Notice of Meeting:

I hereby give notice that an ordinary Meeting of the Business and Investment Subcommittee will be held on:

Date:	**Friday 2 September 2016**
Time:	**9.30am**
Meeting Room:	**Committee Room 1**
Venue:	**Municipal Building, Garden Place, Hamilton**

Richard Briggs
Chief Executive

Business and Investment Subcommittee
OPEN AGENDA

Membership

Chairperson	Her Worship the Mayor J Hardaker
Members	Cr M Forsyth
	Cr A King
	Cr A O'Leary
	Cr R Pascoe
Quorum:	**Three members**
Meeting Frequency:	**Quarterly – or as required**

Becca Brooke
Committee Advisor

30 August 2016

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Terms of Reference:

- To enhance Hamilton's economic position.
- Promote investment and business attraction opportunities for Hamilton.
- Oversee implementation of the Economic Development Agenda.
- To receive information and provide advice in relation to potential major developments.
- Recommend funding for Hamilton & Waikato Tourism (HWT) and Hamilton Central Business Association (HCBA) and receive six monthly/quarterly and annual reports.
- Develop and recommend to the Strategy and Policy Committee the Central City Transformation Plan.
- Develop and recommend a strategy to optimize use of the Municipal Endowment Fund and the Domain Endowment Fund by 30 March 2014.

Special Notes:

- The sub-committee may request expert advice through the Chief Executive when necessary.
- This sub-committee monitors Hamilton Properties Ltd.

Power to act:

- Recommend funding for Hamilton & Waikato Tourism (HWT) and Hamilton Central Business Association (HCBA) to the Finance Committee or Council.
- Make operational decisions that are aligned to the outcomes of the Economic Development Agenda.

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1 Apologies

2 Confirmation of Agenda

The Committee to confirm the agenda.

3 Declaration of Interest

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Committee:	Business and Investment Subcommittee	**Date:**	02 September 2016
Report Name:	Hamilton and Waikato Tourism Year End Report to 30 June 2016	**Author:**	Sean Murray

Report Status	*Open*
Strategy, Policy or Plan context	*Economic Development Agenda, Hamilton Plan*
Financial status	*Funding commitment to this organisation has been approved by Council for a three year period commencing 2015/16 at $585k per year.*
Assessment of significance	*Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance*

1. Purpose of the Report

2. This report introduces the annual report from Hamilton and Waikato Tourism (HWT) for the year ending 30 June 2016.

3. Executive Summary

4. The report is provided as a condition of the HWT's service level agreement with Council. Council supports HWT along with other partner Councils. HWT's activity for Council is very closely aligned to our own directions in promoting business and event tourism in Hamilton City.

5. The Subcommittee is reminded that Council's 2015/16 annual funding of HWT is $585,000 within a total contribution pool of $1,215,000 from participating Councils in the Waikato detailed as follows:

Council	Annual Funding
Hamilton City Council	$585,000
Waipa District Council	$150,000
Waikato District Council	$150,000
Matamata-Piako District Council	$150,000
Otorohanga District Council	$ 60,000
South Waikato District Council	$ 60,000
Waitomo District Council	$ 60,000
Total	$1,215,000

6. In addition to council funding, HWT received a further $430,000 annual funding from its private sector partners.

7. Newly appointed HWT Chief Executive, Jason Dawson and Graeme Osborne (Board Chair) will be in attendance at the Subcommittee meeting and will talk to their report.

Item 4

8. Jason will also provide a verbal update on HWT's Tourism Opportunities Plan and discuss his priorities in the role and where his focus will be.

10. Recommendation from Management

That the report be received.

11. Attachments

12. Attachment 1 - Hamilton & Waikato Tourism Year End Report to 30 June 2016

Signatory

Authoriser	Sean Murray, Executive Director H3 and Events

Annual Report to Local Government 2015-16

YE 30 June 2016
Hamilton City Council, Business and Investment Subcommittee Meeting
2 September 2016

Executive Summary

Hamilton & Waikato Tourism (HWT) is the region's Regional Tourism Organisation (RTO) whose role is to generate competitive economic benefit through visitor sector strategies focused on increasing visitor length of stay and spend. HWT is funded through a public/private partnership with the region's seven local authorities and the tourism industry. Currently visitors contribute $1.1 billion of expenditure and an estimated 6 million guest nights in the region.[1]

In 2015-16, tourism regained the mantle of New Zealand's leading contributor to national export earnings. The visitor sector contributed $29 billion in visitor expenditure and $11.8b in export earnings (17% of NZ's total)[2] to the New Zealand economy. The sector is currently experiencing exceptional growth with international visitor arrivals and expenditure at record levels. This growth is forecast to continue with visitor arrivals expected to surpass 4 million international arrivals in the next four years. Domestic tourism has also been buoyant and is showing steady growth with domestic guest nights up 10.9%. Visitor expenditure for the year to March 2016 is expected to reach $32.5 billion, well ahead of the growth rate required to reach the forecasted $41 billion in 2025.

Available data and anecdotal evidence indicates that the Hamilton & Waikato region has shared in this growth, however, visitor expenditure data for year end March 2016 won't confirm this until it is released in November. For year ended June 2016, total commercial guest nights grew by 8.4% and remains above national trends. International night's increased by 19.8% and domestic 4.8%. This is reflective of a greater awareness of the region's visitor proposition and appeal, as well as some overflow from Auckland due to capacity constraints in that region.

Strong and enduring relationships have continued with HWT's seven partner Councils and tourism operators. Investment in HWT's activities has been strong with a 50% baseline increase from local government and over $430,000 from the private sector. This resulted in a combined investment of $1.6m towards marketing and development activities. In terms of industry funding per dollar of Council funding, HWT remains at the forefront when compared to other New Zealand RTOs.

A key focus for 2015/16 has been the development of Tourism Opportunities Plan and the expansion of HWT's activities to include destination management and product development. HWT has also invested more into the domestic market.

[1] MBIE YE December 2015 (updated May 2016)
[2] MBIE, YE March 2016

Key Performance Indicators (KPIs)

HWT and the sector have performed well against the KPIs as per the Schedule of Services 2015-16;

1. *Grow commercial guest nights in line with national trend (Commercial Accommodation Monitor Stats NZ)*
   Result: ACHIEVED (NZ growth 5.7%, HWT growth 8.4%)

2. *Grow market share of total delegate days to 10% (Convention Activity Survey MBIE)*
   Result: NOT MET (8% market share growth)

3. *To at least maintain share of domestic visitor expenditure (Regional Tourism Indicators MBIE)*
   Result: ACHIEVED (NZ growth 5.1%, HWT growth 7%)

4. *To at least maintain share international visitor expenditure (Regional Tourism Indicators MBIE)*
   Result: ACHIEVED (NZ growth 9%, HWT growth 10.6%)

5. *30% increase in visits to hamiltonwaikato.com*
   Result: NOT MET (26.9% increase in website visits)

6. *$400,000 industry investment*
   Result: ACHIEVED ($430,000 of industry investment)

Summary of Key Activities

International Marketing

New Zealand's international visitor spend for 2015 across all markets was up 31.3%, with international visitor arrivals peaking at 3.3 million for the year end April 2016, an 11% increase on the previous year[3].

Both volume (visitor arrivals) and value (visitor spend per person) drivers contributed to overall growth in visitor spend; that is, more people are coming and spending more each trip. This growth has been driven by:

- gradual economic recovery in origin markets;
- greatly increased air connectivity/capacity, particularly into Auckland; and
- the lower cost of air travel due in the main to competitive forces and depressed oil prices.

The Hobbit movies are also cited by a significant number of visitors as having an influence on their decision to travel to New Zealand. The rapid expansion of the outbound Chinese market to New Zealand has also been a factor with China now the second largest source of international visitors behind Australia. As the Chinese market continues to mature, so will the proportion of visitors from China who can be classified as 'free and independent travellers (FIT)' continue to increase.

[3] MBIE YE April 2016

For the past four years the H&W region has benefitted from solid growth in international expenditure and guest nights, primarily driven by the region's international visitor icons, Waitomo Caves and Hobbiton Movie Set.

- **"Tour the North" campaign in Australia**
  For the fourth consecutive year, HWT has participated in a $1.4m campaign in conjunction with other upper North Island regions and Tourism New Zealand. HWT's investment was supported by two key operators, Hobbiton Movie Set and Tourism Holdings Limited. This continues to be a cost-effective way of targeting Australian visitors as our largest international market.

- **Explore Central North Island (ECNI)**
  HWT continued its partnership with the collective of regions (8). The 'collective' participated in travel trade training in China, US and Australia, and hosted the Explore Show in Auckland with 12 operators exhibiting and 200 inbound agents attending. The ECNI product manual was produced with 22 H&W products featured (international travel trade focussed).

- **RideNZ (8 RTOs)**
  HWT continued to participate in the RideNZ initiative focused on positioning the Central North Island as "the place" for cycling and mountain biking in both domestic and international markets. RideNZ.co was launched in January and provides a single portal for the groups 8 great rides and other cycling/mountain biking experiences. The goal is to provide a single repository of information, itineraries and planning tools.

- **International Travel Trade and Media**
  HWT participated in Tourism New Zealand's international trade and media programme, hosting 75 media in the region and training 293 travel trade. HWT participated in an Australian All Stars Mega Famil, training 400 agents and hosting 100 agents in the region.

Domestic Marketing

The New Zealand domestic market has remained buoyant with 4.1% growth in domestic guest nights for the year end. The H&W region also saw positive, albeit modest growth in domestic guest nights which increased by 4.8%. Visitor expenditure remains below the national trend.

HWT's key domestic promotional activities included:

- **Explore Your Own Backyard campaigns (EYOB)**
  Two campaigns target our local residents were undertaken.
  1. The first of HWT's EYOB campaigns took place during Dec-Jan and focused on summer activity options for families in the region. This included outdoor activities such as walking and hiking trails, free attractions, events and operator partner activities. The campaign received 24,723 website landing page views and 82,900 Facebook video views.

  2. The second campaign ran from mid-June to mid-July. Channels included online and social media advertising, the 4KIDS Waikato Times school holiday pull-out, cinemas and bus backs. The

campaign received 30,912 website landing page views and 2.1 million total advertisement impressions across the entire campaign.

- **Short Escapes campaign**
  Two campaigns to external target audiences were undertaken.
  1. HWT's first 'Short Escapes' domestic marketing campaign began in November to mid-December 2015. The campaign encouraged short summer breaks in the region with a focus on outdoors activities, cycling and summer events. The campaign included online search and display ads, social media, and e-DMs. 15,000 website landing page views were achieved.

  2. HWT's Summer Short Escapes campaign launched in early February and ran until the end of March 2016. The goal was to encourage consumers to take a short summer break in the region, with a focus on outdoor activities, summer events and partner operator experiences. HWT also provided specific promotional activity for Hamilton Garden Arts Festival and Balloons over Waikato through an additional partnership with HCC.

     The campaign received 52,514 website page views and coverage through the following channels:
     - TVOne – Breakfast coverage of BOW
     - NZ Herald Weekend – Summer Events Guide, circ 323,000
     - New Zealand Herald Travel Magazine editorial content, circ 280,000+
     - Feature interview in Canvas Magazine with HGAF's David Helfgott, circ 347,000
     - The Breeze – nationwide radio breakfast show coverage, 260,000+ listeners
     - The Hits – Tauranga and Rotorua radio breakfast show coverage

- **Chinese New Zealanders**
  For the past three years HWT has been promoting the region to Auckland's Chinese community. The goal is to build awareness of the region as a great place to visit for short breaks with family and friends. Activity has taken place year-round plus HWT undertook a specific Chinese New Year campaign. Channels used are Weibo, WeChat and specific Chinese forums and blogs.
  - Estimated views on Weibo 2,000 followers
  - Chinese New Year Campaign results WeChat promotion: 14,219 views
  - Weibo Hashtag page: 750,000 views
  - Weibo Campaign Activity: 17,000 views

- **Fieldnights**
  HWT's 2016 Fieldnights campaign targets those visiting the region for Fieldays, (as well as our local market), and encourages visitors to make the most of the dining, activities and event options during Fieldays week. This year HWT also included 'Explore Your Own Backyard' messaging into the campaign in a subtle way, as a large proportion of Fieldays visitors are internal domestic visitors.

- **Fieldays**
  HWT exhibited for the first time in 2016 with a stand in the Lifestyle marquee. The focus was on social engagement and database acquisition as well as overall awareness raising. Key messaging was in relation to EYOP given 44% of attendees live in the region with a further 40% living within a 2 to 3-hour drive time.

- **Regional Visitor Guide**
  HWT's Official Visitor Guide for the Hamilton & Waikato Region was completed in November. 100,000 copies of the 88-page DLE-sized brochure are printed and distributed through New Zealand's i-SITE network, other key locations, Tourism New Zealand offshore offices and conference attendee packs.

- **Our NZ Escape – Domestic TV Series**
  HWT are participating in a new domestic 10-episode TV series – with one episode focused on the Hamilton & Waikato region. Each episode covers three days and two nights in a region and a 'celebrity couple' flying with Air NZ and staying in regional accommodation. Operators who partnered with HWT and are profiled include Hobbiton Movie Set, Black Water Rafting, Hamilton Gardens, Waikato River Trails, Sarnia Park and SkyCity Hamilton's Co-Op Dining precinct. The series begins in August with the Hamilton & Waikato region episode playing on 1 October 2016.

- **Domestic Research**
  With additional funding this year, HWT has been able to undertake research to better understand our domestic market. This will inform future campaign activity and product development opportunities. HWT will continue to invest in this new domestic data and research.

Digital

The re-development of the Hamiltonwaikato.com website was completed early in 2015-16. The site has a refreshed design and is built in an open source platform with a new content management system (CMS) that enables improved management in-house. Total website visits reached 560,000 - a 63% increase. Social media sites have continued strongly with Facebook "followers" for year end June at 30,000. New developments have been completed for the Convention Bureau along with a new Chinese language site.

Convention Bureau

Business Events (BE) is a key sector for the region and focus of HWT's activity. BE delegates are high spending visitors with average daily spend $340, they also visit throughout the year (easing seasonality) and have the potential to be repeat visitors.

HWT's Convention Bureau (CB) experienced some changes in personnel with a new manager coming on-board in October 2015, and the appointment of a full time coordinator/administrator in January 2016. The CB has seen a steady increase in enquiries and proposals and the region has been successful in securing five international conferences in partnership with the University of Waikato and Tourism New Zealand.

For the year, the HWTCB has 56 partners and handled 153 enquiries. H&W's awareness and appeal as a conference destination continues to go from strength-to-strength due to excellent collaboration across the region's venues, accommodation and attractions, along with a strong commitment, combined investment and hard work by many. The region successfully bid to host the sector's annual Conferences & Incentives New Zealand (CINZ) conference in the region in October 2016.

The H&W region accounts for 8% of national delegate days, 4th behind Auckland, Wellington and Christchurch[4]. Competition in this sector will continue to increase as new convention centres are planned over the next 3-5 years for the main centres and with Christchurch coming back on-stream as a meetings destination.

Key Convention Bureau highlights:

- Two key trade shows attended throughout the year and the region exhibited alongside CB partners
- 800 copies of the Business Events Directory printed and distributed at tradeshows, sales calls and famils
- Regional promotion in key sector publications eg Meetings Newz, Micenet
- 16 famils undertaken including a national buyers Mega famil, Australian buyers and Waikato buyers famils
- Sales calls, hosted events and networking functions in Auckland, Wellington and H&W
- Launch of the BeWais initiative for young business events professionals

Destination Management/Product Development

- **Tourism Opportunities Plan**
  Destination marketing alone will not deliver on the region's visitor sector growth targets, so a plan needed to be developed to provide more reasons for people to visit. A key focus for the year has been the development of the Tourism Opportunities Plan to identify tourism infrastructure, product development and investment opportunities across the region. The plan also assessed the region's brand positioning, themes and experiences and provides a framework to further enhance and strengthen the visitor proposition. The formation of the plan involved significant consultation across the region with local government, tourism operators, Iwi and the wider business community.

  In addition, WEL Energy Trust granted HWT $100,000 to support development activities as part of their economic development focus. This is an excellent demonstration of the support and respect for HWT's performance and tourism industry's contribution to the region's economy. The funding will be spread over two years.

- **Options Report for Sanctuary Mountain Maungatautari**
  HWT led the development of a Tourism Options report which identifies strategies to improve the Maungatautari visitor experience and increase visitor numbers and revenue to the Sanctuary. This project was carried out in partnership with the Waipa District Council, Waikato Regional Council, Department of Conservation and Maungatautari Ecological Island Trust.

- **Otorohanga Kiwi House**

[4] MBIE Convention Activity Survey YE March 2016

HWT partnered with the Otorohanga District Council and the Kiwi House on a feasibility study/business case to further develop the visitor experience and attract investment.

- **Waikato Story**
  In addition, HWT continued its relationship with the Waikato Regional Council through our involvement with the Waikato Story.

- **Operator Support**
  Information, research and support was provided to a number of new tourism ventures and existing operators. Two operator updates and networking functions were held and operator development opportunities provided in regards to the new Health & Safety laws and Chinese Market research. Regular newsletter updates were distributed.

The Board of Hamilton Waikato Tourism

Two valued Board members resigned their roles with HWT during 2015/16. In August 2015, we farewelled Anna Bounds and in February 2016, Bob Weir. Mark Morgan joined the board as the Waikato Regional Airport Limited (WRAL) appointee in December 2015.

The Board currently comprises: Graeme Osborne (Chair), Don Scarlet, Simon Douglas and Mark Morgan.

Chief Executive

Kiri Goulter finished with HWT on 30 June after 7.5 years at the helm. In 2009, Kiri commenced in a contract role with Hamilton International Airport to re-establish the RTO after it was dis-established some years earlier. HWT was officially launched in July 2011, fully supported by the regions seven councils and tourism industry. HWT now operates to a $1.6m budget, has 8 staff and is acknowledged as a professional, high performing and respected organisation.

Jason Dawson joined the team as Chief Executive on 16 August 2016.

Conclusion

The record growth of New Zealand's visitor sector is forecast to continue for the foreseeable future. This growth albeit positive, also presents new opportunities and challenges.

The growth has seen seasonal peak periods become increasingly busy allowing tourism operators to benefit from this strong demand. This high demand has resulted in capacity constraints and placed pressure on infrastructure such as roading, parking, water and sewerage or recreational amenities, as well as long-term infrastructure such as accommodation facilities. Sector wide focus and coordination is necessary to address these issues through marketing strategies and initiatives to grow visitor demand in shoulder season and low season periods which in turn will ensure tourism assets are better utilised year-round. Strategies to better distribute visitors across all regions will bring economic benefit to these regions whilst relieving the pressure on places with high visitor loads.

After five years of operation, HWT is in a sound financial position and enjoys strong support from its local government partners and tourism industry. The additional funding from partners has enabled HWT to allocate increased investment to addressing the challenges of the domestic market and broaden HWT scope from destination marketing to include a focus on the development of the region's 'reasons to visit'. The Tourism Opportunities Plan provides a clear direction to realise the visitor potential of the region in partnership with key stakeholders and agencies.

Finally, we would like to thank our local government and industry partners, and the dedicated team at HWT for their continued efforts throughout the year.

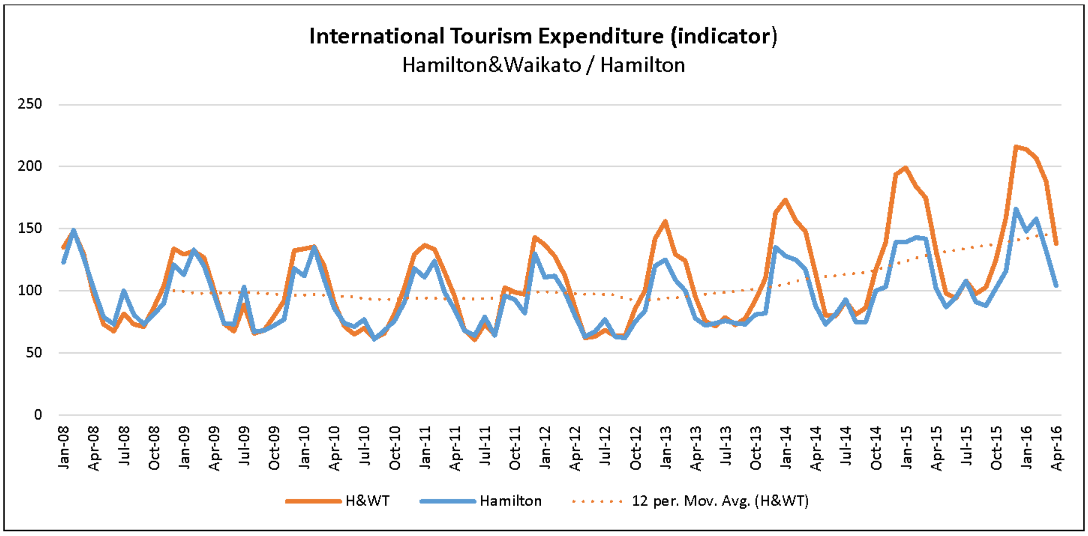
Jason Dawson
Chief Executive
Hamilton & Waikato Tourism

Hamilton&Waikato TOURISM

Summary of Activity for Hamilton 2015-16

YE 30 June 2016
Hamilton City Council, Business and Investment Subcommittee Meeting
2 September 2016

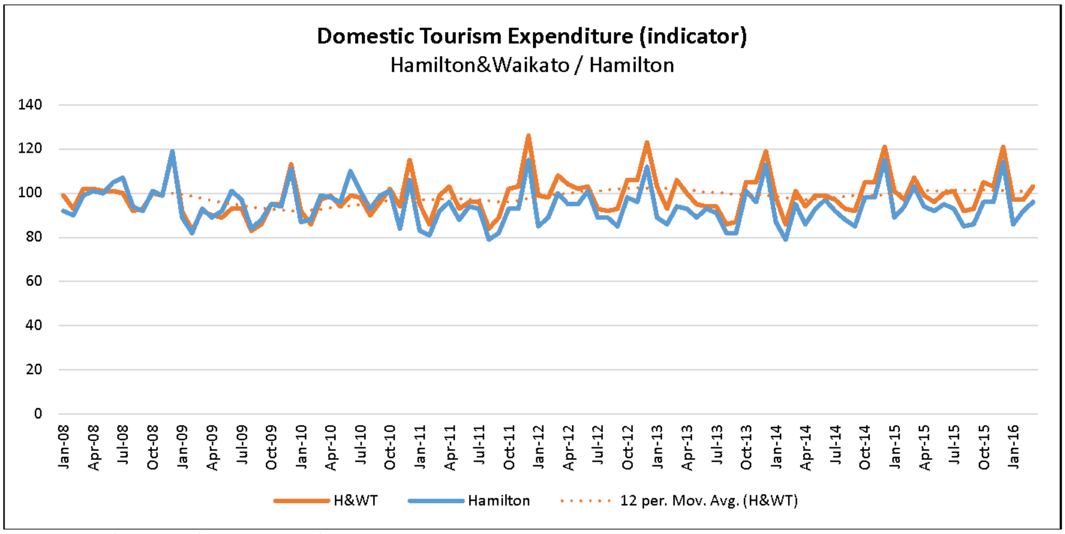
Visitor Statistics - Hamilton



Source: Regional Tourism Indicators MBIE April 2016

Summary of results

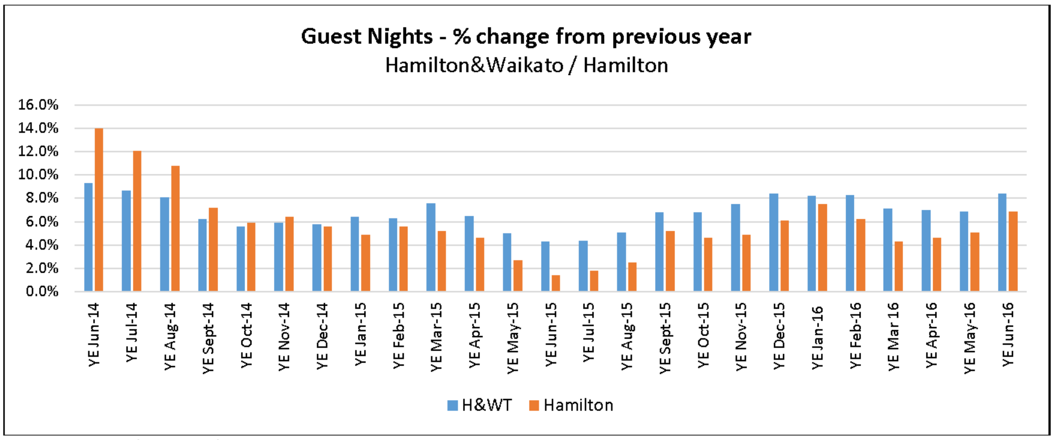
- Steady growth of international tourism expenditure since 2012/2013 season
- Over 150% increase from the baseline in 2008 when monitoring began
- This will be the last time this activity report will be provided as the Ministry for Business, Employment & Innovation has replaced it with Monthly Regional Tourism Estimates



Source: Regional Tourism Indicators MBIE April 2016

Summary of results

- Hamilton consistently performs well and maintains alignment with overall regional domestic tourism expenditure



Source: Commercial Accommodation Monitor Stats NZ June 2016

Summary of results

- Following a decline in 2015, guest nights have increased over 2016 in Hamilton
- Guests have also remained buoyant throughout the shoulder season in 2016

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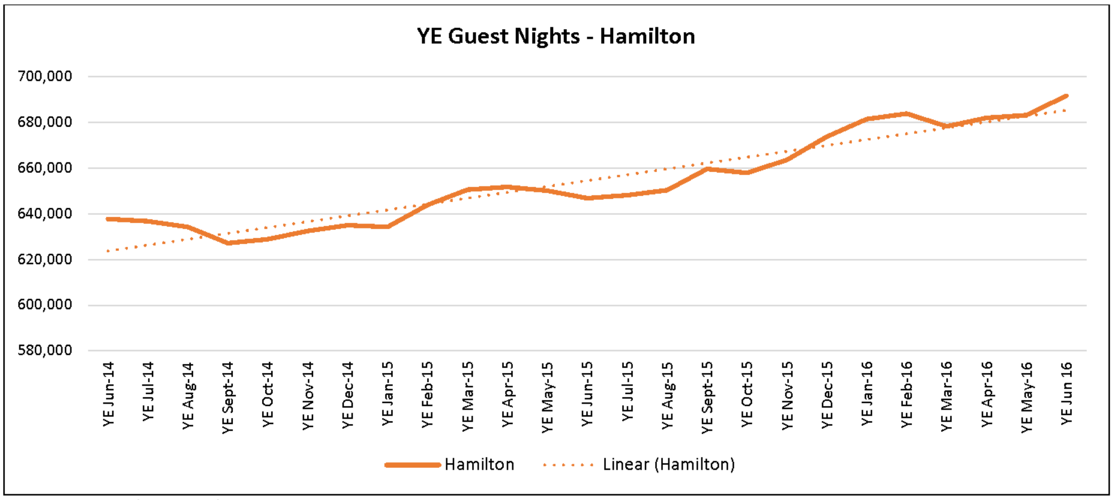
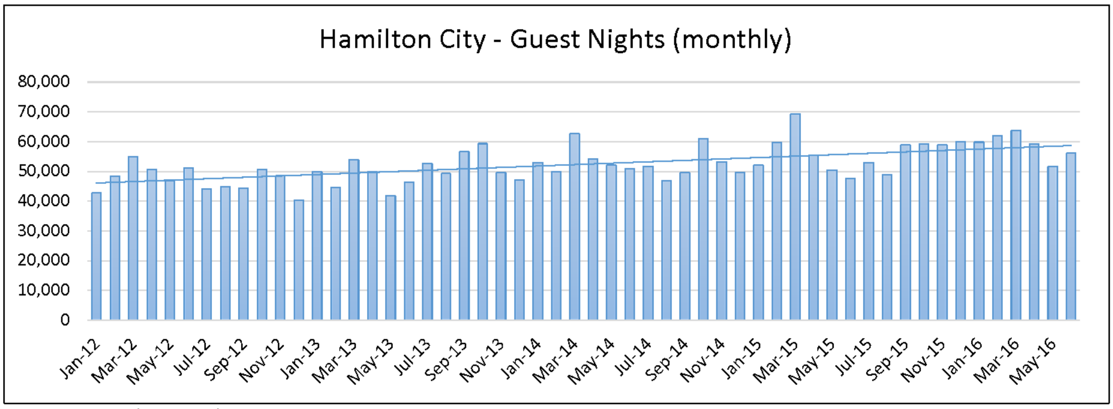
Hamilton&Waikato TOURISM



Source: Commercial Accommodation Monitor Stats NZ June 2016

Summary of results

- Commercial guest nights for Hamilton are at its highest since 2014 with close to 700,000



Source: Commercial Accommodation Monitor Stats NZ June 2016

Summary of results

- Seasonality of commercial guest nights for Hamilton is a lot less dramatic compared to the National seasonality – this is mainly attributed to business events.

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Hamilton&Waikato TOURISM

Marketing activity - Hamilton

Target market	Campaign or activity	Hamilton experiences profiled
Australia	Tour of the North Island Campaign 31 July – 31 August 2015	Hamilton Gardens, Waikato Museum, Waikato River Explorer
Media – domestic & international	Media hosting and famils profiling Hamilton: • Australia: Jarrad Seng, RideNZ, Joscha Remus • Canada: Huffington Post • France: Caroline Receuver, Natoo + Lea Famil, Phosphore Magazine • Germany: Anton Reyst, Yaez German famil • Indonesia: MNC Lifestyle, Muslim Corner, NetTV, Social Influencers • Japan: Dance with Konno, Japan Press Trip, Sekai No Mystery, Social Influencers • New Zealand: Kia Ora magazine, The Best Nest • Singapore: Eunice Goh • South East Asia: Desin Asian, Qyer Blogger • UK: Empire Magazine, Lonely Planet, Social Influencers • USA: Hemispheres Famil	Ambassador Hotel, Bike Hire, Hamilton Gardens, Hamilton Zoo, Kiwi Balloon Company, Leisure Time Tours, Minibus Express, Narrows Landing, Novotel, The River Kitchen, Sudima, Te Awa River Ride
Travel Trade - events	Australian All Stars Mega Famil September 2015	Hamilton city tour, Hamilton Gardens, Novotel Tainui, Good George Brewery
	Travel trade events profiling Hamilton: • TRENZ: biggest international tourism event (May 2016) • Inbound Operators / RTO Day (April 2016) • Tourism NZ / RTO Day (April 2016) • Explore Central North Island Trade Show (April 2016) • KiwiLink America (October 2015) • Mega Famil Training Days (Australia: September 2015; India: March 2016)	Major Hamilton attractions & products
Travel Trade - famils	Hamilton profiled in following trade famils: • CZ Airlines Guangzhou, China • Australian Pacific Tours, Australia • Grand Pacific Tours, Australia • Kirra, Australia • Flight Centre - Infinity, Australia • Infinity Holidays Famil, Australia • Infinity TNZ Incentive Famil, Australia • China Eastern Airlines, China • European Front liners Famil, EU	Major Hamilton attractions & products

	• Steffi mix-n-match pre-TRENZ, Germany • AOT Mega Famil, Global • Indonesia Product Managers, Indonesia • 100% Pure NZ Indonesian Specialists • Indonesian Product Managers, Indonesia • HIS Co Staff Famil, Japan • Pre-TRENZ Malaysia/Philippines Famil • Air New Zealand / General Travel, Singapore • Singapore Air NZ Front liners, Singapore • Paul Watkins mix-n-match pre-TRENZ, USA	
Travel Trade – Central North Island Alliance	HWT are part of the Central North Island RTO alliance known as 'Explore Central North Island' • ECNI Product Manual 2016-2018 (22 HW products advertised, 5 Hamilton products) • Explore Show: 4 Hamilton products (April 2016) • Thermal Explorer Highway presentations (KiwiLink in India July 2015, South America Aug 2015, America Sept 2015, China Oct 2015 & UK March 2016)	Major Hamilton attractions & products
Domestic – consumer	Hamilton was profiled as part of regional promotions in the following publications: • Go Travel – summer edition • Great NZ Roadtrip magazine • What's Up Hamilton (motel compendium) HWT also participated in a 10-episode TV series exploring the country called 'Our New Zealand Escape': • Hamilton & Waikato episode will air on 1 October 2016	Major Hamilton attractions & products
Domestic – Auckland, Bay of Plenty & Taranaki	HWT ran an annual domestic campaign called 'Short Escapes' from November – December 2015 through online channels	Sudima Hotel, Novotel Tainui Hamilton, Bella Vista Hamilton, SKYCITY Hamilton, Hamilton Gardens, Hamilton Zoo, Waikato River Explorer, Waikato Museum, The Base – Te Awa, Hamilton Lake Domain, Te Awa–The Great NZ River Ride, Hamilton City River Rides, Hamilton Mountain Bike Park, Fight for Life, BlackCaps vs Sri Lanka, Bridge to Bridge Waterski Classic
Domestic – Auckland, Bay of Plenty, Taranaki & Wellington	HWT ran an 'Event Escapes' campaign to leverage off key regional events from January to March 2016 through online, print, radio and social influencers	Sudima Hamilton, Novotel Tainui Hamilton, Bella Vista Hamilton, Ibis Tainui Hamilton, SKYCITY Hamilton, Hamilton Gardens, Hamilton Zoo,

		Waikato River Explorer, Waikato Museum, The Base – Te Awa, Hamilton Lake Domain, Balloons over Waikato, Hamilton Garden Arts Festival, Hamilton Fringe Festival, Sol3Mio, Brian Perry Classic, plus many more…
Domestic – Auckland, Bay of Plenty, Taranaki	Jointly funded 'Short Escapes' campaigns with Hamilton City Council from January – March 2016 through online, print, radio, social influencers and Breakfast TV	Balloons Over Waikato, Hamilton Gardens Arts Festival
Local – Hamilton & Waikato	HWT ran an annual local campaign called 'Explore Your Own Backyard' to encourage Hamilton & Waikato residents to explore the region during the summer holidays 2015-2016 via online channels.	Sudima Hamilton, Novotel Tainui Hamilton, Bella Vista Hamilton, Ibis Tainui Hamilton, SKYCITY Hamilton, Hamilton Airport, Hamilton Gardens, Hamilton Zoo, Waikato River Explorer, Waikato Museum, The Base – Te Awa, Hamilton Lake Domain, Summer of Cricket, Hamilton Gardens Arts Festival
Local – Hamilton & Waikato	HWT ran a local 'Explore Your Own Backyard' campaign to encourage Hamilton & Waikato residents to explore the region during winter 2016 using print, radio, busback and cinema advertising.	Sudima Hamilton, Novotel Tainui Hamilton, Bella Vista Hamilton, Ibis Tainui Hamilton, SKYCITY Hamilton, Hamilton Airport, Hamilton Gardens, Hamilton Zoo, Waikato River Explorer, Waikato Museum, The Base – Te Awa, Hamilton Lake Domain, Waikato-BOP Magic home games, Waikato Baby Expo, The Wiggles, YMCA School Holiday Programme, Waikato Museum School Holiday Programme, Disney on Ice
Domestic – Fieldays visitors	HWT ran its annual 'Fieldnights' campaign to encourage locals and Fieldays visitors to take advantage of evening entertainment & dining options, and explore the wider region.	Sudima Hamilton, Novotel Tainui Hamilton, Bella Vista Hamilton, Ibis Tainui Hamilton, SKYCITY Hamilton, Hamilton Airport, Hamilton Gardens, Hamilton Zoo, Waikato River Explorer, Waikato Museum, The Base – Te Awa, Hamilton Lake Domain, Hamilton dining & hospitality, No. 8 Wire National Art Award, IceAge Live! A Mammoth Show on Ice, Waikato Wedding Expo, Waikato-BOP Magic home games
Domestic & International – Fieldays	HWT had a stand at Fieldays to encourage visitors to explore Hamilton & the Waikato region.	Hamilton Gardens

Domestic – Chinese New Zealanders	Extra campaign activity was undertaken around the Chinese New Year to raise the profile of Hamilton & Waikato region as an attractive 'short break' visitor destination using Chinese social media channels	Hamilton Gardens, SKYCITY Hamilton, Novotel Tainui Hamilton, Sudima Hamilton
Domestic & International – consumer and trade	The Cycling and Mountain Biking Tourism Marketing Network was established with our Central North Island RTO partners to promote cycling and mountain biking within our alliance area, including the development of the website www.ride.nz	Waikato River Trails Te Awa – The Great NZ River Ride
Domestic & International – consumer and trade	Our annual Hamilton & Waikato regional visitor guide was produced and distributed through NZ i-SITEs, airports, national and international trade shows, Tourism NZ off-shore offices and conference delegate packs	Hamilton is profiled in the introductory editorial and a dedicated 'Hamilton Highlights' section profiling main attractions, events, accommodation and dining options.
Domestic & international	Our hamiltonwaikato.com website increased visitor traffic and engagement over the year with new content, campaign activity and competitions.	Hamilton related content views estimate: up 76.27% (excludes operator listing & event listings)
Domestic – consumer & trade media	Regular e-newsletters are distributed to subscribers and trade media	Blackcaps v Australia, Hamilton Gardens Arts Festival, Balloons Over Waikato, Hamilton Airport, Hamilton Gardens, Novotel Tainui Hamilton, Sudima Hamilton, Waikato Museum, The Base, Hamilton Zoo, Bella Vista Hamilton, Hertz Hamilton, Ibis Tainui Hamilton, Waikato River Explorer, Hamilton dining & hospitality options, Cycle & Walking Trails, Gallagher Great Race, SOL3 Mio, Disney On Ice, Spark Festival, Ice Age Live, Waikato Wedding Expo, Waikato-BOP Magic home games, plus much more…
Domestic & International	Hamilton profiled through HWT's various social profiles including Facebook, Instagram, Twitter, YouTube & Weibo.	Major Hamilton attractions and events

Convention Bureau - Hamilton

- There are currently 56 Bureau Partners, with *39 Hamilton Products Partnered*
- 23 Famils hosted or coordinated, with *30 Hamilton Products Featured*
- 'Best Stand Winner' at Convene 2016
- 'Best Regional Stand' at Meetings 2016
- Successful bid for the CINZ Conference to be held in the region – October 2016
- BEWais group established for young business events professionals

Activity	Event	Hamilton partners
Famils	National Buyers Mega Famil (November 2015)	18 partners featured with 13 partners from Hamilton
	Pre-Convene Famil (April 2016)	17 partners featured with 11 partners from Hamilton
	Waikato Day Famil (July 2015)	9 partners featured with 8 partners from Hamilton
	Australian Pre-MEETINGS Famil (June 2016)	16 partners featured with 9 partners from Hamilton
	One-Day Famils (May & June 2016)	23 partners featured with 16 partners from Hamilton
Editorial and advertising	• Meeting Newz (January & April 2016) • Travel Inc Memo (April 2016) • Meeting Newz E-Newsletter (April 2016) • Micenet (Aus) (February 2016) • CIM Magazine(Aus) (March 2016) • CINZ Event Planners Guide - Advertising	Hamilton partners featured

International conference wins (in association with Tourism NZ Conference Assistance Programme):

- Asia Pacific Software Engineering Conference (December 2016)
- IT Security Techniques (April/May 2017)
- Australia & New Zealand Garden History Society (November 2017)
- International Society for River Science (November 2017)
- IEEE Industrial Electronics for Sustainable Energy (February 2018)
- International Conference on Polar & Alpine Microbiology (September 2019)

Product development - Hamilton

HWT worked with Hamilton City Council and/or local operators on:

- Tourism Opportunities Plan (TOP)
- Hamilton Adventure Park

Under the ***Tourism Opportunities Plan***, the following activities have been identified within Hamilton:

- **Game Changers:** Waikato River, Brand Strategy, Hamilton City Riverfront, Kingitanga Story and Regional Events Strategy
- **Discover Your Own Backyard:** Hamilton Gardens (hero) & themed-drive itineraries (emerging)
- **Middle-Earth & Beyond:** Cluster of Conservation – Hamilton Zoo (emerging)
- **Inspiring Pathways:** Home of Cycling – Te Awa Cycle Trail (emerging) & Sports Tourism – FMG Waikato Stadium; Chiefs training at Ruakura

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Committee: Business and Investment Subcommittee

Date: 02 September 2016

Report Name: Hamilton Central Business Association Year End Report to 30 June 2016, Three-year Sttategic Business Plan and Annual Action Plan 2016/2017

Author: Kelvyn Eglinton

Report Status	*Open*
Strategy, Policy or Plan context	*Business Improvement District (BID) Policy*
Financial status	*There is budget allocated* *Amount $280,000 per annum – targeted BID rating*
Assessment of significance	*Having regard to the decision making provisions in the LGA 2002 and Council's Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance*

1. Purpose of the Report

2. To introduce the annual report from the Hamilton Central Business Association (HCBA) for the year ending 30 June 2016 and present the HCBA annual business plan for the 2016/2017 year and three-year strategic plan.

3. Executive Summary

4. The report is provided as per the Business and Investment Subcommittee's terms of reference to receive annual reports from HCBA and in line with the BID policy reporting requirements.

5. A set of audited financial statements will be available for distribution to the Subcommittee when complete. These are due to be sent to Council by late September 2016.

6. Sandy Turner (General Manager) and Michelle Baillie (Acting Chair) will be in attendance at the Subcommittee meeting and will present to this report both on the results from the 2015/16 year and the focus of the HCBA Strategic Plan which will be tabled at the meeting.

7. Recommendation from Management

That the report be received.

8. Attachments

9. Attachment 1 - Annual Report to 30 June 2016

10. Attachment 2 - Three-year Strategic Plan *(Under Separate Cover)*

11. Attachment 3 - Annual Action Plan *(Under Separate Cover)*

Signatory

Authoriser	Kelvyn Eglinton, General Manager City Growth

Item 5

HAMILTON CENTRAL BUSINESS ASSOCIATION

End of year report end for HCC
For the year ending 30th June 2016
22 August 2016

1.0 Introduction

The Hamilton Central Business Association (HCBA) represents the interests of 1,200 members in the Hamilton CBD and is responsible for advocating for, and supporting Members, as well as contributing, alongside other key organisations, to the success and growth of Hamilton Central.

HCBA is run by two full-time employees and a volunteer Executive Committee. I would like to acknowledge the time and dedication Sandy, Vicky and the Executive Committee members have put in to the organisation in FY16, particularly acknowledging Sandy Turner who has resigned after five years as General Manager.

This summary and the attached Annual Report includes key activities of HCBA in the 12 months ending 30 June 2016 (FY16) and the attached Strategic Plan highlights some of the key priorities for the next three years.

While accounts are in the process of being audited, we are confident that HCBA has operated within budget in FY16 while still contributing to the growth of the central city.

2.0 Overview of FY16

During the last 12 months, the business environment in the central city has seen an improvement in economic terms as well as the business community's perceptions around safety and optimism for the future.

Growth

Hamilton CBD GDP is leading the country at 8.1%. Occupancy levels within the CBD are currently sitting at 8.2% which is a 10 year low. Retail spend is up 4.3%. We have 20,846 employees located in the CBD, up 2.9%. Visitor nights are also up at 6.1%.

Over the last 12 months we have seen over 80 new retail, hospitality and corporate businesses take new leases in the CBD.

Safety and Beautification

HCBA is proud to be part of the governance and or working parties of the following organisations that are contributing towards improving perceptions of safety and beautification (which contributes to attracting new businesses to the CBD):

- HCBA are on the governing group for the Peoples Project who have helped and housed over 450 people since September 2014.

- HCBA are a key member of the Safety Come First working group, a police initiative which raised over $20k in funding through ACC to organise the O week hydration station in Victoria Street, aimed at reducing crime and alcohol harm for new students into the city each year. Due to the success of this initiative funding has been secured for another 2 years.

- The Embassy Park redevelopment project whereby we successfully raised over $200k. Stage Two is currently being completed with a public celebration on 23rd September 2016.

Perceptions from business owners around anti-social behaviour, vagrancy and general city presentation have all improved. This is due to the development and implementation of the award winning Central City Safety Plan and the recent resurgence of property investment within the CBD.

In October 2015 HCBA conducted the second annual Members' survey to gauge the level of safety felt in the CBD by both tenants and staff. In general there was a very positive response to the impact of the Central City Safety Plan. Members noted considerable reduction in both anti-social behaviour as well as a significant reduction in loitering.

<u>Youth</u>

There have been some positive outcomes through HCBA liaising with a number of youth-oriented organisations over the past 12 months.

- Catering students from NZMA, a private training establishment in Ward Street, prepare menus and produce canapes for our monthly BA5 events. This has seen over 12 students offered full or part-time employment from our members.

- Wintec students have been involved with HCBA in several different projects over the last 12 months. Projects include landscaping designs for the Embassy Park redevelopment. Carpentry students who have built out door street furniture also for Embassy Park. Finally, design students who conducted a project around "What does Hamilton mean to you" which included options for an App development and positive Hamilton CBD promotional ideas.

- HCBA are also delighted to be part of the newly created Advisory Group for Zeal. HCBA assisted Zeal in applying for funding for youth development workers. This project will see trained youth workers on our streets on Friday and Saturday evenings.

<u>Collaboration</u>

HCBA are committed to collaborating with other stakeholders within the CBD as we all have the best interests of the City at heart. We are members of the Property Council and we have proactively had meetings with both the Property Council and

Chamber of Commerce on ways to work together in the best interests of all of our members.

The HCBA Executive Committee is happy to explore the options and ideas that the Property Council develop for a CBD Board. We have actively encouraged the Property Council members to become more involved with HCBA by not only attending monthly BA5 events but also consideration of coming onto the Executive Committee at our AGM in October 2016.

Advocacy

HCBA recognises and appreciates the key partnership it has with Hamilton City Council and other organisations in seeking to create a vibrant and thriving central city.

In the past year HCBA has added value to members by providing a 'voice' for them to be heard in the business, political and public environment, including writing submissions on key policies and issues, including completing a detailed submission and campaign to try to keep IRD workers in the CBD.

HCBA members and focus groups have been actively involved in the development of the River Plan and the Central City Transformation Plan. In addition, HCBA have identified some key projects from those plans that we would like to partner with, and or lead, and these have been included in our three year strategic plan.

Events

HCBA are proudly involved in a number of events in an effort to attract more people to central Hamilton there by improving the business opportunities for HCBA members.

Events we have sponsored in the last 12 months include BOW "Hamilton City Burn" which saw in excess of 5,000 people in Garden Place and the Hamilton Christmas Charitable trust which had over 2,000 people visit the Christmas tree in Garden Place and approx 25,000 people attend the parade.

We also host our own event to celebrate success in the Hamilton CBD each year. The 5th Annual Hamilton Central Business Awards were held on 23rd July 2015. Over 75 businesses participated in what was a joint people's choice and mystery shopping voting system. 250 people attended the gala prize giving event held at SKYCITY and our MC for the evening was TV3's Hamish McKay. The overall business of the year winner was The Design Depot.

HCBA ran 12 Business After Five (BA5) events throughout the year. These were hosted by members and are booked out 12 months in advance. The purpose is to showcase the host business to other members, networking and also the chance to discuss any pressing issues or share key information that affects members.

Average numbers attending these events are around 75 and over the last 12 months we had over 741 people attend our BA5 events.

Promoting HCBA and Members' Businesses

HCBA has had an increased profile on social media in FY16 with the Facebook portal exceeding 20,000 likes. It is a valuable tool for promoting key offerings from our members, running central city competitions and promoting city events.

We launched our new website with much acclaim in March 2016.This unique and innovative site is New Zealand's first online market place.

The new site allows members to include not only a directory listing but highlight products and services, add an online shopping portal, load daily deals and is accessible on all devices. Since the launch we have had an increase of over 400 businesses listings on our directory.

General

In April this year, General Manager Sandy Turner resigned after almost 5 years in the role. Sandy has done a fantastic job building the trust and confidence of Members and working hard to positively promote the Hamilton CBD. She will finish with the Association in October. We have begun the recruitment process for a new General Manager and look forward to making an announcement of her successor in September 2016.

Due to a change in employment, the previous Chairperson Greg Wills resigned in February 2016. I have been acting Chairperson since March 2016. We will seek to appoint a permanent Chairperson at the AGM in October and will also be calling for more Executive Committee members.

3.0 Priorities for the Future

CCTP Garden Place

HCBA are focused on leading a cross-organisational project and raising funding to improve Garden Place. In line with the CCTP we would like to create a public space that meets the needs of all stakeholders. A place that reduces safety concerns, attracts both visitors, investment and tenants, and a space that people are attracted to and can be proud of.

Improve the CBD Experience

As parking is one of the main issues consistently raised by our members, HCBA are focused on a campaign that will improve the CBD experience by ensuring that shoppers and visitors understand and utilise the new parking technology which will be rolled out over the city later in 2016.

We also want to ensure that information regarding free parking and alternative transport options are well promoted and understood.

Improve Public Perceptions

HCBA are committed to changing the public perceptions about the CBD. Working with cross agency stakeholders we want to ensure that correct and relevant data is available to attract visitors and investors in to the CBD. This includes working with HCC and CBRE for a solution to our lack of data around pedestrian counts.

We are also researching successful ambassador programmes that have worked in other cities. We will then engage with the providers to provide workshops and training within the CBD.

We will conduct another City Safety survey in October 2016 using the same questions to measure the success of the Central City Safety Plan. These regular surveys will also allow us to identify issues and measure trends, both positive and negative.

Strategic Alliances

HCBA will maintain strategic alliances with a number of influential business groups around the city. We are members of organisations such as the Waikato Chamber of Commerce and the NZ Property Council (Waikato Branch). We also have close association with groups such as the Embassy Park working group, NZ Retail Merchants Association, First Retail, Hamilton Waikato Tourism, the Claudelands/Theatres Unit of HCC, Mystery Creek Fieldays, Centre Place Management, BOW City Burn, Hamilton Christmas Trust, Alcohol Accord Group and Wintec.

We believe by being either active members or close associates of these organisations we are better able to achieve our goals and the shared aspirations we have for a vibrant and thriving city centre.

Overall, the twelve months ending 30 June 2016 has been another productive year for Hamilton Central Business Association, with growth achieved in the CBD. We are entering a year of change with a new General Manager and a new Executive Committee from October who will be tasked with meeting the requirements of the new BID policy and representing Members interests to continue to contribute to a growing and vibrant city centre.

Michelle Baillie, Acting Chairperson
Hamilton Central Business Association

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Committee: Business and Investment Subcommittee **Date:** 02 September 2016

Report Name: Hotel Demand in Hamilton City **Author:** Kelvyn Eglinton

Report Status	*Open*
Strategy, Policy or Plan context	*Hamilton Plan* *Economic Development Agenda* *Central City Transformation Plan(CCTP)*
Financial status	*There is budget allocated* *Amount $20,000*
Assessment of significance	*Having regard to the decision making provisions in the LGA 2002 and Council's Significance Policy, a decision in accordance with the recommendations is/is not considered to have a high degree of significance*

1. Purpose of the Report

2. At the Business and Investment Subcommittee meeting of 29 June 2016, it was resolved that the General Manager City Growth, engage the Stafford Group to prepare a demand assessment on hotel demand in Hamilton City, which is to include current and future hotel demand and supply conditions.

3. Executive Summary

4. The hotel demand assessment (attachment 1) will be presented by Albert Stafford of the Stafford Group to the Business and Investment sub-committee.

5. The demand assessment report outlines situational analysis, market demand, site analysis and a recommended model with supporting documentation for consideration.

6. This demand assessment would be utilized to confirm the business case and inform the development of a proposal for specific sites which Hamilton City Council would promote to potential investors and developers.

Recommendation from Management

That the report be received.

Item 6

7. Attachments

8. Attachment 1 - Hamilton Hotel Demand Assessment

9. Background

10. Marketing attempts for a number of key strategic sites owned by Hamilton City Council (Sonning Car park, Land Behind the Arts Post, Brooklyn Road site and Victoria on the River) to attract various developments, including hotels, have been attempted since 2011.

11. Whilst there have been a number of proposals put forward by various developers, the successful conclusion of any development on these sites has not been achieved.

12. With the strong increase of international tourism and the growth of the business market into Hamilton, the hotel demand assessment was commissioned so a robust business case linked to specific strategic sites could be developed.

13. The demand assessment will be able to match the best business case for a hotel to a specific site and identify the most suitable star rating to meet that demand.

14. This demand assessment would be utilized to confirm the business case and inform the development of a proposal for specific sites which HCC would promote to potential investors and developers.

15. Financial and Resourcing Implications

16. Proposals and business cases emanating from the demand assessment would be achieved within normal operating budgets and staff resourcing.

17. Risk

18. Nil

Signatory

Authoriser	Kelvyn Eglinton, General Manager City Growth

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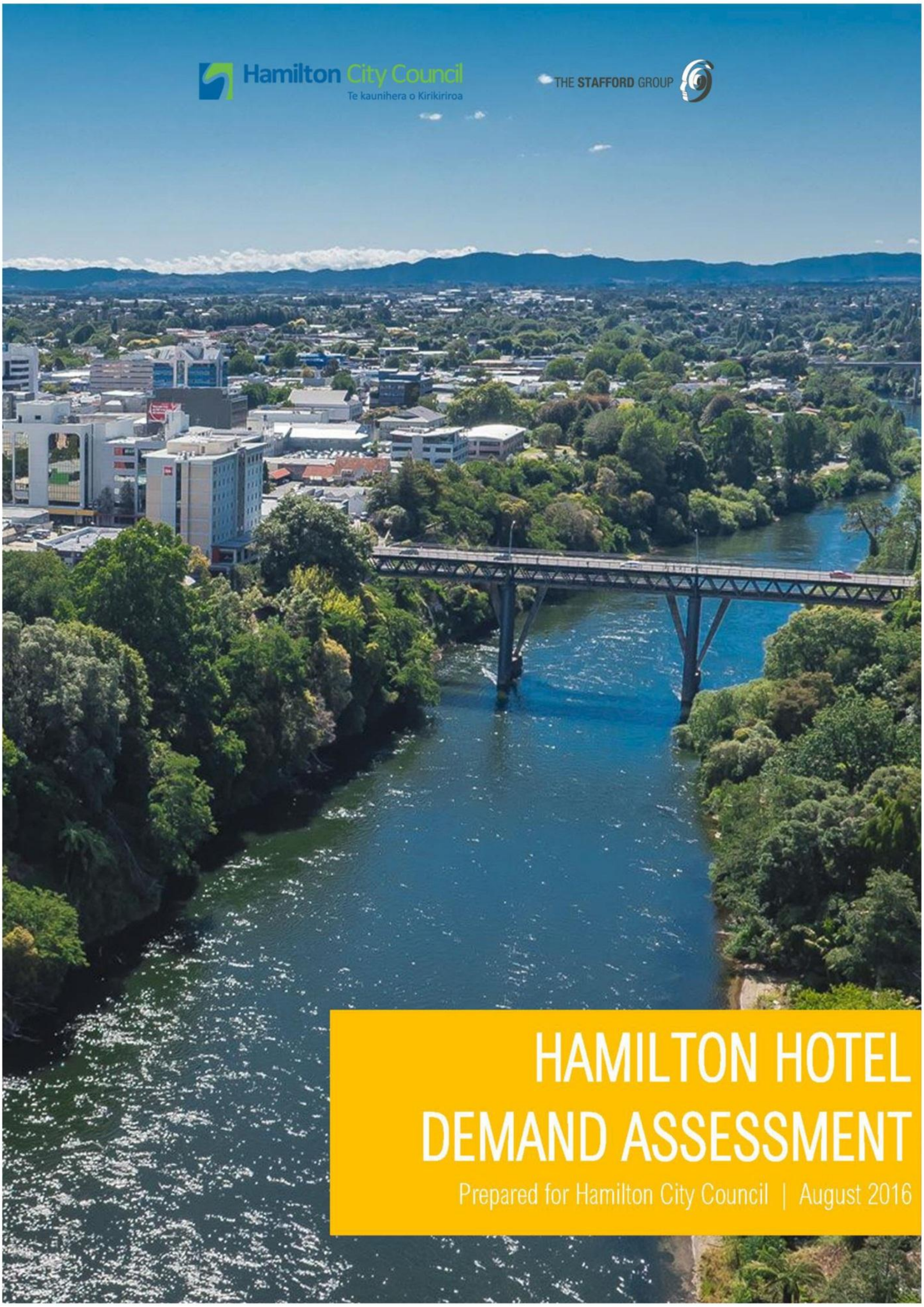
Attachment 1



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DOCUMENT CONTROL

This report has been prepared by The Stafford Group for Hamilton City Council.

No.	Issue	Version	Last Updated	Author
1	Draft Issue	V 1.0.1	024/08/16	AS / JP
2	Draft Final Issue	V 1.0.2	24/08/16	AS / JP

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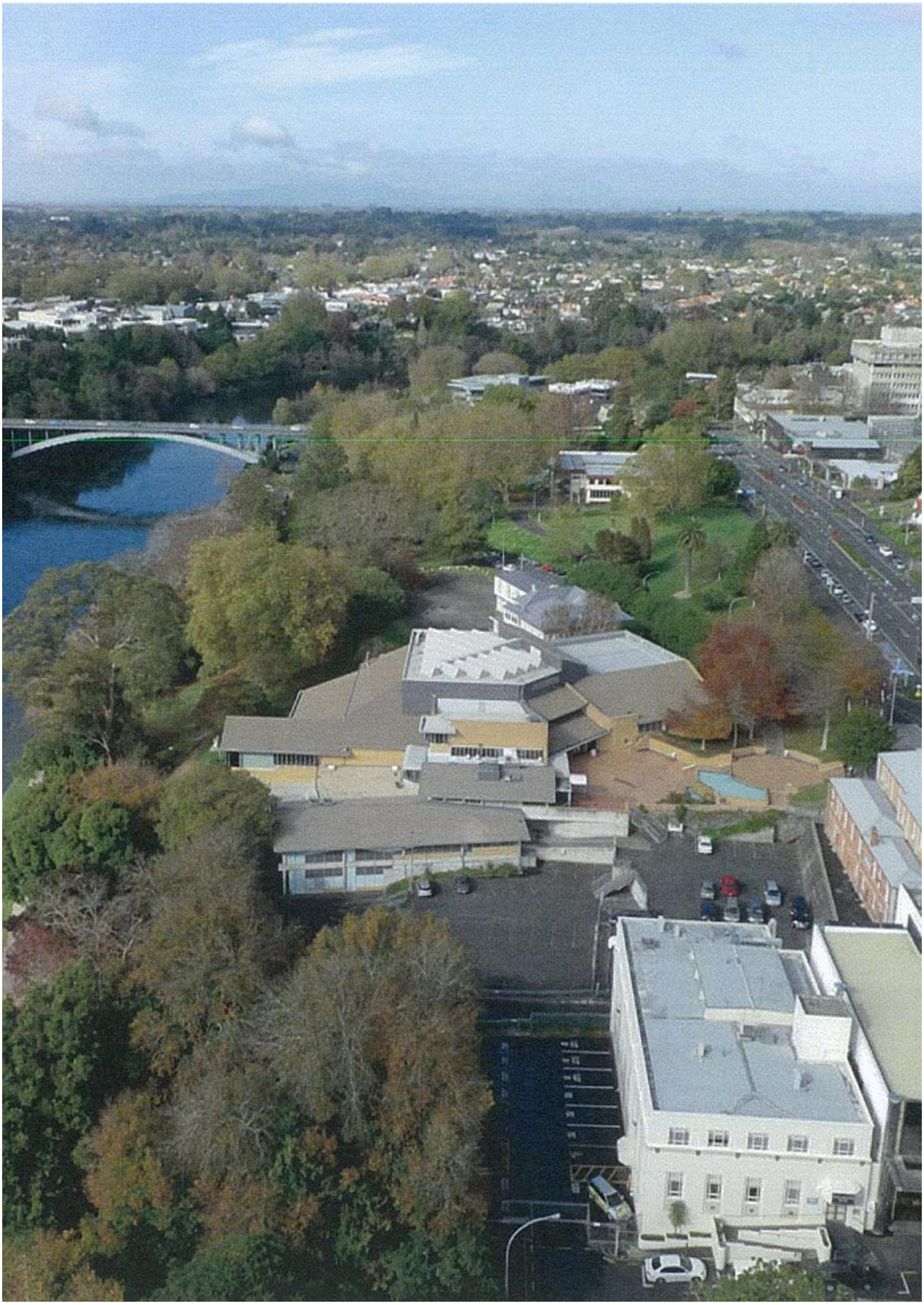
FIGURES & TABLES



1. EXECUTIVE SUMMARY

The Stafford Group was commissioned by Hamilton City Council to complete a Hotel Business Demand Assessment (the Assessment) for Hamilton (the City). The Assessment is being undertaken to assess the level of hotel demand and develop a business proposition for a potential 4-star plus hotel within the City. The Assessment was requested to determine the best pathway for securing potential investors as well as the best site for a 4-star development. The sites being assessed are those owned or controlled by Council with one exception.

1.1. Key Findings

The following points reflect the key findings from the research, analysis and consultation undertaken.

- Based on the Commercial Accommodation Monitor (CAM), Hamilton received just under 674k commercial guest nights in 2015. The majority of these guest nights (75%) were domestic guest nights, followed by international guest nights (25%).
- There is an additional 2.4m guest nights in Hamilton which are spent in private accommodation (staying with family/friends or in private accommodation). 78% of guest nights are, therefore, private guest nights, with the remaining 22% being commercial guest nights. There is unfortunately no annual breakdown in the CAM to determine what the annual split is between commercial and private guest nights.
- The average length of stay for those staying in commercial accommodation in Hamilton City ranges from 1.8 – 2 nights.
- A comparative assessment of Hamilton, Rotorua and Tauranga (to reflect major regional cities) indicated that:
  - Rotorua has the highest number of commercial guest nights at 2.02m in 2015, followed by Tauranga (861k guest nights) and Hamilton (674k);
  - whilst Hamilton has the lowest number of guest nights out of the three TLAs assessed, it achieved the highest level of growth, increasing by 19% (108k guest nights), followed by Rotorua (18%) and Tauranga (7%); and
  - The available room stock in hotels and motels in Hamilton is also smaller than Rotorua and Tauranga. Based on the 2015 Commercial Accommodation Monitor, Rotorua has approximately 122 commercial accommodation providers, with 6,712 rooms[1]; Tauranga has an estimated 69 commercial accommodation providers, with 3,066 rooms[2]; and Hamilton has an estimated 55 commercial accommodation providers, with 1,947 rooms[3].
- Based on an extensive desktop research exercise (completed in July, 2016), Hamilton has 10 hotels and serviced apartments and 47 motels/backpackers/guest houses, offering 1,750 rooms. This differs slightly from the CAM results which are based on a survey of those properties who respond.
- Hamilton's largest hotel property is the Novotel, which has 177 rooms.
- The vast majority of accommodation in Hamilton appears to be at 3-3.5 star quality rating or lower, with an under representation in the 4-star plus category.
- A number of properties utilise an unofficial self-rating assessment which, at times, is higher than what would be given if an official rating had been applied.
- The introduction of new, higher quality accommodation is seen as desirable for a number of reasons, including setting a higher quality benchmark for room stock and having appeal to a number of higher spending visitor markets.

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[1] Based on Dec 2015 YE, Accommodation Survey, May 2016 release, Statistics New Zealand
[2] Based on Dec 2015 YE, Accommodation Survey, May 2016 release, Statistics New Zealand
[3] Based on Dec 2015 YE, Accommodation Survey, May 2016 release, Statistics New Zealand

- Whilst mid-range hotel and serviced apartment facilities currently fill an important niche in the market, every effort should be undertaken to support new higher quality hotel and serviced apartment facilities which can help grow higher yielding visitor markets than those which are visiting currently.
- During periods of peak visitation (such as major events, conventions etc.), there are currently inadequate overnight accommodation facilities. This is particularly the case during various conferences throughout the year (with 1,000 plus delegates), major exhibitions and international sporting fixtures where room demand exceeds supply.
- The location of Hamilton to Auckland and as a gateway to the Waikato region make it a particularly compelling location for an accommodation precinct to support a wider region as well.
- Hamilton is increasingly becoming a first and last night overnight stay for international tour groups in particular as a result of availability and rate pressure in Auckland and proximity to major visitor attractions such as Hamilton Gardens, Waitomo and the Hobbiton.

1.2. Demand for an Additional 4-Star Property

Based on the detailed product audit undertaken on accommodation within Hamilton, it is clear that there is a gap in the market for 4-star plus accommodation. Hamilton currently has limited 4-star room stock, which provides 10% of Hamilton's total commercial accommodation room stock (including hotels, serviced apartments motels etc.) and caters for an estimated 9% of total commercial accommodation guest nights in the Hamilton region.

Once the existing 4-star plus room stock achieves an annual occupancy level of 85% (the equivalent of 54,914 bookings or 71,389 guest nights), we consider this should trigger[4] the need for another 4-star plus hotel to be added to Hamilton's room inventory. Ideally, this should be a 4-star plus internationally branded property.

To estimate when the available 4-star plus room stock may reach this level of capacity, The Group has created three commercial guest night growth scenarios for Hamilton, being low, medium and high guest night growth scenarios and applied an estimate of the 4-star plus room stock market share (starting at what is estimated currently – 9%). Under a medium growth visitation scenario to Hamilton, the need for additional 4-star plus room stock would be needed from 2020. Under the high visitor growth scenario, the need for additional 4-star plus room stock occurs by 2019.

The implication of both the medium and high visitor growth scenarios is that the need for a new 4-star plus hotel will likely be required by 2019 at the earliest. As it generally takes at least 1.5 years to secure a site, complete relevant design and related studies and to secure council development approval, planning for a new 4-star plus hotel should commence shortly. This would assume that construction could potentially commence in 2018, with a soft opening in the latter part of 2019 (an 18-month build and construction program). All of this is, of course, subject to site constraints and other related considerations such as financing and securing an internationally branded operator and related negotiations.

The focus for Hamilton, therefore, should be on trying to actively encourage a higher quality hotel (and/or mixed serviced apartment/hotel) and to avoid a scenario where additional room stock merely offers a basic mid-range quality, which is already well provided for.

Importantly, from an investor and developer perspective, the yield of 4-star plus facilities (as noted above) requires a higher return on investment and, therefore, is seen as more challenging. Partly, for this reason, there is a need to look at ways to actively

[4] An occupancy level of 85% is applied as this reflects much higher occupancy during peak and shoulder periods, whilst recognising there is a low season.

encourage investors and developers to seriously consider Hamilton as a location for additional high quality commercial accommodation.

The greatest “leverage” factor is seen as the supply of land and the ability to offer attractive rates for leasing land in order to achieve levels of return to support 4-star plus investment. The risk is that without applying financial mechanisms to help investors reach required threshold levels of return to support their investment, more mid-range accommodation will be constructed and the ability to attract a number of new and higher yielding niche markets could be lost.

1.3. Site Assessment Findings

A number of commercial accommodation sites were assessed, including: Claudelands Precinct site (Brooklyn Road site); Sonning Car Park site; Land Behind ArtsPost site; and the Hamilton Hotel site.

The first three sites are owned by Council, whilst the Hamilton Hotel site is privately owned.

Whilst some sites are closer to the Claudelands precinct, we consider it preferable from a tourism planning and development perspective, to attempt to cluster accommodation closer to the Hamilton CBD (and adjacent to the Ferrybank Precinct) as well as Hamilton’s Cultural Precinct. This makes them closer to existing attractions and amenities which are important to leverage off.

Figure 1: The Potential Development Sites

1.4. The Priority Sites

Based on the site assessment, the following two sites have been identified as priority development sites for consideration. The two sites are:

- the land behind the ArtsPost (ideally, incorporating the ArtsPost building); and
- the Hamilton Hotel site, which is very close to the ArtsPost site on Victoria Street.

All sites have been assessed based on the potential to develop a higher quality (4-star plus) hotel or serviced apartment complex. It is important to note this distinction because hotel sites in other locations would be able to cater to 3 - 3.5 star quality new hotel development options instead. However, as has been shown in this hotel demand assessment report, Hamilton is already well catered for by commercial property in the mid-range (3-3.5 star) category but is lagging in true 4-star plus room stock.

The land behind the ArtsPost, however, would probably need to include the ArtsPost site as well (integrated into any development) and the land fronting Victoria Street, which is a prime entry point. This would allow a sufficient size of ground level footprint for a 160 room-based hotel to be developed. It would also necessitate, however, a likely height up to eight floors to achieve the room density required. By comparison, the ground footprint for the Hamilton Hotel site is significantly larger and is more likely to be able to cater for a hotel of this scale over 4-5 floors.

All of this, of course, is subject to more detailed site analysis and determination of the site-specific layout constraints which will need to be considered. Both sites, however, offer a number of very compelling reasons why they should house 4-star plus new room inventory.

1.5. Tilting the Playing Field

The Group has undertaken confidential discussions with a variety of hotel and serviced apartment operators and investors, both nationally as well as internationally. As a result, important points have been identified to help stimulate new commercial accommodation investment. These include the following.

- A preference for Council land, where it is available, and where it is possible to offer this on a longer-term lease hold basis or freehold sale.
- For Council to identify higher priority sites where it is willing to actively assist short-term commercial accommodation to be developed rather than suggesting numerous sites which may or may not be zoned appropriately and which do not yet indicate priority locations.
- It is expected that all utilities (electricity, sewer, water etc.) will be brought to the edge of the site, if not already available.
- There is a preference for sites nearby visitor attractions, conference centres and other drawcards to be established in advance, or at the same time, which a hotel could leverage off to support viability.
- Having sites specifically zoned for tourism (and commercial accommodation of a specific scale) is a requirement, rather than having to wait for any rezoning to occur.

Separate discussions with representatives of major investment groups and hotel operators offshore indicate:

- a preference to look at sites which will enable a number of different mixed use commercial elements to be included (e.g. hotel, other forms of commercial development, conference centre, major visitor experience) so the overall investment package may be much larger, but which can offer multiple revenue streams and visitation drivers;

- a strong preference, particularly by Asian investors, for government involvement which gives greater comfort. These investors tend to be far more interested in projects where Council is a land owner and, therefore, is seen as a potential passive partner;
- a strong desire to look at the long-term benefits which investment can generate;
- a desire to include sufficiently strong commercial mixed use development options to offer attractive returns on investment noting some development components are slower than others to achieve desired returns; and
- a desire to seek some form of ground lease relief in the first few years whilst a major 4 - 4.5 star hotel, in particular, becomes operational and is able to grow both its occupancy levels and average achieved room rates.

The fundamental difference between the feedback received onshore and offshore is the likely quantum of investment and scale of development. Offshore investment could be significantly greater than onshore interests in short-term commercial accommodation unless the commercial accommodation developer/investor onshore is able to syndicate their proposal with other forms of development to attract other investors.

The other difference is the desire for longer ground lease rent holidays by onshore developers to enable the returns generated to be made sufficiently attractive to entice higher quality hotel and serviced apartment investors and developers.

The vexed question, which we have carefully assessed, is whether it is possible to create the activation of higher quality commercial accommodation without tilting the playing field. Industry feedback (onshore and offshore) indicates different forms of enhancement/inducements are required to actively encourage short-term commercial accommodation.

Council needs to consider the implications of this within a competitive context as investors and developers seek out potential alternative sites in New Zealand (and offshore) where possible inducements or incentives are likely to be offered and which will be seen as tilting the playing field. Currently, most interest by major hotel owners and operators is focused on Tier 1 locations such as Auckland, Wellington, Christchurch and Queenstown. We note that Hamilton is the leading Tier 2 location.

1.6. Hamilton’s Strategic Advantage

Hotel investors are constantly looking for certainty and speed to market suitable sites. The wording in council planning instruments (District Planning) are crucial for indicating whether a council is likely to be supportive of a development application or not. The current zoning of the priority sites identified in this study notes that tourism development is often a permitted use which is highly desirable.

Other factors that Council need to consider to help create a strategic advantage for encouraging a 4-star plus hotel in the next 3 years include:

- offering a dedicated precinct for tourism will help indicate to the investment community that Hamilton is serious about securing more commercial accommodation and that it recognises the value in linking different tourism facilities and amenities together where possible (this could include sporting or cultural-based facilities, restaurant/bar/café hub and other attractions);
- the ability to cluster activities (in the CBD, linked to a new performing arts space, Ferrybank river precinct etc.) should be seen as a distinct advantage;
- finding ways to reduce the risk for short-term accommodation investors is a key requirement which requires the search for mechanisms that will offer acceptable returns on investment which will motivate investors; and
- identifying sites which can easily leverage off other facilities such as performing and visual arts centres, sports stadiums public transport nodes etc.

With the level of development and capital investment risk seen to be higher for 4-star plus hotel or serviced apartment facilities, there is a need to find ways to "tilt the playing field" to help mitigate the level of risk.

Importantly, Council needs to be mindful that the creation of a new 4-star plus internationally branded hotel and/or serviced apartment complex will add much more than additional room inventory to Hamilton City. These higher-end properties often have a unique ability to act as significant draw cards on their own, appealing to a wide range of visitor markets who might otherwise not stay in Hamilton. Their brand value and impact can be significant and they offer an additional important corporate brand to the suite of existing brands in Hamilton and across a range of industry sectors.

In summary, the interest of hotel investors and developers will be predicated on:

- Council offering a preferred site zoned appropriately for short term commercial accommodation development;
- Council promoting its priority site it would like to see developed for commercial accommodation development first and the specific types and quality of development preferred;
- Council showing its ability to tilt the playing field to help higher quality accommodation investors achieve the level of investment return required through managing ground lease options and offering mechanisms to help address short term development risk especially.
- Encouraging other forms of visitor attractions and facilities (such as proposed for Ferrybank and potentially a new major performing arts centre) to establish or on a parallel basis to offer growing visitor markets to leverage off; and
- Council offering to help fast track appropriate development to avoid undue delays and associated holding costs.

1.7. Summary

In summary, Hamilton is in a very fortuitous position being geographically the epi-centre of a tourism triangle, linking Auckland with Waitomo Caves and the Hobbiton. New visitor attractions proposed for Hamilton will strengthen its desirability as a destination, both in its own right, and to support a wider regional catchment.

The Waikato generally has a lack of higher quality branded commercial accommodation properties which can driver higher yielding domestic and international visitor markets. Hamilton itself is well-catered for in mid-range commercial accommodation.

The noticeable gap, as identified through the guest night analysis and forecasting, along with anecdotal industry stakeholder feedback is for 4-star plus quality commercial accommodation. Our analysis clearly illustrates that, assuming there will be ongoing visitor growth to Hamilton, the demand for new 4-star plus room stock is likely to be generated by 2019 – 2020.

This assumes that new room stock would not occur until a threshold level of demand was generated, as per the modelling we have provided. However, it is equally as important to note that new 4-star plus hotel room stock (which is internationally branded) will also create its own market momentum to drive stronger visitation from a number of higher spending niche markets currently under-represented in Hamilton.

There are, therefore, both supply and demand driven reasons why a new 4-star plus hotel (or mixed hotel and serviced apartment complex) should be actively pursued.

Finally, to help manage the risk and to stimulate stronger developer/investor interest for a true 4-star plus hotel, consideration will need to be given to making the business proposition more financially compelling to interested parties. Offering a preferred site, which Council can actively support, through various mechanisms, will help make the offering far more compelling and will stimulate the right type of higher quality internationally branded commercial accommodation property which is currently under-represented in Hamilton.

Hamilton Hotel Demand Assessment 8

2. INTRODUCTION

2.1. Overview

The Stafford Group was commissioned by Hamilton City Council to complete a Hotel Business Demand Assessment (the Assessment) for Hamilton. The Assessment is being undertaken to determine the level of hotel demand and develop a business proposition for a 4-star hotel within the City. The Assessment needs to determine the best pathway for securing potential investors as well as the best site for a 4-star development. The sites being assessed are those owned or controlled by Council with one exception.

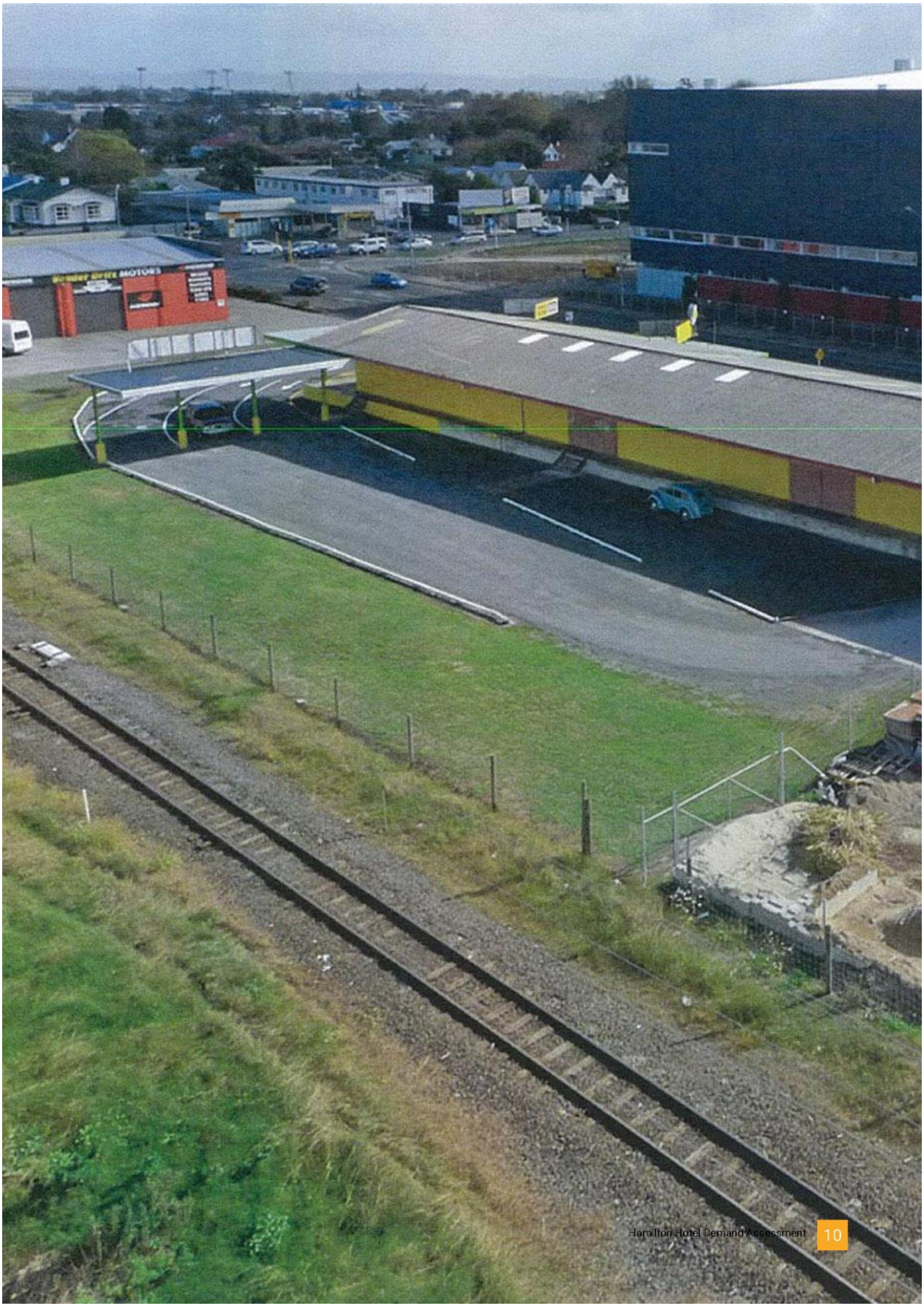
The purpose of the Assessment is to:

- complete a stocktake of current hotels in Hamilton, including their quality (star) rating, the facilities and amenities they offer, the size and scale (rooms and bed numbers) and estimated occupancy levels and achieved room rates;
- provide a forecast of supply and demand for hotel accommodation specifically and any gap in the market;
- undertake a top line business assessment for specific CBD locations owned or controlled by Council, including the Sonning Carpark site, which is across the river from the Hamilton CBD, the land behind ArtsPost and within the Claudelands Precinct;
- determine the size and potential scale of a new hotel to meet current and future market demand;
- identify likely investment requirements to attract an international brand and associated investors; and
- determine potential yield and uptake.

2.2. Methodology

The process to complete this Assessment has involved the following:

- initial liaison with Council to refine the methodology as well as to gather background information;
- an ongoing literature review to build a context for the assessment and to fully understand other Council strategies which may have been developed of relevance to this assessment;
- a detailed accommodation audit assessment of all accommodation within Hamilton as well as the districts of Waipa and Waikato, to reflect the surrounding catchment;
- a site assessment, including site visits to each site and the development of a site ranking matrix to determine the preferred site;
- identification of the site and scale a new hotel could be in order to meet potential demand;
- assessment of likely investment requirements for the hotel development as well as potential yield and uptake;
- preparation of a draft Hamilton Hotel Business Demand Assessment Report; and
- finalisation of the Hamilton Hotel Business Demand Assessment Report after feedback from the B&I Sub Committee of Council and Council personnel.


Hamilton Hotel Demand Assessment
10

3. SITUATION ANALYSIS

3.1. About Hamilton

Hamilton covers approximately 110 square kilometres and is situated on the banks of the Waikato River. The City's population is estimated at 156,800 residents (June 2015 estimate)[5], making it New Zealand's fourth largest city, after Auckland, Christchurch and Wellington. The TLA is home to 3.4% of New Zealand's population and is the second fastest growing population centre, after Auckland. Based on the 2013 Census, almost 70% of Hamilton's population are European, 21% Māori, 14% Asian, 5% Pacific Peoples and 2% Middle Eastern, Latin American and African.[6]

Being home to the University of Waikato and the Waikato Institute of Technology (Wintec), education and research form important aspects of the City. Research focused on innovation in the agricultural sector has been a particular strength of facilities such as the Ruakura Research Centre.

Hamilton's primary economic sector is the dairy industry, primarily due to its location in the centre of the Waikato region, New Zealand's largest dairying area. Manufacturing and retail are also important to the City's economy as well as the provision of health services via the Waikato Hospital.

Hamilton is home to New Zealand's largest aircraft manufacturer, Pacific Aerospace and Micro Aviation NZ which manufactures and exports high-quality microlight aircraft. It also has its largest concentration of trailer-boat manufacturers such as Buccaneer. The New Zealand base of the British flight training organisation CTC Aviation is also located in Hamilton and trains over 350 airline pilots a year at its crew training centre at Hamilton Airport.

The Gallagher Group Ltd, a manufacturer and exporter of electric fencing and security systems, also resides in Hamilton and employs an estimated 600 people.

One of the largest property developers in Hamilton is Tainui Group Holdings Ltd, the commercial arm of Waikato-Tainui tribe (who are one of the city's largest landowners). Waikato-Tainui is the owner of the Novotel Tainui and the Ibis Hotel. Waikato-Tainui owns land at The Base, Centre Place, The Warehouse Central, University of Waikato, Wintec, the Courthouse, Fairfield College, and the Ruakura AgResearch centre.

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[5] Subnational Population Estimates: At 30 June 2015 (provisional) - Statistics New Zealand. 22 October 2015.
[6] 2013 Census QuickStats about a place: Hamilton City

3.2. Economic Impact of Tourism[7]

Tourism's contribution to Hamilton's economy has remained relatively stable over the past 10 years, averaging 4.5% of total GDP. Whilst tourism is not considered one of Hamilton's primary economic sectors by GDP[8] (it ranks 10th), it does contribute an estimated $320m to the economy and accounts for 8.2% of total employment within Hamilton (higher than the NZ average of 7.3%) and ranks as the 6th largest employment sector.

Whilst domestic tourism spend in Hamilton has declined marginally over the past five years, falling from $509m to $508m, international visitor spend has grown by 22%, from $80.8m in 2011 to $98.7m in 2015.

The majority of domestic spend in Hamilton originates from Waikato residents, comprising 36% ($183m) of total domestic spend, followed by Auckland residents (21% of total domestic spend), Bay of Plenty (13%), Canterbury (9%) and Wellington (7%).[9]

For international visitation, the greatest level of spend stems from Australian visitors, representing 33% ($32.4m) of total international spend in Hamilton. This is followed by visitors from the UK (comprising 13% of spend), China (11% of spend) and the USA (just under 9% of spend). [10]

3.3. Events

Hamilton is home to a range of event venues, including Claudelands Arena, Claudelands Conference and Exhibition Centre, FMG Stadium Waikato, Seddon Park, Mystery Creek, University of Waikato's Gallagher Academy of Performing Arts and several community theatres.

The breadth and standard of these venues sees Hamilton on par with other major New Zealand centres when it comes to its ability to deliver top quality events, while the city's strategic North Island location means it is within a comfortable driving distance of around a quarter of New Zealand's population – making it an attractive destination for keen event-goers.

Named the country's Supreme Venue of the Year by the Entertainment Venues Association of New Zealand in 2014, Claudelands is a multipurpose facility consisting of a 6,000-capacity arena, four-star conference centre suitable for up to 1200 delegates, and a 10,000 square metres of indoor and outdoor exhibition space, all on one site.

Claudelands hosts an events calendar averaging 330 event days each year. The venue opened in June 2011 and celebrated its millionth visitor in August 2016.

Notable public events held at Claudelands include:

- ice shows Disney On Ice (2014 & 2016) and Ice Age Live (2016)
- comedians Billy Connelly (2014), Eddie Izzard (2014) and 7 Days Live (2015 & 2016),
- musicians Bob Dylan (2014), Kenny Rogers (2014), Slash (2014) and Ricky Martin (2015)

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[7] http://ecoprofile.infometrics.co.nz/Hamilton%2bCity/Tourism/
[8] In terms of GDP (2015), the top five largest sectors in Hamilton include Manufacturing (11.9% of GDP), Health Care and Social Assistance (10.9%), Professional, Scientific and Technical Services (7.3%), Construction (6.8%) and Rental, Hiring and Real Estate Services (6.1%).
[9] Does not total 100% as we have only included those regions where the majority of domestic spend stems from.
[10] Does not total 100% as we have only included those countries where the majority of international spend stems from.

- sports events such as Silver Ferns netball (2012, 2013, 2015, 2016), NZ Breakers basketball (2012, 2013, 2015), Harlem Globetrotters (2015) and boxing events Hydr8 ZERO David vs Goliath (2013) and Fight For Life (2014 & 2015)
- exhibitions such as Armageddon Expo (2012-2014), International Tattoo and Art Expo (2011-2015), The Brick Man Experience (2016) and the annual Waikato Home & Garden Show – the country's second largest home show.

Business events contribute to approximately 80% of Claudelands' annual event days, with over 30,000 delegates attending business events at the venue each year. This sector brings significant benefit to the city - Convention Delegate Survey (CDS) data for the year ending December 2015 reported that domestic delegates attending business events from outside the event region tend to stay an average of 2.9 nights in the event region, spending an estimated $509 per night (up 15 per cent from 2014)[11].

FMG Stadium Waikato is considered one of the country's top rugby stadiums and has a crowd capacity of around 25,000, while the 10,500-capacity Seddon Park is recognised as one of the cricket world's best boutique grounds – together these stadia host a comprehensive schedule of quality sporting events each year including All Blacks tests, Super Rugby matches and international and domestic cricket. These stadia also play a role in major international tournaments including ICC Cricket World Cup 2015, FIFA U-20 World Cup 2015 and the upcoming Rugby League World Cup 2017.

[11] http://www.mbie.govt.nz/info-services/sectors-industries/tourism/tourism-research-data/other-research-and-reports/convention-research-programme/convention-delegate-survey

Located on the outskirts of the city, Mystery Creek is home to a number of significant annual events, most notably the National Agricultural Field-days – the southern hemisphere's biggest agricultural trade exhibition attracting 126,000 attendees across four days.[12]

Other significant events held in Hamilton include:

- Balloons Over Waikato (over 130,000 spectators over five days[13])
- Hamilton Gardens Arts Festival (85,000-100,000 patrons across 10 days[14])
- Equidays
- Soundscape Music Festival
- Festival One
- Waikato Food & Wine Festival
- Hamilton Fringe Festival
- Spark International Festival of Media, Arts and Design
- Gallagher Great Race
- Bridge to Bridge water-skiing event
- Round the Bridges running event
- 5 Bridges River Swim

As noted above, some of these major events held in Hamilton attract strong visitation and are a major market for commercial accommodation providers.

3.4. Business Event Statistics

The Convention Activity Survey highlights some interesting findings with respect to business events held within the Hamilton and Waikato region.[15] These include the following.

- In the past year, Hamilton and the Waikato region hosted 4,321 business events (almost 10% of all NZ business events), which attracted 267k business event delegates (domestic and international).
- The majority of business events held in Hamilton and the Waikato were one-day events (160 events), followed by two-day events (131 events) and those which ran for more than two days (95 events).
- The region hosted 8 business events which had more than 500 patrons and 29 business events with 201 – 500 delegates.
- Based on multi-day conferences, 47% of patrons were locals, 42% were regional, 1% were Australian and 6% were other international visitors. Interestingly, when comparing the Hamilton and Waikato region with other regions throughout NZ, Hamilton and Waikato had the highest proportion of international delegates attending multi-day conferences.
- In terms of international delegate numbers attending multi-day conferences, however, the Hamilton and Waikato region ranks 3rd, with 1,009 international delegates, behind Auckland (2,414 international delegates) and Rotorua (1,133).

[12] http://www.fieldays.co.nz/fieldaysfastfacts
[13] http://balloonsoverwaikato.co.nz/about-b-o-w/
[14] http://www.stuff.co.nz/national/77382391/Hamilton-Gardens-Arts-Festival-a-winner-but-more-funds-needed
[15] Convention Activity Survey Year to March 2016 report May 2016, Ministry of Business, Innovation and Employment

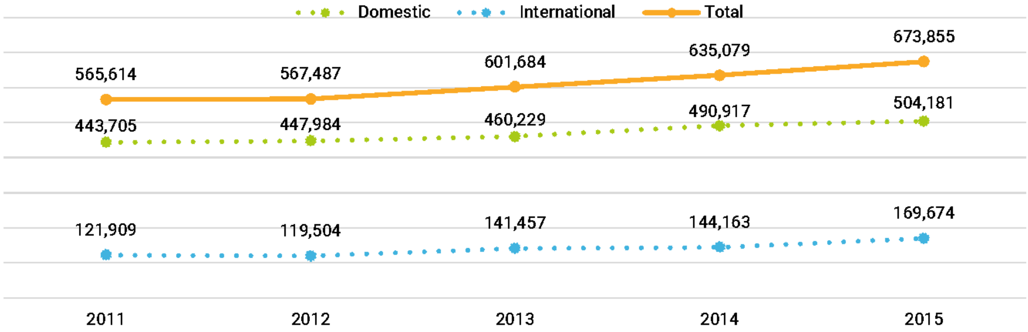
3.5. Commercial Overnight Visitation

3.5.1. Guest Nights

Figure 2 provides a breakdown of commercial accommodation guests nights[16] for Hamilton City.[17] This demonstrates that:

- over the five-year period 2011 – 2015, guest nights have grown by 19% (or an additional 108k guest nights);
- the majority of guest nights are domestic guest nights, averaging 77% over the five-year period;
- the remainder comprise international guest nights which averaged 23%; and
- both international and domestic guest nights have increased, growing by 39% (48k guest nights) and 14% (60k guest nights) respectively.

Figure 2: Commercial Guest Nights – Hamilton City[18]



3.5.2. All Guest Nights (Commercial Accommodation Nights & Private Guest Nights)

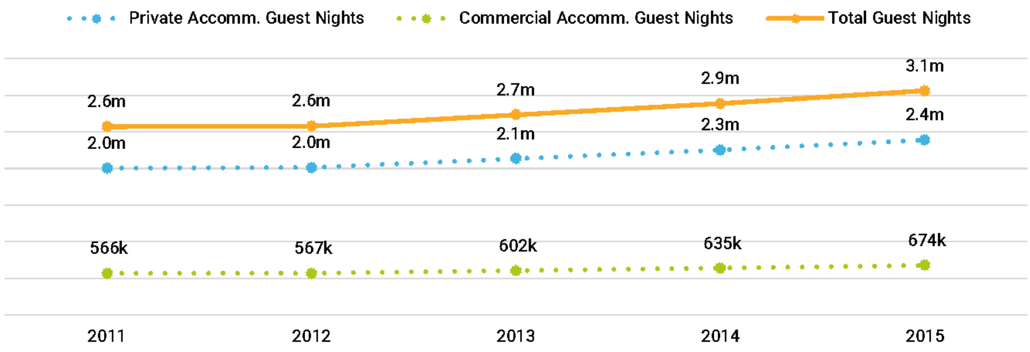
Whilst the above section provides a summary of commercial guest nights, it is important to understand the total number of guests staying within Hamilton – whether it be with family and friends or in private accommodation which is not included within the commercial accommodation monitor.

The Hamilton Waikato Region Tourism Opportunities Plan (June, 2016), estimates that whilst the Waikato region receives 1.3m commercial guest nights (as per the CAM), the region actually receives a further 4.7m private guest nights. This equates to an estimated 22% of guest nights being in commercial accommodation, with the remaining 78% staying with friends, relatives or in private accommodation. Applying this percentage breakdown[19] to the Hamilton data over the period 2011 - 2015, demonstrates that there was an estimated 3.1m guest nights within the Hamilton region in 2015. Of these 3.1m guests, 2.4m stayed in private accommodation, whilst the remaining 674k stayed in commercial accommodation.

[16] Commercial accommodation guests are classified as those who stay in: Hotels (hotels and resorts); Motels (motor inns, apartments, motels); Backpackers/Hostels and Holiday Parks (caravan parks/camping grounds). Hosted accommodation (private hotels, guesthouses, bed and breakfasts and farm stays) has been excluded from the survey since September 2009.
[17] Importantly, whilst data on total guest nights was available at a TLA level, the further breakdown on domestic versus international guest nights was only available at a regional (Waikato) level. To obtain an estimated breakdown of domestic versus international guest nights, The Group has applied the Waikato regional percentage split for each year from 2011 – 2015 to the Hamilton City TLA data.
[18] Accommodation Survey, May 2016 release, Statistics New Zealand
[19] Note, this percentage split (78% private accommodation guests and 22% commercial accommodation guests) has been applied across the data from 2011 – 2015 in the absence of this data for each individual year.

What would be useful to ascertain, via a survey, would be why the 2.4m private accommodation guest nights were undertaken in private and not commercial accommodation. By way of example, reasons could include: preference to stay with family/friends, occupancy issues as well as pricing, quality or lack of available commercial rooms. Determining if some of these overnight visitors would have preferred to stay in commercial accommodation would be useful to ascertain.

Figure 3: Total Guest Nights in Hamilton City

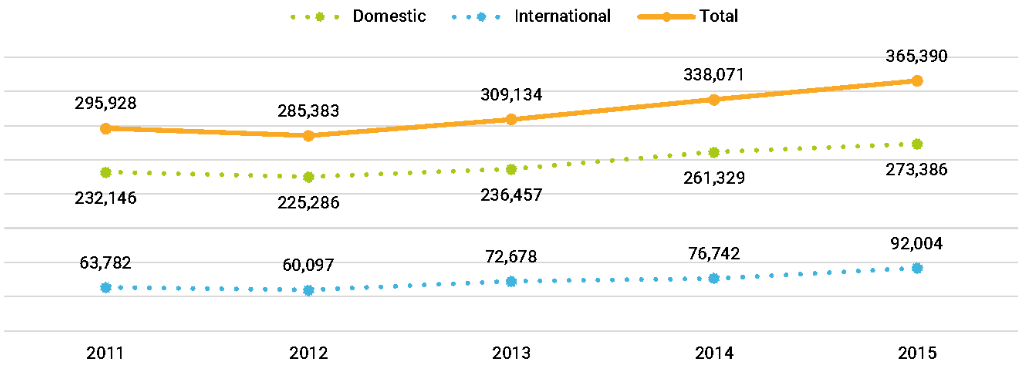


3.5.3. Guest Arrivals (Commercial Accommodation Only)

Figure 4 provides a summary of guest arrivals into Hamilton. Whilst the previous guest nights data demonstrates the total number of nights guests spent in commercial accommodation, the following data demonstrates the number of actual visitors coming and staying within commercial accommodation within Hamilton.

In line with the above visitor nights data, visitor arrivals have also continued to grow over the 2011 – 2015 period, increasing by 23% (or just under 70k arrivals). This growth has occurred across both international and domestic arrivals, increasing by 44% (28k arrivals) and 18% (41k arrivals) respectively.

Figure 4: Guest Arrivals – Hamilton City[20]

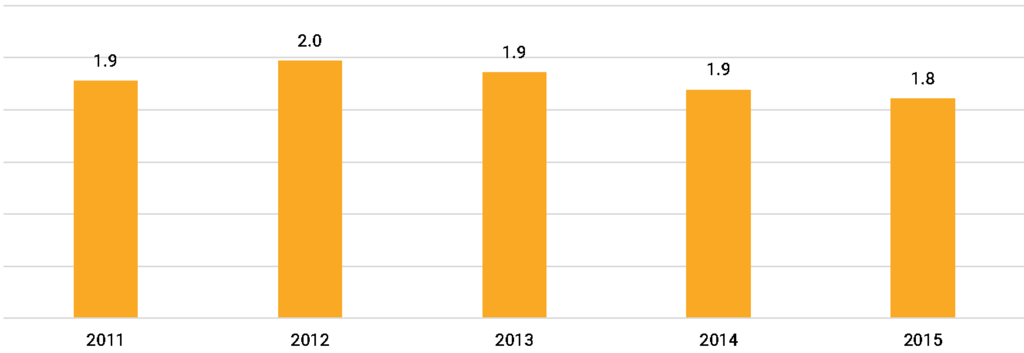


[20] Accommodation Survey, May 2016 release, Statistics New Zealand

3.5.4. Average Length of Stay (Commercial Accommodation Only)

Figure 5 provides a summary of the average length of stay (ALOS) for commercial accommodation guests. Over the five-year period assessed, the ALOS has remained relatively static, ranging from 1.8 – 2 nights.

Figure 5: Average Length of Stay[21]



We suspect that with the extensive improvements to State Highway 1 from Auckland the need to stay longer has reduced based on the ease of getting to and from Hamilton especially.

A further likely reason is thought to include the main purpose of stay, being business rather than leisure.

3.5.5. Comparison with other TLAs (Commercial Accommodation Only)

3.5.5.1. Guest Nights

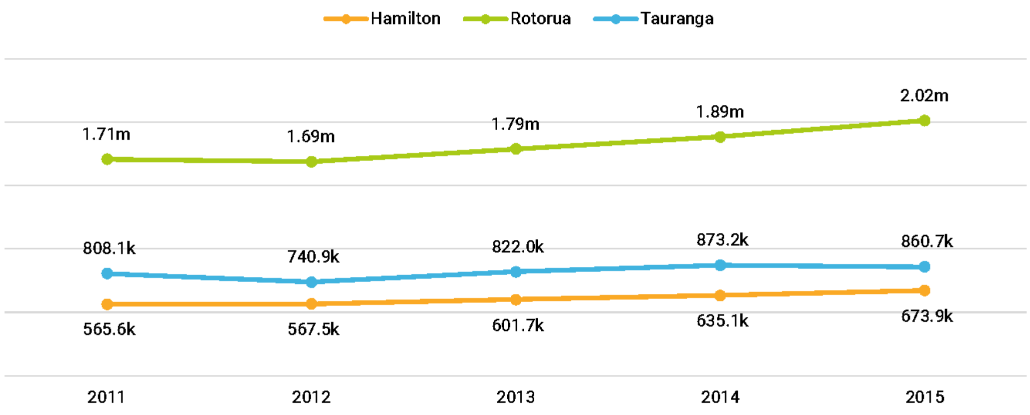
Figure 6 provides a summary of total guest nights to Hamilton, Rotorua and Tauranga TLAs. This demonstrates:

- Rotorua has the highest number of guest nights at 2.02m in 2015, followed by Tauranga (861k guest nights) and Hamilton (674k); and
- whilst Hamilton has the smallest number of guest nights out of the three TLAs assessed, it achieved the highest level of growth, increasing by 19% (108k guest nights), followed by Rotorua (18%) and Tauranga (7%).

Importantly, the available room stock in hotels and motels in Hamilton is also smaller than Rotorua and Tauranga. Rotorua has approximately 122 commercial accommodation providers, with 6,712 rooms[22]; Tauranga has an estimated 69 commercial accommodation providers, with 3,066 rooms[23]; and Hamilton has an estimated 55 commercial accommodation providers, with 1,947 rooms[24].

[21] Accommodation Survey, May 2016 release, Statistics New Zealand
[22] Based on Dec 2015 YE, Accommodation Survey, May 2016 release, Statistics New Zealand
[23] Based on Dec 2015 YE, Accommodation Survey, May 2016 release, Statistics New Zealand
[24] Based on Dec 2015 YE, Accommodation Survey, May 2016 release, Statistics New Zealand

Figure 6: Guest Nights – Hamilton, Rotorua & Tauranga[25]

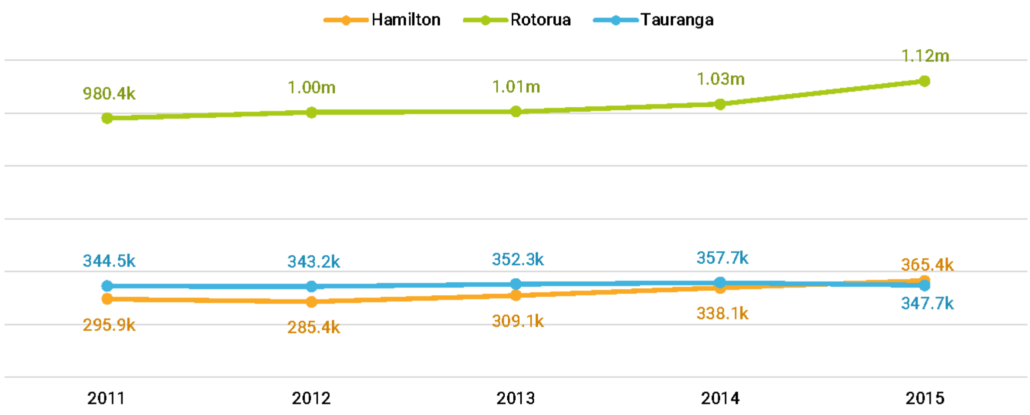


3.5.5.2. *Guest Arrivals*

Figure 7 illustrates commercial guest arrivals to Hamilton City, Rotorua and Tauranga TLAs. Points to note include:

- out of the three TLAs assessed, Rotorua achieves the highest guest arrivals, with an estimated 1.12m guests arriving in the TLA in 2015;
- Tauranga's guest arrivals have remained relatively static over the five-year period assessed, with a low of just under 345k guest arrivals in 2011 and a high of just under 358k in 2014;
- Hamilton's arrivals, on the other hand, have grown by just under 70k arrivals between 2011 and 2015 (total growth of 23%); and
- out of the three TLAs assessed, Tauranga has the highest ALOS, averaging 2.3 nights over the period 2011 – 2015, followed by Hamilton (1.9 nights) and Rotorua (1.8 nights).

Figure 7: Guest Arrivals – Hamilton, Rotorua & Tauranga[26]



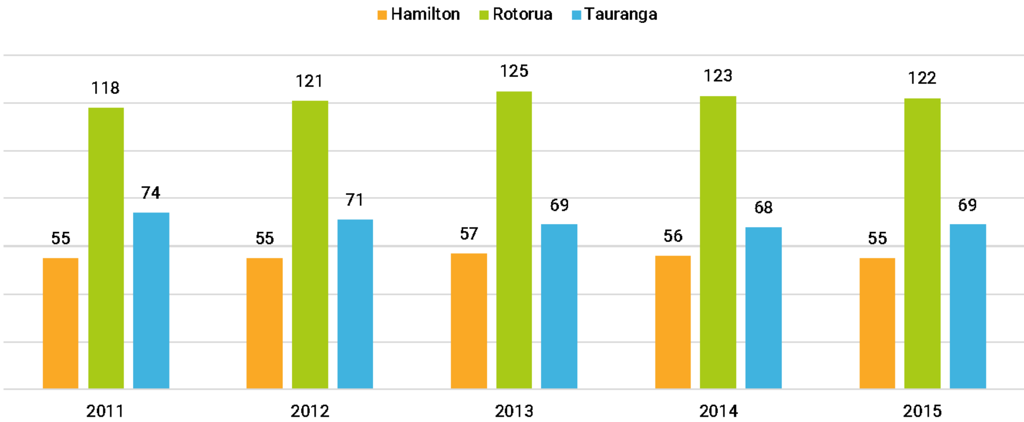
[25] Accommodation Survey, May 2016 release, Statistics New Zealand
[26] Accommodation Survey, May 2016 release, Statistics New Zealand

3.5.6. Number of Establishments (Commercial Accommodation Only)

Figure 8 demonstrates the number of commercial accommodation establishments in each of the TLAs. It is important to note this includes hotels, motels, backpackers/hostels and holiday parks and excludes hosted accommodation (including private hotels, guesthouses, bed and breakfasts and farm stays).

Whilst Hamilton and Rotorua have experienced static growth in the number of commercial accommodation establishments, the number in Tauranga has declined by 5 establishments over the period 2011 – 2015.

Figure 8: Number of Establishments - Hamilton, Rotorua & Tauranga[27]



3.6. Case Study: Worlds inFusion Convention Delegate Survey Findings[28]

In 2016, Hamilton hosted the Worlds inFusion NZVA Conference at Claudelands. Over 550 patrons attended the conference over a five-day period. To provide an understanding of the conference visitor market, a survey was undertaken with 76 event patrons[29] (representing almost 14% of patrons).

Key findings from the survey indicated the following.

- The largest origin of attendees for the convention was the domestic market (67% of respondents), followed by locals 27%, Australians (5%) and international (1%).
- The majority of respondents spent four days at the conference (37% of respondents).
- Respondents were asked how many nights they spent in Hamilton as well as New Zealand generally. The majority of respondents indicated they spent four nights in Hamilton (30% of respondents) and a further 18% of respondents indicated they spent five nights in Hamilton.
- Half of respondents indicated that, in addition to spending time in Hamilton, they also spent additional nights in NZ.
- On average, respondents indicated they spent just over $1,700 during the conference. The largest spend came from international respondents ($2,324 per trip), followed by local ($1,845), other domestic ($1,611) and Australians ($1,050).

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[27] Accommodation Survey, May 2016 release, Statistics New Zealand
[28] Based on Consumer Delegate Survey Post-Event Report, Worls infusion 2016 NZVA Conference, Malatest International
[29] 66% of respondents were registered delegates, 30% were exhibitors, 17% were presenters/speakers and the remaining 5% were "other".

- Broken down on a per day basis, indicates that domestic respondents (including locals) spent $487 per day, Australian's spent $298 per day and international respondents spent $194 per day. International spend is low because their average length of stay per trip is much higher (estimated at just under 12 days, compared with 3.5 days for domestic and Australian respondents).

What this data demonstrates is the value able to be generated by conferences and events. Based on the latest international visitor data provided by Tourism New Zealand, Australian visitors to New Zealand, spent $2,027 per trip (median)[30] and stayed 10.6 days[31]. This equates to an estimated $191 spend per day. The above survey data demonstrates that Australian visitors to the Worlds inFusion NZVA Conference spent, on average, $298 per day – an additional $107 spend per day.

This is further demonstrated through the national Convention Delegate Survey (2015), which showed that international delegates attending conventions in New Zealand spend, on average, $350 per night, compared with average spend across all visitors ($224), business visitors ($224) and holiday visitors ($246).[32]

Other interesting "free response" findings, with relevancy to this study, from the Consumer Delegate Survey include the following.

- "My understanding is that most NZ-based individuals see Hamilton as being somewhere fairly boring. From an Australian perspective, it's quite a nice quiet town."
- "This was a great venue, we stayed at the Ibis which was very close to Claudelands and also to the cafes, bars, restaurants and shopping. So a very good location."
- "Good big convention centre. Would be great if there was accommodation linked."
- "… Claudelands is a great facility. Plus, the restaurants are good. Lots of accommodation BUT if I had not had my work organise accommodation for me the cost of staying there would have put me off going to the conference altogether.
- "The Claudelands event centre is a very good facility for a conference of this size and had good access by car and exhibitors." The entrance used by delegates was extremely poor with mud and pot holes plus poor marshalling which let this centre down. But overall Hamilton is a good venue with less traffic congestion that might find in central Auckland and central for many participants."
- "The Claudelands events centre is a lot bigger and more impressive than I expected. Really impressed with it."

[30] IVS Pivot Table March 2016, Ministry of Business, Innovation and Employment
[31] http://www.tourismnewzealand.com/markets-stats/markets/australia/
[32] Convention Delegate Survey Report – Year to December 2015, Ministry of Business, Innovation and Employment.

3.7. Disney Impact Assessment

In 2014 and 2016, Claudelands has hosted a range of Disney on Ice events. Other New Zealand locations to host the same/similar tours include Wellington, Auckland and Christchurch. The following provides key findings from the ticket sales data reports for the event.

- Three Disney on Ice events have been held at Claudelands, including Treasure Trove (2014), Ice Age Live (May, 2016) and Magical Ice Festival (August, 2016).
- In 2016, the number of tickets sold was 22,425 over the five-day event.[33]
- On average, across the three events, four tickets were purchased per customer.
- On average, across the three events, the majority of tickets (63% of tickets) were purchased from the Waikato region. This was followed by the Bay of Plenty (23%), Taranaki/Wanganui (5%) and Auckland (4%).
- Interestingly, whilst the proportion of tickets purchased by Waikato residents over the three events declined from 69% to 58%, the proportion of tickets purchased from the Bay of Plenty and Taranaki increased, growing from 20% to 25% and 5% to 6% respectively.

Whilst ticket sales from the Waikato region in particular may not result in increased overnight visitation (as many patrons would likely visit as a day trip), the growing proportion of ticket sales from regions outside the Waikato demonstrates the willingness of non-Waikato residents to utilise Hamilton's events facilities, particularly for major events.

Additionally, we also note that the latest Disney on Ice show (Magical Ice Festival) generated a cast and crew of 91 coming into town for a 7 night stay[34], equating to 637 guest nights spent in Hamilton. Major events, therefore, do not always merely result in increased guest nights because of event attendees/patrons - the event support crew can also have a significant impact.

[33] 10th August – 14th August, 2016
[34] Based on feedback from Hamilton City Council

Item 6

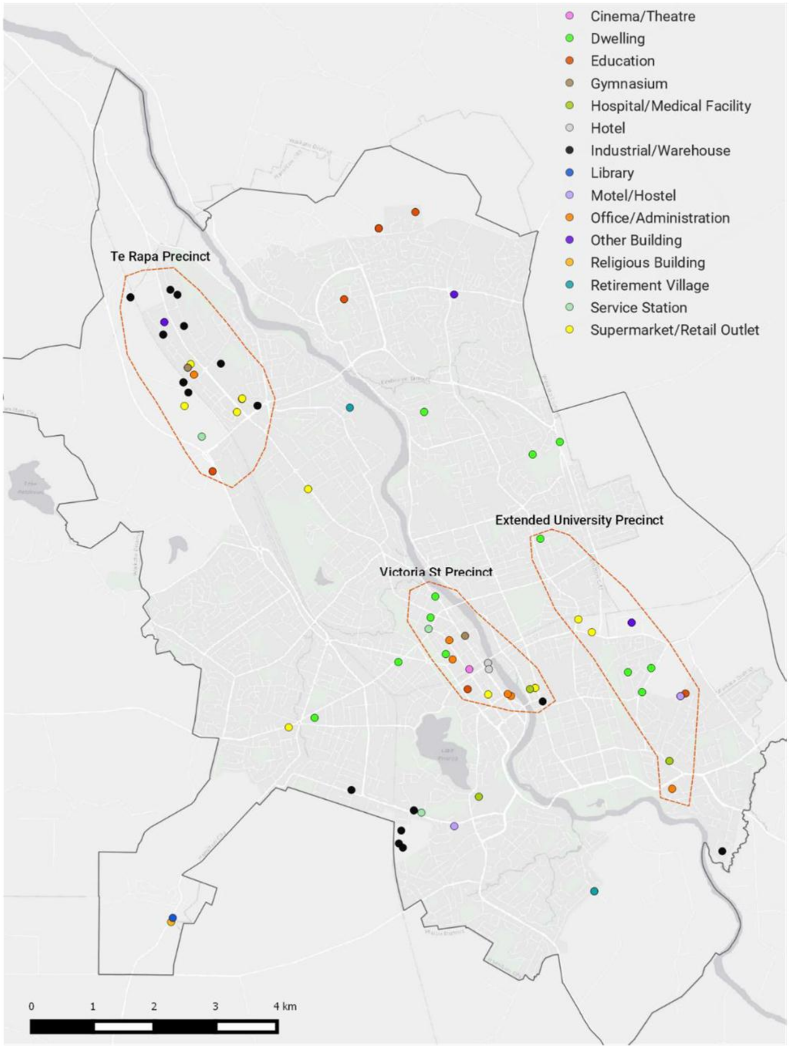
Attachment 1

3.8. Comparative Development Projects

Figure 9 below maps development projects valued over $2m which have been constructed (or are currently in construction) in Hamilton since 2003. There were 93 developments in total.[35] This is provided merely to illustrate where different forms of commercial development have occurred over the last 14 years and indicates interesting development clusters.

The three boundaries provided reflects those areas which appear to have had more development occurring over this period and were created to illustrate areas which appear to have offered greater opportunity or where demand may have been stronger.

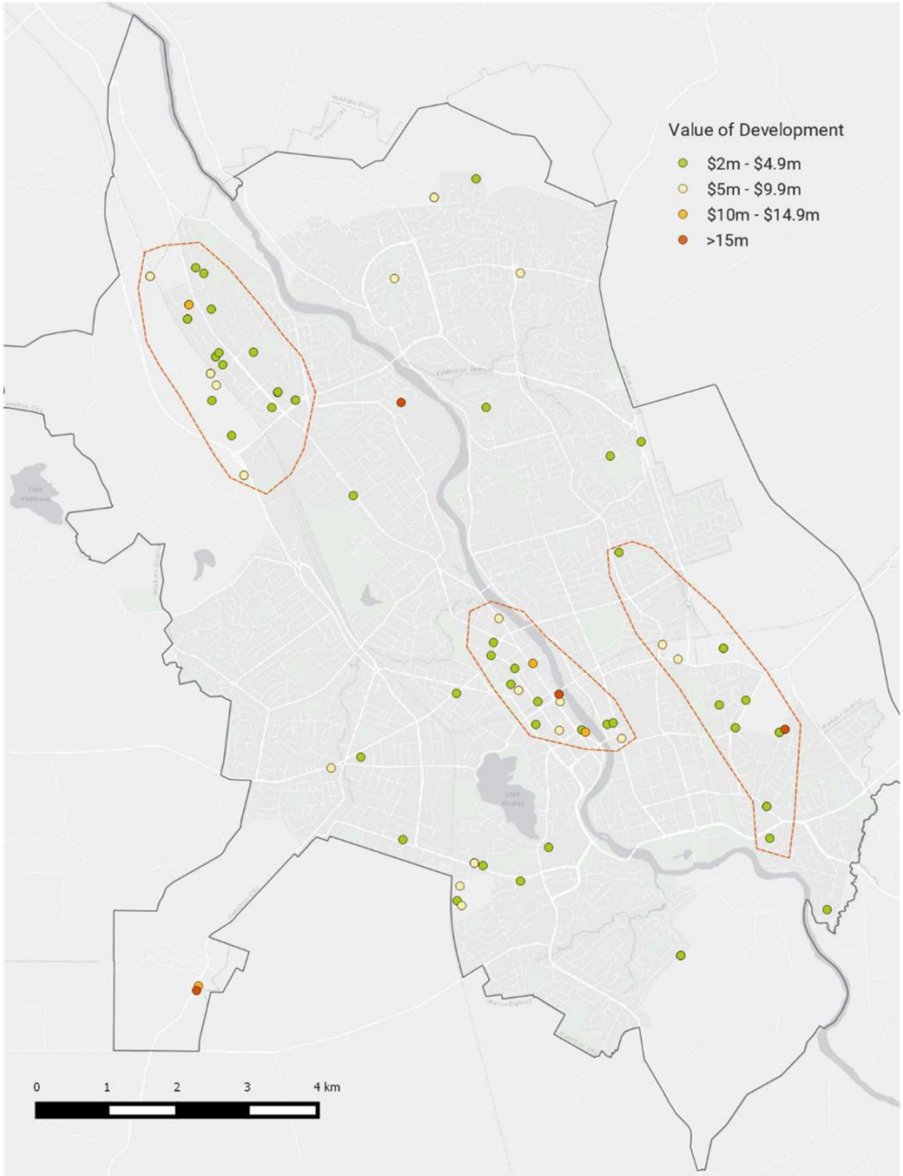
Figure 9: Comparative Development Projects in Hamilton[36]



[35] Received from Hamilton City Council
[36] This work is based on/includes Statistics New Zealand's data which are licensed by Statistics New Zealand for re-use under the Creative Commons Attribution 4.0 International licence; © Google; Esri, HERE, DeLorme, © OpenStreetMap contributors, and the GIS user community

The comparative developments ranged in price from $2m to $30m, which is shown in Figure 10. The majority of development projects were valued from $2m - $4.9m (66%), while only 4 projects were valued in excess of $15m. The map below illustrates that there is no distinct cluster of development projects with similar values.

Figure 10: Value of Comparative Development Projects[37]



[37] This work is based on/includes Statistics New Zealand's data which are licensed by Statistics New Zealand for re-use under the Creative Commons Attribution 4.0 International licence; © Google; Esri, HERE, DeLorme, © OpenStreetMap contributors, and the GIS user community

4. MARKET DEMAND

4.1. Hamilton and Surrounding Councils Accommodation Audit

In order to assess the current accommodation offered in Hamilton an accommodation audit has been undertaken. Waikato District and Waipa District have also been included in the assessment to demonstrate what is available in surrounding TLAs which are easily accessible by visitors to Hamilton and to reflect the wider level of competition which is available.

Table 1 provides a summary of commercial accommodation available throughout the Hamilton, Waikato District and Waipa District Councils.[38] Points to note include:

- Hamilton has the largest volume of commercial accommodation properties (57 properties or 62% of total properties) as well as the largest number of commercial (hotel, serviced apartments, motels but not B&Bs) rooms (1,750 rooms) or 83% of total available rooms in the three TLAs assessed.
- Motels are the most common accommodation type in Hamilton, whereas guest houses are the most common in Waipa. Both motels and guest houses tied as the most common accommodation type in Waikato.
- The average advertised rate for a standard room is more expensive in the Waikato District ($157), with guest houses in particular averaging $202.40. Average rates for accommodation in Waipa were slightly less ($155), followed by those in Hamilton ($117). In reality, the actual achieved average room rate is likely to be lower for guest houses especially.

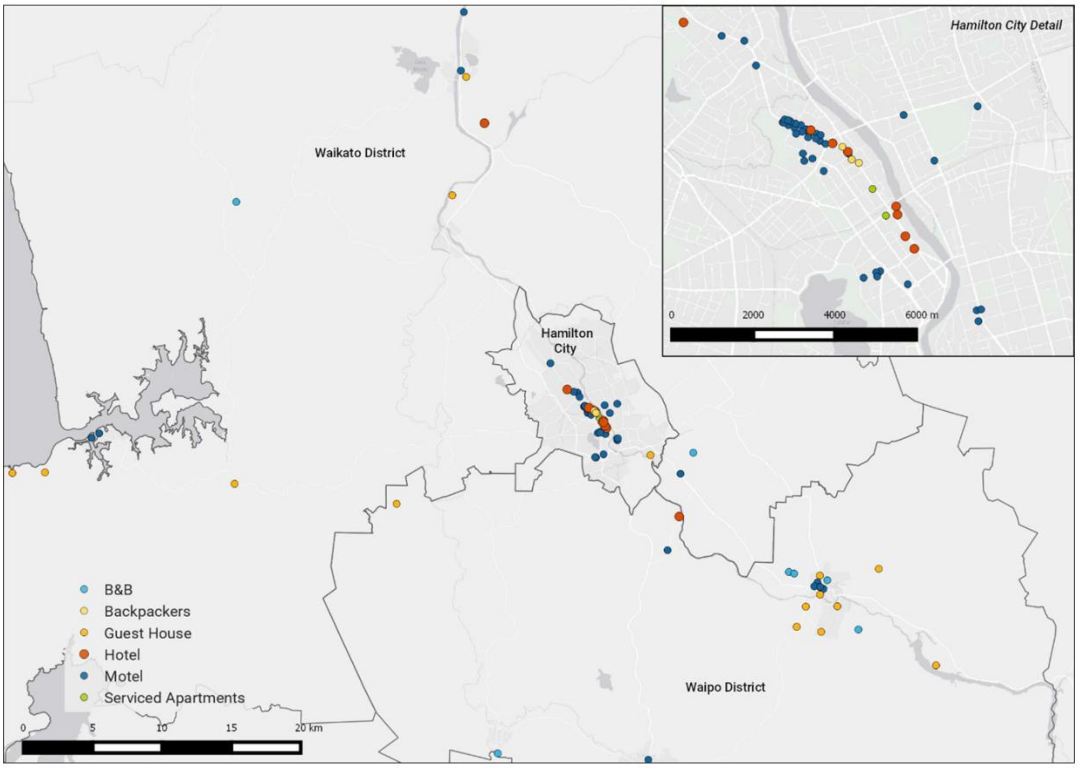
Table 1: Accommodation types offered for Hamilton, Waikato District and Waipa District Councils

Accommodation Type	Number of Properties	% of Total Properties per District	Number of Available Rooms	% of Total Available Rooms per District	Average Room Rates[39]
Hamilton City					
Backpackers	3	5%	69	4%	$62.33
Guest House	1	2%	4	0.2%	$91.00
Hotel	8	14%	656	37%	$123.63
Motel	43	75%	954	55%	$119.00
Serviced Apartments	2	4%	67	4%	$142.50
Hamilton Total	**57 (62%)**	**100%**	**1,750 (83%)**	**100%**	**$117.00**
Waikato District					
B&B	2	14%	6	4%	$162.50
Guest House	5	36%	25	16.4%	$202.40
Hotel	2	14%	40	26%	$179.50
Motel	5	36%	81	53%	$101.60
Waikato Total	**14 (15%)**	**100%**	**152 (7%)**	**100%**	**$157.43**
Waipa District					
B&B	5	24%	19	9%	$188.60
Guest House	9	43%	40	20%	$171.67
Motel	7	33%	145	71%	$110.29
Waipa Total	21 (23%)	100%	204 (10%)	100%	$155.24
Total	92	-	2,106	-	-

[38] The product audit was a desktop research exercise using hotels.com, expedia.com and TripAdvisor. If operators have not listed themselves on these websites, they may not appear in this list.
[39] Based on standard rooms with dates ranging from August – September 2016. If rooms were not available during this time period, then the lowest price was used.

Figure 11 summarises the findings of the audit. From a comparative perspective, Hamilton's existing commercial accommodation stock is more distinctly clustered, particularly along Ulster and Victoria Streets.

Figure 11: Accommodation Audit for Hamilton, Waikato District and Waipa District Councils[40]



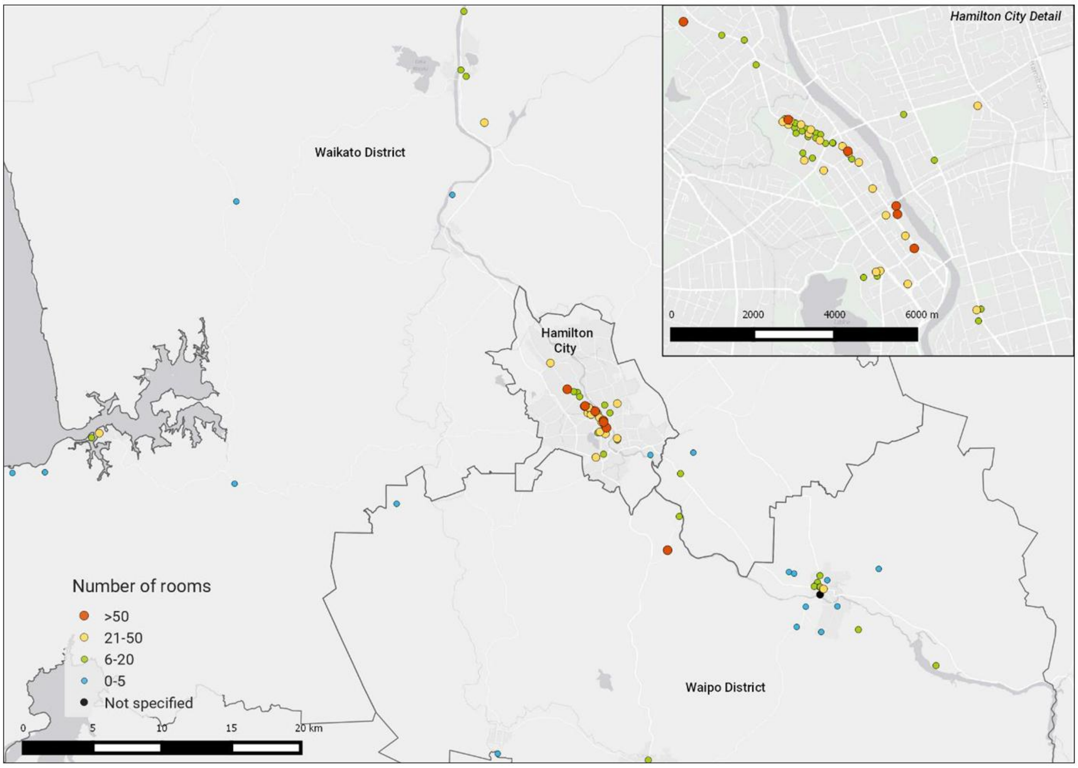
[40] This work is based on/includes Statistics New Zealand's data which are licensed by Statistics New Zealand for re-use under the Creative Commons Attribution 4.0 International licence; © Google; Esri, HERE, DeLorme, © OpenStreetMap contributors, and the GIS user community

Figure 12 illustrates the number of rooms offered in commercial accommodation in Hamilton, Waikato and Waipa. This demonstrates that:

- 87.5% of the larger properties (21 rooms or more) are situated within Hamilton;
- Hamilton has 6 properties that have over 50 rooms, whilst Waipa has 1 and Waikato District has none;
- the majority of properties in Hamilton have 6-20 rooms, followed by 21-50;
- Waikato and Waipa have a relatively low number of rooms per property, with 0-5 rooms being the most common category for each; and
- the only branded hotel properties are in Hamilton (Quest, Ibis and Novotel).

Figure 12 clearly demonstrates that hotels over 50 rooms are predominantly on Victoria Street, Hamilton.

Figure 12: Accommodation by Number of Rooms for Hamilton, Waikato and Waipa District Councils[41]



[41] This work is based on/includes Statistics New Zealand's data which are licensed by Statistics New Zealand for re-use under the Creative Commons Attribution 4.0 International licence; © Google; Esri, HERE, DeLorme, © OpenStreetMap contributors, and the GIS user community

4.2. Demand for Accommodation in Hamilton

Based on work completed in the Hamilton and broader Waikato region over the last three years and follow up discussions with a variety of hotel investors and operators, it is evident there is ongoing interest for new commercial accommodation. The research and analysis indicates the following.

- During periods of peak visitation (such as major events, conventions etc.), there are inadequate overnight accommodation facilities. This is particularly the case during conferences and major business and sporting events.
- There is a preference by some operators to introduce a 4-star plus commercial accommodation property to hit a price point in the market which is thought to be more competitive that matches visitor market needs and which is currently under represented.
- There is significant growth potential in business-based and sporting/cultural events and activities. Because of the lack of accommodation, many business event visitors in particular either stay with friends and relatives or travel back and forth to Hamilton over competition days and base themselves within or outside the Waikato.
- There is also growth occurring in Hamilton's health and wellbeing sector, including expanded hospital facilities with ongoing demand for more commercial accommodation.
- Waikato University is also expanding, with further education and development potential.
- The wider business and meetings market are constantly looking for new locations where there are also recreational facilities and attractions and are not too far from the Auckland CBD (noting this is now only 1.5 hours' drive away).

The distance of Hamilton from Auckland CBD (90 minutes) and Auckland Airport (70 minutes) means Hamilton is accessible for many niche markets.

Importantly, the vast bulk of commercial rooms in hotels are used by those visitors attending meetings, events, or coming to transact business. The leisure market staying in commercial accommodation is under-represented as a visitor market. This market however, can be expected to see future strong growth associated with:

- the visitor attractions currently being planned and developed by groups such as the Perry Foundation on the northern entrance to Hamilton which should be a drawcard for families and corporates;
- the Ferrybank Development proposed for the Waikato River in Hamilton CBD including a variety of pay for and free visitor experiences which will offer new river-based tour excursions;
- the proposed redevelopment of a major performing arts centre (to replace the Founders Theatre) with the ability to expand the offering of all forms of local, national and international performance experiences including leading artists;
- the development of new purpose built visual art spaces and galleries;
- the ongoing expansion of the nationally recognised Hamilton Gardens; and
- the creation of other visitor experiences to form the "tourism triangle" linking Waitomo Caves, the Hobbiton and Hamilton, with Hamilton potentially offering the commercial accommodation centre and with a stronger hospitality/dining hub.

4.3. Commercial Guest Nights Forecasts for Hamilton City

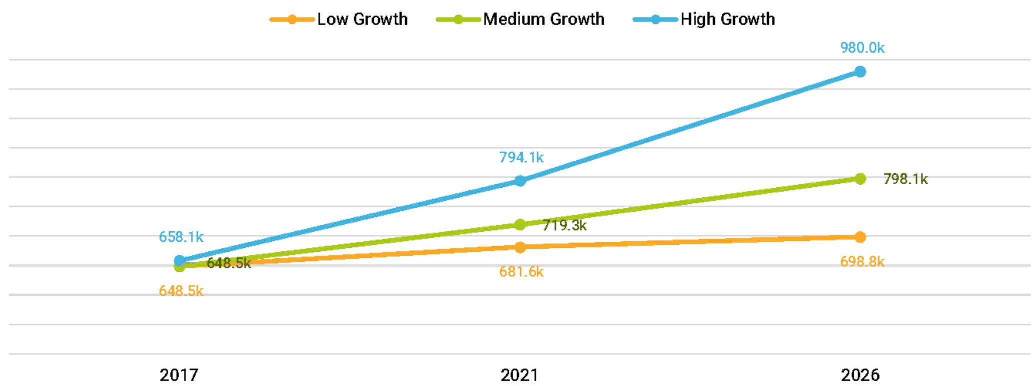
Figure 13 provides a breakdown of estimated guest nights in Hamilton, over the period 2017 – 2026. The forecasts are based on three scenarios: low, medium and high scenarios.[42] Based on the three scenarios, the forecasts estimate:

- under the low growth scenario, guest nights are forecast to grow more modestly over the 10-year period from 648.5k to 698.8k, a total increase of 10% or just under 63k guest nights;
- under the medium growth scenario, guest nights are estimated to increase by 26% (162k guest nights) over the 10-year period assessed, growing from 648.5k to 798.1k; and
- under the high growth scenario, guest nights are estimated in grow by 54% (344k guest nights), increasing from 658.1k to 980k.

It is important to note, these forecasts are based only on those guests staying in commercial accommodation[43] and does not include those staying in private accommodation. The Group has, however, included in Section 1 of the Supporting Documentation section, forecasts for private and commercial accommodation guest nights. Private guest nights have not been included here because the focus for this feasibility is on commercial accommodation and its associated growth potential.

Whilst the high growth scenario may appear very strong and possibly harder to achieve, in reality, there are many activities, events and general business development activities which could see Hamilton taking on a far more prominent role as the gateway to the Waikato and as a hub for expanded business ventures including sporting, arts, medical and education facilities.

Figure 13: Estimated Commercial Accommodation Guest Night Forecasts for Hamilton City[44]



4.4. Capacity of Existing Hamilton Commercial Accommodation

Table 2 provides a breakdown of commercial accommodation in Hamilton, and summarises this based on whether the accommodation is provided through hotels/serviced apartment providers or motels and others. This demonstrates:

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[42] The full forecasts are in Section 1 of the Supporting Documentation.
[43] As per the CAM methodology outline (http://www.mbie.govt.nz/info-services/sectors-industries/tourism/tourism-research-data/commercial-accommodation-monitor/about-the-cam/cam-methodology), commercial accommodation includes: Hotels: Includes both hotels and resorts; Motels: Includes motor inns, apartments and motels; Backpackers/Hostels; and Holiday Parks: includes caravan parks/camping grounds. Hosted accommodation (including private hotels, guesthouses, bed and breakfasts and farm stays) has been excluded from the survey since September 2009.
[44] Based on existing guest nights as per the Commercial Accommodation Monitor.

- Hamilton has 57 commercial accommodation properties – 18% of which are hotels/serviced apartments and 82% are motels/others;
- hotels/serviced apartments, however, make up 41% of the available room stock in Hamilton City, with the remaining 59% comprising motels/others; and
- in total, Hamilton has 1,750 commercial accommodation rooms (as at July, 2016) available on a daily basis, equating to 638,750 room nights available annually.

Importantly, the number of establishments and room numbers (1,750 rooms) is based on an extensive desktop research exercise including peak accommodation websites such as Hotels.com, TripAdvisor.com and Expedia.com. This differs slightly from the CAM estimate of rooms available because the CAM figure is derived from their survey of respondents and not all hotels etc. may respond to their survey every quarter.

Table 2: Summary of Hamilton's Commercial Accommodation Stock (as of July, 2016)

Property Type	# in Hamilton	% of Properties	# of Rooms	% of Room Stock	Annual Capacity
Hotels/Serviced Apartments	10	18%	723	41%	263,895
Motels and Others	47	82%	1,027	59%	374,855
Total	**57**	**100%**	**1,750**	**100%**	**638,750**

Based on a variety of assumptions, as well as using the CAM for Hamilton City, Table 3 below provides a breakdown of estimated guest nights, ALOS, occupancy and the guest room ratio for hotels/serviced apartments as well as motels/others. This demonstrates the following.

- Hotels/serviced apartments achieved an estimated 218k guest nights based on 145k guest arrivals. This is based on an average occupancy rate of just under 64%, an ALOS of 1.5 days and guest to room ratio of 1.3.
- Motels/others achieved just under 418k guest nights and 209k guest arrivals, based on an average occupancy rate of 53%, an ALOS of 2 days and a guest to room ratio of 2.1.
- It is assumed hotels/serviced apartments will have a slightly shorter ALOS and guest to room ratio because of their stronger business use, when compared to motels/others.

Table 3: Summary of Hamilton City's Guest Arrivals

	Annual Room Capacity	Nights Booked p/a	Spare Capacity	Total Guest Nights[45]	Unique Guest Arrivals[46]	ALOS (Days)	Occupancy[47]	Guest to Room Ratio[48]
Hotels/Serviced Apartments	263,895	167,837 (46%)	96,058	218,188 (34%)	145,459 (41%)	1.5	64%	1.3
Motels and Others	374,855	198,874 (54%)	175,981	417,635 (66%)	208,817 (59%)	2	53%	2.1
Total	**638,750**	**366,711**	**272,039**	**635,823**	**354,276**	**1.8**[49]	**58%**[50]	**1.70**[51]

[45] As per the CAM definition, a guest night is the equivalent of 1 guest staying 1 night. E.g. if a motel has 15 guests staying 2 nights, this is the equivalent of 30 guest nights.
[46] Unique guest arrivals represent the 1st night of a guest booking. The CAM refers to this as Guest Arrivals and defines it as: The total number of guests who had the first night of their current stays during the month. *Note that if a particular guest books out and then comes back for another stay, then they are counted as a guest arrival for a second time.*
[47] Vales are rounded
[48] Number of guests staying per room, on average.
[49] Based on occupancy rate noted in 2015 CAM for Hamilton City
[50] Based on similar occupancy rate noted in 2015 CAM for Hamilton City
[51] Based on occupancy rate noted in 2015 CAM for Hamilton City

4.5. Quality Cost Implications

The quality of fittings, the size of rooms and the amenities which need to be offered for a 4-star quality facility or higher significantly impact the construction and development cost for a hotel or serviced apartment complex. By way of example, the fitout rate (and not the base construction rate) per square metre for a standard 3-star property may be closer, on average, to $2,600 per sqm, whilst a 4-star property may have a fitout cost closer to $3,600 - $4,000 per sqm, based on current rates seen in Auckland and Queenstown.

As such, this necessitates the need to charge higher room rates to achieve a return on investment to meet developer and investor requirements.

Whilst mid-range hotel and serviced apartment facilities fill an important gap in the market, every effort should be undertaken to support higher quality hotel rooms and serviced apartment facilities which can help grow and expand different visitor markets than those which are visiting currently. To achieve this outcome, however, necessitates creating an investment environment highly attractive to true 4–4.5 star quality operators and their investors.

The conference, MICE and functions/events market are higher spending and, if new facilities are offered to meet these niche market needs (e.g. four star plus), there may be a greater opportunity to grow this niche market more strongly and quickly.

4.6. Creating the Strategic Advantage

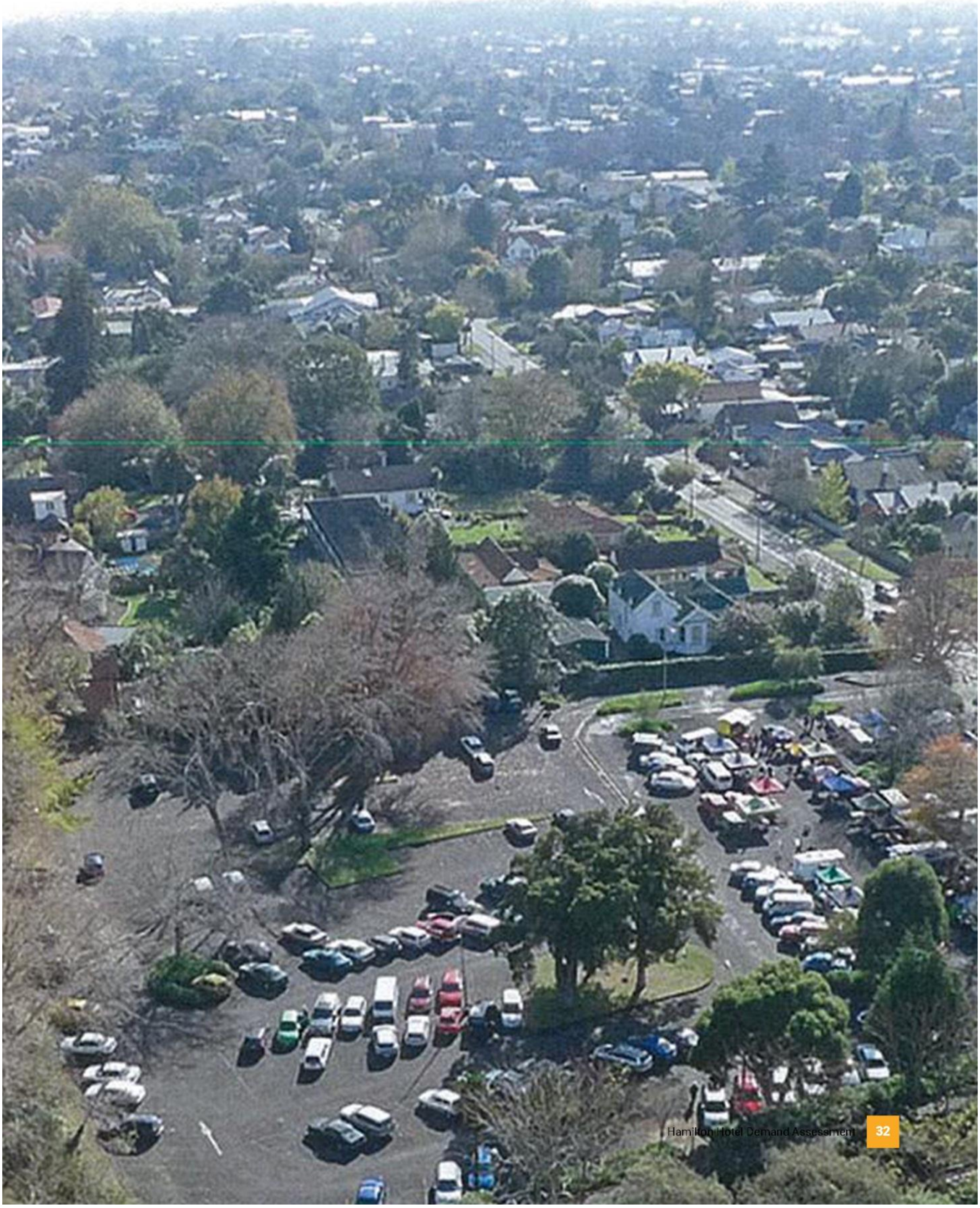
Hotel investors are constantly looking for certainty and speed to market suitable sites. The wording in council planning instruments (District Planning) are crucial for indicating whether a council is likely to be supportive of a development application or not. The current zoning of the priority sites identified in this study notes that tourism development is often a permitted use which is highly desirable.

Other factors that Council need to consider to help create a strategic advantage for encouraging a 4-star plus hotel include:

- offering a potential dedicated precinct for tourism will help indicate to the investment community that Hamilton is serious about securing more commercial accommodation and that it recognises the value in linking different tourism facilities and amenities together where possible (this could include sporting or cultural-based facilities, restaurant/bar/café hub and other attractions);
- the ability to cluster activities (in the CBD, linked to new performing arts spaces, Ferrybank river precinct etc.) should be seen as a distinct advantage;
- finding ways to reduce the risk for short-term accommodation investors is a key requirement which requires the search for mechanisms that will offer acceptable returns on investment which investors will look for; and
- identifying sites which can easily leverage off other facilities such as performing and visual arts centres, sports stadiums public transport nodes etc.

With the level of development risk seen to be higher for 4-star plus hotel or serviced apartment facilities, there is a need to find ways to "tilt the playing field" to help reduce the level of risk.

Importantly, Council needs to be mindful that the creation of a new 4-star plus internationally branded hotel and/or serviced apartment complex will add much more than additional room inventory to Hamilton. These higher-end properties often have a unique ability to act as significant draw cards on their own, appealing to a wide range of visitor markets who might otherwise not stay in Hamilton.


Hamilton Hotel Demand Assessment
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5. SITE ANALYSIS

The following section offers analysis on the various sites which have been identified by Council and subsequently reviewed by The Group. Whilst there are a number of sites which have been identified, the focus has been directed to sites which:

- offer the shortest pathway to activating new commercial accommodation;
- fit best with existing Council planning guidelines for areas; and
- can be the catalyst for a number of other Council economic related initiatives.

The sites that have been identified include (these are mapped in Figures 14 and 15):

- Claudelands Precinct site (Brooklyn Road site);
- Sonning Car Park site;
- Land Behind ArtsPost site; and
- Hamilton Hotel site.

The first three sites are owned by Council, whilst the Hamilton Hotel site is privately owned.

Figure 14: Hamilton CBD Outline

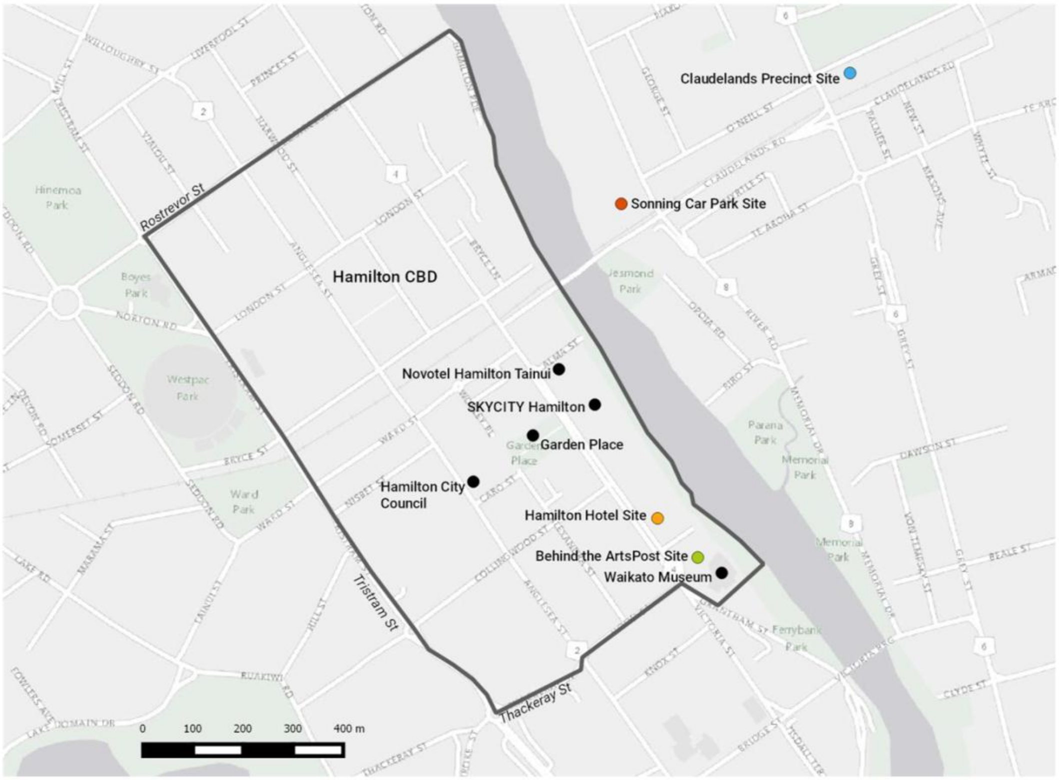


Figure 15: The Potential Development Sites

5.1. The Sites Assessed

5.1.1. Claudelands Precinct Site (Brooklyn Road Site)

The Claudelands Precinct site is located on Brooklyn Road, adjacent to Claudelands Arena. The site has vehicle access via Brooklyn Road and covers approximately 5,268m². The site is Council owned and was purchased by Council in 2007 for $4,737,600. The site, however, is currently valued at $2,290,000 (2015).[52]

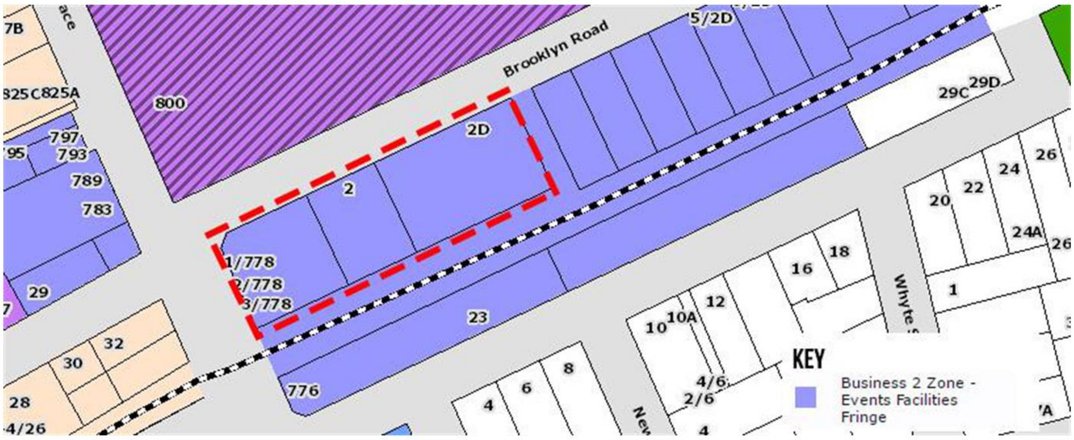
Figure 16: Claudelands Precinct Site Boundaries

The site is currently fully tenanted and generates a gross return (rent + opex) of $217,669 per annum (= 9.5% yield) and net return (rent only) of $183,700 (=8.02% yield). The site's tenants include: Hamilton WOF Station; Claudelands Automotive; Creative Stone (across two leases); and Roof Edge Protection.

The site is considered a strategic one, based on its close proximity to Claudelands Arena. Council has had a vision that in time, the site would be developed to support Claudelands, through the provision of hospitality and accommodation.

Under the Proposed District Plan[53], the site is currently zoned Business 2 Zone – Event Facilities Fringe which enables localised commercial activity supporting significant event destinations. The maximum building height in this zone is 15m.[54]

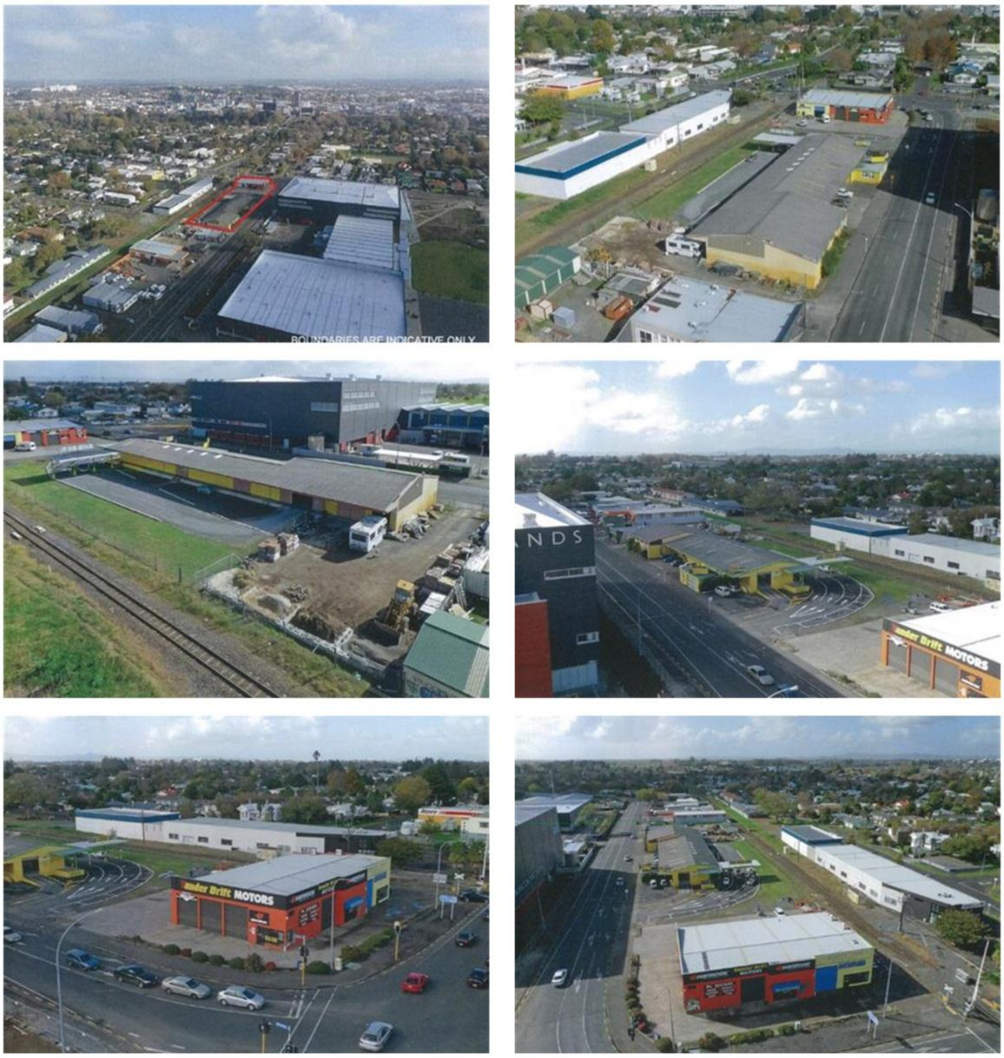
Figure 17: Claudelands Precinct Site Zoning (Proposed District Plan)



[52] It was acknowledged at the time that that Council paid a premium above the 2007 peak market values to secure the property.
[53] This District Plan will replace the operative Hamilton and Waikato District Plans that previously applied within the boundaries of the City. In November 2015, Hamilton City Council notified the Ruakura Variation to the Proposed District Plan for public consultation and submissions. The purpose of the Variation is to rezone approximately 822ha of land in Ruakura, ensuring a consistent approach to managing development in the area. In total, Council received 50 submissions to the Ruakura Variation, which account for 675 submission points. The Further Submission period ran from 17 February until 2 March 2016. Hearings are scheduled for August 2016.
[54] Business 1 – 6 Zones Factsheet, Proposed District Plan, Hamilton City Council

The following provides images of the site, from a variety of angles, to provide context.

Figure 18: Images of the Claudelands Precinct Site



5.1.2. Sonning Car Park Site

The Sonning Car Park site is river front site located on the corner of River and Claudelands Roads. Access to the site is via River Road (vehicle access) and from River Road and Claudelands Bridge (pedestrian access). The site has an area of approximately 9,760m^2. Council purchased the site in three separate stages between 1972 – 1978 for $71,139. As of October, 2014, the site is valued at $3.4m.

The site is fully utilised for paid public parking within close proximity to the Hamilton CBD and in the last few years has generated approximately $220k in revenue from parking fees.

Figure 19: Sonning Car Park Site Boundaries

Zoning of the site under the Proposed District Plan is Central City Zone - Precinct 1 - Downtown Precinct. The Downtown Character Precinct is zoned to encourage predominantly retail, offices, restaurants, cafes.[55] The site is also situated in the Height Overlay 2 area and has provision of amenity bonuses (see Supporting Documentation 2 for Height Overlay Plan).[56]

Table 4: Height Overlay Limits[57]

Height Overlay 2 Area	
With no bonuses	16m
With single bonus	20m
With double bonus	-
With triple bonus	-

[55] Central City Factsheet, Proposed District Plan, Hamilton City Council
[56] Central City Factsheet, Proposed District Plan, Hamilton City Council
[57] Proposed District Plan 7.4 Rules – General Standards (7.4.4 Maximum Height Control and Bonuses), http://www.hamilton.govt.nz/our-council/council-publications/districtplans/proposeddistrictplan/chapter7/Pages/7-4-Rules---General-Standards.aspx

Figure 20: Sonning Car Park Site Zoning (Proposed District Plan)

The following figures provide images of the Sonning Car Park site, from a variety of angles, to provide context.

Figure 21: Images of the Sonning Car Park Site

Figure 22: Images of the Sonning Car Park Site continued

5.1.3. Land Behind ArtsPost Site

This site is situated directly behind the existing ArtsPost building on Victoria Street in Hamilton CBD. The site is also situated next to the Waikato Museum and it covers approximately 2,640m^2 (or 4,047m^2 if the ArtsPost building is included). Vehicle access to the site is from Victoria Street and pedestrians can access the site from Victoria Street as well as the lower esplanade walkway.

Figure 23: Land Behind ArtsPost Site Boundaries

Purchased for $587,000 in 2002 by Council, the site is currently estimated to be valued at just over $570,000 (this includes both the car park site and the ArtsPost building). Since purchase, the site has been fully utilised as a paid public parking area, which generates approximately $41,797 in parking fees per annum (7.33% yield).

As indicated in Figure 23, the site is zoned in the Proposed District Plan as Central City Zone - Precinct 3 - Ferrybank Precinct, providing for civic, community, cultural and tourism activity. The Ferrybank Character Precinct is to encourage cultural, heritage, office, retail, restaurants and tourism facilities. The site is also situated in the Height Overlay 3 area (see Supporting Documentation 2 for Height Overlay Plan) where the maximum permissible building height is 13 metres.[58]

Table 5: Height Overlay Limits[59]

Height Overlay 3 Area	
With no bonuses	13m
With single bonus	-
With double bonus	-
With triple bonus	-

[58] Central City Factsheet, Proposed District Plan, Hamilton City Council
[59] Proposed District Plan 7.4 Rules – General Standards (7.4.4 Maximum Height Control and Bonuses), http://www.hamilton.govt.nz/our-council/council-publications/districtplans/proposeddistrictplan/chapter7/Pages/7-4-Rules---General-Standards.aspx

Figure 24: Land Behind ArtsPost Site Zoning (Proposed District Plan)

The following figure demonstrates that whilst the site designated, which does not include the ArtsPost building has no heritage or other protected elements, the ArtsPost building is considered "Built Heritage – A Ranked Heritage Item". If the ArtsPost building was to be incorporated into any future potential designs, this would need to be taken into consideration.

Figure 25: Behind the ArtsPost Site – Heritage and Other Protected Elements

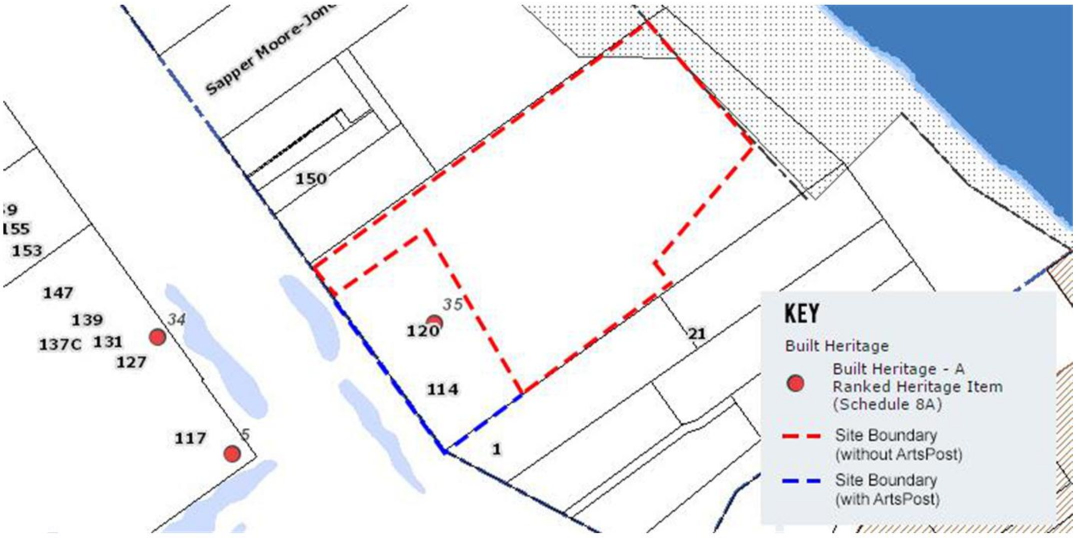
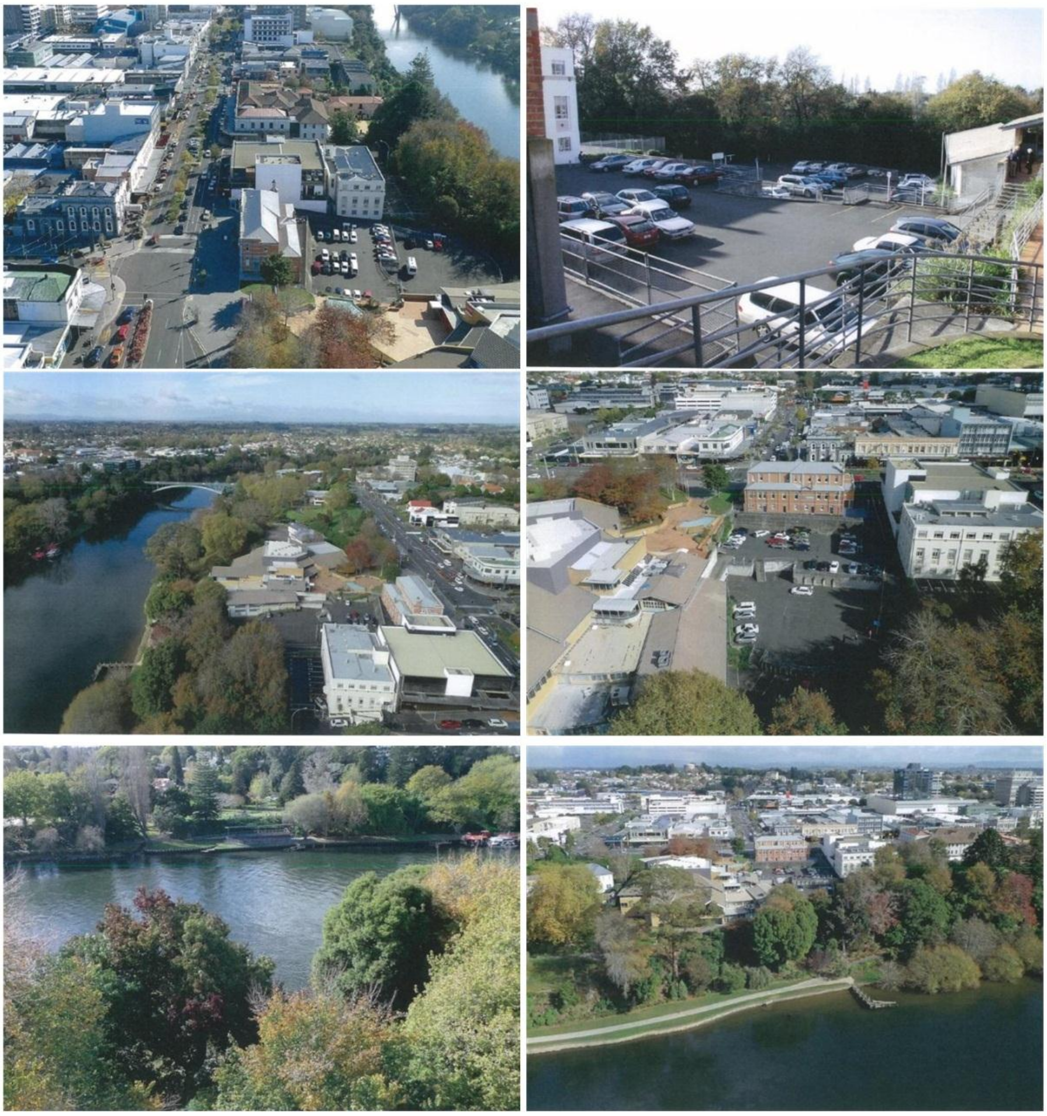


Figure 26 provides images of the Land Behind ArtsPost site, from a variety of angles, to provide context.

Figure 26: Images of the Land Behind ArtsPost Site



5.1.4. Hamilton Hotel Site

The Hamilton Hotel site is the only non-Council owned site assessed as part of this Assessment and has been identified because of its CBD location and the interest its owner has to establish a 4-5 star quality hotel. The site is situated on Victoria Street and covers an estimated 6,650m^2. Vehicle access to the site is from Victoria Street and pedestrians can access the site from Victoria Street as well as the lower esplanade walkway.

As indicated in Figure 27, the Hamilton Hotel site is zoned in the Proposed District Plan as Central City Zone – Precinct 1 - Downtown Precinct. The Downtown Character Precinct is zoned to encourage predominantly retail, offices, restaurants, cafes. The site is also situated in the Height Overlay 1 area (see Supporting Documentation 2 for Height Overlay Plan) with no height restriction (with provision of amenity bonuses).[60]

Table 6: Height Overlay Limits[61]

Height Overlay 1 Area	
With no bonuses	16m
With single bonus	24m
With double bonus	32m
With triple bonus	>32m

Figure 27: Hamilton Hotel Site (Proposed District Plan)

Figure 28 demonstrates that the Hamilton Hotel Site does have "Built Heritage" within the site, as well as five trees marked as "Significant Trees", and, an area in the eastern corner of the site which is marked as a "Significant Archaeological Site – Group 2". If this site was to be chosen as the preferred development site, these protected elements would need be considered and their implications for development assessed.

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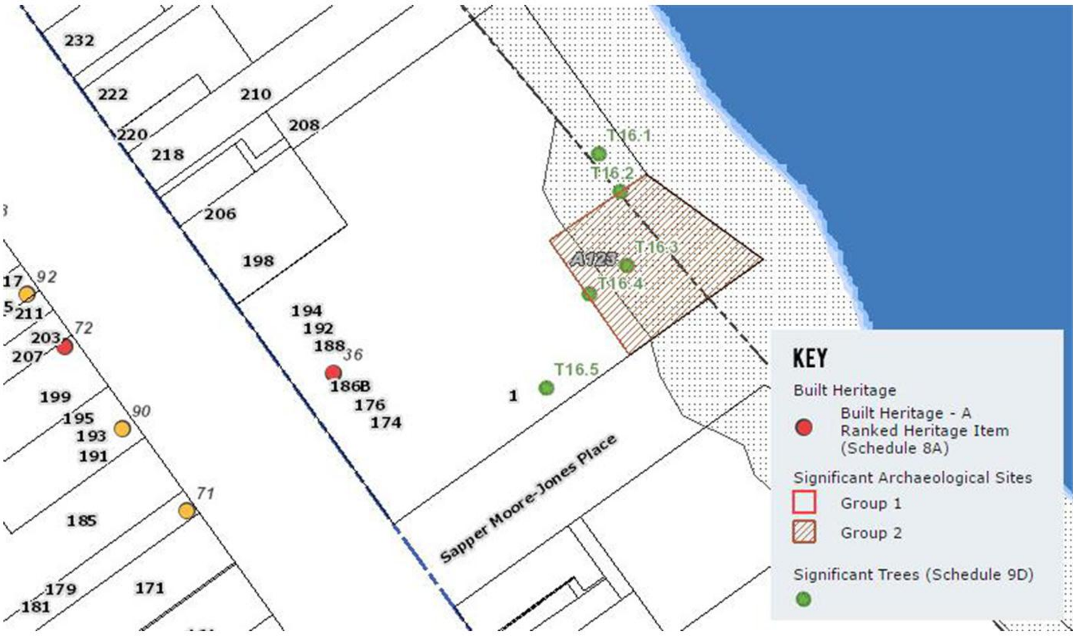
[60] Central City Factsheet, Proposed District Plan, Hamilton City Council
[61] Proposed District Plan 7.4 Rules – General Standards (7.4.4 Maximum Height Control and Bonuses), http://www.hamilton.govt.nz/our-council/council-publications/districtplans/proposeddistrictplan/chapter7/Pages/7-4-Rules---General-Standards.aspx

Figure 28: Hamilton Hotel Site – Heritage and Other Protected Elements



5.2. Site Assessment Matrix

In total, there were four sites identified in the Hamilton CBD which were highlighted by Council for commercial accommodation development. Whilst all four sites have pros and cons associated with them, there were some sites which appear to present better opportunity for the development of commercial accommodation. The matrix on the following page provides a summary of the sites and ranks the sites based on the following attributes:

- Part of a Defined Cluster – ranks the site based on whether or not the site is considered to be part of a defined cluster such as a sporting cluster, cultural cluster, CBD cluster etc.;
- Flooding Risk - ranks based on the flooding risk of the site;
- Isolation – ranks based on whether or not the site is isolated (primarily from CBD, retail, public transport);
- Surrounding Residential – ranks according to whether the site is close to/surrounded by residential housing;
- Heritage – ranks based on whether or not the site has any heritage significance which may impact the ability to develop on the site or modify existing buildings on the site;
- Size – ranks the site based on its size (whether it is larger than 1 acre or smaller) as a larger site is preferred because it allows for the scale of development required, appropriate vegetated buffering (where needed) and ground level parking etc.;
- Building Height Permissible – ranks the site based on whether, according to its zoning, a building height above 20m is permissible;
- Council or Privately Owned – ranks the site according to whether it is Council owned or privately owned;

- Current Zoning Accommodation Permissibility – ranks the site based on whether current zoning permits the development of tourist accommodation;
- Site Profile/ Presence – ranks the site based on its profile from main roads etc. and its ability to be a more significant and prominent drawcard for an area;
- Need to Relocate Parking/Other Facilities – ranks the site according to whether there are facilities currently on the site (such as parking) which would likely need to be relocated if the site was used for accommodation development;
- Ability to Leverage Ferrybank – ranks the site according to whether it has the potential to leverage off the Ferrybank River Master Plan through close proximity;
- Ability to leverage expansion of CBD – ranks the site on whether it has the ability to leverage off the expansion of the Hamilton CBD;
- Ability to Leverage Potential New Performing Arts Centre (PAC) – ranks the site according to whether it has potential to leverage off a new performing arts centre which may be located in the CBD along Victoria Street;
- Potential to Integrate PAC within the Site – ranks the site on whether the site is large enough (or building height limits allow a large enough development) to incorporate the potential PAC as part of the hotel development; and
- Part of Hamilton Cultural Precinct – ranks the site according to if it is situated within the Hamilton Cultural Precinct (linking to the Meteor, the Waikato Museum and ArtsPost).

Table 7: Site Ranking Matrix

	1 Claudelands Precinct site	2 Sonning Car Park site	3 Land Behind ArtsPost site	4 Hamilton Hotel site
Part of a Defined Cluster 1 = No, 2 = Yes	2	1	2	2
Flood Risk 1 = High, 2 = Low	2	2	2	2
Isolation 1 = High, 2 = Low	1	1	2	2
Surrounding Residential 1 = Yes, 2 = No	2	1	2	2
Heritage 1 = Yes, 2 = No	2	2	1	1
Size of Site 1 = Less than 1ac, 2 = Greater than 1ac	2	2	1	2
Building Height Permissible 1 = Less than 20m, 2 = Greater than 20m	1	2	1	2
Council or Privately Owned 1 = Privately/Other Owned, 2 = Council Owned	2	2	2	1
Current Zoning 1 = Accommodation not permissible 2 = Accommodation permissible	2	2	2	2
Site Profile/ Presence 1 = Low, 2 = Medium, 3 = High	1	1	2	2
Need to Relocate Parking/Other Facilities 1 = High Need, 2 = Low Need	2	1	1	2
Ability to Leverage off Ferrybank river master plan 1 = Low, 2 = High	1	1	2	2
Ability to leverage off expansion of Hamilton CBD 1 = Low, 2 = High	1	1	2	2
Ability to leverage off potential new PAC 1 = Low, 2 = High	1	1	2	2
Potential to Integrate PAC within site 1 = No, 2 = Yes	1	1	1	2
Car parking on site or adjacent 1 = No, 2 = Yes	2	2	1	1
Part of Hamilton Cultural Precinct 1 = No, 2 = Yes	1	1	2	2
Overall Ranking	26	24	28	31

The matrix reflects the close scoring between each of these sites and the relative strengths of each. The highest ranked Council owned site is the land behind ArtsPost. This site would have marked higher if it was able to offer a larger footprint. In the absence of this, the viability for a higher end hotel is likely to require the need for:

- height dispensation to allow 8 floors to be provided to ensure sufficient room numbers are able to be accommodated; and
- potentially incorporating the actual ArtsPost building and street frontage to Victoria St to offer sufficient space for ground level reception, meeting areas, vehicle pull over areas, concierge, and other amenities.

5.3. The Priority Site

Based on the site assessment, the following two sites have been identified as priority development sites for consideration. The two sites are:

- the land behind the ArtsPost (ideally, incorporating the ArtsPost building); and
- the Hamilton Hotel site, which is very close to the ArtsPost site on Victoria Street.

All sites have been assessed based on the potential to develop higher quality (4-star plus) hotel development. It is important to note this distinction because hotel sites in the other locations would be able to cater to 3-3.5 star quality new hotel development options instead. However, as has been shown in this hotel demand assessment report, Hamilton is already well catered for by hotels in the mid-range (3-3.5 star) category but is lagging in true 4-star plus room stock.

The land behind the ArtsPost, however, would need to include the ArtsPost site as well (integrated into any development) and the land fronting Victoria Street, which is a prime entry point. This would allow a sufficient size of ground level footprint for a 160 room-based hotel to be developed. It would also necessitate, however, a likely height up to eight floors to achieve the room density required. By comparison, the ground footprint for the Hamilton Hotel site is significantly larger and is more likely to be able to cater for a hotel of this scale over 4-5 floors.

All of this, of course, is subject to more detailed site analysis and determination of the site-specific layout constraints which would need to be considered. Both sites, however, offer a number of very compelling reasons why they should house 4-star plus new room inventory.


Hankook
Vander Drift
MOTORS
Hankook
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BRAKES
EXHAUS
CLUTCHES
TUNE UPS
LUBES
TYRES
HEADSTONES
SALE
CREATIVE STONE
Hamilton Hotel Demand Assessment
47

6. SUPPORTING DOCUMENTATION

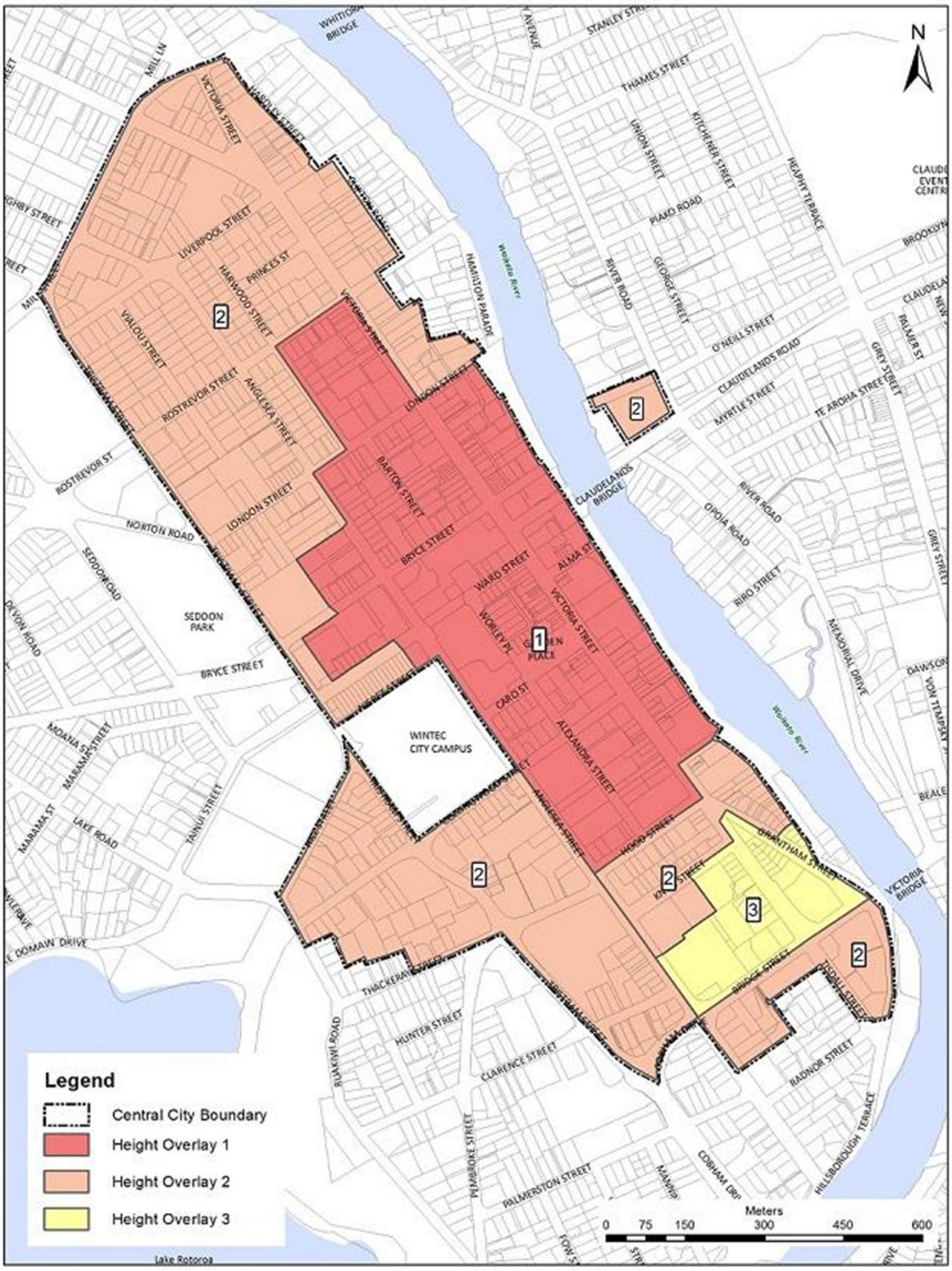
6.1. Supporting Documentation 1 - Guest Night Forecasts

Table 8: Overnight Guest Night Forecasts to Hamilton

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Low Growth Scenario											
Private Guest Nights	2.4m	2.41m	2.44m	2.46m	2.49m	2.51m	2.54m	2.56m	2.59m	2.61m	2.64m
% Growth		1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Commercial Guest Nights	635.8k	648.5k	661.5k	668.1k	674.8k	681.6k	685.0k	688.4k	691.8k	695.3k	698.8k
% Growth		2%	2%	1%	1%	1%	0.5%	0.5%	0.5%	0.5%	0.5%
Medium Growth Scenario											
Private Guest Nights	2.4m	2.41m	2.45m	2.49m	2.52m	2.56m	2.59m	2.61m	2.64m	2.67m	2.69m
% Growth		1%	2%	2%	2%	2%	1%	1%	1%	1%	1%
Commercial Guest Nights	635.8k	648.5k	661.5k	678.0k	698.4k	719.3k	740.9k	755.7k	770.9k	786.3k	798.1k
% Growth		2%	2%	3%	3%	3%	3%	2%	2%	2%	2%
High Growth Scenario											
Private Guest Nights	2.4m	2.42m	2.46m	2.50m	2.54m	2.57m	2.61m	2.65m	2.69m	2.73m	2.79m
% Growth		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Commercial Guest Nights	635.8k	658.1k	682.8k	713.5k	752.7k	794.1k	837.8k	879.7k	914.9k	951.5k	980.0k
% Growth		4%	4%	5%	6%	6%	6%	5%	4%	4%	3%

6.2. Supporting Documentation 2 – Height Overlay Plan

Figure 29: Height Overlay Plan



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THE **STAFFORD** GROUP

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Committee: Business and Investment Subcommittee **Date:** 02 September 2016

Report Name: Better Business Services Plan **Author:** Jamie Reid

Report Status	*Open*
Strategy, Policy or Plan context	*Economic Development Agenda*
Financial status	*There is no budget allocated* *Amount $<enter amount>*
Assessment of significance	*Having regard to the decision making provisions in the LGA 2002 and Council's Significance Policy, a decision in accordance with the recommendations is/is not considered to have a high degree of significance*

1. Purpose of the Report

2. To provide an update on progress against the Better Business Services Plan.

3. Executive Summary

4. The Better Business Services Plan was developed through the Business & Investment Sub-Committee in 2014 to help deliver Council services that meet the needs of the residential, business and development community while balancing the Council's accountabilities for regulatory responsibility.

5. Providing business friendly services is an important contribution Hamilton City Council can make to grow the local and national economy and contribute to Hamilton's economic prosperity. The Council's Economic Development Agenda describes the Council's role in enabling economic growth and delivering better services to businesses as one of the Agenda's actions.

6. A number of projects have been completed, are underway or are planned that deliver to the Better Business Services Plan. All of these projects are designed to improve the customer experience and make it easier to do business with Hamilton City Council.

7. Recommendation from Management

That the report be received.

Item 7

8. Attachments

9. Attachment 1 - Better Business Services Plan

10. Completed Projects

11. Service Enhancements

A Building Partnership Programme has been introduced for high quality residential building companies which has allowed them to obtain significantly faster (5 day) building consents. Customer pre-application meetings for resource consents, aimed at improving efficiency and the customer experience, have also been introduced.

12. *Mobility Project*

This project delivered mobile technology to our field service staff to enhance service delivery for our customers. This has improved the accuracy of data captured and has reduced the time for information to be available to our customers.

13. Refreshed Customer Promise

The Customer Promise outlines the service our customers can expect to receive when engaging with Hamilton City Council. This has been simplified and is now displayed in the Service Centre and on the website so that customers can hold us to it. A number of workshops have been held throughout the organisation to bring the customer to the forefront staff's thinking.

14. Customer Measurement Framework and Reporting

Critical to improving the service we offer customers was the development of customer service measures and the associated reporting. Net Promoter Score and Customer Effort are the two key measures that we have started tracking and reporting on. This allows us to measure performance over time and identify areas for improvement.

15. Voice of the customer

Using the customer measures of Net promoter Score and Customer Effort post interaction customer surveys, using I-Pads, have been introduced in the Customer service Centre, I-Site, Hamilton Gardens, Museum and Libraries.

16. Customer Service Email Management

Customer emails are now managed through our customer phone system which enables us to better manage and report on customer response times, handling time and resolution rates.

17. New Customer Complaints Process

The Hamilton City Council complaints and compliments process has been updated to clarify the definition of complaints, ensure a consistent approach and to improve the quality of data captured. This will enable better analysis and a focus on high risk and overdue complaints.

18. Updated Customer Service Strategy

The customer service strategy has been updated in order to simplify it and focus attention on championing and delivering customer service excellence. This document informs our customer service direction and has three key themes of putting the customer first, being easy to do business with and being a helpful regulator.

19. Current Projects

20. Key Account Management

Hamilton City Council's key customers have been identified and segmented into two groups, Premier Customer and Business Customers. The premier group of customers have been allocated to one of our dedicated key account managers who will be responsible for managing their overall relationship with Council. Business customers will have an account manager allocated from within the business.

21. Customer Services Knowledge base

A software tool has been implemented to store all of knowledge articles used by frontline staff to answer customer queries. This replaces hard copy, paper based files and will result in key information being available to our CSR's at a click of a button.

22. Online Building Consents

This project is to develop the ability for our customers to submit building consents online. It will make it easier and faster for customers to submit building consents particularly those businesses with a high number of transactions and will improve visibility for the customer of what stage their consent is at.

23. Customer Complaints System

Following on from the new customer complaints process a new complaints cloud based system is being considered. This will replace the current Microsoft Excel templates and further improve the quality of data being collected, improve management of complaints and allow further analysis on complaints data.

24. Planned Projects

25. Online Resource Consents

Utilising the functionality developed in the Online Building Consents project, this project will develop the ability for our customers to submit their resource consents online. The project aims to make it easier and faster for our customers to submit their resource consents.

26. First Contact resolution

Development of a first contact resolution measure for emails and phone calls received by the customer services unit will enable us to drive towards improving the number of customer's queries that are resolved on the first interaction. This not only improves the customer experience but also reduces the number of repeat calls.

27. Voice of the Customer Surveys

This is a further rollout of customer surveys to include a post call survey option for calls received in our contact centre and to survey our key customers on a regular basis. This will ensure that we are receiving customer feedback from a broad spectrum of interactions with Hamilton City Council and will provide valuable insights into areas that require improvement.

28. Next Call Avoidance

This is a follow on project from the first contact resolution project. Once we satisfied that we are resolving as many calls as possible on the first contact we can start to train our customer service reps with the skills and techniques to help avoid the customer's next call.

Item 7

29. *Online Services Hub*

The online service hub in the Customer Service Centre currently has limited functionality. This project is to create the ability for our customers to perform online transactions at the hub and will enable us to promote the migration to online services via education when they are in the Service Centre.

30. *LIMS Programme of work*

The process for issuing a LIM is currently very manual, time consuming and heavily reliant on the key staff to ensure we provide the correct information. This programme of work is to improve the process with the aim to automate as much of this process as possible.

31. *CRM for Key Account Management*

With the introduction of Key Account Management we have developed a Microsoft Excel based tool to track interactions with our Key Customers. This project will look at cloud based solutions to help manage the many interactions that happen with our key customers.

32. *Digital Transformation*

This project is to define what future IT systems the business requires in order to successfully deliver to the organisational strategy and includes creating an implementation roadmap. An example of a future business requirement is the ability to have a single view of all customer interactions via a CRM system.

33. Financial and Resourcing Implications

34. There is no operational budget allocated specifically for the Better Business Services Plan, or any capital expenditure allocated for the Customer Service Strategy Many of the deliverables contained within the plan are being undertaken within existing operational budgets.

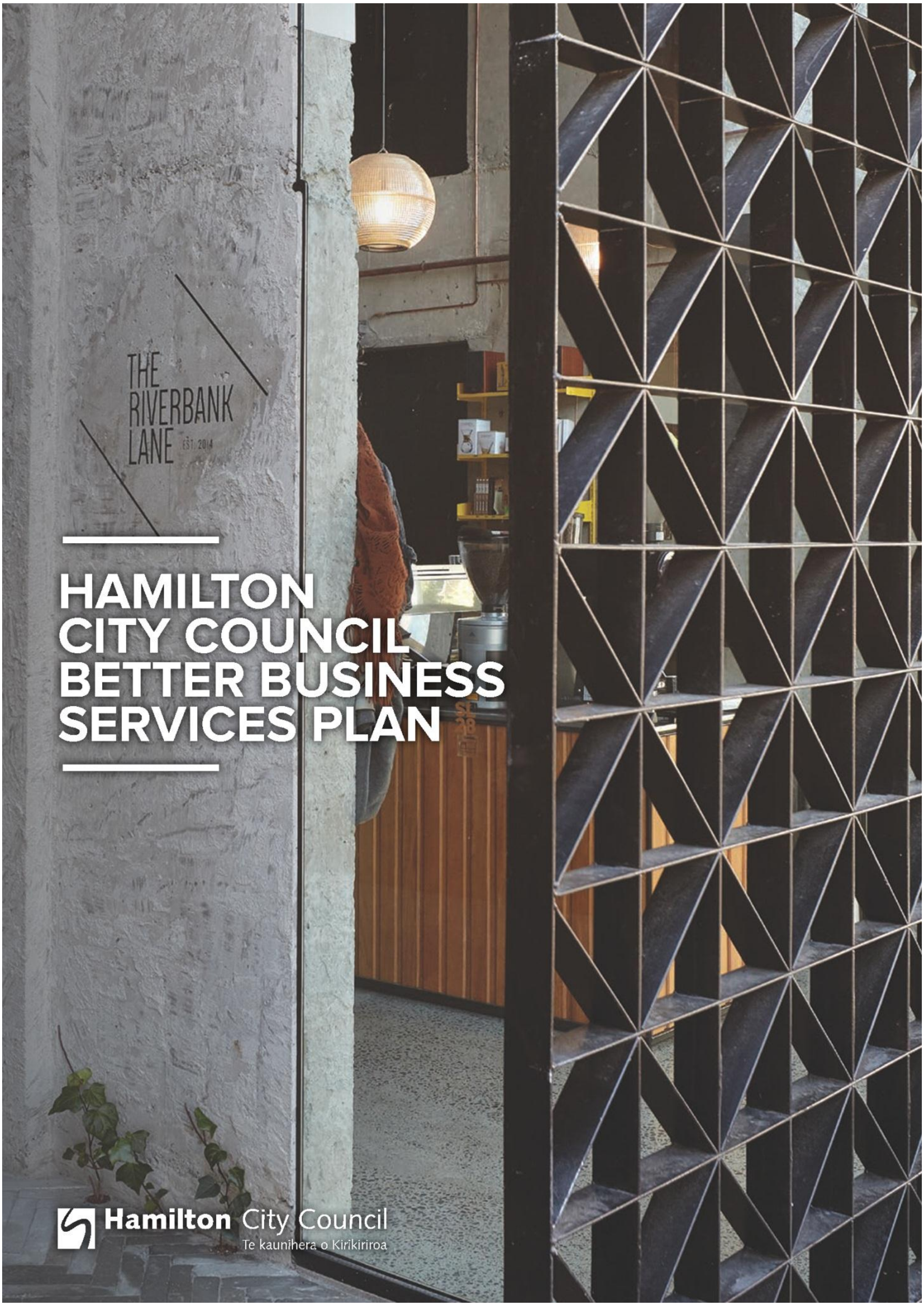
35. In order to deliver the planned programme of work some capital budget will need to be requested in the next long term plan.

Signatory

Authoriser	Kelvyn Eglinton, General Manager City Growth

Item 7

Attachment 1



HAMILTON CITY COUNCIL IS COMMITTED TO DELIVERING BETTER BUSINESS SERVICES

Hamilton is home to great businesses. The Better Business Services Plan is about delivering Council services to meet the needs of the business and development community, while balancing our regulatory responsibilities.

Our plan is to deliver business friendly services, to enable and support the growth of the national economy and to contribute to Hamilton's economic prosperity as we aim to become New Zealand's third city economy by 2024.

Better Business Services will ensure that the business and development community's needs are understood and that our services are responsive, consistent, simple and fit for purpose. These goals sit within the context of initiatives set by the New Zealand Government and business organisations nationally, to drive new ways of working with business for central and local government.

National initiatives

New Zealand businesses are high users of central and local government services. For this community the ease in which they do business is a critical success factor to their performance, and their contribution to economic growth locally and nationally.

- Government's **Better Public Services for Business** Action Plan
- Local Government New Zealand's **Business Friendly Councils** guidelines
- Productivity Commission's review of **Regulatory Institutions and Practices**
- Rules **Reduction Taskforce Report** to the Minister of Local Government

Item 7

Attachment 1

HERE'S WHAT WE ARE CURRENTLY DOING

Customer transactions with Hamilton City Council

Hamilton is growing fast. The city has around 158,000 residents, more than 52,000 rateable properties and over 11,000 businesses. The Council provides a wide range of services to residents and ratepayers and our staff deal with large numbers of business customer enquiries and transactions each year.

13,000
building inspections annually
(2015/2016 data)

$209 billion value
of commercial, industrial building consents issued in the 2015/2016 fiscal year

255,000
Average customer interactions
(F2F, phone, email)
(July 2015 – June 2016)

1,426
residential building consents issued
in the 2015/2016 fiscal year

99% building and resource consents
were processed within the 20 day statutory
timeframe
In 2015/2016 fiscal year

Over 450 consents
for commercial, industrial and infrastructure projects issued each year
(fiscal year, average based on 2011 – 2015)

WHAT ARE THE ISSUES?

Hamilton City Council spoke to customers and stakeholders for feedback on the services the Council provides and the opportunities to better align with customer expectations.

While aspects of our customer service are excellent, our business customers listed barriers to doing business easily with the Council. Making it simpler for our customers to do business with us is critical to Hamilton's economic prosperity.

Barriers

- There is neither certainty nor flexibility.
- Unnecessary time and effort in the process.
- Systems and processes are unclear and it's hard to determine who to contact or the best way to work.
- Services are structured around what works for the Council rather than what works for customers.

Required

customer recognition

- Systems that identify the customer, request, timeframe and preferred mode of contact.

technology

- Online services and technology that match private sector technology.

one front door

- A single entry point and timely, simple, accurate, accessible information.

consistency

- A 'whole of council' approach and a high degree of certainty about process and regulations.

solution focussed

- Better balance between legal requirements and support for the customer. One staff member authorised to act.

WE ARE WORKING TO DELIVER A BETTER EXPERIENCE FOR OUR CUSTOMERS AND STAKEHOLDERS.

The Council has committed to expanding and enhancing services to the business and development community throughout the region and nationally.

We want to have processes that are seamless and which encourage involvement with our community, our city and our business.

How we are responding

- A City Growth team has been created to align business customer services.
- We have introduced key account management to make sure our business customers are in touch with the right person in the Council from the start.
- This Better Business Services Plan.

the outcomes

1. the customer always comes **first**
2. services designed for **business**
3. **integrated intelligent** services

goals

1. know our **customers,** anticipate their needs

2. one front door for **business**

3. fast, simple, fit for purpose **information**

4. **helpful regulators**

results

1. Our processes recognise that different customers have different needs.

   Our customer service approach balances the benefits of standardised processes with the flexibility to deal with customers as individuals.

2. Customer entry points and touch points are simplified.

   A holistic view of customer service is promoted.

3. Our services are described in plain language and up-to-date information can be accessed at any time.

4. Increased certainty for customers around regulatory requirements.

   Increased customer confidence that they will be assisted to achieve the best outcome possible.

actions

Continuous improvement of customer standards and processes

- Map current customer processes.
- Identify and rationalise all customer touch-points and channels in the current system.
- Identify customers and customer categories.
- Develop a plan for a system for customer tracking that manages customer information, customer categories and priority customers.
- Collect feedback on customer experience and use customer insights and feedback to shape our service delivery.
- Update the Customer Services Strategy to include KPI's around efficiency and productivity initiatives.

Develop a plan for "One Front Door"

- Develop a plan for Key Account Managers – define role and assess resource requirements.

Develop a plan for smarter technology

- Online services including consenting, renewals, payments and licences online and 24/7.
- Mobile approach to the delivery of services.

Review key performance indicators

- Monthly results and analysis available to staff.
- Improve transparency to the public through reporting.

Develop a communications style guide

- Templates that reflect the language and communication style that works for business.
- Review all written communications for alignment with our style guide.

Review and update the website for

- Ease of use, currency, relevance and comprehensiveness of information.
- Enable one click to business information.
- Consistency of customer experience.

Listen, evaluate, demonstrate

- Focus groups to provide advice/peer review and advise on better service delivery.
- Set, and uphold, better than statutory timeframes.
- Provide staff with clear examples of great customer interactions.

Review processes to ensure

- Staff with the appropriate seniority are assigned to priority customers and are empowered to act.
- There is clarity around roles and accountabilities.
- There are clear escalation paths for timely decision–making.
- A customer centric approach is embedded.

Find out more at: Hamilton.co.nz

Hamilton City Council
Te kaunihera o Kirikiriroa

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Committee:	Business and Investment Subcommittee
Date:	02 September 2016
Report Name:	Economic Development Key Performance Indicators
Author:	Kelvyn Eglinton

Report Status	*Open*
Strategy, Policy or Plan context	*Economic Development Agenda*
Financial status	*There is not budget allocated* *Amount $<enter amount>*
Assessment of significance	*Having regard to the decision making provisions in the LGA 2002 and Council's Significance Policy, a decision in accordance with the recommendations is/is not considered to have a high degree of significance*

1. Purpose of the Report

2. This report results from an action arising from the Business and Investment Subcommittee meeting of 29 June 2016 seeking a recommendation for a baseline set of metrics for the economic performance of the city.

3. Executive Summary

4. A set of baseline metrics have been established following a desktop study of competitive and comparative economic advantages of the city.
5. The intent of the Council Economic Unit (once recruitment is complete) is that the baseline metrics will be monitored to track city economic performance and shared with stakeholders

Recommendations from Management

That:

a) the report be received; and

b) the metrics be adopted as a baseline reporting framework for monitoring the city economic performance.

6. Attachments

7. There are no attachments for this report.

Item 8

8. Key Issues

9. Currently Hamilton City has no defined baseline metrics to determine how initiatives of Council and/or other stakeholders impact the city economic performance.

10. A number of comparable city frameworks were examined in line with the emerging HCC economic teams focus.

11. An desk top study of the city's competitive strength industries has identified the following sectors that Council would seek to work with to develop a city economic proposition:
    - Manufacturing.
    - Logistics and freight.
    - Agri-tech and science commercialisation.
    - Information Technology and Research and Development (business continuity, data/server services, graphics, gaming , etc).
    - Private sector health and education (public sector health and education are also large drivers).

12. The desk top study has identified that the city's comparative advantage lays in our high percentage of our workforce being:
    - Younger than the rest of the country as a whole.
    - 43% of our workforce is employed within the quaternary sector (Technology, Research and Development).
    - The majority of these are employed by the private sector.
    - Access to significant research capacity – University of Waikato, Waikato DHB, Wintec, Waikato Innovation Park, private sector development units.

13. In line with the above rationale the recommended metrics for monitoring city economic performance are as follows:
    - Gross Domestic Product (GDP)
    - GDP per capita
    - Jobs created
    - Productivity growth
    - Industries creating the most jobs
    - Industries contributing the biggest proportion of GDP

14. Further metrics will be identified as specific initiatives are implemented by partners, Council and/or stakeholders

15. Financial and Resourcing Implications

16. Expenditure is included within business as usual budgets with metrics being able to be sourced via no cost sources.

17. Risk

18. Nil

Signatory

Authoriser	Kelvyn Eglinton, General Manager City Growth

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Committee:	Business and Investment Subcommittee	**Date:**	02 September 2016
Report Name:	Business and Investment Subcommittee - Open Minutes - 2 August 2016	**Author:**	Becca Brooke

Status	*Open*

Recommendation

That the Subcommittee confirm and adopt as a true and correct record the Open Minutes of the Business and Investment Subcommittee Meeting held on 2 August 2016.

1. Attachments

2. Attachment 1 - Business and Investment Subcommittee - Open Minutes - 2 August 2016

Business and Investment Subcommittee

OPEN MINUTES

Minutes of a meeting of the Business and Investment Subcommittee held in Committee Room 1, Municipal Building, Garden Place, Hamilton on Tuesday 2 August 2016 at 12:30pm.

PRESENT

Chairperson	Her Worship the Mayor J Hardaker
Members	Cr M Forsyth
	Cr A King
	Cr A O'Leary
	Cr R Pascoe
In Attendance:	Richard Briggs – Chief Executive
	Kelvyn Eglinton – General Manager City Growth
	Nicolas Wells – Strategic Property Manager
Committee Advisors:	Emily Acraman and Becca Brooke

1. Apologies

There were no apologies.

2. Confirmation of Agenda

Resolved: (Her Worship the Mayor Hardaker/Cr Pascoe)

That the Agenda be confirmed.

3. Declarations of Interest

No members of the Subcommittee declared a Conflict of Interest.

Item 9

Attachment 1

4. Policy Review - Municipal and Domain Endowment Fund Policy – *(Recommendation to Strategy and Policy Committee)*

General Manager City Growth (GM City Growth) and the Strategic Property Manager took the report as read. They responded to questions from Subcommittee members concerning:

- **Targeted Engagement**

  Tompkins Wake had recommended that Council carry out targeted consultation with relevant stakeholders given the fact Council would have more assertive management in its investments under the draft policy. Who the initial consultation will be conducted with will be based on recommendations from the Property Council, the Council would then be able to select other groups or individuals for further consultation if required.

- **Tax Exemption for CCO**

  PricewaterhouseCoopers (PwC) was in the process of endeavouring to obtain CCO tax exemption for Hamilton Properties Limited, given it delivered a public service. Further information surrounding this would be made available in the PwC business case.

Resolved: (Her Worship the Mayor Hardaker/Cr Pascoe)

That clause 9.10 of the draft constitution of Hamilton Properties Limited records that at least 6 board meetings be held in the financial year.

Cr King Dissenting

Resolved: (Her Worship the Mayor Hardaker/Cr Pascoe)

That:

a) the Report be received;

b) the Business and Investment Subcommittee recommend to Strategy and Policy Committee that the assets and management of the Municipal and Domain Endowment Funds are transferred to a Council Controlled Trading Organisation (CCTO), Hamilton Properties Limited;

c) the Business and Investment Subcommittee approves the draft Municipal and Domain Endowment Funds Policy and Constitution for Hamilton Properties Limited, noting changes made, and recommends adoption at the next Strategy and Policy Committee meeting;

d) the Business and Investment Subcommittee approves the timeline for activation and operation of Hamilton Properties Limited attached and recommends adoption of this timeline at the next Strategy and Policy Committee meeting;

Date	Action	Owner
STAGE 1 – APPROVAL STAGE		
2 August 2016 August 2016	Approve Draft Municipal and Domain Endowment Funds Policy Approve Draft HPL Constitution	Business and Investment Subcommittee
2 - 30 August 2016	Focused Engagement Undertaken	GM City Growth
30 August 2016	Approve Draft Municipal and Domain Endowment Funds Policy Approve Draft HPL Constitution Approve Business Case	Strategy and Policy Committee
29 September 2016	Council approval of Policy, Constitution and Business Case	Council Meeting
STAGE 2 – SET UP STAGE		
September 2016	Commission report into Director Remuneration Commence recruitment of Directors	GM City Growth
March 2017	Appointment Directors and remuneration approved Approve Letter of Expectation Activate HPL and revocation of CCO exemption (s7(7))	Council (delegated to CCO Subcommittee or equivalent)
STAGE 3 – TRANSITIONAL STAGE		
1 April 2017	**Hamilton Properties Limited operational in transitional mode**	

April 2017 – June 2017	1st Board meeting Prepare: • Contract HCC and HPL • Statement of Intent • HPL strategy and business plan	Board/Council (delegated to CCO Subcommittee or equivalent)
30 June 2017	Contract, Statement of Intent, HPL Strategy and business plan approved Approve delegated authority to manage assets not transferred	Council (delegated to CCO Subcommittee or equivalent)
STAGE 4 – OPERATIONAL		
1 July 2017 (effective)*	Transfer of Cash and Assets	Council (delegated to CCO Subcommittee or equivalent)
1 July 2017	**Hamilton Properties Limited fully operational**	

e) the Business and Investment Subcommittee recommends that the Chief Executive is delegated the necessary authority to implement this decision; and

f) a report from the GM City Growth is presented to the Strategy and Policy Committee meeting with these recommendations and that is to include the business case (PwC eport, staff validation, taxation position on CCTO/CCO's and any potential law changes, budget and impact on the financial strategy), and confirmation about how the Domain Endowment Fund will operate and a summary of engagement undertaking.

5. Policy Review - Freeholding of Council Endowment Land – *(Recommendations to Strategy and Policy Committee)*

Item 9

Resolved: (Her Worship the Mayor Hardaker/Cr Pascoe)

That:

a) the Report be received; and

b) the Subcommittee recommends to the Strategy and Policy Committee to:

i. approve the Freeholding of Council Endowment Land Policy; and

ii. delete the current Freeholding of Council Domain & Municipal Endowment Leases Policy.

Attachment 1

6. Policy Review - Sale and Disposal of Council Land – *(Recommendation to Strategy and Policy Committee)*

GM City Growth and the Property Manager took the Report as read. They responded to questions from Subcommittee members concerning:

- **Sale for Highest Price**

Where possible Council would obtain the highest price possible for land sold. However under certain circumstances would be permitted to follow the 90% of estimated market value clause in the Municipal and Domain Endowment Fund Policy.

Resolved: (Crs Pascoe/King)

That:

a) the Report be received;

b) the Subcommittee recommends to the Strategy and Policy Committee to:

i. approve the Sale and Disposal of Council Land Policy; and

ii. delete the current Property Sale and Disposal Policy.

c) the Financial Delegation be amended to allow the Chief Executive to negotiate sale and purchase of land where appropriate, at not less than 90% of the estimated market value determined by a registered valuer.

Item 9

Attachment 1

7. General Manager's Report

GM City Growth presented the Report and responded to questions from Subcommittee the members concerning:

- **Business Hub**

Funding had been approved for the Business Hub a Project Manager had been appointed with Hamilton City Council acting as an administrator.

Resolved: (Her Worship the Mayor Hardaker/Cr O'Leary)

That

a) the report be received; and

b) GM Growth to work with Hamilton Central Business Association, the Property Council, and Chamber of Commerce to deliver a project plan for them to work together to develop a Garden Place masterplan, in order to report back to the next Business and Investment Subcommittee Meeting.

Cr King Dissenting.

8. Business and Investment Subcommittee - Open Minutes - 29 June 2016

Resolved: (Her Worship the Mayor Hardaker/Cr O’Leary)

That the Subcommittee confirm and adopt as a true and correct record the Open Minutes of the Business and Investment Subcommittee Meeting held on 29 June 2016.

9. Business and Investment Subcommittee - Open Action List - 2 August 2016

Resolved: (Her Worship the Mayor Hardaker/Cr O’Leary)

That the Report be received.

10. Resolution to Exclude the Public

Resolved: (Her Worship the Mayor Hardaker/Cr Pascoe)

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Business and Investment Subcommittee - Public Excluded Minutes - 29 June 2016 C2. Business and Investment Subcommittee - Public Excluded Action List - 2 August 2016	) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987)	Section 48(1)(a)

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)

The Meeting went into a Public Excluded session from 2:28pm to 2:37pm

The Meeting was declared closed at 2:37pm

Item 10

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Committee: Business and Investment Subcommittee

Date: 02 September 2016

Report Name: Business and Investment Subcommittee - Open Action List - 2 September 2016

Author: Becca Brooke

Status	*Open*

Recommendation

That the Report be received.

1. Attachments

2. Attachment 1 - Business and Investment Subcommittee - Open Action List - 2 September 2016

BUSINESS & INVESTMENT SUBCOMMITTEE

Action List - 2013-16 OPEN

Ref.	Meeting Date	GM Responsible	Action	DUE DATE for reporting back	Status (relative to due by date)	Notes
12	**10/03/2016 Item 7**	GM City Growth	**CBD Board Proposal** Staff report to the Subcommittee to consider the Property Council's CBD Board and how it would relate to the operation of BID association in the central city.	21-Apr-16	**In progress**	The CBD Board proposal will be covered under the General Manager's report to the 2 September 2016 B & I Subcommittee Meeting.
19	**29/06/2016 Item 6**	GM City Growth	**Economic Performance KPI's:** GM to provide a short report on his recommendations for a reporting framework (including analysis) for the economic performance of the city.	02-Aug-16	**Completed**	The General Manager will provide a memo on metrics to the B & I Subcommittee Meeting on 2 August 2016.
22	**29/06/2016**	GM City Growth	GM to invite Jason Dawson (newly appointed Hamilton and Waikato Tourism Chief Executive) to the next B & I Subcommittee Meeting to discuss his priorities in the role and where his focus will be.	02-Aug-16	**In progress**	Jason Dawson will be attending the Meeting on 2 September 2016.

Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Hotel in Hamilton City C2. Business and Investment Subcommittee - Public Excluded Minutes - 2 August 2016	) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987)	Section 48(1)(a)

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)
Item C2.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)