



Notice is hereby given that an ordinary Meeting of the Council will be held on:

Date: Thursday 1 June 2023
Time: 9.30am
Meeting Room: Council Chamber and Audio Visual Link
Venue: Municipal Building, Garden Place, Hamilton

Council

OPEN ATTACHMENTS

ATTACHMENTS UNDER SEPARATE COVER

ITEM	TABLE OF CONTENTS	PAGE
6.	2023-24 Annual Plan Deliberations Report	
5.	Additional Information Requests - Hamilton Gardens	2

Attachment 5: Additional Information Request – Hamilton Gardens

1. This attachment provides updated information and options following submitters' feedback and Elected Members' questions on the proposal to increase the entry fee for non-Hamiltonians aged 16 and over to enter the Enclosed Gardens at Hamilton Gardens.

The Enclosed Gardens

2. The Enclosed Gardens represents five hectares of the 45-hectare Hamilton Gardens site. Staff recognise that more can be done to clarify that the paid entry charge only relates to the Enclosed Gardens, and the rest of Hamilton Gardens remains free for all.
3. Staff are working on a promotion plan to distinguish the Enclosed Gardens at Hamilton Gardens from the wider Hamilton Gardens site, and from botanic gardens with which they are often mistakenly compared.
4. A further branding exercise will be considered in the future and more can be done with the Enclosed Gardens name to celebrate its origins and significance to the Hamilton Gardens' story. The term 'Enclosed Gardens' comes from the Latin *Hortus Conclusus*, meaning literally 'enclosed garden'. It describes a genre of garden that was enclosed as a practical concern, a major theme in the history of gardening.
5. The case for charging for entry to the Enclosed Gardens is to reduce the burden on ratepayers and to support the increasing costs of operating a world-class visitor destination.

Entry charge scenarios

6. The 2023-24 Annual Plan year (Year 3 of the 2021-2031 Long Term Plan), assumes \$1.1 million* revenue for Hamilton Gardens from retail sales, venue hire and Enclosed Garden entry fees. This is based on the entry charge being \$10 per person (non-Hamiltonians aged 16 and over).
7. The draft 2023-24 Annual Plan proposed raising the Hamilton Gardens Enclosed Gardens entry charge from \$10 per person to an average of \$20 per person. At this time staff had not had the opportunity to model differentiated pricing structures so only the \$20 average per person rate was provided.
8. An average of \$20 was proposed to provide scope for differentiated pricing for visitors, (e.g., tourists could potentially pay more than \$20 dollars per person and some visitor categories less), and to offer the range of annual pass and fee concessions that the public typically expect to see.
9. Revenue calculations based on an average of \$20 per person for the draft Annual Plan were very conservative (\$320,000, covering the period February to June 2024, taking the 2023-24 revenue to 1.4 million) and assumed a **worst-case** scenario for reduced visitor volumes following the introduction of paid entry.
10. In response to submitters' feedback and Elected Member questions about the proposed change, staff have modelled alternative entry charge scenarios to the average \$20 per person charge, including different treatments for Waipaa and Waikato District residents and international visitors.
11. Staff have also updated the modelling for the draft Annual Plan proposal with more realistic assumptions for reductions in visitor numbers. This indicates that fee concessions can be

offered within a maximum fee of \$20 per person without adversely impacting projected revenue (i.e., a \$20 average per person fee is not required).

12. Modelling was based on several working assumptions, including:
 - an annual visitation of 468,000 (an average of recent years) before paid entry;
 - presumed visitation ratios: local (regular visitors generally Hamilton and environs) vs domestic (wider New Zealand) vs international;
 - visitor numbers declining by between 40% and 60% overall following the introduction of paid entry; and
 - offering an annual pass and fee concessions for age or circumstances for domestic visitors, but a flat fee only for international visitors.
13. Staff also considered other factors related to entry fee scenarios such as likely impacts on tourist (rather than regional visitor) numbers and risks to the growing revenue stream from the Enclosed Gardens' value-add products (such as paid audio tours, paid guided tours and retail). Consideration was also given to the administration complexities of each scenario (e.g., verification requirements) and the potential impacts on visitor experience.
14. In the table below, staff have provided two scenarios – **orange** and **green** – that best address these considerations while generating a level of revenue that meets Hamilton Gardens' revenue budgets in 2023-24 and will exceed them in 2024-25 onwards (see point 33).

Visitation rate	Projected revenue over 12 months	
	Hamilton free, under 16 free, all other visitors \$20	Hamilton Free, under 16 free, Waipa/Waikato District \$10, Domestic and International \$20
60% ↓ (40% of current average annual visitation)	\$ 2,301,930.70	\$ 2,118,898.00
50% ↓ (50% of current average annual visitation)	\$ 2,877,413.38	\$ 2,648,622.50
40% ↓ (60% of current average annual visitation)	\$ 3,452,896.05	\$ 3,178,346.99

15. Staff recommend it would be prudent to use revenue projections based on a visitation rate of 40% of current average annual visitation (i.e., 60% reduction of visitors) until visitor trends post-implementation of paid entry are known.
16. Projections for five months of revenue (the number of months available for charging in the 2023-24 Annual Plan year) in both scenarios at 40% of current average annual visitation would be higher than the original conservative calculation of \$320,000. Five months of revenue spread evenly across a year would be approximately \$900,000 in the **orange** scenario and approximately \$800,000 in the **green** scenario. However, staff recommend retaining the draft 23-24 Annual Plan Hamilton Gardens revenue figure of \$1.4 million. There are risks associated with increasing the revenue budget further given the highest reductions in visitor numbers are forecast to occur in the first five months following introduction of charging which will also lead into the least busy months for the Enclosed Gardens.
17. The **orange** scenario based on a maximum charge of \$20 per person incorporates the updated modelling referred to in point 11 above and assumes the usual fee concessions for all domestic visitors e.g., group discounts and discounts for gold card and Community Services Card holders. The annual pass in this scenario would be \$70 (equivalent to 3.5 visits).
18. The **green** scenario with a \$10 per person fee for Waipaa and Waikato District residents assumes a flat fee based on a 50% discount on the \$20 charge. There is the option of an annual pass at \$35 but no other concessions for Waipaa and Waikato District residents. The usual fee

concessions would be available for other domestic visitors, e.g., group discounts and discounts for gold card and Community Services Card holders.

19. A flat fee for international visitors of \$20 per person is consistent across all scenarios.
20. Staff have not recommended a differentiated fee for internationals, as a price point beyond \$20 per person would likely impact international tourist spending on value-add paid products. Note that staff have factored revenue from value-add products (paid tours and retail) into overall revenue totals.
21. The potential impact on visitation resulting from the introduction of paid entry has been based on previous work undertaken by consultants Horwath HTL. The Horwath report anticipated a decline in visitor numbers of 40 – 49% for one to two years and a gradual return to original numbers within five years. Staff have modelled visitor drop-off rates of 40% to 60%.
22. Of submissions noting concerns about residents of Waipaa and Waikato District having to pay to enter the Enclosed Gardens, two thirds were raised by people living in Waipaa and Waikato.
23. The reduced entry fee for Waipaa and Waikato District residents reduces potential revenue by \$200,000 over a 12-month period, and also comes with increased administration costs and processing time. The need to verify approximately 29,000 - 40,000 more visitors (calculated based on 25% to 35% of adults living in Waipaa and Waikato District visiting at least once per year) would impact on all visitor experiences and consequently the Gardens' reputation, putting further revenue at risk.
24. As noted previously, a key driver for Council in making the decision to introduce paid entry to the Enclosed Gardens was to ensure the increasing costs of providing this world-class visitor destination would not be borne by Hamilton ratepayers alone.
25. The **orange** scenario best addresses this driver and provides a response to submissions from Waipaa and Waikato District residents wanting to continue to regularly visit the Enclosed Gardens in an affordable way through the offering of an annual pass (and other appropriate concessions for age and circumstances, see point 17).

Partners and stakeholders

26. Staff acknowledge and respect the significance of the Hamilton Gardens site to Iwi and mana whenua and their enduring relationship with the whenua, and particularly note their spiritual and ancestral connection to the Te Parapara Garden. Staff also acknowledge the view expressed by Ngaati Wairere in their submission that access to all parts of Hamilton Gardens should remain free for mana whenua – and indeed everyone.
27. There are considerable administrative and customer complexities associated with free entry for mana whenua who do not reside in Kirikiriroa, and staff are working on the assumption that Elected Members remain committed to an entry fee *in general* for non-Hamiltonians aged 16 and over, as set out in the Long-Term Plan. Given this, staff propose instead that a portion of the revenue from paid entry could be ring-fenced for the maintenance of Te Parapara Garden, interpretation and storytelling across the site and to enable cultural tourism attractions and events at Hamilton Gardens.
28. This would strengthen the ongoing partnership mahi between Visitor Destinations staff, Iwi, and mana whenua, and benefit visitors to Hamilton Gardens through a visible celebration of the significance of the site to Maaori, as well as the activation of the Awa and spaces within the wider Gardens.

29. The submission from Friends of Hamilton Gardens (FOHG) sought to have the long-standing support and significant contribution they have made to Hamilton Gardens over decades recognised in relation to paid entry.
30. The FOHG Committee have a good working relationship with staff and the intent from both parties is to enable paid entry and ensure FOHG continues to be attractive to existing and new members.
31. Staff propose this could be achieved by treating 'legacy' FOHG members differently from new members as follows:
 - each FOHG member (as at 1 May 2023) receives an individual lifetime free entry pass. There are approximately 250 paid members in total, many of whom, of course, live in Hamilton so would not be required to pay an entry fee regardless of this measure.
 - staff would then work with FOHG to ensure that the Friends' annual membership fee and any concessions offered by Council in relation to paid entry (e.g., 50% discount on the cost of an annual pass for FOHG) would not make it financially attractive to join FOHG simply to avoid the Enclosed Gardens entry fee.

Other considerations

32. In response to the Elected Member question asking **whether the top gardens in the world charge admission**, there is some subjectivity around the 'top five', however the following gardens are world renown:
 - Royal Botanic Gardens at Kew, Surrey, England - standard adult price is 24GBP or 48NZD.
 - Butchart Gardens - Vancouver Island, British Columbia - standard adult price is 39.50CAD or 47.00NZD.
 - Powerscourt Gardens - Enniskerry, County Wicklow, Ireland – standard adult price is 12.50€ or 21.70NZD.
 - The Master-of-Nets Garden - Suzhou, China – standard adult price is 40YUAN or 9.20NZD.
 - Stourhead - Warminster, England - standard adult price is 19GBP or 38.00NZD

Long- Term Plan impact and considerations

33. It is important to note that the revenue budget for the 2024-25 year in the current 2021-31 Long-Term Plan jumps up significantly from \$1.1 million to \$3.2 million from the same sources (retail sales, venue hire, and Enclosed Garden entry fees based on \$10 per person).
34. There were a few Elected Member questions seeking information and context for the impact of large numbers of visitors on the Hamilton Gardens in relation to site **capacity and pressures on infrastructure** (parking, wear, and tear on assets), and **future proofing the Gardens** (the Glenview site and potential pedestrian bridge). There is no doubt that the Hamilton Gardens' success has brought with it considerable challenges related to the day to day and operational management and maintenance of assets especially peak visitation times. Staff propose that Elected Member questions on these issues are best addressed through the Long-Term Plan process where the work staff are currently doing on the Asset/Activity Management Plan and the future context Hamilton Gardens can be fully considered.
35. There was also a question around **the cost of the Gardens if they are not expanded any further but instead maintained at their current level**. Staff propose that this question is also best

addressed through the Long-Term Plan process. Base assumptions (e.g., visitation trends post-paid entry, resulting visitor revenue, and venue hire revenue) need to be developed/confirmed to inform the calculations/modelling for new capital, renewals capital, and operational funding. The current Annual Plan and Long-Term Plan do not assume any development of the Enclosed Gardens beyond Stage 1 (Egyptian/Medieval/Pasifika/Baroque gardens which are all currently in development) and no funding for gardens beyond Stage 1 is included.

Alternative funding options

36. A further question was around the potential for **creative fundraising solutions for the Gardens, including sponsorship**. The City Investment Programme already assumes \$5 million for the Hamilton Gardens Enclosed Gardens Campaign over three years from individual and organisational philanthropy and sponsorship (naming rights etc). The campaign is being managed with Momentum to fund the current development of the Medieval, Pasifika and Baroque gardens. Raised funds are generally applied to capital development (e.g., new gardens, sculptures etc) whereas revenue generated from entry charges would be applied to operations and maintenance of the garden. Other than targeted visitor donation strategies, there are few, if any, funds available to cover operational costs associated with this type of activity.
37. Elected Members also asked by **how much rates would need to generate the same additional revenue as the entry fee is projected to generate**. For 2023-24 if there was no charge for the Enclosed Gardens that would be a loss of revenue of \$1.4 million, which equates to a rates increase of 0.63%. Note that there is only five months of paid entry revenue assumed in 2023-24, so the impact on rates will increase significantly for 'full' future years.
38. There was also interest in the potential revenue from **just charging international visitors** for access to the enclosed areas of Hamilton Gardens. This would generate \$1.2 million at \$20 per person. This level of revenue would meet the revenue target for 2023-24 of \$1.1 million (which was based on \$10 per person) but fall short of the \$1.4 million projected in the draft Annual Plan (which includes five months of revenue at \$20 per person), and well short of the 2024-25 target of \$3.2 million.
39. Staff do not recommend going higher than \$20 per person for any group, as this would likely impact their uptake of added value products beyond admission to the Enclosed Gardens such as audio tours, guided tours, and retail.
40. Elected members also asked about the prospect of **neighbouring Councils contributing to the cost of the Gardens, thus enabling free access for their residents** – noting that a similar arrangement exists for library services. Waikato District Council pays Hamilton City Council around \$250,000 per year for libraries services on behalf of their residents in designated areas bordering the city. The projected revenue from Waipaa and Waikato District residents over a full year is around \$200,000 at \$10 per person, or \$400,000 at \$20 per person. To date Waipaa and Waikato District Councils have not expressed any interest in funding Hamilton Gardens.

* all figures are rounded