



**Submission to the
Ministry for the Environment
on the
Proposed National Policy Statement
on Urban Development Capacity**

Date: 15 July 2016

TOURISM INDUSTRY AOTEAROA

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Tourism Industry Aotearoa (TIA) welcomes the opportunity to comment on the proposed national policy statement on urban development capacity.

EXECUTIVE SUMMARY

1. The tourism industry is a fast growing industry, where value is growing faster than volume. It is in need of planning systems that accommodate this.
2. The tourism industry has substantive concerns about the cost, timeliness and uncertainty around tourism development under the current planning systems. Many of the concerns relate to the many and varied processes involved with the current planning systems, and the perceived lack of consistency in these planning systems throughout the country.
3. TIA welcomes the proposed requirement for councils to plan ahead of time for the provision of land to enable growth for housing and businesses.
4. We are concerned about the potential of the proposed National Policy Statement to actually increase the complexity, cost and rigidity of the planning processes, particularly when viewed in the context of the tourism industry's perception of the current slow, inefficient and inconsistent planning processes.
5. TIA is of the opinion that any proposed reform must find the right balance between preserving environmental values and allowing sustainable economic development to occur.
6. TIA is pleased that Queenstown is included within the National Policy Statement given the very specific growth challenges faced by this small resident population community.

RECOMMENDATIONS

7. The design and any implementation of the National Policy Statement should be undertaken to minimise the cost, complexity and uncertainty in its use by both councils and tourism businesses.
8. The design and any implementation of the National Policy Statement should be undertaken to find the right balance between preserving environmental values and allowing sustainable economic development to occur.
9. The consultation document should discuss how the National Policy Statement relates to the current proposed changes to the Resource Management Act, with a view to streamlining planning and approval processes for tourism businesses.

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INTRODUCTION

10. TIA is the peak body for the tourism industry in New Zealand. With more than 1500 members, TIA represents a range of tourism-related activities including hospitality, accommodation, adventure and activities, attractions and retail, cruise, airports and airlines, as well as related tourism services.
11. 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.
12. 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.

COMMENT

Tourism 2025

13. Tourism 2025 (www.tourism2025.org.nz), an industry-led, government supported, economic growth framework was launched in New Zealand in 2014 and 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.
14. The Tourism 2025 framework is based around five key themes which are:
 - Insight - this is at the core of the framework recognising that having timely, accessible and relevant insight is what will help tourism businesses with the information they need to support operational and strategic decision making.
 - Connectivity - focusing on growing sustainable air connectivity is critical for an island nation that relies on 95% of its visitors arriving on a commercial aircraft.
 - Productivity - making more money from the investments we already have and finding new solutions to seasonality (the tourism industry's perennial challenge) and regional dispersal.
 - Visitor experience - we can derive more value by creating outstanding visitor experiences that meet the needs of a changing visitor mix by recognising the end to end visitor experience, the need to improve visitor facilitation, and by measuring and managing visitor satisfaction.
 - Target for Value – identifying and attracting targeted market opportunities to deliver the greatest economic benefit.

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Our understanding of the issue

15. TIA understands that the purpose of the proposed National Policy Statement on Urban Development Capacity is to ensure regional and district plans provide adequately for the development of business and housing, with the aim to enable urban areas to grow and change in response to the needs of their communities. If made operative, the National Policy Statement on Urban Development Capacity would be supported by guidance for local authorities on how to implement it.

General

Tourism industry interests

16. The tourism industry is a large and growing component of the New Zealand economy. At the moment, the tourism industry represents the largest export sector in New Zealand (17.4% of exports un year ended March 2015).

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

- a. **GDP:** 4.9% direct contribution to GDP, 3.6% indirect contribution to GDP; 8.5% total contribution to GDP.
- b. **Employment:** 6.9% direct tourism employment, 5.2% indirect tourism employment; 12.1% total employment (one in eight jobs)
- c. **Growth:** the Ministry of Business, Environment and Innovation (MBIE) forecasts that international visitor arrivals will increase by 44% to 4.5 million arrivals in 2022. International spend by these visitors is expected to increase by 65% to \$15.2 billion in 2022.

18. A fast growing tourism industry - an industry where value (quality) is growing faster than volume - needs planning systems that accommodate this.

Current assessment of planning support for tourism

19. Industry surveys highlight substantive concerns about the cost, timeliness and uncertainty around tourism development under the current planning systems. Many of the concerns relate to the many and varied processes involved with the current planning systems, and the perceived lack of consistency in these planning systems throughout the country. There is a strong sense that some major tourism developments have not taken place because of these barriers. TIA finds this very concerning.

20. Tourism requires quality development. International and domestic visitors are discerning and require and expect quality facilities, urban spaces and environmental stewardship. Quality infrastructure and developments, whether tourism-specific or generally across our urban and rural areas, are essential to raising industry value.

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Assessment of the proposed national policy statement (NPS) on urban development

21. Assessing the proposed NPS on urban development, tourism has three main interests:
 - a. The ability to expand business activity in line with demand growth (volume and value growth and location-specific growth);
 - b. The ability to accommodate people who work in tourism in accordance with sensible cost of living and income dynamics.
 - c. The ability to sustain the quality of New Zealand's environmental values in line with raising visitor expectations.

22. Based on these interests, TIA welcomes the proposed requirement for councils to plan ahead of time for the provision of land to enable growth for housing and businesses. This creates 'future certainty' that reduces artificial scarcity.

23. TIA is concerned about the potential for these measures to actually increase the complexity, cost and rigidity of the planning processes, particularly when viewed in context of the tourism industry's perception of the current slow, inefficient and inconsistent planning processes. We see opportunity for perverse outcomes that may be contrary to the intention of the NPS. TIA requests that this risk is specifically managed in order to mitigate negative outcomes.

24. We are of the opinion that the consultation document needs to discuss how the NPS relates to the current proposed changes to the Resource Management Act. The essential problem faced by the tourism industry relates to the current planning process generally. To what extent will the NPS address these central concerns?

25. Changes to the current planning systems can have major impacts on tourism businesses. On the one hand, it is critical that efforts continue so we protect and enhance the environment and deliver what visitors to New Zealand actually come here for (as per '100% Pure New Zealand'). On the other hand, it is crucial that tourism businesses are able to work within a healthy business-friendly environment.

26. Any proposed reform must find the right balance between preserving the environment and allowing sustainable economic development to occur. TIA recommends that due attention is paid to ensure that environmental quality cannot be compromised for urban and rural areas generally, but especially in those areas that have tourism-based local economies. Of particular concern, Queenstown must develop in a way that contributes to, rather than detracts from, its appeal as a high quality visitor destination.

27. TIA is pleased that Queenstown is included within the NPS given the very specific growth challenges faced by this small resident population community. On a technical note, TIA is of the opinion that Queenstown should be included in Table A2 (Statistics New Zealand: Projected Total Population by Urban Area), and some mechanism

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should be used to show the resident and visitor population level. If not, there is little rationale for Queenstown's inclusion in the 'High Growth' Urban Area category.

FOLLOW-UP PROCESS

28. 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.

CONCLUSION

29. The tourism industry is a fast growing industry, where value (quality) is growing faster than volume. It is in need of planning systems that accommodate this.

30. The tourism industry has substantive concerns about the cost, timeliness and uncertainty around tourism development under the current planning systems. Many of the concerns relate to the many and varied processes involved with the current planning systems, and the perceived lack of consistency in these planning systems throughout the country.

31. TIA welcomes the proposed requirement for councils to plan ahead of time for the provision of land to enable growth for housing and businesses.

32. We are concerned about the potential of the proposed NPS to actually increase the complexity, cost and rigidity of the planning processes, particularly when viewed in context of the tourism industry's perception of the current slow, inefficient and inconsistent planning processes.

33. Any proposed reforms must find the right balance between preserving environmental values and allowing sustainable economic development to occur.

34. TIA is pleased that Queenstown is included within the NPS given the very specific growth challenges faced by this small resident population community.

BACKGROUND

35. 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 New Zealand 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.

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

- Tourism in New Zealand is a \$81.6 million per day and \$29.8 billion a year industry.
- The tourism industry directly and indirectly supports 12.1% of the total number of people employed in New Zealand. That means 295,908 people – one in eight – are working in the visitor economy.
- Tourism is one of New Zealand's biggest export industries, earning \$11.8 billion or 17.4% of New Zealand's foreign exchange earnings (year ended March 2015).

End.

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