



**Local Government
New Zealand**
te pūtahi matakōkiri



**Local Government's
Contribution to
Economic Growth**

Contents

Foreword from Local Government New Zealand	1	6.0 Comparative Report -	
Foreword from BERL Economics	2	Westpac Stadium, Wellington	32
The BERL Local Government Economic Indicators Framework	5	6.1 Introduction	32
1.0 Local Government's Contribution to Economic Growth	6	6.2 Local Government in Action	32
1.1 What are we doing?	6	6.3 Indications of Success – Westpac Stadium	32
1.2 How are we doing it?	6	6.4 Approach to projecting Westpac Stadium performance in 2015	34
1.3 Intervention Logic	8	6.5 The trends from 2003 to 2009	34
1.4 Expenditure and Measures of phenomena output	9	6.6 Projections to 2015	35
1.5 Where have we got to?	9	7.0 Regional Impact of Wellington Stadium –	
1.6 Methodology and Framework	10	First 10 Years	36
1.7 Identifying Priority Areas	10	7.1 Summary	36
1.8 Case Studies	10	7.2 Purpose	37
1.9 Economic Growth Agenda	11	7.3 History of the Stadium	37
1.10 The Value of this Work to Local Government	12	7.4 Information sources	37
2.0 General	14	7.5 Annual quantified impacts	38
2.1 Methodology	14	7.6 Attendance	38
2.2 Limitations	14	7.7 Direct spending	39
3.0 Case Study One – Highbrook Business Park, Manukau City, Auckland Region	15	7.8 Quantified economic impact	40
3.1 Introduction	15	7.9 Other impacts	40
3.2 Local Government in Action	15	7.10 Rugby Sevens	40
3.3 Indications of Success – Highbrook Business Park	19	7.11 Football	41
3.4 Local Government Economic Development Areas and Highbrook	22	7.12 Rugby	41
3.5 Central Government Economic Growth Agenda Areas and Highbrook	22	7.13 Other events and benefits	42
4.0 Case Study Two Marlborough Research Centre: Wine Centre of Excellence	23	Bibliography	43
4.1 Introduction	23	Acknowledgements	43
4.2 Wine Centre of Excellence	23	Appendix 1	
4.3 Indications of Success – The Marlborough Wine Research Centre	24	Sample of BERL Local Government Economic Indicators Framework - Areas And Phenomena (Indicators Under Development)	44
4.4 Local Government Economic Development Areas and MWRC	30		
4.5 Central Government Economic Growth Agenda Areas and MWRC	30		
5.0 Closing Discussion	31		

Foreword from *Local Government New Zealand*

In times of plenty, profit and prosperity, most aims can be met, and the parallel aspirations of different groups and parts of society or of communities can be accommodated. In times of constraint, ambitions become competitive, and difficult decisions must be made about what is currently affordable, and what must be deferred. This is the bread and butter of the work of councils on behalf of their communities.

At a national level, following the economic slow-down of 2008 and 2009, our Government set itself some tough new decisions, about setting priorities on all our behalf, about a new focus on living within our means, and about enhancing and improving our economic growth. New distinctions began to be made, between “tradable” and “non-tradable” sectors, about “lifting our game” and “making the boat go faster”. What was personally disappointing to me was how little local government figured in that discussion on new growth and a stronger economy, and how conventional and often uncritical thinking tended to portray local government as part of the problem, rather than an inevitable part of any working solution.

For 2010 *Local Government New Zealand* set three strategic priorities - the one that matters here is “promoting local government as part of the solution”. To understand the range of impacts of local government on the economy, and complex linkages between our councils, our communities and our economy, we commissioned BERL to develop a new framework to describe and to measure local government’s contribution to New Zealand’s economic growth. In the framework, we set Local Government’s Economic Development Priority Areas against the Government’s Economic Growth Agenda, and look for overlaps

and complementarities. As in all things, some activities are best done nationally, and some activities will only work if addressed at the level of the region or the community. The BERL work identifies the relationship between the inputs made by local government and the outcomes of local government activity, and then describes the relationship of the outcomes of these activities in terms of economic growth. To demonstrate our belief of the role and weight of local government in the economy, we need new thinking of the kind demonstrated in this new approach.

We must always remember that we are charged with the promotion of *four* wellbeings. This current focus on the *economic* wellbeing could be described as remedial, aimed at correcting perception in central government and business that local government is not a key contributor to economic wellbeing. However, the parallel work on the social, environmental, and cultural wellbeings, must always continue in tandem and in balance.

I, also, acknowledge that in the selection of these initial case studies we have not concentrated on the strong economic benefits from other areas of local government activity. This includes work undertaken by regional councils in the areas of flood protection; all of the benefits from

the work of councils in promoting youth development; the development of robust social platforms; and the provision of the many attractions that express and enhance the cultural heritage of New Zealand - to name some of many possible examples.

I am confident that these ideas will take root, and as case studies and the methodology develop, that there will be a new public understanding of our place in the economy.

Lawrence Yule

President *Local Government New Zealand*



Foreword from BERL Economics

I would like to thank *Local Government New Zealand* for sponsoring and creating the opportunity for BERL to help in enhancing understanding of the role and contribution of local government in New Zealand's economic development. We believe that the establishment of a robust framework is a critical step to ensure this contribution is also understood by those outside the sector.

To begin, I think it is helpful to state what I mean by the word 'economics' and the words 'economic development'.

Economics is about people and communities, and the skills, equipment and resources they acquire to pursue their lives and lifestyles.

Economic development is about setting the platform to foster this pursuit and, also, to ensure it further widens the development choices and opportunities of future generations.

In this context, the financial aspects of economics are important. But, they are one arm of a much bigger body. Clearly, as we have recently experienced, if the financial arm of the economic body does not function efficiently, the body begins to teeter. However, concentrating all efforts on that one limb, does not guarantee the wider health and wellbeing of the economic body.

It is the health of that much bigger body that is the subject of true economic study, and should be at the centre of economic development efforts.

Further, at the centre of true economic study is the mechanism that enables the maintenance, replenishment, enhancement, improvement and, indeed, expansion of the resource base of a Community.

Resources in this context should be interpreted broadly to include all things that can together be applied to lift our communities' (or nation's) prosperity and wellbeing. My list of resources would run something like:

- our endowment of land, water, rivers, mountains and seas; including the riches below the land and in the seas
- people and their skills, including the experiences and knowledge passed on from earlier generations
- the buildings, machinery, equipment and innovative technology our previous skills and efforts have accumulated
- the value chains, sales channels, market niches, and business networks that earlier investments have succeeded in securing.

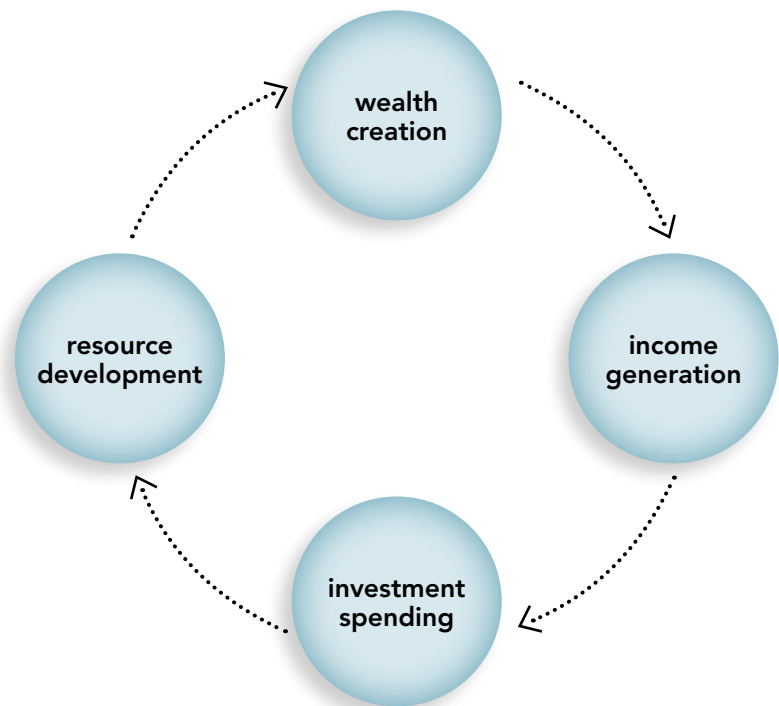
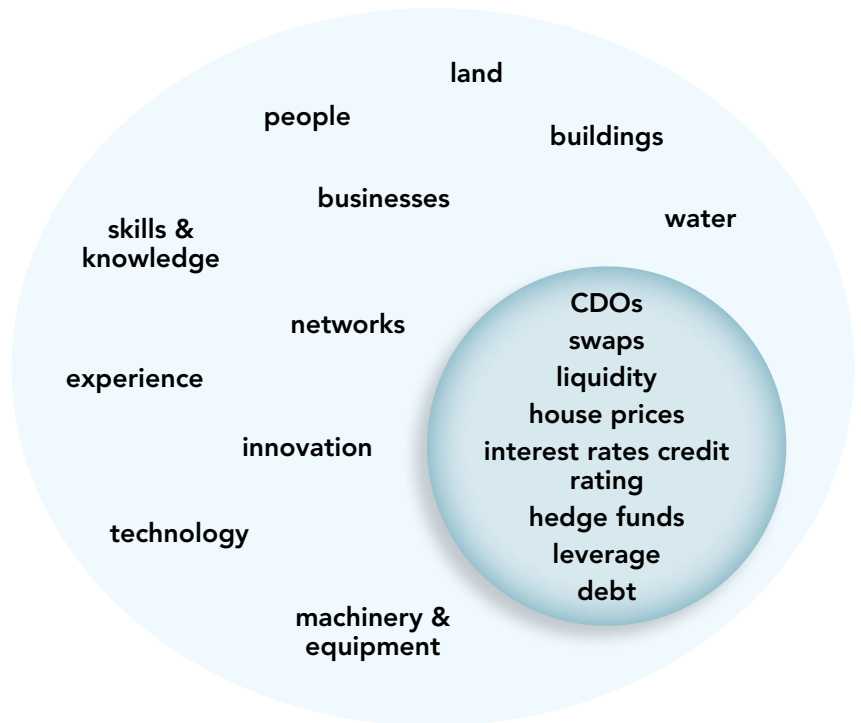
And it is that word 'investment' that is pivotal to economic development. While all the resources I have listed (as well as the ones I haven't) may have been inherited by us, they all quickly become redundant, erode in value, or diminish in usefulness (productivity, if you like). Countering this impact are efforts to continue to improve, replenish, renew or enhance these assets – otherwise known as investment.



And that investment arises from the income that has been generated from the wealth (products and services) created from the resources. It is this 'virtuous cycle' that is the ultimate outcome of successful economic development efforts.

Unfortunately, such a virtuous cycle has proven elusive in the New Zealand scene primarily (and arguably) because of a pitifully low propensity to invest. This behavioural trait is, again arguably, linked to our short-term focus on financial indicators (e.g. next month's dividend payout) rather than economic fundamentals like the state (or productivity) of our resource base.

This is akin to a focus on the annual Profit and Loss Statement, rather than the Balance Sheet. A good income this year may be something to celebrate. But, does this tell you anything about next year? If the income yield is at the expense of a depleted asset base then the picture for the next year (or, indeed, the next generation) may not be worthy of celebration.



So, how does this fit with the role of Government, in general, and local government, in particular? The Government's Economic Growth Agenda (EGA) has clearly stated its target of lifting incomes.

The functions and activities of local government will influence, to a greater or lesser degree, each of the six drivers of the EGA.

Broadly speaking, we can view most local government activities as falling into the following areas:

- leadership/partnership/facilitation
- infrastructure/planning/resource management
- regulation
- services
- business and industry development
- social and community.

Clearly, activities in some of these areas are more easily related to the EGA drivers than others. For example, local government is easily seen as close to the coalface in the EGA driver of "better infrastructure" - as, guardians, developers and/or providers of a significant portion of New Zealand's infrastructure. But, this should not preclude other areas of local government activity, which should be considered in the context of the wider economic mechanism.

The relationships between local government areas and the EGA are developed in this document in the discussion of our BERL Local Government Economic Indicators Framework; and highlighted by example through the case studies presented.

The challenge for the local government sector remains one of ensuring its activities are closely linked to the nation's economic imperative to lift incomes, and help promote the wellbeing of local communities. The framework being developed by this project will provide a robust foundation for the sector to demonstrate the importance of these linkages to those outside the sector.

This document provides an entree into this framework. This project will continue to investigate a range of indicators to improve the evidential basis for the framework we develop, and for the activities of local government.

Ganesh Nana

Chief Economist, BERL



The BERL Local Government Economic Indicators Framework

1.0 Local Government's Contribution to Economic Growth

1.1 What are we doing?

The objective of this project is to show the contribution local government makes to economic growth and development in New Zealand using two reference points - areas where local government contributes to economic development, and the Government's Economic Growth Agenda (EGA). The output is the BERL Local Government Economic Indicators Framework that will:

1. identify a set of indicators that articulate local government's efficacy, and
2. provide measures of local government's contribution to economic growth.

This research will assist local government to clearly articulate its role in economic development and the contribution it makes to economic growth in New Zealand. This presents a clear value proposition to stakeholders that:

- Local government is critical to the delivery of economic development; from investment in infrastructure, through to interventions and partnerships with key stakeholders, to grow New Zealand's economic performance.
- Local government needs to contribute at an early stage of policy development, and be included in the planning and delivery.

1.2 How are we doing it?

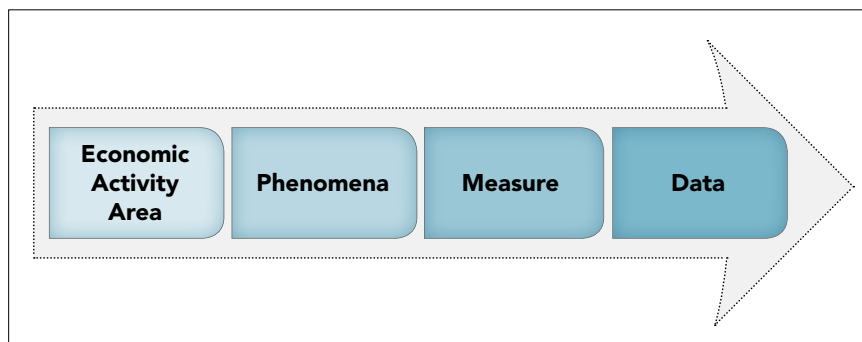
A key to our approach is that measures will be determined from the areas of local government activity and not the other way round. Often the role of local government defaults to the available information or indicators and, therefore, presentation of local government activity is constrained or influenced by the availability or acceptance of certain indicators.

As suggested in the diagram below, each process drives the next, which ensures that the data flows from the economic activity area rather than the data available. This ensures that the area determines the data collected, rather than data availability determining the area of focus.

The focus on activity as a driver of the framework is central. This framework is not intended to be a benchmarking exercise. Rather it both informs, and explores, the activities undertaken – and articulates their relevance to the desired outcome – economic development.

The output of this project will be the BERL Local Government Economic Indicators Framework that identifies key measures of economic growth for local government and their relationship to the Government's Economic Growth Agenda.

Economic activity determines measures



Across the horizontal axis are the local government areas of contribution to economic growth while down the vertical axis are the areas that encompass the economic growth agenda. Underpinning the indicators and areas are case studies that provide a qualitative analysis of the relationships.

Indicator Framework

		Priority Area					
Local Government Areas	EGA Areas	Leadership/ Partnership / Facilitation	Infrastructure/ Planning/ Resource Management	Regulation	Services	Business and Industry Development	Social and Community
		Phenomenon					
Economic Growth Agenda Area	Better Public Services	Indicators <i>(currently under development)</i>					
	Innovation and business support						
	Regulatory Reform						
	Investment in infrastructure						
	World class tax system						
	Education and skills						
		Case Studies					

The contribution of local government to economic growth as shown in the indicators framework is made up of three layers – Areas, Phenomenon and Indicators, which are defined below.

Areas, Phenomenon and Indicators

Priority Area	<ul style="list-style-type: none"> High level major/headline priority areas where local government contributes to economic growth.
Phenomenon	<ul style="list-style-type: none"> Activity that occurs within the priority area
Indicator	<ul style="list-style-type: none"> Tangible measure of the phenomenon inputs or outputs

Local government's contribution to economic growth and development can be encompassed within six priority areas¹. Each of the priority areas has a number of phenomena that reflect activity that occurs within that area. Each phenomenon has a number of indicators that reflect action or activity.

For example, the priority area might be leadership. Within the leadership area, one of the outcomes (phenomenon) might be to maximise local or regional benefit from central government economic development programmes and initiatives. The indicators within this could include:

the amount of funding received; leverage captured; or applications to the Primary Growth Fund.

The focus of this project is to determine the areas of local government activity that contribute to the economic growth agenda, determine the phenomenon that represent this contribution and then identify and present the indicators that reflect the phenomenon.

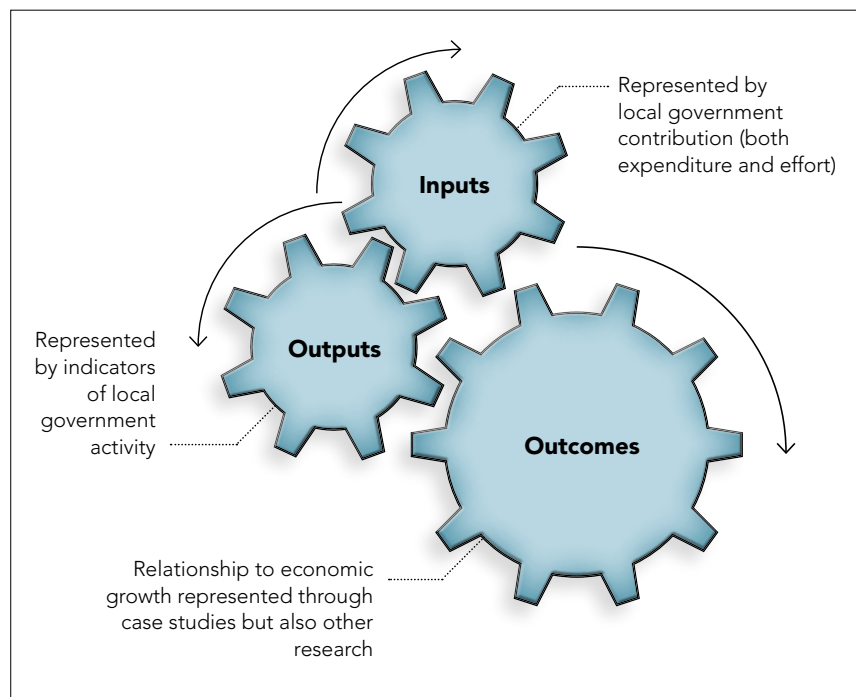
1.3 Intervention Logic

An intervention Logic approach will explore the relationship between local government priority areas, their phenomena and economic growth.

This is necessary due to the difficulty in making the direct link between the measure of activity (the output) and economic growth (the outcome). Intervention logic shows how a set of activities associated with a given intervention (phenomenon) are related to the outcomes (economic growth) that result from implementing the intervention. This intervention logic is represented in the diagram on the right.

Logic suggests that inputs enable outputs, which result in outcomes. In this approach, we have suggested that inputs are enabled by local government contribution in that area or phenomenon. Outputs are the specific measures that we have been able to identify that directly reflect activity (whether actions or deliverables) generated by that area or phenomenon. Outcomes are the relationships between those outputs

Intervention Logic Approach



and economic growth. In part, the relationship between the outputs and the outcomes can be explored through a case study approach as well as other research that demonstrates the linkages.

This is similar to a triangulation approach, where we use a number of different methods in an effort

to determine local government's contribution to economic growth. However, there is a slight twist in that rather than using the different methods to verify the output; we are using the different methods to demonstrate the output.

¹ The method for arriving at these six areas, the phenomenon and indicators is discussed in the full report.

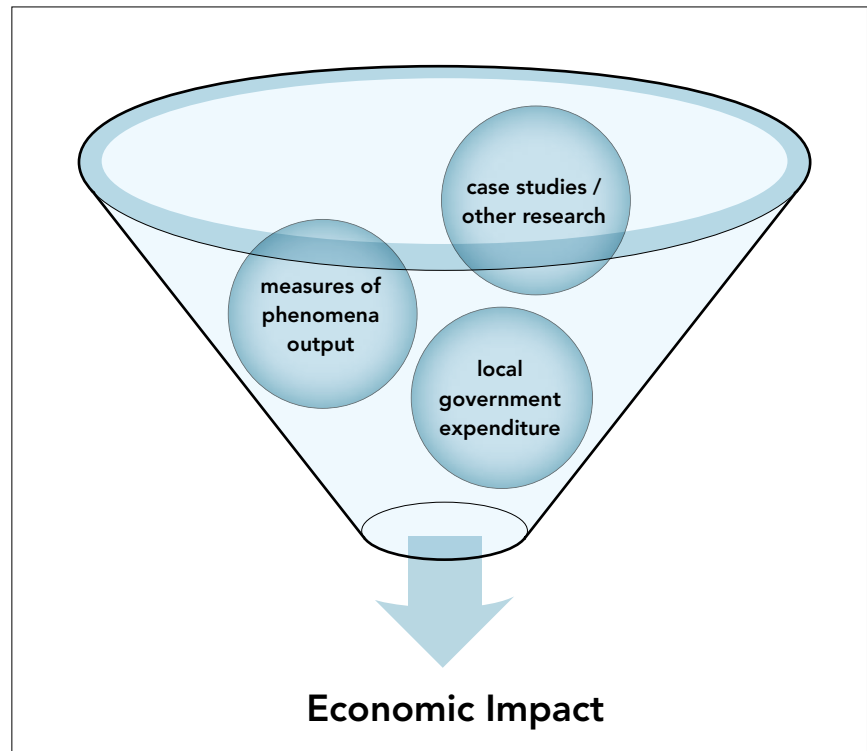
1.4 Expenditure and Measures of phenomena output

Expenditure² provides a good measure (though not the only measure) of local government contribution to economic growth as it is a consistent measure that can be compared across all areas and phenomena. Expenditure can be split amongst the specific areas identified in the report and possibly assigned to the associated phenomena. In some cases expenditure can also be determined for specific phenomena. For example, expenditure on services can probably be identified and broken down into service categories.

However, in most cases, the phenomena will need to be measured in some other form, for example, number of building permits, proportion of regional authorities that have a current transport strategy, number of consultations for definition of a regional strategy, or set up of a project management team for a regional initiative etc. These measures are not directly comparable but do demonstrate the level of activity in that phenomenon. Where the relationship between activity and economic growth has been quantified through some other process we will identify this.

Then, by showing the linkage between local government expenditure, areas and phenomena, we can provide quantitative measures of local government's contribution to economic growth. As well, measures on the specific phenomenon can also be collected and presented which show the level of output of an activity.

Information to determine economic growth



Local government's contribution to economic growth can be demonstrated through three levels of information. The first would be local government expenditure, the second will be phenomena indicators, and the third will be case studies.

Case studies explore and explain the relationships between local government activity and economic growth outcomes, in particular, looking at the key areas and phenomena delivered through local government and their contribution to economic growth.

1.5 Where have we got to?

At this stage we have

- developed the methodology and framework
- identified and finalised the priority areas

- explored a number of phenomena and measures
- undertaken two case studies to test the framework

We are currently in the process of:

- reviewing the framework against the findings of the case studies
- identifying measures and indicators
- aligning measures and indicators to the economic growth agenda areas

Appendix One shows a summary of the current areas, definition and some sample phenomena.

² Where the intent of the expenditure is an economic development activity.

Local Government Economic Development Priority Areas

Leadership / Partnership/ Facilitation

- Setting, supporting and driving a vision, strategy and plan for economic growth.

Infrastructure / Planning / Resource Management

- Ensuring that the physical and built environment is conducive to economic growth.

Regulation

- Creating a quality regulatory environment to make it easier for businesses to grow, invest and create jobs encouraging economic growth.

Services

- Effective coordination and delivery of key council activities that support the effective functioning of local communities.

Business and Industry Development

- Facilitating investment, industry and employment growth; and implementing measures that support a conducive business environment.

Social and Community

- An environment that supports wellbeing and enables communities to participate; contributing to economic growth.

1.6 Methodology and Framework

The methodology and framework for this project have already been discussed and were developed based on a thorough review of literature and discussions with both the *Local Government New Zealand* Economic Development Committee and the Project Steering Groups established by *Local Government New Zealand*.

1.7 Identifying Priority Areas

The first step was to identify the priority areas that form the Indicator Framework headings. These priority areas cover the spectrum of local government's contribution to economic growth.

Based on an initial analysis, and after workshops with the *Local Government New Zealand* Economic Development Committee and the Project Steering Groups, we have agreed on six priority areas for local government.

1.8 Case Studies

Two case studies were selected for this task:

1. Highbrook Business Park, Manukau City and
2. Marlborough Wine Research Centre, Marlborough.

The Westpac Stadium Report is presented in this document as a comparative document. The case studies are qualitative, and based on the BERL Local Government Economic Indicators Framework; whereas the stadium report is a quantitative Economic Impact Assessment (EIA).

A range of possible case studies were considered by the *Local Government New Zealand* Economic Development Committee, and, on balance, these case studies were chosen to progress. It is worth noting that these case studies are not intended to reflect all of the economic development work undertaken by local government.

The selection of case studies was based on their ability to contribute to the development of the framework as opposed to the success of the project. From a shortlist of six projects, we selected two that we believed could best test the Indicators Framework.

These case studies were selected based on the range of activity undertaken and the following:

- (1) Relevance to the project.
- (2) North and South Island.
- (3) City and Regional.
- (4) Large and small (but comparable in form).
- (5) Developing and mature.
- (6) Availability of data.
- (7) Identification of Case Champion.

Limitations of the case studies should be noted. Due to time constraints, interviews and data collation occurred concurrently with the development of the Indicators Framework (rather than consecutively). In addition, time constraints reduced the number

Economic Growth Agenda Areas

Regulatory Reform

- New Zealand offers a high-quality, regulatory environment to ensure we get treated fairly, protect and manage our environment and have a competitive and efficient economy.
- There is a focus on reforming regulatory roadblocks such as the RMA, and reducing red tape to make it easier for businesses to grow, invest and create jobs.

Investment in Infrastructure

- Investment in productive infrastructure, including new roads, broadband, energy and other infrastructure such as schools and hospitals.

Better Public Services

- Lifting the performance of the public sector by improving the quality of public spending and by delivering better smarter services while limiting the increase in funding.

Education and Skills

- Lifting the literacy and numeracy skills of our young people and providing options for secondary-age students outside the traditional school system.

Innovation and Business Assistance

- Providing responsive and targeted business assistance, and aligning our innovation system with industry needs.

A World-Class Tax System

- The focus is on providing a growth enhancing tax system that rewards hard work and saving and investment in productive enterprises and innovation.

of interviews possible, and limited access to some data. Commercial sensitivities preclude the reporting of some outcomes identified by the study, though BERL can report that such information withheld evidenced positive economic outcomes. Importantly, at this stage of the project the case studies test the framework. They do not “make the definitive case for local government in economic development”. The case studies do communicate progress of both the framework and the phenomena under study, but the stated limitations must remain salient.

Having tested the framework and approach, it would be beneficial to consider further case studies in the future – either through the work of *Local Government New Zealand*,

or through individual councils work. Case studies with different foci would help to articulate a broader perspective in relation to the contribution local government makes to economic development, and to begin to pave the way for meta-analysis. A comprehensive suite of case studies would provide the data to support analysis that makes “A Case for Local Government in Economic Development”.

1.9 Economic Growth Agenda

Phenomena and indicators will also be assessed to determine their consistency or contribution to the economic growth agenda (EGA) areas. By showing this relationship, the Indicators Framework will test the validity of the activity being undertaken

by local government with regards to contribution to economic growth. This will support local government’s efforts to participate in the discussions and policy around economic development.

The aim of the EGA is, as the name suggests “to grow” the economy. The Prime Minister stated the goal as being to “grow the economy and create sustainable new jobs”. The Minister for Economic Development, in a speech to the EDANZ conference suggested that the EGA aims to maximise opportunities and emerge from the economic downturn in a stronger position relative to the countries we compete with internationally.

Initially there were some targets around the EGA including raising exports from their current level of 30

The BERL Local Government Economic Indicators Framework provides local government with a more defined approach, supporting them in identifying and communicating their value in terms of contribution to economic development in New Zealand.

percent of GDP to 40 percent, and achieving income parity with Australia by 2025. To achieve these, the EGA focuses on six areas.

These areas will be refined in light of more recent activity by Government, in particular, the focus that has emerged out of the 2010 budget and any impending revisions of EGA.

1.10 The Value of this Work to Local Government

The BERL Local Government Economic Indicators Framework provide local government with a more defined approach, supporting them in identifying and communicating their value in terms of contribution to economic development in New Zealand. It is anticipated that the framework and methodology will assist Councils to evaluate projects through an economic lens.

The current focus on economic growth brings a sense of urgency to this endeavour, but does not diminish the need for Local Authorities to continue to reflect upon the interdependence of the four “well beings” in the decision-making process.

Development of the framework will continue as, while the priority areas are understood, the development of indicators and measures is a more iterative process. The case studies presented, as noted earlier, are a “first test” of the framework and inform its further development.

Jason Leung-Wai

Economist, BERL

Case Studies

2.0 General



2.1 Methodology

The method undertaken to collate and analyse evidence pertaining to these qualitative case studies included:

- (a) Desk-based research on Highbrook Business Park, and the Marlborough Wine Research Centre
- (b) Collation of list of interviewees
- (c) Field work – site visits and key interviews
- (d) Range of telephone interviews
- (e) Data distillation – focus on local government activity
- (f) Match activity to local government priority areas on the BERL Local Government Economic Indicators Framework
- (g) Match activity to Economic Growth Agenda (per areas outlined in the BERL Local Government Economic Indicators Framework)
- (h) Analyse and Report

2.2 Limitations

As previously stated:

- (a) Time constraints
- (b) Concurrent rather than consecutive analysis
- (c) Testing the BERL Local Government Economic Indicators Framework; not making the definitive case
- (d) Commercial sensitivities

Further, the focus of the case studies is to test the BERL Local Government Economic Indicators Framework, and provide feedback to the completion of the framework. The analysis and discussions are therefore interim results.

3.0 Case Study One

Highbrook Business Park, Manukau City, Auckland Region

3.1 Introduction

Highbrook Business Park is a world class development with a commercial area of 107 hectares, and a further 40 hectares of parkland and recreational areas. The Park is located on the Waiouru Peninsula of the Tamaki Estuary in Manukau City. The property was formerly the home of Sir Woolf and Lady Joyce Fisher, and known as Ra Ora Stud Farm.

The Fisher Family Trust, led by Sir Noel Robinson (nephew of Sir Woolf), began to explore development potential for Ra Ora following the death of Sir Woolf in 1975. Reflecting Sir Woolf's success as the head of Fisher and Paykel New Zealand—and his commitment to New Zealand business—it was decided that the development of a world class business park would be the most appropriate future for Ra Ora.

Importantly, the aging infrastructure of commercial areas such as Otahuhu and Penrose, a shortage of large-scale commercial sites, the trend for large businesses to exit New Zealand, and the need to locate such businesses near a large, appropriate labour force were key drivers in establishing the Park.

In addition, the Highbrook vision represented a new way of conceptualising commercial development in New Zealand—with a focus on creating environments that improve efficiency and drive productivity; as well as integrating seamlessly into both Community and the natural environment.

Although many of the factors required to successfully develop Highbrook were present—passionate leadership, start up capital, and investment competency—significant barriers existed, including the need to connect the isolated Ra Ora Stud lands to the Southern Motorway (the main arterial route to Port infrastructure).

Nevertheless, in 1987, Sir Noel Robinson presented his vision for Highbrook Business Park to the Manukau City Mayor (Sir Barry Curtis) and Council Chief Executive (Colin Dale). Recognising the significant economic development potential of the business park, Sir Barry “caught the flame” and Council engaged in exploring the economic potential for Highbrook, the barriers it would face, and solutions to those barriers.

Council was aware that, since 1970, work had been undertaken through Auckland Regional Council to



explore traffic flows and, in particular, reduction of traffic congestion on the Southern Motorway. These studies recommended that two new crossings over the Tamaki Estuary be built. With the dual benefits of congestion relief, and the economic potential of the Highbrook Business Park, Council committed to action.

3.2 Local Government in Action

In 1988, Council commissioned a study of four potential sites to build the bridge and road infrastructure to connect the Ra Ora Stud lands to the Southern Motorway; commissioning Works Consultancy Services to undertake concept work on crossing locations. In addition, Council resolved to rezone the northern portion of Waiouru Peninsula to become an industrial zone, in order to provide for urbanisation of the Peninsula – including the development of the business park.

By 1989, Council was ready to publicly notify the second review of its District Plan, which included the proposal to build two bridges crossing the Tamaki Estuary—the first from Waiouru Road³ to Princes Road, Otahuhu—and the second to enable a connection to be made between the Waiouru Peninsula and Bairds Road, Otara. The proposal met with resistance in the form of a large number of public submissions, and a challenge from Auckland City Council (ACC) as the bridge would cross the boundary between Manukau City and Auckland City. Council informed Transit New Zealand of their intention to develop, and engaged both Transit New Zealand and ACC in discussions. Throughout 1989, Council continued to facilitate these discussions, and to conduct studies that would inform the parties as to development potential. A fifth crossing site option was found which connected the Waiouru Peninsula to the Princes Street Interchange. However, this site was not progressed in terms of public notification. In 1990, hearing of objections to the connection began; Community and ARC opposition continued.

In 1992, Council—recognising the impasse that was now restricting economic development of the Waiouru Peninsula—accepted that the Waiouru Peninsula to Princes Road connection would not go ahead. Following investigation of alternatives, Council focused its attention on a road running adjacent to the Otara Power Sub-Station (from Bairds Road to the Southern Shore of the Otara

Creek) and a bridge across the Otara Weir⁴, adjoining a new road along the Waiouru Peninsula.

This solution resolved concerns over Community dislocation in Otahuhu, and ensured that the infrastructure that would support the Waiouru Peninsula development (as well as reducing traffic congestion on East Tamaki Road and the Southern Motorway), while remaining within the Manukau City boundaries. Council conducted number plate matching studies to estimate effects on traffic flows, which were shown to be positive.

Following negotiations between Council and the Electricity Corporation of New Zealand, in 1993, a consent order was granted which provided for a road adjacent to the Power Station to be shown on the District Plan. However, concern persisted with regard to Community dislocation, this time in relation to the Wymondley Road, Otara Community.

Recognising the need for the Community to be informed as to the form and the advantages of the Highbrook Business Park, throughout 1994 Sir Noel Robinson visited 140 affected parties (including Iwi groups). Sir Noel noted Highbrook's reliance on the motorway connection, and the economic benefits in terms of large scale employers locating to the Park, thereby increasing accessible employment opportunities. Sir Noel also took note of Community concerns, in order that these could be addressed through planning.

By 1997, Council had conducted a study on Community dislocation in the affected areas of Wymondley Road and Otahuhu, and set up a Council-funded Community Liaison Group (including three Council funded planners) to help these Communities (some of the lowest socio-economic areas of New Zealand) to object to the proposed plans. Council's intent in doing this was to ensure balanced, fair and effective Community representation.

With Community connection now established, Council employed a Town Planner to work with the Community and respond to issues that arose from the consultation process. Committed to capitalising on the economic development opportunities created by the Highbrook development, Council resolved that the time was now right to rezone the greater part of the Waiouru Peninsula for business purposes in the proposed District Plan. Rezoning plans were publicly notified.

Throughout the project, Council continued to work closely with Community to ensure they were fully informed, and represented. Community representation was enhanced by Council employing Ms Anabelle Whaanga, a former resident of one of the most significantly affected areas, to assist with Community liaison. Anabelle's role was to provide an accessible point of contact for Community concerns, and to communicate the development process to the Community.

3 Waiouru Road was the main road through the Ra Ora land, and ran from Smales Road to the Peninsula. Council later consented to the renaming of this road, now called Highbrook Drive, in order to support the coherent branding philosophy evident at Highbrook. Council assisted with Iwi negotiations, and agreed to creating a new Waiouru Road on the Park, along with two further Maori place names relevant to the local Maori history.

4 Known locally as Otara Lake

Public meetings were held, and communications were released in eight languages to meet the needs of the multicultural Community.

In 1997, Council and the Fisher Family Trust received Community sign off for the proposed Southern Motorway Connection from Waiouru Peninsula, including the bridge over the Otara Weir, and in 1998 Council engaged OPUS to explore the connection between Waiouru Peninsula and the Southern Motorway.

Council worked throughout 1998 to 2002 to complete the Central Government process and approvals for the required bridge and road work. The proposed new motorway connection between Waiouru Peninsula and Otara Weir to the Southern Motorway were added to the list of strategic projects to be considered by Transfund. This meant that the infrastructure could be prioritised for completion by 2004.

Recognising that the results of Council studies into traffic flows showed that all parties would gain through the new infrastructure; Council, the Fisher Family Trust and Transit New Zealand formed a public/private partnership (PPP), investing approximately \$50million of Council and Trust money into the construction of that infrastructure.

In 1999, with the funding to construct it secured through the PPP, Sir Noel Robinson formed the Highbrook Development Ltd to lead development of the Highbrook Business Park. Council, recognising the need to deliver efficient services that would ensure adherence to regulation, but avoid unnecessary bureaucracy, set up a Project



Management Team within Council to assist with development of the Park.

Key to the Council Project Management Team approach was the provision of a “one stop shop” connection between Council and Highbrook Development. The Project Management Team would focus work within Council and proactively assist with project management of the development. The Team was comprised of both leadership and technical competencies, and included Sir Barry Curtis (Mayor), Leigh Auton (Director of Planning), Garth Vipond (Senior Transportation Policy Analyst, and Chris Freke (Group Manager, Transportation).

Development of the Highbrook Park land, in preparation for occupation, began in earnest in 2000. The total Highbrook parklands were designed by one of the world's foremost landscape architects, who were engaged by the Fisher Family Trust to ensure both relevance and quality of design. The focus was on attracting high value, scalable businesses.

Negotiations between Council and Highbrook Development also began on provision of one third of the the total Ra Ora property as park land, including what was to become Pukekiwiriki Park.

In that year, the decision was also made (by Council and the Highbrook Development) to underground a large number of pylons located across the Highbrook land. This would significantly improve the visual aesthetic of the Park; and at the same time, result in more land being suitable for business and Community use.

Highbrook Development led a protracted negotiation with Transpower for the undergrounding of the pylons, and eventually achieved an accord that would work for all parties. Once again, a public private partnership ensured that this work would proceed, with investment from Council, Highbrook Development and Transpower (at a total of approximately \$2.5million). In 2008, undergrounding proceeded, allowing the development of the parklands to world class standards.



Concurrently, preparation for the new infrastructure was underway and Council was leading negotiations with members of the affected Communities, in particular, those people occupying homes and land in the path of the new infrastructure. In total, Council and Transit New Zealand negotiated the purchase of 110 properties (whole or in part) and assisted with the relocation of affected families. In approximately 8 cases of extreme poverty, Council donated housing for families in need.

By 2002, all preparations were in place to build the required infrastructure connecting Highbrook Business Park to the Southern Motorway (the connection to the Southern Motorway was actually completed in 2007). Council assisted in managing the requirements of the RMA, including changes to the type of road, paving, car park ratios and landscape ratios.

OPUS identified a barrier in the form of the design of the motorway bridge. This related to pylons located nearby, and the inability to achieve sufficient clearance. Council engineers assisted to rectify this by “tilting the bridge”, and by importing a specially designed

pylon to lift the transmission lines, at a cost of \$700,000.

By the end of 2002, negotiations had concluded on the reversion of one third of the Highbrook Business Park parklands to Council Park Management at year 15 post development. This land forms Pukekiwiriki Park, and is being held by Highbrook Park Trust, a Council controlled organisation. It is currently available for public use.

Protection of the sensitive environs of the Tamaki Estuary was prioritised by both Council and Highbrook Development. In order to ensure that run off from the development, and commercial zone, would not negatively impact the Tamaki Estuary; a storm water system was designed that would capture silt prior to contact with the Estuary, in settling ponds⁵. From these ponds, storm water would be naturally filtered—thus containing silt, and protecting the estuary. This storm water system was implemented, and Council now maintains the system under its asset management plan.

In 2003, the ground-breaking ceremony for Highbrook Business Park was held, and the search for a developer began. The developer sought would



need to share the values implicit in the Highbrook development; values of quality development and long-term thinking. Highbrook Development recruited internationally to attract a developer with the capability and capital to achieve its vision for a world class Park. Highbrook attracted the ASX listed Goodman Group (formerly Macquarie Goodman); and later in 2003 ownership of the Highbrook Development Ltd changed to 75% Goodman Group, and 25% Fisher Family Trust.

In 2004, the bridge linking Waiouru Peninsula to the Southern motorway was completed, connecting Highbrook Business Park to critical transport infrastructure. In 2006, the first tenant business to occupy the Park—Exel New Zealand/DHL—moved into the Park. DHL’s initial building encompassed 700sqm office,

⁵ The settling ponds were designed to be aesthetically pleasing, and a native planting programme is underway to improve both their effectiveness and their visual aesthetic. The ponds support large colonies of native Pukeko, who have made Highbrook their home.

14,450sqm warehouse and 7,850sqm canopy. This was later extended to a massive 49,010sqm in total!

DHL were followed by a satellite campus for Manukau Institute of Technology⁶. Development of Highbrook Business Park will continue, with full development and tenancy planned over a 10 year time frame. The overall master-plan includes plans for “the Crossing, a commercial heart of the Park, which will include hotel accommodation with amenity and convenience focused commercial/retail space.

3.3 Indications of Success – Highbrook Business Park

In 2010, Highbrook Business Park incorporates state of the art commercial facilities that are designed to attract corporate enterprise of significant scale, integrated into award winning parklands⁷. Highbrook houses 45 commercial entities, including some of the largest scale corporate and manufacturing businesses in New Zealand.

According to John Dakin (Chief Executive Officer, Goodman Group), the Park’s tenantable sites are at 40% of capacity, and occupancy rates are at 99.2%. Of the businesses occupying the Park, 90%+ are international. Current sector foci of the businesses located within the Park is approximately 70% distribution or logistics, 20% services, and 10% manufacturing.

Sir Noel Robinson, signalling the degree of success of the development thus far, notes: “We thought we’d be at 40% of capacity when we were half



way through a 15 year development ... and it’s only been four years.” Sir Noel notes the achievement of attracting large scale investment from Highbrook’s development partners. John confirms that the Park has been a successful investment for Goodman.

“Greg Goodman started the business in Australia—but brought it back to New Zealand ... participating in Highbrook has been a real investment in New Zealand and has provided strong results to date. John notes: “There has been good financial return for Goodman, but more than that, Highbrook is a flagship development.”

Richard Stilwell (who project-directed Highbrook for eight years from 1997), confirms the indirect benefits in terms of land values: “The land value increases achieved illustrate the market’s perception of the shift in the land’s economic utility. Highbrook moved East Tamaki up the value chain from industrial land, seen largely as suitable for land intensive-low density/low value adding business activities; to an area seen as having the access and amenity values required for higher density-higher value added (i.e., people-based) businesses.”

Leigh Auton concurs, citing increased land value and related rating as positive returns for Manukau City; along with land use change to cleaner industry due to the increased land values. The perception change has been immense, with East Tamaki now a desirable area to build or locate a business.

Noting direct effects, John explains that each purpose built facility on Highbrook requires investment of \$6-10 million to build. In addition, occupant businesses are investing in state of the art production facilities: “Viridian have a double-glaze glass manufacturing facility that is the most advanced in Australasia. In terms of local investment, the building and equipment cost upwards of \$35Million.”

Employment data produced by BERL (Sanderson, K. & Arcus, M. 2004) notes that—dependent upon industry structure—Highbrook could house 14,000 to 15,000 personnel by 2015. The employment in the East Tamaki industrial CAU was 11,000 people in 2001. This number, plus the number postulated for the Business Park total about 26,000 people. Areas around East Tamaki, other than Highbrook, were noted as potentially adding up

⁶ Co-location of MIT focuses on connection of education/skills training, to industry.

⁷ Highbrook was awarded the Analysis and Planning Honor Award for the American Society of Landscape Architects, 2003

to a further 10,000 jobs. Therefore, an increase in employment of 35,000 was projected for East Tamaki by 2015. In the light of the surge of large scale develop around Highbrook and across East Tamaki – these projections appear realistic.

When asked why businesses were attracted to Highbrook, John notes: “... a major value proposition is the opportunity to amalgamate 3-4 sites into one. This consolidation increases efficiency of the business.” The value of this consolidation was later confirmed by Duncan Kernohan, Financial Controller for Spicers Paper: “... efficiencies gained from consolidation from four sites into one resulted in cost savings of 5% ... larger and more efficient warehousing space has allowed us to add to the bottom line through third party logistics.”

Duncan noted that while recessionary effects had limited Spicers Paper’s growth, increased efficiency had “helped us to weather the storm really well”, and has provided funds to support the company’s acquisition strategy, with two investments currently under consideration.

Andrew Preece, General Manager, notes: “... convenience in relation to the Eastern and Southern Suburbs is more notable than anticipated ... [we are] experiencing savings in terms of “truck time”⁸, though we are concerned about how quickly traffic has built up on the new routes.”

Andrew adds that staff attraction and retention are also benefits of Highbrook: “Churn rate has fallen

significantly – while the recession may have played a role in this, location and quality of the environment is sure to have played a role. There are tangible benefits from the quality of the new site, and this will increase as the Park adds further amenity. Synergies with other large scale businesses in the Park are also beneficial.”

Such comments accord with the intentions of the Park’s developers. Richard Stilwell notes: “It’s about amenity value⁹ ... pushing up the value curve ... creating an environment that encourages business efficiency and intensification.” Richard notes: “This project was all about innovation ... about radical design, and high value.” According to John: “... the unswerving dedication to quality came from Sir Noel Robinson. We are all in this for the long haul.”

Sir Noel Robinson is unequivocal about the support of the Manukau City Council: “This was a high risk development and required absolute trust ... we bonded to the ideals of the development ... we formed a real partnership of absolute trust.” Richard Stilwell concurs, and notes three key areas that Council contributed: Relationship management, leadership and technical competency.

“This was about having team – a group of people willing to take risks, work hard and innovate in an endeavour to achieve the collective vision. This required that a high level of trust be built ... when people said they were going to do something they did it ... integrity was a key ingredient

... Together, Sir Noel Robinson and Sir Barry Curtis built that trust.” Sir Noel noted the importance of local government advocacy to central government: “Sir Barry put pressure on Central Government to pay attention, and participate. From Helen Clark to the Minister of Transport ... he made sure they connected, and were supportive.”

Richard notes: “Sir Barry gave the clarity that comes with strong leadership ... [he understood that] the effects of infrastructure extend beyond the boundaries of any given project. Sir Barry inherited a city with significant socio-economic challenges. He saw economic growth as creating the economic basis (engine room) from which to address other challenges such as education and healthcare. He wanted a better city; a better life for the people in that city ... He understood the value of business and the value of economic growth to the people in this city ... that made a really big difference.”

Sir Barry Curtis credits the success of Highbrook to relationships of trust developed between three key areas of representation: private sector, local government, and central government. Sir Barry emphasises the importance of valuing Private Sector participation, and economic development, at both a regional and national level. From a local government perspective, Sir Barry notes that it is vital that Council’s “take the initiative, embrace the Private Sector, and help drive economic development.”

8 The amount of time the company’s trucks are in transit.

9 Value derived from satisfaction.

Sir Barry also notes the importance of relationships and competency. “Local government can’t act effectively in isolation. Good working relationships with Central Government must be developed and maintained; that is the responsibility of a Council; to stay connected.” Sir Barry is unequivocal about the importance of recognising and supporting competent people, from all areas.

“Council brings expertise: Planning and property expertise, political and professional expertise. They have influence, resources and capacity to assist; but they must be sympathetic, and they must embrace opportunity. Highbrook’s significant success, is a story about the success of people—Private Sector, Public Sector and Community. It is about harnessing the latent energy and power between people. Highbrook is a story about wonderful people; achieving wonderful things.”

In relation to competency of the local government people, Richard notes: “Having really competent people mattered ... when you know something well you can innovate; get outside the square ... local, institutional and business knowledge was required ... the [Council Project Management] Team had knowledge of Council and bureaucratic structures. They helped through different levels of innovation – both in terms of technical skills and regulatory understanding ... they knew at which point transitions should occur.”

“The local government people had an innate knowledge of the systems we



were working with, and this made the process far more efficient.” Richard confirmed the importance of local government’s political and technical input: “... the senior executives beat the drum, while the technical people managed the process to find solutions. Each person had a clear idea where their authority began and ended; each knew how far they could go.”

Through the Highbrook Park Trust¹⁰, Highbrook Development and Council retain an ongoing commitment to the development and maintenance of Highbrook, including “public good” areas such as Pukekiwiriki Park¹¹. With Council support, Highbrook Park Trust is currently investigating the development of a rowing club and concourse (for local rowing teams and waka ama) along the Tamaki Estuary.

Such activities, in addition to construction of a new retail precinct and Hotel etc (and the large

Lollipops Day Care Centre already in operation) are central to the ethos behind the development of Highbrook Business Park as both an economic and social space. Leigh Auton notes: “Overall the value is in the brand, employment, rates, Community enjoyment, enhanced transport network, enhanced natural environment, and improved Community resources.”

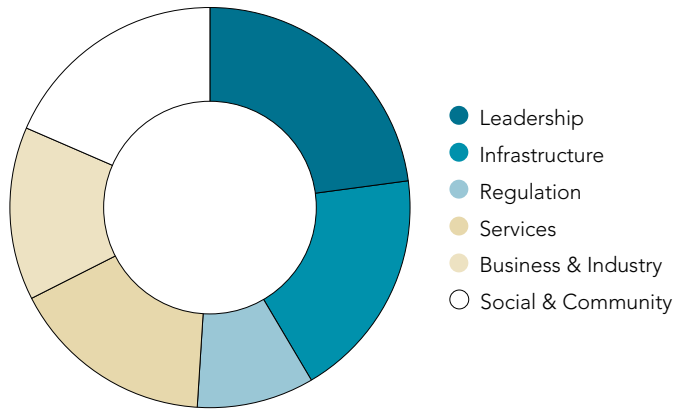
John notes: “The key to these developments is the private capital that drives the project. This needs to be supported by Local and Central Government. This is more than just a regulatory or planning exercise.” Sir Noel concurs: “This is about a long term view—not a build and flick. It’s about a happy partnership: local government and private sector, working to achieve economic benefits for Manukau, and New Zealand—for the long term.

10 The Highbrook Park Trust was formed to ensure ongoing care of the parklands. It has two representatives from Council, and two from Highbrook Development, plus an independent Chair.

11 Representing 1/3 of the park lands, Pukekiwiriki Park arcs around the Otara Lake and reverts to public ownership 15 years post-development.

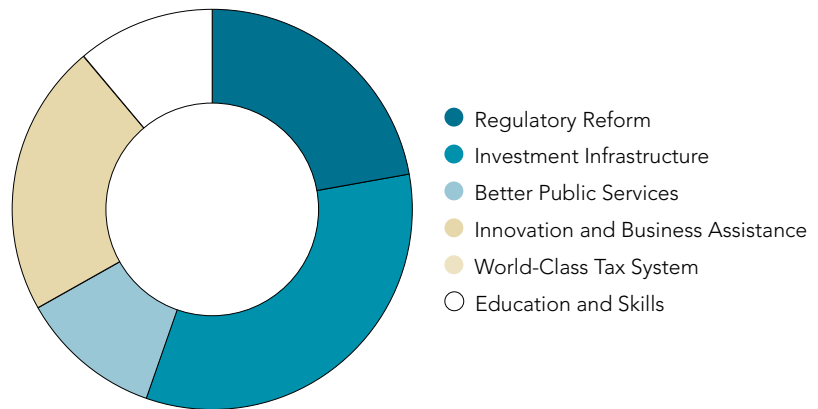
3.4 Local Government Economic Development Areas and Highbrook

In this section, we have analysed the case study interview notes and supporting literature, to test the relevance of the phenomena identified against the Local Government Economic Development Priority Areas (see S1.8). We have used a simple ranking system to distil and concisely present the findings.



3.5 Central Government Economic Growth Agenda Areas and Highbrook

In this section of the case study, we are testing the relevance of the phenomena under study, to the Central Government Economic Growth Agenda. We have used a simple ranking system to distil and concisely present the findings.



4.0 Case Study Two

Marlborough Research Centre: Wine Centre of Excellence

4.1 Introduction

The Marlborough Research Centre's (MRC) genesis followed a visit to Israel in 1976 by Bob de Castro, a Marlborough viticulturist. In Israel, de Castro witnessed the results that could be achieved through investment in locally-based field station research; he conveyed this to the Marlborough Unitary Council. In 1981, Council set up a sub-committee, led by de Castro, and commissioned the Primary Production Study to investigate the assertion that research would significantly enhance industry development.

The resulting report was delivered to Council in 1983, and recommended the establishment of a research centre focusing on all areas of primary production. Council agreed to levy ratepayers to fund the Centre, and to provide an annual grant to the Centre of \$150,000. Additional research grants would be sought from primary producers and Government, aligned to specific research projects. In 1984 the Marlborough Research Centre Trust was formed, and the MRC was established on premises at Grovetown, just north of Blenheim.

Incorporating administration and science personnel at the Grovetown Campus, as well as 13 Hectares of irrigated land for field trials at Rowley Crescent, the MRC operated successfully through to 1988. Significant research was undertaken. The MRC self-funded the freehold purchase of their Grovetown Campus



and initiated a long-term lease from Council, of the Rowley Crescent property.

However, toward the end of 1988, the Board noted the requirement to refresh the strategy for MRC, and Council commissioned a report, to investigate its future funding and operation. The report noted the significant increase in wine production in the Marlborough Region, and emphasised increased focus on wine services and research.

In 1991, the first edition of the publication "Winepress" was produced at MRC, published by Marlborough Grapegrowers – at that time, there were 10 wineries operating in Marlborough. In 1992, California-based business The Wine Lab set up an analytical laboratory at the MRC.¹² By 1994, the Minister for Science and Technology noted that \$1.2Million in research and development investment was going into the MRC's programmes.

In 1995 HortResearch installed meteorological research equipment at the MRC, and in 1997 the Vinefax Service to Industry began. Vinefax is a weekly communication of sustainable management information, supported by grape industry, and set up to provide monitoring and maintenance of a weather station network on Marlborough vineyards. In 1998, Council and HortResearch (a Crown Research Institute) entered into a Memorandum of Understanding for a further large scale research project.¹³

4.2 Wine Centre of Excellence

Following the announcement, in 2000, by the Minister of Economic Development—the Hon. Jim Anderton—of the new Regional Partnership Programme¹⁴, the Marlborough District Council, in support of a Community-led initiative, provided funding to form the Marlborough Economic Development Trust (MEDT), and successfully applied for strategy funding from Industry New Zealand.

¹²This company still operates successfully, from the new Centre of Excellence facilities in Budge Street. The business continues to grow.

¹³A \$1Million research project on waste steam utilisation for sustainable viticulture.

¹⁴RPP was intended to help regions to recognise and realise economic development opportunities. Funding was available to support strategy development and build partnerships. In addition, up to \$2Million was available to develop major regional initiatives.

Council began a regional planning and consultation process, engaging with Community, industry and Iwi.

The resulting 'Progress Marlborough Regional Economic Development Strategy' identified three sectors likely to achieve additional scale and competitive advantage for Marlborough: Wine, aquaculture and aviation¹⁵. Of these, wine was the regional leader. In 2000, Marlborough had more than 4000 hectares in vineyards, representing 41% of New Zealand's total producing area, and was already the largest grape growing region.¹⁶ Research around opportunity indicated significant growth potential for export wines.

Seeking to optimise regional resources, and move to a new level of Industry development, Council established project criteria for the development of a Wine Centre of Excellence, leveraging the Marlborough Research Centre. Council established an internal project team, and identified potential partners and stakeholders. Late in 2000, Council led the drafting of an application for Major Regional Initiative (MRI) funding to support the Marlborough Research, Wine Centre of Excellence (the Centre).

While the MRI application was under consideration, Council facilitated stakeholder engagements both regionally and nationally to establish an environment of cooperation and collaboration. Parties included Tertiary Providers, Research Providers, and Industry Participants, Associations

and Advocates. This resulted in an agreement for research collaboration between Auckland and Lincoln Universities, and a commitment—in principle—with Industry Leaders to provide ongoing financial support to the Centre.

In consultation with these parties, Council then worked to develop a research model for the Wine Industry. A Memorandum of Understanding was signed, allowing access for Lincoln University students to office and laboratory space on the Centre's Marlborough Campus. Council then facilitated negotiations for a Heads of Agreements between MEDT, Lincoln University, Nelson Marlborough Institute of Technology and HortResearch, to participate in the Centre, as a specialist cluster supporting knowledge development and transfer in relation to viticulture, oenology and wine marketing.¹⁷

In 2001, Council launched their funding campaign to secure capital to build the new Wine Centre of Excellence. Stakeholder facilitation continued, with the Deputy Prime Minister attending the signing of an agreement between Lincoln University and Nelson Marlborough Institute of Technology (NMIT) for the launch of degree level courses in viticulture and oenology, to be delivered in Marlborough.

These courses were successfully launched in March 2002, with a significant vote of confidence from Industry which sponsored 17 students for the first year. At the signing of the agreement, the goal was

communicated to achieve world-wide recognition for Marlborough, by 2008, for cool climate wine education.

In May 2002, the Hon. Jim Anderton confirmed that Marlborough was to be granted MRI funding of \$1,863,865 to support the development of the Marlborough Research – Wine Centre of Excellence. The funding campaign had secured commitments of \$623,000 per annum in co-funding including a "top up" from Council of \$110,000pa. In addition to this, NMIT donated the use of land at their Budge Street campus. With funding secured, Council established the Marlborough Wine Research Centre of Excellence.

4.3 Indications of Success – The Marlborough Wine Research Centre



The Marlborough Wine Research Centre (MWRC) opened in 2002 as a partnership between Marlborough District Council, Nelson Marlborough Institute of Technology, Lincoln University, Auckland University, New Zealand Winegrowers, and the Marlborough Economic Development Trust. In 2010, approximately 80% of the research conducted at the Centre relates directly to the Wine Industry, then extending to land use (Ivan Sutherland, Chair of the Marlborough Research Centre Board, and Managing Director of Dog Point Winery).

¹⁵ Significant work has been undertaken in both aviation, with the formation of the Omas Aviation Heritage Centre; work on aquaculture is a current focus for Council.

¹⁶ 2000 New Zealand Vineyard Survey: Report to Winegrowers of New Zealand.

¹⁷ Viticulture encompasses the outdoor aspects of wine production (wine growing and harvesting). Oenology is the indoor process (wine making).

MWRC is a specialised scientific research facility supporting the New Zealand Wine Industry and is located within the Marlborough Research Centre in Blenheim. MWRC has three laboratories, an 84-seat technology transfer theatre, and a wine sensory room for conducting specialised tastings. Marlborough Wine Growers Association, Sustainable Wines New Zealand and Wine Marlborough are co-located within the Research Centre; along with scientists from Crown Research Institute Crop and Food.

MWRC acts as a hub for viticulture and oenological research attracting, in the past year, both national and international participation (22 international scientists from Portugal, Australia, United States and Chile). The knowledge exchange facilitated by MWRC is considered beneficial to all New Zealand wineries. In terms of technology transfer, the MWRC has run approximately 27 workshops and seminars, utilising its purpose-built theatre and laboratories as well as the Marlborough Convention Centre.

With current research focusing on: innovative styles and flavours of wine, particularly using Sauvignon Blanc; optimising quality through plant care; vineyard management, and; manipulation of yeast strains—MWRC has become an internationally recognised Centre of Research Excellence.

One of the goals of establishing the MWRC was that it would help Marlborough to maintain a highly productive demographic. Education, research, viticulture and wine-making would be linked to support a career development pathway; attracting



young people into the Wine Industry, thus keeping them in the Region, while supplying human capital to a key export industry.

While there is a strong desire expressed by Council, MWRC and Industry to improve levels of participation in the education programmes relating to viticulture and oenology; there is also evidence of success. Council collaborated with NMIT this year to commission a report into wine-related courses. Barriers to achieving the goal of world-wide recognition revolve around the small population base of the upper South Island. Strategies for engaging international students, as well as potentially developing distance-learning options are under discussion.

At present, academic programmes offered in Marlborough are the Bachelor of Viticulture and Oenology (Lincoln University), and the Diploma in Viticulture and Wine Production (NMIT). While these programmes attract less than 20 students per year, Bruce McKenzie (Dean and Professor of Agronomy, Lincoln University)

notes that these courses are highly regarded; with low student numbers reflecting the low population density in the Region.

Bruce notes: "... the courses provide a wonderful opportunity, but numbers are limited by the small catchment. This means it is difficult to make the courses economically viable. This being said, Lincoln is very committed to the courses, and to the Marlborough Region." Ivan Sutherland sees the education component as vital, expressing strong support for the connection between industry and education.

"Tertiary education is a huge part of the partnership; we'd like to see more students—perhaps extramural or mature students—we need to work out how to achieve that." In terms of Council involvement in the development and progress of education, both Bruce and Ivan are unequivocal. Bruce Notes: "There's no question that Council played an essential part in bringing the educators together; they were influential, and good at getting the right people to the table."

Ivan concurs: "Council have assisted in working with NMIT; they have just conducted a review together. Council has been integral to getting projects off the ground, including providing a bit of seed capital. Whenever needed, they've not hesitated; they've stepped in right away and helped out. They are doing that again now – helping us get to the next stage."

Bruce McKenzie notes: "I can't think of a time when [Council] have not been helpful—they're a good bunch. If they had not been involved, perhaps the Centre would still have happened ... though unlikely, it could ... but it would not have achieved the level of capability brought together. It's unlikely that the partners would have achieved the level of synergy we have. Some of our PhD's are now based at MWRC, and MWRC staff sometimes teach for us."

Another significant driver behind the Centre was the hypothesis that establishing regionally relevant research would support improved production efficiency, and better understanding of the attributes of wine produced in the Region. Certainly the growth of the Marlborough Wine Industry has been a phenomenal success story. BERL found differences in the reported statistics for wineries across New Zealand, for the purposes of this case study we refer to data supplied by Wine Marlborough.

Marlborough represents approximately 60-70% of annual wine production in New Zealand; a significant contributor to a \$1Billion plus Industry¹⁸. The original

Marlborough Wine Industry Statistics

Year	Growers	Wineries	Vineyard (ha)	Tonnes
2003	254	74	10,220	40,537
2004	275	84	13,650	92,581
2005	415	101	15,050	81,034
2006	428	106	17,720	113,436
2007	530	104	21,200	120,888
2008	524	109	22,277	194,639
2009	568	130	23,600	192,128

Economic Impact Assessment (2001) conducted to support the MRI application estimated the overall impact of the centre at between \$38Million and \$154Million in [2001] value terms. No further economic impact analysis has been conducted since that time.

This being said, Dave Pearce (Grove Mill Winery) notes: "The effects on the Industry have been huge really. The ability to have local knowledge, as a reference point against all other research, has been so valuable. It's about understanding our own environment, and meeting our own needs." Phillip Manson (Science and Innovation Officer, New Zealand Winegrowers) agrees.

"The national and regional benefits have been dramatic in some cases, and in other cases the benefits will be seen in the longer term. Direct and poignant work has been done in Marlborough ... about crop loading and the impacts of crop loading. It has given the Industry greater understanding of the potential of yield management. In an Industry that is working hard to manage the supply side; this work has informed them substantially."

Jane Hunter CNZN O.B.E. (Managing Director, Hunter's Wines) also notes the importance of the research and services delivered from the MWRC: "We really value the work on pruning in relation to yield—this work is really important and turned up some very interesting results. It has shown that pruning down to the lowest canes may not be the solution to surplus that we thought it would be. In essence, the vine self-regulates; you end up with low canes, but high yield."

Jane adds: "We really like the Vinefax service ... it goes out to everyone and has a great deal of useful information ... we would not be without that service, it makes such a difference. That's the thing we like about the Centre, the practical slant. What they do is actually useful to us."

Phillip Manson further articulates the value of this pragmatism: "Our Industry would have grown regardless, but the contribution of research is *sustainable* growth; that can only be achieved with knowledge. This is about intelligently informing our decisions. As the Industry matures and grapples with recession, and over supply issues, the quality of decisions is the pivotal point. The need for

¹⁸ New Zealand Winegrowers Statistical Annual, 2009"



relevant information and knowledge transfer is critical.”

Bruce Campbell (Chief Operating Officer, Crop and Food Research) signals the strength of impact MWRC has had on this Crown Research Institute: The Centre plays a big part in the success of Crop and Food. It has provided opportunities for collaboration, and for a more intimate relationship with Industry ... In terms of economic benefits, there are no metrics, but effects can be traced through specific research projects and seen through changes in viticulture practices, and increased knowledge about wine flavours and styles.”

Bruce adds: “[The effects] can be seen in research that is driving opportunities for industry to develop new disease management programmes—in driving

irrigation projects. The Centre is valuable to all New Zealand wineries, not just Marlborough ... this is about providing leadership beyond Marlborough, with broader benefits to other winegrowing regions.”

Gerry Gregg (National Wines Manager, Pernod Ricard) notes that Pernod Ricard is a strong supporter of MWRC, providing financial contributions to the tune of \$200,000.

Gerry notes that the research and activities of MWRC are highly valued, especially the research and development: “The New Zealand Wine Industry is too reliant on two varieties—Sauvignon Blanc and Pinot—we need other varieties and styles. If the bubble burst on those two, there’d be not much left of a \$1Billion Industry”.

Gerry encourages the MWRC to broaden its reach in terms of both research foci and Industry level: “We need to explore other varieties and styles. There’s been lots of work on Sauvignon Blanc—but the Industry is not a two-trick pony—research can take us into new styles. Also, the Centre can nationalise more, and embrace the newcomers to the Industry.”

Gerry adds: “The New Zealand Wine Industry isn’t just about the top echelon. It’s also about the little guys. We live in changing times. We need to coral the newcomers, brain storm with them, find out where they want to go—then help them to get there. We have a wealth of knowledge, but we tend to stay in a clique. The Centre can find those new players,

and make sure we all talk—share our knowledge—with them.”

A further benefit anticipated when developing MWRC was that a quality research facility would further enhance the reputation of New Zealand wines, internationally; signalling our commitment to the export Wine Industry. Ivan Sutherland sees enhancement of reputation, as one of the achievements of MWRC: “In terms of effects on the Region, there has been a big effect on image. ”

Ivan adds: “Being a New Zealand winery, distance to market has an associated expense. New Zealand wines can’t afford to be low end;

they’ve got to be middle to high price. Quality of wine, presentation, image and perception, word of mouth ... it all creates the impression that wins the buyer. You form an image of a market and its philosophy—then you look at New Zealand wines and you see that image. The Centre brings the quality and substance to that image that only good science brings.”

According to Ivan: “The economic benefits are hard to measure as they are a moving feast—but to establish a quality label in a market takes years. The wider image of the Industry—research—publications; these are hugely important. The research from the Centre is internationally

recognised; its scientists are asked to travel and present. That’s important.”

Bruce Campbell sums up the influence on reputation: “In terms of benefits, having the Research Centre represents a maturing of the New Zealand Wine Industry. By making the commitment to develop MWRC, New Zealand signalled a “coming of age” for the Industry—a declaration that we are in this for the long haul. It gave a sense of confidence in the Industry as a longer term investment.”

Today, the Centre achieves well in terms of research, and is focusing on improvements with regard to the





education and knowledge transfer linkages. Having constructed its own, small scale winery, and recently completed extensions to its vineyard—MWRC has also commissioned and completed a microvinification unit at its Budge Street Campus. Further additions to the Campus are planned for the near future.

The goals of the MWRC have not been achieved without challenge. The recession has had an impact, and, as Tony Smale (2009¹⁹, Director, Forte Business) succinctly states: “For regions like Marlborough that suffered sustained loss of government services, have only limited science institutions, no university and nominal polytechnic presence, goals such as returning

science to the region, building tertiary education opportunities, fostering innovation and building networks within and beyond the region are keys, to not only prosperity but survival.” Tony adds, that MWRC “... has become a metaphor for opportunity for the Region.”

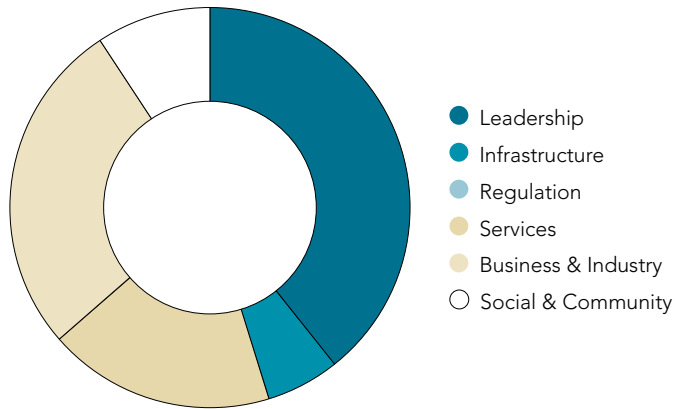
This being said, there is general agreement amongst interviewees, that MWRC is ready for the “next stage”, and John Marris (Chairman, Marlborough Research Centre Trustees) notes that: “At present, the Centre needs a strategy for moving forward—it is quietly coasting along—the Trust must ensure the Centre’s financial viability; and the Board must continue to drive it forward.”

As the demands on Industry change, so must the MWRC change, respond and adapt. John stresses the desire to remain engaged with Council as this occurs: “We work hard to keep Council involved, because we want them involved ... Without local government we would not be here; without a doubt.”

¹⁹The Marlborough Wine Research Centre, Case Study of an Economic Development Project in Marlborough (Tony Smale, 2009)

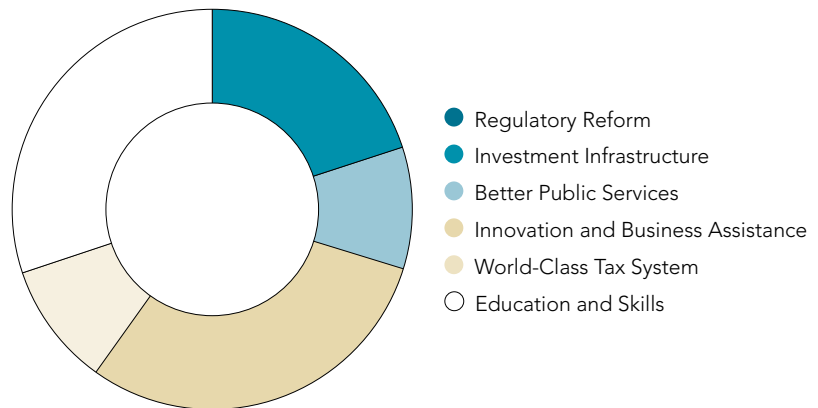
4.4 Local Government Economic Development Areas and MWRC

In this section, we have analysed the case study interview notes and supporting literature, to test the relevance of the phenomena identified against the Local Government Economic Development Priority Areas (see S1.8). We have used a simple ranking system to distil and concisely present the findings.



4.5 Central Government Economic Growth Agenda Areas and MWRC

In this section of the case study, we are testing the relevance of the phenomena under study, to the Central Government Economic Growth Agenda. We have used a simple ranking system to distil and concisely present the findings.



5.0 Closing Discussion

The purpose of the case studies, within the context of this report, was to test phenomena in relation to the relevance of the Local Government Economic Development Priority Areas, and the Economic Growth Agenda. Doing so was intended to inform the development of the BERL Local Government Economic Indicators Framework, which is an ongoing project.

The case studies evidence strong relevance to the BERL Local Government Economic Indicators Framework and the Government's Economic Growth Agenda; though, in both cases projects with different emphases will highlight different areas within the framework and the EGA.

The Stadium Report provides a comparative document. Case studies are qualitative at this stage, describing the case and analysing these against the framework. The Stadium Report provides an example of quantitative methodology that can then be included in case studies.

Amanda Lynn

General Manager, BERL

6.0 Comparative Report - Westpac Stadium, Wellington

6.1 Introduction

Situated on Wellington's waterfront, Westpac Stadium is a world class, purpose built Stadium and Corporate Functions Venue. Westpac Stadium has become a New Zealand icon, and is acknowledged as one of the premier outdoor facilities for sporting and other events. The Stadium is the home of the Wellington Super 14 rugby team (the Hurricanes), Wellington's Air New Zealand Cup rugby team (the Lions), and the Phoenix A-League football team. With seated capacity of 34,000, and 15 function rooms, Westpac Stadium ensures Wellington is resourced to host a variety of large scale events, capable of attracting both national and international audiences.

In the early 1990s there was discussion around Wellington Region about the need for a quality venue to host international sports events, particularly rugby and cricket. Economic impact assessments showed a significant loss to the Wellington economy should the situation persist.

The most recent Economic Impact Assessment for Westpac Stadium has been included in this *Local Government New Zealand* handbook as a comparative case study, as it is based on quantitative benchmarks, rather than the qualitative BERL Local Government Economic Indicators Framework.

6.2 Local Government in Action

By 1994 a Regional Stadium Steering Group had been formed on the initiative of Council, and the Steering Group began investigating construction of a stadium in the old

Wellington rail yards. During 1995 to 1996 the situation became acute. Problems were encountered with both Athletic Park and the Basin Reserve being designated as unsuitable venues for international rugby and cricket respectively.

Council acted immediately and, endorsing the work of the Regional Stadium Steering Group, initiated the process to upgrade Athletic Park to retain Rugby Tests and Super 12 Matches for the three years 1997 to 1999 while the new stadium was being developed and built.

In those three years Wellington would otherwise lose three rugby Tests against Argentina, South Africa and Australia, and three Super 12 games per year; nine Super 12 games in total. Council commissioned BERL Economics to analyse the economic impacts over these three years. The impacts were estimated as direct impacts of \$27.7 million reduction in expenditure in the City. The multiplier effects meant a \$48.8 million reduction in expenditure. This was estimated to be equivalent to the employment of 500 people for one year.

Council therefore approved and completed upgrading Athletic Park to ensure continuity of their hosting major games while the Railyard Stadium was developed. As an element of funding the stadium, naming rights were sold and it became known thenceforth as the Westpac Stadium (for a short time it was the Westpac Trust Stadium, until the bank changed its name.)

Council people provided the 'social entrepreneurial' capital that gave

impetus to see the project initiated, and carried through. Fran Wilde, as Mayor of Wellington City (from 1992 to 1995) oversaw the stadium initiative, alongside the Regional Stadium Steering Group. Fran stood down as mayor in 1995 and was Chair of the Stadium Trust, an organisation strongly constituted—with members including Sir Ron Scott (with strong history of successful sport promotion fundraising, including the 1974 Christchurch Commonwealth Games), and Paul Collins of Brierley Investments.

Fran Wilde, alongside Council and the Stadium Trust, provided the political influence and the regional passion to carry the Westpac Stadium project through to implementation. This combination of human capital and the composite know how developed during the Westpac Stadium Project, has flowed on to inform Dunedin's stadium endeavours; with assistance being given by Westpac Stadium Trust executives to the team in Dunedin.

6.3 Indications of Success – Westpac Stadium

Westpac Stadium was designed as a modern stadium with 'capacity for 35,000 spectators, all seated, with facilities like corporate boxes, bars and restaurants, an electronic scoreboard, and floodlighting etc. The construction cost was \$115 million, and the Stadium Trust negotiated contracts which saw it constructed on time and under cost. The layout was specifically designed with an enclosed, wide gallery below the seating. This gallery was designed to house major exhibitions.

It was also the intention of the designers, that Wellington be able to host significant numbers of music concerts at Westpac Stadium. However, protests from local Thorndon residents lead to a consent restriction being applied on these types of events.

To ensure patron enjoyment of a flexible range of events, the Stadium Trust obtained advice from international concert venue consultants, who recommended (among other things) an increase in the number of women's rest room facilities at the Stadium. This is widely praised as sensible, in consideration of the increasing patronage at sporting events, through such things as Rugby Seasonal Membership Passes, by women.

The decision to proceed with the development of the Westpac Stadium was based upon the assessment by BERL of an economic impact of increased direct expenditure in the Wellington Region of \$27 million per annum. Employment was estimated to increase by 250 FTEs compared with the business as usual scenario (that is, as if the Stadium was not built).

In order to fund the construction of the Stadium, the Stadium Trust launched fundraising with the Corporate Sector in Wellington, selling 15-year rights to seats and corporate box facilities. It was apparent that loan funding would also be needed, and Council undertook to raise a loan. This intention was strongly criticised by the Business Round Table and one or two associated 'mainstream' economists on the bases that:

- if it was commercially viable the private sector would have done it;
- international analyses purported no benefits from facilities like stadia; and
- BERL's estimates of economic benefits were "hopelessly optimistic".

Nevertheless Council, with a clear vision for the economic development of Wellington City, continued. Council promoted and had enacted the *Wellington Regional Council (Stadium Empowering) Act 1996*. By this Act Council was empowered to lend \$25 million to the Wellington Regional Stadium Trust to facilitate planning, development, and construction of the Stadium.

Council was empowered to borrow this money, and to levy a stadium-purposes differential rate. Some conditions were that such a differential rate should take account of the direct and indirect benefits that are, in the opinion of Council, likely to accrue to constituent districts, and to any surrounding properties. Council was to satisfy itself that the rate or rates were fair and reasonable as between districts, and type or group of properties.

To this end Council, in December 1996, commissioned BERL to complete analyses and provide

options for levying the stadium purposes rate. A differential rating system was developed by BERL based upon the benefits to be enjoyed by businesses according to their industry and distance; and the benefits to residents dependent upon their distance from the stadium.

The success of Westpac Stadium is recognised around the country by people who have visited it. Some of the reputational effects on Wellington include the phenomenon where the Rugby Sevens has now become a festival, rather than just a sporting event. Each year it attracts several thousand people who do not even attend the tournament, but spend time and money in the Wellington Region.

The Stadium was also a fundamental component in the establishment of New Zealand's first competitive A-League football team, the Wellington Phoenix. This also underpinned the ability of the All-Whites to progress to the football World Cup.

The economic impacts of the Westpac Stadium have been measured by BERL, *ex poste* the first five years and the first ten years. The 1996 projections were certainly not "hopelessly optimistic". The summary outcomes are:

Forecast and actual economic benefits (annual)	1996 Forecast	2000 to 2004 Actual		2005 to 2009 Actual		2000 to 2009 Actual	
		Value	% diff	Value	% diff	Value	% diff
Direct spending (2009\$m)	\$19.9	\$42.6	114	\$54.2	172	\$48.4	143
Total GDP (2009\$m)	\$15.4	\$36.7	138	\$47.2	206	\$42.0	172
Employment (FTEs)	270	590	119	755	180	673	149

BERL

What this means, is that the initial BERL projection under-estimated the behaviour change that the Stadium was able to achieve. The actual benefits in terms of GDP in the first five years were \$36.7 million a year, or 138% greater than that projected in 1996. In other words the actual benefits were 2.38 times the level projected. Over the first ten years the GDP benefit was \$42 million per year or 2.72 times the annual benefit that had been projected.

The resource and commitment applied to this project, especially that applied by the then Wellington City Mayor, Fran Wilde, and by the Wellington City Council and Wellington Regional Council has resulted in significant direct economic benefits.

The wider economic benefits include opening that area of the City to quality, higher density commercial and residential urban form. This has undoubtedly increased land values in the area, with presumably a 'fiscal' benefit of increased rates income to the City.

With ongoing support from Council as they work to make Wellington an increasingly desirable place to live; the Stadium forms a component of the continuing enhancement of the lifestyle in Wellington that sees the City and the Region increase its population and economy. Westpac Stadium not only makes Wellington a great place to visit; it enhances the place many call home.

6.4 Approach to projecting Westpac Stadium performance in 2015

Projecting the likely performance of the Westpac Stadium in 2015 can be approached in two ways. The first is to attempt to obtain detailed information of the likely events attendances and the average-spend per visitor in 2015 to determine the direct amount likely to be spent then. The second option is to analyse the data from the past and see if any trends are emerging. If this is the case, these trends can be projected to 2015 to give a conservative estimate of the performance then, assuming that past behaviour continues.

The approach of determining the details of events in 2015 would be a herculean task, given the likely dynamics between now and then. The sorts of dynamics we can expect include a one-off impact from the Rugby World Cup 2011. This impact together with the changes in the Super rugby competition format could well reverse the downward trend in recent years in attendances at rugby games. The success of the Wellington Phoenix in the A-League, added to the high profile brought to football by the All Whites relative success at the World Cup could also be expected to increase attendances at that football code.

The trend approach requires us to select a 'fairly normal' year in the early history of the Stadium, and to determine a trend from that year through to 2009.

The first three years of operation of Westpac Stadium saw very high attendance numbers, dramatically increased by the performances of the Edinburgh Tattoo, and boosted also by Rugby League fixtures that have not been repeated. After this early flurry, the events at the Stadium settled into a pattern in 2003, and this pattern has largely continued to the present.

6.5 The Trends from 2003 to 2009

The trend from 2003 to 2009 has been for attendances (running at about 500,000 per year) to increase by about 9,500 per year.

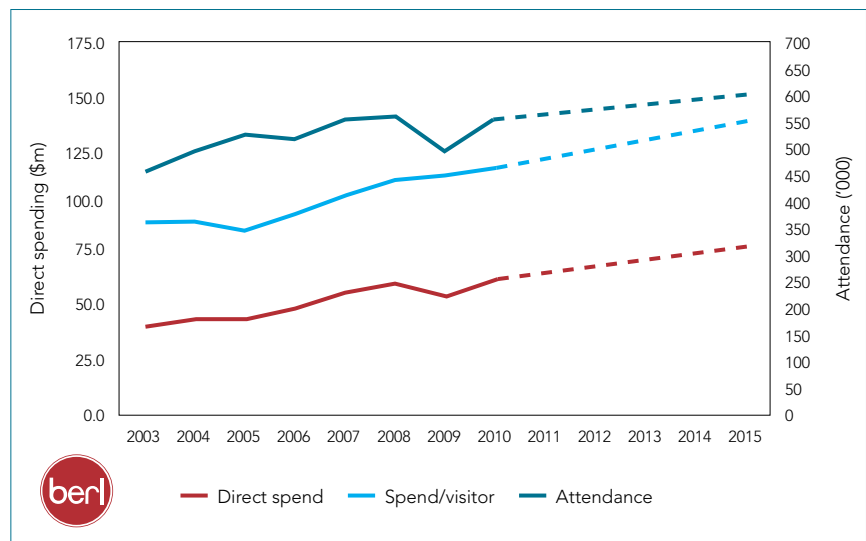
The average spend per visitor (in inflation-adjusted \$s) has been increasing by about \$4.35 per year and is about \$113 per visitor at present. These two trends result in the total visitor spend running at about \$56 million at present and increasing by a trend of over \$3 million per year.

6.6 Projections to 2015

Projecting the trends that occurred from 2003 to 2009 through to 2015 indicates that in that year there will be just over 600,000 attendances at events at the Stadium. The average spend (in 2009, inflation-adjusted \$s) will be \$137.70, and this will generate a total direct spend by the visitors of just on \$80 million in 2015.

The percentage increases between 2009 and the 2015 projections are that appearances will have increased by over 20%; the average spend per visitor will also have increased by over 20%, and so the total spend by all visitors will have increased by over 40% by 2015.

We acknowledge the Westpac Regional Stadium Trust for granting *Local Government New Zealand* and BERL Economics permission to reproduce the following Economic Impact Assessment.



Amanda Lynn

General Manager, BERL

Kel Sanderson,

Economist, BERL

7.0 Regional Impact of Wellington Stadium – First 10 Years



7.1 Summary

This report has been prepared for the Wellington Regional Stadium Trust and provides an independent assessment of the economic benefits that have accrued to the Wellington Region due to the Westpac Stadium (“the Stadium”) during its first 10 years of operation.

Around 5.4 million visitors have passed through its gates in the last 10 years. Of these visitors, more than 1.1 million have been from outside the Wellington Region, together spending an additional \$484 million in the Wellington Region economy.²⁰ This spending has created around 670 permanent full-time jobs. The economic benefits to the Region have grown over time, and have consistently been well above the original forecasts. In the last five years,

Forecast and actual economic benefits (annual)	1996 Forecast	2000 to 2004 Actual		2005 to 2009 Actual		2000 to 2009 Actual	
		Value	% diff	Value	% diff	Value	% diff
Direct spending (2009\$m)	\$19.9	\$42.6	114	\$54.2	172	\$48.4	143
Total GDP (2009\$m)	\$15.4	\$36.7	138	\$47.2	206	\$42.0	172
Employment (FTEs)	270	590	119	755	180	673	149

BERL

the benefits have been 50 percent greater than during the first five years.

The Stadium also benefits the Region economically in a number of other ways. The Rugby Sevens has become a festival rather than just a sporting event, attracting several thousand additional “party-goers” each year who do not attend the tournament. The Sevens and associated festivities contribute more than one-fifth of all economic benefit to the Region

derived from the Stadium (around \$12 million in direct spend in 2009, for instance).

The Stadium was a fundamental component in the establishment of the Wellington Phoenix football team, which is generating support for the sport in the Region, and which underpinned the success of the full-house All Whites–Bahrain game and the Los Angeles Galaxy – Phoenix game. This will assist the development

²⁰ All figures in this report are presented in 2009\$. Figures should not be compared directly with those in the 2004 report entitled The Regional impact of the Westpac Stadium – The first five years, which were in 2004\$.

of the sport at grassroots level in the Region and nationally. It holds significant potential for further economic benefits for the Region.

The Stadium supports numerous other businesses and subcontractors in its operations. It contributes to the general liveability of the Wellington Region through the provision of a world-class facility, thus attracting workers and new businesses. It will play host to seven Rugby World Cup matches in 2011. This should help boost attendances and economic benefit to the Region by re-igniting flagging interest in rugby.

7.2 Purpose

This report has been prepared for the Wellington Regional Stadium Trust and provides an independent assessment of the economic benefits that have accrued to the Wellington Region due to the Stadium during its first 10 years of operation.²¹

It follows on from a report prepared by BERL in 2004 that examined the economic contribution of the Stadium for the first five years, and an earlier report prepared in 1996 looking at what the potential economic benefits of the Stadium could be.

7.3 History of the Stadium

The Stadium was initially born out of the desire to ensure the continuation of NPC, Super 12 and Test match rugby in Wellington as Athletic Park was inadequate for these purposes. The Stadium was designed for use as more than just a sports stadium. Its design incorporates features that

make it suitable as a concert venue, for exhibitions and display around the concourse, as a conference venue and as a base for sports-related functions such as cricket coaching.

The choice of location of the Stadium was also an important factor. Being located next to the railway helped encourage Regional attendance and it is estimated that about one-third of all stadium spectators use the trains to attend events.

The Stadium was built using funding from a number of sources including public monies from the Wellington City Council, the Wellington Regional Council, the NZ Lottery Grants Board, and the Community Trust of Wellington. Loan funds were also employed. This funding was made available on the basis that the Stadium would generate economic and Community benefits for the Wellington Region.

The Stadium was officially opened on 3 January 2000.

7.4 Information sources

The estimates of ex-post economic impacts outlined in this report have been derived from a number of sources including independent reports prepared for specific events at the Stadium, while other events have required us to undertake new research using historical data. In both cases we have used only information and estimates that we consider to be sufficiently robust and rigorous in nature.

A key source of information is previous economic impact reports prepared for individual events at the Stadium. These reports were independently prepared by McDermott Miller. A further key source has been ticketing information from Ticketek for events where they provided the ticketing services. A list of our main sources is included in the Appendices.

For some events we have not been able to gather any/sufficiently robust information to allow us to estimate the number of visitors from outside of the region and/or their spending. These include cricket matches, food shows, house and garden shows, and one-off events such as Crusty Demons. We have not included any estimates of the economic impact of these events so as to avoid reducing the credibility of other data in this report.

We acknowledge that for most of these events there would have been visitors from outside of the Wellington Region, and that they would have purchased goods and services, and therefore created an economic impact upon the Region. The staging of other, smaller events at the Stadium also represents a broader Community benefit through encouraging wider Community participation in such activities.

The figures presented in this report can therefore be seen as particularly conservative estimates of the economic benefits generated for the Region by the Stadium.

²¹ The Wellington Region consists of four cities – Wellington, Hutt, Porirua and Upper Hutt – and four Districts – Kapiti, Masterton, Carterton, and South Wairarapa.

7.5 Annual quantified impacts

Figure 0.4 presents the changes in attendance and direct spending by out-of-Region visitors over the 10 years. It also shows reasons for spikes in attendance or spending figures.

The first year of the Stadium's operations saw 635,000 visitors pass through the gates. This particularly impressive figure was largely due to a season of the Edinburgh tattoo, which alone accounted for 83,400 visitors. An additional 41,000 visitors attended the Stadium's Open Day. Attendance figures since have averaged between 460,000 and 560,000 a year.

In the 10 years to the end of 2009, an estimated 5.4 million people visited the Stadium for events. Note that this does not include the 37,000 to 41,000 visitors per year who attend functions and conferences held at the Stadium on an almost daily basis. Of these 5.4 million visitors, we conservatively estimate that 1.16 million were from outside the Region.

The additional spending of these 1.18 million visitors (average of 118,000 a year) and associated spending as a result of the hosting of events at the Stadium (through sponsorship, tickets, and other pre-event activity) brought an average of \$48 million into the Regional economy each year.²²

Direct additional spending in the Region reached a peak in 2008, when the Stadium played host to two All Blacks test matches, against Ireland and South Africa. Between them, these two games brought in \$15.2 million, or one quarter of all direct spending due to the Stadium that year.

²² Note that the figures presented in this report are in 2009\$. We have adjusted spend per visitor figures in line with real increases as per Tourism Research Council estimates and CPI changes.

Figure 0.4 Attendance and direct spending, 2000 to 2009

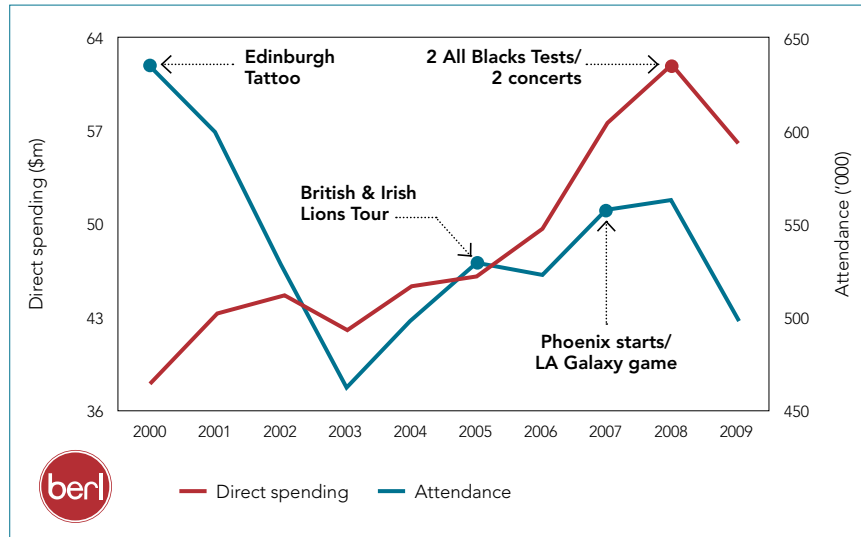


Table 0.1 Attendance by year and event type, 2000 to 2009

Attendance summary by event type ('000)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
NPC	141.0	122.0	124.7	94.4	163.6	68.2	70.0	65.0	100.6	77.3
Super 12/14	99.8	130.5	123.5	120.2	109.0	132.8	160.6	127.1	108.7	98.5
Rugby Sevens	51.4	66.6	69.0	67.0	69.0	69.0	69.0	69.0	69.0	69.0
Rugby Tests	36.1	36.3	61.6	37.5	49.2	77.8	38.0	36.3	62.4	62.5
Concerts	83.4	42.5	29.5	21.0	24.0	32.2	40.0	32.2	56.0	0.0
Cricket	52.3	32.5	25.0	19.1	26.0	39.7	27.4	30.9	17.3	41.5
Other Rugby League	0.0	28.2	24.2	35.1	13.7	0.0	0.0	0.0	0.0	0.0
Rugby League Test	0.0	26.6	25.0	0.0	0.0	0.0	15.7	14.6	0.0	0.0
A-League	9.2	11.8	0.0	0.0	0.0	0.0	0.0	104.8	86.1	71.8
Other football	0.0	0.0	0.0	0.0	0.0	0.0	0.0	31.9	0.0	35.2
Other events	161.6	101.7	44.9	66.9	41.9	108.6	100.6	44.3	62.2	41.2
Total	634.9	598.7	527.4	461.2	496.5	528.3	521.3	556.1	562.3	496.9

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7.6 Attendance

Around 5.4 million people have attended events at the Stadium in the 10 years to 2009. There has been significant variation in attendance by year and event type, however, as Table 0.1 shows.

In 2000, "Other events" including two home and garden shows (80,000) meant that this category accounted for the largest share of attendance figures. The NPC was next, with around one-fifth of attendees.

Over the years, total attendance has tended to fluctuate between 460,000 and 560,000 a year. The clear change in attendance has been the dip in support for the NPC, and how the establishment of the Wellington Phoenix football team has offset this decline.

Since 2001, the Rugby Sevens tournament has been a reliable contributor, with sell-out crowds each year. Two All Blacks tests and strong concert attendances made 2008 the best year for attendances since 2001.

Figure 0.2 shows which type of events attracted visitors in the last five years compared with the five years to 2004.

In the five years to 2004 the NPC attracted around one-quarter of visitors to the Stadium. A further fifth came to Super 12/14 games and one-sixth to "other events".

In the five years to 2009, there have been significant changes. While the Sevens and Super 12/14 maintain reliable shares of spectators, the NPC has become a less important player. This has been offset by the A-League, which accounted for 10 percent of spectators in the five years to 2009.

Given that the Wellington Phoenix was only established in 2007, the actual share of visitors accounted for by the League is far higher, at around 16 percent in the three years to 2009.

No NRL teams play games at the Stadium at present, meaning the share of visitors accounted for by "Other League" games has fallen to zero.

7.7 Direct spending

Over the 10 years since 2000, the Stadium has brought \$484 million in additional spending into the Region.

Table 0.2 shows the direct spend by residents from outside the Wellington Region coming into Wellington Region for an event at the Stadium. These figures are only for the share of visitors believed to be coming to the Region specifically because there is an event at the Stadium.

The stand-out event is the Rugby Sevens. In 2009, the Sevens accounted for more than one-fifth of all direct spending by residents from outside of Wellington generated by the Stadium,

Figure 0.2 Changes in attendance patterns, 2000 to 2004 and 2005 to 2009

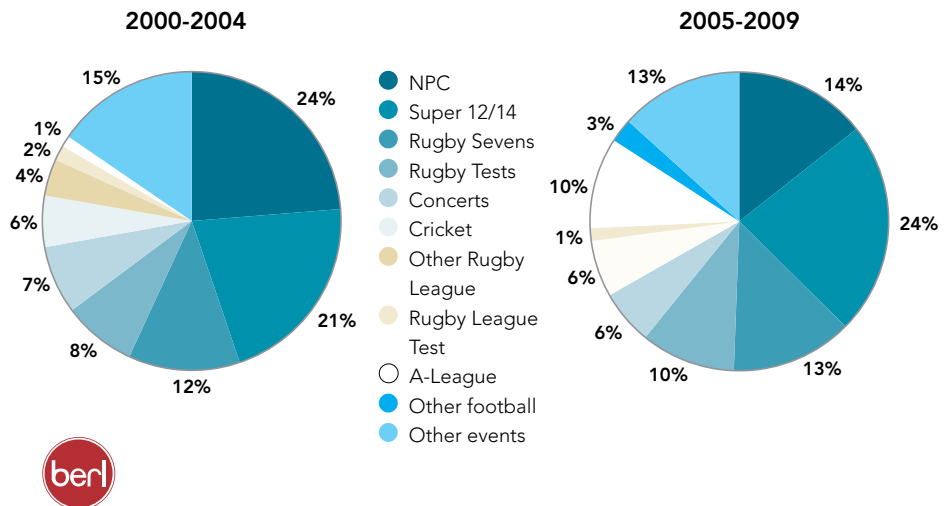


Table 0.2 Direct spend by year and event type, 2000 to 2009

Attendance summary by event type ('000)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Super 12/14	8.9	12.6	12.0	12.8	12.5	14.9	17.8	16.0	15.1	14.7
Rugby Tests	7.4	7.9	12.8	8.4	10.4	11.4	8.3	8.1	15.2	15.3
Rugby Sevens	7.0	8.7	8.6	9.4	9.8	10.2	10.8	11.4	12.2	12.4
Concerts	10.0	5.4	3.5	3.6	5.5	6.3	7.1	6.2	11.4	0.0
NPC	3.0	3.0	3.0	2.8	4.4	2.2	2.5	3.1	3.9	3.3
Other Rugby League	0.0	1.7	1.7	4.3	1.5	0.0	0.0	0.0	0.0	0.0
Cricket	1.2	1.4	0.6	0.6	1.0	1.1	1.0	1.0	0.5	1.5
Rugby League Test	0.0	2.2	2.5	0.0	0.0	0.0	1.9	1.9	0.0	0.0
A-League	0.3	0.3	0.0	0.0	0.0	0.0	0.0	3.6	3.8	3.1
Other football	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.1	0.0	5.9
Other events	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	37.8	43.4	44.6	41.9	45.2	46.0	49.4	57.4	62.1	56.2

BERL

from just one event. The rise in spending associated with the Sevens is a result of the event taking on a party / festival atmosphere, with many "party-goers" coming to Wellington purely to enjoy the atmosphere rather than to attend the games.

A 2008 report by McDermott Miller suggests that 54 percent of spectators at the Rugby Sevens are from outside Wellington Region. In addition, the report found that several thousand additional party-goers came to Wellington without tickets to the game, solely to join in the party

atmosphere linked to the two-day event. These party-goers equated to a further 26 percent of all residents from outside the Region coming to attend the game. For instance, for the 2008 Rugby Sevens, there were an estimated 5,400 additional party-goers who came for the festivities associated with the event, who did not visit the Stadium.

The last two years have each seen two All Blacks Tests at the Stadium. Between them these matches generated around \$15 million in direct spending a year.

The Los Angeles Galaxy-Phoenix game in 2007, and the Bahrain-All Whites game in 2009 are also itemised on the table. Each of these games generated around \$6 million in direct spending. It is important to note that we have not quantified an impact for any events in the "Other events" category as data for these events is not available.

Figure 0.3 shows changes in direct spending patterns across time.

There have not been huge changes in direct spending patterns over the two five year periods. In the period from 2000 to 2004, several NRL games were hosted by the Stadium, accounting for four percent of all direct spending generated by the Stadium. While the NRL no longer has games at the Stadium, this loss has been offset by the establishment of the Wellington Phoenix in the A-League.

In addition, the Phoenix-Galaxy and All-Whites-Bahrain games generated around four percent of all Stadium-attributable direct spending in the five years to 2009.

7.8 Quantified economic impact

Table 0.3 summarises the direct and total impacts of the Stadium for each of the 10 years to 2009, as well as an average annual impact for the various indicators.

The key set of figures to consider in the table is employment numbers over the 10 years. The Stadium has created around 440 direct permanent FTEs (full-time equivalents) on average across the 10 years. Taking into account upstream and downstream effects, this is an average of 670 FTEs

Figure 0.6 Changes in direct spending patterns, 2000 to 2004 and 2005 to 2009

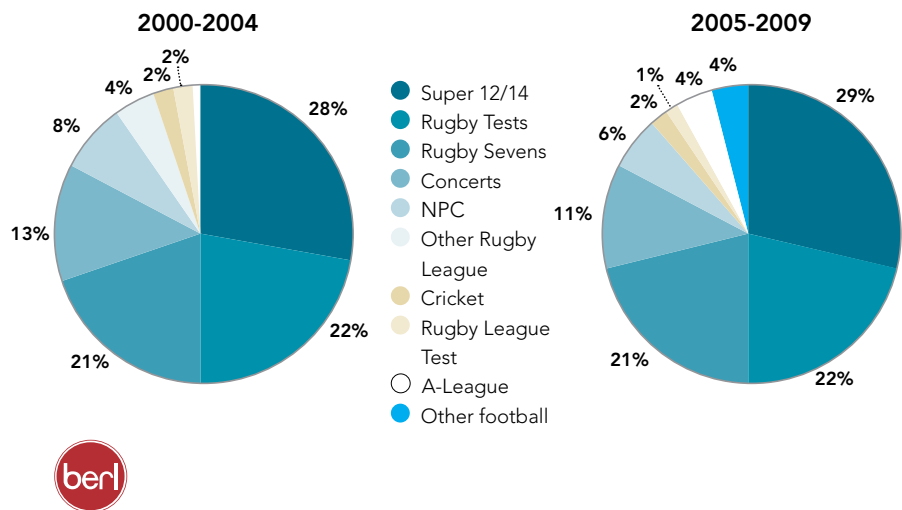


Table 0.3 Annual measured economic impact, 2000 to 2009

Economic impact	2000	2001	2002	2003	2004	2005	2001	2007	2008	2001	Ave
Expenditure (2009\$m)											
Direct	\$37.8	\$43.4	\$44.6	\$41.9	\$45.2	\$46.0	\$49.4	\$57.4	\$62.1	\$56.2	\$48.4
GDP (2009\$m)											
Direct	\$17.3	\$19.9	\$20.6	\$19.3	\$20.8	\$21.3	\$22.9	\$26.6	\$28.8	\$26.1	\$22.4
Total	\$32.2	\$37.3	\$38.8	\$36.2	\$39.0	\$39.9	\$42.9	\$50.1	\$54.2	\$49.1	\$42.0
Employment (FTEs)											
Direct	351	395	393	379	412	428	458	516	556	502	439
Total	529	602	611	581	629	649	696	796	859	777	673

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added to the economy. This impact is between 2.4 and 2.7 times the forecast benefits of the Stadium estimated in the 1996 report.

7.9 Other impacts

There are several other realised and potential economic benefits captured by the Region that are not included in the figures in section 5.14. These are discussed briefly here.

7.10 Rugby Sevens

The festival atmosphere associated with the Rugby Sevens has already been mentioned. This brings several

thousand additional visitors to the Region even when they do not plan on attending the games.

What has not been captured in the figures presented above is the fact that these visitors tend to spend longer in the Region, and to spend more money than those here purely for the tournament. According to the McDermott Miller report, while the vast majority of "rugby-goers" return directly to their accommodation after the event ends on Saturday, 63 percent of party-goers continue to party in downtown Wellington.

The move toward combining the Sevens with a range of other activities before and after, designed to keep visitors in the Region, is well underway. Already, visitors (rugby-goers and party-goers) spend on average 2.7 nights in the Region. By increasing the range of fringe activities around the Sevens, the event is likely to attract increasing numbers of visitors to the Region for longer periods of time.

7.11 Football

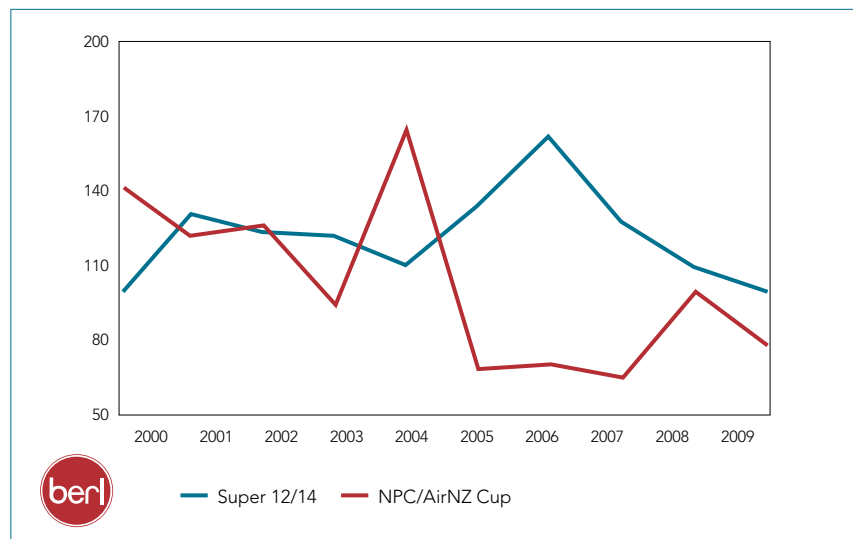
The major winner in New Zealand sport in the last few years has been football (soccer). With the establishment of the Wellington Phoenix, and average attendances of 7,000 to 10,000, the sport is growing a strong following in the Region and beyond.

Three years ago there was some risk that New Zealand would lose the opportunity to have a representative team in the A-League, with the failure of teams from Auckland to achieve the financial stability required. The Phoenix has provided a professional football base in New Zealand, which almost certainly played a role in New Zealand being able to qualify for the 2010 Football World Cup in front of a full-house in late 2009.

The rise of the Phoenix has picked up some of the slack created by the decline in attendances at rugby games. Given the solid performance of the Phoenix in the 2009/10 season, there is potential for the sport to grow even more popular, bringing more visitors and more spending into the regional economy.

The success of the Phoenix and the All Whites is likely to stimulate interest in the sport at a grass roots level, thus

Figure 0.7 Super 12/14 and NPC/Air NZ Cup attendances, 2000 to 2009



providing for the development of (and ultimately greater economic benefit from) football in the Region and New Zealand.

7.12 Rugby

Figure 0.4 shows trends in Super 12/14 and NPC/Air NZ Cup attendances over the last 10 years.

Attendances at Super 12/14 games peaked in 2006, at 160,000, and have declined steadily since, with fewer than 100,000 in 2009. The NPC/Air NZ Cup averaged almost 130,000 spectators a year between 2000 and 2004, but attendances have fallen sharply since. Variation from year to year does depend to some extent on the number of home games, and whether the local team hosts a semi-final or final. For instance, in 2004 Wellington hosted a semi-final and a final, together accounting for 60,000 spectators. There was also a spike in 2008 (eight games rather than seven, including one against Canterbury) but figures were down again in 2009. Over

the last five years, attendance has averaged just 76,000.

However, there are several factors that suggest figures may rebound over the next few years, bringing significant economic benefit to the Region:

- The 2009 figures were further reduced by the global slowdown that left fewer people with the disposable income for leisure activities. With the economy rebounding, this trend is likely to see some reversals in 2010 and beyond.
- With the Rugby World Cup in 2011 on the horizon, interest in the sport will be building. The Stadium will host seven matches including one All Blacks Test, two matches involving the reigning world champions, South Africa, and two quarter-finals.
- The format of the new Super 15, due to kick off in 2011, is based around three national conferences, meaning there will be several local

derbies between the Hurricanes and the other New Zealand franchises to be held at the Stadium. Derbies tend to attract higher numbers of spectators than games against South African or Australian teams. There will also be several regular season home games against Australian and South African teams.

7.13 Other events and benefits

Several other events held at the Stadium generate significant interest from out-of-Region residents, and result in increased spending in the Region. Most of these have not been included in the quantified estimates in this report because reliable estimates for the number of visitors they bring from outside the region are not available.

One further major contributor is international cricket. The Stadium has played host to several One-Day Internationals and Twenty/20 matches over the years. The estimated impacts of these events are itemised separately in this report.

In addition, the Stadium has hosted events including home and garden shows, Crusty Demons, the FIFA U-17 Women's World Cup, and the Food Show. The number of shows and exhibitions held at the Stadium is expected to rise over the next few years.

These "Other events" accounted for more than 770,000 visitors over the 10 years to 2009. If even a small share of these crowds were from outside the Region (say three percent) and spent one night in the Region as a result, this would suggest a minimum of a further \$4.0 million spent across the 10 years.

The Stadium also plays a vital role in a number of other ways by:

- aiding development of the railway land between the railway station and the Interislander ferry terminal by contributing to the infrastructure enabling further development
- raising the profile of the Wellington Region through a world-class facility, and making the Region a more attractive place to live, a key to Regional growth
- housing the Otago School of Medicine, the New Zealand Institute of Sport, and the Cricket Training Centre
- providing conference and function facilities for around 40,000 people each year
- acting as a training ground for the hospitality industry
- providing a significant commuter car park on non-event days.

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Appendix 1 Sample of BERL Local Government Economic Indicators Framework - Areas And Phenomena (Indicators Under Development)

Definitions

Phenomena

Leadership/Partnership/Facilitation	Infrastructure/Planning/Resource Management	Regulation
Setting, supporting and driving a vision, strategy and plan for economic growth.	Ensuring that the physical and built environment is conducive to economic growth	Create a quality regulatory environment to make it easier for business to grow, invest and create jobs; encouraging economic growth
To provide a clear mandate to undertake economic development activity and to integrate economic development into policies and planning	Working with infrastructure providers to provide ongoing input into local economic development policy formation and implementation and jointly developing sustainable transport and utility infrastructure solutions	Creating a quality regulatory environment to make it easier for business to grow, invest and create jobs; encouraging economic growth
To form productive relationships with Central Government Agencies that will support an environment in which local economic development projects can be appropriately assessed, implemented and evaluated	Facilitating local infrastructure developments and improvements (including 'smart city' initiatives' such as broadband infrastructure); strategic planning and development investigations, such as an industrial land use strategy or similar; land banking	Developing and maintaining an efficient/ streamlined local development approvals process and regulatory environment including non-notification and delegation of decision making to local authority officers
Deliver on the transport, infrastructure and utilities expectations of its communities and of Central Government, in partnership and with appropriate support from Central Government	Liaising with business and EDAs to recognise business needs, in the consultation and planning process and reflect these needs in zoning regulations liaise with business and EDAs to recognise business needs in the consultation and planning process and reflecting these needs in zoning regulations; addressing logical land use conflicts	Providing information on changes to regulations, building controls etc
Raising the resources to develop its communities in such a way that it is equitable and affordable for its residents and provides national benefits; provide sustainable resources based on planned economic development activities and fund organisations that have a direct role in regional economic development	Delivering on environmental outcomes; caring for and protecting the natural environment; adapting to environmental sustainability; managing competing demands for limited resources, for example, water	
Maximising local benefit from Central Government economic development programmes and initiatives; integrating local and regional programmes, local authority strategies with regional and RPP strategies; aligning central, regional and local employment and training goals and needs; encouraging education and training agencies to provide ongoing input into local economic development policy formulation and implementation		
identifying best practice models for EDAs and business to consider, and providing opportunities for showcasing the models; upskilling the local government sector on: economic development, regional approaches, brokerage and leadership skills, Mori economic development, partnerships, encouraging innovation and entrepreneurship, international opportunities and initiatives		
Having an inclusive, consultative relationship/partnership with Maori		

Definitions	Areas		
	Services	Business and Industry Development	Social and Community
	Effective coordination and delivery of key council activities that support the functioning of local communities	Facilitating investment, industry and employment growth; and implementing measures that support a conducive business environment	Providing an environment that supports wellbeing and enables communities to participate, contributing to economic growth
	identify the range of services activity and develop processes for the supply of these services	Acting as a point of contact for local businesses in relation to concerns that affect the immediate environment for business production; providing agency services for Central Government (administration agents for RPPs, employment services)	Acting as a point of contact for the community in relation to concerns that affect the immediate environment for quality of life
	Water supply	Facilitating business networks and clusters; and attract new investments; underwriting economic development projects; providing mainstreet programmes; providing grants or specific support to retain or attract business employment initiatives	Facilitating and encouraging the alignment of community vision and goals and actively participating in the outcomes process by community groups
	Waste water	Funding tourism; promoting the area to new visitors (tourists) and residents; events promotion	Addressing social and community issues including: childcare; recreation services; aged care; local identity; social cohesion
Phenomena	Solid waste refuse	specific rate remissions e.g. water and trade waste; and targeted rates e.g. tourism promotion, mainstreet promotion, irrigation schemes	Providing community amenities such as libraries, museums and parks
	Emergency management	Providing specific rate remissions, for example water and trade waste; and targeted rates, for example tourism promotion, mainstreet promotion, irrigation schemes to encourage economic growth	
	Building control	Creating high level relationships between business, communities and government; identifying regional economic development issues, strengths and priorities; facilitating initiatives to address local inhibitors that impact on business and industry development and growth; coordinating and prioritising local funding submissions relating to local industry development and employment projects and initiatives	
	Transport	Collating and providing information and advice to business and industry on the local economy enabling informed business and investment decisions	



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