

# Wellington Regional Economic Development Agency Annual Report

2016

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# Wins for Wellington

## 1. Tourism Promotion



 Marketing campaigns & tourism trade activity supported  
**\$2 Billion** in estimated visitor spending.

 **+13.2%** DIRECT INTERNATIONAL VISITOR ARRIVALS  
 DOMESTIC COMMERCIAL GUEST NIGHTS **+7.5%**  
**+5.3%** COMMERCIAL GUEST NIGHTS

## 4. International Students

**Enrolments**  
**↑9%**   
in most recent measurement period, translating to new economic benefit for the region of around  
**\$18 Million**

## 7. Business Growth

 Enabled 165 Wellington companies to access **\$9.9 Million** in capacity building and R&D funding  
**\$10 Million**   
Facilitated export deals, likely to exceed between Seashine Group (Xiamen, China) and local producers for entry into the **\$163 Billion Chinese supermarket retail sector**

## 9. Venues

**322** performances  
**286** conventions & business events  
**IN 365 DAYS**



**MORE THAN 600,000** patrons/attendees to events in our venues

## 10. Events Marketing




Marketing & media activity in support of events calendar including: **WOW, Sevens, Visa Wellington On a Plate, NZ Festival, Blackcaps & Royal Edinburgh Military Tattoo**

## 2. Business Attraction

**250-300 JOBS**   
to be established with the arrival of MINACS's first Southern Hemisphere tech service centre.

## 3. Talent Attraction

 Highest migration levels of Australians moving to Wellington in 25 years.  
**↑86%** **SINCE 2012**

## 5. Business Events

**76** Successful conference & event bids with a total value in excess of  
**\$12.8 Million**

## 6. Media Programme

**547** Australasian media stories with an Advertising Space Rate Value of more than  
**\$7.5 million** 

## 8. Screen Wellington

 **381** filming permits issued  
Feature productions: Ghost in the Shell, Pete's Dragon, Pork Pie

## 11. Digital Marketing

 Visits to WellingtonNZ.com **over 3 million**  
**↑14%** **OVERALL GROWTH**  
+56.4% Australian & +12.3% International

# Chair's Report

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Over the last year, The Wellington Regional Economic Development Agency took a positive step forward towards its vision of advancing Wellington so that, by 2025, it is the most prosperous, liveable and vibrant region in Australasia.

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Across the region, Wellington has a new-found confidence, a new energy. Investment is on the up, so is opportunity.

In the past 12 months we have progressed the amalgamation of WREDA from four distinct organisations into a unified, multifaceted agency and at the same time continuing to deliver business as usual. In the process we've brought 150 people together into one team, focused on a single purpose and a single vision for the entire region.

Our approach to this process has been deliberate and methodical. In any construction project, the foundations are critical. If you want to build something strong, take your time, dig them deep and dig them well. Our challenge was also to re-engineer a machine in motion. As we took the legal, financial, organisational, governance and human resourcing steps towards our merger, WREDA's staff continued delivering on the full breadth of responsibilities to our funders, partners, clients and customers.

“Sharing insights and expertise enables our WREDA working groups to take advantage of opportunities with more efficiency and coherence.”

I'm immensely proud of how the team, under the direction of inaugural Chief Executive Chris Whelan, has managed this process. As a Board, attracting Chris to Wellington to lead WREDA was one of our most pleasing moments of the past 12 months. Chris assembled an exceptional Senior Leadership Team, conducted a comprehensive organisational design process and developed a three year strategic approach as articulated in WREDA's Statement Of Intent. It would have been comparatively quick and easy to drop a

management layer across the pre-existing organisations and announce the amalgamation 'mission accomplished'. It would also have been a wasted opportunity. Making best use of our talented people, and maximising the resources entrusted to us by Wellingtonians, meant building a new organisation optimised for the future.

As WREDA came together, the concept began proving itself. Sharing insights and expertise enables WREDA's working groups to take advantage of opportunities more efficiently. These efficiencies and performance enhancements of amalgamation are increasing steadily under WREDA.

Throughout the amalgamation process, the team has remained dedicated to maintaining high service levels towards our partners, clients, investors and shareholders. As these pages will demonstrate, their many successes have contributed to a positive year for the region's economy. We now embark upon WREDA's first years under a unified Statement of Intent, with new initiatives and programmes designed to increase momentum.

I'd like to thank the WREDA Board of Directors for their enthusiastic collaboration along every step of the journey so far. I'm also grateful to all of our key stakeholders and commercial partners for their stalwart support during a time of change. In particular, our relationships with the Wellington Regional Strategy Committee and its Chair, Wayne Guppy, and our two principal funders and shareholders, Wellington City Council and Greater Wellington Regional Council, have been a critical component of WREDA's success this year.

The time of transformative change for this organisation has now passed. It's now time for WREDA to play a leading role in transformative change in Wellington.

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**PETER BIGGS** | Board Chair

# Chief Executive's Report

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The role of WREDA can be described in two words: Make Connections.

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The power of business and the public sector, of capital flows and the global marketplace – these are the energy sources of our economy. Only they have the capacity to shift the performance of an entire region through sheer force. As an economic development agency, what we can do is act as a catalyst, advocate, enabler, adviser and agitator. By forging connections, enhancing conditions, intervening, attracting and persuading, we can unlock latent economic potential. We connect entrepreneurs with mentors. We connect businesses with capacity building funding. We connect people around the world with Wellington's unique destination qualities. We connect performers with audiences and exhibitors with delegates.

Everything WREDA does is through partnership; connecting people and opportunities.

This year, as we connected four diverse organisations and entities to become WREDA, our partners have demonstrated tremendous faith and support. From local and central government, business and residential ratepayers across the region, commercial partners, suppliers and clients, we are grateful to have you on board. Working together, Wellington has achieved a great deal in a year characterised by increasing connectivity to deliver sustainable economic growth opportunities.

Investments in Wellington by international companies demonstrate confidence in the region. So too does the flow of migrants arriving in Wellington from Australia and further afield, drawn by our world-class quality of life and career opportunities. WREDA has made a valuable contribution to these developments, and we continue to leverage the benefits.

WREDA's role in many of Wellington's wins this year is even more explicit.

Our teams partnered with airlines and Wellington Airport to support the sustainability of new services through marketing, media and trade promotion, resulting in record numbers of visitor arrivals. Our marketing partnership with Te Papa helped tell the story of the remarkable Gallipoli: The scale of our war exhibition across Australasia, driving record visitor numbers.

Uniting a consortium of institutions across the region's education sector, we launched a multi-year programme to increase Wellington's international education exports. We enabled 165 companies across the region to access \$9.9 million in capacity building and R & D funding. When the iconic World of WearableArt® took an exhibition to Seattle, our teams built a programme of promotion and events around the opportunity, delivering a broader message of Wellington's unique creative enterprise, tech and education expertise on the west coast of the US.

Our teams cultivated a successful relationship with global delivery centre managers Minacs, ensuring the Canadian company chose Wellington as the location for their first southern hemisphere operation, on behalf of a major international technology client. We introduced Chinese supermarket chain Seashine to Wellington's high-quality food & beverage producers, enabling them to break into this multi-billion-dollar export market. Through our subsidiary Creative HQ, the Lightning Lab XX programme brought together start-ups with female founders in a New Zealand-first business accelerator. Working for the first time with innovative hardware-focussed startups, the Lightning Lab Manufacturing programme also led to the establishment of the 1st Assembly workshop space in the region's manufacturing heartland, Hutt Valley.

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By connecting promoters and conference organisers with facilities across the region, our teams secured more than \$100 million in event and conference revenue for Wellington, with over 35,000 delegates and 100,000 audience members hosted in the venues we manage alone. And in the last cruise season, our people on the ground helped 75,000 passengers make the most of their few hours in Wellington, for an estimated value of \$58 million to our economy.

We enhanced the regional relationship with central government this year, forging new connections across a number of areas. Tourism New Zealand partnered with us on an in-market campaign for the first time. Creative HQ ran a second R9 Accelerator, bringing public-facing government departments together with Wellington tech innovators to address solutions to specific service delivery bottlenecks. We re-signed our contract as New Zealand Trade & Enterprise's Regional Business Partner, enabling Wellington businesses to access millions of dollars in development funding.

As we begin a new financial year as a united organisation, we will be delivering new opportunities, forging new partnerships and launching new initiatives. We'll continue to lead the Wellington International Student Growth Project. Our Infrastructure Investment Leverage programme will seek out further connections for incoming major projects to maximise the ancillary benefits for the region. We're creating an intensive programme to assist 10 scale-ready Wellington businesses per year to grow towards major exporter status, by facilitating skills-, capital-, and market-access. Convening a Wellington Partnership of top-level leaders and decision-makers will harness their insight and influence towards addressing our region's challenges.

From major retail operations, to new hotels and businesses – not to mention civic investment in productive infrastructure, like the Movie Museum/ Convention Centre – energy is flowing into Wellington's

economy. Across the region, more and more people are coming here, attracted by this energy, to visit, study, live, work and do business

**“Everything WREDA does is through partnership; connecting people and opportunities.”**

At WREDA, we're proud to make connections that unlock new economic energy, helping Wellington become the most prosperous, vibrant and liveable region in Australasia.

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**CHRIS WHELAN** | Chief Executive



# Wellington Regional Economic Overview

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Wellington's economy performed well in the 2015/16 financial year with regional GDP increasing a respectable 2.4%. Like New Zealand as a whole, the growth has primarily been driven by low interest rates, a buoyant construction sector and record numbers of tourists and migrants.

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But it also has something to do with a set of endowments which make Wellington well-placed to benefit from current local and global economic trends.

The region's visitor boom is exemplified by commercial guest nights breaking through 3 million for the first time and increasing 5.3% on the previous year. Wellington was the fastest growing region in the country for domestic guest nights in 2015/16, up 7.5% compared with 4.1% for New Zealand as a whole. The increasing attractiveness of Wellington as a destination is likely to continue as its stock of visitor infrastructure expands.

Wellington has experienced substantial population growth over the last year, driven by returning expatriates and new migrants, many from Australia, who are attracted to Wellington's lifestyle and industrial make-up. The net migration gain for the Wellington region over the year to June 2016 was 3,167 people, the highest for at least 25 years.

The population surge, together with growing confidence in Wellington's future, contributed to a strong lift in house prices in the latter half of the year.

The region saw substantial job growth in 2015/16, with employment growing 2.6%; the equivalent of 7,000 new jobs. The proportion of jobs classified as high skill or medium-high skill is growing faster than New Zealand's as a whole, which bodes well for the future.

Wellington employers are still reporting skill shortages particularly in information and communication technology as a result of that sector's continued expansion. WREDA will continue to promote Wellington as a desirable place for those skills to settle, as well as a location for new businesses to establish themselves.

The fortunes of the primary sector were mixed in 2015/16, with a steadily rising dollar eroding some of the gains, although the overall contribution has been positive for the region. We have seen export growth in many sectors, although the downturn in the Australian economy saw some manufacturers face challenges in that market.

Growth in the construction sector has been ongoing as the \$2.4 billion state highway roading projects gain momentum and earthquake strengthening continues. The construction activity is providing a boost for the local economy and will lead to ongoing benefits for the region once the projects are complete.

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**JEREMY HARDING** | GM, Foresight & Development, WREDA





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# 01. Business Growth & Innovation

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# Business Growth & Innovation

From start-ups to multinationals, WREDA supports the growth of businesses across the Wellington region through its incubation and accelerator programmes, scale-up and research and development assistance (through the Government’s Regional Business Partner Programme) and sector development initiatives in our priority sectors: tech, manufacturing, screen and primary.

## By the numbers

YE June 2016	Total
New ventures in Creative HQ incubation	11
High growth exits from Creative HQ incubation	4
Entrepreneurs attending Lightning Lab programmes	108
Investment raised for Lightning Lab teams	\$3.8m
Creative HQ portfolio valuation	\$1.4m
FTES working for Creative HQ alumni ventures	249
Revenue of Creative HQ alumni ventures	\$24.6m
Research and development grants	22, worth \$9.4m
Growth action plans developed for businesses	383
Business capability grants	143, worth \$450,000
Businesses matched with mentors	202
Business connections made	800+
Customer satisfaction - net promoter score	40



Film permits issued	381
Internships and placements	192

## Acceleration

### Lightning Lab Accelerator Programmes

Four Lightning Lab acceleration programmes were held this year, including New Zealand's first hardware accelerator and Australasia's first accelerator for businesses with female-founders.

Developed in partnership with Callaghan Innovation and Hutt City Council, Lightning Lab Manufacturing gave start-ups making physical products the opportunity for rapid growth, using the Lightning Lab format usually applied to software start-ups. Over 12 weeks, seven companies received seed feeding, intensive mentoring and business development advice along with training in lean start-up and agile methodologies.

As of July, five of the companies are still going. One is crowd-funding their product launch, three are building their production volumes and sales, and one is negotiating to sell their business to a global consumer-products brand. The programme was a finalist in the 2016 Wellington Gold Awards and led to the creation of 1st Assembly – a new community space for prototyping and hardware development.

Lightning Lab XX set out to bring more gender balance into the start-up ecosystem by selecting teams that contained at least one female founder. Embracing cultural as well as gender diversity, the programme included the first “exchange” team to our accelerator programmes – LiangMa, a fresh chicken delivery service based in China. Five of the nine participating teams are currently seeking investment.

### Govtech

Creative HQ delivered the second Govtech programme, the “R9 Accelerator 2.0” in collaboration with Ministry of Business, Innovation and Employment. One of the only Government start-up accelerators in the world, R9 Accelerator brings together the public and private sectors to work on real world problems. Ten teams of private sector entrepreneurs, developers, designers, business specialists and government experts worked on projects that could solve major pain points for New Zealand businesses and reduce costs of dealing with Government. The programme has raised over \$1 million for five teams to continue building their solutions.

Working with Government, Creative HQ delivered the Get Funded training programme to 120 scientists and researchers from around New Zealand. The two-day workshop encouraged scientists to think more deeply about their customers, market application, pitching and storytelling.

#### *Disruption and acceleration for corporates*

Creative HQ's three-day Lean 15 conference exposed New Zealand business people, government organisations and corporates to leading international experts in Lean Methodology.

The team at Creative HQ also worked alongside a major New Zealand tech company around how they could disrupt their own model using the principles of exponential organisations. The three-month programme not only showed the company how to grow their own organisation, but how external disruption could impact their day-to-day operations. Creative HQ is now running Corporate Accelerators with two of the largest companies in New Zealand.

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## Venture Up

Venture Up is an intensive six-week business accelerator programme for school leavers from all over New Zealand, which mentors and develops the next generation of Kiwi entrepreneurs. Five out of this year's eight teams went on to develop viable businesses, with one receiving private funding.

## Business Attraction

Up to 300 new jobs will be created in Wellington, with international business process solutions company Minacs establishing their first southern hemisphere delivery centre in Wellington. The Business Attraction Team sourced the initial lead, hosted familiarisation visits and supplied business information and introductions to enable Minacs' decision to select Wellington as their location of choice.

Other business attraction activity included exhibiting at the Auscontact Expo in conjunction with Datacom and at the Australian Superannuation Fund Association conference.

## Xiamen Connection

WREDA coordinated a delegation of business owners and property developers seeking investment to accompany a mayoral delegation to Xiamen, China; one of Wellington's sister cities. A relationship was formed with Seashine Supermarkets and commercial agreements have been signed with two Wellington regional producers, with four others in negotiation.

## Regional Business Partner

WREDA was awarded the contract to provide the Government's Regional Business Partner Programme until 2019. Under the new agreement, we will work closely with the Wellington Chamber of Commerce, who will provide the Business Mentors service. The contract positions WREDA as the region's hub of business development and enables us to form new connections within and across industries.

## Manufacturing

### Craft Beer Connection: Oregon

The 'Craft Beer Connection' event in Portland, Oregon, put five of Wellington's top brewers in front of US brewing industry, media and tourism luminaries. Craft beer is one of the country's fastest-growing manufacturing industries and Wellington is its epicentre. In conjunction with the Ministry of Foreign Affairs and Trade and Tourism New Zealand, Wellington was promoted as New Zealand's craft beer capital in this important market.

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## Multinational engagement

Multinational companies make a strong contribution to the region's manufacturing exports and employ significant numbers of skilled people. In a series of workshops, WREDA explored how we could help Wellington-based subsidiaries build their profile and highlight their value with their parent companies, with the ultimate aim of expanding operations here in New Zealand, doing more R&D in New Zealand, and providing career pathways for the region's university students.

## Tech

### FinTech

WREDA partnered with Afinition, a network that grows the financial technology sector in New Zealand and Australia. Three Wellington companies attended the Afinition Showcase in Sydney and presented to an audience of 200 potential investors, partners and clients in the financial services industry. All three companies gained awards, including one winning the top prize.

### Wellington WOW's audiences in Seattle

The opening of the WOW exhibition at the EMP Museum in Seattle, Washington provided Wellington with a great platform to share the Wellington story of creativity, growth, innovation and collaboration, and promote Wellington as a great place to visit, work and study.

WREDA and its Wellington partners conducted tourism and creative tech workshops to over 200 industry professionals on USA's West Coast.

## Screen

### Screen Wellington

WREDA's film office plays a significant role attracting large budget productions to the region, suggesting location options, showcasing facilities, recommending services and issuing permits on behalf of local councils. This year, the office was rebranded to Screen Wellington to reflect the industry landscape and recognise the changes to technology both within the industry and the way content is now consumed. In the past year, Screen Wellington issued 381 filming permits in the region, with major productions including Pete's Dragon (Disney), Ghost in the Shell (DreamWorks) and New Zealand feature Pork Pie.

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### Studio feasibility study

To help build a more sustainable local screen industry, we commissioned a feasibility study to ascertain the need for further studio infrastructure in the Wellington region.

### AnimfxNZ

2015 was the 10th anniversary of AnimfxNZ, the digital entertainment conference for New Zealand's animation, game development and visual effects professionals. Two-hundred attendees heard from leading international and national experts and took part in workshops that explored storytelling and new technologies.

### Masterclass

In conjunction with the Screen Producers and Directors Association, we offered a masterclass to improve producers' and directors' understanding of the requirements of delivering a sustainable and profitable production.

## Primary

### Wairarapa Land Use

As part of the Wairarapa Water Project, we assessed the viability of altered land use on three representative properties in Wairarapa. The project measured the potential financial, environmental and management impact of irrigation on un-irrigated land, with models for dairy, livestock finishing, mixed/arable, sheep dairy and apple farming. Results showed most land uses were viable. An independent study has indicated this project has the potential to add \$150 million annually to the regional economy, and create over 1,000 jobs.

### Supplier Showcase

Eighty food and beverage producers exhibited at the Wellington Supplier Showcase, held annually as part of Visa Wellington On a Plate. The showcase provides a vehicle for producers/suppliers to demonstrate their products to the region's chefs as well as selected retail interests.

This year, retail buyers from across Wellington, Auckland, Australia (David Jones) and China (Seashine) attended the showcase.

Following on from the showcase a business clinic was held for small producers covering product development, innovation principles, growth and relationships with retailers.



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### **Connection education and workforce**

Through internship programmes and research placements, WREDA connects tertiary students with businesses to help build a suitably-skilled workforce in the region.

This year, the number of Summer of Tech internships in Wellington increased by 16% to 106 interns. Callaghan Innovation funded 25 Research and Development internships in the region and a further 27 students worked on IT project placements.

The Wellington ICT Graduate School launched in May 2016. As part of the establishment board, WREDA helped the school build their industry connections to ensure the course meets the demands of the tech sector.

### **Business meetups and industry events**

WREDA organise a range of meetups and events to encourage businesses to share ideas, form partnerships and be inspired by experts.

These range from the Startup Garage, New Zealand's largest business meetup group with over 1,500 members, to Wellington Innovation, a bimonthly workshop for a select group of 30 innovation professionals.

Industry events this year featured screenwriters sharing their LA market research with a screen industry group, a pioneer in surgical robotics speaking to local biotech companies, a UK gaming guru at Startup Garage and panel discussions on the primary sector and manufacturing industry.

# Case Studies

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## **Part Timer**

After coming into Creative HQ's Venture Up programme as new school leavers with nothing but a great idea, Part Timer left with a successful online platform that connected high school students with part time jobs through personality-led profiles, rather than CVs. They used Venture Up to validate their problem, market their solution and build a database of more than 1,300 students looking for jobs.

Part Timer identified that CVs aren't the most reliable means of assessing a young person's suitability for a job, particularly when they are new to the job market, and developed a website and researched potential alternatives to written CVs. The company has seen a rapid period of growth since graduating from Venture Up, securing private funding and expanding beyond students and becoming a service for everyone.



## **POW!Post**

POW!Post, a sound agency created to help fill the troughs between Wellington-produced feature films, this year signed its first substantial contract to supply the soundtrack for an animated pre-schooler series Nori Roller Coaster Boy.

Over the past two years, WREDA has worked with Pow!Post founder John McKay to provide guidance on how to collaborate with other talented sound engineers, build a sustainable company by protecting intellectual property, create a story and build a brand. We also assisted with strategy sessions, building company and financial structures. The contract has created new jobs for Wellington, and will be screened in countries around the world.



### **Aviat Networks**

Lower Hutt is home to a Research and Development centre for Aviat Networks, a multinational company specialising in wireless transmission systems for the telecommunications industry.

The company has more than 80 New Zealand staff and employs several university students each year as part of the Summer of Tech internship programme. This year, the company embarked on a significant new product development programme, co-funded by a Callaghan Innovation Research and Development Growth Grant. The new technology developed will improve microwave transmission for network operators.

Director of Software Development, Matthew Durkin said the three-year grant would enable Aviat to take on additional New Zealand employees and strengthen the New Zealand subsidiary's R&D capability.

"The team at WREDA helped us through this process, With the grant funding and backing from our head office, we're able to drive new product development from New Zealand, providing challenging work for our Wellington team."



### **Pik Pok**

Wellington's Pik Pok (under the name Sidhe) was established in 1997 to make gaming console games. It changed focus in 2006 to concentrate on publishing fun, addictive games for smartphones, tablets and desktop computers. It is considered the grandfather of New Zealand's gaming industry which is now worth more than \$88 million annually, up 13 per cent in the year ending March, according to data compiled by independent researchers. Pik Pok's status will be further by their newly structured R&D programme, part-funded by a six figure Callaghan Innovation grant.

WREDA's role was to understand the company's situation and steer them away from ad hoc project initiatives, in favour of an on-going R&D programme planned for three years, which then enabled access to a larger grant.

# Student Attraction

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International students bring cultural diversity to our region, build connections between Wellington and key export markets and contribute more than \$200 million to the region's economy. WREDA has worked with local education institutions, Education New Zealand, and Wellington City Council to shape the Wellington International Student Growth Programme (WISGP). The programme, which WREDA is responsible for delivering, aims to double the number of international students in the region by 2025.

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## By the numbers

January - December 2015	Total	%Change (YOY)
International student enrolments	7,456	+9%



January - June 2016	Total	%Change (YOY)
International student visas	3,566	+7%

International student numbers are currently increasing in Wellington, providing a solid platform for growth through further additional activities. The 641 extra international enrolments in 2015 translate to an economic benefit of around \$18 million.

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### Work Ready in Wellington

Work experience and employment is a common goal for international students during or at the end of their study. To help international students get jobs locally, we developed Work Ready in Wellington, a free course for students to develop a better understanding of New Zealand workplaces and build on the range of skills that will help them find work.

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"I got a job within a week of finishing the course, using all of the techniques I learnt in my application and in the interview. I got the job because of the course. The tutors were great and very enthusiastic - we were not bored for even one second!" Vandana Abhiruchi, Whitireia Institute of Technology graduate now Test Analyst at FNZ Wealth Management.

### **School Sector Support**

WREDA has contracted a consultant to work with schools in the region and support their efforts to grow international student numbers. Twelve schools are taking part in the programme, which aims to give practical advice and guidance to schools wanting to establish a sustainable international programme in their school.

### **Agent Hosting**

Education agents play a part in the decisions of more than half of all international students moving abroad to study. WREDA's education team works with Education New Zealand and the Education Wellington International membership to show agents from target markets the range of quality schools and tertiary courses the region has to offer. From January to June 2016, the team hosted 27 agents from six countries, and nine journalists.

WREDA also identified the need to build awareness of Wellington's education options to Auckland-based agents and hosted eight agents working with students in Korea, China, France/Germany, Russia and Colombia.

International student recruitment experts were commissioned to undertake a trade review to inform the way WREDA, and institutions in the Wellington region, work with agents. The comprehensive report contains recommendations for institutions' web presence and marketing materials and identified channels and messaging for agent communication.

Wellington was one of 11 regions featured in Education New Zealand's pavilion at the Australia/New Zealand Agent Workshop in Melbourne, and was part of their South America Roadshow. At these events we met agents from a range of existing and potential markets and gained insight into student interests.

### **Welcome in Wellington**

We ran two events to welcome new students to the region and make them aware of lifestyle opportunities. The International Student Mayoral Welcome was attended by 450 students from 41 different countries and the International Student Sports Day by more than 100 high school students.



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# 02. Visitor Economy

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# Visitor Economy

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Tourism generates around \$5.5 million per day in the Wellington region, a total of some \$2 billion annually. WREDA supports the sustainable growth of this sector through marketing campaigns, event promotion, travel trade activity, domestic, Australian, and international media programmes, and business events attraction.

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## By the numbers

YE June 2016	Total	% change (YOY)	
Commercial Guest Nights (All)	3,066,515	+5.3%	
International Direct Arrivals	217,216	+13.2%	
Australian Direct arrivals	160,496	+11.5%	
Occupancy rate (hotels)	78.2%	+3.2%	
Average length of stay (hotels)	2.08 days	+1.9%	

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This financial year has seen strong growth in the visitor economy. Commercial Guest Nights performance throughout the year was led by a series of six record-setting months across the summer high season. New trans-Tasman air connections, supported by targeted WREDA marketing activity, have contributed to a dramatic increase in international visitors arriving directly into Wellington. Our region's hotels have maintained a very high occupancy rate, rising as high as 90% in November and February.

This performance has already attracted new investment in accommodation property, visitor attractions and services, and created jobs. WREDA will support further sector development, while continuing the destination marketing and promotional activity that will help ensure visitor demand remains strong.

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# Domestic Marketing

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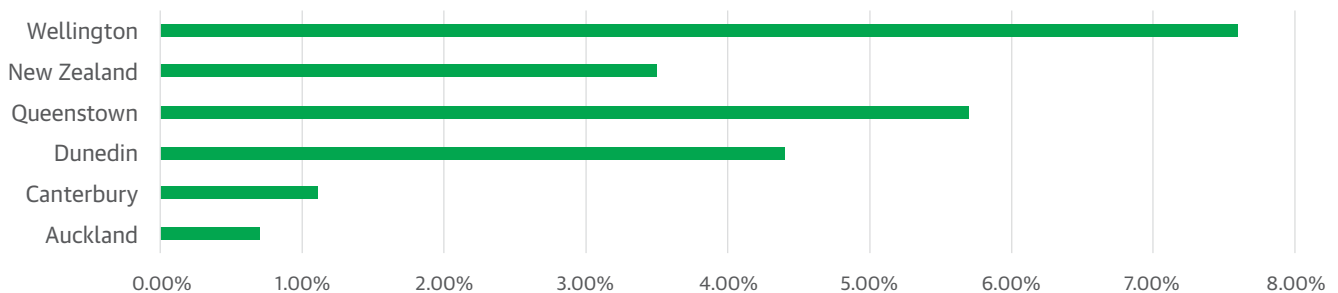
Our domestic visitor strategy has built on the successful *It's never just a weekend when it's in Wellington* brand campaign, in-market since October 2014. The campaign highlighted Wellington's unique offering as a domestic weekend getaway with its huge range of distinctive activities and experiences, in a compact, easily explorable destination. Tactically, *It's never just...* targeted domestic leisure market segments with a message that Wellington offers great "value for time".

In the past 12 months, domestic commercial guest nights in Wellington have risen by 7.5%. This growth is double that of New Zealand as a whole (3.5%), and has lifted our share of Domestic guest nights from 7.9% to 8.2%.

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## Domestic Commercial Guest Nights Growth (YE May 2016)

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### Campaign profile: *It's Never Just a Winter When it's in Wellington*

In the high summer season our accommodation providers are near capacity and our visitor economy is doing well. Tactically, it's important for us to invest in the lower season months, to support a sustainable flow of business for our industry partners and stakeholders, and enable overall capacity growth.

One way to address this is via an events strategy, and the alignment of the likes of WOW, Lux, Beervana and Visa Wellington On a Plate in late winter has been important. With the *It's Never Just a Winter* tactical campaign our aim is to increase the base level of non-event-dependent visitation over winter.

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Our pitch was that Wellington does winter well. We have vibrancy, variety, culture and cuisine around every corner. Thanks to our compact geography, a weekend getaway to recharge from the doldrums of winter is always easy.

Adapting the assets created for the major brand campaign *It's never just a weekend*, we created a 45 second television and cinema commercial, three themed 15 second commercials for online, billboards and street posters in Auckland and Christchurch, plus print ads in *KiaOra*, *Sunday*, *Canvas* and *Cuisine* magazines. The campaign was supported with digital banner ads and social media activity.

To date, the volatile winter months of May and June have seen a net increase of 5,434 Commercial Guest Nights on the previous year, or 2.2% growth.



# Australia Marketing

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Australia is our single biggest international visitor market. Our campaign and PR activity has focused on leveraging the development of new direct air services between Wellington and Australia's east coast.

As a result, these flights delivered nearly 20,000 additional Australian visitors to our region in the past 12 months, representing growth of 13.4%, year-on-year.

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## Campaign profile: Inspired by Wellington

The *Inspired by Wellington* partnership campaign with Tourism New Zealand, which ran from November-January, generated 164,314 visits to WellingtonNZ.com & NewZealand.com and more than 76,000 completed video views across video advertising.

The content-focused campaign featured three videos where Australian influencers across the cuisine, fashion and music industries were inspired by their short break, generating a product that spoke to their experience.

Results:

More than 76,000 completed video views



# Trade Marketing

To maximise our resources, particularly in the long-haul international market, we focus on trade marketing. This entails meeting with, and training, frontline travel sellers and agents in established and emerging international markets, and inbound tour operators here in New Zealand. We encourage them to include Wellington on the itineraries they take to market. We leverage Tourism New Zealand investment in offshore trade events, and host trade personnel in Wellington. We also work with local tourism operators on product development, with a focus on Asia-readiness and tailoring new products for the Chinese independent traveller.

In the past year, we have supported the new air services out of Australia, giving 400 Australian travel agents a taste of Wellington at a Tourism New Zealand training day in September. Wellington also hosted 600 Australian travel agency owners from the helloworld network at their annual conference last November. In preparation for the inaugural Singapore Airlines flights, we have been building new relationships in their feeder markets with familiarisation, training and market visits. Lastly, with the British and Irish Lion rugby tour in 2017, we have been updating UK tour planners on what Wellington has to offer travelling fans.

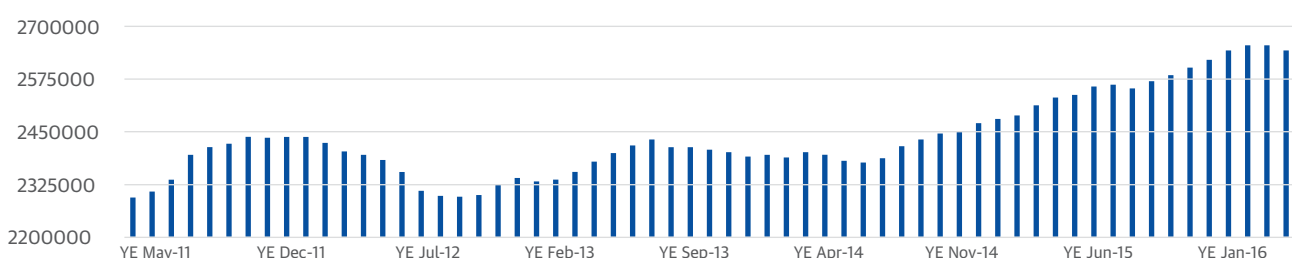
In 12 months, WREDA's two-person Trade Marketing team:



In the year to June 2016, MBIE's Regional Tourism Estimates put the total international visitor spend in Wellington at \$673 million, an increase of 10.8% on the previous year. This exceeds the overall national increase of 9.8%.

## Commercial Guest Nights in Wellington RTO

Rolling 12-month average - since Rugby World Cup 2011



# Media Programme

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Alongside our destination marketing activity, influencing media to tell the Wellington story is an effective and efficient way to deliver our messages to a wide audience. Our activity includes pro-active PR and a programme of hosted familiarisation visits with media from across Australia and New Zealand. We also partner with Tourism New Zealand to host long-haul international media on the Wellington portion of full-country tours.

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Results this year:

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## New Zealand media

**36** hosted visits  
**333** media clips/stories  
**11,713,566** total cumulative audience  
**\$2,387,596** Advertising Space Rate value

*"The capital is unimprovable for a weekend away, the perfect people sized city; especially one of those unexpectedly hot and sunny March days that make you grateful for the last of summer"*  
- Nelson Mail

---

## Australian media

**40** hosted visits  
**204** media clips/stories  
**124,911,421** total cumulative audience  
**\$5,121,306** Advertising Space Rate value

*"Wherever you are in the Kiwi capital, chances are you're a 10-minute stroll from the next place you want to be"*  
- The Guardian Australia

---

## International media

**47** hosted visits  
**48** media clips/stories

Hosted media from Asia, Europe, North and South America, including a range of bloggers, influencers, print media and broadcasters. One of the highlights was hosting Tourism New Zealand Asia Brand Ambassadors Sidharth Malhotra from India and Joe Taslim from Indonesia. Both high-profile movie actors, they had a strong affinity for 'Wellywood', shared with their combined social following of 6 million people.

# Events Marketing

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WREDA provides marketing support across the breadth of Wellington’s vibrant event calendar. Activity ranges from listings on WellingtonNZ.com, social and content support for smaller scale and local events, through to full campaign partnerships with major events that attract thousands to the region. Events marketing is designed to ensure Wellington receives maximum economic benefit from the events calendar.

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## Case study: World of WearableArt® Awards Show

A Wellington highlight every year, WOW® 2015 was 99% sold out, attracting 54,600 attendees, 65% from outside the region.

With the event performing strongly in terms of audience attraction, our team’s focus is on partnering with WOW® and Wellington’s hospitality and retail sector to encourage event visitors into their businesses. Each year the WOW® ‘City Excitement’ programme builds on a theme associated with the show, delivers marketing collateral, contests and street-level activity designed to drive hospitality and retail spending during the event.



# Business Events Wellington (BEW)

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By connecting local and international conference organisers with venue operators and suppliers, promoting Wellington at conferencing trade shows and assisting with business event bids, our BEW team supports the region's conferencing and business events industry. The BEW programme is supported by partnerships with operators and venues in the sector.

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In the past 12 months, the Business Events Wellington team hosted 96 familiarisation visits in the region. Leads and referrals to our BEW partners of events with 100+ delegates increased by 4%. Of the event opportunities the team were involved in, 76 were successful, with a total value in excess of \$12.8 million.

In the year to June 2016, Wellington hosted 19% of New Zealand's multi-day conferences and 16% of the multi-day conference delegate days. This equates to a maintenance of our market share, with a 1% decline in events, and no change in delegate days.

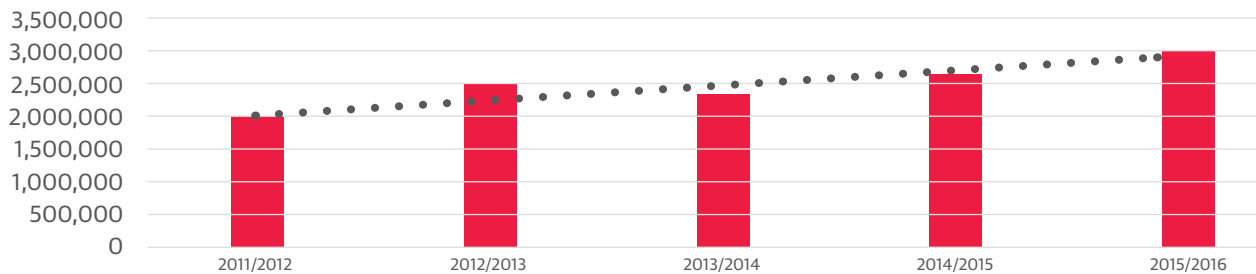
Looking ahead, BEW activity will be critical to maintaining Wellington's market share in the context of planned convention centre facilities in Auckland, Christchurch and Queenstown. All three of these have been taken to market with imagery, plans and collateral almost a year in advance of Wellington's convention centre project.

# Digital Marketing

WellingtonNZ.com is the capital’s primary online destination presence. Redeveloped for WREDA amalgamation it caters to those looking to visit, live, work, study, meet and make films in Wellington, it has developed into a multi-purpose digital portal for Wellington.

Visits to WellingtonNZ.com topped 3 million this financial year, an increase of nearly 14%, and well above target. Those visits were made by 1,740,073 unique visitors (+12%). This continues a strong growth trend in site traffic over recent years.

## Total site visits

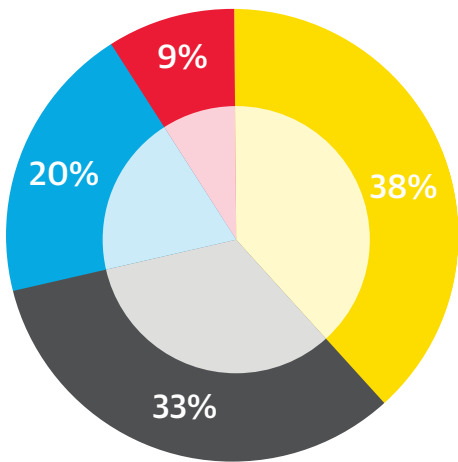


WellingtonNZ.com is used by people all over the world who are planning on coming to the region. Australian traffic rose particularly sharply in the past year, driven by focused digital campaigning in support of new air services. It's also a valuable resource for locals, particularly for its comprehensive coverage of events, bars, restaurants and retail businesses.

Market	15/16 visits	15/16 growth	YOY +/-%
All markets	3,006,367	367,702	+13.9%
Wellington	1,145,472	75,580	+7.1%
Domestic*	988,832	44,604	+4.7%
Australia	605,422	218,223	+56.4%
International	266,641	29,295	+12.3%

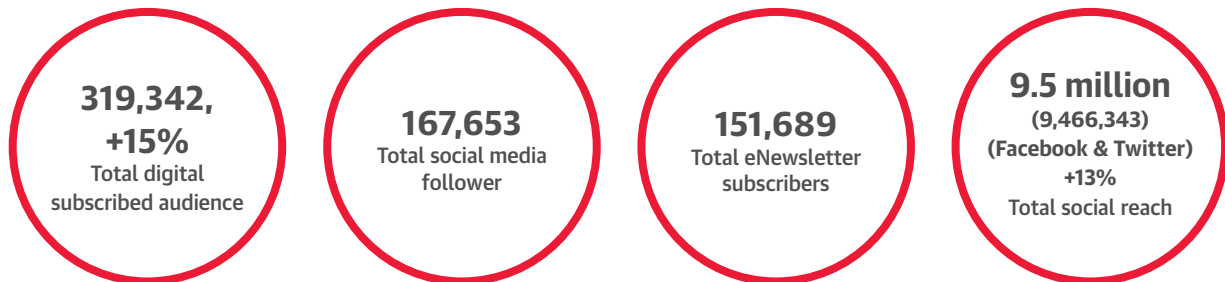
\* Domestic traffic excluding the Wellington region.





One of the key drivers of traffic to WellingtonNZ.com is our digital subscribed audience. This includes our followers across our various social media channels, and subscribers to our suite of regular eNewsletters. These 'owned channels' are powerful tools for promotion of events and activities, providing useful information to various trade stakeholders, and sharing the Wellington story with people all over the world. They are actively cultivated through acquisition and retention strategies, and show strong growth year-on-year.

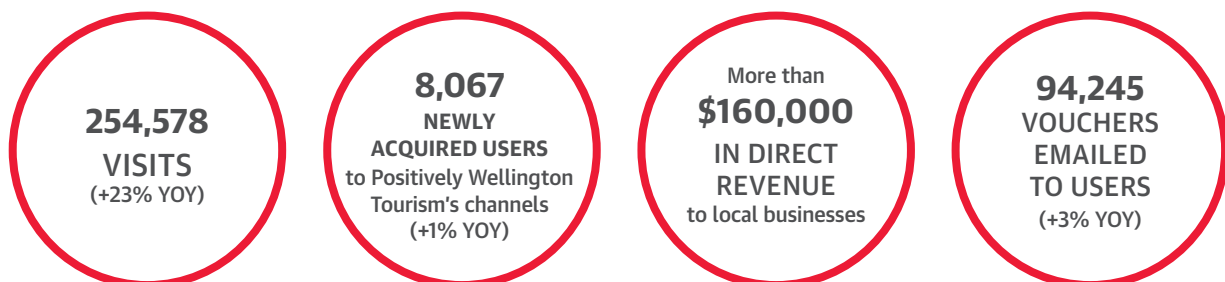
- Wellington
- Australia
- Rest of New Zealand
- Rest of the world



### Campaign profile: The Wondrous Wellington Advent Calendar

Growing from strength to strength each year, the Wondrous Wellington Advent Calendar is one of our most successful digital campaigns. Designed to drive retail and hospitality spend in the lead-up to Christmas, we partner with local businesses to offer 24 days of redeemable voucher offers in an attractive and engaging digital advent calendar. Each year a different local artist creates a view of Wellington as the base design of the hugely popular calendar. This year illustrator Tim Gibson's artwork included playful animations and a 'night/day' light switch for greater engagement.

Advent Calendar key results:





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# 03. Venues

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# Venues

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WREDA manages a portfolio of five major Wellington venues - TSB Bank Arena & Convention Centre, Michael Fowler Centre, St James Theatre, The Opera House and New Zealand Academy of Fine Arts. A programme of performances, conventions and business events across these venues contributed more than \$53 million dollars to the regional economy during the 2015/16 financial year.

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## By the numbers

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322

Performances in 365 days, attracting more than 380,000 patrons, 22% from outside the region

286

Conventions and business events delivered, including 37 conferences and nearly 240,000 attendees

125

The number of community events for which we discounted or deferred our fees, equating to \$1,246,000 in community support

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## Highlights of the year

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### Performance events

- Disney on Ice (July) performed for 24,000 patrons, with 46% of the attendees from outside the region, and saw our teams assist with the installation of a professional performance ice rink in the TSB Bank Arena.
- World of WearableArt Awards Show (September) set record sales with 546,000 attendees and 16 performances; with 65% of the audience from out of Wellington.
- Royal New Zealand Ballet's Wizard of Oz (May) by RNZB Artistic Director Francesco Ventriglia had its world premiere season at the St James Theatre.
- Blue Man Group (June), in their first ever visit to Wellington, brought their unique performance phenomenon to more than 8,000 patrons over two weeks at the St James Theatre.

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### Conference/Business events

- Our team managed and delivered Wellington's own conference industry tradeshow, Show Me Wellington hosting more than 760 buyers and stakeholders, along with 90 exhibitors in September.
- In October, the Royal Australasian College of Ophthalmologists (RANZCO) brought to Wellington the second largest conference ever delivered in the region, with more than 1,000 delegates, 250 exhibitors and 150 "satellite" conference delegates (see case study overleaf).
- Australian travel agency helloworld owner/managers conference saw 600 attendees in Wellington for a three-night conference in November, including influential travel industry consultants, leaders and suppliers. We secured this conference, worth \$225,000 to the region, against bids from Singapore and Dubai.
- In December we hosted New Zealand's premier information security conference Kiwicon, with 1,400 delegates at the St James Theatre discussing the theme "Cyberwar is Hell".

# Case Studies

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## Conference events case study: Royal Australian and New Zealand College of Ophthalmologists

**31 October - 4 November 2015**

The 47th Annual Scientific Congress of RANZCO was hosted in Wellington for the first time in 2015. The Congress comes to New Zealand every 8-10 years with the last time in 2003.

Discussions began in 2012, with our Venues and Business Events Wellington teams working with organisers to secure the event. The requirements for this large conference were varied and detailed, including: lecture style plenary for 1000+; 12 breakout rooms consisting of four small (10-40 people), four medium (80 people) and four large (250 people); three breakfast sessions (400+ banquet style), exhibition hall (2000+ square metres); speakers' room and organisers' office. Organisers also wanted delegates to experience unique venues for an opening ceremony (800+ theatre style), welcome reception for 200-350 guests, and a dinner venue for 350-400 guests.

Wellington's compact CBD, versatile venues, collaborative partners and suppliers – alongside WREDA's ability to coordinate multifaceted support – enabled us to present a comprehensive approach to meet the organisers' needs, to deliver across multiple venues and functions. To allay organisers' concerns about Wellington's ability to host an event of this scale, we hosted a series of trans-Tasman familiarisation and site visits, enabling them to see first-hand our capacity and capabilities.

As one of the biggest business events to be hosted in Wellington, the RANZCO Congress involved 1,150 delegates, (84% from beyond New Zealand) 250 exhibitors and 150 'satellite' conference delegates for an estimated value of \$1.5 million.

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**“The meeting in Wellington was said by many RANZCO members to be one of the best venues for many years. We were delighted with the ambience that Wellington city provided, and very happy with the service from WREDA”**

- David Andrews, CEO, RANZCO



## Performance events case study: NZ Festival

**26 February - 20 March 2016**

The biennial New Zealand Festival is a busy time for WREDA's venues teams, with high attendance and rapid turnover of performance events. It was the 30th anniversary year of the NZ Festival, and across all our managed venues we delivered 64 events in 24 days. Nearly 50,000 people attended these performances, 21% of them from outside Wellington.







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# 04. Statement of Service Performance

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# Statement of Service Performance



Measurement	Measure/ Target	FY16 result	FY15 result	Comment on Result
Total direct spend from out of region visitors attending supported events	Visitor spend >\$90m			The transfer of Major Events to WREDA was deferred until July 2016
Major events over the entire portfolio will achieve an economic benefit for every dollar invested	Economic benefit 20:1			The transfer of Major Events to WREDA was deferred until July 2016
Major events will exceed attendances at their supported events	Attendance >500,000			The transfer of Major Events to WREDA was deferred until July 2016
Venues will achieve a minimum utilisation rate across all of its venues. Venues utilisation measures the number of days a venue is used compared to the number of days available for use. The measure includes bookings for rehearsals, event setups and packouts but excludes blackout dates for annual maintenance	Utilisation rate >56%	56.3%	52.4%	Venues can be partly booked either by booking areas within a venue or booking a venue for only part of any given day. Infrequently a venue with multiple client bookings on any day may result in utilisation over 100% for that day.
Maintain Wellington's Convention and Incentive market share (of the multi-day conference market) within the NZ market	Market share 16%	16% at June 2016	15% at June 2015, 16% by June year end	Wellington's C&I multi-day share of delegate days for the year ended June 2016 was 16%. (Source: Convention Activity Survey)
Number of direct Australian visitor arrivals will exceed 2014/15 levels	+2%	+11.2%	+1.4%	Australian visitor arrivals were 11.2% ahead of last year (Source: International Visitor Arrivals, Statistics NZ)
Increase in international commercial guest nights	+4%	-3.9%	+13.3%	WREDA is investigating this measure. MBIE Monthly Tourism Estimates show a 10.8% increase in international visitor spending in the YE June 2016, and the International Visitor Arrivals to Wellington are up 11.5% in the same period.
Spend of international visitors to Wellington will exceed 2014/15 levels	+4%	+11%	+18%	International spending rose 11% in the year to June 2016. (Source MBIE Regional Tourism Estimates)
The number of 'visits' to the WellingtonNZ website will exceed 2014/15 levels	+10%	+14%	+11%	The number of visits to WellingtonNZ.com increased by 14% over the previous year, reaching 3,006,367

The value of shareholdings in third party companies received by WREDA in return for providing services will exceed	\$1.4m	\$1.4m	New performance measure	Achieved
Completion of growth sector plans for: - Screen - ICT/Digital - Education and approved by stakeholders. Develop sector plan for Creative sector	June 2016		New performance measure	ICT/Digital completed and published. Wellington International Student Growth Project (major component of education strategy) plan completed and funded. Creative on hold until FY2017 pending organisational redesign.
Increase in value of new businesses setting up in Wellington from the pipeline	Total of \$45 million EVA over 3 years	\$1.9m	New performance measure	Three new international businesses have set up in Wellington in the energy, management advice/consulting, and forestry sectors. Using conservative valuation methodology, these equate to an economic value of at least \$1.9m. NB This figure excludes the Minacs result.
Attract screen production to Wellington with a combined production value of:	\$20m	\$84.4m	\$120m	Final result, year ended June 2016
WREDA is a single integrated organisation with new structure	By June 2016	Completed by July 2016	New performance measure	Process of Phase 2 Organisational Design completed.
Increase in the number of jobs in the region	Average of 2,000 jobs per year over 3 years	7,050	New performance measure	Final result, year ended June 2016. Annual average increase from Household Labour Force Survey.
Number of businesses established in region increased by:	200	261	Not audited last year	This figure is for the year to March 2015. Final result not available at time of publishing.
Help accelerator and incubator companies raise capital	\$3m pa	\$3.8m	\$5.7m	\$3.8 million of investment has been raised for companies within the Lightning Lab programmes

# Independent Auditor's Report

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To the readers of Wellington Regional Economic Development Agency Limited group's financial statements and performance information for the year ended 30 June 2016

The AuditorGeneral is the auditor of Wellington Regional Economic Development Agency Limited group (the Group). The AuditorGeneral has appointed me, Bede Kearney, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Group, consisting of Wellington Regional Economic Development Agency Limited and its subsidiaries, on her behalf.

## Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Group on pages 47 to 70, that comprise the statement of financial position as at 30 June 2016, the statement of comprehensive revenue and expense, the statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 40 to 41.

In our opinion:

- the financial statements of the Group:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2016; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards with reduced disclosure requirements
- The performance information of the Group presents fairly, in all material respects, the Group's actual performance, compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2016.

### ***Uncertainties in the carrying value of unlisted shares in incubator and accelerator companies***

Without modifying our opinion, we draw your attention to; the investments in incubator and accelerator companies accounting policy, note 3, and note 12 of the financial statements, that explain how the fair value of shares in incubator and accelerator companies has been determined and the uncertainties in measuring that fair value. Although the fair value of unlisted shares in incubator and accelerator companies is based on the best information available, there is a high degree of uncertainty about that value due to the early stage nature of the investments, the absence of quoted market prices and the reliance placed on the information supplied by the incubator and accelerator companies. This uncertainty could have a material effect on the statement of comprehensive revenue and expense and statement of financial position. This uncertainty also impacts the reported result for 'The value of shareholdings in third party companies received by WREDA in return for providing services' value on page 41 in the statement of service performance.

Our audit was completed on 30 September 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

## **Basis of opinion**

We carried out our audit in accordance with the AuditorGeneral's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Group's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the appropriateness of the reported performance information within the Group's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

## **Responsibilities of the Board of Directors**

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the Group that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparation of the performance information for the Group.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and the performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

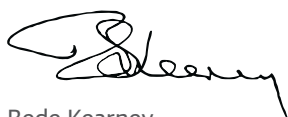
## **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

## **Independence**

When carrying out the audit, we followed the independence requirements of the AuditorGeneral, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Group.



Bede Kearney  
Audit New Zealand  
On behalf of the AuditorGeneral, Wellington, New Zealand

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# Wellington Regional Economic Development Agency Limited

## **Financial Statements**

**30 June 2016**

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# Statement of compliance and responsibility

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## Statement of compliance

The Board and Management of the Wellington Regional Economic Development Agency Limited (WREDA the Company and Group) confirm that all the statutory requirements in relation to this annual report, as outlined in the Local Government Act 2002 and the Companies Act 1993, have been met.

## Statement of responsibility

The Board and Management accept responsibility for the preparation of the annual financial statements and judgements used in them and hereby adopt the financial statements as presented. They also accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and service performance reporting. In the opinion of the Board and Management, the annual financial statements for the year ended 30 June 2016 fairly reflect the financial position, financial performance and service performance achievements of the Wellington Regional Economic Development Agency Limited and Group.

## Overview

On the 29th June 2016, WREDA and its subsidiary Grow Wellington Limited, amalgamated. WREDA remained as the continuing entity. Grow Wellington Limited's subsidiary, Creative HQ is now therefore a 100% subsidiary of WREDA.

2016 reflects the first full year of financial results for the operating units within WREDA. 2015 comparatives reflect 6 months of results for the operating units formerly known as Grow Wellington and Positively Wellington Tourism. This results in comparative results varying significantly from the full 12 month result in 2016.



Peter Biggs

Chair

30 September 2016



Paul Mersi

Chair, Risk and Audit Committee

30 September 2016



# Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2016

	NOTE	GROUP 2016 ACTUAL \$	GROUP 2015 ACTUAL \$
<b>Revenue</b>			
Service revenue	4	12,609,432	6,929,244
Management Fee	5	5,656,160	5,885,323
Interest revenue		68,869	37,202
Investment revenue		39,534	31,000
Rental revenue		107,315	57,914
Other revenue	6	6,061,104	2,939,648
<b>Total Revenue</b>		<b>24,542,414</b>	<b>15,880,331</b>
<b>Expenses</b>			
Personnel costs	7	13,015,076	9,228,766
Directors fees	25	277,583	198,583
Depreciation and amortisation	10,11	136,503	72,720
Other expenses	8	11,115,143	6,881,430
<b>Total Expenses</b>		<b>24,544,305</b>	<b>16,381,499</b>
<b>Surplus/(deficit) before income tax and subvention payment</b>		<b>(1,891)</b>	<b>(501,168)</b>
Subvention payment		54,728	931
Income tax expense	9	(62,567)	(2302)
<b>Surplus/(deficit) for the year after tax</b>		<b>5,948</b>	<b>(499,797)</b>
<b>Other comprehensive revenue and expense</b>			
Movement in fair value of investment assets		(20,510)	398,563
<b>Total comprehensive revenue and expense</b>		<b>(14,562)</b>	<b>(101,234)</b>

The accompanying notes form part of these financial statements.

# Statement of Financial Position

As at 30 June 2016

	NOTE	GROUP 2016 ACTUAL	GROUP 2015 ACTUAL
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	1,958,494	1,650,995
Trade and other receivables	14	1,168,104	1,141,736
Prepayments		49,968	42,103
Inventories	13	1,597	1,816
<b>Total Current Assets</b>		<b>3,178,163</b>	<b>2,836,650</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	281,128	362,477
Intangible assets	11	17,007	33,346
Other financial assets	15	51,226	46,569
Investments in incubator and accelerator companies	12	1,427,407	1,400,992
Deferred tax asset	9	117,473	54,906
<b>Total Non-Current Assets</b>		<b>1,894,241</b>	<b>1,898,290</b>
<b>Total Assets</b>		<b>5,072,404</b>	<b>4,734,940</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	19	1,009,204	1,248,629
Employee entitlements	18	846,607	756,049
Sundry creditors and accruals	20	545,186	765,465
Revenue in advance		974,422	330,386
Taxes and Kiwisaver payable	21	182,040	104,894
<b>Total Current liabilities</b>		<b>3,557,459</b>	<b>3,205,433</b>
<b>Total Liabilities</b>		<b>3,557,459</b>	<b>3,205,433</b>
<b>Net Assets</b>		<b>1,514,945</b>	<b>1,529,507</b>
<b>Equity</b>			
Share capital		1,000	1,000
Capital injection from shareholder	17	1,577,137	1,577,137
Accumulated funds		(63,192)	(48,630)
<b>Total Equity</b>		<b>1,514,945</b>	<b>1,529,507</b>

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity

For the year ended 30 June 2016

	NOTE	GROUP 2016 ACTUAL \$	GROUP 2015 ACTUAL \$
Balance at 1 July		1,529,507	100
Issuance of new shares		-	900
Capital injection from shareholder	17	-	1,577,137
Total comprehensive revenue and expense for the year		(14,562)	(101,234)
Prior year adjustment		-	52,604
Balance at 30 June		1,514,945	1,529,903

The accompanying notes form part of these financial statements.

## Statement of Cash Flows

For the year ended 30 June 2016

	NOTE	GROUP 2016 ACTUAL \$	GROUP 2015 ACTUAL \$
<b>Cash flows from operating activities</b>			
Receipts from activities and other income		12,807,157	9,049,309
Receipts from grants and subsidies - operating		12,549,037	6,515,026
Payments to suppliers/employers		(25,113,195)	(14,500,117)
Net GST paid		(111,181)	(69,979)
Income tax (paid) / received		(31,331)	(1,203)
<b>Net cash flows from/(used in) operating activities</b>		<b>302,848</b>	<b>993,036</b>
<b>Cash flows from investing activities</b>			
Interest received		68,869	37,202
Share sale receipts (CHQ incubator companies)		(64,925)	31,000
Acquisition of subsidiaries, net of cash	17	-	668,302
Held-to-maturity loan		-	(75,000)
Purchase of intangibles		-	(5,283)
Purchase of property, plant and equipment		(38,827)	(165,150)
<b>Net cash flows from/(used in) investing activities</b>		<b>(34,883)</b>	<b>491,071</b>
<b>Cash flows from financing activities</b>			
New borrowings		-	-
Repayment of borrowings		-	-
Dividend Income (paid)		39,534	-
Assets transferred from Partnership Wellington Trust, net of cash		-	1,000
Proceeds from issue of share capital		-	900
<b>Net cash flows from/(used in) financing activities</b>		<b>39,534</b>	<b>1,900</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>307,499</b>	<b>1,486,007</b>
Cash and cash equivalents at beginning of period		1,650,995	164,988
<b>Cash and cash equivalents at end of period</b>		<b>1,958,494</b>	<b>1,650,995</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

For the year ended 30 June 2016

## STATEMENT OF ACCOUNTING POLICIES

### 1. GENERAL INFORMATION

The Wellington Regional Economic Development Agency Limited (WREDA the Company and Group) combines the activities, functions and funding of business units previously under the control of the Wellington City Council and the Greater Wellington Regional Council. WREDA now pools the resources of Grow Wellington (the region's economic development agency), Creative HQ Limited from the Greater Wellington Regional Council, with the resources of Positively Wellington Tourism and Positively Wellington Venues from the Wellington City Council.

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

The Wellington City Council's wholly owned subsidiary, Wellington Venues Limited was incorporated under the Companies Act 1993 on 19 January 2011. Wellington Venues Limited name was changed to Wellington Regional Economic Development Agency Limited (WREDA Limited) on 5 December 2014. WREDA Limited remains domiciled in New Zealand and the address of its registered office is 111 Wakefield St, Wellington.

Also, on 5 December 2014, the Wellington City Council and the Greater Wellington Regional Council entered in a share transfer agreement to transfer 200 ordinary shares of the 1000 ordinary shares available in WREDA Limited to the Greater Wellington Regional Council in consideration for 100% in Grow Wellington Limited.

As a result of the share transfers, WREDA Limited is owned 80% by Wellington City Council and 20% by Greater Wellington Regional Council. WREDA Limited received 100% shareholding in Grow Wellington Limited as an equity injection from the Wellington City Council, also on 5 December 2014. Grow Wellington Limited also had a wholly owned subsidiary, Creative HQ Limited.

On 12 December 2014, WREDA Limited accepted the transfer of assets including liabilities, free from all security interests, from the Partnership Wellington Trust. The activities of the Partnership Wellington Trust, trading as Positively Wellington Tourism also transferred to WREDA Limited on this date.

On 29 June 2016 WREDA Limited and Grow Wellington Limited amalgamated. WREDA Ltd remained as the continuing entity.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 2.1. Basis of Preparation

The financial statements of WREDA are for the year ended 30 June 2016. The financial statements were authorised for issue by the Board of Directors on 30 September 2016.

#### Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). These financial statements comply with Public Benefit Entity (PBE) accounting standard.

WREDA is a public benefit entity that qualifies for Tier 2 reporting as total expenses are greater than \$2 million but less than \$30 million. The Company has elected to report in accordance with Tier 2 PBE standards with reduced disclosure requirements (PBE standards RDR) as defined by External Reporting Board (XRB) A1 framework.

#### Measurement Base

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that have been measured at fair value or amortised cost. The accounts have been prepared on a going concern basis.

The financial report is presented in New Zealand dollars and all values are rounded to the nearest dollar unless otherwise stated.

#### Comparative Information

The comparatives shown in these financial statements are for the 12 months ended 30 June 2015. Due to the activities of Positively Wellington Tourism. Grow Wellington and Creative HQ being included from January 2015, comparatives of the Group are lower than actuals for the full 2016 financial period, showing only 6 months results for those included entities.

#### Changes in Accounting Policies

There have been no elected changes in accounting policies during the financial period. Public Sector PBEs with reporting periods beginning on or after 1 July 2014 are required to transition to the new PBE Accounting Standards. The first time adoption of the new suite of Public Benefit Entity Accounting Standards with reduced disclosure requirements (PBE standards RDR) after having previously applying NZ IFRS PBE (differential reporting) or "old NZ GAAP" does not constitute a change in accounting policies.

#### 2.2. Basis of consolidation

The consolidated financial statements comprise the financial statements of WREDA and its subsidiaries (the Group) as at 30 June 2016. A Group structure diagram is included in note 31.

## Notes to the financial statements (continued):

### Subsidiaries

Subsidiaries are all those entities over which WREDA (the Company and Group) has the power to govern the financial and operating policies so as to obtain benefits from their activities.

Accounting policies of our subsidiary are aligned to ensure consistency with the policies adopted by the Company and Group. The financial statements of subsidiaries are prepared for the same reporting period as WREDA, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is lost. Assets, liabilities, income and expenses of a controlled entity acquired or disposed of during the year are included in the financial statements from the date the Group gains control until the date the Group ceases to control the controlled entity.

### Business combinations

Business combinations are accounted for using the acquisition method. The acquisition method involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

### Financial Assets

WREDA's financial assets include cash and cash equivalents, trade and other receivables, and loans receivable. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through surplus or deficit, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets are recognised on the date that the Group commits to purchase or sale of the asset.

### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

### Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in two categories:

- (i) Loans and receivables
- (ii) Held to maturity investments

#### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. Losses arising from impairment are recognised in the Statement of Comprehensive Revenue and Expense in finance and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables.

#### (ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when WREDA has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognised in the Statement of Comprehensive Revenue and Expense in other expenses.

### Impairment of financial assets

Collectibility of trade receivables is reviewed on an ongoing basis at an operating unit level. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 120 days overdue are considered objective evidence of impairment. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

### Investments in incubator and accelerator companies

The measurement of financial assets depends on their classification based on the purpose for which financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Creative HQ Limited (CHQ), receives shares from clients involved in its incubation programme as part consideration for the services and support provided by CHQ and the Lightning Lab to the client. The shares received represent a small proportion of the total equity of the client company. These shares are investments in equity instruments that do not have a quoted market price in an active market and are designated as available for sale.

CHQ recognises the initial investment in the companies according to the programme the company is involved in, incubator programme or accelerator programme. Companies in the incubator programme do not have a value on initial recognition as no external investment has yet occurred and therefore the fair value of the initial investment is valued at nil.

Companies in the accelerator programme have initial recognition at fair value through other comprehensive revenue and expense. This is determined by the value per share based on the funding provided to each company in the programme in exchange for equity in the company. As at 30 June 2016 the valuation of CHQ's investments is based on the price of the most recent investment made by

external investors, unless there is evidence that the value of the investment should be adjusted as the performance of the investment is significantly below the expectations on which the investment was based, leading to a diminution in value. CHQ is reliant on receiving recent investment information from incubator and accelerator companies directly through yearly information requests.

The valuation of these investments is undertaken by CHQ using accepted industry guidelines. The International Private Equity and Venture Capital Valuation Guidelines (IPEV) have been accepted as the industry standard valuation guidelines and are based on the principle of 'fair value' and are reviewed following any relevant changes in accounting standards or market practices. The IPEV Guidelines provide a framework for private equity and venture capital investors to arrive at a fair value for their investments. The IPEV are of the view that compliance with PBE accounting standards can be achieved by following the guidelines.

IPEV Guidelines recommend that for early stage investments, where it is difficult to assess the future profitability of the company, fair value is generally determined by the price of the most recent investment. This methodology is appropriate until the circumstances of the company change such that an alternative valuation methodology (such as, but not limited to price/earnings analysis or discounted cash flow) is appropriate or there is evidence that the value of the investment should be adjusted. An adjustment is considered necessary where the performance of the investment is significantly below the expectations on which the investment was based, leading to a diminution in value. The level of adjustment can range from nil to 100% of the value.

A significant or prolonged decline in fair value of the investment below its cost is considered to be objective evidence of impairment. Where the asset is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value reserve is reclassified from equity to profit or loss as a reclassification or adjustment. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive revenue and accumulated as a separate component of equity in the fair value reserve.

#### **Impairment of non financial assets**

Assets with finite useful lives are reviewed for impairment whenever an event or change in circumstances indicates that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

#### **Revenue**

Revenue may be derived from either exchange or non-exchange transactions and comprises grants, management fees, interest income, investment income, rental income and other revenue and is measured at the fair value of consideration received or receivable. Revenue is included in the Statement of Comprehensive Revenue and Expense unless stated otherwise.

##### **(i) Revenue from exchange transactions**

Revenue from exchange transactions arises where WREDA provides goods or services to another entity or individual and directly receives approximately equal value or greater in a willing arm's length transaction (primarily in the form of cash in exchange).

##### **(ii) Revenue from non-exchange transactions**

Revenue from non-exchange transactions arises from transactions that are not exchange transactions. Revenue from non-exchange transaction arises when WREDA receives value from another party without giving approximately equal value directly in exchange for the value received. An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As WREDA satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

#### **Approximately equal value**

Approximately equal value is considered to reflect a fair or market value, which is normally commensurate with an arm's length commercial transaction between a willing buyer and willing seller.

##### **(i) Grants**

Grants are in large received from shareholders Wellington City Council and Greater Wellington Regional Council but also from some Central Government organisations. Grants are recognised when received and all the conditions associated with the grants have been met. Where grants have been given for specific services, income will be recognised in the same period in which the specific service is provided. At balance date any unexpended specific funding is treated as a liability (income in advance).

##### **(ii) Management fee**

WREDA manages venues on behalf of the Wellington City Council and receives Management fee revenue for those services. The venues currently managed on behalf of the Wellington City Council include the Michael Fowler Centre, St James Theatre, Opera House, TSB Bank Arena and Conference Centre (Shed 6). Management fee income is recognised in the accounting period in which the services are rendered.

##### **(iii) Interest revenue**

Interest income is recognised as the interest accrues to the net carrying amount of the financial asset using the effective interest method.

##### **(iv) Rental revenue**

Rental revenue is recognised on a straight line basis over the lease term.

##### **(v) Other revenue**

Other revenue received includes fee revenue, capital raising success fees and sponsorships. Fee revenue received from incubator residents partly offsets the costs of running the incubator and is recognised when the future economic revenue is measurable and probable of future economic revenue being received.

## Notes to the financial statements (continued):

Capital raising success fees received from the introduction of companies and individuals to angel investors. These fees are received when those introduced raise capital. The fee is based on a negotiated percentage of the capital raised.

Sponsorships are received from third parties to partly cover the costs of running the subsidiary programmes and projects. Sponsors were linked to the programme and recognised in all promotions associated with the activity they sponsored. Sponsorships are recognised when measurable and probable of future economic benefits being received.

Other revenue received are from third parties to cover contracted and other services provided for the third party. These will include training courses, services provided to Education Wellington International and expenses recovered.

### Property, Plant and Equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

#### (i) Additions

The cost of acquiring or replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Group and the cost of the item can be measured reliably.

#### (ii) Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Revenue and Expense.

#### (iv) Depreciation

Depreciation is charged on a straight-line basis on all property, plant and equipment other than land over the estimated useful life. Depreciation is charged to the Statement of Comprehensive Revenue and Expense. The useful lives and associated depreciation rates have been estimated as follows:

Class of asset depreciated	Estimated useful life
Computer hardware	2-3 years
Equipment	2-8 years
Furniture and fittings	3-10 years

#### (v) Subsequent costs

Subsequent costs for property, plant and equipment are capitalised only when future economic benefits or service potential will flow to the Group and the cost of the item can be measured reliably.

#### (vi) Capital work in progress

Capital work in progress is recognised at cost less impairment and is not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

### Intangible assets

Intangible assets that are acquired, which have finite useful life, are measured at cost less accumulated amortisation and accumulated impairment losses. The useful lives and associated amortisation rates have been estimated as follows:

Computer Software	3 years
Website	3 years

#### (i) Amortisation

Amortisation is recognised in the Statement of Comprehensive Revenue and Expenses on a straight-line basis over the estimated useful lives of the intangible assets. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised.

#### (ii) Computer software

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The costs associated with maintaining computer software are recognised as an expense when incurred.

#### (iii) Website maintenance

Costs associated with developing websites are recognised as an intangible asset where it can be demonstrated that the asset will generate probable future economic benefits or service potential. Costs associated with maintaining websites are recognised as an expense when incurred.

### Impairment of property, plant, and equipment and intangible assets

Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.



Assets are assessed for indicators of impairment at each financial period. Where an asset's carrying value exceeds its recoverable amount, the asset is impaired down to its recoverable amount, with losses recognised in the Statement of Comprehensive Revenue and Expenses. External and internal sources of information are assessed for indications of impairment.

### **Inventories**

Inventories are stated at the lower of cost and net realisable value (being the net selling price), with due allowance for any damaged and obsolete stock items.

Cost is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net selling price is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale.

Any write-down in the cost of inventory to net realisable value is recognised in the Statement of Comprehensive Revenue and Expense.

### **Creditors and Other Payables**

Creditors and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are recorded at their face value. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

### **Operating Leases**

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expense on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total expenses of the lease expense, over the term of the lease.

### **Personnel Costs**

#### **(i) Short term benefits**

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

#### **(ii) Superannuation scheme**

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in Statement of Comprehensive Revenue and Expense when incurred.

### **Provisions**

The Group recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event. It is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Parent from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

### **Income Tax**

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

## Notes to the financial statements (continued):

### Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Balance Sheet.

Commitments and contingencies are disclosed exclusive of GST.

### Equity and Share Capital

Equity is Wellington City Council and Greater Wellington Regional Council's interest in WREDA, being a council controlled organisation, as measured by total assets less total liabilities. Equity has been classified into various components to identify those portions of equity held for specific purposes. These components of equity are:

- Accumulated funds
- Share capital
- Capital injection from shareholder
- Available for sale reserves

### Related Parties

Related party means parties that are considered to be related if one party has the ability to (a) control the other party, or (b) exercise significant influence over the other party in making financial and operating decisions, or if the related party entity and another entity are subject to common control.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client / recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council Group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

Related parties include key management personnel, directors and their close family members and entities controlled by them. Key management personnel are the chief executives of WREDA and Subsidiaries. Subsidiaries are also related parties due to WREDA's influence over them.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reporting amounts of assets and liabilities, income and expenses and the accompanying disclosures, and the disclosure of contingent liabilities. Where material, information on major assumptions is provided in the relevant accounting policy or will be provided in the relevant note.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances

In distinguishing between exchange and non-exchange revenues, substance rather than the form of the transaction should be considered. Professional judgement is exercised in determining whether the substance of a transaction is that of a non-exchange or an exchange transaction.

In assessing if an impairment of property, plant, equipment and intangible assets was required, WREDA considered the plans to discontinue or restructure the operation as a result of the merger and the effect any merger will have on the useful life of the assets or the ability to generate continued cash from the assets. No impairment is considered necessary.

Uncertainties are inherent in estimating fair value of the investments in incubator and accelerator companies and care has been made in exercising judgement and making the necessary estimates. Accounting standards require a gain or loss on fair value of these investments to be recognised in surplus or deficit but there is no certainty that any gain or loss based on the estimate of fair value will actually be realised if a sale was completed.

## Notes to the financial statements (continued)

### 4. SERVICE REVENUE

	GROUP 2016	GROUP 2015
Total	12,609,432	6,929,244

Service revenues are grants received by WREDA in large from its shareholders Wellington City Council & Greater Wellington Regional Council as well as some central Government organisations. Service revenues are used to further economic development in the Wellington Region. Comparative figures for 2015, include only 6 months of results for Grow Wellington, Positively Wellington Tourism and Creative HQ Limited. 2016 is the first full year of operation of those entities within WREDA.

### 5. MANAGEMENT FEES

	GROUP 2016	GROUP 2015
Total	5,656,160	5,885,323

Management fees are earned from managing venues owned by Wellington City Council. Fees are chargeable at a value equivalent to the aggregate of employee and directors' costs contained within the Parent's venue management division.

### 6. OTHER REVENUE

	GROUP 2016	GROUP 2015
Wellington i-SITE Visitor Information Centre revenue	2,669,331	1,418,285
Partner revenue	1,596,959	854,899
Cruise shuttle revenue	271,671	104,633
Fees for service, non-government	1,437,901	561,831
Other Income	85,242	-
Total	6,061,104	2,939,648

Comparative figures for 2015, include only 6 months of results for Grow Wellington, Positively Wellington Tourism and Creative HQ Limited. 2016 is the first full year of operation of those entities within WREDA.

### 7. PERSONNEL COSTS

	GROUP 2016	GROUP 2015
Salaries / Wages	12,349,429	8,842,729
Kiwisaver contributions	294,200	191,685
Increase/(decrease) in employee entitlements accruals	(43,067)	63,056
Other personnel costs	414,514	131,296
Total personnel costs	13,015,076	9,228,766

Comparative figures for 2015, include only 6 months of results for Grow Wellington, Positively Wellington Tourism and Creative HQ Limited. 2016 is the first full year of operation of those entities within WREDA. Employee entitlements include annual leave and salary and wage accruals.

## Notes to the financial statements (continued)

### 8. OTHER EXPENSES

	GROUP 2016	GROUP 2015
Advertising, printing and publications	4,884,290	3,642,739
Audit fees	89,589	70,669
Conferences and catering	250,715	57,327
Consultants and legal fees	567,400	119,831
Contractors	710,548	361,693
Direct costs	2,387,784	1,470,848
Grants and contributions	9,320	116,957
Information and communication technology	390,792	260,706
Loss on disposal of asset	1,208	282
Leased copiers and office equipment	37,122	9,627
Utilities	39,384	18,133
Rent	622,538	298,352
Travel	327,263	175,471
Stationery	55,713	40,686
Technical Services	188,784	-
Membership fees	48,966	21,378
Impairment of loan	-	28,431
Other expenses	503,727	188,300
<b>Total other expenses</b>	<b>11,115,143</b>	<b>6,881,430</b>

Comparative figures for 2015, include only 6 months of results for Grow Wellington, Positively Wellington Tourism and Creative HQ Limited. 2016 is the first full year of operation of those entities within WREDA.

## 9. INCOME TAX

	GROUP 2016	GROUP 2015
<b>Components of tax expense</b>		
Current tax expense/(benefit)	-	-
Adjustments in current tax in prior years	-	-
Deferred tax expense/(benefit)	(62,567)	(2,302)
<b>Tax expense/(benefit)</b>	<b>(62,567)</b>	<b>(2,302)</b>

### Relationship between tax expense and accounting profit

Net (deficit) surplus before tax	(1,891)	(501,168)
Tax at 28%	(530)	(140,327)
<b>Plus (less) tax effect of:</b>		
Non-deductible expenditure	3,233,580	1,119,197
Non-taxable income	(3,206,820)	(1,081,780)
Previously unrecognised tax losses now recognised	(49,008)	-
Tax losses forfeited	-	41,761
Group loss offset	-	(68,437)
Temporary losses not recognised	-	-
Deferred tax adjustment	(39,789)	127,284
<b>Tax expense/(benefit)</b>	<b>(62,567)</b>	<b>(2,302)</b>

### Deferred tax asset (liability)

	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS	EMPLOYEE ENTITLEMENTS	OTHER PROVISIONS	TAX LOSSES	TOTAL
Balance at 30 June 2014	(33,345)	(3,750)	82,236	4,717	2,746	52,604
Charged to surplus or deficit	(33,344)	(3,749)	(38,300)	3,841	(2,746)	2,302
Charged to other compre- hensive income	0	0	0	0	0	0
Balance at 30 June 2015	(66,689)	(7,499)	120,536	8,558	0	54,906
Charged to surplus or deficit	(13,574)	2,737	26,943	358	46,103	62,567
Charged to other compre- hensive income	0	0	0	0	0	0
<b>Balance at 30 June 2016</b>	<b>(80,263)</b>	<b>(4,762)</b>	<b>147,479</b>	<b>8,916</b>	<b>46,103</b>	<b>117,473</b>

It is expected that WREDA's taxable income for the current year will be eliminated by tax losses of \$356,965 transferred from WCC. No provision has been made for any payment in relation the expected loss transfer. The group's tax liability for 2015 was eliminated by losses transferred from WCC by subvention payment of \$54,728 and loss offset of 140,729.

## Notes to the financial statements (continued)

### 10. PROPERTY, PLANT AND EQUIPMENT

<b>GROUP</b>	<b>FURNITURE AND EQUIPMENT</b>	<b>PROPERTY IMPROVEMENT</b>	<b>COMPUTER HARDWARE</b>	<b>TOTAL</b>
Cost At 30 June 2015	247,407	27,887	150,990	426,284
Acquired upon acquisition	-	-	-	-
Additions	23,788	270	16,098	40,156
Disposals	(17,116)	-	(1,342)	(18,458)
<b>At 30 June 2016</b>	<b>254,079</b>	<b>28,157</b>	<b>165,746</b>	<b>447,982</b>
Depreciation At 30 June 2015	21,245	6,416	36,146	63,807
Depreciation for the period	47,269	7,396	65,499	120,164
Write back of depreciation on disposal	(17,117)	-	-	(17,117)
<b>As at 30 June 2016</b>	<b>51,397</b>	<b>13,812</b>	<b>101,645</b>	<b>166,854</b>
<b>Net book value As at 30 June 2016</b>	<b>202,682</b>	<b>14,345</b>	<b>64,101</b>	<b>281,128</b>
As at 30 June 2015	226,162	21,471	114,844	362,477

## 11. INTANGIBLE ASSETS - SOFTWARE/WEBSITE

	GROUP 2016	GROUP 2015
Cost	41,995	41,995
Amortisation	24,988	8,649
Net Book Value	17,007	33,346

## 12. INVESTMENT IN INCUBATOR AND ACCELERATOR COMPANIES

	GROUP 2016	GROUP 2015
Opening balance	1,400,992	-
Cost of acquisition of Creative HQ Ltd	-	1,008,054
Additions	64,925	-
Impairments to investment	(18,000)	-
Movement in fair value of accelerator and incubator companies for period	(20,510)	392,938
Total investment in incubator and accelerator companies	1,427,407	1,400,992

Creative HQ invests in unlisted early-stage companies. Unlisted investments are generally not publicly traded. As there may be no open market to establish an independent value for certain unlisted investments, there can be no assurance that a determination for fair value for an unlisted investment will be obtainable in the market, or that there will be a market for the unlisted investment.

The accounting policy is to recognise such investments both initially and subsequently at fair value following accounting standards. This will be based on the CHQ directors' assessment of fair value using the approach set out in note 2.2

In CHQ's accounts full year movement in the investments for the year ended 30 June 2016 is \$26,415 and the opening balance of its investments at 1 July 2015 was \$1,400,992. At year end, the fair value of its investments has been determined at \$1,427,407. Notwithstanding the uncertainty of the valuation of the investment, the CHQ Board is of the view that the fair values of unlisted investments in these financial statements represent the best available information and the WREDA Board has accepted this view.

CHQ's exposure to changes in investment value could be material to the financial statements. As CHQ is not reliant on the cash flows from the investments, changes in value do not impact the underlying viability of CHQ or the Group. The CHQ Board reviews regular reports from the companies.

In the event that an investment will be considered to be impaired, it will have a non-cash effect on the surplus / (deficit) of CHQ and Group.

## 13. INVENTORIES

	GROUP 2016	GROUP 2015
Inventory held for sale:		
Finished goods	1,597	1,816

Finished goods are held for sale at the Wellington i-SITE Visitor Information Centre.

## Notes to the financial statements (continued)

### 14. TRADE AND OTHER RECEIVABLES

	GROUP 2016	GROUP 2015
Trade receivables	585,423	499,925
Management fee receivable	544,611	591,093
GST receivable	-	24,016
Income Tax receivable	19,909	7,826
Sundry receivables	18,161	18,876
<b>Total receivables</b>	<b>1,168,104</b>	<b>1,141,736</b>

Receivables from non-exchange transactions are non-interest bearing and are generally on terms of 30 to 90 days.

#### Non-exchange transactions

All receivables are derived from non-exchange transactions.

### 15. OTHER FINANCIAL ASSETS

	GROUP 2016	GROUP 2015
Loan	75,000	75,000
Less provision for impairment	(23,774)	(28,431)
<b>Total other financial assets</b>	<b>51,226</b>	<b>46,569</b>

At 30 June 2016 a loan provided to the Wellington Culinary Events Trust with an initial value of \$75,000 (2015:\$75,000) was recorded at its current fair value of \$51,226 (2015:\$46,569). This loan was drawn down in May 2015. An initial impairment in 2015 of \$28,431 has been written back to \$23,774 in 2016. This write back of impairment was taken to the Statement of Comprehensive Revenue & Expense by the Parent. The loan is repayable in 5 years from drawdown or on demand with 60 days written notice and no interest is charged. Its fair value shall be revisited yearly and adjusted if necessary. The Board and the Wellington Culinary Events Trust have an expectation that the full loan of \$75,000 shall be repaid.

### 16. CASH AND CASH EQUIVALENTS

	GROUP 2016	GROUP 2015
Cash at bank and on hand	1,958,494	1,650,995
<b>Total cash and cash equivalents</b>	<b>1,958,494</b>	<b>1,650,995</b>



## 17. INVESTMENT IN GROW WELLINGTON LTD

	2016	2015
Grow Wellington Group		
Equity contribution from Wellington City Council	1,577,137	1,577,137
Property, plant & equipment, and Intangibles	163,079	163,079
Intangible assets	-	-
Cash and cash equivalents	668,302	668,302
Receivable	298,901	298,901
Prepayments	22,900	22,900
Investments	1,022,860	1,022,860
Creditors	(276,670)	(276,670)
Employee liabilities	(107,589)	(107,589)
Income in advance	(161,352)	(161,352)
Other liabilities	(53,294)	(53,294)
<b>Total identified net assets</b>	<b>1,577,137</b>	<b>1,577,137</b>

On 5 December 2014, Wellington City Council and Greater Wellington Regional Council entered in a Share Transfer Agreement to transfer 200 ordinary shares of the 1000 ordinary shares available in WREDA to Greater Wellington Regional Council in consideration for 100% in Grow Wellington Limited being transferred to WREDA. As a result of the share transfers, WREDA Limited is owned 80% by Wellington City Council and 20% by Greater Wellington Regional Council. The acquisition by WREDA of 100% in Grow Wellington Limited has meant that WREDA also acquired on that date, its wholly owned subsidiary Creative HQ Limited.

As at 31 December 2014, which was the date of effective control, Grow Wellington Limited and its subsidiary had assets of \$2,176,042 and liabilities of \$598,905, resulting in a valuation of \$1,577,137. Wellington City Council purchased Grow Wellington Limited via a share transfer agreement on 5 December 2014. WREDA received a capital injection of \$1,577,137 from its shareholders being the net assets of Grow Wellington Limited.

On 29 June 2016, Grow Wellington and WREDA Limited amalgamated and WREDA remained the continuing entity. All assets and liabilities of Grow Wellington Limited are now considered assets and liabilities of WREDA.

NAME OF ENTITY	LOCATION	PRINCIPLE ACTIVITY	2016 % HELD	2015 % HELD
Creative HQ Limited	Wellington, New Zealand	Start-up company incubation	100%	0%

## Notes to the financial statements (continued)

### 18. EMPLOYEE ENTITLEMENTS

	GROUP 2016	GROUP 2015
Annual leave	528,884	534,151
Accrued salaries and wages	317,723	221,898
<b>Total employee entitlements</b>	<b>846,607</b>	<b>756,049</b>

No accruals are made for sick leave as the probability of any requirement cannot be accurately recorded, and payments made during the year have identified that the potential cost is not material.

### 19. TRADE PAYABLES

	GROUP 2016	GROUP 2015
<b>Total trade payables</b>	<b>1,009,204</b>	<b>1,248,629</b>

**Terms and conditions of the above financial liabilities:**

Trade payables are non-interest bearing and are normally settled on 30-day terms. All payables are current.

### 20. SUNDRY CREDITORS AND ACCRUALS

	GROUP 2016	GROUP 2015
Expense accruals	436,565	679,251
Audit fee accrual	16,655	42,772
ACC payable	31,844	39,898
Other payables	60,112	3,554
<b>Total sundry creditors and accruals</b>	<b>545,186</b>	<b>765,475</b>

### 21. TAXES AND KIWISAVER PAYABLE

	GROUP 2016	GROUP 2015
GST payable	87,165	-
FBT payable	1,013	698
PAYE and Kiwisaver payable	77,095	104,196
Other	16,767	-
<b>Total taxes and Kiwisaver payable</b>	<b>182,040</b>	<b>104,894</b>

## 22. OPERATING LEASES

### Operating leases as lessee

The Group lease buildings, plant and equipment in the normal course of its business.

Future minimum lease payments payable under non-cancellable operating leases are as follows:

	GROUP 2016	GROUP 2015
No later than one year	545,621	483,012
Later than one year but not later than five years	424,589	531,654
<b>Total non-cancellable operating leases</b>	<b>970,210</b>	<b>1,014,666</b>

### Operating leases as lessor

The Group has entered into a commercial property sub-lease on a surplus building. This non-cancellable lease has a remaining term of 1 year and 3 months. The Parent has entered into a commercial property sub-lease at the Wellington i-SITE Visitor Information Centre. This lease expired on 4 August 2015. Renewal is still subject to renewal of the head lease and currently therefore operates on a month by month basis.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June 2016 and 2015 are, as follows:

	GROUP 2016	GROUP 2015
No later than one year	47,000	52,024
Later than one year but not later than five years	19,583	66,583
<b>Total non-cancellable operating leases</b>	<b>66,583</b>	<b>118,607</b>

## 23. CONTINGENT LIABILITIES & GUARANTEES

At 30 June 2016, the Group and Parent had no contingent liabilities and had not entered into any guarantees.

## 24. RELATED PARTY TRANSACTIONS

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favorable than those that is reasonable to expect the Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Group and the Group's shareholders (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

There are no required related party disclosures but WREDA makes the following disclosures in relation to key management personnel.

### Directors

Prior to the commencement of a Chief Executive in September 2015, the Chairman of WREDA, Peter Biggs, had been performing the role of Executive Chair. Wellington City Council has remunerated Peter Biggs for undertaking this work.

On 21 September 2015, Peter Biggs took up a role as Chief Executive of Assignment Group Limited, a supplier to WREDA. From that time onwards WREDA will not accept any new contracts for services from the Assignment Group. All previous transactions with the Assignment Group have been at arm's length.

Director Thomas Pippas is the National Chief Executive of Deloitte. WREDA purchased tax advice services from Deloitte New Zealand in 2016 at arm's length. Deloitte also provided accountancy services to Creative HQ Ltd during the period and additionally Deloitte provided sponsorship for Creative HQ to run the Lean 15 Conference.

Brett Holland, who was a CHQ Board director at the beginning of the year, performed consultancy work at CHQ during the year and was paid at arm's length for these services. During August 2015, Brett accepted a salaried position with CHQ and resigned as a director.

### Management

WREDA has incurred establishment costs at arm's length with suppliers. Where these are borne by one business within the WREDA group, they have subsequently been shared equally among the other business areas in the Group.

### Subvention payment and group loss effect

WREDA is to make a subvention payment to Wellington City Council of \$99,950, in return for losses of \$257, 015. In the 2015 year, WREDA accrued a subvention payment of \$54,728 for \$140,729 of losses.

## Notes to the financial statements (continued)

### 25. DIRECTORS' FEES

		2016	2015
<b>Parent WREDA Ltd</b>			
Peter Biggs (Chairman)	(appointed on 4 Dec 2014)	50,000	29,169
Helen Anderson	(appointed on 4 Dec 2014)	25,000	14,583
Matthew Clark	(appointed on 4 Dec 2014)	25,000	14,583
Sarah Gibbs	(appointed on 4 Dec 2014)	25,000	14,583
William (Grant) Guilford	(appointed on 4 Dec 2014)	25,000	14,583
Richard Laverty	(appointed on 4 Dec 2014)	25,000	14,583
Thomas Pippos	(appointed on 4 Dec 2014)	25,000	14,583
Lorraine Witten		25,000	20,833
Paul Mersi	(appointed on 4 Dec 2014)	25,000	14,583
David Gibson	(appointed on 1 November 2015)	14,583	-
Christopher Parkin (previous Chairman)	(resigned on 4 Dec 2014)	-	12,500
Cr. Simon Woolf	(resigned on 4 Dec 2014)	-	-
Daniel Bridges	(resigned on 4 Dec 2014)	-	6,250
Mike Egan	(resigned on 4 Dec 2014)	-	6,250
Linda Rieper	(resigned on 4 Dec 2014)	-	6,250
Samantha Sharif	(resigned on 4 Dec 2014)	-	6,250
<b>Total WREDA directors' fees</b>		<b>264,583</b>	<b>189,583</b>

		2016	2015
<b>Subsidiary Creative HQ Ltd</b>			
Barry Brook (Chairman)		4,000	2,000
Christopher Whelan	(appointed on 16 Feb 2016)	-	-
Victoria Crone	(appointed on 28 Nov 2014)	4,000	2,000
Susan Reynolds	(appointed on 28 Nov 2014)	4,000	2,000
Gerard Quinn (Chairman)	(resigned on 22 April 2016)	-	-
Nicholas Lewis	(resigned on 26 Jan 2015)	-	1,000
Brett Holland	(resigned on 21 Aug 2015)	1,000	2,000
<b>Total Subsidiary directors' fees</b>		<b>13,000</b>	<b>9,000</b>

**Total directors' fees**

**277,583**

**198,583**

2015 Directors' fees for WREDA Ltd, contained only part year fees for most current directors, who were appointed on 4 Dec 2014. During 2016 directors of WREDA Ltd have received a full year's remuneration, other than David Gibson, who was appointed on 1 November 2015.

## 26. REMUNERATION

Total remuneration includes any non-financial benefits provided to employees.

The Group employed 166 (2015: 199) full time equivalent employees.

### Severance payments

During the year the Parent has made termination payments totalling \$165,137 (2015: \$52,808).

### Key management personnel

Key management personnel of the Group for 2016 were the Chief Executive of WREDA and the Chief Executives of the operating divisions (Positively Wellington Venues, Positively Wellington Tourism, Grow Wellington and Creative HQ Limited) and the directors WREDA and Creative HQ Limited. A senior leadership team joined WREDA during May 2016. Due to the minimal time to embed prior to year end this team has not been considered to be key management personnel but will be during 2017, as the Chief Executive positions for the operating divisions, other than Creative HQ Limited have been disestablished, in the later part of the 2016 financial year.

During 2015 the key management personnel consisted of a full year's remuneration for the Chief Executive of Positively Wellington Venues and 6 months remuneration for the other operating divisions as they joined the Group at 1 January 2015. The Chief Executive for WREDA joined in September 2015 and is therefore not included in key management personnel for 2015.

The total remuneration and the number of individuals, on a full-time equivalent basis, considered key management personnel receiving remuneration are:

	GROUP 2016	GROUP 2015
<b>Key Management Personnel</b>		
Directors' remuneration	264,583	189,583
WREDA director full-time equivalents	10	9
Creative HQ director full-time equivalents	4	5
Management remuneration of the operating divisions	1,321,841	717,803
Management full-time equivalents	5	4

Due to the difficulty in determining full-time equivalents for directors, the full-time equivalent figures are the number of directors serving on the boards of WREDA and Creative HQ Limited as at 30 June 2016.

Key management personnel did not receive any remuneration or compensation other than in their capacity as key management personnel (2015: nil).

The Group did not provide any compensation at non-arm's length terms to close family members of key management personnel during the year (2015: nil).

The Group did not provide any loans to key management personnel or their close family members.

## Notes to the financial statements (continued)

### Salary Bands

The annual remuneration by band for employees as at 30 June:

	NUMBER OF CURRENT EMPLOYEES	
	GROUP 2016	GROUP 2015
\$100,000 - \$109,999	6	4
\$110,000 - \$119,999	7	3
\$120,000 - \$129,999	4	5
\$130,000 - \$139,999	3	2
\$140,000 - \$149,999	0	2
\$150,000 - \$159,999	1	2
\$160,000 - \$169,999	4	1
\$170,000 - \$179,999	1	1
\$180,000 - \$189,999	1	0
\$190,000 - \$199,999	1	1
\$200,000 - \$210,000	1	0
\$230,000 - \$239,999	0	1
\$250,000 - \$259,999	1	0
\$260,000 - \$269,999	1	1
\$270,000 - \$279,999	1	0
\$300,000 - \$309,999	1	0
\$390,000 - \$399,999	1	1

2016 is the first full financial year of the Group, as the Group was formed on 1 January 2015. Therefore some comparatives above only included 6 months of salary cost.

## 27. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO SURPLUS

	GROUP 2016	GROUP 2015
Surplus/(deficit) for the period	(1,891)	(502,099)
Add/(deduct) non-cash items:		
Depreciation and amortisation	136,503	72,720
Other fair value changes	-	5,624
Non-cash movements in provisions	(9,314)	-
<b>Total non-cash items</b>	<b>127,189</b>	<b>78,344</b>
Add/(deduct) Working Capital movements:		
Trade and other receivables	(115,259)	(100,364)
Prepayments	(7,865)	7,529
Inventories	218	(406)
Trade and other payables	(351,385)	1,785,188
Revenue in advance	675,650	(378,650)
Employee benefit liabilities	84,594	173,832
Provision for other liabilities	-	-
<b>Total working capital movements</b>	<b>285,953</b>	<b>1,487,129</b>
Add/(deduct) investing and financing activities:		
Dividends received, including CHQ sale of shares in investments	(39,534)	(31,000)
Interest received	(68,869)	(37,202)
Tax paid	-	(1,205)
Interest paid on borrowings	-	-
Subvention Payment	-	(931)
<b>Total investing and financing activities</b>	<b>(108,403)</b>	<b>(70,338)</b>
<b>Net cash flows from operating activities</b>	<b>302,848</b>	<b>993,036</b>

## 28. AUDITOR FEES

The auditor of WREDA Limited is Audit New Zealand.

	GROUP 2016	GROUP 2015
Fees to Audit New Zealand for:		
Audit of financial statements	89,589	59,669
Fees paid to Grant Thornton for:		
Audit of divisions financial statements (WREDA Tourism)	-	11,000
<b>Total fees paid to auditors</b>	<b>89,589</b>	<b>70,669</b>

The audit firms responsible for auditing WREDA Limited have not been paid a fee for any other services. The audit fee for the year has increased due to the 2016 year being the first full financial year of the Group.

## 29. EVENTS AFTER THE BALANCE DATE

On 1 July 2016, the Major Events division of the Wellington City Council joined the WREDA group. Staff were transferred into WREDA and funding provided to undertake agreed activities.

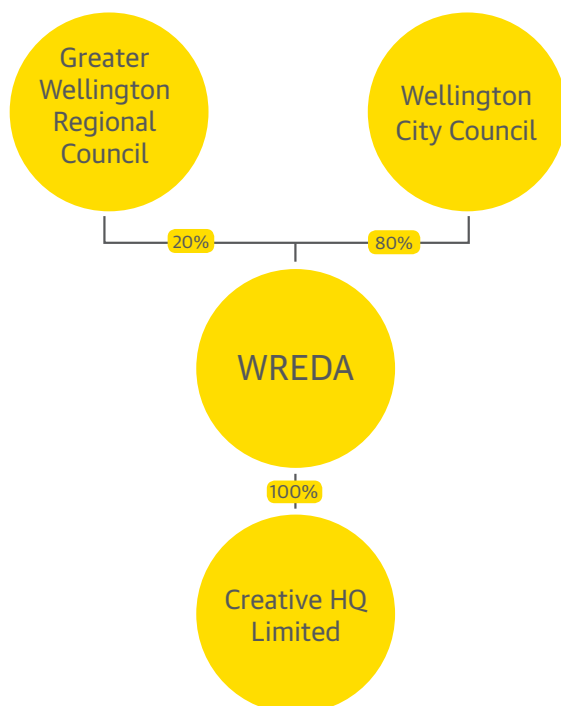
## 30. OPERATING FUNDS

WREDA is reliant for a large part of its revenue from its shareholders, Wellington City Council and Greater Wellington Regional Council (the Councils).

The Councils have accepted the Group's Statements of Intent, which includes funding for the Group and its activities for the next three years.



## 31. COMPANY STRUCTURE



WREDA is owned 20% by Greater Wellington Regional Council and 80% by Wellington City Council. WREDA has a 100% owned subsidiary, Creative HQ Limited.

On 29 June 2016 WREDA's subsidiary, Grow Wellington Limited was amalgamated with WREDA and WREDA remained as the continuing entity.

# Directory

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## For the year ended 30 June 2016

### Shareholders

Wellington City Council  
800 shares (80%)

101 Wakefield Street, Wellington 6011  
New Zealand

Greater Wellington Regional Council  
200 shares (20%)

Shed 39, Harbour Quays, Centreport  
Wellington, 6011  
New Zealand

### Registered Office

111 Wakefield Street, Wellington Central  
Wellington 6011  
New Zealand

### Auditors

Audit New Zealand  
Level 1, 100 Molesworth Street  
Wellington 6140  
New Zealand

### Bankers

ANZ Bank New Zealand Ltd  
22 Willis Street, Wellington 6011  
New Zealand

### Solicitor

DLA Piper  
50-64 Customhouse Quay,  
Wellington 6140  
New Zealand

**Registered Company Number**            3237332





Abbott

Optive

Optos

NOVARTIS  
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Aicon

Aicon



