



Briefing: Update on International Visitor Levy investment proposal – car park charging pilot

To	Minister of Conservation	Date submitted	10 October 2024
Action sought	Approve International Visitor Conservation and Tourism Levy funding for a car park charging pilot.	Priority	Normal
Reference	24-B-0498	DocCM	DOC-7767976
Security Level	In Confidence		
Risk Assessment	Low	Timeframe	24 October 2024
Attachments	Attachment A – Car park charging pilot on page Attachment B – Map of pilot sites and other potential sites		

Contacts	
Name and position	Phone
Stephanie Rowe, Deputy Director-General, Biodiversity, Heritage and Visitors	9(2)(a)
Catherine Wilson, Director, Heritage and Visitors Directorate	9(2)(a)
Joe Ellingham, Principal Commercial and Revenue Advisor, Heritage and Visitors Directorate	9(2)(a)

We recommend that you ... (Ngā tohutohu)

		Decision
a)	Note on 28 August 2024 we briefed you with an investment proposal to fund a car park charging pilot from the International Visitor Conservation and Tourism Levy.	<i>Noted</i>
b)	Note that in response to that advice you asked us to identify a scaled back pilot focussed on where international tourists visit, and to provide further advice on possible commercial models for the pilot sites, informed by engagement with the industry.	<i>Noted</i>
c)	Agree to an updated investment proposal for \$3.78 million from the International Visitor Conservation and Tourism Levy for the car park charging pilot.	Yes / No



Date: 07/10/2024

Stephanie Rowe
Deputy-Director General, Biodiversity,
Heritage and Visitor

Hon Tama Potaka
Minister of Conservation

Date: / /

Purpose – Te aronga

1. To provide an updated investment proposal for establishing a car park charging pilot and to seek your agreement to fund it from the International Visitor Conservation and Tourism Levy (IVL).

Background and context – Te horopaki

2. In May 2024, we advised you that we do not currently charge for any Department of Conservation (DOC) managed car parks on public conservation land (PCL), and that there was a strong case to investigate implementing car park charges as a revenue generation and visitor management tool (24-B-0186 refers).
3. On 28 August 2024 we provided you with an IVL investment proposal to fund a car park charging pilot (24-B-0342 refers). In response you asked us to:
 - identify a scaled back pilot focussed on where international tourists visit
 - provide further detail on possible commercial models for the pilot sites, informed by engagement with the industry.

The investment proposal has been refined

4. We now propose a pilot at three sites, identified in **Table One** below, to enable us to test different technology, pricing and models. A more detailed overview of the pilot sites is included in **Attachment A**. These places experience pressure from high numbers of visitors, approximately 80 per cent of which are international visitors.

Table One: IVL seed funding requirements

Site	Investment required	Estimated potential revenue year one
Punakaiki Dolomite Point	9(2)(i)	
White Horse Hill - Aoraki	9(2)(i)	
Roys Peak	9(2)(i)	
Project costs & overheads	9(2)(i)	
Total	\$3.78 million	9(2)(i)

5. Investment requirements have been informed by engagement with third-party car parking operators to understand potential operating models and approximate costs. These costs will be market-tested through a competitive tender (**RFP**) via Government Electronic Tenders Service (**GETS**), which may reduce investment requirements.

Engagement with the car parking industry

6. We have engaged with 9(2)(b)(ii)
7. From this engagement we have identified two clear models used in the industry:
 - a) **DOC owned:** we pay upfront capital expenditure and pay the vendor to service car parking assets, and for enforcement services. Vendor charges a fixed or percentage of revenue.
 - b) **Vendor 9(2)(i) owned/managed:** Vendor funds/owns the car parking assets and provides enforcement services. Vendors take a higher percentage of revenue and have a longer contract term.
8. A third possible model was also identified, but is not recommended as it would result in much lower returns:
 - c) **Leasing car park sites to a concessionaire to operate a car park:** The concessionaire would then likely engage a car park vendor 9(2)(i) to manage the car park on their behalf.
9. Once we have run an RFP, we will assess the costs and benefits of the models above, and any other models from vendors we have yet to survey.

Risk assessment – Aronga tūraru

10. There may be a negative reaction from some members of the public to paying for car parking on PCL, as we have not used this as a tool before. To mitigate this, we will prepare an engagement and communications plan for the pilot and will ensure consistent messaging with your access charging discussion document. We will also seek to engage stakeholders and Treaty partners early in the process and give them a chance to provide feedback during and after the pilot.

11. If we encounter unforeseen issues that deem charging inappropriate for the sites proposed in **Attachment A**, we will pilot paid car parking at another site. See **Attachment B** for other potential sites.
12. During the pilot, our compliance and enforcement approach will centre on education. In the medium to long-term we will be assessing whether our existing compliance tools are sufficient. If not, changes may need to be made to introduce infringement offences or bylaws.

Treaty principles (section 4) – Ngā mātaḥono Tiriti (section 4)

13. Implementation of car park charges will require engagement with local Iwi and Hapū to ensure they are informed of what we are doing and to gather feedback on the pilot. At Dolomite Point we are proactively engaging with Ngāti Waewae to explore how to partner with them during the pilot.

Next steps – Ngā tāwhaitanga

14. If you agree to fund the pilot from the IVL we will immediately begin to carry out the plan in **Table Two**, providing you with periodic updates via status reports.

Table Two: High-level project timeline

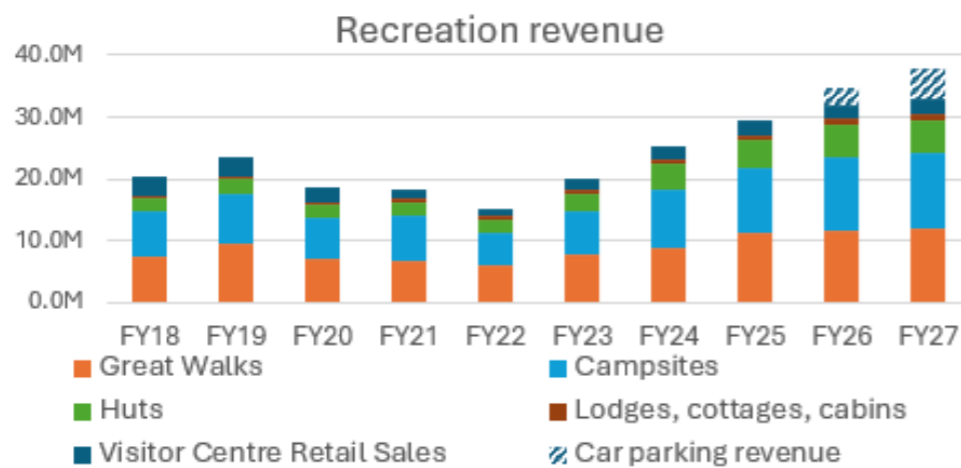
Stage	Timeframe	Description
Planning & solution scoping	October 2024 to January 2025	Detailed business case, targeted external stakeholder engagement, develop comms plan, prepare for RFP.
Request for Proposals & vendor selection	February to May 2025	GETS RFP; Evaluate RFP responses determine operating model; and conclude contract negotiations.
Implementation and system refinements	June to November 2025	Implement paid car parking at three pilot sites for summer 2025/26.
Monitor and evaluate pilot	October 2025 to August 2027	Monitor and evaluate performance of car park charges at pilot sites against pilot objectives. Recommend improvements for pilot sites. Develop a national toolbox for paid car parks and extend paid parking to other car parks.

ENDS

Summary |

DOC has a significant revenue opportunity in paid car parking at sites with high visitor volumes, in particular, where international tourists visit. You have asked DOC to identify a scaled back opportunity to pilot paid car parking. We now propose a pilot at three sites: White Horse Hill (high volume), Dolomite Point (high volume) and Roys Peak (lower volume). This would enable us to test different technology, pricing, and models.

The scale of the opportunity |



IVL Seed funding |
Estimated total cost \$3.78M

9(2)(i)

9(2)(i)

Assessment of Commercial Models |

- Once funding is confirmed, we will begin a Request for Proposals (RFP) to support our car parking pilot. This will ensure we are testing the market and the range of commercial models available to us.

9(2)(b)(ii)

- There are two clear models that vendors use:
 - DOC owned.** DOC pays upfront capex and pays vendor to service hardware, and for enforcement services. Vendor charges a fixed or % fee.
 - Vendor owned/managed.** Vendor fund/own the car parking hardware and provide enforcement services. Vendors take % of revenue.
- A third possible model is through a **concession**. A concessionaire could run and manage the car park, for example, 9(2)(i)

Technology |

Each site will have unique technology requirements and we plan to trial several options:

- Licence Plate Recognition cameras (LPR) for fee enforcement
- Pay-by-plate parking machine(s)
- Pre-booked parking at one site

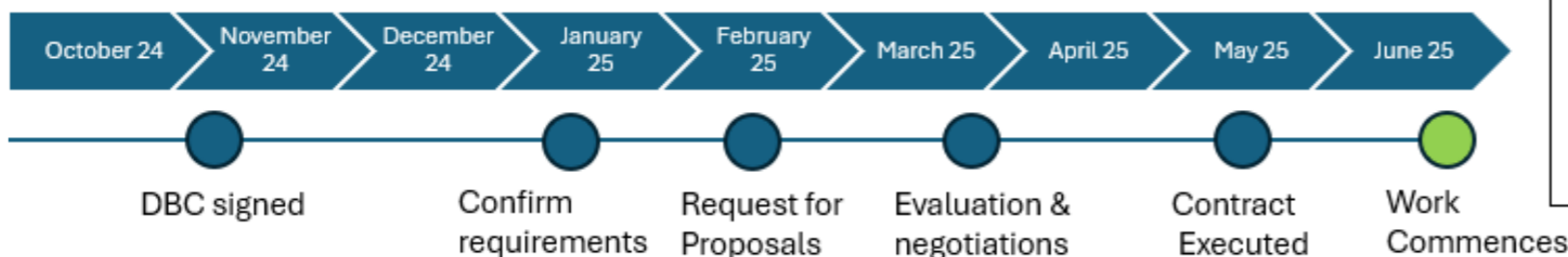


Case study – Milford Sound car park

9(2)(i)

9(2)(b)(ii)

9(2)(b)(ii)



Process from here |

Once we have run an RFP we will assess the costs and benefits of the models above, and any other models from vendors we have yet to survey.

At that point we expect to have a much clearer picture of both the costs and revenue generation opportunities.

- Note:** Initial cost estimates and revenue modelling In July were based on technology pricing provided 9(2)(i)

Dolomite Point ~110K vehicles annually

Visitors to Punakaiki/Pancake Rocks and the soon to open exhibition centre. Pre-COVID the site had up to 500K visitors per annum.

We will explore:

- Pay-by-plate parking machine(s)
- 9(2)(i)
- Licence Plate Recognition cameras (LPR) for fee enforcement
- Contracted third-party onsite car park warden/support
- \$1.1M CAPEX to form, seal, and line mark the southern car park.



Roys Peak ~38K vehicles annually

This car park at the beginning of the popular Roys Peak Track, near Wanaka. It sees 181K visitors annually. This is a sealed car park with spaces delineated.

We will explore:

9(2)(i)

- Pay-by-plate parking machine(s)
- LPR camera on single entry/exit for enforcement
- Part-time DOC rangers/wardens for pilot
- Monitoring road-side parking and other unintended consequences
- Working with council to stop visitors parking on road reserve



	Notes
Year1 Revenue	9(2)(i) Estimated using hourly rate & 90% compliance
Year1 OPEX	9(2)(i) Estimate and tendered
Year1 Operating Profit	9(2)(i) Not full profitability as does not include non-operating costs
CAPEX	9(2)(i) Year 1: Parking payment hardware and software, wheel stops in southern car park Year 2: 9(2)(i) to form and line marking in southern car park
NPV	9(2)(i) 10 years (5% discount rate)
Benefit/Cost Ratio	9(2)(i) 10 years (5% discount rate)

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9(2)(b)(ii)

9(2)(b)(ii)

White Horse Hill Car Park ~149K vehicles annually

This is a busy and high-profile location with car parking issues well publicised last summer. At peak times 130 vehicles arrive per hour.

We will explore:

- Pay-by-plate parking machine(s)
- 9(2)(i)
- Licence Plate Recognition cameras (LPR) for fee enforcement
- Part-time DOC rangers/wardens for pilot
- Monitoring road-side parking and other unintended consequences
- 9(2)(i) CAPEX to increase capacity by 85 car parks
- We'll explore car park pre-booking and park-and-ride to help manage car park demand.



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Photo from summer 23/24. Car park capacity is currently insufficient and in peak months cars park up to 1km from the actual car park along Hooker Valley Rd.

Attachment B: Map of pilot sites and other potential sites

