

Christchurch City Tram Extension Study

Submission



The Tourism & Leisure
Group Limited

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Background

The project objective as authorised by the Council was a study that determined:

The viability of expanding the tram in the Central City that would service both tourists and Christchurch residents

Specifically the study was to advise the Council on nominated issues related to route and service options.

- Feasibility of extending the Christchurch Tramway service
- Identification of potential issues
- Consideration of solutions and effects for the route and service options examined
- Viability of an expanded Central City tram service for visitors to the City
- Viability of an expanded Central City tram service for residents of the City

This submission will focus on the approach to the study and the two issues regarding visitor and resident viability.

Consultation

While the focus of the study was concerned with the viability of the expanded tram route for visitors and residents, the consultation process was limited to seven senior Council staff and four external organisations. The consumer (visitors and residents) who will ultimately determine the success of the project were not consulted/surveyed at all. This appears to be a major shortcoming of the study as the recommendations are unable to take account of visitor/residents views and opinions.

The benefits of consumer consultation could have resulted in identifying:

- Issues with the current route and service and possible explanations for the average patronage of 33% of its capacity
- Ideas on how the route and service could be improved
- Whether an extended tram route is likely to create increased use of the tram
- Whether an extended tram route is likely to increase the length of stay of visitors
- How much visitors would be willing to pay for an extended trip
- Whether there would be any economic benefit to the city from the route changes

Without this information from the consumer, any assessment of these issues can only be guesswork. Determining the viability of any changes in the tram route cannot be evaluated without the input of current and potential future users.

Visitors

Currently visitors (domestic and international) are the single largest user of the tram with an annual average of 145,000 people for the period 2002-2008. Total increase in domestic and international visitors for Canterbury RTO during the period 2007-2013 is forecast to be 12%. Taking the 2006 figure of 150,000 visitors using the tram, the expectation is that if the tram achieves its 'fair share' of visitors it should achieve 168,000 users by 2013 through natural growth without any changes in the route and without any increased marketing.

There are four critical questions regarding the visitor market:

- 1) Will an extended route generate more visitors for the tram?
- 2) If there are increased users for the tram will they also make greater use of existing attractions on the tram route?
- 3) Will an extended route keep visitors longer in Christchurch?
- 4) Will an extended route attract more visitors to Christchurch?

It is not possible to provide definitive answers for questions one and two without an extensive consultation process with visitors. With the current route it is just as likely that the existing attractions generate increased business for the tram as vice versa. This could also be the case with the extended route.

In terms of question three, visitors to New Zealand have generally determined the length of time they will spend in each location before visiting. The total time spent in individual locations matches the total time they have allocated for their visit to New Zealand. To increase the amount of time spent in say Christchurch will generally require a reduction in time spent elsewhere. The ability to change this for most markets is very difficult. This is particularly the case with tour groups, business/convention/event market and Visiting Friends and Relatives. The Free and Independent Traveller has increased potential to be more flexible, but is more likely to substitute one activity for another rather than extend their stay in a location.

The report suggests the potential for visitors to increase their stay by half a day. Assuming the visitor behaviour described above, this is most unlikely. When the average length of stay to Christchurch is under two nights for visitors in commercial accommodation, an additional half day is a monumental change which would have enormous impacts on the city. The average length of stay in Christchurch for visitors in commercial accommodation has remained relatively consistent between 1.8 and 1.9 nights since 1996. During this time there have been many new attractions and facilities built, as well extensive marketing promotions, but they have had little impact on the length of stay in the city.

The ability for an extended tram route to keep visitors in Christchurch for an additional half day is very unlikely.

The response to question four is similar to question three. There are very few attractions in the world that have the ability to attract visitors, especially international visitors, to a location for that facility alone. Those that can, include attractions such as Disneyland and major events. An extended tram route will have little influence on the number of domestic and international visitors to Christchurch. This is not to say that the tram is unimportant as a Christchurch visitor attraction, far from it. What it means is that the tram as one of a combination of attractions and activities will bring people to Christchurch and determine their length of stay and spending.

Residents

It is clear from the study that the use of the tram by residents as a means of transport rather than an experience is limited. The recommended extension proposed as well as the other options, are unlikely to change the current situation to any great extent. Unless trams are used in the same way as say in Melbourne (specific public transport focus) the Christchurch tram will not be a viable public transport option for most residents.

Conclusions

- 1) There is significant opportunity to attract more visitors on the existing tram route (operating at 33% of capacity)
- 2) Without the input of existing and potential users of the tram into the extension study, it is extremely difficult to determine whether the assumptions made in the report regarding future use are reliable and the project is worthy of consideration.
- 3) Unless the tram route is extended into the suburbs its potential for residents is limited to an 'experience' in the same way as visitors
- 4) The proposed extension is unlikely to increase the visitor length of stay in any meaningful way
- 5) The proposed extension is unlikely to attract any significant increase in visitors to the city
- 6) The proposed extension is unlikely to provide any significant additional economic benefit for the city besides the initial construction and possible additional tram employment opportunities
- 7) The proposed extension will provide an enhanced business opportunity for the Christchurch Tramway company

Recommendations

There are three options that should be considered:

- 1) Accept the recommendation of the report for the proposed route at a cost of \$4,581,000 plus GST

If this is the case it should be accepted on the basis that any enhancement of the visitor attraction infrastructure is potentially good for tourism in Christchurch. It should not be accepted on the basis that there is a proven economic benefit for the city, as there is insufficient research/evidence to claim this.

- 2) Do not accept the report recommendation.

Approve funding in the region of \$25-30,000 (0.65% of the estimated capital cost of extending the tram route) to undertake research with visitors and residents. Obtain their views regarding the existing and future potential use of the tram and routes and make a decision to fund the extended tram route based on the information received.

3) Options for a \$4.5 million tourism investment

In terms of providing the most benefit for the city, visitors and residents are there alternative tourism projects that would provide an improved return on an investment of over \$4.5 million? As part of the implementation plan for the Christchurch Visitor Strategy, working groups have been set up to identify, amongst other things, how the visitor experience can be improved. A detailed study to determine this with a potential \$4.5 million capital investment would be a valuable project to undertake.



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Ray has extensive experience of the tourism industry in Christchurch and New Zealand operating his own tourism consulting company for 11 years and managing a national tourism consulting group for a major accounting company for 6 years. He has undertaken numerous feasibility and research projects for visitor attractions. Tourism clients have included the Christchurch City Council, Christchurch & Canterbury Tourism, Banks Peninsula District Tourism, Selwyn District Council and Enterprise North Canterbury. Ray was previously Director of The Christchurch Arts Centre and General Manager of the Christchurch Town Hall.

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