



**Submission to Invercargill City Council
on the Draft Long-Term Plan 2021-2031**

Date: 3 May 2021

Tourism Industry Aotearoa (TIA) welcomes the opportunity to comment on the draft Long-Term Plan 2021-2031 for Invercargill City Council (ICC). This submission comprises two parts. Part One provides a general perspective on tourism at a regional level. Part Two provides specific feedback on the draft Long-Term Plan.

INTRODUCTION

1. TIA is the peak body for the tourism industry in New Zealand. With over 1,300 members, TIA represents a range of tourism-related activities including accommodation, adventure & other activities, attractions, hospitality, retail, airports & airlines, transport, 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. Any enquiries relating to this paper should in the first instance be referred to Matt Ammunson-Fyall, TIA Advocacy Co-ordinator at Matt.Ammunson-Fyall@tia.org.nz or by phone on 04 499 0104.

PART ONE - TOURISM AND LOCAL GOVERNMENT

4. Tourism takes place in local communities and offers jobs, regional economic opportunities, and vibrancy. We want tourism to provide real benefits to the communities where it operates, and local government has a key role to play in managing and enhancing local tourism experiences.
5. Tourism was the first industry to be hit by the COVID-19 pandemic and will be one of the last to recover. While the immediate outlook is uncertain, the industry's longer-term ambitions remain unchanged. TIA's *Tourism 2025 & Beyond, A Sustainable Growth Framework – Kaupapa Whakapakari Tāpoi*, sets a vision of 'Growing a sustainable tourism industry that benefits New Zealanders'.
6. Our view is that central and local government must deploy their resources and work alongside the private sector to revive and then revitalise the tourism industry for the benefit of local communities and Aotearoa. This is a shared opportunity to make bold changes to fix longstanding systemic issues that have compromised our desire to build a truly sustainable tourism future.
7. In August 2020 TIA wrote to all councils in New Zealand outlining three priority areas for consideration as they developed their draft Long-Term Plans (LTP). A summary of what we asked for follows:

Support for Destination Management Plans

8. For your region to get maximum benefit from tourism, your tourism proposition must be community driven, align with national sustainable tourism goals, and present a high-quality offering that appeals to both international and domestic visitors. Destinations are a collection of interests (including local government, iwi, communities, and business), meaning that coordination and destination planning is needed to deliver the best outcomes both for host communities and visitors.
9. This is the most important thing councils can do - look after and invest in the quality of their region as a destination. Councils must reflect the desires of their community, and this includes the voice of tourism operators, which must be strongly represented in these Plans. We would like to see a stronger reflection of tourism and the importance of this economic sector in council consideration. With iconic events such as the Bluff Oyster Festival and Burt Murno Challenge already in its portfolio, Invercargill City has an opportunity to broaden its economic diversity by supporting tourism growth in the city. With the closure of the Tiwai Smelter in the next 4 years, the transition to alternative industries is required, and tourism may help fill some of the gap.

Keep costs down

10. Businesses are key to the economic health and vibrancy of a city, town, and region. Tourism businesses typically bring significant cashflow and investment to a region through attracting both international and domestic visitors. Many of these businesses are now struggling to keep their lights on and trading conditions will be tough for the foreseeable future.
11. We acknowledge that councils themselves are facing reduced income because of COVID19. This comes at a time when ongoing investment to maintain and enhance local mixed-use infrastructure (used by residents and visitors) including roads, amenities, and attractions is required. Councils should be willing to consider funding streams other than rates to maintain and develop infrastructure, such as increased debt and central government funding.

Environmental management

12. New Zealand's environment is our unique selling point. It underpins our 100% Pure New Zealand tourism proposition and supports many of our iconic adventure and outdoor activities. The top factor influencing international visitors to choose New Zealand is our natural landscape and scenery and getting outdoors is a key driver of domestic tourism. However, New Zealand's natural environmental assets are under constant threat, including many of our native species, our freshwater rivers and lakes, and our unique landscapes.
13. We ask that Council, through the Long-Term Plan, recognise that the environmental assets of your region are critical to tourism success and to make a commitment to maintaining, enhancing, and restoring these assets.

PART TWO - SPECIFIC FEEDBACK ON YOUR LTP

14. In the following section, we provide feedback on the tourism components within your Consultation Document for the draft Long-Term Plan 2021-2031. Our comments focus on rate increases, city development projects, and tourism funding.

Rate Increases

15. We acknowledge that Invercargill City Council has proposed a revised rating structure to implement a balance between beneficiaries of a service (streetlights, footpaths etc) and those paying for the service. We are wary of situations where businesses, who contribute significantly to the economic well-being of the region are burdened with an increase in the rating differential though on this occasion the increase appears manageable.

16. Last year, we asked Council to adopt a conservative approach to rates increases due to reduced profitability in the tourism sector. In that light, we support the proposed average rate increase of 5% in 2021/22, reducing to 4% in the subsequent two years.

17. There remains significant uncertainty in the tourism industry. A reopening of the border and the reliable return of international markets out of Asia, America, and Europe is required for confidence to return. A re-opening to only Australia may have limited medium-term impact on New Zealand due to a significant segment of VFR - Visiting Friends and Relatives. It is becoming quite clear that reopening to destinations beyond Australia will not occur for some time yet. And it will be a gradual return as airlines build capacity and reschedule flights to New Zealand. A recovery for tourism in New Zealand could take five years or longer.

City Development Projects

18. TIA supports the ICC in its consultation with the local community. The community interest in development of the City Centre Masterplan, the reopening and refurbishment of the Southland Museum and Art Gallery, and the improvement of Rugby Park are well reflected in the consultation document. Regions with event centres (such as stadiums and theatres), and art and heritage infrastructure are in a strong position to attract and maintain domestic and international clientele. Not only do these facilities increase visitation, they also create employment and other opportunities for local business development.

Tourism Funding

19. The challenges faced by local councils in funding decisions is nationwide. To support investment in local tourism TIA in our submission to the Tourism Futures Taskforce outlined a proposal for Central Government to create a Regional Tourism Fund of \$300m p.a. These funds would be distributed to local government to address local tourism-related needs.

20. Local authorities' investment in tourism infrastructure would be informed by regional spatial plans (where they exist), local authority Long-Term Plans, and RTO/EDA

Destination Management Plans. If these Plans are doing their job well, they should clearly articulate the aspirations of tourism in the region and funding required. While infrastructure would be included as an area for investment of funds, we support a wider scope for fund allocation as determined by regional destination management priorities.

21. The allocation model is determined by the measured level of visitor impact on each territorial authority. The premise behind this calculation is to create a transparent and sustainable model for annual funding rather than councils having to apply and hope. For example, it may be based on guest nights in a region. Invercargill City received 1.2% of total guest nights¹ in NZ in February 2021. If this were attained on an annual basis it would provide an additional \$3.6m p.a. to the Council for tourism investment based on our model.
22. The proposal aligns with Infrastructure NZ's proposal for a Regional Development Fund, expanding the former \$1 billion p.a. Provincial Growth Fund into a \$2 billion Regional Development Fund (RDF) covering all New Zealand. Our proposal of \$300m is 15% of that \$2b fund.
23. We would work with Invercargill City Council and other local authorities to seek the introduction of this fund as soon as possible.

CLOSING

24. Tourism is a highly resilient industry. With targeted support, system fixes and a shared vision, the industry will once again make an essential contribution to New Zealand's success.
25. Local government has a critical role to play in managing and enhancing local tourism experiences. Now is the time to focus on keeping costs down for all tourism businesses so they can firstly survive and then move into a recovery phase. This may take several years beyond that of this draft LTP.

¹ Accommodation Data Programme (ADP), February 2021