

3 November 2020

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Request for Official Information responded to under the Local Government and Official Information and Meetings Act 1987 (LGOIMA) – reference: 7586335 (2021-098)

I refer to your information request we received on 6 October 2020 for the following:

Request #1 - Re Denial of 300% increase in visitor numbers

In response to an OIA you stated (signed off by Mr Jefferson on 19 August) KCDC has never said there would be a 300% increase in tourist numbers. “Further, Council has not is not aware of the forecasts referred to and has not used any assumptions of future visitor numbers at or near the stated levels when developing its proposal.”

- 1. Please explain this statement from the Gateway Feasibility Report at p28, that you filed in support of the application to the PGF:**

7.1 Economic benefits of a visitor facility

- *By providing a platform for existing Kāpiti Island operators to enhance their visitor experience, there is opportunity to grow their business and increase yield***
- *The facility would also allow for new operators to step into this space with opportunities for new product development, and product extension for current operators, much like we see with Kāpiti Eco Tours offering sea kayaking as an option on the island.***
- *There is scope for visitation to Kāpiti Island to grow 300%.***

We did submit a copy of the Gateway Feasibility Report as an attachment to our application to the PGF. The Feasibility Report is a public document and is available on our website: <https://www.kapiticoast.govt.nz/media/37181/kapiti-coast-gateway-feasibility-report-final-report-030320.pdf>

This report was independently authored by TRC Tourism. We believe the points you have highlighted above to be well made and clear in their intention, which is to highlight potential that there are additional economic opportunities likely to result from a well-designed visitor and community facility.

In regards to the scope of visitation to grow 300%, please refer to our response to question 4 in the letter we sent to you dated 6 October 2020.

The Giblin Report, June 2020 said

4.6.6 Other Economic Gains - Other economic/tourism benefits for the Kāpiti Coast district potentially arising from the proposed new Kāpiti Gateway and increased tourism to Kāpiti Island include:

- **The proposed facility will provide an important platform for significantly increasing the overall quality of the Kāpiti Island visitor experience and the level of visitation to the area (as reflected in the projections for increased visitor numbers to the Island over the next 20 years or so). P55:**

The projection is 58,000

Table 8: Projected Visitor Numbers to Kāpiti Island over the next 10 years

This is in fact a 300% increase on 14,900. In denying that KCDC ever told the PGF that the proposals financial viability rested on these visitor number increases are you saying that this information was never supplied to the PGF.

When it is stated KCDC is unaware of ever having seen these forecasts an explanation is required as to how the figures appear in various reports and are specifically highlighted in the Application. At p19 it indicates there will be a 300% increase as capacity goes from 25% to 100% it states:

- **Visitor numbers to Kāpiti Island show a steady increase over the past six years from 6,284 in 2013 to 15,969 in 2019. Visitation to the Island is currently at 25 percent of annual capacity.**
- **Attached are the actual figures of visitor numbers supplied by DOC. Doc says visitor numbers for 2019 were only 14985, you say they were 15969, and advised the PGF accordingly.**

2. Please explain how you came up with an extra 1003 visits.

Council was supplied the visitor numbers quoted by the local DOC office, who manage the concession numbers from the operators. We have queried DOC as to the source of the other numbers as per your attachment, and it appears that DOC derived them from their national ticketing system. DOC have been unable to explain to us why there are two sets of numbers.

3. Also please explain why you chose 2013 (6272) as the starting point of your graph to prove dramatic increases? Having decided to have your starting point as 2013 why did you fail to then point out in 2014 visitor numbers fell dramatically to 5100? Because that would show the story of constant growth was a fiction? Why did you not go back to 1997 give a more accurate picture of only steady growth?

We have consistently modelled visitor numbers starting from 2013. We understand that at the end of the 2013 season, DOC increased the concession charge to \$28 per person, and at the end of the 2014 season DOC reduced the concession charge back to \$10.

There is a clear trend line in growth from 2014 to 2019, which we have used to analyse visitor growth in recent years. Between 2014 and 2019 visitor growth has averaged 29% per year.

Furthermore, we understand that in approximately 2010 DOC changed the daily limits to the island, they were (increased) from 86 pax (persons) per day to the current 160 pax per day. Therefore the visitor numbers prior to this are not indicative of current demand.

Kapiti Island visitors no longer fee sensitive

KCDC's most recent advice is that fees will go up 12.5% and there will be the extra \$15.00 to \$20.00 for parking. You have advised "The indicative Gateway business case proposes the total cost to each passenger moves from \$80 to \$90 (12.5% increase) for adults and from \$40 to \$45 (12.5% increase) for children, combined with an improvement to the visitor experience".

You are taking the view that price increases will lead to increased visitor numbers and have explicitly rejected the evidence of price sensitivity in this particular market. To remind you, this is what DOC says - Fee Sensitivity doc.govt.nz:

"Conservation Minister Dr Nick Smith today announced a reduction to Kapiti Island permit fees to come into effect from tomorrow. Kapiti Island is an iconic landmark which deserves to be enjoyed by as many New Zealanders as possible. DOC will drop the permit fee for adults from \$28.75 to \$10.00 and waive the fee for all children aged 17 and under from tomorrow," Dr Smith says. "There is a real lesson for DOC as there has been for Zealandia in Wellington that there is significant price sensitivity to these sorts of sanctuary experiences" [emphasis added].

The change, follows an independent review of Kapiti Island visitor management which was undertaken at the end of the 2013/14 summer season. DOC commissioned the review to address the steady decline in the number of visitors to Kapiti Island in recent years."

DOC slashed its fees by 75%, from \$28.75 to \$10.00.

4. Please produce your research that shows DOC's evidence is wrong.

We have never claimed an extra cost of \$15 or \$20 for parking. In our discussions with the Tour Operators regarding parking for Kāpiti Island Tour visitors, a number much less than that was discussed, and has been proposed to be voluntary. Furthermore, any parking charge would be per car, not per person. A survey of Island tour visitors showed that the average number of visitors per car was between 2 and 3.

In the Indicative Business Model submitted to the PGF as part of our application, we submitted a biosecurity fee of \$10 per adult and \$5 per child. Based on the current price of approximately \$80 per adult and \$40 per child (for a basic trip), this represents a price increase of 12.5%.

We did not disregard DOC's experience with pricing. But for a product which has not changed in price in over 6 years (8 years by the time the Gateway is proposed to open), we submitted that a price increase of 12.5% would not be unreasonable in that context. No decisions about pricing have been made at this stage.

Request #2 - Re further funding for Gateway achieved by leverage

In KCDC's Application it is stated:

- Building of the Gateway Centre is not yet underway as Council has prudently decided that the money for the project must be raised before construction commences and Council cannot afford to fund it alone. That is why PGF funding is required – to move the project into the construction phase. It will also increase the probability of success for other funding, as it will help to leverage funding from other sources, which have been identified in the Financial Case of the attached Business Case.**

5. Please advise what sources have been approached for this funding

The Government's PGF fund.

6. What funding has been achieved.

\$2.23m from the Government's Covid-19 Response and Recovery Fund.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Darryn Grant', is written over a light blue rectangular background.

Darryn Grant

Acting Group Manager Place and Space
Te Kaihautū Takiwā, Waahi hoki