

28 March 2025

By email only: Have Your Say Annual Plan Consultation
consultation@aklc.govt.nz
akhaveyoursay@aucklandcouncil.govt.nz

Dear Sir/Madam

Have Your Say – Auckland Council Annual Plan 2025-26

We submit on behalf of 57 member hotels

Hotel Council Aotearoa (**HCA**) represents 255 New Zealand hotels, 57 of which are in Auckland. Those 57 hotels in Tamaki Makaurau have a combined 9,415 guest rooms.

Auckland hotels employ approximately 7,080 full-time and part-time staff. In addition, hotels make massive investments in promoting both Auckland and New Zealand. We estimate that Auckland hotels collectively spent \$100-130 million in sales/promotion and agent commissions during 2024 alone, which is substantially more than any tourism marketing carried out by Auckland Council and/or Tataki Auckland Unlimited (**TAU**). Auckland hotels also contribute \$2-3 million in funding towards the voluntary Destination Partnership Programme established by TAU.

Hotels are one of Auckland Council's key constituencies. HCA estimates Auckland's hotels paid \$15.5 million in rates during the 2023 calendar year, but no doubt Auckland Council has access to the actual number.

HCA's policy positions are member-led and ultimately set by a board of elected officers. Many of our member hotels are reluctant to provide individual feedback or make public comment about Auckland Council for fear of backlash. Therefore, when Auckland Council analyses the results of this consultation exercise, we ask that you give appropriate weight to our submission including recognising the full extent of our contribution to what should be a thriving and prosperous Auckland visitor economy.

Hotel sector's feedback, in short

In HCA's submission, these three things are true:

1. **Auckland Council is underinvesting in event attraction and destination marketing**, which is having a negative impact on the Auckland visitor economy, ultimately to the detriment of all Aucklanders. This is something that Auckland Council has the power to quickly remedy, if it has the political will to do so.
2. **Aucklanders should receive more of a direct economic benefit from tourism in Auckland.** This is a challenging and long-standing problem not just in Auckland, but across all of New Zealand. Central government collected \$4.1 billion in tourism GST in FY2024, but not enough of that was reinvested into the tourism industry or shared with the regions where it

was collected. It will take trust-building and collaboration to resolve the tourism funding problem once and for all. Solutions are unlikely to be quick or easy.

3. **Auckland Council has for many years now chosen to work independently of industry on the tourism funding problem** outlined in 2 above. Instead of partnering with industry and supporting a unified message to central government and the public, Auckland Council has instead promoted schemes and ideas *at odds with what industry can support*, at times taking pot-shots at our sector. Unfortunately, these tactics decrease the likelihood of solving the national tourism funding problem in the near term.

Auckland Council should find funds to support event attraction and destination marketing

We have submitted on this issue in three previous Annual Plan consultations. HCA acknowledges that Councillors must always balance competing spending priorities. However, it is *not correct* for Auckland Council to claim it lacks the tools or revenue streams to support event attraction and destination marketing at reasonable levels.

Auckland Council has:

- **More than \$6.67 billion in annual revenue**, an increase of 67% since 2017 when total revenue was \$4.12 billion. Back then, Auckland Council readily found funding to support Auckland Tourism Events & Economic Development (**ATEED**);
- **Significant growth in hotel sector-connected rates income**, given that Auckland hotel rooms supply has increased by almost one-third since 2017;
- **A geographic targeted rate mechanism funding Heart of the City**, which could readily be adjusted to help raise additional funds for CBD event attraction and destination marketing, noting that accommodation providers receive just 10 cents out of every dollar of tourist spending; and
- **Recent liquidation of its investment in Auckland International Airport for \$2.14 billion**, which could have easily supported event attraction and destination marketing for the foreseeable future, without materially compromising Auckland Council's other plans for use of the money raised.

The New Zealand International Convention Centre opens soon in Auckland. Auckland Council has endorsed a revamped Eden Park over the idea of a new CBD stadium. The City Rail Link comes online next year. It seems inconceivable that Auckland Council can champion these sorts of multi-billion dollar tourism infrastructure initiatives while at the same time essentially defunding event attraction and destination marketing. As each of these assets opens for business, it becomes even more important for Auckland Council to set aside funds for activating the visitor economy and attracting high-spending domestic and international tourists to actually use them.

You cannot have lots of expensive hardware and then refuse to buy software. If we want “nice things” like modern CBD public transport, world-class stadia, America’s Cup visits and lucrative international conventions, then Auckland Council simply must take event attraction and destination marketing seriously.

Plenty of other regional authorities across New Zealand and Australia support event attraction and destination marketing properly with the *exact same revenue-raising tools that Auckland Council already has at its disposal*.

For many tourism industry businesses – including for hotels – it feels as if Auckland Council has been “playing chicken” with event attraction and destination marketing spend, perhaps as punishment for industry’s longstanding opposition to the Accommodation Provider Targeted Rate or to build pressure on central government.

It is beyond time for Auckland Council to normalise levels of event attraction and destination funding, taking account of its fortunate position as gateway for 70% of international visitors and New Zealand’s most international city.

With political will around the Council table, HCA is confident that \$15-20 million in funding could be re-prioritised towards event attraction and destination marketing. Unfortunately, however, it may be too late for TAU to build a reasonable calendar of events for winter 2025.

Next steps on solving the longstanding tourism funding problem in New Zealand

HCA has long called for Auckland Council to work in genuine partnership with industry around principles for a fair and reasonable tourism funding solution based on international best-practice. HCA is not against creation of a new tourism levy attaching to accommodation stays, provided such a mechanism is “done once and done right” across New Zealand with comprehensive central government legislation. There are many technical issues to plan for in creating a new levy on all accommodation sector revenues, but these are readily solved for if everyone works together.

Industry is firmly against “quick fix” local bed taxes based on the regional fuel levy or with detail/technical issues pushed down to non-expert council bureaucrats. Old-fashioned American or European bed taxes have come under pressure since COVID with many of them being repurposed away from tourism. In return for potentially supporting a new national levy on accommodation, the hotel sector is entitled to stand firm when calling for a modern and sustainable new mechanism rather than quick fix solutions based on old-fashioned precedents.

HCA and other accommodation sector and tourism industry lobby groups continue to promote a national funding solution with central government Ministers and also opposition parties. Cross-bench collaboration on tourism funding solutions is both desirable and achievable. HCA has good insight into central government’s views with regards to sharing future tourism receipts with local authorities.

Once again, we invite Auckland Council to work more closely with industry on this issue of critical importance to Auckland and all of New Zealand. HCA fully understands Auckland Council’s key concerns and needs around tourism funding. We are *still* not convinced that Auckland Council officials fully understand the needs and concerns of the hotel sector.

Yours sincerely

Hotel Council Aotearoa



James Doolan, Strategic Director

james@hotelcouncilaotearoa.com