BEFORE THE QUEENSTOWN LAKES DISTRICT COUNCIL HEARINGS PANEL

UNDER	the Resource Management Act 1991
IN THE MATTER	of the review of parts of the Queenstown Lakes District Council's District Plan under the First Schedule of the Act
AND	
IN THE MATTER	of submissions and further submissions by **REMARKABLES PARK LIMITED AND QUEENSTOWN PARK LIMITED**

STATEMENT OF EVIDENCE OF STEPHEN HAMILTON ON BEHALF OF REMARKABLES PARK LIMITED AND QUEENSTOWN PARK LIMITED

(TOURIMS AND ACCOMODATION INDUSTRY EXPERTISE)

STREAM 13 REZONING HEARINGS

9 June 2017

BROOKFIELDS LAWYERS
J D Young / M Broekman
Telephone No. 09 379 2155
Fax No. 09 379 3224
P O Box 240
DX CP24134
AUCKLAND

31641336:629885

TABLE OF CONTENTS

1. QUALIFICATIONS AND EXPERIENCE

1.1 My full name is Stephen Hugh Staples Hamilton. I reside in Auckland. I am a Chartered Accountant.

1.2 I have over 30 years' consulting experience in the New Zealand tourism, leisure and hospitality industry. This experience includes consulting in relation to hotels and other forms of commercial accommodation, visitor attractions and activities, events, and public assembly venues and, in particular, in undertaking market demand and supply analysis for new tourism projects, and preparing financial projections for new and existing tourism businesses.

1.3 I am a director of Horwath HTL Limited, a specialist consulting firm established in April 2002, which specialises in consulting to the hotel, leisure and tourism industries. In the past year I have undertaken consulting engagements in relation to tourism projects in Auckland, Hamilton, Tauranga, Napier, Taupo, Wellington, Christchurch, the West Coast, Queenstown and Invercargill, as well as in Fiji. As part of our consulting work we analyse the demand for and supply of hotels and other forms of commercial accommodation in each location, and undertake detailed forecasting of accommodation needs, including in relation to the potential oversupply of accommodation.

1.4 I am a regular columnist in a tourism industry publication entitled “Tourism Business” and I have been a judge for the New Zealand Tourism Awards for over 15 years.

2. CODE OF CONDUCT

2.1 I have read and am familiar with the Code of Conduct for Expert Witnesses in the current Environment Court Practice Note (2014), have complied with it, and will follow the Code when presenting evidence to the Council. I also confirm that the matters addressed in this statement of evidence are within my area of expertise, except when relying on the opinion or evidence of other witnesses. I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed.

3. SCOPE OF EVIDENCE

3.1 In this evidence I present information on recent and projected future visitor numbers and visitor nights, as well as commercial accommodation and hotel nights in Queenstown as estimated and forecast by Horwath HTL.

3.2 I then identify some key issues that the trends and expected growth are posing in Queenstown.

3.3 Finally, I identify how the proposed Queenstown Park development addresses some of these issues in the context of the overall Queenstown visitor product and experience.

4. KEY POINTS

4.1 Strong growth has been experienced in Queenstown visitor numbers in recent years and this is expected to continue for the foreseeable future. The growth is indicated / measured by statistics available from Queenstown Airport, Statistics New Zealand, and the Ministry of Business, Innovation and Employment (MBIE). Statistics New Zealand's monthly Commercial Accommodation Monitor (CAM) reports show that approximately 1.4 million Queenstown visitors stayed in commercial accommodation in 2016. We have estimated the total number of visitors to the Queenstown region at 1.7 million in 2016 (with the difference in visitor numbers being those who stay in other forms of mainly private accommodation, including in private homes including bed and breakfast / AirBnB establishments). We forecast the number of visitors to Queenstown will grow by approximately a further 1 million visitors over the next ten years. This represents a Compound Annual Growth Rate (CAGR) of 4.2% over the 10 year period. 75% of visitors to Queenstown in 2027 are forecast to be international visitors, compared to an estimate of 70% in 2016.

The increasing numbers of visitors to Queenstown is putting pressure on all forms of commercial and private accommodation in the region. Occupancy rates are currently at historically very high levels, and this level of occupancy will not be sustained in the medium to long term. Even with expected future accommodation supply increases, Queenstown could increasingly lose market share of visitors and visitor nights to other regions.

4.2 As well as the current constraint on available accommodation, the increase in visitors in creating increasing demand for visitor activities, attractions and experiences in Queenstown. While there are many activities on offer to visitors in Queenstown, and especially adventure activities, a lot of the current activities have relatively limited scale and capacity to accommodate strong growth in demand. Furthermore, there are relatively few 'passive' visitor activities and attractions. Several existing visitor activity and attraction operators are investing in expanding their capacity and capability to satisfy increasing demand. Examples are NZSki's ongoing investment in its ski field infrastructure, and Skyline Enterprises' $100 million investment in its gondola operation. But there is a need to expand the number and range of visitor experiences available in Queenstown, and in particular more passive or 'soft adventure' activities and attractions which have the capability of handling significant visitor numbers and which are not weather dependent. The proposed QPL gondola will be an excellent example of such a visitor experience – it has scale, it will operate all year, it will be suitable for all ages, it will not be weather dependent, and it will offer an outstanding visitor experience. The gondola and village will offer a significant new dimension to the overall Queenstown visitor experience, accessible to all.

4.3 Responses to the strongly growing demand for commercial accommodation will need to include the provision of higher density hotel and apartment development in already well-established locations (eg: central Queenstown), and geographically distributed development in several new growth areas in the wider Queenstown Basin area and including a range of accommodation types. Typically, most of the focus on Queenstown's new accommodation requirements relates to the need for investment in new hotels. But all forms of accommodation are required. To maintain Queenstown's special character as a year-round mountain resort and avoid being too over-developed or crowded in central Queenstown, new commercial accommodation will need to be distributed throughout the region. Too much high capacity development in central Queenstown could detract from the strong brand reputation and positive image, which the destination currently enjoys. A range of more boutique forms of commercial accommodation, and privately owned residential accommodation made available to overnight guests through organisations such as AirBNB, will help to enhance rather than detract from the appeal of the region.

4.4 The relatively small number of commercial accommodation units proposed at Queenstown Park will not cause an oversupply of any form of accommodation of the types proposed in the wider Queenstown market. The Queenstown Park development proposal is an excellent example of a type and style of development that is required if the region is to meet the challenge of accommodating the growing numbers of visitors to Queenstown without compromising the keys elements of the Queenstown visitor experience. The planned QPL village development is not intensive or expansive in scale. The proposed style of hotel / lodge accommodation is on a relatively small scale, consistent with a trend to the provision of a wider range of more boutique accommodation offerings internationally – as opposed to a smaller number of large or very large accommodation offerings.

4.5 New commercial and residential accommodation and visitor experience development will need to be increasingly spread around the wider Queenstown Lakes and Southern Lakes region rather than being concentrated in one tight geographical area such as central Queenstown..

4.6 The provision of the commercial accommodation and alpine village experience proposed at Queenstown Park is consistent with the quality and style of visitor experience promised by the '100% Pure' destination New Zealand branding, and Queenstown's positioning consistent with the national brand. The lower capacity more boutique styles of accommodation proposed at Queenstown Park will appeal to both international and domestic visitor markets. It will help to maintain and enhance the brand image of Queenstown and facilitate tourism activity be dispersed more widely, providing economic benefit throughout a wider region.

5.1 Queenstown is often referred to as the "jewel in the crown" of the New Zealand tourism industry. Located on the shores of the idyllic Lake Wakatipu, surrounded by majestic mountain ranges, it is widely regarded as the premier visitor destination in the country. Queenstown's reputation and value derives from its special character as a "boutique" and highly valued (not over-priced) visitor destination in world terms.

5.2 I believe that good planning is desirable and necessary and that the range and style of accommodation development should fit the destination as well as possible.

5. TOURISM TRENDS IN NEW ZEALAND AND QUEENSTOWN

6.1 The growth in visitor numbers in Queenstown is clearly evident. Data available from Statistics New Zealand, Tourism Industry Aotearoa (TIA), Queenstown Airport all point to strong visitor growth over several years. In my evidence, Figures 1-12 provide recent and current trends in the tourism industry from the following data sources:

(a) New Zealand Tourism Forecast (MBIE);

(b) International visitor arrival numbers for New Zealand (Statistics NZ);

(c) Airport passenger numbers (Queenstown International Airport);

(d) Visitor expenditure figures for Queenstown region from the Monthly Regional Tourism Expenditure Estimates (MRTE) (MBIE);

(e) Market share of national visitor expenditure (MBIE);

(f) Commercial accommodation guest nights for Queenstown (Statistics NZ);

(g) Hotel guest nights for Queenstown (Statistics NZ);

(h) Occupancy of commercial accommodation in Queenstown (Statistics NZ); and

(i) Occupancy of major hotels in Queenstown (TIA).

6.2 The data sources all indicate that the level of tourism activity in Queenstown is continuing to increase.

6.3 The latest forecast of international visitor arrivals and visitor expenditure to New Zealand has been recently published by MBIE (May 2017). MBIE's forecast is positive for the New Zealand tourism industry and indicates continued growth from all main visitor markets. New Zealand needs to increase and improve the public infrastructure and private investment in visitor accommodation and facilities to support this growth, especially in major tourism areas and "arrival gateways" such as Queenstown. Summarised below and also shown in **Figure 1** are key aspects from MBIE's recently released 2017-2023 New Zealand Tourism Forecast:

(a) International visitors are expected to reach 4.9m by 2023, up 39% from 2016 (a CAGR of 4.8% per year); the main short-term drivers of this growth will be further increases in airline capacity, relatively low cost of international travel, international events planned in New Zealand and destination marketing;

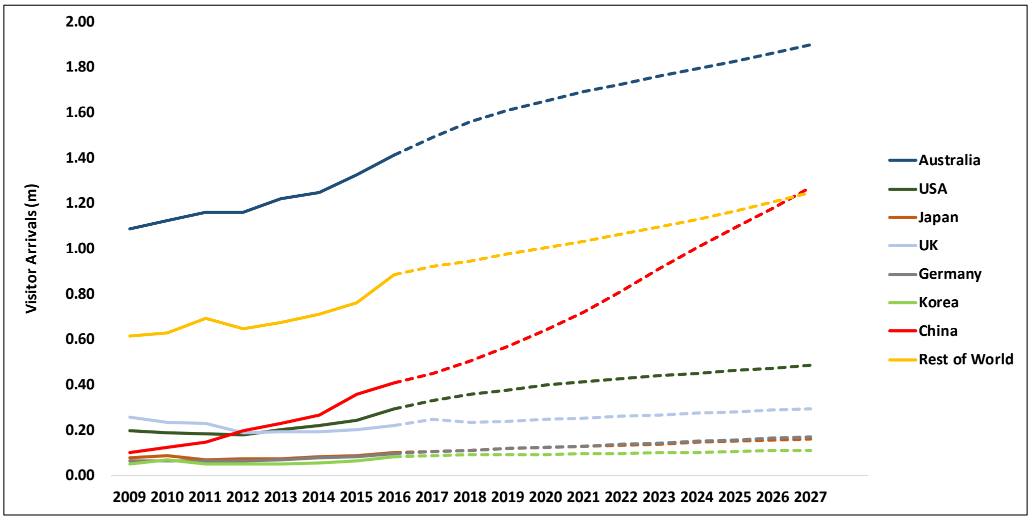
(b) International visitor expenditure is forecast to reach $15.3b by 2023, up 52% from 2016;

(c) Spending by the Chinese market is expected to reach $4.3b, overtaking Australia as our largest spending visitor market in 2020; China is forecast to contribute 37% of total international visitor growth between 2016 and 2023 and 51% of increased international visitor spending;

(d) Australia is expected to remain New Zealand's largest visitor market, in terms of the number of visitor arrivals, with visitor growth of 3.2% per year to 2023; and

(e) Growth in international visitors will be largely driven by holidaymakers.

Figure 1: International Visitor Arrivals to New Zealand (2009-2027)
Actual and forecast, by County of Origin

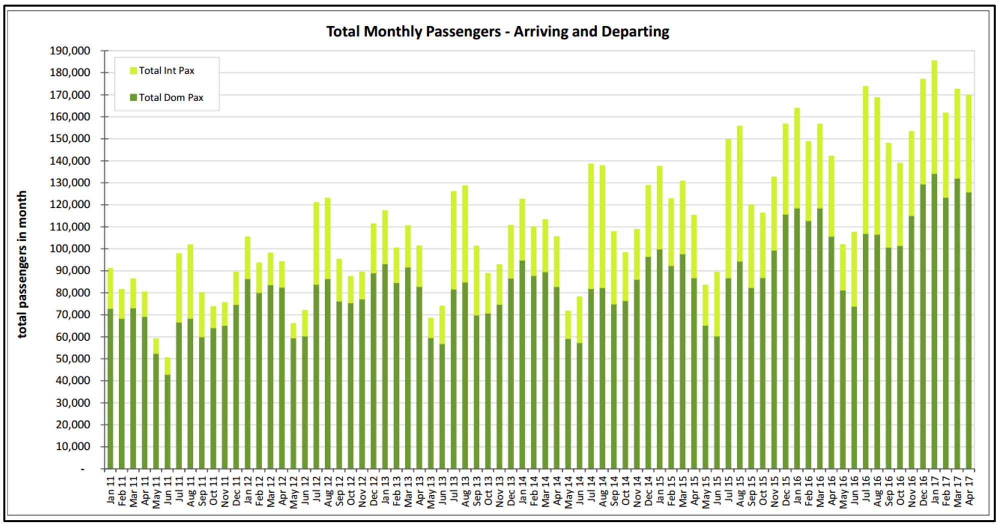


(Source: MBIE to 2023, Horwath HTL 2024-2027)

\#	International visitor arrival numbers published by Statistics New Zealand show the total number of passenger arrivals to the country have increased significantly over the last 2 years in particular. Arrivals to New Zealand increased 22.5% from 2.9 million (2014) to 3.5 million (2016).

6.5	As shown in **Figure 2,** passenger numbers through Queenstown Airport show annual seasonal increases in passenger numbers over the last 6 years. In recently reported data, Queenstown passenger numbers were up 15% in the year ended April 2017 compared to the previous 12 months. International and domestic passenger arrivals on domestic flights were up 16.5% and passenger arrivals on international flights were up 11.7%.

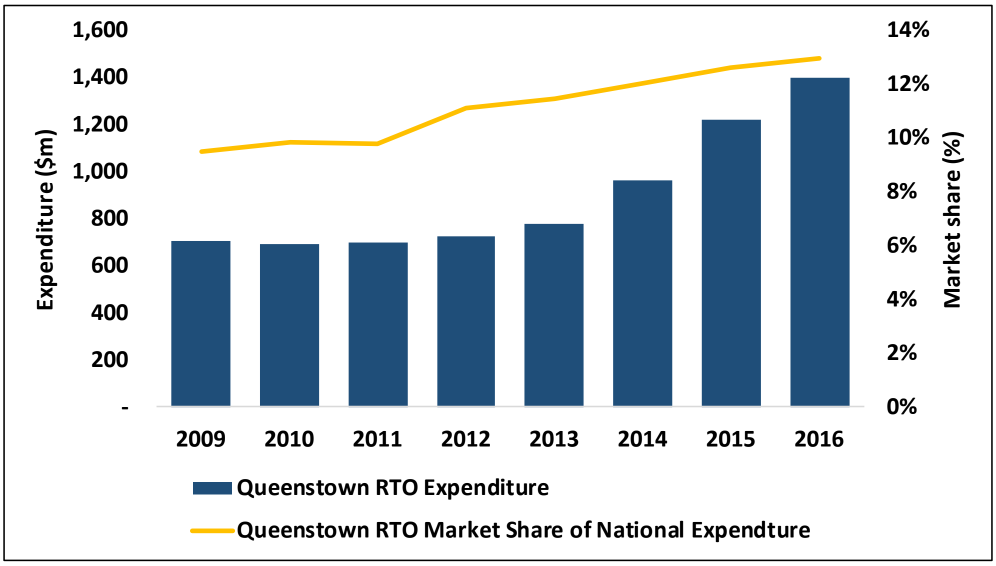
Figure 2: Arrivals to Queenstown Airport 2012-2017 YTD



(Source: Queenstown International Airport)

6.6 **Figure 3** shows that international visitor expenditure in the Queenstown Regional Tourism Organisation (RTO) area (which excludes Wanaka) has been increasing strongly over the last 4 years, according to MRTE data published by MBIE.

Figure 3 Queenstown RTO International Visitor Expenditure and Market Share (YE Dec)



(Source: MBIE)

6.7 Comparing Queenstown's international visitor expenditure to the national international visitor expenditure figures we can also see that Queenstown has been capturing a greater proportion of international visitor tourism expenditure over the last 3 years. In December year-end figures, visitor expenditure in Queenstown relative to national expenditure has increased from 11.1% market share to 13.0% market share in 2016. If we assume that expenditure per person has not significantly changed over that time this indicates that Queenstown has been capturing a greater proportion of New Zealand tourism activity.

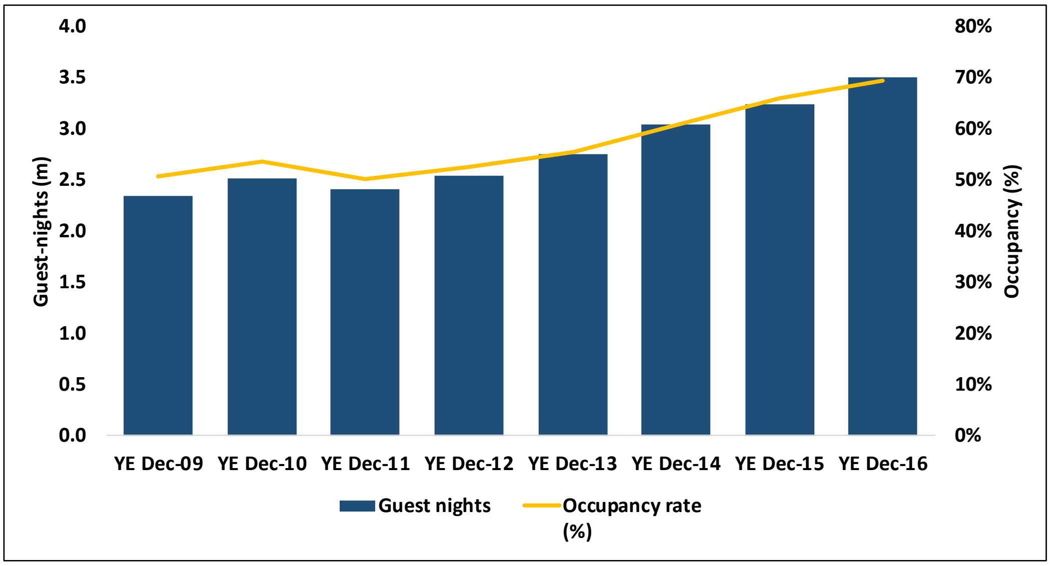
6.8 **Figure 4** and **Figure 5** show that visitors staying in commercial accommodation, and the guest nights spent in commercial accommodation in Queenstown have been increasing steadily since 2011. Additionally, growth in international guest nights has been higher than domestic guest night growth over the past two years.

Figure 4: Guest-Nights in Commercial Accommodation and Visitors (2009–2016) Queenstown RTO

International	2009	2010	2011	2012	2013	2014	2015	2016
Guest-Nights (000's)	**1,585**	**1,763**	**1,598**	**1,642**	**1,808**	**1,998**	**2,173**	**2,439**
Annual Growth		*11.3%*	*-9.4%*	*2.7%*	*10.1%*	*10.5%*	*8.8%*	*12.3%*
Domestic	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Guest-Nights (000's)	**758**	**752**	**807**	**902**	**948**	**1,046**	**1,066**	**1,067**
Annual Growth		*-0.9%*	*7.4%*	*11.8%*	*5.2%*	*10.3%*	*2.0%*	*0.1%*
All Queenstown	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
All Guest-Nights in Commercial Accommodation (m)	**2,343**	**2,515**	**2,405**	**2,544**	**2,756**	**3,043**	**3,239**	**3,507**
Average Length of Stay (days)	2.47	2.55	2.57	2.55	2.59	2.70	2.74	2.55
Visitors (000's)	**947**	**987**	**936**	**998**	**1,063**	**1,125**	**1,184**	**1,374**
Annual Growth		*4.2%*	*-5.1%*	*6.6%*	*6.6%*	*5.8%*	*5.2%*	*16.1%*

(Source: CAM (Statistics New Zealand)

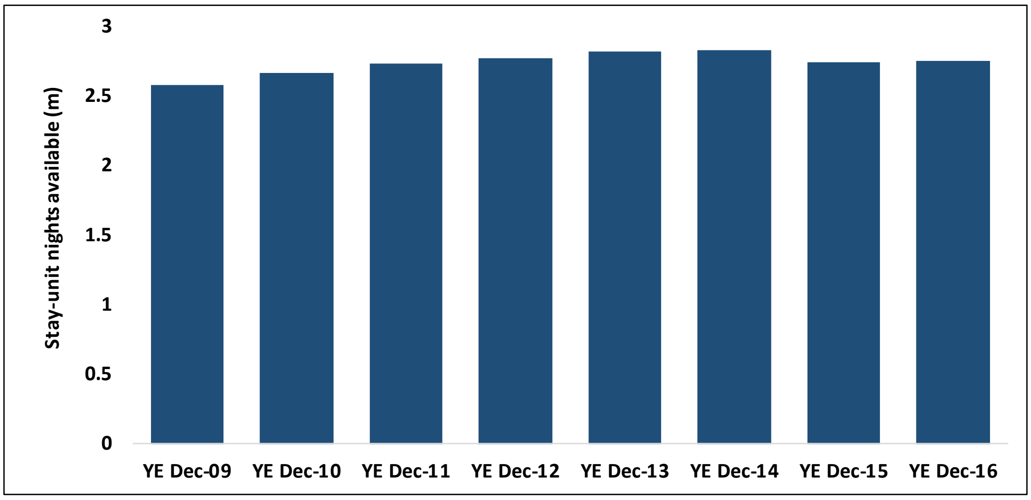
Figure 5: Guest Nights and Occupancy Rates: All Commercial Accommodation in Queenstown RTO



(Source: CAM (Statistics New Zealand))

6.9 The average occupancy rate also shown as the line on the same chart of **Figure 5** has been rising over the same time period because the commercial accommodation supply has remained fairly fixed as indicated by **Figure 6**, which shows commercial accommodation guest night capacity.

Figure 6: Commercial Accommodation Capacity in Queenstown RTO



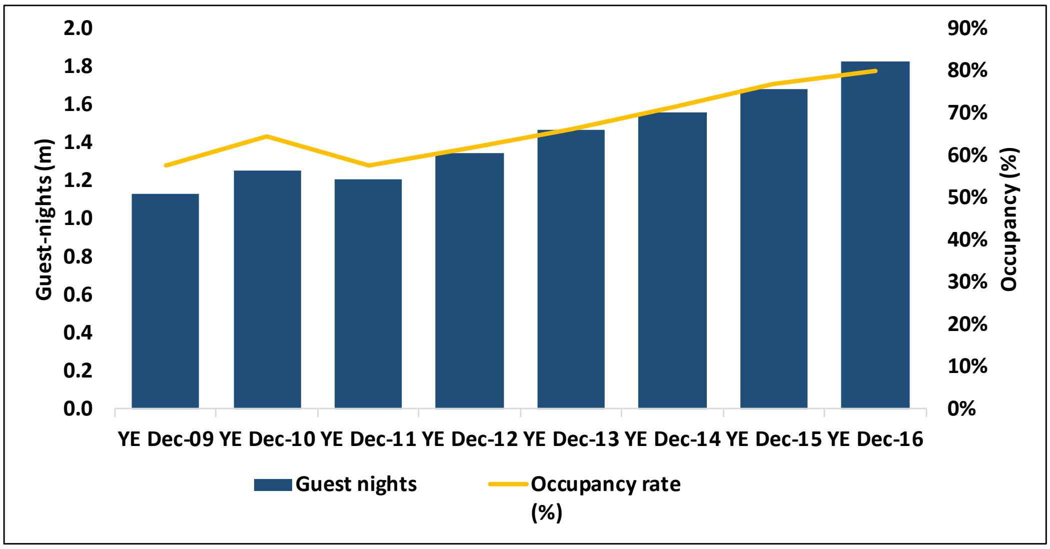
(Source: CAM (Statistics New Zealand))

6.10 As Queenstown commercial accommodation guest nights continue to rise as more tourists visit the destination, occupancy rates at these high levels (ie: 80% and above) are likely to encourage and support development of additional accommodation supply in the short to medium term; not achieving the development of an adequate volume of new commercial accommodation is unsustainable in the long run.

6.11 It should be noted that the annual occupancy rate of 69.5% in 2016 (as shown in right hand column of **Figure 5**) masks the seasonal and accommodation type issues, which contribute to this average. Some accommodation types are now at or near maximum capacity during peak and shoulder periods of the year.

6.12 For example, hotel accommodation is already reaching saturation point with Queenstown hotel occupancy rates averaging 80.1% for the year ended December 2016. **Figure 7** shows that hotel guest nights have been a large contributor to growth in total commercial accommodation guest nights increasing from 1.2m guest nights in 2011 to 1.8m guest nights in 2016, an increase of 51%.

Figure 7: Hotel Guest Nights and Occupancy Rates in Queenstown RTO



(Source: CAM (Statistics NZ))

6.13 As summarised in **Figure 8**, we estimate that there were 5.9m international and domestic visitor nights spent in the Queenstown RTO area in the Year ended December 2016, up 64% from 3.6m in 2009. The strongest growth in visitor nights has been from international visitors (up 75%), with domestic visitor nights up 38%.

Figure 8: Queenstown RTO Estimated Visitor Nights (2009–2016)

Queenstown RTO Visitor Nights (000's)	2009	2010 E	2011 E	2012 E	2013 E	2014 E	2015 E	2016 E
Australia	865	910	836	893	889	955	1,058	1,218
USA	214	199	201	171	239	305	416	501
Japan	122	124	91	111	98	89	112	145
UK	397	336	339	232	226	315	370	386
Germany	112	112	83	67	107	157	179	208
Korea	75	96	87	119	136	124	218	290
China	24	22	50	96	138	204	283	283
Rest of the World	675	630	785	790	763	937	1,171	1,319
Total International	**2,485**	**2,429**	**2,472**	**2,481**	**2,596**	**3,086**	**3,806**	**4,351**
Annual Growth		*-2.3%*	*1.8%*	*0.3%*	*4.6%*	*18.9%*	*23.3%*	*14.3%*
Total Domestic	**1,139**	**1,123**	**1,173**	**1,223**	**1,287**	**1,411**	**1,476**	**1,576**
Annual Growth		*-1.3%*	*4.4%*	*4.3%*	*5.2%*	*9.7%*	*4.6%*	*6.7%*
Total All Visitor nights	**3,624**	**3,553**	**3,645**	**3,703**	**3,883**	**4,497**	**5,282**	**5,926**
Annual Growth		*-2.0%*	*2.6%*	*1.6%*	*4.8%*	*15.8%*	*17.5%*	*12.2%*

(Source: Covec (2009), Horwath HTL (2010-2016))

6.14 As shown in **Figure 9**, we estimate the visitor nights in **Figure 8** were spent by 1.7m visitors in the Year ended December 2016 (ie: visitors who stayed at least one night, excluding day trip visits to Queenstown). This represents an average length of stay of 3.5 nights (3.6 nights for international visitors and 3.1 nights for domestic visitors).

Figure 9: Queenstown RTO Estimated Visitors (2009-2016)

Queenstown RTO Visitors (000's)	2009	2010 E	2011 E	2012 E	2013 E	2014 E	2015 E	2016 E
Australia	263	269	243	258	250	258	284	353
USA	67	60	60	51	69	84	114	149
Japan	33	32	23	28	24	21	26	37
UK	89	73	72	49	47	62	73	82
Germany	31	30	22	18	27	39	44	55
Korea	17	21	18	25	28	24	42	61
China	12	10	24	45	63	89	123	133
Rest of the World	176	160	196	196	185	217	270	328
Total International	**687**	**655**	**659**	**670**	**693**	**795**	**975**	**1,196**
Annual Growth		*-4.7%*	*0.7%*	*1.7%*	*3.4%*	*14.6%*	*22.7%*	*22.7%*
Total Domestic	**389**	**372**	**386**	**400**	**410**	**430**	**447**	**515**
Annual Growth		*-4.5%*	*3.7%*	*3.6%*	*2.5%*	*5.0%*	*3.9%*	*15.2%*
Total All Visits	**1,076**	**1,027**	**1,045**	**1,070**	**1,103**	**1,225**	**1,422**	**1,711**
Annual Growth		*-4.6%*	*1.8%*	*2.4%*	*3.1%*	*11.0%*	*16.1%*	*20.3%*

(Source: Covec, CAM, Horwath HTL)

6.15 Our methodology for estimating both the visitors and visitor nights uses 2009 data provided by Covec regarding Queenstown RTO visits and visitor nights as a base, changes in the average length of stay from the CAM (Statistics NZ) and changes in expenditure from MBIE's Regional Tourism Expenditure data. We have assumed that the average length of stay for Queenstown RTO since 2009 has changed proportionally to the average length of stay for visitors who stay in commercial accommodation. We have also assumed that person nights since 2009 have changed at the same rate as expenditure.

6.16 Our estimates of current visitor nights and our forecast of future Visitor Night growth (shown in **Figure 10**) indicates a significant need for further commercial accommodation development. The number of visitor nights in 2027 is forecast to be 48% higher than in 2017 (a CAGR of 4.0% for the period)

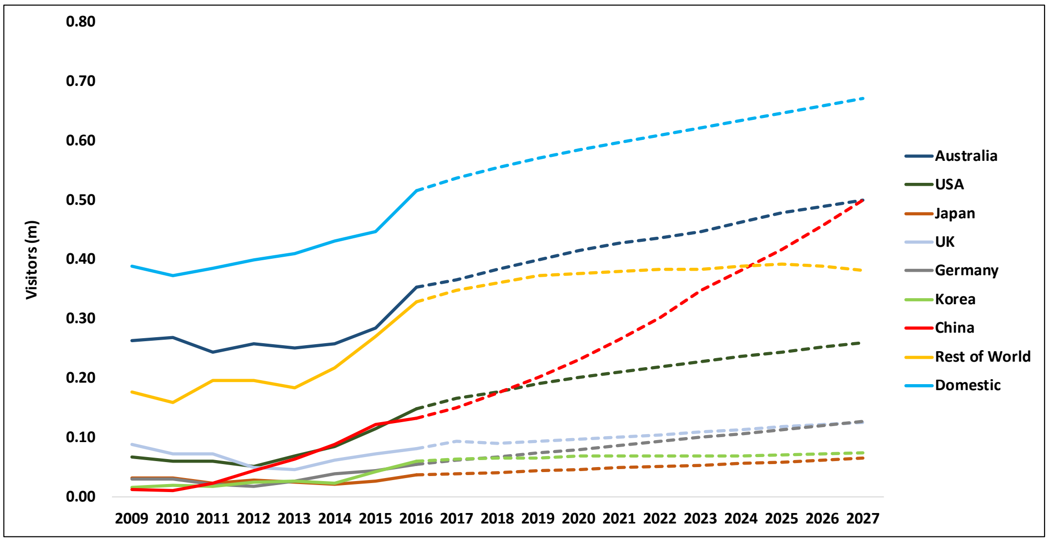
Figure 10: Queenstown RTO Visitor Nights (2017–2027)

Queenstown RTO Visitor Nights (000's)	2017 F	2018 F	2019 F	2020 F	2021 F	2022 F	2023 F	2024 F	2025 F	2026 F	2027 F
Australia	1,262	1,333	1,389	1,452	1,501	1,544	1,586	1,650	1,715	1,761	1,808
USA	558	602	646	690	723	757	791	823	855	886	916
Japan	154	164	175	186	197	208	219	231	243	256	269
UK	443	426	445	465	485	506	530	552	575	598	619
Germany	232	258	284	309	334	361	393	419	446	474	503
Korea	308	311	321	332	335	338	340	342	351	364	373
China	320	373	431	498	575	660	762	840	922	1,015	1,115
Rest of the World	1,401	1,457	1,512	1,530	1,557	1,580	1,588	1,615	1,637	1,627	1,606
Total International	**4,678**	**4,924**	**5,204**	**5,462**	**5,708**	**5,954**	**6,209**	**6,470**	**6,744**	**6,980**	**7,210**
Annual Growth	*7.5%*	*5.3%*	*5.7%*	*5.0%*	*4.5%*	*4.3%*	*4.3%*	*4.2%*	*4.2%*	*3.5%*	*3.3%*
Total Domestic	**1,643**	**1,705**	**1,762**	**1,814**	**1,863**	**1,910**	**1,958**	**2,004**	**2,051**	**2,099**	**2,148**
Annual Growth	*4.2%*	*3.8%*	*3.4%*	*2.9%*	*2.7%*	*2.5%*	*2.5%*	*2.4%*	*2.3%*	*2.3%*	*2.3%*
Total All Visitor nights	**6,321**	**6,629**	**6,966**	**7,276**	**7,571**	**7,864**	**8,166**	**8,475**	**8,795**	**9,079**	**9,357**
Annual Growth	*6.7%*	*4.9%*	*5.1%*	*4.4%*	*4.1%*	*3.9%*	*3.8%*	*3.8%*	*3.8%*	*3.2%*	*3.1%*

(Source: Covec, CAM, Horwath HTL)

6.17 Our estimates of current visitors to Queenstown and our forecast of future Visitor growth are shown in **Figure 11** and **Figure 12.** Visitors at the end of 2016 are estimated to have been 1.7m and the number of visitors in 2027 is forecast to be 0.9m more than the number of visitors in 2017.

Figure 11: Queenstown RTO Estimated Visitors (2009–2027)



(Source: Covec (2009), Horwath HTL (2010-2027))

Figure 12: Queenstown RTO Estimated Visitors (2017–2027)

Queenstown RTO Visitors (000's)	2017 F	2018 F	2019 F	2020 F	2021 F	2022 F	2023 F	2024 F	2025 F	2026 F	2027 F
Australia	366	384	399	415	427	437	446	462	479	489	500
USA	166	178	190	202	211	220	228	236	245	252	259
Japan	39	41	44	46	49	51	54	57	59	62	65
UK	94	90	94	98	101	105	109	114	118	122	126
Germany	61	68	74	80	87	93	101	107	113	120	127
Korea	64	65	66	69	69	69	69	69	71	73	74
China	150	174	201	231	265	303	347	381	417	457	499
Rest of the World	348	360	373	375	380	384	383	388	392	388	381
Total International	**1,288**	**1,360**	**1,441**	**1,516**	**1,589**	**1,661**	**1,737**	**1,814**	**1,894**	**1,964**	**2,032**
Annual Growth	*7.7%*	*5.6%*	*5.9%*	*5.2%*	*4.8%*	*4.6%*	*4.6%*	*4.4%*	*4.4%*	*3.7%*	*3.5%*
Total Domestic	**537**	**554**	**571**	**585**	**598**	**610**	**621**	**634**	**646**	**659**	**671**
Annual Growth	*4.2%*	*3.2%*	*3.0%*	*2.5%*	*2.2%*	*2.0%*	*1.9%*	*2.0%*	*2.0%*	*1.9%*	*1.8%*
Total All Visits	**1,825**	**1,914**	**2,012**	**2,101**	**2,186**	**2,271**	**2,358**	**2,448**	**2,540**	**2,622**	**2,702**
Annual Growth	*6.7%*	*4.9%*	*5.1%*	*4.4%*	*4.1%*	*3.9%*	*3.8%*	*3.8%*	*3.8%*	*3.2%*	*3.1%*

(Source: Horwath HTL)

6.17 However, Queenstown is a unique destination with a highly-valued environment. The challenge Queenstown faces is achieving development of additional visitor infrastructure and facilities, which will maintain the unique visitor experience of the destination while meeting the requirements of expected future demand growth. The Queenstown Park proposals to provide significantly large scale additions to Queenstown's infrastructure in the form of one of the world's largest gondolas, enabling large numbers of visitors to enjoy exceptional landscapes and views without the need to walk over those landscapes, and the opportunity for the establishment of a unique high country village that can provide a base for visitors to not only enjoy the outstanding environment but also be educated about how New Zealand respects and mages the environment, including agri production.

6.18 The growing visitor numbers to Queenstown RTO is impacting the sustainability of continued growth in the region and accommodation is already an area, which is constraining this growth. To meet the growing visitor numbers to the region and the increasing guest nights from these visitors the region must develop more commercial accommodation (potentially with more diverse forms of accommodation). Queenstown Park's contribution to visitor accommodation meets all of those objectives.

6.19 This was identified in 2016 by research associated with "Project Palace" - a government initiative led by New Zealand Trade and Enterprise (NZTE), which has the aim of encouraging overseas investment in new hotels in New Zealand. The research identified that Queenstown and Auckland are the key regions in New Zealand, which currently face a significant shortfall in new hotel investment.

7. QUEENSTOWN'S FUTURE DEVELOPMENT STRATEGY AND VISION

7.1 Queenstown's unique destination proposition has been that it has the feel of a boutique, relatively exclusive visitor destination even though it is in fact a humming tourism hub with a large number of visitors. With the recent strong increases in visitor numbers to the region the destination is becoming more crowded, and the infrastructure and visitor accommodation deficit is become apparent.

7.2 If Queenstown is to retain its unique destination appeal, encouraging the dispersal of new commercial accommodation development will need to be incorporated into the region's strategy.

7.3 Queenstown's range of choices of commercial accommodation plays an important role in maintaining its destination appeal. Accommodation development in the region can be achieved through a combination of larger accommodation developments in the central areas, supported by smaller scale more diverse accommodation developments with a range of accommodation types distributed throughout the region.

8. ENHANCING QUEENSTOWN'S VISTOR DESINATION APPEAL

8.1 Development of the proposed high capacity gondola from Remarkables Park to the Remarkables Ski Area will open up parts of the Queenstown Park land for limited commercial accommodation development. Such accommodation is likely to be in the form of mid-range lodge-style skier and hiker accommodation, one or more small hotels and a limited amount of luxury accommodation. This style of accommodation development will maintain and enhance Queenstown's current accommodation characteristics while at the same time make a small contribution to a growing tourism market in need of additional accommodation capacity.

8.2 Queenstown Park's accommodation style and distance from the centre of Queenstown will help in distributing visitor numbers and ease the concentration of visitors in Queenstown's highest growth areas. It will also support other commercial activities developed in the area and add to range of accommodation experiences visitors can experience in Queenstown because of its unique location and unique travel experience.

8.3 A number of boutique luxury lodges are already available in Queenstown. The areas made accessible by the gondola could allow accommodation of this style to be developed, as well as mid-range and more budget-style accommodation choices.

8.4 The boutique hotel market is not particularly well-developed in New Zealand.

8.5 Examples of New Zealand boutique hotels include The George Hotel (Christchurch), Ohtel (Wellington), Hotel DeBrett (Auckland), The Spire Hotel (Queenstown), Eichardt's Private Hotel (Queenstown) and The Dairy Private Luxury Hotel (Queenstown).

8.6 This is a diverse collection of hotels, some of which are not full service hotels and some of which probably would not be considered to provide a luxury accommodation standard on an international scale. Because this market is small and doesn't provide a standardised accommodation offering, some guests may not know what to expect when booking this form of accommodation.

8.7 There is less differentiation between the New Zealand boutique luxury hotel product and the more commoditised product offered by larger scale 5-star hotels.

8.8 The size, seclusion and views that the Queenstown Park development sites offer are appropriate for some luxury style accommodation to be developed as well as a range of mid-market offerings.

9. EXPANDING QUEENSTOWNS COMMERCIAL ACCOMMODATION SUPPLY

9.1 Development of commercial accommodation at Queenstown Park will not result in an oversupply of any form of commercial accommodation in Queenstown. Visitor numbers indicated by the forecasts included in this evidence indicate that visitor night demand in Queenstown will continue to increase relatively strongly over the next 10 years. With occupancy levels in all commercial accommodation currently at approximately 70% and in hotels at approximately 80%, additional new supply will help ease the current shortage of accommodation.

9.2 In order to make decisions about where the most appropriate locations would be for commercial accommodation there are some considerations which I believe should be taken into account.

9.3 The New Zealand Tourism Strategy 2015 strongly states that the New Zealand tourism industry has the need to improve yield so as to improve the financial sustainability of the industry. This yield relates to the expenditure per day of the visitors, and in total during their stay.

9.4 Given Queenstown's premiere position as the "jewel in the crown" of New Zealand tourism, there is no doubt that Queenstown has a strategic role to play in achieving (and benefiting from) the desired yield performance improvement of the New Zealand industry.

9.5 One means for achieving this is in terms of the price paid by visitors for commercial accommodation.

9.6 This implies that new commercial accommodation supply should preferably be located in desirable locations, with good views, that can best command premium room rates, commensurate with the location and standard of the physical product provided, but which also provide value for money to the visitors.

9.7 Co-location of accommodation product with demand "drivers" that add value to the overall commercial accommodation product and quality of the visitor experience, and the positioning of the accommodation to exploit to best effect Queenstown's natural scenic views, would be key means of optimising demand and yield performance.

9.8 The rural farm-based development zones in an alpine setting planned at Queenstown Park, accessed by way of a spectacular gondola ride, will meet all of these objectives.

10. QUEENSTOWN AS A LUXURY TRAVEL DESTINATION

10.1 Queenstown is increasingly regarded as a premium leisure visitor destination internationally, based on its reputation as a boutique "all seasons" mountain resort with spectacular scenery. Queenstown is also positioned as the adventure capital of New Zealand with activities such as hunting, fishing, bungy jumping, and jet boating.

10.2 Luxury property development in Queenstown in recent years has included luxury private residences, the Millbrook Golf Resort, The Hills Golf Course and luxury lodges. This investment in international standard property in and around Queenstown, often in rural residential locations, has helped to improve the desirability of Queenstown as a visitor destination.

10.3 At the same time, Queenstown has become more easily accessible as a result of continued investment in Queenstown International Airport and improved airline navigation systems allowing all-weather flights. Queenstown Airport has recently started night flights.

10.4 Queenstown now has a Corporate Jet Services “mini-terminal”. This provides an international standard premium service for corporate jet passengers arriving and departing Queenstown ensuring a quick, smooth transition from plane to destination. Many if not most corporate jets, which come to New Zealand, visit Queenstown.

10.5 Key factors, which could support an increase in Queenstown’s share of the overall demand for luxury accommodation in New Zealand are:

(a) Queenstown is increasingly widely recognised as an iconic “four seasons” tourist destination internationally, because of its beautiful scenery and landscape, and wide range of tourist activities available (both summer and winter). Queenstown Park proposals are very complementary to and further support Queenstown’s broad appeal;

(b) Queenstown’s overall tourism infrastructure has been relatively small-scale compared to other main centres (eg: airport capacity and airline frequency);

(c) Queenstown International Airport is continuing to improve its terminal facilities and infrastructure to manage increasing activity and ease terminal / airfield congestion during peak times;

(d) Improving air capacity and jet services assisting in making Queenstown more accessible and affordable, especially from Auckland market;

(e) Conference facilities in Queenstown have been relatively inferior compared to other main visitor centres; however the proposed Remarkables Park Conference Centre will increase Queenstown's conference capability and will help fill rooms especially during the main troughs in international demand (May–June) each year; and

(f) on-going investment and development of the region's ski fields to provide a better ski experience during the winter season, particularly investment into snow making equipment, which is increasing the certainty of the duration of the ski season. The Queenstown Park Gondola Proposal will be a game changer in terms of increasing the accessibility and appeal (great views and no challenging road for international urban visitors) of one of New Zealand's most famous alpine recreation environments.

11. CONCLUSION

10.1 The Queenstown Park location provides a strong location and visitor experience differentiation where guests will be able to enjoy a unique New Zealand high country experience. Accommodation located at Queenstown Park will therefore have a marketing advantage over competitors, and this will assist in making the overall development financially viable.

10.2 Enabling high quality rural residential residences also supports and improves the desirability of Queenstown as an international visitor destination.

10.3 The Queenstown Park proposals are consistent with the thrust of national strategies developed and promoted by Tourism Industry Aotearoa and Tourism New Zealand to develop and enhance New Zealand as an appealing international visitor destination.

Stephen Hamilton
9 June 2017