



Whanaketanga ōhanga

Economic development

Background report

March 2026

Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke

Contents

Purpose	2
Council Activities	2
What we do as a Council.....	3
Budget.....	5
Why is this activity important?	7
Current Direction	9
Direction from Legislation and National Regulations	9
Regional settings.....	9
Wellington City Council settings	10
He Rautaki Ōhanga Oranga - The Economic Wellbeing Strategy	10
Indicators and trends	12
Stakeholder views about Economic Development.....	16
Tākai Here partnership.....	18
Key issues and opportunities	19
High concentration in a few sectors, opportunities to leverage strengths and diversity ..	20
Decline in central city vibrancy, high operating costs, and impact of disruption on businesses	21
Elevated business input costs and Council-business relationships	21
Building climate resilience, and opportunities for growth through innovation	22
Opportunities for inclusive growth through equity and diverse economic participation...	23
Māori economy.....	23
Access to employment for the disabled and elderly communities	23
Role clarity and co-ordination required to improve effectiveness of economic development.....	24

Purpose

This background report provides a clear, evidence-based overview of Wellington City Council's Economic Development activity. It sets out what the Council does, why it does it, how it is funded, how it is performing, and the key issues shaping future choices.

The report is intended to support informed engagement with the Council's role in economic development. It provides advisory groups with shared context on Council responsibilities, settings, constraints, and strategic direction, and supports elected members by bringing together relevant information, performance insights, stakeholder views, and emerging challenges to inform deliberations through the Long-term Plan (LTP) 2027–2037 process.

This is not a strategy or a set of recommendations. Rather, it is a foundation document that identifies current settings, pressures, and opportunities, and surfaces the key trade-offs that will need to be considered as the Council refreshes its strategic direction and investment approach for economic development within a constrained fiscal environment.

Council Activities

A Council 'activity' is a formal Local Government Act 2002 (LGA 2002) term to refer to Council goods and services. Council activities are grouped for the purposes of the Long-term Plan and budgets – some are relatively stand-alone like transport.

This group of activities includes:

3.1 City Promotions and business support

- 3.1.1 WellingtonNZ and Venues Wellington
- 3.1.2 Tākina Wellington Convention & Exhibition Centre
- 3.1.3 City Growth Fund
- 3.1.4 Major Economic Projects
- 3.1.5 International relations
- 3.1.6 Business Improvement Districts

What we do as a Council

The Council supports an innovative, business-friendly city through city promotions, business support, and the delivery of major economic development initiatives.

Revitalisation of the city and suburbs to support a more productive and resilient economy and job growth is the strategic priority. Wellington city's economic growth is propelled by supporting and attracting high-quality events, promoting tourism, attracting and supporting business activity, and delivering targeted economic development programmes. These efforts are complemented by the Council's other activities and essential services such as infrastructure investment, urban development, transport enhancements, and initiatives to encourage housing development. Key activities include:

- **Economic Wellbeing Strategy (EWS) 2022:** Launched during a constrained economic environment following the Covid-19 pandemic, the EWS has provided clear direction for Wellington's economic development. Delivered in collaboration with WellingtonNZ, the strategy focuses on city vibrancy, business growth, and sector diversification. WellingtonNZ leads Destination Management, Major Events, Venues Management, and Business Growth activities on behalf of the Council.
- **Targeted rates and investment:** The Downtown Targeted Rate, paid by central city property owners, funds activities that benefit the area, such as tourism promotion and attractions, and major events. Investment is also directed through the City Growth Fund and Destination Wellington programme to stimulate job creation, spending, and economic outcomes in priority sectors. Programmes support business innovation, Māori business growth, sector-specific economic growth, and the transition to a circular economy.
- **Tākina Wellington Convention and Exhibition Centre:** The Council owns and funds the operating and maintenance of the new Tākina Wellington Convention and Exhibition Centre, with Wellington NZ overseeing commercial outcomes and Te Papa managing the conference centre. This facility attracts business events and exhibitions year-round, supporting local businesses and enhancing Wellington's reputation as a premiere destination.
- **International relations:** The Council strengthens Wellington's global connections through initiatives with the city's thirteen sister, friendly and partner cities, enhancing opportunities for trade, tourism, and cultural exchange. The Council also hosts diplomatic missions in Wellington and holds relationships with the diplomatic community in Wellington.
- **Business Improvement Districts:** Support is provided to local business districts via targeted rates and partnerships, facilitating economic development at the suburban level.
- **Council Controlled Organisations (CCOs):** CCOs play a critical role in delivering Wellington City Council's strategic priorities. Entities such as WellingtonNZ, Wellington Zoo, Wellington Cable Car, the Basin Reserve Trust, Zealandia, and Experience Wellington, operate independently but are accountable to the Council. They manage key facilities, services, and programmes supporting tourism, major events, cultural enrichment, infrastructure, and business growth. WellingtonNZ leads the region's economic development planning and destination marketing, while Experience Wellington oversees museums and cultural venues.

Council staff ensure alignment with city goals, monitor CCO performance, and oversee board appointments, leveraging specialist expertise while maintaining strategic oversight and public accountability.

WellingtonNZ's core role is:

- Promoting Wellington to domestic and international visitors
- Attracting major events
- Partnering with Māori and mana whenua to build the Māori economy
- Operating civic venues
- Leading Tākina's commercial outcomes
- Facilitating economic diversification, especially in technology and screen sectors
- Supporting startups and scale-up activity through Creative HQ Ltd
- Supporting businesses to grow

WellingtonNZ's activities are guided by the Wellington Regional Economic Development Plan. Shareholding is split between WCC (80%) and Greater Wellington Regional Council (20%).

Additional activities:

- Funding the Wellington Regional Stadium Trust for sports, cultural, and community events.
- Supporting Zealandia te Māra a Tāne and Te Nukua o Wellington Zoo as major visitor attractions and conservation successes (funded through the Conservation Organisations budget).

Budget

You can find more information in the LTP 2024 Amendment.¹

Percentage of total Council spend:

Opex – 5.9%

Capex – 0.6%

Operating expenditure

Activity Component Name	Income/ Expense	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
3.1.1 WellingtonNZ and Venues Wellington	Expense	34,069	35,141	39,471	40,380	41,173	42,221	43,143	43,954	44,527	45,351
	Income	(13,665)	(13,938)	(14,245)	(14,558)	(14,864)	(15,161)	(15,449)	(15,742)	(16,041)	(16,330)
3.1.2 Tākina Wellington Convention & Exhibition Centre	Expense	20,135	17,265	17,937	18,557	18,987	19,497	20,174	20,667	21,398	21,988
	Income	(7,939)	(3,482)	(3,648)	(3,808)	(3,976)	(4,136)	(4,313)	(4,492)	(4,679)	(4,764)
3.1.3 City growth fund	Expense	3,010	3,135	3,159	3,186	3,205	3,241	3,269	3,296	3,317	3,353
3.1.4 Major Economic Projects	Expense	0	2,941	2,944	3,072	348	1,500	1,500	1,500	1,500	1,500
3.1.5 International relations	Expense	929	959	987	987	1,003	1,053	1,054	1,076	1,117	1,122
3.1.6 Business Improvement Districts	Expense	557	559	559	559	559	559	559	559	557	559
Total		37,097	42,579	47,164	48,375	46,434	48,775	49,936	50,817	51,696	52,779

¹ Long-term Plan 2024-34 - Plans, policies and bylaws - Wellington City Council

Capital Expenditure

Activity Component Name	2024/25 Published budget	2024/25 Amendment budget	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
3.1.1 WellingtonNZ and Venues Wellington	0	0	0	0	0	0	0	0	0	0	0
3.1.2 Tākina Wellington Convention & Exhibition Centre	4,704	2,577	5,015	2,181	5,753	6,077	4,595	1,169	2,970	7,143	4,083
Total	4,704	2,577	5,015	2,181	5,753	6,077	4,595	1,169	2,970	7,143	4,083

Economic Development Funding Sources

The Economic Wellbeing Activity is about achieving long-term and sustainable growth in Gross Domestic Product per capita. With a dynamic growing economy, Wellington is able to offer residents prosperity and an outstanding quality of life. Our economic activities include funding tourism promotions, major events, and visitor attractions, support for the regional economic development agency, targeted initiatives in the tech and screen sectors, and maintaining relationships with other agencies to foster economic growth.

Activity	Fees & Charges	General Rates	Targeted Rates
WellingtonNZ & Venues Wellington	0%	20%	80%*
Tākina Wellington Convention Centre	0%	60%	40%**
City Growth Fund	0%	100%	0%
Major Economic Projects	0%	100%	0%
International Relations	0%	100%	0%
Business Improvement Districts	0%	0%	100%***

*30% Commercial and 50% Downtown, ** Downtown, *** Commercial

Source: 2024 LTP Volume 2

Why is this activity important?

Economic development supports communities to adapt to changing conditions and sustain long-term wellbeing. A resilient economy contributes to employment opportunities, higher household incomes, and the provision of public services. Rapidly changing global trends such as technological innovation, climate transition, and shifting trade patterns influence how cities such as Wellington remain competitive and resilient.

Feedback from communities and businesses indicate that economic development encompasses more than economic growth, it's also about improving quality of life, quality of city experience, ensuring access to employment, and creating inclusive opportunities for all residents. Interventions that support business capability, foster innovation and enable transition to a low-carbon economy help build a vibrant city where people can access meaningful work, create liveable neighbourhoods, and participate in a diverse and resilient economy.

Wellington's economic performance over the past five years reflects a combination of structural strengths and persistent vulnerabilities. Targeted interventions have supported activity during the post Covid period, but the city continues to experience subdued economic momentum, a significant concentration of jobs in the public sector and related services, and related services, and variable central city demand.

The Council employs several key economic development interventions to support Wellington's economy. Major events, and the Tākina Wellington Convention and Exhibition Centre draw visitors and spending, directly aiding recovery in hospitality, retail, and accommodation sectors while creating jobs. Tourism promotion targets both domestic and international visitors, leveraging Wellington's cultural strengths to boost local businesses and raise the city's profile. Business support programmes, including grants, mentoring, and resilience initiatives, help local enterprises, especially SMEs, adapt to change and innovate, supporting sustainable, low-carbon growth. Place-based development, such as the Courtenay Precinct Plan, creates vibrant neighbourhoods that attract residents and investment, fostering a diverse and liveable economy.

However, the breadth of activity has limited the ability to achieve system-level economic transformation. Investment has been spread across a wide range of initiatives and activities, diluting impact and reducing scope for sustained diversification.

Wellington's central city continues to experience challenges from reduced foot traffic, retail and commercial vacancies growth, and lower amenity perceptions. Without a shift in approach, the city will continue to experience constraints and risks to its comparative competitive advantage as the creative capital where people and nature thrive.

Looking ahead, Wellington faces a materially different operating environment from the one in which many existing initiatives were designed. Fiscal constraints, rising cost structures

and increasing expectations for value from rate-funded activities requires a more disciplined approach to prioritisation without losing focus on our competitive strengths, that will help Wellington diversify its job market, attract talent and build on its competitive advantage in sectors like screen, the creative industries and technology.

In this context of constrained resources and global economic uncertainty, the Council will need to provide clear strategic direction and act with deliberate focus. This involves concentrating efforts on interventions with the highest marginal impact and strongest evidence base. Key areas include removing barriers to participation across communities, improving coordination of roles and responsibilities between the Council and Council Controlled Organisations, strengthening the integration of data and analytical insights and applying more robust investment logic to guide future decision making.

By adopting a more targeted and evidence driven approach, the Council can make the most of limited resources, address the city's most pressing challenges, and ensure that economic development efforts directly contribute to long-term wellbeing and resilience for all residents.



Current Direction

Direction from Legislation and National Regulations

Councils are required to operate in accordance with a legislative framework that collectively shapes their mandate and responsibilities. Central to this is the Local Government Act 2002 (LGA 2002) - which includes that the purpose of local government is to promote social, economic, environmental and cultural wellbeing (the four wellbeings) of communities (LGA 2002 section 10 refers). The Local Government (Systems Improvement) Amendment Bill seeks to refocus council responsibilities on core infrastructure and services and remove the four wellbeings.

Part of the proposed amended purpose will be:

- 10b) to meet the current and future needs of communities for good-quality, cost-effective, and local infrastructure, and public services and performance of regulatory functions
- 10c) to support local economic growth and development by fulfilling the purpose set out in paragraph b.

Subject to final amendments to the LGA 2002, the role of the Council in delivering some programmes and services may need to be assessed. This would be an incremental process, as any changes to services or levels of service would remain subject to democratic decision-making processes.

Regional settings

Councils also operate within a broader regional ecosystem with regional settings that provide direction, as well as coordination, for economic development and recreation initiatives. The Wellington Regional Economic Development Plan (REDP) guides the long-term direction of the economy, setting out a shared vision for a thriving, future-focused Wellington regional economy, and identifies priority sectors. The REDP has identified these key sectors for growth:

- Screen, creative and digital
- Science, technology, engineering, and high-value manufacturing
- Visitor economy
- Primary sector, food, and fibre.

The plan also highlights key enablers including Māori economic development, education and skills, water accessibility/security, and resilient infrastructure. Oversight of the REDP is provided by the Wellington Regional Leadership Committee, which ensures strategic alignment across councils.

In addition, the Council is expected to give effect to Te Matarau a Māui, a Māori economic development strategy developed with mana whenua. This strategy outlines opportunities

for iwi and Māori business growth, investment in education and employment, and the development of innovative infrastructure.

Wellington City Council settings

The Council has developed a range of strategies that guide its approach to supporting the city's economic development. These strategies reflect local priorities and are aligned with both legislative and regional frameworks.

He Rautaki Ōhanga Oranga - The Economic Wellbeing Strategy

This strategy was developed during a time of significant change, including the impacts of the Covid-19 pandemic. It stresses that economic development is crucial for helping the city recover and build resilience against future shocks. Economic development activities are positioned as essential for ensuring Wellington remains a vibrant, prosperous city. This includes fostering collaboration between the Council, businesses, and communities to deliver long-term economic wellbeing. The strategy acknowledges global trends and local challenges, such as climate change, technological shifts, and demographic changes, and frames economic development as a proactive response to these pressures.

The economic wellbeing strategy has six strategic outcomes. These outcomes show that economic development is not just about growth but also about social, environmental, and cultural wellbeing.



Outcome	Strategic Approaches
Sustainable business and career pathways	- Facilitate connections and collaboration between the Council, employers, educators and others - Facilitate and enable rangatahi, young people and the disabled community into sustainable and fulfilling careers - Encourage safe and inclusive workplace environments
Transitioning to a zero-carbon circular economy	- Enable a circular economy through zero waste, zero carbon initiatives and capability development - Facilitate the social dimension of a circular economy - Promote Wellington businesses to attract investment, spending, and tourism that delivers a circular economy
Centre of creativity and digital innovation	- Utilise creativity and innovation to pave the way to economic wellbeing - Enable our Screen Sector - Modernise our city venues
A business-friendly city	- Deliver business capability and assistance programmes - Refocus and re-design regulatory services and interactions to be customer-centric - Strengthen existing international relationships
Celebrate our Capital City status	- Celebrate our Capital City identity - Leverage being the home of Government
A Dynamic city heart and thriving suburban centres	- Actively create experience precincts - Celebrate our creative culture, te ao Māori and te reo Māori - The night-time economy

In practice, due to the resource available and the need to deliver impact, delivery within WCC of the Economic Wellbeing Strategy has focused on three key outcomes: Outcome Three (Creating a business-friendly city), Outcome Four (Establishing Wellington as the centre of creativity and digital innovation), and Outcome Six (Creating a dynamic city heart and thriving suburban centres). These priorities directly reflect areas where businesses have expressed a desire for Council leadership and clear intervention logic exists. Implementation has emphasised targeted, evidence-based interventions, with Outcome Four largely advanced by WellingtonNZ's initiatives in the technology and screen sectors, two areas offering significant potential for sustainable economic diversification and growth.

Initial work was done on Celebrating our Capital City status but was deprioritised without successfully identifying a clear and willing lead partner in this area.

Complementing this is Aho Tini 2030, the Council's arts, culture, and creativity strategy that aims to strengthen the city's creative ecosystem, using arts and cultural events to support the city's reputation as the 'Creative Capital' and contribute to city vibrancy, attract visitors and talent to the city, and drive innovation. The Council also leverages Te Atakura, the Council's climate action strategy to 2050, which positions Wellington as a climate leader and supports businesses to adopt sustainable practices.

Indicators and trends

Labour market pressure

The city is weathering considerable economic pressure but is starting to show some signs of stabilisation as of June 2025.² New Zealand growth gains are expected in business services and construction. Wellington’s labour market remains under pressure, with employment growth expected to trail the national recovery due to ongoing public sector restructuring, slow and uneven population growth and subdued job market conditions.³

Indicators

2%	4%	5.1%	1.8%	-2.8%	-1.2%
increase in average annual household incomes from the previous year (Infometrics)	improvement in jobs and earnings wellbeing (people’s ability to secure a stable source of income to support an individual/their family/a household), a positive shift following a sustained period of decline (Infometrics)	Wellington’s unemployment rate as at December 2025 – up from 4.7% in the previous 12 months, and lower than the country’s overall unemployment rate (5.3%) (Infometrics)	New Zealand employment is forecast to grow by 1.8% annually (Ministry of Business, Innovation and Employment)	decline in quarterly filled jobs (employed Wellington city residents) for the year-to-date December 2025 (Infometrics)	decline in quarterly filled jobs nationally for the year-to-date December 2025 (Infometrics)

Economic activity concentrated

Wellington’s economic activity is far more concentrated in a few industries than other cities. The Herfindahl-Hirschman Index (HHI) is a commonly used measure of economic concentration, where a higher index value means that fewer sectors dominate the local economy.

Central government (public administration), professional services, and finance/insurance dominate Wellington, and are primarily responsible for the city’s high concentration index. Together they account for a large share of the city’s GDP and employment, which leaves the city highly vulnerable to changes in these, as recently experienced with public sector employment volatility. With an HH Index of 827 in 2025, Wellington City’s economy was less diverse than the average. The average HHI across all 66 territorial authorities was 489.⁴ The City’s HHI has been continuing to rise over the past decade, as shown in the graph below. This vulnerability is reflected in the six other underpinning indicators which have shown negative change, including an increase in the unemployment rate.

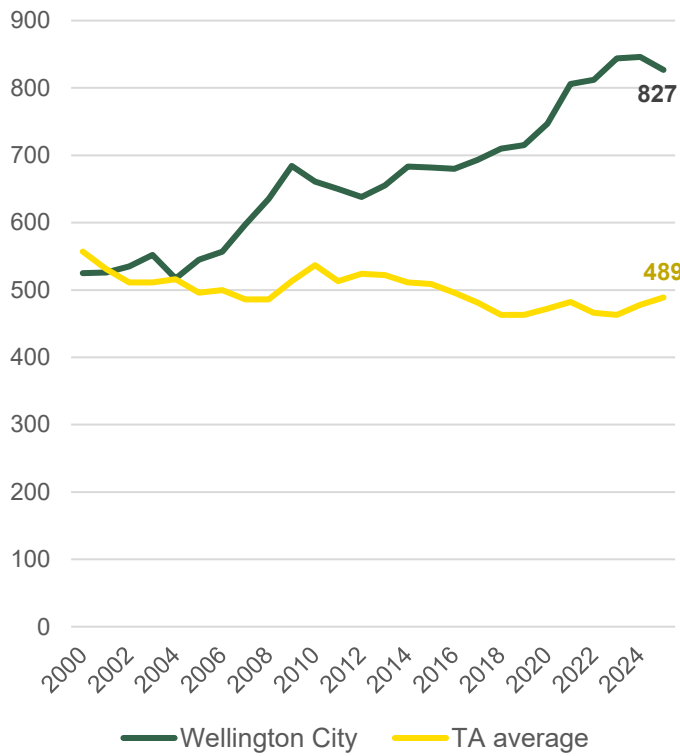
² Wellington City Council. (October 2025). Annual report 2024/2025.

³ Infometrics. (September 2025). *Unemployment* in Quarterly Economic Monitor | Wellington City.

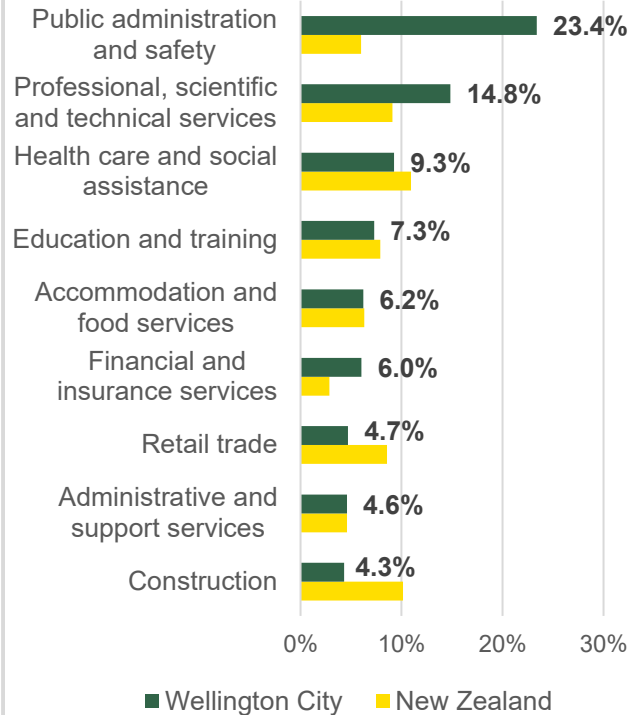
⁴ Infometrics Wellington Regional Profile to March 2025.

Industry indicators: Infometrics (accessed January 2026)

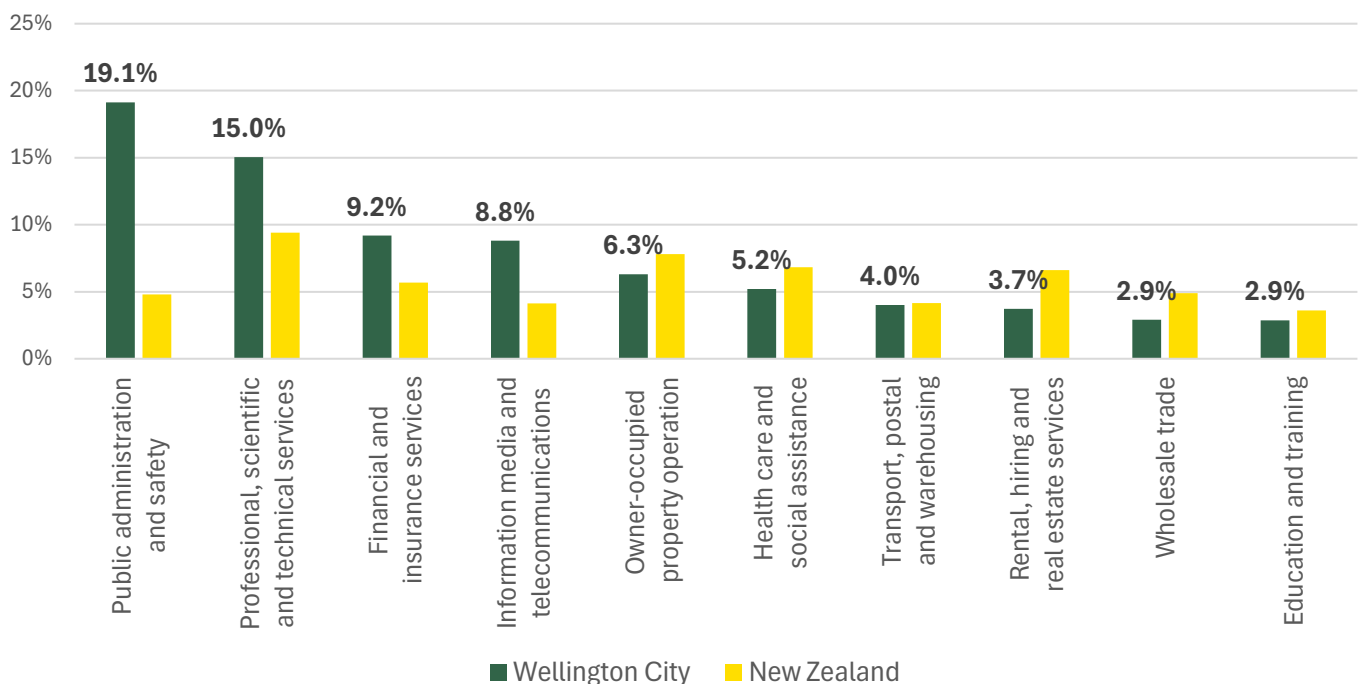
HH index (YTD March)
(higher = less diverse economy, lower = more diverse economy)



Largest industries in Wellington city by proportion of overall filled jobs (YTD March)



Top 10 largest industries by % of GDP for YTD March 2025
(excluding unallocated GDP)



Key points to note about the sectors:

- Public administration and safety expanded during the pandemic but contracted in 2023–24 and through 2025 due to government spending cuts.
- Professional, scientific and technical services experienced growth from 2020 to 2022 but contracted by 3.4% in 2023–24 following reduced government outsourcing and declines in private-sector spend.
- Financial and insurance services experienced moderate growth until 2022. The sector's momentum slowed in 2023–24 due to rising interest rates and economic uncertainty. Stability was forecast for 2025, with modest growth expected later as interest rates ease and business and consumer confidence improves.
- Information media and telecommunications (ICT) grew during 2021–22 but experienced stagnation and a slight decline in 2023–24. Moderate growth of approximately 3% was projected for 2025, supported by new startups, increased investment, and a rebound in the film and screen sector.
- The education sector was severely impacted by the pandemic, particularly due to the loss of international students. Recovery began in 2023–24, with a strong rebound expected from 2025 as foreign students return and domestic enrolments remain stable, potentially increasing GDP by 5–10%.
- Healthcare and social assistance continues its steady expansion, driven primarily by the region's ageing population.
- Tourism and hospitality are in recovery mode, supported by a year-round calendar of major events; however, these sectors continue to face challenges from high operating costs.
- Construction activity has declined since 2022. The sector may stabilise or see slight improvement by late 2025, contingent on a reduction in interest rates.
- General trends indicate that widespread job insecurity has dampened consumer confidence, resulting in reduced spending across hospitality and retail sectors.
- Infometrics ranks Wellington as the most creative city in New Zealand, with the highest proportion of jobs in the arts and creative sector of any area in New Zealand. In 2024, 6.72% of Wellington's workforce was employed in creative work.

Continual contraction in employment and ongoing sector concentration further risks the city's economic resilience. While the Council's ability to influence macro-economic trends is constrained, it does play a role in the city's affordability and ensuring Wellington remains a highly liveable city that can attract the talent and investment needed for economic growth.

Council economic investment performance measures

The 2024/25 results indicate strong performance across most key economic development measures in the Wellington region for activities undertaken by WellingtonNZ. Client satisfaction remained high, especially among Māori and Pasifika businesses receiving support, with satisfaction rates of 92% and 100% respectively. However, the target for funding diversification was not met, suggesting ongoing reliance on Council funding. Overall, these results reflect robust community engagement, positive economic outcomes,

and effective support for diverse business groups, as detailed in the 2024/25 Annual Report.

Indicators

All indicators come from WellingtonNZ data unless otherwise specified.

44%	627k	2684	\$31m	\$131m	\$201m
of the Council's total rates come from commercial ratepayers (Internal data)	residents participating at local events; exceeding targets	engaged in WellingtonNZ's intervention business programmes, surpassing expectations	in advertising value generated through media activity, well above target	event expenditure reached	direct economic impact from WellingtonNZ activities



Stakeholder views about Economic Development

The following views are themed feedback from public consultation on the 2024-34 Long-term Plan Amendment (LTPA), the 2025 Resident's Monitoring Survey (RMS), and the Council's Advisory Group minutes.

The 2025 Residents' Monitoring Survey (RMS) highlighted that most Wellingtonians support Council initiatives like tourism and events, 92% believe tourism is good for the city and want more visitors, recognising the benefits of a more productive and resilient visitor economy.

However, respondents also expressed concern about the Council's spending priorities and the city's direction during economic contraction. There is feedback about rising rates, household and business affordability constraining local expenditure and the need for fiscal responsibility. Feedback was also received during public consultation on the 2024-34 Long-term Plan Amendment, asking for the Council to focus on "core services and infrastructure" (e.g., fixing water pipes, improving safety, maintaining amenities) rather than launching new or "non-essential" projects. Examples like cycleway expansions and Golden Mile changes were cited as areas where spending could be scaled back to enable focus on the essentials.

The Wellington Chamber of Commerce has expressed concern about the return of investment of Council's cost structure (particularly the commercial rates differential) and value for money evidence for Councils interventions.

Specific vibrancy measures such as cleanliness issues, safety concerns, retail vacancies and reduced footfall are seen as influencing demand and detracting from the city's vibrancy and economic vitality.

Across the Council's Advisory Groups, economic development was consistently framed as a matter of inclusion, equity, and strategic opportunity. Economic growth should be accessible across communities, including disabled residents, ethnic minorities, rainbow communities, and youth. Feedback highlighted the importance of removing barriers - building affordability into service design, inclusive infrastructure, and targeted support for diverse entrepreneurs. Groups also noted that visibility and representation are vital: an environment that reflects and supports its communities is better positioned to attract talent, foster innovation, and sustain long-term prosperity. Co-designed strategies and ongoing engagement were identified as important mechanisms to ensure economic initiatives are shaped by lived experience and community insight.

The Ethnic Communities Advisory Group (ECAG) has highlighted how diversification of the city's economy and lifestyle attracts people and investment. ECAG members noted that Wellington offers career opportunities in tech, healthcare, film, and education, along with a lifestyle that values balance and wellbeing, making migrants feel proud to call the city

home. This sentiment reflects a view that cultivating a welcoming environment for diverse communities directly supports economic growth.

The Youth Council has drawn attention to current economic challenges and the need for prudent planning. In its 2024 Long-Term Plan submission, the Youth Council urged the Council to invest in infrastructure responsibly to support future prosperity without overburdening coming generations. Youth representatives see forward-thinking economic policies as vital to their wellbeing and future job opportunities.

Inclusivity is seen as integral to economic vitality. The Rainbow Communities Advisory Group (TRAC) have stated that making Wellington a ‘genuinely queer-friendly city’ is not just a social goal but “a great economic thing – [being] queer friendly should attract people. [It makes Wellington] a great place to live for queer people”.

Several advisory groups also linked economic wellbeing with reducing barriers for disadvantaged groups. The Accessibility Advisory Group (AAG) noted that financial hardship can be an accessibility issue, and that economic inclusivity is a component of accessibility (e.g. the cost of services should not exclude low-income residents). This reflects a common thread in feedback: Wellington’s economic development strategies should remove barriers to participation and benefit all communities.

Accessibility was also identified as a key factor in enabling full economic participation within the arts and culture sector, in the feedback received from advisory groups on the Aho Tini 3-year report back in March 2025. Inclusive design across venues, events, and communications both expands audience reach and supports employment opportunities for disabled artists and neurodiverse creatives. Actions such as relaxed concert sessions and digital preparation tools reduce barriers and increase engagement. The need to embed accessibility into infrastructure and funding decisions, has also been raised, noting that accessible cultural experiences contribute to a broader, more equitable economy.

Inclusive arts and cultural programming is also viewed as a strategic economic opportunity. By investing in diverse creative communities (Māori, Pasifika, ethnic minorities, LGBTQ+ groups, and youth) new pathways for entrepreneurship, job creation, and audience development can be created. Initiatives such as targeted residencies, internships, and youth-led platforms are seen as mechanisms to grow the city’s creative workforce and stimulate innovation. Inclusion in the arts was framed as a driver of economic vitality, helping Wellington attract talent, foster creative industries, and build a resilient, representative economy.

Tākai Here partnership

Tākai Here places a strong emphasis on advancing Māori enterprise as a cornerstone of Wellington's economic development. Growth of Māori businesses, entrepreneurship, and innovation is a priority. The collective vision is for a city where Māori economic aspirations are embedded in decision-making, and where Māori-led enterprises are empowered to thrive, creating opportunities for whānau, hapū, and iwi. Enabling equitable access to resources, targeted investment in Māori business capability, and participation in the local economy are emphasised. Tākai Here partners encourage the Council to prioritise procurement from Māori businesses, foster Māori leadership in economic governance, and co-design initiatives that build Māori economic resilience and intergenerational wealth.

By championing Māori enterprise, Tākai Here partners see economic development as a pathway to greater self-determination, community wellbeing, and a more diverse, resilient city economy. Moving beyond consultation to genuine partnership, where Māori are co-creators of economic opportunity and growth, and where the success of Māori enterprise is recognised as integral to Wellington's prosperity.

Key issues and opportunities

Delivery of the Economic Wellbeing Strategy has supported activity across several targeted areas, including major events, destination promotion, business support, and investment in city assets. These initiatives have helped sustain participation, visitor spend, and business confidence during a period of significant economic disruption. However, despite this progress, the overall scale of economic change achieved to date has been limited, and Wellington continues to face persistent structural challenges.

The operating context for economic development has shifted materially since many existing initiatives were established. Wellington City Council is entering the next Long-term Plan period amid sustained fiscal constraint, rising costs, and heightened expectations for value for money. At the same time, the city continues to experience structural economic pressures, including sector concentration, declining central-city vibrancy, affordability challenges for businesses and households, and increased exposure to external shocks. These conditions constrain the Council's ability to sustain or expand a broad portfolio of economic development activity.

In this environment, continuing to spread limited resources across a wide range of initiatives risks diluting impact. While multiple programmes have been delivered, their cumulative effect has not yet resulted in substantial or enduring economic transformation, particularly in relation to diversification, resilience, and long-term growth. This highlights the challenge of maintaining effectiveness and consistency across a dispersed set of interventions.

Tight financial conditions increase the importance of stronger investment discipline. A clearer line of sight between investment, intervention, and outcomes is required to ensure that Council resources are directed toward areas where the potential economic, social, and environmental return is greatest, within constrained funding and delivery capacity.

The Council's economic development role is most influential where it can leverage partnerships, enable private and community investment, and address structural constraints such as sector concentration and declining amenity quality. Clarifying the focus and scale of Council intervention is critical to maximising the impact of limited resources and strengthening Wellington's economic resilience over the long term.

The following sections examine the key issues and opportunities shaping Wellington's economic future, drawing on performance data, stakeholder feedback, and recent analysis. Together, they identify where current approaches are delivering value, where gaps remain, and the implications for how economic development activity is prioritised and assessed. Many of the issues outlined below reflect the tension between maintaining a business-friendly operating environment and concentrating limited investment in areas where Wellington holds a clear comparative advantage, particularly in creative, screen, and innovation-led sectors.

High concentration in a few sectors, opportunities to leverage strengths and diversity

Wellington's economy remains highly concentrated in a small number of sectors, increasing vulnerability to economic shocks and policy change. This concentration risk has become more pronounced amid shifting consumer behaviour, sustained economic pressure, and structural change following the pandemic period. The continued expansion of remote and changing spending patterns are reshaping demand for services and amenities, with uncertainty persisting.

Central government decisions and changes to national funding priorities have had a significant impact on Wellington's employment base and economic performance, particularly given the city's reliance on public administration. These pressures are compounded by international factors, including ongoing volatility in tourism and travel, global market disruption, changing migration patterns, and increased competition from other cities and regions for talent, visitors, and investment.

Together, these conditions reinforce the risks associated with sector concentration and contribute to ongoing job insecurity and subdued consumer confidence, particularly in sectors such as construction and tourism. While overall economic conditions remain weak, household incomes have continued to increase at a slower rate, and business engagement remains relatively strong, indicating pockets of resilience rather than broad-based recovery.

Wellington retains a competitive advantage as New Zealand's creative capital. The city has maintained the highest proportion of its workforce employed in creative industries nationally since 2000, with 6.72% of the workforce engaged in creative industries in 2024, as reflected in the Infometrics Creativity Index⁵. However, while this lead remains stable, it is no longer widening, and increased competition from other centres suggests that this advantage cannot be assumed to persist without continued focus. This suggests that sustaining Wellington's creative advantage will increasingly depend on deliberate focus and coordination, rather than broad-based economic intervention.

In addition to established strengths in creative, screen, science and technology sectors, there are emerging opportunities in education and research-led activity. International student enrolments are recovering, supporting renewed momentum in the education sector and associated employment. Wellington also retains strong concentrations of expertise in health, climate, and hazards research, which continue to underpin specialist roles and innovation activity.

Overall, these dynamics highlight both the risks of economic concentration and the importance of leveraging existing strengths to support greater resilience. Diversification through innovation-led, knowledge-intensive sectors offers potential to strengthen Wellington's economic base, but progress is shaped by funding constraints, external

⁵ Olsen & Whiteford. (24 September 2025). *New Zealand's most creative city in 2024*. Infometrics.

dependencies, and the need for sustained coordination across partners. Further detail on the creative sector context is provided in the Arts and Culture background report.

Decline in central city vibrancy, high operating costs, and impact of disruption on businesses

Wellington's central city has seen a decline in amenity, with retail vacancies and reduced footfall reducing economic activity (spend and employment). The proportion of residents who agree that the city centre is lively and attractive, has declined from 80% in 2019 to 29% in 2025 (RMS 2025). Expressed concerns about cleanliness and safety have further eroded public confidence, making the city less attractive for residents, visitors, and businesses.

While infrastructure investment is essential for long-term city resilience and productivity uplift, they often impose near term costs on businesses due to economic disruption through reduced amenity, access and footfall. These challenges are compounded by broader economic trends, including subdued job market conditions, high operating costs, and a general decline in consumer spending. Stakeholder feedback underscores the need for the Council to evidence return on investment and choice rational with affordability and fiscal responsibility.

In response, the Council has taken steps to support economic recovery and restore vibrancy in the central city, for example activities led by WellingtonNZ have delivered strong performance in economic development, with high participation in Major Events and support for sectors such as tech and screen.

Elevated business input costs and Council-business relationships

Beyond challenges associated with central-city vibrancy, Wellington businesses face persistent cost pressures that affect viability and growth. High operating costs, a relatively high commercial rates differential, and compliance requirements continue to act as barriers to investment for both new and established businesses. These pressures are compounded by ageing infrastructure and the need for ongoing upgrades, which, while necessary for long-term resilience, add further complexity and disruption to the business environment.

The sustainability of funding for infrastructure and civic improvements presents an additional challenge. Council investment in major projects, including the Tākina Convention Centre and Town Hall restoration, is intended to support economic activity and amenity. However, reliance on ratepayer funding places increasing pressure on affordability and highlights exposure to funding risk, particularly where external contributions are uncertain.

Business confidence is also influenced by the quality of Council–business relationships. Feedback from the business community indicates ongoing concern about the perceived value for money of Council interventions and the effectiveness of engagement, particularly during planning and delivery of infrastructure works. Disruption associated with

construction activity, combined with limited visibility of benefits, can exacerbate cost pressures and uncertainty for affected businesses.

Together, elevated input costs, funding constraints, and relationship challenges contribute to a more difficult operating environment for Wellington businesses, shaping investment decisions, confidence, and the city's overall economic resilience.

Building climate resilience, and opportunities for growth through innovation

The city's economic wellbeing may be affected in the future by both the level of resilience to physical impacts, such as adverse weather events, and by the economic consequences of investing in resilience and recovery from increasingly frequent and intense weather events. Some sectors in Wellington, including universities and the public service, may be better positioned in a low-carbon context due to their lower emissions, while others could encounter challenges if national or international decarbonisation pressures intensify.

Wellington City Council's Te Atakura: First to Zero strategy sets a pathway to achieve net zero carbon emissions by 2050, positioning climate action as a central driver of economic transformation and supporting the development of a more innovative, inclusive, and resilient city. Infrastructure upgrades, such as the introduction of low-emission transport systems and energy-efficient urban design, are key components of this transition. These investments are designed to enhance productivity, reduce operational costs, and help ensure the city's readiness for future challenges. Further information can be found in the Transport and Urban Development background reports.

The Council's support for climate-focused initiatives, including the Te Atakura implementation plan and the establishment of resource recovery facilities, enables businesses to take a leading role in sustainability efforts. This approach encourages sustainable investment and attracts talent, enhancing Wellington's profile as a climate-forward city. New market development initiatives such as increased use of renewable resources, waste reduction, and solutions like the degasification of public swimming pools demonstrate environmental leadership and contribute to Wellington's international standing, support for eco-tourism, and alignment with broader regional economic strategies.

Despite these initiatives, Wellington continues to face significant risks from natural hazards, climate change, and rising costs, which necessitate ongoing and accelerated planning and investment. Without comprehensive resilience measures, there is potential for adverse impacts on infrastructure and investor confidence.

Nevertheless, by reducing emissions from its own operations and strengthening the resilience of Council assets, the Council supports a city-wide shift toward a low-carbon and future-ready economy. These actions are complemented by targeted grants and collaborative opportunities for communities and mana whenua partners, which help to enhance economic participation and overall resilience. Addressing climate change is

important for economic stability, given its intersection with equity, housing, and social wellbeing, and it is integral to Wellington's capacity to adapt and support inclusive, sustainable economic growth.

Opportunities for inclusive growth through equity and diverse economic participation

Feedback shows that engagement with diverse communities is inconsistent, particularly for those experiencing economic disadvantage. Barriers such as capital access, limited networks and accessibility constraints risk reinforcing exclusion and reducing economic vibrancy. Realising Wellington's potential will require deeper more regular engagement, with a broad range of residents and organisations, to ensure that the city's growing diversity is genuinely reflected in the city's economic landscape.

The Council demonstrates its commitment to diversification of the city's economic growth by providing business growth support, primarily through WellingtonNZ, to small local businesses, particularly those led by women, Māori, and LGBTQ+ entrepreneurs.

Māori economy

Māori economic development is a key enabler in the Wellington Regional Economic Development Plan. The Council, through WellingtonNZ, works with strategic partnerships such as Te Matarau a Māui and the Te Upoko o Te Ika a Māui Accord to grow Māori businesses, enhance procurement capability, and foster Māori leadership. Initiatives include tourism, screen sector projects, and skills development, supported by a dedicated Māori Business Growth Manager. Social procurement practices aim to increase supplier diversity and strengthen inclusive economic participation. For example, Māori-specific projects are supported across tourism, screen, and skills development, including augmented reality storytelling and the UNESCO City of Film programme. However, challenges remain around visibility, consistent engagement with Tā kai Here partners, and the lack of comprehensive Māori-specific data to inform targeted interventions.

The implications of not fully embedding te ao Māori and inclusive practices include perpetuating existing inequities and not realising the full potential of Wellington's diverse communities. Opportunities to address these challenges include strengthening partnerships with Tā kai Here partners, investing in entrepreneurship initiatives focused on rangatahi, and enhancing data collection efforts to more effectively measure and demonstrate impact.

Access to employment for the disabled and elderly communities

Disabled and older residents face persistent barriers to participating in Wellington's workforce. Physical inaccessibility, poor information access, and limited consultation create environments that do not fully support inclusion. These challenges are compounded by transport and mobility issues, such as inconsistent pedestrian access and limited mobility parking. Without addressing these barriers, equitable participation in economic life remains restricted.

The Council is investing in urban design and public spaces, but further work in addressing these barriers through universal design, and inclusive planning is essential for enabling all residents to access and contribute to the city's economic growth. By making information, services, and facilities accessible, the Council supports disabled people, older residents, and others with access needs to engage fully in civic and economic life, whether as business owners, employees, or consumers. However, progress remains uneven, and there is a recognised need for stronger leadership, dedicated resources, and visible, practical commitments to embed accessibility as a core driver of equity and economic inclusion across the city.

Role clarity and co-ordination required to improve effectiveness of economic development

Wellington's economic development is constrained by fragmented coordination and unclear roles across Council, central government, and stakeholders. For example, the Tākina Operational Model and Governance Review⁶ found that unclear strategy and limited executive oversight led to poor coordination and unclear roles between the Council, CCO partners, and other stakeholders regarding balancing and attracting economic development and operating as a commercial business. The downside risk is that, while the Council has the networks to drive economic development, lack of clarity and coordination can undermine effectiveness and credibility.

The Council is responding by building strong connections with the business sector, community, and mana whenua, supported by dedicated teams. These relationships enable the Council to act as a central touchpoint for businesses and city stakeholders, leveraging partnerships to achieve outcomes and supporting diverse entrepreneurs, including Māori, Pasifika, women, and youth. Opportunities exist to clarify the Council's role, strengthen collaboration with the central government, and further embed systems thinking to connect efforts and maximise impact across the city and region.

Fragmented data systems and insufficient analytical insights hinder the ability to accurately measure the effectiveness of economic development initiatives and confidence about value for money investments. This lack of cohesive data and actionable information restricts the optimisation of strategies aimed at achieving inclusive growth. Despite these limitations, there is a significant opportunity to enhance decision-making and demonstrate real impact by investing in robust data and insights and comprehensive analysis. Strengthening these capabilities would enable more precise measurement of outcomes, inform strategic adjustments, and ensure that growth initiatives truly support inclusivity and resilience across Wellington's economy.

⁶ Wellington City Council. (June 2023). *Operational model and governance review for Tākina Wellington Convention and Exhibition Centre*.