

29 October 2014

Wellington is a super city

By Philip Barry

The Prime Minister infamously called Wellington a “dying city”. But the evidence shows that the Wellington region is very much alive and kicking, while our “supercity” nemesis, Auckland, is not performing as it should.

To a long-term Wellington resident like me, the recent claims that the city is dying have not felt right. Some of the claims seemed invented to justify whatever solution the speaker is peddling - like council amalgamation. So TDB researched what the key economic and social indicators tell us about the state of the city, especially when compared to Auckland.

In spite of the detractors of the windy city, international commentators see Wellington as a great place to live: *Vogue* magazine, for example, recently called Wellington the “coolest little city in the world”. In Lonely Planet’s 2011 ‘Best in Travel’, Wellington was named the fourth best city in the world and “it might just be the best little capital in the world”.

We all know that Wellington has a vibrant city life. There’s more bars, restaurants and cafes per capita than New York. There is an abundance of options for enjoyment whether you’re after a coffee, a meal or a night out.

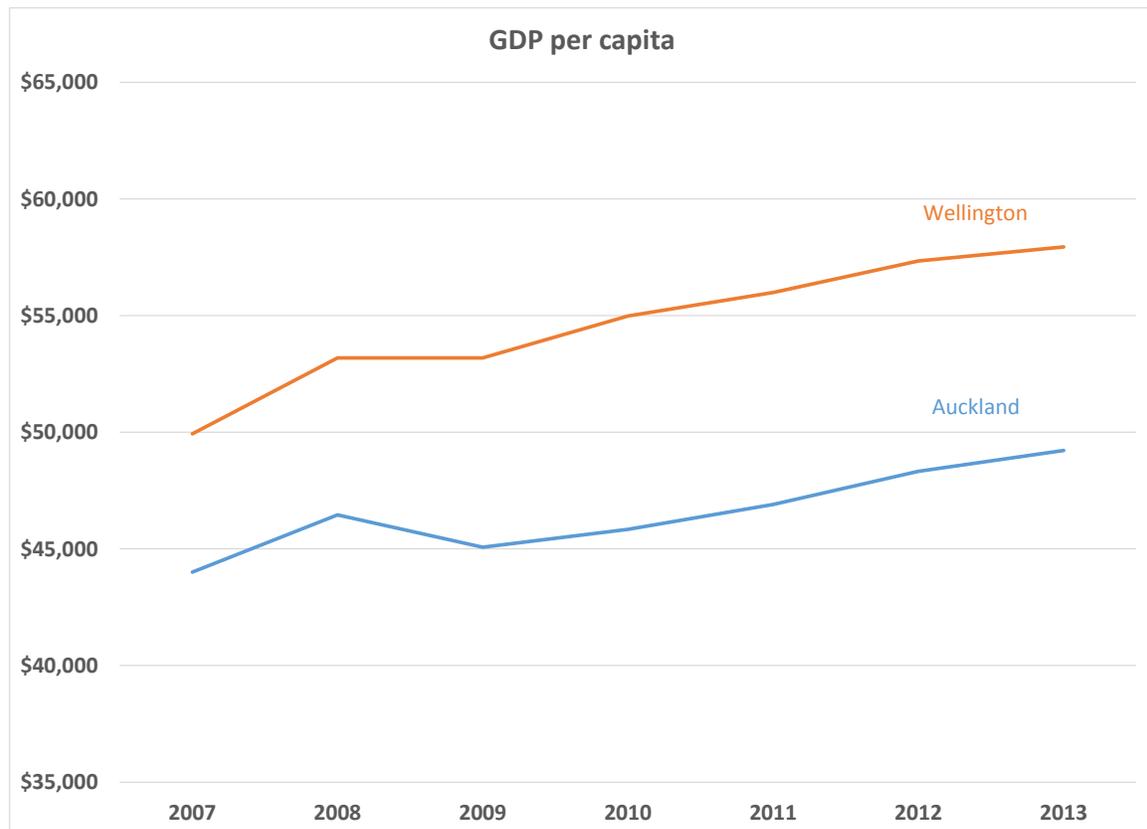
It's not just tourists that recognise quality when they see it. Wellingtonians themselves and other New Zealanders rate the city highly. The 2014 Quality of Life survey rated Wellington as the number one place to live in the country based on resident responses. The 2013 census indicated that Wellington had the most highly educated workforce in New Zealand.

Some large companies have moved their head offices to Auckland but new companies are starting up in the Wellington region and small-business confidence is the highest of anywhere in the country. Small firm confidence in Wellington hasn’t been higher since before the global financial crisis according to an ANZ Bank survey. Wellington thrives in the technology and creative industries with companies such as Trademe, Xero and the Weta group leading the way.

Perhaps most tellingly, the official statistics of regional gross domestic product (GDP) – released by Statistics NZ for the first time in March 2014 - confirm that the greater Wellington region is performing well. Total GDP in the Wellington region has grown a little slower than in Auckland over the period 2007 to 2013 – with Wellington growing at 3.3% per annum and Auckland at 3.5% per annum – but Auckland has experienced significantly higher population growth.

On a per capita basis, GDP in the Wellington region has grown at 2.5% a year from 2007 to 2013, compared with Auckland’s rate of 1.9% per annum over the same period. And if we look at the absolute level of GDP per capita in 2013, Wellington at \$57,941 is well above Auckland (\$49,217), Canterbury (\$49,447) and the national average (\$47,532).

As the graph below shows, GDP per capita is both higher in Wellington than in Auckland and it has grown faster.



Source: Statistics NZ Regional GDP series. The figures for Wellington cover the greater Wellington region and include Wellington, the Hutt Valley, Porirua, Kapiti and the Wairarapa.

Employment figures tell a similar story with Wellington's 2013 unemployment rate at 6.3%, sitting below Auckland's at 6.8%. According to the latest NZ Income Survey, average incomes for all people in Wellington are \$901 a week, 12% higher than the \$805 a week in Auckland.

Auckland is a big city and the sheer scale of the city means there are certain things that Wellington will never be able to compete with. Auckland's level of economic activity and its population immediately place it on the international stage in a way that nowhere else in New Zealand can rival.

So I, as a Wellingtonian, am content to play second fiddle to Auckland. The fact that we're smaller is a bonus, not a problem. And when you look at the numbers, you find we've actually got things better here as individuals. And it appears from the surveys that we've got things better as a community.

As far as I'm concerned, Wellington is a super city already.

Philip Barry is a director of independent corporate advisors, TDB Advisory Ltd, www.tdb.co.nz. He was previously a Director of the Treasury and Counsellor Economic for NZ's Permanent Delegation to the OECD. TDB is advising Hutt City on regional governance issues.