



Coastal Pacific Trail Feasibility Assessment

Final Report | 19 September 2017

TRC



Acknowledgements

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The report has been prepared on the basis of information available at the time of writing. While all possible care has been taken by the authors in preparing the report, no responsibility can be undertaken for errors or inaccuracies that may be in the data used.

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Executive Summary

TRC Tourism has undertaken an assessment of the proposed Coastal Pacific Trail. This report details the strengths and weaknesses of the proposal as it stands. While the Coastal Pacific Working Group is to be congratulated for their work on the trail design and alignment to date, significant work remains to be undertaken before a definitive assessment can be completed and solid cost and benefit estimates prepared with enough rigour to be confident in the findings. The uncertainty revolves around the alignment and securing agreements, around the standards that can be achieved off road, and the certainty of access to KiwiRail easements as well as other land owners.

Each of these areas of uncertainty can potentially affect costs by hundreds of thousands, if not millions of dollars.

The following summary presents the opportunities of the Trail with the first piece of work to be completed being the development of the right governance model to enable the project development phase to continue, and to bring potential partners together.

The potential visitor experience

The Coastal Pacific Trail has potential as a great cycle trail experience that will appeal to the family and leisure riding markets. Whilst sections of it could be suitable for walking, the overall experience will not offer an appealing end to end walk. Whilst options may exist to link with cycling journeys to the north and south, the optimal experience is likely to be the journey between Picton and Kaikoura which will offer a 4 to 5 day ride with potential for some side loops offering excellent experiences.

If the Coastal Pacific Trail is to be successful it will need to have a strong brand and distinctive positioning in the market place to compete with the many rides currently on offer. There are a number of aspects that can be developed to differentiate this trail, and there are some potential hero components that can form the core of the market positioning and leverage existing destination strengths across the region.

Great trails leverage ‘hero experiences’.

- Marlborough wines and associated foods are world class products and cycle tourism in and around the vineyards and cellar doors can be a standout experience. The Marlborough wineries must be incorporated as part of the positioning and journey to leverage this asset and an experience eminently suited to the target market.
- The magnificent coastline between Ward and Kaikoura offers a second hero element of the journey with the opportunity to incorporate the potential for wildlife viewing into the experience.
- The third hero element which could be developed lies in the communities through which the trail will travel in the more rural settings of Picton-Blenheim, Seddon to Ward and Kekerengu. Opportunities to connect with the local community, stay in local accommodation and be shown the local experiences and hospitality abound.

With a railway line running the length of the proposed trail, and subject to Kiwi Rail support, opportunities exist to incorporate packaged rides and hop on hop off experiences for the family and leisure market. This could be especially beneficial in the early stages of development when there are gaps in the trail. It will also be a unique experience for New Zealand where many trails are end to end or loops and do not have such a transport option. This concept is reliant on Kiwi Rail undertaking to reinstate (or permit the community to reinstate) platforms for loading/off-loading bicycles and passengers at locations where the train no longer stops, adding these stops to the timetable (potentially on an "as needs basis") and adding a suitable carriage for the transport of riders and their bikes.

Marlborough and Kaikoura have the advantage of a mature tourism industry that has the experience and capacity to support trail based tourism and to offer support services such as shuttles, bike hire, baggage transport etc) and this will be invaluable in establishing successful product. There are also a number of existing bike based experiences that can assist in positioning the region for bike related tourism (commercial riding in the wine region, mountain bike tracks, bike clubs, riding on the Queen Charlotte Track and trails south of Kaikoura etc).

Recent funding announcements associated with SH 1 earthquake restoration and recovery will underpin development of the first section in the short to medium term from Kaikoura to Clarence. The sections offering the greatest potential in the medium term are from Blenheim to Seddon and Seddon to Ward. The most difficult sections to achieve that are likely to be long term are Ward to Clarence and Picton to Blenheim.

Two loops off the main spine have great potential even in the short term and could offer strong opportunities to position the trail and create awareness and product in its early stages of development. These are the Yealands Estate White Road loop and the Saltworks loop.

Potential routes and alignment

There has been considerable work done in determining where the trail might go, and the easiest solutions, but the detail of the alignment has a long way to go. Comments on this are offered in section 4.5 of this report.

Whilst recognising the benefits of the railway to assist in delivering the product, the experience could be compromised if a high proportion of the ride is adjacent to the railway line resulting in a homogenous experience where visual amenity may also be impacted. The maintenance and design of rail facilities may also at times conflict with the design of a world class visitor experience.

A considerable proportion of the potential route could most easily be delivered on small secondary roads that offer easy riding and a pleasant experience of the rural scenery. The final determination of the extent of the journey on roads will impact on the potential for the Coastal Pacific Trail to be considered as a Great Ride on the NZ Cycle Trail (with access to that funding). It must be noted without being listed as a Great Ride, the trail could still be an amazing riding experience and compete successfully for market share as a route on the NZ Cycle Trail network.

In determining route, alignment and surface the standard must be consistent to match the identified target market. There is little value in an easy ride on a hardened surface that is interspersed with a more technically challenging single track section. There needs to be strong consistency of the standard and clear information for visitors that conveys this.

The route and alignment needs to be clear and logical without numerous direction changes for ease of development.

The optimal alignment will be direct or relatively direct routes from one location to another, or to visit experiences and products that are outstanding or strongly aligned to the trail positioning. Choosing a route that is significantly longer and either not clear or that deviates a long way from the direct spine will lead to visitors using more direct options, or not being provided with an outstanding experience that will help drive visitor numbers and economic output.

Short term strategy

The development of the whole trail from Picton to Kaikoura is likely to take between 3 – 6 years to deliver. Particular challenges lie in:

- Alignment, negotiations and approvals from Picton to Blenheim
- River crossings and roadside issues Blenheim to Clarence
- Alignment, negotiations and approvals Seddon to Ward
- Alignment and approvals coastal strip to Clarence River – likely to be extensive issues associated with alignment, stability, archaeological sites and clearances
- Negotiation with KiwiRail and others on the development of the experience including product, support services, train transport options and lease conditions.

With the development of the Okiwi Bay to Mangamaunu section of the trail as part of SH1 reconstruction, ideally the launch of the Coastal Pacific Trail would commence. This will require more than a highly engineered piece of infrastructure (especially one that could end in a location that is remote from settlement) at the southern end of the trail.

There will need to be experiences developed that can support 2 -3 days riding in the short term to begin to position the Coastal Pacific Trail and create a sense of expectation and excitement for the future development. The short-term experiences are likely to need to be packaged product using commercial biking services unless or until such time as KiwiRail progresses the use of the train for rider transport. Additionally, branding and marketing will need to occur not only to position the initial stages in the market, but to position the longer-term objective of a completed CPT.

The most achievable short-medium term experiences could include:

1. The Okiwi Bay to Mangamaunu ride (funded as part of SH1 redevelopment)
 - Extend this section of infrastructure from Kaikoura to Clarence River as a priority project
 - Clarence River and Kekerengu accommodation options and additional river based experiences exist
2. Determine, negotiate and develop the final alignment for a) the Saltworks loop and b) the Yealands Estate loop
 - Encourage communities of Seddon, Ward, Kekerengu to offer accommodation and experiences to complement packaged riding products.
3. Investigate the options for a winery loop out of Blenheim.

Economic impacts

The development of the Coastal Pacific Trail will generate substantial positive economic benefits for the region during the construction phase and operations phase.

- **Construction phase:** The construction phase would generate a total of 29.7 direct FTE jobs – 22.4 on site and 7.3 in material supply jobs. Another 5.9 FTE indirect/induced jobs would be created during the construction phase, for a total of 35.6 jobs (direct and indirect jobs).
- **Operations phase jobs:** for the low user scenario 39.7 direct jobs and 5.5 indirect jobs would be generated annually; the medium scenario generates 55.1 direct jobs and 7.4 indirect jobs; and the high scenario generates 77.1 direct jobs and 10.5 indirect jobs. These jobs are mainly in the accommodation, food and recreation services sectors.
- **Operations phase income:** the increase in annual regional income generated by the operation of the trail totals: \$3.386 million for the low scenario; \$4.687 million medium scenario; and \$6.585 million high scenario.
- **Benefit/Cost Analysis:** the development of the trail generates benefits that are substantially above costs for all of the scenarios. A 6% discount rate has been used (NZ Treasury recommended

discount rate) is used and the project yields a Benefit Cost Ratio (BCR) substantially above 1 for all user scenarios (ie. benefits generated exceed the costs of the project over a 20 year period).
Low user scenario (18,000 users) – BCR = 1.77;
Medium user scenario (25,000 users) – BCR = 2.45;
and High user scenario (35,000 users) – BCR = 3.44.

Governance

A well-resourced professional skills-based Trust with access to funds and including Marlborough and Kaikoura District Council representation will be the ideal option for taking the Coastal Pacific Trail forward. The Trust will need to be established in partnership with Marlborough and Kaikoura District Councils and prepare a strategic plan that prioritises the activities and the staging of the project. The Trust must be trail based and not Territorial Authority based and be holistic in how it approaches the trail standards. A partnership with all TLAs will be critical in the trail's development and operations.

Selecting a suitable Chairperson would be the ideal place to start with the Trust establishment, with connections broadly throughout New Zealand Government and Business. The majority of Trust members will need to be skills based appointments to establish the trail and see it through its initial operational phase, potentially in stages as they are developed. Skills that would assist the Trust initially may include:

- Legal / Land Management Agreement experience and skills
- Marketing and communication experience and skills
- Business Development experience and skills
- Tourism knowledge including product development and packaging
- Community development and capacity development experience.

Both Councils should be represented at senior levels on the Trust especially through the initial trail development phases where the partnership between the Trust, community, business and Government is essential.

Priority tasks for consideration are:

- Establish the Trust
- Develop Strategic Plan
- Engage executive support to pursue funding, manage resources and contracts
- Contractor (s) to determine and negotiate priority alignments
- Trust members to lobby and negotiate with Government, KiwiRail and other critical stakeholders
- Bring together TLAs, Government, Business and the community around a shared vision for the trail

Effective relationships will need to be established with Marlborough and Kaikoura District Councils.

The model for future maintenance will need to ensure a consistent approach along the trail and fail-safe standards of delivery.

1 Introduction

1.1 Background

The Coastal Pacific Trail working committee has been planning for the new trail for some time, and has undertaken a range of work including site planning for the alignment, discussions with stakeholders, cost estimates and demand projections. This work is documented in several reports. This report is an independent feasibility study that stands alongside work already done by the Coastal Pacific Trail Working Committee rather than a stand-alone document. It presents some new information and evaluates the work previously undertaken and makes recommendations about progressing the concept.

1.2 The Destination

The proposed Coastal Pacific Trail will link Kaikoura in northern Canterbury with Picton in the Marlborough region.

The Marlborough and Northern Canterbury Regions are located at the north-eastern tip of the South Island of New Zealand and are well known for vineyards and the stunning scenery of the Marlborough Sounds, the abundant marine wildlife off the coastline around Kaikoura and the generally warm and temperate climate. Marlborough is one of the sunniest regions in New Zealand with warm, dry and settled weather in summer with an average maximum temperature of about 24 degrees Celsius, and a winter average maximum of about 13 degrees Celsius.

The largest town near the proposed trail is Blenheim, which has a population of about 25,310¹ and is the hub of the wine district. Twenty-five kilometres north of Blenheim is Picton, which has a population of 4,340¹. Picton is the transit point for ferries to and from Wellington and is also a busy cruise ship port, with 45 ships scheduled to dock over the 2017/18 cruise ship season. It is the starting point for walks, boating and kayaking in and around Queen Charlotte Sound.

Kaikoura is situated on the eastern coast two hours' drive north of Christchurch on State Highway 1 in a spectacular setting between the Seaward Kaikoura Range and the Pacific Ocean, and has a population of about 2,000 people².

Trails based tourism is already popular in the region with 4,000-5,000 people cycling the Marlborough Vineyards annually and over 10,000 people walking or cycling the Queen Charlotte Track each year.³

Kaikoura's main drawcard for visitors is the many opportunities on offer for encounters with marine mammals which include swimming with dolphins, kayaking with fur seals and watching whales from the water or air.

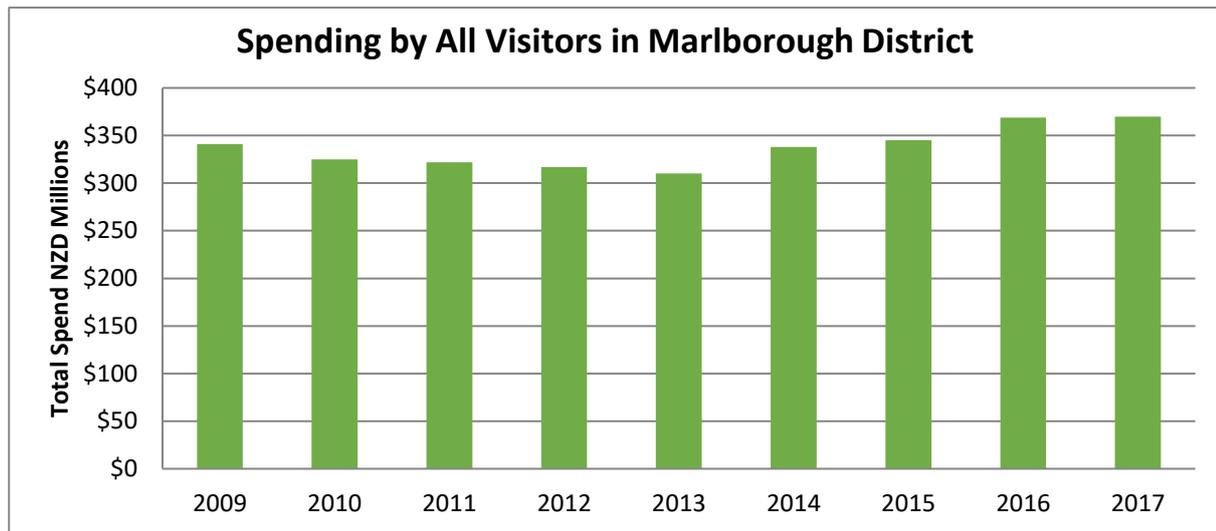
¹ [Nzdstat.stats.govt.nz/wbos/Index.aspx?DataSetCode=TABLECODE7501](http://nzdstat.stats.govt.nz/wbos/Index.aspx?DataSetCode=TABLECODE7501)

² http://www.stats.govt.nz/browse_for_stats/population/estimates_and_projections/SubnationalPopulationEstimates_HOTPAJun16.aspx

³ Bike Walk Marlborough Trust Operational Plan 2017-27

The total spend on tourism in the Marlborough District in the year to June 2017 was \$370 million, the 19th largest annual spend in New Zealand. Of the \$370 million, 62% was spent by domestic visitors. This represented a drop on the previous year with the total spend by domestic visitors in the year ending June 2016 being \$237 million. The total spend in the Kaikoura District in the year to June was \$70 million, \$38 million of which was from international tourists and \$32 million from domestic visitors.

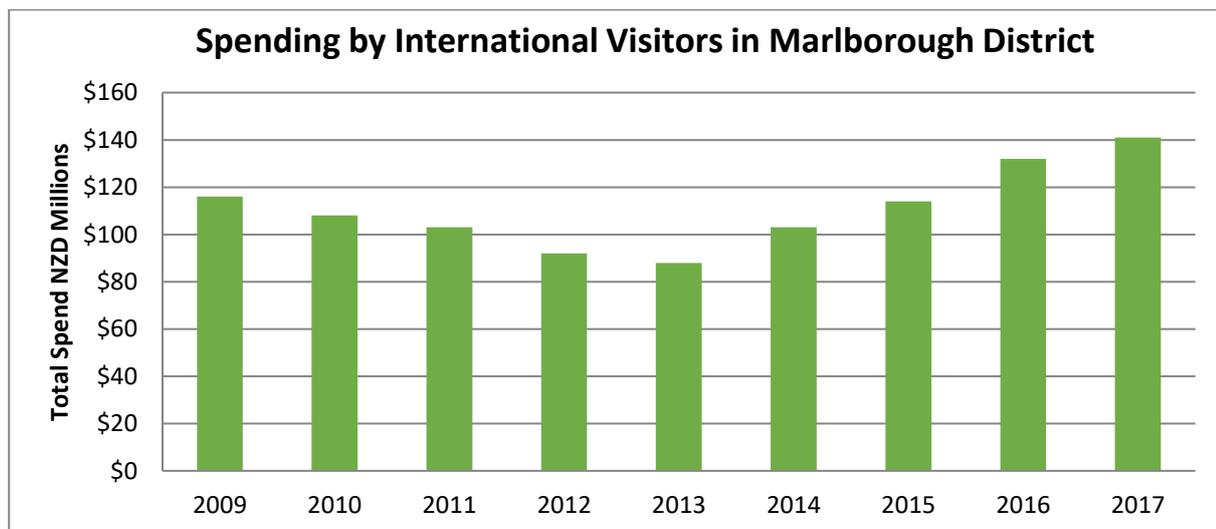
Figure 1. Total Spending for year to June



Source: MBIE Monthly Tourism Estimates 2017

After a period of decline each year from 2009-2013, international visitor spending has increased each year since 2014 with \$141million being spent by international visitors in 2017. Australia is the largest international market, with 26% of the spending, followed by the USA (17%), the UK (15%) and the Rest of Europe (14%). The region has a lower proportion of visitors from China than other destinations in New Zealand.

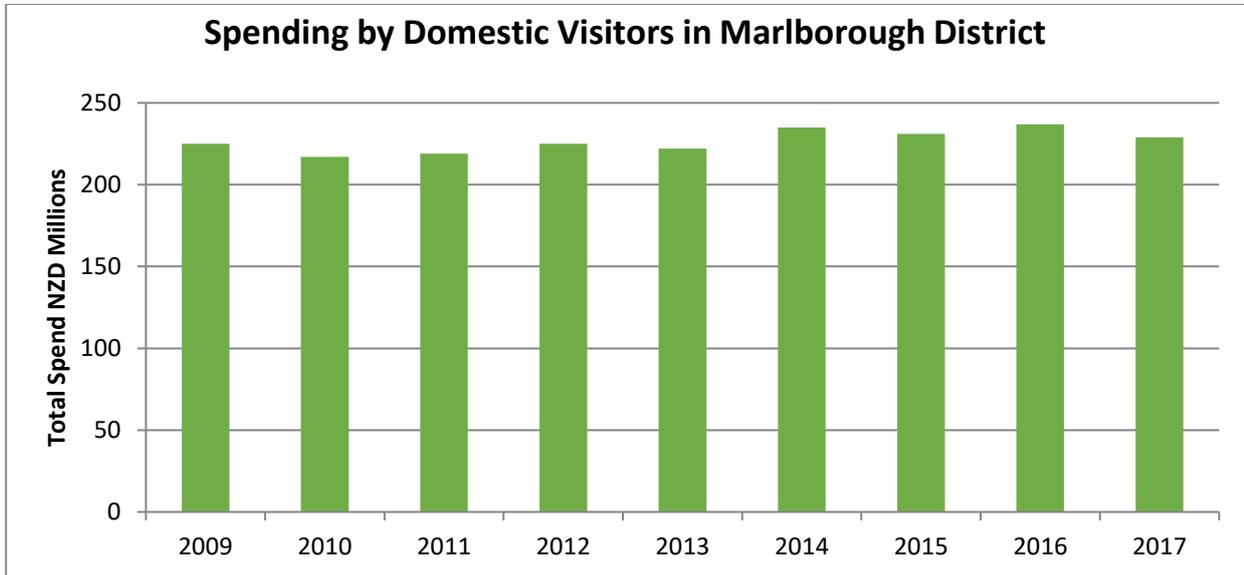
Figure 2. Spending by International Visitors year to June



Source: MBIE Monthly Tourism Estimates 2017

Spending by domestic visitors has remained relatively flat, with a range between \$217 million (2010) and \$237 million (2016). The compound growth rate over this period is just 0.2%.

Figure 3. Spending by Domestic Visitors year to June



Source: MBIE Monthly Tourism Estimates 2017



2 Market Analysis and Cycling Trends

2.1 NZ Trends

Domestic visitors are the major source market for trails in New Zealand⁴. As an indication of the popularity of trails in New Zealand, the 23 Great Rides in the New Zealand Cycle Trail (which are open to use by pedestrians as well as cyclists) had an estimated 1.3 million users in 2015, 86.5% of whom were domestic visitors⁵. About 83% of all use was for recreation or tourism purposes, as opposed to the 17% of users who were commuter cyclists.

In 2013 a survey of four Great Rides estimated that, for the Motu Trails, Mountains to Sea Trail and Hauraki Rail Trail, around 90% of trail users from outside the relevant region were New Zealand residents⁶. Just over half of the users of the Queenstown Trails from outside the region were New Zealand residents, reflecting Queenstown's popularity as an international destination for adventure and nature-based activities. Trail experiences are also major motivations for domestic visitors to visit a region. In the 2013 survey, the Trail was the main or only reason for their visit cited by between 60% and 80% of domestic visitors using the Motu Trails, Mountains to Sea Trail and Hauraki Rail Trail. The domestic visitors using these trails tended to be families and younger people on weekends and people in older age groups during the week.

For international visitors, walking, tramping and cycling are targeted by Tourism New Zealand as special interest activities that offer ways to experience the 100% Pure New Zealand brand through the country's diverse landscapes, environments and national parks and reserves. Attraction of walking, tramping and cycling visitors is spearheaded through the New Zealand Cycle Trail, DOC Great Walks and promotion of significant trails and mountain biking destinations. Through the *Tourism 2025* framework, the New Zealand Government and tourism partners are also seeking to extend the regional dispersal of international visitors through improved local destination experiences and infrastructure such as more competitive local trails⁷.

Tourism New Zealand has shown that walking/tramping and cycling by international visitors are important drivers of the visitor economy. Walking/tramping and cycling holiday visitors tend to stay longer and spend more than the average visitor to New Zealand (*note – TRC questions the interpretation of the data in the table showing for example that over a third of cyclists may stay on a trip for 30 days – the more reasonable interpretation being that their holiday is for more than 30 days – a portion of which is a cycling trip*).

⁴ Ministry of Business, Innovation & Employment (2013). *Nga Haerenga – The New Zealand Cycle Trail Evaluation Report*.

⁵ Ministry of Business, Innovation & Employment (2016). *Nga Haerenga – The New Zealand Cycle Trail Evaluation Report 2016*.

⁶ Ministry of Business, Innovation & Employment (2013). *Nga Haerenga – The New Zealand Cycle Trail Evaluation Report*.

⁷ Tourism Industry Aotearoa. *Tourism 2025, Growing Value Together*.

Table 1. Walking/tramping and cycle tourism profiles – international visitors to New Zealand⁸

Profiles	Walking and Tramping (2009 – 2013)	Cycling (including MTB) (2008-12)
Participation	<ul style="list-style-type: none"> ‣ 25% of holiday visitors annually 	<ul style="list-style-type: none"> ‣ 4% of holiday visitors cycle annually ‣ Of these, 45.8% participate in off-road cycling and mountain biking
Length of stay	<ul style="list-style-type: none"> ‣ Over 40% stay more than 20 nights in New Zealand (some of these days only being cycling) 	<ul style="list-style-type: none"> ‣ Over a third stay for 30 or more nights and 16% between 20 and 29 nights
Expenditure	<ul style="list-style-type: none"> ‣ Average spend of \$3,600 (compared with \$2,800 by all holiday visitors) 	<ul style="list-style-type: none"> ‣ Average spend of \$3,800 (compared with \$2,800 by all holiday visitors)
Source	<ul style="list-style-type: none"> ‣ Mainly Australia, USA, UK, Germany, Japan, Netherlands. 	<ul style="list-style-type: none"> ‣ Australia, UK, USA, Germany, Canada, Netherlands
Age	<ul style="list-style-type: none"> ‣ 49% aged between 15 and 34 ‣ 26% aged between 35 and 54 ‣ 23% aged over 55 	<ul style="list-style-type: none"> ‣ 57% aged between 15 and 34 ‣ 28.6% aged between 35 and 54 ‣ 14.5% aged over 55
Travel party	<ul style="list-style-type: none"> ‣ Mostly travel with a partner/spouse or alone 	<ul style="list-style-type: none"> ‣ Highly likely to travel alone (48%) or with a partner/spouse (27%)
Most popular destinations	<ul style="list-style-type: none"> ‣ South Island Regional Tourism Organisations (RTO) - Mackenzie, West Coast, Fiordland, Wanaka, Canterbury, Queenstown and Marlborough ‣ North Island RTOs - Lake Taupo, Ruapehu and Auckland 	<ul style="list-style-type: none"> ‣ Auckland, Canterbury, Queenstown, West Coast and Wellington, Rotorua, Nelson, Lake Taupo and Lake Wanaka are the most popular RTO areas for cycle tourism.
Other experience preferences	<ul style="list-style-type: none"> ‣ Active outdoor, adventure and nature-based pursuits – climbing, cycling, canoeing, wildlife watching, sky diving, swimming, horse riding 	<ul style="list-style-type: none"> ‣ Adventure activities including kayaking, rafting, climbing, horse trekking, swimming, caving, bungee jumping. Winery visits.

⁸ Tourism New Zealand (February 2014), *Tourism Profile – Tourism Special Interest, Walking and Hiking*; Tourism New Zealand (April 2013), *Tourism Profile – Tourism Special Interest, Cycling*.

2.2 What makes a world class trail?

While a destination may have world class trails, it is the combination of trails and the overall visitor experience that create a trails destination that residents are proud of and visitors seek out.

A world class or even a great trail destination is more than its physical trails. A combination of factors creates a trail destination that continues to attract visitors through its reputation for quality and a special experience. The following factors tend to characterise a world-class trails experience.

2.2.1 The Trail

At the core of attracting trail visitors is the environment and setting, the quality of the trail, the accessibility and the interest and challenge offered.

The trail's location and design should enhance the user's overall experience – whether it is a short walk showcasing a special feature, a long journey through different landscapes, a remote nature experience, a challenging mountain bike ride or an event. Trails and associated infrastructure (trailheads, signage, amenities) need to be designed and constructed to be fit for purpose and level of use, to be compatible with surrounding natural and cultural features, and to minimise environmental and social impacts.

Trails and infrastructure should be designed and managed to be safe for the proposed uses, including shared use trails. There should be clear, accessible information (on signs and online sources) on orientation and wayfinding, trail standards, difficulty ratings, and journey length.

Trails need to be easily accessible to visitor markets from a destination's population, tourism and transport hubs. Transport arrangements and facilities need to be tailored to the ways users wish to access trails, their points of origin and their logistical requirements. Examples include:

- ▶ road access to trailheads with adequate car parking facilities
- ▶ public bus or train services to trailheads, with facilities for transporting packs and bicycles
- ▶ people, bike and luggage transfer services that facilitate one-way journeys
- ▶ bike shuttle services and lifts at mountain bike trails.

On multi-day trails such as the **Otago Central Rail Trail**, **Queen Charlotte Track** and Australia's **Great Ocean Walk**, transport providers transfer luggage and drop off and pick up people at different locations to facilitate luggage-free walking or riding, different journey lengths and the use of off-trail accommodation.

Bike shuttle services are an important element in the success of the **Rotorua** mountain biking destination.

2.2.2 The Experience

A Distinctive experience

Successful trails offer visitors something special and different from other places. They offer a strong overall experience that:

- ▶ showcases distinctive landscapes, natural or cultural landscapes and/or enable users to interact with local people and cultures
- ▶ includes linked experiences and accommodation to add character and variety
- ▶ offer ways for the riders to immerse themselves in the area such as through Interpretation and storytelling to enable people to learn about the place and its people.
- ▶ on and off trail competitive and social events help stimulate interest and attract different markets.

Attractive natural or cultural context

The setting in which a trail is located is integral to the attraction to visitors. Spectacular or unusual settings and places of interest near trails are significant attractions for visitors and add to the pool of visitors likely to use trails. The natural and cultural features of a destination also provide stories that add interest to the trail experience.

Quality pre-trip information

Quality websites, apps and maps are needed to provide prospective visitors with reliable information about the trail, the services available and the destination in general. Ideally, a trail will have a 'one stop shop' website that provides comprehensive information on all the trails; the range of experiences and services; and facilities or links for booking trail experiences, tours, transport, services and accommodation.

The website for the 152 km **Otago Central Rail Trail** (www.otagocentralrailtrail.co.nz) provides comprehensive information about the trail and the region, equipment requirements, transport services, bike hire, tours, accommodation, food and wine, attractions and events. Itineraries are provided for trail trips of various lengths. There are links to tourism providers to enable booking.

The **7Stanes** is a group of world-class mountain bike trail centres spread through in forest areas in the south of Scotland. Scotland's Forestry Commission's website (scotland.forestry.gov.uk/activities/mountain-biking) provides detailed information about each centre, trail grades and safety, walking and other activities and events. Another website (www.7stanes.com) provides information of mountain bike businesses, accommodation and holiday packages.

The **Bibbulmun Track** is a 1,000-kilometre walking and hiking trail that traverses varied terrain, forests, coastal landscapes, conservation areas and towns between Perth and Albany in south west Western Australia. It is usually walked as day or shorter multi-day experiences. The Track's website (www.bibbulmuntrack.org) has gradually been improved over the years. The website now offers a 'one stop shop' for all matters to do with the trail. Track users can obtain detailed information on each track section, track conditions, guidebooks and maps, equipment hire, accommodation and services. The Bibbulmun Track Foundation offers its own walking packages, tours, group activities, learning sessions, educational products, team building products and events which can be booked through the website.

A range of quality support services and facilities

Successful trails provide the range of trail users with the services they need to access and enjoy the trail. They assist in providing a seamless experience where the logistics of accessing trail heads, transporting people and equipment, and finding a place to stay are easily handled. The support services need to recognise the special needs of trail visitors. It is becoming more prevalent for trail destinations to run walker or bike friendly schemes where service and accommodation providers offer products and packages that cater for needs such as secure bike and equipment storage, clothes and equipment washing, packed lunches, opening hours convenient to trail users.

Typical trail destination support services include:

- people, equipment and luggage transport to and from trailheads and accommodation
- a range of guided and self-guided trail tours
- equipment and bike hire, repair and retail
- car rental services that facilitate carrying of equipment and bikes
- long stay car parking at or near trailheads
- a range of trail-friendly accommodation that caters for walkers and riders.

VISIT SCOTLAND WELCOME SCHEMES

Visit Scotland, Scotland's national tourism organisation, operates Welcome Schemes which offers accreditation to encourage tourism businesses to meet the varied needs of visitors and ensure that the hospitality encountered by visitors 'meets, or preferably exceeds, their expectations' (<http://www.visitscotland.org>). The range of schemes includes a Walkers Welcome Scheme and a Cyclists Welcome Scheme with criteria for accommodation, caravan/camping, visitor attraction and café/restaurant businesses.

Core criteria for accommodation are:

- outdoor clothing drying space
- access to clothes washing facilities
- provision of (or access to) early breakfast and late evening meals
- packed lunch service
- information on local walking/cycling routes and public transport
- daily weather forecast
- details of local resource services
- free unrestricted WiFi
- chargers for common mobile devices
- lockable, covered bike storage (for cyclists)
- details of nearest cycle repair services and a range of basic repair items (for cyclists)



Core criteria for attractions and café/restaurants are:

- space for wet clothes, rucksacks
- provision of bike parking
- information on local public transport, emergency first aid contacts, local walking/cycling routes
- assistance on finding walker or cyclist friendly accommodation providers
- free refilling of water bottles and flasks
- free unrestricted WiFi

Italy Bike Hotels

Italy Bike Hotels (www.italybikehotels.com) is a consortium of 67 hotels which provide quality-services according to agreed criteria to cyclists visiting different parts of Italy. They cover the different cycling clientele – road cyclists, mountain bikers, cycle tourists and sport cyclists. The fulfilment of the criteria in each hotel is audited independently.

The core facilities provided by participating hotels are:

- safe, secure bike storage
- an equipped bike workshop
- access to a bike repair service
- cycle guide services
- information on routes, trails and itineraries
- laundry services for sports clothing
- balanced meals and snacks suited to energetic activity
- medical assistance and physiotherapy
- work out space, massage treatment



Trail, food, beverage and retail products and businesses

Trail visitors need to have accessible places, open at the right times, in order to purchase food and equipment. Cafes and restaurants are also important as places to relax and enjoy the experience. In many places cafes have evolved as places for walkers and riders to meet and socialise – often forming an intrinsic part of a walking or riding experience. Outdoor and bicycle shops are also important places to make trip-related purchases, obtain local information and arrange hire or repair of equipment and bikes.

Strong trail positioning and marketing

With an increasing number of trails in the market, strong positioning is needed to position the trail in the marketplace and the minds of prospective visitors. The positioning needs to be delivered consistently through information, messages, imagery, standards, quality of product and quality of service.

Collaboration between trail managers, operators, the tourism industry and government agencies is required to develop and deliver consistent position and to market a trails destination in an effective manner.

2.3 Competitor Analysis

The following trails are relevant for comparative purposes because they offer an experience of a few days suited to the leisure market including a mix of on road and off-road track. They are also linked and leveraging off tourism destinations as is the case with the Coastal Pacific Trail.

2.3.1 Waikato River Trail

The Waikato River Trail consists of 100km of combined walking and cycling track along the Waikato River, passing through the districts of South Waikato, Otorohanga and Taupo. The trail difficulty is classified as average to difficult (Grade 2-4) and users experience a range of different landscapes including native and exotic forests, volcanic rock formations, lake and river views and historic landmarks. The trail has interpretive signs on the region's history along it and features a 152-metre-long swing bridge and two suspension bridges.

It is estimated that the Waikato River Trail attracts approximately 24,800 visits annually (excluding commuters) and MBIE has estimated that this use generates \$245,000 in annual revenue from international visitors and \$906,000 from domestic spending.⁹

2.3.2 Otago Central Rail Trail

The Otago Central Rail Trail is New Zealand's original "Great Ride", following the disused rail line through the Central Otago Region. With over 20 townships located on and off the trail the rail trail is credited with revitalising the region's economy. The trail is a grade 1 trail along the disused rail line; the total length of the trail is 152km with many options for riding the trail over 2-5 days or for single day rides from either end.

The Otago Central Rail Trail has an estimated 16,480 annual visits by non-commuters and generates approximately \$846,000 in revenue from international visitors and \$506,000 in revenue from domestic spending annually.¹⁰

2.3.3 Hawke's Bay Trails

The Hawke's Bay Trails are 200km of mostly flat off-road pathways around Napier and Hastings. The grade of the trail is predominantly easy to intermediate (grade 1-3) appealing to a wide range of visitors. There are three experiences on the trail: the Landscapes Ride, the Water Ride and the Wineries Ride. The Landscapes Ride features views of the Te Mata Peak and the ocean, and takes riders close to the world's largest mainland gannet colony. The Water Ride is an easy flat ride that appeals to families and provides ocean views and the wetlands of the Ahuriri Estuary. The Wineries Ride takes riders through one of New Zealand's oldest wine growing regions to many award-winning wineries that provide the opportunity to taste local wine and produce. **NOTE: The methodology used to measure this by MBIE is documented in the report referenced below**

It is estimated that over 145,000 visitors use the Hawke's Bay Trails annually, generating almost \$1.9 million in revenue from international visitors and \$10.3 million from domestic visitors.¹¹

2.3.4 Queen Charlotte Track

The Queen Charlotte Track is a 70km journey through the Marlborough Sounds, from Ship Cove (Meretoto) to Anakiwa. The track is accessed by road or boat from Picton, with water taxi operators dropping people daily at drop off points along the track. The entire track is open for riding between 1 March and 30 November, with only the section between Punga Cove and Anakiwa open outside these periods.

According to MBIE, it is estimated that just over 10,000 visitors use the Queen Charlotte Track annually, generating almost \$159,000 in revenue from international visitors and \$234,185 from domestic visitors.¹² **NOTE: The methodology used to measure this by MBIE is documented in the report referenced below.**

⁹ Statscience Research , *Nga Haerenga The Great Rides of New Zealand Cycle Trails: Some Benefits in Relation to Costs*, August 2016

¹⁰ Statscience Research, Ibid

¹¹ Statscience Research, Ibid

¹² Statscience Research, Ibid *Nga*

3 Comparison of Coastal Pacific Trail with NZCT trail criteria

The New Zealand Cycle Trail Route Planning & Selection Guidelines (2011) have been established to assist local authorities, cycling groups and other interested stakeholders seeking to submit a proposal for a cycle route to be included in the New Zealand Cycle Trail (NZCT). The Guidelines include a number of criteria to assist NZCT in selecting trails to become part of the NZCT. We have assessed the Coastal Pacific Trail (CPT) as currently proposed against the NZCT criteria as follows.

3.1 Alignment with NZCT Objectives

The primary objectives of the NZCT project are to:

- Deliver short and long-term economic benefits to regions
- Enhance New Zealand's competitiveness as a cycle tourism destination
- Maximise complementary benefits, e.g. for health, the environment, commuters and the events sector and
- Engage local communities.

The longer-term objective of the NZCT is to create a connected network of cycling routes throughout New Zealand that link to the Great Rides and that also cater for a wide range of cycling abilities and interests.

The CPT aligns well with the NZCT objectives. In particular the trail will connect communities including Seddon and Ward and Kaikoura which have suffered through recent natural disasters. Parts of the trail will also have local recreational benefit for residents of Blenheim and Picton and the trail will support the development of further tourism.

3.2 Cyclist Safety

Safety is a paramount consideration for on-road cycling routes. While no route that involves cyclists and motorists sharing the road can be completely safe, minimising the dangers and engendering a sense of security will have a positive impact on the popularity of any cycling route.

While the Coastal Pacific trail includes significant sections of on-road trail, the traffic volumes are understood to be modest and in general the overall experience and safety of cyclists will not be unduly impacted if all the criteria and recommendations of the NZCT Cycle Trail Design Guide can be met. An audit of the on-road sections against the NZCT Cycle Trail Design Guide should be undertaken to identify any issues and recommend mitigation strategies.

3.3 Logic & Directness

The cycle route must be reasonably direct in connecting key tourist attractions, transport hubs and towns and cities, and be intuitive and easy to follow. Cycle routes that connect with a Great Ride would be advantageous.

It is noted the CPTWG had identified many side trip options. While there is no doubt that some may be interesting, they generally are distractions from the primary goal of creating a lineal trail along a logical and interesting route from Picton to Kaikoura. A logical and direct route does exist and, apart from the two easily developed and attractive Yealands Estate White Paper Road and Saltworks¹³ loops, the primary focus should be on the development of the main route at this time. Further loops and wine based activity in Blenheim around Marlborough's famous wine region assets could be considered as the first priority for additional elements to the direct trail. This will require detailed planning and negotiations with vineyards and other landowners but will have considerable benefits to Marlborough.

3.4 Appeal for Cyclists

In determining how attractive a route is to cycle, it is important to include the scenery and general landscape, its freedom from traffic, the type and quality of road surface and the gradient. For cycle tourists, the distance to or between accommodation providers will largely dictate the minimum distance they would need to ride in one day (40-80km). Long straight monotonous stretches of roads are not appealing to cyclists and should be avoided wherever possible.

The NZCT aims to provide cycling access into regions or destinations that have a high tourism appeal, as well as linking key tourist attractions, such as the Great Rides, with nearby urban centres or transport hubs.

This review noted that the scenery and landscape qualities were generally outstanding. The contrasting environments of Picton, Marlborough and the Kaikoura Coast are very compelling. Travel distances are achievable and while there are some terrain challenges these are also achievable, particularly by using e-bikes for less accomplished riders. Settlements are generally well placed and it seems likely that other accommodation opportunities would be developed across all-price points.

Perhaps the most negative factors for cyclists would be prevailing winds (particularly in the Awatere and along the coast to Kaikoura in southerly conditions). This may be a limiting factor for some cyclists if the trail develops a reputation as "a grind". Providing good trail surfaces, maintaining easy grades and providing amenities such as shelter and drinking water along the route will help mitigate the effects of weather.

As discussed elsewhere in this report, KiwiRail is a key partner in providing transport along the trail either to return cyclists to their origin or to reduce the length of journeys to meet individual needs and create a point of difference for the trail.

¹³ See map in Appendix

3.5 Services & Accommodation

The number and quality of accommodation and other services located along a cycle route will influence the type of cyclist it attracts. For example, a remote wilderness route offers a distinctly different cycling experience to a route that travels through vineyards, numerous small towns and past country cafes.

Given the reputation of Marlborough as a premium wine destination and Kaikoura as a popular wildlife viewing destination, suitable accommodation options will be available and will emerge in the market as the trail grows visitor economy and opportunities.

3.6 Integration with Existing Cycling Infrastructure

Where possible and practical, a cycle route should make use of existing and planned cycling infrastructure, including both on-road and off-road facilities and off-road shared use paths and trails that are suitable for road bikes.

There is potential for the trail to make use of the existing cycle routes in and out of Blenheim.

3.7 Stakeholder Commitment & Support

The aim of the NZCT is to not just provide a good cycling route, but to also provide a good cycling experience. Achieving this will require the support of a range of stakeholders across the communities through which the cyclist will travel.

This report notes some evidence of strong community support and engagement in the project. Much of the current work being undertaken is aimed at developing and seeking the support of potential partners such as the Marlborough District Council, Kaikoura District Council, KiwiRail and central Government. Further work is required to bring the community and a broader stakeholder collective together but it can be achieved.



4 Feasibility review

The following commentary relates to the material researched and provided by the Coastal Pacific Trail Working Committee. Commentary in italics are the views of TRC Tourism.

4.1 The Vision and experience

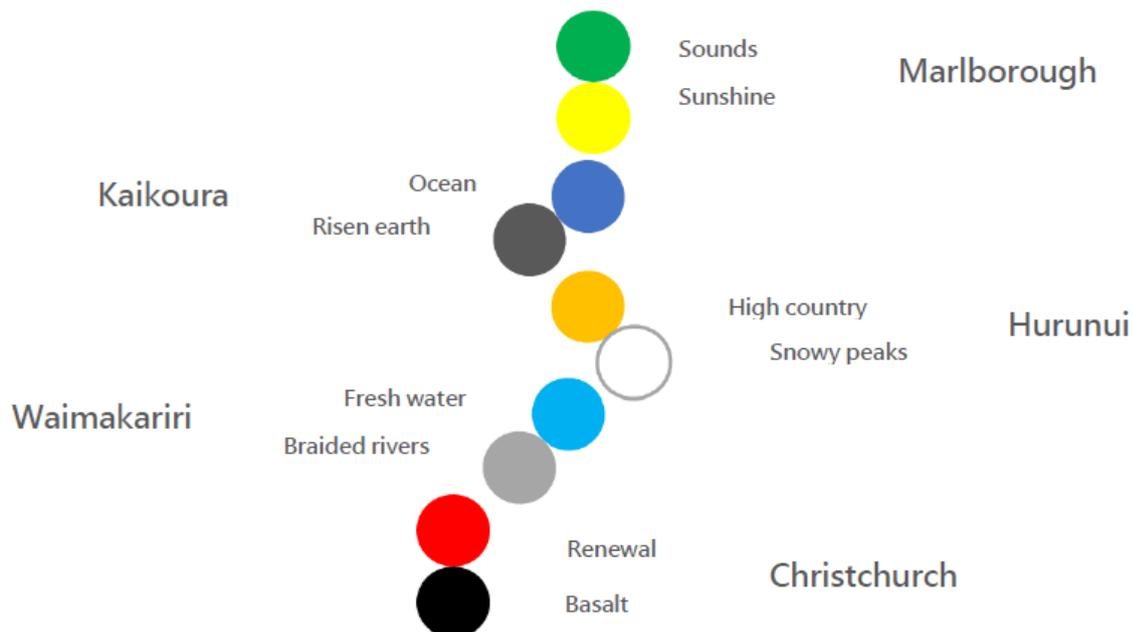
The vision for the trail is as:

A celebrated recreational pathway connecting Marlborough Sounds to Kaikoura Coast with its unique landscapes, towns, communities and heritage experiences for the sustainable benefit of all people, the environment

The feasibility study suggest that distinct parts of the trail make up a series of stories and unique experiences. Each experience is an individual marketable product, to which people can return to the trail many times.

TRC would recommend that the CPTC consider positioning the trail for three hero experiences the first two of which are already strong in the market – the wineries of the Marlborough; the marine viewing of the coast; with the third yet to be developed but being the communities and people with whom users will connect whilst travelling the journey. The positioning and the hero experiences can be further developed through preparation of a marketing plan.

The multiple stories along the way as well as those outlined in the diagram below will become the stories that are told and that are uncovered along the journey rather than the selling point. Linking this to community resilience and a strong sense of New Zealand’s rural heartland are stories that will resonate in the market place and feed off a sense of wanting to see a landscape restored and recovering with its people.



4.2 Coastal Pacific Trail Demand Analysis

The Coastal Pacific Trail Working Group (CPTWG) has undertaken a feasibility study that makes a number of statements and assessments which we have reviewed as follows:

- ▶ Offers a strategic assessment of demand for the trail from a national, regional and local perspective identifying the range of benefits it will provide.
This is a reasonable statement of strategic benefits.
- ▶ Provides a subjective assessment of demand for cycling and walking on the Coastal Pacific Trail identifies that demand will come from six sources that are shown in the Table below with TRC comments.

<p>Passengers arriving from Wellington on the Cook Strait ferries wanting to travel south towards Kaikoura and Christchurch.</p> <p>These people are either on short trips or cycle tourists travelling the length of the country.</p>	<p><i>The ferry may be the form of transport to get to the trail, but the decision will have been made in advance to choose to ride or walk based on the trail's offering and experience.</i></p>
<p>Great Ride cyclists and walkers on Queen Charlotte Track looking to extend their trips or experience a more family friendly trail.</p>	<p><i>Demand more likely to be people riding the QCT that decide to return and do the CPT, not extend an existing trip. A small percentage of FIT international travellers may do this but it is a small percentage of the potential market.</i></p>
<p>People holidaying in South Marlborough for weekends to explore this undiscovered region. This opportunity could extend to the Chinese independent traveller under Tourism New Zealand's new campaign "Centre of the Long White Cloud".</p>	<p><i>These are a potential market for part or all of the trail:</i></p> <ul style="list-style-type: none"> • <i>part if they are on a generic holiday;</i> • <i>all if they have pre-planned and selected this trail specifically.</i> <p><i>Less than one percent (0.54%) of Chinese visitors cycle while on holidays in New Zealand.</i></p> <p><i>People on holiday in Marlborough for a weekend are more likely to explore wineries, food and shorter one to 4 hour rides or walks.</i></p>
<p>Some of the 200,000 users annually on the Great Taste Tasman trail and Dun Mountain trail.</p>	<p><i>This is a good potential market for repeat or substitute visitors for the CPT</i></p>
<p>Tourists, domestic and international, who will be exploring the new Kaikoura Coast and enhanced tourism opportunities provided under the SH1 rebuild. The Ministry of Tourism plans to promote the Kaikoura Coast touring route as a new attraction internationally. Tourists will arrive at Clarence and can be drawn north to Marlborough along the Coastal Pacific Trail – by car, foot, cycle or tour operator.</p>	<p><i>Limited market; these visitors are undertaking different activities.</i></p> <p><i>Some potential for repeat domestic visitors who become aware of the CPT through this travel.</i></p> <p><i>The marketing of the Kaikoura Coast may provide some incentive to cycle the route but it will be a specific decision, not a decision taken by vehicle based tourists in Clarence.</i></p>
<p>Refreshed international marketing with KiwiRail, hop on/hop off, Great Journeys of New Zealand campaign. Coastal Pacific Trail will be unique in New Zealand as it will be supported by an internationally renowned train journey along its entire 450km.</p>	<p><i>Dependent on positive commitment from KiwiRail, access to various points on the CPF to start or stop using the trail will be a strong opportunity and will contribute well to the positioning of this experience compared to others.</i></p>

CPTC feasibility study provides an overview that suggests that Marlborough has all the ingredients to provide a world class cycling and walking visitor experience and that the Coastal Pacific Trail is the only trail of many in Marlborough which can offer a north-south extended, family friendly experience linking “the jewel of Picton in Marlborough Sounds to Kaikoura or onto Christchurch via the new Hurunui Heartland Ride”. *TRC supports the assessment that the CPT, if planned and developed correctly, can offer an extremely high class cycling experience. Whilst sections of the trail may offer shorter walking experience, we do not believe it will be suited to providing an end to end walking experience given much of the alignment will be on road and /or adjacent to railway line which is not attractive to long distance walking. We do not believe that positioning the CPT as going beyond Kaikoura to Christchurch or beyond Picton to link with the Queen Charlotte Track will add value to the proposition given the nature of the market and the length of trips people are inclined to take.*

CPTC feasibility study makes the statement that the region has an impressive foundation of trails and tracks with huge potential to develop a far bigger network of grade 1 and 2 experiences. Utilising and upgrading existing tracks and trails, and connecting these with new trails will maximise Marlborough’s potential as a ‘must do’ international and domestic visitor cycling and walking destination. *TRC agrees that there are many good trails within the region, and building in the existing asset is important where possible. Leveraging off the current well-known trails and the new CPT will be the ideal proposition for Marlborough a s atrial destination rather than trying to link other trails.*

We agree with the statement that None of the existing Marlborough trails, whether upgraded or not, can compare with the associated transport routes, attractions, grade, distance, community engagement, varied terrain, heritage, unique landscape and connections of Coastal Pacific Trail. Additionally, Coastal Pacific Trail is working in association with the existing Marlborough trails to grow participation overall.

The work undertaken by the CPTC suggests that the likely usage of the trail when up and running will be in the order of 25,000.

TRC believes that this is a reasonable and perhaps conservative estimate given the nature of the experience that will be on offer if the trail is developed to a high standard, with excellent support services, accommodation options and experiences along the way and effective positioning and marketing.

4.3 Coastal Pacific Trail Cost Analysis

The Coastal Pacific Trail Working Group (CPTWG) has prepared an initial ‘table top’ cost estimate of the trail. As the route has not been fully defined and confirmed there is a large component of risk associated with the cost estimate. The final route will influence cost in many ways including:

- lineal length of the trail
- amount of drainage required to be constructed
- number of bridges required and the complexity of those bridges
- number and type of rail crossing control devices
- amount and type of fencing required
- requirements for consents
- need for specialist consultant advice (such as archaeological)
- requirements for environmental mitigation or restoration
- quantity and type signage
- quantity and type safety barriers
- quantity and type of road crossing points

- ▶ need for easements, land exchanges or land acquisition
- ▶ nature of legal access agreements required
- ▶ compensation/inducements for any negotiated access agreements

The final route selection will also heavily influence the experience that users will have of the trail, leading to the market and its size that will be attracted to the trail, and therefore the overall viability of the trail given the predicted costs.

The trail specification appears to not have been fully defined or agreed. We consider the trail should be a Grade 1 to 2 trail requiring a minimum trail width of 1.5m and an ideal width of 2.2m. We would recommend the trail width should be established as a 2.2m trail with allowance for the trail to be reduced to 1.5m where constraints require a reduction in trail width. The wider 2.2m trail has a higher capital cost however it will enable access for maintenance vehicles thereby reducing maintenance costs and significantly improving the riding experience for the target market enabling two cyclists to ride abreast or a single cyclist to pass another in either direction.

As the final route and trail specification has yet to be finalised, a detailed cost analysis cannot be undertaken. Instead, each stage of the route has been considered with regard to risk factors and commentary provided around key cost considerations.

4.3.1 Basis of CPTWG Cost Estimate

The estimate prepared by the CPTWG is shown in Table 1. The figures have been derived using the following per kilometre rates which have been derived from similar trail construction projects:

Trail on road:	\$2,500 or \$5000 or \$10,000
Trail off road:	\$25,000 or \$30,000 or \$40,000 or \$50,000
Trail on Right of Way:	\$25,000

Table 2 CPTWG Estimate of Trail Cost

Coastal Pacific Trail estimated costs								
Table top appraisal Summary	Kms	Trail	Infrastructure	Total	Section Trail \$/km	Total \$/km	R & M \$/an	
Picton to Blenheim Grand Total	37	894,000	575,000	1,469,000	24,200	39,700	32,900	
Blenheim to Ward Grand Total	62	697,000	1,139,000	1,835,000	11,200	29,600	22,500	
Ward to Kekerengu Grand Total	25	1,383,000	575,000	1,958,000	55,300	78,300	35,900	
Kekerengu to Waipapa Grand Total	29	1,564,000	978,000	2,542,000	53,900	87,700	43,400	
Waipapa to Managamanu (NZTA/NCTIR)	15							
Mangamanu to Kaikoura Grand Total	10	575,000	575,000	1,150,000	57,500	115,000	15,000	
Grand Total	178	5,113,000	3,842,000	8,954,000	28,700	50,300	149,700	
Grand Total say	180	5,110,000	3,840,000	8,950,000	30,000	50,000	150,000	

Overall the average per km cost of off-road trail exclusive of infrastructure is budgeted at \$30,000 per kilometre or \$30 per meter. Inclusive of infrastructure the per kilometre cost for both on-road and off-road trail is budgeted at \$49.70 per lineal meter.

We consider \$35-\$40 per lineal meter to be reasonable budget figure for physical formation of a 2.2m wide compacted gravel trail exclusive of infrastructure and “whole of project costs”. This figure is however highly variable depending of trail specifications, gravel sources, cartage costs, access and the contracting market.

The cost estimate appears to be a construction cost estimate and not a “whole of project cost estimate”. A whole of cost estimate will include all costs associated with the construction of the trail including such items as:

- planning and consenting costs
- specialist advice including engineering, geotechnical, archaeological, cultural, ecological and traffic consultants
- legal advice including easements, consents, disputes
- survey costs
- project management and construction supervision
- administration
- negotiated compensation or inducements for access (if required)
- contributions towards landowners’ legal costs

Other construction related costs are often omitted or underestimated in planning. These include:

- signage
- fencing
- road safety improvements
- services location and potential relocation
- driveway, road and rail crossing safety works
- amenities including drinking fountains, bike stands, shelters, toilets, bike pumps
- landscaping and revegetation
- visitor monitoring (establishing a network of trail counters)
- traffic management

Voluntary (in-kind) effort should also be estimated. While these contributions will reduce the actual total cost, in-kind contributions can be used to leverage funding from external funding agencies so it is important to budget for such contributions if these are planned.

Clearly the whole of cost estimate will be considerably higher than the construction cost estimate. It is unclear from the CPTWG estimates as to which of the above “whole of project costs” are included or excluded.

4.3.2 Maintenance Costs

A sum of \$150,000 per annum has been allowed for the 180km trail. Given the extent of on-road trail proposed we consider this to be a reasonable allowance. It would be wise to allow a provisional sum for dealing with remedial works and unforeseen issues such as slips in the first three years of operations. Often slumps and slips requiring retaining walls other works are required as a result of the trail formation.

The annual costs of lease arrangements with KiwRail has not been factored in and could be expected to be quite significant.

4.3.3 Depreciation

No allowance for depreciation and replacement of the assets has been made.

4.3.4 Contingency

A contingency figure of 15% has been allowed on top of budget estimates. We consider that given the degree of uncertainty and the level of planning undertaken to date that this figure is too low. We recommend a contingency figure of 25% should be applied at this stage of planning. This could be reduced to 20% on determination of the route subject to an assessment of risks.

4.4 Key Cost Factors

4.4.1 Bridges and Crossings

The route requires the crossing of several major rivers including the Wairau Diversion, Waiau, Awatere, Waima and Clarence rivers but also several significant secondary rivers and creeks/streams such as the Tuamarina, Opaoa, Flaxbourne, Mirza, Flax, Tirohanga, Kekerengu, Valhalla, Boundary, Woodbank, Kawhauiti, Kawanui and Camp. The section between Ward and Clarence crosses the grain of the land with the NZ Topo Map (1:25,000) showing some 30 significant watercourses that will require crossing.

Where the trail is proposed to share the existing road alignment, existing road bridges will be able to be utilised unless traffic safety issues exist. Where existing road or rail bridges are present it is proposed to utilise “clip-on” methods to extend the bridge deck to enable crossings.

Recent examples of clip-on cycle bridges include the 60m Maraetotara cycle bridge (Te Awanga), 440m Chesterhope cycle bridge and Taramakau Bridge (Greymouth). The design approach to these bridges varies considerably depending on the design, earthquake resistance and load bearing capacity of the host bridge. Based on these recently completed examples we recommend an allowance of \$5,800 per lineal meter is made.

At this rate, a budget of \$1,827,000 would be required for the Awatere River Bridge and \$2,784,000 for the Clarence River bridges. The CPTWG budget provisions for these bridges is \$750,000 each which we believe is insufficient. Without undertaking preliminary engineering investigations, cost estimates for these significant projects are unreliable.



Figure 4 Taramakau Bridge Clip on Cycle and Walkway under construction

4.4.2 Fords

The NZCT Design Guide for a Grade 2 trail recommends watercourses are bridged, “except for fords with less than 100 mm of water in normal flow which can be easily ridden. Surface should be as smooth as the adjacent trail.”

Several river crossings are proposed to be made as fords. The rivers as candidates for ford crossings are understood to be generally dry but susceptible to flooding. In considering fords as opposed to bridges a number of factors should be considered:

- ▶ Risk – Cyclists may not be experienced in accessing the safety of crossings when rivers are in flow. Even in low flow river crossings with a bicycle can be very difficult and potentially dangerous given the additional forces of the river against a bicycle, even when walked across the river. Consideration needs to be given to how users will be advised (if at all) of unsafe conditions for crossing.
- ▶ Wayfinding – The rivers to be crossed are sometimes wide and are rough. Weeds, debris and loose rock are all present making the definition of a clear route difficult. Additional signage will be required at crossing points and possibly sacrificial route markers (such as stakes with coloured plastic pipe) may be required to mark the crossing route
- ▶ Surface – a regular smooth cycling surface will not be able to be maintained which will increase the technical difficulty of crossing points. It is unlikely that the requirement of the NZCT guidelines for the “surface should be as smooth as adjacent trail” could be met.
- ▶ Grade- entry into the river bed and exit out of the river bed is likely to be difficult and not meet the grade requirements of the NZ Cycleways.
- ▶ Maintenance – there will be a cost and time factor in reforming or clearing fords after flood events. Flood events are expected to become more severe and more frequent with climate change and the cost of ford maintenance could become a burden on the maintenance authority. There will also be a time constraint in being able to deploy machinery to the numerous crossing points to clear debris after flood events that may impact on the availability of the cycle trail.

Bridges on the other hand are expensive capital investments. While they remove many of the risks identified above they also require frequent inspection, maintenance and renewal effort.

A risk assessment and economic analysis of each bridge crossing (similar to that prepared by Kevin Wilson of the CPTWG for the Woodside Stream crossing as an example) should be completed for each crossing.

Figure 5 Woodside Stream - Potential Ford



4.4.3 Railway Crossings

NZ Transport Agency and KiwiRail's *Design Guidance for Pedestrian & Cycle Rail Crossings* (July 2017) discusses the following design features that may need to be considered at all pedestrian/cycle rail crossings:

- ▶ Rail corridor clearances (including emergency escape areas)
 - ▶ Passive warning control options (including signs, markings, rumble strips, tactile ground surface indicators, bollards/rails, and kerb extensions)
 - ▶ Active warning control options (including flashing lights and bells, in-ground lights, traffic signals, audible messages, dynamic warning signs and lights, and barriers/gates)
 - ▶ Security issues (including personal security and injury prevention, site lighting, fencing and vegetation, and vandalism)
 - ▶ Path surface treatments (including crossing surface materials and flange gap treatments)
 - ▶ Non-infrastructure treatments (including education/promotion campaigns, enforcement, and crossing marshals)
- The main crossing treatment options available for pedestrian/cycle rail crossings presented include:

- Grade separation – either via an overbridge or underpass
- Automatic barriers – active protection either via swing gates or raised boom barriers
- Audible and visual warning – active protection using flashing lights and bells or similar
- Physical calming – passive protection using chicane or maze layouts on approaches
- Simple passive control – passively protected crossing using signs and markings only
- Removing (closing) or relocating the crossing.

4.4.4 KiwiRail

KiwiRail is recognised by the CPTWG as a key partner both in trail construction, marketing and transportation. The extent to which KiwiRail supports access, participates and/or funds directly or in-kind project works will be a significant factor in the final project cost.

The prospect of a hop on hop off train service for potential cyclists has been raised and would provide a niche market opportunity as well as itinerary flexibility. The extent to which KiwiRail would seek funding from the CPT for the infrastructure to support hop on hop off and bike carriage infrastructure is not known. Significant infrastructure requirements from KiwiRail would add significantly to the overall cost.

The annual costs of leasing KiwiRail land has not yet been factored in and could be high but is, as yet, unknown.

Developing a Memorandum of Understanding or Heads of Agreement between KiwiRail and the CPTWG and Council is a priority and important part of establishing the feasibility of the project.

4.5 Stage by Stage Assessment

4.5.1 Picton to Blenheim

The most practical trail route is via the local streets to the proposed NZTA cycleway to meet Linden Road and thereby gain the KiwiRail service road. Route options above the township and at Koromiko should be discounted and focus placed on the more direct route from Picton to Blenheim. Allowances (both time and financial) will need to be made to gain legal and enduring access for the route between Picton and Blenheim as several private properties are involved. We suggest that the Bush Road Bridge at Tuamarina is unlikely to be suitable for shared cycle/vehicle use given the speed of vehicles existing from SH1 onto Bush Road. Traffic assessments will also be required for the Neal Road Bridge and Ferry Road Bridges which appear to have moderate traffic volumes and potential safety issues.

4.5.2 Blenheim to Seddon

The CPTWG were enthusiastic about the importance of the trail passing alongside the industrial scale wine facilities at Riverlands. While the route poses few technical difficulties, we believe that alternative options using the vineyard headlands and passing the historic Cob Cottage should be considered as they will be more appealing to visitors.

The route from Riverlands to Seddon is effectively all on road and while we found the road to be very suitable and highly scenic the extent of on-road cycling may limit the attractiveness on the trail to potential visitors. The approach to the Awatere Bridge is also difficult with limited land available between the highway and the railway. Significant excavation will be required north of the Awatere Bridge to bring the cycle trail to the true left of the Awatere Bridge. Likewise, the exit of the trail on the true right of the Awatere River is also not straightforward and will involve significant expense that does not appear to have been budgeted for.

4.5.3 Seddon to Ward

The route from Seddon to Ward appears relatively straightforward using combinations of on-road and off-road trails and access through Yealands Estate. The principle challenge will be securing enduring land access and agreeing on costs such as fencing which will add considerably to the overall project cost.

4.5.4 Ward to Clarence

The route from Ward to the coast has not been investigated and it is unknown what challenges with respect to gradient and bridging requirements exist. Once the trail reaches the coast it is intended to follow between the State Highway and the sea with the trail crossing the rail line as required.

The construction of the trail within the coastal marine area needs careful consideration and investigation and background work must be undertaken before a route selected. This background work should start with consultation and discussion with iwi on the proposal and potential effects on Wahi-Tapu and with an ecologist with regard to trail construction methods on the dunes. Both ecological and cultural/archaeological issues do not appear to have been considered at this stage and may have a significant impact on route selection, consenting requirements and construction costs.

In addition to the discussion on bridge/ford costs above, there are some difficult sections present where there are space limitations for the trail/rail and road. It is understood that a fibre-optic cable runs the length of the route and this may have cost/route implications also.

4.6 Managing Risk

While there has been good work done by the CPTWG to define the route and estimate costs, we consider it is premature to place a figure on the budget requirements for the project until:

1. A trail specification is confirmed
2. A clear preferred trail route is determined
3. Initial engineering investigations are undertaken on the major bridges and alternative options developed
4. An audit of the on-road sections against the *NZCT Cycle Trail Design Guide* be undertaken to identify any issues and recommend mitigation strategies.
5. Ecological and Cultural assessments are made on the preferred trail route
6. Preliminary discussions are held with affected landowners and a negotiation strategy and risk register developed for securing land access
7. A MOU or heads of agreement is reached with KiwiRail regarding their role in the trail
8. A MOU or heads of agreement is reached with Marlborough District Council regarding their role in the trail

Completion of these works would allow a comprehensive budget to be developed with enough confidence to seek grant funding for further works.

4.7 Trail Maintenance

The most significant cost with any trail is the requirement for on-going maintenance which includes routine maintenance, asset renewal, remedial works and improvements.

4.7.1 Routine maintenance

Maintenance includes the routine tasks such as:

- Trail surface maintenance
- Clearance of drains
- Clearance of fords
- Trimming of vegetation from trail edge
- Maintenance of people counters
- Fencing maintenance
- Bridge and other structure maintenance
- Sign maintenance and cleaning
- Structural inspections.

4.7.2 Renewal

In addition to maintenance there will be a requirement for asset renewal (ideally funded via depreciation) of signs, bridges, structures, fences etc and some trail surfaces. The timing of this renewal will generally be between 10 – 50 years and should be budgeted for in an Asset Management Plan.

4.7.3 Improvements and remedial works

Like roads, trails are subject to extreme weather events, which may cause costly damage to the trail surface or destroy entire sections of a trail through slips and landslides. Reinstatement of trail sections lost through slips and landslides may be very costly, particularly if the trail needs to be rerouted and additional land easements are required.

Improvements to the trail is also likely to be required over time. Improvements will be aimed at reducing the cost of maintenance or improving the visitor experience.

The NZCT has recognised the significant cost of improvements and remedial works and has established a contestable fund for eligible NZCT projects to help trail managers fund these works, which if not done, have a significant impact on trail use.

It is essential when committing to trail construction that the costs and benefits of trail development are understood and the partners are clear about on-going responsibilities for maintenance.

5 Economic Impact Assessment

5.1 Methodology

This section provides an economic impact assessment of the proposed Coastal Pacific Trail. The modelling is based on estimates of: annual trail users, under 3 scenarios (Low, Medium, High); and the mix of users (commuters/locals, domestic visitors, and international visitors). In the modelling data from a recent report on cycle trails was used.¹⁴

- ▶ Three scenarios of annual trail users were developed by TRC in this feasibility study (Low- 18,000; Medium 25,000; High 35,000)
- ▶ Trail users were estimated in several categories: (commuters/locals, domestic visitors, and international visitors)¹⁵
- ▶ Average expenditure levels for visitors were estimated using data derived from the Nga Haerenga Report. 16 Average length of stay in the region for domestic and international visitors was assumed to be 3.5 days.

The modelling analyses the impact of expenditure in the region by two categories of users – domestic and international visitors. This expenditure would occur in proximity to the trails and other spending in the broader region covered by the trail. The methodology in the Nga Haerenga Report has been used – for commuters / locals expenditure is assumed to be zero (i.e. they do not spend or their expenditure would have occurred anyway and therefore is not additional). Therefore the impact analysis focuses on visitors who come into the region and use the trails. Visitors from outside the region generate significant expenditure on accommodation, food and other services during their stay and this is the major part of the overall impact of the trails.

The modelling of the trail's users and their spending is based on a number of assumptions and estimation, which are outlined in this section.

5.2 Trail Users & Spending

5.2.1 Trail Users

Annual trail user numbers were estimates by TRC for 3 scenarios. The user type estimates are based on using the methodology in the Nga Haerenga - Great Rides Cost Benefit Report and the shares of Commuters (Local) and Non-Commuters (domestic and international visitors).¹⁷

14 Nga Haerenga – The Great Rides of the New Zealand Cycle Trails: Some Benefits in Relation to Costs, Report to Ministry of Business, Innovation and Employment (Atong Victorio -Author), August 5 2016

15 Nga Haerenga – The Great Rides of the New Zealand Cycle Trails: Some Benefits in Relation to Costs, Report to Ministry of Business, Innovation and Employment (Atong Victorio -Author), August 5 2016 P4 & P6

16 Nga Haerenga – The Great Rides of the New Zealand Cycle Trails: Some Benefits in Relation to Costs, Report to Ministry of Business, Innovation and Employment (Atong Victorio -Author), August 5 2016 P7 & P9

17 Nga Haerenga – The Great Rides of the New Zealand Cycle Trails: Some Benefits in Relation to Costs, Report to Ministry of Business, Innovation and Employment (Atong Victorio -Author), August 5 2016 P4 & P6

Using the data from the Nga Haerenga Report: commuters comprise 17% of trail users and visitors to the region (non-commuters) 83%. Of the non-commuters 86.5 % would be domestic visitors and 13.5% international visitors. The following table shows estimates of user types for each of the scenarios.

Table 3 Trail Users by Type - Annual Estimates

User Scenario (Annual Users)					
Coastal Pacific Trail		Low	Medium	High	Source
Total Annual Trail Users		18,000	25,000	35,000	TRC Draft Report
Type of Users	Share %				
Commuters (Local)	17.0	3,060	4,250	5,950	Shares: Average from Nga Haerenga - Great Rides Cost Benefit Report. P4
Non-Commuters	83.0	14,940	20,750	29,050	Shares: Average from Nga Haerenga - Great Rides Cost Benefit Report P4
Total	100.0	18,000	25,000	35,000	
Non-Commuters					
Domestic Visitors	86.5	12,923	17,949	25,128	Shares: Average from Nga Haerenga - Great Rides Cost Benefit Report P6
International Visitors	13.5	2,017	2,801	3,922	Shares: Average from Nga Haerenga - Great Rides Cost Benefit Report P6
Total Non-Commuters		14,940	20,750	29,050	

5.2.2 Spending in the Region

Spending in the Region was estimated using data from the Nga Haerenga Report. For domestic user/visitors this was \$173.13 per day and for internationals \$280.00. The average length of stay for both types of visitors was assumed to be 3.5 days.

Table 4 Spending Levels per Day

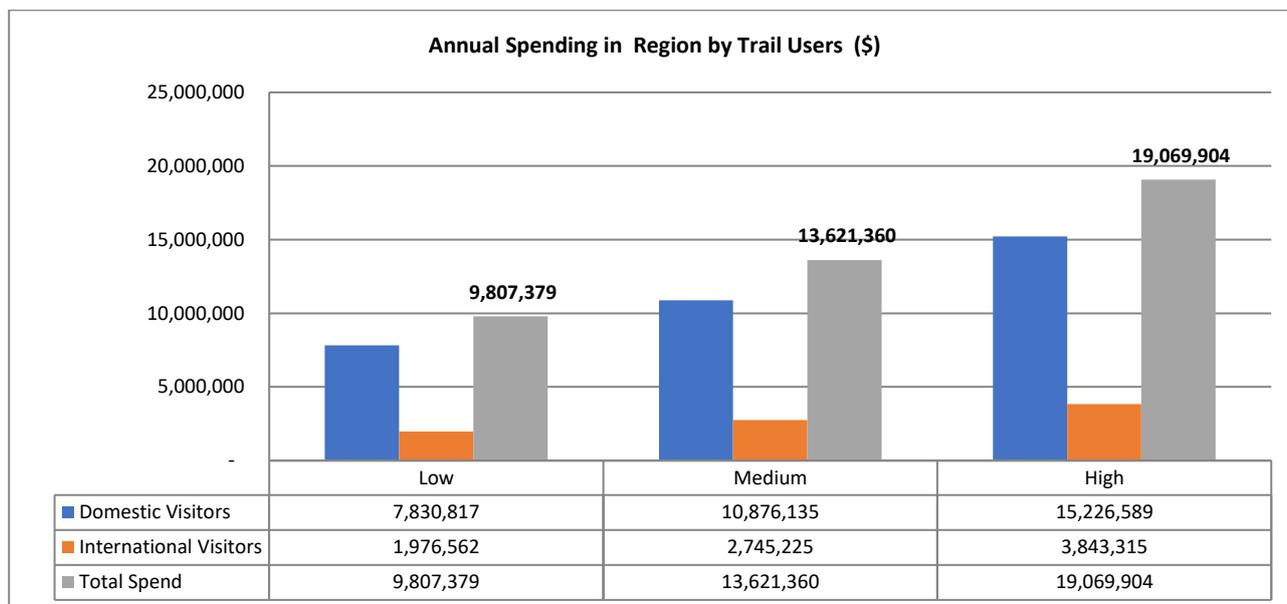
Coastal Pacific Trail	Spending per user/visitor per day	Source
	\$	
Commuters (locals)	0	
Non Commuters		
Domestic Visitors	\$173.13	Domestic: based on average cited in paper page 9 (Table 7.1)
International Visitors	\$280.00	Internationals: based on average for 4 trails cited in paper page 7

Source: The Great Rides of the New Zealand Cycle Trails: Some Benefits in Relation to Costs, Report to Ministry of Business, Innovation and Employment (Atong Victorio -Author), August 5 2016

The combination of user/visitor numbers by type, average spending and average length of stay was used to estimate annual spending in the region. The following chart shows annual spending for each of the user scenarios.

Total annual spending by trail users was \$9.807 million for the low scenario, \$13.621 million for medium scenario and \$19.069 million for the high scenario. This spending is mainly on accommodation, food, recreational services and other retail. This would comprise: spending on trail linked activities (spending on bike related expenses and other spending - food & beverage etc.) in proximity to the trails; and other spending on accommodation, meals during their stay and other retail and other recreational and tourism services.

Figure 6 Annual Spending in Region by Trail Users



Source: MCA modelling and estimates, September 2017

5.3 Economic Impacts of Coastal Pacific Trail

The expenditure estimates were used in MCA’s economic impact model to derive the regional economic impact of the trails (impacts on the region covered by the trail). The impacts are measured in terms of: full time equivalent jobs; and the increase in regional income that is generated by trail users and their spending in the Region.¹⁸

The assessment of economic impact examined the jobs and regional income generated by total annual spending by domestic visitors/users and international visitor users.

5.4 Construction Phase

Jobs and regional income will be generated during the construction phase of the project. The estimates of jobs generated are based on a total project cost of \$8.950 million covering trail construction and other infrastructure.

Table 5 Coastal Pacific Trail – Construction Costs

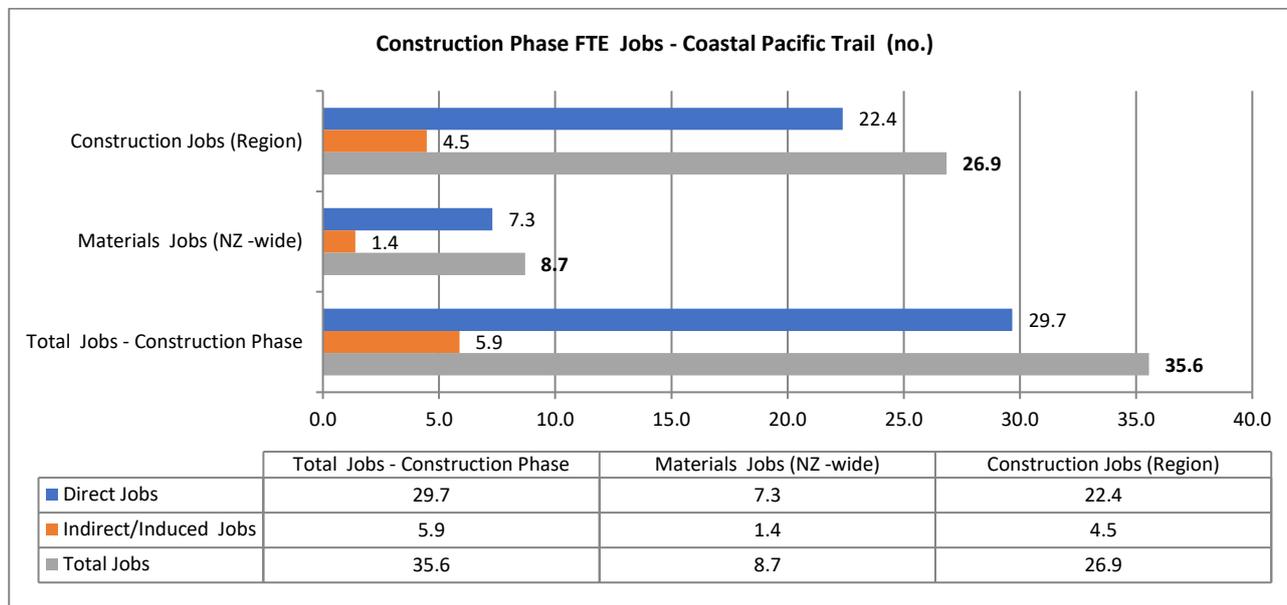
Construction Cost	Trail Construction	Infrastructure	Total
Total Costs	\$5,110,000	\$3,840,000	\$8,950,000

Source: TRC estimates August 2017

¹⁸ Regional income is the total net income generated from the activity and covers wages and salaries of employees and profits of businesses within the region. It includes income generated directly within the business and indirect income, which is generated in other regional businesses (wages and profits) from the multiplier impacts of employee spending on the region. In the modelling of income generated, income tax and GST on spending, are both treated as leakages from the region.

The construction phase would generate a total of 29.7 direct FTE jobs – 22.4 on site and 7.3 in material supply jobs. Another 5.9 FTE indirect/induced jobs would be created during the construction phase, for a total of 35.6 jobs (direct and indirect jobs).

Figure 7 Construction Phase FTE Jobs - Coastal Pacific Trail (no.)



Source: MCA modelling and estimates, September 2017

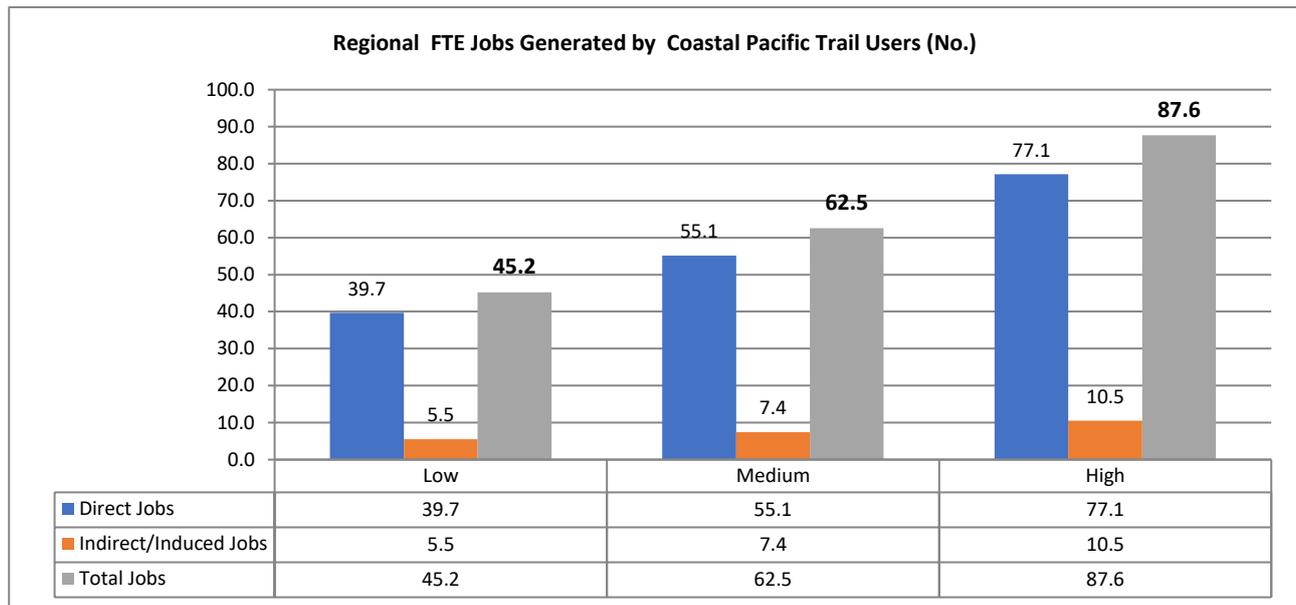
5.5 Operations Phase

5.5.1 Employment Impacts

The chart below shows the increase in regional jobs generated under each scenario.

- For the low scenario: the trail would generate a total of 45.2 FTE jobs in the region. These jobs are in two categories: direct jobs generated by the spending by trail users (39.7); and indirect/induced jobs (5.5), which are generated by the local consumption spending of those persons in the direct jobs.
- For the medium scenario 62.5 FTE jobs would be generated (55.1 direct and 7.4 indirect/induced jobs).
- For the high scenario 87.6 FTE jobs would be generated (77.1 direct and 10.5 indirect/induced jobs).

Figure 8 Regional FTE Jobs Generated by Coastal Pacific Trail Users (No.)



Source: MCa modelling and estimates, September 2017

The jobs generated by these trail linked activities are mainly concentrated in accommodation, food and beverage, recreational services and other visitor services and other retail spending.

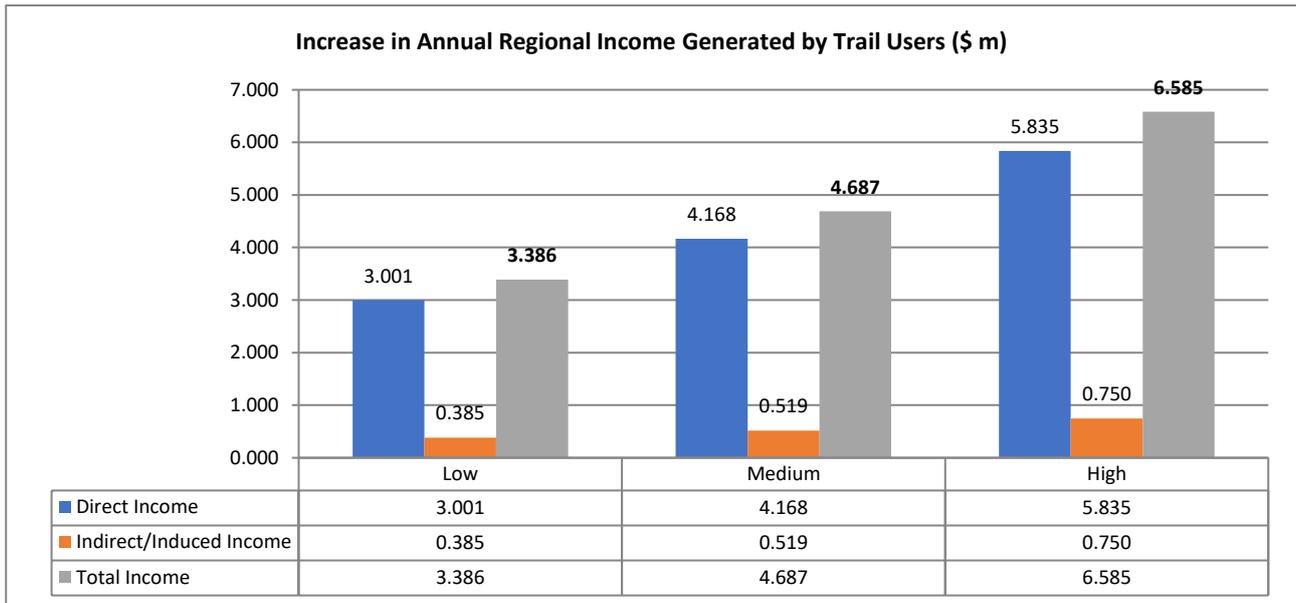
Table 6 Total Jobs (Direct & Indirect) Generated by Trail Users / Visitors – Annual (Jobs FTE)

Coastal Pacific Trail Sector	Trail User Scenarios		
	Low	Medium	High
Total All Jobs			
Accommodation	13.7	19	26.6
Food & Beverage	10.8	15	21
Other Retail	4.7	6.5	9.1
Housing	0.3	0.4	0.7
Health	0.4	0.6	0.8
Transportation	1	1.3	1.8
Communication	0.1	0.1	0.1
Recreation Services/Other Services	13.4	18.6	26
Education	0.3	0.4	0.5
Miscellaneous	0.5	0.6	1
Total	45.2	62.5	87.6

Source: MCa modelling and estimates, September 2017

5.5.2 Regional Income Impacts

The increase in annual regional income generated by the operation of the trail totals: \$3.386 million for the low scenario; \$4.687 million for the medium scenario; and \$6.585 million for the high scenario.



Source: MCA modelling and estimates, September 2017

5.6 Trail Benefits and Costs

5.6.1 Trail Analysis

For the benefit cost analysis 20year period is examined.

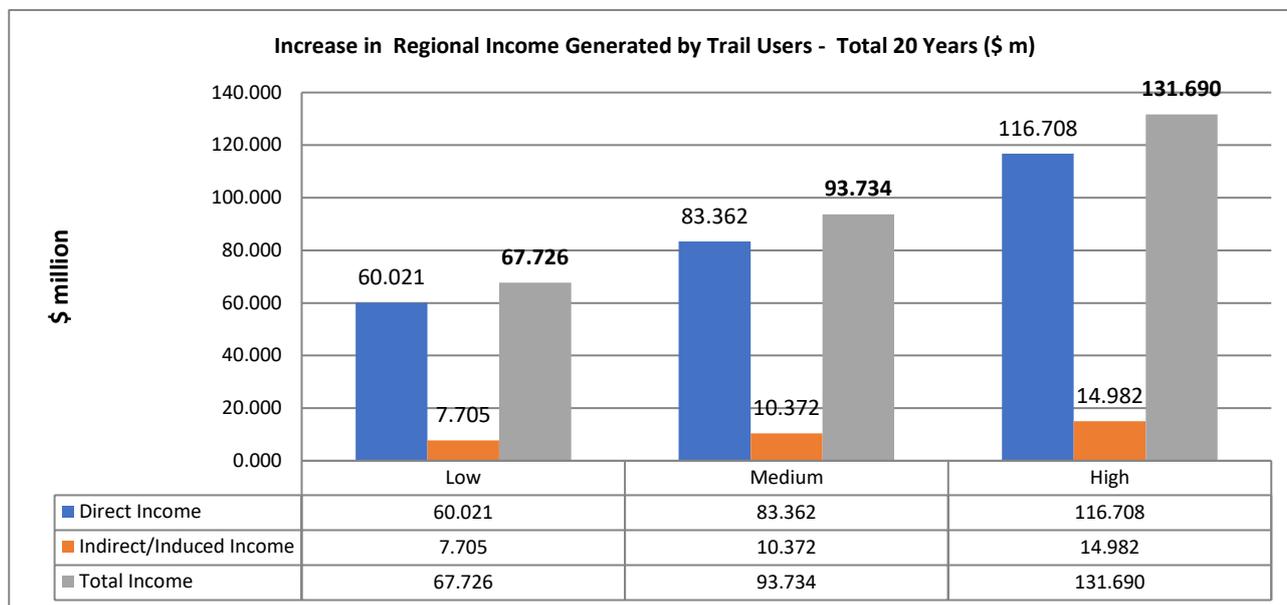
- ▶ Cost of the trail - total \$11.950 million comprises the estimated capital cost of the trail - \$8.950 million and the maintenance cost - \$3.000 million (\$150,000 per year over 20 years).
- ▶ Measured benefits comprise the increase in regional income generated by trail users over a 20year period: low scenario \$67.726 million; medium scenario \$ 93.734 million; and high scenario \$ 131.690 million. It is assumed that there are no user charges for the use of the trail.

Table 7 Capital Cost 20 Years - Coastal Pacific Trail

Construction Cost	Trail Construction	Infrastructure	Total
Total Costs	\$5,110,000	\$3,840,000	\$8,950,000
Maintenance Costs (\$150,000 per year)			\$3,000,000 (20 Years)
Total Trail Costs			\$11,950,000

Source: TRC estimates, August 2017

Figure 9 Increase in Regional Income Generated by Trail Users - Total 20 year



Source: MCa modelling and estimates, September 2017

Table 8 Coastal Pacific Trail Benefits: Increase in Regional Income – 20 year period (\$)

Benefits 20 Years			
Increase in Regional Income	User Scenarios		
	Low	Medium	High
	\$	\$	\$
Direct Income	60,021,160	83,362,722	116,707,811
Indirect/Induced Income	7,705,279	10,371,620	14,982,487
Total Regional Income	67,726,439	93,734,342	131,690,298

Source: MCa modelling and estimates, September 2017

5.6.2 Benefit Cost Analysis

The following table and chart show the benefits and costs of the trail development for each of the user scenarios. The benefits are measured by the increase in regional income generated by trail users over a 20-year period. For comparison purposes, the present value of the benefits (the 20-year regional income increase) is calculated using 2 discount rates (6% - NZ Treasury discount rate and 9% as a comparison).¹⁹

¹⁹ The 6% discount rate is the NZ Treasury default rate for projects and is also the rate for infrastructure projects including road and other transport projects. The 9% discount rate has been included as a comparison.

Table 9 Benefits and Cost Analysis - 20 year Period

Coastal Pacific Trail 20 Year Operations Period	Nominal	Nominal
	Discount Rate	Discount Rate
	6%	9%
Low User Scenario		
Capital Costs 2018 (\$) (Present Value)	8,950,000	8,950,000
Costs - Asset Replacement/Maintenance	3,000,000	3,000,000
Total Capital Costs	11,950,000	11,950,000
Direct Benefits (users)	0	0
Indirect Benefits (region)	67,726,439	67,726,439
Total Benefits (20 years)	67,726,439	67,726,439
Total Benefits (\$) Present Value	21,117,423	12,084,488
Net Present Value (\$)	9,167,423	134,488
NPV/Capital Costs	0.77	0.01
Benefit Cost Ratio (BCR)	1.77	1.01
Medium User Scenario		
Capital Costs 2018 (\$) (Present Value)	8,950,000	8,950,000
Costs - Asset Replacement/Maintenance	3,000,000	3,000,000
Total Capital Costs	11,950,000	11,950,000
Direct Benefits (users)	0	0
Indirect Benefits (region)	93,734,342	93,734,342
Total Benefits (20 years)	93,734,342	93,734,342
Total Benefits (\$) Present Value	29,226,810	16,725,102
Net Present Value (\$)	17,276,810	4,775,102
NPV/Capital Costs	1.45	0.40
Benefit Cost Ratio (BCR)	2.45	1.40
High User Scenario		
Capital Costs 2018 (\$) (Present Value)	8,950,000	8,950,000
Costs - Asset Replacement/Maintenance	3,000,000	3,000,000
Total Capital Costs	11,950,000	11,950,000
Direct Benefits (users)		
Indirect Benefits (region)	131,690,298	131,690,298
Total Benefits (20 years)	131,690,298	131,690,298
Total Benefits (\$) Present Value	41,061,657	23,497,617
Net Present Value (\$)	29,111,657	11,547,617
NPV/Capital Costs	2.44	0.97
Benefit Cost Ratio (BCR)	3.44	1.97

Source: MCa modelling and estimates, September 2017. Note assumes that there are no user charges for the trail, therefore benefits are the increase in regional income generated by visitor spending. Discount rate of 6% is the NZ Treasury default rate for projects and is also the rate for infrastructure projects including road and other transport projects.

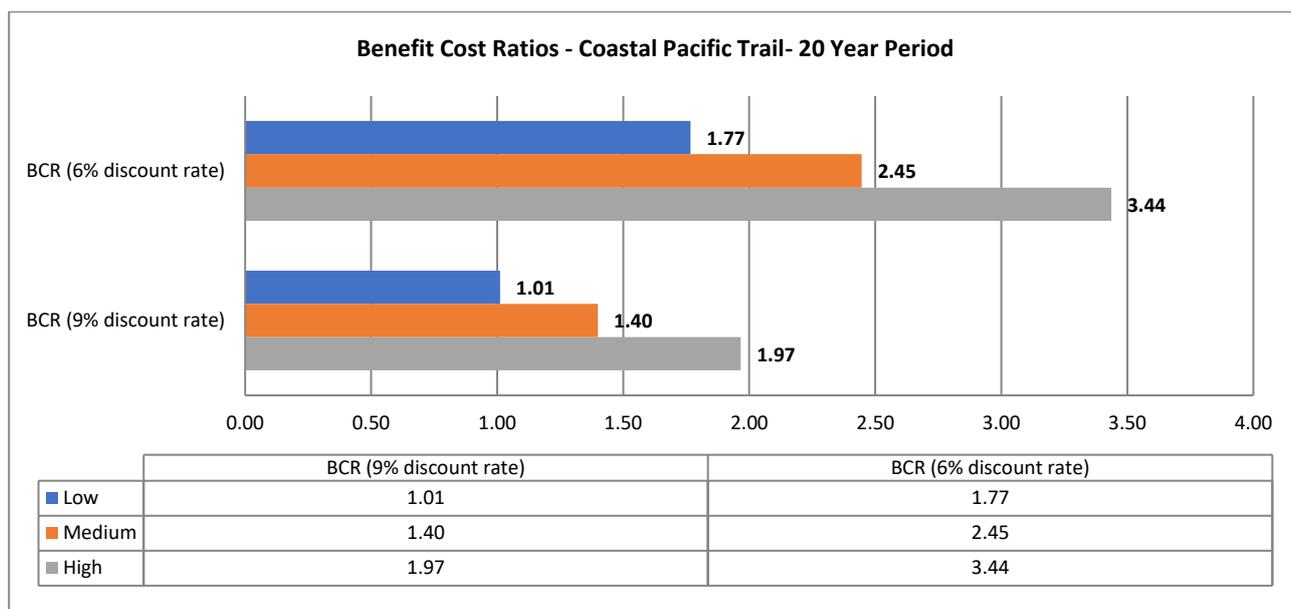
See <http://www.treasury.govt.nz/publications/guidance/planning/costbenefitanalysis/currentdiscountrates>

The chart below shows the Benefit Cost Ratios (BCR) for each scenario and the 2 discount rates.

For a trail project, a 6% discount rate is appropriate and the project yields a BCR substantially above 1 for all scenarios (i.e. benefits generated exceed the costs of the project over a 20 year period).²⁰

- Low user scenario (18,000 users) – BCR = 1.77
- Medium user scenario (25,000 users) – BCR = 2.45
- High user scenario (35,000 users) – BCR = 3.44

Figure 10 Benefit Cost Ratio



Source: MCA modelling and estimates, September 2017.

²⁰ The 6% discount rate is the NZ Treasury default rate for projects and is also the rate for infrastructure projects including road and other transport projects. The 9% discount rate has been included as a comparison.

6 Governance and management

6.1 How are trails maintained?

The 23 NZCT trails have differing arrangements for trail maintenance. The NZ Cycle Trail Evaluation Report²¹ which reviewed the governance and management of the government funded trails identified the following key success factors for the sustainability of trails:

- ▶ having a dedicated resource to maintain and develop the cycle trails
- ▶ the involvement of the local or central government in the management structures
- ▶ clear roles and responsibilities of trail partners
- ▶ clarity about partners' commitment to long-term funding.

Some NZCT trails have experienced:

- ▶ a lack of clarity around roles and responsibilities amongst trail partners
- ▶ Non-delivery of commitment of some trail partners to maintain the trails
- ▶ Failure to embed trail maintenance arrangement during the build phase of the cycle trails
- ▶ No established maintenance standards and different concepts of what level is acceptable (especially where two neighbouring Councils share maintenance responsibilities).

The NZCT Evaluation Report identified the ability to fund on-going trail maintenance, development, marketing and promotion as an issue identified by all respondents. The following is an extract from the NZCT Evaluation report that highlights some of the issues around trail maintenance experienced by existing trails.

What worked

Where there was a clear long-term commitment to funding as well as clear obligations of all partners from day one, trail maintenance was not an issue for cycle trails. The commitment could be in terms of budget for trail maintenance included as business-as-usual (BAU), and that the source of funding was identified, agreed and implemented at the start of the construction phase. A memorandum of understanding identifying the responsibilities of each partner aided stakeholders understanding and subsequent fulfilment of their obligations.

²¹ NZ Cycle Trail Evaluation Report 2016, MBIE

What were the challenges

Clarity around roles and responsibilities were needed to be re-established for some of the trails. Some trail partners had agreed to provide resources, financial or otherwise, during the feasibility phase of the cycle trails.

Organisational and structural changes within some trail partner organisations meant commitments could not be honoured. Either the trail champion left or there was a substantial change in the role and responsibility which hindered their ability to support the trail.

A case in point is *Te Ara Ahi*. Originally, Destination Rotorua was the asset holder of *Te Ara Ahi* cycle trails but a major reorganisation resulted in a substantial change in its role and responsibility, ultimately affecting its ability to support the trails. The restructuring had also resulted in the loss of its trail champions which affected the coordination and development of the trails.

Clarity of roles was also raised as an issue by some stakeholders in *Hawke's Bay Trails*. While there was strong support from the region and the two city councils (Napier and Hastings) to maintain their respective sections of the trails, it was suggested that guidelines on expected standards were needed to ensure that the trails were maintained consistently. The lack of clarity about who would provide that guidance and coordination role was raised as an issue by stakeholders.

The trails that were able to embed trail maintenance arrangement when the trails were built were better off than those who didn't have ongoing maintenance funding arrangement. *Hawke's Bay Trails*, *Hauraki Rail Trails*, *Queenstown Trails*, *Otago Central Rail Trails* and *Motu Trails* all had these trail maintenance arrangements organised through a Memorandum of Understanding (or similar). However, there were instances where, despite having these arrangements, some trail partners had reneged on their responsibilities.

6.1.1 Council Ownership and Maintenance

The predominate operating model is for the assets to be owned by Council and maintenance of trails to be undertaken by council (typically via contracted services). The associated Trust will primarily assist with fund raising and marketing of the trails.

Asset management in local government is generally well developed and will typically include:

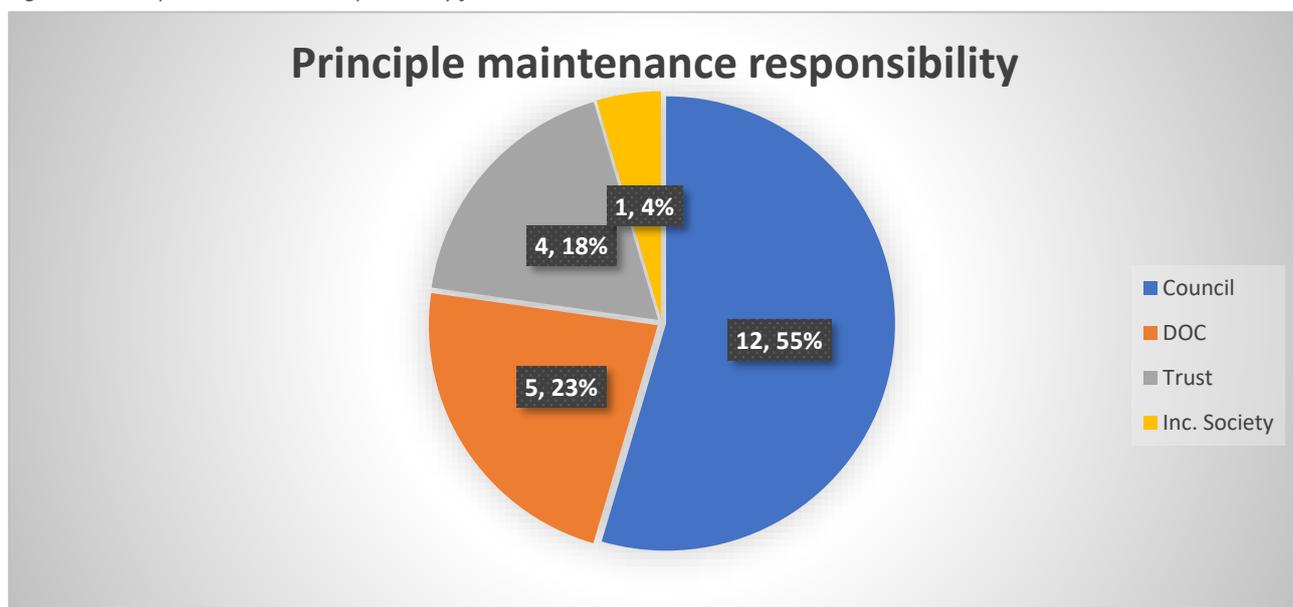
- Provision for routine engineering inspections of critical assets such as bridges which aids in early detection of safety and maintenance issues.
- Provision for funding depreciation and asset renewal
- Systems and processes for inspection and condition rating of assets

Figure 11 Ownership of NZCT Trail Assets



If a Trust or incorporated Society does not have experience or make provision for proper asset management, there is a risk of asset failure or if there is a significant event, the body may not have the means to continue operation of the trail.

Figure 12 Principle maintenance responsibility for NZCT Trails



Council ownership and maintenance means that trail maintenance is primarily funded by rates (which may include targeted rates on visitor accommodation) and reflects that households and businesses are the primary beneficiaries of trail development. Some maintenance may be provided through trust funds, in kind support or voluntary contributions from community or corporate groups.

6.1.2 Trust/Society Ownership and Maintenance

An example of ownership and maintenance by an organisation other than the Council is Bike Taupo which is an Incorporated Society. Bike Taupo has over 5000 members and is funded by grants, memberships and donations.

Bike Taupo is responsible for the construction and maintenance of 209km of predominately single-track mountain bike trails which are maintained for \$120,000 per annum. Inclusive within this 209km is the 71km Grade 3 Great Lake Trail on which Bike Taupo spends \$25,000 per annum. Maintenance is primarily limited to vegetation control. Bike Taupo has access to a broader funding base because of the large membership base and wide range of trails maintained (including mountain bike tracks).

Bike Taupo owns the assets and does not have an asset management plan nor depreciate the assets. Bike Taupo owns its own maintenance equipment including excavators and power barrows, employs contractors and undertakes physical maintenance work to maintain the trails. Volunteers and Periodic Detention workers are also used.

The Taupo District Council provides an annual grant of \$31,000 to Bike Taupo which is primarily used for administration.

Table 10 Trail Maintenance responsibilities, funding and issues²²

Trail	Maintenance responsibility	Funding	Issues
Otago Rail Trail	Trail maintenance is funded by the DOC.	Ongoing funding from DOC provides certainty that the trails are going to be maintained.	DOC funding is limited. Sometimes the Trust needs to partner other organisations (such as the District Council, NZTA or MBIE) where the trust sees a demand for improvements in order to support DOC.
Queenstown Trail	There is an agreement between the Council and the Queenstown Trails Charitable Trust for the former to maintain the trails documented via the MBIE funding agreement. The Trust also contributes to the trails' upkeep and inspection.	The removal of responsibility for maintenance from the Trust enables it to concentrate on the more strategic role and function. Trust raises funds to assist with capital improvements, leveraging funding from Council	Council provides on-going funding support to Trust in addition to maintenance funding
Hawkes Bay	The two local councils (Napier City Council and Hastings City Council) and the Regional Council all maintain their own sections of the trail.	Regular funding is available from the regional and city councils to maintain the sections that cut across their jurisdiction.	Inconsistent maintenance of the trails due to lack of clear guidance and authority to direct what could and should be done in terms of trail maintenance.

²² Based on table from MIBE Trail Evaluation 2016 and supplemented with additional/updated information from authors.

Trail	Maintenance responsibility	Funding	Issues
Motu	DoC, Opotiki District Council (ODC) and to some extent, Gisborne District Council (GDC) is responsible for maintaining their respective sections of the trail. Much of the trail is located on road which is maintained as business as usual, not a specific cost to the trail.	Opotiki District Council is committed to providing on- going funding for trail maintenance.	Funding is stretched. DOC and the Opotiki District Council had to re-prioritise existing budget for trail maintenance. Opotiki is one of the poorest district councils in New Zealand and while they are committed to support and maximise the economic potential of the trails, they have limited funds to contribute. DOC has limited funding to provide a visible level of service.
Te Ahi	The Sports and Recreation team of Rotorua City Council is responsible for infrastructure and maintenance needs of the cycle trails. The council is currently looking at employing a paid staff position whose role would include oversight of trail maintenance.	The local government began to renew their support to the cycle trails by providing funding for trail maintenance. There is also a dedicated team (the Sports and Recreation team) in the council now that is tasked to take responsibility for all trail infrastructure and trail maintenance.	The council is still in the process of identifying the appropriate structure and approach to use for trail maintenance. They are looking to establish a trust supported by seed funding from the council.
Hauraki	Hauraki, Matamata-Piako and Thames-Coromandel District Councils contribute funds for maintaining the trail, with Hauraki District Council contributing more. As of 1 July 2016, responsibility for the maintenance of the trail rests with the Hauraki District Council with funding being provided by the three partner councils under a MOU. This responsibility has been taken off the Trust.	Ongoing funding from the three participating district councils is available for the maintenance of their respective sections of the cycle trails.	Lack of funding for trail development and improvements i.e., tree planting and trail signage and markers.

6.1.3 Funding Maintenance via levies on service providers

Both the Around the Mountains Trail and the Hauraki Rail Trail entered into commercial arrangements with a company to provide marketing and booking services for the respective trails. The concept is that service providers including transport and accommodation providers along the trail would offer their services via a central website and a portion of commissions taken on bookings received via the website would be returned for maintenance.

While the concept seems viable in principle, in practice it has not proved a successful model for either trail. This is primarily due to service providers not seeing the benefits of joining the scheme. The plethora of other booking services such as AirBnB and Expedia make it difficult to capture bookings and therefore create a viable revenue stream sufficient to cover maintenance costs.

6.1.4 Volunteers

Most trails use volunteers in trail management or maintenance to some degree. Volunteers can play an important role in trail management however they cannot realistically provide the sustained effort to manage and maintain a trail network. There are good examples of volunteers being used for trail development (generally single track/downhill trails), trail maintenance, planting, administration, event management and visitor monitoring.

Health and Safety legislation requires employers to extend the same duty of care to volunteers as it does to employees and this has also impacted on the use of volunteers.

The general view is that while volunteers can make a useful contribution, their use as a predominate means of trail management or maintenance is not sustainable as often heavy machinery or other specialist services are required.

6.2 Recommended model

Given the length of the proposed trail and the extensive assets that are likely to be created, we consider an operating model where the assets are owned and maintained by the respective local authorities is the most viable and sustainable.

A trust or Incorporated Society would serve to assist local authorities to raise funds and market the trail network.

We recommend that prior to committing to trail development that a Memorandum of Understanding be developed between the potential funding partners which should include any Trust or Incorporated Society formed, Marlborough District Council and Kaikoura District Council outlining responsibility for on-going maintenance, maintenance standards, asset inspections and asset renewal, depreciation and funding contributions.

7 Discussion and recommendations

Overall, we believe the work undertaken by the Coastal Pacific Trail Working Group is sound and provides a solid foundation for moving forward in planning for a high-quality visitor experience in the Coastal Pacific Trail. There are several considerations which are critical moving forward as well as some advice we believe can enhance the overall experience and attract greater market share.

The overall vision, experience and markets

The vision for the trail is both exciting and realistic but will take time to achieve. The greatest potential for the trail will be achieved if the experience offering leverages off the destination assets of Marlborough and Kaikoura, and links communities along the journey that are prepared to establish and deliver experiences and accommodation that supports the journey. We do not believe any advantage is to be gained from extending the Coastal Pacific Trail south beyond Kaikoura to Christchurch or north of Picton to link with the Queen Charlotte Trail as the market is generally looking for rides of 3-5 days rather than extended journeys. The small percentage of potential users that might seek this longer ride would not add enough value to warrant the cost involved.

The leisure market looking for an easy ride with accommodation and experiences along the journey has the greatest potential as a market as well as people seeking to do sections of the journey out of hubs. This requires a consistent grading which we recommend be no more than grade 3, and a relatively direct route between attractions and towns. Leveraging the Marlborough wineries through a route from Blenheim through the vineyards as well as exciting loops off the main spine such as Yealands Estate White Road and the Saltworks would add great experiences.

Given the imminent development of the southern section of the trail adjacent to SH1, and the extensive planning work that is still required to develop new trail sections, identifying and prioritising 'low hanging fruit' to complement the southern section and underpin brand awareness will be important as the main development continues to be planned and constructed. This could be development of those sections that require the least work (some sections that are on road journeys), the Yealands Estate and Saltworks loops (subject to owners' consent as these may be private roads) and packaging product to leverage these features with the southern section.

A route from Blenheim through the wineries whilst requiring some work in terms of negotiations with land owners, has huge potential to grow awareness of the trail quickly.

Naming and positioning of the trail

It is understood an issue has recently come to light with the naming of the trail as the Coastal Pacific Trail. This will need urgent consideration. We would recommend that a brand strategy process be initiated whereby there is a clear articulation of how the trail will be positioned in the market place and the essence of the experience. This then be used to refine the name to be used for the trail and inform the creative design for imagery and logo for the trail. Given the southern section of the trail will commence soon, this activity is urgent.

The planning and alignment

Whilst considerable preparatory work has been done on the potential alignment, there is still a significant body of work required to determine the alignment and, based on this, seek the relevant approvals (land owners, Kiwi Rail, resource consent, environment, cultural assessments etc). Not only will this work take time, it will also require considerable financial resources.

KiwiRail is a critical stakeholder in two ways – firstly in terms of the alignment and ease of development of considerable sections of the track along the rail corridor, and secondly, if the trail experience is to be underpinned by the option to hop on hop off the train to ride different sections. Whilst it is recognised that discussions with KiwiRail have commenced, these need to progress quickly to ensure clarity on a) where access is likely to be approved and in what form for trail development; b) costs to be incurred in lease, licence or other fees to ensure clarity on the long-term costs of the trail maintenance post development and c) the likelihood of cyclists being able to use the train as part of the experience.

Determining a) is critical as alternative alignments will need to be considered where access along the railway corridor is not achievable. c) whilst it will be important to have clarity in terms of how the trail will be positioned, it is not seen as a game changer as, with the maturity of the destinations at either end of the experience, service providers such as shuttles are likely to support the ride.

It is understood that there has been some lobbying to ensure early construction of the section linking the SH1 cycleway to Clarence is funded under the earthquake recovery which would be an excellent result. A more ambitious aspiration is to see this early funded development extended to Ward, but there is considerable detailed planning and approvals required for Clarence to Ward which is perhaps the most difficult section of the trail to align given proximity to the coast, narrow coastal strip and extensive dunes with potential cultural sites.

It should be noted that Marlborough District Council has yet to receive earthquake recovery funding for these types of initiatives while sections of SH1 within Kaikoura District Council have received funds.

Costings

The work yet to be undertaken on the alignment including considerations arising from KiwiRail discussions, as well as the detailed planning, will underpin the final cost estimates for the trail. At this early stage we believe the cost estimates are too low, and will increase as more detailed planning occurs particularly where rail easements are not available and for river, road and rail crossings.

Whilst the costs for actual construction appear realistic (to be refined with planning), there has been no estimate made for the planning phase including:

- planning and consenting costs
- specialist advice including engineering, geotechnical, archaeological, cultural, ecological and traffic consultants
- legal advice including easements, consents, disputes
- survey costs
- project management and construction supervision
- administration
- negotiated compensation or inducements for access (if required)
- contributions towards landowners' legal costs
- marketing and promotion

Other construction related costs appear also to be either missing or underestimated such as:

- signage
- fencing
- road safety improvements
- services location and potential relocation
- driveway, road and rail crossing safety works
- amenities including drinking fountains, bike stands, shelters, toilets, bike pumps
- landscaping and revegetation
- visitor monitoring (establishing a network of trail counters)
- traffic management

Economic impacts

The development of the Coastal Pacific Trail will generate substantial positive economic benefits for the region during the construction phase and operations phase.

- **Construction phase:** The construction phase would generate a total of 29.7 direct FTE jobs – 22.4 on site and 7.3 in material supply jobs. Another 5.9 FTE indirect/induced jobs would be created during the construction phase, for a total of 35.6 jobs (direct and indirect jobs).
- **Operations phase jobs:** for the low user scenario 39.7 direct jobs and 5.5 indirect jobs would be generated annually; the medium scenario generates 55.1 direct jobs and 7.4 indirect jobs; and the high scenario generates 77.1 direct jobs and 10.5 indirect jobs. These jobs are mainly in the accommodation, food and recreation services sectors.
- **Operations phase income:** the increase in annual regional income generated by the operation of the trail totals: \$3.386 million for the low scenario; \$4.687 million medium scenario; and \$6.585 million high scenario.
- **Benefit/Cost Analysis:** the development of the trail generates benefits that are substantially above costs for all of the scenarios. A 6% discount rate has been used (NZ Treasury recommended discount rate) is used and the project yields a Benefit Cost Ratio (BCR) substantially above 1 for all user scenarios (ie. benefits generated exceed the costs of the project over a 20 year period). Low user scenario (18,000 users) – BCR = 1.77; Medium user scenario (25,000 users) – BCR = 2.45; and High user scenario (35,000 users) – BCR = 3.44.

Governance and management

The right governance model is essential to the success of the Coastal Pacific Trail – both in the detailed feasibility and costing stage, and in the project implementation and management phases. Establishing a skill based Trust based on the Queenstown Trails Trust model that can develop the concept in a detailed fashion, bring together Councils, Regional Tourism Organisations and the business community is an essential first step. The initial phase of the Trust will be to confirm the vision, align all the partners and community around the vision, and complete the trail alignment detail, and following that, a detailed cost phase.

Securing legal agreements for the alignment is essential and will take time. The Trust will need access to the right skills either through Trust membership, Trust partnerships, or the ability to access contractors and executive staff with those skills. The Trust will also need the support and partnership of both Councils to complete this phase of the Trail's development.

Councils are essential to the successful governance and development of the Trail as well as its ongoing maintenance and lifecycle. Both Marlborough and Kaikoura District Councils should ideally partner on the Trust establishment and have representation on the Trust.

Given the likely mix of private landowners; KiwiRail, Council land, NZTA land and other tenures, an approach similar to the Queenstown Trails Trust is recommended. This will allow both Councils to be intimately involved in the trail construction and maintenance and the Trust to undertake marketing, development, packaging and a range of important activities to secure its use and growth. It will also allow the Trust to bring together the business community, Regional Tourism Organisations, Councils and other partners to assist with fund raising and product packaging.

It is recommended that the partners come together and form the Trust as soon as possible, learning from the models referenced in this report and other models. This report recommends the Queenstown Trail Trust as a starting point for discussion with amendments made to the model to suit the Marlborough nuances.

Selecting a suitable Chairperson would be the ideal place to start with the Trust establishment, with connections broadly throughout New Zealand Government and Business. The majority of Trust members will need to be skills based appointments to establish the trail and see it through its initial operational phase, potentially in stages as they are developed. Skills that would assist the Trust initially may include:

- Legal / Land Management Agreement experience and skills
- Marketing and communication experience and skills
- Business Development experience and skills
- Tourism knowledge including product development and packaging
- Community development and capacity development experience.

Both Councils should be represented at senior levels on the Trust, especially through the initial trail development phases where the partnership between the Trust, community, business and Government is essential.

A simple suggested approach is shown diagrammatically below:

Suggested simple process steps for the operationalisation of the Coastal Pacific Trail



