

Before the Independent Hearing Panel

Under the Resource Management Act 1991

In the matter of Plan Change 5 to the Regional Coastal Plan for Southland

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**Statement of Evidence of Paul Gerard Norris on behalf of Real Journeys Limited  
(trading as Realnz)**

9 June 2023

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lloyd.**

## Introduction

- 1 My full name is Paul Gerrard Norris.
- 2 I am the Acting Chief Executive of Real Journeys Limited (trading as Realnz) (**Realnz**). I took on this role in early April 2023 while Realnz recruits a new CE. Preceding this, I was Realnz's Chief Conservation Officer, with responsibility to lead a dedicated sustainability team to reposition the company as a conservation company offering tours with an environmental focus in line with the company's roots and values. I continue to carry out my Chief Conservation Officer responsibilities in my role as Acting CE.
- 3 Prior to being Chief Conservation Officer, I was the General Manager for the Tourism arm of the Real Group Limited (the holding company of Real Journeys, Cardrona Alpine Resort Limited, International Antarctic Centre, and previously Go Orange). My responsibilities included overseeing Realnz's 'Experience' operating teams including: Health & Safety functions; Asset and Engineering Divisions; compliance with all the relevant legislation and regulations required to operate a complex tourism business; and ensuring that the Sales and Marketing and financial functions run through the then Wayfare Group Limited's arm met the key performance indicators of the tourism group (as distinct from the Realnz ski group and International Antarctic Centre).
- 4 I graduated from the University of Otago with Distinction in Entrepreneurship. I have 30+ years of practical experience in the Tourism Industry, particularly in maritime and other forms of transportation and logistics. In the 2021 New Year honours, I was awarded a New Zealand Order of Merit for services to the Tourism Industry and Conservation.
- 5 I have worked for Realnz for 30 years, the last 18 months as Chief Conservation Officer; prior to this as GM, and before this as Director of Operations for Real Journeys, with the overall responsibility for all Real Journeys' operational areas; nine years as Area Manager, including Milford Sound Operations along with the Manapouri-Doubtful Sound Operations; and nine years directly running the Manapouri / Doubtful Sound operation. In these operations roles I was responsible for managing our commercial surface water activities across Fiordland including our multiday Discovery Expeditions that mainly cruise through the Fiords south of Doubtful Sound/Patea.
- 6 Over this time I have developed extensive knowledge in operation management and logistics required to work in some of the more challenging geographical areas of the lower South Island and Rakiura / Stewart Island.

- 7 I am actively involved in various local organisations and community groups including being co-chair of Te Puka Rakiura Trust (the Governance Group for the Predator Free Rakiura Project), Chairperson of the Leslie Hutchins Conservation, Director of Rakiura Experiences Limited (a Realnz and Rakiura Māori Land Trust Joint Venture), Director of Milford Sound Tourism and part of the Realnz Group senior leadership team.

### **Scope of evidence**

- 8 This evidence addresses the importance of Fiordland's commercial surface water activities to peoples' economic, social, cultural, physical, mental and emotional wellbeing. It also addresses the importance of providing for public access to the Fiordland Coastal Marine Area (**CMA**) and the need to provide for these matters in Section 16 of the Regional Coastal Plan for Southland (**RCP**).

### **Background**

- 9 In 1954 Les and Olive Hutchins began operating the Manapouri-Doubtful Sound Tourist Company, running four-day excursions to and from Doubtful Sound/Patea. In 1966 Les and Olive acquired Fiordland Travel Ltd with its Te Anau Glow-worm Caves and Milford Track Lake Transport operation and began trading as Fiordland Travel Limited. Continued expansion followed with the acquisition of the vintage steamship "TSS Earnslaw" in Queenstown in 1969 and with the establishment of cruises in Milford Sound/Piopiota in 1970.
- 10 Since 2002 Fiordland Travel Ltd has operated all its tourism excursions under the 'Real Journeys' brand; in 2004 Stewart Island Experiences was established and in 2006 changed its company name to Real Journeys Limited. In 2009 Real Journeys purchased a 50% share of Fiordland Wilderness Experiences (primarily a sea kayak business) and in 2010 purchased the remaining 50% and operated Fiordland Wilderness Experiences Limited as a wholly owned subsidiary.
- 11 In 2013 Real Journeys launched the Go Orange brand and Fiordland Wilderness Experiences was wrapped into this business. In 2013 Real Journeys also purchased Cardrona Alpine Resort and the 155-hectare property at Walter Peak which Real Journeys previously leased. Then in 2015 Real Journeys purchased the International Antarctic Centre in Christchurch and in 2016 Real Journeys took over 100% ownership of Queenstown Rafting and purchased Kiwi Discovery which were also wrapped into the Go Orange brand. In 2018 Go Orange purchased Queenstown Water Taxis (Queenstown Ferries) and Thunder Jet.

- 12 In 2018 Real Journeys was restructured to be a wholly owned subsidiary of the Wayfare Group along with Cardrona Alpine Resort and Christchurch International Antarctic Centre. Also in 2018, Queenstown businessman John Darby and Cardrona Alpine Resort partnered to develop the new "Soho Basin" ski area. In 2019 Cardrona Alpine Resort purchased the assets of the 500ha Treble Cone Ski Field (on public conservation land). Accordingly, the company has interests in at least 2105 hectares of land in the Queenstown Lake District.
- 13 Due to the fallout from COVID-19 Go Orange was absorbed into Real Journeys in early 2021. Wayfare later became Realnz and while Cardrona Alpine Resort, Treble Cone and the International Antarctic Centre maintain their individual brands as Realnz experiences, all the company's tourism brands come under the Realnz umbrella. Accordingly, Realnz remains in private ownership and is now the largest transport, tourism and recreation activity operator in the region and has a well-earned reputation for providing high quality experiences enjoyed by visitors from New Zealand and around the world.
- 14 Realnz now has operational bases in Christchurch, Milford Sound/Piopiotahi, Te Anau, Manapouri, Queenstown, Wanaka, Bluff and Stewart Island/Rakiura. Along with the operation of Cardrona Alpine Resort; Treble Cone Ski Field and the International Antarctic Centre; the company offers a range of quality tourism excursions including multiday Discovery Expeditions around the southern fiords and Stewart Island/Rakiura; day time and overnight cruises on Milford Sound/Piopiotahi and Doubtful Sound/Patea (with daily coach connections from Te Anau and Queenstown); Te Anau Glow-worm Caves excursions; guided Milford Track day-walks; Stewart Island ferries, tours on Rakiura including a partnership with Rakiura Māori Lands Trust to provide Kiwi spotting tours, the development of another walking opportunity at the Neck (Oneki) and accommodation on Stewart Island/Rakiura; in Queenstown, water ferry services on Lake Whakatipu, Queenstown Jet Boating (on Kawarau River), Queenstown Rafting (on Shotover, Kawarau and Landsborough Rivers), cruises on Lake Whakatipu aboard the "TSS Earnslaw" combined with Walter Peak High Country Farm excursions and dining options at the Colonel's Homestead.
- 15 Each year before the borders closed due to COVID-19, the Realnz group hosted well over one million guests across our portfolio of businesses. However as can be seen below, COVID-19 has had a dramatic effect on our operations – refer figure 1 below.
- 16 Along with this commercial success, Realnz also remains committed to conservation which was instilled into the company by its founders Sir Leslie

and Lady Olive Hutchins. The late Les Hutchins, DCNZM, OBE, JP, had a lifetime passion for Fiordland and conservation issues. He was a key member of what is widely regarded as the start of New Zealand's conservation movement - the successful "Save Manapouri Campaign" - which stopped the raising of Lakes Te Anau and Manapouri for power generation. As the small tourism company began to expand, they started directing some of the profits into conservation work.

Figure 1: Our visitor numbers for the last five years

Year	Passenger Numbers (Tourism)				Unique Visitor Scans (Ski)		Overall Total	Total % Change
	Real Journeys	Go Orange	Total	% Change	Cardrona	Treble Cone		
Apr 18 - Mar 19	656,629	179,199	835,828		340,459		2,012,115	
Apr 19 - Mar 20	849,498	261,367	1,110,865	33%	315,609		2,537,339	26.1%
Apr 20 - Mar 21	267,664	34,635	302,299	-73%	235,891	70,696	911,184	-64.1%
Apr 21 - Mar 22	226,359	78,125	304,484	1%	235,641	60,273	904,882	-0.7%
Apr 22 - Mar 23	731,299		731,299	140%	372,531	90,336	1,925,466	112.8%

- 17 Specifically, in 1994 Les Hutchins formed the Leslie Hutchins Conservation Foundation which is funded via a passenger levy on our Doubtful Sound/Patea operations and raised (pre COVID-19) \$60,000 per annum. Some of the Projects supported by the Leslie Hutchins Conservation Foundation include dolphin research, protection programmes for endangered birds, track and interpretation signage developments, support for students to attend outdoor education camps and wilding pine eradication. Since 2017 Real Journeys has been supporting a long-term project to remove predators from Cooper Island Ao-ata-te-pō - the third largest island in Tamatea/Dusky Sound. This initiative sees Real Journeys join, the Department of Conservation's Tamatea/Dusky Sound Restoration Programme; sharing its vision to make Tamatea/Dusky Sound one of the most intact ecosystems in the world.
- 18 Realnz's most recent conservation and sustainability initiatives include:
  - (a) In the last 12 months Realnz has facilitated several tree planting days across its various operation locations including at Cardrona, Walter Peak and Manapouri. It purchased the native plants with staff taking time to undertake the planting.
  - (b) In March 2022 Realnz purchased and deployed 200 predator traps across its property at Walter Peak, Queenstown.

- (c) In May 2022 Milford Wanderer nature guides established a trap line at Wet Jacket Arm/Moanauta between Herrick Creek and Moose Lake with Realnz funding 18 traps.
- (d) In May 2022 Realnz purchased and deployed a further 120 predator traps for Glory Cove Scenic Reserve, Rakiura.
- (e) In July 2022 Realnz funded replacement traps for Anchor Island / Pukenui especially critical for the protection of the Kākāpō.
- (f) Between 22 and 25 September 2022, Realnz effectively donated the *Milford Wanderer* including crew to support and assist DOC to promptly address the recent mammalian pest incursion on Resolution Island/Mauīkatau.

## **Evidence**

### *Evolution of the tourism offering in Fiordland*

- 19 Commercial surface water activities in Fiordland were central to the inception of our company, remain core to Realnz and are economically important to the viability of the company. We have operated cruises in Doubtful Sound/Patea since 1954; ceasing operations during the construction of the Manapouri Power Station and recommencing when the Wilmot Pass became accessible in the early 1970s. In 1970 we began operating cruises in Milford Sound/Piopiotahi breaking the then Tourist Hotel Corporation monopoly. Expansion followed through the 1970s with the introduction of another vessel the *Milford Haven* in 1977.
- 20 To improve access to the main visitor market (Queenstown) in 1984, a luxury coach service was introduced linking Queenstown to the company's Manapouri, Te Anau and Milford Sound/Piopiotahi excursions. Also to meet the demand from Queenstown to Milford Sound/Piopiotahi connections, two aircraft were bought into service in 1987. With the successful development of this operation, a third aircraft was introduced in 1989. Realnz operated a flightseeing company based in Queenstown (servicing Piopiotahi), in sole ownership and as joint venture entities, until 2015 when we sold out to Totally Tourism.
- 21 Extension of operations into the wider Fiordland CMA occurred with the launching of the "Milford Wanderer" in 1992. In particular, since 1993 the "Milford Wanderer" has undertaken multiday excursions (Discovery Expeditions) through Fiordland mainly from May early October each year, returning to operate in Piopiotahi in the summer months. However after lockdown in 2020 we extended the duration of these Fiordland multiday

excursions to approximately nine months of the year; with the other three months taken up with vessel maintenance or excursions around Rakiura.

- 22 Realnz's Fiordland vessel fleet expanded through the 1990's and 2000's with our last vessel acquisition in 2012, however this last vessel was subsequently sold due to the fallout from COVID-19.
- 23 Specifically, Realnz presently operates ten vessels in the Southland CMA (pre-COVID-19 we operated 12 vessels and sea kayaking excursions in Piopiotahi and Patea) with eight operating in Fiordland. That is, we currently operate three backcountry trip vessels and five-day trip vessels in the Fiordland CMA. We have 15 coastal permits for structures within the Southland CMA and 12 coastal permits for commercial surface water activities (including sea kayaking); over 50% of which have been granted or "renewed" in the last five years as they expired after the grant of a predominately initial 20-year term. Accordingly, the provisions of the RCP for Southland are very important to us.

#### *Economic contribution of tourism pre and post COVID-19 pandemic*

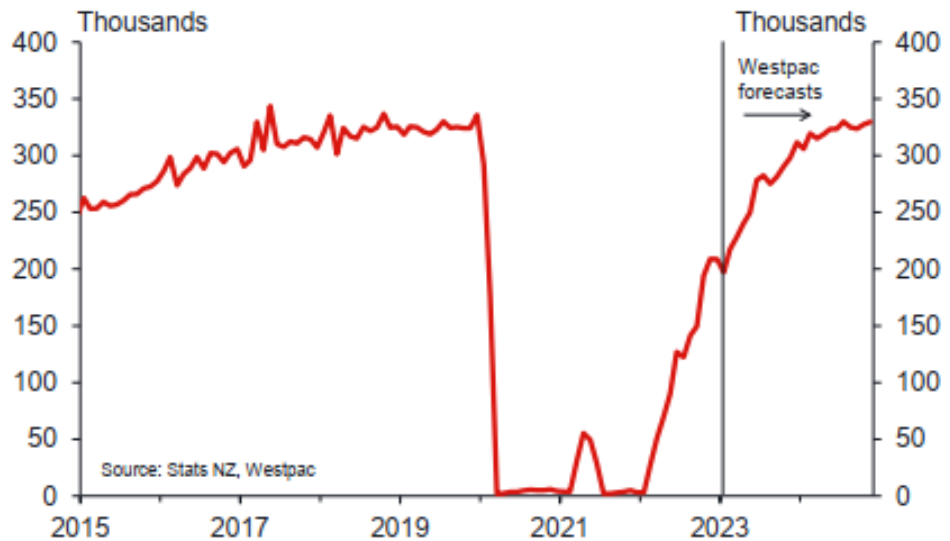
- 24 Prior to the COVID-19 pandemic, Tourism was a vital contributor to New Zealand's economic and social wellbeing, generating wealth and supporting jobs in communities around the country. Tourism was New Zealand's biggest export industry, contributing 20.1% of total exports in the year ended March 2020. Specifically, tourism generated a direct annual contribution to GDP of \$16.4 billion, or 5.5%, and a further indirect contribution of \$11.3 billion, another 3.8% of New Zealand's total GDP. The annual GST paid by tourists is \$3.9 billion, including \$1.8 billion collected from international visitors. 225,384 people are directly and another 158,802 indirectly employed in tourism in New Zealand – 13.6% of the total number of people employed in New Zealand.<sup>1</sup>
- 25 The New Zealand COVID-19 response required a temporary halt to international tourism. This, alongside the restrictions on domestic movements, devastated the tourism sector generally, and also affected Realnz specifically. Infometrics in an October 2020 Treasury Report predicted that tourism-related industries were likely to suffer the biggest contractions in GDP and employment over the next two years, as a direct reflection of the border closures and other travel limitations in place.
- 26 This proved to be the case as over the year to March 2018, tourism represented 4.3% of New Zealand's GDP and by March 2022, this

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<sup>1</sup> <https://www.mbie.govt.nz/immigration-and-tourism/tourism-research-and-data/tourism-data-releases/tourism-and-the-economy/>

proportion had fallen to 2.8%.<sup>2</sup> This is illustrated by the fall in visitor arrivals - refer figure 2 below.

Figure 2: Monthly visitor arrivals, seasonally adjusted<sup>3</sup>



- 27 In particular, in the MBIE April 2022 Cabinet Paper: Supporting the Tourism Sector and Communities to Recover and Reset from COVID-19; Fiordland (along with Queenstown Lakes District) is identified as one of the five New Zealand communities most reliant on international tourism. Specifically, prior to COVID-19, more than 50 per cent of tourism spending within these communities was by international visitors. Total spending within these communities, across all industries, has declined by at least 15 per cent since this same time last year.<sup>4</sup>
- 28 Much of Fiordland's and Queenstown Lakes District tourism spend is generated by Fiordland CMA commercial surface water activities, with visitors predominately based ex the Te Anau Basin and Queenstown undertaking day trips, and backcountry trips in Milford Sound/Piopiota; Doubtful Sound/Patea and backcountry trips mainly into the Fiords south of Doubtful Sound/Patea. Nearly all the visitors that travel into internal coastal waters of Fiordland contribute in some way to the economy in Te Anau / Manapouri; spending on goods and services such as accommodation, transport, food and beverages. Accordingly, Fiordland CMA commercial

<sup>2</sup> <https://www.infometrics.co.nz/article/2023-04-tourism-recovery-hit-plateau>

<sup>3</sup> [https://www.westpac.co.nz/assets/Business/tools-rates-fees/documents/economic-updates/2023/Other/Economic-Overview\\_QEO\\_report\\_16May23.pdf](https://www.westpac.co.nz/assets/Business/tools-rates-fees/documents/economic-updates/2023/Other/Economic-Overview_QEO_report_16May23.pdf)

<sup>4</sup> <https://www.mbie.govt.nz/dmsdocument/14894-supporting-the-tourism-sector-and-communities-to-recover-and-reset-from-covid-19-proactiverelase-pdf>



surface water activities are extremely important economically for Fiordland and the Queenstown Lakes District communities.

- 29 Before the borders reopened the loss of international visitors in these communities was not filled by the increase in domestic travel and expenditure nationwide by New Zealanders. This is despite an increase in New Zealanders' spending on domestic tourism beyond their usual holiday spending, achieved in part through targeted marketing campaigns.<sup>5</sup> This loss in international visitors was exemplified by drop in road traffic with traffic volumes on SH6 North of Five Rivers being 42% lower in the March 2022 quarter than March 2019 and traffic volumes on SH94 North of Te Anau were 58% lower.<sup>6</sup>
- 30 Accordingly, Realnz was similarly affected, with the passenger numbers for the tourism part of business (Real Journeys and Go Orange) falling by 73% - refer figure 1 above. As a result, from the 2020-21 summer three of our Milford Sound/Piopiotaahi vessels were tied up unused and one of our Rakiura vessels was taken out of service. It is only in May 2023 that the "Milford Sovereign" has returned to service in Piopiotaahi in advance of the 2023-24 summer season. However, over 2023-24 summer it is still proposed we operate only three vessels in Piopiotaahi in comparison to the six vessels predominately operated prior to COVID-19.

#### *Situation post COVID-19*

- 31 After COVID-19 lockdown the main pivots Realnz made was the deploy the "Milford Wanderer" to undertake year-round (except six weeks for annual survey and maintenance) multiday Discovery Expedition<sup>7</sup> (between Doubtful Sound/Patea and Tamatea/Dusky Sound &/or Rakituma /Preservation Inlet and a lesser extent the eastern coast of Rakiura) and for one of our large overnight (backcountry) trip vessels to undertake two-night Doubtful Sound/ Patea cruises outside the summer months.
- 32 These initiatives addressed a domestic demand for New Zealand based holidays while travel restrictions remained and plugged into New Zealanders' interest to reconnect with our country's more remote places ticking off more things on people's "bucket lists" as demonstrated by domestic bookings on the Great Walks. Specifically, in 2020-21 booking

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<sup>5</sup> <https://www.mbie.govt.nz/dmsdocument/14894-supporting-the-tourism-sector-and-communities-to-recover-and-reset-from-covid-19-proactiverelase-pdf>

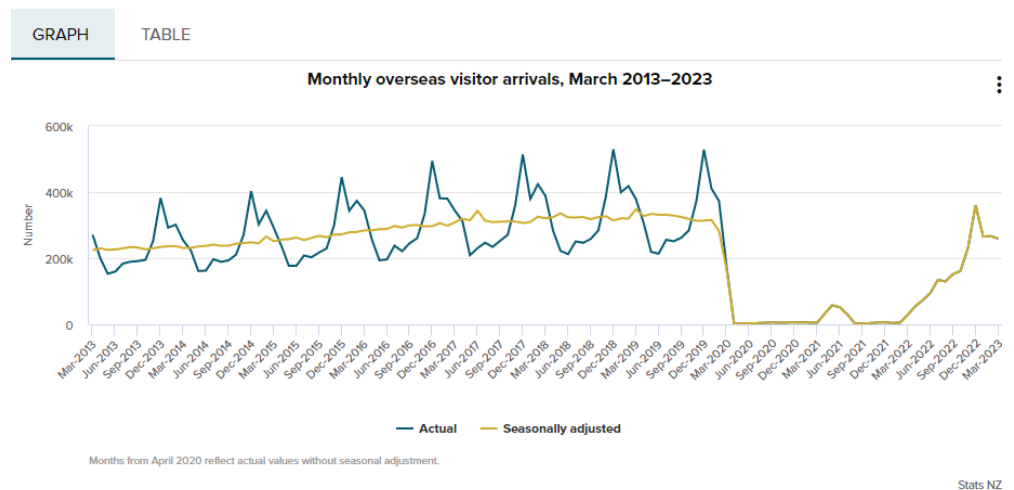
<sup>6</sup><https://greatsouth.nz/storage/app/media/Publications/APPENDIX%201%20%20Southland%20Economic%20Quarterly%20Update.pdf>

<sup>7</sup> <https://www.realnz.com/en/experiences/expeditions/>

data showed 75% more Kiwis undertook a Great Walk between December and February compared to the previous year.<sup>8</sup>

- 33 Other operators such as Fiordland Discovery and Heritage Expeditions made a similar pivot to operate additional multiday excursions in Fiordland and Rakiura CMA.
- 34 This change in level of activity in Fiordland overall was what contributed to the contention that the coastal waters of Fiordland are getting busier.
- 35 The recovery of international visitor arrivals then tracked better than expected as the borders started to reopen. Overseas visitor arrivals were 2.18 million in the March 2023 year, up 1.95 million from the March 2022 year. Nevertheless, after peaking at 68% of pre-pandemic levels in December 2022, total visitor arrivals have since dropped to 64% of pre-pandemic levels in February 2023 – refer figure 3. This trend is exemplified by Milford Sound Tourism passenger numbers being at 52% of their pre-COVID level in the year to March 2023.

Figure 3: Monthly overseas visitor arrivals March 2013-2023<sup>9</sup>



- 36 It is understood that this tourism stagnation has three key components: deteriorating economic activity worldwide, the tailing off of pent-up travel demand, and an acute lack of visitors from China; with the number of visitors from China at just 8% of pre-pandemic levels in February 2023.<sup>10</sup>
- 37 In addition, with New Zealand borders re-opening and the vast majority of overseas countries having removed travel restrictions, there has been an

<sup>8</sup><https://www.stuff.co.nz/travel/experiences/hiking-holidays/300333378/great-walks-milford-track-slots-for-upcoming-season-sell-out-in-record-time>

<sup>9</sup> <https://www.stats.govt.nz/information-releases/international-travel-march-2023/>

<sup>10</sup> <https://www.infometrics.co.nz/article/2023-04-tourism-recovery-hit-plateau>

exodus of New Zealanders holidaying abroad or undertaking an ‘OE’. Specifically, there were 895,500 border crossings in March 2023, made up of 435,500 arrivals and 460,000 departures<sup>11</sup> – refer figure 4 below. Hence there has subsequently been a falloff in domestic travel.

Figure 4: Monthly arrivals into and departures from NZ March 2018–April 2023

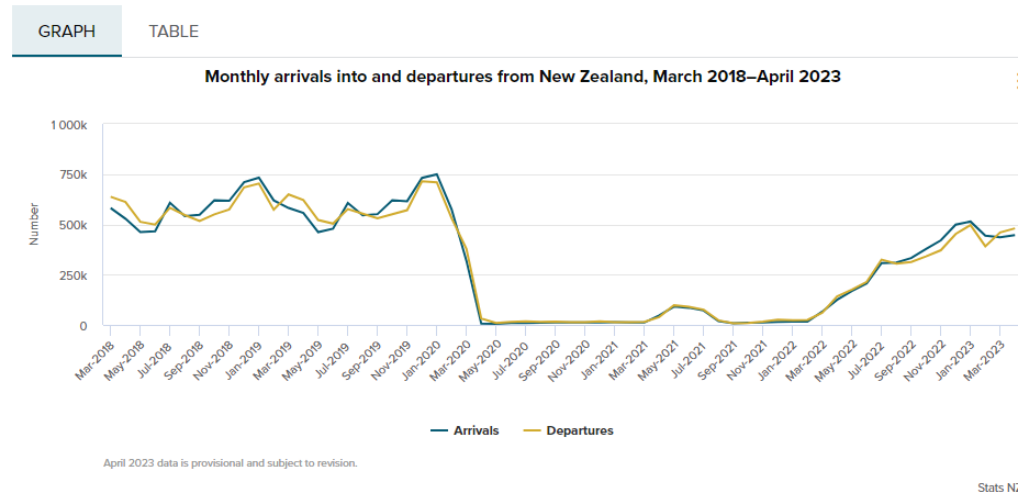
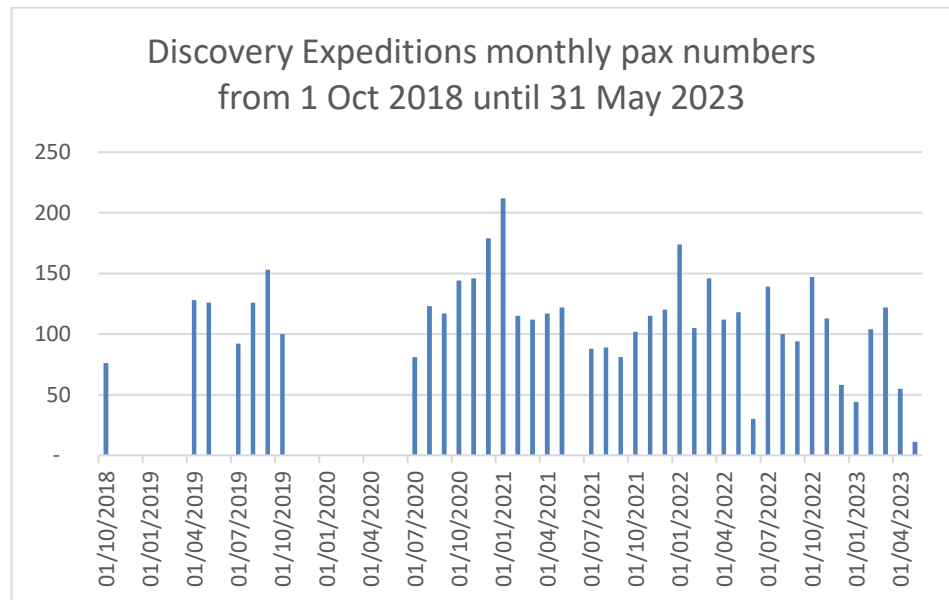


Figure 5. Discovery Expedition monthly passengers numbers from the last 5 years



38 As a consequence, we have effectively cancelled three Discovery Expedition trips aboard the “Milford Wanderer” in the last nine months mainly deploying the “Milford Wanderer” to undertake pest control work in Fiordland, and our Discovery Expeditions trips have had much lower occupancy. Refer – figure 5. As a result of these falling sales the “Milford Wanderer” will be redeployed from mainly operating in the Southern Fiords to Doubtful Sound/Patea for the peak summer months of 2023-24, where

<sup>11</sup> <https://www.stats.govt.nz/information-releases/international-travel-march-2023/>

less expensive and shorter backcountry trips are more likely to sell, ensuring our assets are appropriately deployed to generate optimum income. Therefore, as outlined in our submission the frequency of domestic vessel activity in the Southern Fiords is dropping off as the tourism industry recovers post COVID-19.

- 39 However, with the return of International Visitors we have also seen a return in International Cruise Ship Visits to New Zealand Ports including Fiordland, with 88 ships (9 others were cancelled) visiting Fiordland over the 2022-23 summer and so far 116 visits are scheduled for 2023-24<sup>12</sup> summer (32% increase) according to New Zealand Cruise Association schedules. Nevertheless, New Zealand Cruise Association notes changes to the 2023-24 schedule are expected over the next few months as cruise lines amend bookings consequently visits may rise, especially given Port of Otago has 131<sup>13</sup> cruise ship visits booked for 2023-24 summer as the vast majority of cruise ships that visit Fiordland also call at the Port of Otago. Consequently, we are likely to see the pre-COVID-19 trend return, where between 2015 and 2018, the number of cruise ship passengers (and therefore number of ships) visiting New Zealand rose by 45%<sup>14</sup>
- 40 The strong post COVID-19 recovery over 2022 presented challenges, with a flood of tourists arriving amid acute labour shortages in the tourism sector and the wider economy. Annual Infometrics estimates indicate that employment in the tourism sector fell 37% pa over the year to March 2021 (so from April 2020, as COVID-19 hit), and recovered only slightly, by 4.3% pa, over the year to March 2022 as borders were starting to open.<sup>15</sup> Realnz also faced this challenge with many of our tours capped with lower passenger numbers and some trips not operated due to our inability to recruit staff.

### *Adaptation*

- 41 From the Ministry of Tourism; through to the Parliamentary Commissioner for The Environment (Pristine, Popular – Imperilled?<sup>16</sup> and Not 100% - but four steps closer to sustainable tourism<sup>17</sup>) and the wider community; we in the Tourism Industry are being called on to ‘reimagine’ tourism before

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<sup>12</sup> <https://newzealandcruiseassociation.com/2023-2024-cruise-ship-schedule/>

<sup>13</sup> <https://www.portotago.co.nz/marine-and-shipping/shipping-schedules/cruise-ship-schedule/>

<sup>14</sup> <https://www.infometrics.co.nz/article/2023-02-how-important-are-cruise-ships-to-local-tourism>

<sup>15</sup> <https://www.infometrics.co.nz/article/2023-04-tourism-recovery-hit-plateau>

<sup>16</sup> <https://pce.parliament.nz/publications/pristine-popular-imperilled-the-environmental-consequences-of-projected-tourism-growth/>

<sup>17</sup> <https://pce.parliament.nz/publications/not-100-but-four-steps-closer-to-sustainable-tourism/>

international visitor arrivals approach their previous levels. Realnz is 'on board' with rethinking New Zealand's approach to tourism and creating a more sustainable tourism industry.

- 42 Realnz has repositioned itself as 'conservation company that does tours with an environmental focus', instead of a 'tourism company that does conservation' and my role as Chief Conservation Officer was created to facilitate this along with a dedicated sustainability lead. In particular Realnz is investigating ways to move away from the company's reliance on fossil fuels including the use of hydrogen powered coaches; and the use of EVs (Electric vehicles and vessels).

### *Plan Change 5*

- 43 Overall the tourism industry is in a state of flux as the industry rebuilds following COVID, travel behaviours adjust. Demand patterns are trending back to previous patterns of a greater demand for day trips or part day trips (rather than backcountry trips) and visitation is dropping over winter months and peaking in the summer months. Which drives the need to be being profitable in summer as off-season remains quiet. We believe it is short-sighted to be progressing PC5 at this stage as this plan change will undermine efforts to adapt to this changing visitor industry landscape, creating barriers to the delivery of future appropriate commercial surface water activities (**CSWA**) in the internal waters of Fiordland which will curtail our ability to be economically viable and therefore invest in further conservation projects and vessels powered by greener alternatives.
- 44 The Fiordland and Queenstown Lakes District communities rely heavily on these CSWA to support their economies and many businesses in these areas are still digging themselves out of their COVID-19 deficit. Overlaid on this is that most New Zealand tourism businesses are SME's with fewer resources than Realnz, consequently after the initial Covid-19 wage subsidy came to an end, many of these businesses laid off their staff (which in many cases resulted in a loss of intellectual capital) and some owners<sup>18</sup> took on other jobs unrelated to Tourism; hence these businesses have a long way to go to recoup their COVID-19 losses.
- 45 As discussed above, as borders reopened the recovery of international tourist arrivals has tracked ahead of expectations. In the December 2022 quarter, tourist arrivals totalled 752,800, 47% higher than predicted by pundits in February 2022 forecasts.<sup>19</sup> In conjunction with this there has

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<sup>18</sup> <https://www.stuff.co.nz/national/126561151/jobs-for-nature-creates-more-than-300-jobs-in-southland>

<sup>19</sup> <https://www.infometrics.co.nz/article/2023-04-tourism-recovery-hit-plateau>

been a large uptick in New Zealanders travelling overseas reducing demand for domestic holiday products. Accordingly, we are switching (pivoting) our operations to be more comparable to our pre-COVID-19 arrangements. Specifically, the “Milford Wanderer” will not undertake Discovery Expeditions through the southern fiords over the summer months reducing vessel activity in these Fiords.

- 46 As discussed above because international visitors are returning, product demand is shifting from the experiences New Zealanders were seeking post-lockdown (backcountry trips providing immersive experiences in nature) to a greater demand for day trips or part day trips which cannot be undertaken in the more remote areas of Fiordland. This is because most international visitors that travel as far south as Fiordland are very ‘time poor’ only staying in the country for two to three weeks consequently most visitors only allocate one day to visit Fiordland making a day trip to Piopiotahi or Patea ex Te Anau or Queenstown.
- 47 Those visitors who have more time or are returning visitors, and have the resources to purchase a higher priced product, can potentially opt to undertake a one night backcountry trip, yet these visitors remain ‘time poor’ (as people are on holiday as they seek to cram in as many sites and activities into a limited time frame) and do not have the time to do more than a one night backcountry trip. Because of the short duration of these trips they can only be undertaken where there is road access that is, in Milford Sound/Piopiotahi and Doubtful Sound/Patea not in the more remote areas of Fiordland. Reducing the frequency of activities in these remote areas reducing the effects that the PC5 reports have attested that CSWA have on wilderness and remoteness values.
- 48 Thus to capture part of this returning international market we are redeploying our vessels to primarily undertake day trips or one night backcountry trips in Milford Sound/Piopiotahi and Doubtful Sound/Patea away from the southern fiords. That is we must pivot again, to provide the type of products the majority of people travelling into Fiordland (which is now reverting to international visitors ahead of domestic visitors) require to make an income.
- 49 Of particular concern is that PC5 is a stop gap measure while the review of the overall RCP is completed. However, given that the original RCP was notified in 1997; became partially operative in 2007; and fully operative in 2013 we are concerned that we will have to live with PC5 for potentially ten years or longer.
- 50 Our other apprehensions we have regarding this stop gap measure are:

- a) the potential to displace CSWAs to Rakiura where there is not RCP rule framework;
- b) there are other provisions of the RCP that need urgently updating such as the permitted activity status of moorings in the vast majority of recognised anchorages across Fiordland, which has led to the recent proliferation of moorings of unknown origin and reliability through these anchorages; and
- c) PC5 does nothing to address the effects that international cruise ships are having on Fiordland's wilderness and remoteness values. It seems as a CSWA operator any new activities will be potentially curtailed under PC5, yet International Cruise Ships are being given a free hand. That is under Rule 13.1 of the RCP the only cap on cruise ship activity being is that no more than two cruise ships shall enter any waterway, passage, fiord, bay or inlet in any one day. Yet this rule has never been enforced with numerous instances over the past decade re-COVID-19, that three cruise ships visited the likes of Piopiotahi on the same day and even over 2022-23 summer there were two instances where three ships visited Piopiotahi on the same day both with a morning arrival time<sup>20</sup> (we are knowledgeable of these cruise ship movements as prior to 2016 we supplied the crew to operate the Fiordland Pilot services pilot boat in Milford Sound Piopiotahi).

51 Therefore, we consider PC5 should only remain in effect for five years at the most and the review of the RCP should be fast tracked.

52 Despite these reservations given the importance of CSWA to Realnz and our communities (Te Anau and Queenstown) we want to ensure that the provisions of PC5 are workable with clear policy directions to avoid undue consenting difficulties. We do support the "holding the line" for a temporary period while new plan developed. Especially in the context of removing the existing 'Policy 16.2.4' which places no limit on the amount of commercial surface water activity in Milford Sound' given the Milford Sound Tourism has determined that it is unsafe for any more vessels to operate out of Freshwater Basin and that pre-COVID-19 the tourist vessels operating out of this harbour were not fully utilised. That is the majority of these existing vessels had the capacity to carry more passengers so no more vessels are required.

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<sup>20</sup> <https://newzealandcruiseassociation.com/2022-2023-cruise-ship-schedule/>

- 53 In terms of workability we want to ensure that Policy 16.2.13 does not capture numerous tender craft activities involved in the vessel hull and structure invasive pest monitoring (that must be undertaken under the conditions of our coastal permits); and the ever-expanding restoration work we are undertaking (often with our passengers) in the following locations;
- a) on Cooper Island Ao-ata-te-pō;
  - b) trap line at Wet Jacket Arm/Moanauta between Herrick Creek and Moose Lake; and
  - c) trapping on Bauza Island and Rolla Island in Doubtful Sound/Patea.

*Benefits of Fiordland tourism to wellbeing and conservation*

- 54 In line for the realigned aspirations for the New Zealand Tourism Industry, it has always been Realnz's objective to attract high value tourists (quality over quantity) and we have positioned the company as a premium brand especially in the competitive Milford Sound/Piopiotaahi market. This is illustrated by our 'nature cruise' product (pre-COVID-19), which was our most expensive day cruise, and the most expensive cruise and coach option ex Queenstown and from about 2016 onwards this product attracted increasing numbers and out performed our Milford Sound 'scenic cruise' product which was tailored to tour groups.
- 55 The transport and recreational opportunities which Realnz offer enable people to connect with and have greater access to New Zealand's natural environment and experience these areas first hand in some form. This benefits peoples' physical, mental and emotional wellbeing.
- 56 The 2022 Ministry for the Environment "Value of nature for wellbeing during times of crisis: COVID-19 case study" found that spending time in nature, had a positive impact on mental wellbeing. The proportion of participants who rated spending time in nature as 'very important' to them for general wellbeing and social wellbeing increased from 47 per cent before lockdown to 62 per cent during lockdown.<sup>21</sup>
- 57 Also a Department of Conservation (**DOC**) study found that many New Zealanders' have a strong connection to their lands and waters, and this fosters pro-environmental behaviours. However, future support for conservation cannot be taken for granted, given the increasing ethnic diversity; the aging population in New Zealand; and the concentration of the country's population in urban areas, distant from much of our public

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<sup>21</sup> <https://environment.govt.nz/assets/publications/Value-of-nature-for-wellbeing-during-times-of-crisis.pdf>



conservation land (**PCL**). Therefore, the opportunities Realnz creates, to enable people to connect with, and experience the natural environment, has the benefit of developing stronger connections with the natural environment and promoting a greater conservation awareness of those visiting Fiordland.<sup>22</sup>

- 58 Accordingly, Realnz contends that the RCP should foster opportunities for people to connect with nature and not impede these activities. Hence Realnz is looking forward to working with the council to progress the RCP review to ensure the outcomes achieved work well for this unique and precious Southland coastal environment, the tourism industry and our communities.
- 59 We trust that when undertaking the RCP review the council will undertake wider stakeholder engagement compared to what occurred when the “Use and Development in the Southland Coastal Marine: Discussion Document” was prepared pre-COVID-19. Realnz would welcome the opportunity to work with the council to progress meaningful consultation with Fiordland CSWA operators, the community, and other industry stakeholders in preparation of drafting a new RCP.

9 June 2023



Paul Norris

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<sup>22</sup> <https://www.doc.govt.nz/globalassets/documents/science-and-technical/sfc333entire.pdf>