



TOURISMWAITAKI

Half-Year Report

December 2016



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Board of Directors

Chair Mike McElhinney
Directors Adair Craik, James Glucksman, Janine Tulloch, Marcus Brown

Senior Staff

General Manager Tourism Waitaki	Jason Gaskill
Operations Manager	Wendy Simpson
Research Scientist	Philippa Agnew
Accountant	Richard Heeringa

Head Office 8 Itchen Street, Oamaru 9400

Solicitors Lane Neave, Christchurch

Auditors Audit New Zealand, on behalf of the Auditor-General

OVERVIEW

The six months ending December 2016 has been punctuated by development delays and investment. Work in and around the Oamaru Blue Penguin Colony to expand the visitor centre and establish the penguin underpass, as well as work at 12 Harbour Street and the Oamaru ISITE have broadened Tourism Waitaki Limited's operational base. As work nears completion, we remain hopeful projected revenue will be realised toward the end of the current financial year.

We are on target to produce a modest \$137,000 surplus for the full year, which, while being below our budgeted surplus of \$203,808, is significantly above last year's loss of \$67,777. Much of this improvement comes from expanded revenue through the Colony, improved performance of the A20 commercial operations, and the impact of the new Harbour Street operation. Ongoing staff development and sales training has also helped improve the performance through the ISITE network. However, delays in the OBPC extension and the opening of Whitestone City at 12 Harbour Street have resulted in a forecasted reduction in surplus. Ongoing delays could still further negatively impact on the forecast.

The Colony development, which began in early Q1, is ongoing, and is now not set to be completed by early Q4. Likewise, work at 12 Harbour Street, following consenting delays, is now not set to be completed until late Q3, early Q4. The Oamaru ISITE underwent a refurbishment which was completed in late Q1, and we are looking at improvements to the Palmerston ISITE and possible alignment with the local museum.

Work through the Regional Tourism Organisation, Tourism Waitaki, has produced District gains: steady increases to the number of bed nights, a stable length of stay measure, and higher visitor attraction activity all indicate efforts are bearing positive results. This work has resulted in the total value of the industry rising to over \$170 million per year, up from \$126 million in 2013.

TWL has initiated a review of the District Tourism Strategy, and held several community meetings to receive input from interested parties. We will hold further meetings with key stakeholders, our shareholder, and again with the public as we work through what key messages the community feels best represent our District. We anticipate having this project completed by the end of the current financial year.

We remain focussed on improved efficiency and returning value to the District. Attracting MORE visitors, who will spend MORE time in the District, and do MORE things while they are here, may require further rationalisation of core services. Working more closely with communities to uncover how to effectively illustrate what makes us unique will make both TWL and the industry more open and accessible to visitors of all types. This remains a priority, and is the core organisational objective for the second half of the year.

Jason Gaskill
General Manager
Tourism Waitaki Limited

PERFORMANCE

The following section outlines our tourism performance:

Tourism Tasks:

- 1.1 **Increase Trade-Ready Product:**
District operators have either initiated or expanded trade business over the last six months, e.g., Oamaru Blue Penguin Colony (Oamaru), Lady Bird Hill (Omarama), Wrinkly Ram (Omarama), OBPC (Oamaru), Steampunk HQ (Oamaru), and various hotels. We are also aware of further businesses that are planning trade-specific activity in the next 12 months.
- 1.2 **Increase Visitors' Length of Stay in the District:**
The most recent Commercial Accommodation Monitor for the year ending November 2016 shows a stable length of stay at 1.55 nights. Occupancy remains consistent at 18.6%, and total capacity rose slightly. Visitor information for the period November to December through the ISITE and monitored operations also indicates steady growth.
- 1.3 **Increase Visitor Yield:**
Gains have been made through increased visitor nights on Alps 2 Ocean, higher charge rates for, and the establishment of, new attractions, and the impact of increased total numbers. The total value of the District tourism industry sits at \$172 million (for the year ending November 2016).

TWL Performance Measures

The following table outlines the specific tools used to measure and achieve performance over the last financial year:

TARGETS	MEASUREMENTS	ACHIEVEMENTS
Regional promotion	Increase in Bed Nights	Total bed nights up 11% to 433,555 (international up 20% to 155,069; Domestic up 6% to 278,486).
	Growth in visitors from core Domestic markets	Core markets in Canterbury and Otago continue to be targeted. The US, Chinese, Japanese, Asian, and European markets have all also shown significant growth.
	District Signage renewal	Renewal of District boundary signs began in December 2015, and will continue until it is satisfactorily complete.

Product Development	<p>Develop new trade-ready tourism ventures</p> <p>Expand current trade-ready products</p> <p>Expand travel infrastructure network</p>	<p>Work continues on Harbour Street and Alps 2 Ocean, as well as further work with specific operators on becoming trade-ready. New operators have also opened in the last few months, and others have begun working more closely with trade.</p> <p>The OBPC, A2O, and multiple other operators have expanded their services and added new products. We are also aware of other businesses that are looking to expand over the next 18 months.</p> <p>We continue working with interested parties on improved rail connections as well as closer affiliations with regional air services and providers.</p>
Develop new strategic partnerships	<p>Expand Industry affiliations</p> <p>Investigate further IMA activity and partnerships</p>	<p>TWL is involved in all major industry bodies, and is increasing its presence at regular events.</p> <p>We have been working closely with a variety of regional partners on further developing both our domestic and off-shore collaboration.</p>
Trade initiatives	<p>Increase in visitors coming through inbound operators</p> <p>Growth in TRENZ attendees from the District</p> <p>Develop District-wide itineraries</p> <p>Establish a functional District booking engine</p>	<p>IBO visitors to the District continue to climb with increased visitor numbers at Omarama attractions, and a higher number of contracted businesses at the OBPC.</p> <p>We continue to work with operators on attending TRENZ. Due to its expense and location, attendance can be difficult. We are therefore developing mechanisms to more fully represent the variety of trade activities we can offer.</p> <p>We continue to work with the industry on saleable itineraries based on those requested by industry partners.</p> <p>District bookings are being further developed in association with our partners Bookeasy and Bookit.</p>

Statement of Compliance & Responsibility

Compliance

The Board and senior management of Tourism Waitaki Limited confirm that all the statutory requirements of the Local Government Act 2002, regarding financial management and borrowing, have been complied with.

Responsibility

The Board and management of Tourism Waitaki Limited accept responsibility for the preparation of the annual Financial Statements and the judgments used in them.

The Board and management of Tourism Waitaki Limited accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Board and management of Tourism Waitaki Limited, the Financial Statements for the six months ended 31 December 2016 fairly reflect the financial position and operations of Tourism Waitaki Limited.

Mike McElhinney
Chair

Adair Craik
Director

TOURISM WAITAKI LIMITED
Financial Performance

Tourism Waitaki
Financial Statements
For the Period Ending
December 2016

	DEC 2016	DEC 2016	DEC 2015	JUNE 2017	JUNE 2017	JUNE 2016
	Actual	Budget	Actual	Forecast	Budget	Actual
Revenue						
OBPC	663,642	763,499	587,148	1,555,143 ¹	1,691,000	1,374,646
i-site	236,381 ²	244,310	175,532	376,431 ³	420,000	389,499
A2O	259,999	297,000	133,044	492,999 ⁴	533,000	269,916
HS	151,122 ⁵	197,460	0	390,500 ⁶	595,000	0
TW	270,813	260,500	140,452	444,313 ⁷	496,000	336,236
Total	1,581,957⁸	1,762,769	1,036,176	3,259,386⁹	3,735,000	2,370,387
Expenditure						
OBPC	474,194	537,627	410,432	992,443 ¹⁰	1,088,000	821,066
i-site	234,432	255,153	221,181	468,133	511,600	459,307
A2O	227,894	221,281	178,642	537,990 ¹¹	578,250	387,830
HS	31,565	23,234	0	289,477 ¹²	503,642	0
TW	437,339	414,078	330,412	833,863 ¹³	849,700	769,961
Total	1,405,424¹⁴	1,451,373	1,140,667	3,121,906¹⁵	3,531,192	2,438,164
Surplus	176,533	311,396	(104,489)	137,480	203,808	(67,777)

¹ The Colony has seen substantial growth off the back of increased FIT numbers and an adjusted standard retail entry price. However, the forecast has been lowered to reflect the impact of the delayed completion of the visitor centre extension and the projected revenue flowing from its operation.

² The variance between December 2015 and December 2016 is due to the timing of some funding being brought forward in the 2016 year.

³ A modest drop in ISITE revenue stems primarily from falling retail sales and a change to the recording procedures of wider TWL advertising revenue.

⁴ This includes \$160,000 of maintenance recoveries from project stakeholders.

⁵ These are development related reimbursements from project stakeholders.

⁶ Total Harbour Street Revenue consists of MBIE investment of \$290,500 and \$100,000 in forecast ticket revenue for Q4. This ticket revenue is contingent on the final opening date, and subject to revision due to further delays. If this is removed, with its attendant expenses, the impact would be an (-11,000) reduction in forecast surplus by 30 June.

⁷ Forecast revenue is up based on increases to partner program investment.

⁸ Incomes is \$181,000 down on forecast due to delays in the OBPC extension and the attendant drop in projected day revenue, and the non-realised revenue from harbour Street due to its delayed opening. A2O partner revenue reflects delays in timing.

⁹ This includes all revenues, including grant funding from MBIE for A2O and Harbour Street, as well as ticket revenue, sponsorship grants for events, and retail sales.

¹⁰ Forecast OBPC expenditure is up in line with increased revenue. A rise in staff costs (\$51,000), website development (\$14,000), rent (\$22,000), Depreciation (\$10,300), penguin underpass and fencing (\$20,000), and marketing (\$27,569) accounts for most the increase.

¹¹ A2O maintenance has increased \$124,870 to include all recoveries. This is now offset by equal revenue (see Note 4 above). We have also seen an increase in partner funding and commercial arrangements.

¹² Costs include project disbursements (\$142,250), rent (\$44,067), staffing (\$59,000) and other basic overheads. These costs have been calculated for Q4 only except for the disbursements and rent, which cover the full financial year.

¹³ Tourism Waitaki's promotional activities saw increases in marketing (\$38,148), events (\$44,709), and a reduction in staff costs (-\$52,450).

¹⁴ Expenses have been pulled back by \$46,000, primarily in staffing costs.

¹⁵ This total does not include capital items or tax expenses.