

Report 2017.178
Date 22 May 2017
File CCAB-15-178

Committee Wellington Regional Strategy Committee
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Wellington Regional Economic Development Agency third quarter report

1. Purpose

This report provides the Committee with a review of the Wellington Regional Economic Development Agency's (WREDA) 3rd quarter report.

2. Background

WREDA's 3rd quarter report is attached to this report (**Attachment 1**); representatives from the company will make a presentation on their report and answer any questions the Committee may have.

3. Highlights

Economic Development – WRS Strategy

Focus Area 1 – Commercialisation of Innovation

Supporting business to innovate and champion a vibrant and supportive business environment

- Regional Business Partner programme - R&D grant funding delivered \$281,348.
- CHQ has delivered a number of workshops and challenges and is gaining momentum with external programme delivery.

Focus area 2 – Investment Mechanisms for Growth

Building capability across businesses in the region to be able to get investment, both locally and internationally.

- Two companies made high growth exits from the Creative HQ incubation program, with total investment value of \$1.07 million

Focus area 4 – Attracting business and talent to the region

Targeted approach to attracting business, skilled migrants and students as well as retaining them.

- LookSee – The LookSee program, an international tech talent attraction project has resulted in exceptionally high media coverage with many articles including in the New York Times, USA Today, CNBC, Forbes, the Independent and the Straits Times. The chosen 100 applicants (each has to have at least 3 interviews) are in Wellington in the third week in May. Effort is going into exploring options to further leverage the interest and talent database generated by LookSee Wellington.
- International Student enrolments for Wellington were up 12%, higher growth than both Auckland (10%) and Christchurch (9%). Market promotion and a recruitment program for international students were undertaken in four Chinese cities. Agents from Hong Kong and Taiwan were hosted and a welcome for around 500 new international students to Wellington was organised.
- Screen Wellington facilitated \$2 million worth of screen production in the quarter.
- Currently drafting a tripartite agreement with Screen ACT in Canberra and Info-communications Media Development Authority (IMDA) in Singapore. Due to be signed by the end of the financial year, this agreement pledges collaboration on screen sector development across the three centres.
- Hosted a number of food and beverage buyers in support of Visa Wellington on a Plate, helping secure new business for some regional suppliers.

Focus area 5 – Education and Workforce Development

Growing the region's skill and education base.

- Continued delivery of the Regional Business Partnership program, customer satisfaction has risen to 90%
- WREDA is regional sponsor for Techweek'17 (6 – 9 May), acting as coordinator and point of contact for Wellington event organisers. WREDA also support digital marketing in partnership with the national organisers.
- One hundred and eighteen Summer of Tech internships were completed in February, with 80% of interns converting their placement into full or part-time employment.
- Summer of Biz – a new intern program in human resources and marketing being developed with support from WREDA.

Tourism and marketing

- Tourism visitation for Wellington was impacted by the poor summer and a trend across New Zealand of lower domestic visitation. As a result, commercial guest nights overall, were down on the equivalent period for last year, although international guest nights were up 4%.
- However, the strong event program (as noted below) did attract a number of out of region visitors.
- In late March the winter domestic visitation campaign was launched which positions Wellington as New Zealand's creative heart.
- Marketing and PR support undertaken for Te Papa's Bug Lab.
- Just under 2 million visits to the WellingtonNZ website (almost three times the previous Q3), partly as a result of the media coverage for LookSee.

Venues

- 54 business events with more than 54,000 attendees including 13 multi-day conferences delivering an estimated \$5 million in economic value.
- 53 performances with over 74,000 attendees, highlights included Nick Cave, P J Harvey, Don Henley and 21 Pilots which were all sold out.
- A number of future business events were won with an estimated value of \$5 million to the region.
- Market share for business events is running at 21% ahead of the target of 16%. The impending closure of the Amora Hotel has contributed to an increased market share.

Major Events

- A strong event program for the quarter attracted large audiences with high percentages of out of region visitation with an estimated contribution to the Wellington economy of \$21.5 million.
- The major events of note included;
 - The Guns N' Roses concert attracted 31,634 with 40% from out of the region.
 - CubaDupa again attracted big crowds with 250 performances and over 1,300 artists.
 - Test matches and an ODI against South Africa and Bangladesh attracted 29,772 spectators.
 - Homegrown attracted 18,150 attendees, 62% from out of the region.

- Wellington hosted the bi-annual PinotNZ conference, with a number of high wealth attendees, 688 attended of which 95% were from out of the region.
- The Sevens attracted 17,600 fans over the 2 days.
- Games for the Hurricanes at Westpac Stadium in excess of 32,000, on average 10% are from out of the region.
- Wellington hosted the All Whites v Fiji clash with over 10,000 spectators.
- Cindy Sherman exhibition closed, 20,398 attendees, 46% from out of the region.

4. Outlook

- Major Events planned for Q4 include the Lions tour, Hurricanes' games, the Lux Light Festival and the Jazz Festival.
- Candidates selected as a result of the LookSee program visit Wellington in late May.
- WREDA is a sponsor for NZ Tech week in early May, there will be over 50 events across the region.
- Supporting the Space and Science festival which includes bringing 2 NASA astronauts to Wellington.
- Planning for Visa Wellington on a Plate.
- Winter tourist marketing program for Wellington commences.

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)	Q3	Q3	Q3	YTD	YTD	YTD	FYE
Total Revenue	8,277	9,002	725 ✓	22,621	23,915	1,294 ✓	27,833
Total Expenses	6,680	7,459	(779) ✗	20,604	21,695	(1,091) ✗	27,857
Net Surplus (Loss)	1,597	1,543	(54) ✗	2,017	2,220	203 ✓	(24)
FINANCIAL POSITION							
Total Assets				5,081	7,722	2,641 ✓	3,902
Total Liabilities				1,521	3,981	2,460 ✗	2,383
Equity				3,560	3,741	181 ✓	1,519
CASH FLOWS							

SUMMARY FINANCIALS

Total Net Cash Flows	1,073	2,957	1,884	✓	1,156	3,073	1,917	✓	16
Opening Cash	1,685	2,074	389	✓	1,602	1,958	356	✓	2,000
Closing Cash	2,758	5,031	2,273	✓	2,758	5,031	2,273	✓	2,016

Comments

- Revenue is ahead of budget for Q3 due mainly to increased service revenue in Creative HQ including Fonterra, as a result expenses have also increased.
- The higher level of assets and liabilities at the end of Q3 reflects some projects being moved from Q3 to Q4, resulting in higher cash on hand and revenue in advance (liability) than budgeted.
- WREDA is forecasting to receive \$31m (budget, \$27.8m) in revenue for the year, due in the main to increased revenues for services rendered, particularly in Creative HQ.

6. Summary Performance Results

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

→ Steady ↗ Improving ↘ Declining

MEASURE		Q3		Trend	Comments
		31 Mar	Budget		
Increase share of international students market (5)	Actual			↗	YTD student enrolments are up in Jan by 12% compared with Auckland (10%) and Canterbury (9%). The enrolments for the second half of the year are due in July
	Target		6.5%		
International student enrolments (5)	Actual			↗	YTD student enrolments are up in Jan by 12% compared with Auckland (10%) and Canterbury (9%). The enrolments for the second half of the year are due in July
	Target		8,500		
Permanent arrivals (1)	Actual	3,576		↗	Permanent arrivals for the year to March 2017 were up 9.6%, departures were down 3.9%.
	Target	1,700	2,000		
Commercial guest nights (2)	Actual	2.08m		↗	The commercial guest nights stats show a decline compared to the corresponding period last year. The Edinburgh Tattoo and the Festival last year contributed to the high visitation in 2016. In addition, the poor summer and the decline in domestic visitation have also contributed to the decline.
	Target	2.10m	3.15m		
Estimated Australian visitor spend (2)	Actual	\$233m		↗	Australian visitors are staying longer and spending more
	Target	\$195m	\$180m		
Major event attendances (3)	Actual	487,316		↗	ME attendances running ahead for the 9 months, the year budget attendance numbers are expected to be to achieved.
	Target	450,000	650,000		

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

Total revenue from screen production (\$m)	Actual	\$706m	↗	The result is for the financial year ended 2016 which was impacted by a number of productions including Ghost in the Shell
	Target	\$490m \$650m		
Venues utilisation	Actual	52.2%	↘	Earthquake has impacted on venues utilisation. Unlikely to meet the target of 65% utilisation
	Target	65% 65%		
NZ market share multi day conferences	Actual	21%	↗	The bounce back from the earthquake and the imminent closure of the Amora Hotel has contributed to the increased market share.
	Target	16% 16%		

Sources

- 1) Statistics New Zealand
 - (2) Ministry of Business Innovation & Employment
 - (3) Supplied by the relevant venue
 - (4) Education NZ
- 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 with the exception of the Venues utilisation

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.*

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Attachment 1: Wellington Regional Economic Development Agency 3rd Quarter report