

Decision released from confidential session			
Recommendation from (agenda report)	Date of meeting	Recommendation to (decision-making meeting)	Date of meeting
Council	19 May 2022		
Report Title and number			
Options Investigation – Regional Visitor Services R26834			
Documents released			
Decision and Report			
Decision			
<p>Resolved</p> <p>That the Council</p> <ol style="list-style-type: none"> 1. <u>Receives</u> the report Options Investigation - regional visitor services (R26834); and 2. <u>Accepts</u> the Nelson Regional Development Agency recommendation to close the Nelson iSITE; and 3. <u>Requests</u> the Nelson Regional Development Agency, supported by Council staff, to identify short and long-term solution for visitor information services; and 4. <u>Requests</u> a report back to Council on short term solutions for visitor information services at the 14 June Council meeting and long-term solutions at a later date. 5. <u>Agrees</u> that Report (R26834) and the decision be excluded from public release until 1 July 2022 <p style="text-align: right;"><u>Carried</u></p>			

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Item 4: Options Investigation - regional visitor services

Council



19 May 2022

REPORT R26834

Options Investigation - regional visitor services

1. Purpose of Report

- 1.1 To support the Nelson Regional Development Agency (NRDA) closing the Nelson iSITE and pausing iSITE services while the NRDA works collaboratively with Council to identify long-term solutions for the iSITE operations and visitor information services.

2. Summary

- 2.1 The operating model for the iSITE is problematic in the current environment and the NRDA has worked collaboratively with Council on solutions. The NRDA leases space in the Millers Acre (Taha o te Awa) complex from Council to operate the Nelson iSITE.
- 2.2 This report outlines the recommendations from the NRDA for delivery of visitor information services. In accordance with the Statement of Intent approved by Council, NRDA provides visitor information services. Council also acts in a separate capacity as a landlord of Millers Acre.

3. Recommendation

That the Council

1. ***Receives the report Options Investigation - regional visitor services (R26834); and***
2. ***Accepts the Nelson Regional Development Agency recommendation to close the Nelson iSITE and pause iSITE services; and***
3. ***Requests the Nelson Regional Development Agency, supported by Council staff, to identify short and long-term solution for visitor information services; and***
4. ***Requests a report back to Council on short and long-term solutions for visitor information services.***

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5. Agrees that Report (R26834) and the decision be excluded from public release until 1 July 2022.

4. Exclusion of the Public

4.1 This report has been placed in the confidential part of the agenda in accordance with section 48(1)(a) and section 7 of the Local Government Official Information and Meetings Act 1987. The reason for withholding information in this report under this Act is to:

- Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person
- Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities
- Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

5. Background

5.1 The NRDA Statement of Intent 2021-2024 highlighted opportunities for operational efficiencies to be investigated in 2021. This included a review of the Nelson iSITE operations.

5.2 Council discussed the future of the Nelson iSITE at its 8 December 2021 meeting. Council approved additional funding for the NRDA of \$44,000 for the 2021/22 financial year to offset iSITE costs and allow the iSITE to continue operations while longer-term options were explored. Council held a confidential briefing with the NRDA on 14 April 2022 which outlined these longer-term solutions for the iSITE.

5.3 The NRDA Chief Executive, Fiona Wilson, will attend the meeting to answer any questions.

6. Discussion

Review of Nelson iSITE

6.1 In the Statement of Intent 2021-2024, the NRDA indicated it would work with the National Visitor Information Network Board and Nelson City Council to investigate a financially sustainable future for the delivery of the iSITE visitor service, recognising the current model was unviable. A review was undertaken and presented to the NRDA board in October 2021.

6.2 The review noted that the long-term solution for the iSITE required the development of a robust strategic vision for the delivery of visitor

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information in Nelson which needed to align with Nelson's branding, relevant strategic Council priorities, developments planned for the city centre and strategic opportunities that are currently at the feasibility stage. It is likely to take 18 months to two years to develop a strategy and prepare for implementation.

- 6.3 The national review of iSITE operations was released in September 2021. The review did not identify a significant innovation to support a sustainable funding model for iSITES.

Changing context for visitor information services

- 6.4 The key functions of the iSITE include provision of information, booking, retail and advertising services. Locals also use the iSITE to access information, book ferry and bus tickets in person and access information for personal use or on behalf of visiting friends and family. About 400 tickets for transport services were sold from July 2021 to March 2022 at the iSITE. These tickets can alternatively be booked online through the provider websites including Intercity, Interislander, Bluebridge, and Kiwirail. Traditional iSITE services have been significantly disrupted by the evolution of digital technology which has impacted the commission-based business model.
- 6.5 Demand levels have dropped significantly to a point where a standalone traditional delivery model is considered unsustainable. This negative trend in visitor numbers and revenue for the iSITE has been ongoing for a number of years, not just during the COVID-19 pandemic. For example, the foot traffic at the iSITE in 2018 was over 157,000 people. This dropped to 101,000 in 2020 and only 14,000 in the first six months of 2022. Service demands have also changed in this time with transport bookings now accounting for the majority of sales.
- 6.6 Other centres are also closing iSITE operations, with 13 known to have closed since March 2020, including Auckland, two in Christchurch, Franz Josef and Invercargill. Other centres, such as New Plymouth, Hamilton, Hastings and Hokitika operate iSITE services alongside other services such as art galleries, museums or council services.

Increase in digital presence for visitors

- 6.7 The iSITE is one component of the interaction visitors have with the region. Regional Tourism Organisations, such as the NRDA, work across multiple channels to attract visitors to the region and influence travel trade itineraries. Increasingly the focus is on liaising with tourists as they are planning their trips, rather than waiting to connect once they have arrived in the region. The NRDA's key priority is connecting with them prior to arriving in the region at the inspiration/decision making phase. This includes:

- 6.7.1 Generating media presence for the region nationally and internationally, including working with Tourism New Zealand

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6.7.2 Website, social media and web search optimisation

6.7.3 Delivering the regional Visitor Guide

6.8 The NRDA has advised that new digital marketing tools will be enhanced in 2022/23. These include upgrades to the official regional website and facilitating enhanced digital capability of local businesses.

Review of options considered

6.9 The NRDA, in collaboration with Council staff, has reviewed options for providing visitor information services. This included continuing iSITE operations in a smaller retail site in the city centre, sharing a site with another service, locating the iSITE out of the city centre, and co-locating with a visitor attraction.

6.10 All of these options considered would have resulted in the iSITE running at a financial loss, of between \$75,000 and \$156,000 per annum. Some of the options considered would also take significant time to explore or establish. The NRDA Updated SOI 2022/23 assumes that any continued iSITE operations will be at zero cost to the NRDA core budget. Should the iSITE continue in its current format it is forecast to run at a \$181,040 loss for the 2022-23 year. Therefore, if Council wishes NRDA to continue with an alternative iSITE option, Council would need to consider further funding or require reprioritisation of NRDA activities.

NRDA recommendation to close current iSITE, pause services and investigate relevant solutions

6.11 The NRDA's recommendation is to close the current Nelson iSITE and pause the current service delivery mode for up to 24 months. The NRDA and Council can use this period to explore relevant solutions reflective of predicted future demand, and to explore the feasibility of colocation with a central city-based visitor attraction whilst allowing international visitor demand to return.

6.12 In recommending this option, the NRDA has considered the impact on iSITE staff, the closure process, messaging to the community and businesses, the ongoing support for businesses, and that this may impact future decisions regarding the presence in Millers Acre with whom it [REDACTED].

6.13 Throughout the temporary closure, the NRDA will continue current key service functions that support visitors and locals. These include activation of local ambassadors and providing information and referral services via online platforms. Local information can still be provided at key locations throughout the city such as the [REDACTED].

Ticketing for transport options that would be explored are through any [REDACTED].

[REDACTED] might also be approached to deliver this service. In

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addition, the NRDA will review funding options and potential for Wayfinding Kiosks through the Nelson firm CUIKs.

Timeline for the next 24 months

- 6.14 Immediate steps for NRDA following a decision to close will be working through the changes with affected staff and arranging to vacate the facility. NRDA would look to close by 30 June 2022, and then during the month of July tidy the premises, operational arrangements, stock etc and allow for a two-month notice period for affected staff. Overall this would be a two month staged approach.
- 6.15 Other steps include implementing a communications plan, updating online information and ensuring visitor guides and maps are featured in reception areas in accommodation and attractions providers. The establishment and funding of CUIKs would involve approximately \$7,500 for kiosks throughout the CBD, and application for resource consents for their instalment. The NRDA will also brief neighbouring businesses of the current iSITE and offer FAQs to assist them to answer any questions.
- 6.16 Between July and December 2022, the NRDA plans to open discussions on co-location options which might include Millers Acre Centre, assess visitor demand using available forecasting, scope future visitor information services which may be offered, deliver digital capability to local tourism businesses to improve business information, and trial of an information service at [REDACTED]
- 6.17 In 2023 the NRDA plans to work with Uniquely Nelson to update city centre businesses on iSITE FAQs and visitor wayfinding and complete a feasibility study for a potential new iSITE. This hibernation period will also be used to await returning international visitors to levels where new visitor information services will be needed.
- 6.18 In 2024 the NRDA may be in the position to trial new iSITE co-location opportunities with an appropriate attraction and undertake a feasibility study. If the outcome of the study and trial was positive, establishment of a new iSITE would be explored from November 2024. However, it should also be noted that there is a risk that once closed an iSITE would not be re-established in the future.
- 6.19 If co-location options were not feasible and a physical iSITE presence was not seen as viable, other measures of delivering visitor information through digital means would need to be continued in an effective way.

Implications for Millers Acre

- 6.20 The Millers Acre site is a high-profile location that requires a commercial anchor tenant in the key areas (being the ground floor, particularly the current i-SITE area) which will increase foot traffic and provide a connection through to the riverside precinct. It's not desirable that this key location in the Millers Acre Centre be used for a community facility,

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which would bring in a lower rent through the Community Assistance Policy 2015.

- 6.21 The [redacted] located with the iSITE [redacted] is keen to explore [redacted] within the Millers Acre Centre on a smaller scale. The current vacant space where Simply New Zealand had been located was seen to be ideal. [redacted] need to consider implications [redacted] at Millers Acre.
- 6.22 Staff have not tested the market by seeking registrations of interest for a commercial lease due to the uncertainty and confidentiality of the i-SITE discussions to this point, however anecdotally there is a need for high quality leased space in the central city, possibly for office accommodation. However, this would be less desirable than a retail lease which would bring in higher traffic.
- 6.23 Should Council prefer NRDA to continue to operate the iSITE in its current format for the next financial year the implications on the overall tenancy of Millers Acre and rental incomes would need to be considered. This would also require NRDA funding or reprioritisation, noting the projected 2022-23 loss of \$181,040.

7. Options

- 7.1 Two options are presented to Council for consideration, to accept the NRDA recommendation to close the Nelson iSITE, or not to accept the recommendation.

Option 1: Accept the Nelson Regional Development Agency recommendation to close the Nelson iSITE whilst options are investigated for a visitor information service (Recommended)	
Advantages	<ul style="list-style-type: none">• Allows the NRDA to explore and develop relevant solutions• Allows international visitor demand to return, therefore justifying future service provisions
Risks and Disadvantages	<ul style="list-style-type: none">• No iSITE provision in the Nelson city centre.
Option 2: Not accept the Nelson Regional Development Agency recommendation to close the Nelson iSITE whilst options are investigated for a visitor information service	
Advantages	<ul style="list-style-type: none">• Support for continuation of iSITE services in the city centre
Risks and Disadvantages	<ul style="list-style-type: none">• Cost of at least \$181,040 for 2022-2023 to increase the NRDA budget to offset losses from providing this service, or reprioritisation of other NRDA activities.

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8. Conclusion

- 8.1 This report recommends Council accept the NRDA recommendation to close the Nelson iSITE which would reduce the cost of visitor information services to the NRDA. The NRDA will explore the feasibility of various solutions for the future provision of visitor information services while ensuring key services are delivered in other ways.

9. Next Steps

- 9.1 Council and the NRDA will work collaboratively to communicate the decision with the community and businesses with assurances of support for the visitor economy.
- 9.2 The NRDA will proceed with the closure process for the Nelson iSITE.
- 9.3 The NRDA, with support from Council staff, will explore feasibility and solutions for visitor information services and report back to Council.

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Attachments

Nil

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Important considerations for decision making
Fit with Purpose of Local Government Supporting the visitor economy promotes the cultural and economic wellbeing of the community.
Consistency with Community Outcomes and Council Policy Supporting closure of the iSITE contributes to the following community outcomes: <ul style="list-style-type: none">• Our infrastructure is efficient, cost effective and meets current and future needs• Our region is supported by an innovative and sustainable economy
Risk There is a risk that the community will see this decision as Council withdrawing support for the visitor economy. This risk will be mitigated by proactively providing information on what the NRDA and Council are doing to support the visitor economy. There is a risk that the longer-term options are still unviable.
Financial impact The recommendation in this report has no financial impact on Council, other than the lost rental revenue at Millers Acre which may be limited depending on when another tenant is found. If Council does not support the recommendation, there will be a financial impact of \$181,040 for 2022-23
Degree of significance and level of engagement This matter is of low significance. The iSITE operations does not affect Council's levels of service, has a low financial impact and the decision is not irreversible. No consultation is proposed regarding the recommendations in this report. Information will be proactively provided to the public on what Council and the NRDA will be doing to support the visitor economy.
Climate Impact This decision will have no impact on the ability of the Council to proactively respond to the impacts of climate change now or in the future.
Inclusion of Māori in the decision making process No engagement with Māori has been undertaken in preparing this report.

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Delegations

Council retains all responsibilities, powers, functions and duties in relation to governance matters for regional economic development, including the NRDA.

Released 20 July 2022