consistent with existing policy.