

POSITIVELY WELLINGTON TOURISM

REVIEW OF 2007/08 ANNUAL REPORT

Positively Wellington Tourism (PWT) presents its Annual Report including audited financial statements and performance measures.

Highlights for the year

- Tim Cossar, the CEO, left PWT just after year-end to join the Tourism Industry Association. He leaves the Trust well-positioned after 6 years in charge to his successor David Perks, who joined PWT in September
- PWT's strong marketing of the Wellington events programme helped the City to perform strongly as a domestic tourism destination. As a result the City's visitor numbers and hotel occupancy increased where most other regions in the country showed decline in these measures
- Wellington had its biggest cruise season to date, with 38 cruise calls delivering 70,000 crew and passengers to the City, an increase of over 100% on the previous year.

Performance

1. Financial

A summary review of the PWT financial statements is given below. Officers note the following:

- The Trust forecast a year-end surplus of \$168k as recently as April 2008; the final year-end position was a \$50k surplus
- The i-Site has performed below target, contributing a deficit of \$113k to PWT's operating position. Possible reasons for this include staff turnover and its current sub-optimal location
- The Trust's wages and recruitment costs were \$178k (14%) ahead of the previous year), perhaps a result of the significant staff turnover that the Trust experienced in the early part of the year.

Statement of Financial Performance

| \$ '000 | FY Actual | FY Budget | 2006/07 Actual |
|-------------------|--------------|--------------|-------------------|
| Income | 6,201 | 6,888 | 6,304 |
| Expenditure | 6,151 | 6,898 | 6,404 |
| Operating Surplus | 50 | (10) | (100) |

Statement of Financial Position

| \$ '000 | FY Actual | FY Budget | 2006/07 Actual |
|---------|--------------|--------------|-------------------|
|---------|--------------|--------------|-------------------|

| | | | |
|-------------------------|---------|-------|---------|
| Current assets | 1,140 | 590 | 1,594 |
| Non current assets | 279 | 212 | 175 |
| Current liabilities | 979 | 579 | 1,379 |
| Non current liabilities | - | - | - |
| Equity | 441 | 223 | 391 |
| Current ratio | 1.1 : 1 | 1 : 1 | 1.2 : 1 |
| Equity ratio | 31% | 28% | 22% |

Statement of Cash Flows

| \$ '000 | FY Actual | FY Budget | 2006/07 Actual |
|-----------------|--------------|--------------|-------------------|
| Operating | (25) | 110 | 351 |
| Investing | (290) | (105) | (246) |
| Financing | - | - | - |
| Net | (316) | (5) | 105 |
| Closing balance | 792 | 261 | 1,107 |

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

2. KPIs

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

Statement of Service Performance 2007/08

FOR THE YEAR ENDED 30th JUNE 2008

3. KEY PERFORMANCE INDICATORS

A. GENERAL KPIS

| Measure | Frequency of measure | Target 2007/08 | Result |
|--|----------------------|--|--|
| International market share (numbers and nights) | Quarterly | Maintain market share in US, UK and Australian markets | Wellington's market share of international nights declined slightly from 4,412,874 (9.58%) at year end March 2007 to 3,388,477 (7.31%) at year end March 2008 (International Visitor Survey). Australian market share increased from 914,804 (9.37%) to 1,008,550 (9.66%). UK market share declined from 829,514 (9.35%) to 427,042 (5.16%). US market share declined from 386,470 (11.42%) to 322,144 (8.56%). Wellington's market share of international numbers declined slightly from 578,344 (8.96%) at year end March 2007 to 555,676 (8.58%) at year end March 2008 (International Visitor Survey). Australian market share declined from 2,022,215 (10.23%) to 2,002,248 (9.43%). UK market share declined from 113,784 (11.67%) to 106,432 (11.42%). US market share declined from 55,442 (8.25%) to 53,102 (8.17%). |
| International visitor numbers and nights | Monthly | Maintain 2006/07 numbers and nights | International guest nights at year end May 2008 grew 7% year on year to 728,790. (Commercial Accommodation Monitor). |
| New Zealand market visitor numbers and nights | Monthly | Domestic numbers and nights 1% above 2006/07 | Domestic guest nights at year end May 2008 increased 6.4% year on year to 1,247,290. (Commercial Accommodation Monitor). |
| Partner hotel weekend occupancy (capacity aligned) | Monthly | 1% above 2006/07 | Partner hotel weekend occupancy declined by 1.5% to 67.45% at year end June 2008. However weekend rooms sold over the same period grew by 5.4% to 181,509 (PWT Hotel Monitor). |
| Downtown weekend visitation | Quarterly | Maintain 2006/07 levels | Downtown weekend visitor spend increased 0.06% to \$9,839,991 at year end June 2008 compared to the same period the previous year (BNZ MarketView). |
| I-SITE revenue/break-even result | Quarterly | Maintain 2006/07 turnover | I-SITE revenue was \$3,686,743 which is \$6,988 more than 06/07 turnover or 0.2%. The result for the year is a deficit of (\$113,398) compared to a deficit of (\$24,837) in 06/07. |
| Partner funding | Annually | Maintain funding within 5% of 2006/07 levels | Partner funding 07/08 was \$1,558,494 versus 06/07 funding of \$1,730,140. This is a decrease of 9.9%. |
| Number of partners | Annually | Number of partners within 5% of 2006/07 levels | The number of partners in 07/08 is 86 versus 06/07 partners of 78. This is an increase of 10%. |
| Cost effectiveness | Annually | Partnership funding at no less than 35% of WCC funding | Partnership funding in 07/08 is 36% of WCC funding. Partnership funding in 06/07 was 40%. |

The KPI targets are either to maintain the previous year's performance or to increase it by 1%. Domestic visitor numbers achieved an increase of 6% over 2006/07 and international visitor numbers were up 7% on the previous year, in spite of a 2% decrease in market share. The other KPIs are more or less consistent with the previous year.

3. Operations

PWT helped to develop the New Zealand Tourism Strategy 2015, launched in November 2007, and drafting a corresponding and aligned Wellington Tourism Strategy 2015, to be released later in the year.

Implementation of PWT's online strategy started with the Trust devoting significant resource to upgrading its website during the year, taking advantage of

new technologies to raise Wellington's profile, align its revenue channels with market trends and increase its share of the online market.

The award-winning domestic campaign 'Have a Love Affair with Wellington' concluded in June, to be replaced by the new domestic campaign, 'Spoil Yourself in Wellington'.

PWT's proactive media hosting programme helped to deliver an increase in destination based stories about Wellington and the Trust continued to support major tourism product, including the highly anticipated opening of the Weta Cave.

PWT grew its partner numbers by 10% although partner revenue declined by an equal amount.

4. Governance

The Trustees during the year were:

Glenys Coughlan (Chair)

Ruth Pretty

John Milford

Kim Wicksteed

Mike O'Donnell (appointed 1 January 2008)

Jo Coughlan (Councillor – appointed October 2007)

Peter Monk

Andy Foster (Councillor – resigned October 2007)

Ian Wells (retired December 2007)

5. Key issues going forward

PWT will continue working to identify improvements to infrastructure and visitor attractions to support the rapidly growing cruise market. The Trust is also working with interested parties on the potential development of a large scale convention centre.

International travel is declining worldwide and Wellington's market share is expected to respond accordingly. The Long Haul Strategy will continue to be implemented in an attempt to secure direct overseas flights into Wellington.

The important Australian market will continue to receive significant resources from PWT to ensure the City maintains numbers and market share.

For visitors to continue to be attracted to the City, it is important that the high quality and variety of Wellington's events programme is at the least maintained.

6. Conclusion

The key to Wellington becoming an international tourism destination is increased air travel capacity and connections, and increased product offering, especially commissionable visitor attractions. In 2007/08, the Trust helped Wellington to achieve strong domestic and international tourism results for the year, in spite of the general downturn in economic conditions.