



# LET'S TALK

## Issue 1: Tourism

“Overall there is a need for the local government sector to better define its expenditure on ‘tourism’ to understand the business case for its ratepayer investment into projects, grants and sponsorships, and to set better funding policies for facilities used by visitors to ensure they contribute fairly.” (*Value for Money?* Report)

**M**orning all. Let's talk tourism. It's topical, it's big for New Zealand and our communities, and we're coming up to another summer. Tourism is one of the activities that my company is involved in. I'm starting to work around councils and groups to bring this message about improving ROI to better look after the ratepayer and new methods for communities to fund for tourism infrastructure without hitting the ratepayer. Call me if you want me to come to you.

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**Question: Are you really getting ENOUGH value from your tourism dollars at your council?**

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### Value for Money Report

Many of you will have read the “Value for Money? Tourism Spend in NZ Local Government 2015/16” report I wrote and released recently.

(<http://www.lgnz.co.nz/assets/Uploads/TLA-Tourism-Investment-2015-Hammond-Robertson.pdf>).

72 councils responded and it is just a start of trying to work out a methodology about our sector spend on tourism.



### Is your Tourism Performance good enough?

For the first time, we are changing the conversation about tourism projects to ask, “Is the Business Case we are seeing GOOD ENOUGH value for ratepayer spend?”

Let me run you through an example of a project under my CEO leadership on the Coromandel – the Cathedral Coast Walkway. So any criticism of it is criticism of myself foremost. The Walkway will be stunning, and is a great example of partnerships.



### Cathedral Coast Walkway, Hahei, with my kids

Of this \$3.66M project, 62% of costs are for the ratepayer, amounting to loan servicing of some \$230k p.a. for a period.

From the Value for Money report, I now know that the New Zealand average return is \$379 of tourists' spend for every \$1 of a council's investment.

The Cathedral Cove Walkway project's Business Case projects a return of between \$37 and \$75 for every \$1 of council spend. This is well under the national average of \$379, but the upper projection is on the Coromandel average visitor return (of \$77 in that District). **Is that a good investment? No, not yet.**

*So the math is not good – not enough return for ratepayer funding. Does that mean we stop the project?*

No. It means that we work harder on pay-for options to make the math even better.

In the case of the Cathedral Coast Walkway a connected project is construction of a pay-for carpark (below) in a private-public partnership arrangement which will pay back the capital on carpark, Walkway, and its annual maintenance as well.

We need to be identifying the tourism component of all projects or works, asking if the return is high enough yet, then matching with pay-for mechanisms to meet the tourism component. Call me if you want to talk this through more. ■



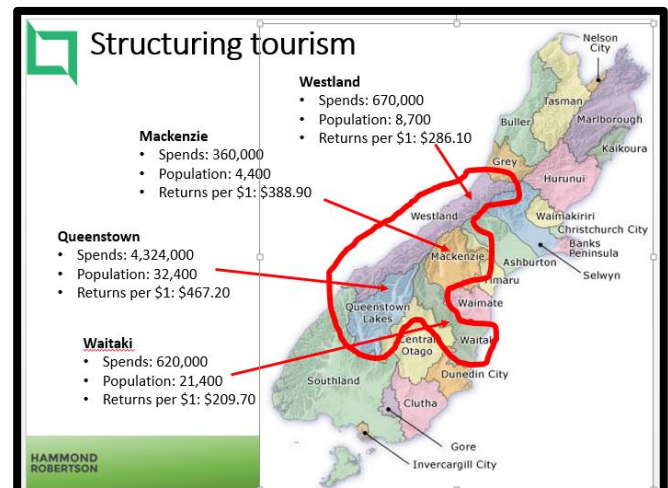
**HOT REPORTS:** How well is your tourism performing? Purchase a Hot Report of your District and find out:

<http://www.lgnz.co.nz/assets/Tourism-campaign-attachements/Hammond-Robertson-Hot-Report-Kiwi-District.pdf>

## S.17a Service Delivery Reviews of Tourism

Post-election, who of you is going to get asked to do reviews of the past council's approach to economic development and tourism? It will come.

The picture below is a slide I did for a meeting of all Tasmania's Chief Executives in September talking about Service Delivery Reviews for tourism.



The Value for Money report identified tourism hubs. I think there is a Queenstown-centric hub of benefit flowing from Queenstown to Mackenzie, Waitaki and Westland.

Across New Zealand we need to take a helicopter view of tourism flows and opportunities and be talking cross-region to councils about the best ways to deliver and fund tourism. This is a conversation I think is best driven through regional Chief Executives meetings.

**The best approach to a S.17a Service Delivery Review** of tourism or economic development has the following with consultation at each stage:

1. Economic analysis to establish the 'data truth'
2. Review of structures, plans, funding, governance
3. Recommendations on new approaches to structures, governance and funding
4. **ONLY THEN** do a Strategic Plan. ■

## Freedom Camping

Thank you to the 32 councils who attended my Freedom Camping seminar recently. Call me for support on Freedom Camping. ■