

# **Wellington Regional Economic Development Agency**

## **Half Year Report**

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

## Contents

Overview .....	3
BUSINESS DEVELOPMENT .....	6
Business/talent attraction .....	6
Business Support.....	7
Sector Development .....	7
Workforce Development .....	8
VISITOR ECONOMY .....	10
Visitor marketing.....	10
Events marketing .....	10
Business events marketing .....	11
Digital marketing.....	11
Travel trade marketing .....	12
i-SITE Visitor Information Centre .....	13
VENUES .....	14
Conventions & events.....	14
Shows & performances.....	14
Asset Development Plan .....	14
Health & Safety .....	14
FINANCIALS .....	15
Year to date.....	15
Venues Project .....	17
Forecast.....	18
FY2016 KEY PERFORMANCE INDICATORS.....	20

## Overview

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

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

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

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

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

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

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

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

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

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

### **ICT systems and policies**

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

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

### **Co-location**

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

### **Health & safety**

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

### **Single Digital Portal Project**

This project has been designed to:

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

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

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

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

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

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

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

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

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

## BUSINESS DEVELOPMENT

### Business/talent attraction

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

### Wellington International Student Growth Project

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

### Australian talent/business attraction PR programme

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

## Business Support

### Regional Business Partnership Programme

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

## Sector Development

### Screen

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

### Manufacturing

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

## Food & beverage

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

## Land Use Studies

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

## Workforce Development

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



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

## VISITOR ECONOMY

### Visitor marketing

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

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

### Events marketing

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

## Business events marketing

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

### Wellington Region Summary for all business events:

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

### Conference/Convention specific data for Wellington:

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

## Digital marketing

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

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

### Travel trade marketing

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

### Cruise

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

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

### **Notable trade developments**

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

### **i-SITE Visitor Information Centre**

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

## VENUES

### Conventions & events

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

### Shows & performances

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

### Asset Development Plan

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

### Health & Safety

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

## FINANCIALS

### Year to date

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

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

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

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

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

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

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

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

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

WREDA  
Consolidated excluding Venues Project

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



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

### Venues Project

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

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

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

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

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

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

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

### Forecast

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

## Positively Wellington Venues

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

## FY2016 KEY PERFORMANCE INDICATORS

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

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

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