Proposed Wellington Movie Museum

Preliminary Economic Impact Analysis

November 2015

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Executive Summary

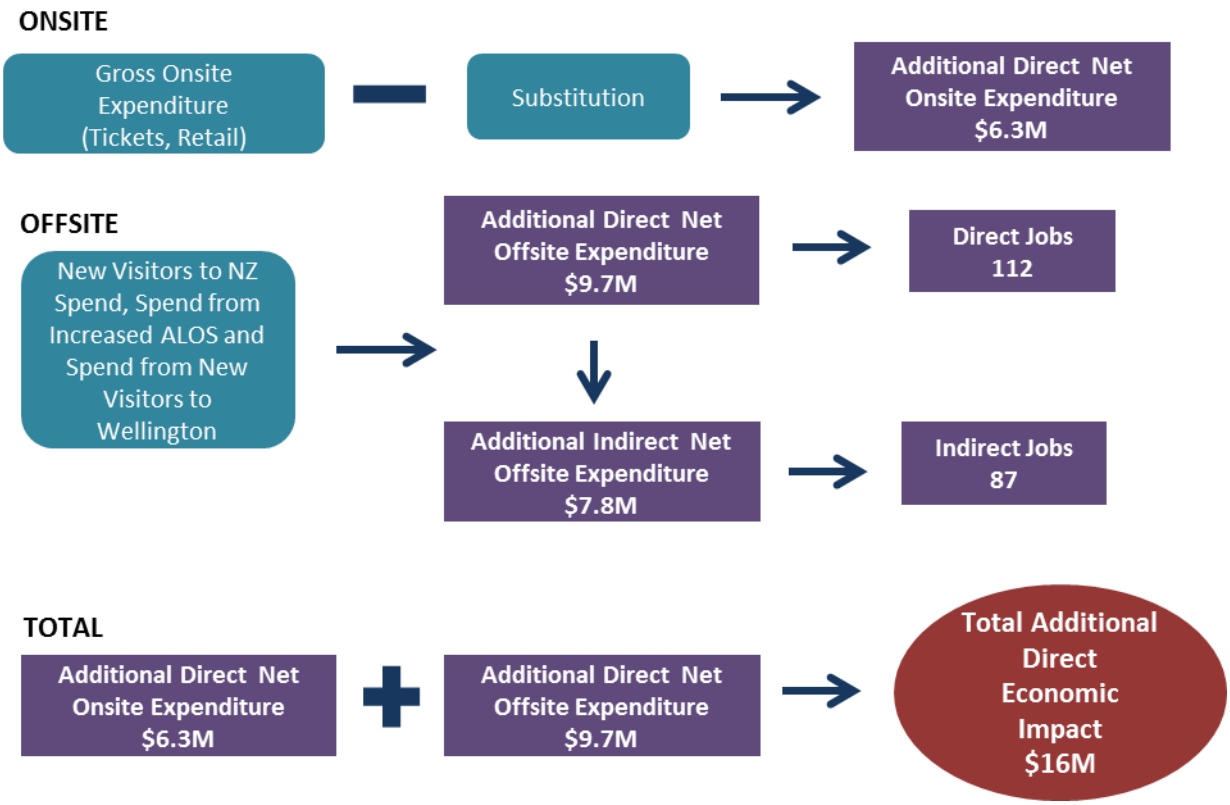
Wellington City Council is seeking credible and substantiated forecasting of the impact of a proposed Movie Museum (hereby referred to as TMM) on visitor numbers to the city and modelling of associated economic impacts on Wellington and any NZ wide benefits to assist in the assessment of the viability of public investment in the museum development.

The Movie Museum Limited (TMML), a company formed by stakeholders in the local Wellington movie industry, proposes the development of a Movie Museum in the CBD of Wellington. The Movie Museum is intended to present and showcase Wellington's development as a world-class film making hub that has produced numerous award winning movies including the *Lord of the Rings* trilogy, *King Kong*, *District 9*, *The Adventures of TinTin*, *Elysium* and *The Hobbit* trilogy. The Movie Museum will bring together the creative and innovative aspects of Wellington's film industry and the films it has produced in one central location.

The scenario modelling carried out in this report is based on current visitation rates, profiles, and average trip spend and length to Wellington and New Zealand, as well as previous Business Case and Opportunity reports on TMML, and critical assumptions based on the impacts of similar established movie tourism attractions which have become increasingly popular.

The estimated economic impact of the proposed Movie Museum under a medium visitor and impact scenario is shown below.

Summary of Total Economic Impact of TMM to Wellington per annum



It is estimated the TMM would attract **new visitors to New Zealand** that will contribute approximately **$7 million** in offsite expenditure to New Zealand's economy, as well as an average of **80 direct jobs** and **61 indirect jobs** per year over the first 10 years. Of this new visitor spend approximately **$4.4 million** will be spent in Wellington.

Wellington will also benefit from existing visitors who increase their stay in Wellington to accommodate time spent at TMM, and those who add Wellington to their NZ itinerary as a result of TMM (who otherwise would not have visited Wellington). Those visitors who increase their length of stay are forecast to contribute an estimated **$1.3 million** to Wellington, whilst those who add Wellington to their New Zealand itinerary are forecast to spend an estimated **$4 million** in Wellington per year.

Based on ticket and merchandise sales, it is estimated that TMM would attract approximately **$6.3 million** in onsite spend from visitors per year over a 10 year average.

Overall Wellington is forecast to receive a total net direct expenditure of **$16 million** from onsite and offsite additional expenditure from TMM contributing **$7.8 million** in indirect expenditure, and **199** direct and indirect jobs per year, over a 10 year average.

Similarly, New Zealand is forecast to receive a total net direct expenditure of **$7 million** from offsite additional expenditure from new visitors to New Zealand generating **$5.5 million** in indirect expenditure and **141** direct and indirect jobs.

1 Introduction

1.1 THE PROPOSED MOVIE MUSEUM

A proposal has been put forward by The Movie Museum Limited (TMML), a company formed by stakeholders in the local Wellington movie industry, for development of a Movie Museum in the CBD in Wellington. The location is accessible to visitors to Wellington and is within walking distance of many hotels and other attractions. The Movie Museum is proposed to be operational in 2018.

The proposed museum is to present and showcase Wellington's development as a world-class film making hub (on the Miramar Peninsula) that has produced numerous award winning and blockbuster movies – the *Lord of the Rings* trilogy, *King Kong*, *District 9*, *The Adventures of TinTin*, *Elysium* and *The Hobbit* trilogy. While Wellington already has several film-related visitor attractions – including the Weta Cave which presents the creative designs in films such as *The Lord of the Rings* series, city tours of film locations and film-related sites – the Movie Museum is intended to bring together in a central location the stories of the creative and innovative aspects of Wellington's film industry and the films it has produced.

The Movie Museum is proposed to cover a space of 8,000m^2 to 10,000m^2. It is intended to include the film works and collections of Peter Jackson and Richard Taylor, with a major focus on the highly successful *Lord of the Rings* and *Hobbit* films (based on the books by J. R. R. Tolkien), the film locations for which have already been integrated as key experiences into New Zealand tourism.

The museum is intended to be a multi-faceted and highly interactive 'behind-the-scenes' experience that will immerse the visitor into the places, creativity, craft, expertise and technology of great film making aimed at both a broad visitor base and movie fans. It will also protect and display the original sets, props, costumes and designs from the *Lord of the Rings* and *Hobbit* films; display artefacts and collectibles from Peter Jackson's personal collection; and present the development of the film industry in Wellington. Digital technology will be used to enable visitors to access information in multiple languages.

Included in the museum complex will be permanent and temporary exhibitions, a retail shop, a café and management offices.

Fees for visitor entry to the museum are proposed at [redacted]

The museum proposal is being developed in a context where there has been growth in a number of New Zealand and Wellington visitor markets where visitors are likely to have an interest in the products and experiences on offer. A number of recent attractions created by Peter Jackson have received strong interest, and established attractions and tours that feature his work or focus on the *Lord of the Rings* films (such as the Weta Cave and Hobbiton) continue to attract high levels of patronage. For example, the Hobbiton movie set (now a permanent attraction) at Matamata in the Waikato received about 360,000 visitors in the year to March, up from 232,000 in the same period in 2014 and 33,000 in 2011. The Movie Museum is envisaged as tapping into these markets.

1.2 PURPOSE OF THE PROJECT

To assess the viability of public investment in the museum development, Wellington City Council is seeking credible and substantiated forecasting of the impact of the proposed attraction on visitor numbers to the city. The Council also seeks scenario modelling of the potential economic impact of the development on Wellington.

1.3 METHODOLOGY

The aim of this high-level report is to construct credible and substantiated forecasting of the likely impact of this proposed attraction on visitation numbers to Wellington, based on scenario modelling and building on from TMM's previous feasibility work undertaken (see section 3).

The Project Team commenced research by conducting a desktop review to compile existing and relevant background research and establish an outline of the Wellington Visitor Economy (that is, visitor offer, visitation and markets) based on research and data supplied by Statistics New Zealand. This background review was augmented with intelligence gathered from a review of comparative visitor attractions - these are presented as case studies (see the Appendices), highlighting the attractions' effects on visitation trends, economic benefits and other regional impacts. In a number of cases, the Project Team conducted interviews with key attraction personnel to gain further insight into these facilities' ongoing impact and flow-on economic benefits.

Drawing on the information compiled above, economic impact modelling based on a series of low, medium and high performance scenarios was undertaken. Modelling was underpinned by a series of assumptions regarding visitation and expenditure drawn largely from existing analysis of TMM and current market profile information. These scenarios address the overall impact of TMM based on Low, Medium and High assumptions (drawn from the TMM Business Case and case studies) to Wellington and New Zealand, and its potential effect on average length of stay and spend per trip of visitors. This was done by using the breakdown of visitors by their key segment profiles, expenditure and market mix.

Overall, the main stages of desktop review, case studies and scenario modelling present key data and trends to provide an accurate depiction of TMM's visitation, economic benefits and impacts to the region.

2 Global Trends in Cultural Tourism

Globally, cultural tourism is a growth segment. Growing at a faster rate than nature-based tourism, urban cultural tourism has become a defining factor in many national tourism trends. Tourism across the globe is growing faster than global GDP (3.2%). Cultural tourism globally is growing at 4.1% with some of the fastest growth in events, museums and galleries. Museums are intimately linked with the leisure sector, as strong motivators to visit museums are for leisure and entertainment[1].

Global Museum Trends

According to the 2014 Museum Index, the top 20 museums worldwide received an increase in attendance of 1.6% between 2013 and 2014[2]. This was up approximately 1.7 million visitors from 105.6 million attendances in 2013.

EMEA (Europe, Middle East and Africa)

Museums in Europe have received steady visitation trends, with blockbuster exhibitions driving peak attendance numbers[2]. These blockbuster exhibitions are large-scale, 'once in a lifetime' exhibitions (such as Matisse at Tate Modern) that become must-see attractions. Attendance at the top 20 museums in the EMEA grew by 2.8%, which is very positive considering the region's overall economic climate is still in recovery mode[2]. The Louvre, Paris received the highest visitation in the EMEA with 30% of their visitors being domestic and 70% being international. The British Museum was second but attendance was slightly down on the previous years. As would be anticipated, museums across the EMEA area exhibited considerable variations in attendance and visitation patterns.

[1] Kelly, L., 2009. *Cultural Tourism and Museums*, Australian Museum, Sydney.
[2] TEA/AECOM, 2014. *Theme Index and Museum Index*, The Global Attractions Attendance Report.

North America

Attendance rates at the top museums in North America on average remained stable in 2014. The Smithsonian National Natural History Museum, Washington DC, recorded the highest number of visitors in 2014 of over 7 million[2]. A notable trend in North America was the ongoing reinvestment in core exhibitions and the visitor experience. The combined impacts of the aging of exhibits and rapid changes in technology and entertainment have sparked significant reinvestment[2]

Asia

Overall, Asia saw an increase of 9% in visitation to museums in 2014[2]. The National Museum of China in Beijing attracted the most number of visitors in Asia and the second highest number of visitors worldwide (7.6 million). Museums in China and South Korea benefit from free admission - the Chinese Government's current objective is to shift all of the country's museums to free admission (currently 80% of its 3,000 museums are free)[2]. Throughout Asia, there is an ongoing boom of museums largely driven by governments which are on a mission to create large and more elaborate facilities.

Science Centres and Museums

In 2013, 198 science centres and museums recorded a global attendance of over 81 million visitors[3]. These centres are part of The Association of Science-Technology Centres – a global organisation which collects and publishes data about science centres and museums. The median attendance at each individual centre was 216,250, with 56% of centres reporting an increase in visitation from the previous year and 54.5% reporting an increase in paid onsite attendance from the previous year[3]. These centres varied in physical scale from 700,000 to 2,500 square feet. Seasonality, weather extremes, disruptions caused by construction, events, funding changes, and major exhibitions or giant-screen films were all identified as factors which impacted on attendance.

Challenges Moving Forward

Museums face a range of challenges, including:

- increased competition and pressures on attendance figures due to a wide range of education leisure experiences available
- the demands the 'information age' has encouraged museums to move from 'suppliers of information' to providing tools for visitors to reach their own conclusions
- funding cuts have resulted in the need for museums to operate on a more commercial basis and thus stay relevant and respond to social and environmental issues.

[3] Association of Science Technology Centres, 2013. *Science Centre and Museum Statistics*.

3 The Impacts of Movies on the Tourism Industry Globally

From 2000, the global tourism industry has increasingly seen a growing visitation that has been driven or induced by film and television[4]. This movie tourism phenomenon has grown over the past decade and has seen tourists make key travel decisions, such as where to stay and visit, based on their favourite feature films and television shows. Research has found that many people can feel personally connected to movies through characters, locations and stories. Visiting locations where movies were filmed gives these people an opportunity to relive their favourite movies in real life and immerse themselves in the move's culture[4].

The success of movie-based tourism is also due to a number of similarities shared by movies and tourism experiences. Both industries strive to provide the opportunity to see, learn and experience new things whilst creating entertainment, pleasure and joy from the experience[4]. It has also been found that movies can alter a person's perception on the location they are visiting. This is primarily due to the association of the location with the nostalgia and feelings that the movie originally brought the person[5]. A way to capitalise on this perception has been to 'add value' on the movie location experience through tours, merchandise and displays.

Hobbiton is a key example of how this has been done in New Zealand for the *Lord of the Rings* movie franchise. The Hobbiton tour not only displays a key film location but also offers guests tours of the site and the authentic experience of eating and drinking in the Green Dragon Inn which was featured in the film[6].

There has also been increasing evidence of movies which were not originally made with a primary intention of promoting tourism (such as *Mad Max* and *Lord of the Rings)* incidentally inducing a significant increase in tourist visitation to the locations in which they were filmed[4]. This could be explained as due to the degree to which many people's perceptions of the world and places are influenced and created by media images, especially films which often depict idealistic and unobtainable beauty. It is the story and the place that films create which make people feel, and feeling inevitably dictates actions.

Some examples of the impact of movies on tourism are described below.

'Film tourism establishes a link between the movie characters, locations and stories, and the film-tourist, who are inspired to immerse themselves and relive again the movie-generated and movie-drive emotions at the location of the movie.'

[4] Gjorgievski, M. & Trpkova, S.M. 2012. 'Movie induced Tourism: a new tourism phenomenon', *UTMA Journal of Economics,*3(1), pp. 97-104. *http://search.proquest.com.ezproxy.library.uq.edu.au/docview/1030093898?pq-origsite=summon*

[5] Jewell, B. & McKinnon, S. 2010. 'Movie Tourism—A New Form of Cultural Landscape?', *Journal of Travel and Tourism Marketing*, 24(2-3), pp. 153-162. Available at *http://www.tandfonline.com.ezproxy.library.uq.edu.au/doi/full/10.1080/10548400802092650*

[6] Russle Alexander (n.d.). *Hobbiton Movie Set Tours - The Shire Rest Cafe*, New Zealand, Trenz.

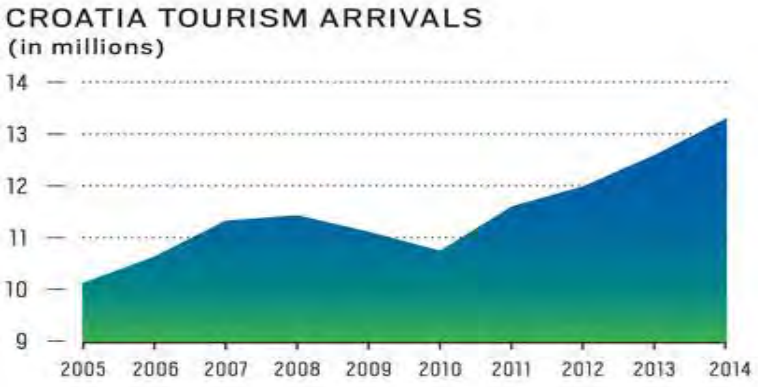
3.1 GAME OF THRONES

Game of Thrones is an American fantasy drama television series produced by HBO that has captivated audiences across the globe since its original release in 2011[7]. Adapted from George R. R. Martin's series of novels, *A Song of Ice and Fire*, the unique series covers the drama and battles of a multitude of varied fictional kingdoms. The series has attracted record numbers of viewers with the season five finale bringing HBO its largest audience ever with 8.5 million viewers[8]. The powerful impact on tourism and the local economy of filming destinations has been observed recurrently in two main filming locations, Northern Ireland and Croatia.

Game of Thrones fans stroll along a filming location in Northern Ireland

Northern Ireland's County Antrim saw a 65% rise in interest from global holiday makers and a 47% increase in domestic traveller interest in 2015[9]. The economic impact of *Game of Thrones* has also extended throughout the whole of Northern Ireland, generating approximately $233 million AU in the last five years[10]. The series is also directly responsible for creating 900 full time jobs and 5,700 part-time jobs[4]. In a region that was heavily impacted by the recession, *Game of Thrones* is bringing a welcome burst of tourism and economic growth by highlighting the country's diverse range of natural landscapes.

The impact of *Game of Thrones* has also been seen in Croatia where an estimated US$10million a year was generated for the tourism industry[11]. The country as a whole is also benefiting, having seen a 24% increase in tourism in the last three years[12]. Another *Game of Thrones* filming location, Andalusia in Spain, has followed the trend with a 30% increase in tourism since filming began[6]. The impact *Game of Thrones* has had on its filming locations illustrates a growing trend in global tourism, where people will travel far and wide to visit the fictional worlds depicted on their screens.



[7] Hibberd, J., 2011. 'EW Interview: George R.R. Martin Talks 'A Dance With Dragons'', *Entertainment Weekly*.
[8] Nededog, J., 2015. ''Game of Thrones' season finale breaks series' viewership record', +*Business Insider*. Available at http://www.businessinsider.com.au/hbo-game-of-thrones-season-5-ratings-2015-6.

[9] Kitching, C., 2015. 'The Game of Thrones effect! Hit', *Daily Mail*. Available at http://www.dailymail.co.uk/travel/travel_news/article-3119601/The-Game-Thrones-effect-Hit-TV-series-boosts-tourism-Northern-Ireland-holidaymakers-search-real-Westeros.html .
[10] Dunn, T., 2015. 'Winter is coming to Westoros and Essos, but the forecast in Northern Ireland is looking bright', *Upworthy*. Available at:http://www.upworthy.com/game-of-thrones-might-be-fantasy-but-its-economic-impact-on-northern-ireland-is-very-very-real.
[11] Winfrey, M., 2015. 'Can Game of Thrones Save Croatia?', *Bloomberg Business*, Available at http://www.bloomberg.com/news/articles/2015-04-02/can-game-of-thrones-save-croatia.
[12] White, C., 2014. 'Masters of Coin: The Economic Impact of Game of Thrones Location Filming', *Winter is Coming*. Available at http://winteriscoming.net/2014/10/24/masters-coin-economic-impact-game-thrones-location-filming/.

3.2 ANNE OF GREEN GABLES

Selling over 50 million copies of the books worldwide, *Anne of Green Gables* is a book turned film series written by famous Canadian author Lucy Maud Montgomery[13]. Anne is a mischievous red-headed girl who comes to Green Gables by mistake - the movie tells her tale of trying to fit in but always sticking out. Green Gables, which is the featured farm where Anne lives in the movies, is located in Cavendish in the Prince Edward Island (PEI) National Park in Canada and is now a popular tourist destination due in large part to the iconic films. The Gable house is featured in all five films and can be visited within the National Park[13]. The *Anne of Green Gables* museum provides fans with an interactive insight into the movie and book. *The Anne of Green Gables* franchise brings approximately 169,000 people to PEI each year[14]. The island's tourism website has a planned three day self-guided Anne tour which tourists can follow[13].

A recent report conducted by the UPEI Research Centre about *Anne of Green Gable* tourism found that its 169,000 visitors makes up more than a quarter of the annual tourists which visit for please purposes a year[15]. Of these tourists 74% were Canadian visitors, 16% US visitors and 10% international visitors. First time Anne tourists on average spend $87.88 per person per night and stay approximately 3.5 nights. Although the average spend of an 'Anne' tourist is almost the same as a 'normal' PEI tourist, without the appeal of the Anne experience, these tourists may not have chosen to travel to PEI to spend to begin with. During the research, 10.7% of visitors indicated the main reason they were attracted to the Island was because of *Anne of Green Gables* and the World of Lucy Maud Montgomery[15]. Although the first *Anne of Green Gables* books was published in 1908, the franchise did not make a significant impact on the tourism of PEI until the release of the movies in 1985. Since then PEI has enjoyed a long lasting benefits of the *Anne of Green Gables* franchise.

3.3 THE SOUND OF MUSIC

The Sound of Music is a musical theatre film staple around the world. Set in Salzburg in Austria, the movie's idealistic vision continues to draw tourists today, fifty years on from the original movie release[16].

[13] Sullivan Entertainment, 2015. *Anne of Green Gables.* Available at http://anne.sullivanmovies.com/about/guide-to-green-gables/.

[14] Day, J., 2015. *Anne of Green Gables economic impact alive, well: tourism market report*. Available at http://www.theguardian.pe.ca/Travel/2008-02-20/article-1290120/Anne-of-Green-Gables-economic-impact-alive-well-tourism-market-report/1.

[15] University of Prince Edward Island, 2008. *UPEI's Tourism Research Centre releases study on 'Anne' visitors.* Available at http://www.upei.ca/communications/news/2008/02/upeis-tourism-research-centre-releases-study-%E2%80%98anne%E2%80%99-visitors.

[16] Austrian National Tourist Office, 2015. *Take a Sound of Music Tour in Salzburg* . Available at http://www.austria.info/uk/things-to-do/cities-and-culture/the-sound-of-music/sound-of-music-tour.

One in five tourist visitors to Austria visit Salzburg[17]. Salzburg has capitalised on the success of *The Sound of Music* by offering tours to iconic movie scene locations, as well as including famous architecture and Salzburg sites[18]. This allows the tourist operators of Salzburg to benefit from visitors beyond *The Sound of Music* related sites and activities. There is a host of tours and activities on offer in the city for *The Sound of Music* tourists, including the popular *The Sound of Music* bus tour which guides visitors through the locations of famous scenes[16]. An average of 300,000 people visit the Trapp Family homes and film locations each year[16]. This is noteworthy considering two out of every three jobs in Salzburg are directly or indirectly attributable to tourism[18]. The draw from *The Sound of Music* is largely international, with three-quarters of American visitors listing *The Sound of Music* as the main reason for travelling to Salzburg[19]. According to Salzburg Tourism, half of all visitors who come to Salzburg from Britain, Canada and Asia make the trip because of *The Sound of Music*[20]. With its fiftieth anniversary this year, there is no evidence of the interest of the von Trapp family's Salzburg legacy slowing down.

3.4 POLDARK

Poldark is a British drama television series based on the novels by Winston Graham. The 2015 TV show is the successor to a 1975 TV adaption of the books. Set in 18th Century Cornwall in the UK, it is based around the life of Ross Poldark who returns to his Cornish home to gain control of the family's tin mines following his father's death. The story carries historical significance, as tin mining was a common industry in Cornwall during that era and there are many remnants of it across the Cornish landscape.

The release of the new TV series this year spurred a surge of tourist interest in Cornwall. Following the release of the first episode of *Poldark*, the Visit Cornwall website had a 65% increase in hits[21].

The spike continued with each week of episode release[20]. The interest has translated into an increase in visitors. Levant mine, which doubles as the fictional Tressiders Rolling Mill in the TV series, has had a 91% increase in visitors in the first seven weeks of 2015, aligning with the release of the series[22]. Other businesses in the area are looking to cash in on the *Poldark* effect. Nearby Portreath luxury resort is offering a 'Poldark break' which guides visitors through the filming locations and offers sunset horseback rides with the same company that provides stunt horse riders for the series[21]. The tours cost between $608.30AU for three people and $735.79AU for six people. The CEO of Visit Cornwall has described the *Poldark* TV series as an incredible gift to Cornwall[21], supported by the fact that 25% of people visiting the county were inspired to do so partly because of the TV show[23].

As of 2012, Cornwall's domestic visitors stayed an average of 4.94 nights and spent an average of $591.44AU[24], while international travellers stayed an average 6.76 nights and spent $899.79AU while in Cornwall[24]. The increase in visitors caused by the 2015 release of the Poldark series is set to have a continuing positive economic impact.

Visitors flock to Poldark Mine following the 2015 release of the TV series

[17] Band Austria, 2008. *Salzburg - A Piece of Paradise* Available at https://www.bankaustria.at/files/Salzburg_02-08_e.pdf .
[18] Salzburg Museum, 2015. *Effects on Tourism in Salzburg.* Available at http://www.salzburgmuseum.at/862.0.html.
[19] Gibson, C. & Conell, J., 2005. *Music and Tourism: On the Road Again*, Cromwell Press, Great Britain, Channel View Publications.
[20] France-Presse, A., 2014. 'Mozart's Salzburg finds big business in 'Sound of Music'', *Aquila Style*. Available at http://www.aquila-style.com/lifestyle/travel/mozarts-salzburg-finds-big-business-sound-music/74865/.
[21] Morris, S. 2015. 'Poldark could be a goldmine for Cornwall's tourist trade', *The Guardian.* Available at http://www.theguardian.com/travel/2015/mar/14/poldark-could-be-a-goldmine-for-cornwall-tourist-trade.
[22] Radio Times Staff. 2015. *Poldark mine receives a record number of visitors.* Available at http://www.radiotimes.com/news/2015-04-23/poldark-mine-receives-a-record-number-of-visitors.
[23] The Location Guide. 2015. 'BBC period drama Poldark helps boost film tourism in Cornwall', *The Location Guide*. Available at http://www.thelocationguide.com/blog/2015/10/ng-film-tourism-bbc-period-drama-poldark-helps-boost-film-tourism-in-cornwall/.
[24] Visit Cornwall. 2012. *Cornwall.* Available at https://www.visitcornwall.com/sites/default/files/generic_files/Cornwall%2012P%20Summary.pdf.

3.5 JAMES BOND

The James Bond film series has spanned over five decades and touched hundreds of millions of viewers. Sally Balcombe, Chief Executive of Visit Britain has stated that just under half of Britain's potential visitors want to visit places they have seen featured in films or TV - a factor which was a key influence on development of the 'Bond is GREAT' tourism campaign in anticipation of the November 2015 release of *Spectre*, the 24th James Bond adventure[23]. The campaign follows on from the success of the 2012 *Skyfall* tourism campaign, which reached 653 million people around the world. The campaign positively impacted travel with 16% of people who recalled it booking a trip to Britain and 35% of those who recalled the advertisements stating they strongly intended to visit Britain in the next three years[23].

A multitude of small cities and towns have been impacted by the James Bond effect. The English seaside town of Bognor Regis in West Sussex saw a 40% increase in hotel bookings when it was announced that it was a filming location for *Skyfall*. Glencoe in Scotland also had a boost in visitor numbers following its exposure in *Skyfall*, with visits up 41.7% in 2012 the year the movie was released[25]. Bond movies have created new tourist attractions too, evident following the *1995 Golden Eye* Bond film. Bond's famous leap off the Contra Dam in Switzerland created so much tourism attention that the owners started to lease the dam out to bungee operators. Since then, approximately 20,000 people have made the iconic Bond leap[26]. Another example of the enduring impact of Bond is Ao Phang Nga in Thailand, which was made so famous by Bond's *The Man with the Golden Gun* film in 1974 that one outcrop is now named 'James Bond Island'.

Despite not being released yet, the latest Bond film, *Spectre,* has already had a positive economic impact on its filming locations. Mexico City's historic centre hotel occupancy rose 30% during the filming and the number of visitors to the district rose 53%[27].

VisitBritain tourism campaign for the 2012 Bond film Skyfall

3.6 HARRY POTTER

The Harry Potter books and films have had a huge economic impact on a multitude of sectors, including tourism. Visits to Alnwick Castle, used as Hogwarts in the first of the Harry Potter films increased 230% since 2011[28]. Harry Potter has drawn tourists to other destinations besides the UK. The Wizarding World of Harry Potter at Universal Orlando's Islands of Adventure has had a considerable impact on the park. The attraction created a 20% growth in park attendance in 2010 with 11.2 million visitors, up nearly 2 million from 2009[29]. The Wizarding World attraction has boosted occupancy in the park's resort by 15%[29]. The economic growth translated to 15,500 new job positions in the tourism industry, many largely attributed to the new attraction. As of 2015 the theme-park is the most visited tourist destination in the U.S.

[25] VisitBritain. 2015. 'Bond is Back - VisitBritain today launches Bond is GREAT campaign', *VisitBritain*. Available at http://media.visitbritain.com/?service=feature&action=show_content_page&language=en&feature=11389.

[26] Linning, S., 2014, 'Bungee like Bond!', *Daily Mail*. Available at http://www.dailymail.co.uk/news/article-2737104/Fans-flock-720ft-high-dam-copy-famous-GoldenEye-leap-famous-landmark.html.

[27] Shankman, S. 2015. 'James Bond Helps Mexico City Movie Tourism Before Movie Comes Out', *Skift*. Available at http://skift.com/2015/04/04/james-bond-helps-mexico-city-movie-tourism-before-movie-comes-out/.

[28] Mackenzie, C., 2013. *UK tourism figures jump as worldwide success of Downton Abbey and Harry Potter*. Available at http://www.dailymail.co.uk/news/article-2427855/Tourism-figures-jump-Downton-Abbey-Harry-Potter-weave-magic-visitors.html.

[29] Orben, B. 2011. *Harry Potter works magic on tourism*. Available at http://www.bizjournals.com/orlando/print-edition/2011/03/25/harry-potter-works-magic-on-tourism.html.

A 2012 Harry Potter Exhibition at the New South Wales Powerhouse Museum in Sydney, Australia followed a similar trend. The exhibition delivered an impressive $46.9 million in economic impact for NSW[30]. It attracted 382,739 visitors, 48.3% of which travelled from outside of Sydney and a further 18.5% from regional NSW[30]. These Harry Potter tourists spent 260,000 additional guest nights in NSW30. The exhibition boosted the museum's annual visitation to its highest on record, more than 44% higher than average annual visitation over the past decade[30].

3.7 HOBBITON

First opened in 2002, the Hobbiton Movie Set is now one of the most popular tourist attractions in New Zealand, with most recent analysis indicating about 360,000 people visited Hobbiton in the year to March, up from 232,000 in the same period in 2014 and 33,000 in 2011.

Originally constructed for the first film of the "The Lord of the Rings" trilogy, The Hobbiton Movie Set immerses visitors into this fantasy world with a wide range of experiences.

The majority of visitors to the Hobbiton Movie Set are from overseas with a 2012/2013 survey showing that 84% were international visitors and 16% were from domestic origins[52].

It is estimated that total revenue for the Hobbit on Movie Set equates to approximately [redacted]

YEAR	VISITOR NUMBERS
2010/2011	34,000
2011/2012	52,000
2012/2013	131,000
2013/2014	233,000
2014/2015	350,000

These strong levels of visitation have occurred during a peak time for the world-wide profile for the Hobbit, with the movie trilogy being released between 2012 and 2014. IVS analysis indicates strong levels of awareness of links with the Hobbit movies.

Overall the Hobbiton Movie Set has experienced significant success as a visitor experience, but also has established itself as an economic driver. In 2014/2015 the Hobbiton Movie Set:

- Supported 150 full time equivalent (FTE) staff (compared to 17 in 2010/2011) [52]
- Generated total annual expenditure for Matamata of $35.4 million (incl. Hobbiton Movie Set), with an additional employment of 204 FTE jobs[52]
- Generated an additional $5.0 million of expenditure into other Matamata businesses
- Delivered total expenditure in the district (direct and indirect) of $53.1 million per annum in the Matamata-Piako District.

Consistent with this research, the Ministry of Business, Innovation, and Employment has estimated total international tourism spending in the District has more than tripled from $11 million in 2009 to $37 million in 2014 as a result of its Hobbit related attractions.

See also Case Study 2 in Appendix.

[30] Anon. 2012. 'Harry Potter's Economic Magic: A magic moment of film history captured at the Powerhouse Museum Sydney'. *Artshub*, 14 November 2012. Available at *http://www.artshub.com.au/news-article/news/all-arts/artshub/harry-potter-s-economic-magic-192691*.

3.8 IMPLICATIONS OF DESTINATION FILM TOURISM CASE STUDIES FOR TMM

The case studies in the previous sections highlight a range of current examples of how television shows and movies are motivating development of visitor products and experiences, as well as being integrated as core elements of overall destination marketing.

Whilst productions such as *Game of Thrones*, *Poldark*, the Harry Potter series and James Bond movies have been shown to generate significant visitor expenditure and a range of broader economic benefits at the destination level, the majority are recent or ongoing franchises/shows. However, there are exceptions to this norm, with productions such as *The Sound of Music* showing exceptional longevity and retaining an enduring visitor interest.

In order to have an enduring impact on the destinations, the film must be inextricably linked in consumers' eyes with the destination - a link which *The Lord of the Rings* and the *Hobbit* have achieved in New Zealand.

With specific regard to TMM and the potential for it to remain relevant to visitor audiences, the following factors are relevant:

- Films can establish lasting links with their production locations, integrating into mainstream marketing as Tourism NZ has achieved with *Lord of the Rings* and VisitBritain with James Bond. Clear links between the movie/television scenes and real locations which are clearly identifiable to the destination or country is a necessity
- Impacts can be incidental, but planned approaches and partnerships between studios and destination management organisations provide the best opportunities for maximising visitation
- Enduring consumer interest in a production is difficult to determine and visitor experiences need continual investment to generate their own inherent value. However, the impact of the film industry on tourism can be enduring – the Sound of Music shows that a significant fan base that are willing to travel to recreate and relive the experience can support tourism experiences on an ongoing basis
- There is a growing market for destinations that are able to offer compelling experiences for films and television shows with large fan bases
- Local employment can be positively impacted by the increased tourism expenditure.

4 Travel Trade Feedback

The project team employed industry experts Parker Travel Collection to collect feedback from key international travel trade operators. The questions asked in this survey were:

1. How important is the *Lord of the Rings* / *The Hobbit* to your clients in booking travel to New Zealand? Could you estimate a percentage of clients that specifically request a Lord of the Rings experience as part of their journey?
2. A new large scale attraction is planned for Wellington that would allow visitors to walk through the actual sets used in the LOTR/Hobbit movies, incorporate never before seen material on the films and give a behind the scenes experience of film making. Do you think this would:
    a) attract new visitors to NZ
    b) encourage your clients to stay longer in NZ
    c) attract new visitors to Wellington
    d) encourage your clients to stay longer in Wellington
    e) encourage your clients to spend more in Wellington; and/or
    f) have no real impact on your client's itinerary
3. Which markets/countries of origin do you think will be more likely to be interested/attracted to a large scale movie based attraction in Wellington?
4. What impact would another commissionable product have on your bookings for Wellington?

Feedback on the questions is summarised in the following section of the report by source market. **Please note that this information has been provided on a confidential basis.**

4.1 NORTH AMERICA

The following range of views about the level of interest in the North American market potentially generated by the proposed museum were expressed by operators.

- Most of our clients will include it as part of an itinerary - about 25% of our clients ask for a Lord of the Rings/Hobbit experience and we are successful in converting approximately 40% on this type of experience.
- As the USA has Universal Studios it is less likely to be an attraction in New Zealand but will be a driver of the Tolkien fans.
- There is a small chance it could drive additional stays in Wellington as it [the city] is not included in most itineraries.
- It is unlikely to extend stays for the top end markets - it would simply enhance attractions like the WETA Studios that are already there.. For the mid-tier market it could make Wellington a 'must do' destination like Auckland, Rotorua and Queenstown.
- In terms of spending more, it will have little impact on our clients' itineraries – but we would recommend it. It might increase if they are staying longer since then they will spend more on food and other items.
- Having another commissionable product would make Wellington more of 'a have to do' destination.
- A purpose built attraction will not be a major driver for the US market.

4.2 EUROPE

The following feedback from operators is that there is likely to be some interest among visitors from Europe in the proposed museum as an add-on to their visit.

- The importance of *Lord of the Rings*/*The Hobbit* has died down over the years but is always in the back of the minds of clients. I would say that we tend to mention it when selling New Zealand and it is always mentioned from the client - but travelling there for the sole purpose of experiencing Lord of the Rings is not that common any more.
- They typically want to see some of the scenery that is in the films, so a purpose-built attraction is not likely to generate a significant interest.

- It is unlikely to change the total time spent in NZ, but might shift some to stay a little longer in Wellington.
- It is very likely to increase stays in Wellington, just look at Matamata and how that has grown. It will only be as long as it takes them to experience the attraction (not much more).
- You can expect another days' worth of expenditure, but at the same rate.
- As our clients only have an average of 2 to 3 nights in Wellington and a total of 3 weeks in New Zealand I do not think that they would spend extra time to enable them to experience other products. But as they do not have any specific tour that they do in Wellington apart from Te Papa then a Movie Museum it would be a great alternative.

4.3 UK

Operators considered there is likely to be interest in the proposed museum among UK markets, with some potential to increase stays in Wellington.

- LOTR/Hobbit is huge for NZ tourism and we have sold (and still are selling) countless itineraries which include a related component.
- It is unlikely to attract new visitors from the UK, but would be an easy to sell onto an existing itinerary and might shift time from Australia.
- Could increase some itineraries to NZ by 1 to 2 days.
- Will definitely increase stays in Wellington by up to a day or so.
- Could increase spend as well as stays.
- This would be an easy add on to an itinerary but hard to say that it would generate any new Wellington business. We would be happy to sell it and I'm sure it would be an easy upsell to a Wellington itinerary.

4.4 GLOBAL ITOS / OTAS

- Inbound and outbound tour operators expressed a range of views on the level of interest in the proposed museum among tour visitors. *Lord of the Rings/Hobbit* is in our top 5 Touring products booked countrywide and we are looking at around about 2,500 to 3,000 passengers per annum which I guess is approximately 7% to 8% of our clients.
- It could possibly drive some of our clients as a lot of these types of films seem to have 'cult'/loyal followings.
- It would certainly be a driver of people to Wellington to add this to their itinerary. It will do very well domestically as Kiwis seem to be the biggest fans and I am sure would go to see and experience it.
- It's very hard to stay whether they would extend to do it or encompass in their existing timeframe allocated for a holiday.
- It is very likely to increase stays in Wellington.
- Wellington is somewhat like other capitals, not on the tourist radar as such and likely missed it. The hotels there predominantly have a very large mix of corporates versus leisure. Capacity/availability is an issue. Most international passengers are probably more likely to go there to get the Inter-islander Ferry to the South Island or vice versa. That said I do believe people going there would likely add it to their itinerary and might add or day or so for it and similarly those driven by the movie's would undoubtedly go there to see it. I think a large majority of those visiting Hobbiton are likely to add it to their itinerary.
- The most likely markets are USA, Germany and Aussies also due to the large numbers. The Chinese – I'm unsure.
- The Kiwis will be the largest market by far. In terms of internationals, Australia is the largest market to NZ. Otherwise it is hard to break down as we seem to see a wide cross section of clients going to Hobbiton - a lot from UK, USA, Germany and Rest of World - hard to really quantify.
- This kind of product could have a good impact as there are not a lot of touring options or products on offer in Wellington. So, yes it would help a lot in that regard.
- A commissionable product in Wellington would be a great incentive for us to promote it more to our clients. At present the most popular attraction for cultural tourists is Te Papa and its free so there is nothing in it for us (commission).

4.5 IMPLICATIONS

The trade feedback on the proposed Movie Museum is overwhelmingly positive, with all respondents indicating their international customers would have an interest in the attraction.

Eleven of the fifteen respondents (73%) noted the importance of adding a new commissionable attraction to Wellington and the benefit this would have on attracting packaged visitors to stay longer in Wellington.

Most (80%) respondents indicated their clients would stay longer in Wellington as a result of the attraction, ranging from a few hours to half a day:

- The North American market was positive about the role of the attraction, however based on the comments it could be assumed that less than 5% of those attracted would be coming specifically for the Museum, or 'new' visitors, but it could increase visitors to Wellington slightly with no additional spend per day.
- The European markets are seen to have a fixed time in New Zealand, and therefore while the overall impact on length of stay in New Zealand will be minimal, it could increase visitors to Wellington moderately with no additional spend per day. The time since the last film, as well as the distance and cost of travel were seen as key reasons inhibiting 'new' visitors coming just for the attraction.
- UK visitors have a continued strong interest in the films and as such there is a greater chance than other long-haul markets that UK travellers would travel to NZ specifically for the attraction. There is also a potential to grow nights in New Zealand from time in Australia and as such there could be a real increase in visitors to Wellington and New Zealand, generating additional spend as well as the potential for up to an additional 1 day stay.
- Other markets: The long-haul markets showed a lower likelihood of 'new' visitors and additional stays because of the attraction, whereas the short-haul including the Australian market had a higher probability of visiting specifically to see the attraction. Markets such as Japan, China and Korea were less certain of a growth in new visitors, but confident of a longer stay in Wellington.
- Across all markets there was a sense that the attraction would increase visitors to Wellington, with some additional spend from markets including Australia, Germany, UK and the Rest of the World.

The view was expressed by almost all operators across the range of markets that having a Movie Museum would not only be complementary to other attractions in New Zealand, but would complement the offer in Wellington acting as an incentive to stay longer, spend more and attract new segments to visit the city.

5 New Zealand Cultural Tourism Trends

5.1 THE INTERNATIONAL CULTURAL TOURISM MARKET

In the year ending June 2015, over 1.7 million international visitors participated in at least one of the following cultural activities:

- a film location
- a public museum or art gallery
- other exhibitions/expos.

Since, 2005, New Zealand's international cultural market has grown by 14%p.a., and by 31%p.a. since 2010.

It is believed that the significant increase in international cultural visitors to New Zealand in 2014 may be an indication of the following factors:

- Hobbiton's increased popularity in 2013/14 and 2014/15
- the International Visitor Survey beginning to collect specific data on visitation to Auckland Museum and Te Papa in 2014
- the change in methodology for collecting data by the International Visitor Survey in 2013.

However, with just 5.5% of all International Tourists to New Zealand in the year ending June 2015 participating in a cultural activity, there is a significant opportunity for New Zealand to expand this market.

In the year ending June 2015, Australia was the largest international market to participate in cultural activities (540,384), followed by China (181,762) and the UK (164,152). However, visitors from the USA participated in the most cultural activities (5.9%).

Figure 1: New Zealand International Cultural Visitors

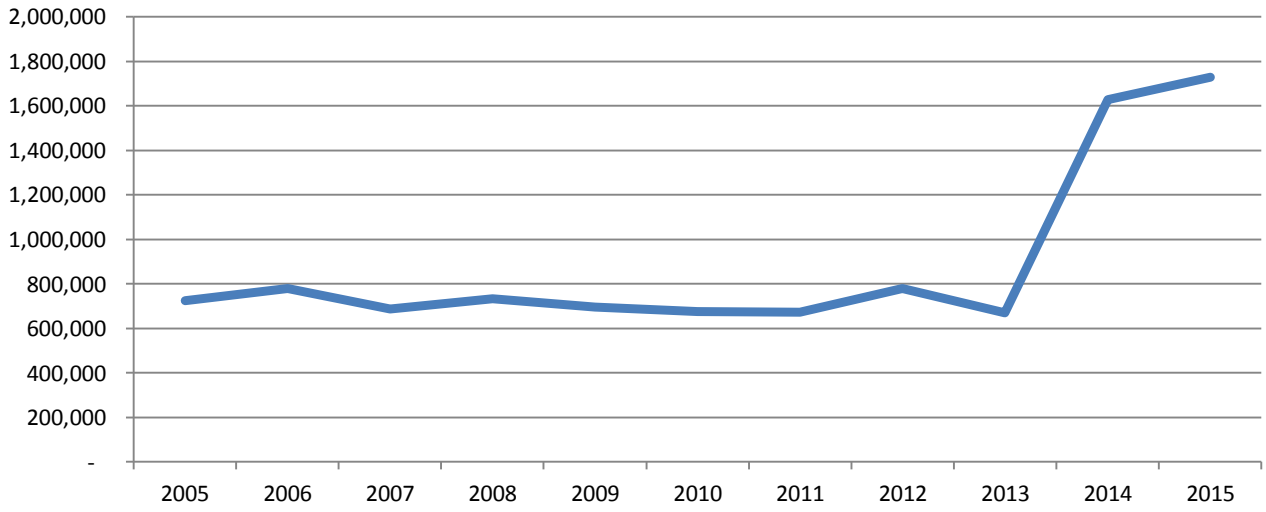
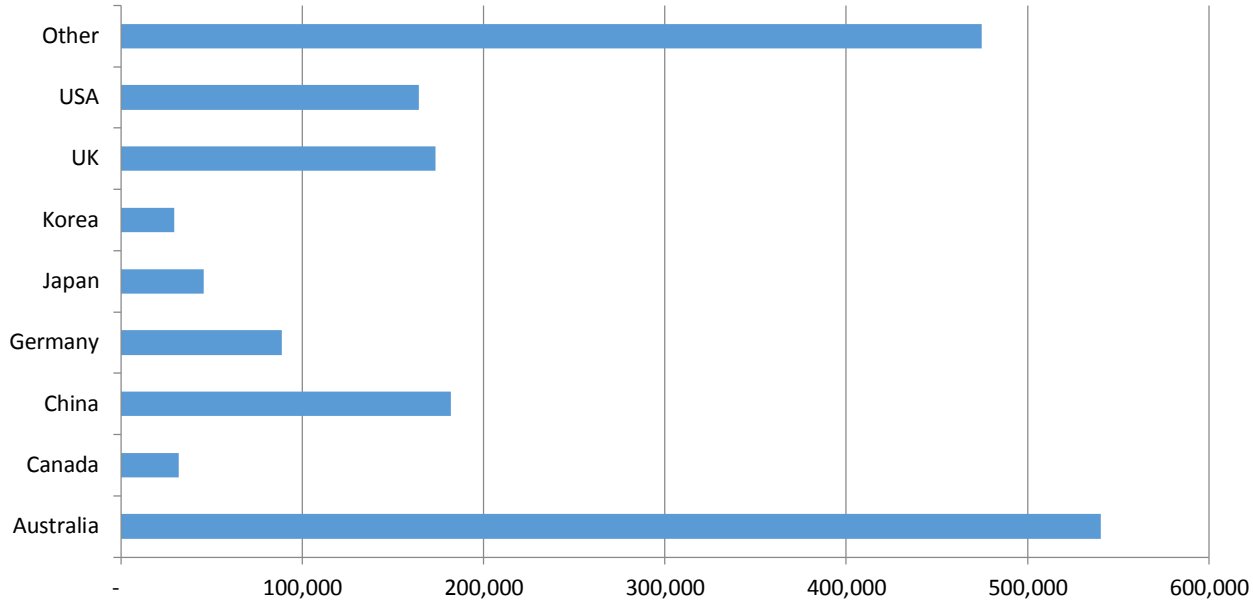
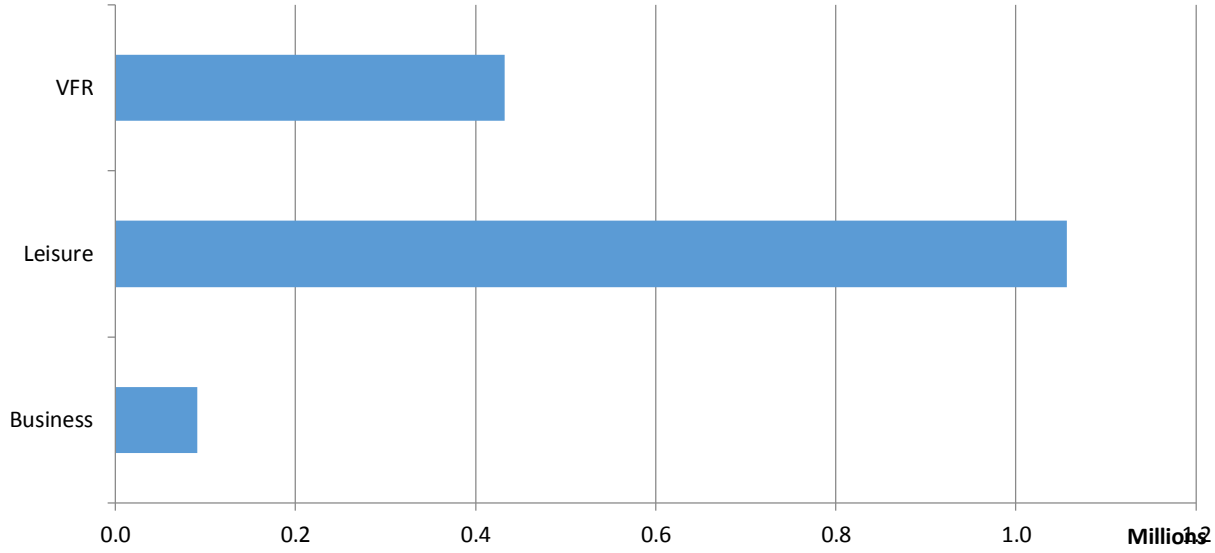


Figure 2: Cultural Visitors by Country of Origin



The international holiday/leisure market is the main market by purpose of visit to participate in cultural activities, with approximately 1.1 million holiday visitors participating in cultural activities.

Figure 3: Cultural Visitors by Purpose of Visit



However, international business visitors had the highest participation rates in cultural activities (6.3%).

5.2 THE DOMESTIC CULTURAL TOURISM MARKET

The domestic market is a major source of visitors for many regions, as well as being a key source of referrals for international visitors, particularly from the VFR market. However, cultural participation from domestic visitors is thought to be significantly lower than international visitors, and since 2003, domestic visitor nights have also declined[31]. It should be noted that as interest in arts/cultural/heritage activities is not currently measured in national surveys, this places limits on additional inferences that can be drawn.

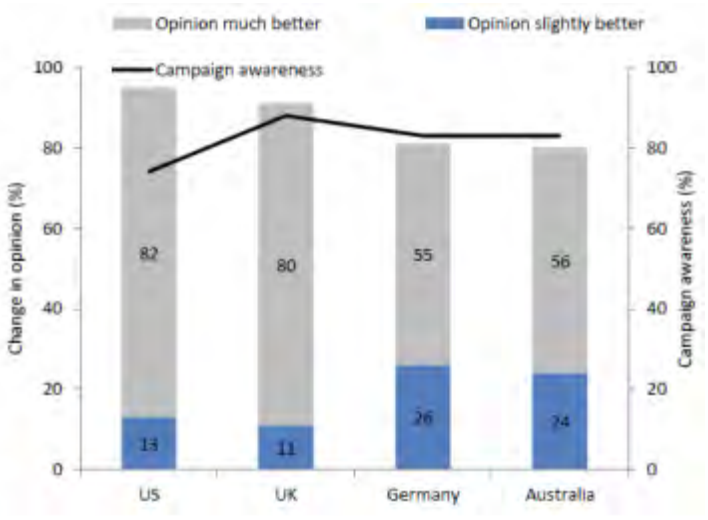
5.3 THE LORD OF THE RINGS & HOBBIT FILMS EFFECT

Analysis of the IVS indicates strong levels of awareness of New Zealand's links with the Hobbit movies and interest by international visitors in the Hobbit movie locations. Key insights include[32]:

- 87% of holiday arrivals claimed to be aware of the Hobbit films before coming to NZ
- of those who are aware of the Hobbit films, 94% of holiday arrivals claimed they were aware they were filmed in NZ before they arrived in NZ
- of those who were aware of the Hobbit films, 27% of holiday arrivals claimed to have a Hobbit experience in NZ
- 19% of total visitors and 26% of holiday visitors claimed to have visited a film location while in NZ (not specific to Hobbit / LOTR)
- 12% of total visitors and 17% of holiday visitors said the Hobbit Films were a factor that influenced initial interest in NZ
- of the 17% of holiday visitors who said Hobbit films were a factor influencing interest in New Zealand, the following factors were identified about what in the Hobbits Films encouraged them to visit NZ
    - wanted to see scenery in the film - 68% (of those who were influenced by Hobbit)
    - see if scenery was like what is was in film - 48%
    - wanted to see where film was made - 44%
    - wanted to visit Hobbiton - 40%
    - Tolkien fan - 37%
    - raised awareness of NZ - 36%

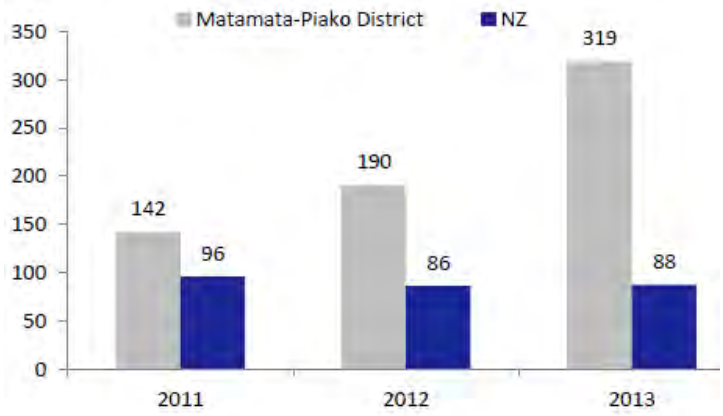
The middle-earth or Hobbit campaign appears likely to have lifted visitor growth to New Zealand[33]. Recent research shows that this campaign improved 'active considerers' awareness of New Zealand, where it raised the opinion of New Zealand most in the US market[33]. However, campaign penetration was highest in the UK market.

Figure 4: Hobbit Campaign Effectiveness (Change in Opinion)



Research has also indicated that the growth in demand for Hobbiton movie set tours has increased visitors to Matamata[33].

Figure 5: Realised Campaign Demand in Matamata (Average Index of Activity)



[31] Quality Tourism Development. 2008. *New Zealand Arts, Heritage and Cultural Tourism Strategy to 2015*. Prepared for the Ministry of Culture and Heritage.

[32] International Visitor Survey (year ending June 2015)

[33] New Zealand Institute of Economic Research. March 2014. *Western market visitor growth: What explains the increase in advanced-economy visitors?* Report to Tourism New Zealand.

This broad level of interest in New Zealand as the location for the making of the Hobbit/Lord of the Rings movies provides a positive market backdrop for potential visitation to a movie museum featuring those movies. However, the research relates to existing Lord of the Rings/Hobbit attractions and indicates broad interest in the movies and related locations and attractions, rather than providing direct feedback on a future movie museum.

Another consideration to weigh up when assessing international interest in experiences relating to the Hobbit is that the above research was carried out in a period shortly after the movie trilogy's release between 2012 and 2014. While Tolkien as an author generates an ongoing interest and the movies are likely to remain indelibly linked to New Zealand, awareness, profile and interest are likely to be highest during and shortly after the release of the movies.

5.4 IMPLICATIONS FOR TMM ECONOMIC IMPACT ASSESSMENT

There is undoubtedly strong interest in New Zealand as a result of being the location for the making of the Hobbit/LoTR movies. However it is likely that the primary motivator is to visit the movie locations and see the scenery rather than a museum.

Therefore, analysis indicates that 15% to 17% conversion of new visitors would be the upper limit of assumptions to be applied in economic impact modelling. As previously noted, it is important to note that the research which underpins these assumptions was carried out shortly after the movie trilogy was released (between 2012 and 2014) when interest was at peak levels.

6 Wellington visitation

6.1 THE VISITOR OFFER

Wellington is gaining a reputation as New Zealand's cosmopolitan capital city being recognised as the centre for culture, the arts, theatre, festivals and its cafés, restaurants and food offerings set in a scenic harbour landscape. In 2015, Wellington was included in the Rough Guide's *Top 10 Cities to Visit*[34]. In 2011, it was voted 'the coolest little capital in the world' in Lonely Planet's *Best in Travel* and is marketed as New Zealand's 'capital of cool'.

Leading visitor attractions in Wellington mentioned in tourism guides include:

- Te Papa – new Zealand's highly popular, innovative, interactive national museum
- Pataka Art + Museum – featuring contemporary Maori and Polynesian art
- the Mt Victoria Lookout
- the Wellington Cable Car and museum
- the Zealandia Sanctuary in Karori - an area of restored of native ecosystems featuring New Zealand native wildlife
- Weta Cave and tour – featuring the creative designs and stories of the Lord of the Rings movies
- Wellington Zoo
- Old St Paul's Cathedral.

The Great War Exhibition at the Wellington War Memorial opened in April 2015.

In addition to the Weta Cave, Wellington actively promotes experiences and products showcasing the local movie scene including visits to locations associated with movie filming, production, movie premieres and activities and attractions frequented or recommended by film casts and crew. Several operators offer guided tours to locations associated with the Lord of the Rings movies. The Lord of the Rings exhibition at Te Papa in 2002 attracted 219,539 visits over 109 days and remains the museum's most popular exhibition. A second Lord of the Rings exhibition in 2006 attracted 106,927 visits.

Many of Wellington's attractions have free entry, although there may be charges for special experiences (such as guided tours at Te Papa). A comparison of visitor numbers and charges for a range of Wellington's attractions was compiled by TMML and is provided in Table 1. The visitor numbers include school trips, events and functions.

The region has a limited number of commissionable tourism attractions that can be sold in the domestic and international retail sector. This supports a case to grow international travellers and cruise based visitors to Wellington through the introduction of new commissionable products and experiences.

[34] The other cities on the list are Johannesburg, Malaga, New Orleans, Hamburg, Nizwa, Belgrade, Salta, Birmingham and Yangoon.

Table 1: Visitor numbers and charges for major Wellington visitor attractions[35]

Wellington Attractions	Location	Visitation 2013-14	Adult	Child	Family (2A, 2C)
Te Papa	CBD	1,289,353 (47% are international visitors)	$0	$0	$0
Pataka + Museum	Porirua	285,498	$0	$0	$0
Cable Car Museum	Kelburn	229,498	$0	$0	$0
Wellington Zoo	Newtown	227,434	$21	$10.50	$61
The Dowse Art Museum	Lower Hutt	194,247	$0	$0	$0
City Gallery	CBD	150,289	$0	$0	$0
Museum of City and Sea	CBD	112,536	$0	$0	$0
Zealandia	Karori	99,213 (excluding tours) (also 10,000 members)	$17.50	$9	$44
Carter Observatory	Kelburn	47,318	$12.50	$8	$39
Weta Cave Workshop Tour	Miramar	35,893	$24	$12	-
Great War Exhibition	CBD	25,000[36]	No admission fees	No admission fees	No admission fees

[35] TMM (19 August 2015). *The Movie Museum*. Confidential Report. Visitor numbers were sourced from Annual Reports for each institution, except for the Weta Cave which provided the information directly.
[36] April – September 2015

6.2 CURRENT WELLINGTON VISITOR MARKETS

International Visitors

Wellington receives the third largest number of international visitors to New Zealand (7%) after Auckland (71% - the major airport for international arrivals) and Christchurch (15%). Over half of Wellington's international visitors come during the summer months of November to March, with February being the busiest period. June and August are typically the quietest months for international visitation.[37]

The International Visitor Survey (IVS) estimated that 593,446 international visitors travelled to Wellington in the year ended June 2015[38]. Those staying in short-term commercial accommodation did so for 854,361 nights and stayed an average of 2.16 days[39]. This represents a 7% increase in short-term commercial accommodation nights and 10% increase in average length of stay over the past five years (year ended June 2011).

Wellington's international visitation is largely dominated by holiday visitors and visiting friends and relatives (VFR). Of international visitors to Wellington in the year ended June 2015:

- over half (57% or an estimated 338,378 visitors) were travelling for holiday purposes. International holiday visitors to Wellington have increased by 21% since 2011
- 24% (or an estimated 141,447 visitors) were VFR visitors. The market share of international VFR visitors to Wellington has increased by 40% since 2011
- an estimated 68,571 (12%) were business visitors and 45,050 (8%) came for 'other purposes'. International business visitors to Wellington have increased by 63% since 2011.

Expenditure in Wellington by international visitors in the year ended March 2014 was $474.7 million[40] and has been increasing in 2015, a trend experienced by other major New Zealand destinations.

Analysis of the International Visitor Transaction Count for the year ended June 2015 indicated that the Wellington RTO area's largest international source market is Australia (38% of international visitors), followed by the United States (17%) and the United Kingdom (12%). Other European countries together comprise 12% of international visitation, including 5% from Germany (5%), 3% from France and 2% from Sweden. While visitation from China is rapidly increasing in New Zealand (as globally), Wellington receives only a small proportion of visitors from China at present - Chinese visitors tend to combine their visit with a trip to Australia, spending only a few days in New Zealand in destinations such as Auckland, Rotorua and Queenstown and exhibiting limited dispersal from these places. In the longer term, Chinese visitor patterns are expected to evolve to include an increasing proportion of independent travel.

Cruise Visitors

Wellington is an established part of New Zealand cruise itineraries which typically commence cruises in Auckland. New Zealand's cruise ship passengers are primarily comprised of international visitors with only a small domestic component (11%). Both cruise passengers and crew contribute to visitor expenditure (on shore excursions, meals and shopping) while vessels are in port, with typical expenditure estimated to be $100 per day.

In the 2014-15 cruising season (October to March) Wellington received 80 cruises carrying a total of 144,800 passengers. It is estimated in that year that Wellington received $53.2 million in value added due to cruise-related visits – this was 12.2% of New Zealand's total economic value added of $436.1 million due to cruise tourism.

Cruise New Zealand forecasts that Wellington will experience increases in cruise ship visits and passenger numbers in the 2015-16 and 2016-17 cruise seasons. In 2015-16 Wellington is expected to receive 77 cruise ship calls carrying 171,300 passengers and 80 cruise ship calls carrying 176,900 passengers in 2016-17.

Australia (51%) is the largest international source market for New Zealand cruises, followed by the US (20%) and Great Britain (7%). There are some indications that the proportion of US passengers is increasing and that US visitors tend to be higher spenders that other cruise visitors.

[37] Statistics New Zealand. June 2015. *International visitor arrivals to New Zealand*.
[38] Ministry of Business, Innovation & Employment, *New Zealand International Visitor Survey* (year ending June).
[39] Ministry of Business, Innovation & Employment (June 2015). *Commercial accommodation monitor.*
[40] Ministry of Business, Innovation & Employment, *Regional Tourism Estimates* (latest data available).

Domestic Visitors

Domestic travellers form the majority of the tourism market in New Zealand and in Wellington.

The Domestic Travel Survey (DTS) was discontinued in 2012, therefore analysis has been based on the scenario that travel profiles and volumes have remained static since this time. The DTS data reports an estimated 1.43 million domestic overnight visits to Wellington in 2012, and provides the following insights:

- The largest segment is VFR visitors (41% or 584,164 visitors), followed by holiday (28% or 398,498 visitors), business (28% or 396, 514) and 'other purposes' (52,438 visitors)
- Domestic visitors spend on average 2.05 days in Wellington
- The main times for domestic overnight visits are during school holidays and the months of March and October which are the peak times for domestic stays in short-term commercial accommodation in Wellington
- Most of Wellington's domestic visitors come from Auckland (28%), Canterbury (16%) and Manawatu-Wanganui (13%).

In the year ended June 2015 it is estimated that domestic visitors spent 1.68 million guest nights in commercial accommodation in Wellington and this is an 11% increase from 2011.[41] Domestic day trips to Wellington are estimated to be around 2 million each year.[42] Expenditure in Wellington by domestic visitors in the year ended March 2014 was $1.26 billion and is an increase of 23% over the past five years[43].

Local Residents

Local residents can often form a significant part of visitation to tourism attractions and museums, including through accompanying their visiting friends and relatives (a significant part of Wellington's domestic visitor market). For example, Te Papa's 2013-14 Annual Report indicates that 22% of visitors to Te Papa are from Wellington City, 9% are from the Wellington region and 22% are from other parts of New Zealand.

The Wellington Region consisting of Wellington City, Hutt City, Porirua City, Upper Hutt City and the Kapiti Coast, South Wairarapa, Carterton and Masterton Districts, has the third largest population in New Zealand. At the last census in 2013 the region had a total population of 471,315 people or 11.1% of New Zealand's population. Within the region Wellington City had a population of 190,959 in 2013. This population is projected to reach 202,669 people in 2015 and is forecast to increase by about 22% to 246,692 by 2043[44].

Wellington Visitation Summary

The following table summarises the available data for Wellington's visitor markets.

Table 2: Wellington Visitor Market Summary

Market	Visitors	Commercial Visitor Nights	Average Length of Stay	Expenditure
Residents	471,315		1	
Domestic Day	2,000,000		1	$1,261,601,800
Domestic Overnight	1,422,110	1,609,672	2.05	
International	593,446	772,662	2.16	$474,655,700
Cruise	144,800		1	$53,200,000

6.3 CASE STUDIES: INSIGHT

A series of case studies have been used to assist in identifying the potential of cultural attractions to drive new visitation, increase length of stay and increase expenditure in local economies. Case studies include the Museum of New Art (Hobart), Australian Centre for the Moving Image (Melbourne), the Hobbiton Movie Set (Matamata), Weta Caves, Great War Exhibition (Wellington), Omaka Aviation and Heritage Centre (Marlborough), Qantas Founders' Museum (Longreach), National Film and Sound Archive of Australia (Canberra) and the Carter Observatory (Wellington).

[41] Ministry of Business, Innovation & Employment. June 2015. *Commercial accommodation monitor.*
[42] TRC Tourism. June 2014. *Wellington Waterfront Proposal: Tourism Estimates*. Prepared for Wellington Waterfront Ltd.
[43] Ministry of Business, Innovation & Employment, *Regional Tourism Estimates* (latest data available).
[44] Forecast.id. *Wellington City population forecasts*. Sourced on forecast.idnz.co.nz/wellington.

The examples where learnings were especially relevant to the TMM proposal have been summarised as short case studies in the appendix to this report.

Lack of clear data-driven evidence on visitation and spend impact was a practical limitation in most examples, however, a number of common themes have been identified:

- Examples of new individual attractions/museums that substantially shift a market in their own right are rare – MONA in Tasmania, Australia is a standout example
- Individual events which augment core attractions or exhibition can and do drive new visitation and increased lengths of stay - ACMI's DreamWorks Exhibition in Melbourne is a great example. A rolling program of blockbuster exhibitions which tap into contemporary culture can overcome the problem of waning interest in a particular movie, genre or experience
- Whether it is investment in experiences or in signature events, ongoing investment is crucial to maintaining visitor interest - innovative interpretation and delivery of engaging experiences are a given if the facilities are to be effective drivers of trade
- Economic leakage associated with tourism and with encouraging increased lengths of stay is highly dependent on local circumstances and surrounding tourism destinations
- A critical mass of assets (whether cultural, movie-related or another common theme) has an important role to play in driving visitation and motiving extended stays and expenditure - for example, Melbourne's grouping of cultural assets and attractors, or New Zealand's range of LoTR/Hobbit related locations and experiences. While problematic to provide evidence, adding assets until an appeal 'tipping point' is reached is a consideration - alongside the Weta Workshop, Hobbiton Movie Set and movie locations, tours, TMM would certainly add a major new asset.

6.4 IMPLICATIONS FOR TMM ECONOMIC IMPACT ASSESSMENT

New attractions can have a synergistic effect on destination appeal - that is, they create a greater contribution to the whole than the sum of the parts. This is likely to be the case with the TMM which adds a much needed commissionable product to the Wellington market mix. As noted in the Industry Feedback (Section 4) the Travel Trade have noted that this could be a catalyst to not only increase visitors to New Zealand from a subset of 'fans' but extend the length of stay in New Zealand from markets such as the UK and Australia. Further, the Travel Trade noted that the addition of a new commissionable attraction for Wellington will help to lift its profile in the buying process and help to attract other markets that would not have seen the value in investing extra time in Wellington. This will not only impact on the Movie Museum. Other attractions such as Te Papa, the Cable Car and Wellington Zoo could see additional visitors who would not have considered spending the extra time in Wellington but could be convinced to stay an extra afternoon or overnight due to the museum.

The proposed Movie Museum will provide Wellington with a new commissionable tourism product for both the domestic and international markets that are booking through a trade channel (online or retail). As such it can be reasonably expected that this segment of the market will either increase in number or increase their expenditure and length of stay in the region. The large proportion of international holiday and VFR travellers into Wellington is likely to have an above average take-up of the attraction. The business market may be less likely to be attracted to the Movie Museum, but it may be attractive to business travellers with schedule gaps, on multi-day stays or on repeat visits.

Expenditure by visitors staying for TMM is likely to be similar to (if not slightly higher) than the Wellington average. Feedback from the trade and local tourism partners suggests that markets including Australia and China are more likely to extend their trip, or travel specifically for TMM (along with Tolkien fans), whereas long-haul markets including US and Europe are more likely to extend their stay slightly in Wellington but not adjust their total travel time in New Zealand.

Cruise visitors have a limited time window to explore a city and as such are more likely to substitute a visit to another location than extend their stay. There is a potential to increase the number of cruise visitors that move from free experiences to a paid experience with TMM.

7 The Market for the Movie Museum

A Business Case has been developed for The Movie Museum based on both primary research and industry benchmarks. This report does not seek to challenge the assumptions outlined in the Business Case – the recommended visitor numbers, mix and financial model for the business form the basis of this economic impact assessment. The assumptions from the Business Case used in the economic impact assessment are summarised below.

7.1 MOVIE MUSEUM CONCEPT SURVEY

A survey of 621 people was conducted in Wellington between 27 February and 10 March 2014 to measure general interest in visiting the proposed Movie Museum[45]. Respondents were randomly recruited at tourism sites around the city – including the Wellington Cable Car, Wellington i-SITE, Wellington International Airport and the Weta Cave. The survey sample represented Wellington residents, domestic visitors, cruise ship passengers and other international visitors and results were weighted to obtain an even distribution between these four groups. Cruise visitor respondents were a much older demographic than other international visitors.

Key findings of the survey were:

- More than half of all visitors had read one or both the Lord of the Rings/Hobbit books. Cruise visitors were least likely to have read the books and other international visitors more likely to have read the books than domestic visitors
- Almost three quarters of respondents had seen some or all of the Lord of the Rings movies and just over half had seen some or all of the Hobbit movies
- More than 40% of all international visitors had participated in one or more of New Zealand's film-related experiences, most often the Hobbiton Movie Set Tours, Weta Cave and independent visits to movie locations. There was less participation among cruise visitors
- 45% of the domestic respondents had participated on one or more film-related experiences, including Weta Cave, Hobbiton, independent visits to film locations, various tours in Queenstown or Wellington
- Across all markets, respondents expected to spend between one and four hours at a major cultural attraction
- Interest in visiting a Lord of the Rings/Hobbit museum attraction was expressed by more than 60% of respondents, but was lower among cruise visitors. Interest was expressed by all age groups and was strongest in younger age groups (15 to 39 years), gradually declining with age.

[45] Angus & Associates. March 2014. *Movie Museum Concept: Report on Survey Findings*

7.2 PRELIMINARY DEMAND ESTIMATES

In June 2014 an assessment was made of potential visitor numbers to the proposed Movie Museum[46]. Two methods were used.

The first method was based on forecasts for international visitor arrivals (assuming continuing average growth projections); Wellington's assumed market share of 6.5% of international visitors (based on bed numbers); forecasts for cruise ship visits to Wellington; and the Domestic Travel Survey's estimate of that Wellington receives 1 million domestic overnight and 2 million domestic day trip visitors annually. This visitation level was qualified by 2008 data from the Ministry of Tourism on the level of museum visitation by international (27%) and domestic visitors (2%). As the proposed Movie Museum will be more akin to a unique tourism attraction that a traditional museum it was assumed that it would be likely to receive higher visitation levels.

Under this method it was concluded that the Movie Museum could expect between 230,000 and 300,000 visitors annually in the first years of operation, consisting of:

- 49,000 international visitors – an assumed 30% of the holiday and visiting friends and relatives market
- 40,000 cruise visitors – an assumed 25% of total visitors
- 9,000 cruise crew – an assumed 15%
- 70,000 to 100,000 Wellington residents
- 60,000 to 100,000 domestic visitors.

The second method compared the proposed Movie Museum with visitation to a range of other significant New Zealand attractions with similar attributes including Te Papa (Wellington), Waitomo Caves, Hobbiton (Matamata), Te Puia (Rotorua), the Skyline Luge (Rotorua), the National Aquarium (Napier), the Antarctic Centre (Christchurch), Hanmer Hot Springs Pools. It was concluded that on the basis of comparable attractions the Movie Museum could achieve between 300,000 and 400,000 annually, provided there was consistent visitation from local residents.

The study also commented that such rates of attendance would be contingent on a museum with outstanding content that achieved global recognition through quality marketing that leveraged off New Zealand's movie making reputation and the popularity of The Lord of the Rings and Hobbit movies. It also commented that visitation might be increased through packages with Wellington's other cultural attractions such as Te Papa and Weta Cave.

A comparison of the proposed Movie Museum entry fee of [redacted] per adult with other paid Wellington attractions and overseas movie museums concluded that the price would be competitive for both international and domestic audiences. Based on other attractions and museums it was pointed out that other sources of revenue (such as movie memorabilia merchandise, a café and a function capacity) could potentially make significant contributions to the business.

"A commissionable product in Wellington would be a great incentive for us to promote it more to our clients, at present the most popular attraction for cultural tourists is Te Papa and it's free so there is nothing in it for us (commission)"

Global Travel Trade

7.3 TMM'S BUSINESS CASE

[redacted]

[46] TRC Tourism. June 2014. *Wellington Waterfront Proposal: Tourism Estimates*. Prepared for Wellington Waterfront Ltd

[47] TMM. 19 August 2015. *The Movie Museum*. Confidential Report

[redacted]

[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
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[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

[redacted]

In the absence of forecasts for future visitation to Wellington, the study modelled potential visitation trends between 2018 and 2028, the first 10 years of operation of the Movie Museum. This was done using linear regression based on the IVS trends for 2009 to 2014, the 2011 and 2012 NVS, and cruise visitor numbers for 2009 to 2013 and estimated 2014-15 cruise visitation. The estimated penetration rates for the Movie Museum were then applied to these results to calculate Museum visitation under low, moderate and high penetration rates (see Table 3). It is expected that, as a unique product, the Movie Museum would experience a high visitation 'honeymoon period' in its first year, after which visitation would drop then gradually increase.

[redacted]

7.4 IMPLICATIONS FOR TMM ECONOMIC IMPACT ASSESSMENT

The assumptions in the Business Case for TMM provide the basis for the Preliminary Impact Assessment. These are:

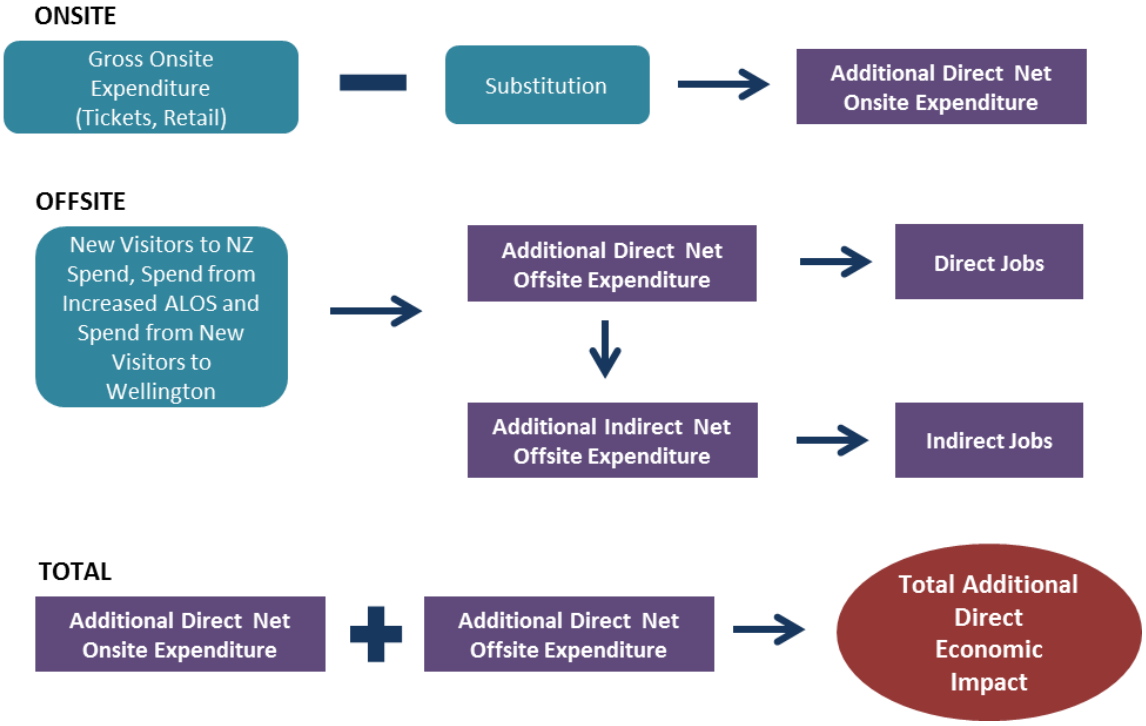
- 40% of international visitors to Wellington have participated in a film-related experience
- 45% of domestic visitors to Wellington have participated in a film-related experience
- The average expected stay is 1-4 hours (up to 0.2 days)
- Cruise visitors were less likely to visit
- Growth rates are aligned to the National forecasts
- The mix of international to domestic visitors is as per the business case
- Lower penetration rates are applied to business and VFR travel than leisure, and internationals are more likely than domestic to visit TMM
- Visitor numbers are aligned to 'unique' not 'traditional' museum figures
- [redacted]

[redacted]

8 Preliminary Economic Impact Assessment

8.1 METHODOLOGY

Figure 6: The Methodology Applied to Determine the Economic Impact of TMM



Some of the key terminology used above and throughout this analysis is:

- The **gross onsite expenditure** consists of the additional direct revenue generated at the museum from ticket and merchandise sales.
- The **additional direct net onsite expenditure** is determined by subtracting **substitution** (expenditure from those visitors who visit TMM instead of another attraction, thus merely substituting their spend from elsewhere) from the gross onsite expenditure.
- The **direct and indirect net offsite expenditure** is the estimated visitor spend on all offsite goods and services during their stay, which would not have been spent if it wasn't for TMM.
- The **additional direct economic impact** forecast for TMM is comprised of visitor expenditure within the museum (onsite expenditure), and the overall spend from visitors in Wellington and New Zealand who have either extended their length of stay because of TMM, or those visiting Wellington and New Zealand who would not have otherwise visited if it wasn't for TMM (offsite expenditure). The offsite expenditure includes money spent by these visitors on transport, accommodation, food, etc.

8.2 SCENARIOS AND ASSUMPTIONS

In order to develop a credible forecast of the impact of TMM to Wellington and New Zealand, a scenario analysis was undertaken using the methodology on the previous page, based on two scenarios - visitation scenario (Table 6) and an impact sliding scale (Table 7). The visitation scenarios of low, medium and high are based on the visitation forecast figures provided in the TMM Business Case Document.

Table 6: Visitation forecasts to TMM

Visitation Forecasts	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

The different degrees of impact are measured based on two key variables. These variables are:

- The proportion of visitors to TMM who have come to New Zealand and Wellington specifically for TMM (new visitors)
- The proportion of visitors who stay longer in Wellington by 0.2 days to visit TMM.

Table 7: The two key variables in the Impact Scenarios

Impact Scenarios	Proportion of all TMM visitors that are 'NEW' Visitors to NZ / Wellington	Proportion of visitors who stay longer in Wellington and their average additional stay
SCENARIO A: Low Impact	1%	Up to 5% stay 0.2 days
SCENARIO B: Medium Impact	2%	Up to 10% stay 0.2 days
SCENARIO C: High Impact	3%	Up to 20% stay 0.2 days

These impact scenarios provide nine combinations (three per scenario, based on a 10 year average) of potential economic impacts of TMM based on the sliding scale of impact and visitation scenarios.

Visitation analysis to the TMM for its first three years of operation was estimated under A, B and C Sliding Impact Scenarios. **For the purpose of this report, unless otherwise stated, it has been estimated that TMM is likely to receive the estimated visitation and expenditure outlined under a Medium Visitation and Medium Impact (Scenario B) scenario.**

Throughout the modelling, necessary assumptions were made to forecast TMM's economic impact into its first ten years of operation under three different impact scenarios. A summary of these assumptions can be found in the table over the page.

Table 8: Table of Assumptions for TMM Forecast Scenario Modelling

Variable	Assumption
Visitors	Visitors to the convention centre are included within overall visitation figures for TMM.
Market Mix	The Market Mix (i.e. origin, purpose of visit) for projected visitors to TMM utilises the New Zealand cultural visitor profile (Statistics New Zealand, year ending June 2015). New Zealand Cultural visitors are defined as those who participate in: • A public museum or art gallery • Other exhibition/expo • Place of significance to Maori • Other important building/site • Live Performance. Cruise Market statistics and distribution is based on data provided in the Summary Report, Economic Impact of the 2015-2015 Cruise Sector in New Zealand and Forecasts to 2017.
Average Length of Stay	Average Length of Stay (ALOS) for Cultural Visitors to New Zealand has been applied to TMM visitor projections. For missing ALOS figures (due to small sample sizes), the overall ALOS for visitors to New Zealand was applied for that market. ALOS to Wellington from new visitors because of TMM is 10% of total trip length in New Zealand (based on the Commercial Activity Monitor).
Visitor Spend per Night	Average Visitor Spend per Night values for international visitors to New Zealand has been applied to New Zealand and Wellington expenditure projections. Domestic Overnight visitors to Wellington spend approximately $255 per night. However, it was assumed that those coming for 'VFR' and 'Other' purposes would have an average spend per night of approximately $140 and $165 respectively, as some of them would be less likely to stay in commercial accommodation.
Potential New Visitors to New Zealand because of TMM	The propensity to attract new visitors who were specifically motivated to take a trip to New Zealand because of TMM has been estimated for each market mix (origin, purpose) under low, medium and high scenarios. • Based on analysis of the New Zealand International Visitor Survey (Statistics New Zealand, year ending June 2015), the markets with the highest likelihood to attract new visitors were identified as being; holiday and VFR markets from Australia, UK, China and Other (primarily European) overseas markets. • Benefitting from the ongoing profile of the Hobbit movies and the impact of a new product in the marketplace, all visitation scenarios were based on the assumption of 3% of visitation in a High Scenario would be new visitors, 2% in a Medium Scenario, and 1% in a Low Scenario. • Out of the new visitors to New Zealand because of TMM, it is estimated that 10% of their average length of stay will reside in Wellington, as their main reason for visiting New Zealand is TMM. This is based on the Commercial Activity Monitor (July 2015).
Potential New Visitors to Wellington because of TMM	The TMM has the potential to attract new visitors to Wellington that were already coming to New Zealand (i.e. TMM would grow Wellington's market share). The assumption is that approximately 4% of the total visitation to TMM would be new to Wellington, but existing to New Zealand. This assumption is based on Tourism New Zealand, which estimates that approximately 21% of international visitors come to Wellington. If this rose to 25% due to sales linkages with Hobbiton, then an added 4% of visitors could be attracted to Wellington that would not have visited if it was not for TMM. It was also assumed that these visitors would spend an average of 1.5 nights in Wellington (shorter than the region's average) to accommodate the additional time spend in other attractions on the North Island such as Hobbiton.

Variable	Assumption
	Visitors who are new to Wellington, but existing to New Zealand, would likely be those visitors coming for a holiday, visiting friends and relatives, or for other purposes. Those who travel for business or by cruise would tend to have stricter schedules and thus have not been included in this segment. It should be noted, however, that these visitors would likely visit Wellington instead of another New Zealand location (e.g. Christchurch), and thus New Zealand would see not net increase in expenditure from this visitor segment.
TMM's impact on Extending Average Length of Stay among Existing Visitors	It is estimated that TMM would influence up to 10% under a low scenario, 15% under a medium scenario, and 20% under a high scenario of existing visitors to Wellington to increase their average length of stay by 0.2 days. It is assumed that visitors travelling for business or by cruise ship would not increase their length of stay due to their stricter schedules and thus would substitute TMM for another attraction in Wellington.
Visitor Substitution	Substitution refers to the proportion of onsite visitors who are projected to visit TMM, but substitute it for a visit to an existing tourism/cultural attraction or experience. The substitution rate for Wellington is based on a weighted average of the assumption that residents, domestic overnight, international, cruise and new visitors would substitute at a rate of 100%, 60%, 50%, 15% and 0% respectively. Therefore, the overall substitution rate for all markets was 47%.
Indirect Expenditure and Jobs	Wellington follows the same estimates used in the New Zealand Satellite Account (2014, Statistics New Zealand).
Onsite Expenditure	Onsite expenditure at TMM will consist of ticket sales, food and beverage and mechanise sales. However, because food and beverage spend onsite would likely be substituted for food and beverage elsewhere in Wellington, this spend would not result in a net increase for the region. Therefore, these estimates for food and beverage have not been included in this analysis of net increase in onsite expenditure.

8.3 ONSITE EXPENDITURE

The onsite expenditure to TMM comprises of revenue from ticket, food and beverage, and merchandise sales, with the assumption that 40% of visitors to TMM would purchase adult tickets, 25% child, 15% family, 10% concession and 10% school students. However, because food and beverage spend from visitors would likely be substituted it was not included in this analysis. Industry conservative averages of merchandise sales were also applied to estimated visitation forecasts for TMM. Once commission from ticket sales was removed, the total revenue from TMM was estimated.

Table 9: Onsite Revenue for Year 1

Ticket Type	Ticket Price	% of Visitors	Ticket Revenue	Merchandise Average Spend	Merchandise Spend
Commission			[redacted]		
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
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[redacted]	[redacted]		[redacted]	[redacted]	[redacted]

Recognising that many TMM visitors will have a fixed length of stay and funds (i.e. a strict allocated budget), and will substitute another Wellington attraction for TMM, it was estimated that 47% of this spend would be substituted in Wellington, and would therefore not contribute to a net increase in expenditure to Wellington from TMM. The table below depicts the estimated additional onsite expenditure from TMM (including CPI).

Table 10: Matrix of Additional Net Onsite Expenditure

Onsite Expenditure	*Visitation Scenarios (10 year average)*		
	LOW	**MEDIUM**	**HIGH**
	$4,760,764	$6,347,687	$7,617,221

8.4 ADDITIONAL OFFSITE EXPENDITURE

New Visitors to New Zealand

Additional offsite expenditure primarily consists of spend from new visitors to New Zealand, those who increase their length of stay, and those who are new to Wellington because of TMM. It is assumed that the average length of stay of new visitors to New Zealand is consistent with the average length of stay of New Zealand cultural visitors. It has also been assumed that those visitors who increase their length of stay will proportionately increase their spend by the same average spend per night as visitors to New Zealand.

The proportion of estimated new visitors from the total visitation each year to the museum is one of the key variables of the impact scenario. Under Scenario A, it is estimated that 1% of visitors would be new to New Zealand because of TMM, while for Scenarios B and C it is 2% and 3% respectively. Assuming that these visitors would stay the same length of time as cultural visitor averages, they would provide an additional **$7.0 million to New Zealand's economy** under a medium visitor/medium impact scenario (10 year average).

Of these new visitors, a proportion of their trip length to New Zealand will be spent in Wellington to visit TMM. It is estimated that depending on the market and origin of visitors, approximately 10% of the average trip length to New Zealand will be spent in Wellington. Assuming these visitors generate the same average spend per night, it is forecast that they will contribute $**4.4 million in additional expenditure to Wellington** under a medium visitor/medium impact scenario (10 year average, including CPI).

Existing Visitors who Extend their Length of Stay

The remaining visitors to TMM will be those that are already visiting Wellington, but have increased their trip length to accommodate time at TMM. It was assumed that TMM would increase visitor trip length by an average of 0.2 days (5 hours).

Under Scenario A, it was estimated that 10% of the remaining visitors would increase their stay, while in Scenario B and C it was 15% and 20% respectively. Based on average trip length and spend, **Wellington is forecast to receive an additional average of $1.3 million from visitors who increase their stay to attend TMM** over its first 10 years of operation (including CPI).

New Visitors to Wellington

TMM has the ability to attract new visitors to Wellington that were already coming to New Zealand. These visitors would likely substitute other domestic regions (e.g. Christchurch) for Wellington because of its increased tourist offering. These visitors would only have a net impact for Wellington with New Zealand overall receiving no change.

New visitors to Wellington were estimated to contribute an additional **$4.0 million in additional expenditure to Wellington's economy** under a medium visitor and impact scenario (10 year average, including CPI).

Overall Additional Offsite Expenditure

Based on these assumptions, Wellington is forecast to see an average additional $9.7 million per year over TMM's first 10 years of operation from new visitors to New Zealand, those increasing their trip length in Wellington, and those new to Wellington for TMM.

Table 11: Forecast Regional Expenditure to Wellington from TMM per annum

REGIONAL EXPENDITURE (WELLINGTON)		*Visitation Scenarios (10 year average)*		
		LOW	**MEDIUM**	**HIGH**
Impact Scenarios (10 yr average)	A	$4,904,694	$7,114,001	$8,536,798
	B	$7,253,508	$9,671,347	$11,605,612
	C	$8,827,834	$11,770,449	$14,124,533

Additionally, New Zealand would also see an increase in expenditure from new visitors to New Zealand because of TMM. Over TMM's first 10 years of operation under a medium impact and visitor scenario New Zealand is forecast to receive an average of $7 million to the economy each year.

Table 12: Forecast Regional Expenditure to New Zealand from TMM per annum

TOTAL EXPENDITURE NZ		*Visitation Scenarios (10 year average)*		
		LOW	**MEDIUM**	**HIGH**
Impact Scenarios (10 yr average)	A	$1,660,097	$2,213,463	$2,656,155
	B	$5,279,765	$7,039,689	$8,447,624
	C	$9,867,390	$13,156,524	$15,787,823

8.5 TOTAL ADDITIONAL EXPENDITURE TO WELLINGTON

The Wellington region would see an increase in expenditure because of TMM from both onsite and offsite increase in spend. Over TMM's first 10 years of operation an average of **$16.0 million per year** is forecast to be spent in Wellington under a medium impact and visitor scenario.

Table 13: Forecast Regional Expenditure to New Zealand from TMM

TOTAL EXPENDITURE WELLINGTON		*Visitation Scenarios (10 year average)*		
		LOW	**MEDIUM**	**HIGH**
Impact Scenarios (10 yr average)	A	$9,665,458	$13,461,688	$16,154,020
	B	$12,014,272	$16,019,033	$19,222,833
	C	$13,588,598	$18,118,135	$21,741,755

8.6 SUMMARY OF ECONOMIC VALUE

The overall estimated gross direct expenditure from TMM is approximately **$16.0 million** per annum to Wellington, which comprises of:

- Onsite spend from visitors ($6.3 million)
- Offsite spend from new visitors to New Zealand ($4.4 million)
- Offsite spend from existing visitors who increase their length of stay ($1.3 million)
- Offsite spend new visitors to Wellington ($4.0 million).

Therefore, the overall gross direct expenditure from TMM is approximately $16 million to Wellington.

9 Flow-On Economic Benefits

The regional and national economic impact is derived from the net additional expenditure generated from TMM, and its flow-on through the economy. This flow-on results in additional indirect expenditure as well as indirect and direct jobs.

9.1 INDIRECT EXPENDITURE

The additional net direct expenditure into Wellington and New Zealand will flow through the economy to provide indirect expenditure. This indirect expenditure is the expenditure driven from the tourism demand on businesses that provide goods and services to the tourism industry. For example, the indirect demand generated from supplying a meal to a visitor starts with the production of what the restaurant needs to make the meal, such as fresh produce and electricity for cooking.

Based on latest data from the New Zealand's Tourism Satellite Account (2014), for every direct dollar spent creates $0.78 of indirect value. One direct job is also created for every $88,614 directly spent in the economy, while one indirect job is created for every $89,567 spent in the economy.

Therefore, Wellington is forecast to receive an average of $7.8 million in additional indirect expenditure per year over the first 10 years of TMM's operation, while New Zealand would receive an average of $5.5 million in indirect expenditure over this period.

Based on these expenditure figures and the Tourism Satellite Account, the TMM could support an estimated 112 direct jobs and 87 indirect jobs in Wellington per year, and a further 80 direct jobs and 61 indirect jobs in New Zealand.

Figure 7: Jobs Supported by TMM in Wellington (Medium Scenario, 10 year average)

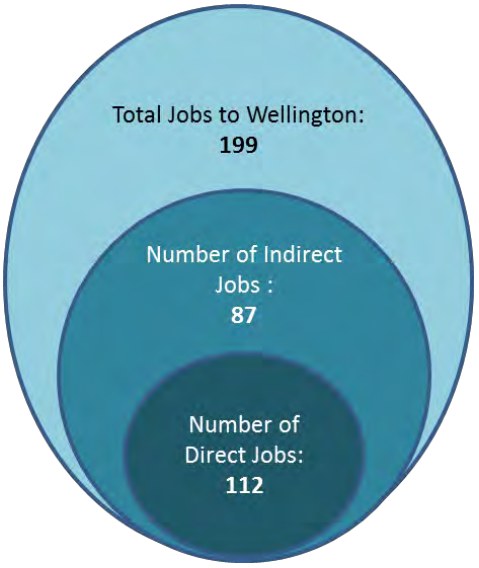
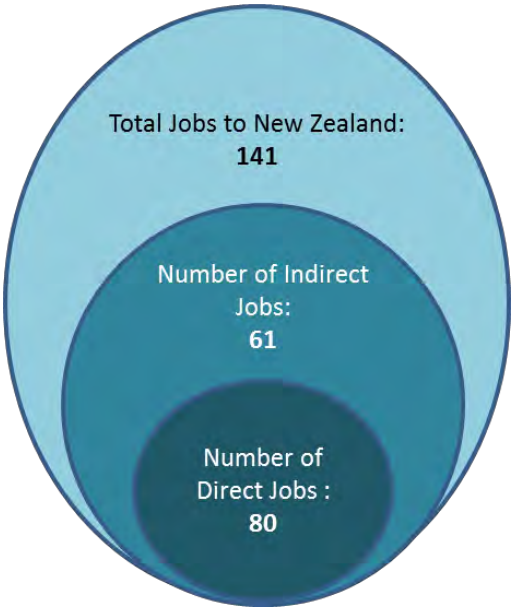


Figure 8: Jobs Supported by TMM in New Zealand (Medium Scenario, 10 year average)



10 Summary

This analysis of TMM is based on a proposal for the development of a Movie Museum in Wellington, which will present and showcase Wellington's development as a world-class film making hub, that has produced numerous award winning movies, including the *Lord of the Rings* trilogy, *King Kong*, the *Chronicles of Narnia*, *District 9*, *The Adventures of TinTin*, *Elysium* and *The Hobbit* trilogy. The Movie Museum will bring together the creative and innovative aspects of Wellington's film industry and the films it has produced in one central location.

To assess the viability of public investment in the museum development, a credible and substantiated forecasting and scenario modelling of the impact of the proposed attraction on visitor numbers and expenditure to the city was sought. The scenario forecasting is based on current visitation rates, profiles, and average trip spend and length to Wellington and New Zealand, previous Business Case and Opportunity reports on TMM, as well as critical assumptions based on the impacts of similar established attractions (case studies) and industry knowledge.

The figures described throughout this report, unless otherwise stated, are under a medium visitor and medium visitor impact scenario for a 10 year average.

Based on ticket and merchandise sales it was estimated that TMM would attract approximately $6.3 million in onsite spend from visitors per year.

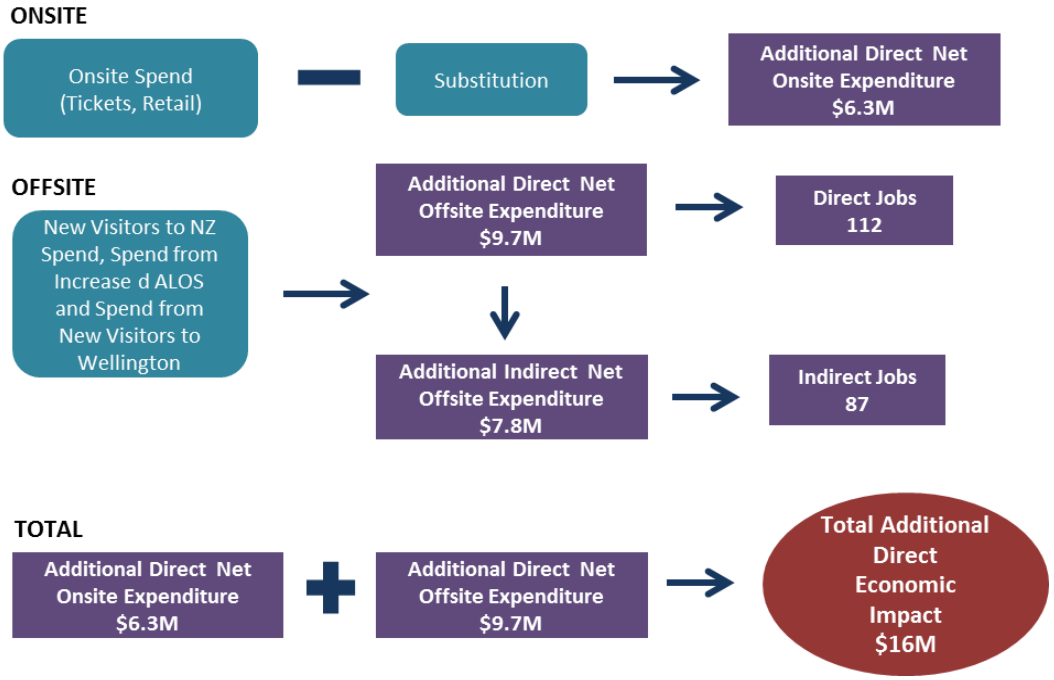
It was also estimated that under a medium visitation scenario, TMM would attract **new visitors to New Zealand**, who will spend approximately **$7.0 million** per year over a 10 year average.

Of these new visitors, approximately **$4.4 million** would be spent in Wellington. The remaining expenditure to Wellington would come from visitors who increase their stay in Wellington and from visitors who are new to Wellington, but existing to New Zealand. These visitors are forecast to contribute an estimated **$1.3 million** and **$4.0 million** respectively.

Therefore, Wellington is forecast to see a total net direct expenditure of **$16 million** from onsite and offsite additional expenditure from TMM**, $7.8 million** in indirect expenditure, and **199** direct and indirect jobs per year, over a 10 year average.

Similarly, New Zealand is forecast to receive a total net direct expenditure of **$7.0 million** from offsite additional expenditure of new visitors to New Zealand, **$5.5 million** in indirect expenditure, and **141** direct and indirect jobs.

Figure 9: Summary of Total Economic Impact of TMM to Wellington



Appendices

Case Study 1:
Hobbiton Film Tour – Matamata, New Zealand

History and Development Timeline

First opened in 2002, the Hobbiton Movie Set is now one of the most popular tourist attractions in New Zealand, with most recent analysis indicating that the attraction draws in more than 350,000 visitors a year[51]. Originally constructed for the first film of the "The Lord of the Rings" trilogy, The Hobbiton Movie Set immerses visitors into this fantasy world with a wide range of experiences.

Location Overview

The attraction is set on the 1,250-acre Alexander Farm - a working sheep and beef farm in Matamata. In strategic tourism terms, the site is just over 2 hours from Auckland and 45 mins from Rotorua.

Attraction and Market Performance Trends

The Hobbiton Movie Set has demonstrated year on year growth in visitation growing from approximately 34,000 visitors in 2010/2011 to approximately 350,000 visitors in 2014/2015 demonstrating a 186% per annum increase over the 5 year period[52]. Hobbiton's actual growth has significantly exceeded the initial projection of 150,000 visitors by 2014/15.

When analysing the market mix of the visitors to the Hobbiton Movie Set, the majority are from overseas with a 2012/2013 survey showing that 84% were international visitors and 16% were from domestic origins[52].

It is estimated that total revenue for the Hobbit on Movie Set equates to approximately [redacted][52].

YEAR	VISITOR NUMBERS
2010/2011	34,000
2011/2012	52,000
2012/2013	131,000
2013/2014	233,000
2014/2015	350,000

These strong levels of visitation have occurred during a peak time for the world-wide profile for the Hobbit, with the movie trilogy being released between 2012 and 2014. IVS analysis indicates strong levels of awareness of links with the Hobbit movies. Key insights include:

Of the 17% of international holiday visitors who indicated Hobbit Films were a factor influencing interest in New Zealand, the following factors were identified about what in the Hobbits Films encouraged them to visit NZ:

- Wanted to see scenery in the film- 68% (of those who were influenced by Hobbit)
- See if scenery was like what is was in film - 48%
- Wanted to see where film was made - 44%
- Wanted to visit Hobbiton - 40%
- Tolkien fan - 37%
- Raised awareness of NZ - 36%

[51] *http://www.businessinsider.com.au/the-hobbiton-movie-set-is-a-top-tourist-attraction-in-new-zealand-2015-6.*

[52] Brown, Copeland & Co Ltd. 3 December 2014. *Update of the assessment of the economic effects of the Hobbiton movie set at Matamata*.

Impact of Hobbiton

The impact of the growth in visitation to the Hobbiton Movie Set is significant and has clearly been felt throughout the Matamata economy. Visitation to the region prior to The Lord of the Rings phenomenon sat at approximately 50,000 visitors in comparison to the high levels of visitation seen today[52].

Overall the Hobbiton Movie Set has experienced significant success as a visitor experience, but also as established itself as an economic driver. In 2014/2015 the Hobbiton Movie Set:

- Supported 150 full time equivalent (FTE) staff (compared to 17 in 2010/2011) [52]
- Generated total annual expenditure for Matamata of $35.4 million (incl. Hobbiton Movie Set), with an additional employment of 204 FTE jobs[52]
- Generated an additional $5.0 million of expenditure into other Matamata businesses
- Delivered total expenditure in the district (direct and indirect) of $53.1 million per annum in the Matamata-Piako District.

Consistent with this research, the Ministry of Business, Innovation, and Employment has estimated total international tourism spending in the District has more than tripled from $11 million in 2009 to $37 million in 2014 as a result of its Hobbit related attractions.

The influence the Hobbiton Movie Set has had on visitors staying longer within the locality however has been relatively limited due to the close proximity of the large Auckland and Rotorua tourism hubs. Analysis indicates that 8% of visitors surveyed stayed in Matamata either the night before or the night their movie set visit. This is in comparison to the 33% who stayed in Rotorua and 21% in Auckland[52].

The Hobbiton Movie Set provides a great example of how a visitor attraction can broaden the economic base of the local economy and drive new trade.

SUMMARY - HOBBITON

- One of the most popular tourist attractions in New Zealand, drawing in more than 350,000 visitors (a 10-fold increase since 2010);
- The majority of visitors (84%) are from international markets ;
- Credited with helping diversify the local economy and generating a 'feel-good' vibrancy for the town
- Additional direct expenditure to other businesses within the District equates to $5 million and an overall impact (direct and indirect) to the district of $51.3m; and
- 8% of visitors surveyed indicated that they stared either the night before or the night after in Matamata - the majority of visitors moved on to/returned to stay in the nearby large tourism centres of Auckland and Rotorua.

Case Study 2:

The Museum OF Old and New Art (MONA)

History and Development Timeline

Opening in January 2011, The Museum of Old and New Art (MONA) is the largest privately funded museum in Australia[53], costing $75m to develop. MONA houses a varied collection ranging from thought-provoking and controversial contemporary art to ancient Egyptian mummies[53]. MONA houses over 400 artistic works from the owner, David Walsh's, private collection. The site also includes a wine bar, restaurant and eight accommodation pavilions[54]. Entry is free for Tasmanians, $20 for concession visitors and $25 for adult visitors[53].

After opening in 2011, MONA has developed into Tasmania's second most visited tourism attraction behind Salamanca Market[55]. In 2013, *The Lonely Planet* ranked Hobart as one of the top ten cities in the world to visit – MONA was credited with being a key factor[56].

Location Overview

Located at the former Moorilla windery and vineyard, MONA is a 15-minute drive outside of central Hobart. The 3.5 hectare site sits on the banks of the Derwent River in an industrial suburb of Hobart.

Summary of Attraction and Market Performance Trends

Of the 465,000 visitors to attend MONA in the year 2013/2014, 10% were international, 54% domestic and 36% local[53].

In the financial year 2011/2012, MONA contributed a total of $54 million to the Tasmanian economy – comprised of a direct contribution of $9.5 million, an indirect contribution through suppliers of $6 million and a tourism contribution of $34.6 million[56]. In 2012, Mona supported 170 full-time equivalent jobs, with an annual running cost of approximately $8 million[56].

Approximately 16% of non-residents have indicated that they came to Tasmania specifically to visit MONA[57]. The Tasmanian Visitor Survey also indicated that 29% of all visitors indicated they went to MONA[57], representing an 11% increase from 2014. MONA's impact has also been shown to benefit regions outside Hobart, with MONA visitors spending an average of 10 nights in Tasmania[55]. Visitors who went to MONA as part of their trip spent $719 million locally ($294 million on accommodation, $127 million on transport and $298 on other items). This is a 19% increase from the previous year[55].

A rise in visitors during the winter season can also be attributed in large part to MONA. Dark Mofo is a winter festival held at MONA designed to draw visitors in during winter months[58]. In its 2013 debut, Dark Mofo drew 128,000 visitors, with continued growth recorded in subsequent years. It is argued that the festival has been instrumental in introducing a new peak season into Tasmania's tourism market[58]. Anecdotal evidence indicates that the Tasmanian tourism community has largely positive views towards MONA[58] and the visitors it draws to the area.

[53] Discover Tasmania. 2015. *Museum of Old and New Art.* Available at*http://www.discovertasmania.com.au/attraction/museumofoldandnewartmona.*

[54] Tourism Australia. 2013. *MONA - Museum of Old and New Art.* Available at http://www.tourism.australia.com/story-ideas/destinations-3528.aspx.

[55] Tourism Tasmania. 2015. *MONA Visitor Profile - September 2015.* Available at *http://www.tourismtasmania.com.au/__data/assets/pdf_file/0019/36712/MONA-Visitor-Profile-YE-June-2015.pdf.*

[56] Cica, N. 2012. *Excellence from the Edge - Learning from Tasmania's Museum of Old and New Art*, Australian Embassy in Belgrade: SFBC-Creative Economy Group

[57] Tourism Tasmania. 2015. Tasmanian Visitor Survey, Year Ending June 2015

[58] Teague, M. 2015. 'How MONA Changed Travel to Tasmania', *AWOL*. Available at http://awol.com.au/how-mona-changed-travel-to-tasmania/5803.

Government Involvement

MONA is a privately owned and run museum and art gallery – founded and funded by businessman David Walsh. Operational costs of $8 million annually are privately covered. There is no government involvement in MONA.

SUMMARY - MONA

- Largest privately funded museum in Australia
- Attracted more than 1.4 million visitors to date
- Contributed $54 million to the Tasmanian economy 2011/2012
- 16% of non-residents have indicated that they came to Tasmania specifically to visit MONA[5]
- A key component in Hobart making *Lonely Planet's* top 10 cities to visit
- Flow on impact to other Tasmanian tourism operators is significant – 20% increase in tourism spending from 2014 to 2015 ($719 million locally).

Case Study 3:
Australian Centre for the Moving Image

History and Development Timeline

Located in the heart of Melbourne, ACMI is purpose-built facility for the preservation, exhibition and promotion of the moving image in all forms - film, television and digital culture.

Starting life as the State Film Centre in 1946, ACMI evolved from being a collection-based institution to an internationally recognised hub for screening and advocacy, screen education, industry engagement and audience involvement. **ACMI is now a major cultural agency of the State Government of Victoria and Australia's first Centre dedicated to the moving image in all its forms.** The Australian Centre for the Moving Image (ACMI) was officially established in January 2002. The facility went through major development in 2009, creating a second exhibition space, state-of-the-art production studios and screens, and a resource centre[59].

ACMI is a major cultural venue, hosting exhibition spaces, galleries, two state of the art cinemas, access to collections and archive plus a shop and cafe. ACMI's vision is *"To be recognised as the world's leading museum of the moving image, delivering a bold and multifaceted year-round program that is unique, ground breaking and unmissable*".

ACMI has a number of distinct experience components including:

- Permanent Exhibition: Screen Worlds – The story of firm, television and digital culture (free). This was refreshed in 2015 to feature the landmark Mad Max films
- Temporary exhibition spaces which have been the base for major events such as DreamWorks Animation. (Ticketed) After attracting 220,000 visitors in Melbourne, DreamWorks Animation: The Exhibition began a five-year international tour opening in June 2015
- Live events, creative workshops, films and festivals.

Recent development has included the introduction of touring exhibitions and significant development of online access to collections.

Location Overview

Federation Square, Melbourne CBD

Summary of Market Performance Trends

Within a decade of its creation in 2002, ACMI has grown to become the world's most visited moving image or film cultural centre.

In 2014/15 the museum attracted **1.14 million visitors** to the Federation Square site, accompanied by over 100,000 off-site visitors and 1.35m online visitation.

[59] Australian Centre for the Moving Image, 2015. *Australian Centre for the Moving Image Annual Report 2014/15.*

The 2014-15 year marked a period of record-breaking attendance across all programs including DreamWorks Animation[60]: The Exhibition, Yang Fudong: Filmscapes, Public Programs & Education, and standout film seasons of Girl Who Walks Home Alone, The Tribe and Bjork.

Impact of establishment of attraction on visitation and market

By any prevailing standards, ACMI is a major visitor attraction, generated in excess of 1 million annual visitors. The museum is very much based at the centre of Melbourne's cultural proposition, including being a focal part of major city events such as White Night.

Evidence suggests that its role as a driver of new visitation, longer trips and expenditure is event-orientated - high profile contemporary exhibitions which trigger decisions to visit.

Building on DreamWorks Animation, the 2015-16 exhibition *David Bowie has* also broke previous pre-sale records for an ACMI Melbourne Winter Masterpieces exhibition, and also the record for online traffic, attracting over 170,000 unique visitors to the *David Bowie is* landing page since going on sale in November 2014 - indicating strong ongoing demand.

ACMI's history also clearly demonstrates the benefits of ongoing investment in new experiences which renew market interest and profile.

Government Involvement

ACMI is major museum supported predominantly through Victorian Government funding. The Film Act 2001 empowers ACMI's Board to promote ACMI as a national centre for the creation and exhibition of the moving image, to develop and make available collections and to conduct research and public education in the moving image.

In 2014/15, ACMI generated total revenue of $27.1m, $20.3m (84%) of which was State Government Grant. 16% of revenue was self-generated.

Impact of the DreamWorks Exhibition

- Event research estimated that approximately 6,853 visitors (3.6% of 190,373 total unique visitors) to the exhibition came to Victoria or extended their stay specifically to attend the exhibition
- 1,837 visitors (1% of total) indicated they had extended their stay to see the exhibition.
- Interstate and overseas visitors are estimated to have contributed $3.27m of the $7.91 million estimated unconstrained economic benefit to the State from the event.

SUMMARY - ACMI

- ACMI is a major publically funded museum institution. It receives an annual grant from the Victorian Government in excess of $20m
- Ongoing investment in new experiences has maintained and developed market profile
- ACMI is a focal point of a strong cultural proposition and critical mass of Melbourne cultural experiences
- High profile blockbuster exhibitions based on contemporary performance can be game-changers - evidence shows that they have driven new visitation and visitor expenditure in addition to adding value/refreshing interest for existing visitors

[60] Australian Centre for the Moving Image, 2014. *Melbourne Winter Masterpieces - DreamWorks Animation: The Exhibition. 10 April – 26 October 2014*.

Case Study 4:

WETA Workshop –Miramar, New Zealand

History and Development Timeline

Weta Workshop is a design studio specialising in manufacturing and creating special effects and props for the world's entertainment and creative industries[61]. Since opening in 1987 (originally as RT effects), Weta Workshop has provided design, fabrication and on set operation of miniatures, armour, weapons, props, prosthetics, creatures, costumes, special make-up and suit effects to the screen industry[61].

The workshop offers tours to visitors which portray a behind-the-scenes experience of the creation of some well-known movies, including the Lord of the Rings and The Hobbit trilogies.

Growing demand of the tour in more recent years resulted in the opening of the Weta Cave Experience in 2013 to allow tour group sizes to increase from 20 to 55[62].

Currently, adult tickets are priced at $25, and children tickets are $12[61].

The Cave Experience allows visitors to have a glimpse of the work that is done at Weta on a daily basis and displays some of the end products that are seen on the movie screen.

In its entirety, this multi-disciplinary facility spans 65,000 square feet, including all workshop space and areas accessible to the public.

Location Overview

Weta Workshop is located in the centre of Miramar, approximately a 15 minute drive from Wellington CBD.

Summary of Attraction and Market Performance Trends

Since opening, Weta Cave Experience has had over 100,000 visitors[61], welcoming 50,000 visitors in its first year (2012)[62].

In 2013/2014, the Weta Workshop Tour attracted 35,893 visitors. The tour is particularly popular with cruise ship visitors, with visitation growing at an average of 30% per year[62].

SUMMARY –WETA Workshop

- Expanded in 2012/2013 to increase visitation
- Weta Cave Experience has attracted over 100,000 visitors since opening
- Weta Cave attracted 35,893 visitors in 2013/2014
- A leading part of a group of LoTR/Hobbit-related experiences
- Visitation is growing at an average of 30% per year

[61] WETA Workshop. 2015. *WETA workshop.* Available at https://wetanz.com/.

[62] Discover Wellington. 2014. *The Hobbit Trilogy proves precious to Wellington*, Available at http://www.wellingtonnz.com/media/newsroom/the-hobbit-trilogy-proves-precious-to-wellington/.

Case Study 5: The Great War Exhibition – Wellington, New Zealand

History and Development Timeline

Opening in April of this year, the Great War Exhibition provides visitors with an immersive experience commemorating New Zealand's role the First World War. Created by Sir Peter Jackson, the exhibition cost approximately $10 million to build and is expected to attract 500,000 visitors during its first year.

The Exhibition boasts an impressive collection of war memorabilia as well as offering visitors the opportunity to immerse themselves in interactive experiences such as walking through European street settings and into recreated battle scenes.

The exhibition will remain open until the centenary of Armistice (November 11) in 2018.

Location Overview

The Exhibition is located in Dominion Museum in the Pukeahu National War Memorial Park. The Exhibition's central Wellington location makes it easily accessible for visitors.

Attraction and Market Performance Trends

To date, the Great War Exhibition has received approximately 25,000 visitors from New Zealand regions outside of the greater Wellington area. Of this number, it is estimated that around 10% of all visitors have come to Wellington specifically to see the Exhibition.

It is estimated that approximately 1,500 visitors coming from outside the region have been independent visitors who have heard about the Exhibition through referrals or media and have made the trip to Wellington based on the Exhibition's growing reputation.

The Exhibition is in its early stages of operation, therefore a comprehensive view on economic impact is not yet available, however, visitor survey feedback indicates that the Exhibition has encouraged people to spend extra time in Wellington, and has generated additional group travel (coach trips).

SUMMARY – Great War Exhibition

- Provides a new immersive experience for visitors
- Since opening in April 2015, the Exhibition has received 25,000 visitors from outside the greater Wellington region
- It is estimated that 10% of non-locals are coming to Wellington specifically to see the Exhibition; and
- Preliminary observations indicate the Exhibition has had a positive impact on generating additional expenditure

Case Study 6: Wellington's Te Papa Tongarewa Museum and Art Gallery

History and Development Timeline

Te Papa is the national museum and art gallery of New Zealand. It aims to visually represent and tell the story of New Zealand, spanning art, history, natural history, and Maori and Pacific cultures, thus enhancing and personalising the experience for visitors to the museum[63].

Spanning over Te Papa's six are a range of interactive education programmes, events and exhibitions[63]. Notable features of Te Papa include the colossal real squid and the earthquake simulator[64].

Summary of Market Performance Trends

After opening its doors in 1998, the museum attracted 1 million visitors within the first five months. Since then, the number of visitors each year to the museum has been steadily increasing, with the museum consistently attracting over 1,300,000 visitors each year[63]:

2001	2004	2008	2012	2014
5 Million	10 Million	15 Million	20 Million	22 Million

As of June 2011, of the total 1.38 million visitors Te Papa attracted within the year, 328,500 were Wellington City residents, 144,620 were from elsewhere in the region, 370,700 from the rest of New Zealand and 515,400 from overseas[65].

Over 2014-15, Te Papa attracted a record 1.5 million attendees[66]. Acclaimed exhibitions such as Gallipoli: The Scale of Our War and Air New Zealand: 75 Years have appealed to many visitors and encouraged record numbers to the capital.

Summary of Market Performance Trends

In total, Te Papa spends some $37m with suppliers and invests $29m in wages and salaries (2011). This expenditure mostly occurs in Wellington City ($38m) and with an additional $7.8m across the rest of the region and $15.8m across the rest of New Zealand. Approximately $3.7m is spent with international suppliers, which flows directly out of the economy.

The opening of Te Papa has also had a considerable impact on Wellington's local and regional economy. For Wellington City, Te Papa generates a

[63] Museum of New Zealand Te Papa Tongarewa. No date. *Our History*. Available at http://www.tepapa.govt.nz/AboutUs/history/Pages/default.aspx.

[64] Museum of New Zealand Te Papa Tongarewa. No date. Available at http://www.newzealand.com/au/plan/business/museum-of-new-zealand-te-papa-tongarewa-te-papa/.

[65] Market Economics. 2012. *Te Papa - Economic Impact Assessment*, Wellington: M.E Spatial.

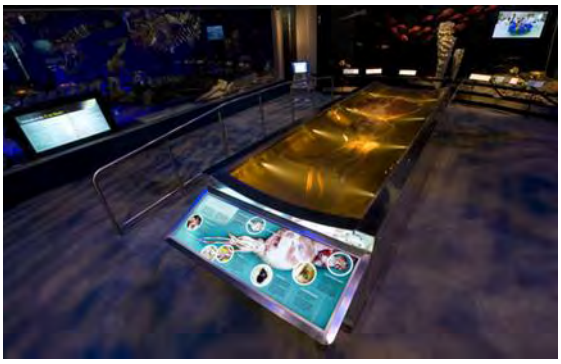
[66] Wellington City Council. 2015. *Wellington City Council 2014/15 Annual Report*.

contribution to GDP equivalent to $91.3m annually. This level of activity equates to almost 1,500 job years. At the Wellington regional level, Te Papa generates a contribution to GDP of approximately $98.5m annually, equating to 1,595 job years[65].

In total, the direct injections of operational spend, including wages and salaries of $61.8m in the New Zealand economy along with the $59m of tourism related spend generates total gross output of $255m at the national level (once the funding is accounted for)[65].

Impact of establishment of attraction on visitation and market

Approximately 14% of domestic visitors and 4.7% international visitors stated Te Papa was the main reason for visiting Wellington. Every domestic or international tourist that visits Te Papa spends $66.47 in Wellington. In total, $59m of direct tourist spend can be attributed to Te Papa ($34.4m for domestic and $24.5 for international) (2011)[65].



Government Involvement (i.e. facilitation/ incentivisation)

Table 2: Te Papa's Revenue Sources, 2011[65]

Funding Source	2011 ($m)
Government Grants	$ 23.6
Local Government Grants	$ 2.3
Sale of Goods & Services	$ 14.6
Donations & Sponsorships	$ 1.8
Interest Income	$ 1.0
Other Revenue	$ 6.1
TOTAL REVENUE	$ 49.3

SUMMARY – TE PAPA

Te Papa Tongarewa Museum and Art Gallery is a valuable and integral part of Wellington that showcases New Zealand's cultural assets and drives tourism and economic growth.

- 1.3 million visitors each year
- Total gross output of $255m
- $25.8m in Government Grants provide a return of almost $5 for every dollar spent
- 1,940 job equivalents at national level

Case Study 7:
Omaka Aviation Heritage Centre

History and Development Timeline

Located at Marlborough's historically significant Omaka Aerodrome, the Omaka Aviation Heritage Centre was established to provide a world-class destination for the appreciation of historic aircraft. The facility provides a range of exhibits, tours and special events. Opening in December 2006, the Omaka Aviation Heritage Centre has now become the region's most significant tourist attraction and has been announced as the second ranked museum in the Southern Hemisphere in TripAdvisor's annual Travellers' Choice Awards 2015[67].

Location Overview

Omaka Aviation and Heritage Museum is located at the Omaka Air Field, 5 km from the centre of Blenheim.

Summary of Attraction and Market Performance Trends

Weekly numbers to the Omaka Aviation and Heritage Centre range from 200 in winter to 1000 during the peak summer period, and both international and national visitor numbers are showing sustained growth. With this improved performance, Marlborough District Council's annual visitor target of 30,000 for the Omaka Aviation and Heritage Centre[68] has been reached.

Of these visitor to the Omaka Aviation and Heritage Centre, approximately 65% were visitors from overseas and about one in ten visitors where locals[69].

The attraction is already an important component in the Marlborough area's tourism economy, with the Centre's extension being a focus point in the Marlborough Visitor Economy Growth Plan to grow the area's overall tourism value to $446 million by 2025[70].

In 2013 the Classics Fighters air show attracted 13,000 visitors to Marlborough generating 27,000 visitor nights at an average 2.08 nights per visitor[4]. The event also increased regional visitor expenditure to $3.21m and generated $1.89m of GDP in the Marlborough economy[71].

The reported return on the $0.30 million investment, the event for the Omaka Aviation and Heritage Centre was 631%.

Although this is a higher-end example of the volumes the Omaka Aviation and Heritage Centre can draw from one of its events, it provides evidence of event-driven visitation.

[67] Omaka Aviation Heritage Centre. 2015. 'Museum Ranked #2 in the Southern Hemisphere', *Media Release, 15 September 2015*. Available at *http://www.scoop.co.nz/stories/BU1509/S00516/museum-ranked-2-museum-in-the-southtern-hemisphere.htm.*

[68] Nelson, Georgia. 2013. Omaka visitor numbers grow. Marlborough Express, 6 June 2013. Available at *http://www.stuff.co.nz/marlborough-express/news/8762655/Omaka-visitor-numbers-grow*.

[70] Anon. 2015. *Draft Marlborough Smart and connected Visitor Economy Growth Plan*. Available at *https://marlboroughnz.com/media_files/uploads/microsites/download/2015_07/Visitor_growth_FA_1_.pdf.*

[71] Covec. 2013. *Economic Evaluation of Classic Fighters Omaka 2013 – Final Report*. Available at http://www.marlborough.govt.nz/Recreation/Events/~/media/Files/MDC/Home/Recreation/Events/EconomicEvaluationofClassicFightersOmaka2013.ashx.

Government Involvement

The collection at Omaka Aviation and Heritage Centre is managed by the 14-18 Aviation Heritage Trust and chaired by Peter Jackson.

Key to the development of the attraction has been the establishment of the Marlborough Aviation Cluster. This initiative has received strong support from the Marlborough District Council and Marlborough Regional Development Trust, both of whom recognised aviation as a key driver in Marlborough's economy and successfully applied to NZ Trade and Enterprise for a Major Regional Initiative grant to build Stage One of the Omaka Aviation Heritage Centre.

Recently the Federal Government granted the Omaka Aviation heritage Centre a $1.5 million grant to expand the centre. This grant will be used to fit the exhibition to international standards as well as market it to overseas tourists build the centre's economic impact for the region .

SUMMARY – Omaka Aviation & Heritage Centre

- Second ranked museum in the Southern Hemisphere in TripAdvisor's annual Travellers' Choice Awards 2015
- Achieves visitation of approximately 30,000 people annually
- 65% of visitors are from overseas and about 10% are locals
- Expanding the Omaka Aviation and Heritage Centre is a focus point in the Marlborough Visitor Economy Growth Plan in reaching the visitor value target of $446 million by 2025
- The Omaka Aviation and Heritage Centre fundraising event increases regional visitor expenditure to $3.21
- Recently has been awarded a $1.5 million Federal Government grant to expand.

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