



4 February 2019

Via email: tourism@mbie.govt.nz

MBIE Tourism Policy
PO Box 1473
WELLINGTON 6140

Dear Sir / Madam,

SUBMISSION ON THE AOTEAROA NEW ZEALAND GOVERNMENT TOURISM STRATEGY

Please find attached a joint submission from the Queenstown Lakes District Council and Regional Tourism Organisations – Destination Queenstown and Lake Wanaka Tourism – on the draft Aotearoa New Zealand Government Tourism Strategy.

As the country’s largest export earner, we are very pleased to see the Government take a more active role in supporting the visitor industry. We commend the development of this Strategy and appreciate the opportunity to provide input from the perspective of an Established Tourist Region.

Please note that we would like to be invited to any hearings or further discussions that come out of the consultation process.

We look forward to working with you to achieve the Strategy’s objectives.

Yours faithfully,

Jim Boulton
Mayor
Queenstown Lakes District Council

Matt Hollyer
Chair
Destination Queenstown

Mark Morrison
Chair
Lake Wanaka Tourism



1.0 INTRODUCTION

- 1.1 Queenstown Lakes is a globally recognised tourist destination. The district is strongly reliant on and affected by the domestic and international visitor industry. It is vital to the region's economy, yet the increasing volume of visitors is placing pressure on our infrastructure, communities, and natural environment. These impacts are detailed in the 2018 report *Sustaining Tourism Growth in Queenstown* (Martin Jenkins).
- 1.2 Addressing the impacts of high tourism growth is a priority. The Queenstown Lakes District Council (QLDC) is already leading the way to provide insights, innovations and analysis to solve the problems that Established Tourism Regions, such as Queenstown Lakes, are experiencing.
- 1.3 We appreciate the Government's interest in and response to the issues facing our community. We understand that Queenstown Lakes is an exceptional case in terms of growth that calls for unique solutions. We look forward to working closely with the relevant government departments to design and implement these solutions.
- 1.4 In line with the QLDC's 2018 submission on the International Visitor Conservation and Tourism Levy (IVCTL), we reiterate in this submission our strong support for a package of funding tools to address the pressures that accompany high growth, including a Local Visitor Levy. We would also like the Strategy to be clearer about the role of the visitor industry in addressing the challenges that accompany high growth.
- 1.5 In our view, the New Zealand tourist industry has concentrated on increased numbers of visitors, and has not focused on value. We are pleased to see that the Strategy identifies the need to attract more high value visitors. We strongly support this direction and also encourage government to concentrate its efforts into ensuring we have an industry with a diverse portfolio of products and source of visitor types. Taking this approach will help support a resilient and sustainable tourism industry.
- 1.6 We propose that the Strategy takes a broader perspective by aiming for economic resilience and global market competitiveness. We would like it to include goals such as delivering world-leading experiences, world-leading marketing approaches, and superior visitor management.
- 1.7 We fully support the Strategy's aim to extend the benefits of increased growth in the visitor industry to all New Zealanders. We would like the Strategy to be clear about what the benefits are and how they will be shared.
- 1.8 We suggest that the Strategy acknowledges the importance of social licence to ensure New Zealand residents are on board with visitor growth. To achieve this, the Government could take a more prominent role in communicating the benefits of tourism to New Zealanders, at both a local and national level. This would include communicating what it is that visitors, and the tourism and associated industries (in terms of amenities and services) contribute to the country now and, on current projections, what they are expected to contribute in the future.
- 1.9 Outcome 4 – "New Zealander's lives are improved by tourism" – is a strong and clear goal, and we suggest that this becomes the Strategy's overarching aim, instead of "Enrich New Zealand through sustainable tourism growth". We suggest that the system diagram show New Zealanders at the centre. This will provide a strong guiding principle for the Government's continued involvement in tourism and is aligned to the four capitals approach to sustainable intergenerational wellbeing.
- 1.10 For both marketing and infrastructure planning purposes, access to reliable data is essential. We propose that the Strategy make explicit reference to investment in data gathering, analysis and research to inform the industry and assist local authorities plan infrastructure and other services.

1.11 We suggest that the initiatives outlined in the draft Strategy are set out in order of priority.

1.12 This submission addresses a number of key points, focussing on:

- A regional approach
- Inter-sectoral integration
- Sustainability
- Productivity
- Innovation
- Research and data gathering.

2.0 A REGIONAL APPROACH

2.1 The tourism sector offers different benefits and challenges in different locations, and we support the proposal to classify visitor destinations. Established Tourist Regions have specific challenges, including the need for the local economy to diversify to be less reliant on tourism. We would like the Strategy to recognise this challenge and for local and central government to partner to address it.

2.2 As the Strategy notes, the impacts of tourism vary across the country, and for that reason we support an investment framework that recognises regional differences, meets regional needs, and results in regional funding streams.

2.3 Taking a regional approach will require appropriate support at each stage of growth, from emerging through to the lead regions. Examples include product development assistance for emergent regions, infrastructure investment across the board, and specific funding where there is high growth. Taking a regional approach to funding will benefit our communities as well as enhance the visitor experience.

2.4 Tourism-related infrastructure and Regional Tourism Organisation (RTO) marketing investments are made at a district level where the impacts of tourism are felt directly. Yet the visitor does not demarcate between one territorial authority and another. For the Government to achieve its tourism aims, the visitor experience must be seamless across local authority 'borders'. To help bring this about, central government could take a more prominent role in encouraging regions to collaborate more, and compete less, when attracting and hosting visitors.

2.5 Whilst marketing investment via Tourism New Zealand should at least be maintained, the Strategy could outline co-funding opportunities for marketing across regions and maintaining messages around New Zealand's seasonal proposition.

3.0 INTER-SECTORAL INTEGRATION

3.1 We have seen that tourism can support the internationalisation of other New Zealand industries, such as wine production, and we suggest that these linkages have the potential to be strengthened in the future. International visitors offer more than just being consumers of tourism while they are in New Zealand. Some become (or influence others to become) skilled migrants, seasonal workers, investors, students, and consumers of New Zealand-made products. The role that visitors play in supporting other industries could be better communicated to New Zealanders to help strengthen social licence.

3.2 In addition to the marketing, investment and export opportunities high-spend visitors can deliver, our region's viticulture and horticulture industries are reliant on the labour of young international travellers. There could be a significant impact on these industries if policy changes (such as more freedom camping

restrictions) dissuade this type of visitor from coming to New Zealand. This is particularly relevant to our district where affordable housing for workers is in very short supply.

3.3 We would also like to see in the Strategy a specific reference to the film industry to emphasise the significant role it plays in destination marketing and events.

3.4 If the Strategy's scope is widened to include the economic impact of tourism on other industries, a goal could be added to inspire international visitors to support other industries, by working, studying or buying New Zealand goods and services here and when they return home. A good example of how the visitor and other industries can support each other is the trial underway in Southland (supported by Immigration NZ) where vacancies for skilled workers are advertised at iSites to alert visitors to local work opportunities. We encourage the development of 'cross industry' projects such as this for recognising the potential for visitors to support other industries. We also suggest that the impact on other industries is taken into account when tourism policy decisions are made.

4.0 SUSTAINABILITY

4.1 While there is reference to sustainability within the goals, we suggest that sustainable tourism growth is added as a separate outcome. This would support the sector to achieve goals such as those in the Tourism Industry Aotearoa (TIA) Sustainability Commitment. The goal of a sustainable visitor industry is another positive message to communicate to New Zealanders as the industry grows.

4.2 Over 700 businesses have signed up to the TIA's Sustainability Commitment. We see this as a positive move from the industry. However, the initiative is supported by only two full time equivalent positions nationwide, and delivery on commitments from businesses is not currently measured. There is an opportunity here for the Government to be proactive through stronger investment and partnership with industry bodies to boost uptake and measure performance.

4.3 We also suggest that the findings and recommendations of the Parliamentary Commissioner for the Environment's report on the environmental impacts of tourism inform the Strategy, i.e. that the Strategy is not finalised until the report is published and its recommendations have been considered.

4.4 We note that the Strategy refers to the tourism sector contributing to a low carbon future. We are keen to see the Government take a leading role in developing new low and zero carbon emissions solutions rather than just offsetting.

4.5 In terms of impacts on our critical resources, stakeholders across the Queentown Lakes district remain very concerned about the future of water quality in our lakes and rivers. We would like to reiterate in this submission that central government's commitment to environmental enhancement needs to be supported with sufficient funding and effective policy-setting (for example, a useable definition of swimmable waterways). While the introduction of a tourism and conservation levy is a step in the right direction, the current levy is inadequate and needs to be increased significantly if the Strategy's environmental goals are to be met.

5.0 PRODUCTIVITY

5.1 Productivity levels in the tourism industry are low and this systemic problem needs to be addressed in the Strategy. We understand that low productivity is due in part to most New Zealand tourism operators being small to medium-sized businesses with limited capacity to upscale. However, further research is needed to fully understand the factors driving low productivity and identify steps to increase it.

- 5.2 We know that, despite interventions, dispersal and seasonality efforts have not resulted in significant improvement¹. There will be natural limits to both dispersal and seasonality that have been tracked in other visitor markets. It would be good to understand these so investment can be weighed up against the amount of change that can be realistically expected.
- 5.3 The draft Strategy refers to visitor spend but does not consider whether profits are retained in New Zealand. A mix of local and international investment and expertise is needed to support the industry, but we are concerned that if tourism growth is fuelled predominantly by overseas capital and the profits go offshore, the benefits for New Zealanders will always be restricted. We suggest including a goal to boost tourism-related profits and wages earned by New Zealanders.
- 5.4 The economic goals focus on value over volume but this only measures spend, and not whether businesses are making margins that lead to healthy profits for owners and operators, and fair wages for workers. While difficult to measure, it would be very useful for the Strategy to acknowledge the importance of profitability rather than revenue alone. We suggest that taking this approach would help improve productivity within the sector.

6.0 INNOVATION

- 6.1 The Strategy refers to the need for more innovation to address the impacts of tourism. We support this intention and the QLDC has already been part of an initiative to create a national Tourism Innovation Lab. The Lab's purpose is to explore creative ways to resolve the impact of tourism on communities, employees, and the environment. Our district is already undertaking small scale innovation pilots and is eager to work closely with central government to see the national Labs come to fruition.
- 6.2 A growing number of New Zealand-based businesses selling innovative travel-related products and services (e.g. software used within the tourism industry) are focussed on international growth. These businesses utilise local expertise and intellectual property, but are not solely reliant on visitor spend within New Zealand. An upscaling of these innovative services and products would increase tourism productivity and profits without relying on additional visitor numbers.
- 6.3 We propose that the Strategy's definition of the visitor industry is expanded to include such export businesses, and that government agencies, such as Callaghan Innovation, support this niche industry to grow. The development in New Zealand of travel products and services that can be sold on the global tourism market could also be included in the Strategy's system diagram.

7.0 RESEARCH AND DATA GATHERING

- 7.1 Enhanced research and data gathering is a necessary step in the Strategy's priority to "Develop a detailed picture of future demand". Achieving this requires ongoing investment in research. A public/private model may be a means to boost investment in research to inform the industry and help deliver the best outcomes for New Zealanders.
- 7.2 Insights are needed to address the significant data gaps that exist at both a regional and national level. A detailed understanding of day and overnight stays, for example, will help local government, marketers and operators understand visitor behaviour and flows. Visitor flow data, for example, could inform the development of itineraries to support regional growth aspirations.

¹ <https://tia.org.nz/assets/Uploads/Tourism-Summit-Aotearoa-Scorecard-Chris-Roberts.pdf>

7.3 We also suggest a review of current measures and their usefulness. The Commercial Accommodation Monitor, for instance, is no longer fit for purpose, especially at a regional level. The development of a monitor that identifies day trippers, and overnight visitors staying in commercial and non-commercial accommodation, will provide local government with data to ensure infrastructure services are meeting needs now and into the future. It will also assist regional tourism organisations to maximise marketing efforts.

7.4 We note that the draft Strategy refers to all arrivals as one category, including business travellers and people visiting friends and family. We suggest that the definition and reporting of 'arrivals' is subdivided into categories such as 'holiday', 'conference and events', 'education' etc. This would allow closer analysis of the challenges and opportunities each category brings, and the degree of influence government has on them. It would also provide industry with a fair representation of tourism-specific arrivals.

8.0 ADDITIONAL POINTS

8.1 While we understand this is a high level document, we believe there is room to make the language more direct and specific. Terms such as Destination Management, Productivity, Quality Jobs, and High Value Visitor, for example, need to be clearly defined to be able to understand, implement and measure the Strategy's direction and intent.

8.2 In addition to identifying the stakeholders in tourism, the system diagram could illustrate the benefits and impacts of the visitor industry, and that the key beneficiaries should be our people and the environment. Recalibrating the system diagram to put New Zealanders and our environment front and centre would reinforce the Strategy's goals. Ideally the diagram would also help explain the 'gaps' in the system that justify government intervention.

8.3 We fully support extending the Landmarks programme to provide an accurate account of historic places and events.

9.0 SUMMARY OF RECOMMENDATIONS

To strengthen the Strategy and provide greater clarity, we ask that officials consider the following:

9.1 Inter-sectoral integration

- 9.1.1 Take into account the impact on other industries when tourism policy is developed and implemented to ensure there are no unintended consequences.
- 9.1.2 Add a goal to inspire international visitors to support New Zealand products and services both here and when they return home.

9.2 Sustainability

- 9.2.1 Finalise the Strategy after the report from the Parliamentary Commissioner for the Environment on the environmental impacts of tourism is published and the report's recommendations have been considered.
- 9.2.2 Provide examples of how the Government plans to support the visitor industry move towards a low/zero carbon future.
- 9.2.3 Add "A genuinely sustainable tourism industry for New Zealand" as a separate outcome.

9.3 Productivity

- 9.3.1 Ensure the Strategy addresses productivity challenges.

- 9.3.2 Emphasise the Strategy's intent to build a diverse portfolio of visitors and products, including a focus on high value over volume.
- 9.3.3 In addition to revenue, consider the profitability of New Zealand-owned and operated visitor-related businesses when measuring growth.
- 9.3.4 Expand the definition of the tourism sector to include New Zealand-based tourism products and services sold globally, and add this sector to the system diagram. Consider the role of government in supporting the growth of this niche industry.

9.4 Innovation

- 9.4.1 Consider central government support for innovation initiatives such as the Tourism Innovation Lab.

9.5 Research and data gathering

- 9.5.1 Strengthen the focus and emphasise the importance of data gathering and analysis, and quantitative research.
- 9.5.2 Subdivide the types of visitors entering the country to provide better insights into who is coming here and why.
- 9.5.3 Include an appendix with data on current industry productivity, pay rates, sustainability, seasonality and dispersal, and an analysis of what can realistically be achieved, particularly regarding regional dispersal.

9.6 General

- 9.6.1 Make the language more direct and specific with clear definitions.
- 9.6.2 Include an objective to clarify and communicate the benefits of increased tourism growth to New Zealanders, and how these benefits will be realised.
- 9.6.3 Include the impacts and benefits of the tourism industry in the system diagram.
- 9.6.4 Acknowledge the value of, and need for, social licence.
- 9.6.5 Replace the Strategy's overarching aim with "New Zealanders' lives are improved by tourism".
- 9.6.6 Add a goal to boost tourism-related profits and wages earned by New Zealanders, including the minimum of the living wage and better working and living conditions for people employed in the visitor industry.
- 9.6.7 Describe how government agencies involved in tourism operate together now, what approach will be taken to achieve greater co-operation in the future, and how improvements will be measured.