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Economic development Whanaketanga ōhanga me

4

Cultural wellbeing Oranga ahurea

BY THE NUMBERS

2.4%

Wellington City average annual GDP growth - 10 years to March 2013. This compared with 2.2% nationwide. Of New Zealand's 66 local authorities, Wellington ranked 25th over the decade for GDP growth.

21

Number of Wellington businesses ranked among New Zealand's 200 largest.

\$86.3m

Contribution to Wellington's economy during 2013/14 from major events supported by Wellington City Council.

5

Number of Wellington businesses ranked among New Zealand's 10 fastest-growing.

The Council funds events and festivals, supports attractions such as Te Papa, the Carter Observatory and the city's galleries and museums, markets Wellington to tourists from New Zealand and overseas, operates conference facilities, supports community art and cultural activities, promotes business, education and cultural links through sister city relationships and provides free weekend parking in the Central Business District.

We fund these activities because they matter to the lives of individual Wellingtonians and to the community as a whole.

They make Wellington a more vibrant place to live, and they matter to residents' quality of life, their prosperity, identity and the opportunities available to them.

Our work in this area is guided by our Economic Development Strategy, our Arts and Cultural Strategy and the Events Policy.

In coming years, the Council plans to invest for growth, unlocking Wellington's potential and making the city more vibrant and prosperous.

The strength of Wellington's economy depends on its people, its entrepreneurs, researchers, innovators, businesses and skilled workers.

The strength of its creative culture also depends on people, the output of artists, writers, musicians, and dancers and on the expressiveness of Wellington's communities.

The Council can only play a small, but important, role in these sectors. We provide an environment in which creativity and innovation flourish, and an environment that enables business activity that supports artistic and cultural endeavours and celebrates the identities of the city's many communities.

We also act as a catalyst for funding infrastructure, festivals, events and promotional activities that support economic and cultural activity.

The Council's economic and cultural activities are funded through a combination of general rates, targeted rates, user charges and other income.

KEY PROJECTS AND INITIATIVES

Investing for growth

Although Wellington's economy is growing, it still has untapped potential, particularly in industries such as tourism, screen production and ICT. Tapping into that potential would bring more prosperity to the city, make it more vibrant, and provide a wider range of opportunities for residents.

Higher growth would also increase the rates base, allowing more investment in a stronger environment and higher quality of life.

Many of the new projects in this Long-term Plan are aimed at supporting growth in the economy, making it smarter, faster-growing, and more attractive to businesses and visitors, entrepreneurs, investors and skilled workers.

The key projects outlined in this section are at different stages of development. Detailed business cases will be developed for each of the projects in due course and these will set out the full costs and funding options. Further consultation will take place before final decisions are made.

A longer airport runway

Wellington's economic prosperity depends on the strength of its connections with the rest of the world.

The lack of long-distance direct air connections reduces the region's ability to attract tourists, international students, support business growth and make business connections.

We are working with Wellington International Airport Ltd (WIAL) on this project. The total cost of the runway extension is expected to be about \$300 million. It is anticipated that funding will be drawn from those that benefit - the Airport, residents, and businesses across the wider region, and the Government in light of potential economic benefits to New Zealand.

We have budgeted \$90 million as our contribution towards a longer runway. Spreading this investment over 40 years would result in an annual cost of around \$6.5 million commencing in 2019/20.

The Council will make a final decision on this project and whether to commit funding to construction in a future long-term plan, once WIAL has obtained resource consent for the project and the Council has received and considered a cost-benefit analysis and business case from WIAL that will be independently reviewed. Other key considerations before the Council makes its final decision relate to:

- Resilience of a runway extension to weather and climate change
- The proposed investment vehicle and any revenue agreement
- Satisfactory airline commitments
- Funding arrangements for construction and confirmed construction costs
- The governance and management structure to oversee construction.

The Council will also undertake further public consultation before making a final decision on whether to commit funding to construct the runway extension.

A central city tech hub

Information and communications technology is Wellington's fastest growing business sector, contributing more than \$2.4 billion in GDP to the region annually and supporting more than 15,000 jobs.

One of the critical conditions for success in high-tech industries is opportunities for people to connect with each other, sharing knowledge, ideas, innovation, investment, and pathways to national and international markets.

We will establish a 'tech hub' to help high-tech start-ups connect with funders, investors and international speakers. The Council's contribution towards the Tech Hub will be up to a maximum of \$3.2 million over the next three years.

Film and screen productions

Wellington's screen production sector thrills, inspires and amazes people here and around the world. However, the industry is also heavily dependent on one-off productions. A challenge is to create a growing and more continuous flow of projects.

The Council will work with the industry more closely and explore opportunities to grow the sector in the city.

A joined-up regional approach

Wellington City's economy is not separate from the economies of neighbouring cities - the region forms a single economy.

Nor can the various sectors of the economy, such as events, tourism, hospitality, screen production and ICT, be considered separate. The success of one sector inevitably contributes to the success of another, by making the city more prosperous, increasing opportunities available to residents, and attracting visitors, workers, and businesses.

For that reason, the Council has worked with Greater Wellington Regional Council and other local authorities to establish the Wellington Regional Economic Development Agency (WREDA), a single agency responsible for economic development, events and tourism throughout the region.

This agency will be able to provide a clear direction for economic development across the region, leading to higher growth, more jobs and tourists, and stronger communities.

The inclusive and culturally diverse city

Of the 200,100 people who live in Wellington City, 29% were born outside of New Zealand, 24% speak a language other than English, and 29% identified with a non-European ethnic group.

Wellington is a city that celebrates diversity. As a city of government and business, we value the connections that a diverse population has with other parts of the world. As a creative city, we love when people express themselves, sharing their stories, sounds, pictures and identities.

In an increasingly globalised world, our willingness to embrace diversity is an advantage and one that makes us attractive to visitors, investors, entrepreneurs and skilled people from all parts of the world.

In coming years, the Council will continue to encourage and celebrate diversity, by supporting arts and cultural events and small arts organisations ranging from Tawata, Randell, Orpheus, Matariki and Diwali to WOW and the New Zealand Festival.

We have also increased our cultural grants fund from 2016/17 to increase our level of support to the Capital's arts and cultural institutions.

Through the Destination Wellington programme, we are also promoting Wellington internationally as a place to live, learn and do business.

Increasing the range of visitor attractions

Wellington is one of New Zealand's fastest-growing tourism markets, with a 39% increase in visitor guest nights over the 10 years to 31 March 2014. Higher visitor numbers means the city can support a wider range of visitor attractions.

While we have one of the country's fastest growing tourism markets, there is still considerable untapped potential in the market. Not only can we attract more visitors, we can also encourage them to stay longer and spend more.

We are planning to invest in the following projects in the coming years:

- The expansion of the Wellington Museum, to enable it to show more of its collection and attract more visitors. Phase 1 of the redevelopment is underway and along with The Wellington Museums Trust we will continue to develop plans for further development
- The development of a world-class film museum to recognise a major and highly successful local industry, raise the city's profile and attract more tourists and get them staying longer. We are working with private sector partners on a proposal to establish the film museum in Wellington. We have provisionally budgeted \$30 million. The final costs, returns and funding will be determined as part of the development of the business case
- The development of a world-class ocean exploration centre at the Maranui Quarry site in Lyall Bay, providing opportunities to discover Wellington's marine life and ocean environment. We have included \$6 million in 2018/19 for this project. The Council's funding is contingent on the project securing the remaining costs (\$12 million) from social investors and the Government
- The development of a Museum of War and Peace adjacent to the Pukeahu Memorial Park. This project will be mainly funded by the Ministry for Culture and Heritage. A provisional contribution from the Council is budgeted at \$10 million capital for 2018/19.

Increased funding for major events

Wellington is New Zealand's events and creative capital, but we face increasing competition from other Australasian cities for the right to host major events. To maintain our economic and cultural edge, we have increased the funding available to attract and support major events, ensuring that the city is able to bring in new attractions and retain those it currently has. We have increased our Events Development Fund (implemented through WREDA) to around \$5 million per year for the 10 years of the plan.

The New Zealand Festival

The festival is New Zealand's premier arts and cultural event. It's currently held every two years and attracts world-class line-ups of performers. We have increased our grant to the festival by \$500,000 to secure 'off-year' events or shows in the city. This complements the New Zealand Festival's own success at raising the majority of its funding from ticket sales and other sources.

We will support another of the city's cultural institutions - the Circa Theatre. We have budgeted a grant of \$250,000 over the next three years to support the theatre and \$15,000 per annum over the next three years for technical support of external groups.

An indoor arena

Wellington has no indoor venue capable of seating more than 5000 people. As a result, the region misses out on international artists who play in other cities such as Auckland and Christchurch.

This comes as an economic cost to the city as we are missing out on a range of events including rock concerts and other music events that can attract large numbers of people to the city.

The Council is progressing work to scope the feasibility of developing an 8,000-12,000 seat indoor arena in the central city.

If a decision is made to proceed further, a business case will be developed and partnership funding options explored.

Wellington Convention Centre

Conventions bring people to the city from throughout New Zealand and overseas to discuss ideas and make connections.

A new purpose built convention centre would allow the city to maintain and increase its market share in the lucrative conference market, creating jobs and bringing up to \$21 million a year into the Wellington economy.

Increasing the number of conferences held in Wellington will also attract events, increase Wellington's international profile, and encourage Wellington businesses and research organisations to strengthen connections with their counterparts overseas.

We will continue to explore options and work with the private sector to deliver a convention centre to Wellington. We have budgeted an operational grant of \$4 million per year from 2019/20.

1st place

In a 2014 survey of six NZ cities, Wellington residents were much more likely than residents of other cities to:

- agree that cultural diversity made their city a better place - Wellingtonians said that cultural diversity made the city a more vibrant and interesting place
- agree that Wellington has a culturally rich and diverse arts scene.

Wellington residents were also:

- more likely to be in paid employment than residents of other cities
- more likely to be satisfied with their work-life balance than residents of most other cities.

ECONOMIC DEVELOPMENT - GROUP OF ACTIVITIES

GROUP OF ACTIVITIES	RATIONALE	SERVICE OFFERING	NEGATIVE EFFECTS
3.1 City promotions and business support	Talent attraction and retention	<ul style="list-style-type: none"> Promoting Wellington to visitors Attracting and supporting major events Offering convention and concert venues Building regional and international relations Attracting and supporting business activity Exploring major economic development initiatives such as the: <ul style="list-style-type: none"> Runway extension and airline attraction International film museum Convention centre Indoor arena War and peace museum 	We do not anticipate any significant negative effects associated with our role in these services.
3.1.1 WREDA	Grow tourism spend and economic returns from events.		
3.1.2 Wellington Convention Centre	Grow inward investment and exports.		
3.1.3 Retail support	Sustain city vibrancy.		
3.1.4 WIED fund/Economic Grants			
3.1.5 Major projects - economy			
3.1.6 International relations			
3.1.7 Business improvement districts			

ECONOMIC DEVELOPMENT - PERFORMANCE MEASURES

ECONOMIC DEVELOPMENT	
Objectives	Tourism spend Investment attraction/digital exports City vibrancy
Outcome indicators	Number of domestic and international visitors (guest nights) Average length of stay - international and domestic Number of major conferences Number of A-level events held in Wellington and their economic contribution New Zealand's top 200 companies based in Wellington Business enterprises - births and growths (net growth in business) Domestic and international airline passengers entering Wellington airport Free wifi usage (logons/day) - waterfront and central city Pedestrian counts - average of various Lambton Quay sites Businesses and employees in research and development sector Secondary (international) and tertiary (international and domestic) students enrolled per 1,000 residents Events/activities held with international cities (in Wellington and overseas)

3.1 City promotions and business support

3.1.1 WREDA

3.1.2 Wellington Convention Centre

3.1.3 Retail Support

3.1.4 WIED fund/Economic Grants

3.1.5 Major projects - economy

3.1.6 International relations

3.1.7 Business improvement districts

PURPOSE OF MEASURE	PERFORMANCE MEASURE	2015/16	2016/17	2017/18	2018-25
To measure the quality of our investments in promoting the city	WREDA - Positively Wellington Tourism partnership funding	Maintain council's funding at less than 50% of total income	Maintain council's funding at less than 50% of total income	Maintain council's funding at less than 50% of total income	Maintain council's funding at less than 50% of total income
To measure the usage of WCC supported events	Estimated attendance at WCC supported events	500,000	500,000	500,000	500,000
To measure the quality of our investments in economic development	Events Development fund - ratio of direct spend to economic impact	20:1	20:1	20:1	20:1
	The proportion of grant funds successfully allocated (through milestones being met)	95%	95%	95%	95%

ECONOMIC DEVELOPMENT - ACTIVITY BUDGET

3.1 CITY PROMOTIONS AND BUSINESS SUPPORT	2014/15 AP 2014/15 GROSS EXPENDITURE	2015-25 LTP 2015/16 GROSS EXPENDITURE	2015-25 LTP 2016/17 GROSS EXPENDITURE	2015-25 LTP 2017/18 GROSS EXPENDITURE	2015-25 LTP 10-YEAR TOTAL GROSS EXPENDITURE
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Operating expenditure					
3.1.1 - WREDA	5,630	31,560	31,718	32,112	340,587
3.1.2 - Wellington convention centre	17,763	-	-	2,046	34,871
3.1.3 - Retail support (free weekend parking)	1,449	1,356	1,391	1,427	15,473
3.1.4 - WEID, economic growth and economic grants	1,262	3,599	3,680	3,765	40,784
3.1.5 - Major economic projects	4,313	-	5,000	-	58,565
3.1.6 - Regional and external relations	4,881	572	583	593	6,358
3.1.7 - Business improvement districts	2,510	114	117	120	1,297
Total operating expenditure	37,808	37,201	42,489	40,063	497,935
Capital expenditure					
3.1.1 - WREDA	-	-	-	-	-
3.1.2 - Wellington convention centre	1,341	2,215	1,742	1,353	16,422
3.1.3 - Retail support (free weekend parking)	-	-	-	-	-
3.1.4 - WEID, economic growth and economic grants	-	-	-	-	-
3.1.5 - Major economic projects	-	-	-	-	64,908
3.1.6 - Regional and external relations	-	-	-	-	-
3.1.7 - Business improvement districts	-	-	-	-	-
Total capital expenditure	1,341	2,215	1,742	1,353	81,330

CULTURAL WELLBEING - GROUP OF ACTIVITIES

GROUP OF ACTIVITIES	RATIONALE	SERVICE OFFERING	NEGATIVE EFFECTS
4.1 Arts and cultural activities	The arts contribute to a vibrant CBD and provide opportunities for cultural expression.	<ul style="list-style-type: none"> Funding to Te Papa, Wellington Museum, City Gallery, Capital E, the Cable Car Museum, Carter Observatory and Nairn Street Historic Cottage. Support major events and festivals that generate economic returns Provide fund grants to arts organisations. Manage the Toi Poneke Arts Centre, the City Art Collection. Te Ara o Nga Tupuna Heritage Trail and Te Motu Kairangi Plan 	We do not anticipate any significant negative effects associated with our role in these services.
4.1.1 City galleries and museums			
4.1.2 Visitor attractions (Te Papa/ Carter Observatory)	Build a sense of place and identity.		
4.1.3 Arts and cultural festivals	Grow visitation and exposure to creativity and innovation.		
4.1.4 Cultural grants			
4.1.5 Access and support for community arts			
4.1.6 Arts partnerships			
4.1.7 Regional amenities fund			

CULTURAL WELLBEING - PERFORMANCE MEASURES

CULTURAL WELLBEING

Objectives	Sense of place and identity
	Diversity and openness
	Visitation
	Exposure to creativity and innovation
Outcome indicators	<p>Residents' frequency of engagement in cultural and arts activities</p> <p>New Zealanders' and residents' perceptions that 'Wellington has a culturally rich and diverse arts scene'</p> <p>Resident perceptions that Wellington's local identity (sense of place) is appropriately valued and protected</p> <p>Events held at key city venues</p> <p>New Zealanders' and residents' perceptions that "Wellington is the arts capital of New Zealand"</p> <p>New Zealanders' and residents' perceptions that "Wellington is the events capital of New Zealand"</p> <p>Residents' (%) agreement with the statement that "Wellington is an easy place to get involved in the arts"</p> <p>Te Papa visitors - total visitors, overseas visitors and NZ visitors from outside the region</p> <p>Customer (%) satisfaction with the NZ Festival</p> <p>Total tickets sold to the NZ Festival and the proportion sold to customers outside the region</p> <p>Total visits to museums and galleries (including Carter Observatory)</p>

4.1 Arts and culture activities

- 4.1.1 City galleries and museums
- 4.1.2 Visitor attractions (Te Papa/Carter Observatory)
- 4.1.3 Arts and cultural festivals
- 4.1.4 Cultural grants
- 4.1.5 Access and support for community arts
- 4.1.6 Arts partnerships
- 4.1.7 Regional Amenities Fund

PURPOSE OF MEASURE	PERFORMANCE MEASURE	2015/16	2016/17	2017/18	2018-25
To measure the quality and usage of our arts and culture support activities	Attendee satisfaction with Council supported arts and cultural festivals	90%	90%	90%	90%
	User (%) satisfaction with Toi Pōneke facilities and services	90%	90%	90%	90%
	Economic contribution (\$) the NZ Festival makes to the city's economy (direct new spend)	\$40 million		\$40 million	\$40 million (every second year)
	The proportion of grants funds successfully allocated (through milestones being met)	95%	95%	95%	95%
	Proportion of outcomes delivered (previous projects - weighted by \$ value)	90%	90%	90%	90%
	Venues subsidy - total number of performers and attendees at supported events	Increase on previous year			
	Cultural grants - % first time applicants who are successful	50%	50%	50%	50%

CULTURAL WELLBEING - ACTIVITY BUDGET

4.1 ARTS AND CULTURE ACTIVITIES	2014/15 AP 2014/15 GROSS EXPENDITURE	2015-25 LTP 2015/16 GROSS EXPENDITURE	2015-25 LTP 2016/17 GROSS EXPENDITURE	2015-25 LTP 2017/18 GROSS EXPENDITURE	2015-25 LTP 10-YEAR TOTAL GROSS EXPENDITURE
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Operating expenditure					
4.1.1 - Galleries and museums (WMT)	8,412	9,208	9,445	9,914	102,353
4.1.2 - Visitor attractions (Te Papa/Carter Observatory)	2,981	2,840	2,864	2,878	29,013
4.1.3 - Arts and cultural festivals	2,597	2,692	2,745	2,805	30,237
4.1.4 - Cultural grants	1,053	858	969	981	11,540
4.1.5 - Access and support for community arts	613	659	719	728	6,516
4.1.6 - Arts partnerships	1,938	2,277	2,315	2,353	22,330
4.1.7 - Regional Amenities Fund	609	609	609	609	6,095
Total operating expenditure	18,203	19,142	19,666	20,268	208,084
Capital expenditure					
4.1.1 - Galleries and museums (WMT)	-	1,914	-	10,000	11,914
4.1.2 - Visitor attractions (Te Papa/Carter Observatory)	-	180	-	-	180
4.1.3 - Arts and cultural festivals	-	-	-	-	-
4.1.4 - Cultural grants	-	100	-	8	230
4.1.5 - Access and support for community arts	26	26	27	28	301
4.1.6 - Arts partnerships	-	-	-	-	-
4.1.7 - Regional Amenities Fund	-	-	-	-	-
Total capital expenditure	26	2,220	27	10,036	12,624