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**ORDINARY MEETING**

**OF**

**ECONOMIC GROWTH AND ARTS COMMITTEE**

**AGENDA**

**Time:** 9:15 a.m.  
**Date:** Tuesday, 15 March 2016  
**Venue:** Committee Room 1  
Ground Floor, Council Offices  
101 Wakefield Street  
Wellington

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**MEMBERSHIP**

Mayor Wade-Brown  
Councillor Ahipene-Mercer  
Councillor Coughlan (Chair)  
Councillor Eagle  
Councillor Foster  
Councillor Free  
Councillor Lee  
Councillor Lester  
Councillor Marsh (Deputy Chair)  
Councillor Pannett  
Councillor Peck  
Councillor Ritchie  
Councillor Sparrow  
Councillor Woolf  
Councillor Young

**Have your say!**

*You can make a short presentation to the Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this either by phoning 803-8334, emailing [public.participation@wcc.govt.nz](mailto:public.participation@wcc.govt.nz) or writing to Democratic Services, Wellington City Council, PO Box 2199, Wellington, giving your name, phone number and the issue you would like to talk about.*

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## **AREA OF FOCUS**

The Economic Growth and Arts Committee will focus on delivering sustainable long-term economic growth, increased employment, promote the city's visitor attractions, deliver high-quality events and support the development of smart businesses in the city. The Committee will also work to build Wellington's unique identity, bolster business confidence, raise the city's international profile, and ensure Wellington continues to be New Zealand's arts and culture capital by supporting a range of opportunities for entertainment and expression. There will be a continuing focus on the ICT and Digital sector.

**Quorum:** 8 members

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## **1 Meeting Conduct**

### **1.1 Apologies**

The Chairperson invites notice from members of apologies, including apologies for lateness and early departure from the meeting, where leave of absence has not previously been granted.

### **1.2 Conflict of Interest Declarations**

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

### **1.3 Confirmation of Minutes**

The minutes of the meeting held on 9 February 2016 will be put to the Economic Growth and Arts Committee for confirmation.

### **1.4 Public Participation**

A maximum of 60 minutes is set aside for public participation at the commencement of any meeting of the Council or committee that is open to the public. Under Standing Order 3.23.3 a written, oral or electronic application to address the meeting setting forth the subject, is required to be lodged with the Chief Executive by 12.00 noon of the working day prior to the meeting concerned, and subsequently approved by the Chairperson.

### **1.5 Items not on the Agenda**

The Chairperson will give notice of items not on the agenda as follows:

***Matters Requiring Urgent Attention as Determined by Resolution of the Economic Growth and Arts Committee.***

1. The reason why the item is not on the agenda; and
2. The reason why discussion of the item cannot be delayed until a subsequent meeting.

***Minor Matters relating to the General Business of the Economic Growth and Arts Committee.***

No resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent meeting of the Economic Growth and Arts Committee for further discussion.



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## 2. General Business

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### UPDATE ON THE AIRPORT RUNWAY EXTENSION PROJECT

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#### Purpose

1. At the Economic Growth and Arts Committee meeting, representatives of Wellington International Airport Limited (WIAL) will present an update to the Committee on the work regarding a potential runway extension.

#### Summary

2. Representatives of WIAL will present to the Committee on progress to date on the process to secure the necessary Resource Management Act approvals for the extension of the length of the Wellington Airport runway, in accordance with the funding agreement.

#### Recommendation

That the Economic Growth and Arts Committee:

1. Receive the information.

#### Background

3. The Council has previously agreed to contribute to the funding of the process to secure Resource Management Act approvals for the extension of the length of the Wellington Airport runway. As part of the approval for additional funding, the Council required WIAL to provide regular updates to the Council. The last update was in October 2015.

#### Discussion

4. Representatives of WIAL will present an update to the Committee on the work regarding a potential runway extension, in accordance with the funding agreement with the Council.

#### Options

5. Not applicable at this stage.

#### Next Actions

6. Not required at this stage.

#### Attachments

Nil

Author	Danny McComb, Manager CCOs & City Growth Projects
Authoriser	Derek Fry, Director City Growth & Partnerships

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## **SUPPORTING INFORMATION**

### **Consultation and Engagement**

The proposal to progress this project as one of the Big 8 ideas has been communicated as part of the 2014/15 Annual Plan and the 2015-25 LTP.

### **Treaty of Waitangi considerations**

None directly from this update. The project itself is a key issue to Mana Whenua who will be consulted with by WIAL. Further WIAL will undertake an extensive cultural and environmental impact assessment as part of its application.

### **Financial implications**

None directly from this update. Indicative funding for this project has been included in the 2015-25 LTP.

### **Policy and legislative implications**

None

### **Risks / legal**

No specific legal considerations in relation to this update.

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

Climate change and other environmental impacts of the runway extension itself will be considered as part of the work required for any application for resource consent.

### **Communications Plan**

None required

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## **REPORTS FROM COUNCIL CONTROLLED ORGANISATIONS FOR THE QUARTER ENDING 31 DECEMBER 2015**

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### **Purpose**

1. To provide reports from Basin Reserve Trust, the Wellington Museums Trust, the Wellington Regional Stadium Trust and the Wellington Regional Economic Development Agency for the quarter ended 31 December 2015.

### **Recommendations**

That the Economic Growth and Arts Committee:

1. Receive the information.
2. Note any issues for the Chairperson to raise with the entities covered by this report.

### **Background**

2. It is a requirement of the Local Government Act 2002 (the Act) that where the Council is a shareholder in a Council Organisation it must regularly undertake performance monitoring of that organisation to evaluate its contribution to the achievement of:
  - the Council's objectives for the organisation;
  - the desired results, as set out in the organisation's Statement of Intent; and
  - the Council's overall aims and outcomes.
3. The Economic Growth and Arts Committee is tasked with the assessment of the efficiency and effectiveness of the following entities:
  - Basin Reserve Trust (BRT)
  - Wellington Museums Trust (WMT)
  - Wellington Regional Stadium Trust (WRST)
  - Wellington International Airport (WIAL)
4. The Committee also receives information from the Wellington Regional Economic Development Agency (WREDA). WREDA is jointly owned by the Wellington City Council (80%) and the Greater Wellington Regional Council (20%). The shareholders jointly monitor the company via the Wellington Regional Strategy (WRS) Committee. The membership of the WRS Committee is 10 persons in total, appointed (from time to time) as follows:
  - One regional councillor.
  - Four members nominated by Wellington City Council.
  - One member nominated by each of Porirua City Council, Hutt City Council, Kapiti Coast District Council, and Upper Hutt City Council.
  - One member nominated by the three Wairarapa district councils.
5. Wellington Regional Stadium Trust is not a CCO, but is included in this report because of the materiality of the Council's financial commitment to the entity and/or because of the entity's contribution to Council outcomes.
6. WRST provides half-yearly written reports so is not included in this report.

7. The organisations included in this report are:
  - Basin Reserve Trust (BRT)
  - Wellington Museums Trust (WMT)
  - Wellington Regional Development Agency Ltd (WREDA)
8. Officers have reviewed the Quarterly reports from the organisations noted in paragraph 7 and consider that there are no material issues that are not covered in the reports.

## Discussion

9. If the Committee needs to clarify the information presented or requires additional assistance with its monitoring role, it can ask officers or the Chair of the Committee to seek responses from the Board Chair.

## Basin Reserve Trust

ACTIVITY SUMMARY
<ul style="list-style-type: none"><li>• Q2 is typically a busy time at the Basin Reserve with preparations well underway for the first cricket matches of the summer season, including the first ODI to be hosted at the venue for over four years.</li><li>• Work on the Cottage was completed in early Q2. The facility has been very well received, both for its design and functionality and a space for managing turf services at the Basin. The facility has been named the <i>Wes Armstrong Groundsman's Cottage</i> and was officially opened by Her Worship the Mayor on 25 November 2015.</li><li>• On 31 October, the Basin hosted the Robbie Williams concert to over 10,000 fans. It was the first time in over 4 years that the ground has been used for a music event. Although there were concerns about how the pitch would hold up during the event, everything went well and ground was able to be turned around in time for the first cricket matches to go ahead as scheduled in November.</li></ul>
<b>Cricket Events</b> <ul style="list-style-type: none"><li>• Georgie Pie Super Smash x 4 matches</li><li>• Plunket Shield x 1 match</li><li>• Ford Trophy x 2 matches</li><li>• Women's Domestic Competition x 3 matches</li><li>• School and Club Cricket x 2 matches</li><li>• Sponsors x 1 match</li></ul>
<b>Other Events</b> <p>Robbie Williams Concert 31 October</p>
<b>Training</b> <ul style="list-style-type: none"><li>• 55 x cricket training sessions</li></ul>
<b>Repairs and Maintenance</b> <p>In addition to regular maintenance and repair work, the following was undertaken:</p> <ul style="list-style-type: none"><li>• Planning continued on the project to repair the RA Vance Stand, with some initial repair work undertaken to address deferred maintenance issues. The main body of work will begin in March 2016, after the cricket season.</li><li>• Upgrade of the northern sightscreen</li></ul>

**SUMMARY FINANCIALS**

FINANCIAL PERFORMANCE	Q2 Actual	Q2 Budget	Variance	YTD Actual	YTD Budget	Variance	FYE
Total Revenue	170	62	108 ✓	446	315	131 ✓	886
Operating Expenses	212	213	1 ✓	395	414	19 ✓	880
Net Surplus	(42)	(151)	109 ✓	51	(99)	150 ✓	6
FINANCIAL POSITION							
Total Assets				920	718	202	867
Total Liabilities				197	102	95	146
Equity				723	616	107	721
CASH FLOWS							
Total Net Cash Flows				(4)	(68)	64	73
Opening Cash				48	100	(52)	100
Closing Cash				44	32	12	173

A review of the financial statements of the Basin Reserve Trust highlights the following points:

- After allowing for depreciation of \$22k, the Trust had an operating deficit for the quarter of (\$42k), \$109k ahead of budget.
- YTD, the Trust has reported a net surplus of \$51k, \$150k ahead of budget.
- Income of \$170k was \$108k (174%) ahead of budget as a result of increased ground hire income during the quarter, most notably the receipt of venue hire charges for the Robbie Williams concert and unbudgeted first-class cricket matches.
- Expenditure for the quarter of \$212k was in line with budget.

**KEY PERFORMANCE INDICATORS**

MEASURE		Q2 31 Dec15	YTD	3 Year Trend	Comments
Cricket Events	Target	3	3	Steady	The Trust's KPIs for cricket events were set in the 2015/16 Statement of Intent before the fixtures for the upcoming season were able to be confirmed.
	Actual	13 ✓	13 ✓	→	
Other Sports Events	Target	0	6	Steady	As a result of recent ground upgrades, the Trust has been able to actively encourage other sports to utilise the Basin Reserve outside the cricket season
	Actual	0 ✓	18 ✓	→	
Community Events	Target	0	0	Steady	
	Actual	1 ✓	11 ✓	→	
Cricket Event Days	Target	6	6	Steady	
	Actual	16 ✓	16 ✓	→	

KEY PERFORMANCE INDICATORS					
Other Sports Events Days	Target	0	6	Steady	
	Actual	0 ✓	18 ✓	→	
Community Event Days	Target	0	0	Steady	Set up and pack out for the Robbie Williams concert saw the Basin closed to the public for 19 days in Q2.
	Actual	19 ✓	29 ✓	→	
Practice Facility Usage Days	Target	30	30	Steady	
	Actual	55 ✓	56 ✓	→	
Numbers attending events	Target	3,800	4,600	Steady	This figure includes unbudgeted attendees to the Robbie Williams concert.
	Actual	15,014 ✓	24,014 ✓	→	

KPI COMMENTARY
The Trust met or exceeded all its performance measures for the quarter, including the number of cricket events and other sports, and community event targets.

OUTLOOK
<p>Key activities and issues anticipated in the next quarter include:</p> <ul style="list-style-type: none"> <li>• The Basin will host significant fixtures in the January/February period, including a One Day International against Pakistan and the Australia Test Match.</li> <li>• The Trust has continued discussions with WRFU and OBU and a compromise position has been offered. This will see senior club rugby return to the Basin Reserve for the 2016 winter season on the understanding that senior club rugby will shift to another venue from 2017 onwards.</li> <li>• A draft Reserve Management Plan for the Basin Reserve will be presented to the Environment Committee in March, and is expected to go out for public consultation in April.</li> <li>• Work will continue on implementing the Masterplan. The main part of deferred maintenance work on the RA Vance Stand will begin in mid-March, with the timing of scaffolding work having to be adjusted around events at the Basin Reserve.</li> </ul>



**Wellington Museums Trust**

**ACTIVITY SUMMARY**

During Q2, the Trust recorded strong visitation at Capital E, City Gallery and the Cable Car Museum. Space Place visitation is on budget at the half-year mark; and Wellington Museum visitation has picked up since the opening of The Attic with over 14,000 visitors in December.

The popularity of *Demented Architecture* with visitors of all ages and a strong final 2015 *Tuatara Open Late* which included a family Archi-Lego battle contributed to City Gallery's visitation success. The combined Capital E/Wellington Museum *Big Halloween* was successful in terms of audience numbers, koha collected and received 100% positive participant feedback.

The Attic development at Wellington Museum was completed with the visitor opening held on Saturday 14 November. The new exhibition is proving popular and has received positive feedback from museum professionals.

Programmes:

- *Unseen City, Camille Henrot Grosse Fatigue and Grayson Perry / Kushana Bush* opened at City Gallery in late November and *Julian Dashper and Friends* opened on 4 December. *Fiona Pardington: A Beautiful Hesitation* is being prepared for tour to Christchurch and Auckland.
- Capital E's October school holiday programme included TV Puppetry workshops with Jeremy Dillon, the Ultimate Experience Day which was – a fully integrated all-day programme including OnTV, theatre and events and virtual reality workshops which included family nights.
- The year ended at Capital E with a celebration of Christmas in true Scandinavian style in partnership with the Danish and Swedish Societies. The charity partner was the Make Foundation which works to bring music, technology and art projects to refugee communities.

**SUMMARY FINANCIALS**

\* Variance (Actual minus Budget). ✓ Favourable variance to budget ✗ Unfavourable variance to budget

FINANCIAL PERFORMANCE	Q2 Budget	Q2 Actual	Variance*	YTD Budget	YTD Actual	Variance*	FY Budget
(\$000)	31 Dec 15	31 Dec 15	31 Dec 15	31 Dec 15	31 Dec 15	31 Dec 15	30 Jun 16
<b>WELLINGTON MUSEUMS TRUST (EXCL. SPACE PLACE)^</b>							
Total Revenue	2,576	2,607	31 ✓	5,152	5,215	63 ✓	10,297
Opex before Depreciation	2,478	2,562	84 ✗	4,956	4,851	(105) ✓	9,914
Depreciation	104	97	(7) ✓	208	193	(15) ✓	415
Net Surplus (Loss)	(8)	(50)	(42) ✗	(16)	174	190 ✓	(30)
<b>SPACE PLACE^</b>							
Total Revenue	263	193	(70) ✗	520	414	(106) ✗	1,050
Opex before Depreciation	290	256	(34) ✓	576	516	(60) ✓	1,161
Net Surplus (Loss)	(31)	(63)	(32) ✗	(64)	(104)	(40) ✗	(123)
<b>FINANCIAL POSITION^</b>							
Total Assets	4,546	7,913	3,367				4,571
Total Liabilities	1,070	3,555	2,485				1,171

Equity	3,476	4,358	882				3,400
<b>CASH FLOWS<sup>^</sup></b>							
Total Net Cash Flows	(1,634)	(971)	663 ✓	61	(24)	(85) ✗	72
Opening Cash	1,787	4,013	2,226	92	3,066	2,974	92
Closing Cash	152	3,041	2,889	153	3,041	2,888	165

<sup>^</sup> The SOI reports the Financial Performance for both Space Place and Wellington Museums Trust (excluding Space Place) separately. The Financial Position and Cash Flows are consolidated.

In Q2, the Trust's financial performance (excluding Space Place) exceeded budget in terms of revenue (positive \$31k variance to budget). However, as a result of higher than forecast operating expenses, the Q2 net loss was \$50k or a negative variance to budget of \$42k. However, the comparison to budget is misleading due to timing of some expenditure. The YTD \$174k surplus (a positive \$190k variance to budget) records that the Trust (excl. Space Place) performing well against budget in the first two quarters.

Total revenue from Space Place in Q2 fell below budget by \$70k but the impact was moderated by lower than forecast operating costs which resulted in a Q2 net loss of \$63k (or a negative variance to budget of \$32k). In year to date terms, the net loss at Space Place is \$104k versus the SOI forecast net loss of \$64k (a negative \$40k variance). While the introduction of the new business model has had the desired lift in visitor numbers (33,000 to 29 Feb 2016), customer spend is disappointing. Over the coming months the Trust will try different initiatives at Space Place including a special Matariki dinner event hosted by a celebrity Maori chef designed to increase the visitor spend (from \$8.89 per visitor in Q2) and aimed at reaching its annual target of \$12.88 per visitor.

The Trust's balance sheet (which includes Space Place) at 31 Dec 2015 still comprised \$3.0m in cash on hand and accounts payable relating to The Attic project. The balance sheet is forecast to normalise by year end.

Net cash flow for Q2 showed a positive variance to budget of \$663k led by net cash flows from operating activities exceeding budget by \$899k. The variance is due to timing differences arising from the payment of suppliers to The Attic project. The timing differences are not unexpected due to the difficulty of accurately forecasting the project cash flows through the SOI processes which has a long lead time before the project is planned in detail.

#### KPI DASHBOARD

✓ Achieved ✗ Not Achieved. The 3 Year Trend = year on year actual/nominal performance → Steady ↗ Improving ↘ Declining. The table contains a selection of KPIs and measures and is not a complete list.

MEASURE		Q2	YTD	3 Year	
		31 Dec 15	31 Dec 15	Trend	Comments
Council grant/visit	Actual	\$9.72 ✓		↘	The grant per visitor has steadily increased due to grants increasing at a faster rate than visitor numbers – therefore a declining metric.
	Target	\$11.09			
Full cost subsidy*/visit	Actual	\$12.02 ✓		n/a	This measure is required by Council and includes property costs which the Trust does not control. The metric is heavily influenced by visitor numbers.
	Target	\$15.13			
Average spend/visit	Actual	\$2.53 ✗		→	Despite Q2 not reaching the annual KPI of \$2.61 per visit the overall trend is steady.
	Target	\$2.61			
Total visits	Actual	186,672 ✓	333,742 ✓	↗	The strong Q2 performance was led by strong visitation figures for City Gallery, Capital E and the Cable Car Museum.
	Target	157,332	299,999		

Cable Car	Actual	74,259 ✓	114,901 ✓	→	Visitation has been relatively static over several years.
	Target	59,670	110,500		
City Gallery	Actual	45,205 ✓	94,362 ✓	↗	A good performance in both Q2 and YTD, which could have been better but the City Gallery was closed for 2 weeks in August for its switchboard replacement.
	Target	37,500	75,000		
Capital E	Actual	22,103 ✓	47,119 ✓	↗	Capital E is enjoying strong growth in visitation and has almost reached capacity in its current facilities.
	Target	15,575	31,150		
Wellington Museum	Actual	34,753 ✓	54,293 ✗	↗	The lower than target YTD result is due to the increased construction activity in and around the building. In general the growth is upward and expected to continue.
	Target	31,800	60,000		
Space Place	Actual	10,189 ✗	22,396 ✓	→	Pleasing YTD result but not materially above the prior year YTD performance (20,933 visitors) despite lower entry price and new business model in operation.
	Target	12,237	22,249		

*\*Council operating grant plus property related cost (including rental grant paid for Capital E). This measure is required by Council and includes property costs which the Trust does not control.*

#### **ISSUES & OUTLOOK**

The operational and financial performance of Space Place will continue to require close attention to ensure it delivers the benefits that were proposed by the Trust under its new operating model.

**Wellington Regional Stadium Trust**

ACTIVITY SUMMARY
<p><b>Rugby:</b> The Super Rugby final followed the semi-final held a week earlier (in Q1). Demand for hospitality and tickets was high, and while the final result did not go the Hurricanes way, it was a successful event.</p> <p>Average ITM Cup Rugby attendances were very similar to the previous season, at just over 3,000 for the round robin games. Not many more attended the semi-final with 3,178.</p> <p><b>Football:</b> Average attendance at the first four Phoenix games was 7,885 which was slightly above the same period last year. The best attended game was in November, just after the SavetheNix campaign was launched in response to the publicity around the license issues.</p> <p><b>Exhibitions:</b> A new event held during the period was a three day Spa Expo open to the public. While the numbers that attended were relatively low, the hirer was pleased with how the venue operated for them.</p> <p><b>Concerts:</b> The Elton John concert drew a crowd totaling 28,340 and the crowd for AC/DC was 30,386 bringing the combined concert audience to almost 59,000 during the quarter.</p> <p>The Trust has run its tender process for the replacement of the entire stadium playing surface. The turf will be replaced with reinforced turf which enables the work to be completed in a three week period and provides more flexibility in the types of event the Stadium can attract, and in the turnaround period between events. This work is currently planned for November 2016.</p> <p>A number of Stadium memberships and a Stadium box were sold during the quarter. The Trust is expecting interest in memberships and boxes to increase over the coming months with the 2016 Test Match programme in place and the 2017 British and Irish Lions series, with Wellington hosting two matches.</p> <p>The Community Mural project was completed during the period with 12 fabulous murals now gracing the concourse walls. A total of 12 schools (around 240 students and 6 artists) took part.</p>

SUMMARY FINANCIALS							
* Variance (Actual minus Budget). ✓ Favourable variance to budget ✗ Unfavourable variance to budget							
FINANCIAL PERFORMANCE	H1 Actual	H1 Actual	H1 Actual	H1 Actual	H1 Budget	Variance*	FY Budget
(\$000)	31-Dec-12	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-15	31 Dec 15	30-Jun-16
Total Revenue	7,651	7,915	8,012	6,855	5,633	1,222 ✓	13,780
Opex pre interest & Depn	4,516	4,869	4,681	4,438	3,956	482 ✗	9,000
Interest & Depn	2,099	2,076	2,429	2,074	2,244	(171) ✓	4,540
Net Surplus	1,035	971	901	343	(567)	910 ✓	240
FINANCIAL POSITION							
Total Assets	99,422	101,462	104,446	99,756	n/a	n/a	100,280
Bank borrowings	8,285	10,400	10,400	7,500	n/a	n/a	10,400
Total Liabilities	22,846	21,889	22,701	55,372	n/a	n/a	16,210
Equity	76,575	79,573	81,745	44,385	n/a	n/a	84,070
CASH FLOWS							

Net Cash Flow	(686)	997	2,455	(2,585)	n/a	n/a	(180)
Opening Cash	1,608	136	111	4,332	n/a	n/a	1,210
Closing Cash On Hand	921	1,133	2,566	1,747	n/a	n/a	1,030

The net surplus for the six months ending 31 December 2015 was \$343k compared to a budgeted loss of \$567k. Event revenues were \$1.3m ahead of budget, offset by event expenditure being \$694k ahead of budget for a net positive variance of \$582k. Part of this was due to the Super Rugby final match which was unbudgeted as was the ITM Cup semi-final. Some other events also had larger audiences than expected.

Other operating expenses were under budget by \$212k. The Trust has benefited from lower than budgeted borrowing and interest rates. Depreciation is less than budget due to the timing of capital expenditure. The net surplus for the full year is projected to be \$1.3m compared to a budget of \$235k, largely due to the expected continuation of the positive variance from the first six months.

### EVENT DASHBOARD

✓ Achieved ✗ Not Achieved. The table contains a selection of KPIs and measures and is not a complete list.

MEASURE	H1 Actual 31 Dec 13	H1 Actual 31 Dec 14	H1 Actual 31 Dec 15	FY Target 30 Jun 16	Comments (H1 to 31 Dec 15)
Total event days	22 ✓	23 ✓	28 ✓	60	Event highlights were the Super Rugby final in July, the Elton John concert in November and the AC/DC concert in December.
Number of events	18	17			
Attendance	173,495	164,142	213,226	n/a	
Rugby event days	9 ✓	6 ✓	7 ✓	14	Super Rugby Final. ITM Cup Rugby: 5 round robin games & semi-final.
Attendance	87,274	50,470	54,302	n/a	
Cricket event days	2 ✓	3 ✓	0 ✓	2	
Attendance	1,640	2,596	0	n/a	
Football event days	5 ✗	6 ✗	4 ✗	11	A-League (Phoenix): 4 Regular season games.
Attendance	60,690	63,041	31,540	n/a	
Exhibition days	5 ✓	7	14 ✓	20	Highlights: Armageddon. Beervana. Food Show. Home & Garden Show. Spa Expo.
Attendance	23,347	26,025	52,733	n/a	
Other sporting event days	--	1 ✓	1 ✓	2	Rugby League: NRL Warriors v St George Dragons
Attendance	--	22,008	15,902	n/a	
Concerts / non-sporting event days	1 ✓	0 ✓	2 ✓	6	Elton John. AC/DC.
Attendance	648	--	58,726	n/a	
Community	2 ✓	6 ✓	4 ✓	5	The Trust is broadening the usage of the Stadium and introducing new events with a community focus.
Attendance	--	--	--	n/a	

**Future events:** The Royal Edinburgh Military Tattoo is currently playing (from 18 Feb 2016 to 21 Feb 2016). All Blacks versus Wales test match (18th June) and All Blacks versus Australia test match (27th August). These

events are all expected to fill the stadium. The Stadium hosts the (Canterbury-Bankstown) Bulldogs home match when they take on the Warriors on 26th April. The Bulldogs last played a home match at the Stadium in 2013.

#### ISSUES & OUTLOOK

Council has allocated \$5.0m for to help fund an upgrade of the public concourse to improve the fan experience for visitors to the stadium. The Trust will also contribute funding to this project. During Q2, the Trust commenced work with specialist architects on initial concepts for this upgrade. It is likely that the work will be undertaken in the 2016/17 financial year, prior to the British & Irish Lions tour.

Turf replacement is planned for November 2016.

### Wellington Regional Economic Development Agency (WREDA)

#### ACTIVITY SUMMARY

##### General

- The arrival of the new Chief Executive, Chris Whelan.
- Completion of WREDA's first Annual Report combining 3 separate organisations
- Single digital portal being finalised for all of WREDA

##### Events

- 68,693 tickets sold, 76 performances, 22% of the attendees came from outside the region
- 87 conferences and events held

##### Economic Development

- An estimated \$70m of economic value to the region has been brought in through Dreamworks shooting a new film, The Ghost in the Shell, in and around Wellington.
- Result 9 Accelerator for Government Services has been well received
- Working with local education providers to have a combined approach to attracting international students to Wellington

##### Tourism and Marketing

- From a tourism perspective direct arrivals from Australia achieved double-digit growth, domestic guest nights were up 11% as a result of new services
- Marketing work continued to support a number of exhibitions and events in the City

#### SUMMARY FINANCIALS

(\$000)

FINANCIAL PERFORMANCE	Q1 Actual	Q1 Budget	Variance	YTD Actual	YTD Budget	Variance	FYE
Total Revenue	6,060	5,910	150				26,733
Operating Expenses	5,740	5,874	134				26,633
Net Surplus	320	36	284				100
<b>FINANCIAL POSITION</b>							
Total Assets	6,676	7,339	(663)				4,202

**SUMMARY FINANCIALS**

Total Liabilities	4856	5,364	(508)	2,541
Equity	1,820	1,975	(155)	1.661
<b>CASH FLOWS</b>				
Cash Flow in	7,361	8,020	(659)	
Cash Flow out	6,485	7,210	(725)	
Closing Cash	876	810	66	

The major variances and matters of interest of the financial statements of WREDA are

- Revenue is up on budget due to unbudgeted income in the quarter for Creative HQ conferences and programmes, partly offset by lower Destination Wellington drawdowns
- Overall, expenses are in line with budget although there are a number of expenses over and under budget due largely to timing differences.
- The above budget surplus is largely a result of timing
- WREDA's balance sheet has cash on hand of \$2.6 m.
- The Venues Project made a loss of \$296k compared with a breakeven budget. The main contributors to this are a higher portion of lower margin business and the timing of some expenditure. These variances are currently being addressed to ensure the year-end budget is met.

**KEY PERFORMANCE INDICATORS**

MEASURE	Q1		Comments
	Annual Target	30 Sep 15	
Direct spend and attendance at Events	Annual Target	n/a	Major Events has not yet transferred
	Actual	n/a	
Utilisation rate Venues	Annual Target	56%	Utilisation rate is a stretch target, expect to get closer to the target by year end
	Actual	51%	
Maintain convention market share	Annual Target	16%	
	Actual	18%	
Australian arrivals	Annual Target	2%	The Q1 actual results reflects the new Jetstar services which were not in existence in Q1 2014/15
	Actual	20%	
Increase in commercial guest nights	Annual Target	4%	
	Actual	(4%)	
Increase spend overseas visitors	Annual Target	4%	The Q1 actual results reflects in part the new Jetstar services
	Actual	20%	
Number of visitors to website	Annual Target	10%	
	Actual	1%	
Attract screen production to Wellington (economic value to the Wellington Region)	Annual Target	\$20m	
	Actual	\$73m	
Assist in raising of capital	Annual Target	\$0.75m	
	Actual	\$1.8m	
Increase in value of new businesses setting up in Wellington	Annual Target	\$45m over 3 years	
	Actual	\$1.3m	

**KPI COMMENTARY**

WREDA has met or exceeded the majority of its KPIs for Q1. Apart from the Venues utilisation rate, all KPIs are expected to be met by year end. At this stage Major Events has not transferred to WREDA.



#### OUTLOOK

Key activities and issues anticipated in the next quarter include:

- New organisational structure in place for WREDA
- Single location for the whole of WREDA
- Progress the transfer of Major Events
- Delivery of PWV budget
- Begin search process for the Chief Executive role at PWV.

#### Attachments

Attachment 1.	Basin Reserve Q2 Report 31 Dec 2015	Page 23
Attachment 2.	Wellington Museums Trust Q2 Reports to 31 Dec 2015	Page 29
Attachment 3.	Stadium half year report to 31 Dec 2015	Page 37
Attachment 4.	WREDA half year report to 31 Dec 2015	Page 45

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Authoriser	Derek Fry, Director City Growth & Partnerships

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## **SUPPORTING INFORMATION**

### **Consultation and Engagement**

The organisations in this report consult with the Council on a wide range of matters as part of our “no surprises” relationship.

### **Treaty of Waitangi considerations**

This report raises no new treaty considerations. Where appropriate the entities do consult with the Council’s Treaty Relations unit as part of normal operations.

### **Financial implications**

The CCOs work within the context of the Council’s overall Long Term Plan and Annual Plan framework.

### **Policy and legislative implications**

This report complies with the legislative requirements of the Local Government Act (2002) and is consistent with existing Council policy.

### **Risks / legal**

Not applicable.

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

The CCOs work with the Council and other organisations in considering the environmental sustainability of their operations, including with the Council’s Our Living City programme.

### **Communications Plan**

Not applicable.



Basin Reserve Trust

**BASIN RESERVE TRUST**

**2015-16**

**Prepared for Wellington City Council**

**For the 2<sup>nd</sup> Quarter 2015-16**

**Signed** \_\_\_\_\_

**Date** \_\_\_\_\_

**Basin Reserve Trust**  
**WCC Economic Growth and Arts Committee**      **For the quarter to 31 December 2015**

1. **OVERVIEW**

The three month period under review is generally a period of implementing the first half of the summer season

The Trust has been active as follows:

**Trust Meetings**

The trustees met twice on October 16 and December 11, as part of its bi-monthly meeting schedule.

**Master Plan**

The Trust continues to work with Council on delivering the projects outlined in the Basin Reserve Masterplan. Plans for refurbishing the RA Vance Stand have begun tentatively with projects that aren't affected by use of the Stand for international and domestic cricket. After the last televised cricket match on February 28, work can begin in earnest on the more visible aspects of the Stand, such as the roof, seating and lounges.

**Naming Rights Sponsor**

The Trust is still seeking a naming rights sponsorship for the ground and is cognizant of the need to generate additional funding. The Trust believes positive publicity around the ground redevelopment and significant events will aid in securing naming rights sponsor.

**Robbie Williams Concert**

On October 31, the Basin Reserve hosted the Robbie Williams Concert, which had an attendance in excess of 10,000. The event was very well received by the public and the Basin Reserve came away with an enhanced reputation as a venue for non-sporting events. The requirement to switch the facility from sport to entertainment and back again created a challenging environment but this was mitigated to an acceptable level. However, it did highlight areas that would need to be addressed if the ground was to be used on a semi-regular basis for significant non-sporting events.

**Cricket Programme**

Q2 saw a cricketing programme built around the Robbie Williams Concert. A delayed start due to the concert saw the first domestic match played on November 22:

- Georgie Pie Super Smash x 4 matches
- Plunket Shield x 1 match
- Ford Trophy X 2 matches
- Women's Domestic Competition X 3 matches
- School and Club Cricket X 2 matches
- Sponsors X 1 match

Looking ahead, this sees the ground well prepared to host significant fixtures in the January/February period, including a One Day International and Test Match

**Grounds Keeping Cottage**

Work on the Cottage was completed in early Q2 and we are pleased to report the facilities are serving their purpose well. The amount of remedial work required has been minimal.

**Club Rugby**

The Trust has continued discussions with WRFU and OBU and a compromise position has been offered. This sees senior club rugby return to the Basin Reserve for the 2016 winter season on the understanding that senior club rugby will shift to another venue from 2017 onwards. The Trust has reiterated its stance that junior winter sport is more than welcome on the Basin Reserve, and that disruption to preparation of the cricket block, via senior sport, is the principle issue.

**General Renewals and Maintenance**

A range of minor maintenance work commenced in Q2, coupled with several significant projects connected to the Robbie Williams concert. These major items included:

- Replacement and repair of the northern sightscreen (paid for by PWV)
- Replacement of 400 square meters of playing turf (paid for by PWV)
- Upgrade of the venue wifi network (in partnership with PWV and Ticketek)

**2. OPERATIONS**

**2.1 *Performance Analysis***

***Events***

- 1 Concert (Robbie Williams)
- 13 Cricket Events
- 15014 Attendees
- 55 Cricket Trainings

**2.2 *Performance Measures***

The actuals against budget are attached.

**3. FINANCIAL REPORT**

Financial accounts are attached.

Basin Reserve Trust Financial Results 2015/16

(\$,000's)

	Actual Q2 2015/16	Budget Q2 2015/16	Variance Q2 2015/16	Actual YTD 2015/16	Budget YTD 2015/16	Variance YTD 2015/16	2015/16 Budget Full Year	2014/15 Actual Prev Q2
<b>Statement Of Comprehensive Income</b>								
<b>Income</b>								
<i>Grant Income</i>	41	36	5	278	281	(3)	605	81
<i>Ground Hire Income</i>	43	19	24	80	22	58	202	18
<i>Other Income</i>	85	6	79	85	9	76	75	6
<i>Interest Income</i>	1	1	-	3	3	-	4	1
<b>Total Income</b>	<b>170</b>	<b>62</b>	<b>108</b>	<b>446</b>	<b>315</b>	<b>131</b>	<b>886</b>	<b>106</b>
<b>Expenditure</b>								
<i>Building Expenses</i>	10	11	1	17	21	4	42	14
<i>Ground Expenses</i>	93	84	(9)	180	189	9	388	154
<i>Occupancy Expenses</i>	35	35	-	71	71	-	138	34
<i>Event Running Expenses</i>	21	36	15	28	44	16	115	15
<i>Administration Expenses</i>	24	21	(3)	43	37	(6)	94	28
<i>Other Expenses</i>	7	6	(1)	13	12	(1)	22	5
<i>Finance Costs</i>	-	-	-	-	-	-	-	-
<i>Depreciation</i>	22	20	(2)	43	40	(3)	81	21
<b>Total Expenditure</b>	<b>212</b>	<b>213</b>	<b>1</b>	<b>395</b>	<b>414</b>	<b>19</b>	<b>880</b>	<b>271</b>
<b>Total Comprehensive Income (Deficit) for the Period</b>	<b>(42)</b>	<b>(151)</b>	<b>109</b>	<b>51</b>	<b>(99)</b>	<b>150</b>	<b>6</b>	<b>(165)</b>

**Basin Reserve Trust Financial Results 2015/16**

(\$,000's)

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>2015/16</b>	<b>2014/15</b>
	<b>Q2 2015/16</b>	<b>Q2 2015/16</b>	<b>Q2 2015/16</b>	<b>YTD 2015/16</b>	<b>YTD 2015/16</b>	<b>YTD 2015/16</b>	<b>Budget</b>	<b>Actual</b>
							<b>Full Year</b>	<b>Prev Q2</b>
<b>Statement of Financial Position</b>								
<i>Total Non Current Liabilities</i>				-	-	-	-	-
<i>Total Current Liabilities</i>				197	102	95	146	113
<i>Total Trust Funds</i>				723	616	107	721	685
<b>Total Trust Funds and Liabilities</b>				<b>920</b>	<b>718</b>	<b>202</b>	<b>867</b>	<b>798</b>
<b>Assets</b>								
<i>Non Current Assets</i>				611	624	(13)	608	682
<i>Current Assets</i>				309	94	215	259	116
<b>Total Assets</b>				<b>920</b>	<b>718</b>	<b>202</b>	<b>867</b>	<b>798</b>
<b>Statement of Cash Flows</b>								
<i>Net Cash Flows from Operating Activities</i>				10	(43)	53	123	(20)
<i>Net Cash Flows from Investing Activities</i>				(14)	(25)	11	(50)	(10)
<i>Net Cash Flows from Financing Activities</i>				-	-	-	-	-
<b>Net Increase (Decrease) in Cash Held</b>				<b>(4)</b>	<b>(68)</b>	<b>64</b>	<b>73</b>	<b>(30)</b>
<i>Cash at the Beginning of Year</i>				48	100	(52)	100	110
<b>Cash at the End of Period</b>				<b>44</b>	<b>32</b>	<b>12</b>	<b>173</b>	<b>80</b>

**Basin Reserve Trust Performance Targets 2015/16**

	Actual Q2 2015/16	Budget Q2 2015/16	Variance Q2 2015/16	Actual YTD 2015/16	Budget YTD 2015/16	Variance YTD 2015/16	2015/16 Budget Full Year	2014/15 Actual Prev Q2
<b>Administrative</b>								
<i>Achieve targets within allocated budgets</i>		Annual			Annual		Annual	
<i>Comply with financial, technical and regulatory standards</i>	Achieved	Quarterly			Quarterly		Quarterly	
<i>Asset management plan carried out</i>	Achieved	Quarterly			Quarterly		Quarterly	
<b>Operating - Number of Events</b>								
<i>Cricket</i>	13	3	10	13	3	10	11	1
<i>Other Sports</i>	0	0	0	18	6	12	12	6
<i>Community</i>	1	0	1	11	0	11	4	0
<b>Operating - Number of Event Days</b>								
<i>Cricket</i>	16	6	10	16	6	10	27	4
<i>Other Sports</i>	0	0	0	18	6	12	12	0
<i>Community</i>	19	0	19	29	0	29	4	0
<i>Numbers attending events</i>	15014	3800	11214	15914	4600	11314	27300	800
<i>Practice Facility Usage</i>	55	30	25	56	30	26	71	-
<i>Hirer satisfaction with venue and events</i>	Achieved	Quarterly		Achieved	Quarterly		Quarterly	Achieved
<i>Playing surface to be maintained to an international standard</i>	Yes	Annual		Yes	Annual		Annual	-
<i>Council subsidy per visitor</i>	\$ 2.73	\$ 6.00	\$ 3.27	\$ 17.47	\$ 6	-\$ 11.47	\$ 6	-
<b>Financial</b>								
<i>Results within budget</i>	Achieved	Achieved		Achieved	Achieved		Achieved	Not Achieved
<i>Capital expenditure - within budget</i>	Achieved	Achieved		Achieved	Achieved		Achieved	Achieved
<i>Council % of revenue ratio</i>	24%	97%	-73%	62%	97%	-35%	68%	76%
<i>Event income</i>	43,000	\$19,000	\$ 24,000.00	\$79,500	\$22,000	\$ 57,500.00	\$202,000	\$18,000
<i>Business plan developed</i>		Annual			Annual		Annual	-



**Wellington Museums Trust**  
**2015-16**  
**Report as at 31 December 2015 (Quarter 2)**

**Visitor Numbers**

Institution	2015-16 Target	YTD Visitor Numbers (to 31 Dec 2015)	% of Annual Target	Q2 Target	Q2 Visitor Numbers Achieved	% of Q2 Target
Cable Car	221,000	114,901	52%	59,670	74,259	124%
Capital E	62,300	47,139	76%	15,575	22,103	142%
Space Place	44,500	22,396	50%	12,237	10,189	83%
City Gallery Wellington	150,000	94,362	63%	37,500	45,205	121%
Nairn Street Cottage	2,200	671	31%	550	163	30%
Wellington Museum	120,000	57,121	48%	31,800	34,753	109%
<b>TOTAL</b>	<b>600,000</b>	<b>336,590</b>	<b>56%</b>	<b>157,332</b>	<b>186,672</b>	<b>119%</b>

- Strong visitation at Capital E, City Gallery and the Cable Car Museum in Q2; Space Place visitation is on budget at the half-year mark; and Wellington Museum visitation has picked up since the opening of The Attic with over 14,000 visitors in December.
- Summer opening hours should see an improvement in the Nairn Street Cottage visitation.

**Highlights**

- Phase one of the Wellington Museum development was successfully completed in early November and The Attic's grand visitor opening was held on Saturday 14 November. The new exhibition is proving very popular with visitors.
- The Attic has received very positive feedback from museum professionals and Museums Wellington's lead designer has been invited to give a talk in Sydney on how we integrated accessibility and learning frameworks into the design.
- Capital E's October school holiday programme included TV Puppetry workshops with Jeremy Dillon, the Ultimate Experience Day which was – a fully integrated all-day programme including OnTV, theatre and events and virtual reality workshops which included family nights.
- The combined Capital E/Wellington Museum Big Halloween catered for all ages and was a huge success in terms of audience numbers, koha collected and 100% positive participant feedback.
- The year ended at Capital E with a celebration of Christmas in true Scandinavian style in partnership with the Danish and Swedish Societies. This year's charity partner was the Make Foundation which works to bring music, technology and art projects to refugee communities.
- The popularity of *Demented Architecture* with visitors of all ages and a massive final 2015 Tuatara Open Late which included a family Archi-Lego battle contributed to City Gallery's visitation success.
- *Unseen City*, *Camille Henrot Grosse Fatigue* and *Grayson Perry / Kushana Bush* opened at City Gallery in late November and *Julian Dashper and Friends* opened on 4 December. *Fiona Pardington: A Beautiful Hesitation* is now being prepared for tour to Christchurch and Auckland.
- City Gallery and Capital E received confirmation from the Ministry of Education that their Learning Experiences Outside the Classroom (LEOTC) funding contracts would be renewed.
- The Board completed its first round of health and safety due diligence visits to all sites under the control of the Trust and our Health and Safety Plan covering 2016-18 has been updated.
- Space Place and Cable Car retail are ahead of their year-to date revenue targets.
- Museums Wellington online shopping launch was well timed to take advantage of Christmas sales.

**Pat Stuart**  
Chief Executive

Actual 30-Jun-15	STATEMENT OF FINANCIAL PERFORMANCE (excluding Carter Observatory)	Actual 6 Mths to 31-Dec-15	Actual Qtr to 30-Sep-15	Budget Qtr to 30-Sep-15	Budget Qtr to 31-Dec-15	Budget Qtr to 31-Mar-16	Budget Qtr to 30-Jun-16	Total YE 30-Jun-16	Total YE 30-Jun-17	Total YE 30-Jun-18
<b>Revenue</b>										
1,655	Trading Income	547	240	199	199	199	199	794	1,014	823
6,213	Council Operating Grant	3,108	1,554	1,554	1,554	1,554	1,554	6,215	6,371	6,532
1,769	Council Rental Grant	884	442	442	442	442	442	1,769	1,768	1,767
896	Other Grants	490	286	193	193	193	193	772	732	732
1,059	Sponsorships and Donations	64	11	102	102	102	102	406	423	333
120	Investment Income	45	36	23	23	23	23	90	94	98
273	Other Income	77	39	63	63	63	63	251	261	263
11,985	<b>Total Revenue</b>	5,215	2,608	2,574	2,574	2,574	2,574	10,298	10,662	10,549
<b>Expenditure</b>										
4,671	Employee Costs	2,326	1,120	1,138	1,138	1,138	1,138	4,550	4,668	4,873
1,338	Council Rent	676	338	338	338	338	338	1,353	1,353	1,353
2,560	Exhibitions & Programmes	635	285	382	382	382	382	1,527	1,955	1,489
525	Marketing & Promotions	250	123	124	124	124	124	495	570	500
1,094	Occupancy Costs (excluding Council Rent)	539	266	297	297	297	297	1,189	1,192	1,199
139	Communication Costs	59	26	27	27	27	27	110	110	110
101	Trustee Fees & Expenses	45	20	19	19	19	19	77	77	77
239	Technology Costs	85	37	36	36	36	36	146	147	148
333	Professional Fees	20	11	10	10	10	10	41	41	42
153	Administration Expenses	191	50	77	77	77	77	307	307	305
16	Other Operating Expenses	25	13	30	30	30	30	119	125	125
506	Depreciation	193	96	104	104	104	104	415	415	415
0	Interest	0	0	0	0	0	0	0	0	0
11,675	<b>Total Expenditure</b>	5,041	2,384	2,582	2,582	2,582	2,582	10,328	10,959	10,634
310	<b>Net Surplus/(Deficit) before Taxation</b>	174	224	(8)	(8)	(8)	(8)	(30)	(297)	(86)
Taxation Expense										
310	<b>Net Surplus/(Deficit)</b>	174	224	(8)	(8)	(8)	(8)	(30)	(297)	(86)
2.6%	<b>Operating Margin</b>	3.3%	8.6%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-2.6%	-0.8%

Actual 30-Jun-15	STATEMENT OF FINANCIAL PERFORMANCE (Carter Observatory)	Actual Qtr to 31-Dec-15	Actual Qtr to 30-Sep-15	Budget Qtr to 30-Sep-15	Budget Qtr to 31-Dec-15	Budget Qtr to 31-Mar-16	Budget Qtr to 30-Jun-16	Total YE 30-Jun-16	Total YE 30-Jun-17	Total YE 30-Jun-18
<b>Revenue</b>										
440	Trading Income	207	121	154	154	154	154	616	652	650
312	Council Operating Grant	165	80	82	82	82	82	329	336	342
0	Council Rental Grant	0	0	0	0	0	0	0	1	2
92	Other Grants	41	20	21	21	21	21	82	82	82
0	Sponsorships and Donations	0	0	5	5	5	5	19	19	19
0	Investment Income	0	0	0	0	0	0	0	1	2
2	Other Income	1	0	1	1	1	1	4	4	4
846	<b>Total Revenue</b>	414	221	262	262	262	262	1,049	1,094	1,101
<b>Expenditure</b>										
599	Employee Costs	336	176	169	169	169	169	677	693	708
0	Council Rent	0	0	0	0	0	0	0	0	0
33	Exhibitions & Programmes	7	2	22	22	22	22	88	68	68
38	Marketing & Promotions	52	32	31	31	31	31	123	94	94
62	Occupancy Costs (excluding Council Rent)	36	16	26	26	26	26	104	104	104
7	Communication Costs	4	1	4	4	4	4	17	17	17
0	Trustee Fees & Expenses	0	0	0	0	0	0	0	0	0
5	Technology Costs	0	0	1	1	1	1	4	4	4
0	Professional Fees	0	0	0	0	0	0	0	0	0
92	Administration Expenses	81	34	36	36	36	36	144	144	144
19	Other Operating Expenses	0	0	1	1	1	1	4	4	4
5	Depreciation	2	1	3	3	3	3	11	11	11
0	Interest	0	0	0	0	0	0	0	0	0
860	<b>Total Expenditure</b>	518	262	293	293	293	293	1,172	1,138	1,154
(14)	<b>Net Surplus/(Deficit) before Taxation</b>	(104)	(41)	(31)	(31)	(31)	(31)	(123)	(44)	(53)
Taxation Expense										
(14)	<b>Net Surplus/(Deficit)</b>	(104)	(41)	(31)	(31)	(31)	(31)	(123)	(44)	(53)
-1.7%	<b>Operating Margin</b>	-25.2%	-18.5%	-11.7%	-11.7%	-11.7%	-11.7%	-11.7%	-4.0%	-4.8%

Total YE 30-Jun-15	STATEMENT OF FINANCIAL POSITION						Total YE 30-Jun-16	Total YE 30-Jun-17	Total YE 30-Jun-18
	Actual 31-Dec-15	Actual 30-Sep-15	Budget 30-Sep-15	Budget 31-Dec-15	Budget 31-Mar-16	Budget 30-Jun-16			
<b>Shareholder/Trust Funds</b>									
2,123 Share Capital/Settled Funds	2,123	2,123	2,123	2,123	2,123	2,123	2,123	2,123	2,123
0 Revaluation Reserves	0	0	0	0	0	0	0	0	0
373 Restricted Funds	374	374	38	38	38	38	38	38	38
1,792 Retained Earnings	1,862	1,975	1,354	1,315	1,277	1,239	1,239	897	759
<b>4,288 Total Shareholder/Trust Funds</b>	<b>4,358</b>	<b>4,471</b>	<b>3,497</b>	<b>3,441</b>	<b>3,386</b>	<b>3,330</b>	<b>3,330</b>	<b>2,831</b>	<b>2,706</b>
<b>Current Assets</b>									
545 Cash and Bank	140	44	10	10	10	10	10	10	10
985 Accounts Receivable	286	787	120	120	120	120	120	126	132
130 Other Current Assets	203	230	100	100	100	100	100	105	110
<b>1,670 Total Current Assets</b>	<b>629</b>	<b>1,060</b>	<b>230</b>	<b>230</b>	<b>230</b>	<b>230</b>	<b>230</b>	<b>241</b>	<b>253</b>
<b>Investments</b>									
2,521 Deposits on Call	2,901	3,969	1,778	143	1,749	156	156	228	214
0 Other Investments	0	0	0	0	0	0	0	0	0
<b>2,521 Total Investments</b>	<b>2,901</b>	<b>3,969</b>	<b>1,778</b>	<b>143</b>	<b>1,749</b>	<b>156</b>	<b>156</b>	<b>228</b>	<b>214</b>
<b>Non-Current Assets</b>									
4,079 Fixed Assets	4,368	4,119	4,151	4,157	4,163	4,169	4,169	4,214	4,238
29 Other Non-current Assets	15	15	16	16	16	16	16	16	16
<b>4,108 Total Non-current Assets</b>	<b>4,383</b>	<b>4,134</b>	<b>4,167</b>	<b>4,173</b>	<b>4,179</b>	<b>4,185</b>	<b>4,185</b>	<b>4,230</b>	<b>4,254</b>
<b>8,299 Total Assets</b>	<b>7,914</b>	<b>9,164</b>	<b>6,175</b>	<b>4,546</b>	<b>6,159</b>	<b>4,571</b>	<b>4,571</b>	<b>4,698</b>	<b>4,721</b>
<b>Current Liabilities</b>									
3,566 Accounts Payable and Accruals	3,218	2,744	572	577	622	671	671	1,115	1,250
447 Provisions	337	309	488	493	498	500	500	525	551
0 Other Current Liabilities	0	0	0	0	0	0	0	0	0
<b>4,013 Total Current Liabilities</b>	<b>3,555</b>	<b>3,054</b>	<b>1,059</b>	<b>1,070</b>	<b>1,120</b>	<b>1,171</b>	<b>1,171</b>	<b>1,640</b>	<b>1,801</b>
<b>Non-Current Liabilities</b>									
0 Loans - WCC	0	0	0	0	0	0	0	0	0
0 Loans - Other	0	0	0	0	0	0	0	0	0
0 Other Non-Current Liabilities	0	1,639	1,601	0	1,601	0	0	0	0
<b>0 Total Non-Current Liabilities</b>	<b>0</b>	<b>1,639</b>	<b>1,601</b>	<b>0</b>	<b>1,601</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>4,286 Net Assets</b>	<b>4,358</b>	<b>4,471</b>	<b>3,515</b>	<b>3,476</b>	<b>3,438</b>	<b>3,400</b>	<b>3,400</b>	<b>3,058</b>	<b>2,920</b>
<b>0.42 Current Ratio</b>	<b>0.18</b>	<b>0.35</b>	<b>0.22</b>	<b>0.21</b>	<b>0.21</b>	<b>0.20</b>	<b>0.20</b>	<b>0.15</b>	<b>0.14</b>
<b>0.52 Equity Ratio</b>	<b>0.55</b>	<b>0.49</b>	<b>0.57</b>	<b>0.78</b>	<b>0.56</b>	<b>0.74</b>	<b>0.74</b>	<b>0.65</b>	<b>0.62</b>

Total YE 30-Jun-15	STATEMENT OF CASH FLOWS							Total YE 30-Jun-16	Total YE 30-Jun-17	Total YE 30-Jun-18
	Actual 6 Mths to 31-Dec-15	Actual Qtr to 30-Sep-15	Budget Qtr to 30-Sep-15	Budget Qtr to 31-Dec-15	Budget Qtr to 31-Mar-16	Budget Qtr to 30-Jun-16				
<b>Cash provided from:</b>										
2,059 Trading Receipts	1,390	469	481	353	353	353	1,538	1,655	1,462	
8,294 WCC Grants	4,157	3,714	3,679	478	3,679	478	8,313	8,475	8,644	
988 Other Grants	531	307	213	213	213	213	854	814	814	
1,059 Sponsorships and Donations	64	11	106	106	106	106	425	442	352	
120 Investment Income	45	36	23	23	23	23	90	95	100	
275 Other Income	78	39	64	64	64	64	254	264	267	
<b>12,795</b>	<b>6,265</b>	<b>4,576</b>	<b>4,565</b>	<b>1,236</b>	<b>4,457</b>	<b>1,236</b>	<b>11,475</b>	<b>11,745</b>	<b>11,638</b>	
<b>Cash applied to:</b>										
5,270 Payments to Employees	2,661	1,296	1,307	1,307	1,307	1,307	5,227	5,360	5,581	
4,788 Payments to Suppliers	3,157	2,210	1,743	1,743	1,704	1,702	6,894	7,060	6,835	
123 Net GST Cashflow	3	1	(292)	(292)	(292)	(292)	(1,169)	(1,217)	(1,215)	
0 Other Operating Costs	0	0	0	0	0	0	0	0	0	
0 Interest Paid	0	0	0	0	0	0	0	0	0	
<b>10,181</b>	<b>5,822</b>	<b>3,508</b>	<b>2,758</b>	<b>2,758</b>	<b>2,719</b>	<b>2,717</b>	<b>10,952</b>	<b>11,203</b>	<b>11,202</b>	
<b>2,614 Total Operating Cash Flow</b>	<b>443</b>	<b>1,068</b>	<b>1,807</b>	<b>(1,522)</b>	<b>1,719</b>	<b>(1,481)</b>	<b>523</b>	<b>542</b>	<b>436</b>	
<b>Investing Cash Flow</b>										
<b>Cash provided from:</b>										
0 Sale of Fixed Assets	0	0	0	0	0	0	0	0	0	
0 Other	0	0	0	0	0	0	0	0	0	
<b>Cash applied to:</b>										
601 Purchase of Fixed Assets	468	122	113	113	113	113	450	470	450	
0 Other	0	0	0	0	0	0	0	0	0	
<b>601</b>	<b>468</b>	<b>122</b>	<b>113</b>	<b>113</b>	<b>113</b>	<b>113</b>	<b>450</b>	<b>470</b>	<b>450</b>	
<b>(601) Total Investing Cash Flow</b>	<b>(468)</b>	<b>(122)</b>	<b>(113)</b>	<b>(113)</b>	<b>(113)</b>	<b>(113)</b>	<b>(450)</b>	<b>(470)</b>	<b>(450)</b>	

Budget 30-Jun-15	<b>STATEMENT OF CASH FLOWS (CONT)</b>	Actual 6 Mths to 31-Dec-15	Actual Qtr to 30-Sep-15	Budget Qtr to 30-Sep-15	Budget Qtr to 31-Dec-15	Budget Qtr to 31-Mar-16	Budget Qtr to 30-Jun-16	Forecast to 30-Jun-16	Forecast to 30-Jun-17	Forecast to 30-Jun-18
<b>Financing Cash Flow</b>										
<i>Cash provided from:</i>										
0	Drawdown of Loans	0	0	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0	0	0
<i>Cash applied to:</i>										
0	Repayment of Loans	0	0	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0	0	0
0	<b>Total Financing Cash Flow</b>	0	0	0	0	0	0	0	0	0
2,013	<b>Net Increase/(Decrease) in Cash Held</b>	(25)	947	1,695	(1,635)	1,606	(1,594)	73	72	(14)
1,053	<b>Opening Cash Equivalents</b>	3,066	3,066	92	1,787	152	1,758	92	165	237
3,066	<b>Closing Cash Equivalents</b>	3,041	4,013	1,787	152	1,758	165	165	237	223
		(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Budget 30-Jun-15	<b>CASH FLOW RECONCILIATION</b>	Actual 6 Mths to 31-Dec-15	Actual Qtr to 30-Sep-15	Budget Qtr to 30-Sep-15	Budget Qtr to 31-Dec-15	Budget Qtr to 31-Mar-16	Budget Qtr to 30-Jun-16	Forecast to 30-Jun-16	Forecast to 30-Jun-17	Forecast to 30-Jun-18
296	<b>Operating Surplus/(Deficit) for the Year</b>	70	183	(38)	(38)	(38)	(38)	(153)	(342)	(139)
<i>Add Non Cash Items</i>										
511	Depreciation	195	97	106	106	106	106	426	426	426
0	Other	0	0	0	0	0	0	0	0	0
807		265	280	68	68	68	68	273	84	287
<b>Movements in Working Capital</b>										
(134)	(Increase)/Decrease in Receivables	709	208	(7)	0	0	0	(7)	(6)	(6)
(27)	(Increase)/Decrease in Other Current Assets	(73)	(100)	135	0	0	0	135	(5)	-5
665	Increase/(Decrease) in Accounts Payable	(458)	(959)	6	6	45	49	105	444	135
1,303	Increase/(Decrease) in Other Current Liabilities	0	1,639	1,606	-1,596	1,606	-1,598	17	25	26
1,807		178	788	1,739	-1,590	1,650	-1,549	250	458	149
<b>Net Gain/(Loss) on Sale:</b>										
0	Fixed Assets	0	0	0	0	0	0	0	0	0
0	Investments	0	0	0	0	0	0	0	0	0
2,614	<b>Net Cash Flow from Operations</b>	443	1,068	1,807	(1,522)	1,719	(1,481)	523	542	436
0		0	0	0	0	0	0	0	0	0

## Wellington Museums Trust 2015-16 Key Performance Indicators Report

### Residents' Awareness (Annual Survey)

Residents' Awareness	Target 2015-16	Achieved 2015-16
City Gallery Wellington	92%	
Wellington Museum	92%	
Capital E	90%	
Cable Car Museum	92%	
Space Place	92%	
Nairn Street Cottage	60%	
Trust Average	86%	#DIV/0!

### Physical Visitation\*

Visitor Numbers	Target 2015-16	Achieved 2015-16	Target Q1 (to 30-Sep-15)	Achieved Q1 (to 30-Sep-15)	Target Q2 (to 31-Dec-15)	Achieved Q2 (to 31-Dec-15)	Target Q3 (to 31-Mar-16)	Achieved Q3 (to 31-Mar-16)	Target Q4 (to 30-Jun-16)	Achieved Q4 (to 30-Jun-16)
City Gallery Wellington	150,000	94362	37,500	49,157	37,500	45,205	37,500		37,500	
Wellington Museum	120,000	54293	28,200	19,540	31,800	34,753	31,800		28,200	
Capital E	62,300	47119	15,575	25,016	15,575	22,103	15,575		15,575	
Cable Car Museum	221,000	114901	50,830	40,642	59,670	74,259	59,670		50,830	
Space Place	44,500	22396	10,012	12,207	12,237	10,189	12,238		10,013	
Nairn Street Cottage	2,200	671	550	508	550	163	550		550	
<b>Trust Total</b>	<b>600,000</b>	<b>333,742</b>	<b>142,667</b>	<b>147,070</b>	<b>157,332</b>	<b>186,672</b>	<b>157,333</b>	<b>-</b>	<b>142,668</b>	<b>-</b>

\*The target will be met if the result is within the range of +/-5%

### Virtual Visitation<sup>v</sup>

Virtual Visitor Numbers	Target 2015-16	Achieved 2015-16	Achieved Q1 (to 30-Sep-15)	Achieved Q2 (to 31-Dec-15)	Achieved Q3 (to 31-Mar-16)	Achieved Q4 (to 30-Jun-16)
City Gallery Wellington	76,000	75,683	53,596	22,087		
Museums Wellington <sup>vv</sup>	90,500	67,124	47,487	19,637		
Capital E	36,000	28,550	15,069	13,481		
<b>Trust Total</b>	<b>202,500</b>	<b>171,357</b>	<b>116,152</b>	<b>55,205</b>	<b>-</b>	<b>-</b>

<sup>v</sup>The total number of unique user visits to institutional web/mobile sites and (where applicable) YouTube channel

<sup>vv</sup>Museums Wellington has one website covering Wellington Museum, Cable Car Museum, Nairn Street Cottage and Space Place

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Social Media Profile <sup>mm</sup>						
Social Media Numbers	Target 2015-16	Achieved 2015-16	Achieved Q1 (to 30-Sep-15)	Achieved Q2 (to 31-Dec-15)	Achieved Q3 (to 31-Mar-16)	Achieved Q4 (to 30-Jun-16)
City Gallery Wellington	16,500	23,153	22,625	23,680		
Museums Wellington <sup>mmm</sup>	4,000	5,305	4,991	5,619		
Capital E	4,000	3,853	3,743	3,962		
Space Place	5,750	7,082	7,000	7,163		
<b>Trust Total</b>	<b>30,250</b>	<b>39,392</b>	<b>38,359</b>	<b>40,424</b>	<b>-</b>	<b>-</b>

<sup>mm</sup> Snapshot of the number Facebook friends, Twitter and Instagram followers at period end.  
<sup>mmm</sup> Museums Wellington here covers Wellington Museum, Cable Car Museum and Nairn Street Cottage

Quality of Physical Visit						
Quality of the Visitor Experience	Target 2015-16	Achieved 2015-16	Achieved Q1 (to 30-Sep-15)	Achieved Q2 (to 31-Dec-15)	Achieved Q3 (to 31-Mar-16)	Achieved Q4 (to 30-Jun-16)
City Gallery Wellington	90%	87%	87%	87%		
Wellington Museum*	90%	88%	-	88%		
Capital E	90%	98%	98%	97%		
Cable Car Museum*	90%	71%	-	71%		
Space Place*	90%	91%	-	91%		
Nairn Street Cottage*	90%	#DIV/0!	-	-		
<b>Trust Average</b>	<b>90%</b>	<b>#DIV/0!</b>	<b>93%</b>	<b>87%</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>

\*Please note: for Q1, Museums Wellington are not presently recording these figures, however from 1 November a new system for the core monitoring questions will be in place across all Museums Wellington sites.

Repeat Visitation						
Repeat Visitation	Target 2015-16	Achieved 2015-16	Achieved Q1 (to 30-Sep-15)	Achieved Q2 (to 31-Dec-15)	Achieved Q3 (to 31-Mar-16)	Achieved Q4 (to 30-Jun-16)
City Gallery Wellington	40%	63%	77%	48%		
Wellington Museum*	25%	31%	-	31%		
Capital E	40%	53%	49%	56%		
Cable Car Museum*	25%	31%	-	31%		
Space Place*	20%	0%	-	0%		
<b>Trust Average</b>	<b>30%</b>	<b>#DIV/0!</b>	<b>63%</b>	<b>33%</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>

\*Please note: for Q1, Museums Wellington are not presently recording these figures, however from 1 November a new system for the core monitoring questions will be in place across all Museums Wellington sites.

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<b>Non Council Revenue</b>		<b>Target 2015-16</b>	<b>Achieved 2015-16</b>	<b>Achieved Q1 (to 30-Sep- 15)</b>	<b>Achieved Q2 (to 31-Dec- 15)</b>	<b>Achieved Q3 (to 31-Mar- 16)</b>	<b>Achieved Q4 (to 30-Jun- 16)</b>
<b>Non Council Revenue (\$'000)</b>							
City Gallery Wellington		545		170	321		
Museums Wellington*		569		91	252		
Capital E		1,034		263	513		
Space Place		674		142	249		
<b>Trust Total</b>		<b>2,988</b>		<b>754</b>	<b>1,335</b>		

\*Museums Wellington includes the Wellington Museum, Cable Car Museum and the Nairn Street Cottage.

<b>Spend per Visit*</b>		<b>Target 2015-16</b>	<b>Achieved 2015-16</b>	<b>Achieved Q1 (to 30-Sep- 15)</b>	<b>Achieved Q2 (to 31-Dec- 15)</b>	<b>Achieved Q3 (to 31-Mar- 16)</b>	<b>Achieved Q4 (to 30-Jun- 16)</b>
<b>Spend per Visit (\$)</b>							
City Gallery Wellington		1.51		1.46	1.62		
Museums Wellington**		1.36		1.48	1.90		
Capital E		4.65		2.73	2.82		
Space Place		12.88		9.25	8.89		
<b>Trust Average</b>		<b>2.61</b>		<b>2.46</b>	<b>2.53</b>		

\*The target will be met if the result is within the range of +/-5%.

\*\*Museums Wellington includes the Wellington Museum, Cable Car Museum and the Nairn Street Cottage.

<b>Council Subsidy per Visit<sup>v</sup></b>		<b>Target 2015-16<sup>vv</sup></b>	<b>Achieved 2015-16</b>	<b>Achieved Q1 (to 30-Sep- 15)</b>	<b>Achieved Q2 (to 31-Dec- 15)</b>	<b>Achieved Q3 (to 31-Mar- 16)</b>	<b>Achieved Q4 (to 30-Jun- 16)</b>
<b>Subsidy per Visit (\$)</b>							
City Gallery Wellington		14.16		8.11	9.62		
Museums Wellington <sup>vvv</sup>		5.03		6.63	4.68		
Capital E		20.81		11.92	13.42		
Space Place		10.16		6.52	7.35		
<b>Trust Average</b>		<b>11.09</b>		<b>11.11</b>	<b>9.72</b>		

<sup>v</sup>Subsidy per visit is arrived at by dividing the number of visits into the Council operating grant.

<sup>vv</sup>The target will be met if the result is within the range of +/-5%.

<sup>vvv</sup>Museums Wellington includes the Wellington Museum, Cable Car Museum and the Nairn Street Cottage.

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**Wellington Regional Stadium Trust  
Half yearly report to settlers  
For six months ending 31 December 2015**

The Trustees are pleased to present this report of operations for the six months ending 31 December 2015.

As outlined in the Statement of Intent, to meet its obligations under its Trust Deed, the Trust pursues the key objectives of:

- Presenting a full and balanced event calendar;
- Maintaining and enhancing the facility;
- Achieving a level of profitability that finances continuing capital expenditure and meets debt repayment obligations.

In line with the objectives listed above, the Trust has developed a number of themes that form the basis of its long term planning;

1. Future Regional Venues Strategy;
2. Attracting Domestic & International Events;
3. Marketing and Branding;
4. Improving Customer Experience;
5. Building Relationships with Hirers;
6. Maximising Revenue;
7. Facility Management.

An update on each of these themes is provided below.

A tabular summary of performance measures (both financial and non-financial) is included at the end of this report.

**FUTURE REGIONAL VENUES STRATEGY**

Wellington City Council has allocated \$5.0 m for a significant upgrade of the public concourse. The Trust will also contribute funding to this project. In the reporting period, the Trust has commenced work with the specialist Stadium architects Populous on initial concepts for this upgrade. It is likely that the work will be undertaken in the 16/17 financial year, prior to the British & Irish Lions tour.

**ATTRACTING DOMESTIC & INTERNATIONAL EVENTS**

We have had a busy six month period, with a variety of events including the welcome return of concerts to the Stadium. Total event days were 28 (plus four community events), and attendance was 213,226. This compares to 164,142 for the six months to December 2014.



<b>Event</b>	<b>Month</b>	<b>Attendance</b>
<i>Rugby</i> Super Rugby Final	July	35,896
ITM Cup Rugby: 5 round robin games	August to October	3,051 avg
Semi-final		3,178
<i>Football</i> A-League – Phoenix: 4 Regular season games	October to December	7,885 avg
<i>Rugby League</i> NRL Warriors v St George Dragons	August	15,902
<i>Exhibitions</i> Armageddon Beervana Food Show Home & Garden Show Spa Expo	July August September September November	52,733
<i>Concerts</i> Elton John AC/DC	November December	28,340 30,386

Major events held during this period were the sold out Super Rugby final in July, the Elton John concert in November and the AC/DC concert in December.

The Super Rugby final was one of the most memorable events in the Stadium's history, and followed the semi-final held a week earlier. Demand for hospitality and tickets was high, and while the final result did not go the Hurricanes way, it was a fantastic event.

The Elton John and AC/DC concerts were a welcome return of concerts to the Stadium and both were well attended. They have reaffirmed Wellington as a desirable host city and region for large outdoor concerts.

Average ITM Cup Rugby attendances were very similar to the previous season, at just over 3,000 for the round robin games. Not many more attended the semi-final with 3,178.

Average attendance at the first four Phoenix games was 7,885 which was slightly above the same period last year. The best attended game was in November, just after the *SavetheNix* campaign was launched in response to the publicity around the license issues.

It was a very busy period for exhibitions. With the two World Cups held earlier in 2015 some of our regular exhibitions had to relocate from their usual timings. A new event held during the period was

## **estpac** | **STADIUM**

a three day Spa Expo open to the public. While the numbers that attended were relatively low, the hirer was pleased with how the venue operated for them.

### **Upcoming events**

Planning for the four nights of the Royal Edinburgh Military Tattoo is well advanced. The pack in commenced on 8 February.

We look forward to hosting a Bulldogs home match when they take on the Warriors in April. The Bulldogs last played a home match at the Stadium in 2013.

Unfortunately the American Football event that had been booked for 12 March 2016 was cancelled by the organisers, who were unable to confirm sufficient funding.

### **MARKETING & BRANDING**

The Westpac Stadium Birthday Open Day was held on Saturday 25 July, in conjunction with the Capital 150 weekend. With over 2,900 visitors throughout the day it was a great success. We took over 750 people on guided behind the scenes tours of the Stadium and gave visitors the opportunity to play a variety of sports on the field. Support was provided by Westpac who staffed a Kid Zone area and donated one of their promotional LifeFlight Westpac Rescue Helicopter landings, which was a highlight of the day.

The Community Mural project was completed during the period with 12 fabulous murals now gracing the concourse walls. A total of 12 schools (around 240 students and 6 artists) took part. An opening event was held on Wednesday 16 December and attended by around 100 students and their parents. It was also an opportunity to thank our sponsors Resene and Concept Sign & Display and the council and gallery partners who worked on the project. The murals will remain on the walls until the concourse redevelopment project commences at which point the canvases will be given to the schools.

### **Digital Strategy**

The Stadium's social media channels have been building in number and engagement levels. We are focusing on three main channels: Facebook (9,055 followers), Twitter (3,646 followers) and Instagram (995 followers).

In July 2015, we launched a new stadium website. The new site is more modern, graphic and easier to navigate as well as being mobile optimised – which is valuable to fans accessing the website while at the venue.

A new monthly fan eNewsletter has been launched and has grown to over 400 subscribers. A quarterly hospitality newsletter is also being sent to over 1,500 subscribers. These newsletters have been well received and engagement levels have been strong, especially around the monthly competitions.

### **IMPROVING CUSTOMER EXPERIENCE**

In July 2015 we conducted a baseline research survey which was undertaken by 869 respondents, 91.26% of whom lived in the Wellington region. This survey examined the overall fan experience at

## Westpac | STADIUM

Westpac Stadium events, including interest and passion levels for sporting codes, the game day experience (transport, food and beverage, ticketing, security etc), the match experience (entertainment, time of day etc) and motivations to attend. We also looked at social media usage, interest in membership products and general perceptions of the stadium. Overall, respondents rated their experience 8.19 out of 10 with members rating of 8.68 out of 10.

Since August 2015 we have been conducting monthly fan surveys, requesting similar feedback from fans who attended an event in the previous calendar month. We are starting to build up a picture of general trends by type of event and the information is providing useful insights in the areas we need to develop.

Our annual members' survey was conducted in October 2015. Although the sample size was small, the results overall were very positive with of "Good to Excellent" rating for the overall membership experience at 77.42% compared to 66% in the previous year. The improvements made to the member lounges and the annual members' function were all well received.

We were pleased to be the first stadium in New Zealand and Australia to introduce local craft beer. Garage Project and Tuatara have been available at Phoenix games this season.

### **BUILDING RELATIONSHIPS WITH HIRERS**

We are working closely with our key hirers to collectively develop strategies to grow attendances. We are engaging with them in regard to broader marketing, membership and season pass strategies.

### **MAXIMISING REVENUE /FINANCIAL RESULTS**

The net surplus for the six months ending 31 December 2015 is \$343,000 compared to a budgeted loss of \$566,000.

Event revenues are \$1.3 million ahead of budget, offset by event expenditure being \$694,000 ahead of budget for a net positive variance of \$582,000. Part of this is due to the Super Rugby final match which was unbudgeted as was the ITM Cup semi-final. Some of our other events have also had larger audiences than expected.

Other operating expenses were under budget by \$212,000. The Trust has benefited from lower than budgeted borrowing and interest rates. Depreciation is less than budget due to the timing of capital expenditure.

The net surplus for the full year is projected to be \$1.3 million compared to a budget of \$235,000. This is largely due to the expected continuation of the positive variance from the first six months. While planning for capital expenditure projects continue, the timing of some of these projects have extended further than anticipated in the last planning cycle, which flows through to reduced borrowing, depreciation and interest expenses. The change in the timing of capital expenditure is also the reason for the variances in the net cash flow movement, and net bank debt.

### **RENEWAL OF MEMBERSHIPS AND BOXES**

One additional box was licensed during the period, and a number of additional Stadium memberships have been sold. We expect interest in memberships and boxes to increase over the

## **estpac** | **STADIUM**

coming months with the strong 2016 Test Match programme in place and the 2017 British and Irish Lions series.

### **FACILITY MANAGEMENT**

No major capital works projects have been undertaken during the period, however a number of smaller enhancements have been made including:

- purchase of new fast fryers for some of the concourse outlets
- new furniture for one of the members' lounges
- additional bar leaners for mezzanine bar
- installation of cameras in the carpark
- upgrade of some replay screen operating equipment

As noted earlier in this report, we have commenced dialogue with our architects, Populous, on upgrades to the concourse.

### **Turf**

During the period we have conducted a tender process for the replacement of the entire stadium playing surface. The turf is now 16 years old and has performed very well. We will be replacing it with reinforced turf which will enable us to complete the work in a three week period and provides more flexibility in the types of event we can attract, and in the turnaround period between events. This work is currently planned for November 2016.

The turf team have done a remarkable job in the period following the two concerts to return the pitch to excellent conditions for football and cricket.

### **ORGANISATIONAL HEALTH, CAPABILITY AND RISK ASSESSMENT**

#### **Health & Safety**

The Board receives regular detailed Health and Safety reports from management. Good progress is being made on continuous improvement to our health and safety practices, including work with the many contractors, hirers and other users of the Stadium.

#### **Staffing**

Therese Walsh joined the board in April 2015 replacing Liz Dawson who had been on the Board since 2005.

After almost nine years, Turf Manager Brett Siphthorpe departed in July 2015. Hagen Faith was promoted into this role from his previous role as Assistant Turf Manager, and we welcomed Todd Heinrich from the Adelaide Oval as the new Assistant Turf Manager.

#### **Earthquakes**

We have conducted an assessment of the Stadium and walkway. Neither were deemed to be earthquake prone. However we will be considering some strengthening works over the coming months.



**Insurance**

We completed the renewal of insurance during this reporting period. We are pleased to have confirmed cover at the following levels: \$160m for material damage and \$28.5m for Business Interruption. These levels are consistent with prior years. While still a significant expense, the premium has reduced from the previous year.

**CONCLUSION**

During the last six months we have:

- Provided residents of the region and visitors with a wide range of events to attend, including two concerts and the first Super Rugby final to be held at the Stadium
- Continued work on projects to enhance the Stadium facility and experience
- Exceeded financial targets for the period

We look forward to building on this work over the next six months, with some exciting events ahead including the Tattoo, the All Blacks v Wales Test Match and our regular offerings of Cricket, Super Rugby, Phoenix, and exhibitions.

John Shewan  
Chairman  
February 2016





**Non-Financial Performance Measures**

Measure	How Measured	Progress for six months to 31 Dec 2015
<ul style="list-style-type: none"> <li>Delivering an outstanding Sevens in 2016 for both patrons and event managers</li> </ul>	<ul style="list-style-type: none"> <li>Key stakeholders are satisfied with management of the Sevens operation</li> <li>Improved attendances for 2016</li> <li>Renewal of contract beyond 2016</li> </ul>	<ul style="list-style-type: none"> <li>Event occurred outside this reporting period</li> </ul>
<ul style="list-style-type: none"> <li>Secure a strong Rugby international calendar for 2016 and 2017</li> </ul>	<ul style="list-style-type: none"> <li>A minimum of 4 international rugby matches over both years</li> </ul>	<ul style="list-style-type: none"> <li>Two test matches confirmed in 2016 and two British &amp; Irish Lions matches confirmed for 2017</li> </ul>
<ul style="list-style-type: none"> <li>Deliver more large scale non-sporting events</li> </ul>	<ul style="list-style-type: none"> <li>Secure at least one concert per year</li> <li>Secure at least three other events outside the traditional rugby and football regular season calendar per year</li> </ul>	<ul style="list-style-type: none"> <li>Two concerts held (Elton John &amp; AC/DC)</li> <li>Bulldogs match confirmed for April 2016</li> <li>Continuing discussions with promoters for 2016/17 year.</li> </ul>
<ul style="list-style-type: none"> <li>Continued investment in stadium infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Stadium technology RFP completed</li> <li>Turf replacement strategy completed and agreed</li> <li>A concourse upgrade plan developed to the satisfaction of key stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Technology RFP under way</li> <li>Turf replacement strategy agreed and tender awarded for replacement turf.</li> <li>Commenced discussions with architects on concourse upgrade plan</li> </ul>
<ul style="list-style-type: none"> <li>Deliver a full event calendar</li> </ul>	<ul style="list-style-type: none"> <li>Securing 45-50 event days per year. (Excludes community events).</li> </ul>	<ul style="list-style-type: none"> <li>On track, with 28 events in first half year.</li> </ul>
<ul style="list-style-type: none"> <li>Host unique events that deliver economic benefit to the region</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining economic benefit to the Region at an average of \$40 million per year</li> <li>Working with promoters to deliver special events to Wellington</li> </ul>	<ul style="list-style-type: none"> <li>Two concerts held in the period that attracted large out of region attendance</li> </ul>

**Westpac | STADIUM**

<ul style="list-style-type: none"><li>• Continue to enhance food and beverage offering</li></ul>	<ul style="list-style-type: none"><li>• Greater range and quality of offerings</li><li>• Higher customer satisfaction in research</li></ul>	<ul style="list-style-type: none"><li>• Craft beer offering at a number of events</li></ul>
<ul style="list-style-type: none"><li>• Improved fan experience</li></ul>	<ul style="list-style-type: none"><li>• Achieve year on year improved research results from patrons</li></ul>	<ul style="list-style-type: none"><li>• Research programme has commenced.</li></ul>



**Wellington Regional Economic Development Agency**

Half Year Report

*Financial Year 2015/16 - Quarters One and Two*

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## Overview

In the last six months WREDA has focussed on preparing for the future while delivering today.

The arrival of Chris Whelan as Wellington Regional Economic Development Agency (WREDA) Chief Executive has initiated the process of organisational re-design. Beginning with a 'whole of WREDA' internal consultation process, the first major milestone of this process was the announcement, just prior to Christmas, of the 'Tier 2' General Manager roles, which will report directly to the Chief Executive. By extension, these roles indicate the future divisional structure of WREDA. The roles are:

- GM Business Growth & innovation
- GM Marketing & Destination
- GM Development & Foresight
- GM Events & partnerships
- GM Venues & Operations
- GM Business Services

A recruitment process is underway to fill these roles, with some 200 applications received from both internal and external candidates.

The organisational design process, as well as the ongoing operational and cultural integration programme (known internally as '1WREDA'), is being conducted whilst WREDA continues to deliver on the service obligations and expectations of its legacy organisations. The flexibility and commitment of staff at all levels has been, and remains, crucial to maintaining momentum during this necessarily disruptive period.

Looking ahead, the new General Managers will be in place during Q4, and will contribute to Phase 2 of the redesign; building the teams to deliver on our KPIs. Our forthcoming Statement of Intent details the specific programme of work areas that WREDA will focus on for the next three years.

1WREDA integration continues, with staff co-location, policy harmonisation, ICT system consolidation, Health & Safety training, a Single Digital Platform project and entrenchment of one team culture all on the agenda for the second half of this financial year.

In the meantime, we continue to drive for results in our existing focus areas. Major projects (alongside ongoing programs such as Lightning Labs and the Regional Business Partner Programme) for the third and fourth quarters include:

- Promotion and venue services for the New Zealand Festival;
- Delivering a domestic winter visitor marketing campaign;
- Progressing analysis of the economic and social dimensions of the Wairarapa Water Use Project; and
- Supporting the Singapore Airlines 'capital connection'.

A number of internal projects are underway to expedite delivery of 1WREDA. Each is highlighted below in terms of progress, state of play and immediate focus areas.

### ICT systems and policies

- Currently WREDA operates on a number of different systems, including Venues, who uses WCC for back office and IT support
- An audit of the different systems has been completed. A future-state application landscape is being developed with a view to future-proofing WREDA's IT needs

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- Work will shortly commence on transition to a single, WREDA-wide ICT system and policy

#### **Co-location**

- We are currently considering a property proposal for co-location of all business units (excluding Creative HQ)
- The proposal contains incentives in the form of landlord contribution to fit out and to current leases
- We are also considering an option for temporary relocation of the PWT office staff (if required)
- The co-location process is subject to the following dependencies:
  - Finalising staff numbers
  - Deciding on the number of Venues staff to co-locate
  - Finalising IT systems transfer/ establishment and associated requirements
  - Deciding on whether to use an adjacent space for CHQ/ other projects/ initiatives
  - Agreeing Tenancy Contract terms and conditions agreed
  - Finalising timing of various moves
  - Budget

#### **Health & safety**

- We are trialling the Donesafe software-based risk management system. This system:
  - operates from the cloud, is flexible, and mobile friendly
  - can be applied to all WREDA staff and Board members
  - covers all aspects of the new Health & Safety legislation being introduced from April and will cover all WREDA needs
- All staff and Board will receive Donesafe induction training in due course
- The ultimate outcome will be a Health and Safety Risk Management Framework for the whole of WREDA, including:
  - hazard identification and analysis
  - policies and procedures
  - audit and reporting
  - training

#### **Single Digital Portal Project**

This project has been designed to:

- Enable WREDA to tell the Wellington story/ value proposition
- Extend reach
- Effect efficiency
- Ensure a world class experience of Wellington for users
- Educate users on what Wellington is offering
- Elicit action (business/ investment/ student attraction etc) around increased visitors, trade and investment

One-on-one and group consultations have been conducted with all the WREDA business units, a review of all current websites and channels has been conducted and research conducted into similar digital portals used by other national and international economic development agencies.

Information has been collated and analysed to identify overlaps and gaps in content, functionality, investment and resource.

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The single platform approach, utilising existing and ongoing investment in Wellingtonz.com, has been validated by WREDA's website design agency as being "viable, feasible and relatively affordable".

This approach has the capability to maintain separate brands and content where required, increase functionality, lower maintenance, development and hosting costs, increase development and resourcing efficiencies and maintain a consistent brand story. It further focusses WREDA's communication and marketing efforts and provides a solid base from which to drive tourism, trade and investment.

Looking ahead, we will continue building internal capability, focusing resources to deliver greater ongoing value for stakeholders, and coordinating operations to leverage the cross-sector potential of our amalgamated agency. Over the rest of the financial year and beyond, we will begin to 'shift the dial', generating significant measurable improvement across a range of regional economic indicators.

This requires us to not simply maintain the momentum of our current core business programmes, but to also deliver new initiatives. Among these are programmes to;

- analyse and leverage infrastructure investment to maximise return for the region;
- significantly increase our international student population;
- establish a high-level network of corporate leaders and influencers to assist with development and amplification of a credible "Why Wellington?" proposition; and
- assist businesses in target sectors to scale-up, by facilitating skills-, talent- and market-access.

We now look forward to passing our next milestone, the conclusion of this financial year, and shifting in to high gear as a fully restructured and integrated organisation. As we take this critical opportunity to shape WREDA for future effectiveness, we remain focused on maintaining momentum across our business areas. This is WREDA's priority commitment to our team, stakeholders, and the people of the Wellington region.

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## BUSINESS DEVELOPMENT

### Business/talent attraction

- Destination Wellington funding was secured to pursue conversion of business attraction leads. This funding mechanism – and WREDA’s approach to it – has been refined consistent with changed macro-environment agendas
- WREDA hosted a potential investor migrant negotiating purchase of local a biotech company
  - This buyer could provide access to a global value chain and large scale international market for the company
  - Potential value up to \$30 million in Foreign Direct Investment and creation of 40 jobs  
Progress will be reported at the appropriate time
- WREDA updated the regional Investment Profile used by New Zealand Trade & Enterprise (NZTE)

### Wellington International Student Growth Project

- A WREDA-led consortium that includes EducationNZ and local providers was formed to fund and deliver this international student attraction project, which has a total budget of \$1.93 million over three years
- The aim is to double the number of international students (6,000 → 12,000) in Wellington by 2025
- The projected value add to regional economy is \$74 million over the first four years
- The project will address four dimensions of need within Wellington’s international student market, namely:
  - Increased awareness in international markets
  - Enhanced student experience
  - Capacity building within the sector
  - Study and employment pathways
- WREDA will support staffing costs, primarily in the form of a Programme Manager (and sundry overhead expenses). The estimated value of this contribution is \$150,000 p.a., with the additional funding of \$200,000 via Destination Wellington in Year 1. The industry consortium provides the remainder of the \$1.93 million three-year project budget

### Australian talent/business attraction PR programme

- Following on from significant talent and business attraction campaigns in the Australian market in the last half of financial year (FY) 2016, our media programme continued to focus on highlighting Wellington’s credentials to potential talented migrants
  - Over the last six months, this work has generated a total of 80 positive media results in the Australian market
  - High quality publications were a feature of this half-year’s results, including a five-article series with *Forbes Australia*, and syndicated features from *The Australian* and *Australian Financial Review*
  - In February, Statistics New Zealand figures revealed 2,301 people migrated to Wellington from Australia in 2015, an increase of 86% from 2012
    - This data helped secure further high-quality media coverage in Australia in Q3

## Business Support

### Regional Business Partnership Programme

- New Zealand Trade & Enterprise and Callaghan Innovation have reappointed WREDA as Regional Business Partner for Wellington
- The requirements of this contract are to manage a portfolio of at least 470 businesses per annum:
  - Connecting at least 168 businesses with business mentoring services
  - Helping businesses with growth potential in the Wellington region identify needs and opportunities to grow their business
  - Connecting relevant businesses to a total funding pool of \$450,000 of capability voucher funding per annum, as well as other expertise and programmes offered by NZTE
  - Provide relevant businesses innovation advice and access to research and development (R&D) funding, expertise and programmes offered by Callaghan Innovation For the period ending December 2015, we have facilitated access for regional businesses to nearly \$1.5 million in R&D grant funding, noting that for the period ending January 2016, this has increased to over \$6.3million. There is a further \$2.7million in the funding pipeline to June 2016, pending application approval.
- The programme now also includes the Business Mentors service, for which we have subcontracted the Wellington Employers Chamber of Commerce to deliver.

## Sector Development

### Screen

- In early November 2015, Wellington hosted the 10<sup>th</sup> AnimFX conference, for Animation, Visual Effects and Game Development experts. WREDA is a Foundation Sponsor.
  - The conference welcomed 190 delegates, as well as 22 industry and keynote speakers from NZ, US and France
  - Whilst a relatively 'small' conference, the reality is it 'punches above its weight' in reinforcing Wellington's reputation as a centre of creative capital
- Sponsored Screen Production and Development Association Masterclass
  - Support for the third and final component of 2015 Masterclass programme
  - 25 selected producers and directors attended
  - Key outcomes included stronger pitching, more focused projects and new willingness to collaborate within the group
  - Additional opportunities to be explored and validated for 2016 include a pitching opportunity at the Production Finance Market event in Europe.
- Film Wellington brand and website evolved to Screen Wellington
  - Reflects wider range of media and platforms now used to present content
  - Timed to celebrate 20 years of screen production in Wellington with industry partners

### Manufacturing

- The first iteration in New Zealand of the Lightning Lab Manufacturing accelerator programme, conducted by Creative HQ, held its Demo Day in November 2015
- Seven ventures presented investment pitches to an audience that included 50 investors + 200 community attendees
- Discussions between investors and entrepreneurs are ongoing. Deal flow will be reported at the appropriate time.



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#### **Food & beverage**

- We hosted representatives of a large Chinese consumer retailer for a two-day visit, introducing nine regional food and beverage businesses to the delegation
  - Two of those businesses entered subsequent negotiations for supply into China
  - Four further introductions were made to retailer's local representative
- WREDA contributed to a pre-feasibility study into establishment of Wairarapa Wines industry collective (likely to be known as the Wellington Wine Company – an excellent opportunity to grow the region's global brand). Work continues with the industry group to clarify objectives, scope and potential activity

#### **Land Use Studies**

- We have been project managing Wairarapa Land Use study reports, to encourage potential customers of the Wairarapa Water Use Project, by identifying and validating alternative, commercially viable land use options
- The project has involved site selection of three case study farms, issuing land use and environmental expert briefs, a final selection of 10 land uses for detailed analysis and the selection and contracting of consultants
- This project is funded \$75,000 by Wellington Regional Strategy Office, \$75,000 by central government

#### **Workforce Development**

- The Summer of Tech programme saw 107 interns successfully placed into technology roles in Wellington, an increase on 93 last summer
  - The majority of placements were in software development, with other placements in design, BA/analysis, digital marketing and testing
  - Of note 35% of the interns female – well above the industry workforce average of 20%
  - Increasing numbers of organisations are using Summer of Tech as pipeline for entry-level roles
- WREDA is working with Immigration New Zealand and the Wellington Regional Strategy Office to progress a new Partnership Agreement, which will strengthen our regional input into the attraction of skilled migrant and investor migrants
  - Jointly with Immigration NZ, we are developing a comprehensive action plan, which we will implement once the Agreement is finalised in Q3
  - Given that Immigration New Zealand typically partner with the local economic development agency, it is likely that WREDA will conduct due diligence before signing any agreements on behalf of the Wellington region
- We have provided advice, business and local government connections to Wellington Consortium (Victoria University, WelTec/Whitireia) in support of the successful bid for government funding to establish a new ICT Graduate School in Wellington
  - Currently working as an adjunct member of the Establishment Board, assisting with:
    - Appointment of Director (Rees Ward)
    - Delivery of an official launch at Parliament in early March
    - Engagement with regional ICT sector through industry experience, industry-led projects and research, plus establishment of scholarships and other formal arrangements
  - First intake for Master of Information Technology via Whitireia/ WelTec is under way

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- Main Victoria University tranche of Wellington ICT Graduate School students begin in July, with the Master of Professional Business Analysis and Master of Engineering Practice. The plan is for the Master of Design Technology and Master of Design Practice courses to begin in July 2016
- Full complement of 175+ students planned for 2018. It is expected that a (significant) proportion of these students will be from offshore

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## VISITOR ECONOMY

### Visitor marketing

Brand and exhibition marketing in the first six months have contributed to strong growth in both the New Zealand and Australia visitor markets. In the financial year to December, domestic commercial visitor nights have increased 9.6% and direct international visitor arrivals are 15.6% up on the same period a year before.

- Following flights of the *It's Never Just a Weekend when it's in Wellington* brand campaign across the early months of winter, the past six months' domestic activity has focused on tactical conversion, courtesy of exhibition campaigns in partnership with Te Papa and The Great War Exhibition. In particular campaigns for *Gallipoli: the scale of our war* and *DreamWorks Animation: The Exhibition* have contributed towards significant out-of-town visitation.
- In Australia, WREDA supported the success of new inbound Jetstar routes. The significant piece of work for the six months has been the *Inspired by Wellington* campaign, launched in November, in partnership with Tourism New Zealand.
  - The campaign featured Australian culinary and creative influencers visiting Wellington to develop a product inspired by their experience. They are:
    - Gelato Messina
    - Langford Guitars
    - We Are Handsome fashion
  - The digital campaign targets 25-49 year olds in Melbourne and Sydney, and is designed to highlight Wellington's creative and culinary experiences, along with its neighbouring wine regions.
  - We are currently compiling a campaign report with metrics from Tourism New Zealand
- Our latest Summer edition of *The Wellington Guide* magazine launched in October
  - Distribution of the 236,700 copies was through metro daily newspapers in Australia/New Zealand, Air New Zealand's Kia Ora magazine, and NZ Life & Leisure
- In October a new 'always on' listicle-focused content marketing campaign was launched via Outbrain, Facebook and eDM, resulting in strong visitation and time on site, with a low cost per click.
- Cumulatively, media coverage driven by our Australasian PR programme reached an estimated 71.7 million people, returning an advertising value of \$4.1 million.

### Events marketing

- During the second quarter we executed marketing plans and activity with the following events, through both paid channels and own WREDA channels as well as hosted media:
  - World of WearableArt
  - Christmas in Wellington
  - Sevens (planning and marketing)
  - Wellington Cup (planning and marketing)
  - BlackCaps Tests (planning and marketing)
  - Royal Edinburgh Military Tattoo (planning)
  - NZ Festival (planning, Australian marketing, media hosting)
- In addition, we began a digital event marketing campaign promoting the breadth of the upcoming Wellington Events calendar.

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#### Business events marketing

- In the latest Conventions Activity Survey data (Year ending December 2015) produced by MBIE, Wellington has retained its 17% market share.
- 17 familiarisation visit attendees were hosted through the second quarter with seven of these from the Australian Society of Association Experts.
- Work with Tourism New Zealand on international conference research and bids is continuing to have a positive impact on the number of bids that are being pitched for with Wellington as the host destination.
- Our Business Events Wellington team joined the Conference and Incentives New Zealand and Tourism New Zealand stand at the annual Australian PCO (Professional Conference Organisers) conference in Adelaide.
  - Over 160 PCOs were in attendance.
- In November approximately 600 of Australia's top travel consultants, industry leaders and suppliers were in Wellington for the *helloworld* Owner Managers Summit
  - Securing this conference was the culmination of work across several years for our business events marketing and venues team
  - In addition to being a large-scale multi-day business event, the delegates represented a network that sells \$4.9 billion in travel to Australians annually, all of whom had a first-hand experience of Wellington

Wellington Region Summary for all business events:

- 5,158 Single Day events
- 1,430 Multi Day events
- 580,250 Total Delegates
- 756,150 Total Delegate days (increase of 1% market share to 18%)

Conference/Convention specific data for Wellington:

- 468 Single day conferences
- 368 Two day conferences
- 257 Three plus day conferences
- 36,499 Single Delegate days
- 147,299 Multi Delegate days
- Market share by delegate days 17%

#### Digital marketing

- WellingtonNZ.com saw a 19% increase in traffic and 16% increase in users for the first half of the 2016 financial year (compared with the same period in the previous year)
- Australian visits performed strongly with a 92% increase
- December traffic made a major contribution with 480,180 visits, a 25% increase on December 2014
- The sixth annual Wondrous Wellington Advent Calendar launched on December 1.
  - 2015 edition was positive on 2014 across key metrics
    - 254,578 visits (+23%)
    - 101,000 unique users (+16%)
    - 94,245 vouchers delivered (+3%)
    - 8,067 new subscribers acquired (+1%)

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- Voucher redemption rates TBC, (vouchers expire 31 Jan) but expected to also be up
- Supplemented by 24 pop-up advent calendar doors around the city containing chocolate giveaway
  - Increased awareness of online component, and Christmas vibrancy in CBD

#### Travel trade marketing

- Wellington supported Tourism New Zealand ahead of the new Air New Zealand Buenos Aires service in September, attending a Market Workshop in Chile, Argentina and Brazil where over 250 travel agents were trained and 40 decision maker relationships established.
  - South America is very much an emerging market for tourism, and government data does not report on this market's arrivals
- In India we met with 80 delegates from Indian travel companies and trained 82 agents in Mumbai and Delhi.
  - New Zealand Inbound Tour Operators report that Wellington is growing in popularity amongst young Indian travellers, our reputation for nightlife reaching critical mass with younger travellers from Mumbai and Bangalore
  - Direct Indian arrivals to Wellington airport were up 6.1% in the year ending December 2015, having grown by 62% since 2013
- Attended Tourism New Zealand's KiwiLink South East Asia in October, meeting with 45 Product Managers from Singapore, Malaysia, Indonesia and Thailand.
  - Direct arrivals from Singapore were down 5.5% in the year ending December 2015
  - Direct arrivals from Malaysia were up 43% in the year ending December 2015
  - Direct arrivals from Thailand were down 13% in the year ending December 2015
  - Indonesian arrivals are not currently tracked in government data at the single-market level
- Also in October, Wellington met with 90 Product Managers during KiwiLink China, with local operators Weta Workshop, Te Papa and Interislander undertaking parallel schedules.
  - Diwen Cao from Te Papa then represented the Wellington & Wairarapa region operators at Frontline China, training 450 Chinese travel agents during a four-city training mission.
  - Follow up work with Asian inbound companies was undertaken in sales calls to nine Auckland inbound companies during December
  - Direct arrivals from China were up 26.4% in the year ending December 2015
- In September 400 Australian travel agents were trained on Wellington as a destination, when they visited New Zealand as part of Tourism New Zealand's Australian 'mega-familiarisation' trip
  - We worked with Air New Zealand to host key travel clients in the region for WOW® and familiarisation experiences
  - In total, 163 agents experienced familiarisation visits in the region during Q1&2
  - Direct arrivals from Australia were up 19.8% in the year ending December 2015
    - This is significant growth in our largest international visitor segment
    - Represents over 3,700 additional passengers arriving in Wellington

#### Cruise

- The 2015/16 cruise ship season began on October 3 2015. Over the course of the season, there are 77 ship visits scheduled to visit Wellington to April 2016.
  - While the number of ship visits is three less than 2014/15 season, the size of the ships visiting CentrePort is increasing, in line with global trends. Therefore, Wellington will host approximately 171,000 passengers, 30,000 more than the previous season. Additionally, crew numbers are also up, to nearly 67,000.

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- The value added to Wellington's economy from the cruise sector (passenger, crew and vessel) was 53.2 million in 2014/15 and is forecast to rise to 69.2 million this season.
- To ensure maximum cruise passenger spend during their few hours in the city, we are assist cruise ground handlers to provide port-to-city shuttles for 24 of the 77 ship visits this season. These shuttles drop off in the city and at the i-SITE Visitor Centre.
- To ensure Wellington is viewed as a cruise-friendly destination and continues to feature in cruise itineraries, Wellington i-SITE Visitor Centre recruits and deploys over 100 City Ambassadors who welcome and support passengers while they are in port for the day. Passengers enjoy interacting with locals, Ambassadors free up sales staff to transact in the i-SITE and create grass-roots advocacy for cruise amongst the Wellington community.

**Notable trade developments**

- Coach companies Globus and Dynasty Travel Singapore adding an extra Wellington night into their group itineraries
- UK's largest seller of New Zealand, Trailfinders, has started brochuring Weta as a result of a sales call
- Cycling tour company Green Jersey has been included into global youth seller STA Travel's programmes as a 'must do'
- Inbound operator Pan Pacific has introduced a new itinerary to the China market that includes Wellington and Wairarapa north along the Classic NZ Wine Trail
- KiwiLink India has already resulted in a family group of 45 visiting the city in December 2015 and good forward interest for the March-May honeymoon season 2016
- Six-star luxury cruise ship Azamara selected Wellington as the only New Zealand overnight stop on her inaugural South Pacific voyage

**i-SITE Visitor Information Centre**

- Our Wellington i-SITE Visitor Information Centre received a Trip Advisor Excellence Award, recognising delivery of quality service via consistently top-level traveller reviews

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## VENUES

### Conventions & events

- 175 conventions and business events delivered in the first six months of the financial year, an 8% decrease on the equivalent period last financial year
- Includes 22 multi-day conferences (a 23% increase on the same period last year) with over 10,600 delegates
- 109 new contracts were written, including:
  - New Zealand Principals' Federation (3 days, 500 delegates)
  - The World Congress on Integrated Care 2016 (3 days, 350 delegates)
  - Positive Behaviour for Learning Conference 2016 (2 days, 250 delegates)
  - Webstock 2016 (4 days, 800 delegates)
- In the second quarter of the financial year, our managed venues saw their busiest 6-week period of event delivery and logistics in history, with;
  - 80 events
  - attended by 86,718 people
  - generating in excess of \$3 million in revenue
  - November 2015 was single largest month for revenue on record, at \$2.026 million
- Major redesign and refit of Jimmy Bar at St James Theatre was completed, which reopened in February as Mojo St James
- In September we presented Show Me Wellington 2015, the region's conference and events expo, involving over 100 exhibitors and 700 buyers and stakeholders attending.
- In October, we hosted the second-largest conference ever delivered in Wellington, the Royal Australasian College of Ophthalmologists Conference, which involved;
  - 1,000 delegates
  - 250 exhibitors
  - 150 "satellite" conference delegates

### Shows & performances

- The six month totals for shows and performances were:
  - 115,951 tickets sold
  - 131 performances
  - 154,312 total attendance
  - 22% out-of-region attendance

### Asset Development Plan

- We secured financial support from WCC to deliver the remainder of the Asset Development Plan
- Assessment work has been completed across all venues, and a recommended programme of work (ten year horizon) is underway

### Health & Safety

- Work continues in preparation for new Health & Safety legislation
  - Legislation comes into effect April 4 2016
  - Project plan developed for WREDA-wide rollout

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## FINANCIALS

### Year to date

The financial results discussed below are for the WREDA Group, excluding the results of the “Venues Project”. The results for the Venues Project are discussed later in the report.

In respect of the six months revenue overall is running ahead of budget due to increased funding received for Creative HQ’s Lean15 conference, Lighting Lab Manufacturing, IRD revenue and additional funding from Callaghan Innovation Partner revenue is up due to increased funding (over budget) from our Partners.

This has been partly offset by lower drawdown of Destination Wellington funding, no partner income for the Education strategy (Grow Wellington) which was not confirmed until January.

Overall, revenue is \$541,997 ahead of budget as detailed below;

	\$
Lower uptake of Destination Wellington funding	(212,070)
Increased funding CHQ	460,624
Partner Income PWT	429,480
Partner Income Grow	(200,000)
Other	63,963
<b>Total</b>	<b>541,997</b>

Total operating expenditure is ahead of budget by \$315,693. Costs are ahead of budget due to;

- Higher travel costs for Creative HQ conferences and events which are covered by higher revenue noted above.
- Increased IT and Comms costs for the Lean 15 programme, including website and software
- Increased marketing costs due mainly to the timing of expenditure
- Lower costs re economic development agency activity due to the lower uptake of Destination Wellington funding.

	\$
Phasing of economic development expenditure	(147,223)
Higher travel costs – largely Lean 15	88,234
Timing of marketing expenditure	227,279
Increased IT/Comms expenditure	61,842
Other	85,561
<b>Total</b>	<b>315,693</b>

WREDA is forecasting a deficit by year end as a result of the restructuring costs of bringing the component parts of WREDA together as one organisation. The forecast savings in the following year will offset this.

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WREDA

Consolidated excluding Venues Project

STATEMENT OF COMPREHENSIVE INCOME			
	YTD Actual	YTD Budget	Variance
	31-Dec-15	31-Dec-15	YTD
Revenue			
Event revenue	49,591	25,000	24,591
Shareholder grants	8,363,581	8,524,022	-160,441
Government grants	300,000	300,000	
Partner revenue	894,094	664,614	229,480
Visitor Centre	1,165,873	1,180,550	-14,677
CHQ services	468,560	347,086	121,474
CHQ Third party funding	574,675	316,684	257,991
CHQ Sponsorship	182,159	101,000	81,159
Sub lease and carpark revenue	133,038	104,484	28,554
Interest income	6,055	5,049	1,006
Other income	48,336	75,476	-27,140
<b>Total Revenue</b>	<b>12,185,962</b>	<b>11,643,965</b>	<b>541,997</b>
Direct Costs			
Cost of sales	319,850	271,521	-48,329
Wages (events etc)	2,069,299	2,097,403	28,103
Grow Wellington/CHQ delivery costs	622,350	769,573	147,223
<b>Total Direct Costs</b>	<b>3,011,499</b>	<b>3,138,497</b>	<b>126,997</b>
Operating Expenses (overheads)			
Salaries and wages	5,099,634	5,052,328	-47,307
Other employment costs	283,698	258,956	-24,741
Occupancy costs	276,603	329,104	52,501
Marketing	2,209,237	1,977,088	-232,149
Major Events Support			
Utilities	20,475	25,700	5,225
IT and communications	225,898	164,056	-61,842
Insurance		27,000	27,000
Administration costs	122,959	150,432	27,473
Vehicle expenses	21,754	29,334	7,580
Travel costs	123,534	35,300	-88,234
Professional fees	38,139	42,201	4,062
Director fees	132,231	166,467	34,237
Other operating expenses	192,153	45,658	-146,495
<b>Total Operating Expenditure</b>	<b>8,746,315</b>	<b>8,303,624</b>	<b>-442,690</b>
<b>Total Expenditure</b>	<b>11,757,814</b>	<b>11,442,121</b>	<b>-315,693</b>
<b>Net Surplus/(Deficit) before Depreciation and Tax</b>	<b>428,148</b>	<b>201,844</b>	<b>226,304</b>
Interest expense			
Depreciation	69,373	67,399	1,974
Movement in investment valuation			
Taxation expense			
<b>Net Surplus/(Deficit)</b>	<b>358,775</b>	<b>134,445</b>	<b>224,330</b>

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STATEMENT OF FINANCIAL POSITION		
	Actual	Budget
	31-Dec-15	31-Dec-15
<b>Shareholders Equity</b>		
Paid up capital		
Retained earnings	1,847,709	1,773,489
<b>Total Shareholder/Trust Funds</b>	<b>1,847,709</b>	<b>1,773,489</b>
<b>Current Assets</b>		
Cash and cash equivalents	1,507,150	1,680,643
Other current assets	535,693	581,780
<b>Total Current Assets</b>	<b>2,042,843</b>	<b>2,262,423</b>
<b>Investments</b>		
<b>Non-current Assets</b>		
Fixed assets	344,081	383,000
Other non-current assets	1,400,992	1,400,992
<b>Total Non-current Assets</b>	<b>1,745,073</b>	<b>1,783,992</b>
<b>Total Assets</b>	<b>3,787,916</b>	<b>4,046,415</b>
<b>Current Liabilities</b>		
Accounts payable	455,619	994,000
Other current liabilities	1,484,588	1,278,926
<b>Total Current Liabilities</b>	<b>1,940,207</b>	<b>2,272,926</b>
<b>Non-current Liabilities</b>		
<b>Total Liabilities</b>	<b>1,940,207</b>	<b>2,272,926</b>
<b>Net Assets</b>	<b>1,847,709</b>	<b>1,773,489</b>

#### Venues Project

With December's result coming in \$11,000 better than previously forecasted, this brings the year to date earnings before interest and tax (EBITDA) to a surplus of \$73,000. Whilst this is below original budget expectations the second half year result is forecast to be greatly improved resulting in EBITDA being \$79,000 ahead of budget for the full year.

Revenue generated for the period was \$1.1m, \$221,000 below budget, however year to date revenue is better than budget by \$182,000 at \$8.5m for half year.

The total event business is \$224,000 up on budget YTD with Conventions and Events (C&E) tracking \$508,000 ahead of budget, slightly offsetting Performance and Exhibitions revenue (P&E) being \$284,000 down on budget.

YTD gross profit is \$3.3m, down \$181,000 on budget. The variance is a result of:

- Lower non-event related revenue -\$42,000
- Improvement in direct labour costs +10,000

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- The balance relates to changes in event revenue (-\$149,000) as follows:
  - Increased revenue in C&E has improved gross profit by \$208,000. The revenue increase of \$508,000 in C&E drives a corresponding increase in direct costs of \$307,000. This is added to by a small improvement in the C&E gross margin percent at 39.7% compared to budget of 39.6%, the improvement generating an additional \$7k benefit in direct costs.
  - Lower revenue and lower gross margin in P&E has reduced gross profit by \$358,000. P&E revenue is \$284,000 below budget which drives a corresponding decrease in direct event costs of \$65,000. P&E also has a lower gross margin percent at 72% compared to the budget of 77.2%. The lower gross margin has resulted from fewer events going into percentage of ticket sales from the average last year, and some increase to direct costs. The 5.2% reduction in gross margin results in direct costs being \$139,000 higher than the average anticipated in the budget. The lower revenue and lower margin nets to a \$74,000 variance in direct event costs from budget.

Total overheads are being well managed as part of the deficit recovery initiatives. Savings comprise lower electricity usage in Utilities (fewer events in the second half year), lower IT and communication costs (due to deferring the cloud hosting of EBMS to July and reduced data usage run-rates) and a reduction in marketing spend. Salaries have increased by \$50,000 as a result of additional business support with the resignation of the CEO and Director of Operations and Safety (this includes a transitional manager for technical services). Higher YTD maintenance costs are flowing through to the full year, and Admin fees are a reflection of higher printing & stationary costs and low value asset purchases. Professional fees now benefit from WCC confirming a contribution to the asset development plan by funding \$55,000 towards this initiative (an indicative \$62,000 was included in the November forecast).

#### Forecast

The Q2 forecast completed after the December half year result, indicates an improved EBITDA to \$651,000, \$79,000 up on budget. This represents \$170,000 uplift from the previous forecast, the primary driver being the improved commercial terms of the technical services contract.

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Positively Wellington Venues

STATEMENT OF COMPREHENSIVE INCOME	YTD Actual 31-Dec-15	YTD Budget 31-Dec-15	Variance YTD
<b>Revenue</b>			
Event revenue	8,143,556	7,919,165	224,391
Sub lease and carpark revenue	231,628	257,503	-25,875
Interest income	26,939	45,000	-18,061
Other income	81,842	80,000	1,842
<b>Total Revenue</b>	<b>8,483,965</b>	<b>8,301,668</b>	<b>182,297</b>
<b>Direct Costs</b>			
Cost of sales	4,051,717	3,677,931	-373,786
Wages (events etc)	1,107,388	1,117,546	10,157
Other direct costs	0	0	0
<b>Total Direct Costs</b>	<b>5,159,106</b>	<b>4,795,477</b>	<b>-363,629</b>
<b>Operating Expenses (overheads)</b>			
Salaries and wages	1,585,029	1,539,848	-45,182
Other employment costs	152,018	131,246	-20,771
Occupancy costs	485,050	427,942	-57,107
Marketing	220,016	203,370	-16,646
Utilities	314,351	316,114	1,763
IT and communications	77,600	118,207	40,607
Insurance	58,493	56,707	-1,786
Administration costs	117,845	99,798	-18,047
Vehicle expenses	31,736	27,956	-3,779
Travel costs	20,618	34,900	14,282
Professional fees	147,253	76,400	-70,853
Director fees	41,667	45,833	4,167
<b>Total Operating Expenditure</b>	<b>3,251,675</b>	<b>3,078,322</b>	<b>-173,353</b>
<b>Total Expenditure</b>	<b>8,410,780</b>	<b>7,873,799</b>	<b>-536,981</b>
<b>Net Surplus/(Deficit) before Depreciation and Tax</b>	<b>73,185</b>	<b>427,869</b>	<b>-354,684</b>

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**FY2016 KEY PERFORMANCE INDICATORS**

Performance Measure 2015/16	YTD Actual	YTD Budget	Forecast for the year	Budget for the year	Commentary
1. Total direct spend from out of region visitors attending supported events				>\$90m	Major events not expected to transfer until 1 July.
2. Major events over the entire portfolio will achieve an economic benefit for every dollar invested				20:1	
3. Major events will exceed attendances at their supported events				>500,000	
4. Venues will achieve a minimum utilisation rate across all of its venues	47.3%	56%	>53%	>56%	Lower YTD actual reflects the unavailability of the Town Hall, this was utilised for the Hobbit scoring in FY15, and little theatre product touring Wellington affecting utilisation of the St James Theatre
5. Maintain Wellington's Convention and Incentive market share of the multi-day conference market within the NZ market	17%	16%	16%	16%	Budget is expected to be achieved
6. Number of direct Australian visitor arrivals will exceed 2014/15 levels	19%	2%	8%	2%	The impact of the increased Jetstar services to the Gold Coast and Melbourne which had just started in December 2014

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Performance Measure 2015/16	YTD Actual	YTD Budget	Forecast for the year	Budget for the year	Commentary
7. Increase in international commercial guest nights	-4%	4%	4%	4%	Whilst reported international visitor nights are down total reported visitor nights have increased by 5%. The spend by international visitors for the same period shows an average monthly increase of 17%.
8. Increase spend of international visitors to Wellington will exceed 2014/15	17%	4%	10%	4%	Higher visitors due in part to the impact of the Jetstar services.
9. The number of "visits" to the WellingtonNZ website will exceed (relative to 2014/15)	19%	10%	16%	10%	Budget is expected to be achieved
10. The value of shareholdings in third party companies received by WREDA in return for providing services will exceed			\$900,000	\$900,000	Next valuation April 2016. At this stage the budget is expected to be achieved
11. Completion of growth sector plans for: <ul style="list-style-type: none"> <li>• Screen</li> <li>• ICT/ Digital</li> <li>• Education</li> <li>• Creative</li> </ul>	Screen growth plan completed		On track	June 2016	ICT/Digital completed by February 2016 Wellington International Student Growth Project (major component of education strategy) plan completed and funded Creative completed by June 2016
12. Increase in value of new businesses setting up in Wellington from the pipeline	\$1.5m	n/a	\$30.5M	Total of \$45 million EVA over 3 years	Three new international businesses have set up in Wellington in the energy, management advice/consulting, and forestry sectors. Using conservative valuation methodology, these equate to an economic value of at least \$1.5m.

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Performance Measure 2015/16	YTD Actual	YTD Budget	Forecast for the year	Budget for the year	Commentary
13. Attract screen production to Wellington with a combined production value of:	\$70 m	n/a	\$73.4m	\$20m	
14. WREDA is a single integrated organisation with new structure.	n/a	n/a	Completed by May 2016	By June 2016	It is expected WREDA will be a single integrated organisation located in one location by June 2016
15. Increase in the number of jobs in the region	800	n/a	2000	Average of 2,000 jobs per year over 3 years	
16. Number of businesses established in region increased by:	261	n/a	400	200	
17. Help accelerator and incubator companies raise capital	\$2.1m	\$0.75m	\$4m	\$3m pa	

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## **TOI PONEKE - CREATING CREATIVE CAPITAL**

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### **Purpose**

1. This paper provides a report back to the Committee on the reviewed objectives and a monitoring and evaluation framework for Toi Pōneke.

### **Summary**

2. On 2 September 2014 it was agreed in principle to continue the arts development role and services provided at Toi Pōneke.

#### *The lease of the current premises*

3. The lease was renewed in October 2015 for a further five year period. As part of this, the Council has varied the lease and added a new clause which gives it the ability to terminate the lease if earthquake strengthening is required to the building(s) and is not completed within 2 years of the date of any Building Act notice.
4. The five year term enables the Council to explore options for other sites in the next two years and then consider this and any funding implications in the 2018-2028 Long Term Plan. If relocation was recommended and agreed this would enable a relocation to be made at the end of the current lease period.

#### *Creative Capital - Programme Management*

5. This report sets new objectives for Toi Pōneke and recommends an evaluation framework for this lease period. This is in response to feedback received in the review of Toi Pōneke in 2014. These objectives place a greater emphasis on programme management and developing this with the arts community over the next two years.
6. There are operating cost implications which, if agreed, a business case/initiative could be considered in the 2017 Annual Plan or 2018 Long Term Plan processes. These include funding an arts programme focusing on the skills needed by emerging artists and practitioners and expressions of interest for this would be sought in the current year.
7. There is an opportunity to invest in a more flexible exhibition space. This would increase the number of curated exhibitions and provide greater development opportunities for new artists in Wellington to establish their careers.
8. The development of an effective Toi Pōneke online presence is fundamental to the delivery of this strategy. There is increasing crossover between the arts and the digital space and for the Council to increase the awareness and participation in the services provided by Toi Pōneke this needs to be addressed.

### **Recommendations**

That the Economic Growth and Arts Committee:

1. Receive the information.
2. Agree that officers develop a business case with options for a new location for Toi Pōneke to be considered in the 2018-2028 Long Term Plan.
3. Agree that officers develop a business case/initiative for an arts sector activation

programme for up to three years to be considered in either the 2017 Annual Plan or the 2018-2028 Long Term Plan to align with the lease renewal.

4. Note that officers will seek expressions of interest in the current year from stakeholders interested in participating in this arts sector activation programme.
5. Agree to assess the effectiveness of the Toi Pōneke arts development programmes on the following factors;
  - a. growth in its arts network and the awareness of its programmes
  - b. the scale of participation in the arts programmes
  - c. the range of opportunities provided to practitioners to create and exhibit their work.
6. Note that this is consistent with the Economic Development Strategy and the Arts and Culture Strategy.
7. Note that the Council needs to develop an effective online platform for Toi Pōneke to support its arts development functions and strategy.
8. Note that officers will seek advice on expanding the gallery space to increase the number of exhibition and career development opportunities for emerging Wellington artists.

## **Background**

9. The previous paper to the Committee on 2 September 2014 provided a broad background to Toi Pōneke, its objectives, outcomes and areas for development. This report was to consider options, including any operating cost implications, for:
  - changing services to improve their effectiveness to reflect current sector needs
  - refurbishing the existing building to improve service delivery or
  - relocating services to other sites.
10. Toi Pōneke has a track record for more than 10 years with success stories of artists getting ahead. It has a good gallery and a curated exhibition programme but this is limited to one gallery space. The leased building has limitations and the Council needs to manage the level of subsidy provided to the programme. The feedback that has been provided from residents and stakeholders reflects the need for a greater focus on arts development and the limitations of the current site.
11. The previous Committee report noted that these types of centres are being championed for their ability to:
  - foster and support local creativity which contributes to a city's innovation economy, sense of identity and collective memory
  - nurture and develop arts and cultural activities
  - produce/host arts programmes, workshops, events, gatherings, etc. that increase access to the arts
  - revitalise neglected areas of a city.
12. This increased focus on arts activation is reflected nationally and internationally where arts centres are responding to changes in their environment and becoming increasingly digital, creative, and flexible.
13. For example, the Arts Centre in Christchurch has recast its vision as part of its post-earthquake redevelopment.



*Our vision for the future of the Arts Centre is to create a hub of creative entrepreneurs in the heart of Christchurch that is undeniably 21st Century: capacity building, content-rich and digitally enabled. The Arts Centre's strategic direction is represented by the four pillars of the vision.*

- *Supporting pathways as well as practice*
  - *Creating high quality content and interfaces*
  - *Focusing on creative industries*
  - *Designing our hard and soft infrastructure.*
14. The Arts Centre's approach will be centred around *promoting* the Centre, *encouraging* engagement, *facilitating* interaction and *educating* on arts activities and programmes.
15. In the UK, Fish Island Labs is a new centre aiming to *kick-start the careers of a new generation of emerging talent whose work spans technology and the arts*. This highlights the increasing crossover with digital technology and the roles of centres like Toi Pōneke and the Techhub.
16. An example of the New Inc. arts incubator's vision in New York is *fusing artistic provocation with an entrepreneurial spirit to enable ideas that make culture better*. It seeks to do this by providing a *stimulating environment, entrepreneurial support and a creative community*.
17. There are also a range of factors in the local environment that should be considered:
- the establishment of the Techhub in partnership with BizDojo. There is increasing cross over in the arts and digital media/technology spaces and similar objectives.
  - the development of the Weltec/Whitireia centre city campus. This will bring design students and additional performance and exhibition spaces into the central city.
  - the redevelopment of other venues in the city – for example the Town Hall and Civic Campus, Circa, Hannah Playhouse.

## **Discussion**

### **The Facilities -Terms of the Lease Renewal**

18. The original lease was for a 10 year period with three rights of renewal, each for a period of five years. This is the first renewal for a five year period and the lease was renewed in 9 October 2015. As part of this, the Council has varied the lease and added a new clause which essentially gives it the ability to terminate the lease if earthquake strengthening is required to the building(s) and is not completed within 2 years of the date of any Building Act notice.
19. The next five year term expires on 31 October 2020 (renewals 1 November 2020 and 2025 with final expiry noted as 30 October 2030).

### **Alternative Locations**

20. There are potential options which could be as cost effective, well located and more effective as a facility (single buildings, larger floor plates, greater scope for flexible floor space use and exhibition space).

21. There may also be options in partnership or in conjunction with others such as with the Weltec/Whitireia centre city campus developments in the Cuba quarter. Colocation could bring benefits of bridging programmes for creative graduates, shared use or access to facilities and creation of an Arts Precinct.
22. Renewing the lease for five years provides an opportunity for an initiative for relocation to be considered in the next 2018/2028 Long Term Plan. If a new location was recommended and agreed this would then allow a two year period a new facility to be developed and services to be transitioned before the lease expiry in October 2020.
23. The Committee's agreement is sought for officers to develop a business case and submit an initiative to be considered in the 2018 - 2028 Long Term Plan.

**How Toi Pōneke creates value and contributes to the vision for Wellington**

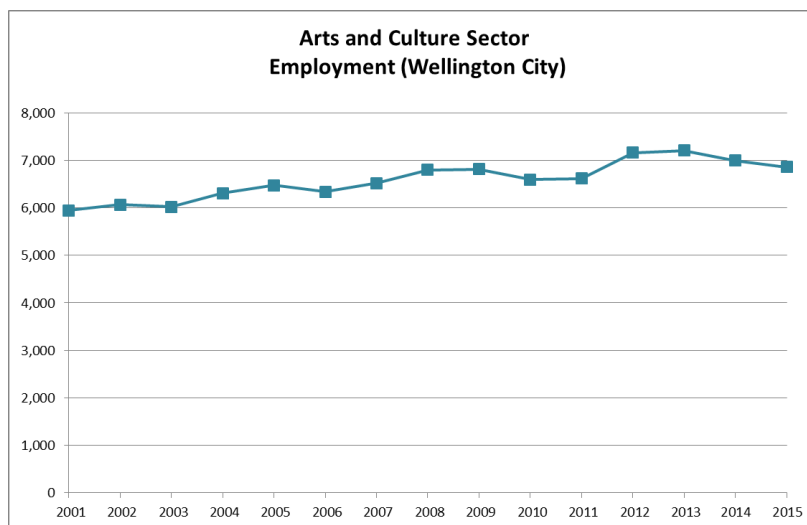
24. Currently Toi Pōneke is evaluated on the satisfaction of residents and customers at Toi Pōneke, and meeting its budget.
25. The value of Toi Pōneke is created from it being an active network of emerging and established artists, an arts programme that facilitates interaction and collaboration, and it facilitating opportunities for growth.
26. This supports the Economic Development Strategy and the Arts and Culture Strategy:
  - the Economic Development Strategy sets out within Destination Wellington that the Council will implement strategies to maintain Wellington's reputation as the arts, culture and events capital of New Zealand.
  - The Arts and Culture Strategy supports activities that help create Wellington as the place for all people to experiment with, learn about and experience New Zealand's arts and culture, especially contemporary work.
27. Two reports<sup>1</sup> highlight the contribution of the arts economy to Wellington and its importance regionally and nationally. These reports highlighted the following points:
  - *Wellington city makes an important contribution to both the region and the country's arts and culture sector. Looking across the wider region, Wellington city accounts for 80% of all employment in the arts and culture sector, and the city hosts the majority of the region's arts events. The wider region relies heavily on Wellington city for its arts offerings, infrastructure, and events. After Auckland city, Wellington city has the second highest share of arts and culture sector employees in New Zealand, accounting for 14% of employment in the arts and culture sector throughout New Zealand. – Martin Jenkins.*
  - *The need to facilitate networks of arts practitioners and organisations, including a strong network of arts and cultural venues, institutions and places, that enable Wellington to collectively harness the rich resources within the diverse arts and culture sector including encouraging the development of capability of arts administrators and organisations, including in relation to promotion and marketing, fund-raising, and coordinated planning - Martin Jenkins.*
  - *The Arts Wellington Economic Impact Survey surveyed 40 arts and culture organisations which as well as contributing significantly to the social and cultural environment, provide meaningful economic benefits – collectively generating*

<sup>1</sup> Economic Impact Survey 2010, Understanding the Economic Impact of Arts and Cultural Organisations in the Wellington Region. Angus and Associates. Economy of the Arts in Wellington. January 2011. Martin Jenkins

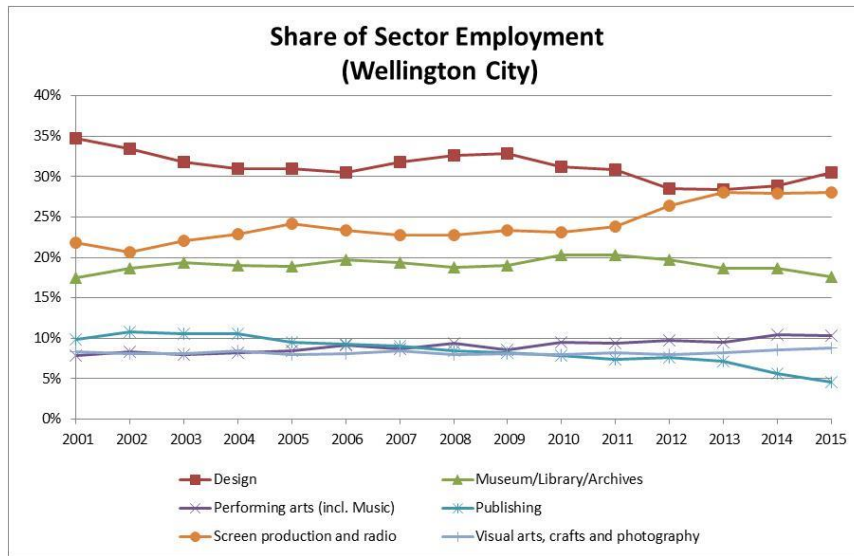
*\$141.5 million of expenditure within the Wellington region over a 12 month period.*

- *This spending supports 2,041 jobs, provides \$58.4 million in direct household income and a further \$83 million in operating, marketing and facilities expenditure. This is also largely expended within local businesses and contributes indirectly to household incomes, in turn supporting jobs, creating household income and generating further revenue.*

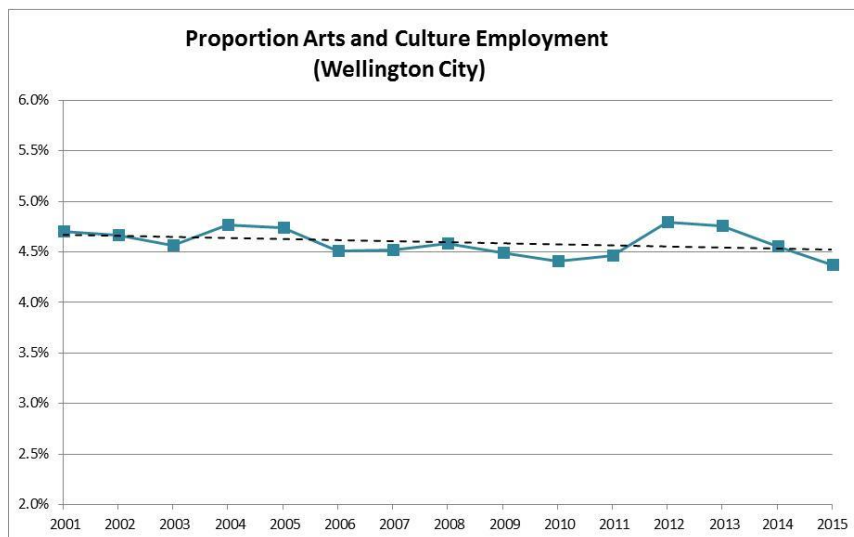
28. Taking a wider definition of employment in design, museum/library/archives, performing arts including music, publishing, screen production and radio, and visual arts, crafts and photography – there are 6,859 employed in these sectors in Wellington in 2015 (Source: Infometrics).



29. Fourteen percent of people nationwide employed in these sectors are employed in Wellington and 21% of those in performing arts and 25% in screen production and radio are employed in Wellington.
30. In the last 15 years there has been a gradual increase in employment with overall growth in the screen production and radio classification and a fall in publishing. Toi Pōneke has experienced an increased demand from the screen production sector with three new residents in the last six months.

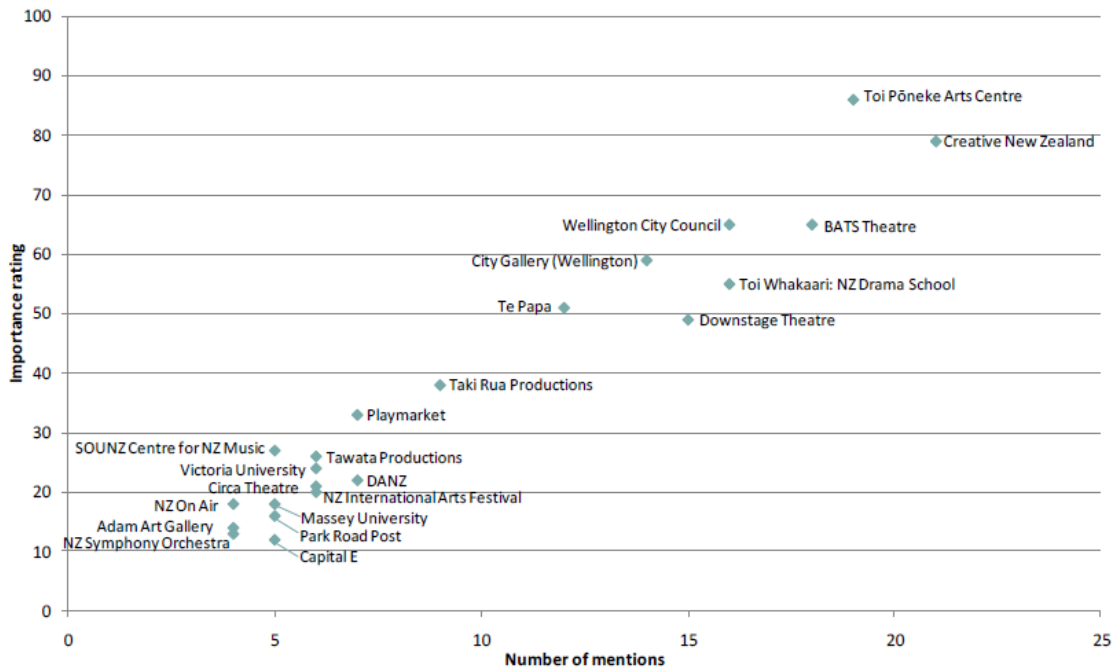


31. As a share of employment in Wellington this sector is important at 4-5% of employment.



32. The Martin Jenkins report surveyed stakeholders on the importance of organisations to the sector and Toi Pōneke was identified as one of the key players in this sector.

**Figure 11: Arts and culture organisations identified as important—by individuals**



**Evaluation Framework**

- 33. To support this economic and creative value, Toi Pōneke provides a constructive environment to experience, create and deliver art, cultural and creative work. This environment includes spaces to develop, interact, exhibit and showcase this work. Toi Pōneke facilitates opportunities for career development and supports experimentation.

	Network	Visit	Participate	Create	Exhibit
Assumptions	<p>Toi Pōneke has a wide sphere of influence.</p> <p>There is a broad diaspora of creative people in Wellington.</p> <p>We want to build awareness of Toi Pōneke, its vision, purpose and programmes.</p>	<p>Toi Pōneke provides a focal point for those interested in art, cultural and creative work.</p> <p>Visiting provides a first step and ongoing to participation and towards career development.</p>	<p>Toi Pōneke provides a range of opportunities for people to learn, collaborate and grow.</p> <p>Toi Pōneke offers a mix of industry organisations, events, and programmes that build participation.</p>	<p>Toi Pōneke provides an opportunity to create your own work</p> <p>Creation is a vital step towards career development.</p> <p>Toi Pōneke has a commitment to those who want to move towards an arts/creative career.</p>	<p>Toi Pōneke provides opportunities to exhibit and develop your career.</p> <p>A professional exhibition creates sustainable careers, increases vibrancy in the city and builds visitor/resident experiences.</p>

Measures	Awareness levels	Participation levels Quality of the experience	No. of participation opportunities	Residencies, Internships, Residents, Memberships Stimulating environment	Exhibition opportunities Exhibitions post Toi Pōneke Alumni experience
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34. To assess the effectiveness of this programme it is recommended that evaluation measures focus on:
- measuring growth and the awareness in Toi Pōneke's network
  - the scale of participation in the arts programmes
  - opportunities provided to practitioners to create and exhibit their work
  - job creation and employment in these sectors.
35. The evaluation needs to also consider the balance of the arts programmes compared to changes in the arts and culture sector. However for this framework to be effective there is a requirement for funding and/or resource focused on programme development.

### **Programme development**

36. In an assessment of user perceptions of Toi Pōneke undertaken in 2014. This highlighted that this programme played a valuable role in the arts sector primarily by providing space to work and practice and that on the whole it was a great place to work. They also suggested a range of improvements could be made to improve its effectiveness as a hub. The committee requested that this report include any options, including any operating cost implications, for changing services to improve their effectiveness.
37. Overall the nature of the current facilities and the limited staff resource often results in staff time being focused on managing the facilities rather than managing and developing Toi Pōneke as an arts development programme.
38. As an example, the recently established TechHub has similar objectives and has a larger staffing complement with separate roles focused on activation, events, facilities and space management, and social media content. These wider activation, events and media roles have not been specifically funded at Toi Pōneke and the 3.5 FTEs are primarily involved in managing and administering the day to day facilities and space management rather than arts activation, events and media creation.
39. It is recommended that additional funding is specifically provided to increase the focus on programme and partnership development and enable additional resource to be focused on the roles of programme development and arts activation.
40. The objective of this is to build on the base that has been established in the last ten years of Toi Pōneke development and to respond to the changing needs of the creative economy.

#### *Arts Sector Activation Programme*

41. It is recommended that a business case/initiative for additional funding is considered in the 2017 Annual Plan or 2018-2028 Long Term Plan for an arts sector activation programme built on the existing Toi Pōneke programmes. This would provide a two or three year programme that would be aligned with the terms of the current lease and



would be reviewed as part of the business case for relocation and provision of new services. It is anticipated that this might be \$100 - \$120k per annum.

42. The programme would be developed to focus on the development needs of the different arts sectors – e.g. visual arts, digital media, dance and theatre, film, literature and music. It would link with the residencies programmes that are currently offered and build on the collaborative relationships with tertiary providers and other agencies. This also provides the opportunity to consider Māori and Pasifika opportunities.
43. In the interim officers would work within existing budgets and seek expressions of interest from art sector stakeholders and participants. The expressions of interest would then inform the any initiative that was developed.
44. Two current examples of these development programmes are the following run in conjunction with Dance Association of New Zealand and the Ākina Foundation. Officers will continue to work within existing budgets to deliver these types of initiatives. However additional resource/funding is required to enable this programme to be fully effective.

**Dance Association of New Zealand in association with Toi Pōneke and Kava Club**

The *How to Hustle* Seminar Series for emerging contemporary dancers, artists and interested folk. It's a new platform provided to gain knowledge from other people's experiences and ask questions to help you realise your ambitions. Learning directly from experienced people in the arts industry is one way to grow your own knowledge and get some insider tips on how to progress your career in the arts. This is a DANZ pilot, self-funded series of six seminars.

The word Hustle can be defined as; *anything you need to do to make money, to move or work in a quick and energetic way, (Dancing) a disco dance of the 1970s, to sell, promote, or publicise aggressively or vigorously.*

**Starting a Social Enterprise with the Ākina Foundation**

Now, more than ever arts organisations need to ensure they have sustainable income. If you're wanting to get inspired or have a great idea you want to explore, find out how to give it the best chance of success with our 'Starting a Social Enterprise' workshop. Taking the first steps can seem intimidating; you have a fantastic idea but are not sure what's needed to get it started.

This workshop will give you the confidence to set the wheels in motion. Come and learn the importance of purpose, explore how business modelling can help you design a social enterprise that works and find out how to test your idea to check that you are on the right track.

Meet other like-minded people, get inspired and find out how and where to start driving your venture forward.

**Improving service effectiveness**

45. The committee also requested that this report include any options, including any operating cost implications, to refurbish the building to improve service delivery.
46. The current building is not ideally configured for its purpose however it would also not be prudent to invest significant capital in redeveloping aspects of this when it is recommended that the Council will consider options for relocation in the 2018 Long

Term Plan. Any building development would need to recognise that the current lease renewal is in 2020.

47. There are two other areas which could be invested in and which would support and improve the arts programme and consequently the contribution of Toi Pōneke to the city's creative economy.

*Website Development*

48. Toi Pōneke has a limited online presence in a world of creativity and increasingly digital crossover – essentially only a Facebook page and the content within the Council website. This must be addressed for the credibility and development of the Toi Pōneke programme and to drive awareness and increase participation in what the Council offers in this space.

49. Feedback from respondents also indicated *“that Toi Pōneke’s virtual visibility is similarly low to non-existent. Overwhelmingly, respondents were either unaware of Toi Pōneke’s virtual presence, or could see significant opportunities to improve its online presence – either through improving current platforms or experimenting with new forms – such as YouTube channels showing interviews with in-house artists or showcasing exhibitions. This could be a cost-effective way of increasing the profile of the centre, and generating interest in the work of Toi Pōneke’s artists. It is clear that in order to emphasise Toi Pōneke’s value to Wellington that increasing its visibility to the public is vital”*.

*Exhibition Spaces*

50. A second key development area is to increase the exhibition opportunities with additional exhibition spaces required for “image and film’ and “craft and objects”. Having multiple (three) exhibition spaces, triples the numbers of professional development opportunities for artists and practitioners and allows Toi Pōneke to grow its presence in other segments across the arts sector.
51. Given the growth in the screen production sector in Wellington and the significance of this sector to the national screen production industry, the business case for an image and film creative space where emerging talent can showcase their skills should be considered. The Economic Development strategy highlights the need to develop art and exhibits to visually express Wellington’s digital strengths, and support the city’s smart capital image.
52. The building design allows the gallery space on the ground floor to be expanded into a broader space which would then allow for more flexibility in size, type and timing of exhibitions.
53. This would be a key design aspect of any new location and would be a key consideration for any discussions on partnerships within the Cuba quarter.

**Next Actions**

54. If the Committee agrees, officers will:
- seek expressions of interest from arts organisations and stakeholders for an arts activation programme that focuses on developing and progressing practitioners’ careers.
  - develop an online presence for Toi Pōneke.



- 
- develop a business case/initiative to support and deliver the arts activation programme.
  - consider options to expand the range and number of exhibition opportunities.
  - investigate alternative locations prior to the 2018 Long Term Plan so that an initiative can be considered in the Long Term Plan. This would include engaging with other partners in the Cuba Quarter to investigate opportunities for collaboration or partnership.

### **Attachments**

Nil

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Authoriser	Derek Fry, Director City Growth & Partnerships

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## **SUPPORTING INFORMATION**

### **Consultation and Engagement**

During the development of this review, arts stakeholders and Toi Pōneke residents were interviewed by the Council research staff.

### **Treaty of Waitangi considerations**

There are no direct Treaty considerations. There is an opportunity to engage with stakeholders on support for Maori arts and emerging artists and creative enterprise.

### **Financial implications**

The report recommends a business case/initiative be developed to support and facilitate arts development and creative enterprises in Wellington.

There are future financial implications which would need to be considered by the Council.

### **Policy and legislative implications**

This supports creative enterprises in the city and assists in implementing strategies to maintain Wellington's reputation as the arts, culture and events capital of New Zealand.

### **Risks / legal**

The risks include:

- unclear direction for this facility and arts programme or unable to meet the expectations of the sector
- artists and practitioners are attracted elsewhere.

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

Not applicable

### **Communications Plan**

Officers will seek expressions of interest from arts organisations and stakeholders for an arts activation programme that focuses on developing and progressing practitioners' careers.

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## **WELLINGTON ECONOMIC INITIATIVES DEVELOPMENT FUND SIX MONTHLY UPDATE**

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### **Purpose**

1. The purpose of this report is to update Council on the activities of the Wellington Economic Initiatives Development (WEID) Fund over the six months to 31 December 2015, and to report back to Council the results of a criteria review undertaken of the fund.

### **Summary**

2. At the EGA meeting of 13 October 2015 this Committee agreed the following in relation to the WEID Fund:
  - That a full list of funded events, initiatives and partnerships including the economic impact and other benefits be presented to Councillors on a 6 monthly basis.
  - That the criteria be reviewed.
3. This report addresses these recommendations.
4. During the six months to 31 December 2015 the WEID Fund has supported ten initiatives totalling an investment of \$3.85 million with payments occurring through to 2018/19.
5. \$2.98 million of this relates to the approval of funding support to the new Tech Hub “Collider” over a three year period.
6. The initiatives span several sectors (technology, film, medical research, innovation, commerce, education, sport and entertainment) and activity types (business support, sector support, events and business events).
7. Since 31 December 2015, to 29 February 2016, a further \$466,000 has been approved across a further five initiatives.
8. PricewaterhouseCoopers have conducted a criteria review and benchmarking process with other similar funds. This work has indicated there is a commonality of fund criteria across all benchmarked funds and that the WEID Fund was advanced in utilisation of broader categories (considering broader initiatives and partnerships). Some event specific funds use “attributes” to create more granularity and alignment of event specifics to city goals. The results of that review have been attached to this report.

### **Recommendations**

That the Economic Growth and Arts Committee:

1. Receive the information.

### **Background**

9. 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 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.

10. In June 2015, Council approved funding of \$3 million per annum in the 2015/25 Long Term Plan.
11. 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.
12. The objectives 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.
13. The WEID fund supports three broad areas: events, initiatives and partnerships. The table below outlines the criteria for 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>

14. 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 and funding sources etc).
15. 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. Funding decisions have been made at Council and Committee to fund major projects (eg the Tech Hub, Convention Centre and Movie Museum) from the WEID Fund. Decisions under \$100,000 are delegated to the Chief Executive.
16. In the six months to 31 December 2015, 89 percent of approved funding (\$3.435 million out of \$3.852 million approved) resulted from decisions by the funding panel or a Council Committee. Across all fund approvals since inception, 87 percent of the total approved funding at 31 December 2015 has been approved by the panel, or a Council Committee.

## Discussion

### *WEID Approvals*

17. A summary of the bids approved in the last six months not subject to confidentiality agreements are included in the following table:

Organisation	Initiative	Key Deliverables	2015/16	2016/17-2018/19	TOTAL
<b>BizDojo</b>	Tech-hub (Collider) program funding	One of Council's Big 8 Ideas delivering 1,980 sqm of space to accommodate a minimum of 160 desks (for small businesses), the ICT Graduate School, event space, larger programming space. Activation programs to foster collaboration in Wellington's tech sector.	1,600	1,379	<b>2,979</b>
<b>WCC</b>	Wellington Capital 150th Anniversary (additional support)	Celebration and recognition of Wellington's Capital City status for 150 years, and promotion of our smart capital identity. The "Open House" had 76,000 attendees, Big Birthday event had 15,000 attendees and coverage indicators show 120 media stories, 31,722 tweets, est 100,000 reach twitter, 676 favourites on Instagram	106	-	<b>106</b>
<b>Lux Festival 2015</b>	Sponsorship of Lux Festival 2015 event	To bring the city to life during the winter months with an estimated number festival goers at 85,000 (target was 70,000 with 10% out of town). There were 40+ participants in the Festival, 30,000 maps were given out, there were 42,553 individual visits to the official LUX website, 4000+ new likes on Facebook, 500+ new followers on Twitter, media reach was 5.2 million	150	-	<b>150</b>

<b>Organisation</b>	<b>Initiative</b>	<b>Key Deliverables</b>	<b>2015/16</b>	<b>2016/17- 2018/19</b>	<b>TOTAL</b>
<b>Miramar Film Event Trust</b>	Support of key MET projects and programs in 2015/16	Expanding the Miramarvellous Festival, bring BEFILM Festival exclusively to Wellington, investigating educational infrastructure and learning pathways in Miramar, working with the Miramar ICT community to promote Wellington and Miramar as the centre of NZ's film industry.	95	-	<b>95</b>
<b>Phoenix</b>	Sponsorship of marketing for final game in 2015, including the scarves campaign	Improved attendance at the last game to help secure the ongoing license to compete in the Australian Football League. This game achieved the highest attendance levels for the season at more than 10,000.	15	-	<b>15</b>
<b>Giles McIndoe Research Institute (GMRI)</b>	Support for GMRI's innovative cancer research program	Advance in research innovative medical research around cancer treatment, remain located in Wellington, hosting of a medical professionals event, allowing appropriate recognition of Wellington in promotional activities and material. This exciting medical research is being conducted out of GMRI in Wellington which provides recognition in this sector on the global medical research stage.	95	-	<b>95</b>
<b>Creative HQ</b>	Venture Up 2016 Program	40 students from around NZ working on their business ideas and being mentored here in Wellington. This allows some the country's best and brightest young entrepreneurs to experience the Wellington start-up ecosystem and boosts the potential for their future businesses to be located here providing employment and GDP into our local economy.	42	-	<b>42</b>

18. A summary of all WEID Fund approvals since inception, not subject to a confidentiality agreement, is included in Attachment 1 to this report.

19. The fund's position and forecast at 31 December 2015 is summarised in the following table:

WEID Fund Summary (\$'000s)	Pre 15/16	2015/16	2016/17	2017/18	2018/19	Total
Opening Balance	-	2,987	2,602	4,112	5,840	
Plus: Annual Funding	6,627	3,000	3,075	3,153	3,240	19,095
Less: Approved Bids	(3,640)	(3,385)	(1,565)	(1,425)	32	(9,983)
Closing Balance at 31 Dec 2015	2,987	2,602	4,112	5,840	9,112	9,112
Approvals since 31 Dec 2015*	-	(229)	(237)	-	-	(466)
Pending Applications**	-	(35)	(1,800)	(2,100)	-	(3,935)
Cumulative impact	-	(264)	(2,301)	(4,401)	(4,401)	(4,401)
Forecast Closing Balance	2,987	2,338	1,811	1,439	4,711	4,711

\*This includes all applications approved between 31 December 2015 and 29 February 2016.

\*\*This includes all applications received but not processed as at 29 February 2016, and the in-principle support of \$3.9 million for the Movie Museum and Convention Centre in 2016/17 and 2018/19. This amount has not been committed.

### **Criteria Review**

20. Following the 15 October 2015 EGA Committee PricewaterhouseCoopers (PWC) were engaged to complete a review of the WEID Fund criteria. The scope of this review was to inform Council's current governance and assessment methodology for the fund by benchmarking against other Councils and related agencies included the following:

- summarising criteria utilised by benchmark councils, economic development agencies and WCC (eg ATEED, Christchurch City Council, Canterbury Development Corporation, Waikato Regional Council, and Australian counterparts of Sunshine Coast Council, Paramatta Economic Development Partnership Grants, and Newcastle City Economic Development Sponsorship Programme)
- assessing common themes
- identifying potential enhancements for existing WEID Fund arrangements
- obtaining feedback on how the activities of the benchmark funds are currently reported and how they deal with commercially sensitive transactions
- considering the WEID Fund criteria from a first principles perspective

21. A copy of PWC's report on this matter is included in Attachment 2.

22. The key findings of this report are that WCC's approach is:

- consistent with many other jurisdictions who offer similar types of economic development funding opportunities. There was a commonality of fund criteria and purpose across all entities reviewed for economic development and events.
- more comprehensive in the application of criteria across the four funding streams by incorporating "initiatives" and "partnerships" into the criteria.
- matched in the quantum and sophistication of criteria by only one council in the economic criteria and two in the events criteria.
- more efficient in terms of decision-making



23. A number of enhancements were recommended to be considered from this report:
- use of key “attributes” to better align applications received to broader city considerations
    - As part of the existing practices, Officers do consider alignment of any application with broader city considerations, and also previous initiatives in a similar area, as part of the evaluation process. Formalising these “attributes” into the approval process will be considered.
  - considering whether including an independent expert commercial representative on the approval panel would provide more effective assessment guidance and oversight
    - the existing approval structure has been in place for just over two years and the combination of Funding Panel, CEO delegations and larger approvals being referred to Council has been effective and efficient.
24. Further enhancements were recommended that have already been addressed:
- reassessment of current report-back mechanisms including benefit realisation
  - complete a stock take of results achieved to date
25. The report findings showed the use of key attributes and criteria was varied across the benchmarked organisations from high level economic outcome based attributes, to more detailed event delivery and operation attributes. The following diagram reflects scale of this level of detail indicating where the WEID Fund sits comparatively with the other benchmarked organisations:



26. Officer views are that the WCC criteria around event assessment is very thorough and focussed around the key areas of economic benefit to Wellington (attendance and out of town attraction), sector growth and leverage (city strategy, business collaboration), Wellington profile (city branding and fit, digital and international coverage), and enhancing city vibrancy (time of year, diversity).
27. The broader focus of the WEID Fund allows business initiatives and partnerships to get underway and deliver on the following WEID Fund outcomes:
- helping generate income and productivity growth at a faster rate than the economy as a whole
  - helping facilitate opportunities that contribute to economic growth in Wellington
  - being agile, responsive and engaged through a partnership approach that is tailored to maximise the potential benefits from opportunities as they arise
  - maximise potential leverage from both private and public sectors
28. Following the fund criteria review, Officers are not recommending any change to the fund criteria or approval processes.
29. The current criteria and processes allow for a breadth and range of activities, initiatives, partnerships and events to be supported by the fund (tech, film, business events, arts and culture events, business support, visitor attraction etc). The flexibility and



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nimbleness of the fund allows for responsive decision making with appropriate political oversight.

**Next Actions**

30. Officers will report back to Committee on the WEID Fund with the position at 30 June 2016 in August or September 2016 as the forward programme allows.

**Attachments**

- Attachment 1. WEID approvals since inception to 31 Dec 2015 Page 87  
Attachment 2. PWC report: Economic seed fund assessment criteria Page 95

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## **SUPPORTING INFORMATION**

### **Consultation and Engagement**

No consultation and engagement is required with the community for this paper. The WEID Fund was consulted on as part of the 2015-25 Long Term Plan.

### **Treaty of Waitangi considerations**

There are no Treaty of Waitangi considerations to be made for this paper.

### **Financial implications**

There are no financial implications as a result of this paper. The budgets and costs outlined in the paper for the WEID Fund are already included in our Long Term Plan budgets.

### **Policy and legislative implications**

Policy and legislative implications have been considered as part of this paper.

### **Risks / legal**

There are commercial sensitive components of this paper as it discusses funding approvals.

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

There are no climate change impacts or considerations as a result of this paper.

### **Communications Plan**

The initiatives supported by the WEID Fund are communicated as necessary by the recipient and appropriate recognition is given to WCC in accordance with the individual funding agreements.

**Attachment 1 – WEID Fund Approvals since inception to 31 December 2015 (confidentiality protected)**

Organisation	Initiative	Key Deliverables/KPI's	Actual outcomes
<b>NZ Cricket</b>	Cricket World Cup hosting rights	Delivery of the Cricket World Cup programme including a Quarter Final match as part of the CWC 2015. Delivery of an economic benefits report.	<i>PWC report showed the following outcomes:</i> - Total out of region visitor direct spend \$35m - Additional jobs created (FTE) – 700 - Visitors (international & domestic) - 45,637 - Visitors (international only) - 19,898
<b>Cubadupa</b>	Sponsorship of the annual weekend Cubadupa street festival	Participating businesses: 2015 = 60 or more 2016 = 80 or more 2017 = 90 or more Audience numbers expected to include 10% from out of Wellington region	<i>2015 Event Angus and Associates reported:</i> 60 + businesses participated Out of regions 5% <i>WCC reported:</i> Out of region 14%
<b>English Premier League</b>	Phoenix hosting of EPL Teams Visiting teams from Newcastle United, West Ham United, Sydney Football Club	Total audience target of 35,000 35% out of region visitors 15% international visitors	<i>Angus and Associates reported:</i> Total audience 30,968 36% of audience were out of region visitors Direct economic contribution of \$6.38 million to the city,
<b>Enspirial Developers Academy</b>	Repayable Grant to support the establishment of a developers boot camp to address a skills shortage in the tech sector	Students graduating and employed by local businesses.	117 students graduated Over 62 students placed (lag in placement data) 98 students enrolled for future classes Average starting salary \$53k 70% of grads placed in Wellington 30% female grads 15% Maori and Pacific Island - Te Uru Rangī fund launched with Central government agencies to increase this. The programme is on-going and the grant is now being repaid over time.
<b>CallActive Pty Limited</b>	Establishment and maintenance of a new call centre in Wellington's CBD.	New Wellington jobs targets at 6,9,12 and 24 month intervals of 50, 100, 200 and held at 200 new jobs respectively.	New Wellington jobs created at 6, 9, 12 and 24 months of 131, 101, 105 and 60. CallActive significantly outperformed the first two milestones however the 12 and 24 month targets were not met.

**Attachment 1 – WEID Fund Approvals since inception to 31 December 2015 (confidentiality protected)**

Organisation	Initiative	Key Deliverables/KPI's	Actual outcomes
<b>Giles McIndoe Research Institute (GMRI)</b>	Support for GMRI's innovative cancer research program	Advance in innovative medical research around cancer treatment, remain located in Wellington, hosting of a medical professionals event, allowing appropriate recognition of Wellington in promotional activities and material. This exciting medical research is being conducted out of GMRI in Wellington which provides recognition in this sector on the global medical research stage.	The GMRI continues to focus on its cancer research programme, especially on three types of cancer, and has submitted a manuscript on one type of cancer which is currently being reviewed. Five other manuscripts are being prepared and it is anticipated that two will be ready for submission by mid-March and three others by mid-April. Some data are available for two other cancer types (four manuscripts) and we anticipate that, with the current resources, submission of these will occur by the end of June. Medical event held hosting Professors Martin and Sheila Friedlander from the USA where there were 170 attendees with approximately 45 were from outside Wellington City.
<b>Enspiral</b>	Open Source Open Society Conference (OS//OS 2015)	Hosting world class tech event bringing Github and exposing their millions of online followers to Wellington's tech sector.	The inaugural 2015 event held involving Github attracted 380 attendees with 167 newcomers, 16 international delegates and 42 delegates from outside Wellington. The event was successful and feedback showed very good attendee satisfaction for the event with demand to explore the "Open movement" further (see OS//OS 2016).
<b>NZ Festival</b>	Jazz Festival Sponsorship of Wellington's annual jazz festival	25% of ticketed visitors from outside the Wellington region	Total attendance of 16,300, ticketed attendance of 3834 with 25% from out of region Estimated direct new spend from visitors of \$1.48m to Wellington's economy
<b>Lux Festival</b>	Lux Festival 2013 Sponsorship of an annual light festival.	15,000 visitors with 5% from outside of Wellington and a satisfaction rate of >85% from the audience surveyed	Estimated visitor total 65,000 Website hits 38,822 New Likes Facebook: 3000+ New twitter followers: 500+

**Attachment 1 – WEID Fund Approvals since inception to 31 December 2015 (confidentiality protected)**

Organisation	Initiative	Key Deliverables/KPI's	Actual outcomes
<b>Phoenix</b>	Marketing Partnership of the Wellington Phoenix Football club	"Official Partner" status , Key deliverables of broadcast reach, media impressions	KPIs met. Cumulative audience of 66,944. Significant media coverage and outreach NZ and Australia.
<b>Summer of Tech</b>	Programme to support identified skills shortages in the tech sector	Creating a self-sustaining tech internship programme to support skilled employees for our tech sector.	Funding enabled Summer of Tech to increase participation to a level that they were able to appoint a full time paid CEO. Organisation is now sustaining itself with greater focus and less reliance on volunteers and delivering skilled employees to our tech sector. 91 interns were placed in 50 Wellington companies in the 2014/15 year, a significant increase on the 71 placed in 2013/14. 33% of interns placed in 2014 were female (average number of women in tech roles is 20%) and the retention of 2014/15 summer internship was the highest ever at 80% - 4 out of 5 SoT2014 interns were retained beyond summer
<b>Wellington Independent Arts Trust</b>	Urban Dream Brokerage Utilise empty street level CBD spaces to contribute to visible diversity through arts and culture activations	Provide ongoing quarterly reporting about # of projects, outcomes, benefits. Increase innovative business development for the creative sector through the work of the Brokerage	Successful activation of vacant space in our CBD with innovative businesses involved and arts projects delivered. The number of activations was lower than planned.
<b>Victoria University of Wellington</b>	Public Sector Governance programme	Bringing an international conference to Wellington promoting and celebrating our expertise in public sector governance, and our supporting service sector, to the international academic and public sector	VUW are working towards hosting the International Research Society for Public Management (IRSPM) international conference in 2016 or 2018 due to the research and feasibility work completed.

**Attachment 1 – WEID Fund Approvals since inception to 31 December 2015 (confidentiality protected)**

<b>Organisation</b>	<b>Initiative</b>	<b>Key Deliverables/KPI's</b>	<b>Actual outcomes</b>
<b>WCC</b>	Wellington Capital 150th Anniversary	To support the celebrations of Wellington's Capital City status for 150 years.	Open House had 76,000 attendees Big Birthday event had 15,000 attendees Coverage indicators: 120 media stories, 31,722 tweets, est 100,000 reach twitter, 676 favourites on Instagram
<b>WCC</b>	WW1 Commemorations To support commemorations of WW1 centenary.	Deliver the approved programme of work within budget	Successful delivery of commemorations to date, significant visitation to our commemoration sites, events and programmes. The entire programme will run for the duration of the WW1 Centenary.
<b>Young Enterprise Trust</b>	Young Enterprise Accelerator in conjunction with Creative HQ - pilot for the first of its kind	To encourage youth into entrepreneurship creating relationships with mentors, fostering the attitude of business start-up in Wellington's ecosystem.	The pilot course was completed in Feb-15 where 27 young people formed 7 companies and went through a 6 week programme to accelerate the business validation and establishment. Survey's completed showed 87% were either more likely or much more likely to start their own business and 86% said that they thought Wellington was a good place to start a business.
<b>Miramar Event Trust</b>	To support the establishment of the MET and delivery of its first two events.	To deliver the first Miramar Documentary Fringe Festival and the Short Film Competition.	Trust set up as a legal entity. Partnerships created with the Documentary Edge team, local businesses including the Miramar Business Improvement District (BID) and various community groups to create the Miramar Festival which includes the Doc Edge Festival, Roxy5 Short Film Competition, Screen Edge Forum and various talks and café promotions.
<b>Positively Wellington Venues</b>	Helloworld Conference - a 3 day travel agents conference in Wellington	More than 500 Australian travel industry delegates hosted in Wellington and showcasing Wellington	Event successfully held in Nov-15 hosting 598 Australian delegates (nearly 100 delegates more than originally estimated), 13 tradeshow suppliers including Air NZ, Qantas and American Express and delivering direct delegate spend of \$1.095m and significant positive media coverage.

**Attachment 1 – WEID Fund Approvals since inception to 31 December 2015 (confidentiality protected)**

<b>Organisation</b>	<b>Initiative</b>	<b>Key Deliverables/KPI's</b>	<b>Actual outcomes</b>
<b>BATS Theatre</b>	To support the restoration of the BATS Theatre	Ensuring a vibrant part of the city's culture remains allowing continued economic activity in this sector and area	BATS Theatre has been restored and is once again a respected and valued part of Wellington's culture and arts scene.
<b>Ascent Business Consulting</b>	To support the development of the Mountain Biking proposal and business case for redevelopment of world mountain biking in Wellington	Marketing strategy plan produced and implementation plan approved.	Strategy and business plan produced and presented to Council. No further commitments have been made for implementation.
<b>Positively Wellington Tourism</b>	Hobbit Costume Trail support to maximise the benefits from, and celebrations of, the Hobbit Premiere event	Showcasing Wellington creativity and the Hobbit movies throughout the city and providing visitors a different perspective.	Successful staging of the Hobbit costumes sited in many locations around the city.
<b>Miramar Amusements</b>	Miramar Amusements 3D projection mapping to the exterior of the Roxy Cinema	A 10 day event expected to draw visitors from out of town, and promote the creative industry in Miramar.	Event was successfully delivered.
<b>Cricket Wellington</b>	Linking India to Wellington Programme	Hosting 12 Indian IT executives to create links with India's tech sector during the CWC	Events hosted with Indian IT executives as part of the CWC making connections with Wellington's tech sector. The actual number of attending executives was lower than agreed and the final funding was reduced accordingly.
<b>Creative HQ</b>	To support establishment of the 'Innovation Services' initiative to provide a link between our innovative start-up companies able to provide solutions for step change initiatives within government agencies and large local organisations who ordinarily look to larger established, and often offshore, solution providers.	KPI's around projects won including customer, nature of the service and start-ups involved together with the economic benefits generated.	Successful implementation of initiative delivering 10 projects. Programme is on-going.



**Attachment 1 – WEID Fund Approvals since inception to 31 December 2015 (confidentiality protected)**

Organisation	Initiative	Key Deliverables/KPI's	Actual outcomes
<b>Wellington - Visa on a Plate</b>	Sponsorship of the annual Wellington - Visa on a Plate event	85% satisfaction rate of attendees via a survey Economic benefit being total spend of at least \$7m Direct spend from out of region visitors being over \$2m	2014: 118 events with 7,106 tickets sold 2015: 125 events with 8,822 tickets sold (24% out of town). 47% of out of town attendees said they came specifically for the event, stayed on average 3 nights in a 60:40 mix of commercial and private accommodation.
<b>Bond Street Collective</b>	Bond Street business support for street activations during Cricket World Cup 2015	Increased patronage to the Bond St businesses over the Cricket World Cup	Numbers of visitors to the Bond Street activation site increased
<b>Wellington Regional Stadium Trust</b>	Rugby League - Four Nations event	Anticipate 20,000-30,000 attendance and 50% of ticket holders to be from out of Wellington region.	Attendance 24,475 47.1% ticket holders from Wellington region 52.9% out of Wellington region
<b>NZ Water Ski Racing Association</b>	World Water SkiRacing Championships event support	Successful event delivery with international and out of region participation and visitation for the duration of the event.	<i>Angus and Associates reported:</i> Attendance 10,000 Visitors from out of Wellington region actual 210 Visitors from outside NZ actual 363 516 visitors were in Wellington specifically for the event and provided a direct economic contribution of \$1.04m to the Wellington region.



**Attachment 1 – WEID Fund Approvals since inception to 31 December 2015 (confidentiality protected)**

Organisation	Initiative	Key Deliverables/KPI's	Actual outcomes
<b>BizDojo</b>	Tech-hub (Collider) program funding	1980 sqm of space to accommodate a minimum of 160 desks (for small businesses), the ICT Graduate School, event space, larger programming space, and a google campus style tech cafe. Activation programmes to foster collaboration in Wellington's tech sector.	The space has been secured, fit out completed and area activated. There are 77 new residents since opening in Nov 2015 and BizDojo has hosted 24 Collider supported events with a total of 1,124 attendees. Creative HQ will deliver their 'Startup Garage' at BizDojo, as well as having a representative in on Mondays and Fridays for startup support. Summer of Tech Talks weekly lunchtime events brought in on average 50 attendees per session over the 9 weeks it was hosted, connecting Wellington ICT community especially students, mentor / managers and future employers. For three months, over the summer break, the tech hub hosted 25 Victoria University students for their Entrepreneur Bootcamp.
<b>Lux Festival 2015</b>	Sponsorship of event	65,000 visitors of which 9,000 are from out of the region over nine festival nights	Festival attendance estimated at 85,000 Number of maps given out: 30,000 Individual visitors to the official LUX website: 42,553 New likes on Facebook: 4000+ New followers on Twitter: 500+ Media reach: 5.2 million Number of businesses on the Trail actively participating in the Festival: 40+
<b>Miramar Film Event Trust</b>	Support of key projects and programmes in 2015/16	Expanding the Miramarvellous Festival, bring BEFILM Festival exclusively to Wellington, investigating educational infrastructure and learning pathways in Miramar, working with the Miramar community to promote Wellington and Miramar as NZ's centre of film.	All programmes are progressing, as well as working on other events including Wellington Women Ted Talks and the AnimFX conference to ensure maximum success and benefit is created for Wellington from the film sector
<b>Pulse Netball</b>	Pulse Sponsorship	Sustainability of the city's regional netball team.	Sustainable regional Netball team supporting games and fans and attracting Australian television viewer audiences

**Attachment 1 – WEID Fund Approvals since inception to 31 December 2015 (confidentiality protected)**

<b>Organisation</b>	<b>Initiative</b>	<b>Key Deliverables/KPI's</b>	<b>Actual outcomes</b>
<b>Phoenix</b>	Sponsorship of marketing for final game in 2015, including the scarves campaign	Improved attendance at the last game to help secure the ongoing licence to compete in the Australian Football League	Attendance was the largest of the season at over 12,000
<b>Creative HQ</b>	Venture Up 2016 Programme	40 students from around NZ working on their business ideas and being mentored here in Wellington. This allows some the country's best and brightest young entrepreneurs to experience the Wellington start-up ecosystem and boosts the potential for their future businesses to be located here providing employment and GDP into our local economy.	Programme in progress

In addition to these listed initiatives a further three were supported through the WEID fund where the details are commercially sensitive and confidential.

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# *Economic seed fund assessment criteria*

Wellington City Council

March 2016

*Strictly confidential*



*Strictly confidential*

Derek Fry  
Director City Growth and Partnerships  
Wellington City Council  
PO Box 2199  
WELLINGTON 6140

9 March 2016

***Economic seed fund governance and assessment criteria***

Dear Derek

We are pleased to provide our report on the benchmarking of economic seed fund governance and assessment criteria.

This report is provided in accordance with the terms of our engagement outlined in our letter (dated 18 February 2016), and is subject to the restrictions set out in Appendix A of this report.

This report incorporates benchmarking with a range of economic development agencies and Australian and New Zealand Councils.

If you have any queries please do not hesitate to contact us.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Phil Royal'.

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## Executive summary

### Background

To build on Wellington City Council's (WCC) economic development strategy execution initiatives, the Wellington Economic Initiatives Development Fund (WEID) was established in 2013. Using the approach already successfully introduced for events, WEID have also incorporated additional economic growth elements including business initiatives and business partnerships.

In addition, to maximise the impact of the fund in contributing to the economic growth of the city, an application and assessment process was established that enables rapid assessment and informed decisions. This incorporated direct delegation to the Chief Executive for applications under \$100,000 and a political panel for decisions over \$100,000.

Following the first two years of operation of the fund, it has been determined the timing was appropriate to review aspects of its operation and in particular the criteria. This has incorporated a high-level review of similar funds across New Zealand and in Australia, seeking feedback from a sample of their economic development practitioners and consideration of the fund from a first principles perspective.

### Benchmarking

Ten council organisations or their economic development agencies were reviewed as part of the benchmarking exercise. This included three Australian councils including the Sunshine Coast, which featured in WCC's original policy establishment documentation.

Findings from this work highlighted WCC's approach is comparable and:

- The practice of having economic development seed funds on both sides of the Tasman is relatively normal and considered by many a business as usual activity

- A core purpose for all these funds is local GDP enhancement
- Most of the funds had both economic development and events as key pillars
- WCC's additional areas of initiatives and partnerships was relatively unique and arguably adds an additional layer of sophistication to the assessment process and ultimately the outcomes sought. In particular they resonate strongly with the concept of being a *seed* fund.

### Reporting

Many of the benchmark funds had reporting and approval processes that contained more steps than WEID. This even applied where separate economic development entities were in place with independent boards to assess and operate the funds. Under this arrangement it is common practice for approvals being required at both the board and subsequently council. Although it was not the role of this review to consider implementation effectiveness, it would appear that the WEID process is both more flexible, agile and accordingly efficient, than a number of other organisations benchmarked, but also incorporates political oversight and decision making.

Processing and reporting of commercially sensitive transactions was canvassed during the benchmarking exercise. All entities appreciate that certain approaches are required and WCC was familiar with these mechanisms and was in line with them. However the exercise did reinforce there are potential benefits of having some form of independent expert commercial representation present during the assessment process.

If there was to be any change in reporting, and without changing WEID's efficient approval process, we would suggest consideration be given to a more regular feedback mechanism to council. In doing so we would note the current WEID criteria are more comprehensive than the benchmarks generally but contain less approval layers and this balance should allay any concerns.

### *First principle considerations*

Review of the establishment documentation confirmed that WCC drew on the principled approach already established through the existing events fund. This assisted the establishment of a robust approach incorporating governing principles, funding, outcome priorities and decision-making criteria.

Importantly WEID directly aligns with WCC's economic growth agenda. This was able to be confirmed by undertaking a high level reconciliation of the outcomes stated in WCC's economic development strategy with the separately documented WEID fund criteria outcomes. In addition, other elements in the strategy including principles and strategic directions also appeared to be aligned with the WEID fund.

Consideration was also applied to wider first principle questions including the approach to economic growth projects, benefit realisation and the question of criteria prioritisation. The application of WEID was found to be consistent from a first principles perspective, but with some potential to improve as was found with benchmark funds in the area of benefits, realisation and the capture thereof.

### *Summary conclusions*

WEID arrangements benchmarked positively against comparable organisation and economic development funds, and arguably have introduced an extra layer of sophistication through the application of more comprehensive criteria. This enables applications to be considered across four funding streams compared to the average benchmark of only two.

There were some areas identified that WCC could usefully consider to further refine and improve the application of WEID including consideration of:

- Additional attributes used by benchmark organisations more broadly across the fund such as city branding to further strengthen city alignment

- More regular feedback mechanisms that do not impinge current application processing efficiency
- Current benefit realisation report back mechanisms at a later point in the initiatives execution life cycle
- The merits of widening independent expert commercial representation where warranted by particular applications.



## 1 Introduction

### 1.1 The current situation

WCC established WEID in 2013 as an additional city economic growth initiative.

The proposed extension to the events funding approach incorporated the addition of two additional streams:

- business initiatives – to facilitate opportunities for the city to enlarge its business footprint, create jobs and build ease of doing business reputation
- business partnerships – to support commercialisation of innovative ideas, share expertise to facilitate growth and encourage a joined-up approach between entities.

The objective of the events stream was to maximise their economic contribution, contribution to arts and culture events and enhance the events support structure.

The overall fund objective is to contribute to the economic growth of the city through:

- job creation
- increasing WCC rating base
- supporting economic growth in key target sectors
- positively contributing to Wellington's GDP and global reputation as a good place to do business.

Extending the current arrangements was perceived to build on the existing principled approach established through ED, while enabling WCC to play a wider role in supporting city growth opportunities.

In parallel with the establishment of WEID, an application and assessment process was initiated. Decision-making was delegated to the Chief Executive with a political panel for decisions over \$100,000. The application process has been embedded into the website to facilitate a straightforward application process.

Economic seed fund assessment criteria  
PwC

Following the first two years of the fund operating, it has been determined an appropriate time to review the fund criteria.

### 1.2 Purpose and structure of this report

This report seeks to inform council's current governance and assessment methodology for the existing WEID fund. This has been achieved through engaging with benchmark councils and related agencies to:

- summarise criteria utilised by benchmark councils, economic development agencies and WCC
- assess common themes
- identify potential enhancements for existing WEID arrangements
- obtain feedback on how the activities of these funds are currently reported and how they deal with commercially sensitive transactions.

In addition, we have considered the criteria from a first principles perspective.



## 2 Narrative

### 2.1 Benchmark organisations

The scope required the identification of 6-7 benchmark councils or their affiliates. In addition and given the original establishment report featured an Australian exemplar, it was agreed the benchmarks should incorporate 1-2 Australian examples.

The research we undertook indicated that some funds did not have the same breadth of WEID. Accordingly it was decided to extend the list to ten benchmark councils or affiliates including three Australian examples, to ensure WEID fund elements received adequate coverage.

The identification benchmark funds were not difficult to achieve because many councils on both sides of the Tasman operate these types of schemes. This finding when combined with interview commentary from fund operators, reinforced the perception that for many councils, the funds are considered business as usual activity.

The ten benchmark organisations are incorporated into the following list. A full description of their respective funds is included in Appendix B.

- Auckland Tourism, Events and Economic Development Limited
- Canterbury Development Corporation/NZ Trade and Enterprise
- Christchurch City Council (CCC)
- New Plymouth District Council/Venture Taranaki
- Northland Regional Council/Northland Inc. Ltd
- Buller District Council
- Waikato Regional Council
- Sunshine Coast Council, Australia

- Parramatta City, Australia
- Newcastle City, Australia.

### 2.2 Benchmarking

Analysis of the benchmark organisation fund arrangements (Appendix C) indicated:

- Provision of economic development funds of this type is relatively normal
- A commonality of fund criteria purpose for economic development and events
- A bias toward economic development but with less criteria than events
- WCC was unique in the utilisation of a broader categorisation incorporating “initiatives” and “partnerships”
- The coverage of WCC’s economic and event criteria are only matched in total by one and two councils respectively out of the overall sample of ten
- Utilisation of “attributes” in some event funds including WCC to create more granularity and alignment of event specifics to city goals eg city branding
- In CCC’s case, supplementing the ‘attributes’ are an extensive list of ‘other considerations’ which are very broad and include aspects such as transport accessibility and sustainable practices. This appears to create duplication and potentially would lead to a more complex assessment process if adopted. WCC’s Events Team have advised they utilize some of these considerations through a supplementary check list process
- In the Australian benchmarks, single criteria dominate (increasing local GDP), which are very broad based and arguably maximise discretion albeit limit the ability to assess applications against each

other. From a continuum perspective, these are at the opposite end of the scale from CCC's complex approach.

### 2.3 Common themes

Fund criteria descriptions were quite diverse, however there were a number of identifiable themes running through each category:

#### Economic criteria

- Job creation
- Growth support
- GDP contribution.

#### Events

- Maximizing event economic contribution
- Increased city visitation
- Improved city livability
- Extended event industry capacity.

#### Initiatives

- Increased international exposure
- Delivering on wider city strategy.

The partnership category was unique to Wellington although recognized by one council in the event attribute area. Event attributes, include:

- Alignment with city brand
- Timing optimisation
- Uniqueness.

WCC's utilization of the initiative and partnerships criteria arguably introduce a further level of sophistication given they:

- Positively link back to stated city objectives eg promoting innovative high-tech industries
- Provide the flexibility to consider proposals that may not strictly fall into the economic or events streams eg value for money services to local government
- Resonate with the concept of being a 'seed' fund.

Discussions with fund representatives also highlighted that in some instances there are important 'sub themes'. For instance, increased visitation was rated higher if potential events attracted a greater proportion of non-residents, who introduced new spend to the region. This contrasts with residents who are more likely to be diverting spend from their other local priorities.

### 2.4 Reporting

Many of the funds reported assessments through to council on the basis of final approval. This appeared to be the case even where separate economic development entities with independent boards were in place. By default this creates a two-step approval process, compared to what is a more efficient single WEID approval step. Given WEID's objective of being flexible and agile, WCC's approach would appear more efficient. This does not consider assessment effectiveness which is a separate question underpinning quality approvals.

Reporting post event and ultimately benefit realisation from feedback received, appeared limited and high level. Fund representatives did however indicate it was a current area of focus given its importance. This appears

consistent with current WEID fund reporting<sup>1</sup>.

The processing of commercially sensitive transactions was also canvassed with some of the fund managers. These generally followed existing local government practice which WCC is familiar with and includes:

- Work shopping early stages of applicant assessment
- Use of confidential agendas
- Independent group assessment
- Maintaining reports in 'draft' until late in the process
- Reliance on the withholding clauses in section 7 of the Local Government Official Information and Meetings Act 1987
- Use of legal advisor's privilege.

In this context, representatives also highlighted the benefits of having councils setting overall frameworks and budgets but letting accountable standalone organisations with commercial boards run the assessment process. This facilitated better confidentiality and commercial assessment whilst still enabling council to provide governance oversight.

Given the potential merits of a commercial lens, consideration of some form of independent expert may be a useful enhancement to the WEID process generally.

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<sup>1</sup> Wellington Economic Initiatives Development Fund, Wellington City Council, 13 October 2015

## **2.5 First principle considerations**

The WEID fund was established on the basis that:

- WCC can positively support growth opportunities through its own initiatives
- There is an "intervention" logic for local governments contributing to the economic growth agenda
- WEID is one of a number of intervention tools.

Importantly, WEID provides WCC with the opportunity to respond to opportunities in a more efficient and agile manner. In doing so, WEID drew on the principled approach of the existing events fund to establish a framework that incorporated:

- Governing principles
- Funding streams
- Outcome priorities
- Funding categories
- Decision-making criteria.

The funding categories themselves are relatively broad covering events, economic and business initiatives and partnerships. To consider the three establishment principles quoted above from a first principles perspective, there are six key questions to consider:

- Are the fund objectives and criteria aligned to council's economic growth agenda and strategy?
- Are the applications economic growth projects?
- Is there a role for local government?
- Is this local government core business?
- Do the benefits outweigh the costs?

- Are the purported benefits likely to eventuate?

In response to these questions, we would note the fund itself does have a direct alignment with WCC's economic growth agenda. Appendix D captures a reconciliation of the fund criteria with outcomes stated in the economic development strategy. Aside from the smart infrastructure outcome which is an independent supporting initiative, a strong alignment is evident. In addition, the subsequent layers of the strategy below the outcomes including principles, platforms and strategic directions exhibit consistent themes.

The WEID fund focus areas of events, initiatives and partnerships were also established on the basis of being economic growth enhancing.

When considering whether there is a role for local government, a test should be applied to the ability or availability of independent market provision. A simple example quoted during discussions with representatives related to availability of bank funding. However, this could be extended to a number of other areas including funding available from other agencies.

Consideration of the core business question is able to be guided through the other areas, particularly the role of local government previously highlighted. This is more helpful than the Local Government Act 2002 (S10(i)) which only provides high level descriptions covering all local government activities.

With regard to benefits, a definitive response is more difficult because the outcomes are often difficult to assess. Although the benefit cost assessment is inherent within WEID, measurement of actual practice becomes critical as a means of addressing this questions. Benchmark examples as confirmed in discussions were not strong in this area although generally subject to improvement plans highlighted in section 2.4.

Given the WEID fund now has a track record, it would appear the next step to address this question would be to review outcomes of delivered projects including benefit realisation. This could then be used to inform the effectiveness of current and future assessment process, whilst improving the overall quality of report feedback to the council.

Accordingly, and from what we have observed, WEID appears in line with first principle questions 1-4 given their application is valid and secondly

appear being implemented successfully. Questions 5 and 6 relating to benefits are work in progress which is expected given the early stage of the WEID fund and when addressed would assist the quality of feedback on fund progress and effectiveness.

Feedback was also sought relating to the question of prioritisation amongst the criteria. Here the results were mixed with some assessment processes utilising weightings to focus priorities at any point in time, whilst others did not. Justification for not using weightings included keeping the assessment more flexible for final decision and also pre-work enabling a deeper understanding of applications. In addition, some applications may be promoting projects with good economic potential that were not considered at the time the policy was developed.

### 3 *Summary conclusions and potential enhancements*

Consideration of WEID arrangements against benchmarked organisations indicated that WCC's approach is:

- Consistent with many jurisdictions who offer similar types of economic development funding opportunities
- More comprehensive in the application of criteria
- Matched in the quantum and sophistication of criteria by only one council in the economic criteria and two in the events criteria
- More efficient in terms of decision-making.

These findings highlight WEID benchmarks positively and incorporates some additional layers of sophistication not present in other funding schemes.

However there are a number of potential enhancements to the criteria as follows:

- Consideration of 'attributes' to better align non-event applications generally to broader objectives such as branding
- Reassessing current feedback reporting mechanisms including benefit realisation

- Completing a stocktake of results achieved to date.

In addition, and from a fund governance perspective, there may be merit to:

- Review current governance to determine whether independent expert commercial representatives could be utilised more broadly to provide assessment guidance and insight.

## *Appendix A Restrictions*

This report has been prepared for Wellington City Council to inform the criteria and governance approach for economic seed funds. This report has been prepared solely for this purpose and should not be relied upon for any other purpose. We accept no liability to any party should it used for any purpose other than that for which it was prepared.

This report has been prepared solely for use by Wellington City Council and may not be copied or distributed to third parties without our prior written consent.

To the fullest extent permitted by law, PwC accepts no duty of care to any third party in connection with the provision of this report and/or any related information or explanation (together, the "Information"). Accordingly, regardless of the form of action, whether in contract, tort (including without limitation, negligence) or otherwise, and to the extent permitted by applicable law, PwC accepts no liability of any kind to any third party and disclaims all responsibility for the consequences of any third party acting or refraining to act in reliance on the Information.

We have not independently verified the accuracy of information provided to us, and have not conducted any form of audit in respect of Wellington City Council. Accordingly, we express no opinion on the reliability, accuracy, or completeness of the information provided to us and upon which we have relied.

The statements and opinions expressed herein have been made in good faith, and on the basis that all information relied upon is true and accurate in all material respects, and not misleading by reason of omission or otherwise.

The statements and opinions expressed in this report are based on information available as at the date of the report.

We reserve the right, but will be under no obligation, to review or amend our report, if any additional information, which was in existence on the date of this report, was not brought to our attention, or subsequently comes to light.

This report is issued pursuant to the terms and conditions set out in our engagement letter (18 February 2016).



## *Appendix B Benchmark organisation fund descriptions*

ATEED – Auckland Major Events Sponsorship Fund

Canterbury Development Corporation/NZ Trade and Enterprise – Capability Development Voucher

Christchurch City Council – Events and Festivals Sponsorship Fund

New Plymouth District Council/Venture Taranaki – Major Events Fund

Northland Regional Council/Northland Inc. – Investment and Growth Reserve

Buller – Buller Economic Stimulus Fund

Waikato Regional Council – Regional Development Fund

Sunshine Coast Council – Major and Regional Events Sponsorship Programme

Parramatta City – Parramatta Economic Development Partnership Grants

Newcastle City – Economic Development Sponsorship Programme

## Appendix C Benchmarking

FUND CRITERIA											
Economic	WEID	ATEED	NZTE	CCC	Taranaki	Northland	Buller	Waikato	Sunshine Coast	Parramatta	Newcastle
create and/or retain jobs	✓					✓		✓			
increase the rating base	✓										
support economic growth in key target sectors	✓	✓						✓			✓
positively contribute to the local GDP	✓			✓	✓	✓	✓	✓	✓	✓	✓
positively contribute to global reputation as a good place to do business	✓					✓		✓			
increase average income of locals						✓		✓			
attract additional funding to the region								✓			
increasing the value of exports								✓			
<b>Events</b>											
maximise the economic contribution that events can make to the city	✓			✓							
maximise the diversity and vibrancy of the city's arts and culture events	✓										
enhance a strong events support structure which draws on the city's venues and assets	✓										
encourage more visitors to the city	✓				✓				✓		
extend visitors' stay in the region		✓									
increase the city's exposure to key international audiences and markets	*	✓		✓	✓				✓		
enhance the city's liveability by making it more interesting and diverse	*	✓		✓							
recognise the city's diverse communities and build a sense of connection		✓		✓							
stimulate interest in natural surroundings through event themes or setting for events				✓							
delivering on city wide strategies such as for sport and recreation, arts and culture				✓							
fills an identified gap or priority				✓							
increase talent development and capacity	*			✓							
attracts new major events to the city	*				✓						
<b>Initiatives</b>											
facilitate opportunities for the city that enlarge the city's business footprint	✓										
support initiatives that build the city's reputation as an easy place to do business	✓										
support initiatives that create jobs in the city's professional services and innovative high-tech industries	✓										
enhance the city's image as a centre of excellence in innovation and professional services	✓										
encourage opportunities that contribute to the city's long-term economic growth aspirations	✓										

\* Supplementary criteria applied by WCC's Events Team to event applications

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Partnerships											
support commercialisation or progress innovative ideas that are regionally-based (not start-ups)	✓										
improve economic growth opportunities	✓										
increase value for money services for the local government sector	✓										
encourage a joined-up approach that contributes to the city's long-term economic growth aspirations	✓										

ATTRIBUTES											
Events	WEID	ATEED	NZTE	CCC	Taranaki	Northland	Buller	Waikato	Sunshine Coast	Parramatta	Newcastle
does the event align with the city's brand or showcase what is special about it?	*	✓		✓	✓			✓			
is the event held in the city's off-peak or visitor season?	*	✓		✓	✓						
is there potential for the event to generate long-term legacy benefits?		✓									
is the event produced locally or owned from outside of the region?		✓									
event frequency e.g. is the event held annually?	*	✓									
is the event unique or new?	*			✓	✓						
is it directly duplicating a similar event or parts thereof in the city?				✓							
what is the amount of community support, involvement, and/or active partnerships?	*			✓							
for an existing event, how effectively has the event been run in the past?				✓							
does it utilise local major event venues, helping to ensure their viability and meet their revenue targets?					✓						

\* Supplementary criteria applied by WCC's Events Team to event applications

OTHER CONSIDERATIONS											
Events	WEID	ATEED	NZTE	CCC	Taranaki	Northland	Buller	Waikato	Sunshine Coast	Parramatta	Newcastle
the anticipated level of attendance including volunteer support, performers, and/or competitors	*			✓							
potential of the event to grow	*			✓							
how accessible the event is proposed to be	*			✓							
universally accessible				✓							
transport accessibility				✓							
affordability relative to target market				✓							
open to anyone who wishes to attend and not constrained to a particular sector of the community				✓							
is successfully marketed through appropriate channels	*			✓							
whether the event is held once a year or biennial with a sound strategic plan for its development	*			✓							
the degree to which the event is financially sustainable	*			✓							
overall cost of the event relative to the scale and benefits of the event				✓							
proportion of funding contributed by the organisation	*			✓							
the ability to attract/leverage other funders and sponsors	*			✓							
the length of time the event has been run and its dependence on public funds				✓							
volunteer contribution, capacity and capability				✓							
how any profits generated by the event are distributed				✓							
working towards a strategy for the event to become more financially sustainable				✓							
the degree to which the event uses sustainable practices and transport planning	*			✓							
sound environmental operations and works to promote green initiatives				✓							
respects the environmental operations and promotes protection of key assets				✓							
whether the event is in the appropriate venue for its scale and type, and promotes new and existing spaces in the city				✓							
extent to which the event adds to any cumulative impacts on the city, businesses and local communities	*										

\* Supplementary criteria applied by WCC's Events Team to event applications

## *Appendix D Matching economic outcomes with WEID Criteria*

<b>*Economic Development Strategy: Smart Wellington</b>	<b>WEID Fund Criteria</b>			
<b>Economic outcomes</b>	<b>Economic</b>	<b>Events</b>	<b>Initiatives</b>	<b>Partnerships</b>
generating income and productivity	✓	✓	✓	✓
creating jobs in smart innovative companies	✓		✓	✓
generating exports in knowledge intensive services	✓			
creating an environment where innovation can flourish			✓	✓
developing smart infrastructure to support knowledge intensive firms				

\* Adopted December 2011



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## **UPDATE ON PROJECTS**

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### **Purpose**

1. The Committee will receive an update on the projects work underway.

### **Recommendation**

That the Economic Growth and Arts Committee:

1. Receive the information.

### **Discussion**

2. The Director of City Growth and Partnerships will update the Committee on a number of projects and workstreams currently underway, including the tech hub and convention centre.

### **Attachments**

Nil

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## FEEDBACK ON PEACE ACTION WELLINGTON PETITION

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### Purpose

1. This paper provides feedback on the Peace Action Wellington petition presented to this Committee on 13 October 2015 on the following matter: *“Stop the Weapons Conference: We say ‘No’ to Wellington City – nuclear free capital of nuclear free New Zealand – hosting a weapons conference sponsored by Lockheed Martin, the world’s largest nuclear weapons manufacturer.”*

### Summary

2. Hiring the TSB Arena to the New Zealand Defence Industry Association for their annual conference met the terms and conditions for hiring a Positively Wellington venue. This was the third time they have hired a Positively Wellington venue.
3. Lockheed Martin has held a number of contracts in New Zealand since at least 2000 and is currently providing logistics services to New Zealand Defence Force.
4. Wellington City became a nuclear weapons free zone in 1982.
5. Retaining Wellington’s proud nuclear weapons free status is not inconsistent with hiring venues for events such as this that support New Zealand’s Defence Forces.

### Recommendations

That the Economic Growth and Arts Committee:

1. Receive the information.
2. Note that Wellington is uniquely placed as the capital city and home of government, the arts capital of New Zealand and its many other attractions; and with this, the city is home to government departments and ministries, businesses and organisations, and hosts a wide range of groups and events.
3. Note that Positively Wellington Venues and the Council take a non-discriminatory, non-judgmental approach to events, whether that is for business, the arts, or other groups or organisations.
4. Note that both Positively Wellington Venues and the Council support the right to protest and support the rights of organisations to hold conferences in Wellington, subject to meeting the relevant terms and conditions and compliance with the law.
5. Note that hiring the venue for the NZ Defence Industry Association annual conference was consistent with the required terms and conditions.
6. Note that hiring the venue for the NZ Defence Industry Association annual conference did not breach Wellington or New Zealand’s status as a nuclear weapon free zone.
7. Note Positively Wellington Venues will continue to assess each application in terms of a health and safety assessment and whether it meets the terms of Positively Wellington Venues’ Venue Hire Agreement.

## Background

6. The petition was presented to the Committee ahead of Peace Action Wellington's protest outside the Defence Industry Association's annual conference held on 17-18 November 2015, and following their June 2015 call for the Mayor to condemn the conference.
7. The petition was referred to officers for feedback.

### *Nuclear free Wellington and New Zealand*

8. On 14 April 1982 Wellington City Council declared itself a nuclear weapon free zone after a motion by Councillor Helene Ritchie was passed by a vote of 10-9. The motion stated: *"That this Council declare Wellington a nuclear weapon free zone"*
9. Five years later Parliament passed the New Zealand Nuclear Free Zone, Disarmament, and Arms Control Act 1987. In relation to nuclear weapons, that Act prohibits the acquisition, stationing and testing of nuclear explosive devices.

### *Assessment of applications*

10. Positively Wellington Venues, a Council Controlled Organisation, provides venues for hire and accommodates a wide range of business and performance events. They do not discriminate on political, religious or cultural grounds.
11. To hire a venue the applicant must successfully complete a health and safety assessment and meet the conditions of the Venue Hire Agreement (VHA).
12. As a safeguard for Positively Wellington Venues, the applicant must agree to the following:

#### *4.4.1 The Hirer undertakes and agrees that:*

*a) the Hirer will only use the Venue to stage the Event as it is comprehensively described in the Venue Hire Agreement – Specific Terms, or as amended in writing by agreement between the parties;*

*b) the Event will be run in accordance with the best industry standards and in accordance with all relevant legislation relevant to that Event at all times;*

*c) the Venue will not be used by the Hirer for any performance or activity that is of an objectionable nature, is in breach of reasonable standards of public decency or is likely to create a nuisance. If there is any likelihood of objectionable content of any kind in the Event then the Hirer must disclose this to PWV prior to signing this Agreement or as soon as practicable after becoming aware of the same and ensure that it is made absolutely clear in all marketing and promotional material.*

### *Defence Industry Association Conference 2015*

13. The NZ Defence Industry Association Conference is an annual conference which has been held in Positively Wellington venues for the past three years.
14. New Zealand Defence Industry Association chairman Bernie Diver said the conference is about *"industry supporting [the New Zealand Defence Force] to allow it to be the best organisation it can be."*
15. In 2015 the conference had a number of sponsors. Lockheed Martin, the company this petition refers to, was the principal sponsor.



16. Lockheed Martin has held a number of contracts in New Zealand. In 2000 Lockheed Martin signed a 10-year contract with Airways New Zealand to modernise the country's air traffic systems and in 2009 they won the contract to provide logistical services for New Zealand's defence systems. They employ over 200 people delivering 'logistics to sustain the New Zealand Defence Force and New Zealand Police as well as other emergency and essential services organisations'.
17. WREDA CEO Chris Whelan made the following comments at the time of the conference:

*"The New Zealand Defence Industry Association Forum involves New Zealand Defence Force personnel, along with companies supplying a variety of products and services. Defence and security are important government services and we are happy to host this event now and in the future.*

*We accept there are strong views in our community about this event, and respect the rights of groups to petition and protest. Equally, we respect our customers' right to our full support in the smooth running of their event. Our team is working with Police to ensure protesters are free to express their views, while ensuring both the venue and attendees are secure."*
18. Council spokesperson Richard MacLean said at the time:

*"We're certainly aware that there are people in the community who are unhappy with this event - which we have held at council venues for a number of years. But we try to take a non-judgmental approach to events, as long as they don't break any laws."*
19. Earlier in July 2015, Mayor Wade-Brown said:

*"While the purveyors of appropriate equipment for New Zealand Forces may also promote and sell other equipment to overseas authorities, it is through the policies of each country – for example New Zealand being nuclear-free and supporting international treaties against cluster bombs – that we will best reduce armaments."*
20. The 2016 conference will be held in Auckland.

## **Discussion**

21. As the political capital and arts capital of New Zealand Wellington hosts a large number of conferences for a range of purposes, including business and performance. In a vibrant diverse city and region people work in a range of industries and they hold a range of beliefs. In our free city, people are able to voice their disagreement through both the political process and through lawful protest.
22. Positively Wellington Venues were satisfied that their criteria for hiring a venue were met.
23. Throughout the conference Wellington remained a nuclear weapon free zone.
24. Retaining Wellington's proud nuclear weapons free status is not inconsistent with hiring venues for events such as this that support New Zealand's Defence Forces.

## **Next Actions**

25. Officers' view is that this is within policy and no further action is required.

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**Attachments**

Nil

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## **SUPPORTING INFORMATION**

### **Consultation and Engagement**

Advice was sought from Positively Wellington Venues and their information is presented in the paper.

### **Treaty of Waitangi considerations**

None from this paper.

### **Financial implications**

A change of approach is not recommended. There would likely be financial implications which would need to be considered before decisions for change or further such recommendations were made.

### **Policy and legislative implications**

None from this paper

### **Risks / legal**

None from this paper.

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

None from this paper.

### **Communications Plan**

The protest at the conference attracted media attention and it is likely that this discussion will as well. If required a communications plan will be developed.



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### **3. Public Excluded**

Resolution to Exclude the Public:

THAT the Economic Growth and Arts Committee :

Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
3.1 Report from Wellington International Airport Limited for the Quarter Ending 31 December 2015	7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	s48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.

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