



**Central Otago District Council**

# Otago Central Rail Trail Long Term Plan 2011

The Otago Chamber of Commerce would like to speak to  
this submission

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# Otago Central Rail Trail Long Term Plan

## STRUCTURE

We believe that the most important element of the proposed Long term Plan is the infrastructure that surrounds the whole concept of the Otago Central Rail Trail (OCRT) and the roles that the various stakeholders play going forward.

### Existing Parties

The existing parties involved have been clearly defined in the Long Term Plan (LTP) document.

Otago Central Rail Trail Trust (OCRTT)	Department of Conservation DOC
Operators Group (OG)	CODC and CO Tourism (TCO)
Dunedin City Council and Tourism Dunedin (TD)	

## PROPOSED STRUCTURE

We see the need for all of the existing stakeholders to remain as part of the OCRT infrastructure going forward. We consider that an additional “Body” is required, dedicated to the Marketing and Promotion of the OCRT and its involvement in the “New Zealand Cycle Trails” (NZCT).

We believe that the OCRT should be encouraged to play a leading role in this organisation (NZCT) given that it has been operating for in excess of 10 years and has the beginnings of a very successful business model.

While reluctant to add to the number of “organisations” involved in the OCRT infrastructure we see a very definite need to have a body dedicated to the task of Marketing and Promoting the OCRT.

Since established the growth of the trail has largely relied on the “word of mouth” of satisfied customers. We cannot rely on this alone in the future to promote our “product” as we have seen in the last 12 to 18 months the rapid growth experienced over the past 10 years begin to reduce.

In addition we have seen the proposals for the development of a series of Cycle Trails under the New Zealand Cycleways “Brand”. This introduces competition into the “Leisure” cycling market which has not previously existed.

While we have had excellent material produced through the “Official” OCRT website, brochures produced by the OCRTT and some “Trail” marketing by larger operators, there has been no coordinated promotion of the OCRT as a singular “Brand”.

We are proposing that an additional entity be formed; our recommendation would be a Private company for ease of ownership / membership. For the sake of a name at this point let us call it Destination Rail Trail (DRT).

This company would have a shareholding spread between the 5 stake holders. The stakeholders under the proposed constitution would have an entitlement to representation on a Board of Directors who would be charged with carrying out the objectives of the organisation within the budget and the constitution of the company.

In our opinion the Board would be made up of individuals who are not necessarily part of the stakeholder’s organisation, but who have expertise and knowledge of Marketing and how that could be best utilised to promote the OCRT. We also recommend that each of the bodies is entitled to have one representative with the exception of the OG which would have the opportunity to put forward up to four. This suggestion is made because the members of the OG group have a larger investment in the trail and that this group are already involved in the promotion and marketing of the trail. There are a number of individuals within the OG that have the skills and experience necessary to successfully lead the next phase in developing the trail.

To reduce the propensity for overlapping responsibilities it is crucial that each of the stakeholders roles are clearly defined so it is clear where any issues relating to the overall operation of the OCRT are involved there is an obvious stakeholder to develop a solution.

On this basis our stakeholders and their responsibilities could be along the following lines.

Department of Conservation DOC	<ul style="list-style-type: none"> <li>• Administration of the Rail Trail as a recreation reserve under the Reserves ACT.</li> <li>• Continuing to provide infrastructure including fences, bridges, culverts signs barriers toilets and drainage.</li> <li>• Authorisation of any commercial activity by granting concessions.</li> <li>• Provide administration and executive support to the OCRTT.</li> <li>• Manage any work on the trail funded by the OCRTT</li> </ul>
Otago Central Rail Trail Trust (OCRTT)	<ul style="list-style-type: none"> <li>• Seek funding for the enhancement of the OCRT</li> <li>• Maintain ownership of the “official” OCRT web site and enter into an arrangement with the DRT to manage and enhance the site as part of the DRT’s role in Marketing and promoting the OCRT.</li> <li>• Retain “ownership” of the OCRT Passport</li> </ul>

	<p>concept and enter into an agreement to license the use of it to the DRT so that proceeds from passport sales can be used in generating revenue for both the upkeep, development and promotion of the OCRT.</p>
Operators Group (OG)	<ul style="list-style-type: none"> <li>• Provide a united voice for all operators on the OCRT</li> <li>• Liaise and communicate with other stake holders on OCRT and in particular with the DRT</li> <li>• Encourage all operators on the trail to become members of the group by providing benefits from the establishment of the DRT</li> <li>• Gain a commitment from all members to assist in the funding of the DRT</li> <li>• Seek ways of providing training in the service industry for operators and their employees.</li> <li>• Consider the feasibility of setting and maintaining standards of service for operators on the trail.</li> </ul>
CODC and CO Tourism (TCO)	<ul style="list-style-type: none"> <li>• Provide planning and regulatory assistance</li> <li>• Provide support from the economic development unit by way of surveys in conjunction with other appropriate stakeholders.</li> <li>• Provide funding by way of a cash grant and or appropriate personal to assist the DRT in carrying out its responsibilities</li> <li>• Coordinating TCO promotions in conjunction with DRT where appropriate</li> <li>• Providing input for the development of an “Otago Loop” product running Clyde-Ranfurly-Dunedin-Lawrence-Roxburgh- Clyde - or reverse</li> <li>• Provide opportunities for DRT to participate in any domestic or international promotions developed by TCO as appropriate.</li> </ul>
Dunedin City Council and Tourism Dunedin (TD)	<ul style="list-style-type: none"> <li>• Provide funding by way of a cash grant and or appropriate personal to assist the DRT in carrying out its responsibilities</li> <li>• Coordinating DT promotions in conjunction with DRT where appropriate</li> <li>• Providing input for the development of an “Otago Loop” product running Dunedin-Lawrence-Roxburgh- Clyde- Ranfurly – Dunedin - or reverse</li> <li>• Provide opportunities for DRT to participate in any domestic or international promotions developed by DT as appropriate.</li> </ul>
Destination Rail Trail (DRT).	<ul style="list-style-type: none"> <li>• To develop a Leadership role in the future</li> </ul>

	<p>development of the OCRT and coordinate the input of all parties involved in the Trail</p> <ul style="list-style-type: none"> <li>• Develop a marketing strategy for the advancement of the Otago Central Rail Trail based on the OCRT as a Destination</li> <li>• Be responsible for implementing promotional activities associated with the trail</li> <li>• Seek alternative sources of funding to the traditional options that have been used to develop the Trail to its present standard.</li> <li>• In the course of developing funding sources ensure that existing funding sourced from the website and the sale of Passports received by the OCRTT is not reduced.</li> <li>• Negotiate with the OCRTT to enable the utilisation of the Trust’s website as a cornerstone of any future marketing carried out by the new marketing entity</li> <li>• Negotiate with the OCRTT to enable the maximisation of income from the Rail Trail Passport to meet the needs of both the Trust and the Marketing Entity.</li> <li>• Be responsible for the production and distribution of the “Official” OCRT brochure.</li> <li>• Be responsible for the coordination of Rail Trail “branded” merchandise.</li> </ul>
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## FUNDING

The success of any marketing and promotion initiatives will be very much related to the funding that can be generated. In our considerations we see the funding sources as being as follows.

- Operators Group
  - Based on the Long Term Plan indications are that there are approximately 70 members. This has recently increased to approximately 80. It is estimated that there are at 120 business that are directly associated with the OCRT. The subscription has been increased to \$100 per annum.
  - On the assumption that under any new regime, being a member will provide additional benefits, it would not be unreasonable to expect the membership to increase to a minimum of 100. At this base level an income of \$10,000 should be easily achieved.
  - The costs of running the operators group at this point are minimal and assuming marketing will be carried out by DRT, they are likely to continue to be modest.

- Operators Specific Activity
  - Some of the larger operators are already carrying out a significant amount of Marketing that is directly related to promotion of the OCRT.
  - It is envisaged that this type of activity will continue but there will be an opportunity for DRT to leverage off this and have the ability to possibly involve a larger range of operators and certainly to distribute Trail wide information.
  - There should be opportunities for TCO to benefit from a similar arrangement.
  
- Passport Sale Income
  - Passports at present are a voluntary purchase by those travelling the Trail. It cannot be made compulsory.
  - Most operators are active in promoting the sale of these and the income generated for the benefit of the OCRTT is significant.
  - We believe that there are at least two opportunities to increase the income from this activity.
    - Increase the Passport Price. This income should be paid to the OCRTT for future maintenance and development of the trail.
    - Secure corporate sponsorship by making the passport available to have an attachment that will provide benefits to those who purchase it.
  - At this point we do not have details of the specific amount received by the trust from this source. The 2010 financial statement a trading surplus from Providing Services and Trading Activities before other expenses of around \$50,000. This includes income from passport sales, merchandise sales and website advertising.
  
- Revenue from ORT Website
  - As indicated in the previous section, there is significant income generated from the sale of advertising space and listings on the “Official” OCRT website. It is considered that this site will/should be the cornerstone of any Marketing Activity carried out on behalf of the OCRT.
  - Without knowing more about the charging structure it is difficult to assess what additional revenue streams is available from this source.
  - What is crucial is that this site is seen as independent and therefore is the most logical to use as any base for generating leads from Marketing Activity. All operators have the opportunity to be listed on this site and therefore can be exposed to any traffic to the site generated by the activities of DRT.

- Otago Central Rail Trail Trust
  - It is acknowledged that the OCRTT is reliant on income from both Passport and Website Activity. It is not the intent to remove the Trusts income stream.
  - As outlined earlier in this document the OCRTT has a major role to play in the development and maintenance of the Trail. They must retain an income stream to do this. This should be as a minimum similar to what they have received in the past.
  - To achieve this, discussions need to be held between the stakeholders to negotiate an agreement that protects the OCRTT position into the future as well as providing DRT the opportunities to maximise the income available from the existing assets and Intellectual Property under the control of the OCRTT.
  - We believe there are options available that will satisfy the needs of both parties if the OCRTT has concerns as to the control of their assets.
  
- Tourism Central Otago
  - TCO is charged with looking after Tourism interests throughout the Central Otago District Council Area. In past years their contribution to promoting the OCRT has been perceived, rightly or wrongly, to be very much part of the general district promotion. Some of TCO activities are mirrored by Operators activity, in particular dealing with International wholesalers and Inbound Operators.
  - There has been a recent call for TCO to become more involved in promoting Central Otago as a Leisure Cycling Centre of New Zealand. This falls very much in line with the aims of the Long Term Plan and it would seem reasonable that both parties could obtain the best leverage by combining resources.
  - It is our opinion that the OCRT is the major Tourist Destination bringing tourists to the CODC area for a specific purpose. This being the case we believe that CODC should provide significant resources to assist in funding a major tourism activity in the area.
  
- Total Expenditure for TCO for the 12 months to June 2011 was \$343,075. Staffing is 1.6 FTE. Total Revenue for Business Development, Tourism Central Otago and Visitor Information Centres for the Year Ended 30 June 2010 was \$1,430,000.
  - Our suggestion is that CODC should review the allocation of funds within the three areas of Tourism, District Brand Management and Business Development with a view of making an allocation of \$40,000 (2.8% of total Tourism, Business Development and Visitor Information Centres 2010 expenditure) to assist in funding of DRT. This could be made up of direct cash grants and the availability of part of a labour unit to carry out duties as allocated by the Board of DRT.
  - It is likely that some of the expenditure at present carried out by TCO could well be met by DRT.

- Tourism Dunedin
  - It is suggested that Tourism Dunedin should be encouraged to play a role in the Funding of DRT. It is evident that Dunedin already play a significant role in providing accommodation for travellers and the “Taieri Gorge Train” is an integral part of the Rail Trail experience.
  - In present times many travellers either start or finish their journey at Dunedin. It is expected that as and when the Lawrence and Roxburgh trails are opened this will increase as the ability to complete the “Loop” will become an attraction with the probability of time in Dunedin to experience their unique attractions.
  - As an indication given the proportion of the trail that lays in the Taieri precinct a grant of \$10,000 would be looked for. This is obviously an issue that would have to be negotiated. Compared with TCO contribution it would compare to a share based on 20% of the trail being in their “area”.
  - Again the opportunity for joint promotions with Tourism Dunedin is present. One of the existing operators is involved for a second year in a Tourism Dunedin promoted trip to four of the major Australian cities promoting their activity.
  
- New Zealand Cycle Trails
  - While it would seem unlikely that we may get direct funding from this organisation, being a member and benefiting from the funds being made available by the Government is imperative to ensure our exposure is up there with the rest of the proposed trails.
  - The OCRT is without doubt the leading Cycling Trail in New Zealand and we must be involved to the fullest extent in the development of this organisation.

#### Sources of Funds

On the basis that a minimum of \$50,000 is required simply to maintain past levels of operating income for the trust, we have set out below an indicative idea of what funds might be available to a new organisation.

Existing Trust Trading	\$50,000 equivalent retained!!	Note Ref
<b>FUNDING OPPORTUNITIES</b>		
Base Operators User Group	\$10,000	1
Website	\$10,000	2
Operators Specific Action	\$50,000	3
Passport Sponsorship & Increased Income	\$20,000	
Tourism Central Otago	\$40,000	
Dunedin Tourism	\$10,000	
<b>Total</b>	<b>\$140,000</b>	

**Note Ref**

- 1 Amended annual levy expected to produce in excess of this amount. (Last year's levy \$3,500.)
- 2 Expected Revenue in excess of existing income generated and will be used for further web site development.
- 3 We are aware that this level of expenditure is being spent now on promoting the trail.

## Summary

The Otago Central Rail Trail has been developed successfully over the last ten years, to a position where it is now recognised as 'the premier bike ride' in New Zealand. It is also one of the top tourism attractions in the country - listed in the Automobile Association's 101 Must-Do's in New Zealand at # 6. The existence of the Otago Central Rail Trail, and its high profile, is largely due to the work and effort of DOC and the OCRTT.

In our submission, we recognise and welcome the strong role that both these parties still have to ensuring the future success of the Rail Trail. Without the continued focus on the infrastructure and funding for development of the trail the OCRT will not survive.

Increased competition within the recreational cycling market requires us to get marketing break-through. We feel that a better funded and focused marketing and promotional activity, led by skilled and experienced operators directly involved in the trail, will prove beneficial to the trail's future.

## Recommended Actions

The authors of the Draft Otago Central Rail Trail Long Term Plan have tables a number of recommended actions following on from the objectives stated. We have not made any comment on these in our submission.

As stated at the commencement of this submission we consider the establishment of a structure to be the most important issue. Once the structure is established the recommended actions can be dealt with by the appropriate parties. We have made a suggestion in the following table as to whom we think appropriate to take responsibility for the issues raised.

Because of the volume of recommendations made it would appear necessary to rank these in order of importance before proceeding. Again we have not attempted to make these decisions but have provided in the document for this to happen.

Action

Rank

Responsibility of:

<b>MANAGEMENT STRUCTURE</b>		
Identify Long Term Management Plan for Trail		All Parties
Identify future Infrastructure requirements. Decide how these will be funded and allocate roles and responsibilities		DOC and OCRTT
<b>MARKETING AND PROMOTIONS</b>		
Determine what the full extent of the Rail Trails relationship with NZ Cycling Trails will be, including obligations and privileges and pursue them		DRT
Develop a targeted marketing plan for the medium to long term		DRT
Develop a promotions plan (based on the marketing plan) outlining achievable actions, who is responsible for them, how it will be funded and how outcomes will be measured.		DRT
Determine an appropriate entity to be responsible for marketing and promotional activities for the trail.		All parties
Determine what the relationships will be with the other tracks and trails in the area. Eg. Roxburgh Gorge, Roxburgh to Lawrence, Alex to Clyde river track.		DRT & TCO
<b>INFRASTRUCTURE</b>		
Assess access to water and formulate plan of action to address any shortfalls		DOC OCRTT
Determine where access to ATM's/EFTPOS is available and decide how this can be communicated to users. Support any communities lobbying for ATM machines.		Operators Group
Consider how to best support communities and agencies lobbying for better cell phone coverage in Central Otago.		Operators Group
Review toilet facilities, consider potential improvements, discuss them with appropriate agencies and communities and seek funding if necessary.		DOC & DRT
Determine whether it is appropriate to hold events or to put to use the Rail Trail infrastructure in other ways during the off season. If so, initiate communication with communities about what it could be used for and how it would be managed.		DOC & Trust
Investigate options for loop tracks, track		

add-ons or extensions to the trail eg, to nearby villages, Cromwell etc.		DOC & Trust
Support the Clyde community to lobby for the underpass to the township. Consider what/if other developments would be feasible and/or support communities to achieve those that will help to enhance the Rail Trail experience.		Operators Group
Review the type of signs already in existence and where they are. Determine what the optimum level of signage should be and where, and plan a schedule for supplement/implementation.		Operators Group
<b>CUSTOMER EXPERIENCE</b>		
<b>Communication and information</b>		
The Trust's website be revised for ease of use and relevance of information including: <ul style="list-style-type: none"> <li>length of trip, seasons-travel times, day trip suggestions</li> <li>additional section about nearby trips and attractions with appropriate links</li> </ul>		DRT
The trust seeks cooperation from other web promoters of the rail trail to support its site by referring people to it for "more information" and/or providing a live link.		DRT
<b>Quality Customer Service</b>		
Investigate existing options for determining quality service eg, "A World of Difference" Qualmark etc., and how they could work for Rail Trail Operators.		Operators Group
The Operators Group identify what training is required and investigate existing courses; promote these courses to operators. In the absence of an appropriate training course investigate the feasibility of developing one.		Operators Group
The Operators Group do a membership drive to bring to its sphere of communication, as many operators as possible.		Operators Group
Decide whether any direct action should be taken in relation to improving food variety eg, investigate what is currently available, when and where; and how this is		Operators Group

communicated to the users of the Rail Trail.		
<b>NATURAL SETTING</b>		
Define what “too commercial in appearance” means and what is and isn’t acceptable. Investigate what policies and regulations already provide a check on this and assess their adequacy. If necessary, either lobby for change or develop appropriate guidelines in conjunction with the relevant organisations.		DOC, CODC and Operators Group
<b>HERITAGE</b>		
Develop a log of existing railway heritage and interpretations on the Rail Trail.		DOC
Brainstorm ideas for enhancing and making additions (including the returning of old stations) to the railway heritage on the Rail Trail.		Local Communities
Consider the feasibility of the ideas, including their likely costs; prioritise projects and seek any necessary funding and/or help to action them.		DOC, OCRTT