

21 January 2016

New Zealand Tax Payers' Union Inc

Via: requests@taxpayers.org.nz

To whom it may concern

**Request for information relating to the Wellington Economic Initiatives Development Fund allocation to CallActive.**

Thank you for your email to the Council received on 3 December 2015. Your request was forwarded to the Issues Resolution Office to provide a response.

By way of background to this issue, the following information may assist your understanding:

- The Wellington Economic Initiative Development Fund (WEID Fund) was established by the Council on 27 June 2013.
- It was established to extend the scope of the Events Development Fund to economic development initiatives. Further information regarding the establishment of the fund is available via the following link:  
<http://wellington.govt.nz/~media/your-council/meetings/Council/2013/06/27-June-2013-Report-2-Wellington-Economic-Initiatives-Development-Fund.pdf>
- The Council's Terms of Reference and Delegations in both the 2010-13 and 2013-16 triennia, provide approval authority to the Chief Executive to allocate funds from the WEID Fund only where:
  - The allocation does not exceed \$100,000
  - The proposal is consistent with the criteria of the WEID Fund.
- For any proposal exceeding \$100,000, the Chief Executive is required to obtain a majority decision from the WEID Funding Panel (the Panel)  
For the 2010-13 triennium, the WEID Funding Panel was comprised of:
  - The Mayor
  - Economy Portfolio Leader, Cr Coughlan
  - Sports and Events Portfolio Leaver, Cr Morrison.
- A proposal was made by CallActive for a \$300,000 grant from the WEID fund in August 2013.
- In line with the delegations, the Chief Executive convened the Panel to discuss the proposal on 13 August 2013.
- At the meeting, the Panel agreed to the provision of a grant. The grant was payable upfront and job creation targets were set up as milestones. In the

event that CallActive did not meet the milestones the grant agreement contained provisions for the grant to be repayable by way of a suspensory loan.

- The WEID Panel is not a formal Council Committee.
- Officers report back on the activities of the WEID Fund on an annual basis. This is also reported in the Council's Annual Report. At the Economic Growth and Arts Committee meeting of 13 October 2015, was when officers last reported back on the activities of the fund. Further information is available via the following link: <http://wellington.govt.nz/~media/your-council/meetings/Committees/Economic-Growth-and-Arts/2015/10/Public-Agenda.pdf>

You have asked a number of questions which I set out below.

**1) “Who is responsible for approving grants from this fund?”**

For proposals greater than \$100,000 the Chief Executive is required to consult with and obtain the majority agreement of the Panel. At the time the decision was made to provide a grant to CallActive the Panel membership was:

- Chief Executive – Kevin Lavery
- Mayor Wade-Brown
- Portfolio Leader for Economic Development – Councillor Coughlan
- Portfolio Leader for Sports and recreation – Councillor Morrison.

At the commencement of the 2013 - 2016 triennium in October 2013 the Deputy Mayor replaced the Portfolio Leader of Sports and Recreation on the Panel.

**2) “What payments have been made by this fund in the past 6 years? Please list”**

The fund was established by Council on 27 June 2013 and has been operating for two and a half years.

The link provided above to the EGA meeting of 13 October 2015 contains further details relating to allocations made from the WEID fund.

**3) “During the last 6 years, has the fund made any loans which have subsequently been written off? If so, please provide details”**

As outlined in the answer to question two, the WEID fund has been operating for two and a half years.

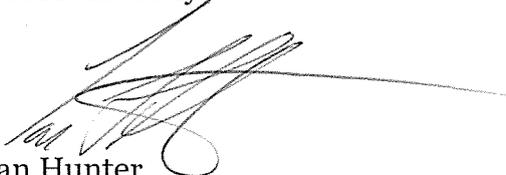
However, there have been no instances since the establishment of WEID fund where loans have been made and subsequently written off in full or in part.

The Panel agreed to provide CallActive with a grant of \$300,000. In return CallActive made a commitment to deliver certain job creation targets. In the event these targets were not met the grant would become repayable.

The mechanism to establish the repayment obligations should job creation milestones not be achieved was via a suspensory loan.

As such, if the job creation milestones are achieved as agreed the funds provided are a grant, however, if the milestones are not met then the grant is repayable.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ian Hunter', with a long horizontal flourish extending to the right.

Ian Hunter

**Issues Resolution Officer**

**Wellington City Council**

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