

Report: 16.103

Date: 11 March 2016

File: CCAB-15-81

Committee: Wellington Regional Strategy

Author: Barry Turfrey, Wellington City Council

Wellington Regional Economic Development Agency half year report

Purpose

1. To consider the half year report for WREDA.

Background

2. A copy of the half year report is attached (**refer Attachment 1**).
3. A summary of the report and analysis is noted below.
4. The report will be presented by the Chief Executive, Chris Whelan, who will also give an update on WREDA.

ACTIVITY SUMMARY

General

- First steps in completing the new structure completed with the Tier 2 management structure finalised following staff consultation. The new roles have been advertised , interviews will occur in early March
- A preferred site to house the whole of WREDA has been identified.
- Donesafe, a Health and Safety system is being installed across WREDA
-

Events

- 115,951 tickets sold, 131 performances, 154,312 attendees, 22% of the attendees came from outside the region
- 165 conferences and events held, an 8% decrease on last year
- 22 multi day conferences, a 23% increase on the previous year
- Market share by delegate days steady at 17%

Economic Development

- A consortium including WREDA has been formed to implement the international student attraction program, the target is to double the number of international students by 2025
- Wellington hosted the 10th AnimFX conference for animation in November
- NZ Trade and Enterprise has appointed WREDA as the Regional Business Partner for Wellington, objective is to grow businesses in Wellington
- Lighting Lab Manufacturing held the first iteration of its demo day
- Seven businesses presented investment pitches to 50+ investors
- Hosted large consumer retailer re food and beverages in the region.

Tourism and Marketing

- From a tourism perspective direct arrivals from Australia achieved double-digit growth, domestic guest nights were up 19% as a result of new services
- Marketing work continued to support a number of exhibitions and events in the City
- Wellington hosted the Helloworld conference, over 400 Australian travel agency managers
- Supported marketing for major events such as WOW
- Trained 82 Indian travel agents

- 77 Cruise ships have or will visit Wellington, 3 down on the previous year but the trend is for bigger ships

SUMMARY FINANCIALS \$ Thousands for the six months ending 31 December 2015

FINANCIAL PERFORMANCE	Q2 Actual	Q2 Budget	Variance	YTD Actual	YTD Budget	Variance	FYE
Total Revenue	6,126	5,734	392	12,186	11,644	542	26,733
Operating Expenses	6,018	5,568	450	11,758	11,442	316	26,633
Net Surplus	108	166	(58)	428	202	226	100
FINANCIAL POSITION							
Total Assets	3,787	4,046	(259)	3,787	4,046	(259)	3,629
Total Liabilities	1,940	2,272	(332)	1,940	2,272	(332)	2,238
Equity	1,847	1,773	(74)	1,848	1,773	75	1,391
CASH FLOWS	Q2 Actual	Q2 Budget	Variance	YTD Actual	YTD Budget	Variance	FYE
Cash Flow in	5,671	4,793	878	13,032	12,813	219	25,213
Cash Flow out	6,593	5,868	725	13,078	13,060	18	23,787
Closing Cash	631	870	(239)	1,507	1,680	(173)	1,435

The major variances and matters of interest of the financial statements of WREDA are

- Revenue is up on budget due to unbudgeted revenue for Creative HQ conferences and programmes, increased partner income in Tourism partly offset by lower Destination Wellington drawdowns
- Overall, expenses are ahead of budget due to higher travel costs for CHQ conference (covered by increased revenue, the timing of marketing expenditure partly offset by the phasing of economic development expenditure re the drawdown of Destination Wellington drawdowns.
- The above budget surplus is largely a result of timing
- WREDA's balance sheet has cash on hand of \$1.5 m.
- The Venues Project made a surplus of \$73k compared with a surplus of \$427k budget. The main contributors to this are a higher portion of lower margin business and the timing of some expenditure.
- Due to an improved second six months performance Venues Project forecast to year end is expected to be \$27k ahead of budget.

KEY PERFORMANCE INDICATORS

MEASURE	6 months to		Comments
	Annual Target	31 Dec15	
Direct spend and attendance at Major Events	Annual Target	n/a	Major Events has not yet transferred
	Actual	n/a	
Utilisation rate Venues	Annual Target	56%	Utilisation rate is a stretch target, expect to get closer to the target by year end, the forecast is 53%
	Actual	47%	
Maintain convention market share	Annual Target	16%	Budget is expected to be achieved

KEY PERFORMANCE INDICATORS

	Actual	17%	
Australian arrivals	Annual Target	2%	The actual results reflects the new Jetstar services re Gold Coast and Melbourne which were not fully in place for the equivalent period last year
	Actual	19%	
Increase in commercial guest nights	Annual Target	4%	Whilst reported international visitor nights are down total visitor nights have increased by 5%. The spend by international visitors shows a 17% increase.
	Actual	(4%)	
Increase spend overseas visitors	Annual Target	4%	Higher visitor spend partly as a result of the new Jetstar services
	Actual	20%	
Number of visitors to WellingtonNZ website	Annual Target	10%	
	Actual	19%	
The value of shareholdings in third party held by WREDA in return for providing services will exceed	Annual Target	\$0.9m	Next valuation is in April 2016, the target is expected to be achieved
	Actual	n/a	
Screen production to Wellington (economic value to the Wellington Region)	Annual Target	\$20m	
	Actual	\$73m	
WREDA is a single integrated organisation by 30 June 2016			On track
Increase in the number of jobs in the region	Annual Target	2,000	
	Actual	800	

KPI COMMENTARY

WREDA has met or exceeded the majority of its KPIs for the six months ending 1. Apart from the Venues utilisation rate, all KPIs are expected to be met by year end. At this stage Major Events has not transferred to WREDA.

OUTLOOK

Key activities and issues anticipated in the next quarter include:

- New organisational structure in place for WREDA
- Single location for the whole of WREDA
- Progress the transfer of Major Events

The decision-making process and significance

5. No decision is being sought in this report.

Engagement

6. Engagement on this matter is unnecessary.

Recommendations

7. *That the Committee:*

1. Receives and notes the contents of this report.

Report prepared by:

Barry Turfrey

Wellington City Council

Attachment 1: WREDA half year report