

**Absolutely Positively  
Wellington City Council**

Me Heke Ki Pōneke

# **Wellington City Council**

Indicative business case for a new movie  
museum

**November 2015**

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# Glossary

Abbreviation	Term
CBD	Central business district
FTE	Full time equivalent
GFA	Gross floor area
LOTR	Lord of The Rings
Te Papa	Museum of New Zealand Te Papa Tongarewa
TMML	The Movie Museum Limited
WCC	Wellington City Council
Willis Bond	Willis Bond and Company Limited
TRC	TRC Tourism Ltd
NZIER	NZ Institute of Economic Research

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# 1. Executive summary

## 1.1. Overview of the proposal

Wellington City Council (WCC) is currently pursuing a growth strategy that seeks to drive income and productivity, create jobs, grow knowledge-intensive exports, support innovation and deliver 'smart' infrastructure. To help deliver on these economic outcomes, WCC is progressing "Eight Big Ideas" that aim to boost the local economy and make it more diverse. Of the eight ideas, two are central to this business case: (1) developing conference and concert venues and (2) developing a film museum.

The proposal is to fund and develop a purpose built movie museum, which will be co-located with a convention centre. Under the proposed development arrangement:

- WCC will acquire land fronting Cable and Wakefield Streets, directly opposite Te Papa
- WCC will develop and own premises to house the convention centre and The Movie Museum, utilising Willis Bond as development manager. The expected movie museum development cost is \$68.8 million.
- WCC will bear the majority of risk associated with development and ownership. Further, WCC will be responsible for all on-going building costs including insurance, building services and building maintenance.
- Once complete, WCC will lease the movie museum to The Movie Museum Limited (TMML), a newly formed New Zealand company headed up by Sir Peter Jackson, Fran Walsh, Sir Richard Taylor and Tania Rodger.
- The lease term will be 25 years [REDACTED]
- TMML will be responsible for operating and managing the facility and will fund the initial fit-out estimated at [REDACTED] on-going fit-out [REDACTED] over 10 years), and operational costs of the museum.

## 1.2. The movie museum

### Overview

Wellington has for the past two decades been synonymous with world-class film-making. This once-cottage industry is now a thriving centre of film-making creativity and excellence, creating thousands of jobs for New Zealanders and attracting major film and television productions from around the world.

It has long been envisioned that a large-scale tourist destination be developed which would bring all **the artistry and achievements together and showcase Wellington's impressive film**-making credentials and the substantial collections of Sir Peter Jackson, Fran Walsh, Sir Richard Taylor and Tania Rodger.

The Movie Museum will be a home for thousands of the priceless designs, props, models and set pieces from the numerous film productions, from whole worlds to single weapons, creatures to costumes, make-up to miniatures, vehicles and more -- an astonishing archive of Wellington filmmaking has been collected, curated and is ready to be shared.

The Movie Museum will be designed to appeal to a broad audience by offering a dynamic and immersive experience, bringing to life aspects of the films created by Sir Peter Jackson and Sir Richard Taylor. The museum will fully utilise innovative technologies that will bring to life those aspects of film making that New Zealand has been recognised for, in particular special effects, make up and costumes.

Exhibitions will be both permanent and temporary – with planned capital expenditure to continually refresh the exhibitions. TMML also intend hosting travelling exhibitions and sharing its collections

with other museums. The movie museum will also offer a retail shop, a café, permanent offices for museum management and a functions area.

**This a unique offering and opportunity for Wellington. It builds on New Zealand’s reputation as an international centre for film production. It is backed by a highly credible team with a reputation for quality, and with recent success in visitor attractions at Hobbiton in Matamata and the Weta Cave in Miramar.**

### **Co-location with the convention centre**

By co-locating the movie museum with the convention centre, the Council can make efficient use of scarce downtown space. It also enables both facilities to benefit from this prime tourism location including proximity to Te Papa.

There will be opportunities for cross-selling and marketing into both customer bases. The movie museum will be able to draw on convention delegates, and the convention centre will be able to offer something unique to delegates and their partners, when compared with other convention centres such as those being developed in Auckland and Christchurch.

There are also opportunities to leverage each facility. For example the convention centre would be available to the movie museum with a range of valuable offerings including: theatre showings, space for temporary exhibitions, gala events and associated conferences. There may also be operational efficiencies such as joint service and maintenance contracts or shared cleaning operations.

## **1.3. Benefits for Wellington**

The key reason for WCC to be involved in this proposal is to grow Wellington’s economy through investment in facilities / infrastructure to support and drive the tourism market. As such, the expected benefits of the proposal include:

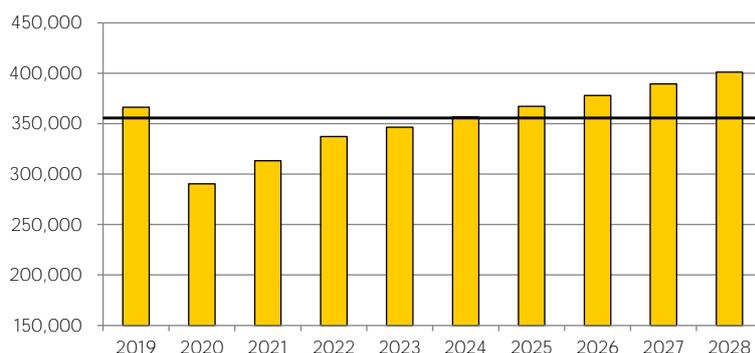
- (1) increased visitor numbers and expenditure in Wellington
- (2) job creation and increased commercial activity
- (3) generating secondary investment as a response to growth
- (4) **cementing Wellington’s image as the film capital of New Zealand**
- (5) improving the liveability of Wellington city.

When assessing the viability of the proposal, it is necessary to consider the quantum and likelihood of the movie museum delivering against the expected benefits. These benefits are discussed in further detail below.

### **Movie museum visitation**

The movie museum is expected to average just over 350,000 visitors during its first ten years of operation. For comparison, this is significantly less than Te Papa, which achieved almost 1.5 million visitors in 2014/15, but similar to the number of visitors at other paid attractions such as Hobbiton in Matamata, Te Puia in Rotorua and Kelly Tarlton’s Sea Life Aquarium in Auckland.

**TMML's movie museum visitor forecasts**



## Increased visitor numbers and expenditure in Wellington<sup>1</sup>

The movie museum is expected to generate significant additional visitor expenditure in Wellington via new visitors, visitors extending the duration of their trips, visitors adding Wellington to their itineraries and additional induced spend related visitors substituting the movie museum for a lower cost or free experience. Overall, the additional annual spend in Wellington is projected to be approximately **\$16.0 million** – a breakdown of the components of this total is detailed below:



New visitor impact to Wellington of **\$4.4 million**



Impact from visitors extending their existing stay in Wellington **\$1.3 million**



Impact from visitors adding Wellington to their itinerary **\$4.0 million**



Induced increased spend impact for Wellington **\$6.3 million**

## Additional spending drives economic benefits

The additional spending will drive economic impacts for Wellington in terms of jobs and increased Wellington GDP (value added).

BERL has estimated that the \$16 million of annual additional spending will drive an additional 272 jobs and increase annual GDP in the city by \$15.7 million.

Over the 25-year museum lease term and using an 8% discount rate, additional GDP is estimated at \$150.9 million. To achieve this benefit, the investment required by WCC has a cost of \$27.5 million in NPV terms over 25 years. The movie museum has a ratio of benefits to costs of 5.5 - for every \$1 invested by the council there is an additional \$5.50 in economic value added. The movie museum represents a strong economic return on investment for the city.

The movie museum is expected to drive 272 new jobs and generate **\$5.50 of new GDP in Wellington for every \$1 invested**

## Stakeholder support

This concept has been discussed with a number of key tourism industry stakeholders, and there is strong support for the project.

Stakeholders noted that a lot of visitors currently bypass Wellington, or primarily visit for the ferry to or from the South Island. There was general agreement that the movie museum would measurably **add to Wellington's visitor offer, building upon the strength of Te Papa, to help make sure Wellington was seen as a "must visit" location.** There was a strong view that iconic offerings drive visitation.

Stakeholders mentioned the significant impact of film tourism for New Zealand over the last 15 years, and pointed to the success of Hobbiton as evidence of the continuing appeal. It was also noted that Wellington was an appropriate location to celebrate the success of the film industry.

<sup>1</sup> Estimates of visitor numbers and additional spend have been prepared by TRC Tourism Ltd – these have been converted into measures of economic impact by BERL.

### **Generating secondary investment as a growth response**

Located in close proximity to hotels, other convention facilities, tourist attractions, entertainment venues, restaurants and bars, the proposed development is likely to present an opportunity to drive further future development in this area over the medium term and deliver gains to WCC in terms of growing the ratepayer base, enhancing the vibrancy of this area and contributing to economic growth. Further, the combined convention centre / movie museum is likely to provide a unique proposition that entices business visitors and their travelling partners to conventions, who otherwise might not have attended. In addition, specific conferences related to the film sector, should have a natural home in Wellington.

### **Cement Wellington’s image as the film capital of New Zealand**

In conjunction with other Wellington ‘film related attractions’, such as Weta Cave Workshop, the movie museum presents a unique opportunity to leverage off Wellington and New Zealand’s film centre excellence.

### **Improving the liveability of Wellington City**

WCCs “8 big ideas” do not exist in isolation; there are significant interdependencies between all eight ideas (particularly the convention centre, film museum, sector support and the runaway extension). As such, progressing with the convention centre and movie museum complex could be viewed as a catalyst to the entire growth strategy. These projects individually and collectively will foster a growing economy, lift business confidence and encourage more investment in new businesses feeding a virtuous cycle of increased growth and living standards.

## **1.4. Financial implications**

The initial capital outlay for this proposal is \$68.8 million, which WCC will finance entirely with debt. In addition to debt costs, insurance costs of \$80,000 per annum are expected. Lease revenue from TMMML will commence at a rate of [REDACTED]

[REDACTED] The estimated WCC investment for the project is \$2 million on average over the first five years of operation. This investment is forecast to decrease over the life of the project, but the movie museum is not expected to deliver any significant positive cashflows for WCC [REDACTED]

	<b>Pre-lease</b>	<b>Years 1-5</b>	<b>Years 6-10</b>	<b>Years 11-15</b>	<b>Years 16-20</b>	<b>Years 21-25</b>
Total cash required	\$2.1m	\$10.2m	\$5.6m	\$3.2m	\$1.3m	(\$0.3m)
Average annual cash requirement	\$1.0m	\$2.0m	\$1.1m	\$0.6m	\$0.3m	(\$0.1m)

While such financial results would likely preclude such an investment in a profit-orientated commercial environment, given WCCs primary objective is to grow Wellington’s economy, the investment is justified by the economic benefits expected to accrue to Wellington as previously described.

## 2. The Movie Museum

### 2.1. What is the movie museum?

Wellington has, for the past two decades, been synonymous with world-class film-making. And for **much of that time, the driving force behind Wellington's success has been Sir** Peter Jackson and Sir Richard Taylor and their partners Fran Walsh and Tania Rodger as well as the group of companies they established on the Miramar Peninsula.



Today, this once-cottage industry is now a thriving centre of film-making creativity and excellence, creating thousands of jobs for New Zealanders and attracting major film and television productions and some of the best directors, producers, actors, artists and technicians from around the world.

It is a testament to the quality of work that the Weta Group of Companies has generated and to Jackson and **Taylor's commitment to develop their creative work in** their home city, Wellington.

One project which has proven elusive to date has been a large-scale tourist destination which brings all the artistry **and achievements together and showcases Wellington's impressive film-making** credentials and the substantial collections that Peter and Fran, Richard and Tania have amassed.

The Movie Museum promises to inspire Wellingtonians and domestic and international visitors alike. It will span the award-winning, Hollywood-scale productions the Weta Group of Companies has helped bring to the big screen through to the earlier home-grown movies, and will also encompass one of the most valuable collections of Hollywood memorabilia anywhere in the world.

The long-anticipated Movie Museum will be created and operated by a new company, The Movie Museum Limited (TMML), established by its founders and investors. The Museum would be delivered in collaboration with Wellington City Council.

The Movie Museum will be a home for thousands of the priceless designs, props, models and set pieces from the numerous film productions, from whole worlds to single weapons, creatures to costumes, make-up to miniatures, vehicles and more -- an astonishing archive of Wellington filmmaking has been collected, curated and is ready to be shared.

The Movie Museum will be designed to appeal to a broad audience by offering a dynamic and immersive experience, bringing to life aspects of the films created by Sir Peter Jackson and Sir Richard Taylor. The museum will fully utilise innovative technologies that will bring to life those aspects of film making that New Zealand has been recognised for, in particular special effects, make up and costumes.



It is expected that the Movie Museum will offer permanent and temporary exhibition spaces, a retail shop, café and permanent offices.

**This a unique offering and opportunity for Wellington. It builds on New Zealand's reputation as** an international centre for film production. It is backed by a highly credible team with a reputation for quality, and with recent success in visitor attractions at Hobbiton in Matamata and the Weta Cave in Miramar.

The Miramar Peninsula has been home to the Weta Group of Companies since they were founded and has hosted the many productions that have been based or filmed there, as well as many others that have called on the talented artists based in Wellington to help bring their film visions to life.

It is also the place that some 2,000 talented filmmakers and craftspeople call home and The Movie Museum will also celebrate their work, bringing the film industry closer to the people and communities which support it.



From grand cinemas to public sculptures to famous film locations, **filmmaking is already celebrated throughout the city. It's a part of our DNA.** The Movie Museum will sit at the heart of this celebration, linking it together and providing learning and entertainment opportunities for schools, community groups, those interested in the film industry and the general public. With the majority of the filmmaking industry situated in Miramar, it will be an integral link between the Peninsula and Wellington City, bringing the magic of the film-making that takes place there to the centre of Wellington and making it visible and accessible to many more people.

The team behind The Movie Museum have a vision for a truly world-class, internationally-renowned movie museum which adds to the creative reputation of Wellington and the many innovative and inspiring tourist attractions already on offer.

## ***2.2. How is Wellington City Council involved?***

It is envisioned that the WCC would provide TMML with a long-term lease of purpose-built premises that will be constructed and owned by the Council. TMML would be responsible for the fit-out, operation and maintenance of its facility. Various site options have been explored and co-location with other new developments currently under consideration is the preferred option.

The benefits to the WCC and to Wellington ratepayers for investing in projects like The Movie Museum would include potential economic growth, as well as the direct and indirect benefits of increased tourist visits to Wellington and further job creation in the film and creative arts and museum sectors.



# 3. Proposal

## Key points:

- The proposal is to develop a purpose built movie museum, which will be co-located with a convention centre. The scope of the museum will be focused on films associated with Sir Peter Jackson and Sir Richard Taylor, together with exhibits from their extensive collection of film memorabilia.
- WCC has considered a range of options in relation to location and delivery model for the movie museum. A museum development in combination with the convention centre on Cable/Wakefield Streets is preferred. It is recommend that WCC build and own the combined facilities, using the services of a development manager for delivery.
- Under the proposed development arrangement, WCC assumes the cost, responsibility and risk for structural integrity, design and construction of the building. The estimated total capital investment is \$68.8 million. WCC will lease the movie museum to TMML on a 25 year term.
- TMML will be responsible for operating and managing the facility and will fund the initial [REDACTED] and on-going fit-out [REDACTED] and operational costs of the museum.
- The proposed combination of a convention centre and movie museum is a unique value proposition for WCC to deliver multiple outcomes. The co-location arrangement will present synergistic benefits to both facilities.
- The museum's proximity to Te Papa should benefit both attractions by providing a 'cluster' effect.

## 3.1. Proposal outline

This business case pertains to the development of a movie museum in central Wellington, co-located with a convention centre, utilising a site fronting Cable Street directly opposite Te Papa, and Wakefield Street. The development of the movie museum is contingent on a combined development with the convention centre.

The proposed convention centre and movie museum complex will be funded and built by WCC, employing the services of Willis Bond as development manager. Under this arrangement WCC will acquire two land parcels at the Cable Street location for \$21.5 million.

WCC will then lease the movie museum premises to TMML on a 25 year lease [REDACTED]

[REDACTED] TMML will be responsible for operating and managing the facility and will fund the initial fit- out [REDACTED] on-going fit-out [REDACTED] and operational costs of the museum. WCC will be responsible for all building costs including insurances, building services (eg air conditioning, lifts etc) and building maintenance.

While being located on the same site, the convention centre and movie museum will be distinct and separate legal entities, providing unique opportunities to leverage off each other.

## 3.2. Connection with proposed convention centre

### 3.2.1. Background of the convention centre

Wellington's existing convention facilities are dated and limited in size, functionality and availability. This has resulted in a steady decline of 'delegate days' since 2010. In response, WCC is currently in the process of seeking approval from the Council to build a new convention centre on a site fronting Cable Street and Wakefield Street. The proposed convention centre will feature a gross floor area of

5,285 sqm and able to host full format multi-day conferences for up to 1,000-1,100 people, large banquets for 1,380 people and seat 2,250 people in theatre style seating arrangements. This main space will be fully flexible with operable walls able to break the space down into five smaller spaces for concurrent events, further sub-dividable for smaller meetings. The location directly opposite Te Papa will allow for opportunities for even larger events to be held in combination across both locations. This capability **will complement and strengthen Wellington's business events markets offering**. The convention centre is expected to bring new business to Wellington in the larger conferencing market, however the centre will target the majority of its business in the medium sized conferencing market where there is a greater volume of events.

### **3.2.2. Convention centre options – linkage to the movie museum**

WCC has the option to purchase two separate land titles on Cable/Wakefield Streets. These options are due to expire during December 2015, and it is necessary for the Council to make a decision on whether or not to commit to the development on that site. There are three possible development options:

- (1) standalone convention centre
- (2) convention centre + movie museum
- (3) convention centre + hotel (or similar type of accommodation).

If WCC wished to progress the movie museum, this would be subject to public consultation in early 2016. It is important to note that WCC would not consider the proposition of a stand-alone movie museum in this location. If the concept of a combined movie museum / convention centre is rejected, the convention centre will be developed either as a stand-alone facility or in conjunction with a hotel.

### **3.2.3. Advantages of co-location of the convention centre and movie museum**

This business case is focussed on option (2) above, being a co-located convention centre and movie museum. In this scenario, a three level building will be constructed, where the movie museum will occupy the ground and first floors and the convention centre the second floor. The convention centre and movie museum will be distinct and separate legal entities with independent management teams. WCC will lease the first two floors of the building to TMML. TMML will then be responsible for fitting out, operating and managing the facility.

There are a number of financial and non-financial advantages of this concept of co-location – these are detailed below.

<b>Overall benefit</b>	<b>Detail</b>
Shared costs of development	<ul style="list-style-type: none"> <li>• The primary cost saving achieved from co-location is the cost of land, which is significant given the prime location of the site.</li> <li>• A shared location also makes efficient use of a prime central city site, when alternative options are limited.</li> <li>• There is no need to invest in additional event space at the movie museum as this can be provided via the convention centre.</li> </ul>
Unique market offering	<ul style="list-style-type: none"> <li>• The combination of a movie museum and purpose built modern convention centre is a relatively unique offering to convention delegates.</li> <li>• As such this proposal provides a point of difference compared to the more usual model of a stand-alone museum or hotel based convention centre, as being developed in Auckland and Christchurch.</li> </ul>
Opportunities for leverage and cross-selling	<ul style="list-style-type: none"> <li>• While the movie museum and convention centre will be separate entities, there will be opportunities for cross-selling and marketing into both customer bases – particularly for the movie museum.</li> <li>• The convention centre would be available to the movie museum with a range of valuable offerings including: theatre showings, space for temporary exhibitions, gala events and associated conferences.</li> <li>• The convention centre may benefit from the high profile of the museum, eg through private viewings for multi-day events.</li> </ul>

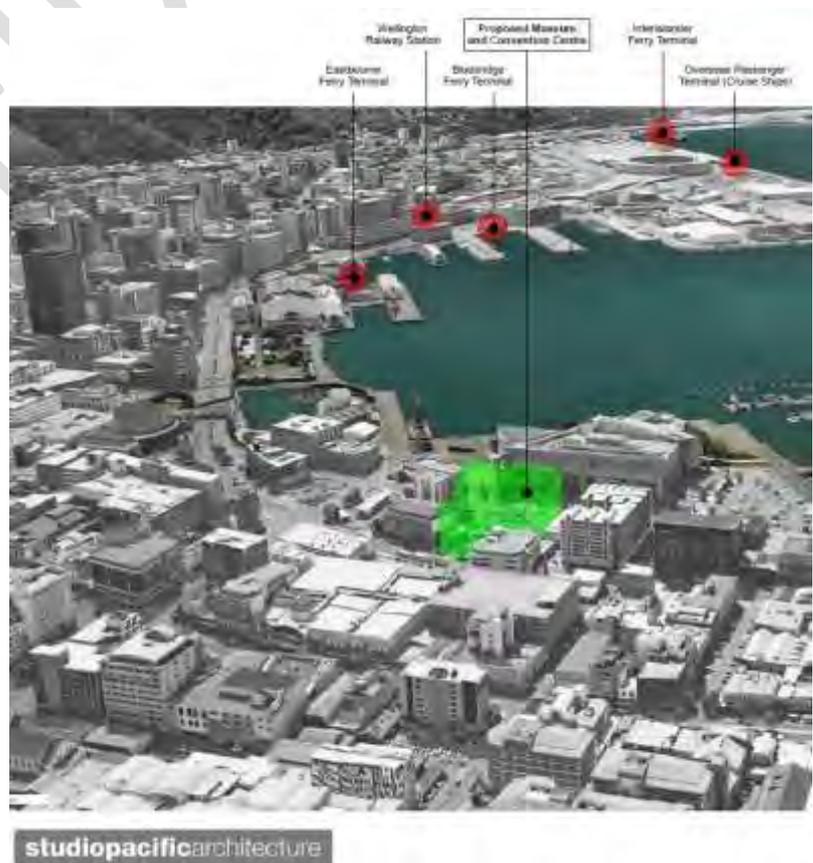
Overall benefit	Detail
	<ul style="list-style-type: none"> <li>Both venues will have opportunity to benefit from cross-facility advertising and marketing opportunities.</li> </ul>
Prime tourist location	<ul style="list-style-type: none"> <li>Directly opposite Te Papa and the waterfront, the proposed location is in the heart of Wellington's tourist zone, making the Cable/Wakefield street site among the most prime undeveloped sites remaining in central Wellington. A co-location arrangement means both the convention centre and movie museum can capitalise on the commercial advantages of this site / location.</li> </ul>
Operating efficiencies	<ul style="list-style-type: none"> <li>While the movie museum and convention centre will be separate entities, there will be potential opportunities for operational efficiencies from a shared site / building. These could range from joint service and maintenance contracts to shared cleaning operations and include opportunities to consider efficiencies that would be gained by sharing back-office, administrative and other functions.</li> </ul>
Urban regeneration	<ul style="list-style-type: none"> <li>This area of the city has large areas of low quality development. A dual-purpose convention / movie museum development will contribute strongly to regeneration of this area and attract a diverse range of visitors (conference attendees and tourists) and new businesses. The effect is unlikely to be as significant for either a stand-alone convention centre or movie museum.</li> </ul>
Dual contribution to WCCs growth strategy	<ul style="list-style-type: none"> <li>Development of a convention centre and movie museum will contribute significantly to two of WCCs "Eight Big Ideas" (discussed in more detail below).</li> <li>Combined demand drivers will stimulate secondary investment in Wellington.</li> </ul>

Floor plans and concept maps for both the movie museum and the convention centre are attached as Appendix C.

### Attributes

#### Location attributes:

- The ability for the convention centre / movie museum to partner with Te Papa in the delivery of some large events.
- The opportunity to attract visitors from Te Papa, and more generally to create a cluster development of tourism / visitor attractions.
- Ease of access to Wellington's waterfront** for spectacular views and a vibrant atmosphere.
- Ease of access to some of **Wellington's best restaurant and bars**.
- Excellent public transport connections and parking in the vicinity
- Ease of access to retail and shopping experiences.
- Close proximity to Wellington's CBD** and 15 minutes from the airport.



### **Physical attributes:**

- It will be the only movie museum in New Zealand.
- The museum will be purpose built and offer both permanent and temporary exhibitions that will be continually updated and refreshed.
- Covering two levels of the building (plus two mezzanines), the museum will be sizeable and custom built.
- Visitors will have access to a movie museum café.
- The movie museum will have a dedicated retail store, which will be open to the general public.

### **Operational attributes:**

- The movie museum will be operated by TMML, a company comprising individuals with significant experience and credibility in the film industry. TMML has owners in common with the Hobbiton, which has been very successful in building its reputation and visitor numbers.
- The movie museum will be able to leverage off the convention centre – with respect to having access to conference delegates, scope to gain operational cost efficiencies (i.e. shared back-office administrative functions), use of space for temporary exhibits and conferences.



## 4. Strategic case

The strategic case includes detail of the proposal and with reference to supporting strategies, developments and plans, confirms the strategic context for the investment proposal.

### Key points:

- The proposed movie museum complex aligns closely with WCC's growth strategy by fulfilling one of the council's "Eight Big Ideas".
- The competitive landscape is favourable for the movie museum as there are no directly comparable tourists attractions in Wellington or New Zealand.
- The presence of TMML and the existing infrastructure that has been established in Miramar results in Wellington being the natural location for a movie museum.
- The movie museum / convention centre is a unique offering.
- The movie museum is expected to generate: increased visitor numbers and expenditure in **Wellington, job creation and increased commercial activity, cementing Wellington's image** as the film capital of New Zealand, generating secondary investment as a response to growth, and improving the liveability of Wellington city.
- By building the basket of Wellington attractions there is the potential to move Wellington from a 'maybe' to a 'must-see' destination for visitors.

### 4.1. Strategic objectives

#### 4.1.1. Strategic objectives of Wellington City Council

As set out in WCC's Economic Development Strategy, there is an urgent need for the Council to focus on economic development priorities that will deliver long-term, sustainable growth. The strategy recognises the need to respond to challenges that are arising globally and nationally, including the increasing levels of public investment in Christchurch and Auckland.

One of the priority areas for WCC is to market Wellington as a destination, not just for tourism activity, but as a city that attracts **talent, business and investment**. **Through this, and the strategy's** other areas of focus, the Council seeks to drive income and productivity, create jobs, grow knowledge-intensive exports, support innovation and deliver **'smart' infrastructure**. To help deliver on these economic outcomes, WCC is progressing **"Eight Big Ideas"** (illustrated below) that aim to boost the local economy and make it more diverse.

The illustration overleaf provides a pictorial representation of **the Council's "Eight Big Ideas"**.



**Idea 1** relates to developing a film museum, recognising that the film industry has become a vital part of the Wellington's identity and economy - attracting visitors, creating jobs and bringing wealth to the city. A film museum would celebrate the contribution Wellington's film sector has made to the country's economy and reputation and be a high-quality tourist attraction in the central city.

**Idea 4** relates to conference and concert venues, recognising the benefits that activities in these facilities can bring for the city. Conference venues enable the city to host a range of business events, such as meetings, incentives, conventions and exhibitions. WCC previously endorsed a convention centre proposed for this site.

Both the proposed movie museum and convention centre support and contribute to the Council's economic development agenda and growth strategy. WCC's core strategic objectives for the movie museum are as follows:

- **Increase international visitor numbers and spend** – an estimated 593,446 international tourists visited Wellington in the year ended June 2015<sup>2</sup>. International tourist expenditure within Wellington for the year ended March 2014 was \$440 million<sup>3</sup>. Increasing international visitor numbers and spend will contribute positively to Wellington's economy.
- **Increase domestic visitor numbers and spend** – domestic tourism expenditure in Wellington totalled \$1.3 billion for the year ended March 2014<sup>4</sup>. 1.7 million nights were spent by domestic visitors in short-term Wellington commercial accommodation in the year ended July 2015. 41% of domestic visitors come to Wellington to visit family and friends, 28% on holiday and 28% on business<sup>5</sup>. Increasing domestic visitor numbers and spend will contribute positively to Wellington's economy.
- **Gain leverage from the convention centre** – the movie museum is likely to obtain significant leverage from the convention centre; studies in Australia have found that close to 60% of delegates visiting cities as convention delegates indicated that they

The movie museum "would be certain to attract new international visitors by creating a tipping point whereby visitors who would not have otherwise visited Wellington would choose to do so"

**Matt Clarke,  
Wellington Airport**

<sup>2</sup> Statistics New Zealand. (June 2015). *International Visitor Survey*.

<sup>3</sup> Ibid.

<sup>4</sup> TRC. (October 2015). *Proposed Wellington Movie Museum: Preliminary Economic Impact Analysis*.

<sup>5</sup> Statistics New Zealand. (July 2015). *Commercial Accommodation Monitor, Wellington*.

would return as tourists.<sup>6</sup>

- **Profile Wellington's film industry** – as the film industry is a vital part of Wellington's identity and economy, a movie museum would help to profile and further capitalise on the success of the industry, particularly WetaWorkshops, Weta Digital and Park Road Post Production etc.
- **Job creation** –142 direct jobs and 142 indirect and induced jobs would be created as a consequence of the movie museum-
- **Increasing liveability** – tourism attractions bring a diverse range of people to the city and contribute to Wellington's international connectedness. Visitor activity financially supports a range of recreational utilities, such as shops and restaurant precincts, thus making the city a more attract place to live, work and invest.

#### **4.1.2. Wellington's competitive advantage**

As the “coolest little capital in the world”, there are a number of reasons Wellington is the best location for the movie museum – these include:

- **Film capital of New Zealand** – due to the presence of Sir Peter Jackson's and Sir Richard Taylor's Wellington-based film production businesses (Weta Workshop, Weta Digital, Park Road Post Production, Wingnut Films, Stone Street Studios and Portsmouth Hire), Wellington has become the undisputed film capital of New Zealand, and is firmly on the world stage.
- **Compact city** – visitors can easily navigate between convention activity and other attractions and amenities, and the proximity of the CBD to the airport means that time spent in traffic is relatively minimal.
- **Creative capital of New Zealand** – Wellington is a magnet for creative thinkers and is widely regarded as New Zealand's arts and culture capital.
- **Vibrancy** – the ease of access to our vibrant nightlife, waterfront and CBD is superior to anywhere else in New Zealand, which makes Wellington a popular visitor destination.
- **Amenities** – Wellington has great restaurants, shopping, nightlife and a good range of accommodation, all of which are necessary to encourage visitors to come to the city.
- **Te Papa, New Zealand's premier tourist destination**, is located immediately adjacent to the proposed film museum and convention centre.
- **Travel connections** – Wellington is well connected to all parts of New Zealand by no more than a one hour flight, and internationally to Australia's east coast.

#### **4.1.3. Strategic objectives of The Movie Museum Limited**

The strategic objectives of TMML are to:

- Protect and display the original sets, props, costumes and designs from films such as LOTR and The Hobbit films.
- **Reveal the 'magic' of film-making** and some of the techniques and special effects.
- **Display unique film artefacts and collectibles from Sir Peter Jackson's and Sir Richard Taylor's personal collections.**
- **Celebrate the creativity demonstrated by Sir Peter Jackson's and Sir Richard Taylor's** Wellington-based film production businesses (Weta Workshop, Weta Digital, Park Road Post Production, Wingnut Films, Stone Street Studios and Portsmouth Hire).

The financial and commercial implications for TMML and WCC are discussed in the financial and commercial cases from page 41.

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<sup>6</sup> Melbourne Convention and Visitors Bureau. (December 2007). *Melbourne Convention Delegate Study*.

## 4.2. Film related tourism

From 2000, the global tourism industry has increasingly seen a growing visitation that has been driven or induced by film and television<sup>7</sup>. The recent impact of the LOTR and Hobbit trilogies in New Zealand is well documented. TRC cite a wide range of other examples of these impacts including:

- **Game of Thrones**, which has been shot primarily in Northern Ireland and Croatia. Northern Ireland's County Antrim saw a 65% rise in interest from global holiday makers and a 47% increase in domestic traveller interest in 2015<sup>8</sup>. In Croatia an estimated USD10million a year was generated for the tourism industry<sup>9</sup>, and the country as a whole is also benefiting, having seen a 24% increase in tourism in the last three years<sup>10</sup>.
- **Anne of Green Gables**, a book and subsequent film series shot in the Prince Edward Island National Park in Canada. The Anne of Green Gables franchise brings approximately 169,000 people to the national park each year<sup>11</sup>.
- **The Sound of Music**, continues to draw visitors to Salzburg in Austria 50 years after the film was released. An average of 300,000 people visit the von Trapp Family homes and film locations in Salzburg each year<sup>12</sup>, and three-quarters of American visitors list The Sound of Music as the main reason for travelling to Salzburg<sup>13</sup>.

## 4.3. Comparative attractions

### 4.3.1. Comparable international attractions

There is a small number of existing international tourist attractions that are directly comparable to the proposed movie museum. The table below provides detail on some existing attractions. In New Zealand dollars, prices range from approximately \$18 – \$75. The proposed adult price for the movie museum compares favourably at \$35 (estimate only). The Making of Harry Potter is probably the most like-for-like attraction, and has had considerable success, winning a number of tourism awards and undergoing its first expansion earlier this year, despite only being open since 2012<sup>14</sup>.

Attraction	Description	Location	Adult ticket price
Warner Brothers, Leavesden Studios: The Making of Harry Potter	Set adjacent to the working film studios where all eight Harry Potter films were made, the studio tour offers visitors the unique opportunity to explore two soundstages and a backlot filled with original sets, animatronic creatures and breath-taking special effects.  Warner Brothers invested more than £100 million in developing the Leavesden studio. The attraction has	London	GBP33  ~NZD75

<sup>7</sup> Gjorgievski, M. & Trpkova, S.M. 2012. 'Movie induced Tourism: a new tourism phenomenon', UTMA Journal of Economics,3(1), pp. 97-104. <http://search.proquest.com.ezproxy.library.uq.edu.au/docview/1030093898?pq-origsite=summon>

<sup>8</sup> Kitching, C., 2015. 'The Game of Thrones effect! Hit', Daily Mail. Available at [http://www.dailymail.co.uk/travel/travel\\_news/article-3119601/The-Game-Thrones-effect-Hit-TV-series-boosts-tourism-Northern-Ireland-holidaymakers-search-real-Westeros.html](http://www.dailymail.co.uk/travel/travel_news/article-3119601/The-Game-Thrones-effect-Hit-TV-series-boosts-tourism-Northern-Ireland-holidaymakers-search-real-Westeros.html)

<sup>9</sup> Winfrey, M., 2015. 'Can Game of Thrones Save Croatia?', Bloomberg Business, Available at <http://www.bloomberg.com/news/articles/2015-04-02/can-game-of-thrones-save-croatia>.

<sup>10</sup> White, C., 2014. 'Masters of Coin: The Economic Impact of Game of Thrones Location Filming', Winter is Coming. Available at <http://winteriscoming.net/2014/10/24/masters-coin-economic-impact-game-thrones-location-filming/>.

<sup>11</sup> Day, J., 2015. Anne of Green Gables economic impact alive, well: tourism market report. Available at <http://www.theguardian.pe.ca/Travel/2008-02-20/article-1290120/Anne-of-Green-Gables-economic-impact-alive-well-tourism-market-report/1>.

<sup>12</sup> Austrian National Tourist Office, 2015. Take a Sound of Music Tour in Salzburg . Available at <http://www.austria.info/uk/things-to-do/cities-and-culture/the-sound-of-music/sound-of-music-tour>.

<sup>13</sup> Gibson, C. & Conell, J., 2005. Music and Tourism: On the Road Again, Cromwell Press, Great Britain, Channel View Publications.

<sup>14</sup> [https://en.wikipedia.org/wiki/Warner\\_Bros.\\_Studios,\\_Leavesden](https://en.wikipedia.org/wiki/Warner_Bros._Studios,_Leavesden)

Attraction	Description	Location	Adult ticket price
	been extremely popular, achieving profits of £32 million and revenue of £57 million in 2013, which was <b>the attraction's first full trading year</b> <sup>15</sup> .		
The Walt Disney Family Museum	The Walt Disney Family Museum brings Disney's legacy to life and invites viewers to find their own creative inspiration in his story. The museum melds history with state-of-the-art technology, including more than 200 video screens. Visitors can also enjoy a Museum Store, Learning Centre, and Fantasia-themed theatre.	San Francisco	USD20 -NZD30
The London Film Museum	The London Film Museum is the only film museum of its kind in Great Britain, showcasing the film industry and the talent within it. It is self-supporting, reinvesting back into the museum and within the community. The museum is currently exhibiting the James Bond film series.	London	GBP15 -NZD35
Star Wars Identities (travelling exhibition)	A travelling exhibition featuring a collection of Star Wars costumes, models, props, and artwork.	Various	Circa EUR25 -NZD40
Museum of the Moving Image	Museum of the Moving Image advances the understanding, enjoyment, and appreciation of the art, history, technique, and technology of film, television, and digital media by presenting exhibitions, education programmes, significant moving-image works, and interpretive programmes, and collecting and preserving moving-image related artefacts. The <b>Museum's core exhibition</b> , Behind the Screen, immerses visitors in the creative process of making moving images. It features over 1,400 artefacts, from nineteenth-century optical toys to video games, as well as an array of interactive experiences, audio-visual material, and artworks.	New York	USD12 -NZD18
The Lucas Museum of Narrative Art (planned)	The Lucas Museum of Narrative Art is a new museum planned to open in Chicago in 2018. The museum will be funded (estimated development cost of USD300m) and endowed (estimated value of USD400m) by George Lucas, and developed in partnership with the City of Chicago. Its "unique collection features popular <b>art from illustration to comics, an insider's</b> perspective on the cinematic creative process, and the boundless potential of the digital medium." <sup>16</sup>	Chicago	Unknown at this stage

These international examples show that the public is prepared to pay for high quality movie themed attractions.

<sup>15</sup> The Guardian. (July 2014). *Harry Potter tour helps Leavesden studios triple 2013 profits to £32m.*

<sup>16</sup> Taken from [www.lucasmuseum.org](http://www.lucasmuseum.org) on 10 November 2015

### Site selection for the Lucas Museum of Narrative Art

A mayor's site selection task force report, concluded that the museum required:

1. A central location easily accessible to tourists and locals alike important
2. Close proximity to other educational/museum institutions is important. This allows for stronger relationships to be formed and opportunities to be created through collaboration and alignment of similar goals, particularly in the education and youth space, for the benefit of residents.
3. Close proximity to the Chicago convention centre (McCormick Place) seen as a huge advantage to capitalise on the economic benefits conventions bring to the city by enticing many delegates to extend their trips to see the treasures inside the museum.

<http://www.cityofchicago.org/content/dam/city/depts/mayor/FrontPageFeatures/LucasReport.pdf.pdf>

Site selection has similarly been an important factor for consideration of the Wellington film museum.

### 4.3.2. Comparable domestic attractions

The tables below provide details on existing New Zealand attractions as points of comparison for the proposed movie museum. These include attractions which are primarily cultural such as museums and galleries, and also attractions that are primarily commercial.

This shows a number of attractions both in Wellington and elsewhere that command visitor numbers similar to or higher than forecast for the movie museum. It also shows that the proposed \$35 adult entry fee (estimated) is broadly in line with charges for many other attractions.

This also shows that there are few attractions within New Zealand that could constitute a direct competitive threat to the proposed movie museum. The only attractions that are comparable from a content perspective are Hobbiton and the Weta Cave Workshop Tour – neither of which present a threat as they are owned by the same individuals as TMML and are located outside Wellington central. These attractions are likely to compliment the movie museum, and help demonstrate the appetite for this type of attraction. **Moreover, the downtown location near Te Papa is expected to provide 'cluster' benefits, whereby visitors to one location also visit the other, or visitors are drawn to the area by the presence of two attractions.**

#### Cultural attractions

Attraction	Location	Visitor numbers 2013/14 <sup>17</sup>	Adult ticket price	Comments / comparison with movie museum
Auckland Art Gallery	Auckland	423,327	\$0	
Auckland Museum	Auckland	808,698	\$0 (Though a \$25 donation is 'requested')	Demonstrates very high visitor numbers despite \$25 charge for non-Auckland residents
Cable Car Museum	Wellington	229,960	\$0	Shows the high interest levels for cultural attractions in Wellington, despite being a small and highly specialised offering
City Gallery	Wellington	150,289	\$0	
Museum of City and Sea	Wellington	112,536	\$0	
Pataka Art and Museum	Porirua	285,498	\$0	
Te Papa	Wellington	1,289,353	\$0	Te Papa has presented LOTR exhibitions in the past, with two exhibitions in 2002 and 2006 collectively attracting 326,467 visitors. Te Papa provides ready access to an

<sup>17</sup> The Movie Museum Limited (August 2015). *The Movie Museum*.

Attraction	Location	Visitor numbers 2013/14 <sup>17</sup>	Adult ticket price	Comments / comparison with movie museum
				existing body of tourists. Access to these potential visitors is made even easier by the proximity of Te Papa to the proposed movie museum.
Voyager NZ Maritime Museum	Auckland	155,136	\$17	Demonstrates appeal of museums, even for specialised content.
Te Puia	Rotorua	380,000	\$51 (day pass)	Te Puia is a Maori cultural centre in <b>Rotorua. Te Puia's 60 hectare site</b> includes the New Zealand Maori Arts and Crafts Institute, a live kiwi enclosure, the Pohutu Geyser, and more than 500 other geothermal features. This provides an evidence base for the pulling power of unique attractions - 95% of visitors are international.
The Dowse Art Museum	Lower Hutt	194,247	\$0	

Also of relevance, Sir Richard Taylor designed the Gallipoli: The Scale of our War exhibition at Te Papa, and the Sir Peter Jackson-designed Great War exhibition at Pukeahu which both opened in 2015 and are understood to be delivering strongly.

#### Commercial attractions

Attraction	Location	Visitor numbers 2013/14 <sup>18</sup>	Adult ticket price	Comments / comparison with movie museum
Hobbiton*	Waikato	330,000 (2014/15)	\$75	Hobbiton offers the closest comparison as it features the movie set of The Hobbit. It demonstrates the attraction of a high-quality offering, even in a relatively remote location and high price. Hobbiton has common owners with TMML.
Weta Cave Workshop Tour	Wellington	75,000 (2014/15)	\$24	The Weta Cave Workshop Tour provides a comparative experience to the proposed <b>movie museum. However, its 'specialised'</b> content has a more technical flavour than the museum. It also has common owners with TMML.
International Antarctic Centre	Christchurch	~100,000	\$59	Antarctica themed attraction based in Christchurch.
Kelly Tarlton's Sea Life Aquarium	Auckland	280,000 (est)	\$39	Aquarium based in Auckland with a similar price point to the movie museum.
Zealandia sanctuary	Wellington	100,000	\$17.50	A 225 hectare wildlife sanctuary in Karori that is focused on native New Zealand wildlife.

*\*Hobbiton's financial performance and economic impact is discussed in more detail in section 2.4 below.*

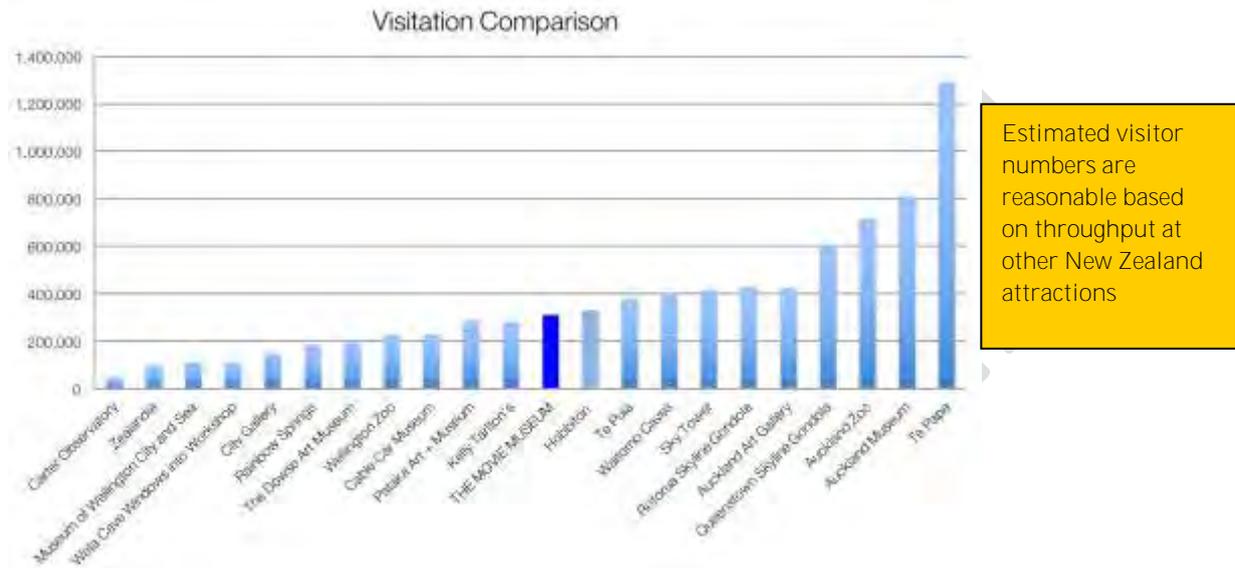
<sup>18</sup> The Movie Museum Limited (August 2015). *The Movie Museum*.

This summary of different cultural and commercial attractions suggests:

- There is limited direct competitive threats to the proposed movie museum.
- There is a lack of commissionable attractions in the Wellington region.
- The proposed movie museum pricing is compares favourably with many of these attractions.

### Visitation

The graph below shows the estimated base visitation to the movie museum of 310,000 people per year compared to raw visitor numbers of other New Zealand tourist attractions.



Source: TMML

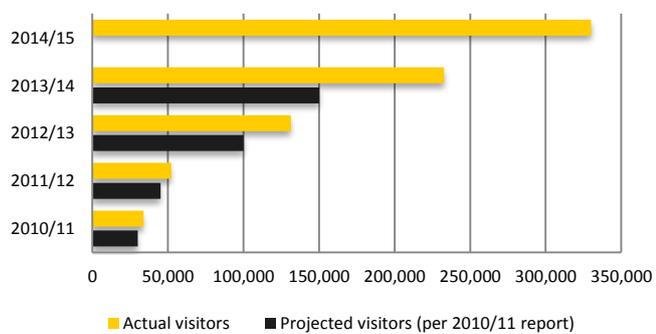
#### Case study: Hobbiton

Hobbiton is the closest comparison to the proposed movie museum as it features the movie set of The Hobbit and is owned and operated by the same core stakeholders as TMML. The information presented in the graph provides persuasive evidence of the attraction’s popularity as well as the credibility, experience and expertise of the owners / operators. It also demonstrates the conservative stance of the original 2010/11 projections.

Based on actual results from the previous four years, the 2014/15 projections are<sup>19</sup>:

- ██████████ employment increasing to 150 full time equivalents (FTEs), and wages / salaries increasing to \$5 million per annum.
- Within the Matamata-Piako district, total expenditure (directly and indirectly attributable to Hobbiton) of \$53 million per annum, total employment increased by 306 FTE jobs and total wages / salaries increasing by \$10 million per annum.

Hobbiton visitor numbers 2010-2015



In addition to the financial and economic projections noted above, Hobbiton has increased economic resilience of the district by reducing reliance on agriculture (which is heavily impacted by uncontrollable factors such as commodity price volatility and adverse environmental conditions). Hobbiton has also increased diversity and put Matamata “on the map” as a popular tourist attraction.

<sup>19</sup> Brown, Copeland & Co. Limited. (2014). *Update to the Assessment of the Economic Effects of the Hobbiton Movie Set at Matamata*

Of particular note and relevance to the movie museum, Hobbiton is expected to achieve 400,000 visitors next year. Of these, an estimated 84% (336,000) will be internationals. This represents a key visitation target group for TMML, particularly through package tickets etc. Many of these visitors may be encouraged to add Wellington to their itineraries, where previously they may not have visited the city.

*Titanic – Transformational museum and convention centre*

Titanic Belfast is a visitor attraction and convention centre, which is a monument to Belfast's maritime heritage. It is located on the site of the former Harland & Wolff shipyard in the city's Titanic Quarter where the RMS Titanic was built. It tells the stories of the ill-fated Titanic, through a series of galleries and exhibitions. It was opened in 2012 and cost GBP\$76 million which was supported by both central and local government funding. The facility also includes a conference centre which caters to up to 2,000 people.

It is a project that was developed in the context of a wider rejuvenation project for **Belfast's tourism**, and has many similarities to the movie museum. Thus far the project has been very successful and appears likely to continue to deliver benefits for the city.

A recent evaluation of the museum's first three years of operation by Deloitte<sup>20</sup> identified the following key outcomes:

- Over 2 million visitors
- GBP105 million in additional tourism spend
- 893 annual jobs

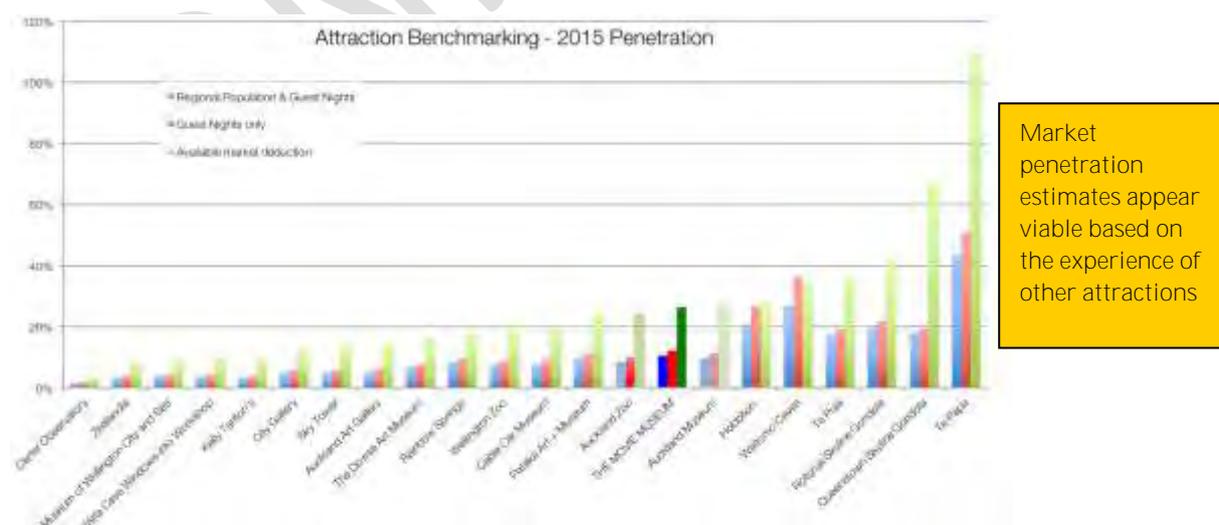
*"Titanic Belfast has been a 'game changer' for Northern Ireland and not just with the obvious tourism it brings but the jobs and subsequent supply chain benefits have far reaching impact."* – Roy Adair, Chief Executive, Belfast Harbour Commissioners

*"Our extensive analysis has found compelling evidence that the original projections and targets relating to Titanic Belfast's economic, social and physical impact have been met and indeed exceeded."*

*"In particular Titanic Belfast has proved to be an economic driver, providing jobs, unlocking investment and a significant boost to tourism."* - Jackie Henry, senior partner at Deloitte

*Attraction benchmarking*

The graph below shows the estimated visitation to the movie museum of 310,000 people in year three (after the initial honeymoon period). This has been compared to the visitation rates of other New Zealand attractions (operating at maturity) proportionate to: guest nights where the attraction is located; regional population and guest nights; and available market in the region (refer to the economic case for additional detail on the available market).



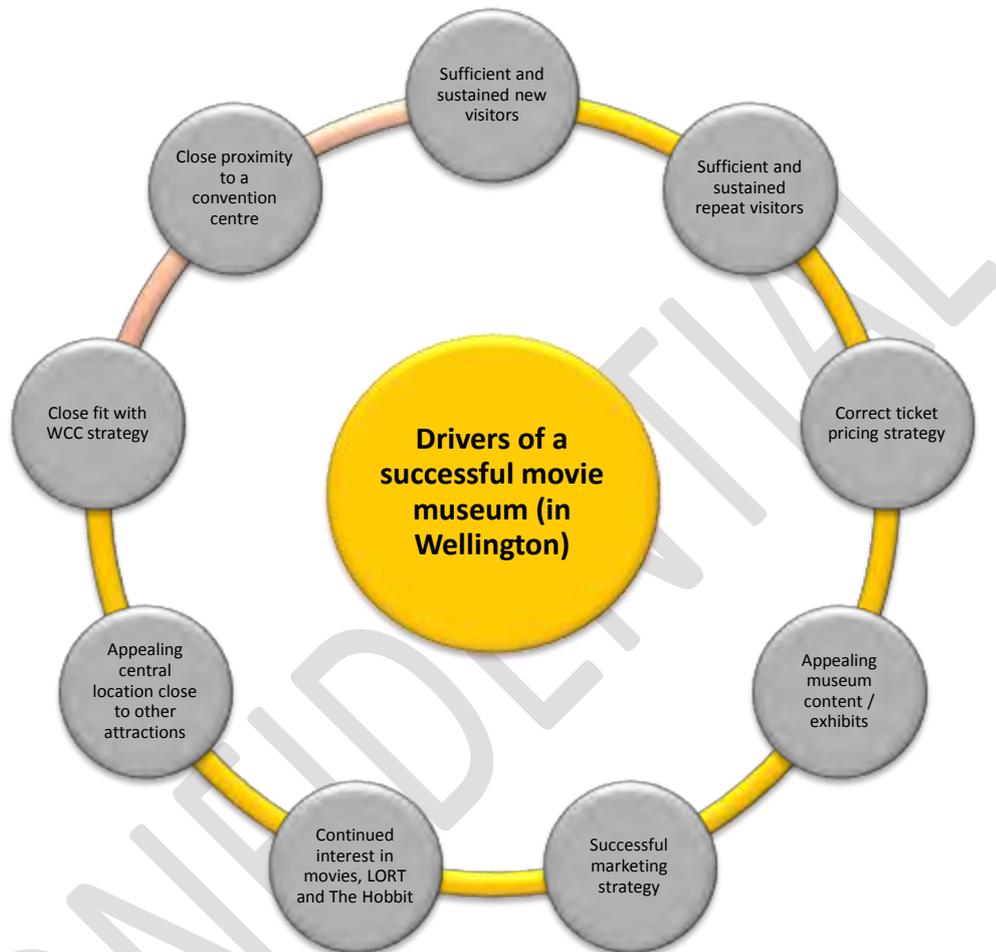
Market penetration estimates appear viable based on the experience of other attractions

Source: TMML

<sup>20</sup> Deloitte. (October 2015). *A New Story Titanic Belfast – Evaluation of the first three years*

## 4.4. Drivers of a successful movie museum

The core drivers of a successful movie museum are illustrated in the image below and discussed in more detail in the table which follows. The information contained in this illustration is consistent with **the Chicago Mayor’s Task Force Report, which addressed considerations critical to the site location of the George Lucas Star Wars Museum in Chicago.**



Driver	Description	Detailed discussion
Sufficient and sustained new visitors	The movie museum will obtain the majority of its revenue from ticket sales. As such, it is critical that there is a sufficient and sustained number of new visitors coming to <b>the museum. Following the initial ‘honeymoon period’, the majority of new visitors are likely to be international visitors.</b>	Economic case
Sufficient and sustained repeat visitors	The movie museum will obtain the majority of its revenue from ticket sales. As such, it is critical that there is a sufficient and sustained number of repeat visitors coming to the museum. The majority of repeat visitors are likely to be domestic visitors.	Economic case
Correct ticket pricing strategy	As the movie museum will obtain the majority of its revenue from ticket sales it is critical to develop a pricing strategy that sets tickets prices at a level that is profitable to TMML yet still affordable and attractive to visitors. This is particularly relevant in a market such as Wellington where the majority of attractions offer complimentary admission.	Economic and finance cases
Appealing museum content /	Exhibits that are regularly refreshed and updated will attract first time visitors and ensure repeat visitors. Attracting new	Strategic case – cost implications

Driver	Description	Detailed discussion
exhibits	and repeat visitors is critical to the on-going financial success and viability of the movie museum.	in the financial case
Successful marketing strategy	A successful marketing strategy is the catalyst for generating new and repeat visitors. A successful marketing strategy is likely to include a number of channels (e.g. word of mouth, print, radio etc.) that access a range of nationalities and demographics.	Strategic case
Continued interest in movies, LOTR and The Hobbit	As the movie museum will feature films produced and directed by Sir Peter Jackson and Sir Richard Taylor – it is critical that interest in these movies (as well as movies in general) is fostered and sustained.	Strategic case
Situated in an appealing central location close to other attractions	In order to attract a sufficient number of visitors, it is important that the movie museum is situated in an appealing and easily accessible location (i.e. Central Wellington). Proximity to other education / museum institutions allows for stronger relationships to be formed and opportunities to be created through collaboration and alignment.	Economic case
Close fit with WCC strategy	In order for WCC to support and advocate the development and operation of a movie museum, it is important that the museum fits in with WCC strategic growth strategy. As one of <b>the “8 Big Ideas”, the movie museum</b> already meets this requirement.	Strategic case
Close proximity to a convention centre	Close proximity to a convention centre is advantageous as it provides ready access to a large number of convention delegates (who are likely to extend their stay if there is a compelling enough reason to do so).	Proposal and strategic case

## 4.5. Strategic benefits

The table below details the key strategic benefits of the convention centre and movie museum complex proposal.

Strategic Benefit	Benefit description
Reinforces Wellington’s position as film capital of New Zealand	Through the success of LOTR and The Hobbit, and the presence of Sir Peter Jackson and Sir Richard Taylor’s <b>Wellington</b> -based film production businesses (Weta Workshop, Weta Digital, Park Road Post Production, Wingnut Films, Stone Street Studios and Portsmouth Hire), Wellington is <b>already New Zealand’s film capital of New Zealand. Reinforcement</b> and continued capitalisation of this position would be beneficial to Wellington strategically and economically.
Positive contribution to Wellington’s economy	The movie museum is expected to attract a significant number of new visitors to Wellington, which will generate direct expenditure (on museum admission, the café and retail store – but also on other local providers of accommodation, hospitality and transport). In addition, secondary strategic and economic benefits are likely to be realised via job creation (direct and indirect) and encouragement of new business.
Closely aligned to WCCs growth strategy	Development of a co-located convention centre and movie museum fulfils two of WCCs <b>“Eight Big Ideas”</b> . This represents significant progress toward achieving core aspects of WCCs growth strategy.
Unique tourist attraction in Wellington CBD	An attraction such as a movie museum will increase the vibrancy and liveability of the Wellington CBD.  In combination with the convention centre, There will be opportunities for cross-selling and marketing into both customer bases. The movie museum will be able to draw on convention delegates, and the convention centre will be able to offer something unique to delegates and their partners, when compared with other convention centres such as those being developed in Auckland and Christchurch.

<b>Strategic Benefit</b>	<b>Benefit description</b>
Leverage from the convention centre	As well as making efficient use of scarce downtown space, the movie museum will have opportunity to leverage off the convention centre – primarily through accessing / attracting convention delegates but also by sharing some operational / development costs.

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## 5. Economic case

### Key points:

- A number of location options have been considered for the movie museum, and the Cable Street site is preferred as a result of its central location, proximity to Te Papa, and its likely consentability and public appeal.
- The preferred delivery option from a risk/cost perspective is for WCC to own the asset utilising a specialist development manager to deliver the project.
- The movie museum is expected to generate an additional \$16 million in visitor spend in Wellington every year. This has an estimated GDP impact for Wellington of \$14.4 million.
- The movie museum is forecast to provide an additional \$5.50 of GDP benefits to Wellington for every \$1 invested.
- Including construction impacts, this ratio increases to \$6.20 of GDP benefits to Wellington for every \$1 invested.

### 5.1. Introduction

The economic case identifies the investment option that optimises value for money. This is done by identifying critical success factors, generating a range of options, assessing the options and making a recommendation. Analysis of the economic value of the project includes:

- Consideration of the objectives of the investment and how the project fits into WCC's broader strategic direction.
- Assessment of the options for delivering this project in particular with regard to location, funding, and delivery.
- Explanation of the process, methodology and assumptions used for determining economic value.
- Presentation of the estimates of economic value and the sensitivity inherent in these projections.
- Explanation of the non-monetised benefits of the project.

### 5.2. Investment objectives

The key reason for WCC to be involved in this proposal is to **grow Wellington's economy through** investment in facilities / infrastructure that drives the tourism market and showcase the region's film making success.

Additionally, it is an opportunity to leverage off the film making excellence that has been developed in Wellington and New Zealand and increase the breadth in commissionable product for the tourism industry. This is likely to lead to economic benefit for both the Wellington region and New Zealand as a whole as a result of new spending that would otherwise not occur.

### 5.3. Options assessment

It is important to highlight that within this business case, WCC is not considering other alternatives for tourism attractions that may fit the objectives of the proposal being considered. This business case

is for an initiative that has been developed between TMML and Council and has been evolving over a significant period of time.

There are a variety of options for the movie museum over the following dimensions:

### **Location**

Eight other sites around the Wellington region have been investigated and ruled out for various reasons:

- Shed 1, Queens Wharf, Wellington Central
- Frank Kitts Park, Wellington Central
- Transition site, Barnett Street, Wellington Central
- TSB Bank Arena, Queens Wharf, Wellington Central
- Te Papa/WCC Archives, Tory Street, Wellington Central
- CentrePort, Waterloo Quay, Wellington Central
- Shelly Bay, Miramar
- Lyall Bay

The Cable Street site is preferred as a result of its central location, proximity to Te Papa, and its likely consentability and public appeal. Its proximity to Te Papa and its easy access to hospitality is a particular strength, and is expected to maximise cluster benefits for the city.

### **Scale**

The scale of the offering is driven by the needs of TMML as the project originators and operators – the minimum requirements are a 10,000m<sup>2</sup> exhibition space with 8-10 metre stud height. No suitable existing buildings provide for these requirements.

### **Scope**

The scope of the museum content is driven by TMML. The Movie Museum will span the award-winning Hollywood-scale productions that Sir Peter Jackson and Sir Richard Taylor and the Weta Group of Companies have helped bring to the big screen through to the earlier home-grown movies.

In addition, the museum will feature content from the private collections of Sir Peter Jackson and Sir Richard Taylor. These collections are considerable both in quality and quantity.

Over time, new content and exhibits will be developed, reflecting the extent of their collections and ongoing work produced by the principals of TMML.

### **Delivery**

Several construction delivery options have been considered, which include different levels of Council participation and risk.

- Private sector funds, builds, owns and manages the development and leases the building to WCC
- WCC funds builds, owns and manages the development
- WCC funds, owns and manages the development, using Willis Bond, a specialist property development manager, to oversee the construction project

The preferred option from a risk/cost perspective is for WCC to own the asset utilising a specialist development manager to deliver the project. This combination matches WCC's balance sheet strength in terms of funding and Willis Bond's expertise as a development manager. Commercial terms around a PPP/lease arrangement were not providing good value for money for ratepayers

## 5.4. Measuring economic value

### 5.4.1. Basis of measurement

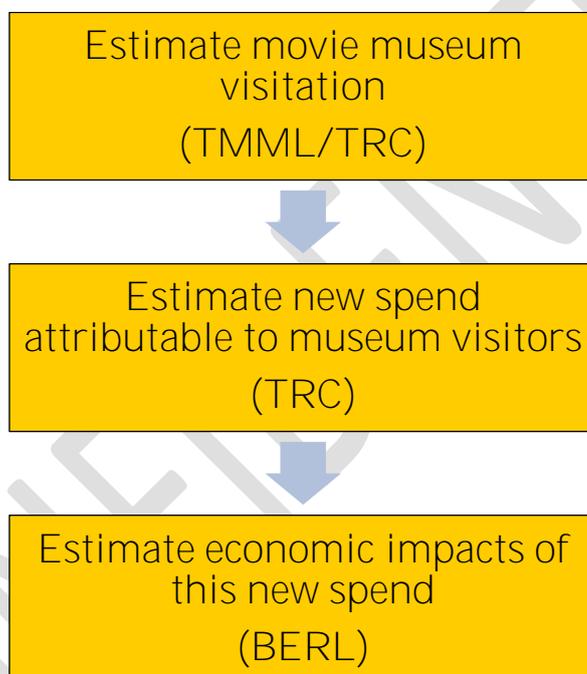
TRC Tourism Ltd (TRC) has developed estimates of the additional spend that may occur as a result of the project. The net additional spending has been assessed for Wellington and New Zealand as a whole, and accounts for all current or substituted spending.

These additional spend estimates have then been converted into measures of economic impact by BERL.

TRC has been used due to their experience and expertise in tourism related work and BERL has been used to overlay the economic benefits in a consistent approach with the convention centre analysis given the combined nature of these projects.

The process for estimating economic value is shown in the following diagram.

#### Measuring economic impacts



### 5.4.2. Scope of impacts

The economic analysis estimates the impact of net additional spending that would otherwise not occur in the region under review. The practical application of this definition is that net additional spending is only counted if it satisfies the following:

- Can be attributed or would otherwise not occur if not for the project
- Is new to the geographic area
- Is not cannibalising spending that already occurs in the area

In this measurement of economic value, assessment will be made of net additional spending for both the Wellington region and New Zealand as a whole. It is likely that some of the effects will be stronger for Wellington because domestic spending at the movie museum will not be net additional spend in New Zealand and a portion of international spending attributed to the movie museum is likely to be cannibalising tourism spend from other places in New Zealand.

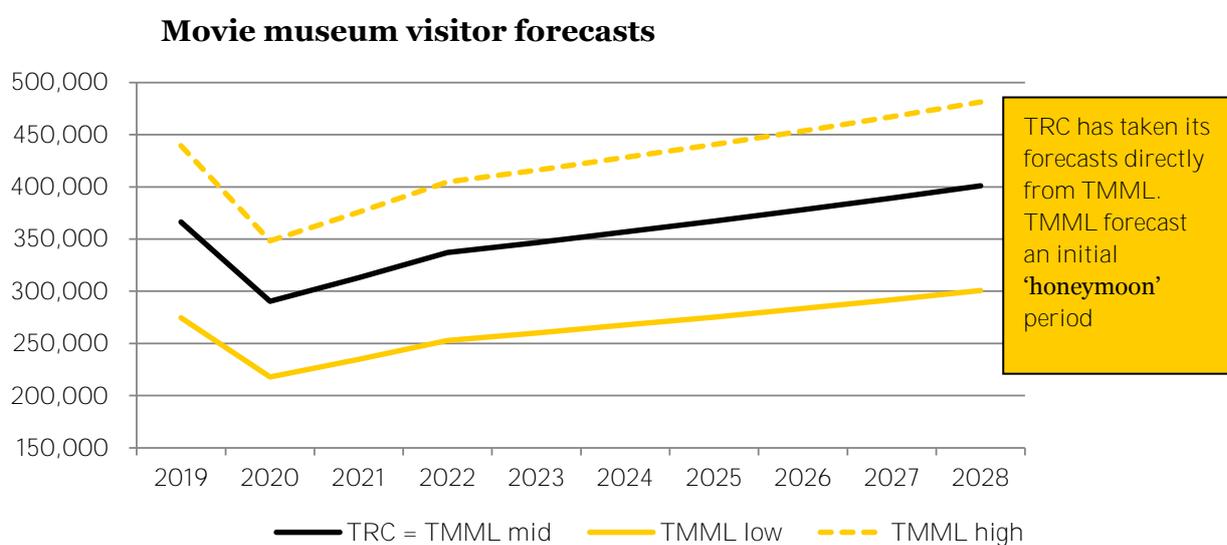
### 5.4.3. Methodology

TRC's approach is outlined in detail in section 5.6. At a high level their forecasts are built on the basis of tourism trends and statistics, informed by interviews with tourism trade operators and a number of case studies. The methodology for determining additional spend involves estimating:

1. Likely movie museum attendance and the mix of visitors
2. The impact or nature of this attendance, eg whether the attendee:
  - i. is a new visitor who made a specific trip to Wellington to attend
  - ii. is a tourist who lengthened their stay in Wellington (at the expense of the rest of New Zealand)
  - iii. a New Zealand visitor who adds Wellington to their itinerary
  - iv. spent more money in Wellington as a consequence of their visit to the museum.

## 5.5. Forecasting movie museum attendance

TRC has based its attendance forecasts on the estimates provided by TMML. These projections were developed based on research on New Zealand and Wellington's visitor market generally, supplemented by attendances at other Wellington offerings, and the experience of Hobbiton. These forecasts also allow for strong attendance in the first year associated with initial excitement around a new venue. Thereafter attendance drops in year two before growing at a steady rate. The forecasts for the first ten years are shown in the figure below.



## 5.6. Forecasting additional spend

This section outlines TRC's estimates of additional spend attributable to the movie museum. It starts by summarising the TRC analysis in 5.6.1, before detailing key assumptions and approach.

### 5.6.1. Summary of results

TRC is forecasting significant additional spend in Wellington as a result of the movie museum.

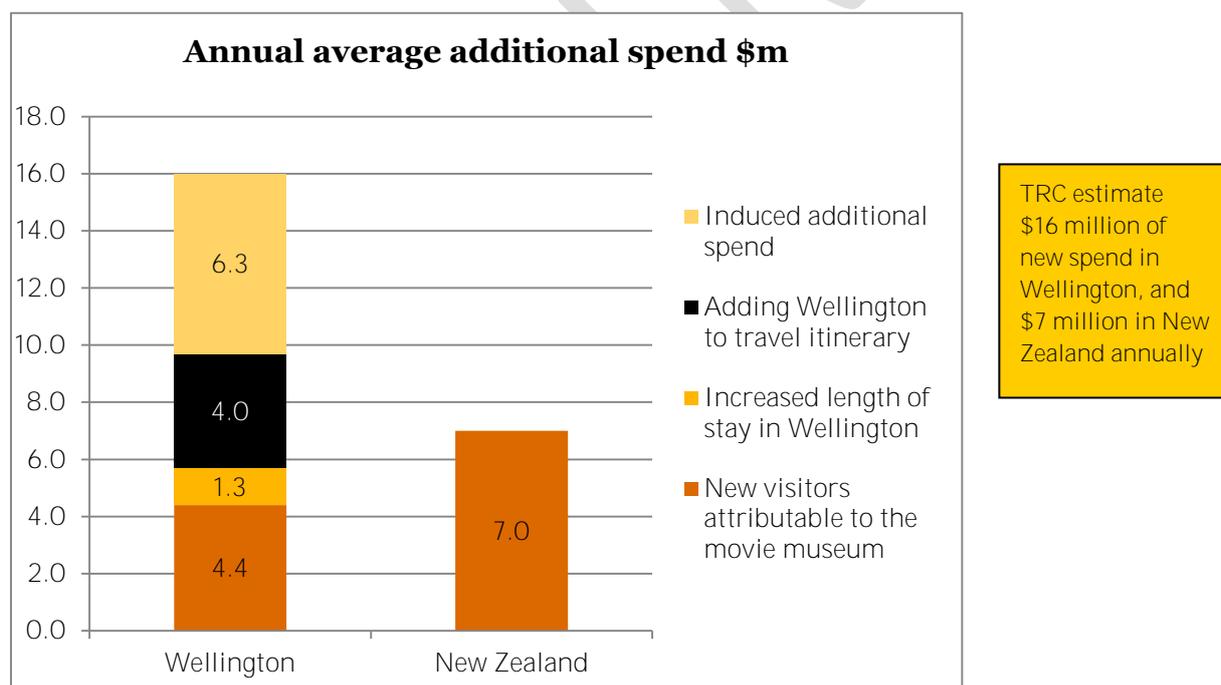
### New spend by category

The table below summarises their forecasts of additional spend across four categories:

- Additional spend from new visitors that have specifically come to Wellington and/or New Zealand due to the movie museum.
- Visitors who were already in Wellington, but opt to extend their stay to accommodate a visit to the movie museum.
- Visitors who were already in New Zealand, but were bypassing Wellington, who now choose to add Wellington to their itinerary.
- Visitors to the museum, who spend more money in the city as a consequence of purchase on tickets and merchandise at the museum. Cruise visitors going to the movie museum instead of another lower cost or free activity make up a significant share of this category.

### Summary of additional annual spend (10-year average including inflation)

Category of additional spend	Wellington	New Zealand
New visitors attributable to the movie museum	\$4.4m	\$7.0m
Increased length of stay in Wellington	\$1.3m	\$0.0m
Adding Wellington to travel itinerary	\$4.0m	\$0.0m
Induced additional spend	\$6.3m	\$0.0m
<b>TOTAL</b>	<b>\$16.0m</b>	<b>\$7.0m</b>



### High and low forecasts

TRC has also developed high and low forecasts, based on more aggressive and conservative assumptions respectively, relating to the ability of the movie museum to attract new visitors, increase lengths of stay, or induce additional spend. These assumptions are detailed further in the TRC report, the results only are presented in this business case in the following table.

### Estimated per annum additional spend in Wellington and New Zealand (10-year average including inflation)

Visitor assumptions	Wellington	New Zealand
Low	\$13.5m	\$2.2m
Medium	\$16.0m	\$7.0m
High	\$18.1m	\$13.1m

- TRC assume the museum will attract more *new* visits to Wellington (especially from tourists currently bypassing the city)
- New Zealand will benefit from new visitors attracted to the country to visit the museum, particularly from the short stay Australian market
- A lot of growth in Wellington is at the expense of the rest of NZ (ie from increased market share)

### 5.6.2. Major assumptions

In addition to the number of visitors that the movie museum is likely to have, assumptions must be made about where these visitors have come from, what reasoning has driven them to make the trip and what the length of their trip and spending habits are likely to be. TRC has used these questions to create categories of movie museum visitors from which new spend can be estimated. These categories are summarised in the table below.

Category	How this is used to drive 'net additional' estimate
Would not have visited Wellington or New Zealand without TMML	All spending for these visitors while they in Wellington or New Zealand is ' <b>net additional</b> ' and would not otherwise have occurred in New Zealand
Movie museum not primary reason for visit but are staying longer as a result	Assumptions made in relation to increased average length of stay (ALOS) as a result of the movie museum. Spending corresponding to that increase is ' <b>net additional</b> '.
Are making a specific trip to Wellington while on their holiday, when they otherwise would have by-passed the city.	These visitors are new to Wellington, and their spending is net additional to the region (but at the expense of spend elsewhere in New Zealand). Wellington is effectively capturing market share from the rest of New Zealand.
Movie museum visitors who are induced to spend more, due to their visit	Assumption made in relation to how much spending as a result of the movie museum is likely to be over and above other spending or <b>free tourist activities such as Te Papa. This spending is 'net additional.'</b>  This category is particularly relevant to potential cruise ship tourists to Wellington who are unlikely to be on the cruise because of the movie museum, and are generally unable to increase their ALOS, but spend more money than they might have on other activities in Wellington.

### 5.6.3. TRC approach

The table below demonstrates the process and assumptions that have been used by TRC to create an estimate for the three categories described above, for both Wellington and New Zealand. The assumptions have been presented for comparability using the average of the (ten year) modelling period and using the medium visitation assumption.

#### *New visitor impact*

New visitor numbers have been created using a bottom up approach relying on estimates from initial work undertaken by TMML on visitor numbers and combined with assumptions on length of stay, spend and percentage attributable to Wellington. Those assumptions and estimated impact are outlined in the tables below.

## New visitors

Category	Assumption	Source
New visitor numbers	4,769 international 3,505 domestic	Have taken TMML's assumptions regarding total visitors and demographic split which were developed through surveys and comparisons with other attractions and assumed that a small percentage of movie museum visitors have come to Wellington (or New Zealand) specifically because of the attraction.  Assumptions vary by trip purpose and origin of attendee, but are typically 1% of international movie museum visitors, with higher assumptions for Australian (8%) and domestic (5%) visitors.
New visitor spend	\$1,254 per international visitor \$450 per domestic	Weighted average of visitor cohort assumptions resulting in \$209 per day over 6 day visit. \$225 per day with average of 2 days.
Time spent in Wellington	New international visitors spend 10% of time in NZ in Wellington. Australian visitors spend 80% of their time in Wellington as likely to just visit for the weekend (given this group are coming to New Zealand specifically to visit the attraction).	Assumption based on Commercial Activity Monitor

## Impact per annum

***New visitor impact to Wellington \$4.4 million***

***New visitor impact to New Zealand \$7.0 million***

## *Extending stay in Wellington impact*

TRC has assumed that visitors to New Zealand have a fixed length of stay and therefore assumptions of increased expenditure resulting from the movie museum are for the Wellington region only. This spending will cannibalise other spending from within the country and therefore provide no extra benefit to New Zealand as a whole. Increased stay includes:

- Extended stay - visitors who are already attending Wellington but are staying longer because of the movie museum
- Adding Wellington to itinerary - visitors who are in New Zealand regardless of the movie museum but would not have been coming to Wellington if not for the movie museum.

## Extending stay

Category	Assumption	Source
Visitors that could extend their stay	210,179 international 117,184 domestic	Calculated as the total TMML visitor assumption less the new visitors whose impact has already been assessed
Percentage of visitors that will extend stay	7.6%	Weighted average as different for different cohorts
Average increase in length of stay	0.2 days	This is based on the 1-4 hours that visitors are expected to spend at the movie museum

## Impact per annum

**Total impact from visitors extending their existing stay in Wellington \$1.3 million (no New Zealand impact)**

### *Adding Wellington to itinerary*

Adding Wellington to itinerary - visitors who are in New Zealand regardless of the movie museum but would not have been coming to Wellington if not for the movie museum. Again it is assumed that visitors' fixed budgets mean this spend cannibalises other spending from within New Zealand.

### Adding Wellington to itinerary

Category	Assumption	Source
Percentage of the movie museum visitors who have added Wellington to itinerary	4%	Currently Hobbiton is receiving over 300,000 visitors per year. On the basis that only 21% of international visitors visit Wellington, it is estimated that around 60,000 of these people currently visit Wellington. It has been assumed that though packaging of the attractions the movie museum might be able to attract another 4% of these visitors, or approximately 12,000 new visitors.
Length of stay in Wellington	1.5 days	Estimate only of the average time this would induce them to spend in Wellington.

## Impact per annum

**Total impact from visitors adding Wellington to itinerary and extending their existing stay in Wellington \$4.0 million (no New Zealand impact)**

### *Induced increased spend*

TRC has assumed that a portion of spend at the movie museum will be over and above what visitors will normally spend in Wellington. This is because the movie museum is likely to replace other cheaper or even free cultural tourism offerings such as Te Papa. Spending at the movie museum can be closely estimated however the degree that this spending is a substitute for existing spending is an assumption with a lower degree of confidence. The results below have taken into account that not all spending will be new and that there will be substitution.

### Induced spending

Category	Assumption	Source
Total ticket revenue	\$8.8m	Ticket price assumptions combined with visitor number projections
Average spend at TMML	\$36	Based on assumptions of ticket prices, food and beverage and merchandise spend.
Degree of spend that is a substitute for current spend	Wellington 47% New Zealand 100%	Based on a weighted average of substitution assumptions for different categories of expected visitors to the movie museum, and for different categories of the spend (eg food and beverage is assumed to be 100% substituted).

## Impact per annum

**Induced increased spend impact for Wellington \$6.3 million (no New Zealand impact)**

It is clear from the small nature of the assumptions and impacts provided that these are not massive or hero assumptions that may increase the risk or credibility of the forecasts.

## 5.7. Stakeholder views

We have canvassed some key stakeholders within the tourism sector to ascertain their views in relation to the proposed movie museum, and its potential impact. These views are important because they go towards validating or otherwise the potential impact of the museum. These perspectives are outlined in the following table:

Stakeholder	Comments
Matt Clarke, Chief Commercial Officer, Wellington Airport	<ul style="list-style-type: none"> <li>Wellington Airport is very supportive of the movie attraction.</li> <li>See it as one of the key economic development projects that could be delivered in Wellington which should be an immediate priority.</li> <li>A challenge (and opportunity) for Wellington is that a relatively small percentage of international visitors come to Wellington (about 20%). <ul style="list-style-type: none"> <li>Wellington lacks critical mass of internationally relevant visitor attractions to get on visitors' 'NZ itineraries'</li> <li>Te Papa is fantastic, but apart from that, there are no genuinely unique, large scale differentiating attractions</li> <li>Wellington's strengths such as culture, wine food etc, aren't compelling enough to make the destination stand out in Australasia - many of the cities it competes with have these claims too</li> </ul> </li> <li>This would be a genuine international attraction, and the relevance to visitors as reflected in the value / pulling power of film is well proven</li> <li>It would be certain to attract new international visitors by creating a tipping point whereby visitors who would not have otherwise visited Wellington would choose to do so</li> <li>The quality of the people behind it would ensure effective delivery of a world class attraction.</li> <li>There is currently a significant visitor flow that travels Auckland-Matamata-Waitomo-Rotorua, then flies down to Queenstown. A compelling Wellington offer will enhance our ability to change this pattern for many visitors, adding a Wellington visit to the pattern.</li> </ul>
Jenny Simpson, Tourism Partnership Manager, Air New Zealand	<ul style="list-style-type: none"> <li>Air New Zealand has been an active proponent of film tourism for over 15 years through the success of our relationship with The Lord of the Rings and The Hobbit trilogies</li> <li>These movies, and the marketing activity undertaken by Air New Zealand and other partners such as Tourism New Zealand, have raised awareness of New Zealand as a visitor destination in our offshore markets.</li> <li>They have also provided a significant boost to tourism with 14% of international visitors citing The Hobbit as one of the factors that influenced them to visit New Zealand</li> <li>The development of a Film Museum in Wellington would enable Wellington to capitalise on the high level of interest in movies produced in <b>New Zealand and would increase Wellington's appeal as a visitor destination by offering an additional reason to visit that supports Wellington's reputation as the country's "creative capital"</b></li> <li><b>A Film Museum that complements New Zealand's existing film attractions and activities could enable the development of touring itineraries and strengthen New Zealand's reputation as a film tourism destination</b></li> </ul>
Kerry Prendergast, Chair of Tourism New Zealand	<b>Apart from Te Papa, Wellington has no "must see" visitor attractions. What this will do is not only boost the domestic tourism market, but will put Wellington centre stage for international visitors with something that is unique and authentic for New Zealand.</b>
Kevin Bowler, CEO Tourism New Zealand	<b>I'm a big fan of the concept and would love to see it happen.</b>

Stakeholder	Comments
Patrick Whelan, Corporate and Industry Sales New Zealand, Qantas Airways Limited	<ul style="list-style-type: none"> <li>• Qantas has enjoyed a commercial relationship with the thriving Wellington Film industry for the past 20 years and fully supports the business case for a movie museum in Wellington.</li> <li>• The new movie museum planned for Wellington will directly benefit from <b>exciting and very significant growth numbers, noting that Qantas'</b>: <ul style="list-style-type: none"> <li>– recently announced joint venture with American Airlines, will provide an additional 165,000 seats from Los Angeles to Auckland per annum. These flights will directly link with Jetstar services into Wellington.</li> <li>– data indicates that in the year to September 2015, the number of Americans who visited New Zealand grew 11% on the previous 12 months.</li> <li>– launch of its low-cost carrier Jetstar to regional centres within New Zealand from 01 December 2016, will provide everyday low fares making it much more affordable for all New Zealanders to visit such special tourist attractions.</li> </ul> </li> </ul>
New Zealand Tourism Industry Association	<ul style="list-style-type: none"> <li>• Clear that iconic offerings drive visitation</li> <li>• Wellington has a strong reputation for culture and nightlife, but a lack of attractions to increase length of stay, or capture visitors currently bypassing it</li> <li>• It is frequently viewed as a transit point for the ferry, where people might include a short stay to visit Te Papa</li> <li>• Having must-do attractions will add to length of stay</li> <li>• There is also clear demand for movie related experience – both Hobbiton and the Weta Cave have demonstrated this popularity</li> <li>• A location near Te Papa would also provide cluster benefits, where it is likely that visitors will allow more time and perhaps add a night to take in both attractions</li> <li>• Given the large predictions of tourism growth, it is crucial that we continue to add product.</li> <li>• With a 50% growth in international arrivals forecast in the next decade, regional dispersal is an important national goal. Wellington is currently left off many international itineraries but with a compelling reason to visit would be well placed to capture much of this growth.</li> </ul>

These comments demonstrate strong support from key industry stakeholders, with a clear view that **the movie museum would measurably add to Wellington’s visitor offer, building upon the strength of Te Papa, to help make sure Wellington was seen as a “must visit” location.**

## 5.8. Forecast of economic impact

The analysis completed by TRC provides an estimate of additional *spend* attributable to the movie museum. However, total new spend does not translate directly to additional economic impacts, which are measured by the **spend’s impact on GDP** or its *value added*<sup>21</sup>. BERL has estimated value added impacts based on the TRC additional spend estimates.

### 5.8.1. BERL estimates of economic impact

BERL has assessed the expected economic impact of the movie museum as a consequence of the additional spending estimates from TRC.

In each case they have assessed the direct, indirect and induced GDP impacts of the new spend.

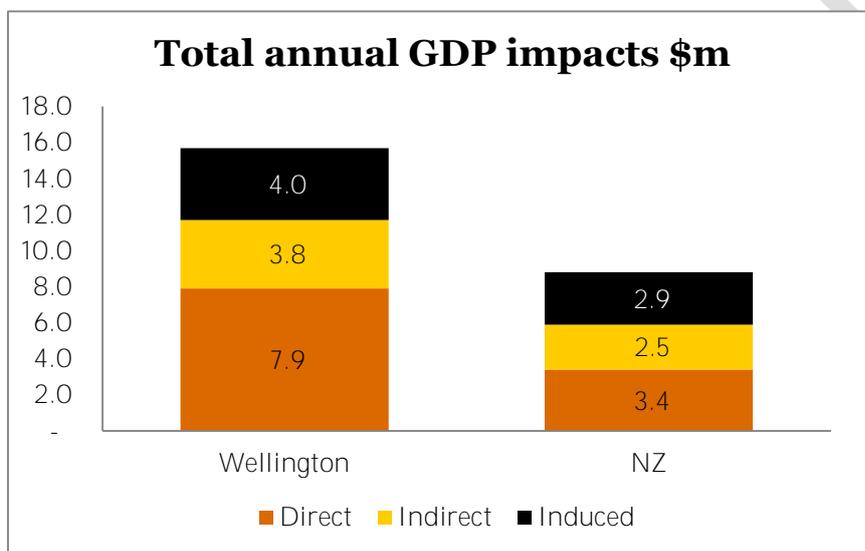
<sup>21</sup> The value added of an industry is equal to the total value created within that industry. It can also be described as the gross domestic product (GDP) impact of an industry.

**Direct** impacts relate to the value-added directly in the industry where new spend is occurring (primarily the hospitality industry in this instance). This will have effects on other parts of the economy. These impacts can be divided into two categories, indirect (or upstream) impacts and induced (or downstream) impacts.

**Indirect** or **upstream** impacts occur as a result of purchases of goods and services from other industries. For example, when a restaurant meal is sold, businesses within the restaurant industry purchase a range of inputs: food and beverages, advertising and marketing, transportation services, machinery, rented real estate, etc.

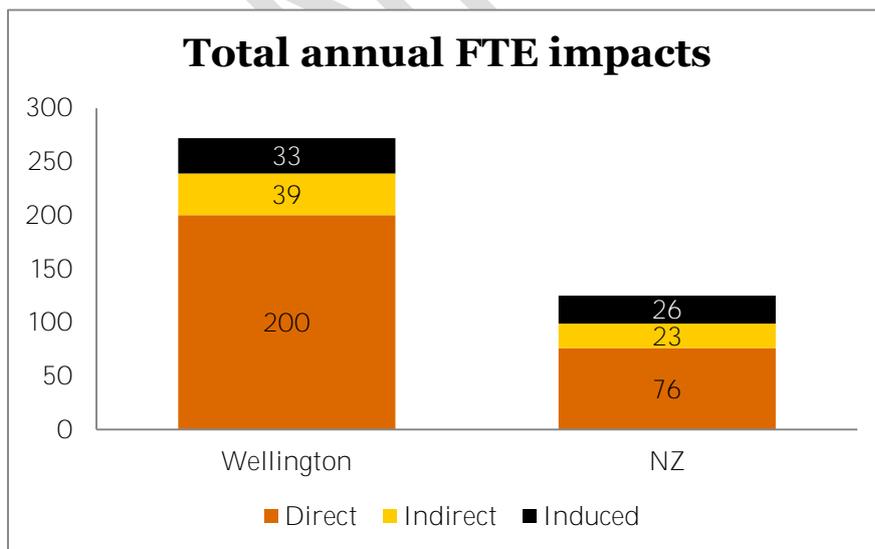
**Induced** or **downstream** impacts occur as a result of the wages and salaries paid out by the hospitality industry. For example, when a hotel worker collects their wages, he or she will then spend some of that money on a range of goods and services, thereby stimulating further economic impact.

The figures below outline BERL's estimates of economic impact in terms of annual GDP and FTEs respectively, in Wellington and New Zealand stemming from new visitor spend based on TRC forecasts.



The movie museum is expected to generate \$15.7m in new GDP for Wellington, and \$8.8m for New Zealand annually

Source: BERL based on TRC additional spend estimates



The movie museum is expected to generate 272 new jobs for Wellington, and 125 for New Zealand

Source: BERL based on TRC additional spend estimates

### 5.8.1. Benefit cost ratio

Based on an assumption that the economic benefits from the movie museum will continue over the lease period, and using an 8% discount rate, the NPV of economic benefits is \$150.1 million.

An economic cost of the project can similarly be determined based on the capital cost of the project, and the ongoing operational impacts. Using the same 8% discount rate the estimated NPV of costs to the city of the project is \$27.4 million.

Applying these estimates of economic impact over the 25-year lease period generates a benefit cost ratio (BCR) for Wellington of 5.5 for this project. This means that for every \$1 invested new GDP of \$5.50 is generated for Wellington. This represents a strong case for investment – a BCR greater than 1 being the benchmark that would justify investment.

#### Estimated ratios of GDP impacts from operations to costs

Impacts	
<b>Costs</b>	<b>\$m</b>
NPV of cost to city	27.4
<b>Economic Returns:</b>	
	<b>\$m</b>
Total annual new expenditure	16.0
Wellington annual GDP value add (average)	14.4
NPV of 25 years GDP value add	150.1
<b>Investment Returns:</b>	
	<b>Ratio:1</b>
Wellington benefit to cost ratio	5.5

The movie museum is expected to generate **\$5.50 of new GDP in Wellington for every \$1 invested**

*Note: this analysis excludes economic benefits associated with the construction project. These impacts are discussed further in 5.10.3 below.*

## 5.9. Alternative estimates

As a point of comparison, NZIER was also asked to provide estimates of additional spend. They used a top-down approach based on statistical observations including forecasts of international visitors and high-level estimates of the potential of the museum to shift market share for Wellington.

**TRC's approach places more emphasis on case studies, international travel trade operators, cultural tourism trends and empirical observations, rather than a more statistical based analysis.**

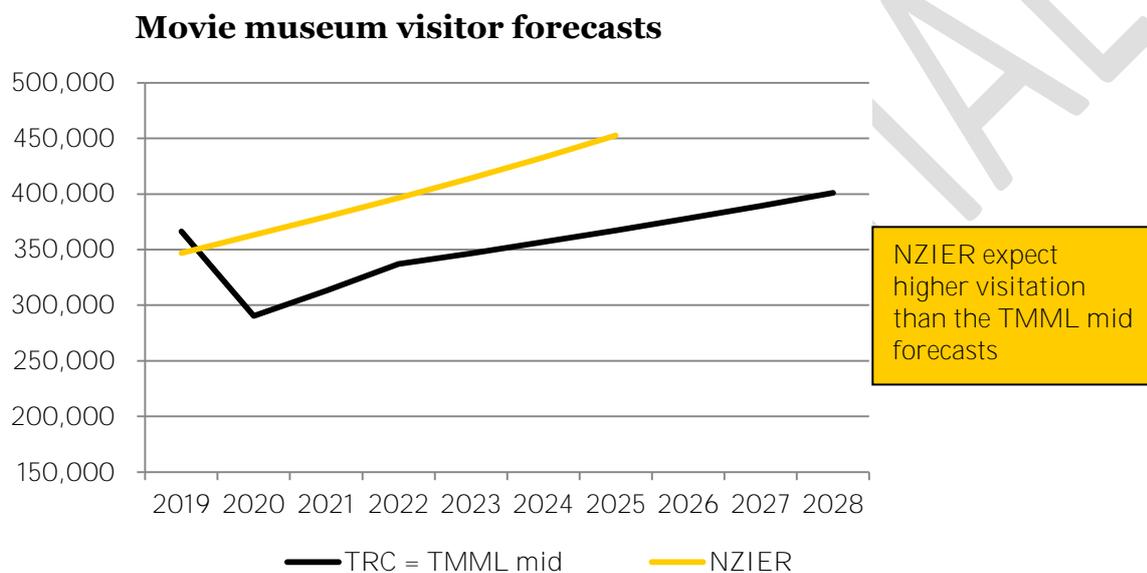
As shown in the tables below, **NZIER's** estimates of additional spend are more conservative than **TRC's** for Wellington, but higher for New Zealand, and with a wider range.

#### TRC versus NZIER forecasts of additional spend in Wellington and New Zealand

Wellington	TRC	NZIER
Low	\$13.5m	\$3.1m
Medium	\$16.0m	\$7.2m
High	\$18.1m	\$16.1m

New Zealand	TRC	NZIER
Low	\$2.2m	\$5.2m
Medium	\$7.0m	\$9.9m
High	\$13.1m	\$20.3m

NZIER also developed their own estimates of visitation for the museum. Their forecasts (which were for seven years only) are higher than the TMML forecasts. They are strongly underwritten by expectations of strong growth in the cruise market. This gives some confidence to the robustness of TMML’s estimates.



## 5.10. Additional associated economic impacts

In addition to the pure economic and fiscal impacts associated with the movie museum centre there are a range of associated impacts from the proposal that should also be considered in the overall context of the Business Case for investment. Some of these benefits are also noted in the convention centre business case, however it is likely that the commitment of two new attractions will provide even greater impetus.

### 5.10.1. Supporting Wellington’s wider economy and business sectors

The proposed movie museum and convention centre is strategically located on Cable Street, directly **opposite Te Papa**. The area is in close proximity to a range of Wellington’s hotels and other convention facilities and also a range of tourism attractions, entertainment venues, restaurants and bars.

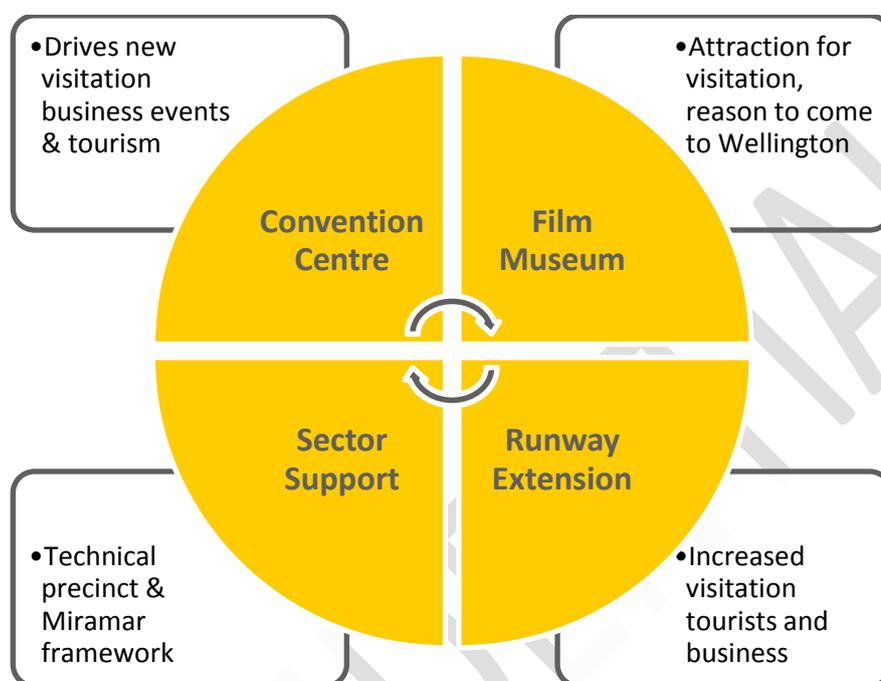
The development is likely to present an opportunity to drive further future development in this area over the medium term and deliver gains to WCC in terms of growing the ratepayer base, enhancing the vibrancy of this area and contributing to economic growth.

While not specifically accounted for in the estimates of new visitors associated with the movie museum, the combined convention centre / movie museum is likely to provide a unique proposition that entices business visitors and their travelling partners to conventions, who otherwise might not

have attended. In addition, specific conferences related to the film sector, should have a natural home in Wellington.

### 5.10.2. A catalyst for the Wellington City Council’s growth agenda

WCCs “8 big ideas” (as discussed in the strategic case) do not exist in isolation, there are significant interdependencies between all eight ideas (particularly the convention centre, film museum, sector support and the runway extension). As such, progressing with the convention centre and movie museum complex could be viewed as a catalyst to the entire growth strategy.



These projects individually and collectively will foster a growing economy, lift business confidence and encourage more investment in new businesses feeding a virtuous cycle of increased growth and living standards. A growing ratepayer base provides the means to deliver WCC’s growth strategy. They are **part of a drive to structurally change from a ‘service economy’ to an ‘experience economy’, where visitors come to Wellington for an experience.**

By completing the convention centre and movie museum together, there is also added benefits associated with synergies between the facilities, and by enabling the delivery of the movie museum four years ahead of that contemplated in the WCC Long Term Plan.

### 5.10.3. The economics of the construction project

Section 5.8 sets out the economic case for the film museum from the perspective of the on-going benefits of the expenditure from increased visitors to Wellington.

The construction aspect of this project is estimated to cost around \$68.8m and will make a material contribution to the Wellington city economy through the two year construction period. This will be in terms of contributing to the regional GDP and supporting a significant number of jobs through the construction period.

BERL estimate the total impacts of the film museum construction project on Wellington city as follows:

	Direct	Indirect	Induced	TOTAL
Expenditure (2015\$m)	42.5	18.1	8.4	69
GDP (2015\$m)	10.0	8.1	4.7	22.8
FTEs	142	106	36	283

The movie museum will drive **283 new jobs** during construction.

It is general practice in assessing BCRs that economic impacts associated with construction costs be excluded. However, there are arguments for incorporating the economic impacts of the construction project with the operational impacts discussed in section 5.8.1. This analysis is presented in the following table and **yields a higher Wellington GDP ratio of 6.2** (compared to 5.5 when only operational impacts are included). This represents a strong case for investment.

**Estimated ratios of operation and constructions GDP impacts to costs**

	<b>Impacts from operations and construction</b>
<b>Costs</b>	<b>\$m</b>
NPV of cost to city	27.4
<b>Economic Returns:</b>	<b>\$m</b>
Total annual new expenditure	16.0
Wellington annual GDP value add (average)	14.4
NPV of 25 years GDP value add	150.1
One-off NPV GDP impacts of construction	20.2
<b>Investment Returns:</b>	<b>Ratio:1</b>
Wellington benefit cost ratio	6.24

## 6. Financial/commercial case

The financial case confirms that the proposal is affordable within available funding and details funding arrangements, the costing approach and financial impacts.

### Key points:

- The key reason for WCC to be involved is to **grow Wellington’s economy through investment in facilities / infrastructure** to support and drive the tourism market.
- The estimated total cost of the development is \$68.8 million which will be funded by WCC debt.
- The estimated WCC investment for the project is \$2 million on average over the first five years of operation. This investment is forecast to decrease over the life of the project, but the movie museum is not expected to deliver any significant positive cashflows for WCC.

The financial projections are based on the assumption that WCC will proceed with the convention centre development on this site. Council has not yet decided this, and should Council decide not to proceed, then the movie museum will also not proceed on this site. Lease negotiations between WCC and TMML are ongoing (the details of which are commercially confidential). Some of the data and assumptions contained in this financial case may change as negotiations and lease agreements are finalised. Key assumptions and key underlying principles used in this financial case are detailed below.

### 6.1. Principles of the financial analysis

The financial analysis is based on the following broad principles:

- WCC is funding the capital expenditure towards the development of the convention centre and movie museum complex – this expenditure is to be funded entirely through debt.
- WCC is bearing the construction risk associated with the development.
- WCC is not bearing any loss risk associated with the operations of the movie museum.

### 6.2. Financial structure of the proposal

#### 6.2.1. Overview

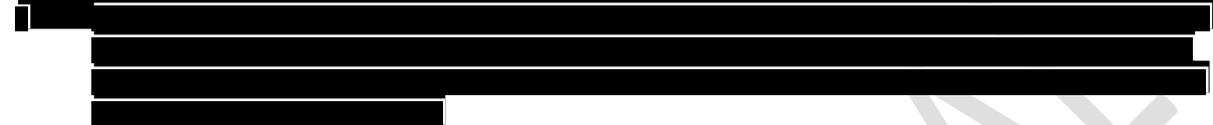
As illustrated in the strategic case, the key parties involved in this proposal are detailed below. With respect to these parties, the financial structure of the proposed movie museum is detailed below.

Party	Role
WCC	Developer of the proposed convention centre and movie museum. If approved, WCC will construct the building under a master developer agreement with Willis Bond and lease it to respective operators for the convention centre and movie museum
TMML	Operator of the movie museum. TMML will fund fit-out and on-going operational costs.
Willis Bond	Development manager
[REDACTED]	[REDACTED]



Willis Bond will be the development manager for the project for the following reasons:

- Willis Bond has been extensively involved in the process from land acquisition (via an option) through the master planning of the project
- Through that process they have developed significant intellectual property pertinent for this project
- Are a suitable provider for this work with extensive experience and quality reputation.



	Wellington City Council	The Movie Museum Limited
Capital investment in the development attributed to TMML	\$68.8 million	N/A
Source of capital funds	Debt	N/A
Investment in fit-out	N/A	 In addition TMML will house and display private collections from Sir Peter Jackson and Sir Richard Taylor. These have been valued at  but in reality are priceless.
Source of operational revenue	Lease revenue   	Sales revenue (tickets, retail, café and events / functions)
Source of operational costs	Building maintenance costs Insurance Financing costs.	Rent, cost of sales and fixed / variable operating costs including exhibit fit outs



### 6.2.2. Terms of the lease agreement

Commercial terms of the head lease are detailed below.

Key Term	Sub-lease
Owner and lessor	Wellington City Council
Lessee	The Movie Museum Limited
Lease term	25 years
Lease basis	Gross lease; form of lease to be ADLS. The landlord retains responsibility for: <ul style="list-style-type: none"> <li>• Building services (renewal and replacement)</li> <li>• Structural integrity / water tightness</li> <li>• Design, construction and / or inherent defects</li> </ul>
Rent	The rent to be set based on the following formula:

## 6.3. Financial projections for WCC

### 6.3.1. Key assumptions

The financial analysis presented below for is based on the following assumptions:

- Build cost estimates of \$68.8 million spread over a two year time period. WCC will be responsible for the full development cost.
- Depreciation is based on the assumed useful life of components of the asset as follows:
  - Structure 60 years
  - Roof 35 years
  - Lifts/Escalators 35 years
  - Plant 25 years
  - Building Fitout 12-18 years
  - Other Fitout 12-18 years
  - Site Improvements 20 years
- The project will be financed entirely by debt. Principal is repaid in line with depreciation of the asset. Council would have the option to increase debt repayments in the future.
- Lease revenue assumptions are based on the draft commercial terms outlined in section 6.2.2 above.
- No specific additional allowance for maintenance has been provided, as it has been assumed that the \$0.5 million annual allowance for the convention centre will be able to absorb this.
- Additional annual costs of \$80k for insurance have been estimated.
- As a museum, the building will not be rateable but will be subject to normal water and sewerage rates.

### 6.3.2. Cash flow

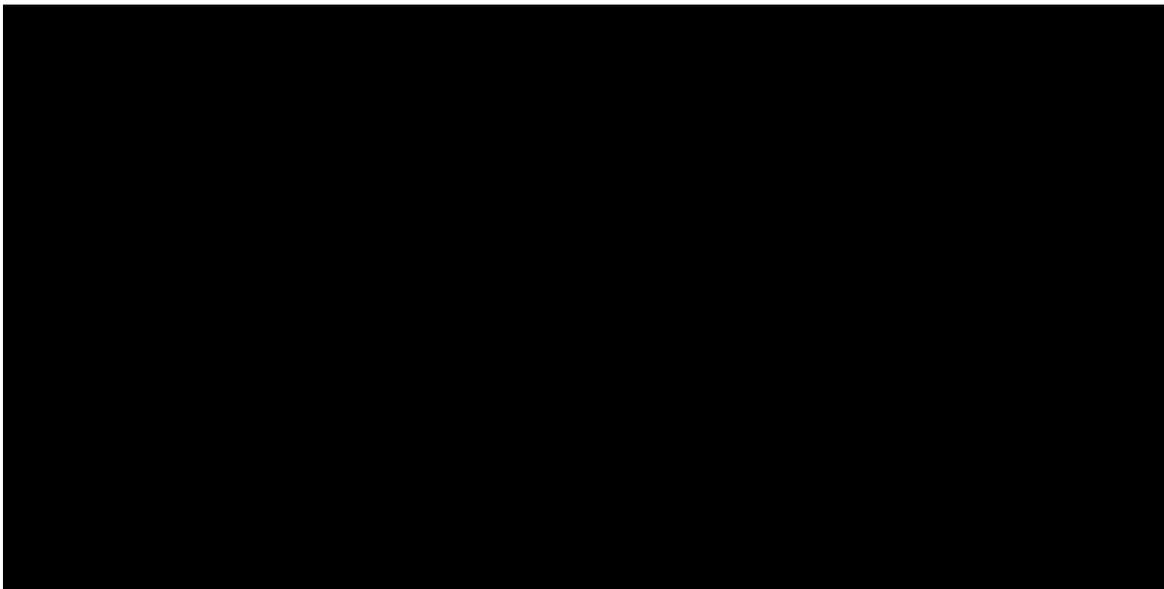
The project is expected to require an ongoing investment from Council. Due to the expected increases in lease revenue after year six, there are reducing annual cash payments and cash receipts are forecast to meet outgoings toward the end of the lease term. Cash requirements for the initial three years are forecast at \$560k, \$1.5 million, \$2.3 million respectively. The table below outlines the total and average annual cashflow requirements over the construction period and 5-year blocks over the 25-year life of the lease.

#### Cashflow requirements over the project life

	Pre-lease	Years 1-5	Years 6-10	Years 11-15	Years 16-20	Years 21-25
Total cash required	\$2.1m	\$10.2m	\$5.6m	\$3.2m	\$1.3m	(\$0.3m)
Average annual cash requirement	\$1.0m	\$2.0m	\$1.1m	\$0.6m	\$0.3m	(\$0.1m)

The figure below shows the annual cash requirements.





### Lease termination

While TMML is committing to a 25-year lease term, it is possible that if the movie museum performs below expectations, that TMML may look to cancel their lease. This risk is mitigated by the following factors:

- The credibility of the TMML partners, who have an international reputation for quality, not just from their successful film careers, but also through the proven success of Hobbiton.
- The longevity of iconic popular culture. The Hobbit and LOTR have enjoyed enduring popularity since the 1930s when the first book was published. This phenomenon is rare but not **unique. George Lucas's Star Wars, Star Trek, and more recently the Harry Potter series** have all had similar impacts.
- A [REDACTED] rental guarantee resulting in the Council having [REDACTED] to investigate and deploy alternative arrangements for the building should TMML terminate the lease.
- The central location of the site, allowing a number of viable re-purposing options, as discussed further below.

If TMML terminates the lease, WCC will look to redeploy the building. Options would need to be carefully considered based on their potential financial and /or economic impacts, but with a hierarchy that focuses on:

- generating economic value for the city
- recovering capital investment
- minimising cash flow impacts on Council.

The following table lists potential alternative options that reflect this hierarchy.

Option	Rationale
<b>Lease to Te Papa</b>	Te Papa is located directly across the road from the movie museum. Te Papa do not have sufficient space to display a significant portion of their exhibits, and has limited flexibility for special or visiting exhibitions. Currently WCC provides an annual grant of \$2.25 million, that could potentially instead be provided through a discounted lease.
<b>Establish a National Art Gallery</b>	Government has a long-standing interest in developing a National Art Gallery in Wellington. This could be an ideal site.
<b>Use as an exhibition space in conjunction with the convention</b>	A growing feature of conventions internationally is concurrent exhibitions. There are likely to be opportunities to incorporate the film museum space as a dedicated exhibition hall managed in conjunction

Option	Rationale
centre	with the convention centre.
<b>Re-use as commercial space</b>	There may be an opportunity for a low-cost commercial use within the building, without significant redevelopment costs. These options would <b>be limited by the nature of the building's design.</b>
<b>Sell building or sell building and lease the convention centre back</b>	If the above re-use options do not work out, the building could be sold <b>with a view to recovering council's capital investment. This could include</b> or exclude the convention centre under a leaseback arrangement.
<b>Redesign or redevelop for an alternative use</b>	With some capital investment, the building could be redesigned for an alternative commercial use, which could include office, residential, or other special purpose.

## 6.4. Financial projections for TMML

### 6.4.1. Base case assumptions

With respect to TMML, total revenue for the proposed movie museum is expected to be generated through ticket sales, retail sales, café sales (food and beverage), event / function sales and ancillary sales. This revenue is offset by the rent, cost of sales and fixed / variable operating costs.

TMML projections are presented pre-tax and before any assumptions regarding capital structure or financing options. They have been developed using the following base case modelling assumptions:

- Lease payment of [REDACTED].
- Year one visitor projections of 355,000 with a decrease in year two followed by a steady increases thereafter.
- Other revenue and expenses as provided by TMML for 10 year modelling period with EBITDA increased at inflation thereafter.
- Zero rates payments consistent with WCC policy for museums.
- [REDACTED] initial fit-out with additional annual fitout [REDACTED].
- Zero salvage value at the end of 25 years.

### 6.4.2. Projected return

Under these base case assumptions TMML projects to earn a [REDACTED] pre-tax internal rate of return on capital invested. The equity investor may choose to leverage this project by funding part or all of the initial fit out with debt. This will increase the rate of return but not the value of the project to TMML as the increased return is offset by the increased risk of debt funding.

This is not *prima facie* a strong commercial return and demonstrates that on the basis of current forecasts, [REDACTED].

# 7. Management case

The management case confirms that the proposal is achievable and details the arrangements needed to both ensure successful delivery and to manage project risks.

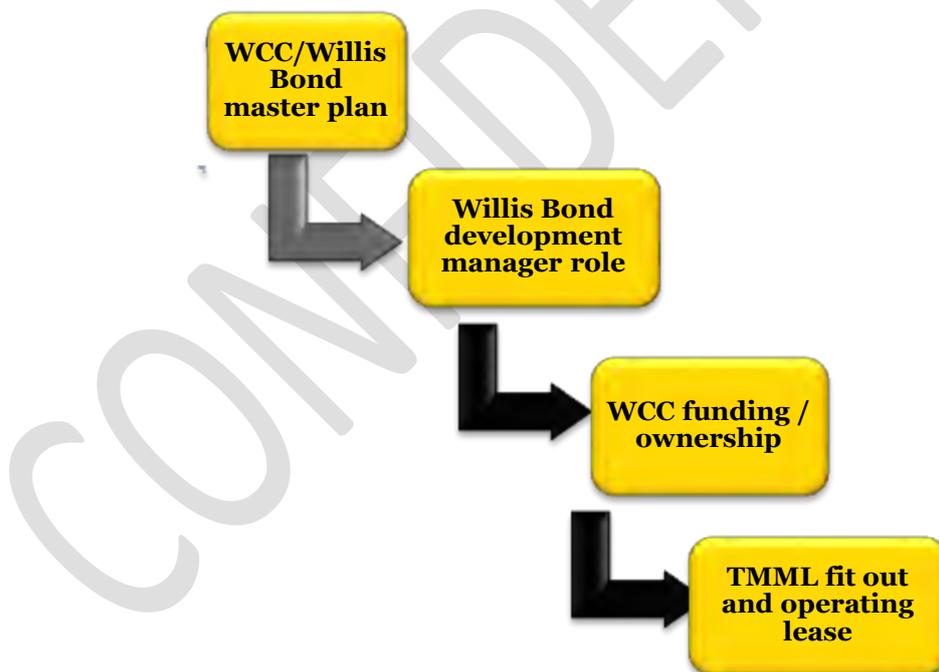
## Key points:

- WCC and Willis Bond have completed master planning for the site. The combined convention centre and movie museum option is the preferred option for this site.
- Various delivery options have been considered. The proposed approach is for Council to acquire the site and fund the development, utilising Willis Bond as development manager for the construction project.
- Operational delivery for the film museum will be the responsibility of TMML. Council’s ongoing role will be as landlord only.

## 7.1. Managing delivery

### 7.1.1. Overview of proposed process, including actions to date

The proposed process for managing delivery is depicted in the following diagram, and summarised in detail in the table that follows (including actions completed to date).



Stage	Description
Stage 1	<p>Following the termination of the Mark Dunajtshik proposal Council undertook a process of Master Planning to explore options for the Cable Street site.</p> <ul style="list-style-type: none"> <li>• Willis Bond secured the rights to the Cable Street site by negotiating a conditional sale and purchase agreement with the land owner. These rights have now been assigned to Council.</li> <li>• Working with Willis Bond to assess feasible options to deliver a convention centre on the Cable Street site commenced and Studio Pacific Architecture were engaged to assist with the concept design work.</li> </ul>

Stage	Description
	<ul style="list-style-type: none"> <li>• During this process a parcel of land adjacent to the Cable Street site owned by Foodstuffs came onto the market. The potential of this land was assessed and a view was reached that much better options for the development of a convention centre existed with this parcel of land together with the Cable Street site.</li> <li>• Willis Bond secured the rights to the Wakefield Street site by negotiating a conditional sale and purchase agreement with the land owner, Foodstuffs. These rights have now been assigned to Council.</li> </ul> <p>The Master Planning process assessed a wide range of development options and concluded that there were three viable options for the delivery of a convention centre on the site.</p> <ul style="list-style-type: none"> <li>• A stand-alone convention centre</li> <li>• A convention centre as part of a mixed development with a hotel or apartments</li> <li>• A convention centre as part of a mixed development with the Film Museum.</li> </ul> <p>Concept designs, outline specifications, costings and QS review for the schemes have been completed.</p> <p><b><i>The Master Planning process has been completed and Council's preferred development option is for the convention centre and film museum combination.</i></b></p>
Stage 2	<p>Assessment of potential development delivery options:</p> <ul style="list-style-type: none"> <li>• A form of PPP with a private development, funding and ownership with Council leasing space on a long term basis.</li> <li>• A wholly Council managed, funded, built and owned development option</li> <li>• An outsourced development management contract for a Council funded and owned development project.</li> </ul> <p><b><i>The preferred option is the third, for an outsourced development management contract for a fully funded and Council owned development.</i></b>  <b><i>Willis Bond will manage the development should it go ahead.</i></b></p>
Stage 3	<p>Advancing discussions with the Movie Museum representatives with respect to their proposal to establish a film museum in Wellington.</p> <ul style="list-style-type: none"> <li>• Assessing business case and visitor projections</li> <li>• Confirmation master planning concepts workable</li> <li>• Negotiating commercial terms</li> </ul>
Stage 4	<p>Completion of the Indicative Business Plans involving:</p> <ul style="list-style-type: none"> <li>• An update of the convention centre business case</li> <li>• Development of the film museum business case</li> <li>• Bringing these together into a combined business case</li> </ul>
Stage 5	<p>The land options expire on 18 December 2015. At this point a decision whether to proceed with any development on these sites needs to be made.</p> <ul style="list-style-type: none"> <li>• The commercial view of Willis Bond is that the respective land owners are unlikely to grant further extensions of time on an unconditional basis (remembering that the Cable Street site will have been under option for over two years at this point).</li> <li>• The risk is that the parcels may fragment and not be able to be aggregated together again and/or commercial terms may be re-negotiated.</li> <li>• Due diligence on the land purchases completed Bell Gully</li> </ul>

Stage	Description
	<b>Secure the two separately owned land parcels through a decision of Council 8 December 2015</b>
Stage 6	<p>Council decision making processes: -</p> <ul style="list-style-type: none"> <li>• Consider the business cases</li> <li>• Agreement to purchase the two land parcels</li> <li>• Agreement to a consultation process with respect to the investment in the development of the convention centre / film museum complex.</li> <li>• Council decision to proceed with development or not following consultation process</li> </ul> <p><b>Assuming Council approve the development then the development project will commence, a pre-requisite will be for the TMML commitment to become unconditional before construction commences.</b></p>
Stage 7	<b>The construction project and final appointment of operator</b>

## 7.2. Operational management arrangements

### 7.2.1. Roles and responsibilities

As previously described, WCC will act solely as the lease holder / landlord of the movie museum (and TMML as the leasee / tenant). As such, WCC will have no involvement in the operation of the movie museum and TMML would assume all operational management roles and responsibilities.

The table below details key stakeholders within TMML. It is important to note that these individuals have significant credibility and influence within the New Zealand film industry as well as a proven record of success associated with designing and delivering film related attractions (as evidenced by the Weta Cave Workshop Tour and Hobbiton, which were described in more detail earlier in this report.

Stakeholder name	Organisation / title	
Sir Peter Jackson	The Movie Museum Limited, Director	
Sir Richard Taylor	The Movie Museum Limited, Director	
Frances Walsh	The Movie Museum Limited, Director	
Tania Rodger	The Movie Museum Limited, Director	
George Hickton	The Movie Museum Limited, Project Director	
James Corke	The Movie Museum Limited, Financial Advisor and Wingnut Films, Director	
Sarah Martin	The Movie Museum Limited, Project Manager	
Matt Dravitzki	Wingnut Films, General Manager	
Cameron Harland	Park Road Post, General Manager	
David Wilks	Weta Workshop, General Manager	

# Appendix A. Consolidated Risk Register

Risk	Risk description	Risk mitigation
Inability to agree on core aspects of the sub-lease between WCC and TMML	Clauses and provisions of the lease between WCC and TMML are currently under negotiation. Failure to agree may stall the project and impact development progress.	Determine the upper and lower parameters that are acceptable to both parties. Consult with legal professionals and other consultants to explore all options.
Visitor numbers and revenue are lower than predicted and TMML exit	If movie museum visitor numbers are significantly lower than forecast – forecast revenue will be lower than expected. A lower level of forecast profitability will reduce the strategic and financial viability of the museum. This may prompt TMML to exit the lease agreement.	Use conservative estimations to forecast visitor numbers and revenue. Have an exit strategy in place, which is built into the WCC / TMML lease agreement. Negotiations currently include [REDACTED] in the instance of failure or exit with [REDACTED]
Contractual Risks	Project delivery by Willis Bond (on time and on budget)	<ul style="list-style-type: none"> <li>• There will be appropriate clauses and incentive fees in the contracts to ensure that Council risk is mitigated as far as possible.</li> <li>• Council has engaged property and commercial lawyers to ensure the terms within these contracts provide maximum commercial protection. Costs have and will continue to be interrogated throughout the process through independent OS validation.</li> <li>• Lawyers will also advise around procurement processes to ensure value for money is achieved.</li> </ul>
Construction	Council will carry all construction risk on this project.	<ul style="list-style-type: none"> <li>• Extensive work to date done through the master planning process with independent OS validation on the construction costs by Rider Levett Bucknell.</li> <li>• Willis Bond will be appointed as development manager. Willis Bond has a reputation second to none for high quality project delivery [REDACTED]</li> <li>• A 20% contingency has been built into the construction costs to allow for design changes, increases in scope and cost increases. This is a considerable contingency which limits the risks of the project costs exceeding those presented in this business case.</li> <li>• The site and ground conditions are well known and have been factored into the construction costs.</li> <li>• Site due diligence has been carried out by Bell Gully.</li> </ul>
Capital Cost	The renewals on the building may be	<ul style="list-style-type: none"> <li>• Any costs required in the early years</li> </ul>

Risk	Risk description	Risk mitigation
Risks	higher than, or have a different profile to, the base case modelled. This will have an impact on the borrowings levels and resulting interest costs.	<p>are likely to be under a construction warranty and will not come at a cost to Council.</p> <ul style="list-style-type: none"> <li>Modelling the depreciation and renewals by building component and its relative useful life provides the most likely scenario of renewal investment to ensure value is driven out of the asset investment. Useful life renewals more closely mimic the renewals used in the base case models.</li> </ul>
<b>Funding Risk</b>	The proposed development will be funded by an increase in Council borrowings. This introduces a risk over time from adverse interest rate movements. To give context to this a +/- movement of 0.5% in interest rates based on borrowings of \$60m would result in a +/- movement in funding costs of \$300k.	<ul style="list-style-type: none"> <li>A full interest rate hedging strategy would be implemented which would eliminate the risk of adverse interest rate movements during the first 10 years of the project. This has been <b>developed by Council's independent treasury advisors</b>.</li> <li>The tenure of the hedging strategy would be continually extended over time.</li> <li>A programme of debt reduction could be implemented which over time would reduce the level of associated borrowings and consequently the level of exposure to interest rate movements.</li> </ul>
<b>Land Ownership Risk</b>	There is a risk that Council purchases the land at Cable and Wakefield Streets and that no development proceeds.	<ul style="list-style-type: none"> <li>The holding costs of the land are minimal (revenue from leasehold interests on the site offset most of the costs)</li> <li>There are three viable schemes for development on the site. So if the preferred combined convention centre and movie museum scheme is not progressed, either a stand-alone convention centre or a convention centre and other hotel/apartment development are still viable.</li> <li>The land is valuable and in a strategic location in the heart of Wellington. Council would have the following other options: <ul style="list-style-type: none"> <li>Sell and recover the investment</li> <li>Foster another development opportunity</li> <li>Foster another development opportunity and maintain the ground lease</li> </ul> </li> </ul>

# Appendix B. Location options

There are nine options pertaining to the location of the proposed convention centre and movie museum complex – there are:

- A. Cable Street, Wellington Central
- B. Shed 1, Customhouse Quay, Wellington Waterfront
- C. Frank Kitts Park, Customhouse Quay, Wellington Central
- D. Barnett Street, Wellington Central
- E. TSB Area, Customhouse Quay, Wellington Central
- F. Tory Street, Wellington Central
- G. Centre Point, Waterloo Quay, Thorndon
- H. Shelly Bay, Miramar
- I. Lyall Bay

At present, the preferred and most viable option is the Cable Street site (which includes two land titles). Willis Bond currently hold purchase options over both Cable Street titles – these are due to expire in December 2015. The six key criteria for assessing the viability of each option are:

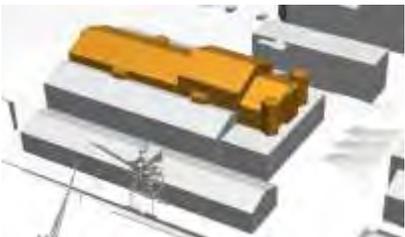
1. Sufficient space available for car parking or alternative transport solutions (i.e. close of public transport or existing parking facilities)
2. Sufficient land area (able to accommodate a building gross floor area of 10,000 sqm - which can be achieved via a multi-level building)
3. Total cost of the land and proposed building to be at or below \$68.8 million
4. Acceptable levels of risk associated with the site itself (i.e. risk of natural disaster, risks associated with existing buildings / infrastructure etc.)
5. Acceptable (low – moderate) level of risk pertaining to the ability to obtain resource consent
6. **Central Wellington location and high level of public appeal or ‘wow factor’**

With reference to the six criteria, the key features of each option are described in the table below. Cells shaded in pink indicate failure to meet the applicable criteria; cells shaded in orange indicate potential failure to meet the applicable criteria. Any option that fails to meet a single criteria (shaded in pink) is considered to be a non-viable option.

Of the nine site options, two are considered to be viable – these are: (A) Cable Street, and (C) Frank Kitts Park. With respect to the assessment criteria described above, the Cable Street site meets all six criteria. Frank Kitts Park meets four of the six criteria – but presents moderate risk with respect to obtaining resource consent and higher costs..

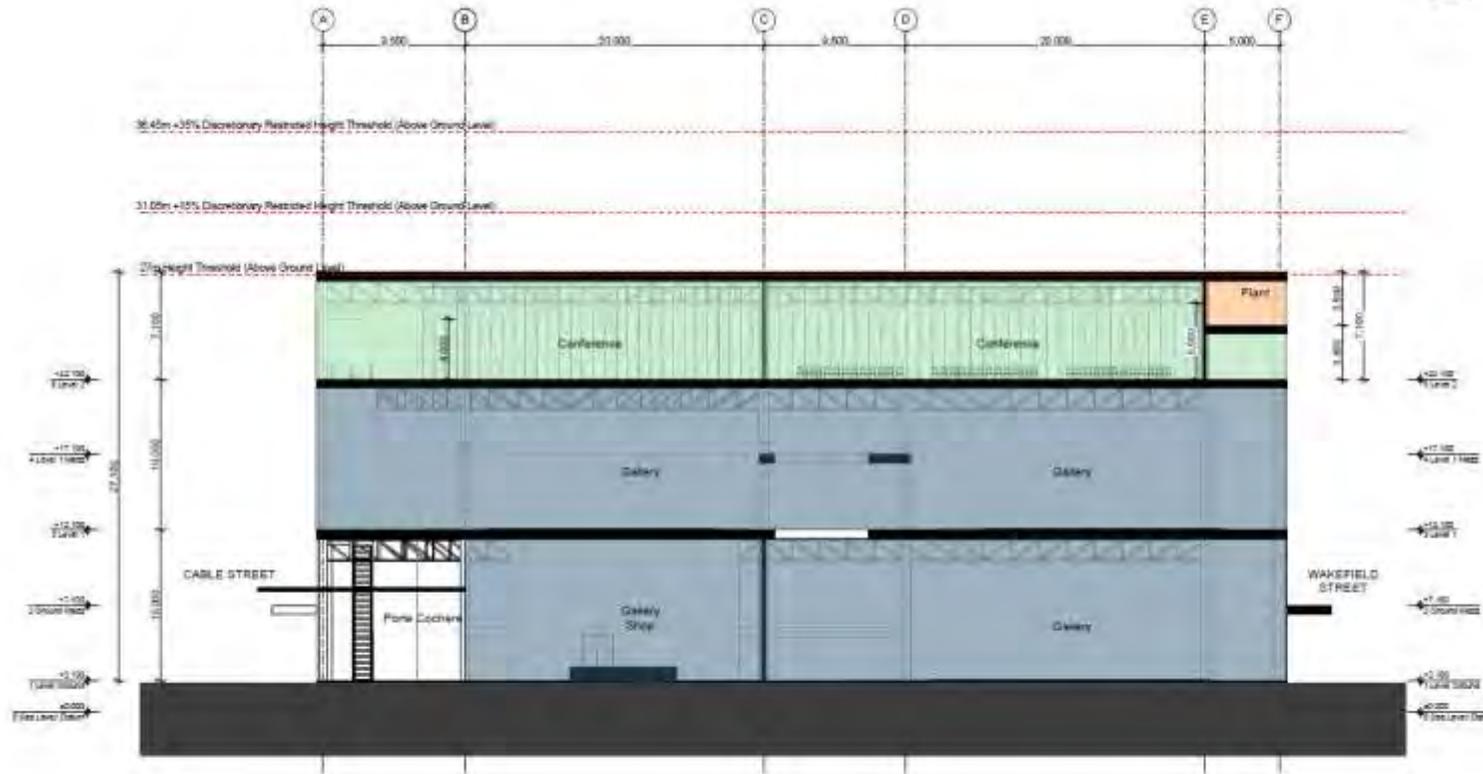
Location assessment as at 13 April 2015

Location	Car parking	Site area	Costs	Site risks	Resource consent risk	Public appeal	Viable option
<b>A. Cable Street</b> 	There is no car parking on site provided by city parking in close proximity and/or public transport	5,588sqm	\$68.8m	Moderate risk from earthquake, tsunami	Low risk Objections unlikely	Central location  Development of a vacant site opposite Te Papa – high public appeal	✓
<b>B. Shed 1</b> 	There is no car parking on site provided by city parking in close proximity and/or public transport	2,358sqm (excluding the surrounding wharf)	Land: Nil – owned by WCC Building: \$75m Total Cost: \$75m	Moderate risk from earthquake, tsunami, storm surge and sea level rising	High risk Large building with sight line issues, waterfront objections likely and Environment Court likely	Central location  Prominent site – high public appeal, but objections likely	✗
<b>C. Frank Kitts Park</b> 	There is no car parking on site provided by city parking in close proximity and/or public transport	9,100sqm	Land: Nil – owned by WCC Building: \$76m Total Cost: \$76m	Moderate risk from earthquake, tsunami, storm surge and sea level rising	Moderate risk Subterranean with intrusions, dual use of land and likely objections	Central location  Dual use of land – playgrounds / park on top and complex below – high public appeal, but objections likely	✓

Location	Car parking	Site area	Costs	Site risks	Resource consent risk	Public appeal	Viable option
<b>D. Barnett Street</b> 	Some existing car parking available; there is the potential for both underground and ground level parking	4,958sqm	Land: \$9m Building: \$51-\$55m Total Cost: \$60-\$64m	Moderate risk from earthquake, liquefaction and tsunami	High risk Objections likely	Central location Development of a vacant site – high public appeal, but objections likely	✘
<b>E. TSB Arena</b> 	Underground car parking facilities	6,000-7,000 sqm	Land: not quantified, there are issues pertaining to ownership of the basement carpark and retail frontage Building: \$45-\$50m Total Cost: not quantified	High risk site. Use of this site would require relocation of the TSB Arena. Column and foundation strengthening required to achieve 6,000-7,000sqm. There is risk of penetration from the under-water table basement system.	Medium risk	Central location TSB building has low public appeal. Modification likely to improve aesthetic	✘

Location	Car parking	Site area	Costs	Site risks	Resource consent risk	Public appeal	Viable option
<b>F. Tory Street</b> 		Unknown	Land: not quantified (currently owned by Te Papa) Building – \$70m Total Cost: not quantified (but likely to exceed \$76m)	High risk due to the fact that the existing building is not appropriate for Te Papa ownership	Unknown	Central location Close to Te Papa Moderate public appeal	✘
<b>G. Centre Port</b> 	The site is likely to have sufficient space for car parking facilities (to be determined)	5,000sqm	Land purchase \$11m Building: \$50-55m Total Cost: \$62 - \$67m	High risk due to poor quality of the land. As such, there is a higher risk of earthquake, tsunami, storm surge and sea level rising	Moderate risk Low quality land	Non-central location Unattractive location for local and tourists – but attraction for cruise passengers – low public appeal	✘
<b>H. Shelly Bay</b> 	The site has sufficient space for car parking facilities	22,770sqm	Land: \$23-\$34m Building: \$25-\$28m + site works of \$4-\$5m Total Cost: \$52-\$67m	Moderate risk associated with access issues and risk of earthquake, tsunami, storm surge and sea level rising	Medium risk	Non-central location Located close to other 'movie attractions' (Weta Cave) but not central – low / moderate public appeal	✘

# Appendix C. Building Plans



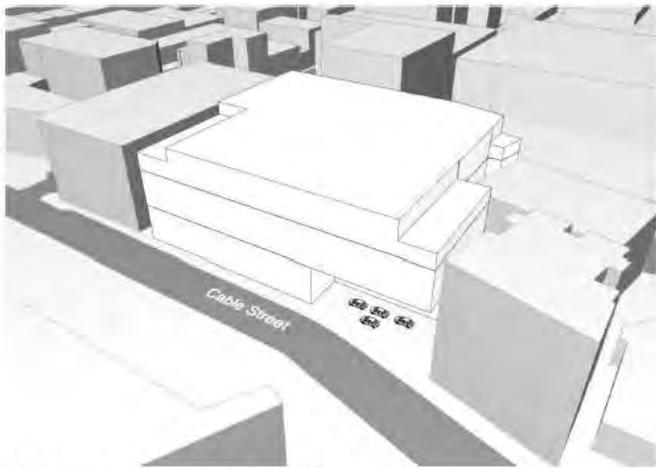
1 Section A  
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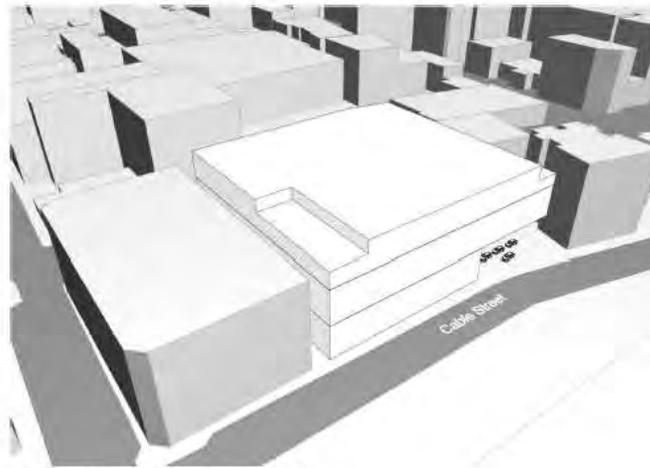
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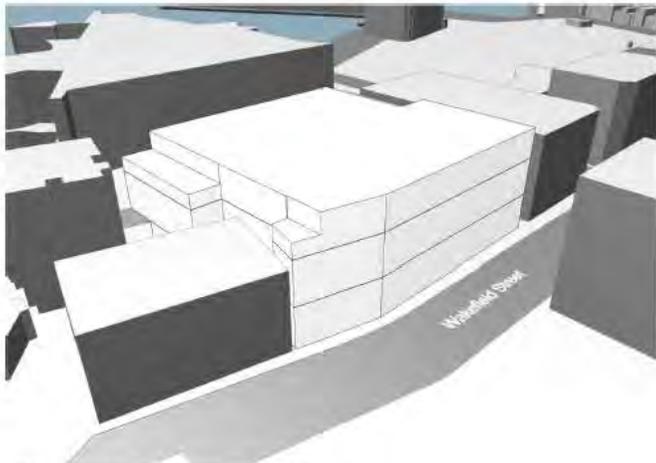
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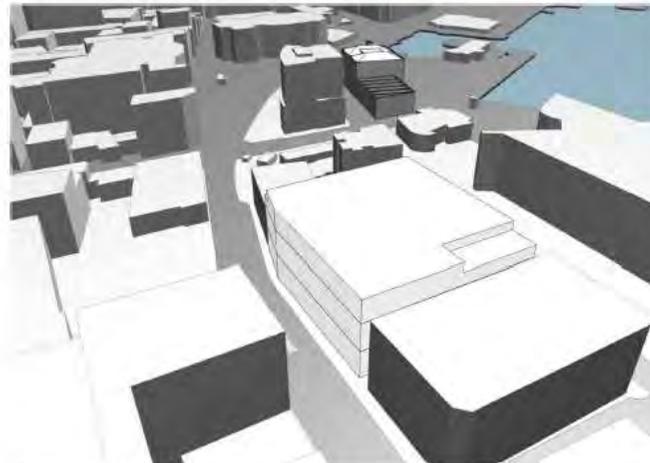
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2 **Generic Perspective (2)**  
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3 **Generic Perspective (1)**  
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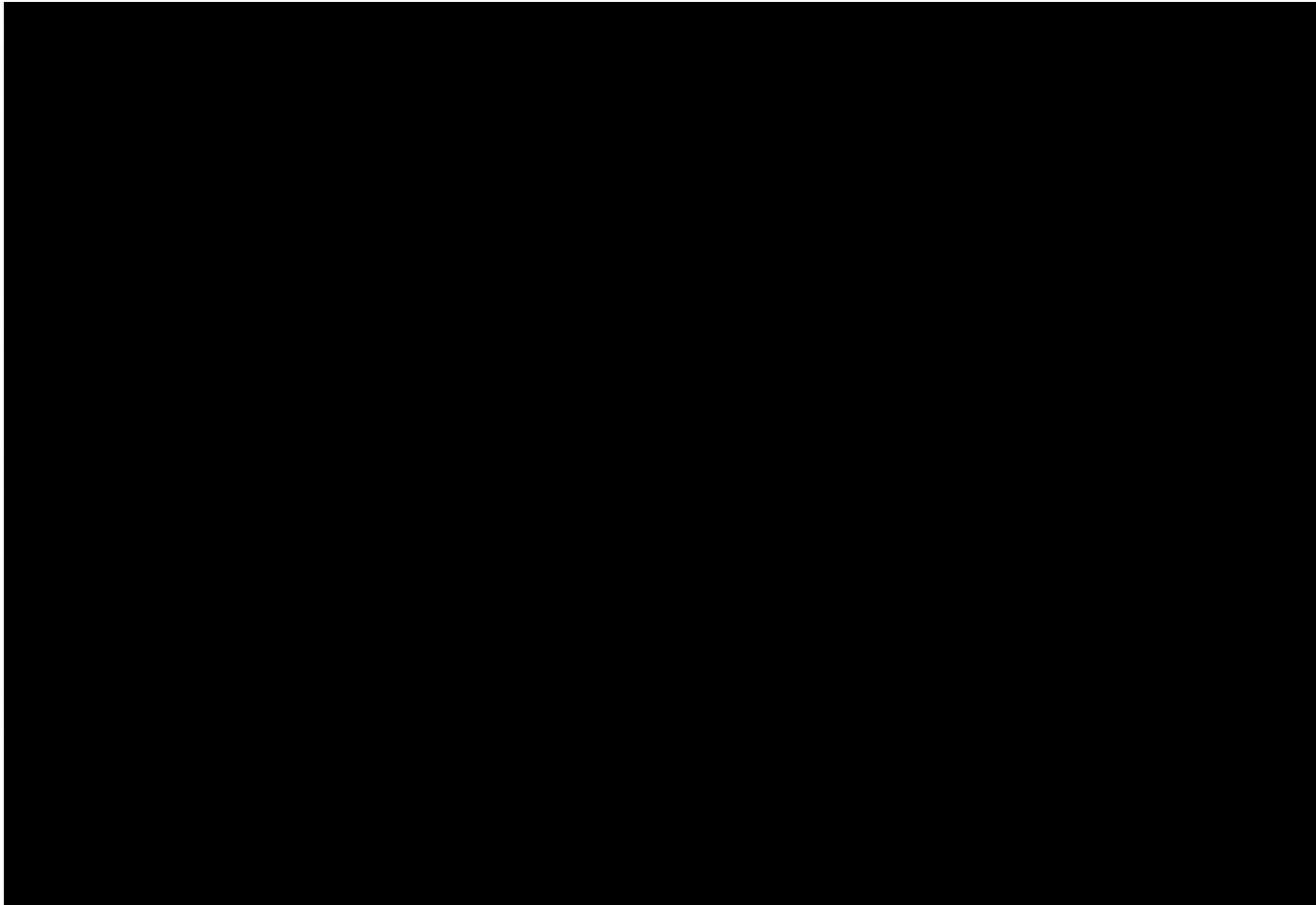
4 **Generic Perspective**  
N.T.S.

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<b>FEASIBILITY Bulk &amp; Location Study</b>	
Gallery/Conference - Massing	
Scale: 1:400	Orig. Size: A3
Drawing No: <b>SK-219</b>	Job No: 2130
	Revision: G



SCALE 1:400

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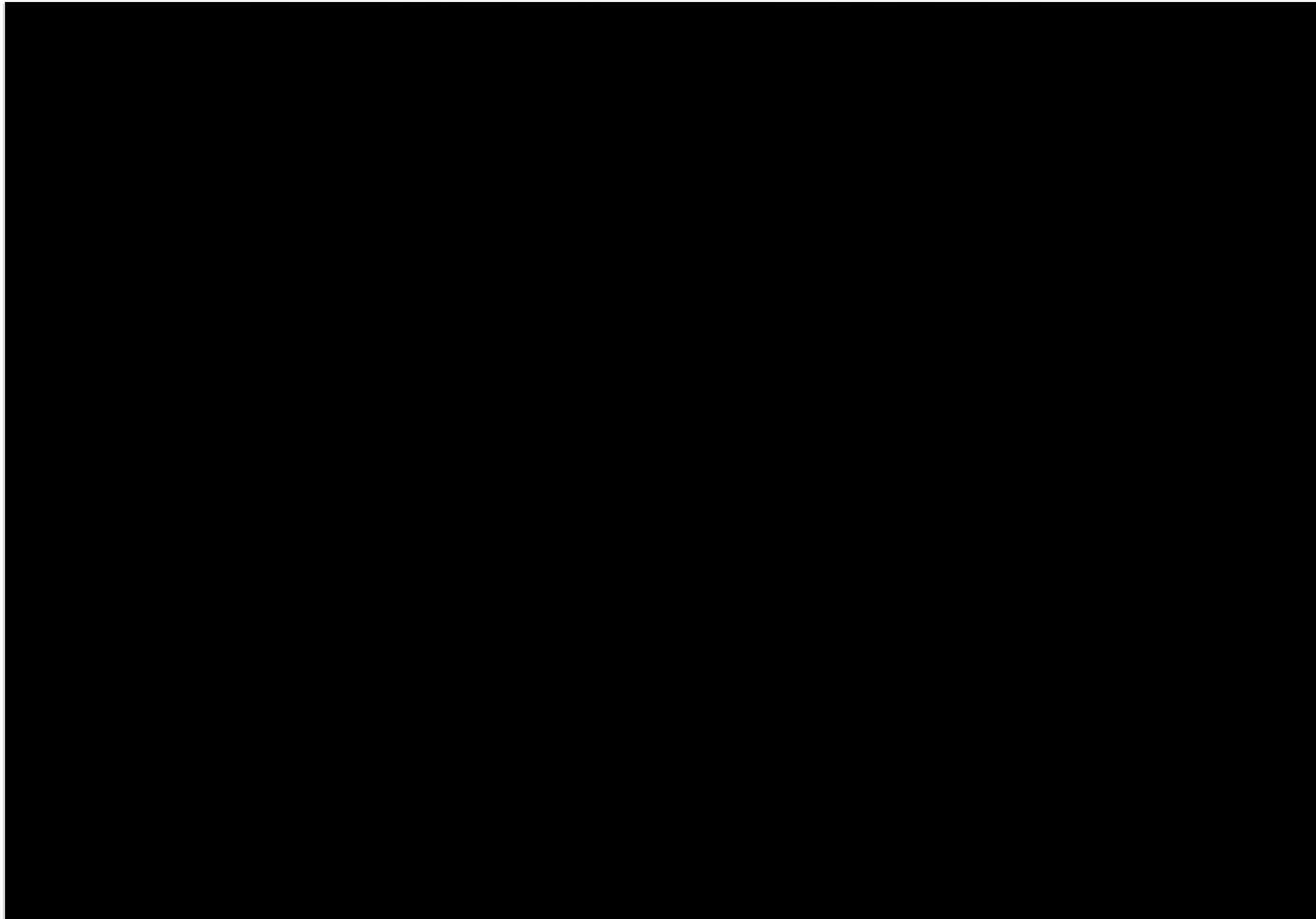
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<b>FEASIBILITY Bulk &amp; Location Study</b>	
Gallery/Conference Scheme (4a) - Ground Floor	
Scale: 1:400	Orig. Size: A3
Drawing No: <b>SK-198</b>	Job No.: 2130 Revision: H

Project: 20140110\_111.ppt - 10/11/14 11:00 Cable Street Confidential Scheme.ppt



SCALE 1:400

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Gallery/Conference Scheme  
(4a) - Ground Floor  
Mezzanine Floor  
Scale: 1:400

Drawing No: **SK-199**  
Job No: 2130  
Revision: H

Project: 2016/01/15/01 - CABLE STREET (CABLE STREET) CONFIDENTIAL



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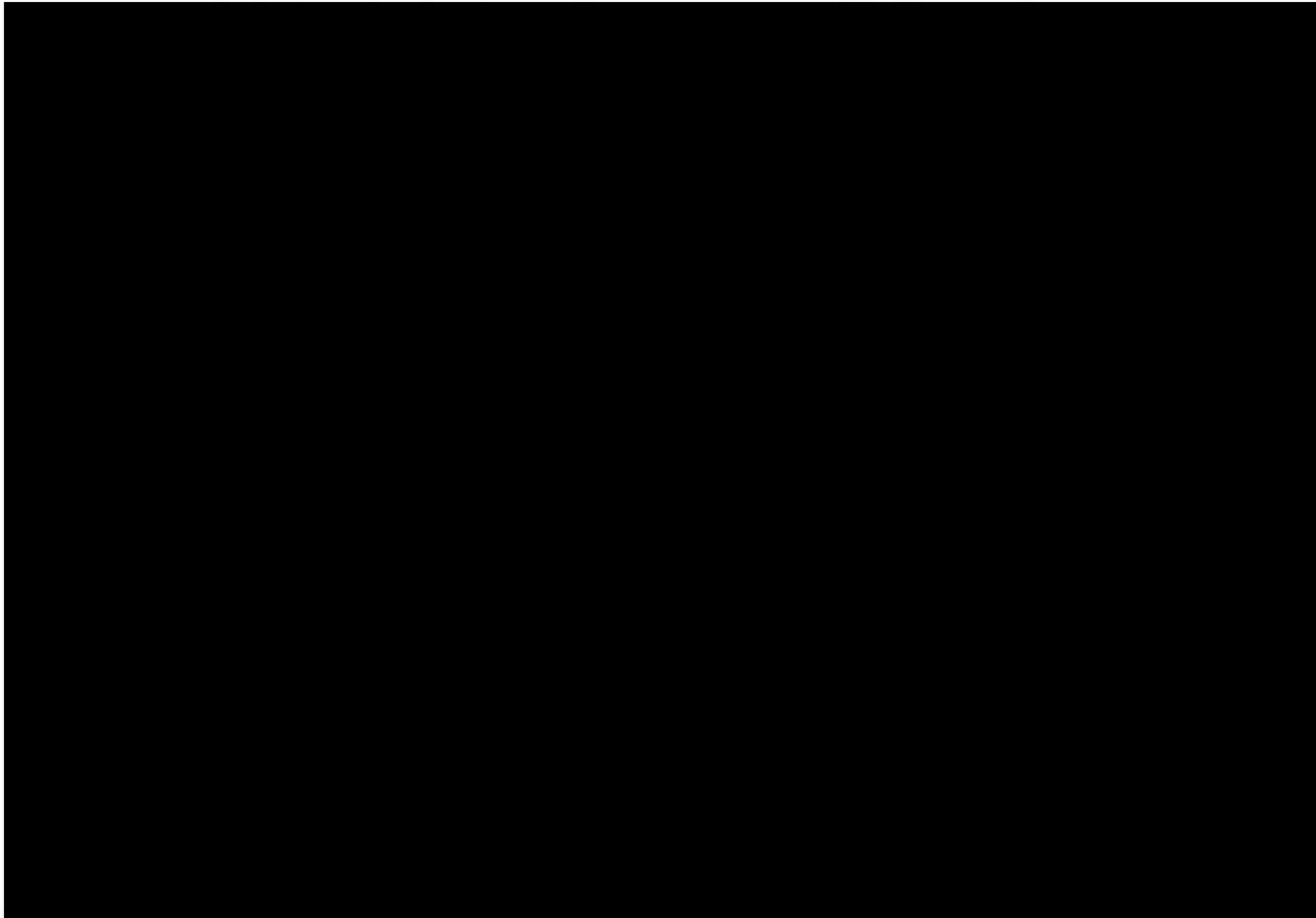
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<b>FEASIBILITY</b>	
<b>Bulk &amp; Location Study</b>	
<b>Gallery/Conference Scheme (4a) - LEVEL 1</b>	
Scale: 1:400	Orig. Size: A3
Drawing No:	Job No: 2130
<b>SK-200</b>	Revision: H
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SCALE 1:400

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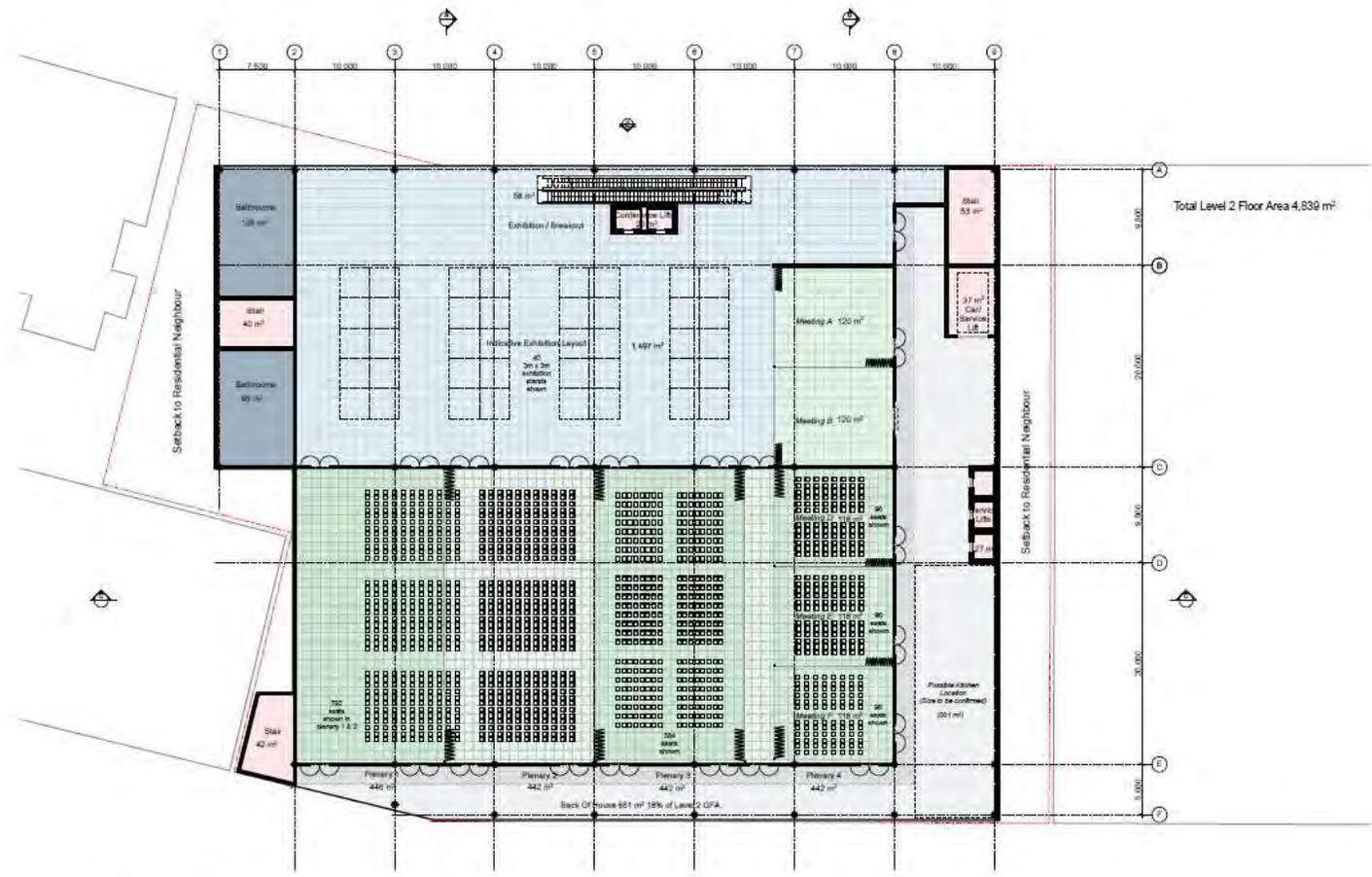
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**FEASIBILITY**  
**Bulk & Location Study**

Gallery/Conference Scheme  
(4a) - LEVEL 1 Mezzanine  
Floor  
Scale: 1:400 Orig. Size: A3

Drawing No: **SK-201** Job No: **2130**  
Revision: **H**

Project: 2014/01/13/01 - Cable Street Conference Gallery



**1 Level 2 Seating**  
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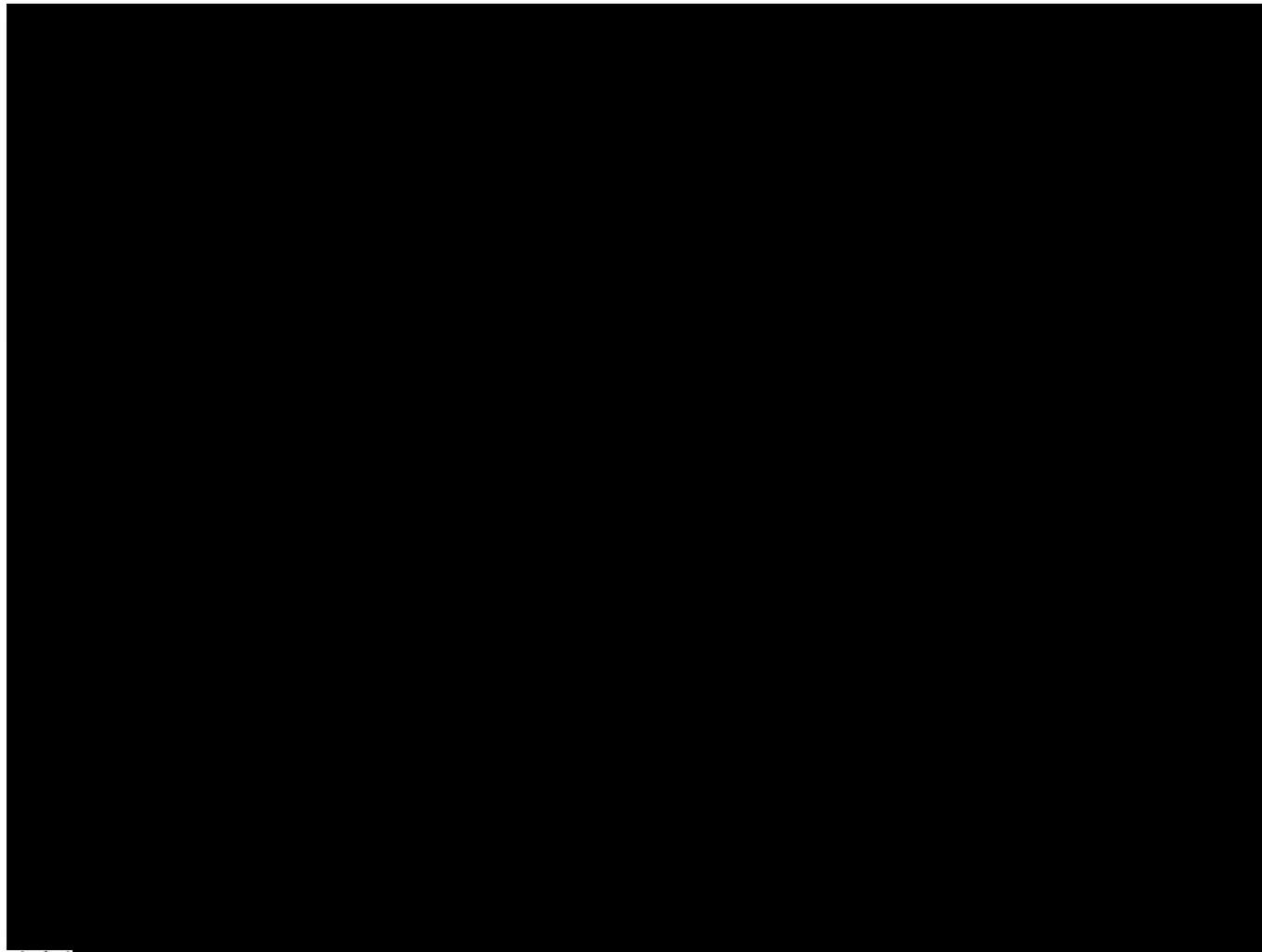
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FEASIBILITY Bulk & Location Study	
Gallery/Conference Scheme (4a) - LEVEL 2	
Scale: 1:400	Orig. Size: A3
Drawing No: <b>SK-202</b>	Job No.: <b>2130</b>
Revision: <b>H</b>	





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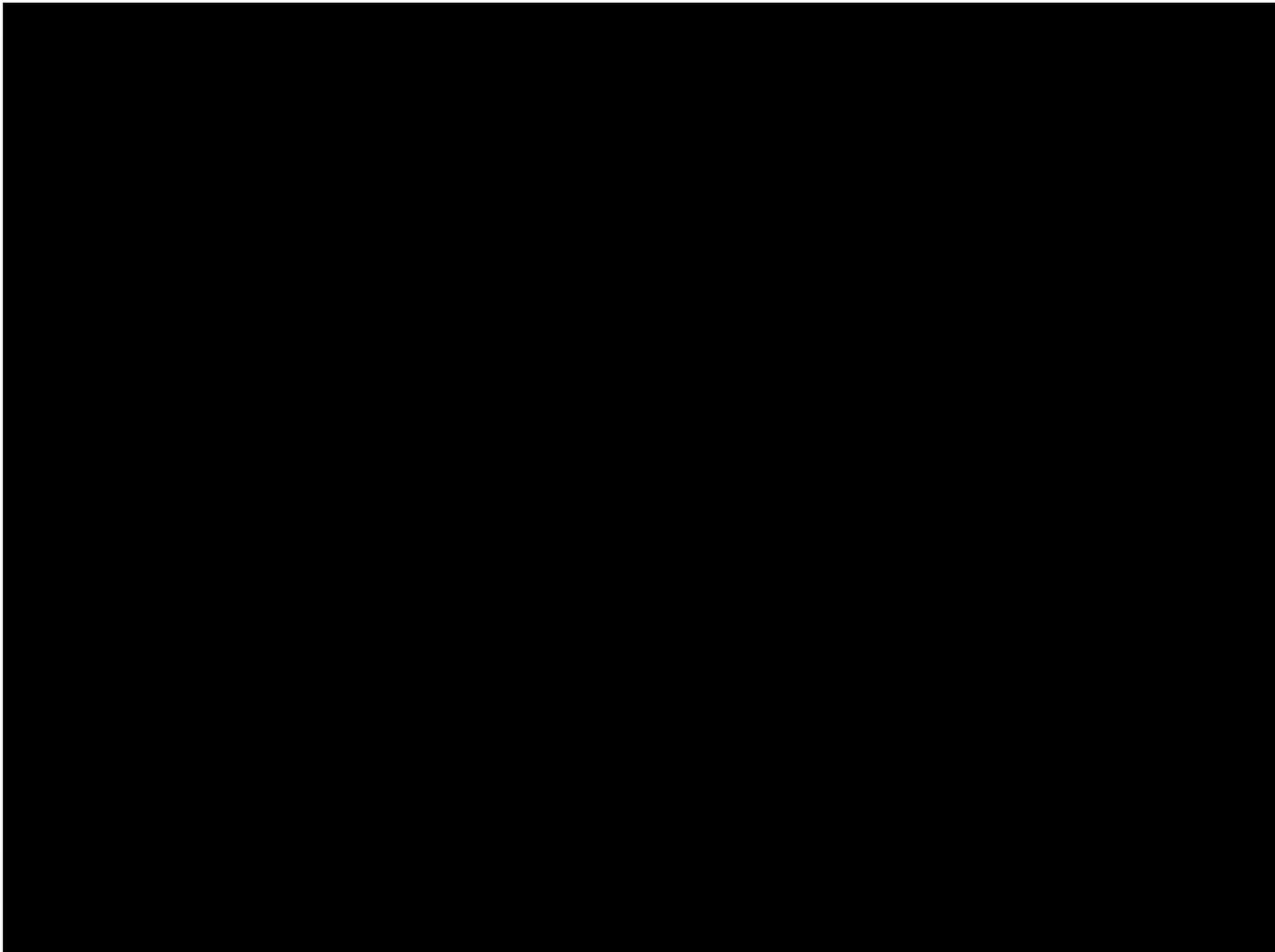
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**FEASIBILITY**  
**Bulk & Location Study**

Gallery/Conference -  
 Massing - Ground Floor  
**Mezzanine**  
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 Orig. Size: A3

Drawing No: **SK-253**  
 Job No: **2130**  
 Revision: **B**

Project: 08/08/13/13/01 - C:\DWG\2130\080813\01\Mezzanine (Mezz).dwg



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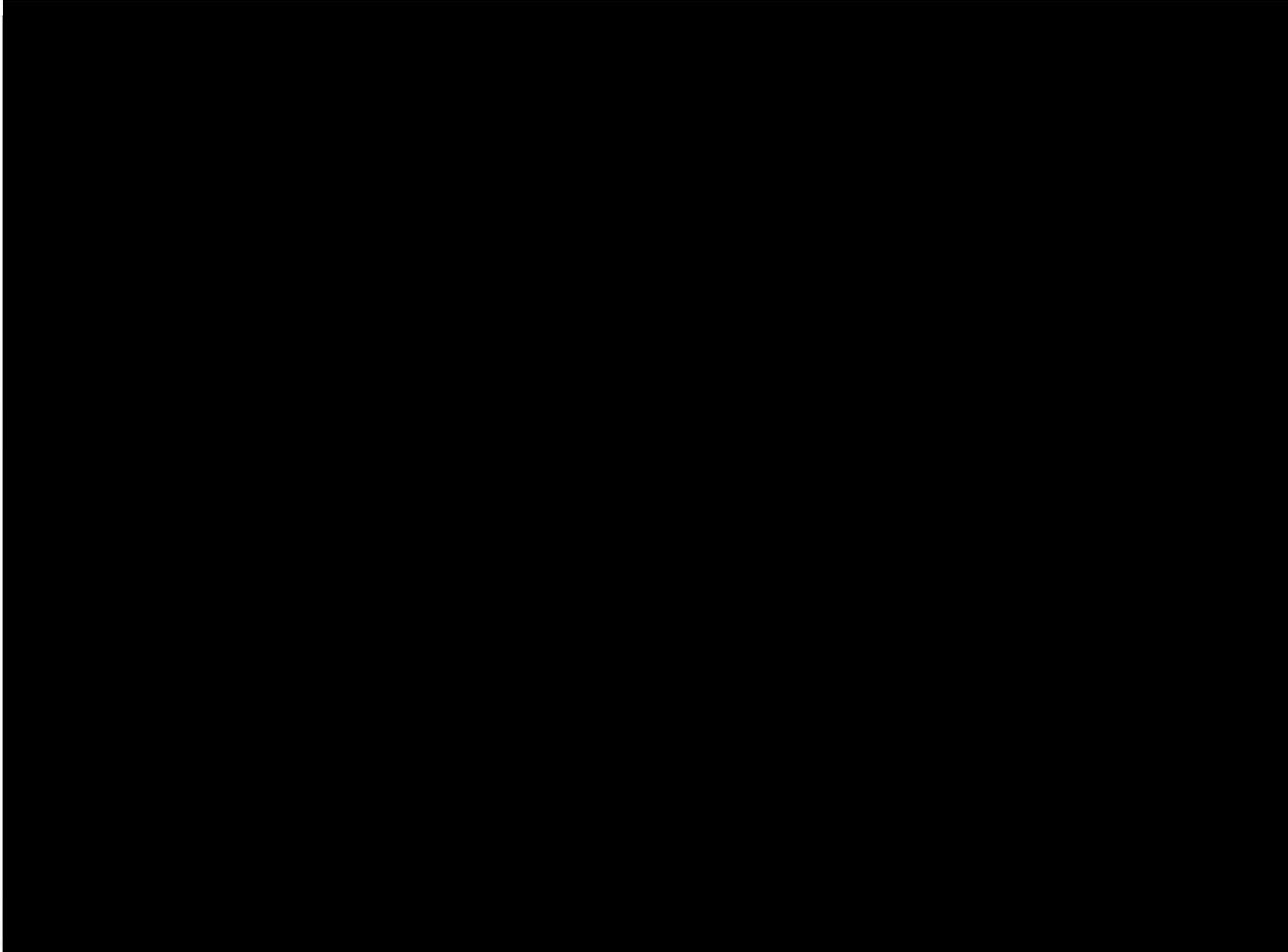
**FEASIBILITY**  
**Bulk & Location Study**

Gallery/Conference -  
 Massing - Level 1

Scale: 1:200 (1/48) Orig. Size: A3

Drawing No: Job No: 2130  
**SK-254** Revision: B

Project: 08/09/13/13/01 - CABLE STREET (Level 1) Conference (RM) 01



NTS

**studiopacificarchitecture**

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**Cable Street**  
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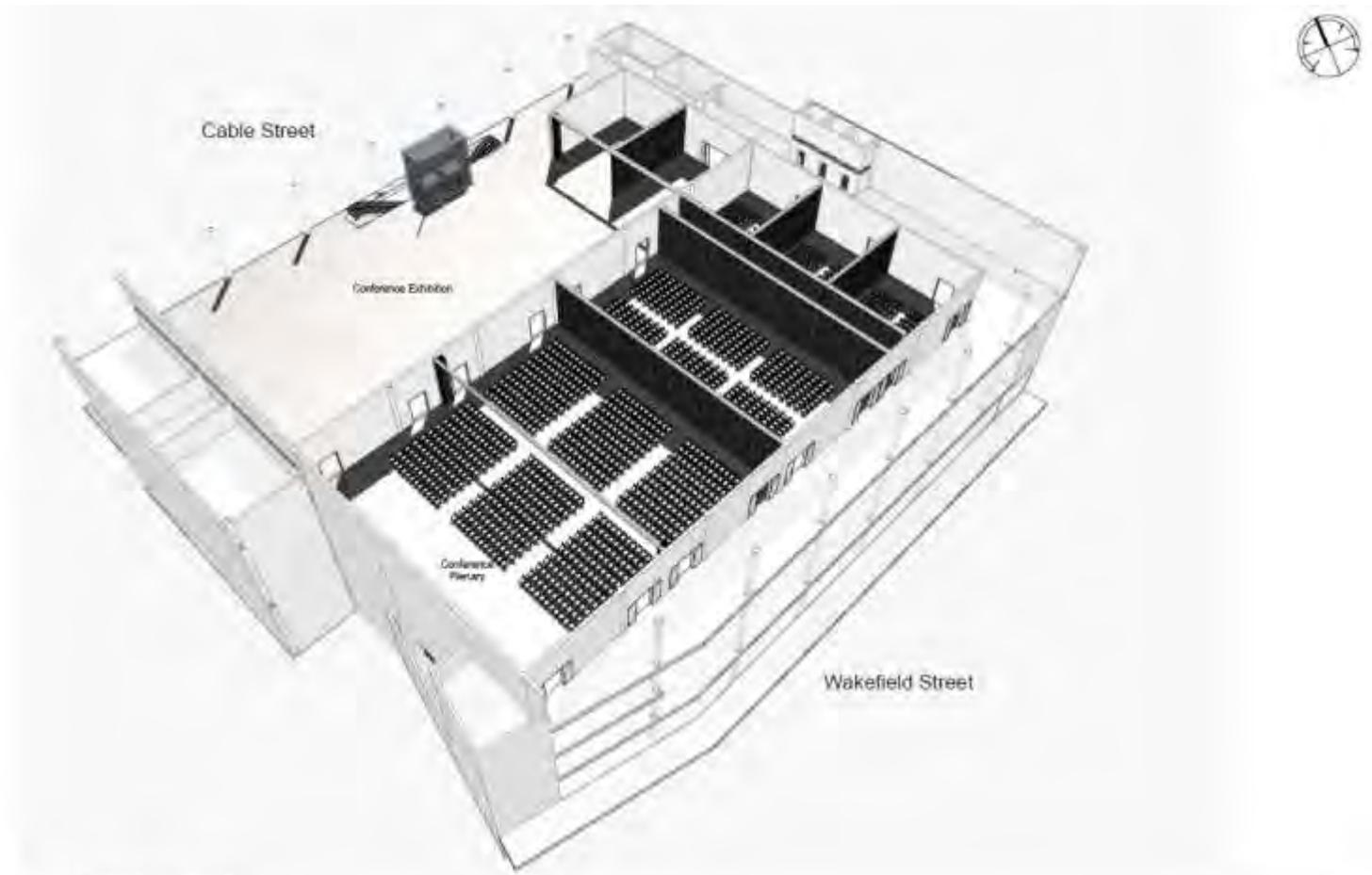
**FEASIBILITY**  
**Bulk & Location Study**

Gallery/Conference -  
Massing - Level 1 Mezzanine

Scale: 1:250 (548) Orig. Size: A3

Drawing No. Job No: **2130**  
**SK-255** Revision: **B**

Project: SK-255 (1 of 1) - Cable Street Bulk & Location Study (2 of 2)



1 3D Axo - Level 2  
N.T.E.

<b>studioapacific</b> ARCHITECTS 11000 Franklin Blvd Irvine, CA 92618 TEL: 949.261.1111 FAX: 949.261.1112 WWW.STUDIOAPACIFIC.COM	
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<b>FEASIBILITY</b> <b>Bulk &amp; Location Study</b>	
<b>Gallery/Conference</b> <b>Massing - Level 2</b>	
Date: 1/20/14	City: San Jose
Drawing No:	2130
<b>SK-256</b>	Revision: B