

**POSITIVELY WELLINGTON BUSINESS
REGIONAL ECONOMIC IMPACT 1
AS AT 31March 2006**

Since its inception in 2001 PWB has spent 18.15 million.
This has had a regional economic impact of 392.06 million.
For every dollar spent, PWB has generated 21.60 dollars.

	NZ\$million		
	Current Year		Since Inception
	YTD	TARGET	CUMULATIVE
Economic Impact (EI)	61.64	115.89	392.06
PWB Expenditure (PE) 2	2.98	5.12	18.15
Return on Investment (= EI/PE)	20.70	22.65	21.60

	NZ\$million		
	Current Year		Since Inception
	YTD	TARGET	CUMULATIVE
Business Development			
Economic Impact (EI)	7.92	7.70	35.72
PWB Expenditure (PE) 2	0.50	0.69	2.34
Return on Investment (= EI/PE)	15.87	11.20	15.24
Business Incubators			
Economic Impact (EI)	8.77	10.05	26.19
PWB Expenditure (PE) 2	0.58	0.96	1.96
Return on Investment (= EI/PE)	15.05	10.43	13.36
Sector Growth			
Economic Impact (EI)	34.17	56.14	156.67
PWB Expenditure (PE) 2	1.30	2.74	10.82
Return on Investment (= EI/PE)	26.35	20.49	14.47
Investment Attraction			
Economic Impact (EI)	1.59	36.00	134.99
PWB Expenditure (PE) 2	0.24	0.31	1.52
Return on Investment (= EI/PE)	6.61	114.45	88.74
Targeted Migration			
Economic Impact (EI)	9.20	6.00	38.50
PWB Expenditure (PE) 2	0.36	0.41	1.50
Return on Investment (= EI/PE)	25.62	14.60	25.63

Notes:

- 1 Regional economic impact calculated according to figures and formulae attached.
- 2 PWB expenditure includes grant income from central government agencies as well as council contributions.
- 3 Red dot = Well behind target; Orange Dot = Close to Target; Green Dot = Ahead of Target

Wellington Regional Economic Development Trust
Statement of Financial Performance: Segment Analysis For The Quarter Ending 31 March 2006

	QTD	QTD	Variance		YTD Actual	YTD Budget	Variance		Total	Forecast
	Actual	Budget	\$	%	\$	\$	\$	%	Budget	\$
	\$	\$	\$	%	\$	\$	\$	%	\$	\$
Income										
TLA Income	701,250	701,250	0	0%	2,197,250	2,156,050	41,200	2%	2,857,300	2,898,500
Interest Income	22,571	11,700	10,871	93%	54,825	35,500	19,325	54%	40,000	58,479
Other Income	0	0	0	n/a	1,222	0	1,222	n/a	0	1,395
Creative HQ external income	161,945	198,352	(36,407)	-18%	527,375	591,184	(63,809)	-11%	789,000	667,757
Creative Sector	(9,941)	0	(9,941)	n/a	21,407	0	21,407	n/a	0	80,666
ICT Sector	375	0	375	n/a	375	0	375	n/a	0	375
Professional Services Sector	0	0	0	n/a	0	0	0	n/a	0	0
Specialist Manufacturing Sector	9,100	8,250	850	10%	44,143	24,750	19,393	78%	33,000	197,778
Education Sector	0	5,897	(5,897)	-100%	0	17,692	(17,692)	-100%	23,590	0
Investment	0	0	0	n/a	99,693	0	99,693	n/a	9,000	99,693
Immigration	(100)	0	(100)	n/a	41,700	14,000	27,700	198%	14,000	41,700
Strategy and Research	333	35,000	(34,667)	-99%	130,889	150,000	(19,111)	-13%	183,400	210,000
Marketing	0	0	0	n/a	1,900	0	1,900	n/a	0	1,900
Sector based external income	(232)	49,147	(49,380)	-100%	340,107	206,442	133,664	65%	262,990	632,112
Business Development	12,537	63,050	(50,513)	-80%	118,264	205,212	(86,948)	-42%	282,359	212,962
MRI Grant	0	0	0	n/a	0	0	0	n/a	0	0
Total	898,070	1,023,499	(125,430)	-12%	3,239,042	3,194,388	44,654	1%	4,231,649	4,471,205
Expenditure										
Creative Sector	187,609	194,861	7,252	4%	597,175	519,197	(77,978)	-15%	684,643	913,365
Creative HQ	157,656	231,699	74,043	32%	592,490	667,765	75,274	11%	963,325	906,092
ICT Sector	27,799	57,097	29,298	51%	124,012	181,236	57,223	32%	250,057	219,818
Professional Services Sector	21,400	45,426	24,026	53%	67,033	109,225	42,192	39%	131,128	89,756
Specialist Manufacturing Sector	34,958	52,575	17,616	34%	160,296	177,688	17,392	10%	235,927	289,649
Education Sector	45,932	21,509	(24,423)	-114%	84,929	64,519	(20,410)	-32%	86,270	137,495
Business Development	130,117	156,135	26,017	17%	453,021	450,753	(2,268)	-1%	610,189	586,519
Investment	19,541	37,432	17,891	48%	192,090	138,461	(53,630)	-39%	237,357	260,862
Immigration	80,341	72,756	(7,585)	-10%	317,364	262,380	(54,984)	-21%	333,849	407,626
Strategy and Research	70,736	97,397	26,661	27%	235,810	291,499	55,690	19%	411,328	338,503
Marketing	38,153	64,045	25,892	40%	153,665	221,288	67,623	31%	283,387	310,955
MRI Grant	0	0	0	n/a	0	0	0	n/a	0	0
Total	814,244	1,030,932	216,688	21%	2,977,887	3,084,011	106,124	3%	4,227,458	4,460,639
Net Surplus (Deficit)	83,826	(7,433)	91,259	-1228%	261,156	110,378	150,778	137%	4,191	10,566

WELLINGTON REGIONAL ECONOMIC DEVELOPMENT TRUST

Statement of Cash Flows

For the quarter ending 31 March 2006

	Current Period
	\$
Cashflows from Operating Activities	
Cash was provided from:	
Wellington City Council	1,005,000
Hutt City Council	205,000
Porirua City Council	0
Upper Hutt City Council	25,000
Kapiti Coast District Council	25,000
Operating grants	1,260,000
Other income	546,199
Interest received	16,702
	<hr/> 1,822,902
Cash was Applied to:	
Payments to employees and suppliers	860,398
Interest paid	478
	<hr/> 860,876
Net Cashflow from Operating Activities	962,025
Cash Flow from Investing Activities	
Cash was Applied to :	
Purchase of Fixed Assets	6,653
Net Cashflow from Investing Activities	(6,653)
Cash Flow from Financing Activities	
Cash was provided from	
Loan and lease obligations	0
Settlement of Trust	0
Cash was Applied to :	
Reduction of lease obligations	0
Reduction of Loan Obligations	0
Net Cashflow from Financing Activities	0
Net increase/(decrease) in cash held	955,373
Cash Brought Forward	343,242
Closing Cash Carried Forward	<hr/> <hr/> 1,298,615
Represented by:	
Cash and Bank Deposits	98,615
Term Deposits	1,200,000
Cash and bank balances	<hr/> <hr/> 1,298,615

VARIANCE REPORT

Quarter Ended 31 March 2006

INCOME

TLA Income (\$41.2K favourable)

\$40K is funds received last financial year for the scoring stage feasibility study (\$30K) and for the TV production research study (\$10K), which were postponed until this year. Income and resulting expenditure were not budgeted this financial year. The additional income will be offset by corresponding expenditure on the projects. The effect on the bottom line is expected to zero. The \$1.2K favourable variance is a permanent variance resulting from a budget input error for Upper Hutt's contribution.

Interest Income (\$19.4 K favourable)

Actual interest earned is ahead of budget. This is likely to be a permanent variance. Latest forecast reflects this.

Creative HQ External Income (\$63.8K unfavourable)

Sponsorship partner income for Creative HQ and Fashion HQ is behind budget by 63.8K. Creative HQ has reported a resistance to Sponsors renewing and have advised they may have difficulty in achieving the budget. Additionally, NZTE have indicated that CHQ/FHQ will receive less grant income than we budgeted. Currently the indication is a shortfall of \$10K against the \$385K in the budget. Membership and rental income is also behind budget by \$18.7K. Offsetting this is \$29.2K of recovered expenditure for phone and mentor expenses.

The forecast for the incubators predicts an unfavourable variance of \$121.2K. We are continuing to address this shortfall in income.

Business Development (\$87K Unfavourable)

Most of this difference is simply a timing difference. However one course under the WINZ contract has been cancelled through lack of numbers and will not be rescheduled. Income is forecasted to be \$69.4K below budget for the year. This is offset by reduced expenditure and expected to have \$38K impact on the bottom line.

Sector Based External Income (\$133.6K favourable)

- *Creative sector (\$21.4K favourable):* \$20K income for TV Production research project not budgeted which will be offset by corresponding expenditure, no impact of bottom line. \$1.2K of recovered expenditure for film sector recovery of expenses incurred in JV with Film South for recent UK trip. (\$0.2K) and for work relating to the regional strategy (\$1.0K).

- *Immigration (\$27.78K favourable)*: Income from sponsorship secured for London and Manchester Expos against the annual budget of \$14K, which was put in October. The extra income is offset by corresponding increased expenditure.
- *Investment (\$99.7K favourable)*: Income from Ministry of Economic Development (\$97.8K) for the ANZ Call Centre development in Lower Hutt plus a VAT refund from the Call Centre Expo last financial year (\$1.9K). This unbudgeted income is offset by increased expenditure.
- *Marketing (\$1.9K favourable)*. Income from Film South, that will offset a JV marketing project, is not in the budget (0.4K) and \$1.9K refund from Synergy relating to overcharging of website maintenance last year.
- *Specialist Manufacturing (\$19.4K favourable)*: Income for HTS consortium relating to expenditure incurred to date. This is a timing difference as expenditure has been running ahead of budget.
- *Education Sector (\$17.9K unfavourable)*: EWI fee income. Since the budget was developed we have renegotiated with EWI and moved the major income and expenses back to EWI. This income and the corresponding expenses will not be received. No effect on the bottom line.
- *Strategy & Research (\$19.1K unfavourable)*: Timing difference due to phasing of budget. The total WRS income from NZTE is forecasted to be \$26.6K greater than budget for the year. This will be offset by additional expenditure. There is no effect on the bottom line.

EXPENDITURE

- *Creative Sector (\$78K Unfavourable)*: \$30K relates to expenditure on the scoring stage feasibility study and \$27.2K on the TV production project. These projects were not in the budget as they were deferred from last financial year. This is offset by the \$60K in income. There is a \$15K favourable variance in Film expenditure, mainly in photography, hosting, other direct costs and \$17K unfavourable relating to direct salaries being different to budgeted salaries.
- *Creative HQ (\$75.3K favourable)*: The major variances are outlined below:
 - Recruitment costs - \$14.5K unfavourable – permanent.
 - Salaries - \$2.5K favourable.
 - Marketing - \$1.9K unfavourable.
 - Travel and Conferences - \$9.9K unfavourable.
 - Sponsorship partner expenses - \$20.8K favourable.
 - Occupancy - \$15.8K favourable. Permanent difference and additional savings are expected.
 - The forecast completed has identified that income for Creative/Fashion HQ will be \$146.3K lower than budget. Expenditure forecasted for year-end will be \$36.4K lower than budget resulting in the overall deficit being \$109.9K worse than budget.

- *ICT Sector (\$57.2K favourable)*: Spending on programmes in the ICT sector has slowed as a result of the restructure. A contractor has been hired to take up the slack until the position has been filled. Spending is expected to pick again, however there will be some permanent savings in this cost centre.
- *Professional Services (\$42.2K favourable)*: Savings is mainly in the area of contractors. This is expected to be a permanent variance.
- *Specialist Manufacturing (\$17.4K unfavourable)*: There have been some permanent savings in this cost centre, as the position of sector manager has been combined with the ICT sector role. The cost centre will overspend budget by the additional expenditure on the HTS project but this is offset by corresponding income.
- *Business Development (\$2.3K unfavourable)*: Expenses are running close to budget. As noted in income section above it is expected that there will be savings in expenditure against budget due to the cancellation of the WINZ course that is not being rescheduled.
- *Investment (\$53.6K unfavourable)*: Unbudgeted expenditure relating to the call centre project in Lower Hutt (\$99.3K) that has been offset by increased revenue. The remaining variance is due to allocated costs being lower than budgeted due to retirement of staff member (direct salaries \$28.4k favourable).
- *Immigration (\$55.K unfavourable)*: \$14.3K relates to increased expenditure on the UK expos that have been partially offset by additional sponsorship received. The remaining variance relates to allocated costs.
- *Strategy & Research (\$55.7K favourable)*: Timing differences relating to delay in the project, mainly in market research \$30K. Direct salary savings of \$5K. The remaining variance is due to lower than budgeted allocated costs.
- *Marketing (\$67.6K Favourable)*: Variance in direct marketing costs, and an additional \$21.3K favourable variance in direct salary costs as the marketing positions took longer than expected to fill. Positions will be fully filled by mid May. The remaining variance relates to allocated costs.
- *Overhead Costs*: Allocation of overhead costs to all cost centres is higher than budgeted by \$73.1K for salaries and \$10.4K for other overhead expenses that are higher than the budget for the year to date.

Costs are allocated on an FTE basis. Average FTE numbers applied are forecasted to be lower than budget as some positions took a long time to fill. In addition staff numbers in the sectors have changed as a result of the restructure while overhead (fixed) expenses have not. This means that the allocation per FTE increased (same costs over fewer FTE). However, with the change in FTE across the sectors, some sectors have increased their allocated costs and some sectors have decreased (FTE numbers reduced to below 1 in some cases).