

BEFORE THE MACKENZIE DISTRICT COUNCIL

IN THE MATTER OF THE RESOURCE MANAGEMENT ACT 1991

AND

**IN THE MATTER OF PLAN CHANGE 13 TO THE OPERATIVE
DISTRICT PLAN**

**STATEMENT OF EVIDENCE OF WARREN HOY
FOR FOUNTAINBLUE LIMITED**

INTRODUCTION

1. My name is Warren Hoy and I am a director of Pathwalker Consultants Limited, an Eco and Wellness Tourism Consultancy based in Nelson. I have a 17 years experience in the tourism industry. This includes consultancy work for a number of tourism operators including Pakawau Beach Eco Lodge, King Salmon (investigating a tourism business in Golden Bay), Mapua Spa Resort, and Pujji's Wellness Retreat in Nelson. I was on the organising committee for the NZ Wellness Tourism Symposium 2008. For 10 year I was the manager of Awaroa Lodge (until September 2005) and was significantly involved in its establishment as a leading eco tourism operator culminating in it being awarded the 2005 NZ Tourism Award for Innovation in Eco Tourism.
2. I understand that the Mackenzie District Council is seeking to change the rules that govern development, particularly built development in the rural areas of the Mackenzie Basin via Plan Change 13. Fountainblue Limited, Southern Serenity Limited and Pukaki Tourism Holdings Partnership ("Fountainblue") has submitted in opposition to the proposed changes and as part of this opposition, is seeking recognition of future tourism development on its land holding.
3. I understand that the focus for future tourism activities anticipated for the site is in line with sustainable tourism development – characterised by small scale tourism facility development with low environmental impact – particularly visual impact. Fountainblue is seeking to identify a specific Tourism Zone to allow for this form of development. I have been requested to prepare a brief in relation to the economic aspects of the proposed Tourism Zone for the Pukaki Downs site.
4. In summary, my evidence is that:
 - 4.1. Various tourism strategies have recognised the need for tourism in NZ to move to a high quality, high yield, sustainable tourism sector;
 - 4.2. The Government's Tourism Strategy has a vision that by 2015, tourism is valued as the leading contributor to a sustainable NZ economy. This would represent \$21.6B per annum in tourism expenditure by 2015
 - 4.3. The Tourism Strategy identifies a partnership approach with industry groups and local government as a key element of achieving the goals in the strategy;
 - 4.4. The Mackenzie District is enormously important to tourism in NZ given its location and iconic views and vistas, however it is underperforming in terms of attracting visitor dollars;
 - 4.5. A lack of quality, sustainable accommodation means that the District has a lower than average stay and spend per tourist than other areas;
 - 4.6. For present purposes, sustainable or eco tourism includes well designed, high quality tourist accommodation that targets visitors wishing to enjoy and appreciate the qualities and experience that our environment has to offer. This includes both passive and active tourism activities. Sustainable tourism facilities generally involve buildings that are designed and of a size and scale that is proportionate to the sensitive environments in which they are located. This does not require them to be invisible but does enable such buildings to integrate with the surrounding environment.

- 4.7. The pressure on traditional high country farm practices and the quality of the views and vista's in the Mackenzie District, make it well placed to encourage sustainable tourism. This represents a significant opportunity to establish an important sustainable district economy as promoted by the NZ Tourism Strategy.

CURRENT ISSUES FOR TOURISM IN NZ

TOURISM IN NEW ZEALAND HAS EVOLVED OVER THE LAST 10 YEARS

5. The Global market has evolved significantly towards visitors wanting eco tourism experiences.
6. Tourism NZ uses the term "Interactive Travellers" to define and target this market:
 - 6.1. The "Interactive Travellers" want authentic NZ product, embracing: ecology, wellness, heritage, creativity, educational, cultural and sustainable tourism. They represent up to 50% of the long-haul market.
 - 6.2. They seek out new experiences that involve interacting with nature, social and cultural environments; respect the environment, culture and values of others: have high levels of disposable income; they want to travel to remote areas and stay in the rural landscape with authentic sustainability.
 - 6.3. They are low volume/high yield tourists who want to protect the environment.
 - 6.4. The Marketing Campaign by TNZ has raised awareness and preference of New Zealand as a holiday destination through the 100% Pure New Zealand. The campaign has been effective in growing this niche market and TNZ continues to target the "Interactive Travellers" sector in a number of countries worldwide.
 - 6.5. TNZ Campaign spend 2008/ 09 is \$45m.
7. Continued growth in visitor arrivals is forecast. The latest research has indicated continued growth in visitor arrivals.
 - 7.1. Visitor numbers forecast to increase by 1.2% to 2.49 million in 2008.
 - 7.2. Increasing further to 3.08 million by 2014, an average of 3.3% over the next seven years. Data at July 2008.
8. TNZ research shows continued growth in visitor arrivals will create a \$4 billion per annum increase to the New Zealand economy by 2010 from international visitors, and that cannot be achieved without investment in facilities
9. Developers have not been investing in new accommodation that targets the eco / sustainable tourism market over the last three years.
10. As a result there are no new significant sustainable tourism facilities to provide for the visitors coming in the next few years.
 - 10.1. Many of our motel and hotel developments are incompatible with this market.
 - 10.2. NZ does have a great range of ecotourism experiences, however lacks sustainable accommodation.

Tourism NZ Strategic Plan 2015

11. The New Zealand Tourism Strategy 2015 was launched by the Prime Minister, Rt Hon Helen Clark on 7 November 2007.
12. The New Zealand Tourism Strategy 2015 aims to ensure the financial success of our businesses, the satisfaction of our customers, the protection and enhancement of our physical environment, and the support of our communities into the future.
 - 12.1. Its objectives and requirements are for NZ Tourism to move towards an authentic, high quality, high yield, sustainable tourism sector.
 - 12.2. The strategy provides the vision, values and direction to lead the tourism sector into the future.
 - 12.3. It reflects a holistic perspective of tourism in its role as an economic, social, cultural and environmental contributor to New Zealand.

Vision

13. The vision of the New Zealand Tourism Strategy 2015 is:
 "In 2015, tourism is valued as the leading contributor to a sustainable New Zealand economy".
14. The Strategy is underpinned by two key values, kaitiakitanga (guardianship) and manaakitanga (hospitality). These values provide the foundation for a sustainable approach to the development of our tourism industry. If we embrace these values, we will achieve our vision for 2015.
15. To guide the tourism industry towards its vision, the Strategy contains four outcomes:
 - 15.1. New Zealand delivers a world-class visitor experience. In a competitive international environment, it is vital that we capitalise fully on the many wonders New Zealand has to offer. We must deliver products that are high quality, authentic, unique and delivered with superb service.
 - 15.2. New Zealand's tourism sector is prosperous and attracts ongoing investment. Our goals for the industry can only be realised if we can ensure continued profitability for those involved, and secure the investment required to continue upgrading our products.
 - 15.3. The tourism sector takes a leading role in protecting and enhancing the environment. These actions are essential to protect tourism's greatest asset, and ensure the ongoing prosperity of our tourism industry.
 - 15.4. The tourism sector and communities work together for mutual benefit. Tourism is a major economic contributor to many regions of the country. It is important that communities and operators build strong relationships and recognise each others' important contribution.
16. The Strategy sets out a number of ambitious targets. These focus on enhancing the value of tourism, and on quality tourism development.
17. A number of actions and priorities accompany each outcome. For these to be achieved, there will need to be cooperation between the private sector, central and local government, and other interest groups.

18. The New Zealand Tourism Strategy 2015 has adopted a partnership approach. As with the 2010 Strategy, the development of New Zealand Tourism Strategy 2015 has been a combined effort between the private sector and government. It has been informed by extensive consultation with industry groups, local government, central government and interest groups.

TOURISM IN THE MACKENZIE DISTRICT

19. The Mackenzie District is enormously important for tourism in New Zealand, being the home of one of New Zealand's iconic attractions, Aoraki / Mt Cook. Visitors continue to pass through the Mackenzie District to see the mountains and the lakes when travelling between Christchurch and Queenstown.
20. There is limited quality accommodation in the district, and where they are located is not always where the tourist wants to be. With due respect, Twizel is not sought by all sectors of the visitor market. There are no sustainable tourism facilities, for the visitors coming to the Mackenzie District. Many of the motel and hotel developments are not compatible with the "Interactive Travellers" visitor market, that NZ Tourism has developed. The Mackenzie does have a good range of ecotourism experiences, however with the lack of appropriate accommodation; these visitors will not stay very long in the district.
21. This is where the Mackenzie District underperforms compared to many other regions. The district does not have enough accommodation that visitors want or that would encourage them to stay longer. Therefore the results are a low average length of stay, and low total \$ spend by visitors.

RTO

22. The Mackenzie RTO average length of stay is 1.97 nights. Compared to all New Zealand average length of stay is 3.08 nights, Wanaka RTO average length of stay is 2.97 nights, Central Otago RTO average length of stay is 3.14 nights.
23. The result of low average length of stay is that even with the very high numbers of visitors passing through the Mackenzie District travelling between Christchurch and Queenstown the Visitor Total Spend is low.
24. There are 30 RTO's and Mackenzie RTO is No 25 out of 30. Visitor Total Spend being only \$111m. For Mackenzie RTO to increase the Visitor Total Spend from \$111 it will need to establish how it can attract more visitors to stay overnight, and does the district have the accommodation that these visitors want.
25. The Forecasts of Regional Tourism Activity in New Zealand by Year 2007-09, show that the total spend is declining when compared to the NZ average. The 2008 figures show a NZ average increase in spend of 6.0% and the Mackenzie RTO figure is 5.2%. Figures based in NZ Tourism Research Statistics

26. The table below shows a selection for Comparison of Visitor Total Spend per RTO in 2006 from the forecasts of Regional Tourism Activity in New Zealand by Year 2006-08.

Mackenzie RTO	\$m	111
Auckland RTO	\$	3,745
Canterbury RTO	\$	2,028
Queenstown RTO	\$	501
Lake Taupo RTO	\$	373
Hawke's Bay RTO	\$	347
Dunedin RTO	\$	327
West Coast RTO	\$	232
Southland RTO	\$	185
Lake Wanaka RTO	\$	143
Central South Island RTO	\$	126
Fiordland RTO	\$	120

For full set of RTO visitor figures see www.tourismresearch.govt.nz/By-Region

KEY ASPECTS OF THE NZ TOURISM STRATEGIES THAT COULD ASSIST THE MACKENZIE DISTRICT

How can Mackenzie District improve the visitor spend and receive the financial benefits flow from those initiatives.

27. There is an opportunity to be part of the sustainable tourism market. This requires local government to be willing to work alongside sustainable tourism developers and understand their requirements of that market.
28. The processing of applications must assess each specific site in relation to the environmental effects which are identified and measured. This must take into account the extent to which the location and characteristics of the site render it suitable for both rural residential and commercial eco-tourism development.
29. This encourages investment in authentic eco tourism, and an understanding of benefits of selecting land that is appropriate for the development of sustainable tourism. This ensures that the development with not create adverse environmental effects, relating to visual, quietness, clean air and light pollution.

The Mackenzie District would be regarded as one of the essential experiences for Interactive Travellers.

30. These travellers will come to the Mackenzie District because it is the home of one of New Zealand's iconic attractions, Aoraki / Mt Cook. These are the New Zealand tourism experiences being actively sought by visitors who will enjoy and acknowledge our environment, values and culture. They are low volume/high yield tourists who want to protect the environment.
31. Tourism New Zealand has set the following high-level outcome to guide all of its activities over the next few years:

32. A tourism industry that maximises value for our economy and society, provides competitive returns to industry participants, while being respectful of our people, culture and environment.
33. Adopting and funding the recommendations outlined will conservatively enable us to grow expenditure by international visitors to \$12 billion (or 7.4% annual growth) and by overnight domestic visitors to an estimated \$9.1 billion (or 2.8% annual growth) by 2015. The opportunity exists to grow total expenditure to \$21.8 billion.
34. Tourism New Zealand states that "More effective partnerships between central and local government also between government and industry are required to achieve the potential"

Tourism development options in the Mackenzie High Country in relation to the New Zealand Tourism Strategy

35. The challenge for tourism development in the Mackenzie high country, is to enable tourism development to proceed in rural areas with sensitive environments and adjacent to National Parks.
36. Being able to respond to the changing marketplace where both domestic and international visitors want to stay in beautiful natural environments where the developments are sustainably designed and built.
37. There are examples of eco tourism developments that have been developed in sensitive environments adjacent to National Parks. Two examples are discuss later in this evidence.

Potential sites for new tourism development

38. The potential sites for new tourism development has changed from being highly visible (right alongside the highway), to ideally where new eco tourism developments are preferably unable to be seen from any main road or prominent viewing spots.
39. In the Mackenzie High country, with its stunning mountain and tussock scenery, creating a new tourism venture requires that it nature rather than detracts from it. As Dr Steven noted in his evidence, this does not mean that it must be invisible. However, it is important that new development is of an appropriate design, and is of a size and scale that is proportionate to the surrounding environment. This is to ensure that the buildings integrate into the landscape.
40. This enables sustainable tourism to develop and enhance the region's economy while respecting the local inhabitants and the public visual landscape.
41. The New Zealand Tourism Strategy encourages tourism to focus on delivering long-term economic benefits through investing in sustainable tourism. This could provide some solutions for the Mackenzie District.
42. The NZTS objectives and requirements are to move towards an authentic, high quality, high yield, sustainable tourism.

What is eco-tourism and sustainable tourism

43. Eco-tourism was the term initially used to identify this eco-friendly tourism sector, for example

- 43.1. Eco-tourism is used to describe names of private operators, regional organisations eg Experience Kaikoura's quality providers of accommodation and ecotourism attractions
- 43.2. Names of Conferences and Courses eg. Ecotourism NZ Conference
- 43.3. The Certificate in Ecotourism - Tai Poutini Polytechnic. Based in the environmentally-renowned West Coast. Ecotourism NZ offers a range of learning options to support the growing ecotourism sector.
- 44. Ecotourism provides experiences in nature and the environment heritage and local culture. Ecotourism minimizes ecological and cultural impacts of tourism, by recycling, using renewable energy, appropriate design of architecture and infrastructure.
- 45. Sustainable tourism is the term that is used to embrace a wider more holistic tourism sector.
- 46. Sustainability has been used extensively in the new NZ Tourism Strategy 2015. For example:
 - 46.1. Sustainable tourism development ‘...meets the needs of the present without compromising the ability of future generations to meet their own needs’
 - 46.2. True sustainability reaches across all areas of life —environmental, economic, social, and cultural. These areas are interdependent and mutually reinforcing. For the tourism sector to prosper, we need to deliver on all of them.
- 47. Tourism NZ now uses the term “Interactive Travellers” to define and target the “Sustainable Tourism” market. The “Interactive Travellers” want authentic NZ product, embracing: ecology, wellness, heritage, creativity, educational, cultural and sustainable tourism.
- 48. Sustainability tourism incorporates a bigger picture environmental, economic and socio-cultural aspects of tourism development, and a suitable balance must be established to guarantee long-term sustainability. Sustainability tourism embraces guardianship and hospitality as key values and offers authentic products and services to its clients.

EXAMPLES OF ECO TOURISM

- 49. I have attached examples of several sustainable tourism activities and a details of environmental accreditation systems. These include:
 - 49.1. Two examples of eco tourism developments that in rural areas considered sensitive environments and are adjacent to National Parks. Both lodges were established over 10 years in the ecotourism model
 - 49.1.1. Example 1 - Arthur's Pass Wilderness Lodge (Appendix 1)
 - 49.1.2. Example 2 - The Awaroa Lodge (Appendix 2)
 - 49.1.3. Accreditation details (including a list of accredited tourism activities) (Appendix 3)

RESEARCH INDICATES TOURISM OPPORTUNITIES FOR THE MACKENZIE DISTRICT

50. A research paper by Glen Greer completed entitled "The Socio-Economic Status of the South Island High Country" (Lincoln University May 2008) highlights some of the challenges that many high country farmers face due to financial vulnerability and indicates the potential for development opportunities in tourism. The extracts below summarise these points.

"1.1 Introduction

The New Zealand Government has developed over time, a set of High Country Objectives, which were consolidated in 2003. These objectives set out the wide range of things that Government wants to achieve in the South Island high country. These include the economically and environmentally sustainable management of publicly owned high country land by means both of the protection of significant inherent values and the removal of constraints on productive land so that it can be put to the most profitable use.

2.1.3 Conclusions

The average high country farm as described by the economic data available is financially vulnerable.

3.5 Future development, opportunities, constraints and impacts

When farmers were asked what they considered to be the potential medium term developments feasible for their properties irrespective of their own personal preferences, approximately three quarters considered that there was potential for some level of tourist development.

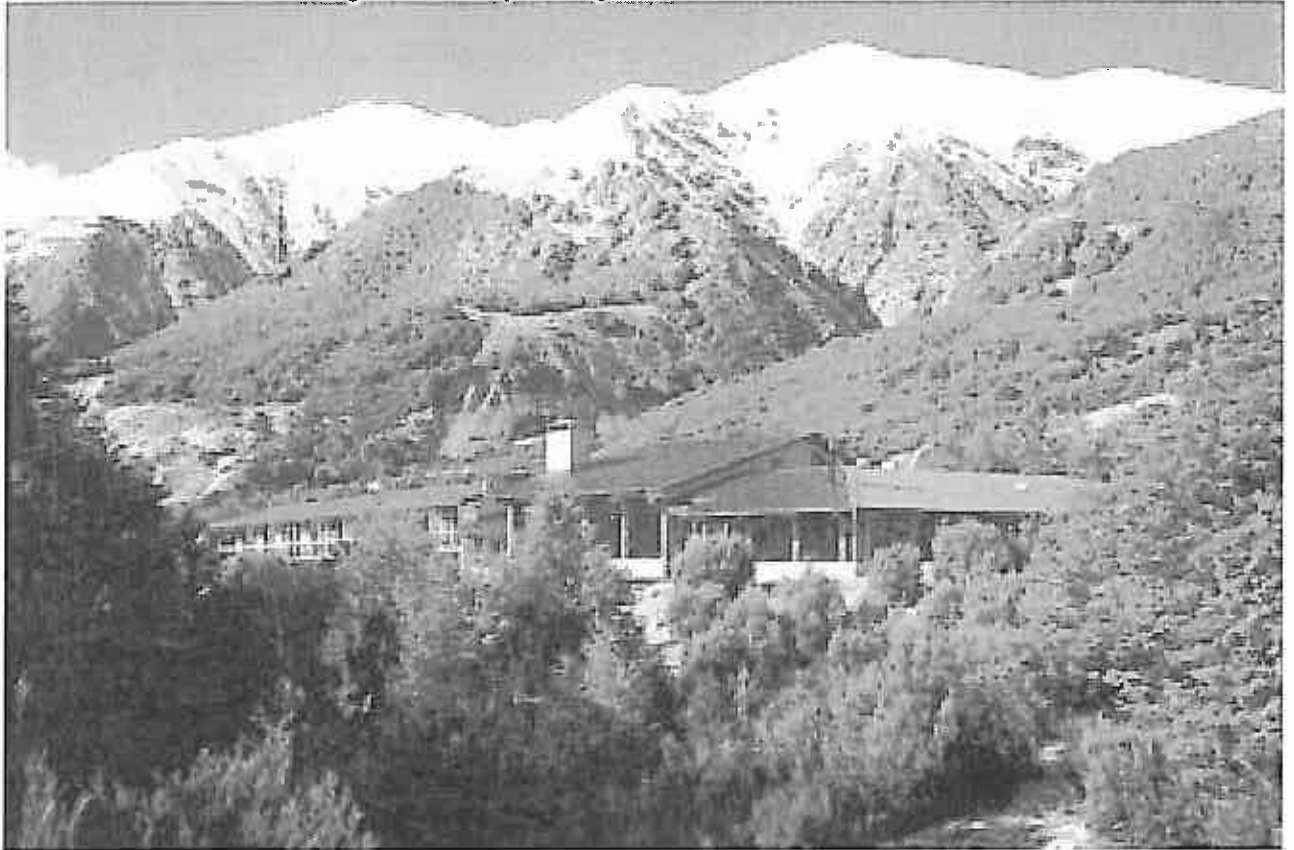
Some were already operating, or providing facilities for other operators of, tourism or recreational businesses. These include accommodation businesses using existing farm-buildings, horse-trekking, four-wheeled driving, garden tourism, heli-skiing, function venue provision, and wine-tasting.

Most of those with relatively large scale tourism and hospitality ventures have partners with skills and previous experience in this area.

Those who included tourism and recreation as a feasible future development generally saw potential for the commercialisation of active recreational pursuits such as hunting, fishing, walking, four-wheeled driving and horse-trekking, because of the natural attributes of their properties, and in a number of cases, proximity to tourist centres or other recreational developments."

51. The Socio-Economic Status of the South Island High Country Report clearly identifies the financial vulnerability and indicates the potential for development opportunities in tourism. I would suggest that this potential requires careful management of each proposal, assessing the impacts and the nature of each development as the landscape has already been identified as vulnerable to degradation by unsustainable development. The Fountainblue zone represents a real opportunity to encourage and enable sustainable tourism development and to start obtaining the economic benefits that come from tourism and flow into the wider community.

Appendix 1

Arthur's Pass Wilderness Lodge 24 room up to 48 guests

Wilderness Lodge Arthur's Pass is nestled in mountain beech forest, midway between Greymouth and Christchurch.

Wilderness lodge website

Discover wild nature in our spectacular mountain setting and experience life on our 2,400 hectare nature reserve and high country merino sheep station.

Walk from your room into a natural paradise of beech forest, tussock clearings, moss-lined streams and lakes.

The McSweeney and Jarman families who own the Lodge, can trace their New Zealand farming ancestry back to 1860.

The Lodge was designed by West Coast Wilderness Architect Gary Hopkinson to fit into a natural forest clearing. It was built in 1996 and it features wood, concrete and corrugated iron designed to blend in with the surroundings.

Having started (and still owning) the Wilderness Lodge Lake Moeraki in 1981, husband and wife team Anne Saunders and Gerry McSweeney now live at Arthur's Pass. They still retain a close relationship with their Lodge at Lake Moeraki. They are both passionate about conservation and Gerry remains active in various campaigns around New Zealand.

Gerry was National President of Forest and Bird from 2001-2005 and still remains on the Society's National Executive.

Appendix 2

Awaroa Lodge adjacent to the Abel Tasman National Park
28 rooms plus main complex up to 66 guests



Awaroa Lodge is at the quiet northern end of the Abel Tasman National Park in the Nelson region, at the top of the South Island of New Zealand.

Awaroa Lodge established in 1991 is set back 300 metres from a stunning golden sand beach and has the internationally known Abel Tasman Coastal Track, one of New Zealand's nine Great Walks, passing within metres of the boundary. Discerning travellers from all over the world appreciate the distinctive architecture and relaxed ambience of Awaroa Lodge. Discover a perfect balance of natural comfort and contemporary style, welcoming hospitality and creative & organic cuisine.

The Lodge is on 47 acres of private land adjacent to the Abel Tasman National Park with access to the beach and Awaroa inlet.

Careful attention is made to preserving this pristine unique natural environment of white beaches, seal colonies, wetlands, native forests and birdlife. Sea kayaking and many activities await the energetic and foodies can revel in the exquisite local cuisine - Kayak the tranquil coastline past golden beaches, seals and dolphins.

Awaroa's environmental strategy has been formed with the location around us in mind, the environment in which we are situated commands respect and requires us to be mindful of it in everything we do. It has shaped the way that we do business, we believe that we are creating an innovative business practice that is a clear example of how profitability and sustainable practice can work together hand in hand.

Developing a culture of innovative thinking has been a concept of the dynamic management team at Awaroa since its foundation in 1991 and the isolated nature of Awaroa's unique location only served to encourage this process. The innovative waste disposal system & organic garden, along with pest control to bring native birds back, and wetland enhancement showed the lodge's commitment to sustainable business values.

At the heart of the 'Awaroa Journey' has been an unrelenting desire for sustainable tourism. This has resulted in a unique approach including: design and construction of the Lodge, environmental improvement and wetland enhancement, developing low-impact waste management systems, maximising recycling, buying eco-friendly products, introducing eco-friendly business practices backed by staff policies, and fostering a culture of innovation.

In 2002 Awaroa Lodge began working with the Green Globe programme, 2004 achieved benchmark status and with this internationally recognized point of reference.

In 2005 Awaroa Lodge won the NZ Tourism Award for Innovation in Eco Tourism.

Appendix 3

Environmental Accreditation - Green Globe and Qualmark**Green Globe**

Green Globe and Qualmark provide different levels of environmental accreditation.

The Green Globe framework, positive social commitment is considered alongside environmental behaviours with emphasis on realising economic gains.

Green Globe is the only international accreditation programme available in New Zealand that addresses the triple bottom line of sustainability in tourism. Since 1994, the Green Globe standards have undergone incredible amounts of research, testing, and development to meet industry needs. Green Globe is supported by international business leaders, academics, representatives of government, and tourism operators.

The uniqueness of Green Globe is its application to economic, environmental and social sustainability, culminating in a cohesive Environmental Management System (EMS). For example, the opportunity to calculate carbon emissions from energy use is a standard Green Globe tool for all participants.

This connects both energy conservation and also the opportunity to reduce carbon emissions. The robustness of the programme delivers immense value to participants who understand the importance of sustainability.

Qualmark in 2008 has launched its entry level assessment of common environmental impacts. Visitors are making decisions based on environmental performance.

Globally, tourists are increasingly looking at the environmental impact their holidays have. Research indicates that visitors to New Zealand come here to see our stunning and pristine natural environment, and how we are preserving this for future generations, as opposed to a simple response to the climate change debate.

Qualmark is a basic, entry level assessment of common environmental impacts.

Tourism New Zealand's Visitor Satisfaction Research (2006/2007) showed that visitors expect to see recycling, energy and water conservation and waste reduction initiatives in their accommodation. In the activities sector, visitors also want to see conservation efforts, environmental enhancements, visitor impact reduction strategies, environmental education and fuel efficiency initiatives.

Green Globe members who have achieved Benchmarked Bronze or Certified Silver/Gold accreditation are displayed on their website. www.greenglobenz.com/Green_Globe/Participant
Some of the 45 NZ tourism businesses, that currently achieved Benchmarked or Certified accreditation.

Auckland:

CityLife Hotel Auckland

Heritage Auckland

Heritage Hotel and Spa du Vin

Langham Hotel Auckland

Novotel Ellerslie

Christchurch-Canterbury:

Black Cat Group

Christchurch and Canterbury Tourism

Christchurch i-Site Visitor Centre

Christchurch Tramway Ltd

Encounter Kaikoura

Heritage Christchurch

Heritage Hanmer Springs

Kaikoura District Council

Matuka Lodge

The Kaikoura Coast Track

Queenstown Region:

Distinction Luxmore

Heritage Queenstown

Nomad Safaris

NZone

Queenstown Top 10 Holiday Park Creeksyde

Remarkables Lodge