



greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

If calling please ask for: Democratic Services

16 November 2017

Wellington Regional Strategy Committee

Order Paper for meeting to be held in the Level 2 East meeting room,
Westpac Stadium, Waterloo Quay, Wellington on:

Tuesday, 21 November 2017 at 1.00pm

Membership of Committee

Mayor Lester (Chair)	Wellington City Council
Councillor Blakeley (Deputy Chair)	Greater Wellington Regional Council
Councillor Calvert	Wellington City Council
Mayor Guppy	Upper Hutt City Council
Mayor Gurunathan	Kapiti Coast District Council
Councillor Marsh	Wellington City Council
Mayor Patterson	Masterton District Council
Mayor Tana	Porirua City Council
Mayor Wallace	Hutt City Council

Recommendations in reports are not to be construed as Council policy until adopted by Council

Wellington Regional Strategy Committee

Order Paper for meeting to be held on Tuesday, 21 November 2017 in the Level 2 East meeting room, Westpac Stadium, Waterloo Quay, Wellington at 1.00pm

Public Business

		Page No
1.	Apologies	
2.	Conflict of interest declarations	
3.	Public participation	
4.	Confirmation of the minutes of 30 May 2017	Report 17.188 3
5.	WREDA Annual Report 2016/17, First Quarter Report 2017/18 and Indoor Arena update	Report 17.463 6
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Public Excluded Business

8.	Wellington Regional Economic Development Agency (WREDA) Board review and director appointments	Report PE17.464 100
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Please note that these minutes remain unconfirmed until the Wellington Regional Strategy Committee meeting on 21 November 2017

Report 17.188

30/05/2017

File: CCAB-15-187

Public minutes of the Wellington Regional Strategy Committee meeting held Tuesday, 30 May 2017, in the Level 2 East meeting room, Westpac Stadium, Waterloo Quay at 1.03 pm

Present

Mayor Lester (Chair)	(Wellington City Council)
Councillor Blakeley	(Greater Wellington Regional Council)
Councillor Calvert	(Wellington City Council)
Councillor Eagle (from 1.20pm)	(Wellington City Council)
Mayor Guppy	(Upper Hutt City Council)
Mayor Gurunathan	(Kapiti Coast District Council)
Councillor Marsh	(Wellington City Council)
Mayor Patterson	(Masterton District Council)
Cr Dame Beverley Wakem (from 1.05pm)	(Porirua City Council)
Mayor Wallace	(Hutt City Council)

Public Business

1 Apologies

Moved *(Mayor Lester/ Cr Blakeley)*

That the Committee accepts the apologies for absence from Mayor Tana and for lateness from Councillor Eagle.

The motion was **CARRIED**.

2 Conflict of Interest

There were no declarations of conflict of interest.

3 Public Participation

There was no public participation.

4 **Confirmation of the minutes of 28 March 2017**

Moved (Mayor Lester/ Cr Blakeley)

That the Committee confirms the public minutes of the meeting of 28 March 2017, Report 17.96.

The motion was **CARRIED**.

5 **Wellington Regional Economic Development Agency third quarter report**

David Perks, General Manager Venues and Project Development, WREDA, spoke to the report.

Report 17.178 File: CCAB-15-178

Moved (Mayor Lester/ Cr Blakeley)

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*

The motion was **CARRIED**.

Cr Eagle and Councillor Wakem arrived at the meeting during consideration of this item.

6 **Wellington Regional Economic Development Agency final Statement of Intent**

David Perks, General Manager Venues and Project Development, WREDA, spoke to the report.

Report 17.177 File: CCAB-15-177

Moved (Mayor Lester/ Cr Marsh)

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Notes that WREDA has constructively addressed the requested changes to their final Statement of Intent.*
4. *Receives WREDA's final Statement of Intent.*

The motion was **CARRIED**.

Noted: WREDA agreed to provide an update on the iwi economy in the Wellington Region to the

Committee.

7 Projects update

Samantha Seath, Contractor, Wellington Regional Strategy Office, updated the Committee on two projects undertaken by the Wellington Regional Strategy Office; the Creative and Digital Sector and Tech Week '17.

Workshops will be held in early June with the creative sector, government and academia to discuss understanding the creative industries in Wellington; what is happening now to fuse and/or superfuse organisations in Wellington; building a fusion infrastructure; and positioning and promotion with the creative sector.

Techweek is an annual week of curated events that aims to build New Zealand's reputation as an innovation hub. It was held on 6 – 14 May with over 50 events in Wellington involving local and international investors, business and technology leaders, and enthusiasts.

8 Items not on the agenda for discussion

The Chair advised that in accordance with Standing Order 3.5.6 two items not on the meeting agenda would be discussed:

1. Regional stadium
2. Committee workshop

1. Regional stadium (Mayor Guppy)

The Committee agreed to instruct WREDA as the lead agency, in consultation with the WRS Office, to investigate options for a regional indoor arena and report back to the Committee in August 2017.

2. Committee workshop (Cr Blakeley)

The Committee agreed to hold a workshop in August 2017, led by the Wellington Regional Strategy Office and external speakers, to consider key regional pressures and opportunities.

The public part of the meeting closed at 2.10pm.

Mayor Lester

(Chair)

Date:



Report 17.463
Date 16 November 2017
File CCAB-15-210

Committee Wellington Regional Strategy Committee
Authors Samantha Seath, WRS Office, GWRC
Barry Turfrey, WCC

WREDA Annual Report 2016/17, First Quarter Report 2017/18 and Indoor Arena update

1. Purpose

To consider the Wellington Regional Economic Development Agency (WREDA) Annual Report 2016/17, first quarter 2017/18 report and Indoor Arena update.

2. Background

The Annual Report is in [Attachment 1](#), and the first quarter 2017/18 report is [Attachment 2](#).

A summary of the reports and analysis are set out below.

The report will be presented by the Acting Chief Executive, Derek Fry.

3. Annual Report Summary

EXECUTIVE SUMMARY FOR THE YEAR ENDING 30 JUNE 2017

Destination Marketing

WREDA markets the Wellington Region as a visitor destination particularly for Australian visitors. The Wellington tourism sector experienced highs and lows over the last financial year, from the impact of the November earthquake, to a region pumping with international visitors by the British and Irish Lions.

Highlights for the year included;

- Tourism numbers remain strong
- Successful visit of the British and Irish Lions
- WREDA developed new market opportunities created by the Singapore Airlines *Capital Express*
- Australia remains our most important visitor market, Wellington attracts around 250,000

Australian visitors a year and 30% of the Region's international spend. The increase in the 2016/17 spend was 8.5% up to \$242m in value during the year

- Positioning Wellington as an easy break away, WREDA created the *Find a World (3 hours) away* campaign
- Seasonal and event based campaign support for domestic visitation remains a core activity, domestic visitors account for around 67% of Wellington's visitor spend
- Building on the LookSee Wellington success and capitalising on Deutsche Bank's listing as the world's most livable city, WREDA created a new domestic talent attraction campaign named *Why Wellington? It's personal.*
- 5 domestic marketing campaigns with a reach of nearly 13.8m, including partnership campaigns
- 173 international media hosted, 1,716 stories in the Australian Media including pan-economy stories about our collaborative business environment, enhancing local companies exposure
- 87 Cruise Ships visited with 170,000 + passengers, \$39m estimated cruise expenditure
- 369,215 total digital subscribers, including 228,818 social media fans
- 498 Travel trade sellers hosted in Wellington and 2,000 agents trained around the world
- 4.3m visits to website, an increase of 41%, thanks in part to the huge volume of traffic derived from the LookSee publicity.

Business Growth and Innovation

The highlights for the year (including Creative HQ) were;

- Worked with nearly 500 client businesses, providing access to mentorship programmes, capability development and R&D funding – growing local businesses
- \$2.7 m of Regional Business Program funding accessed for local businesses
- WREDA assisted students into work through its partnership with the Summer of Tech internship programme. Summer of Tech (SOT) retention rates from intern to full-time employment are close to 80%
- WREDA undertook leveraging work between Wellington, Canberra and Singapore – strengthening trade relationships including Screen work
- Highly successful LookSee Wellington campaign – 1.6m website hits, 48,700 applications, 250+ job interviews
- Concentrix, which WREDA attracted to Wellington has created over 200 jobs in its support centre, providing support for a leading global technology client
- The Wellington International Student Growth Programme resulted in a 10% growth in international students in Wellington in 2016
- WREDA focused after the earthquake in providing business continuity support for local companies
- 5,776 jobs added
- Creative HQ helped launch 34 new companies, the ventures in Creative HQ portfolio grew by \$5.5m and are now collectively valued at \$69.7 and the first major trade sale of a Lighting Lab company was made.

Events and Partnerships

- A 21:1 return on investment across major events portfolio, with \$88.6m estimated economic return across a wide variety of events
- 16 major events supported from international cricket, the British and Irish Lions, World of Wearable Art, Stadium concerts through to Homegrown and Beervana

- Successful major event bids for FIFA World Cup Qualifier and International Rugby Tests for 2018 and 2019.
- Increasing NZ market share by 3% for business events hosted in Wellington, 22% of NZ's multi-day conferences
- Successful bids for business events in the future worth \$25m to the economy
- Winning conference bids include Australia and NZ Society of Anaesthetists 2020 and ILGA World Conference 2020
- DHL NZ Lions Series – 26,000 visitors, 1,200 campervans, 1,000 extra temp jobs, \$30m estimated economic impact
- Increased performance event content acquisition
- 75% satisfaction rating by stakeholders and partners

Venues Wellington

- 630,000 locals and visitors welcomed to performances and business events in our civic venues
- All Venues running within 2 days of Kaikoura earthquake
- New sports floor installed at TSB
- Ticketmaster appointed to new ticketing contract, after a tender process
- Wide variety of performances
- 338 Performances in 365 days, \$52.2m out of region visitor spend, 19,840 out of town conference delegates
- Multiple sold out performances

SUMMARY FINANCIALS FOR THE YEAR ENDING 30 JUNE 2017

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

FINANCIAL PERFORMANCE						
(\$000)		Actual	Budget	Variance	Actual	Actual
30 JUNE		2017	2017	2017	2016	2015
Total Revenue	✓	31,781	27,833	3,947	24,542	15,880
Total Expenses	✗	30,731	27,858	(2,873)	24,556	15,981
Net Surplus before tax	✓	1,050	(24)	1,074	(14)	(101)
FINANCIAL POSITION						
Total Assets	✓	6,096	3,902	2,194	5,072	4,735
Total Liabilities	✗	3,682	2,383	1,299	3,557	3,205
Equity	✓	2,414	1,519	895	1,515	1,530
CASH FLOWS						
Net Cash Flow		(252)	(260)	8	307	1,486
Opening Cash		1,958	2,100	(142)	1,651	165
Closing Cash On Hand		1,707	1,840	(133)	1,958	1,651

Comments

- Revenue and expenditure were up on budget due to increased partner revenue received for specific projects within WREDA, including marketing of Civic venues and programmes of work sold by Creative HQ
- The surplus was in part created by funds being received in 2016/17 which will be spent early in 2017/18 and a surplus generated from Creative HQs activities Total Assets and Liabilities are both higher than budget reflecting the timing of receipts and payments.

KPI DASHBOARD (The tables contain a selection of KPIs and not a complete list)				
✓ Achieved ✗ Not Achieved.				
30 JUNE			2017	2016
Maintain Wellington's share of the convention market (1)	Actual	\$243m	22%	16%
	Target		16%	16%
Venues utilisation (2)	Actual	✗	54.2%	56.3%
	Target		65%	56.0%
International Student Enrolments (3)	Actual	✓	8179	7433
	Target		8500	
Total revenue from screen industry (4)	Actual			\$728m
	Target		\$650m	
Net permanent and long term arrivals	Actual	✓	3787	3167
	Target		3500	
Total commercial guest nights	Actual	✓	3.11m	3.05m
	Target		3.15m	
Australian visitor spend	Actual	✓	\$243m	\$223m
	Target		\$195m	
Lightning Lab participant investment raised (5)	Actual	✗	\$2.45m	\$3.8m
	Target		\$3.5m	\$3.0m
ROI via out of Wellington spend	Actual	✓	21:1	N/A
	Target		20:1	
Total event attendance	Actual	✓	657,700	N/A
	Target		600,000	
Sources:				
(1) MBIE Convention activity survey				
(2) Internal WREDA reporting				
(3) Education New Zealand				
(4) Not available until April 2018				
(5) Does not include R(9), which occurred after balance date				
Comments				
<ul style="list-style-type: none"> WREDA is reviewing its Venue's operations to identify ways of increasing venues utilisation 				

4. First Quarter Report Summary

EXECUTIVE SUMMARY FIRST QUARTER 2017/18
Major highlights: Business Growth and Innovation <ul style="list-style-type: none"> Continuing work reinforcing Wellington as a student city is seeing strong results

- Development with Creative HQ on Venture Up Wellington, a scale up programme and a city hack event (an event to create digital solutions to problems)
- Developing our investment attraction and export international activity
- Screen, education, science and business representation in Singapore and Canberra
- LookSee named winner of the Economic Development NZ inaugural Innovation Award
- Worked with GWRC to facilitate a successful skills workshop
- Creative HQ has 18 start ups for high growth and incubation.

Venues

- Appointed a new panel of caterers, using the opportunity to increase the focus and use of the Wellington region produced food and beverage product
- New flat floor seating for the TSB
- World of Wearable Arts
- Hosted Lion's supporters village and gala dinner for over 4,000 international supporters
- In conjunction with marketing team, rolled out new LIVE in WLG eDM and will include seasonal event videos
- Marketing began for Cirkopolis, our first joint venture with the assistance of new ticketing agent Ticketmaster.

Destination Development

- Work continues alongside WCC in regards to both the Convention Centre and Movie Museum
- Regional Trails Framework approved by Councils' Chief Executives and the Mayor Forum, to provide a consistent Trails experience for all
- Working with Porirua City Council re the Colonial Knob "Adventure Park".

Destination and Marketing

- Results for our winter campaign in Australia – "*Welly like a local*" show a 14% increase of followers across target markets on our social channels, reaching over 4.5m people
- Australian spring campaign – "*Discover Wellington, NZ's creative heart*"
- Capital Collab – consumer activation promoting Wellington in Canberra
- Partnered with Air NZ on a tactical sales campaign for trans-Tasman bookings
- Spring/summer mini magazine, finalizing domestic summer campaign
- Domestic talent attraction campaign "*Why Wellington? It's personal*" performed above expectations – both in reach and cost per click
- WOW activation programme
- Hosted 20 families with incoming media
- Corporate PR promoted WREDA programmes and interests
- Visitors to WellingtonNZ.com are spending longer on the site and looking at more pages per visit
- A busy travel trade marketing quarter – in market training in India and Singapore and many inbound families.

Partnerships and Events

- Business Events Wellington team – 6 successful international bids, with projected economic value of \$3.8m and 3 domestic, with a projected value of \$1.8m
- Major Event Activation – Beervana, Wellington on a Plate, British & Irish Lions test, Opening of the World of Wearable Art Award's show season
- Presented to the GWRC Ara Tahi group, outlining the activity of WREDA to tangata whenua from across the region
- 116,344 people attended Major Events during the quarter.

SUMMARY FINANCIALS FIRST QUARTER 2017/18

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

FINANCIAL PERFORMANCE (\$000)	Actual YTD 30 Sep 17	Budget YTD 30 Sep17	Variance	Budget 2017/18
Total Revenue	8,113	8,653	(540) ✗	29,473
Total Expenses	7,275	8,254	(979) ✓	29,426
Net Surplus (Loss)	838	399	439 ✓	47
FINANCIAL POSITION				
Total Assets	5,820	4,776	✓	3,902
Total Liabilities	3,375	1,442	✗	2,383
Equity	2,444	3,334		1,519
CASH FLOWS				
Total Net Cash Flows	1,362	916	✓	16,947
Opening Cash	1,707	1,602	✓	1,602
Closing Cash	3,069	2,518	✓	1,618

A solid start to the financial year, the decrease in revenue and expenditure compared with budget are only timing differences Year end results are still expected to be achieved. Co-location to our new offices at Victoria Street earlier in the calendar year continues to have positive financial benefits.

KPI DASHBOARD (The table contains a selection of KPIs and is not a complete list)

✓ Achieved ✗ Not Achieved. The 3 Year Trend = year on year performance → Steady ↗ Improving ↘ Declining

MEASURE	Q1		Trend	Comments
	Actual	30 Sep 17		
Net Migration gain	Actual	1099	↗	On track to achieving this
	Target	1100		
Commercial guest nights	Actual	Not yet received		
	Target	0.7m		
Visitor spend (International)	Actual	\$0.155b	↗	On track to achieving this
	Target	\$0.16b		
Visitor spend (Domestic)	Actual	\$0.38b	↗	On track to achieving this
	Target	\$0.4b		
Interns placed in priority sectors	Actual	102	↗	Tracking ahead of target
	Target	50		
Wellington employment growth	Actual	2.5%	↗	On track to achieving this
	Target	2.7%		

Value of Business Events	Actual	\$5.6m	↗	Tracking ahead of target
	Target	\$3.75m		
Number of International bids	Actual	8	↗	Tracking ahead of target
	Target	5		
Total Event attendance	Actual	116,344	↗	On track to achieving this
	Target	120,000		

5. Update on the Indoor Arena

Since the last meeting of the WRS Committee at which the Committee received a presentation on a new indoor arena for Wellington, work has continued to progress this project.

5.1 Site Availability

Initial discussions have been held with Centreport around the potential for any new arena to be located on the Harbour Quay land. We are currently assessing whether there are suitable areas that could be available and the type and scale of arena that could be accommodated. We are also testing whether the concept design above the Kiwirail site can be accommodated further south towards the railway station.

5.2 Strategic Case

Work is on-going to better understand the market dynamics to ensure that robust projections of event programmes and attendances are able to be incorporated into the feasibility study.

5.3 Concept Designs

These are being adjusted to provide a range of options to reflect a large scale arena of the 12,000+ capacity, an 8,000 - 10,000 arena, and a mid-size option. Discussions with key stakeholders will continue with respect to the concept designs to ensure the proposed options are able to deliver on their requirements. These options will form the basis of the feasibility study for consideration.

6. The decision-making process and significance

No decision is being sought in this report.

6.1 Engagement

Engagement on this matter is unnecessary.

7. Recommendations

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Receives, on behalf of the shareholding councils, the WREDA Annual Report for 2016/17.*

Report prepared by:

Report prepared by:

Report approved by:

Samantha Seath
Greater Wellington Regional
Council

Barry Turfrey
Wellington City Council

Luke Troy
GM Strategy
Greater Wellington Regional
Council

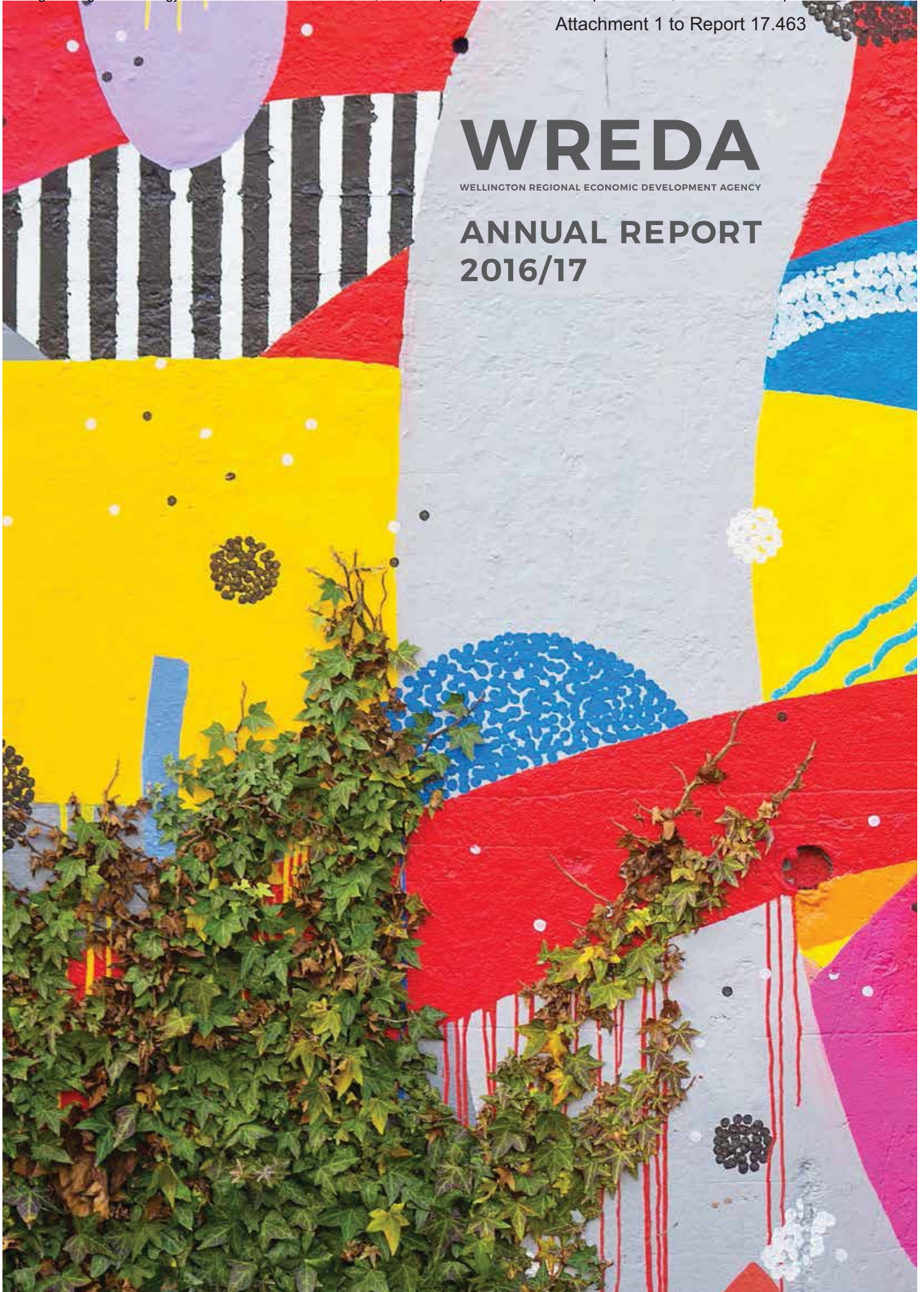
Attachment 1: WREDA Annual Report 2016/17

Attachment 2: WREDA First Quarter Report 2017/18

WREDA

WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY

ANNUAL REPORT 2016/17







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WREDA'S WORKING FOR WELLINGTON

338

VENUES WELLINGTON
PERFORMANCES

\$25m

CONFERENCE
EVENT BIDS WON

+10%

GROWTH IN
EXPORTS

+5,776

MORE FILLED JOBS

#1

WORLD'S MOST LIVEABLE
CITY DEUTSCHE BANK
SURVEY

+2.6%

GROWTH IN
REAL GDP

48,700+

PEOPLE APPLYING
TO LOOKSEE
WELLINGTON

\$52m

INCREASE IN VISITOR
SPENDING
\$2.38BN TOTAL

\$5.4m

GENERATED NZ/AUS
MEDIA COVERAGE

34

NEW COMPANIES
LAUNCHED AND GROWN
WITH CREATIVE HQ

NZ'S
FASTEST-GROWING
MAIN CENTRE
FOR INTERNATIONAL
STUDENTS

4.3m

VISITS TO
WELLINGTONNZ.COM

\$2.7m

REGIONAL BUSINESS
PARTNERSHIP FUNDING
FOR LOCAL COMPANIES

657,700

PEOPLE ATTENDING
MAJOR EVENTS

\$103m

PRODUCTION FACILITATED BY
SCREEN WELLINGTON

INTRODUCTION

PETER BIGGS, BOARD CHAIR



Kia ora koutou,

On behalf of the Board and Leadership Team, I am pleased to present the Wellington Regional Economic Development Agency's (WREDA) Annual Report for the 2016/17 Financial Year.

During the year, WREDA made excellent progress towards our vision of making Wellington the most prosperous, vibrant and liveable region in Australasia by 2025, despite the multifaceted challenges that followed the November 2016 earthquake. Over the last 12 months, WREDA has demonstrated its capacity, capability and resilience. Under the leadership of Chris Whelan, WREDA's inaugural Chief Executive, a single WREDA entity was formed, the result of a complex amalgamation of existing diverse agencies and offices.

Over the past year, the WREDA team, in collaboration with a number of partners, delivered a range of unified programmes which contributed greatly to Wellington's increasing prosperity, vibrancy and liveability. In May, we welcomed Derek Fry into the Interim Chief Executive position, and Chris moved into an advisory role, where he continues to provide the Board with valuable strategic insight.

Right now, the Wellington region is enjoying greater economic momentum than it has for years. Our liveability was acclaimed as the world's best by Deutsche Bank this year. Our population grew by nearly 8,000 - a 21-year high - as people increasingly chose to invest their future in a thriving, prosperous Wellington region. An additional 5,776 jobs were filled in the region this year, as unemployment declined. As the region grows, building consents are on the rise, as is infrastructure investment. It's hardly surprising therefore, that consumer, business and investor confidence surveys all have Wellington near the top of New Zealand regions.

Longer term, the Wellington region is ideally equipped to thrive in the evolving global economy. Our smart, highly-educated workforce specialises in the lightweight service, digital and premium product exports that are essential to New Zealand's economic evolution. As we move into the 'middle half' of the 21st century, our culture of innovation and agility will be our strength - and our quality of life will be a critical advantage in the global competition for talent.

As this magnificent region - this vibrant community of creative and passionate Kiwis - goes from strength to strength, WREDA continues to support and empower their success.

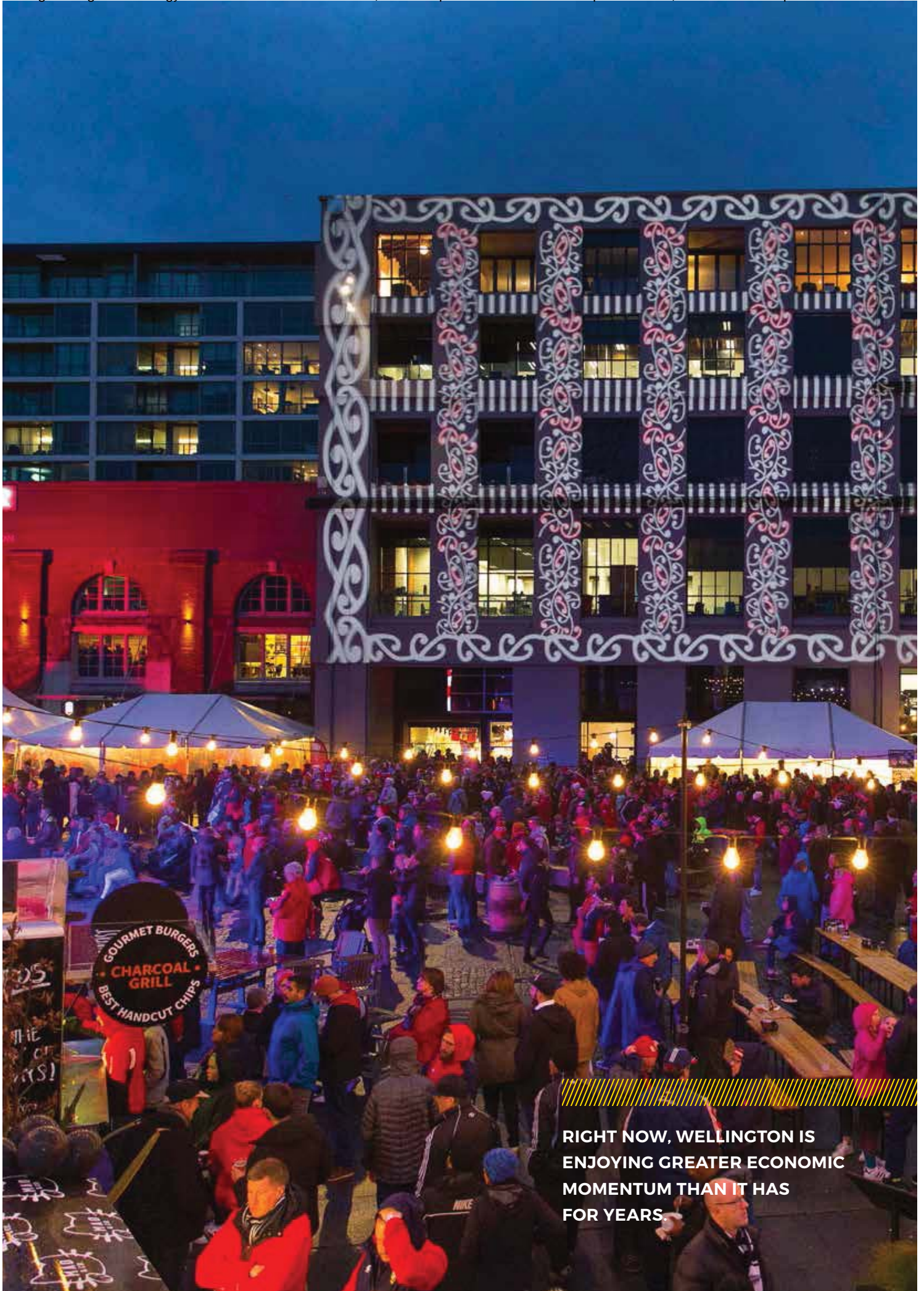
On behalf of the entire WREDA team, our thanks go to our governing councils, commercial partners and stakeholders across the region for their ongoing trust and support. As this report illustrates, 2016/17 has been a year of progress consolidated, ambition rewarded, and challenges risen to.

Ngā mihi nui

A handwritten signature in black ink, appearing to read 'Peter Biggs'.

Peter Biggs, CNZM

CHAIR: WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY



RIGHT NOW, WELLINGTON IS ENJOYING GREATER ECONOMIC MOMENTUM THAN IT HAS FOR YEARS.

EXECUTIVE SUMMARY

DEREK FRY, INTERIM CHIEF EXECUTIVE



Since I took the reins as WREDA's Interim Chief Executive less than two months before the end of the financial year, the question I'm most often asked about my new job is "so... what does WREDA do?"

I understand why I get that question. We're an amalgamated agency with a wide-ranging mandate. Practically all our work is done in partnership; our approach is designed to enable others to succeed. For us, the hero of the story should always be Wellington - regional people, projects and businesses - not WREDA.

That said, I'm pleased to take the opportunity of our annual report to give a more detailed answer to the question.

As you'll read, we have our high-profile successes, like LookSee Wellington (pg 13), which was a gamechanger for the global profile of the Wellington region's tech sector, and put us in touch with tens of thousands of talented people who'd like to be a part of it.

There are big projects which you may not have known WREDA had a role in. The DHL New Zealand Lions Series, (pg 21) for example. From securing the back-to-back match schedule, to leading regional operational planning and managing the Fan Zone/Fan Trail, our teams were involved every step of the way.

Similarly, we're behind WellingtonNZ.com, (pg 19) which provides info on eating, shopping, visiting, studying and working in the region to millions of people a year, locals and visitors alike.

You may have felt the benefits of our work in other ways. You may work at one of the hundreds of regional businesses we've directly supported. If you

enjoyed a show at one of our civic venues, our team both helped get it to Wellington, and helped you find your seat. And if you attended a conference here last year, there's a good chance our team helped the hosts win it for the region.

What brings this breadth of activity together is a commitment to supporting Wellingtonians as they build their careers, companies, lives, families and futures.

Some of our work, perhaps ironically, you won't see at all unless you're outside of Wellington. Our visitor marketing campaigns (pg 16), and our media promotion of the region's innovative business community reach an audience of millions across Australasia.

It has also been a successful year for WREDA from a financial point of view. Higher than expected revenue, lower administrative costs and timing of expenditure results in an accounting surplus for the year, which we will utilise on projects early in 2017/18.

In the past financial year, we've seen great success and met robust challenges. As we celebrate and recount those achievements here, we also look forward. That's why we've appended to this Annual Report our 'Big 6' priorities for the year ahead.

The outlook for the region is very promising. We operate in a global economy that increasingly rewards the very qualities and specialities where we

have a competitive advantage. Managing our growth trajectory will bring its own challenges.

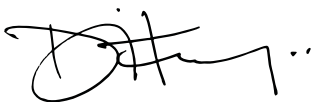
Housing and infrastructure require investment. Productivity must be a focus for business, to create real, sustainable growth. Government must ensure prosperity is spread fairly, as inequality erodes the social cohesion on which commerce depends. Wellington will rise to all these challenges, so long as we increase co-operation across the region, and embrace our role in New Zealand's economic and social evolution.

It's in these areas that I am most excited by WREDA's potential to develop. Our regional and sector reach, combined with our partnership principles, give us a unique ability to convene, coordinate and help get things done. Major projects like the Movie Museum/Convention Centre, Indoor Arena, runway extension and transport infrastructure are where the big steps in our regional economic development can be achieved. Ensuring the region derives maximum benefit from these and other investments was beyond the capacity of our predecessor organisations. It is, quite literally, a role WREDA was made for.

In the meantime, I extend WREDA's hand of partnership to all of you.

This annual report will give you an insight into what we do. The 'Big 6' attachment inside the back cover tells you what we're focussed on. Let's talk about where those align with your goals and strategies, and work out how WREDA can help you succeed.

We're your economic development agency. We're here to help you succeed. Let's work together to make it happen.



Derek Fry
INTERIM CHIEF EXECUTIVE



**WHAT BRINGS THIS BREADTH
OF ACTIVITY TOGETHER IS A
COMMITMENT TO SUPPORTING
WELLINGTONIANS AS THEY
BUILD THEIR CAREERS,
COMPANIES, LIVES, FAMILIES
AND FUTURES.**

WHO WE ARE AND WHAT WE DO

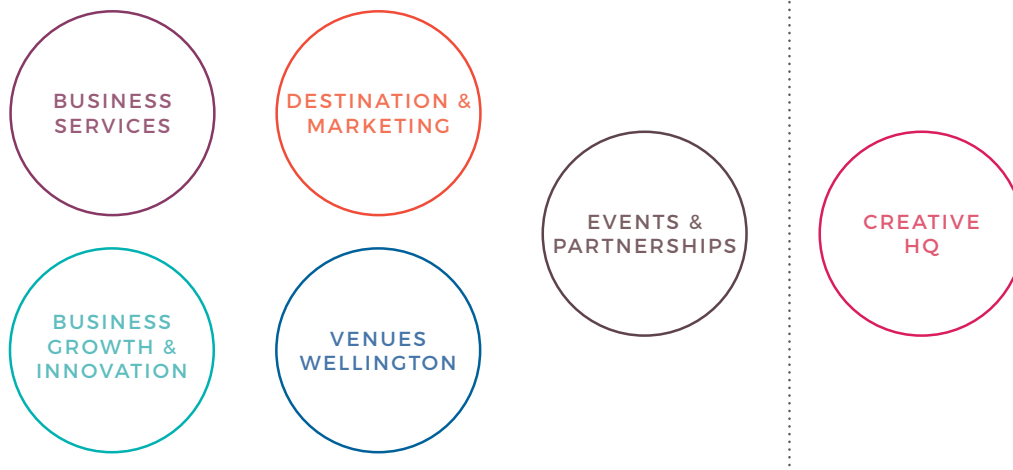
The Wellington Regional Economic Development Agency (WREDA) was formed in 2015, through the merger of Positively Wellington Tourism, Grow Wellington, Creative HQ, Positively Wellington Venues and Wellington City Council's Major Events Office.

WREDA is a council-controlled organisation, co-owned by Wellington City Council (80%) and Greater Wellington Regional Council (20%), and reporting to them both via the Wellington Regional Strategy Committee. WREDA's role is to support economic growth across the Wellington Region. Our activity is funded via a mix of business and residential ratepayers, commercial partnerships and retail trade.

OUR VISION FOR WELLINGTON:

TO BE THE MOST PROSPEROUS, VIBRANT AND LIVEABLE REGION IN AUSTRALASIA BY 2025

WREDA IS ORGANISED INTO FIVE BUSINESS UNITS AND ONE SUBSIDIARY:





DAVID JONES | GM BUSINESS GROWTH & INNOVATION

The BGI team works directly with growth-oriented businesses and priority sectors across Wellington to support a resilient economy. We enable business growth and R&D funding for companies, facilitate pathways to employment, and attract new (and retain existing) talent, business and investment for the region.



WARRICK DENT | GM EVENTS & PARTNERSHIPS

The success of Wellington's Major Events portfolio depends on the civic sponsorship and operational support managed by our team. We also attract major conferences and business events to the region, and manage strategic partnerships with stakeholders across the region and beyond.



STEFAN KORN | CHIEF EXECUTIVE, CREATIVE HQ

Creative HQ delivers a range of incubation and acceleration programmes for startups and high growth businesses. Alongside this, we provide innovation services and education for government and large-enterprise. Creative HQ is a wholly-owned subsidiary of WREDA.



HEIDI MORTON | GM BUSINESS SERVICES

The Business Services team provides the operational infrastructure that enables WREDA to function, and maximises the cost-effectiveness of a unified agency. Our responsibilities cover human resources, IT & technology, finance and office management.



JEREMY HARDING | GM DEVELOPMENT & FORESIGHT

Jeremy provides an analytical perspective on WREDA's work. This means closely monitoring Wellington's economic performance to help the board and management determine which areas of our business to allocate resources for the greatest benefit to the regional economy.



DAVID PERKS | GM VENUES, MARKETING AND DESTINATION DEVELOPMENT

The Venues Wellington team manages our portfolio of civic- owned performance and conference event venues; TSB Bank Arena & Auditorium (Shed 6), St James Theatre, Michael Fowler Centre, The Opera House.

Our Marketing & Destination Development team is tasked with making Wellington famous as a destination to visit, work, do business, invest, study and live. We lead visitor campaigns domestically and in Australia, work with travel trade in long-haul markets, and operate the Wellington i-SITE Visitor Information Centre.

BUSINESS UNIT ACTIVITY HIGHLIGHTS

BUSINESS GROWTH & INNOVATION

GROWING LOCAL BUSINESSES

For the seventh year running, we delivered the Regional Business Partner (RBP) programme in Wellington, on behalf of New Zealand Trade & Enterprise and Callaghan Innovation.

During the year, we've worked with close to 500 client businesses, providing access to mentorship programmes, capability development and R&D funding.



WREDA has been a crucial partner & supporter to the growth of PosBoss. They have been dedicated and passionate about helping us strengthen our strategy, continuously deliver customer loved products and increase sales across Australasia. WREDA is an asset to the growth of any Wellington tech business.

JONNY MCKENZIE

FOUNDER & CEO, POSBOSS
(REGIONAL BUSINESS PARTNER PROGRAMME CLIENT)

\$2.7 MILLION+

RBP FUNDING FOR WELLINGTON REGIONAL
BUSINESSES

GETTING STUDENTS INTO WORK

Our partnership with the Summer of Tech internship programme entered its twelfth year, supporting an ever-increasing demand for interns from Wellington tech businesses. Summer of Tech retention rates, from intern to full-time employment, are approximately 80%.

This year, the model was expanded to establish the Summer of Biz programme, which will connect HR and Marketing students with internship opportunities across the Wellington region in summer 2017/18.

Summer of Tech is the largest single contributor to our placement of interns in priority sectors in 2016/17, where in total, 221 interns were placed with 42 Wellington employers. This is an increase from totals of 199 and 182 in the previous two years.



It's been great to have WREDA supporting us in our growth. Summer of Tech is a tremendous opportunity for local businesses to get access to talented students. It's fantastic to see Alitia -the intern we hired through Summer of Tech - grow into a team leader and now to come full circle, and be hiring new people for her team at this year's Summer of Tech!

CLINT VAN MARREWIJK

MANAGING DIRECTOR, THUNDERMAPS

SPOTLIGHT

LOOKSEE WELLINGTON



CONNECTING THE CAPITALS

Singapore Airlines' new 'Capital Express' service, flying between Wellington, Canberra and Singapore, was leveraged by WREDA to strengthen trade relationships between the three cities.

Our Screen Wellington office began negotiating a tri-partite agreement with our equivalents in Singapore and Canberra. The agreement enables sharing of insights and expertise, to meet the needs of the three screen sectors.

We initiated a collaborative relationship with Canberra Innovation Network (CBRIN), and joined them on a mission to Singapore in April. We took four Wellington start-ups to pitch to Singaporean investors and get insight into the Singaporean venture capital market. Following positive results, activity will continue in this year.



This is our second visit to Singapore alongside WREDA. On the first we presented to a group of local investors, and on this latest visit we followed up with potential customers and delivery partners. As the world's third-largest banking centre, Singapore handles a vast amount of business data, making it an ideal market for Eight Wire, and one we're definitely keen to explore.

JASON GLEASON
EIGHT WIRE

A WORLD-FIRST CAMPAIGN TO ATTRACT TECH TALENT FROM AROUND THE GLOBE TO THE WELLINGTON REGION.

LookSee's spectacularly successful marketing and PR campaign drove \$10 million worth of international media coverage - including the *New York Times*, *Forbes*, *Mashable*, *Guardian*, *San Fransisco Chronicle* and *USA Today* - resulting in unprecedented levels of interest in Wellington's tech sector. More than 48,000 people from around the world completed applications to participate.

In May, 93 employer-selected candidates, representing 28 nationalities, were flown to Wellington for a week of job interviews, immigration seminars and Wellington lifestyle experiences. At the time of printing, 40 candidates have either arrived in Wellington to begin work, are moving through immigration/relocation processes, or remain in discussion with employers.

The LookSee Wellington database now holds thousands of talented, experienced tech professionals who are keen to create a future here.

At the 2017 Economic Development New Zealand Conference, WREDA received the inaugural MBIE Innovation Award for LookSee Wellington.



ATTRACTING NEW JOBS

WREDA was integral to business services company Concentrix choosing Wellington as the location for its first Southern Hemisphere tech support centre. Competing with bids from across Australasia we presented a compelling case to Concentrix, highlighting the quality of Wellington's workforce.

WREDA also supports training for local Concentrix employees taking entry-level positions with the company. Providing tech call centre support for a leading global technology client from its Old Bank Arcade premises, Concentrix had created more 200 jobs by the end of the financial year. That number is set to rise further over the next 12 months.

EXPORTING EDUCATION

The Wellington International Student Growth Programme (WISGP), is a multi-year partnership initiative between WREDA, local councils, tertiary institutions, schools and Education New Zealand. WISGP continues to drive growth and development in the region's international education sector. Alongside student attraction and trade marketing, the programme makes contributions to capacity development, pathways to employment and student experience. Last year culminated in the inaugural Wellington International Student Excellence Awards, presented by then-Deputy Prime Minister Bill English, to outstanding achievers from our international student community.

Latest figures from Education New Zealand show that Wellington is the fastest-growing main centre in the country for international students, who now contribute approximately \$200 million to the regional economy.

10% GROWTH

IN INTERNATIONAL STUDENTS IN WELLINGTON IN 2016 (AN ADDITIONAL 746 STUDENTS)

NETWORKING THE TECH SECTOR

As a partner city to the first ever New Zealand Techweek, Wellington demonstrated its status as a place where tech lives and thrives. WREDA was the local sponsor and coordinating agency, in partnership with national Techweek'17 leader NZ Tech.

Forty-four unique events were held across Wellington during the week. These ranged from hands-on tech experiences for kids, demonstrations and conferences on leading-edge tech like AR/VR and blockchain, to seminars on business strategy for export-oriented tech companies.

SUPPORTING RECOVERY

Immediately following the November earthquake, the Business Growth & Innovation team focussed on providing business continuity support for local companies.

WREDA worked with Wellington City Council to establish the Earthquake Recovery and Information Centre (ERIC) on Lambton Quay. We joined with Inland Revenue, Ministry of Social Development, Ministry of Business, Innovation and Employment and other community organisations at the centre, to provide a one-stop shop for affected Wellington businesses seeking information and assistance.

With numerous building closures, particularly in Wellington city, a shortage of office space was a pressure point. Some companies with available space began making offers to displaced neighbouring businesses. We sought to promote and coordinate this 'space sharing', initially through brokering direct demand/supply relationships, and by partnering with Trade Me to create an online marketplace for space and other resources.

Staff wellbeing was also an issue of concern. We brought in Umbrella Health to conduct resilience workshops for Wellington business leaders, advising them on effectively and safely managing their teams, as they returned to work under stressful circumstances. We also worked with disaster mental health expert Sarb Johal, to produce a series of short video resources, designed to support employees looking to manage their mental health.

CREATIVE HQ

In its most significant year to date, Creative HQ (a wholly-owned subsidiary of WREDA), is a reminder that entrepreneurs can be found everywhere. We helped launch 34 new start-ups, and our flagship accelerator programme Lightning Lab expanded into new verticals with the launch of the Kiwibank FinTech Accelerator and Lightning Lab Electric, while the R9 GovTech Accelerator ran for the third time.

Creative HQ continues to grow Wellington's reputation as New Zealand's "place to innovate".



Being part of the Kiwibank FinTech Accelerator helped us turn our idea into a business, providing us with the momentum, tools and support we needed along the way.

SONYA WILLIAMS
DIRECTOR, SHARESIES



It [Lightning Lab] is hugely rewarding, and an experience you will never forget. It will change you as a person. It was an incredible environment to grow my business, surrounded by more support, encouragement and resources than you could ever imagine.

VIRGINIA FAY
CEO, PATTERNSNAP

IN THE 2016/17 FINANCIAL YEAR

1. WE HELPED LAUNCH 34 NEW COMPANIES IN WELLINGTON.
2. THE VENTURES IN CREATIVE HQ'S PORTFOLIO INCREASED IN VALUE BY \$5.5M, AND ARE NOW COLLECTIVELY VALUED AT \$69.7M.
3. WE SAW THE FIRST MAJOR TRADE SALE OF A LIGHTNING LAB COMPANY WITH PUBLONS BEING ACQUIRED BY CLARIVATE ANALYTICS, CREATING SIGNIFICANT RETURNS FOR FOUNDERS AND INVESTORS.
4. WE GREW OUR POPULAR EVENT SERIES, STARTUP GARAGE, BY OVER 800 MEMBERS TO A TOTAL OF 2528 GARAGERS.



DESTINATION & MARKETING

Wellington's tourism sector has experienced highs and lows over the last financial year; from the impact of the November earthquake right before the summer season, to a region pumping with international visitors for a once-in-a-decade tour by the British & Irish Lions.

Throughout all the variation, seasonal or otherwise, Wellington's tourism numbers remain strong. As a Destination & Marketing team, developing the new market opportunities created by the Singapore Airlines 'Capital Express' service is a new focus. At the same time, seasonal and event-based campaign support for domestic visitation remains at the core of our tourism marketing activity.

Also in this financial year, building on LookSee Wellington's success, and capitalising on Deutsche Bank listing us as the world's most liveable city, we created a new domestic talent attraction campaign named *Why Wellington? It's personal.*

ATTRACTING KIWIS

Our domestic visitor strategy continues to promote Wellington as New Zealand's ultimate creative urban destination, perfect for a weekend break. New Zealand remains Wellington's main visitor market, accounting for around 67% of Wellington's visitor spend.

Over the year, we undertook five domestic marketing campaigns with a cumulative reach of nearly 13.8 million. These included summer, winter visitor campaigns and a partnership campaign with Te Papa to drive out-of-region visitation to its Bug Lab exhibition.

CROSSING THE DITCH

Australia is Wellington's most important international visitor market. Wellington attracts around 250,000 Australian visitors per year, with 160,000 of these direct via Wellington Airport using direct flights from Sydney, Melbourne, Brisbane, Coolangatta (Gold Coast) and Canberra.

Australians account for approximately 30% of all international spending in Wellington. Our marketing activity contributed to an increase in Australian visitor spending of 8.5%, reaching \$242 million for the year.

In the 2016/17 financial year, marketing activity leveraged new connectivity with Canberra through the launch of the Singapore Airlines service, as well as supporting the airline routes from Brisbane, Gold Coast, and Melbourne.

Positioning Wellington as an easy, creative short-break just a 3-hour plane ride away, our *Find a World (3 hours) away* campaign consisted of digital banners, video, outdoor, cinema, social, radio and native editorial content. This was supported by our "always on" activity across digital channels and PR.



Destination Wairarapa is extraordinarily lucky to have such a great regional partner in WREDA. David Perks and his team work closely with us, particularly in the international markets...our Wellington partnership has a brilliant formula - stay in New Zealand's capital city of cool & enjoy a sophisticated rural getaway in Wairarapa.

DAVID HANCOCK

CHIEF EXECUTIVE, DESTINATION WAIRARAPA

SPOTLIGHT

WHY WELLINGTON? IT'S PERSONAL



This year, Wellington launched its first ever domestic talent attraction marketing campaign; *Why Wellington? It's Personal*. The objective was to build Wellington's reputation as a dynamic destination to live and work - putting it on the radar of creative, high-value 25 - 39-year-old talent at nudge-able life stages.

By attracting young, creative talent who can grow their careers and make their mark on the world from Wellington, we can help build a stronger and more sustainable economy. With so many factors influencing decisions on where to live - such as career opportunities, life stages and individual / family circumstances - we can never control all the decision-making factors for any given individual. Instead, our purpose was to create 'one link in the chain' - by establishing a clear and distinctive reputation for Wellington

that blends creativity, connection, lifestyle and 'life balance'... that reflects what makes our city unique.

The result was a destination campaign unlike any other. It looked past the craft beer and coffee to offer a real, authentic look at life here; what it's like to arrive, to work, to grow up here, to belong.

The campaign led with a 60 second hero video, backed up with a series of supporting interviews with Wellingtonians talking about why they choose to live and work here. More in-depth stories about some of the capital's entrepreneurial types and our screen, tech and social enterprise sectors were shared via partnerships with Idealog and The Spinoff.

THE CAMPAIGN PERFORMED EXTREMELY WELL, ACHIEVING:



MAKING THE NEWS



Our visitor focused PR programme has delivered its most successful results to date. Australasian media activity delivered 1,015 stories and our partnership media activity with Tourism NZ, hosting international media delivered thousands more - including results from the hosting of several high-profile influencers from China and the US.

Media hasn't just focused on profiling Wellington as a visitor destination. Our pan-economy media campaign delivered strong results for the city and its diverse, bustling business community. The stories we secured helped to build the region's reputation in New Zealand, Australia and beyond.

We have told stories about the strength of Wellington's collaborative business environment and enhanced the profiles of local companies in the Australian media, including Trade Me, Postr, L2VR, and ProjectR.

Using WREDA spokespeople, we have highlighted Wellington's prosperous, collaborative and innovative environment, and demonstrated how the city's planning and leadership has made it a competitor on the global stage.

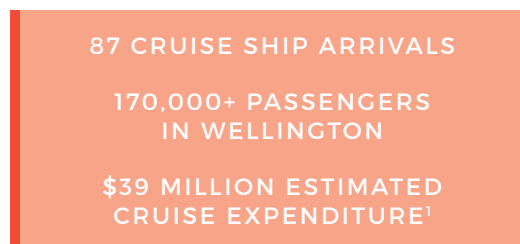
New Zealand and Australian PR and hosted business journalists generated 701 stories and \$2,591,740 in equivalent advertising value.

WELCOMING VISITORS TO WELLINGTON

The Wellington i-SITE Visitor Information Centre was displaced by the November 2016 earthquake, relocating to a nearby space in front of the Michael Fowler Centre.

Despite the disruption, the i-SITE team received and managed cruise ship visitors and summer trade as scheduled.

The year finished on a high, with sales during the week of the DHL NZ Lions Series up by 141% compared to the same week in 2016.



REACHING NEW MARKETS

Making the most of the Singapore Airlines 'Capital Express' flight for Wellington means ensuring that travel trade agents across Asia and beyond are aware of the service, understand Wellington's key attractions, and incorporate us into the New Zealand itineraries they design and book.

Trade training and agent familiarisation visits were therefore a key focus area for our Travel Trade Marketing team in 2016/17. A record 498 travel sellers from around the world were hosted in Wellington over the last 12 months, including 100 Australian agents who travelled on the September inaugural flight.

The team trained close to 2,000 agents, primarily across Canberra, Singapore, and feeder routes through South East Asia, resulting in the sale of new Wellington and Wairarapa itineraries and strong use of the service.

We also trained the tour hosts of Lions Rugby Travel, the largest inbound operator, on what to do and see in Wellington, several months out from the tour itself.

¹ *source: Cruise New Zealand

WORLD WIDE WEB WELLINGTON

Annual visitation records for WellingtonNZ.com were smashed, thanks in part to the huge volume of traffic driven by LookSee Wellington's global publicity.

Overall, WellingtonNZ.com finished the financial year with 4.3 million visits (+41% YOY) from 2.6 million users (+51% YOY) who viewed 8.8 million pages (+36% YOY).

Integration of web presences originating across WREDA's business units continued throughout the year, increasing the value of the platform and diversifying traffic sources. The culmination of this process in 2016/17 was the development of VenuesWellington.com.

TOTAL SUBSCRIBED DIGITAL
AUDIENCE 369,215

SOCIAL MEDIA FANS 228,818

ENEWS SUBSCRIBERS 140,397

VenuesWellington.com is the first website to be built using WREDA's 'single platform' approach, and replaces the legacy platform PWV.co.nz. This site's job is to promote our civic-owned venue portfolio to potential hirers, and drive leads to our sales team.

Presented as a standalone website with specific navigation structure and content, VenuesWellington.com is built on the digital infrastructure, templates and functionality of WellingtonNZ.com.

Single platform design brings better functionality, lower ongoing maintenance costs and increased efficiency of new developments. Users also benefit from a richer content experience.

Compared with the previous platform, time on site for VenuesWellington.com has increased by 26%.



**AFTER LIVING AND WORKING
HERE ON THE FILM PETE'S
DRAGON, STAR BRYCE DALLAS
HOWARD APPEARED IN A
TOURISM NEW ZEALAND
CAMPAIGN, CALLING
WELLINGTON HER
"FAVOURITE CITY".**

EVENTS & PARTNERSHIPS

This team brings together our Major Events, Business Events Wellington, Performance Event Attraction and Partnership functions.

The team delivered a successful major events programme, which exceeded KPIs in terms of overall attendance and return on investment.



We enjoy a collaborative relationship with WREDA. From event attraction, development and delivery, our teams work hand-in-hand to deliver the best outcomes for the Wellington region.

SHANE HARMON

CHIEF EXECUTIVE,
WELLINGTON REGIONAL STADIUM TRUST

21:1
AVERAGE RETURN ON INVESTMENT
ACROSS MAJOR EVENTS PORTFOLIO

\$88.6M
ESTIMATED ECONOMIC RETURN

A YEAR OF MAJOR EVENTS

WREDA supported the following Major Events in the past financial year:



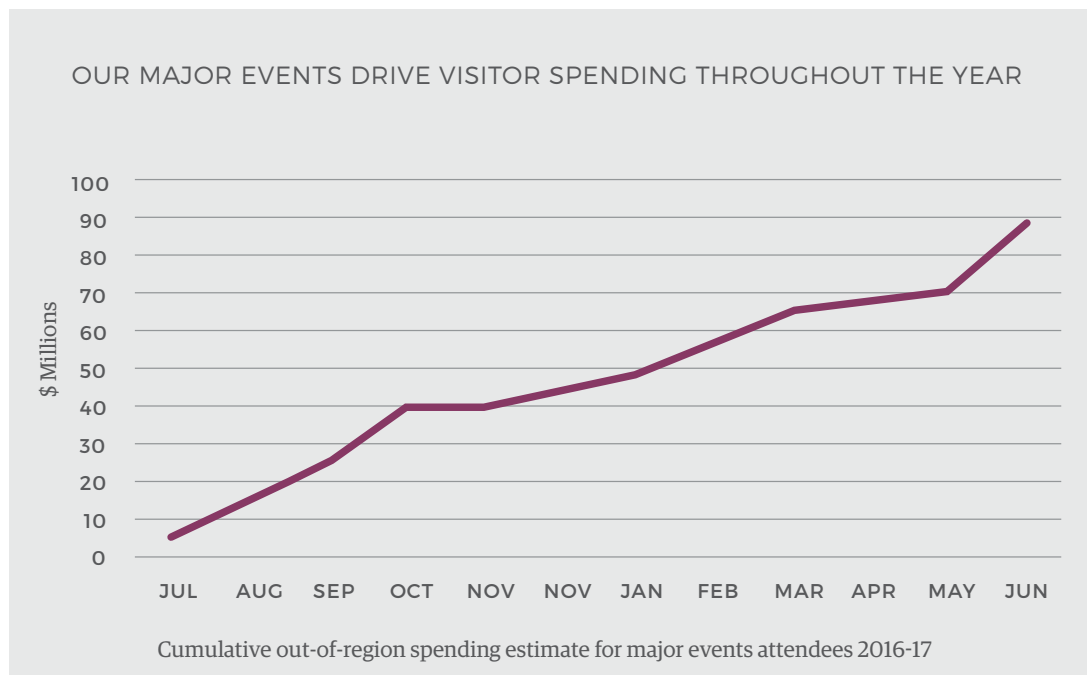
- Pulse Netball
- Hurricanes Rugby
- HSBC Sevens
- Black Caps v Bangladesh & South Africa
- All Whites v Fiji
- All Blacks v Australia (Bledisloe)
- Hurricanes v Lions



- World of WearableArt™ Awards Show
- Cindy Sherman Exhibition
- Wellington Jazz Festival
- Keith Urban/Carrie Underwood
- Jim Beam Homegrown
- CubaDupa
- NZ Brass Band Champs
- LUX light festival
- Guns n Roses



- Pinot Noir 2017
- Beervana
- Visa Wellington On a Plate



SPOTLIGHT

DHL NEW ZEALAND LIONS SERIES

SCORING THE FOOTBALL

The WREDA Major Events team, in partnership with Westpac Stadium, successfully won the rights to host the FIFA World Cup 2018 Intercontinental Playoff. Scheduled for November 2017, and featuring New Zealand and the 5th ranked team from South America, the match will attract visitors from across New Zealand and generate international media exposure for the Wellington region.

WINNING MORE CONFERENCES

Wellington's national market share of business events continues to grow, increasing 6% in the financial year, following a 2% gain in the year prior. Wellington now hosts 22% of New Zealand's multi-day business events.

In the past financial year, Business Events Wellington participated in successful bids for business events worth an estimated \$25 million to the regional economy.



WREDA PLAYED A KEY ROLE IN SECURING TWO MATCHES IN THE DHL NEW ZEALAND LIONS SERIES FOR WELLINGTON, AND IN MAXIMISING THE OPPORTUNITY OF THE WEEK.

Our team convened the Regional Coordination Group, bringing together NZ Rugby, Westpac Stadium, emergency services, transport operators, hospitality & accommodation sector, Wellington Airport and local council representatives. This group coordinated planning and operational delivery across the region, and liaised with national organisers.

Internally, we brought together team members from Major Events, Destination Marketing, Media, Trade Tourism, Venues and Business Growth & Innovation, to manage fan activations, business leverage events, promotion and media.

With an estimated 15,000 visitors for the Hurricanes match, and 26,000 for the test, the week had a significant impact on the regional economy.

TOP 5 CONFERENCE BIDS WON IN 2016/17

1. JOINT AUSTRALIA & NEW ZEALAND SOCIETY OF ANAESTHETISTS 2020
2. WORLD CONGRESS OF PUBLIC SERVICES INFORMATION 2020
3. HEALTH INFORMATICS NEW ZEALAND CONFERENCE 2018
4. INTERNATIONAL CONFERENCE ON ADVANCED MATERIALS & NANOTECHNOLOGY 2019
5. ILGA WORLD CONFERENCE 2020

26,000 VISITORS

1,200 CAMPERVANS

1,000 EXTRA TEMP JOBS

24,000 PEOPLE THROUGH THE FAN ZONE

\$30m ESTIMATED ECONOMIC IMPACT

100% OCCUPANCY IN REGIONAL ACCOMMODATION

VENUES WELLINGTON

Our portfolio of civic venues (TSB Bank Arena & Auditorium (Shed 6), Michael Fowler Centre, St James Theatre, The Opera House) were successfully managed in 2016/17, welcoming more than 630,000 locals and visitors across its performance and business event programmes.

RUNNING THE SHOW

Within two days of the Kaikoura earthquake, all venues were inspected, cleared and cosmetic repairs undertaken and were operating as normal. None of the properties earthquake ratings were affected. Owners Wellington City Council have committed to a strengthening programme for the St James Theatre, designed to protect this historic building and civic asset in the event of future seismic activity.

We installed a new sports floor at TSB Bank Arena, providing an international-standard playing surface for our two resident sports franchise hirers, Central Pulse and Wellington Saints.

At the conclusion of the previous arrangement, we opened our ticketing services to market, and, following a thorough closed tender process, appointed Ticketmaster.

Sell-out performance events included Joseph and The Amazing Technicolour Dreamcoat, (with promoters quoting Wellington as the most attended season through the New Zealand tour), An Evening with Dr Jane Goodall, Sol3 Mio, PJ Harvey, Bill Bailey, Nick Cave & the Bad Seeds, Don Henley, Twenty One Pilots, Broods and Ronan Keating.

Our resident hirers the Royal New Zealand Ballet, New Zealand Symphony Orchestra (who celebrated their 70th anniversary), Opera New Zealand, Orchestra Wellington and Chamber Music New Zealand also enjoyed excellent seasons.

A focused business events sales strategy boosted the number of national and international multi-day conferences in the region. Out-of-town conference delegates increased by 6,000 over the year.

PERFORMANCE & BUSINESS EVENTS





Wellington worked amazingly as a conference city - everything is central and easy for our delegates to access, including the airport. The general vibe within the city is one you just can't find elsewhere and it helps make events here stand out year after year. The team at Venues Wellington are world class.

ANNAH DUNCAN
INTERNATIONAL BRAND MANAGER,
HARCOURTS INTERNATIONAL LTD

CASE STUDY: HARCOURTS NEW ZEALAND 2017 CONFERENCE

Securing this major national conference's return to Wellington was three years in the making, and a combined effort between WREDA's Venues and Business Events Wellington team. Bringing together 900 delegates over three days, this was one of the largest and most valuable conferences in the region for the year.



WELLINGTON'S EVENTFUL YEAR

Don Henley



Sol3 Mio



Joseph and the amazing technicolour dreamcoat



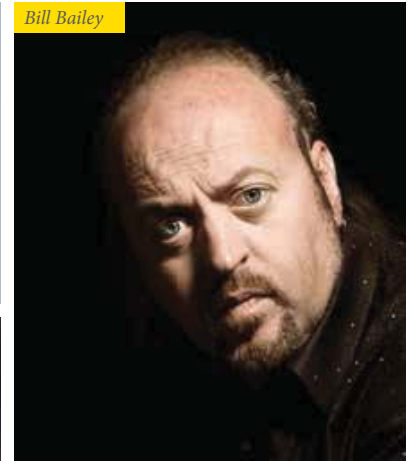
Royal New Zealand Ballet



Broods



Bill Bailey



LUX Light Festival



Beervana



Visa Wellington On a Plate



WOW*



Orchestra Wellington



Hurricanes



Nick Cave & The Bad Seeds



New Zealand Symphony Orchestra



Ronan Keating



PJ Harvey



21 Pilots



Cuba Dupa



New Zealand Opera



STATEMENT OF SERVICE PERFORMANCE

PROGRAMME	MEASURE	MEASURE / TARGET	FY17 RESULT	FY16 RESULT*
Sector Growth Initiatives	GDP growth of priority sectors above wellington average ⁵	0.5%	1%	2.2%
	Employment growth of priority sectors above Wellington average ⁶	0.5%	0.5%	2.3%
	Interns placed in priority sectors ²⁵	200	221	199
Regional Business Partner Programme	Performance against measured contract KPIs	100%	96% ¹	Current RBP contract started half-way through FY16. Also NZTE/Callaghan Innovation performance measures materially changed
Destination marketing	Total commercial guest nights ¹⁴	3.15M	3.11M ¹⁵	3.05M
	Australian visitor spend ¹⁶	\$195M	\$243M	\$223M
Talent attraction	Net permanent and long-term arrivals	2000	3787 ¹¹	3167
	Wellington share of total net permanent and long-term arrivals	4%	5.2%	4.6%
Business attraction	Number of jobs in successfully attracted prospect businesses ¹²	50	295 ¹³	N/A - Not measured in FY16
Media hosting programme	Number of media hosted in Wellington	120	173 ²²	106
Champion Wellington success stories	Number of stories in Australasian media	625	1716 ²⁴	496
Major events	ROI via out of Wellington spend ²⁰	20:01	21:01	N/A - a new activity for WREDA
	Total event attendance	600,000	657,700 ²¹	N/A - a new activity for WREDA
Business Events Wellington	NZ market share multi-day conferences ¹⁷	16%	22%	16%
Wellington International Student Growth Program	International student enrolments ⁷	8500	8179 ⁸	7433
	NZ Market share of International students ⁹	6.5%	6.21% ¹⁰	6.1%

*FY16 RESULTS ARE UNAUDITED

- 1 Delivery of the RBP programme slowed down in the first half of FY17, due vacant roles in July-October followed by the Kaikoura earthquake in November. At the half-year mark, our measured performance was tracking at 80% of target and picked up strongly in the second half.
- 2 The budgeting for innovation services was done in February 2016 and was in line with moderate growth of these services. However we have experienced strong demand for these services, in particular over the last 3 months of the financial year with very strong.
- 3 This does not include R9 investments as the investment showcase for this did not occur until June 2017.
- 4 Source: Stats New Zealand Screen Industry Survey.
- 5 Source: Infometrics.
- 6 Source: Infometrics.
- 7 Source: Education New Zealand.

- 8 International student enrolments are released annually on a calendar year basis and there has always been a misalignment between Financial Year reporting and calendar reporting. The SOI does not align correctly with the targets within the Wellington International Student Growth Programme. To mitigate this we have now introduced a new 'student visa' measure which can be reported on a financial year basis.
- 9 Source: Education New Zealand.
- 10 Market share growth of 6.5% was a stretch target that can be influenced by the success or failure of other regions.
- 11 Like New Zealand as a whole, Wellington has experienced record growth in net migration which has exceeded all expectations.
- 12 The number of jobs created in businesses that WREDA successfully attracted
- 13 Concentrix, a business we were involved in attracting to Wellington in 2016, has grown rapidly and employed a significant number of new staff.
- 14 Stats New Zealand, Accommodation Survey.

PROGRAMME	MEASURE	MEASURE / TARGET	FY17 RESULT	FY16 RESULT
Screen Wellington	Conversion rate of logged enquiries to confirmed production	25%	25.8%	N/A Not measured in FY16
	Total revenue from screen industry ⁴	\$650M	Not available until April 2018	\$728M
	Customer satisfaction survey	80%	96.7%	N/A - Not undertaken in FY16
Creative HQ	Revenue from commercial innovation services	\$0.5M	\$2.03M ²	\$1.06M
	Lightning Lab participant investment raised	\$3.5M	\$2.45M ³	\$3.8M
	Students completing Venture Up programme	50	51	50
Venue operations	Utilisation of venues	65%	54.2% ¹⁸	56.3%
	Growth in number of out of town venue attendees	2.5%	3.05%	N/A
	Net surplus target	\$120K	\$276K ¹⁹	\$352K
Visitor infrastructure	Value of pre-bookings for Wellington Convention Centre	\$1M	N/A - Decisions relating to the building of the venue have been delayed due to ongoing discussions with the external partner	N/A Not targeted in FY16
The Wellington Partnership ²³	Partnership participation numbers	20	N/A due to change in focus of activity	N/A - A new activity
	Partnership satisfaction score	80%	75%	N/A - A new activity
Scale-Up programme	Metrics for evaluation are developed during programme design	TBC	CreativeHQ undertook phase one - a discovery phase	N/A - A new activity
Global liveability reputation	Mercer Liveable Cities ranking	#11	#15	#12

¹⁵ The visitor market has generally been strong across the 2016-17 year but was significantly impacted by the 14 November earthquakes which had an immediate and dramatic effect for a period that the city did not fully recover from until the business year restarted in February 2018.

¹⁶ Source MBIE Regional Tourism Estimates.

¹⁷ Source: MBIE, Convention Activity Survey

¹⁸ The use of Venues did not increase in 2016-17 although the number of people visiting events in the venues has increased. In the 2017-18 SOI WREDA has committed to reviewing Venue Operations to identify ways of increasing Venue utilisation.

¹⁹ The sizable differences between this year's result, the target and last year's result are due to a change in the arrangement between WREDA and WCC.

²⁰ The ROI on Major Events investment, is calculated from the total amount invested in the Major Events portfolio, and the estimated direct spend of out of region visitors to those events.

²¹ The positive variance in Major Event attendance is attributable to unbudgeted Super Rugby quarterfinal, semi-final and final matches in July 2016, along with the unbudgeted the All Whites match vs Fiji football international in March 2017.

²² Wellington benefited from an increase in New Zealand-wide visits by international media organised by Tourism New Zealand.

²³ The Wellington Partnership was changed during the FY to a broader stakeholder and partnership management programme, rather than a membership based programme as initially envisaged.

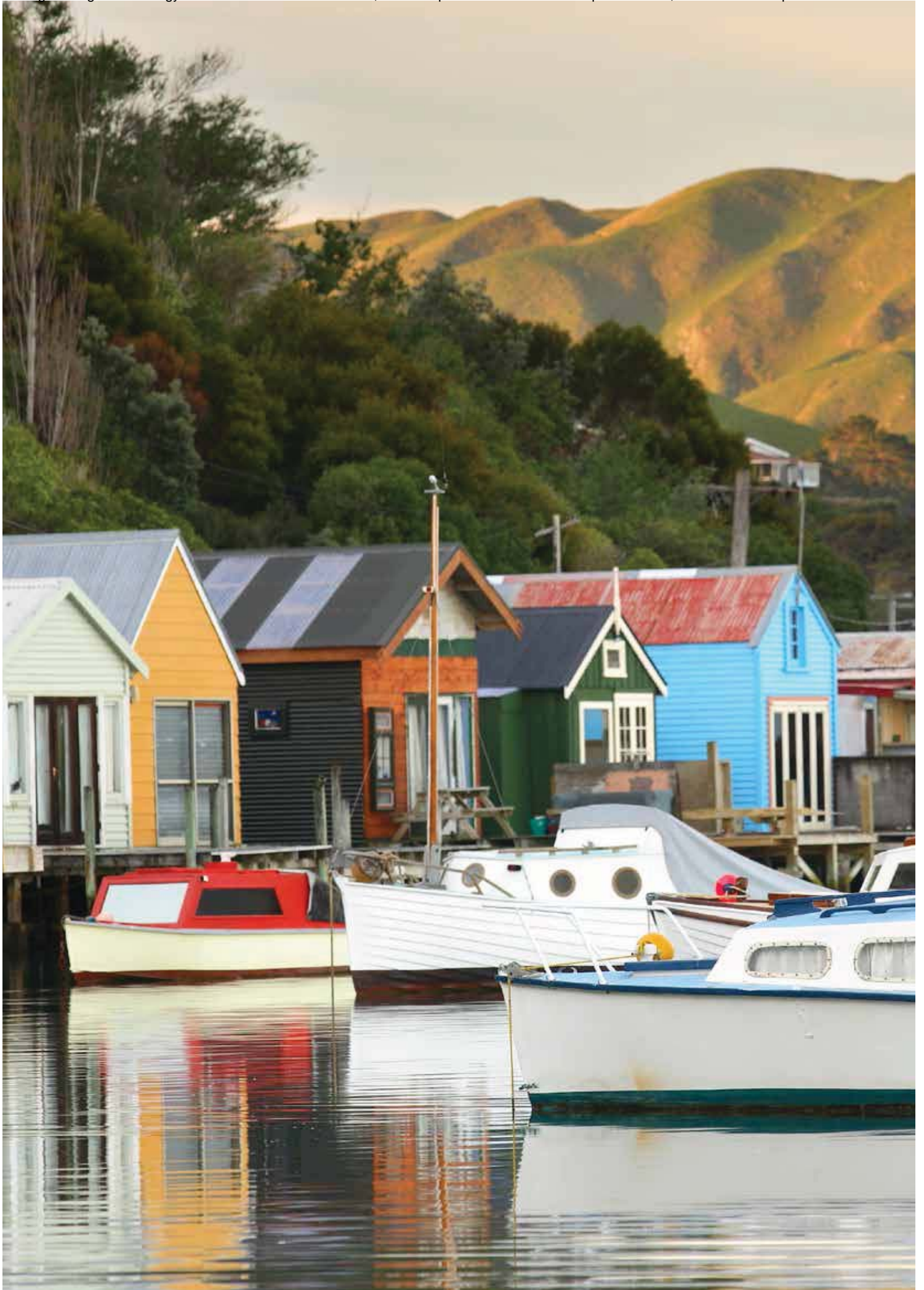
²⁴ The higher number of articles reflect - increased number of families, increased syndication of stories, increased proactive content placement, and LookSee Wellington media pickup.

²⁵ This activity was incorrectly labelled Summer of Tech Interns in the 2016/17 SOI. Summer of Tech is a major component of WREDA intern placement activity, but is a subset of the total. Results and measures all refer to total intern activity and are consistent and comparable.

BENCHMARK INDICATORS

WELLINGTON MEASURES	2017 FORECAST (SOI)	2017 (LATEST AVAILABLE, JUNE 2017 UNLESS OTHERWISE STATED)	AS AT	SOURCE
Real GDP growth	3.0%	2.60%		Infometrics
GDP per capita	\$68.2K	\$59,269	OCT-16	Infometrics
Exports growth	3.0%	10.10%	OCT-16	Infometrics
Jobs growth	2.5%	4.60%		Statistics NZ, HLFS
Employment rate	69.0%	70.1		Statistics NZ, HLFS
Average household income	\$113.5K	\$102.80	JUN-15	Statistics NZ, Household Expenditure Survey
Productivity growth	1.2%	0.4%	OCT-16	Infometrics
Population	508,000	504,900	JUN-16	Statistics NZ
Visitor movements through Wellington Airport	471,755	440,650		Statistics NZ, Infoshare
Regional GPI	91.5	N/A	N/A	GWRC





INDEPENDENT AUDITOR'S REPORT

To the readers of Wellington Regional Economic Development Agency Limited group's financial statements and performance information for the year ended 30 June 2017

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, on his behalf.

OPINION

We have audited:

- the financial statements of the group on pages 35 to 58, that comprise the statement of financial position as at 30 June 2017, the statement of comprehensive revenue and expense, the statement of changes in equity and the 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 26 to 28.

In our opinion:

- The financial statements of the group on pages 35 to 58:
 - > present fairly, in all material respects:
 - its financial position as at 30 June 2017; 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 Reduced Disclosure Regime.
- the performance information of the group on pages 26 to 28 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 2017.

Our audit was completed on 9 November 2017. This is the date at which our opinion is expressed.

The basis of our opinion is explained below, and we draw your attention to the uncertainties in the carrying value of unlisted shares in incubator and accelerator companies. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

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 on page 42, and in 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.

BASIS OF OPINION

We carried out our audit in accordance with the AuditorGeneral's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the AuditorGeneral's Auditing Standards.

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS AND THE PERFORMANCE INFORMATION

The Board of Directors is responsible on behalf of the group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the group.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the group for assessing the group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

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

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND THE PERFORMANCE INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the AuditorGeneral's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the AuditorGeneral's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the group's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible solely for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 4 to 25 and 34, but does not include the financial statements and the performance information, and our auditor's report thereon.

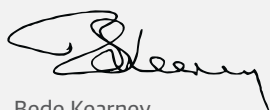
Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the group in accordance with the independence requirements of the AuditorGeneral's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners, issued by New Zealand Auditing and Assurance Standards 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

WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY LTD
**STATEMENT OF COMPLIANCE
AND RESPONSIBILITY**

STATEMENT OF COMPLIANCE

The Board and Management of the Wellington Regional Economic Development Agency Limited (WREDA the Company and Group) acknowledge that the company has not met the requirement of S67(1) of the Local Government Act 2002 to make its annual report publicly available by 30 September 2017. Apart from this they confirm that all other statutory requirements in relation to this annual report, as outlined in that Act 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 2017 fairly reflect the financial position, financial performance and service performance achievements of the Wellington Regional Economic Development Agency Limited and Group.



Peter Biggs
CHAIR
9 NOVEMBER 2017



Grant Guilford
RISK AND AUDIT COMMITTEE MEMBER
9 NOVEMBER 2017

WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY LTD
STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

FOR THE YEAR ENDED 30 JUNE 2017

REVENUE	NOTES	GROUP		
		2017 ACTUAL \$	2017 BUDGET \$	2016 ACTUAL \$
Service revenue	4	18,995,259	-	12,609,432
Management fee	5	5,237,689	-	5,656,160
Interest revenue		66,690	-	68,869
Investment revenue		-	-	39,534
Rental revenue		101,318	-	107,315
Other revenue	6	7,379,876	-	6,061,104
TOTAL REVENUE		31,780,832	27,833,338	24,542,414
EXPENSES				
Personnel costs	7	12,901,472	-	13,015,076
Directors fees	23	274,450	-	277,583
Depreciation and amortisation	10,11	134,333	-	136,503
Other expenses	8	17,420,570	-	11,115,143
TOTAL EXPENSES		30,730,825	27,857,731	24,544,305
SURPLUS/(DEFICIT) BEFORE INCOME TAX AND SUBVENTION		1,050,007	(24,393)	(1,891)
Subvention payment		23,874	-	54,728
Income tax expense	9	148,667	-	(62,567)
Surplus/deficit for the year		877,466	(24,393)	5,948
Other comprehensive revenue and expense				
Movement in fair value of investment assets		(56,089)	-	(20,510)
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		821,377	(24,393)	(14,562)

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY LTD
STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

ASSETS	NOTES	GROUP		
		2017 ACTUAL \$	2017 BUDGET \$	2016 ACTUAL \$
Current assets				
Cash and cash equivalents	15	1,706,958		1,958,494
Trade and other receivables	13	2,257,053		1,168,104
Prepayments		209,457		49,968
Inventories		937		1,597
TOTAL CURRENT ASSETS		4,174,405	2,214,168	3,178,163
Non-current assets				
Property, plant and equipment	10	344,380		281,128
Intangible assets	11	11,749		17,007
Other financial assets	14	41,349		51,226
Investments in incubator and accelerator companies	12	1,413,177		1,427,407
Deferred tax asset	9	110,970		117,473
Total Non-current assets		1,921,625	1,688,200	1,894,241
TOTAL ASSETS		6,096,030	3,902,368	5,072,404

WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY LTD
STATEMENT OF FINANCIAL POSITION (CONT'D)

AS AT 30 JUNE 2017

LIABILITIES	NOTES	GROUP		
		2017 ACTUAL \$	2017 BUDGET \$	2016 ACTUAL \$
Current liabilities				
Trade payables	17	1,421,214		1,009,204
Employee entitlements	16	1,081,299		846,607
Sundry creditors and accruals	18	790,652		545,186
Deferred Revenue		264,314		974,422
Taxes and KiwiSaver payable	19	124,495		182,040
Total Current liabilities		3,681,974	2,383,113	3,557,459
TOTAL LIABILITIES		3,681,974	2,383,113	3,557,459
NET ASSETS		2,414,056	1,519,255	1,514,945
EQUITY				
Share capital		1,000		1,000
Capital injection from shareholder		1,577,137		1,577,137
Fair Value Reserve		321,964		378,053
Accumulated funds		513,955		(441,245)
TOTAL EQUITY		2,414,056	1,519,255	1,514,945

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY LTD
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	GROUP		
		2017 ACTUAL \$	2017 BUDGET \$	2016 ACTUAL \$
Balance at 1 July		1,514,945		1,529,507
Movement in investment reserve		(56,089)		(20,510)
Total comprehensive revenue and expense for the year		877,466		5,948
Prior period adjustment		77,734		-
BALANCE AT 30 JUNE		2,414,056		1,514,945

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY LTD STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

CASH FLOWS FROM OPERATING ACTIVITIES	NOTES	GROUP	
		2017 ACTUAL \$	2016 ACTUAL \$
Receipts from activities and other income		10,933,578	12,807,157
Receipts from Grants and Subsidies - Operating		18,995,259	12,549,037
Payments to suppliers/employees		(29,839,899)	(25,113,195)
Net GST paid		(79,786)	(111,181)
Income tax (paid) / received		(172,541)	(31,331)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		(163,389)	302,848
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		66,690	68,869
Receipts from CHQ Investments		121,649	(64,925)
Partial Repayment of loan received		15,000	-
Purchase of Investments		(95,000)	-
Purchase of property, plant and equipment & intangibles		(196,477)	(38,827)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		(88,147)	(34,883)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend Income (paid)		-	39,534
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		-	39,534
Net increase/(decrease) in cash and cash equivalents		(251,536)	307,499
Cash and cash equivalents at beginning of period		1,958,494	1,650,995
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		1,706,958	1,958,494

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

NOTES TO THE FINANCIAL STATEMENTS

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 is the 100% shareholder of Creative HQ Limited, the regions business incubator and accelerator.

WREDA aims to integrate, streamline, strengthen and, as required, modify the core activities of the legacy 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. WREDA Limited remains a council controlled organisation as defined under section 6 of the Local Government Act 2002.

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 2017. The financial statements were authorised for issue by the Board of Directors on 9 November 2017.

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the Public Entity Standards Reduced Disclosure Regime (PBE Standards RDR) as appropriate for Tier 2 not for profit public benefit entities, and disclosure concessions have been applied.

Whilst the Group is publically accountable and has had operating expenditure in the current financial year of just over \$30m, operating expenditure was below \$30m in the previous financial period and is anticipated to be in the next financial period as well and has therefore elected not to report in this financial period as a Tier-1 Organisation.

MEASUREMENT BASE

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position, which are measured at fair value:

Investment in incubator and accelerator companies

- Employee entitlements
- Loan issued

The financial statements are presented in New Zealand dollars (\$) which is the controlling entity's functional and Group presentation currency.

COMPARATIVE INFORMATION

The comparatives shown in these financial statements are for the 12 months ended 30 June 2016.

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 2017. A Group structure diagram is included in note 27.

SUBSIDIARIES

Subsidiaries are all those entities over which WREDA (the company and Group) has the power to govern the financial and operating policies of 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 intragroup 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 Expenses 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 Expenses in other expenses.

IMPAIRMENT OF FINANCIAL ASSETS

Collectability 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 2017 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).

(i) 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.

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 Expenses.

(iii) 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 Expenses. The useful lives and associated depreciation rates have been estimated as follows:

Class of asset depreciated | Estimated useful life

Computer hardware | 2 - 3 years

Equipments | 2 - 8 years

Furniture and fittings | 3 - 10 years

(iv) 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.

(v) 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 Expenses.

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 Expenses 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 Expenses 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.

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 executive of WREDA and Creative HQ Limited and the Senior Leadership team of WREDA. 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.

4. SERVICE REVENUE

	GROUP	
	2017	2016
TOTAL	18,995,259	12,609,432

Service revenues are grants received by WREDA in large from its shareholders Wellington City Council & Greater Wellington Regional Council as well as both central Government organisations and private sector organisations. Service revenues are used to further economic development in the Wellington Region.

On the 1st of July 2016, the Major Events division of the Wellington City Council joined WREDA. 2017 is therefore the first year of revenue and expenditure of this division within WREDA. During 2017, under a management agreement with WCC, WREDA also earned a surplus share from it's operation of Venues Wellington. This share of the Venues Wellington Surplus is to be used for the future enhancement of the Venues Wellington experience.

5. MANAGEMENT FEES

	GROUP	
	2017	2016
TOTAL	5,237,689	5,656,160

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 and fluctuate year on year depending on those costs.

6. OTHER REVENUE

	GROUP	
	2017	2016
Wellington i-SITE Visitor Information Centre revenue	2,101,812	2,669,331
Partner revenue	3,173,588	1,596,959
Cruise shuttle revenue	6,986	271,671
Contract Income, non-government	1,675,489	1,437,901
Gain on sale	21,895	-
Surplus Share - Wellington Venues	268,535	-
Other Income	131,571	85,242
TOTAL	7,379,876	6,061,104

Following the November 2016 Kaikoura earthquake, the Wellington Region suffered a decline in visitor numbers. Wellington i-SITE Visitor Information Centre revenue fell as a result of this decline and is increasing again as visitors return to the Region. Following the earthquake all cruise passengers disembarking were offered by the Port complimentary shuttle services off the Port for health and safety purposes and WREDA lost the ability to shuttle passengers off the Port at a charge. This has had a significant negative impact on our Cruise Shuttle revenue.

During the period we have also had some uplift in our Partner Revenue, through both revenue increases stemming from Creative HQ and also partner revenue uplift from the Parent's involvement in marketing Wellington Venues as part of our Venues Management Agreement with the Wellington City Council. This additional marketing revenue has been offset by the expenditure incurred. As part of our Venues Management Agreement with Wellington City Council, WREDA is entitled from this year to a share of surplus generated within the Venues business of the Wellington City Council. This surplus is to be used for purpose of benefiting the Venues in future financial periods.

7. PERSONNEL COSTS

	GROUP	
	2017	2016
Salaries and wages	12,284,881	12,349,429
Kiwisaver contributions	295,304	294,200
Increase/(decrease) in employee entitlements accruals	209,733	(43,067)
Other personnel costs	111,554	414,514
TOTAL	12,901,472	13,015,076

8. OTHER EXPENSES

	GROUP	
	2017	2016
Marketing, Advertising and printing costs of delivering programs of work	7,120,698	4,884,290
Major Event Sponsorship and Activation	3,854,640	-
Audit fees	90,000	89,589
Conferences and catering	127,810	250,715
Consultants and legal fees	585,315	567,400
Contractors	1,069,625	710,548
Direct costs - i-SITE	1,729,292	2,387,784
Grants and contributions	404,637	9,320
Information and communication technology	409,138	390,792
Loss on disposal of asset	7,336	1,208
Impairment to investment	41,890	-
Leased copiers and office equipment	54,565	37,122
Utilities	36,950	39,384
Rent	601,886	622,538
Travel	159,918	327,263
Stationery	44,247	55,713
Technical Services	424,404	188,784
Membership fees	75,919	48,966
Other expenses	582,300	503,727
TOTAL OTHER EXPENSES	17,420,570	11,115,143

From 1 July 2016 WREDA has undertaken to market the Wellington Venues it operates under a Venues

Management Agreement with WCC, utilising WREDA's in-house marketing team to activate and coordinate these activities. WREDA on-charges a fee to Venues Wellington (a division of WCC) for these services.

On the 1st of July 2016, the Major Events division of the Wellington City Council joined WREDA. 2017 is therefore the first year of revenue and expenditure of this division within WREDA.

9. INCOME TAX

COMPONENTS OF TAX EXPENSE	GROUP	
	2017	2016
Current tax expense/(benefit)	141,368	-
Adjustments in current tax in prior years	796	-
Deferred tax expense/(benefit)	6,503	(62,567)
TAX EXPENSE/(BENEFIT)	148,667	(62,567)
RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT		
Net surplus before tax	1,050,007	(1,891)
Tax at 28%	294,002	(530)
Plus (less) tax effect of:		
Non-deductible expenditure	6,068,857	3,233,580
Non-taxable income	(6,156,460)	(3,206,820)
Previously unrecognised tax losses now recognised	-	(49,008)
Group loss offset	(163,631)	-
Under/(Over) provision of income tax in previous period	46,900	
Deferred tax adjustment	58,999	(39,789)
TAX EXPENSE/(BENEFIT)	148,667	(62,567)

DEFERRED TAX ASSET (LIABILITY)	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS	EMPLOYEE ENTITLEMENTS	OTHER PROVISIONS	TAX LOSSES	TOTAL
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 comprehensive income	0	0	0	0	0	0
Balance at 30 June 2016	(80,263)	(4,762)	147,479	8,916	46,103	117,473
Charged to surplus or deficit	(16,163)	1,472	52,748	1,543	(46,103)	(6,503)
Charged comprehensive income	0	0	0	0	0	0
Balance at 30 June 2017	(96,426)	(3,290)	200,227	10,459	0	110,970

It is expected that WREDA's taxable income for the current year will be eliminated by tax losses transferred from WCC. No provision has been made for any payment in relation to the expected loss transfer.

10. PROPERTY, PLANT AND EQUIPMENT

	GROUP			TOTAL
	FURNITURE AND EQUIPMENT	PROPERTY IMPROVEMENT	COMPUTER HARDWARE	
Cost				
At 30 June 2016	254,079	28,157	165,746	447,982
Additions	142,466	2,516	41,937	186,918
Disposals	(69,467)		(25,668)	(95,134)
At 30 June 2017	327,078	30,673	182,015	539,766
Depreciation				
At 30 June 2016	51,397	13,812	101,645	166,854
Depreciation for the period	59,521	5,108	54,888	119,517
Disposals	(65,317)		(25,668)	(90,985)
At 30 June 2017	45,601	18,920	130,865	195,386
Net book value				
At 30 June 2017	281,477	11,753	51,150	344,380
As at 30 June 2016	202,682	14,345	64,101	281,128

11. INTANGIBLE ASSETS – SOFTWARE/WEBSITE

	GROUP	
	2017	2016
Cost - Opening	41,995	41,995
Additions	9,559	-
Cost - Closing	51,554	41,995
Amortisation - Opening	24,988	8,649
Amortisation for the period	14,817	16,339
Amortisation - Closing	39,805	24,988
Net Book Value 30 June 2017	11,749	17,007

12. INVESTMENT IN INCUBATOR AND ACCELERATOR COMPANIES

	GROUP	
	2017	2016
Opening balance	1,427,407	1,400,992
Additions	95,000	64,925
Impairments to investment	(41,890)	(18,000)
Sale of Incubator investment	(121,640)	-
Movement in fair value of accelerator and incubator companies for period	54,300	(20,510)
TOTAL INVESTMENT IN INCUBATOR AND ACCELERATOR COMPANIES	1,413,177	1,427,407

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 2017 is \$(14,230) and the opening balance of its investments at 1 July 2017 was \$1,427,407. At year end, the fair value of its investments has been determined at \$1,413,177. 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. TRADE AND OTHER RECEIVABLES

	GROUP	
	2017	2016
Trade receivables	1,238,941	585,423
Management fee receivable	680,392	544,611
Income tax receivable	-	19,909
Sundry receivables	337,720	18,161
RECEIVABLES	2,257,053	1,168,104

Receivables are non-interest bearing and are generally on terms of 30 days. Toward the end of 2017 both the parent and subsidiary had an increase of work undertaken for fee over the previous financial year and this has increased the trade receivables held at year end. There is no provision for overdue debt needed.

Non-exchange transactions

All receivables are derived from non-exchange transactions.

14. OTHER FINANCIAL ASSETS

	GROUP	
	2017	2016
Loan	75,000	75,000
Partial repayment	(15,000)	-
Less provision for impairment	(18,651)	(23,774)
TOTAL OTHER FINANCIAL ASSETS	41,349	51,226

At 30 June 2017 a loan provided to the Wellington Culinary Events Trust (WCET) with an initial value of \$75,000 was recorded at its current fair value of \$41,349 (2016:\$51,226). This loan was drawn down in May 2015. During 2017 WCET repaid \$15,000 of the loan. An initial impairment in 2015 of \$28,431 has been written back to \$18,651 in 2017. 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 WCET have an expectation that the full loan of \$75,000 shall be repaid.

15. CASH AND CASH EQUIVALENTS

	GROUP	
	2017	2016
Cash at bank and on hand	1,706,958	1,958,494
TOTAL CASH AND CASH EQUIVALENTS	1,706,958	1,958,494

16. EMPLOYEE ENTITLEMENTS

	GROUP	
	2017	2016
Annual leave	591,513	528,884
Accrued salaries and wages	489,786	317,723
TOTAL EMPLOYEE ENTITLEMENTS	1,081,299	846,607

No accruals are made for sick leave as the probability of any requirement cannot be accurately recorded.

17. TRADE PAYABLES

	GROUP	
	2017	2016
TOTAL TRADE PAYABLES	1,421,214	1,009,204

Trade payables are non-interest bearing and are normally settled on 20th of the month following terms. All payables are current.

18. SUNDRY CREDITORS AND ACCRUALS

	GROUP	
	2017	2016
Expense accruals	547,180	436,565
Audit fee accrual	48,333	16,655
ACC payable	37,352	31,844
Other payables	157,787	60,112
TOTAL SUNDRY CREDITORS AND ACCRUALS	790,652	545,186

19. TAXES AND KIWISAVER PAYABLE

	GROUP	
	2017	2016
GST payable	7,379	87,165
FBT payable	-	1,013
PAYE and Kiwisaver payable	9,025	77,095
Income tax Payable	108,091	16,767
TOTAL TAXES AND KIWISAVER PAYABLE	124,495	182,040

During the period, the remaining operating unit that was not utilizing a payroll intermediary combined its payroll with a unit that was, therefore PAYE is now paid at time of salary and wage payment via this intermediary.

20. 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	
	2017	2016
No later than one year	476,977	545,621
Later than one year but not later than five years	1,160,148	424,589
Later than five years	187,527	-
TOTAL NON-CANCELLABLE OPERATING LEASES	1,824,652	970,210

During 2017, the parent had two office leases that expired. The parent then entered into a long-term lease for one combined office for the expiring leases.

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 5 months, with one right of renewal of 12 months.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June 2017 and 2016 are, as follows:

	GROUP	
	2017	2016
No later than one year	19,583	47,000
Later than one year but not later than five years	0	19,583
TOTAL NON-CANCELLABLE OPERATING LEASES	19,583	66,583

21. CONTINGENT LIABILITIES & GUARANTEES

At 30 June 2017, the Group and Parent had no contingent liabilities and had not entered into any guarantees.

22. 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 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 has not accepted any new contracts for services from the Assignment Group. All previous transactions with the Assignment Group have been at arm's length.

Director Thomas Pippos is the National Chief Executive of Deloitte. During 2016, but not 2017 WREDA, the parent, purchased tax advice services from Deloitte New Zealand at arm's length. During the year Deloitte also provided accountancy services to WREDA's subsidiary Creative HQ Ltd (of which Thomas Pippos is not a director) at no charge. Creative HQ Ltd also received professional legal services from Chapman Tripp at no charge and electricity from Citylink at no charge.

Brett Holland, who was a CHQ Board director at the beginning of the 2016 financial year, performed consultancy work at CHQ during 2017 and 2016 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.

SUBVENTION PAYMENT AND GROUP LOSS EFFECT

WREDA is to make a subvention payment to Wellington City Council of \$163,631 in return for losses of \$348,765. In the 2016 year, WREDA accrued a subvention payment of \$99,950 for \$257,015 of losses.

23. DIRECTORS' FEES

The total value of remuneration paid or payable to each Board Member during the year was:

PARENT WREDA LIMITED		2017	2016
Peter Biggs (Chairman)		50,000	50,000
Helen Anderson	(ceased 31 March 2017)	18,750	25,000
Matthew Clarke		25,000	25,000
Sarah Wickens	(ceased 31 March 2017)	8,333	25,000
William (Grant) Guilford		25,000	25,000
Richard Laverty		25,000	25,000
Thomas Pippos		25,000	25,000
Lorraine Witten		25,000	25,000
Paul Mersi	(ceased 31 December 2016)	12,500	25,000
David Gibson	(appointed on 1 Nov 2015)	25,000	14,583
TOTAL WREDA DIRECTORS' FEES		239,583	264,583

SUBSIDIARY CREATIVE HQ LIMITED		2017	2016
Barry Brook (Chairman)		16,000	4,000
Christopher Whelan	(ceased on 26 August 2016)	-	-
Victoria Crone	(ceased on 1 March 2017)	2,667	4,000
Susan Reynolds		11,200	4,000
Richard Laverty	(appointed 9 August 2016)	5,000	-
Brett Holland	(ceased on 21 Aug 2015)	-	1,000
TOTAL SUBSIDIARY DIRECTORS' FEES		34,867	13,000

TOTAL DIRECTORS' FEES		274,450	277,583
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24. REMUNERATION

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

The Group employed 131 (2016: 166) full time equivalent employees. The Group also employs a similar number of casual employees in its Venues Wellington division.

SEVERANCE PAYMENTS

During the year the Parent has made termination payments totaling \$121,665 (2016: \$165,137), as a result mainly of the disestablishment of duplicated roles during amalgamation.

KEY MANAGEMENT PERSONNEL

Key management personnel of the Group for 2017 were the Chief Executives of WREDA and Creative HQ Limited and the Senior Leadership Team of WREDA.

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 Limited 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 was not considered in 2016 to be

key management personnel but is during 2017, as the Chief Executive Positions for the operating divisions, other than Creative HQ Limited were disestablished, in the later part of the 2016 financial year. During the period the parent made termination payments of \$73,723 to Key Management Personnel.

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

	GROUP	
	2017	2016
Key Management Personnel		
Directors remuneration	274,450	264,583
WREDA Limited director full-time equivalents	7	10
Creative HQ director full-time equivalents	3	4
Key Management Personnel	1,606,976	1,321,841
Management full-time equivalents	7	5

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 Limited and Creative HQ Limited as at 30 June 2017.

Key management personnel did not receive any remuneration or compensation other than in their capacity as key management personnel (2016: 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 (2016: nil).

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

SALARY BANDS

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

	NO: OF CURRENT EMPLOYEES	
	2017	2016
\$100,000 - \$109,999	1	6
\$110,000 - \$119,999	7	7
\$120,000 - \$129,999	4	4
\$130,000 - \$139,999	4	3
\$140,000 - \$149,999	1	-
\$150,000 - \$159,999	1	1
\$160,000 - \$169,999	2	4
\$170,000 - \$179,999	2	1
\$180,000 - \$189,999	2	1
\$190,000 - \$199,999	-	1
\$200,000 - \$209,999	1	1
\$210,000 - \$219,999	2	-
\$250,000 - \$259,999	-	1
\$260,000 - \$269,999	-	1
\$270,000 - \$279,999	-	1
\$280,000 - \$289,999	1	-
\$300,000 - \$309,999	-	1
\$330,000 - \$339,999	1	-
\$390,000 - \$399,999	-	1

25. EVENTS AFTER THE BALANCE DATE

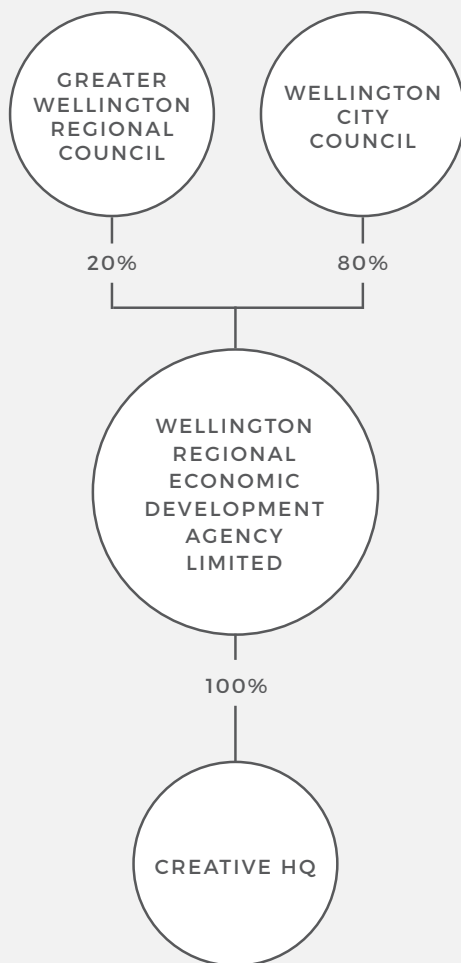
There has been no significant events after balance date.

26. 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).

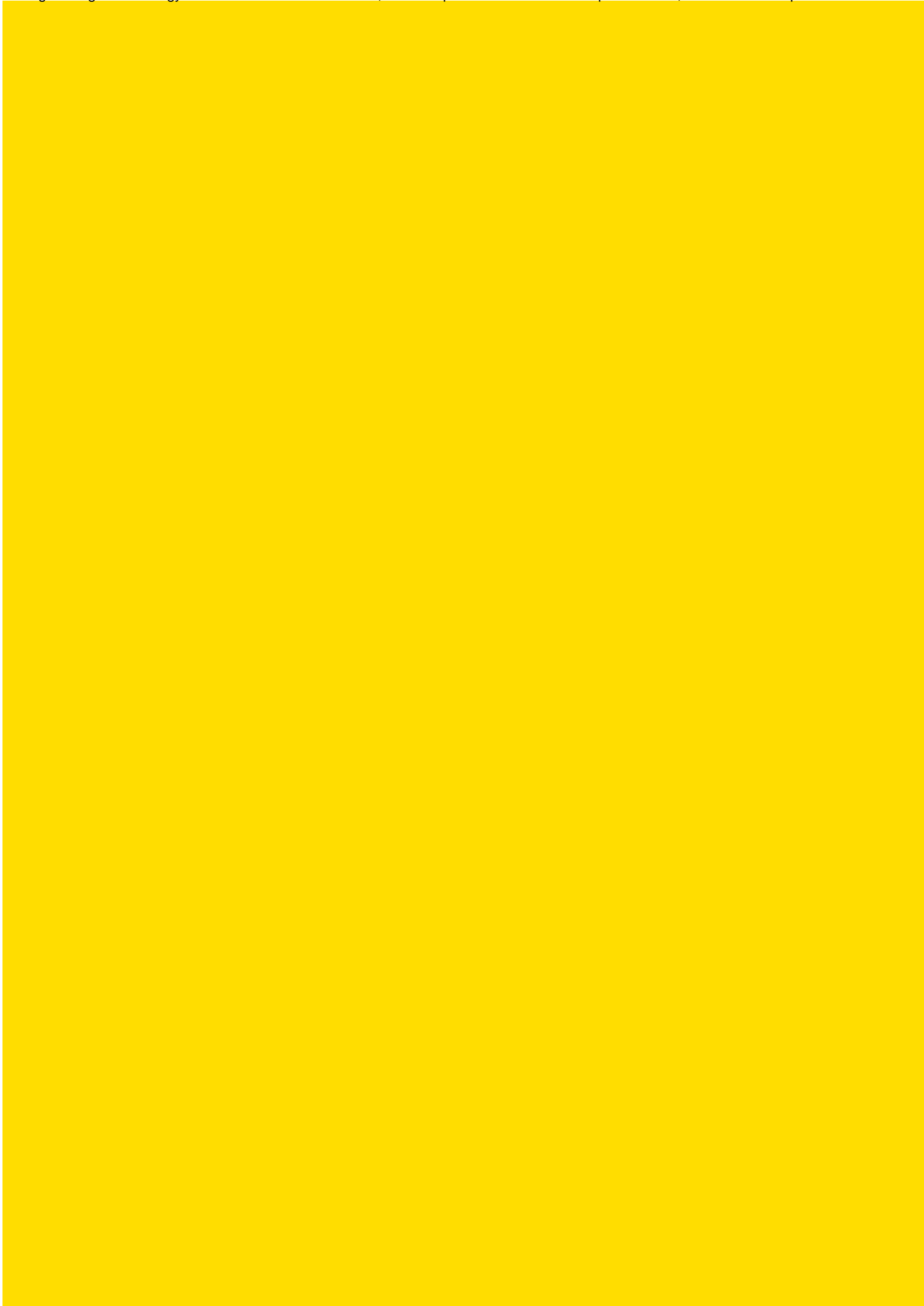
The Councils have accepted the Group's Statements of Intent, which includes funding for the Group and its activities for the next three years.

27. COMPANY STRUCTURE



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

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





WREDA

Wellington
Regional Economic
Development Agency



Q1 Report

2017/18

July - September 2017

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EXECUTIVE SUMMARY

The first quarter of the 2017-18 year has been bookended by two very significant events that have delivered to Wellington in regard to direct cross-regional economic impact, social impact, the telling of our destination story through sport and the creative sector, and the profiling of the region to people across New Zealand, Australia and the world beyond as a place that is vibrant and an exciting destination. These events – The British and Irish Lions Tour and the record-breaking season of the World of Wearable Arts together demonstrate so much of why the world gets excited about Wellington.

This quarter we have introduced a new strategic framework to help communicate our work in a clearer and more visionary way. The WREDA Big 6 – our strategic priorities and actions for the year ahead, outlines the areas we believe will provide Wellington the best bang for its economic buck. All our activities for this financial year will be filtered and measured against these six priorities; 1. Supercharge Wellington's Events 2. Pump NZ's creative heart 3. Accelerate the big projects 4. Talk-up Tech 4. Sell student city 6. Ramp up business growth.

Talking up Tech is showcased by the first 19 'LookSee' candidates and their families who have moved here for a new job and our **Selling of Student City** has helped deliver 9% growth in international students who have chosen Wellington as the place to pursue their studies. These results are not accidents but the result of the investment that WREDA with its partners in the technology and education sectors have made to profile Wellington as a place to live, work and study and then to actually convert that raised profile into growth.

In the venues we manage for Wellington City Council, **Supercharging Wellington's Events** is in full force with a first quarter that has been beyond our expectations. This result is one that we have growing confidence in. The appointment of Ticketmaster as our exclusive ticketing agent is bringing new performance product to Wellington. We will now look to see how we can use the platform created to better provide for supporting the grass roots of the creative sector in Wellington.

The appointment of a new set of catering partners to our venues provides by contract the guarantee that be they patrons of events or delegates at conferences our customers will experience the very best of the region's food and beverage offering.

The Hurricanes and All Blacks playing the Lions within a week in Wellington was no chance occurrence. WREDA's long standing relationships serve the city and region well in securing the events that continually mark the city down as the place that hosts the best events in New Zealand. Writing this now in November, our securing on consecutive weekends of the All Whites play-off game and the Kiwi's tie in the quarter finals of the Rugby League Cup will further that reputation.

Together with CHQ we're **Ramping Up Business Growth** with plans for 'Venture Up Wellington', scale-ups and a City Hack event. Our Business Growth team now leads for the region the relationship with 'YES' – the Young Enterprise Scheme; this is an important opportunity to link the creative entrepreneurs leaving high school with the start up and accelerator initiatives that CHQ delivers. At the same time our Regional Business Partner Programme has already this year worked with 156 businesses that are flourishing in various sectors across the region.

Across all these activities our marketing team has been busy telling the story of **NZ's Creative Heart**. Working with Wellington On a Plate and Beervana, 95 WREDA-led stories were published telling of our food and beverage products and experiences across the

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region. Our activations in Australia have partnered with many including Singapore Airlines, Air New Zealand, Tourism New Zealand and Expedia. Our message in these markets has been all about the region being 'the creative heart of New Zealand'. The results have been impressive with all those partners reporting increased business on the back of our activity with them.

It's good to know as we head into summer that our region is succeeding in getting famous. Pop icon Ed Sheeran told the world this week from his UK home that if he could live anywhere it would be Wellington. At the same time Lorde was telling 2500 fans in the Michael Fowler Centre just how beautiful the venue and city were. From China we've seen real growth in tourism numbers ahead of the rest of the country following a Tourism New Zealand hosted Chinese megastar, film director Wu Ershan, telling his story of why Wellington is special to millions of his countrymen.

Last week a group from the office went out to learn more about the world of Alternative Reality and its various spin-offs. The telling of the stories about all the clever and creative things that happen in the region is key to Wellington being seen as a real option for people from other places to invest in. The 36 stories we've had published across Australia telling this raise further interest in Wellington beyond the normal expectations of New Zealand.

We need to make sure the region delivers on the promise.

That's why we'll be looking during the rest of this year to **Accelerate the Big Projects** – seeking confirmation of the Convention Centre, progress on an Indoor Arena, further understanding of the investment and social development opportunities that the opening of Transmission Gully will create for the region and WREDA will be looking to play its part in those projects – and others that our stakeholders identify with us – across the region.

We may be getting famous but we need to keep ahead of the pack.

Derek Fry
Interim Chief Executive

1. WREDA ACTIVITY REPORT

1.1. BUSINESS GROWTH AND INNOVATION

BGI started the financial year well. After the development of a focussed business plan BGI is starting to deliver on it.

The team is continuing to work closely with Creative HQ. We have embarked on plans for Venture Up Wellington, scale-ups and a City Hack event. BGI have also taken over client management of support and funding for Young Enterprise across the Wellington region, for both WCC and GWRC.

The good work we have done to reinforce Wellington as a student city is seeing strong results.

We are working hard to develop investment attraction and export international activity. We were in market in Canberra in July. We took education representation and also met local entrepreneurs, start-up businesses and science communities.

- **Regional Business Partner (RBP) Programme**

Through the Regional Business Partner Programme, funded by NZT&E and Callaghan Innovation, we provide regional businesses with access to mentorship, capability development, and R&D support services and funding. \$500,000 of voucher funding is available in the FY17/18 financial year.

- **Business Innovation Support**

The first quarter has seen a good volume of activity and several interesting opportunities as we continue to engage with high-value product and services business from the region, to augment the pace of their technology innovation and the success of its commercialisation and help them access R&D grants through Callaghan Innovation.

We have introduced a bi-monthly innovation forum and have run workshops to introduce Callaghan services to our wider client-base.

- **Regional Delivery & Events**

We have successfully held many regional events and initiatives, designed to increase the reach of our business growth services. These have included a Pop-Up business school in Porirua, a Hutt Chamber business clinic, participation in the Hutt Chamber's business expo and a Business After 5 with the Kapiti chamber and a presentation and networking event with the Martinborough Business Association.

- **Wellington International Student Growth Programme**

The most recent figures (July) show that Wellington's Total Student Visas for YTD increased 9% (+355) compare with 2016. This included increases in first time visas (+10%) and returning student visas (+8%). By percentage, Wellington's growth continues to be the highest of the regions. Markets showing an increase include China, Colombia and Vietnam.

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Activities during this period have included a successful promotional trip to India. Leveraging the LookSee database, we also sent a promotional email to the approximately 7000 candidates from India, to drive their interest in post graduate IT study in Wellington. A number of LookSee candidates ended up attending the student fairs in India.

- **LookSee**

The LookSee campaign was named winner of the Economic Development Association of NZ inaugural Innovation Award. The project was also named as a finalist in the NZ Innovation Councils Innovation Awards.

Currently there have been 19 converted LookSee candidates who have accepted offers, and there are many others still in negotiation. An informal welcome event was held for a number of the candidates and their families. Interestingly 2 candidates have accepted offers with local employers despite not being on the LookSee trip in May.

We continue to work to encourage Wellington employers to take advantage of the database of 48,000 motivated tech candidates.

LookSee 2.0 is under discussion and we are confident we have a new approach that will continue the momentum generated in the first year.

- **Summer of Tech**

We continue to support Summer of Tech as the programme progresses.

- **Skills**

We have worked with GWRC to facilitate a skills workshop, with a range of stakeholders. The intent is to identify gaps in provision that WREDA can address in the future. delivered a significant return on investment.

- **Creative Industries/Tech**

We're actively supporting through a partnership agreement relating to the new co-working space for AR/VR and teams at ProjectR. We are one of the main sponsors in the first "Black Pages report" on the future of AR/VR.

We are working together with KOTRA – NZTEs counterpart for Korea on an exchange incubator programme for game developers and tech start-ups in collaboration with CHQ.

We hosted in a CEO in Tech cluster workshop, which the CEOs got a lot of value from a safe and trusting environment to discuss their ideas.

We're building a framework to help bring inspiring speakers from overseas to Wellington to assist the Wellington business and start-up community.

Together with Callaghan Innovation we've hosted the Wellington Chapter of the Innovation Forum.

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- **Food & Beverage / High Value Manufacturing**

We attended a joint WREDA / Wellington Wine Country workshop in Martinborough to decide on areas of common interests between the two organisation.

Development of a Market Engagement Plan for activity in Auckland, Melbourne and Singapore in conjunction with our F & B Forum.

We co-organised the Wairarapa Cropping Workshop with the Foundation of Arable Research and Masterton District Council.

- **Screen Sector**

Infrastructure Investments remains a key part of Screen Wellington's activities so the industry has room for growth and sustainability. Currently looking for external investment opportunities and working with the Avatar team on their requirements.

We have delivered the inaugural Screen Wellington meet uup.

We have been in market in LA and Singapore.

- **Science & Commercialisation**

We have met with over 30 stakeholder organisation in mapping the regional science sector.

Connecting WREDA with those involved in research commercialisation to connect them with the tools, connections, investments and support they need.

Great discussion with the British High Commission in support of a possible future Researcher/Investor trade trip from the UK to Wellington.

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1.2. PARTNERSHIPS AND EVENTS

- **Business Events Wellington**

The Business Events Wellington team had a successful start to the financial year, winning 6 international conferences. These events will inject a projected economic value of \$3.8 million into the Wellington economy. The team has also won 3 national conferences, with a projected value of \$1.8m. These conferences are:

International

ISCRAM – International Systems for Crisis Response & Management 2018 (550 delegates)

Nectar Creative Communications 2018 (300 delegates)

Asia Pacific Early Childhood 2019 (550 delegates)

VC Tour 2018 (170 delegates)

Kyani Roadshow 2018 (170 delegates)

EWM 2017 – (300 delegates)

National

New Zealand Veterinary Association 2018 (200 delegates)

House of Travel 2018 (850 delegates)

Beef & Lamb NZ 2017 (120 delegates)

- **Major Events**

Investment into the Major Events portfolio showed strong returns in the first quarter, with 116,344 people attending events in the portfolio, with the estimated direct spend from out of region visitors being an estimated \$35M. Events in the first quarter included

British and Irish Lions

The test was successfully hosted in Wellington on July 1. This represented a truly “all of WREDA” effort with Major Events, Destination Marketing, Media, Trade Tourism, Venues and BGI all working on various parts of the planning, promotion, operational delivery, activations and leveraging. With an estimated 26,000 visitors from out of region for the test, the week had a significant impact on the regional economy. Along with the direct economic spend, the week of activity garnered significant media exposure for the Wellington region. In the local media, WREDA was well profiled and positioned as playing a key role in maximising the opportunity of the week for Wellington.

Beervana

Wellington was reaffirmed as the craft beer capital, with the biggest Beervana yet with a record number of breweries from New Zealand, Australia and the USA attracting 14,000 across the two days, including 4000 out of region visitors.

Wellington on a Plate

Wellington on a Plate celebrated all things culinary in August, with special events, Dine Wellington and Burger Wellington getting Wellingtonians out and into the eateries of the region. The ticketed events issued over 8000 tickets, with 7% being sold outside the region.

World of WearableArt Awards Show

The quarter ended with the World of WearableArt Award show season. Overall just over 60,000 people attended the show season, with 67% of tickets sold being sold outside of the Wellington region. Full results will be reported in Quarter 2.

• **Performance Events**

With the Venues team delivering performance events in the first quarter, it has been an equally busy first quarter ensuring that the programme of events for the upcoming months is secured. The content acquisition of the Cirque Éloize show Cirkopolis in December is an exciting development made possible through the partnership with Ticketmaster. The forward programme for music acts is looking strong with Alice Cooper (Oct) Lorde (Nov), Alt-j (Dec), Angus & Julia Stone (Dec), Six60 (Jan), Macklemore (Feb) The Killers (April) amongst the highlight acts that have been secured in the first quarter.

• **Partnerships**

Singapore

The Partnerships team coordinated and WREDA wide mission and activation in Singapore. Working with Singapore businesses (Investment, tech, screen and education), we held a Wellington Inc. showcase event on Monday 10 July. Four WREDA Business units also undertook their own activity in Singapore to support the Singapore Airlines route and then joining together for a hosted Wellington Inc. Function. This included:

- BGI held meetings with experts across Investment, Start-ups, Incubators, Film and Tech
- Meeting with international student agents alongside several Wellington colleges and tertiary institutions who are joining him in market
- Trade tourism, and 13 of Wellington's tourism operators, trained 100 frontline Travel Agents through Tourism New Zealand's Kiwilink programme
- BEW, and 11 of Wellington's tourism operators, trained 50 Business Events, Incentives and premium agents through Tourism New Zealand's Kiwilink programme
- The Wellington Inc. hosted function on Monday 10 July showcased Wellington by way of its people, produce, beverages and events to a selected invitee list from the various industries listed above as well as our colleagues at NZ Inc.

Hila Oren

In association with TSB and Wellington City Council, WREDA hosted Hila Oren in Wellington on August 16 and 17. Hila Oren was the founder and CEO of Tel Aviv Global, the organisation responsible for the development and implementation Tel Aviv's positioning as a global city. Hila spoke at the Wellington Global luncheon to invited business, civic and cultural leaders.

Wellington in Canberra

WREDA delivered in early October to leverage WCC's sister city relationship between to the two capitals, and supporting the Singapore Airlines direct service as a way of attracting visitation to Wellington and promoting trade and other opportunities. The activity included a

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Civic function, along with a consumer facing "Pop-up Wellington" with the best of Wellington food and beverage was showcased at a public event in Canberra.

1.3. DESTINATION & MARKETING

The first three months of the new financial year have been productive ones in the Destination & Marketing business unit. Consumer campaigns have been live in Australia and New Zealand. Lions, Beervana, Wellington on a Plate and WOW campaigns and activations have kept a focus on events.

Two team goals of bringing the 'Study' site inside WellingtonNZ.com and setting a new more targeted course for the promotion of live events in Wellington have been attained. In the international travel trade space, the visit to Singapore with 15 businesses is already beginning to deliver better tourism results from that market.

Tourism New Zealand's continued activity promoting Wellington in key cities in China continues to deliver engagement results that we now look to convert into visitation as we work with key partners to re-examine our key tourism markets strategy and consider ways to increase investment in China and Australia.

- **Marketing & Destination Media**

Australia

Initial results for our winter campaign in Australia – *'Welly like a Local'* – show a 14% increase of followers across target markets on our social channels, a reach of over 4.5m from 65 social or blog posts, and over 5,500 entries to the TimeOut competition.

The campaign saw a number of Australian social media influences travel to Wellington, with content posted on their channels and amplified across ours.

Our Australian Spring camping, targeting Canberra, Melbourne, Sydney and Brisbane went live during mid-September. *'Discover Wellington, NZ's creative heart'* was developed off the back of research from Tourism NZ. This campaign saw 1 minute videos and 15 second cut downs, pushed across social channels and YouTube. This was viewed by 1.6m people in Australia. We worked with Expedia as our conversion partner, the result they saw was a 37% year on year increase in room nights sold – worth approximately \$237,000 in additional bookings.

We partnered with Air NZ on a week-long tactical sales campaign to support weaker than expected Trans-Tasman forward bookings. The result was an additional 1649 seats booked.

New Zealand

We have developed a spring/summer mini magazine promoting Wellington as a visitor destination – 178,000 copies are to be distributed in key domestic and urban Australia markets through magazine and newspaper insertions during October and November.

Why Wellington? It's Personal

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Our domestic place-making and talent attraction campaign, *Why Wellington? It's Personal*, performed above expectations.

The results show that the campaign was highly impactful amongst our 25-39-year-old target audience, helping us reach a much larger audience than we paid for. People spent 4-7 mins reading each article. Higher than anything we've seen previously for a native partnership. 935,062 completed views across digital channels. TV reached almost 40% of our targeted 25-39-year-old audience.

Major & performance Events

In September, we rolled out a new events brand and marketing campaign to promote live performance events in Wellington – LIVE in WLG. It has been designed to help connect audiences with great live experiences, support our clients and partners in marketing their events and reinforcing Wellington's reputation as the cultural capital. It includes a new fortnightly eDM, 4 seasonal events videos a year, a seasonal street poster, a monthly native media partnership with Fairfax and promotion in our Venues.

Through our marketing work Visa Wellington on a Plate channels grew 19.8% YOY through this year's campaign periods and out of town ticket sales were sitting at 7.15% for ticketed festival events.

For the World of Wearable Arts, we developed a new city excitement activation – *Welly loves WOW*, including huge letters on the waterfront to prompt social picture sharing under the #wellyloveswow tag. We are in discussion with Wellington City Council Arts regarding the development of a permanent 'Love Wellington' installation

PR

WREDA hosted famils and generated media activity in Australia and NZ. These activities resulted in a total of 388 media results across our destination / lifestyle / events & innovation/start-up media activities.

Tourism NZ launched high impact campaigns that were Wellington centric – including a partnership with National Geographic and Bryce Dallas-Howard, along with The Heart of the Long White Cloud. These promotions generated strong media coverage.

The US campaign we worked on with Tourism NZ, The Ultimate New Zealand Experience, has resulted in 146 media articles that feature Wellington, including [Hollywood Reporter](#), [Vogue](#) and ELLE, a total EAV of \$8 million.

The British & Irish Lions tour provided the opportunity to generate media stories regarding the important economic impact on the region, including several stories on the 6pm news slots.

Corporate PR promoted WREDA programmes and interests, including the first LookSee offers and arrivals, Wellington's mission to Singapore, the opening of the Miramar Creative Centre and the announcement of two All Black Tests for Wellington in 2018.

- **Digital Marketing**

WellingtonNZ.com received 534,646 visits between July to October from 362,000 unique users. Throughout Quarter 1, over 1 million pages were viewed, with top content including eat & drink, sights & activities and events sections of WellingtonNZ.com.

The largest volume of visitors came from New Zealand, Australia, USA, United Kingdom and Singapore, with USA and Singapore showing high year-on-year growth.

Our social media channels reached over 15.2 million users during Quarter 1 meaning our Wellington messaging is reaching approximately 170,000 people per day. This is up 73% QOQ on the last quarter of the 2016/17 financial year, due to extremely strong performing WOW related content.

Overall, engagement remains high when comparing to other industry channels. Comparing engagement per 1,000 fans, Wellington sits at 460 compared to Auckland at 163, NewZealand.com at 71, and Australia.com at 312.

A newly developed study hub, WellingtonNZ.com/study launched. Leveraging WellingtonNZ.com's one platform approach, StudyinWellington.co.nz was incorporated into the new build, as well as refreshed content and a searchable database enabling international students to search for options within the Wellington Region.

A small social media campaign, [the Welly Edit](#), ran during September to help promote Wellington-made products and retail businesses. Run across social media channels, the primary objective of the campaign was to help increase brand awareness of the partner products, with the tangible objective of increasing referral traffic to their websites via links on the WellingtonNZ.com campaign page. The campaign reached 165,000 users, received 4,900 entries and generated 1,880 referrals to partner businesses.

- **Travel Trade Marketing**

Aligning with Tourism New Zealand's KiwiLink India & Frontline Training Singapore event, WREDA organised a delegation of 15 Wellington businesses to participate in 'Mission Singapore' which included a networking function, sector business appointments and PR opportunities. The delegation included a variety of tourism industry participants including Weta Workshop, hotels and representatives from Destination Wairarapa and Hutt City Council. 110 Travel Agents were trained. For the first time at a TNZ event, Wellington operators outnumbered Rotorua and Queenstown's presence.

WREDA was one of 35 NZ companies, regions and airlines to meet with 42 well qualified Indian companies for decision maker appointments at TNZ's Kiwilink India. This was followed by a Delhi training day with around 75 frontline NZ specialist agents.

WREDA participated in Tourism New Zealand's Treasures of NZ Showcase in July covering 4 cities in 4 days with the aim of educating the US travel trade on the wider Wellington Region. Over 430 operators were trained.

An additional 68 North American agents participated in a co-hosted Tourism New Zealand and 'Classic NZ Wine Trail' training webinar in August, with 152 receiving follow up itinerary and product information.

The national Cruise Conference was held in August, growth remains robust and forecasts anticipate 175,000 visitors to Wellington this season, rising to around 245,000 in 2018/19.

1.4. VENUES & DESTINATION DEVELOPMENT

During the first quarter, our Venues have hosted many significant events. The period started with hosting over 4,000 Lions fans at events in our venues and concluded with a record season of WOW.

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During the period, we have embedded a new ticketing agent into our systems – Ticketmaster – and begun to benefit from their network in securing an increased number of events in the future.

We have also appointed a new panel of corporate caterers led by Sarah Serancke catering from Tawa and a sole retail provider, Collective. Of the four catering suppliers, we are now working with three are based in Wellington and the other is a New Zealand company with a significant footprint in Wellington city. We have used the appointment of new caterers to ensure that they and we, here Wellington regional produced and manufactured food and beverage across as broad a range of catering options as possible.

Under the intent of the Venues Management Agreement we continue to meet with WCC Property and develop a spending plan across the venues for coming years, to maintain and retain the operational standards we require for our clients.

Our facilities team are involved in the wider St James EQ strengthening project and ensuring that Opera House readiness project continues, with development items moving from feasibility and costing into delivery, ready for the St James closure. These projects include safety measures, improved electrical supply and air handling systems.

In the TSB Arena, we have installed new drapes to assist our clients with theming and for use in that venue we have purchased new flat floor seating.

- **Sales**

Our Venues delivered over 60 business events and conferences in the first quarter with over 57,000 delegates. We were proud to host the Lions Supporter Village and Gala dinner for over 4,000 international supports. Visitation to our Venues can be measured in many ways, one way we can see is by out of town expenditure as the result of out of town visitors to these types of events. Venues patrons in the first quarter from outside the region spent over \$20m in Wellington.

Performance and exhibitions in the period delivered 76 events and over 104,000 patrons, with over 26% being out of town visitors. Performance highlights in the first quarter include the Royal NZ Ballet Romeo & Juliet season and Tu Tangata Poly Fest (this at second year for a sell-out).

The Venues sales team have been in market in Sydney attending the inaugural industry tradeshow Get Global and client hosing. Both teams are also regularly fielding queries on timing/sign off on the new convention centre so the teams are excited as the confirmation of this project appears to be drawing near.

- **Destination Development**

Work continues alongside WCC to secure partner agreement and investment in regard to both the Convention Centre and the Civic Music Hub.

Working with WCC and GWRC has commenced on the development of ideas relating to the construction of a performance events area in Wellington.

The Regional Trails Framework has now been approved but both the Councils CE forum and the mayoral forum. The framework looks to provide a consistent Trails experiences (for bikers, trampers, runners and horse riders) across the region. The decision by the working

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group has been that the resource to implement the strategy will be best placed in WREDA as the person will need to be both cross regional and highly involved with marketing delivery.

We have been working with Porirua City Council on the proposal to develop an 'Adventure Park' on Colonial Knob.

- ***i-SITE***

The i-SITE was cruise season ready by the end of the first quarter, welcoming the first ship early in Q2. We managed to retain most of the Wellington City Ambassadors volunteers from the previous season so only a small amount of recruitment was required.

With the departure of the second tenant at the front of the MFC we have begun working through plans and consents to convert the whole space in the building to an i-SITE, to assist with constraint issues from only previously having a portion of it whilst taking on an expanding set of activities to boost revenues and customer service provision.

1.5. CREATIVE HQ

CHQ currently has 18 startups on the CHQ platform for high growth/incubation. Currently all 18 are based in Wellington.

There has been one investable company to date this financial year and 2 investable companies are lined up for exit from the incubation programme.

During the period CHQ has been finalising arrangements for 3 future acceleration programmes, including the Scale Up Programme being run alongside WREDA the parent, the Kiwibank Fintech 2 Accelerator and the Kokiri accelerator, which CHQ are supporting.

56 applications have been received for the next Venture Up (youth acceleration) programme in Wellington.

CHQ have been requested to represent NZ at the World Bank's Inaugural Global Innovation Forum – Leveraging Exponential Technologies for Competiveness and Development. Brett Holland will present on the lessons learned from three years of GovTech acceleration (R9) in NZ.

During the quarter, the Fonterra Disrupt and Lightning Lab Electric accelerations were delivered.

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2. FY2018 KEY PERFORMANCE INDICATORS

Programme of Activity		Measure	2017/18 Target	YTD Actual Q1	YTD Budget Q1	2017/18 Forecast
Grow Business and Innovation	Business Support Development	No. of companies on the scale-up programme	10	0	0	10
	Sector Events	No. of events supported in key sectors.	3	3	2	3
	Regional Business Partner Programme	Number of actively supported businesses	445	156	111	445
	Creative HQ	No. of Wellington start-up ventures and early stage businesses on the CHQ Platform	25	5	0	25
		No of acceleration programmes (Lightning Lab and Venture Up)	2	2	0	2
		No. of members in "Start-up Garage"	3,000	2,675	2,500	3,000
		No. of companies becoming investable	5	1	0	5
Attract Business and Investment	Screen Wellington	Conversion rate of logged enquiries to confirmed production or business	25%	38%	25%	25%
		Value of facilitated screen production	\$100m	\$1.985m	\$20m	\$100m
		Customer satisfaction survey	80%	N/A	Annual figure	80%
	Grow businesses and innovation	Number of jobs created from WREDA intervention	335	N/A	50	335
Attract, Retain and Grow Talent	International Student Attraction	International student visas	6,930	4,994	4,700	6,930
		International student enrolments	9,200 (+8.2%)	N/A	Annual figure	9,200 (+8.2%)
		NZ Market share of International students	7%	7%	0.1	7%
	Student Employment Pathways	Interns placed in priority sectors	225	102	50	225

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	Talent Attraction	Net permanent and long-term arrivals	3,600	1,099	1,100	3,600
		Wellington share of total net permanent and long-term arrivals	6%	5.5%	5.4%	6%
Nurture Environment Conducive to Economic Growth	Policy Advocacy	No. of significant government policy changes successfully influenced for Wellington's benefit	2	0	0	2
	Partner / Stakeholder Engagement	Partner/Stakeholder satisfaction score with engagement	80%	Annual measure	Annual measure	80%
	Iwi Economy	Mana Whenua satisfaction score with engagement	Set baseline	Annual measure	Annual measure	Set baseline
Grow the Visitor Economy	Visitor Marketing Campaigns	Total Commercial Guest Nights	3.2m	0.679m	0.7m	3.2m
		Visitor spend: Total	\$2.6b	\$540m	\$560m	\$2.6b
		- International	\$860m	\$155m	\$160m	\$860m
		(of which from Australia)	\$240m	\$54m	\$40m	\$240m
		(of which from China)	\$79m	\$14.6m	\$15m	\$79m
		- Domestic	\$1.7b	\$380m	\$400m	\$1.7b
		Australian arrivals via Wellington Airport	160.9K	32.8k	34k	160.9K
	Business Events Wellington	NZ market share multi-day conferences	18%	N/A	18%	18%
		Number of international business event bids submitted and/or supported in FY	20	8	5	20
		Value of business events (international and domestic) secured in FY	\$15m	\$5.6m	\$3.75m	\$15m
	Venue Management	Value of expenditure by out of town venue attendees	\$45.4m	\$20.167m	\$9.08m	\$45.4m
		Advance the Cultural well-being of Wellington – Number of Wellingtonians attending performance events at Venues Wellington	290,720	76,827	58,144	290,720

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	Venue Management	Total number of Events:	624	139	140	624
		- Performance	320	76	64	320
		- Conference	304	63	76	304
Promote Wellington's Brand and Unique Identity	Major Events Programme	ROI via out of Wellington spend	20:01	Annual measure	Annual measure	20:01
		Economic value of major events invested in.	\$80m	\$35m	\$22m	\$80m
		Total event attendance	700,000	116,344	120,000	700,000
	Media Programme	Visitor attraction stories in NZ, Australian media	500	111	125	500
		Live, work, do business, invest stories in local NZ and Australian media	85	36	21	85

Macroeconomic -Benchmark Indicators

Benchmark Indicator	2017/18 Target	YTD Actual Q1	YTD Budget Q1	2017/18 Forecast
Wellington real GDP growth	3.0%	N/A*	3.0%	2.9%
Wellington employment growth	2.5%	2.7%	2.5%	2.5%

*Due 23/11/17

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3. WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY CONSOLIDATED 1st QUARTER FINANCIAL REPORT AS AT 30 SEPTEMBER 2017

(EXCLUDING VENUES PROJECT)

STATEMENT OF COMPREHENSIVE INCOME	YTD Actual 30-Sep-17	YTD Budget 30-Sep-17	Variance YTD	FY Forecast 30-Jun-16	FY Budget 30-Jun-16	Variance 30-Jun-16
Revenue						
Event revenue	0	0	0	0	0	0
Shareholder grants	6,400,487	7,051,005	(650,518)	23,712,491	23,712,491	0
Government grants	395,718	163,699	232,019	654,800	654,800	0
Partner revenue	290,570	773,000	(482,430)	1,460,500	1,460,500	0
Visitor Centre	478,513	358,360	120,153	2,300,000	2,300,000	0
Sub lease and carpark revenue	25,146	12,000	13,146	24,000	24,000	0
Interest income	23,289	20,023	3,266	64,092	64,092	0
Other income	500,010	275,001	225,009	1,257,504	1,257,504	0
Total Revenue	8,113,733	8,653,088	(539,355)	29,473,387	29,473,387	0
Direct Costs						
Cost of sales	412,825	287,799	(125,026)	1,900,000	1,900,000	0
Wages (events etc)	0	0	0	0	0	0
Other direct costs	0	0	0	0	0	0
Total Direct Costs	412,825	287,799	(125,026)	1,900,000	1,900,000	0
Operating Expenses (overheads)						
Salaries and wages	2,686,819	3,378,556	691,737	13,249,189	13,249,189	0
Other employment costs	139,187	119,497	(19,690)	470,879	470,879	0
Occupancy costs	154,473	98,915	(55,558)	395,660	395,660	0
Marketing & activity expenses	3,424,743	3,848,379	423,636	11,835,954	11,835,954	0
Utilities	14,352	14,999	647	58,796	58,796	0
IT and communications	84,572	145,472	60,900	420,411	420,411	0
Insurance	0	0	0	16,000	16,000	0
Administration costs	171,722	232,647	60,925	584,533	584,533	0
Vehicle expenses	12,542	11,928	(614)	47,712	47,712	0
Travel costs	55,457	33,048	(22,409)	133,592	133,592	0
Professional fees	30,813	10,000	(20,813)	30,000	30,000	0
Director fees	53,019	37,500	(15,519)	150,000	150,000	0
Other operating expenses	0	0	0	0	0	0
Total Operating Expenditure	6,827,699	7,930,941	1,103,242	27,392,726	27,392,726	0
Total Expenditure	7,240,524	8,218,740	978,216	29,292,726	29,292,726	0
Net Surplus/(Deficit) before Depreciation and Tax	873,209	434,348	438,861	180,661	180,661	0
Interest expense	0	0	0	0	0	0
Depreciation	34,030	35,085	1,055	133,481	133,481	0
Movement in investment valuation	0	0	0	0	0	0
Taxation expense	0	0	0	0	0	0
Net Surplus/(Deficit)	839,179	399,263	439,916	47,180	47,180	0

WREDA has a sound financial start to the financial year. Costs continue to be contained, allowing early forecasting for the full financial year to soon occur and potential reallocation of administrative savings to front line projects.

The 'blip' in Shareholder revenue is purely the result of our initial timing of budgets and is on track to be on budget as we move through the financial year.

Some of our partner revenue was originally planned to be invoiced earlier in the financial year, this has now occurred in October and some "other income" has been reclassified to partner revenue during Q2. We anticipate being on track to meet budgeted partner revenue targets.

Our other income is up as it continues to be assisted by unbudgeted revenues from our ticketing content acquisition fund and the utilisation of WREDA's share of the Venues Project

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2017 surplus. These funds are being used to drive both additional content in our Venues and to assist with projects that benefit the Venues.

Our salaries and wages continue to be lower than anticipated as we delayed the hire of multiple positions within the organisation as we further defined and developed our FY17 plans. Additionally, our Venues business has been successful in continuing to work out optimal levels for casual staffing during performances and events.

The reduction in our marketing expenditure is timing only and is on track to continue to increase during the financial period.

An increase in occupancy costs have been driven out of CHQ, as CHQ increases capacity of short term leased premises to enable delivery of programmes of work.

STATEMENT OF FINANCIAL POSITION	As at 30-Sep-17	Budget 30-Sep-17	FY Forecast 30-Jun-18	FY Budget 30-Jun-18
Shareholders Equity				
Paid up capital	1,000	1,000	1,000	1,000
Retained earnings	2,443,298	3,333,054	1,518,256	1,518,256
Total Shareholder/Trust Funds	2,444,298	3,334,054	1,519,256	1,519,256
Current Assets				
Cash and cash equivalents	3,068,731	2,518,114	1,618,445	1,618,445
Other current assets	917,374	540,725	595,724	595,724
Total Current Assets	3,986,105	3,058,839	2,214,169	2,214,169
Investments	1,413,177	1,400,000	1,400,000	1,400,000
Non-current Assets				
Fixed assets	420,547	317,450	288,200	288,200
Other non-current assets		0	0	0
Total Non-current Assets	420,547	317,450	288,200	288,200
Total Assets	5,819,829	4,776,289	3,902,369	3,902,369
Current Liabilities				
Accounts payable	552,884	623,313	1,262,677	1,262,677
Other current liabilities	2,822,647	818,922	1,120,436	1,120,436
Total Current Liabilities	3,375,531	1,442,235	2,383,113	2,383,113
Non-current Liabilities				
Total Liabilities	3,375,531	1,442,235	2,383,113	2,383,113
Net Assets	2,444,298	3,334,054	1,519,256	1,519,256

WREDA is currently financial sound, with no cash flow issues. At September end the group was holding \$3m of cash. This will fall throughout Q2, until our next major funding round in January 2018.

WREDA is currently holding significant revenue in advance, the majority of which will be released to the P&L during the next quarter as projects are completed.

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STATEMENT OF CASH FLOWS	YTD Actual 30-Sep-17	YTD Budget 30-Sep-17	Variance YTD	FY Forecast 30-Jun-18	FY Budget 30-Jun-18	Variance 30-Jun-18
Cash Flows From Operating Activities						
<i>Inflows</i>						
Trading Receipts	478,513	585,000	(106,487)	3,318,600	3,318,600	0
Shareholder grants	6,400,487	5,231,187	1,169,300	16,094,748	16,094,748	0
Partner revenue	686,288	675,667	10,621	1,995,667	1,995,667	0
Other Income	548,445	400,493	147,952	1,780,412	1,780,412	0
<i>Outflows</i>						
Payments to Employees	2,423,819	1,786,650	(637,169)	7,084,100	7,084,100	0
Payments to Suppliers	4,211,674	3,997,889	(213,785)	15,399,264	15,399,264	0
Net GST Cashflow	(65,055)	110,725	175,780	418,898	418,898	0
Other Operating Costs	192,206	57,417	(134,789)	206,668	206,668	0
Net Cash Flows From (Used In) Operating Activities	1,351,089	939,666	411,423	80,497	80,497	0
Cash Flows From (Used In) Investing Activities						
<i>Inflows</i>						
Sale of fixed assets			0			0
Sale of investment assets			0			0
Other			0			0
<i>Outflows</i>						
Purchase of fixed assets	12,605	25,000	12,395	70,000	70,000	0
Purchase of investments			0			0
Other			0			0
Total Investing Cash Flow	(12,605)	(25,000)	12,395	(70,000)	(70,000)	0
Cash Flows From (Used In) Financing Activities						
<i>Inflows</i>						
Investment income	23,289	1,500	21,789	6,000	6,000	0
Other			0			0
<i>Outflows</i>						
Interest paid			0			0
Other			0			0
Total Financing Cash Flow	23,289	1,500	21,789	6,000	6,000	0
Net Increase/(Decrease) in Cash Held	1,361,773	916,166	445,607	16,497	16,497	0
Opening Cash Equivalents	1,706,958	1,601,947		1,601,947	1,601,947	
Closing Cash Equivalents	3,068,731	2,518,113		1,618,444	1,618,444	

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Report	17.462
Date	16 November 2017
File	CCAB-15-208
Committee	Wellington Regional Strategy Committee
Authors	Samantha Seath, WRS Office Barry Turfrey, WCC

Letter of Expectation – WREDA

1. Purpose

To consider and approve the Letter of Expectation to the Wellington Regional Economic Development Agency (WREDA) for consideration in its draft Statement of Intent for 2018/19.

2. Background

The two shareholding councils have developed a draft Letter of Expectation for WREDA for consideration of the Committee ([Attachment 1](#)).

Following the agreement of the Committee, including any changes the Committee wishes to make, the Letter of Expectation will be finalised and sent to WREDA. WREDA will then consider the matters raised, and address them in its draft Statement of Intent.

The draft Statement of Intent is due by 1 March 2018. Following receipt of the draft Statement of Intent the Committee has two months to consider the draft and send comments back to WREDA. The final Statement of Intent is due by 30 June 2018.

3. Comment

Overall, the draft Letter of Expectation states that the Committee expects a greater emphasis on delivering activities and programmes that have a direct impact of the outcomes sought by the Wellington Regional Strategy. WREDA is expected to play a primary facilitation role in driving collective action with business, the tertiary sector, government agencies, councils in the region and the investment community.

The 2018/19 Statement of Intent should have clear targets, define what success looks like and be ambitious. Such targets will be a reflection of additionality to a business as usual approach.

The Letter of Expectation also sets out a series of specific expectations in relation to each of the areas of WREDA's responsibility: economic development, tourism, and major events and venues management.

4. Communication

Once finalised, the letter will be sent to the Chair of WREDA. No further communication is necessary at this time.

5. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matter requiring decision in this report has been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

5.1 Significance of the decision

Part 6 requires Greater Wellington Regional Council to consider the significance of the decision. The term 'significance' has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance and engagement policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

5.2 Engagement

In accordance with the significance and engagement policy, no engagement on the matters for decision is required.

6. Recommendations

That the Committee:

- 1. Receives the report.*
- 2. Notes the content of the report.*
- 3. Approves the Letter of Expectation, subject to any changes agreed by the Committee.*
- 4. Authorises the Chair of the Committee to approve and sign the Letter of Expectation on behalf of the Committee.*

Report prepared by:

Report prepared by:

Report approved by:

Samantha Seath
Greater Wellington
Regional Council

Barry Turfrey
Wellington City Council

Luke Troy
GM Strategy
Greater Wellington Regional Council

Attachment 1: Draft Letter of Expectation for 2018/19

Attachment 1 to Report 17.462

Peter Biggs
Chair
Wellington Regional Economic Development Agency

Dear Peter

This letter sets out the Wellington Regional Strategy (WRS) Committee's expectations for the Wellington Regional Economic Development Agency and its subsidiary, Creative HQ (WREDA) regarding their Statement of Intent for 2018/19.

The Committee notes that WREDA has recently embarked on a process of bringing a sharper focus to their work with the launch of the WREDA Big 6, namely:

1. Supercharge Wellington's Events
2. Pump NZ's Creative Heart
3. Accelerate the Big Projects
4. Talk up Tech
5. Sell Student City
6. Ramp up Business Growth.

The Committee supports a tighter focus and expects that the Statement of Intent will provide insight into the key actions planned to drive the agreed programme, including the expected outcomes with clear targets and measures. One of the core functions of WREDA is to drive the visitor economy and it is important that this key role is not relegated behind other areas. The Committee would like to understand the key activities planned to market Wellington, to drive growth in visitation and tell Wellington's stories.

The Committee also requests that further consideration be given to the focus of the WREDA work programme to ensure that it is appropriately lined up with regional priorities. The following areas have been identified as requiring a strong focus over the next few years:

- The Committee, at its last meeting agreed that there needed to be a joined up growth plan for the region (ten year investment plan). The development of this will involve the Committee, the WRS Office, WREDA and other stakeholders.
- The region is benefitting from a significant programme of investment in infrastructure and this is expected to continue into the future with planned investments in roading, public transport, housing and other major construction projects. The Committee requests that WREDA consider the constraints to economic

growth along with the opportunities to leverage growth off the investment programme and the role that WREDA can play in these areas. For example, the commercial accommodation sector has existing capacity issues at peak periods, this inhibits the regions ability to grow and will be compounded through success in delivering a supercharged events programme, accelerating the big projects, growing business and leveraging our creative edge.

- The Committee would like to see a much greater emphasis placed on the opportunities to work more closely with our Iwi partners and request that WREDA works with the WRS Office and Ara Tahi in their development of a Māori Regional Economic Development plan.
- A core role for WREDA should be in understanding the implications and opportunities for the region around changes in the working environment and the skills and other interventions that may be needed to support the changing nature of the market.
- The region has a strong position in the areas of technology and innovation and significant potential to continue to grow. This is reflected in fact that two of the Big 6 focus areas target this sector. The Committee would like WREDA to consider the opportunities to leverage off the activities of Creative HQ and whether there are benefits from broadening the scope of their activities and integrating some of the work performed by WREDA in the sector.

The SOI should reflect a strong focus on efficiency in delivering activities and the cost of delivery. WREDA is expected to take every opportunity to utilise shared services available in partnership with Councils to reduce its cost base. The core funding provided by the Councils is seed funding and WREDA is expected to utilise this funding to partner in delivering activities, the SOI should demonstrate an emphasis on partnerships and partner funding to deliver programmes.

With respect to all of these points and the SOI in general we expect clear actions, expected outcomes with clear and measurable KPIs. Wherever possible there should be a clear line of sight between WREDA's actions and the outcomes being measured.

The Committee expects WREDA to be able to demonstrate their compliance with the relevant Health and Safety legislation and is expected to meet best practice governance standards.

Justin Lester
Chair, Wellington Regional Strategy Committee

Exclusion of the public**Report 17.465**

That the Committee:

Excludes the public from the following part of the proceedings of this meeting namely:

- 1. Wellington Regional Economic Development Agency (WREDA) Board review and director appointments*

The general subject of each matter to be considered while the public is excluded, the reasons for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 (the Act) for the passing of this resolution are as follows:

<i>General subject of each matter to be considered:</i>	<i>Reason for passing this resolution in relation to each matter</i>	<i>Ground under section 48(1) for the passing of this resolution</i>
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- | | | |
|--|---|--|
| <i>1. Wellington Regional Economic Development Agency (WREDA) Board review and director appointments</i> | <i>The information contained in this report relates to the proposed appointment of directors to WREDA. Release of this information would prejudice the proposed appointees' privacy by disclosing the fact that they are being considered as a Director of WREDA. Greater Wellington Regional Council (GWRC) has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override the privacy of the individuals concerned.</i> | <i>That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under sections 7(2)(a) of the Act (i.e to protect the privacy of natural persons).</i> |
|--|---|--|

This resolution is made in reliance on section 48(1) of the Act and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as specified above.