Submission to Productivity Commission

Local Government Funding and Financing

Issues Paper – November 2018

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TOURISM INDUSTRY AOTEAROA
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Tourism Industry Aotearoa (TIA) welcomes the opportunity to comment on the Productivity Commission's Issues Paper 'Local Government Funding and Financing'.

This submission represents the views of Tourism Industry Aotearoa as a collective whole and may not necessarily represent the views of individual members.

EXECUTIVE SUMMARY

1. The tourism industry makes a significant contribution to regional economic development through the jobs and income it creates. On any day of the year, local communities are hosting visitors, domestic and international, who are helping support local jobs and businesses. Total visitor spending (international and domestic visitors) was $39.1 billion for YE March 2018.

2. Tourism operators contribute to local government funding primarily through the mix of rates paid including general rates, targeted rates and user charges. Business operators are increasingly being required to foot the bill on rates pressure through increasing general rate differentials and targeted rates. The business sector pays about half of the country's rates bill and the level of rates is often entirely disproportionate to the level of services received.

3. The direct costs and benefits of increased tourism do not always fall evenly. The communities within a council area will be benefitting from increased visitors through increased employment and businesses opportunities. Over time, some of this benefit flows to the Council through an enhanced ratepayer base. However, the Council may struggle to 'clip the ticket' and enhance its own direct revenue streams from those visitors.

4. While wholesale changes may not be required to the way local government is funded there are significant improvements to be made across the board. Through a combination of better long-term planning and a regional vision for tourism, improved planning and regulatory systems, better management of council balance sheets, thoughtful use of current funding mechanisms, and more user-pays - regions can continue to benefit from tourism in a sustainable way.

5. Improved competency and capability within local government has to be part of the response to funding issues. Sectors of the diverse tourism industry have been at the wrong end of local government decisions, such as Auckland Councils accommodation targeted rate (APTR), which have a significant impact on business productivity and future planning. At the same time, local government has struggled to find solutions to collecting appropriate contributions from online short-term accommodation providers, resulting in an unfair and inequitable regional rating system. Improved use of council balance sheets is also part of the solution – some councils hold over 90% equity in assets but struggle to provide sufficient visitor infrastructure.

6. Industry has a role to play in identifying new solutions to funding shortfalls. Driven by concerns that many debates on funding tourism at a regional level default to a bed-tax, TIA is currently undertaking a project to identify a tourism regional funding model that is fair, widely applicable and is acceptable to business and local government. This work has commenced and we are grateful to the Productivity Commission for agreeing to receive the report by mid-April 2019 so that it can consider it fully ahead of the release of the draft report in June 2019.

INTRODUCTION

7. TIA is the peak body for the tourism industry in New Zealand. With around 1,600 members, TIA represents a range of tourism-related activities including hospitality, accommodation, adventure and other activities, attractions and retail, airports and airlines, transport, as well as related tourism services.

8. 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.

9. Any enquiries relating to this paper should in the first instance be referred to Steve Hanrahan, TIA Advocacy Manager at steve.hanrahan@tia.org.nz or by phone on 027 9122 624.

STAKEHOLDER CONSULTATION

10. In preparing this submission, TIA has engaged with various stakeholders including TIA members in the accommodation sector and regional tourism organisations. We acknowledge their input and support.

OUR UNDERSTANDING OF THE ISSUE

11. The Government has asked the Commission to undertake an inquiry into local government funding and financing and, where shortcomings in the current system are identified, to examine options and approaches for improving the system. Following this Issues Paper, a draft report will be released in June 2019 and a final report to Government by 30 November 2019.

12. The Commission will investigate the factors that drive local government costs now and in the foreseeable future, with the focus on the drivers of cost and price escalation. In its Issues Paper, the Commission has identified eight pressure points for cost and price escalation. Tourism features as one of the eight, along with population growth and decline, expansion of local government responsibilities, Treaty of Waitangi settlements, climate change, rising prices, non-core expenditure, and other factors.

HOW LOCAL GOVERNMENT COLLECTS AND SPENDS FUNDS

13. The Issues Paper identifies six main funding tools available to local authorities. These and their contribution to the total funding pool are - rates (49%), grants and subsidies (approx. 20%, mostly from NZTA), user charges and prices (14%), vested assets and development contributions (8%), other regulatory income (5%), interest and dividends (5%).

14. Roading, council support services and transportation account for approximately half of the operating expenditure. Economic development is well down the priority list for investment, receiving 3% of total funding, the 13th lowest allocation of 15 activities funded by local government.

15. Tourism operators contribute to local government funding primarily via the rate take. Councils will have a base/general rate based on land use and it is common for councils to add an additional charge to the general rate for commercial, industrial and business land use, usually referred to as a rate differential. In addition, businesses

often pay targeted rates which are paid by a specific group of ratepayers who receive a specific service e.g. Wellington City Council charges a downtown levy to commercial businesses in the downtown area to raise funds for marketing and events, retail and tourism activities.

16. Uniform annual general charges (UAGC), a fixed rate paid by all ratepayers, are also used to support rate income e.g. Queenstown Lakes District Council for the 2018/19 year has a UAGC of $74 on every used/inhabited rating unit in the district. The UAGC pays for services such as cemeteries, community development and grants, and a general contribution to the promotion of the district.

17. Business operators are increasingly being required to foot the bill on rates pressure through increasing general rate differentials and targeted rates. The business sector pays about half of the country's rates bill and the level of rates is often entirely disproportionate to the level of services received.

TOURISM CONTRIBUTION TO REVENUE AND COSTS

18. The tourism industry makes a significant contribution to regional economic development through the jobs and income it creates. On any day of the year, local communities are hosting visitors, domestic and international, who are helping support local jobs and businesses.

19. It is important to recognise that only a fraction of visitor spending actually occurs with what may commonly be considered 'tourism businesses' e.g. accommodation, attractions. The rest takes place in retail shops, cafes, petrol stations and other local businesses. The retail sector which includes groceries, off-licence alcohol, fuel and other retail is the biggest recipient of visitor spending, making up 42% of spend by all visitors. Food and beverage makes up 18% while accommodation constitutes 10% of spend.

Table 1: Total Spend by Product[1]

[1] Source: MBIE Monthly Regional Tourism Estimates (MRTEs)

Employment

20. Tourism directly employed 216,012[2] in YE March 2018, 8.0% of the total number of people employed in NZ. This employment is spread across the country. Tourism employment increased by 2.6% from the previous year.

Table 2 – Direct Tourism Employment

Direct tourism employment[3]					Annual percentage change		
Y/e March	**2015**	**2016**	**2017**	**2018**	**2016**	**2017**	**2018**
Tourism employees	168,621	184,812	184,803	186,618	9.6	0.0	1.0
Tourism working proprietors	24,483	26,424	25,806	29,394	7.9	-2.3	13.9
Number of people directly employed in tourism	**193,110**	**211,242**	**210,606**	**216,012**	**9.4**	**-0.3**	**2.6**
Number of people directly employed in tourism as a percentage of the total number of people employed	7.9	8.4	8.1	8.0	…	…	…

21. When those indirectly employed are added, the total number of people employed in New Zealand working directly or indirectly in tourism increases to 365,316 (13.5% of people employed in NZ).

TOURISM PRIORITIES FOR LOCAL GOVERNMENT

22. 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. Councils need to consider the needs of visitors and residents in their planning, so the community can reap the benefits of the visitor economy.

23. In our 2016 Local Government Manifesto developed ahead of the local body elections that year, TIA identified priority areas that local councils should focus on to manage and grow tourism in their regions. These included:

24. Destination Management - this is the most important thing councils can do – look after and invest in the quality of the region as a destination. There are some strong exemplars of destination management plans across the range of council sizes – Tauranga, Ruapehu, and Auckland have all invested heavily in looking at the role of tourism within the region and developing destination management plans.

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2 Source: Stats NZ Tourism Satellite Account 2018

3 Individual figures in this table have been rounded, and discrepancies may occur between sums of components and totals. Total employment numbers are sourced from Linked Employer-Employee Data. Percentage calculations are from unrounded employment numbers.

25. Infrastructure Facilitation - with the rapid growth in visitor numbers, to invest in essential infrastructure and enable the private sector to develop its infrastructure by delivering efficient planning and approval services.

26. Events Programming - events are one of the best tools for encouraging people to visit communities e.g. marathons, festivals, concerts. Christchurch City Council recognised this in their latest LTP through an additional investment of $1.4m funding for major conference and event bids.

27. Off-peak Marketing – seasonality is a perennial issue for many regions. Supporting initiatives to attracting people to visit throughout the year develops a sustainable tourism industry with more permanent jobs.

28. Enabling Airport and Port Facility Development - strong air and cruise links are vital to growing regional tourism.

SPECIFIC QUESTIONS IN THE ISSUES PAPER WE ADDRESS

Q5: To what extent is tourism growth resulting in funding pressures for local government? Which councils are experiencing the greatest pressure and how is that manifesting?

Q11: Is local government expenditure shifting away from core business into activities such as economic development, sport and recreation, and community development? If so what is the rationale for this shift and could these activities be better provided by other parties?

Q15: How effective is the long-term plan process in addressing cost pressures and keeping council services affordable for residents and businesses?

Q16: How effective are councils' long-term plan consultation processes in aligning decisions about capital investments and service levels with the preferences, and willingness and ability to pay, of residents, businesses and other local organisations?

Q17: Is there scope to improve the effectiveness of long-term plan processes? If so, what, if any, changes would this require to the current framework for capital expenditure decision making?

Q5: Funding Pressures

31. There is no doubt that some councils have struggled to respond quickly enough to tourism growth over the past five years. International visitor numbers have grown from 2,717,695 (YE Dec 2013) to 3,847,311 (YE Nov 2018), a 42% increase. New Zealand's population has grown by half a million people over the same period (from 4.44m to 4.94m), supporting strong growth in domestic tourism. Tourism growth presents both challenges and opportunities. The visitor economy is a major driver of regional prosperity, directly and indirectly employing more than 365,000 (13.5% of New Zealanders) but the costs and benefits of increased tourism do not always fall evenly. The impacts of the growth have been felt more acutely in some regions than others, though we must not lose sight that many regions would welcome continued sustainable growth.

32. Responsible camping is a common example of where this tourism growth has led to funding pressures on local government. The response to growth in freedom campers includes a combination of information, infrastructure and enforcement. In 2018, central government made $8m of grants available to councils to address the issues

over the 2018/19 summer, and 27 councils were awarded these grants ranging from $31,000 to $850,000. Central government intervention was required to address the short-term issues. It's fair to say that without it local government would not have invested to the same degree.

33. Outside of issues such as responsible camping, the councils facing the greatest funding pressures would typically be those with high visitor numbers and low rating bases: Mackenzie District (181.2 guest nights in 2018 per resident population[4]), Queenstown (123.4), Westland (98.3) and Kaikoura (81.9). NB. No other council has a ratio of annual guest nights to residents above 40 and the majority are in single figures.

34. For regions with a high visitor to resident ratio, this can create pressure on what is referred to as local/mixed use infrastructure – infrastructure used by both residents and visitors. This includes car parks, toilets, access ways and urban public spaces, public transport, cycle ways, recreation and sport facilities, airport facilities. Visitors also put pressure on other public infrastructure such as roading and water systems.

35. TIA undertook a National Tourism Infrastructure Assessment in 2016/17. The resulting report identified the priority infrastructure deficits as visitor accommodation, telecommunications, airport facilities, road transport, car parking, public toilets, and 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. In order to understand the size of the local government infrastructure deficit TIA commissioned Deloitte to contact the 78 local councils asking them to indicatively provide a list of projects which might qualify for tourism infrastructure funding. 47 responses were received detailing 680 projects. The 47 respondent councils account for approximately 95% of the total expenditure by visitors in New Zealand.

36. The Government's response to TIA's assessment was the Tourism Infrastructure Fund, providing $100m over four years for councils to address immediate needs. Councils also have access to the Provincial Growth Fund ($3 billion over three years).

37. Outside this, a Council's primary tool to respond to pressure from visitors is the long-term plan process and we address the effectiveness of this in the following section.

Q11: Local Government Expenditure on Economic Development

38. Spending on economic development activity accounts for just 3% of council operating spend. In TIA's view, supporting the long term, sustainable economic future of their communities is a core council role. This is not at the expense of drawing councils away from their core services such as roading, transport, waters and waste. Rather council can significantly improve their contributions to economic development through focussing on improved planning and consenting systems, reducing costly time delays and onerous requirements that add cost and little value. There needs to be a partnership approach to economic development between central government, local government and the private sector. Tourism is widely accepted as a key driver of economic development with unrealised potential in every region across New

[4] MBIE Regional Economic Indicators

Zealand. Tourism operators have a greater role to play in regional economic development plans.

Qs15/16/17: Long term plans

39. The consultation document requests feedback on the effectiveness of the long-term plan process in regards to addressing cost pressures and keeping council services affordable.

40. TIA responded to more than 70 of the 78 draft long term plans (LTP) during the 2018-2028 consultation round held over February-June 2018. As result we are well placed to provide feedback on the council planning and funding process.

41. We assessed each LTP consultation document to determine the likely impacts on the tourism sector. Our overall assessment is that the vast majority of councils, more than 85%, viewed tourism favourably. However, a significant proportion of this could be attributed to investment and spending that primarily benefits locals and has spin-offs for visitors e.g. CBD upgrades, swimming pool upgrades, new cycle paths, park redevelopment. Below is a small sample of favourable investments and points noted in the LTP review:

- Dunedin City - $60 million CBD upgrade, $20 million city-harbour pedestrian bridge, $23 million for cycle-ways.

- Central Otago District - $800,000 on an upgrade of the Clyde Heritage Precinct.

- Tauranga City - $621,000 of additional annual investment from 2018/19 for Tourism Bay of Plenty, to be funded through the economic development targeted rate levied on commercial properties.

- Christchurch City - $1.4 million seed funding for major conference and events bids.

- Kaipara District Council asked the question 'How can council better support organisations and operators that operate in the tourism sector in Kaipara?'

- Grey District Council survey indicates 96% of Grey residents want council to do things to ensure tourism is made the most of.

42. We also saw numerous examples where local councils struggled to find suitable funding solutions in their LTP and were proposing short-sighted solutions that impacted negatively on tourism and did not look at the longer-term economic picture. Examples include:

- Hawkes Bay Regional Council proposal to decrease funding to Hawkes Bay Tourism by $1.8m over three years, to an annual spend of $900,000 by year four. Following strong opposition, the proposal was significantly modified and funding cuts stepped back to $300,000 in Year 1 from $1.8M to $1.5M and then held for three years whilst the industry and the regional council investigate the best way to transition to a sustainable funding model.

- Tasman District Council withdrawing $100,000 of funding from NRDA's international promotion budget, reallocated to operational costs for i-Sites in the region. In our view this was short-sighted and did not recognise the long-term importance of maintaining destination marketing.

- Tourism West Coast under threat of being disbanded and taken over by Destination West Coast as part of the West Coast Economic Development Action Plan.
- Wellington City Council proposed plans to investigate a targeted rate for accommodation providers.

43. Additionally one of the barriers regularly cited to local infrastructure investment was a lack of cashflow/opex to fund on-going costs of infrastructure e.g. servicing of toilets.

44. We would regard Queenstown Lakes District Council (QLDC) as developing the most ambitious long-term plan. In a political environment where many local councils take a conservative approach to economic growth, QLDC identified in its LTP that significant investment is required for the future to address historic underinvestment and manage both ongoing growth and the concerns of the local community. The introduction of a new targeted rate (Queenstown CBD Transport Improvement Rate) to fund the Queenstown Masterplan project was a necessary, albeit unpalatable, requirement to fund the infrastructure growth. 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. The positives, if any, coming from the approach 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.

45. The main benefits of the long-term plan process are the consistency in consultation documentation, enabling organisations like ours to assess and understand the main issues reasonably quickly, across a large number of draft LTPs.

46. Our concerns far outweigh the benefits. Our main concern is the closed-shop approach to the development of the plans, which begins twelve or more months ahead of consultation. There is rarely an opportunity to provide input or inform discussions. The statutory one-month consultation consists of community meetings and is a ticking the box exercise, with little opportunity for businesses to engage meaningfully.

OTHER ISSUES WITH LOCAL GOVERNMENT FUNDING

Risk-adverse and poor decision-making

47. Like any organisation, councils operate in an environment where there are constant cost pressures and limited funds. Additionally, there is huge political risk – councillors have to increase rates and/or debt to pay for infrastructure which may lead to unpopularity and ultimately loss of voter support. The Productivity Commission should investigate what levers are required to support councils being more ambitious.

48. As part of this, we support calls for better management of council balance sheets to support infrastructure assessment. No councils are required by law to set a debt limit in consultation with their citizens and it is the responsibility of the Office of the Auditor General to ensure that debt limits are prudent (as required by law). Any council

acting imprudently in its use of debt is likely to be noted in the OAG's annual report to Parliament[5].

49. The 2018 Ratepayers Report[6] by the New Zealand Taxpayers' Union, in partnership with the Auckland Ratepayers Alliance, compares local government performance across a range of indicators. Following are the equity levels across a sample of well visited areas:

Local Government debt/equity levels

	Total assets per ratepayer	Total liabilities per ratepayer	Total equity per ratepayer	%
Auckland City Council	$79,882	$19,537	$60,345	76%
Christchurch City Council	$84,168	$21,137	$63,031	75%
Grey District Council	$47,145	$4,123	$43,022	91%
Kaikoura District Council	$55,950	$6,159	$49,791	89%
McKenzie District Council	$56,003	$870	$55,133	98%
Queenstown Lakes District Council	$66,845	$8,348	$58,497	88%
Ruapehu District Council	$39,876	$3,180	$36,696	92%
Thames Coromandel District Council	$53,681	$2,398	$51,283	96%
Waitaki District Council	$58,047	$956	$57,091	98%
National Average		**$4,876**		

50. While Auckland and Christchurch carry a high level of liabilities per ratepayer, there are other regions where greater use of debt to meet infrastructure needs could be encouraged, enabling a response to current shortages as well as spreading the cost of the infrastructure over a longer term.

51. Some councils make poor decisions on tourism management. The Accommodation Provider Targeted Rate (APTR) introduced by Auckland Council in 2017 is regarded by the tourism industry as the most poorly designed revenue grab in recent memory – targeting a sector that receives only 9% of the regional visitor spend to pay for 100% of the Council's tourism-related activities (subsequently reduced to a still inequitable 50%).

52. More recently Southland District Council proposed to increase the Stewart Island Levy from $5.00 to $15.00 per person for no apparent reason and faced a strong backlash, including from Stewart Islanders themselves who did not support the proposed increase.

53. Targeted rates are a mechanism available to councils that can be valuable and appropriate when done well. Too often they are not. It would be useful to have a set of guidelines on how to design targeted rates so that they are efficient and equitable.

54. There are also concerns within the tourism industry about the lack of capability within some councils. The APTR is an example of this. There was a distinct lack of thought,

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[5] http://www.lgnz.co.nz/nzs-local-government/new-section-page/why-do-councils-borrow/
[6] http://www.scoop.co.nz/stories/AK1809/S00210/2018-local-government-league-tables-published.htm

planning and stakeholder engagement in the original proposal by Auckland Council leading to significant back-downs on the original proposal. A greater degree of capability and planning would have resulted in a fairer and equitable proposal. Operators also report similar experiences in other jurisdictions where council consenting processes and decisions have led to high and unnecessary costs impacting on industry productivity.

Disparity between benefits and costs

55. The direct costs and benefits of increased tourism do not always fall evenly. The communities within a council area will be benefitting from increased visitors through increased employment and businesses opportunities. Over time, some of this benefit flows to the council through an enhanced ratepayer base. However, the council may struggle to 'clip the ticket' and enhance its own direct revenue streams from those visitors. It finds itself having to spend on infrastructure and services using its existing funding sources, with the payoff from supporting the growth in the visitor economy coming later. This timing gap is a significant issue and solutions are needed.

Lack of Long-term Destination Planning

56. The quality of destination management at a local level is mixed. There are exemplars where councils in conjunction with their RTO and other stakeholders have very good destination management plans for tourism. There are other councils where there is little in the way of tourism management plans. Long-term destination management needs to be a greater priority for regions. In an effort to keep rate increases low some councils are deferring investment decisions which later catches up with them – historical underinvestment cannot continue for ever.

57. The Issues Paper provides a table (Fig 4.7) on average annual growth in rates per capita 1996-2017 across 66 territorial authorities. Queenstown has the 3rd lowest average annual growth over the 20 years at approximately 1% p.a. average and now needs to find solutions to address both the under-investment and the new opportunities.

Local government is slow to adjust to new revenue opportunities

58. The rise and rise of online accommodation providers, particularly Airbnb, is well documented. A Deloitte Access Economics Report identified that around 578,000 stays were booked with Airbnb in New Zealand in 2017, with Airbnb hosts accommodating 1.4 million guests for over 1.5 million nights in towns and cities across the country. Around one quarter of trips booked were in Auckland, followed by Queenstown, Christchurch and Wellington as the top four destinations in New Zealand. In 2017, the total economic contribution associated with the tourism expenditure of Airbnb guests in New Zealand was around $660 million in value added, supporting 6,006 full-time equivalent (FTE) jobs.

59. Our view is that private residences benefitting from visitors via online accommodation providers such as Airbnb should pay rates like all other commercial businesses are required to (above a minimum threshold). Councils however, are struggling to find a system that enables them to apply a differential/targeted rate or general charge on these residences. Councils in Auckland, Dunedin, Queenstown, Ruapehu and Christchurch are responding with various levels of success. Auckland City Council expanded the existing Accommodation Provider Targeted rate (APTR) in 2018 to online accommodation providers to make it slightly fairer to commercial providers (such as hotels, motels and serviced apartments) that were already paying. The

changes mean that if a residential owner rents out their property online for more than 28 days each year they are liable to pay the rate, and business rates, depending on where in Auckland the property is. Auckland Council initially estimated 3800 Airbnb properties would be required to pay the bed tax. But as of February 2019 only 1285, or about a third, had been discovered.[7]

60. There is a lack of a co-ordinated approach across local government to revenue opportunities such as these. Local authorities appear to either be taking their own approach to this issue, or no approach because it falls in the too-hard basket. It would make sense that a co-ordinated and planned approach across local government drawing on the wider expertise of not only local government officials but also industry and central government is required rather than these one-off approaches which are costly in terms of time, lost productivity and foregone revenue.

THE WAY FORWARD

61. We are not convinced that wholesale changes are required to the way local government is funded. Through a combination of better long-term planning and a regional vision for tourism, improved destination planning and regulatory systems, better use of council balance sheets, thoughtful use of current funding mechanisms, and more user-pays, regions can continue to benefit from tourism in a sustainable way.

The Case for a New Regional Funding Model

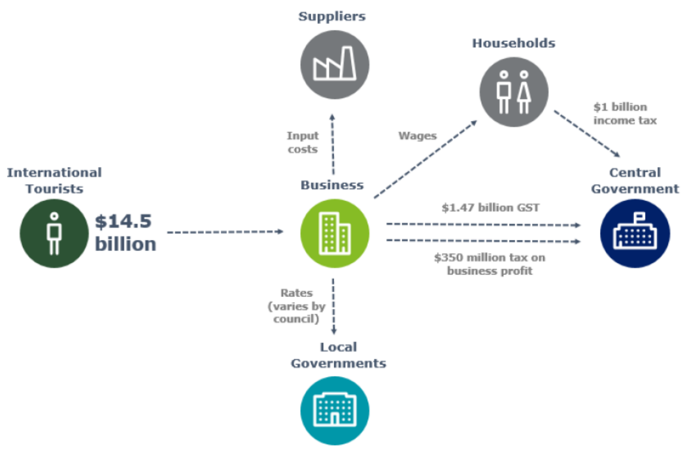
62. We are concerned that many debates on funding tourism at a regional level default to a bed-tax as a solution. The TIA Board in November 2018 agreed to undertake a project to identify a suitable regional funding model for tourism. The goal is to identify a possible solution(s) that is practical, meets the need of local government and does not have undue impact on business.

63. This work has commenced and will be informed initially through a one-week design-sprint process scheduled for mid-March 2019. We are thankful to the Productivity Commission agreeing to receive the report by mid-April 2019 so that it can consider it fully ahead of the release of the draft report in June 2019.

Central Government must remain a significant investor in regional tourism infrastructure

64. TIA's policy on tourism funding commences from the basis that international visitors pay taxes and are more than paying their way. TIA believes these taxes, including the newly-introduced International Visitor Levy ($80m p.a.) and the $1.7 billion a year in GST, need to be taken into account when additional charges on visitors are contemplated. The diagram below (using 2017 data) shows the flow of international visitor income to the government via GST and taxes on income and profit.

[7] https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12194323



65. We acknowledge that a proportion of the GST is effectively being returned to regions via the $100m p.a. Tourism Infrastructure Fund and $1bn p.a. Provincial Growth Fund.

FOLLOW UP PROCESS

66. 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.

ABOUT TOURISM

67. 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 offering 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.

68. Tourism 2025, 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. The industry's focus is on growing value faster than volume.

69. The Tourism 2025 Growth Framework is based around five key themes of Insight, Connectivity, Productivity, Visitor Experience and Target for Value. This growth framework is being reset in 2019, with a shift to integrating sustainable tourism, in particular the Tourism Sustainability Commitment; articulating a longer-term view of tourism in alignment with central government; and identifying new priority actions to be addressed over the next 1-3 years.

Tourism industry key facts:

KEY FACTS
– Tourism in New Zealand is a $107 million per day industry. Tourism delivers around $44 million in foreign exchange to the New Zealand economy each day of the year. Domestic tourism contributes another $63 million in economic activity every day. – Tourism is New Zealand's biggest export earner, contributing $16.2 billion or 20.6% of New Zealand's foreign exchange earnings (year ended March 2018). – 13.5% of the total number of people employed in New Zealand work directly or indirectly in tourism. That means 365,316 people are working in the visitor economy. – The Tourism 2025 growth framework has a goal of growing total tourism revenue to $41 billion a year by 2025.
Visit www.tia.org.nz for more information

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