



**Submission to  
Westland District Council  
on the  
Draft Long Term Plan 2018-2028**

**Date: 15 June 2018**

**TOURISM INDUSTRY AOTEAROA**

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Tourism Industry Aotearoa (TIA) welcomes the opportunity to comment on the Long Term Plan 2018-2028 of Westland District Council.

This submission is filed without prejudice to TIA's future position. Our ability to prepare a comprehensive submission responding to the consultation document relied on the provision by the Council of information relevant to the connection between the consultation document and the benefits that would accrue. If any information is provided at a later date, TIA reserve the right to comment further.

## **INTRODUCTION**

1. Tourism Industry Aotearoa (TIA) is the peak body for the tourism industry in New Zealand. With over 1,500 members, TIA represents a range of tourism-related activities including hospitality, accommodation, adventure and other activities, attractions and retail, airports and airlines, as well as related tourism services.
2. The primary role of TIA is to be the voice of the tourism industry. This includes working for members on advocacy, policy, communication, events, membership and business capability. The team is based in Wellington and is led by Chief Executive, Chris Roberts.
3. Tourism 2025 ([www.tourism2025.org.nz](http://www.tourism2025.org.nz)), an industry-led, government supported economic growth framework was launched in New Zealand in 2014 and has set an aspirational goal of reaching \$41 billion in annual tourism revenues by 2025. Spend growth has been rapid since 2014 and we are well on target to reach that goal.
4. This year, TIA is working on a Tourism 2025 reset that will include incorporating sustainability principles, articulating a longer-term view of tourism in coordination with Central Government; and identifying new priority actions to be addressed over the next 1-3 years.
5. Any enquiries relating to this paper should in the first instance be referred to Nienke van Dijken, TIA Policy Analyst at [nienke.vandijken@tia.org.nz](mailto:nienke.vandijken@tia.org.nz) or by phone on 04 494 1842.

## **TOURISM'S IMPACT AT A REGIONAL LEVEL**

6. The visitor spend from both international and domestic visitors for Westland District Council was \$357m (YE Feb 2018).
7. The tourism industry makes a significant contribution to regional economic development through the jobs and income it creates. Only a fraction of visitor spending actually occurs in places commonly considered visitor specific e.g. accommodation, attractions. The rest takes place in shops, cafes, petrol stations and other local businesses. Local farmers and market gardeners benefit from selling their goods directly or indirectly to visitors.
8. On any day of the year, your community is hosting the visitors, domestic and international, who are helping support local jobs and businesses.

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9. One of the keys to a strong regional visitor economy is the quality of the visitor experience. Councils play an important part in that experience with the investment they make in infrastructure e.g. roads, water/waste disposal, broadband, attractions and events in addition to their support for promotional bodies. Councils play a vital role in helping visitors, as well as ratepayers, make the most of their time in the community.
10. Councils' planning need to consider the needs of visitors and residents so that the community can reap the benefits of the visitor economy.
11. In 2016, TIA developed a Local Government Manifesto, outlining eight priority actions for councils to reap greater economic and social rewards from tourism. A copy of this manifesto was sent to all local councils, ahead of the Local Council Election. For more details, please refer to Appendix 1.

### **Challenges and opportunities of tourism growth**

12. Tourism growth presents both challenges and opportunities. The visitor economy is a major driver of regional prosperity but the costs and benefits of increased tourism do not always fall evenly. However, talk of new visitor taxes and levies must be debated robustly, with all the issues and options considered. Any form of national or local tourism tax or levy must be fair, efficient and ring-fenced for tourism-related investments.
13. We understand that the growth in tourism in your region may bring with it specific issues. The following section explores some of those likely issues, how the industry is responding and what you, as a Council, could do.

### **14. Infrastructure**

Recent tourism growth has placed pressure on some infrastructure used by visitors. In order to better understand and size this issue, TIA undertook a [National Tourism Infrastructure Assessment](#) in 2016/17. The resulting report identified the main infrastructure deficits in both the private and public sectors.

The priority infrastructure types identified were:

- Visitor accommodation
- Telecommunications
- Airport facilities
- Road transport
- Car parking
- Public toilets
- Water and sewerage systems

Much of the infrastructure identified as a priority for investment is local and mixed use (used by both residents and visitors) and has often seen long-term under-investment. To optimise the benefits of tourism for host communities, coordination between Central and Local Government agencies and industry partners is needed for projects to proceed.

*What the Industry is doing:*

- TIA successfully advocated for the Tourism Infrastructure Fund resulting in a \$100m fund for local and mixed-use infrastructure.

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- Tourism sectors able to scale-up quickly are doing so, e.g. the road transport sector has been able to respond quickly with increased fleet size.
- Operators are making significant private investment into infrastructure e.g. Skyline Queenstown's \$100m redevelopment.
- TIA is undertaking work to identify and address the key barriers to infrastructure investment.

*What you as a Local Council could do in regards to infrastructure:*

- Apply to the Tourism Infrastructure Fund for projects like new carparks, toilets and visitor facilities.
- Coordinate with Central Government and industry partners on infrastructure projects submitted to the Regional Growth Fund.
- Ensure the Long-term Plan accurately reflects the infrastructure needs of tourism.

## **15. Social Licence to Operate**

The fast growth of the visitor economy has caused unease in some host communities, with locals worried about the number of visitors and the impact. This places pressure on the social licence the industry has to operate within these communities.

*What the Industry is doing:*

- TIA in conjunction with Tourism New Zealand undertakes six-monthly 'Mood of the Nation' research to assess New Zealanders' views of tourism.
- TIA in conjunction with Tourism New Zealand is developing a 'Tourism Narrative' project, which includes helping local businesses tell their stories.
- TIA is a key partner in NZTA's Visiting Drivers project to reduce the number of accidents by visiting drivers.
- TIA leads the Responsible Camping Forum, a group of 40 organisations representing rental operators, industry associations, Local and Central Government working together to manage freedom camping.
- A number of infrastructure initiatives will contribute to addressing social licence issues such as over-crowding.

*What you as a Local Council could do in regards to social licence concerns:*

- Ensure freedom camping is effectively managed in your region
- Promote the benefits of tourism in your region to the local community

## **16. Sustainable tourism**

With the rapid growth achieved in the past few years, the tourism industry is facing the challenges of managing and sustaining growth, rather than generating growth. There needs to be purposeful effort to actively manage the industry for its long term sustainable success.

*What the Industry is doing:*

- TIA has worked with industry and with Government agencies' support to develop a Tourism [Sustainability Commitment](#) (TSC). The Commitment establishes a set of aspirational goals at both an industry and business level across the areas of economic, environmental, host communities and visitor sustainability. Tourism operators are signing up to the TSC and working towards implementing the sustainability commitments within their businesses.

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*What you as a Local Council could do to support tourism sustainability:*

- Support the tourism sustainability goal through positive policy and regulatory settings, and funding.
- Sign up the Council or your appropriate agency to the TSC and actively promote the TSC to your local tourism operators.

### **17. Protecting and restoring the environment**

Tourism is a highly competitive global industry. New Zealand's environment is our unique selling point, it underpins our 100% Pure New Zealand tourism position and supports many of our iconic adventure and outdoor activities. Data from the International Visitor Survey conducted for the Ministry of Business Innovation and Employment (MBIE) shows that the top factor for influencing visitors to choose New Zealand is our natural landscape and scenery.

New Zealand's natural environmental assets are under threat, including many of our native species, our freshwater rivers and lakes, and our unique landscapes.

*What the Industry is doing:*

- The environment is one of the four pillars of the Tourism Sustainability Commitment. The TSC asks that Tourism businesses actively support and champion ecological restoration initiatives, and that they are measuring, managing and minimising their environmental footprint.
- TIA is a member of the Land and Water Forum and advocates with central government to protect our natural environment.

*What you as a Local Council could do to support our valuable environment:*

- Recognise the economic value of your environmental assets to tourism
- Ensure the Long-term Plan accurately reflects the environmental needs of tourism

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- Action the requirements of the National Policy Statement for Freshwater Management as quickly as possible

## **18. Regional Economic Development**

TIA is pleased to see the increased focus on regional development by Central Government.

Regional dispersal is one of the big challenges for the tourism industry, as currently 65% of current visitor spend occurs in the four gateways of Auckland, Wellington, Christchurch and Queenstown. By improving the spread of tourism around the country, we can ensure that many more regions benefit from tourism activity, while relieving pressure on those places with the highest visitor loads. We are strongly supportive of regional development initiatives that encourage and incentivise tourism.

An effective regional tourism partnership relies heavily on a strong and healthy relationship with Local Government and local communities. The regions where tourism is well managed are characterised by strong local leadership and support, and Regional Tourism Organisations (RTOs) and Economic Development Agencies (EDAs) play an important part in this.

TIA is keen to work with you either in partnership with RTOs/EDAs on areas such as regional visitor strategies, or directly on issues such as freedom camping and proposed regional visitor levies.

## **Funding**

19. Tourism funding in this context relates to financial contributions provided through Central and Local government. There are two components to tourism funding – the source of funds and distribution of funds.

## **20. Sources of tourism funding**

International visitors pay taxes and are more than paying their way. TIA believes these taxes, including the border clearance levy and \$1.5 billion a year in GST, need to be taken into account when additional charges on visitors are contemplated.

Tourism businesses support regional tourism activity through general and targeted rates, regional marketing alliances and their own marketing efforts.

There are infrastructure funding issues at a local government level, especially in regions with small ratepayer bases. Central government assistance is desirable in some cases and there are opportunities for greater user pays and better use of council balance sheets.

Any new funding models contemplated need to be fair and applied nationally. A strength of the New Zealand tax system is its simplicity. Ad hoc taxes on visitors or tourism businesses at a local level are undesirable.

## **21. Distribution of tourism funding**

Central government funding support for local mixed-use infrastructure provided by local government requires a robust governance and allocation process.

Any form of tourism tax, such as the existing border clearance levy, must be ring-fenced for tourism-related investments, not siphoned off for other purposes.

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Regional expenditure on tourism marketing and destination management by local authorities should be consistent with the tourism aspirations of the community and cognisant of the impact that visitor spend has on the wider community including employees and suppliers.

22. New visitor taxes and levies must be debated robustly, with all the issues and options considered. Any form of national or local tourism tax or levy must be fair, efficient and ring-fenced for tourism-related investments. TIA will vigorously resist any poorly designed tax or levy proposals that could tarnish New Zealand's reputation as a country that welcomes visitors.

### **Tourism in the Westland District**

23. TIA is pleased to see the recognition of the value of tourism in the LTP and the proposed investment by the Council in community projects that will benefit residents and visitors alike. It is also positive that one of the Council's priorities is constructing new assets that will support the growing tourist population and increase its environmental, public safety and legal compliance.
24. We understand that with the increased levels of tourist traffic through Westland a key priority is to continue to develop with DOC a Memorandum Of Understanding regarding strategic tourist locations and support of DOC's work to ensure that parts of the DOC estate are predator free by 2025. We are supportive of this.

### *Environment*

25. We understand that the Westland community has strong environmental values and that the Council aims to recognise these values in decision-making.
26. As noted, TIA has worked with industry and with Government agencies' support to develop a Tourism Sustainability Commitment (TSC). We strongly encourage the Council to support the tourism sustainability goal through positive policy and regulatory settings and funding, sign up the Council to the TSC, and actively promote the TSC to your local tourism operators.

### *Transport*

27. We understand that the Council's principal goals for transportation are:
- a. To increase both the resilience and capacity of the roading network;
  - b. To enable the roading network to adapt to changing function and use over time; and
  - c. To ensure safety and accessibility for residents and visitors alike.
28. Over the last few years, the importance of a resilient road network to the tourism industry has shown to be extremely important. Kaikoura was cut off from the rest of New Zealand following the 2016 Kaikoura earthquake; the closure of Takaka Hill Road closed off access to the tourism destination Golden Bay; and of course the important visitor route along the West Coast was closed because of Cyclones Fehi and Gita, leaving some visitors stranded along the West Coast.

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29. We strongly urge Councils to assess their roading network from a tourism perspective and it is pleasing to see that Westland District Council understands this importance.

#### *Community projects*

30. We are pleased to see that the Council intends to invest in community projects that will benefit residents and visitors alike, such as the waterfront development, the museum development and the investments in the Hokitika i-Site (interactive technology for bookings and mapping; website development).

#### *Transfer of management of non-core activities to 'Destination Westland'*

31. We understand that the Council proposes to transfer the Hokitika Museum, West Coast Wilderness Trail, Hokitika i-SITE and events portfolio including Hokitika Wildfoods Festival to the Council Controlled Organisation (CCO) Destination Westland.

32. We are supportive in principle of the Council's preferred option as this would allow Council to focus more directly on core business activities in alignment with Council's strategic direction.

33. We understand that the Council aims to provide Destination Westland with a management charge for these activities, set at a fixed fee (with no inflation added) of 80% of the current rates revenue for these activities. The rationale behind this is that the CCO as a commercial entity has additional funding sources and specialist business expertise. It is envisaged that it should have the ability to operate the activity on less funding and ensure its long-term financial sustainability more easily than Council can. Since the CCO operates in a more commercial environment, the Council is also considering reducing ratepayer contributions further in the future.

34. This proposed reduction in ratepayer contribution to Destination Westland is of concern to us. Because of the economic benefits tourism bring to a region, many regions in New Zealand are focussing on attracting visitors to their region. Having sufficient funds to attract these events and visitors is an important factor to be successful.

#### *Tourism West Coast funding*

35. We understand that Westland District Council did not include funding for Tourism West Coast in its draft Long Term Plan. We were recently advised that Grey District Council has pulled its funding from Tourism West Coast. We understand that the West Coast mayors had a meeting last week to consider a way forward for Tourism West Coast.<sup>1</sup>

36. The funding cut for Tourism West Coast is very concerning to us. Tourism is a driver of regional prosperity but it does not happen by chance. Spending on regional tourism marketing is an investment, not a cost. Tourism West Coast deserves a great deal of credit for the annual growth in visitor spend along the West Coast. Their work has also

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<sup>1</sup> Otago Daily Times, *Mayors meet after tourism funding pulled*, 07 June 2018, as sourced on

<https://www.odt.co.nz/regions/west-coast/mayors-meet-after-tourism-funding-pulled>



been acknowledged as winner of the industry alignment award<sup>22</sup> at the New Zealand Tourism Awards.

37. Reducing Tourism West Coast's funding means the West Coast could miss out on hundreds of millions of dollars and hundreds of jobs in the coming years. Attracting domestic and international visitors is highly competitive and numerous regions around New Zealand are looking to increase their tourism funding support. For example, Tauranga City Council approved in their LTP a significant increase in funding for Tourism Bay of Plenty, because it has ambitious goals to grow the local visitor economy to \$1.45 billion by 2028.
38. We strongly suggest for the Councils throughout the West Coast to find a viable solution to prevent any reduction in funding. We would like to reiterate that any form of local tourism tax or levy must be fair, efficient and ring-fenced for tourism-related investments. We would welcome the opportunity to be part of these discussions.

#### FOLLOW UP PROCESS

39. TIA wishes to have the opportunity to participate further in any follow-up process, including any formal meetings, to ensure that the potential impacts on tourism are adequately represented.
40. Thank you for the opportunity to submit on the draft LTP. Any enquiries relating to this paper should in the first instance be referred to Nienke van Dijken, TIA Policy Analyst at [nienke.vandijken@tia.org.nz](mailto:nienke.vandijken@tia.org.nz) or by phone on 04 494 1842.

#### BACKGROUND

41. Tourism for New Zealand is big business as the country's largest export sector. It is a major contributor to the New Zealand economy that will always be here and won't easily go offshore. Tourism takes the lead in promoting New Zealand to the world. The brand positioning built by a vibrant tourism industry has become an important source of national confidence and identity and a front window for "Brand New Zealand". Indeed, the clean and pure offer that is synonymous with New Zealand tourism has been widely adopted and used to promote New Zealand exports in a range of other industries as well.
42. The tourism industry delivers the following value to New Zealand's economy:
  - Tourism in New Zealand is a \$99 million per day and \$36 billion a year industry. Tourism delivers around \$40 million in foreign exchange to the New Zealand economy each day of the year. Domestic tourism contributes another \$59 million in economic activity every day.
  - The tourism industry directly and indirectly supports 14.5% of the total number of people employed in New Zealand. That means 399,150 people are working in the visitor economy.


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<sup>22</sup> <http://nztourismawards.org.nz/winners-finalists/>

- Tourism is New Zealand's biggest export industry, earning \$14.5 billion or 20.7% of New Zealand's foreign exchange earnings (year ended March 2017).

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## **Appendix 1: TIA Local Government Manifesto 2016**

The following Tourism 2025 actions are the priorities for a stronger local government/tourism partnership. The industry's eight priorities we would like to see from Local Government are:

### **Destination Management**

This is the most important thing councils can do – look after and invest in the quality of your region as a destination.

- Facilitate and enable communities to meet the needs of growing numbers of visitors, as well as residents.
- Identify your unique selling points as a destination and promote them.
- Work with neighbouring communities to attract visitors to the wider region.

### **Infrastructure Facilitation**

With the rapid growth in visitor numbers, we have to invest in essential infrastructure and enable the private sector to develop its infrastructure by delivering efficient planning and approval services.

- Define and plan for the priority infrastructure that meets the needs of visitors as well as residents.
- Examine the regulatory environment applied to tourism operators and other businesses serving visitors, and assess where the compliance burden can be reduced to support increased productivity

### **Events programming**

Events are one of the best tools for encouraging people to visit your community. Use them to your advantage.

- Schedule events (meetings, conferences, sports events and festivals) outside of the peak season to foster off-peak travel activity.
- Attract high value business visitors through the availability of quality facilities, such as convention centres where appropriate.

### **Measuring Visitor Satisfaction**

It is important to understand what your visitors think of your community. If they are happy, businesses can grow. If you know there are areas of low satisfaction, you can address the problems. Without this insight, you can't increase value.

- Track the satisfaction of international and domestic visitors, whether by direct customer feedback or social media, and use this information to address areas of dissatisfaction and deliver ever higher satisfaction levels.


### **Off-peak Marketing**

Help your community to prosper by attracting people to visit throughout the year. This will develop a sustainable tourism industry with more permanent jobs.

- Council-owned or supported marketing agencies (e.g. RTOs, EDAs) build a stronger focus on promoting off-peak travel activity to high value visitors.

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### **Regional Development and Tourism**

Every region wants to grow and tourism can and does support this goal. Tourism complements your community's other industries like wine, horticulture and farming.

- Encourage and incentivise tourism as part of your regional development strategies.

### **Enabling Airport and Port Facility Development**

Great air and cruise links are vital to growing tourism. If your airport or port is council-owned, make sure long-term plans are aligned with industry forecasts. There are long lead times, so you have to think ahead.

- Councils work with local airports to establish and implement long-term and sustainable development strategies.
- Councils work with their port company to ensure cruise tourism is enabled.

### **Sustainable Tourism Positioning**

Every region needs to demonstrate its commitment to look after its economic future and the resources it uses to operate.

- Identify the regional priorities required to develop a sustainable tourism industry across economic, social, cultural and environmental considerations.

By actively pursuing these opportunities, your Council can enable real economic and social gains for their communities.

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