Wallace, Simon

TOURISM INDUSTRY ASSOCIATION

6 Other Comments

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

See attached submission

Submission to the

Queenstown Lakes District Council's Long-term Plan 2015 to 2025

on the

Queenstown Convention Centre

29 April 2015

EXECUTIVE SUMMARY

1. As set out in Tourism 2025 (www.tourism2025.org.nz), the growth framework for the tourism industry, the Tourism Industry Association (TIA) supports a regional network of convention centres around New Zealand, including those in Auckland, Wellington, Christchurch and Queenstown.

2. Business events have been identified in Tourism 2025 as a high value segment and growing opportunity for New Zealand's tourism industry. It is also a segment that is not as strongly driven by seasonality and so helps drive capacity in tourism's shoulder and off-peak periods e.g. March to November nationally. To capitalise on this opportunity, convention centres capable of hosting medium to large scale meetings are needed.

3. A convention centre in Queenstown would not only complement the International Convention Centre to be built in Auckland, but position other parts of New Zealand, like Queenstown, to also host international scale conventions and convention meetings.

RECOMMENDATION

4. TIA recommends that, subject to a robust business case, the proposal for the Convention Centre in Queenstown proceed.

INTRODUCTION

About TIA

5. The Tourism Industry Association (TIA) is the lead association that represents the interests of about 1,500 tourism businesses in New Zealand. TIA represents a range of tourism-related activities including hospitality, accommodation, adventure and activities, attractions and retail, airports and airlines, as well as related tourism services.

6. The primary role of TIA is to be the voice of the tourism industry. This includes working for members on advocacy, policy, communication, events, membership and business capability. The team is based in Wellington and is led by Chief Executive, Chris Roberts.

7. This submission addresses the aspect of the Queenstown Lakes District Council's (QLDC) Long-term Plan that relates to the proposal for a Queenstown Convention Centre. It reaffirms the position that TIA took when lodging a submission to the QLDC in August 2013.

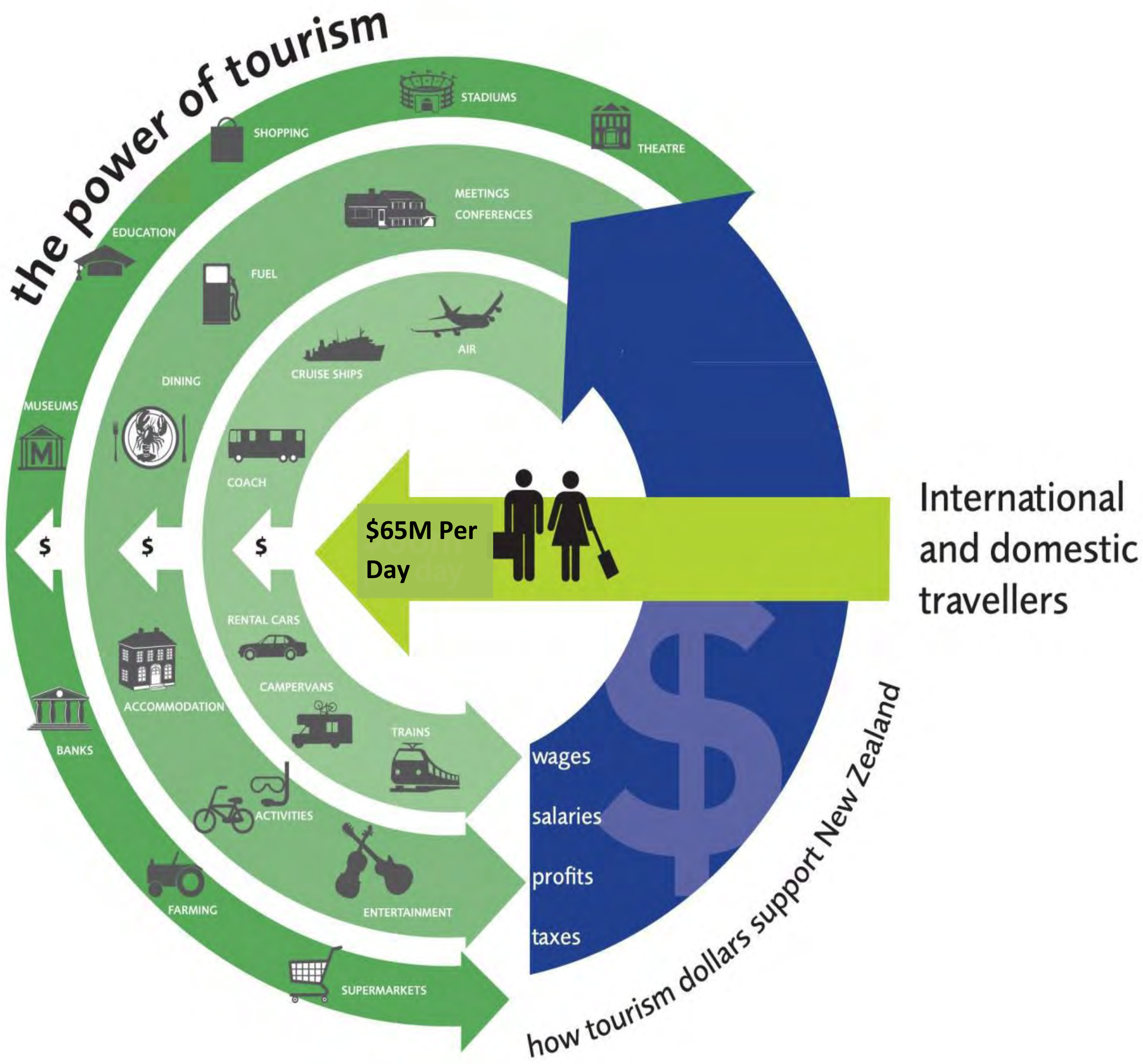
8. Any enquiries relating to this paper should in the first instance be referred to Simon Wallace, TIA Policy and Insight Manager at simon.wallace@tianz.org.nz or by phone on 04 494 1842 or [redacted] or to Sally Attfield, TIA Hotel Sector Manager at sally.attfield@tianz.org.nz or by phone on 04 495 0814 or [redacted].

BACKGROUND

9. Tourism for New Zealand is big business as the country's second largest export sector. The brand positioning built by a vibrant tourism industry has become an important source of national confidence and identity and a front window for "Brand New Zealand". Indeed, the clean and pure offer that is synonymous with New Zealand tourism has been widely adopted and used to promote New Zealand exports in a range of other industries as well.

10. The tourism industry delivers the following value to New Zealand's economy:
    - Tourism is a $65 million per day and $24 billion a year industry.
    - The tourism industry directly and indirectly supports 166,800 full-time jobs, 8.3% of total employment in New Zealand.
    - Tourism is one of our biggest export industries, earning $10.3m or 15.3% of New Zealand's foreign exchange earnings.
    - Domestic tourism contributes $37 million in economic activity every day or $13.4 billion per annum.

THE POWER OF TOURISM



COMMENT

11. The Tourism Industry Association New Zealand (TIA) welcomes the opportunity to comment again on the Queenstown Convention Centre proposal. TIA's advocacy for world-class convention centre infrastructure is long-standing. Not only have we included the need for such facilities in our 2011 and 2014 general election manifestos, business events and the need for infrastructure to support them have been identified as a target for value opportunity in Tourism 2025, the industry led economic growth framework.

12. The business events market has been growing steadily over many decades to the point where there are now over 23,000 association meetings held globally every year and that figure has been growing at 10% a year for more than 50 years. Visitors who come to New Zealand for business events are by nature high value, but the beneficiaries of a convention centre are also much wider than tourism businesses themselves. They include, for example, retailers, hospitality providers, taxi drivers,

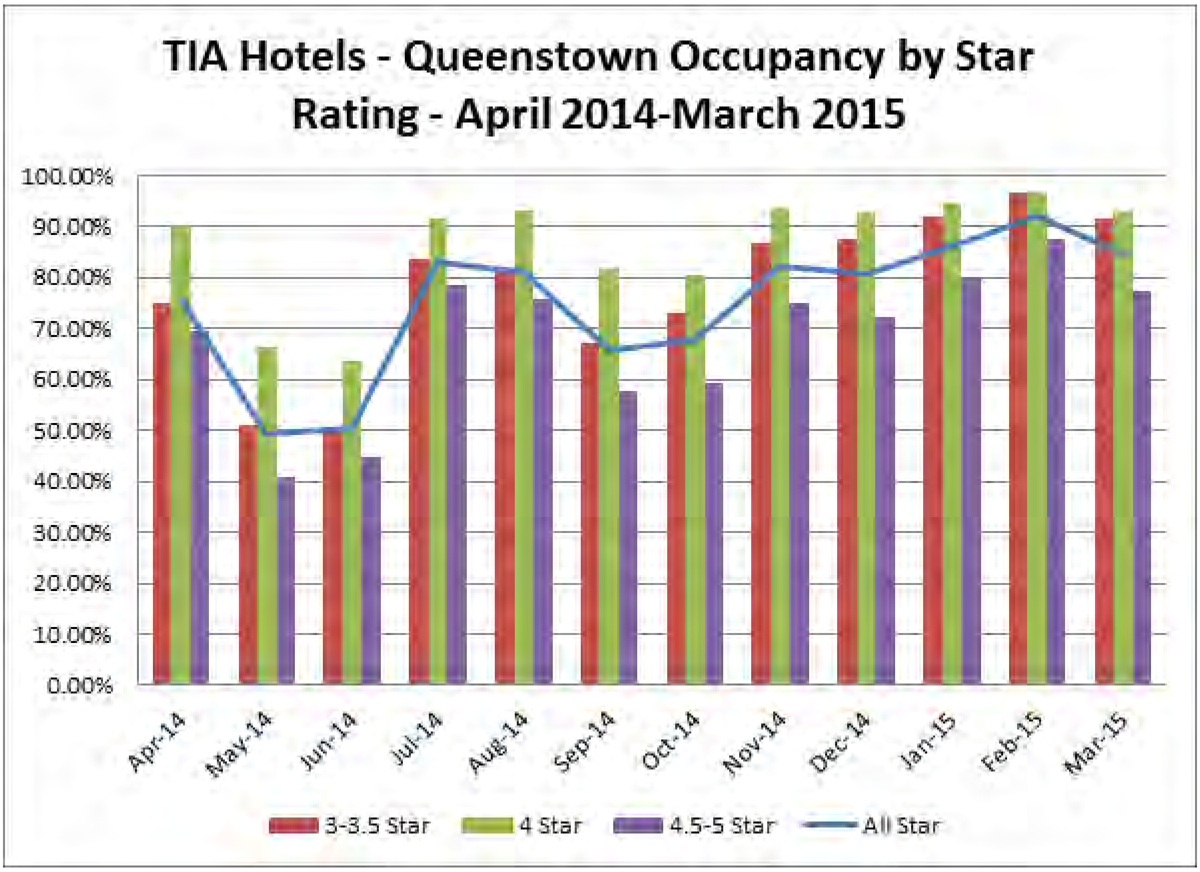
supermarkets and petrol stations. So, there are clear and tangible benefits to sectors beyond what might be regarded as core tourism businesses.

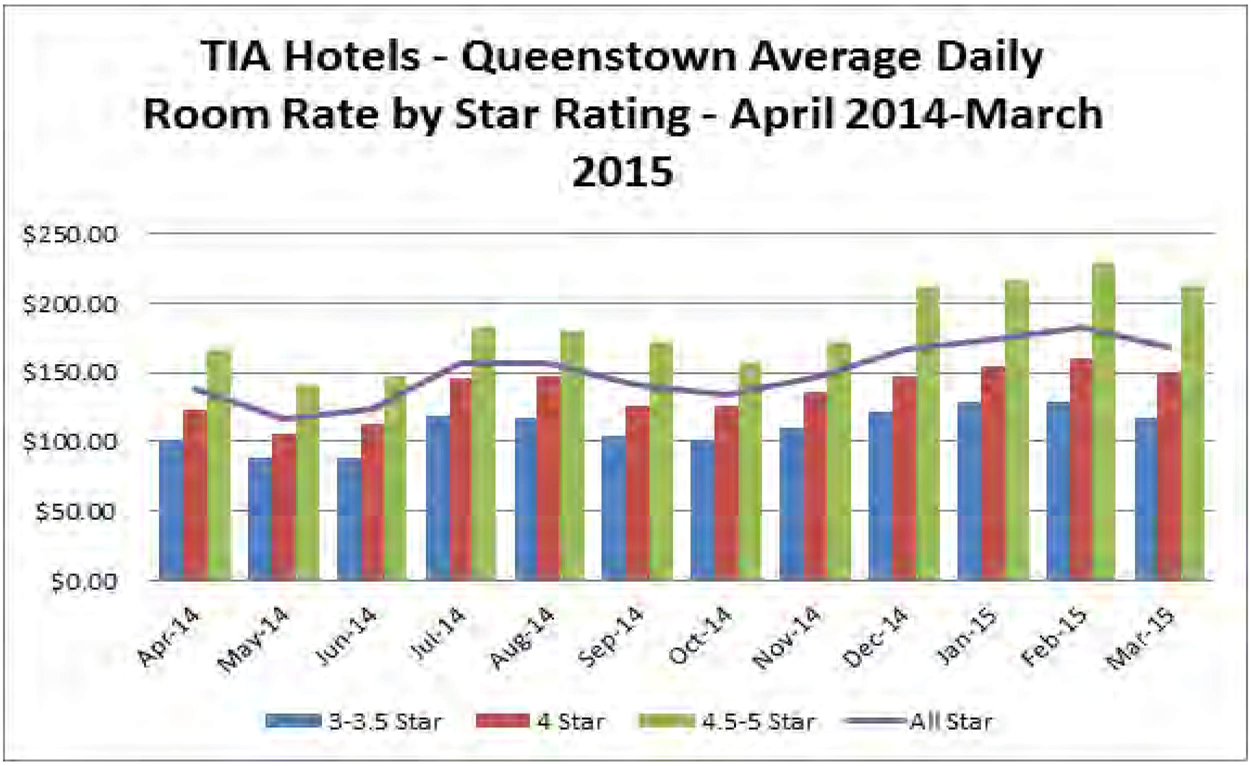
Tourism 2025, productivity and seasonality

13. As noted, TIA released Tourism 2025 (www.tourism2025.org.nz) last year, an industry-led government supported economic growth framework which has set an aspirational goal of reaching $41 billion in annual tourism revenues by 2025.

14. Seasonality has been highlighted as a major challenge in Tourism 2025 with a need for the industry to address this in order to improve productivity. Convention, conference and event business is less constrained by seasonality and is seen as an opportunity to help smooth out seasonality issues. This provides a flow on impact for tourism infrastructure in the shoulder and off-peak seasons to ensure they are better utilised.

15. The graphs below show that while occupancy is trending upwards reflecting the attraction of Queenstown for summer and winter activity, the dips in the May-June and September-October periods are more pronounced and show that there are few other drivers of visitation to Queenstown during these periods. Annual occupancy is under 75% and hotel room rates tend to follow the occupancy trend and dip through these months. New convention business could fill these seasonal gaps but also mitigate any risks associated with the dependency Queenstown has on leisure travellers.





Source: TIA Hotels Monthly Data

Insight

16. Key results from the Convention Delegate Survey (CDS), produced by the Ministry of Business, Innovation and Employment (MBIE), to the year ended December 2014 are outlined below and demonstrate the value to be derived at a national level from convention business.

- International delegates (Australia and other international) spent an average of 6.6 nights in New Zealand (4.5 nights in the event region and 2.1 nights elsewhere in New Zealand), spending an estimated $304 per night. This per night spend is almost double the average spend per night for all international visitors according to the International Visitor Survey (IVS).

- Domestic delegates (New Zealand delegates from outside the event region) spent an average 2.9 nights in the event region, spending an estimated $483 per night.

- On average, each international delegate spent $1,991 in New Zealand. This is less than the average spend per international visitor of $2,900 according by to the IVS, but this is not unexpected as international delegates only spend 6.5 nights in New Zealand while the average for all visitors is 20 nights. Spend per domestic delegate was $1,432 while spend per local delegate was $813.

- Multi-day convention delegates spent an estimated $476 million within New Zealand. Domestic delegates spent $250 million (53 per cent of total delegate spend) on attending events outside their home region. Local delegates spent $109 million (23 per cent) inside their region and international visitors spent $117 million (25 per cent) in New Zealand.

Central government investment

17. In the 2013 Budget, Tourism New Zealand (TNZ) received an increase to its base funding of $128 million over four years. Within this funding, $34 million was allocated over the same four year period to attract conferences, conventions and exhibitions. While existing convention and event infrastructure stands to benefit from this increased resource, the new investment by government is likely to garner a better return if New Zealand can promote business tourism to global event partners with the knowledge that the country as a whole has a network of regional convention centres, e.g. Queenstown, Wellington and Christchurch as well as Auckland.

Competition

18. New Zealand's overall lack of world class convention facilities has seen us rank poorly compared to our competition. A 2012 report by the International Congress and Convention Association (ICCA) has New Zealand ranked 51st in the world rankings in terms of the number of meetings per country. Every year's delay in building convention centres that can host larger meetings costs the country as a whole. Meanwhile, every year other countries enlarge, renovate and develop new exhibition and conference centres.

19. New Zealand is competing not only for Australia for conventions and events, but also globally. This is no different to the current challenges the country faces in remaining front of mind as a visitor destination. This means we must have key tourism infrastructure in place to allow us to compete with confidence and credibility.

CONCLUSION

20. Convention centres of a scale and quality to host medium to large scale meetings and events are needed in New Zealand and support all the themes of Tourism 2025. Business event visitors are high value and the best opportunity the tourism industry has to create a strong link between business and pleasure. Because many conferences are held in the shoulder and off-seasons they create demand for accommodation and other services at a generally quiet time for the year. Finally, business event visitors also boost demand for air connectivity during shoulder and off-peak seasons and often create higher yielding passengers for airlines.