



# **Half-Year Report**

**2016/17**

**July-December 2016**

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## EXECUTIVE SUMMARY

The first half of the 2016/17 Financial Year has seen Wellington Regional Economic Development Agency (WREDA) deliver strongly across our areas of activity, consolidate organisational integration and participate in the Wellington-wide response to the November earthquake.

Our focus in the first month post-quake was on business continuity, taking a leading role facilitating space-sharing arrangements, business surveying for assessment of affects, and provision of staff well-being resources.

We were also highly active in the area of media and stakeholder communications, alongside Council, ensuring the message that Wellington remained 'open for business' reached key audiences. We continue working alongside WCC, MBIE and MSD offering businesses support through the Earthquake Response Information Centre.

From a tourism point of view, it was critically important we moved swiftly to support Wellington's tourism-reliant businesses ahead of the summer season. We worked closely with key players in the sector, and the media, to reassure domestic and international markets Wellington remained a viable and thriving visitor destination. We also put increased resources behind our summer marketing activity to encourage visitation. Latest government statistics show that December visitor spending was impacted following the Kaikoura earthquake, but was still in marginal growth.

Wellington's rapid and comprehensive response to the events of 14 November 2016 has mitigated the impacts across many areas. WREDA is very aware that the recovery project is ongoing, and will remain a focus across the remainder of the financial year and beyond. Challenges remain around business operations as well as the continued attraction of events, visitors and talent. Our task is clear, and our priorities and approaches will be adjusted accordingly. We will also advocate on behalf of Wellington business to ensure that their post-quake sustainability remains a priority for recovery resource allocation at both the national and local level.

In our favour we have the strong economic and reputational momentum which Wellington had built through 2016. WREDA helped drive this momentum across the breadth of our operations.

Now worth more than six million dollars a day, tourism's contribution to the economy continues to rise rapidly, underpinned by a strong major events programme and increased international connectivity. WREDA is a partner to the Singapore Airlines agreement, and our destination marketing has worked "cheek by jowl" with these and other industry developments. We have placed an increased emphasis on Australian marketing, and saw an increase of almost \$3 million in Australian visitor spending in the half year as a result. The venues we manage are hosting events that attract valuable out-of-region audiences at more than twice the targeted level, and our business events team are locking in visitor revenue for years to come, with more than \$10 million worth of conference business won in the last six months.

Our Screen Wellington office facilitates productions from blockbusters to commercials, and as such is a vital link in a distinctive and thriving Wellington industry, with more than \$90 million worth of production facilitated in the half-year. Our business growth teams are hitting new heights in customer satisfaction as they provide regional businesses with access to

mentorship, capability development, and R&D support services and funding. Our Creative HQ subsidiary is helping solidify Wellington's reputation as an Australasian hub for leading-edge tech and startup incubation, winning government contracts and corporate partnership for new acceleration programmes in financial technology and energy.

We're amplifying Wellington's reputation across Australasia, with over 500 stories generated and contributed to in the half-year. From Wellington business and innovation success stories, to travel and migration profiles, Wellington's profile - across the Tasman in particular - is at an all-time high, where the Huffington Post called us 'the little city that could'. Another high-profile Australian media result was A Current Affair's prime time television feature on the reversal of migration flow across the Tasman, highlighting Wellington lifestyle, professional opportunities and housing affordability. More people are coming to visit, live, work, learn and do business in Wellington than ever before.

This last quarter has been one of the most challenging for Wellington in recent memory, and our challenges remain significant. Nonetheless, at WREDA, we remain absolutely positive.

Chris Whelan  
Chief Executive  
WREDA

## 1. WREDA ACTIVITY REPORT

### 1.1. BUSINESS GROWTH AND INNOVATION

The key activities over this half-year for BGI has been maintaining delivery of the Regional Business Partner programme contract; driving Wellington International Student Growth Programme; developing the Scale-Ups programme in the business support market and stimulating business growth for a pilot of 10 local businesses; and – from November – supporting business continuity following the Kaikoura earthquake.

Table 1: SOI Measures subset

Programme	Measure	2016/17 Performance Measures	HY Actual	HY Projected
<b>Regional Business Partner Programme</b>	Performance against measured contract KPIs	100%	80%	100%
<b>Screen Wellington</b>	Conversion rate of logged enquiries to confirmed production	25%	25%	25%
	Total revenue from screen industry	\$650M	Figures not yet available <sup>1</sup>	\$325M

#### 1.1.1. Regional Business Partner (RBP) Programme

Table 2: RBP Programme activity HY 2016

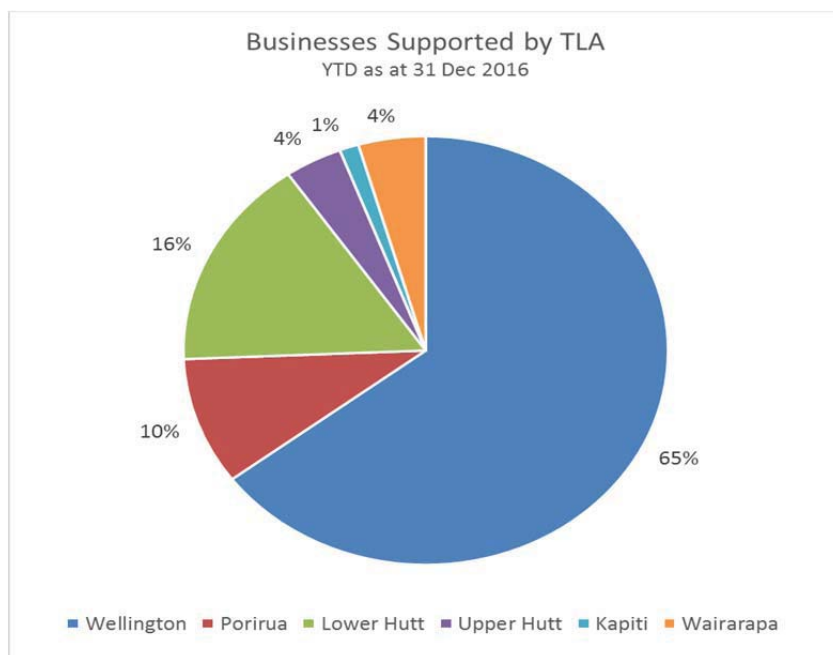
Measure	Result
In-depth business engagements	274
Connections to providers	254
Businesses matched with a mentor	72
Capability voucher funding delivered	\$180,000
R&D grant funding delivered	\$1,190,000

Through the Regional Business Partner Programme, we provide regional businesses with access to mentorship, capability development, and R&D support services and funding.

Our performance against measured contract KPI is at 80% and continues to improve, and we are committed to meeting target by year-end.

<sup>1</sup> Proxy measure (value of production facilitated by Screen Wellington office) is at \$91.8M, well above HY projection of \$50M

It is worth noting that customer satisfaction of our business clients under the programme is at its highest, measured by a Net Promoter Score of 50, a 25% increase on last year.



### 1.1.2. Catalytic Initiatives: Wellington International Student Growth Programme

Year to date total student visas show Wellington has increased 2% (101) compared with a 5% (-2306) decline in Auckland and 2% (-125) decline in Canterbury. However, first time student visas since July '16 have declined 4% (-31) in Wellington, 23% (-2602) in Auckland and 19% (-298) in Canterbury. All indicate an increase in Wellington's market share, albeit in the context of a wider negative national trend.<sup>2</sup>

Our team hosted 20 education agents from 18 agencies at Wellington promotional functions in the half-year. These agents recruit students across China, Vietnam, Brazil, Taiwan, Japan, Saudi Arabia, and Nigeria.

### 1.1.3. Catalytic Initiatives: The Wellington Partnership

The development of the Wellington Partnership framework, and integration with the Stakeholder Engagement Framework, was refocused as a result of the Kaikoura earthquakes and subsequent effect on Wellington businesses. This event will shape our focus on the formation of the Wellington Partnership, and what the focus of this will be for the remainder of the 2016/17 year.

<sup>2</sup> Visa data is a proxy for enrolments (our main target) which are reported bi-annually by tertiary institutions

As part of our response to the earthquakes WREDA contacted over 1000 organisations in Wellington, including contacting the C-level executives (CEO, COO, CFO, CMO etc) from 40 of the largest businesses in the region.

The areas that businesses have identified as issues are both immediate, but also potentially longer term, and include employee stress/welfare, business continuity, disaster preparedness, loss of revenue and freight concerns.

It is expected that the earthquakes will impact on the Wellington economy in some way across all of the activity areas and sectors that WREDA works in. WREDA will work in conjunction with our major stakeholders, in particular WCC, to work with business on the economic recovery, which will include the development of closer relationships with the most influential businesses in Wellington.

#### 1.1.4. Catalytic Initiatives: Scale-Ups

We are continuing development of our new Scale Up Programme, on schedule for the pilot cohort of businesses to begin the programme in March/April 2017. This date has been delayed due to re-prioritising of BGI resources to earthquake response and recovery. Assistance for companies in the scale-up 'sweet spot' continues, as below.

Tech startup Postr, which we helped to expand via our RBP programme, attracted US \$ 2.1 million from Singapore and private investors to develop Indonesia and Philippines markets.

Through hosting a visit by Chief Scientist of a US aerospace firm, we facilitated meetings with the Robinson Institute and HTS-110 regarding superconducting hypersonic thrusters. The Chief Scientist subsequently requested these organisations put together a joint proposal for a fully-funded R&D project. We are monitoring and will report future progress.

We initiated discussions with VicLink regarding the new China JV for the Robinson Institute, which has potential for locating Wellington businesses into their science park at zero cost. This will be reported on in future months.

#### 1.1.5. Talent & Skills

Table 3:SOI Measures subset

Programme	Measure	2016/17 Performance Measures	HY Actual	HY Projected
Talent Attraction	Net permanent and long-term arrivals	2000	2,311	1,000
	Wellington share of total net permanent and long-term arrivals	4%	5.1%	4%
Business attraction	Number of jobs in successfully attracted prospect businesses	50	120	25
Sector Growth Initiatives	Interns placed in priority sectors	200	187	175

The successful Summer of Tech programme has seen 117 tech interns placed, 104 from Wellington City, in 42 Wellington businesses. With 80% of interns retained after the summer programme this initiative is invaluable in helping to grow our tech workforce and help to alleviate skills shortages.

#### **1.1.6. Business & Investment Attraction**

The Concentrix (formerly Minacs) contact centre was established in the past half-year and as of Q2 had created employment for 120 staff and plans to further increase staff numbers through Q3 & Q4.

#### **1.1.7. Primary/F & B Sector**

We are assisting David Jones' retail buyers to meet with local suppliers, with a view to stocking their products throughout their Australian store network. A deal has been struck with Wellington artisan peanut butter suppliers Fix & Fogg to supply the product to six Australian stores, with potential to expand. Following previous supplier introductions, the David Jones store cafe features six regional beverage suppliers (alcoholic and non-alcoholic).

We supported and advised on the establishment of the new Wellington Wine Country organisation, seeking to represent the Wairarapa wine industry, and contributed to the development of the Masterton Economic Development Action Plan.

#### **1.1.8. Tech**

In the past half-year we convened a gathering of Wellington tech employers to discuss current skills shortages in the sector, and propose the formation of an ongoing collaborative group to support talent attraction. As a result, the LookSee international tech talent attraction project was developed, launching in Q3.

We are assisting ProjectR, Wellington's new Virtual Reality/Augmented Reality (VR/AR) centre, to create robust measurement of the size and potential of this emerging sector. We also provided Australasian PR support of this initiative, which was understood as contributing their successful bid to become home to the NZ chapter of the international VR/AR Association.

We ensured Wellington become a Sister City for the inaugural New Zealand Tech Week (NZTW) in May 2017. This is an initiative by NZTech supported by NZTE, Callaghan Innovation and MBIE, week to celebrate NZ exciting technology companies and focus on the future of technology. International speakers and delegations will be brought in to participate. This is a high-value opportunity for Wellington to promote our High Tech Capital status. Currently there are 40-50 proposals being considered for Wellington host a range of events, from large, multi-day AR/VR conferences to specialised hackathons and meetups.

Throughout the preparation and delivery of NZTW, we are supporting the success of the event in Wellington. We are assisting incoming conference and event organisers with planning and logistics, and coordinating with NZTW on nationwide communications and PR, alongside our colleagues at CDC in Christchurch and ATEED in Auckland.

#### **1.1.9. Screen Sector**



We are consulting with Avalon Studios on their business case for redevelopment and expansion, following a feasibility study into a new sound stage for the region indicating significant potential benefits. The business case is due for delivery early February 2017.

Screen Wellington attended the American Film Market conference early November 2016. At AFM over 8,000 industry leaders converge in Santa Monica for eight days of deal-making, screenings, seminars, networking and parties. Participants come from over 80 countries and include acquisition and development executives, agents, attorneys, directors, distributors, festival directors, financiers, film commissioners, producers, writers, the world's press all those who provide services to the motion picture industry.

During AFM we jointly hosted a NZ – LA networking cocktail function with NZ Film Commission and Screen Auckland (ATEED), which drew in around 80 people. This included a mixture of New Zealand industry professionals, and US contacts made through AFM and pre-existing contacts made.

Screen Wellington also co-hosted a networking event with Admit One (Wellington company) and Bullet Entertainment (Los Angeles based production company), which drew 60 people who were mostly US based industry professionals, as well as other NZ contacts.

Screen Wellington also attended the US-China Film Summit, and the US-China Film and TV Expo. Through this we were able to connect with China industry professionals, as well as understand further the connection with the US market and the China market, how they work together, and the plans moving forward.

Following two years of support for the development of audio production company Pow!Post via our Business Growth team, we hosted their contract signing with Korean animation/VR company XrisP from Seoulstart. Pow!Post will produce audio for the first 52 episodes of international children's animation television show.

We sponsored the Screen Production and Development Association (SPADA) conference in Wellington, bringing together key screen industry professionals.

Alongside the SPADA conference, we also supported the last instalment for the 2016 Angus Finney master-classes, concentrating specifically on pitching your product, marketing and distribution.

## 1.2. MAJOR EVENTS & BUSINESS EVENTS

Major events have contributed an estimated \$39.6 million to Wellington during the past six months.

As well as making Wellington a better place to live, Major Events events attracted significant out-of-town visitation over the past half-year including the Bledisloe Cup match (30%), Beervana (40%), World of WearableArt Awards Show (71%) and Keith Urban (71%).

New events win for both international football and international conferences are further positive achievements this half-year.

*Table 4: SOI Measures subset*

Programme	Measure	2016/17 Performance	HY Actual	HY Projected
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		Measures		
Major events	ROI via out of Wellington spend	20:1	KPI reported annually	20:1
	Total event attendance	600,000	250,341	225,000

### 1.2.1. Bledisloe Cup

Following on from the sold out test against Wales earlier in the year, Westpac Stadium was again at capacity and the event attracted over 11,000 out of region visitors.

### 1.2.2. Beervana

With close to 10,000 tickets sold Beervana continues to be the premier craft beer event in the country. Around 40% of out-of-region attendees travelled to Wellington for the event.

### 1.2.3. Super Rugby

Wellington hosted 4 Super Rugby matches, including the quarter, semi and final, which saw the Hurricanes win their first ever Super rugby title. Following the final there was huge public support for the Street Parade that took place to celebrate the win the Tuesday after the match.

### 1.2.4. Visa Wellington on a Plate (VWOAP)

This was the eighth year of the VWOAP festival, which expanded from 116 events last year to 127 in 2016. Overall, a record 10,500 people attended an event, with 82,000 people taking part in Burger Wellington and 52,000 in Dine Wellington.

### 1.2.5. World of WearableArt

WOW added a show to this season's run, with ticket sales remaining very strong, all shows at or near sold out. Some 58,500 people attended the event, with strong out-of-region attendance (71%) contributing to an estimated \$25 million economic benefit.

### 1.2.6. Keith Urban

Despite occurring less than three weeks after the Kaikoura earthquake, Keith Urban attracted over 6000 visitors from outside of the region, with hotels reporting 97% capacity of beds were taken on the Saturday night.

### 1.2.7. Cindy Sherman

The City Gallery opened the Cindy Sherman exhibition on Nov 18, with over 5000 people attending the exhibition in the first month, 44% of which have been visitors to the region.

### 1.2.8. FIFA World Cup qualifiers

In conjunction with the Westpac Stadium we won hosting rights to a FIFA World Cup 2018 Oceania Qualifying Match and, more significantly, the Intercontinental Playoff to be played in Nov 2017 (subject to New Zealand qualifying from Oceania).

### 1.2.9. Business Events Wellington

Our business events team won 27 bids, worth an estimated \$10.4 million to the region. in the six months ending December 2016, including:

Table 5: Major conference wins – HY 2016

Event name	Estimated value
World Congress of Public Services Information 2020	\$1,500,000
Harcourts 2017	\$1,470,000
International Conference on Precision Electromagnetic Measurement 2022	\$960,000
Backpacker Youth Adventure Tourism Association Conference 2017	\$152,700
Resource Management Law Association Conference 2018	\$814,400
44th International Viola Congress 2017	\$682,500
APAC Medical Forum 2017	\$390,000
Joint Australia & New Zealand Society of Anaesthetists 2020	\$1,950,000

We are currently tracking above our market share KPI target, securing 19% of New Zealand's multi-day conferences.

The Business Events team conducted sales activity in Canberra, Melbourne & Sydney, and leveraging off the sister city relationship with Canberra, ran an event in the Australian capital targeting trade and business events.

### 1.3. DESTINATION & MARKETING

Tourism figures continue to climb, along with international and domestic spending in Wellington. Marketing campaigns are focused on encouraging weekend visits from domestic and Australian markets (particularly Canberra to leverage the Singapore Airlines route). Marketing activity also supports key events.

Interest in Wellington from new trade tourist markets is growing, helped by the Singapore Airlines route and additional airlines into Auckland. Engagement with digital channels is increasing alongside smart targeting and channel evolution, as well as heightened interest in Wellington as a destination.

A focus on relationships with media and pitching stories has resulted in an increase in positive articles about Wellington and WREDA in domestic and international publications.

Table 6: SOI Measures subset

Programme	Measure	2016/17 Performance Measures	HY Actual <sup>3</sup>	HY Projected
Destination marketing	Total commercial guest nights	3.15M	0.96m (four months data available)	0.90m (four months projection)
	Estimated Australian visitor	\$195M	\$119	\$95M

<sup>3</sup> As per government release schedule, latest commercial accommodation data is to Oct 2016.

	spend		
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### 1.3.1. Tourism

According to government estimates, visitor spending in the Wellington Region increased 1.8%, for the half-year to December to \$1.13billion.

Domestic visitor spending was up 1.5% to \$770 million in the half year.

Australian visitor spending was up 2.4% to \$118.5 million in the half year.

### 1.3.2. Domestic Marketing

Phase two of the Domestic winter campaign, Will You Welly Me, was an interactive digital-led and social-focussed campaign. Users interacted with the site to create a personalised video message to a loved one, inviting them to come on a mid-winter getaway to Wellington.

More than 2,800 personalised video messages were created and delivered, and 12,680 people to visit the campaign landing page which showcased winter attractions and events in Wellington.

Our summer domestic campaign launched towards the end of the half-year, and used three authentic Wellingtonians describing their ideal Wellington weekend, focussing respectively on retail, food/beverage & nightlife, and outdoor adventure. The media buy for this campaign was upweighted in response to the November earthquake, and it is ongoing.

### 1.3.3. Australia Marketing

Two campaigns have been run in Canberra supporting the Singapore Airlines Capital Express route establishment by increasing awareness of Wellington and desire to travel. The marketing mix included outdoor, digital airport billboards, social, online, sponsored editorial and direct email. Singapore Airlines report a very encouraging start to the route.

This campaign reached 750,000 through social media, 350,000 viewed online video and 90,000 saw the clips at the cinema.

We partnered with Wellington Phoenix, Garage Project and VisitCanberra on an on-the-ground activation at the Phoenix's A-League fixture in Canberra on November 12. Around 10,000 people attended the match, where a large, Wellington-branded activity area was prominently displayed.

We ran a digital, cinema and outdoor marketing campaign in partnership with Wellington Airport in Melbourne, Brisbane and Queensland throughout October, supporting a range of routes across trans-Tasman airlines. The campaign contributed to the uplift in Australian spending in Wellington in November and December. Despite this activity, Jetstar eventually withdrew its MEL-WLG service in December. The scheduling of this service, (departing Melbourne around midnight and returning around 6.00am), was, in our estimation, a major contributor to its eventual withdrawal.

### 1.3.4. Events marketing

We provided marketing support to the Super Rugby and All Blacks matches, as well as to both Visa Wellington On a Plate (VWOAP), the World of WearableArt® (WOW) Awards Show and Te Papa's Bug Lab Exhibition.

Support for WOW included street-level 'city excitement' activations, including the WOW Treasure Boxes shipping container pop-ups, and the WOW Window Dressing Competition, as well as the Insiders' Guide to Wellington brochure. For VWOAP, we supported production of the programme guide booklet and the integrated national campaign.

As noted under Major Events, both performed strongly.

We partnered with Te Papa in a joint marketing campaign (with WREDA focusing on out-of-region visitation) to promote its Bug Lab summer blockbuster exhibition. The campaign is performing very well and exhibition visitation is currently tracking ahead of expectations.

Post-earthquake, we increased media spend to circulate WREDA's event promotion magazine (Live in Wellington) to more than 100,000 people via newspapers in Wellington, Wairarapa, Nelson, Wanganui, Manawatu and Hawkes Bay. This additional spend helped stem the drop-off in domestic tourism and get people in driving distance of Wellington to plan a trip to the city during summer.

Also as part of our post-quake marketing activity increase, we supported the Wellington City Council's *A Very Welly Christmas*, with print and radio advertising in Hawkes Bay, Manawatu, Wairarapa and Kapiti.

### 1.3.5. Travel Trade

September saw the launch of Singapore Airlines Capital Express service, linking Wellington to Singapore via Canberra. Singapore Airlines report a very encouraging start to the service.

In the past two quarters we trained more than 1100 international travel agents, enhancing their knowledge of and ability to sell Wellington and its travel products. With a major focus of promoting the Capital Express service, this training activity included market visits to India, South East Asia and Canberra.

This summer New Zealand will have 30% more flight capacity from North America, our third largest international market. To ensure Wellington receives its share of this high-yielding market, WREDA participated in a November US Roadshow organised by Tourism New Zealand to train 360 agents. The focus was on five cities providing feeder traffic to United, American and Air New Zealand's networks.

Table 7: Travel trade training activity

Q1 & Q2   In-market training & sales calls	Total agents seen/trained
India   Kiwilink India (July)	77
Canberra   Travel information evening (July)	97
UK/Europe   Lions webinar training (July)	34
Singapore   TNZ frontline training & sales calls (August)	166
Singapore   Travel Revolutions Consumer Show (August)	n/a

South East Asia   Kiwilink Indonesia – events in Philippines, Indonesia and Thailand (October)	305
South East Asia   Pan Pacific Roadshow - events in Thailand and Malaysia (October)	52
United States   Best of NZ Showcase	378
Canberra   Trade and Business Events Client evening (December)	55
Auckland   Post-earthquake sales calls with key Inbound Operators (December)	4
<b>Q1 &amp; Q2   Trade Famils</b>	
Total trade hosted	337
Total famils hosted	39

### 1.3.6. Digital

WellingtonNZ.com has seen close to 1.4 million visits in the half-year, and our social media channels have grown by 13% to 189,493 followers.

Our annual [Advent Calendar](#) digital marketing campaign helped drive spend in local retailers, hospitality businesses, tourism operators and events through Christmas and summer. Voucher redemption continued through January 2017, and results will be reported once compiled.

The Advent Calendar 2016 used 360-degree photography technology in 24 Wellington locations to create an engaging, interactive experience for users.

### 1.3.7. Media / PR

Table 8: SOI Measures subset

Programme	Measure	2016/17 Performance Measures	HY Actual	HY Projected
Media hosting programme	Number of media hosted in Wellington	120	120	60
Champion Wellington success stories	Number of stories in Australasian media	625	511	315

We have continued to build on Wellington's reputation via the media, hosting 120 journalists and influencers and generating stories worth more than \$2 million equivalent in advertising value. Their focus areas were a mix of travel/tourism stories, creative and innovative business, as well as major events.

International media came from key markets in South East Asia, China, UK and the US, including a visit by 10 South East Asian journalists here following the Singapore Airlines launch.

A total of 511 Wellington stories were secured with media in New Zealand and Australia this half-year. Alongside stories generated through hosting familiarisation visits, this includes stories researched, pitched and produced by the team.

One highlight was hosting of 21 journalists in conjunction with Singapore Airlines to promote Wellington and the new flight route to key markets. Writers from Canberra and social influencers from South East Asia have also been hosted in support of the route.

We also worked in partnership with Air New Zealand and Sofitel to host six Australian journalists at WOW® this year to build awareness of and attract more Australians to the capital for the event next season.

Table 9: Media hosting and coverage

<b>Hosted media origin</b>	<b>HY</b>
<b>Total</b>	<b>120</b>
-Domestic	22
-Australia	18
-International	80
<b>Number of articles</b>	
<b>Total</b>	<b>511</b>
-Domestic	208
-Australia	303
Reach	54,186,516
ASR	\$2,219,355

## 1.4. VENUES

In the first quarter of the year, an estimated \$17,275,000 was spent in Wellington by out of region event attendees in our Venues business; a slight uplift on 2015 reflecting the increase in the total number of convention delegates.

During the second quarter of the 2016-17 year our Venues have seen a positive result in regards to the number of conference events held and the number of delegates those conferences have brought to Wellington.

### 1.4.1. Q2 Highlights Venues Wellington Conventions and Meetings



In the quarter 83 conference and meeting events have been delivered, resulting in excess of 65,000 delegates utilising our venues. The 13 multi day conferences included in this total attracted 4691 delegates from outside of the Wellington region.

Events that attracted international delegates included the 4th World Congress on Integrated Care 2016 (WCIC4), a 3-day international conference for 600 delegates, and Alzheimer's New Zealand Inc hosted their Asia Pacific Regional Conference in Wellington for 3 days and brought 300 delegates.

Over 2000 delegates attended the Kiwicon 2016 event that took place just a few days after the disruptions of the Kaikoura earthquake.

The year ahead is looking positive with some significant new business won for our Venues. The New Zealand Society of Anaesthetists & Australian Society of Anaesthetists 2020 Combined Scientific Congress has expected attendance of 800 delegates from across Australia and New Zealand.

Following a highly successful conference in Wellington in 2016 UX New Zealand will return to our Venues in October 2017 for a 2-day conference for 300 delegates. This User Experience conference of workshops and inspiring talks focuses on a part of the digital sector which is important in Wellington. Similarly, TEDx Wellington has been confirmed to take place at the St James Theatre in June 2017.

#### 1.4.2. Q2 highlights for Venues Wellington Show and Performance Events

In the second quarter 61 ticketed events took place in our Venues with a total attendance of 108593. Of these 31% were visitors to Wellington from other parts of New Zealand and from overseas.

Early October saw the latter part of the World of Wearable Arts season and at the St James Theatre New Zealand Opera's critically acclaimed interpretation of Sweeney Todd excited audiences.

In November the highlight was the performances of Ronan Keating at the Michael Fowler Centre which were enjoyed by two sell-out audiences.

December audience numbers looked to be fragile as Wellingtonians recovered from the Kaikoura earthquake, but strong numbers supporting NZSO's performance of Handel's Messiah, and a great evening crowd at Waitangi Park who enjoyed Sol3 Mio's *Christmas on the Harbour* reflected the bounce back in ticket buying that occurred in early December.

Table 10: SOI Measures subset

Programme	Measure	2016/17 Performance Measures	HY Actual	HY Projected
Venue	Utilisation of venues	65%	56.7% <sup>4</sup>	60%

<sup>4</sup> Whilst Venue utilisation has been tracking close to expectation a lull in business event bookings following the November earthquake continues. As business activity resumes in February we will be tracking closely to see if the event has created a changed booking pattern or not.



<b>operations</b>	Growth in number of out of town venue attendees	2.50%	6.8%	2.50%
	Net surplus target	\$0.1M	\$0.255M	\$0.6M

Physically the Venues collectively withstood the Kaikoura earthquake well with no additional concerns regarding their safety eventuating. All Venues were reopened and in use within 48 hours of that event. During the slow Christmas / New Year period the marble flooring in the main foyer of the Michael Fowler Centre has been restored to its original condition; much needed attention after 34 years.

WREDA management have continued to work closely with Wellington City Council officers in the ongoing planning for and development of the proposed Movie Museum and Convention Centre as well as the reimagined use of the Wellington Town Hall.

### **1.5. CREATIVE HQ**

During the past six months Creative HQ (CHQ) continued to deliver high profile programmes started earlier in the calendar year – most notably the corporate acceleration programme for Fonterra (Fonterra Disrupt). In October 2016 it completed this corporate accelerator with a high profile “demo day” to the board and senior management team of Fonterra. The feedback on our services to Fonterra was outstanding and consequently Creative HQ was selected as the preferred global partner for internal innovation and acceleration programmes at Fonterra for upcoming initiatives in 2017.

2017 Lightning Lab accelerator programmes have progressed in the second quarter of 2016/17, notably the launching of the Kiwibank Fintech Accelerator (KFA), which is a collaboration between Kiwibank, Xero, Callaghan Innovation and Creative HQ to firmly cement Wellington as the hub of FinTech innovation in New Zealand.

The KFA launch event was attended by Minister Joyce and has since received global attention in industry publications.

Preparation also began for the upcoming “Lightning Lab Electric” (an accelerator for the energy industry) as well the next GovTech accelerator R9 3+. The R9 programme brings together teams of entrepreneurs, developers, private sector specialists and government experts to work on projects that solve major pain points for New Zealand businesses and reduce their costs of dealing with government.

Creative HQ has been extremely successful in winning tenders for a range of Government innovation initiatives with Statistics NZ, the All of Government business change services panel, Inland Revenue, the Department of the Prime Minister and Cabinet, the Ministry of Justice, as well as MBIE for delivery of the R9 Accelerator.

CHQ finished calendar year 2016 celebrating 191 alumni startups at an event attended by Mayor Lester and several Wellington City Council and GWRC Councillors. Since its inception in 2003 Creative HQ, has upskilled over 1000 entrepreneurs in core techniques and methodologies, and has established NZ’s largest startup community with over 2000 members in Wellington (the “Startup Garage”).

## 2. FY2017 KEY PERFORMANCE INDICATORS

Table 21: Statement of Intent (SOI) Measures

Objective	Programme	Measure	2016/17 Performance Measures	HY Actual	HY Projected
Facilitate growth in Wellington business	Scale-Up programme	<i>Metrics for evaluation are developed during programme design</i>	TBC	n/a	n/a
	Regional Business Partner Programme	Performance against measured contract KPIs	100%	80%	100%
	Creative HQ	Revenue from commercial innovation services	\$0.5M	\$0.636M	\$0.25M
		Lightning Lab participant investment raised	\$3.5M	n/a	Calculated post-programme
	Screen Wellington	Conversion rate of logged enquiries to confirmed production	25%	25%	25%
		Total revenue from screen industry	\$650M	Figures not yet available <sup>5</sup>	\$325M
		Customer satisfaction survey	80%	Survey conducted end of FY	80%
	Sector Growth Initiatives	GDP growth of priority sectors above Wellington average	0.50%	n/a	Figures available annually
		Employment growth of priority sectors above Wellington average	0.50%	n/a	Figures available annually
	Increase the number of international students in Wellington	Wellington International Student Growth Program	International student enrolments	8500	n/a
NZ Market share of International students			6.5%	n/a	Figures available annually <sup>6</sup>
Develop available skills in the Wellington workforce	Sector Growth Initiatives	Interns placed in priority sectors	200	187	175
	Creative HQ	Students completing Venture Up programme	50	Programme will run Feb 2017	0
	Talent Attraction	Net permanent and long-term arrivals	2000	2,311	1,000

<sup>5</sup> Proxy measure (value of production facilitated by Screen Wellington office) is at \$91.8M, well above HY projection of \$50M

<sup>6</sup> Proxy measure (Total Student Visas) indicate increasing market share. See section 2.1.2 for detail

Objective	Programme	Measure	2016/17 Performance Measures	HY Actual	HY Projected
		Wellington share of total net permanent and long-term arrivals	4%	5.1%	4%
<b>Attract new business and direct investment</b>	<b>Business attraction</b>	Number of jobs in successfully attracted prospect businesses	50	120	25
<b>Increase GDP contribution of visitor spending</b>	<b>Destination marketing</b>	Total commercial guest nights	3.15M	0.96m (four months data available) <sup>7</sup>	0.90m (four months projection)
		Estimated Australian visitor spend	\$195M	\$119	\$95M
	<b>Business Events Wellington</b>	NZ market share multi-day conferences	16%	19%	16%
	<b>Venue operations</b>	Utilisation of venues	65%	56.7% <sup>8</sup>	60%
		Growth in number of out of town venue attendees	2.50%	6.8%	2.50%
		Net surplus target	\$0.1M	\$0.255M	\$0.6M
<b>Maximise return on Wellington investment in major events portfolio</b>	<b>Major events</b>	ROI via out of Wellington spend	20:1	KPI reported annually	20:1
		Total event attendance	600,000	250,341	225,000
<b>Leverage major infrastructure investment</b>		Value of pre-bookings for Wellington Convention Centre	\$1M	n/a	Subject to Venue
<b>Enhance Wellington's global reputation</b>	<b>Media hosting programme</b>	Number of media hosted in Wellington	120	120	60
	<b>The Wellington Partnership</b>	Partnership participation numbers	20	n/a	n/a
		Partnership satisfaction score	80%	n/a	Survey to be conducted at year end
	<b>Global liveability reputation</b>	Mercer Liveable Cities ranking	#11	#12	#12
	<b>Champion Wellington success stories</b>	Number of stories in Australasian media	625	511	315

<sup>7</sup> As per government release schedule, latest commercial accommodation data is to Oct 2016. July-Oct is low season; hence projection is less than 1/3 of annual total.

<sup>8</sup> Whilst Venue utilisation has been tracking close to expectation a lull in business event bookings following the November earthquake continues. As business activity resumes in February we will be tracking closely to see if the event has created a changed booking pattern or not.

### 3. WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY LIMITED HALF-YEAR FINANCIAL STAKEHOLDER REPORT

AS AT 31 DECEMBER 2016

#### STATEMENT OF COMPREHENSIVE INCOME

(Excludes Venues Project)

	YTD Q2 31/12/2016	SOI Q2 FY17	SOI Q4 FY17
<b>REVENUE</b>			
Shareholder Revenue	10,896,582	10,937,437	20,961,659
Other Revenue	4,015,878	3,406,529	6,871,679
<b>TOTAL REVENUE</b>	<b>14,912,460</b>	<b>14,343,966</b>	<b>27,833,338</b>
<b>EXPENDITURE</b>			
Employment Costs	6,363,280	6,211,160	12,214,359
Direct Project/Marketing/ COS	5,921,214	6,534,098	9,813,000
Other Expenses	1,951,710	1,178,607	5,830,372
<b>TOTAL EXPENDITURE</b>	<b>14,236,204</b>	<b>13,923,865</b>	<b>27,857,731</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>676,256</b>	<b>420,101 -</b>	<b>24,393</b>

WREDA'S financial focus in the first half of FY17 has been the containment of costs to enable a transfer of budgeted operating expenditure to project expenditure in the second half of the financial year. We are making positive progress in a number of areas and this will result in the transfer of budgets from transition, operating and employment costs to projects which show a direct positive effect on our economy.

Early in the financial year our SOI figures and initial budgets that were prepared prior to arrival of the new senior leadership team were revisited and redrafted with their input to ensure that they more accurately reflected the programmes of work that they wished to implement to meet our SOI and other strategic objectives.

Whilst employment costs may seem that they are tracking higher than our SOI, the timing of some payments towards the first half of the year, whilst we implemented organisational changes and subsequent redundancies, means the second half of the financial year had budgeted lower costs than the first. Additionally, higher revenue in the Venues Project has resulted in higher waged costs to service the additional income generating events hosted.

In late March 2017 we shall be combining two of our current locations into one, with new premises at 175 Victoria Street currently being fitted out. As well as \$60,000 pa in rental savings there will be other operational savings from the new combined location.

During our re-budgeting process, it became apparent that our direct project expenditure would be weighted toward the second half of the financial year, rather than the first as was initially noted in our SOI. We therefore anticipate that our project expenditure spend will increase over the second half of the year as a result of this and the movement of budget toward it from other areas.

**STATEMENT OF FINANCIAL POSITION**  
as at 31 December 2016

	<b>YTD Q2</b> <b>31/12/2016</b>	<b>SOI Q2</b> <b>FY17</b>	<b>SOI Q4</b> <b>FY17</b>
<b>ASSETS</b>			
Current Assets	8,665,898	1,722,845	2,214,168
Invest. in Incubator and Acceleration companies	1,427,407	1,400,000	1,400,000
Fixed Assets	259,556	329,950	288,200
<b>TOTAL ASSETS</b>	<b>10,352,861</b>	<b>3,452,795</b>	<b>3,902,368</b>
<b>LIABILITIES</b>			
Current	8,154,928	1,502,545	2,383,113
<b>TOTAL LIABILITIES</b>	<b>8,154,928</b>	<b>1,502,545</b>	<b>2,383,113</b>
<b>NET ASSETS</b>	<b>2,197,933</b>	<b>1,950,250</b>	<b>1,519,255</b>
<b>SHAREHOLDER FUNDS</b>	<b>2,197,933</b>	<b>1,950,250</b>	<b>1,519,255</b>

WREDA is currently financial sound, with no cash flow issues. At the end of the half-year, due to the timing of raising funding invoices, we had significant income in advance as well as a peak in our accounts receivable, at close to \$6m. Since 31 December 2016 our accounts receivable have fallen to a normal level of \$0.5m.

WREDA has had minimal capital replacement in the year. There will be some minor capital expenditure with our move to ensure the assets being placed in it are fit for purpose. The landlord is fitting out the premises within the leasing costs.

## STATEMENT OF CASHFLOWS

	Q2 6 months 31/12/2016	SOI Q4 FY17
Total Net Cashflows	116,196	16,497
Opening Cash	1,958,494	2,000,000
Closing Cash	2,074,690	2,016,497