

Destination Wairarapa Q4 2022/2023 General Manager's Financial Report

Unaudited Financials YTD 30 June 2023

Note: The Destination Wairarapa budget includes both BAU activities (as funded by the 3x Councils, Trust House Foundation and Membership Fees) and STAPP funded activities (as funded by Central Government). STAPP funding will end permanently for the Wairarapa at the end of the 4th Quarter (30th June 2023)

Revenue

Trading Income

YTD 30 June income shows as being \$16,007k **below budget** (does not include STAPP funding).

This is due to

- The SWDC quarterly contribution landing in DW's bank account after 30th June. When that contribution is taken into account, the YE non audited income is almost 17k **above budget**. This is due to increased membership, other revenue earnings and interest received from STAPP funding which we put on term deposit (and wasn't budgeted for).

A Note on Other Income

For the past two years, Central Government – through MBIE, have funded the nation's 31 RTO's to undertake contracted work associated with the following projects.

- Destination Management Planning
- Capability Building
- Domestic and International Marketing

This funding support – known as STAPP funding was in response to the devastating effects COVID has had on the tourism sector.

Destination Wairarapa received in total \$800k to achieve specific milestones related to these projects. Not all contracted activities were completed in the 2021/2022 financial year however, and \$316,971 remained to be spent at different stages in this financial year – which has been achieved. Central Government have indicated that once the contracted milestones have been reached, and the funding spent, there will be no more on offer for the tourism sector. It will then be up to existing funding streams pre COVID to make the most of the investment made by central government in the regions.

Expenditure

Operating Expenditure

YTD 30 June is \$79K **below budget**.

This is predominantly due to

- Depreciation not yet paid. (7k)
- Underspend in Board fees due to one Board member being on maternity leave.
- Underspend in contract staff with the departure of the Comms Contractor. This was however balanced out with increased costs associated with permanent staff.
- The key reason for the below budget spend however is the new website development and branding work has taken a lot longer than forecasted to progress. This is well underway now and that money is budgeted to be spent in mostly Q1 and Q2 of the 23/24 financial year (63k)

YTD 30 June net profit is \$65k **over budget**. (98k with SWDC contribution added)

Budget Variance

Destination Wairarapa Inc.

For the year ended 30 June 2023

Cash Basis

	2023	2023 OVERALL BUDGET	VARIANCE	VARIANCE %
Trading Income				
Retail Sales	3,677	2,400	1,277 ↑	53% ↑
Accommodation Commission	4,272	3,000	1,272 ↑	42% ↑
Bookit	1,737	2,400	(663) ↓	-28% ↓
Donation - Trust House	150,000	150,000	- —	- —
Grants - CDC	55,968	55,968	- —	- —
Grants - MDC	282,914	282,912	2 ↑	0% ↑
Grants - SWDC	98,963	131,952	(32,990) ↓	-25% ↓
Interest Received	6,837	-	6,837 ↑	- —
Less Cost of Sales	(1,339)	(1,500)	161 ↑	11% ↑
Membership	62,202	55,000	7,202 ↑	13% ↑
Other Revenue	89,413	87,611	1,802 ↑	2% ↑
Ticket Commission	976	550	426 ↑	77% ↑
Tourism Products	371	350	21 ↑	6% ↑
Travel Sales	4,046	4,200	(154) ↓	-4% ↓
Wairarapa Visitor Guide	28,802	30,000	(1,198) ↓	-4% ↓
Total Trading Income	788,836	804,843	(16,007)	-2%
Gross Profit	788,836	804,843	(16,007)	-2%
Other Income				
Covid-19 Wage Subsidy	1,800	-	1,800 ↑	- —
STAPP Funding	315,171	315,171	- —	- —
Total Other Income	316,971	315,171	1,800	1%
Operating Expenses				
Advertising	800	950	(150) ↓	-16% ↓
ACC Levies	898	1,600	(702) ↓	-44% ↓
Accounting Fees	12,430	12,540	(110) ↓	-1% ↓
Audit Fees	8,400	8,400	- —	- —
Bank Fees - ANZ	431	395	36 ↑	9% ↑
Board Fees	21,381	23,608	(2,227) ↓	-9% ↓

	2023	2023 OVERALL BUDGET	VARIANCE	VARIANCE %
Business Events Marketing	2,123	3,000	(877) ↓	-29% ↓
CNZWT Marketing	491	500	(9) ↓	-2% ↓
Conferences & Events	(85)	-	(85) ↓	- —
Contract staff	50,393	60,000	(9,607) ↓	-16% ↓
Corporate Repositing & Branding	-	13,500	(13,500) ↓	-100% ↓
Depreciation	-	7,164	(7,164) ↓	-100% ↓
Distribution	10,707	9,600	1,107 ↑	12% ↑
Domestic Marketing ¹	24,547	30,472	(5,925) ↓	-19% ↓
Domestic Marketing Email Distribution	10,399	10,500	(101) ↓	-1% ↓
Domestic Marketing Facebook	8,458	6,000	2,458 ↑	41% ↑
Domestic Marketing Wings Campaign ¹	55,360	52,220	3,140 ↑	6% ↑
Electricity Corporate	1,424	1,800	(376) ↓	-21% ↓
Entertainment	616	500	116 ↑	23% ↑
Entertainment - Non deductible	708	1,500	(792) ↓	-53% ↓
Equipment Rental	1,089	1,092	(3) ↓	0% ↓
Fringe Benefit Tax	6,166	6,164	2 ↑	0% ↑
General Expenses	1,009	1,500	(491) ↓	-33% ↓
Imagery ¹	8,207	15,946	(7,739) ↓	-49% ↓
Information Technology	7,403	6,000	1,403 ↑	23% ↑
Insurance	5,016	5,040	(24) ↓	0% ↓
International Marketing Alliance ¹	43,974	40,000	3,974 ↑	10% ↑
Kitchen Supplies Corporate	18	300	(282) ↓	-94% ↓
Kitchen Supplies i-SITES	310	300	10 ↑	3% ↑
KiwiSaver Employer Contributions	15,351	12,000	3,351 ↑	28% ↑
Marketing Projects ¹	10,316	5,153	5,163 ↑	100% ↑
Media Hosting	1,058	1,500	(442) ↓	-29% ↓
Membership Expenses	2,246	2,000	246 ↑	12% ↑
Membership Services	200	-	200 ↑	- —
Merchant & BNZ Bank Fees	811	900	(89) ↓	-10% ↓
Office Supplies & Photocopying Corporate	5,476	6,000	(524) ↓	-9% ↓
Office Supplies i-SITES	337	1,200	(863) ↓	-72% ↓
Personnel incl. Training Corporate ¹	7,900	7,605	295 ↑	4% ↑

	2023	2023 OVERALL BUDGET	VARIANCE	VARIANCE %
Photocopier i-SITES	1,409	1,560	(151) ↓	-10% ↓
POS i-SITES	2,569	2,640	(71) ↓	-3% ↓
Project ¹	27,047	23,757	3,290 ↑	14% ↑
Relationship Marketing	1,152	1,200	(48) ↓	-4% ↓
Rent & Rates Corporate	27,151	26,244	907 ↑	3% ↑
Rent & Rates i-SITES	6,170	6,240	(70) ↓	-1% ↓
Repairs & Maintenance (2210)	200	1,500	(1,300) ↓	-87% ↓
Repairs & Maintenance i-SITES	691	500	191 ↑	38% ↑
Salaries - Covid-19	(600)	-	(600) ↓	- —
Salaries Corporate	281,139	274,000	7,139 ↑	3% ↑
STAPP Funded Salaries & Expenses ¹	119,077	125,000	(5,923) ↓	-5% ↓
Subscriptions & Membership	11,968	10,000	1,968 ↑	20% ↑
Telecom incl Mobiles Corporate	4,530	5,400	(870) ↓	-16% ↓
Telecom i-SITES	1,872	1,920	(48) ↓	-3% ↓
Trade Events & Training	2,844	4,000	(1,156) ↓	-29% ↓
Trade Famils	3,730	2,000	1,730 ↑	86% ↑
Training & Recruitment (2625)	10,796	15,018	(4,222) ↓	-28% ↓
Travel & Transport	4,803	5,000	(197) ↓	-4% ↓
Vehicle Leases	96	-	96 ↑	- —
Vehicle Operating Costs	18,337	18,000	337 ↑	2% ↑
Visitor Guide	14,747	16,000	(1,253) ↓	-8% ↓
Wages i-SITES	167,266	167,000	266 ↑	0% ↑
Website	7,222	56,000	(48,778) ↓	-87% ↓
Total Operating Expenses	1,040,584	1,119,928	(79,344)	-7%
Net Profit	65,222	86	65,136	75,740%

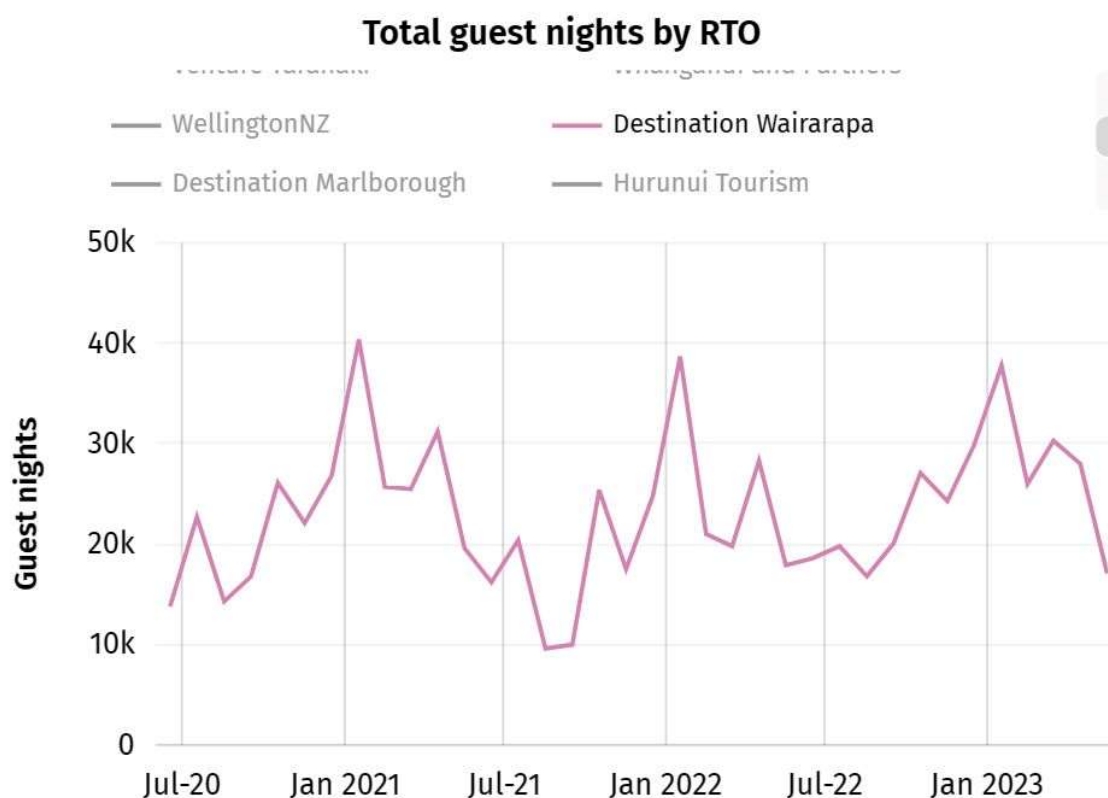
1. STAPP Funded Project

Destination Wairarapa
Q4 General Manager's and Marketing Report 2023
April 2023 – June 2023

2022/2023 Deliverables

Visitors

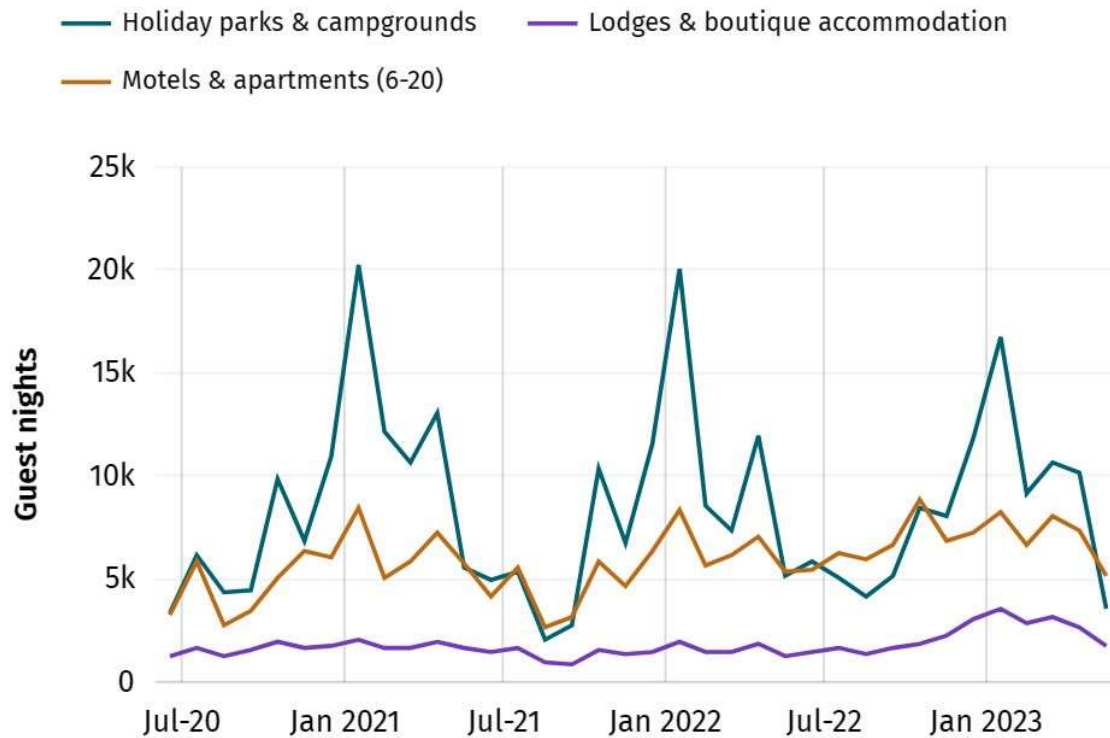
The below graph shows the Accommodation Data Programme (ADP) data for Wairarapa until May 2023.



Source: MBIE - Accommodation Data Programme. Last updated on 2023-07-06 11:00:00.
From <https://teic.mbie.govt.nz/teiccategories/datareleases/adp/>

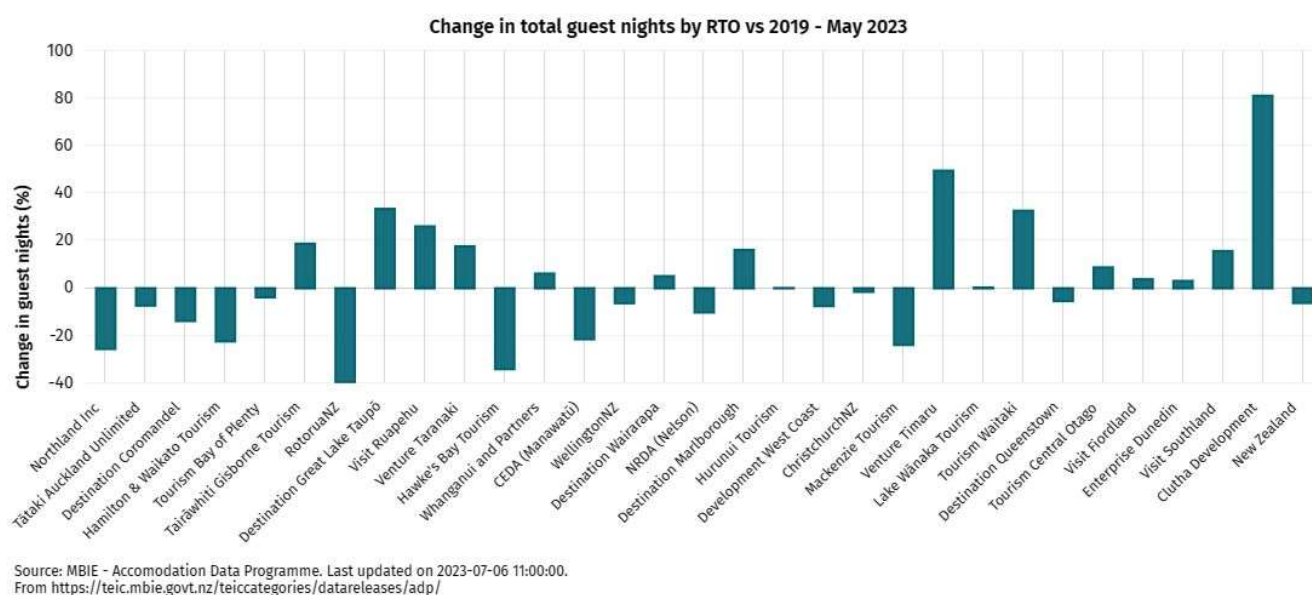
May 2022: 18k vs May 2023: 17.2K. Anecdotally local tourism operators reported that visitor numbers dropped off dramatically almost immediately after ANZAC weekend.

Total guest nights in Destination Wairarapa by property type



Source: MBIE - Accommodation Data Programme. Last updated on 2023-07-06 11:00:00.
From <https://teic.mbie.govt.nz/teiccategories/datareleases/adp/>

Holiday Parks & Campgrounds continue to decline dramatically when compared to the same period (May) last year. This is likely still to do with weather.



Destination Wairarapa however is still performing better than May 2019 (pre Covid) when comparing total guest nights by RTO.

Nationwide = Total guest nights still down from pre-COVID levels

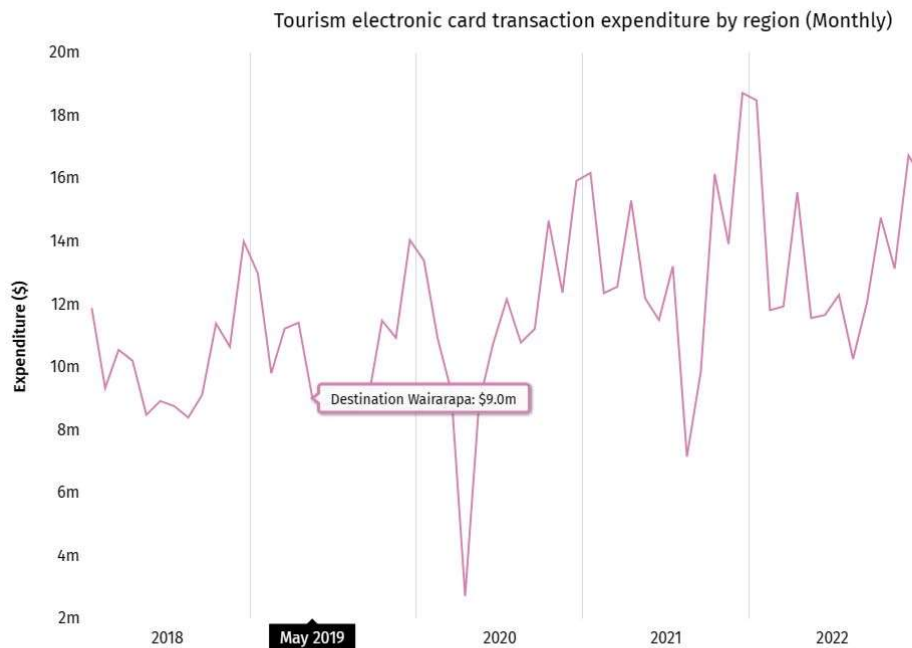
Core tourism accommodation providers nationally hosted 2.4 million guest nights in May 2023, down 6% from May 2019 levels. The decline in total guest nights relative to pre-COVID levels has been consistent over the last 3 months.

Spend

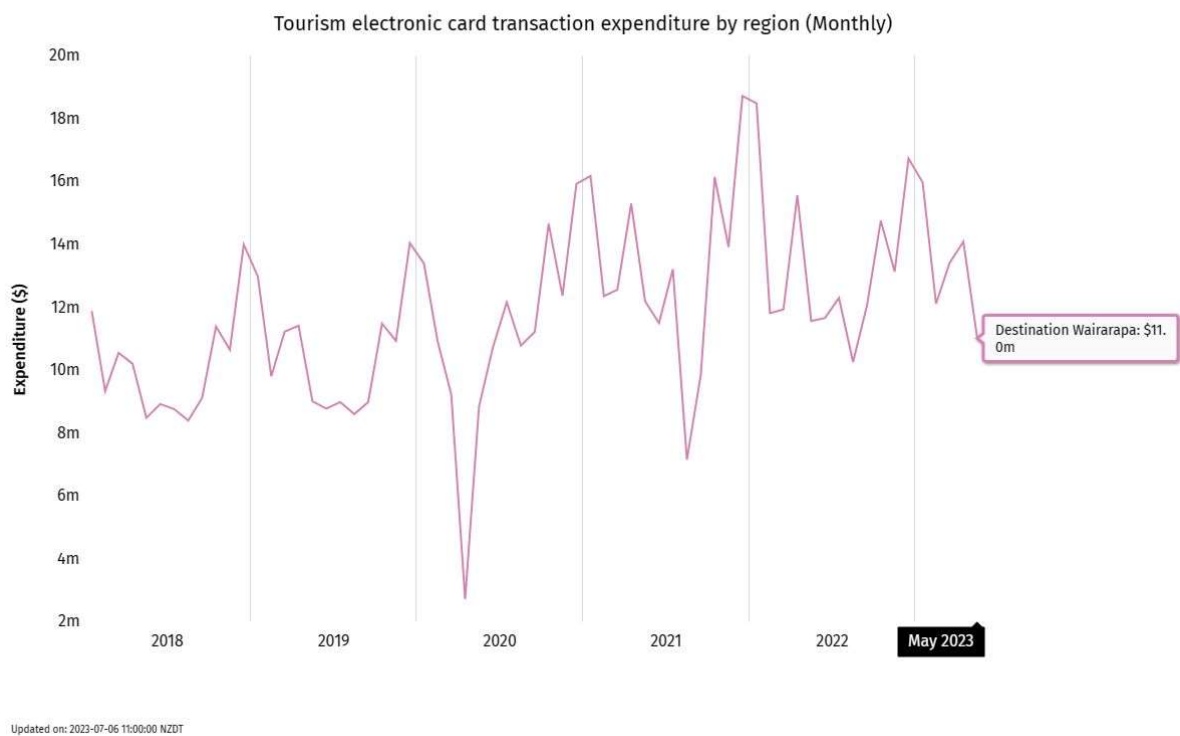
The MRTE series of data has been disrupted by COVID-19, as the methodology for weighting the measured electronic card transaction spend up to the whole of industry spend became unusable.

When using TECT data, it is recommended we look at trends and comparison figures instead of dollar amounts

TECT DOMETIC expenditure Wairarapa (monthly)

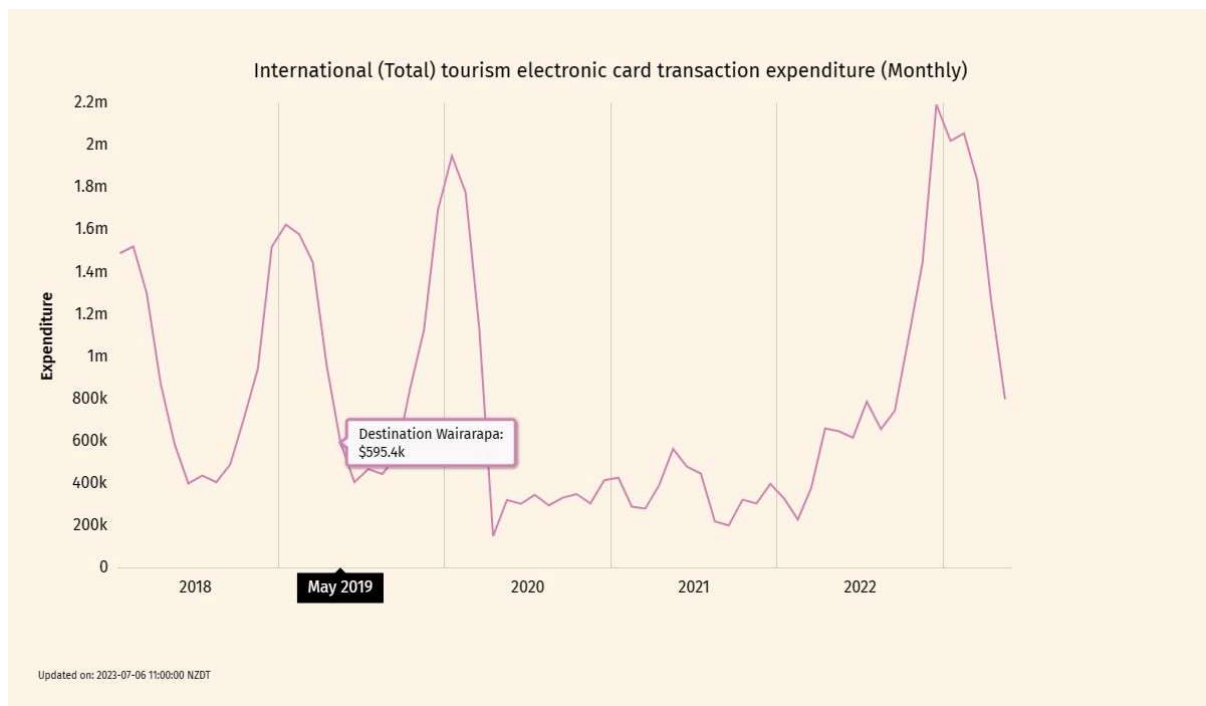


Pre-Covid Domestic Visitor Spend. May 2019: \$9 million



Current Domestic Visitor Spend. May 2023: \$11 million

TECT INTERNATIONAL expenditure Wairarapa (monthly)



Pre-Covid International Visitor Spend. May 2019: \$595.4k



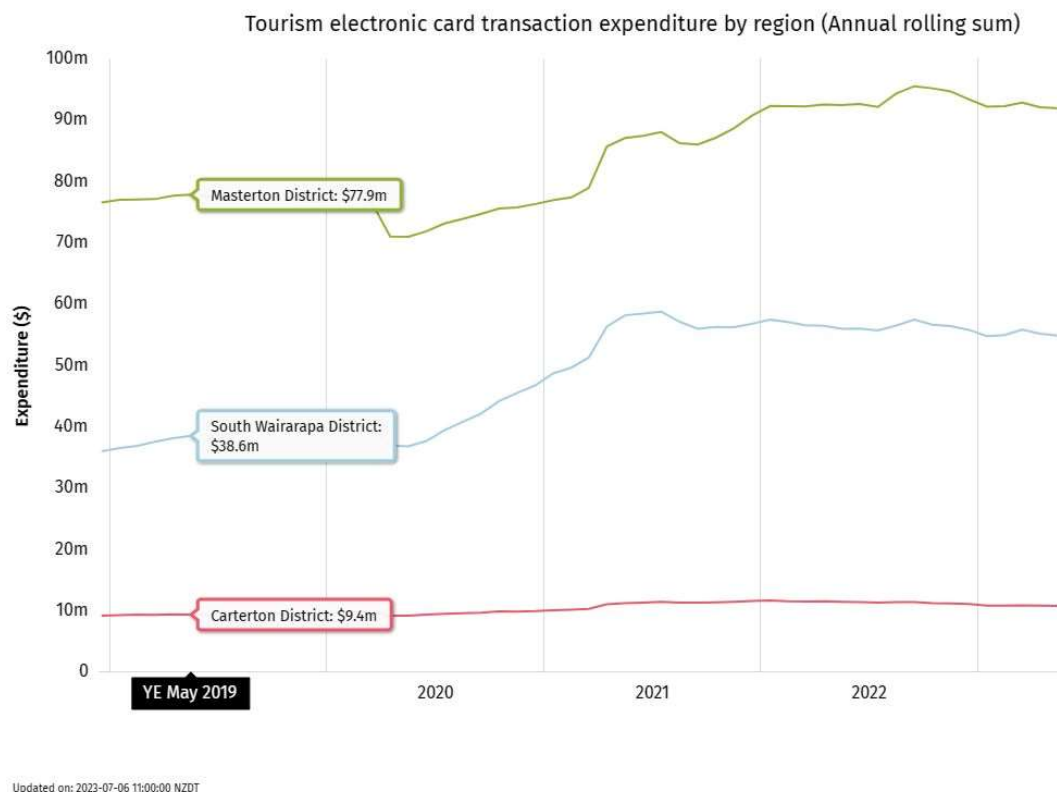
Current International Visitor Spend. May 2023: \$800.2k

Wairarapa still performs better than pre covid, both for domestic and international visitor spend

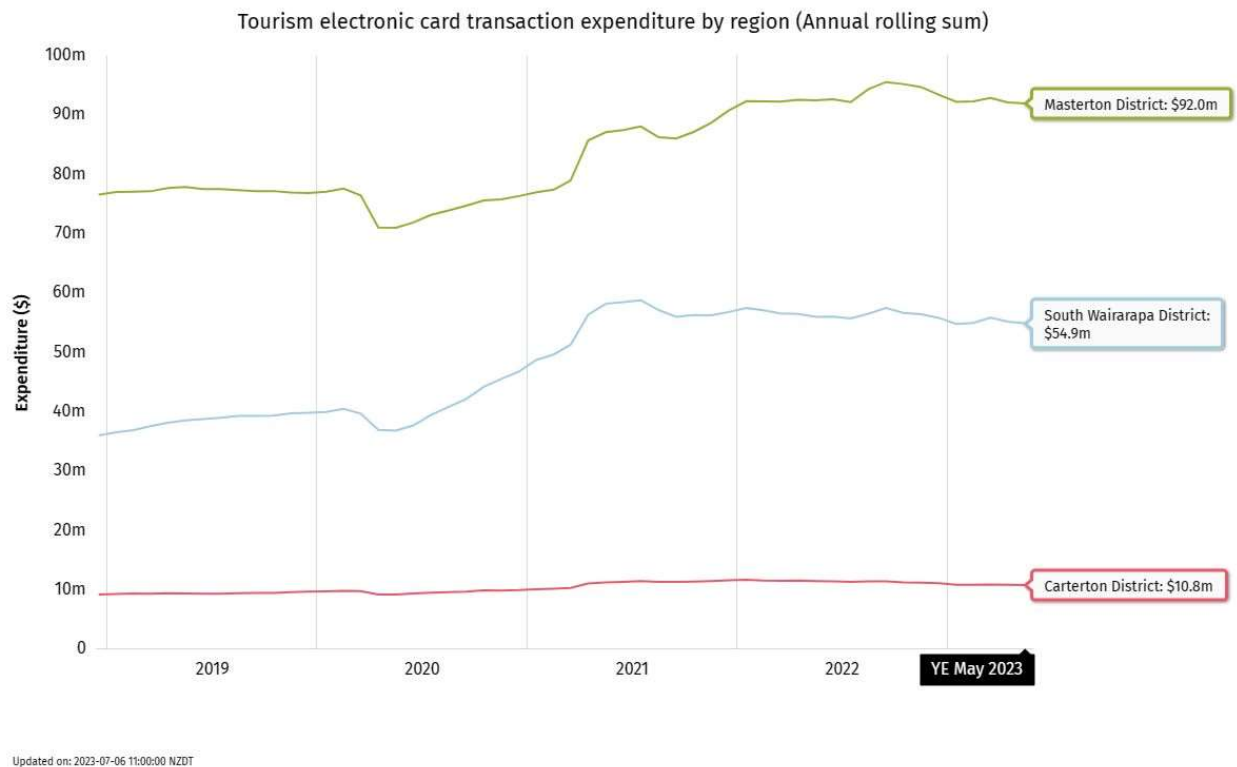
Nationwide, domestic TECT spend in May 2023 was up 13% from May 2019 levels. (Wairarapa = 22% increase) The rise in domestic spend relative to pre-COVID levels has been decelerating over the last 3 months, from 19% in March 2023.

International TECT spend in May 2023 was up 14% from May 2019 levels, higher than the 5% increase on pre-COVID recorded for April 2023. (Wairarapa = 34% increase)

TECT DOMESTIC expenditure by TLA (Total annual rolling sum)



Pre-Covid Visitor Spend YE May 2019. MDC: \$77.9m, SWDC: \$38.6m, CDC: \$9.4m



Current Visitor Spend YE February 2023. MDC: \$92m, SWDC: \$54.9m, CDC: \$10.8m

Although domestic spend for each Wairarapa TA has increased (annual rolling sum YE May 2023 vs May 2019) since pre-covid, the rate of that growth has declined significantly in recent months, while nationally it is growing.

National growth however is expected to plateau in the short term also as high costs of living and interest rates limit discretionary spending.

STAPP Funding

The Strategic Tourism Assets Protection Programme contract with the Govt. required Destination Wairarapa to lead and deliver outcomes under the following 3 headings in order to help re-imagine tourism in the region post Covid.

1. Destination Management Plan Development
2. Capability Building
3. Marketing (Domestic – but not local, and in 2022 International)

Destination Wairarapa's contract with MBIE was varied in quarter one of the 22/23 financial year to allow the organisation further time to deliver on the contracted outcomes.

The existence of this funding has allowed Destination Wairarapa to undertake activity that has not been funded for previously.

STAPP funding for the Wairarapa finished at the end of this quarter on 30th June 2023.

Many of the projects initiated as a result of STAPP funding still remain important for the sustainable growth of tourism in the Wairarapa and DW will continue to support these projects as and when resources allow.

Unfortunately, however, with the loss of STAPP funding we no longer have a dedicated resource available to commit to product and capability development in the region.

We have however managed to secure a small amount of funding from WEDS in order to keep Chrissy Cummings on for a few additional months in order to begin work on developing a multi-stakeholder, regional programmes aimed at leveraging the opportunity that International Dark Skies accreditation has brought the region.

1. Marketing

This period covered Autumn including Easter and King's Birthday. Like many other parts of the North Island, we experienced ongoing very wet weather, unsettled by our normal standards for this time of the year.

Events and Operators

Events supported and promoted through our channels during this time period included:

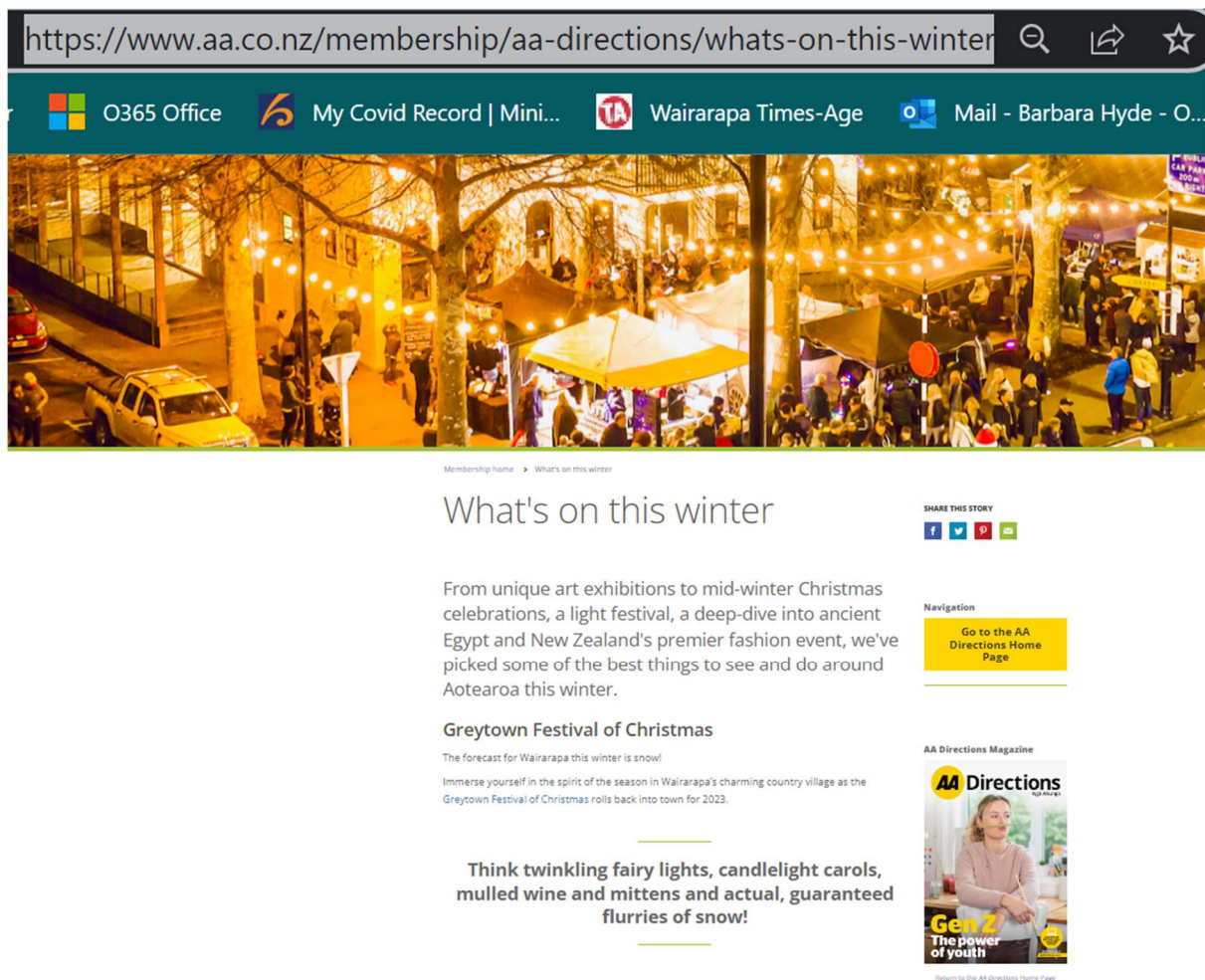
- Wairarapa Balloon Festival – post Covid they were able to hold their Saturday ticketed event the "Night Glow" which attracted a very large crowd to Clareville A&P Grounds.
- Tweed Ride
- Featherston Booktown
- Wairarapa Film Festival
- A new, and highly appealing 'event' was Apple Picking each weekend at Molewood Orchard in Greytown – a smash hit as people enjoyed the simple and affordable pleasure of picking their own apples fresh from the tree. This also had a very 'social media friendly' angle – visitors were coming to take photos of their children in the trees for their social media channels. One local photographer used the Orchard as location for family portraits (a bonus for both businesses). A great example of the role and power of an image. These images certainly helped promote this activity to many, many people.

During this period, we also began work on the Festival of Christmas. Our promotional partnership aimed at maximizing advance coverage of the festival, looking for reach and placement.

Placement we secured included:

A feature in the all-new digital magazine for AA Directions:

<https://www.aa.co.nz/membership/aa-directions/whats-on-this-winter/>



While the feature was hosted on the AA website it was pushed via email to their entire membership database of approximately 780K people.

Placement on Wellington Airport's very well trafficked website:
www.wellingtonairport.co.nz/explorewellington

Again, accessing their huge database was key – the website content featured in their email newsletter which goes to over 100K people. It was also used on their social media channel.

Both of these results relied on the strong relationships DW maintains with these teams. Vital when marketing budgets are constrained (Marketing STAPP funding finished 31 Dec 2022)

Operators

The Runholder – we are working closely with both Foley Wines marketing team and the PR company they have appointed as they develop plans for their winter launch. Our aim is to wrap around and maximize the opening, visits by media they plan to host, and to ensure any opportunities for coverage we can identify can be leveraged by them. It's tremendously exciting to have this major new location/experience coming on stream. We've been fortunate to be able

to host small 'sneak peak' previews to some key parties and their response has been very encouraging.

Pūkaha Te Wānanga Taiao – this new environment, ecology, education, and conference centre at Pūkaha opens in July. We've worked with their marketing team to consider possible tourism partnerships in particular with trade companies in the group educational space.

Greytown Honey – we helped them evolve a 'fit-for purpose' group experience, designed to snuggle sympathetically into day itineraries for tour operators.

Trade

While our planned attendance at TRENZ did not eventuate due to a family death, the focus on trade during this period was high and saw us facilitate a number of effective product/trade connections. Post the summer season (the first business-as usual for trade post Covid) there is interest in new touring routes, in SH2 and for products which are engaging, hosted and trade ready, including products which will allow visitors to experience our dark skies.

With our Classic NZ Wine Trail partner regions, we hosted a famil of Australian Helloworld owners (following their own Auckland based owners conference) – between the nine attendees they owned over 130 retail store across Australia. The Helloworld product team plan to feature both FIT itineraries and a group tour along the Wine Trail route using Helloworld contracted product. Having these owners experience our regions firsthand creates awareness and advocacy.

Destination Wairarapa attendance at MEETINGS Business Events Trade Show – Wellington

Held over two days at Tākina Events Centre, the format consisted of 44 x 15-minute prescheduled appointments with business event buyers from NZ and Australia – Target high end smaller groups due to accommodation constraints in the Wairarapa. Networking opportunities also included, a welcome function, breaks throughout the day and the celebration dinner. Also representing the region at the event was, Moy Hall, Martinborough Hotel and Copthorne Solway park.

There is great interest in the region, and all Famil guests prior to the trade show (see below) absolutely loved their time here, - many have posted positively on social media, including, Facebook, Instagram, and LinkedIn.

Many of these business work 1-2 years in advance for Incentive trips, May & October are the preferred months of travel – which is perfect for our region.

While this event is a significant investment (STAPP funding) to attend, the region needs a presence in this market ongoing especially because we can also leverage Business Events Wellington marketing and funds.

MEETINGS Trade Show Wairarapa Australian Incentive Pre Famil.

The purpose of this Famil was to target high end Incentive/Group business into the region.

Famil buyer feedback:

Dear Tania, Sharon & Chrissy,

I hope you've all managed a well-deserved rest after such a big week (and I'm sure months leading up the event)!

I wanted to say a very heartfelt thank you for including me in the pre-famil program and ensuring we were looked after while in Wellington.

The Wairarapa region really opened my eyes, and I'll be sharing all my photos and experiences with the full Veritas team at our WIP next Tuesday.

My colleague has a pitch out at the moment for a 12 pax incentive, and I'm going to join her appt on Wednesday to share my experience & showcase the Wellington/ Wairarapa 5 days as an option.

Wharekauhau was such a treat, both professionally and personally, and the timing and pace of the famil was lovely. Time to explore on our own & time to be hosted with the suppliers and the group. It is sometimes the time to yourself when you uncover those gems that allow you to really pitch a property or destination. For me, having the opportunity to rise at dawn, take a run around Wharekauhau and make it down to the beach and still have time for a hot breakfast was the highlight of my week. Thank you.

Chrissy, you were a beautiful, warm, and knowledgeable host. Such a wealth of information and a passion for the region.

So, thank you again ladies, and hopefully we can bring some clients down there in the near future.

Sincerely,

Rohani

*Rohani De Beger
Business Development Director
Veritas Events – A BI WORLDWIDE Company*

Website Development RFP Evaluation

After offering the RFP to Stun, Silverstripe, and Dynamo6, we received proposals from Stun and Dynamo6. Silverstripe decided to withdraw from the process, as they were unable to provide a suitable response within our project budget.

To make an informed decision, we thoroughly analysed the proposals submitted by Stun and Dynamo6. Dynamo6's response, although compelling, exceeded our project's allocated budget. We arranged a meeting with Dynamo6's project and web development team to explore

potential cost-cutting measures. It became clear that implementing these measures would compromise the overall effectiveness of the website we seek.

Stun's proposal stood out as a strong proposition. Their innovative approach showed a clear understanding of the requirements outlined in our RFP. As a locally owned company, Stun was aware of our budget constraints and priced their response and approach accordingly.

To ensure a comprehensive evaluation, we collaborated closely with our current external website developer. Together, we meticulously reviewed Stun's proposal, which suggested using Shopify as the chosen Content Management System (CMS). During the process, we engaged in detailed discussions with Stun, carefully considering the various options available and ensuring that all key elements would be delivered effectively.

Incorporating the RFP with the additional details provided by Stun, we developed a comprehensive website scope. This will be developed into the finalised contract with Stun.

By thoroughly evaluating the proposals and selecting Stun as our website development provider, we are confident in their ability to deliver a quality website aligning with our project objectives, budget, and long-term vision.

Media

Denise Landow our media comms manager left DW to take up a full-time role in Wellington.

We've forged very positive working relationships with two new reporters at the Times Age who cover events and tourism – we saw immediate results from a more proactive connection with this new young, keen and interested pair.

Via Tourism NZ's media programme, we hosted Merrick Watts a renowned comedian and wine writer from Australia. He visited the entire Classic NZ Wine Trail. He was writing for ESCAPE which is widely syndicated across all of Australia (like STUFF) so a great result and in a quirky, upbeat style we feel works well!

<https://www.escape.com.au/destinations/new-zealand/comedian-merrick-watts-says-he-was-wrong-about-new-zealand-wine/news-story/41f0900fe95bd5c3e69aa3dff485154c>

Selection of other media results in this period:

<https://www.stuff.co.nz/travel/destinations/nz/300843671/the-best-tiny-town-in-each-of-new-zealands-regions>

<https://www.stuff.co.nz/travel/destinations/nz/132435210/5-of-the-best-places-to-be-in-new-zealand-in-july>

Anna Nielson – General Manager
July 2023