

## Transcription details:

Date: 20-Mar-2015  
Input sound file: Moxie Session podcast 23

## Transcription results:

[music]

S1 00:11 Hello, and welcome to another episode of the Moxie podcast. This is episode 23, recorded on Wednesday March 18, 2015. This is the companion web show to the Moxie Sessions, which is an Internet economy discussion group, held monthly in Auckland and Wellington, New Zealand. The aim is to bring together a group of interesting people from across the economy to talk about how New Zealand can take advantage of the Internet to improve its economic performance. Special thanks to Alcatel-Lucent and its ng Connect program, whose sponsorship helps to make this podcast possible. Check out the program at [ngconnect.org](http://ngconnect.org).

S1 00:48 I'm Glenn Williams with you here in London. As always I have a fantastic panel of guests to discuss today's topic. I'll bring them in very, very shortly. This actually is the companion to the Moxie Session that was held in Wellington on the 8th of December, 2014. A wee bit of a delay between the two, but I think we're starting to catch up now. Our topic for this one was appropriately All About Wellington. The big question for the session was: is Wellington Dying? It was a couple of years ago, almost a couple of years ago, that the prime minister made the comments, he said that, "The reality is even Wellington is dying and we don't know how to turn it around. All you have there is government, Victoria University, and Weta Workshop." Even though he later retracted that statement saying that in fact Wellington was simply under pressure, many people could not help but feel that there was some truth to those words. Almost two years on, we're asking that question again: is Wellington dying? What indeed is Wellington's economic future, and how can local and central government, the education and private sectors, all work together to build on Wellington's comparative advantages?

S1 02:00 To talk about this topic I have two of the three speakers, and two out of three ain't bad at all. Let's introduce them. We've got Dr. Richard Norman, who's a senior lecturer at the School of Management at Victoria University, and he's been looking at how the various participants in the Wellington economy can work together all towards having a prosperous and successful city. Hello to you, Dr. Richard Norman.

S2 02:22 Hello.

S1 02:22 We've also got councilor Jo Coughlan, who's been a Wellington City Councillor obviously, but also head of the Economic Development & Arts Committee, she's the mother of six, also runs a PR firm, and is a passionate Wellingtonian. Welcome to the show, Jo.

S3 02:36 Hi. [crosstalk] to be here.

S1 02:37 And sending her apologies, Siobhan Bulfin, who's off on work, I think, overseas at the moment. So, let's look at this question of is Wellington indeed dying at all? Certainly, I think, anyone who is not being plugged in to the news cycle or not heard the prime

minister's comments almost two years ago, or hasn't been to Wellington for a wee while, might be a little bit surprised about this. Including myself. I haven't been to Wellington for a good number of years now, but I've always considered it to be, the cultural capital, the place that's really happening in New Zealand. Certainly when I was involved in the music industry, many, many years ago, it certainly seemed to be the place to be in the early 2000s. It's exactly where everything was going on. This topic does surprise me somewhat, but let's go to you, Jo, first of all. The question was put to you at the Moxie Session: "Wellington is dying. What are we going to do about it?" Assuming that is the case, what's the plan?

S3 03:33

Well, I'm just going to start things off here just with a few facts actually. Wellington obviously isn't dying. It was quite an unfortunate statement at the time. However, it got us all talking about where to from here and that's not a bad thing. Just in terms of economic growth in Wellington City, we've averaged 2% over the last ten years compared with an average of 1.8 across the national economy. In terms of last year, our economy grew 2.3%, which is growth, higher than 1.7 that had been reported in the last quarter. Our unemployment rate's decreasing and we've had a gain of 1,300 new people into Wellington, ascending's up 2% and actually we've just had record numbers of people visiting Wellington during January and February. So, just a few little tidbits here, I think, to how it basically sets a tone. I think there's been a lot of conversation and a lot of myth that has built up around Wellington City's economy; and Wellington City is not Wellington region, that's a different story again. But somehow, I think, some of the negative commentaries has snowballed a bit.

S3 04:50

In 2011 we thought it was important really to take stock of what was happening in terms of Wellington compared to Auckland and compared to Christchurch, obviously which was being rebuilt, and Auckland, which is going gangbusters and look at some ways, really, that we could push Wellington forward as well. We've been working quite hard in terms of looking at infrastructure projects for Wellington, in terms of looking at our whole economic development agency for Wellington, how we promote Wellington, how we tell the Wellington story, and actually finding out what was actually happening here in Wellington. For example, we have the highest concentration of web-based and digital technology companies in New Zealand according to Stats New Zealand. We have more companies in the Deloitte Technology Fast 500 Asia-Pacific register. We've got some high-tech stuff going on here. We've obviously got government, which is incredibly important, and I think part of the problem a couple of [inaudible] is that people were concerned that the cap coming on in the public sector would mean that Wellington was going to be gutted. Well, that just simply didn't happen. In fact, there are more people employed in the public sector now than there were then.

S3 06:10

There's been this sort of a bit of a - not a menace - but just a general talking down the place a wee bit. We've had that the-head-offices-are-all-shifting-down-to-Auckland conversation. Well, that's true. There has been some head offices that have shifted their executive teams away. But actually, using ANZ as a case in point, they've got over 3,500 staff here in Wellington, massive back office, massive IT function, and that's where we are seeing some really good growth and some [?] in our economy in this high-tech, IT, digital creation space. And that's not even getting into a conversation about the film industry, which is obviously going gangbusters [crosstalk].

S1 06:51

Which I guess everyone knows Wellington for. Richard, do you agree with Jo? Is this all just negative talk, or is there some reality to the statement that Wellington is dying or it is indeed under pressure?

- S2 07:06 Well, I think there's a need to distinguish between Wellington City and Wellington region. There are parts of the Wellington region which were built up on the import replacement economy, in the Hutt Valley in particular, and to a degree Porirua. The manufacturing sectors have not done well. They've lost jobs over the last seven or eight years. The effect of a government that is in balance-the-books mode and where at all possible no increase in public sector pay, is having its effect on Wellington because of the disproportionate number of public servants who are based in the region. That's been going on now since 2008, and we're seeing a first round of buildup for this year's wage negotiations with the unions and government standoff in terms of will there be an increase. The combination of a decline of old forms of manufacturing which is where the most jobs losses have occurred in the region and static pay. I think that's where the basically static economy for the region over this period comes from. There's not been a lot of overall job growth. Last year's looking more promising, but up until then, not.
- S3 08:33 Interestingly on the job growth, obviously our GDP per capita in Wellington is high. We do need to distinguish between the region and between Wellington City, but having said that, obviously a very strong and buoyant and growing Wellington City has got to be good for the region, and Wellington region is the second biggest regional economy in the country. Job creation in Wellington City since 2011 has been around 6,000 with approximately 3,300 having been added in the past year. What we're seeing is that if the current employment rate continues to improve then we're well on the way to reaching one of our goals, which is a bit of a stretch goal and wasn't particularly scientific back in 2011. We said, "Righty-oh, if we're going to have this economic development strategy let's see if we can get an additional 10,000 jobs by December 2015." Actually what we're seeing - and this information's come through Market Economics so it's independent - is that actually we are potentially on track to meet that goal. That's got to be yet another story that we have to articulate and tell with some conviction because there will be people who just will not be expecting that success for Wellington City.
- S1 09:50 Not only do you need obviously jobs, but you need people to fill those jobs. You need more, I guess, population. That's certainly something that Auckland has, and a very diverse population at that. Is there even room for a greater population? I saw the figure 100,000 new Wellingtonians are perhaps needed. That's an awful lot amount of people. Where are they all going to live? Richard, do you think Wellington can indeed cope with that many more people?
- S2 10:20 Wellington's a lot more compact a city than Auckland and has quite probably as many people living close to the heart of Wellington as there are in Auckland. The Town Belt system in Wellington also means that inner-city living is well-balanced by an easy escape to quite wild stretches in the Town Belt, and also the harbour very close by. This is a city which can take a lot more concentration and has. The city over the last 15 years has grown from almost no people living in it to 15,000 plus living within walking distance of the central city. It's concentration of population is occurring here.
- S1 11:15 Is there a need to be more creativity around lifestyle and the way people live and house themselves in a city like Wellington, Richard?
- S2 11:24 Yes and the issues like consumption of energy, ownership of motor vehicles - I don't have the statistics in front of me - but this is a city which per capita is less intense upon energy consumption because people can walk to work. They don't necessarily

need to use a car in the way that the growth in Auckland continues to put pressure on car use and motorway extensions.

- S1 11:57 Jo, it's interesting that there was a recent poll done to see whether or not the people of the Wellington region would be keen to have a super-city like Auckland. The poll revealed that there was an emphatic no to a super-city. If the Wellingtonians can't band together to try and organise themselves and to act like a big major city, then how is this ever going to become a reality?
- S3 12:23 Well, I think clearly the business communities are keen for a super-city and actually the Chamber of Commerce have done a similar poll - I think 750 people. Which the other poll that was done or survey that was done, that was published on the front page of the Dominion Post was 1,000 people just general public, and they came out less favourably towards amalgamation. The business community came out in favour of it with a slightly less, it's not quite as big a poll, but still quite an influential one. I think the issue is that what is probably exercising people's minds is, 'What is the problem that we're trying to solve, and how does wholesale amalgamation including the Wairarapa-- because that was the proposal that the Local Government Commission came out with. It was not just amalgamating from Kapiti Coast down to Wellington City including Porirua and the Hutt Valley; it was actually including the Wairarapa as well. Which is geographically - you could argue - geographically is quite separate to Wellington, but of course there's other arguments for including it in terms of a lot of people to go back to the point about where would you put all these extra people in Wellington. Well, plenty of them could be living in the Wairarapa and coming in on the train every day to work. And in fact in the northern suburbs and there's quite a bit of space actually in the outlying areas of Wellington as well as we can still take more people in the inner city because of the compactness and the ability to build up.
- S3 13:59 I think probably it was a different scenario to Auckland where a decision was made for the people. The people here have got to be able to rationalise, "Why would you have this wholesale change. Is it really going to make your life better?" I think for a lot of people they really just haven't got their head around the debate or could potentially aren't even that interested in the discussion, because they probably just don't see that the problem is severe enough that they need to have that wholesale change to fix the problem. It's interesting, you look at cities like Sydney, the City of Sydney I think is 180 or under 200,000 ratepayers. That's a very successful, very big city, but of course everybody's coming in every day to work there from these outlying boroughs. I think it's just a different set of a dynamic in Wellington, and obviously there's still a long way to go with some form of amalgamation probably being likely. I think there will be some form of amalgamation, but it might not be the wholesale amalgamation including the Wairarapa.
- S1 15:10 It's funny isn't it because Wellington is a city of amazing resources. It's got central government right there so you think it would have the unconditional support of central government, but it's also got an amazing University as well. Dr. Richard Norman, of course you're there at that University and I know you're very keen at looking at how the academic sector can work with the private sector. What are your ideas around that?
- S2 15:40 Wellington and Victoria University have an example of proximity which isn't the case for for instance Canterbury University in Christchurch. That's a very short distance between the concentration of work in the central business district where there's close

to 100,000 people employed in the city and then 20,000 students and 2,000 or thereabouts of staff. It's the compactness that enables an interaction between students and staff and the city, is the kind of project that I've engaged students in - has been in the last couple of years - to have stage 3 students team resource management interview at first year with 70 knowledge sector companies, and in the last year, specialising some more on the information communications technology companies, some 50 of those. The advantages of being able to move quite easily between university and city and economy.

S1 16:54

One thing that Siobhan brought up in the session that New Zealand sometimes operates on Island time. This wouldn't be specifically a Wellington problem, but a problem all around the country. That things are too slow to happen. There's not a sense of urgency amongst the people that she sees elsewhere around the world, particularly in places like Silicon Valley. And I know that Wellington is keen to be a technology hub and a technology centre for New Zealand. How can we make people think a bit more urgently about this?

S3 17:24

I'm not sure. I think in some quarters there is a sense of urgency and I think we can get things done quite quickly, particularly as it's a place that pilots things. We have a small population, that we have very - in particular into the [?], we're very savvy, and I think we can move quite nimbly, and be pretty innovative, energy. Some things can be done quite quickly. I'm not sure if that's an industry issue or at a political level or really exactly what the issue is there. I'd have to delve down into it a little bit more, but sometimes I think with being small comes that ability to actually be nimble and innovative and quick. Also we are a long way away and I think it has enabled us in the past to have quite fresh thinking about the way we do things and it's probably why we've been able to have that number 8 wire mentality that we're quite famous for. We've had to problem solve because of our isolation.

S1 18:31

Just on that, I wonder if that's true because that's one of those classic New Zealandisms that you always hear, the number 8 wire mentality, our tyranny of distance, so therefore we're very innovative. We've talked about that for a very long time and perhaps we've talked ourselves into just accepting that that is the way it is as opposed to any kind of reality. Is there any truth to that? Maybe it used to be like that in the 1800s, but is there truth to that now, particularly in the Internet economy?

S3 18:59

But I think it is, it still exists. We don't have massive bureaucracy here to get through to get things done. I just think people here are more inclined to take risks. They do feel that they can be quite free in their thinking. I just look at our-- the education system and is envied because kids are able to be quite free thinking in their approach compared to perhaps in places like other countries with bigger populations there. I don't know, we have a lot of Germans come through our house even [?], and I think they think quite differently to how we think. We are a bit more risk taking. We are a bit more cheeky. We just a bit more push the boundaries a wee bit. I don't know [crosstalk].

S1 19:44

Would you agree with that? It's funny because I was recently at a Kea meeting in London and much the same statements were made, and I've been hearing these for a long long time. Maybe it's true, maybe it isn't. What do you think, Richard?

S2 19:57

Well, the issue appears to come with New Zealand companies having a certain scale. It's around 20 to 50 people in a New Zealand company in almost whatever sector, in the emerging sector, that they then outgrow the New Zealand market or the servicing of a particular niche that can be done solely from New Zealand. That tends to be the

challenge point. Among the ICT companies that I've become aware of, the 50 or so that we've looked at over the last year, there's a whole cluster that have done the rapid growing, the experimental period, have strong cultures that they've built up internally. It's jumping from that level scale to sustainable international scale is the issue that New Zealand has in just about every sector outside the traditional primary sector.

- S1 21:05      Something to finish up on. No matter where you sit, I guess, on the spectrum of this question of "Is Wellington dying?" I guess you still need ideas. Even if you're going gangbusters, you still got to have ideas to move things forward into the next era. Jo, have you got one or two ideas for us for Wellington?
- S3 21:26      We're looking at some infrastructure things. At the end of the day the Council can't create jobs necessarily, but we can try and make Wellington as liveable and an attractive, desirable place, for business and investment to flow into. We're looking at things like we've got a couple of hundred million set aside in our long-term [?] ten years to. We've got things like a runway extension so that we [?] direct flights into Wellington, for long haul direct flights to make it easier for better business. Business to business connections. We're looking at a covered arena so that we can get some of those concerts coming to Wellington and those acts that haven't been coming here because we don't have a 10,000 seat venue that covers that, that they want. We're looking at a convention center. Actually one of the things that most excites me is that I went to the opening the other night of what's called the BizDojo, and there must've been about 250 people there all very excited, all quite entrepreneurial and smaller. Some them with staff, some of them without, all really excited about being able to collaborate. And there's a this very large space right in the middle of the CBD in Wellington. [crosstalk]
- S1 22:39      Is that the extension of the one that's been in Auckland for a wee while?
- S2 22:41      Well, they've had it in Wellington for quite a long time, but then Auckland set up its Wynyard Quarter. Wellington doesn't have the flash Wynyard Quarter type buildings, but actually has got this large building in Tory Street which is just buzzing with all of these people. That is a great thing and that was really energising. It was great to see all of those people at that launch all very excited and feeling great about the new businesses and the things that they're doing. Even today I was at a lunch and one of the attendees was talking about her company which is in the business of security and she's developed a software platform for managing security basically for buildings and just watching I suppose, that buildings are safe at night and things like that, and people coming and going out of it. Anyway that's now just seems identified by a very large - I want to say American - I think it was an American company, with something like 500 resellers internationally. That is a company just like Xero that needs scale, it can go global very fast, and they've now found their platform really into the world market. That is really exciting, a Wellington company doing interesting things potentially able to go global. Fantastic.
- S1 24:00      Yeah, I guess we just need a couple of big successful ideas for people to feel good about themselves for the next ten years [chuckles]. Richard, what do you think should happen?
- S2 24:10      Well, the Wellington City Council last week just launched proposals for their ten year plan and I think they're strong, they're bold. Jo's just referred to the several hundred million of infrastructure spending. They're seeking support from Wellington City ratepayers for a slightly higher rate increase than might happen if there was a no-



growth or little-growth agenda. I think that's the right way to go. It may be the airport extension is the critical part of this, but Auckland has grown so much by migration, that's led to a major imbalance in New Zealand. Prices in Auckland are just so way over the top in housing compared with Wellington [?] now. Wellington City Council is certainly setting the agenda here.

S1 25:10

All that's left is for you guys to plug on with it really, and let us know what you're up to and how people can catch up with what you're up to perhaps on social media or websites, that sort of thing. Jo, how can people find out what you're doing?

S3 25:23

Right. Yes they can. Actually to be honest I've been a bit hopeless on Facebook [chuckles] I'll have to up the anti just a little bit, I'm embarrassed to say, but anyway work in progress. You can always get hold of me at the Wellington City Council [jo.coughlan@wcc.govt.nz](mailto:jo.coughlan@wcc.govt.nz). Or I am on Facebook, Councillor Jo Coughlan. I'm sure you can find me there, or on LinkedIn.

S1 25:48

Good stuff. Dr. Richard Norman what about you?

S2 25:49

Well through Victoria University website and we have within the website is a series of articles about this project under the term Working Capital. So search Victoria University for Working Capital.

S1 26:08

Brilliant. Well Dr Richard Norman and Councillor Jo Coughlan thanks so much for being part of the Moxie Sessions and also this Moxie podcast. Thank you very much.

S2 26:17

Thank you.

S3 26:18

Good thank you.

S1 26:18

And thank you very much for tuning into this Moxie podcast. You can find all the previous episodes as well as transcripts, details of past and future Moxie Sessions at [themoxiesessions.co.nz](http://themoxiesessions.co.nz) and also thank you very much to Alcatel-Lucent and its ng Connect program whose sponsorship helps to make this podcast possible. Check out the program at [ngconnect.org](http://ngconnect.org). I'm Glenn Williams with you here in London. Have a good one. See you.

[music]