

Before the RPS Hearing Panel

Under the Resource Management Act 1991

In the matter of of submissions on the Proposed Otago Regional Policy Statement 2021 (excluding parts determined to be a freshwater planning instrument)

Statement of Evidence of Paul Gerrard Norris on behalf of Realnz (successor to Wayfare Group) (#0411)

28 November 2022

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Introduction

- 1 My full name is Paul Gerrard Norris
- 2 I am Realnz's Chief Conservation Officer, with responsibility to lead a dedicated sustainability team to reposition the company as a conservation company offering tours with an environmental focus in line with the company roots and values.
- 3 Prior to this I was the General Manager for the Tourism arm of the Realnz Group (Real Journeys and Go Orange). My responsibilities included overseeing all the Realnz's Experience' operating teams, including; Health & Safety functions, Asset and Engineering Divisions, and compliance with all the relevant legislation and regulations required to operate a complex tourism business; ensuring that the Sales and Marketing, and financial functions run through the Wayfare arm meet the key performance indicators of the tourism group (as distinct from the Realnz ski group and International Antarctic Centre).
- 4 I have graduated from the University of Otago with Distinction in Entrepreneurship, plus I have 30+ years of practical experience in the Tourism Industry, particularly in maritime and other forms of transportation and logistics. In the 2021 New Year honours, I was awarded a New Zealand Order of Merit for services to the Tourism Industry and Conservation.
- 5 I have worked for Realnz for 29 years, the last 12 months as Chief Conservation Officer; prior to this as GM, and before this as Director of Operations for Real Journeys, with the overall responsibility for all Real Journeys' operational areas; nine years as Area Manager, including Milford Sound Operations along with the Manapouri-Doubtful Sound Operations; and nine years directly running the Manapouri / Doubtful Sound. Preceding this, a further six-year period was also spent working in the Otago Ski Industry including working at Treble Cone.
- 6 Over this time I have developed extensive knowledge in operation management and logistics required to work in Queenstown and some of the more challenging geographical areas of the lower South Island and Rakiura / Stewart Island
- 7 I am actively involved in various local organisations and community groups including being a co-chair of Te Puka Rakiura Trust (the Governance Group for the Predator Free Rakiura Project), the Chairperson of the Leslie Hutchins Conservation, a Director of Milford Sound Tourism and part of the Realnz Group senior leadership team.

Scope of evidence

- 8 This evidence addresses the importance of tourism, transport, and access to the outdoors for peoples' economic, social, cultural, physical, mental and emotional wellbeing and the need to explicitly provide for these matters in the Proposed Otago Regional Policy Statement 2021 (**PORPS**).

Executive summary

- 9 Realnz and its related entities provide a diverse range of tourism, recreational, social and cultural benefits to the Otago and Southland Region and are a major employer within the lower South Island. Our products include transport services such as public transport offerings (Public Water Ferry Service); and the transport of passengers to attractions and recreational facilities including the operation of the "TSS Earnslaw".
- 10 It is New Zealand's natural environment which attracts the vast majority of domestic and international visitors to the region; with the attraction for visitors being able to readily get out into the backcountry and experience these remarkable areas first hand in some form. The tourism and recreational opportunities which Realnz offers, enable people to connect with, have greater access to, and understanding of these unique qualities and characteristics, which is hugely beneficial to their physical, mental and emotional wellbeing.
- 11 Tourism is a vital contributor to New Zealand's economic and social wellbeing, generating wealth and supporting jobs in communities around the country. Prior to the COVID-19 pandemic, it was New Zealand's largest industry and largest export earner, overtaking dairy in 2015 / 16, and providing significant contributions not just nationally, but at regional and local levels throughout the New Zealand economy. Tourism in Queenstown is resuming following the COVID-19 pandemic and it is imperative that the PORPS adequately recognises and provides for the benefits of tourism, transport and access to the outdoor environment in order to meet the demands of international and domestic visitors and the local community going forward.

Background

- 12 In 1954 Les and Olive Hutchins began operating the Manapouri-Doubtful Sound Tourist Company, running four-day excursions to and from Doubtful Sound/Patea. In 1966 Les and Olive acquired Fiordland Travel Ltd with its Te Anau Glow-worm Caves and Milford Track Lake Transport operation and began trading as Fiordland Travel Limited. Continued expansion followed with the acquisition of the vintage steamship "TSS Earnslaw" in

Queenstown in 1969 and with the establishment of cruises in Milford Sound/Piopiotahi in 1970.

- 13 Since 2002 Fiordland Travel Ltd has operated all its tourism excursions under the 'Real Journeys' brand; in 2004 Stewart Island Experiences was established and in 2006 changed its company name to Real Journeys Limited. In 2009 Real Journeys purchased 50% share of Fiordland Wilderness Experiences (primarily a sea kayak business) and in 2010 purchased the remaining 50% and operated Fiordland Wilderness Experiences Limited as a wholly owned subsidiary.
- 14 In 2013 Real Journeys launched the Go Orange brand and Fiordland Wilderness Experiences was wrapped into this business. In 2013 Real Journeys also purchased Cardrona Alpine Resort and the 155-hectare property at Walter Peak which Real Journeys previously leased. Then in 2015 Real Journeys purchased the International Antarctic Centre in Christchurch and in 2016 Real Journeys took over 100% ownership of Queenstown Rafting and purchased Kiwi Discovery which were also wrapped into the Go Orange brand. In 2018 Go Orange purchased Queenstown Water Taxis (Queenstown Ferries) and Thunder Jet.
- 15 However, in 2018 Real Journeys was restructured to be a wholly owned subsidiary of the Wayfare Group along with Cardrona Alpine Resort and Christchurch International Antarctic Centre. Also in 2018, Queenstown businessman John Darby and Cardrona Alpine Resort partnered to develop the new "Soho Basin" ski area. This development sees Cardrona Alpine Resort more than doubling in size to over 900 hectares of skiable terrain, while Soho Basin adds an additional 500ha of high-altitude skiable terrain. Moreover, in 2019 Cardrona Alpine Resort purchased the assets of the 500ha Treble Cone Ski Field (on public conservation land). Accordingly, the company has interests in at least 2105 hectares of land in the Queenstown Lake District.
- 16 Due to the fallout from COVID-19 in early 2021 Go Orange was absorbed into Real Journeys and later in 2021 Wayfare became Realnz and while Cardrona Alpine Resort, Treble Cone and the International Antarctic Centre maintain their individual brands as Realnz experiences, all the company's tourism brands come under the umbrella of Realnz brand. Accordingly, the Realnz remains in private ownership and is now the largest transport, tourism and recreation activity operator in the region and has a well-earned reputation for providing high quality experiences enjoyed by visitors from New Zealand and around the world.

- 17 Realnz now has operational bases in Christchurch, Milford Sound/Piopiotahi, Te Anau, Manapouri, Queenstown, Wanaka, Bluff and Stewart Island/Rakiura. Along with the operation of Cardrona Alpine Resort; Treble Cone Ski Field and the International Antarctic Centre; the company offers a range of quality tourism excursions including multiday Discovery Expeditions around the southern fiords and Stewart Island/Rakiura; day time and overnight cruises on Milford Sound/Piopiotahi and Doubtful Sound/Patea (with daily coach connections from Te Anau and Queenstown); Te Anau Glow-worm Caves excursions; guided Milford Track day-walks; Stewart Island ferries, tours on Rakiura including a partnership with Rakiura Māori Lands Trust to provide Kiwi spotting tours, the development of another walking opportunity at the Neck (Oneki) and accommodation on Stewart Island/Rakiura; in Queenstown, water ferry services on Lake Whakatipu, Queenstown Jet Boating (on Kawarau River), Queenstown Rafting (on Shotover, Kawarau and Landsborough Rivers), cruises on Lake Whakatipu aboard the "TSS Earnslaw" combined with Walter Peak High Country Farm excursions and dining options at the Colonel's Homestead.

- 18 Along with this commercial success, Realnz also remains committed to conservation which was instilled into the company by its founders Sir Leslie and Lady Olive Hutchins. The late Les Hutchins, DCNZM, OBE, JP, had a lifetime passion for Fiordland and conservation issues. He was a key member of what is widely regarded as the start of New Zealand's conservation movement - the successful "Save Manapouri Campaign" - which stopped the raising of Lakes Te Anau and Manapouri for power generation. As the small tourism company began to expand, they started directing some of the profits into conservation work. Specifically, in 1994 Les Hutchins formed the Leslie Hutchins Conservation Foundation which is funded via a passenger levy on our Doubtful Sound/Patea operations and raised (pre COVID-19) \$60,000 per annum. Some of the Projects supported by the Leslie Hutchins Conservation Foundation include dolphin research, protection programmes for endangered birds, track and interpretation signage developments, support for students to attend outdoor education camps and wilding pine eradication. Since 2017 Real Journeys has been supporting a long-term project to remove predators from Cooper Island Aotata-te-pō - the third largest island in Tamatea/Dusky Sound. This initiative sees Real Journeys join, the Department of Conservation's Tamatea/Dusky Sound Restoration Programme; sharing its vision to make Tamatea/Dusky Sound one of the most intact ecosystems in the world.

- 19 Realnz's most recent conservation and sustainability initiatives include:

- (a) In the last 12 months Realnz has facilitated several tree planting days across its various operation locations including at Cardrona, Walter Peak and Manapouri. It purchased the native plants with staff taking time to undertake the planting.
 - (b) In March 2022 Realnz purchased and deployed 200 predator traps across its property at Walter Peak, Queenstown.
 - (c) In May 2022 Milford Wanderer nature guides established a trap line at Wet Jacket Arm/Moanauta between Herrick Creek and Moose Lake with Realnz funding 18 traps.
 - (d) In May 2022 Realnz purchased and deployed a further 120 predator traps for Glory Cove Scenic Reserve, Rakiura.
 - (e) In July 2022 Realnz funded replacement traps for Anchor Island / Pukenui especially critical for the protection of the Kākāpō.
 - (f) Between 22 and 25 September 2022, Realnz effectively donated the Milford Wanderer including crew to support and assist DOC to promptly address the recent mammalian pest incursion on Resolution Island/Mauīkatau.
- 20 Realnz has considerable land and infrastructure investments in the Otago Region and wants to see it managed to protect tourism, transport, and access to the outdoors in order to promote peoples' wellbeing.
- 21 Realnz does not believe this is happening at present and this has led to significant issues in Queenstown which are having adverse effects on the area. For instance, the traffic congestion experienced when travelling into Queenstown Town Centre via vehicle often creates a very frustrating and tortuous experience for residents and visitors who are unfamiliar with the town. This has been exacerbated by construction associated with the Queenstown Arterials Project, which has contributed to a loss of amenity and access to the lake and local businesses.
- 22 If these matters and many others like it are not addressed, the desirability of Queenstown, and the lower South Island, as a tourism destination will be forever compromised, killing the golden goose that the District relies on for its economic wellbeing.

Realnz and tourism development in Queenstown specifically

- 23 Queenstown's central location is a key element of its success as a tourism destination. Queenstown can be accessed readily by road from the west, north, east and south. Further, Queenstown is located within one day's

drive of Christchurch and is en-route to Milford Sound. This direct route to Milford Sound attracts many of the visitors to Queenstown. In fact Queenstown markets itself as the 'gateway' to the Fiordland National Park. Consequently, the landscapes outside the District also play a significant part in attracting visitors to Queenstown itself.

- 24 Around the turn of the 20th century, it was the region's many walking tracks and Lake Wakatipu itself that created the early beginnings of the tourism industry in Queenstown. Yet it was the establishment of Coronet Peak Ski Field in the 1947, that began Queenstown's rise as one of New Zealand's favourite holiday destinations. Jet boating along with scenic cruises on the *TSS Earnslaw* followed in the 1960's; then commercial rafting activities and the opening of Cardrona and Treble Cone in the 1970s; bungy jumping, and further ski field development followed in the 1980s. Access and accommodation improved; as more people came from overseas, the tourist industry boomed.¹
- 25 Realnz has also grown since establishment of our Queenstown Operations in 1969. During the early years of Fiordland Travels charter of the *TSS Earnslaw* she was operated from Queenstown Bay to Kingston via Halfway Bay undertaking day trips. The *TSS Earnslaw* was coaled up in Kingston at that stage hence it had to make the trip to Kingston. Because the trip covered a route that could mostly be taken by vehicle on land and took all day; it did not sell well as the duration of trip did not fit in well with visitors' schedules as they tend to be time poor.
- 26 In 1972-73 summer, Fiordland Travel started operating a half day trip on *TSS Earnslaw* to Walter Peak departing early afternoon as she does today, and this trip was far better suited to visitors' requirements and in consequence was much more successful. We kept taking trips to Walter Peak until about 1983 when Walter Peak Resort Limited and Remarkable Enterprises Limited (Walter Peak Destination Resort) sought to increase per passenger fee for visiting Walter Peak by 66%.
- 27 Fiordland Travel then changed the "TSS Earnslaw's" destination to Mount Nicolas Station and kept visiting this site for 7-8 years until Walter Peak Destination Resort went into receivership and the parcel of land at Walter Peak was bought by Convelle Enterprises in 1991. The company then entered into a lease agreement with Convelle Enterprises to secure access to Walter Peak.

¹ <https://media.newzealand.com/en/story-ideas/queenstown-birthplace-of-adventure-tourism/>

- 28 The key to success of “TSS Earnslaw” / Walter Peak product also hinges on the attractiveness of Walter Peak itself and the ability to increase the number of passengers carried because some passengers remain at Walter Peak while “TSS Earnslaw” cruises back to central Queenstown, picking up additional passengers. Even when Walter Peak is busy it is relatively tranquil with no traffic (a great place to chill out) and a beautiful setting compared to central Queenstown.
- 29 In 1983 *TSS Earnslaw* underwent a major refit, including closing in the top deck, rebuilding the bridge and opening the engine room for passenger viewing. In 1984 a luxury coach service was introduced linking Queenstown to the company’s Manapouri, Te Anau and Milford Sound excursions. To meet the demand for sightseeing flights, two aircraft were bought into service in 1987; with the successful development of this operation, a third aircraft was introduced in 1989.
- 30 Realnz operated a flightseeing company based in Queenstown, in sole ownership and as joint venture entities, until 2015 when we sold out to Totally Tourism. These Flightseeing operations mainly service Milford Sound/Piopiotahi however charter and MICE groups also fly to Walter Peak (landing on the airstrip at the western edge of the property) either as the main destination or as a back-up destination when the weather in Milford Sound/Piopiotahi precludes access.
- 31 In 1987 the Queenstown Sightseeing Shop opened a joint venture with Shotover Jet (Realnz still has a similar retail outlet today). In 1995 Fiordland Travel opened a new visitor centre in the Steamer Wharf and in 1996 Fiordland Travel entered a joint-venture with Vance and Carol Boyd, establishing Queenstown Rafting In 2010 Realnz commenced its Walter Peak Independent and Guided Cycling excursions in conjunction with partners. In 2012 we celebrated “TSS Earnslaw’s” 100 year history and Realnz jointly purchased the St Omer and O’Regans Wharves in Queenstown.

The future of tourism in Queenstown

- 32 From the Ministry of Tourism; through to the Parliamentary Commissioner for The Environment (Pristine, Popular – Imperilled? and Not 100% - but four steps closer to sustainable tourism) and the wider community; we in the Tourism Industry are being called on to ‘reimagine’ tourism especially as COVID-19 pushed pause on international visitor arrivals for over two years. Real Journeys is ‘on board’ with rethinking New Zealand’s approach to tourism and creating a more sustainable tourism industry.

- 33 Specifically, Realnz is investigating ways to move away from the company's reliance on fossil fuels including the use of hydrogen powered coaches; use of EVs (Electric vehicles and vessels) and developing alternative power generation at Walter Peak such as micro-hydroelectric power generation; wind turbines and solar panels. In addition Realnz is always looking at ways to address the seasonality of our business including the seasonality of our "TSS Earnslaw" – Walter Peak operation.
- 34 It has always been Realnz's objective to attract high value tourists (quality over quantity) and we have positioned the company as a premium brand especially in the competitive Milford Sound/Piopiotaahi market. This illustrated by our 'nature cruise' product (pre-COVID-19), which was our most expensive day cruise, and the most expensive cruise and coach option ex Queenstown and from about 2016 onwards this product attracted increasing numbers and outperformed our Milford Sound 'scenic cruise' product which was tailored to tour groups.
- 35 In addition, since 1984 Realnz has actively worked to offer products that provide a door-to-door coach service which reduces the use of private or rental vehicles. This has been facilitated through the provision of our own coach services; offering products designed for coach tour groups and providing for tour groups to book optional tours on our services rather than driving their own tour coaches to the likes of Milford Sound/Piopiotaahi.
- 36 Pre-COVID-19 these coach offerings had developed into numerous coach - cruise/tour – coach packages where we offered coach tours to Milford Sound/Piopiotaahi (overnight and day cruises), Te Anau Caves, Milford Track day walks, Doubtful Sound/Patea (overnight and day cruises), connections to the Stewart Island ferries and Go Orange products included coach transfers for Queenstown Rafting; Fiordland cruises and sea kayaking. This evolution of enhanced transport opportunities and has allowed the now Realnz company to diversify its business while also taking some of the load off Council and NZTA infrastructure.
- 37 In many ways the company is as much a transport company as it is a tourism company with much of this transport role primarily related to delivering residents and visitors to places where they can undertake recreation. These include ski field shuttle services and the "TSS Earnslaw" transporting cyclists to the western side of Lake Whakatipu for cycling excursions and tours. Pre-COVID we operated 32 vessels (excluding kayaks and rafts) and approximately 50 coaches across the group. The role of coach tours, shuttle buses, courtesy coaches and water ferry services operated by Realnz in Otago's transportation system should be recognised and provided for because these vehicle and ferry operations significantly

reduce traffic congestion, especially in and around Queenstown and on SH6a, SH6, SH97 and SH94.

- 38 In this context, the transport service role of Realnz (who get visitors to travel via ferry and coach rather than rental car), should be recognised and provided for in the regions planning framework. As an example as mentioned above one of our successful products is transporting people between Queenstown and Fiordland carrying 70,700 passengers per annum to and from our Fiordland operations.
- 39 However to operate these transport service (vessels and coaches) effectively we are reliant on infrastructure to support their operation such as the requirement for: wharves, jetties, slipways, boat ramps, car parks, bus parks, rubbish, effluent and recycling disposal facilities, vessel and coach maintenance facilities, refuelling facilities which even in the short term, range through coal, petrol, diesel to EV charging facilities. The provision, maintenance, upgrade of this type of infrastructure has practical constraints that mean it is not always possible or practical to avoid adverse effects on the environment.
- 40 However the ongoing consequences of COVID-19 for the Tourism Industry are unknown, moreover it is likely to take some time to figure out what the fallout will be. For instance, at present, domestic visitors are very reluctant to travel in coaches; Realnz is only operating two coaches ex Queenstown to / from Milford Sound/Piopiotahi each day for the 2022-23 summer (instead of the up to 12 coaches per day per COVID-19) and for the majority of the 2021-22 summer we only operated one coach which was usually only half full each day. This behaviour was also seen at the District's ski fields in the winter of 2020, where there were over flowing car parks and 'car' queues to get up the mountains.² That is, the vast majority of visitors to the region, prefer to self-drive to enable their travelling party to remain in their own travel 'bubble'.
- 41 It is predicted that Queenstown will remain a major drawcard for domestic and international tourists alike, with its airport allowing direct access; unsurpassed scenery and year-round array of attractions; recreational opportunities and variety of accommodation options. It is expected that in the short term, with only the New Zealand and limited overseas markets to rely on, that there will be much more emphasis on providing fulfilling recreational activities; opportunities to unplug, relax and connect with friends and family; rather than 'traditional' tourism activities and attractions.

² <https://www.stuff.co.nz/travel/experiences/snow-ski-holidays/122561238/thousands-turned-away-from-southern-ski-areas-after-seasons-biggest-snow-dump>

This can be seen by the busyness of 'The Great Walks' (the Milford Track selling out within the three minutes of bookings coming online);³ Stewart Island/Rakiura having had its best two summers (high number of visitors) in 30 years;⁴ and since lockdown bike sales have exploded and the country's cycle trails are experiencing a boom in popularity with more than 2 million trips recorded across the 22 Great Rides in the year to June 2021.⁵

- 42 Each year before the borders closed due to COVID-19, the Realnz group hosted well over one million guests across our portfolio of businesses. However as can be seen below, COVID-19 has had a dramatic effect on our operations.

Figure 1 – Our visitor numbers for the last four years

Year	Passenger numbers		Unique visitor scans		Total	% change
	Real Journeys	Go Orange	Cardrona	Treble Cone		
Ap 18 - Mar 19	656,629	179,199	340,459		1,176,287	
Ap 19 - Mar 20	849,498	261,367	315,609		1,110,865	-5.5%
Ap 20 - Mar 21	267,664	34,635	235,891	70,696	608,886	-45%
Ap 21 – Mar 22	226,359	78,125	235,641	60,273	600,398	-1.4%

Economic benefits

- 43 Prior to the COVID-19 pandemic, Tourism was a vital contributor to New Zealand's economic and social wellbeing, generating wealth and supporting jobs in communities around the country. Tourism was New Zealand's biggest export industry, contributing 20.1% of total exports in the year ended March 2020. Specifically, tourism generated a direct annual contribution to GDP of \$16.4 billion, or 5.5%, and a further indirect

³ <https://www.stuff.co.nz/travel/experiences/hiking-holidays/300580097/great-walks-milford-track-sells-out-in-three-minutes>

⁴ <https://www.nzherald.co.nz/nz/stewart-island-proving-a-hit-with-domestic-travellers/ZTEPAHHSZNHQKJ4BEVGWQPMDNA/>

⁵ <https://www.rnz.co.nz/news/national/465325/cycle-trails-see-boom-in-popularity-with-2m-trips-recorded-in-12-months>

contribution of \$11.3 billion, another 3.8% of New Zealand's total GDP. The annual GST paid by tourists is \$3.9 billion, including \$1.8 billion collected from international visitors. 225,384 people are directly and another 158,802 indirectly employed in tourism in New Zealand – 13.6% of the total number of people employed in New Zealand. ⁶

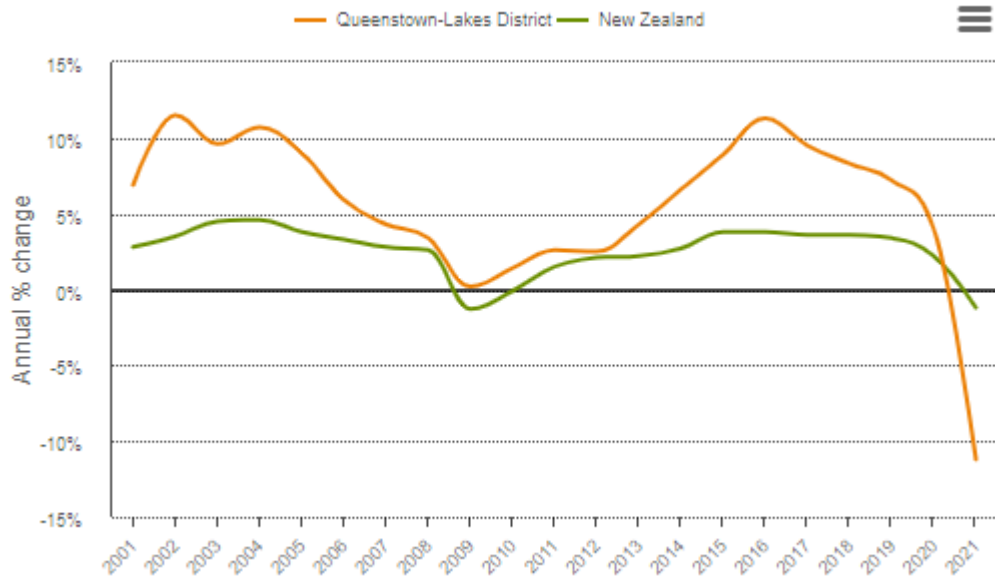
- 44 The Queenstown Lakes District in particular, provided a significant contribution to the national tourism economy. Queenstown Lakes District economy was worth \$3.06 billion in 2019 with Tourism contributed \$1.7b, more than half our district's GDP and 63.5% of jobs (seven times higher than the NZ average of 9%)⁷. The District had 41,700 residents and 30,008 jobs across 8,706 business units. The economic profile page on the QLDC website attributes 55.6% of the District economy to tourism and an additional 17.5% to accommodation and food services in 2019.⁸
- 45 The COVID-19 response required a temporary halt to international tourism. This, alongside the restrictions on domestic movements, this devastated the tourism sector, generally, and has also affected Realnz specifically. Infometrics in an October 2020 Treasury Report are predicting that tourism-related industries are likely to suffer the biggest contractions in GDP and employment over the next two years, which is a direct reflection of the border closures and other travel limitations in place. In 2021 Queenstown Lakes Districts GDP decreased by -11.2% while New Zealand's GDP declined by -1.2% and the GDP generated from tourism in the District dropped by -53.6% [\$677(m)] compared to the national decrease of -46.4% - refer graph below:⁹

⁶ <https://www.mbie.govt.nz/immigration-and-tourism/tourism-research-and-data/tourism-data-releases/tourism-and-the-economy/>

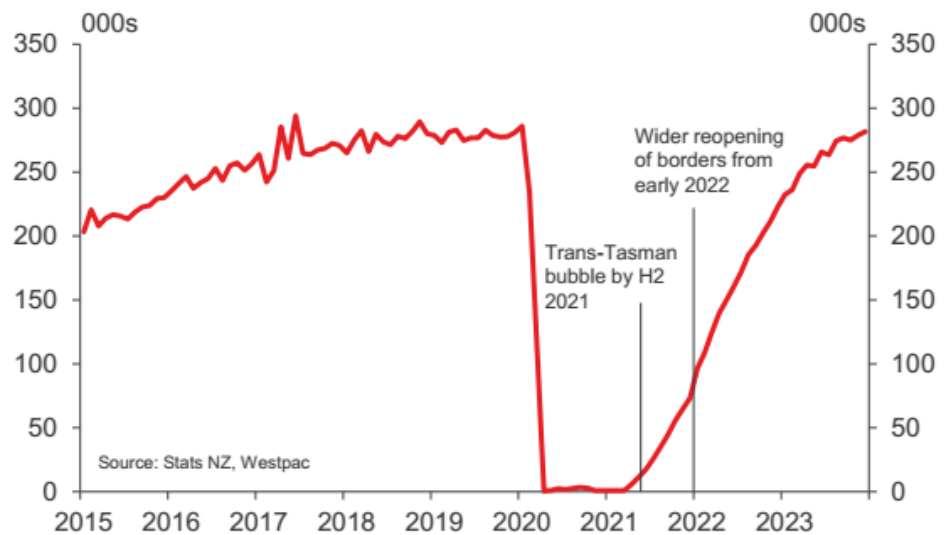
⁷ https://www.qldc.govt.nz/media/nj3fdsdr/qldc_covid19-recovery-intelligence-report_may22.pdf

⁸ https://assets.simpleviewinc.com/simpleview/image/upload/v1/clients/queenstownnz/Visitor_Demand_Mapping_Queenstown_Lakes_421a051d-aed2-40f3-b369-8de91fd2fe81.pdf

⁹ <https://ecoprofile.infometrics.co.nz/Queenstown-Lakes%20District/Gdp>



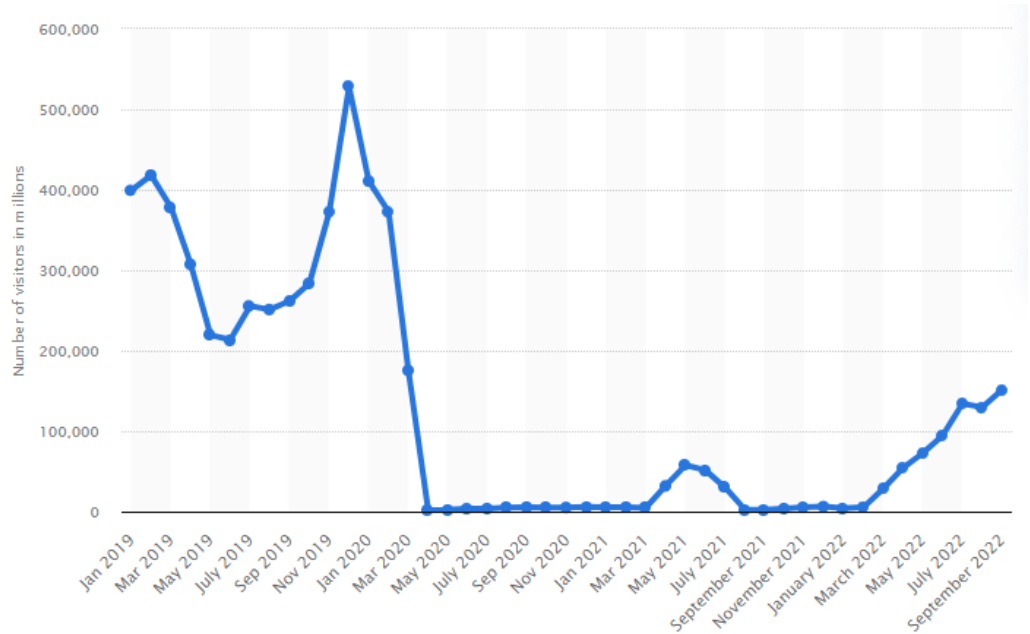
46 Before the border reopened industry pundits predicted that once international travel resumes, there will be a strong initial bounce back in tourist numbers, particularly from Australia; however long-haul travel is likely to see a more gradual recovery, with the return to pre-Covid levels being several years away.



47 Westpac in particular, predicted more robust economic growth in New Zealand 2022, when international tourism starts to recover. Also, the

Treasury’s economic forecasts predicted the borders re-opening partially from mid-2021 and then opening fully from the start of 2022.¹⁰

- 48 In September 2022, there were over 151 million international visitors to New Zealand, marking an increase from the same month in 2021, with only 2,310 international arrivals. The significant recovery in visitor numbers from March to September 2022 can be attributed to New Zealand re-opening its borders to travellers after a two-year COVID-19 lockdown.¹¹

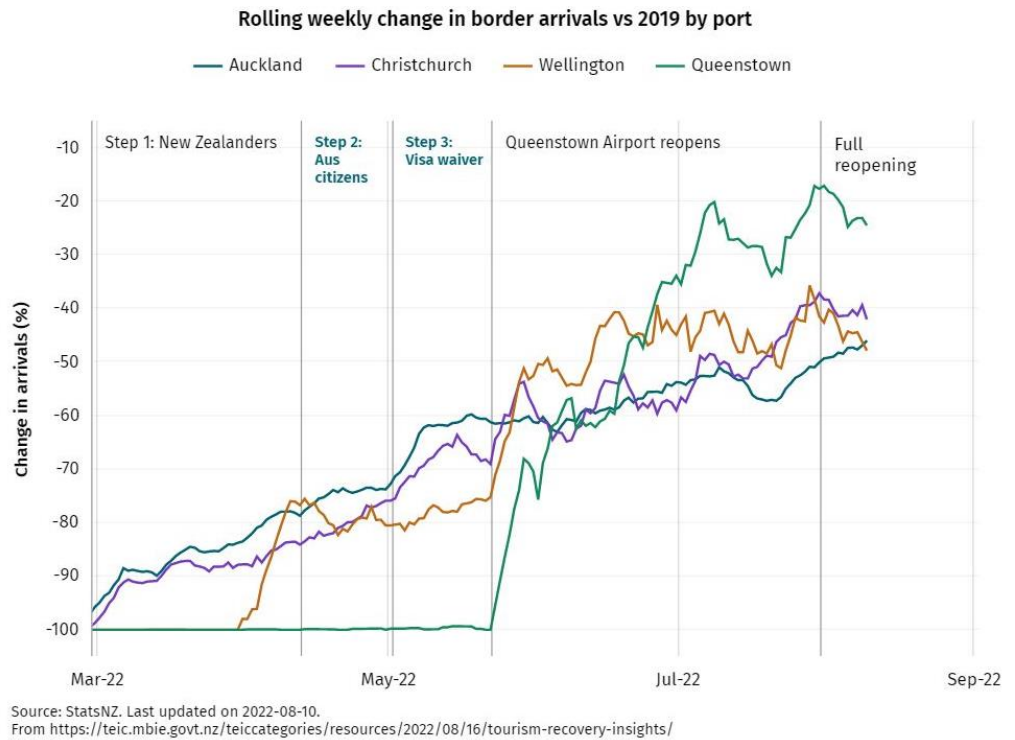


- 49 In particular the resumption of international visitor arrivals has driven a jump in the Queenstown-Lakes’ economy. Infometrics provisional estimates show that September 2022 quarter GDP for Queenstown-Lakes was 19% higher than September 2021. On an annual basis, Queenstown-Lakes’ GDP is up 2.4%, slightly behind the national rate of 3.3%, but this rate is expected to overtake the national rate in coming quarters as the tourism recovery continues which is reflected in the visitor arrivals by port – refer graph below.¹²

¹⁰ <https://www2.deloitte.com/nz/en/pages/2021-government-budget/articles/budget-2021-at-a-glance.html?id=nz:2sm:3tw:4Deloitte%20NZ%20Budget%202021::6abt:20210520033634::4843904330:5%20NZ%20Budget%202021&linkId=119192297>

¹¹ <https://www.statista.com/statistics/687331/new-zealand-international-visitors/>

¹² <https://qem.infometrics.co.nz/queenstown-lakes-district>



- 50 Realnz is addressing calls to re-imagine the New Zealand Tourism Industry to a more sustainable model for the future, through redefining the company purpose with a sustainability lens. As a company we are taking active steps to move away from our reliance on fossil fuels however this is very challenging in the post COVID-19 environment when we do not have 'profits' to invest in such changes.
- 51 Moreover, there have been appeals for nearly the last 2 years, to 're-set' the Queenstown economy, to diversify and move away from economic dependence on the Tourism Industry for the District's success. In fact, in early May 2021, the Tourism Minister, Stuart Nash announced that a \$20 million package of Government money will be made available to Queenstown-Wanaka regional economy, to reduce its 'over-reliance' on international tourism and improve its resilience to global economic shocks.¹³
- 52 Despite these calls for a reset of the Queenstown economy, and a need to diversify away from tourism, I consider there will continue to be a place for tourism to grow and contribute to the social and cultural fabric of Queenstown in the future. The geographic location, the overall 'attractiveness' and the tourism product offerings in the District will continue to bring visitors to the District.

¹³ <https://www.odt.co.nz/business/200m-support-package-struggling-tour-operators>

- 53 Tourism in the District will still be desirable, and we need a planning framework which enables tourism operators to have flexibility and options for growth and enhancement of their products offerings. Diversification of the economy does not mean no tourism, diversification can mean the addition of other alternative employment, while continuing to provide high quality tourism products. Realnz is focussed on high quality, high value products and experiences; as this is where there is real value is for our business.
- 54 Due to the significant role tourism plays in the District; the contribution tourism makes to the national economy; and the ongoing impacts of COVID-19, we contend tourism opportunities should be appropriately recognised in resource management planning instruments. To promote the recovery of the visitor industry and encourage investment in lifting the scope and quality of attractions, facilities and services across the Region.
- 55 Realnz contends that Otago Regional Council should be planning for the resumption of returning visitors and enable transport and access to the outdoors.

Other benefits

- 56 The transport and recreational opportunities which Realnz offer enable people to connect with and have greater access to New Zealand's natural environment and experience these areas first hand in some form. This benefits peoples' physical, mental and emotional wellbeing.

Natural Hazards

- 57 Based on Realnz's experience, it is not appropriate for the PORPS to require stringent avoidance of natural hazard risk without understanding the tolerability of affected stakeholders to that risk. At a community scale, this requires input through meaningful engagement from the affected community.
- 58 Most of the Otago region is subject to some type of natural hazard risk, including risk associated with a major earthquake – these risks cannot be completely avoided.
- 59 Realnz's operations deal with natural hazard risk as an integral part of operations. It would be particularly inappropriate to restrict operation of existing activities under the guise of managing natural hazards – at least not until after the affected community (i.e. the participants) have been involved in the decision making processes about the real life consequences of the policy or methods (suggesting removal of existing use rights).

60 Examples of the natural hazard risks Realnz manages and operates within are:

- (a) Walter Peak is subject to alluvial-fan hazard and as tenants and now owners of the site, we have experienced recurrent debris, debris-flood flow, and floodwater-inundation alluvial-fan processes at Walter Peak. In the late 1990's a debris-flood flow event brought rocks and mud down across the Mount Nicolas – Beach Bay Road and through our Woolshed and there have been less significant floods since then. We hold a Department of Conservation concession (PAC 13-04-70) to construct rock culverts and rock armouring, undertake stream deepening and tree planting in the Beach Bay Recreation Reserve as part of flood protection program to protect mainly the Colonel's Homestead.
- (b) In Fiordland and at Rakiura Realnz operations are subject to more significant natural hazard risks compared to Walter Peak. At a basic level, the weather and the sea are hazardous to our operations, as we are a 'maritime company' operating 32 vessels (pre-COVID) across the group. For instance, Foveaux Strait is identified as one of the roughest stretches of water in the world, due its shallowness, being in the roaring 40s where the westerly winds are strengthened as they are channelled through the strait, along with strong currents and tides.
- (c) Moreover, in Milford Sound/Piopiotahi, due to the mountainous terrain, the wind can be funnelled in from the Tasman Sea with winds reaching speeds of 100 to 120 knots. These high velocity wind events can occur around six times per year and at short notice, resulting in Real Journeys having typically four or five vessels out on the fiord (with nowhere to hide) putting somewhere around 800 passengers and crew at risk. Even our Te Ana-au Caves, operation is subject to significant risks; from the vessel journeys to and from the caves; flooding of the river through the caves (a regular occurrence); earthquakes; and landslides potentially blocking off the single point of egress. In comparison our operating environment in Queenstown is relatively benign.
- (d) The February 2020 Fiordland/Southland flood event which shut down access to Milford Sound/Piopiotahi, also exemplifies the natural hazard risks the company is exposed to, without even considering the potential risks that earthquakes, landslides, tsunami, and seiches pose to our customers and staff.

(e) There are also natural hazard risks associated with both Cardrona Alpine Resort and Treble Cone Ski Field. Such as potential high wind events, avalanches, slips and gravel slides on the ski fields themselves and their access roads, plus the risks associated with maintaining manmade mountain infrastructure including snow making reservoirs, wastewater treatment ponds, diesel and LPG storage and distribution.

61 As a result, the company has a strong Health and Safety culture with a 'belts and braces' approach to customer safety which includes extensive staff training, and the development of appropriate skill sets to manage these risks. We have various operating parameters where we will not operate when weather conditions reach a certain threshold; emergency plans and extensive Health and Safety plans, monitoring programmes, procedures, SOPs including managing natural hazards as required under Health and Safety at Work Act 2015 and other legislation such as the Maritime Transport Act 1994.

62 The most common risks we manage all the time are associated with the weather. Where judgement calls are made routinely based on set parameters for vessels not to sail or delay departure, coaches not to depart or turn back, ski field roads to remain closed or delay opening and ski lifts to be shut down or the ski field itself is shut down and skiers cleared off the mountain. However, we also commission expert engineering and geological assessments of our plant, equipment and sites respectively, to ensure we are operating safely and visitor safety is maintained. For instance, after a 2020 vessel stability assessment of the "TSS Earnslaw" we dropped her operational passenger capacity from 400 to 250 passengers and introduced more rigorous wind speed monitoring to ensure the "TSS Earnslaw" does not sail in strong wind conditions.

Ski Areas and Regionally Significant Infrastructure

63 This part of the evidence relates to Realnz's objective to ensure there is at least a consenting pathway for ski area infrastructure that may impact the footprint of wetlands, to be considered on its merits in conjunction with appropriate proposals to avoid, mitigate and offset any adverse effects.

64 Our particular concerns around freshwater management relate to the ability to develop the land mainly for ski related activities. This is particularly significant in terms of the development of the "Soho Basin" ski area given this is a 'green fields' development; which will require the installation of significantly more infrastructure to develop the site to its full potential.

- 65 Realnz is seeking to ensure there is a consenting pathway for ski area infrastructure such as 'linear' or 'longitudinal' infrastructure on its ski fields including water pipes, sewage pipes and power / IT cables for the likes of wastewater management, snow making and the running of other services / infrastructure at a distance from the 'base' buildings and ski lifts/gondola.
- 66 Specifically we, along with NZSki (Trojan Holdings), are seeking 'ski area infrastructure' be recognised as 'regionally significant infrastructure' to provide a consenting pathway mainly with respect to the Freshwater National Environmental Standards. I understand that the section 42A report author contends, that ski areas are simply be another land use, rather than infrastructure itself, except to the extent that certain components, such as roads to ski areas, may fall within the definition of infrastructure as set out in s2 RMA.
- 67 Nearly all the 'ski area infrastructure' we are concerned about fall within the s2 definition. That is:
- (a) pipelines that distribute fuel;
 - (b) facilities for the generation of electricity, lines used or intended to be used to convey electricity;
 - (c) a water supply distribution system;
 - (d) a drainage or sewerage system;
 - (e) structures for transport on land by cycleways, rail, roads, walkways, or any other means; and
 - (f) facilities for the loading or unloading of cargo or passengers transported on land by any means.
- 68 Also as per the regionally significant infrastructure definition in PORPS the drinking water abstraction, supply treatment, distribution infrastructure and the wastewater, sewage collection, treatment and disposal infrastructure of the Otago commercial ski areas would be sufficient to service at least 25 households for no less than 90 days each calendar year. In other words these ski areas can host 4000 to 5000 skiers per day (over at least a 90 day period) which is effectively the population of a small town (larger than 25 households), which requires these ski areas to have sufficient on mountain infrastructure to support this level of visitation.
- 69 The s42A PORPS analysis similarly ignores the economic benefit that the Otago commercial ski fields afford the Queenstown Lakes District in particular. In a report commissioned by Cardrona Alpine Resort and NZSki,

Queenstown economist Benje Patterson, found skiing tourism GDP contributed 14% of the district's tourism industry in 2019, and about 6% of the district's economy.¹⁴ The region's four major ski fields, including Realnz's Treble Cone and NZSki's Coronet Peak, provided 1777 on-mountain jobs, and supported another 5500 off-mountain, in 2019. This economic report also found that on an average day, more people use ski area infrastructure than, for example, Queenstown airport or state highways in the district.

- 70 Realnz remains concerned that the ORC will remain intractable regarding identifying ski area infrastructure as 'regionally significant infrastructure' in the PORPS, denying a consenting pathway with respect to National Policy Statement for Freshwater Management and National Environmental Standards for Freshwater.
- 71 Not only will this put up a barrier (i.e. no consenting pathway) to new ski area infrastructure that might impact on the footprint of a wetland, it might also prevent sensible maintenance of existing infrastructure.
- 72 For example, unlike some other infrastructure, ski area lift systems (aerial and surface) have a limited life and are typically replaced every 20-30 years. Due to technology and safety changes, it is not possible to purchase like-for-like lift systems to effect a direct replacement. The modern equivalent lift system will be different in several ways i.e. it may have larger (but fewer) towers that are spaced further apart, and the base stations could be a different size (smaller or larger) or shape to account for safer loading systems and different drive and controls systems.
- 73 If no consent pathway is provided for new ski area infrastructure and the maintenance regulations do not allow replacement with modern equivalent lift systems, the result for ski areas will be:
 - (a) The continued reliance on older lift infrastructure beyond their useful life
 - (b) The eventual closure of those lift systems and the terrain they accessed (as the replacement would be prohibited)
 - (c) The closure of ski areas that cannot replace lift infrastructure due to the presence of wetlands

¹⁴ Attached as **Appendix 1** to the Statement of Evidence of Paul Anderson on behalf of Trojan Holdings (#0206).

- (d) The resulting adverse economic and social impacts through loss of employment and recreational opportunities

74 This situation could be remedied by providing a consenting pathway for ski area infrastructure.

Sustainability Initiatives

75 The company's aforementioned conservation initiatives are reinforced by the company's environmental practices and initiatives. Some examples of our environmental initiatives include:

- (a) Constant monitoring of "TSS Earnslaw" coal quality to ensure maintenance of low emission standards as required by discharge permit. In addition, we are working on a project to repower the "TSS Earnslaw" with a greener fuel source;
- (b) Waste minimisation initiatives such as the delivery of fresh produce and frozen meat in reusable crates instead of cardboard boxes;
- (c) Waste recycling e.g. use of waste oil to heat our Te Anau workshop, use of biodegradable picnic boxes, re-usable washable obento boxes and unbleached recyclable napkins. The company was one of the main initiators of the Milford Sound/Piopiotaahi Recycling Scheme introduced by Milford Sound Tourism;
- (d) Adoption of technical innovations that minimise emissions, wake and noise pollution while boosting fuel efficiency and passenger satisfaction, such as the use of Intersleek antifouling; the first fouling control coating to use a patented technology that incorporates bio-renewable raw material to maintain an ultra-smooth surface, reducing drag and lowering a vessel's fuel consumption and emissions. Intersleek is so effective that most of our vessels hulls only require repainting in antifouling every ten years;
- (e) Also, the majority of our diesel-powered vessels have been repowered with more modern engines which comply with International Marine Organisation (IMO) Tier II Emission Standards¹⁵. The IMO has set regulations to reduce emissions and each subsequent regulation (IMO Tier II and Tier III) has continued to lower nitrous oxide and sulphur oxide emissions. In particular as a result of these regulations, today ships emit 80% less nitrous oxides

¹⁵ <https://www.yanmar.com/media/news/2020/05/22051608/6aym-wstwet.pdf>

and 89% less sulphur oxides compared to their counterpart engines of the 1990s.

- (f) Purchase of Euro V or VI emission rated coaches. The Euro-VI-compliant heavy-duty engines, have 77% lower NOx emissions and halved Particular Matter emissions compared to Euro V; and
- (g) Regular vessel and coach engine servicing to ensure optimum engine performance.

76 In late 2017 Real Journeys was one of the first businesses to sign up to the Tourism Industry Aotearoa's (TIA) Tiaki Promise – Care for New Zealand and NZ Tourism Sustainability Commitment He Kupu Taurangi Kia Toitū Ai Te Tāpoitanga.

Conclusion

77 Realnz's primary concern is to ensure that the PORPS adequately recognises and provides for the benefits of tourism, transport and access to the outdoor environment.

78 Realnz is a socially minded company which is rapidly growing in the space of giving back more to the community, including through its environmental and conservation initiatives. I consider that benefits such as these will only continue to be possible if the PORPS adequately recognises and provides for this growing industry and its protection.

Paul Norris

28 November 2022