



## **Hospitality New Zealand**

**TO QUEENSTOWN LAKES DISTRICT COUNCIL**

**SUBMISSION ON  
TEN YEAR PLAN 2021-31**

**APRIL 2021**

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### **About Hospitality New Zealand:**

1. Hospitality New Zealand (“Hospitality NZ”) is a member-led, not-for-profit organisation representing approximately 3,000 businesses, including cafés, restaurants, bars, nightclubs, commercial accommodation, country hotels and off-licences.
2. Hospitality NZ has a 119-year history of advocating on behalf of the hospitality and tourism sector and is led by Chief Executive Julie White. We have a team of seven Regional Managers located around the country, and a National Office in Wellington to service our members.
3. Hospitality NZ has a Board of Management, made up of elected members from across the sectors of the industry, and an Accommodation Advisory Council, made up of elected members from the accommodation sector.
4. We also have 20 local Branches covering the entire country, representing at a local level all those member businesses which are located within the region. Any current financial member of Hospitality NZ is automatically a member of the local Branch.
5. This submission relates to the Long-Term Plan 2021-31 (“the Plan”).
6. Enquiries relating to this submission should be referred to Darelle Jenkins, Regional Manager – Lower South Island, at [darelle@hospitality.org.nz](mailto:darelle@hospitality.org.nz) and 0226834249.

### **General Comments:**

7. Hospitality New Zealand welcomes the opportunity to comment on Queenstown Lakes District Council’s Ten Year Plan 2021-31.

### **Infrastructure Funding – Visitor Levy**

8. In 2019, Productivity Commission undertook its report into Local Government Funding and Finance. The report recommended that “Better use of existing tools and central government funds should be enough to close the tourism funding shortfall. Given the small scale of the funding gap, introducing new funding tools would incur significant implementation, administration and enforcement costs and is unlikely to result in a net benefit to councils.”
9. We endorse those sentiments – rather than introducing new tools that target specific sectors, councils should make better use of existing tools to achieve their goals.
10. Hospitality NZ believes a consistent and fair nationwide approach to the funding of core infrastructure needs to be introduced.
11. Hospitality and accommodation sectors are viewed by local councils as an easy source of funds, via targeted rates on commercial businesses, or implementing bed taxes/visitor levies. Hospitality NZ opposes the introduction of visitor levy as it unfairly targets only those people staying in commercial accommodation.
12. If a visitor levy is deemed necessary, Hospitality NZ believes these must be broad based taxes, and ensure that they are appropriately designed, are fair and equitable to those contributing, have community support, and are used solely for initiatives that benefit the

visitor economy. Alternatively, those funds raised must be ring-fenced and used for the benefit of those contributing to the fund. However, Hospitality NZ's preference would be for any funding of tourism infrastructure to come from a centralised pool.

13. Hospitality NZ recommends further consideration is given to implement the Productivity Commission's report findings.
14. Prior to COVID, tourism was struggling to maintain social license in communities – in part given the infrastructure pressure tourism growth was placing on some regions. We recognise that tourism and hospitality use and benefit from a wide variety of mixed-use infrastructure. We now have a real opportunity to resolve some of these infrastructure issues and prepare for the rebuild of the sector.
15. Targeted rates and 'visitor levies', 'tourism' or 'bed taxes' concern our members, who assert:
  - These unfairly place the burden of funding infrastructure or promotion on just one part of the tourism/hospitality industry;
  - As ratepayers, businesses oppose increased rates to fund basic infrastructure they may not receive a direct benefit from i.e., infrastructure for freedom campers;
  - We would prefer to see Central Government funding of infrastructure, where local councils are unable to fund it themselves; and
  - If new funding schemes are required, there needs to be an emphasis on broad-based levying. They need to be fair and equitable and all businesses who will benefit from further infrastructure development should contribute.
  - Short Term Rental Accommodation (STRA) providers should be included in the visitor levy collection also. QLDC has a Visitor Accommodation registration mandate, however we are unsure of its uptake and the Council's data on registrations.
  - There is concern to who will administer the levy or tax, and if it will be charged in a fair way like the other bed taxes/visitor levies around the world, rather than concluding that the business operator will have to absorb the costs like Auckland's Accommodation Provider Targeted Rate.

#### **Targeted Rate on Queenstown Town Centre properties**

16. While we are supportive of upgrades to the Town Centre, we do not think businesses are in a position to carry further increases to their overhead costs. Council needs to ensure that there is appropriate governance over the Masterplan project. Hospitality NZ recommends that the Council form an advisory group including a wide range of businesses to ensure the plan to improve the CBD is relevant and keeps to the agenda. We wouldn't want focus to go astray and our members to have paid for roading upgrades that don't support a thriving CBD.

#### **Rates increases**

17. Hospitality NZ urges caution around rates increases. Whilst we understand the need to ensure rates are covering their costs, and agree to a user pays option in rates collection, Council need to be mindful that these rate increases will not be the only increases they are taking on. For example, from the Ten Year Plan proposals, a Restaurant in the CBD will not only see their general rates increased, the Targeted Rate on Town Centre properties introduced, and an increase to their Environmental Health licence and application costs for their Food Control Plans. This is a lot to take in one hit and could be unmanageable for a number of operators.

18. While an average 5.91% increase for business is reasonable in year one, we would want to see further rates increases across the rest of the 10 Year Plan fall into line with the proposed increases.
19. We also question why rates increases are not smoothed over the ten-year timeframe. If a 2.55% increase is proposed in 2027/28, a 2.92% in 2028/29 and a 2.42% increase is proposed in 2029/30, we question why Council would not make those increases 4.3% and reduce increases in years 2021/22 to 2026/27.
20. Hospitality NZ believes Council should explore other financial avenues to reduce rates and debt rather than simply relying on ratepayers to fund projects. Most ratepayers – and certainly the business community – do not have confidence that Council is cutting costs or analysing the way it manages assets, debt or a changing economic environment. If ratepayers felt the Council was doing its utmost to minimise costs, rates increases would be more palatable.

### **Spending**

21. Hospitality NZ members are asking for some transparency in how the rates revenue is being spent, including the visitor levy. We would like a greater understanding on what checks and balances are placed on spend and how the results of the spend are reported. For instance, our members are often being told that these rates increases bring economic benefits to the communities but our members do not always realise those benefits. Stronger analysis on Council return on investment (ROI) is needed on QLDC's investments.

### **Conclusion:**

22. We thank Queenstown Lakes District Council for the opportunity to provide input into the consultation.
23. We would be happy to discuss any parts of this submission in more detail, and to provide any assistance that may be required.