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## WELLINGTON ECONOMIC INITIATIVES DEVELOPMENT FUND

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### Purpose

1. The purpose of this paper is to report on the second year of the Wellington Economic Initiative Development (WEID) Fund, ended 30 June 2015.

### Summary

2. The WEID Fund has supported 24 initiatives through its investment of \$2.026 million during the 2014/15 financial year. In 2013/14, \$1.6 million was invested and a further \$2.4 million has been committed to future initiatives with payments occurring through to 2018/19 totalling \$6.056 million of approved investment as at 30 June 2015.
3. Since 30 June 2015, a further \$3.4 million has been approved, including up to \$3.26 million for the tech hub which was approved as part of the 2015/25 Long Term Plan process.
4. The initiatives span several sectors (technology, film, medical research, innovation, commerce, education and entertainment) and activity types (business support, sector support, events and business events).

### Recommendations

That the Economic Growth and Arts Committee:

1. Receive the information.
2. Agree to change the name of the Wellington Economic Initiatives Development Fund (WEID Fund) to the Wellington Economic Development Fund (WED Fund).

### Background

5. The WEID fund was established on 1 July 2013, with funding of \$3 million from budgeted surpluses as a tool to support initiatives that will contribute to the economic growth of the city. A further \$3.6 million was approved in the 2014/15 Annual Plan, bringing a total of \$6.6m available for allocation to 30 June 2015.
6. In June 2015, Council approved a further \$3 million per annum in the 2015/25 Long Term Plan.
7. The WEID fund enables the Council to respond to economic development and growth opportunities that arise in the public and private sector in a timely and agile manner.
8. The priorities of the WEID fund are to:
  - help generate income and productivity growth at a faster rate than the economy as a whole
  - help facilitate opportunities that contribute to economic growth in Wellington
  - be agile, responsive and engaged through a partnership approach that is tailored to maximise potential leverage from both private and public sectors.
9. The WEID fund supports three broad areas: events, initiatives and partnerships. The table below outlines each of the three funding areas:

Events	Initiatives	Partnerships
<p><i>Events that are:</i></p> <ul style="list-style-type: none"> <li>• <i>Maximising the economic contribution that events can make to Wellington</i></li> <li>• <i>Maximising the diversity and vibrancy of Wellington's arts and culture events</i></li> <li>• <i>Enhancing a strong events support-structure which draws on Wellington's venues and assets</i></li> <li>• <i>Encouraging more visitors to Wellington through strengthening the city's profile as a leading events destination</i></li> <li>• <i>Encouraging the development of events that support the city's key strategic economic objectives.</i></li> </ul>	<p><i>Initiatives that are:</i></p> <ul style="list-style-type: none"> <li>• <i>Facilitating opportunities for Wellington that enlarges the city's business footprint</i></li> <li>• <i>Supporting initiatives that build the city's reputation as an easy place to do business</i></li> <li>• <i>Supporting initiatives that create jobs in Wellington's professional services and innovative high-tech industries</i></li> <li>• <i>Enhancing Wellington's image as a centre of excellence in innovation and professional services</i></li> <li>• <i>Encouraging opportunities that contribute to the city's long-term economic growth aspirations.</i></li> </ul>	<p><i>Partnerships that are:</i></p> <ul style="list-style-type: none"> <li>• <i>Supporting people to commercialise or progress innovative ideas that are Wellington-based or focused (not start-ups)</i></li> <li>• <i>Sharing expertise and resources to maximise potential opportunities for the city that:</i> <ul style="list-style-type: none"> <li>• <i>will lead to improved economic growth opportunities, and/or</i></li> <li>• <i>will lead to better value for money services for the local government sector</i></li> </ul> </li> <li>• <i>Encouraging a joined-up approach that contributes to the city's long-term economic growth aspirations.</i></li> </ul>

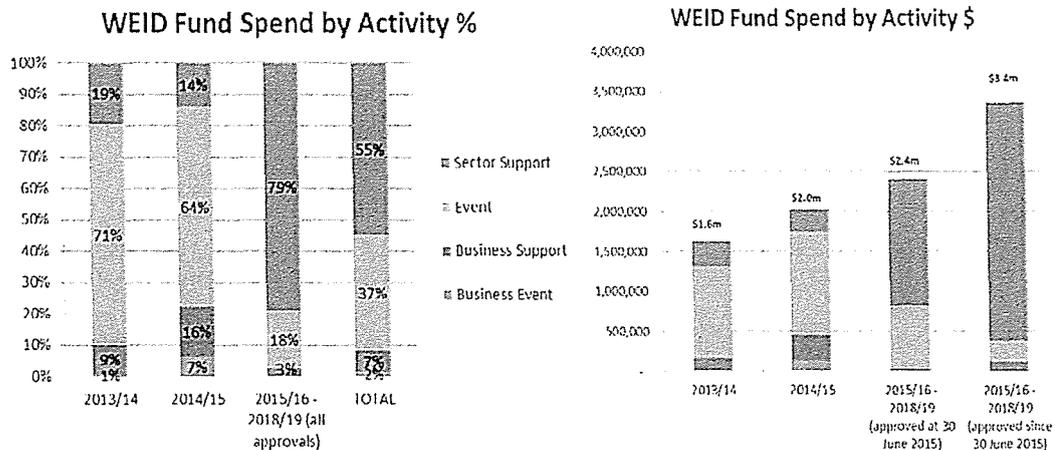
10. Proposals are assessed for their strategic fit against these criteria as well as normal due diligence criteria of the applicant (financial viability and analysis, ability to deliver, partners, other investors etc).
11. Each proposal needs to have a matched funding source so that a maximum of 50% of total initiative costs are being sought from the WEID fund. The matched funding will be either in the form of a cash injection from other investors, or in-kind investment (verifiable time or services) to an equal value on the initiative.
12. Funding decisions for initiatives seeking over \$100,000 are made by the Funding Panel, comprising the Mayor, Deputy Mayor, Economy Portfolio Leader and Chief Executive. Decisions under \$100,000 are delegated to the Chief Executive only.
13. In the year to 30 June 2015, 59% of funding spent (7 initiatives) resulted from decisions by the Funding Panel. Across all fund approvals since inception and including future commitments, 85% of the \$6.056 million approved funding at 30 June 2015 (11 initiatives) was approved by the Panel.

**Discussion**

14. In the year ended 30 June 2015 the WEID funded 24 initiatives totalling \$2.026 million, out of the total \$6.6 million available.
15. Since the fund began to 30 June 2015, \$6.056 million of the \$6.6 million available has been paid or committed from the WEID Fund. \$1.6 million was paid in 2013/14 and \$2.0 million in 2014/15. The remaining \$2.4 million has been committed to future projects requiring payments out to 2018/19 (as at 30 June 2015).
16. In addition, since 30 June 2015 a further \$3.4 million has been approved (including up to \$3.26 million for the the tech hub as part of the 2015-25 LTP process) to future projects. This brings the total of committed projects from the WEID fund since its inception to the time of writing to \$9.4 million.

**Activites Supported**

17. The WEID Fund has supported a variety of projects which can be broken down to the following four main categories:
  - Business Events – industry or sector specific events held in Wellington
  - Business Support – support for business development in, and attraction opportunities to Wellington
  - Sector Support – support for promotion and growth of a particular sector that provides the potential for economic returns to Wellington (eg Film, Technology)
  - Events – Major events that support the city’s key strategic event outcomes
18. The following graphs shows how the \$9.4 million of commitments from the fund are spread across these activities by year, and total:



19. Of the \$2.0 million spent in 2014/15, 64% was used to support events (eg Cricket World Cup, WWI, Capital 150<sup>th</sup>), 16% went to business support (eg. Enspirial Dev Bootcamp, Youth Enterprise Accelerator Programme, CHQ Innovation Services), 14% supported sector activities (Miramar Events Trust, GMRI medical research, Summer of Tech) and 7% supported business events (eg. Helloworld Conference, OS//OS 2015 tech conference).
20. We anticipate a changing profile over time due to sector and business support activities requiring more research and business case development than event analysis, and with the formation of WREDA and more targeted projects and programmes being identified

for economic development and growth. In addition there was a pent up demand in the events space through 2013 – 2015 where the city has enjoyed a strong event program.

**Expected Outcomes of the WEID Fund spend to 30 June 2015**

21. WEID fund investments have both economic and non-economic returns for the city. Some are immediate (events) and some take longer to realise (business and sector support).
22. Each initiative has its own funding agreement with conditions and reporting requirements tailored to that initiative. This ensures that Council has the ability to monitor and record if the KPI's of each initiative are met.
23. In this financial year some of the key outcomes from the initiatives supported include:
  - a. Bridging the skills shortage gap in the IT sector through initiatives such as the Enspiral Dev Boot Camp and growing the Summer of Tech internships program – both with very high success rates in terms of graduate employment in the tech sector. Both are working well with the industry and are working hard to put in place solutions to the skills shortage problem in Wellington.
  - b. Assisting our start-up businesses to achieve key clients through the Creative HQ Innovation Services program which links industry problems and needs to solutions and services provided by our local start ups, assisting them in their success and growth.
  - c. Hosting the country's first youth accelerator program, 'Venture Up' for 18-25 year old entrepreneurs (targeted through Young Enterprise) and run by Creative HQ. The pilot program was such a success it has now attracted government funding and will be run again in Wellington next year involving a larger number of nationwide students.
  - d. Showcasing Wellington as a great place to do business through business conferences such as Helloworld bringing 500 Australian and New Zealand tourism sector professionals to Wellington, and the OS//OS (Open Source Open Society) 2015 Festival showcasing innovation.
  - e. Successfully hosting the Cricket World Cup in Wellington, and continuing to grow our reputation of superior hosting capability and experience of players and fans.
  - f. Supporting unique and ground-breaking medical research led by Dr Swee Tan into the use of stem cells in cancer treatment at the Gillies McIndoe Research Institute based in Newtown, Wellington. Dr Tan's reputation is growing internationally and being based in Wellington could have significant benefits to the city in the medical research field.
  - g. Promotion of Wellington's status as the country's Capital City through the Capital 150<sup>th</sup> celebrations.
  - h. Support of the film sector through assisting with the establishment of the Miramar Events Trust, led by Oscar winning Jaimie Selkirk, which aims to facilitate events and projects related to film, technology, education, arts, culture and other activities within the Miramar film businesses for the benefit of the greater Wellington community.
24. An economic impact report prepared by PWC for the Cricket World Cup indicates \$40 million of gross domestic product (GDP) and 700 additional jobs were created in the Wellington economy as a result of our investment in this event.

**Future WEID Fund Commitments**

25. The WEID fund will continue to contribute to the long-term economic growth aspirations of the city through its future commitments to initiatives that will increase visitation to Wellington through airline route development and completion of the Capital 150<sup>th</sup> celebrations and WWI commemorations being held in our city.
26. In addition, the tech hub will be a place for Wellington's innovative businesses in the tech sector to call home – whether through locating or showcasing their business there, attending or hosting events, or seeking resources and support to help their businesses be more successful. It will be located at 115 Tory Street (opposite Moore Wilson's) and is being developed in partnership with BizDojo, a New Zealand owned company that has been developing and operating co-working and collaboration spaces since 2009.
27. BizDojo will be significantly expanding its co-working space to create the tech hub's physical environment, and along with CreativeHQ, our City's incubator, will provide an important 'front door' for Wellington based start-ups and entrepreneurs in the city. The tech hub will also host and deliver a dynamic set of programmes and events that will energise, activate and connect the wider tech, entertainment, design, and sustainability businesses that are part of Wellington's wider innovation ecosystem.
28. At the time of writing this report, a further \$5.8 million has been committed to fund future projects over the next three financial years from WEID (including up to \$3.26 million for the Council approved tech hub) as follows:
  - \$2.8 million in 2015/16
  - \$1.6 million in 2016/17
  - \$1.4 million in 2017/18
29. It is also expected that the WEID fund will continue to support the events program for the city which was passed over to WREDA more than fully subscribed.

**Name of the Fund**

30. In the development of our communications and marketing strategy for the fund it was noted that the acronym "WEID" when pronounced caused confusion, and could misrepresent the intention of the fund.
31. It has been proposed that an alternative name and acronym would make the communications and marketing of the fund a less confusing process. The following suggestion or options were considered:
  - a. Wellington Economic Growth Fund                      WEG Fund
  - b. Wellington Economic Development Fund                WED Fund
  - c. Wellington Growth Fund                                      WGF
  - d. Wellington Innovation and Growth Fund                WIG Fund
32. It is recommended that the fund be renamed the Wellington Economic Development Fund (WED Fund) to remove the confusion arising from the use of the WEID fund in marketing and communications material.

**Attachments**

Nil

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## **SUPPORTING INFORMATION**

### **Consultation and Engagement**

No consultation has occurred in the preparation of this paper. The WEID fund has been consulted on as part of the development of the 2015/25 Long Term Plan.

### **Treaty of Waitangi considerations**

There are no Treaty of Waitangi considerations.

### **Financial implications**

There are no financial implications.

### **Policy and legislative implications**

There are no policy and legislative implications.

### **Risks / legal**

There are no risks or legal implications.

### **Climate Change impact and considerations**

There is no impact to climate change or any further considerations.

### **Communications Plan**

The website outlines the purpose of the WEID Fund and the application process and criteria. A communications plan for the fund is in development and will be signed off by the Director of City Growth and Partnerships.