



caring about you & your environment

Report 02.421

4 July 2002

File: R/16/2/1

klr-#118020

Report to the Landcare Committee
from Anne Manley, Landcare Planner – Policy, Parks and Forests

New Commercial Opportunities in WRC Parks and Forests

1. Purpose

To report back on the study by Tourism Resource Consultants Limited (TRC), to identify new commercial opportunities for recreation and eco-tourism concessions¹ in the Wellington Regional Council's (WRC) Parks and Forests. To look at new ways of marketing these areas to potential concessionaires.

2. Background

The previous Council sought identification of new commercial opportunities in the Parks and Forests to raise the profile of the areas and possibly as an alternative revenue source to rates funding. The Council determined that identifying new commercial opportunities would be best undertaken once the policy on concessions and the charging schedule (dating back to 1993 and 1997 respectively) had been reviewed.

TRC was contracted to review the concessions policy and the charges in the parks and forests. The *Policy for Recreation and Tourism in WRC Parks and Forests* was given final approval in 2001. Following completion of that review, TRC started the study on new commercial opportunities. TRC have recently completed that report. It will be tabled at the meeting and available in the Councillors Lounge.

¹ A *concession* grants legal rights to an individual or organisation (known as a *concessionaire*) to carry out themselves or offer for visitors recreation and tourism activities and services in WRC parks and forests. Concessions are required for all commercial use and some non-commercial use. Concessions are not required by casual users unless the management regime of an area requires it (e.g. trail bike and hunting permits for Akatarawa Forest).

3. **Process for New Commercial Opportunities Study**

The study on new commercial opportunities was undertaken by TRC in conjunction with the Wellington Regional Council. The investigation team included Danielle Klap and Dave Bamford of TRC, and Anne Manley of WRC. Site visits were made to many of the parks and forests and discussions and workshops held with Rangers and other Council staff.

The study focused on commercial recreation and eco-tourism opportunities in the parks and forests. It did not address the issue of utilities. It looked at ways to grow existing operations/opportunities for recreation and eco-tourism concessions and identified barriers to entrepreneurs establishing operations in the parks and forests. Throughout the report, non-commercial concession opportunities and the importance of these in supporting some of the Council's key objectives were also considered.

When completing the report, the team took into account key objectives for the WRC set out in *Facing the Future*:

- a high quality environment
- a prosperous and viable region
- healthy people in a safe region
- a strong and inclusive regional community

and assumed current constraints on concessionaires would remain in place, (e.g. the need to comply with management plans, restricting noise, limited building of structures, exclusive use rarely granted). Other factors taken into account were the potential for the WRC to increase revenue, increase visitor numbers, spread the usage of the parks and forests more evenly throughout the week and during different seasons, broaden the demographic range of users and enhance the Council's public relations profile by increasing appropriate commercial activities in the parks and forests. The report looks at the viability of increasing commercial activities to achieve one or more of those outcomes. It also outlines how commercial activities can complement the current activities in the parks and forests and meet specified objectives without being to the detriment of existing users' experience.

4. **Overall Conclusions**

Visitation of the WRC parks and forests can be segmented into casual, structured (organised non-commercial, i.e. club and non-profit group events/activities) and commercial use. There is significant casual use of the parks and forests and structured, non-commercial events are increasing at a steady rate.

Currently commercial activity in the parks and forests is low. Existing at present are a few small ventures such as horse-treks, rafting and four wheel driving/quad tours. Filming is currently the most significant commercial concession in the parks and forests in terms of the level of activity taking place and revenue generated. At this stage commercial opportunities in the parks and forests are not being aggressively marketed.

Having investigated the areas, TRC concluded that while the WRC parks and forests have high environmental, recreation and heritage values in a general sense, the areas lack any key 'icons' to attract any significant commercial activity. By contrast, Mt Cook, Franz Josef Glacier and Milford Sound have natural features that draw domestic and international visitors and subsequently provide greater opportunity for new business. Without such 'icons', it will be more difficult to attract potential concessionaires to the Council's areas. It is less obvious to entrepreneurs as to what to invest in and the return on investment may not be as high as in other areas of New Zealand.

Current ecotourism ventures that exist in the Wellington Region include Kapiti Island, Karori Wildlife Sanctuary and Mount Bruce. These popular areas/activities could be core competition to concessionaires wanting to invest in WRC parks and forests. However, these ventures could also be complimentary, if demand is high enough.

Ideally, concession activities would be providing needed services and be of financial benefit to the Council. TRC also concluded that Council needs to be realistic about the financial return it might expect to receive from concessionaires. Given there are no obvious gaps in the market for commercial recreation and eco-tourism operations in the parks and forests, new products may take some time to be established. As such the authors of the report consider it would not be desirable for WRC to spend large amounts of time and resources 'seeking' concessionaires but that it should concentrate on providing clear processes for potential concessionaires to work through (see below). TRC noted that lack of interest by potential concessionaires may be partially associated with a lack of knowledge of the opportunities and capabilities for commercial activity on WRC parks and forests and that facilitation of concession inquiries could be improved.

TRC recommended that the WRC focus on co-ordinated marketing of the areas to stimulate commercial interest in the parks and forests. Specific action points are noted below. This will involve promoting the opportunities and capabilities of the areas, rather than necessarily identifying specific commercial opportunities. In short, TRC feel the emphasis should be on making it simple for people to find out about applying for concessions and on encouraging entrepreneurs to approach the Council with their ideas.

If in time, Council identifies an idea that it would like developed further, it would also be appropriate seek a concessionaire through a tendering process (as the Department of Conservation and other councils have in the past). Tendering can be an important way to stimulate commercial activity. The Council can then appoint a concessionaire who best fits its criteria. TRC feel that it is worth exploring tendering as a future option for the Council. (The Council needs to develop criteria against which to award successful tenders.) In the short term though, coordinated marketing of the areas is recommended.

5. Potential Opportunities for Growth

Potential opportunities for growth in WRC Parks and forests identified during this project include:

- Develop the corporate clientele that utilise WRC parks and forests for functions. Picnics, team building and barbecues are currently popular activities. There is the potential to develop this market further through a coordinated marketing campaign. This market segment often looks for similar opportunities/experiences each year but in a different location so it would be beneficial to cross-market the different WRC parks and forests. While the amount of revenue per “event” is relatively low, there is potential to raise the number of “events” to increase this. Furthermore, these types of activities, along with many of the non-commercial events can be effective in raising awareness of the areas and in achieving other non-commercial Council goals.
- Cross-marketing could be used to save on overall marketing costs while promoting the different areas concurrently. One way to maximise cross-marketing of the parks and forests is to develop a simple database so that brochures can be sent out at key times of the year. This approach may help spread existing users of the parks and forests into other areas by increasing their awareness of the Council’s parks and forests available for use. Once marketing material has been produced it could be distributed to event managers, locally established companies, local entrepreneurs and established national operators. The material could also be available from the rangers at each park to help facilitate any commercial inquiries made on site.
- Events: Events draw large numbers at one time and could help boost numbers during the low visitation periods. Specific events could be held annually so it is worth considering events that will increase numbers in different areas. Examples of events could include mountain biking or orienteering and music or multi-cultural festivals.

Two specific areas were recognised as having unique commercial potential in the future:

- Combining the tearooms site at the peak of the Rimutaka Saddle (Rimutaka Hill Road) into a quality café and visitor centre. There is a large volume of traffic travelling through the area between Upper Hutt and the Wairarapa and there is substantial opportunity to concession the development of a quality café and interpretive centre. Historically the café has not been of a high standard, although in recent times a new operator has taken over and the standard has improved. Developing an interpretative centre could be investigated further.
- Queen Elizabeth Park: Development node at MacKays Crossing. SH1 is being realigned and as a result changes are being made to the entrance to Queen Elizabeth Park. Landscape plans are being drawn up which will include provision for a rail platform adjacent to the entrance of the Park. There is strong potential for the MacKays Crossing area to become a development node in the Park and to gain concessionaire interest. Commercial operations could compliment the trams and other existing recreational activities in the area without impacting on other parts of the Park. Lack of transportation to the parks and forests can be a deterrent for many people. If a train platform is ever developed, it will add to the potential at Queen Elizabeth Park for visitor numbers to increase and for increased attention by commercial operators.

6. Management Issues

A number of management issues arose throughout the consultation process for future consideration. The main points identified were:

- **Seasonality:** Most commercial and non-commercial activities occur between October and April. Despite a desire to spread use into winter months, the reality for most concessionaires is a six to seven month season.
- **Target markets:** Increasing commercial activities may only benefit one or two socio-economic groups (e.g. access and services for higher socio-economic groups). The demographic range of parks and forests users may not be broadened by increasing commercial activity in the parks and forests.
- **WRC Summer Programme:** Public interest continues to be high in this programme and there is good potential to develop this “product” further. As the Summer Programme grows, the issue of how the various tours / activities are developed and by whom raises important management questions. While it may over time be possible to concession key aspects of the Programme (i.e. large-scale events), TRC considers that the disadvantages of doing so clearly outweigh the advantages (in terms of the need for the concessionaire to match the strong knowledge base the rangers currently provide and losing the positive PR opportunity for the Council). The Council also needs to consider the issue of charging for the Programme and whether it should be a partial or complete cost recovery system. Recommend continuing to strengthen the Summer Programme and review its performance in five years.
- **Revenue / Staff resources:** Realistically, WRC opportunities are small scale, with subsequently low return for the Council.

7. Action Points

TRC has recommended a series of actions that would enable the Council to enhance awareness of the opportunities and capabilities of the parks and forests among commercial operators and to better facilitate concession inquiries:

- Organise a workshop on tourism/commercial activities in WRC Parks and Forests. Invite representatives from key agencies such as Totally Wellington and Regional Economic Development Agency. Potential concessionaires may have a great idea but be unsure about land ownership and the concession application process. If key agencies are aware of WRC’s concession processes they may be able to lead people to a web address or provide marketing material. This could help facilitate potential inquiries.
- Create a brochure to market concessionaire opportunities. The brochure could provide summary detail and be distributed to key people (e.g. event organisers and national operators).
- Develop a one-page flyer that could be used specifically for corporate inquiries for picnics/barbecues/team building. The flyer could include summary information. It would be useful to mention the different parks and forests available for use so that different sites are cross-marketed.

- Create a database of corporate clientele and do a direct marketing mail out with one page flyer mentioned above and a covering letter.
- Create a 'Parks and Forests Marketing Group'. This group could consist of key staff from WRC, including some rangers. It could be beneficial to establish a group to meet regularly to discuss marketing opportunities and the current activities and promotion in the parks and forests.
- Write to relevant New Zealand tourism operators. A letter and marketing material could be sent to key operators throughout New Zealand. For example, tour groups could use WRC land as a stop off on tours.
- Facilitate through the WRC Website. The WRC website could be used to promote interest in concession opportunities plus be used as a way of facilitating inquiries. To gain most benefit from the website, it would be useful to have links to and from other sites (e.g. Totally Wellington, Centrestage, Tourism New Zealand, Department of Conservation, Film New Zealand). This could encourage a wider market to access the information and increase knowledge of the site.
- Develop a CD Rom, articles and brochures and possibly a video for event planners to inform them of the opportunities at various parks and forests. It could also deal with design issues to be considered on site, such as provision of power supply, management of environment and social impacts, and building restrictions.
- Monitor trends in the use of parks and forests for commercial recreation and tourism. Indicators could include: the number of commercial operations, range of products on offer, rates of participation in commercial activities by clients and visitors, conflict between commercial and non-commercial activities. Council could encourage concessionaires to take an active role in monitoring indicators.
- Review the progress of commercial activities in three to five years time.

TRC consider that for a modest amount of staff time and resources (as outlined above), commercial use of WRC parks and forests can be increased over the next three to five years. However, TRC noted that it is important for the Council to remember its core values and why it wants to encourage more commercial activity in the parks and forests. Also note that the Council needs to set clear objectives in relation to commercial activity and it should be clear to the public what the Council is trying to achieve and within what constraints. It will also be important to ensure that any expectations created by Council with potential concessionaires can be delivered on the ground and that issues affecting concessionaires are considered in future planning processes.

8. **Communication**

Communication opportunities will arise as the Action Points (above) are undertaken.

9. **Recommendations**

That the Committee:

- (1) **Receive** the report.
- (2) **Note** the contents of the report.

Report prepared by:

Approved for submission:

ANNE MANLEY
Landcare Planner – Policy

MURRAY WAITITI
Manager Parks and Forests

ROB FORLONG
Divisional Manager, Landcare