

# Destination Milford Sound Position Paper

*The future of Piopiotahi Milford Sound*

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## Preface

In Māori legend, a single bird (the piopio) is said to have flown to Milford Sound to mourn the passing of the legendary Maui, who died here trying to win immortality for his people. The legend of this majestic fiord has continued to grow and there are few other places in Aotearoa that are as iconic, so uniquely New Zealand, as Piopiotahi Milford Sound. It is a taonga, revered through history by Māori through to early European settlers, and in more recent times by domestic and international travellers who have flocked here to marvel at the grandeur and wealth of natural and cultural heritage.

When tourism numbers in New Zealand reached their peak in 2018, 883,000 people visited Milford Sound with at least 45% of them preferring a day trip from Queenstown. Since the start of the Covid-19 Pandemic, these visitor numbers have declined substantially given that 83% of visitors in 2018 were from overseas. However, even at the peak of 883,000 visitors, research by the University of Otago showed very high satisfaction levels were being maintained (94%). Private sector investment in infrastructure, plant, staff and systems was critical to manage this peak visitation during the key period of 11am to 3pm daily, and especially in summer months.

Milford Sound Piopiotahi, together with its access corridor and surrounding areas, has exceptionally high conservation values – ecological, cultural, landscape and recreational. It is deserving of its status as a National Park (Te Rua-o-Te-Moko Fiordland National Park) and UNESCO World Heritage status (as part of Te Wāhipounamu World Heritage Area). These values must be protected for future generations. The future must be responsibly managed to ensure that potential issues are well anticipated and plans put in place to maximise the benefits and mitigate the negative impact of human activity on Te Rua-o-Te-Moko Fiordland National Park.

The Milford Opportunities Project has set out a fitting and undisputed purpose, vision and objectives for its masterplan. There is no doubt that everything possible must be done to maintain Piopiotahi's mana as a key and iconic visitor destination in Aotearoa, including upholding its national park and conservation values.

However, it is critical that the masterplan's foundations are set firmly within the realities of what is possible to deliver by the public and private sectors; the realities of the tourism industry and market; and what is essential to protect the conservation values of the whenua. The masterplan has listed as of yet un-costed and unchallenged initiatives; many with no clear evidence that they will resolve the issues, whether perceived or real. Substantial further work is required before these are taken forward. The masterplan also lacks substance on two major issues that are prerequisites for the sustainability of Piopiotahi: a future collaborative governance structure, and stimulation of both public and private sector investment to achieve a sustainable future.

A wide group of businesses who operate in and care deeply for Piopiotahi Milford Sound have formed Destination Milford Sound to present a single and expert voice to ensure it remains New Zealand's most iconic world-class visitor destination into the future. Destination Milford

Sound is willing and ready to engage with the Government to secure a sustainable future for Piopiotahi and position it for the return of international tourism over the coming years. This paper presents Destination Milford Sound's solution to the future of Piopiotahi. We believe that the future of Piopiotahi Milford Sound is dependent on establishing a collaborative governance model between public and private sector, and ensuring all stakeholders have a strong incentive to invest for a sustainable future.

## Purpose of the document

1. This report sets out Destination Milford Sound's (DMS) vision for the future of Piopiotahi Milford Sound based on the collective view from the businesses and sectors that operate in or promote our region.

## Executive Summary

2. DMS is a coordinated group invested in the future of Piopiotahi Milford Sound. We partner with government and stakeholders to achieve the best possible outcomes for our world class visitor destination. Our current context is especially challenging, and we are focused on two key priorities to keep us operating. These are security of tenure and a collaborative governance model to enable this. We note these are themes of the Milford Opportunities Masterplan (the MOP) and believe that the best way to make progress is an immediate focus on these areas.
3. To ensure we fully understand the MOP we have been through it in detail. Our considered and unified response is presented in this paper. We have arrived at a pragmatic, cost effective solution that will achieve many of the MOP outcomes in an efficient and integrated manner and look forward to presenting this to all relevant parties.

## Overview of this position paper

4. Destination Milford Sound is a group of businesses, entities and stakeholders with a focus on Piopiotahi Milford Sound. Our members collectively comprise the majority of economic activity and potential in the region and generate significant revenue and market awareness for our area. We have hundreds of years of combined knowledge and experience operating in our region. Our role is to ensure Piopiotahi Milford Sound remains New Zealand's most iconic world class visitor destination into the future.
5. The Tourism Industry and channels to market are complex. We have spent years influencing and developing products to suit the markets, including scheduling and maximising the use of assets and resources. This private investment and the promotion of the wonders of Piopiotahi Milford Sound by tourism operators has increased the destination's popularity.
6. We note that our current regulatory environment is challenging and uncertain. A planned and deliberate approach for Piopiotahi Milford Sound and the district is imperative. Public

and private sector investment in quality infrastructure and facilities is something we welcome and are keen to facilitate.

7. As businesses operating in the Southland region, our transition to a low emissions economy combined with our current COVID-19 context and regulatory settings create a challenging environment.
8. We all agree that tourism is changing. By working together, we can provide a better experience. In the current COVID context we have identified two key areas to focus on in the immediate term key to the survival of our regional economy. These are:
  - 1) A long-term solution for the governance and management of Piopiotahi Milford Sound; and
  - 2) Resolution of ongoing issues around security of tenure.
9. These two focus areas are consistent with priority issues identified in the MOP Masterplan. As you are aware, this plan was released in July 2021 and is moving to the next planning phase this year. We support taking a planned and deliberate approach to the future of Piopiotahi Milford Sound but consider the above the two priorities are what our businesses need most desperately to survive the coming months and years. We strongly believe these should form the first steps in implementing the MOP.
10. This document also outlines Destination Milford Sound's comprehensive perspectives in relation to the Milford Opportunities Project's Masterplan and includes our proposed solution for the future of Piopiotahi Milford Sound. This solution will achieve many of the outcomes set out in the MOP in a more pragmatic, timely and cost-effective manner.
11. Destination Milford Sound supports the broad direction of the masterplan. However, Destination Milford Sound disagrees with some of the proposals in the masterplan and seeks clarification in other areas. Our perspectives are focused on core themes essential for the future of Piopiotahi Milford Sound. These are:
  - a. Governance and Funding
  - b. Assets and Infrastructure
  - c. Land Transport
  - d. Aviation
  - e. Marine
  - f. Environment and Conservation
12. Destination Milford Sound is ready to engage with the Milford Opportunities taskforce and to partner with the key agencies and stakeholders to progress areas where there are 'easy wins.' Destination Milford Sound will provide local knowledge and commercial and sector expertise where further analysis and shaping will be beneficial. Working in partnership,

Destination Milford Sound will plan for and progress realistic, cost effective and practical improvements for Piopiotahi Milford Sound.

## **Background on Destination Milford Sound**

13. Destination Milford Sound aims to ensure Piopiotahi Milford Sound remains a world class visitor destination. To do this, we must have a planned and deliberate approach to the future of the region we love and operate in.
14. Destination Milford Sound is a group of businesses, entities and stakeholders operating in Piopiotahi Milford Sound. Our members collectively comprise the majority of tourism economic activity and potential in the region and generate significant revenue and market awareness for the region.
15. Destination Milford Sound was created because we realise that working together is important to achieve the best possible outcomes for Piopiotahi Milford Sound. We are a singular voice of Piopiotahi Milford Sound stakeholders, and we are coordinated and cohesive in our views.
16. Destination Milford Sound is focused on working with government, iwi, and stakeholders to design cost effective, practical and pragmatic solutions that get to the heart of what is truly needed. Destination Milford Sound recognises the importance of inclusive partnerships with all stakeholders in maintaining Piopiotahi Milford Sound as a world class tourist experience.
17. As part of the above, Destination Milford Sound has organised and coordinated a 'whole of group' response to the recently released Milford Opportunities Project's masterplan. Destination Milford Sound is ready to partner with the Government, the Milford Opportunities Project team and other stakeholders to find solutions that create the best possible future for Piopiotahi Milford Sound.

## **Background on the Milford Opportunities Project's masterplan**

18. The Milford Opportunities Project was established as a joint initiative between Southland District Council and Department of Conservation in acknowledgement of a perceived lack of planning around Piopiotahi Milford Sound in the context of rapidly climbing tourism numbers.
19. The Milford Opportunities Project's masterplan was released to the public on 28 July 2021. The masterplan contains a number of recommendations.
20. The key themes identified by the masterplan include governance, Te Anau as a destination, public and private investment, security of tenure, the complexity and demands of the international and domestic tourism markets, transport options, infrastructure, price

sensitivity and funding models and the retention of the essence of Piopiotahi Milford Sound.

21. Destination Milford Sound understands the Government has committed an additional \$15 million of funding to take the masterplan to its next stage, which will soon involve the formation of a taskforce to manage the future of the project
22. Prospective expenditure envisioned by the current masterplan is significant and an inclusive partnership structure between the Milford Opportunities Project and stakeholders who operate in the region provides an opportunity to progress a more achievable vision, from both a capital cost and implementation point of view. The improvement and sensible development of the Piopiotahi Milford Sound corridor is important and provides opportunity to plan for and manage future growth.

## **Our solution for Piopiotahi Milford Sound**

23. We consider there are two areas that can be progressed immediately to create maximum gain for our region, with very little cost. These are:
  - 1) An alignment of governance and management for Piopiotahi Milford Sound; and
  - 2) Resolving issues around security of tenure.
24. To inform work in this area we have produced some real-time examples where security of tenure is stopping investment and progression of outcomes for Piopiotahi. These examples are attached as Annex 1.
25. We believe moving to a new management and governance model is the way to reduce transactional costs and inefficiencies and to ensure robust, smooth and timely decision-making process that recognise the Crown Iwi relationship going forward.
26. Statutory decision-making responsibilities could still be retained by relevant agencies but open conversations on applications by all parties would mean less duplication of time and effort and more meaningful conversations with all relevant parties in the room. Working models of this exist already (for example in the Nationally Significant Proposals Process run by the EPA) where there is symbiosis of decision making, a timeframe for certainty and involvement of all parties.
27. We propose working with Iwi, DOC and relevant agencies using our live tenure issues to pilot, test and refine a new participatory governance model not just for Piopiotahi Milford Sound, but as a blueprint for the rest of New Zealand.
28. Early progress in this area would move the Piopiotahi Milford Sound forward and would give businesses and stakeholders the certainty we need to invest in our region to recover our industry.
29. Longer term, we believe the best solution for Piopiotahi Milford Sound is outlined on the

attached map and supporting information, which has been prepared by those who have considerable experience in Milford Sound, and the wider Tourism Industry. It is envisaged that this solution would be achieved using a partnership management model, governed (following a successful trial) by our new participatory governance model. All parties of the partnership will be held accountable by the governance committee for delivering outcomes. The implementation group would be responsible for finding solutions to current problems and future destination management planning. They would also be responsible for delivering upon these solutions and plans.

30. In summary, this conceptual site plan proposes new facilities, upgrades and repurposing of many existing facilities. Some of these improvements have already been planned for by existing businesses. Of note, key new developments include several infrastructure assets of scale: airport terminal/facilities, a multi-level carpark and a community centre – all if business cases prove them viable. In addition to this we agree with the proposed viewing decks, some new walks and ancillary facilities for the airport and marina, again if business cases prove them viable.
31. Significant upgrades are proposed for core facilities (hotel/café, existing public toilets and the runway). Innovative repurposing of the existing visitor terminal, some carparking, and the walking system are proposed as cost effective ways to maximise assets that have not yet reached end of life.

## **Comment on the Milford Opportunities Project's masterplan**

32. Over several months, members of Destination Milford Sound collated their submissions in relation to the masterplan. We have distilled these submissions into key points that reflect our members' collective views. The below sets out our views as 'one voice'.
33. Destination Milford Sound supports the broad direction of the masterplan and taking a planned approach to the future of Piopiotahi Milford Sound. We disagree with some of the proposals in the masterplan and seek clarification in, and further engagement on, other areas. Our comments on the masterplan are grouped around core themes essential for the future of Piopiotahi Milford Sound. These are:
  - a. Governance and Funding
  - b. Assets and Infrastructure
  - c. Land Transport
  - d. Aviation
  - e. Marine
  - f. Environment and Conservation



## Areas of agreement with the Milford Opportunities Project's masterplan

The below section establishes areas where Destination Milford Sound agrees with points raised in the masterplan.

### Assets, Infrastructure and Access

34. **Te Anau Hub and Improvements** – Destination Milford Sound supports the concept of a hub at Te Anau, subject to a wider investigation into the financial feasibility of such a facility, as we note that Te Anau is unlikely to be the key departure point for Piopiotahi Milford Sound or the destination of choice ahead of Queenstown. We are interested to understand how the initial funding would be sourced and how the ongoing operating costs will be covered. If it is expected that these costs are to be passed onto the Piopiotahi Milford Sound visitor, we seek to establish what impact this would have on the elasticity of the market.
35. **Knobs Flat Development** – Destination Milford Sound supports proposed development of the Knobs Flat and Kiosk Creek sites, including food and accommodation offerings and an information centre. It is also an obvious staging point for park and ride activities, and logical point to which private motor vehicles (without pre-booked parking at Milford) can drive to. All development must accommodate the diverse market and cater for all visitor types e.g. campers, luxury, back packers, families.
36. **Redevelopment of the current visitor terminal** – Destination Milford Sound supports the redevelopment of the interior of the current visitor terminal as opposed to significantly altering the structure of the building.
37. **New visitor hotel facility** – Destination Milford Sound supports the development of a new visitor hotel facility, subject to a robust business case. A business case is needed to justify the size and scale of the proposed facility, especially given the seasonal nature of tourism in Milford, which will be a major factor in the business case analysis.
38. **Re-opening of Bowen Falls walkway** – Destination Milford Sound supports this proposal, noting that previous business case analysis has proven it not to be financially viable due to the significant cost of overcoming DOC safety concerns.
39. **Construction of cable way to Bowen Falls** – Destination Milford Sound questions the viability of the construction of a new Bowen Fall cableway and seeks to confirm the project will be subject to a robust business and environmental case being prepared. Destination Milford Sound believes challenges to implementation would include seasonality, lack of available time of visitors whilst in Milford and the significant capital and operating costs.
40. **Develop additional walking tracks, foreshore enhancements, Milford landscaping** – Destination Milford Sound supports further improvements to Milford Sound that will assist in providing visitors with alternative activities. Destination Milford Sound seeks clarification

on whether the capital and ongoing maintenance cost of these attractions pose future financing issues.

**41. The Milford Opportunities Project proposes a number of changes to transport options.**

Destination Milford Sound supports the transition to a low emissions economy and the need to do things differently. We note that Milford Sound transport options will always need flexibility to meet all requirements and market segments, and that solutions need to factor this in. We also note the role of competition in continuously lifting the game with improved plans and services to suit the diverse visitor market.

## **Land Transport**

**42. Corridor Improvements** – Destination Milford Sound supports improvements to the Corridor and considers this a good opportunity to plan for and manage future growth. We note that improvements must satisfy a conclusive business case study, which includes cost benefit analysis, and consideration of the initial and ongoing costs for visitors to Piopiotahi Milford Sound.

**43. Park and Ride** – Destination Milford Sound supports a park and ride being established as one of the options for access and to reduce the number of private motor vehicles. Previous investigations identified Knobs Flat/Kiosk Creek rather than Te Anau as the optimal location for this to be based. This proposed location enables better utilisation of coaches and drivers to reduce significant capital costs involved in operating a coach service on such a seasonal basis. The Park and Ride concept also means there will be fewer inexperienced drivers travelling on the Milford Road.

**44. Relocation of Existing Coach Park** – Destination Milford Sound supports relocating the existing Coach Park adjacent to the visitor terminal. Destination Milford Sound suggests a location should be further investigated, and alternatives such as Little Tahiti be assessed.

**45. Fiordland National Park Entrance and Eglinton Reveal** – Destination Milford Sound supports improvements to the Fiordland National Park Entrance and Eglinton Reveal. Destination Milford Sound suggests that the provision of off-highway parking at the Eglinton reveal will improve health and safety conditions for visitors.

## **Environment and Conservation**

**46. Re-development of hydroelectric power scheme** – Destination Milford Sound supports initiatives that will assist in the future proofing hydroelectric or alternative sourced electric power at Piopiotahi Milford Sound. Destination Milford Sound suggests that this will assist in the growing demands for electricity as a result of planned additional infrastructure, and the longer term aim to have zero carbon emission vessels and coaches.

**47. Recognise and develop landscape, conservation and cultural experiences** – Destination Milford Sound supports the development of landscape, conservation and cultural experiences. Destination Milford Sound will advocate for any improvement of visitor attractions in Milford Sound, the Corridor and Te Anau, provided the business case demonstrates its viability. Destination Milford Sound supports the masterplan's suggestion

for obtaining zero carbon status when science and technology make it economically and financially possible, but Destination Milford Sound contends that this goal invariably will need to be staged.

## Areas of disagreement, clarification or further work required

The below section establishes areas where Destination Milford Sound disagrees with points raised in the **Milford Opportunities** Project or seeks further clarification on points raised by the masterplan.

### Governance and Funding

48. Across all aspects of the MOP, DMS considers that Governance and timely decision making are the issues of highest priority. These directly link to our most pressing problems of certainty and security of tenure. Specific comments on the MOP Governance and funding proposals are set out below.
49. **Cap on Numbers** – Destination Milford Sound does not support the 1,000 visitor per rolling hour cap proposed in the masterplan. Milford Sound Piopiotahi has historically coped with days of up to and over 5500 visitors, while still achieving a 94% plus visitor satisfaction level overall. Destination Milford Sound would welcome the opportunity to discuss alternative methods of handling visitor flows that better utilises infrastructure and vessel capacities at Piopiotahi Milford Sound.
50. **Visitor Levies** – Destination Milford Sound would welcome the opportunity to discuss changes on visitor levies. We would like all funds collected to directly benefit Piopiotahi Milford Sound. Destination Milford Sound notes the potential unintended consequences of charging Milford visitors a levy in re-directing them to other parts of the Fiordland National Park, or National Parks throughout NZ which remain free.
51. **Facilitate broader Murihiku and Southland Benefits** – Destination Milford Sound does not support plans where Piopiotahi Milford Sound activities/operators will have to financially subsidise broader tourism activities within Southland/Otago.
52. **Funding the Milford Opportunity Project** – Destination Milford Sound welcomes the opportunity to discuss further funding for the Milford Opportunity Project originating from the International Visitor Levy rather than imposing further levies on Piopiotahi Milford Sound visitors
53. **Improved Governance Structure** - Destination Milford Sound support and encourage changes to existing governance structures. We consider a model that brings together public and private sectors with iwi and regional councils is the way of the future. To date, governance and management of tourism access to the conservation estate and other government managed assets involves many different agencies and timelines. This leads to

frustration for all involved, including officials and Ministers. We support reviewing, streamlining and implementing fit-for-purpose and future focused decision making and governance.

### **Assets, Infrastructure and access**

54. **Construction of new visitor centre** – Destination Milford Sound does not support the construction of a new visitor centre adjacent to the current hotel site. This appears to be an unnecessary capital investment when the existing visitor terminal can be repurposed and if necessary enlarged over the existing coach park, to cater for changing market trends and visitor requirements.

55. **Relocate staff housing and construction of new multi-level accommodation block** – Destination Milford Sound does not support the relocation of staff to a newly constructed accommodation block because there is a considerable investment in staff housing by each of the operating companies. Destination Milford Sound supports the removal of any substandard staff housing in the existing complex. Destination Milford Sound believes this proposal would fail cost benefit analysis even taking into account staff welfare and safety.

Staff accommodation to service the visitor market is required at Piopiotahi Milford Sound, however alternative options with some staff housed near Piopiotahi Milford Sound is an option. Visitor accommodation near Piopiotahi Milford Sound could provide the experience without all accommodation options being situated at Piopiotahi Milford Sound itself.

56. **Iconic Refuges** – Destination Milford Sound seeks further information to gain a more comprehensive understanding of the purpose of such structures and how effective they will be in an AF8 type event, informed comment cannot be made.

57. **Common Shared Service Lane and Shared Service Facilities** – Destination Milford Sound seeks further information of this proposal before it can make a determination on whether to support it. All operators have storage facilities in a common storage facility. On an operational level, Destination Milford Sound questions the viability of wider shared facilities.

58. **Access to the area** – Destination Milford Sound believes restricting visitors and transport options to Milford Sound is a dangerous approach. Visitors are seeking diverse experiences and number impact needs to be measured against economic benefits. We believe technological improvements will address many environmental concerns over time, such as the introduction of electric vehicles and aircraft and note the market must be able to facilitate this change.

59. **Develop a Marine Centre as part of the proposed New Visitor Centre Adjacent to current Hotel site** – Destination Milford Sound does not support the development of a Marine Centre beside the hotel site. There is already a marine observatory offered by Southern Discoveries at Harrison's Cove, so little need exists to replicate this. Destination Milford Sound questions the merits of having a learning centre as part of this marine complex due

to the remoteness of Piopiotahi Milford Sound, and difficulty in recruiting and accommodating staff.

### Land-based Transport

60. **Reduced and relocated car-parking** – Destination Milford Sound does not support reducing and reallocating parking to the site currently occupied by staff accommodation. While Destination Milford Sound, supports the introduction of pre-booked car-parking, in this case the existing number of 241 car-parks should be retained to allow for up to 500 vehicles a day to visit Piopiotahi Milford Sound. Destination Milford Sound supports further investigation into solving Milford car parking issues by the construction of a multi-level car park. This would allow existing car parks to be repurposed for visitor enjoyment.
61. **Building resilience** – Destination Milford Sound considers further work is required to improve Milford Sound’s resilience (e.g., in the event of a tsunami). Destination Milford Sound’s proposal to construct a multi-level car park would support Milford Sound’s resilience because the top level could act as a safe haven for staff and visitors in the event of a tsunami.
62. **New bus hub on current airport runway and shelter** – Destination Milford Sound does not support the establishment of a new bus hub. Destination Milford Sound questions whether the impact on visitor flows because of the necessity to transport visitors from the proposed Visitor Centre to the Visitor terminal has been fully considered, in that it does create significant additional visitor and vehicular movement.
63. **Previous Transport proposals have not been mentioned in the MOP** – Destination Milford Sound notes that a range of transport solutions had been proposed and rejected in the past (e.g., establishing a gondola and monorail). These previous proposals intended to extend the operating day at Milford, which would smooth visitor peaks throughout the day. Destination Milford Sound requests that these previous proposals be re-examined as part of the MOP.

### Aviation

64. **Closing runway to fixed wing aircraft** – Destination Milford Sound does not support closing Milford Sound Airport to fixed wing aircraft. The idea to remove the runway at Piopiotahi Milford Sound has been challenged by QMUG and the wider Aviation industry. Public consultation was carried out by MOP and 85% of respondents disagreed with removing the airstrip. This was the part of the survey most responded to.
65. Destination Milford Sound notes that aviation is one of the best ways to extend the operating day, which helps smooth visitor peaks throughout the day. Therefore, closing the runway to fixed wing aircraft will likely increase visitor peaks and crowding.
66. The Save Milford Airport submission provides the facts and reasons to retain the airport and Milford Opportunities Project’s own survey confirms the overwhelming support for air access to Piopiotahi Milford Sound. Destination Milford Sound seeks further investigation

into capital costs quoted in the masterplan and to work through relevant facts and figures as a priority.

67. **Airport removal** – It has been noted that the \$25 million runway repair figure quoted in the Milford Opportunities Project does not relate to Milford Airport. It is based on a runway upgrade in the Chatham Islands to bring that runway up to the required standard to accept movements of a Boeing 737 – an aircraft 17 times the weight of the heaviest aircraft that lands at Milford. The Communications and Engagement report on the masterplan highlights that one of the least positively received ideas was the removal of the fixed wing runway.

Assumptions made by the Milford Opportunities Project highlight the lack of genuine consultation with aviation operators through the research process and a lack of appreciation of the impact removing the airstrip will have on the tourism industry and evacuation options. The majority of the fixed wing operators flying into Piopiotahi Milford Sound are small, family-owned businesses that have a long association with the area. Roughly 90-95% of their business relates to Piopiotahi Milford Sound.

Destination Milford Sound believes the lack of airport facilities could be overcome by including an appropriate scale airport terminal in the masterplan.

## Marine

68. **Banning Cruise Ships** – Destination Milford Sound does not support the proposal to ban cruise ships in Piopiotahi Milford Sound. The masterplan states there is very little adverse visitor reaction to cruise ships visits. Destination Milford Sound will work with stakeholders to manage any adverse effects of cruise ship visitations to negate most of the perceived disadvantages. The prevention of access to Piopiotahi Milford Sound will have a flow on effect to the number of cruise ships visiting New Zealand, which will have a negative effect on the economies of Otago, the South Island and the rest of New Zealand. Destination Milford Sound will continue to work with the cruise industry to manage air emissions, recognising that cruise ship technology continues to improve and the industry is working towards a zero carbon future for shipping. Destination Milford Sound notes that banning cruise ships from the Milford Sound would move current governance of the waters from the Regional Council to the control of a new entity. It is not clear which entity would be responsible for the waters of Piopiotahi Milford Sound if regional council no longer held a governance role. Further clarification should be sought on the future plans for the ongoing governance of the water in Piopiotahi Milford Sound under the masterplan.
69. **Cruise Ship Deed of Agreement** – Cruise ship visits to Piopiotahi Milford Sound and Fiordland are governed by a Deed of Agreement between individual ship operators and Environment Southland. The masterplan pays little attention to the Deed of Agreement with cruise ship operators – it is mentioned once without any commentary. Piopiotahi Milford Sound is considered a “must see” location that features in nearly 100 per cent of New Zealand cruise itineraries.

## Environment and Conservation

70. **Development of Deep-Water Basin and Integration with Tourist Activities** – Destination Milford Sound seeks confirmation that if proposed changes are made to the development of deep water basin and integration with tourist activities, that they be implemented in a manner sympathetic to commercial interests.
71. **Carbon emissions in the national park** – Destination Milford Sounds seeks clarifications on the proposal to make Milford Sound carbon neutral. While we recognise its importance for NZ Inc, carbon emissions within the national park should be treated consistently with carbon emissions generated outside of the national park.

## Next steps

72. We are seeking Ministerial, officials and MOP project team support to work in partnership to progress our two priority work areas. We will be keeping Ministers and officials regularly updated on progress in this area.
73. Destination Milford Sound are ready and able to work to progress areas where there are 'easy wins.' We will be discussing our overarching solution in detail with all relevant parties over the coming months.
74. To present our solutions we will be meeting with Ministers, relevant officials, decision makers in relevant groups and agencies, and more stakeholders and partners.
75. We will continue with our objective of coordinating and producing fact-based responses to Milford Opportunities Project masterplan and will promote a collaborative partnership model with government and stakeholders.

## DMS Steering Committee Members

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## Examples of sustained uncertainty around security of tenure in Piopiotahi Milford Sound (23 February 2022)

Type of process	Timeframe	Description	Commentary/current state of play	Implication	Resolution needed
Concession renewal for Head Lease and licence	MSTL advised DOC in August 2019 that it wished to exercise its right of renewal for both the Lease and the Licence. Licence expired Dec 2020	<p>This Concession is one of MSTL's main Concessions, and covers the Visitor Terminal, Wharves and Breakwater, Coach and Car Parks etc. All tourist boat operators in Milford Sound are reliant on this renewal as sub-concession holders to MSTL.</p> <p>DOC advised that the renewal had to be treated as a concession application under part 3B of the Conservation Act</p>	<p>All tourist operators are reliant on this as sub-concession holders</p> <p>No timeframe has been given for completion of this process.</p> <p>MSTL has been engaged throughout the process. Currently waiting on a final draft for review.</p>	<p>Total estimated value of existing assets for MSTL, MSI, Vessel Operators and Staff Housing in excess of \$150 million.</p> <p>This represents significant capital expenditure on facilities that are used by all tourism operators as sub-concession holders. The lack of clarity on concession renewal presents significant financial uncertainty for all commercial operators.</p> <p>Funding for operators is difficult to secure and retain when they are unable to provide banks with security of tenure evidence.</p>	<p>Timeframe for decision</p> <p>Decision</p>
Concession	Concession expired in 2014	Knobs flat visitor centre (public toilets) concession has been on a rolling basis since 2014	Facility is operated for the benefit of all visitors	Operating cost of \$200k per annum	Decision on renewal to provide certainty for investment
Lease changed to concession back to lease renewal for Mitre Peak Lodge	Renewal requested September 2019. Lease expired April 2020	<p>Hotel is a major accommodation centre accommodating 60 guests and up to 23 staff. Also includes 1860 sqm that Southern Discoveries lease.</p> <p>Initial advice from DOC was that the lease would need to revert to a concession under the Conservation Act (Part 3B), a shift from public accommodation within national parks being considered under the National Parks Act (\$50).</p> <p>DOC received advice from NZCA that the lease should actually be renewed under the National Parks Act so have now reverted to that process</p>	<p>Regulatory process has shifted twice while lease remains expired.</p> <p>No timeframe has been given for completion of this process.</p>	<p>Mitre Peak Lodge has a combined replacement value of \$35m.</p> <p>Significant expenditure is required to maintain this extensive facility.</p> <p>Ongoing concession renewal creates significant uncertainty for both the operators and tenant and discourages future investment.</p> <p>Result is deferred capital investment of reasonable scale in Mitre Peak Lodge resulting in asset management challenges.</p>	<p>Timeframe for decision</p> <p>Decision</p>
Concession for Milford Track Activity	Concession expired in December 2020	<p>Tourism Milford Limited applied for a renewed concession and DOC publicly notified the concession in February 2020.</p> <p>One submission was lodged, with no hearing triggered. TML responded to the submission and then when requested, also provided information on flight paths (June 2020).</p> <p>Iwi and Conservation Board consultation has not yet occurred</p>	<p>DOC has advised this is a priority once workload of staff permits.</p> <p>DOC has advised 'there are still a couple of things to resolve before consultation'. We are unclear what these are.</p> <p>Delayed submissions on concession renewal due to staffing issues at DOC.</p>	<p>Existing lodges house 226 guests and have a replacement value of \$37 million. Delays in processes has meant there is no incentive to invest in expansion or to carry out proactive maintenance of these properties.</p> <p>Result is deferred capital investment of significant scale resulting in asset management challenges.</p>	<p>Clarity on process and any unresolved areas</p> <p>Timeframe for decision</p>
Concessions for landing at Milford Airport	Current landing concessions expired 31 December 2021.	Concessions were introduced in 2003. The introduction process took 6 years. A contestable process was run, and operators secured concessions. Queenstown	Concessions are being rolled over so operators have no security of tenure.	Operators continue to make investments in upgrading equipment and working to mitigate environmental impacts, adding to the \$150	Clarity on new allocation process



# ANNEX 1

		<p>Milford Users Group (QMUG) worked with CAA and DOC to reach agreement on volunteered flight paths.</p> <p>Incumbent operators agreed to cap landing numbers and to upgrade to more modern and larger aircraft to mitigate noise and impacts. This required significant investment by the operators with the additional agreement with DOC on volunteered flight paths.</p>	<p>Unclear how or when the new allocation process will be determined.</p> <p>DOC is liaising with Ngai Tahu on process.</p> <p>Businesses are operating on the assumption that concessions will be renewed provided they had complied with the concession conditions.</p>	<p>million in investment related to Milford Sound air access to date.</p> <p>Without certainty of tenure, the feasibility of additional investment is unlikely.</p> <p>Lack of security around tenure is creating uncertainty for operators, which in turn is creating a flight risk for their highly specialised labour force of 80 full time pilots and 40 full time support staff across fixed wing aircraft and helicopters.</p> <p>Lack of certainty around tenure for the 135/125 airlines in the region results in lower spending in Southland and Otago.</p> <p>A considerable number of businesses and individuals rely on both employment and the associated spending from these airlines.</p> <p>With 20% of a scenic helicopter flight gross price paid in DOC fees, and no ongoing clarity over whether future concession related costs will be capped, result is that airlines are unsure whether operating will remain financially tenable</p>	<p>Clarity on timeframes</p> <p>Timeframe for decision</p>
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## **Destination Milford Sound**

### **Summary of the Milford Sound Conceptual Site Plan**

The purpose of this summary is to give the reader further information in relation to each of the 21 points identified on the Conceptual Plan.

***All points are subject to case studies that would need to be undertaken in relation to the commercial and financial feasibility, along with environmental impact and hazard assessments.***

#### **1 Existing Visitor Terminal - Repurposed**

A repurposing of the existing terminal is timely and there are plans that have been drawn up to this end. Since the building was originally constructed there have been changes in customer demands and preferences, with significant bookings now being made away from Milford and therefore the opportunity to reduce administration and selling activities in the terminal exists enabling a repurposing to provide greater visitor space and amenities eg. viewing areas, souvenirs and light refreshments.

#### **2 Visitor Centre -New**

If deemed necessary, an new visitor centre could be established behind the existing visitor centre (over the existing coach park). Visitor flows will be more harmonious with one drop off point in Milford at one central location, where the visitor will enjoy the new facility and experiences carefully integrated within the landscape setting and the cultural identity of Ngai Tahu to be expressed in the built environment. It is located at a critical central location, for those passengers about to depart on a boat cruise, or experience the proposed Bowen Falls experiences. The visitor centre will be a place to learn about the wonders of Piopiotahi Milford Sound.

#### **3 Foreshore Enhancements - Returned to Nature - Repurposed**

Relocation of the foreshore public carpark to (point 4 below), and relocation of a significant portion of the existing coach park (point 10 below) will allow the foreshore to be a more naturalised edge.

#### **4 Multi Level Carpark/Tsunami Evacuation Point – New**

It is proposed that all existing visitor carparking is condensed into a multi-level carpark that is integrated within the landscape. The new space will be capable of parking 250 cars at once (and 500 over the course of a day), which will be pre-booked during the season. The facility will also function as a large refuge with safety features that will offer protection for visitors and staff in the event of an AF8 event and possible resulting Tsunami. A rooftop helipad will also be constructed for emergency evacuation landings.

#### **5 Existing Public Toilets - Upgrade**

Built around 2000, these facilities are utilised by many visitors as they arrive at Piopiotahi Milford Sound as they are the central to the existing carparks. The facility is in need of a upgrade/refurbishment.

# ANNEX 3

## **6 Hotel/Discover Milford Sound Cafe – *New or Redeveloped***

The establishment of a new or redeveloped hotel and café on the site of the existing Hotel and Café.

## **7 Barren Peak Spur Walkway - *Upgrade/ New***

An upgrade of the existing track leading up the spur is proposed for able-bodied visitors. The track would connect to two new treetop canopy viewing structures that are carefully configured to minimise removal of mature Beech forest.

## **8 Existing Runway remains where it is -*Upgrade***

Retain the runway and upgrade if required. Fixed wing flights to Milford provide a highly regarded transport option to Milford and assists in spreading passenger loads into the mornings and later afternoon.

## **9 Airport Terminal/Facilities - *New***

Build a small terminal so that passengers have somewhere to shelter from the elements and sandflies, rest if infirm while waiting for a shuttle, offer safe separation from vehicles and provide adequate access to toilet facilities.

## **10 Coach Park - Little Tahiti or other location this way - *New***

Relocate the coach park away from the visitor terminal in order to avoid congestion. The coaches will drop passengers at the re-purposed visitor terminal and then relocate out too Little Tahiti or another similar location. Drivers room facilities will need to be established at the new site.

## **11 Coach Park - *Repurposed***

10 – 12 Premium Coach Parks are retained in the area of the existing coach park, which are utilised and paid for by permitted coaches.

## **12 Bowen Valley Cable Car, Walk and Viewing Platform - *New***

A proposed fixed cable car up to the hanging Bowen Valley that will provide access to the top of Bowen Falls, via a nature walk, and toward the head of the Bowen River on a longer walking track. This will allow visitors to experience rising views from an iconic cantilevered lookout structure at the top of the Falls.

## **13 Water Based Viewing Deck - *New***

The existing foreshore walk will be extended along a boardwalk out towards freshwater basin.

## **14 Milford Community Centre - *New***

The Community Centre has been a planned project of the Milford Community Trust for many years, whilst they built up capital to be able to fully fund the project. It was recognised that there needed to be a facility available for staff to hold functions, events and congregate in an social environment.

## **15 Existing Staff Housing Remains - *No Change***

# ANNEX 3

\$15 million was spent by Central Government in raising the Cleddau Delta to provide safer accommodation for staff housing, along with considerable investment in staff housing by each of the operating companies. Multi-storey accommodation within the existing area should be allowed, along with the removal of any substandard housing.

## **16 Long Term Boat Trailer Parking - *New***

If deemed necessary, the utilisation of this proposed area would make sense for a long-term boat trailer parking by recreational fishermen.

## **17 Short Term Boat Trailer Parking - *No Change***

Boat trailer parking should remain where it currently is, and parking could be more formalised to use the available space more efficiently.

## **18 Recreational Boat Ramp - *No Change***

The location of the concrete dual access boat ramp should be retained.

## **19 Commercial Fisheries - *No Change***

Commercial Fisheries area is retained, and no change other than health and safety enhancements.

## **20 Bowen Falls Walkway - *New***

A new floating pontoon walkway is proposed to avoid rock fall hazards, linking to the existing track that takes visitors through the bush to Cemetery Point for unimpeded views out to Piopiotahi Milford Sound, and a boardwalk structure at the base of the dramatic Bowen Falls.

## **21 Transport/Walking System Repurposed**

The introduction of an autonomous electric monorail (or similar concept) along side the current walking route from the Milford Lodge, via Park and Ride, Airport and Visitor Terminal would cater many visitors needs.