

SUMMARY OF EVIDENCE OF SIMON MILNE FOR QUEENSTOWN PARK LTD

1. Global data highlights the continued demand for Gondola installations as destinations seek to broaden visitor experiences while also focusing on more sustainable forms of transportation, especially in areas where vehicular access is constrained. A review of the literature on Gondola-related impacts highlights positive and negative features (Table 1).

Table 1: The Positive and Negative Impacts of Gondolas – Literature Review

Positive Impacts	Negative Impacts
Linkage/development of/to other centres/poles	Reduction in traffic flows affects local economies and businesses
Service related facilities at Gondola stations	Crowding and commercialization
Employment during construction	Adverse impact on wilderness and backcountry recreational values, negative aesthetic impacts
Employment during operation	More affected by wind and electrical storms than roads
Visitors may stay longer and spend more	Construction brings negative environmental impacts including noise, traffic and soil erosion plus loss of forest and other habitats at tower sites
Reduction in travel time to destinations – general economic efficiency benefits	
Enhanced visitor experience	
Broadens all-season appeal	
Provides soft-adventure experience	
Less affected by snow and on ground conditions than roads	
Reduce traffic congestion and associated car parking 'footprints'	
Reduction in GHG and CAC emissions	
Relatively safe transportation system	

2. The proposed Gondola development is well positioned to benefit from predicted increases in both the number and yield of visitors travelling to New Zealand and Queenstown in the coming years. The proposed Remarkables Gondola experience will fit well with the deeper experiential dimensions needed to enhance yield from existing and new markets: adding value to the ski field visitor by cutting travel times challenges related to road transport while also deepening the range of all-season travel experiences for non-snow sport visitors.
3. Within Queenstown trends in overall guest nights have been consistently positive over the past 3-4 years. Projections point to increased levels of visitor spend both nationally and within the Queenstown region. Ski area visits, on the other hand, have been relatively static: 1.5 million ski area visits were recorded nationally in 2015 (lower than 2009). This tight competitive environment necessitates the development of world class alpine offerings

that are cost competitive and environmentally sustainable. It is critical that developments are 'all season' rather than just winter focused to cater to the growing demand for year round alpine experiences. A likely shortening in available ski days due to climate change will also focus greater attention on alternate activities that can engage visitors throughout the year.

4. The focus on higher yield markets and the growing emphasis on Chinese 'free and independent' travellers also fits well with the proposed Gondola and the related development of a Country Station experience. There is considerable interest among travellers in soft environmental and adventure experiences and the proposed mix of walks, agri-tourism, mountain biking and cultural/nature experiences fits well with this market profile. The Gondola will also fit well with the anticipated increase in convention travellers to Queenstown.
5. A lack of readily available primary research means that there can only be broad estimates made of the economic impacts associated with the Remarkables Gondola proposal. The construction cost of the Gondola will be \$55 million NZ and this will be spent over an 18 month period. The actual construction crew will be in the order of 20 - 25 people. Numerous downstream suppliers and subcontractors will be involved. The ongoing operation of the Gondola will require at least 10 FTE jobs with a further 3 FTE jobs being created indirectly at through local multiplier effects. Further employment will be generated by the Remarkables Park Station development. The need for service providers at the end point of the Gondola and also at Park Station will also have an impact on employment and local household income.
6. The Gondola will generate a total of \$1.25 million in local household income per year of operation. Expenditure on non-labour related items such as supplies and services in the local area is likely to be in the range of \$400,000 (including multiplier).
7. Every 10,000 new snow sport visitors attracted to Queenstown and the Remarkables by the presence of the Gondola (i.e. visitors that would not have come to Queenstown without the Gondola being part of their experience) will generate approximately \$7.5 million in local income. For the far larger group that would travel to Queenstown regardless of the Gondola even an extra half day of local stay generated by this new experience would be expected to generate \$1.7 million per 10,000 snow sports visitors.
8. For a very small percentage of visitors it is likely that spend on the Gondola will simply represent a reallocation of their budget from one local experience to another. This displacement effect is estimated to be relatively limited as there are no directly complementary products on offer in Queenstown.

9. The proposed Gondola represents an environmentally efficient form of transportation that is also extremely safe. The likely reduction in traffic and parking congestion and traffic accidents has broader economic and society-wide benefits. The Gondola also offers the opportunity to spread visit impacts into shoulder seasons and to create a four season resort approach to economic development, one that may well prove to be an effective economic strategy as the impacts of global climate change are felt more acutely in the future. While it is difficult to present exact impact figures at this stage of the development it is clear that the proposed Gondola will generate significant economic benefits for the Queenstown area. It is estimated that the impact on visitor spend and arrivals/length of stay will be significant with downstream benefits being felt by industry, local suppliers and the broader community.