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Committee: Wellington Regional Strategy

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Wellington Regional Economic Development Agency (WREDA) – 3rd quarter report

1. Purpose

To consider the 3rd quarter report for WREDA.

2. Background

- A copy of the 3rd quarter report is attached (**refer Attachment 1**).
- A summary of the report and analysis is noted below.
- The report will be presented by the Chief Executive, Chris Whelan.

ACTIVITY SUMMARY

General

- Tier 2 managers appointed, commence in early May
- A preferred site to house the whole of WREDA has been identified.

Events

- 78,435 tickets sold in Q3, 232,747 YTD, 17% of the attendees came from outside the region, 40% from outside Wellington City
- 38 events in Q3, 203 YTD, 6 multi day conferences
- Market share by delegate days steady at 17%
- Chinese New Year, Webstock held
- Successful NZ Festival

Economic Development

- Regional Business Partner Programme allocated \$380,000 to 127 businesses
- Wellington tech study completed
- Wellington International Student Programme commences
- Organised supplier showcase for Visa Wellington on a Plate
- 17 screen permits issued in Q3 followed by 60 in April

Tourism and Marketing

- Indications of strong visitor numbers
- Marketing work continued to support a number of exhibitions and events in the City, Sevens, NZ Festival, CubaDupa, Tattoo

SUMMARY FINANCIALS \$ Thousands for the nine months ending 31 March 2016

FINANCIAL PERFORMANCE	YTD Actual	YTD Budget	Variance
Total Revenue	18,881	18,100	781
Operating Expenses	17,464	17,630	(166)
Net Surplus	1,417	470	947
FINANCIAL POSITION			
Total Assets	6274	5,952	322
Total Liabilities	3,157	3,805	(648)
Equity	3,116	2,146	970
CASH FLOWS	YTD Actual	YTD Budget	Variance
Cash Flow in	17,342	16,284	1,058
Cash Flow out	15,244	14,836	408
Closing Cash	3,651	3,376	275

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 \$3.6m

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	43%	>56%	>48%	>56%	Lower YTD actual reflects the unavailability of the Town Hall, (which was utilised for the Hobbit scoring in FY15), and little theatre product touring Wellington affecting utilisation of the St James Theatre. The traditional holiday period lull also impacts the YTD figure.
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%	10%	2%	The impact of the increased Jetstar services to the Gold Coast and Melbourne which had just started in December 2014
7. Increase in international commercial guest nights	-11%	4%	4%	4%	Whilst reported international visitor nights are down total reported visitor nights have increased by 6%. 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	13%	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)	16%	10%	13%	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			\$1,400,00	\$1,400,000	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"> • Screen • ICT/ Digital • Education • Creative 			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.

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	

KPI COMMENTARY

WREDA has met or exceeded the majority of its KPIs for the nine months ending 31 March 2016. 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
- Transfer Major Events

3. The decision-making process and significance

No decision is being sought in this report.

3.1 Engagement

Engagement on this matter is unnecessary.

4. Recommendations

That the Committee:

1. ***Receives the report and notes the content of this report.***

Report prepared by:

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Wellington City Council

Attachment 1: WREDA 3rd quarter report