

WellingtonNZ (Wellington Regional Economic Development Agency Ltd)
Report to the Wellington City Council LTP, Finance & Performance Committee
Third Quarter ending 31 March 2023

MISSION Creating a thriving Wellington region for all		
MORE Businesses succeeding & employing more people	MORE Locals & visitors participating in events & experiences	MORE Collaboration & investment across the region
JOBS FOR THE FUTURE	PLACEMAKING	COLLABORATION & ENGAGEMENT
Support businesses to grow, innovate & meet future workforce needs.	Enhance Wellington's reputation as New Zealand's creative heart	Work in partnership to support investment in the region to unlock opportunities

Highlights
<p>JOBS FOR THE FUTURE – support business to grow, innovate and meet future workforce needs</p> <ul style="list-style-type: none"> In partnership with the New Zealand Film Commission we hosted US-based decision-making production executives from the studios of Netflix, 20th Century, Searchlight Pictures, Blumhouse and Legendary Entertainment. This was a great opportunity to showcase the Wellington Regions capacity and capability for creating quality international film and TV series. Feedback from the executives was very positive and a number of potential productions are considering Wellington as the location. The Tech Strategy was released on 29 March. This included the release of a support package to help tech enabled, globally scalable businesses as they begin to grow by providing free access to co-working space at CreativeHQ, along with a budget for advice and a range of tools. https://creativehq.co.nz/scaleup-wellington/. This package is a pilot and has potential to be replicated across the region in future years, offering a similar arrangement with other co-working spaces to make it more accessible. The first session of the Technology Leadership Training Series featured a pricing strategy expert from Stanford presenting to CEOs and CFOs from our region's high growth tech companies including Raygun, Tourwriter, Volpara Health and Story Park. The Pasifika business enablement initiative in the Regional Economic Development Plan was completed and two new Pasifika initiatives have been agreed by the Wellington Regional Leadership Committee – The online resource hub and student/business networking series will be added to the Plan as part of an update in June 2023. Regional Business Partner Network, summary of the annual Key Performance Indicators: <ul style="list-style-type: none"> 352 businesses have been engaged (year-to-date) Of the total 352 businesses the team has worked with (year-to-date): 23 are Māori owned, 1 is Pasifika owned, 32 are female lead. An additional 31 Māori owned businesses are working with Poutama Trust. <ul style="list-style-type: none"> \$341,305 of \$480,000 has been allocated to Businesses (year-to-date) from the MBIE management capability development fund. This co-funding model has created a total impact of \$682,610 in training spend for SMEs.

- Through this period Callaghan Innovation approved only four grants country wide. We are pleased one of these that we supported was for a Wellington business which will receive roughly \$350,000 in direct funding and supports through the Callaghan system.
- Digital Boost Facilitation Scheme (Cohorts): This one-to-many training scheme resourced via MBIE is ending. The programme will not have a second round as funding has been redirected by the minister.
 - In total 205 businesses (13 cohorts) were assisted to improve their digital capability over a 6-month period of in person and live online learning.
 - This included 45 Māori owned companies and 147 Female Led businesses.
- Wellington City in Transition: Collaboration with WCC officers to develop a suite of specialised business supports for local SMEs affected by transition infrastructure projects is underway. The project is likely to commence in the next period, once funding and scope are confirmed with WCC programme managers.

PLACEMAKING – enhance Wellington's reputation as New Zealand's creative heart

- A number of destination attraction campaigns were implemented including Live in WLG promoting the extensive events calendar resulting in significant in ticket conversion and sales. We also partnered with Tourism New Zealand for the delivery of their Urban Discovery campaign to encourage people back into their city centres to rediscover all the amazing things that Pōneke Wellington offers.
- Wellington's cruise season has finished with 90 vessels having visited the Te Whanganui a Tara, with positive impact from the manuhiri being reported across retail, hospitality and tourism operators. The Wellington City Ambassador programme led by the Wellington i-site was instrumental in providing a positive visitor experience and will continue to play key role next season as the city in transition works commence.
- The World Premiere of Red, White and Brass was held at the Embassy on 21st March. Inspired by a true story and filmed across the Wellington region in late 2021, the film highlights the passion and mafana of Wellington's Tongan community <https://www.youtube.com/watch?v=2b0z0TxXcU> A number of programmes were rolled out including targeting low decile schools with predominately Pasifika rolls to talk to the students about the concept of Māfana and telling their own stories.
- Q3 was strong for **Major Events** with the Football Ferns vs USA, FIH Pro League, the opening round of the NRL with the Warriors vs Newcastle and the Homegrown music festival which again sold out.
- The first two months of Q3 saw small operating deficits in our **Venues Wellington** business. This was expected with January and February being quieter months, noting that the results were ahead of both budget and forecast. The March result was a return to surplus, again being slightly ahead of forecast. Overall we continue to forecast for a year end surplus.

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- We enjoyed a variety of excellent events in our venues over the quarter, the highlight being the three Ed Sheeran concerts in the Opera House, where he played small intimate gigs ahead of his Australasian tour which kicked off with the sold out concerts at Sky Stadium.
- Planning for the **FIFA WWC 2023** continues, and we have now fully implemented internal changes which sees a dedicated team working on fulfilling the Host City obligations of the City. Planning and progress across all the various elements is on track.

COLLABORATION AND ENGAGEMENT – work in partnership to support investment in the region to unlock opportunities

- WellingtonNZ and its shareholders are working to understand the current state of their respective social procurement systems and processes as a precursor to identifying opportunities to share insights and provide support to improve in this area.
- Progression on the development of a brand strategy continued with WellingtonNZ undertaking a series of wananga with Te Āti Awa and Ngāti Toa mana whenua to help enrich the Wellington story and brand – a key deliverable of the Destination Pōneke Strategy.

Challenges – summary of the key quarter challenges

- The impact of intensive capital and infrastructure investments of the City in Transition projects will be extensive and likely create a period of augmented footfall to businesses heavily dependent on face-to-face trade. Developing a package of business support that is sufficiently resourced to help effected business is proving to be challenging and expectations will need to be managed by WNZ, WCC and the wider City in Transition programme team.
- The operating model for the Tākina exhibition floor has not been finalised or yet contracted. We are working with WCC to finalise arrangements for the operating model for this.

Performance Measures (KPIs) in the SOI 2022/23

A. WellingtonNZ is delivering direct value / ROI on our shareholder investment

KPI: Direct Economic Impact of WellingtonNZ's activities and interventions

Target 22/23	Q3 (YTD)	Q2	Q1
\$150m	\$219.568m	\$65.476m	\$6.466m

Significant data sources are only available at year end. The above represents available data only, data lag in data used for above which is updated as year progresses and finalized after year end. During Q3 the value of screen permitting has increased significantly and is recorded in the above. As this number is self-reported by those applying for permits, we are currently reviewing for accuracy.

B. WellingtonNZ is shaping and amplifying the regional destination/brand story

KPI: Equivalent Advertising Value (EAV) from media activity

Target 22/23	Q3 (YTD)	Q2	Q1
\$20m	N/A	N/A	N/A

EAV data is now only available yearly, Q1/Q2 data for H1 not yet available. Based on historic versus what we know our EAV should be there is no current risk of this not being achieved.

KPI: Value of Expenditure generated by events

Target 22/23	Q3 (YTD)	Q2	Q1
\$75m	\$62.490m	\$52.493m	\$13.625m

Timing of reporting by events lags quarterly reporting deadlines. Anticipated number rising as year progresses with more availability of data for previous quarter's events.

KPI: The number of Wellington Region Residents that attend events

Target 22/23	Q3 (YTD)	Q2	Q1
500,000	392,797	256,389	106,783

Timing of reporting by events lags quarterly reporting deadlines. Anticipated number rising as year progresses with more availability of data for previous quarter's events.

C. WellingtonNZ is supporting businesses to upskill and grow

KPI: Number of different business engagements in WellingtonNZ Programmes

Target 22/23	Q3 (YTD)	Q2	Q1
2,200	1,332	1,073	618

D. Internal – Financial Health

KPI: Budget on track – income, expenditure, and surplus

Target 22/23	Q3 (YTD)	Q2	Q1
To budget	To budget	To budget	To budget

KPI: % of revenue from non-council funding and commercial activity (WellingtonNZ group)

Target 22/23	Q3 (YTD)	Q2	Q1
32%	27%	29%	36%

WellingtonNZ holds some income in advance from external sources on their balance sheet released as matching expenditure occurs. This is currently higher than pre Covid levels and is likely to be released in the second half of the financial year, improving this calculation. Additionally, our subsidiary, Creative HQ, has experienced some delays in pipelined sales revenue which also affects this calculation. A perceived recession is affecting CHQ's pipeline of commercial and government revenue. This KPI may be at risk.

E. Internal – Employee Health

KPI: Employee Engagement

Target 22/23	Q3	Q2	Q1

70%	76%	Annual Measure	Annual Measure
<p>F. Internal – Stakeholder Relation Health</p> <p>KPI: Stakeholder Satisfaction</p>			
Target 22/23	Q3 (YTD)	Q2	Q1
90%	Annual Measure	Annual Measure	Annual Measure

Coming Up – priority on delivering key programmes in WCC's Economic Wellbeing Plan, Destination Poneke Plans and The Regional Economic Development Plan

- **Fill the gaps** - Some issues and opportunities in the REDP do not yet have initiatives addressing them and we are currently exploring options to fill these gaps while remaining conscious of capacity constraints.
- **Funding** – Many REDP initiatives require funding support to progress.
- **Māori economic development** continues to progress with planning for the Tipu Pakihi Event (previously known as Hui Taumata) in June, a feasibility study with the Ōtaki and Porirua Trusts Board for whenua development and support of social procurement initiatives.
- **FIFA WWC 2023** - Work continues towards the successful delivery of Host City obligations for Cwill continue in Q4 ahead of the July/August event, with key city operations and city leverage plans well advanced, along with upgrade work to key training ground and match venue infrastructure.
- **Venues Wellington** - There is a strong line up of live performance, sporting and business events. With the Saints and Pulse seasons, resident hirers seasons along with a full programme in the St James, the remainder of the FY will be strong. We are still experiencing a shorter lead in time for performance, business events and conferences than historically seen.
- **Major Events** – Looking ahead at the programme we will have Wellington on a Plate (May & August), Eat, Drink, Play (July), FIFA WWC (July/August), Beervana (August) and then into WOW in late September.
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- Preparations continue for the the opening of the first exhibition at Tākina on June 3 with the Lego interactive exhibition, Jurassic World by Brickman. Tickets go on sale in May.
- The development of a new website for wellingtonnz.com is on track for a go live date at the end of June. Building a stronger backend functionality, the website has been developed to create a more user focused experience and consolidating all sites under one.

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- A number of campaigns are set to be implemented in the coming months, including a second season of 'A little bit of Wellington' and an off-shore talent attraction campaign.
- Finalisation of the Wellington brand strategy is underway post engagement with key partners and stakeholders. The strategy will be used to inform the positioning and promotion of Wellington through all areas of destination attraction and promotion.

Financials YTD 31 March 2023 -for the WellingtonNZ Group

STATEMENT OF FINANCIAL PERFORMANCE

REVENUE	YTD MARCH ACTUAL	YTD MARCH BUDGET	FULL YEAR FORECAST	FULL YEAR BUDGET	FULL YEAR SOI 22/23
Revenue from Shareholders	16,952,194	17,348,793	25,539,159	23,533,973	18,729,637
Other Revenue	6,123,516	10,595,472	9,059,407	13,702,087	12,922,387
TOTAL REVENUE	23,075,709	27,944,265	34,598,566	37,236,060	31,652,024
EXPENDITURE					
Personnel Costs	11,547,289	11,181,949	15,717,808	15,104,656	13,468,000
Investments in Projects and Events	8,873,217	12,395,114	16,328,111	18,993,871	15,634,108
Other Expenditure	1,971,122	2,573,681	2,691,707	3,378,892	2,449,916
TOTAL EXPENDITURE	22,391,628	26,150,744	34,737,626	37,477,419	31,552,024
SURPLUS/ (DEFICIT)	684,081	1,793,521	(139,060)	(241,358)	100,000

The 2023 SOI was completed under the assumption that the borders would be closed for longer and that it would take longer for large scale events to be allowed prior to the Government's announcements re these. WellingtonNZ refined their budget after those announcements, and we are reporting on both.

Our subsidiary has experienced a lower pipeline of revenue uptake in this financial year than budgeted. This is volatile due to a perceived upcoming recession; however revenue is expected to improve.

Venues have experienced a strong volume of events. This has meant that we have had to expend in personnel to deliver those events at a level higher than budgeted. These costs are covered through the management fee we receive to cover.

We are holding more deferred revenue on our balance sheet and we anticipate that there will be utilisation of this as programmes etc are defined, both toward the end of this financial year but also moving into the new financial year.

Inflationary pressures are currently being contained through other cost savings, however we expect to see these pressures increase as we enter into our annual remuneration review round early in the new financial year.

We anticipate finishing the year close to our budgeted deficit as a group.

WellingtonNZ is currently holding higher cash reserves on its balance sheet due to higher than anticipated deferred revenue for future programmes of work and events. These funds are tagged to specific contracts of service and are from both shareholder and non-shareholder sources.

STATEMENT OF FINANCIAL POSITION

	MARCH 23 ACTUAL	DEC 22 ACTUAL	SEP 22 ACTUAL	JUN 22 ACTUAL	SOI JUNE 23
SHAREHOLDER FUNDS	4,620,133	6,069,525	4,130,551	3,936,052	3,749,361
ASSETS					
Current Assets	11,829,766	11,533,608	11,930,545	10,103,422	5,607,040
Investments	1,879,471	1,879,471	1,879,471	1,879,471	1,437,024
Other Non-Current Assets	845,065	834,053	734,530	782,539	800,000
TOTAL ASSETS	14,554,301	14,247,132	14,544,546	12,765,432	7,844,064
CURRENT LIABILITIES	9,934,168	8,177,607	10,413,995	8,829,380	4,094,703
NET ASSETS	4,620,133	6,069,525	4,130,551	3,936,052	3,749,361