

Mounga ki Moana: Taranaki Crossing Experience – Business Case

February 2018



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Chair
Tapuae Roa Lead Team
c/- Venture Taranaki Trust

1 February 2018

Taranaki Crossing Experience – Business Case

Dear Privacy of nat

We are pleased to provide our report detailing the business case for the development of the Taranaki Crossing Experience in Egmont National Park. This report is provided in accordance with our statement of work to Venture Taranaki Trust dated Monday 18 December 2017, and should be read in conjunction with the restrictions contained in Appendix A.

If you have any queries, please do not hesitate to contact us.

Yours sincerely

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Partner

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Table of Contents

Executive Summary	2
Strategic Case	7
Introduction	7
The Taranaki Crossing Experience Concept	8
Key Stakeholders	13
Project Objectives	14
Current Arrangements	15
Key Risks	17
Strategic Context and Alignment	19
Economic Case	25
Quantified Benefits	25
Non-quantified Benefits	34
Estimated Costs	35
Net Economic Benefits	41
Next Steps and Indicative Timeline	42
Appendix A: Restrictions	43

Executive Summary

Taranaki's economy has traditionally been heavily reliant on two industries, oil and gas and the dairy industry. It has been recognised there is a need to diversify the region's economy and remove the risk of reliance on these industries, both of which have recently experienced downturns. One sector where Taranaki is well positioned to achieve this diversification, due to its abundance of natural assets, is the visitor sector.

Mount Taranaki is the cultural and spiritual heart of the region. It dominates the view from every angle and many consider Te Mounga to represent 'home'. Recently recognised as a person in its own right during the Mounga settlement process with Iwi, Mount Taranaki is a sacred taonga. As the central hub of Taranaki, both visually and geographically, it stands sentinel to Taranaki's turbulent past and acts as a lynchpin to the wider cultural tourism product and stories throughout the region.


Recognising this, *Mounga ki Moana: The Taranaki Crossing Experience* – has been identified as the number one priority for development. The concept of the Taranaki Crossing Experience is a series of unique experiences that make up the mountain to sea journey that will transform the visitor industry for the Taranaki region and hopefully become a 'must do' tourism attraction in New Zealand.

Description of the Project

The whole Taranaki Crossing Experience journey is approximately 41km, between Dawson Falls on the eastern side of Mount Taranaki to Oakura on the edge of the Tasman Sea (as shown in Figure 1).

In addition to the mountain to sea journey, the North Egmont Visitor Centre (NEVC), situated almost 1,000 metres up Mount Taranaki, and its surrounding infrastructure will be upgraded to a world class visitor destination. It will become the hub of the Taranaki Crossing Experience and be used to educate and inform visitors of all ages including students from primary through to tertiary level, about local culture, the mountain's significance, history, conservation efforts, biodiversity and flora and fauna.

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¹ Image supplied by Venture Taranaki

² Commercial Information

The Taranaki Crossing Experience provides a multitude of experiences that can be enjoyed as:

- A series of one day experiences, with accommodation and hospitality either in or out of Egmont National Park, over four (or more) days that allows and encourages visitors to enjoy other attractions in the region as part of a longer stay.
- Individual one day experiences where visitors can choose which experience they prefer to enjoy as part of their visit to Taranaki.
- A multi-day experience for those visitors wanting a longer journey with accommodation in Egmont National Park (a mixture of Department of Conservation huts and commercial accommodation).
- An interactive experience at the world class NEVC educating and informing visitors of all ages about local culture, the mountain's significance, history, conservation efforts and flora and fauna.

The Taranaki Crossing Experience will also enhance and expand on the Taranaki Mounnga Project (TMP) -a unique, landscape scale ecological restoration project which aims to increase biodiversity on the mountain. Creating opportunities for community and visitors to access, experience and be inspired by the Mounnga through improved public infrastructure, facilities and links to expanded conservation products and experiences already in development, is key to the success of this existing project.

As the signature tourism offering used to market Taranaki and increase visitor numbers, both domestically and internationally, the Taranaki Crossing Experience would also become a catalyst for wider development of a variety of tourism products throughout the region, creating a snowball effect in terms of visitor sector growth.

Funding Required From Regional Growth Initiatives

The total estimated cost of the development of the Taranaki Crossing Experience is approximately \$^{Comme}Commercial Inform, which includes approximately \$^{Commercial Information} of already planned investments that contribute to the overall experience such as the Pouakai Crossing³, car parking and roading upgrades and local investments from Taranaki's regional and district councils. The required remaining funding is therefore \$13.3million that is summarized in Table 1. This funding is being sought from the Regional Growth Initiatives Fund.

Table 1 Funding required for the Taranaki Crossing Experience

Components	Cost estimate	Comment
Required components of the Taranaki Crossing Experience, including: <ul style="list-style-type: none"> • NEVC upgrade • Upgrades to existing tracks • Supporting infrastructure upgrades • Feasibility studies on ^{Commercial Information} and Dawson Falls to NEVC track and resulting physical works if warranted 	\$ ^{Commercial Information}	The capital costs are expected to be spent over the next four financial years.
	\$ ^{Commercial Information}	The operational cost estimate covers a ^{Commer} year period ^{Commercial Information} .
Total Estimated Cost	\$ ^{Commercial Information}	

³ Note: The Pouakai Crossing is one of the experiences that make up the overall Taranaki Crossing Experience. The Pouakai Crossing is also promoted under this name as a one-day walk and DOC has advised the Pouakai Crossing is likely to become one of its new "Day Hikes", the one-day equivalent of a Great Walk.

A Phased Approach

Funding will be phased according to identified priorities and results of feasibility/due diligence studies on components of the initiative. The expenditure required from the Regional Growth Initiatives Fund is \$13,340,376 which includes both capital and operational expenditure. The staging of this expenditure is outlined below along with the total operational cost for the following ten years of the project:

Capex	Before 30 June 2018	2018/ 2019	2019/ 2020	2020/2021	Total Capex	Total Opex (over 10 years 2020 - 2031)	Total
Total estimate capex expenditure (including Comm % contingency)	\$Commercial Informa	\$Commercial Information	\$Commercial Information	\$Commercial Information	\$Commercial Information	\$Commercial Information	\$Commercial Information

For a full breakdown of phasing please refer to Table 28 on page 38

The intention is to have the Taranaki Crossing Experience complete and ready for an increased visitor season over the summer of 2021/22.

Primary Objectives

The primary objectives of the Taranaki Crossing Experience are:

- To support both DOC and Taranaki Mouna Project's objectives of restoring, protecting and showcasing the Egmont National Park environment and to help stem the loss of biodiversity in New Zealand.
- To provide a premier education and information experience - for domestic and international visitors through to students from primary through to tertiary level - uniquely in situ in an alpine environment.
- Provide Iwi with opportunities to share their history and culture as well as develop businesses.
- Support Tourism New Zealand's objectives of seasonal and geographic dispersal of visitors.
- To substantially increase domestic and international visitor numbers and expenditure in Taranaki through provision of an iconic, unique 'Must Do' experience which underpins the sustainability of the sector.

The Taranaki Crossing Experience will achieve these objectives in a variety of ways, including:

- Protecting the environment and enhancing the biodiversity for future generations.
- Capitalising on recent investment and strengthening links between the assets of the region's councils and the Taranaki Mouna Project.
- Increased awareness and education of the natural environment, conservation efforts, the cultural significance of Te Mouna, its legend and relevance to the eight Taranaki Iwi.
- Providing Iwi with opportunities to leverage the investment into supporting business ventures, such as transport, guiding and accommodation, at the same time as enabling them to express their guardianship 'kaitiakitanga' of the mountain and their hospitality 'manaakitanga' through telling their history, stories and sharing their cultural values

- Providing an alternative premier central North Island environmental experience to better balance sustainable visitor flows through the wider area and alleviate growing congestion in other areas, such as the Tongariro Alpine Crossing.
- Improving contributions to the local and regional economies through increased visitor expenditure, local employment opportunities and the flow on effects of increased visitor numbers that will in turn sustain additional visitor product offerings.
- Raise track standards to a level where each route features in DOC's "Day Hikes" promotion.

Economic Benefits

The Taranaki Crossing Experience is likely to produce a range of benefits for the people of Taranaki and its economy. There are likely to be material impacts which contribute to Taranaki's economy, as well as a range of broader benefits, including those summarised above, which have not been quantified at this point.

The assessment undertaken has quantified the economic benefits related to the following areas:

- Additional tourism expenditure in the Taranaki region.
- New economic output from transport businesses in the Taranaki region.
- New economic output from tourism operators in the Taranaki region.
- Additional economic activity at North Egmont Visitors Centre.

Table 2 below summarises the quantified benefits (as above) of the Taranaki Crossing Experience, using an assessment period of ten years post opening for three scenarios, where the growth in visitor numbers varies. Note that the benefits and costs include already planned expenditure, including for example the costs related to the Pouakai Crossing project which is currently underway. As Scenario 1 is based on national visitor growth already occurring, the proposed investment in improved experiences is more likely to lead to the higher outcomes suggested for Scenarios 2 and 3. This level of growth is likely to be reinforced when the Pouakai Crossing section of the Taranaki Crossing Experience is promoted as a DOC Day Hike. The Taranaki Crossing Experience may also act as a catalyst for its own success generating a positive feedback loop in which further growth is created in a shorter time frame.

Table 2 Cost-benefit analysis summary

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Strategic Alignment

In addition to the quantified and non-quantified benefits outlined above, the Taranaki Crossing Experience strongly aligns with the strategic objectives of a number of supporting organisations and key stakeholders; including:

- Tapuae Roa: Make Way for Taranaki Regional Economic Development Strategy – which emphasises accelerating economic growth in the visitor sector in particular.
- Taranaki Visitor Sector Draft Action Plan – which identifies the Taranaki Crossing Experience as one of the priority action items.
- Maori Economy Action Plan - Nga Iwi o Taranaki are a key partner in and will be critical to the successful implementation of Tapuae Roa.
- Department of Conservation - the Taranaki Crossing supports DOC's overall mission and it presents countless opportunities to showcase DOC's conservation efforts through business partnerships and grow the number of people engaging with conservation and its benefits.
- Taranaki Mouna Project - the Taranaki Crossing Experience, and in particular, the upgrade of the North Egmont Visitor Centre will assist with creating “opportunities for health, environmental education benefits as well as skill development as a result of the close connection with nature”⁴, supporting the Taranaki Mouna Project's overall mission.
- Tourism New Zealand - the Taranaki Crossing Experience will assist with one of Tourism New Zealand's aims of “encouraging tourists to visit areas beyond the gateway regions and traditional tourist highlights of Auckland, Rotorua and Queenstown”⁵ to alleviate pressure on congested areas and ensure regional New Zealand benefits from increased visitor expenditure.

The Taranaki Crossing Experience is intended to be delivered in a partnership between the various stakeholders with the common vision of achieving an iconic tourism experience for the region and assisting to transition Taranaki to a more diversified economy while protecting the environment.

⁴ Vision, Taranaki Mouna, <http://taranakimouna.nz/the-project/vision/>

⁵ Tourism New Zealand: Four Year Strategic Plan, 2017

Strategic Case

Introduction

Taranaki's economy has traditionally been heavily reliant on two industries, oil and gas and the dairy industry. It has been recognised there is a need to diversify the region's economy and remove the risk of reliance on these industries, both of which have recently experienced downturns. One sector where Taranaki is well positioned to achieve this diversification, due to its abundance of natural assets, is the visitor sector.

Taranaki's visitor sector has been growing – but has the potential to substantially accelerate the current growth rate. “Visitor expenditure for the twelve months to October 2017 was estimated at \$362 million for the Taranaki region, an increase of 12% relative to the previous twelve month period”⁶. However, this accounts for only 1.3% (approximately) of national tourism spend. Taranaki is heavily reliant on domestic visitation which accounts for 80% of expenditure and although 2.3 million guest nights are recorded in the region annually, many are due to a large ‘visiting friends and relatives’ market - only 637,000 guest nights are commercial⁷.

MBIE's national tourism forecasts show annual international visitor expenditure increasing 52.1% to \$15.3 billion by 2023⁸. For Taranaki to be able to attract more of this lucrative international tourism market and increase its market share, ensuring the sector becomes a substantial contributor to the local economy, the region needs to optimise the use of its assets and define a key visitor offering that will become a New Zealand ‘Must Do’. This aligns with Tourism New Zealand's drive to ensure visitors are regionally dispersed in order to widen the benefits from international visitor growth while alleviating pressure on key traffic areas. The Taranaki Visitor Sector Draft Action Plan (VSDAP)⁹ has determined that Mount Taranaki is the key to the development of an iconic outdoor cultural and nature based experience that will be the catalyst for visitor attraction and growth.

Mount Taranaki is the cultural and spiritual heart of the region. It dominates the view from every angle and many consider Te Mounga to represent ‘home’. Recently recognised as a person in its own right during the Mounga settlement process with Iwi, Mount Taranaki is a sacred taonga. As the central hub of Taranaki, both visually and geographically, it stands sentinel to Taranaki's turbulent past and acts as a lynchpin to the wider cultural tourism product and stories throughout the region.

Mount Taranaki is also one of the most accessible alpine and conservation environments in the country due to its close proximity to New Plymouth. People can both tramp or ski on Mount Taranaki and surf or swim in the Tasman Sea in the same day, and then soak up the region's hospitality in the evening. When you combine this accessibility with the Mounga's cultural heritage, its importance to the region and its conservation imperatives, as evidenced by the Taranaki Mounga Project, it is ideally positioned to be the hub of a unique product offering.

Recognising this, VSDAP has identified a new experience – *Mounga ki Moana: The Taranaki Crossing Experience* - as the number one priority for development. The experience has been developed to have a broad appeal across all market segments providing something for everyone irrespective of age, fitness or cultural norms. Aspects of the experience are available throughout the entire year providing consistency of visitation. This unique and iconic ‘mountain to sea’ or mounga ki moana offering will become a significant visitor attractor for international visitors as well as nature loving New Zealanders.

⁶ Taranaki Visitor Statistics, Venture Taranaki Trust, September 2017

⁷ Ibid

⁸ New Zealand Tourism Forecasts 2017-2023, May 2017, P. 1

⁹ Note: The Taranaki Taranaki Visitor Sector Draft Action Plan is still in draft form and has not yet been made public. The Taranaki Taranaki Visitor Sector Draft Action Plan is part of Tapuae Roa Make Way For Taranaki, Taranaki's Regional Economic Development Strategy.

This assumption is backed by internationally renowned travel guide Lonely Planet which named Taranaki as the second best region in the world to visit in their 'Best in Travel Guide 2017'. A major factor of the recommendation was Taranaki's awe-inspiring landscape and, at its heart, Mount Taranaki and Egmont National Park.

Visitor numbers to Taranaki have increased substantially over the previous two years. There was an 8% increase in visitor numbers in 2016 compared with 2015¹⁰ and 2017 saw a further 12% increase in visitor numbers compared with 2016. This positive increase in visitor numbers positions Mount Taranaki well to become the hub for development of a major new experience that builds on visitor interest and accelerates this growth.

Conservation and the protection of biodiversity is a well-established and growing initiative in Taranaki. The Taranaki Mounnga Project (TMP) is a unique, landscape scale ecological restoration project. A key objective of TMP is to build strong long term community support and commitment to improving and restoring the biodiversity of the Taranaki Mounnga. Creating opportunities for community, visitors and students to access, experience and be inspired by the Mounnga through improved public infrastructure and facilities is key to the success of the project.

In addition, the TMP has already established initiatives with New Plymouth District Council to promote its objectives through Puke Ariki New Plymouth's integrated library and museum) via installations of information/exhibitions to educate and showcase the project. It is also working with the Council's Brooklands Zoo to create similar installations. The Zoo already assists the Department of Conservation with injured native birdlife rehabilitation and they are working with the TMP to help accommodate the re-introduction of native birds, invertebrates and lizard species. Both facilities are popular with the community and play an important role in the regions tourism sector. Together they have over 330,000 visitors a year.

The Taranaki Regional Council's internationally significant Pukeiti Gardens, a key part of the Taranaki Crossing Experience, is also supporting the project by facilitating a Kaka re-introduction initiative. In addition, Purangi Kiwi, based in the District, is currently seeking to establish a kiwi breeding facility which ultimately would seek to release kiwi on the mounnga. This facility and associated education programme would become part of the extended conservation visitor experience on offer in the region.

The Taranaki Crossing Experience Concept

The concept of the Taranaki Crossing Experience is a series of unique experiences that make up the mountain to sea journey that will transform the visitor industry for the Taranaki region. The whole Taranaki Crossing Experience journey is approximately 41km and is split into multiple experiences that can be enjoyed as:

- A series of one day experiences, with accommodation and hospitality either in or out of Egmont National Park, over four (or more) days that allows and encourages visitors to enjoy other attractions in the region as part of a longer stay.
- Individual one day experiences where visitors can choose which experience they prefer to enjoy as part of their visit to Taranaki.
- A multi-day experience for those visitors wanting a longer journey with accommodation in Egmont National Park (a mixture of Department of Conservation huts and commercial accommodation) combined with off Mountain educational experiences.
- An interactive experience at the world class North Egmont Visitor Centre (NEVC) educating and informing visitors of all ages about local culture, the mountain's significance, history, conservation efforts and flora and fauna.

In addition to the mountain to sea journey, the Taranaki Crossing Experience includes the NEVC. The NEVC will be a 'must see' attraction that educates visitors about conservation efforts, the native flora and fauna and

¹⁰ Taranaki Visitor Statistics, Venture Taranaki Trust, December 2016

the cultural significance and history of Mount Taranaki, all on the slopes of the mountain itself, so visitors can directly experience what they are learning about.

The entire mountain to sea journey is shown in Figure 2 Indicative alignment of the Taranaki Crossing below with each of the four experiences summarised in Table 3.

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Figure 1 shows each experience in different colours. Experience one in light blue, experience two in red, experience three in green¹², and experience four in pink. NEVC can be seen at the point between experience one and two.

Table 3 Taranaki Crossing Experience description¹³

Experience	Route	Length / time	Highlights
One	<p>Dawson Falls to North Egmont</p> <p>This includes the following existing tracks:</p> <ul style="list-style-type: none"> • Wilkies Pool Loop Track • Ridge Track • Manganui Gorge Track • Part of the Round the Mountain Track 	<p>Approximately 11km</p> <p>5 - 6 hour walk</p>	<p>Distinctive “Goblin Forest”</p> <p>Wilkies Pools - a series of cascades in a 20,000-year-old lava flow</p> <p>A forest of mountain Totara and cedar before emerging in subalpine scrub at the Stratford Plateau</p> <p>Great views of Mt Taranaki and Fantham’s Peak, out over the Taranaki countryside to the</p>

¹¹ Image supplied by Venture Taranaki

¹² Note: The track shown in green is the potential Pouakai to Pukeiti track that requires a separate feasibility study to determine if it will be constructed.

¹³ Taranaki Crossing description has been taken from the New Great Walk – initial proposal form submitted in November 2017 by Venture Taranaki Trust

	<ul style="list-style-type: none"> Lower part of the Summit Track (known as Puffer Track) 		<p>mountains of Tongariro National Park and over the South Taranaki coastline with views to the South Island on clear days</p> <p>The one-day walk terminates at the North Egmont Visitor Centre</p> <p>In Park accommodation at The Camphouse, a historic building dating back to the 1860s with capacity for thirty two people in bunk beds</p>
<p>Two (The Pouakai Crossing)</p>	<p>North Egmont to Pouakai Hut/Mangorei Road</p> <p>This includes the following existing tracks:</p> <ul style="list-style-type: none"> Holly Hut Track Ahukawakawa Track Pouakai Track Mangorei Track 	<p>Approximately 15km¹⁴ to Mangorei Road or 11km to Pouakai Hut</p> <p>8 - 9 hour walk if completing as a one-day walk (the Pouakai Crossing)</p> <p>5 - 6 hour walk if staying at Pouakai Hut</p>	<p>Views of the Pouakai Ranges and the Ahukawakawa Wetland</p> <p>Bells Falls</p> <p>The Pouakai tarns</p> <p>The one-day walk continues past Pouakai Hut and terminates at the Mangorei Road car park</p> <p>In Park accommodation at Pouakai Hut, sixteen bunk beds. This means that sunset/sunrise can be experienced at the Pouakai tarns</p>
<p>Three¹⁵</p>	<p>Commercial Information [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	<p>Commercial Information [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	<p>Commercial Information [REDACTED]</p> <p>[REDACTED]</p> <p>Commercial Information [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>Commercial Information [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>

¹⁴ Note: 15km after the Pouakai Crossing upgrades have been completed

¹⁵ Commercial Information [REDACTED]

¹⁶ Note: Connecting directly to Pukeiti will require a new track to be constructed, the route has yet to be finalised and requires further consultation.

			Commercial Information [Redacted]
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NEVC	A world class visitors centre	Visitors can spend as little time or as long as they choose enjoying the NEVC	A café, a retail area, and DOC staff to help with track information and weather updates. Interactive displays used to educate and inform visitors of all ages including students from primary through to tertiary level, about local culture, the mountain’s significance, history, conservation efforts and flora and fauna.

North Egmont Visitor Centre

The overall Taranaki Crossing Experience will be enhanced by the proposed upgrade¹⁷ to the NEVC and surrounding infrastructure which is situated almost 1,000 metres up Mount Taranaki at North Egmont. Currently the NEVC includes outdated displays, a small café, a retail area, and DOC staff to help with track information and weather updates. There are also public toilets and a car park onsite. It is proposed the NEVC and its surrounding infrastructure is upgraded to a world class visitor destination used to educate and inform visitors of all ages including students from primary through to tertiary level, about local culture, the mountain’s significance, history, conservation efforts, biodiversity and flora and fauna. The location of the NEVC on the slopes of the mountain is ideal. It is within forty minutes of a major population centre and airport, with accessible and developed roading infrastructure. It has the potential to be a stunning hub for the Taranaki Crossing Experience as it is located at the end of experience one and at the start of experience two. The NEVC will provide a wide range of information plus a short immersive experience of the Egmont National Park for those visitors who are time constrained or not wanting/unable to undertake a physically active activity, all with a backdrop of stunning views of the North Taranaki coast and Central North Island.

Summary

The predominant users of the walking tracks which comprise the Taranaki Crossing Experience are expected to be, what DOC defines as, ‘backcountry comfort seekers’¹⁸. These visitors have little or only moderate experience of the backcountry and the priority is therefore on providing them with safe facilities, a good track surface and a degree of comfort in camping and hut facilities¹⁹ if they choose to accommodate on the mountain. Currently, there are a number of issues with the existing tracks that make up part of the Taranaki

¹⁷ Note: The North Egmont Visitors Centre upgrade plan has yet to be confirmed and requires further scoping plus significant public and iwi consultation.

¹⁸ As per the Standards New Zealand – NZ Handbook: Tracks and Outdoor Visitor Structures SNZ HB 8630:2004

¹⁹ Pouakai Crossing Business Case, PwC, February 2017

Crossing Experience, mainly relating to the different standard of the tracks across the route. Aligning these standards to ensure a consistent experience for backcountry comfort seekers will increase the overall attractiveness of the Taranaki Crossing Experience and extend the season for which the track can be utilised, making it a much better experience proposition for potential visitors.

Current market trends appear to indicate a strong preference among walkers and visitors for one day walks. The Taranaki Crossing Experience delivers up to four of these²⁰, at the same time as catering to those walkers who want a multi-day trip. The 'Experience' also has the potential to become another of New Zealand's Great Walks, as DOC's research suggests Great Walk visitors are seeking "unique scenery and natural wonders, and at least three of the following: volcanoes, mountains, water features, glaciers and flora and fauna". The Taranaki Crossing offers all these experiences, with the sole exception of glaciers²¹.

There are currently planned upgrades to sections of the Taranaki Crossing Experience that include the improvements and formal recognition of the Pouakai Crossing as a standalone track (which will be listed as one of DOC's newly branded Day Hikes) and improvements to facilities and car parking at certain road ends. However, to enable an attractive, more easily accessible tourism product, a full service offering must be developed.

This will include:

- a number of further upgrades to raise the standard of existing tracks
- detailed feasibility studies of the proposed development of a new track from Pouakai Hut to Pukeiti and upgrading the track from Dawson Falls to NEVC
- Commercial Information
- an upgrade to North Egmont Visitor Centre
- shuttle and transport options including cycle hire at Pukeiti and/or Oakura
- consistent branding and marketing
- potential upgraded and extended accommodation close to the current Pouakai Hut
- high-quality amenities along the track itself
- further upgrades to road ends.

It is essential that limitations are minimised to ensure the Taranaki Crossing Experience reaches its full potential and delivers additional visitors to the Taranaki region.

The Taranaki Crossing Experience is intended to be delivered in a partnership between the various stakeholders with the common vision of achieving an iconic tourism experience for the region thereby assisting with transitioning Taranaki from an economy based on natural resources such as water, land, climate, minerals and oil, toward a value-adding economy characterised by a greater reliance on human comparative advantage²².

As the signature tourism offering used to market Taranaki both domestically and internationally, it would become a catalyst for wider development of a variety of tourism product throughout the region creating a snowball effect in terms of sectoral growth. The Taranaki Crossing Experience delivers a range of activities that appeal to, and can be accessed by, a variety of market segments. All this combined with the fact it is the

²⁰ Commercial Information

²¹ Taranaki Crossing description amended from the New Great Walk – initial proposal form submitted in November 2017 by Venture Taranaki Trust

²² Tapuae Roa: Make Way For Taranaki Strategy, Taranaki Regional Economic Development Strategy, August 2017

key icon in Taranaki, with cultural and conservation significance, creates the potential for it to become a 'must do' tourism attraction in New Zealand.

Key Stakeholders

There are a number of key stakeholders that have a vested interest in the Taranaki Crossing Experience. They are summarised along with their areas of interest and/or responsibility in Table 4 below.

Table 4 Stakeholder summary

Stakeholder	Interest / Responsibility
Ngāruahine Iwi	Dawson Falls area
Ngāti Ruanui Iwi	Stratford Plateau area
Te Atiawa Iwi	North Egmont
Taranaki Iwi	North Egmont and the route from North Egmont to Oakura
Stratford District Council	Dawson Falls and Stratford Plateau; particularly with regards to roading
New Plymouth District Council	North Egmont, Mangorei Road, Pukeiti and Oakura
Taranaki Regional Council	Owner of Pukeiti Gardens and developer of the Pukeiti to Oakura route
Venture Taranaki	Regional Development Agency including regional visitor sector responsibilities
The Tapuae Roa lead team	Vested interest in the success of this project as it was conceptualised and this is a priority initiative of the regional economic development strategy
Taranaki Mouna Settlement Governance Group	Yet to be formed The development and management of the Taranaki Crossing route will be a responsibility of the new governance and management structure
Department of Conservation	DOC tracks, huts and the North Egmont Visitor Centre
Taranaki Mouna Project	Restoring the natural environment and biodiversity of Taranaki Mouna
Tourism New Zealand	Dispersal of international visitors across New Zealand and away from overcrowded areas, creating alternative trunk routes

Delivery of the project will be a joint effort between DOC, Venture Taranaki, Taranaki Regional Council (TRC), New Plymouth District Council (NPDC), Stratford District Councils and the Taranaki Mouna Settlement Governance Group, with the main components as follows:

- DOC – responsible for the NEVC and tracks within Egmont National Park (Dawson Falls to Pukeiti) including development of new tracks and huts.
- **Commercial Information**
- Venture Taranaki Trust (VTT) – responsible for marketing the Taranaki Crossing Experience to domestic and international visitors.

Representatives of the eight iwi of Taranaki have signed terms of negotiations for a collective settlement of claims to Mount Taranaki. It is expected, that within the next six months, a governance group will be formed

consisting of four iwi representatives and four Crown representatives. The development, promotion and management of the Taranaki Crossing route will be of ongoing interest to the governance and management structure which results from the treaty settlement.

Project Objectives

The concept of the Taranaki Crossing Experience will transform the visitor industry for the Taranaki region- substantially increasing visitor numbers, diversifying the economy and delivering regional economic growth.

Objectives for the Taranaki Crossing Experience have been derived from the consultation process occurring throughout development of the Taranaki Visitor Sector Draft Action Plan as part of Tapuae Roa and reviewed and confirmed by VTT. The agreed objectives and a summary of how the Taranaki Crossing Experience will deliver against those objectives are shown below in Table 5.

Table 5 Project objectives and assessment

Project Objectives	How the Taranaki Crossing Experience delivers
To support both DOC and Taranaki Mouna Projects objectives of restoring, protecting, showcasing the Egmont National Park environment and help stem the loss of biodiversity in NZ.	<ul style="list-style-type: none"> • Protect the environment via upgrading existing tracks to a standard that can withstand current pressure and expected future demand without compromising the environment. • Enhance visitors experience by showcasing the successful biodiversity efforts of Taranaki Mouna Project -for example the release of Whio and Toutouwai on Mount Taranaki. • Continue to build strong links between the assets of the regions councils and the Taranaki Mouna Project.
To provide a premier education and information experience - for domestic and international visitors through to primary to tertiary level students- uniquely in situ in an alpine environment.	<ul style="list-style-type: none"> • Widespread education regarding the natural environment and conservation imperatives (Taranaki Mouna Project) in the NEVC or via guided tours. • Increased awareness of the cultural significance of Te Mouna, its legend and relevance to the eight Taranaki Iwi. • Increased awareness of conservation, and further development of conservation products, throughout the region through links to other initiatives - eg Brooklands Zoo, Puke Ariki, Purangi Kiwi and Rotokare. • Ensuring existing investment in the Taranaki Mouna Project is capitalised on.
Provide Iwi with opportunities to share their history and culture as well as develop businesses.	<ul style="list-style-type: none"> • Iwi need to be able to express their guardianship 'kaitiakitanga' of the mountain and their hospitality 'manaakitanga' through telling their history, stories and sharing their cultural values. • Opportunities for Iwi to leverage off this opportunity with related business ventures. For example growing existing commercial accommodation at Dawson Falls Mountain lodge and Stratford Mountain House, or establishing new businesses providing accommodation, hospitality, transportation or guiding.

Project Objectives	How the Taranaki Crossing Experience delivers
Support Tourism New Zealand’s objectives of seasonal and geographic dispersal of visitors.	<ul style="list-style-type: none"> • Visitor flows throughout the country become more balanced and sustainable. • Alleviation of congestion in over used areas. For example, this could reduce the congestion faced by the Tongariro Alpine Crossing. • Preservation of Conservation estate through better spread of visitor numbers.
To substantially increase domestic and international visitor numbers and expenditure in Taranaki through provision of an iconic, unique ‘Must Do’ experience which underpins the sustainability of the sector.	<ul style="list-style-type: none"> • Increased visitor expenditure resulting in benefits to the regional economy and local businesses across the board. • Contribution to marketing the natural beauty and offerings of the overall Taranaki region positioning it as a lifestyle destination to visitors encouraging relocation and work as per Tapuae Roa objectives. • Additional local employment opportunities associated with complementary activities to the Taranaki Crossing Experience for example transport, hospitality, accommodation (eg a commercially operated higher end accommodation facility in the vicinity of the current Pouakai Hut,) commercial bike rental, guiding and commercial shuttle service. • An increased suite of visitor product offerings throughout the region due to greater sustainability of the sector as a result of higher visitor numbers, thereby providing even more reasons for visitors to come to the region. • Retention of youth and talent as employment opportunities increase. • Raise track standards to a level commensurate with DOC’s “Day Hikes”.

These objectives and benefits are also consistent with existing strategies including alignment to the following:

- MBIE’s Regional Growth Initiatives and the Business Growth Agenda
- Tapuae Roa: Make Way For Taranaki Taranaki’s regional economic development strategy
- Taranaki Mouna Project
- DOC’s vision and mission
- Tourism New Zealand’s Four Year Strategic Plan

Further detailed discussion relating to the strategic alignment is provided later in this Business Case.

Current Arrangements

There are a number of arrangements currently in place that are relevant to the Taranaki Crossing Experience. The majority of the tracks that will make up the Taranaki Crossing already exist and are managed by DOC.

DOC also manages the NEVC and the Pouakai Hut which are both ideally to be upgraded as part of the Taranaki Crossing Experience.

Pukeiti is owned and managed by Taranaki Regional Council (TRC) who recently spent \$4.1m upgrading Pukeiti Garden and associated facilities; in 2017 it pledged a further \$700,000 to upgrade the lodge at Pukeiti Garden.

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It is understood that in the 2017/2018 financial year, the NZ Transport Agency (NZTA) has committed \$80,000 towards upgrading the Dawson Falls carpark and \$320,000 towards upgrading the Stratford Plateau carparking area.

The Government recently confirmed it would invest \$700,000, from the Tourism Infrastructure Fund, to help pay for an off-road car park with toilet and water facilities at the top of Mangorei Rd where the Mangorei Track - part of the Pouakai Crossing – enters and exits the Pouakai Range. NPDC has also contributed approximately \$Commercial Information to this development. A further \$Commercial Information will be spent on road safety developments on Mangorei Rd in a 50:50 joint venture between the NPDC and NZTA.

In May 2017 the Government confirmed \$3.4 million in funding for investment in upgrading the Pouakai Crossing (a large portion of which makes up day two of the Taranaki Crossing). This is made up of \$1.8 million in capital costs for the development of the Pouakai Crossing and \$1.6 million for associated future operating and maintenance costs. Most of this capital expenditure will be focused on building a new track across the Ahukawakawa Swamp and improving the crossing of the Boomerang Slip. DOC is responsible for the Pouakai Crossing upgrade project.

In addition to investment relating directly to the Taranaki Crossing Experience there is ongoing investment by local government in the visitor sector. The current direct investment of Taranaki local authorities in the visitor sector is just under \$1.9 million annually and summarised in Table 6. Most direct visitor-service support initiatives are provided by Venture Taranaki which contributes approximately \$700,000 to the total Taranaki visitor sector spend²³ below.

Table 6 Local authority funds allocated for visitor sector initiatives²⁴

	NPDC	STDC	SDC	Total
i-Site net operating costs	\$Commercial Information	\$Commercial Information	\$Commercial Information	\$Commercial Information
VTT services	\$Commercial Information	\$Commercial Information	\$Commercial Information	\$Commercial Information
Total	\$Commercial Information	\$Commercial Information	\$Commercial Information	\$Commercial Information

The majority of the Taranaki Crossing Experience is situated in Egmont National Park. DOC monitors eleven track sites that give a general overview of visitor activity of its track network in the Egmont National Park. Table 7 shows the total number of visitors in 2017 to a number of tracks and attractions that are directly or indirectly relevant to the Taranaki Crossing Experience²⁵.

²³ Visitor Sector Draft Action Plan, Tapuae Roa Make Way For Taranaki, Taranaki Regional Economic Development Strategy, September 2017

²⁴ Ibid

²⁵ Statistics supplied by the Department of Conservation

Table 7 Relevant DOC track visitor statistics

Track / Attraction	Total Activity (2017)	Increase over 2016
Wilkie Pools Loop Track	18,400	40%
Kapuni Loop Track	56,700	15%
Mangorei Track	17,200	32%
North Egmont Visitor Centre	108,700	14%
Dawson Falls Visitor Centre	47,600	16%

The road counters at the main park entrances also show increased activity over the past twelve-month period. North Egmont's count increased by approximately 3,500 to 147,000 in total and East Egmont's increased by approximately 30,600, to 114,800²⁶ in total.

As shown above, visitor numbers to the Egmont National Park and Mount Taranaki have seen recent natural growth and this increase in visitor numbers has put increasing pressure on existing facilities and infrastructure. The challenge and opportunity for Taranaki is to sustain this upward growth rate. Increasing the number of visitor nights and expenditure in the region, through expansion of the range of visitor sector opportunities available, is a guaranteed way of adding depth to the economy²⁷.

Key Risks

A number of risks and barriers have been identified that may mean the project objectives are not fully achieved. Overall, these risks are considered to be of a moderate level and can be mitigated to a certain extent. Identified risks and potential mitigation measures are summarised below in Table 8.

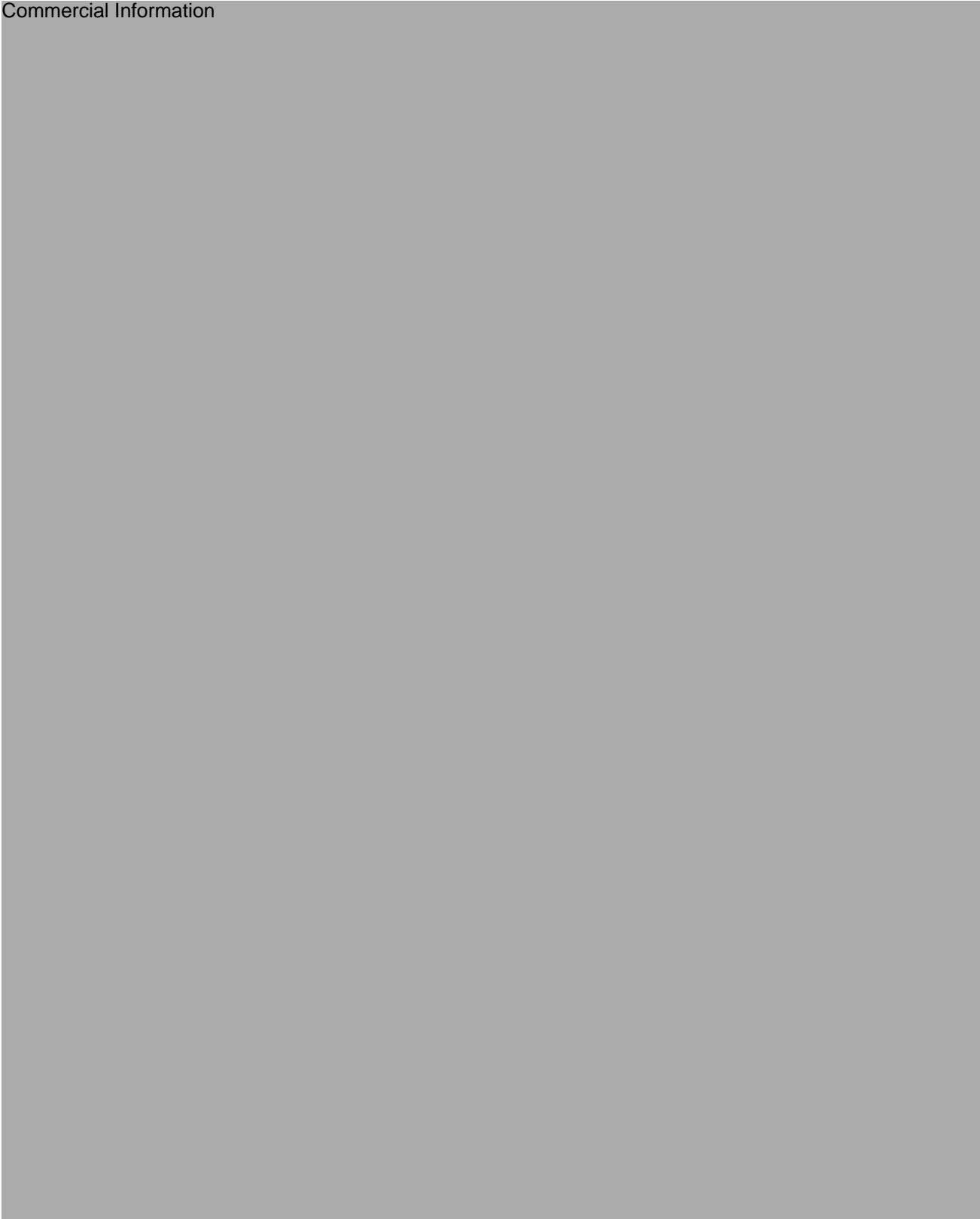
Table 8 Risks and mitigation measures

Commercial Information

²⁶ Note: Large increase in visitor numbers at East Egmont road end due to poor ski season in 2016; there were only three days that the ski field was in operation.

²⁷ Visitor Sector Draft Action Plan, Tapuae Roa: Make Way For Taranaki Strategy, Taranaki Regional Economic Development Strategy, September 2017

Commercial Information



²⁸ Project Lead Team to be established

²⁹ Project Lead Team to be established

³⁰ Project Lead Team to be established

³¹ Visitor Sector Draft Action Plan, Tapuae Roa Make Way For Taranaki, Taranaki Regional Economic Development Strategy, September 2017

³² Project Lead Team to be established

Commercial Information

Strategic Context and Alignment

This section outlines the alignment of the Taranaki Crossing experience to a number of strategic documents and objectives of supporting organisations and key stakeholders.

Regional Growth Initiatives

Owners: MBIE and MPI

The Taranaki region is a participant in the Regional Growth Programme, a joint initiative between the Ministry of Primary Industries (MPI) and Ministry of Business, Innovation and Employment (MBIE) as part of the Business Growth Agenda. The objective of Regional Growth Initiatives is “to support high priority projects that will deliver regional economic growth through attracting investment, raising incomes and increasing employment opportunities”³⁴. As part of this programme Taranaki was required to identify its key economic opportunities, key regional sector and investment opportunities, and cross-cutting growth enablers³⁵. Taranaki released Tapuae Roa, Make Way for Taranaki, Taranaki’s Regional Economic Development Strategy (Tapuae Roa) in August 2017.

Tapuae Roa - Taranaki Regional Economic Development Strategy

Owner: Taranaki’s four councils

Tapuae Roa was developed by the district councils and regional council of Taranaki in partnership with Nga Iwi o Taranaki. It provides direction for the economic growth of the region and will feed into the Long Term

³³ Project Lead Team to be established

³⁴ Regional Growth Initiatives Multi Year Appropriation: Business Case Guidelines, MBIE, April 2017

³⁵The Regional Growth Programme, MBIE, June 2017

Plans of all the councils in the region. It will also influence future private sector and Nga Iwi o Taranaki investment decisions.

The core focus of Tapuae Roa is people. Its mission is “Taranaki – where talent becomes enterprise” and its vision is “attractive lifestyle; talented people; high value economy”³⁶. Lifestyle is recognised as a key factor in population attraction and retention and Taranaki’s natural environment including access to the sea, the mountain and the bush was highly rated by those spoken to as part of the development of Tapuae Roa³⁷. There was an indication that the region’s natural assets are still an undiscovered secret to most except locals³⁸. Tapuae Roa places emphasis on sectors and key enablers that underpin the economy and will accelerate the economic growth of Taranaki. The visitor sector has been targeted as a sector for accelerated growth and a Taranaki Visitor Sector Draft Action Plan (VSDAP) has been developed to support this growth. The Taranaki Crossing Experience is one of the priority action items outlined in VSDAP.

Taranaki Visitor Sector Draft Action Plan

The Regional Growth Initiatives Programme required the development of economic action plans that will be the economic blueprint for Taranaki and identify specific activities that will help to increase employment opportunities, household income and investment³⁹. Tapuae Roa and the supporting action plans were commissioned by NPDC on behalf of Taranaki’s four councils. The development of the Action Plans is being driven by a Lead Team on behalf of the region⁴⁰. The Taranaki Crossing Experience concept was developed as a subset of work that was undertaken as part of the Regional Growth Initiative - therefore its objectives aligns with that of the Regional Growth Initiative Programme and Tapuae Roa.

The tourism and visitor sector was determined to be a key sector for Taranaki based on three criteria; competitive strengths, market opportunities, and broader impacts on the economy⁴¹. The tourism sector in Taranaki is under-developed and with the sector growing globally there are significant opportunities for the region. The tourism sector is labour intensive and typically pays low wages, but many parts of New Zealand are beginning to show how premium tourist products, such as the Tongariro Alpine Crossing can attract huge numbers of visitors which can therefore support higher paying industries. VSDAP identifies the Taranaki Crossing Experience as one of the largest tourism growth opportunities for the region in the next three to five years.

VSDAP sets an aspirational target of 7.5% regional annual cumulative growth of visitor expenditure, every year between 2017 and 2025 and beyond. Achieving a 7.5% increase in spending every year would almost double annual visitor expenditure compared to now. An increase in visitor numbers of 7.5% every year from 2017 would generate an additional 800,000 visitors in 2025, the total number of visitors in 2025 would exceed 1.8 million⁴². It was determined that this level of growth in the visitor sector would require a significant boost to the sector’s capacity and market development budgets as well as investment in several new iconic attractions as well as development of existing attractions, to expand the range and depth of visitor sector products available, including the Taranaki Crossing Experience.

³⁶ Tapuae Roa: Make Way For Taranaki Strategy, Taranaki Regional Economic Development Strategy, August 2017

³⁷ Ibid

³⁸ Ibid

³⁹ The Regional Growth Programme, MBIE, June 2017

⁴⁰ Taranaki, MBIE, <http://www.mbie.govt.nz/info-services/sectors-industries/regions-cities/regional-growth-programme/taranaki>

⁴¹ Tapuae Roa Make Way For Taranaki, Taranaki Regional Economic Development Strategy, August 2017

⁴² Visitor Sector Draft Action Plan, Tapuae Roa Make Way For Taranaki, Taranaki Regional Economic Development Strategy, September 2017

Figure 3 Taranaki Taranaki Visitor Sector Draft Action Plan vision and goals

43

The Taranaki Crossing Experience strongly supports the achievement of each of VSDAP's goals that are shown above in Figure 3. The Taranaki Crossing Experience is a tourism offering that is available year round that will help to establish Taranaki as a highly desirable visitor destination. The Taranaki Crossing Experience will support the improvement of the economic value of the region by increasing visitor numbers and therefore increasing visitor expenditure in local businesses. As previously mentioned, lifestyle is a key contributor to attracting and retaining a talented workforce. Developing the Taranaki Crossing Experience will strongly contribute to increasing the attractiveness and perceived liveability of the Taranaki region. VSDAP suggests the fully developed Taranaki Crossing Experience including the upgrade to the North Egmont Visitor Centre, could contribute between \$7 million and \$10 million in additional annual visitor expenditure to the regional economy⁴⁴. "If just a quarter of the walkers who currently walk the Tongariro Alpine Crossing elected to also walk the Pouakai Crossing section of the Taranaki Crossing Experience, then 35,000 users can be expected per year. Commercial Information

later in this Business Case. "45. The potential economic impact is discussed in detail

Maori Economy Action Plan

Nga Iwi o Taranaki are a key partner in Tapuae Roa. Taranaki iwi are tangata whenua and will be critical to the successful implementation of Tapuae Roa and the economic growth of the region. Tapuae Roa identifies Maori development as both a sector and an enabler of economic growth for the region⁴⁶. A Maori Economy Action Plan (MEAP) was developed and is focused on "positioning whanau to actively participate in, and benefit from, the economy in a way that balances and reflects their social, cultural and environmental imperatives"⁴⁷. There is a great opportunity to bring under-utilised resources such as land, labour, or capital into protection and encouraging Maori enterprise and investment; and fostering the talent of the youthful, growing Maori population⁴⁸.

One of the key strategic anchors of the MEAP is people and culture; it places strong emphasis on Taranaki's cultural foundation that Taranaki Maori can claim and should they wish share. The MEAP looks to bolster

⁴³ Ibid

⁴⁴ Taranaki Visitor Sector Draft Action Plan, Tapuae Roa Make Way For Taranaki, Taranaki Regional Economic Development Strategy, July 2017

⁴⁵ Visitor Sector Draft Action Plan, Tapuae Roa Make Way For Taranaki, Taranaki Regional Economic Development Strategy, September 2017, p. 25

⁴⁶ Tapuae Roa: Make Way For Taranaki Strategy, Taranaki Regional Economic Development Strategy, August 2017

⁴⁷ The Maori Economy Draft Action Plan, Tapuae Roa: Make Way For Taranaki Strategy, Taranaki Regional Economic Development Strategy, November 2017

⁴⁸ Tapuae Roa: Make Way For Taranaki Strategy, Taranaki Regional Economic Development Strategy, August 2017

“economic and social prosperity for its whanau, and offer a vessel for the retention of culture and identity”⁴⁹. The Taranaki Crossing Experience provides a number of leverage opportunities to support the MEAP’s objectives, for example Maori business establishment of guided cultural tours. MEAP will look to accelerate the growth of the Taranaki Maori Economy by “connecting enterprise to academia through working partnerships to continuously innovate and commercialise research in a cluster of activities that are strategic to the region”⁵⁰. As previously mentioned growing the tourism sector was identified as a strategic priority for Taranaki; the Taranaki Crossing Experience and the exploitation of associated business opportunities as part of the wider tourism offering for the region shows strong alignment with MEAP’s objectives.

Many of the tourism attractions identified as first tier products in VSDAP relate to Nga Iwi o Taranaki cultural experiences. “Throughout Taranaki, respective iwi as mana whenua and kaitiaki have a responsibility to protect and ensure that cultural tourism experiences offered in the region acknowledge tikanga and ownership rights. Nga Iwi o Taranaki will assess their own willingness and capability to enter the tourism market but may require a formal process of consultation and approval around the sharing of Maori history, historical landmarks, ideologies and physical places along with licencing arrangements”⁵¹. Nga Iwi o Taranaki will play a pivotal role; contributing to the uniqueness of the Taranaki Crossing Experience.

In addition to opportunities to leverage business opportunities; the Taranaki Crossing Experience presents opportunities to assist with MEAP’s focus on developing the skills of Maori and in particular reducing the education inequality that exists. The Taranaki Crossing Experience including the North Egmont Visitor Centre can be utilised to develop innovative approaches to education and capability development that convert into value for whanau, communities and the region. One example includes utilising the Taranaki Crossing Experience to encourage youth participation in the cultural tourism experience thereby creating engagement and building valuable workplace skills.

DOC and Taranaki Mouna Project

Owner: DOC

DOC’s vision for New Zealand is to “be the greatest living space on Earth | Kāore he wāhi i tua atu i a Aotearoa, hei wahi noho i te ao”⁵². The outcome of DOC’s vision is that all New Zealanders and visitors to New Zealand benefit from “healthy functioning ecosystems, recreation opportunities, and through living our history”⁵³. The Taranaki Crossing supports DOC’s mission; it presents countless opportunities to showcase DOC’s conservation efforts through business partnerships, it supports the protection of the regions history and ensures it is brought to life, connecting Mount Taranaki to the region as an experience and it supports more people engaging with conservation and value its benefits.

Taranaki Mouna Project (TMP) was launched in 2016. It is a collaboration between DOC, the eight Taranaki iwi and philanthropic investor NEXT Foundation. The TMP brings the 34,000 ha of national park encompassing Taranaki, Pouakai, Kaitake and the protected Ngā Motu/Sugar Loaf Islands back to life through a large-scale ecological restoration project⁵⁴. TMP’s objectives align with the Government’s vision of a predator free New Zealand by 2050; its vision is He Kawa Ora – Back to Life: Restore the ecological vitality of Taranaki Mouna for him, for us. Walkers on the Taranaki Crossing will experience this restored and replenished natural environment. The Taranaki Crossing Experience is aligned with the Taranaki Mouna Project (TMP) and will work to showcase the success of biodiversity restoration efforts in their natural environments. The Taranaki Crossing Experience, in particular, the upgrade of the North Egmont Visitor

⁴⁹ The Maori Economy Draft Action Plan, Tapuae Roa: Make Way For Taranaki Strategy, Taranaki Regional Economic Development Strategy, November 2017

⁵⁰ Ibid

⁵¹ Ibid

⁵² About us, Department of Conservation, <http://www.doc.govt.nz/about-us/>

⁵³ Ibid

⁵⁴ The Project, Taranaki Mouna, <http://taranakimouna.nz/the-project/vision/>

Centre will assist with creating “opportunities for health, environmental education benefits as well as skill development as a result of the close connection with nature and the Taranaki Mouna Project”⁵⁵ which support TMP’s mission. The Taranaki Crossing Experience will provide an opportunity for the TMP to leverage off and tell the story of the excellent conservation work taking place. In addition to education and showcasing opportunities the Taranaki Crossing Experience will assist with the protection of the environment via reducing the number of cars parked in the Egmont National Park through the development of shuttle services, upgrade existing tracks to a standard that can withstand current pressure and expected future demand without compromising the environment, support the risk management and protection of the environment from the impact of projected increase in visitors, and continue to build strong links between the assets of the region’s councils and the Taranaki Mouna Project.

The TMP have already established initiatives with New Plymouth District Council to promote the TMP through its library and museum Puke Ariki, via installations of information/exhibitions to educate and showcase the project. It is also working with the Council’s Brooklands Zoo to create similar installations. The Zoo already assists the Department of Conservation with injured native birdlife rehabilitation and they are working with the TMP to help accommodate the re-introduction of native birds, invertebrates and lizard species.

Both facilities are popular with the community and play an important role in the regions tourism sector. Together they have over 330,000 visitors a year. The Taranaki Regional Councils internationally significant Pukeiti Gardens is also supporting the project by facilitating a Kaka re-introduction initiative. The Taranaki Crossing Experience helps to create opportunities for the community to access, experience and be inspired by the Mouna through improved public infrastructure and facilities which is key to the success of the project.

Tourism New Zealand

The Taranaki Crossing Experience aligns closely with the strategic priorities set out in Tourism New Zealand’s Four Year Strategic Plan released in 2017. Tourism New Zealand, is responsible for ensuring New Zealand remains attractive internationally as a visitor destination. Its mandate is to market New Zealand as an international visitor destination for the long-term benefit of New Zealand. Tourism New Zealand aims to improve tourism’s contribution to economic growth in New Zealand by increasing the value of international visitors⁵⁶.

The Taranaki Crossing Experience will assist with Tourism New Zealand’s aim to “encourage tourists to visit areas beyond the gateway regions and traditional tourist highlights of Auckland, Rotorua and Queenstown”⁵⁷. Tourism New Zealand’s strategy is informed by the MBIE’s tourism strategy which aims to increase the economic contribution made by tourism at a national and regional level; the Taranaki Crossing Experience will support this mission. One of the potential flow-on effects of the Taranaki Crossing Experience supporting this mission is the creation of an alternative tourism route in the North Island that will help develop tourism offerings in neighbouring regions such as Whanganui and Manawatu.

Tourism New Zealand advises the single biggest driver of choosing a holiday destination is recommendation from friends and family⁵⁸. The entire tourism industry has committed to ensuring that visitors have an excellent experience in New Zealand. Ensuring that the Taranaki Crossing Experience is a full service offering will assist with helping Tourism New Zealand achieve this goal.

Tongariro Alpine Crossing

Some 240km away, by road, from Taranaki is the Tongariro Alpine Crossing, which is a significant contributor to the central North Island tourism economy. In 2015 it attracted approximately 125,000 visitors

⁵⁵ Vision, Taranaki Mouna, <http://taranakimouna.nz/the-project/vision/>

⁵⁶ Tourism New Zealand: Four Year Strategic Plan, 2017

⁵⁷ Ibid

⁵⁸ Ibid

and this number is expected to continue to increase. The success of the Tongariro Alpine Crossing can be attributed to its full service offering including its central location on the main tourist trunk line, panoramic views, effective marketing, accommodation options and dedicated transport services. However, this high number of visitors is said to be negatively impacting the experience enjoyed by those people walking the Tongariro Alpine Crossing as the track is often crowded and the sense of the surrounding environment is compromised by such high numbers of people.

The Taranaki Crossing Experience offers similar levels of unique and spectacular scenery to the Tongariro Alpine Crossing, with much less track congestion (currently). Improving the overall offering of the Taranaki Crossing Experience including the standard of the tracks, supporting infrastructure such as transport options, accommodation and associated facilities, North Egmont Visitor Centre and the level of marketing, communication and story-telling relating to the experience would present a significant drawcard for increased visitors to the Taranaki region. The Taranaki Crossing Experience presents an added value proposition in that it can be experienced as a series of one day walks or a multi-day walk, appealing to different audiences. The Taranaki Crossing Experience would provide complementary one-day walk options to the Tongariro Alpine Crossing, which is beginning to suffer from problems associated with overcrowding due to its own success. It would become a signature product for Taranaki that draws on the key association that all visitors to the region have – Mt Taranaki – and be a drawcard that could help market Taranaki both domestically and internationally.

Economic Case

This section presents an assessment of the potential economic and wider benefits of the Taranaki Crossing Experience. Given the nature of the project, generating robust quantifiable measures of all the benefits of the project is challenging, in particular because of uncertainty around potential new visitors to the Taranaki region and potential demand for the Taranaki Crossing Experience. However, the potential range of economic impacts can be described and the potential magnitude of some of the benefits can be estimated, based on developing some scenarios around demand.

This section outlines the following:

- Quantified benefits
- Approach and benefit estimation
- Non-quantified benefits
- Estimated project costs
- Cost / benefit summary
- Potential next steps and timeline

Quantified Benefits

The Taranaki Crossing Experience is likely to generate a number of benefits for the people of Taranaki and its economy. Acting as a catalyst for stimulating a long-term sustainable tourism sector in Taranaki, the Taranaki Crossing Experience could enable new, high-value tourism products in the region. Table 9 outlines the benefits of the Taranaki Crossing Experience which have been quantified in this analysis at this point.

Table 9 Quantified benefits of the Taranaki Crossing Experience

Benefit	Description
Additional tourism expenditure to the Taranaki region⁵⁹	<p>An increase in the number of tourists visiting the Taranaki region and associated expenditure impact (on accommodation, food, retail). Only tourists from outside the Taranaki region (ie domestic tourists from the rest of New Zealand and international tourists) generate new tourism benefits for the Taranaki region.</p> <p>This will generate additional tourism (and related industry) expenditure and support expansion in employment in these industries.</p> <p>It is also expected that developing the Taranaki Crossing Experience will incentivise higher value tourism. This could mean higher spend tourists, for example tourists from Asia, to enter and stay in the region.</p>
New economic output from transport businesses in the Taranaki region	<p>New shuttle businesses are expected to begin operations to support the increase in tourists who undertake the Taranaki Crossing Experience. There are capacity constraints at the existing locations, even without increased demand, and it is expected that new shuttle operators would be needed to</p>

⁵⁹ DOC are committed to the promotion of the Pouakai Crossing as a "Day Hike" once the development of the Pouakai Crossing has been completed. Promotion of the Pouakai Crossing with assist with additional tourism expenditure to the Taranaki region.

Benefit	Description
	<p>support people seeking transport options between New Plymouth and Taranaki Mouna's entry/exit points.</p> <p>This will generate new economic output and employment for the Taranaki region.</p>
<p>New economic output from tourism operators in the Taranaki region</p>	<p>New tourism operators are expected to begin operations to support the increase in tourists who want a guided tour of the Taranaki Crossing Experience. Guided tours are a popular option for visitors who want a more enriched experience, with in-depth commentary on the history, culture and environment of Taranaki Mouna. There is strong potential for iwi to develop or undertake these commercial operations.</p> <p>This will generate new economic output and employment for the Taranaki region.</p>
<p>Additional economic activity at North Egmont Visitors Centre</p>	<p>There are existing facilities at the North Egmont Visitor Centre (NEVC) but it is envisaged as part of the Taranaki Crossing Experience that the NEVC is redeveloped. The revitalised NEVC will provide a mouna experience for visitors, who may not wish to partake in a day-walk or tramp. This generates additional visitors to the Egmont National Park and the NEVC itself.</p> <p>This will generate additional economic output and potential employment for the Taranaki region.</p>

Approach and Benefit Estimation

In order to estimate a range of potential net economic benefits for the Taranaki Crossing Experience, we have used a simplified cost-benefit analysis. To do this we have estimated the benefits of the Taranaki Crossing Experience in terms of industry value-added (or GDP) net of the costs of generating the benefits. The costs include the costs of production as well as the capital and operating costs associated with the Taranaki Crossing Experience.

Using an example to illustrate, to estimate the net benefits of a new hotel, we would estimate the revenue (from bookings) and deduct the cost of construction of the hotel and the operating expenses required to support the revenue's operations (ie power, water, staff salaries, cleaning, rent etc). In the resulting analysis, we have considered the total costs associated with developing the Taranaki Crossing Experience.

We use New Zealand multipliers to convert gross output (revenue) to value added and gross output to household income, to generate the net benefits of the Taranaki Crossing Experience⁶⁰.

⁶⁰ We have used New Zealand, economy-wide multipliers given the time constraints, however, Taranaki-specific multipliers could be used if these become available at a later point. The New Zealand, economy-wide multipliers have been sourced from Butcher Partners.

Table 10 Multipliers used to estimate net economic impacts

Benefit sector	Associated industries/proxy	Direct gross output to value added multiplier [A]	Direct gross output to household income multiplier [B]	Direct overall gross output to net benefit multiplier [A – B]
Tourism	Supermarket and grocery stores	0.69	0.45	0.18 (average across all four associated industries)
	Recreational, clothing, footwear and personal accessory retailing	0.54	0.39	
	Accommodation	0.51	0.32	
	Food and beverage services	0.48	0.36	
Transport operators	Road transport	0.40	0.31	0.09
Tourism operators	Sport and recreation services	0.42	0.36	0.06

For our analysis, we have assumed that construction is complete by the spring season of the 2020 calendar year and the benefits begin to accrue from the summer season of 2020 (ie December 2020 as part of FY2021). The analysis period is thirteen years, to match a ten year expected useful life of the tracks and facilities and a three year construction period⁶¹.

In line with New Zealand Treasury guidelines, a 6% discount rate has been used in the analysis. Values have been discounted to the current day (ie FY2018).

Additional tourism expenditure

The potential number of new visitors to the Taranaki region who undertake any of the Taranaki Crossing Experiences is difficult to forecast. There is also some uncertainty around the accuracy of the existing track counters from which to base an estimate, as well as the new, higher value tourism products which are established for which there is no existing base.

Given this uncertainty we have developed three scenarios for the number of new visitors who come to Taranaki for the Taranaki Crossing Experience. These are outlined below.

⁶¹ Proxied using the useful life of buildings (portable) and portable huts (not buildings). Refer to <http://www.ird.govt.nz/technical-tax/questions/questions-general/qwba-1210-historic-depreciation-rates.html>

Table 11 New visitor scenarios

Scenario	Description	Basis																
1	Approximately 10,500 new visitors to Taranaki per annum	<p>MBIE is forecasting an approximate 53% increase in expenditure by international tourists over the 2017 to 2023 period⁶².</p> <p>We use this percentage increase as the base for the increase in the overall size of the tourism market in Taranaki. This can be considered a “low” scenario, or a baseline level of growth. Assuming that the spend per visitor, and the breakdown of visitors who undertake walking is the same, this is the scenario where Taranaki does not increase its market share (or share of high-value tourists) of the overall tourism market in New Zealand. That is, to increase the visitor expenditure by 53% there must be an increase in visitor numbers, all else being equal.</p> <p>To determine the base for the growth, the average activity on Taranaki Mouna tracks was analysed:</p> <table border="1"> <thead> <tr> <th>Track</th> <th>2017 track count⁶³</th> </tr> </thead> <tbody> <tr> <td>Wilkie Pools</td> <td>18,494</td> </tr> <tr> <td>Kapuni</td> <td>56,798</td> </tr> <tr> <td>Manganui Gorge track</td> <td>4,699</td> </tr> <tr> <td>Mangorei Track</td> <td>17,298</td> </tr> <tr> <td>Kaiauai Track</td> <td>3,387</td> </tr> <tr> <td>Hongi Valley</td> <td>20,463</td> </tr> <tr> <td>Average</td> <td>20,190</td> </tr> </tbody> </table> <p>The average across the walking tracks investigated was 20,190 in 2017. Applying <small>Commercial Information</small> % to this figure gives approximately <small>Commercial Information</small> new visitors per year in <small>Commercial Information</small>.</p>	Track	2017 track count ⁶³	Wilkie Pools	18,494	Kapuni	56,798	Manganui Gorge track	4,699	Mangorei Track	17,298	Kaiauai Track	3,387	Hongi Valley	20,463	Average	20,190
Track	2017 track count ⁶³																	
Wilkie Pools	18,494																	
Kapuni	56,798																	
Manganui Gorge track	4,699																	
Mangorei Track	17,298																	
Kaiauai Track	3,387																	
Hongi Valley	20,463																	
Average	20,190																	
2	Approximately 31,000 new visitors to Taranaki per annum	25% of the current number of annual visitors using the Tongariro Alpine Crossing (conservatively estimated at 125,000 per annum).																
3	Approximately 40,000 new visitors to Taranaki per annum	<p>Projections for New Zealand visitor growth are 32%, applying this growth to Tongariro Alpine Crossing from a base of 125,000 current visitors, elevates visitor numbers for the Tongariro Alpine Crossing to 165,000 per annum. However, the Tongariro Alpine Crossing is already at capacity – additional visitors would significantly detract from the experience for visitors. If around 25% of these visitors, ie approximately 41,250 visitors, are shifted to the Taranaki Crossing Experience, this would enhance the experience for those completing both experiences.</p> <p>We have used 40,000 new visitors as an aspirational target. To achieve this target, further investment in marketing strategies, development of tourism products, complementary private sector investment is required.</p>																

⁶² New Zealand Tourism Forecasts 2017-2023, May 2017, P. 1

⁶³ Department of Conservation via email correspondence

It is unlikely that these visitor figures would be achieved in the first year that the Taranaki Crossing Experience becomes available. For scenarios 1 and 2, we have assumed that in the first year of operations (FY^{Commercial}), there are ^{Commercial Inform} new visitors, with linear growth over the first five years, so that by ^{Commercial}, the number of new visitors is either ^{Commercial Inform} or ^{Commercial Inform}. Thereafter, we apply ⁰⁰% annual growth to the visitor figures. For scenario 3⁶⁴, we have assumed a much larger immediate impact, on the back of a positive tourism campaign and the flow-on benefits of word-of-mouth marketing from complementary investment (such as the development of the Pouakai Crossing).

Using a baseline of approximately 288,700 annual visitors to the region, we make assumptions around growth in the number of visitors as outlined in Table 12 below⁶⁵. The growth in number of visitors has been accelerated on the basis of the expected completion of the Pouakai Crossing development and associated investment in marketing and tourism strategies. We have assumed an initial boost to tourism and visitor nights, and then a tapering growth rate after the initial boost until it reaches a steady state. The initial growth rates are broadly in line with the growth rate trends observed in MBIE’s visitor arrivals projections for the 2017-2023 period⁶⁶.

Table 12 Scenario 3 growth in new visitors per annum

Commercial Information

The total number of new visitors includes visitors who opt to complete a multi-day day Taranaki Crossing Experience as well as visitors who opt to complete one or more of the one day Taranaki Crossing Experiences. It is assumed that the vast majority of new visitors complete a one day Taranaki Crossing Experience, rather than complete the multi-day experience. It is assumed that the total number of new visitors is broken down under each scenario as shown in Table 13.

Table 13 Breakdown of new visitors by experience type

Commercial Information

⁶⁴ The Taranaki Visitor Sector Draft Action Plan in Tapuae Roa has an aspirational target of 7.5% cumulative increase in visitor numbers to 2025. This translates to a 500,000 increase in visitors by 2023. Therefore, the numbers expected to partake of the Taranaki Crossing Experience at 8% of this additional visitation is deemed highly conservative.

⁶⁵ 288,700 is the number of visitors that arrive in the Taranaki region that use commercial accommodation options. Venture Taranaki, Annual visitors in commercial accommodation, year to September 2016
https://venture.taranaki.info/VT.Venture/media/Publications/taranaki_tourism_statistics_sept_2016.pdf?ext=.pdf

⁶⁶ <http://www.mbie.govt.nz/info-services/sectors-industries/tourism/tourism-research-data/international-tourism-forecasts/2017-2023-forecasts>

The expectations of the average visitor's length of stay are outlined below in Table 14.

Table 14 Visitor night assumptions

Visitor type	Standard
4-day Taranaki Crossing Experience	5.5 nights
1-day Taranaki Crossing Experience	3.5 nights

We have assumed that the breakdown of visitors for the Taranaki Crossing Experience will change from the status quo towards more international and domestic, outside Taranaki visitors, which has been observed in the statistics around the origin of visitors completing the Tongariro Alpine Crossing. We have used the following assumptions for the origin of the walkers undertaking the Taranaki Crossing Experience which was also used in the recent business case for the Pouakai Crossing:

- International visitors – 30%
- Domestic, outside Taranaki – 30%
- Domestic, within Taranaki – 40%

Only visitors outside Taranaki (domestic or international) contribute towards the additional tourism related expenditure benefits. It is assumed that expenditure from Taranaki residents is displacement from other recreational activity within Taranaki and does not generate new net benefits.

In order to estimate the economic benefit from additional tourists, additional information around the visitor spend is required. The following assumptions around visitor expenditure per night were made.

Table 15 Visitor expenditure assumptions

Visitor type	Expenditure per night	Source
International tourists	\$300	Provided by Venture Taranaki
Domestic tourists	\$185	Provided by Venture Taranaki

These values are intended to be all inclusive of ground transportation, accommodation, food and beverages, retail and recreational activities.

We note that there is a great deal of debate over the values of spending. These figures are viewed as reasonable for the expenditure per night by tourists to Taranaki as it is expected that the Taranaki Crossing Experience generates new, higher value tourism products and attract new higher spend visitors.

Applying these assumptions provides an expected benefit stream over ten years as follows:

Table 16 Revenue from additional tourism to the Taranaki region (undiscounted)

	Revenue in <small>Commercial Info</small>	Revenue over <small>Comme</small> years <small>(Commercial Information)</small>
Scenario 1	\$ <small>Commercial Info</small>	\$ <small>Commercial Info</small>
Scenario 2	\$ <small>Commercial Info</small>	\$ <small>Commercial Inform</small>
Scenario 3	\$ <small>Commercial Info</small>	\$ <small>Commercial Inform</small>

Table 17 Ten year benefits from additional tourism to the Taranaki region

	Undiscounted	Discounted
Scenario 1	\$Commercial	\$Commercial
Scenario 2	\$Commercial Info	\$Commercial Inf
Scenario 3	\$Commercial Info	\$Commercial Inf

New transport providers

The timeframe in which new visitors come to Taranaki is expected to be concentrated in the summer and shoulder months. For analytical purposes, we have assumed that the season for the Taranaki Crossing Experience is likely to extend from October to April and capacity constraints at Egmont National Park entry/exit points are breached over this period, which necessitates transport services between New Plymouth and the Park. As such, we assume all additional walkers require shuttle transport.

We have made the following additional assumptions around the entry/exit points for the walking tracks:

Table 18 Assumptions for new transport providers

Assumption	Value	Basis
Walkable days per year	146	Assumes that the season runs between October to April and on 80% of these days the weather is appropriate for walking (=365 * 6/12 * 80%)
Occupancy of shuttles	Comme passengers	Assumption only
Average occupancy of each car	2.1 passengers	NZTA Economic Evaluation Manual 2016, car occupancy for rural strategic and other rural roads in the weekend
Ticket price	\$Comme	Proxy using the ticket price for adults using the Mountain Shuttle service for the Tongariro Alpine Crossing

Applying these assumptions and parameters, generates an estimate of the possible economic benefits from new shuttles or transport operators of:

Table 19 Ten year benefits from new transport operators to the Taranaki region

	Undiscounted	Discounted
Scenario 1	\$Commercial Inform	\$1Commercial In
Scenario 2	\$Commercial Inform	\$Commercial Inform
Scenario 3	\$Commercial	\$Commercial Inform

New tourism operators

New commercial tour operations are likely to be established following the successful implementation of the Taranaki Crossing Experience. Some walkers would want to have an enriched experience, through a guided tour of the Mounga's environment, history and cultural.

We have made the following additional assumptions to estimate the economic benefits from new tourism operators:

Table 20 Additional assumptions for new tourism operator benefits

Assumption	Value	Basis
Percentage of walkers who want a guided tour	Comin%	Assumption only
Ticket price	\$Commer	Proxy using a tour company’s full day group hike of the Tongariro Alpine Crossing

This results in the following number of walkers who may wish to take a guided tour:

Table 21 Number of walkers who take a guided tour

Scenario	Demand for guided tours (annualised)
1	Commercial In
2	Commercial In
3	Commercial Inf

Applying these assumptions and parameters generates an estimate of the possible economic benefits from new tour operators as shown in Table 22.

Table 22 Ten year benefits from new tourism operators to the Taranaki region

	Undiscounted	Discounted
Scenario 1	\$Commercial Infor	\$Commercial Inr
Scenario 2	\$Commercial Inform	\$1Commercial In
Scenario 3	\$Commercial Inform	\$Commercial Infor

Additional economic activity at the NEVC

The expansion of the NEVC will mean that visitors to Taranaki will be able to have a mouna experience without having to take part in the physically active parts of the Taranaki Crossing Experience. The redevelopment of the NEVC is expected to increase the number of patrons of the (redeveloped) café, and generates economic activity through education or visitor centre activity.

We proxy the economic benefits from a redeveloped NEVC using the GDP for an average business operating in the Taranaki region in Table 23.

Table 23 NEVC economic activity

	\$GDP per business per annum	FTE per business	Source
Cafés, restaurants and takeaway food services	\$180,600	6	PwC Regional Industry Database and Statistics New Zealand
Travel agency services	\$206,000	3	PwC Regional Industry Database and Statistics New Zealand
Total economic benefits per annum	\$386,600	9	

Summary of benefits

The table below summarises the benefits of the Taranaki Crossing Experience, from project construction to the end of the first ten years of operation.

Table 24 Summary of benefits over ten years of operation of the Taranaki Crossing Experience

Commercial Information

⁶⁷ In line with New Zealand Treasury guidelines, a 6% discount rate has been used in the analysis. Values have been discounted to the current day (ie FY2018).

Non-quantified Benefits

If the Taranaki Crossing Experience is developed in conjunction with a wider suite of improvements including marketing strategies, the benefits are likely to be larger than those quantifiable benefits identified above. A cohesive Taranaki visitor offer will be stronger; there are more activities to choose from and the region becomes more attractive to visitors. This could lead to a greater number of visitors, staying longer and generating additional tourist expenditure (eg attractions, activities, accommodation, retail, food and beverages).

Higher numbers of visitors will also begin to provide sufficient scale that can support existing and new tourism and associated ventures. Currently the sector struggles with sustainability. A catalyst which provides a surety of greater visitor numbers will enhance the viability of current tourism operators and enable new operators to engage in start-up businesses. This will in turn continue to increase the attractiveness of the regional offering to potential visitors.

The development of the Taranaki Crossing Experience as a premier offering could provide additional brand benefits to both Taranaki and New Zealand, including:

- Longer visitation to New Zealand.
- Regional tourism disbursement, relieving pressure on the main tourism route.
- Potential creation of an alternative tourism route in the North Island that will help develop and grow new and existing tourism offerings in neighbouring regions such as Whanganui and Manawatu.
- Sustaining new and expanded tourism ventures that can only exist with sufficient scale of visitors.
- Potential boosting of future (and returning) visitor numbers and tourism.

In addition to the potential economic contribution from those benefits above (that have not been quantified), there are a number of more holistic benefits that the Taranaki Crossing Experience will provide and enable, including:

- The development of a premier experience the whole community can benefit from, which will foster pride in their region.
- Increased opportunity to engage and interact with the natural local environment and improve the usage of the Egmont National Park as a resource.
- Improved safety of the track leading to less injuries and lower risk on the mountain (which may also have an economic benefit).
- Increase the liveability score of the region thereby supporting the attraction of talented people to the region (with associated flow-on economic benefits).
- Increased opportunity to engage and interact with conservation efforts such as the Taranaki Mouna Project in the NEVC or via guided tours.
- Education for locals and visitors alike to gain a deeper understanding of the history, significance and importance of Mount Taranaki and Egmont National Park.
- Primary and secondary education programmes delivered via the NEVC and walking routes.
- Capitalise on existing projects such as the Taranaki Mouna Project and the Pouakai Crossing Project.
- Opportunities for Iwi to leverage off this opportunity with related business ventures for example commercial accommodation at Pouakai or providing guided tours.
- Opportunities for Iwi to express their kaitiakitanga and manaakitanga and tell their stories.
- Disbursement of visitors from the main tourism trunk line, helping to reduce current congestion problems faced by popular destinations such as the Tongariro Alpine Crossing.
- Potential to host competitive and recreational sports adventure events (eg running / walking) on the upgraded tracks, similar to annual events like The Goat on Mount Ruapehu or the T42 on the Central Plateau.

Estimated Costs

If the Taranaki Crossing Experience is to be a premier tourism product significant investment is required. Cost estimates for the different components of the overall upgrade and sections to be developed have been developed by DOC and VTT and these are summarised in Table 25 and 26⁶⁸.

Table 25 Estimated capital costs for the Taranaki Crossing Experience project

Components	Cost estimate	Comment
NEVC, carpark upgrade and public bathroom facilities	\$Commercial Information	Commercial Information
NEVC carparking technology, secure parking outside of park, transportation services	\$Commercial Information	Commercial Information
Feasibility studies for: Commercial Information and upgrading Dawson falls to North Egmont	\$Commercial Information	Commercial Information Detailed feasibility study on track improvements on the Manganui Track, Ridge Track and Round the Mountain Track including the bridge across the Manganui Gorge
Track improvements as a result of the feasibility studies outlined above	\$Commercial Information	
Improved interpretation on each route	\$Commercial Information	There are opportunities for improved storytelling and interpretation on the Taranaki Crossing route leading to a better visitor experience. This could link to the restoration work of the Taranaki Mouna Project ⁷⁰ .
Improvements at Dawson Falls to car parking and associated infrastructure following detailed feasibility study	\$Commercial Information	Additional to NZTA's planned expenditure (\$80k) in FY19 for road end improvements at Dawson Falls (shown below).
Improvements at Stratford Mountain House and Plateau to car parking and associated infrastructure	\$Commercial Information	Commercial Information
Contingency (Comm %)	\$Commercial Information	
Total	\$Commercial Information	

⁶⁸ Note: Estimate costs were supplied by Venture Taranaki Trust in conjunction with the Department of Conservation

⁶⁹ Parking technology is likely to be sensors and screens similar to that used in parking buildings which would advise road users of the availability of parking before entering the Egmont National Park

⁷⁰ Visitor Sector Draft Action Plan, Tapuae Roa Make Way For Taranaki, Taranaki Regional Economic Development Strategy, September 2017

Table 26 Estimated operational expenditure

Components	Cost estimate	Comment
Operational expenses including: <ul style="list-style-type: none"> • track maintenance • signage maintenance • facility maintenance • NEVC maintenance • amenities maintenance • Dawson Falls infrastructure 	\$Commercial Information	Assumes the useful life of the tracks is ten years therefore the operational expenditure is to be allocated over a ten-year period.
Contingency (Comm%)	\$Commercial Informa	
Total	\$Commercial Information	

There is already a significant amount of financial investment planned or committed to projects that are related to or form part of the Taranaki Crossing Experience. Planned expenditure is detailed below in Table 27 below.

Table 27 Planned investment

Project	Investment	Comment
Pouakai Crossing Upgrade: <ul style="list-style-type: none"> • New track through Ahukawakawa basin • Upgrades to bring the overall track up to standard • Boomerang Slip improvements • Interpretation and signage • Improved amenities (1 x toilet facility) • Fees (design and project management) • Old track closure (remediation and write-down) 	\$3,400,000	In May 2017 the Government confirmed \$3.4 million in funding for investment in upgrading the Pouakai Crossing. This is made up of \$1.8 million in capital costs for the development of the Pouakai Crossing and \$1.6 million for associated future operating and maintenance costs.
Improvements at Dawson Falls to carparking and associated infrastructure	\$80,000	NZTA has committed \$80k in the 2017/2018 FY for road end improvements at Dawson Falls.
Improvements at Stratford Mountain House and Plateau to carparking and associated infrastructure	\$ 320,000	NZTA has committed \$320k in the 2017/2018 FY for improvements to the road end and Plateau carparking area.
Pouakai Hut / Lodge Upgrade	\$Commercial Informatio	DOC standard hut to be funded through normal DOC channels. There is an opportunity for private investment for Lodge development
Commercial Information	\$Commercial Information	Commercial Information

Upgrade of Mangorei Road	\$ 1,940,000	The Government investment of \$700, 000, from the Tourism Infrastructure Fund, to help pay for an off-road car park including toilet and water facilities at the top of Mangorei Road where the Mangorei Track - part of the Pouakai Crossing - enters the Pouakai Range. NPDC has also contributed approximately \$Commercial Information to this infrastructure. A further \$Commercial Information will be spent on road safety developments on Mangorei Rd in a 50:50 joint venture between the NPDC and NZTA.
Total planned investment	\$Commercial Information	

The total Taranaki Crossing Experience project estimate cost is approximately \$Commercial Information. This total cost consists of approximately \$Commercial Information that is currently planned and/or committed from Central Government and local/regional investment with the remaining \$13.3 million of funding being sought via this funding application to the Regional Growth Initiatives Fund.

The estimated capital expenditures summarised above in Table 26 and Table 27 have been used to show an indicative development timing for each component, this is summarised below in Tables 28, 29 and 30.

Table 28 Stages of estimated capital expenditure required from RGI funding

Components	Before 30 June 2018	Commercial Information	Commercial Information	Commercial Information	Total Capex	Total Opex (over years (Commercial))	Total
NEVC, carpark upgrade and public bathroom facilities	Commercial Information	Commercial Information	Commercial Information				
	\$Commercial Info	\$Commercial Info	\$Commercial Info		\$Commercial Information	\$Commercial Information	
NEVC carparking technology, secure parking outside of park, transportation services	Commercial Information	Commercial Information					
	\$Commercial Info	\$Commercial Info			\$Commercial Information		
Improved interpretation on each route		Physical works	Physical works				
		\$Commercial Info	\$Commercial Info		\$Commercial Information	\$Commercial Information	
Improvements at Dawson Falls to car parking and associated infrastructure		Feasibility study	Planning and design	Physical works			
		\$Commercial Info	\$Commercial Info	\$Commercial Info	\$Commercial Information	\$Commercial Information	
Improvements at Stratford Mountain House and Plateau to car parking and associated infrastructure		Physical works					
		\$Commercial Info			\$Commercial Information	\$Commercial Information	
Feasibility studies for: a) Commercial Information upgrades to the Manganui Track, Ridge Track and Round the Mountain Track and a bridge across the Manganui Gorge		Feasibility studies					
		\$Commercial Info			\$Commercial Information		
Track improvements as indicated by feasibility studies			Planning and design	Physical works			
			\$Commercial Info	\$Commercial Information	\$Commercial Information	\$Commercial Information	
Total estimate capex expenditure	\$Commercial Info	\$Commercial Information	\$Commercial Information	\$Commercial Information	\$Commercial Information	\$Commercial Information	
Contingency Comm-%	\$Commercial Info	\$Commercial Info	\$Commercial Information	\$Commercial Information	\$Commercial Information	\$Commercial Information	
Total estimate capex expenditure (including contingency)	\$Commercial Info	\$Commercial Information	\$Commercial Information	\$Commercial Information	\$Commercial Information	\$Commercial Information	\$Commercial Information

Table 29 Staged planned investment already in progress

Planned Investment	Before 30 June 2018	Commercial Information	Commercial Information	Commercial Information	Total Capex	Total Opex	Total
Pouakai Crossing Upgrade	Design and consents	Physical works					
	\$Commercial Inform	\$Commercial Informa			\$Commercial Information	\$Commercial Information	
Dawson Falls - roadside carpark		Physical works					
		\$80,000			\$80,000		
Stratford Plateau Carpark improvements		Physical works					
		\$320,000			\$320,000		
Pouakai Hut ⁷¹		Feasibility study	Physical works				
		\$Commercial Info	\$Commercial Inform		\$Commercial Informat		
Commercial Information	Design and consents	Physical works	Physical works				
	\$Commercial Inform	\$Commercial Informat	\$Commercial Informat		\$3,500,000		
Upgrade of Mangorei Road	Physical works	Physical works					
	\$Commercial Inform	\$Commercial Inform			\$1,940,000		
Total planned capital expenditure	\$Commercial Informator	\$Commercial Information	\$Commercial Information		\$Commercial Information	\$Commercial Information	\$Commercial Information

⁷¹ It has been assumed that the Pouakai Hut upgrade timing will align with the Taranaki Crossing Experience project

Table 30 Total Taranaki Crossing Experience Staged Expenditure funding requested from RGI and planned investment

Components: Proposed and Planned Expenditure	Before 30 June 2018	Commercial Information	Commercial Information	Commercial Information	Total Capex	Total Opex (over ^{Comm} years _{Commercial Information})	Total
Total Taranaki Crossing Experience estimate capital expenditure (including ^{Comm} % contingency)	\$ ^{Commercial Information}	\$ ^{Commercial Information}	\$ ^{Commercial Information}	\$ ^{Commercial Information}	\$ ^{Commercial Information}	\$ ^{Commercial Information}	\$ ^{Commercial Information}

The intention is to have the Taranaki Crossing Experience complete and ready for an increased visitor season over the summer of 2021/22.

We have made the following assumptions around the timing and value for costs, as shown above in Table 28.

Table 31 Cost breakdown assumptions

Cost	Assumption
Capital expenditure	Year 1 (FY ^{Commercial}) – ^{Comm} % of total capital expenditure predominantly covering investigation, planning and design Year 2 (FY ^{Commercial}) – ^{Comm} % of total capital expenditure predominantly covering physical works Year 3 (FY ^{Commercial In}) – ^{Comm} % of total capital expenditure predominantly covering physical works Year 4 (FY ^{Commercial}) – ^{Comm} % of total capital expenditure predominately covering physical works
Operating expenditure	The allowance for operating expenditure spread equally over ^{Comm} years _{Commercial Information} .

The cost estimates to support all scenarios are the same as shown in Table 32.

Table 32 Cost summary

	Undiscounted	Discounted
Capital expenditure	\$Commercial Info	\$Commercial Info
Operating expenditure	\$Commercial	\$Commercial
Total	\$Commercial Info	\$Commercial Info

Net Economic Benefits

The Taranaki Crossing Experience is likely to produce a range of benefits for the people of Taranaki and its economy. There are likely to be material impacts which contribute to Taranaki’s economy, as well as a range of broader benefits which have not been quantified at this point.

The summary of the economic assessment of the Taranaki Crossing Experience is outlined in Table 33 below. Note that the benefits and costs are presented relative to the status quo in an incremental analysis, and therefore are incremental costs and incremental benefits. The actual outcome could be somewhere within the range of impacts provided by the Scenario 1 and Scenario 3 boundaries. As Scenario 1 is based on national visitor growth already occurring, the proposed investment in improved experiences is more likely to lead to the higher outcomes suggested for Scenarios 2 and 3. This level of growth is likely to be reinforced when the Pouakai Crossing section of the Taranaki Crossing Experience is promoted as a DOC Day Hike.

After an initial implementation phase, the break-even number of new visitors for the Taranaki Crossing Experience is estimated at approximately 31,250 visitors based on the methodology outlined above. However, there is the potential for the benefits to be much larger if the Taranaki Crossing Experience is able to establish new, higher value tourism products and capture a larger share of the international tourist market, or if the success of the Taranaki Crossing Experience acts as a catalyst for its own success, generating a positive feedback loop in which further growth is expected and sooner. Note that the benefits and costs include that of the Pouakai Crossing and the other planned expenditure.

Table 33 Cost / benefit summary

Commercial Information



Next Steps and Indicative Timeline

The next steps for developing and then implementing the Taranaki Crossing Experience to achieve the growth in visitors to the Taranaki region are summarised below in Table 34, along with an indicative timeline for the various activities. Some of the activities, such as improvements to the existing tracks between Dawson Falls and North Egmont will progress much quicker as there is expected to be less investigation (as the route already exists). **The intention is to have the Taranaki Crossing Experience complete and ready for an increased visitor season over the summer of Commercial Information which the marketing and communications plan will assist with.**

Table 34 Indicative timeline

Key Project Milestone	Approximate Date (by quarter)
Funding approval	Commercial Information
Establish formal steering and working groups	Commercial Information
Initial scoping, consultation and design: <ul style="list-style-type: none"> NEVC upgrade Transport solutions 	Commercial Information
Investigation, planning and design for new tracks <ul style="list-style-type: none"> Commercial Information 	Commercial Information
Detailed feasibility studies for: <ul style="list-style-type: none"> Commercial Information Upgrade of Dawson Falls to NEVC track including Manganui Bridge 	Commercial Information
Procurement for delivery	Commercial Information
Physical works	Commercial Information
Associated marketing and communications strategy	Commercial Information (to be implemented in advance of opening)
Tracks and facilities complete for opening summer 2020/21	Commercial Information
Post Project Evaluation: <ul style="list-style-type: none"> Evaluation of achievement of project objectives 	Post project completion in Commercial Information

Appendix A: Restrictions

This business case has been prepared for Venture Taranaki Trust on behalf of the Tapuae Roa Lead Team for the potential upgrade and development of the Taranaki Crossing Experience in Egmont National Park. This report has been prepared solely for this purpose and should not be relied upon for any other purpose. We accept no liability to any party should it used for any purpose other than that for which it was prepared.

This report has been prepared solely for use by Venture Taranaki Trust and may not be copied or distributed to third parties without our prior written consent.

To the fullest extent permitted by law, PwC accepts no duty of care to any third party in connection with the provision of this report and/or any related information or explanation (together, the “Information”). Accordingly, regardless of the form of action, whether in contract, tort (including without limitation, negligence) or otherwise, and to the extent permitted by applicable law, PwC accepts no liability of any kind to any third party and disclaims all responsibility for the consequences of any third party acting or refraining to act in reliance on the Information.

We have not independently verified the accuracy of information provided to us, and have not conducted any form of audit in respect of Venture Taranaki Trust. Accordingly, we express no opinion on the reliability, accuracy, or completeness of the information provided to us and upon which we have relied.

The statements and opinions expressed herein have been made in good faith, and on the basis that all information relied upon is true and accurate in all material respects, and not misleading by reason of omission or otherwise.

The statements and opinions expressed in this report are based on information available as at the date of the report.

We reserve the right, but will be under no obligation, to review or amend our report, if any additional information, which was in existence on the date of this report, was not brought to our attention, or subsequently comes to light.

This report is issued pursuant to the terms and conditions set out in the Work Statement signed on Monday 18 December 2017.