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Author	Colin Drew, WRS Project Leader Barry Turfrey, WCC

## WREDA Half Year Report 2016/17

### 1. Purpose

To provide summary comment on the Wellington Regional Economic Development Agency (WREDA) Half Year Report.

### 2. Background

WREDA is required to provide a half yearly monthly and an audited annual report. These provide an outline of activities, finances and performance against targets in the Statement of Intent 2016-19.

Some performance measures are only annual (e.g. for Screen Wellington, Creative HQ sector growth initiatives). A commentary on activities for the six-month period is provided in WREDA report, which is included as **Attachment 1** to this report. Representatives from WREDA will make a presentation on their report and answer any questions the Committee may have.

### 3. Comment

WREDA has continued on its path of consolidation following the appointment of a new management team, integrating its operational systems and planning for co-location in late March.

Progress has been made in all the broad areas of activity that WREDA has committed to undertake. It is acknowledged however that the 14 November earthquake and subsequent disruption to business in Wellington meant that some WREDA staff were reassigned to support business recovery efforts.

Performance measures have been met or exceeded in 13 activities, not met or begun in two, and on track but with annual measures in 14 activities. Those not met were in the Regional Business partner Programme and Utilisation of Venues.

We also note that there are several areas of activity in the SOI 2016-19 that have not been commented on or there is insufficient information to indicate whether and/or when they will occur. Such instances include the following programmes or catalytic projects:

- Infrastructure leverage
- Business Scale-Up programme (what are the plans for this)
- Foreign direct investment attraction
- A regional skills audit
- Maori economic growth forum
- Central government engagement
- Arts capitalisation
- I-Site Visitor Centre

The Committee may wish to seek further information from WREDA on such key projects.

The financial position appears sound. Operational costs are reported as being under control for the first half of the financial year. As a result, project related expenditure is forecast to be higher in the second half than that stated in the SOI.

#### **4. Highlights**

Some of the activities and highlights for the half year are set out below.

##### ***Tourism and marketing***

- City promotion – destination marketing was run in Australia supporting airline routes to Melbourne, Brisbane, Sydney and the Gold Coast. Marketing was also undertaken supporting the Capital Connection to Canberra - with Singapore Airlines reporting a very encouraging start to this route.
- JetStar announced that it was cancelling its Melbourne-Wellington service in March, the service left Melbourne at midnight which may have contributed to the load factor.
- WREDA's domestic summer campaign – 'Do Your Weekend Well', featured locals showing their favourite weekend spots in Wellington. This is running across outdoor, cinema and digital channels across New Zealand. Three core videos portray a Wellington weekend as both rewarding and easy.
- A partnership campaign was undertaken with Te Papa to promote its Bug Lab exhibition, created with the assistance of Weta Workshop. The exhibition opened on 10 December and runs through summer. Wellington is the first venue and then the exhibition will tour overseas.

##### ***Events***

- The World of WearableArts completed its season in October and was again a great success. Due to an extra show in this season's run WOW attracted record audiences, with sell-out shows across the season. Out-of-region visitation was again very strong, with 71% of the total audience being from outside Wellington. This equated to about 37,800 visitors,

with an estimated economic contribution of \$25.2m.

- The Keith Urban/Carrie Underwood concert at Westpac Stadium also attracted considerable visitors from outside the region (6,000) with hotels reporting 97% capacity of beds on the Saturday night.
- The Cindy Sherman exhibition opened in mid-November with 5,000 people attending in the first month, 44% were from out of region.

### ***Economic Development***

- LookSee programme, an international tech talent attraction project was developed in Q2 in partnership with Immigration NZ, NZ Tech and Workhere NZ. There is strong support from both sector employers and prospective employees. It launched the start of Q3 and initial indications are promising.
- Palisades an American documentary drama filmed around the region including Avalon studios. Pre-production for Peter Jackson's production of Mortal Engines continued.
- Concentrix an international business services company opened its Wellington customer service centre in Q1, it now employs 120 staff.
- The Regional Business Partner Programme which provides access to mentoring, R&D funding and capability development continued. Grant funding of \$1.2m for R&D was obtained, 72 businesses were matched to a mentor.
- The second year of the international student growth programme shows a 2% rise in student visas for Wellington compared with declines in Auckland and Christchurch, actual enrolments are not yet available.
- Creative HQ (CHQ) delivered a number of high profile programmes, including with Fonterra, CHQ is now Fonterra's preferred global partner for internal innovation and acceleration.
- Launch of the Kiwibank FinTech accelerator involving Xero, Callaghan Innovation and CHQ.
- CHQ has won a number of tenders for a range of government innovation initiatives with Statistics NZ, IRD, Justice and MBIE.

### ***Venues***

- 83 conferences and meeting events were delivered in the quarter resulting in 65,000 delegates.
- There were 61 ticketed events with a total attendance of 108,593
- Highlights included the completion of the WOW season, NZ Opera's

Sweeny Todd, and sold out performances for Ronan Keating.

- Following the November earthquake all venues were reopened within 48 hours, initially there was a slowdown in ticket sales, but performances by the NZSO, Sol3Mio in December were well attended.

## 5. Summary Financial Information

SUMMARY FINANCIALS							
* Variance (Actual minus Budget). ✓ Favourable variance to budget ✗ Unfavourable variance to budget							
FINANCIAL PERFORMANCE	Budget	Actual	Variance	Budget	Actual	Variance	Budget
(\$000)	Q2	Q2	Q2	YTD	YTD	YTD	FYE
Total Revenue	6,349	<b>6,275</b>	(74) ✗	14,344	<b>14,913</b>	569 ✓	27,833
Total Expenses	7,732	<b>6,495</b>	1,237 ✓	13,924	<b>14,236</b>	312 ✓	27,857
Net Surplus (Loss)	(1,383)	<b>(220)</b>	1,163 ✓	420	<b>677</b>	257 ✓	(24)
FINANCIAL POSITION							
Total Assets	3,453	<b>10,353</b>	6,900 ✓				3,902
Total Liabilities	1,502	<b>8,155</b>	6,653 ✓				2,383
Equity	1,951	<b>2,197</b>	246 ✓				1,519
CASH FLOWS							
Total Net Cash Flows	(325)	<b>(1,084)</b>	759	83	<b>116</b>	33	16
Opening Cash	2,691	<b>3,158</b>	467	2,366	<b>1,958</b>	(408)	2,000
Closing Cash	2,449	<b>2,074</b>	(375)	2,449	<b>2,074</b>	(375)	2,016
Comments							
<ul style="list-style-type: none"> <li>• WREDA receive a large portion of its shareholder grants at the beginning Q1 and Q3, therefore it will usually make a deficit in Q2 compared with the surplus in Q1</li> <li>• The actual Q2 deficit is lower than budget due to the timing of some projects which have been moved to the second half of the year.</li> <li>• Total assets and liabilities are both higher than budget due to the accrual of shareholder grants which were paid at the start of Q3.</li> <li>• The opening cash position was lower than budgeted due to revenue being received in July not June as expected. The year-end budgeted closing cash position is still expected to be met.</li> </ul>							

## 6. Summary Performance Results

### KPI DASHBOARD *(The table contains a selection of KPIs and is not a complete list)*

→ Steady ↗ Improving ↘ Declining

MEASURE		Q2	Year	Trend	Comments
		31 Dec 16	Budget		
Increase share of international students market	Actual			↗	YTD student visa applications up 2% in Wellington compared with decreases of 5% in Auckland and 2% in Christchurch. Actual figures only come out on a 6 monthly basis
	Target		6.5%		
International student enrolments	Actual			↗	Actual figures only come out on a 6 monthly basis, indications are that Wellington enrolments will be up.
	Target		8,500		
Permanent arrivals (1)	Actual	<b>2,311</b>		↗	Permanent arrivals in Wellington for the year to Dec. 2016 are up 9.1%, departures are down 6.6% for the same period.
	Target	1,000	2,000		
Commercial guest nights (2)	Actual	<b>0.96m</b>		↗	Actuals only up to October 2016, the July-Oct period is the low season
	Target	0.90m	3.15m		
Estimated visitor spend (2)	Actual	<b>\$1.13B</b>		↗	YTD spend has been marginally impacted by the earthquake
	Target	\$1.20B	\$2.7B		
Major event attendances (3)	Actual	<b>250,341</b>		↗	ME attendance numbers running ahead of budget for the half year, approx. 23% of the visitors were from out of region.
	Target	225,000	600,000		
Value of facilitated screen production (\$m) (4)	Actual	<b>\$91.8m</b>		↗	The doc/drama Palisades and pre-production on the new Peter Jackson production contributed to the result.
	Target	\$50m	\$100m		
Venues utilisation (3)	Actual	<b>56.7%</b>		→	Q1 impacted by WOW using TSB for rehearsal for the first time, also the November earthquake resulted in some cancellations
	Target	60%	65%		

#### Sources

- (1) Statistics New Zealand
- (2) Ministry of Business Innovation & Employment
- (3) Supplied by the relevant venue
- (4) Screen Wellington

- A number of KPIs are only measured annually due to the absence of official data on a YTD basis
- At this stage WREDA expects to meet or exceed its KPIs

## 7. The decision-making process and significance

No decision is being sought in this report.

## **7.1 Engagement**

Engagement on this matter is unnecessary.

## **8. Recommendations**

*That the Committee:*

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

Report prepared by:

Report prepared by:

Report approved by

**Barry Turfrey**  
Wellington City Council

**Colin Drew**  
WRS Project Leader

**Luke Troy**  
General Manager, Strategy

**Attachment 1: WREDA Half Year Report 2016-17**