

POSITIVELY WELLINGTON TOURISM ANNUAL REPORT 2004/05 REVIEW

1. Introduction

Positively Wellington Tourism (PWT) has submitted its audited annual report for the year to 30 June 2005.

2. Performance

a Financial results

(i) Against targets

Statement of Financial Performance

<i>\$'000</i>	FY Actual	FY Budget	2003/04 Actual
Gross Surplus	5,025	5,537	5,030
Expenditure	5,166	5,647	5,285
Operating surplus	(141)	(110)	(255)
Operating margin	-	-	-
Return on equity	-	-	-

Statement of Financial Position

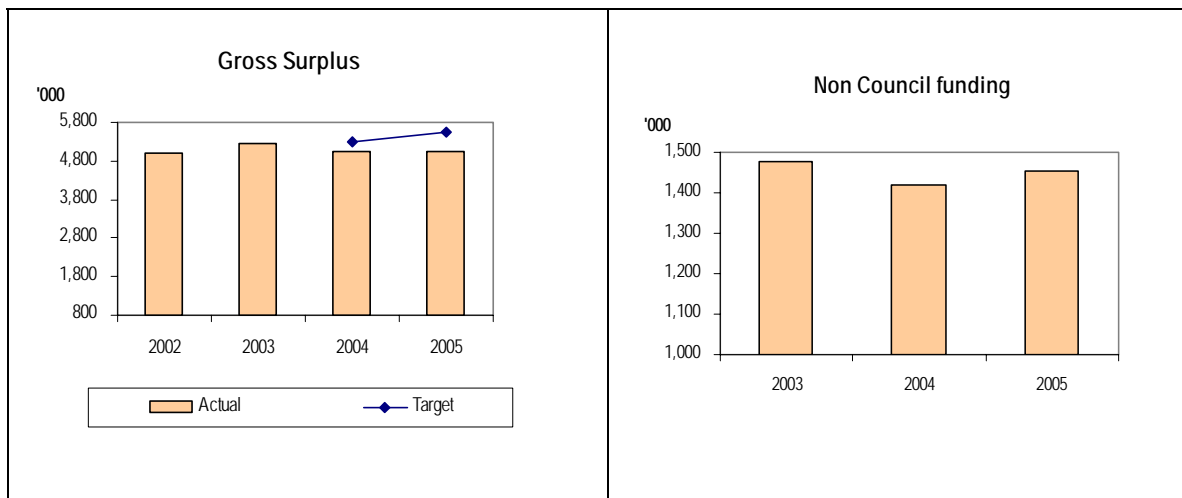
<i>\$'000</i>	FY Actual	2003/04 Actual
Current assets	1,056	1,073
Non-current assets	147	200
Current liabilities	995	881
Non-current liabilities	-	-
Equity	208	392
Current ratio	1:1	1.2:1
Equity ratio	17.3%	31%

Statement of Cash Flows

\$'000	FY Actual	2003/04 Actual
Operating	(1)	383
Investing	(80)	(144)
Financing		-
Net	(81)	240
Closing balance	805	886

PWT continue to manage its cash flow through short term deposits. There has been very little movement in cash balances between the two years.

(ii) Trends



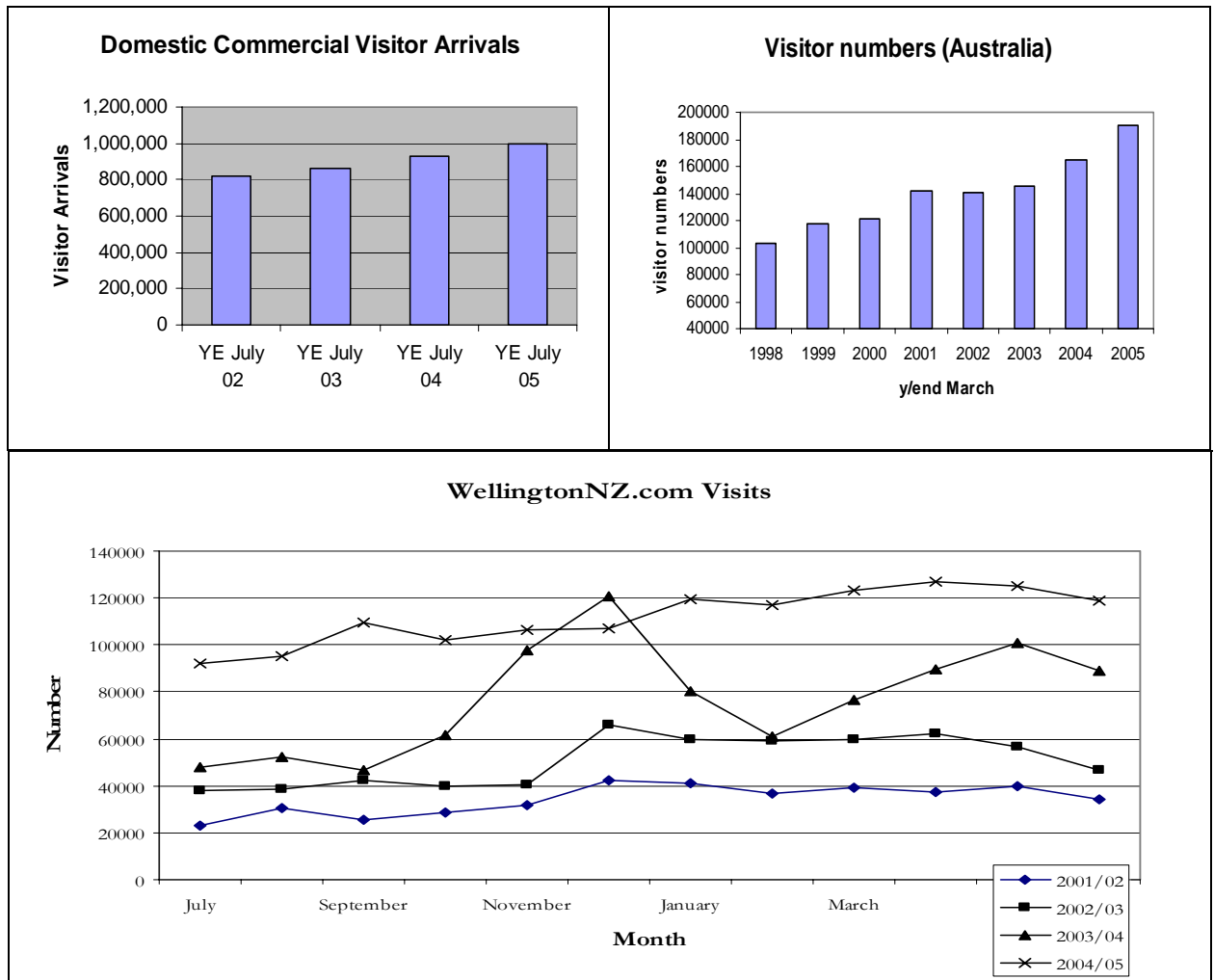
b KPIs

(i) Against targets

Measure	2004/05 Target	2004/05 Actual	Comment
Work within approved budget	-	-	Achieved
Work within strategic plan/Sol	-	-	Achieved
Number of Visitors	No target	570,474 International 2,503,845 Domestic	Achieved
Number of Visitor Nights	No target	4,134,624 International 3,280,532 Domestic	Achieved
Spend per Visitor	No target	\$860/day International \$179/day Domestic	Achieved
Growth in Retail Sales in the downtown area	5%	11.9%	Achieved
Occupancy Rates achieved by	72%	71.6%	Achieved

Measure	2004/05 Target	2004/05 Actual	Comment
Wellington hotel accommodation providers			
Regional Economic Growth for Tourism	10%	N/A	This information was not available from the Ministry of Tourism at the time of completing this report.

(ii) Trends



Source: Positive Wellington Tourism

c Significant changes

(i) In activities

There has been a strong focus on research to support the activities and strategic direction of PWT.

(ii) Other – governance

Jennie Langley was welcomed to the Board during the financial year to replace Bill Day. The new Council triennium saw the replacement of Councillor Rob Goulden with Councillor Andy Foster.

3. Discussion

a Key items from the year

RESEARCH: PWT worked closely with the Tourism Research Council New Zealand on ensuring the appropriate geographic boundaries for the City are used in the core tourism data set. Keeping up to date on methodology has been a constant challenge and PWT are working to ensure valid comparisons can be made.

PWT has entered into a joint venture with TourismNZ, the Ministry of Tourism and six leading RTO's to do benchmark research on visitor satisfaction in each regional destination whilst visitors are in NZ.

TRANS TASMAN: The industry over recent years has experienced heavy competition between airlines on the Trans-Tasman route. Wellington has become more attractive as a short haul destination for Australians. However, conversely New Zealanders are choosing to take advantage of the cheap airfares to Australia. Outbound departures continue to outstrip inbound arrivals from Australia.

DOMESTIC MARKETING CAMPAIGN: PWT has relaunched its domestic campaign. The "Have a love Affair with Wellington" campaign is designed to appeal to hearts and minds of New Zealanders and to keep Wellington top of mind as a domestic destination in a very competitive market. The campaign has received a very positive response.

b Issues for consideration

Council officers are considering the following questions that arise the current activities:

- PWT to discuss with WCC officers the results of targeted research and communicate this to relevant parties.
- The impact of the updated tourism forecasts released by Tourism Research Council New Zealand needs to be assessed.
- Airline capacity – the arrival of the new 787 and A350 aircraft presents an opportunity for Wellington City to develop long haul air services ex Wellington. PWT is working with Wellington Airport on this opportunity. Significant feasibility and marketing work will need to be undertaken in the next 1 – 3 years to realise this potential.

4. Conclusion

a Summary of analysis

PWT as a leader in the tourism sector has contributed significantly to lifting the profile of Wellington, both domestically and internationally. International visitor nights to the city exceeded four million and Wellington City was voted 18th hottest city in the world to visit at the prestigious Conde Nast Traveller Magazine UK awards. Overall it has been another successful year for the tourism sector.

b Looking forward

The tourism industry is not without its challenges and with increased competition both domestically and from overseas PWT must work to retain and where possible grow market share. Global issues such as fuel pricing and bird flu are potential risk factors that could significantly impact on the industry.

PWT continues to work towards the goal of doubling the contribution tourism makes to the local economy to \$1.5 billion in 2009. Working with key industry partners such as Te Papa and the Wellington International Airport will be critical for future tourism development.

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