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Committee Wellington Regional Strategy Committee
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WREDA Annual Report 2015/16 and First Quarter Report 2016/17

1. Purpose

To consider the Wellington Regional Economic Development Agency (WREDA) Annual Report 2015/16 and first quarter 2016/17 report.

2. Background

The Annual Report is in **Attachment 1**, and the first quarter 2016/17 report is **Attachment 2**.

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

The report will be presented by the Chief Executive, Chris Whelan who will also give an update on WREDA.

3. Annual Report Summary

EXECUTIVE SUMMARY

Tourism and marketing

WREDA is funded by WCC and other partners to market Wellington as a visitor destination particularly for Australian visitors. In 2015/16 a number of marketing campaigns were run including It's never just a weekend in Wellington and Inspired by Wellington for the Australian market. The success of these and other campaigns were demonstrated by a strong year in the visitor economy, in particular;

- Fastest growing region for domestic guest nights, up 7.5% compared with NZ as a whole at 4.1%.
- Commercial guest nights exceed 3m, an increase of 5.3% on the previous year.
- Australian direct arrivals 160,000, up 11.5% on the previous year compared with NZ at 5.8%.

- International direct arrivals 217,000, up 13.2% on the previous year, compared with NZ at 9.6%.
- Digital visits to WellingtonNZ exceeded 3m, an increase of 14%, 1.7m were unique visitors.
- The strong tourism market and the event program contributed to a hotel occupancy rate 78.2%, up 3.2% on the previous year .
- Capital Connection (Singapore-Canberra-Wellington) commenced in late September.

Business Growth and Innovation

- Lighting Lab is about accelerating potential high growth ventures into reality, \$3.8m was raised for these ventures.
- The Destination Wellington program supported the WOW exhibition in Seattle which provided opportunities to market Wellington as a centre for tourism, creativity, education and design.
- Assisted Concentrix (formerly Minacs) in selecting Wellington as their new delivery centre over Adelaide, the number of jobs may rise to 300.
- Awarded contract to provide the Government's Business Partner Programme providing business mentoring services .
- WREDA along with tertiary and other organisations partnered in the Wellington International Student Program resulted in enrolments up 9% to 7,456.

Venues and Events

- 322 performances attracting 380,000 patrons, 22% from outside the region, performances of note included WOW, Disney on Ice, the Blue Man Group and a world premiere event for the Royal NZ Ballet.
- 286 conventions, 240,000 attendees.
- WOW set record sales in 2015, 54,600 attendees, 65% from out of Wellington, the economic benefit to Wellington was \$21m.
- Two major concerts secured at the Stadium, Keith Urban/Carrie Underwood in December along with Guns n Roses in early 2017.

SUMMARY FINANCIALS

FINANCIAL PERFORMANCE		<i>Budget</i>		<i>Variance</i>	
(\$000)	30-Jun-15	30-Jun-16	30-Jun-16	30-Jun-16	30-Jun-16
Total Revenue	15,880	24,542	23,313		1,229
Total Expenses	15,981	24,556	23,208		(1,348)
Net Surplus	(101)	(14)	105		(119)
FINANCIAL POSITION					
Total Assets	4,735	5,072	4,290		782
Total Liabilities	3,205	3,557	2,453		(1,104)
Equity	1,530	1,515	1,746		(231)
CASH FLOWS					
Net Cash Flow	1,486	307	(77)		(384)
Opening Cash	165	1,651	1,928		(277)
Closing Cash On Hand	1,651	1,958	1,851		(107)

* WREDA was established in December 2014, thus the 2014/15 financials are part year only

Comments

- Revenue and expenditure were up on budget due to increased partner revenue received

for specific projects, particularly marketing.

- 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		2016
Value of shareholdings in 3rd party companies received by WREDA in return for services provided (1)	Actual	\$1.4m ✓
	Target	\$1.4m
Increase in number of jobs in the region (2)	Actual	+7,050 ✓
	Target	+2,000
Attract screen production to Wellington with a value of: (3)	Actual	\$84m ✓
	Target	\$20m
Visitor spend, increase over previous year (4)	Actual	+11.0% ✓
	Target	+4.0%
Number of direct Australian visitors increase over previous year (5)	Actual	+11.2% ✓
	Target	+2.0%
Increase in international guest nights (6)	Actual	-3.9% ✗
	Target	+4.0%
Maintain Wellington's share of the convention market (7)	Actual	16% ✓
	Target	16%
Venues utilisation (8)	Actual	56.3% ✓
	Target	56.0%

Sources:

- (1) WREDA's audited financial statements
- (2) Annual Labour Survey
- (3) Internal WREDA estimate
- (4) MBIE regional tourism estimates
- (5) Statistics NZ
- (6) MBIE
- (7) Convention activity survey
- (8) Internal WREDA reporting

Comments

- WREDA achieved the majority of its KPIs for the year apart from the international guest night statistics (sourced from MBIE). However, the supporting statistics indicate this should be an increase. International visitors spend was up 10.8% and international arrivals up 11.5% for the year.
- Some of the targets were originally set at a conservative level in the 2016/17 SOI. This has been addressed and reporting from Q1 onward (2016/17) will acknowledge the updated targets.

ISSUES & OUTLOOK

- Concentrix to continue with the expansion of their operations in Wellington
- Capital Connection (Wellington – Canberra- Singapore) commenced in late September
- WREDA moves to one premise in the new year
- Potential impact of the earthquake on local tourism

4. First Quarter Report Summary

EXECUTIVE SUMMARY

Tourism and marketing

- Singapore-Canberra-Wellington route commenced in September, a number of activities were undertaken to promote the new service.
- Visitor arrivals up for the quarter driven by the new Singapore route.
- Domestic visitor spend up 3.4%, Australian visitor spend up 8.4%.
- Marketing support for WOW and the Bledisloe Cup.
- Website visitation up 9%.
- Domestic winter campaign, *Will You Welly Me*.

Events

- Bledisloe Cup match a sell out with 11,000 visitors from out of region.
- The nearest accommodation for the Lions visit next year is Palmerston North, Wellington and the region are fully booked.
- Beervana hosted 10,000 people with 40% from out of region.
- Wellington Visa on a Plate increased the number of outlets participating by 9.5% with a 5.2% increase in ticket sales.
- Wellington has won the rights to host the World Football Cup playoff match with the 5th ranked South American team, currently Argentina, this match is dependent on New Zealand winning the Oceania group.
- WOW commenced its season with extra shows and high ticket sales.
- Two major concert events secured, Keith Urban and Guns n Roses.

Business Growth and Innovation

- Funding from Kiwibank, Callaghan, Xero and Microsoft for Creative HQ to deliver the Kiwibank FinTech accelerator.
- Won the tender to deliver the next R9 GovTech accelerator, the previous program is a finalist in 2016 Innovation awards.
- Regional Business Partner program progressing.
- Assisted businesses to access 37 R&D internship grants of \$306,000, 15% of the national total.
- International student visa applications up 3% in Wellington compared with decreases in other centres.
- Concentrix (previously Minacs) service support centre starts the process to commence its Wellington operations.

Venues

- 50,000 conference delegates hosted, including hosting of the ITx conference, ARISE Church
- Disney on Ice hosted 39,000 patrons, 39% from out of region.

SUMMARY FINANCIALS

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

FINANCIAL PERFORMANCE	Budget	Actual	Variance	Budget	Actual	Variance	Budget
(\$000)	Q1	Q1	Q1	YTD	YTD	YTD	FYE
Total Revenue	7,995	8,637	642 ✓				27,833

Total Expenses	6,191	7,741	1,550 ✗		27,857
Net Surplus (Loss)	1,804	896	908 ✗		(24)
FINANCIAL POSITION					
Total Assets	4,776	6,949	2,173 ✓		3,902
Total Liabilities	1,442	4,551	3,109 ✗		2,383
Equity	3,334	2,398	936 ✗		1,519
CASH FLOWS					
Total Net Cash Flows	408	1,200	792 ✓		16
Opening Cash	1,958	1,958	0		1,958
Closing Cash	2,366	3,158	792		1,975

Comments

- Revenue is up on budget due to higher grant payments for Major Events reflecting their contractual commitments for the quarter. This also has had a corresponding increase in actual expenses when compared with budget.
- There was no drawdown of Destination Wellington funding during the quarter, reducing revenue to some extent.
- Total assets are up reflecting higher cash received in advance of providing the services.

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	YTD		
Increase share of international students market	Actual Target	n/a 7%	↗	YTD student visa applications up 3% compared with decreases of 5% in Auckland and 3% in Christchurch.
Permanent arrivals [^]	Actual Target	3,430 2,000	↗	
Commercial guest nights ^{^^}	Actual Target	663,303 650,000	↗	Increase in the commercial guest nights compared with the comparative period in 2015.
Estimated visitor spend (\$m) ^{^^}	Actual Target	\$455.9m \$420m	↗	
Major event attendances	Actual Target	172,341 150,000	↗	ME attendances ahead of budget for Q1 and is expected to achieve the year budget of 600,000. 23% of the visitors were from out of region.
Value of facilitated screen production (\$m)	Actual Target	\$8.7m \$25m	→	The new Peter Jackson production is expected to commence in Q3
Venues utilisation	Actual Target	56% 65%	→	Q1 impacted by WOW using TSB for rehearsal for the first time
Sources				
[^] Statistics New Zealand ^{^^} Ministry of Business Innovation & Employment				

Commentary

- All number of KPIs are only measured on an annual basis when statistics are available, therefore at this stage only estimates are available.

- At this stage it is expected that all measures will be achieved by year end.

ISSUES & OUTLOOK

Summary

- Concentrix I continue with the expansion of their operations.
- WOW completes a successful season in Q2.
- Capital Connection (Wellington-Canberra-Singapore) continues following its commencement in late September.
- Potential impact of the earthquake on tourism, both locally and nationally
- Move to one premises in the new year.

5. The decision-making process and significance

No decision is being sought in this report.

5.1 Engagement

Engagement on this matter is unnecessary.

6. Recommendations

That the Committee:

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

Report prepared by:

Report prepared by:

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Attachment 1: WREDA Annual Report 2015/16

Attachment 2: WREDA First Quarter Report 2016/17