



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

**Date: 18 April 2018**

**TOURISM INDUSTRY AOTEAROA**

Level 4, 79 Boulcott Street, PO Box 1697, Wellington 6140, New Zealand  
P +64 4 499 0104 [www.tia.org.nz](http://www.tia.org.nz) E info@tia.org.nz

Tourism Industry Aotearoa (TIA) welcomes the opportunity to comment on the Long Term Plan 2018-2028 of Ruapehu 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](http://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](mailto: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 Ruapehu District Council was \$196m (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

### **TOURISM INDUSTRY AOTEAROA**

Level 4, 79 Boulcott Street, PO Box 1697, Wellington 6140, New Zealand  
P +64 4 499 0104 [www.tia.org.nz](http://www.tia.org.nz) E [info@tia.org.nz](mailto:info@tia.org.nz)

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

#### **TOURISM INDUSTRY AOTEAROA**

Level 4, 79 Boulcott Street, PO Box 1697, Wellington 6140, New Zealand  
P +64 4 499 0104 [www.tia.org.nz](http://www.tia.org.nz) E [info@tia.org.nz](mailto:info@tia.org.nz)

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 making significant private investment into infrastructure, e.g. RAL's development plans on Mt Ruapehu.
- 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.

## **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 aspirational goals at both an industry and business level across the areas of

### **TOURISM INDUSTRY AOTEAROA**

Level 4, 79 Boulcott Street, PO Box 1697, Wellington 6140, New Zealand

P +64 4 499 0104 [www.tia.org.nz](http://www.tia.org.nz) E [info@tia.org.nz](mailto:info@tia.org.nz)

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.

#### **TOURISM INDUSTRY AOTEAROA**

Level 4, 79 Boulcott Street, PO Box 1697, Wellington 6140, New Zealand  
P +64 4 499 0104 [www.tia.org.nz](http://www.tia.org.nz) E [info@tia.org.nz](mailto:info@tia.org.nz)

*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

## **18. 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**

19. 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.

## **20. 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.

## **21. Distribution of tourism funding**

Central government funding support for local mixed-use infrastructure provided by Local government requires a robust governance and allocation process.

### **TOURISM INDUSTRY AOTEAROA**

Level 4, 79 Boulcott Street, PO Box 1697, Wellington 6140, New Zealand  
P +64 4 499 0104 [www.tia.org.nz](http://www.tia.org.nz) E [info@tia.org.nz](mailto:info@tia.org.nz)

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.

22. 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**

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

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

25. We understand that Ruapehu District Council's priorities are:

- Securing its land transport network
- Securing and enhancing its water quality and security
- Solid waste – protecting its economy and lifestyle
- Creating vibrant, attractive townships
- Fairly sharing the cost of tourism and economic development
- Extending Ruapehu's Great Ride offering
- Community property and facilities

26. We commend the Council for its recognition of the current and future value of tourism to the region and preparing for growth opportunities that tourism offers. This was well reflected in Accelerate 25 and it was pleasing to see the strong consultation process Ruapehu District Council went through to develop the Accelerate 25 plan.

#### *Township revitalisation*

27. It is pleasing to see that the Council and its community value having vibrant, attractive townships. These benefit the local community including rural ratepayers and aid in attracting new residents to the District. It also assists with attracting more international and domestic visitors to the District and in increasing their length of stay. All of this will help to deliver growth in jobs, incomes and opportunities for the District's communities.

28. We are supportive of the Council's preferred option of continuing with the current planning and project development of township revitalisation within the budgets currently allocated in the LTP.

#### **TOURISM INDUSTRY AOTEAROA**

Level 4, 79 Boulcott Street, PO Box 1697, Wellington 6140, New Zealand  
P +64 4 499 0104 [www.tia.org.nz](http://www.tia.org.nz) E [info@tia.org.nz](mailto:info@tia.org.nz)

### *Fairly sharing the cost of tourism and economic development*

29. 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.
30. 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.
31. 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.
32. Some regions in New Zealand currently carry a risk of over-tourism and as such, of the loss of community support and tourism's social license to operate in this region. We welcome the proactive and considered approach by Ruapehu District Council on this issue and we are supportive of the District's aim of fairly sharing the cost of tourism and economic development.

### *The case for a visitor accommodation rate on private holiday rentals*

33. TIA is not opposed to Airbnb or other shared or peer-2-peer accommodation. It offers additional choice to consumers and fills an important accommodation need, especially over peak periods and/or where there is a lack of commercial accommodation.
34. We have, however, been concerned for some time about the difference in rules, regulations and compliance between online rental platforms such as Airbnb and Bookabach and traditional providers. Our view is that some form of regulatory requirement is needed. Not necessarily regulations that limit disrupters or the advancement they are bringing, but regulations that benefit customers and result in a level playing field between all providers of visitor accommodation.
35. We advocate for requirements that provide for fairness, quality and provision of a safe and compelling visitor experience, both at traditional accommodation providers and online rental platforms such as Airbnb and Bookabach.
36. This would include equitable rating of both residential and commercial accommodation and suitable health & safety requirements for both residential and commercial accommodation.
37. As such, we are supportive for the Council to introduce a targeted rate on private residential holiday accommodation providers to help fund Council's tourism development activities.

#### **TOURISM INDUSTRY AOTEAROA**

Level 4, 79 Boulcott Street, PO Box 1697, Wellington 6140, New Zealand  
P +64 4 499 0104 [www.tia.org.nz](http://www.tia.org.nz) E [info@tia.org.nz](mailto:info@tia.org.nz)

38. The Council proposes for this targeted rate to be \$200 per annum. At this stage we do not have a view of the amount. The setting of a fixed amount seems a sensible model. We have noted other councils proposing similar types of rates and being challenged with developing an efficient and practical means of gathering the rate, sometimes relying on a self-declaration policy from home owners based on occupancy levels which appears to be very open to under-reporting.

*Proposed change to economic development activity funding*

39. We understand that the Council proposes to change how economic tourism development is being funded.

40. We understand that the current RTO rate is paid for by all ratepayers, with the Commercial Target Rate paid by all commercial rating units with Quotable Value Property Use Codes C (Commercial) and I (Industrial).

41. In its place, Council proposes to establish a new Economic Development Targeted Rate to separately fund this activity. This will be set as a fixed amount and paid by all ratepayers. In addition to this new rate (which is set on all rating units), Council is also proposing to have a new Economic Development Commercial Targeted Rate payable by all commercial rating units with Quotable Value Property Use Codes C (commercial) and I (industrial).

42. Together this will see Council's economic development, Visit Ruapehu (RTO) and business development activities paid for by a new a targeted rate on all properties (60%) and an additional capital value rate on commercial and industrial properties (40%).

43. We are pleased to see that the Council does not propose to limit funding to their RTO. As noted, 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.

44. We are pleased to see a reasonably equitable distribution of economic development funding across all beneficiaries of economic development including residential and commercial.

**TOURISM INDUSTRY AOTEAROA**

Level 4, 79 Boulcott Street, PO Box 1697, Wellington 6140, New Zealand  
P +64 4 499 0104 [www.tia.org.nz](http://www.tia.org.nz) E [info@tia.org.nz](mailto:info@tia.org.nz)

*Extending Ruapehu's 'Great Ride' Nga Haerenga cycle way network: the Ohakune Mountain Road Trail – Te Ara Mangawhero*

45. Advocating for new walking and cycling opportunities is a good way for the Council to turn Ruapehu into a year-round tourism destination and to increase visitor numbers, grow jobs, incomes and opportunities.

*Ruapehu Regional Visitor Development Plan*

46. While not specifically part of the LTP, TIA would like to commend the Council for its support of the Ruapehu Regional Visitor Development Plan. TIA Chief Executive Chris Roberts continues to be involved with the Plan as a member of the Governance Group. The work produced has been of a very high standard and an example to other regions. When implemented, the Plan will see more visitors, staying longer and contributing more to the Ruapehu economy, producing more employment opportunities. Social and economic benefits will follow. Population increases will not be far behind. That is the objective of the Development Plan. The Council is to be congratulated for its commitment to maximising the potential of tourism to deliver significant benefits for its communities.

Follow up process

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

**BACKGROUND**

48. 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.

49. 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.

**TOURISM INDUSTRY AOTEAROA**

Level 4, 79 Boulcott Street, PO Box 1697, Wellington 6140, New Zealand  
P +64 4 499 0104 [www.tia.org.nz](http://www.tia.org.nz) E [info@tia.org.nz](mailto:info@tia.org.nz)

- 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.

**TOURISM INDUSTRY AOTEAROA**

Level 4, 79 Boulcott Street, PO Box 1697, Wellington 6140, New Zealand  
P +64 4 499 0104 [www.tia.org.nz](http://www.tia.org.nz) E [info@tia.org.nz](mailto:info@tia.org.nz)



## **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.

#### **TOURISM INDUSTRY AOTEAROA**

Level 4, 79 Boulcott Street, PO Box 1697, Wellington 6140, New Zealand

P +64 4 499 0104 [www.tia.org.nz](http://www.tia.org.nz) E [info@tia.org.nz](mailto:info@tia.org.nz)



### **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.

#### **TOURISM INDUSTRY AOTEAROA**

Level 4, 79 Boulcott Street, PO Box 1697, Wellington 6140, New Zealand  
P +64 4 499 0104 [www.tia.org.nz](http://www.tia.org.nz) E [info@tia.org.nz](mailto:info@tia.org.nz)

