

## **Section 3: Economy: Structure and Performance**

A major focus of the Wellington Regional Strategy is to explore the relationship between quality of life and economic growth, to determine the extent to which economic growth is needed to support current and desired wellbeing, and to understand what ‘levers’ can be pulled to produce the requisite level of economic performance. This analysis will occur within a wider sustainable development framework.

This exploration of economic ‘action’ is not a simple equation which assumes growth in economic activity or ‘economic busyness’ equals a productive and useful economic result. It is important to understand whether or not the level of economic activity produces benefit and the nature of that benefit. It also raises issues of economy robustness and resilience, openness to change and experimentation, levels of investment in new ideas, exposure to risk and the impact of actions.

This section does not attempt to analyse these issues but presents information about the regional economy which will provide a base line of information for future analysis. It reviews the structure of the economy and then presents a summary of information about economy performance. The latter is based on an overall model of the interrelationships within the economy, which is being developed for the Regional Strategy. This model may change but it serves as a way of structuring information at this stage.

### **3.1 Economy Structure**

#### **3.1.1 Sectors**

##### **Why is This Important?**

This section examines the industry sectors that make up the economy and explores the nature and structure of businesses. Understanding structures is important. High growth sectors can help to drive economic growth, and it is important to understand where the Wellington region has particular strengths. Understanding what has grown, declined or stagnated will be important to determining where our future efforts should be and where our international competitiveness lie.

The structure of the current and future workforce will have an effect on the nature of workforce skills and experience available in the future for business development.

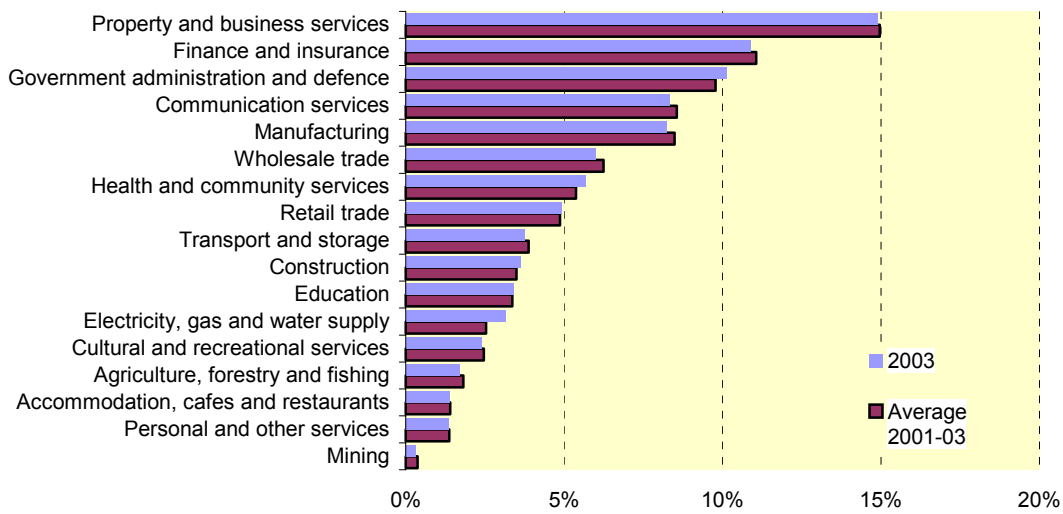
Note: measures of GDP and GDP per capita are used in the following section. They are explained in further detail in Section 3.2.

##### **(a) General Structure**

Many of the sectors that drive the Wellington regional economy are inextricably linked, and many of these linkages are with the services sector. As illustrated in Figure 3.1.(a), some sectors are driving a greater proportion of growth.

Figure 3.1.1 (a)

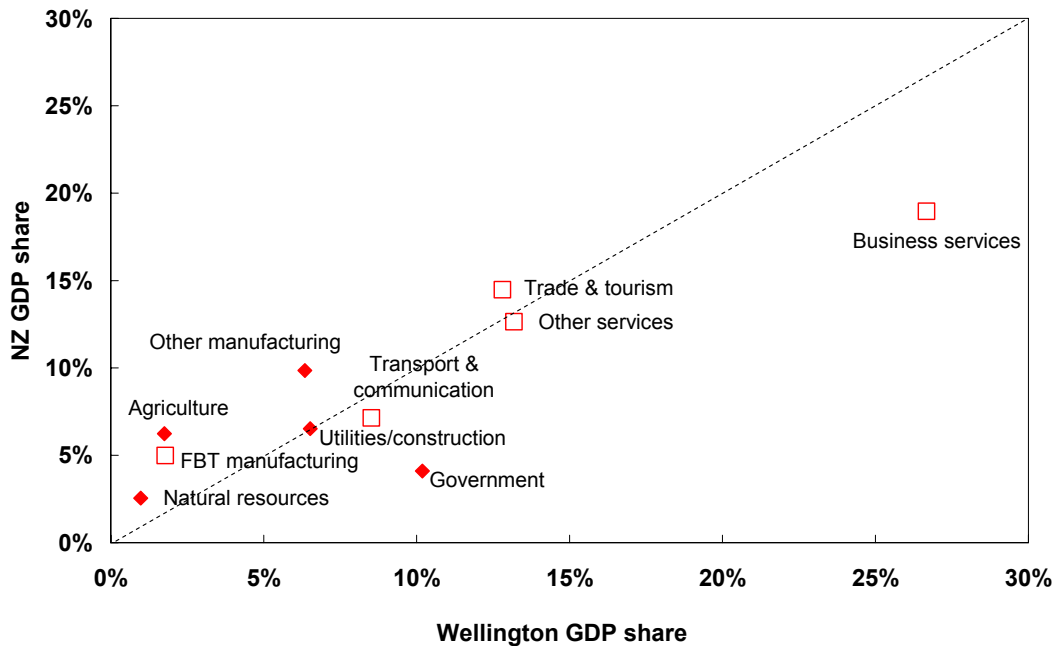
**Wellington's economic structure**  
Proportion of regional GDP by industry, 2003



It is also useful to view diagrammatically the significant industries that drive the Wellington regional economy, compared to the industries that drive the New Zealand economy. Figure 3.1.1 (b) compares Wellington's regional economic structure to that of the New Zealand economy.

**Figure 3.1.1 (b) Wellington's industry profile**

Shares of nominal national GDP (y-axis) and regional GDP (x-axis), averaged across March years 2000-2004



Source: NZIER

Note:

- Any scatter plot to the left of the 45 degree dashed line (for example, agriculture) indicates that the industry accounts for a smaller proportion of Wellington’s GDP than it does at a national level. Conversely, any plot to the right of the dashed line (such as government) indicates that an industry is more ‘important’ to the Wellington region than it is to the New Zealand economy as a whole.
- The square scatter plots are industries that are fast growing at a national level.<sup>1</sup> The black diamond scatter plots are industries that are slow growing at a national level. Fast-growing regions tend to have a high proportion of their regional economies focused on fast-growing sectors.
- FBT refers to food, beverages and tobacco; other services refers to health and community services, personal services, education and ‘other’ services; the trade and tourism sector refers to wholesale and retail trade, accommodation, cafes and restaurants; business services refers to finance, insurance and property services; utilities/construction refers to gas, water and electricity supply and construction.

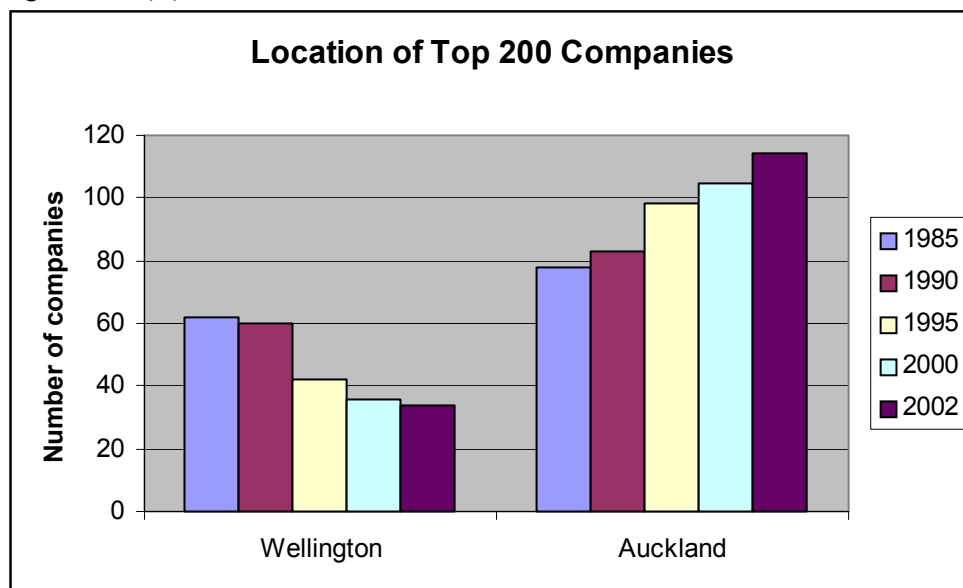
Figure 3.1.1 (b) illustrates that the Wellington regional economy is highly reliant on the government sector. The business services sector that interacts with the government sector is a major industry as well, both in absolute terms and relative to the New Zealand economy as a whole. Transport and communication and “other services” are also strong growth industries for the Wellington Region and nationally. Compared to the national economy, Wellington is under-represented in the primary and manufacturing sectors.

Overall the regional economy has performed relatively well despite its reliance on the slow-growing government sector, this has been largely due to the heavy weighting of the fast-growing business services sector.

The traditional key industries including finance, insurance, manufacturing and utilities are no longer playing the leading growth role they once did. New growth industries, however, are being developed in such sectors as digital media, film and television, software and information technology, education and tourism. Nevertheless, these activities have yet to achieve the size and the economic impact of the traditional lead industries.

As evident in Figure 3.1.1(c ), the trend of corporate head offices and business organisations relocating to Auckland and Australia has continued. In 1985, 62 of the top 200 companies in New Zealand were located in Wellington. By 2002 this number had dropped to 34. This compared to Auckland whose numbers grew from 78 to 114 over the same period.

Figure 3.1.1(c )



<sup>1</sup> We define a fast-growing industry as growing faster than the New Zealand economy as a whole over the 2000-2004 period.

Source: Management Magazine

There is strong evidence that these organisations are being replaced, as indicated by the high commercial office vacancy rate in Wellington City, which is at its second lowest rate in a decade. As mentioned there has been strong growth in the business services sector.

### **(b) Government Sector**

As the seat of central government, core public sector services play an important part in the Wellington regional economy. The business services sector that interacts with government departments is a major industry both in absolute terms and relative to the New Zealand economy as a whole.

Wellington's reliance on the government sector has traditionally concentrated economic activity in a slow growing area, however the government sector also acts like a buffer, shielding the economy from negative cyclical conditions. Whilst this protects the economy in economic downturns, it also makes advancement during periods of strong economic growth more difficult. Despite its reliance on the slow-growing government sector, the regional economy has performed relatively well in recent times, largely due to the heavy weighting of the fast growing business services sector.

Over the past two years the region's economy has been boosted by the expansion of central government activities, and increased employment in the health and education sectors. According to business demographic data for the year ended March 2003, central government employment increased by 1,260 people, following a 600 increase over the preceding year. The expansion of central government activities has contributed to overall economic growth in the region. Whilst the health and education sectors have significantly contributed to employment growth in the region, output per person in these areas is relatively low (as they are labour-intensive activities). Therefore the growth in employment does not translate into as much economic output as for example additional jobs in the manufacturing sector.

The central government contributes to the Wellington regional economy in two important ways; the activities generated are largely funded from outside the region and create substantial demand for supporting services (professional, computing, finance, etc.), and those directly employed by government and government-related activities also constitute an important source of demand for a wide range of services and creative industry outputs.

### **(c) Business Services Sector**

Whilst the central government is important to the service industry, it is far from solely reliant on it. The sectors with the largest absolute increases in employment numbers in the region from 1994-2001 were all components of the services sector. The services sector is the largest contributor to the Wellington region's economy. It could be argued that Wellington's low population growth means that demand for output from service industries is constrained by the region's low population growth.<sup>2</sup>

The region's strong service sector foundation differentiates the region from the traditionally lower growth agricultural sector and the vagaries of the commodity price cycles. The diversity of services means that there is considerable overlap with other sectors. Professional service businesses include:

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<sup>2</sup> WREDA Report on Development Opportunities for the Wellington Regional Economy, May 2002 – Deloitte Touche Tohmatsu

- Business and management consultants, lawyers and accountants, skilled in restructuring, corporatisation and privatisation of government agencies, and also able to offer relevant experience to international markets;
- Maori and Pacific people with specialist consulting skills in Treaty settlements, land issues, tribal economic development and cultural rejuvenation, able to offer their competencies to indigenous peoples world-wide;
- Professionals with a high level of competence in specialised fields such as intellectual property protection, regulator regimes, valuation of electricity and telecommunications networks, commercial disputes resolution and government lobbying;
- A national translation service encompassing fluency in many languages;
- Earthquake engineers and scientists with world class reputations in seismic analysis and related structural engineering design and protection.<sup>3</sup>

According to NZTE's Statement of Intent 2004/2005, major growth opportunities in international markets reveal the following trends; faster growth in the trade of services than of goods; and increasing demand for technology and knowledge-intensive goods and services. If the Wellington region's business services sector continues to see strong growth this will place the region in a strong position in the future.

#### **(d) Finance Sector**

There is limited information about this sector. The finance and insurance sectors as at March 2003, contributed 11% to the Wellington region's GDP. Employment in the finance and insurance sector reduced by more than 4% over the year ended March 2003. This is a reflection of the restructuring of existing businesses, rather than any major businesses departing.<sup>4</sup>

#### **(e) Manufacturing Sector**

Wellington is currently under-represented in the manufacturing sector, compared to the national economy, but historically the manufacturing sector was an industry that had a high profile nationally. In the 1970's Hutt City ranked third nation-wide for value of production in manufacturing. From 1977 to 1990, as tariffs and import licenses were lifted, the region's manufacturing industry experienced a loss of over 11,000 Full Time Equivalents. Even after the end of the major reform process the industry has continued to suffer significant job losses with a loss of 7,555 Full Time Equivalents between 1994 and 2002. (BERL 2003)

The manufacturing sector currently contributes 8% of GDP and jobs to the Wellington regional economy, which makes it the fourth largest employer and the 5<sup>th</sup> major contributor to the region's GDP. The region has a small number of design led manufacturers that are competing successfully nationally and internationally. However, the bulk of manufacturers are small businesses with less than 10 staff. Their biggest difficulty is to be able to spare any time to leave current work to think about design and development of new products. Industrial design is exceptionally strong in the Wellington region, both in terms of use by some leading manufacturers, and the availability of specialist consultants and education. However, despite these positive traits there has been no significant growth in the sector over the last decade. Areas of specific specialisation can be identified using location quotients for employment. These are: Printing, Publishing and Recorded Media (1.2 location quotient) and Petroleum, Coal, Chemical and Associated Product Manufacturing (1.1 location quotient).<sup>5</sup>

Sourcing skilled trades staff has been an ongoing problem for several years. This reflects structural changes in Wellington manufacturing plants following the closure of motor vehicle manufacturing in

<sup>3</sup> WREDA Report on Development Opportunities for the Wellington Regional Economy, May 2002 – Deloitte Touche Tohmatsu

<sup>4</sup> Greater Wellington, Regional Outlook February 2004

<sup>5</sup> A Current Assessment of Economic Development July 2003 – Annette Gittos, Positively Wellington Business

the Hutt Valley and Porirua. Educational institutions' perceptions of changing demand for particular skill sets, also impacts on the availability of skilled staff.

#### **(f) Information and Communication Technology Sector**

The Wellington region is recognised as a centre for excellence in Information and Communication Technology (ICT), with a particular focus on software development and mobile Internet.<sup>6</sup> The communications, data, and software companies show a higher concentration of employment in Wellington compared to the national average, indicating regional specialisation. In terms of percentage of employment, the ICT/media industries have steadily grown in importance to the economic activity base of the region providing 11.0% of Wellington City's employment, and 8.8% of regional employment. Skill shortages have been an ongoing problem, although a recent survey by Weltec for Positively Wellington Business showed that this issue had abated.<sup>7</sup>

The concentration of large international ICT solutions providers that service the government sector and corporate head offices helps to maintain the region's skill base in ICT. This also allows smaller domestic niche providers to grow and flourish. Niche strengths for the Wellington region are in: data processing and storage, telecommunications, and consultancy services. The Wellington region is the main centre for data processing services for the country with almost 70% of those employed nationwide in the sector. The Wellington region is a market leader for the telecommunications industry in New Zealand, with the Kapiti Coast as the birthplace for Saturn Communications – the precursor to Telstra-Clear, and CityLink in Wellington City. Currently every major telecommunications company is represented in the region.<sup>8</sup>

The region has access to new communication technologies including mobile Internet, Internet2, and broadband networks. However, there is disparity within the region with some businesses and communities having access to broadband, while others do not.

There is an ongoing trend toward convergence between communications, film, television, and entertainment and other multimedia technologies. Of most significance for the region is the convergence between the film, digital media, and computer game development industries as both industries rely on high quality computer generated animation.

#### **(g) Creative Sector<sup>9 10</sup>**

While Creative industries have been identified as a key growth target for the region, and many exciting activities abound, these businesses currently only represent about 6,878 Full Time Equivalents and about \$612.8 million towards GDP for the region.<sup>11</sup>

##### *Film & Television*

With the closure of a number of TVNZ production facilities in the 1980's, it was thought at the time that this would lead to the quiet disappearance of a film and TV industry in Wellington. However, following the success of Lord of the Rings, the Wellington region is now recognised as New Zealand's premier filmmaking, television, and postproduction center. International recognition of the regional film industry represents the culmination of

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<sup>6</sup> REDA Sector Growth Strategies

<sup>7</sup> Weltec 2003

<sup>8</sup> REDA Sector Growth Strategies

<sup>9</sup> The limited ability to collect sector specific statistical data on relatively 'new economy' industries such as 'creative industries', 'tourism', and 'biotechnology' makes it more difficult to assess the economic performance of these industries.

<sup>10</sup> The Creative Sector as defined by NZTE refers to the nature of the business, and includes sub-sectors such as screen production, design (fashion), music, digital (software and interactive media), publishing, visual and performing arts.

<sup>11</sup> BERL 2003

over a decade of achievement. Growth in the industry is not only contributable to this one production. Over the past five years the local industry has grown and the filming of international productions has increased.

The trend of corporate head offices and organisations relocating out of the Wellington region has had an impact on the industry. Many advertising agencies have moved out of the region, which has resulted in fewer local TV commercials being produced in Wellington. However there has been an increase in the number of international TV commercials produced in the Wellington region.

Business activity units and employment has increased by 76% and 4% for the Film and television industries from 1994 to 2002. The increase has been in picture and video production replacing the loss in television services. Screen production is now an important contributor to the New Zealand economy in 2003 \$144.3 million worth of screen production occurred in the Wellington region rivaling the Auckland region.<sup>12</sup> The industry is now achieving the necessary critical mass to provide attractive, skilled jobs for a range of New Zealanders; it generates export earnings, and contracts an enormous range of support services.

The development the new world-class soundstage by Camperdown will bring regular year round work to about 12,000 people involved in the film business. This type of sustainable work will have a significant impact on an industry that typically has highs and lows in work.

The Wellington Film School, Avalon, and several universities offer a range of film courses within the Wellington region. Massey University in particular, offers a Postgraduate programme in Film. The availability of training will assist in producing a skilled workforce for the industry.

#### *Advertising*

Wellington based advertising agencies have a strong presence in the region. Saatchi & Saatchi and Clemenger BBDO won six out of nine awards at the annual Communications Agencies Association of New Zealand in 2002. This success is despite Auckland's advertising industry being about four times Wellington's size, and despite the drift north of head offices, which are a core source for work.<sup>13</sup>

#### *Fashion & Apparel Design*

The Fashion and apparel industry encompasses a mix of raw materials, design, production technology, marketing and distribution. The industry contributed \$302 million dollars to the national economy through exports earnings, for year-end June 2004.<sup>14</sup>

The regional apparel industry has a strong group of emerging designers that hope to follow in the footsteps of the renowned established designers such as Sophie Voon, Andrea Moore, and Zana Feuchs.

The Wellington region had a strong manufacturing base, which was negatively impacted by the reduction of tariffs. There are initiatives to reinvigorate the sector, particularly in the Kapiti/Horowhenua region where most of the manufacturing takes place.

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<sup>12</sup> SPADA Survey of Screen Production in New Zealand 2003

<sup>13</sup> WREDA Report on Development Opportunities for the Wellington Regional Economy, May 2002 – Deloitte Touche Tohmatsu

<sup>14</sup> New Zealand Trade & Enterprise

### **(h) Research and Development**

The Wellington region is strongly represented by major research and development institutions. The most significant of these are the Crown Research Institutes (CRIs) and universities. However, there has been a recent move to shift AgResearch facilities and staff out of Wellington.

While private sector R&D is notoriously weak in New Zealand, Wellington has been successful in attracting some outstanding R&D initiatives by leading multinationals in the ICT sector. Broadly this includes, digital media, software applications, and beta testing.

### **(i) Education**

Over time education has grown in its importance to the region's economic development, the sector now plays an important part in, and has significant impact on, the Wellington Regional economy. Not only is it a source of future labour pool, research and the public tertiary institutions being major sized businesses in their own right, but also as a source of foreign exchange earnings.

Public tertiary education has an economic impact of \$1,300 million annually to the Wellington economy. The contribution to the local economy from 6,700 international students is estimated to be \$183 million.<sup>15</sup> International education has become a sizeable business in itself. In 1996 Wellington region had about 800 international students by 2003 there were 6,700. It is estimated that education has a \$182 million dollar impact on the economy. The growth in this industry reflects national trends. New Zealand's international education sector generated \$1.8 billion in foreign exchange earnings in 2002.

### **(j) Biotechnology**

Biotechnology is not a strong contributor to GDP for the Wellington region, however the widespread consensus is that biotechnology will be one of the leading industries/activities over the next decade or more. Wellington has some core strengths in the biotechnology area. IRL is a leader in fermentation technology with world-class facilities to enable research in this area. The reputation of Victoria University's School of Chemical and Physical Sciences is very high. There are laboratories such as AgResearch, that meet the standards for Good Laboratory Practice (GLP), and Wellington is home to New Zealand's only gamma plant for sterilisation.<sup>16</sup>

### **(k) Food and Beverage**

Whilst the Wellington Region's food and beverage sector accounts for a small proportion of the region's GDP, the sector is growing quickly compared to the national average. The region is not a significant primary production or manufacturing centre, but is heavily oriented to services, the hospitality or foodservice sector and increasingly to tourism. Generally the region's food and beverage companies are active in adding value to their products, few are undifferentiated commodity suppliers.<sup>17</sup>

### **(l) Retail**

Retail sales (excluding vehicle sales and servicing) grew 6.3% over the year ended September 2003, slightly higher than the national rate of growth (5.9%) over the same period. Wellington, Porirua and Lower Hutt cities have strong centres of retail. Courtney Place in Wellington City up until about seven years ago was reasonably rundown. Since the implementation of an urban renewal programme, Courtney Place has become a thriving restaurant and entertainment precinct. Over the years Lower Hutt and Porirua have attracted big box retail and mall retailers. Retail in Porirua, in particular, has helped generate employment and increase visitor numbers to the area from other parts of the region.

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<sup>15</sup> Education Wellington International December 2003

<sup>16</sup> WREDA Report on Development Opportunities for the Wellington Regional Economy, May 2002 – Deloitte Touche Tohmatsu

<sup>17</sup> Bolivar Associates Limited, Wellington's Vibrant Food & Beverage Sector, November 2004.

The retail success of the cities surrounding Wellington City has threatened Wellington City. The Wellington City Council is considering providing for box retail on land near the Port and Stadium, near the current CBD.<sup>18</sup>

**(m) Tourism**

Tourism on its own is important to the region, however the attributes that attract visitors to the region are often those lifestyle features that attract Wellingtonians to live in the region. These include, the vibrant café culture, ease of movement around town, the unique topography and the waterfront. The region has benefited from: Te Papa (New Zealand's national museum); the Westpac Trust Stadium, a world-class outdoor sporting and entertainment facility; the Fashion Arts and Cultural Festivals; and inclusion as a port for visits by Cruise Ships during the summer season.

International Visitor Arrivals to Wellington increased 20% from 439,908 in 2002 to 531,125 in year-end December 2003. International Visitor Nights spent in Wellington increased 48% from 2,523,301 in 2002 to 3,733,933 in year-end December 2003. Since the Commercial Accommodation Monitor began in July 1997, the occupancy rate in Wellington hotels has been consistently above the national average.<sup>19 20</sup>

**Some implications/considerations for the development of the Regional Strategy are:**

- The Wellington region economy is highly reliant on the slow growing government sector;
- while there are some risks associated with such reliance, the sector also cushions the regional economy against external cycles and downturns;
- business services is a fast growing strong contributor to the Wellington regional economy and most businesses are located in the CBD;
- the role of business services in developing robust local centres and the flow on effects in relation to transport services and managing growth pressures;
- the role growth management decisions can assist in increasing the presence of business services in local centres;
- the role of efficient infrastructure (especially transport and communications) in maintaining/ growing the relative competitiveness of companies in the Wellington region.
- the issue of critical mass for the new growth industries in Wellington, relative to other regional economies.
- the importance of manufacturing as an employer despite its relative decline, its location in the Hutt and Porirua and its vulnerability to skills shortages;
- the importance of the 'creative' and potential for the biotechnology sectors;

<sup>18</sup> Greater Wellington, Regional Outlook February 2004

<sup>19</sup> International Visitor Survey, Tourism Research Council NZ (TRCNZ)

<sup>20</sup> Statistics NZ Commercial Accommodation Monitor

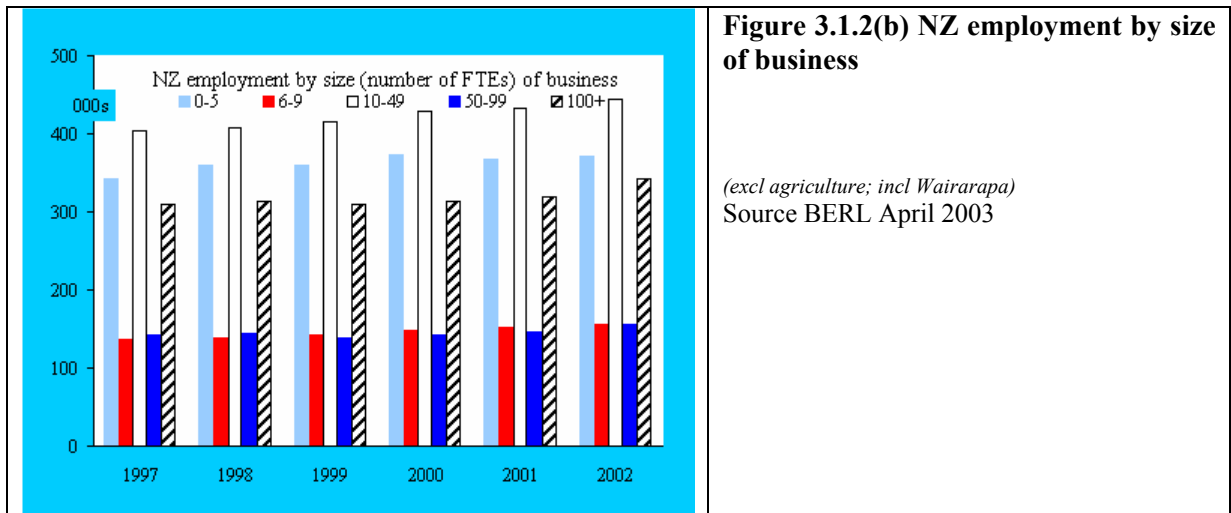
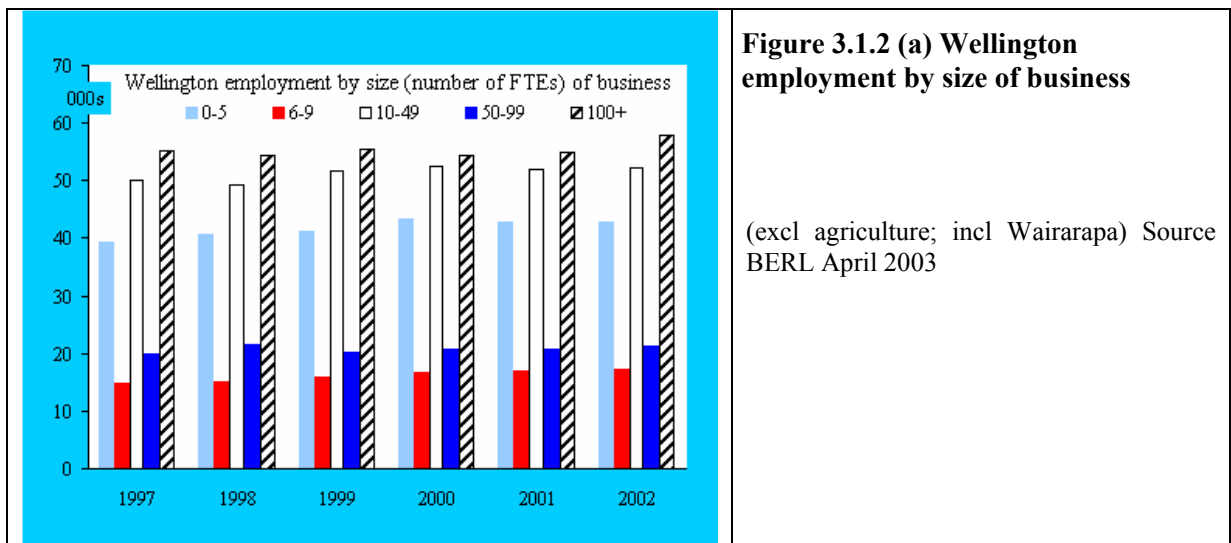
### 3.1.2 Nature of Regional Businesses

#### (a) Business Size

A pattern of economic development in New Zealand, which is mirrored in the Wellington region, is the propensity for small businesses. About 84% of the 37,000 businesses within the Wellington region employ less than 6 people. Indeed only 6% of companies in the region have 100 or more staff. The region's share of large companies has declined since 1997, and there has been stronger employment growth in companies with fewer than 20 employees during this period.<sup>21</sup>

Figures 3.2.1(a) and 3.2.1(b) illustrate the Wellington region's employment by size of business compared to the rest of New Zealand. What is striking is the proportionally lower numbers of businesses in the Wellington region that employ 10 – 49 staff, compared to the New Zealand average.

The small size of New Zealand business reflects a strong owner-operator business culture.<sup>22</sup>



<sup>21</sup> Statistics NZ, BERL 2003

<sup>22</sup> Refer University of Waikato Research

Despite the departure of large organisations such as Fonterra from the Wellington region, office employment appears to have remained stable over the last 12 months. The commercial office vacancy rate in Wellington City (where 75% of the region's office employees work) is at its second lowest rate in a decade. According to Telfer Young the office vacancy rate fell to 9.86% in December 2003, down from 10.82% in June and 12.53% in December 2002.<sup>23</sup>

Demand for quality office space particularly in the Wellington city CBD combined with low interest rates has stimulated refurbishment activity in the sector.<sup>24</sup> There has also been major public and private infrastructure development such as the regional hospital redevelopment, Aotea Block, Westfield retail centre, and Bunnyings.

New Zealand has not experienced as vibrant a real estate market as many other parts of New Zealand during the past year, when you look over a longer period (1999 – 2003) the region's housing market has been amongst the strongest nationally. The transfer of professional staff out of the region might have been expected to put a dampener on the real estate market over the past 3-5 years, but the fact that the housing market has continued to perform well suggests that either the impact of business departures has not had a strong effect, or their absences has been offset by new entrants to the Wellington market, or by the expansion of existing businesses.

### **Small Businesses**

Small businesses face significant challenges, many small New Zealand businesses are run by owner-managers, who do so with very little managerial support. These businesses often lack the breadth and depth of managerial experience, which can be found in larger businesses with more comprehensive management teams. Additionally, business are often started by entrepreneurs who have high levels of knowledge in their area of technical expertise, but often lack the more generic managerial skills required to grow a successful business such as planning, and marketing skills.<sup>25</sup> According to the National Bank Small Business Monitor October 2004 – Non-farm small firms have been flourishing, riding on the back of the housing market boom and its impact on the construction and the services sectors. Small and Medium (SMEs – firms with 20 or less employees) continue to cite a lack of skilled employees as their most pressing concern. Twenty percent of SMEs put this as their biggest problem in the September Quarter 2004 – the greatest concern since the beginning of this year. Difficulty in finding appropriate staff and retaining existing employees has contributed to a rising wage bill, and SMEs have been hit harder than the economy as a whole.

### **Going Global**

Being small means there are additional challenges to going global. While New Zealand businesses are relatively entrepreneurial and innovative by international standards, few capitalise on this innovation. The requirement to build scale quickly from a relatively small domestic base presents significant challenges in accessing finance, and skilled and experienced people.<sup>26</sup>

### **3.1.3 The Nature of the Workforce**

As can be seen from the graph in Figure 3.1.3 (a), the Wellington Region has a high concentration in terms of employment in property and business services, and government administration. In

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<sup>23</sup> Wellington Regional Outlook August 2004

<sup>24</sup> Wellington Regional Outlook August 2004

<sup>25</sup> NZTE Statement of Intent 2004/2005

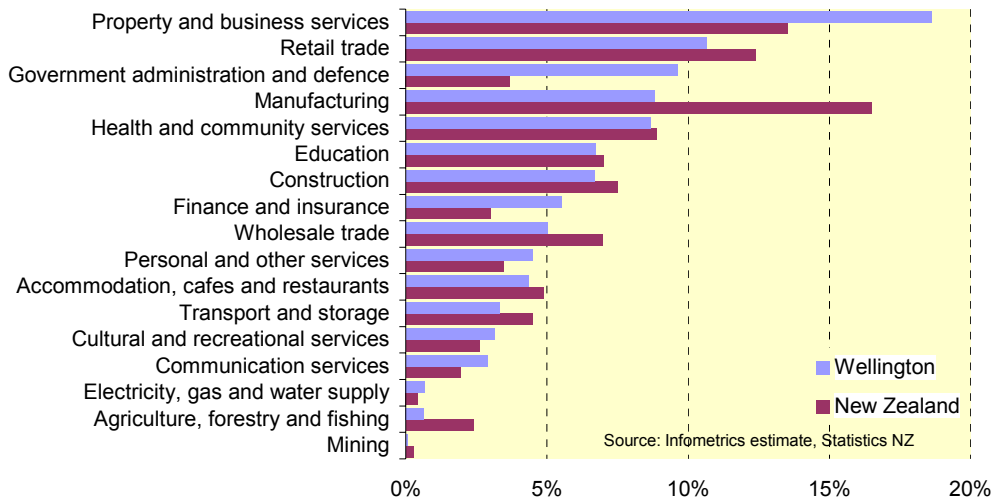
<sup>26</sup> NZTE Statement of Intent 2004/2005

contrast manufacturing and retail have less employment concentration than the national average. Occupation mixes reflect the nature of the regions service-based economy.

Figure 3.1.3 (a)

**Wellington economic structure**

Proportion of employment by industry, 2003



The Department of Labour’s job Vacancy Monitor shows the occupations in the Wellington region that are most advertised in newspapers are services & sales, trades and professionals. The occupational make-up of the region’s job vacancies in the past year is skewed towards the more skilled occupations compared to New Zealand as a whole. In particular, the Wellington region has proportionally more vacancies for managers, professionals and clerks and fewer vacancies for agriculture & fisher workers, trades and plant & machinery operators & assemblers. This is also reflected in current employment, where there is a higher concentration of Professionals in the Wellington city (25%) and the region (20%), compared with the national average (14%),

Growth in job vacancies can tell us which occupations are experiencing an increase in demand, and may indicate which occupations are experiencing skill shortages. For Wellington, the skilled and semi-skilled/elementary occupations seem to have had the strongest growth in job vacancies, while the skilled occupations (ie managers, professionals) have been relatively steady.<sup>27</sup>

**(a) Workforce Skills and Qualifications**

Employment in the Wellington region is generally strong with unemployment rates typically one to two percentage points below the national average. However, this low rate of unemployment may result in a shortage of skilled workers or the quality of available workers declining.<sup>28</sup> This has been felt to a certain extent by some of the industries noted in this report. Skill Shortages in New Zealand remain high, while labour demand has been high in both the numbers of people and hours worked. The Department of Labour’s May 2004 “Skills in the Labour Market” report of New Zealand businesses confirm that recruiting staff is more of a problem now than at almost any point in the past 30 years. This problem is severe in building and health and is widespread across trade occupations and some professional occupations (health, architecture and engineering).<sup>29</sup>

<sup>27</sup> Department of Labour, Wellington Regional Labour Markets Report – July 2004

<sup>28</sup> WREDA Report on Development Opportunities for the Wellington Regional Economy, May 2002 – Deloitte Touch Tohmatsu

<sup>29</sup> NZTE Statement of Intent 2004/2005

Low unemployment levels may also result in a tight labour market, particularly in the high growth creative services and ICT sectors. Recent convergence of net migration trends may partially address this skill shortage in the short term. However it is important that the region's tertiary institutions produce graduates possessing relevant skills in a rapidly evolving workforce.

Unemployment is more prevalent in the Wellington region now, than it was three years ago (when the region had one of the lowest unemployment rates in the country). However, the rise in unemployment reflects a rise in working age population growth rather than a fall in job growth.<sup>30</sup>

The NZIER September 2004 report on New Zealand's regional economic performance also stated that the Wellington region's working age population had the lowest proportion of unqualified workers, and the highest proportion of tertiary qualifications in New Zealand. This is a product of the strong government, business/financial, and other service sector industries, that dominate the Wellington regional economy.

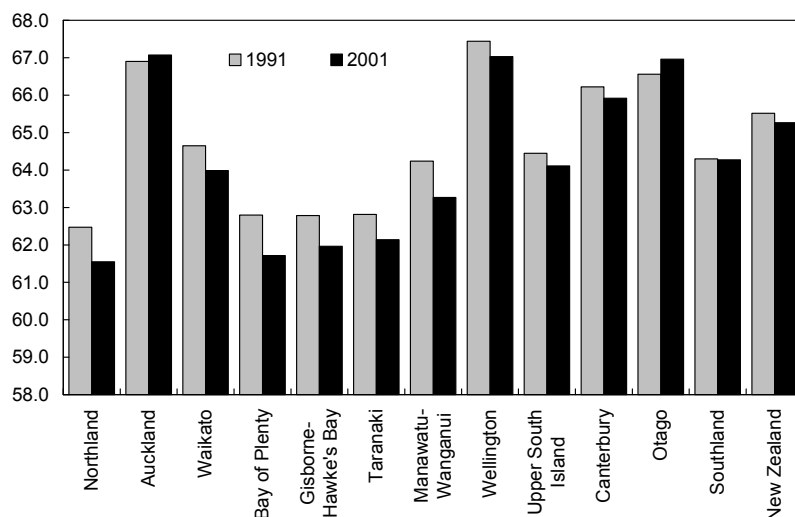
This relatively highly qualified workforce has resulted in labour productivity (real GDP per employee) in Wellington growing at an average of 1.5% per year between 2000 and 2004.<sup>31</sup> This section is covered more extensively in the Performance section of this report.

### (b) Age Structure

The Wellington region has the highest working-age-to-dependent population ratio of any Region in New Zealand, as evident in Figure 3.1.3 (b). As at 2001, there were 1.51 people of working age (20-64 years) for every person under 20 or over 65. In other regions, the working-age-to-dependent ratio ranged from 1.18 in Gisborne to 1.47 in Auckland. Age dependency ratios are much higher in the employment centres of Wellington City and Lower Hutt City than to the north of the region. For the Kapiti Coast this is due to the significant retired population.<sup>32</sup>

**Figure 1 Regional working age population**

Percent of population between the age of 15 and 65



Source: Statistics New Zealand, 1996 and 2001 Census

<sup>30</sup> Department of Labour, Wellington Regional Labour Market Reports July 2004

<sup>31</sup> NZIER – New Zealand's Regional Economic Performance September 2004

<sup>32</sup> Wellington Regional Council, Regional Outlook, February 2001

**Some implications/considerations for the development of the Regional Strategy are:**

- the role of small and medium sized businesses in the national and regional economy;
- the growth in this area which has offset losses of head offices;
- high office occupancy rates, which indicates that new businesses are replacing those that have left;
  
- the potential to increase the number of people employed by the medium sized businesses with 10 to 50 plus FTE's;
- the potential importance of expansion aspirations of existing small businesses;
  
- the issues facing small businesses such as lack of skilled staff, and lack of marketing and planning expertise;
- the link between smaller businesses, short distance, relatively low volume freight movements and constraints on the transport network;
  
- the challenges the region's small businesses face in reaching global markets and accessing foreign exchange earnings;
  
- shortage of skilled workers and the risk of the quality of skills declining as businesses seek to fill vacancies;
- workforce skills match to future skills needs of companies.

## 3.2 Economy Performance

### Why is this important?

This section examines how the Wellington Regional economy is performing. It is organised around the following measures of economic activity and benefit. Figure 3.2 on the next page shows how the various measures link together to drive economic growth.

#### *Genuine progress indicators*

This is a new approach to measuring economic performance and is concerned with understanding not just the level of economic activity, but its benefits from a social and environmental point of view as well. This kind of measure will be essential to assessing economic growth scenarios within the new requirements of the Local Government Act to take a sustainable development approach.

The methodology is in the process of being developed by Wellington City Council for its own use in decision-making but will be included for discussion by the Wellington Regional Strategy Forum at a later stage.

#### *Gross Domestic Product per capita (GDP per capita)*

This measures the level of economic activity and return on that activity against the size of the population and population change. This addresses a key issue, that even if there is a growth in economic activity and financial return on that activity, it may not be keeping pace with the size of population. Of course, there are judgements about whether the rise or fall of GDP per capita over time is problematic or not. These judgements sit outside the actual measures and will be an essential part of the work of the Regional Strategy process. The focus here is on measuring change under this measure.

Until the genuine progress indicators have been developed, GDP per capita remains the only proxy for measuring benefit, as opposed to simple economic activity. It is limited and should be used carefully.

#### *GDP – Gross Domestic Product*

This measures the level of economic activity or busyness in the economy and the returns generated from that activity. It is made up of:

○

#### *Labour productivity growth*

Labour productivity growth is not so much a measure of overall economy performance but a measure of performance of a key factor in determining long-term growth of the economy. Labour productivity growth is output per hour worked, and has two components - capital per worker and multifactor productivity. Multi factor productivity is the way in which labour and capital are combined and used. For example, capital per worker is the number of computers, machines, etc. that are available for a company's staff to use; multi factor productivity is how well they use them.<sup>33</sup>

Labour productivity growth plus labour utilisation growth have been chosen as key areas which tell a story about the long-term capacity of the economy to grow. Generally an

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<sup>33</sup> Peter Mersi, Deputy Secretary of the Treasury, What Matters for Productivity May 2004

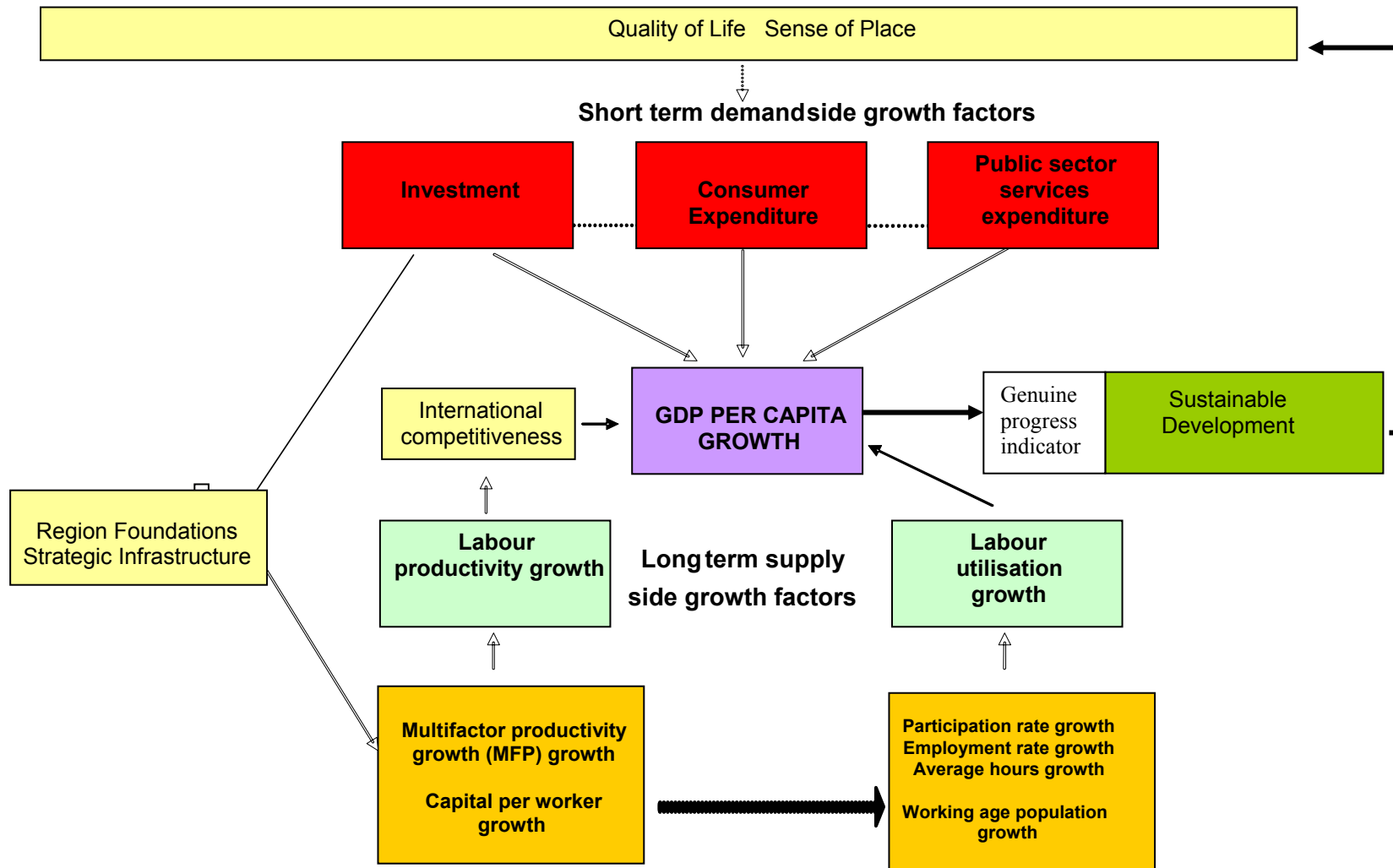
economy can be stimulated by short-term demand side factors such as consumer demand and public sector investment. This will generate more economic activity in the short-term but if the economy is not driven by increased productivity and quality of productivity it will not prosper in the long term.

*Labour utilisation growth*

Labour utilisation growth is concerned about the way in which the available workforce is used. It directly affects the economic output of a region and is affected by workforce participation rates, working age population and hours of work. The workforce participation rate is the proportion of the population in the labour force, usually disaggregated by age and sex.

Obviously participation of people of working age in the economy has wider social ramifications which are important in terms of quality of life, as well as the wider issue of community social wellbeing. In this context, the focus is on the implications for the economy.

Figure 3.2 on the next page identifies the relationship between these concepts.



### 3.2.1 Regional Gross Domestic Product

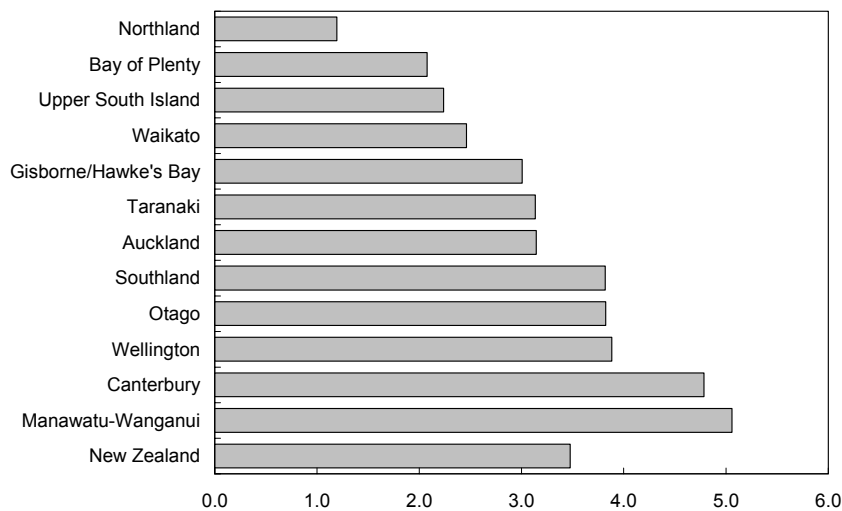
Gross Domestic Product (GDP) is defined as the total value of all goods and services produced within that territory during a specified period (most commonly a year). GDP is often used as a measure to indicate the wealth of a region.

There are no official measures of regional GDP in New Zealand. Statistics New Zealand does not produce such data. All references to regional economic activity are by necessity non-official estimates and a series of assumptions and caveats apply.

Figure 3.2.1 shows that the average rate of economic growth in New Zealand between 2000 and 2004 was 3.5%, and the median was 3.1%. The Wellington region's economic growth was higher than the national economy and averaged 3.9%. The Wellington region has come out of a period of poor growth, and is now experiencing strong overall economic growth.

Wellington regional GDP for the year to March 2004 was \$17.5 billion, which accounted for 12.8% of total economic activity in New Zealand.<sup>34</sup> Wellington regional GDP is currently the third highest in New Zealand.

Figure 3.1 Regional real GDP growth  
Average annual percent change, March years 2000-2004



Source: NZIER

Note:

- Nominal and real GDP were calculated by industry. GDP was split into 12 industries. The Wellington region covers the regional council areas. Regional GDP was estimated by allocating national figures across the region, using regional employment data. The Wellington region's share of the national industry's employment determines its share of national real GDP in that industry. This assumes that the level of productivity within an industry is constant across New Zealand.
- There are two exceptions – GDP associated with ownership of owner occupied dwellings and GDP that is unallocated to an industry at the national level. Ownership of owner occupied dwellings was allocated to the region using its share of New Zealand's population, and the part of national GDP that was not allocated to an industry was allocated to the region using each its share of the national labour force.
- Total regional real GDP growth was calculated by chain-weighting together the growth in each industry within the region. The level of real GDP in the region was then calculated from these growth rates.

<sup>34</sup> NZIER – New Zealand's regional economic performance – September 2004

### 3.2.2 GDP per capita

GDP per capita is a measurement of GDP divided by population, and helps us to measure relative wealth. GDP per capita provides a generally accepted indicator of material living standards that is suitable for country comparisons.

New Zealand's level of GDP per capita fell against the OECD average level of GDP per capita during the second half of the 1970's and the second half of the 1980's. However there have been significant improvements in New Zealand's growth performance from the early 1990's, as evidenced by a steeper increase of GDP per capita after 1993. This increase has continued to today and New Zealand has remained around 85% of the OECD average.<sup>35</sup>

New Zealand's improvement in GDP per capita growth since 1993 is largely attributable to growth in the service sector, especially trade, transport, communications, business services and personal and "other" services. In recent decades, the New Zealand economy has moved away from its historical focus on the production and export of agricultural, horticultural and forestry commodities towards producing and exporting services.<sup>36</sup>

Other reasons for New Zealand's recent rise in the OECD's rankings has been attributed to:

- New Zealand's changing industrial structure;
- fast growth in the service sector and continued above average performance in the primary sector;
- improved labour utilisation;
- an increase in multifactor productivity supported by structural reforms since the 1980's and continued confidence in the macroeconomic environment promoted by transparent monetary and fiscal policy frameworks.<sup>37</sup>

In 1970 New Zealand ranked ninth, in terms of GDP per capita, by 2002 New Zealand had slipped to 20<sup>th</sup> as shown in Figure 3.2.2(a). For New Zealand to reach the OECD average over the next 20 years would require annual per capita GDP growth of one percent more than the OECD average.<sup>38</sup>

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<sup>35</sup> New Zealand's Performance: Context and Challenges, Nathan McLellan, New Zealand Treasury

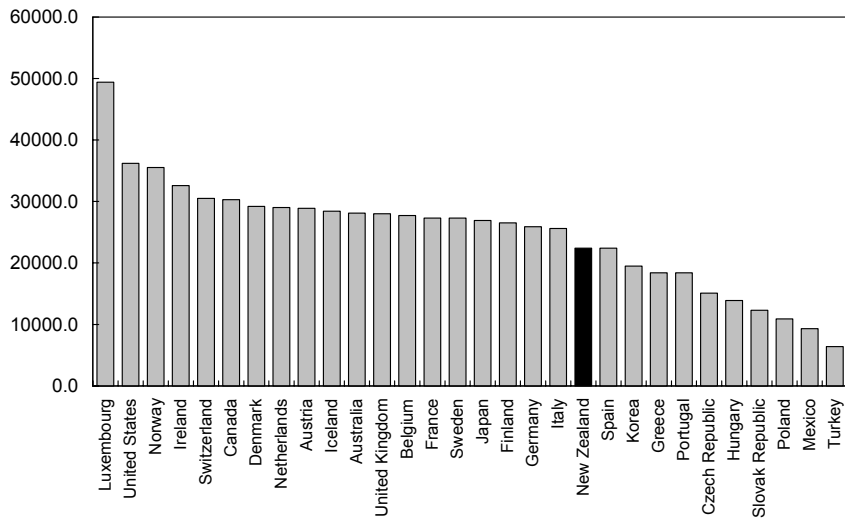
<sup>36</sup> NZIER – New Zealand's regional economic performance

<sup>37</sup> NZIER – New Zealand's regional economic performance

<sup>38</sup> NZIER – New Zealand's regional economic performance

**Figure 3.2.2 (a) OECD per capita GDP rankings**

\$US at purchasing power parity, 2002



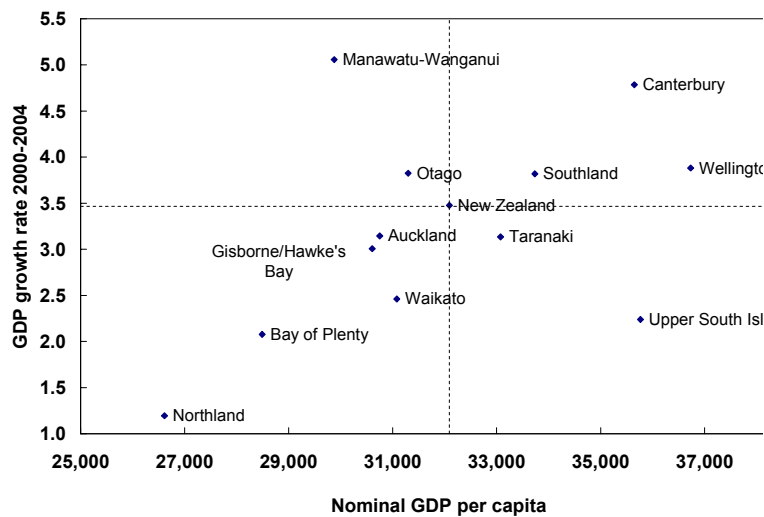
Source: OECD

Figure 3.2. (b) compares GDP growth versus GDP per capita. Some regions have grown more slowly than others in recent years, yet their overall GDP per capita is still high. The Wellington region has the highest GDP per capita at \$36,732 per person in 2003, though growth in the Wellington region of 3.9% was the third highest rate of growth between 2000 and 2004.

The regions of Canterbury and Wellington have experienced high growth in recent years as well as having high per capita GDP.<sup>39</sup>

**Figure 3.2.2 (b) GDP growth versus GDP per capita**

Average real GDP growth 2000-2004, nominal GDP per capita 2003



Source:

<sup>39</sup> NZIER – New Zealand's regional economic performance

### 3.2.3 Labour Productivity Growth

Labour productivity is an important input into the economic growth of a region; it has an impact on international competitiveness, income levels and living standards.

Labour productivity can be increased by:

- improving the quality of labour used in the production process;
- increasing the use of capital;
- improving the quality of capital; and
- achieving greater efficiency in the combination of these factors of production.<sup>40</sup>

*"Productivity isn't everything, but in the long run, it is almost everything. A country's ability to raise its standard of living over time depends almost entirely on its ability to raise its output per worker", Paul Krugman 1992*

*"Over long periods of time, small differences in rates of productivity growth can make an enormous difference to a society's prosperity", Blinder and Baumol 1993*

#### Comparing Australia and New Zealand

Whilst New Zealand's productivity has picked up from the mid 1990's, New Zealand's growth rates are below those of the majority of OECD countries, which have averaged between two and three percent.<sup>41</sup> Comparing New Zealand's productivity to Australia – our nearest neighbour, we have under performed.

Average labour productivity growth up to 1993 was similar in both Australia and New Zealand. In the period after 1993 Australia experienced higher labour productivity growth than NZ.<sup>42</sup> Throughout the 1990's New Zealand's labour productivity grew more slowly than Australia's. In 2001 New Zealand levels of labour productivity were just under 80 per cent of Australian levels. When New Zealand is compared with other Australian regions, (see Figure 3.2.3 (a)) New Zealand has the lowest productivity levels of all the regions examined.<sup>43</sup>

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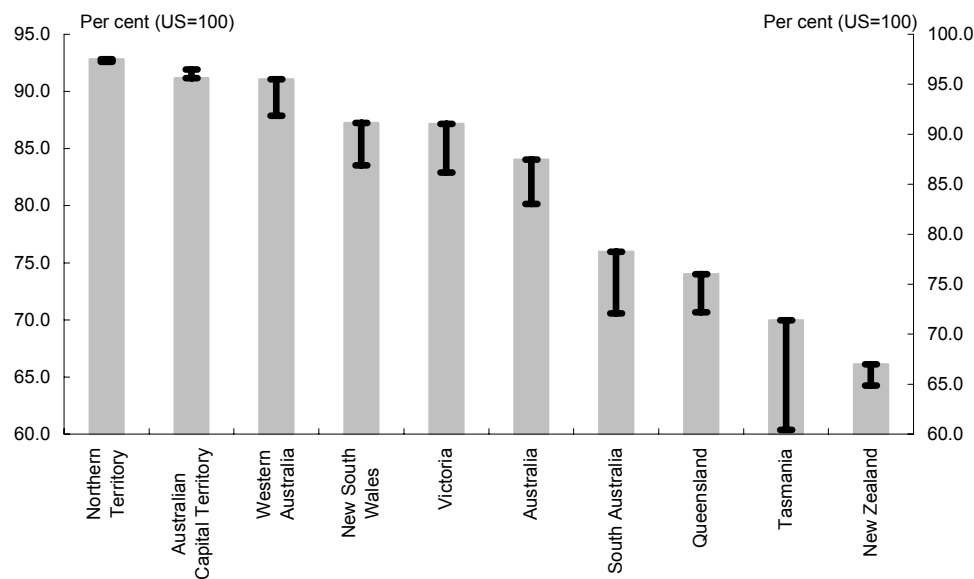
<sup>40</sup> (Dirk Pilat, OECD): Summary of an article in the Canadian *International Productivity Monitor*, Editor: Andrew Sharpe—Number Three, Fall 2001

<sup>41</sup> Growth and Innovation: Benchmark Indicators Report 2003, Ministry of Economic Development

<sup>42</sup> Nathan McLellan, New Zealand Treasury, New Zealand's Performance: Context and Challenges

<sup>43</sup> Graeme Davis and Robert Ewing, Commonwealth Treasury Australia, Why does Australia do better? Good luck or good management? July 29, 2004

**Figure 3.2.3 (a): Productivity levels in Australia, adjusted for labour utilisation, 2002**



Source: Author's calculations from Groningen Growth and Development Centre and The Conference Board, Total Economy Database, February 2004, <http://www.ggdc.net>, *Australian National Accounts: State Accounts* (ABS Cat. No. 5220.0) and *Labour Force, Australia, Detailed* (ABS Cat. No. 6291.0.55.001).

Australia has experienced a significant improvement in productivity performance over the last decade, at least in part due to a concerted effort to improve the operation of the economy. The hard work has paid some dividends, and improvements are expected to continue.<sup>44</sup>

A number of factors have been identified as potentially explaining the differences in productivity between Australia and New Zealand. These include:

- Policy differences;
- Rates of employment and average hours worked;
- Education levels and innovation activities; and
- Geography, location and population<sup>45</sup>

Investment in physical capital plays an important role in labour productivity growth. It expands and renews the existing capital stock and enables new technologies to enter the production process. ICT has typically been the most dynamic area of investment globally. In New Zealand, the share of ICT investment in 2001/2002 was relatively low.<sup>46</sup> New Zealand has average levels of capital investment, but investment in plant, machinery and equipment is relatively low compared with other OECD countries.<sup>47</sup>

<sup>44</sup> Graeme Davis and Robert Ewing, Commonwealth Treasury Australia, Why does Australia do better? Good luck or good management? July 29, 2004

<sup>45</sup> Graeme Davis and Robert Ewing, Commonwealth Treasury Australia, Why does Australia do better? Good luck or good management? July 29, 2004

<sup>46</sup> Capital deepening, R&D and productivity – evidence from comparative studies of productivity growth. Dirk Pilat, Senior Economist, Economic Analysis and Statistics Division, Directorate for Science, Technology and Industry, OECD

<sup>47</sup> NZIER – New Zealand's regional economic performance

**Data Gaps:** The depth of an economy's capital stock is a vital explanatory variable for understanding differences in economic growth. Unfortunately, robust data on capital is limited at the national level and almost entirely non-existent at the regional level. Until official estimates of regional GDP are produced by Statistics New Zealand, it is difficult to make any firm conclusions about regional productivity levels or growth.

### **3.2.4 Labour Utilisation Growth**

Labour utilisation affects the economic output of a region and is affected by workforce participation rates, working age population and hours of work. The workforce participation rate is the proportion of the population in the labour force, usually disaggregated by age and sex.

New Zealand's economic growth over the past decade has been largely due to a significant increase in labour utilisation (contributing over 75 percent of real output growth), with a smaller contribution from labour productivity growth. New Zealand now has comparatively high rates of labour utilisation. While there may be some scope for further increases, this is likely to be limited, and ongoing economic growth is increasingly dependent on labour productivity growth.<sup>48</sup>

A range of policies may be beneficial to increase labour utilisation, and should not just focus on reducing unemployment, but also on increasing participation in the labour force, notably from women and older workers (De Serres, 2003; OECD, 2003d). It is also important to increase the opportunities for women to participate in the labour market, for example by enhancing access to child-care facilities and enabling greater flexibility in working time for family workers. Improving prospects for older workers will also require a range of measures, including the removal of incentives for early retirement.<sup>5</sup>

The key influences on labour utilisation include tax and benefit systems as well as regulations in labour and product markets (OECD, 2003 e). Reform in these areas may help enhance both the incentives for firms to hire workers and for would-be workers to take up work.

Achieving a combination of labour productivity growth and growing labour utilisation requires well-functioning labour markets that permit and enable reallocation of workers. This is particularly important during times of rapid technological change. Labour market institutions have to ensure that affected workers are given the support and the incentives they need to find new jobs and possibly to retrain.<sup>5</sup>

#### **Labour Force Participation**

The labour force participation rate is the percentage of the population that is in the labour force. People in the labour force include both those who are employed and those who are unemployed. People defined as unemployed are without a paid job, available for work and actively seeking work.

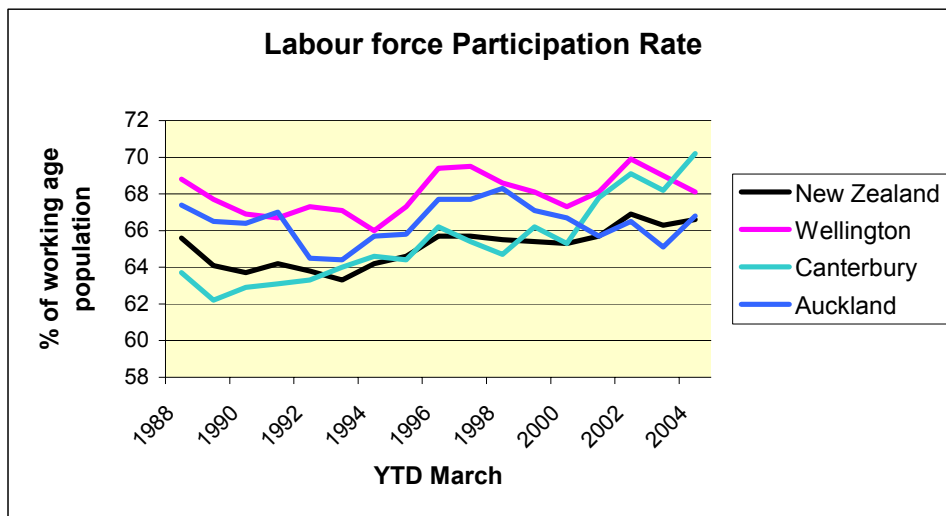
The Wellington region's labour force participation rate was the second highest of the regions covered in the NZIER September 2004 report on New Zealand's regional economic performance.

Below is a comparison of the labour utilisation rates for the Wellington, Canterbury and Auckland regions and New Zealand as a whole.

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<sup>48</sup> Growth and Innovation: Benchmark Indicators Report 2003, Ministry of Economic Development

**Figure 3.2.4 (a) Labour Force Participation Rate**

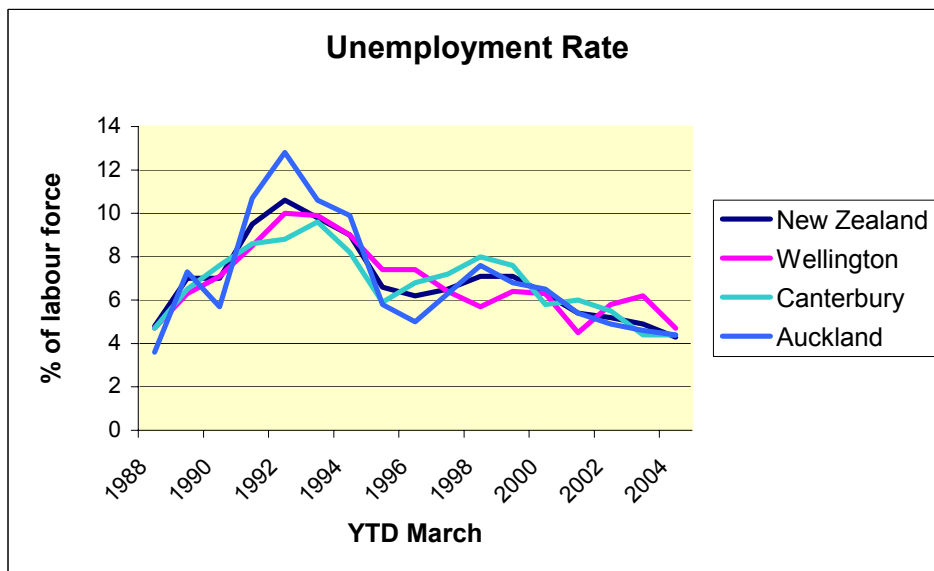


Source: Department of Labour

This illustrates the Wellington region’s tendency to have high labour force participation rates. Correlations can be made between education, wages/income and a highly mobile population. When considering the makeup of the Wellington region with its highest population and highest average weekly income and relatively strong transport networks, it is not surprising that Wellington’s workforce participation rate has also been consistently one of the highest in New Zealand.

As illustrated in Figure 3.2.4 (b), New Zealand experienced growing labour utilisation, in the first half of the 1990’s. The peaks and troughs of other New Zealand regional economies flowed more slowly through to the Wellington region. Wellington did not experience the highs and lows the other regions experienced, although 2002/03 bucked the trend.

**Figure 3.2.4 (b) Unemployment Rate**



Source: Department of Labour

Generally New Zealand, and the Wellington region have high labour utilisation compared with other OECD countries. There is an upper bound to the level of labour utilisation that can be achieved, as there is a limit to the number of hours that can be worked in any one year.<sup>5</sup>

In terms of economic levers labour utilisation has more limitations to influence the Wellington economy, as we already have a high utilisation. However, enhancing access to childcare facilities and encouraging participation of the more aged workforce would positively impact labour utilisation.

**Some implications/considerations for the development of the Regional Strategy are:**

- GDP as a measure of economic growth has its constraints. Development of a more comprehensive system would enable better analysis.
- New Zealand's labour productivity has increased over the years, however compared to Australia, New Zealand is performing poorly
- Increasing productivity is a key driver for increasing GDP for the Wellington region, stronger investment in physical capital would increase labour productivity;
- a lack in specific regional data on productivity levels is a constraint on our ability to analyse local differences and interventions;
- the Wellington region has good overall levels of workforce participation;
- there are opportunities to increase participation levels of women and older persons;
- New Zealand and the region have entered a period of lower unemployment resulting in less labour available to support higher rates of growth.

3.3



### 3.4 Review of Potential Economic Levers

This section briefly reviews a number of areas that may have some relevance as potential 'levers' that can be used to increase economic growth in the region. Again the analysis of the usefulness of these levers in the Wellington regional context and the extent to which change can be achieved, is the subject of the wider Regional Strategy work.

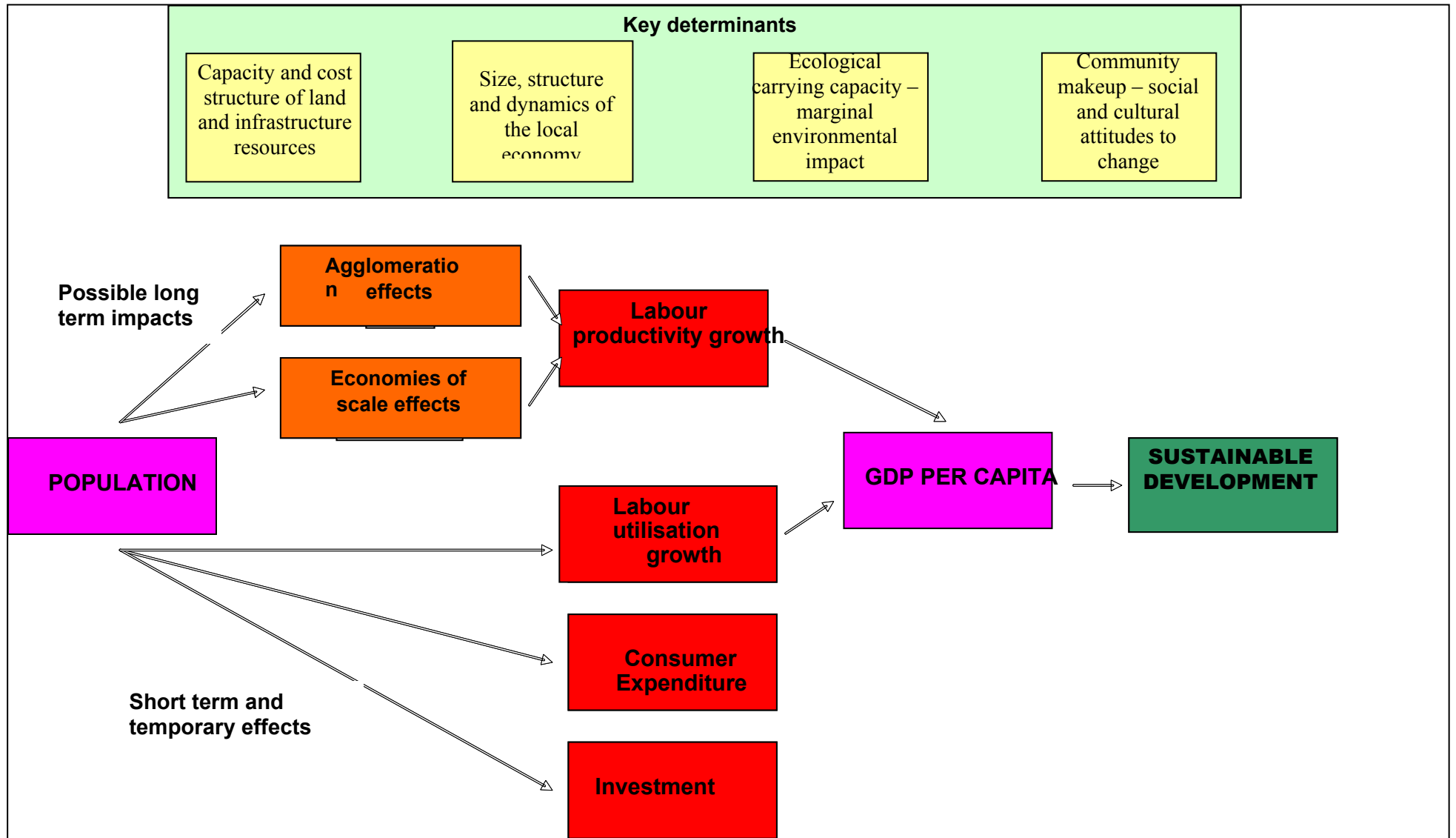
This section consists of simple tables, which identify implications for Regional Strategy work, and identifies risk areas where data is limited. The list of potential levers is not exhaustive, nor is it intended to pre-determine their relevance for the final Strategy.

In reviewing the information available, it is important to place the various levers or action areas within the context of the wider economic model. Of particular importance is the distinction between the way an area might contribute to long-term growth of the economy, or contribute to the short-term increase in economic activity. Population growth is an important example of this. Population growth will stimulate short-term consumer spending but will not necessarily contribute to increased productivity in the long-term, unless the structure, workforce skills and location of the workforce match business development decisions. Figure 3.3 identifies the theoretical links between population and growing GDP per capita.

It must also be noted that decisions about using certain economic levers must take account of associated impacts on quality of life. The review below does not make that judgement. Genuine Progress Indicators when developed will allow better consideration of these wider impacts.

The potential levers that are briefly examined are:

- population;
- transport infrastructure;
- communication infrastructure;
- land availability;
- quality of urban form and amenity;
- innovation investment;
- tangata whenua and Maori economic development.



Lever	Some Implications/Considerations for Regional Strategy
<p><b>Population</b></p> <p>Frequently identified as an economic growth lever. Population structure and location will be as relevant as overall growth rates.</p>	<ul style="list-style-type: none"> <li>• relatively slow overall growth over the past five years or so – economic performance (GDP and GDP per capita) relatively good;</li> <li>• impacts of in-migration from within New Zealand, with some international in-migration;</li> <li>• extent to which slow or limited population growth in Hutt Valley relevant to economic performance;</li> <li>• issue of local population growth and disconnect with increased local economic activity and productivity (Kapiti): <ul style="list-style-type: none"> <li>• impacts on transport systems?</li> <li>• local centre viability?</li> </ul> </li> <li>• significant sub-regional differences in age structure and therefore workforce structure – impacts of future population growth and location to make a difference;</li> <li>• implications for economic growth (and associated infrastructure) of increased labour force participation (full and part time) of older population;</li>   <li>• natural population increase will be driven by populations with relatively low skill levels, different family structures and dependency (workers to young and older dependents) – implications for their locational decisions and education infrastructure investment.</li>   <li>• need to understand the implications of population structure for labour participation growth and labour productivity growth – at a sub-regional level.</li> </ul>

Lever	Some Implications/Considerations for Regional Strategy
<p><b>Transport Infrastructure</b></p> <p>Key to movement of goods and some services, for access of workforce to employment and location decisions of businesses.</p>	<ul style="list-style-type: none"> <li>• macro (SH1, rail and ports) freight improvements and dominance of ‘micro’ (short distance / low volume per vehicle) freight movements - implications for assessing benefit for interventions on transport network;</li>   <li>• implications of long-term economy change to tele-communications technology reliant sectors (if continues) for relative investment in transport or communications infrastructure.</li> </ul>

Lever	Some Implications/Considerations for Regional Strategy
<p><b>Communications Infrastructure</b></p> <p>Increasing role in exchange of information and as an alternative way of providing some services. Implications for innovation.</p>	<ul style="list-style-type: none"> <li>• area of rapid technology change – businesses tend to focus on three to five year investment decisions – technology change advancing more rapidly. Implications for private and public sector investment/ risk management;</li> <li>• potential impacts of a ‘digital divide’ on labour productivity growth and labour participation growth</li> <li>• very poor data on current infrastructure, implications of technology change and links with regional economy.</li> </ul>

Lever	Some Implications/Considerations for Regional Strategy
<p><b>Land Availability</b></p> <p>traditional focus for economic development.</p>	<ul style="list-style-type: none"> <li>• poor understanding of the regional availability of commercial space or potential commercial space – especially in local centres which currently perform more as retail centres and in terms of implications for regional economic development. Current focus is on local analysis to either deal with growth pressures or accommodate growth if achieved.</li> <li>• Valuable undeveloped industrial sites available in Upper Hutt, Porirua, Kapiti and Seaview. Options for greenfields industrial and commercial developments are limited. Constraints are greatest in the Wellington City.</li> <li>• impact of topography constraints suggests need to understand whether current patterns and assumptions about land-use behaviour for different sectors is changing or may change. Key issues are impact of communications technology, energy costs and potential for energy sharing on space needs and location decisions.</li> <li>• limited analysis available about long-term trends and impacts on land/ space needs.</li> </ul>

Lever	Some Implications/Considerations for Regional Strategy
<b>Form and Amenity</b>	<ul style="list-style-type: none"> <li>• significant attractor for people likely to be economy leaders – innovation and creativity – unclear what are major</li> </ul>

	<p>attraction factors and differences across the region.</p> <ul style="list-style-type: none"> <li>relative integration of urban form and transport network is important to the region but assessment of impacts of decisions around transport corridor on form will require analysis;</li> </ul> <p>spatial aspect of economic growth – i.e. centres development and impact in traditional local retail areas of expansion beyond retail activities (e.g. business services) requires further exploration.</p>
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<b>Lever</b>	<b>Some Implications/Considerations for Regional Strategy</b>
<p><b>Innovation Investment</b></p> <p>is increasingly identified as an important factor in ‘new economy’.</p>	<ul style="list-style-type: none"> <li>dominance of small and medium sized businesses – need to understand issues in terms of risk to innovation investment. Is it real or not?</li> <li>limited data on level of innovation investment within the regional economy and potential constraints;</li> <li>relationship between research institutions as a sector and actual innovation investment within the regional economy – no obvious analysis</li> </ul>

<b>Lever</b>	<b>Some Implications/Considerations for Regional Strategy</b>
<p><b>Tangata whenua and Maori Economic Development/ Investment Strategies</b></p>	<ul style="list-style-type: none"> <li>likely to become a major player in national and regional economy;</li> <li>may become significant regional investors, due to specific connections with each iwi/ hapu rohe;</li> <li>young iwi/ hapu based populations with growing awareness of and interest in workforce and skills development;</li> <li>Maori population will be a major natural growth driver within region.</li> <li>poor regional understanding of potential – no regional work and limited national work done on implications either from tangata whenua/ Maori perspective or by other agencies.</li> </ul>



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