



Submission to
Governance and Administration Select Committee
on the
Local Government (Community Well-being) Amendment
Bill

Date: 25 May 2018

TOURISM INDUSTRY AOTEAROA

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Tourism Industry Aotearoa (TIA) welcomes the opportunity to comment on the Local Government (Community Well-being) Amendment Bill.

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

EXECUTIVE SUMMARY

1. TIA welcomes the reinstatement of the four aspects of well-being.
2. Putting the four aspects of wellbeing back into Local Government gives communities and councils a stronger role in leading and determining their priorities and Councils would be able to take up the important role of regional economic development.
3. We would be concerned if there were an increase in commercial rates as a result of the restoration of the four aspects of well-being.

INTRODUCTION

4. 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.
5. 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.
6. 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.

STAKEHOLDER CONSULTATION

7. In preparing this submission, TIA has engaged with several of its stakeholders including RTONZ and LGNZ.

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Previous consultation

Local Government Act 2002 Amendment Bill

8. In 2012 TIA submitted on this issue during consultation on the Local Government Act 2002 Amendment Bill.
9. In our submission, we recommended for the current purpose of local government, including retention of the four well-beings - cultural, economic, environmental and social – to be retained.
10. We also recommended for wording changes to the purpose statement so local government could continue its support and investment role in regional economic development, tourism promotion, visitor services and infrastructure, and events and festivals.

COMMENT

Our understanding of the issue

11. The 2012 amendment to the Local Government Act 2002 amended a purpose of local government to that of 'meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses'. This was in place of the original provision that a purpose of local government is 'to promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future' (the four aspects of well-being).
12. We understand that the proposed Local Government (Community Well-being) Amendment Bill has the following 3 main objectives:
 - a. To restore the purpose of Local Government to be to promote the social, economic, environmental, and cultural well-being of communities;
 - b. To restore territorial authorities' power to collect development contributions for any public amenities needed as a consequence of development;
 - c. To make a minor modification to the development contributions power so that it is clear that advance of financial assistance from NZTA that are recoverable do not affect the power of territorial authorities to collect development contributions for projects finances using that mechanism.

Local Government manifesto

13. 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.

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Local Council Long Term Plans

14. This year, TIA has been submitting on the Long Term Plans of many of the District, City and Regional Councils. The focus of our submissions is on highlighting the value of tourism to the regions, what the tourism industry is doing to deliver greater benefits to communities and address challenges, and opportunities for local government.

Tourism Sustainability Commitment

15. As noted, we expect and desire that long term sustainability, from an economic, environmental, cultural, and social aspect, is becoming a core value against which all decisions are being tested. A holistic approach is important to sustainable growth.

16. 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.

17. There are also several actions that local councils could do to support tourism sustainability.

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



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The four aspects of well-being

18. Putting the four aspects of well-being back into Local Government gives communities and councils a stronger role in leading and determining their priorities. We are supportive for Councils to harness opportunities to build a great quality of life, a real sense of community, a strong economy, and sustainable management of resources¹. It was pleasing to see that many councils drafted their Long Term Plans in a way that is consistent with the four well-beings.
19. Moving the focus away from cost-effective to sustainable management is a positive development. Research has shown that people are increasingly valuing non-material wealth – wellbeing – just as highly as material wealth, if not more². It is important that Councils have the mandate to move beyond the most cost-effective option for households and businesses and focus on the most sustainable option.
20. This does not mean that Councils should not be looking at decisions on what they think will provide the best return on investment; it means that Councils should look at what provides the best return on investment for their communities – focusing on the well-being of the communities instead of just the costs. Instead of asking 'how can we maximise outputs within our existing budget?', Councils will need to ask 'how can we maximise outcomes across all four well-beings?'.³
21. This would also support councils mandate to focus on regional economic development. Local Government has a vital role to play in regional economic development. As we said in TIA's Local Government Manifesto, we encourage regional economic development as one of the priority areas of Local Government. Tourism complements community's other industries such as wine, horticulture and farming and we would like to see councils encourage and incentivise tourism as part of their regional development strategies.
22. Arguably, Councils are the visitor industry's most important partner and the largest visitor industry operator in the country, investing in, and supporting infrastructure such as museums and stadia, events and festivals, and in the agencies that promote and sell tourism products, such as Regional Tourism Organisations, i-SITE Visitor Centres or Economic Development Agencies (EDAs).
23. We would like to see councils invest in essential infrastructure and enable the private sector to develop its infrastructure by delivering efficient planning and approval

¹ Manawatu Standard, *Values are about more than just value for money*, 16 April 2018 – as sourced on <https://www.stuff.co.nz/manawatu-standard/opinion/103074273/values-are-about-more-than-just-value-for-money>

² Deloitte, State of the State, New Zealand 2018, *Wellbeing in abundance, Looking after our own backyard*, May 2018 – as sourced on <https://www2.deloitte.com/content/dam/Deloitte/nz/Documents/public-sector/Deloitte-NZ-SotS-2018-Article-1.pdf>

³ Ibid

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services. Councils should define and plan for the priority infrastructure that meets the needs of visitors as well as residents. We would also like Councils to 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.

24. 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' planning need to consider the needs of visitors and residents so that the community can reap the benefits of the visitor economy.
25. On any day of the year, communities are hosting the visitors, domestic and international, who are helping support local jobs and businesses. 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.
26. Having vibrant cities and regions benefits the local community and also assists with attracting more international and domestic visitors to their district, city or region and increasing their length of stay. This will help deliver growth in jobs, incomes and opportunities of their communities. Many councils see the benefit of having vibrant cities and regions, as was reflected in their LTPs.
27. In our opinion, creating vibrant cities and regions is equally as important as developments in infrastructure. These developments complement each other and are equally needed to grow and retain the cities and regions' vibrancy that will attract visitors to their local constituency.
28. By restoring the purpose of Local Government to be 'to promote the social, economic, environmental, and cultural well-being of communities', Council will be supported in continuing this important role of regional economic development.

Concerns

29. Although we are supportive of restoring the four well-beings and for local government to be able to invest in regional economic development, we are concerned that this will have an impact on costs for commercial operators and a subsequent increase in their rates. In case of any proposed rate hikes, proper consultation with both communities and industries should take place.

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Follow up process

30. 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

31. 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.

32. 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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