

ORDINARY MEETING

OF

COUNCIL CONTROLLED ORGANISATIONS

AGENDA

Time: 9:30 am
Date: Wednesday, 22 March 2017
Venue: Committee Room 1
Ground Floor, Council Offices
101 Wakefield Street
Wellington

MEMBERSHIP

Mayor Lester
Councillor Eagle
Councillor Lee
Councillor Marsh
Councillor Woolf (Chair)

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 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.

AREA OF FOCUS

The Council-Controlled Organisations Subcommittee is responsible for communicating the Council's priorities and strategic outcomes to CCOs and ensuring delivery by CCOs through the development of Statements of Intent and integration of CCO outcomes with the Council's Long-term Plan and Annual Plan funding processes and decisions. The Subcommittee is also responsible for monitoring the financial performance and delivery on strategic outcomes of the Council's CCOs.

Quorum: 3 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 22 February 2017 will be put to the Council Controlled Organisations 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 Council Controlled Organisations.

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 Council Controlled Organisations.

No resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent meeting of the Council Controlled Organisations for further discussion.

2. General Business

REVIEW OF THE HALF YEAR REPORT FOR WELLINGTON REGIONAL STADIUM TRUST FOR THE PERIOD ENDING 31 DECEMBER 2016

Purpose

1. This report provides the sub-committee with a review of the half year report to 31 December 2016 submitted by Wellington Regional Stadium Trust for consideration in accordance with the requirements of the Local Government Act 2002.

Recommendations

That the Council Controlled Organisations Sub-committee:

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

Background

2. The sub-committee is tasked with monitoring the performance of the Wellington Regional Stadium Trust.

Discussion

3. The half year report has been reviewed by officers to assess any risks or issues. No significant issues or risks were identified.

ACTIVITY SUMMARY

The Wellington Regional Stadium Trust had a busy six month period, and hosted a variety of events. Total event days were 21 (plus two community events), and attendance was 200,723. This compares to 213,226 for the six months to December 2015.

Major events held during this period were the sold out All Blacks Test match, and three play-off matches for the Super Rugby series. Mitre 10 Cup Rugby attendances averaged 2,556 (last year 3,051) for the round robin games. Average attendance at the first three Phoenix games was 7,221 which was slightly below the same period last year (7,885). Regular exhibitions held during the period were Beervana and the Home and Garden Show.

The earthquake on Monday 14 November 2016 caused no major structural damage to the Stadium. The engineers' assessments indicate that the building performed as it was designed to. However a fairly significant range of superficial damage did occur. This included burst water pipes, concrete cracking and spalling, broken windows and some liquefaction on the stadium ring road.

The Stadium offices were able to reopen on the Tuesday, but the decision was jointly made with the FFA and the Wellington Phoenix to postpone a football game that was scheduled for 19 November, as there was insufficient time to complete the required repairs.

The Keith Urban and Carrie Underwood concert held on 3 December was successful with feedback from attendees overwhelmingly positive. Over 9,000 fans attended the concert.

The Guns n' Roses concert was hosted on 2 February (i.e. after the reporting period) and played to 31,600 fans.

Since August 2015 the trust has conducted monthly fan surveys gathering insight into how patrons perceived the Stadium and events. In the period Feb-Jul 2016 audiences rated Westpac Stadium highly, with the net satisfaction score being in the 70-90% range. Twitter and Facebook are now a vital component of event day communications. These channels give attendees a direct link to the Stadium allowing the Trust to engage and respond to issues as they arise.

Turf replacement project: During December 2016, the scheduled replacement of the entire stadium playing surface took place. This was the first replacement since the original turf was laid in 1999. The new turf is based on a reinforced grass surface which provides greater durability to support the Stadium's busy event calendar. The Phoenix played their first home game at the Stadium on the new turf on 1 January 2017 and played a further 3 games here in January.

Technology project: During the period the Trust selected a technology partner to implement the connected Stadium model. This will result in the provision of free high-density wi-fi throughout the venue and is the first stage of the Stadium's major technology upgrade. Final contract negotiations are underway at the time of writing with implementation to be completed by the end of the financial year. A separate future project will involve the implementation of a Stadium app.

Concourse upgrade project: The Trust continues to work with Populous to refine concepts for the upgrade of the concourse. The November 2016 earthquake and subsequent repairs have caused some delays and this work is now expected to commence after the British and Irish Lions tour in June/July 2017.

SUMMARY FINANCIALS

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

FINANCIAL PERFORMANCE (\$000)	H1 Actual 31-Dec-14	H1 Actual 31-Dec-15	H1 Actual 31-Dec-16	H1 Budget 31-Dec-16	Variance* 31 Dec 16	FY Budget 30-Jun-17
Total Revenue	8,012	6,855	6,691	5,414	1,277 ✓	14,320
Opex before Interest & Depn	4,681	4,438	4,419	3,982	438 ✗	8,830
Interest & Depn	2,429	2,074	1,742	1,978	236 ✓	4,110
Net Surplus (Loss)	901	343	530	(545)	1,075 ✓	1,380
FINANCIAL POSITION						
Total Assets	104,446	99,756	97,596	n/a	n/a	98,810
Bank borrowings	10,400	7,500	3,300	n/a	n/a	6,500
Total Liabilities	22,701	55,372	50,944	n/a	n/a	11,420
Equity	81,745	44,385	46,652	n/a	n/a	87,390
CASH FLOWS						
Net Cash Flow	2,455	(2,585)	(466)	n/a	n/a	(800)
Opening Cash	111	4,332	669	n/a	n/a	1,750
Closing Cash On Hand	2,566	1,747	203	n/a	n/a	950

The net surplus for the six months ending 31 December 2016 was \$530k compared to a budgeted loss of \$545k, a positive variance of \$1.075m.

Event revenues are \$1.2m ahead of budget, offset by event expenditure being \$363k ahead of budget for a net positive variance of \$845k. Much of this was due to the three play-off matches hosted in the final stages of the 2016 Super Rugby competition, as none of these were budgeted. In addition the Trust did better on some events than budgeted.

Other operating expenses were over budget by \$75k, which is due to the November 2016 earthquake repairs. 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 (i.e. reforecast) to be \$2.16m compared to a budget of

\$1.38m. This is largely due to the expected continuation of the positive variance from the first six months. While planning for capital expenditure projects continues, the timing of some of these projects has extended further than anticipated in the last planning cycle, which flows through to reduced borrowing, depreciation and interest expense. The change in the timing of capital expenditure also contributes to the variances in the net cash flow movement and net bank debt.

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 14	H1 Actual 31 Dec 15	H1 Actual 31 Dec 16	FY Target 30 Jun 17	Comments (H1 to 31 Dec 16)
Total event days	23 ✓	28 ✓	23 ✓		
Attendance	164,142	213,226	200,723	n/a	
Rugby event days	6 ✓	7 ✓	11 ✓	16	Sell out All Blacks test plus 3 super rugby play-off matches.
Attendance	50,470	54,302	141,398	n/a	
Cricket event days	3 ✓	0 ✓	0 ✓	1	
Attendance	2,596	0	0	n/a	
Football event days	6 ✗	4 ✗	3 ✗	10	November earthquake caused postponement of a Phoenix match to January 2017.
Attendance	63,041	31,540	21,663	n/a	
Exhibition days	7	14* ✓	6 ✓	15	2015 exceptional due to hosting 2 World Cups in the first half of 2015.
Attendance	26,025	52,733*	28,262	n/a	
Other sporting event days	1 ✓	1 ✓	0 ✓	1	
Attendance	22,008	15,902	0	n/a	
Concerts / non-sporting days	0 ✓	2 ✓	1 ✓	1	The Keith Urban and Carrie Underwood concert received positive feedback.
Attendance	--	58,726	9,397	n/a	
Community	6 ✓	4 ✓	2 ✓	5	
Attendance	n/a	n/a	n/a	n/a	

* The six months to 31 Dec 2015 was particularly busy in terms of exhibitions, many of which were forced to relocate to this period due to the Stadium hosting 2 World Cup events (the FIFA Under 20 World Cup and the Cricket World Cup) during the first half of 2015.

Future events: The regular line up of matches continues with the Sevens, international cricket, Super Rugby, exhibitions and a trial of a day-night Plunket Shield cricket match with the Wellington Firebirds taking on the Otago Volts on Monday 6th March. Planning is well advanced for British and Irish Lions tour matches in June/July. The Stadium has been awarded the hosting rights for the Intercontinental Playoff match in November 2017, should the All Whites qualify. Prior to that it will host the All Whites against Fiji in March, and the Phoenix against Beijing BG in a friendly match.

ISSUES & OUTLOOK

With the busy event calendar in the lead up to the British & Irish Lions tour in June/July 2017, it is now planned that the concourse upgrade will commence after that tour. The funding agreement with Council that documents its \$5.0m contribution toward the cost of this upgrade is expected to be completed by 31 March 2017.

The Trust is working closely with key hirers to collectively develop strategies to grow attendances.

Attachments

Attachment 1. Wellington Regional Stadium Trust Half Year Report to 31
December 2016

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Author	Warwick Hayes, CCO Project Manager
Authoriser	Danny McComb, Manager CCOs & City Growth Projects Derek Fry, Director City Growth & Partnerships

SUPPORTING INFORMATION

Engagement and Consultation

Not applicable.

Treaty of Waitangi considerations

Not applicable.

Financial implications

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

Policy and legislative implications

Not relevant.

Risks / legal

Not relevant.

Climate Change impact and considerations

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

Communications Plan

Officers will incorporate feedback from the Committee into the Letters of Expectation that will be sent to the chair of the relevant CCO.

Health and Safety Impact considered

Not relevant.



Wellington Regional Stadium Trust
Half yearly report to settlers
For six months ending 31 December 2016

The Trustees are pleased to present this report of operations for the six months ending 31 December 2016.

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 million towards a significant upgrade of the public concourse. The Trust will also contribute substantial funding to this project. In the reporting period, the Trust has continued to work with the specialist Stadium architects Populous on developing concepts for this upgrade. With the busy event calendar in the lead up to the British & Irish Lions tour in June/July 2017, it is now planned that the work on the upgrade will commence after that tour.

ATTRACTING DOMESTIC & INTERNATIONAL EVENTS

We have had a busy six month period, with a variety of events. Total event days were 21 (plus two community events), and attendance was 200,723. This compares to 213,226 for the six months to December 2015.



Event	Month	Attendance
<i>Rugby</i>		
Super Rugby – final 2016 round robin match	July	14,553
Super Rugby Quarter Final	July	17,685
Super Rugby Semi Final	July	24,623
Super Rugby Final	August	34,014
Rugby Test: All Blacks v Australia	August	35,215
Mitre 10 Cup Rugby: 5 round robin games Semi-final	August to October	Avg 2,556 2,528
<i>Football</i>		
A-League – Phoenix: 3 Regular season games	October to November	Avg 7,221
<i>Exhibitions</i>		
Beervana	August	28,262
Travel Show	September	
Home & Garden Show	September	
<i>Concerts</i>		
Keith Urban & Carrie Underwood	December	9,397

Major events held during this period were the sold out All Blacks Test match, and three play-off matches for the Super Rugby series.

After the excitement of the 2015 Super Rugby final, we were delighted to again host the Hurricanes in all three rounds of the play-off series, and of course very pleased to see them lift the trophy at the end.

All Blacks Test matches are always a big occasion and once again this was a very successful event operationally. It was particularly pleasing to host two test matches in the 2016 (the first time since 2009) with both selling out and requiring temporary seats.

The Keith Urban and Carrie Underwood concert held on 3 December was another successful event, with feedback from attendees overwhelmingly positive. It was anticipated that this would be a smaller sized concert, and the stage was set up on a west facing orientation, which worked very well.

The 14 November earthquake created some additional challenges in the lead up to this event, and we are grateful to all our hardworking contractors and own staff whose efforts ensured we could complete the necessary repairs for this concert to go ahead.

Mitre 10 Cup Rugby attendances averaged 2,556 for the round robin games.



Average attendance at the first three Phoenix games was 7,221 which was slightly below the same period last year. The earthquake caused the postponement of the Phoenix match scheduled for 19 November, which was shifted to January.

Regular exhibitions held during the period were Beervana and the Home and Garden Show. Beervana continues to grow, and recorded its highest attendance at the Stadium. We also hosted a new exhibition, with a travel show relocating from another venue due to its unavailability.

In November we were delighted to host *Shakespeare and Henry Live at the Stadium* as one of our community events. The ninety minute version of Henry V was performed by approximately 250 primary school age students, from eight primary schools and a home school group, to an audience of schools and other interested people.

Upcoming events

Significant events in the next six months are the Guns n' Roses concert on 2 February, and the British and Irish Lions tour matches in June/July. Planning is well advanced for these.

We were pleased to be awarded the hosting rights for the Intercontinental Playoff match in November 2017, should the All Whites qualify. Prior to that we will host the All Whites against Fiji in March, and the Phoenix against Beijing BG in a friendly match.

And our regular line up of matches continues with the Sevens, international cricket, Super Rugby, exhibitions and a trial of a day-night Plunket Shield cricket match.

MARKETING & BRANDING

Media and PR

The Trust has adopted a proactive public relations approach with key media outlets, being on the front foot as issues have arisen. By and large the Trust is pleased with what it views to be balanced reporting of its activities.

We respond to each and every query, feedback and complaint that comes our way. We actively engage on social media on event day as a platform for fan engagement.

Digital Strategy

Social Media organic growth continues to build on core Stadium digital channels. Facebook surpassed 10,000 followers, Twitter reached 6,000, and Instagram is heading towards 2,000. We also provide regular content to a secondary tier of YouTube, LinkedIn and Google + - resulting in retention of this audience plus steady growth.

Twitter and Facebook are now a vital component of event day communications. These channels give attendees a direct link to the Stadium allowing us to engage and respond to issues as they arise.

Since the new website was launched in July 2015, site traffic has continued to escalate driven predominantly by users searching for event, Stadium and seat information. There has been a 19% increase in traffic for this six month period, compared to the same period in the previous year. Having a mobile optimised site is essential and usage has increased on this platform with traffic



reaching desktop statistics in some months. We continue to add new features to the site to make the user experience easier and engaging

Our monthly fan eNewsletter has a regular audience resulting in a 40-50% open rate per month. A review of our content strategy and a re-marketing campaign has seen a surge in users to 875 (as at December 2016). Incentives and competitions are important to this market, and it is a great platform for event announcements and Stadium updates.

IMPROVING CUSTOMER EXPERIENCE

In August 2015 we began conducting monthly fan surveys gathering insight into how patrons perceived the Stadium and events. People who attended an event at the Stadium in the previous calendar month are invited to complete a survey on matters such their satisfaction with their event day experience (such as food & beverage, facilities, ticketing, seating) and what attributes they associate with the Stadium.

In August 2016 a six month report was produced capturing events held from February to July 2016. Figures were based on a sample of 6,193 respondents who were put into four attendee segments relating to their event attendance – Major Sport Events, Other Sport Events, Major Entertainment Events, and Other Entertainment. Audiences rated Westpac Stadium highly, with the net satisfaction score across these four groups being in the 70-90% range.

BUILDING RELATIONSHIPS WITH HIRERS

We are working closely with our key hirers to collectively develop strategies to grow attendances. We continue to make the stadium available for community events where our schedule allows. We take a flexible and commercial approach to how we attract major events and this has enabled us to secure events in a very competitive environment.

MAXIMISING REVENUE /FINANCIAL RESULTS

The net surplus for the six months ending 31 December 2016 is \$530,000 compared to a budgeted loss of \$545,000.

Event revenues are \$1.2 million ahead of budget, offset by event expenditure being \$363,000 ahead of budget for a net positive variance of \$845,000. Much of this is due to the three play-off matches that we hosted in the final stages of the 2016 Super Rugby competition, as none of these were budgeted. In addition we have done better on some events than we had budgeted to, and had only budgeted for one concert not two.

Other operating expenses were over budget by \$75,000, which is due to the earthquake repairs. 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 \$2.16 million compared to a budget of \$1.38 million. This is largely due to the expected continuation of the positive variance from the first six months. While planning for capital expenditure projects continues, the timing of some of these projects has extended further than anticipated in the last planning cycle, which flows through to



reduced borrowing, depreciation and interest expense. The change in the timing of capital expenditure also contributes to the variances in the net cash flow movement and net bank debt.

RENEWAL OF MEMBERSHIPS AND BOXES

We have continued to work on marketing the sale of our memberships and boxes. One new box lease has been signed up from 2017 onwards. Membership sales prove to be challenging. We had a number of memberships on a two year term up for renewal at the end of December 2016, and over 60% of these renewed.

FACILITY MANAGEMENT

Turf

During December 2016, the scheduled replacement of the entire stadium playing surface took place. This was the first replacement since the original turf was laid in 1999. The new turf is based on a reinforced grass surface which provides greater durability to support our busy event calendar. The installation largely went as planned, and the Phoenix were able to play their first home game of 2017 on the new turf.

Technology Project

During the period the Trust selected a technology partner to implement the connected Stadium model. This will result in the provision of free high-density wi-fi throughout the venue and is the first stage of the Stadium's major technology upgrade. Final contract negotiations are underway at the time of writing and we expect the implementation to be completed by the end of the financial year. A separate future project will involve the implementation of a Stadium app.

Concourse Upgrade

We have continued to work with Populous to refine concepts for the upgrade of the concourse. The November earthquake and subsequent repairs have caused some delays and we now expect this work to commence after the British and Irish Lions tour in June/July.

Earthquake Impact

The earthquake on 14 November 2016 caused no major structural damage to the Stadium. Engineer assessments indicate the building performed as it was designed to. However a fairly significant range of superficial damage did occur. This included burst water pipes, concrete cracking and spalling, broken windows and some liquefaction on the stadium ring road.

The Stadium offices were able to reopen on the Tuesday, but the decision was jointly made with the FFA and the Wellington Phoenix to postpone the game that was scheduled for 19 November, as there was insufficient time to complete the required repairs.

As noted earlier, with significant input from staff and external stakeholders and contractors the required repairs were completed in time for the Keith Urban and Carrie Underwood concert to go ahead as scheduled on 3 December.



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. The Board's Health & Safety sub-committee has been actively involved in the review and approval of updated practices to address a range of safety scenarios that could arise in the period leading up to event days as well as during an event.

Staffing

Following the local body elections in October, Simon Marsh was reappointed as the Wellington City Council representative on the Board, and we welcomed David Ogden as the Greater Wellington Regional Council representative.

No changes to the management team have occurred during the period other than the Sales and Marketing Manager going on parental leave for one year.

Earthquakes

With the knowledge gained from the performance of the building on the November 2016 earthquake, we will continue to work with our engineers to improve the resilience of the building.

Insurance

The Trust was in the midst of its insurance renewal process when the 14 November earthquake occurred. The renewal was successfully completed, and we have cover at the following levels: \$170m for material damage (up from \$160m in prior year to cover inflationary provisions and the capital works programme) and \$28m for Business Interruption.

CONCLUSION

During the last six months we have:

- Provided residents of the region and visitors with a wide range of events to attend, including a Bledisloe Cup Match, the Super Rugby play-off series, and a concert.
- Continued work on major infrastructure 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 Guns n' Roses concert and the British & Irish Lions tour matches, as well as our regular offerings of Cricket, Super Rugby, football, and exhibitions.

John Shewan
Chairman
February 2017



Non-Financial Performance Measures

Measure	How Measured	Progress for six months to 31 Dec 2016
<ul style="list-style-type: none"> • Renewal of the Sevens contract 	<ul style="list-style-type: none"> • Key stakeholders are satisfied with management of the Sevens operation • Improved attendances for 2017 	<ul style="list-style-type: none"> • Event falls in second half of reporting year
<ul style="list-style-type: none"> • Deliver a strong Rugby international test programme for 2016 and 2017 	<ul style="list-style-type: none"> • Key stakeholders are satisfied with management of the test operation • Sell-out crowds for test matches • 40% out of region visitors 	<ul style="list-style-type: none"> • Sold out Bledisloe Cup Test Match successfully held in August 2016. • Out of town visitation 33%
<ul style="list-style-type: none"> • Deliver more large scale non-sporting events 	<ul style="list-style-type: none"> • Secure at least one concert per year • Secure at least three other events outside the traditional rugby and football regular season calendar per year 	<ul style="list-style-type: none"> • Two concerts secured • All Whites play-off match in March 2017, and if team progresses, further one in November 2017
<ul style="list-style-type: none"> • Continued investment in stadium infrastructure 	<ul style="list-style-type: none"> • Stadium technology RFP completed • Turf replacement strategy completed and agreed • A concourse upgrade plan developed to the satisfaction of key stakeholders 	<ul style="list-style-type: none"> • RFP completed • New turf installed • Work on concourse upgrade continuing
<ul style="list-style-type: none"> • Deliver a full event calendar 	<ul style="list-style-type: none"> • Securing 45-50 event days per year. (Excludes community events). 	<ul style="list-style-type: none"> • Full year projection is 56 event days
<ul style="list-style-type: none"> • Host unique events that deliver economic benefit to the region 	<ul style="list-style-type: none"> • Maintaining economic benefit to the Region at an average of \$40 million per year • Working with promoters to deliver special events to Wellington 	<ul style="list-style-type: none"> • The Trust was pleased to secure concerts once again this summer. In addition the Trust worked closely with WREDA to secure the rights to the FIFA World Cup

Westpac | STADIUM

		Intercontinental playoff should the All Whites qualify.
<ul style="list-style-type: none"> Continue to enhance food and beverage offering 	<ul style="list-style-type: none"> Greater range and quality of offerings Higher customer satisfaction in research 	<ul style="list-style-type: none"> The Trust was pleased to see local craft beer introduced for Phoenix games in 2016. A review of all food menus is currently being conducted. In addition the upgrade to the concourse will feature an upgrade of catering facilities
<ul style="list-style-type: none"> Improved fan experience and hirer satisfaction 	<ul style="list-style-type: none"> Achieve year on year improved research results from patrons and hirers. 	<ul style="list-style-type: none"> Research programme continuing

Wellington Regional Stadium Trust
Key Performance Indicators

FINANCIAL	<i>Actual</i>			<i>Budget</i>			<i>YTD Variance</i>		
	<i>1st half</i>	<i>2nd half</i>	<i>Total</i>	<i>1st half</i>	<i>2nd half</i>	<i>Annual</i>	<i>Reforecast</i>	<i>31-Dec-16</i>	
	<i>31-Dec-16</i>	<i>30-Jun-17</i>	<i>YTD</i>	<i>31-Dec-16</i>	<i>30-Jun-17</i>	<i>Budget</i>	<i>Budget</i>	<i>\$000</i>	<i>%</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>%</i>
Event revenue	2,914		2,914	1,706	3,669	5,375	6,411	1,208	71%
Total income	6,691		6,691	5,414	7,243	12,658	13,570	1,277	24%
Net surplus/(deficit)	530		530	(545)	1,927	1,382	2,166	1,075	197%
Net cashflow movement	(466)		(466)	(1,391)	588	(803)	(843)	925	(67%)
Net bank debt	3,097		3,097	6,633	5,545	5,545	3,284	3,536	53%
Liquidity Ratio (Current Assets to Current Liabilities)	0.54		0.54	0.36	0.55	0.55	0.62		
Bank borrowing to Total Assets	3.38%		3.38%	7.13%	6.58%	6.58%	4.32%		
Stadium Enhancements (Capex)	1,778		1,778	4,454	2,310	6,764	4,970	(2,676)	(60%)

Wellington Regional Stadium Trust
Key Performance Indicators

EVENTS	<i>1st half</i>	<i>2nd half</i>	<i>Total</i>	<i>1st half</i>	<i>2nd half</i>	<i>Total</i>	<i>Reforecast</i>	<i>YTD Variance</i>	
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Budget</i>	<i>Budget</i>	<i>Budget</i>	<i>Budget</i>		
	<i>31-Dec-16</i>	<i>30-Jun-17</i>	<i>YTD</i>	<i>31-Dec-16</i>	<i>30-Jun-17</i>			<i>31-Dec-16</i>	
Events held during period									
Rugby	11		11	7	9	16	20		
Cricket	0		0	0	1	1	5		
Football	3		3	4	6	10	12		
Other Sport	0		0	0	1	1	1		
Concerts/Other events	1		1	0	1	1	2		
Exhibition Days	6		6	6	9	15	16		
Total events	21	0	21	17	27	44	56	4	24%
Community events	2		2	2	3	5	5		
Total events (days)	23	0	23	19	30	49	61	4	21%
Total numbers attending	200,723		200,723						

Wellington Regional Stadium Trust
Statement of Financial Performance
For the Six Months Ending 31 December 2016

	Actual YTD	Budget YTD	Variance	Annual Budget	31-Dec-15 Actual 6 months
	\$	\$	\$	\$	
Operating Revenue					
Event Revenues	2,913,991	1,705,749	1,208,242	5,374,512	3,235,205
License Fees & Sponsorship	2,329,926	2,265,193	64,733	4,620,751	2,201,665
Interest income	2,229	5,470	(3,241)	12,781	11,870
Sundry income	1,445,337	1,437,928	7,409	2,649,477	1,406,187
Total Revenue	6,691,483	5,414,340	1,277,143	12,657,521	6,854,927
Operating Expenses					
Event	1,257,483	894,738	(362,745)	2,680,636	1,686,864
Other operating expenses	3,161,947	3,087,015	(74,932)	6,145,947	2,751,115
	4,419,430	3,981,753	(437,677)	8,826,583	4,437,979
Operating Surplus before Depreciation and Interest	2,272,053	1,432,587	(839,466)	3,830,938	2,416,948
Depreciation	1,651,975	1,790,000	138,025	3,715,921	1,818,960
Interest	90,486	188,000	97,514	399,750	254,762
Net Operating Surplus	529,592	(545,413)	1,075,005	(284,733)	343,226
Grant towards capital expenditure				1,666,667	
Total Surplus	529,592	(545,413)	1,075,005	1,381,934	343,226

<i>Wellington Regional Stadium Trust</i>		
<i>Statement of Financial Position</i>	31-Dec-16	30-Jun-16
<i>As at 31 December 2016</i>	\$	\$
Trust Funds		
Accumulated Surplus	46,652,027	46,122,435
Limited Recourse Loans		
Wellington Regional Council	25,000,000	25,000,000
Wellington City Council	15,000,000	15,000,000
Wellington City Council - Accrued Interest	394,893	394,893
Total Trust Funds & Limited Recourse Loans	<u>87,046,920</u>	<u>86,517,328</u>
Non Current Liabilities		
Term Loans	3,300,000	4,000,000
Revenue in Advance	1,149,749	1,412,881
Total Non Current Liabilities	<u>4,449,749</u>	<u>5,412,881</u>
Current Liabilities		
Payables & Accruals	1,811,290	1,386,652
Revenue in Advance	4,288,088	3,037,455
Total Current Liabilities	<u>6,099,378</u>	<u>4,424,107</u>
Total Funding	<u>97,596,047</u>	<u>96,354,316</u>
Represented by:		
Non Current Assets		
Fixed Assets	94,283,798	94,155,054
Total Non Current Assets	<u>94,283,798</u>	<u>94,155,054</u>
Current Assets		
Cash	203,046	668,638
Receivables & Prepayments	3,109,203	1,530,624
Total Current Assets	<u>3,312,249</u>	<u>2,199,262</u>
Total Assets	<u>97,596,047</u>	<u>96,354,316</u>

<i>Wellington Regional Stadium Trust</i>	6 mths	6 mths
<i>Statement of Cash Flows</i>	31-Dec-16	31-Dec-15
<i>For the six months ended 31 December 2015</i>	\$	\$
Operating activities		
<i>Cash was provided from:</i>		
Event and operating income	3,787,310	4,170,326
License fees and sponsorships	2,502,223	1,104,449
Interest received	2,229	11,870
Goods and services tax (net)	301,730	110,184
Sundry income	1,388,001	1,457,739
	<u>7,981,493</u>	<u>6,854,568</u>
<i>Cash was applied to:</i>		
Payments to suppliers and employees	(5,225,434)	(4,967,148)
Event advance/Funds paid out to hirer	(1,231,000)	(3,930,000)
Interest paid	(123,824)	(250,891)
	<u>(6,580,258)</u>	<u>(9,148,040)</u>
Net cash inflow from operating activities	1,401,235	(2,293,471)
Investing activities		
<i>Cash was provided from:</i>		
Disposal of fixed assets	5,810	
<i>Cash was applied to:</i>		
Purchase of fixed assets	(1,172,637)	(291,359)
Net cash outflow from investing activities	<u>(1,166,827)</u>	<u>(291,359)</u>
Financing activities		
<i>Cash was provided from:</i>		
Drawdown of loans	-	-
<i>Cash was applied to:</i>		
Loan repayments	(700,000)	-
Net cash inflow from financing activities	<u>(700,000)</u>	<u>-</u>
Net increase (decrease) in cash held	(465,592)	(2,584,830)
Cash at beginning of the period	668,638	4,331,981
Cash at the end of the period	<u><u>203,046</u></u>	<u><u>1,747,150</u></u>
<i>Composition of cash:</i>		
Cash at bank	203,046	1,747,150
	<u><u>203,046</u></u>	<u><u>1,747,150</u></u>

WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY, REVIEW OF THEIR DRAFT STATEMENT OF INTENT 2017-2020

Purpose

1. To consider the Wellington Regional Economic Development Agency's (WREDA) draft Statement of Intent (SOI) for 2017-2020.

Summary

2. Officers have reviewed WREDA's draft SOI for 2017-2020, generally the draft SOI has addressed most of the matters raised in the Letter of Expectations. Officers have raised some questions and comments in this report. These and any other comments that this Committee may wish to be raise will be communicated to the Council's representatives on the Wellington Regional Strategy Committee for their meeting on 28 March.

Recommendations

That the Council Controlled Organisations Sub Committee:

1. Receive the information.
2. Notes the recommendations from officers detailed in this report which includes specific actions (in tourism, inward investment, increased migration and growth in specialised companies), more ambitious targets in specific areas and better performance metrics for Creative HQ.
3. Note that the matters raised in this report and by the Committee will be communicated by the Chair to the Council's representatives on the Wellington Regional Strategy Committee.
4. Note that the Wellington Regional Strategy Committee will consider Wellington Regional Economic Development Agency's draft Statement of Intent at its meeting on 28 March and will provide formal feedback to the Company.

Background

3. WREDA is owned by WCC (80%) and GWRC (20%). It was formed in December 2014 from the legacy organisations, Positively Wellington Tourism, Positively Wellington Venues, Major Events (all owned by WCC) and Grow Wellington (including its subsidiary Creative HQ) the economic development agency owned by GWRC (on behalf of the region).
4. It has an independent board of directors with political oversight being provided by the Wellington Regional Strategy Committee (WRSC). The WRSC comprises 10 members, 4 from WCC and 1 each from the other councils, with 1 member from the Wairarapa.
5. Under the Local Government Act 2002, Council Controlled Organisations (CCO) are required to submit a draft Statement of Intent (SOI) to the shareholders by 1 March for the 3 years commencing on 1 July.
6. As per the usual practice, WREDA was sent a Letter of Expectations (LoE) which outlined the stakeholder's expectations in respect of its SOI. The LoE for WREDA was agreed by the WRSC at its meeting on 13 December 2016. A copy of this letter is included in WREDA's SOI.
7. Any comments from this Committee on the draft SOI will be given to WCC's representatives on the WRSC for discussion at WRSC's meeting on 28 March.
8. It is expected that WREDA's final SOI will be presented to this Committee at their meeting on 24 May.

9. WREDA will present their draft SOI at this meeting.

Discussion

10. The draft 2017-20 SOI is a simpler, more easily understood document than previous SOIs. The majority of the matters raised in the LoE are included in WREDA's SOI, however the LoE did contain 21 separate items and as such, some are only considered in passing.
11. While SOIs generally focus more on the "What" and less on the "How", there were a number of instances where the LoE did request specific actions, including;
- Growing the visitor economy
 - What actions need to be taken to put in place a programme of inward investment, particularly in tourism?
 - Growing science, technology, innovation companies.
 - Actions that contribute to a "step change" in skilled migrants, particularly in the tech sector.

The final SOI should contain brief outlines on the specific actions in the areas noted above that are planned to be undertaken.

12. In reviewing the SOI and the LoE there are a some other matters that the Committee may wish to consider, in particular;
- The SOI forecasts increases in visitor spend, are forecast to increase by \$600m over the 3 years, a growth rate of 27%. What are the forecast increases in the number of jobs created by this additional spend?
 - The number of jobs successfully attracted to Wellington falls from the current years forecast of 130 to 120 in 2017/18 and falling to 50 in 2018/19. The increase of 120 in 2017/18 is due entirely to increases in staff at Concentrix, therefore, apart from this there are no additional jobs attracted in 2018/19. We would expect there to be an increase in the jobs attracted over and above the Concentrix jobs.
 - The continued development and delivery of Major Events, (including new events) is noted in the LoE, this should reflect in increases in both attendances and the economic returns targets in the SOI and align to the City's Events, Arts and Cultural strategies
 - A listing of the Major Events for 2017/18 should be noted in the final SOI.
 - The source of the Performance Measures should be noted, for example the Department of Statistics.
 - The 2017/18 year is year 3 of the international student programme, which is the final year of the programme, is it going to continue or be replaced by a new programme? If it is not replaced will this have an impact on international student numbers?
 - The programmes undertaken by Creative HQ could be expanded in the final SOI, currently they are mentioned only in passing.
 - There needs to be better metrics regarding the performance of Creative HQ, currently they are limited to the investment portfolio value and investments raised re the Lighting Lab program (both of which are static) and the commercialisation of revenue from commercial services.
 - Delivering the benefits and efficiencies from WREDA being one organisation to create a project fund is noted in the SOI but there is no mention of the timing and the dollars that may be available.

SUMMARY FINANCIALS \$'000'					
Income statement	SOI 2016/17	Forecast 2016/17	SOI 2017/18	SOI 2018/19	SOI 2019/20
Shareholder grants	20,962	21,966	21,508	21,500	21,500
Other revenue	6,871	7,939	7,580	8,751	9,756
Total revenue	27,833	29,905	29,088	30,251	31,256
Employment costs	12,214	13,335	12,446	12,798	13,499
Projects and events	9,813	10,628	14,576	15,153	15,246
Other expenses	5,830	5,727	1,966	2,120	2,411
Total expenses	27,857	29,690	29,988	30,151	31,156
Net surplus (deficit)	(24)	215	100	100	100
Balance Sheet	SOI 2016/17		SOI 2017/18	SOI 2018/19	SOI 2019/20
Current assets	2,384		3,284	3,559	3,939
Investments	1,300		1,500	1,500	1,500
Fixed assets	288		331	356	376
Total assets	3,902		5,115	5,415	5,815
Current Liabilities	2,383		3,500	3,700	4,000
Net Assets	1,519		1,615	1,715	1,815
Shareholder's Funds	1,519		1,615	1,715	1,815
Cash Flows	SOI 2016/17		SOI 2017/18	SOI 2018/19	SOI 2019/20
Opening cash	1,602		2,100	1,840	2,063
Operating cash receipts	23,189		29,058	29,921	30,065
Operating cash payments	23,109		29,288	29,673	30,123
Other receipts	6		30	35	40
Other payments	70		60	60	60
Net cash flow	16		(260)	233	(78)
Closing cash	1,618		1,840	2,063	1,985

13. As requested in the LoE there is an increase in non-shareholder grant revenue, it is forecast to increase by 28% over the 3 years of the SOI. The decrease from the current forecast to 2017/18 is due to the end of the international student program.
14. Shareholder grants for tourism and economic development activities currently total \$11.4m, by 2019/20 3rd party revenue will be at 85% of this total, close to the target of 100% matched funding.
15. The higher forecast for shareholder grants in 2016/17 compared with the following year is due to the timing of some grants between years.

PERFORMANCE MEASURES (These are a summary of the performance measures)						
Activity	Measure	Forecast 2016/17	SOI 2017/18	SOI 2018/19	SOI 2019/20	3 year growth
	Total commercial guest nights	3.1m	3.2m	3.4m	3.5m	(+13%)
	Visitor spend: Total	\$2.4b	\$2.6b	\$2.8b	\$3.05b	(+27%)
Visitor economy	International	\$0.78b	\$0.86b	\$0.95b	\$1.05b	(+34%)
	Australia	\$0.23b	\$0.24b	\$0.25b	\$0.26b	(+13%)
	China	\$0.075b	\$0.099b	\$0.128b	\$0.166b	(+121%)
	Domestic	\$1.6b	\$1.7b	\$1.75b	\$1.85b	(+15%)
Media Programme	Visitor attraction stories	500	500	500	500	
	International student visas	6,400	6,930	7,680	8,360	(+30%)
International students	International student enrolments	8,500	9,200 (+8.2%)	10,200 (+10.9%)	11,100 (+8.8%)	(+30%)
	NZ Market share of International students	7%	7%	8%	8.5%	
Talent attraction	Net permanent arrivals	3,500	3,500	3,500	3,500	
	ROI out of Wellington spend	20:1	20:1	20:1	20:1	
Major events	Economic value of major events invested in.	New measure	\$80m	\$80m	\$80m	
	Total event attendance	600,000	700,000	700,000	700,000	(+16%)
	Value of expenditure by out of town venue attendees	\$46.5m	\$45.4m	\$43.6m	\$51.8m	(+11%)
Venue Management (1)	Advance the Cultural well-being of Wellington – Number of Wellingtonian's attending performance events at Venues Wellington	308,904	290,720	263,465	308,890	
	Number of Events: Total	630	624	605	661	(+5%)
	- Performance	340	320	290	340	
	- Conference	290	304	315	321	
Screen Wellington	Value of facilitated screen production	\$100m	\$100m	\$110m	\$120m	(+20%)

(1) Assumes the planned closure of the St James for strengthening form March 2018 for a year which impacts attendances etc, until 2019/20

16. A full table of the Performance Measures are included in the attached SOI.
17. In previous SOIs some of the measures were considered by the stakeholders to be unambitious and not stretch targets. The draft SOI does include a number of “stretch” targets as noted in the table above.
18. However, there are some targets which are not particularly ambitious and in particular;
 - long term migration, which are static at current levels (although these are at historically high levels)

- media programme, visitor attraction stories are below the current years SOI
 - Investments raised re the Lighting Lab programme, are only a third of the targets set in the current SOI.
 - Major Events targets are static, as noted earlier in this report
19. An additional Performance Measure should be added in the Visitor Marketing Campaigns category, being the number of Australian visitors arriving via Wellington Airport. This is an important and early indicator of the success or otherwise of WREDA's Australian marketing.

Attachments

Attachment 1. WREDA's draft Statement of Intent 2017-2020

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Author	Barry Turfrey, Economic Development Unit
Authoriser	Danny McComb, Manager CCOs & City Growth Projects Derek Fry, Director City Growth & Partnerships

SUPPORTING INFORMATION

Engagement and Consultation

WREDA consults 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.

Financial implications

WREDA is funded 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.

Communications Plan

Not applicable.

Health and Safety Impact considered

Not applicable

WREDA

Wellington
Regional Economic
Development Agency

wellington.govt.nz/WREDA
info@wreda.co.nz

**WELLINGTON REGIONAL ECONOMIC
DEVELOPMENT AGENCY**

DRAFT
STATEMENT OF INTENT
2017

DRAFT WREDA STATEMENT OF INTENT - 2017

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DRAFT WREDA STATEMENT OF INTENT - 2017

Foreword

This Statement of Intent (SOI) sets out the Wellington Regional Economic Development Agency's strategic framework, activities and performance measures for the next three years.

Through the Letter of Expectation, the Wellington Regional Strategy Committee has articulated an expectation that WREDA will use its resources to support, facilitate and contribute to a step-change in Wellington's economic growth performance. WREDA's specific activities towards this aim are articulated through this SOI.

WREDA's commitment is to advance the prosperity, vibrancy and liveability of the Wellington region through enhanced economic growth and resilience. Our vision is for Wellington to be the most prosperous, liveable and vibrant region in Australasia by 2025.

Over the next three years WREDA will build on its 2016 achievements which include attracting technology service centre Concentrix to Wellington, the ground breaking LookSee talent attraction programme and the continued attraction of concert events to the Westpac Stadium. WREDA will implement and deliver programmes, new and existing, which will aim to shift the dial on Wellington's key economic indicators.

We are pleased to present this Statement of Intent as our road map for driving towards Wellington's positive future.

Peter Biggs
Chair

DRAFT WREDA STATEMENT OF INTENT - 2017

1. Purpose of the SOI

In accordance with the Local Government Act 2002, this annual Statement of Intent (SOI) publicly states the activities and intentions of the Wellington Regional Economic Development Agency (WREDA) for the next three years, and the objectives to which those activities will contribute. It is written in response to the Wellington Regional Strategy (WRS) Committee's December 2016 Letter of Expectation (refer to Appendix).

2. About WREDA

2.1 Who we are

WREDA is Wellington's Economic Development Agency. It is owned by Wellington City Council (WCC) and Greater Wellington Regional Council (GWRC), on behalf of the region. Funding for WREDA comes from these two councils, central government and the private sector.

WREDA combines the activities and functions of the following legacy organisations, previously located within, and supported by, the two shareholders

- Grow Wellington and its subsidiary, Creative HQ;
- Positively Wellington Tourism;
- Positively Wellington Venues; and
- WCC Major Events Office.

These organisations came together in a merger commencing in late 2014.

2.2 WREDA's purpose, aim and values

WREDA's purpose is to fuel the growth of Wellington's prosperity. We are the go-to organisation for Wellington tourism, trade growth and promotion and investment attraction.

Our aim is to be New Zealand's best destination marketer, venues manager, curator of the Wellington events programme and economic development agency, providing an excellent economic return on the investment made by ratepayers of the region.

In doing so, we work closely with our key partners, including councils, government agencies, individual businesses and business organisations, institutions and venue service providers.

We are focussed, dynamic, innovative, action-oriented, engaging and bold. We empower our people to make good decisions.

2.3 What we do

WREDA's work is focused on interventions or actions that can realistically make a significant difference to the greater Wellington regional economy and are appropriate for a Council Controlled Organisation.

This work revolves around promoting and marketing Wellington as a destination (for tourists, migrants, students, businesses, and investors), helping businesses grow and

DRAFT WREDA STATEMENT OF INTENT - 2017

innovate, particularly in identified priority sectors, using influence to create an environment conducive to economic growth, attracting and promoting major events and running a number of venues that host major events and conferences and provide a stage for the Wellington creative and arts economy.

Essentially, we actively engage in the visitor economy, trade promotion and investment attraction. As part of that work, we conduct major events attraction activities and operate several civic venues on behalf of the Wellington City Council to enhance the liveability, vibrancy and prosperity of the Wellington region.

WREDA is a catalytic advocacy organisation. We tell the stories of our region and market Wellington as Australasia's ultimate urban destination for visitors, students, business, investment and migration.

WREDA makes things happen by connecting people and bringing together ideas, talent, business, national and international opportunities to solve local challenges for the region's economic benefit.

WREDA's Board is cognisant of the fact that as a publicly funded organisation WREDA needs to take care with its public interventions both in terms of utilising ratepayer investment but also by not inappropriately competing with or duplicating private sector or central government activity. For these reasons WREDA has adopted a rigorous set of principles against which proposed projects and programmes are tested, including ensuring that there is clear market failure, before proceeding.

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3. WREDA's Contribution to the Wellington Regional Strategy

WREDA works towards achieving the goals of the Wellington Regional Strategy (WRS). This Strategy was developed by the nine local authorities in the region, working in tandem with central government and business, education, research and voluntary sector interests. The Strategy, which was created prior to the formation of WREDA, was most recently refreshed in 2012. We will work with relevant stakeholders during this SOI period to further refine the strategy to deliver the greatest value to shareholders and ratepayers.

The WRS aims to build a resilient, diverse economy - which retains and creates jobs (especially high-value jobs), supports the growth of high-value companies and improves the region's position in relation to New Zealand's Gross Domestic Product (GDP) and employment. Taking the stories of Wellington and telling them to a global audience through marketing, storytelling and media activity is an important part of this.

There are a number of other policies, plans and strategies of local government in the Wellington region with which our work is aligned to further keep the Wellington economy growing. Important amongst these are the Wellington City Council Economic Development Strategy, the Events Policy, the Arts and Culture Strategy and Wellington Towards 2040: Smart Capital.

Vibrancy and liveability are crucial to long-term prosperity. WREDA manages several Wellington City Council civic venues and runs the major events attraction programme, both of which play an important role in making Wellington a better place to live and visit. Our work in attracting tourists and the development of the visitor economy also contributes to this.

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3.1 The Wellington Regional Strategy Implementation Pathway

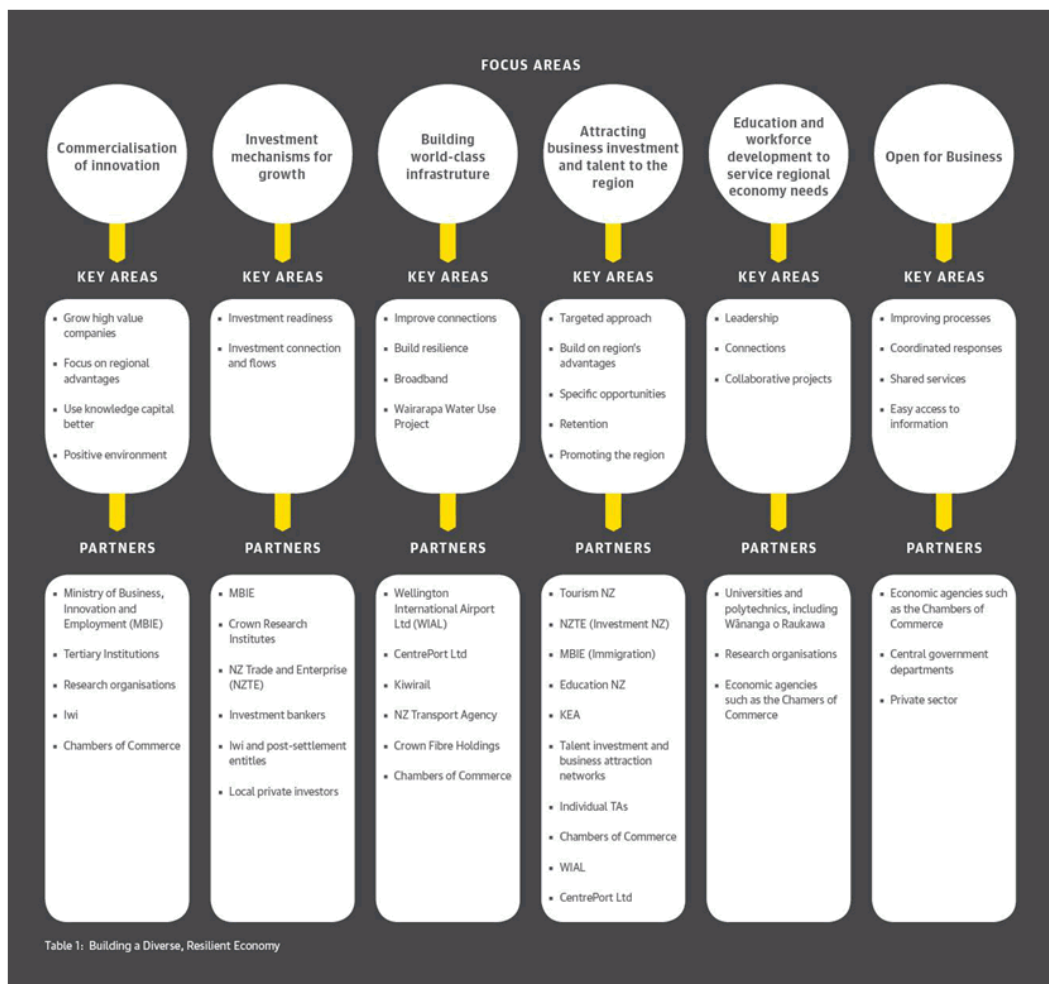


Figure 1: Building a Diverse, Resilient Economy

4. Vision for Wellington

Consistent with the Wellington Regional Strategy, WREDA's vision for Wellington is:

**To be the most prosperous, liveable
and vibrant region in Australasia by 2025**

The vision is deliberately bold. It demands that Wellington exceed expectations, compete in a global context, and become internationally recognised as a leading city region.

We see Wellington as 'the place of the possible', a destination of choice to visit, study, work, live, invest and succeed.

In working to achieve this vision we are mindful of what are known as the four regional 'vitals': Talent, Connectedness, Distinctiveness and Innovation. Everything we do is viewed through these lenses. Whilst all important – and getting them right provides the foundation for long-term prosperity - Talent is 'first amongst equals' and we continually seek to attract, retain and grow the region's talent pool.

We will know Wellington has achieved this vision when it:

- Is growing sustainably;
- Has an outstanding events programme befitting New Zealand's most vibrant city region;
- Is exceptionally connected, both internally and globally;
- Is an acclaimed hub of creativity culture and technology; and
- Its compelling regional narrative is articulated by residents and visitors alike.

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5. Key Goals

WREDA has identified a number of goals which work towards achieving this vision and to which its programmes and interventions contribute:

- Increased contribution to Wellington's economy from visitor spending;
- Increased number of international students in the Wellington region;
- Available skills in the Wellington workforce meeting demand;
- Establishment of new businesses in the Wellington region together with revenue and employment growth in existing businesses;
- Maximum return on investment of an unrivalled Wellington major events programme;
- Increased economic contribution of events hosted in WREDA-managed venues;
- Major new infrastructural investment scheduled for the Wellington region;
- Wellington's global reputation as a destination to visit, live, work, study and invest enhanced;
- Retention of key businesses and cultural institutions in Wellington; and
- Wellington's reputation as an unrivalled centre for the arts maintained and enhanced.

These goals inform the development of programmes of activity for WREDA which will attach specific success measures (KPIs) to ensure effective delivery. Wider regional economic indicators, which are impacted by a range of factors outside of WREDA's direct control, will also be monitored.

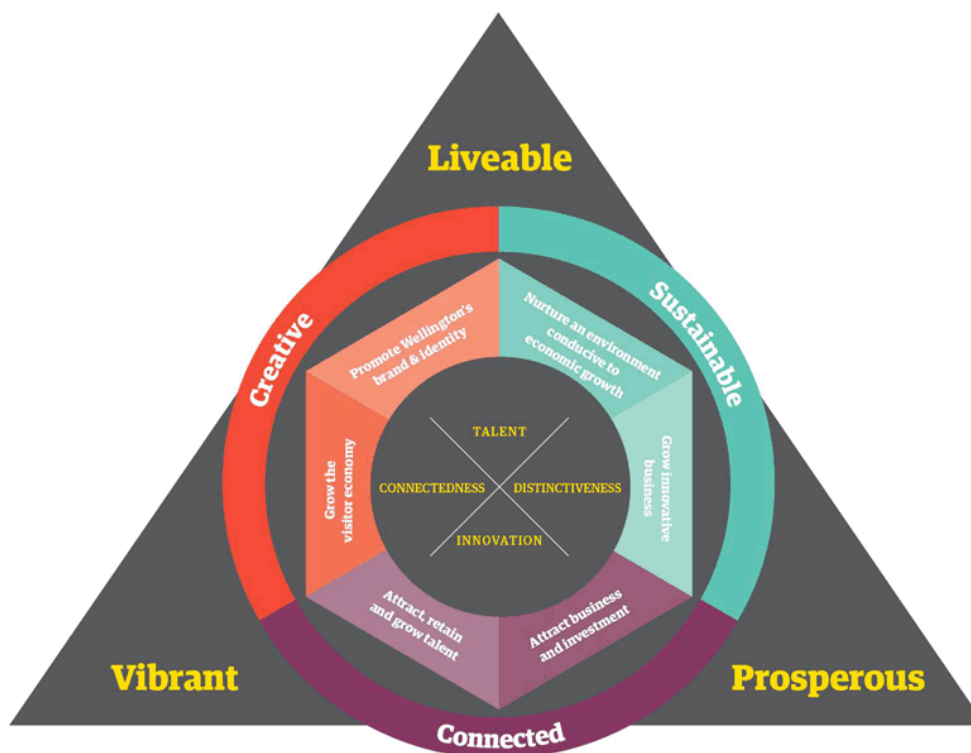
The full performance measurement framework is articulated in the remainder of the SOI.

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6. Key Activities and Programmes

WREDA has designed several programmes and interventions to fuel the region's prosperity and to achieve our strategy. These are the things we are going to do to help make Wellington what we want it to be. They fall under the following broad categories:

- Promote Wellington's brand and unique identity;
- Attract business and investment;
- Nurture an environment conducive to economic growth;
- Grow the visitor economy;
- Expand innovative businesses; and
- Develop education, talent and skills.



This graphic shows how our vision of being the most prosperous, liveable and vibrant region in Australasia links through to our activities which are viewed through the lenses of the regional vitals: talent, innovation, distinctiveness and connectedness.

Figure 2: WREDA Strategic Framework

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7. Programme Description Table

The following section lists and describes these programmes. The WREDA Business Plan which describes the planned activity programmes of the various parts of WREDA provides additional detail upon the activities within these programmes.

7.1 Promote Wellington's brand and unique identity

Programme	Description
<i>Enhance Wellington's global reputation as a destination to visit, live, work, study and invest</i>	
Promote Wellington Narrative	Engage with central government agencies and business leaders to ensure the Wellington story they are telling internationally is 'our' Wellington story. Continue to thread the stories of Wellington people and businesses into our marketing campaigns both domestically and internationally and across all sectors.
Drive Media Programme	Pro-actively generate media coverage highlighting Wellington's economic success stories and data releases to enhance the reputation of Wellington as a place to do business and to enjoy life. Deliver a multi-sector media programme that utilises third party writers/journalists/bloggers to showcase and promote Wellington in target geographical locations and business sectors. Continue to work in partnership with central government agencies (Tourism NZ, Immigration NZ, NZTE, ENZ etc.) to drive content to media in wider international markets.
Leverage Digital Platform	Maintain and enhance WellingtonNZ.com and the Venues Wellington website experience to grow Wellington's digital audience and continually provide new content that will provoke digital visitors to visit, study, meet, invest and move to Wellington.
Conduct Major Events Programme	Effectively manage the investment in Wellington's major events programme, including leveraging the investment in events to market and promote Wellington and attract visitors to the region. In partnership with event owners ensure the successful delivery of major events and provide expertise and support with the city operations for major events.
Enable Regional Promotion Through Events	Promote events happening in the city, region and in Venues Wellington to highlight the wealth of different experiences to be had by visitors to and residents in the region. Secure event product that reflects Wellington's creative and arts interest and that leverages the visitation of international artists and talent through supporting media and promotional programmes. Provide promotional support to conferences happening in Wellington to increase delegate numbers particularly in targeted sectors for growth in Wellington such as the tech sector.

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Leverage Major Events	Leverage investment in major events to develop trade, tourism, education, investment and visitor opportunities using major events both in Wellington and overseas. This will include activity to leverage investment in the British & Irish Lions series, World of Wearable Art and the NZ Festival, along with activity leveraging both Te Papa’s and the World of Wearable Art touring exhibitions.
Enable Arts Capitalisation	Through our investments in the events fund, management of the major Venues, and engagement with the Arts and creative sectors we will collaborate to enhance business/producer capability and refocus Wellington’s creative brand reputation.
Manage Venues	Manage portfolio of Wellington City major venues, maximising utilisation rate, sellable days, client satisfaction, audience numbers and spend-per-attendee. Develop event programme that contributes to talent, business and visitor attraction priorities. Support Wellington arts and cultural organisations through prioritising opportunities for major hirers such as NZSO and NZ Festival; with Wellington City Council consider different pricing / support packages for local smaller arts organisations.

Table 2: Promote Wellington’s Brand and Unique Identity

7.2 Attract Business and Investment

Programme	Description
<i>Targeted approach to attracting businesses and direct investment to the region</i>	
Drive Business Attraction and Investment	Encourage businesses to locate, expand and / or invest in the Wellington region using a combination of marketing and relationship building done through trialling in-market activity in two overseas locations on the West Coast of the USA and Singapore as a hub for Asia, as well as Australia. Further, partner with New Zealand Government departments to leverage their in-market overseas activity to encourage increased trade, investment in and talent attraction for Wellington businesses. We will seek to facilitate and support a series of events that align with our target sectors and make Wellington a leading place for particular sectors, not least Tech. We will seek to do this through supporting key events, like the STEMM Festival in Hutt City, the Space and Science Festival, AnimFX and SPADA’s annual conference. We will also look to host investors and connect them to local businesses with a view to facilitating investment pitches. This will be done in partnership with our subsidiary, Creative HQ.
Screen Wellington	Deliver local and international screen production companies with location and facility sourcing, filming permits and community liaison. WREDA will secure screen production attraction with famils and hosting, leveraging co-production treaties and in-market promotion. Increase commercial capability of Wellington screen producers, directors and writers via industry-supported Masterclasses. Work to increase the Wellington region’s film production infrastructure at key locations of Miramar and Avalon.

Table 3: Attract Business and Investment

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7.3 Grow Businesses and Innovation

Programme	Description
<i>Facilitate opportunities for revenue and employment growth in Wellington region businesses</i>	
Regional Business Partner Programme	Support regional business through delivery of the Regional Business Partner Programme in conjunction with the Wellington Chamber of Commerce. Work with a portfolio of 445 growth-oriented regional businesses, facilitating access to business mentorship and capability development.
Business Support Development	Create and conduct an intensive pilot programme with ten Wellington region businesses or more ready to scale and increase their operation significantly through a Wellington scale-up programme. Explore how WREDA can facilitate further business support provision across the region beyond the delivery of existing funded activity that links to the creation of start-ups and growing existing businesses. Supporting and facilitating a programme of business focused events delivered across the region will be central to this.
Sector Growth Initiative	We will continue to focus on key regional business sectors through supporting events like the Supplier Showcase and Wellington on a Plate in August 2017 for the food and beverage sector. We will assist with facilitating new trade secured by regional businesses in our target sectors.
Innovation Development	Work with the tertiary, Crown Research Institute's and business sector to stimulate innovation activity and investment, with specific exploration of the medical and healthcare sectors, working alongside Callaghan Innovation. We will also examine the possibility of capital investment in this sector to create increased impact. Specifically, drive innovative R&D intensive businesses through the delivery of the Regional Business Partner Programme. Work with a portfolio of 70 STEM-oriented businesses, facilitating access to technical expertise and innovation programmes, and facilitating investment in R&D.
Sector Growth Initiatives	Deliver facilitation projects across priority sectors. Includes convening industry cluster networks, and feasibility research for development proposals as well as delivery of action plans for target sectors. These include but should not be limited to tech, digital, creative, screen, science, food & beverage and manufacturing. This includes working with partners across the region on specific initiatives such as Tech Valley to advance these sectors as well as new facilities like Te Auaha for the creative and arts sector.
Creative HQ Programmes	Deliver start up incubation and high-growth programmes via WREDA's Creative HQ subsidiary, including Lightning Lab and R9 GovTech Accelerators. Some of this activity will be done outside Wellington.

Table 4: Grow Businesses and Innovation

7.4 Grow the Visitor Economy

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Programme	Description
<i>Increase the number of visitors to Wellington and the value of visitor spending. This includes maximising the impact of Wellington's major events portfolio and the economic contribution of events hosted in WREDA-managed venues</i>	
Visitor Marketing Campaigns	Deliver domestic marketing campaign in partnership with Wellington commercial partners. Execute Australia market visitor campaign with city, air sector and regional partners including Singapore Airlines and Visit Canberra in addition to our usual marketing programme. Represent Wellington in international visitor markets through participation in Tourism New Zealand-led international trade and media programmes. Grow international visitor numbers and spend.
Business Events Wellington	Deliver marketing and convention bureau support for the region and commercial partners to increase business event bookings in Wellington, sustaining market share for Wellington through high utilisation of public and private sector venues. Use business events to address seasonality in the visitor economy, and to support growth of Wellington's key sectors. Partner with Tourism New Zealand to attract international events to Wellington.
Visitor Infrastructure	Work with the tourism industry and others to identify and secure the investment needed to maximise opportunity to develop visitor attractions and experiences such as proposals for Film Museum and Convention Centre, Shelley Bay, Porirua Adventure Park and Te Papa's three-year exhibition refreshment process. Support sustainable growth of hotel inventory through working with investors and promoting consistent hotel development policy across the Wellington region.
i-SITE Visitor Information Centre	Enhance the visitor experience in Wellington through operation of the Wellington i-SITE Visitor Information Centre. Promote and sell Wellington tourism product and support cruise passenger management.
Major Events Portfolio Development	Work with the industry to identify and secure new events, and lead the ongoing development of the Major Events portfolio to attract visitors to Wellington and making it a more attractive place to live.

Table 5: Grow the Visitor Economy

7.5 Nurture an environment conducive to economic growth

Programme	Description
<i>Work with central and local government and leveraging the major infrastructural investment scheduled for the Wellington region</i>	
Policy Advocacy	By forming coalitions of interest and employing compelling arguments, we will influence central government policy formation and operations for the betterment of Wellington in areas including but not limited to the housing market, monetary policy, immigration settings, tourism policy, urban development agencies, free trade agreements, state services and public sector office accommodation, industry assistance and regional development policy.
	Work with partners to identify and implement opportunities to be unlocked by the region's infrastructure projects including the Northern Roding Corridor,

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Infrastructure Investment	the airport runway extension, Centreport and Shelly Bay. Champion and advocate new infrastructure development where appropriate, including supporting the development of a business case for the Wairarapa Water Project.
International Connectivity	Leverage EDA connections and civic relationships to enhance Wellington's international connectivity from an economic development perspective.
Retention of Businesses and Institutions	Facilitate networks and business enhancement activity that increases the economic resilience of the Wellington region and contributes to the retention of key businesses and cultural institutions.
Central Government Engagement	Deliver a comprehensive relationship management and engagement programme with key central government agencies and elected representatives. Provide regular and relevant updates on WREDA activity and results, Wellington success stories and project opportunities.
Local Government Engagement	Work with our local council partners in a range of areas ensuring Wellington is seen as 'open for business' with a business-friendly environment.
Iwi Economy	Deliver an engagement framework in partnership with territorial authorities, regional iwi leaders, trustees and Māori-owned SMEs. Objectives include building relationships, identifying resource and capability needs and developing action plans to support the growth of the Iwi economy of the region.
Economic Resilience to Natural Disasters	Establish a plan that will enable WREDA to refocus its activities and resources to assist Wellington respond to natural disasters that can be deployed at short notice. We will specifically explore the potential that the Kaikoura Earthquake is an inhibitor to investor confidence and prepare a business retention strategy which will involve working alongside the business community to know their needs and wants for the future.

Table 6: Nurture an Environment Conducive to Economic Growth

7.6 Attract, Retain and Grow Talent

Programme	Description
<i>Develop the available skills in the Wellington workforce; attracting the right talent and increasing the number of international students</i>	
Talent Attraction	Deliver marketing and PR campaigns in key domestic and international markets to attract target-sector, skilled migrant talent to the Wellington region, particularly in the tech sector with LookSee running from January to May 2017. That we will evaluate and then repeat if successful. WREDA will become a partner with the Edmund Hillary Fellowship which will attract 100 Global Investment Visa applicants to New Zealand, also working with Immigration New Zealand.
International Student Attraction	Support the education sector to significantly increase the number of international students in Wellington, deploying comprehensive destination marketing activity that will lead to an increase the number of international students in Wellington. We will specifically look to secure an investment decision from one internationally connected new Tertiary Education Institution to provide quality education in the Wellington region, reflecting our target industry sectors.

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Student Experience	Work in partnership with the education sector to increase local capacity and improve the student experience, leading to positive recommendations from students, domestic and international, to study in Wellington.
Student Employment Pathways	Create employment pathways from education into internships/employment for domestic and international students. Specifically, we will continue to work with Summer of Tech as a partner and be instrumental in the starting of the Summer of Biz this year.
Talent and skills	Partner with industry and central government to produce and deliver a talent and skills action plan to address regional skills shortages and opportunities. We will develop a specific programmes focussed on inspiring and developing young people to meet skills gaps identified.

Table 7: Attract, Retain and Grow Talent

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8. Internal Management

8.1 Insights and Analysis

WREDA will maintain an in-depth knowledge and understanding of the Wellington economy, including the visitor economy, how it is evolving and what is driving it which will help it determine which areas of its business to allocate resources. It will provide reports to stakeholders, keeping them informed of trends and how WREDA is responding to them.

It will aim to be seen as the expert on the Wellington economy and the go-to agency for economic information on the Wellington region by media and stakeholders.

8.2 Revenue Sources

WREDA receives funding from shareholding councils in the form of operating contributions as well as additional payments for contractual services delivered. It also receives funding from commercial and government partners for a range of activities where the benefits lie jointly across them and the economy as a whole.

As well as reducing the demands on scarce council funds, the latter sources provide valuable sector involvement, partnership and scrutiny. This ensures the work we do is relevant to and supported by identified key sectors.

WREDA's approach to business is founded upon carrying out activities in partnership with others.

Our partners include other parts of local and central government institutions and organisations, individual businesses, business collectives, event owners and event promoters. By working in partnership with others we test the appropriateness of our ideas and leverage the investment being made to grow the economy of the Wellington region.

WREDA secures significant investment each year from various partners. This investment is often monetary but can also be in-kind, or aligned investment. WREDA has now examined all its current streams of work to identify gaps in the co-investment portfolio such that new investing partner opportunities can be identified, sought and secured.

In this way WREDA will be enabled to grow its external revenue towards a target that for every dollar contributed by councils, a dollar comes from new and existing commercial and government partners. This will enable us to deliver better outcomes without significantly increasing the rate-funding requirement.

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To maintain existing partnership investments and to build new ones, it is critical for WREDA to manage its broad portfolio of partners effectively. WREDA will use planned engagement schedules to ensure that investing partners are kept informed of our activities and that their views and aspirations are able to influence our decision-making processes.

8.3 Finding Efficiencies

In keeping with best management practice, WREDA aims to operate efficiently and effectively always.

As the recent merger continues to bed in, WREDA will continue to regularly review its internal processes. Improving practices, removing duplication, and finding efficiencies will be an ongoing focus area for WREDA.

It is envisaged that monetary savings that are made from these efficiencies will be redeployed within WREDA and allocated to programmes of activity consistent with our goals of growing Wellington's economy.

During the review of its processes and to ensure optimum efficiency and effectiveness, WREDA will consider the use of Councils' shared services programmes.

8.4 Review Venues Operation

WREDA works closely with Wellington City Council to identify the best ways to utilise the Venues it operates so that utilisation is maximised, commercial hire revenues are grown, costs are closely managed and community and arts community usage is facilitated in ways which are both accessible and affordable. We also seek to leverage the venues to enhance the overall economic contribution into the region.

In 2017 WREDA will work with Wellington City Council to evaluate the way it charges for Venues and the way these charges are coordinated with other Council funding programmes such that Wellington can champion a flourishing arts community alongside a commercial venue for conferences and business events. The combination of support mechanisms available to Arts groups and independent arts practitioners can have a powerful influence on the success of such entities/organisations and it is important that WREDA and WCC work hand in hand to provide the very best outcomes for this sector.

In reviewing current venues operation, WREDA will consider a variety of proposals including the development of new venues in Wellington.

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8.5 Health and Safety

WREDA is very aware of the importance of Health and Safety for its employees, partners, those we host, and venue patrons. As such WREDA will ensure it meets its obligations with respect to New Zealand laws and regulations and will undertake an annual review based on established best practice guidelines. WREDA aims to provide a workplace that not only meets requirements. We aim to enable employees to thrive through excellence in all areas, including health and safety.

Through the venues management agreement WREDA will, with WCC ensure that Health and Safety requirements are fully considered as part of asset management.

8.6 Human Resources

WREDA's success is fundamentally driven by the efforts of our people through the programmes and projects they design, lead and deliver, and through their connections and networks in the region and globally. People costs account for a significant portion of our operating expenditure and people are clearly our primary resource for creating value.

WREDA's people are focused on delivering its purpose and strategy in an organisation that inspires us to be:

- Passionate about fuelling Wellington's prosperity;
- Active in our vibrant, liveable region;
- Growing their careers in Wellington; and
- Focused on delivery in a culture of collaboration.

Our people are:

- Focused;
- Dynamic;
- Innovative;
- Action oriented;
- Engaging; and
- Bold.

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9. Performance Measures

WREDA's performance measure framework identifies quantifiable measures of our programmes and activities as well as a number of key indicators tightly aligned to our objectives. These form the basis of our accountability and will be reported on quarterly.

At a business planning level, qualitative as well as quantitative measures will be used to assess the delivery and effectiveness of the full range of WREDA activity.

Programme of Activity		Measure	2016/17 (forecast)	2017/18	2018/19	2019/20
Grow Business and Innovation	Business Support Development	<i>Metrics for evaluation are developed during programme design for pilot with 10 businesses in 2016¹</i>	N/a	10	12	14
	Sector Events	Events and conferences for Wellington business community	N/a	3	4	5
	Regional Business Partner Programme	Number of actively supported businesses ²	445	445	445	445
	Creative HQ	Creative HQ portfolio value	\$1.3m	\$1.3m	\$1.4m	\$1.5m
		Lightning Lab participant investment raised	\$1.5m	\$1.5m	\$1.5m	\$1.5m
		Revenue from commercial innovation services	\$0.25m	\$0.5m	\$0.75m	\$1.0m
	Attract Business and Investment	Screen Wellington	Conversion rate of logged enquiries to confirmed production or business	25%	25%	25%
Value of facilitated screen production			\$100m	\$100m	\$110m	\$120m
Customer satisfaction survey			80%	80%	85%	90%
Business attraction		Number of jobs in successfully attracted prospect businesses ³	130	120	50	65

¹ Beyond pilot running during 2017/18 an evaluation of the impact of the pilot will be undertaken which will inform future years delivery

² Targets are subject to NZTE/Callaghan Innovation target levels for the RBP Programme contract delivered by WREDA

³ The first 2 years are heavily influenced by the delivery of Concentrix relocation to Wellington region

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Programme of Activity		Measure	2016/17 (forecast)	2017/18	2018/19	2019/20
Attract, Retain and Grow Talent	International Student Attraction	International student visas	6,400	6,930	7,680	8,360
		International student enrolments	8,500	9,200 (+8.2%)	10,200 (+10.9%)	11,100 (+8.8%)
		NZ Market share of International students	7%	7%	8%	8.5%
	Student Employment Pathways	Interns placed in priority sectors	200	225	250	300
	Talent Attraction	Net permanent and long-term arrivals ⁴	3,500	3,500	3,500	3,500
		Wellington share of total net permanent and long-term arrivals	5%	6%	7%	8%
Nurture Environment Conducive to Economic Growth	Policy Advocacy	No. of significant government policy changes successfully influenced for Wellington's benefit	N/a	2	2	2
	Partner / Stakeholder Engagement	Partner/Stakeholder satisfaction score with engagement	Set baseline	80%	85%	90%
	Iwi Economy	Mana Whenua satisfaction score with engagement	New measure	Set baseline	85%	90%
Visitor Marketing Campaigns	Visitor Marketing Campaigns	Total commercial guest nights	3.1m	3.2m	3.4m	3.5m
		Visitor spend: Total	\$2.4b	\$2.6b	\$2.8b	\$3.05b
		- International	\$0.78b	\$0.86b	\$0.95b	\$1.05b
		(of which from Australia)	\$0.23b	\$0.24b	\$0.25b	\$0.26b
		(of which from China)	\$0.075b	\$0.099b	\$0.128b	\$0.166b
		- Domestic	\$1.6b	\$1.7b	\$1.75b	\$1.85b
	Business Events Wellington	NZ market share multi-day conferences	16%	18%	18%	14% ⁵
		Number of international	New measure	20	20	20

⁴ Net migration is currently at an historical high

⁵ The drop in market share for 2019/20 reflects the opening of the New Zealand International Convention Centre, which will impact market share.

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Programme of Activity		Measure	2016/17 (forecast)	2017/18	2018/19	2019/20	
Grow the Visitor Economy		business event bids submitted and/or supported in FY					
		Value of business events (international and domestic) secured in FY	New measure	\$15m	\$17m	\$19m	
	Venue Management⁶		Value of expenditure by out of town venue attendees	\$46.5m	\$45.4m	\$43.6m	\$51.8m
			Advance the Cultural well-being of Wellington – Number of Wellingtonians attending performance events at Venues Wellington	308,904	290,720	263,465	308,890
			Number of Events: Total	630	624	605	661
			- Performance	340	320	290	340
			- Conference	290	304	315	321
Promote Wellington's Brand and Unique Identity	Major Events Programme	ROI via out of Wellington spend	20:1	20:1	20:1	20:1	
		Economic value of major events invested in.	New measure	\$80m	\$80m	\$80m	
		Total event attendance	600,000	700,000	700,000	700,000	
	Media Programme	Visitor attraction stories in NZ, Australian media	500	500	500	500	
		Live, work, do business, invest stories in local NZ and Australian media	85	85	85	85	

Table 8: Performance Issues

9.1 Benchmark indicators

In addition to the program success measures above, WREDA has identified a further set of metrics. Whilst impacted by a range of factors not in WREDA's control, the

⁶ The Venue Management performance measures reflect the changing inventory that will be available through the next three years as the St James Theatre will be closed for earthquake strengthening

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metrics are nevertheless important to overall regional success. WREDA will take a leadership role in monitoring, reporting and influencing these indicators through our activity. We aim to ensure these baseline indicators are exceeded.

	2015/16	2016/17	2017/18	2018/19	2019/20
Wellington real GDP growth	\$29,925m	3.0%	3.0%	3.0%	3.0%
Wellington GDP per capita	\$59.3k	1.5%	1.5%	1.5%	1.5%
Wellington exports growth	\$5,279m	\$5,600m	6.0%	6.0%	6.0%
Wellington jobs growth	274,000	285,000	2.5%	2.5%	2.5%
Population	504,800	1.5%	1.5%	1.5%	1.5%
Wellington Region GPI	91.3	91.5	91.7	91.9	92.1

Table 9: Benchmark Indicators

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10. Risk and Mitigation

We have identified a number of risks to WREDA achieving these KPIs. These are listed below together with how we intend to mitigate each of them.

Area of Risk	Risk Description	Mitigation
Partner funding	Partner funding is provided to a number of WREDA's programmes of activities. This funding is dependent upon several factors such as affordability, a return made on the investment made, and alignment of activity with partner goals.	<ul style="list-style-type: none"> Maintain a regular schedule of meeting with and reporting to commercial partners Engage partners in planning sessions to ensure programmes meet their expectations Understand what is happening in the business market of individual partnership groups so that their concerns can be anticipated.
Wellington's reputation	As the key external marketing and messaging agent for the Wellington region around the globe the impact of natural and man-made circumstances can be significant. WREDA needs appropriate plans to mitigate these impacts in all circumstances.	<ul style="list-style-type: none"> Focus on telling the Wellington story with facts to support and emphasising its strengths and diversity. Have a tone of voice in communications that highlights the positives of living in a dynamic environment Use personal stories of Wellingtonians to bring authenticity to storytelling / messaging
Rise of competing cities	City-Regions around the world compete with Wellington for visitors, students, migrants, investors. Representing a small and for most part distant city WREDA needs to make sure its interventions are targeted	<ul style="list-style-type: none"> All activity must fit within parameters of Statement of Intent and Business Plan intention. Each business unit is responsible for regularly working through its activity programme with sector support to determine priority.
Changing international geo-political climate	Wellington is not isolated from global factors that will affect the prosperity of Wellingtonians. WREDA must be ready to adapt its work to changing circumstances.	<ul style="list-style-type: none"> WREDA will always use messaging on the constant positives of Wellington relative to other places such as safety, environment and economic/political stability. If economic factors change, such as exchange rate movements WREDA will consider the impact of such changes on the outcomes of its activities and changes programmes when required. Where political changes happen elsewhere WREDA will look to maximise the opportunity for Wellington by changing programme activity to increase the awareness of Wellington as a good place to live and invest.

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Key project delivery	WREDA is involved in the development of various infrastructure projects across the region. WREDA needs to ensure that its work outcomes are sufficiently broad based not to depend on individual project outcomes	<ul style="list-style-type: none"> WREDA employees will keep abreast of major initiatives in the region so that different opportunities are understood and leveraging programmes are considered WREDA corporate communications will focus on a spread of initiatives boosting the region rather than being focused on individual projects.
Venue Availability	To allow seismic strengthening at the St James Theatre, the theatre will need to close for 14-15 months from March 2018.	<ul style="list-style-type: none"> WREDA will work with organisations that utilise the St James theatre to facilitate their relocation of activity to the Opera House and Michael Fowler Centre. WREDA will work with Wellington City Council to ensure facilities at the Opera House and Michael Fowler Centre are adapted where necessary and appropriate to accommodate increased usage during the period of closure.
Maintaining working relationships across the Wellington region	As an organisation that is invested in and works for the whole Wellington region it is critical that WREDA maintains processes which continually meet the needs of the whole region at a local level	<ul style="list-style-type: none"> WREDA will work with both its shareholders and the other Councils in a structured manner such that both elected officials and employees of these organisations are well informed of WREDA's programme of activities at all times WREDA will participate in work groups and meetings across the Wellington region to support economic development activity. Where appropriate WREDA will provide expertise it houses to support project development by individual councils or groups of councils in the region
Shrinkage of key sectors	Over time different sectors gather more prominence in their growth within the regional economy. WREDA needs to retain a balanced sectoral portfolio to sustain a mixed economy in the region	<ul style="list-style-type: none"> WREDA works with the private sector to understand the changing dynamics of sector growth in the Wellington region. Where appropriate WREDA will change, or alter its programmes to reflect the changing needs and opportunities of the region. WREDA will through its annual Statement of Intent and Business Planning process identify to shareholder's changes in programmes as a result of changing sectoral priorities

Table 10: Risk and Mitigation

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Appendices

- 1) Appendix 1 – Letter of Expectations
- 2) Appendix 2 - Governance and Accounting

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Appendix 1 – Letter of Expectations

Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke

11 January 2017

Peter Biggs
Chair, Wellington Regional Economic Development Agency
P O Box 10017
Wellington

Dear Peter

This letter sets out the Wellington Regional Strategy Committee's (WRSC) expectations for the Wellington Regional Economic Development Agency and its subsidiary, Creative HQ (WREDA) regarding WREDA's Statement of Intent (SOI) for 2017/18.

General

1. WREDA will deliver and report on activities that contribute directly to the outcomes in the Wellington Regional Strategy, we expect evidence of commitment to these outcomes.
2. WREDA receives substantial funding from the shareholding councils and it is expected that WREDA will grow the funding contribution from other sources. The target should be that for every \$1 contributed by the current funding councils being matched by \$1 from other sources in respect of the visitor economy and economic development.
3. The KPIs in the 2017/18 SOI should have clear targets (both qualitative and quantitative), define what success looks like and be ambitious. Such targets will be a reflection of additionality to a business as usual approach and build annually as circumstances allow. Such targets will also enable shareholding councils to identify how WREDA benefits their districts (and ratepayers).
4. We expect that WREDA will take a greater leadership role in initiating projects and programmes where there is clear market failure and a robust rationale for public intervention. This will be in contrast to supporting initiatives that are fundamentally owned and/or managed by other parties.

Specific

5. The 2016/17 SOI did not give sufficient weight to the importance of the visitor economy to the region with only a passing mention of the key projects and programmes. As significant amount funding is provided to WREDA, the 2017/18 SOI will outline the specific actions to continue to grow the visitor economy.
6. Continue with and where appropriate, improve the current international student program, to attract and retain increasing numbers of students, including international students in the region, particularly in the areas of skills shortages.

Wellington City Council

Level 4, 101 Wakefield Street
PO Box 2199,
Wellington 6140,
New Zealand

Phone +64 4 801 3102
Fax +64 4 801 3033
mayor@wll.govt.nz
Wellington.govt.nz



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1. Specific actions and measures that support, facilitate and strongly contribute to a step change in the growth in both numbers and capability of skilled migrants, particularly in the tech sector.
2. Ensure that every opportunity is taken to promote and market the Wellington region including supporting and leveraging off major and other events in Wellington City and the region.
3. Identify, assess and promote economic opportunities that would arise from the major infrastructure projects planned across the region.
4. What actions need to be taken to put in place for a major programme of targeted inward investment for the region, including for tourism.
5. Identify opportunities to lead recovery programmes to ensure business continuity and resilience in the region following significant events such as earthquakes and flooding.
6. Continuing development of the Major Events portfolio including additional and new events.
7. The visit of the Lions and their supporters in late June and early July 2017 is a major event for Wellington and it is expected that WREDA will maximise the benefits that this opportunity offers.
8. Focus on delivering the benefits and efficiencies from WREDA being one organisation to free funding for direct investment in projects.
9. Specific actions and measures that support business growth through science, technology and innovation including the growth of start-up companies.
10. Address skills shortages in the region through specific actions and measures to support skills and workforce development.
11. Identify opportunities to grow the region's Iwi economy.
12. Note the importance of Health and Safety.
13. Where possible consider the use of the councils' shared services programmes.
14. Leverage off major events to tell the Wellington Region story overseas, for example WOW in Seattle.
15. Undertake a review of the Venues operation, specifically the relationship with the arts community and costs and access to the Venues for these groups.

Yours sincerely



Justin Lester
CHAIR, WELLINGTON REGIONAL STRATEGY COMMITTEE

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Appendix 2 - Governance and Accounting

WREDA is a not for profit council controlled organisation as defined by the Local Government Act 2002. WREDA is owned 80% by the Wellington City Council and 20% by the Greater Wellington Regional Council.

Governance Board

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

All current Board directors are independent and appointed by our shareholders. The Board will meet on a regular basis. The Board will have 2 sub-committees, Risk and Audit and the People & Culture Committee.

Dividend policy

It is unlikely that WREDA will deliver a financial dividend to its Shareholders, due to it being deemed a not for profit council controlled organisation.

Wellington Regional Strategy Committee (WRSC)

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

The role of the WRSC is to:

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

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

Reporting

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

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

By 31 October and 30 April each year, WREDA will provide to the Shareholders a **quarterly report**. The quarterly report will include WREDA's commentary on operations for the relevant quarter and a comparison of WREDA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.

By the end of February each year, WREDA will provide to the Shareholders a **Half Yearly Report** complying with Section 66 of the Local Government Act 2002.

By the end of September each year, WREDA will provide to the Shareholders an **Annual Report** on the organisations operations during the year. This will include audited financial statements in accordance with generally accepted accounting practices and NZ International Financial Reporting Standards. The Annual report shall also contain an Auditor's report on both those financial statements and the performance targets and other measures by which performance was judged in relation to that organisation's objectives.

Acquisition/Divestment Policy

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

Commercial value of Shareholder's investment

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

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

Shareholder's funds at 30 June 2016 was \$1.5m, this is considered by the Board to be the current commercial value of WREDA.

Accounting Policies

WREDA has adopted accounting policies that are in accordance with the NZ International Financial Reporting Standards and generally accepted accounting practice. The detailed policies are as disclosed in WREDA's 2015/2016 Annual Report.

DRAFT WREDA STATEMENT OF INTENT - 2017

Financial Forecasts

WREDA EXCLUDING VENUES PROJECT

STATEMENT OF COMPREHENSIVE INCOME			
	2017-2018	2018-2019	2019-2020
Revenue from Shareholders	21,508,075	21,500,000	21,500,000
Other Revenue	7,579,820	8,751,020	9,756,300
TOTAL REVENUE	29,087,895	30,251,020	31,256,300
Operating Expenditure			
Employment Costs	12,446,400	12,797,760	13,499,344
Investment in Projects & Events	14,575,895	15,153,420	15,246,060
Other	1,965,600	2,199,840	2,410,896
TOTAL OPERATING EXPENDITURE	28,987,895	30,151,020	31,156,300
NET SURPLUS / (DEFICIT)	100,000	100,000	100,000

STATEMENT OF FINANCIAL POSITION			
	2017-2018	2018-2019	2019-2020
SHAREHOLDER FUNDS	1,614,945	1,714,945	1,814,945
ASSETS			
Current Assets	3,283,945	3,558,945	3,938,945
Investments	1,500,000	1,500,000	1,500,000
Fixed Assets	331,000	356,000	376,000
TOTAL ASSETS	5,114,945	5,414,945	5,814,945
CURRENT LIABILITIES	3,500,000	3,700,000	4,000,000
NET ASSETS	1,614,945	1,714,945	1,814,945

DRAFT WREDA STATEMENT OF INTENT - 2017

STATEMENT OF CASHFLOWS			
	2017-2018	2018-2019	2019-2020
Opening Cash	2,100,000	1,840,000	2,063,020
Operating Cash Receipts	29,057,895	29,921,020	30,065,000
Operating Cash Payments	29,287,895	29,673,000	30,123,000
Other Receipts	30,000	35,000	40,000
Other Payments	60,000	60,000	60,000
Net Cashflow	- 260,000	223,020	- 78,000
Closing Cash	1,840,000	2,063,020	1,985,020