

PARTNERSHIP WELLINGTON TRUST
(trading as POSITIVELY WELLINGTON TOURISM)

STATEMENT OF TRUSTEE INTENT

2012-13

**PARTNERSHIP WELLINGTON TRUST
STATEMENT OF TRUSTEE INTENT 2010/11**

CONTENTS

Introduction to Statement of Intent	3	6.2.3. Insurance Programme	20
1. The Status of the Trust	3	6.2.4. Private Sector Partnerships	21
1.1. PWT's Guiding Principals	4	6.3. Significant External Risks for 2012/13	21
1.2. The PWT Vision	4	6.3.1. External Factors	21
1.3. PWT's Positioning Statement	4	6.3.1.1. Business Continuity	22
1.4. PWT's Objectives	5	6.3.1.2. Regional Competition	22
2. Governance	5	6.4. Capability Risk	23
2.1. Role of the Board	5	6.4.1. Core Capability and Staff Retention	23
2.2. Board Membership	5	6.4.2. Health and Safety Responsibilities	23
2.3. Board Operations	6	6.4.3. Advocates for Wellington	23
2.4. Audit, Finance & Risk sub-Committee	6	6.5. Market Risk	23
2.5. Remuneration sub-Committee	6	6.5.1. Air Access and Transportation Links	23
3. The Nature and Scope of Activities to be Undertaken	6	6.5.2. Convention / Event Facilities	24
3.1. Background and Operating Environment	6	6.5.3. Event Marketing	24
3.2. The Main Activities of the Trust	6	6.5.4. Support Infrastructure	24
3.2.1. Australia Marketing	6	6.5.5. Environmental Sustainability	25
3.2.2. Communications	6	7. WCC Internal Audit Function	25
3.2.3. Convention Bureau	6	8. Council Relationship Principals	25
3.2.4. Downtown Marketing	7	9. Measuring Performance	26
3.2.5. Event Marketing & Development	7	10. Staff	27
3.2.6. International Marketing	7	10.1. Marketing Office	27
3.2.7. i-SITE Visitor Centre	7	10.2. i-SITE	27
3.2.8. Leadership	7	11. Trust Accounting Policies	28
3.2.9. New Zealand Marketing	7	11.1. Availability of Future Funding	28
3.2.10. Online/Digital Tourism Distribution	8	11.2. Ratio of Total Assets: Liabilities	28
3.2.11. Product Development	8	28 <u>Toc223849659</u>	
3.2.12. Partnerships/Relationships	8	11.3. Activities for which Compensation from Council is sought	
3.2.13. Research	8	28 <u>Toc223849660</u>	
4. Future Direction of Tourism – Strategic Goals	8	11.4. Revenue Recognition	
4.1. Marketing Wellington in Australia: The Next Ten Years	8	28 <u>Toc223849661</u>	
4.1.1. Wellington – A City in Australasia	8	11.5. Expenses	28
4.2. Cooperation between Wellington Visitor Attractions (Kelburn Precinct)	11	11.6. Taxation	29
4.3. Working On Events	11	11.7. Good and Services Tax (GST)	
4.4. Shared Services	13	29 <u>Toc223849664</u>	
4.5. Long Haul Air Service Strategy	13	11.8. Financial Instruments	
4.6. Leveraging Relationships	14	29 <u>Toc223849665</u>	
4.7. Economic Driver	14	11.9. Impairment of Financial Assets	
4.8. Environmental Leader	14	29 <u>Toc223849666</u>	
5. Alignment with Council Strategic Outcomes	15	11.10. Non Derivative Financial Instruments	29
6. Organisational Health and Capability	19	11.11. Inventory	
6.1. Risk Management and Mitigation	19	29 <u>Toc223849668</u>	
6.2. Financial Risk	19	11.12. Trade and Other Receivables	
6.2.1. Limited Funding	19	29 <u>Toc223849669</u>	
6.2.2. Limited Financial Flexibility	20	11.13. Property, Plant and Equipment	
		30 <u>Toc223849670</u>	
		11.14. Employee Benefits	
		30 <u>Toc223849671</u>	
		11.15. Holiday Leave	
		31 <u>Toc223849672</u>	

11.16. Payables and Provisions

31 Toc223849673

11.17. Contingent Assets and
Liabilities

31 Toc223849674

11.18. Equity

31 Toc223849675

11.19. Leases

31 Toc223849676

11.20. Statement of Cash Flows

31 Toc223849677

11.21. Distribution to Settlor 31

Appendix

1. Marketing Wellington in Australia: The Next Ten Years
2. CPI Increase
3. Financial Budgets 2011/12 to 2014/15

Partnership Wellington Trust

Introduction to Draft Statement

2012-2013 will be an important year for tourism in Wellington. Whilst the tourism sector has not been sheltered from national and global events over the last three years, it has continued to grow and expand despite challenging circumstances. 2011 was the busiest year Wellington's airport and accommodation providers have ever experienced. This success for Wellington is not shared with other regions of New Zealand. This success for Wellington reflects the long term commitment that Wellington City Council with other private and public partners have made to resourcing tourism marketing efforts.

The success experienced is the result of those resources provided being sufficient to market Wellington strongly to its own citizens, to other New Zealanders, to event goers, to business visitors, to Australians and to travellers from further afield. The work of Partnership Wellington Trust has during the last year meant that Wellington has, for summer, autumn, winter and spring, been voted the most popular holiday destination for New Zealanders. The work of the Trust has also seen the recognition of Wellington as a destination in Australia grow substantially. This has resulted in a 15% growth in Australian arrivals to Wellington in a year when growth in total Australian arrivals to the rest New Zealand has been stagnant.

There is no reason why, if Wellington continues to invest through the Downtown Levy and in partnership with the private sector, that the growth in visitor numbers and the contribution they make to the economy cannot continue to grow as it has through the last year. Most important is maintaining the investment that has been placed in Australia during the last three financial years. The combined impact for Wellington of increased visitors from Australia and subsequently increased flight capacity has made a significant difference to Wellington's economy and can continue to make a difference with continued growth and of course continued investment.

The Trust looks forward to another year of working hand in hand with Wellington City Council, the various other organisations of council, stakeholders in the wider Wellington region and our commercial partners, to make sure that the good news story that the visitor industry provides for Wellington is maintained. The Trust also looks forward to a year where we will explore how we make even more of the platform built through partnerships to tell the world (to which we are increasingly connected) of all the facets of Wellington that make this such an exciting visitor destination, and indeed, place to live.

1. The Status of the Trust

Partnership Wellington Trust Incorporated (trading as Positively Wellington Tourism) is incorporated under the Charitable Trust Act 1957 and is a not for profit organisation. It is currently responsible for the following activities:

- Marketing Wellington as a visitor destination domestically and internationally
- Marketing downtown Wellington to Wellingtonians and visitors
- Operating the Wellington i-SITE Visitor Centre

The Trust has a strong city focus in all its activities, largely due to funding sources. Its international marketing programme has a strong regional focus.

The Trust is a Regional Tourism Organisation. By virtue of this status, it is closely connected with most government/local government and non-government organisations and private sector organisations related to the tourism sector.

1.1. PWT's Guiding Principles

Positively Wellington Tourism (PWT) launched the "Wellington Tourism Strategy 2015" in December 2008.

The Wellington Tourism Strategy provides both a link to the national tourism strategy ("New Zealand Tourism Strategy 2015") and a broader strategic framework for the Wellington Cruise Strategy, Wellington Events Strategy and Long-Haul Air Connectivity Strategy.

The interconnectivity of these strategies is high and the progression of each depends on each of the others.

- **Tourism Strategy** – PWT is now three years into the implementation of this strategy. The action points noted in the strategy are part of the daily activities of PWT and the actions for 12/13 are detailed in this document.
- **Cruise** – The cruise sector of tourism is growing rapidly and in the 2012-13 a further substantial increase in visitors is again anticipated.
- **Events** – PWT provides essential support services to the activities of the Wellington City Council (WCC) Events office. PWT has a high level of involvement and responsibility in regards to providing marketing for Wellington's cornerstone events and working with council and other organisations to develop events for Wellington.
- **Long Haul Air Connectivity Strategy** – PWT continues to work closely with Wellington International Airport Limited (WIAL) to create demand for Wellington. This includes work with airlines developing the business case to initiate new and improved short and long haul air links with ports in Australia and between Wellington and a port in Asia.

1.2. The PWT Vision

In the 2010-11 Statement of Intent PWT stated its vision that "Wellington will be the coolest urban destination in Australasia, ranking alongside the most internationally recognisable cities in the world." A year on from Wellington being placed by Lonely Planet, the world's premier travel publisher in its list of the Top Ten Cities to visit and described Wellington as the 'Coolest Little Capital City' PWT is proud of all that has been achieved in promoting Wellington to the world and growing Wellington the visitor numbers to our city in particular from Australia.

In 2012-13 it remains PWT's vision to ensure that Wellington is recognised as a premier destination in Australasia and that our reputation continues to be reinforced not only by our own activity but also the activity of those whose opinion is read and respected by global consumers in New Zealand, Australia and the wider world.

Wellington will be marketed to New Zealand and the world as a high value destination. Through use of a wide range of media channels and innovative activities the 'Wellington' message will reach far and wide.

Wellington is today able to boast a broad range of visitor attractions that are enjoyed by a wide range of visitor types. Wellington is no longer a city with nothing to do and to pass through quickly; it is the city that tells the stories of New Zealand. In 2012-13 PWT will work more closely than ever with these attractions to ensure that they each have the best opportunity to leverage the investment WCC and the tourism industry places in our organisation.

Wellington's visitor experience (and experiences) is second-to-none; we will utilise our marketing and communication resources to ensure that visitors and residents are positive advocates for the city.

1.3. PWT's Positioning Statement

- Wellington's tourism sector takes a leading role in the growth and sustainable development of Wellington's economy
- Collaboration between Wellington's tourism stakeholders is unrivalled anywhere in Australasia
- Wellington boasts unparalleled destination management, collaboration and implementation
- Wellington strives to be the most innovative marketing destination in Australasia

1.4. PWT's Objectives

The Trust Deed outlines:

The principal object of the Trust shall be to market and add value to Wellington and to achieve sustainable economic growth for the benefit of the public of Wellington.

In carrying out the principal object, the Trust shall also have the following additional objects:

- Maximise the city's share of regional consumer spending through strategic campaigns promoting the city throughout New Zealand and overseas as a destination for shopping, leisure, entertainment and events.
- Enhance the profile of city tourism and retail businesses; promote strategic alliances and private sector partnerships.
- Improve recognition of Wellington and give support to the Wellington region as a key and desirable visitor destination.
- Drive the co-ordination of marketing initiatives appropriate to the objects of the Trust.
- Ensure marketing initiatives are focused on increasing the sustainability of Wellington's commercial sector.
- Recognise and promote community focused initiatives.
- Enter into funding agreements and other contracts that are necessary or desirable to achieve the objects of the Trust.
- Generally to do all acts, matters and things that the Trustees consider necessary or conducive to further or attain the principal and additional objects of the Trust set out above.

The Trust's objectives shall be carried out to benefit people in Wellington. The Trustees may carry out activities outside Wellington to promote the Trust or the Trust assets, but only if they believe that such activities will be for the ultimate benefit of people in Wellington.

2. Governance

Partnership Wellington Trust is a Council Controlled Organisation. It was settled in 1995 by WCC.

2.1. Role of the Board

The Trustees are responsible for setting the strategic direction for the Trust, and approving the Statement of Intent and Annual Business Plan. The Board monitors organisational performance and ensures the ongoing viability of the organisation is maintained.

The Board delegates the day to day operation of the Trust to the CEO and the Management Team, who report to the Board.

As part of the ongoing relationship with WCC, the Chair and CEO meet with the Mayor and CEO of Council on a regular basis and the CEO meets regularly with Officers of the Council Controlled Organisations Unit and other Council Management when appropriate. The Chair and CEO attend the Monitoring Sub Committee as required.

2.2. Board Membership (as at 30 June 2012)

Member	Term expires
John Milford (Chair)	31 December 2013
Peter Monk	31 December 2012
Ruth Pretty	31 December 2012
Jo Coughlan	October 2013
Howard Greive	31 December 2014
Glenys Coughlan	31 December 2012
Mike O'Donnell	31 December 2013

2.3. Board Operations

The Board will aim to meet best practice governance standards. The Board will meet no less than nine times per year and in addition to the Audit, Finance and Risk Sub-Committee and Remuneration Sub-Committee. Other sub-committees will be established as required.

A review of Trustee performance is undertaken annually. This will be completed through an external review of competency and skills assessment.

2.4. Audit, Finance and Risk Sub-Committee

The Audit, Finance and Risk Sub-Committee meet at least twice a year to prepare and review audit matters, confirm budgets and review ongoing financial performance. This Committee reviews and recommends the Annual Report and Audit to the Board as well as reviewing ongoing financial performance of the Trust.

2.5. Remuneration Sub-Committee

The Remuneration Sub-Committee meets at least twice a year. It reviews and recommends executive remuneration to the Board and provides advice on developing strategies for succession planning, organisation development etc.

3. The Nature and Scope of the Activities to be Undertaken

3.1. Background and Operating Environment

The Trust seeks to ensure that all of its activities are consistent with the strategic vision for the future held by WCC through its strategic document *Wellington Towards 2040: Smart Capital*.

The Trust has a diverse range of operating activities and operates in most key areas of the tourism sector. It is reliant on financial support from WCC, partnership funding with commercial organisations and joint ventures with Tourism New Zealand (TNZ) provided for by the Ministry of Tourism. The Trust also operates the Wellington i-SITE and, in partnership with Destination Marlborough, the Interislander i-SITE. The Trust competes with other city priorities for funding and is publicly and privately accountable for its expenditure.

3.2. The Main Activities of the Trust (in alphabetical order)

Through this wide range of activities the Trust endeavours to drive its vision and mission to reach its strategic goals and objectives.

3.2.1. Australia Marketing

- Marketing Destination Wellington at both consumer and trade levels in the Australian market and maximising the opportunity to leverage WCC's investment in this market through working with strategic partners such as TNZ, neighbouring regions, WIAL, airlines and local industry partners who have shared objectives.
- Ensuring better connectivity with Australia by encouraging increased air capacity, new route development and competition.

3.2.2. Communications

- Leveraging marketing activity and key city messages by way of a highly active communications plan which reinforces the marketing activities of PWT through all types of media in New Zealand, Australia and beyond.

3.2.3. Convention Bureau

- Marketing Wellington as a leading conference and convention destination to the New Zealand and Australian markets, maximising the opportunity provided by Council's investment in facilities and services dedicated to this purpose.

3.2.4. Downtown Marketing

- Delivering campaigns to help ensure downtown Wellington remains vibrant as a place to visit for locals and visitors.
- Sharing information about new and exciting city centre activities through utilisation of our KNOW Wellington databases.

3.2.5. Event Marketing and Development

PWT through strategic development activity and marketing support to WCC Events team plays a lead role in the development of more events throughout the year to appeal to a variety of target audiences.

- Support event development and add value to the event programme with targeted marketing and promotions support.
- Working closely with WCC on event development and jointly establishing and applying criteria to further develop the city's understanding of the economic, social and other benefits of events.
- Provide support and services to key event organisations (such as the Hertz Sevens and Brancott Estate World of WearableArt™ Awards Show, Te Papa Tongarewa and promote events such as Visa Wellington On a Plate).

3.2.6. International Marketing

PWT will utilise online and travel trade marketing activities to educate the world about Wellington and increase its desirability as a business and leisure visitor destination. These activities will expose a global audience to the Wellington proposition and will reflect Wellington's goal of maintaining its status as the coolest urban destination in Australasia, ranking alongside the most internationally recognisable cities in the world.

- Market Wellington as a compelling visitor destination in targeting long haul markets - those which are already important and notably to Asian markets, in activity which complements the work we carry out with WIAL to further the goals of the Long Haul Strategy.
- Work with WIAL and airlines to ensure better connectivity in long haul markets by working on the development of long haul air services, either via Australia or direct to Wellington.
- Coordinating the international marketing activities of those attractions in which WCC have invested, and from which a stated outcome, is that international visitors will be attracted to buy tickets/access to those attractions, at the same time supporting the commercial performance of these attractions and assisting in Council's vision of Wellington being a vibrant and internationally competitive city.

3.2.7. i-SITE Visitor Centre

- Operating an i-SITE Visitor Centre in the city is a core function and this function is extended to providing an i-SITE service on board the Interislander vessel, Kaitaki. The purpose of providing these services is to motivate visitors to stay longer and do more whilst in Wellington, leaving our city with the greatest of experiences.
- Provide i-SITE visitor services in other parts of Wellington city, in particular, information provision for the growing number of cruise ship visitors.

3.2.8. Leadership

- Leading Wellington's tourism industry growth and development in an innovative and vibrant way. Developing and defining industry strategy is central to this leadership activity. At the same time PWT will hold strong relationships with the private sector to inform and influence the sector to take actions which are consistent with the broader visions of Wellington city.

3.2.9. New Zealand Marketing

The domestic market is our main-engine market and PWT will maintain Wellington's position as the most desirable New Zealand urban destination for a short-break market. New Zealanders understand what Wellington is about.

- PWT will deliver targeted marketing programmes and campaigns to the New Zealand market which maintain the city's position as the premier urban destination in New Zealand, working with the WCC's Event team and the key visitor attractions in Wellington.

3.2.10. Online/Digital Tourism Distribution

- Ensuring that Wellington has a high profile and highly effective online tourism presence, both to New Zealanders and international travellers, with maximum ability to convert consumer interest into purchasing Wellington visitor experiences, both as they plan their Wellington experience and when they arrive in our city.
- Our digital activity will demonstrate WCC's vision for Wellington as a *Connected City*

3.2.11. Product Development

- PWT works with both existing businesses and new propositions providing information, networks and advice. This work particularly extends to activity regarding attractions/developments in which the City Council has invested.

3.2.12. Partnership/Relationships

- Maintaining a strong private/public sector funding approach to the Trust's work and through developing i-SITE income, partnership and joint venture programmes, maintain WCC's investment as being no more than 50% of PWT's income.
- Maintaining strong relationships with relevant public and private sector interests, most notably WCC and its subsidiary organisations/Trusts/CCO's etc.

3.2.13. Research

- Ensuring Wellington's tourism dataset and information base is consistent with industry practice in order to properly inform marketing and product development decision-making both for the Trust and as an information source for other agencies and private enterprise.
- To work with the New Zealand tourism sector to improve the quality of information available to inform our marketing investment decisions.

4. Future Direction of Tourism – Strategic Goals

Beyond these activity areas which link to the Wellington Tourism strategy, PWT has set some significant goals for 2012/13 and beyond. These goals take into account the immediate and long term potential of tourism; they are both sensitive to the current environment and cognisant of tourism's future potential.

4.1. Marketing Wellington in Australia: The Next 10 Years

4.1.1. Wellington – A City in Australasia

Lonely Planet's naming of Wellington as the Number 4 city in the world to visit in 2011 was in many different ways, an unbelievable accolade for the city to receive. Who would believe that this tiny city at the bottom end of the world, in a country filled with scenic superlatives, would dare to even compete? A year later on and we still need to make sure that our 'Destination' status is never given up.

Perhaps the most important task for the next decade is cementing the city as a destination in Australia. As our nearest neighbour and key trading partner, Australia will never be anything but our number one source of international visitors. The more we tell them of our city, get them here and see them fall in love with the place, the more assured will be our economy and the stronger our destination status will grow. Importantly Australians will also grow to see Wellington as a viable alternative gateway to a wide part of New Zealand, its visitor attractions and businesses.

Investing in the promotion of Wellington to Australians will be an enabler for the city as it targets goals set out in its future development targets, in both the 2040 strategy and in its economic development strategy. The awareness of Wellington as a city in Australasia amongst the 17.5 million people who live on Australia's south eastern seaboard will be critical to the future health of Wellington and the regional economy.

Our dynamic central city, busy with people, is why our New Zealand city has become a destination and others have not. Our social connections and friendliness create a vibe in which people want to share either physically or virtually. Our environment – the core city set on a dramatic harbour with bush clad hills rising steeply on all sides – is as good as

anywhere on earth. It is the combination of these factors which we must promote in Australia as a distinct message from that of NZ; this is a place to visit for types of reason and also a place to live and work.

Research commissioned by Tourism NZ has identified further growth potential in the leisure market and Wellington is well placed to capitalise on this:

- “has festivals and events of interest” (particularly relevant to the “young adventurers” segment)
- “food and wine” (of relevance to the “professionals” segment)
- “exciting urban environment” (families); and
- “culture and historic buildings” (“silver surfers” segment)

Clearly Wellington is an attractive proposition to Australians.

Our airlinks to Australia and the world provide an important connection, without which the city would be a weaker place, where business would not thrive and people would not choose to live.

Conversely, if we build awareness of our city in Australia, our connections with the world will improve, the strength of our voice and the number of our advocates will increase and the city we plan to see in 2040 can be delivered. This is, of course, one of many initiatives to make sure we get to that goal but we think it’s a key one in which to invest.

At June 30 2012, the three years of funding committed by the Downtown Levy Ratepayer through WCC to promote Wellington in Australia conclude. An appendix is attached to this Statement of Intent that describes the activities undertaken during the funding period, the results of the activity and a plan for the future that will enable the continuation of the activity creating a platform for brand Wellington in Australia that provides opportunity to promote the city better in Australia as a destination for visitors of all types, as a destination for business and business events and as a strong city providing an attractive lifestyle and opportunities that are recognised across Australasia.

See Appendix 1

1. Summary of why its worked

These results contained in Appendix 1 are highly compelling and indicate just what can be achieved when an appropriate partnership model is maintained and resources are pooled to achieve consistent goals.

Prior to *There’s no place like Wellington*, all consumer marketing activity carried out to lure Australians to New Zealand has centred upon promoting the nation’s landscapes and adventure activities. PWT believed that by sending a different message, we could make Wellington (and therefore New Zealand) attractive to a whole different audience who previously had not considered New Zealand as a travel destination.

The growth in arrival numbers has, and will continue, to outpace other gateways into New Zealand because the Australian consumer is provided with a new proposition which, whilst it focuses on leisure travel, is about a city. Of course, our neighbours across the Tasman know that a good city to relax in, is also a good city to work in, or visit for a conference.

2. Executive Summary

Through this document we have repeatedly noted the strength of the partnerships that have allowed our work in Australia to be successful. Having a clear plan going forward is exceptionally important in retaining the investment of our partners. Their investment, without that of the city, would be ineffective as it would be insufficient to allow market penetration and as a result, our partners’ investment would stop.

As PWT has worked through the last three financial years, it has been clear that a fundamental of getting results is having the right key partner to work with in Australia. Initially, the right partner was TNZ, today it is Air New Zealand. Looking to the future and future business years, it is clear that the right choice may be either one of these large organisations or perhaps a different airline or airlines.

Having airlines engaged with this work is important. The maintenance of regular schedules and competitively priced trans-Tasman travel needs to remain a top priority for Wellington. By working in partnership with Air New Zealand, Qantas and Pacific Blue (Virgin Australia), PWT is able to continually work to provide the very best retail fares offered by airlines to the Australian market flying to Wellington.

Working with the airlines also allows work that can encourage the development of new city pairs - connecting Wellington to more cities in Australia – e.g. through the promotion of Wellington in secondary centres which are connected to Wellington via the Air New Zealand / Virgin Australia alliance. If we are to see new airlines flying on the Tasman to Wellington in the future, reliance will be placed on vibrant and ongoing demand growth being created through destination marketing and fare promotion working hand in hand.

Similarly, working with a broad spectrum of traditional, online, cruise and business travel sellers as partners in Australia, will drive all of knowledge, exposure and demand for Wellington as a destination amongst Australians

By continuing our awareness-building brand activities hand in hand with airlines and travel sellers, PWT can make significant headway in changing the perception Australians have of New Zealand by being a city destination surrounded by the scenic wonders of our hinterland. The work carried out to date has achieved a lot but there is still much to do and the current business and travel environment means that the opportunity for Wellington is particularly strong:

- The strong Australian dollar means that Australians are taking more trips (short break and Long Haul) overseas than ever before.
- Frequency of flights and the number of seats on each flight has been stimulated to grow dramatically; the new capacity must be maintained to drive future growth.
- Travel to Wellington for business from Australia has anecdotally increased since the earthquakes in Christchurch.
- With the partnership of PWT with Positively Wellington Venues and Te Papa, new resource has been placed in Australia to convert convention opportunities for Wellington from that market into business for the city.

Cheaper and more convenient air travel also makes visiting Wellington for events from Australia more attractive. Whilst Wellington is appropriately respected by a variety of global organisations as a fantastic events city, Wellington's often claimed position of 'Events Capital' only belongs in New Zealand. Working out how each of our 'headline' events fits into the Australian market will need some consideration but by promoting the city in the Australian market, we now have the opportunity to do something that works and further reinforces brand Wellington amongst Australians.

This position of Events Capital includes marketing Wellington in Australia as a place for business events. Whilst the work that PWT carries out in Australia promoting Wellington as a conference destination is funded from its Wellington Convention Bureau partnerships, the work substantially leverages the awareness platform that is built in Australia through PWT's 'There's No Place Like Wellington' campaign partnership. These partnerships rely entirely on the fund that is afforded by the Downtown Levy ratepayer. The one million dollar investment made by the City is effectively leveraged, raising (in 2011/12) approximately two million dollars of investment by other private and public sector partners.

Similarly, opportunities exist around our trans-Tasman sporting teams to work both to increase Australian patronage at games in Wellington and at the same time, by using the visitation of the teams to Australia to build media interest and PR around our city.

As we look to the future, PWT also sees great opportunity to work with particular niche audiences. Wellington and the surrounding regions provide some particular opportunities in areas such as food and wine, the arts, eco-tourism, fashion and retail and mountain biking to name but a few.

Again, it is clear that the platform of awareness, flight convenience and affordability that has been built can be utilised to grow visitors with all sorts of interests and with a wide range of reasons to travel to our city.

3. Executive Recommendation

It is very exciting to be able to report back to WCC (WCC) as the first phase of funding for the marketing of the city in Australia comes to an end.

PWT and its partners in this work are extremely pleased with the way in which the campaign has worked and the immediate on the ground result reflected in increased visitor arrivals.

PWT also reflects that perhaps the city's greatest success in tourism has been the manner in which, through a strong partnership model, it has become the foremost domestic tourism destination for New Zealanders.

In Australia, we have now planted the seed that provides the opportunity for the future; if we commit now to pursuing this partnership approach for the long term in Australia, then all the promise provided now can be delivered.

PWT recommends to WCC that the additional \$1,000,000 of funding provided by the Downtown Levy for marketing Wellington in Australia is continued into the future, throughout the duration of the Long Term Plan 2012 – 2021.

The provision of this fund should be dependent upon PWT raising partnership funding (either as cash or in joint venture partnerships of matched dollar for dollar investment) from other businesses and organisations to the value of \$1,000,000 in each financial year (01 July – 30 June).

Discussions with key partners have already been initiated by the executive of the Trust and early indications are that an ongoing partnership with Air New Zealand is highly desirable to both parties and also that investment by TNZ is also likely to occur. If PWT is not provided with the funds to continue to lead these partnerships, the partner investment in the marketing of Destination Wellington will also stop.

PWT will, throughout this period, continue to report to WCC on a quarterly basis, informing WCC of the statistics of visitation from Australia, air capacity between Wellington and Australia and other KPI's that will be detailed through its annual Statement of Intent to WCC, in which the intended focus of its annual investment will be noted and which will be detailed in the organisations annual Business Plan.

4.2. Co-operation between Wellington's Visitor Attractions: (KELBURN PRECINCT)

The Trust understands that it is one of a number of investments in tourism that WCC makes each year. Other investments are made through other Council Controlled Organisations, Council funded visitor attractions, departments of Council and visitor infrastructure.

PWT has a positive working relationship with all of WCC's CCO's and enjoys a marketing Memorandum of Understanding with each of the three destination visitor attractions; Wellington Zoo, ZEALANDIA and Carter Observatory.

Wellington Museums Trust, Wellington Zoo, ZEALANDIA, the Wellington Cable Car and PWT all participate in partnership programmes operated by PWT.

During 2011, PWT has initiated a 'Wellington City Pass' Programme which promotes visitation to each of ZEALANDIA, Carter, Wellington Zoo and the Wellington Cable Car. This has proved successful as a sales tool for staff at the i-SITE Visitor information centre and significant sales have been enjoyed.

During 2012-13, the Trust undertakes to lead a project that focuses on bringing more visitors to the Kelburn precinct of the Cable Car and increasing the activities undertaken by all visitors to this area of the City. This is a critical visitor destination in Wellington and is visited by a significant number of visitors each year. However, the number of visitors that move from the view point to other attractions* is much smaller.

* Carter Observatory, Cable Car Museum, Wellington Botanic Garden, Kelburn village and ZEALANDIA

The Trust envisages that this project will involve a number of activities which together will provide the opportunity to improve the number of visitors to the precinct and its associated attractions. In leading the group PWT will recommend a plan of action which includes the following:

- Research the number of visitors to the Kelburn Cable Car precinct, their origin and purpose for visit
- Research the satisfaction levels of visitors to the Kelburn Cable Car precinct and its associated attractions
- Develop from the research an action plan which will:
 - Ensure that the visitor experience travelling to and from the Kelburn Cable Car precinct, and at and around the precinct delivers to all visitors expectations and plays its part in telling the story of our city.

- Maximises the opportunity provided by the significant number of visitors to the precinct to promote other attractions in and parts of Wellington.
- Create a marketing plan that will inspire people to visit the precinct and explore all that its attractions offer.

The Trust notes that Council will have informed other parties involved in this activity through the Statement of Intent and Annual Planning process. The Trust anticipates that discussions in regards to this activity will commence before the end of the 2011-12 year and as such those other parties including departments of council will not commit marketing budget spend without consideration of changes in activity that might be agreed upon as a result of this planning process. For the purposes of this exercise, we would propose that marketing spend should include spending on activities such as a signage and public information.

The Trust looks forward to the opportunity to work on this activity and finding solutions with the various other attractions which will enhance the visitor experience to Wellington and support the business model of each our partners and stakeholders.

4.3. Working on Events

Wellington has often been noted as the 'Events Capital' of New Zealand and this is a title which whilst never being claimed has been validated by the hosting in the city of some of New Zealand's largest and most notable events, these include regular events such as:

- New Zealand International Festival of the Arts
- Brancott Estate World of Wearable Arts Awards Show
- Hertz Sevens
- Visa Wellington On a Plate

One-off events are also an important part of the 'Events Capital' reputation:

- Events at Te Papa – e.g. Monet, Pompeii, Formula1
- Touring Shows at St James Theatre and TSB Arena
- Music concerts (be they at MFC, TSB or the Stadium)

On top of these are other events such as the Fringe Festival, Comedy Festival and Cuba Street Carnival which add to the diversity of the city's offering.

The city also has a good reputation for delivering high class sport through the regular season activity of our key sporting codes – Cricket, Football, Netball and Rugby – as well as irregular international games. This reputation has been enhanced in 2011 by the successful hosting in the city of eight Rugby World Cup 2011 games.

All of these events have become successful as a result of the combination of a high quality event being combined with Wellington providing a high standard of hospitality experience providing visitors with an enjoyable holiday that incorporates an event.

PWT's role in events is to provide marketing support to events and to WCC for events that will bring visitors to Wellington. The breadth if this activity is wide varying from fulfilling marketing contracts to events (e.g. Sevens, WoW) to providing amplification of marketing messages through channels such as www.WellingtonNZ.com. PWT also advocates for events as a means of stimulating the city economy and maintaining business activity in the city throughout the year.

PWT has been a key partner in the building of each of Wellington's cornerstone events and provides contracted marketing support to the Brancott Estate World of Wearable Arts Awards Show and Hertz Sevens. PWT is the co-owner of Visa Wellington On a Plate. Through the events coverage on www.WellingtonNZ.com information regarding events in Wellington is shared with the approximate annual 1.8m visitors to the site. Through the downtown programme 'KNOW Wellington', PWT shares information about what's happening in the city with in excess of 65,000 Wellingtonians. The CEO of PWT is a board member of 'Arts Wellington' the industry group that facilitates capability building and information sharing in the Wellington Arts sector.

The success of Rugby World Cup 2011 in Wellington, the creation of Positively Wellington Venues during 2011 and Council undertaking a review of the City events strategy mean that as Wellington moves into 2012 ensuring that Wellington retains its reputation as New Zealand's Events Capital will be important to the City. This is of particular importance at this time as the strategy behind ATEED (Auckland Tourism, Events, Economic Development) has been launched and this signals a renewed focus and substantially increased resources being available for event purposes.

PWT looks forward in the 2012-13 year to working with venues, event organisers and the WCC to review event provision and to collectively determine the investment made in events that will add to the economic, social and cultural prosperity of Wellington. PWT will continue to provide marketing support for all events in Wellington appropriate to the size and target market of each event. Specifically PWT will work with other CCO's and large event/sport organisers to ensure that audience numbers from outside of Wellington are maximised such that events are the city's economy are sustained.

Promoting events is and will remain a key part of the way in which PWT markets Wellington to New Zealanders and increasingly also to Australians. As an urban destination the expectation of consumers is a busy events programme and PWT communicates this through all its marketing programmes in domestic markets and Australia as well as providing consumers with event information enabling them to make ticket purchasing decisions and other travel planning tools.

By continued working together and development of actions with WCC, venue providers and event organisers the Trust believes that the venue infrastructure the city provides can be better utilised providing a positive result both for all of city entities, business and Wellingtonians who enjoy events.

4.4. Shared Services:

The Trust and its officers will continue to co-operatively work with officers of WCC to complete a process of investigation into the sharing of services in back office function during the 2012-13 year. The Trust aims at all times to ensure that administration matters are handled both efficiently and in a cost effective manner allowing the outcomes derived from the investments that both WCC and businesses and organisations that participate in the Trusts partnership programmes to be maximised.

The Trust has during 2011-12 participated in discussions about the marketing and tourism activities that occur across the Wellington region. These discussions with all other TLA's and their staff/agents with tourism responsibility have demonstrated to the Trust the respect with which its activities are held and the reliance on PWT that region has for marketing internationally and for capability building locally. Furthering these discussions the Trust anticipates that in the 2012-12 year shared service and management agreements with other TLA's may well be developed. Such activity will enable the Trust to deliver a stronger and increasingly succinct marketing message for Wellington City and the region. The Trust will ensure that WCC is kept up to date as discussions in this regard progress.

4.5. Long Haul Air Service Strategy:

The Trust holds responsibility with Wellington International Airport Ltd for the implementation of the Wellington Regional Strategy (WRS), in regards to attracting a 'Long Haul' Airline to operate to and from Wellington. The WRS recognised that this objective is a long-term objective requiring the coming together of a number of certain circumstances:

- The growth in awareness and demand for Wellington in destinations and feeder markets where a long haul airline would be likely to operate to and from (most likely SE Asia).
- The technical capability to land long-haul planes in Wellington.
- The development of appropriate trust and business relationships with the cities which might provide the city pair and airlines which might fly such routes.
- The provision of a business case and resources to incentivise an airline to start flights to Wellington.

When the WRS was written it was believed that the new generation aircrafts – the Boeing 787 and Airbus A350, with the capability to fly Long Haul to Wellington was imminent. In mid 2008 it became clear that these aircraft would be delayed. The Trust has worked hard with WIAL to ensure that the other required conditions are in place; the Trust and WIAL have also worked hard to:

- (1) Develop the Trans Tasman air-links of our airlines that currently serve Wellington.

(2) Work with airlines to promote an extension of a long haul flight through Australia to Wellington. These actions both provide Long Haul interlining options in to and out of Wellington and through increasing the existing international traffic into Wellington provide substance to the theoretical business cases developed to attract a Long Haul airline link.

As we look forward to our 2012-13 year, the circumstances we have been striving to create are now met in a number of respects and with both the Boeing 787 and Airbus 350 near commercial delivery, there appears to be a willingness in the city's business community to establish an incentive fund for an airline to fly long haul to and from Wellington International Airport as a gateway to both the city and wider region. Wellington is at a critical point in its ambition to gain Long Haul airlinks. The actions the Trust will carry out this year are:

- Attendance at the 'Routes Asia Convention' to meet with targeted long haul airlines, reinforce relationships and create new relationships with airlines we have identified as being of high potential for Wellington.
- We will also meet with airlines individually that have been identified in the Route Development Support Proposal to further negotiations in regards to commencing a long haul airlink between Wellington and Asia. The establishment by Council of an incentive fund will be critical in achieving outcomes from this work.
- With WIAL, we will continue to actively pursue opportunities to provide education and information provision to Wellington, regional and national stakeholders in regards to long haul airlinks to Wellington. This work will essentially include making sure that the city business community is kept closely informed of developments, progress and our work to achieve such progress.
- We will continue to carry out market development & training activities, ensuring these are highly Wellington specific whilst working with TNZ and other agencies to ensure our activity is highly penetrative to get the best results.

4.6. Leveraging Partnerships:

PWT will maximise the productivity of the investment made by WCC in the marketing and sales activities of its core visitor attractions by working with the existing Council Controlled Organisations and other agencies/organisations to bring together a series of world class visitor experiences.

4.7. Economic Driver:

PWT will seek to extend the economic impact of tourism by attracting visitors from sectors and markets that currently do not incorporate Wellington in their itinerary.

4.8. Environmental Leadership:

PWT and the i-SITE Visitor Information Centre have both achieved Qualmark status during the 2011/12 year; the Trust will endeavour to retain this status for both parts of its operation into the future. The trust will continue its leadership role for the tourism sector in Wellington by continually advocating for the consideration of sustainable tourism practices, both across the sector and in individual businesses.

5. Alignment with Council Strategic Outcomes

Toward 2040: Smart Capital provides Wellington with a vision for its future. This vision builds on Wellington’s current strengths, acknowledges the challenges the city faces now and in the future, and is informed by Wellington’s communities.

The strategy assesses the position of Wellington today and looks to a future delivered by four key pillars of work around which investment by the city and in the city will be prioritised.

- **People-Centred City**
- **Connected City**
- **Eco City**
- **Dynamic Central City**

The work of PWT contributes significantly to the building of these four pillars for Wellington.

The contribution made by the Trust through its various activities is detailed in the table below:

Activity Area	Supporting Pillar	Nature of Support
Marketing Wellington CBD to Wellingtonians	People Centred City Connected City Eco City Dynamic Central City	The downtown marketing plan is highly specific in that it specifically identifies new and exciting reasons for Wellingtonians to visit the CBD. The activity focuses this year on further growing the community to which we directly communicate. Our target is 85,000. This communication activity allows the Trust to reinforce the vibrant, smart, open and welcoming characteristics of the city and build upon them by attracting residents to spend more time in the CBD doing a wide variety of activities. The activity particularly supports the retail, hospitality and events sector. For Wellington ensuring that local participation in these sectors is high is extremely important as it is this ‘core business’ that makes our central city the economic engine-room of the wider regional economy and makes the city an attractive destination for visitors of all type thus adding all of the local, regional and national economies. Through the delivery of ‘local’ information to the Wellington community, the activity ensures that other sectors such as the arts sector are innovative and resilient with local support.

	<p>Through support of local services and activities such as weekend markets, restaurants and retailers our activity highlights the opportunity to locals to enjoy the city they live in to buy locally supporting both local commerce and the environment.</p> <p>The work of PWT has seen Wellington recognised as the most preferred destination for a holiday by all New Zealanders. This reputation is furthered by the marketing efforts of PWT promoting Wellington as a city with great things to do that is safe and welcoming for visitors of all types.</p> <p>The marketing of the city's key events to New Zealanders supports the notion of the city as a visitor destination all year round and the PWT website - WellingtonNZ.com -promoting the city and its events attracts over 1.8m visitors per year. Together with our efforts marketing Wellington to Wellingtonians, these activities sustain events that make the city dynamic and interesting to visitors and encourage them to visit more often for more reasons. The domestic visitor is the bedrock of Wellington's tourism industry, it is the part which sustains it and ensures that new attractions are built and quality is improved.</p> <p>Domestic tourism to Wellington reflects the primary destination for New Zealanders looking for a city break. City breaks are attractive throughout the year, the result being that Wellington businesses and the jobs they create are not seasonal and are sustained throughout the year.</p> <p>As the leading Regional Tourism Organisation in New Zealand, PWT looks to develop and deliver best practice, both in its own activities and in those of partner businesses and organisations. PWT and the Wellington i-SITE Visitor Information Centre have both attained Qualmark certification and recognition for sustainable practices. By working with our partners, we help and encourage them to also achieve Qualmark status.</p>
<p>Marketing Wellington to New Zealanders</p> <p>People-Centred City Connected City Eco City Dynamic Central City</p>	<p>PWT places considerable resources into marketing Wellington to Australians. Whilst New Zealanders know Wellington well, this is less true of Australians.</p> <p>PWT markets Wellington in Australia as a people-centred, dynamic city in New Zealand that is surrounded by beautiful bush clad hills and nearby wine regions. The KPI's of the Trust's work in Australia include expansion of air capacity between Wellington and Australia, delivering on the ambition to improve the city to city connections currently in place. The work PWT carries out in Australia is resourced through a partnership of city, regional and national funding partners each of which invest to make the most of their resources and the investment they have made in visitor infrastructure and their desire, create economic wealth</p>
<p>Marketing Wellington to Australians</p> <p>People Centred City Connected City Dynamic Central City</p>	

Marketing Wellington to the world beyond Australia	People Centred City Connected City Eco City Dynamic Central City	<p>in their place or business.</p> <p>The marketing activity of PWT in Australia deliberately tells the story of our city and region in a way which describes both its physical assets and vibrant people.</p>
Marketing Wellington for the provision of Conferences and	People Centred City Connected City Dynamic Central City	<p>PWT works both independently and alongside other regional tourism organisations and Tourism New Zealand to welcome international visitors to Wellington, the wider region and New Zealand. Much of the work we complete involves welcoming and hosting journalists and travel writers to our city. This helps the city enjoy coverage internationally that is beyond what we could afford to pay for. By hosting such visitors and providing them with appropriate itineraries, we ensure that the stories they publish around the world are highly positive and recognise the dynamic people-centred city which we enjoy as well as its environment (both natural and built), its arts and culture and its events. By working with a variety of partners, we are also able to demonstrate the role of Maori in the city and ensure that they celebrate that role in their publications.</p> <p>Similarly, we work with global travel companies to increase their brochure coverage of Wellington and inclusion of Wellington attractions in New Zealand itineraries, thus demonstrating to potential visitors, the wealth of attractions the city enjoys and the need to stay longer in our city, helping our local economy.</p> <p>A key theme that PWT uses to promote Wellington is that Wellington is a 'Cool Little Capital' and one which – as any capital city should – through its attractions and activities, tell the story of the city and New Zealand in a way which is important for any visitor to New Zealand to include in their itinerary. Today, a broad product base means that through this work we are telling the story of Wellington's natural environment, heritage, creativity and cultural diversity to a wide and engaged international audience.</p> <p>An important part of our work in international markets beyond Australia is educating international airlines about the characteristics of Wellington as a business, events and capital city destination, as well as a tourist destination and presenting to them with WIAL business case studies to support the implementation of a Long Haul air-link between Wellington and Asia. The eventual arrival of a long haul air service will make a significant contribution to Wellington's economic, social and cultural goals.</p> <p>PWT operates the Wellington Convention Bureau; this is a collective of over 100 businesses and organisations that together invest to market Wellington as a great destination for business events. Using the platform and interest created by our local, domestic and</p>

<p>Conventions</p>		<p>Australian marketing activities the Bureau focuses on attracting business events to Wellington. Key selling points include that Wellington is a compact city with an opening and welcoming attitude and that through its business strengths is a 'smart' city where entrepreneurialism is recognised and encouraged. This work is significant in the support it provides to business in the city and region and also to some of the city's key infrastructure, such as those managed by Positively Wellington Venues, the Wellington Regional Stadium and Te Papa.</p> <p>By bringing business events to Wellington we help connect people internationally to support market access and knowledge exchange in Wellington, as well as highlighting Wellington as a city that enjoys a high level of business and lifestyle value.</p> <p>Including our tertiary institutions as partners allows the opportunity to highlight the strengths of those institutions through the hosting of international conventions in Wellington.</p>
<p>Provision of iSITE Visitor Information Service</p>	<p>People Centred City Connected City Eco City Dynamic Central City</p>	<p>PWT operates the Wellington i-SITE Visitor Information Centre and the Interislander i-SITE Visitor Information Centre on board the ship, Kaitaki. The i-SITE provides an essential link between the marketing activity of PWT and the visitor arriving in Wellington.</p> <p>Through provision of good information, our team deliver a personal experience to visitors which helps them make the most of the time they have in Wellington. The Trust aims to ensure that each and every visitor will spend longer in the city and region, doing more, enjoying more, spending more and ultimately telling the stories of Wellington to friends when they return home, in such a way which will encourage more people to visit Wellington from around the world.</p> <p>A year ago, PWT reinvested in its i-SITE on Civic Square so that the information we distributed was better able to tell the story of the city, recognise the role of Maori in the city and focus on some of the unique attractions that can be enjoyed in suburban Wellington. Another focus of this service was to make the information and facility accessible to a wide community. The Visitor Centre has now achieved a Gold, 'Be Accessible' Award.</p> <p>Through sales at the Wellington i-SITEs, all kinds of businesses receive revenues which help sustain their success and help them in telling their story of our Wellington.</p>

6. Organisational Health and Capability

Organisationally, the Trust is in a sound position. However, it is reliant on funding support from WCC and other income such as private sector partnership funding and other grants and sponsorships.

In 2011/12 the Trust's resources for activity promoting Wellington have been derived from four key sources;

- WCC grant (48.2%)
- Operation of the Wellington i-SITE and www.WellingtonNZ.com (24%)
- Partner income from the Wellington tourism industry (direct contributions) (13.4%)
- Air New Zealand and trade partnership investment in Australia (11.2%)

6.1. Risk Management and Mitigation

As an organisation, PWT takes risk management seriously and we have incorporated risk assessment protocols in both our governance and management processes. We also believe it is vitally important to target development opportunities that will help to secure the future of Wellington as a vibrant and viable visitor destination. Sometimes this involves a degree of "managed" risk.

The current economic environment and the reduced consumer confidence it generates, continues to put pressure on both public and private sector funding. We can continue to expect increased competitor activity as other Regional Tourism Organisations (RTOs) compete for a bigger share of both the domestic and Australian markets to compensate for the decline in long-haul markets. They all look with jealousy to Wellington's events programme; we should not underestimate how aggressive they may be in competing for these properties.

We continually review the effectiveness of our actions and look for new ways to introduce further private sector investment in our activities to further leverage the investment made by WCC.

The organisation's private sector partnership programmes are critical to the marketing of the city and bring significant competitive advantage by way of industry input and funding, and a high level of commercial accountability.

Maintaining the Trust's funding base and mix is fundamental to sustaining the operational viability of the Trust and any reduction in funding or substantial change in the funding mix would result in a consequent reduction in service levels, changes in core capabilities or a reduction in the scale and impact of our marketing programmes. Everything we do delivers direct and indirect benefits to the downtown marketing fund ratepayer, as well as the wider community. We will continue to reinforce the ROI we deliver.

Wellington's successful growth as a visitor destination since the foundation of the Trust has been grounded on the cooperative arrangement between WCC and private enterprise. This has enabled the Trust to carry out a greater range of activities, increasing visitation from a broader set of markets than any other comparable body in New Zealand. Any reduction of funding from a stakeholder organisation challenges the ability of the Trust to maintain these activities successfully.

The major risks that the Trust faces and a summary of key mitigation strategies are presented below. The Trust maintains an active Risk Register that is reviewed at every Board Meeting.

6.2. Financial Risk

6.2.1. Limited Funding

The Trust seeks to protect, grow and diversify its funding base to ensure that it can continue to make a positive contribution to the achievement of Wellington City's strategic objectives.

Risks include the failure of funding to keep pace with increased costs of staff and marketing inflation and the cost of service delivery. As noted above, the global economic crisis and New Zealand's economic recession will put further pressure on funding sources.

PWT receives no annual inflation adjustments as part of its funding. In real terms, its market reach and ability to pay competitive salaries is reducing.

Mitigation measures we employ:

- Continually review all funding options/methods available to the Trust.
- Maximise funding diversity.
- Continually review the return on investment of all marketing initiatives and assess those initiatives against new opportunities to ensure the best outcomes are delivered to all stakeholders.
- Seek annual CPI inflation adjustments with funding, particularly in key areas of the organisation, notably salaries.

In this Statement of Intent, we ask council to apply a CPI increase to the payroll component of our expenditure which for the 2011-12 year will total \$2,365,000. The provision of such a CPI increase annually would protect the City investment allowing the city to remain competitive into the future.

Please see Appendix 2 for additional detail of PWT income

6.2.2. Limited Financial Flexibility

The Trust employs prudent financial controls to match expenditure with income. The Trust retains a small cash reserve to provide for any variations in funding streams or changes in the timing of project expenditure.

The relatively low cash reserves position puts some constraints on financial flexibility. While this ensures that the Trust works closely with WCC on funding issues, it also provides little scope for the Trust to manage changing working capital demands or other financial pressures.

The Trust is planning to operate on a break-even basis after depreciation in the 2012/13 year. The Trust will retain a cash reserve to a maximum of \$250,000 for extraneous 'one off' events or emergencies such as the loss of private sector funding.

Mitigation measures we employ:

- Regular dialogue with marketing partners and partner organisations/ agencies.
- Rigorous cost management.
- Monthly Revenue / Expense forecasting.
- Budgets for each operational area are written on a per project basis, enabling return on investment analysis to be carried out to determine the effectiveness of individual actions within the annual activities of the Trust.

6.2.3. Insurance Programme

The Trust holds a number of insurance policies to ensure that its activities, employees, stakeholders and investment are protected. In line with national trends, the Trust's insurance cover for the 2011/12 year has seen a 39% increase on the previous year.

General Liability/Statutory & Employers Liability - Zurich Australia Insurance Ltd
General Liability \$10,000,000, deductible \$500
Statutory Liability \$500,000, deductible \$500
Employer's Liability \$500,000, deductible \$500

Material Damage and Business Interruption - Vero Insurance NZ Ltd
Contents, stock & display stands \$886,000
Business Interruption \$210,000

Motor Vehicle - Vero Insurance NZ Ltd
Vehicle value as declared, additional vehicle \$50,000, deductible \$500

Business Travel - Vero Insurance NZ Ltd
Aggregate Limit \$2,500,000

Insurance cover is arranged for marketing projects when required.

6.2.4. Private Sector Partnerships

The Trust has well established funding partnerships with a range of private sector operators. This enables a far higher level of marketing activity than could be sustained by Council funding alone and demands a high level of commercial accountability in addition to demonstrating the broader economic returns to Council. An example of this commercial accountability would be when a partner in a particular programme is provided with a breakdown of the activities carried out by the Trust that have assisted that individual partnership. This might take the form of, for example, a lead generation report to a Convention Bureau partner.

The loss of private sector partnership funding is a risk. A significant share of revenue is derived from this source. External influences outside the Trust's control can result in a change of direction for some private sector partners, as can changes in key personnel, thus reducing funding for PWT marketing activity. Strategic development of partnerships means that the Trust now benefits from partnerships with around 180 commercial organisations. These partnerships ensure that the Trust is working for the development of Wellington as a destination, whilst working with the commercial realities of the visitor industry.

Our partnerships include:

- Domestic Marketing Group (PWT, City Hotels, Te Papa)
- International Marketing Group (PWT, tourism sector business that work in the international market*)
- International Marketing Alliance (PWT, Hutt City, Upper Hutt City, Porirua City, Destination Wairarapa)
- Wellington Convention Bureau (PWT, business that work in the convention market*)
- There's No Place Like Wellington (Australia) partnership (PWT, Air New Zealand, Hutt City, Destination Wairarapa, Te Papa, Destination Marlborough, Interislander, Hawkes Bay Tourism, Wellington International Airport Limited, Tourism New Zealand; food and wine sector; Australian online travel companies e.g. Wotif.com)
- Classic New Zealand Wine Trail (PWT, Destination Marlborough, Destination Wairarapa, Tourism Hawkes Bay, Wine tourism sector businesses)
- I-SITE Membership (Tourism sector operators from across New Zealand)
- Interislander Membership (Tourism sector operators from Wellington and Marlborough regions)
- Visa Wellington On a Plate (Grow Wellington; Sponsors – Visa, Fisher & Paykel, New World, Air New Zealand, Armstrong Prestige Motor Group, The Radio Network, BERL; participating businesses; Hutt City, Upper Hutt City, Porirua City, Kapiti Coast District and Destination Wairarapa)
- Ad-hoc regular partners (Mojo, Kirkcaldie and Stains, restaurants, WRFU, events, markets, etc.)

These partnerships are essential not only for maintaining the stability of the Trust through a diverse funding base but also in reflecting that Wellington is the gateway to a wide region of New Zealand and that for visitors of any purpose, Wellington needs to promote itself as this gateway to a much broader economic zone.

Mitigation measures we employ:

- Close and proactive partnership management.
- Developing relationships that are more than "one deep" with partner organisations.
- Ensuring campaigns and programmes remain relevant to private sector partners and deliver commercial returns.
- Continuing to innovate with our marketing programmes and provide independent tracking measures with commercial return (e.g. Book-It).
- Developing 'Sponsorship' as well as 'Partnership' investment opportunities.

6.3. Significant External Risk for 2012/13

6.3.1. External Factors

External economic factors and other macro events - e.g. fuel prices - can have a major influence on visitor numbers. Such events could seriously impact on the tourism sector and have a significant impact on the Trust's ability to

generate revenue from its i-SITE (which operates to a cost-neutral position) and private sector partners. Softening of international visitor demand may have impacts on commercial partnerships. This will need close attention.

Mitigation measures we employ:

- Keep up to date with global/macro issues and their likely impact on New Zealand and Wellington tourism. Keep the wider industry and WCC informed as appropriate.
- Keep partners informed of global issues and the likely impacts on the market.

6.3.1.1. Business Continuity

Whilst the Trust has held a business continuity plan for a number of years, the management and staff have, through 2011, learned much from the experiences of Christchurch and Canterbury Tourism during the series of Canterbury earthquakes.

Immediately after the February earthquake, the management and staff of the Trust were heavily involved in assisting international visitors to Christchurch who were evacuated to Wellington. One of the outcomes of carrying out this activity was an understanding gained by the Trust of the value of its intellectual property in such an event.

As a result, the Trust has updated its Crisis Communications Plan (targeting both local stakeholders and visitors to Wellington) and also the individual plan for each employee, such that the Trust is now well prepared to be able to offer significant assistance to WCC, WEMO and visitors should an incident occur, whether that incident is of high significance or a localised incident.

The business of the Trust is promoting Wellington as a destination for visitors and as such the most important business continuity challenge is the security of our website and communication tools. Through the Crisis Communications Plan and IT support and security with Fujitsu our business tools are protected.

The Trust operates the Wellington i-SITE visitor information centre and whilst this is operated to run on a cost neutral basis, the Trust recognises that in the event of civil emergency, the facility and staff activity may well change to being that of a public information service for visitors and locals.

6.3.1.2. Regional Competition

During 2011 the Trust has monitored the activity and strategy development being carried through by Auckland Council through its Council Controlled Organisation, ATEED. Whilst the development of a strategy has taken ATEED some time, that strategy appears to be now focussed and resourcing has been put in place. The investment being made is substantial – ATEED will receive of c.\$34m from Auckland Council in 12/13 and expects to raise a further \$15m from private sector partnerships – and will mean that in the year ahead, for the first time, Wellington’s investment in attracting visitors and promoting events will be exceeded by another region in New Zealand.

Mitigation measures we will continue to employ with even greater focus:

- Work together with City Council and event/arts organisations to maintain and grow the excellence and vibrancy of Wellington’s events.
- Continued high level of collaboration with the City’s organisations that are tourism attractions to ensure that marketing expenditure is highly leveraged and that the experiences offered retain the high level of excellence with which Wellington is associated.
- Continued emphasis on strong strategic relationships with tourism/economic development departments of neighbouring Territorial Local Authorities and their elected/executive representatives.
- Work with WCC and city institutions to create even greater consistency and penetration of Wellington’s brand, brand values and the stories they tell.
- Close partnership management with existing funding partners.
- Closely monitor the activity of those regions with greatest potential to challenge our position.
- Keep our funders aware of significantly increased levels of funding made available to competitor regions.

6.4. Capability Risk

6.4.1. Core Capability and Staff Retention

PWT is committed to attracting and retaining great talent and, as noted above, recent changes in the executive team have been well supported. The core capability of PWT is retained in a small number of key positions and competition for talented staff is intensifying. Paying competitive salaries is key; managing staff retention and keeping staff turnover at a healthy level is a priority for PWT.

Mitigation measures we employ:

- Ensuring an effective succession planning system is in place.
- Ensuring salary levels and benefits within core management team are competitive as possible in the market.
- Ensuring staff feel appreciated and rewarded in their roles by developing a strong team culture.
- Ensuring information systems and operating procedures are maintained and documented to minimise the impact of core staff leaving.
- Salary remuneration programme operating so as to ensure market competitiveness.
- Remuneration sub-committee of the Board.

6.4.2. Health and Safety responsibilities

The Trust takes its responsibility towards its employees and visitors seriously. Health & Safety is a permanent agenda item for regular (fortnightly) management and staff meetings, with employees encouraged to report issues arising and responsibility for the resolution of any issues being delegated to specific team members.

6.4.3. Advocates for Wellington

The Trust has been able to develop a number of effective national and international partnerships. From time to time, the organisation may be forced to take different positions on certain issues involving financial partners. This could bring us into conflict with our partners; e.g. being asked to comment on tourism or aviation issues where partners have conflicting objectives.

Mitigation measures we employ:

- Ensuring partnership management responsibilities are shared throughout the organisation and lie with more than one or two staff – meaning marketing and advocacy issues can be separated to some degree.
- Ensuring the Board and WCC clearly understand the risks associated with taking different views to our partners on specific issues.
- Maintaining a strong and consistent position that reflects that PWT exists to serve the “big picture” interests of Wellington.

6.5. Market Risk

6.5.1. Air Access and Transportation Links

Air access is critical to growth. PWT has adopted a “high level” view of this. Direct long-haul air connectivity is a WIAL, city and Grow Wellington goal and PWT supports this. PWT also supports the protection and growth of trans-Tasman air capacity and the possibility of longhaul indirect services.

Mitigation measures we employ:

- Maintain active working relationships with all airlines that operate to and from Wellington, and support their marketing programmes at a tactical level.
- Maintain active working relationships with all airlines that operate to and from New Zealand.
- Retain ongoing contact with WIAL to understand their business objectives and support those objectives as appropriate.
- Work closely with WIAL to together support new routes and increased frequency of departures from all ports into Wellington.

- Maintain close working relationships with other national transportation providers – rail, coach, ferry etc; if Wellington is capacity-constrained in aviation terms, then we need other ways of channelling travellers to and through our destination.
- Continue to seek regional funding to take advantage of long haul flight opportunity.

6.5.2. Convention/Event Facilities

Large purpose-built convention and event centre facilities that compete effectively with other regions are required. The convention market alone is worth in excess of \$100m per annum to Wellington. There are growing market risks around Wellington’s existing convention centre facilities being uncompetitive.

There are also direct linkages between attracting additional air services and creating a business environment that will attract investment in new visitor products and services, and the development of convention facilities.

Mitigation measures we employ:

- Continue to review and assess the case for new convention/event facilities.
- Identify opportunities for developing new convention/event facilities.
- Promote city attributes and attractions that can create a great convention event regardless of core event capacity.
- Leverage our investment in marketing Wellington to Australia to increase the number of convention delegates visiting Wellington from Australia.

6.5.3. Event Marketing

Events have played a vital role in developing Wellington’s brand. The capital boasts a high calibre event programme, including the New Zealand International Arts Festival, the Hertz Sevens and the Brancott Estate World of WearableArt™ Awards Show. These three events contribute a combined total of \$36.8 million to the Wellington economy per annum. PWT directly invests \$464,500 marketing these and other events domestically.

PWT’s event marketing programme has strong links to WCC’s Events Strategy. Council invests significantly in event development. PWT complements this investment by promoting and marketing a wide range of events through both targeted and generic marketing activity. A strong spirit of cooperation exists in this area and PWT has a strong commitment to marketing events that are receiving development support.

Increasingly PWT is finding it more challenging to increase or widen marketing activity in the event area within existing financial resources. Given Wellington’s leadership position in the event area, PWT is concerned that any reduction in competitiveness in this area could have negative impacts on the city’s event programme and the economic gains made from it.

Mitigation measures we employ:

- In the short term we can adjust media schedules within the New Zealand Marketing Campaign to free up additional resource for event marketing.
- Seek additional funding or sponsorship to enable an increase in activity.

6.5.4. Support Infrastructure

Support infrastructure for tourism in Wellington city plays an important part in ensuring that the visitor experience in our city is exceptional.

Facilities and arrival experiences for the increasing number of cruise visitors is a particular risk, although much has been achieved since the summer season of 2008/09 through the ongoing provision of shuttle bus services by PWT and WCC between the port and city, and locating of staff in the Brandon Street/Lambton Quay area..

Mitigation measures we employ:

- Advocate for visitor signage policies.
- Advocate and facilitate the development of appropriate parking and public toilet facilities for visitors.
- Advocate and support the development of better cruise visitor transport to and from the Aotea Terminal.

- Work with Cruise NZ, Centre Port and WCC in development of long-term solutions for handling increasing numbers of cruise ship visitors.

6.5.5. Environmental Sustainability

Environmental and sustainability issues continue to be increasingly important to us all as individuals, organisations and communities. These issues create particular challenges in the tourism sector. Issues surrounding global warming, sustainability and tourism's impact on it will grow. The industry will need to embrace these market shifts and ensure that it has strategies in place to deal with issues such as carbon emissions. Collaborating with WCC and other affiliated organisations on these issues will be critical to ensuring a collective response on these issues.

Mitigation measures we employ:

- Understand key issues and impacts and monitor developments.
- Integrate issues and responses to them into strategies and plans.
- We will continue participation in the Qualmark-Enviro accreditation assessment scheme and this will provide us with a tourism industry standard benchmark against which to grade our performance in future years.
- Identify areas in which Wellington can take a leadership role.

7. WCC Internal Audit Function

PWT respect that WCC may request an internal audit function as required.

8. Council Relationship Principles

The Trust will provide quarterly reports in the agreed format to the Monitoring Sub-Committee on the agreed dates and present its Summary Business Plan along with the Strategic Plan and Statement of Intent on agreed dates.

The Trust's Annual Report and audited accounts will be supplied to the WCC within 60 days of the end of the financial year.

The principles governing the relationship with WCC as its primary stakeholder will include:

- Operating on a "no surprises" basis, with open and full disclosure of information as required.
- Early advice to WCC in the event of any situation that may be potentially contentious in nature.
- Disclosing any significant transactions that are planned within the Trust's Business Plan.

Financial and operating measures will be reported on a quarterly basis including the following:

- Statement of Financial Performance
- Statement of Financial Position
- Statement of Cashflows
- Statement of Movement in Equity
- Forecast for Statement of Financial Performance
- Capital Expenditure
- Progress against operational KPIs as detailed in the Business Plan

9. Measuring Performance

	2011/12
Organisational	Maintain overhead costs as less than 12% of total activity costs including partnership investments. Continue to review of shared services under the umbrella activity being led by WCC. Maintain WCC funding at 50% or less of Wellingtons marketing activity investment. Airline capacity maintained at least to 20011/12 levels and negotiations advanced to grow capacity further Recognition of Wellington as a visitor destination in targeted regions of Australia has risen over levels measured (after one full year of activity) in March 2012.
Australia Sales and Marketing	Increase Australian visitor arrivals through Wellington International Airport over 2011/12 levels by 7% Grow Wellington's C&I market share within the New Zealand market to 22% of the national share of the multi day conference market. 3% increase in leads/referrals generated to Convention Bureau partners relative to 2011/12.
Downtown Marketing	Downtown weekend visitation maintained at 2011/12 levels. Increase reach of KNOW e-news (including social media channels) to Wellington Residents from 28% of residents to 45% (80,000).
International	Maintain international visitor numbers to Wellington relative to 2011/12. Resulting from provision by WCC of an incentive fund and attendance at Routes Asia 2012 we will meet with all airlines for whom there is a business case to take up the incentive fund and provide each with a business proposition Grow Wellington's Cruise passenger visitors in 2012/2013 by 22% relative to 2010/11.
New Zealand and Event Marketing	Increase domestic visitor nights in Wellington city by 2% relative to 2011/12 Increase weekend rooms sold in partner hotels by 2% relative to 2011/12
Online and IT	10% growth in visitors to WellingtonNZ.com relative to 2011/12 Generate \$680K of bookings through WellingtonNZ.com
Product Development	Create and implement a visitor information and marketing plan for the Kelburn Precinct working with the cluster of attractions in that part of the city
i-SITE Visitor Centre	Maintain i-SITE revenue relative to 2011/12 Increase proportion of sales of Wellington product by 5% relative to 2011/12 Visitors to the i-SITE maintained at 2011/12 levels

10. Staff

10.1. Marketing Office

Staffing levels at the Marketing Office will be maintained at 22 FTEs.

10.2. i-SITE

Staffing levels at the i-SITE will be approximately 9 - 11 FTEs with seasonal adjustments to deal with seasonal demand. At peak season the i-SITE could expect to have between 15 - 20 individual staff employed to cover high consumer demand periods and extended trading hours.

11. Trust Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these budgets.

The accrual basis of accounting has been used unless otherwise stated. These results are presented in New Zealand dollars and are compliant with NZIFRS.

11.1. Availability of Future Funding

The Trust is reliant on WCC for a large part of its income and operates under a Funding Deed with the Council. The Funding Deed is for a period of three years and is extended annually for a further year.

If the Trust were unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the fact that assets may need to be realised other than at the amounts stated in the Balance Sheet. In addition, the Trust may have to provide for further liabilities that might arise, and to reclassify fixed assets as current assets.

11.2. Ratio of Total Assets: Liabilities

Debt will not be raised to finance operating expenses.

The Trust has a policy for the ratio of total assets to total liabilities of 1.2:1.

Total assets include all fixed and current assets. Total liabilities include all current and term liabilities of the Trust.

11.3. Activities for which Compensation from Council is sought

The Trust is seeking a core operational in the 2012/13 financial year funding grant of:

- \$ 6,010,950

This includes:

- \$ 26,000 (Civic Square subsidy)
- \$ 70,950 (Recognition of a CPI increase to cover increased salary costs as noted above in 6.2.1.)
- \$ 1,000,000 (Australia marketing project as noted in above in 4.)

11.4. Revenue Recognition

Revenue is measured at fair value of the consideration received.

The Trust received grants and funding which is recognised as revenue upon entitlement as conditions, if any, pertaining to eligible expenditure have been fulfilled.

Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at balance date.

Interest income is recognised using the effective interest rate method.

Revenue from the sale of goods is recognised when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

11.5. Expenses

Expenses are recognised when the goods or services have been received on an accrual basis.

11.6. Taxation

The Trust does not currently enjoy charitable status provided by the Inland Revenue and as such, is liable to pay income tax as a Council Controlled Organisation. The Trust is not exempt from indirect tax legislation such as Goods and Services Tax, PAYE or ACC and therefore is required to comply with these regulations.

11.7. Good and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

11.8. Financial Instruments

Partnership Wellington Trust Inc. classifies its financial assets and financial liabilities according to the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

11.9. Impairment of Financial Assets

At balance date the Trust assesses whether there is any objective evidence that a financial asset or group of financial assets are impaired. Any impairment losses are recognised in the profit and loss.

11.10. Non Derivative Financial Instruments

Financial assets

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when Partnership Wellington Trust Inc. provides money, goods or services directly to a debtor with no intention of trading the receivable.

Trade and other receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for loans of a similar maturity and credit risk.

Trade and other receivables issued with duration less than twelve months are recognised at their nominal value. Allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the asset is impaired.

Cash and cash equivalents comprise cash balances and call deposits with up to three months maturity from the date of acquisition. These are recorded at their nominal value.

Financial liabilities

Financial liabilities comprise trade and other payables and borrowings. Financial liabilities with duration more than 12 months are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method. Amortisation is recognised in the Profit and Loss as is any gain or loss when the liability is de-recognised. Financial liabilities entered into with duration less than 12 months are recognised at their nominal value.

11.11. Inventory

Inventories held for distribution or consumption are recorded at the lower of cost (determined on a first in- first out basis) or current replacement cost. This valuation includes allowances for slow moving and obsolete stock.

11.12. Trade and Other Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence the Trust will not be able to collect all amounts due. The amount of the provision is the difference between the assets' carrying value and the present value of the estimated discounted future cash flows.

11.13. Property, Plant and Equipment

Recognition

Property, plant and equipment consist of Leasehold Improvements, Computer Equipment and Furniture and Fittings. Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits over the total life of an existing asset. Costs that do not meet the criteria for capitalisation are expensed.

Measurement

Property, plant and equipment are recorded at historical cost or valuation.

The initial cost of property, plant and equipment includes the purchase consideration, and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Borrowing costs are not capitalised. Subsequent expenditure that extends or expands the asset's service potential is capitalised.

Impairment

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported in the Profit and Loss, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease.

Disposal

Realised gains and losses arising from the disposal of property, plant and equipment are recognised in the Profit and Loss in the period in which the transaction occurs.

Depreciation

Depreciation is provided on all property, plant and equipment. Depreciation is calculated on a straight line basis, to allocate the cost or value of the asset (less any residual value) over its useful life. The estimated useful lives of the major classes of property, plant and equipment are as follows:

Leasehold Improvements	20%
Office Equipment	33%
Furniture & Fittings	33%
Computers	33%

Intangible Assets

Intangible assets comprise computer software and website development costs, which have a finite life and are initially recorded at cost less any amortisation and impairment losses. Amortisation is charged to the Profit and Loss on a straight-line basis over the useful life of the asset. Typically, the estimated useful lives of these assets are as follows:

Computer Software	3 years
Website	3 years

Realised gains and losses arising from disposal of intangible assets are recognised in the Profit and Loss in the period in which the transaction occurs. Intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the Profit and Loss.

11.14. Employee Benefits

A provision for employee benefits (salaries, wages and annual leave) is recognised as a liability when benefits are earned but not paid.

11.15. Holiday Leave

Holiday leave (annual leave) is calculated on an actual entitlement basis at the greater of the average or current hourly earnings in accordance with sections 16(2) & 16(4) of the Holidays Act 2003.

11.16. Payables and Provisions

The Trust recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation as a result of a past event, it is probable that expenditure will be incurred to settle the obligation and can be estimated reliably.

Provisions are measured at the present value of the expenditure expected to settle the obligation discounted.

11.17. Contingent Assets and Liabilities

Contingent liabilities are disclosed if the possibility that they will crystallise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

11.18. Equity

Equity is measured as the difference between total assets and total liabilities. The components of equity are accumulated funds and retained earnings.

11.19. Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under these leases are expensed in the Profit and Loss in the period in which they are incurred. Payments made under operating leases are recognised in the Profit and Loss on a straight-line basis over the term of the lease.

11.20. Statement of Cash Flows

The statement of cash flows has been prepared using the direct approach subject to the netting of certain cash flows.

Operating activities include cash received from all income sources of Partnership Wellington Trust Inc. and record the cash payments made for the supply of goods and services. Investing activities relate to the acquisition and disposal of assets. Financing activities relate to activities that change the equity and debt capital structure of Partnership Wellington Trust Inc.

11.21. Distribution to Settlor

Partnership Wellington Trust does not make a distribution to the Settlor.



John Milford
Chair
Partnership Wellington Trust
(On behalf of Trustees)

Appendix
Financial Budgets 2012/13 to 2014/15

Estimate 30-Jun-12	EARNINGS STATEMENT	Qtr to 30-Sep-12	Qtr to 31-Dec-12	Qtr to 31-Mar-13	Qtr to 30-Jun-13	Total YE 30-Jun-13	Total YE 30-Jun-14	Total YE 30-Jun-15
	Revenue							
3,520,000	Trading Income	600,000	1,150,000	1,230,000	590,000	3,570,000	3,623,550	3,677,903
5,940,000	WCC Grants	1,502,738	1,502,738	1,502,738	1,502,738	6,010,950	6,082,480	6,154,862
	Other Grants					-		
	Sponsorships and Donations					-		
75,000	Investment Income	23,000	15,000	23,000	14,000	75,000	75,000	75,000
1,972,000	Other Income	450,000	550,000	600,000	375,000	1,975,000	1,994,750	1,994,750
11,507,000	Total Revenue	2,575,738	3,217,738	3,355,738	2,481,738	11,630,950	11,775,780	11,902,515
	Expenditure							
2,619,000	Employee Costs	671,000	681,000	671,000	681,000	2,704,000	2,777,008	2,851,987
8,677,500	Other Operating Expenses	2,529,600	2,228,000	2,300,000	1,724,000	8,781,600	8,840,000	8,934,000
212,000	Depreciation	39,400	35,100	34,600	34,100	143,200	157,500	115,000
	Interest	-	-	-	-	-	-	-
11,508,500	Total Expenditure	3,240,000	2,944,100	3,005,600	2,439,100	11,628,800	11,774,508	11,900,987
-	Net Surplus/(Deficit) before Taxation	-	664,263	273,638	350,138	2,150	1,272	1,528
	Taxation Expense							
-	Net Surplus/(Deficit)	-	664,263	273,638	350,138	2,150	1,272	1,528
-	Operating Margin	-	0	0	0	0	0	0

Estimate 30-Jun-12	STATEMENT OF FINANCIAL POSITION	As at 30-Sep-12	As at 31-Dec-12	As at 31-Mar-13	As at 30-Jun-13	As at 30-Jun-14	As at 30-Jun-15
	Shareholder/Trust Funds						
491,441	Share Capital/Settled Funds	489,941	174,322	99,316	449,454	492,091	493,363
	Revaluation Reserves						
	Restricted Funds						
-	Retained Earnings	-	664,263	350,138	42,638	1,272	1,528
489,941	Total Shareholder/Trust Funds	-	174,322	99,316	449,454	493,363	494,891
	Current Assets						
600,813	Cash and Bank	2,173,000	865,000	2,629,363	627,822	611,555	658,555
250,000	Accounts Receivable	295,000	25,000	405,000	255,000	230,000	240,000
9,500	Other Current Assets	23,000	9,000	28,500	8,000		
860,313	Total Current Assets	2,491,000	899,000	3,062,863	890,822	841,555	898,555
	Non-Current Assets						
240,000	Fixed Assets	228,750	198,800	169,350	140,400	95,000	34,000
22,000	Other Non-current Assets	32,350	30,700	29,050	27,400	30,800	26,800
262,000	Total Non-current Assets	261,100	229,500	198,400	167,800	125,800	60,800
1,122,313	Total Assets	2,752,100	1,128,500	3,261,263	1,058,622	967,355	959,355
	Current Liabilities						
445,372	Accounts Payable and Accruals	1,141,422	844,184	1,291,809	351,531	285,992	274,464
112,000	Provisions	111,000	120,000	110,000	120,000	125,000	125,000
75,000	Other Current Liabilities (Incl. Income in Advance)	1,674,000	65,000	1,410,000	95,000	63,000	65,000
632,372	Total Current Liabilities	2,926,422	1,029,184	2,811,809	566,531	473,992	464,464
489,941	Net Assets	-	174,322	99,316	449,454	493,363	494,891

Estimate 30-Jun-12	STATEMENT OF CASH FLOWS	Qtr to 30-Sep-12	Qtr to 31-Dec-12	Qtr to 31-Mar-13	Qtr to 30-Jun-13	Total YE 30-Jun-13	Total YE 30-Jun-13	Total YE 30-Jun-15
	<i>Cash provided from:</i>							
3,520,000	Trading Receipts	600,000	1,150,000	1,230,000	590,000	3,570,000	3,623,550	3,677,903
5,940,000	WCC Grants	3,005,475	0	3,005,475		6,010,950	6,082,480	6,154,862
	Other Grants					0		
	Sponsorships and Donations					0		
75,000	Investment Income	23,000	15,000	23,000	14,000	75,000	75,000	75,000
1,972,000	Other Income	450,000	550,000	600,000	375,000	1,975,000	1,994,750	1,994,750
11,507,000		4,078,475	1,715,000	4,858,475	979,000	11,630,950	11,775,780	11,902,515
	<i>Cash applied to:</i>							
2,619,000	Payments to Employees	671,000	681,000	671,000	681,000	2,704,000	2,777,008	2,851,987
8,674,628	Payments to Suppliers	1,796,788	2,338,500	2,419,612	2,296,041	8,850,941	8,899,539	8,953,528
	Net GST Cashflow					-		
	Other Operating Costs					-		
	Interest Paid					-		
11,293,628		2,467,788	3,019,500	3,090,612	2,977,041	11,554,941	11,676,547	11,805,515
213,372	Total Operating Cash Flow	1,610,687	(1,304,500)	1,767,863	(1,998,041)	76,009	99,233	97,000
(104,000)	Total Investing Cash Flow	(38,500)	(3,500)	(3,500)	(3,500)	(49,000)	(115,500)	(50,000)

Estimate 30-Jun-12	STATEMENT OF CASH FLOWS (CONT)	Qtr to 30-Sep-12	Qtr to 31-Dec-12	Qtr to 31-Mar-13	Qtr to 30-Jun-13	Total YE 30-Jun-13	Total YE 30-Jun-14	Total YE 30-Jun-15
109,372	Net Increase/(Decrease) in Cash Held	1,572,187	(1,308,000)	1,764,363	(2,001,541)	27,009	(16,267)	47,000
491,441	Opening Cash Equivalents	600,813	2,173,000	865,000	2,629,363	600,813	627,822	611,555
600,813	Closing Cash Equivalents	2,173,000	865,000	2,629,363	627,822	627,822	611,555	658,555

Estimate 30-Jun-12	CASH FLOW RECONCILIATION	Qtr to 30-Sep-12	Qtr to 31-Dec-12	Qtr to 31-Mar-13	Qtr to 30-Jun-13	Total YE 30-Jun-13	Total YE 30-Jun-14	Total YE 30-Jun-15
(1,500)	Operating Surplus/(Deficit) for the Year	(664,263)	273,638	350,138	42,638	2,150	1,272	1,528
212,000	Add Non Cash Items							
	Depreciation	39,400	35,100	34,600	34,100	143,200	157,500	115,000
	Other							
210,500		(624,863)	308,738	384,738	76,738	145,350	158,772	116,528
	Movements in Working Capital							
(40,200)	(Increase)/Decrease in Receivables	(45,000)	270,000	(380,000)	150,000	(5,000)	25,000	(10,000)
821	(Increase)/Decrease in Other Current Assets	(13,500)	14,000	(19,500)	20,500	1,500	8,000	0
(40,000)	Increase/(Decrease) in Accounts Payable	696,050	(297,238)	447,625	(940,278)	(93,841)	(65,539)	(11,528)
82,251	Increase/(Decrease) in Other Current Liabilities	1,598,000	(1,600,000)	1,335,000	(1,305,000)	28,000	(27,000)	2,000
2,872		2,235,550	(1,613,238)	1,383,125	(2,074,778)	(69,341)	(59,539)	(19,528)
	Net Gain/(Loss) on Sale:							
	Fixed Assets	0	0	0	0	0	0	0
	Investments	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0
213,372	Net Cash Flow from Operations	1,610,688	(1,304,501)	1,767,863	(1,998,041)	76,009	99,233	97,000

Estimate 30-Jun-12	STATEMENT OF MOVEMENT IN TRUST FUNDS	Qtr to 30-Sep-12	Qtr to 31-Dec-12	Qtr to 31-Mar-13	Qtr to 30-Jun-13	Total YE 30-Jun-13	Total YE 30-Jun-14	Total YE 30-Jun-15
491,441	Trust Funds at beginning of Year	489,941	174,322	99,316	449,454	489,941	492,091	493,363
-	1,500 Net Surplus / Deficit - current year	- 664,263	273,638	350,138	42,638	2,150	1,272	1,528
489,941	Trust Funds at end of Year	- 174,322	99,316	449,454	492,091	492,091	493,363	494,891

Represented by:

489,941	Trust- General Operations	-174,322	99,316	449,454	492,091	492,091	493,363	494,891
---------	---------------------------	----------	--------	---------	---------	---------	---------	---------

Check

0 0 0 0 0 0 0 0

Estimate 30-Jun-12	CAPITAL EXPENDITURE	Qtr to 30-Sep-12	Qtr to 31-Dec-12	Qtr to 31-Mar-13	Qtr to 30-Jun-13	Total YE 30-Jun-13	Total YE 30-Jun-14	Total YE 30-Jun-15
20,000	Property Improvements		-	-	-	-	20,000	
27,000	Computer Equipment / Intangibles	35,000		-		35,000	60,000	25,000
57,000	Furniture and Fittings	3,500	3,500	3,500	3,500	14,000	35,500	25,000
104,000	Capital Expenditure	38,500	3,500	3,500	3,500	49,000	115,500	50,000

Positively Wellington Trust

Statement of Intent 2012-13

Appendix 1

Marketing Wellington in Australia: The Next 10 Years

Introduction

Lonely Planet's naming of Wellington as the number 4 city in the world to visit in 2011 was in many different ways, an unbelievable accolade for the city to receive. Who would believe that this tiny city at the bottom end of the world, in a country filled with scenic superlatives, would dare to even compete? A year later on and we still need to make sure that our 'Destination' status is never given up.

Perhaps the most important task for the next decade is cementing the city as a destination in Australia. As our nearest neighbour and key trading partner, Australia will never be anything but our number one source of international visitors. The more we tell them of our city, get them here and see them fall in love with the place, the more assured will be our economy and the stronger our destination status will grow.

Investing in the promotion of Wellington to Australians will be an enabler for the city as it targets goals set out in its future development targets, in both the 2040 strategy and in its economic development strategy. The awareness of Wellington as a city in Australasia amongst the 17.5 million people who live on Australia's south eastern seaboard will be critical to the future health of Wellington and the regional economy

Our dynamic central city, busy with people, is why our New Zealand city has become a destination and others have not. Our social connections and friendliness create a vibe in which people want to share either physically or virtually. Our environment – the core city set on a dramatic harbour with bush clad hills rising steeply on all sides – is as good as anywhere on earth. It is the combination of these factors which we must promote in Australia as a distinct message from that of NZ; this is a place to visit for types of reason and also a place to live and work.

Our airlinks to Australia and the world provide an important connection, without which the city would be a weaker place, where business would not thrive and people would not choose to live.

Conversely if we build awareness of our city in Australia, our connections with the world will improve, the strength of our voice and the number of our advocates will increase and the city we plan to see in 2040 can be delivered. This is, of course, one of many initiatives to make sure we get to that goal but we think it's a key one in which to invest.

At June 30 2012 the three years of funding committed by the Downtown Levy Ratepayer through WCC to promote Wellington in Australia conclude. This paper explores the activities undertaken, the results of those activities and recommends to continuation of this work and the investment partnerships that have been formed into the future

Objectives for Wellington

Australia continues to represent the Wellington region's¹ largest and most important international visitor market. The Wellington region currently secures \$560 million² of the total New Zealand spend by Australia visitors.

Positively Wellington Tourism's (PWT) objectives have remained unchanged since the commencement of joint venture activity in Australia in January 2010 and our objectives are long term. The challenge is to put the Wellington and its surrounding regions on the map as a compelling short break visitor destination for east-coast Australians living in Sydney, Brisbane and Melbourne and to raise the awareness of Wellington as a core urban centre of activity in New Zealand.

PWT's core objectives are to:

¹ For the purposes of the work that is undertaken as part of this joint venture, the Wellington Regional Cluster comprises Wellington City, Lower Hutt, Wairarapa, Kapiti, Whanganui, Taranaki, Hawkes Bay and Marlborough

² International Visitors Survey, Year End June 2011

- increase **direct visitor arrivals to Wellington from Australia** via Wellington International Airport Limited (WIAL), and
- increase Australian **visitor spend** in the Wellington region.

To achieve these objectives, we focus on educating consumers on what sets the Wellington region short-break option apart, distinctive from the rest of New Zealand, making consumers want to book now.

1. Recap-summary of why the fund was started

PWT had been active in the Australian market for a number of years with partners including WIAL, the InterIslander, Te Papa, inner city hotels, airlines and partner regions (other parts of the urban Wellington region, Wairarapa & Marlborough). This activity had been focused on travel agent activity, public relations and extremely limited consumer marketing.

In late 2008, PWT reviewed all of its activity in Australia including appointing a new PR agency to significantly up-weight the unpaid media coverage for Wellington. PWT also spent time reviewing our paid media activity including joint venture marketing and promotional activities with the travel trade and airlines in Australia and work undertaken in conjunction with Tourism New Zealand (TNZ). Market research was also undertaken with focus groups to establish the key motivators of Australians travelling to New Zealand, and more importantly for us, Wellington.

Throughout all of this activity three key issues became clear:

- Awareness of individual New Zealand destinations/regions was low;
- Price was a primary driver for Australians in making travel decisions to short haul destinations; and
- When seeking a city break, Australians were more often seeking an experience similar to that of their own home city (i.e. Sydney or Melbourne) and needed to know more about why they simply wouldn't visit another Australian city.

In the context of TNZ's marketing campaigns, this meant:

- Greater regional differentiation was required to identify what was different about the key destinations in New Zealand; and
- The conversion mechanism (e.g. a price on television advertisements with information of how and where to book) was imperative to drive Australians to book and create a sense of urgency.

The result of this work was that in early 2009, PWT identified that the current approach to marketing the city in Australia was not going to create any significant step forward in regards to the awareness of Wellington held by Australians or their propensity to travel to our city. It was time to make a change.

2. The Partnership approach

All of PWT's marketing work is carried out in an environment of partnership with the tourism, hospitality and wider service sector and with other local authorities, their agencies and central government. This approach to business has been successful for Wellington in the marketing of the city domestically, for conventions and to the international travel trade.

As we considered how to resolve 'Australia', we talked to other regions of New Zealand and identified the challenges we faced were common to all. To fix the problem, we proposed clusters of partnerships around gateways to New Zealand and that central government should channel their investment in marketing New Zealand in Australia to such partnerships.

Wellington is, of course, the gateway to and the heart of a wide part of New Zealand, and as the capital city, provides an attractive urban destination, easy access to wine touring and the natural environment.

Our partnership in Australia today combines the resources and efforts of the following organisations:

- Positively Wellington Tourism
- Hutt City Council

- Destination Wairarapa
- Destination Marlborough
- Tourism Hawkes Bay
- Wellington International Airport Limited
- Te Papa Tongarewa
- Interislander

Whilst the dollars invested by these organisations varies widely, each understands that the investment they could make alone would be unable to penetrate the Australian consumer environment and that adding to Wellington city's resource base is an appropriate way in which they can achieve good local or business outcomes.

In the May 2011 budget, central Government cut the Joint Venture fund resource from TNZ. Simultaneously, the Wellington partnership group had identified that there were greater opportunities in 2011/12 to invest in partnership with Air New Zealand. Air New Zealand has increased the number of seats flying on the Tasman into Wellington by 17%, equating to 30,000 additional seats annually from Sydney and Melbourne, as a result of the Virgin Australia/Air New Zealand alliance. By investing with Air New Zealand collaboratively, PWT is able to ensure that this capacity is sustained and continues to grow as Wellington positions itself as a key urban destination in Australasia and gateway for Australians to New Zealand.

3. What We've Done

PWT has now been undertaking targeted consumer marketing activity in the Australian market for 2 years, utilising the "*There's no place like Wellington*" brand marketing campaign. Up until the commencement of the 2011/2012 financial year, this activity had focused exclusively on the Sydney region. The Sydney catchment area offers the greatest air connectivity, the highest population base, the greatest number of current visitors to New Zealand, and a higher proportion of individuals who fit into Wellington's target audience.

The core attributes / unique selling points of Wellington in the Australian market focus on the themes of food, wine, arts, culture and nightlife. Wellington's target audience within Sydney is 25–55 year olds, with a high level of disposable income. They have a greater propensity to take short breaks and have taken an overseas holiday in the past 18 months. Professional couples and professional singles travelling together are the two markets which Wellington has developed creative to entice to visit.

For 2011/2012 PWT is continuing to push Wellington's core brand messages and compelling reasons to visit the Wellington and the regions beyond into Sydney, and in addition is developing and delivering the Wellington brand into a second Australian city, Melbourne.

The Wellington Proposition

Wellington is a bustling, compact, cosmopolitan city, full of boutique shopping, award winning restaurants and great nightlife. It's set around a beautiful harbour, with a rugged coastline and lush bush surrounding the city. It's also a gateway to two of New Zealand's best wine regions – all packed into a small geographical area – perfect for a short break.

This was the inspiration behind the development of the Wellington marketing campaign in Australia, because – just like a patchwork – the Wellington region is an interesting and eclectic mix of things, brought together to create something memorable and compelling.

A) *There's no place like Wellington* Brand Marketing Campaign

The Creative Strategy

The inspiration behind the Australian campaign brings to life the unique nature of the region by using a 'patchwork' to represent all the eclectic and unusual pieces that ensure that absolutely, *There's no place like Wellington*.

The patchwork device gives an interesting and flexible format to take into any media and has given us flexibility to show different regional attributes, from vineyards to cities, in a way that would charm and intrigue our audience.

The stop-motion animation for use on television and cinema was redistributed in online situations – through both display advertising and on the WellingtonNZ.com website. It also lent itself to striking trade marketing displays.

The patchwork has provided PWT with a framework, within which we can show retail offers and/or combinations of offers in a digital space easily, by picking 4-6 patches per online advert, thus getting more messages across, before concluding with a strong tactical call to action (e.g. Air New Zealand, Qantas, Pacific Blue, Visa Wellington On a Plate competitions, 3 for 2 night accommodation offers etc).

The media strategy uses online to profile offers, lending urgency to our offering and encouraging people to book now to take advantage of great deals, particularly flight deals with partner airlines. It also uses a combination of engaging formats like video players, to ensure that our initial approach is entertaining and quirky, mixed with longer 'advertorial' style pieces to allow us to get across more information about the wide regional offering.

The Creative Execution (how it works)

The style of the television commercial is animated using fabrics, stitching and a mix of other interesting material to create the imagery. The advertisement is all seen from a slight bird's eye view. As the viewer flies over the imagery, a 3D patchwork landscape is created in front of them. Starting in Marlborough, taking in the Cook Strait, the Interislander, then panning in over Wellington city, with a strong reference to Te Papa and the CBD, which is created out of icons, including food, wine bottles, coffee cups, and shopping bags.

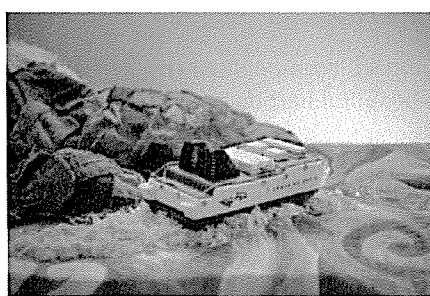
From here, birds fly across the frame transitioning viewers into an urban nature scene with native birds and bush. One of the bushes now unravels, revealing the Hutt Valley – represented by the river, walking and cycling signs and golf courses; we follow this until we reach the foot of the Rimutaka hills. As viewers come over the other side, they see a train coming out of the hills and through the patchwork fields of Wairarapa. Lastly, they discover the vineyards and township of Martinborough. Icons of the region are created in front of them – historic buildings, wine and food, and environment.

The camera now pulls out from the fabric landscape, revealing the entire region as one big patchwork. This includes Wellington, Wairarapa and Marlborough.

As this happens, viewers hear the voice-over describe where Wellington is, accessibility from Australia (only a three hour flight) and why it is the perfect destination for a short break.

The advertisement ends with the line *There's no place like Wellington* with the Wellington logo and a tactical call-to-action in the form of a booking mechanism. At no point does the advertisement show any real pictures – the use of the animated look and feel is designed to give the advert a strong sense of difference in a cluttered tourism marketing landscape.

Television and cinema stills



Check out the full television commercial at:
www.WellingtonNZ.com/Australia

Online creative examples

Take a mate to Wellington New Zealand FOR HALF THE RATE

Want to make your next weekend break a bit different?

Wellington, New Zealand, is only three hours away from Sydney and it has everything you need for the perfect short break – plus if you book now, you can take a mate for half the rate!

ONLY 3 HOURS AWAY
Just jump on a plane and you'll soon discover that there's no place like Wellington – this compact and cosmopolitan city is home to New Zealand's best restaurant and bar, eclectic nightlife and boutique shopping all in a stunning harbour setting.

CULTURE CAPITAL
While you're here, check out Australasia's most visited museum, **Ta Puna – The Museum of New Zealand**. Plus if you're really lucky, you could see a kiwi in the wild at **ZEALANDIA**, (just five minutes from the city centre).

TASTE THE REGION
When it comes to wine – we've got the best on offer in easy reach. If you fancy a good pinot noir, head north for the day through the Hutt Valley to **Martinborough**. If a crisp sauvignon blanc is more your style, set sail to **Marlborough** – the three hour scenic trip on the **Interislander ferry** to New Zealand's South Island will take your breath away. And if you've got an extra day up your sleeve, we highly recommend popping up the West Coast to **Taranaki**. Dominated by its mountain, Taranaki is renowned for outdoor activities and a vibrant arts scene. What are you waiting for? There's so much to do, and it's all in one place, just waiting to be discovered.

Share the perfect short break with the perfect person in Wellington.
Right now, if you book a trip to Wellington from Sydney with Air New Zealand, you can take a mate for half the rate! Make sure you use the promo code **MATE** when you book.*

AIR NEW ZEALAND
airnewzealand.com.au

*Travel Periods and other Conditions apply. Discount applies to K class Smart Saver airfares. Use promo code: MATE to receive discount. Offer ends 11 April 2010. See website for details.

There's no place like Wellington

Dedicated Wellington Email blast, strong regional proposition, and call to action in the form of an offer.

Daily Telegraph

Escape

Discover why there's nothing else like Wellington

FREE DOMESTIC NZ FLIGHT

Top 3 Australian Short Breaks

Travel with passion at patz.com

news.com.au

Discover something different, just 3 hours from home

Wellington

Travel

Wellington is a beautiful city with a rich history and a vibrant arts scene. It's a perfect short break from Sydney, just 3 hours away. Discover the best of Wellington, from its stunning harbour to its eclectic nightlife and boutique shopping.

Welcome to Wellington

It's good to have you here.

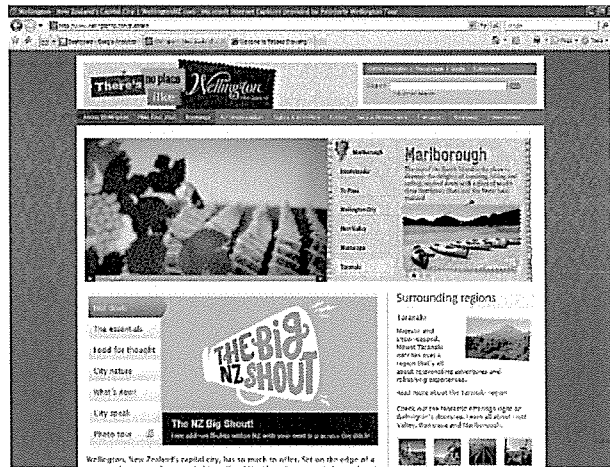
Wellington is a beautiful city with a rich history and a vibrant arts scene. It's a perfect short break from Sydney, just 3 hours away. Discover the best of Wellington, from its stunning harbour to its eclectic nightlife and boutique shopping.

Getting here is easy

Map of Wellington

Examples of tactical advertising / advertorials, all online advertising has strong regional proposition, and the vast majority of online have an offer-led call-to-action.

Online creative examples continued



Tetris - designed to push Wellington and the regions selling points in an innovative, interactive manner. Potential to develop for social media

Redeveloped Australia home page of WellingtonNZ.com, the home page plays cinema advertisement on loading, allowing the user to interact with any of the regional partners' components. Tactical deals feature prominently.

Creative Feedback

- Won bronze in the animation category of Australia's 2011 Award awards
- [Spikes Asia Craft shortlist](#) in Singapore
- Axis [Finalist 2011](#)
- New York Festival Entries: Finalist in the Art/Technique category
- Entered in Best Design Awards
- WLG pop-up restaurant nominated by New Zealand Marketing Magazine as one of 2010's most popular marketing projects.
- WLG pop up nominated for the Cannes Lions PR awards.
- [Check out a case study](#) of some of the work and results undertaken in 2010

B) Public Relations

To complement the consumer-focused brand marketing campaign, PWT significantly upweighted its public relations activity in the Australian market in 2008. Working with Sydney-based, Hill & Knowlton, PWT hosted 29 media groups from Australia in 2010/2011, resulting in over 200 media stories about Wellington. This included stories about Wellington as a short break visitor destination, experiential public relations activity such as the WLG pop up restaurant and distributing news and imagery of major news and events. The biggest media project worked on over the past year has been an episode of MasterChef Australia, in Wellington. PWT worked with local restaurateurs, Al Brown and Martin Bosley, to profile Wellington as New Zealand's premier food and wine destination, as well as the Wellington's access to a wide range of locally produced food and wine products.

C) Experiential



To reinforce the more traditional media buy of cinema, television and online, PWT, in conjunction with Destination Marlborough, Destination Wairarapa and Grow Wellington, developed a pop-up restaurant in Sydney in September 2010 to showcase the regions' dynamic café, restaurant and wine scene and to create buzz around the short-break holiday offering.

The restaurant was named WLG (Wellington's airport code). In November 2011, PWT is taking WLG to Melbourne and will bring onboard Hawke's Bay. Taking Wellington to an Australian city was a big hit and told a distinctive story to Australians of our 'Coolest Little Capital' as a city in New Zealand.

Key Facts and Statistics about WLG in Sydney and Melbourne in Australia

- 5000 people have dined at WLG in Sydney and Melbourne
- 180 pieces of media coverage have resulted from WLG in Sydney and Melbourne including two national TV segments and six national news pieces
- WLG in Sydney enjoyed a media reach of just over four million people in Australia. WLG in Melbourne enjoyed a media reach of over nine million people in Australia.
- WLG has led to the publication of 44 blogs and 17 facebook discussions led by media and key
- Ticket Sales for both events have been driven through Time Out magazine and website. Time Out enjoys wide readership in both Sydney and Melbourne and is the magazine of choice for affluent Australians who are regular independent travellers.
- As a result of the partnership relationship with Air NZ in 2011/12 our activity in Melbourne was heavily supported by Air NZ both in regards to practical flight and ground support and marketing media support. A 'Restaurant Safety' stunt they performed provided free return trips to Wellington for two groups of diners; one set was made up of travel industry staff, the second was 'lucky' consumers.
- The WLG project has also been featured both in news and marketing activity beyond Australia. WLG made the news on TV One in NZ, with multiple stories running throughout NZ. The Air NZ youtube video has so far been viewed by over 46 000 people. Articles also featured the WLG project in India, Germany and the UK. For the past two years NZ Marketing Magazine has short listed WLG as a finalist in their "popular thing award" category.
- Activity with Air New Zealand has developed price-led, food-related travel packages promoted actively to attendees and through accompanying media

WLG brings together the chef talents of Shaun Clouston (Logan Brown), Tom Hutchison (Capitol Restaurant), Rex Morgan (Boulcott Street Bistro), Jacob Brown (The Larder) and Terry Lowe (Black Barn Restaurant & Winery). WLG tells the story of why Wellington and its surrounding regions of Hawke's Bay, Wairarapa and Marlborough are the cuisine hot-spots of New Zealand, through the use of food, wine, coffee and other beverages from these regions.

Social media plays a core role – namely Twitter, Facebook/Facebook communities, and Australian-based food and wine blogs. Wellington's public relations agency also have activation plans to ensure the restaurant receives strong media coverage. Other media include PWT's database of 35,000 Australian consumers, Time Out's database and Air New Zealand's "Home Sweet As" Australian online community are also leveraged.

Travel conversion

Apart from creating awareness and buzz, a core element to this activity is generating bookings to Wellington as the gateway to the Classic New Zealand Wine Trail regions, and with that in mind, Wellington works hand in hand with Air New Zealand to develop price-led, food-related travel packages promoted actively to attendees.

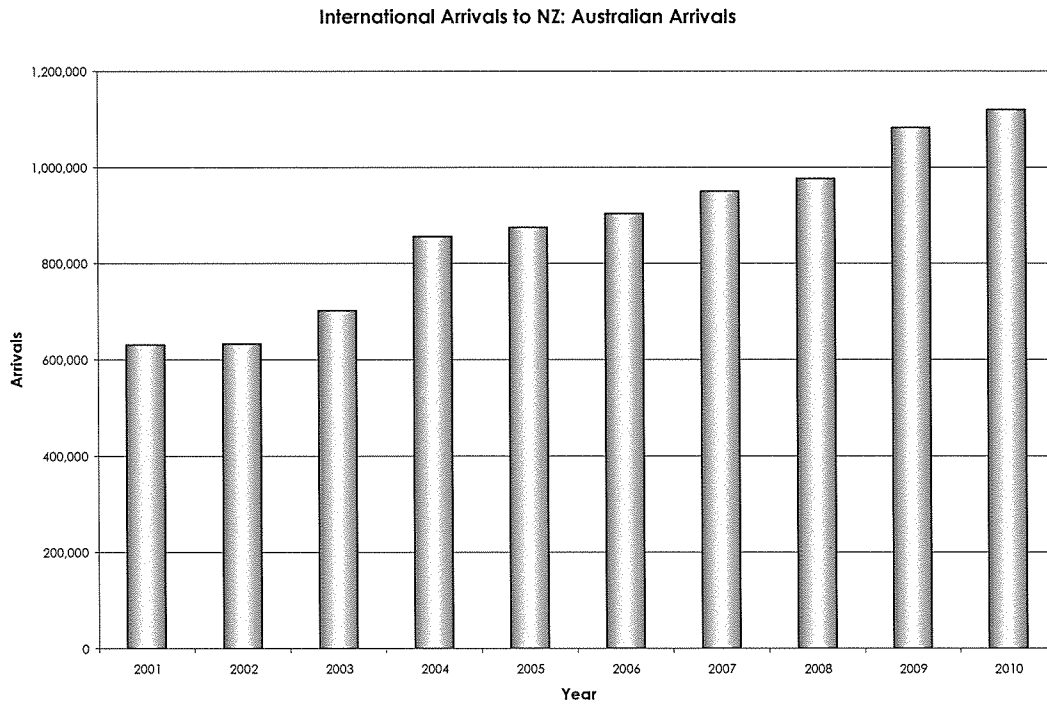
D) Travel Trade Activity

In addition to the significant consumer marketing programme, PWT sustains a travel trade relations focus on developing relationships with the key traditional 'free independent traveller' package tour sellers. Recognising the growing importance of online travel sellers and now, cruise specialists, we have broadened our partnerships to encompass these types of travel sellers. In 2010/2011, PWT hosted 20 trade familiarisations to Wellington, comprising 110 Australian travel trade representatives. In addition, PWT led two training and sales visits with key industry partners to Australia.

4. The Results of our activity

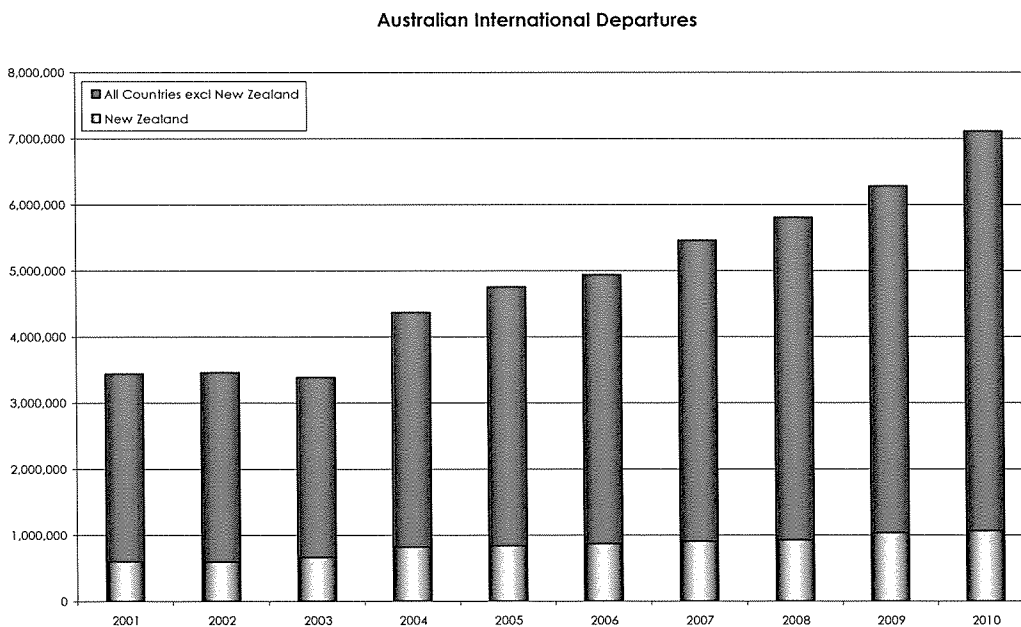
Visitation to New Zealand by Australians has steadily grown over the last 10 years attaining the magic million for the first time in 2009 (chart 1).

Chart 1



However, whilst the growth has been positive up until this year (-0.1%) as a proportion of short holiday trips made overseas by Australians, New Zealand has declined in popularity in all of the last ten years except 2003 (chart 2).

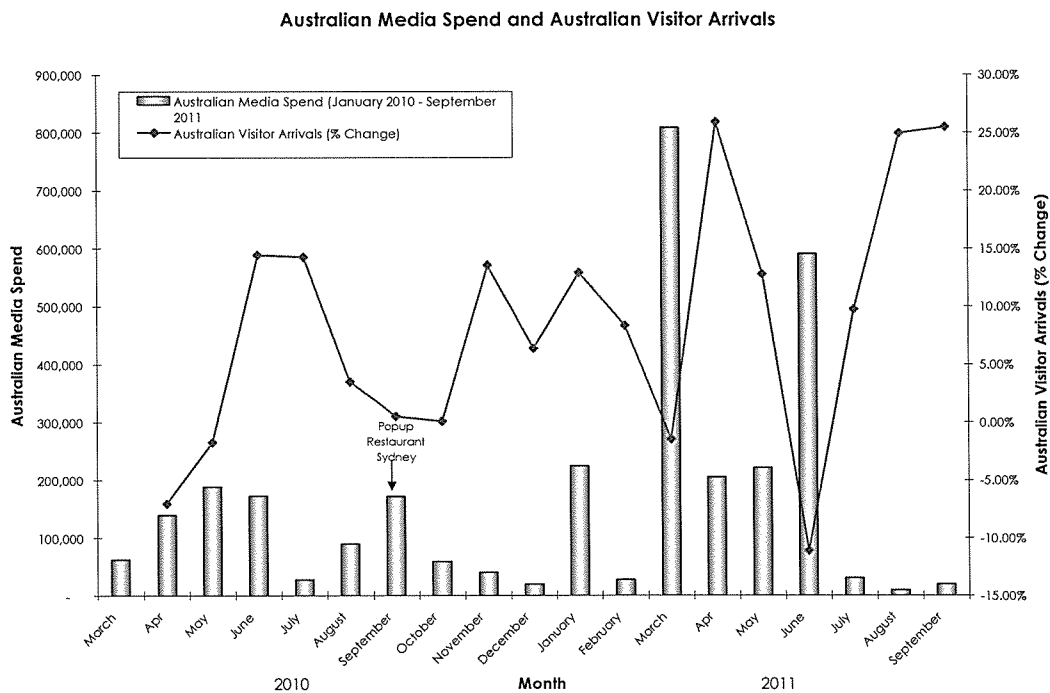
Chart 2



Wellington arrivals data and information since January 2010

- For the year to June 2011 there was an increase of 6.99% Australian arrivals to Wellington. Nationally, over the same period, there was a decrease of 0.74%.
- In a record month, 17,980 Australians arrived in Wellington in December 2010, capping off a year that exceeded national growth in visitor arrivals from Australia.
- *There's no place like Wellington* targeted the Sydney market, resulting in a 12.07% increase in arrivals to Wellington from New South Wales for the year to June 2011. This compared to a national decrease in NSW visitors of -2.20% over the same period.
- Wellington's high growth months that saw double-digit growth were June, July and November 2010, April and May 2011 – all of which fell within a four to six week booking window of significant campaign activity.
- Visits to WellingtonNZ.com by Australians surged 90% to almost 150,000 in 2010.

Chart 3



This (chart 3) shows the growth in Australian arrivals to Wellington since the beginning of our 'There's no place like Wellington' campaign spending. Whilst there is, of course, no perfect correlation between marketing spend and arrivals it is clear that by raising awareness and promoting travel deals, arrival growth has tended to follow investment.

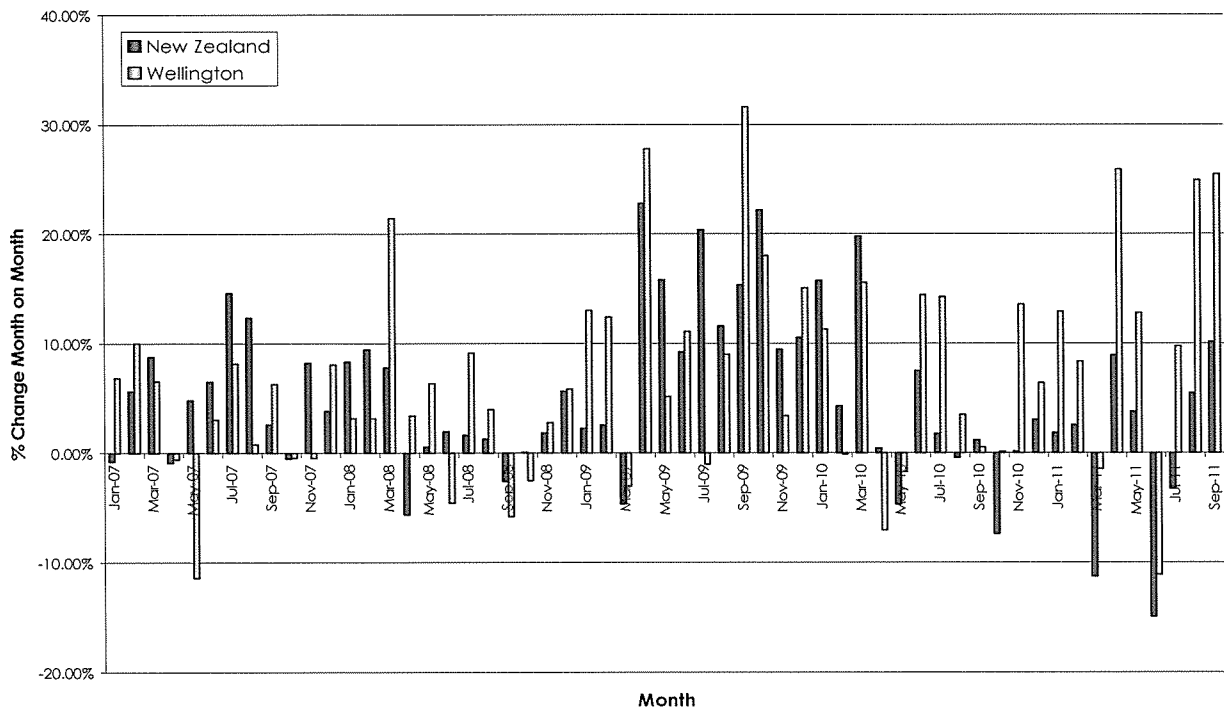
Notes.

- I. Arrivals in March and April of this year should be considered together when compared to last year as Easter was in March 2010 and April 2011.
- II. June 2011 was adversely effected by the effects of volcanic ash in the atmosphere originating from South America. Australian arrivals declined 11% or -840 passengers as a result. Whilst arrivals dropped 11%, capacity declined 23% for the same period.

This growth has been unusual and not typical of what has happened in the past, where months of growth in arrivals to Wellington were matched by months of decline and growth to other New Zealand ports showed similar patterns. Consequently, Wellington was growing in line with the national average (chart 4)

Chart 4

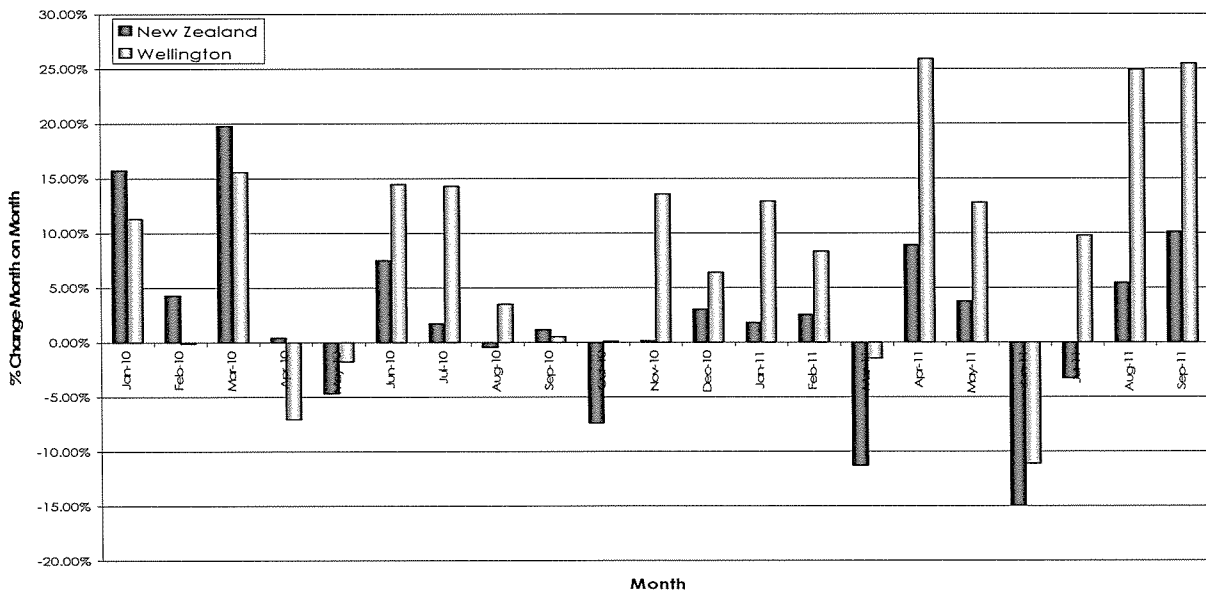
Australian Arrivals: New Zealand v Wellington. Percentage Growth



Clearly since PWT commenced media investment and working commercially with airlines on the Tasman to promote fares, Wellington has succeeded whilst the other NZ gateway ports from Australia have stood still or declined.

Chart 5

Australian Arrivals: New Zealand v Wellington. Percentage Changes



Wellington's growth rate of Australian arrivals equalled the average New Zealand growth between January 2006 and December 2009 (20%). However, between January 2007 and September 2011 Wellington's growth in Australian visitor arrivals increased 8%, compared to the average New Zealand growth of 2%.

Increased seat capacity into Wellington

Positively Wellington Trust

Statement of Intent 2012-13

Appendix 2

Proposal for annual inflation linked increase in core funding

Partnership Wellington Trust (PWT) is a Council Controlled Organisation that currently (2011-12) receives \$4,940,000 core funding from Wellington City Council (WCC). This core funding has remained the same since the beginning of the 2008/09 financial year.

Other funding received by PWT from WCC is made up of:

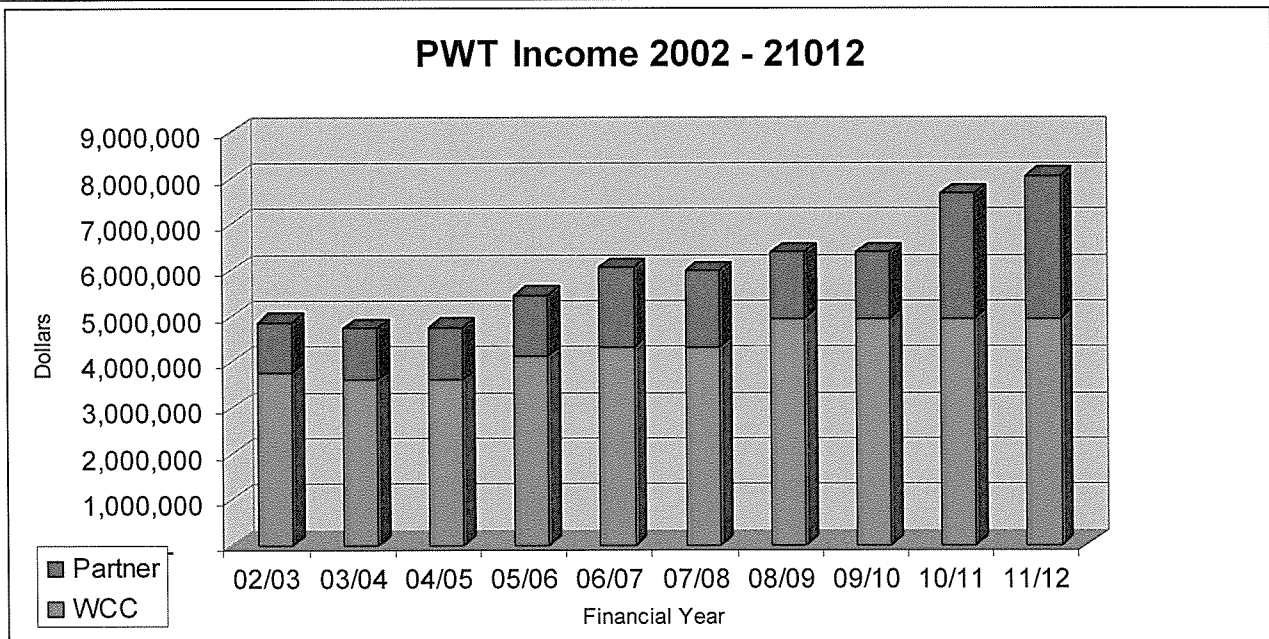
- Australia marketing project \$1,000,000

PWT also works with the tourism industry to receive funding from the private sector:

- Private sector partnerships (Cash and Joint Venture initiatives) \$2,219,000
- Other local government agencies \$892,000

PWT has worked hard over a number of years to increase its funding streams from sources other than Wellington City Council and this is reflected in the table below:

Year	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12
WCC	3,771	3,611	3,611	4,116	4,316	4,316	4,940	4,940	4,940	4,940
Partner	1,095	1,116	1,145	1,334	1,730	1,668	1,451	1,445	2,736	3,111
Total	4,866	4,727	4,756	5,450	6,046	5,984	6,391	6,385	7,676	8,051



It is the value of WCC’s input which allows PWT to deliver strong outcomes for the city and businesses in the city. Thus the ability of PWT to raise funding from partners other than WCC is dependent upon the WCC funding and its delivery or results. Partner funds are invariably provided on the premise that they are for direct marketing spend rather than overhead and general operational costs.

Over the years as basic infrastructure, office and HR costs have increased the proportion of what WCC provides to PWT available for marketing is slowly decreasing. This paper therefore recommends that PWT's annual core grant funding from WCC should be linked to the Consumer Price Index (CPI) for the duration of the next 10 years for which a Long Term Plan is being prepared.

Adjusting the grant received by PWT in such a way would ensure that PWT continues to be New Zealand's leading Regional Tourism Organisation through having sufficient resources to:

- Build financial and joint venture partnerships with the private sector and other publicly funded organisations.
- Attract high quality personnel with the experience, knowledge and skills to ensure Wellington stellar rise as a destination is further advanced.
- Compete with other destinations both in New Zealand and across Australasia in building the wealth of Wellington city through destination marketing and attracting increasing numbers of visitors.

Noting the challenging economy which faces Wellington and indeed business and other regions alike, an alternative to applying a CPI increase to the total core grant on an annual basis would be to apply this increase to the salary and overhead costs of the Trust as set out in the annual Statement of Intent provided to WCC by the Trust.

Such an approach would make maintaining the outcomes noted above more challenging but would at the same time buffer the organisation from the challenges of ever increasing operational costs.

PWT looks forward to WCC's consideration of this proposal.