

Lockhart, Ann

QUEENSTOWN CHAMBER OF COMMERCE

6 Other Comments

Would you like to comment on any other aspect of this draft 10 Year Plan?

See attached submission



SUBMISSION ON QUEENSTOWN LAKES DISTRICT COUNCIL 10 YEAR PLAN

TO: Queenstown Lakes District Council
Private Bag 50072, Queenstown 9348

Name of submitter: **Queenstown Chamber of Commerce**

Address: Level 2, The Forge, 20 Athol Street,
Attention: Ann Lockhart

1. This is a submission on the Queenstown Lakes District Council ("the Council") 10 Year Plan ("the Plan").

The Queenstown Chamber of Commerce welcomes the opportunity to provide a submission on the Queenstown Lakes District Council 10 Year Plan.

The Chamber is motivated by the best long-term outcomes for the business community and is an independent voice with no vested interest. Therefore, the Chamber is pleased to be able to present this submission on behalf of the 502 Queenstown businesses it represents.

We believe enhanced community wealth and a higher quality of life comes as the result of a strong economic base built by a business community which generates employment opportunities. As such, the Chamber's members are large stakeholders in the economic, social and environmental future of the Queenstown Lakes District.

The Chamber has submitted on and has been involved in discussions on a number of issues relating to the Queenstown Lakes District and we thank Council for your open dialogue with us.

The Chamber as a representative of the business community in Queenstown continues to support Council in helping to achieve its goals.

2. The Queenstown Chamber of Commerce ("Chamber") agree in principle that the Queenstown Lakes District Council 10 Year Plan is fiscally restrained and is the Chamber would like to make comment on the following areas:
 - i. Rates/Funding Core Activities
 - ii. Transport
 - iii. Convention Centre
 - iv. Economic Development
 - v. Sister City

i) Rates/Funding Core Activities

The Chamber is overall supportive of the 10 year plan - the budget is fiscally restrained, including the ongoing debt reduction which will provide for potential increased future borrowings if required. The Chamber also welcomes the Council's plan to continue to reduce Council costs over the next 10 years.

The Chamber is complimentary about the section on infrastructure expenditure. We agree that Council has given priority to those projects which have the greatest need to both the general community – i.e. sports facilities, libraries and waste water and in terms of the business and wider community - the Queenstown Convention Centre.

Never-the-less, the Chamber argues that some of the longer term projects, particularly under the transport strategy, will need to be advanced earlier than currently planned e.g. the Inner Links and Mann Street Bypass projects. These projects are critical to future traffic flows within the town centre and expansion of a more pedestrian friendly CBD which will result in an improved visitor and local experience.

Previously, the Chamber has had concerns around the strategy of zero rates increases and agrees that the reasonably modest projected increase of 2.6% over the next 10 years is acceptable and necessary. While reducing debt is important, debt is also a mechanism for spreading costs fairly over future generations rather than having current ratepayers sacrificing a 'quality of life' they might otherwise have expected. The outcome of a zero rates increase could potentially mean the sacrificing or deferment of major infrastructure projects which the Chamber has concerns about and has noted above.

Furthermore, the Chamber believes it is important that visitors contribute towards some of the essential infrastructure which they are the largest users of. In order to help ease the burden on commercial and residential ratepayers, the Chamber requests Council investigate the implementation of a visitor levy that could partially offset rates and also assist with the financing of new projects such as the convention centre and other destination management projects which are otherwise unaffordable because of the district's low rate payer base - approx. 28,000 compared to maximum visitor days of up to 100,000.

The Shaping our Futures Visitor Industry Taskforce report, November 2014 estimates that by 2025, visitor numbers could reach 5 million per annum. Because of the highly disproportionate number of visitors to ratepayers and therefore exceptional circumstances of Queenstown, the Chamber argues that it necessitates council to find additional funding methods, preferably based on user-pays models. The Chamber does not believe the current rating system is the appropriate mechanism to fund all projects.

ii) Transport Strategy

The Chamber welcomes the transport strategy and notes that this is a critical project when Queenstown's projected growth over the next 20 years is to reach 6.5 million visitors per annum (Shaping our Futures Visitor Industry Taskforce report, November 2014).

However, we note the Transport Strategy lacks specific detail in certain areas.

Summary

Agree:

- *The Chamber supports the development of a first class public transport system*
- *The Chamber supports the development of pedestrian pathways to the town centre*
- *The Chamber supports parking management which encourages short stay parking (up to 4 hours) within the town centre and long stay parking (where appropriate) in the peripheral town centre fringe areas*
- *The Chamber supports the development of cycle ways to the periphery of the town centre*

Disagree:

- *The Chamber does not support designated cycle ways within the town centre until such time as the as a master plan for the downtown area including parking, pedestrianisation, streetscaping and current and future retail precincts is completed.*
- *Similarly, the Chamber does not support a reduction of on-street car parks within the town centre until such time as a master plan for the downtown area is completed*
- *The Chamber does not support the further development of Camp St for buses. Camp St has one of the highest pedestrian counts in the CBD and the Chamber believes buses should be moved away from Camp St to the periphery of the CBD.*
- *The Chamber disagrees that on-street parking ranks lower than cyclist and pedestrian flow for Shotover and Stanley Streets and local access streets.*

The Chamber would like to make particular comment on the following areas of the transport strategy:

Inner Links

1. The Aecom Ltd report for Stage One (the Melbourne St - Henry St Link) that *'In the short term this approach will be unaffordable as it is unlikely to attract NZTA funding support'*. The Chamber believes that should a 20% reduction in vehicle trips to and from the town centre not occur then NZTA need to advance the reinstatement of the Inner Links option very quickly.

2. The Aecom Ltd report also states that *'In the longer term a narrow focus on increasing road capacity to meet projected traffic demands is likely to further cement*

the districts preference for the single occupant car and will create congestion issues, albeit on Melbourne-Henry Streets rather than Stanley street over the next 20-30 years'. The Chamber disagrees with this statement as it sees the Melbourne-Man Street link as an appropriate way of moving traffic around the CBD while at the same time creating a more pedestrian friendly CBD with Shotover and Stanley Streets having less traffic congestion.

3. The Chamber also believes that with both population and visitor growth predictions over the short and long term it is highly unlikely that Stage One of the Inner Links project can be deferred for 15-20 years and also highly unlikely that Stage Two of the Inner Links project can be deferred until after 2040.

Traffic Congestion:

The strategy states *'that a vehicle dominated and congested town centre will affect visitor perceptions in Queenstown'*. The Chamber would like it noted that congestion of vehicles mainly occurs on the arterial routes of Shotover and Stanley Streets – both NZTA operated state highways. Congestion of Shotover and Stanley Streets can also result in congestion of the inner CBD streets as traffic from these streets find it difficult to access these arterial routes. The Chamber would also like it noted that apart from Camp St there is very little congestion in the inner CBD streets.

It states: *'A key driver is that 20% of vehicle trips to and from the town centre will switch to other more sustainable modes'*. This statement is misleading in that it doesn't take into account the 75% of traffic going around the town centre. If 20% of the 25% of traffic going to and from the town centre switched to more sustainable modes that would mean a 5% reduction in total vehicle trips. The QT Town Centre Strategy document focuses on commuters and traffic going to and from the town centre but makes little mention of the traffic going around the town centre.

Parking:

The Chamber supports the guidelines that *'Parking management (on and off-street) will favour the availability of parking for visitor (short stay) parking with the promotion of highest parking space turnover being promoted within the town centre and the lowest level of turnover in the town centre fringe areas'*.

The Chamber supports providing visitor (<4hrs) parking in the Church St carpark. To enable this, the Chamber supports the removal of leased parking and all-day parking in the Church St carpark.

However, if Council extend the area of parking restrictions around the downtown area, new parking areas need to be made available for workers that require to use their cars during the day and/or shift workers where public transport is not available.

iii) Queenstown Convention Centre:

Summary

- a) *The Chamber remains in support of building an international standard convention centre at the Lakeview site in downtown Queenstown*
- b) *Supports council pursuing alternative funding options in order to reduce the burden on ratepayers*
- c) *Seeks agreement from Council for provision of rates relief in the future event of further commercial development at the Lakeview site and/or the implementation of a visitor levy*

1. Economic Benefits

With the estimated growth in visitor numbers predicted to reach five million by 2025 (Shaping our Futures Visitor Industry Taskforce Report, November 2014), the Chamber strongly argues that substantive projects of this size are required in order to support sustained growth into the future. We take the view that the convention centre is a 50 year plus investment into both the business and wider communities.

The Chamber agrees that the Lakeview site will provide the greatest economic impact for the downtown business community and wider district. Queenstown's point of difference for attracting conferences and incentives is its spectacular location and numerous activity and hospitality options. With its close proximity to accommodation, hospitality and attractions, as well as providing one of the district's most magnificent views of Lake Wakatipu and the Remarkables mountain range, the Lakeview site celebrates the key attributes of Queenstown.

Further to this, the councils Draft Economic Strategy which it consulted on late in 2014, recommends that increasing the growth of higher expenditure visitors and business visitors by the construction of the convention centre at the Lakeview site will be a "game changer" for the district in securing high value business visitors. The Chamber agrees that the construction of a Convention Centre is important to diversifying the current economic base, providing for additional visitors outside of the seasonal peaks of summer and winter, and supporting the existing businesses in the District.

The Lakeview site and convention centre will also be a major driver for the revitalization of the central business district location and provide an additional anchor to the Queenstown downtown area. The existing Convention Centre at Auckland is being expanded in its current location and works well in a CBD environment, while the proposed replacement Convention Centre for Christchurch will remain in a CBD environment as will the new proposed one in Wellington. These examples illustrate how factors such as the ability for delegates to walk to restaurants and nightlife as well as to tourist activities are important factors in their location. Queenstown is already an international destination, it is important the district builds on this recognition.

The Chamber's support for the convention centre is based on the understanding that the economic benefits to the community will be as outlined in the economic impact reports by CBRE (July, 2013) and Insight Economics (Nov, 2014). It has been estimated that the conference centre will attract additional out-of-region visitors who will spend on average \$29 million annually. Opportunities to grow the lucrative business tourism market are currently largely untapped because of the lack of a fully scoped, integrated conference centre of sufficient size to handle medium to larger conferences. While attracting a higher yielding visitor segment is appealing, just as important is the ability to remain a world-class destination by having world-class facilities to retain a competitive advantage.

2. Financial Implications:

Because the district stands to benefit from significant economic growth as a result of the convention centre, it is reasonable that the district's ratepayers should contribute. Those that stand to gain the most economic benefits from the convention centre are commercial ratepayers based in central Queenstown. Therefore the Chamber supports the current proposed rating model 'in principal' but because of particular rate implications for businesses, cannot comment on behalf of individual business owners.

The Chamber does not believe that the convention centre should be built at 'any' cost and support for the project is given on the basis that the council's contribution is permanently capped at \$32.5M. In the meantime, the Chamber urges council to find alternative funding methods in order to minimise the burden on commercial ratepayers – options could include private development, private/public partnership, inclusion of accommodation businesses that are currently outside the CBD rating zone and the implementation of a visitor levy/user pays model.

The Chamber supports the proposal that the entire Lakeview site be developed in the future to accommodate the convention centre, hot pools and other developments (mixed commercial/residential precinct). The Chamber believes this could reduce the reliance on commercial and residential ratepayer funding going forward. Feasibility analysis undertaken by the consultants suggests that the development opportunities adjoining the convention centre at Lakeview could deliver between \$30m and \$45m in 'land' based payments to QLDC, in the longer term.

The Chamber understands that there will be at least three Annual Plans and one 10 Year Plan process before any rating model will be implemented in 2018 and therefore the opportunity to make further submissions on the convention centre will be available to the Chamber and individual business owners.

On this basis, the Chamber supports the Queenstown Convention Centre project remaining in the 10 Year Plan.

iv) Economic Development

The Chamber has been aware for some years that there has been no structure or pathways for planned economic development in the district. Nor has there been economic data, other than high level information from organizations such as Beryl,

on which economic modelling could be undertaken. Therefore the Chamber welcomes the comprehensive data supporting the Economic Development Strategy commissioned by Council in 2014.

As stated in the Draft Economic Development Strategy, the District has experienced very strong economic growth over the last decade – over double that of the New Zealand average. However the District is very concentrated and reliant on industries that service visitors and the growing population. The key strengths of the economy are summarised by the study as the outstanding natural landscapes which underpin the tourism experience; the visitor economy which supports a range of industries such as accommodation and food services; the talent base (highly skilled population workforce) and the entrepreneurial culture of the residents. The economic constraints for the economy are listed as the being the relative size and location of District, the concentration of industry and housing affordability and the high cost of living.

Some of the projects which have economic outcomes and that are currently being undertaken in the District and which would be suitable for management under an Economic Agency structure include but are not limited to:

- Queenstown Convention Centre
- Study Queenstown
- Sister Cities
- Film
- Events
- Private hospital
- Private research facilities
- Destination Management

At the time of the submissions to the draft strategy, the Chamber strongly supported the concept of an economic entity being set up and an economic development officer be employed and reporting to an advisory board. Council has since determined it will approach and fund new economic development initiatives on a project by project basis.

Therefore, the Chamber has now resolved to undertake some of this special project work on behalf of the business and wider communities.

The advantages of this will be:

- The Chamber can seek additional funding to supplement Councils contribution
- An independent organization with a Board and executive officer can be more entrepreneurial in their approach to economic development
- An external organization can work with Council without being part of Council. This can decrease inefficiencies and protect Council from controversy. It can also provide objectivity and freedom from political agendas
- Developers and local businesses can work with an external body 'in confidence'
- An external body does not suffer from the conflicts between economic development and regulatory responsibilities as can happen within Council
- Councillors and the Mayor can have much greater input via an independent organization

Queenstown Labour Force Project:

Government Ministers are currently seeking information on what initiatives Queenstown is undertaking to encourage more New Zealanders to live and work in Queenstown. They are also asking what the biggest challenges are that make it difficult for Queenstown employers to recruit and retain more New Zealanders.

The needs were identified during recent meetings with MBIE and local employers and stakeholders. Local stakeholders have now been asked to prepare a case for government about the “special issues” facing Queenstown businesses around labour force and housing issues.

The initial project to be undertaken will be the promotion and recruitment of New Zealand workers to relocate to Queenstown, either as full-time or temporary residents to fill the large number of vacant positions currently filled by itinerant workers on temporary visas.

New Zealand immigration policy states that jobs should go to New Zealanders where possible in preference to immigrants. At the same time it is recognized that, because of the total size of the labour market in Queenstown, there will always be a need for immigrant workers.

Current Project - Labour Force Scope:

- Promote Queenstown as a place to live, work and study
- Establish a Queenstown Labour Exchange as a central point for Queenstown work opportunities
- Facilitate domestic seasonal migration
- Share resources across businesses (within and with other sectors) where seasons are complementary (e.g. skiing and agriculture)
- Promote tourism as a career
- Strengthen secondary school tourism curriculum
- Promote that most employers pay above minimum wage
- Group employment and training schemes
- Central government assistance with financial assistance with relocation – apply to central government
- Unlock accommodation issues
- Implement strategies to reduce seasonality (e.g. convention centre development)
- Bonded training/apprenticeships

Future Projects:

In addition to the projects listed above, the Chamber is aware there are a number of issues currently being experienced where the scale and size of certain issues are neither well understood nor quantified.

Some of the projects which need further market research include but are not limited to:

- Workforce issues - as noted above
- Infrastructure and services issues
- The size and scale of shortages in affordable housing for families
- The size and scale of shortages in temporary worker accommodation

- Destination management issues e.g. accommodation shortages at peak times of year. Large proposed increases in airline capacity at the same peak periods, exacerbating accommodation shortages

It is the Chamber's view that we can be the enabler for a number of these projects (as has been the case with the setting up of Downtown QT) and will provide seed funding but request Council's assistance with projects which will have benefits to the wider community.

The Chamber requests council contribute \$60k from the 2015/2016 Annual plan towards the Queenstown Labour Force project.

The Chamber requests Council set aside \$150k in the 2 subsequent annual plans to fund agreed projects on a project by project basis.

v) Sister Cities:

A working group was formed in 2013 to encourage new business, tourism & investment opportunities for a Queenstown-Hangzhou sister city relationship. The formal sister city relationship agreement was subsequently signed in Hangzhou late in 2014 and at which time local businesses had the opportunity to meet with potential investors and partners.

The Chamber also now administrates the Aspen Sister City relationship. This relationship is being reinvigorated and new opportunities for the commercial sector identified. The long standing high school exchange programme continues to have active support from the high school community.

2014/2015:

- Hosting of two official delegations from Hangzhou to Queenstown
- Delegation from Queenstown to mayoral forum and sister city signing in Hangzhou
- China Investment seminar
- Assisting high school to find international students
- Investigating commercial opportunities and investment

2015/2016:

- Investigate new commercial opportunities in Aspen – wine & food, education, tourism
- Investigate new commercial opportunities in Hangzhou – wine & food, education, tourism, film
- Host business delegation to Hangzhou
- Host function with local businesses and potential Chinese investors in Hangzhou and Queenstown
- Facilitate intern exchanges
- Host other various visiting delegations – China, EU

The Chamber requests Council continues to support the sister city initiatives and contribute \$10k from the 2015/2016 annual plan

Actions Sought

Address the issues raised in this submission including:

- 1) Rates/Funding Core Activities: *investigate alternative funding mechanisms including a visitor levy to assist with funding large scale infrastructure projects.*
- 2) Transport Strategy: *consider changes as outlined above. The Chamber will also re-submit to the Transport Strategy as a separate item.*
- 3) Convention Centre: *Retain Queenstown Convention Centre project in the Long Term Plan while seeking alternative funding methods. Seek agreement for provision of rates in the future event of further commercial development at the Lakeview site.*
- 4) Labour Force Project: *Contribute \$60k towards Labour Force Project*
- 5) Sister City: *Contribute \$10k towards the administration of two Sister City relationships.*

The Chamber wishes to speak in support of its submission.

The Queenstown Chamber of Commerce

Ann Lockhart

Chief Executive Officer

Date: 29/04/2015