

CHRISTCHURCH & CANTERBURY TOURISM ANNUAL REPORT

for the year ending 30 June 2012



Christchurch
& Canterbury Tourism

2012
Annual Report

To The Trustees of
Destination Christchurch Canterbury
New Zealand Trust



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CHAIRMAN'S REVIEW

Overview

The tourism sector continues to fight back from the devastating impacts of the February 22nd 2011 earthquake and the major aftershocks in June and December 2011. As international media attention has reduced the key ongoing issue remains the lack of hotel and backpacker accommodation along with lingering negative perception issues.

Rather than mourn what we have lost the marketing effort has focused on what we still have which includes most of the motel and holiday park accommodation, some hotels and many major attractions along with all of the classic Canterbury day trips that can be enjoyed from Christchurch. We are also carefully highlighting unique post-quake attractions including the pop up bars, Re:START mall and some quake tours.

A piece of work with huge importance for us this year was the formulation of the Visitor Sector Recovery Plan. During the year we worked with the tourism industry and other key stakeholders to ensure tourism views were well represented in the overall recovery plan. We were happy with the initial outcomes of the central city blueprint, however clearly there is still a fair way to go on the recovery journey.

During the year we also opened up our new visitor centre located in the Botanic Gardens adjacent to the museum. Whilst we are obviously a long way short of our pre quake performance, we feel we've made good progress in establishing this temporary centre and generating sales for local operators, whilst providing a valuable service for visitors.

Air Asia X pulling out of Christchurch after just a year was another major blow to the city.

It does show just how important air links are to Christchurch and to international inbound tourism into the whole of the South Island. We are fully supportive of the airport's strategy to attract new airlines to the city, and to support existing carriers in their efforts to continue their schedules. As we have watched the Virgin/Air NZ alliance, we will watch closely any impacts that the proposed Emirates/Qantas alliance has on trans-Tasman capacity.

We also should not lose sight of the fact that during the year Europe continued to have more than its fair share of issues (which continue today). Christchurch and the South Island have a huge reliance on UK and Europe and quite apart from the earthquake we would have seen this market fall below previous annual arrival levels. The North Island is insulated somewhat with better air connections from Asia.

The Canterbury Tourism Partnership which is funded by the Christchurch Airport, central government and Christchurch City Council, was the main funding vehicle for our marketing efforts. Our major marketing campaign during the year was focused on promotion of the South Island Road trips to the Australian market using Christchurch as a key hub.

Financials

This year we recorded a surplus of \$964,682 compared to last year's surplus of \$332,684. It is important to note that just after balance date we received confirmation and resolution of two significant issues.

The first was the settlement of our business interruption insurance of \$594,127. The management team have worked diligently throughout the year to bring this claim to an end and the board is satisfied with the outcome.

In addition after significant discussions with our previous landlord of the Old Chief Post Office building we have received confirmation that the lease has ceased and we have no further obligations nor any outstanding liability. The board had taken a conservative view, given the huge uncertainty surrounding such lease discussions and continued to accrue for possible lease commitments during the year.

The combination of the business interruption insurance payout and being freed from lease liability has meant we have recorded a large surplus this year. The board has agreed to set aside \$500,000 for the future establishment and fit out of a new visitor centre in the city centre when the time is right.

The Company's Statement of Financial Position at year end is strong. Equity now stands at \$1,437,000. As we move forward into the recovery phase it will become appropriate to commit those funds to addressing perception issues and attracting more people to the city. At some point a domestic marketing campaign will be appropriate.

Acknowledgements

On behalf of the board I would like to thank Tim Hunter and his team for their contributions this year. This continues to be a challenging environment, and the team have handled the stresses and strains well with some excellent outputs.

I'd also like to thank Christchurch Airport for working with CCT this year and continuing to provide office space in addition to the aforementioned support by the airport of the joint venture fund.

Thanks also to the Council for the ongoing funding stream and additional support. Quite simply this organisation cannot exist without the council's support.

My thanks also go to my fellow directors. As I sign off from CCT, I'd like to thank the directors for their commitment this year and for your efforts in guiding this organisation through a tough period.

During the year Blair Roxborough resigned and Scott Wallace was appointed. I'd like to take the opportunity to wish the board all the best for the future and to wish Dave Hawkey the best of luck as he takes over as Chair from 1st November 2012.

I'd also like to thank the trustees of Graham Heenan, Richard Peate and Ngaire Button for their support and guidance throughout the year.

Finally on behalf of CCT I'd like to acknowledge and thank all the tourism operators who have been forced into a difficult position with the vast majority remaining positive and adapting their businesses to this new environment.

Looking forward

CCT continues to assist with the recovery of tourism in Canterbury. Our long term goal is simple; restore the health of the sector to the pre quake levels and beyond, and importantly to help create a better visitor experience than before.

Whilst the Christchurch central city blueprint sets out an exciting and vibrant city plan, that vision remains some years away and our focus will be on ensuring maximum benefit to the city's tourism sector over the transitional years. We have our challenges including the poor economic performance from our key European markets, ongoing aftershocks and limited resources to change the 'broken' perception held especially in Australia and domestic markets.

However we will survive and eventually the tourism sector will thrive as years of built up demand combined with curiosity will mean that the sector will once again claim its place as a key economic powerhouse for the region.



Paul Bingham
Chairman (On behalf of the Board)

10 September 2012



CHIEF EXECUTIVE'S REPORT

Overview

The post earthquake environment in Christchurch continued to constrain the recovery of tourism activity across the entire Canterbury province. The continuing major earthquake events in June and December 2011 had the effect of slowing down the physical recovery of Christchurch City and also compromised the restoration of visitor confidence. Prior to the start of the earthquake sequence in September 2010, the Christchurch share of international arrivals into New Zealand was 21%. This fell to 16% during 2011/12 but still keeps Christchurch in a robust 2nd arrival gateway position ahead of Wellington at 7%.

Although more than 85% of commercial tourism activity businesses are back operating in the greater Christchurch area, the ongoing perception of our tourism gateway being "a broken city" has resulted in total visitor nights in Christchurch City falling to 1,914,300 in the year ending June 2012; this is 40% lower than pre earthquake level of 3,195,000 guest nights. This outcome coincides with the 39% decline in commercial accommodation supply in Christchurch City which has not improved in any material way due to the very limited progress with accommodation repairs in the central city area.

Across the broader Canterbury region visitor volumes have not been as bleak with stronger domestic travel demand evident in regions such as Hanmer, Kaikoura, Timaru and Mackenzie and proportionally more international visitor guest nights hosted in these regional centres due to the prevailing shortage of hotel and backpacker accommodation in Christchurch at peak demand periods.

Overall international arrivals into Christchurch Airport finished the year down 10% on 2010/11 with 417,400 visitors arriving directly into Christchurch.

Whilst Asian and some European markets recovered well in the latter half of the year, holiday visitor demand from Australia remained weak with 43,000 fewer Australians arriving than the previous year which represented a decline of 17%. Safety concerns about Christchurch and uncertainty about the state of the city have been major factors in keeping Australian holiday travellers away. Addressing these perception challenges has been a major focus for CCT in both our consumer and trade communication strategies.

Major Marketing Initiatives

Our CCT marketing team worked tirelessly throughout the year to positively tell the story of tourism product revival in Christchurch to consumers, media and travel sellers. Within Christchurch City the ongoing evolution of new "pop up" hospitality facilities and the urban renewal initiatives of "Gap Filler" and "Greening the Rubble" boosted our ability to promote a strong sense of innovative recovery and gained us positive recognition from Lonely Planet and many international travel writers and broadcasters.

The consumer response to our general marketing and campaign work improved as the year progressed, particularly in long haul markets where 10 of our 15 top international arrival markets ended the year in consistent growth over 2011.

Re-activating the Australian Holiday Traveller

The CCT inspired "South Island Road Trip" campaign was our primary marketing initiative to bring Australian travellers back to both the city and the region. This campaign that was aimed at driving immediate holiday demand and "stemming the losses" in terms of Australian arrivals into Christchurch.

In the six months prior to going into the campaign we had experienced a 35% decline in Australian holiday arrivals compared with the 2010 levels. At the end of the campaign period in February 2012 we had shrunk the holiday arrival deficit into Christchurch from -35% to -17% and also built a foundation of the South Island Road Trip concept as a high satisfaction holiday proposition. This was a good result in the context of having 15% fewer trans-Tasman airlines seats into Christchurch at the time the campaign ran. All partners in this campaign have agreed to run a second iteration of the campaign in the first quarter of 2013.

Push into South East Asia

This year we boosted the profile of our region in South East Asia by leveraging the visitor growth opportunities provided by the direct Singapore Airlines service and the new Air Asia X direct flights from Kuala Lumpur. Our initiatives were focused on educating South East Asia travellers about South Island holidays and profiling our South Island road trip routes starting in Christchurch. Television was the primary medium used with an emphasis on travel and entertainment shows. This was followed up with an up-weighted focus on travel seller education and significant participation by Christchurch and Canterbury tourism operators at trade and consumer travel shows in Kuala Lumpur and Singapore. Although Air Asia X withdrew their services to Christchurch in May 2012, we built Malaysian arrivals to Christchurch from 3,500 to 23,000 passengers in just one year. We are confident that these recent marketing initiatives in this region have created a legacy and momentum that will trigger new travel interest. There remain three other South East Asian based international airlines servicing New Zealand and numerous connections are available to Christchurch across Australia.

Upgrading our Web Capability

An important strategic goal for CCT is to ensure that both travellers and travel sellers are kept well informed of the improving tourism status of the city and our recovery process. Our current web properties of www.christchurchnz.com and www.popupcity.co.nz do an important job in helping travellers plan a visit to our region and help them find accommodation, activities and eating places when they are here.

During the year we placed particular emphasis on keeping maps and information relevant to the needs of travellers particularly in the Christchurch area where the tourism environment and range of services had radically changed. We also commenced work on better populating the www.christchurchnz.com site with a broader range of accommodation, dining and activity listings by increasing the range of products offered from 500 to 1,800. The www.popupcity.co.nz was introduced to provide arriving visitors with the latest information about what's new in Christchurch in terms of bars and nightlife, cafes and restaurants, arts, markets and visitor activities.

Convention and Incentive Marketing Strategy

Given the degree to which our major conferencing facilities within Christchurch have been compromised and the shortage of hotel accommodation our 2011/12 plan was focused on attracting more smaller domestic conferences and developing new incentive group travel concepts that included components in both Christchurch and regional areas of Canterbury. It is pleasing to see that the small conference materialisation is now improving and we are getting serious interest from Australia as a result of the incentive familiarisation (famil) visits we have hosted. We look forward to the opening up of more large conference space with the completion of the Air Force Museum development allowing conferencing for groups of up to 900 persons in early 2013.

Visitor Centre Operations

Christchurch i-SITE

Visitor throughput at the Christchurch i-SITE was down 65% on pre-earthquake levels due to the international arrival decline, limited activities in the central city and the reduced amount of inner city accommodation. In November 2011 we re-established a Christchurch i-SITE in the Botanic Gardens in Rolleston Avenue. This has proven to be an excellent site and has assisted us to exceed both our revenue and throughput targets for the year which were substantially modified downwards after the February 2011 earthquake.

Visitor foot traffic improved throughout the summer however visitor volumes in the last quarter of the year remained weak.

The Christchurch i-SITE finished the year with Gross Revenue 60% behind the prior year with turnover of \$2.376 million and 117,000 visitors processed. Due to the lower operating cost of the temporary building and effective cost management the operating loss for the Christchurch i-SITE was \$152,000 better than plan at (\$165,100).

Akaroa Visitor Centre

Healthy cruise passenger traffic numbers from the 78 cruise ship arrivals into Akaroa helped boost gross revenue during the 2011/12 season but was largely offset by much lower volumes of independent travellers coming into Akaroa across the rest of the year.

In early December 2011 our Visitor Centre Operation was moved out of the Akaroa Service Centre due to earthquake risks and re-established in a much smaller portacom building which restricted both counter and retail space. The loss of visibility from the main street has also diminished visitor patronage. A new site for the Akaroa Visitor Centre operation is currently being sought.

Visitor Sector Recovery Plan

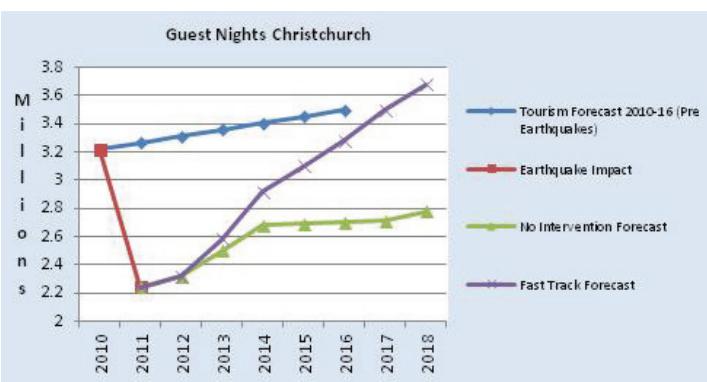


The Visitor Sector Recovery Plan (VSRP) developed by CCT in 2011/12 defines the specific impacts of the earthquakes on the visitor sectors capability and defines six key projects that will assist in accelerating the recovery of visitor flows to the city and region.

As it currently stands Christchurch City has lost not just a million visitor nights per year but many more day visitors that would typically come into the city on arrival into the South Island or before leaving.

In this respect the reduction in visitor activity in the city is estimated to be 60-65% behind previous year levels. Without “fast track” actions to provide the much needed central city accommodation, activities and hospitality services, Christchurch will have little prospect of mounting an effective recovery that revitalises the visitor industry. Without the interventions proposed in this recovery plan Christchurch will in five year’s time have only recovered 50% of the visitor nights lost following the 2011 earthquakes. A full recovery to 2010 visitor levels will take between 10 to 15 years.

The four major fast track strategies in this plan will be the key drivers of economic recovery in the tourism sector and if implemented have the potential to grow visitor nights from 2.3 to 3.4 million and improve visitor spend by 60% from \$529million pa (YE 2012) to \$843 million pa (YE 2017).



These four primary projects are built around:

- Creating new inner city tourism infrastructure that delivers a viable “Pop Up” Transitional City experience by day and also by night.
- Fast track re-builds and new builds of commercial accommodation.
- Getting a new Christchurch Convention Centre built and operational by 2016.
- Air Service Developments – re-instating Trans Tasman capacity and opening up two new routes from Asia by 2015.

Two further projects around the development of a sports tourism strategy and placing a priority on building the Avon River Park precinct will significantly enhance the rate of recovery and economic returns but require further analysis before the total economic benefits can be identified.

The plan also identifies the importance of ensuring that visitor services development needs to be an integral consideration in the Christchurch rebuild to ensure that our city becomes a more iconic and “must see” visitor destination. A strong visitor industry will contribute enormously to the economic recovery of the inner city and the rate of recovery of many other economic sectors.

Implementation Process for the VSRP

Canterbury Earthquake Recovery Authority (CERA) and the Christchurch Central Development Unit (CCDU) have accepted the plan developed by CCT and the industry. CERA has acknowledged that the Visitor Sector Recovery Plan has been thoroughly researched and includes many aspects and initiatives that are being addressed by the CCDU in establishing the 17 anchor projects that make up the Central City Blueprint.

During 2012/13 CCT will continue to play a leadership role in ensuring that the visitor sector issues are incorporated in the CCDU planning processes as the anchor projects become operational.

Acknowledgements

During the year we have been closely involved in a broad range of projects in support of the Central City Blueprint development and economic recovery initiatives. I wish to thank the many individuals at the Christchurch City Council, CERA and CCDU who have listened to our tourism perspectives and assisted us with plans and decisions that will benefit our future tourism outcomes.

I wish to thank our Canterbury District Tourism Organizations and our Business Partners who have provided highly valuable insights into tourism trends across our province and contributed ideas and concepts for the development of recovery initiatives.

I would like acknowledge our CCT Board and the contributing partners to the Canterbury Tourism Partnership for their steadfast support of our plans and their valuable guidance throughout the year. Christchurch International Airport deserves special recognition for their very generous support in providing CCT with office space and for their active support of all our endeavours.

I wish to especially acknowledge the fine work and dedication of our small CCT team who have worked with amazing passion and energy throughout the year. Despite the serious headwinds we still face we are all deeply committed to getting more visitors back to our region and creating the right environment to harness the tourism opportunities that lie ahead. It is a pleasure to work with such an outstanding team.



Tim Hunter
Chief Executive

10 September 2012



LOOKING AHEAD - STRATEGIES FOR 2012/13

1. “Bolster the international desirability and capability of Christchurch as the preferred primary entry point to the South Island”

Rationale

- Maintaining a reputation as a desirable entry point will be critical to maintaining and growing direct international air links with both Australia and beyond points in Asia.
- Christchurch’s market share of international arrivals into New Zealand has fallen from 21% in 2010 to 16% in 2012.
- Flight cancellations have reduced Trans Tasman air capacity into Christchurch by 16% since 2010 resulting in 2,800 fewer seats per week. This is constraining demand and slowing the rate of tourism recovery.
- Christchurch must perform well as a preferred destination to ensure that Singapore Airlines and Emirates maintain existing frequencies and new long haul carriers develop new air links.

2. “Ensure all travellers and travel sellers in all key markets are kept well informed of the tourism status of Christchurch and recovery progress”

Rationale

- Misinformation about the state of Christchurch will suppress demand and/or delay travel plans for travellers to proceed with South Island holidays and or specific visits to Christchurch.
- During the next three years we will have many key “recovery milestones” to announce. Successful communication of this progress will build confidence in Christchurch as a destination.

3. “Support local tourism operators as they adapt to changing conditions”

Rationale

- Local tourism visitor experiences have adapted to a significant downturn in international visitor demand but urgently need more volume of visitors to maintain economically viable businesses.
- Adapting products to improve attractiveness to growth markets from Asia will help speed up business recovery.
- Growth in visitor nights in Christchurch is essential to drive more activity product consumption.

4. “Ensure that CCT’s marketing is focused on those visitors and markets which demonstrate a high propensity to travel to and stay in Christchurch and surrounds”

Rationale

- We need to get the best return on investment for the limited promotion funds we have.
- Our tourism operators need demand improvement quickly to sustain viable businesses.
- Further research of visitor stay behaviour in Christchurch by nationality and travel style is required to improve targeting.

5. “Adopt visitor growth strategies to make optimal use of the under-used accommodation and visitor infrastructure across the region”

Rationale

- The CAM indicates that prior to our earthquake events the Canterbury Region average occupancy level in commercial accommodation was only 39% in 2010.
- Spreading the visitor load across the region will assist in improving arrival growth into Christchurch due to a higher rate of fulfilled travel plans.

6. “Ensure that CCT delivers the recovery activity funded by the Canterbury Tourism Partnership”

Rationale

- All CTP partners need to have confidence that CCT can effectively assess the regions long term tourism needs and deliver the solutions sought. This will maintain confidence in the ongoing investment by CTP funding partners in the region’s tourism recovery.
- CCT needs to keep Government well informed of the status of our tourism industry and the recovery process in Canterbury; and ensure that it maintains positive and supportive relationships with key stakeholders in both central and local government.

7. “Influence the Christchurch City re-build and economic recovery process so that the City creates an outstanding environment for future visitors”

Rationale

- Prior to February 2011 visitors made up a significant proportion of the inner city population especially in the summer months when more than 600,000 international visitors would come through Christchurch.

- Certain parts of the central city such as the Cultural Precinct had a significant influence on visitor satisfaction and the way the city is re-built will be of profound importance to visitor acceptance of the “new” Christchurch.
- The successful development of a new Convention Centre and associated hotel precinct will have a sizable impact on both visitor yield and overall visitor spend in Christchurch producing up to \$118 million of business per annum once in full operation.
- The re-build process gives us the opportunity of significantly enhancing the visitor experience in Christchurch.
- Christchurch urgently needs economic stimulus to survive and the early return of visitor volumes will be essential to achieving the economic recovery.

8. “Provide industry leadership on key issues impacting on tourism outcomes”

Rationale

- CCT is one of the few organisations that can influence tourism policy and outcomes at a national and local government level.
- Our industry sees that issues leadership is a key responsibility for CCT as a Regional Tourism Organisation.
- Our Strategic Plan goals are designed to optimise outcomes for the whole tourism sector and they require strong advocacy to ensure that they are achieved.



KEY PERFORMANCE RESULTS

Christchurch Visitor Centre

Targets	2010/11 Actual	2011/12 Forecast	2011/12 Actual	% Variance to LY
Gross Sales Revenue (excl. GST)	5,848,795	\$2,258,422	2,333,885	-60%
Average Spend	\$123.00	\$100.00	\$117.50	-4%
No. of pax committing	47,500	22,584	19,863	-58%
Total Visits to i-SITE	375,000	170,000	117,069	-68%
Visitor satisfaction rating	Not measured	8.5	9.1	

Akaroa Visitor Centre

Targets	2010/11 Actual	2011/12 Forecast	2011/12 Actual	% Variance to LY
Gross Sales Revenue (excl. GST)*	625,786	\$719,993	726,823	+16%
Total Visits to i-SITE	131,700	151,500	184,616	+40%
Visitor satisfaction rating	Not measured	8.5	Not Measured	

*Gross sales are for operator products and retail only

Convention Bureau

Targets	2010/11 Actual	2011/12 Forecast	2011/12 Actual	% Variance to LY
New C&I Business Opportunities for the Region Conference Bids & Incentive Proposals Initiated	24	20	20	-16%
Bid Conversion – success factor	30%	30%	25%	
Hosted Famil Activity (Incentive & Conference)	4	5	2	-50%
Delegate Days for Multi-Day Conferences	100,640	12,000	46,243	-54%

Business Development

Great Wine Capitals – Best of Wine Tourism Awards				
Targets	2010/11 Actual	2011/12 Plan	2011/12 Actual	
Deliver an awards programme	1	1	1	
Increase the number of award entries each year	17	16	19	

Business Recovery				
Targets	2010/11 Actual	2011/12 Plan	2011/12 Actual	
No. seminars of tourism specific business recovery training	N/A	4	0	
No. of networking and industry update functions per year	N/A	4	11	
No. of industry communication updates	N/A	12	24	
No. of DTO meetings held	N/A	4	3	

Business Partnership Programme							
Targets	2010/11 Actual Members	2010/11 Actual Revenue	2011/12 Forecast Members	2011/12 Forecast Revenue	2011/12 Actual Members	2011/12 Actual Revenue	% Variance to LY
CCT brochure & Web display	772	\$370,403	725	\$160,250	479	\$76,126	-79%
CCCB Membership	93	\$254,354	45	\$49,750	43	\$45,431	-82%
District web marketing module	n/a	n/a	5	\$30,000	4	\$21,000	n/a
Total	865	\$624,757	775	\$240,000	526	\$142,557	-77%

Cruise Market				
Targets			2011/12 Forecast	Actual
Maintain the number of ships booked into:	Akaroa		60	78
	Lyttelton		15	4
Update port guides for Lyttelton and Akaroa			2	2
Develop video for ships arriving into Lyttelton and Akaroa			1	1
Produce a relevant cruise brochure			1	1
Develop 'Guest Lecturer' information package			1	3

Marketing

Visitor Arrivals into Christchurch	2010/11 Actual	2011/12 Forecast	2011/12 Actual	% Variance to LY
Australia	259,034	207,300	215,904	-17%
UK	38,412	30,700	35,520	-8%
USA	21,721	16,300	16,768	-23%
Japan	15,025	11,700	11,024	-27%
South Korea	12,508	8,900	10,096	-19%
Germany	13,460	11,300	12,240	-9%
Malaysia	9,206	21,000	21,344	+132%
China	7,783	7,800	10,144	+30%
Singapore	8,913	7,900	10,464	+17%
Total – Major Markets	386,062	322,900	343,504	-11%

Length of Stay and Accommodation	2010/2011 Actual	2011/12 Plan	2011/12 Actual
Average Length of Stay – Combined Canterbury RTOs	1.8 nights	1.5 nights	1.8 nights
International Visitor Nights – CAM	-20%	-27%	-24%
Domestic Visitor Nights – CAM	0%	-25%	-6%

* the above Visitor Night stats show all visitor nights, this is made up of holiday nights, and includes accommodation booked by contractors staying in Christchurch to assist with the rebuild.

Website	2010/11 Actual	2011/12 Plan	2011/12 Actual	% Variance
Visits	516,421	431,057	325,908	-37%
Australian Visits	163,850	142,270	61,584	-62%
Average Time on Site	3:33	3:34	3:52	+9%
Page Views	3.76	4.5	4.04	+7%



MARKETING

Overview

Key Market Summary

International Markets

Arrivals into Christchurch continue to see very different market trends compared to New Zealand as a whole resulting from the influence of the 2010 and 2011 earthquakes. While overall New Zealand has seen an increase in arrivals (+5.4%), Christchurch has experienced a significant decline (-10% to YE June 2012). This demonstrates some visitors shifting their travel behaviour to fly into other ports. The growth seen in North Island ports is testament to this change. The most noteworthy drop is Australian holiday arrivals.

New air routes on services from Asia significantly changed the balance of market priorities – for both the South and North Islands. Asian markets of China, Malaysia and Singapore continue to show strong growth compared to other markets. Traditional western markets of the UK and USA continue to be effected by a number of external factors.

Domestic Market

Issues with the domestic market are more complex than other markets. Earthquake related news gets extensive coverage (and generally it is overwhelmingly negative) and therefore is counterproductive in developing the leisure tourism market into Canterbury. As New Zealanders often have friends and family in Christchurch, there are many first hand accounts that shape their understanding of Christchurch.

In addition the Guest Nights number is masked by travel by individuals that helped with the rebuild, were displaced from their homes and stayed in commercial accommodation, or from the districts where visitors who would otherwise have stayed in Christchurch now stayed in outlying districts.

STRATEGIC PRIORITY ONE

Ensure travellers (especially those with a high propensity to travel) in all key markets are kept well informed of the tourism status of Christchurch and the recovery process via non-paid media channels.

Over the year CCT was involved in bringing 312 individual media into the region on 121 familis. CCT individually managed 11 of these familis (29 individual media) and TNZ initiated 44 of the familis (195 individual media). For a CCT led famil, CCT invested 52% of the cost and was able to leverage investment with 35% coming from tourism operators and 12% coming from districts or other parties. For a TNZ initiated famil, CCT only contributed 1% of the cost and leverage 31% from TNZ and 68% from operators.

Australia

CCT continued to contract the services of Barking Owl (PR agency based in Sydney) to coordinate all activity in the Australian market. This included initiating a number of high profile familis, one example is television show Garden Gurus. One episode of the show was filmed at the Ellerslie International Flower Show, highlighting both the show and the changing face of the city. An 8 page feature was written in The Guru magazine and the Christchurch episode was viewed by 830,000 viewers in Australia.

In February 2012 there was considerable media coverage of the memorial of the February 2011 earthquake. This was an opportunity to show the progress the city had made over the previous 12 months in preparation. Substantial B-roll footage was created and distributed to international media outlets prior to the anniversary at a cost of \$7,000. This included interviews with a number of prominent Christchurch figures and video footage of numerous city projects. One significant highlight was bringing the weather crew of Sunrise (Australia's leading breakfast show) to Christchurch. With 350,000+ viewers per day, the first day filmed in Re:Start Mall and the second day filmed in Hanmer Springs.

South East Asia

With Air Asia X's direct route to Christchurch in service during this financial year the aim was to work alongside Tourism New Zealand, Christchurch Airport and Air Asia to increase the knowledge level of the South Island and ultimately increase load factors. Key messages were focused around self drive South Island via the entry point of Christchurch. CCT invested \$65,000 and contracted the services of Debbie Coloma (PR consultant based in Singapore) to coordinate this activity. Key highlights:

- TV3 "My Dreams" - Lifestyle programme with approx 500,000 - 900,000 viewers per episode and 75,000 facebook subscribers. 4 x 30 minute episodes about Christchurch and Canterbury aired in May and June 2012.
- Chef Wan NZ Series - Local Malaysian Celebrity Chef's TV series screening on Astro (Malaysia's biggest satellite TV platform). His last show had 2.5 million viewers and the aim is for an audience of 4 million for the new series. Canterbury and the South Island will feature in 13 episodes of his upcoming series. Airing later in November 2012 – February 2013.

CCT also invested \$55,000 into a Tourism New Zealand Malaysian market campaign that integrated a TV series focused on the South Island with a digital promotional campaign. Average viewership per episode was 217,000. Online advertising had 13.9 million impressions and over 31,000 clicks through to the dedicated microsite.

Other International Markets

CCT continued to ensure the Tourism New Zealand International Media Programme team were kept up to date on the situation in Christchurch. This included briefing them directly and supporting their family activity via itinerary building and on the ground hosting. Highlights from this activity:

- The Society of American Travel Writers (SATW) Conference was hosted in Wellington in November 2011. Pre-conference a group of 20 were hosted by CCT to Lake Tekapo and Mt Cook. Post conference a group of 20 were hosted by CCT to Christchurch and Akaroa.
- China Southern Airways Press Trip – CCT assisted with coordinating the Winter Press trip where 6 various Chinese media were hosted in Christchurch and Lake Tekapo. Reach from the 6 media combines to over 10,000,000 readers.

CCT made contact with over 60 individual international media during the RWC period.

Following the initial 'red zone' tour that Canterbury Development Corporation and Ministry of Economic Development organised for visiting media, CCT took leadership of the following two with Tim Hunter as the key spokesperson on the tour. Key messages were significantly changed from the initial tour to be more in line with CCT messages and the tone was less sensationalised. Media kits were produced and then distributed to visiting media. CCT held a media welcome in conjunction with Hurunui Tourism, Hanmer Springs Thermal Pools & Spa and Tourism New Zealand. This was for the predominantly Australian media contingency who were following the Wallabies.

STRATEGIC PRIORITY TWO

Ensure all travel sellers in all key markets are kept well informed of the tourism status of the city and the recovery process

Trade Show and Trade Training:

Throughout the year CCT up-weighted the presence of Christchurch and Canterbury at all major offshore New Zealand trade shows and frequently met with inbound tour operators and Australian wholesalers.

Highlights of the Trade Calendar:

	Event	Market(s)	Reach
July 2011	UK and Europe IMA Workshops	UK, Germany and France	52 Product Managers 310 Frontline Staff
August 2011	Kiwi Link India	New Delhi and Mumbai	120 Appointments (mix of wholesalers, retail and frontline)
September 2011	Australian Trade Training	Queensland	135 Wholesale Staff
September 2011	Kirra Roadshow	Multiple Australian locations	Over 1100 consumers attended
September 2011	IBO Training Visits	Auckland	19 Auckland based IBOs
November 2011	CCT Asia Roadshow	Singapore, Kuala Lumpur, Japan and Korea	42 Trade attended Singapore event 60 Trade attended KL event Presentation to Japan New Zealand Business Council Conference in Osaka. Briefings to 8 key Japan based wholesalers and airlines, 42 trade attended the second event.
December 2011	Australian Trade Training	Sydney and Melbourne	9 Australian wholesaler meetings
February 2012	NATAS Consumer Travel Show	Singapore	63,000 consumers attended. 236 directly booked flights/package holidays to New Zealand
March 2012	Greater China Mission	Shenzhen (target markets China, Hong Kong and Taiwan)	100 travel companies attended from Southern & Northern China, Taiwan and Hong Kong
March 2012	South Asia Roadshow and MATTA Consumers Travel Show	Kuala Lumpur, Penang, Singapore and Bangkok	350 Frontline Agents 92,600 consumers attended MATTA
March 2012	Australia Market Insights	Sydney	23 Product Managers
April 2012	RTO / ITOC Training	Auckland	39 Product Managers attended and 50 frontline staff
May 2012	TRENZ	Queenstown	21 regional exhibitors CCT had 2 full appointment streams, meeting over 100 Buyers

Famil Activity

		2010/11	2011/12	% Change
CCT Driven	No. of familis	11	15	36%
	No. of trade	60	102	70%
TNZ Driven	No. of familis	12	15	25%
	No. of trade	107	152	42%

In total CCT contributed \$20,000 for the trade famil programme. This was able to be leverage by a \$33,000 contribution from TNZ, \$103,000 from tourism operators and \$4,500 from other stakeholders taking the total budget to over \$160,000.

Highlights of this activity:

- Stella World Car Rally famil (December 2011) – 11 Australian frontline staff participated in an “Amazing Race” style famil of Hanmer Springs, Kaikoura, Blenheim and Wellington. Challenges were developed along the route to complement the attractions and activities highlighted within the itinerary. At the duration of the famil, participants flew to Auckland to present the region they experienced to the other five groups that were on similar famils of different regions throughout New Zealand.
- Post-TRENZ Famil (May 2012) – 10 buyers participated in a Post-TRENZ famil of the Mackenzie, Mid Canterbury and Christchurch regions. The buyers were from China, Germany, Brazil, Australia and Japan.

STRATEGIC PRIORITY THREE

Undertaking campaign and promotional activity to ensure the reputation of Christchurch as the preferred gateway to the South Island remains strong and significantly reduce the number of travellers who are delaying or postponing travel to Canterbury and the South Island via direct conversion based activity in key markets.

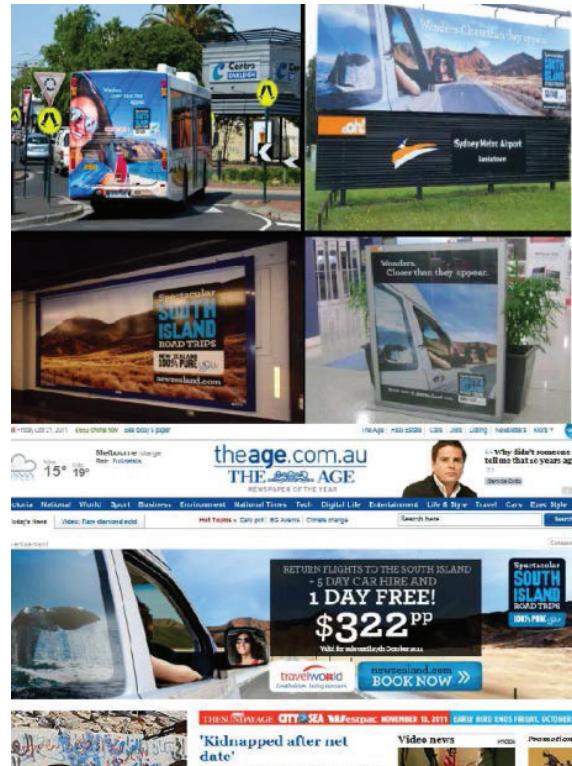
Australia

South Island Road Trips Campaign

CCT combined efforts with Dunedin, Queenstown and Wanaka to undertake a joint campaign with TNZ, focusing on self drive to alleviate some of the effects felt by South Island tourism operators from the Christchurch earthquake. CCT contributed \$300,000, other RTOs and airports contributed \$485,000 and TNZ contributed an undisclosed amount thought to be upwards of \$1.6 million.

Campaign Overview:

- Timing: 26 September 2011 – 22 January 2012 in Australia, targeting older travellers (55 years+) and Young Adventurers (25 - 49 years).
- Conversion Partners: Wotif, Stella, Kirra, Flight Centre, Jetstar, Adventure World.
- Advertising Activity: TVC, Cinema, Outdoor (Cross tracks, Bus backs, Shopping mall media, office media and In-gym media) online display banners, high reach awareness and homepage-takeovers, eDMs and re-messaging, as well as social exposure via Facebook and YouTube.



The overall performance of the online indicators below outperformed expectations that were set against benchmark campaigns from TNZ historically.

	Visits	Referrals	Referral Rate
Actual	160,674	43,444	27%
Target	140,785	21,118	15%
% Difference	+14%	+106%	+80%

For the six month period prior to the start of the campaign Australian holiday arrivals were trending 34.8% behind 2010 levels for arrivals into Christchurch and 17.8% behind for all South Island ports. The summer months showed improvement as the arrival decline reduced in severity.

	South Island	% Change	Christchurch	% Change
October	8,416	-30%	6,106	-43%
November	11,232	-11%	9,040	-18%
December	19,168	-15%	14,384	-22%
January	15,472	-9%	10,448	-16%
February	12,112	-9%	8,720	-13%

Winter and Ski Campaigns

In promotion of the 2012 season CCT promoted the Canterbury ski proposition via two channels.

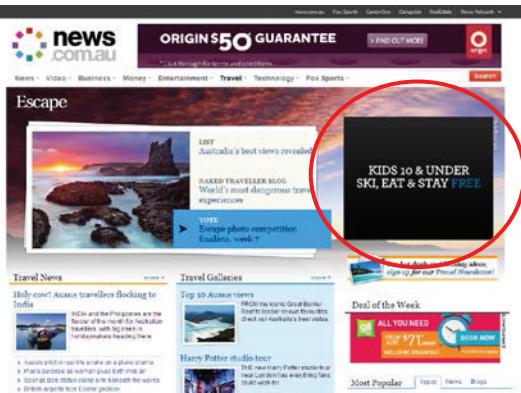
Ski TMN:

- This ski specific campaign leveraged off the activity TNZ ran in Australia. The creative was developed in a similar style and the media purchased by the same agency. The Canterbury representation of the campaign was purely online. CCT invested \$25,000 into the Ski TMN.

Mt Hutt Marketing Group (MHMG)

- CCT invested in four Australian trade campaigns in combination with the MHMG and Christchurch International Airport. The aim was to push the Kids 4 Free message (travel, stay, eat and ski) that the township of Methven had embraced for the 2012 season. The campaigns were run using trade channels with Adventure World, SKI MAX, ANZCRO and Expedia between January 2012 – June 2012.

Online Travel Seller Joint Promotions



Wotif Canterbury Tiki Tour Promotion

In March 2012 CCT and Wotif launched a campaign aimed at increasing awareness and drive bookings to the districts of Canterbury. CCT contributed \$6,000 to the development of the blog and the blogger's experience in Canterbury. The campaign consisted of two phases:

- An educational campaign supported by an informative blog from the winner of an online competition. Overall there were 38 blog posts uploaded with a total of 9,671 views.
- Tactical retail campaign focused on the areas blogged about with deals for specific locations and activities. Total reach for the retail campaign was 1.45 million impressions (through email blasts, posts on social media and advertising on Wotif.com and christchurchnz.com).

There were a total of 576 bookings made resulting in 875 room nights.

Domestic

Love Christchurch Air NZ Joint Promotion

In late August/early September 2011 CCT ran a joint promotion with Air New Zealand promoting domestic travel to Christchurch in late September – early November. There were two components to the campaign:

- A push element initiated by CCT which focused on talking to the Christchurch market about how their friends and family can come to Christchurch for \$50 off the advertised price. This included an incentive to win a night at The George Hotel. CCT invested \$25,000.
- A pull element activated by Air New Zealand promoting this fare discount direct to the domestic market outside Christchurch. This included the incentive of 2 for 1 activities – of which 8 attractions and activities participated.

Results showed 774 return passengers purchased using the promotion code.

STRATEGIC PRIORITY FOUR

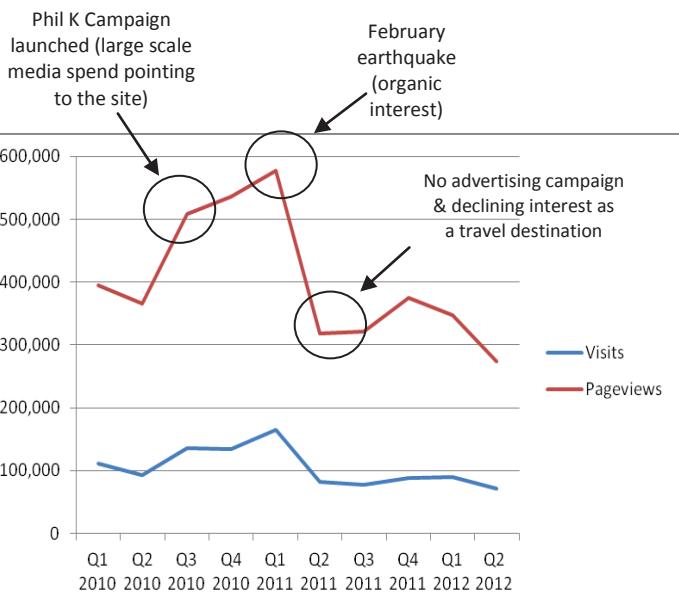
Ensure christchurchnz.com becomes the platform to deliver messages to potential visitors to the Christchurch and Canterbury region.

Results Overview

christchurchnz.com	2010/11	2011/12	% Change
Visits	516,421	325,908	-37%
Australian Visits	163,850	61,584	-62%
Average Time on Site	3:33	3:52	+9%
Pages / Visit	3.76	4.04	+7%

2010 was a year when CCT had their biggest advertising spend in Australia of which all of the campaigns pointed to christchurchnz.com and a large amount of paid traffic was generated. In early 2011, interest in the earthquakes immediately after the events also generated significant website traffic.

In comparison the 2011/12 FY was a year when advertising spend pointing at christchurchnz.com did not take place coupled with effects from the earthquake that damaged perceptions around the appeal to travel to the city and region.



PopUpCity.co.nz	December 2011 to June 2012
Visits	20,074
Australian Visits	2,259
Average Time on Site	2:36
Pages / Visit	3.29

Key Online Projects

Integrating TNZ Operator Database and MenuMania Database

Integration onto christchurchnz.com of information from TNZ's operator database and MenuMania's restaurant database increased the number of operator listings on christchurchnz.com from 504 (pre-integration with paid CCT listings) to 1,880 (TNZ's operator database and MenuMania database combined). This helps to shape the perception that there is a lot to do, and that the city and region are ready to welcome visitors.

The integrations allowed the opportunity to redesign the operator listing pages to be more conducive to the new information and for CCT to prioritise bookable accommodation product.

Integrating social networking tools for operators

Each listing on christchurchnz.com now holds the ability to show an operator's TripAdvisor reviews and Facebook wall. Both of these functions are flexible to allow operators to choose how much information is displayed.

popUpCity.co.nz

In late December 2011 popUpCity.co.nz was launched as a platform to show international visitors, media and trade that in the post earthquake environment, Christchurch still has a lot to offer visitors.



BUSINESS DEVELOPMENT

Business Partner Programme

Strategic Approach

Our primary goal with Business Development initiatives this year has been to assist tourism operators recover their businesses and ensure that they received regular information about support services available through Recover Canterbury, CCT marketing initiatives and updates on market trends.

We also encouraged active involvement from multiple tourism businesses as we developed our tourism sector recovery plan for greater Christchurch. This resulted in us opening up our communication channels with the whole industry rather than just limiting communications to those businesses who were engaged in the Business Partner programme operated by CCT.

Most of the revenue fee levels set for the Business Partner programme for 2011/12 were halved when compared with the pre earthquake levels. This acknowledged the difficult demand conditions businesses were facing and the lower revenue output of our sales through our visitor centres and limited marketing opportunities.

Revenue

Business Partner Programme revenue for YE June 2012 totalled \$142,557 including both Christchurch & Canterbury Tourism and the Christchurch & Canterbury Convention Bureau. Revenue was 77% lower than YE June 2011 due to a 58% reduction in participation and the significant reduction in the annual fees we applied to compensate for the lower earnings environment for most businesses in the programme.

Brochure display revenue from our visitor centre operations was also constrained by the reduced physical space available in the temporary buildings we now occupy in both Christchurch and Akaroa due to being displaced from our permanent buildings due to earthquake damage.

The Christchurch & Canterbury Convention Bureau membership levels have remained strong despite the severe impact that the earthquakes have had on the sector. Bureau membership has reduced by 40% with most of our established Bureau Business Partners taking a long term view of the importance of participation to recover the sector.

Business Partner Communication and Networking

During the year CCT and CCCB hosted 11 industry updates, workshops and functions and consulted widely with other external stakeholders including CCC and CERA.

24 items of industry communication were sent out to our broader industry database during the year to ensure that the industry was well informed on trends, marketing initiatives, business support opportunities and other relevant issues relating to the Canterbury tourism landscape.

We continued to assist a number of tourism businesses with access to Recover Canterbury business advisors and funding for specific recovery and relocation projects

Canterbury Tourism Collaboration

CCT continued to meet with District Tourism Organisations across Canterbury on a quarterly basis with the goal of better understanding the changes in the tourism dynamics across the province and ensuring co-operation on key marketing projects.

Domestic tourism has played a significant role in replacing lost international business and we are working closely with the Districts on evaluating new concepts for domestic marketing initiatives in 2012/13.

Special Projects

Cruise

Due to the damage to the Lyttelton port infrastructure the majority of cruise ships booked their port calls into Akaroa Harbour for the 2011/12 cruise season.

In general the season went well with a well managed traffic management plan on cruise days.

An additional information kiosk was located on the land side of the Akaroa wharf.

Total cruise visits 2011/12 cruise season:

Port	No. of Arrivals
Akaroa	78
Lyttelton	4
Timaru	1
Kaikoura	4

Facilitation of Cruise:

- Port guides for Akaroa and Lyttelton were updated for use by Cruise New Zealand and Tourism New Zealand.
- A relevant cruise brochure in the context of post earthquake tourism capability was developed in partnership with Christchurch City Council.
- Intra Akaroa cruise shuttle – free shuttle to deliver cruise passengers throughout the Akaroa Township to assist with easing congestion of pedestrians in the township.
- Guest Lecturer information was developed and disseminated to cruise lines.
- A cruise video was developed from B roll footage shot during the season for use in Cruise NZ/Tourism NZ Cruise roadshow, inbound tour operators and for use by port lecturers.
- Undertook Cruise NZ/Tourism New Zealand road show to the USA to visit cruise lines to ensure Christchurch/Akaroa is still considered by cruise lines.

Risk: Marlborough/Picton and Dunedin actively pursued the Canterbury cruise business post earthquake.

Great Wine Capital - Best of Wine Tourism Award

In 2009 the Christchurch City Council initiated an application for Christchurch and the South Island to become a member of the Great Wine Capital Network. Christchurch was accepted into the Great Wine Capital Network in 2009.

CCT was tasked with coordinating the Best of Wine Tourism Awards. 19 entries were received for the 2012 awards.

The winners were:

Category	Winner
Sustainable Wine Tourism	Yealands Estate
Wine Tourism Services	Appellation Wine Central Tour
Innovative Wine Tourism	Northbrook Station
Wine Tourism Restaurant	Melton Estate

One international category winner for Christchurch/South Island was selected by the International Jury at the 2011 AGM in Mainz Germany. The winner was Appellation Wine Central Tour in the Wine Tourism Services category.

CCT provided tourism input on a regular basis to the following organisations and discussion forums:

- Study Canterbury – International Education
- CCC Major events– BMW NZ Golf Open, NZ Women’s Golf Open, World Bowls, FIFA U20 World Cup bid
- Civic & International Relations – Sister Cities
- Antarctic Link Committee
- CCC Transitional City Planning Team.



CONVENTION BUREAU

The primary role of the Christchurch & Canterbury Convention Bureau is to grow the economic benefit to the region from visitors attending conferences and incentive activities in the region.

Since February 2011 Christchurch's ability to host and attract large conferences has been hampered by a significant shortage of hotel accommodation and suitable venue space.

The future prospects are improving as we head back into the regular conference bid cycle of 3-5 years with:

- Larger venues such as the Wigram Hangar at Air Force Museum providing 1,500sqm of conferencing space and capacity for 900 people.
- The announcement of the location and size of the new Christchurch convention centre
- Four Christchurch hotels to be reinstated in the next 12 months.

The estimated economic contribution from the measured conference and business events sector for YE 2011/12 was approximately \$5.4 million. This spend is encouraging but still a long way from the pre-earthquake levels of 25% NZ market share and \$80 million.

* Source COVEC CAS Survey

Economic Impact

Economic spend FY 2011/12 - Approximately \$5.4 million dollars

Origin	Pax Number	Avg Spend	Economic Spend
Domestic	120,762	\$1,419	\$1.7m
Australian	4,215	\$4,079	\$1.7m
Other Int	4,995	\$4,079	\$2m

* Source COVEC

Bids & City Proposals – Target 20

FY 2011/12 CCCB Bid Activity Status		
\$0.2m	Pending	2
\$4.5m	Win	5
\$12.5m	Loss	12

Bid Conversion - Target 40%

The 2011/12 bid conversion rate was 26% with a confirmed estimated economic benefit of \$5.4 million.

Multi-Day Conference Delegate Days 2011/12 Target 3%

The table below shows the number of multiday conferences by delegates, size of conference and overall share of the market. The majority of the multiday conferences fell mainly in the under 100 and 250 person category.

Multi-Day Conferences and Conventions *

Summary Stats	Conference Size (number of delegates)					Share of all CAS Regions
	<=100	101-250	251-500	501+	Total	
Events	86	9	0	0	96	4%
Delegates	3,333	1,426	0	0	4,758	2%
Delegate Days	10,279	4,888	0	0	15,167	2%

* Source COVEC

The future of the Christchurch & Canterbury Convention & Incentive sector is focused on the re-instatement and re-build of the major convention venue space and major conference hotels in the central city. The timing of these activities will determine the timeframe for a boost in conference, incentive and business event business.

The most significant economic return will come from attracting large International conferences; however the domestic market delivers the main volume of conference and business event business to the city. The bureau will have a heavy focus on growing the domestic conference business which has a higher propensity for delivering business to bureau members.

New Zealand & Australian Activities Completed in FY 2011/12

Familiarisations:

- Conference and Incentive NZ – Australian staff, tour of Christchurch city.
- Sandra Yang Business Events in Shanghai, Air New Zealand.
- Business Events Manager Los Angeles and Business Events Specialist from Tourism New Zealand with the emphasis on Incentive Product.
- Thai Incentive Travel Agents famil, hosted in conjunction with TNZ and Pan Pacific focused on incentive products including a ski famil.
- Australian incentive famil - 4 days in the Hurunui region with 8 attendees.
- Australian incentive famil - 4 days in the Mackenzie/Mount Cook region with 8 attendees.
- Hagley Park Events Village – In conjunction with Christchurch City Council Marketing and Events with 16 attendees.

Functions:

- “CINZ Shout” Networking event attended by over 50 Canterbury C&I Industry members
- Four CCCB Networking functions with average attendance of 50 people.

Media, Presentations & Collateral, Industry Communications:

- A two minute video developed from CCT B-roll footage for use in sales calls, trade shows and major conference bids.
- Venues Open document – updated quarterly
- Top line media results.
- Three Industry communications sent to the C&I database.

CCCB C&I media coverage 2011/12:

<u>Meeting Newz</u> "March/April issue, 14 page editorial feature on Canterbury, including interviews with Caroline Blanchfield, key business partners and a three day Canterbury famil organised by CCCB".	NZ & AU industry
<u>CIM magazine/online and CIM Newsbytes</u> April issue, Editorial focusing on Christchurch Plus lead e-news story - Christchurch Convention Centre top priority.	C&I industry AU and NZ
<u>Meeting Newz</u> May/June issue – front page story ‘Bid win a fillip for Christchurch’ 2016 conference win, plus April Australian PCO famil – story plus pictures.	NZ and AU C&I industry
<u>Spice News</u> 5 July, online and Spice News newsletter – Mackenzie famil story and pictures – PCOs Discover and Rediscover Christchurch and Canterbury.	AU & NZ C&I industry
<u>CIM magazine</u> July issue, Christchurch - Hanmer famil and Mackenzie – story from journalist Kathy Ombler’s famil visit	AU & NZ C&I industry

Trade Shows & Market Visits:

- Association Forum Conference - November 2011.
- Brisbane Sales Visits – 12 appointments - November 2011.
- Cup & Show Week Lunch in Sydney – 18 attendees - November 2011.
- PCO Association Conference – Auckland - December 2011.
- AIME 2012 in Melbourne – February 2012.
- Melbourne sales appointments following AIME – February 2012.
- MEETINGS Auckland 2012 – June 2012.



VISITOR CENTRES

Christchurch i-SITE

Situation Analysis

Over the past 12 months the i-SITE has operated in the foyer of the Chateau on the Park Hotel and in November 2011 it moved into a portable building located in the Botanic Gardens, where it has a warrant to occupy valid until July 2013.



The Chateau on the Park Hotel location was chosen as an interim site after the February 2011 earthquake at a time when CCT had few choices in central Christchurch for a temporary location.

Operations from this site were compromised by lack of foot traffic, limited display space and presented less than desirable working conditions for our staff. The current Botanic Garden's site has been well supported by visitors and Business Partners. The Christchurch City Council have also allowed temporary coach and shuttle parking close by to ensure the visitor has easy access to the provisional 'visitor hub'.

The i-SITE has traded well in the Botanic Gardens and has exceeded the majority of the 2011/12 budget targets which provided for a gradual increase from 20% to 30% of the previous year's revenue.

Increased marketing activity across a number of mediums with key new collateral has been a strong focus to communicate the i-SITE's new location. This will be ongoing as print and online information stays in market for a very long time. Additional signage provided by the CCC has also helped to profile the i-SITE's new location. A City Host was also employed to help independent and cruise visitors navigate the changed landscape of our city and help alleviate the plight of 'lost visitors'.

Due to the later than planned opening in the Botanic Gardens the forecast number of visitors and the number of visitors making bookings were unable to be met. Canterbury losing 940,000 international visitor nights in the past year has also been a contributing factor.

During this financial year the i-SITE has had in excess of 300 brochures on display and all available additional advertising opportunities have been taken up by Business Partners.

Trends

Visitor behaviour

- Usage of i-SITES has dropped significantly across all markets over the last 3 years.
- Average transaction is declining.
- Usage of new forms of technology increase, particularly Wi-Fi and smart phones.

Reduced throughput due to earthquake factors

- Significant downturn in the visitor population staying in Christchurch and the prevailing slow rate of recovery (Canterbury has lost 940,000 international visitor nights in the past year).
- Loss of cruise ship visits to Lyttelton and the related downturn in day trips into the city.
- Decline in visitor numbers from i-SITE key markets, United Kingdom, United States, Japan and Australia.
- Lower level of airline capacity on international services into Christchurch (15% less capacity across the Tasman).
- Negative perceptions of Christchurch as a visitor destination.

Slow recovery post quake

- A number of tourism operators in the region are still not open for business.
- The reduction of commercial beds, particularly backpacker (operating at 41% of pre quake capacity) and hotel (operating at 27% of pre quake capacity) has impacted on length of stay and spend in the region.
- Delays in the inner city being re-instated is limiting the central city selection of visitor activities and dining options.
- Loss of a number of experienced staff as a direct result of the ongoing seismic activity and the impact on city lifestyle.

Looking forward it is important that a new permanent i-SITE is strategically located in the CBD to ensure visitors have ease of access to information and booking services in a central location. As the lease of the Old Chief Post Office building has now been terminated this presents an opportunity to consider a number of options to ensure that the new i-SITE is sensibly located in the new city.

Akaroa Visitor Centre

Situation Analysis

The Akaroa Visitor Centre (AVC) was displaced from its Council owned Post Office building in late December 2011 and has since been operating out of a portacom located along side of the Post Office building. As a community focused visitor centre it has continued to offer all services including post and transport agencies.



(Temporary Akaroa Visitor Centre portacom located alongside the Post Office Building)

Operating out of the portacom has been challenging for the AVC. The small space and 'crowding' at times has compromised the level of service to both visitors and locals. Currently we have 70 Business Partners' brochures on display with the number increasing over summer reflecting the seasonal nature of a number of Akaroa businesses. The AVC is expected to be operating from a new location in Akaroa late October.

During the cruise season the AVC also operated a small portacom on the waterfront to provide visitor services to the cruise ship passengers. 78 cruise ships visited Akaroa this last season bringing 190,000 passengers and 80,000 crew. An estimated 80% of these passengers came ashore.

The feedback regarding the Akaroa visitor experience has been extremely positive which is encouraging for ongoing business. The increased number of cruise visitors helped offset the decline in the number of free independent travellers (FITs) visiting Akaroa ex Christchurch due to fewer visitors staying in Christchurch.

The changes in visitor behaviour as outlined under the Christchurch i-SITE report are all applicable to the AVC. These factors coupled with the seasonality of Akaroa will continue to limit our financial performance. The loss of the 940,000 international guest nights in the region has been a contributing factor to the downturn of visitors to Akaroa. It is likely we will only see gradual improvement over the next 12 months.



CORPORATE SERVICES

After a year as difficult as most have ever experienced, the staff of Christchurch & Canterbury Tourism were looking forward to facing the challenges of post-earthquake Christchurch in a normalised working environment. We have now established good quality temporary premises for our Christchurch i-SITE operation in the Botanic Gardens and our Marketing and Management staff are now located at Christchurch Airport.

We are working hard with our staff to focus on our core business functions, including promoting Christchurch Re-imagined to Australian travellers, re-developing the conference and incentive business, providing quality booking and information services to visitors, and working with our stakeholders to rebuild our tourism assets.

Earlier this year we undertook perhaps our most important staff survey ever. Senior management were very eager to understand the concerns of our staff. We were pleasantly surprised to find that most staff were feeling optimistic and still highly valued working for our organisation. They felt management provided good support and communication in the aftermath of the earthquakes.

Another critical response from the earthquakes was our decision to ensure security and stability of our I.T. infrastructure. To this end we have engaged Digiweb to provide virtual hosting of our servers.

Financial Results for the Year

This year we recorded a net surplus of \$964,682 compared to budget deficit of (\$42,989).

The main area of material variance that increased our annual surplus occurred due to the cessation of building rent on the Cathedral Square building we occupied before the Feb 2011 Earthquake. These premises have been damaged and inaccessible since the February earthquake.

We have also settled our Business Interruption Insurance claim.

Revenue from core funding sources was in line with budget and marginally ahead of last year.

The Company's Statement of Financial Position at year end is in line with expectations. Equity now stands at \$1,437,640.

Financial Results for the Year Ahead

The board has approved an annual budget deficit of (\$39,185) for the financial year ending 30 June 2013.

Retained earnings as at 30 June 2013 will stand at \$1,401,340. A substantial portion of the retained earnings will be utilised in the re-establishment of a suitable site for a new Christchurch Visitor Centre.

CHRISTCHURCH & CANTERBURY MARKETING

**FINANCIAL STATEMENTS
YEAR Ended 30 June 2012**



Independent auditor's report

To the shareholder of Christchurch & Canterbury Marketing Limited

Report on the financial statements

We have audited the accompanying financial statements of Christchurch & Canterbury Marketing Limited ("the company") on pages 32 to 42. The financial statements comprise the statement of financial position as at 30 June 2012, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand that give a true and fair view of the matters to which they relate, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the company.



Opinion

In our opinion the financial statements on pages 32 to 42:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the company as at 30 June 2012 and of its financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by Christchurch & Canterbury Marketing Limited as far as appears from our examination of those records.

A handwritten signature in blue ink that reads "KPMG".

10 September 2012
Christchurch

**Company Directory
For the Year Ended 30 June 2012**

Nature of Business	Regional Marketing
Registered Office	Level 4, Carpark Building Christchurch International Airport Christchurch
Incorporation Number	CH930722
Directors	P J Bingham (Chairman) G D Abbot H E Broughton A I Hay C A Reid B E Roxborough (ceased 21 January 2012) S J Wallace (commenced 27 February 2012)
Auditors	KPMG P O Box 1739 Christchurch
Bankers	Bank of New Zealand Christchurch Branch P O Box 1461 Christchurch
Solicitors	Saunders & Co PO Box 18 Christchurch
Business Location	Level 4, Carpark Building Christchurch International Airport Christchurch
Shareholder	Destination Christchurch, Canterbury, New Zealand Trust (CH926170) Number of Shares 100

Statutory Information For the Year Ended 30 June 2012

The Board of Directors present their Annual Report including financial statements for the Company for the year ended 30 June 2012. Christchurch & Canterbury Marketing Limited is a company which is 100% owned by Destination Christchurch, Canterbury, New Zealand Trust.

Disclosure:

The following information is disclosed as required by S211 of the Companies Act 1993.

(a) Directors and Remuneration

	\$		\$
G D Abbot	12,500	C A Reid	12,500
P J Bingham	20,000	B E Roxborough	6,971
H E Broughton	12,500	S J Wallace	1,168
A I Hay	12,500		

The Shareholder has approved fees of \$20,000 for Chairman and \$12,500 for Directors.

(b) Entries Recorded in the Interests Register

Director	Company	Position Held
Paul Bingham	Air New Zealand Limited Akaroa Harbour Cruises Limited Black Cat Group 2007 Limited Christchurch & Canterbury Convention Bureau Dolphin Experience Limited Lyttelton Harbour Cruises Limited	Director Director Managing Director Director Director Director
Graeme Abbot	The Hurunui Tourism Board	Chairman
Helen Broughton	Christchurch City Council	Councillor
Ian Hay	Christchurch & Canterbury Convention Bureau Ian Hay Management Limited Hay Properties Limited	Director Director Director
Claudia Reid	Canterbury Museum Trust Board Canterbury Regional Water Management Committee Christchurch City Council Rod Donald Banks Peninsula Trust	Trustee Member Councillor Trustee

Specific Disclosure:

The company has not received any notices during the year from any directors which disclose that a director has an interest in any transactions of the Company.

(c) Directors Indemnity and Insurance

The company has insured all directors against liabilities to other parties (except the Company or a related party of the Company) that may arise from their positions as directors. The insurance does not cover liabilities arising from criminal actions.

(d) Directors' Shareholdings

No Director held shares in the Company.

(e) Donations

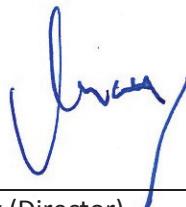
During the year the Company made no donations.

The financial statements for the year are attached.



Paul Bingham (Chairman)

10 September 2012



Ian Hay (Director)

10 September 2012

Christchurch & Canterbury Marketing Limited
Statement of Financial Performance
For the Year Ended 30 June 2012

	Notes	2012 \$	2011 \$
Revenue			
Christchurch City Council		1,747,649	1,697,346
Capital Endowment Fund	3	500,000	500,000
Canterbury Tourism Partnership	4	1,155,791	61,328
District Councils		65,000	65,000
MSD Wages subsidy		-	120,600
Operator annual fees		142,557	624,757
Business Interruption Insurance	2	594,127	-
Interest	14	148,324	48,799
Visitor centres	5	664,424	1,640,046
Visitor guide royalty		-	(3,333)
Australian GST refund		11,946	13,976
Total Revenue		5,029,817	4,768,519
Operating Expenses			
Visitor centres		898,209	1,562,910
Australia marketing		-	(34,405)
Domestic marketing		-	98,595
Trade marketing		146,658	84,104
Online marketing		-	97,143
General marketing		555,732	576,639
Business Development		117,095	128,416
Convention Bureau marketing		217,637	452,461
Canterbury Tourism Partnership		1,155,791	61,328
Administration	6	804,354	1,312,815
Total Operating Expenses		3,895,475	4,340,006
Less			
Depreciation	7	77,797	91,989
Loss on Disposal of assets	7	19,961	3,839
Impaired assets	7, 2	57,097	-
Impaired Inventory	2	14,805	-
		<hr/> 169,660	<hr/> 95,828
Total Surplus/(Deficit)		964,682	332,684

Christchurch & Canterbury Marketing Limited
Statement of Movements in Equity
For the Year Ended 30 June 2012

	2012	2011
	\$	\$
Opening Equity	472,958	140,274
Net surplus/(deficit) for the year	964,682	332,684
<i>Equity at End of Year</i>	<u>1,437,640</u>	<u>472,958</u>

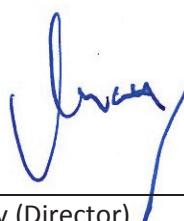
Christchurch & Canterbury Marketing Limited
Statement of Financial Performance
As at 30 June 2012

	Notes	2012 \$	2011 \$
Current Assets			
Cash Balances		1,826,318	748,337
Trade and other receivables		844,925	328,130
Prepayments		38,971	13,431
Inventories		72,391	163,455
Total Current Assets		<hr/> 2,782,604	<hr/> 1,253,353
Less Current Liabilities			
Employee benefits		95,969	88,623
Trade and other payables	8	687,579	679,203
Income received in advance		822,773	114,466
Conference Loan Scheme	14	-	126,877
Total Current Liabilities		<hr/> 1,606,321	<hr/> 1,009,169
Working Capital/(Deficit)		1,176,283	244,184
Non-Current Assets			
Fixed Assets	7	261,357	228,774
Net Assets		<hr/> 1,437,640	<hr/> 472,958
Equity	9	<hr/> 1,437,640	<hr/> 472,958



Paul Bingham (Chairman)

10 September 2012



Ian Hay (Director)

10 September 2012

Christchurch & Canterbury Marketing Limited
Statement of Cash flows
For The Year Ended 30 June 2012

	Notes	2012	2011
		\$	\$
<i>Cash Was Provided By/(Used By)</i>			
<i>Operations</i>			
Receipts from operations and funders		7,610,280	9,710,137
Payments to suppliers and employees		(6,399,954)	(10,149,925)
Interest received		55,093	48,799
Interest paid		-	-
Net cash inflow/(outflow) from operations	10	<u>1,265,419</u>	<u>(390,989)</u>
<i>Investing</i>			
Purchase of fixed assets		(187,438)	(31,666)
Proceeds from sale of fixed assets		-	-
Net cash inflow/(outflow) from investing		<u>(187,438)</u>	<u>(31,666)</u>
Net increase/(decrease) in cash		1,077,981	(422,655)
Cash balances at beginning of year		748,337	1,170,992
<i>Cash balances at end of year</i>		<u>1,826,318</u>	<u>748,337</u>

Christchurch & Canterbury Marketing Limited

Notes to the Financial Statements For Year Ended 30 June 2012

Note 1: Statement of Accounting Policies

Reporting Entity

Christchurch & Canterbury Marketing Ltd (the “Company”) is a company incorporated and domiciled in New Zealand and is registered under the Companies Act 1993. The Company is a reporting entity for the purpose of the Financial Reporting Act 1993.

Basis of Preparation

Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZGAAP). They comply with the New Zealand Financial Reporting Standards as appropriate for entities that qualify for and apply differential reporting concessions.

The Company is an entity qualifying for differential reporting exemptions as it is classified as not large as total revenue does not exceed \$20 million and total assets do not exceed \$10 million; however, the Company has elected not to apply differential reporting exemptions in respect to FRS-10 Statement of Cash flows.

These financial statements have been prepared taking the exemption from the application of New Zealand International Financial Reporting Standards permitted by ASRB Release 9.

Basis of measurement

The financial statements are prepared on the historical cost basis.

Presentation currency

These financial statements are presented in New Zealand dollars (\$).

Significant accounting policies

These accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(A) Trade and other receivables

Receivables are stated at estimated realisable value after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified.

(B) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle.

(C) Fixed assets

Fixed assets are initially stated at cost and depreciated as outlined below.

Christchurch & Canterbury Marketing Limited

Notes to the Financial Statements Continued

Note 1: Statement of Accounting Policies Continued

(D) Depreciation

Depreciation is charged at the same rate as is allowed by the Income Tax Act 2004, which approximates the useful economic lives of the assets.

The following rates have been used:

Furniture and fittings	9%-33% diminishing value
Office and computer equipment	7.5%-60% diminishing value
Intangibles	40% diminishing value
Buildings	20% diminishing value

(E) Taxation

The Company is a tax exempt Regional Promotional Body.

(F) Joint Ventures

Revenue and expenditure are recognised over the life of joint ventures.

(G) Goods and Services Tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

(H) Going Concern

The continuation of the Company as a going concern depends on the continued support of the Christchurch City Council and the Christchurch Tourism Partnership. If the Company was unable to continue in operational existence for the foreseeable future, significant adjustments may have to be made to reflect the fact that assets may need to be realised other than at amounts stated in the Statement of Financial Position. In addition, the Company may have to provide for further liabilities that may arise, and to reclassify fixed assets as current assets.

(I) Income Received in Advance

Grants income has been included in the Statement of Financial Performance when the conditions attached to the grant have been met. Grants received for specific purposes are initially recorded as Income Received in Advance. Amounts are recorded as revenue in the Statement of Financial Performance when the specific expenditure is incurred.

(J) Changes in Accounting Policies

There have been no changes in accounting policies during the year.

(K) Cash and cash equivalents/cash flows as agent

For the purposes of the Statement of Cash Flows, cash comprises cash balances and demand deposits. Receipts from operations and funders and payments to suppliers include cash flows where the Company acts in the capacity as an agent for various third parties.

(L) Revenue

Revenue from the sale of goods is recognised in the Statement of Financial Performance when the significant risks and rewards of ownership have transferred to the buyer. Revenue from the sale of services is recognised in the Statement of Financial Performance in proportion to the stage of completion of the transaction at the reporting date.

Christchurch & Canterbury Marketing Limited

Notes to the Financial Statements Continued

Note 2: Earthquake

Christchurch & Canterbury Marketing Limited continues to be impacted as a result of the February 2011 earthquake. We have been unable to operate from our premises located in the CBD cordon. As a result the business is temporarily operating from the Botanic Gardens from a purpose built structure, while the Marketing and Management teams are now based at Christchurch International Airport.

The company has undertaken a review of assets and inventory that has been impaired as a result of the earthquake. Retail stock valued at \$14,805 and assets valued at \$57,097 have been impaired. The remainder of the furniture and fittings, valued at \$31,893 and computer equipment valued at \$8,822 are not in regular use because they have not been retrieved from our former premises.

Following balance date we received settlement of our Business Interruption Insurance claim. The balance of this claim, \$494,127 has been recognised as revenue and receivables in these financial statements. A provisional payment of \$100,000 was made by the insurer in December 2011. A claim for material damages has been lodged but is subject to availability of access to our former premises.

Note 3: Revenue

In addition to ongoing core funding provided by the Christchurch City Council, the Capital Endowment Fund is subject to periodic reviews. The next review will be in 2013.

Note 4: Canterbury Tourism Partnership Revenue

The Canterbury Tourism Partnership has been established to help the Company stabilise its business and operations. It will also assist the Company to support and rebuild existing tourism and travel activity in the region. The partnership will enable the Company to take a leadership role in the development of a strategy for tourism and travel in the region that maximises the sector's contribution to the rebuilding of the region's economy.

The partnership is funded by the Christchurch City Council, Christchurch International Airport Limited and the Ministry of Business, Innovation and Employment.

Christchurch & Canterbury Marketing Limited

Notes to the Financial Statements Continued

Note 5: Visitor Centre Revenue

In November 2011 the Company opened a temporary i-SITE Visitor Centre in the Christchurch Botanic Gardens. The impacts of the earthquakes continue to be a factor in the diminished revenues for the Visitor Centres.

	2012 \$	2011 \$
Gross commissionable sales	2,836,132	5,690,921
Gross retail sales	169,116	228,960
Gross ticket sales	55,459	506,412
Other revenue	75,468	226,324
Total gross sales	<hr/> 3,136,175	<hr/> 6,652,617
Less supplier costs and product commission	(2,471,752)	(5,012,571)
Visitor centre revenue	<hr/> 664,424	<hr/> 1,640,046

Note 6: Administration Expenses

	2012 \$	2011 \$
Auditor's remuneration (audit and other services)	8,400	9,138
Directors' fees	81,264	89,271
Rental and operating lease expenses	14,406	9,984
Rental of premises	-	278,635
Staffing	480,313	513,026
Other expenses	<hr/> 219,971	<hr/> 412,761
	<hr/> 804,354	<hr/> 1,312,815

Christchurch & Canterbury Marketing Limited

Notes to the Financial Statements Continued

Note 7: Fixed assets

2012	Furniture & Fittings	Computers & Office Equipment	Intangibles	Buildings	Total
Cost					
Opening balance	249,559	305,941	168,983	-	724,483
Additions	1,351	30,059	-	156,028	187,438
Disposals	-	(132,024)	-	-	(133,024)
Closing balance	250,910	202,976	168,983	156,028	778,897
Depreciation					
Opening balance	(153,971)	(231,561)	(110,177)	-	(495,709)
Depreciation during year	(15,149)	(23,523)	(23,522)	(15,603)	(77,798)
Disposals	-	113,063	-	-	113,063
Closing balance	(169,120)	(142,021)	(133,699)	(15,603)	(460,443)
Impairment					
Opening balance	-	-	-	-	-
Additions	(49,897)	(7,200)	-	-	(57,097)
Disposals	-	-	-	-	-
Closing balance	(49,897)	(7,200)	-	-	(57,097)
Net book value					
Opening balance	95,588	74,380	58,806	-	228,774
Closing balance	31,893	53,756	35,284	140,425	261,357
2011	Furniture & Fittings	Computers & Office Equipment	Intangibles	Buildings	Total
Cost					
Opening balance	249,559	288,094	168,983	-	706,636
Additions	-	31,666	-	-	31,666
Disposals	-	(13,819)	-	-	(13,819)
Closing balance	249,559	305,941	168,983	-	724,483
Depreciation					
Opening balance	(136,140)	(206,586)	(70,973)	-	(403,720)
Depreciation during year	(17,831)	(34,954)	(39,204)	-	(91,989)
Disposals	-	9,979	-	-	9,979
Closing balance	(153,971)	(231,561)	(110,177)	-	(495,709)
Impairment					
Opening balance	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Closing balance	-	-	-	-	-
Net book value					
Opening balance	113,419	81,508	98,010	-	292,937
Closing balance	95,588	74,380	58,806	-	228,774

Christchurch & Canterbury Marketing Limited

Notes to the Financial Statements Continued

Note 8: Trade and other payables

	2012 \$	2011 \$
Trade payables	431,230	454,601
Non-trade payables	256,349	224,602
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	687,579	679,203

Note 9: Equity

	2012 \$	2011 \$
Capital acquired	432,838	432,838
Retained earnings surplus	1,004,802	40,120
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	1,437,640	472,958

The Company has 100 fully paid shares issued to Destination Christchurch, Canterbury, New Zealand Trust. All shares have equal voting rights and share equally in dividends and surplus on winding up.

Note 10: Cash flow

The reconciliation of surplus to net cash flows from operating activities is as follows:

	2012 \$	2011 \$
Surplus/(deficit)	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	964,682	332,684
Non-cash items		
Depreciation	77,797	91,989
Loss on disposal of assets	19,961	3,839
Impaired assets	57,097	-
Impaired inventory	14,805	-
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
Movement in working capital		
Decrease/(increase) in inventories and prepayments	50,719	(18,970)
(Increase)/decrease in receivables	(516,795)	(3,185)
Increase/(decrease) in payables and income in advance	597,152	(797,347)
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
Net cash (used by)/from operating activities	131,076	(819,502)
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	1,265,419	(390,989)

Christchurch & Canterbury Marketing Limited

Notes to the Financial Statements Continued

Note 11: Capital Commitments

As at balance date the Company had no capital commitments.

Note 12: Related Parties

In the normal course of business, the Company enters into arms length transactions with companies Directors have interests in, namely: Black Cat Group, Christchurch City Council, Air New Zealand, The Hurunui Tourism Board and Hanmer Springs Thermal Pools and Spa.

Note 13: Operating Lease Commitments

Non-cancellable operating lease rentals are payable as follows:

	2012	2011
	\$	\$
Not later than one year	12,283	374,666
Later than one year but not later than two years	11,305	373,259
Later than two years but not later than five years	16,319	756,459
Later than five years	-	-
Total	39,907	1,504,384

Advice has been received from the owner of 15-31 Cathedral Square that our lease has been terminated. From July 2012 the Company has been hosted rent free at the corporate offices of Christchurch International Airport.

Note 14: Interest

Interest includes accrued interest of \$92,231 from the Conference Loan Scheme. The Conference Loan Scheme was written down during the year ending 30 June 2012 as a result of the Directors of Christchurch & Canterbury Marketing Limited resolving that the original purposes of the fund were discontinued as there had been no significant use of the fund during the last five years.