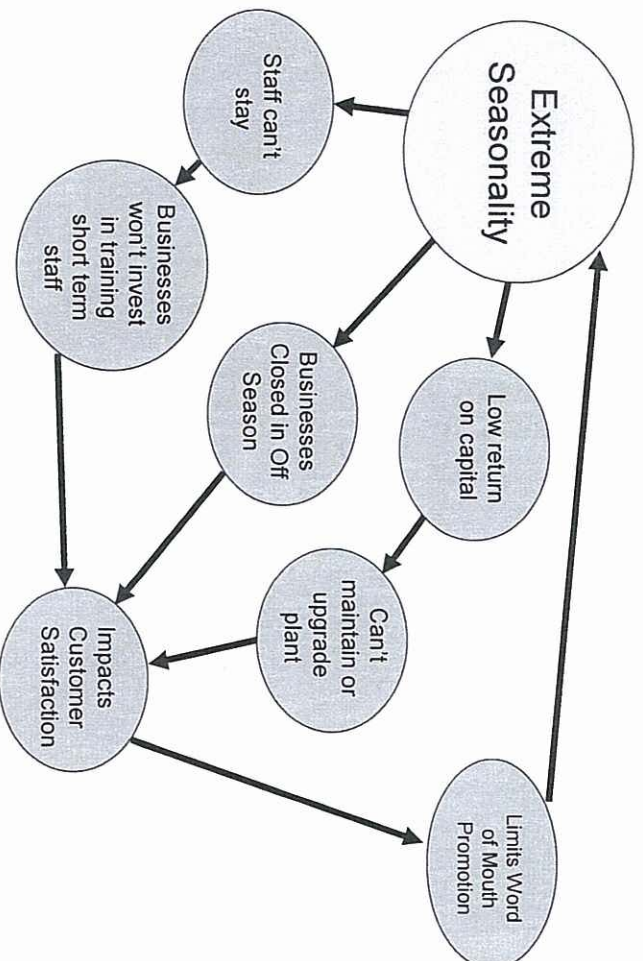


APPENDIX G



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There are also threats of competitive investment by other regions and an international market yet to reveal its long term reaction to the concept of tourism carbon footprints.

The critical pattern for the region to crack is its extreme tourism seasonality. Resources will be focused on growing shoulder season visitation and spend to generate improved profits, enabling re-investment into staff training, quality programmes, marketing, tourism plant and new product development. The aim is for 6% more of the region's annual visitor nights to occur in the March-October period.

This will be made possible by inter-generational investment/benefit models for:

- appropriate and high quality facilities and infrastructure including:
 - a regional scale conference facility which will in turn stimulate growth in mid to upper grade hotel rooms,
 - improved quality rather than quantity of other accommodation types, including upgrading old style motels and provision of facilities and self-contained units at the existing caravan/holiday parks,
 - increased non-weather dependent attractions including a regional showcase of heritage in 3D art, health and wellness experiences and increased Maori and other cultural tourism experiences;
- increased major events² that attract visitors outside the peak season and showcase Nelson's specialist attributes and themes;
- an expanded export education sector;
- increased marketing targeting shoulder season visitation from Australia and segments of the domestic market;
- innovative use of ICT and the Web 2.0 environment to more effectively reach all relevant visitor markets.

With limited budgets and a target audience concerned about environmental impacts and desiring of authentic experiences, Nelson will market through reputation. As such:

² Refer to the Nelson-Tasman Events Strategy

- Lack of group tourism means few tourist sites are impacted by coach-loads of tourists as occurs in places like Rotorua.
- Comprehensive community consultation undertaken on future development for some areas (eg Takaka). In general, local residents throughout the region remain supportive and welcoming towards tourists.

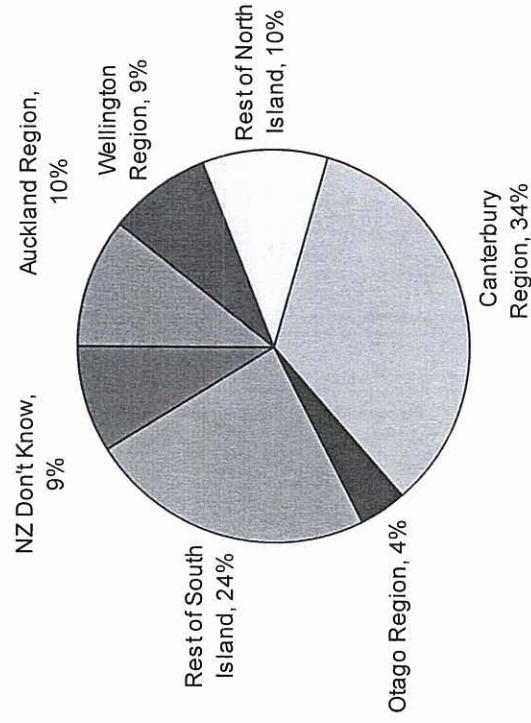
Weaknesses

- Amongst the most extreme tourism seasonality patterns of all NZ regions impacting business profitability, return on capital and workforce retention.
- Geographic isolation, being beyond 3-4 hour drive time from short break metropolitan domestic markets and off the main international tourist route linking Kaikoura, Christchurch, Queenstown and the loop through the southern (glacier) section of the West Coast.
- Once in the region, seeing most of it requires a doubling back itinerary.
- Lack of iconic non-weather dependent tourism attractions.
- Chronic underinvestment in facility infrastructure driven by local government adversity to intergenerational (debt) funding. **In particular, lack of a major purpose built venue for mid range (300-500 pax) conferences.**
- Ad-hoc accommodation development with oversupply of motel, backpacker and caravan parks impacting the viability of additional hotel capacity.
- Insufficient hotel capacity for major conferences and to stimulate group series tours.
- Fragmentation of available funding for museum and cultural attractions is resulting in the continued lack of must-do non-weather dependent tourism experiences.
- No direct trans-tasman air access.
- Lack of public transport.
- Lack of business willingness to invest in staff training.
- Positioning devices available to the RTO such as "Nelson, Live the Day" are becoming dated and lack regional buy-in.
- Latitude Nelson is not competitively funded to market the region and has insufficient staff capacity to engage in destination management planning and initiatives.
- Small commercial rating base and no major regional community trust investor
- Lack of capacity for traffic growth in and out of Nelson CBD
- Lack of robust data on local and regional tourism impacts, consumer perception and decision making.
- Lack of understanding of the value of tourism amongst local government and the wider community and complacency that tourism will "happen anyway".
- Administering the region through two councils limits the ability to achieve consistency in planning, frustrates businesses operating across council boundaries and can stall decisions on regional initiatives.
- Nelson's strong historical position as a sunny holiday destination contributes to local stakeholder complacency that tourism will "happen anyway"
- Fierce competition eroding yield amongst ATNP operators with some using short term peak season discounting to gain market share in order to on-sell the business.
- Poor knowledge of Nelson-Tasman heritage amongst front-line staff handling visitors.
- Still a lack of major international market players investing in marketing the region (one member of an Asia-Pacific hotel chain is not sufficient)
- Lack of integration of the wider regional visitor information network and inability to meet enquiry demand in peak season.
- Only a few of the export education entities are truly focused on developing the market and cooperative marketing is limited.
- Areas where development planning that integrates tourism thinking is overdue (eg Marahau)
- Affordable staff accommodation
- Industry and infrastructure issues that can undermine perceptions of environmental sustainability (eg. visibility of wastewater treatment and outlet at the boulderbank)

1. Nelson-Tasman's facilities and infrastructure support year-round tourism.

No.	Strategy / Actions	Resource Implications	Timeframe (Priority)	Lead (Support)	Links
1.1	Develop Nelson as NZ's premier mid-scale regional conference destination.				
1.1.1	Accelerate development of a regional conference centre targeting 300-600 delegate association conferences.	LTCCP Asset Funding	start 2008 (High)	NCC-TDC (NREDA, NTCC)	1.2.1
1.1.2	Step up intelligence gathering to re-validate precise market requirements for conference facility configuration.	Convention Bureau Staff	July 2007 (High)	LN (NCC)	5.1
1.1.3	Develop a long term programme to market the conference facility as soon as a confident completion timeframe is established.	\$20,000	2008 (Medium)	LN (Conference Centre Mgt)	4.2
1.1.4	Facilitate opportunities for service providers to prepare to meet the needs of larger conferences.	Convention Bureau Budget	2009 (Low)	LN	2.1
1.2	Develop a more balanced mix of commercial accommodation to support year round tourism and cater to a broad range of affordability.				
1.2.1	Promote this strategy and conference centre plans to existing local and potential new hotel developers to encourage investment in additional 3.5 to 4 star hotel capacity.		Late 2007 (High)	NREDA (LN)	1.1.1
1.2.2	Publicise data highlighting issues of oversupply of some accommodation types and the need for investment in renewed plant such as built units in holiday parks.		Ongoing from 2007 (medium)	LN	2.1.11 5.1
1.2.3	Review the demand for and economic benefits of increased short-stay low-cost motorhome parking near the Nelson CBD.	NCC Asset Budget	2010 (low)	NCC	2.2 5.1
1.2.4	Develop a consistent regional freedom camping policy which complements commercial park operators and identifies genuine gaps suitable to meet the needs of self-contained motorhomes.	Council planning resources	2008 (low)	TDC/NCC	2.2 5.1

**Nelson-Tasman Origin of Domestic CAM Nights
YE Feb 07**



Abel Tasman National Park Use

The use of Abel Tasman National Park is estimated to generate \$45m of output per year in Nelson-Tasman region. Associated with this are 370 FTEs and \$18m of value added including \$11m of household income.

In 2004 it is estimated¹¹ there were 150,000 visitors to the park annually, including:

- 75,000 day visitors using the tracks
- 29,000 kayakers
- 10,000 boat users who did not stay over night or use the tracks
- 24,000 overnight trampers using the DOC huts or camp sites
- 10,000 staying at Totaranui.

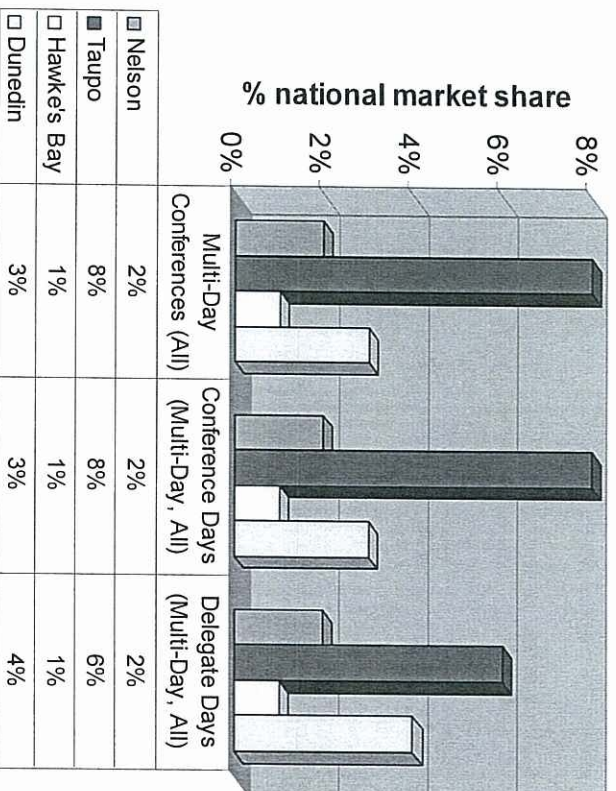
Conference Market

Nelson attracts 2% share of the national market for number of conferences, number of conference days and number of delegate days (for multi day conferences). This places it between Hawke's Bay and Dunedin but considerably behind Lake Taupo (around 8%).

When conference types are split between association and corporate conferences, Nelson has a stronger market share of up to 5% for association conferences and weaker share (1%) for corporate conferences. Lake Taupo has the opposite pattern with up to 9% share of the corporate conference market reflecting its location central to most of New Zealand's corporate sector. As with most regions except Queenstown and Auckland, Nelson receives few of its multi-day conference delegates from overseas. Most are from elsewhere in NZ (60%) or from within the region.

¹¹ Regional Economic Impacts of Abel Tasman National Park and Queen Charlotte Track – Butcher Partners Ltd, 2005.

Regional Share of Conferences



A purpose-built conference centre would help to build on Nelson-Tasman's existing strengths, particularly in the association conference market, which include:

- Nelson is a regional centre for central government agencies, and therefore is connected with government sector conferences;
- the central location for association delegates spread around the country, even if Dunedin extends its convention centre as planned, Nelson has better air connections to Wellington and Auckland;
- excellent air access compared with other provincial areas with increasing capacity and good frequency and quality aircraft;
- easy connections from the airport to Nelson CBD;
- the destination has strong appeal to delegates and partners.

Although there have been a number of regional conference centre developments recently, including Hawke's Bay, Rotorua, and Marlborough, investigations with Professional Conference Organisers for this market indicate that none of the provincial centres have got their designs and capacities right. Trends include:

- conferencing becoming more regionalised and specialised with delegates choosing destinations as part of choosing a conference destination;
- conference delegates are the ultimate FIT, top of their field, aged 30-60, with disposable income, want to experience the destination, work remotely and creatively;
- organisers want their delegates to feel energised and invigorated by the conference and the destination.

The key market that Nelson-Tasman has the opportunity to secure is 300-600 delegate association conferences. There is some argument that this capacity should reach up to 700 as there will be some demand for larger local banquet type events of this scale but air and accommodation capacity would limit attracting such large conferences for several years. Although The Heritage Rutherford Hotel has successfully hosted conferences of 350-400 it can't in its current form cater to most of these medium sized association conferences which require:

- Accommodation within 10 minutes' walking distance, 3 – 4 ½ star, one room per delegate. Apartment-style rooms are also appropriate.

- Venue must be flat floor and single level with 7-9 break out rooms of different sizes, plus media, interview, secretariat and PCO rooms. Insufficient break-out rooms is the main pitfall of recently developed conference centres in other regions.
- There must also be adjacent exhibition space, soundproof walls, and a good arena and high speed broadband and IT service.

Because the association conference market is the most demanding, if Nelson-Tasman caters to this market, it will also do well in other conference types up to the scale of the venue. The above requirements will mean that a multi-purpose venue integrating a performing arts auditorium could seriously compromise the conference market if not designed very carefully. There are also issues in the long lead time for conferences where many performing arts venues will not book conferences in case they have an opportunity to secure a show on a shorter lead time. As can be seen from the venue specifications outlined above, the proposed Headingly Centre in Richmond will not meet the target association conference requirements and does not have suitable accommodation adjacent.

Business Yield

There is increasing awareness that the tourism industry suffers from low profitability when required capital investment is considered. Nelson-Tasman's extreme seasonality exacerbates the issue for local industry. There are no robust figures for tourism yield in Nelson-Tasman but a recent study by Lincoln University showed that firm performance in the national tourism sector is characterised by low financial yields in parts of the sector and above average yields in other parts. This is illustrated in the following table. Note financial yield is the ratio of a firm's total profit to its total assets and many tourism businesses, such as hosted accommodation and museums would not tend to use this methodology to judge business performance.

New Zealand Average Accommodation	Financial Yield
Hotel	4.3
Motel / Motor Inn	5.3
Hosted Accommodation	2.7
Backpacker / YHA	6.7
Camping / Campervans	3.7
Lodges / Boutique accommodation	4.3
Transport	
Long distance bus	4.3
Short distance bus (incl. Tram)	9.9
Taxi	7.6
Travel Agencies	- 5.1
Scheduled Air Transport	- 4.9
Hire Vehicles	7.0
Cultural and Recreational Services	
Museums	1.8
Zoo / Gardens	4.5
Parks	7.6
Gambling	7.0
Other (guiding / bungee)	7.0

Source: Yield Research Programme 2004 – 2007, TIA and TMT with Lincoln University.

The above industry sectors are termed "Tourism Characteristic". Other components of the study covered a wider "tourism related" sector. It indicates that those businesses considered *characteristic of tourism* (accommodation, transport and recreation) have modest yield while those businesses that are related to tourism (e.g. retail of souvenirs, clothing and supermarkets) have much stronger yields. The overall effect is that average tourism yield figures are propped up by the yield of "related" businesses.