



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

Date: 13 April 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 Queenstown Lakes District Council. This submission comprises two main parts. Part One provides a general perspective on tourism at a regional level. Part Two provides specific feedback on the draft Long-term Plan.

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), 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 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 Queenstown Lakes District Council was \$2,721m (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

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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.
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

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and Local Government agencies and industry partners is needed for necessary 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.
- 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 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 needs including submissions to the Provincial Growth Fund.
- Ensure the Long-term Plan accurately reflects the infrastructure needs of tourism.

15. Social Licence to Operate

The fast growth of 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

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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.



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.

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

Funding

18. 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.

19. 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.

20. 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.

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.

21. 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.

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Part Two - Specific feedback on your LTP

22. In the following section, we provide feedback on the tourism components within your LTP.
23. We understand that Long Term Plans set out a local authority's priorities in the medium to long term.
24. We understand that Queenstown Lakes District Council's priorities are:
- Queenstown town centre masterplan
 - Project connect and libraries
 - Wanaka masterplan
 - Water (major capital programme)
 - Funding small communities' water needs

Funding the Queenstown Town Centre Masterplan

25. We acknowledge that QLDC is in a difficult predicament in regards to funding the infrastructure requirements of the LTP. The LTP is ambitious and recognises the long-term importance of tourism to the Queenstown and Wanaka economies.
26. The proposed introduction of a new targeted rate (Queenstown CBD Transport Improvement Rate) to fund the Queenstown Masterplan project appears to be a necessary, albeit unpalatable, requirement to fund the infrastructure growth.
27. Commercial and accommodation properties at the top-end of property values will see annual rate increases of up to 30.3% (\$28,377) and 19.1% (\$55,255) respectively as a result of the targeted rate.
28. When the rate increases required to fund two other major projects (Project Connect and Water Treatment project) are added, accumulative top-end rate increases move to 34.8% (\$32,530) for commercial and 21.7% (\$62,789) for accommodation. These are significant increases, particularly when other councils without the same challenges and a more conservative approach are signalling annual rate increases around the 4% - 6% range.
29. The positives, if there are any, coming from the approach to funding the major projects is that the rate increases are being applied across commercial and residential properties in a 65/35 split, therefore aiming to spread the cost across the wider set of those who benefit from the investment.
30. We are concerned that the use of capital value to apportion share of the targeted rate (commercial portion) inevitably hits the likes of hotels with a much larger share of the proposed increase, given their capital asset base. We ask Council to consider other options for the commercial portion that may result in a more equitable apportionment across commercial operators.
31. We acknowledge that QLDC has been proactive in engaging with Central Government for infrastructure support. It is encouraging that NZTA may fund \$235m over the ten-year period, including \$119m towards the Queenstown by-pass arterial.

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32. Visitors to the QLDC region spent \$2,721m (YE Feb 2018). TIA's long-held position has been that a component of the GST international visitors pay (currently about \$1.5bn p.a.) should be contributing to tourism needs, in particular to tourism infrastructure needs. We encourage QLDC to continue advocating for further funding from Central Government and offer our support for this as required.
33. There is a general concern amongst tourism operators that these significant rate increases occur at the same time as many operators are investing in their own products and people to create a better experience for all visitors. The commercial reality is that only a portion of cost increases can be passed on in visitor pricing and that ultimately reductions in other spending, e.g. staffing, will be required which in turn may impact negatively on the visitor experience. Therefore, there needs to be a wider conversation between Council and tourism operators about funding of infrastructure, water and other services. TIA and its members would welcome this conversation with Council.

Local communities embracing tourism

34. The vision of the New Zealand Tourism Sustainability Commitment, launched by TIA in 2017, is to lead the world in sustainable tourism. To deliver on this, we must achieve ambitious economic goals while sharing the overwhelming benefits with supportive host communities, contributing to restoring, protecting and enhancing our natural environment, and continuing to be a high quality destination of choice for domestic and international travellers.
35. Welcoming, supportive communities are a vital part of what New Zealand has to offer our visitors. Sustainable businesses have to find ways to protect and enhance their social license to operate within their communities.
36. This includes active engagement with the communities in which businesses (and Councils) operate. The economic, social and environmental impacts that tourism has on a community should be balanced.
37. The Queenstown region currently carries a risk of over-tourism and as such, of the loss of community support and tourism's social license to operate in this region. Having local communities embrace the visitor population is important and not without its challenges. The issues with freedom camping in Queenstown have had a negative impact on some local perceptions on the value of visitors.
38. We agree with the Council that tourism is critical to the economic success of Queenstown Lakes District and that it is critical that the Council hits the right balance between meeting the expectations of its community and visitors and ensuring the LTP is affordable.
39. We are supportive of the development of a Wanaka Masterplan in 2018 that will balance the needs of a growing community that is increasingly seeing the pressures of a popular tourist destination, and will include solutions for parking, public transport, shared vehicle and pedestrian access, alternative transport methods, arts and culture, civic facilities and routes such as dedicated cycle pathways.

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40. Visitor spend figures for February for the Wanaka region show a 28% increase, totalling \$58 million and ranked 2nd in New Zealand for percentage growth¹. We do not support setting investment in this Masterplan aside and waiting until growth in Wanaka becomes more challenging.

Environment: Fresh water and Coronet Forest

41. As noted, New Zealand's environment is our unique selling point and our natural environmental assets are under threat, including our freshwater rivers and lakes, and our unique landscapes.
42. We are pleased to see that the Council proposes to protect the environment by funding new wastewater and water supply schemes for small communities. We are supportive for the Council's preferred option of introducing a general subsidy in order to protect the environment by supplementing the cost of smaller community schemes.
43. We are supportive of the inclusion of funding for the revegetation programme in Coronet Forest, which aims to eradicate pests in the area, offers ongoing maintenance and construction of tracks. Currently the draft LTP says that these tracks **may** be available for walking, bikes and horse-trekking to create a valuable community asset. We encourage the Council to do all they can to make these tracks available for walking, bikes and horse-trekking. As the community, including business community, is bearing the cost of this development through Council rates, we feel they should have access to these tracks.

Investment in trails

44. Queenstown Lakes District has a well-developed network of cycle trails and tracks which benefit both the local population and domestic and international visitors. We are supportive for the Council to work closely with the Queenstown Trails Trust and the Upper Clutha Tracks Trust to continue to manage and develop cycle trails and tracks.

Follow up process

45. TIA wishes to participate further in any follow-up process, including any formal meetings, to ensure that the potential impacts on tourism are adequately represented.

BACKGROUND

46. 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

¹ MBIE, *Monthly Regional Tourism Estimates*, as sourced on - <http://www.mbie.govt.nz/info-services/sectors-industries/tourism/tourism-research-data/monthly-regional-tourism-estimates/monthly-spend-grouped-by-rto-and-country-of-origin>

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.

47. 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.
- 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).

End.

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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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