

SOUTH WAIRARAPA DISTRICT COUNCIL

26 OCTOBER 2016

AGENDA ITEM E3

REPORTS FROM OUTSIDE ORGANISATIONS AND APPOINTMENTS

Purpose of Report

To present Council with reports from outside organisations and/or from outside appointments.

Recommendations

Officers recommend that the Council:

1. *Receive the report from Destination Wairarapa.*

1. Executive Summary

A report has been received from Destination Wairarapa for the quarter ended 30 September 2016. The report is attached for Council's information.

2. Appendices

Appendix 1 - Destination Wairarapa

Contact Officer: Suzanne Clark, Committee Secretary

Reviewed By: Paul Crimp, Chief Executive

Appendix 1 – Destination Wairarapa

Destination Wairarapa Council and Trust Report 30 September 2016

More Visitors, Staying Longer & Spending More

Overview

Visitor Arrivals

Wairarapa's growth has continued particularly with international visitor guest nights up each month for the past year. The average monthly growth has been 48% for international visitors.

Domestic growth has also continued with 10 of the past 12 months improving on the previous year and with an average of 5.4% per month.

We have seen a marked decline in length of stay which is disappointing but we continue to educate members on how to package and give that reason to stay another night.

Commercial Accommodation Monitor					
Statistics New Zealand					July 2016
	Wairarapa	Greater Wellington	Hawkes Bay	Taupo	National
Guest Arrivals					
2016	7,575	92,288	32,664	47,790	1,259,558
2015	6,314	94,690	27,730	44,103	1,166,482
Variance	20.0%	-2.5%	17.8%	8.4%	8.0%
Guest Nights					
2016	13,546	211,635	69,690	83,732	2,636,046
2015	12,860	206,401	56,885	79,469	2,467,016
Variance	5.3%	2.5%	22.5%	5.4%	6.9%
Occupancy					
2016	17.5%	60.2%	31.4%	34.1%	36.3%
2015	16.5%	58.8%	25.3%	31.3%	34.4%
Variance	1.0	1.4	6.1	2.8	1.9
Length of Stay					
2016	1.79	2.29	2.13	1.75	2.09
2015	2.04	2.18	2.05	1.80	2.11
Note: Greater Wellington excludes Wellington City					

Carterton and South Wairarapa statistics are grouped together so the following table for Masterton is not available for the other two TLAs.

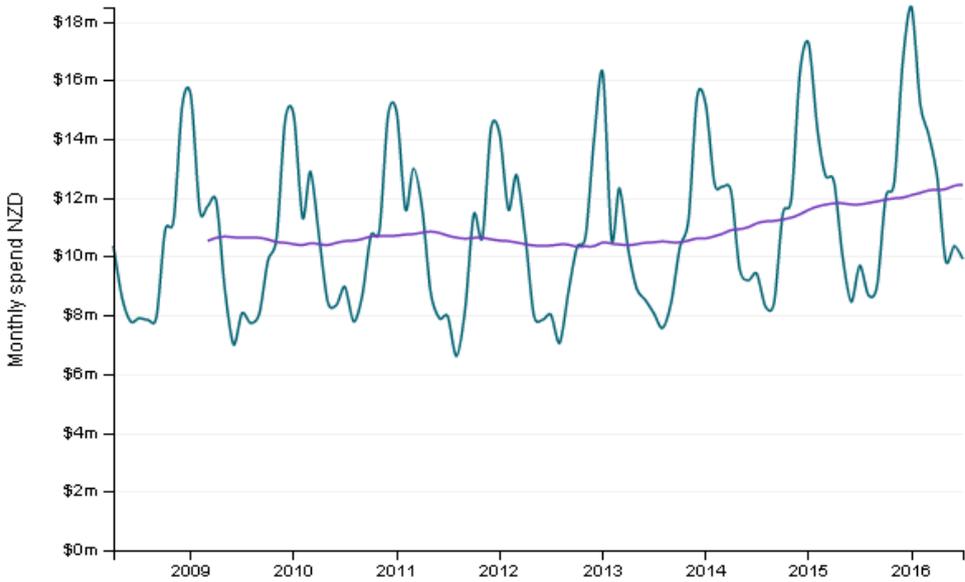
Commercial Accommodation Monitor			
Statistics New Zealand	12 Months Ending July 2015 v 2016		
	Wairarapa	Masterton	National
Guest Arrivals			
2016	120,405	68,378	18,908,371
2015	108,952	66,101	17,551,414
Variance	9.5%	3.3%	7.2%
Guest Nights			
2016	220,724	135,673	37,734,415
2015	201,462	127,544	35,599,693
Variance	8.7%	6.0%	5.7%
Occupancy			
2016	23.2%	27.3%	42.7%
2015	21.0%	26.5%	40.8%
Variance	2.2	0.8	1.9
Length of Stay			
2016	1.83	1.94	2.00
2015	1.85	2.01	2.03

Visitor Spend

The data Destination Wairarapa has used in the past to report on credit card spend is not currently available as MBIE overhaul their systems. There are also no reports available at the moment specific to individual TLAs. RTONZ the Regional Tourism Organisation association is working with MBIE and Statistics NZ to get the TLA reports operational again before the end of 2016.

This series of graphs is a more aggregated view of spend but still shows growth for all visitors at YE July 2016.

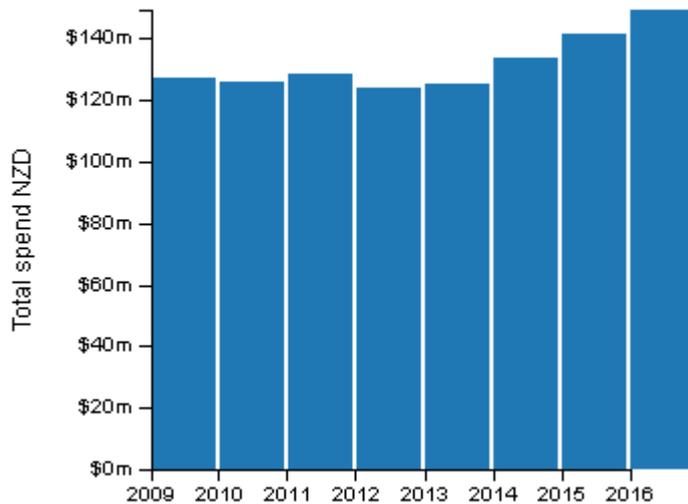
Historical monthly spending pattern



The financial objective for the tourism industry is outlined in the Tourism 2025 framework. In a Wairarapa context this means growing annual tourism revenue from \$134 million (YE 2014) by \$78 million to \$212 million a year by 2025.

Revenue from tourism YE July 2016 for the Wairarapa is \$149 million. That's an average growth of 5.6% per annum. The target is average growth of 5.3% per annum, so the Wairarapa is well on track for doing its part for the New Zealand tourism industry.

Total spending for year to July



The following graph shows spend in the Wairarapa by product for July 2016. This order of products purchased doesn't change when viewed for 12 months. The importance of tourism to retail and therefore retail to tourism cannot be understated in the Wairarapa. Getting as many retailers open 7 days a week is a real opportunity for the towns.

Spend by Product



Building our Councils into the Tourism Spend in NZ Local Government 2015/2016

Hammond-Robertson has developed a simple format based on sector research to determine the value for council's tourism investment and compare it nationally and by population cohort.

The three Wairarapa District Councils perform very well compared to other TLAs throughout NZ in terms of spend on tourism v return from tourist spend. All three spend between 1/3 and 1/6 of the national average.

Masterton's spend on tourism by the TLA is at about par with the average spend of similar sized populations. Carterton and South Wairarapa are again between 1/3 and 1/6 of the average of similar sized populations.

Compared to the Visitor spend in the 10 largest cities in New Zealand, South Wairarapa performs better than the average. Masterton performs better than the 10th largest city and Carterton is just below the 10th largest city.

Visitor dollars earned per dollar of Council spend on tourism ranks South Wairarapa ahead of Queenstown, Carterton just below the national average and Masterton just behind Wellington, just ahead of Taupo but below the national average.

It is interesting to note that the MOU with the three District Councils has Taupo and Wellington as comparative destinations should Wairarapa GDP growth rates not be reached.

For all of the following comparisons, additional money does need to be added to the three Wairarapa District Councils for what they spend on tourism grants for investment in cycleway construction. But does not include spending on public toilets, expanded sewerage and water schemes, bylaw regulation and rubbish services.

The first data table in the report (page 10) shows the top 11 cities investment in the visitor sector.

6. Wellington City Council	\$6.5 million spend	\$31.90 per head of pop.
10. Taupo District Council	\$3.35 million spend	\$94.20 per head of pop.

NZ Average

\$37.90 per head of pop.

Masterton District Council	\$271,000 spend	\$11.68 per head of pop.
South Wairarapa District Council	\$115,000 spend	\$11.05 per head of pop.
Carterton District Council	\$54,000 spend	\$5.62 per head of pop.

Masterton District Council advises that Wairarapa population is divided as follows:

Carterton	9,600
South Wairarapa	10,400
<u>Masterton</u>	<u>23,200</u>
TOTAL	43,200

The next table (page 12) shows the TLA expenditure by population cohort

10,000 – 20,000	No. TLAs	Av. Spend	Av. Spend / head
	10	\$303,000	\$20.73
Masterton		\$271,000	\$11.68
Under 10,000	14	\$412,000	\$59.60
South Wairarapa		\$115,000	\$11.05
Carterton		\$54,000	\$5.62

The only real comparison here is the population of the towns in the cohorts. Some small TLAs will have enormous tourism spend and possibly have a targeted rate enabling the larger investment in tourism.

(page 15) Visitor Spend per head of pop. In 10 largest cities

1. Wellington	\$8,047 per head of pop.
South Wairarapa	\$6,250 per head of pop.

NZ Average \$5,054 per head of pop.

Masterton	\$2,844 per head of pop.
10. New Plymouth	\$2,531 per head of pop.
Carterton	\$1,875 per head of pop.

Wellington and Christchurch spend will severely distort the average spend given their comparatively low populations. The three Wairarapa TLAs perform very well in the national mix based on the top 10 cities.

(page 16) Visitor \$ earned per \$ of Council spend

South Wairarapa	\$565.21 visitor \$ earned /\$ Council spend
Queenstown	\$467.20

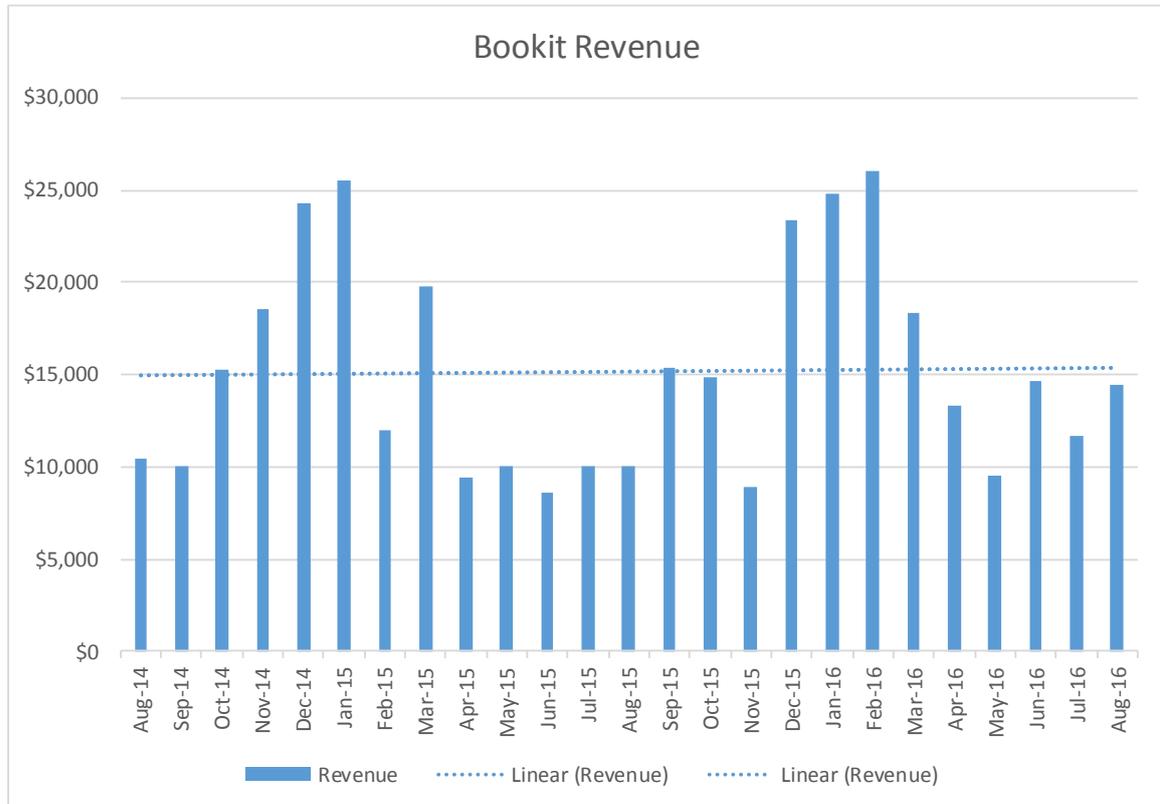
NZ Average \$379.15 per head of pop.

Carterton	\$333.33
Wellington	\$252.30
Masterton	\$243.54
Taupo	\$137.20
New Plymouth	\$26.20

All three TLAs rank very well against other Councils in the country producing a strong return on tourism marketing investment.

Bookit

Bookit is the online booking engine on the Destination Wairarapa website. Bookit continues to perform and the winter campaign has had a positive impact. Through June to August booking volumes were up 34.4% on the same period last year and 37.4% up on revenue. This is revenue going direct to local businesses.



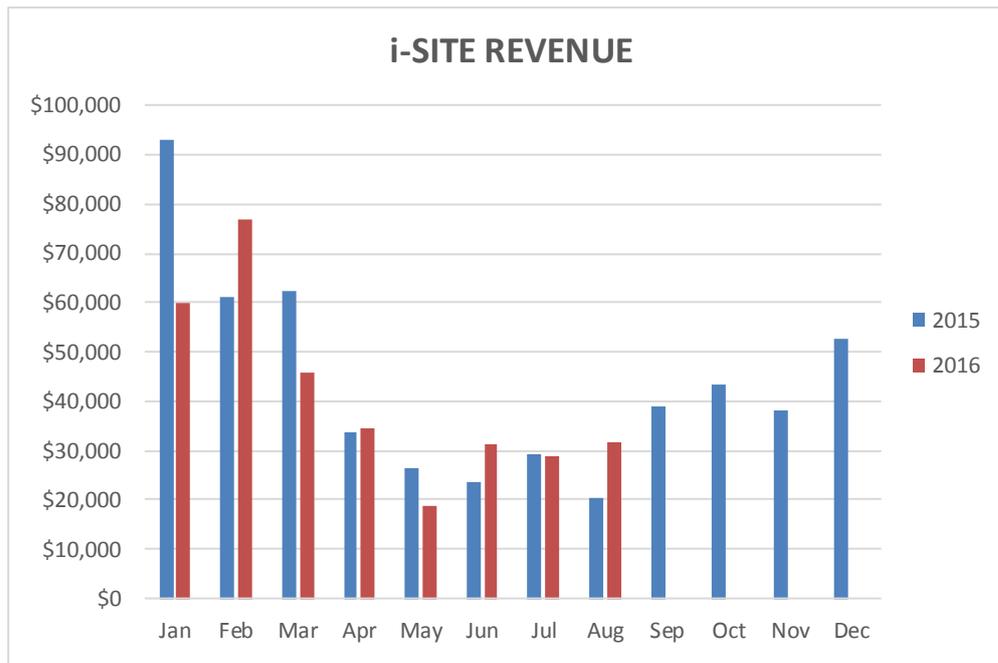
Winning Business Events

Currently working through 2017 Business Event Trade Shows which the partners want to attend as a Wairarapa collective.

i-SITE Visitor Centres

Highlights:

- **i-SITE Total Sales**
 - i-SITE Visitor Centre gross revenue for YE August 2016 (\$501,319) was down 6.8% on the previous 12 months but improved 5 points since July 2016.
 - More work is being done to remind the industry that the i-SITE Visitor Centres are there for onward promotion and sales



Product Development

- Development of operators to become China ready with three workshops being prepared
- Development of a coastal guided tour product
- Development of Rivenrock mountain bike park
- Development of a new stellar tourism experience
- Assistance connecting new retailer with local contacts
- Continued development of New Zealand Cycle Classic & Huri Huri; Wairarapa's Bike Festival

Operator Development

- Accommodation providers meeting was held in Masterton
- Hosted the Carterton District Business Inc function
- Becoming 'China Ready' workshop was held for members. 1st of 3

David Hancock
General Manager

Profit & Loss

Destination Wairarapa Inc. For the month ended 31 August 2016

	Actual	Budget	Var NZD	Var %	YTD Actual	YTD Budget	Var NZD	Var %
Income								
Accommodation Commission	965	2,500	(1,535)▼	-61.4%▼	1,460	3,500	(2,040)▼	-58.3%▼
Bookit	581	150	431▲	287.4%▲	919	650	269▲	41.4%▲
Interest Received	86	208	(122)▼	-58.7%▼	200	416	(216)▼	-51.8%▼
Membership	182	-	182▲	0.0%	325	500	(175)▼	-35.1%▼
Other Revenue	1,287	100	1,187▲	1187.0%▲	(649)	100	(749)▼	-748.9%▼
Ticket Commission	376	70	306▲	436.5%▲	407	140	267▲	190.8%▲
Tourism Products	248	150	98▲	65.1%▲	434	270	164▲	60.9%▲
Travel Sales	409	120	289▲	241.1%▲	704	490	214▲	43.7%▲
Council Grants								
Grants - CDC	4,417	4,595	(178)▼	-3.9%▼	8,833	9,190	(357)▼	-3.9%▼
Grants - MDC	66,560	-	66,560▲	0.0%	66,560	68,250	(1,690)▼	-2.5%▼
Grants - SWDC	28,866	-	28,866▲	0.0%	28,866	29,443	(577)▼	-2.0%▼
Total Council Grants	99,842	4,595	95,247	2072.8%	104,259	106,883	(2,624)	-2.5%
Retail Sales								
Retail Sales	850	400	450▲	112.6%▲	1,251	790	461▲	58.3%▲
Less Cost of Sales	(475)	-	(475)▼	0.0%	649	-	649▲	0.0%
Total Retail Sales	375	400	(25)	-6.1%	1,900	790	1,110	140.4%
Total Income	104,351	8,293	96,058	1158.3%	109,959	113,739	(3,780)	-3.3%

Profit & Loss

	Actual	Budget	Var NZD	Var %	YTD Actual	YTD Budget	Var NZD	Var %
Less Cost of Sales								
Cost of Goods Sold	-	880	(880)▼	-100.0%▼	-	960	(960)▼	-100.0%▼
Total Cost of Sales	-	880	(880)	-100.0%	-	960	(960)	-100.0%
Gross Profit	104,351	7,413	96,938	1308.0%	109,959	112,779	(2,820)	-3.0%

Less Operating Expenses

Corporate Support Expenses								
ACC Levies	1,040	125	915▲	731.6%▲	1,040	250	790▲	315.8%▲
Accounting Fees	1,200	1,200	-	0.0%	2,400	2,400	-	0.0%
Audit Fees	-	-	-	0.0%	35	-	35▲	0.0%
Bad Debts	39	42	(3)▼	-7.1%▼	39	84	(45)▼	-53.6%▼
Bank Fees - ANZ	42	71	(29)▼	-41.1%▼	122	142	(20)▼	-14.0%▼
Board Members Expenses	-	-	-	0.0%	-	100	(100)▼	-100.0%▼
Depreciation	-	1,334	(1,334)▼	-100.0%▼	-	2,668	(2,668)▼	-100.0%▼
Electricity Corporate	145	145	▲	0.3%▲	291	280	11▲	4.1%▲
Entertainment	-	-	-	0.0%	489	-	489▲	0.0%
Equipment Rental	91	100	(9)▼	-9.2%▼	182	200	(18)▼	-9.2%▼
Fringe Benefit Tax	-	600	(600)▼	-100.0%▼	493	1,200	(707)▼	-58.9%▼
Information Technology	1,097	592	505▲	85.3%▲	1,559	1,184	375▲	31.6%▲
Insurance	409	450	(41)▼	-9.0%▼	819	900	(81)▼	-9.0%▼
Interest Expense	432	432	-▼	-0.1%▼	870	871	(1)▼	-0.1%▼
Kitchen Supplies Corporate	69	29	40▲	136.3%▲	69	58	11▲	18.2%▲
KiwiSaver Employer Contributions	-	971	(971)▼	-100.0%▼	983	1,942	(959)▼	-49.4%▼
Membership Expenses	707	-	707▲	0.0%	2,617	500	2,117▲	423.4%▲
Merchant & BNZ Bank Fees	142	317	(175)▼	-55.3%▼	314	634	(320)▼	-50.5%▼

Profit & Loss

	Actual	Budget	Var NZD	Var %	YTD Actual	YTD Budget	Var NZD	Var %
Office Supplies & Photocopying Corporate	493	583	(90)▼	-15.4%▼	1,143	1,166	(23)▼	-2.0%▼
Personnel incl. Training Corporate	33	250	(217)▼	-86.8%▼	443	500	(57)▼	-11.5%▼
Printing & Stationery	-	-	-	0.0%	(16)	-	(16)▼	0.0%
Rent & Rates Corporate	1,156	1,292	(136)▼	-10.6%▼	2,311	2,584	(273)▼	-10.6%▼
Salaries	19,905	21,250	(1,345)▼	-6.3%▼	37,796	42,500	(4,704)▼	-11.1%▼
Subscriptions & Membership	813	500	313▲	62.6%▲	5,959	4,875	1,084▲	22.2%▲
Telecom incl Mobiles Corporate	822	883	(61)▼	-6.9%▼	1,646	1,766	(120)▼	-6.8%▼
Vehicle Leases	544	550	(6)▼	-1.1%▼	1,088	1,100	(12)▼	-1.1%▼
Vehicle Operating Costs	1,275	808	467▲	57.8%▲	2,194	1,616	578▲	35.7%▲
Total Corporate Support Expenses	30,452	32,524	(2,072)	-6.4%	64,885	69,520	(4,635)	-6.7%
Total I-Site Expenses								
Electricity i-SITES	311	335	(24)▼	-7.1%▼	625	1,140	(515)▼	-45.1%▼
Kitchen Supplies i-SITES	44	25	19▲	75.9%▲	61	50	11▲	21.7%▲
Office Supplies i-SITES	81	100	(19)▼	-19.3%▼	81	200	(119)▼	-59.7%▼
Personnel incl Training & Conferences i-SITES	578	167	411▲	246.0%▲	1,250	334	916▲	274.3%▲
Photocopier i-SITES	115	196	(81)▼	-41.5%▼	249	392	(143)▼	-36.4%▼
Rent & Rates i-SITES	2,448	1,958	490▲	25.0%▲	4,343	3,916	427▲	10.9%▲
Repairs & Maintenance i-SITES	-	-	-	0.0%	65	100	(35)▼	-34.7%▼
Telecom i-SITES	405	367	38▲	10.5%▲	774	734	40▲	5.4%▲
Wages	12,530	14,750	(2,220)▼	-15.0%▼	23,965	29,500	(5,535)▼	-18.8%▼
Total Total I-Site Expenses	16,512	17,898	(1,386)	-7.7%	31,413	36,366	(4,953)	-13.6%
Total Marketing Expenses								
Advertising	-	-	-	0.0%	-	270	(270)▼	-100.0%▼
Business Events Marketing	-	3,000	(3,000)▼	-100.0%▼	-	3,000	(3,000)▼	-100.0%▼

Profit & Loss

	Actual	Budget	Var NZD	Var %	YTD Actual	YTD Budget	Var NZD	Var %
CNZWT Marketing	-	-	-	0.0%	2,500	3,500	(1,000)▼	-28.6%▼
Distribution	800	1,000	(200)▼	-20.0%▼	1,550	2,000	(450)▼	-22.5%▼
Domestic Marketing	619	-	619▲	0.0%	619	-	619▲	0.0%
Domestic Marketing Email Distribution	323	333	(10)▼	-3.1%▼	619	666	(47)▼	-7.1%▼
Domestic Marketing Facebook	-	125	(125)▼	-100.0%▼	-	250	(250)▼	-100.0%▼
Domestic Marketing Spring Campaign	-	1,000	(1,000)▼	-100.0%▼	-	1,000	(1,000)▼	-100.0%▼
Domestic Marketing Winter Campaign	-	-	-	0.0%	278	3,000	(2,722)▼	-90.7%▼
Domstic Marketing Consumer Expos	-	-	-	0.0%	486	1,600	(1,114)▼	-69.6%▼
International Marketing Alliance	-	-	-	0.0%	5,000	-	5,000▲	0.0%
Media Hosting	649	375	274▲	73.0%▲	2,026	750	1,276▲	170.1%▲
Relationship Marketing	176	150	26▲	17.1%▲	410	300	110▲	36.6%▲
Trade Events & Training	-	575	(575)▼	-100.0%▼	-	1,150	(1,150)▼	-100.0%▼
Trade Famils	34	667	(633)▼	-94.9%▼	34	1,334	(1,300)▼	-97.4%▼
Website	200	1,583	(1,383)▼	-87.4%▼	459	3,166	(2,707)▼	-85.5%▼
Total Total Marketing Expenses	2,800	8,808	(6,008)	-68.2%	13,979	21,986	(8,007)	-36.4%
Total Operating Expenses	49,764	59,230	(9,466)	-16.0%	110,278	127,872	(17,594)	-13.8%
Operating Profit	54,588	(51,817)	106,405	205.0%	(318)	(15,093)	14,775	98.0%
Non-operating Expenses								
Entertainment - Non deductible	67	-	67▲	0.0%	682	-	682▲	0.0%
Total Non-operating Expenses	67	-	67	0.0%	682	-	682	0.0%
Net Profit	54,521	(51,817)	106,338	205.0%	(1,000)	(15,093)	14,093	93.0%