

IN THE MATTER of the Resource Management Act 1991

AND

IN THE MATTER of applications to the **WAIKATO DISTRICT COUNCIL** and **WAIKATO REGIONAL COUNCIL** by **WEL NETWORKS LTD** for resource consents to authorise the establishment, operation and maintenance of 28 wind turbines for the generation of electricity and associated activities on the Wharaurua Plateau near Te Uku

STATEMENT OF EVIDENCE OF GORDON MCKENZIE CAMPBELL

1. INTRODUCTION

1.1 My name is Gordon Campbell. I am a strategic business consultant and CEO of Campbell Consulting. My qualifications and experience were set out in the evidence which I presented to the Committee on 26 November 2007, as was my commitment to comply with the expert witness code of conduct.

1.2 The purpose of this supplementary statement is to comment on Mr Gallagher's statement of evidence (Assessment of impact on tourism).

2. CVM 2008 RAGLAN TOURISM SURVEY – DESIGN

2.1 The survey design methodology - Net Promoter Score (NPS) - used in the CVM 2008 Raglan Tourism Survey was not used in any secondary tourism/wind farm related research that Campbell Consulting reviewed during its secondary research phase. It should be noted that the NPS methodology is widely seen as being controversial within academic and market research circles. Criticisms of the system include:

a) by collapsing a 10-point scale to three components, significant information is lost and statistical variability of the result increases.¹

b) the validity of NPS scale cut-off points across industries and cultures is very questionable.²

¹ "Would You Recommend Us?" Business Week, January 30, 2006.

² "Customer advocacy metrics: the NPS theory in practice" Admap, February, 2008.

2.2 The results of the NPS survey conducted by CVM have been severely impaired by the wording of the question asked to determine the extent of word-of-mouth driven by visitors to Raglan after the installation of the proposed Te Uku wind farm. The exact wording of the question used in the CVM survey was:

“If the area around Raglan become industrialised with several structures twice as high as the Auckland Harbour Bridge, that were visible from SH 23, Bayview Rd, Wainui Rd, Ngarunui Beach, Wainui Reserve and most parts of the harbour, how likely would it be that you would recommend the area to a friend as a place to visit?”

2.3 The wording of this question has biased participants responses to this question:

(a) “If the area around Raglan” – This wording has implied something that would encompass the entire area of Raglan. The proposed development at Te Uku will not encompass the entire area around Raglan.

(b) “become industrialised” – This is a subjective statement that may have implied a vast number of negative connotations to respondents.

(c) “several structures twice as high as the Auckland Harbour Bridge” – The Auckland Harbour Bridge is a large and iconic New Zealand structure well known for its length, width and height. Using the bridge as a benchmark is likely to have caused respondents to subconsciously take the bridge’s total area into the equation, instead of just the height.

(d) “that were visible from SH 23, Bayview Rd, Wainui Rd, Ngarunui Beach, Wainui Reserve and most parts of the harbour” – Nowhere has this statement included exactly how visible these structures would be from these locations. Despite this, the earlier simile to the Auckland Harbour Bridge would have connoted that the structures would be highly visible - which is misleading.

2.4 Mr Gallagher has concluded that the *“construction of the proposed wind turbine generators at Te Uku would have a severe negative impact on tourism in and around Raglan. Visitor numbers would plunge from the current upward trend into decline. Most accommodation providers, tourism activities or attractions would be negatively affected by the proposed wind farm.”* The survey design leading to this statement was heavily biased, and for this reason, it is in my view that this conclusion is not based on sound research.

3. TOURISM EXPERIENCE

3.1 Tourism is a specialised industry. Campbell Consulting specializes in the tourism industry and the company is well known for its tourism expertise. I have been a director and strategic advisor to major tourism companies for over 20 years. These major tourism companies include; Tourism Auckland, Subritzky/Sealink, Tourism Holding, Southern Pacific Hotel Corporation, Poronui Lodge and major event centres.

3.2 I have also worked on many major tourism projects including:

(a) Sky City Auckland Convention Centre (1500 pax), New Zealand's largest meeting and conference venue. This project involved; market study, preliminary market feasibility, financial feasibility and economic benefit study.

(b) Grand Hotel Auckland (a 316 room 5-star hotel which opened 2005). This project involved; market study and preliminary market feasibility.

(c) Telstra Pacific major Indoor Events Centre, Manukau City (3500 pax). This project involved; national and international benchmarking study, market feasibility, significant financial feasibility, full funding plan and implementation and brand work.

(d) Review and revitalisation of Auckland City of Sails brand. This project involved; research, strategy and international benchmarking.

(e) Poronui Lodge. This project involved; three world-class fishing and hunting lodges south-east of Taupo and development of Strategic Market Plan.

(f) Six Continents Hotels, owned by Intercontinental, Crowne Plaza and Hyatt brands worldwide. This project involved; research on suitable re-branding for Centra and ParkRoyal Hotels in New Zealand.

(g) Various regional tourism development plans. Examples are Milford Sounds, Coromandel, Waiheke Island and Great Barrier Island.

3.3 Mr Gallagher has not cited in his qualifications and experience any project, qualifications or experience relating to the specialist field of tourism. He has cited that CVM has undertaken work 'across a number of sectors including tourism', he has not stated that he or CVM specialise in the tourism industry.

4. TOURISM RESOURCE CONSULTANTS

4.1 Tourism Resource Consultants are a well respected company who specialise in the field of tourism. In November 2007, the Waikato District Council asked Tourism Research Consultants to peer review Campbell Consulting's report 'Wel Networks Te Uku Wind farm – Impact on Raglan's Tourism'. This was an appropriate decision as Tourism Research Consultants follow a very similar line of work to Campbell Consulting.

4.2 Tourism Resource Consultants summarised their review with the statement:

"In summary, we consider the methods and findings of the report 'Wel Networks Te Uku Wind Farm – Impact on Raglan's Tourism' prepared by Campbell Consulting for WEL Networks Limited to be reasonable and for the most part, reliable."

4.3 Tourism Resource Consultants also highlighted two areas in particular that needed clarification. These two areas have been addressed in my further statement of evidence. I do not believe that these areas need any further clarification as a result of Mr Gallagher's evidence as he nor CVM are tourism specialists.

5. INTERNATIONAL RESEARCH

5.1 The survey techniques and methodology used by Campbell Consulting in its online survey were very similar to that of the few existing objective international tourism related wind farm research projects³. The reasoning for the use of this similar methodology was so that the results of the Raglan survey could be compared to the results of international research. I also believe that this methodology is the most superior currently available to the market research industry.

5.2 The findings of the primary research conducted by Campbell Consulting were similar to the findings of the international studies. All studies had a high percentage of respondents in the 'Neither encouraged nor discouraged' 'No difference' or 'No effect' categories. The major difference between Campbell Consulting's findings and international findings were that Campbell Consulting's findings included a higher proportion of respondents who expressed a net positive effect on their likelihood of visiting the related tourist destination. It is Tourism Research Consultants and my view that this is most likely due to the fact that people may be curious about the wind farm.

³ "Tourist Attitudes towards Wind Farms", Mori Scotland, Sept, 2002.

"Fullabrook Wind Farm", Professor Cara Aitchison, June, 2004

"Investigation into the Potential Impact of Wind Turbines on Tourism in Scotland, VisitScotland,

6. CORRECTIONS TO MR GALLAGHER'S EVIDENCE

6.1 Mr Gallagher has made a number of comments in his evidence that are false or misleading. The following bullet points address these claims.

(a) Paragraphs 2.3 and 5.4 of Mr Gallagher's evidence states that the Smile City database currently has 47,000 members. The correct number of Smile City members when the survey was conducted was 136,000, of which 76,000 were actively involved in taking part in online surveys.

(b) Paragraphs 2.3 and 5.4 of Mr Gallagher's evidence states;

"the Smile City database is made up of people who like to sit at their computers and play games and complete surveys for reward points"

Paragraph 5.4 of Mr Gallagher's evidence states;

"The demographics of people who use the Smile City database are different from internet users who are not in the Smile City database."

"The Smile City panel is well regarded as the most representative online panel in NZ for both online and offline proportions - Smile City has the trust of some of the largest research firms in NZ including; Synovate (formerly Research Solutions), Colmar Brunton Research, Focus Research and even Land Transport NZ and ensures the best quality data from online respondents. Smile City invests heavily in offline advertising which has resulted in over 50% of the known recruitment methods to Smile City to come from offline sources. Smile City's website was named Website of the Year - the top award at the people's choice NetGuide awards in 2007 ahead of TradeMe.

Smile City online is second only to face-to-face (F2F) research for projects requiring visual stimulus - and even then it is can be a close comparison as face-to-face teams are now no longer supported by many field companies. The high penetration of the internet has led to the lack of demand of F2F projects except with the very low soc ec (socio-economic) citizens of NZ, meaning less experienced staff, less resources dedicated to ensuring a high calibre of interviewing (obviously important as work is too sporadic to ensure on the job training) and interviewer bias - where respondents may feel pressured (directly or

indirectly) to answer a certain way, without the security of anonymity and comfort your home or office environment can provide to ensure unbiased answers.”

Martin Tomlinson, Business Development Manager - Smile City

- (c) Paragraphs 3.2, 3.3 and 3.4 of Mr Gallagher's evidence provides comment on the list of accommodation providers in and around Raglan.

The Ministry of Tourism use two qualifiers in their Commercial Accommodation Monitor for defining commercial accommodation – accommodation providers that are GST registered and have an annual turnover of more than \$30,000. Campbell Consulting used these parameters to produce a set of guidelines suitable for the Raglan region. Campbell Consulting's study of 36 accommodation providers is an analysis of Raglan's commercial accommodation providers for domestic and international tourists. In this study Campbell Consulting used these parameters;

- a) The accommodation is listed with the local information centre or a well recognised database
- b) The accommodation has a brand and website
- c) There is some form of signage at the place of accommodation

The accommodation providers given in 3.2, 3.3 & 3.4 of Mr Gallagher's evidence do not qualify as commercial accommodation providers. For this reason these accommodation providers were not included in the analysis.

- (d) Paragraph 4.1 of Mr Gallagher's evidence states:
“It was found that all other tourism related businesses were not affected by the proposed wind farm. *There is no other comment on this anywhere else in the evidence or any data to support the statement”.*

Campbell Consulting's study did include an analysis of tourism providers, adventure operators, bars and cafes.

- (e) Paragraph 5.1 of Mr Gallagher's evidence states:
“*Tourism Resource Consultants did a desk review of the evidence of Gordon Campbell and concluded that the results may not be representative of the wider population of Raglan visitors”.*

Tourism Resource Consultant's did not conclude with this statement. Their actual commentary is this:

"The assessment of the effect of the Te Uku Wind Farm on Raglan's domestic tourism is based on primary research. We agree with the rationale investigating only domestic visitors at this stage because they account for three-quarters of the visitors. The lack of any comment on international visitors is noted and the report would have been stronger had there been some consideration made as to the potential response from international visitors, many of whom we suggest would be more used to wind farms than New Zealanders. We imagine that it was purely for practical reasons (time and budget) that only domestic visitors were surveyed.

The domestic research is based on an online survey and appears to be valid and suitable, however limitations should be stated more clearly."

- (f) Paragraphs 5.3 and 5.7 of Mr Gallagher's evidence asks:
"what demographic profile did Campbell Consulting specify to TNS Conversa? We are not told that, apart from it being a survey of people who live in Auckland and the Waikato."

People who live in Auckland and the Waikato was the only demographic profile provided to TNS Conversa by Campbell Consulting for this project.

- (g) Paragraph 5.6 of Mr Gallagher's evidence states:
"In total 299 people from the Smile City panel completed the survey. Of this group only 179 said they had been to Raglan previously. Another 120 (respondents) were asked an unknown screening question and on the basis of their response to that question were included in the survey on the basis that they might visit Raglan at some time in the future".

And paragraph 5.7 of Mr Gallagher's evidence states:

"In regard to representing the views of Auckland and Waikato visitors to Raglan, the survey includes 40% non visitors."

The results obtained from the 179 respondents who had visited Raglan before and the results obtained from the 120 respondents who had not visited Raglan before were never combined.

- (h) Paragraph 6.3(b) of Mr Gallagher's evidence states:
"The road carriageway has been cropped from the photo".

The photo was cropped for presentation purposes only in the report. The photo was not cropped in the survey. A screen shot of the actual photos used in the survey is provided below which was taken directly from Mansergh Graham's report.

Q3_LikelihoodVisitRaglan:

If there was a medium sized wind farm of 28 turbines located 11km inland from Raglan (see image below), that you could see and view whilst travelling to Raglan on state highway 23, and was only visible at a distance from a small number of locations in Raglan, how would this effect your likelihood of visiting Raglan?

	Less Likely 1	2	3	4	No Effect 5	6	7	8	More Likely 9
Likelihood	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q4_VisitPlatform:

If a wind farm in the Raglan area were to open to the public with a viewing platform showing information about how it works, to what extent would you be interested in visiting it on a trip to the area?

	Very Uninterested 1	2	3	4	5	6	Very Interested 7
Interest	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

- (i) Paragraph 6.3(b) of Mr Gallagher's evidence states:
"The photo in Gordon Campbell's evidence has towers with a height of 3mm when reproduced as an A4 document".

The towers in view location 12 and the online survey have a height of 5.5mm when reproduced as an A4 document.

- (j) Paragraph 8.3 of Mr Gallagher's evidence states:
"It is well documented that tourism businesses that are close to a wind farm will have a steady increase in business. *No references are given to support this statement*".

And paragraph 8.4 of Mr Gallagher's evidence states:

"There does not appear to be any basis for Campbell Consulting's statement that the proposed wind farm is a marketing opportunity for Hidden Valley Luxury Retreat"

Campbell Consulting conducted extensive research into understanding what impact wind farms have had on tourism in the Manawatu region. This research included a full analysis of what impact the wind farms had had on existing accommodation providers affected by the wind farms. The majority of respondents cited that the wind farms had had a positive effect on their business, and the remaining minority (3 respondents) said that the wind farm had had no effect on their business. This research included Hiwinui Country Estate, which we believe to have a very similar marketing positioning as Hidden Valley Luxury Retreat.

7. CONCLUSION

- 7.1 The CVM 2008 Raglan Tourism Survey design presented by Mr Gallagher in his evidence was biased and should be set aside.
- 7.2 Mr Gallagher has presented in his evidence a subjective critique of Campbell Consulting's evidence. Included in this assessment are a number of claims that are not factual.
- 7.3 Most issues raised in Mr Gallagher's evidence go against the findings of a review of Campbell Consulting's study conducted by Tourism Resource Consultants.
- 7.4 Despite Mr Gallagher's submission I firmly believe all Campbell Consulting's research methodologies and findings presented are reliable, accurate and trustworthy. These research methodologies and findings are also objective.