

# Mountain biking – Economic opportunity and risk facing Nelson Tasman

The Nelson Tasman region is a cycling sanctuary in New Zealand, and mountain biking (MTB) has developed into a vital part of the area's identity, culture, and economics. The local MTB network is renowned nationally and internationally for its high standards, accessibility, and distinctive natural features. In 2018, Business and Economic Research Limited (BERL) completed an analysis that included an estimated projection of the economic benefits generated from MTB in Nelson Tasman. This analysis projected for the year 2022 that direct spend from MTB would be \$44.2 million, with the flow-on effects of this spend as it ripples (or multiplies) throughout the economy generating \$40.8 million in regional gross domestic product (GDP) and 566 full-time equivalents (FTEs).

However, our world has changed significantly since 2018. The lingering effects of COVID-19 limited international visitors for a long period of time; flooding in August 2022 caused damage to key parts of the MTB network; and logging operations fully halted access to popular parts of the network for a year. These three factors had a compounding effect on MTB, severely limiting access and reducing participation, resulting in lower levels of spending. The absence of this economic activity was a risk for the region. Despite the challenges, the region's MTB network has shown resilience in late 2023, with improved access and recovering participation. This presents an economic opportunity to realise the full potential of MTB.

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To account for these challenges, BERL developed three scenarios to understand the economic risk or opportunity facing MTB in the Nelson Tasman region at varying levels of access and participation.<sup>1</sup>

Scenario three, which presents the greatest opportunity for MTB to generate significant economic benefits, includes full access to the entire MTB network following repairs of the damaged tracks and the permanent retirement of logging operations. This is also coupled with strong participation in line with national growth. At this level of full potential, MTB would generate \$48.8 million in direct spending, with the total flow-on effects generating \$45 million in GDP and 625 FTEs. This indicates that the region will generate economic benefits exceeding what was previously projected in 2018 for the year 2022. Scenario two depicts the MTB network as not entirely accessible and visitor numbers still recovering to pre-COVID-19 levels. At the time of this report (September 2023), scenario two is considered to most closely match the current state in Nelson Tasman. In scenario two it is estimated that MTB would generate \$30.3 million in direct spending, with total flow-on effects contributing \$27.9 million to GDP and creating 388 FTEs. This indicates that direct spending is \$14 million below previously estimated projections for the year 2022.

MTB has a definite impact on Nelson Tasman's regional economy. This is most clearly the case when there is full access to the MTB network as a whole and significant MTB involvement. To realise the economic potential of MTB and promote future growth, strong relationships and partnerships between local government, landowners, businesses, and iwi are essential, along with supporting infrastructure, active and targeted promotion, and ongoing management.

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<sup>1</sup> All scenarios present annual figures for the year 2022.