

Before the RPS Hearing Panel

Under the Resource Management Act 1991

In the matter of submissions on the Proposed Otago Regional Policy Statement 2021

Summary of Evidence of Paul Norris on behalf of Wayfare Group Ltd (Realnz) (#0411)

17 March 2023

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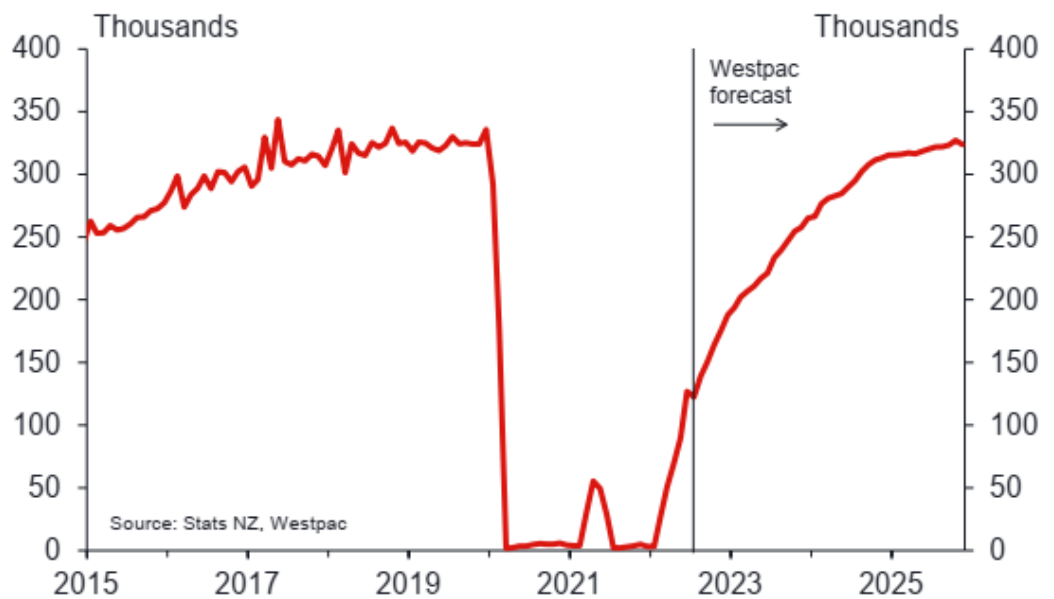
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lloyd.**

- 1 My full name is Paul Gerard Norris
- 2 I am Realnz's Chief Conservation Officer, and I have worked for over 30 years in the Tourism Industry consequently I have considerable experience and knowledge of the New Zealand Tourism Industry.
- 3 Realnz and its related entities provide a diverse range of tourism, recreational, social and cultural benefits to the Otago and Southland Region we are a major employer within the lower South Island. Our products include visitor destinations / recreational facilities such as Walter Peak, Cardrona Alpine Resort and Treble Cone ski field; 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."
- 4 Tourism remains a vital contributor to New Zealand's economic and social wellbeing, generating wealth and supporting jobs in communities around the country. The ongoing contribution that the South Island tourism / outdoor recreation sector provides to New Zealand's GDP and state of mental health, is going to be even more important given the devastation wrought by Cyclone Gabrielle and the long stressful path to recovery. In Fiordland we had our own extreme flood event in early February 2020 however because the areas affected were predominately unpopulated rainforest, the impacts were not as severe as this 2023 event. Yet three years on and hundreds of thousands of dollars later, the recovery is not complete, and some areas have been abandoned such as Gunn's Camp in the Hollyford Valley.
- 5 Accordingly, we are very mindful of climate change and in 2021 when Wayfare was rebranded as Realnz the company repositioned itself as a 'conservation company that does tours with an environmental focus', instead of a 'tourism company that does conservation' and my current position was created to facilitate this along with a dedicated sustainability lead. Conservation has always been in our company DNA with the company founder Sir Leslie Hutchins being a leading light in the Save the Manapouri campaign. The most significant conservation project we have undertaken in Otago is the 2015 removal of Wilding Pines from our 155 hectare property at Water Peak and our ongoing work to replant the land subject to tree removal in endemic plants along with the implementation of a predator trapping programme.
- 6 In my Statement of Evidence dated 28 November 2022, I provided information regarding the recovery of the Tourism Industry since the New Zealand's borders reopened after their closure as a result of COVID-19,

however since then there has been a greater pickup in visitor arrivals than predicted – refer figure 1. With growth increasingly being driven by visitors on long-haul flights rather than the predicted visiting friends and relations (VFR) travellers mainly from Australia or returning New Zealanders.¹

- 7 This recovery in visitor arrivals has not been shared equally, with Queenstown bouncing back faster than other main regions and visitor volumes remaining much lower than pre-COVID levels at other key airports. Auckland Airport has had by far the most overseas visitors (refer figure 2 below) although these arrivals remain at least 28% lower than 2019², while Queenstown visitor arrivals from July 2022 onwards have returned to levels similar to 2019 – refer figure 3.

Figure 1. New Zealand international visitor arrivals, seasonally adjusted⁸



- 8 In addition, visitors travelling into the Queenstown Lakes District particularly over summer have not necessarily travelled to the District by air, hence the visitor arrivals to the District will be higher than those captured through airport statistics; as a significant number of visitors to the District are touring

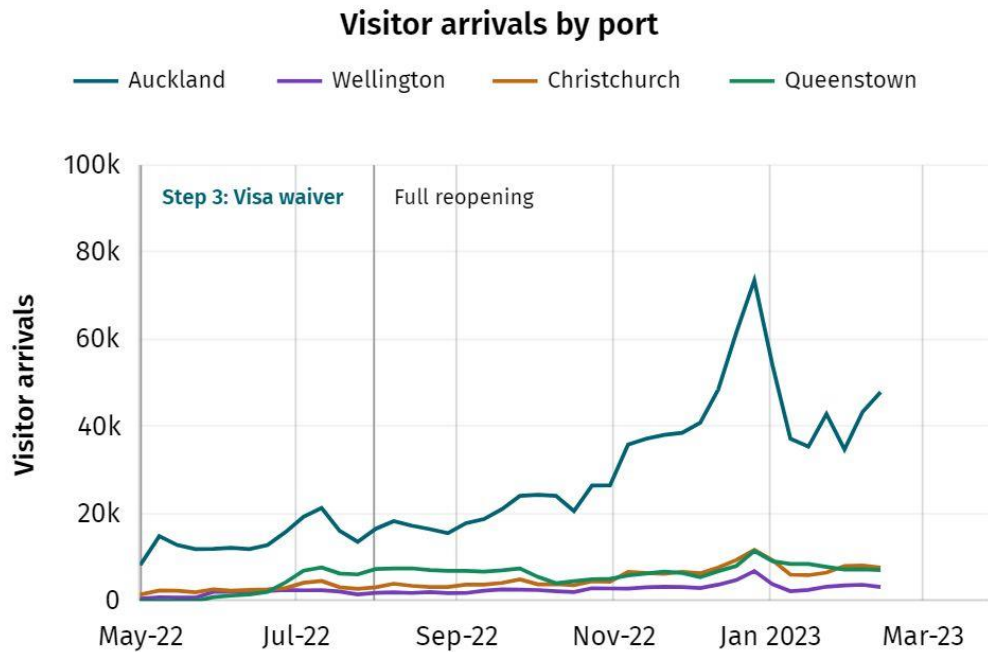
¹<https://www.nzherald.co.nz/nz/overseas-visitor-numbers-growing-queenstown-airport-almost-back-to-pre-covid-volumes/OF5D77U3UCGXALP2AOSVANWWGM/>

² <https://corporate.aucklandairport.co.nz/news/publications/monthly-traffic-updates>

³https://www.westpac.co.nz/assets/Business/tools-rates-fees/documents/economic-updates/2022/Other/Economic-Overview_QEO_report_15Nov22.pdf

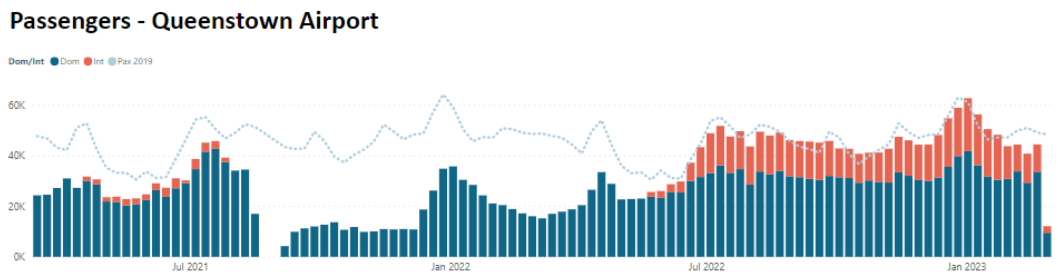
around New Zealand arriving (and/or exiting) the country through an alternative port.

Figure 2. New Zealand visitor arrivals by port



Source: StatsNZ. Last updated on 2023-03-08.
 From <https://teic.mbie.govt.nz/teicategories/datareleases/tourismRecoveryDashboard/>

Figure 3. Queenstown Airport visitor arrivals⁴



9 The return of international tourism has driven a sharp increase in Queenstown-Lakes' District GDP heading into summer. Total tourism expenditure in Queenstown-Lakes District increased by 36.2% in the year to December 2022, compared to a year earlier. This compares with an

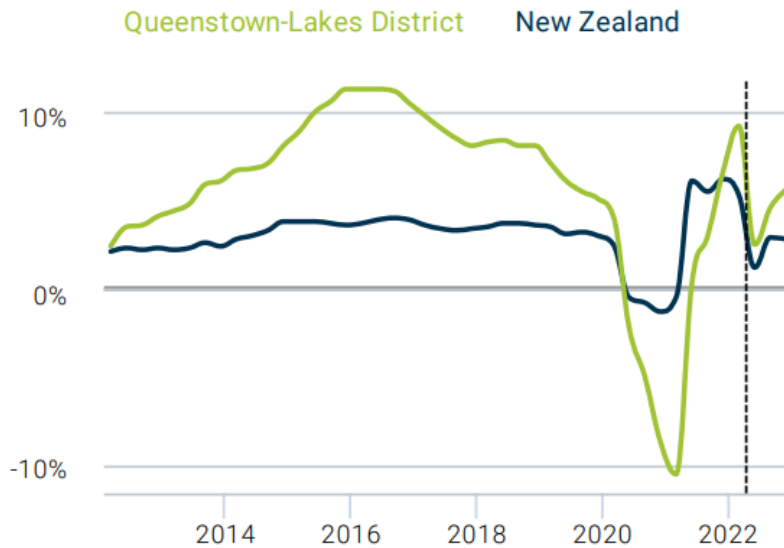
⁴ <https://www.queenstownairport.co.nz/facts-figures>

increase of 18.9% in New Zealand. Total tourism expenditure was approximately \$1,039 million in Queenstown-Lakes District during the year to December 2022, which was up from \$763 million a year ago.⁵

- 10 Queenstown-Lakes' District December 2022 quarter GDP was 8.0% higher than December 2021, according to Infometrics provisional GDP estimates. Over the year to December 2022, Queenstown-Lakes' GDP rose 5.6%. On both an annual and quarterly basis, Queenstown-Lakes experienced the fastest GDP growth in the country, resuming the trend that has been ongoing since at least 2001. That is, apart from over 2020 and 2021 Queenstown-Lakes District GDP growth has outperformed New Zealand as a whole⁶ – refer figure 4. Consequently, once again tourism is a major contributor to the Queenstown-Lakes District economy.

Figure 4. GDP Growth⁶

Gross domestic product growth
Annual average % change



- 11 Realnz has always maintained that Queenstown would remain an attractive destination for visitors and that once travel restrictions were lifted and sufficient flights became available the tourists would return. Hence the Otago Regional Council needs to continue to plan for ongoing development

⁵ <https://qem.infometrics.co.nz/queenstown-lakes-district/indicators/tourism?compare=new-zealand>

⁶ <https://qem.infometrics.co.nz/queenstown-lakes-district/report>

of the tourism industry in the Region including enabling transport and access to the outdoors.

- 12 Realnz has amassed our share of this regional tourism expenditure with our passenger numbers rebounding across the business – refer table 1. Specifically, Milford Sound/Piopiotaahi overall cruise passenger numbers (all cruise companies) for January 2023 were approximately 35% below pre-COVID passenger numbers. However, despite visitor numbers increasing, the coach travel / tour group business has not returned to anywhere near pre-COVID-19 levels as a result two of our Milford Sound/Piopiotaahi at least 300-seater vessels, that predominately catered to tour group business remain 'mothballed'.

Table 1. Our visitor numbers for the last five 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%
Apr 22 – 31 Jan 23	371,219	92,974	367,779	90,336	922,308	54%

- 13 The lack of visitors travelling via coach is exemplified by typically only approximately six coaches per day travelling out of Queenstown to Fiordland usually to Milford Sound/Piopiotaahi. Whereas pre-COVID during peak summer season, 80 to 100 coaches travelled ex Queenstown to Milford Sound/Piopiotaahi daily. Accordingly, this rebound in tourist numbers are so called free and independent travellers (FIT) predominately travelling via rental vehicle. As a result, this resurgence in tourism is putting pressure on the transport network in and around Queenstown.
- 14 In particular the return of tourists is again leading to significant issues in Queenstown which is adversely affecting the area. The traffic congestion experienced when travelling in and out of Queenstown Town Centre via vehicle often creates a very frustrating and tortuous experience for residents and visitors. 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.

- 15 Constrained access to central Queenstown is a significant issue for many tourism operators in Queenstown as many operators' businesses and retail outlets are based in the Queenstown Town Centre and if visitors cannot readily access the Queenstown Town Centre our businesses will suffer. Specifically, visitors embark and disembark in Queenstown Bay for our *TSS Earnslaw* / Walter Peak operation, which pre-COVID-19 equated to 260,800 passenger per annum which is commensurate to a significant portion of our company revenue. That is Realnz is concerned about ensuring visitors' experience is as seamless as possible and that impediments are not inadvertently foisted on visitors to effectively prevent them undertaking activities they wish to experience.
- 16 With this in mind tourism businesses like Realnz do offer solutions to these issues through the provision of public ferry services on Lake Whakatipu, shuttle buses and coach tours to and from our attractions. It is untenable to imagine the hundreds of additional private car journeys that would occur around Queenstown every day, if tourism operators such as ourselves, Shotover Jet, AJ Hackett Bungy, Gibbston Valley Winery, NZONE Skydiving, and NZSki did not operate private shuttle buses to transfer visitors to and from their attractions. Yet these private transport services need to be recognised by ORC and provided for in planning frameworks.
- 17 If these transport and traffic congestion 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.
- 18 Much of the 2105 hectares of land in the Queenstown Lake District Realnz manages or owns is remote and predominately not connected to the national grid, fibre, or town water supplies and wastewater treatment facilities. Therefore, we have to be self-sufficient and maintain off grid power, and water supplies and wastewater treatment facilities for around 5,000 people per day at some sites (that is the size of a small town). This off-grid infrastructure needs to be sufficiently robust to remain workable after extreme weather events and even if we develop renewable power supplies at the likes of Walter Peak we are still going to need to retain backup diesel power generation. Therefore, we require the ORC planning framework to provide for such moderate scale infrastructure not associated with network utility operators, urban development or settlements.
- 19 To address climate change our business needs to be more sustainable hence we are working towards using more renewable energy sources to operate our business including the transport aspects of our business. Thus, we will be looking towards the ORC to enable the development and

implementation of wind, solar, hydroelectric, power generation plus the provision of EV charging facilities, hydrogen production, distribution and storage facilities.

- 20 Realnz's principal interest is to ensure that the PORPS adequately recognises and provides for the benefits of tourism, transport and access to the southern South Islands remarkable outdoor environment.
- 21 As indicated by my role as Chief Conservation Officer Realnz is a socially minded company giving back to the community, including through its growing number of environmental and conservation initiatives. These initiatives will only continue to be possible if the PORPS adequately recognises and provides for this growing industry and its protection.

17 March 2023

Paul Norris