

STAFF REPORT

TO: Chairman and Members, Engineering Services Committee

FROM: Jeff Cuthbertson

REFERENCE: S302

DATE: 12 January 2005

SUBJECT: Tourism Subsidy Scheme

PURPOSE

The purpose of this report is to highlight to the Committee the availability of this government initiative and the limitations that the subsidy has.

COMMENT

Council in undertaking the upgrading of the Pohara sewerage system has made enquiries as to the parameters for which the tourism subsidy can be made available.

The outcome of this enquiry not only covers Pohara but forms the basis of clarification and the opportunities available to other community schemes and thus applications.

The Ministry of Tourism is developing a subsidy scheme providing assistance to local authorities "to assist small communities with a high tourism flow to invest in water and sewerage infrastructure to sustain their tourism". To advance initial thinking on the applicability of the subsidy to Tasman District schemes, we have considered the potential for the proposed Pohara water supply scheme.

Availability of Subsidy

At this stage \$11 m over three years is provided for assistance to a smaller number of appropriately funded successful applicants. From the above it can be concluded that funds may be difficult to obtain and be only available to specific targeted communities meeting the subsidy criteria.

Subsidy Criteria

A very detailed set of subsidy criteria is proposed, requiring greater detail and information than required by the Ministry of Health's subsidy scheme.

In addition to meeting the key requirements of Ministry of Health's scheme (ie public health and environmental objectives) to be seriously considered for a tourism subsidy, it is likely that any scheme must have the following:

- a tourism share or loading of the scheme of 50% or
- a deprivation index of 6.0 or greater and
- a tourism share of at least 25%
- be a community facing affordability challenges

The importance of scheme having a high ratio of tourist driven costs is indicated by evaluation weighting of 35% and a high value of the tourist spend of 20%. In determining the tourist loading, the normal resident and holiday population is excluded, hence the tourist load is derived from hotel, motel, B&B or day visitor numbers. It is noted that applications must have the support of the Regional Tourism Organisation (RTO). For further details, reference should be made to the Ministry of Tourism subsidy scheme discussion document or the draft detail criteria.

Criteria Assessment for the Pohara Scheme

Pohara and its adjacent communities are a focus for holiday visits, but tend to have a seasonal trend. There is also a significant number of holiday homes which would not assist in increasing the tourism load. This characteristic was of note to the RTO, with the expectation that the seasonal nature and consequent lower annual spend would not be advantageous to meet some of the subsidy criteria. The initial opinion of the RTO was that Pohara scheme would be a doubtful contender for subsidy and not the first choice for their support. They cited Marahau as having greater possibilities of gaining subsidy on the basis of the significant size of the tourism opportunity in that area, a high level of patronage year round (and hence high dollar spent), and the overall significant impact on the greater Nelson area.

Due to the initial comments from the RTO, specific tourist statistics for the Pohara area were not concluded necessary to be reviewed at this stage. Another evaluation criteria is the socio-economic factors (ie deprivation index). Unless there is a very significant tourist loading (50%), it is expected that the deprivation index should be six or greater (a score of ten indicates the most deprived area). Initial examination of the deprivation index for various areas around Pohara, indicate a score of between five and seven. This score would indicate that Pohara would be borderline in meeting the socio-economic criteria and need a significant tourist load to qualify.

CONCLUSION

It was noted earlier it is not expected that the tourist load would be sufficient and accordingly it is concluded that the Pohara scheme is unlikely to be successful in receiving a tourism subsidy. It may be desirable to have further discussions with the RTO and obtain information on the opportunity for subsidy in the Marahau area or other priority areas to determining if there are any of the reasonable opportunities to receive a tourist subsidy.

RECOMMENDATION

- 1 That a detailed application be drafted and sent to the Ministry of Tourism for consideration for both sewerage and water in the Marahau area.**
- 2 That staff determine other potential areas where this subsidy could be applicable and made the appropriate application.**

Jeff Cuthbertson
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