



Submission to the
Waitomo District Council's
Draft Long Term Plan 2015-25

21 April 2015



Executive Summary

1. HWT fully supports the additional investment of \$20,000 p.a. in Waitomo District Council's (WDC) Long Term Plan 20215-25 and sincerely thanks the council for their support. WDC's additional funding will enable a further investment of \$385,000 from the region's other six partner councils.
2. Hamilton & Waikato Tourism (HWT) aims to expand the visitor economy from \$1 billion of visitor spend in 2014 to \$1.35 billion in 2025, representing growth of 34% or 2.7% per annum. In order to grow the region's economy to this level, HWT will need to expand the scope of its operations from destination marketing to include destination management and is therefore seeking an increase in investment from its seven funding partner councils.
3. The increase in funding will enable HWT to undertake more effective promotional programmes, as well as widen its scope to play a key role in facilitating the development of the region's tourism proposition. This will be achieved through a focus on product development which HWT is currently unable to undertake due to a lack of capacity and resource.
4. The increase in funding from HWT's local government partners will continue to be leveraged through joint venture marketing activities with the region's tourism businesses and strategic partners.
5. The additional investment of \$20,000 will enable HWT to undertake the following activities:
 - Development of a Destination Management Plan for the region identifying opportunities for tourism development and investment in the Waitomo District.
 - An increased focus on driving domestic growth and demand for cycling experiences.
 - Providing greater support to cluster groups who have an interest in growing visitation to their communities e.g. Destination Waitomo, Destination Pureora
 - Providing greater support to new and existing visitor experiences e.g. cultural tourism.
6. It is critical that all seven councils support the increased investment to ensure HWT have enough financial resource to carry out the additional activities to achieve the desired outcomes, and, to retain the integrity of the agreed funding model and shared service agreement across the group.

Recommendation:

1. That Waitomo District Council continues its partnership with Hamilton & Waikato Tourism in collaboration with the region's other councils;
2. That Waikato District Council increases its investment in Hamilton & Waikato Tourism from \$40,000 to \$60,000 p.a. in the Long Term Plan 2015-25.

Introduction

1. HWT is the Regional Tourism Organisation (RTO) for the Hamilton & Waikato region and was officially established on 1 July 2011. HWT's core purpose is to promote the H&W region as an appealing destination to international and domestic visitors in order to generate economic benefits for the region and its communities.
2. HWT currently receives core funding of \$810,000 from the region's seven territorial authorities. Funding from local government has remained at the same level since the organisation was established in 2011.
3. HWT works in partnership with the region's tourism industry and for the year end July 2014 received \$430,000 of investment from tourism businesses for promotional activities. HWT has the second largest industry investment of 30 regions across New Zealand.

Value of Tourism to the National Economy

4. Tourism is a \$24 billion a year industry, New Zealand's second largest export industry, and is a significant contributor to the New Zealand economy. It is a \$65 million per day industry, and one of our biggest export industries earning \$10.3m of 15.3% of New Zealand's foreign exchange earnings.
5. Tourism brings new expenditure to regional and local economies. The visitor spend contributes towards generating economic growth which binds and maintains community vibrancy and well-being. Visitor spend underpins the business case for many recreational, sports and cultural facilities and events that require a mix of community and visitor use to be viable.
6. The economic value and benefit of tourism is felt much wider than direct tourism businesses. Visitors support the wider economy with 44% of visitor expenditure in retail, hospitality and other services, 21% in accommodation, activities and attractions and the balance on air and land transport and GST.

Value of Tourism to the Regional Economy

7. The Hamilton & Waikato region is New Zealand's fifth largest tourism region by value (\$1 billion) and one of only five regions (out of 30) with visitor expenditure of more than \$1 billion (alongside Auckland, Wellington, Queenstown and Christchurch). It is therefore a major tourism region. Visitor expenditure in the Waitomo District is \$68m.¹
8. Since the establishment of HWT in 2011, strong collaborative relationships have been developed across the public and private sectors and there is now recognition of tourism as a key contributor to the region's economy.
9. Tourism is an important contributor to the H&W region, not only in terms of the direct expenditure and employment it generates, but also in terms of the broader economic development platform it provides. For example, the experience someone has in a region can strongly influence their perception of that region as a place to live, work, study or invest. This applies to both visitors and residents.

Slow Growth

10. Forecasts developed using national-level projections of domestic and international tourism suggest that under "business as usual" (BAU) conditions the H&W region's visitor

¹ Regional Tourism Estimates, MBIE March 2014

economy will grow from \$1 billion in the year ending March 2014 to \$1.17 billion in the year ending March 2025. This represents growth of 1.4% per annum, which is similar to the actual growth rate experienced between 2009 and 2014.

11. This rate of growth is below the expected inflation rate, which means that the H&W region is likely to experience a decline in the real value (inflation adjusted) of its visitor economy over the next decade. This is an undesirable outcome for a billion dollar industry and one that the region should take immediate action to remedy.

Lack of funding and capacity to grow the sector beyond “business as usual”

12. After three years of sustained tourism promotion the H&W region is doing as well as it can expect to, given the funding and resources HWT has to implement its activities.
13. HWT is uncompetitively funded. HWT receives less funding support as a percentage of total rates than any other New Zealand RTO. HWT is also the second lowest funded RTO in New Zealand by local government based on rates revenue. HWT is the second lowest funded RTO in New Zealand based on visitor expenditure per dollar of local government funding. Some examples of percentage investment in RTOs by councils in relation to rates revenue are; Hawkes Bay 5.67%, Taupo 3.16%, Rotorua 4.13%, Wellington 2.88%, Coromandel 0.68%, Marlborough 1.11% Hamilton & Waikato 0.26%.²
14. This lack of funding severely limits the extent to which HWT can stimulate growth beyond current BAU levels, especially when it has to compete against RTOs that have more funding and are able to be more proactive in their approach to tourism. HWT requires a material increase in baseline funding to alter the current pattern of growth in the visitor economy.

The aspiration and opportunity

15. The aspiration for the H&W region is to expand the visitor economy from \$1 billion in 2014 to \$1.35 billion in 2025, representing growth of 34% or 2.7% per annum.
16. This can be achieved by focussing on two key areas:
 - a. Growing awareness of what the H&W region has to offer (demand/marketing focus)
 - b. Expanding the range of things for people to see and do (supply/product development focus).

HWT’s request for additional investment

17. Hamilton & Waikato Tourism is seeking an increase in investment from its local government partners in order to achieve the aspired growth target. Additional investment proposed is;

| COUNCIL | FUNDING (Current) | Additional Funding Requested | Total Funding |
|---------------------------------|-------------------|------------------------------|---------------|
| Hamilton City Council | \$390,000 | \$195,000 | \$585,000 |
| Waikato District Council | \$100,000 | \$50,000 | \$150,000 |
| Waipa District Council | \$100,000 | \$50,000 | \$150,000 |
| Matamata-Piako District Council | \$100,000 | \$50,000 | \$150,000 |

² RTONZ Benchmarking Report June 2014

| | | | |
|--------------------------------|-----------|-----------|-------------|
| Otorohanga District Council | \$40,000 | \$20,000 | \$60,000 |
| Waitomo District Council | \$40,000 | \$20,000 | \$60,000 |
| South Waikato District Council | \$40,000 | \$20,000 | \$60,000 |
| TOTAL | \$810,000 | \$405,000 | \$1,215,000 |

18. This increased local government funding will continue to be leveraged through joint venture marketing initiatives with the region's tourism businesses and other strategic partners e.g. Tourism New Zealand.

How will the additional investment from WDC be spent?

19. The additional funding will enable HWT to widen its scope to facilitate and support the development of new and enhanced visitor experiences. Some examples of how the funding will benefit Waitomo are:

- Development of a Destination Management Plan for the region identifying opportunities for tourism development and investment in the Waitomo District.
- An increased focus on the domestic market and growing demand for cycling experiences.
- Providing greater support to cluster groups who have an interest in growing visitation to their communities e.g. Destination Waitomo, Destination Pureora.
- Providing greater support to new and existing visitor experiences e.g. cultural tourism.

Current Local Government support through Draft Long Term Plans

20. The following councils have included the additional funding for HWT in their draft LTPs;

- Waikato District Council
- Waitomo District Council
- Otorohanga District Council
- South Waikato District Council

21. Hamilton City Council is considering the proposal for increased funding into Hamilton & Waikato Tourism. However it has yet to confirm any increased funding, subject to gaining clarity from each of the other partner funding councils for the RTO of their intentions regarding the matter.

22. Otorohanga District Council has also indicated their support on the basis that all councils commit to the increase. Matamata-Piako and Waipa District Councils have not included the additional funding in the LTP. HWT will continue to seek the proposed increase through their LTP processes. HWT is also seeking a partnership with the Waikato Regional Council.

23. HWT's success to date is due to the councils' vision and collective partnership over the past three years. It is critical that all councils' support the increased investment for the following reasons;

- a) to ensure HWT have enough financial resource to carry out the additional activities and widen its scope in order to achieve the desired outcomes;
- b) to retain the integrity of the agreed TLA funding model and shared service agreement across the group.

Conclusion

24. HWT sincerely thanks the Waitomo District Council for its partnership over the past five years and including the additional \$20,000p.a in the draft Long Term Plan 2015-25. As a result of the partnership and investment alongside the region's other six councils, we have made significant progress in enabling the region to be recognised as a great place to visit and the tourism sector is now respected by stakeholders as a leading contributor to the regional economy.
25. Looking forward, the H&W region has an opportunity to use tourism to increase the prosperity and living standards of its people. We can only do this by continuing a collaborative and long-term strategic approach, and by increasing the level of investment in HWT to expand activities to stimulate and create tourism growth and development for the region therefore providing greater benefits for our communities.
26. **HWT would like to request to speak to this submission at the LTP hearings.** All enquiries should be made to Kiri Goulter, CEO of Hamilton & Waikato Tourism, Kiri@hamiltonwaikato.com or phone 07 8430056.

Thank you for the opportunity to submit to WDC's draft Long Term Plan 2015-25.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Kiri Goulter', with a long horizontal flourish extending to the right.

Kiri Goulter
Chief Executive
Hamilton & Waikato Tourism