

7.4 MRT Quarterly Report: October to December 2021

REPORT BY THE GENERAL MANAGER
TO 18 MAY 2022 ORDINARY MEETING
GOV400088, F0770077, GOV400098

RECOMMENDATION

That Council receive the report by the General Manager on the MRT Quarterly Report October to December 2021.

Executive summary

As per the funding and performance agreement entered into in July 2017 between Mudgee Regional Tourism (MRT) and Council, MRT is required to report quarterly to Council on their performance.

Disclosure of Interest

Nil

Detailed report

The MRT report for the second quarter of the 21/22 financial year has been delivered to Council in accordance with the funding and performance agreement. The report is attached for Council's consideration.

Community Plan implications

Theme	Building a Strong Local Economy
Goal	An attractive business and economic environment
Strategy	Promote the Region as a great place to live, work, invest and visit

Strategic implications

Council Strategies

A key strategy in the Mid-Western Region Community Plan is to promote the Region as a great place to live, work, invest and visit. This strategy recognises the important role that tourism plays in building a strong local economy.

Council has a contract with MRT for the supply of tourism services within the Mid-Western Local Government Area. The term of this contract is for four years ending on 30 June 2022. Under this contract, MRT must provide quarterly reports to Council.

Council Policies

Not applicable

Legislation

Not applicable

Financial implications

This report is for information purposes only, as per Council's contractual arrangement with MRT. There are no additional financial implications.

Associated Risks

This report is for information purposes only, as per Council's contractual arrangement with MRT.

BRAD CAM
GENERAL MANAGER

4 May 2022

Attachments: 1. MWRC Quarterly Report Q2 2021-22.

APPROVED FOR SUBMISSION:

BRAD CAM
GENERAL MANAGER



2021-22 Quarterly Report

Q2: Oct to Dec 2021

prepared for

MID-WESTERN REGIONAL COUNCIL

PURPOSE

Mudgee Region Tourism (MRT) tables this report to the Mid-Western Regional Council (MWRC) as a requirement of the contract between MWRC and MRT 2017–22, an agreement subject to the following key performance indicators and as referenced in Appendix 1 of the Contract.

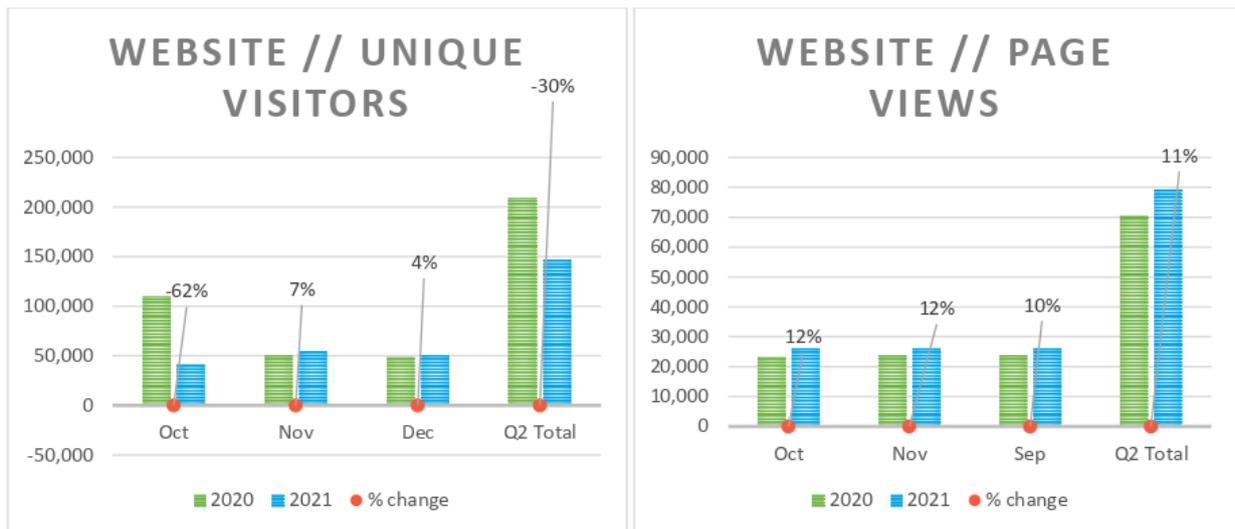
BOARD + EXECUTIVE TEAM

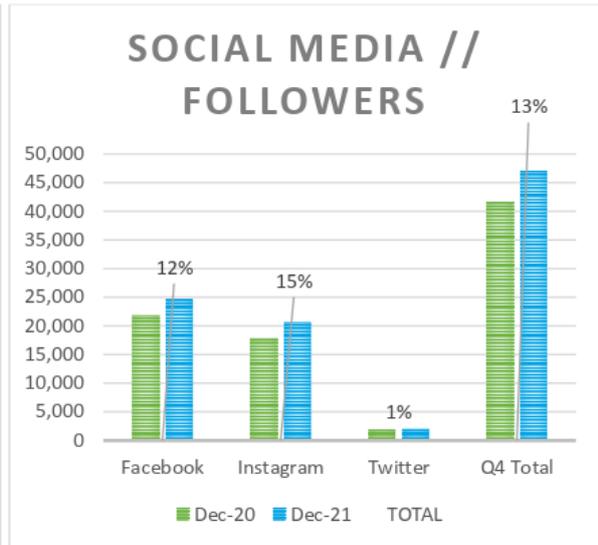
- Announced NSW Tourism Awards finalist in two categories for Visitor Information Services and Tourism Marketing + Campaigns
- Australian Visitor Information Centre accreditation approved
- COVID-19 travel restrictions lifted, state-wide phased approach from Monday 11 October
- Rebound supported by Australian Traveller – Australian Now campaign (Nov – Jan)
- Completed Financial Audit FY20 report provided to MWRC 25 November
- Team resignations + recruitment drive
- EOI submitted to MWRC for provision of Tourism Services + Regional Marketing

GRANTS + FUNDING

- RTBR DNCO grant activation continued for VOX pop production and promotion of eight select events
- Building Better Regions Fund (BBRF) application successful for two grants, implementation 2022
- Bushfire Local Economic Recovery Fund (BLERF) application successful. \$490k Funding across two years for the Feel the Love Campaign, activity commenced
- Google AdWords Grant – successful grant for not for profits, activity commenced

DESTINATION MARKETING

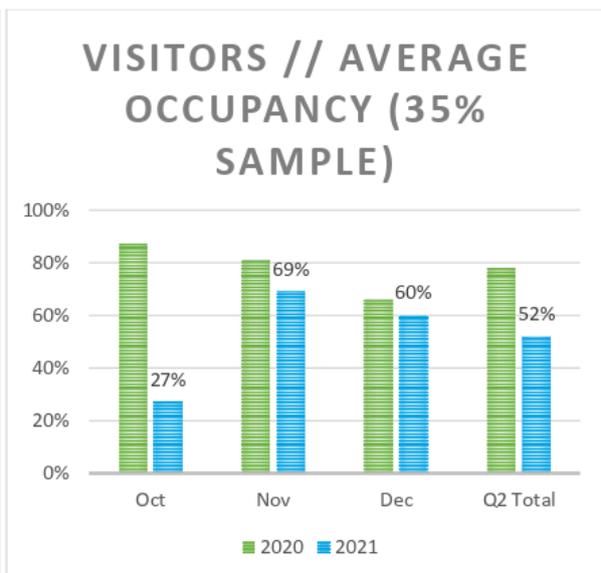
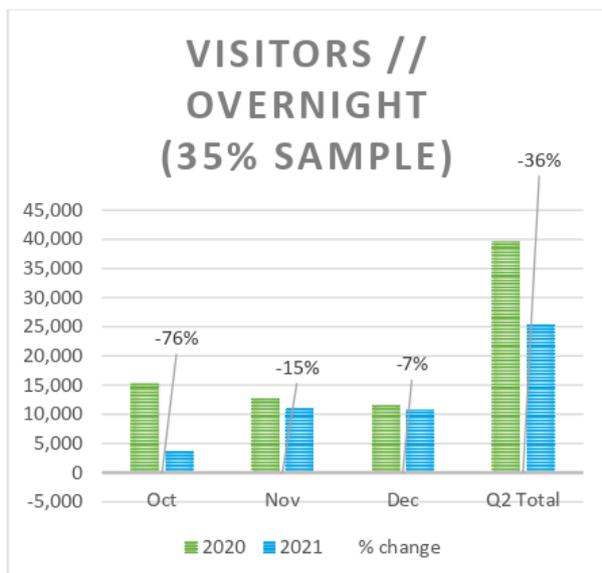
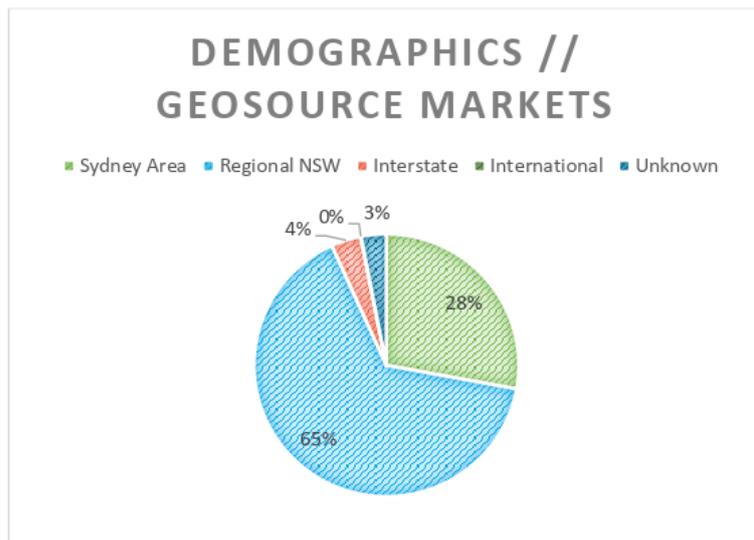




- Unique website visitation down (-30%) page views up (10%),
- Email subscribers down (-9%) + Social Media followers up (13%)
- Local travel restrictions lifted mid-October and a phased state-wide approach rolled out. Travel between Greater Sydney and regional NSW commenced 1 November for double vaccinated residence. Travel for non-vaccinated residence did not resume till early December
- Consumer confidence to consider, research and plan travel arrangements only gained momentum towards the end of the quarter

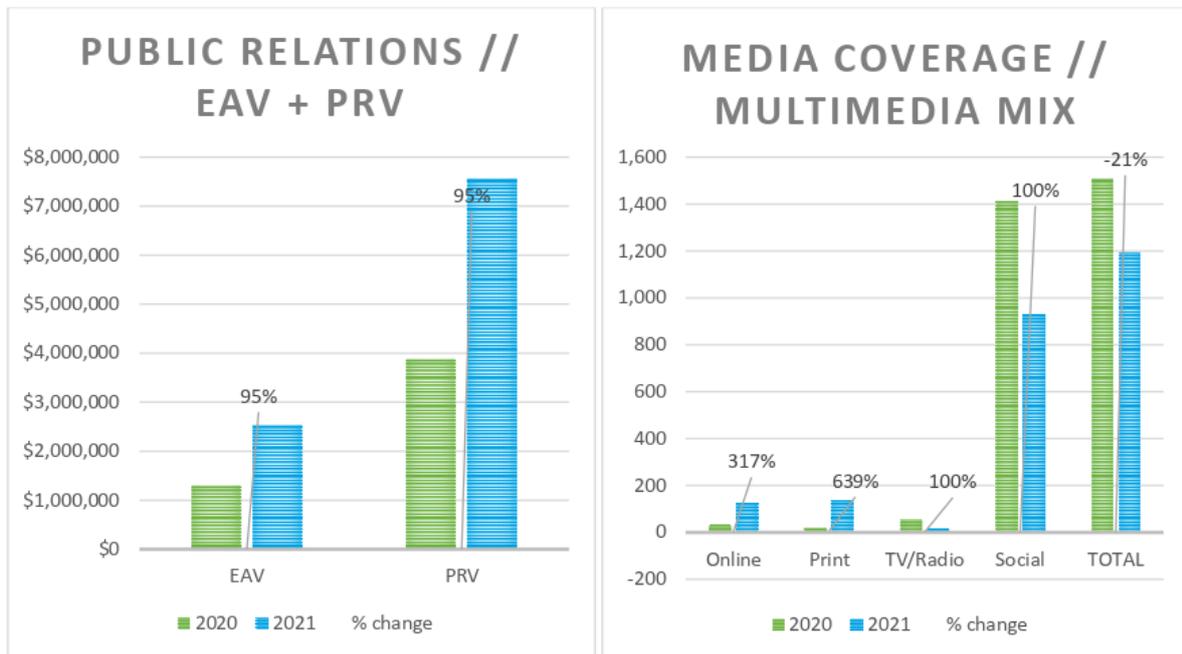
VISITOR STATISTICS





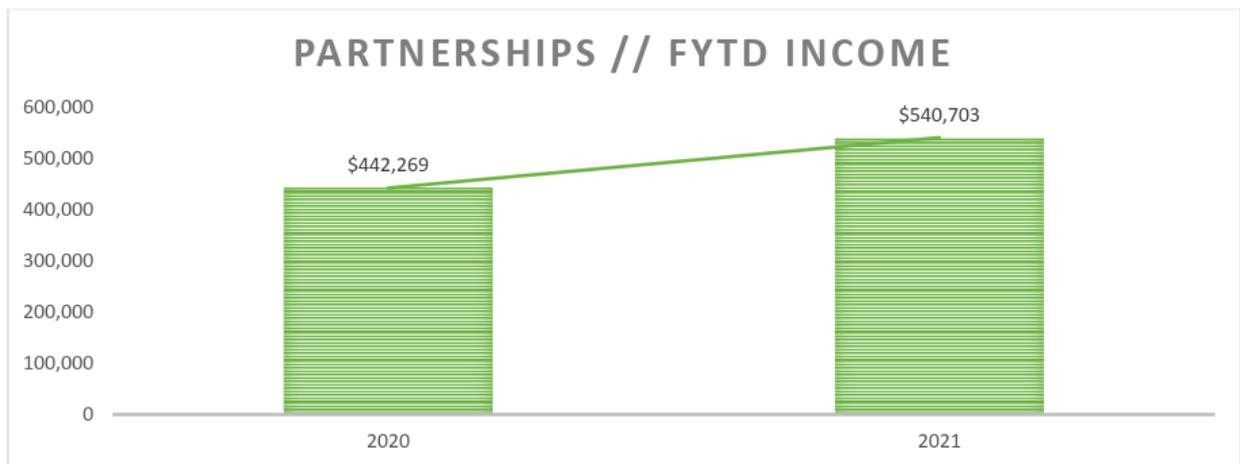
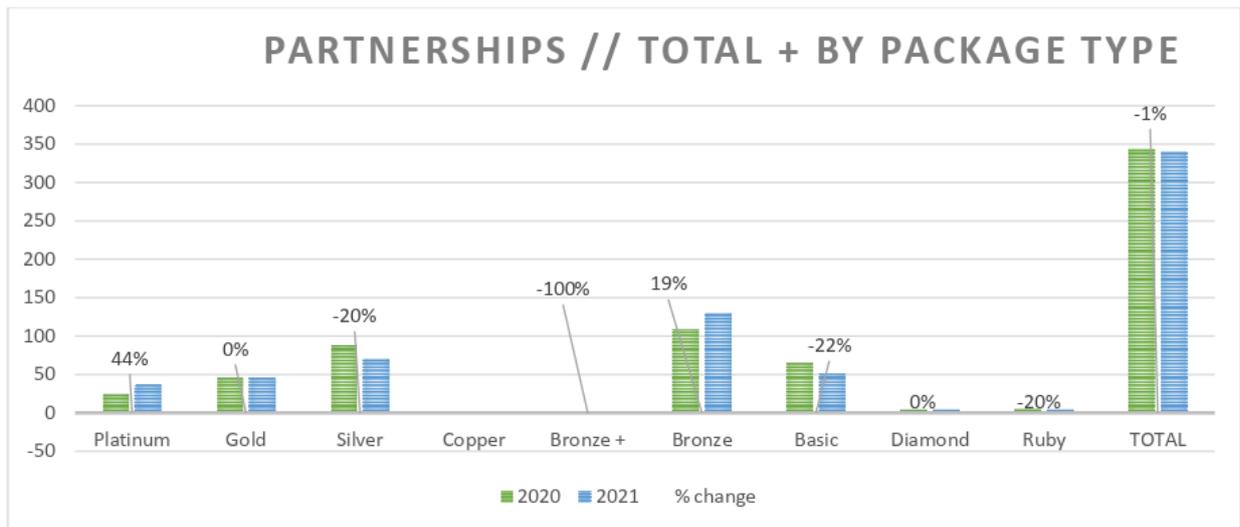
- VIC visitors decreased significantly compared to Q2 2020 (-47%)
- Overnight visitors down on Q2 2020 (-36%)
- Average occupancy down Q2 2020 (-33%)
- Greater Sydney and the NSW State remained in lockdown until 1 November significantly affecting both VIC visitation and overnight visitation
- Lack of consumer confidence, a hesitancy to travel which continued into December as a result of the Omicron Covid-19 variant and the double vaccination rule
- Regional NSW was the strongest geo-source market (65%), comprised of big number of Mudgee Region visitors, followed by the Sydney area (28%).

PUBLIC RELATIONS // MEDIA COVERAGE



- Media coverage/articles – to access our digital press room click [here](#)
- High value media coverage again in Q2 with both Estimated Advertising Value (EAV) and Public Relations Value (PRV) being up (95%, respectively). Most of the coverage related to the exposure and recognition of Mudgee achieving Australia’s Top Tourism Town.

PARTNERSHIPS



- Total partnership packages \$541K vs \$442K last year
- Partnership income up (22%)
- Extremely strong partnership engagement + confidence in MRT deliverables

2020–25 DESTINATION MANAGEMENT PLAN GOALS + ACTIVITY

Goal	Measurable Objectives (over the period 2020 to 2025)	Progress or action taken, as at end of December 21
A. Leverage existing visitor markets to encourage increased length of stay and yield	Increase the visitor economy spend by 20% or 200,000 visitor nights	Decrease of 57% overnight visitation FYTD on previous year FY22 COVID19 travel restrictions in place, phased approached to re-opening + lack of consumer confidence
B. Encourage greater regional disbursal to share the benefits of tourism across the entire Mudgee Region	Increase in participation in events and tickets sales at museums and attractions by 10% in centres such as Gulgong, Kandos and Rylstone	Due to COVID19 restrictions, event and attraction ticket sales are down.
C. Strengthen the appeal of the region year-round to contribute to the viability of local businesses and to support vibrant communities	Increase in positive sentiment achieved as measured by an analysis of social media and online media sentiment Increase in digital content delivered for multichannel distribution relating to low and shoulder seasons	A sentiment report is planned for early 2022 in line with BLERF funding. MRT are aiming for an increase in positive sentiment from 2019 baseline NPS (Net Promoter Score) of 50. Note: Mudgee Region's NPS rating in 2019 was already significantly higher than competitors (Orange Region = 40, Margaret River = 38, Hunter Valley = 29, Shoalhaven = 25, Southern Highlands = 23). Mudgee named NSW Top Tourism Town.
D. Focus on higher-yield markets by enriching the experience offer	Increase in the number of higher-yield products, tours and experiences listed on the Australian Tourism Data Warehouse (ATDW) and on online booking platforms	On-going members are encouraged to create their own ATDW content to connect with MRT website MRT will continue to work with local industry to increase our region's digital presence.
E. Enhance collaboration and partnerships to support the visitor economy	Increase partnership engagement and resulting financial contribution to MRT by 10%	Increase in higher level partnership packages resulting in 22% increase in financial contribution FYTD. 340 partners FYTD compared to 343 on previous year

FINANCIAL PERFORMANCE

1. **Nature of Report**

a. This is the financial report for the second quarter of the MRTI 2021–22 financial year, given to Mid-Western Regional Council (MWRC) under the reporting format as agreed under the contract executed between MWRC and MRTI.

b. The report demonstrates the preliminary trading result for the financial quarter ended Dec 31, 2021.

2. **Accounting Conventions**

a. The attached P&L and Balance Sheet have been prepared from the Xero General Ledger with no external intervention other than formatting.

b. Accrual accounting is used under GAAP.

Overall Result

a. Operating Profit/Net Income \$260K, \$90K ahead of budget.

3. **Trading Income**

Retail trading income at end Q2 \$122K, \$6K ahead of budget.

4. **Total Income**

Overall revenue \$63K behind budget. BLERF activity.

Gross Profit \$65K behind budget.

5. **Total Expenses**

Total expenses under budget \$132K.

a. The organisation continues to be under financial control.

6. **Cash Funds**

At the end of Q2 of the 2021–22 Financial Year, Cash-on-Hand is the primary current asset \$408K (primarily due to BLERF first instalment payment)

7. **Balance Sheet**

a. A balance sheet is included as part of this report.

CONSOLIDATED – DECEMBER YTD VS BUDGET YTD

Consolidated - December YTD vs Budget YTD

PROFIT & LOSS	2021/2022 (YTD)	Budget	Budget Variance (\$)	Budget Variance (%)
Revenue				
Retail Sales	\$121,794	\$115,993	\$5,801	5.00%
Ticket and Booking Income	\$1,811	\$780	\$1,031	132.21%
Partnership Income	\$540,503	\$524,600	\$15,903	3.03%
Mid Western Regional Council	\$352,279	\$352,276	\$3	0.00%
Grants & Other Income	\$112,146	\$198,000	-\$85,854	-43.36%
Total Revenue	\$1,128,533	\$1,191,649	-\$63,116	-5.30%
Cost of Sales				
COGS Mudgee	\$59,056	\$84,713	-\$25,657	-30.29%
COGS Partnership	\$6,427	\$6,340	\$87	1.38%
COGS Merchandise Sales G	\$269	\$0	\$269	-
COGS Ticketing	\$3	\$82	-\$79	-96.67%
COGS Merchandise Sales M - GST Free	\$27,186	\$0	\$27,186	-
Total Cost of Sales	\$92,941	\$91,135	\$1,806	1.98%
Gross Profit	\$1,035,592	\$1,100,514	-\$64,922	-5.90%
Expenses				
Bank and Professional / Consultant Fees	\$25,776	\$28,600	-\$2,824	-9.88%
Computer & IT Expenses	\$21,393	\$13,170	\$8,223	62.44%
Depreciation	\$11,850	\$8,510	\$3,340	39.25%
Partner Costs	\$5,737	\$6,830	-\$1,093	-16.01%
Operating Costs	\$27,065	\$18,598	\$8,467	45.53%
Regional Marketing	\$125,228	\$284,600	-\$159,372	-56.00%
Staff & Board Costs (not Salaries & Wages)	\$17,381	\$16,500	\$881	5.34%
Staff Wages & Salaries	\$360,245	\$342,680	\$17,565	5.13%
Magazine and Map	\$163,751	\$170,479	-\$6,728	-3.95%
Total Expenses	\$758,426	\$889,967	-\$131,541	-14.78%
Operating Profit	\$277,165	\$210,547	\$66,618	31.64%
Other Income				
MWRC Reimbursement	\$392	\$0	\$392	-
Other Expenses				
Office Relocation	\$17,745	\$40,000	-\$22,255	-55.64%
Earnings Before Interest & Tax	\$259,813	\$170,547	\$89,266	52.34%
Net Income	\$259,813	\$170,547	\$89,266	52.34%

BALANCE SHEET – DECEMBER 2021

BALANCE SHEET	Dec 2021
ASSETS	
Cash & Equivalents	
Visa Debit Cards	\$2,427
NAB 14-080-1731	\$405,031
NAB Savings Acc	\$540
Total Cash & Equivalents	\$407,999
Accounts Receivable	
Trade Debtors	\$3,991
Trade Debtors - Sub Account	-\$2,195
Total Accounts Receivable	\$1,797
Inventory	
Stock On Hand Mudgee	\$40,929
Stock on Hand - Consignment	\$778
Stock on Hand Mudgee - GST Free	-\$671
Total Inventory	\$41,036
Other Current Assets	
ING Management Account	\$7
Float	\$600
Undeposited Funds	\$34,797
Retail POS System Clearing Account	\$1,862
Membership Fees Clearing Account	-\$246
Prepayments [13505]	\$8,615
123Tix Ticket Sales	\$207
FBT Prepayment	\$7,580
Prepaid Aramex - Fastway	\$460
Total Other Current Assets	\$53,882
Total Current Assets	\$504,714
Fixed Assets	
Motor Vehicle	\$53,227
Accum Deprn - Motor Vehicle	-\$27,902
Plant & Equipment	\$53,556
Accum Deprn - Plant & Equipment	-\$19,457
Office Equipment	\$13,876
Accum Deprn - Office Equipment	-\$2,084
Furniture & Fittings @ Cost	\$57,027
Accum Deprn - Furniture & Fittings	-\$4,625
Total Fixed Assets	\$123,619
Investments or Other Non-Current Assets	
Intangible Asset - Web update	\$91,836
Accum Deprn - Intangible Assets	-\$48,011
Total Investments or Other Non-Current Assets	\$43,825
Total Non-Current Assets	\$167,444
Total Assets	\$672,158
LIABILITIES	
Accounts Payable	
Trade Creditors	\$37,807

	Dec 2021
Tax Liability	
PAYG Withholding Tax	\$17,230
Other Current Liabilities	
Suspense [13600]	\$1,688
GST	-\$196
Superannuation Payable	\$6,942
Rounding	\$0
Conversion clearing account	\$66
Accruals	\$11,635
Rounding Adj Account	\$4
Provision for Holiday Pay [25600]	\$34,462
Countrylink Tickets	\$73
Provision for Purchase of Consignment Stock	\$1,048
Income in Advance - BLERF	\$156,750
Total Other Current Liabilities	\$212,471
Total Current Liabilities	\$267,508
Other Non-Current Liabilities	
Chattel Mtg Liability(current)	\$12,053
UnExp Int-Chattel Mtg Current	-\$375
Provision for LSL [25602]	\$19,613
Total Other Non-Current Liabilities	\$31,291
Total Non-Current Liabilities	\$31,291
Total Liabilities	\$298,799
EQUITY	
Retained Earnings	
Retained Earnings	\$113,546
Current Earnings	
Current Year Earnings	\$259,813
Total Equity	\$373,359
Total Liabilities & Equity	\$672,158