

# WELLINGTON REGIONAL STRATEGY 2012 — GROWING A SUSTAINABLE ECONOMY



Council partners:

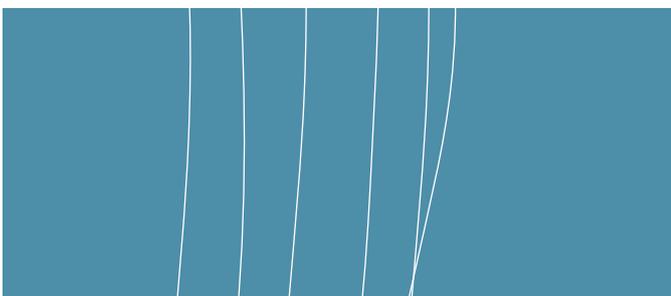
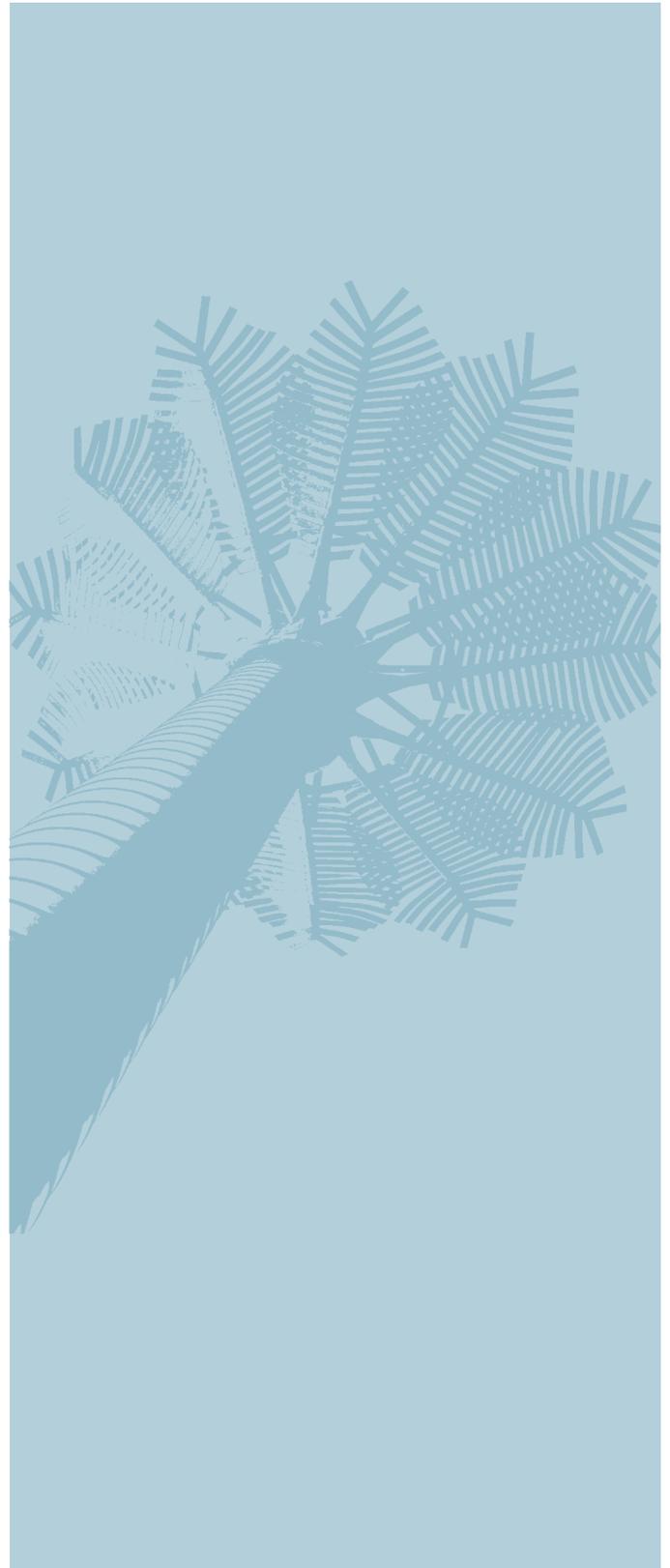


---

# TABLE OF CONTENTS

---

Chair's foreword	2
Context	3
> Our region	3
> Our strengths	3
> Our performance	3
> Our role	4
Aim of the WRS	6
Focus areas	7
> Implementation pathway	8
1. Commercialisation of innovation	9
2. Investment mechanisms for growth	11
3. Building world class infrastructure	12
4. Attracting business and talent to the region	13
5. Education and workforce development	15
6. Open for business	16
Monitoring and review	17
Appendices	
1. The WRS Committee	18
2. Genuine Progress Index	19
3. Related strategies and agencies	20



---

# CHAIR'S FOREWORD

---

This Wellington Regional Strategy (WRS) reflects a renewed commitment by all the councils in the Wellington region to support, promote and facilitate sustainable economic growth for the region.

Building on the good work undertaken in the past, we have revised the WRS to enhance the region's economic performance, improve employment opportunities and set the direction for a more resilient, diverse economy.

While the aims of the WRS haven't changed significantly from the original WRS, the economic climate facing the region today is fundamentally different from that of 2006/07 when the WRS was first adopted. Economic growth has slowed, jobs are harder to get, and the lack of disposable income is affecting our retail and tourism sectors.

Councils are also feeling the pinch. Across the country, local and regional councils have significant commitments to maintain and improve basic community infrastructure - the foundation of our national and regional economies. Many of these projects are large and complex and require significant funding over the long-term.

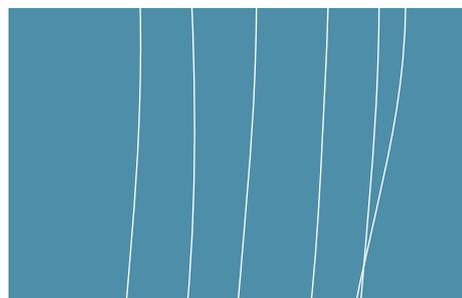
As a result, the region needs to be much smarter about how it supports economic growth and development. This is reflected in the refreshed WRS, which has a tighter focus on economic development activities than the approach of the original WRS. It also moves away from a core focus on exports and centres of excellence to a more supportive and enabling approach that is focused on the key strengths of the region. We believe this approach provides better value for money and will be more effective in addressing the challenges of today.

Of course, the councils and our economic development agency Grow Wellington can't do this alone. Fostering economic development and retaining and creating jobs requires partnerships and effective collaboration between all levels of government, the private sector and the community. By providing an overview of the opportunities that exist to lift the region's economic performance, this WRS provides a basis for such collaboration.



**SIR JOHN ANDERSON**

Chair of the Wellington Regional Strategy Committee



# CONTEXT



## OUR REGION

The Wellington region covers the lower part of the North Island from Cook Strait up to just north of Masterton and across to the Kāpiti Coast.

Close to 490,000 people live here, in an area of 813,000 hectares with 497 kilometres of coastline.

The region has nine local authorities:

- > Kāpiti Coast District Council
- > Porirua City Council
- > Upper Hutt City Council
- > Hutt City Council
- > Masterton District Council
- > South Wairarapa District Council
- > Carterton District Council
- > Wellington City Council
- > Greater Wellington Regional Council

Within the region we enjoy a deep sense of pride in our lifestyle, cultural richness and natural landscape. There is much economic and geographic diversity, and our cities, towns and transport networks are shaped by the rivers, harbours, hills, ranges, valleys and a stunning coastline. Our geography presents both constraints and opportunities for the region.

The WRS activity is governed on behalf of the region by the WRS Committee. As a committee of the Greater Wellington Regional Council, it includes a representative of each council (usually the Mayor), together with the Chair of the Greater Wellington Regional Council and five independent members. It is chaired by an independent member of the Committee<sup>1</sup>.

## OUR STRENGTHS

The Wellington region is a great place to live and do business. It's also a great place to grow global businesses. We have smart, talented, passionate people; diverse, strong communities; and a varied and spectacular range of environments.

Diverse and vibrant enterprise exists in the Wellington region - from government and professional services; screen, digital and Information and Communication Technologies (ICT); design and innovation led manufacturing; and tidal energy through to high-end food and wine.

The Wellington region is a global industry leader in screen and digital technologies. We are recognised globally for our entrepreneurial successes e.g. Xero, Weta, TradeMe, Icebreaker, Phil&Teds, Trilogy and Sidhe - we are capable of big things from a small place. A key factor to the Wellington region's success is inventive, high-value businesses excelling in global markets.

There is an abundance of science and science research-oriented businesses in the Wellington region.

People in the region are smart<sup>2</sup>:

- > 47% of the region's workforce is employed in knowledge intensive occupations (compared to a national average of just over 33%)
- > The region has the highest concentration of web and digital-based companies per capita in New Zealand
- > We are more than three times as likely to work in ICT
- > There is one research scientist for every 250 people in the Wellington region

The Wellington region has significant tertiary education and research resources (all important contributors to the Wellington region's education, skills and research infrastructure):

- > Four of the eight national Crown Research Institutes and over a dozen formal research oriented organisations
- > Four universities and three institutes of technology/polytechnics
- > National offices of over half of New Zealand's industry training organisations

Each individual factor on its own does not make the Wellington region a remarkable place to do business. It is the combination of all of them in such close proximity to each other that makes the region potentially one of the best places to live and do business.

## OUR PERFORMANCE

The Wellington region accounted for 12% of all goods and services produced in New Zealand (GDP or Gross Domestic Product) in 2011. This amounted to \$20,717 million of activity in our regional economy<sup>3</sup>.

An equally important measure is the level of GDP produced per person (GDP per capita). This tells us something about the level of real wealth being created. The region has continued to perform well in this area compared to the national average, but we have been losing ground in recent years.

<sup>1</sup> Refer to Appendix 1 for a full description of the governance structure of the Wellington Regional Strategy

<sup>2</sup> The following information is extracted from Infometrics, 2011 Annual Economic Profile for the Wellington Region

<sup>3</sup> Infometrics, 2011 Annual Economic Profile for the Wellington Region

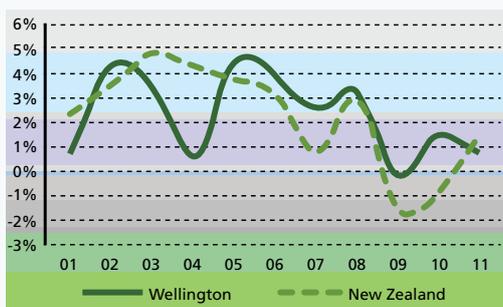


Figure 1, Annual average GDP growth (2000-2011)<sup>4</sup>

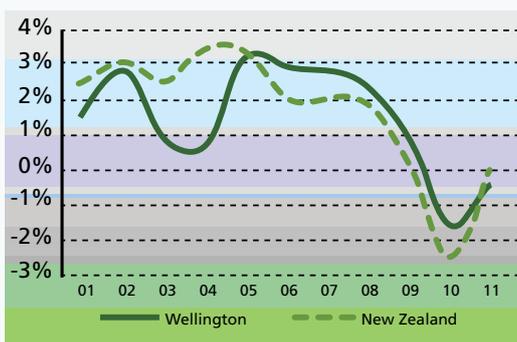


Figure 2, Annual average employment growth (2000-2011)<sup>5</sup>

Our regional GDP per capita dropped from \$53,479 in 2010 to \$52,353 in 2011<sup>6</sup>, still higher than the national average, but a 2% decrease from the 14% advantage the region held in 2004 when the WRS was originally prepared. A significant amount of this decrease can be attributed to the decline of the government sector and the decrease in financial services due to head offices moving to Auckland. While many other industries in the region are doing very well, they are not doing well enough to make up for the shortfall.

A similar situation applies to employment growth in the region, which has been losing ground when compared to the national average<sup>7</sup>.

So as a region we compare well with the rest of the country. But the picture is changing and we need to up our game if we are to maintain and improve our edge and relative position in the New Zealand economy. This is the main driver behind the WRS.

The Genuine Progress Index (GPI) is to be used as a means of measuring the Wellington region's performance and monitoring the success of the Strategy. The GPI measures progress in well-being in the Wellington region, across the economic, environmental, social and cultural well-beings. Further information about the GPI can be found in Appendix 2.

#### OUR ROLE

Successful regions of the world have proactive and innovative leadership. The WRS aims to facilitate the leadership and partnerships that will give life to the Strategy. This involves central and local government, and the business, education, research and voluntary sectors. The content of the WRS was developed following input from these sectors, and its successful implementation will be dependent on their ongoing involvement. Refer to Appendix 3 for a list of key strategies and agencies referred to in this document.

Retaining trade activity is vital to the success of the region. The Wellington region's central location and role as a transport hub, along with its base population, is a key source of value and advantage. The region needs to recognise the importance of having a thriving transport hub and the role of the port and airports in enabling and creating economic activity, both domestically and internationally.

While the economic performance of the region is dependent on a wide range of factors, many beyond the control of councils, we can do a lot to help.

Councils play an important part in enabling economic activity by:

- > Providing and maintaining much of the region's foundational infrastructure, including roads, rail, public transport services, water and community facilities
- > Guiding how land is used to ensure good access to markets and services for all aspects of society
- > Supporting events and facilities that attract people and visitors to our region

<sup>4</sup> Infometrics, 2011 Annual Economic Profile for the Wellington Region

<sup>5</sup> Infometrics, 2011 Annual Economic Profile for the Wellington Region

<sup>6</sup> BERL, Update dataset for GPI, June 2012

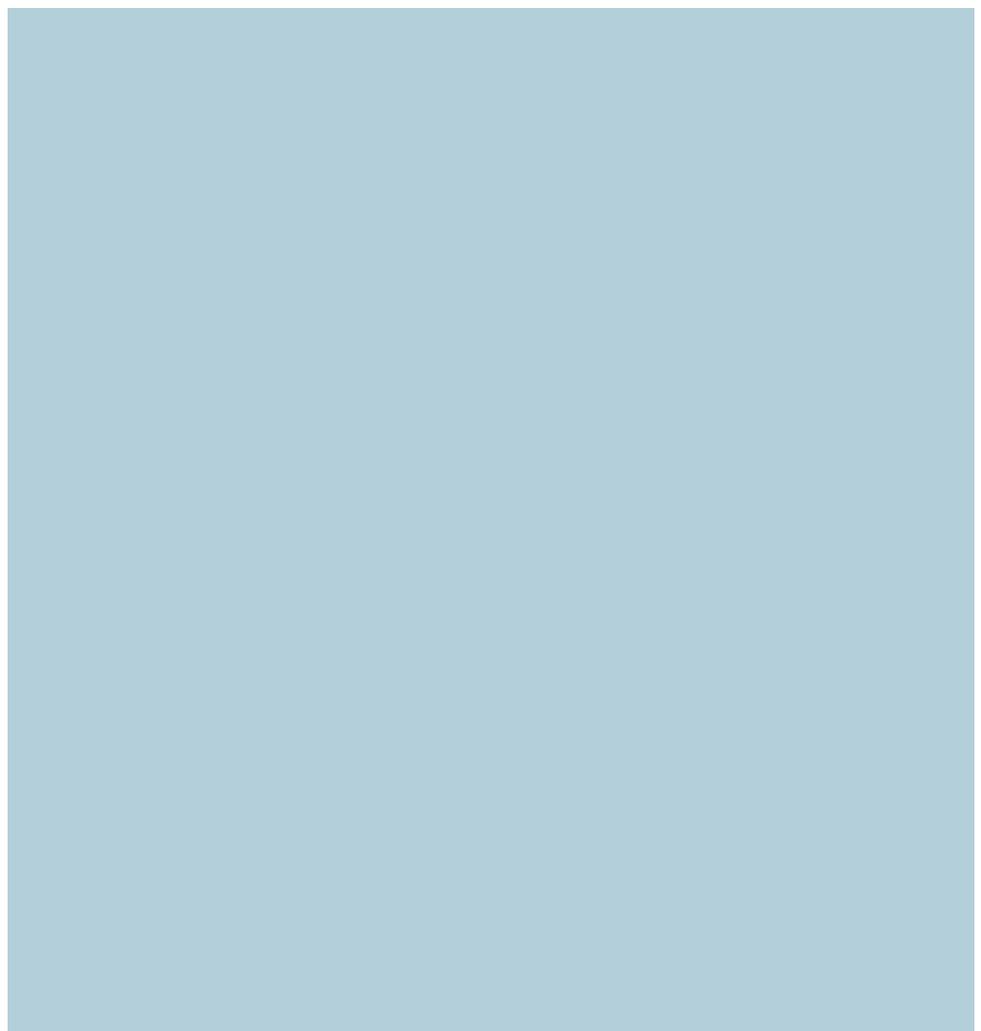
<sup>7</sup> Infometrics, 2011 Annual Economic Profile for the Wellington Region. Total employment growth in 2011 was down 0.4% for the year, compared to the national average increase of 0.2%. Employment growth in the Wellington region averaged 1.5% between 2001 and 2011



Councils can also help support the economy more directly, as we are doing through the WRS.

We have our economic development agency Grow Wellington to help support and facilitate economic growth and development in our region. Grow Wellington will play a major role in delivering on the actions within each focus area of the WRS.

Finally, it is important to recognise that our role in regional economic development fits within a wider sustainability framework. Our mandate under legislation (including the Local Government Act 2002) requires us to consider a broad range of interests, including environmental, social and cultural matters. This positions us so we are well placed to ensure that support for the economy fits within the wider interests and outcomes of the regional community.



# Aim of the WRS



The aim of the WRS is to build a resilient, diverse economy - one that retains and creates jobs (especially high value jobs), supports the growth of high value companies and improves the region's position in relation to the national GDP and national employment.

The primary reasons for pursuing this aim are:

### *Resilient and diverse economy*

All communities require economic health and development in order to thrive. A resilient and diverse economy is one where community members have choices, access to good jobs and wages, and employment prospects over the long-term.

The Wellington region is the home of central government and some of New Zealand's largest employers (such as ANZ National Bank and New Zealand Post), many of which are located in Wellington city's CBD. This is a significant strength to our economy and something to be nurtured.

While we benefit from being the centre of government, we also need to ensure our economy performs in all parts of the region, is adaptable to changing circumstances, and is responsive to a variety of economic opportunities.

The implications of the global economic crisis and major events such as the Canterbury earthquakes have further emphasised the need for a resilient and diverse economy. A diverse economic base provides greater scope to reduce the impact of external events and foster robust, resilient growth over the long-term.

### *Retention and creation of jobs - especially high value jobs*

It is imperative that the Wellington region retains and creates new jobs, especially high value jobs. Research<sup>8</sup> has shown that high value jobs result in higher individual lifetime incomes, incomes that continue to rise for a longer period of a person's career, lower rates of unemployment, and better health outcomes.

Retention and growth of high value jobs goes hand in hand with the growth of high value companies. Supporting businesses to

become global companies, attracting businesses where there are gaps, and retaining our corporate and government businesses are all important opportunities for the Wellington region and will contribute to the creation and retention of jobs.

### *Improved relative regional position*

Recent economic reporting indicates that while the region is starting from a position of relative strength, we are losing ground when compared to the performance of some regions and New Zealand as a whole. The performance of Auckland in particular has improved significantly over recent years. The Wellington region needs to improve its relative regional position if it is to prosper into the future.

In Wellington there is an ongoing gap between regional economic confidence and consumer confidence, with consumer confidence tending to be stronger than confidence about the regional economy. Consumer and economic confidence are important indicators for the future health of the economy, as the region needs confidence to increase in order to attract business to the region.

Regional economic confidence in Wellington has fallen over the last few years, with a net 24% of households feeling pessimistic about current economic conditions and future expectations for the Wellington region's economy<sup>9</sup>. Consumer confidence in the Wellington region has also fallen, while other regions, particularly Auckland, continue to enjoy high levels of consumer confidence<sup>10</sup>.

In 2010, GDP per capita for the Wellington region was \$53,479<sup>11</sup>. The WRS sets a performance target to increase this by \$1,900 by 2013/14, and then by just over 1% per year thereafter.

Labour productivity growth in the Wellington region (1.9% p.a. compared with 2.5% p.a. for 2008) has also been slower than the national average<sup>12</sup>. A goal of the WRS is to increase the percentage of the workforce employed in highly skilled occupations from a baseline of 21.8% (2010) to 22.2% in 2015 and beyond.

<sup>8</sup> Te Pōkai Tara Universities New Zealand, Universities New Zealand Briefing - Contributing to Government Goals - Contributing to Governments Goals, March 2011 <http://www.universitiesnz.ac.nz/files/Briefing%20for%20the%20Incoming%20Government%20Dec%202011%20.pdf>

<sup>9</sup> Westpac McDermott Miller, Economic Confidence Survey, 2012 - This survey measures consumer optimism towards current economic conditions and future expectations

<sup>10</sup> Westpac McDermott Miller, Consumer Confidence Index, 2012 - This survey measures households financial situation, their expectations for the New Zealand economy as a whole, and their current willingness to spend

<sup>11</sup> BERL, Update dataset for GPI, June 2012

<sup>12</sup> Martin Jenkins, Review of the Wellington Regional Strategy, May 2011, p.17

# Focus areas



The refreshed WRS is centred around six focus areas. Combined, they set out what councils and Grow Wellington propose to do to support economic growth, and to build a resilient and diverse economy in the Wellington region. This will be achieved in collaboration with our business partners.

The region is proposing a strategic, enabling approach to activities within these focus areas. This is considered the most appropriate and effective way for us to work with businesses to increase their value. It is noted that mechanisms are already in place to support start-up businesses through to large export companies.

With limited resources, it makes sense to focus on strategic interventions and leadership, supported by tightly focussed operational initiatives. Examples include strategic leadership around our knowledge assets, regionally significant regional projects such as the marine energy testing centre and the Pounamu investment fund, and helping successful businesses to increase their value and become global companies.

Efforts should support areas where the Wellington region has an inherent advantage. Some of the key opportunities for the region are in the export of:

- > Government and professional services
- > Screen, digital and ICT
- > Design and innovation-led manufacturing
- > High-end food and wine

There needs to be a clear link between every initiative and achieving the aims of the WRS. The focus areas are:

- **Focus area 1: Commercialisation of innovation**  
*With a focus on business-led innovation, this involves supporting successful businesses to innovate and champion a vibrant and supportive business environment.*
- **Focus area 2: Investment mechanisms for growth**  
*This is about attracting international investment, making more of existing investment networks (such as angel investment networks) and ensuring businesses are in a position to realise investment opportunities.*

- **Focus area 3: Building world-class infrastructure**  
*Regional economic prosperity is heavily dependent on the region's level of connectedness and resilience at local, national and international levels. This is in turn dependent on the quality of our foundation infrastructure and transport systems.*
- **Focus area 4: Attracting business, investment and talent to the region**  
*This focus area is about having a targeted approach to attracting businesses, potential investors, skilled migrants and students to the region.*
- **Focus area 5: Education and workforce development to service regional economy needs**  
*This focus area is about building on existing connections and initiatives to grow the region's skills and education base, and ensure the region's specific skills needs are met.*
- **Focus area 6: Open for business**  
*Being open for business is about councils delivering business services with a "can do" attitude and facilitating a business environment where smart, innovative firms can flourish.*

# Implementation pathway

The WRS incorporates a diverse range of initiatives and partnerships. These are summarised in the diagram below.





## Focus Area 1: Commercialisation of innovation

With a focus on business-led innovation, this involves supporting successful businesses to innovate and champion a vibrant and supportive business environment.

Science and technology-based innovation is widely recognised as a key driver of economic performance and recovery. By building on the links between innovation and design skills, particularly industrial design, the region can make some big gains. The gains to be had from innovative ideas, however, are often only realised by taking a product or service to the market, particularly international markets - that is, commercialisation.

Commercialisation can be based around technologies, products, services and/or just new ideas - the essential need is that it is business led and delivers a customer solution. Commercialisation of innovation includes the development of:

- > Markets for a new or existing product or service
- > New processes that might enhance an existing product or service
- > New distribution that might enhance the delivery of an existing product or service
- > New models that might enhance the profitability of an existing product or service

In thinking about the role of local government in this focus area, it is important to first consider the context in which innovation and commercialisation take place and the factors that are constraining performance.

Most of these factors are systemic problems to New Zealand, and include:

- > Our cultural discomfort with recognising success. This discomfort can clash with the sorts of characteristics and values required to drive innovation and entrepreneurship
- > Not everyone wants to be innovative. Some successful companies are content with what they have
- > Insufficient emphasis of innovation and connections between tertiary institutes, the research sector and the private sector
- > Duplication of areas of focus (geographic areas and across sectors and institutions)
- > A recognised gap in knowledge and skills in the supply chain for commercialisation - for example, skills and understanding of the Food and Drug Administration accreditation process in the United States

- > The lack of a good support model - one that is agile enough to be able to respond to different ideas, processes and timeframes
- > A lack of large scale companies, which can affect both the risk profile and the amount of capital available for research and development

### *Key areas for the WRS*

- > Working with successful companies to facilitate the uptake and commercialisation of new products and services, entry into new markets and capturing new opportunities
- > Targeting businesses with the most to gain in terms of job creation - these are generally existing businesses of a medium to large-scale that require supporting infrastructure and services
- > Building on success - by identifying and celebrating successful businesses and areas of economic strength, and then building on their success by growing related business activities and ventures around them. Established successful businesses (and their managers and owners) can act as catalysts for further industry growth. They are 'anchor businesses' that can support the growth of related businesses, and also benefit from related business activity. Support services may include business incubation, education and research, intellectual property protection, marketing, investment, and strategies for internationalisation
- > Continuing to support new ventures through incubation, acceleration and commercialisation
- > Leveraging value between tertiary institutes, the research sector and the private sector. This could include information brokering and support, and identifying and filling gaps in knowledge and skills in commercialisation

### *Outcome and measures*

WRS involvement in this focus area should ultimately result in an **increase in new high value products and services coming out of the Wellington region.**

Measures for the Wellington region will include:

- > The amount (%) of research and development carried out by companies
- > The number of firms getting investment (from both the public and private sector)
- > Percentage of revenue from new products and services
- > Percentage of revenue from entry into new markets



#### *Lead agency*

The lead agency for this focus area is Grow Wellington, supported by councils and the WRS Office.

#### *Key partners*

- > Ministry of Business, Innovation and Employment
- > Tertiary institutions
- > Research organisations
- > Iwi
- > Chambers of Commerce





## Focus area 2: Investment mechanisms for growth

This is about attracting international investment, making more of existing investment networks (such as angel investment networks) and ensuring businesses are in a position to realise investment opportunities.

Analysis around investment mechanisms for growth indicates that the availability of funds is not always the main issue for this focus area. There are private and public sector (local, national and international) funds available, some of which are under-subscribed. For some areas, funds are not as obvious or available (particularly in the private domain) due to the lack of investors who are aligned with those sectors where the Wellington region has an inherent advantage.

The main New Zealand public sector-based funds include:

- > Ministry of Business, Innovation and Employment (MBIE) - MBIE is New Zealand's largest government funder of research and development. It invests in businesses that have the potential to transform New Zealand's economy and provides funding, support and advice to help companies undertake research and development projects and build their research and development and commercialisation capabilities
- > New Zealand Trade and Enterprise (NZTE) - offers a range of programmes to help businesses develop and succeed globally. The fund is targeted at businesses NZTE considers to be most likely to contribute to New Zealand's long-term growth, including through success internationally in the short to medium-term
- > NZTE Management Capability Development Voucher Scheme - offers co-funding for business owners/operators to undertake management capability training
- > The New Zealand Venture Investment Fund - aims to build a vibrant venture capital market in New Zealand, including seed co-investment
- > Local government investment mechanisms - including business grants, leadership initiatives, programme and service delivery and investment attraction

Feedback from key people in the investment industry provides additional useful context:

- > Securing investment relies on being "investment ready". This depends on:
  - People: Having the right people involved with the business is the first thing that investors look to - it's not necessarily always about the product

- Knowing the market: To be "investment ready" requires a good understanding of the market and demand for a particular service or product
- Good leadership and governance: Provides confidence to the investment community that a business or product will succeed
- > The Wellington region's investment community is very small and investment is often required to be sought from outside the region and, more often than not, overseas.
- > The processes to access funds for start-up and commercialisation projects are complex and relatively costly (including transaction and due diligence costs)

### Key areas for the WRS

A priority for the WRS is to help businesses increase capability and become investment ready.

Associated with being investment ready, the region needs to:

- > Facilitate access to private and public sector funds
- > Facilitate improved connections to the right sorts of investors for the areas in which the region wants to focus - such as science and technology

### Outcome and measures

The overall aim for this focus area is **more investment**, including foreign direct investment, particularly in areas where the region would like to grow such as science and technology.

### Lead agency

The lead agency for this focus area is Grow Wellington, supported by councils and the WRS Office.

### Key partners

- > Ministry of Business, Innovation and Employment
- > Crown Research Institutes
- > New Zealand Trade and Enterprise
- > Investment bankers
- > Iwi and post-settlement entities
- > Local private investors



## Focus area 3: Building world-class infrastructure

Regional economic prosperity is heavily dependent on the region's level of connectedness and resilience at local, national and international levels. This is in turn dependent on the quality of our foundation infrastructure and transport systems.

A clearly identified constraint on growth is the region's level of connectedness at a national and international level. The region is considered 'moderate' in terms of international trade, migration and international student connections.

However, existing advantages of the Wellington region include its central location and role as a transport hub, both domestically and in the role of importing and exporting. Wellington is the only city in New Zealand that sits on the axis of the national road and rail network, is centrally located and has quality air and sea ports. Businesses flock to transport hubs and build around them, providing supporting services and over time new industries.

Improving the region's economic foundations has been a continued focus of the WRS. There are gains to be had from building world-class infrastructure and facilitating improved transport, broadband, energy security and other infrastructure services for the region. There are also opportunities to use existing infrastructure more efficiently and effectively.

Building world-class infrastructure includes:

- > International and national connections:
  - Retaining and building trade and activity through the sea port
  - Having the capacity to attract long-haul flights to/from Asia and thereby building high-level connections to Asia
  - Broadband availability and speed
  - Building resilience in our roads, railways and regional airports
- > Industrial land - having sufficient land for a wide range of industrial and commercial uses in the right locations and with high-quality connections
- > Ensuring appropriate infrastructure is in place to increase productivity of our land resource
  - Irrigation and water use, particularly in the Wairarapa
  - Security of electricity supply
- > Having the right infrastructure in place to support a wide range of individual sector needs

### *Key areas for the WRS*

Central and local government in the region provide the infrastructure that assists in the attraction and retention of people and businesses as part of their core business, including social infrastructure. There is also a need to support regional infrastructure investment to support growth opportunities, including:

- > Physical connections and the reliability of key infrastructure, including: air, road, rail and port
- > Building resilience through key infrastructure, including: water, transport and energy
- > Advocacy to support the rollout and uptake of faster urban and rural broadband services, and regional partnerships and connections to drive IT innovation
- > Wairarapa Water Use Project - enabling increased productivity

### *Outcome and measures*

Involvement by the region in this focus area should ultimately result in the region having **reliable infrastructure**.

Measures for the Wellington region include:

- > Achieving a high level connection to Asia via Wellington International Airport Ltd
- > Benchmarking with infrastructure performance in other regions

### *Lead agency*

The councils lead this focus area:

- > Wairarapa Water Use Project: Greater Wellington Regional Council
- > Long-haul flights: Wellington City Council
- > Ports and sea freight: Greater Wellington Regional Council
- > Road, rail and public transport: Regional Transport Committee
- > Broadband: Combined councils
- > Water: Combined councils

### *Key partners*

Infrastructure providers including:

- > Wellington International Airport Limited
- > CentrePort Limited
- > KiwiRail
- > New Zealand Transport Agency
- > Crown Fibre Holdings
- > Grow Wellington
- > Chambers of Commerce



## Focus area 4: Attracting business and talent to the region

This focus area is about having a targeted approach to attracting businesses, skilled migrants and students to the region, and retaining them.

Internationally, business and talent are being drawn away from smaller peripheral cities and regions to major core cities and regions. Our region's size and distance are placing us at a competitive disadvantage to larger locations that are closer or more accessible to global markets.

A "business as usual" approach will not be enough for the region to compete for internationally mobile investment and talent, and the business that follows. If the region continues to maintain the status-quo, our relative economic growth and the resulting standard of living will diminish.

While international locations have been competing for international students for some time, they are increasingly competing for talent and business. Activity generally includes marketing and facilitation but sometimes includes quite significant financial incentives (for example five years free rent). Experience in Ireland would suggest that "buying" businesses does not ensure long term success, although assistance with business cases and hosting are fairly standard as parts of the "welcome mat" function.

A focus around the families of those we want to attract is also important, as we look to retain those skilled people, businesses and investors.

The role of councils and the choice and intensity of activity differs by location based on need and opportunity. However a review of international practice has indicated common activities:

- > Business and talent retention activities
- > Coordination of talent networks and the different stakeholders within the region
- > Facilitating investment deals
- > Wealthy and skilled migrant settlement
- > Education marketing and providing an overall quality of experience for international students to create connections between the region and their own country
- > Marketing and promotion - "telling the story"

In attracting business, potential investors, skilled migrants and students to the region, it is important to:

- > Clearly understand the region's point of difference. A review of the marketing campaigns of a number of international

locations showed there is a 'sameness' about a lot of the marketing

- > Understand what will create *long-lasting* attraction. Some talent, investment and business can be described as "roaming", ie, going to whatever locations are offering the best deals, and then moving on when another location offers a better deal. Anecdotal evidence indicates that "stickiness" is important. Stickiness is created by factors such as clusters, supply chain, ready customers, ease of access to markets, "brand value" of location, specific geographic features, personal relationships and other personal factors, capability of education and research institutes, specific capability of workforce, etc. Stickiness needs to work in tandem with base economic factors
- > Understand the stakeholders involved, particularly the national agencies, which may not have a regional focus
- > Be consistent with national activities and national brand
- > Target efforts towards areas where gaps have been identified and there is greatest potential. If efforts are spread too thinly, there is a risk that nothing will be done well
- > Integrate talent, investment and business attraction into other economic development activities. Examples that would qualify on the above points are the attraction of a Marine Energy Testing Centre to the region and the Pounamu screen investment fund

### Key areas for the WRS

The areas with the greatest potential to provide regional benefit include:

- > Identifying investment opportunities in particular markets/sectors, including targeting specific talent and businesses
- > Taking an approach that builds on the region's inherent advantages, for example design and innovation-led manufacturing
- > Investment-led generation and initiating investment deals
- > Putting out a "welcome mat" - providing information on doing business in the region and being able to respond to enquiries, helping connect potential incoming talent and business with local networks and expertise
- > Business and talent retention - including settlement activities
- > Promoting the Wellington region internationally

### Outcome and measures

WRS involvement in this area should ultimately result in an **increase in talent, high value businesses and investment coming into and being retained in the region.**



Measures include:

- > Percentage share of international students studying in the region
- > Percentage share of skilled migrants settling in the region (926 attracted in 2010/11)
- > Numbers of wealthy migrants settling in the region

*Lead agency*

The lead agency for this activity is Grow Wellington, supported by councils and Positively Wellington Tourism.

*Key partners*

- > Tourism New Zealand
- > New Zealand Trade and Enterprise (Investment NZ)
- > Ministry of Business, Innovation and Employment (Immigration)
- > Education New Zealand
- > Kea (New Zealand's Global Network)
- > Talent, investment and business attraction networks, regionally, nationally and internationally, including other economic development agencies
- > Individual TAs
- > Chambers of Commerce
- > Wellington International Airport Limited
- > CentrePort Limited



## Focus area 5: Education and workforce development

This focus area is about building on existing connections and initiatives to grow the region's skills and education base, and ensure the region's specific skills needs are met.

The context for education and workforce development is complex. Many factors, problems and solutions associated to this focus area are systemic to New Zealand.

Some key points of context:

- > The Wellington region has a good basis of tertiary education and research capability to build on. The world class quality of our institutions means we have a significant role to play in this focus area
- > There is a real willingness by regional knowledge institutions to support regional economic development. This is demonstrated by the Knowledge Business Committee, which is part of Wellington Employers' Chamber of Commerce, and the current level of engagement between the institutions and Grow Wellington
- > To date, the New Zealand public policy approach to education and workforce development has followed a traditional supply and demand model. This has generally not resulted in good levels of engagement between businesses and the education sector
- > Changes in central government (structural reform and public policy) are likely to significantly alter the context for education and workforce development<sup>13</sup>
- > One of the key themes (and possibly a driver of proposed public sector reform) to emerge from literature and expert commentary is that New Zealand needs to significantly up its game to improve engagement and connections between business, research institutions and the tertiary sector:<sup>14</sup>
  - New Zealand needs better links between firms, tertiary institutions (particularly universities) and Crown Research Institutes in order to increase the economic returns of publicly funded research (Tertiary Education Commission Strategy 2010-2015)
  - Universities have underperformed in their requirement to produce results from research-driven innovation (Ministry of Science and Innovation in response to Tertiary Education Commission Strategy)
  - There is presently a low level of demand from business for research from the tertiary sector

- While there are some examples in the region where we do well, across the board we need to get more students involved in internships, also merge internships to get different disciplines working together. This is also a good way of keeping talented people here
- > Specialisation of tertiary education in line with regional advantages is important for credibility and prestige on the world stage, and to ensure that we get an associated scale of activity. This affects our brand overseas and makes it harder to attract students and teachers

### Key areas for the WRS

While the overall context for education and workforce development is set at the national level, there is still an important space in which the WRS can influence and improve outcomes. With a focus on innovative, high-tech and design-led education and workforce development, the WRS will focus on:

- > Facilitating connections between business and the education and research sectors, including:
  - Working with the tertiary and research sectors on strategic partnerships and focussing on the region's advantages as part of an improved scale and credibility on the world stage
  - Promoting and facilitating ways to achieve greater student involvement in internships and collaborative projects (including within councils)
- > Supporting universities to attract students to courses where there is a regional advantage

### Outcomes and measures

The overall aim is to have **improved levels of integration** between business and the tertiary and research sectors and an **improved skill set**.

Measures include:

- > Increased formal collaboration between the sector and business
- > Level of integration between tertiary courses and areas of regional advantage

### Lead agency

The lead agency for this focus area is Grow Wellington, supported by councils and the WRS Office.

### Key partners

- > Universities and polytechnics, including Wānanga o Raukawa
- > Research organisations
- > Economic agencies such as the Chambers of Commerce

<sup>13</sup> See Steven Joyce speech <http://www.beehive.govt.nz/speech/address-asia-pacific-science-policy-studies-research-conference-wellington>

<sup>14</sup> While the importance of apprenticeships is recognised, they are not included as a key focus area of the WRS



## Focus area 6: Open for business

Being open for business is about councils delivering business services with a “can do” attitude and facilitating a business environment where smart, innovative firms can flourish.

Councils need to be more “business friendly”. The perception that councils may not be “business friendly” is perhaps due to the regulatory side of our responsibilities, compounded by our reputation, particularly in the metro part of the region, as a government town not a business town.

While individual councils within the region have been working on various aspects of this issue, particularly in Wairarapa, there is potential to provide further benefit from a more coordinated approach across the region.

### *Key areas for the WRS*

Being open for business means delivering a council’s business-facing services with a “can do” attitude, while still retaining the integrity of regulatory services. This will enable a well-functioning built environment and facilitate a business environment where a wide range of businesses can flourish.

Individually and by working collaboratively on key strategic projects and processes, councils in the region can make it easier to do business by:

- > Standardising processes to improve consistency and certainty for business, for example improving consistency of district plan processes across the region
- > Providing a dedicated and coordinated response to business projects, initiatives and needs that span political boundaries eg, the Ultra-fast Broadband Initiative. Having sufficient land for a wide range of industrial and commercial uses in the right locations and with high quality connections

- > Examining opportunities for shared services to improve effectiveness and efficiency
- > Strengthening links with key regional businesses and economic stakeholders, underpinned by a strong understanding of the Wellington region’s economy, collective intelligence of developments, and opportunities and issues
- > Developing a branding/marketing plan to promote the Wellington region as a “business friendly” location
- > Developing and providing inventories of information about the region required by existing and incoming businesses eg, land available for industrial use, appropriate buildings and science capability
- > Collaborating with companies and property developers to facilitate the design and build the next generation of corporate and non-corporate space

There may also be the opportunity to improve consistency and coordination between local and central government and Grow Wellington in some areas.

### *Outcomes and measures*

Actions in this focus area should ultimately result in the **Wellington region being known as a place in which it is easy to do business.**

Perception-based surveys of councils and businesses will be used to measure this outcome.

### *Lead agency*

Local councils are the lead agencies for this focus area, supported by Grow Wellington.

### *Key partners*

- > Economic agencies such as the Chambers of Commerce
- > Central government departments
- > Private sector



## Monitoring and review

Effective monitoring and clear evaluation processes will be critical to the successful implementation of the WRS. A robust monitoring and evaluation framework provides a mechanism for tracking progress towards the aims and outcomes outlined, and can inform appropriate policy development and response.

The development of a monitoring and evaluation system for the WRS must have focus and flexibility built in. While we need to maintain a long-term view of progress, we also need to allow for adaptability and change. The key elements of this system are outlined below.

**Actions:** Specific actions undertaken within the six focus areas will be reported annually in a WRS Office Report. Grow Wellington will also provide a business plan and six-monthly and annual reports of progress.

**Targets:** The WRS outlines a set of outcomes and targets within each focus area. These targets will be measured and progress towards the targets reported. This information will also be used to provide feedback on whether outcomes are being achieved. This will allow the WRS Committee the opportunity to discuss progress and change direction when necessary.

**Reporting:** A “measuring progress” report will be published every three years. The broad nature of this report will be information on the targets and outcomes, and will be complemented and supported by the wider body of monitoring information provided by the Genuine Progress Index (GPI). Further information about the GPI can be found in Appendix 2.



---

## APPENDIX 1 - THE WRS COMMITTEE

---

The WRS Committee (a committee of Greater Wellington) is responsible for overseeing the implementation of the WRS.

The WRS Committee comprises the Chair of Greater Wellington Regional Council, a representative of each of the eight local councils and five non-local government representatives who represent established networks within the region. It is chaired by one of the independent members of the Committee.

Acting on behalf of all the councils of the region, the WRS Committee's responsibilities include:

- i to take responsibility for overall guidance and ongoing development of the WRS;
- ii to provide regional leadership, engage and establish partnerships with key government agencies and non-government agencies involved in economic development, acknowledging that constituent local authorities also have leadership roles on behalf of their cities and districts;
- iii to recommend a required funding proposal to Greater Wellington to be consulted on annually, in the course of the Greater Wellington Annual Plan or Long-Term Plan process which will include the proposed amount and allocation of a recommended targeted rate, to be collected by Greater Wellington, to fund the existing and new economic development initiatives and the other initiatives outlined in the WRS;

iv to oversee and monitor the work of Grow Wellington (the region's economic development agency responsible for delivering key initiatives outlined in the WRS);

v to monitor the outcomes expected in the focus areas, and assess what further actions may be required as a result of monitoring;

vi to ensure the WRS continues to be relevant by reviewing economic trends, investigating opportunities for promoting economic growth and developing and overseeing a process of periodic review as circumstances change.

The WRS Office supports the implementation, monitoring and review of the WRS, assisting the Committee in its monitoring of Grow Wellington's activities and effectiveness, regularly reporting on its progress and impact.

Greater Wellington hosts the WRS Committee and the WRS Office on behalf of the region. Greater Wellington therefore funds the delivery of the WRS (including Grow Wellington and the WRS Office) through a targeted rate for economic development initiatives from 1 July 2012.

---

## APPENDIX 2 - GENUINE PROGRESS INDEX

---

The Wellington Region Genuine Progress Index (GPI) is a monitoring framework for assessing progress towards the overall well-being of the region.

The region's first GPI report was published in 2011, providing a barometer of the overall health of the Wellington region's economy, seen in the wider context of the environment and our society. It enables us to put measures around the quality of life and well-being of residents in the region, as well as the condition of the environment and the economy.

The GPI shows a mixture of both positive and negative trends in the Wellington region's economic, environmental, social and cultural well-being. The overall regional GPI was around 5% higher in 2010 compared to 2001 and gradually increased over this time. This result suggests that the overall state of well-being in the Wellington region is improving, though results across the indicators show that some areas need attention.

Improvements made to the state of the region's overall well-being are due to progress made in aspects of the region's economic and environmental well-being over the study period.

The GPI shows that the Wellington region's labour force participation rate was consistently above the national average rate from 2001 to 2010. However, over this period the New Zealand participation rate increased by 4% compared to a 1.7% increase in the Wellington region. The percentage of the workforce employed in highly skilled occupations has increased slightly, from 20.2% in 2001 to 21.8% in 2010.

In terms of income, the purchasing power of households in the Wellington region fluctuated from 2001 to 2010. However, the purchasing power increased from \$1172.37 to \$1272.73, indicating that households had 7.6% more purchasing power in 2010 compared to 2001. The purchasing power of households in the Wellington region has consistently been above the national median, as has the percentage of GDP spent on research and development. The percentage of GDP spent on research and development in Wellington increased from 1.2% in 2002 to 1.6% in 2010. In terms of business growth in the region, the GPI tells us that in 2010, business start-ups made up 44.9% of business turnover in the Wellington region, indicating that the number of business start-ups was slightly less than the number of business closures. A similar profile is also observed across New Zealand.

The GPI's environmental indicators show that there was a slight increase in air and freshwater quality in the Wellington region between 2001 and 2010. In 2007, greenhouse gas emissions in the Wellington region were 5.75 tonnes/capita. This is below the New Zealand average of 12.23 tonnes/capita. The region's largest emissions came from the energy sector (61.9%), followed by agricultural emissions (30.9%). However, some of the GPI indicators concerned with community health have worsened across time in the Wellington region. For instance the prevalence of adults participating in regular physical activity has decreased (from 50.3% in 2003 to 46.1% in 2007), and the prevalence of people being overweight or obese has increased (from 55.8% in 2003 to 63.2% in 2007).

The monitoring framework of the GPI will be subject to continuous revision, improvement in methodologies, and inclusion of additional variables. It will continue to evolve in form and content with further research, the development of new methods of measurement, and the availability of improved data sources.

---

## Appendix 3 - Related strategies and agencies

---

**The Wellington Region Genuine Progress Index (GPI)** is a monitoring framework for assessing progress towards the well-being goals of the WRS (see Appendix 2).

**The Wellington Regional Settlement Strategy**, administered by MBIE in partnership with other agencies and councils within the region, helps to maximise the economic and social benefits that migrants bring to the region. The focus of this strategy is on attracting and retaining international talent and making sure the Wellington region is a great place to live and work so that it can continue to attract the skills it needs to support the economy into the future.

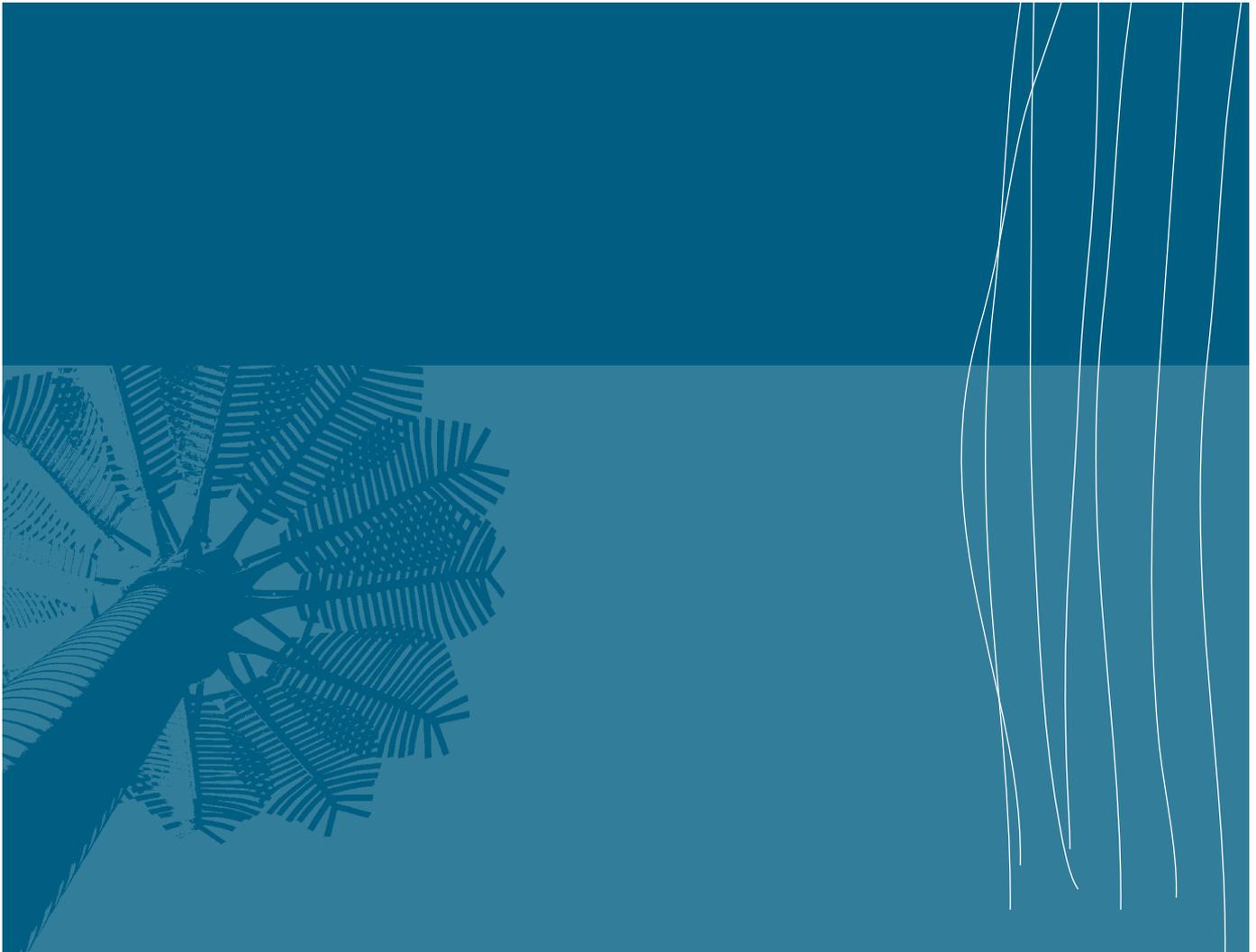
**Local economic development strategies** - Local councils across the region have developed their own economic development strategies, specific to their community needs. For instance, Porirua City Council has produced an Economic Development Strategy and Action Plan 2009-2019, which provides opportunities for Porirua City Council to work collaboratively with business and community and other interested partners to achieve the desired economic development outcomes for the city. Similarly, the Hutt City Council has produced an Economic Development Strategy 2009-2014 which sets out Hutt City Council's plan to encourage economic development in the city over a five year period.

**Positively Wellington Tourism (PWT)** - A council controlled organisation of Wellington City Council, Positively Wellington Tourism's role is to create economic and social benefits for Wellington by working with the private sector to market the city as an attractive visitor destination. Positively Wellington Tourism aims to increase the number of visitors to Wellington and to extend the length of stay of those visitors.

**New Zealand Trade and Enterprise (NZTE)** - Helps regions within New Zealand to build their own economic development capability, implement economic development strategies and align themselves with national economic development objectives. It builds partnerships with key organisations in each region, including economic development agencies, local and central government and educational institutions. NZTE offers a range of programmes to help businesses develop and succeed globally.

**Ministry of Business, Innovation and Employment (MBIE)** - This new Ministry brings together the Ministry of Science and Innovation (MSI), the Ministry of Economic Development (MED), the Department of Labour, and the Department of Building and Housing. As such it will be responsible for the functions formerly held by the MED and MSI. MBIE will develop and deliver policy, services, advice and regulation to support business growth and the prosperity and well-being of all New Zealanders.





FOR MORE INFORMATION CONTACT  
WRS Office  
T 04 830 4300  
wrsoffice@gw.govt.nz  
www.wrs.govt.nz

GW/SP-G-12/208



[www.wrs.govt.nz](http://www.wrs.govt.nz)



[facebook.com/GreaterWellington](https://facebook.com/GreaterWellington)



[twitter.com/greaterwgtm](https://twitter.com/greaterwgtm)



[youtube.com/GreaterWellington](https://youtube.com/GreaterWellington)