

mReport 13.42
Date 28 February 2013
File E/11/03/04

Committee Economic Wellbeing Committee
Author Colin Drew, Project Leader

Economic Reporting and Benchmarking

1. Purpose

To update the Committee on regional, and national, economic monitoring and benchmarking activities involving the Wellington Regional Strategy (WRS) Office. A report will be prepared for the next Committee meeting showing the current state of the regional economy.

2. The decision-making process and significance

No decision is being sought in this report.

The report provides information that may help inform the Committee on what additional material or input would be helpful for council purposes.

3. Background

In addition to the Genuine Progress Index (GPI), the WRS Office has been active in monitoring and benchmarking projects post the refresh of the WRS. Projects relate to the following areas:

1. co-ordinating and rationalising economic monitoring activities across the councils
2. engaging with government projects of a related nature
3. investigating benchmarking results and practices
4. providing easy to access economic information for councils on a regular basis.

Progress on each of these areas of work is reported below

4. Comment

In addition to promoting some sectors, central government is also embarking on a regional development approach and gaining a better understanding of regional strengths, opportunities and performance. WRS activities have been consistent with this approach.

4.1 Co-ordinating council economic monitoring

Historically councils and Grow Wellington have produced a range of economic profiles and reports for planning, reporting and business attraction purposes. There is significant overlap both in the economic information gathered and the indicators for which data is required. Accordingly the WRS Office commissioned a regional economic profile to demonstrate that regional and sub-regional needs could be largely met through a single exercise. The 2012 Wellington Region Economic Profile is due for release and will be tabled at the meeting if available.

This report provides analysis of sectors that are important to the Wellington economy, benchmarks Wellington's performance with five other regions, provides sub-regional data that each council can use and contains analysis of the local labour market.

Another regional initiative is providing all councils with common access to statistical information, common analytical tools and public availability to selected information over a common platform. This is achieved with a product called "id" which is widely used by Australian councils and has been tested by Wellington City Council. Other councils have seen the benefits of this product and agreed to jointly fund it on a regional basis.

Although the initial tranche of information will be Census related data, *id* also has a specific economic product that can be added. As in Australia, *id* will have a special arrangement with Statistics New Zealand for immediate access to raw datasets without having to await official releases. The regional arrangement is proposed to be in place in time to receive and process Census 2013 information.

4.2 Engaging with Government projects

The Ministry of Business, Innovation and Employment (MBIE) has been active in producing economic material as part of its cities and regions programme. In the case of the Core Cities¹ project there has been a partnership with local government through LGNZ. Government has an interest in understanding how regions might be inter-dependant and perform relative to each other. Such analysis then forms the basis for policy and programme interventions.

With the regional focus being on Christchurch and Auckland, concern has been expressed that Wellington (and other regions) have become less important in the national economic programme. The WRS Office has taken a direct

¹ NZ Core Cities is a project to build shared understanding, applying an agreed framework, to reveal the economic contribution and core strengths of NZ cities. It is a joint initiative with LGNZ, MBIE and the six major cities/regions. A summary report was produced in July 2012 and will be updated early 2014.

approach to being involved and informing Government projects as a basis for promoting Wellington's regional interests. Specific projects include:

(a) Core Cities

This is a joint MBIE-LGNZ initiative to determine a common set of economic indicators against which to compare New Zealand cities. This work is predicated on the theory that cities (urban areas) will be the primary drivers of future growth and therefore warrant priority attention and resources.

The first Core Cities report was published in June 2012. The Wellington section only included Wellington City whereas the likes of Christchurch, Hamilton and Auckland reflected a wider urban catchment. Thus comparators with "Wellington" were considered flawed. The WRS Office (with the support of the other Wellington councils) is now working with the Core Cities project to update future work and ensure that regional analysis and data is provided.

This is seen as important to maintain a working relationship with MBIE and help ensure that government policy responses are based on sound information and analysis.

(b) Economic Activities Report

The Minister has requested from MBIE a report that profiles New Zealand regions and benchmarks their performance across a range of common indicators. The other stated purpose is to fill a gap of inconsistent regional economic data being available for government and local government decision makers.

In December 2012 council Chief Executives were invited to provide feedback on a draft "Wellington Economic Activity Report" produced by MBIE. There had been no local government input to this point. Feedback was subsequently provided through the WRS Office and signed off by the Chief Executives Forum. Suggestions were provided on how this product could be improved to meet the stated objectives, what additional indicators needed to be included and what support the region could offer.

There was also a strong message to MBIE that it could leverage off existing WRS initiatives such as the GPI rather than develop new products purported to provide improved information to local government decision makers.

Indications are that Minister Joyce will release the final Economic Activity Report in March as part of announcements on a regional engagement programme.

4.3 Benchmarking practices

In addition to the benchmarking activities above, the WRS Office has looked at international benchmarking products. This is to better understand how comparative scores are derived, and identify areas where improvements are required if the region is to attract new business and skills in the global marketplace. The most commonly referenced international benchmarking

reports are produced by Mercer, although there is additional material through the OECD and the Economist Intelligence Unit for example.

In such international reports, usually only Auckland and Wellington are included. In the 2012 Mercer Quality of Living Index Report, Auckland ranked 3rd and Wellington 13th city in the world. New Zealand cities generally rank high because of national institutional and legislative frameworks rather than individual city differences. The main differences between Auckland and Wellington in the Mercer Report relate to the number of international schools, traffic congestion and international flight connections.

4.4 Easy access to economic information

Officers are conscious of the fact that there is a raft of economic material and reports released on a monthly, quarterly or annual basis. It is often difficult to distinguish facts from commentary or opinion, or to gather a complete picture of the local economy based on a series of specific indicators eg. house prices, gross domestic product (GDP) growth.

In December 2012 the WRS Office produced the first quarterly “State of Play” Update that looks at the national and regional economic picture. This bulletin collates up-to-date information from reputable sources on a series of indicators including employment, the property market, retail sales and business confidence.

Collectively this information provides a barometer of how the region is performing at the time, and consequently where issues may be arising where council has an interest. The December Quarterly Update to September 2012 was circulated to all councillors. The next one to December 2012 is due in mid March.

Where the WRS Committee requests specific information and a briefing is prepared, such information will also be circulated to councillors. An example of this was a brief on the status of the commercial property in the region provided in December last year.

The above reports and publications (as made public) are available on the WRS website www.wrs.govt.nz.

4.5 Annual reporting and monitoring

The draft WRS Implementation Plan agreed by the WRS Committee on 13 February 2013 outlines a monitoring and reporting programme. This includes an annual progress report on the six focus areas of the WRS. This will involve collating material from Grow Wellington, councils and the various reports/projects mentioned above in an attempt to provide a coherent picture of the Wellington economy and related trends.

5. **Communication**

There are no further communication activities.

6. **Recommendations**

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*

Report prepared by:

Report approved by:

Report approved by:

Colin Drew
Project Leader

Nicola Shorten
Manager Strategy

Jane Davis
General Manager