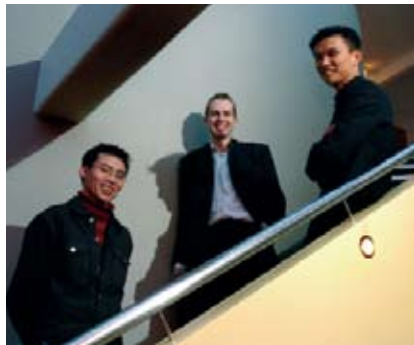


Wellington Regional Strategy

Internationally Competitive Wellington

Te Kaupapa o te Takiwa o Te Whanganui a Tara Kiwa
A Sustainable Economic Growth Strategy for our Region
June 2007



ABOUT THIS DOCUMENT

The Wellington Regional Strategy (WRS) is a sustainable growth strategy that has been developed by greater Wellington's nine local authorities, in conjunction with central government and the region's business, education, research and voluntary sector interests. Its aim is to make greater Wellington "internationally competitive" - in other words a region which offers the competitive package of a great lifestyle and job opportunities, supported by a strong economy.

The WRS aims will be achieved by collaborative effort of the private sector, central and local government, and organisations seeking to foster economic development. It will be a rallying point for matters requiring a region-wide approach.

Established as a fact based exercise, the WRS has, for the first time, brought together a coherent body of regional scale research and evaluation work to inform decision-making. Alongside this, two sets of public consultation have been undertaken and two surveys of business and public interests have been commissioned. The WRS incorporates feedback from all these processes. Further details are contained in the appendices and on www.wrs.govt.nz

It is recognised that many aspects of the regional economy are influenced by operation of global markets, central government and individual businesses. The WRS is focused on regional interventions or actions that can realistically make a difference.

Research suggests relatively modest levels of better coordinated investment can reap multi-million dollar returns. The WRS targets these matters for attention and action.

The WRS is not a detailed work plan. It provides an overview of the opportunities that exist to lift the region's economic performance. The WRS also seeks improvement in the region's environmental, social and cultural performance.

Many initiatives in this document harness resources of existing businesses and institutions. For some new economic development initiatives, the actual work undertaken, its prioritisation and budget allocations will be the responsibility of a region wide Economic Development Agency (EDA). Specific cost/benefit assessments of projects will occur at this level.

Ara Tahi is the Greater Wellington Regional Council Inter-iwi Representative Group, and has provided input into the development of the WRS. The group has representation from each of Wellington region's seven iwi authorities: Te Runanga o Raukawa Inc, Te Runanga o Atiawa ki Whakarongotai Inc, Te Runanga o Toa Rangatira Inc, Wellington Tenth's Trust, Te Runanganui o Taranaki Whanui ki te Upoko o te Ika a Maui Inc, Rangitane o Wairarapa Inc and Kahungunu ki Wairarapa.

Partial funding for the Wellington Regional Strategy project has been provided by New Zealand Trade & Enterprise.

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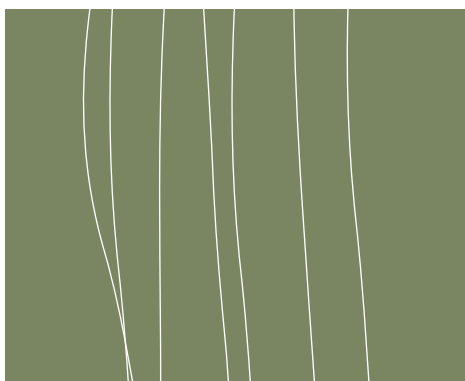
IN ASSOCIATION WITH POSITIVELY WELLINGTON BUSINESS

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OUR VISION

In 2025 the Wellington region's competitive advantage will be based around its capital status, global links and local geography. The two main corridors running the length of the area will create a feeling of free movement and intimacy in the region. You'll never feel far from the bush, the sea, work or home. A thriving entrepreneurial spirit of new ideas will be encouraged and drive the economy. People will live in safe, clean communities that celebrate the coming together of different cultures. Everyone will enjoy access to sport and active leisure, environmentally friendly outdoors and to thriving, cosmopolitan arts and entertainment.

Our vision is supported by "the overarching principles for promoting sustainable prosperity for the Wellington region" [page 56]



THE OUTCOMES WE WANT



The high level outcomes we want from a sustainable economic growth strategy are:

COMMUNITY OUTCOMES FOR THE WELLINGTON REGION

PROSPEROUS COMMUNITY	All members of our community prosper from a strong and growing economy. A thriving business sector attracts and retains a skilled and productive workforce.
CONNECTED COMMUNITY	Our connections and access are efficient, quick and easy - locally, nationally and internationally. Our communication networks, air and sea ports, roads and public transport systems are world class and enable us to link well with others, both within and outside the region.
ENTREPRENEURIAL AND INNOVATIVE REGION	Innovation, creativity and new endeavours are welcomed and encouraged. Ideas are exchanged across all sectors, resulting in a creative business culture. We have excellent education and research institutions, and benefit from being the seat of government.
HEALTHY ENVIRONMENT	We have clean water, fresh air and healthy soils. Well functioning and diverse ecosystems make up an environment that can support our needs. Resources are used efficiently. There is minimal waste and pollution.
QUALITY LIFESTYLE	Living in the Wellington region is enjoyable, and people feel safe. A variety of healthy and affordable lifestyles can be pursued. Our art, sport, recreation and entertainment scenes are enjoyed by all community members - and attract visitors.
SENSE OF PLACE	We have a deep sense of pride in the Wellington region and there is strong community spirit. We value the region's unique characteristics - its rural, urban and harbour landscapes, its climate, its central location, and its capital city.
REGIONAL FOUNDATIONS	High quality and secure infrastructure and services meet our everyday needs. These are developed and maintained to support the sustainable growth of the region, now and in the future.
HEALTHY COMMUNITY	Our physical and mental health is protected. Living and working environments are safe, and everyone has access to health care. Every opportunity is taken to recognise and encourage good health.
STRONG AND TOLERANT COMMUNITY	People are important. All members of our community are empowered to participate in decision-making and to contribute to society. We celebrate diversity and welcome newcomers, while recognising the special role of tangata whenua.

A STRATEGY FOR SUSTAINABLE GROWTH



Successful, internationally competitive regions have three key characteristics. They're great places to live, they have excellent career opportunities and they have strong vibrant economies. The actions proposed in this document are designed to improve the region's performance in these three areas.

BACKGROUND

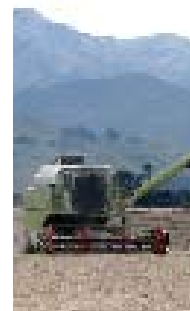
The greater Wellington region is home to 450,000 New Zealanders, 11 per cent of the national population. It produces 13% of the nation's gross domestic product (GDP).

As the table opposite shows much of the region's current employment is in government administration and defence, and in finance and insurance. Conversely, regional employment is low relative to N.Z. averages for manufacturing agriculture, forestry and fishing. However primary production is important to the region, and forms the mainstay of local economies for Wairarapa and other rurally based communities. Importantly, scope exists to increase the contribution from these sectors to overall regional performance. Farming and forestry in particular also provide scope for technology development around potential 'carbon neutral' goals.

WELLINGTON REGION	WELLINGTON REGION JOBS 2005	SHARE OF NZ JOBS	NZ JOBS
Property and business services	37447	16.6%	225100
Retail trade	25392	11.2%	226530
Government administration and defence	22194	32.3%	68783
Health and community services	21884	12.3%	178080
Manufacturing	17305	6.7%	257704
Education	15686	12.2%	128820
Accommodation, cafes and restaurants	12698	11.6%	109670
Finance and insurance	11409	21.9%	52020
Construction	11271	10.5%	107430
Wholesale trade	10746	9.4%	114420
Personal and other services	10221	16.5%	61760
Transport and storage	7310	9.8%	74639
Cultural and recreational services	7039	14.9%	47140
Communication services	5387	19.4%	27830
Electricity, gas and water supply	1098	14.7%	7480
Agriculture, forestry and fishing	1072	3.1%	34290
Mining	152	3.4%	4482
*	218380	12.7%	1726140

* Totals may vary due to data rounding





The WRS draws on over 200 reports and documents which have been either commissioned or referenced since the development of the strategy began in 2004. Further information was provided via public surveys and submissions. More detail on this background information is contained in appendix one.

Common themes emerging from this background work include:

- > The importance of environmental, social and cultural, as well as economic, performance
- > The need to address a slowing rate of economic growth
- > Growing income gaps between New Zealand (including greater Wellington) and major international competitors
- > The need to export more
- > A requirement to ensure greater Wellington's lifestyle advantages are maintained
- > A projected shortage in 25-45 year olds and uneven population growth around our region

Research among residents and businesses has consistently supported the need for

a holistic view of prosperity incorporating environmental, social, cultural and economic performance. In a region-wide survey of 2000 residents and businesses the statement *"regional development success should be assessed by measuring improvements in the environment, society and culture as well as the economy"* was overwhelmingly endorsed. A sustainable approach to economic development is a recurring theme of this document. In fact the main measure of the strategy's success - a Genuine Progress Indicator (GPI) - incorporates all the key components of sustainability, as they relate to this region.

The possibility of being carbon neutral (including future adoption of a target date) is an example of a sustainability objective that could position the region as an internationally recognised showcase of environmental and business practices complementing each other - potential examples being forestry development in the Wairarapa and the use of alternative energy sources such as wind, waves and tides.

Research among residents and businesses also endorse a region-wide approach to economic development. Previous economic development initiatives, while effective, have not been region-

wide and have not had long term funding to implement long term strategies.

Incomes of people in the region are 10 percent higher than the national average. Five years ago regional incomes were 16 percent higher than the national average. The closing gap is in part due to slow growth in the regional economy. In the 5 years to March 2006 the region's annual GDP growth was 2.7 percent compared to the national average of 3.7 percent. The region cannot afford this under performance in growth statistics.

Consistent annual GDP growth of 4 percent is identified, by New Zealand Treasury, as the goal the country needs to aim for to get back into the top half of OECD countries. As the nation's second largest regional economy, greater Wellington has an influential part to play and 4 percent is considered a realistic target to pursue for the next 10 years. While private sector and central government action and policies will be the main influencers in achieving this target, the WRS can add value through facilitating growth in areas where the region has the potential to be a world leader, especially those initiatives that align to the WRS carbon neutral objective.



"regional development success should be assessed by measuring improvements in the environment, society and culture as well as the economy"— main result from research of ratepayers



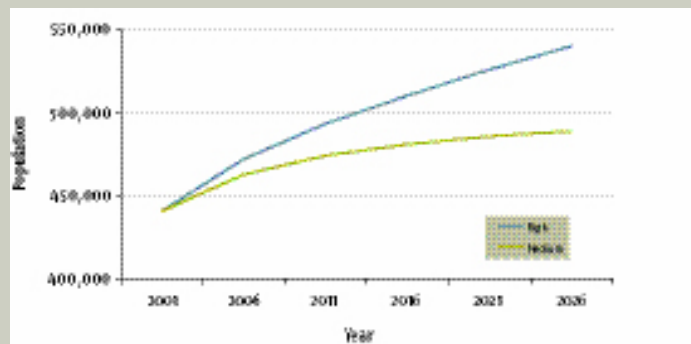


In assessing its success the region needs to be mindful, that in a global economy, comparisons with the rest of New Zealand only tell part of the story. For example, New Zealand's per capita GDP is one third less than in Australia. The average Australian in full time employment earns \$68,000 per annum, 51% more than the equivalent New Zealand figure of \$45,000.

Our slow growth and the resulting income gaps with our international competitors are strong incentives for the region's talent to move offshore. As the graph opposite shows, greater Wellington faces a shortage of 25-45 year olds. This sector includes much of the talent that drives economic growth.

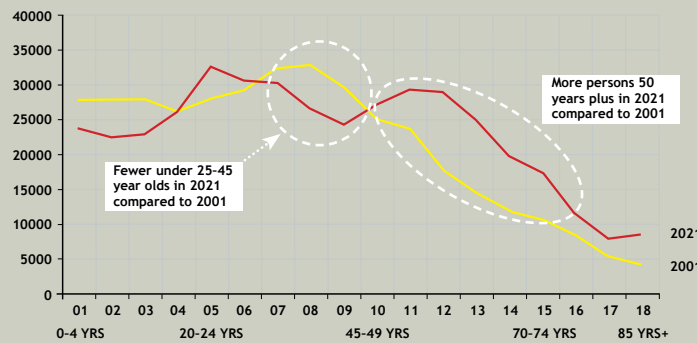
The region also needs to manage the impacts and distribution of its overall population growth. The high projection in the graph on page 5 (539,200 persons by 2026) can positively assist in sustaining the economic and lifestyle objectives of the region. However much of that growth is projected to occur in Wellington City and Kapiti which is not necessarily going to be best for the region as whole. A challenge is to ensure more even growth and prosperity throughout the region, and a better match between where people work and live.

PROJECTED POPULATION OF GREATER WELLINGTON REGION



Source: Department of Statistics - Feb 2005

REGIONAL POPULATION AGE COMPARISON



A STRATEGY FOR SUSTAINABLE GROWTH



A core aim of the WRS is to facilitate growth in exports. Currently just 13 percent of the region's GDP is exported. This is well below the national average of 33 percent. New Zealand is a small economy and provides limited opportunities for growth. The region must export more if it is to thrive.

In a number of economic measures the regional economy, and indeed New Zealand, underperforms global benchmarks. However, greater Wellington's lifestyle is world class. In the Mercer Consulting 2006 quality of living index covering 350 cities worldwide, Wellington ranks 12th. Much of this strategy is about 'good regional form' - the physical arrangement of urban and rural communities and how they link together. This includes strong city and town centres, matching transport decisions to urban and rural needs, quality urban design, open spaces, recreational amenities, housing choice and so on - the things that contribute to measures such as the Mercer index. The region must maintain its internationally competitive quality of life if it is to attract and retain talent.

INVESTMENT AND RETURN

In 2006, councils in the region invested \$3.9 million in economic development. This increases to \$4.5 million in 2007/08 and \$4.5 to \$5.6 million for each of the subsequent three years. Investment beyond 2008 is determined by the proposed economic development agency and its governing body - the Greater Wellington WRS committee. Their investment decisions will be based on the priorities they give to the actions detailed later in this document.

Many of the initiatives require a mix of ratepayer and non ratepayer (private sector and central government) funding. An objective is to have a dollar-for-dollar match between ratepayer and non ratepayer funding as soon as possible.

An exact return on investment from economic development expenditure is difficult to quantify because success will be a result of many factors.

However, as an example, a key objective of the WRS is to encourage direct, long haul flights to Asia, one stop to Europe. This opens up opportunities in tourism, in freight and in business services. If the parties involved in achieving this objective are successful, and it results in tourists extending their stay to three nights (currently two), it will result in an estimated \$82 million per annum injected into the regional economy.



A challenge for the Regional Strategy is to ensure more even population growth across the region.

ACTION PLANS



THREE FOCUS AREAS FOR SUSTAINABLE GROWTH



FOCUS AREA ONE: LEADERSHIP AND PARTNERSHIPS

Most of the WRS initiatives are about facilitation - bringing together the key players that can deliver on the region's sustainable growth objectives. This will only occur if the region can show effective leadership and forge partnerships between the local authorities of the region, central government, business and the education, research and voluntary sectors.

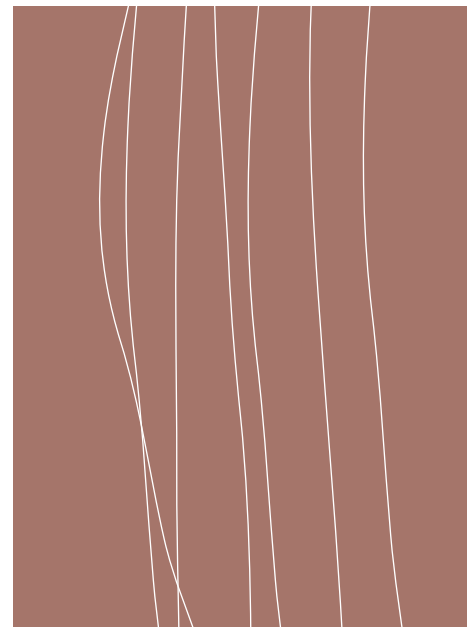
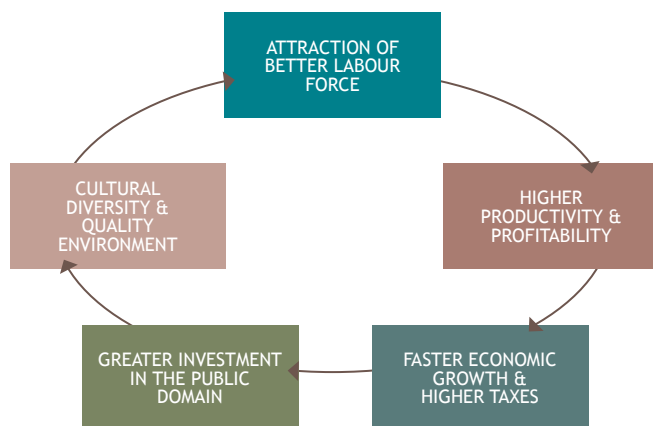
FOCUS AREA TWO: GROW THE REGION'S ECONOMY, ESPECIALLY ITS EXPORTS

The region's economic growth has been less than the national average in the last five years. This needs to change and we need to export more - the region is too reliant on the rest of New Zealand for its growth.

FOCUS AREA THREE: GOOD REGIONAL FORM

Regional form is about the physical arrangement of urban and rural communities and how they link together. It's about strong city and town centres, matching transport decisions to urban and rural needs, quality urban design, open spaces, recreational amenities, housing choice and so on - the things that contribute to our quality of life.

The Virtuous Cycle of Economic Development



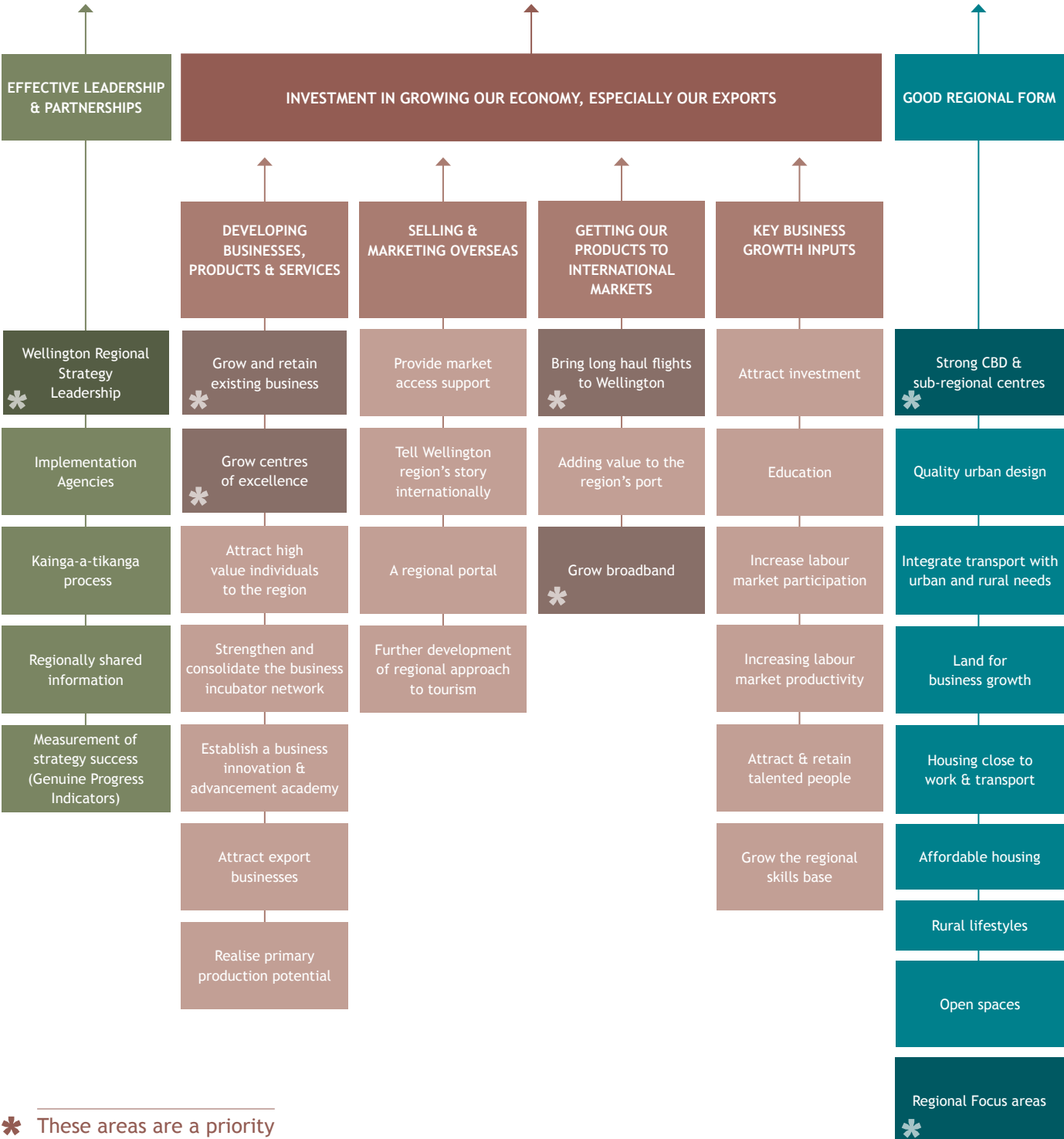
"I sometimes think this region doesn't know how good it is. We're doing great things but we're modest. Modesty is a good quality but I think a little more chest beating is in order."

— PETER JACKSON



The strategy incorporates a range of initiatives & partnerships. These are summarised in the diagram below.

A Sustainable Economic Growth Strategy for our Region



✱ These areas are a priority



Investment in leadership and partnerships

FOUNDATIONS FOR SUCCESS: EFFECTIVE LEADERSHIP AND PARTNERSHIPS

Our research is clear - successful regions of the world have proactive and innovative leadership.

To be internationally competitive we need to improve leadership and partnership activities in the Wellington region. This means preserving what is good at a local level, while maximising the significant opportunities that evolve from greater regional cooperation. These opportunities exist through cooperation in our urban and rural planning, in our infrastructure and in the way we capture economic growth opportunities.

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.

TOWARDS ONE REGIONAL VOICE

The "keeper" of the WRS is a formal committee of Greater Wellington Regional Council - the WRS Committee.

This committee includes the region's local government leaders and five highly respected individuals. The five are passionate Wellingtonians who have the skills, experience and networks to achieve the goals of the strategy.

The committee operates under the legal structure of Greater Wellington Regional Council (GWRC) on behalf of all of the councils of the region. It:

- > recommends the investment to support strategy actions;
- > sets out the focus for activity of delivery agencies;
- > Maintains regular contact with region wide infrastructure providers (e.g. in transport, energy and water) to ensure infrastructure developments meet the region's economic, urban form and social requirements;

- > monitors progress towards our goals; and
- > undertakes reviews of the strategy to keep it "live" and relevant.

The WRS committee establishes and monitors the performance of a regional economic development agency (EDA) to facilitate or do the economic development work outlined in the strategy. Funding for the EDA comes from a regional rate collected by the Greater Wellington Regional Council.

REGIONAL FUNDING

If we are serious about being 'internationally competitive' and wish to retain our prosperity and quality of life we need to confront what investment is needed to make a difference. For economic development there is much truth in the saying "you get what you pay for". Relative to many other areas of local government spending, our regional investment in economic development is modest.



The Westpac Stadium is an excellent example of what regional cooperation can achieve



Photo: Robert Cutto

The price of not addressing this lack of investment will be high.

While the regional economy is currently strong, we have experience of what it means to lose jobs or have businesses relocate away from our region. We know the impact of families feeling they have no choice but to move to where the "good jobs are", or of communities being unable to invest in the look and feel of their local areas.

In 2005/06 the councils of the region invested \$3.9 million in economic development. This increases to \$4.5 million in 2007/08, and up to \$5.6 million between 2008 and 2011. Funding of \$4.5 million will be provided by a regional rate comprising:

- > A uniform annual charge to residential ratepayers of \$12.50 plus GST
- > A uniform annual charge to rural ratepayers of \$25.00 plus GST
- > The remainder (42 percent) of the funding will be charged to business on the basis of capital values

Full implementation of the strategy requires greater investment than indicated here. Further funding will come from non ratepayer sources including the private sector and central government. An objective is to have a dollar-for-dollar match between ratepayer and non ratepayer funding.

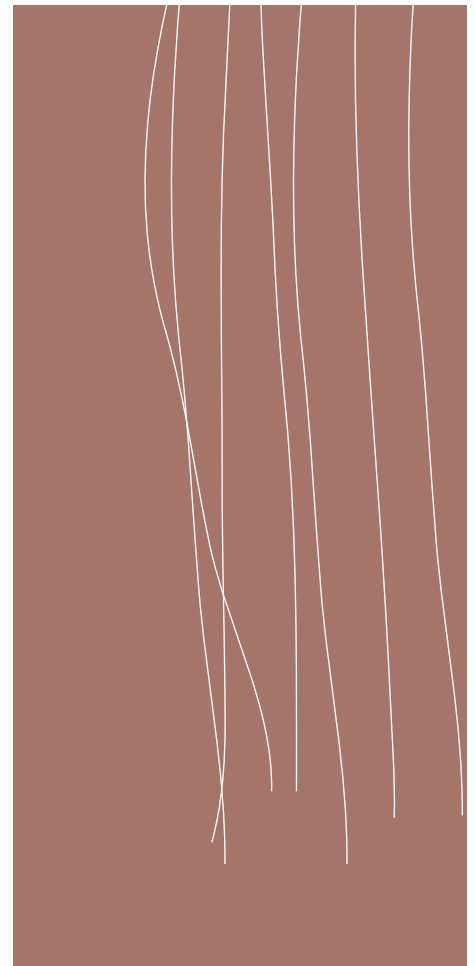
The funding arrangements will be part of a wider independent review of the WRS in 2011.

REGIONAL POLICY STATEMENT TO GUIDE LAND USE MANAGEMENT

The look and feel of our urban and rural areas, how efficiently they function and their "sense of place" require management, and importantly, appropriate legal backing.

The Wellington Regional Policy Statement (RPS), that operates under the Resource Management Act 1991, provides this legal backing.

Agreement by the councils to implement the WRS through the RPS is a significant step towards



Peter Jackson is an outstanding exponent of leadership & vision resulting in enormous economic benefit for the region





Investment in leadership and partnerships continued

a common approach to regional land use management.

ECONOMIC DEVELOPMENT AGENCY

In 2007 the Wellington region had three economic development agencies. These were Go Wairarapa, Enterprise Coast and Positively Wellington Business. Work of these agencies ceased or was encouraged to align to the strategy as of 1 July 2007. Establishment of the regional scale economic development agency for the region is crucial to WRS implementation. In line with central government policy announced in April 2007 the necessary transition arrangements are initiated. Our research shows that successful agencies:

- > have guaranteed long-term funding which enables them to plan and invest effectively (at least three yearly funding contracts)
- > are of a scale that will attract the necessary expertise
- > take a whole-of-region approach
- > harness major institutional and business interests.

The region-wide EDA will not be involved in the implementation of specific tourism activities.

There will be an independent review of the performance of WRS in 2011.

LAND DEVELOPMENT AGENCY

Land development agencies (LDAs) exist to develop sites where private sector development is unlikely, or where desirable change will not occur in time to meet economic development aims. VicUrban in Australia and Liverpool Vision in the UK are examples. Most OECD countries, with the notable exception of New Zealand, have LDAs whose purpose is economic and / or urban regeneration.

A Wellington regional LDA is being considered for those councils who wish to collaborate on specific land development opportunities*. This will be subject to a separate consultation process if there is agreement to pursue the LDA option.

REGIONAL TOURISM ORGANISATIONS

Following review of the dynamics of tourism in the Wellington region it is proposed that the current service delivery arrangements be largely unaltered. However, the strategy identifies several initiatives for increasing the impact of tourism promotion and improving co-ordination of tourism

product development and marketing at a regional level.

TASK FORCES

Some parts of the strategy will be best led and/or delivered by business, some by central government, some by the education, research and voluntary sectors, and some by local government. This will require a variety of working arrangements.

The action area summary tables include timetables and key partners for the different tasks.

The WRS committee, under Greater Wellington, has an overview role in respect of the various strands of the strategy.

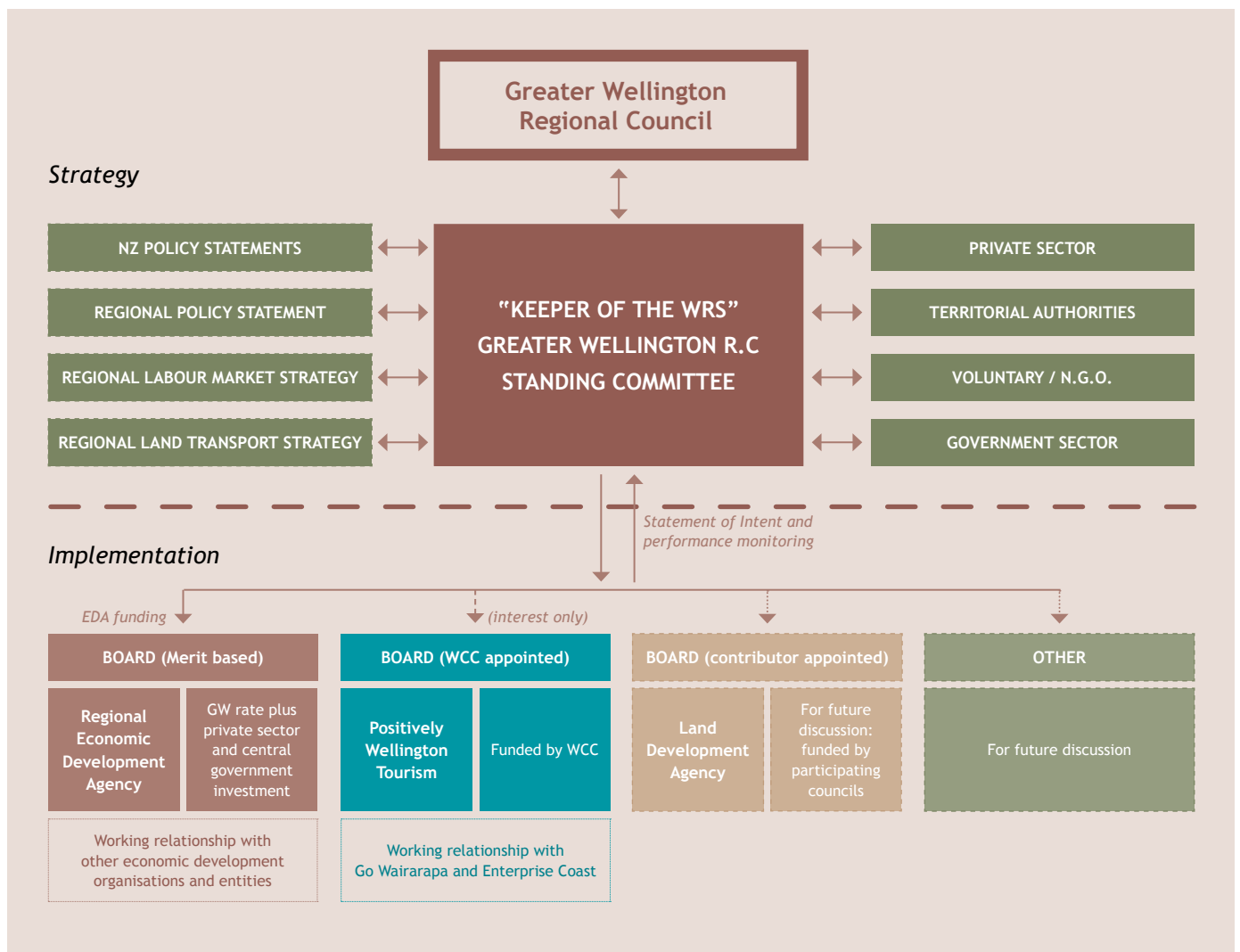
*Upper Hutt City Council will not be part of any LDA initiative.



Effective regional strategies result from partnerships between business, central government, local government and the research, education and voluntary sectors



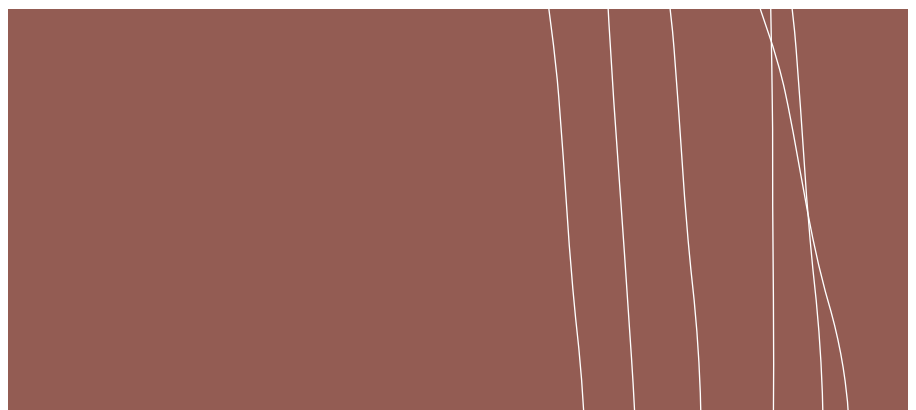
Standing Committee of Greater Wellington Funded via regional rate





Leadership and partnership - Action

TIMESCALE	ACTION AREAS	PARTNERS
Feb 2007	> Wellington Regional Strategy agreed and finalised.	All Councils
Feb 2007	> Greater Wellington WRS Committee, including five non local government appointees, confirmed.	GWRC
July 2007	> Regional rate for economic development purposes implemented.	GWRC on behalf of region
July 2007	> New EDA arrangements confirmed.	WRS Committee
July 2007	> Operational structure/framework for implementing strategy is confirmed.	WRS Committee All Councils
Oct 2007	> Data required for economic planning (eg land use, business type and location) is captured and shared on a region-wide basis.	All Councils
Dec 2007	> A measurement system (Genuine Progress Indicator) for measuring the success of the strategy is benchmarked and pilot operational.	All Councils
2008	> Input to Long Term Council Community Plan reviews for July 2009 adoption. Input provided on a three yearly cycle thereafter.	All Councils
July 2011	> Independent review of WRS effectiveness.	WRS Committee EDA Board Private Sector N.G.O Central government





Investment in growing our economy, especially our exports

Growth and retention of existing businesses

Wellington region is the home of central government, and some of New Zealand's largest employers, including ANZ, National Bank and New Zealand Post. Our future success depends on our ability to retain and grow businesses such as these.

The region has several advantages for business. It:

- > is the home of government
- > is the country's second largest regional economy
- > has a CBD which is compact and easy to navigate.

However it also has disadvantages including the lack of direct flights to Asia, one stop to Europe. If the region is to retain its large businesses, which underpin the economy, it must address such shortcomings. It also needs a clear understanding of the combination of factors which will keep businesses in Wellington and attract new ones.

For large institutions this may mean a case management approach to retaining them in the region.

The economic transformation we require calls for new thinking. Our centre of excellence initiative is an example of this thinking. It will develop sectors where the Wellington region is, or can be, world class. This will be achieved by linking education, research, business and government interests to speed up the commercial success of our ideas.

The centre of excellence initiative, like much of our economic planning, will focus on exports. To achieve its export growth targets the WRS aims to:

- > Sell more products and services to the rest of the world. The region cannot rely on continuing to sell to the rest of New Zealand for its growth. If we do, we will only grow at the rate of the rest of the country. Adding value to current products and services is also important, but will not provide sufficient growth on its own.

- > Grow current and potential export businesses. It is important for the region that exporters are provided with the environment in which they can be successful. This could mean helping businesses identify additional markets for new and existing products and services.

Four key areas where change is needed for growth to occur are discussed on the following pages.

KEY AREA 1

DEVELOPING BUSINESSES, PRODUCTS AND SERVICES

As a region we need more businesses creating products and services that the world wants to buy. This can occur through growing exports from current businesses and attracting new export-oriented operations to the region.

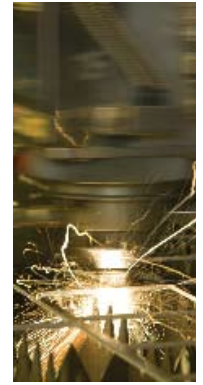
We can improve our performance by:

Growing centres of excellence

In developing centres of excellence the region needs a good understanding

Double our region's exporting share of GDP by 2026





Investment in growing our economy, especially our exports continued

of what it's good at, and what the growth areas are internationally.

In some cases the region's centres of excellence will encapsulate an entire "value chain". In other words all those things that occur between a product or service idea, through to after-sales follow up (R&D, design, manufacturing etc). In other cases a regional centre of excellence will relate to part of the value chain. This occurs where the region provides specialist expertise in a sector where much of the activity takes place offshore or in other parts of New Zealand.

The region's expertise in earthquake engineering for strengthening buildings, is an excellent example of a consultancy service that forms part of an international value chain.

Internationally, fundamental shifts are occurring where regions and countries are focussing on their strengths. The most noticeable has been a concentration of part of the global value chain - manufacturing - in low cost countries such as China.

International consultancy within our areas of expertise is important for the Wellington region because it provides the added benefit of improving our international connections and contacts.

In evaluating potential centres of excellence, a working party of current and former chief executives from the region asked the following questions:

- > Is the sector truly a potential centre of excellence? in particular, does it have:
 - a world class capability?
 - current or immediate potential participants in five of the six boxes identified in diagram below?
- > Is it possible to globalise the potential from the sector?
- > What is the size of the economic benefit?
- > Does world class leadership currently exist in the sector? If not, how difficult would it be to attract a world class leader to Wellington?

Sectors identified so far, where the region has skills and businesses that

are currently, or have the potential to be, world class include:

- > Biomedical
- > 3D technology including film & animation
- > Natural health
- > Recuperative healthcare
- > Natural environment
- > Natural hazards
- > Information communication technology (ICT) and business process in government
- > World class product development
- > Pasifika
- > Energy (wind and sea)
- > Biosecurity
- > Marine research technology
- > Specialty food & beverages

Developing these areas has a beneficial knock-on effect elsewhere. For example, in the education sector, it enables us to attract, and increases the chances

Centre of Excellence linkages

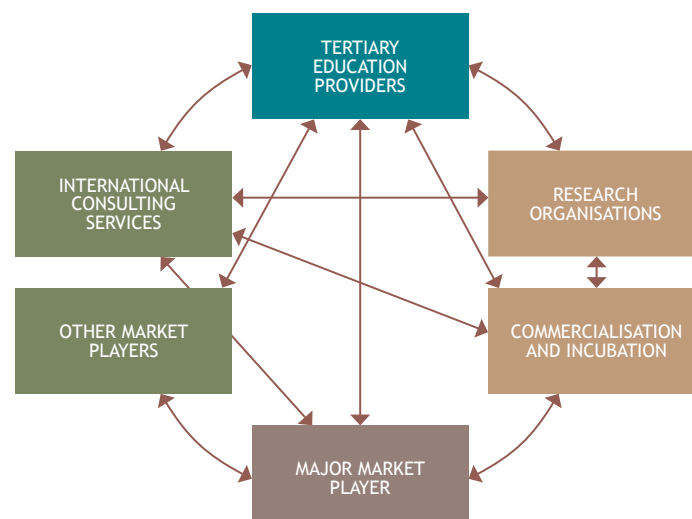




Photo: Dominique Pezet

of retaining, students who have an interest in the region's centres of excellence. This in turn aids the businesses involved in those sectors.

Another example is aligning centre of excellence effort with pursuit of 'carbon neutrality'. New Zealand and the Wellington region have potential to be world leaders in the field of 'green technologies' such as wind, tides, biomass and building technologies.

Centres of Excellence will be established under the Economic Development Agency auspices. By 2010 it is anticipated three centres will be operational. The selection of these three will have been undertaken by the EDA having consulted with market participants.

Each centre will have a dedicated team supported by a steering group made up of industry participants who will provide leadership and guidance. Importantly, centres will only be established where there is an industry desire for action and where participants are prepared to invest directly themselves.

Attracting high value individuals to the region

The region can be more proactive in attracting businesses and investment by providing a better business environment and being clear about the types of businesses, markets, and individuals it wants to have.

Specific individuals engaged in world renowned research and/or with significant international entrepreneurial experience can make a large contribution. They can also act as a catalyst for a step-change in economic activity within a specific sector.

Attraction activities should target individuals who are aligned with the region's centres of excellence.

Strengthening commercialisation of ideas and consolidating the incubator network

The Wellington region is well endowed with the means to create intellectual property, but has been less successful at exploiting its ideas - individual

organisations, both new and existing, often lack the specialist skills and experience to do this.

The Wellington region is well endowed with the means to create intellectual property, but has been less successful at exploiting its ideas.

A key role of the proposed new EDA will be to assess the systems and networks that commercialise our ideas. Incubation is one aspect of this.

There are currently five incubators in the Wellington region funded in a variety of ways. Incubators aim to enhance survival and fast track high growth businesses (HGBs) that have long-term potential to contribute to the region's economic health.

Incubators facilitate the commercialisation of ideas, and provide HGBs with key business infrastructure. They nurture early stage entrepreneurs and promote a climate in which entrepreneurship is encouraged. A high profile, world

"Icebreaker is successful because we dared to think differently. We don't sell clothes. We sell a philosophy backed with the best materials nature can provide."

— JEREMY MOON





Photo: Dominion Post

Investment in growing our economy, especially our exports continued

class incubator programme producing globally distinctive export businesses, demonstrates the region's support of entrepreneurship and business.

To achieve maximum impact from incubators it is essential that their scale and focus matches the region's size and economic focus. There is a perception that too many incubators exist, all of which are competing for the same public sector funding. As long as there are too many under-funded incubator programmes, it is unlikely they will succeed in graduating HGBs into significant exporters. It is therefore proposed to negotiate with current incubator hosts with a view to moving towards consolidation and a re-branded, aligned regional operation. This regional operation would focus on HGBs that have outstanding export potential and are a strategic fit with the centres of excellence.

"Our company, Silverstripe, makes it easy for people to manage and change their own websites. We've got a fantastic team of 13, a seven figure turnover and we are being approached by international companies who want to work with us. We're on a roll, but three years ago we had no turnover and no staff. Being part of a business incubation programme was really important to our success. It instilled planning discipline in the company, it opened doors and the mentor advice we received was invaluable."

Tim Copeland Partner
Silverstripe
(recent business incubator graduate)

Establishing a business innovation and advancement academy

It is proposed that a business innovation and advancement academy be developed. The academy's main focus would be on businesses that fall within the centres of excellence criteria.

The academy's role would be similar to its sports equivalent. It would spot talent and provide mentoring and resources. It is anticipated the academy would operate alongside, and be complementary to, the incubator programme.

Developing export businesses

Business attraction efforts will focus on those sectors that align with the centre of excellence criteria. Incentives for attracting businesses could include:

- > A standard rates rebate for Wellington based international firms.
- > Feasibility studies for targeted industry relocations to Wellington that complement the work of Investment NZ.

Exports will also be facilitated through:

- > non-exporting businesses beginning to export
- > retention of businesses that currently export



The Wellington region needs to export more. Eurocell Sawmills in Masterton and Upper Hutt process timber for export to Asia

Maui's Spell on Wellington City's Cultureflow website is part of an innovative online te reo Maori programme. The concept receives strong endorsement in New Zealand, and the same principles are being applied by sister company Cultureflow China to teach English in China.



- > export growth in businesses that currently export
- > attracting new export businesses.

Primary production

The primary sector contributes to the region's export and environmental objectives and there is considerable scope for this to be increased. For example much of the Wairarapa's primary production is constrained by a lack of water. This was the catalyst for large scale irrigation planning by Go Wairarapa. This, along with Go Wairarapa's other associated land based initiatives - for example the internationally recognised cuisine school in the Wairarapa - are supported by the WRS.

The potential for forestry is only partially tapped. An emerging industry in further processing is developing and this industry provides considerable environmental benefits through carbon sequestration, erosion control and bio fuels.

KEY AREA 2

SELLING AND MARKETING OVERSEAS

A recent Wellington Regional Chamber of Commerce survey of its members identified that only 19 percent of respondents export. Other research suggests that while there is a strong desire to export, this does not necessarily equate to a company having export capability or viewing exporting as an immediate priority.

Providing market access support

There is a need to address the barriers faced by exporters. These include

- > lack of market intelligence
- > inadequate commercial relationships/partnerships
- > lack of on-the-ground presence in target markets
- > lack of staff with appropriate skills and experience
- > cost of exploring international markets
- > cost competitiveness factors
- > finding time to work, market and sell.

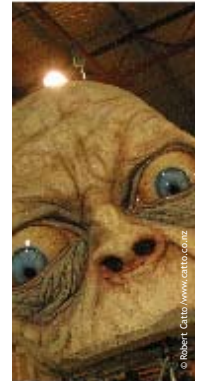
We propose establishing a network of agents in target export markets to support local businesses. We also need to

"Twenty years ago Trade Me couldn't exist. Seven years ago it didn't exist. Now it's a big player - one of the biggest. The 'rate of change' graph just went off the radar. Big towns struggle with change. I like to think we embrace it."

— SAM MORGAN



Photo: Dominion Post



Investment in growing our economy, especially our exports continued

refocus our sister city relationships so they become commercial, not just cultural partnerships. Alongside this, the region needs to ensure it advocates policies that maximise regional export assistance.

Telling Wellington region's story internationally

The Wellington region needs to update its national and international image. It needs to be seen as a dynamic place to live, work and invest. This should build on central government's focus on boosting the country's image internationally and through the New Zealand New Thinking initiative of New Zealand Trade and Enterprise.

We also need to exploit our sister city relationships so they become commercial, not just cultural partnerships.

We need to establish a point of difference and have an actively managed voice on the international stage where we compete for talent, investment and visitors. The region is arguably a second-tier New Zealand destination, when compared to high

profile destinations and the country's long-haul international gateways.

We currently have a range of different, mostly unaligned, marketing initiatives in the migrant attraction, tourism, education, exporting and investment sectors. We cannot continue with this approach given our modest budgets by international standards.

A regional marketing strategy that coordinates public and private sector efforts is proposed. In addition to maximising our spend, this approach would ensure the region more effectively communicates its point of difference.

A regional 'portal'

The internet is arguably the most important initial source of information for prospective investors, businesses and migrants. An integrated website will provide a cost effective means of presenting the region's unique attributes to these audiences, and complements regional marketing efforts.

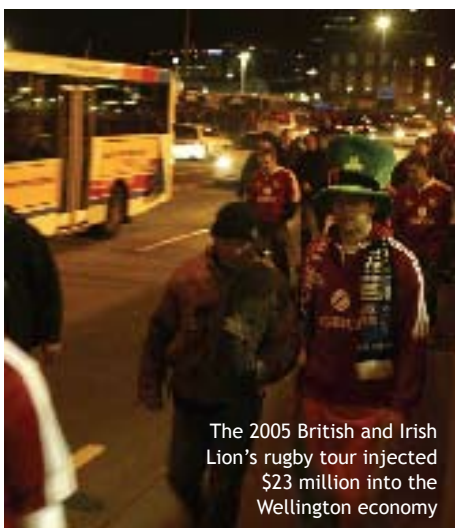
Currently there are a range of national and regional websites that present aspects of the Wellington region's story, but we do not have a vehicle which tells the whole story.

We propose developing a website which provides a comprehensive picture of life in the region and which can be a one-stop-shop of information for prospective migrants (including domestic migrants), expats returning home, businesses and investors.

The internet is arguably the most important initial source of information for prospective investors, businesses and migrants

Further development of the regional approach to tourism

Tourism accounts for 10 percent of the regional domestic product, approximately \$1.4 billion annually. Despite strong growth, especially in Wellington city, significant potential can be realised through a more integrated regional approach to destination development and marketing - nationally and internationally. For example, there is potential to increase visitor numbers and length of stay through promoting the region as a convention destination, especially in areas that relate to the regional centres of excellence.



The 2005 British and Irish Lion's rugby tour injected \$23 million into the Wellington economy



Mixing the Lord of the the Rings: The return of the King, at Park Road Post. Photo: Stephen Goodenough



Visitor spend and length of stay can also be increased by broadening the portfolio of compelling visitor experiences, and continuing to promote a "longer stay", marketing proposition.

Further development of the regional approach to tourism, events and destination development is proposed.

Sport is a key contributor to inbound tourism through events such as the 2005 British and Irish Lion's rugby tour, the International Sevens and the X-Air Games. Wellington's reputation as the events capital, its sporting infrastructure - for example the Westpac Stadium - and increasing range of active leisure choices, provide a strong basis for development and increased tourism. This, like many WRS initiatives, will occur in tandem with existing agencies, in this case Positively Wellington Tourism.

Further development of the regional approach to tourism, events and destination development is proposed. This will occur through a series of joint venture partnerships between Positively Wellington Tourism and Councils in the region.

KEY AREA 3

GETTING OUR PRODUCTS TO INTERNATIONAL MARKETS

Our distance from international markets is a barrier, but one that is being continually reduced through technology.

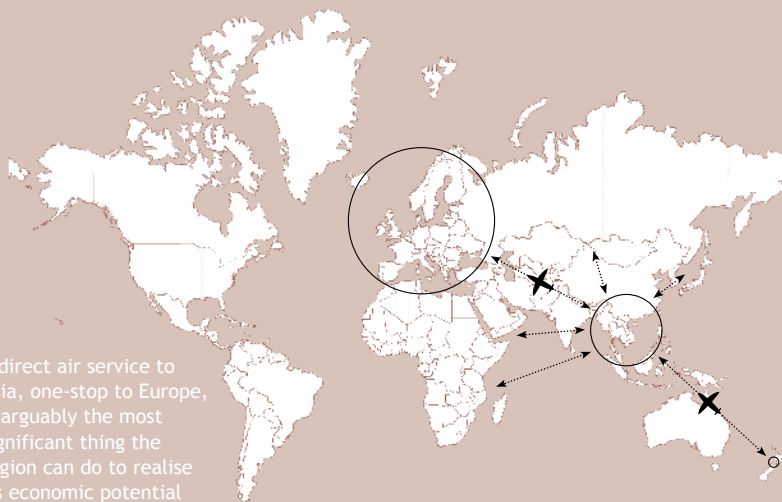
Bringing direct, long haul flights to Wellington

In 2008, Boeing and Airbus will deliver new, lighter aircraft with long haul capability that can land and take-off from Wellington's relatively short runway. These craft will be capable of flying directly to Asia and North America, providing a 'one stop to Europe' option.

Our international research shows that long haul capability is a core component of successful regions. This is because of the tourism, exporting and business travel (and therefore business location) advantages it provides. Currently Wellington businesses or tourists that wish to travel or export to any country other than Australia, must do so via Auckland or Christchurch. This is a handbrake on the regional economy and one that is being addressed.



Sister city relationships need to evolve into commercial partnerships



A direct air service to Asia, one-stop to Europe, is arguably the most significant thing the region can do to realise its economic potential



Fraser Engineering, Hutt City, uses world leading technology and local suppliers to manufacture and assemble fire and emergency appliances



Investment in growing our economy, especially our exports continued

Our aim is to have direct long haul flights to and from Asia by 2010, two years after the new aircraft become available.

"Our business 'exports' identity management services. In the initial stages of developing our relationships in Asia we visited Singapore, Malaysia and Thailand frequently. Often members of the team were away every 3 to 4 weeks. Having to fly via Auckland is a major headache. It adds an extra day and night to the trip on the way out, and half a day on the way back. Our team members are asked to give up a Saturday or Sunday. This is a waste of time and money. The same is true when our clients visit the company. They can't believe it when they're forced to come via Auckland to the Capital.

If Wellington wants to be taken seriously it must have direct flights to Asia - no question."

Wayne Stemp Chief Executive
Eyede Ltd

The Port - a cornerstone of the regional economy.

Wellington's Port handles 1.7 million gross tonnes of export freight and 28000 cruise liner tourists and crew, annually. It is vital to the existing businesses of the region and the exporting objectives of the WRS. The WRS can add value to the Port's operation through the 'regional form' initiatives detailed later in the document, especially those that facilitate efficient road and rail transport to and from the port.

The WRS can also play a part in the development of a national coastal shipping strategy for the benefit of the region, and with the port as a key component.

Growing broadband

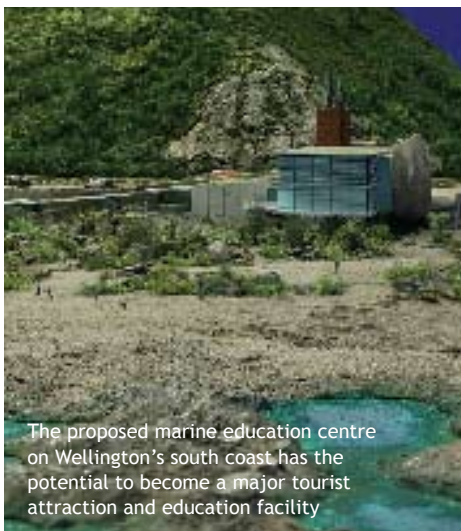
There is a significant positive relationship between investment in broadband and GDP growth, especially when a critical mass of telecommunications infrastructure is present. Evidence is mounting that information communications technology (ICT) use explains much of the rapid productivity growth in the 1990s in both the US and Australia - two of the fastest growing OECD countries. Our research points to

investment in airports and broadband technology as being arguably the most important factors that position a city to compete in the global economy. This is because investment in telecommunications and transport infrastructure can significantly lower production costs, thereby increasing productivity growth. Broadband may also assist in retaining and attracting business and individuals to the region.

Achieving region-wide broadband availability is a priority which will involve councils either facilitating private sector development, or owning and operating the infrastructure themselves, as they do with other essential services.

Potential exists to strengthen initiatives such as Smartlinx3 which already involves three Councils investing in high speed broadband in the Hutt Valley & Porirua.

Our research points to investment in airports and broadband technology as being arguably the most important factors that position a city to compete in the global economy.



The proposed marine education centre on Wellington's south coast has the potential to become a major tourist attraction and education facility



Up to 19,000 cruise liner tourists and 9,000 crew will visit Wellington this year, an increase of 5,000 visits on last season



Like all infrastructure, there is a hierarchy of delivery to reach the end consumer. In the case of broadband, it is possible for different players to be responsible for different parts of the delivery chain including:

- > **Connectivity into and out of the region (i.e. the "state highways")**
These are the "big pipes" which connect the Wellington region with the rest of NZ and offshore.
- > **The intra-regional backbone (the "local roads")**
The movement of data around the region and externally requires a network of "medium pipes" to form the backbone of regional broadband.
- > **Last mile connections (the "driveways")**
This is the "small pipe" that connects individual customers to the network.

Two related objectives (one of an interim nature) have been set for the establishment of broadband in the Wellington region:

- > By 2017 all of the Wellington region will have affordable access to an interactive, open access, broadband network capable of supporting

applications and services using integrated layers of voice, video and data, with sufficient symmetrical capacity to meet the ongoing information and communication needs of the region's residents, businesses and institutions; and

- > That as an interim target by 2010, building on the definition of fast broadband in the Government's digital strategy, the region adopt an interim target of 5Mbps symmetrical data rate. It is recognised that this will quickly be inadequate to meet the needs of the region, and therefore a more aggressive objective will be required in some areas to remove data transfer speeds and affordability as constraints on the region's ability to maximise the economic and social benefits of broadband. For example in the Wellington CBD and Miramar (both centres of digital content creation) this will mean facilitating affordable access to 10Gbps services as soon as possible.

"My business designs complex databases for clients in the UK and Netherlands. It's the type of business, so I'm told, we need more of, and I'm proud of that. I constantly send and receive large electronic files but there's the problem - it takes ages! A complex database might take an hour to send to London. I feel like I'm sending my leading edge technology on the electronic transport equivalent of a horse and cart.

Answer? We need decent broadband, now."

*Stuart McGrigor Kintore Consulting
Martinborough*

KEY AREA 4

KEY BUSINESS GROWTH INPUTS

To ensure Wellington region's exporting businesses can grow and take advantage of strategy initiatives, we need to make sure businesses have access to skilled labour and capital investment.



There is a significant positive relationship between region wide broadband and GDP growth



Investment in growing our economy, especially our exports continued

Attracting investment

To attract investment we will identify venture capitalists and international businesses which have an alignment with our centres of excellence programme.

We will also facilitate joint ventures and trade opportunities between international and local businesses; and investment from immigrants seeking business opportunities.

International joint ventures encourage export activity by fitting local businesses into the global product offering of large international firms.

International joint ventures encourage export activity by fitting local businesses into the global product offering of large international firms. This is an increasingly popular way for local companies to develop their technology in foreign markets, especially in Asia-Pacific, Europe and the United States.

The role of education

Education contributes to several components of the WRS, especially through its potential to increase export earnings (through overseas students), to close the skills gap and facilitate the incremental growth of centre of excellence sectors. It also contributes through business networking, migrant attraction, tourism and tertiary research. The region can do more to promote Wellington as an education destination for international students at the secondary school level and in relevant disciplines at the tertiary level. This is another area where a more targeted focus on sister city relationships can add value. It is proposed that student attraction initiatives will be facilitated through Education Wellington International, the EDA and the education institutions.

Increasing labour market participation

Participation in the labour market, measured by the number of people

who are employed, contributes to the size of the regional economy and helps drive GDP growth. While increasing participation is important for the Wellington region, our rates are already high and future potential is limited.

However we do need to reduce barriers to workforce participation experienced by some groups, such as Maori, Pacific peoples, migrants, refugees, people with disabilities, the old and the young.

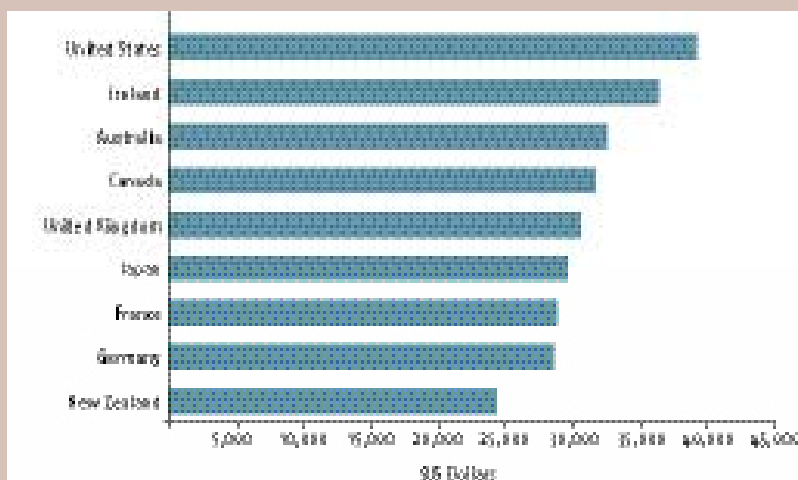
Twelve key solutions for improving participation in the workplace are contained in the Wellington Regional Labour Market Study (WRLMS).

The WRLMS was a project led by the WRS, Department of Labour and the Ministry of Social Development and developed by a range of central government, local government and private sector organisations. Details of the strategy can be found at www.wrs.govt.nz

Improving labour market productivity

Productivity refers to the ways in which organisations utilise labour, skills,

BREAKDOWN OF GDP PER CAPITA



New Zealand's GDP per capita is low by world standards





innovation, technology and work place organisation to improve the quality and quantity of their products and services.

Raising productivity will aid the future viability of business activity, improve wage levels and provide new job opportunities.

One common measure of productivity is GDP per capita. While Wellington has a relatively high GDP per capita in a national context, internationally New Zealand performs comparatively poorly (see diagram on opposite page).

We need to shift the focus from increasing the number of hours we work, to working and producing smarter. A recent report by the New Zealand Institute stated that only one third of New Zealand's economic growth since 1990 has been due to labour productivity; the other two thirds are due to an increase in hours worked. This is the opposite of what is happening in higher performing countries, and cannot be sustained.

We will again draw on the solutions proposed in the WRLMS to bring the region's productivity up to acceptable standards.

While Wellington has a relatively high GDP per capita in a national context, internationally New Zealand performs comparatively poorly.

Attracting and retaining talented people

The lack of workforce skills is a major growth constraint in the region. The problem is not unique to Wellington, meaning our youngest and brightest are targeted by domestic and offshore competitors.

More and more occupations are effectively operating in a global labour market. This trend is likely to continue and perhaps intensify. Over the next 25 years the working age population in Europe is projected to decline by 65 million, meaning the rich countries of the world will want, and be prepared



Weltech, Hutt City, teaches the skills which contribute to improvements in labour participation and productivity

The region spawns fashion industry talent but faces competition to retain these skills



Investment in growing our economy, especially our exports continued

to pay handsomely for, our most skilled and able people. This creates an increasing temptation for travelling New Zealanders to turn their OE into an LE (Lifetime Experience).

Wellington region needs to ensure that within this market it retains and attracts the amount and type of labour and associated skills it requires to meet business needs.

Rich countries of the world will want, and be prepared to pay handsomely for, our most skilled and able people.

The centre of excellence programme, and the resulting benefits for business and education, is an important tool to retain talent. In fact, many of the actions contained in the WRS address the skills shortage problem with the overall solution being contingent on our ability to provide a compelling lifestyle and rewarding careers package, supported by a vibrant economy.

Growing the regional skills base

Regional labour market issues include:

- > immigration practices
- > funding regimes for training
- > ensuring the education system supports future skills needs
- > employer training capacity
- > perception of some skills/careers,
- > the time lag between business skill demand
- > the ability to train.

To ensure the region has the right skills to develop the centres of excellence and export orientated businesses it requires, planning and co-ordination needs to improve. This requires collaboration between students, their families, secondary providers, tertiary providers and central government policy makers.

There is a compelling need for greater engagement between

education providers and business to ensure graduates have relevant skills and that funding is targeted at the right areas.

A report prepared for the WRS stated that for a region that prides itself on the amount of creative talent its citizens have, one might have expected it to have a higher reputation for its education services. Wellington's relatively small size means it is likely to yield greater growth dividends from strategies that emphasise the quality of what it does, rather than the volume.

The report added that the performance of the training and education sector is important for underpinning the performance of the region's economy.

There is a need to implement the solutions outlined in the skills section of the WRLMS, ensuring current and future work place skills are matched with educational, training and career programmes. This is a joint responsibility among trainers, tertiary institutions, government agencies and employers.



Situated within Greater Wellington's Battle Hill Farm Forest Park, the Ken Gray Education Centre is used as a base for corporate team building.

Below: GNS science technician prepares samples for radiocarbon dating at the National Isotope Centre
GNS Science / Photo: k.whitley

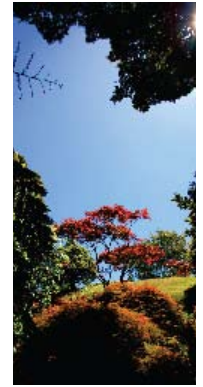




Investment in growing our economy, especially our exports - Actions

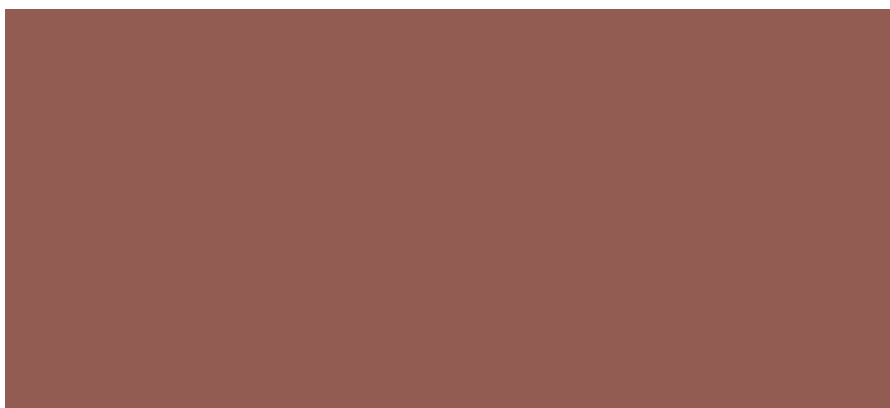
The extent to which the following initiatives can be implemented is dependent on private sector and central government funding in addition to amounts raised through Council rating. In the short term, priorities will be determined by the regional EDA in consultation with the WRS Committee.

TIMESCALE	ACTION AREAS	PARTNERS
REGIONAL PRIORITY ACTION AREAS (OTHER STRATEGY ACTIONS WILL ALIGN TO THESE)		
2010	<ul style="list-style-type: none"> > First three centres of excellence established. > Develop value chain based networks where sector strengths are present or can be developed. 	Relevant private sector providers, Tertiary Institutions, Economic Development Agencies, Councils, Crown Research Institutes R&D facilities and sector interests.
2010	<ul style="list-style-type: none"> > Direct long haul flights to Asia and one stop to Europe. > <i>This process is being funded separately by all Local Authorities with the exception of Upper Hutt</i> 	Sector interests, Councils, Wellington Airport, Positively Wellington Tourism, Tourism NZ, Economic Development Agencies.
2010	<ul style="list-style-type: none"> > Grow international long haul markets - long haul flights can fundamentally change the Wellington region as a tourism and business destination. The region will need to commit to developing visitor, business traveller and freight flows to support an air service. 	Sector interests, Councils, Wellington Airport, Positively Wellington Tourism, Tourism NZ, Economic Development Agencies.
2007	<ul style="list-style-type: none"> > Establish a Broadband Business case. Formally endorse and resource "Wellington Regional Xchange" as the regional broadband forum with a key role to coordinate various sub-regional activities already underway and oversee a regional broadband business case. 	Councils, Telco providers, Regional Xchange sector groups, Central government agencies.
DEVELOPING BUSINESSES, PRODUCTS AND SERVICES		
2006	<ul style="list-style-type: none"> > Working Group establishes sectors which fulfil centres of excellence criteria (links to priority action above). 	Relevant private sector providers, Tertiary Institutions, Economic Development Agencies, Council, Crown Research Institutes and R&D facilities and sector interests.
From 2007	<ul style="list-style-type: none"> > Stakeholders to explore consolidation of existing incubators, including potential for one rebranded regional incubator programme (alignment with centres of excellence). 	Incubator Management, Tertiary Institutions, Economic Development Agencies, Councils, Crown Research Institutes and R&D facilities, and sector interests.
Mid 2007	<ul style="list-style-type: none"> > Focus business attraction on businesses that grow exports and/or support local businesses that export, with a key focus around the centres of excellence. 	Economic Development Agencies (plan development), central government, Councils, business groups and organisations for implementation, Chambers of commerce.



Investment in growing our economy, especially our exports - Actions

TIMESCALE	ACTION AREAS	PARTNERS
DEVELOPING BUSINESSES, PRODUCTS AND SERVICES		
From 2008	> Attract one high value individual to the region each year with their research programme or business initiative (links to centres of excellence).	Councils, Tertiary Institutions, CRIs, Chambers of Commerce, Economic Development Agencies, NZTE, Investment NZ.
Mid 2008	> Develop a co-ordinated and integrated regional approach to incentives - this will involve establishing a regional incentives policy with common objectives, guidelines and criteria.	Councils, Economic Development Agencies, and sector interests.
From 2009	> Create a Business Innovation and Advancement Academy for potential top performing export businesses producing products and services related to the identified Centres of Excellence.	Academy Forum and Talent Scout, Tertiary Institutions, Economic Development Agencies, Councils, Crown Research Institutes and R&D facilities and sector interests.
Mid 2018	> Ten high value individuals have been attracted to the region and are contributing to the regional economy through increased exports or innovative technology.	Councils, tertiary institutions, CRIs, Chambers of Commerce, Economic Development Agencies, NZTE, Investment NZ.
Mid 2020	> Five high growth business incubator 'graduates' are each generating \$50m annual revenue.	Councils, tertiary institutions, CRIs, Chambers of Commerce, Economic Development Agencies, NZTE, Investment NZ.





TIMESCALE	ACTION AREAS	PARTNERS
SELLING AND MARKETING OVERSEAS		
2007	> Ensure Wellington is a strong advocate for tailored government assistance programmes targeted to specific industry needs.	Sector interests, EDAs, Regional Tourism Organisations, MED, NZTE.
2007	> Maximise access by Wellington region exporters to central government export facilitation assistance and to services provided by other non Government entities including analysis of opportunities for establishing beachheads in offshore markets.	Sector interests, EDAs, Regional Tourism Organisations, MED, NZTE.
From 2007	> Working with the regional tourism organisations to identify joint venture partnerships between Positively Wellington Tourism and Councils in the region, to address specific issues in the sector.	Sector interests, Councils, Positively Wellington Tourism, tourism industry partners, Enterprise Coast, Go Wairarapa.
2008	> Contract agents to support Wellington Region businesses in target markets, which if successful, could be expanded into a network of agents supporting Wellington businesses overseas.	NZTE, Private Sector, EDAs.
From 2008	> Implement a regional marketing strategy that coordinates and aligns (where appropriate) public and private sector marketing of the Wellington region nationally and internationally.	NZTE, Tourism NZ, Economic Development Agencies, Positively Wellington Tourism, Councils, Go Wairarapa, International Business Councils, Central Government agencies, Investment NZ, Chambers of Commerce, Export education providers, CRIs, Centreport, Wellington Airport, migrant attraction and recruitment companies.
From 2008	> Develop a website that provides a comprehensive picture of life in the Wellington region and be a one-stop-shop for information (with links) needed by someone considering relocation.	Sector interests, Go Wairarapa, Enterprise Coast, Councils, Economic Development Agencies, Positively Wellington Tourism, Web design agency.
From 2008	> Development of the policy for a regional approach to tourism, events and destination development.	Tourism NZ, Economic Development Agencies, Positively Wellington Tourism, Councils, tourism industry partners and operators, Enterprise Coast, Go Wairarapa.



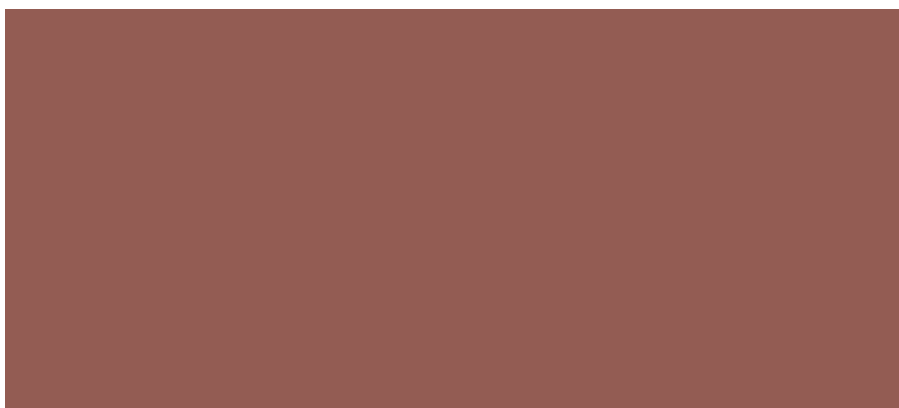
Investment in growing our economy, especially our exports - Actions

TIMESCALE	ACTION AREAS	PARTNERS
SELLING AND MARKETING OVERSEAS - CONTINUED		
2026	<ul style="list-style-type: none"> > Regional product and services exports have doubled, supported by initiatives in the WRS. 	NZTE, Tourism NZ, Economic Development Agencies, Positively Wellington Tourism, Councils, Go Wairarapa, International Business Councils, Central Government agencies, Investment NZ, Chambers of Commerce, Export education providers, CRIs, Centreport, Wellington Airport, migrant attraction and recruitment companies.
GETTING OUR PRODUCTS TO INTERNATIONAL MARKETS (LINKS TO PRIORITY AREAS PAGE 32)		
Timing to be finalised	<ul style="list-style-type: none"> > Develop a business case for regional public investment in infrastructure including the potential expansion of Smartlinx3 into a truly regional entity. Subject to the business case, make application to the "Broadband Challenge" for a regional project that may encompass several sub-regional initiatives. 	Councils, EDAs, Telco providers and Central Government
Timing to be finalised	<ul style="list-style-type: none"> > Dependent on the results of the business case, Councils to decide whether to: <ul style="list-style-type: none"> – encourage/facilitate the private sector to build and operate this infrastructure on "Open Access" principles – or own and operate the infrastructure in the same way Local Government already owns and operates other infrastructure like water, waste and roading. 	Councils, EDAs, Telco providers and Central Government
2008	<ul style="list-style-type: none"> > Develop a common regulatory process that ensures all new development is serviced with appropriate telecommunications infrastructure and that retro-fitting of existing developed areas is encouraged. This involves the provision of suitable ducting to allow the placement of fibre optic cable to be easily and cheaply laid with minimum disruption to the community. 	Councils and EDAs, sector interests.





TIMESCALE	ACTION AREAS	PARTNERS
KEY BUSINESS GROWTH INPUTS		
2007	> Develop a more targeted investment attraction approach that outlines the level, type and how investment will be attracted to the Wellington region.	EDAs, NZTE, Councils, Business organisations.
2007	> Actively pursue opportunities for local businesses to achieve scale / export growth through joint ventures with, and sourcing investment capital from, domestic and international investors in target industries.	EDAs, NZTE, Business organisations.
2007	> Implement the solutions to improve participation contained in the Wellington Regional Labour Market Strategy (WRLMS).	WRLMS Stakeholders (private, public and N.G.O)
2007	> Implement the solutions to improve productivity contained in the WRLMS.	WRLMS Stakeholders (private, public and N.G.O)
2007	> Implement the solutions outlined in the promotional and leadership section of the WRLMS to ensure that the Wellington region is perceived nationally and internationally as the premier work destination in New Zealand.	WRLMS Stakeholders (private, public and N.G.O)
2007	> Implement the solutions outlined in the skills section of the WRLMS to ensure the matching and development of current and future work place skills needs with educational, training and careers programmes.	WRLMS Stakeholders (private, public and N.G.O)
2007	> Grow the regional skills base through business training and development.	Department of Labour, Employers and Manufacturers, Chambers of Commerce, Education
2007	> EDA regional representatives to link regional initiatives to local authority.	EDAs
2008	> Pursue development of a national coastal shipping strategy, and ensure an appropriate focus on the role of Centreport.	Centreport, Sector interests, Councils





Investment in good regional form

Good regional form is about the physical arrangement of urban and rural communities including effective environmental management. It is fundamental to a successful, sustainable economic growth strategy.

The WRS defines environment as "the natural and physical resources of the region as well as amenity values and the social, economic, aesthetic and cultural conditions including our historic heritage."

A well-configured and compact community enhances the quality of life for residents and businesses. It's easier to get around, transport costs are lower and suitable housing is available. Each community not only looks good, but also works well and is cohesive. People are proud of belonging.

There are economic spin-offs from having well configured cities and

towns. For example, there are direct correlations between allowing higher density housing near city centres and increased productivity. Less time spent travelling means more time for work and leisure. Good transport connections are an essential ingredient of business success and are an investment priority.

The good thing for the region is that it stacks up well by international standards.

The good thing for the region is that it stacks up well by international standards.

In 2006 Wellington City came 12th in the Mercer Consulting world wide quality of living survey involving 350 cities.

But it's not just Wellington City. One of the region's greatest attractions is its diversity. There are few places in the world able to mix stunning harbours with cosmopolitan city centres and easy access to coasts, countryside and mountains. Not only is it possible to prosper financially, it is also possible to have a great quality of life. And there is a wide choice of living options

including inner city apartments, homes with expansive gardens, rural lifestyles, vineyards and extensive pastoral farms.

If we are to achieve sustainable economic growth, we must continue to look after both business and the physical form of the region.

"For most people 'good regional form' represents the things that contribute to our quality of life - efficient transport, well designed cities and so on. But it's more than that. Good regional form makes smart commercial sense. The Melbourne 2030 project is similar to Wellington's Regional Strategy. We estimate Melbourne's regional form improvements will contribute 2-3% to its GDP. If you apply these same principles to Wellington that's an additional \$150 million in annual economic growth for the region."

Marcus Spiller Director
SGS Planning and Economics
Melbourne

"Advances in communication and travel mean that regions compete globally. To ensure a strong economy that will attract talent and skills, our incentives will need to revolve around lifestyle, career and incomes. Wellington offers a great lifestyle, so a continuing focus on economic growth is vital to achieve our objectives."

— SIR JOHN ANDERSON



Commuting bottlenecks increase transport costs and reduce time for work and leisure



A STRONG CBD SUPPORTED BY REGIONAL CENTRES

The Wellington CBD and the regional centres are the engine rooms of economic development. They are the hubs for transport movements and civic and community investment. Their continuing prosperity and resilience in the face of social and economic change are a key aspect of this strategy. Effective, viable centres should also relieve pressure on the transport system.

While the Wellington CBD is the major centre, with 73,000 people working there each day, the sub-regional centres also provide significant business, retailing and community services. There is a symbiotic relationship between the Wellington CBD and the other centres. Each complement and potentially compete with the others for people, skills and money.

The Wellington CBD and the regional centres are the engine rooms of economic development

This strategy recommends an overall vision for the region's centres, supported by locally developed strategies. This includes improving our information about what is happening in these centres. We will consider the best locations for big box retailing and more intensive housing, and review transport investment programmes. This will help local government to better engage with the business community and developers, to guide investment to the right areas.

We will also look at appropriate regional investment mechanisms to unlock development potential within a centre or the CBD where the market is not yet delivering on desired development.

QUALITY URBAN DESIGN

Quality urban design is about cities and towns that look good, feel safe and are easy to get around. Good design is another core component of international competitiveness.

All the councils of the region are committing to be a joint signatory to the New Zealand Urban Design Protocol.

As a joint signatory, the region will prepare an action plan showing how we'll give effect to the protocol. Potentially, the region will be able to provide national leadership in urban design and sustainable development standards.

INTEGRATING TRANSPORT WITH URBAN AND RURAL NEEDS

The efficient operation of the region's road, rail, air and sea transport networks is fundamental to a well run economy. Investment in land transport, especially roading, is addressed through the

"I love Wellington because Wellingtonians care about each other. It's the most inclusive place on the planet."

— DES BRITTEN



Seaview, Hutt City, is a good example of commercial/industrial land that is close to where people live, but it would benefit from improved access to main transport links



Investment in good regional form continued

Regional Land Transport Strategy (RLTS). The WRS is encouraging, in particular, the importance of east-west roading links in addition to proposed investment in north-south links. For example improved access to the port and airport from Seaview will aid business growth.

Analysis of the implications of transport decisions on surrounding areas needs to be strengthened. This affects our ability to ensure that the Wellington CBD and sub-regional centres are properly supported, and equally, to unlock the economic potential of some areas.

For example, our research suggests economic benefits will result from better access to the port and airport, and improved east-west transport connections. This is especially relevant for integrating the eastern corridor of the Hutt Valley and Wairarapa with the western corridor of Porirua and the Kapiti Coast. We also need to ensure that the proposed Transmission Gully road links effectively with the Hutt Valley as well as with Wellington City.

A strengthened regional transport and land use group is proposed. This will help to ensure that land use and transport decisions will be better integrated. This is especially relevant for integrating the Hutt Valley with the Western areas of Porirua and Kapiti.

LAND FOR BUSINESS GROWTH

Successful economies need an adequate and adaptable supply of land for commercial and industrial use. Many new economy businesses have particular infrastructure and amenity requirements, such as state of the art communications technology, attractive work environments and good transport links for distribution industries. They also need a good supply of skilled workers.

An important goal is to achieve more employment close to where people live. This reduces pressure on transport and strengthens each community.

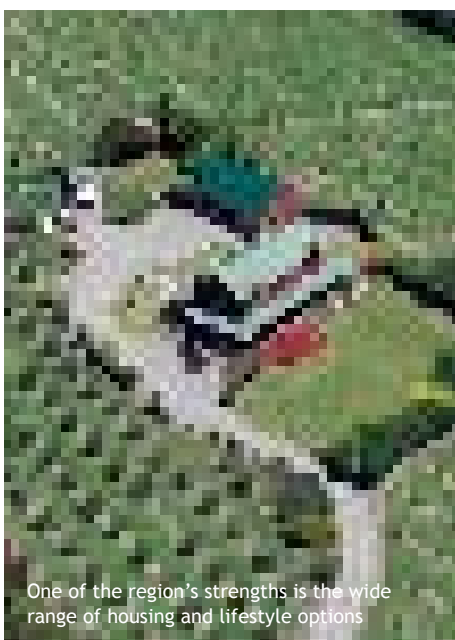
Within the region, prime industrial land prices are rising, partly as a result of competition with commercial and

residential demands. This is especially so in the inner city. Traditional, land-extensive manufacturing industries, are becoming a thing of the past and there are challenges in adapting existing buildings and infrastructure to suit new economy industries. While there appears to be an adequate supply of land across the region for industry, we have a limited understanding of how to utilise it in a way that achieves the wider sustainable economic growth outcomes of this strategy.

We are looking in more detail at the demand and supply of industrial land to provide accurate information on strategic locations for business investors. This is to identify if and where action needs to be taken because the market is not delivering; and to ensure that employment growth occurs where it will provide most regional benefit.

RURAL INDUSTRY GROWTH

The region's rural industry has strong growth potential, especially in the Wairarapa. However predicted shortages



One of the region's strengths is the wide range of housing and lifestyle options





of water limit capacity to both grow current production and convert land to more intensive uses.

An irrigation scheme would enhance the growth opportunities in the Wairarapa and for this reason an irrigation project has been initiated by Go Wairarapa. Like all major projects any future scheme would need to attract significant funding and would be subject to the requirements of the Resource Management Act. Potential effects associated with damming water and the impacts of potential future land uses would need to demonstrate their environmental sustainability.

MORE HOMES CLOSE TO CITY CENTRES AND TRANSPORT LINKS

One of the region's strengths is the wide range of housing and lifestyle options available.

There is a need to encourage medium and higher density housing close to the Wellington CBD, sub-regional centres and transport links. This responds to research

showing gaps in the housing types provided in the region. More residents create the vibrancy that the various centres thrive on, and it makes good sense to have people living close to public transport links. However there is also a need to protect the character of traditional low-density suburbs by managing infill housing carefully. Successful cities place a strong emphasis on good urban design and achieving balance in housing choice is an important part of this.

We propose that each Council will identify, with its own community, where and how higher density housing will be provided, and how infill development and residential expansion will be managed. These matters will ultimately be incorporated into each District Plan. We also propose using a common set of terms for describing high, medium and low density housing, to avoid confusion for developers who work with more than one local authority.

AFFORDABLE HOUSING

There are two components to affordable

housing. First, it's important to have homes at a reasonable cost available throughout the region. Second, there is an ongoing need for suitable housing for those who are unable to afford market costs, whether from social need, disability, or low income.

Currently, affordable homes tend to be located at a distance from the Wellington City CBD and other places of work. Some areas have high concentrations of public housing, others have none. Housing on the periphery comes with significant transport costs if no local work or community services are available. Where housing choice is limited, families may need to move as the size of a household changes. Poor design can also increase winter heating costs.

Work has begun on detailed study of affordable housing and its relationship to the workforce, in association with a central government analysis of social housing needs. We would work with major private sector developers to explore ways to build more affordable housing,



Integrating transport and urban needs can unlock economic potential



Quality open spaces are fundamental to world class cities and regions



Investment in good regional form continued

and to look at a regional investment mechanism to address deficiencies in its supply. We also propose working with central government on its investment programme for social housing.

RURAL LIFESTYLES

The Wellington region offers excellent opportunities for rural residential living. The fact you can live in the country, and still be within half an hour of the heart of the capital, is one of our competitive advantages.

There are real benefits in making such lifestyle options available in certain areas. Not only does lifestyle living attract potential investors to the region, it may also make better use of poor productivity areas, strengthen smaller communities, unlock related economic development opportunities and even enhance management of special environmental features. However there are threats, like potentially taking quality soils out of rural production, or threatening sensitive ecosystems or significant landscapes. The orderly extension of urban areas and urban services also becomes more difficult if land ownership is too fragmented.

We propose to look in more detail at the regional opportunities and constraints to rural residential and lifestyle developments, with a view to identifying and managing areas suitable for long-term

lifestyle development, or transitional development preceding urbanisation.

OPEN SPACES

Quality open spaces are fundamental to world-class cities and regions. Open spaces include our parks, walking tracks and natural areas. These spaces link into a network of ecosystems and recreational experiences that may also be useful for storm water control, urban amenity and regional promotion.

There are opportunities to improve the open space network, and to gain more economic benefits from these assets. One example is the development of the Karori Wildlife Sanctuary. Another is linking the Hutt River Trail through to the Wairarapa.

We will look at ways to better integrate the region's open spaces, particularly for recreational activities like walking and mountain biking. Some key areas may be privately owned, and we'll need to negotiate with the landowners to gain access rights or to acquire the land. We'll look at the best ways to manage these areas, balancing recreational values with ecological and other values.

REGIONAL FOCUS AREAS

The region has eight "focus areas", which are particularly important to the successful implementation of the strategy. These are areas that are likely to come under development pressure, or which

represent an opportunity, where it makes sense for the region's local authorities to work together. Management of the focus areas will be undertaken by the relevant Council in consultation with ratepayers.

Not all the areas identified as 'focus areas' are being promoted for development. The Northern Waikanae Edge and Pauatahanui in particular, have been identified as locations where less rather than more development is likely to be appropriate. The need in these areas is to be proactive in managing change to address environmental sensitivity and sustainability issues. These considerations act to limit scope for significant change. Decisions on the specifics for each area will be the outcome of public processes under the Resource Management and Local Government Acts. In each case these will be informed by principles under the N.Z. Urban Design Protocol.

Northern Waikanae edge

There is potential for continued northern spread of development at Waikanae North. Kapiti Coast District Council proposes a northern urban edge at Waikanae. This will focus new growth around selected centres and transport nodes and in Otaki. The WRS supports the development of this concept, given the risks to containment and enhancement of centres, or general urban sprawl.



Pataka, Museum of Art and Culture Porirua City, is an example of high quality urban architecture



The ecological importance of Pauatahanui inlet needs protection from unsuitable development pressures



Pauatahanui

This area is important because it is close to the proposed Transmission Gully Motorway and State Highway 58 interchange. This creates pressure for development that could undermine the region's quality of life objectives, especially given the ecological importance of the Pauatahanui inlet. All territorial authorities within the region have an interest in land use in this area.

Grenada to Gracefield

The Seaview/Gracefield area has significant industrial and commercial redevelopment potential, while the Petone area lends itself to some intensive housing, albeit ensuring the area's character is retained.

Proposals to explore broadening housing choice in some parts of the change area, and to address roading links, will proceed through local community based planning processes.

Over the hill, there is opportunity for mixed use development in Grenada encompassing industrial-based employment and greater housing choice. There is also opportunity to link Grenada and Gracefield via an east-west link, providing traffic congestion relief, especially in the Ngauranga Gorge.

Development of the Petone foreshore and reduction in Ngauranga traffic congestion have the added benefit of

providing better port access for both the Grenada and Gracefield regions.

Johnsonville to the airport - the growth spine

This area is critical because it contains a number of key regional facilities including the port, airport, regional hospital and Wellington CBD. Increasing pressure on road, rail and bus transport is resulting from business and apartment growth within the CBD. Planning needs to accommodate further growth pressures, recognising that this area is the economic engine room of the regional economy.

Paraparaumu town to Paraparaumu beach

The area from Paraparaumu town to Paraparaumu beach incorporates an industrial estate, the airport site and vacant land adjoining the town centre. It is subject to residential and retail - especially big box - development pressure which potentially undermines town centre intensification and passenger transport goals. Furthermore, the area is dissected by the proposed Western Link road, the State Highway 1 expressway and a bus/rail transport hub. Careful planning is needed to integrate current and potential uses with the overall objectives of the area.

Porirua to Linden

This area incorporates significant development opportunities at several

adjoining sites including the Aotea block, the old Porirua hospital land, Porirua city centre and industrial estates at Elsdon and Kenepuru Drive. All of these areas are potentially impacted by transport decisions, especially the location of the proposed Transmission Gully interchange with State Highway 1 and the Porirua Rail Station upgrade.

State Highway 2 / State Highway 58 interchange to Upper Hutt City centre

This area is important for a range of reasons. It contains large regionally significant sites including St Patrick's College, biosecurity at Wallaceville and the former General Motors site on Alexandra Road. There is opportunity to provide greater housing choice, including intensification around transport points in Silverstream, Trentham and the Upper Hutt CBD. The area would also benefit from the improved east-west connection arising from Transmission Gully Motorway and State Highway 2 and 58 upgrades.

Waingawa

This is a strategically important employment site for the Wairarapa and has potential as an inland port/ cargo hub, especially in relation to forestry, food and beverages.



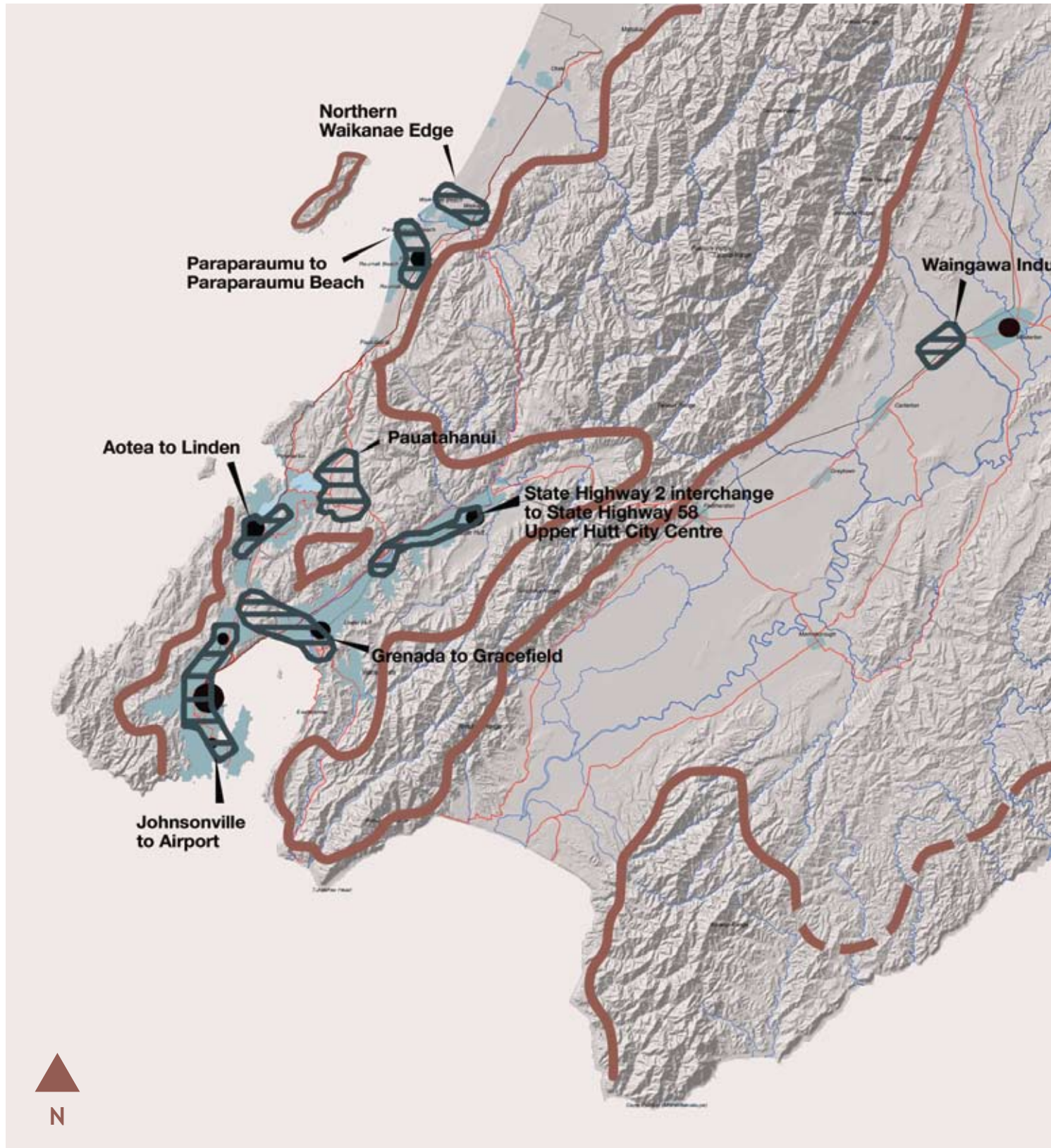
The Johnsonville to airport growth spine is critical because it contains the port, airport, regional hospital and CBD

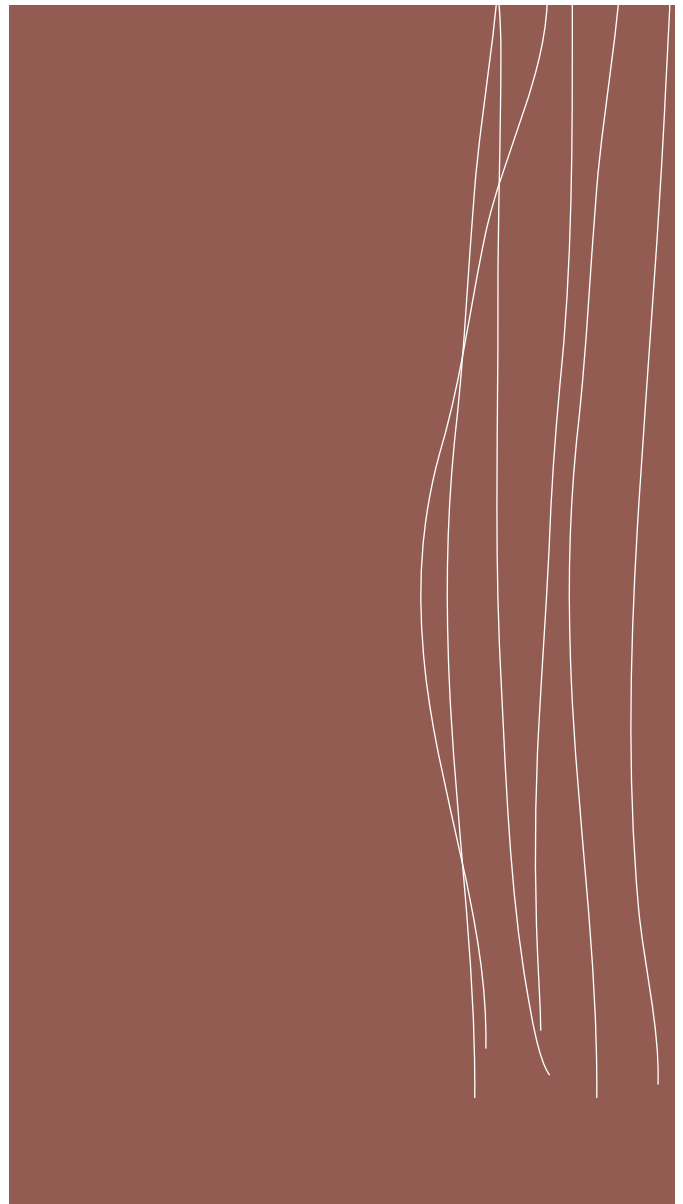
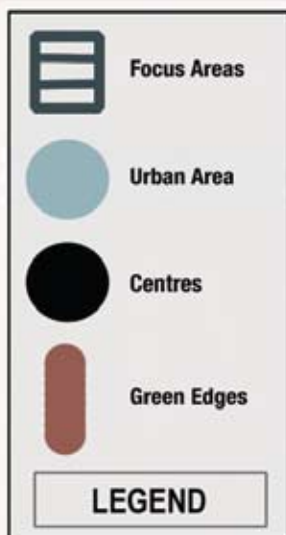
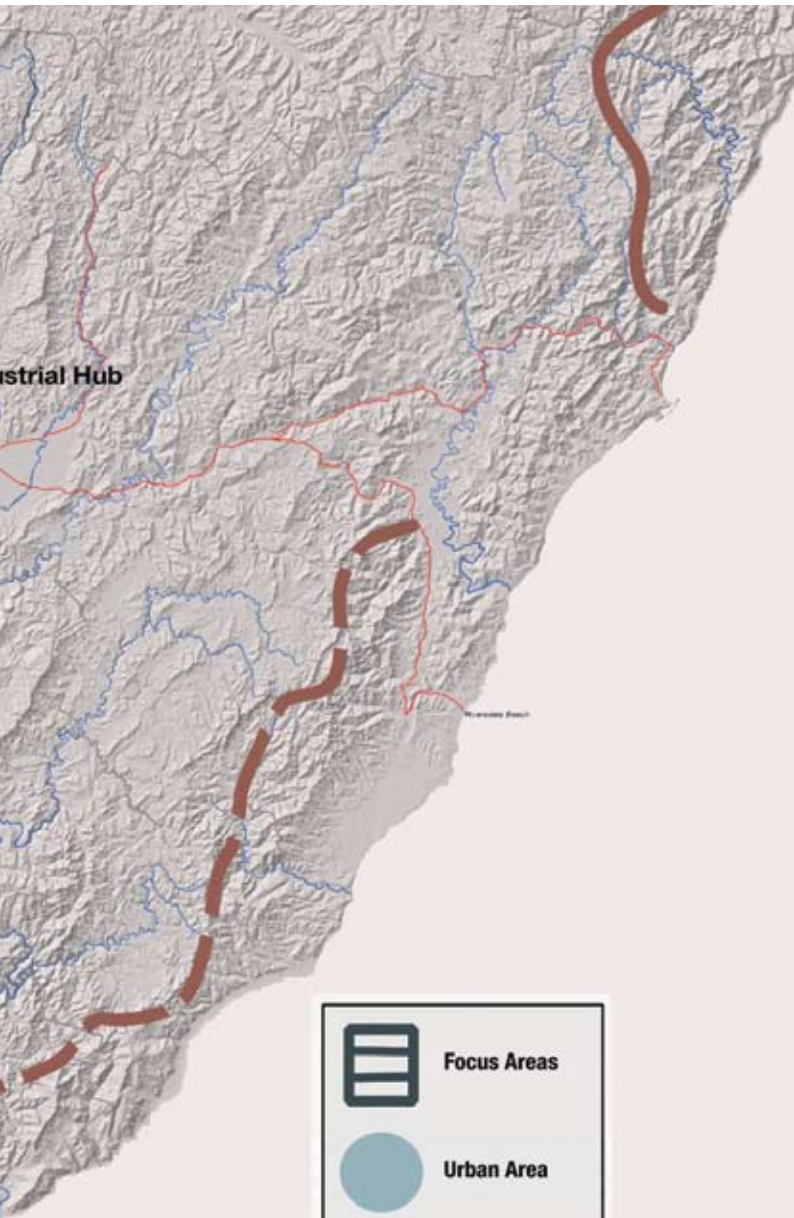


The former General Motors site has potential for small scale industrial development



Regional focus areas: Priorities for Action

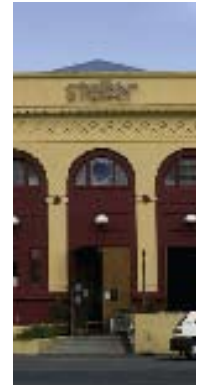




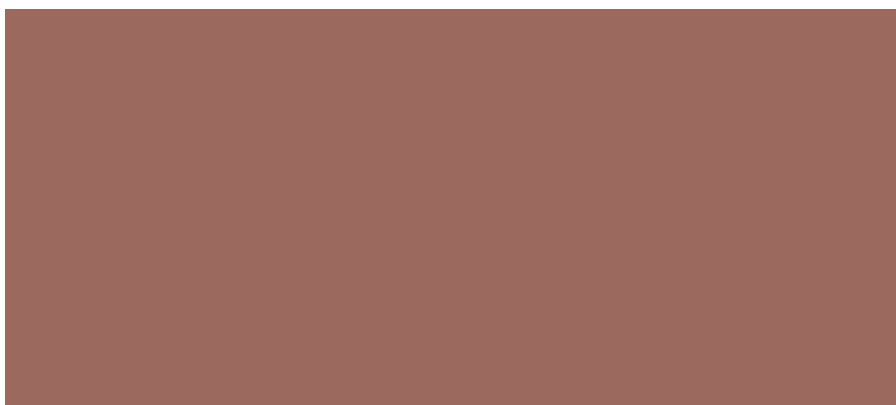


Investment in good regional form - Actions

TIMESCALE	ACTION AREAS	PARTNERS
CENTRES		
2008	> Develop regionally consistent principles for managing big box retail activities to minimise their potential to erode consolidation and centre development strategies.	All councils, MfE
2007	> Develop an agreed transport investment programme in relation to each of the region's centres.	All councils Transit NZ, LTNZ
2009	> Integrate the individual centre visions into an overall vision for the region's centres.	All councils
2009	> Complete a centres' development vision for each sub-regional centre and the CBD.	All councils Regional peer review
INDUSTRIAL-BASED EMPLOYMENT LOCATIONS		
2008	> Develop a regional database providing accurate and detailed information on the supply of, and demand for, land for industrial based employment activities.	All councils Tertiary institutions Private sector
2008	> Complete study on factors affecting supply and demand of industrial land including: land value relative to the type of employment, proximity to transport routes and other related land uses.	All councils Private sector
2007/2008	> Identify employment locations which fit the strategic direction of the WRS.	All councils
2008	> Map and promote industrial-based employment locations with good strategic fit.	All councils



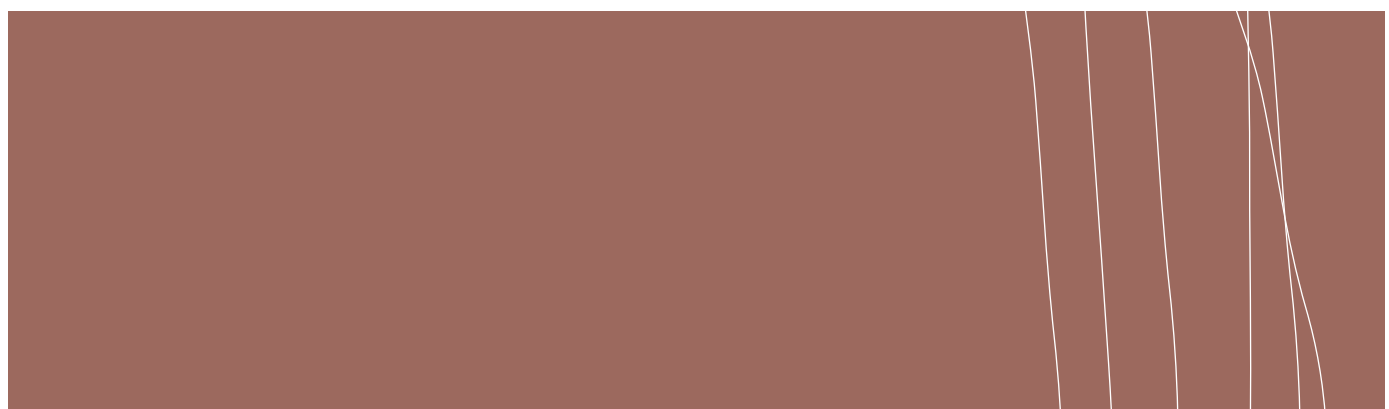
TIMESCALE	ACTION AREAS	PARTNERS
INTENSIFICATION		
2007	> Complete a region-wide study of housing supply to use as a reference point for managing future housing intensification.	All councils Housing NZ
2008	> All Councils will identify an intensification overlay (and associated infill management framework) with their local communities which will be drawn together into a regional 'picture'.	All councils
2008	> Key local developers across the District will have signed up to the Urban Design protocol.	All councils, MfE Development sector
2009	> All District Plans will provide for targeted intensification and infill housing management.	All councils
RURAL RESIDENTIAL DEVELOPMENT		
2008	<ul style="list-style-type: none"> > Develop regional information base. > Develop regional principles to guide identification and release of sustainable rural residential development opportunities. > Develop regional tools to facilitate and guide rural residential developments. 	All councils Federated Farmers Rural sector groups Central government
AFFORDABLE HOUSING		
2007	> Complete a regional analysis of affordable housing availability as it relates to workforce mobility and development, integrated with central government analysis of social housing needs.	All councils Central govt agencies
2008	> Complete a heads of agreement with major private sector developers to explore innovative housing design/developments that increase the range of housing types in key parts of the region.	All councils Central govt agencies Private sector

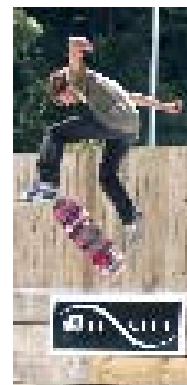




Investment in good regional form - Actions

TIMESCALE	ACTION AREAS	PARTNERS
2008	<ul style="list-style-type: none"> > Complete a central government regional social housing investment programme (including long-term land banking) clearly linked to centres and workforce development strategies. 	All councils Central govt agencies
2009	<ul style="list-style-type: none"> > Establish: <ul style="list-style-type: none"> - a regional investment mechanism which can assist local communities to unlock development potential for affordable housing - clear principles and criteria for triggering such investment actions. 	Councils Central govt agencies
INTEGRATING TRANSPORT & URBAN NEEDS		
2007	<ul style="list-style-type: none"> > Strengthen the multi-disciplinary regional officer group to: <ul style="list-style-type: none"> - help develop the regional plan of action under the NZ Urban Design Protocol - provide regional peer review of the concept planning of the region's change areas - provide land use planning advice to the Regional Land Transport Committee. 	All councils Transit NZ LTNZ
TIMESCALE	ACTION AREAS	PARTNERS
OPEN SPACES		
2007	<ul style="list-style-type: none"> > Using the WRS environmental constraints project as a basis, identify and map different categories of public open space, including: <ul style="list-style-type: none"> - regional parks and publicly-owned water collection areas - DOC estate, reserves and covenants - parks and reserves - walking tracks 	All councils DOC QEII Trust
2007	<ul style="list-style-type: none"> > Identify major gaps and opportunities to improve regional integration of public open space. 	All councils Open space sector

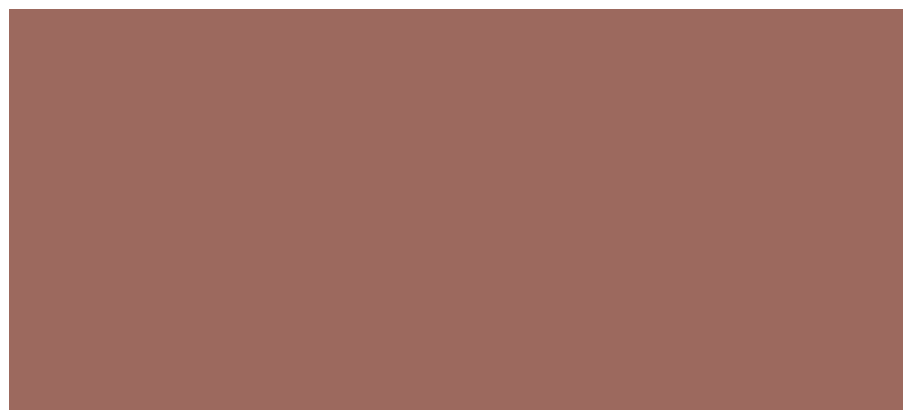




2008	<ul style="list-style-type: none"> > Develop a regionally agreed action plan for improving the integration of public open space - to consider: <ul style="list-style-type: none"> - identification of any key areas of land not in public ownership that are considered important in the overall regional opens space network - methods to better integrate existing and new areas into the open space network, including: <ul style="list-style-type: none"> • land purchase • public private partnerships • use of QEII covenants • extension of walking tracks - Management implications of using different methods. 	All councils Open space sector
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QUALITY URBAN DESIGN

2007	<ul style="list-style-type: none"> > Formally sign-up to the NZ Urban Design Protocol. 	All councils MfE
2007	<ul style="list-style-type: none"> > Develop a regional action plan to implement the commitment to the Urban Design Protocol. 	All councils
2007	<ul style="list-style-type: none"> > Review existing codes of practice and subdivision design guides. 	All councils
2007	<ul style="list-style-type: none"> > Agree framework for joint code of practice. 	All councils
2008	<ul style="list-style-type: none"> > Finalise joint code of practice. 	All councils



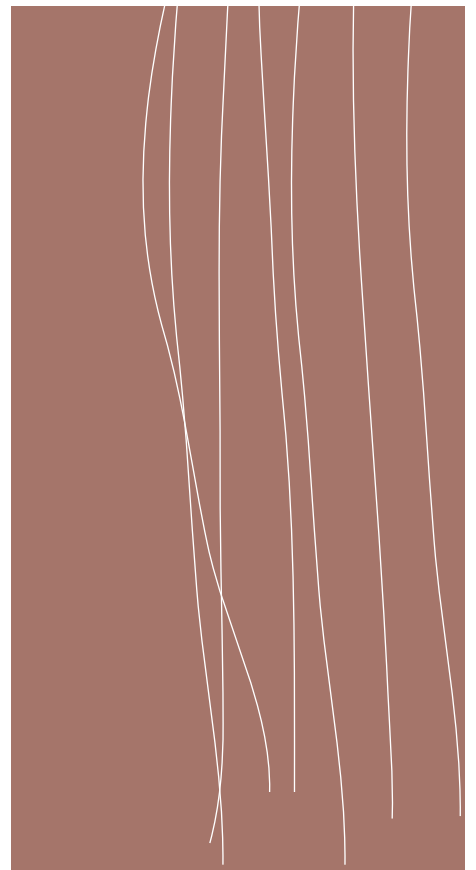


Investment in good regional form - Actions

TIMESCALE	ACTION AREAS	PARTNERS
REGIONAL FOCUS AREAS		
2007	> Complete the ongoing planning process for the Northern Waikanae edge.	Kapiti Coast District Council (lead) Regional peer review
2008	> Complete the ongoing planning process for the Paraparaumu town to Paraparaumu beach area.	Kapiti Coast District Council (lead), Greater Wellington Regional Council & Transit NZ Regional peer review
2008	> Complete a structure plan for Pauatahanui recognising environmental sensitivities of the area.	Porirua City Council (lead) All councils & Transit NZ & LTNZ
2010	> Complete a planning framework for the area from Porirua to Linden.	Porirua City Council (lead) & Wellington City Council Regional peer review
2007	> Commence a planning framework for the Grenada to Gracefield area.	Hutt City Council, Wellington City Council, Porirua City Council (joint leaders) Other councils & Transit NZ & LTNZ
2009	> Complete a planning framework for the Johnsonville to airport area.	Wellington City Council (lead) Other Councils & Transit NZ & LTNZ
2007	> Complete a planning framework for the area from the SH2/SH58 interchange to Upper Hutt City centre.	Upper Hutt City Council (lead) Regional peer review
2007	> Complete the ongoing planning process for the Waingawa area.	Wairarapa councils Regional peer review



Juken New Zealand timber plant, part of the Wairarapa's Waingawa change area



STRATEGY SUMMARY



A snapshot of the Wellington Regional Strategy's impact in local authority areas



Region-wide activities

- > Developing centres of excellence and key sectors
- > Getting better at commercialising our ideas
- > Affordable, high speed broadband available to all houses and businesses in the region
- > Availability of direct flights from Wellington to Asia, one stop to Europe
- > Increased energy self sufficiency and attention on carbon emissions
- > Attracting substantially increased tourist and convention numbers
- > A greater focus on quality urban design and sustainable development

Upper Hutt

- > Focus on the 'focus area' which includes development of activity around the national biosecurity centre at Wallaceville
- > Enhancing of links with Wellington and Porirua
- > Continuing focus on a strong city centre
- > Enabling a diverse range of housing needs to be met

Hutt City

- > Focus on the 'focus area' which includes strengthening of the industrial and science base in Hutt City. For example supporting the role of science in Gracefield
- > Addressing access issues from Gracefield to the State Highway
- > Strengthening of Hutt City centre
- > Providing for housing diversity

Porirua City

- > Strengthening of Porirua City centre
- > Porirua will leverage off, and manage effects of, the proposed Transmission Gully route
- > Strengthening of the local employment base
- > Providing for housing diversity

Wellington City

- > Action to maintain and enhance the vibrancy of the CBD
- > Development of a 'growth spine' along transport routes
- > Retaining existing businesses and encouraging new investment
- > Establish stronger links between business, central government, and the education research and voluntary sectors
- > More reliable transport links between Ngauranga & the airport & port

Kapiti Coast

- > Better and more reliable access to Wellington
- > Managing growth sustainably
- > Strengthening the Kapiti centres
- > Investment in key public infrastructure (eg roads)
- > Providing for housing choice diversity

Wairarapa (including Carterton, Martinborough, Featherston and Masterton)

- > Better and more reliable access to Wellington
- > Tourism potential developed
- > Food and beverage potential developed
- > Strengthening of centres and greater housing choice
- > Ensuring land is available for value added processing
- > Promotion of productive potential of land resources

EXTERNAL RISKS AND PRESSURES



There are a five external trends, either at a global or national level, which present risks to any growth strategy developed for the Wellington region. The five "mega trends" or uncertainties that potentially affect the strategy are:

- > the growing costs of fossil fuels, often called "peak oil"
- > climate change
- > competition from Europe and elsewhere for the 25- 45 age group as the workforce and populations age
- > global disruption and conflict
- > major shifts in national policies - particularly relating to energy, international markets, transport, governance and immigration.

Peak Oil

There is general acceptance that the supply of oil is peaking, or indeed may have already peaked. Combined with increased demand, particularly from China, this means oil will be increasingly expensive.

Some predict a catastrophic impact as the costs of transport and production become prohibitive and markets

collapse. Others predict dislocation and significant change accompanied by a more gradual adaptation by communities to circumstances. At the very least there will be a significant increase in the cost of services and development, which will constrain the ability of communities to invest in other areas. Some assume a capacity to adapt technologies quickly, to offset the constraints on this fuel source.

The Wellington region has no capacity to influence wider impacts of "peak oil", but the WRS does have the capacity to try and "future proof" against impacts by:

- > promoting regional form which maximises use of passenger transport systems and reduces reliance on vehicles
- > promoting local centres based employment
- > promoting economic activity and businesses less reliant on fossil fuels for raw materials, production and markets
- > scrutinising investment decisions in major road transport systems
- > promoting energy efficiency and

alternative sources of energy such as wind farms

- > developing a regional risk plan to address peak oil impact
- > encouraging tolerance and social cohesion to offset the tensions and difficulties that will arise from rising costs and the processes of adaptation.

Climate Change

The use of fossil fuels and the release of greenhouse gases into the atmosphere has been identified as a significant global risk. Climate impacts include a general warming of the earth's atmosphere, increased intensity and volatility of weather events and rising sea levels. The effects vary around the globe, but in the Wellington region are likely to include increased intensity and frequency of rainfall in the west and a drier climate in the east. Sea level rises of about half a metre will also have a significant impact on low lying areas and coastal land uses. One immediate effect is on flood return periods and the likely increased cost of stormwater and flood management infrastructure in some parts of the region. This will require communities to consider impacts, assess the level



Climate change is likely to result in an increased intensity and volatility of weather events



Increased energy costs will result in greater use of public transport

of risk they wish to accept and make clear investment decisions. It is likely to require increased investment in some areas and less in others.

The Wellington region cannot prevent effects arising from current and past emission levels. However it can contribute to limiting future effects and ensuring adaptation to effects beyond its control by:

- > adopting programmes to reduce emissions. The region is in a good position to do so, with the transport/urban form structure that currently exists
- > contributing to the development of renewable energy
- > encouraging communities to identify local effects and adapt
- > encouraging local centres of employment
- > supporting passenger transport.

International Competition for a Skilled Workforce

The ageing population of western countries around the world and the increasing “globalisation” of the

workforce poses risks for the Wellington region. European countries, for example, will face an absolute shortage of workers in the 25-45 age group, with inadequate levels to support the current level of economic activity and lifestyle expectations. Coupled with the increasing mobility of skilled workers around the world, this means that New Zealand and the Wellington region are vulnerable to competition for skilled workers.

The Wellington region already experiences an outflow of people in the 25-45 age group, although many return later. At present the region also receives much of its immigration via Auckland and other regions. This means that Wellington is dependent on the attractiveness of Auckland in particular in encouraging skilled workers to emigrate to New Zealand. The Wellington region is successful in attracting new people once they have arrived in the country.

Wellington has the ability to counter population loss and attract skilled workers directly to the region. It has the ability to retain such people once here. This depends on the level of willingness

of the regional community to counter the risks by investing in:

- > the quality and attractiveness of the region’s physical and cultural environment, particularly the urban areas
- > the “new economy”, which provides opportunities for skilled workers
- > training and up-skilling of the existing workforce as well as a focus on attracting people to the region.

In addition, the region needs to be more innovative about the way work opportunities are structured and the way older people enter and leave the workforce.

Global Disruption and Conflict

There are a number of global trends that point to increased risk of disruption to communities, markets, communication and travel. These are:

- > emerging risks around global pandemics
- > ecological instability, such as climate change, pollution and bio-diversity reduction



Increased intensity and frequency of rainfall is likely





- > geo-political instability, such as the collapse of governance systems (including international agencies like the WTO), the “war on terror” and emergence of small unstable democracies.

The New Zealand economy is very open to external decisions about investment and the flow of capital and international markets. While international connectedness is fundamental to this strategy it also increases vulnerability to external shocks.

The Wellington region has no direct control over these global risks. However, it can spread risk by:

- > becoming more skilled in understanding future trends and risks
- > spreading economic growth investment across sectors, value chains and external markets
- > continuing to focus on production and activity servicing markets at the local and national level
- > ensuring the region’s continued role as the centre of government, and developing economic opportunities around this sector.

Major Swings in National Policy

Stability in the policy context is essential for making decisions about investment in infrastructure, communities, the labour-force and business development. Immigration policy is particularly vulnerable to political fashion and is a major factor in economic growth initiatives. Similarly, the significant ideological shifts around the role of the state in investment and maintenance of key transport, energy and communications infrastructure have imposed major costs on communities. These shifts have led to a major shortfall in investment in maintaining and extending systems over the last twenty years. Reinvestment in these areas has a long lead-in time. Lack of certainty makes it difficult for businesses and communities to stage investment decisions.

The Wellington region has the ability to influence the national policy context by:

- > working across and within sectors in a collegial, co-operative manner
- > collectively advocating certain policy positions that benefit the regional communities

- > requiring central government agencies to take a more holistic, integrated approach to analysis of issues and investment decisions.

These and other risks and trends have been used to inform the development of the focus areas for action that are set out in this strategy.

GENUINE PROGRESS INDICATOR



How will we measure our progress?

WHAT YOU TOLD US

During consultation on the Growth Framework you told us that prosperity in the Wellington region meant more to you than monetary wealth. You told us it was about quality of life for all members of our society and that economic growth should not be sought at the expense of the community or the environment. The Wellington Regional Strategy Forum agreed that it is the quality of life that comes from sustainable economic growth that we are seeking.

As a result, the Forum has decided to use a framework that measures our progress across all areas of life.

GENUINE PROGRESS INDICATOR

The Genuine Progress Indicator (GPI) measures progress across economic, environmental, social and cultural sectors. GPI is a leading edge measurement system developed over the last decade. It is distinguished from traditional economic measurement systems through its focus on a wider range of indicators. It will be used to

measure our economic, environmental, social and cultural "performance".

INDICATORS AND MEASURES

The following chart shows the indicators we intend to use. A number of technical measures sit below each indicator, providing detailed information to help us understand how our region is changing over time, and whether we are making "genuine progress". For example, some measures of income include the median household income, the distribution of income (looking at the percentage of households in the top and bottom national household income quintiles), personal income by ethnicity, average hourly earnings and total number of benefits given out.

These indicators and measures shed light on values that the regional community considers to be important. They are specific, measurable, available regionally, relevant and can be gathered within a reasonable timeframe. Councils already report at a local level on a

number of these measures. The GPI framework extends this work and aligns it to a region-wide system.

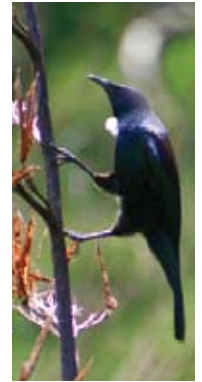
As our understanding of what is truly important for sustainable development evolves, some measures will emerge as being critical to monitor, others may be less relevant and new measures may be added. The final GPI will be tailored to the needs of the Wellington region, and flexible.

WHAT HAPPENS NEXT?

Once we have set up the initial stage we intend to create a more complex GPI "accounting system" that will examine the overall costs (economic, environmental, social and cultural) of things such as economic disparity, pollution of a particular waterway or ill health. This information will be valuable to many organisations in the region and we expect that they, along with the wider community, will be eager to be part of the GPI process. We are working in partnership with the Parliamentary

ECONOMIC	ENVIRONMENTAL	SOCIAL	CULTURAL
Regional GDP per capita	Local natural environmental issues	Population	Recreation and leisure
Income	Air quality	Demographics	Ethnic mix
Economic activity	Freshwater quality	Education	Maori language, education and culture
Employment	Soil quality	Health of the community	Taonga tuku iho
Cost of living	Biodiversity	Level of social connectedness	Heritage
Net worth	Coastal environment quality	Level of civil participation	
	Green space	Level of safety	
	Ecological footprint	Drinking water quantity and quality	
	Carbon neutral region		

How will we measure our progress? continued



Commissioner for the Environment's Office, tertiary education and research sectors, and Statistics New Zealand in developing our final measurement system.

If you need more information please go to www.wrs.govt.nz

QUALITY OF LIFE



All Photos: The GPI measures progress in the things that really matter

WRS BACKGROUND RESEARCH AND EVALUATION

The research and evaluative work undertaken for the WRS includes:

1. Research reports and evaluations

Development of the WRS has been informed from many sources of research and policy evaluation. Over 200 reports and documents are contained in the WRS electronic library. This includes central government commissioned work, international research, and public policy commentators and institutions within New Zealand. At a more specific level, material commissioned by the Wellington region's economic development agencies and other organisations (e.g. tertiary education providers, business organisations and government ministries) has also been canvassed. A full bibliography of material is available at www.wrs.govt.nz

2. Wellington regional stocktake

The WRS process began with a stocktake exercise structured as follows:

Section 1: Context:

Introduction to the geography of the region, current population structure and distribution and an overview of historical development patterns within the region.

Section 2: Regional Wellbeing:

- > quality of life measures for individuals and households focusing on social and economic wellbeing;
- > measures for fundamental environmental wellbeing but which also have important cultural wellbeing implications;
- > assessment of the state of the area as a system, particularly as an urban system. This covers transport systems, urban form, open spaces, amenity, recreation facilities, and key public infrastructure that contributes to public health;

- > projected public investment expenditure to maintain and improve key systems.

Section 3: Economy structure and performance: Provides information on:

- > the general nature of the regional economy;
- > performance of the regional economy (includes GDP growth comparisons to elsewhere in NZ and international productivity assessment);
- > assessment of implications in relation to potential economic growth drivers.

3. Economic futures: Infometrics 2004

Identifies key issues (both national and global) that are likely to define, drive or influence the economic future of the region over the next 20 to 50 years, and in doing so highlight the region's economic strengths, weaknesses and opportunities with a view to determining possible public sector interventions to accelerate economic growth.

Three areas are covered:

- > A trend analysis that identifies a number of economic, social and political trends that have, and will continue to, influence economic development in the Wellington region.
- > A SWOT analysis (strengths, weaknesses, opportunities and threats) of domestic and global influences on the region's growth potential over the next 20 to 50 years.
- > The identification of key constraints, taking into account that the Wellington Regional Strategy is a 20-year strategy with a 50-year outlook, followed by analysis of how these constraints can be addressed and the subsequent implications.

4. Economic projections: BERL 2005, PWB and Go Wairarapa research reports 2000 to 2006

Provides economic growth projections for the Wellington region, including differences between the economic drivers of the Wairarapa economy as compared to the 'metro' sector economy. Information of relative sector performance and numbers is included.

5. Global megatrends & critical uncertainties: Delaney & Associates. 2004

Identifies emerging ideas, events and likely trends that may affect the greater Wellington region, particularly in the next twenty-five years. The ideas reflect research and conversations Delaney & Associates, and others, have conducted for strategy and scenario projects, as well as leading edge global research and sources of information about emerging issues, events and trends.

6. Human Capital: Infometrics 2005

Provides information, issues and directions on the human capital of the Greater Wellington metropolitan area for three main purposes:

1. provides base data from which an understanding of medium to longer term issues associated with human capital can be understood,
2. identifies key issues associated with human capital that the WRS needs to address; and,
3. develops a range of directions and policy considerations.

7. Demographic projections: Statistics New Zealand 2005, Mera Ltd. 2004

Current and future trend information in relation to the distribution of population growth and the age, ethnicity, income and related factors affecting the region's communities.

8. Successful cities: Macroplan 2005

Provides a guide to how a successful region can be defined. Explores case studies of successful cities / regions around the world that face similar challenges to greater Wellington. Analyses key variables and indicators of success in these cities and uses the quantitative and qualitative findings as a guide to the assessment of the competitiveness of these cities compared to Wellington.

9. Housing: Property Economics 2005

Analyses housing market segmentation patterns, trends and demand in the Wellington region, and identifies potential policy responses.

10. Business, commercial & institutional dynamics: Property Economics 2005

Analyses industrial, office and other land and floorspace segmentation patterns, trends and demand in the Wellington region, and identifies potential policy responses. Includes identification of potential Full Time Equivalent job number changes by 1 digit ANZSIC code to 2026 based on evaluation work of NZIER.

11. Environmental & natural value constraints: Wellington Region LGOfficers 2005

Identifies environmental constraints to future development in the Wellington region, taking into account valued

resources that should be preserved or protected for future generations where possible, and hazard resource issues which should if possible be avoided. Includes a series of regional scale G.I.S. maps with overlays of relevant information.

12. Infrastructure: Wellington region local government officers 2005

Identifies significant infrastructure (water / wastewater and stormwater) constraints and capacity, to inform options and choices for economic growth within the Wellington Metropolitan region.

13. Transportation: Wellington Region local government officers, Transit N.Z., LTNZ, M.O.T., 2005

Identifies significant transport matters to inform options and choices for economic and urban development within the Wellington region. Provides an overview of existing transport constraints and issues, and explores linkages to other central government initiatives and policies.

The transportation evaluation aspects of the WRS draw heavily on technical work for the Regional Land Transport Strategy.

14. Labour force: Colin Drew & Associates, DoL, MSD & WLGO 2006 & Martin Jenkins & Associates 2005

Martin Jenkins & Associates works includes a stocktake around four aspects of the labour market - participation, productivity, skills, and regional and sector performance. Reviews the current situation, considers influences on these areas and existing initiatives or interventions in the labour market. Considers the available sector and related projections into the future, information and proposals for new or revised initiatives, and canvasses some stakeholders for views on what work

should be done to support the future functioning of the regional labour market.

Subsequently a comprehensive process has been facilitated in conjunction with the WRS by Ministry of Social Development and Department of Labour involving over 80 Wellington regional stakeholder groups. A comprehensive Wellington Regional Labour Market Strategy has been developed along with an accompanying Implementation Framework.

15. Tourism: Destination Planning 2006, Angus & Associates 2005

This sub-component of the WRS built on a stock take of tourism product from early 2005 and involved interviews with over 80 private sector operators in the region and included a series of interviews and workshops to test ideas.

Evaluation included travel statistics and dynamics to and from the region and tourism offerings available. A considerable body of national tourism data and previous stocktake exercises and evaluations informed this work.

16. Wairarapa Issues: Wellington Region LGOfficers 2005

Officer evaluation work drawing on the Wairarapa's pre-existing work around the Wairarapa Economic Development Strategy, District Plan review and issue identification exercises carried out for Long Term Community Plans.

FOCUS AREA DEVELOPMENT: SYNTHESIS OF BACKGROUND REPORTS

The body of work outlined above (plus a variety of other sources accessible from central government, the private sector and other sources) were evaluated in May 2005 for the purposes of distilling out 'focus areas'. That is, those matters where regional influence or action could be applied to 'make a difference' to prosperity and quality of life in the Wellington region.

The evaluative process adopted was that of a 'competitive advice' model. Seven groups of consultants were furnished with the full set of WRS background reports and invited to independently apply their expertise and judgement to identifying critical initiatives for the Wellington region.

Drafts of the consultant's reports were then received by the WRS project teams and local government chief executives. A full day workshop was held in May 2005 with each consultant group presenting on their conclusions to the WRS team and the other consultants. Following the presentations a series of question and answer sessions and general discussions involving all consultants and the WRS team followed.

Subsequent to the workshop day the consultants then independently finalised their reports and furnished these to the WRS project officer teams.

The reports provided covered both urban / spatial evaluation and pure economic assessment. They include SWOT analysis and categories of response to tackle matters identified; ideas to build on Wellington region's strengths; how to improve international connectedness; the role of infrastructure investment; promoting flexibility around creating

environments for business to succeed; and achieving true regional leadership. Reports include regional location quotient comparisons; sector trend summaries; 3 digit level ANZSIC location quotient analysis of sector performance and likely future trends; sector growth statistics and comparison to the North Island; spatial development assessment and methodology for intervention decision-making. Also provided are deprivation index mapping; economic sector specialisations by location, and population and dwelling market dynamics. From this work various potential policy responses are identified.

The consultant reports are available at www.wrs.govt.nz for:

- > SGS International Economic & Planning
- > Mentz / Kemp
- > BERL
- > McDermott Miller
- > Cityscope
- > Arnold.co.nz
- > Urbanista Ltd.

SYNTHESIS OF BACKGROUND RE- PORTS INTO WRS PROPOSALS

Recommendations from the above process were subsequently considered by the WRS Forum and woven into the WRS 'Growth Framework' released in August 2005 for public comment.

A statistically reliable survey was undertaken of regional resident and businesses to gauge opinions and views on the Growth Framework concepts.

Reports referred to above, plus statistically valid survey work on public attitudes, formed the basis for a series of eight WRS Forum workshops through the last quarter of 2005 and first half of 2006.

In addition, as elements of the thinking were agreed, this material was circulated to private sector and central government stakeholders for comment. This was formally done through the WRS Strategic Partners Forum in early 2006.

WRS officer project teams synthesised the ideas from these sessions into the WRS final document.

OVERARCHING PRINCIPLES FOR PROMOTING SUSTAINABLE PROSPERITY FOR THE WELLINGTON REGION

1. *Efficient use of resources*

There is a high level of connectedness between settlement, transport and existing community wealth

2. *Shared benefit*

Every part of the region shares in the benefits of growth.

3. *Collaboration*

Co-operation will drive regional decision-making by Wellington civic, business and community leaders.

4. *Resilience*

Our planning and actions address the need to be able to cope with, and recover from, shocks and changes.

5. *Tangata whenua*

Tangata whenua values, including the preservation of taonga tuku iho, the protection of mauri and the exercise of kaitiakitanga, are recognised and respected.

SUSTAINABLE ECONOMIC DEVELOPMENT PRINCIPLES

1. *Benefits and supports local communities*

The benefits of economic growth are available to communities in a way that supports social cohesion.

2. *Highly skilled communities capable of change*

Economic growth fosters communities that are adaptable and able to accommodate change.

3. *Innovative, diverse and adaptable*

The economy which drives economic growth is innovative, diverse and able to adapt easily to change.

4. *Open to external investment and opportunities*

The economy is open to external investment, ideas and opportunities, where these show local / regional benefit.

5. *Avoids environmental harm*

The nature, volume and scale of any economic growth does not lead to parallel levels of environmental harm. Economic growth is 'decoupled' from environmental harm.

SUSTAINABLE URBAN DEVELOPMENT PRINCIPLES

1. *Well structured and designed*

Urban areas, places and spaces have a high standard of design.

2. *Delivers good access*

People and businesses are able to easily access services and facilities.

3. *Respects local sense of place and identity*

Respects cultural values, including the character, sense of place, identity of local areas, places, heritage and areas of significance to Tangata Whenua.

4. *Maintains and protects natural systems*

Urban form maintains vital life supporting functions of the environment.

5. *Mixes natural spaces and built urban areas*

There is a high degree of interweaving of natural and built urban areas.

6. *Copes with change*

Urban form is responsive to changing demands and technologies and provides a range of opportunities and alternatives.

SUSTAINABLE TRANSPORT SYSTEM PRINCIPLES

1. *Creates an integrated land transport system*

Transport infrastructure provides greater transport choice, integration and flexibility.

2. *Provides equitable access for all sectors of the community*

People have access to social, economic, educational and recreational activities and freight moves around efficiently.

3. *Supports a thriving economy*

The transport system maximises the efficient movement of people, goods and services.

4. *Copes easily with change*

The transport system is responsive to changing demands and technologies and provides a range of opportunities and alternatives.

5. *Assists safety and personal security*

The transport network provides for a social environment that is safe.

6. *Is environmentally sustainable*

The transport system is managed in a way that optimises allocation and use of resources, including non-renewable energy sources.

7. *Protects and promotes public health*

Allows for social participation and interaction and healthy communities and increases the uptake of physical activity (sport, walking and cycling).



ISSUES AND OPPORTUNITIES

OVERALL ISSUES

ISSUES/OPPORTUNITIES	EXPLANATION
> Region-wide cooperation.	> There is a widely held view, among public, private and voluntary sectors and central and local government, that stronger leadership and partnership arrangements will be good for the region. Often we've been "competing instead of complementing". This affects our ability to attract investment from central government and from outside the region. Some cooperation is already happening - the development of the Wellington Regional Strategy being an excellent example - but we need to do more.
> Quality of life.	> Wellington is ranked 12th in the 2006 Mercer Consulting quality of living survey covering 350 cities. The region offers an outstanding diversity of lifestyle and recreational choice. The region may also benefit from global concerns about security.
> Ability to adapt in response to structural change in the economy.	> Our economy will evolve and we need to adapt to the changes that occur. For example, we need to ensure that those affected by a decline in manufacturing are able to turn their skills to the "new economy", especially higher value services.
> Ability to sustain strong economic performance (GDP per capita).	> Economic prosperity is a key driver of community wellbeing, and will affect our ability to afford services in the future.
> Presence of central government.	> Central government provides a stable economic core, however we need to recognise it will occupy a declining share of regional GDP.

POPULATION BASED ISSUES/OPPORTUNITIES

ISSUES/OPPORTUNITIES	EXPLANATION
> Major loss of 25-35 year olds leaving the region.	> A disproportionate number of 25-35 year olds leave the region. Furthermore there is aggressive international competition for talent. This affects the structure of our workforce and the skills available.
> Moderate population growth and uneven distribution in the region.	> According to New Zealand Statistics, population growth for the region is likely to be slow in later years and the uneven distribution will continue.
> Significant growth among Maori, Pacific Islanders, other ethnic groups, and an ageing population generally. Iwi will become a more significant economic presence.	> The Maori economy and population are growing at a faster rate than the national economy and population. The youth of the Maori population highlights the need to plan for these changes. The Strategy accommodates the needs of future population mixes, opportunities for the workforce, skills training and social infrastructure requirements.

APPENDIX 3 continued



ECONOMY BUILDING BLOCKS: ISSUES/OPPORTUNITIES

ISSUES/OPPORTUNITIES	EXPLANATION
<ul style="list-style-type: none"> > High incomes and academic qualifications. 	<ul style="list-style-type: none"> > The region's "intellectual capital" is strong, but we can do better at harnessing this potential.
<ul style="list-style-type: none"> > High labour force participation but low productivity. 	<ul style="list-style-type: none"> > The Wellington region's productivity is good within the New Zealand context, but when measured against other parts of the world (e.g. Australia and USA) our productivity is low. There are several reasons for this, including research and development investment levels, investment in plant, a shortage of skilled labour, an ageing population, and Wellington people moving to jobs overseas. We also need to be better at ensuring our education sector turns out graduates with skills relevant to business.
<ul style="list-style-type: none"> > Limited industrial and commercial land available. 	<ul style="list-style-type: none"> > The region has a limited supply of suitable industrial land i.e. land that is located within good proximity of markets and infrastructure.
<ul style="list-style-type: none"> > International recognition of our seven tertiary education institutions and five Crown Research Institutes. 	<ul style="list-style-type: none"> > Our tertiary education and research sectors need to be consistently well recognised within New Zealand and internationally. Also, we're not as good as we could be at linking our research, education and investment. This limits our ability to be proactive in the global economy.
<ul style="list-style-type: none"> > Improving access to venture capital and becoming more entrepreneurial. 	<ul style="list-style-type: none"> > We're good at coming up with the ideas, but often lack strong mechanisms for knowing how to commercialise them, or good international connections or the investment to take those ideas to the world.
<ul style="list-style-type: none"> > Many examples of world class (or potentially world class) businesses operating in the region. 	<ul style="list-style-type: none"> > The region's expertise in film production is an excellent example of what can be achieved. We also have current or potential world class expertise in sciences, creative industries, government services and information communication technology.
<ul style="list-style-type: none"> > Centralising regional head offices. 	<ul style="list-style-type: none"> > There is a global trend to centralise head office functions to major cities (population over 3 million).



TRANSPORT INFRASTRUCTURE: ISSUES/OPPORTUNITIES

ISSUES/OPPORTUNITIES	EXPLANATION
<ul style="list-style-type: none"> > Maintaining the current good balance between private and public transport, walking and cycling. 	<ul style="list-style-type: none"> > At present we're high users of public transport, which is good. We need to continue investment in this area and ensure our urban design decisions are "public transport friendly" and maximise the investments we're making into public transport. In parts of the region, we also have a mismatch between where people live and where they work.
<ul style="list-style-type: none"> > Capacity of and access to the seaports and airport. 	<ul style="list-style-type: none"> > The ability of our port and airport to cope with freight and passenger volumes is critical to the performance of the whole region. A particular constraint on business and tourism growth is the inability to fly direct to Asia - one stop to Europe.
<ul style="list-style-type: none"> > Rising traffic congestion on key road routes. 	<ul style="list-style-type: none"> > This is a key issue. Traffic congestion affects freight and commuter reliability and therefore the economy as a whole. It also affects perceptions of quality of life in the region.

REGIONAL MARKETING: ISSUES/OPPORTUNITIES

ISSUES/OPPORTUNITIES	EXPLANATION
<ul style="list-style-type: none"> > Projecting the region's image. 	<ul style="list-style-type: none"> > Campaigns such as "Absolutely Positively Wellington", "Have a love affair with Wellington" and "NZ's Capital Country" have contributed to an improvement in the region's image overall. However there are still opportunities to increase the region's visibility.

APPENDIX 3 continued



PHYSICAL GROWTH MANAGEMENT: ISSUES/OPPORTUNITIES

ISSUES/OPPORTUNITIES

- > Quality of our land-use planning in and on the edge of the urban areas.
- > Maintaining and enhancing our environmental advantages.
- > Dealing with negative impacts of growth on urban character and our natural environment amenity.
- > "Urban vitality and fizz" - a sense of place needs to exist throughout the region.
- > Housing affordability.

EXPLANATION

- > Smart planning and targeted interventions are needed to unlock development opportunities around the region. We need to understand how our economy relates to land-use issues and have the right tools and systems in place to achieve this.
- > We have much environmental diversity within the region, and even within our cities. The Pauatahanui Inlet, Kapiti Island and the Karori Wildlife Sanctuary (which is just 3kms from the Wellington CBD) are examples.
- > We need to ensure that growth does not erode or dilute the heart and soul of our cities, towns or rural areas. We need to be clear what makes for the "sense of place" within different parts of the region.
- > Strong communities have a sense of place or community buzz about them, that varies greatly within the region. A strong sense of place will attract and retain people and businesses.
- > This is an issue for lower income households and risks intensifying skills shortages in parts of the region.



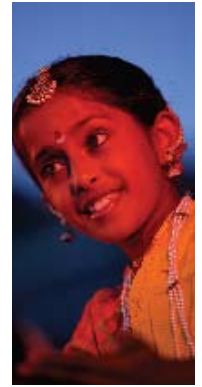
KEY INFRASTRUCTURE: ISSUES/ OPPORTUNITIES

ISSUES/OPPORTUNITIES	EXPLANATION
<ul style="list-style-type: none"> > Poor understanding of long-term energy infrastructure investment needs. 	<ul style="list-style-type: none"> > We have a poor understanding of energy consumption needs, emission levels, the need for new electricity generation (including windfarms) and our positioning relative to the Kyoto protocol.
<ul style="list-style-type: none"> > Lack of effective region-wide broadband. 	<ul style="list-style-type: none"> > Outside the Wellington CBD, broadband coverage is inadequate. This is a constraint on growth and conflicts with the region's innovative strength.
<ul style="list-style-type: none"> > Infrastructure funding. 	<ul style="list-style-type: none"> > The region needs to ensure it has funding in place to support its future needs in roading, communications, public transport and so on. We also need to ensure that we can prevent regional isolation in the event of a natural disaster.

SOCIAL COHESION AND ECONOMIC GROWTH: ISSUES/OPPORTUNITIES

ISSUES/OPPORTUNITIES	EXPLANATION
<ul style="list-style-type: none"> > Potential impact of economic growth and change on current high levels of social tolerance and integration. 	<ul style="list-style-type: none"> > The region prides itself in being unpretentious and socially tolerant. We need to retain these values in an economy and a population mix that is evolving towards greater ethnic diversity.
<ul style="list-style-type: none"> > Some areas are less prosperous than others. 	<ul style="list-style-type: none"> > There are currently significant "prosperity gaps" within the region. One of the aims of the regional growth strategy is region-wide prosperity. Concepts such as "human capital" and what it takes to achieve "social cohesion" need to be part of our thinking.

APPENDIX 3 continued



OTHER SIGNIFICANT REGIONAL ISSUES/OPPORTUNITIES REQUIRING A FUTURE RESPONSE

ISSUES/OPPORTUNITIES	EXPLANATION
> Changing number of landfills and waste disposal options brings greater opportunities for waste reduction.	> We need to be smarter about the way we deal with waste and reduce the amount of rubbish we create overall.
> Increased intensity of storms.	> In some areas ground water levels are high, and storms occur more frequently. This affects urban development and our stormwater systems. We also need to be mindful of long term climate change and its impact. For example it could impact on catchment management plans for major rivers and streams, and coastal land uses.
> Sustainable water supply.	> Water supply in some parts of our region is near capacity. Climate change is relevant here too.
> Optimise our recreational assets.	> We need to ensure we make the most of the visitor, and local recreational opportunities.

