

APPENDIX THREE

POSITIVELY WELLINGTON TOURISM

REVIEW OF 2009/10 ANNUAL REPORT

Partnership Wellington Trust – trading as Positively Wellington Tourism (PWT) - presents its Annual Report including audited financial statements and performance measures.

Highlights for the year

- Wellington's first consumer marketing campaign in Australia was launched, a \$2m marketing effort of our city to our nearest neighbours. Direct Australian visitor arrivals were near 111,000, an increase on last year of 8.9%.
- WellingtonNZ.com remains the most visited official regional tourism site in NZ, with nearly three times as many visitors as any other NZ regional destination website. The site saw a 27% increase in visits this year.
- The country's first floating i-Site on the Interislander was a success with local attractions and accommodation being the biggest sellers, up 11.9% from last year.
- PWT entered the events space, working with Visa on the Wellington On a Plate festival.
- Domestic visitor nights increased 4% from last year to over 1.3m.
- Two world class attractions opened in March with the support of PWT: ZEALANDIA: The Exhibition showcases New Zealand's unique natural history and world-famous conservation movement, and the newly refurbished Carter Observatory was reopened. These two attractions will help promote the international message that 'One night is not enough' in Wellington.
- A new daily CitySights hop-on hop-off service connecting Wellington's sights will be launched on September 23rd.

Performance

1. Financial

A review of PWT's financial statements highlights the following points:

- The financial result for the year was an operating loss of \$34k against a breakeven budget and a prior year surplus of \$85k.
- Total income excluding Visitor Centre trading income was \$7.2m, above the budget of \$6.3m due to additional Council funding of \$500k and \$262k from partners towards the new Australia marketing campaign. Cruise shuttle operations were also above budget by \$146k.
- Total income excluding Visitor Centre trading income was also above prior year income by \$611k due to additional Council funding of \$500k and higher cruise shuttle operations income by \$144k.

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- Total expenditure (excluding Visitor Centre cost of sales) at \$7.8m was \$1.1m above budget and \$0.7m above prior year due to higher marketing, publications and cruise shuttle operations expense.
- The Visitor Centre made an unbudgeted deficit of \$62k. Visitor Centre trading income and other income was \$375k above budget however this was offset by higher cost of sales and other expenses (\$437k unfavourable to budget).

The Trust received funding of \$5.44m from Council this year, an increase of \$500k over last year, the extra funding granted for the Australian marketing campaign. The Trust also received new funding from the Central Government of \$1m in 2009/10 for this same purpose.

The Trust's income has been derived from three key sources:

- Wellington City Council funding (53%)
- Visitor Centre income (30%)
- Partner income from the Wellington tourism industry (14%)

Statement of Financial Performance

\$ '000	FY Actual	FY Budget	2008/09 Actual
Total Income	10,274	9,104	9,851
Total Income (excluding Visitor Centre trading income)	7,224	6,306	6,613
Visitor Centre trading income	3,050	2,798	3,238
Total Expenditure (excluding Visitor Centre cost of sales)	7,788	6,710	7,054
Visitor Centre surplus/(deficit)	(62)	N/A	(1)
Operating Surplus/(deficit)	(34)	-	85

Statement of Financial Position

\$ '000	FY Actual	FY Budget	2008/09 Actual
Current assets	1,122	760	1,263
Non current assets	251	241	226
Current liabilities	881	559	963
Non current liabilities	-	-	-
Equity	491	441	526
Current ratio	1.3 : 1	1.4 : 1	1.3 : 1
Equity ratio	36%	44%	35%

Statement of Cash Flows

\$ '000	FY Actual	FY Budget	2008/09 Actual
Operating	(67)	203	359
Investing	189	153	(117)
Financing	-	-	-
Net	(257)	50	242
Closing balance	776	513	1,032

Note: the Trust's financial statements have been prepared using NZ IFRS.

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2. KPIs

International visitors to Wellington, which do not include Australian visitors, decreased 2.87% in 2009/10, compared to an increase of international visitor arrivals to NZ of 4.1% (year ended March). This is a result of the global economic recession and Wellington's exposure to US and Western European markets. On the positive, international visitor spend in Wellington increased by 2.7% compared to a national increase of 2.16%.

The Trust's KPIs for the year, as agreed in its SOI, are listed below:

PERFORMANCE MEASURES	TARGET 2009/10	ACTUAL 2009/10
Wellington's market share of international visitors to NZ	Maintain 2009 share: 8.01%	7.52% Not achieved
International visitor nights	Within 10% of 2009 levels	1.3% decrease (year to May) Achieved
New Zealand market visitor nights	2% increase over 2009	3.6% increase (year to May) Exceeded
Weekend occupancy in partner hotels (capacity aligned)	2% increase over 2009	1.35% increase Not achieved
Downtown marketing	Downtown weekend visitation within 10% of 2009	0.17% decrease Achieved
	Weekend car parking occupancy +5% above 2009	5% increase for 4/6 car parks Partially achieved
	Weekend sales within 10% of 2009	1% decrease Achieved
	Maintain visitor spend in downtown Wellington	2.86% increase Exceeded
	Maintain local spend and visitation in downtown Wellington	2.8% decrease and 1.3% decrease respectively Not achieved
i-Site Visitor Centre	Maintain revenue at 2009 level	2.2% increase (excl online sales) Exceeded
	Increase proportion of sales of Wellington product by 10% over 2009	12% increase Exceeded
	Visitors to i-Site maintained at 2009 level	3% increase Exceeded
Australia sales & marketing	Increase Australian visitor arrivals by 7% on 2009	8.6% increase (year to May) Exceeded
	Airline capacity maintained at 2009 levels. Negotiations advanced to grow capacity.	1% decrease (year to May) New Syd-Wgtn service introduced, Wgtn-Gold Coast cancelled Not achieved
Convention Bureau sales & marketing	5% increase in leads/referrals over 2009	4% increase Not achieved
	Maintain Wellington's	Wgtn hosted 483,537

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PERFORMANCE MEASURES	TARGET 2009/10	ACTUAL 2009/10
	C&I market share	delegate days for the 9 months to Mar 10. New survey – no comparable data available.
Visits to www.WellingtonNZ.com	20% increase over 2009	27% increase Exceeded
	Generate \$660k of bookings through site	\$710k of sales generated Exceeded
Product development	Support investment groups in completing feasibility studies for product developments	Support provided to opening of Zealandia: The Exhibition, Carter Observatory and CitySights hop on hop off bus Achieved

Governance

The Trustees during the year were:

Glenys Coughlan (Chair)

Ruth Pretty (reappointed 1 January 2010)

John Milford (reappointed 1 January 2010)

Kim Wicksteed

Mike O'Donnell (term expires 31 December 2010)

Jo Coughlan (Councillor) (term expires 31 October 2010)

Peter Monk

Key issues going forward

1. Australian campaign

PWT will continue work commenced in 2009/10 to increase the recognition and desirability of Wellington as a visitor destination in the Australian market.

2. Redevelopment of Civic Square i-Site

PWT is investigating redevelopment options for the existing Civic Square i-Site to ensure that the core deliverables are in place before the start of Rugby World Cup 2011. The Trust intends to make a significant investment in the i-Site in the 2010/11 year (\$300k has been budgeted), using the reserves of the Trust and a contribution from the i-Site's operational performance. Options for moving the facility onto the Wellington waterfront will continue to be considered.

3. ZEALANDIA & Carter Observatory

The success of ZEALANDIA and Carter Observatory as they go into their first tourist season is dependent on achieving strong visitor numbers as set in their respective business plans.

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Conclusion

In a challenging year, PWT performed well, achieving and exceeding most of their KPIs and incurring only a small operating loss against a breakeven budget. The WellingtonNZ.com site continues to be the most popular official regional tourism site in NZ, with large growth in number of visitors. The launch of the marketing campaign in Australia this year was successful with a 9% growth in Australian visitors to Wellington. PWT will need to take advantage of the opportunities that lie in the year ahead with the Rugby World Cup 2011, the ever-growing and popular Wellington On a Plate festival, the new daily hop-on hop-off bus and continuing the campaign to attract Australian visitors.