



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

Date: 5 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 Tasman 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.

STAKEHOLDER CONSULTATION

6. In preparing this submission TIA has engaged with members in the Tasman district, Nelson Regional Development Agency, and i-SITE New Zealand.

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TOURISM'S IMPACT AT A REGIONAL LEVEL

7. The visitor spend from both international and domestic visitors for the Tasman District Council was \$317m (YE February 2018).
8. 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.
9. On any day of the year, your community is hosting the visitors, domestic and international, who are helping support local jobs and businesses.
10. 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.
11. Councils' planning need to consider the needs of visitors and residents so that the community can reap the benefits of the visitor economy.
12. 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

13. 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.
14. 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.

15. 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

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- 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 and Local Government agencies and industry partners is needed for 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 are 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 projects submitted to the Regional Growth Fund.
- Ensure the Long-term Plan accurately reflects the infrastructure needs of tourism.

16. 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

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17. 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 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.



18. 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.

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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.

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

19. Regional Economic Development

TIA is pleased to see the increased focus on regional development by Central Government.

Regional dispersal is one of the big challenges for the tourism industry, as currently 65% of current visitor spend occurs in the four gateways of Auckland, Wellington, Christchurch and Queenstown. By improving the spread of tourism around the country, we can ensure that many more regions benefit from tourism activity, while relieving pressure on those places with the highest visitor loads. We are strongly supportive of regional development initiatives that encourage and incentivise tourism.

An effective regional tourism partnership relies heavily on a strong and healthy relationship with Local Government and local communities. The regions where tourism is well managed are characterised by strong local leadership and support, and Regional Tourism Organisations (RTOs) and Economic Development Agencies (EDAs) play an important part in this.

TIA is keen to work with you either in partnership with RTOs/EDAs on areas such as regional visitor strategies, or directly on issues such as freedom camping and proposed regional visitor levies.

Funding

20. 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.

21. 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.

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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.

22. 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.

23. 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.

Part Two - Specific feedback on your LTP

24. In the following section, we provide feedback on particular tourism components within your LTP.

25. We understand that Long Term Plans set out a local authority's priorities in the medium to long term.

26. The draft LTP includes a proposal to reduce the current annual funding to Nelson Regional Development Agency (NRDA) from \$400,000 to \$300,000. This \$100,000 reduction will be reallocated to funding i-SITEs and local information centres plus the Nelson Tasman District Trust.

27. TIA is very uneasy about this proposal to reallocate funds. Our concerns are outlined below.

Destination Marketing/Seasonality

28. TIA is concerned that the reduced funding to NRDA will result in a negative impact on addressing the big issue of seasonality. The Nelson/Tasman region, like many provincial areas in New Zealand, has a very seasonal industry. Nationally the average variation between visitor spend in the high season (summer) and low season (winter) is approximately 1.5x – 2x. The Tasman region has a more marked variation of 4x between summer and winter, and within that Golden Bay has a variation of 9x.

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29. Seasonality is a perennial issue for tourism, recognised in the industry-led [Tourism 2025 growth framework](#). There are a multitude of benefits if the industry and Government can work together to mitigate the impacts of seasonality. Employers can offer more sustainable employment, assets such as accommodation and transport infrastructure does not sit idle or underutilised for the majority of the year, and tourism investors are more likely to be attracted to an industry and region when seasonality impacts are mitigated.
30. Seasonality has already been recognised by Nelson and Tasman as a priority issue. Economic tourism strategies in the region include a focus on addressing seasonality, and good work has been done on attracting national support with this. For example, the work of Tourism New Zealand, who is responsible for marketing New Zealand to the world as a tourist destination, includes an initiative to '*Promote regions so more of New Zealand benefits from international visitor growth, partnering with RTOs to support the development of visitor offers*'. In their test and learn approach which commenced in 2016, one focus included attracting the China market into Wellington, Tasman, Marlborough and Nelson.
31. Our understanding is that the loss of \$100,000 for NRDA will directly impact the budget for off-season marketing initiatives. Central Government support for destination marketing often requires a partnership approach, with many regional funding initiatives requiring a contribution from Local Government and/or employers. In a not uncommon situation where regional funding is matched 50/50 by central funding, a \$100,000 budget decrease might actually result in forfeiting \$200,000 of marketing opportunity.

i-SITES and information centres

32. There are various funding models for i-SITES and information centres throughout New Zealand, with many supported by Local Government investment. The profitability and effectiveness of these i-SITES and information centres are impacted by a combination of factors, such as ownership models, location, changes to how visitors gather information, and availability of commissionable product.
33. The nature of how visitors get local/in-destination information is changing rapidly, primarily driven by increasing use of online information and mobile technology devices. Historical funding models such as commission payments are under pressure as more people book activities and accommodation direct with operators. Adjusting to this new environment is a big challenge for many i-SITES and information centres, particularly those who cannot rely on income from an all-year round supply of visitors.
34. It is our understanding there are three visitor centres in the Tasman District: an i-SITE at Motueka and information centres at Golden Bay and Murchison. Each of these are administered independently under various Trust arrangements.
35. There is a risk that the proposed reallocation of funds into i-SITES and information centres is a short-term response to deeper issues. We are concerned that the funding subsidy appears to be a stand-alone response and not part of an overall strategy on how visitors get information once in the region. Therefore, the proposal runs the risk of propping up an inefficient model.

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36. There is a network of i-SITEs and information centres throughout the wider Nelson and Tasman districts. From our discussions with stakeholders, it would appear there is a need for a longer-term strategy for these operations and it is our understanding there have already been proposals developed or in-train for a coordinated approach to the network, guided by an overarching strategy. This would appear to be a more sensible approach, and done well could lead to a network that is efficient, sustainable and delivers a high-quality visitor experience, possibly without the need to divert \$100,000 of funds from destination marketing.

Closing Comments

37. It is important that Tasman District Council sees themselves as a major influencer in regional tourism and understands the bigger tourism picture. For example, over recent years the region has experienced good growth over the summer trading period. Some of this will have been off the back of the temporary closure of SH1. Now that this arterial highway has reopened, competitiveness for attracting visitors to the top of the South Island will be greater. In addition, the temporary closure of the Takaka Hill road this summer has highlighted how vital tourism is to livelihoods of people in the region. We understand that NRDA via the LTP process are seeking funds for the development of a Top of the South Regional Economic Growth Strategy. In order to address both regional dispersal and seasonality issues, TIA would support the allocation of funds to this work.

38. Tasman is an important part of the New Zealand tourism proposition for both international and domestic visitors. Whether it be as a gateway to internationally-reputable walkways, a playground for water activities and adventures, or a place to relax and unwind, Tasman has much to offer. It is important to the tourism industry that Tasman District councillors are making informed decisions about the best investment in the industry of their limited funds available. On this occasion we believe the proposal to withdraw \$100,000 of funds from NRDA is short-sighted and not in the long-term economic interests of the district.

Follow up process

39. 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

40. 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.

41. The tourism industry delivers the following value to New Zealand's economy:

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- 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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