

**Wellington Regional Strategy 2012 – growing a
sustainable economy**

Draft

Table of contents

Chair's foreword

Context

- Our region
- Our strengths
- Our performance
- Our role

Aim of the Strategy

Focus areas

- Implementation pathway
 1. Commercialisation of innovation
 2. Investment mechanisms for growth
 3. Building world class infrastructure
 4. Attracting business and talent to the region
 5. Education and workforce development
 6. Open for business

Monitoring and review

Appendices

1. The WRS committee
2. Genuine Progress Index
3. Related strategies and agencies

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 to that of 2006/07 when the WRS was first adopted. Economic growth has slowed, jobs are getting 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 goes about supporting 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 Kapiti 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:

- Kapiti 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 with our cities, towns and transport networks being shaped by the rivers, harbours, hills, ranges, valleys and a stunning coastline. Our geography in particular presents major constraints and major opportunities for the region.

The Wellington Regional Strategy (WRS) activity is governed on behalf of the region by the Wellington Regional Strategy Committee. A Committee of the Greater Wellington Regional Council, it includes a representative of each council (usually the Mayor), together with the Chair of Greater Wellington Regional Council and five independent members. It is chaired by an independent member of the Committee¹.

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.

¹ Refer to Appendix 1 for a full description of the governance structure of the Wellington Regional Strategy.

Diverse and vibrant enterprise exists in the Wellington region – from government and professional services; screen, digital and ICT; design and innovation led manufacturing; tidal energy to high end food and wine.

Wellington 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 Wellington’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:

- Around 50% of the region’s workforce is employed in knowledge intensive occupations (compared to a national average of just over 32%)
- 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 Information and Communication Technologies (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 Wellington’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 does not on its own make the Wellington region the remarkable place to do business. It is the combination of all of them in such close proximity to each other that make the region 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 economy².

An equally important measure is the level of GDP produced per head of population (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.

² Infometrics, 2011 Annual Economic Profile for the Wellington region



Figure 1, Annual average GDP growth (2000-2011)³



Figure 2, Annual average employment growth (2000-2011)⁴

In 2011 our regional GDP per capita dropped from \$53,479 in 2010 to \$52,353⁵, still higher than the national average 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 over the long term and recently when compared to the national average⁶.

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 our edge and relative position in the New Zealand economy. This is the main driver behind the WRS.

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 especially involves central and local government, business and the 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 Three for a list of key strategies and agencies referred to in this document.

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.

³ Infometrics, 2011 Annual Economic Profile for the Wellington region.

⁴ Infometrics, 2011 Annual Economic Profile for the Wellington region.

⁵ BERL, Update dataset for GPI, June 2012.

⁶ 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

Councils play an important part in enabling economic activity, including 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.

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

We have set up our economic development agency Grow Wellington to help to support and facilitate economic growth and development in our region. Grow Wellington is expected to play a major role in delivering on the actions within each focus area of this Strategy.

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 support for the economy fits within 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 relative regional 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 and business 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 the Wellington City 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 more diverse economic base provides greater scope to reduce the impact of external events and foster more 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. Research⁷ 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 has a starting from position of relative strength, we are losing ground when compared to the performance of some regions and New

⁷ NZ Universities briefing – Contributing to Governments Goals, March 2011
<http://www.universitiesnz.ac.nz/files/Briefing%20for%20the%20Incoming%20Government%20Dec%202011%20.pdf>

Zealand as a whole. The performance of Auckland in particular, has improved significantly over recent years. The Wellington region needs to strive to improve its relative regional position if it is to prosper into the future.

In 2010, GDP per capita for the Wellington region was \$53,479⁸. This WRS has set a performance target to increase this by \$1,900 by 2013/14, and then by \$3,600 by 2015/22.

Labour productivity in the Wellington region (1.9% p.a. compared with 2.5% p.a. for 2008 year) has also been slower than the national average⁹. 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.

⁸ BERL, Update dataset for GPI, June 2012

⁹ Martin Jenkins, 2011, p.17

Focus areas

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

The region is proposing a strategic and 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 (such as Creative HQ) and large export companies (through New Zealand Trade and Enterprise).

With limited resources, it makes sense to focus on strategic leadership and interventions, 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 Wellington 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
- tidal energy
- 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:

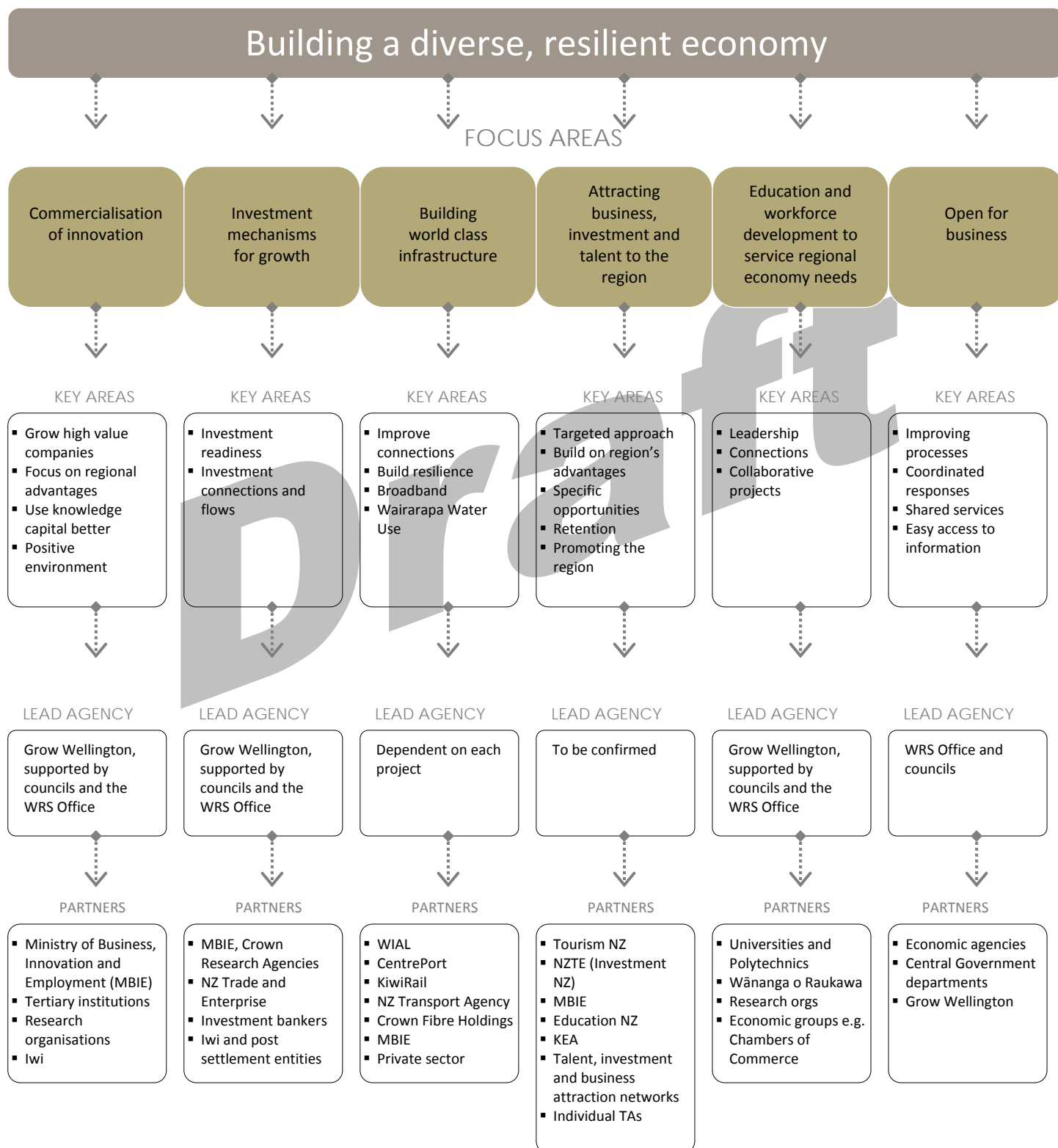
- **Focus area 1: commercialisation of innovation**
With a focus on business led innovation, this involves supporting successful businesses to innovate and champion a vibrant and supportive business environment.
- **Focus area 2: investment mechanisms for growth**
This is about attracting international 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 championing 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 the taking of 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 takes 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 connections and emphasis of innovation 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 capture 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 via Creative HQ.
- 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

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 undersubscribed. 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 Wellington 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. They invest in businesses that have the potential to transform New Zealand’s economy and provide funding, support and advice to help companies undertake R&D projects and build their R&D 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 consider 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 – its 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 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 to increase capability and become investment ready.

Associated to 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

- MBIE,
- Crown Research Institutes
- NZTE
- Investment bankers
- Iwi and post settlement entities

Focus area 3: Building world class economic 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 – considered 'moderate' in terms of international trade, migration and international student connections.

Improving the region's economic foundations has been a continued focus of the WRS. There are gains to be had from building world class economic 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 economic infrastructure includes:

- International and national connections:
 - Having the capacity to attract long haul flights to/from Asia and thereby building high-level connections to Asia.
 - Building resilience in our sea port, roads, railways and regional airports.
 - Broadband
- 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.

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 economic 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.
- Benchmarking with infrastructure performance in other regions.

Lead agency

The lead agency for this focus area varies depending on the project:

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

Key partners

- Infrastructure providers including:
 - Wellington International Airport Limited
 - CentrePort Limited
 - KiwiRail
- New Zealand Transport Agency
- Crown Fibre Holdings

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 closer to 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 resultant 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, hosting, etc are fairly standard as parts of the "welcome mat" function.

A focus around the families of those we are looking 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
- Co-ordination 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" 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, who 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.

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 lead 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 retained and coming into 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

Grow Wellington, Positively Wellington Tourism and councils all have a part to play in delivering activities under this focus area. The lead agencies for particular activities are yet to be confirmed.

Key partners

- Tourism New Zealand
- NZTE
- MBIE (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
- Local councils

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 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 development¹⁰.
- 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 sector¹¹:
 - New Zealand needs better linkages between firms, tertiary institutions (particularly universities) and Crown Research Institutes in order to increase the economic returns of publically funding research (TEC Strategy 2010-2015).
 - Universities had underperformed in their requirement to produce results from research-driven innovation (MSI in response to TEC 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 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 we get associated scale of

¹⁰ See Steven Joyce speech <http://www.beehive.govt.nz/speech/address-asia-pacific-science-policy-studies-research-conference-wellington>

¹¹ While the importance of apprenticeships is recognised, they are not included as a key focus area of the WRS.

activity. This affects our brand overseas and makes it harder to attract students and teachers.

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 inherent advantages as part of improve 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 an inherent 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
- Wānanga o Raukawa
- Research organisations
- Economic agencies such as the Chambers of Commerce

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 are generally not renowned as ‘business friendly’ entities – perhaps due to the regulatory side of our responsibilities. This perception is 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.

Areas for the WRS

Being open for business means delivering council’s business-facing services with a ‘can do’ attitude, while still retaining the integrity of our regulatory services. This will enable a well-functioning built environment and facilitate a business environment where a wide nature of business firms 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 of processes to improve consistency and certainty for business, for example improving consistency of district plan process across the region.
- Providing a dedicated and coordinated response to business projects, initiatives and needs that span political boundaries, for example the Ultra-fast Broadband Initiative and 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 economy, collective intelligence of developments, 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. For example, 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

The WRS Office, local councils and Grow Wellington are the lead agencies for this focus area.

Key partners

- Economic agencies such as the Chambers of Commerce
- Central government departments.
- Private sector, including property developers
- Grow Wellington

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: This 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 publicly available 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 Two.

Appendix One – 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 Two - Genuine Progress Index

The Genuine Progress Index (GPI) is a monitoring framework for assessing progress towards the overall wellbeing 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 wellbeing 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 in an improving condition, though results across the indicators show the well-being condition and progress in 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 R&D. The percentage of GDP spent on R&D 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 has been 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 overweight and obesity has increased (from 55.8% in 2003 to 63.2% in 2007).

Appendix Three - 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 One).

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, the Ministry of Economic Development, the Department of Labour, and the Department of Building and Housing. As such they will be responsible for the functions formerly held by the MED and MSI, including:

- the government's business development capability policy;
- creating the conditions for businesses to succeed and New Zealanders to prosper;
- monitoring and evaluating programmes that build capability in New Zealand businesses;
- providing advice and research on issues that are important to small and medium sized enterprises;

- working directly with companies to incentivise and support them to invest more in, and facilitate access to, research and development and other business assistance services;
- sparking innovation in low tech firms; and
- improving the performance of public research and development so that it has greater impact overall.

Draft