

**9% of the benefit –
100% of the cost!**

**Oral Submission to
Auckland City Council
20 March 2017**

“Those who benefit most should also pay their fair share” *Phil Goff NZ Herald 9 March 2017*

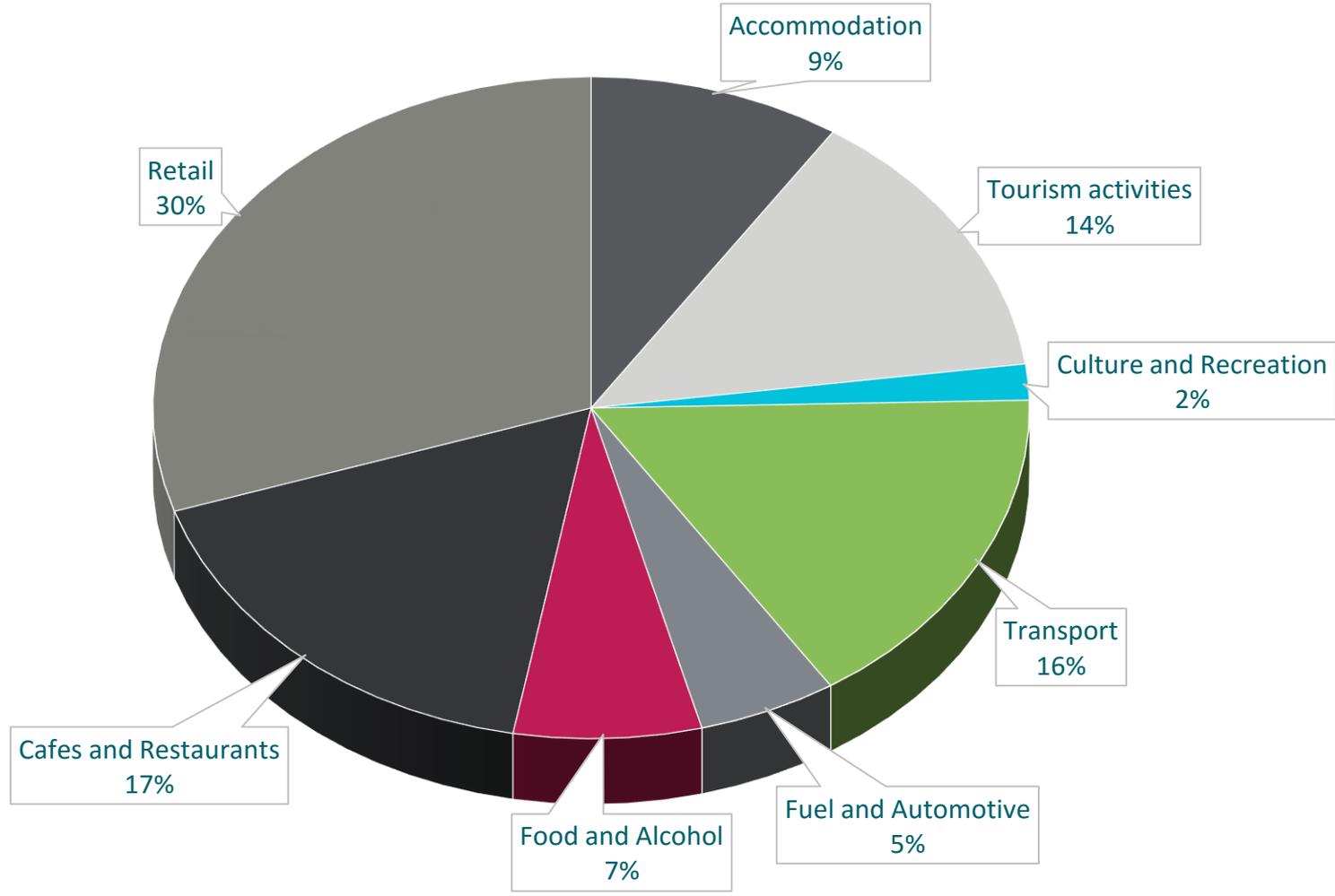
“I am asking those who directly benefit from the Council’s visitor attraction services to make an appropriate contribution” *Phil Goff Letter to TIA 28 February 2017*

Total annual visitor spend in Auckland: \$7.5 billion

Share of that spend going to the commercial accommodation sector: 9.3%

The sector receives 9% of the benefit and is being asked to pay 100% of the cost – a “Fair Share”?

Visitor Spend in Auckland



Source: MBIE Regional Tourism Estimates YE Jan 2017

“The intent of my proposal is to create an environment where residents are not paying for visitor attraction services” *Phil Goff Letter to TIA 28 February 2017*

Visitor attraction services – simply a council cost?

Or an investment in economic development for the city?

If only seen as a cost – why fund ATEED at all?

ATEED's Statement of Intent

- Five strategic objectives, one of which is "to grow the visitor economy"
- *"The benefits of an enhanced visitor economy extend beyond the direct economic impacts that increased visitor numbers bring. A city that is attractive to visitors also attracts residents, students, migrants and investment, in turn providing jobs and an improved standard of living. In this way, the visitor economy underwrites much of the amenity of Auckland that benefits visitors and residents alike."*

THE POWER OF TOURISM

98,000 Aucklanders work in the visitor economy, including 9,000 in the accommodation sector



Accommodation just one sector among many

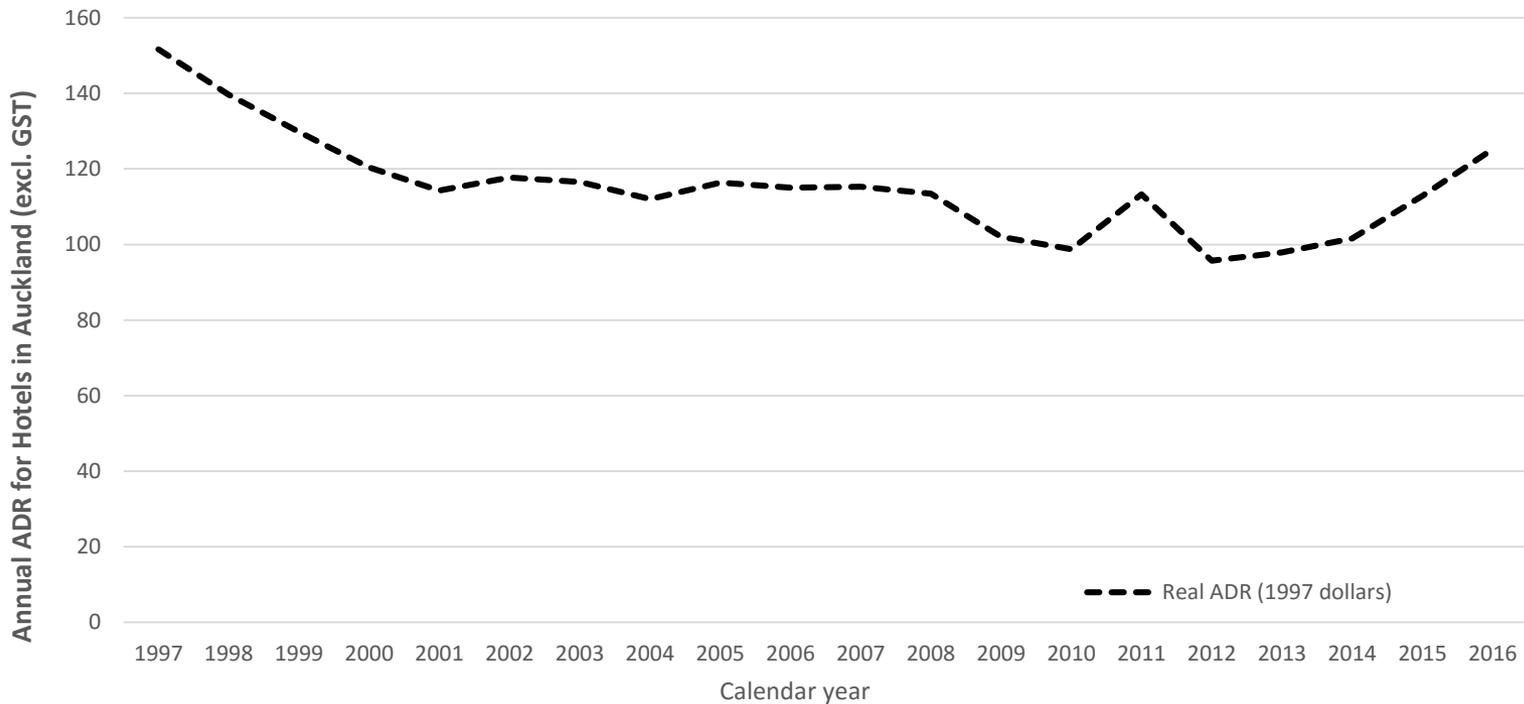
“The appropriate lens to assess the fairness and affordability of the proposal is the impact on the people who will ultimately bear its cost – visitors to Auckland” *Phil Goff letter to TIA 28 February 2017*

There were 28.2 million visitor nights in Auckland in the last year
How many of those nights were in commercial accommodation?

- | | |
|--|------------|
| 1. Hotels, Motels, Backpackers and Holiday Parks | 26% |
| 2. Other paid accommodation (Airbnb, holiday homes etc.) | 20% |
| 3. Unpaid accommodation | 54% |

The proposed rate is targeting just one quarter of the visitors to Auckland

“Auckland hotels are reaping the benefits of the booming tourism market” *Phil Goff, NZ Herald 9 March 2017*



Room rates are only just returning to levels last seen in the 1990s

“Expert Panel to Review Council Services”

NZ Herald 17 March 2017

- Council is planning a comprehensive review of four areas by an Expert Panel
- Where is the review of economic development activities?
- Targeted rate has been a rushed and poorly thought out process
 - no proper consideration of alternatives
 - so-called pre-consultation meetings presented a fait accompli
 - poor understanding of where value and benefits lie

Summary

- The proposal does not pass the “Fair Share” test
 - Asked to pay 100% for 9% of any benefit
 - A clear and disproportionate burden on one sector
- The proposal misses the target
 - Three quarters of visitors to Auckland stay elsewhere
- Visitor Services are not just a cost
 - An investment to generate economic benefits for the entire city
- Accommodation returns are not excessive
 - Rates reaching sustainable levels after a 15 year decline
- There is a better way
 - Work with the tourism industry, not against it
 - Include ATEED and how it is funded in the Expert Panel Review