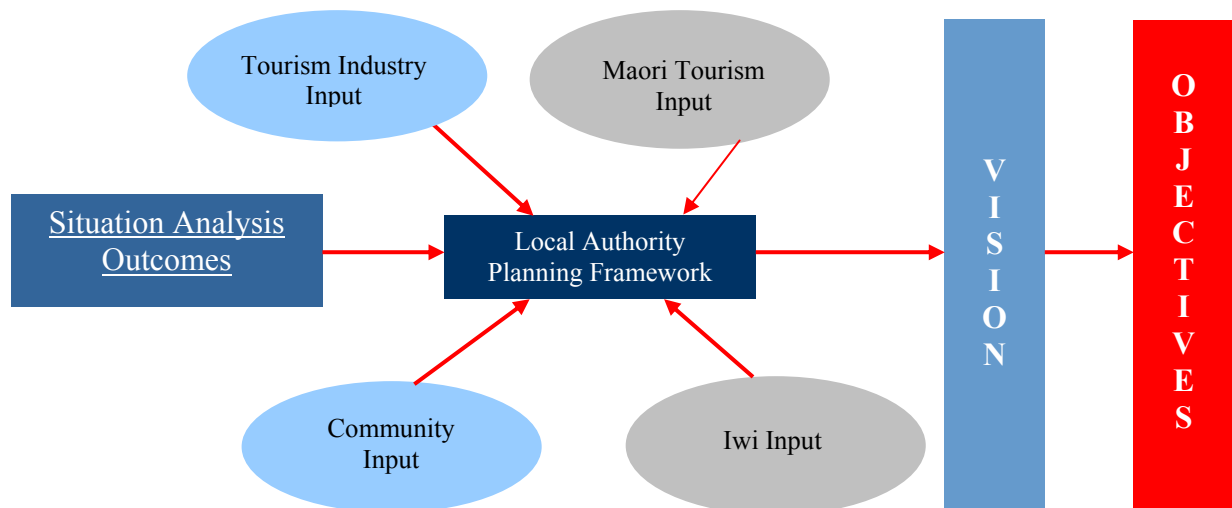


## 4 STRATEGIC PLANNING SECTION

Local authority planning processes need to balance the needs of the tourism industry with those of other stakeholder groups. Recalling the VICE model (see 1.3), the requirements of visitors, the tourism industry, the local community and the environment must be taken into account.

The Strategic Planning Section will help you use the information gathered in the Situation Analysis Section to develop a tourism strategy which addresses all stakeholder needs. The following diagram illustrates how your analysis of the current situation of tourism in your area can inform council planning processes.

### Tourism Strategic Plan Framework



This section consists of:

- 4.1 Local Authority Tourism Planning Toolbox;
- 4.2 Working with the Tourism Industry Toolbox;
- 4.3 Specific Infrastructure Planning Toolbox.

### 4.1 Local Authority Tourism Planning Toolbox

#### 4.1.1 Introduction and Scope

Once a local authority has a good understanding of the current tourism situation in its area, this information needs to be used to inform council planning processes and decision-making.

A key issue for local authorities will be to determine how planning for tourism is, or should be, different from planning for other areas of council responsibility.

This Toolbox identifies how tourism can fit into the local government planning framework set out in the Local Government Act (2002). The Toolbox also proposes a process and structure for developing a tourism strategy

The Toolbox follows the standard format (see Tourism Planning Toolkit Structure, 1.2):

- 4.1.1 Introduction and Scope;
- 4.1.2 Why use this Toolbox?
- 4.1.3 Toolbox Resources;
- 4.1.4 Good Practice and Case Studies;
- 4.1.5 Additional Information.

### **4.1.2 Why use this Toolbox?**

An earlier section of the Toolkit included a diagram showing how a tourism strategy might fit into the planning framework under the Local Government Act 2002 (see 2.4 How the Tourism Toolkit can fit with Local Government Planning). This Toolbox includes more detail about how to incorporate a tourism strategy into each component of the local authority planning process.

### **4.1.3 Toolbox Resources**

This Toolbox is divided into nine components in the development of a tourism strategy:

- a) The need for tourism planning
- b) Organising the tourism strategy process
- c) Developing the vision
- d) Goals for tourism
- e) Objectives for tourism
- f) Strategies for tourism
- g) Community outcomes
- h) What is consultation?
- i) The Long Term Council Community Plan (LTCCP)
- j) The Annual Plan
- k) The Annual Report

#### **a) The Need for Tourism Planning**

Why is your local authority developing a tourism strategy? Presumably because there is recognition of the potential benefits of tourism planning:

- i) Understanding the local tourism industry –

The tourism industry is diverse, and it is important that local authorities understand the needs of the wide range of sectors that make up the tourism industry.

- ii) Tourism policy objectives can -
  - Recognise tourism as a social and economic force;

- Foster and create community awareness of the benefits of tourism;
- Guide and influence the development of sustainable tourism;
- Provide the basic facilities and infrastructure to encourage tourism development;
- Ensure facilities are adequate to cater for visitors;
- Ensure tourism development is consistent with the character of the region.

iii) Tourism policies are important because -

- Councillors may be replaced every three years, but a policy document ensures continuity of commitment to tourism;
- A tourism strategy enables a long-term focus, forward planning and budget allocations for an integrated and co-ordinated approach;
  - Industry sector representation in an area may change, altering emphasis;
- Local authorities are often providers of substantial visitor infrastructure, but may not be identified as such;
- A policy document ensures agencies work together to benefit the community.

In addition local authorities may develop specific policies covering:

- Budget allocation;
- Representatives on an regional tourism organisation board (RTO);
- Balanced development of tourism;
- Protection of sensitive areas, heritage and cultural assets;
- Local authority's role in the provision of visitor information services;
- Use of historic buildings for tourism purposes;
- Proposals for specific areas of land;
- Traffic flows resulting from tourism development;
- Acceptable levels of environmental impact;
- Regional and local tourism organisation input into policies.

iv) Planning and development facilitation -

As visitor numbers increase and demand for facilities (eg accommodation) grows, local authorities have a role to play in determining when new facilities may be required and where. This can stimulate the private sector to invest at the appropriate time and in areas where the development can complement other related services.

v) Planning of infrastructure and amenity provision -

Additional visitors and demand for new facilities also increases the need for improved infrastructure (e.g. water/wastewater, solid waste, roading, parking, and public toilets).

vi) Improved marketing of the area -

While many local authorities are not directly involved in visitor marketing, they can play a major role in supporting the RTO by recognising tourism as an important economic development tool and ensuring that their investments in infrastructure and services support the objectives of the tourism industry. Other council activities assist destination marketing, for example Sister City organisations, promotion of events, and providing a safe and visitor friendly environment.

vii) Identification of financial requirements -

Many local authorities directly fund RTO and district tourism organisation (DTOs) requirements which need to be incorporated into the local authority’s financial plan. In addition the tourism industry can also make recommendations regarding the provision of amenities and infrastructure improvements which can be essential elements in making a destination attractive to visitors (eg parks and gardens, streetscape). The need for local authorities to work with the tourism industry at the national and local level is paramount to making informed strategic decisions concerning the local authority’s role in the development of a local tourism industry.

**b) Organising the Tourism Strategy Planning Process**

The strategy planning process is best undertaken by a group of people representing the three key areas of industry, community and environment (see VICE model, 1.3). This will ensure buy-in by those groups at the time of determining project priorities and budgeting.

To obtain representatives to work on the plan take the following into account:

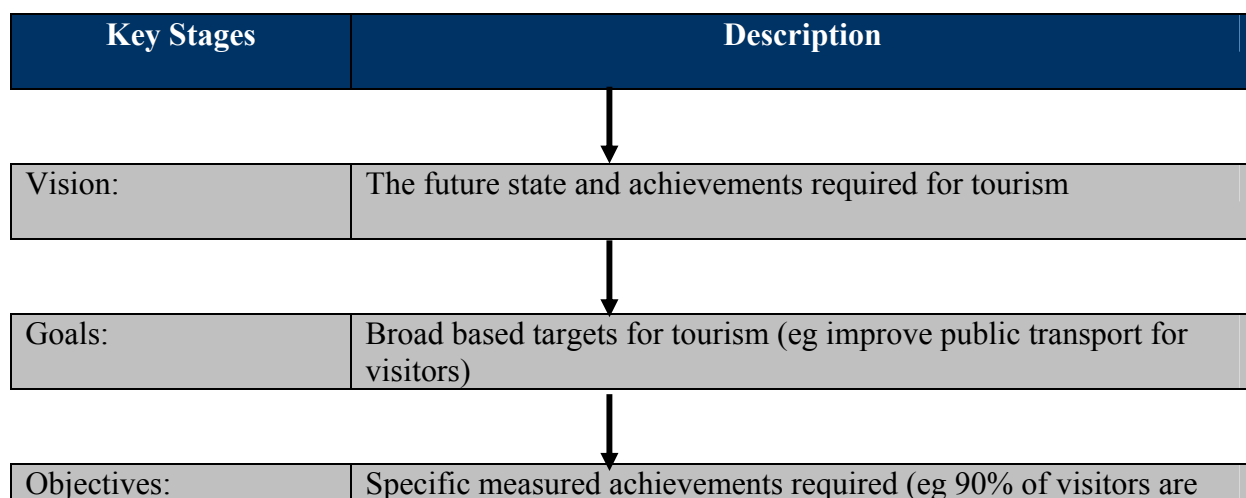
- Representation from the stakeholder groups;
- Strategic thinkers;
- Corporate, community and small business representation.

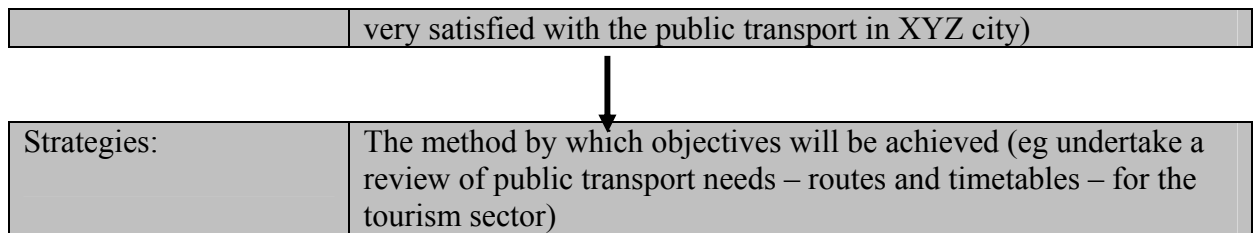
As well as strategic thinkers, local authorities need to provide support staff to ensure the planning process is managed efficiently. Staff will also be required to complete the writing of a strategic plan.

It is unlikely that visitors will be able to take part directly in the strategic planning process. However, their views and opinions should have been canvassed and must be considered. Various measures for this have been described in the Situation Analysis Toolkit.

The diagram below details a Tourism Strategy Planning Process that could be followed.

**Tourism Strategy Planning Process**





### c) Developing the Vision

The vision for tourism is the guide that leads to a successful industry for all stakeholders – visitors, industry, communities and the environment. This ensures that the local authority does not solely focus on an *internal vision*, but includes an *external vision*.

Examples of an *internal vision* include:

- XYZ city will provide the service and infrastructure requirements to meet the projected increase in visitor numbers over the next 10 years;
- XYZ city will support the tourism industry by actively working with key industry sectors to identify and resolve potential impediments to future growth.

An example of an *external vision* is:

- XYZ city commits to providing an easily accessible, safe and exciting visitor destination that provides an economic benefit for the city, while respecting the needs of communities and the environment.

### d) Goals for Tourism

Goals include general aspirations and directions for the business or organisation, and should encompass the four key areas identified in the Toolkit - visitors, industry, communities and the environment. Goals are not usually expressed in measurable terms, nor are they time-related. Following are some examples:

Visitors:

- Increase the number of visitors to the region;
- Enhance the level of visitor satisfaction with the region.

Industry:

- Encourage closer relationships between the public and private sectors of the tourism industry.

Communities:

- Increase the support for tourism in the region from the local community.

Environment:

- Maintain the quality of the environment.

#### **e) Objectives for Tourism**

The objectives for tourism should focus on the four key areas identified in the Toolkit - visitors, industry, communities and the environment. Following are some examples:

Visitors:

- At least 80% of all visitors to XYZ city will recommend it to other visitors as a 'must see' destination;
- 95% of all visitors to XYZ city regard it as a safe place to visit.

Industry:

- 75% of tourism operators recognise XYZ city as a user friendly place to initiate, develop and operate tourism businesses.

Communities:

- At least 80% of residents are very supportive of XYZ's initiatives for managing the growth of the tourism industry in the city.

Environment:

- 75% of stakeholders (visitors, industry and communities) are supportive of how XYZ city manages and reports on the impact of tourism on the environment.

#### **f) Strategies for Tourism**

Strategies identify the range of alternative courses of action to achieve the objectives. Following are some examples:

Visitors:

- Complete a visitor satisfaction survey to better understand the needs of visitors to the region.

Industry:

- Implement monthly meetings for operators and public officials to improve understanding of each other's needs.

Communities:

- Undertake an annual survey of residents to gauge their support for public investment in tourism infrastructure.

Environment:

- Implement monitoring of the use by visitors of sensitive environmental areas.

### **g) Community Outcomes**

The Long-Term Council Community Plan process requires the articulation of community outcomes. An outcome is a desired result or state of affairs, that is, the things the community considers are important for its wellbeing (eg a vibrant tourism industry). In promoting that outcome the local authority undertakes activities that contribute to the achievement of the outcome.

Outcomes are the community's judgements about what it needs to promote its wellbeing. Outcomes therefore belong to the community not the local authority. The local authority does not have to adopt the outcomes and may not even agree with the outcomes. It does however have to consider the consequences of not adopting the outcomes, which will depend upon the strength of community commitment to the outcome.

What then is the role of the local authority in the outcomes process? In short the local authority must:

- Facilitate the process;
- Monitor progress towards the achievement of community outcomes in conjunction with other parties;
- Consider what it should do to promote the achievement of community outcomes as part of the preparation of its LTCCP. The local authority will be one of a range of agencies that is capable of promoting outcomes, and needs to consider its role alongside that of other agencies.

The purpose of the community outcomes process is to:

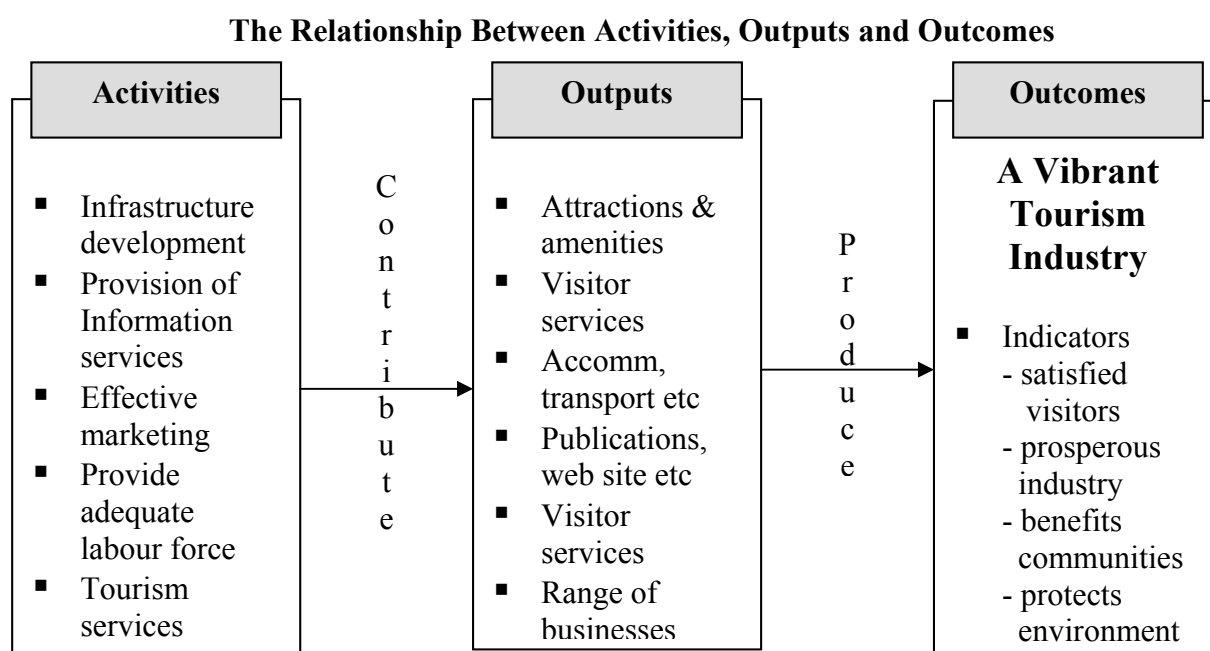
- Stimulate debate about local needs and priorities (*eg do we have/want a vibrant tourism industry*);
- Inform and guide the planning of local authorities and other agencies (identify the benefits);
- Get local authorities working with other agencies (RTOs, DTOs, tourism businesses);
- Encourage people to take part in local affairs (promote the benefits of the process to the tourism sector);
- Provide a basis for communities to measure their progress (to what degree has the outcome been achieved).

Local communities can design a process for identifying community outcomes that works best for them. For example, many local authorities recognise that some community outcomes may be best advanced by groups of local authorities working together to identify outcomes, and then working with other agencies to achieve them (e.g. tourism sector). Given the disparate nature of tourism, this could be a useful device for integrating various sectors and destination areas into the broad perspective often required for tourism planning.

The only requirements for the community outcomes process are that local authorities must:

- Involve other organisations or groups that can assist in identifying and promoting community outcomes;
- Attempt to get the agreement of these groups to the process for identifying outcomes and for the relationship between these and any existing plans;
- Develop a process that encourages the public to participate;
- Get agreement of the groups to the processes for monitoring progress against community outcomes, if practicable.

The diagram below identifies the relationships between tourism activities, outputs and outcomes that could form part of the local authority's consideration of tourism.



The outcomes process requires a very high level of community engagement. Local communities need only identify community outcomes once every six years. All communities must have identified a first set of outcomes in time to inform and guide the development of the 2006 LTCCP. That means that those outcomes should have been determined by mid-2005.

#### **h) What is consultation?**

The primary purpose of consultation is to enable the local authority and its community to exchange information on decisions and issues of concern. Consultation involves seeking counsel or advice: it is a two-way process of exchanging information.

Consultation principles:

- Provision of information – a local authority should provide those who will be, or may be affected by, or interested in a decision, with information to help them present their views to the local authority (e.g. residents adjacent to a proposed new hotel, tourism businesses subjected to a proposed new tourism rate);

- Encourage parties to present views – a local authority should seek out and welcome the views of those who will or may be interested in a particular decision (e.g. hotel association, regional tourism organisation, residents);
- Explain the scope of consultation – potential submitters should be told the purpose and focus of the consultation (e.g. impact on the environment of a proposed new visitor activity);
- Give reasonable opportunities to present – anyone who wishes to put views before the local authority should be given a reasonable opportunity to present those views to the local authority in a way that is appropriate to the needs of the submitter (e.g. written, present in person, as part of a broader group);
- Keep an open mind – although local authorities may have working plans in mind, they must be prepared to listen to, and consider, all submissions with an open mind;
- Give reasons for decisions – local authorities should provide information to submitters on the decision taken, and the reasons for it (e.g. proposed tourism project declined);
- In addition to these six principles, every local authority must have specific policies in place to consult with Māori.

The Quality Planning website ([www.qualityplanning.org.nz](http://www.qualityplanning.org.nz)) provides resources for use by practitioners especially in respect of public consultation. “The purpose of the website and resources is to promote best practice by sharing knowledge about policy and plan development under the Resource Management Act (RMA). This has been done by making use of the lessons learnt in the first 10 years of preparing plans under the RMA, and by establishing links between practitioners.”

#### **i) The Long Term Council Community Plan (LTCCP)**

An LTCCP sets out local authority priorities over the medium to longer term. It outlines how a local authority intends to contribute to community wellbeing over the life of the plan. The LTCCP must be produced once every three years and must cover a period of at least ten years. The LTCCP provisions offer local authorities a good opportunity to develop a rigorous tourism planning process resulting in a tourism strategy for the area.

The LTCCP will:

- Set out the community outcomes and how the local authority intends to contribute to them;
- Set out the things the local authority will be doing over the life of the plan;
- Co-ordinate the activities of the local authority;
- Provide a long-term focus for the local authority;
- Provide a means for communities to hold the local authority accountable;
- Provide an opportunity for the public to participate in local decision-making.

#### **j) The Annual Plan**

All local authorities must still prepare an Annual Plan, although the main planning document is now the LTCCP. The Annual Plan will link the LTCCP to the annual budgeting process (including the setting of rates).

The Annual Plan must include:

- A proposed annual budget including estimated costs and revenues;
- A funding impact statement for the year;
- Forecast financial statements for the year;
- Statements setting out levels of service and performance measures;
- Details of any changes from the information in the LTCCP (including reasons for change).

The plan will need to detail the local authority's investment in tourism-related activities, levels of service and performance measures.

#### **k) The Annual Report**

This report focuses on reporting the progress of the community against community outcomes rather than against financial results.

The Annual Report must include:

- The results of any monitoring of community outcomes done during the year;
- Any identified effects of any activity;
- Details of the financial and non-financial performance of the local authority;
- Reports on any significant acquisitions, replacements or disposal of assets;
- Reports on the performance of Council Controlled Organisations (CCOs);
- A report on the steps that the Council has taken to build Māori capacity;
- Details of remuneration payable to each elected member and to the Chief Executive.

### **4.1.4 Good Practice and Case Studies**

#### **a) *Wellington Tourism Action Plan 2004 - 2009: A Strategic Update***

The Wellington Tourism Action Plan aims to provide a framework for Positively Wellington Tourism, Wellington's tourism industry and the people of Wellington to build on the success of the sector. It takes its lead from the Strategic Plan 2001-2006: Doubling Our Success through Strategic Partnerships. To stay competitive and achieve the doubling goal, Wellington must continue to develop a product offering that is appealing to both the international and domestic traveller.

By 2009, Positively Wellington Tourism wants Wellington to be:

- One of the top three destinations in New Zealand for international visitors;
- Rated by 80% of New Zealanders as the 'hottest city' to visit in New Zealand;
- Known for its variety of new tourism related product and continued renewal and refreshment.

See the strategy at:

[www.wellingtonnz.com/aboutus/tourismactionplan.htm](http://www.wellingtonnz.com/aboutus/tourismactionplan.htm)

**b) Rodney District Council**

Tourism has been identified in the Living Vision for Rodney's Economy (the District Economic Development Strategy) as a lead sector with significant growth potential.

The goal of the tourism strategy is to:

***“Develop tourism in Rodney in a way that is environmentally, economically and socially sustainable”***

The six key objectives of the strategy are:

- 1) Develop a district wide tourism cluster encouraging networking and joint developments between individuals and organisations;
- 2) Develop a comprehensive understanding of visitation to the district;
- 3) Encourage service delivery that meets the goal of economically, environmentally and socially sustainable tourism development;
- 4) Promote sustainable visitation to the district, and ensure availability of high quality information about the district and its tourism amenities, products and services;
- 5) Ensure provision of appropriate policies, programmes and infrastructure to support sustainable tourism development;
- 6) Maintain strong relationships with strategic allies in the public and private sectors.

A key feature of the strategy is that it goes beyond promotion to take a wider view of tourism development. While marketing is clearly important, destination management and business development are equally essential if tourism is to achieve its “triple bottom line” goal.

The district strategy has been framed to ensure consistency with the national strategy set out in the New Zealand Tourism Strategy 2010 and with Postcards from Home: the Local Government Tourism Strategy.

See the strategy at:  
[www.rodney.govt.nz](http://www.rodney.govt.nz)

#### **4.1.5 Additional Information**

The Local Government Act 2002: An Overview; Local Government New Zealand, New Zealand Society of Local Government Managers, Department of Internal Affairs.

[http://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Legislative-Reviews-Local-Government-Act-Review-Index?OpenDocument](http://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Legislative-Reviews-Local-Government-Act-Review-Index?OpenDocument)

## **4.2 Working with the Tourism Industry Toolbox**

### **4.2.1 Introduction and Scope**

The tourism industry is diverse and consists of many sector groups. For a local authority, this can make communication and consultation a challenge, particularly when different tourism industry sectors have different perspectives.

This Toolbox identifies the major tourism sector players at the national, regional and local levels, and the benefits of engaging with the industry as part of the local authority's planning process. The Toolbox also discusses the growing importance of Māori tourism.

The Toolbox follows the standard format (see Tourism Planning Toolkit Structure, 1.2)

- 4.2.1 Introduction and Scope;
- 4.2.2 Why use this Toolbox?
- 4.2.3 Toolbox Resources;
- 4.2.4 Good Practice and Case Studies;
- 4.2.5 Additional Information.

### **4.2.2 Why use this Toolbox?**

Using this Toolbox will help you identify key tourism industry organisations with which you need to build relationships. Good relationships are required, in order to:

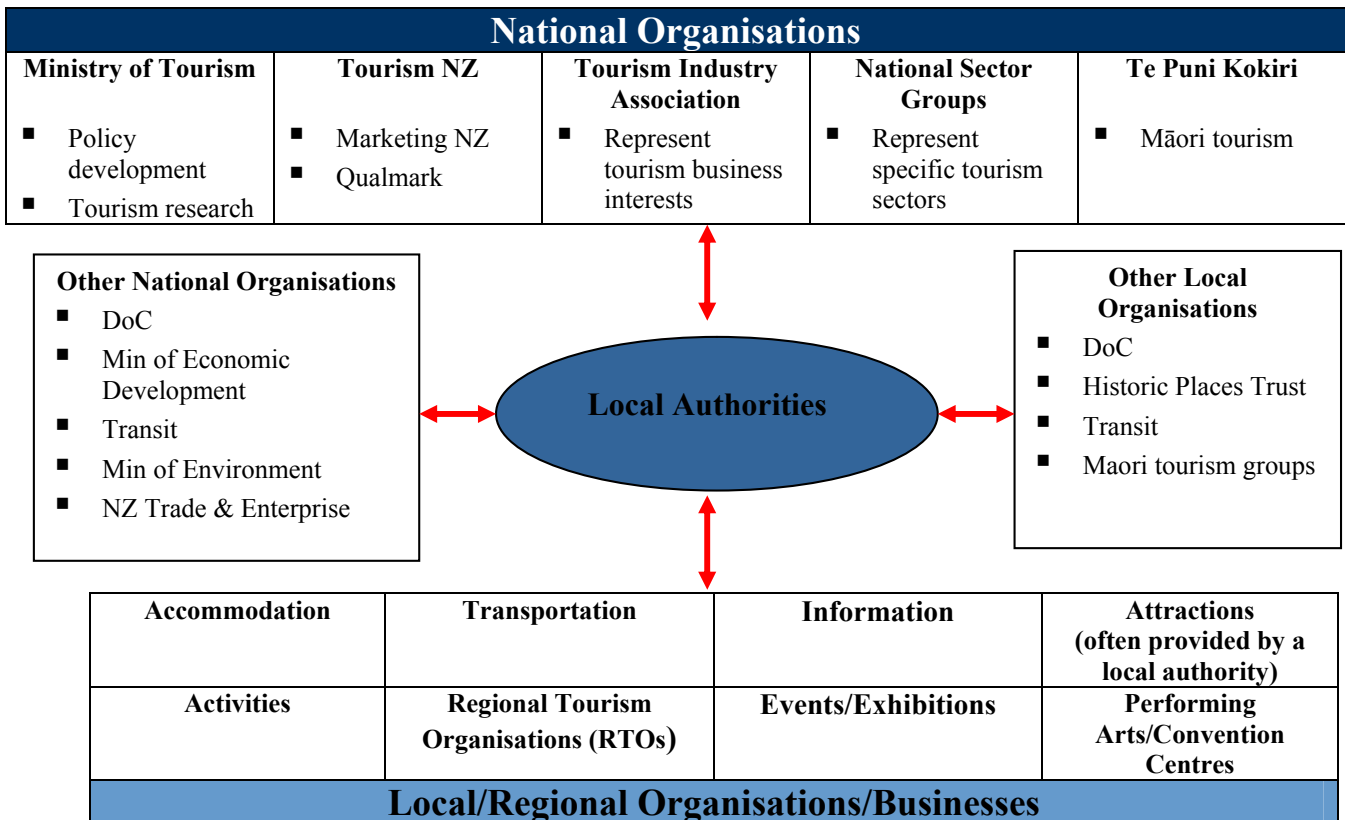
- identify issues that might impede the sustainable growth of tourism;
- work with industry to develop solutions which meet the needs of all stakeholders.

### **4.2.3 Toolbox Resources**

With local authorities needing to consult with stakeholders as part of their planning process, an understanding of the complexity and relationships that exist within the tourism industry is essential.

The diagram below indicates the fit between local authorities, national tourism organisations and the local industry. It also provides a means of identifying stakeholders with whom the local authority may need to consult.

## Local Authority Relationships - NZ Tourism Industry



At the national level, the Tourism Industry Association New Zealand (TIANZ) is a member-based and funded organisation representing the interests of over 3,000 businesses from throughout the tourism industry ([www.tianz.org.nz](http://www.tianz.org.nz)). At the local level many tourism businesses will belong to, or be associated with the local RTO which can also have a role in representing the industry. Many national organisations (eg Major Accommodation Providers - MAP) also have local organisations representing members in their area.

Another source of information about tourism businesses and organisations is the publication “New Zealand Contacts in Tourism” ([www.contacts.co.nz](http://www.contacts.co.nz) or email [office@contacts.co.nz](mailto:office@contacts.co.nz)). Tourism New Zealand’s “Getting Started in Tourism” also provides a list of key organisations ([www.tourismnewzealand.com](http://www.tourismnewzealand.com)). A new guide book for visitors to New Zealand is The Rough Guide to Māori New Zealand (Rough Guides Ltd, 2004). This provides contacts for some Māori tourism operators.

Qualmark™ is New Zealand tourism's official mark of quality. The Qualmark website ([www.qualmark.co.nz](http://www.qualmark.co.nz)) identifies all accredited accommodation and tourism businesses. All businesses listed have been independently assessed for quality.

Many local authorities are themselves owners and possibly operators of attractions (eg museums and art galleries), visitor information services (eg i-SITE centres), events (eg festivals) and performing arts/convention centres. Collectively, local authorities are probably the largest owners and operators of tourism assets in New Zealand.

From a destination management perspective, local authorities have a complex task in consulting with the broad range of national, regional, district and local tourism related organisations, while also being sensitive to the needs of their communities within which the business of tourism takes place.

## **Māori Tourism**

Local authorities need to recognise Māori tourism as an important and growing component of the tourism industry. It is a challenge to define Māori tourism.<sup>1</sup> This has contributed to a lack of information on Māori participation in the tourism industry. Statistics New Zealand through research commissioned by the Ministry of Tourism is endeavouring to quantify the extent of Māori involvement in the tourism industry.

He Matai Tapoi Māori: A Study of Opportunities and Impediments for Māori in Tourism (2001) ([www.tourism.govt.nz/](http://www.tourism.govt.nz/)) suggests there are a number of factors that constitute a definition of Māori tourism:

- A business where the owners and operators believe it to be so;
- A business that is more than 50% owned by Māori;
- Exists where Māori resources and land are used;
- Exists where the business employs Māori;
- Where the tourism product offered a focus on Māori history and/or culture;
- If there is some sense of family operation (perhaps reflected in the structure of the business);
- Where there is some attention to the precepts of Manaakitanga, Tohukataka, Kaitiakitanga, Kaikokiri and respect;
- Where there is a focus on Māori product and lifestyle.

The Ministry of Tourism states:

“For the purposes of our policy work here, we are taking a wide definition of Māori tourism that includes Māori involved in tourism at all levels, Māori tourism business ownership, Māori cultural performance, other tourism services provided by Māori and Māori involvement in tourism organisations such as Māori regional tourism groups.”

Māori Regional Tourism Organisations (MRTOs) are collectives of operators who work together to improve Māori participation in tourism, including the development of quality tourism product and the development of working relationships with RTOs.

While the role of MRTOs varies from region to region, key functions may include:

- Facilitating co-ordination and co-operation among members;
- Educating members about the tourism industry;
- Providing networking opportunities;
- Linking Māori operators with relevant assistance programmes;
- Providing RTOs with an avenue into Māori tourism product in their area;

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<sup>1</sup> Maori Tourism: Concepts, Characteristics and Definitions; Lincoln University, Christchurch Case Study Report No 36/2003 <http://www.lincoln.ac.nz/trrec/trrecpub.htm>.

- Working with RTOs to ensure Māori operators are represented well in the RTOs' marketing and product development activities.

## 4.2.4 Good Practice and Case Studies

### *Activate Northland*

The Activate Northland project is a major regional initiative (MRI) which aims to build the capability of Northland's tourism industry as the most likely sector to lead future economic growth, development and employment in the region.

Northland has been recognized nationally as an innovative, pioneering region in tourism marketing and development. This MRI will enable Northland to continue a leadership role, and will provide additional resources to implement many of the recommendations of the New Zealand Tourism Strategy 2010, Northland Economic Development Strategy 2001 and Northland Tourism Strategy 2003.

New Zealand Trade and Enterprise (NZTE), through the Regional Partnership programme, is co-funding the Activate Northland project over the next three years, with support from the industry, local government and central government agencies.

Activate Northland aims to build capacity and grow 400 small to medium-sized enterprises (SMEs) along the Twin Coast Discovery Highway in order to increase visitor numbers, length of stay and expenditure within the region.

This will be done by:

- Providing professional development and e-technology programmes focused at a management and leadership level;
- Developing new and existing tourism products aligned to Tourism New Zealand's "ideal traveler";
- Creating a positive climate to attract investment and assist business growth and development.

For more information visit: [www.nzte.govt.nz/section/11962.aspx#sou](http://www.nzte.govt.nz/section/11962.aspx#sou)

## 4.2.5 Additional Information

### Industry Contacts

[www.tianz.org.nz](http://www.tianz.org.nz)

[www.tourismnewzealand.com](http://www.tourismnewzealand.com)

[www.doc.govt.nz](http://www.doc.govt.nz)

[www.qualmark.co.nz](http://www.qualmark.co.nz)

[www.nzmotels.co.nz](http://www.nzmotels.co.nz)

[www.hanz.org.nz](http://www.hanz.org.nz)

[www.historic.org.nz](http://www.historic.org.nz)

[www.aia.org.nz](http://www.aia.org.nz)

[www.busandcoach.co.nz](http://www.busandcoach.co.nz)

[www.nzaa.co.nz](http://www.nzaa.co.nz)  
[www.museums-aotearoa.org.nz](http://www.museums-aotearoa.org.nz)  
[www.mfe.govt.nz](http://www.mfe.govt.nz)  
[www.med.govt.nz](http://www.med.govt.nz)  
[www.creativenz.govt.nz](http://www.creativenz.govt.nz)  
[www.transit.govt.nz](http://www.transit.govt.nz)

## **Regional Tourism Organisations**

A number of reports and list of Regional Tourism Organisations New Zealand (RTONZ) are available on the Ministry of Tourism's website ([www.tourism.govt.nz](http://www.tourism.govt.nz)). These include:

Recommended Good Practice for Governance of Regional Tourism Organisations; Local Government New Zealand (2004).

RTONZ Strategic Plan (June 2003).

## **Māori Tourism**

The Ministry of Tourism identifies potential assistance available for Māori Tourism businesses through its website ([www.tourism.govt.nz](http://www.tourism.govt.nz))

The He Matai Tapoi Māori: A Study of Opportunities and Impediments for Māori in Tourism (2001) ([www.tourism.govt.nz](http://www.tourism.govt.nz))

TRREC Report No. 7: The Impact of Tourism on the Māori Community in Kaikoura; Henley, M.; Poharama, A.; Smith, A.; Simmons, D.G.; Fairweather, J.R., 1998.

TRREC Report No. 15: Tourism and Māori Development in Rotorua; Tahana, N.; Grant, K.T.O.K.; Simmons, D.G.; Fairweather, J.R., 2000.

TRREC Report No. 25: Tourism and Māori Development in Westland: Zygadlo, F.K., Matunga, H.P., Simmons, D.G., Fairweather, J.R., 2001.

All reports available on <http://www.lincoln.ac.nz/trrec/trrecpub.htm>

## **4.3 SPECIFIC INFRASTRUCTURE PLANNING TOOLBOX**

### **4.3.1 Introduction and Scope**

The Public Sector Infrastructure Toolbox (3.5) focused on helping local authorities understand visitor usage of water supply, and visitor production of wastewater and solid waste.

This Toolbox builds on the earlier material by providing a series of frameworks to enhance a local authority's strategic planning process for infrastructure.

The Toolbox follows the standard format (see Tourism Planning Toolkit Structure, 1.2):

#### **4.3.1 Introduction and Scope;**

- 4.3.2 Why use this Toolbox?
- 4.3.3 Toolbox Resources;
- 4.3.4 Good Practice and Case Studies;
- 4.3.5 Additional Information.

### 4.3.2 Why use this Toolbox?

This Toolbox will help you use the information learned in Toolbox 3.5 to improve your infrastructure strategic planning for tourism, in the same key areas of water, waste water and solid waste services. The Toolbox covers five areas:

- Funding and Charging for Local Authority Infrastructure;
- Infrastructure Engineering and Management;
- Design of Charging and Funding Structures: Hanemann's Criteria;
- Sustainable and Integrated Infrastructure Planning, Design and Management;
- Demand Management and End User Education.

### 4.3.3 Toolbox Resources

#### a) Funding and Charging Structures for Local Authority Infrastructure

Visitors use many facilities and services provided in towns and cities including reticulated water, wastewater and solid waste collection, roads, parking areas, art galleries, museums and parks. Visitor satisfaction will, in part, be influenced by the quality of some of these services. Key to providing quality services is the availability of adequate funding. Once an understanding has been gained of tourism's use of these services, local authorities are in a much better position to determine if their funding systems accurately allocate costs of the services. Most importantly, local authorities are interested in knowing if visitors pay their share of the costs of these services.

An important instrument in achieving sustainable infrastructure practices in communities is the structure of local authority funding and charging systems. Funding and charging structures are useful for sending desired signals and providing incentives to achieve wise resource use and appropriate demand management outcomes.

If there is significant tourism demand on the town's water, wastewater and waste services, there may be issues that the local authority, community and tourism industries wish to clarify with respect to agreed criteria for infrastructure funding.

These criteria may include some or all of:

- Equity of cost allocation between sectors;
- Sufficient and stable revenue generation;
- Infrastructure durability, resilience and adaptability;
- Risk minimisation;
- Efficiency in resource use and conveying appropriate signals to consumers – maybe factoring in seasonal variability;
- Acceptable ecological, social and cultural impact – short and long-term;

- Economic vitality;
- Affordable, reliable and manageable infrastructure assets;
- Transparency;
- Provision for ongoing monitoring of demand for water, wastewater and waste services.

The above list is based on Hanemann's criteria (see c) which provide a useful check for the evaluation of the charging and cost allocation of services.

Many deficiencies in rating systems can often be overcome by greater use of unit-pricing of the services provided. Unit-pricing of water occurs where water is metered and users pay a per cubic metre charge. Unit-prices allocate variable costs to users, and provide continuing incentives to economise on use of the service.

Pan charges are an attempt to link charges for each ratepayer to their usage of wastewater systems. Research in Kaikoura has shown that there is weak or zero relationship between number of pans and the use of the wastewater system by commercial accommodation providers.<sup>2</sup> Hence the charging system used for wastewater fails to allocate costs accurately to users. The use of pan charges also fails to provide ratepayers with incentives to reduce usage of the wastewater system. Wastewater is not able to be monitored for each property, but unit-pricing can be introduced for this service by linking the charges for wastewater to each property's water usage, an approach that is used in Auckland and in some Australian and United Kingdom cities.

Seasonal charges for water can be introduced to provide additional incentives to conserve water usage during dry periods of the year and during periods of peak demand for water. In practice visitor numbers reach a peak in summer in many regions and having higher charges for water during the summer will correctly signal its increased scarcity value.

For more details on options and structures for unit charging refer to TRREC Report No. 57/2004, Tourism, Water, Wastewater and Waste Services in Small Towns <http://www.lincoln.ac.nz/trrec/trrecpub.htm>. Also see Case Study section.

### **a) Infrastructure Engineering and Management**

Infrastructure engineering and management is a highly specialised professional discipline. Many local authorities have engineers and asset managers specifically trained to take responsibility for the design and management of their infrastructure services. Smaller councils will contract this work out to specialist consultants.

The physical design of the services is undertaken by engineers. Traditionally the professional engineer is required to design a town's physical infrastructure so that it is functional, will last, is safe, is not a public health risk, is cost effective and satisfies legal and regulatory requirements. These criteria are still important and valid.

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<sup>2</sup> TRREC Report No. 57/2004, Tourism, Water, Wastewater and Waste Services in Small Towns

<http://www.lincoln.ac.nz/trrec/trrecpub.htm>

However a systems approach<sup>3</sup> (see also Sustainable and Integrated Infrastructure Planning, Design and Management) requires additional criteria, including long-term ecological, social and cultural considerations.

*Seven key design criteria for integrated water and wastewater systems*  
(Source: Andrew Dakers)

1. Social Integration:

- Respect for key cultural attributes;
- Economic viability;
- Educational requirements;
- Recreational and leisure requirements;
- Social justice and equity.

2. Ecosystem integration:

- Protection, mitigation or compensation of key ecosystem services;
- Closure of nutrient cycles;
- Preservation of natural hydrological processes;
- Non-polluting emissions;
- Protection, mitigation or compensation of habitat fragmentation and/or destruction;
- Protection, mitigation or compensation of biodiversity.

3. Sustainable use of natural resources:

- Use of renewable energy resources;
- Sustainable use of biological resources;
- Efficient use on non-renewable resources.

4. Integration of technical services. For example the integration of:

- Water supply system;
- Stormwater system;
- Sanitation system;
- Wetland restoration;
- Energy production;
- Food production.

5. Total system design approach. The extent to which the design deliberately considers:

- Industry and community sectors;
- Cross-sectoral interactions between different infrastructural services; for example the 3-water service (ie wastewater, water supply and stormwater), energy services and transport infrastructure;
- Spatial: Source technologies and processes (demand management), reticulation, storage, processing and environmental re-entry;

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<sup>3</sup> There is a shift in thinking in New Zealand and other countries, towards the adoption of a more systems-based approach to planning and managing urban services. This is recognised in two significant reports. The first is the Parliamentary Commissioner for the Environment's 2002 report *Creating Our Future* ([http://www.pce.govt.nz/reports/allreports/1\\_877274\\_03\\_8.shtml](http://www.pce.govt.nz/reports/allreports/1_877274_03_8.shtml)). The second report is The Ministry of Economic and Development, *Sustainable Development and Infrastructure*, Nov 2003 ([http://www.med.govt.nz/irdev/econ\\_dev/infrastructure/index.html](http://www.med.govt.nz/irdev/econ_dev/infrastructure/index.html)).

- Temporal: Community/client consultation, site investigation, design, commissioning and operation.

6. Self Organisation. The design should build in opportunities and process for:

- Feedback and performance monitoring (indicators);
- Self learning;
- Adaptive management.

7. Legal criteria. The design must meet legal and regulatory requirements such as:

- Resource Management Act;
- Town planning legislation and regulations;
- Health legislation and regulations.

There are a number of potential benefits for a local authority in adopting a rigorous systems-approach to the engineering design of physical infrastructures such as water, wastewater and waste services. For example, better and more sustainable urban services for present and future users, reduced long-term costs, more efficient resource use, better environmental, social and cultural outcomes and streamlined management requirements.

Tourism has now reached a scale in New Zealand that in many urban areas, seasonal peak loadings or demands can be dominated by visitor requirements. As tourism is often a catalyst for upgrading public infrastructure (especially in peripheral areas that have undergone long periods of population stagnation or decline), the opportunities generated by tourism infrastructure upgrades can also provide the opportunity for upgrading overall environmental management systems and their integration.

New government funding of \$11 million was allocated in 2005 to develop a subsidy scheme for water and sewerage infrastructure affected by tourism demand. See [www.tourism.govt.nz](http://www.tourism.govt.nz) for more information.

### **c)Design of Charging and Funding Structures: Hanemann’s Criteria**

Hanemann<sup>4</sup> introduces evaluation criteria for the design of water rates and charges which also incorporate wastewater funding and can be applied to funding techniques to cover solid waste costs. Hanemann provides three main criteria for designing water rates, namely:

- Revenue generation;
- Cost allocation;
- Provision of incentives.

This is important for tourism as in small towns in particular, tourism can be a major user of water. Revenue generation should be sufficient to meet all of the costs that a utility encounters when providing its service.

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<sup>4</sup> Hanemann, W.M. (1998) *Price and rate structures, chapter 5* in D.D. Baumann, J.J. Boland, W.M. Hanemann, 1998. *Urban Water Demand Management and Planning*. McGraw-Hill New York..

Cost allocation should apportion the costs of the service among the different customers in a non-arbitrary manner. It should avoid cross subsidies and it should allocate the full private and social costs to users.

Funding systems should provide incentives for efficient water use or disposal volumes.

Finally the incentives should encourage water conservation, or reduced solid waste volumes, and the charging rate scheme should be transparent to users to ensure the correct interpretation occurs of incentives set by the service utility (Hanemann, p 139ff).

Charging policies in use at present, and proposed charging policies, can be tested against the criteria outlined in the following table (Hanemann's Criteria for Evaluating Funding Structures).. The breadth of questions posed by the criteria indicates that it will be very difficult for any one charging system to score highly against all criteria. Selection of a preferred charging policy is likely to require trading off performance on one criterion against performance on one or more other criteria.

### Hanemann's Criteria for Evaluating Funding Structures

Criteria	Sub-criteria	Assessment Questions
Revenue generation	Sufficient	<ul style="list-style-type: none"> <li>- Are all annual costs covered by annual charges?</li> <li>- Are seasonal costs covered by seasonal charges?</li> </ul>
	Stable over time	<ul style="list-style-type: none"> <li>- How much unpredictable variation does the charging scheme include?</li> <li>- Will the unpredictability reduce over time, for example by improving the database?</li> </ul>
	Administration costs and complexity	<ul style="list-style-type: none"> <li>- How high are rate calculation and billing costs; for example value assessment, meter reading, pan monitoring?</li> <li>- How high are production and distribution costs for rubbish bags?</li> <li>- How many different rates exist for the same service; for example residential, undeveloped sections, commercial?</li> <li>- How complex are the rates; for example combination of Uniform Annual Charge (UAC), loan charges, infrastructure charges, non-linear pan charges, number of seasons, number of blocks?</li> </ul>
Cost allocation	Non-arbitrary	<ul style="list-style-type: none"> <li>- Does charging scheme work towards achieving objectives?</li> <li>- Does charging scheme reflect cost structure?</li> </ul>
	No cross subsidisation	<ul style="list-style-type: none"> <li>- Do rate payments reflect costs inflicted; for example does a unit utilising x% of a service pay ~x% of the costs?</li> </ul>
Incentive provision	Static efficiency	<ul style="list-style-type: none"> <li>- Are resources efficiently allocated at any point in time; for example does the unit with the highest true water need have access to the resource and is a unit with high discretionary water use encouraged to reduce water demand?</li> </ul>
	Dynamic efficiency	<ul style="list-style-type: none"> <li>- Are resources channelled towards efficient allocation over time?</li> </ul>
	Encourage conservation	<ul style="list-style-type: none"> <li>- Are units encouraged to change behaviour in order to reduce pressure on the resource?</li> </ul>

	Correct interpretation	– Are the charging scheme and its underlying objectives understood, and carried out by managers and customers?
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For more specific details about funding and charging structures refer to TRREC Report No. 57/2004, Tourism, Water, Wastewater and Waste Services in Small Towns , 2004.

<http://www.lincoln.ac.nz/trrec/trrecpub.htm>

#### **d) Sustainable and Integrated Infrastructure Planning, Design and Management**

*Sustainability is ultimately about the interplay between people and ecologies.* (Parliamentary Commissioner for the Environment's 2002 report *Creating Our Future* [http://www.pce.govt.nz/reports/allreports/1\\_877274\\_03\\_8.shtml](http://www.pce.govt.nz/reports/allreports/1_877274_03_8.shtml)).

One important outcome of this interplay is how well our engineered urban infrastructures integrate with the ecosystems within which they are embedded.

#### **e) Demand Management and End User Education**

*Demand management is vital in all sectors, and has in the past often been the poor cousin to supplying more infrastructure. We should not give primacy to supply, and we should not ignore the demand side – integrated management of both sides is necessary to reach an 'optimal' solution.*

Ministry of Economic and Development, *Sustainable Development and Infrastructure* (Nov 2003)

[http://www.med.govt.nz/irdev/econ\\_dev/infrastructure/index.html](http://www.med.govt.nz/irdev/econ_dev/infrastructure/index.html)

Demand management is defined as:

*The active intervention in the market to influence the demand for services and the assets generated and/or used in the supply of these services in order to best match available resources to real needs and to ensure the services provided are delivered with the best value for money.*

Ref. Demand management guideline. 2001. DPWS Report Number 01052. NSW Department of Public Works and Services.

Demand management is primarily achieved by end-user education and awareness raising. Incentives and regulations can be used to facilitate this. The concept of demand management is of particular relevance to water supply, wastewater, solid waste and energy services.

##### *Water and Wastewater*

There is a strong link between water use and wastewater production. Much of the water consumed by a property is discharged back into the wastewater system. Distortions to this relationship occur due to external water use (such as irrigation, car washing) which tends to be discharged to the stormwater system. Furthermore, wastewater volumes at a community wastewater treatment plant can often be inflated due to infiltration and inflow into the sewers from groundwater and stormwater.

Demand management of water demand and wastewater production are therefore directly related. Water saving systems (e.g greywater recycling), technologies and management practices not only reduce the demand on the water resource but also reduce the volume of wastewater produced.

### *Solid Waste*

There are a number of very good web-based resources for guidance on the demand management of solid wastes (see Additional Information, 4.3.5.)

### *Energy*

The NZ Energy Strategy (2001) calls for energy efficiency, energy conservation and renewable energy within the context of a sustainable energy future.

A valuable resource for guidance on energy demand management for government and businesses is the Energy Efficiency Conservation Authority (EECA) Energy Wise programme. See [www.eeca.govt.nz](http://www.eeca.govt.nz)

## **4.3.4 Good Practice and Case Studies**

### **Kaikoura – Zero Waste**

Kaikoura, a small town with a population of 3,500, is on the east coast of the South Island of New Zealand. A world famous feeding ground for giant sperm whales and home to dolphins and seals, Kaikoura's marine life attracts over 1 million visitors every year, making tourism the backbone of its economy. But although Kaikoura is unique for its stunning environment, it is also rather special for another reason - its solid waste management policy.

In November 1998 Kaikoura District Council formally adopted a Zero Waste policy, with the aim of achieving zero waste (or as near as possible) by 2015. Recycling facilities had been in existence within the district for 12 months prior to this.

In accordance with the Zero Waste policy, in July 1999 Council withdrew the contract for the rubbish collection and contracted Wastebusters Trust Kaikoura to provide a domestic kerbside collection for recyclable materials. In October 1999, Wastebusters Trust embarked on a commercial pick up of recyclable materials. This has proved very popular and has made a significant dent on the waste stream. The pick up of recyclable materials has been extended to rural pick up points and visitor recycling bins have been placed around the district.

In 2000 when the contract for running the landfill came up for renewal, Innovative Waste Kaikoura was awarded the contract to manage the landfill and recycling operations. IWK is a charitable company, started as a joint venture between Kaikoura District Council (which owns 49%) and Wastebusters Trust Kaikoura (which owns 51%).

The district is enjoying the positive spin-offs of an integrated waste management strategy that focuses on the financial, social and environmental benefits. The most significant social benefit has been the creation of five full-time and four part-time jobs at the Resource Recovery Centre.

A customer satisfaction survey conducted by the council showed that 90% of respondents were highly supportive of the Innovative Waste operation, while in a previous survey 60% of respondents wanted to see more money being spent on waste minimisation. A further and more in-depth survey showed that on average 91% of the Kaikoura community uses the recycling service.

Other local authority case studies can be found at: [www.zerowaste.co.nz/default,63.sm](http://www.zerowaste.co.nz/default,63.sm)

### 4.3.5 Additional Information

Hanemann, W.M., 1998. *Price and rate structures*, chapter 5 in D.D. Baumann, J.J.

Boland, W.M. Hanemann, 1998. *Urban water demand management and planning*, McGraw-Hill New York

Resources for guidance on demand management for water supply are available from a number of Council websites, including:

Christchurch City Council <http://www.ccc.govt.nz/Water/WaterWise/>

Waitakere City Council <http://www.waitakere.govt.nz/AbtCit/ec/bldsus/water.asp>

Metrowater, Auckland [http://www.metrowater.co.nz/frame\\_savew.html](http://www.metrowater.co.nz/frame_savew.html)

Another useful site is the Sydney Water site, [www.sydneywater.com.au](http://www.sydneywater.com.au)

[http://www.sydneywater.com.au/html/your\\_water/yourwater\\_index.cfm](http://www.sydneywater.com.au/html/your_water/yourwater_index.cfm)

Zero Waste website – encouraging all sectors in NZ to work towards zero wastes; an up-to-date website with innovative ideas and an extensive national network. [www.zerowaste.co.nz](http://www.zerowaste.co.nz)

Redesigning Resources website on waste management and sustainability.

[www.redesigningresources.org](http://www.redesigningresources.org)

The Waste Management Institute of New Zealand (WasteMINZ) [www.wasteminz.org.nz](http://www.wasteminz.org.nz)

Auckland Regional Council Cleaner Production website <http://www.arc.govt.nz/arc/?74628379-62E2-419B-AD53-921B5C4AFBCF>

Energy Wise <http://www.eeca.govt.nz/default2.asp>

The Ministry of Economic Development, *Sustainable Development and Infrastructure* Nov

2003 [http://www.med.govt.nz/irdev/econ\\_dev/infrastructure/index.html](http://www.med.govt.nz/irdev/econ_dev/infrastructure/index.html)

<http://www.mfe.govt.nz/publications/waste/waste-strategy-mar02/index.html>

[http://www.pce.govt.nz/reports/allreports/1\\_877274\\_03\\_8.shtml](http://www.pce.govt.nz/reports/allreports/1_877274_03_8.shtml)

[http://www.med.govt.nz/irdev/econ\\_dev/infrastructure/index.html](http://www.med.govt.nz/irdev/econ_dev/infrastructure/index.html)

[http://www.ipenz.org.nz/ipenz/forms/pdfs/Info\\_Note\\_10.pdf](http://www.ipenz.org.nz/ipenz/forms/pdfs/Info_Note_10.pdf)

[http://www.pce.govt.nz/reports/allreports/1\\_877274\\_03\\_8.shtml](http://www.pce.govt.nz/reports/allreports/1_877274_03_8.shtml)