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Subject: FW: RTNZ Submission to the LTP
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From: Kirsty Davies <kirsty@rtnz.org.nz>
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Cc: nicola@waikatonz.com
Subject: RTNZ Submission to the LTP

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Kia ora,

Please find attached a submission from Regional Tourism New Zealand to Waitomo District Council's Long Term Plan.

Ngā mihi,

Kirsty Davies

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22 April 2024

Long Term Plan (LTP) Submission

Waitomo District Council

Regional Tourism New Zealand (RTNZ) welcomes the opportunity to comment on the draft Long-Term Plan 2024-2034 for Waitomo District Council.

RTNZ is the peak body for the Regional Tourism Organisations (RTOs) across New Zealand of which Hamilton & Waikato Tourism (HWT) is a member. RTOs are each the representative of their Local Governments' (LG) investment in tourism in respect to their community. 90% of funding to RTOs comes from LG with \$40 million invested across 30 RTOs that make up the network.

Tourism is a significant contributor to economic and social wellbeing.

1. In 2019, prior to COVID-19 New Zealand's tourism industry generated \$41b of visitor expenditure, contributed 10% of GDP and employed 340,000 people. It was the second largest export sector behind dairy. With borders once again open and people travelling, New Zealand's tourism sector has rebounded strongly, and visitation is 80% back to pre-COVID levels. By 2025 both visitation and expenditure are predicted to exceed 2019 levels.
2. The tourism industry creates value, employment, prosperity and vibrancy to New Zealand's cities, regions, and communities. \$115m per day in 'additional' spend is generated by people moving around and visiting various places and communities across the country. Visitor spending flows far and wide, well beyond the visitor attraction, activity, accommodation, café/restaurant retail, gas stations and supermarkets as demonstrated in the diagram below.

THE POWER OF TOURISM



Source: Tourism Industry Aotearoa

Value of tourism to the Waikato region and Waitomo District Council. ¹

3. Visitor expenditure in the Waikato region is \$1.9b, the fifth largest in New Zealand. Commercial guest nights are 1.4m per annum. Visitor expenditure in the Waitomo district is \$101m with 124,300 commercial guest nights. Tourism is a significant contributor to the District.

RTOs play a significant role within the destination and tourism system.

4. RTOs play a crucial role in the tourism system by serving as key facilitators and coordinators of tourism activities within their respective regions. When tourism grows, communities' benefit. However, for communities to capture and optimise benefits, the RTO's functions are enormously important.
5. HWT is the one organisation that has oversight of how the destination functions as a system and to bring together multiple stakeholders/actors. They are the glue that connects destinations and businesses to potential visitors so that businesses can prosper, jobs can be created, and communities can thrive.
6. Businesses are key to the economic health and vibrancy of a city, town, and region. Tourism businesses bring significant cashflow and investment to a region through attracting both international and domestic visitors. HWT works very closely with tourism businesses, bringing private sector investment to further leverage council's investment, and in doing so, creating greater impact.
7. Many of these businesses are still recovering from the effects of closed borders during COVID-19. HWT provides valuable support and capability building to enable local businesses to grow, adapt and become more resilient to changing environments so that they and their communities can thrive.

Destination promotion is a public good for the benefit and wellbeing of all.

8. Destination promotion and stewardship is an important investment that no district and/or region can afford not to make without damaging the future economic and social well-being of communities. Due to collective benefits that extend beyond individual businesses or organisations, tourism promotion is considered a public good that requires collaboration and support from governments, communities, and stakeholders to maximize its positive impact.
9. Effective tourism promotion enhances a destination's image and reputation nationally and globally. A positive perception of a place not only attracts more visitors, but also leads to attracting more residents, enhancing business opportunities and more investment, therefore contributing to the long-term growth and prosperity for residents. These potential flow on benefits all start with a visit.

¹ MBIE, Monthly Regional Tourism Estimates, YE Oct 2023



Source; Destinations International

- 10.** New Zealand's RTOs' international promotional work is conducted alongside Tourism New Zealand (TNZ) so that regions can attract their share of these higher spending visitors. Competition for international visitors is strong, and HWT's promotion is important to secure the regions share. TNZ also relies on HWT on the 'ground' to support their efforts. If HWT is unable to do this, TNZ efforts are likely to 'by-pass' the region.

Developing a sustainable tourism industry which contributes to the quality of life of residents.

- 11.** Over the past five years all regions have developed a Destination Management Plan (DMP). The DMPs provide the blueprint for the sustainable growth of tourism across New Zealand's regions. RTNZ acknowledges the excellent work done by HWT in the development of the region's DMP. There was strong collaboration across the district and region which reflects the aspirations of the region's communities for what they want from tourism in the future.
- 12.** The destinations eco-system is complex with interrelated and interdependent parts that need to work in together to ensure tourism benefit communities. The Waikato region's DMP is a demonstration of the importance of stewardship, and HWT performs a leadership, coordination, and facilitation role so that tourism actors can come together and collaborate and continue to grow sustainably.
- 13.** Through the development of the DMP, HWT has developed a contract with the community. This has involved multiple parties across the destination so that the region can optimise opportunities visitors provide as well as adapt and respond to change and challenges. It is important that the DMP is supported, and the regional community's goals and aspirations are honoured and delivered upon.

Local government has been a critical partner in New Zealand's tourism success.

- 14.** Tourism takes place in local communities and provides jobs, regional economic opportunities, and vibrancy, and local governments across NZ play a key role in supporting/enabling the tourism system. This includes managing and providing local tourism experiences through place-making,

events and community facilities, amenities and services which are a key part of the visitors experience within the destination. The RTO supports these visitor assets and works closely with their respective council teams to optimise the value and return that they create for ratepayers through out-of-town visitation.

15. A key action in both Tourism Industry Aotearoa's Tourism Strategy (TIA), and RTNZ's Project Tōnui (whitepaper on the future role, structure, and funding of regional tourism/RTOs) is to address the persistent and lack of funding for the tourism sector, particularly at regional level. Project Tonui specifically identifies the high risk, over reliant RTO/TLA funding model. RTNZ sees this as systemic issue to be addressed with the highest priority and is working alongside other industry leaders to advance this urgent matter. Local government will be a key partner in the determined solution. However, this will take time and therefore RTNZ strongly recommends that Waitomo District Council retain its level of commitment whilst a workable long-term solution is agreed and implemented.

RTNZ recognises the substantial financial challenges facing local governments across New Zealand to meet the needs of their communities.

16. RTNZ acknowledges that the significant financial challenges facing councils at a time when there needs to be ongoing investment to maintain and enhance community amenities and services, place making, and mixed-use infrastructure used by both locals and visitors. We appreciate the challenges of the required investment in water infrastructure for all councils under the new government and the impact that this is having on many other facets of councils' business.
17. The Waikato region is one of the more complex regions in New Zealand due to the number of TLAs within the RTO's catchment. RTNZ commends Waipā District Council's support of HWT since its re-establishment in 2011 (after Tourism Waikato was disbanded in 2006) and demonstrates a successful collaboration model over the past 13 years where each partner councils' investment and commitment is shared and therefore leveraged. HWT's 2023/24 funding from its six council partners (\$1,343,943) is on the lower end in comparison to neighbouring regions with fewer contributing councils. Tourism Bay of Plenty (\$2,264,000) Destination Great Lake Taupo (\$2,093,000).
18. Waitomo District council is proposing a reduction of \$ 42,338 to HWT. This decrease in funding will have significant impact on HWT's ability to perform its role and functions effectively. Waitomo tourism operators are key contributors to HWT's activities; therefore, this will affect their ability to secure tourism operator investment due to reduced levels of activity and the industry's confidence in the impact the RTO is able to have. If this occurs it will lead to a contraction of promotion activities, the region being less competitive, resulting in a loss of market share to other regions. This will have a direct impact on businesses, jobs and and the overall economic and social prosperity of the District.
19. Funding of HWT should be seen as an investment and not a cost. HWT's funding from the region's combined local governments for the year 2023/24 was \$1,343,934. **For every dollar invested collectively by the region's funding councils returns \$1,396.** This is a substantive

return on investment. **For every rate payer dollar Waitomo District Council makes in HWT it returns \$1,396.** This too is a substantive return on investment and one that should not be jeopardised as it will have a direct flow on effect to Waitomo businesses, communities, and council revenue through contraction of visitor spend/additional revenue into the district.

20. HWT also has one of the largest contributions from its tourism industry across the RTO network, which is testament to the professionalism and performance of the organisation. Due to the nature of the sector being mainly SMEs, businesses cannot be expected to pick up any shortfall that may arise because of reduced LG funding for the RTO.
21. Waitomo District Council's decision around funding also has a direct association to HWT's funding from its other partner councils. Tourism Waikato was disbanded in 2006 due to the region's local governments reducing and/or withdrawing funding to the RTO. It was not until 2011 that the RTO was re-established, culminating in a strong and committed partnership with local government across the region and support from the tourism industry.
22. It has taken 13 years of hard work and dedication from a professional and talented HWT team to rebuild the region's proposition, reputation, and position as New Zealand's fifth largest tourism region. Any reduction in funding would be a major step backward and could be the start of a downward spiral that results in the Waikato region once again ceasing to have a RTO as a worst-case scenario, or an underpowered organisation that struggles to add real value to its communities and the tourism industry.

Conclusion

RTOs across New Zealand rely on partnership funding from local government to support their activities. It is critical that Councils remain strong partners of RTOs across New Zealand.

Waitomo District Council needs to remain committed to supporting HWT so that they can successfully partner with the tourism industry, so that tourism continues to contribute value and benefits to Waitomo's communities.

RTNZ recommends that Waitomo District Council's investment in HWT is retained at the current level. This will ensure that progress made up over the past 13 years is maintained to enable compounding/optimal results. Retaining the same level of support will continue to pay dividends economically and socially to the people of Waitomo District.

RTNZ suggests that consideration is given to exploring new funding streams across the region's LG group including options to increase HWT's funding to keep pace with inflation and operational cost increases. This will provide certainty to the RTO and support the sustainable growth and development of the district and region's tourism sector over the longer term.

RTNZ is grateful for the opportunity to provide this submission.

Ngā mihi,



David Perks
Chair



Kiri Goulter
Director Destination Management