

POSITIVELY WELLINGTON TOURISM

REVIEW OF 2010/11 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

- Lonely Planet recognises Wellington as the ‘coolest little capital in the world’ in Best in Travel 2011’s Top 10 Cities to Visit list.
- WellingtonNZ.com achieved its target of 20% growth with over 1.6 million visits over the year – 28% ahead of its nearest regional competitor.
- The redevelopment and launch of the i-Site Visitor Centre was completed.
- Australian visitor arrivals to Wellington increased by 8.3%, compared to an increase of 2.0% for all New Zealand.
- *Visa Wellington on a Plate* doubled the number of participants in the DINE programme, and festival media coverage increased by 40%.
- *Wellington Open Day* saw thousands of locals visit the city’s attractions for gold-coin entry.
- Wellington welcomed 59 cruise ship visits, up from 47 the previous year, carrying an estimated 91,000 passengers over the season.
- The *3 Nights for 2* campaign through WellingtonNZ.com resulted in record bookings for hotel partners during the low season of May and June and aligned well with the Australia marketing drive.

Performance

1. Financial

The Trust received funding of \$5.94m from the Council this year; this includes \$1m for the second year of funding for the Australian Marketing campaign.

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

- 50% Wellington City Council funding (2009/10: 50%)
- 25% Visitor Centre income (2009/10: 30%)
- 23% Partner and Crown income (2009/10: 14%)

Statement of Comprehensive Income

\$ '000	2010/11 FY Actual	2010/11 FY Budget	2009/10 Actual
Total Income	11,909	12,564	10,274
Total Expenditure excluding depreciation	11,702	12,411	10,143
Depreciation	199	205	165
Operating Surplus/(deficit)	8	(52)	(34)

Statement of Financial Position

\$ '000	2010/11 FY Actual	2010/11 FY Budget	2009/10 Actual
Current assets	1,422	491	1,122
Non current assets	388	531	251
Current liabilities	1,311	573	881
Non current liabilities	-	-	-
Equity	500	449	491
Current ratio	1.1 : 1	.86 : 1	1.3 : 1
Equity ratio	28%	44%	36%

Statement of Cash Flows

\$ '000	2010/11 FY Actual	2010/11 FY Budget	2009/10 Actual
Operating	590	74	(67)
Investing	338	364	189
Financing	-	-	-
Net	253	(290)	(257)
Closing balance	1,028	320	776

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

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

- The financial result for the year was an operating surplus of \$8k compared to a budgeted deficit of (\$52k) and a prior year loss of (\$34k).
- Revenue was down \$655k compared to budget. This was due to lower revenues from the Visitor Centre (down \$397k) where income was affected by lower visitor numbers from UK, USA and Europe who are traditionally the strongest users and buyers through the i-Site network.
- Total income, excluding Visitor Centre trading income, was \$9.0m, \$200k below budget due to work being carried out and paid for by Tourism NZ that had a \$220k unfavourable impact on revenue (but a correspondingly favourable result on expenditure).
- Total expenditure excluding depreciation was \$11.7m, \$709k below budget as a result of reduced costs in Visitor Centre operations, personnel costs and cruise shuttle operations.
- Income from cruise shuttle operations was \$54k, which was \$77k (59%) below budget.
 - A number of cruise ship companies this year employed independent commercial operators to cater for their passengers. This is a natural progression.
- The closing cash position of \$1m was significantly better than the budget of \$320k.
- Although Visitor Centre revenue was down by \$397k, the trading result was a deficit of \$118k with costs reduced on lower levels of business.
- Depreciation on the Visitor Centre increased from \$14k to \$95k as a result of the upgrade of the facility.

2. KPIs

New Zealand's tourism industry this year faced low consumer confidence, challenging exchange rates affecting key European and American markets and large-scale natural disasters both in New Zealand and abroad. While Wellington was not immune to these challenges, PWT's marketing strategy and strong push for a presence in Australia helped achieve an 8.3% increase in Australian visitor arrivals. This growth contributed to a 4% increase in international guest nights. While overall domestic guest nights declined 2.6%, weekend rooms sold in PWT partner hotels grew 3.9%, reflecting the success of tactical partner marketing such as the *Three for Two* winter campaign.

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

PERFORMANCE MEASURES	TARGET 2010/11	ACTUAL 2010/11
International direct arrivals to Wellington Airport from Australia	Increase Australian visitor arrival by 8.8% over 2009/10 levels	8.3% increase Status: nearly achieved
International visitor nights	Increase international visitor room nights by 2% over 2009/10 levels	4% increase Status: Exceeded
New Zealand market visitors and visitor nights	Increase New Zealand market numbers and visitor nights by 2% over 2009/10 levels	2.6% decrease Status: not achieved
Weekend occupancy in partner hotels (capacity aligned)	2% increase over 2009/10 levels	3.9% increase Status: achieved
Downtown weekend visitation	Increase by 2% over 2009/10 levels	1.8% increase Status: nearly achieved
i-Site revenue	Increase revenue by 3% over 2009/10 levels	3.8% decrease Status: not achieved
Long haul partner funding	Maintain funding within +/- 5% of 2009/10 levels	Funding was at the same level Status: achieved
Number of Partners	Maintain at least 20 funding partners in NZ Marketing partnership	23 partners Status: achieved
Cost effectiveness	Maintain Council's funding at less than 50% of total income	Council funding 49% Status: achieved
Cost effectiveness	Maintain overhead costs as less than 13% of total activity costs	Overhead costs were 7.92% of total activity costs Status: achieved
Visits to www.WellingtonNZ.com	Maintain to at least 2009/10 levels	20% increase to 1,638,341 visitors Status: achieved
Online revenue	Generate \$730k of bookings through the i-Site	\$742k sales Status: achieved

3. Council Strategies

Positively Wellington Tourism contributed to a number of Council strategies during 2010/11, primarily:

Economic Development: In addition to attracting tourists and visitors to Wellington, PWT continues to work with industry partners to develop and promote spending in the city. Weekend rooms sold in partner hotels were 3.9% up on last year, while bookings through WellingtonNZ.com were up 4% on 2009/10. The 8.3% increase in Australian visitor numbers (compared to the overall national increase of 2%) is attributable in part to the success of PWT's projects and partnering initiatives. PWT is also working to develop the Wellington Convention Bureau to draw more convention business to the city.

Social and Recreation: PWT was involved in organizing and supporting a number of activities and events that drew locals, visitors and tourists into Wellington, including Visa Wellington on a Plate and joint marketing campaigns for the Phoenix vs. Boca Juniors football match, Bon Jovi concert, and the All Whites vs. Paraguay game. Significant work was undertaken alongside the Council in preparation for Rugby World Cup 2011 to show visitors, media and locals an incredible time during the event.

Cultural Wellbeing: Through WellingtonNZ.com and the i-Site, PWT engages actively with Wellington's Arts and Culture sector to promote the city's museums, galleries, theatres and creative industries.

Governance

The Trustees during the year were:

John Milford (chair)
Glenys Coughlan
Ruth Pretty
Kim Wicksteed
Mike O'Donnell
Jo Coughlan (Councillor)
Peter Monk

Kim Wicksteed's and Peter Monk's terms expire on 31 December 2011.

Key issues going forward

1. Australian Campaign

PWT will continue to work through 2011/12 to increase the recognition and desirability of Wellington as a visitor destination in the Australian market. The 2011/12 year is the last year of funding for this project and PWT will need to consider how to maintain the impact achieved by this Council investment.

2. Long Haul Air Connectivity Strategy

PWT continues to work closely with Wellington International Airport Limited and Wellington City Council to raise the profile of Wellington, and to work with airlines to develop the business case to initiate direct long haul flights into Wellington from Asia. The Council has recently agreed to investigate the feasibility of creating a long haul attraction fund to support this activity with a view to securing a long haul carrier to Wellington by 2013.

3. Closer Marketing Cooperation with CCOs

Progress has been made in working with the Council's CCOs. PWT will continue to develop marketing strategies and other opportunities with these organisations, building on the MOUs with the Carter Observatory and Zealandia in order to add value and promote the CCOs to tourist and business arrivals in Wellington.

Conclusion

PWT has achieved growth in a number of areas within a challenging economic climate. With Christchurch affected by successive earthquakes and traditional long haul markets struggling, the launch of the large-scale promotional campaign for the Wellington region in Australia was important. Wellington maintained its international market share of visitors to the country and opportunities will continue to be explored in the Asian markets. The recognition of Wellington as a Top 10 destination and earning the 'Capital of Cool' tag has increased media coverage and helped leverage the Council's investment in PWT for promoting Wellington as a tourist and visitor destination and driving economic development in the city.