SECTION FOUR:

Sector Opportunities

TOURISM

Overview

Tourism is one of the largest and fastest growing sectors on the West Coast. In 2015, tourism accounted for over 2,000 jobs – 12 percent of the region's jobs. The sector's GDP grew by 2.2 percent annually over the last 5 years. Visitor expenditure grew by 3.1 percent per year over the last 5 years, reaching $417 million in the year to May 2016.

Over the last 2 years, visitor expenditure grew by 7.2 percent per year. Guest nights in the region grew at 8.8 percent per year, the second fastest rate of growth in the country.

Growth is currently driven by international visitor spending in Westland. There has been relatively poor growth in domestic visitor spending in the region and visitor expenditure has declined in Buller over the medium-term.

The West Coast has excellent potential to sustainably grow the visitor economy with a large range of visitor attractions that include major natural assets, heritage assets, adventure-based attractions, and cycling and walking trails. These attractions span the entire length of the West Coast region.

But the sector does face some significant challenges. These include:

- being distant from visitor markets – the closest domestic markets are around 3 hours away by car and, with limited flights, getting to the West Coast from Auckland can take over 7 hours.
- limited awareness of the range of attractions beyond the icons of Pancake rocks and the glaciers. Visitors to these tend not to stay long in the region but rather do a day-trip, stopping in either Greymouth or Hokitika before heading to the glaciers. Overnighters tend to stay in Franz Josef or Fox and then leave the region from there.
- a high level of seasonality – this is consistent with New Zealand, although with higher peaks and troughs. Combined with a small local population it is difficult for visitor-related businesses in some areas to maintain revenue flows in the winter months. It also creates significant pressure on infrastructure during the peak season.
- infrastructure pressures resulting from a combination of visitor growth (exacerbated during peak season) and natural hazards (flooding, coastal erosion and weather events), including at Punakaiki and Franz Josef. There is limited broadband and mobile phone network access, including an area of some 200 kilometres between Fox and Haast where there is no mobile phone coverage.
- difficulty extracting value from many attractions, which are currently free to access and use as a result of many being on the conservation estate. Similarly, the costs of establishing and maintaining attractions such as cycle trails are difficult to cover through existing funding mechanisms.
- a fragmented approach to promoting and developing tourism in the region, resulting in duplication and gaps in visitor marketing and promotional activities, limited tourism development in some areas, and poorly funded tourism focused organisations that are often competing for funding and for visitors.

Opportunity

Given the array of challenges, many of which are inter-connected, the major opportunity is to deal with these in a cohesive and coordinated way through a regional visitor strategy and action plan. This strategy and action plan should focus on five areas.

1 Improving region-wide promotion and marketing, i.e., implementing a regional marketing plan with clear target markets, including domestic markets.

2 Tourism product development and maintenance, including developing a larger set of iconic attractions (e.g., Oparara Arches at Karamea, Hokitika Gorge, Lake Brunner) and developing new products in Buller (e.g., a Penguin viewing and rehabilitation centre; establishment of the Charleston to Westport cycle way).

3 Future proofing infrastructure and amenities at key locations, with Franz Josef an initial priority.

4 Determining the appropriate structure for delivering tourism promotion and marketing across the region in order to better coordinate and rationalise activities across districts.

5 Determining the appropriate mix of funding mechanisms for tourism marketing and development, including the adoption of new mechanisms such as charging visitors for experiences on conservation land.

What is the sector's contribution and make-up?

Tourism is one of the largest sectors on the West Coast. In 2015, it contributed $94.9 million in GDP (5 percent of the regional economy) and employed 2,015 people (12 percent of the region's jobs).

Table 8. Tourism key indicators, 2015

2015	Tourism	% of region
GDP (2010 $m)	94.9	5.1%
GDP location quotient	1.3	
Filled jobs	2,015	11.9%
Employment location quotient	1.6	
Productivity (GDP/filled job) (2010$)	47,110	43%

Source: Infometrics regional database

An employment location quotient of 1.6 shows that a higher proportion of people work in the tourism sector on the West Coast than nationally, further supporting the importance and relevance of the sector to the region's economy.

The sector has low productivity, with each worker producing less than half of the region's average level of GDP per filled job. In part, this reflects the labour-intensive nature of the work.

Figure 30 and Figure 31 show tourism employment split by West Coast district, and then by industry.

Figure 30. Tourism employment, 2015

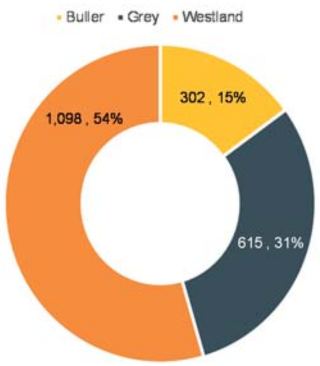
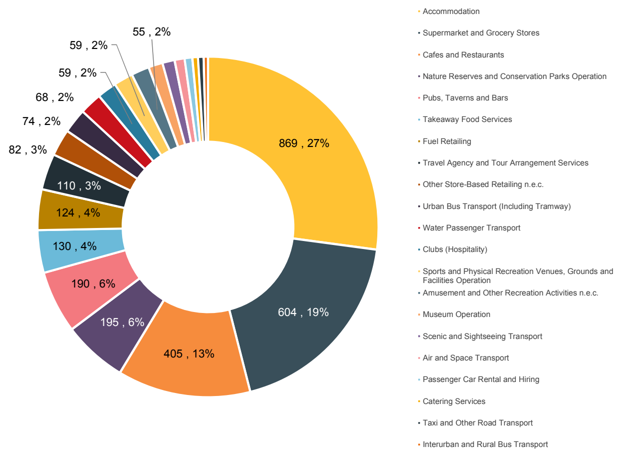


Figure 31. Tourism employment by industry, 2015



Source: Infometrics regional database. Note: employment for each industry is provided for the entire industry. The tourism component of these industries will be smaller than the figures provided.

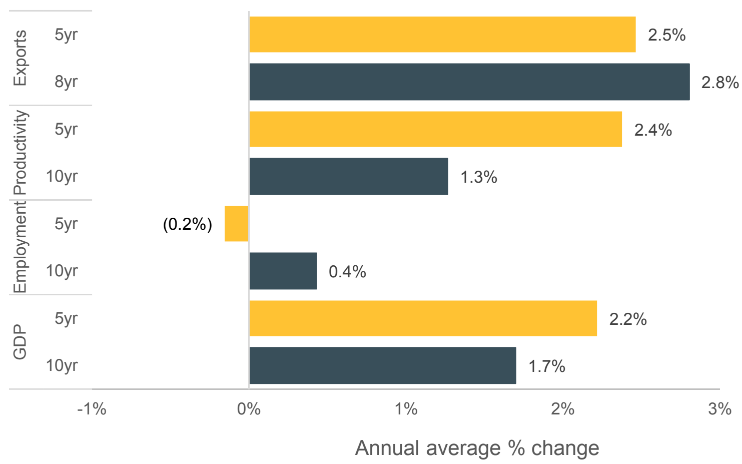
Employment in the sector is concentrated in Westland (54 percent) and Grey (31 percent), and is dominated by accommodation; supermarkets and grocery stores; and cafes and restaurants. Nature reserves and conservation parks; and pubs, taverns and bars are also relatively large contributors to employment.

As shown in Figure 32, the sector's GDP, productivity and exports (visitor expenditure) on the West Coast all grew relatively strongly over the last 5 years (by 2.2 percent, 2,4 percent and 2.5 percent per year respectively).

Employment remained relatively static over 2005–2015 and has declined slightly over the last 5 years (by 0.2 percent per year).

Tourism-related industries that have grown strongly over the last 10 years (over 3 percent per year growth in GDP) include supermarket and grocery stores; takeaway food services; urban bus transport; and scenic and sightseeing transport (Table 9).

Figure 32. Tourism growth rates of key indicators, 5yr and 10yr



Source: Infometrics regional database
Note: Compound annual growth

Industries that declined at a reasonable rate over the last decade included air and space transport; travel agency and tour arrangement services; and other store-based retailing (Table 9).

Table 9. Tourism-related industries GDP and employment, current, 10-year trends and location quotients

	GDP		Employment		Location Quotient	
	2015	2005-2015	2015	2005-2015	GDP	Employment
Accommodation	31.5	-0.4%	869	-1.0%	3.9	3.8
Supermarket and Grocery Stores	22.2	3.2%	604	1.4%	1.1	1.5
Cafes and Restaurants	14.7	0.4%	405	-0.3%	0.9	0.9
Nature Reserves and Conservation Parks Operation	10.3	1.3%	195	4.1%	5.1	8.0
Pubs, Taverns and Bars	6.9	-0.3%	190	-0.9%	1.8	1.8
Fuel Retailing	6.0	1.2%	124	-0.6%	1.6	2.2
Water Passenger Transport	5.1	1.3%	68	1.0%	5.8	7.7
Passenger Car Rental and Hiring	4.9	1.2%	24	0.3%	1.0	1.1
Urban Bus Transport (Including Tramway)	4.8	19.8%	74	18.9%	1.2	1.5
Takeaway Food Services	4.7	4.2%	130	3.7%	0.7	0.7
Air and Space Transport	3.4	-6.2%	30	-6.7%	0.3	0.4
Travel Agency and Tour Arrangement Services	3.3	-5.0%	110	-4.8%	1.2	1.9
Other Store-Based Retailing n.e.c.	3.3	-2.4%	82	-4.0%	0.7	1.0
Pharmaceutical, Cosmetic and Toiletry Goods Retailing	3.2	3.4%	79	1.6%	0.8	1.0
Amusement and Other Recreation Activities n.e.c.	3.1	-0.5%	55	1.8%	1.9	2.7
Scenic and Sightseeing Transport	2.9	6.5%	37	5.8%	2.1	2.6

Source: Infometrics regional database. Note: Compound annual growth. GDP and employment is provided for the entire industry. The tourism component of these industries will be smaller than the figures provided.

Although the region as a whole has a relatively high proportion of employment in the sector compared to the national average, not all industries in the sector are concentrated. Those that are significantly concentrated on the West Coast include nature reserves and conservation parks; water passenger transport; accommodation; amusement and other recreation activities; scenic and sightseeing transport; and fuel retailing.

How is the visitor economy performing?

The West Coast's visitor economy has grown quite strongly over the last few years, although this has occurred largely in Westland, and through international rather than domestic visitors.

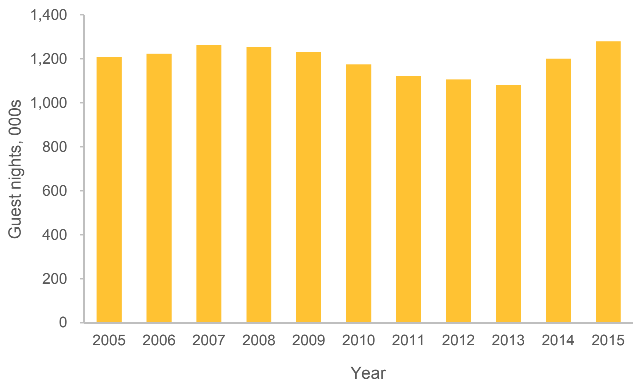
Guest nights

Commercial accommodation guest nights on the West Coast declined post the financial crisis and the Christchurch earthquakes before recovering strongly from 2013 (Figure 33).

Guest nights reached a new peak in 2015 at 1.28 million guest nights. This represented 3.5 percent of New Zealand's guest nights.

Around 60 percent of guest nights were in Westland, compared to 22 percent in Grey and 18 percent in Buller.

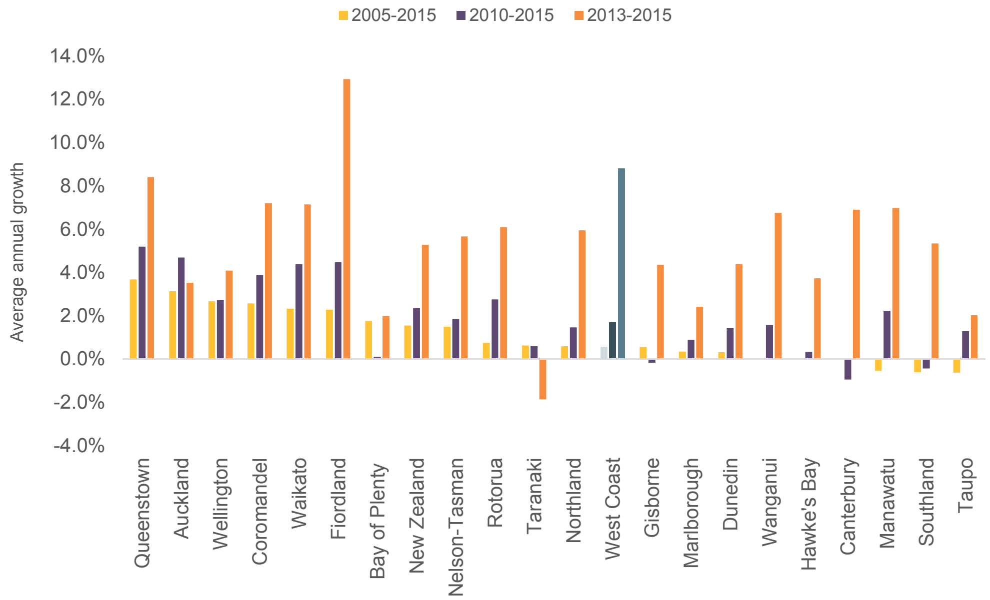
Figure 33. Commercial accommodation guest nights, West Coast, 2005–2015



Source: Statistics New Zealand, Commercial Accommodation Monitor
Note: December year

The region experienced relatively slow growth in guest nights over 2010–2015 (1.7 percent per year) compared to several other regions and the New Zealand average (2.4 percent per year). However, it has achieved very strong growth of 8.8 percent per year over the last 2 years, the second highest rate in New Zealand and much stronger than the 5.3 percent per year growth experienced nationally (Figure 34).

Figure 34. Growth in commercial accommodation annual guest nights, selected RTOs, 2005–2015



Source: Source: Statistics New Zealand, Commercial Accommodation Monitor.
Note: December years

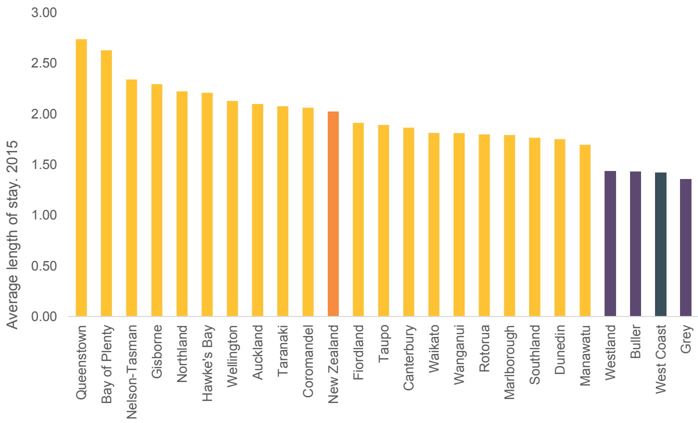
Westland and Grey have experienced very strong growth in guest nights since 2013, at close to 9.5 percent per year each.

The West Coast and all three districts have relatively low average length of visitor stays.

In terms of commercial accommodation, the average length of stay (days) for Westland (1.44), Buller (1.43) and Grey (1.35) is much lower than the national average (2.0) and lower than comparable regions (Figure 35).

Increasing the average length of stay will be important to generate greater value from visitors.

Figure 35. Average length of stay, selected regions and West Coast districts, 2015

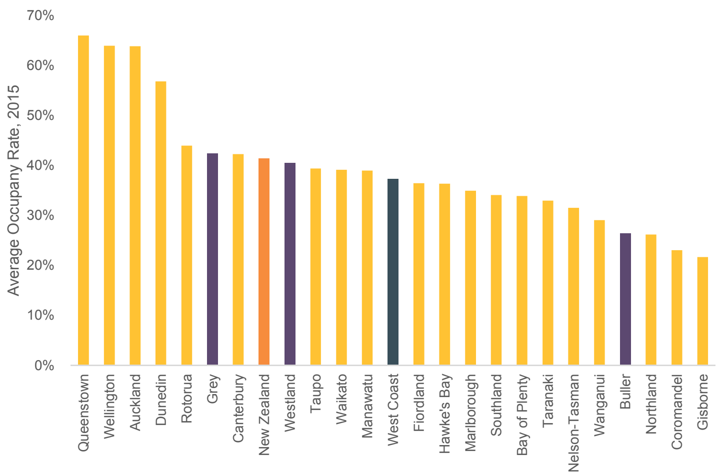


Source: Statistics New Zealand, Commercial Accommodation Monitor
Note: December year

The West Coast achieved a moderate occupancy rate of 37 percent in 2015, slightly below the New Zealand average of 41 percent. However, this was higher than several comparable regions, such as Taranaki, Nelson-Tasman, Marlborough, Northland and Gisborne (Figure 36).

Grey had the highest occupancy rate, at 42 percent. Buller had a very low occupancy rate, at 26 percent.

Figure 36. Occupancy rate, selected regions and West Coast districts, 2015



Source: Statistics New Zealand, Commercial Accommodation Monitor
Note: December year

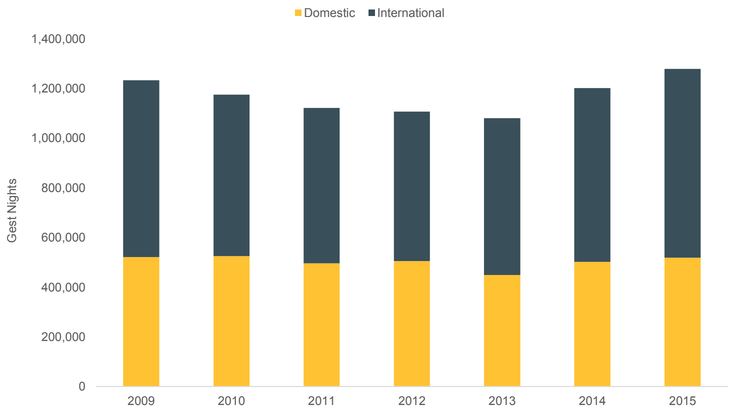
This suggests a clear opportunity to grow visitation in the north of the region.

The West Coast attracts a large proportion of international visitors relative to domestic visitors. In 2015, 59 percent of all commercial accommodation visitor nights on the West Coast were from international visitors. This compares to the New Zealand average of 41 percent.

Domestic visitor nights have remained relatively constant at close to 520,000 nights per year over 2009–2015 (Figure 37). Over the same period, international visitor nights have increased by 1.1 percent per year, slightly lower than the 1.7 percent per year experienced nationally.

However, there has been strong growth in international visitor nights since 2012 at 8.1 percent per year.

Figure 37. Guest nights, domestic and international visitors, West Coast, 2009–2015



Source: Statistics New Zealand, Commercial Accommodation Monitor
Note: December years

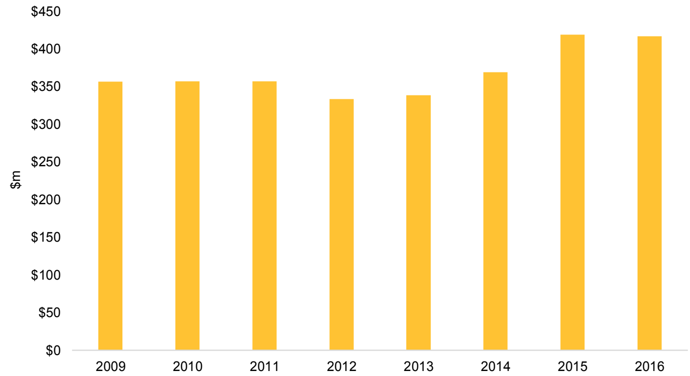
Visitor expenditure

Visitor expenditure in the region has grown from $356.6 million in 2009 to $416.5 million in 2016 (2.3 percent per year).

Expenditure was steady from 2009 to 2011, before falling to a low of $333.7 million in 2012 before growing strongly, peaking at $418.8 million in 2015 (Figure 38).

In the year ended May 2016, expenditure on the West Coast represented 1.8 percent of total visitor expenditure in New Zealand.

Figure 38. Visitor expenditure on the West Coast, 2009–2016



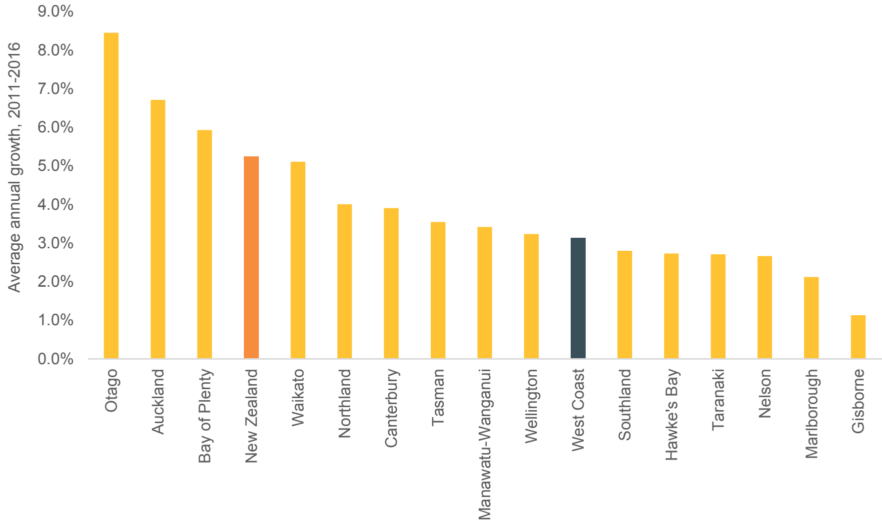
Source: MBIE, Regional Tourism Estimates
Note: May years

Relative to New Zealand as a whole, a much higher proportion of visitor expenditure on the West Coast is spent on accommodation and food services (19.2 percent compared to 10.8 percent) and retail sales – fuel and other automotive products (20.2 percent compared to 9.3 percent) and a much lower proportion is spent on retail sales - other (10.3 percent compared to 24.6 percent) and other tourism products (3.7 percent compared to 9.4 percent).

Growth in visitor expenditure on the West Coast over the last 5 years (3.1 percent per year) has been slower than the New Zealand average growth rate (5.3 percent per year growth).

However, New Zealand's average is skewed by Auckland and Queenstown. Considering comparable regions, the West Coast sits around the middle. Visitor expenditure growth in the region has been much higher than in Gisborne and better than Taranaki and Marlborough, but lower than Tasman and Northland (Figure 39).

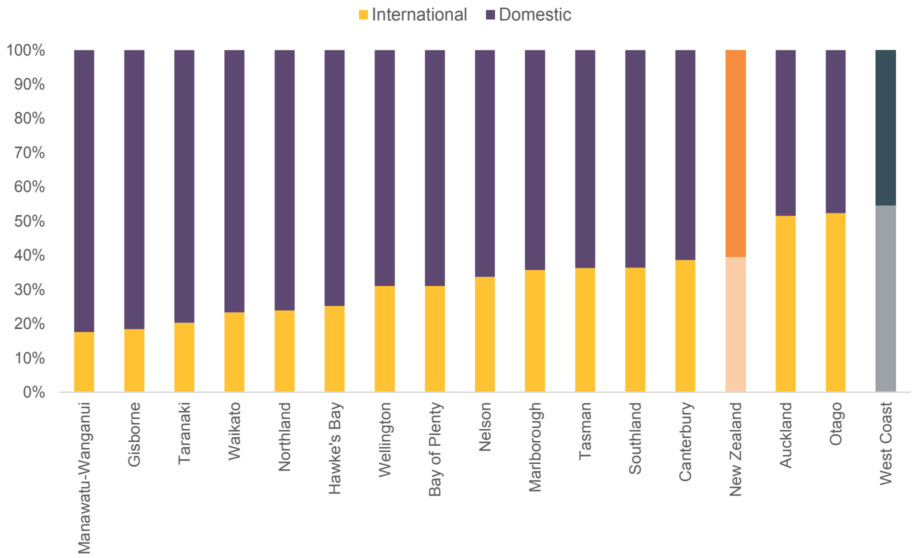
Figure 39. Growth in visitor expenditure, selected regions, 2011–2016



Source: MBIE, Regional Tourism Estimates
Note: Compound annual growth, May years

Growth in visitor expenditure has been mixed across the West Coast's districts. Westland experienced expenditure growth of 1.2 percent per year over 2009–2015 (visitor expenditure for districts is only available up to 2015 through the discontinued Regional Tourism Indicators series), with Grey achieving limited growth (0.7 percent per year) and Buller visitor expenditure declining by 1.5 percent per year. Growth in visitor expenditure in Westland and Grey was higher than several comparable districts, while the decline of visitor expenditure in Buller was the most significant of comparable districts.

Figure 40. Proportion of international and domestic visitor expenditure, 2016



Source: MBIE, Regional Tourism Estimates
Note: May 2016

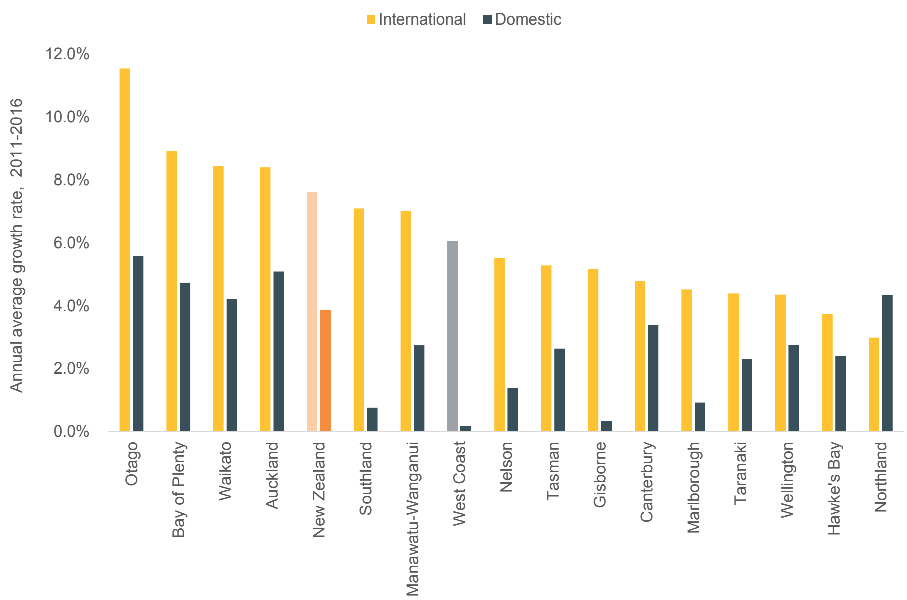
The relatively high proportion of international visitor nights on the West Coast is also reflected in international visitor expenditure. At 55 percent of total visitor expenditure, the contribution of international visitor spending was the highest of all regions in New Zealand in the year ended May 2016, and well above the New Zealand average of 40 percent (Figure 40).

This is largely due to Westland, where international visitor expenditure was estimated to be 79 percent of all visitor expenditure in 2015 (Buller and Grey's proportion of international visitor expenditure was around the New Zealand average).

The West Coast experienced strong growth in international visitor expenditure over 2011–2016, at a rate of 6.1 percent per year. Although this was lower than the New Zealand rate of 7.6 percent per year, it was higher than several comparable regions, such as Taranaki and Northland (Figure 41).

However, the region achieved very little growth in domestic expenditure, 0.2 percent per year, compared to strong growth in domestic visitor expenditure nationally of 3.9 percent per year.

Figure 41. International and domestic visitor expenditure, New Zealand regions, change 2011–2016



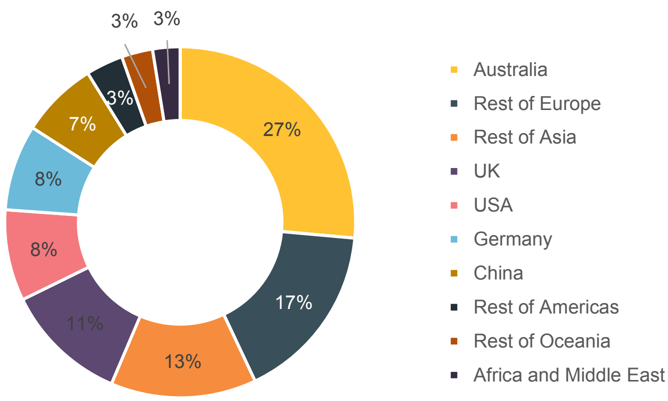
Source: MBIE, Regional Tourism Estimates, 2011–2016
Note: May years

Origin of visitors

In 2015, travellers from Australia accounted for the largest share of international visitor nights on the West Coast at 27 percent, followed by visitors from the rest of Europe (excluding UK and Germany) at 16.5 percent, and rest of Asia (excluding China) at 13.4 percent (Figure 42).

The West Coast attracted a smaller proportion of visitors from Australia compared to New Zealand as a whole (34 percent).

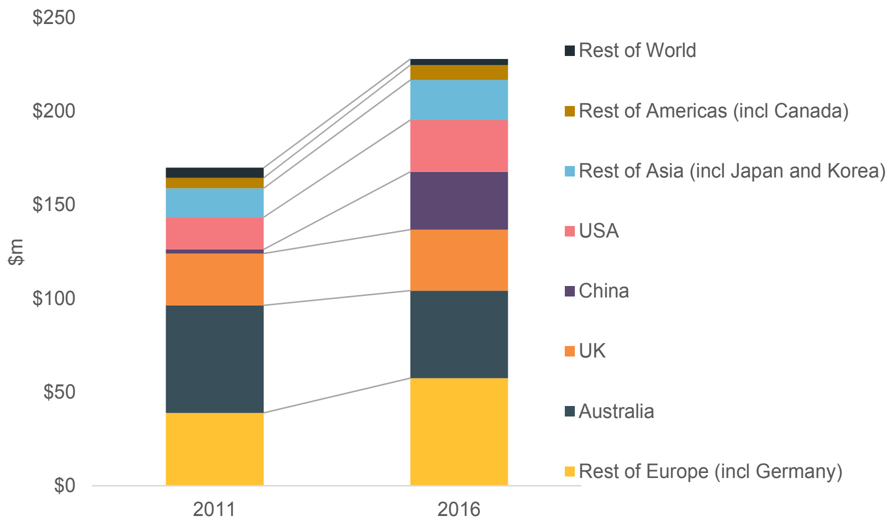
Figure 42. Origin of visitors to the West Coast, 2015



Source: Statistics New Zealand, International Visitor Survey
Note: December year

European visitors are responsible for the greatest proportion of international expenditure on the West Coast, representing 25 percent of all international expenditure in 2016, followed by visitors from Australia (21 percent), the UK (14 percent), China (14 percent) and the USA (12 percent). As shown in Figure 43, spending by visitors from Australia has fallen over 2011–2016 from $57 million to $47 million at a rate of -4.0 percent per year.

Figure 43. International expenditure by origin of visitor, 2011 and 2016



Source: MBIE, Regional Tourism Estimates
Note: May years

In contrast, there has been a significant increase in expenditure by visitors from China, from $2 million to $31 million, at an average rate of growth of 69 percent per year. There has also been strong growth in expenditure by visitors from Europe (8 percent per year) and the USA (10 percent per year).

As a result, the composition of international visitor expenditure by origin of visitor has changed over the period, with expenditure from Australian visitors falling from over a third to one-fifth of total expenditure, and visitor expenditure from China increasing significantly from just over 1 percent of the total in 2011.

Travellers from Canterbury were responsible for the greatest proportion of domestic visitor expenditure on the West Coast in the year to March 2016, representing 33 percent of all domestic expenditure. This was followed by travellers from within the region itself (24 percent), Wellington (10 percent), Auckland (7 percent) and Nelson-Tasman (7 percent). The highest growth in domestic expenditure over 2011–2016 was via visitors from Waikato and Canterbury. Spending by visitors from Auckland and Nelson-Tasman declined over the period.

What is the current potential for growth?

The lower New Zealand dollar, a gradual recovery in the world economy, and lower fuel prices have all helped boost the number of overseas visitors coming to New Zealand. Growth in demand has also seen new air routes established, leading to significant increases in capacity from North America, South America, China, and other parts of Asia.

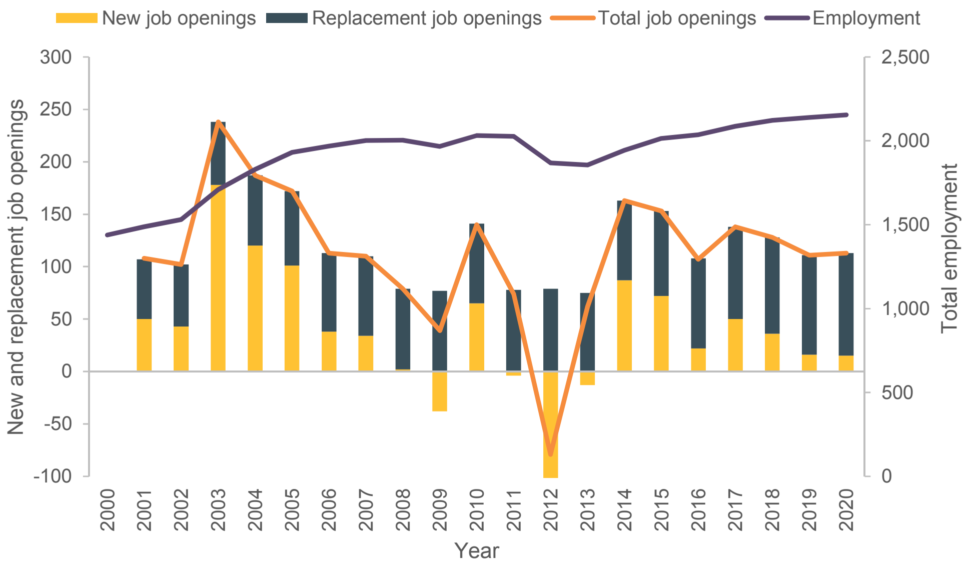
MBIE’s tourism forecasts for 2016–2022 suggest that New Zealand will experience strong growth in visitor arrivals and visitor expenditure over the period. Visitor arrivals are forecast to grow 5.4 percent per year and expenditure is forecast to grow by 7.5 percent per year (Ministry of Business, Innovation and Employment, 2016). The forecasts note that trends are showing that visitors are spending more per trip.

MBIE expects strong growth in visitors from China, over 14 percent per year, and noted that even if growth in the China economy slows they still expect strong growth in visitors from China as it reorients towards higher consumption and services (Ministry of Business, Innovation and Employment, 2016). Previous forecasts suggested that, even if there is a stronger New Zealand dollar, lower oil prices and growth in China and US are likely to keep international visitor arrivals up (Ministry of Business, Innovation and Employment, 2015).

If the West Coast meets MBIE’s international visitor expenditure forecasts and domestic expenditure grows by a similar proportional amount (i.e., increases to 2.5 percent per year), total visitor expenditure in the region will increase from the current $417 million to around $540 million by 2020. These forecasts are higher than the rate the region has experienced over the last 5 years (6.1 percent per year for international visitor expenditure). Assuming a lower level of growth, consistent with the historical growth rate (business-as-usual), the West Coast could expect just over $470 million in visitor expenditure by 2020.

Under such a business-as-usual scenario, Infometrics forecasts suggest that tourism sector employment on the West Coast will grow by around 1.3 percent per year over 2016–2020 (139 jobs over the period). Employment growth is expected to be fastest in Westland and Buller at around 1.5 percent per year each (around 17 jobs per year in Westland and 5 jobs per year in Buller), while employment in the sector in Grey is expected to grow by around 1 percent per year (around 6 jobs per year). Historical and projected employment in the tourism sector is shown in Figure 44.

Figure 44. Tourism sector employment forecasts, 2015–2020



Source: Infometrics regional database

Employment growth is forecast to be particularly strong in hospitality industries (accommodation, cafes, restaurants and bars), at around 2.2 percent per year over the forecast period of 2015–2020.

As a comparison, MBIE's employment forecasts for 2016–2019 predict 2.8 percent per year growth in accommodation, cafes and restaurants nationally, or another 13,670 jobs in the industry (Ministry of Business, Innovation and Employment, 2016a). On the West Coast, they forecast growth of 1.0 percent per year or 46 jobs (noting that this is only one industry within the broader tourism sector). In terms of occupations, MBIE's occupational forecasts suggest that employment of hospitality workers will grow by 1.4 percent over the period and employment of accommodation and hospitality managers will grow by 1.3 percent per year. This is similar to the Infometrics forecasts.

Overall, the research suggests that there will be moderate to strong growth in the tourism sector on the West Coast over the next 5 years, under a business-as-usual scenario.

What are the existing strengths of the region for tourism?

The West Coast has a large range of visitor attractions, more than are typically recognised by the New Zealand public. In addition to the well-known 'iconic' attractions of Franz Josef Glacier, Fox Glacier and Pancake rocks, there are:

- other major natural attractions, such as the Oparara Arches at Karamea (the largest limestone arches in the southern hemisphere), Hokitika Gorge, the Honeycomb Hill Caves at Karamea, the Tauranga Bay seal colony, New Zealand's only white heron nesting site, two kiwi sanctuaries, Lake Brunner, Lake Matheson and the Blue Pools of Haast Pass.
- the Kahurangi, Paparoa, Arthurs Pass, Westland Tai Poutini and Mount Aspiring National Parks, and the Te Wahipounamu - South West New Zealand UNESCO World Heritage Site.

- a range of cycle trails, including the 85 kilometre Old Ghost Road between Lyell and Mokihinui, and the 135 kilometre West Coast Wilderness Trail between Greymouth and Ross. Others, such as the Charleston to Westport cycle trail and South Westland Wilderness trail are planned (see Cycle Trails later).
- several 'adventure-based' scenic attractions, including the Denniston Plateau experience, the Buller Swing Bridge, Underworld rafting in the Paparoa National Park, the West Coast Treetop Walkway, rafting and kayaking tours, Charleston glow-worm cave tour, adventure caving at Hi Hi Tomo and Te Tahi Cave, and glacier helicopter and hiking experiences.
- a huge range of walkways, tracks and trails including part of the Heaphy Track (one of New Zealand's nine great walks), Cape Foulwind walkway, the Kaniere Water Race Walkway, Ross Historic Goldfields walks, Lake Brunner tramping tracks, Alex Knob track, Copland Valley track, and Mahinapua Walkway, to name just a few. The 45 kilometre Pike 29 Memorial Track, which will be one of New Zealand's great walks, is under development and a Southern Paparoa Coal Heritage Trail is being scoped.
- a significant range of heritage assets and attractions, including the Coaltown museum at Westport, Te Tauraka Waka A Maui Marae, Arahura Marae, Shantytown, Hokitika Museum, Westland Industrial Heritage Park, the historic areas of Reefton and Ross, the Brunner Mine Industrial site, and the Blackball Museum of working class history, as a few examples.

These attractions span the entire length of the West Coast and provide a real opportunity for the region to increase the number of visitors and the length of visitor stays. As noted, the West Coast already has the highest proportion of international visitor expenditure of all regions and hence clearly has the ability to continue to capture higher spending international visitor markets.

Positively, the private sector is investing in amenities and tourism operations to cater for growing visitor numbers on the West Coast. Two hotels (Beachfront in Hokitika and Kingsgate in Greymouth) have recently announced plans for upgrades.

In addition, TWC has just established a cohesive brand for the region to create a consistent image of the West Coast in the mind of potential visitors. This includes a new logo, communication guidelines and advertising collateral, centred on the strapline of "Untamed Natural Wilderness".

What are the challenges facing the sector?

Despite strong international visitor numbers and a range of attractive visitor offerings, the West Coast faces several challenges in growing and maintaining the visitor economy.

Distance and cost of travel

The West Coast is distant from most visitor markets. Close markets of Nelson-Tasman and Canterbury are at least 3 hours away by car. There is the daily scenic TranzAlpine rail connection from Christchurch, which is popular, but takes 4.5 hours. As is discussed in the section on *Transport*, there are limited flights in to and out of the region and it can take visitors from Auckland over 7 hours to get to the region by air.

Limited visitor economy in the north of the region

As was noted, the Buller district gets a relatively limited share of visitor expenditure and is not well connected to the major regional tourism route. It is the only district in the region where visitor expenditure has declined over the medium-term. Most visitors head into Greymouth via road or rail and then travel south into Westland for the glacier experiences (some will head north briefly to view the Pancake Rocks at Punakaiki). The Buller district currently also lacks the range of tourism options (not only attractions, but accommodation and food services) that Grey and Westland provide.

Lack of awareness of the region's broad range of attractions

There is a lack of awareness of the full range of attractions and options for visitors. As noted, visitors to the West Coast don't stay very long. Most visitors to the West Coast stop in Greymouth or Hokitika before heading to the glaciers (and overnight in Franz Josef or Fox). They then leave the region.

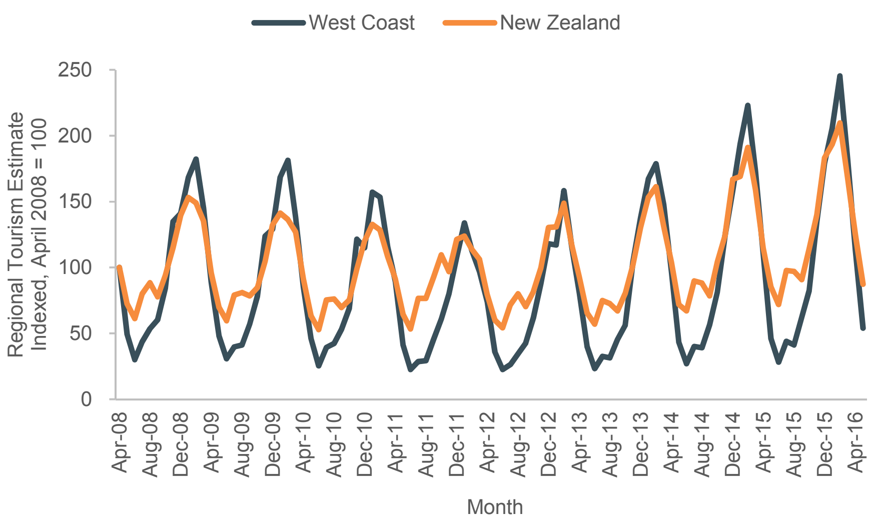
The glacier experience is changing

Although they are the biggest draw cards, the visitor experience associated with the iconic glaciers is changing. The glaciers are retreating and, within the next two decades, it is likely that the only way of seeing them will be by air. This will change the visitor experience and constrain the types of visitors that will be attracted (given the cost of access). A survey of visitors to the glaciers in 2013/14 indicated that more than a third of visitors would not be prepared to take flights to see the glaciers (Wilson et al, 2014).

High level of seasonality

The West Coast is subject to significant visitor seasonality, peaking in summer and reaching a low in winter (Figure 45). Although this is consistent with national trends, the peaks and troughs in international visitor expenditure are higher and lower than nationally.

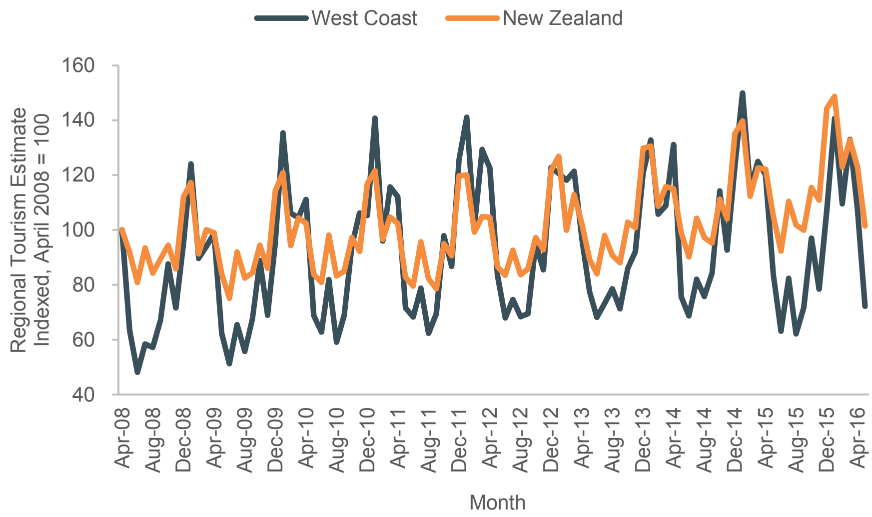
Figure 45. International Regional Tourism Estimates, West Coast, 2008–2016



Source: MBIE, Regional Tourism Estimates

For domestic visitors, seasonality also follows national trends although the variability between peak and trough is also higher. Since 2013, the growth in domestic expenditure on the West Coast has also tended to be below New Zealand's.

Figure 46. Domestic Regional Tourism Estimates, West Coast, 2008–2016



Source: MBIE, Regional Tourism Estimates

At the district level, the degree of seasonality in international expenditure is highest in Buller while for domestic expenditure it is highest in Westland.

All of this means that there is significant pressure on meeting visitor demands in summer, including accommodation, car parks, amenities, water resources, waste management, and workloads. There can be traffic and congestion problems in key locations, such as Franz Josef and Punakaiki. Conversely tourism operators in some areas can find it difficult to maintain revenue flows in the winter months. The seasonality results in changing demands for staff over the year and there can be difficulties in retaining skills beyond the high seasons. On the other hand, employees can find it difficult to obtain permanent employment.

The region faces major visitor infrastructure pressures

As noted above, visitors also put pressure on a range of infrastructure and activities, particularly in the high season. There has been tremendous pressure on the locations of key visitor attractions such as Punakaiki (estimated 460,000 visitors per year), Franz Josef and Fox (estimated 600,000 visitors each per year), where there are consequently high demands for water resources, toilets and waste management, car parks, accommodation and food services. On occasions in summer months, visitor demands for bed-nights at Franz Josef, Fox and Hokitika exceed capacity (although this can positively result in an overflow of visitors to other areas).

As is discussed later in the section on *Natural Resources*, several key visitor locations are also susceptible to natural hazards. This was particularly illustrated by the flooding that occurred in Franz Josef this year when the Waiho River burst its banks, which resulted in the destruction of the Mueller Hotel, damage to sewerage ponds and the evacuation of many residents and visitors. Major flooding events occur on average three times a year on the West Coast. Several coastal locations, such as at Westport, Punakaiki and Hokitika Spit, are affected by coastal erosion. More generally, tracks, trails and roads are regularly affected by major weather events, which result in slips, landslides and windblown trees.

Broadband and mobile phone network access is limited in several areas of the West Coast. For example, there is an area of some 200 kilometres between Fox and Haast where there is no cellphone coverage. UFB is largely limited to Greymouth. This impacts on the ability of tourism businesses to service visitors, including remote marketing and sales. The recent MBIE report on visitor infrastructure (Ministry of Business, Innovation and Employment, 2016c) cited Tourism New Zealand analysis, which found that a lack of free Wi-Fi is the main reason that people rate accommodation poorly. Lack of connectivity also presents a risk to visitors, who may find themselves isolated in the event of transport breakdowns or natural hazards. This is discussed further in the section on *Telecommunications*.

Resources are stretched

Marketing and promotion resources

On the face of it, public funding for tourism marketing and promotional activity on the West Coast appears to be relatively limited. The three district councils each contribute $86,000 to TWC and this is matched by DWC for total annual funding of $344,000 per year. According to a national benchmarking survey (MacIntyre, 2014b), the councils' contribution is relatively low on a population ($8 per capita compared to $10 nationally) and ratepayer ($11 per ratepayer compared to $24 nationally) basis. However, industry contributions make up for the shortfall, with TWC having one of the largest proportional contributions from industry out of all RTOs at 31 percent of total funding (in 2014, industry contributed $156,000 to marketing and promotional activity), which is much higher than the 8 percent average industry contribution across RTOs nationally.

Moreover, the councils in the region also fund visitor centres ($238,000 in 2014) and local promotional roles and activities ($390,000 in 2014). Once this funding is accounted for, the West Coast actually has a relatively high level of tourism funding support ($28 per capita and $39 per ratepayer).

So the issue is not necessarily about the level of investment in marketing and promotion per se. Our observation is that the challenge is more that the resources are spread across a large range of promotional organisations and activities, which limits efficiency, coverage, and the ability of TWC to undertake coordinated regional promotion and marketing.

One way to gauge the efficiency of tourism spend is by assessing the level of guest nights and visitor expenditure on the West Coast against the councils' investment in marketing and promotion activities. In 2014, the West Coast received $325 of visitor expenditure for every dollar invested by councils and spent $1.30 for every guest night. Against comparable small regional tourism organisation areas (e.g., Northland, Eastland, Aoraki), the West Coast is underachieving as those regions achieved over $600 of expenditure per dollar invested and only invested $0.54 per guest night. This is only a rough indicative measure as visitor expenditure and nights are affected by a range of activities beyond marketing, promotion and events support. However, it does suggest that a better return on investment could be achieved.

There is also a lack of consistency in the way that funding is sourced. Despite the fact that the scale of the tourism sector and visitor expenditure varies across the three districts and that the size of the ratepayer base differs across the councils, all councils contribute the same amount of funding to TWC. This issue came to the fore this year when the BDC considered withdrawing funding from TWC due to the lower level of visitor numbers and expenditure that the district has received. In addition, different rating policies are used by each of the councils to secure ratepayer funding. BDC uses a combination of a general rate and tiered targeted rate based on capital value. WDC uses a targeted tourism rate and a Hokitika promotions rate. GDC uses a targeted rate on commercial and industrial properties and a separate rate for bed and breakfast operators. As a result, the tourism industry and other beneficiaries of the visitor economy make different relative contributions depending on where they are based.

Resourcing to meet visitor demands

Although there is the significant range of attractions across the region, many of these are free to access and use and it is difficult to currently extract value from them or recover the costs of maintenance. The small population and business base in the region means that there is a limited rating base to fund required infrastructure upgrades and maintenance. This is a particular issue in small locations next to the iconic attractions, such as Punakaiki, Franz Josef and Fox. This situation is compounded when the locations are adversely affected by major weather events and subject to erosion, flooding and/or landslips as noted above.

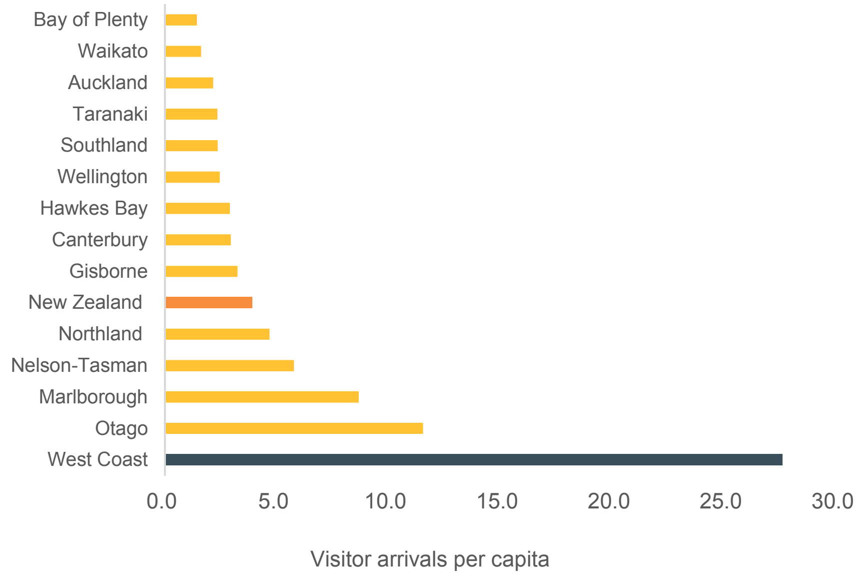
In addition, although DoC does recover costs associated with some experiences (e.g., huts on tracks, campsites), the National Parks Act (1980) and Conservation Act (1987) preclude visitors being charged for access to national parks or conservation areas (the majority of costs are funded through tax). Visitors not only access the ‘attractions’ but also trails, restrooms, viewing platforms, car parks and visitor information facilities for free. This is a national issue but it is particularly acute on the West Coast given the huge area of land and visitor attractions that are in the conservation estate.

We also observed that, although the region has developed, and is developing, cycle trails as a new product for visitors, it has struggled to fund their construction and support ongoing maintenance and upgrades. Again, this is partly related to the small funding base and the limited ability to charge users of trails when they are on conservation land. There also appear to be capability issues in managing such significant projects (see *Cycle Trails* below). Similar challenges have been identified in relation to the development and maintenance of some walking tracks.

Similarly, the West Coast is also challenged to fund the development and maintenance of heritage attractions. There has been considerable investment into the preservation and interpretation of heritage assets, but ongoing development and marketing has been limited and there is a heavy reliance on volunteer contributions.

The West Coast will continue to struggle with supporting infrastructure demands and use by a growing and significant visitor population. As an example, Franz Josef has around 330 ratepayers, but an average of 1,500 visitors per day to the glacier (and in peak season this is more likely to be around 4,000 per day). The West Coast’s ratio of visitors to residents is well above other regions. There are around 28 visitor arrivals (commercial accommodation) per head of population on the West Coast annually compared to the New Zealand average of around four (Figure 47).

Figure 47. Visitor arrivals to population ratio, selected regions, 2015



Source: Statistics New Zealand, Commercial Accommodation Monitor, Subnational Population Estimates
Note: Visitor arrivals are for the December 2015 year whereas population estimates are for June 2015.

Population and visitor growth will result in the increased use of, and requirements for, infrastructure. The proportion of ratepayers to visitors in the region is likely to decline in future based on what is known about visitor and population and growth. For example, there is expected to be no population growth in the medium-term, while visitor growth could exceed more than 3 percent per year.

Cycle trails – development and maintenance

The region has recently established two major cycle trails and another two are planned (there are a range of other smaller trails on offer or planned). Each cycle trail is facing resourcing pressures.

The **Old Ghost Road**[4] between Lyell and the Mokihinui River in Buller is an impressive grade 4 (advanced) trail established largely by volunteers over 8 years through the not-for-profit Mokihinui-Lyell Backcountry Trust. It has Great Ride status as part of the New Zealand Cycle Trail. At 85 kilometres it is New Zealand's longest back country mountain biking and tramping track.

In its first 6 months of operation it had an estimated 5,000 visitors. Based on survey data, over 95 percent of trail visitors came to the region solely for the purpose of using the trail. The Road also hosts an annual mountain bike endurance event and an ultra-distance running event.

It is expected that the trail will have around 9,000 users annually. There have been broader benefits to the district due to the increase in visitation, including increased demand for accommodation and food services and trail-related (e.g., drop-off and pick-up) services. In sum, it is a significant tourism asset for the Buller district and wider region.

[4] Information in this section was provided by the Mokihinui-Lyell Backcountry Trust.

Cycle trails – development and maintenance

The almost $6 million of development costs (for the trail, bridges and huts) were met by a combination of central government, Solid Energy, BDC, and public donation funding. The estimated cost to maintain the trail is around $360,000 per year but, because the road is on conservation land, it is not possible to charge users for the trail. DoC and BDC provide some funding support for maintenance (the Council's support reflects the broader tourism benefits to the district) but the fact is that donations by users will never be sufficient to cover the remaining cost. It recently received close to $50,000 from the fourth round of the Government's 'Maintaining the Quality of the Great Rides Fund' to continue maintenance but a shortfall remains.

The **West Coast Wilderness Trail**[5] was opened in November 2014 and is one of New Zealand's Great Trails. It is a grade 2 (easy) trail and spans 136 kilometres from Greymouth to Ross via Kumara, Cowboy Paradise and Hokitika. Establishment costs of $8.6 million were funded through a combination of central government, DWC, WDC, GDC and public donations.

It is estimated that the trail had 8,000 riders over 2015/16, and will have 10,000 in 2017/18 and 11,000 in 2018/19. As a result of the Trail, tourism operations have become established or expanded, including shuttle businesses, bike hire businesses and accommodation providers.

The establishment of the Trail has not been straightforward and it is not officially fully open. The last part of the trail from Hokitika to Ross has not been completed to MBIE satisfaction and some sections do not meet New Zealand Cycle Trail design standards. Some land access arrangements have been problematic and there are safety issues in some places. MBIE continues to work with the WDC to ensure that these sections are completed to standard before the trail is formally approved as fully open.

The West Coast Wilderness Trail Trust is responsible for ongoing maintenance. Maintenance and development funding is initially to come from WDC, GDC and from business partners in the trail. The Trust is proposing to also develop sponsorship options and a donation system for trail users. We doubt whether the donation system will raise a large proportion of the funding required.

A recent review of the Trail's establishment (Grant Thornton, 2016) found that there have been several limitations, including a lack of a dedicated project manager, lack of oversight and reporting arrangements, insufficient funding and unrealistic project expectations. The establishment costs have exceeded the original agreed funding estimates. Several recommendations have been made to improve project governance, management and resourcing.

The **Charleston to Westport Cycle Trail**[6] is a planned 45 kilometre grade 2 trail around the coastal area of Buller, crossing Charleston, the Nile River, the Totara River, Okari Lagoon, Tauranga Bay and Cape Foulwind. The proposed trail will have spectacular coastal views, and it is intended there will be information panels at sites of interest related to gold mining and pounamu.

The proposed trail covers 7 kilometres of conservation and private land (e.g., Holcim site, private land owners). Access to land needs to be negotiated. It is estimated that the cost of constructing the trail will be around $6 million and construction will take 3–5 years to complete. Initial funding of around $100,000 is required for surveying and engineering assessment, before a business case is made for funding to BDC and central government. Ongoing maintenance costs are estimated to be around $30,000 per year.

[5] Much of the information in this section was provided by the West Coast Wilderness Trail Trust.

[6] Information in this section provided by the Charleston – Westport Cycle Trail Trust

Cycle trails – development and maintenance

A **South Westland Wilderness Trail** has been proposed as a cycle way from Ross to Fox Glacier. The South Westland Wilderness Trail Trust is currently working on identifying the route, land ownership, construction costs and funding. This will be a significant undertaking if it proceeds. Undoubtedly the project will face similar challenges in securing funding for construction, and ongoing maintenance and development, if it becomes established.

There are a range of options available for funding cycle trail development and maintenance. Funding can be, and has been, provided by local government. Some funding is available and has been sourced from central government. DWC is another source. Despite these sources, the Trusts involved in the trails will continue to struggle with meeting the full costs involved in developing, managing and maintaining the trails. Moreover, time and effort needs to be put into ongoing applications for funding. In our view, the users and primary beneficiaries of the trails should have to pay for their use and maintenance, and options for doing this need to be explored. In some cases, this is affected by parts of the trail being on conservation land, as access to these areas cannot be charged for (see *User charges for access to experiences on conservation land* below).

We suggest that funding for the development and maintenance of cycle trails across the region be specifically assessed as part of a broader review of funding for tourism development and promotion. Given there are several smaller cycle ways that are also planned, the proposed tourism strategy and action plan should also identify the mix of cycle trails to proceed with.

Tourism development and marketing can improve

Feedback from stakeholders suggested that marketing and promotional efforts to date have largely focused on international visitors and on the major attractions of the glaciers and Pancake rocks, reinforcing the typical tourism journey of visitors to the region. More fundamentally, many stakeholders do not believe the region has established a clear visitor value proposition beyond these iconic attractions, particularly for domestic visitors. TWC has, however, expanded its promotional activity to include a broad range of attractions (for example, its website has a comprehensive list of journeys and activities right across the region), developed a major domestic marketing campaign and, as noted, established a new brand for the region.

There are some gaps in visitor marketing and promotional activity across the region. A review of the efficiency of tourism activities in the region identified gaps in event funding and coordination, meetings and conference marketing, digital resources development, signage and interpretation, cycleway marketing and touring routes (MacIntyre, 2014a).

We also noticed that there are relatively few major events held in the region, although there is an increasing number of sporting events associated with the new trails and there are several community-based events.

Another observation, reinforced by feedback from industry representatives, was that tourism marketing and development activities are not well coordinated across the region. Although TWC is the regional tourism organisation, there are at least seven other tourism-focused promotional organisations in the region, including: Advance Northern West Coast, Punakaiki Promotions, Reefton Inc, Enterprise Hokitika, Lake Brunner Promotions, Glacier Promotions, and Haast Promotions. Each of these entities promotes and markets its own location and there is some competition across them. The 2014 efficiency review noted there is some duplication of marketing material and promotional activities across the organisations (MacIntyre, 2014a), although since this review took place there is now at least a consistent website that the promotion organisations support.

What are the specific opportunities for growing the sector in the region?

The situation on the West Coast for tourism is one where there is strong international visitor performance but relatively poor domestic visitor trends, and variable visitor growth across the three districts. Visitors are not staying very long in the region and typically only visiting the current iconic attractions.

This is despite a significant range of visitor assets right across the region that should be attractive to domestic as well as international visitors. Action is required to extend the visitor season, spread the visitor load, manage the existing significant infrastructure pressures, and enable further enhancements to the visitor product and infrastructure mix that will be required to support visitor growth.

West Coast Visitor Strategy and Action Plan

Given the array of challenges, many of which are inter-connected, the major opportunity is to deal with these in a cohesive and coordinated way through a **regional visitor strategy and action plan.** TWC and the region's economic development manager have initiated work on a strategy and plan that includes some of the elements we have identified. We consider that additional resources need to be put into the development of the strategy and plan and that some additional elements need to be added.

We recommend that the strategy and action plan focus on five areas.

1. Enhancing existing products and developing new products

To spread the visitor load over the broader West Coast region, particularly to the north, several existing and potential attractions should be developed or enhanced. The visitor strategy and plan should:

- Identify and confirm new icons for major development and promotion in addition to the glaciers and Pancake rocks, such as Oparara Arches in Karamea, the Hokitika Gorge, Lake Brunner and the Blue Pools of Haast Pass, and determine what is needed to increase visitor numbers to these locations.
- Accelerate the case for, and development of, proposed attractions in Buller and Grey (e.g., the business case for the Charleston to Westport Cycle Trail, Pike 29 Trail).
- Consider the role of, and opportunities for, enhancing cultural and heritage products and how they could be better accessed and packaged to meet visitor interests, including creating events and tour company itineraries.
- Identify the best mix of cycle trails across the region and how major cycle ways will be completed and maintained over time.
- Identify additional major event and conference opportunities. An improved product mix and additional accommodation capacity will provide the opportunity to develop new events and host more conferences.
- Identify opportunities to develop a stronger Māori offering, including marae experiences, culturally significant sites, and Pounamu and Aotea stories on Tai Poutini. For example, Makaawhio are currently working through a new project to develop a cultural tourism venture based on pounamu.

2. Improving region-wide promotion and marketing

The region needs to develop and implement a regional marketing plan, that has clear target markets domestically as well as internationally that identifies a clear visitor proposition, aligned with the new 'Untamed Natural Wilderness' brand. The plan should include a focus on:

- marketing a fuller range of key attractions nationally and internationally such as the extended range of icons noted above, and also unique attractions such as the Denniston Experience, Shantytown and other heritage attractions, Underworld rafting, the West Coast Treetop Walk, Pounamu experiences etc.
- reducing the level of visitor seasonality
- ensuring district promotion is consistent with regional marketing.

A major element of this will be increase visitors and spend from the region's major domestic markets of Canterbury, Auckland and Wellington, and the growing international markets of China and Europe.

A review of current methods of providing tourism information has already been undertaken and new channels are being identified.

3. Future proofing infrastructure and key locations

The West Coast needs further investment in, and accelerated improvements to, telecommunications, road resilience, accommodation and hazard mitigation infrastructure. This will require a combination of private sector and central government contributions. The development of the visitor strategy and action plan should include a process for identifying the resource requirements associated with major infrastructure projects and how improvements will be rolled out. This should include:

- Supporting immediate infrastructure requirements in Franz Josef (e.g., flood protection) and Punakaiki (e.g., erosion protection) and assessing the long-term infrastructure needs at Franz Josef.
- Accelerating planned roading improvements in the Regional Land Transport Plan (e.g., passing opportunities) and assessing and progressing road maintenance and related improvements (e.g., signage, parking) to the proposed broader range of potential iconic visitor attractions such as Oparara Arches (see the section of *Transport*).
- Accelerating broadband roll-out and addressing mobile blackspots through the government's UFB2 and mobile black spot funding support (this is discussed further in the section on *Telecommunications*).

Franz Josef – high priority infrastructure

Franz Josef is at a critical time in its development. The flooding in March 2016 demonstrated the vulnerability of the town to heavy rainfall events and the susceptibility of the Waiho River to overflowing. In addition to flooding and landslides, the town is also at risk from earthquakes, being situated on the Alpine Fault.

Although infrastructure improvements are being made (e.g., stop bank repairs, raising of the bridge over the Waiho River), it is recognised that these are actually temporary measures. It is quite possible that a landslide or flood will occur in future and severely damage the road and sections of the town.

Urgent work is required to assess the likelihood and impact of hazards and to identify the costs and benefits of potential infrastructure improvements, including the roading network. This will enable the development of options for managing the hazard risks and for catering for Franz Josef's growth.

The Future Franz Josef Working Group was established last year by WDC and the WCRC to identify future planning and development options. Progress has been slow. A range of government agencies, including MBIE, the Ministry for the Environment (MfE), DoC and NZTA, need to work with this group to undertake the hazard assessment and options development. The outcome of this work should be a recommended set of infrastructure improvements and agreed funding mechanisms.

We consider that this work should be a priority and suggest that the work be scoped and options developed through the action plan process over the next 5 months.

4. Determining the appropriate structure for tourism promotion and marketing across the region

As is discussed later in this report, there is a need to assess options for improving economic development and tourism arrangements in the region and to implement a new approach (see the section on *Economic Development Arrangements*). Options should consider whether economic development and tourism functions should be combined or remain separated, and whether services should be delivered externally or in-house (i.e., through councils).

In addition to the broader delivery model, the appropriate mix of regional and district promotion groups needs to be determined. We are not convinced that the region requires the current number of different promotional organisations. Rationalisation would enable some efficiencies and more consistent marketing. District promotion could also be undertaken through a single tourism organisation but with explicit district or area responsibilities and accountabilities.

5. Determining the appropriate mix of funding mechanisms for tourism marketing and development

All of the above elements of the visitor strategy and plan will require investment. It is apparent that the region needs a more sustainable approach to fund tourism promotion, product development and maintenance, and visitor infrastructure. The approach needs to reflect the West Coast's unique characteristics, such as the high proportion of visitors relative to residents, the high proportion of conservation land and the incidence of costs and benefits.

As part of the development of the visitor strategy, the councils in the region, with TWC and relevant central government agencies, need to identify the long-term funding requirements and undertake a comprehensive review of the feasibility, benefits and costs of a range of funding options to identify the best mix of funding mechanisms for the region.

This should include consideration of the mix and feasibility of industry contributions, sales of merchandise and advertising, general and targeted rates, grants, user charges (including charges to visitors on conservation land (see below) and/or a visitor levy) and central government contributions. It should also include an assessment of opportunities for commercialising a broader range of attractions, such as heritage attractions (e.g., through guiding activities).

Questions that should be considered in assessing options are (MartinJenkins, 2015):

- Are benefits and beneficiaries of the attractions/infrastructure readily identifiable?
- Can the costs be attributed clearly to the beneficiaries?
- Are the beneficiaries able to pay sufficiently?
- Is there one-off, short-term or ongoing funding requirements? Is investment required associated with specific new developments?

- Will the funding approach be understandable and acceptable to the communities affected?
- Should there be a consistent approach to rating polices across the region?
- Will the mix of mechanisms create appropriate incentives on behaviour? Will they promote efficient investment in and use of infrastructure?
- Will the benefits of raising additional funding outweigh the costs of implementing and administering the funding mechanisms?

There is a national research project underway looking at how visitor infrastructure can be funded, which will assist in the consideration of options.

The outputs of this work would be specific recommendations for commercialising some currently free attractions and a long-term funding strategy for tourism promotion and tourism product development and maintenance, which would be used both for shaping long-term planning but also in responding to new proposals that arise. As noted, a specific element of this review should be funding options for cycle trails.

User charges for access to experiences on conservation land

A specific funding option that we recommend be considered is charging for access to attractions on the conservation estate. Work is currently being undertaken on the potential to charge for car parking at key conservation attractions but we consider that additional options need to be assessed (for example, to cater for cycle trails where car park charges may not be possible) such as permits. User fees (e.g., for huts) are estimated to contribute around 5-6 percent of DoC’s funding compared to around 20 percent in other countries (Mills, 2012).

In our view, arguments against user charges do not stack up. They tend to be based on the views that conservation land is a public good (i.e., use by a person does not impact on the benefits enjoyed by others and people cannot be excluded from use) and should not (or cannot) be charged for due to concerns about fairness (i.e., the more limited ability of some people to pay), potential administrative difficulties and costs in collecting charges, and/or concerns that charges will reduce visitor numbers.

Most of the West Coast attractions on conservation land do not have public good characteristics. First, it is clear that increasing visitation to some sites does affect the experience enjoyed by others. Second, while people cannot be excluded from the benefits of the general management of conservation land (e.g., we all enjoy the reputational benefits that New Zealand has due to the quality of the natural environment), it is possible to exclude access to some sites, tracks and trails where there is a limited number of access points (Haque, 2006), in much the same way it is possible to exclude access to huts, toilets and car parks.

In terms of equity concerns, these can be managed through providing managed ‘free days’ or programmes that provide access to different groups in communities (Mills, 2012).

Apart from charges providing for improved maintenance, facilities and experiences at the sites, user charges ensure that those who benefit the most from the attractions pay the most and that they take account of the costs of access. Moreover, charging will help councils and DoC better determine which amenities are more highly valued by visitors and that should be maintained and improved, and those where a lower level of maintenance may be warranted (Haque, 2006).

There are plenty of examples offshore of user charges for natural attractions and parks being applied, such as in Australia, the USA and Canada. Overseas experience shows that administration costs can be kept low, e.g., through permits and subscriptions purchased online or at information sites and petrol stations, that are carried by users or put on car windscreens (Mills, 2012). Demand is not particularly affected by charges, and people are willing to pay where it leads to better experiences and when it is clear that the fees are being used in the local area. Research suggests that it would take very large fees to discourage visitation (Haque, 2006).

We appreciate this is a national issue and not specific to the West Coast. However, as we noted, this issue is particularly acute for the West Coast because of the substantial area of land that is conservation estate and the small local funding base. As such, we believe the West Coast provides a compelling imperative for the work to be undertaken.

Our assessment of the proposal

We consider that if the West Coast takes up the opportunity to spread the visitor load, enhances existing products, grows new tourism products in the north and improves marketing and promotion – supported by a more sustainable funding model – then the region has the potential to meet the Tourism Industry Aotearoa's ambitious goals of growing international tourism expenditure by 6 percent per year and domestic expenditure by 4 percent per year to 2025 (Tourism Industry Association of New Zealand, 2014).

If the region achieves these targets, visitor expenditure in the region could grow to $530 million by 2020. Assuming a constant ratio of expenditure to GDP and constant productivity growth, tourism GDP could increase to around $125 million and employment to 2,380 by 2020. This is significantly higher than the business as usual forecast ($101 million in GDP and 2,150 employment). We note that the initial work on the tourism strategy in the region proposes an even more ambitious goal of increasing tourism spend to $1 billion by 2025, which would result in increasing GDP to $230 million and jobs to 3,200.

Tourism related employment may not be high productivity but it does provide labour market entry opportunities to those with lower qualifications and skills and can be an entry point for the region's youth or the older-aged workforce looking for different career options (MartinJenkins, 2015).

The enhancement of existing products and development of new products will also result in construction jobs and spending on related and support services in the region. This includes sectors supplying inputs into product development and marketing, such as professional services and ICT (e.g., for website development, virtual displays).

Beyond the expenditure, value and job benefits to the tourism and construction sectors, wider benefits from the successful implementation of the proposal are likely, including:

- **Flow-on economic benefits** to a broader range of sectors as a result of increased visitor spending. Increased visitation to small, remote communities can result in investment in local amenities and services over time.
- **Social and community development** – Cycle trails and cultural and heritage attractions help to bring communities together, encourage volunteerism, and improve quality of life.
- **Environmental benefits** – several of the elements of the proposal could help to resource the maintenance and protection of natural amenities and wildlife.

The type and scale of these impacts will depend on the projects that end up being completed, the inputs used, and the extent of outreach and engagement with local business and community groups.

The process for developing the strategy and action plan can build off existing work by TWC and the regional economic development manager, who have instigated the development of a tourism strategy, including the new brand and associated marketing, the identification of new icons and new channels to market. Our proposal has additional elements and will require extra resources to implement.

The proposal is certainly consistent with national priorities to increase the economic contribution made by tourism at a national and regional level. Through the national Tourism Strategy, the Government is seeking to increase high-value visitation, improve the quality of the visitor experience, provide authentic experiences, improve tourism-related infrastructure and ensure all regions benefit from visitors. It has a range of initiatives underway as part of the strategy that can be leveraged (see *Relevant current Central Government initiatives* below). Research and policy work has been previously undertaken on user charges for access to the conservation estate and on visitor levies. There are also central funding mechanisms that will need to be considered as part of the review of the West Coast's funding mix, including the Tourism Growth Partnership and the Regional Mid-Sized Tourism Facilities Fund.

Relevant current Central Government initiatives

- The Government's Tourism Strategy.
- Tourism Growth Partnership.
- NZ Cycle Trail funding.
- The Regional Mid-Sized Tourism Facilities Fund.
- Work on improving visa settings and visitor facilitation at the border.
- The development of China market research.
- Investment in tourism-related ICT and roading infrastructure.
- Investigation of a regional development approach to public conservation land.
- Review of the use of regulatory levers to manage the impacts of freedom camping on the environment and local communities.
- Programmes to improve overseas driver safety.
- Improvements to tourism data and research.

The proposal is however, complex, and several dimensions will need to be progressed concurrently. For example, it will be difficult to develop new iconic attractions and new products unless the funding model is improved. It will similarly be difficult to improve marketing and promotion without the enhancements to resourcing and promotional arrangements. Some of the components will require national-level policy processes (e.g., the assessment of the potential for user charges on conservation land). Developing the strategy and plan will require the input of a large range of stakeholders, including industry, iwi, community groups, councils and central government agencies. Part of the task of the action planning stage will be to determine those elements of the proposal that can be progressed relatively quickly versus those that will likely take up to 2 years and what that will mean for the implementation of the visitor strategy and plan.

A risk with the proposal, if it is successful, will be managing the tension between growing the visitor economy and maintaining an authentic tourism experience, including the impact on communities and natural attractions.

It is important that Ngāi Tahu and the local rūnanga are engaged from the beginning of the proposed visitor strategy and action plan. They bring a combination of cultural and commercial perspectives to the discussion and also have resources to support agreed developments.

This proposal ranks highly on our criteria. There are clearly identified issues and opportunities that can be addressed, the potential impact is large and the benefits will be region-wide.

As noted, existing local and national work and initiatives can be leveraged. The proposal rates lower in terms of its manageability because of the number of component parts and its complexity.

The Governance Group also assessed this proposal as a high priority.

Table 10. Assessment of the tourism strategy and action plan proposal

Criteria	Assessment
Validity	High
Potential impact	High
Practicality	Low-Medium
Regionally significant	High
International orientation	Medium
Ability to leverage local/regional work and investment	High
Consistency with national priorities	High
Overall assessment	**High**

What other opportunities will impact on the sector's growth?

Several of the other opportunities discussed in this report will be important for the success of the tourism sector proposal and ultimately sector growth:

- Securing the extension of UFB and RBI and ensuring this is rolled out in a timely manner, given that visitors now expect fast internet access as a given (see the *Telecommunications* section).
- Improving road resilience across the region and the safety of roads for visitor drivers (see the *Transport* section).
- If the cases for the Wangapeka and Haast-Hollyford roads are completed and proven, these northern and southern links will also likely impact on the number of visitors (see the *Transport* section).
- The review of economic development arrangements in the region. As was noted, the proposed review needs to consider the mix of both economic development support and marketing and promotion support (see *Economic Development Arrangements*).
- The review of DWC's investment approach and its role in economic development. As well as providing annual funding for TWC, DWC is continually approached for funding for specific tourism products, such as cycle trails and heritage attractions (either directly or via its funding to councils). It would be helpful for the proponents of these projects, and for DWC, if there was a clear tourism strategy and plan for it to consider funding applications against (see *Economic Development Arrangements*).
- The proposed expansion of experiential leadership programmes (see the section on the *Education sector*). Increasing length of visitor stays and visitor expenditure requires a higher quality visitor experience and excellent customer service. There may be demand for several hundred tourism-related jobs over the next 5 years. Forecasts by NZIER (2015) indicate that if Tourism Industry Aotearoa's ambitious goals are met, there will be significant demand for service managers across New Zealand. The industry will need to work with educational institutions and intermediaries to identify ways of meeting this demand, for example, through improved on-the-job training for new employees. Several regions will be facing similar demands, so the West Coast needs to ensure that it can develop and retain these skills in the region.

What do stakeholders need to do to support the opportunity and growth in the sector?

Industry	• Continue to co-fund marketing and promotion through TWC. • Continue to invest in improving the quality and consistency of services and experiences, for example, through investment in training. • Provide advice on the development of the tourism strategy and action plan. • Co-invest in enhancing existing tourism products and in developing new products. • Invest in enhancing existing accommodation and in developing new accommodation.
Communities	• Provide support to councils to continue funding tourism promotion and development. • Continue to provide volunteer support for the development of key attractions. • In Franz Josef, contribute to the review of options for managing hazard risks and catering for visitor growth.
Māori/iwi/hapū	• Provide advisory and governance support for development of the tourism strategy and action plan. • Co-invest in enhancing existing tourism products and in developing new products. • In Franz Josef, contribute to the review of options for managing hazard risks and catering for visitor growth.
Local government	• Provide advisory and funding support for the development of the tourism strategy and action plan. • Review local government funding support for regional tourism promotion and marketing as part of the review of economic development arrangements and funding options. • Contribute to the review of options for managing hazard risks and catering for visitor growth in Franz Josef. • Support the development of feasibility studies and business cases for tourism product proposals and co-invest in major tourism initiatives and infrastructure, where appropriate.
Central government	• Co-fund tourism opportunities with good economic development cases through the Tourism Growth Partnership Fund and Regional Mid-Sized Tourism Facilities Fund. • Continue investment in road projects which underpin access to many visitor attractions. • Provide support for the development of the tourism strategy and action plan. • Provide advisory support for the review of tourism funding options. As part of this, undertake work on visitor levies and charging options for access to the conservation estate. • Contribute to the review of options for managing hazard risks and catering for visitor growth in Franz Josef. • Continue to invest in the maintenance and development of sites, tracks and cycle trails. • Continue investment in road projects which underpin access to many visitor attractions.