Note from the Chair

By Richard Lauder, TIA Chair

December 2018

As we head into another busy summer season, the infrastructure needed to support tourism and who should pay for it will continue to be debated at both the local and national levels.

The positive benefits of tourism are undeniable – with an average of $107m a day being spent in communities across New Zealand. However, we are well aware that the rapid growth of our industry is putting some of our most popular destinations under pressure at the busy times of year.

TIA has long been advocating for greater investment to support and manage growth and in 2016 engaged Deloittes to undertake a National Tourism Infrastructure Assessment. This highlighted historic under-investment in 'local and mixed use' infrastructure – which is used by locals and visitors alike and is generally provided by local councils. It also recognised that many councils are cash-strapped and need a helping hand.

The previous Government responded to our report with the $100m Tourism Infrastructure Fund that councils can access. Under the current Government, the Provincial Growth Fund is supporting numerous regional tourism projects. The new International Visitor and Conservation Levy will provide around $80m a year when it is introduced in the second part of 2019.

These are of course, all central government-controlled funding streams. In response to calls for local councils to be able to impose their own visitor taxes, TIA has said that any new regional funding models need to be fair and applicable nationally. Ad hoc taxes on visitors or tourism businesses at a local level are undesirable. We have also said that no final decisions on visitor taxes should be made until the outcome of the Productivity Commission's much broader inquiry into local government funding and financing is known.

At its recent meeting the TIA Board decided your association should play a more active role, by endeavouring to identify a new regional funding model that would be fair and equitable, which is in the best overall interests of the tourism industry, the communities in which we operate and for New Zealand as a whole.

The Productivity Commission's final report to the Government is not due until November 2019 and there is a great opportunity to influence the outcome.

So why the need to get involved? Because the pressure on underfunded regional infrastructure is a major risk to tourism's social licence to operate. This is a watershed issue for the industry and TIA needs to act promptly to assist finding a solution to this national community issue.

I am leading a Board subcommittee that also includes Gillian Millar (Hotel and Lodges sector), Graham Budd (Regional Tourism Organisations sector) and Fergus Brown (Motels, Other Accommodation and Hospitality Sector), and I will be seeking three or four other participants to join our group.

We know that identifying a local government funding solution that has broad support is no easy task but it's important that the tourism industry plays its part in solving the problem.

I look forward to keeping you updated on our efforts.

Finally, I'd like to take this opportunity to wish you, your team, your family and your visitors a safe and happy festive season, and best wishes for a prosperous New Year.