

# **The Wellington Future**

A pathway towards creating Australasia's most prosperous, vibrant, and liveable region

– **Wellington Regional Economic Development Agency (WREDA)**

**STATEMENT OF INTENT 2015 - 2018**

## **CONTENTS**

Introduction

Our context

WREDA – the way forward

WREDA – Strategic Goals

Key performance indicators

Appendix 1 – Letter of Expectation

Appendix 2 – Financials

Appendix 3 – Governance and Accounting

# 1. INTRODUCTION

This is the first Statement of Intent for the Wellington Regional Economic Development Agency (WREDA), which came into existence formally in December 2014.

WREDA is owned by Wellington City Council (80%) and Greater Wellington Regional Council, on behalf of the region (20%). Funding for WREDA comes from these two councils, central government and the private sector.

WREDA combines the activities and functions of four business units, previously located within, and supported by, the Wellington City Council and the Greater Wellington Regional Council – Grow Wellington (the region’s economic development agency) and its subsidiary, Creative HQ; Positively Wellington Tourism; and Positively Wellington Venues. The Major Events function (currently within the Wellington City Council) will become part of WREDA in October 2015.

WREDA aims to integrate, streamline, strengthen and, as required, modify the core activities of these four organisations so that the Wellington Region’s prosperity will be improved and its global reputation as a centre of creativity, enterprise, diversity and livability will be enhanced. As a result, the Region will be more attractive to visitors, investors, migrants, students and entrepreneurial businesses, and will also retain existing enterprises and enable them to grow.

WREDA has come into existence at a time of great opportunity and challenge for the Wellington Region. The reality is that cities and regions are always competing. They compete intensely to attract investment and commercial activity, for talented and skilled people, for entrepreneurs and leaders, and for tourists and students. This competition is becoming more and more intense across the world.

Over time, people are gravitating to larger metropolitan areas, because they offer more – more jobs, more connections and opportunities, and more to see and do. In the New Zealand context, Auckland in particular is attracting newcomers because of the economic opportunities it offers.

The Wellington Region is strongly positioned to compete with other cities – both national and international – which are succeeding. In fact the Wellington region’s strengths are those which are critical to economic growth:

- knowledge and talent
- connectedness
- compactness
- smart industries
- the right culture
- quality of life

Currently the Wellington regional economy is growing but it is not performing as strongly as other New Zealand regions.

<b>GROWTH INDICATOR</b>	<b>NATIONAL RANKING (10 YR TREND)</b>
Employment	6th
GDP	8th
GDP/Capita	6th
Productivity	6th
Median earnings	14th
Highly skilled employment	2nd
Knowledge intensive employment	7th
Median house prices	12th

As well, within the Wellington region, economic performance is inconsistent.

### Wellington Region: Territorial Authority (TA) breakdown

Key Performance Indicators	%pa for 2014 year								Wellington Region	New Zealand
	Wellington City	Lower Hutt City	Upper Hutt City	Porirua City	Kapiti Coast District	Masterton District	Carterton District	South Wairarapa District		
Resident population growth	1.3	0.5	1.2	0.7	0.8	0.4	2.2	1.1	<b>1.0</b>	<b>1.5</b>
GDP growth	1.4	-0.5	-4.8	1.5	3.1	6.0	3.0	-1.0	<b>1.1</b>	<b>3.2</b>
GDP per capita growth	0.1	-0.9	-6.0	0.7	2.3	5.6	0.7	-2.1	<b>0.1</b>	<b>1.6</b>
Employment growth	2.4	-0.7	-1.5	1.6	4.9	4.4	0.9	-3.1	<b>1.7</b>	<b>3.1</b>
Labour productivity growth	-1.0	-0.1	-5.1	-0.1	-1.1	2.5	2.3	1.5	<b>-0.7</b>	<b>0.3</b>
Business units growth	2.9	2.3	1.6	2.0	1.6	0.0	-1.1	1.2	<b>2.2</b>	<b>3.0</b>
Business size growth	-0.5	-2.9	-3.1	-0.4	3.2	4.4	2.1	-4.2	<b>-0.5</b>	<b>0.1</b>

Source: BERL Regional Database, 2014

So, while the Wellington region offers outstanding quality of life and a unique and vibrant identity, the region is not realising its potential. A decisive plan of action is required to raise our economic performance and build on the region's widely acknowledged strengths.

In rising to this challenge, WREDA has developed a bold mission: **By 2025, Wellington will be the most prosperous, liveable and vibrant region in Australasia.**

WREDA has a very clear purpose – to advance the prosperity and livability in the Wellington region. Its role will be a dynamic and enabling one. It will be a catalyst and champion for growth and it will be driven by values that bring out the best in our people and our region: inclusive, rigorous, brave, creative.

WREDA's work programme over the next three years is built on five strategic pillars:

- enable strong and sustainable growth in the region
- deliver an outstanding events programme befitting New Zealand's most vibrant region
- make the Wellington region exceptionally influential and connected
- position the Wellington region as an acclaimed global hub of creativity, culture and technology
- create and sustain a compelling regional narrative

Bearing in mind that WREDA is an organisation in transition from four entities to one integrated team – and that Chris Whelan, the new Chief Executive, doesn't start until early September 2015, – this Statement of Intent is an initial indicator of WREDA's strategic direction over the next three years rather than a detailed outline of specific initiatives.

Once the new Chief Executive is on board and has determined the organisation's structure, WREDA will focus on a programme of activity based on the five strategic pillars, while at the same time build a united and empowered organisational culture which earns a reputation for delivering. We are confident that our strategy and work programme will underpin the beginning of a transformation for the Wellington Region – for the benefit of all who live and work in it. Our ambition for the region is high and so is our determination to play a key role in delivering that ambition. The exciting journey begins now.

## 2. OUR CONTEXT

A journey through the Wellington Region will take you through four cities with nine local councils and close to 490,000 people within an area of 813,000 hectares. Travel through this region and you will find flourishing primary industries, iconic arts, cultural and entertainment venues, world acclaimed examples of ecological excellence, innovations in resource management, progressive transport projects, stunning scenery and recreation facilities, and a wide range of flourishing enterprises. Arriving in Wellington city, New Zealand's capital, you will discover a vibrant urban hub that contains globally recognised creative industries, a diverse range of smart, internationally competitive businesses, leading education and research facilities, innovative public policy development and the institutions which are at the very heart of the country's sense of nationhood, as well as its judicial, legislative and professional powerbase.

You will discover a walkable and connected city where you can literally start at the Head Office of Xero and end up with five face-to-face business meetings in one day -, within one block -, and without turning one ignition key.

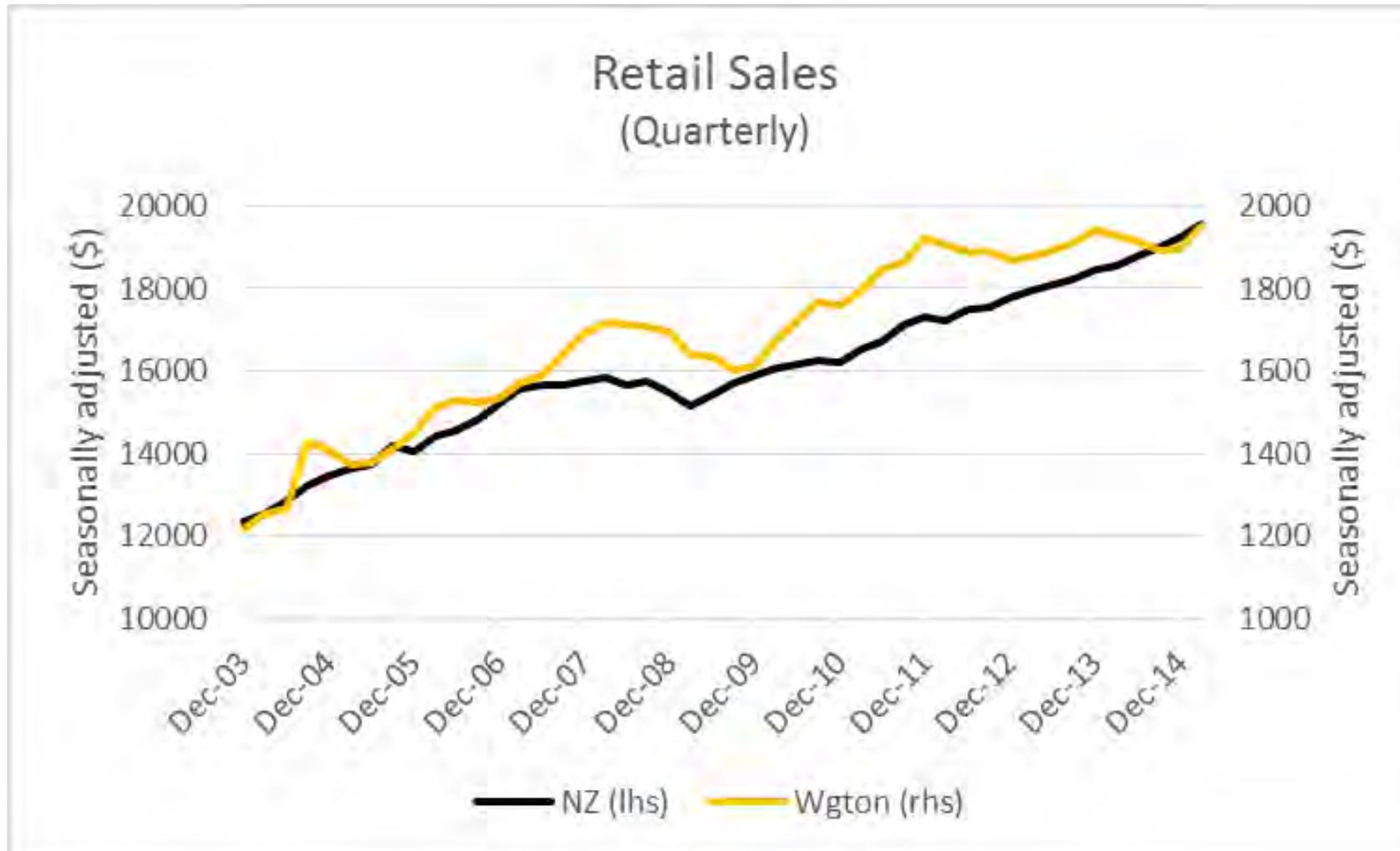
You will experience a liveable city which now attracts longer visitor stays than any other urban area in New Zealand and which has been described by Lonely Planet as "the coolest little capital in the world."

If your journey from the region into the capital is by train, you will be met outside the station by the statue of Mahatma Gandhi – purposefully poised mid-stride, staff in hand – and his famous words: “We must become the change we want to see”.

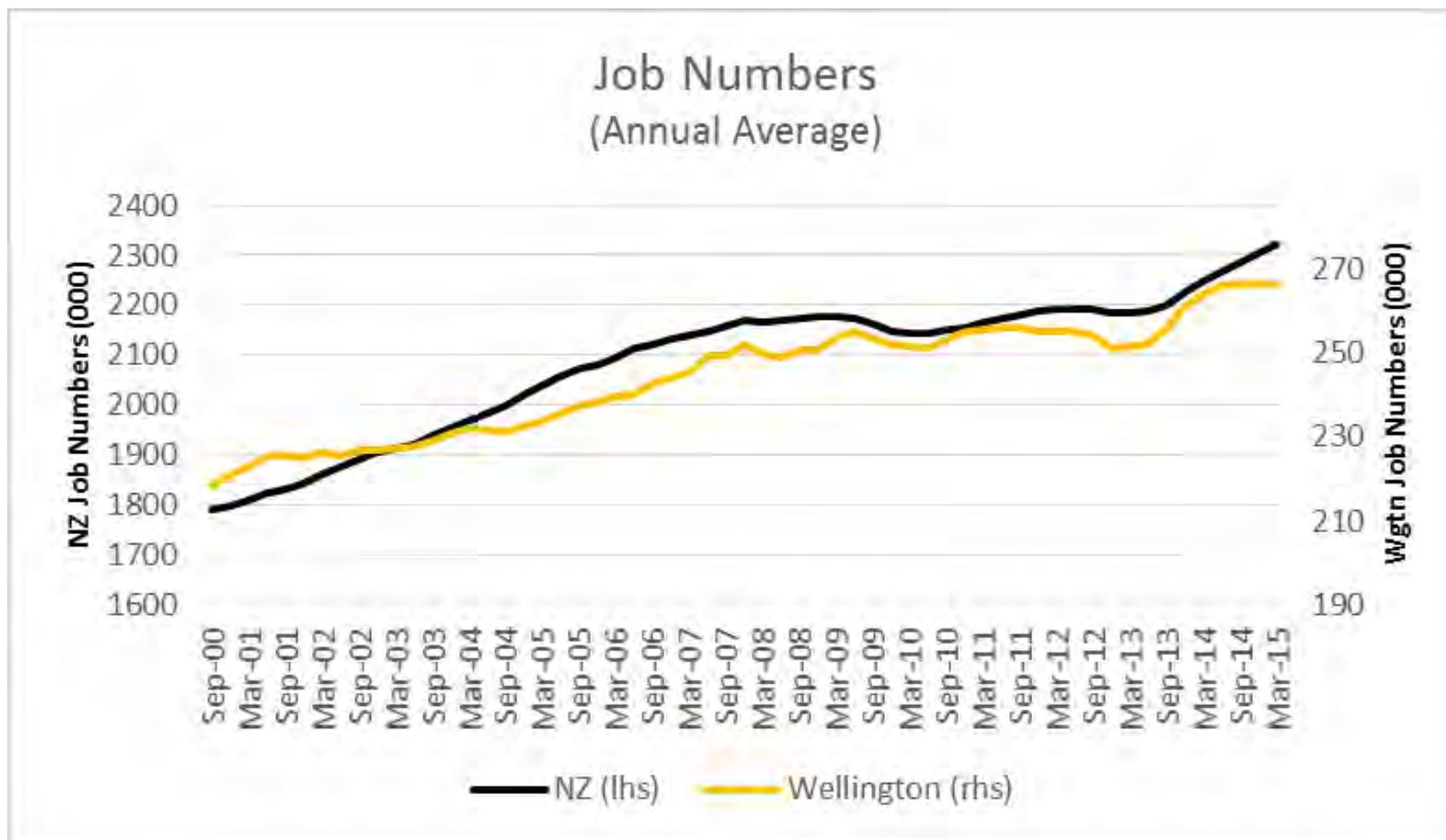
The Wellington region, too, is purposefully poised to “become the change we want to see” – but a step-change is needed. There is every reason to be positive about the future of the Wellington Region - but at the same time there are realities which need to be acknowledged and addressed with bold, strategic action.

The New Zealand economy as a whole is performing strongly, driven, in part, by the Canterbury rebuild, low interest rates and strong net inward migration. The Wellington regional economy is growing too. However, despite employment growth in the public service resuming, it is lagging behind other centres.

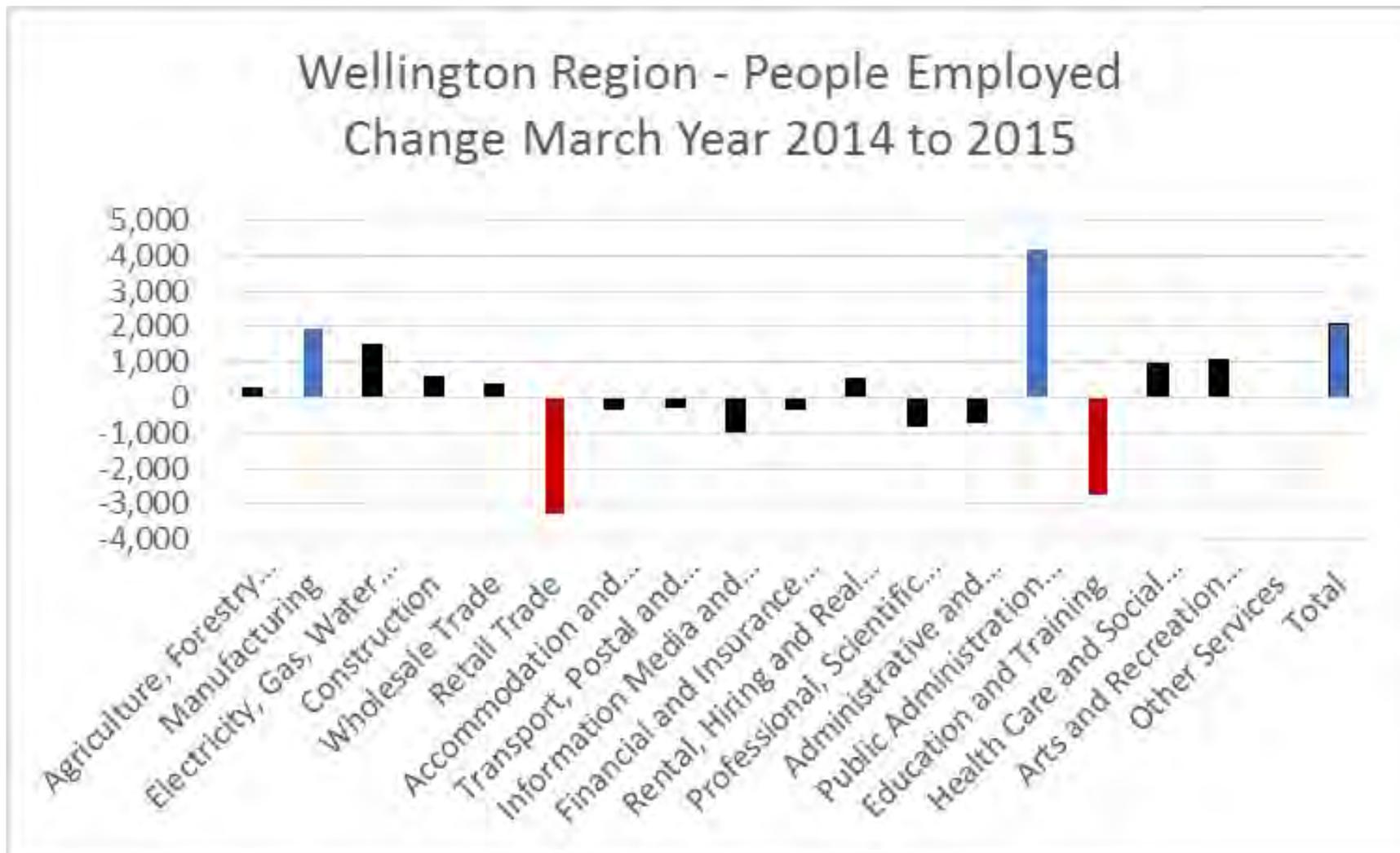
Retail spending (a sign of confidence in the local economy) in the region has been flat since 2011.



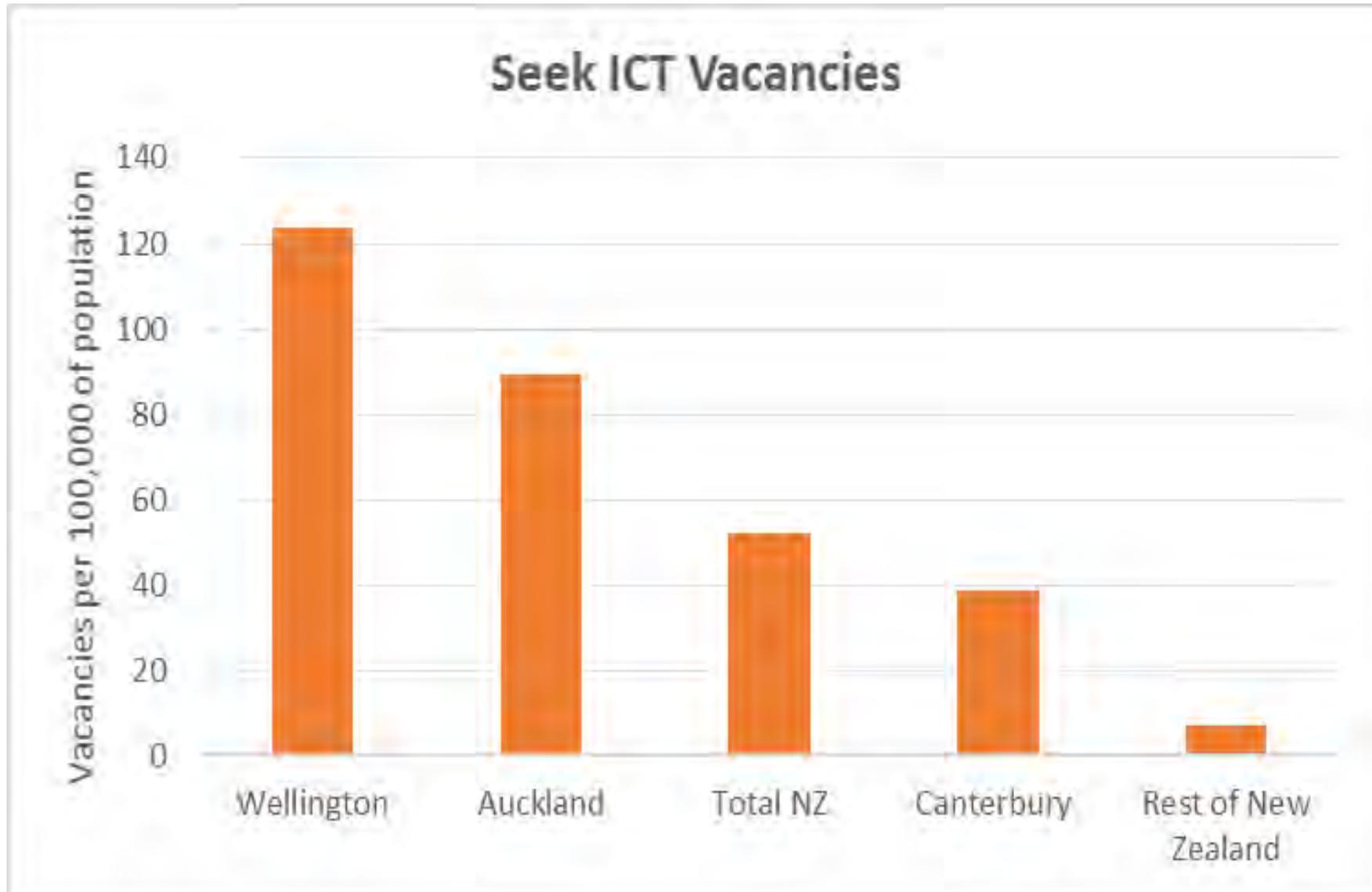
Overall job growth in the region has slowed – despite employment growth in the public service resuming



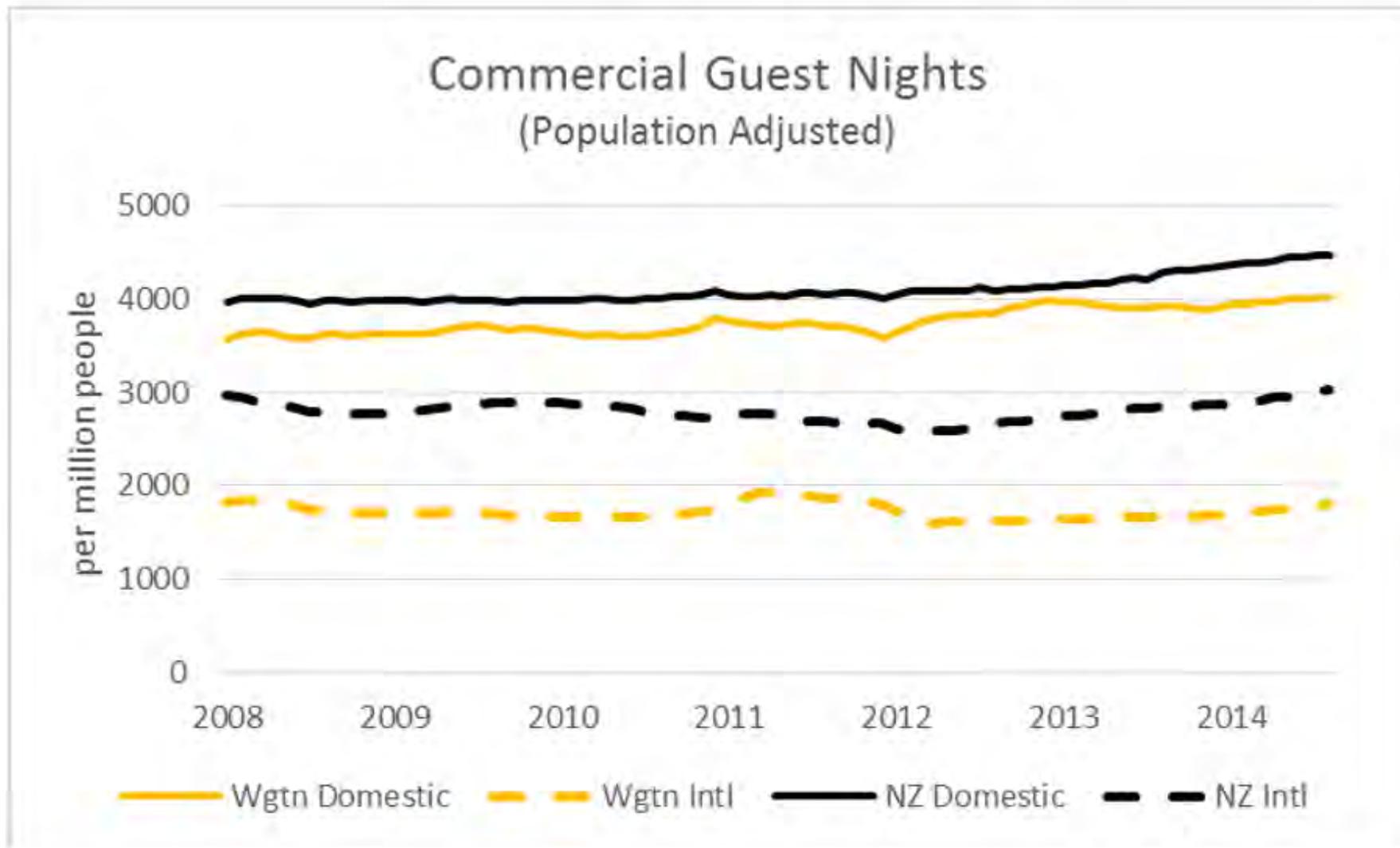
Business performance by sector is mixed



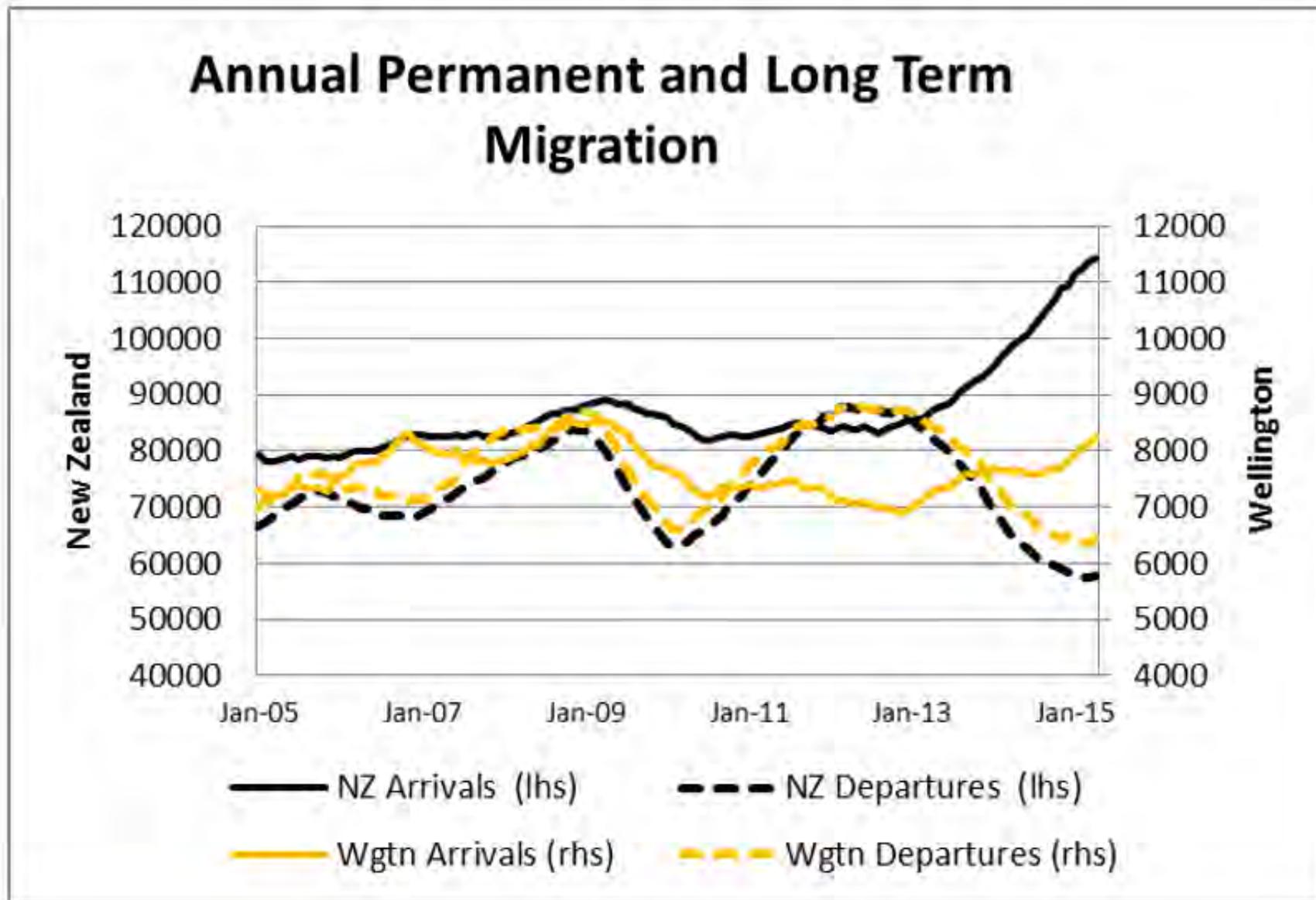
There are skill shortages in key sectors (e.g. Tech/IT)



The region is not reaching its potential in terms of international visitors and it needs to attract more visitors from outside its traditional markets of Australia, the USA and the UK.



The region is not getting its share of migrants and international students



As well, the region's distinctive arts and events positioning is being challenged – particularly by a united and increasingly confident Auckland.

So, with the regional economy not realising its potential and with the region facing a range of competitive pressures, Wellington has an urgent requirement to address its weaknesses as well as capitalise further on its existing strengths –, which include:

- a highly skilled and educated workforce
- a strong knowledge-based services sector
- world-renowned ICT, film, science, and creative sectors
- a mix of large multi-nationals and SMEs
- the location for central government, the public service and diplomatic corps
- a reputation as a leader in arts, culture and cuisine
- a high-performing education sector, including three universities
- a quality food and beverage offering, including innovative and export-led primary industries
- the national centre for the expression and discovery of New Zealand's nationhood

In addition, the region has an opportunity to build on its emerging capabilities and advantages - including public policy innovation, disaster management, and resilience.

While exploiting these strengths, the region needs to:

- grow its population
- reignite economic growth
- improve the stability of the job market
- fast-track business growth
- diversify and strengthen the economy
- make the most of the population's skills and talents
- ensure that major infrastructure projects which will promote economic growth happen
- rejuvenate its arts and events positioning

In summary, the Wellington region has the opportunity to become New Zealand's – and Australasia's – premier-performing region.

### **3. WREDA – TAKING THE WELLINGTON REGION FORWARD**

A priority for WREDA, in its first year is to create a united and engaged, effective and energised organisational culture. The CEOs of each business unit are preparing their teams to work with WREDA’s new focus and are currently developing their collective plans to implement this strategy.

When he starts in September 2015, CEO Chris Whelan will be presented with options to consider for the structure of the new organisation. A change management and engagement plan will be considered to move the organisation forward in a positive and focused way.

WREDA faces a number of challenges as it transforms from four separate entities into a single organisation with a shared purpose and culture and an integrated way of working. Currently WREDA is made up of four business units that have previously worked separately and come together on a project basis. Separately funded, these units operate from separate locations and have pre-negotiated funding and contract commitments to maintain.

For some months to come, WREDA will have to conduct “business as usual” as well as putting in place a future-focused strategy and delivering new initiatives. This Statement of Intent (SOI) takes this situation into account.

# 4. WREDA – STRATEGIC GOALS

WREDA: STRATEGIC PLAN ON A PAGE – 2015-2020

Vision: By 2025 Wellington will be the most prosperous, liveable and vibrant region in Australasia

Purpose: To advance the prosperity and liveability of the Wellington region



## Positioning

Wellington is packed with achievers, creators, thinkers, dreamers, doers and lovers of life. A place where ideas happen, people live in style, connect with nature and find friends for life. Often wild, sometimes calm, but always alive with an energy and enthusiasm that makes the region the place of the possible.

**Values** Driven; Inclusive; Rigorous; Brave: Creative

Very soon after WREDA was established, the Board developed a vision for the organisation and a set of five strategic pillars which will provide the focus for WREDA's activities. This is commonly called The Plan on a Page.

Four key functions will underpin the work included in this strategy:

**Partnerships:** Improving and, where required, establishing credible and ongoing partnerships within the region to map, monitor and manage the key relationships that span all areas of work.

**Marketing:** An integrated marketing/ media plan will tell the success stories, market these nationally and internationally in a variety of ways and will also work to drive visitor, migrant, student and business attraction.

**Communication and influence:** Externally, and internally, WREDA will communicate with one voice as one organisation across all areas of business. Information, research, leveraging opportunities and emerging opportunities will be communicated across all business areas to help guide strategy and monitor progress.

Internally, an integrated central digital platform will remove current duplication, encourage collaboration and co-ordination between the business units and ensure consistency of message. This will include improving links for investors and businesses considering setting up operations in Wellington.

**Research:** High quality, robust research will underpin all WREDA's focus areas.

## 5. Enable strong and sustainable growth

Currently WREDA assists the facilitation of business capability in a range of ways, including key partnerships (e.g. with Callaghan Innovation and NZTE), incubators/ accelerators (e.g. Creative HQ), increasing firm capability and sector scale, attracting businesses, investment and talent, boosting the level of innovation and connection in the region and removing workforce constraints for key sectors.

Over the next 12 months, current activities will be reviewed, evaluated and, where possible, improved. This will form the basis of industry-led sector growth plans. WREDA already has relationships with the businesses in the key sectors and will, in partnership, deepen and leverage these to formulate a more expansive plan of action.

These key sectors are:

- Film and Screen
- ICT / Digital / Tech
- High value manufacturing
- Education
- Primary (Gate to Plate)
- Research, science and technology
- Tourism and Events
- Professional services (including government)

WREDA will also consider other sectors with the potential to fuel growth (e.g. public policy innovation, energy, including renewable, disaster management and resilience.)

As gaps, synergies and opportunities are identified, they will be shared with partners across the sectors with a view to developing plans to create the "step change needed" to improve economic performance.

Building on existing work, WREDA will undertake further research into successful economic regions to identify how and why they were successful and what models of partnership and investment were adopted. Adapting this to the Wellington region's strengths will be an integral part of WREDA's next phase of activity. Shared insights gained from this research will be a powerful tool to assist to stimulate "next step" plans, potential inward investment and ultimately economic growth.

To grow the number and value of visitors, migrants and student numbers to the region – and boost inward investment, WREDA will continue to work with all key providers and partners to:

- Maintain and improve strong links with key potential markets
- Market Wellington as a visitor, student and business destination
- Ensure that the “Helloworld” conference of 500 Australian-based travel agents in Wellington is successfully delivered
- Carry out migrant attraction campaigns
- Engage with central government regarding changing the migrant qualification system to include a heavier weighting for non- Auckland bound migrants
- Support and advocate the business case to extend the runway for Wellington airport and ensure that the airport extension is positioned and viewed as a key element in ‘step-changing’ growth in the region

WREDA is already engaged with Education NZ, and leaders from secondary and tertiary institutions, in assisting to establish a high growth international student strategy for the Wellington region. An establishment Steering Group has been formed, and a model is being developed, to confirm the necessary investment and maintain strong and ongoing sector engagement.

WREDA leadership of the Education sector strategy will inform sector growth plan development in other areas and establish WREDA as a credible partner in, and champion of, other similar projects.

WREDA will advocate for, and provide the leverage opportunities from, key regional infrastructure projects, including a new Wellington convention centre, major roading projects, Wairarapa Water Use Project, Indoor Arena, The Film Museum, Gracefield Innovation Quarter, the Museum of Conflict and Peace.

WREDA plans to undertake the following activities in respect of economic growth:

**ACTIVITY TABLE**

<b>ACTIVITY</b>	<b>DELIVERABLES</b>	<b>OUTCOMES</b>
1. Increase the number of Migrants	Regional Partnership Agreement with central government signed	Increase in skilled migrants over the 2014/15 base year > the region's population growth
2. Increase the number of Migrants	Change in the Immigration points system for non-Auckland migrants	Increase the Immigration points system weighting from 10 points to at least 30 points
3. Increase the number of international students	Establish a high growth international student attraction strategy for the Wellington region in partnership with the Education NZ establishment Steering Group	Increase student FTE numbers by 10%  Ongoing, strong partnership with Education NZ
4. Increase the number of international students	Obtain third party funding to assist in direct marketing	Third party funding obtained
5. Increase the number of Students	Assist in alumni-based education marketing	To be developed with education partners
6. Increase the number of Tourists	Develop and promote a tourist/ visitor discount/ promotion App from the WREDA website to reward and measure visitor engagement	App developed

7. Increase the number of Tourists	Deliver a tourism/ migrant and business attraction marketing campaign	Increase in direct visitor arrivals over 2014/15 by 5%
8. Business (Tech)	Work with WCC and Biz Dojo to leverage economic opportunities from the Tech Hub project	Increase in value of start-ups
9. Business – internships/ work placements	Continue work on Summer of Tech project and, in partnership with industry, develop new programmes to increase internships and work-based learning and placements	Increase in internships/ work placements over 2015 baseline
10. Business – export links and opportunities	Develop market strategies for two Tier One markets. Deliver export-focused seminars and run inbound and outbound trade delegations	Market strategies developed Export-focused events delivered
11. Business – Incubators/ Accelerators	Investigate the feasibility of a science accelerator programme including contributing to the feasibility study of establishing a bio-medical cluster  Investigate potential to establish Waterloo-style accelerator	Decisions made
12. Business (Innovation)	Successful evaluation of R9 Accelerator	R9 Accelerator programme extended
13. Business (High Value Manufacturing)	Lightning Lab Manufacturing Programme evaluated successfully	Continuation of programme
14. Business (Education/ ICT)		ICT Graduate school established

	Advocate for ICT Graduate School	
15.Business (Screen)	Establish screen writer's programme in Wellington to boost the level of local IP creation	Programme established
16.Business (Screen)	Second running of Directors and Producers Masterclass	Masterclass programme established on an ongoing basis
17.Business (Primary)	Identify potential growth opportunities from Wairarapa Water Use Project	Project progressing
18.Business (Innovation)	Participate in the roadmap design for the development of the Gracefield Innovation Quarter	Gracefield Innovation Quarter is progressed
19.Business (Design)	Connections Design sector internship pilot evaluated	Completed

## 6. Deliver an outstanding events/activity programme

In 2014/15 Wellington hosted the Cricket World Cup and the FIFA U20 World Cup in addition to an already busy event calendar. 2015/16 will be equally busy for Major Events in Wellington. Highlights of the major events calendar for the coming year will include the LUX Light Festival, Beervana, Wellington on a Plate, World of Wearable Arts, the Elton John and AC/DC concerts, Wellington Sevens, NZ Festival, Royal Edinburgh Military Tattoo, CubaDupa, Homegrown and international sporting events along with the seasons of the Wellington Phoenix and Hurricanes.

During the transition of the Major Events business to WREDA, it is important that the delivery of Events programme is achieved, and ongoing relationship management with key stakeholders and event rights holders is enhanced. Major

Events will manage the relationships for a suite of events to ensure the efficient delivery of city operations and maximise leverage opportunities for the city and region.

The formation of WREDA provides the opportunity to make a significant change in how the events business is approached and planned in the Wellington region. A review of all events against the investment framework and previously completed economic impact assessment will be completed during 2015/16. Planning across all the business units, in partnership with regional stakeholders, will provide:

- a shared strategy and objectives, and a coordinated calendar of events
- a broad and flexible view of the leveraging opportunities, benefits of, and approach to, major events in the city and region. This will include attracting and leveraging from business events, conferences and other major events from which business opportunities may emerge
- focused and disciplined investment decisions in event planning and a more proactive approach to prospecting for events which will benefit the region economically as well as culturally
- a broad portfolio approach to major events which will guide better investment, development, attraction and retention planning
- a diverse range of events planned across the calendar year with attention given to bringing events to the region during the non-peak season

The Wellington region needs to maintain its position within the conference/ convention market by investing in a new range of new facilities to enhance its offer to business and leisure audiences. Advocacy for the new Wellington convention centre will include championing the economic benefits of having larger and fit-for-purpose conference event facilities. Already plans are underway to enable Wellington to accommodate more and bigger events at peak times.

WREDA will work with Wellington City Council regarding the appropriate balance between the needs of the city's iconic events and cultural organisations and commercial considerations.

WREDA will continue to target events which reinforce Wellington's reputation as New Zealand's most vibrant city and region and the associated marketing plans will ensure that visitors to Wellington enjoy a "whole of region" experience. This applies to all visitors whether they are here on business, as students, shoppers or as tourists.

Consideration will be given to venue capacity and 'fit' for targeted events and, where necessary, an asset development plan will be considered and negotiated.

The events and marketing strategies will be aligned with a venues delivery plan. A stock take of regional venues' capacity, infrastructure and availability will be undertaken to inform the venues delivery plan. An integrated events programme will align opportunities, funding, bidding and marketing strategies to achieve the goal of confirming Wellington as a distinctive events destination in Australasia.

WREDA manages, under contract, five venues on behalf of Wellington City Council. Management of the venues by WREDA will involve:

- strong working partnerships with WCC (the owner) and all key stakeholders
- successful renegotiation of all major contracts
- review and approval of all venue operating, reporting and health and safety systems
- sign off of Venues Management Agreement with WCC
- agreed Asset Management Plans in place
- an upgraded and comprehensive health and safety strategy rolled out across all the business units
- a stock take of regional venues' capacity and availability to inform the venues delivery plan

A marketing plan will identify the key events that Wellington wants to attract, in alignment with the sector growth plans. This will outline a strategy for procuring and leveraging these events, particularly targeting the Australian market.

An audience development plan will grow Wellington’s position in the business and live performance market, factoring in new audience demographics. A venue development plan will identify the issues needed to be addressed to successfully target the corporate and conference market. A Product Development Plan will advance the redevelopment of a new Food and Beverage operating model, accentuating the uniqueness of what Wellington has to offer.

## **7. Make WREDA and the Wellington Region exceptionally influential and connected**

WREDA will develop and strengthen partnerships with:

- central and local government
- crown research institutions and independent research bodies
- business, both established and emerging
- education sector
- iwi
- potential overseas investors
- significant sector groups

WREDA will develop a robust central government engagement plan to ensure the Wellington region's voice is sought and taken seriously by central government. This will include strong relationships with Wellington-based MPs so that they are reliably informed and become robust advocates for the region, its people and its potential.

WREDA will work to be a “connector” – bringing together ideas, talent, business, and national and international opportunities to meet and solve local challenges that can then be applied and leveraged for economic benefit for the region and the country. Already WREDA is in discussion with the tertiary sector on the development and coordination of teaching, research and professional practice activities to underpin the goals of WREDA and its Stakeholders.

WREDA will maintain a focus on the business and regulatory requirements around energy creation, new technology and revolutionary design projects that suit the region's natural resources and will strengthen partnerships likely to ensure national and international connectivity for the region.

The proposed Wellington Deal partnership with central government will assist to establish investment projects to lift the performance of the Wellington region as well as contribute to a network of political and business leaders so that the region's voice is united and strong.

## **8. Position the Wellington region as an acclaimed global hub of creativity, culture and technology**

Retaining and supporting the iconic cultural institutions and events that make Wellington the “cultural heart of New Zealand” will be a continuing focus for WREDA.

Maintaining and strengthening relationships within these sectors will provide a collaborative and supportive environment to meet any challenges. By celebrating and marketing the national contribution of Wellington's museums and cultural institutions and advocating for them to be retained and developed, WREDA will enhance the region's reputation and significance to the whole of New Zealand.

As well as a cultural heart, the Wellington region has become internationally recognized as a hub of design and innovation. But there is still much to learn, especially from other international regions and cities that have positioned themselves around their unique offerings and leveraged maximum advantage and growth as a result. WREDA will research and learn from these examples and develop and share ideas, plans, and partnerships with key players, national and international, that can help to adapt this success to the Wellington environment.

Already WREDA is in discussion with Massey University to establish a regional Creative Industries Taskforce, building on both WREDA's and the City Council's strategies to develop, in partnership with key sector players, a Creative Industries

Sector Strategy. WREDA is actively engaged with the Weltec/Whitireia Creative and Technology Art Centre and sees it as adding an even deeper dimension to the central city's vibrancy and the Wellington region's creative positioning. WREDA will also assist in the establishment of a Wellington ICT Graduate school.

WREDA will help to unlock the 'real world' benefits of science and technology, creativity and design and is committed to playing its part to help make this happen.

## **9. Create a compelling regional narrative**

Wellington, New Zealand's most creative region, should have internationally recognised creative marketing campaigns which celebrate and demonstrate the region's reputation as a place where ideas and innovations flow and grow. They also play a crucial part in investment, visitor, migrant and student attraction.

WREDA will redefine and update Destination Wellington with a focus on removing duplication, increasing efficiency and delivering programmes which have a measurable impact on economic growth – in particular, business attraction/retention, inward migration, marketing the Wellington region as a business and investment destination, and international student attraction.

WREDA will review the needs and resources required to create a consistent and compelling regional narrative, using as its base the existing "Wellington story". Along with increasing the effectiveness and reach of the region's external communications, the narrative, built around constant presence and a consistent tone and brand, will help make Wellingtonians ambassadors for their own city and region. It will inform, provoke discussion and the flow of ideas and celebrate the success stories that will make the Wellington story as engaging and relevant for the tourist, the migrant and the business owner as to an investor or local citizen.

## **10. Other Matters**

The Letter of Expectation requested WREDA to consider the efficiency resulting from the transfer of other functions and activities within the Councils to WREDA. Examples included the funding from WCC in respect of the Innovation function within WCC and the WRS Office.

WREDA does not wish to make any recommendation on this matter to the Committee until after the arrival of the new CEO at which point WREDA will revisit this issue with the Committee.

## 11. PERFORMANCE MEASURES

	2015/16	2016/17	2017/18
1. Total direct spend from out of region visitors attending supported events	>\$90m	>\$90m	>\$90m
2. Major events over the entire portfolio will achieve an economic benefit for every dollar invested	20:1	20:1	20:1
3. Major events will exceed attendances at their supported events	>500,000	>500,000	>500.000
4. Venues will achieve a minimum utilisation rate across all of its venues	>56%	>58%	>60%
5. Maintain Wellington's Convention and Incentive market share (of the multi-day conference market) within the NZ market	16%	16%	17%
6. Number of direct Australian visitor arrivals will exceed 2014/15 levels	2%	3%	4%
7. Increase in international commercial guest nights	4%	3%	4%
8. Increase spend of international visitors to Wellington will exceed 2014/15	4%	3%	5%

9. The number of “visits” to the Wellingtonnz website will exceed (relative to 2014/15)	10%	10%	10%
10. The value of shareholdings in third party companies received by WREDA in return for providing services will exceed	\$900,000	\$1,000,000	\$1,100,000
11. Completion of growth sector plans for: <ul style="list-style-type: none"> <li>• Screen</li> <li>• ICT/ Digital</li> <li>• Education</li> </ul> and approved by stakeholders.  Develop sector plan for Creative sector	June 2016	Updated as required	Updated as required
12. Increase in value of new businesses setting up in Wellington from the pipeline	Total of \$45 million EVA over 3 years	Total of \$45 million EVA over 3 years	Total of \$45 million EVA over 3 years
13. Attract screen production to Wellington with a combined production value of:	\$20m	\$22m	\$24m
14. WREDA is a single integrated organisation with new structure.	By June 2016		
15. Increase in the number of jobs in the region	Average of 2,000 jobs per year over 3 years	Average of 2,000 jobs per year over 3 years	Average of 2,000 jobs per year over 3 years
16. Number of businesses established in region increased by:	200	200	200
17. Help accelerator and incubator companies raise capital	\$3m pa	\$3m pa	\$3m pa

## APPENDIX 1: LETTER OF EXPECTATION

Expectation	How	Measure
Sector Growth Plans in respect of: <ul style="list-style-type: none"> <li>• Film and screen</li> <li>• ICT/Digital/ Tech</li> <li>• Education</li> <li>• Creative</li> </ul>	Refer section five (5).	Sector growth plans for each sector completed by June 2016, signed off by stakeholders and agreed
Grow funding contribution from non-council sources	Build stronger networks and relationships Strategic planning with partners in key sectors Develop co-funding marketing projects to attract third party funding	Non council funding = council funding for tourism and economic development by 2017
Commercialise innovation in education/ research	Investigate overseas success examples such as science city  Form partnerships with Massey/Victoria/Otago/ Weltec/ Whitereia	Scope plan for university accelerator programme  3 innovation commercialisations from ongoing work

	<p>Ongoing, deeper partnerships across Education sector</p> <p>Link with Crown Research and Tertiary Institutions</p>	
Inward investment programme	Refer to section five (5).	Decision on whether to have a programme by June 2016, approved by Board and stakeholders
<p>Support various projects through advocacy and to leverage off potential growth opportunities;</p> <p>Runway extension Convention Centre Major road projects Wairarapa Water use project Indoor arena Film Museum</p>	Refer to section five (5).	Progress on these projects.
Lasting partnerships with central government	Refer to section seven (7).	WREDA has influence in government policies that affect the region
Develop appropriate marketing strategies	<p>Ongoing integration of Wellington brand story into all Wellington marketing activities</p> <p>Delivery of marketing activity to targeted audiences in coordination with delivery programme</p> <p>Marketing support to Major Events</p> <p>Partner with the hotel sector, Te Papa, the Great War exhibition and other event owners</p>	<p>Increase total website visits by 10% relative to 2014/15</p> <p>Airline capacity increased over 2014/15 levels</p> <p>Wellington retail and hospitality spending increases by 5% over 2014/15 levels</p> <p>Increase the KNOW Wellington audience by 10% to 187,000</p> <p>Increase total website visits by 10% relative to 2014/15</p>

	Develop single digital portal to market all aspects of WREDA business	
Tourism – grow value of the visitor economy to region by considering events, tourism, business tourism and product development	Refer to section five (5).	Refer to performance measures under section 11.
Carry out a review of Wellington’s major events. Including the retention of iconic events	Refer to section six (6).	Refer to performance measures under section 11.
Through its management of Venues outline how to maintain and enhance Wellington’s reputation as arts, culture, events capital	Refer to section six (6).	Refer to performance measures under section 11.
Update the Destination Wellington programme re business attraction, inward migration, international students	Refer to sections five (5) and nine (9).	Refer to performance measures under section 11.
Boost regional exports	Plan to be developed.	Measure to be developed.
Address skill shortages	Refer to section five (5).	Measure to be developed

# APPENDIX 2 FINANCIALS

## Wellington Regional Economic Development Agency Ltd (WREDA)

Forecast 30-Jun-15	STATEMENT OF COMPREHENSIVE INCOME	Qtr to 30-Sep-15	Qtr to 31-Dec-15	Qtr to 31-Mar-16	Qtr to 30-Jun-16	FYE 30-Jun-16	FYE 30-Jun-17	FYE 30-Jun-18
	<b>Trading Revenue</b>							
	Trading Income	463,550	977,000	1,187,500	564,500	3,192,550	3,000,000	3,050,000
	<b>Other Operating Revenue</b>							
	Shareholder grants	4,517,250	5,016,275	5,548,275	5,018,275	20,101,075	21,627,000	21,837,000
	Sponsorships, grants and donations	50,000	75,000	75,000		200,000	110,000	110,000
	Other operating income 1	727,282	445,189	813,353	466,153	2,451,978	2,530,000	2,400,000
	Other operating income 2	17,470	87,500	115,000	27,420	247,390	1,248,000	2,248,000
	<b>Non-operating Revenue</b>							
	Car parking / sub lease income	27,637	28,037	28,037	28,037	111,748	112,148	112,148
	Interest income	30,000	17,400	23,300	17,400	88,100	89,000	88,000
	Other income	80,000	70,000	55,000	55,000	260,000	100,000	111,000
	<b>Total Revenue</b>	<b>5,913,189</b>	<b>6,716,401</b>	<b>7,845,466</b>	<b>6,176,785</b>	<b>26,652,841</b>	<b>28,816,148</b>	<b>29,956,148</b>
	<b>Direct Costs</b>							
	Cost of sales	401,595	812,758	956,348	434,258	2,604,957	2,458,000	2,358,000
	Wages (events etc)	82,000	12,000	12,000	6,000	112,000	38,400	30,000
	Other direct costs	269,850	341,151	301,650	269,850	1,182,501	1,182,501	1,182,501
	<b>Total Direct Costs</b>	<b>753,445</b>	<b>1,165,909</b>	<b>1,269,998</b>	<b>710,108</b>	<b>3,899,458</b>	<b>3,678,901</b>	<b>3,570,501</b>
	<b>Operating Expenses (overheads)</b>							
	Salaries and wages	3,052,841	3,427,660	3,422,034	3,357,010	13,260,545	13,489,545	13,464,545
	Other employment costs	51,351	63,251	68,301	57,001	239,904	234,004	234,004
	Occupancy costs	165,552	165,552	165,552	165,552	662,208	640,996	652,808
	Utilities	13,350	12,350	12,050	13,050	50,800	51,100	51,400
	IT and communications	86,545	79,045	87,465	78,965	332,020	306,860	305,448
	Insurance	27,000				27,000	27,500	27,500
	Administration costs	60,980	61,980	61,480	90,980	275,420	252,988	252,988
	Vehicle expenses	13,000	13,000	13,000	13,000	52,000	52,000	52,000
	Travel costs	19,542	14,542	18,042	28,042	80,168	51,168	46,168
	Professional fees	29,100	18,100	21,100	37,100	105,400	95,400	95,400
	Marketing and Sponsorship	945,698	1,863,465	2,133,675	2,216,865	7,159,703	9,440,120	10,686,070
	Directors' Fees	60,467	60,467	60,467	60,467	241,868	243,668	243,668
	<b>Total Operating Expenditure</b>	<b>4,525,426</b>	<b>5,779,412</b>	<b>6,063,166</b>	<b>6,118,032</b>	<b>22,487,036</b>	<b>24,885,349</b>	<b>26,111,999</b>
	<b>Total Expenditure</b>	<b>5,278,871</b>	<b>6,945,321</b>	<b>7,333,164</b>	<b>6,828,140</b>	<b>26,386,494</b>	<b>28,564,250</b>	<b>29,682,500</b>
	<b>Earnings before, Interest, Depreciation and Tax</b>	<b>634,318</b>	<b>(228,919)</b>	<b>512,302</b>	<b>(651,354)</b>	<b>266,347</b>	<b>251,898</b>	<b>273,648</b>
	Interest expense	(38,766)	(21,128)	86,693	21,721	48,520	36,750	86,750
	Depreciation	18,000	21,000	20,000	17,800	76,800	72,300	44,050
	Taxation expense	15,850	14,850	14,850	13,850	59,400	55,000	50,000
	<b>Net Surplus/(Deficit)</b>	<b>639,234</b>	<b>(243,641)</b>	<b>390,759</b>	<b>(704,725)</b>	<b>81,627</b>	<b>87,848</b>	<b>92,848</b>

Forecast 30-Jun-15	STATEMENT OF FINANCIAL POSITION	As at 30-Sep-15	As at 31-Dec-15	As at 31-Mar-16	As at 30-Jun-16	As at 30-Jun-16	As at 30-Jun-17	As at 30-Jun-18
	<b>Shareholders Equity</b>							
	Paid up capital							
	Retained earnings	2,702,951	2,549,650	2,782,537	1,980,545	2,010,545	2,088,241	2,278,991
	<b>Total Shareholder/Trust Funds</b>	<b>2,702,951</b>	<b>2,549,650</b>	<b>2,782,537</b>	<b>1,980,545</b>	<b>2,010,545</b>	<b>2,088,241</b>	<b>2,278,991</b>
	<b>Current Assets</b>							
	Cash and cash equivalents	3,377,549	1,931,159	2,942,143	1,446,703	1,476,703	1,318,826	1,379,076
	Accounts receivable	1,060,000	955,000	1,055,000	965,000	965,000	960,000	970,000
	Prepayments	9,500	26,000	26,000	12,650	12,650	1,200	12,000
	Inventory	700	1,500	1,250	1,300	1,300	1,300	1,300
	Other current assets	98,000	90,000	100,000	100,000	100,000	100,000	100,000
	<b>Total Current Assets</b>	<b>4,545,749</b>	<b>3,003,659</b>	<b>4,124,393</b>	<b>2,525,653</b>	<b>2,555,653</b>	<b>2,381,326</b>	<b>2,462,376</b>
	<b>Investments</b>							
	Term deposits							
	Other investments							
	<b>Total Investments</b>							
	<b>Non-current Assets</b>							
	Fixed assets	354,832	352,332	328,835	308,535	308,535	252,235	223,185
	Intangible assets							
	Other non-current assets	1,008,054	1,508,054	1,508,054	1,708,054	1,708,054	1,800,000	2,000,000
	<b>Total Non-current Assets</b>	<b>1,362,886</b>	<b>1,860,386</b>	<b>1,836,889</b>	<b>2,016,589</b>	<b>2,016,589</b>	<b>2,052,235</b>	<b>2,223,185</b>
	<b>Total Assets</b>	<b>5,908,635</b>	<b>4,864,045</b>	<b>5,961,282</b>	<b>4,542,242</b>	<b>4,572,242</b>	<b>4,433,561</b>	<b>4,685,561</b>
	<b>Current Liabilities</b>							
	Accounts payable	1,042,684	1,452,056	1,006,027	1,718,070	1,718,070	1,493,320	1,541,570
	Income in advance	1,378,000	245,000	1,461,000	148,000	148,000	145,000	145,000
	Employee entitlements	235,000	220,000	252,000	288,000	288,000	292,000	295,000
	Provisions and accruals	500,000	367,339	409,718	387,627	387,627	395,000	405,000
	Other current liabilities	50,000	30,000	50,000	20,000	20,000	20,000	20,000
	<b>Total Current Liabilities</b>	<b>3,205,684</b>	<b>2,314,395</b>	<b>3,178,745</b>	<b>2,561,697</b>	<b>2,561,697</b>	<b>2,345,320</b>	<b>2,406,570</b>
	<b>Non-current Liabilities</b>							
	Shareholder advances							
	Other non-current liabilities							
	<b>Total Non-current Liabilities</b>							
	<b>Total Liabilities</b>	<b>3,205,684</b>	<b>2,314,395</b>	<b>3,178,745</b>	<b>2,561,697</b>	<b>2,561,697</b>	<b>2,345,320</b>	<b>2,406,570</b>
	<b>Net Assets</b>	<b>2,702,951</b>	<b>2,549,650</b>	<b>2,782,537</b>	<b>1,980,545</b>	<b>2,010,545</b>	<b>2,088,241</b>	<b>2,278,991</b>

Forecast 30-Jun-15	STATEMENT OF CASH FLOWS	Qtr to 30-Sep-15	Qtr to 31-Dec-15	Qtr to 31-Mar-16	Qtr to 30-Jun-16	Total YE 30-Jun-16	Total YE 30-Jun-17	Total YE 30-Jun-18
	<b>Cash Flows From Operating Activities</b>							
	<i>Inflows</i>							
	Trading Receipts	912,950	888,400	1,171,400	475,900	3,448,650	3,500,000	3,550,000
	Shareholder grants	6,099,687	3,816,212	7,132,712	3,816,212	20,865,823	22,391,748	22,601,748
	Sponsorships and donations	28,625	75,000	50,000	25,000	178,625	75,000	75,000
	Other Income	1,204,095	528,970	1,053,970	443,970	3,231,003	2,508,400	2,338,400
	<i>Outflows</i>							
	Payments to Employees	1,984,750	2,242,750	2,215,750	2,203,750	8,648,000	8,877,000	8,852,000
	Payments to Suppliers	3,461,574	3,316,291	5,069,242	2,974,641	14,821,748	16,267,130	16,290,003
	Net GST Cashflow	1,194,841	1,085,342	1,038,518	1,004,542	4,323,243	3,248,895	3,178,895
	Other Operating Costs	69,588	69,588	69,588	69,588	278,352	200,000	150,000
	<b>Net Cash Flows From (Used In) Operating Activities</b>	1,534,604	(1,405,390)	1,014,984	(1,491,440)	(347,242)	(117,877)	94,250
	<b>Cash Flows From (Used In) Investing Activities</b>							
	<i>Inflows</i>							
	Sale of fixed assets							
	Sale of investment assets							
	Other							
	<i>Outflows</i>							
	Purchase of fixed assets	20,500	42,500	5,500	5,500	44,000	46,000	40,000
	Purchase of investments							
	Other							
	<b>Total Investing Cash Flow</b>	(20,500)	(42,500)	(5,500)	(5,500)	(44,000)	(46,000)	(40,000)
	<b>Cash Flows From (Used In) Financing Activities</b>							
	<i>Inflows</i>							
	Drawdown of loans							
	Investment income							
	Other	1,500	1,500	1,500	1,500	6,000	6,000	6,000
		1,500	1,500	1,500	1,500	6,000	6,000	6,000
	<i>Outflows</i>							
	Repayment of loans							
	Interest paid							
	Other							
	<b>Total Financing Cash Flow</b>	1,500	1,500	1,500	1,500	6,000	6,000	6,000
	<b>Net Increase/(Decrease) in Cash Held</b>	1,515,604	(1,446,390)	1,010,984	(1,495,440)	(385,242)	(157,877)	60,250
	<b>Opening Cash Equivalents</b>	1,861,945	3,377,549	1,931,159	2,942,143	1,861,945	1,476,703	1,318,826
	<b>Closing Cash Equivalents</b>	3,377,549	1,931,159	2,942,143	1,446,703	1,476,703	1,318,826	1,379,076

## **APPENDIX 3: GOVERNANCE AND ACCOUNTING**

### **Dividend policy**

WREDA is a not for profit council-controlled organisation, as such the Board is not intending to pay any dividends in the foreseeable future.

### **Governance**

#### **Board**

The Board is responsible for the strategic direction and control of WREDA's activities. The Board guides and monitors the business and affairs of WREDA, in accordance with the Companies Act 1993 and the Local Government Act 2002, the Company's Constitution and this SOI.

The Board will comprise up to ten directors, all will be independent directors.

The Board's approach to governance is to adopt "best practice" with respect to:

- The operation of the Board
- The performance of the Board
- Managing the relationship with the Company's Chief Executive
- Being accountable to all Shareholders and reporting to the WRSC

The Board will meet on a regular basis and no less than 9 times each year.

The Board will have 2 committees, Audit and Risk and the People & Culture Committee

## **Wellington Regional Strategy Committee (WRSC)**

The WRSC is made up of ten local body elected members.

The role of the WRSC is to:

- Review the performance of WREDA and the Board, and report to Shareholders on that performance on a periodic basis
- Make recommendations to Shareholders as to the appointment, removal, replacement of directors
- Make recommendations to Shareholders as to any changes to policies, or the SOI, requiring their approval

The Board aims to ensure that the WRSC and the Shareholders are informed of all major developments affecting WREDA's state of affairs, while at the same time recognising that commercial sensitivity may preclude certain information from being made public. The WREDA will adhere to a 'no surprises' approach in its dealings with its Shareholders and WRSC

## **Annual Report**

WREDA's balance date is 30 June.

By 30 September each year, WREDA will provide to the WRSC and its Shareholders an Annual Report complying with Sections 67, 68 and 69 of the Local Government Act 2002 and the Companies Act. The Annual Report will contain the information necessary to enable an informed assessment of the operations of the company, and will include the following information:

- Directors' Report
- Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position, Statement of Cashflows, Statement of Accounting Policies and Notes to the Accounts

- Comparison of the WREDA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances
- Auditor's Report on the financial statements and the performance targets
- Any other information that the directors consider appropriate

### **Half Yearly Report**

By the end of March each year, WREDA will provide to the Shareholders a Half Yearly Report complying with Section 66 of the Local Government Act 2002. The Half Yearly Report will include the following information:

- Directors' commentary on operations for the relevant six month period
- Comparison of WREDA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances
- Un-audited half-yearly Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position and Statement of Cashflows

### **Quarterly Report**

By 31 October and 31 January each year, the Company will provide to the Shareholders a quarterly report. The quarterly report will include the following information:

- Directors' commentary on operations for the relevant quarter.
- Comparison of WREDA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances

### **Statement of Intent**

By 1 March in each year WREDA will deliver to the Shareholders its draft SOI for the following year in the form required by Clause 9(1) of Schedule 8 and Section 64(1) of the Local Government Act 2002.

Having considered any comments from the WRSC received by 30 April, the Board will deliver the completed SOI to the Shareholders on or before 30 June each year.

### **Shareholder Meetings**

The Board may hold an Annual General Meeting (AGM) between 30 September and 30 November each year to present the Annual Report to all Shareholders. If no AGM is held then the shareholders will pass the required resolutions.

### **Acquisition/Divestment policy**

Any subscription, purchase or acquisition by WREDA of shares in a company or organisation will, require Shareholder approval other than those shares received in return for providing mentoring services.

### **Activities for which compensation is sought from Shareholders**

At the request of Shareholders, WREDA may (at its discretion) undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full cost of providing such as activities.

Currently there are no activities for which compensation will be sought from Shareholders.

### **Commercial value of Shareholder's investment**

WREDA will seek to achieve the outcomes as set by the WRSC and its Shareholders from time to time.

It is unlikely that WREDA will deliver a financial dividend to its Shareholders as it is deemed to be a not-for-profit council-controlled organisation.

WREDA's share capital is represented by 1,000 fully paid shares.

Shareholders funds at 30 June 2015 is expected to be \$2.7 million, this is considered by the Board to be the current commercial value of WREDA.

## **Accounting Policies**

WREDA has adopted accounting policies that are in accordance with the New Zealand International Financial Reporting Standards and generally accepted accounting practice. A Statement of accounting policies is attached to this SOI.

This statement is taken from the Financial Statements presented as part of Wellington Venues Limited (Annual Report 2013-2014).

## **Statement of Accounting Policies**

### **Reporting Entity**

The financial statements are those of Wellington Regional Development Agency Limited (WREDA) and its subsidiaries ("the Group"). Wellington Venues Limited was incorporated on 10 January 2011 and is registered under the Companies Act 1993. It changed its name from Wellington Venues Limited to WREDA on 5 December 2014. The financial statements are prepared in accordance with the Financial Reporting Act 1993 and the Companies Act 1993. WREDA is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 111 Wakefield St, Wellington. At the same time WREDA acquired Grow Wellington and its subsidiary Creative HQ. In addition the undertakings of Positively Wellington Tourism were also transferred to WREDA. In time WREDA will also undertake the Major Events activities currently undertaken by Wellington City Council.

The primary objectives of the Group are to;

1. Undertaking major events for the region
2. Operate 5 Venues owned by WCC in accordance with the Venues Management Agreement
3. Undertake tourism activities
4. Undertake economic development for the region

The financial statements of WREDA and its subsidiaries are for the year ended 30 June 2015. The financial statements will be authorised for issue by the Board of Directors prior to 30 September 2015.

### **Basis of Preparation**

#### **Statement of Compliance**

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other relevant applicable Financial Reporting Standards as appropriate for public benefit entities.

The Group is a qualifying entity within the Framework for Differential Reporting. The Group qualifies on the basis that it is not publicly accountable and is not a large entity. The Group has taken advantage of all differential reporting concessions available to it.

#### **Measurement Base**

The financial statements have been prepared on a historical cost basis.

#### **Functional and Presentation Currency**

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional and presentation currency of the Group is New Zealand dollars.

#### **Comparative Information**

The comparatives shown in these financial statements will be for the 12 months ended 30 June 2014.

#### **Standards Issued**

The following standard has been adopted:

NZ IFRS 9 *Financial Instruments* has replaced NZ IAS 39 *Financial Instruments: Recognition and Measurement* and was adopted by the Group in the year ended 30 June 2014. The standard has not materially affected the Group's financial statements.

### **Changes in Accounting Policies**

Other than NZ IFRS 9, there have been no changes in accounting policies.

### **Significant Accounting Policies**

The particular accounting policies, which materially affect the recognition, measurement and disclosure of items in these financial statements are set out below.

#### **Revenue**

Management fee income is recognised in the accounting period in which the services are rendered.  
Grants from local and central government are recognised in the accounting period in which the services are rendered.

#### **Cash and cash equivalents**

Cash and cash equivalents includes deposits held at call with banks.

#### **Trade and other receivables**

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for doubtful debts. A provision for impairment of trade receivables is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

## **Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

## **Personnel Costs**

Short-term employee entitlements are those that the Group expects to be settled within 12 months of balance date and are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, and annual leave earned, but not yet taken at balance date.

## **Goods and Services Tax (GST)**

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Balance Sheet.

Commitments and contingencies are disclosed exclusive of GST.

## **Taxation**

The income tax expense recognised for the year is calculated using the taxes payable method and is determined using tax rules. Under the taxes payable method, income tax expense in respect of the current period is equal to the income tax payable for the same period.

## **Equity and Share Capital**

Ordinary shares are classified as equity

