

**Wellington Regional Economic Development Agency Limited
(WREDA)**

Statement of Intent 2015/16

1. Introduction

This Statement of Intent (SOI) sets out the intentions and expectations of WREDA.

WREDA is a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002.

The SOI is prepared in accordance with section 64(1) of the Local Government Act 2002.

2. Nature and scope of activities

WREDA will undertake the activities of economic development, tourism, venues management and major events on behalf of the Wellington region. WREDA will:

- Operate in a manner to ensure WREDA is successful and sustainable in the long- term
- Inform the local councils in the region on matters within the scope of WREDA's operations
- Ensure excellent communication exists and be professional in its dealings with all its stakeholders
- Ensure its services are delivered in a cost effective and efficient manner.

3. Objectives

Principal Objectives

In accordance with the Local Government Act 2002, in carrying on its business, the principal objectives of WREDA will be to:

- achieve the objectives and performance targets set by the Shareholders and the Wellington Regional Strategy Committee (WRSC) as specified in this SOI;
- be a good employer;
- exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavoring to accommodate or encourage these when able to do so; and
- conduct its affairs in accordance with sound business practice.

Primary objective

WREDA will operate with the primary objective of being the driver and advocate for prosperity and livability for the people of the Wellington region. Among other things this includes:

- Undertaking major events for the region
- Operate 5 Venues owned by WCC in accordance with the Venues Management Agreement
- Undertake tourism activities
- Undertake economic development for the region

Additional objectives

WREDA has a number of additional objectives which complement the primary objective. These objectives will be measurable and achievable and the performance of the company in achieving its objectives will be reported annually. These additional objectives are to:

- Ensure its services are delivered at a cost that does not exceed its revenues
- Achieve the dividend policy set out in this SOI.

4. Financial

Ratio of Shareholders Funds/Total Assets

2015/16	70%
2016/17	70%
2017/18	70%

5. Letter of Expectations and Performance targets

The Shareholders of WREDA will send a Letter of Expectations to the company outlining their expectations in respect of 2015/16. The matters raised in this letter will be incorporated into the final SOI after consideration by the Board.

WREDA will develop a series of key performance indicators following receipt of the Letter of Expectations from its Shareholders.

6. Dividend policy

WREDA is a not for profit council controlled trading organisation, as such the Board is not intending to pay any dividends in the foreseeable future.

7. Governance

Board

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

The Board will comprise up to ten directors, all will be independent directors.

The Board's approach to governance is to adopt "best practice" with respect to:

- The operation of the Board
- The performance of the Board
- Managing the relationship with the Company's Chief Executive
- Being accountable to all Shareholders and reporting to the WRSC

The Board will meet on a regular basis and no less than 6 times each year.

Wellington Regional Strategy Committee (WRSC)

The WRSC is made up of ten local body elected members. The role of the WRSC is to:

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

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

its Shareholders and WRSC

Annual Report

The WREDA's balance date is 30 June.

By 30 September each year, WREDA will provide to the WRSC and its Shareholders an Annual Report complying with Sections 67, 68 and 69 of the Local Government Act 2002 and the Companies Act. The Annual Report will contain the information necessary to enable an informed assessment of the operations of the company, and will include the following information:

- Directors' Report
- Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position, Statement of Cashflows, Statement of Accounting Policies and Notes to the Accounts
- Comparison of the WREDA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances
- Auditor's Report on the financial statements and the performance targets
- Any other information that the directors consider appropriate

Half Yearly Report

By the end of March each year, WREDA will provide to the Shareholders a Half Yearly Report complying with Section 66 of the Local Government Act 2002. The Half Yearly Report will include the following information:

- Directors' commentary on operations for the relevant six month period
- Comparison of WREDA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances
- Un-audited half-yearly Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position and Statement of Cashflows

Quarterly Report

By 31 October and 31 January each year, the Company will provide to the Shareholders and WRSC a quarterly report. The quarterly report will include the following information:

- Directors' commentary on operations for the relevant quarter.
- Comparison of WREDA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances

Statement of Intent

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

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

Shareholder Meetings

The Board may hold an Annual General Meeting (AGM) between 30 September and 30 November each year to present the Annual Report to all Shareholders. If no AGM is held then the shareholders will pass the required resolutions

9 Acquisition/Divestment policy

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

10. Activities for which compensation is sought from Shareholders

At the request of Shareholders, WREDA may (at its discretion) undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full cost of providing such as activities.

Currently there are no activities for which compensation will be sought from Shareholders.

11. Commercial value of Shareholder's investment

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

It is unlikely that WREDA will deliver a financial dividend to its shareholders as it is deemed to be a not for profit council controlled organisation.

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

Shareholders funds at 30 June 2015 is expected be \$XXX, this is considered by the Board to be the current commercial value of WREDA.

12. Accounting Policies

WREDA has adopted accounting policies that are in accordance with the New Zealand International Financial Reporting Standards and generally accepted accounting practice. A Statement of accounting policies is attached to this SOI.

This statement is taken from the Financial Statements presented as part of Wellington Venues Limited (Annual Report 2013-2014).

ATTACHMENT

Statement of Accounting Policies

Reporting Entity

The financial statements are those of Wellington Regional Development Agency Limited (WREDA) and its subsidiaries ("the Group"). Wellington Venues Limited was incorporated on 10 January 2011 and is registered under the Companies Act 1993. It changed its name from Wellington Venues Limited to WREDA on 5 December 2014. The financial statements are prepared in accordance with the Financial Reporting Act 1993 and the Companies Act 1993. WREDA is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 111 Wakefield St, Wellington.

The primary objectives of the Group are to;

- Undertaking major events for the region
- Operate 5 Venues owned by WCC in accordance with the Venues Management Agreement
- Undertake tourism activities
- Undertake economic development for the region

The financial statements of WREDA and its subsidiaries are for the year ended 30 June 20xx. The financial statements were authorised for issue by the Board of Directors on X September 20xx.

Basis of Preparation

Statement of Compliance

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other relevant applicable Financial Reporting Standards as appropriate for public benefit entities.

The Group is a qualifying entity within the Framework for Differential Reporting. The Group qualifies on the basis that it is not publicly accountable and is not a large entity. The Group has taken advantage of all differential reporting concessions available to it.

Measurement Base

The financial statements have been prepared on a historical cost basis.

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional and presentation currency of the Group is New Zealand dollars.

Comparative Information

The comparatives shown in these financial statements are for the 12 months ended 30 June 2014.

Standards Issued

The following standard has been adopted:

NZ IFRS 9 *Financial Instruments* has replaced NZ IAS 39 *Financial Instruments: Recognition and Measurement* and was adopted by the Group in the year ended 30 June 2014. The standard has not materially affected the Group's financial statements.

Changes in Accounting Policies

Other than NZ IFRS 9, there have been no changes in accounting policies.

Significant Accounting Policies

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

Revenue

Management fee income is recognised in the accounting period in which the services are rendered.

Grants from local and central government are recognised in the accounting period in which the services are rendered.

Cash and cash equivalents

Cash and cash equivalents includes deposits held at call with banks.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for doubtful debts. A provision for impairment of trade receivables is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Trade and Other Payables

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

Personnel Costs

Short-term employee entitlements are those that the Group 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.

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.

Taxation

The income tax expense recognised for the year is calculated using the taxes payable method and is determined using tax rules. Under the taxes payable method, income tax expense in respect of the current period is equal to the income tax payable for the same period.

Equity and Share Capital

Ordinary shares are classified as equity.