

Economic Development

Promoting the city's competitive advantages to enhance quality of life.

Strategic Area 3: Economic Development

ECONOMIC DEVELOPMENT ACTIVITIES

The specific economic development activities covered here include tourism promotion, support for major events and visitor attractions, provision of conference facilities, provision of free weekend parking in the city centre, provision of grants for community projects with economic benefits, and marketing the city as a great place to live, work and visit.

All areas of Council activity aim to enhance quality of life and therefore to attract and retain skilled people and innovative businesses to Wellington. For example the Council's primary contributions to economic development are made through our transport and environment areas. These provide the essential services on which all economic activity depends. Our urban development strategy manages urban growth and promotes the central city as the vibrant 'heart' of the region.

STRATEGIC APPROACH

Economic development contributes to quality of life by providing jobs, raising incomes and providing goods, services and opportunities for residents. Regional economic development agency Grow Wellington has principal responsibility for promoting economic development throughout the region.

The Council's long-term approach is to:

- provide an environment that supports economic activity (for example, through an efficient transport system), and
- support initiatives that contribute to the city's competitive 'edge' as a place to live, work and visit.

IN FOCUS:

Preparation for the 2011 Rugby World Cup is a Wellington-wide effort, involving city and regional councils, the rugby community, local businesses and tourism organisations, the police, and more.

With the Wellington Regional Stadium hosting seven matches in the Cup, including two quarterfinals, the city is set to repeat the carnival atmosphere experienced during the 2005 Lions rugby tour.

Wellington City Council has established a dedicated team to coordinate the region's planning for the cup, which is expected to bring more than \$40 million of new spending to the region.

Several key improvements will be made in the region's transport infrastructure before the event, including extension of the Airport terminal and introduction of new buses and rail units – some public transport will be free during the cup.

The Council is developing new facilities which will be used for World Cup training and provide ongoing benefit to the community, including a full-sized, secure all-weather surface in Newtown and completion of the Indoor Community Sports Centre.

Accommodation providers are also gearing up to meet the expected high demand.

Courtenay Place will be declared a 'fan zone', and the city will celebrate with street banners, parades, a Rugby World Village, a cultural festival, harbour fireworks, public training sessions, and an exhibition at Te Papa.

“Seven matches - including two quarter-finals - is a great result for Wellington.” - Mayor Kerry Prendergast.

Highlights

The Montana World of Wearable Art Awards committed to Wellington for another three years.

Since its move to Wellington in 2005, it has gone from strength to strength, with audience sizes almost doubling to 35,000 people – of whom 60% are from out of town.

The shows reinforce Wellington's status as New Zealand's arts and culture capital, and brings around \$10 million into the city every year.

The Awards, which bring to life more than 300 garments in a show featuring music, drama and comedy, attract visitors and receive entries from throughout New Zealand and around the world.

Wellington won the rights to host two quarterfinals at the 2011 Rugby World Cup.

The city will host a total of seven matches in the Cup, including the two quarterfinals and five pool matches involving the All Blacks, Canada, South Africa, France, Wales, Fiji, Australia and Tonga.

Planning is well under way with the establishment of a regional planning committee. Large numbers of international fans expected at the matches mean the estimated economic impact will be over \$40 million¹.

The event will be supported by developments across the region including expansion of the Airport international terminal, purchase of 70 new commuter rail units and 61 new trolley buses, new apartment and hotel developments, the upgrade of Courtenay Place (see Social and Recreation page XX), development of artificial sportsfields for training, and upgraded links between the central city and the Wellington Regional Stadium.

Wellington maintained its edge as New Zealand's 'events capital'.

More than 150,000 people visited Te Papa's Monet and the Impressionists exhibition, the largest collection of impressionist art to visit New Zealand. On Thursday 7 May, a thousand Wellington residents received free entry to the exhibition as part of the Council's ongoing sponsorship of Te Papa.

Wellington was one of the hosts of the inaugural FIFA Women's Under-17 Soccer World Cup, one of the largest women's sports events ever held in New Zealand.

The IRB Sevens, World of Wearable Art Awards, and Vodafone Homegrown once again thrilled Wellingtonians and visitors.

More than 1,500 people took part in an international Harley Davidson convention. We also hosted the Volvo Ocean Yacht Race, a heavyweight boxing match involving world-ranked heavyweight boxer Shane Cameron, and the city's inaugural Jazz Festival.

Iconic and A-level events brought a combined economic contribution of \$78 million in the year to June 2009 – up from \$48m two years earlier².

The City Market showcased the region's food and wine producers.

The Council supported the establishment of a new weekly food and wine market showcasing local artisan products and producers.

The market opened in June and takes place every Sunday in the Chaffers Dock Function Centre alongside the Waitangi Park outdoor market.

Wellington Airport announced plans for a \$450 million expansion over the next two decades.

The Airport, partly owned by the Council, is expanding to accommodate forecast growth in visitor numbers and freight over the coming decade.

By 2030 it is anticipated that 10 million travellers will pass through the airport each year, and by then the airport will directly contribute \$1.6 billion a year to the region's economy and directly or indirectly support more than 20,000 jobs.

The Council is supporting airport growth through transport initiatives based on the Ngauranga-to-Airport transport plan (see Transport for details, page XX). One feature of the plan is the construction of a public transport interchange at the airport.

¹ Source: Howarth Asia Pacific economic impact assessment (June 2008)

² Source: City events team data – economic development indicator see appendix.

PANEL: PROGRESS TOWARDS LONG-TERM GOALS

3.1 Stronger sense of place: Wellington will be a prime tourist and conference destination, with diverse and changing attractions that fit and highlight Wellington's best features.

Through the economic downturn which has affected tourism throughout New Zealand and internationally, Wellington has continued to perform well as a visitor destination.

The number of domestic airline passengers grew to 4.6 million in the year to March 2009, an increase of almost 16% in four years. The number of international visitors grew by 8% over the same period, reaching 611,000.

Total visitor guest nights grew to 1.98 million, up from 1.91 million in 2008 and 1.7 million 2006 (March years).

3.2 More compact: Wellington's central city will be the premier and most rapidly growing specialty retail, entertainment, service and knowledge centre for the region, and Wellington's thriving suburban and rural areas will offer enhanced services and lifestyle choices.

Wellington's central city is the 'heart' of the city and the wider region.

Between 2004 and 2008, the number of retail, entertainment, service and knowledge businesses in Wellington grew by more than 200 – from 4,558 to 4,782. The number of people employed in these sectors grew more than 2,600 to top 30,000 for the first time.

3.3 More eventful: Wellington will maximise the economic value from promoting and hosting high profile events.

As noted in 'highlights', Wellington has maintained its edge as New Zealand's events capital.

3.4 Better connected: Wellington will be connected locally, nationally, and globally by offering world-class accessibility and linkages. That includes having high-capacity broadband communication networks, and top-quality seaports, airports and transport networks.

The proportion of homes with broadband access has increased dramatically since 2006, with 79% of homes now being connected. The Council and Grow Wellington are continuing to encourage the development of high speed broadband throughout the city.

The value of cargo loaded and unloaded at Wellington's seaport and airport also grew significantly in the year to June 2009.

3.5 More prosperous: Wellington will have a strong and growing economy including a high-quality, innovative and diverse public sector. Wellington will offer a wide range of sustainable employment and business opportunities.

Regional economic activity grew by 0.2 percent in the 2008 calendar year, following growth of 3 percent the previous year. The 2008 result reflected the impact of the global economic slowdown.

3.6 More competitive: Wellington will attract and retain an increasing diversity of vibrant, internationally competitive people, targeted investment, and businesses and industries of all sizes.

According to *Management* magazine, Wellington had 24 of New Zealand's top 200 companies in 2008, down from 30 in 2005 (the list excludes banking, insurance and financial companies). The total number of businesses in the city grew by 20% (4,192 businesses) between 2000 and 2008.

The city's competitiveness reflects a range of factors including urban design, transport and other infrastructure, access to skills and investment and other resources, along with government policies and economic conditions.

3.7 More entrepreneurial and innovative: Wellington will have high levels of innovation underpinned by strong education and training, research, entrepreneurship and investment.

Wellington is home to film and multi-media companies and to several leading education and research institutions, including universities and polytechnics.

The city's research and development sector has grown rapidly, from 37 businesses in 2000 to 111 in 2008. The number employed in the sector grew from 3,700 to 4,410 in the four years to 2008.

PANEL: ACHIEVEMENT OF STRATEGIC PRIORITIES

The Council's 2006-09 strategic priorities:

- **We will contribute significantly to the completion and successful implementation of the Wellington Regional Strategy.**

The Wellington Regional Strategy, which was completed and agreed by all councils in the region in 2007, aims to support sustainable growth and help the region realise its economic potential.

Since 2007, responsibility for implementing the strategy has rested with the Wellington Regional Council and its economic development agency Grow Wellington.

A key aspect of the strategy is transport and urban form that support economic growth. Wellington City Council's approaches to transport and urban development reflect the regional strategy.

- **We further strengthened the city's status as a centre of creativity and innovation.**

Our 2006-09 economic development strategy set out three initiatives to support this priority. Of those: the Carter Observatory is being redeveloped as a visitor attraction; Positively Wellington Tourism, the Airport and the Council continue to work to attract a long-haul daily airline service from Asia; and we considered but did not proceed at this time with a proposal to establish a world-class sound recording stage in the city.

Activity: City promotions, Events and Attractions

We aim to maintain the city's edge as a prime tourist and conference destination, maximise economic value from hosting high-profile events, and support the development of a thriving retail sector.

This activity includes:

- **Tourism promotion** – we fund Positively Wellington Tourism to run domestic and international visitor campaigns.
- **Visitor attractions** – we support Te Papa, one of the city's major visitor attractions, and we are supporting redevelopment of the Carter Observatory.
- **Suburban and city centre vitality** – we help keep the city centre lively on weekends by providing free parking, and we also maintain Marsden Village in Karori, inline with the levy we manage on their behalf.
- **Events attraction and support** – we operate an events development fund which we use to support a huge range of major events, from the Rugby Sevens to the Homegrown music festival, which contribute to the city's economy.
- **Convention venues** – we own and operate the Wellington Convention Centre, which includes the Michael Fowler Centre, Wellington Town Hall and TSB Bank Arena.
- **Creative workforce** – we support initiatives that promote the city as a centre of creativity and innovation, and ran a Move to Wellington promotional campaign.

Also see 'environmental and conservation attractions' on page **XX** in the Environment chapter.

WHAT WE DID

Tourism promotion

- Positively Wellington Tourism released the Wellington Tourism strategy 2015, initiated the development of the Wellington Cruise Strategy, re-launched the Spoil Yourself in Wellington television campaign, and developed a joint venture with the Council for passenger shuttles for some cruise ships visiting the city.
- The number of visitors to Positively Wellington Tourism's website grew by 42% compared to the previous year.

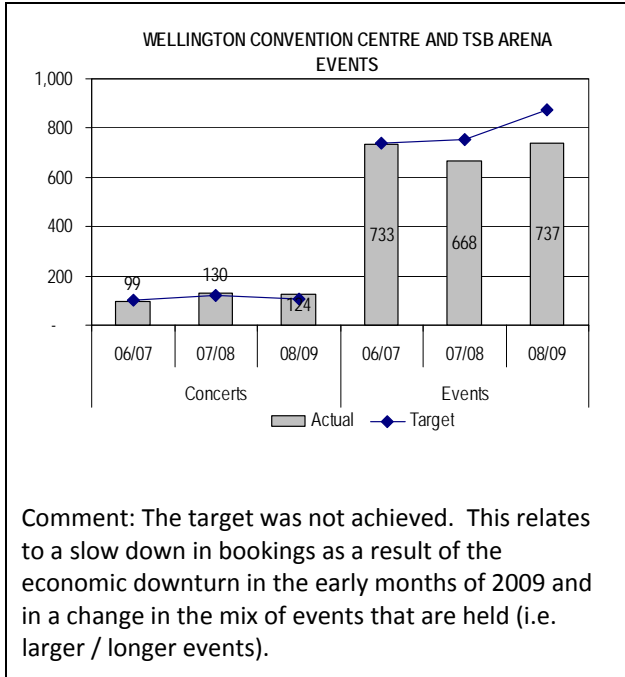
Visitor attractions

- More than 150,000 people visited Te Papa's Monet and the Impressionists exhibition, the largest collection of impressionist paintings ever displayed in New Zealand. Of the visitors, about 87,000 came from outside the Wellington region. Hoteliers and retailers noted the increase in business during the exhibition.
- In September 2008, Te Papa opened Our Space – a new multimedia interactive experience exploring themes of New Zealand's national identity. Visitors use state-of-the-art technology to generate content using media contributed to the Our Space digital database by visitors and members, Te Papa's collections and TVNZ archives. Research in October 2008 found that 70% of the visitors were from outside Wellington city (30% overseas, 40% rest of New Zealand). More than two thirds of the visitors surveyed were aged 16-24 years, a previously under represented visitor group in Te Papa's overall audience.

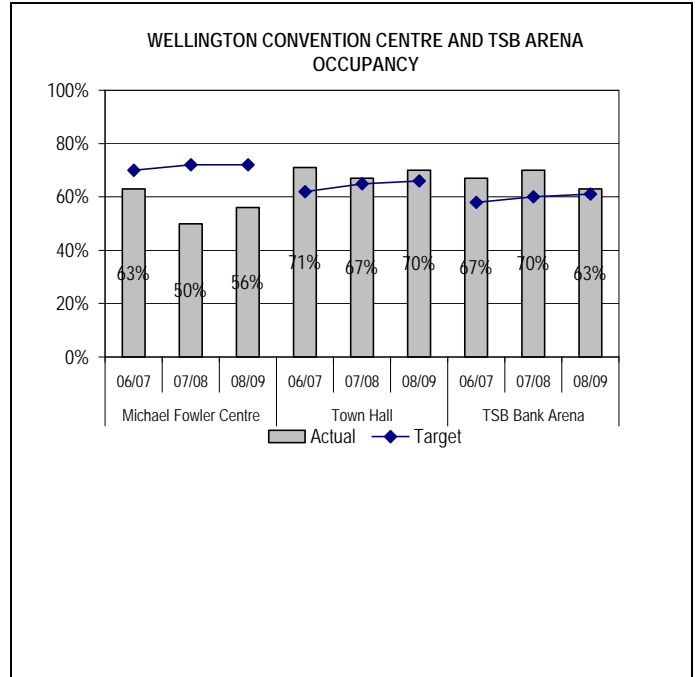
Events and attractions

- Wellington succeeded in its bid to host quarterfinal matches for the 2011 Rugby World Cup. Many other high-profile events were held in the city, bringing millions of dollars in economic benefit (see 'highlights' page XX).

HOW WE PERFORMED



3.1.3 Wellington Convention Centre – Source: Wellington Convention Centre

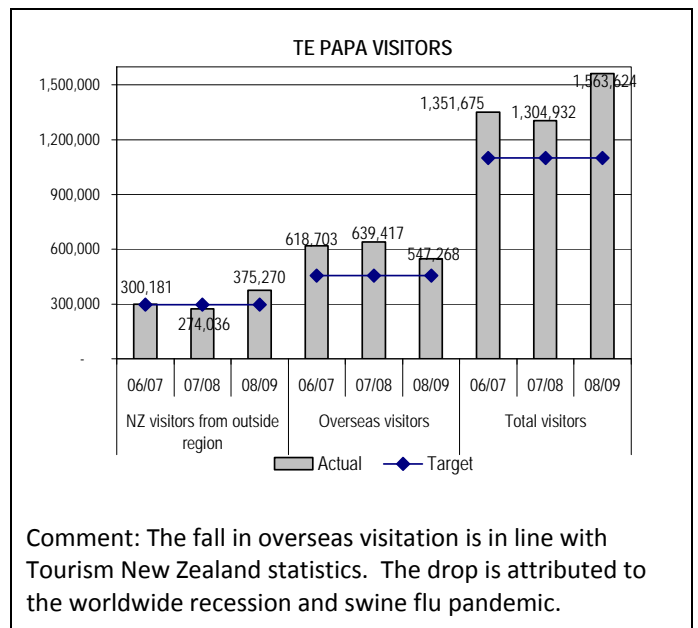


3.1.3 Wellington Convention Centre - Source: Wellington Convention Centre

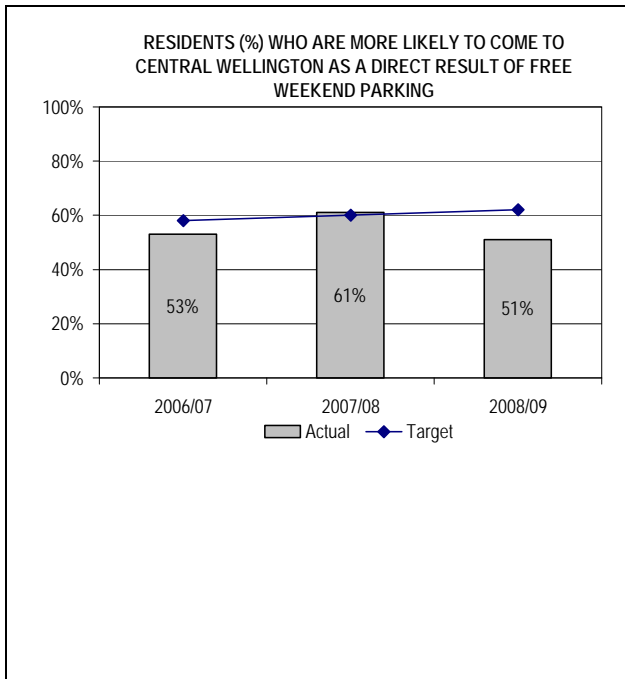
RETENTION OF 4-STAR QUALMARK RATING AND ISO 9001 ACCREDITATION

We achieved our target to retain our 4-star Qualmark rating and ISO9001 accreditation.

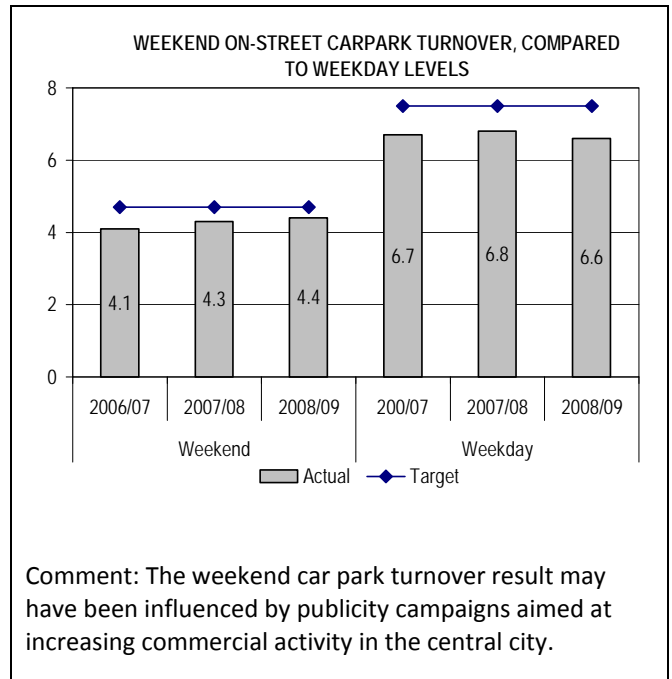
3.1.3 Wellington Convention Centre – Source: Wellington Convention Centre



3.1.2 Visitor attractions - Source: Te Papa

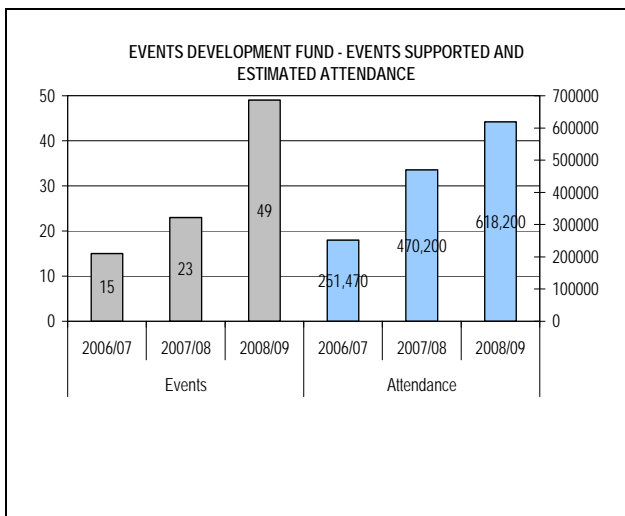


3.2.1 Suburban and city centre vitality - Source: WCC Residents' Survey, 2009.

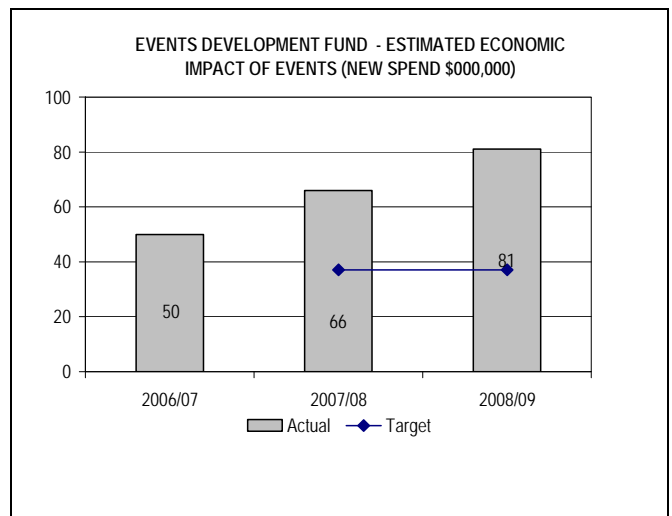


Comment: The weekend car park turnover result may have been influenced by publicity campaigns aimed at increasing commercial activity in the central city.

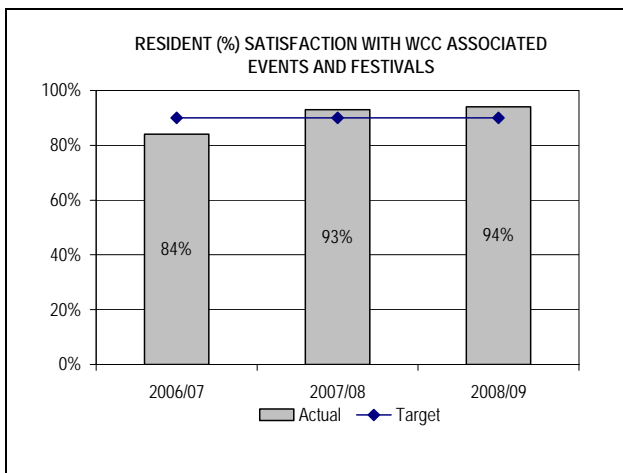
3.2.1 Suburban and city centre vitality - Source: WCC Parking and Property



3.3.1 Events and attractions - Source: WCC City Events



3.3.1 Events and attractions - Source: WCC City Events



3.3.1 Events and attractions - Source: WCC Residents' Survey 2009

WHAT IT COST

| Operating Expenditure (\$000) | Actual 2009 | Budget 2009 | Variance 2009 | Actual 2008 |
|--|-------------|-------------|---------------|-------------|
| 3.1.1 Tourism Promotion | | | | |
| Expenditure | 4,740 | 4,740 | - | 4,116 |
| Revenue | - | - | - | - |
| Net Expenditure | 4,740 | 4,740 | - | 4,116 |
| 3.1.2 Visitor Attractions | | | | |
| Expenditure | 2,300 | 2,300 | - | 2,378 |
| Revenue | - | - | - | - |
| Net Expenditure | 2,300 | 2,300 | - | 2,378 |
| 3.1.3 Convention Centre ¹ | | | | |
| Expenditure | 9,994 | 9,760 | (234) | 9,892 |
| Revenue | (5,755) | (5,201) | 554 | (5,794) |
| Net Expenditure | 4,239 | 4,559 | 320 | 4,098 |
| 3.2.1 Suburban and City Centres Vitality | | | | |
| Expenditure | 1,224 | 1,223 | (1) | 1,228 |
| Revenue | - | - | - | - |
| Net Expenditure | 1,224 | 1,223 | (1) | 1,228 |
| 3.3.1 Events Attractions and Support ² | | | | |
| Expenditure | 2,387 | 1,858 | (529) | 2,356 |
| Revenue | (29) | - | 29 | (213) |
| Net Expenditure | 2,358 | 1,858 | (500) | 2,143 |
| 3.6.1 Creative Workforce ³ | | | | |
| Expenditure | 975 | 1,430 | 455 | 1,232 |
| Revenue | (13) | - | 13 | (23) |
| Net Expenditure | 962 | 1,430 | 468 | 1,209 |

| Capital Expenditure (\$000) | Actual 2009 | Budget 2009 | Variance 2009 | Actual 2008 |
|---|----------------|----------------|------------------|----------------|
| 3.1.2 Visitor Attractions ⁴ | | | | |
| Expenditure | 33 | 33 | - | 2,535 |
| Unspent portion of budget to be carried forward | N/A | 1,294 | | N/A |
| 3.1.3 Convention Centre | | | | |
| Expenditure | 1,211 | 1,211 | - | 512 |
| Unspent portion of budget to be carried forward | N/A | 28 | | N/A |

¹ A movement in the event mix towards larger events has resulted in higher revenues more than offsetting the additional costs involved in running larger events.

² As a result of increases in the number and cost of events this year, operating costs are ahead of budget. Also additional costs have been incurred for contract preparation and event bids for iconic events.

³ The favourable expenditure variance is due to savings on the 'Move to Wellington' and broadband projects.

⁴ The Council contribution for the development of the Carter Observatory relates to the exhibition space. The timing of the exhibition works have been rescheduled due to delays in the building refurbishment.

Activity: Business Support

This activity includes:

- **Transport gateway connections** – we are supporting efforts to attract a long-haul airline service from Asia to Wellington.
- **Economic grants** – we provide grants to support one-off projects that bring strategic economic benefits to the city.
- **Creative workforce** – we celebrate Wellington’s creativity and innovation, and promote the city as a place to live, work and play.
- **Regional and external relations** – we promote the city’s interests to central government, the business community and others; we also host business and civic delegations, and maintain international sister city and friendly city relationships.

We also partner with the regional economic development agency, Grow Wellington, on a number of their programmes. They have a portfolio aimed at improving the region’s competitiveness and economic prosperity. These include enhancing Wellington’s reputation as a centre of film and digital content, and migrant attraction and skills development programmes.

- **Information and Communications Infrastructure** – we are working to secure high-speed broadband infrastructure in the city.

We want Wellington to be an affordable and internationally competitive city.

WHAT WE DID

- We supported the Absolutely Creatively Wellington (ACW) Awards at the 2009 Wellington Gold Awards celebrating business success. Urban designer Stuart Niven won the ACW Award while architect Ian Athfield was named ACW Ambassador.
- The Mayor was hosted by the Beijing government as a Sister City Mayor at the Opening Ceremony of 2008 Beijing Olympic Games in August 2008. She also visited Xiamen (Wellington’s other sister city in China), Hong Kong, Europe and Japan, and led a study trip to the USA and Canada to look at city governance. Wellington hosted two artists from Beijing and Sakai as part of the Wellington Artist in Residence programme in 2008, and two cultural performance groups from Beijing and Shanghai for the Chinese New Year Festival 2009.
- We received international visits from garden experts from Beijing and Xiamen to discuss the final design for the Chinese Garden on the waterfront, and the Deputy Mayor of Xiamen and five senior officials to sign a Memorandum of Understanding for Co-operation between the cities of Wellington and Xiamen.
- The Council made a submission on the Government’s proposed \$1.5b Broadband Investment Initiative. Work was also carried out on urban planning requirements relating to broadband cabling and other infrastructure.

See ‘how we performed’ for an update on travel gateway connections and economic grants.

HOW WE PERFORMED

Attraction of a long-haul airline services

Our target was to attract one long-haul airline connection between Wellington and Asia by 2008/09.

This has not been achieved. No airline is currently operating aircraft from Wellington International Airport capable of making long-haul flights to Asia. However, attraction of a long-haul airline remains a long-term goal. In the interim, Positively Wellington Tourism and Wellington International Airport Ltd have focused on increasing demand from Asia and other long-haul markets for business and leisure travel to Wellington. The airport is investing in infrastructure to accommodate the requirements of new aircraft and future increases in passenger numbers.

Activity 3.4.2 Transport gateway connection - Source: WCC

| ECONOMIC GRANTS | 2006/07 | 2007/08 | 2008/09 |
|---|-----------|-----------|-----------|
| Total number of grant applicants | 19 | 13 | 15 |
| Total number of applicants receiving grants | 10 | 4 | 11 |
| Total budget available to applicants | \$165,000 | \$165,000 | \$213,200 |
| Total budget distributed to applicants | \$156,172 | \$164,741 | \$212,500 |

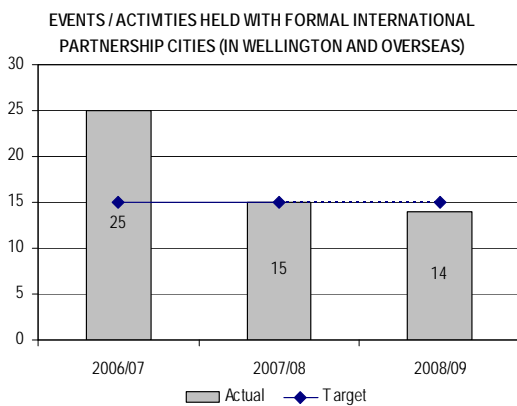
Grants supported a range of initiatives including the new City Market, the Big Idea creative communities website, Webstock 2009.

Activity 3.5.2 Economic grants - Source: WCC Grants

BUSINESSES, JOBS AND GDP BY TARGETED SECTOR

| Wellington Region | Full time equivalents (FTEs) | | | Business units | | | GDP | |
|---------------------------------|------------------------------|--------|----------|----------------|-------|----------|----------|-------|
| | 2007 | 2008 | % Change | 2007 | 2008 | % Change | 2008 | % |
| Food and beverage | 20,226 | 19,862 | -1.80% | 2,662 | 2,694 | 1.20% | \$1,266m | 5.50% |
| Education | 14,697 | 15,206 | 3.50% | 1,012 | 1,057 | 4.40% | \$701m | 3.10% |
| Manufacturing (non-food) | 13,677 | 12,730 | -6.90% | 1,871 | 1,844 | -1.40% | \$1,202m | 5.30% |
| Screen and digital technologies | 4,398 | 3,999 | -8.90% | 902 | 890 | -1.30% | \$844m | 3.70% |

Activity 3.6.1 Creative workforce - Source: Grow Wellington April 2009.



Note: These events/activities included a range of business, educational, artistic and cultural Sister City

exchanges (see above).

Activity 3.7.1 External relations - Source: WCC External Relations

WHAT IT COST

| | Actual 2009 | Budget 2009 | Variance 2009 | Actual 2008 |
|--|----------------|----------------|------------------|----------------|
| Operating Expenditure (\$000) | | | | |
| 3.4.2 Transport Gateway Connections | | | | |
| Expenditure | 200 | 200 | - | 200 |
| Revenue | - | - | - | - |
| Net Expenditure | 200 | 200 | - | 200 |
| 3.5.2 Economic Grants | | | | |
| Expenditure | 164 | 165 | 1 | 165 |
| Revenue | - | - | - | - |
| Net Expenditure | 164 | 165 | 1 | 165 |
| 3.7.1 Regional and External Relations | | | | |
| Expenditure | 266 | 269 | 3 | 335 |
| Revenue | (12) | - | 12 | (78) |
| Net Expenditure | 254 | 269 | 15 | 257 |