



Report to:  
**Wellington Regional Strategy Group**

# **RATIONALE FOR FOCUS AREAS**

## **Background Paper**

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# Rationale for Focus Areas

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# 1 Introduction

This paper is the initial attempt to identify focus areas that will contribute to increasing GDP per capita in the Wellington Region. It has since been superseded by an accompanying paper titled “Focus Areas for Wellington Regional Strategy”. However it does have use as a reference piece to underpin the accompanying paper.

This paper identifies the range of issues that need to be considered when determining key focus areas.

This paper led to the development of BERL’s presentation on 6 May to the PEG and others groups related to the development of the region’s growth strategy. Based upon feedback from that workshop, and presentations from other consultants, we have reworked our presentation into the more concise “Focus Areas for Wellington Regional Strategy” paper.

This paper therefore presents the theoretical underpinnings for identifying the focus areas. It is probably most appropriately used as a reference to identify the underlying rationale for why and how we selected our focus areas.

Due to the tight timeframes, and the necessary shift in our focus to the accompanying report “Focus Areas for Wellington Regional Strategy”, we have drawn a line and ended work on this paper. It may therefore appear unpolished and incomplete and in fact some sections are not complete and may have changed in the final paper. With more time we could clean it up and present it as a completed report. However, that is not possible with the current constraints. Therefore we ask that you accept the limitations of the paper and use it accordingly.

## **2 Methodology**

This section sets out the approach we used to determine key focus areas and delivery mechanisms to achieve increasing GDP per capita.

### **2.1 Project selection**

Project selection is based upon a number of parameters. These can be broken down into three distinct areas:

- sustainable regional economic development;
- the growth principle; and
- alignment with strategy and parameters.

Sustainable regional economic development suggests that we need to build upon the competitive advantages and strengths of the region. Similar to a SWOT type analysis we need to identify and then act on the region's unique strengths, weaknesses, opportunities and threats.

The over-riding growth principle for the selection of focus areas and projects is to increase GDP per capita. While there are other principles to achieve sustainable economic development they are not considered in this report.

The strategy and parameters are still being articulated and include the vision, goals and issues for the entire Wellington region.

### **2.2 Sustainable regional economic development**

To achieve sustainable economic growth you need to build on the competitive advantages within the region. These advantages are based upon the inherent advantages base upon geography, location and natural resources. The built environment has developed from this and includes the infrastructure and institutions. Finally there are the cultural and social environments that have developed from this. All of these contribute to the economic essence of the region.

Sustainability is dependent upon understanding where the Wellington region has come from and the opportunities of where it can go in future. For true sustainability

we need to determine the key strengths or competitive advantages of Wellington and to build a visionary new region firmly based on them.

### **2.2.1 Strengths of the region**

The key strength of Wellington is fundamentally its geographical:

- location at the centre of the country;
- landscape of variety and linear form; and
- hinterland of highly productive regions.

This permanent geographic strength has provided the platform for Wellington in its short history to generate created strengths. Through to the mid-to-late-twentieth century Wellington generated strengths:

- as the political and financial/commercial capital and as a transport node;
- in the suburban residential behaviour and high PT usage complementing urban employment in Wellington City; and
- in the complementary layout between Wellington City and ‘dormitory suburbs’ with PT routes along the linear corridors of settlements.

In the last decades of the twentieth century Wellington has undergone further changes. These changes give some indication of potential trends that can be encouraged, and built into a visionary future shape.

- Wellington has largely lost the role of commercial and financial capital to Auckland and Melbourne/Sydney. However the political functions have broadened as tiers of government have reformed especially in areas such as resource management. It has also arguably become the cultural capital.
- Wellington has strengthened as a transport hub with effective inter-island surface links, and domestic and trans-Tasman air transport hub for central New Zealand.
- The Wellington population has developed a strong urban behaviour interactive with urban form, by integrating residential and employment ‘mixed use’ in higher-density re-development of the CBD.

- The ‘dormitory suburbs’ have partially coalesced as secondary cities Lower Hutt, Porirua, Upper Hutt and Kapiti District. These secondary cities provide some services complementary with Wellington City.

The increased demand for and supply of higher density, mixed use urban form in central Wellington has resulted in

- Higher land values that have seen ‘bulky’ industries like transport and warehousing re-locate into the secondary cities;
- Change in industry composition moving up the value chain towards business services and also cultural and personal services, thus increasing average GDP per capita;
- Agglomeration and increased density brings increased labour productivity;
- Much greater use of active transport modes in the journey to work, and to many other activities, but more use of private cars in access to retail malls in secondary cities;
- Significant increase in participation rates of residents of the inner city, presumably as a result of better access to employment sites, and a wider variety of types of industry and employment available;
- Existing moderate levels of PT use for Travel to Work, and some other purposes should be maintained by the necessary maintenance investment in the PT system. Investment of ‘state-of-the-art’ PT could assist increase complementarity between Wellington City and the secondary cities.
- The Wellington CBD may continue its expansion and then become geographically limited. This would generate the possibility for the centres of the secondary cities to take on CBD functions, as complementary satellites to Wellington CBD.

### **2.2.2 Wellington’s strategic rationale**

These created strengths potentially could all be lost in competition with other urban areas in Australasia and internationally.

To reinforce these effects, the strategy would select sets of projects that in total increase the benefits from higher density urban form, that increase business performance and others that directly increase GDP. The complete set would include the infrastructure projects necessary to promote success of these core groups.

Our rationale for the WRS strategy is

*“to secure, to build on, and to evolve or transform these strengths to give Wellington a vibrant shape, and growing economy and importance for the 21<sup>st</sup> century.”*

At the core this strategy will generate higher GDP per capita, complementary with improved urban form.

## **2.3 Economic growth principle**

The growth framework identified in the Wellington Regional strategy starts from the vision at the centre and then leads to outcomes. Out of the outcomes are several strategic areas including economic growth, urban form and regional issues. The focus of this report is on the economic growth and urban form areas.

For the economic growth outcome, the growth principle is defined as “increasing GDP per capita”. The linkages are around increasing urban density, improving business performance, improving labour markets, increasing GDP and investing in infrastructure that makes the biggest contribution to GDP growth.

### **2.3.1 Urban form**

For urban form, the outcome of increasing GDP per capita is the same. However the linkages and relationships with economic growth are more complex. While it can be seen alongside economic growth (as depicted in the growth framework), it also contributes to other outcomes such as social, institutional and environmental.

In this case we have targeted the goal of urban form to be increasing urban density. This can be achieved by urban planning and encouraging certain transport modes, particularly public transport and active modes.

### **2.3.2 Output**

The means to achieve increasing GDP per capita are discussed in our previous paper titled “relationships driving economic development” where we suggested several

output areas that would contribute. These include improving business performance, improving labour markets and demographics, increasing GDP as well as increasing urban density. We also include investment in high GDP growth infrastructure, which was discussed in an earlier paper to the Strategic Management Team titled ‘Infrastructure Investment and Economic Growth’.

### 2.3.3 Growth principle matrix

Combining the growth framework with the relationships driving GDP per capita we can develop a matrix that allows us to look at projects, how they fit into output areas, and how they contribute to the goals and growth principle.

Growth Principle	increasing GDP per Capita												
Output	increase urban density		improve business performance			improve labour markets		increase GDP			High Growth Infrastructure		
lever projects	urban planning	PT	within firm	within industry	within region	participation	productivity	events	tourism	new businesses	port/airport/motorway	communications	tertiary institutions
Project 1			☆				✓						
Project 2			✓			☆				✓			

☆	= main benefit
✓	= secondary benefits

We consider that there are five output areas that can result in increased GDP per capita in a region. These outcomes are to:

- increase urban density in the centres;
- increase business performance;
- improve labour markets;
- increase GDP; and
- improve high growth infrastructure

Individual projects can contribute to increasing GDP per capita through more than one lever, although there is usually one key lever that is targeted. In the matrix this is represented by a star, with secondary levers represented by ticks.

## **2.4 Alignment with the wider strategy and parameters**

Once we know how a project contributes to increasing GDP per capita, it is necessary to ensure that the project is consistent with, and contributes to, the wider regional growth strategy.

Projects need to be consistent and aligned with the wider vision, outcome statements and issues within the region. They also need to be consistent with the rationale for government intervention, be able to be delivered efficiently and be effective commensurate to the level of risk involved.

### **2.4.1 Alignment with strategic vision and regional outcome statements**

Focus areas should work towards (and not be in conflict) with the strategy's vision and regional outcome statements.

A strategic vision is expected to culminate from the work currently being undertaken in this process. An initial draft vision has been suggested by the Wellington Regional Strategy Forum as:

*“In 2025, Wellington will be recognised as one of the top Asia-Pacific cities. Our thriving, diversified economy will grow sustainably, have a smart diverse population, foster strong communities and protect our unique nature built environment.”*

While this draft vision is being reviewed to be more inspirational and specific to Wellington, we have used it in the interim to assess the consistency of focus areas.

Similarly, proposed regional outcomes have been drawn from the community outcomes expressed in the councils' first LTCCP's. There are eight regional outcomes, which are:

1. Community prosperity – everyone will enjoy and prosper from a strong and growing economy that continues to attract and retain a highly skilled, productive population base and business sector;
2. Connected – Wellington will be connected locally and globally by offering world-class accessibility and linkages. That includes high capacity communication networks, top quality ports, well functioning highways and local links and excellent public transport services;
3. Entrepreneurial and innovative culture – We will be recognised as a place of new ideas. Innovation and creativity underpin the development of new fields of endeavour and business, and drive strong sustainable economic growth. We will capitalise on being the seat of

government and our excellent educational and research institutions will foster cross fertilisation;

4. Healthy environment – Wellington will offer a beautiful ecologically sustainable natural environment. That environment will offer numerous opportunities for recreation and healthy living;
5. Lifestyle – Wellington will have an exceptional quality of life where living is easy, safe and fun and there is a wide range of affordable lifestyle options underpinning a strong community spirit. We will be celebrated for our arts, sports and entertainment scene;
6. Regional foundations – People and businesses will have high quality, secure essential services for their everyday living. They will be retained and developed in a manner that is consistent with the sustainable growth of Wellington;
7. Sense of place – Wellington will have a rich, diverse sense of place as a sophisticated city-region encompassing its intimate urban core, capital city status, magnificent harbours, rivers, centres of learning, extensive coastlines, its rolling hinterland and diverse centres and neighbourhoods, that are all treasured by its citizens; and
8. Strong and tolerant communities – We will have inclusive, caring, friendly and participative communities that embrace newcomers, are open and welcoming to different lifestyles and celebrate diversity. The relationship with tangata whenua and ethnic communities will be important to the vibrancy of the community tapestry.

#### **2.4.2 Alignment with regional issues**

Focus areas should address at least one of the identified regional issues. It should suit the Wellington context, including the capability of local authorities to deliver actions around such a focus area.

A list of regional issues has been identified (from a range of sources) in Report No. WRSF2005/4 categorised under the regional outcomes. A summary of these are included in the following table:

Regional outcome	Regional issue
Community prosperity	Ability to sustain regional economic performance (GDP per capita); Relatively low labour force productivity; Major loss of population between ages 25-35 and in retirement; Effects of structural change to the economy; Limited supply of suitable industrial land; Role of Iwi on the regional economy
Connected	Transport modal split good but vulnerable due to under investment and poor urban design decisions; Rising traffic congestion on key transport routes; Ensuring international linkages, capacity and accessibility of the port and airport.
Entrepreneurial and	Businesses have poor international connections and low levels of

innovative culture	access to venture capital; Positioning of tertiary education and research sector as nationally/internationally significant, in terms of overall education quality, research, innovation or investment links.
Healthy environment	Achieving economies of scale for waste streams and reducing waste; Maintaining and enhancing overall environmental quality including the natural ecosystems, biodiversity and attributes of the region; Maintaining or increasing access to the natural areas.
Lifestyle	More efficient utilisation of the region's recreational infrastructure to achieve greater economic returns; Achieving a balance in overall and sub regional population levels to support economic development and social infrastructure.
Regional Foundations	Ensuring that growth within and on the edge of the metropolitan area is planned and coordinated; Encouraging efficient and effective use of energy; Understanding and ensuring effective and efficient communications infrastructure; Increasing frequency and intensity of major storms and increased groundwater; Water supply systems are nearing capacity in parts of the region; Ensuring efficient and effective use of water; Ability to fund necessary infrastructure.
Sense of place	Wellington's image needs to be enhanced; Wellington's urban vitality and 'fizz' and the sense of place of all components of the region need to be enhanced; Ensuring that the urban character and natural environment amenity is maintained and enhanced.
Strong and tolerant communities	Proportion of Māori, Pacific Island and other ethnic groups will be increasing suggesting a change in workforce structure, access needs etc.; Growth and change may require a high level of social tolerance and integration; Significant localised pockets of social and economic deprivation.

### **2.4.3 Addressing a proven market failure**

Apart from the competitive market issues, market failures consist of a range of externalities, information asymmetries, institutional structures and public goods.

Similarly, the regulatory environment adds artificial barriers that need to be considered.

### **2.4.4 Level of risk**

This relates to the chances of:

- The project being successful or achieving its goals;
- The actual cost of the project (the rational being the more costly the project the higher the cost of failure);
- The potential negative effects of the intervention; and
- The acceptability of the project in the eyes of the stakeholders. That is people are comfortable with what is being undertaken and understand why it is being done.

All of these need to be considered when determining the level of risk and therefore, choice of focus areas or projects.

#### **2.4.5 Effectiveness and efficiency**

Effectiveness relates to how well the project is at achieving its outcomes, whereas efficiency deals with how well the project is being delivered and at what cost relative to other similar projects.

Effectiveness suggests that it should have a proven track record to deliver the desired outcomes or, if a new idea, should be based upon proven theories.

#### **2.4.6 Alignment with strategy and parameters matrix**

Again, a matrix can be used plotting focus areas and projects against the attributes that need to be considered.

attributes projects	alignment with strategic vision	alignment with regional outcome statements	alignment with regional issues	addressing a proven market failure	effectiveness and efficiency	level of risk
Project 1						
Project 2						

### 3 Focus Area - Increase Urban Density

Several studies have shown that the higher the density in cities, the greater the labour productivity of its inhabitants. Underpinning the theory of increasing productivity are three key micro-foundations:

- **Sharing:** sharing of indivisible goods and facilities, sharing the gains from variety, sharing the gains from individual specialisation, sharing risk;
- **Matching:** improving the quality of matches, improving the chances of matching, mitigating hold up problems; and
- **Learning:** knowledge generation, knowledge diffusion, knowledge accumulation.

Therefore, by concentrating workers and capital into cities, productivity benefits accrue. However, benefits of agglomeration alone are not enough to attract businesses and people.

Agglomeration economies, while an important factor in attracting factors of production, is not the only factor drawing businesses and individuals into cities. Other factors could include: natural resources, state and local economic policies, proximity to other metro areas and special concentration's benefits in creating new knowledge (Chatterjee 2004).

Urban density and the behaviour of residents and industries in higher density urban situations can have a number of effects on economic productivity and transport sustainability. This is discussed in an earlier BERL paper titled 'economics, urban form and transport: Observations from Wellington and Auckland. The key area relevant to this report is the relationship between urban density and labour productivity.

#### **Alignment with vision, outcomes and issues**

Approaches to increase urban density are consistent with the vision. Urban density can encourage diversification, enable sustainable growth and result in diverse populations, foster strong communities and protect the natural environment.

It is particularly aligned with outcomes G2. connectedness; G6. regional foundations and G7. sense of place. It will also contribute to G1. community prosperity; G3. Entrepreneurial and innovative culture and G5. Lifestyle.

It will address a number of regional issues including but not limited to: productivity; sustain regional economic performance; limited supply of suitable land; transport modal split; congestion; linkages; image and urban vitality.

### **Addressing a proven market failure**

The role of government to provide public goods and set the operating environment is well proven.

### **Level of risk**

While a lot of infrastructure investment will be high cost, risks can be minimised by ensuring appropriate levels of consultation and public private partnerships.

### **Effectiveness and efficiency**

The role of infrastructure and urban form in improving productivity and attracting business and people is well documented.

## **3.1 Lever - urban planning**

This is around setting the physical environment in which the region operates. By having the right physical environment and effective infrastructure urban planning can effect not only urban density but all the other focus areas discussed later. A range of interventions can include:

- **Planning zones that will encourage** high-density mixed use in the region.
- **Multi-modal transport solutions.**
- **Planning zones in satellite cities** to allow mixed use in centres.
- **CBD functions in central areas of satellite city.** Create environment to encourage a range of employment, especially in high-level business services. Environment includes broadband and communication networks; education, cultural, recreational and public amenities; and quality retail.

### **3.2 Lever - PT**

Transport plays a key role in the productivity and effectiveness of businesses and individuals. It contributes significantly to the amenity value of a region. Having quality access into and out of a region encourages trade. Transport also has a key impact upon the environment and health and wellbeing of the region.

The focus should be on ensuring that the transport networks within the region are complete and enable the free movement of people, goods and services around and out of the region.

The more efficient these transport systems are the more productive businesses will become.

There should also be a focus on encouraging use of public transport and active modes of travel. Further transport systems should allow and enable access across all groups in the region.

## 4 Focus Area - Improve Business Performance

Regardless of the stage of the business cycle, many businesses could achieve better business performance. Local government can play a facilitative and supportive role in encouraging better business performance.

Local government is also responsible for a range of legislation governing business operations. By ensuring that compliance costs are as low as practicable and that the legislation does not impose unnecessary barriers, local government can support or assist businesses under their jurisdiction.

This focus area is on encouraging improved business performance through a variety of mechanisms and levers available to a local government agency that is biased toward Wellington businesses. A number of these suggestions (or variations of them) are currently already being done through economic development agencies that are funded by local government (within the Wellington region but also other New Zealand regions and internationally). Subsequently the majority of these projects can be delivered by an economic development agency, as is already the case with Absolutely Positively Wellington.

The effects of improving business performance can be targeted at three levels: the firm, the industry, and the region.

### **Alignment with vision, outcomes and issues**

Improving business performance is consistent with the general thriving smart vision. In terms of encouraging key sectors around government, education, research and creative/cultural there are aspects of the specific vision.

The focus group is mainly targeted on the G1. community prosperity and G2. entrepreneur, innovative regional outcomes.

In terms of regional issues, improving business performance will affect mainly I1. economic performance and labour productivity and I3. linkages, venture capital and tertiary/research/business.

### **Addressing a proven market failure**

The projects in this focus area address a number of proven market failures, largely around information asymmetry. Further there are positive externalities from

assisting businesses in maximising their potential. Finally, there is a focus on reducing and streamlining business compliance caused by government interventions.

### **Level of risk**

Level of risk from this focus area is low. The interventions are based upon improving information, facilitation, and acting as an honest broker. In many cases, council will be a partner, leveraging of central government and industry organisations.

### **Effectiveness and efficiency**

As with any intervention programme the effectiveness and efficiency will vary depending upon a range of factors. Most programmes or interventions within this area are well defined and documented and so best practice approaches can be applied to determine effectiveness and efficiency measures.

#### **4.1 Lever - within firm**

This can be achieved by getting improved outputs through more productive capital (technology), labour (better skilled) and processes (getting better output from existing labour and capital through better techniques, utilization).

Projects aimed directly at the firm level should leverage and take advantage of the range of government programmes and funding targeting capability and innovation that are available to business.

#### Facilitation to encourage uptake of programmes to improve management capability, production processes and techniques or products and services

There are a range of programmes offered by central government around business information and training (BIZ), management capability and exports (NZT&E), product development and technological improvements (Technology NZ) and skills development and employment (MSD). Businesses are often unaware, or have trouble accessing these programmes.

#### Provision of information on key regional business statistics and business support services

A lot of time is spent by businesses searching for relevant information to support their business development and growth. Information can be classed as a public good

because its benefit is not diminished as more businesses use it. However, the costs for individual firms (particularly small firms) to develop and obtain it are usually prohibitive. Similarly, once the information is available, there is no cost in another organisation using it (apart from free riding). As such there is a benefit for government (and local government at the local level) to intervene and make this information available to businesses at a low or no cost.

Can leverage of or work with other business organisations such as chambers of commerce, manufacturers and employers, central government departments and crown agencies, tertiary and research agencies.

## **4.2 Lever - within Industry**

This can be achieved through improved location of industry (closer to suppliers, market), concentration of industry (synergies re suppliers and markets) as well as the attraction of resources and support services.

Within industry support targets groups of similar businesses facing similar issues, or groups of businesses that are interlinked through vertical and horizontal integration. Benefits can be had through sharing of information, expertise, resources. Similarly economies of scale and scope can be improved through collaboration.

### Support for key driver sectors

Identify the industries that take advantage of Wellington's key competitive advantages (particularly ones that are not very mobile or replicable). These are the key drivers of the local economy and should be supported and encouraged. Examples of key competitive advantages include: capital city; link between north and south island; built environment including urban form/density and transport system; national museum; arts and culture.

Support not necessarily monetary but in increasing awareness and encouraging collaboration to share and build on strengths. Ability to leverage of central government sector strategy (as it develops).

Some of these key drivers are a result of the built environment such as public transport and urban form/density. It is therefore important that these be continued advanced to ensure that the underlying competitive advantages remain.

### Cluster and networking support for key sectors

Largely industries based around the key drivers, and so are based upon competitive advantages. In many cases, these are high value added sectors in the business, recreational and social services sectors (and creative and design) that can benefit from collaboration and the sharing of ideas and resources. As they develop, the support infrastructure should develop as well.

The role is again of facilitation, information and identification/removal of barriers. Central government support, through clusters and (potentially incubators), can be leveraged. Similarly, industry organisations can play a key role in encouraging collaboration and identifying key issues.

### **4.3 Lever - within region**

Improving the performance within the region is largely driven by infrastructure, institutions, and regulations. This can result in changing industry composition toward higher value added industries, or reduced costs for all businesses as they can be more productive by operating in the Wellington region vis a vis other regions in New Zealand or even internationally.

#### Streamline and assist in meeting locally administered regulations

The regulatory environment can play a key role in the location decision and efficiency of doing business in a region. By making sure that compliance costs are as low as possible and assistance is available to assist in meeting those compliance costs, then Wellington businesses could have a competitive advantage over other regions.

All business and compliance regulations should be regularly monitored to ensure that they are necessary and being implemented effectively. Experts (officials) should be available to assist firms to meet their regulatory requirements.

## 5 Focus Area - Improve Labour Market

Improving labour markets can be achieved through either: increasing participation rates; increasing the working age population (WAP); or improving productivity.

Increased participation can be due to:

- attractiveness of work – employment opportunities, industry diversity and/or flexibility of arrangements; and
- income considerations – transport and childcare availability and other work related costs that affect the work/no work trade-off.

Increasing the WAP is around changing the demographic structure through:

- attracting people of working age;
- encouraging people of working age to stay; and
- encouraging people to work to an older age.

Improving labour productivity can be achieved by:

- changing the industry structure toward higher productivity sectors;
- improving the infrastructure (e.g. travel times to work);
- improving labour skills; and
- improving business performance (e.g. employee training, management processes).

### **Alignment with vision, outcomes and issues**

Improving labour markets is aligned with a general thriving, smart vision. It contributes to outcomes around G1. community prosperity, G5. affordable lifestyle choices; and G6. quality essential services.

In relation to regional issues, projects in the labour markets area can improve i1. labour productivity and population loss. Depending upon the approach taken it can also contribute to i5. balance in region population and i8. reduce deprivation pockets.

## **Addressing a proven market failure**

Does not directly address a proven market failure. However, there are economic and social benefits from increasing the number of people working from both a regional and a national perspective. Extra support, over and above what is provided in other regions, can provide Wellington with a competitive advantage in attracting skilled labour and reducing the number of people on low or no incomes.

### **Level of risk**

The risk is in replicating existing initiatives by central government and others to encourage increasing participation.

Cost is relatively low and the result of failure is generally limited to the investment in labour.

Politically it is neutral to positive and could result in positive perception of council as pro business.

### **Effectiveness and efficiency**

The role of local government in directly encouraging increased participation in the labour force is fairly limited. There are a range of programmes at a central government level to achieve this that can be leveraged. Interventions need to be evaluated regularly to ensure the effectiveness of interventions in this area.

## **5.1 Lever - participation**

This is around increasing the employed as a proportion of the working age population and/or increasing the working age population as a percentage of total population.

We have identified three projects where local government can encourage increased participation in the region. Central government, through the Ministry of Social Development provides key programmes and support in this area so it is necessary to add value to or complement this work rather than to replicate it.

### Assist parents with children back into the workforce

Wellington's labour force is relatively highly skilled and educated, with a significant proportion of 'professional' couples where one may not be working to bring up

children. In many cases it may be personal choice, but in other cases it could be necessitated by a lack of suitable alternatives or excessive costs.

While central government has introduced legislation and programmes aimed at encouraging people back into work, there is more than can be done by the council to make it more attractive to return to work. For example, increasing the subsidy for childcare facilities or rates relief for couples with that both work with young children could give Wellington a competitive edge to increase participation. It may also encourage more professional couples to the region to take advantage of the benefits.

This is a viable option because of the Wellington region's higher earning potential of people in not working due to having children.

#### Assist unemployed into training programmes

Working closely with MSD and businesses, council can assist in encouraging local unemployed into training programmes, particularly in areas where skill shortages are prevalent in the region.

#### Assist businesses in finding skilled labour

The council can act as a broker, particularly in industries that are 'key' drivers and have identified skill shortages. Local government can work with industry groups or individual businesses, together with central government?, to identify and/or upskill existing workers or encourage workers with the necessary skills to move to Wellington.

#### Encourage participants to delay retirement and work longer

The council can look at mechanisms to encourage the labour force to delay retirement and work longer. While much of this is driven by individual circumstance, the transition can be encouraged by looking at incentives that will entice people to stay in work or identify areas of work that older people can contribute to effectively. As well it can target businesses where older people can continue to operate, specifically in sectors where physical activity does not exclude them.

## **5.2 Lever – labour productivity**

Labour productivity in terms of improving individual performance is covered in within firm performance. The focus in this area of improving labour markets is in

moving labour into more productive occupations or industries. Namely, we want employment to be in high labour productive industries and less in low productive industries. This is covered in the output area – increasing urban density and PT.

### **5.3 Lever – WAP**

Similar to labour productivity, the main mechanism to increase the WAP is to attract people of working age to the region. This is achieved mainly through other levers such as urban form; business attraction; and events.

#### Attract skilled labour from outside the region

Apart from encouraging general migration into the region, this can be tied into other projects such as key sectors to attract specific skills into the region and by identifying where there are skill shortages.

## 6 Focus Area - Increasing GDP

The focus of increasing GDP is around expanding the pie. This is either by attracting new businesses or attracting people from outside the region to spend in the region and encouraging people from within the region to spend a greater proportion of their incomes within the region.

The Wellington region has a great geographic position in the centre of the country. It has a solid tourism and events infrastructure and a number of special experiences. It has a significant population and business infrastructure. These can be leveraged to increase the level of GDP in the region.

This focus area can be broken down into three levers: events; tourism and business attraction.

### **Alignment with vision, outcomes and issues**

Increasing GDP is part of a general thriving, smart vision. In terms of regional outcomes it is focused on G1. community prosperity, G2. connected global, local, G3. entrepreneur, innovative, G7. sense of place and G8. strong tolerant communities.

A range of issues can be addressed by the projects under increasing GDP including I1. economic performance and labour productivity; I2. international linkages, I3. linkages, tertiary and business, I7, enhancing image, and I8. maintain high tolerance.

### **Addressing a proven market failure**

Specific market failures include information asymmetry and social and public good outweighing individual benefits and therefore underinvestment. Similarly, the incentives for collaboration are not apparent and it is difficult to apportion benefits. However, rather than addressing a market failure, the focus is on leveraging or maximising economic potential.

### **Level of risk**

The major risk is financial. The cost of the investment and the possibility that it is not realised. This is particularly the case in business attraction, although this can be minimised by ensuring that attraction is not based upon monetary incentives. As

well leveraging of central government programmes such as the investor outreach programme can reduce costs.

Most of the projects identified are already being undertaken in some form or another. They have been implemented in other regions and so are proven interventions (although the level of success may vary).

### **Effectiveness and efficiency**

It is fairly easy to identify the effectiveness and efficiency of interventions in this area as most results can be directly attributed to the intervention. However, it is important to identify the level of additionality being provided and ensure that private sector involvement or contribution is not crowded out.

#### **6.1 Lever - events**

Large events, or groupings of events, attract people from outside of the region where they spend money on local businesses. Groupings of events or attractions can also encourage individuals to stay in the region longer spending even more money on local businesses. Events may also encourage individuals to move to the region to take advantage of the vibrancy and lifestyle of the region.

On the flip side, events can encourage individuals from within the region to stay in the region and spend their discretionary income.

#### Events strategy and facilitation

Some signals already suggest Wellington as the events capital of New Zealand. An events strategy needs to be in place and coordinated with existing stakeholders to ensure an events calendar that encourages vibrancy, lifestyle and participation and enhances the image of the Wellington region.

There is already an events strategy in place in most councils in the region. However, these could be coordinated better to ensure better outcomes.

#### **6.2 Lever - tourism**

Tourism is basically an export earner. People from outside the region come into the region and spend money. In this way it is inextricably linked to events. However, it

is wider in that it requires the infrastructure and institutions that attract and support tourists.

To a large degree Wellington has a fairly well developed tourist infrastructure catering to most levels. However, the region caters to a range of tourists through a range of experiences and so needs to ensure that the infrastructure is accommodative and that potential visitors are aware of the experiences.

#### Coordinated regional tourism agency

Again coordination of the various government tourism agencies to provide a overarching strategy and direction to maximise the potential of the region and to maximise the experience and expenditure for the visitor.

### **6.3 Lever - business attraction**

This is around encouraging businesses that are looking to set up in the region. This is around providing them with the business case as to why Wellington is more attractive than somewhere else in the country, hemisphere, world.

It is about showing how the region can be better for the business and, more importantly, that the region wants the business to set up here.

#### Business facilitation and attraction project

This approach is not necessarily monetary but provides businesses looking to relocate or set up in the country/region/hemisphere with the necessary information and introductions necessary to answer their business case. In many cases businesses just need to know that they are wanted and will be able to do business. By ensuring that this is the case, the chances of attracting new businesses the region are increased.

Similarly existing businesses may also require assistance in terms of information or specific resource or bureaucracy issues. Having appropriate channels or support can help in retaining or even encouraging growth in existing businesses.

#### Sister city linkages

This is often an underutilised resource for increasing interaction and activity in a region. The region (excluding Wairarapa) has over a dozen sister city links. If implemented and applied effectively, sister cities can deliver economic benefits at the local (firm) and regional levels. Examples of benefits include: establishing

business contacts; providing a gateway into new markets and product lines; enhancing the overseas reputation of individual firms; and reducing transaction and search costs in business negotiations. Sister cities can also attract foreign fee paying students, facilitate knowledge, sharing and joint research, and increase tourism.

#### Taking advantage of international students studying in Wellington region

International students are a key resource and network into international markets. More needs to be done to make them feel welcome and integrate them into the region. This will pay dividends in terms of developing future networks and business connections. Similarly, they can be used as a labour resource while they are here and may seek residency and extend to full-time work once their education is complete.

This is particularly the case for Asians, who are seen merely as a business transaction. Provide courses, take their money, and then send them home. However, Asia, particularly China, is a key market for New Zealand now and in the future. There is huge potential to leverage off students who are here.

## **7 Focus Area – Growth Related Infrastructure**

A previous paper presented to the Strategic Management Team on the 26 August 2004 titled ‘Infrastructure Investment and Economic Growth’ differentiated infrastructure investment between public buildings and facilities, utilities and foundations, and the GDP growth drivers.

It is the third group ‘the GDP growth drivers’ that result in the most positive impact on GDP growth and therefore GDP per capita. The types of infrastructure investment included: international airports and ports; telecommunications, and especially broadband; transport services; and research universities.

A number of projects in this area are earmarked to start or are already underway in the region. However, it is useful to discuss some of the more pertinent issues and potential projects that could benefit the region in terms of GDP per capita growth.

### **Alignment with vision, outcomes and issues**

This focus area could align with all parts of a Wellington vision – a general thriving smart vision as well as specific visions around the built environment and inspirational visions around a 21<sup>st</sup> century infrastructure.

The focus area is aligned with regional outcomes G1: community prosperity; G2: connected global, local; G3 Entrepreneur, innovate; G4: healthy environment; G6: quality essential services; and G7: sense of place.

The focus area contributes to a range of regional issues including I1: economic performance, labour productivity, economy structural change, industrial land; I2: multi-modal access, traffic congestion, international linkages; I3: linkages between VC, tertiary, research and business; I4: enhance the environment; I6: sound growth pattern; and I7: enhance image and urban character.

### **Addressing a proven market failure**

There is a key role of government in the provision of infrastructure and institutions to allow the effective operation of an economy.

### **Level of risk**

The level of risk in this area is low as long as the intervention is integrated and necessary. There are methods and processes that should be followed to ensure this including, for example, public/private partnerships.

### **Effectiveness and efficiency**

Effectiveness is difficult to apportion as the infrastructure is often an enabler and productivity gains often cannot be directly attributed to the investment. However, from an efficiency perspective this is often a case of ensuring best practice in tendering and coordinating and facilitating of projects.

## **7.1 Lever - port/airport/motorway/rail**

The ability to move goods and services to and from markets is a key factor in influencing business location decisions. It also plays a key role in the ability of a business to grow or sustain growth. In terms of a regional economy that is tending to focus more and more on services, the need for effective and efficient air and motorway travel become more pertinent.

Wellington currently has a port and airport with some international linkages. It has a fairly congested motorway and an aging rail system that gets relatively high use. To a certain extent this has driven the industry behaviour with a significant proportion of labour currently working in a different area from where they live.

It is crucial that we have first class physical transport linkages in and out of the region, both nationally and internationally. This includes ports, airports, motorways, and rail linkages. In all cases, local government will play some role in the level of and quality of infrastructure provided by each.

### Airports

Goal – increase destinations and linking flights nationally and internationally.

Transportation of value added goods?

The more service focussed the region, the more important air links become. The role of airports as drivers of growth is well documented (see Whenuapai study).

Important factors include frequency, reliability and ease to catch flights to the necessary destination.

Airports can also play a key role in attracting international tourists. In particular, the need for point to point services have a dramatic effect on the number of tourists attracted (see Prestwick? study).

Wellington has an international airport. However it is restricted by a range of factors including PT access, length of runway (hence size/type of plane and therefore scale economies etc)...

### Motorways

Goal - Reduce congestion and uncertainty of delays on the motorways, particularly around peak times.

2 main motorways SH1 and SH2 leading into Wellington City. Increasing levels of congestion and delays. A main method for people getting to work and also for service and goods transport.

### Rail

Goal - Encourage more commuters to use rail as a means of travel to work.

3 main passenger lines – Johnsonville, Paraparaumu and Upper Hutt/Wairarapa. 2 main haulage lines Heavily used as a means of transport to work, particularly into Wellington City in the mornings and then out again in the evenings.

Goods lines (and passenger line) north and North east through Wairarapa.

### Ports

Goal –maintain existing links. Encourage new / more links and access to international markets.

Centreport is the key goods port in the Wellington Region.

Two ferry services (Toll and Bluebridge) operate between Wellington City and Picton for passenger, car and goods transportation.

## **7.2 Lever - communications**

The focus on communications is particularly on broadband availability and reliability.

Citylink in Wellington City centre. Broadband available in most main centres.  
Prices similar to other regions...

### **7.3 Lever - tertiary/research institutions**

Goal – encourage and promote the Wellington region as a hotbed of research and innovation based upon the tertiary and research institutions that are here.

There are a number of tertiary and research institutions operating in the Wellington Region.

Victoria and Massey University

CRIIs – NIWA, IRL, ...

Polytechnics – Weltec ...

Incubators/innovation parks – T-Up, Porirua innovation park;

## 8 Delivery of Focus Areas

Taking the focus areas that contribute to increasing GDP per capita, and considering the alignment with regional strategies, outcomes and issues we consider that the range of levers that contribute to increasing GDP per capita can be manipulated through two main delivery themes – urban form (environment) and business performance and activity.

Urban form interventions encompasses methods to increase urban density and improve access and mobility, as well as ensuring the necessary infrastructure is in place to encourage sustainable economic growth.

Business performance interventions, on the other hand, uses mechanisms to encourage more resources and better activity from the existing resources.

In several areas, these two focus areas need to be synchronised. For example, events attraction requires not only information and facilitation, but also the investment in the infrastructure that makes an event viable and attractive.

The specific interventions need to be based upon the overarching vision or strategy, and be based either upon the competitive advantages, or address the inherent weaknesses, of the region. The various strategies need to be consistent and aligned and in some cases supportive of each other to achieve the optimal results.

We also consider that a diversity approach needs to be applied. Ranking all projects on a cost benefit approach could see 10 transport projects selected. However, from a risk management perspective, and to provide a balanced approach to economic development, a broader range of projects should be selected.

### 8.1 Urban Form

This focus area contributes indirectly to, and has linkages to all five focus areas. It contributes to GDP/capita through:

- increased demand for services moving industry composition up the value chain;
- increased participation and productivity in the labour market;
- improved access of a larger population to a range of employment opportunities, community services and events; and

- consequently a lower need for transport per head and per \$million of GDP.

The market mechanism reflects the increased demand for space in the CBD from businesses and residences by increased land prices, and property developments that allow mixed use of residential, services (business, personal and other) and retail.

The TAs can facilitate this market response and progression by ensuring that land use categories permit this evolution of land use, that overall urban form provides good access, and high level services, and that transport access as required is included in overall urban form.

### **8.1.1 Urban density areas**

Intervention in the following areas can all contribute to increasing GDP per capita through increased urban density and consequent requirements. Many of them are already being considered in some form by separate TAs, or in consideration of various transport packages. The set outlined here have a consistency for the metropolitan Wellington region.

- 1. Planning zones Wellington CBD:** to continue expansion of high-density mixed use in the Wellington city CBD.
- 2. Multi-modal transport solutions for Wellington CBD:** Within-CBD travel; light commercial access to business through the CBD; CBD resident access to satellite retail, recreation.
- 3. Planning zones in satellite cities:** Zones to allow mixed use in centres to, say, 3-5 storeys residential, business, retail; surrounding rings of apartments / terrace houses / town houses / separate houses.
- 4. CBD functions in central areas of satellite city:** Create environment to encourage a range of employment, especially in high-level business services. Environment includes broadband and communication networks; education, cultural, recreational and public amenities; and quality retail.
- 5. Complete effective transport access network:** among the satellite cities, e.g. Petone-Grenada, Grays Rd upgrade; effective, low-congestion links from satellite cities to Wellington City; effective, low-congestion links with national and international networks.
- 6. ‘Rescue’ Public Transport and re-design for 21<sup>st</sup> century:** Re-build and expand PT usage behaviour by creating high-level service for all

main journey functions, including travel to work, and e.g. recreation/retail journeys to satellite cities; travel to transport hubs e.g. airport.

## **8.2 Business performance**

This theme is defined by the mode of delivery. The actions are targeted at businesses or individuals in an effort to encourage improved performance. While there may be some focus on infrastructure or the environment, the main approach is through facilitation, collaboration or provision of information or financial support.

Regionally focused intervention to encourage growth is becoming accepted in most countries and developed economies across the world. Most regions in New Zealand have an economic development strategy and agency of some sort to deliver business growth programmes.

Business performance interventions are often used by regional councils to encourage economic development. Within the Wellington region there are several agencies funded to encourage business growth via economic development agencies such as Positively Wellington Business, Positively Wellington Tourism, and Enterprise Coast. While they can still be delivered by the variety of groups, there needs to be consistency in terms of the overarching vision, level of assistance, direction and measurement.

In most cases the following interventions already are, or could be, delivered by existing agencies.

### **8.2.1 Interventions**

Intervention in the following areas can all contribute to increasing GDP per capita. The interventions should not contradict the region's vision, output areas and issues and, where possible, they should be aligned with the aforementioned.

When considering the intervention it is necessary to appreciate and take into account the intervention logic, the effectiveness of the intervention, and the efficiency of delivery. It is crucial that there is good information on which to base the interventions.

Where applicable the interventions should be targeted. They should focus on building on the key strengths of the region. It should focus on the growth areas and

the key sectors both at the regional and sub-regional levels. It should aim to build the brand of the region as a great place to live and work.

The rationale for these interventions is well accepted and so many of these types of interventions are supported, or encouraged, at a national level, either by government, or by industry groups. Therefore, where possible, the region should leverage of existing programmes to reduce the level of risk. Similarly it should get buy in from the private sector, forming partnerships where possible.

Business performance interventions can also have specific goals such as:

- The Wellington region is a great place to visit, live, work and play;
- The Wellington region is the best place in New Zealand to do business.
- The Wellington region is progressive and cutting edge.

Without going into too much detail in terms of the vision, strategy and issues and how the intervention relates to the strengths of the region, we discuss the interventions, main focus areas, rationale, specific programmes and key measures necessary to test the effectiveness and allow comparison of the relative performance of each.

While we consider that all of these approaches to improving business performance should be considered and implemented, we have listed them in order of perceived effectiveness (i.e. the logic rather than the hard numbers). The perception has been influenced by the intervention logic, the proven effectiveness (in terms of increasing GDP per capita) and the efficiency of the intervention (in terms of cost), and the consistency with the strengths of the region, its vision and goals.

Further analysis should consider more robust analysis of the cost (overall) and per unit of output and benefits of each programme. This will provide a better understanding of the relative merits of each.

intervention	focus area	rationale	specific programmes	measures of effectiveness
<b>Tourism</b> attract additional people; make them stay longer; and make them spend more.	expand GDP base	The region already has significant appeal in terms of attractions and geography to attract tourism. It also has excellent infrastructure to support tourism in terms of accommodation and entertainment. there are benefits in providing a regional approach to attracting tourism. Issues around infrastructure, branding, areas of interest and key events can all be enhanced (relative to a laissez faire approach) through having a consistent strategy.	Strategy; Branding; Marketing; Infrastructure issues	Additional people attracted to the region and the number of nights stayed. SNZ Commercial Accommodation Model (CAM) has guest arrivals and guest nights. Tourism Research Council has average daily and overnight spend for international and domestic visitors by region
<b>Events</b> encourage and support events that contribute to the economic, social and cultural fabric of the region	expand GDP base	Related to, but wider than, tourism is an events strategy. Events attract tourists and people from outside the region, but they also contribute to the enjoyment and interactions of people within the region. Events can provide cultural, social and institutional cohesion, but can also provide economic benefits through increasing regional spend and attraction of people and businesses to the region. There are significant social, cultural, and economic benefits from encouraging and coordinating events that are consistent with the culture and lifestyle of the region. Coordination from a regional perspective will result in greater net benefits and outcomes than if events were left to individuals or businesses.	Events strategy; Events calendar; Events funding; Events coordination	Quantitative and qualitative measures - a lot is dependent upon the event (and each should have some evaluation measures identified). Some economic benefits can be measured such as visitors and businesses attracted. However, many benefits are qualitative such as social cohesion, attraction and retention of population
<b>Business attraction</b> attract new business looking to set up in the area (New Zealand, Australasia, Asia – Pacific).	Expand GDP base	Specific interventions and approaches to attracting businesses, particularly those that are aligned to our regional strengths and key sectors. The programme can also look at methods of expanding existing businesses.	Business attraction office - link into NZTE investment services. Business promotion.	The number of new businesses attracted. Their turnover, employment, level of exports (out of the region).
<b>Information</b> provide information relevant to business, particularly from a regional point of view, to assist in improving their business decisions and performance.	Improve business performance	Businesses (and individuals) can benefit from having good information available on which to base decisions. There are positive externalities from information in that, once it is gathered, it can be used by any number of businesses. Therefore information is generally underprovided as costs are usually prohibitive for a single firm. Information also enables businesses and individuals to make sound investment decisions. By providing information on the Wellington business environment, the chances of businesses considering the region in their investment decisions will increase.	Information collation and analysis; Information dissemination	The number of businesses that access this information or utilise this services.
<b>Intermediation, facilitation, advocacy and encouragement</b> assist businesses that have specific issues with regulatory environment and encourage cooperation. Enable and leverage off central government programmes aimed at improving business performance.	Improve business performance	local government is responsible for a range of businesses regulations and general bureaucracy. An economic development agency (or something similar) is in a prime position to reduce the costs of doing business, particularly for significant investment decisions. Support in meeting regulatory responsibilities can have a major effect on business investment decisions and profitability. Further, being a government agency allows the organisation to act as a facilitator, or honest broker, to encourage cooperation and coordination amongst competing businesses. Finally, an economic development agency can encourage businesses with potential to increase output or productivity. It can assist them through facilitating access to tools or programmes that can assist, for example, central government assistance programmes; local programmes; tertiary and research centres.	business advisors & facilitators; leverage of: NZTE Programmes; technology NZ programmes; Industry Training Organisation programmes; Other industry organisations.	The number of businesses that utilise the service. The number of businesses assisted. The number of successful outcomes from the interaction. The outcome of the service in terms of improved profitability, improved turnover, improved employment. The amount of funding leveraged off of government programmes. The range of government programmes that have been implemented. The uptake of government programmes in the region – i.e. number of businesses that utilise the programmes and the subsequent changes in productivity, performance.
<b>Encouraging internationalisation and exports</b> facilitate links with other regions (local and international) and encourage businesses to increase trade with those regions.	Expand GDP base; Improve business performance	Using its capacity as a regional entity, the region can do several things to encourage increased connectivity to international export markets resulting in improved links and therefore increased exports. At a regional level, the council can open markets through trade missions and sister city linkages. By adopting international students, it can build networks into any number of countries. By ensuring that it has effective transport links into and out of the city it can build upon these cultural and social links to encourage exports and trade.	Sister cities; Research links; International students;	Measures – number of sister city relationships and results of those relationships; case study of business outcomes.
<b>Identification of barriers to business growth</b> aim to reduce the barriers facing business in the region, giving businesses and the region a competitive advantage.	Improve business performance	Through the administering of business performance interventions and the collection of information it is possible to identify region specific barriers to business growth. Issues could be related to infrastructure, resource allocation or regulatory barriers. Examples include getting a better idea of the labour skills shortage and identifying possible solutions.	Research; Specialised solutions depending upon the barrier	Barriers identified and removed and the economic impact of those barriers

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## relation to focus areas

Growth Principle	increasing GDP per Capita											
	increase urban density		improve business performance			improve labour markets		increase GDP			Type 3 Infrastruct	
Output	urban planning	transport modes	within firm	within industry	within region	participation	productivity	events	tourism	new businesses	port/airport/motorway	communications
lever	projects											
setting urban limits and improving the design of new subdivisions	☆		✓		✓							
transit oriented development along the rail corridors	☆		✓	✓								
developing access in and 'prettying up' the city centres	☆		✓	✓			✓					
encourage mixed land use and planned, effective access within hubs	☆						✓					
encourage PT mode use by improving linkages/frequency between rail station and courtyard place		☆				✓						
provide effective transport links between CBDs/Hubs, especially PT		☆				✓						
encourage active modes within CBDs via access		☆				✓						
Reduce freight bottlenecks ngauranga gorge, seaview?		☆	✓		✓							
aim to provide 21st century PT		☆	✓		✓							
Business facilitation to encourage and support uptake of Government programmes and funding assistance aimed at improving business performance.			☆			✓	✓			✓		
maintain and update information on key statistics useful to business in the region develop a resource pack on key information on how to do business in Wellington			☆									
specific sector support for key sectors - eg taking advantage of being the home of central Government departments with expertise in Government administration and key resource policies. Also home of the stock exchange - equity financing sector. creative industries (movies-supercomputer) and fashion?			✓	☆	✓					✓		
cluster and networking support to encourage collaboration.			✓	☆	✓							
Assist businesses in meeting locally administered business regulations. Also look at streamlining or better delivery of those regulations.			✓		☆							
Identify and promote the key advantages of doing business in Wellington. Could also cover the sectors that would benefit most as well as how a business friendly local Government sector can assist.					☆					✓		
assistance in finding skilled labour			✓			☆	✓					
assist unemployed into training programmes						☆						
assist parents with children back into the workforce						☆	✓					
encourage / assist retention of older people in employment						☆	✓					
Attracting and synchronising significant events to the Wellington region (goal something happening every second weekend and major event once a month?)				✓				☆	✓			
wellington as the events capital of New Zealand								☆	✓			
promote wellington as a great place to live and work, particularly for creative energetic people								✓		☆		

The projects were identified from a range of sources including our own internal brainstorming. Note that these are not the final projects identified in the accompanying paper.

# alignment with vision, goals and issues

Alignment with strategy and consistency with parameters						
attributes	alignment with strategic vision	alignment with regional outcomes	alignment with regional issues	addressing a proven market failure	effectiveness and efficiency	level of risk
setting urban limits and improving the design of new subdivisions	v, vw	g1, g2, g4, g5, g6, g7	1. economy structural change, industrial land, labour productivity; i2. traffic congestion i4. enhance environment; i5. balance in region population; i6 sound growth pattern; i7. enhance urban character			
transit oriented development along the rail corridors	v, vw	g1, g2, g6	1. labour productivity, industrial land; i2. traffic congestion; multi modal access; i6. sound growth pattern			
developing access in and 'prettifying up' the city centres	vw	g1, g2, g4, g5, g7	1. economy structural change; i2. multi modal access; i4. enhance environment; i5. recreation usage; i7. enhance image, fizz, urban character			
encourage mixed land use and planned, effective access within hubs	v, vw	g1, g2, g4, g5;	i1. Economic performance, i1 industrial land; i2. multi-modal access; i4. enhance environment; i5. balance region population	there are childcare facilities in suburban areas, and separate public transport links. A 'family friendly smart region' will ensure that these services are parent/child friendly and integrated.	Periodic reviews of PT services demand and supply are carried out. This would be a focused review. Some support of daycare/PT costs may be necessary at least initially. The GDP generated would be much greater than the cost.	There is little risk of financial/economic loss as the programme can be adjusted as experience of success factors grows.
encourage PT mode use by improving linkages/frequency between rail station and courtyard place	v, vw					
provide effective transport links between CBDs/Hubs, especially PT	v, vw	g1, g2, g6	i2. Multi-modal access, traffic congestion; i6 sound growth pattern			
encourage active modes within CBDs via access	v, vw	g2, g4;	i2. Multi-modal access, i4. Enhance environment	In central Wellington, where planning conditions allow, the private sector has developed these patterns. With improved hub-to-hub transport access, the market would undoubtedly develop higher density 'satellite CBDs' at the other hubs.	The re-development of much of the Wellington CBD so far has been effective, fast (mostly within 15 years) and efficient from City viewpoint. Most infrastructure self-financing, and it is cheaper to supply services per household where density is high. The spend on PT may not be efficient early on.	Once the designations have been made and the trunk transport improvements made, there is a risk that private development will take time. Given the expected population growth, the risk is of delayed benefit, not loss of assets, expenditure.
Reduce freight bottlenecks ngauranga gorge, seaway?	v	g1, g2	i1. economic performance, i2. Traffic congestion			
aim to provide 21st century PT	vi	g1, g2, g4, g5, g6;	1. Labour productivity/participation, i2. Multi-modal access, i4. enhance environment, i5. Balance in region population, i6. Sound growth pattern.			
Business facilitation to encourage and support uptake of Government programmes and funding assistance aimed at improving business performance.	v					
maintain and update information on key statistics useful to business in the region	v	this programme is aligned with outcome 1. community prosperity and outcome 3. entrepreneurial and innovative culture by encouraging businesses to be more efficient and to grow.	can assist in sustaining or growing regional economic performance by encouraging business performance and growth.	there are information asymmetries in terms of understanding what is available from Government to assist businesses. Further, businesses often are not aware of the benefit of improving management capability	This project is leveraging of central Government funding. Effectiveness can be measured by the number of businesses assisted and the funding raised and assistance given through Government programmes. Efficiency is measured by the cost of delivering the facilitation/support service.	This is low risk. Risk is with central Government as the funder of the programme and business as a contributor to the programmes. Major risk is in replicating central Government services.
develop a resource pack on key information on how to do business in Wellington	v					
specific sector support for key sectors - eg taking advantage of being the home of central Government departments with expertise in Government administration and key resource policies. Also home of the stock exchange - equity financing sector. creative industries (movies/supercomputer) and fashion?	v, vw					
cluster and networking support to encourage collaboration.	v					
Assist businesses in meeting locally administered business regulations. Also look at streamlining or better delivery of those regulations.	v					
Identify and promote the key advantages of doing business in Wellington. Could also cover the sectors that would benefit most as well as how a business friendly local Government sector can assist.	v, vw					
assistance in finding skilled labour	v	g1;	i1. Labour productivity			
assist unemployed into training programmes	v	g1;	i1. Labour participation			
assist parents with children back into the workforce	v, vw	g1;	i1. Labour participation, productivity			
encourage / assist retention of older people in employment	v	g1;	i1. Labour participation, productivity			
Attracting and synchronising significant events to the Wellington region (goal something happening every second weekend and major event once a month?)	vw	g2, g7	i2. International linkages, i7. Enhance image, fizz	cultural benefits and positive externalities both social and economic.	Regional events are seen as a key mechanism to achieve economic, social and cultural outcomes. The number of people attending the events is the key measure of its effectiveness. Of particular value is the number of people attending from outside the region. Leverage and participation by business and community groups is also a key consideration.	This is relatively low risk. The quality and success of the event is probably the key risk. Exposure to risk can be minimised by ensuring adequate leverage and contribution from other stakeholders. Crowding out and event fatigue might be other issues.
wellington as the events capital of New Zealand	vi					
promote wellington as a great place to live and work, particularly for creative energetic people	vw	all				
information pack for business attraction outlining competitive advantages and identifying how Local Government can assist in helping them to set up. Access to officials to make them feel wanted (role of Mayor or other important councillors)	v					
take advantage of sister city linkages and international students studying in the region	v					
encourage further international links for Wellington Airport making it an international entry and exit point	v	g2	i2. International linkages			
improve public transport links from wellington city through to the Wellington airport	v	g2	i2. multi-modal access			
ensure the region is fully wired up for broadband/hi speed access including regional CBDs within and between	v	g2, g6	i2. International linkages, i6 quality essential services.			
encourage links between tertiary/research institutions and business and financial sectors. Consortia or incubators	v	g1, g3;	i1. Economic performance, i3. Tertiary / research / business			
promote and encourage tertiary and research institutions on the international stage.	v	g1, g2, g3	i1. Economic performance, i2. international linkages, i3. Tertiary research/ business			

V = general thriving  
 G1 = community prosperity  
 G2 = connected global  
 G3 = entrepreneur, innovation  
 G4 = healthy environment  
 G5 = affordable lifestyle  
 G6 = quality essential  
 G7 = sense of place  
 G8 = strong tolerant

i1. economic performance  
 i2. multi-modal access  
 i3. Tertiary / research / business  
 i4. enhance environment  
 i5. recreation usage  
 i6. balance in region population  
 i7. enhance image, fizz, urban character  
 i8. maintain high tolerance  
 i9. reduce deprivation pockets

linkages, venture capital  
 tertiary / research/business  
 i4. enhance environment  
 i5. recreation usage  
 i6. balance in region population  
 i7. enhance image, fizz, urban character  
 i8. maintain high tolerance  
 i9. reduce deprivation pockets



## **Existing programmes to encourage economic development**

### *Positively Wellington Business (PWB)*

PWB is the business agency for the Wellington region. It was established in 2001 by the city councils of Wellington, Hutt, Porirua and Upper Hutt.

PWB aims to be a catalyst for economic development through collaboration between the private and public sectors, and a focused approach to business and skill growth. PWB provides a range of business assistance from training for people with little or no business experience to assisting established companies raise capital and develop new markets and products.

It has worked on setting up and supporting clusters and runs two business incubators. Works to attract skilled migrants and returning expats by smoothing the way for potential migrants to work in Wellington and works with local businesses to attract overseas talent.

Current strategy and research areas include:

- Supporting the sector strategies with statistical data and research;
- Providing stakeholders with economic development data;
- Monitoring and reporting on the Wellington regional economy;
- A range of activity reporting and relationship management with stakeholders; and
- Working with the councils on the Wellington regional growth strategy.

Information and publications include:

- Wellington regional outlook – biannual
- Regional demographic trends – annual
- Wellington region: open for business – one off comparative statistics on doing business in New Zealand.
- Music industry scoping report – one off snapshot of the region’s music industry and recommendations for growth.

- Business updates – varied - newsletter on business happenings in the region.

PWB had expenditure in the year to 30 June 2004 of around \$4.2 million of which Council contributed around \$2.5 million of the revenue.

### *Positively Wellington Tourism (PWT)*

Wellington's official tourism organisation. A charitable trust funded by Wellington City Council. Market Wellington as New Zealand's ultimate urban destination.

Vision is to position Wellington as a destination of choice domestically and internationally and be regarded as the most vibrant, innovative and creative centre for tourism marketing and development in New Zealand.

PWT has a tourism action plan 2004 – 2009, which sets out the framework for the tourism sector in the region. At the core of the tourism strategy are the stadium, Te Papa, Arts, culture and heritage attractions and the downtown. Five groups or clusters feed off the core including:

- Arts and culture;
- Coastal cluster;
- Tourism product;
- Natural cluster; and
- City infrastructure.

PWT is essentially a marketing body whose purpose it is to maximise the contribution tourism can make to Wellington City's economy and lifestyle. PWT also takes a lead role advocating and supporting product and infrastructural development in a bid to add further depth to the industry.

PWT had expenditure in the year to June 2004 of over \$5 million (excluding the Visitor Information Centre, which has revenue of around \$3 million. Wellington City Council contributed around \$3.6 million in the year ended 2004.

### *Enterprise Coast*

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