

Tourism Opportunities

Using the Gisborne to Wairoa Rail Line/Corridor

August 2019 Report for BERL: Gisborne – Wairoa Feasibility Study



Acknowledgements

The 'Tourism Opportunities using the Gisborne to Wairoa rail line/corridor' has been prepared by TRC Tourism for BERL.

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1. Introduction

1.1 Purpose of this report

BERL is working with Tairāwhiti Rail Limited to deliver the Gisborne-Wairoa Rail Feasibility Study and is the lead consultant responsible for overall delivery of this project working with partners Renouf Corporation, Neil Buchanan and Global Reach Associates.

The primary deliverable is a feasibility study that considers a number of options for commercial activity on the Gisborne to Wairoa rail corridor. BERL will identify the combination(s) of operationally feasible uses that maximise the commercial viability of reinstating any proportion of the Gisborne to Wairoa rail line, having regard to the costs of reinstatement and ongoing maintenance.

As part of this project, BERL has engaged the services of specialist tourism consultants TRC Tourism (TRC) to conduct a desktop research study of opportunities for use of the reinstated rail line/rail corridor for tourism opportunities. This includes the types of activities that could be offered using both the rail line (on track such as steam excursions or cycle-rail tourism) and using the rail corridor (off track, such as to enable a cycle way).

Direct stakeholder consultation for this project has been conducted by BERL. TRC has been provided with notes of engagement for reference and has also used findings and insights from other tourism-related project work and accompanying stakeholder consultation and site visits that TRC has recently conducted in Tairāwhiti Gisborne.



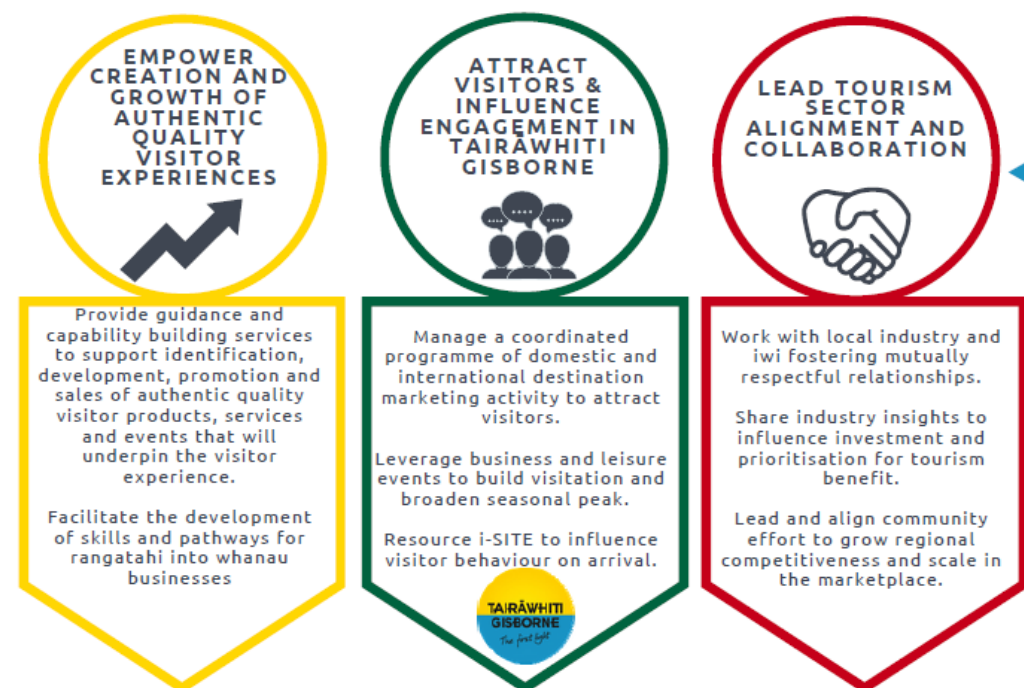
2. Background

2.1 Tairāwhiti Gisborne visitor economy

Objective:

Create a sustainable tourism industry (economically, socially, environmentally and culturally) that provides employment and income opportunities to communities across Te Tairāwhiti.

2.1.1 Activate Tairāwhiti Strategic Priorities



New money introduced into the economy from visitor spend will underpin improved business performance creating the economic environment for sustainable employment and unlocking additional employment opportunities

2.1.2 DRAFT regional Guiding Principles

A set of principles to guide future visitor development and industry engagement are being established. These will be discussed and formalised as part of the formation of a destination development plan for the region.

- Target visitor value over volume of visitors
- Respect and champion Māori values, culture, heritage, history, artforms, assets and capabilities
- Ensure iwi are included and consulted at inception/conception of all tourism developments
- Do no harm to the environmental quality of the region
- Manuhiri may arrive as strangers but they will leave as kindred spirits and friends of Tairāwhiti
- Actively participate in and subscribe to national quality assurance standards and commit to the delivery of sustainable business, environmental and social practices
- Take a region wide approach to developing opportunities that spread visitors' spend throughout Tairāwhiti Gisborne communities
- Grow meaningful employment for residents and returning whānau
- Adopt the message that the place and the people will take care of you
- Ensure visitor engagement provides an authentic exchange of culture.

2.2 Value of the visitor economy

The Ministry of Business, Innovation and Employment (MBIE) Monthly Regional Tourism Estimates (MRTes) provide an estimate of regional monthly expenditure on tourism from both international and domestic consumers. The most recent estimate results (June 2019) for the Tairāwhiti Gisborne region show that:¹

- Visitors spent \$165 million in the Tairāwhiti Gisborne region (excluding Opotiki) to year end June 2019, up 6% on the previous year, and just over double the national average growth rate of 3%.
- Domestic visitor spend currently makes up over 80% of all tourism spending at \$132 million.
- The Activate Tairāwhiti visitor economy represents less than 1% of the total NZ visitor economy.

¹ MBIE June 2019 Monthly Regional Tourism Estimates

2.3 Visitor positioning

Air New Zealand Regional Brand Toolkit V2 2018

● **Region** — North Island
Tairāwhiti Gisborne

Highlights

Tairāwhiti Gisborne is a region of firsts: first to see sun in the summer –and first to see the stars in winter.

With exceptionally high sunshine hours and beaches to die for, Tairāwhiti Gisborne offers some of the world's best breaks for surfers, paddleboarders and swimmers.

It's also home to New Zealand's most awarded Chardonnays and is increasingly famous for its varieties such as Gewürztraminer. It boasts many world-class restaurants and cellar doors.

Tairāwhiti Gisborne is also host to natural splendours such as Mt Hikurangi, the sacred mountain of Ngāti Porou, and the 60 metre-long Rere Rockslide. Magnificent Lake Waikaremoana is only an hour's drive away and the Pacific Coast Highway, an epic road trip around New Zealand's eastern coast, is on Gisborne's doorstep.

Top 10 key experiences

- 1. Dive Tatapouri**
Experience the interactive reef tour, famous for its wild stingray encounters.
- 2. Rere Rock Slide**
Natural forces have conspired to create an epic and truly unique experience – 60 metres of sheer exhilaration.
- 3. Surfing**
Arguably, New Zealand's best surf breaks, with choices for every age and level of expertise.
- 4. Eastwoodhill Arboretum**
New Zealand's largest collection of Northern Hemisphere trees in a picturesque setting.
- 5. Maunga Hikurangi**
Be the first to see the light of a new day a top the sacred Maunga Hikurangi.
- 6. Historic sites**
Visit the historical Captain Cook's first landing and first meetings of two peoples spots.
- 7. Waka Voyages Tairāwhiti**
From Maui to modern day, sail through time aboard the Waka Hourua Tairāwhiti.
- 8. Chardonnay wine tasting**
Recognised globally for our Chardonnay, many of our world-class vineyards offer cellar door experience.
- 9. Cycle the mighty Motu Trails**
Motu Trails offers everything from easy family riding to true back country escape.
- 10. The Gisborne Railbike Adventure**
These railbikes are a world first, offering an unseen look at the East Coast.

Fast Facts



- **Website:**
tairawhitigisborne.co.nz
- **Air New Zealand Airport:**
Gisborne Airport

Region Logo:



2.4 Visitor access & capacity

2.4.1 Gisborne Airport

29,674 take offs and landings including Air New Zealand, Air Napier and charter flights plus light, private and agricultural aircraft and Eagle Flight Trailing. 191,651 passenger movements up 12% on last year ² has air access served by daily flights in and out of Wellington and Auckland.

The terminal is currently undergoing a \$12.5 million upgrade.

2.4.2 By road

Gisborne is on State Highway 2 and is part of the official touring route, The Pacific Coast Highway, which encourages FIT travellers to drive around East Cape. MBIE MRTE data signals that visitor spend on fuel in the region is double that of spend on activities and experiences. This would indicate that there are a significant number of visitors travelling by road through the region.

2.4.3 Cruise ships

During the 18/19 season 15 cruise ships visited Gisborne.

2.4.4 Accommodation

StatsNZ survey 36 visitor accommodation properties monthly to gather data on capacity and occupancy. As at January, the Commercial Accommodation Monitor (CAM) surveyed 4 Hotels, 24 Motels, 2 Backpackers and 5 Holiday Parks. For the month of January 2019, the CAM recorded 35,952 available bed nights across 36 establishments. This equates to a total capacity of 408,794 bed nights to year end February 2019.

The use of peer to peer accommodation channels such as Airbnb and bookabach is also increasingly popular in Tairāwhiti Gisborne, not only for privately owned residential properties but also for commercial accommodation providers who are looking to widen their marketing reach, increase their online visibility and broaden the booking channels available to potential guests.

As at May 2019, 196 properties were listed for the Gisborne region on Airbnb and 75 properties on bookabach³. This equates to capacity of 1,340 people per night. This does not take into consideration any overlap with commercial accommodation or seasonally adjusted capacity.

² Eastland Group 2019 Annual Report

³ Snapshot of availability from May 2019 based on audit conducted by Gisborne i-SITE staff

3. Current situation

3.1 Gisborne to Wairoa Rail corridor

The Gisborne to Wairoa rail corridor is part of the larger overall Palmerston North – Gisborne Line (PNGL), a secondary main line railway in the North Island of New Zealand. The line between Gisborne and Wairoa is considered one of the most beautiful in the country.

Following heavy rains in early 2012, considerable damage was found along the line between Wairoa and Gisborne, with a 3km section through the Wharerata ranges (just south of Beach Loop) the hardest hit. The entire line from Napier to Gisborne was mothballed towards the end of 2012 by KiwiRail, due to the washouts that occurred.

At the time, KiwiRail infrastructure teams estimated the cost to reinstate the Gisborne to Wairoa section of the line by repairing the slide damage, at approximately \$4 million which would be a one-off cost to enable the line to reopen.

Prior to this, KiwiRail were running a twice-weekly return passenger service and a once-weekly freight service between Gisborne and Wairoa. Gisborne City Vintage Rail (GCVR) were also running scheduled and chartered return excursions as far as Mahia, prior to the damage occurring.

In 2017, Eastland Community Trust (ECT) funded \$200,000 for urgent rail corridor repairs (required between Gisborne and Muriwai) to enable GCVR to operate the Chardonnay Express. These repairs entailed replacing 280 sleepers over nine spans of the rail bridge across the Waipaoa River, requiring specialist machinery to do so. Without this funding, there was a strong chance the Waipaoa River rail bridge would not pass its next inspection, causing forward charter commitments for GCVR to be cancelled.

In 2019 ECT committed to a further \$200,000 in maintenance costs to support the current operations of the GCVR.

Everyone who uses rail land and lines needs to have a legal agreement in place, and this is normally by either a lease, licence or grant with KiwiRail.

There are two tourism operators who currently have licensed access to the existing rail corridor from KiwiRail. Unless KiwiRail specifies a sublease clause in an agreement, each section of the rail track can only have one lessee.

GCVR has a licence to occupy with KiwiRail for the line between Gisborne and Muriwai and Railbike Adventures Limited (RAL) has a lease agreement on the line between Matawhero and Wairoa.

There is a crossover of 8km of track between Matawhero and Muriwai between the two agreements.

The rail corridor also has a unique feature in that the railway line crosses the main runway at Gisborne Airport, one of only a few examples of where this occurs around the world.

In addition, the NZ Transport Agency (NZTA) has oversight of all rail participants on the NZ Railway system.

NZTA is the Access Provider licencing authority. An Access Provider controls the use of the railway line by the rail licence holders and is responsible for contractors working on the rail corridor as well as staff, passengers and the public.

- GCVR is the NZTA Licenced Access Provider for Gisborne to Muriwai.
- RAL is the NZTA Licenced Access Provider from Coop Rd to Wairoa.

3.2 Current licence holder – Gisborne City Vintage Rail (GCVR)

GCVR currently operates the steam engine WA165 and up to four vintage carriages as an Incorporated Society with Charitable status. The group currently has around 20 regular volunteers and 47 financial members.

GCVR is looking at what it would take to run an operation that would see it able to pay staff and move away from volunteers. The age of many of the volunteers means the ability to contribute and look after the train may soon be compromised.

ECT invests in GCVR through grants to ensure that it remains open as a visitor attraction for the city. This is particularly important for cruise ship customers. If the rail was not offered then cruise ships may not be as interested in stopping at Gisborne.

It has been identified that the rail corridor through the city and the railway station both require visual improvement to support the current visitor experience.

3.2.1 Current operations

GCVR offer the engine, carriages and crew as a charter experience, along with operating public days where they sell per seat tickets.

On cruise days, currently the train makes it way to the port to collect passengers. Inner harbour development plans include enhancing pedestrian access in front of the restaurant precinct. A full traffic management plan must be resourced and funded for each day that the train is using the port owned section of the line.

Public departures and private charters start and end at Gisborne Railway Station.

- Public Excursion: 2 hour journey from Gisborne Railway Station to Muriwai and return. Adults \$30 pp, Children \$12 pp, Family \$70. One departure per month is scheduled between Oct 2018 and Jun 2018, with two departures scheduled for the months of Dec 2018 and Jan 2019. Passengers bring their own supplies and picnic at Muriwai while the engine repositions.
- Charters: 2 hour journey from Gisborne Railway Station to Muriwai and return for private group charter excursions. Cost on application.
- Cruise Days: Engine, carriages and crew are chartered by Tourism Eastland to deliver cruise passenger excursions. The current cruise ship shore excursion on WA165 is consistently a sell-out. For Golden Princess (the largest vessel visiting over the 2018/19 cruise season at 2600 passengers) it operates at full capacity twice a day. It includes additional elements of refreshments being served on board and a Kapa Haka performance at Muriwai while the engine is repositioning.

- In 2018 it took 3,340 people on 39 trips.
- The steam engine WA165 has a capacity to pull a maximum of 4 carriages; 24 person carriage (including toilet and guardhouse); 36 person carriage (including buffet); 48 person carriage (including toilet); and 56 person carriage (no toilet).
- A small range of WA165 inspired souvenirs are available to purchase onboard. (Ranging in cost from \$1 to \$20 per item).
- GCVR lease the workshop and an old amenities block from KiwiRail in the Gisborne railway.

3.2.2 Type of agreement

GCVR has a licence to occupy agreement with KiwiRail for Rail Based Tourism Activities along 18km of track between Gisborne and Muriwai. The agreement signed in September 2015 is for an initial term of 5 years with one right of renewal for a further 5 years. There is a 6 month termination clause.

Line maintenance is the responsibility of the GCVR. Line maintenance is one of GCVR's largest expenses. If KiwiRail were to reopen the line for freight services then it is expected that this will significantly reduce the maintenance requirements of GCVR and reduce reliance of funding from ECT.

3.2.3 Muriwai

All excursions travel as far as Muriwai, where there is a loop for the engine to reposition for the return journey. The repositioning of the engine takes approximately 30-40 minutes. The rail journey takes 40 minutes each way. At Muriwai there is a platform and a flat grassed area for passengers to disembark overlooking pasture.

GCVR is currently installing a 6m x 7m shade sail at Muriwai for passenger comfort. There are no other facilities or services at Muriwai. There is a public road, Coop Rd close by. It is easily accessible for supplies, catering, coach pick up and drop off for package transitions, emergency vehicles etc.

Muriwai is in close proximity to the winery cellar doors with group facilities:

Table 1. Winery cellar doors located near Muriwai

Bushmere Arms	Main Rd Waerenga-a-Hika Gisborne	Conservatory seats 250 people 300-400 people theatre style Full bar and kitchen available
Matawhero Winery	189 Riverpoint Rd Matawhero Gisborne	30-150 people Catering available Various rooms and areas to choose from
Bushmere Estate	166 Main Rd Makaraka Gisborne	The Bond Room – dining up to 60 people The Tasting Room – up to 15 people The Marquee – up to 200 people

3.2.4 Future aspirations

GCVR has aspirations of taking the train as far as Beach Loop to provide a longer duration experience.

The next two locations where there is engine repositioning capability to extend the duration of the experience are Maraetaha and Beach Loop.

3.2.5 Diesel engine backup

WA165 is over 100 years old and GCVR recognise that to provide surety of service for their current cruise day, private charters and public excursion commitments they need to have a diesel engine back up. This would also be required if there were able to operate to Beach Loop or beyond.

3.2.6 Maraetaha

The journey to Maraetaha is another 20 minutes beyond Muriwai, taking the travel time to 1 hour each way. It includes travel through Gisborne hill country to provide more diversity of scenery on the journey. It is a more enclosed site than Muriwai, providing natural shade and shelter from the wind. It is easily accessible by road for supplies, catering, coach pick up and drop off for package transitions, emergency vehicles etc. There is a platform and the space to re-establish a passing loop to reposition the engine for the return journey.

3.2.7 Beach Loop

The journey to Beach Loop would create a 1.5 hour journey each way. The Beach Loop site is elevated and provides spectacular views along the coastline. There is no platform at Beach Loop. The passing loop is currently not operational due to the slips of 2012. There is a grassed area for passengers to disembark and wait while the engine is repositioning. Access for vehicles is via a rough track more suited to 4WD vehicles and is a difficult 1 hour drive from public roads. There is no suitable landing site for a helicopter to support emergency service access. Between Maraetaha and Beach Loop there is a 3km long tunnel. It is not safe to operate the steam engine through this tunnel. It would require a switch over to a diesel engine for the rest of the journey, this would be possible at Muriwai where passing loop infrastructure is already in place.

3.2.8 Opoutama

If the line was accessible, GCVR would also look at reinstating a scenic journey that used to operate to Opoutama. There is an accessible site for a potential visitor experience at this location, which is located under Wairoa District Council (WDC) jurisdiction. This is reliant not just on the line being available, but in having the diesel engine available.

3.3 Current licence holder – Railbike Adventures Limited (RAL)

3.3.1 Current operations

RAL operate The Gisborne Railbike Adventure. A side by side tandem cycle that travels along the rails.

RAL launched their railbike experience on 26th December 2018 and anecdotal evidence indicates they have received 3,000 customers to-date.

For the first season RAL offered a 1 hour return ride to Browns Road and back and the 'Beach Loop Classic' both departing from the Awapuni Rd/Macdonalds Rd corner.

RAL targeted locals to drive sales with a discounted pricing.

After a first season of operations based on customer feedback, demand and operational logistics RAL has consolidated their experience offer to just the Beach Loop experience.

The Beach Loop Classic experience is a total of 32km, estimated to be 3 hours on the bike. A moderate level of fitness is required for this ride and the meeting point is at Coop Rd, Muriwai. Visitors are required to bring their own lunch and refreshments. The experience begins with a sheltered 7km ride through a bush clad valley which slowly narrows to the entrance of Tunnel 26. Once through a 1.4km long tunnel it is another kilometre along the flat until exiting another short tunnel to the panoramic view out over the Pacific Ocean. Beach Loop is the stop for lunch, relaxing and taking in the history of rail and the region before turning around and returning to Coop Road.

Table 2. Pricing

Low Season (1 May to 30 September)	Beach Loop Classic	E-bike NZ\$129	Standard Bike NZ\$89
High Season (1 October to 30 April)	Beach Loop Classic	E-bike NZ\$145	Standard Bike NZ\$115

The bikes are a light-enough weight in construction to be lifted off, and returned to the track, should a participant wish to overtake someone ahead of them. GPS tracking devices are fitted for safety due to limited cell-phone coverage (lasting approximately 20km). The bikes are fitted with lights/torches for travelling through tunnels. A water canister, drinks holders, carry baskets, passing bell and an information canister containing emergency contact numbers and procedures are also supplied.

As the bikes are registered as a vehicle, the current regulator is the NZTA. Therefore RAL applied for, and was issued with, a rail licence.

Ideally RAL would prefer governance under 'Adventure Tourism' to allow for more understanding regarding the aspirations and logistics of the operation. Any changes to this regulation would need to be made via Parliament.

A recent article on www.stuff.co.nz ranked the railbike experience in Gisborne as number 1 out of 10 'Best things to do in New Zealand for under \$100'.⁴

3.3.2 Type of agreement

RAL is a private business that has a lease agreement for the section of line from Matawhero to Wairoa, located on the PNGL between the points of 295km to 385.3 km and includes land at Kaimoana St and Awapuni Rd. The land equals 3,996,960 square metres in total. The permitted use of the line under this lease agreement is for rail tourism activities only.

RAL currently has a 20 year lease with KiwiRail (which began in February 2018) and one right of renewal of 10 years, which would bring the total possible lease term to 30 years. The lease states that, if any time during the term of the deed KiwiRail decides that it requires the land for any purpose, KiwiRail shall be entitled to terminate the deed by serving 12 months' notice.

Under the agreement, RAL has the responsibility of keeping the line clear in terms of rockslides, washouts and trees on the line. There is an exception in the case of force majeure. The level of maintenance only needs to meet the original standard that the line was in at the time of taking the agreement, and the minimum standard that RAL requires to operate their visitor experience.

In terms of development and use of the land, RAL must first obtain approval of the relevant authority and submit the plans, elevations, sections and specifications to KiwiRail. The standard of work needs to be carried out in a good and workmanlike manner, by reputable and appropriately qualified contractors, in accordance with the approved plans and all applicable by-laws and regulations.

Within the terms of their lease and where there is public access to the line, RAL is allowed to develop infrastructure (food and drink kiosk, souvenirs etc) and there is enthusiasm from RAL to work with mana whenua and landowners to develop these to complement their experience.

There is scope within the RAL lease to apply for written consent from KiwiRail to place or erect signage on the land (for own advertising or to incorporate heritage stories). RAL has expressed interest in developing signage along the experience with historical and cultural details, and are also already collaborating with WDC regarding a mobile app with mana whenua to share cultural information.

RAL previously investigated the possibility of sharing the rail corridor with KiwiRail should they decide to reinstate freight or passenger services along the line. This application was denied by KiwiRail due to safety issues of adventure bikes and freight rail services operating along the same line, even if there were clear time separation between uses.

3.3.3 Future aspirations

RAL intends to operate 7 days a week, 365 days a year, with up to 12 full time staff.

RAL originally applied for use of the full 200km of the rail corridor between Gisborne and Napier for their new tourism operation, with the view of operating a 4 day experience, however this was denied by Hawkes Bay Regional Council and the Napier Port Authority as the additional 100km of rail

⁴ Online article 24/03/2019 <https://www.stuff.co.nz/travel/destinations/nz/111416150/best-things-to-do-in-new-zealand-for-under-100>

corridor required between Napier Port and Wairoa was eventually designated for the transport of logs.

Future 2 day experiences between Gisborne and Wairoa are being considered. The bikes have the ability to operate on temporary tracks made from timber. RAL proposes creating a flying fox to take bikes across the washout at Beach Loop. This will allow them to access operate beyond Beach Loop in its current state, before any major repairs are actioned on the actual rail line.

The 2 day experience concept includes: shuttle bus collection from accommodation/pick up point in Gisborne, safety briefing at Muriwai, travel along first section of track (Muriwai to Mahia) which will be approximately 48km distance and 4 hours duration, overnight stay in Mahia (accommodation and dinner requirements will be at visitors own cost and arrangements), travel along second section of track (Mahia to Wairoa) which will be approximately 48km distance and 4 hours duration, shuttle bus from Wairoa finish point back to accommodation/drop off point in Gisborne (approximately 1 hour 40 mins transfer by road). The bikes will be transferred by road in a trailer back to the starting point.

The 'Rocket and River' (2 day) journey is intended to be accessible from Wairoa, spending one night in Mahia and then returning to Wairoa.

Within the terms of their lease and where there is public access to the line, RAL is allowed to develop infrastructure (e.g. food and drink kiosks, souvenir kiosks) and there is enthusiasm from RAL to work with mana whenua along the rail line to develop these to complement the visitor experience.

However there has been opposition from local iwi to rail bikes using the line. Iwi feel that the rail bikes are enabling people to access their lands without permission.

RAL has visions of expanding into other multi-day experiences, up to 5 days in duration, which would include activities such as walking/hiking and visits to lakes and other natural assets that are found in the surrounding countryside and landscape.

RAL believe that the rail bike experience could have the same impact that the Otago central rail trail has in the lower South Island. During the business planning phase RAL promoted the experience at the Auckland Round the Bays event where they conducted a pole identifying Gisborne to be more favourable than the South Island option.

Railbike Adventures believes that rail bikes would not do much damage to the track and that the contribution to track upkeep and maintenance could be charged as a percentage of turnover.

3.4 Operational considerations

3.4.1 Overlap and cooperation

Due to safety regulations, RAL and GCVR cannot operate on the same section of line on the same day.

Collaboration and a handover safety procedure had previously been agreed between RAL and GCVR regarding use of the 8km section of line between Matawhero and Muriwai which crosses over between both visitor experiences and their respective agreements with KiwiRail.

Both parties signed a Joint Operability Agreement, valid to 30 June 2019 and which outlined a code of conduct. The implications of this agreement for GCVR were that they would not be able to confirm new bookings less than 30 days out from the departure date without agreement from RAL and training of drivers would need to be scheduled at least 30 days in advance which is an impractical solution for GCVR.

3.4.2 Maintenance

Self-funding ongoing maintenance and upkeep of the rail corridor (required under the current lease agreements) is not a long-term financially sustainable option for either GCVR or RAL.

Fencing obligations under the RAL agreement with KiwiRail are that RAL are responsible, at their own cost, for maintaining the fences currently erected on the boundaries of the land. There is also an additional requirement that, if required by KiwiRail, to fence and maintain any part of the boundaries of the land which are not fenced as at the Commencement Date of the agreement. In addition, there is no fencing liability on KiwiRail to erect, repair or contribute towards the cost of such of any boundary fence between the land, third party land and any adjoining land now or at any time owned by KiwiRail.

In terms of inspection and maintenance, there is provision in the RAL lease for KiwiRail to inspect the land and issue notice in writing of any defects or breaches of the agreement, which in turn should then be made good at RAL's expense within 10 days of receipt of that notice.

There is rubbish (e.g. rotting couches and beds) piled up alongside the tracks, and significantly visible during initial stages of GCVR departures from Gisborne, which detracts from visitor experience and creation of a good first impression.

Beautification of the Gisborne Railway Station would contribute to an improved visitor experience on the current GCVR departures.

3.4.3 Operations

Aside from track repairs, GCVR need to overcome a technical issue to operate a sustainable and safe visitor experience to Beach Loop. There is a long tunnel to navigate which is difficult when relying solely on the steam engine to keep the pace required (which also presents a safety hazard whilst inside tunnel). The solution would be to use WA165 from Gisborne to Muriwai or Maraetaha for the authentic steam train experience, then use a diesel engine (yet to be sourced) from Muriwai/Maraetaha to Beach Loop, and then change back to WA165 steam engine for the return trip to Gisborne. The diesel engine would ideally be kept at a GCVR-owned shed located at Muriwai (yet to be purchased). The cost to operate the diesel engine is approximately \$400 per hour (including hire and running costs) which would need to be factored into GCVR operating costs.

4. Tourism considerations

The development of quality commissionable visitor experiences has been identified as a key action to support the Tairāwhiti Gisborne visitor economy and underpin sustainable businesses and employment growth.

There is a view in the community that there is potential to utilise the scenic rail corridor to boost productivity and economic growth in the region, by delivering unique tourism products that showcase and celebrate the region.

Development of the rail corridor could help achieve Tairāwhiti Gisborne's vision of: a thriving economy; a strong, resilient and healthy region; and connected and sustainable communities. (As per the original Tairāwhiti Railway Tourism Feasibility Provincial Growth Fund Application for Funding document provided to TRC Tourism by Activate Tairāwhiti).

Luxury train journeys are experiencing a renaissance worldwide⁵ whether focused on iconic destinations, rail line history, experiential itineraries or upmarket décor and on-board experience. Visitors seek rail experiences for a variety of reasons: the train enthusiast appeal; the nostalgia attached; and the opportunity to see views and landscapes that might otherwise be inaccessible by traditional tourism experiences. Visitor demographics are also becoming younger in age, especially on shorter itineraries.

The greater connectivity provided by tourism development along the rail corridor has the capacity to grow overnight visitation, by connecting a number of attractions and experiences in a manner that proves attractive to staying one night or more in the region, which will also grow the expenditure on other local goods and services.

Some of the economic benefits related to potential development of the rail corridor for tourism purposes are: job creation; increased departures or number of places available on current visitor experiences; creation of new tourism products to cater to different markets; creation of tourism product to be sold in shoulder season; and increased visitor numbers, visitor spend and duration of time spent in region.

There is an appetite for business, mana whenua and landowners to support and benefit from the Gisborne to Wairoa rail corridor being used for tourism purposes.

There is an opportunity for mana whenua and rural communities along the rail corridor to leverage off the visitor flows generated by the rail line. This could include the development of visitor experiences and services, meals and accommodation and share their hospitality with visitors.

⁵ <https://www.travelweekly.com/Travel-News/Car-Rental-News/Rail-revival>

There is a significant amount of Māori owned land along the rail corridor. Various iwi and hapu are moving forward with their own tourism development opportunities in the region, and have considered potential links to the rail corridor should this opportunity arise. This would allow mana whenua to develop experiences targeted to visitors that tell their stories in their own voice, and having full ownership of their tourism ventures.

There is a view by iwi representatives that the rail line must be used for the purpose for which the land was taken otherwise the land should be returned to the original landowners. While also acknowledging the railway line is an important local asset. It should be used in a way that maximises its potential.

Local volunteer support could be used to maintain rail corridor (this is already in action), contributing to community spirit.

Leveraging off the fact that the neighbouring town of Mahia already has established tourism businesses and is receptive to receiving increased visitor numbers can be explored.

There is an opportunity for cross-border partnerships (i.e. with WDC) and leveraging off the tourism assets and developments going ahead in their region (such as Rocket Lab located in Mahia and their region becoming known as 'Space Coast Aotearoa'), to create a strong joint offering in the Eastern corner of New Zealand.

It should be noted that the range of opportunities outlined in this report beyond those of the current licence/lease holders are indicative only and the interest in developments is not currently backed up by any formalised commitment, feasibility or business planning.

KiwiRail scenarios

There are three possible scenarios in relation to KiwiRail's decision regarding future ownership of the line.¹ Each of these would have varied consequences for future tourism opportunities along the rail corridor and the potential economic, social and environmental benefits to the region. These are categorised and explored in more detail below.

SCENARIO 1: CONTINUE CURRENT STATUS

SCENARIO 2: CLOSURE

SCENARIO 3: RE-INSTATEMENT

The following section highlights specific opportunities and implications which have been identified throughout desktop research and previous tourism-related consultation conducted in the region. Some are aspirational and are more long-term in view, others have the possibility of being easily implemented in a short period of time.

4.1 KiwiRail Scenario 1: Continue current status

Recognising that KiwiRail would continue to own the line there is still a number of opportunities to optimise use of the line and leverage the tourism potential.

This has been outlined in three steps:

- Step 1: Rail line maintained in current state
- Step 2: Reinstatement of line for rail service to Maraetaha
- Step 3: Reinstatement of the line for RAL operations to Wairoa.

Step 1: Rail line in current state

TOURISM POTENTIAL
Development at Gisborne Railway Station to establish a visitor precinct. Opportunity for iwi led development on site including possible repatriation of Rongowhakaata meeting house from Wellington and to utilise station for retail, hospitality outlet, improved toilets, ticketing office for rail experiences potentially integrated with rail themed attraction (i.e. a steam train history inspired exhibit).
GCVR could continue to deliver their charter commitments, cruise ship shore excursions and scheduled public day excursions.
GCVR continue to bring train into Gisborne Port to pick up cruise ship passengers. This is the most popular shore excursion on cruise days and with the pickup from the Port takes the pressure off constrained coach availability to transport passengers.
Potential for GCVR to increase capacity of cruise day charters by introducing new carriages and diesel engine.
At Muriwai, utilise Coop Rd access to transition to/from a coach to offer winery visit/dining experience as a packaged experience with GCVR.
Potential to introduce further products delivered by GCVR or under charter to private operator to offer a range of experiences for group charter, targeting corporate, incentive and special occasion business providing themed/personalised carriages, hold up experience (e.g. Milky Bar Kid style), vintage plane flyover during runway crossing, combo train/coach/winery package experience.
RAL operate day trip between Muriwai and Beach Loop on days the GCVR is not operating (as per the MoU/Joint Operability Agreement).
Private operator proposing to relocate 2 locomotives to an undercover siding yet to be defined in Gisborne with the intention to develop train experiences such as a 'drive a diesel locomotive' experience and to establish a train driver's school. This would also have the potential to provide a back-up locomotive for the GVCRA WA165 and increase local qualified train driver resources for GCVR to operate on a more regular/frequent timetable and contribute to job creation.
Interest from experienced rail operator to explore venture to leverage and grow existing steam engine experience offering by GCVR.

Step 2: Reinstatement of line for rail service to Maraetaha

Under the current KiwiRail agreements GCVR can operate between Gisborne City and Muriwai and RAL from Matawhero to Wairoa. There is a crossover of 8km of track between Matawhero and Muriwai. The train and rail bikes cannot both operate on the same day due to safety reasons. Currently the two entities have an MoU outlining protocols for agreeing alternate use of the line. This requires compromise and impacts on their ability to operate at full potential. Both entities also have future aspirations of extending their use of the line.

Establish an operating environment where both RAL and GCVR can maximise their potential and where additional experiences can be developed leveraging off the train and rail bike services involving adjacent mana whenua, landowners and experience and service providers.

This requires investment in infrastructure and facilities, product development support, KiwiRail cooperation and agreement and cooperation from GCVR and RAL.

This step is reliant on all the actions of Step 1 being implemented.

TOURISM POTENTIAL

Establish a train/rail bike hub at Maraetaha to support improved experience delivery for both GCVR and RAL.

- Facilities could be established on the platform area to provide a welcoming space for customers to transition between experiences or start and end experiences.
- Consideration of shelter, toilet facilities, storage and information/ticketing facilities, provision of food and beverage.
- Potential to relocate old restored railway station sitting in technology museum and establishing it on site at Maraetaha
- Opportunity for caterer or event company to create experience extensions on site.

GCVR could offer experiences that include a stop at Muriwai enroute to Maraetaha.

GCVR and RAL could offer combination train/rail bike experiences, with transition point at Maraetaha.

GCVR could extend the timing of their current range of rail excursions to 1 hour each way creating a higher value ½ day experience.

With adjacent road access, variations of ½ and full day experiences could be packaged up to offer excursions in conjunction with other transport and experience providers, current and future.

Leverage to invest in more transport resources (i.e. shuttle buses) if rail line has been developed to support more experiences, and there is justification to transport visitors to/from Gisborne Railway Station. This would also provide regional capability to increase value of cruise days where coach transport is constraining growth.

Mana Whenua and landowners along the rail line are supported to establish visitor experiences and services to leverage off visitor flows and add value to train and rail bike experience.

Step 3: Reinstatement of the line for Railbike Adventure Limited operations to Wairoa

TOURISM POTENTIAL

RAL could offer new multi-day itineraries, including experiences such as hiking and visiting other natural assets in the surrounding region.

RAL could offer an expanded 2 day experience between Gisborne and Wairoa (with overnight stay in Mahia).

RAL could develop signage along the rail line with historical and cultural information.

Within the terms of their lease and where there is public access to the line, RAL are allowed to develop infrastructure (e.g. food and drink kiosks, souvenir kiosks) and there is enthusiasm from RAL to work with landowners along the rail line to develop these to complement their experience.

RAL could operate from Wairoa in a northerly direction to allow for other tourism experiences to operate from the Gisborne end of the rail line in a southerly direction.

4.1.1 Benefits of this scenario

- Both GCVR and RAL could maximise current operational delivery. RAL would be able to operate daily and GCVR could take bookings within 30 days of departures without having to negotiate with RAL under the terms of the MoU/Joint Operability Agreement.

Example of incremental daily revenue potential by existing operators:

- Gisborne City Vintage Rail Charter – up to two per day at \$3,500 to \$4,500 per trip = \$7,000 to \$9,000 per day
- Railbike Adventures Limited – based on average of 10 x e-bike plus 10 x standard bike hire = \$2,600 per day

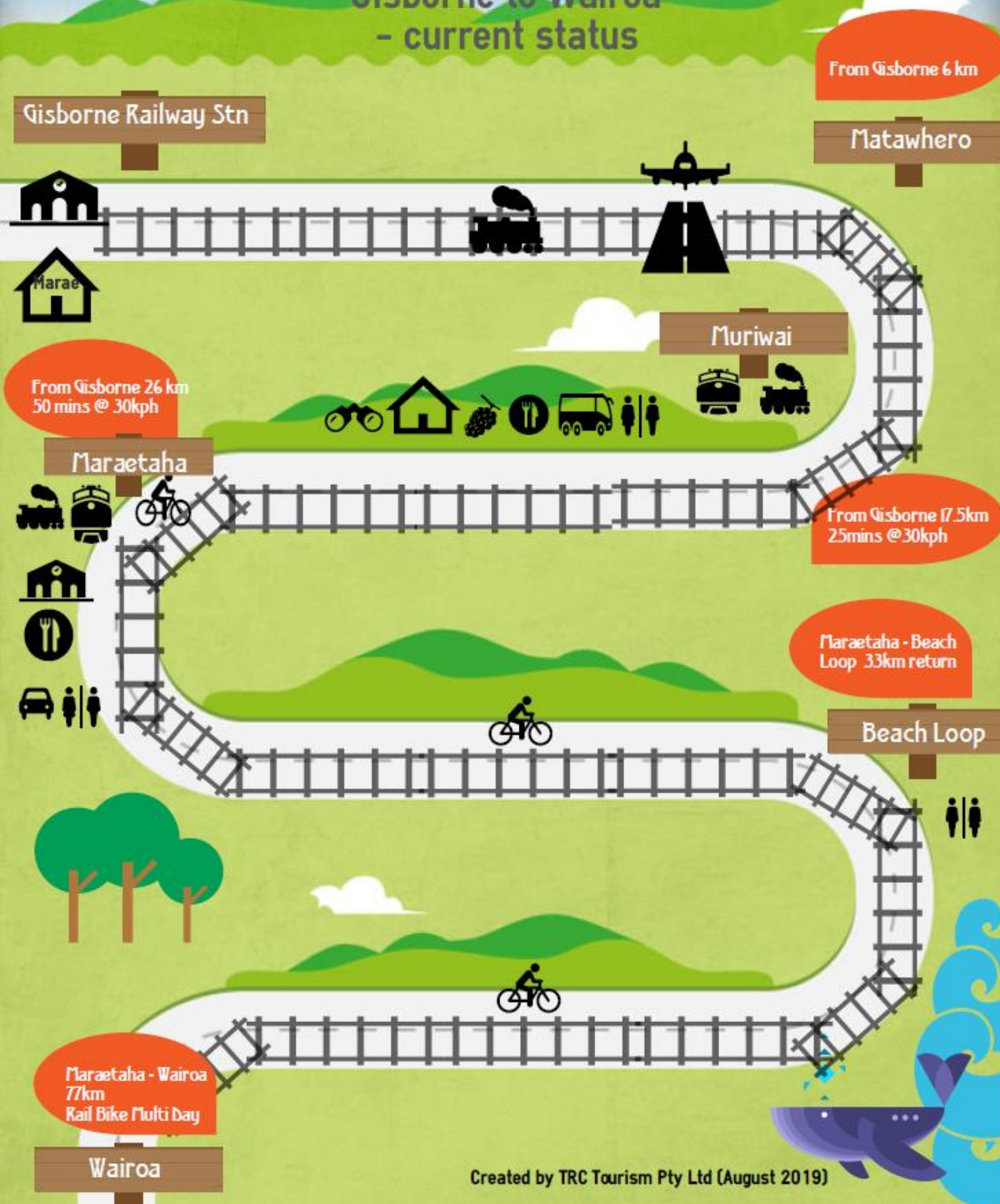
- A station and facilities at Maraetaha would provide a welcoming space for customers to transition between experiences or start and end experiences. Provides for shelter, toilet facilities, storage and information/ticketing facilities, provision of food and beverage and parking for cars and coaches.
- GCVR and RAL could collaborate on development, delivery and cross promotion of combination steam train/rail bike experiences.
- GCVR continue to deliver their charter commitments including cruise ship shore excursions and scheduled public day excursions.
- Ngai Tamanuhiri school children would continue to perform cultural dance as part of the cruise day passenger experience.
- Facilitates introduction of a diesel engine to support GCVR with a backup to WA165 to deliver existing cruise/charter commitments and extend rail experience delivery capacity.
- GCVR could extend the length and duration of their current rail excursions to increase value and revenue.

- Adjacent landowners and mana whenua along the rail line have the opportunity to establish facilities to complement the railbike experience.
- Potential catalyst for attracting private sector investment in more transport resources (i.e. shuttle buses) to support experience delivery and to transport visitors to/from Gisborne Railway Station.
- Support iwi to establish the Gisborne Railway Station as an attractive visitor precinct.
- Allows GCVR to fast track the training of drivers which is critical to the organisation's future capability to operate.
- Private sector opportunities to develop services that support group experience package development leveraging the train/coach/winery package experience. (i.e. dress up business to support themed events, transport offering).
- Ability for RAL to expand into multi-day experiences to/from Wairoa to Maraetaha.
- ECT is prepared to invest in supporting the facilitation of infrastructure and facility development, to provide product development support through AT and to lead regional negotiation with KiwiRail for favourable terms for ongoing line access and maintenance.

4.1.2 Conditions and work required

- Establish a sustainable funding model for managing ongoing maintenance of rail line, both planned and unplanned.
- Access to bridge and rail line in to Port for GCVR to collect cruise passengers
- Feasibility on Maraetaha hub concept to be completed
- Capital work on line to operate train from Muriwai to Maraetaha
- Gisborne Railway Station visitor precinct development
- Capital works for RAL to operate through to Wairoa
- Facilitate beautification and maintenance of rail corridor between Gisborne Railway Station and the airport including dealing with graffiti, native planting program and rubbish removal.
- Work with Port and GDC to ensure surety of access for GCVR to collect cruise passengers from the wharf.
- Negotiate with KiwiRail to resolve rail line agreement overlap and future maintenance implications and responsibilities of the line through to Wairoa
- Mana whenua and landowners along the rail line are supported to establish appropriate visitor experiences and services to leverage rail activity.
- Provide business capability and product development support to new and existing businesses to support new experience development and delivery.
- Support increased business capability development for GCVR to operate as a successful commercial tourism business that has the capacity to develop, manage and sell group charter train packages and experiences.
- Facilitate introduction of diesel engine as back up to WA165 to support ongoing sustainability of GCVR service delivery.

Optimising the rail line for Tourism Gisborne to Wairoa - current status



4.2 KiwiRail Scenario 2: Closure

For a closed or inactive rail corridor, a number of factors are considered before a recreational activity is approved. These include: potential future rail use of the corridor, ease of access and safety, and claims by other users and possible owners, such as adjacent land users or Treaty of Waitangi claimants.

If KiwiRail relinquish ownership of the rail corridor, there is a chance that the designation with Gisborne District Council will change. (i.e. the term designation relating to the agreed use and purpose of the land). It is understood that if this was the case the line would be physically uplifted by KiwiRail and usable components used on other parts of the rail network. (i.e. Items that can be salvaged are rails, sleepers, bridge spans, level crossing equipment).

If the First Right of Refusal was enacted the intention of mana whenua may not be to utilise the land for tourism purposes and they may have other developments or usage plans in mind and the line could become disconnected.

The implication of this is that all current and future rail experiences and dependant visitor experiences leveraging the rail line would cease.

4.2.1 Conditions and work required

- The first step necessary, should RFR come into place, would be a broader discussion with iwi regarding the future use of land along, beside and under the rail line.
- Work with KiwiRail to enable a potential transition to a new ownership model that allows the asset to be kept intact to facilitate continued operations of rail related visitor experiences.

4.2.2 Alternate/adjacent use of rail corridor as a cycle or walking trail

Adjacent rail corridor and shared use cycling and walking trails have current global appeal and have been successfully developed in other parts of NZ.

However, there are a number of challenges which would preclude this from being considered a viable option for the Gisborne to Wairoa rail corridor. These are:

- remoteness of the corridor
- limited access points for rescue or emergency services
- No shared access over bridges and through tunnels
- limited or non-existent cell phone coverage,
- rugged terrain and likelihood of high maintenance costs
- length of corridor (approximately 100 kms)
- Lack of infrastructure and visitor services along the route to service walkers and cyclists
- Potential for poaching of stock from farms along the line.
- visitor safety.

4.3 KiwiRail Scenario 3: Reinstatement

Re-instatement would see KiwiRail funding the cost of re-instatement of the line and responsibility for ongoing repairs and maintenance.

Under the GCVR licence to occupy agreement with KiwiRail, if commercial freight train operations commence within 10 years of the commencement date, KiwiRail will reimburse GCVR for the costs of upgrading the line on an amortised basis. GCVR could continue to operate under a renewed licence to occupy with KiwiRail.

In this scenario, it is anticipated that RAL would no longer be able to operate as per their lease agreement with KiwiRail due to safety issues of a tourism experience and passenger/freight services operating along the same line (including the potential of each activity operating on alternate days to avoid crossover). There is a 12 month notice clause in the lease.

However, RAL believe that if train services were operated at night and a clear time during the day could allow rail bikes and rail to co-exist. Freight would need to have passed through Gisborne and Wairoa by 8:30am to enable rail bikes to access the line. There would be complications if delayed or broken-down trains caused bookings to be cancelled - people are making trips to use the rail bikes and this would be disappointing for customers who have made the trip to Gisborne to ride the rail track.

TOURISM POTENTIAL

Tourism Hawke's Bay cannot see a stand-alone tourist train or passenger train having the year round demand. For passenger and tourist trains this will mean that freight will get priority.

WDC are enthusiastic about utilising the rail corridor to its best potential, with an aim of working collaboratively with Activate Tairāwhiti and build on the good working relationship that is already in place between the two parties.

If freight was to run at night GCVR could run tourist excursions from Gisborne during the day.

GCVR could offer new itinerary options and reinstate their Beach Loop and Opoutama experience. The lack of road access has made the Taieri Gorge Railway successful. The Wairoa to Gisborne line offers access to an area that cannot be accessed by road.

Potential to explore development of a hop on/hop off rail and cycling route multi-day experience utilising Paritu Rd (old State Highway), whether operated by KiwiRail or a private train operator. A similar hop on/hop off rail and cycling concept is being developed utilising KiwiRail's Coastal Pacific service between Picton and Christchurch and The Whale Trail cycle trail between Picton and Kaikoura.

Mana Whenua owned and operated accommodation and meal services leveraging off hop on/hop off train and cycling experience could be developed.

Potential for KiwiRail to consider re-establishing a scenic passenger train service.

Mainline Steam have an interest in running excursion trains to/from Gisborne.

Steam Incorporated have an interest in running excursion trains to/from Gisborne.

Antipodean Explorer New Zealand (luxury sleeper train tourism service) have an interest in operating from Napier to Gisborne. The current turnaround point is envisaged to be Kopuawhara in the Mahia area.

Interest from private sector in development of a Hi-rail vehicle (dual purpose vehicle that quickly and easily converts from road to rail) experience from Gisborne to Opoutama/Nuhaka, combined with return road transfer and add-on cultural experiences such as welcome and hangi.

Private sector interest expressed in a high-end luxury rail restaurant journey from Napier to Wairoa return, with possible extension of experience all the way through to Gisborne or GCVR travelling from Gisborne to Wairoa and meeting in Wairoa to provide a joint experience.

Private sector interest expressed from a businessman, financial supporter of GCVR, and rail enthusiast, to leverage off ability of WA165 to travel to Mahia, where his intention would be to establish a tourist venture to link up to the train experience.

Tairāwhiti Rail Limited and Hapu along the route have discussed the potential of working together to operate an iwi-owned and Tairāwhiti Rail Limited operated tourism venture.

There is interest in supporting environmental sustainability by introduction of a potential solar-powered train/rail car, accommodating approximately 30 passengers, on a return trip from Gisborne to Opoutama.

Opportunity for private sector investment in transport connections to support more experiences, (i.e. shuttle buses) if rail line has been developed and there is justification to transport visitors to/from Gisborne.

Private sector interest in operating a train driver's school on the rail line. This could in turn boost local qualified train driver resources, contribute to job creation and enable more frequent train experience departures.

Has the potential to stimulate interest in relocating privately owned locomotives and carriages to Tairāwhiti Gisborne region for use on the rail line.

Potential for visitor experiences and services to be developed in Opoutama (under WDC jurisdiction).

Development of the rail link between Wairoa and Gisborne would generate increased visitor flows and deliver economic benefit to the region

Adjacent Hapu and Marae could develop and operate tourism businesses leveraging off the rail services.

Findings from the cultural tourism opportunities feasibility studies conducted by Rongowhakaata could be progressed and implemented, leveraged off development of the rail line to Wairoa.

Rail operators could leverage off the unique selling point of the Rocket Lab located in Mahia, building a stronger proposition around 'Space Coast Aotearoa'.

Clusters of potential visitor experiences in Whakaki and Nuhaka could leverage off the rail.

Gisborne to Wairoa rail line could link with Napier to Wairoa rail visitor experiences.

Extending rail tourism opportunities past Beach Loop will allow access to a very scenic section of the rail line with several tunnels, the railway worker's memorial and the Kopuawhara viaduct.

Around 70km of rail track in the district (originally constructed to carry farm produce, logs and quarried rock) is now closed. This was predominately the Gisborne to Motohora line (which ran

north of Gisborne for approximately 70kms and closed in 1959). The last 4km of this line is mothballed (the Makaraka branch) and could potentially be used for private vintage rail operations in the Gisborne area.⁶

The Museum of Transport and Technology (MOTAT) are keen to negotiate with KiwiRail regarding use of the siding to MOTAT with a view to encouraging a private operator to operate a rail excursion to MOTAT. It is noted that repairs and ongoing health and safety with the line crossing three busy intersections would need to be considered. GCVR have identified that this is not a long enough journey to warrant using the steam engine.

4.3.1 Conditions and work required

- There is an argument that the current lease and licence agreements in place between RAL and GCVR with KiwiRail preclude other potential tourism opportunities operating along the rail corridor (primarily the section from Gisborne to Beach Loop, but potentially all the way to Wairoa). A review of regulatory licencing would be recommended with the view to supporting growth opportunities along the corridor.
- Substantiate the interest from private investors, that may have the means to create a memorable and iconic experience along the Gisborne to Wairoa rail corridor, by releasing an Expression of Interest to explore these potential developments further and gain more specific economic detail in terms of set-up costs, running costs and potential value to the Tairāwhiti Gisborne visitor economy.

⁶KiwiRail Napier Gisborne Line Assessment of the Commercial Viability of the Line 18 May 2012



AUSTRALIA

Suite 5, 3/4 Gippsland Street
Po Box 837, Jindabyne NSW 2627

Phone: +61 6456 2722
Email: enquiries@trctourism.com

NEW ZEALAND

Level 5, EMC Building, 5-7 Willeston Street
PO Box 2515, Wellington 6140

Phone: +64 4 4723114
Email: info@trctourism.com

www.trctourism.com



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