

Tourism Bay of Plenty Funding



To: **Whakatāne District Council OR Name of Committee**

Date: **Wednesday, 06 March 2025**

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Reference: **A2795236**

1 Reason for the report - *Te Take mō tēnei rīpoata*

The purpose of this report is to provide the Living Together Committee with the information to review funding for Tourism Bay of Plenty from 1 July 2025. This follows the workshop on where Council considered its current funding arrangement and opportunities for the future.

2 Recommendation/s - *Tohutohu akiaki*

1. THAT the Tourism Bay of Plenty report be received; and
2. THAT the Living Together Committee **confirms** the public be excluded from consideration of this report on the grounds set out in the Local Government Official Information and Meetings Act 1987 under Section 48(1)(a)(i):
 - i) Section 7 (2)(i) which enables council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiation; and
3. THAT the Living Together Committee **cease** funding to Tourism Bay of Plenty from 1 July 2025; and
4. THAT the Living Together Committee **request** that staff explore options and opportunities to support development of international tourism products.
5. THAT the Living Together Committee **confirms** that the report be released to the public on the Chief Executives approval.
6. THAT the Living Together Committee **approves** resolutions 1 and 5 be restated in the public section of the meeting.

3 Background - *He tirohanga whakamuri*

In 2013 Whakatāne District Council (WDC) entered into an agreement with Tourism Bay of Plenty (TBOP), as the Regional Tourism Organisation (RTO), to provide services for international marketing. At that time, TBOP provided international trade relationships, stronger connections to the Tourism New Zealand marketing and media programmes, access to cruise ships and a well-resourced tourism team. The region went on to receive significant international media coverage with Whakaari, Moutohorā and Mataatua Wharenuī serving as icons for the region.

Council has made an annual grant of varying amounts over the past 12 years; 2013 - 2015 - \$25,000, 2015- 2017 - \$50,000 and approximately \$85,000 per annum since 2017. The FY 2024-2025 grant is

\$86,520 subject to a 3% annual increase. The Flavours of Plenty Food Festival, run by TBOP, receives an additional annual \$15,000 grant from the WDC discretionary events fund. The original Memorandum of Understanding (MOU), expired in 2019 and since then there have been two separate Letters of Intent (LOI) which have served as a guiding document for service delivery (see appendix 1).

Recent visitor spending statistics (Infometrics modelling) indicate a full and complete recovery to the visitor economy since the disruptions of COVID19 and the eruption of Whakaari. In 2023, the tourism sector employed an average of 1,234 people in the district and tourism GDP was \$64.1M. In 2024, visitors spent a total of \$164.7m with domestic visitors contributing spending \$139.4m (84.6% of this expenditure). International visitors spent \$25.3m (15.3%) in the same year. The tourism sector comprises accommodation and food services, retail, arts and recreation services and transport. Employment earnings in select tourism-related industries was \$55.5m in 2024, an increase of 9% from the previous year. (bayofplentynz data dashboard).

Year	Domestic	International	Total	% growth
2014	\$87.4m	\$12.3m	\$99.7m	-2.0%
2015	\$97.9m	\$16.6m	\$114.6m	14.9%
2016	\$103.4m	\$17.7m	\$121.1m	5.7%
2017	\$111.1m	\$17.2m	\$128.3m	5.9%
2018	\$120.6m	\$17.4m	\$138.1m	7.6%
2019	\$126.8m	\$18.2m	\$144.9m	4.9%
2020	\$127.1m	\$19.5m	\$146.6m	1.2%
2021	\$138.9m	\$6.3m	\$145.2m	-1.0%
2022	\$142.7m	\$5.6m	\$148.2m	2.1%
2023	\$145.5m	\$20.3m	\$165.8m	11.9%
2024	\$139.4m	\$25.3m	\$164.7m	-0.7%

3.1 Tourism Bay of Plenty (TBOP)

TBOP is the Regional Tourism Organisation established to promote and manage the western bay sub-region as a visitor and tourist destination. TBOP is a Council Controlled Organisation (CCO) entity accountable to Tauranga City Council (TCC) and Western Bay of Plenty District Council (WBOPDC) through separate Letters of Expectation. TBOP is also accountable to Whakatāne District Council (WDC) by a separate Letter of Intent (see appendix 1). This collective region is known as Te Moananui ā Toi | the Coastal Bay of Plenty.

Currently TBOP is funded as follows:

Council	Funding 2024/25	Proportion
Tauranga City Council	\$2,056,523	86%

Western Bay of Plenty Council	\$268,000	10.5%
Whakatāne District Council	\$86,520	3.5%
Total	\$2,411,043	100%

During the term of the Commissioners, TBOP had their budget reduced by \$600K and, further to that, Tauranga City Council expects that TBOP will identify and implement operating expenditure savings in its 2025/26 budget of 7%, in line with the CCO cost reduction programme.

TBOP Services

The value for the fee for services WDC receive is difficult to quantify at a dollar value, but based on their four weekly reports, highlights include;

- Representation of the Coastal Bay of Plenty at Tourism Export Council Conference, NZ Cruise Association Conference, Backpacker Youth Adventure Tourism Association Conference
- Representation of the Coastal Bay of Plenty at TNZ Regional Showcase in Sydney
- Local food events and hospitality sector participating in the Flavours of Plenty event and national media coverage
- International media coverage including; South China News, hosting UK and Australian freelance journalists, Pedestrian TV – Au, international travel influencers
- Domestic promotion included RV Motorhome magazine, regional cycle trails booklet
- Operator attendance at TRENZ and Explore Central North Island travel trade shows
- The Green Room – tourism operator sustainability programme
- Support for Native Nations programme
- Access to Marketview Tourism Data for the region

To date, the Council team have not talked to TBOP about specifically withdrawing or reducing funding, due to commercial sensitivity, however TBOP are aware that Council is reviewing funding external agencies. Eastern Bay businesses represented by TBOP include Ngāti Awa Tourism (Moutohorā Island Tours and Awa Motel), Kohutapu Lodge and Tribal Tours and Tio Ōhiwa Harbour Cruise and Cultural Tours.

The Role of the Regional Tourism Organisation (RTO)

Local Government are the primary funders of RTOs with an estimated \$45m invested across the national network annually. There are currently 31 RTOs across Aotearoa New Zealand with an average of staff count of 7 FTE. RTO's spend an average of 40% of their time on destination management and 60% on destination promotion activities. In most instances councils provide funding to RTOs directly or through a contracted organisation. RTOs can cover single or multiple council jurisdictions and 17 are part of Economic Development Agencies, also funded by local government. There are a small number of districts that are not covered by an RTO including Rangitikei, Waimate, Kawerau and Ōpōtiki.

RTOs work closely with their region's tourism industry predominantly on international marketing and co-ordination of international visitor providers. A few regions are governed by a membership structure, whilst most operate partnership programmes which contribute funding to support regional tourism activities. There are various structures and operating models in the form of Council Controlled Organisations (CCOs), Units within Council, Limited Liability Companies, Incorporated Societies and Trusts.

The trend in the past decade has been to combine RTO function with wider economic development organisations, although feedback on the advantages and disadvantages of this is mixed. There is no 'official' policy, set of requirements or criteria to be an RTO and the level of funding (provided by councils primarily) determines their purpose, functions, and accountabilities.

The table below outlines how the tourism functions are delivered between the RTO and Council staff which is similar to how they interact in other regions.

Primary Functions of an RTO	Tourism Bay of Plenty	Whakatāne District Council
RTO Networking, Collaboration and Tourism Strategy		
Destination Branding and Marketing	Regional/International	Domestic
Promotion to International Travel Trade		
Public Relations		
Destination Planning and Strategy	Tauranga/Regional	District/Sub regional
Funding Requests for own Organisation		
Supporting Tourism New Zealand Activities		
Visitor & Resident Sentiment and Analysis		
Data, Research and Analysis		
Industry Capability and Development		
Business Event Attraction		
Secondary Functions of an RTO		
Event Development		
Major Event Attraction		

Tourism/Visitors Centres/Isite		
Amenities and Infrastructure Investment		
Other Public Facilities Management		
Cruise Management		
Māori Experience Development		
Environmental Stewardship		

3.2 The role of the Council Tourism team

The Council Tourism and Events team currently focuses on growing the domestic tourism market, through annual marketing campaigns, product development opportunities, sector networking, training and events. The team uses a destination management approach and works with other Council teams to develop new visitor experiences such as Wharfside and cycleways, or support projects such as Ngā Tapuwae o Toi enhancements, the cultural interpretation signage project, the Arts, Culture and Creativity Strategy, Taketake redevelopment, and the proposed Arts Hub. Emerging opportunities include the development of a food tourism strategy, educational tourism in collaboration with Rotorua NZ and eco-tourism projects.

The team has established strong working relationships with the neighbouring regions of Tairāwhiti and Rotorua for specific projects and promotion of the wider region, such as the SH35 road trip at the Motorhome Show.

The key challenges and issues with the current RTO relationship include access to regional opportunities and collaboration, national knowledge and networks, and central government funding, which are mostly controlled through the RTO network. The Council Tourism and Events team has frequently requested greater access and involvement in these opportunities but TBoP see that as exclusively their role.

4 Discussion - Kaupapa

4.1 Discussion – Kōrerorero

The original MoU with TBoP was predicated on international tourism and international marketing. Without an international tourism product such as Whakaari there does not appear to be a solid foundation for continuing funding to TBoP.

Council could expect our international tourism numbers to drop slightly if TBoP is not doing any international marketing and promotion on our behalf. However, we expect the District to continue to attract international tourists due to its proximity between Tauranga and Rotorua and we have a small number of operators with international visitors in their own right (Kohutapu Lodge, Ngāti Awa Tourism (Moutohorā Island Tours and Awa Motel) and Tio Ōhiwa Harbour Cruise and Cultural Tours).

In particular Whakatāne's biggest international market is Australia, however much of that market is visiting friends and relatives so may not be that influenced by marketing and promotions.

Should a new Whakatāne international visitor product evolve or our local business numbers grow to a level where RTO membership is beneficial, then staff will bring a proposal to Council to consider the merits of an RTO membership or establishing one in its own right alongside interested Iwi.

A challenge to navigate is Whakatāne's participation in the Flavours of Plenty regional food festival. We expect this will continue as a separate grant arrangement.

5 Options Analysis - *Ngā Kōwhiringa*

5.1 **Option 1 – Do not renew Letter of Intent or MOU with TBOP and consequently stop funding TBOP from 1 July 2025. Retain \$50,000 to invest in domestic tourism and/or support the four businesses that have international visitors, and allocate the balance to savings – Recommended option**

The MoU between WDC and TBOP, which is the basis for the funding arrangement, has lapsed. The context for funding TBOP when the MoU was established included Whakaari/White Island as an international visitor destination which TBOP promoted to attract international visitors to the Whakatāne District. TBOP has an RTO status which gives them access to international trade show and marketing/sales opportunities.

If this option is adopted, then staff will need to implement the following actions:

1. Engage with TBOP and advise them of Council's decision.
2. Engage directly with local businesses operating in the international market to discuss how they can be supported if Council is not part of TBOP
3. Advise our Tourism Sector of the decision and rationale.

Advantages	Disadvantages
<ul style="list-style-type: none">• Opportunity to use funding more effectively getting better value for money.• Small amount of savings for annual budget process.• Establish stronger relationships with local tourism sector and iwi partners as a single point of contact.• Opportunity to establish a stronger (EBOP) brand.	<ul style="list-style-type: none">• Loss of existing relationship and skills of TBOP team• Loss of international marketing through TBOP promotions

5.2 **Option 2 - Status quo, renew the MOU based on the services currently received as outlined in Section 4.2 and continue funding TBOP**

Option 2 follows a status quo approach whereby a new MOU is formally established and the annual funding for Tourism Bay of Plenty continues.

If TBOP seek an increase in annual funding for the new MOU period then staff will bring that proposal back to Council to consider, but our starting position would be status quo of the currently fee for service arrangement.

Advantages	Disadvantages
<ul style="list-style-type: none"> Known relationship and workplan between WDC and TBOP tourism teams continues. Continue to be promoted in international tourism marketing No change for our local tourism businesses. Refreshed MOU to reflect current opportunities and needs 	<ul style="list-style-type: none"> Whakatāne District tourism gets locked into the Tauranga City/Western Bay brand. Confusion amongst tourism operators, stakeholders, Iwi partners and media about roles and responsibilities of TBOP v. Whakatāne Tourism Team. Difficult to access central government funding as often distributed through RTOs so most funding goes to Tauranga.

6 Significance and Engagement Assessment - Aromatawai Pāhekoheko

6.1 Assessment of Significance

The decisions and matters of this report are assessed to be of low significance, in accordance with the Council's Significance and Engagement Policy.

6.2 Engagement and community views

No engagement has been undertaken with the tourism sector on this project, due to the commercial sensitivity.

A meeting with Tourism Bay of Plenty took place in mid-October, and discussions included the roles, responsibilities and projects of the TBOP team, current funding, the lack of MOU and chance to reestablish a future direction. It would be necessary to hold further meetings to determine the best course of action for the collective benefit of the region and the businesses involved.

7 Considerations - *Whai Whakaaro*

7.1 Strategic Alignment

No inconsistencies with any of the Council's policies or plans have been identified in relation to this report.

7.2 Financial/Budget Considerations

There is potential for a budget saving of \$36,000. The remaining budget is proposed to be used to support domestic tourism growth and/or support the four businesses that have international visitors.

7.3 Climate Change Assessment

Based on this climate change assessment, the decisions and matters of this report are assessed to have low climate change implications and considerations, in accordance with the Council's Climate Change Principles.

There are no significant or notable impacts associated with the matters of this report.

Goal	Matters to consider	Comments	Impact Assessment
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1	The likely impacts (flood, drought, storms, sea level rise, etc.) of climate change in the Eastern Bay of Plenty on the matters of this report.		Low
	The matters of this report's reduction on the effect of climate related impacts (flood, drought, storm, sea level etc.).		Low
2	Options for lowering greenhouse gas emissions have been specifically considered in relation to the matters of the report, including: <ul style="list-style-type: none"> • Energy efficiency / renewable energy, • Resource usage, • Waste/Whole of Life, and • Fossil fuel usage. 		Low
	Key emission sources, and (if possible) calculation of the greenhouse gas emissions for matters of report/project.	Vehicle usage, procurement of products.	Low
	Opportunities to address inequities or disadvantages due to climate change considered in relation to the matters of the report.		
3	Impacts upon the district's biodiversity.		Low
	Matters that increase resilience to climate change for Council and/or our communities.		
Summary: Overall Analysis: The decisions and matters in this report are assessed for their impact on greenhouse gas emissions and climate change effects, which are categorised as low.			

7.4 Risks

Risk or Issue	Response
<i>If TBOP is unhappy with the decision it could fracture the relationship</i>	<i>There are likely to be some consequences to the relationship status, however the events and tourism team will continue to work with them and partner on domestic tourism initiatives</i>
<i>Unforeseen Costs</i>	<i>At this point, no additional budget is required</i>

There are appendices attached to this report.

Appendix One. TBOP Letter of Intent outcomes

The latest LOI (2020) sets out the following services.

Media and Public Relations activities

- Promotion of Whakatāne and/or operators to the Tourism NZ media team

- Promotion of Whakatāne as a destination and its tourism operators to International and Domestic publications

Domestic and International Marketing campaigns

- Included in all Bay of Plenty campaigns targeting the International market
- Ability to participate in domestic campaigns as relevant

Media and trade visits – Famils

- Inclusion in international and domestic media programme
- Inclusion in travel trade famil visits
- Facilitation of trade relationships for 'export ready' products. Representation of Whakatāne as a destination and its operators during offshore trade shows or visits.

Training and development with tourism operators and wholesalers, distributors and retailers;

- Work with operators to become 'export ready'
- Attend Whakatāne based operator evenings
- Represent Whakatāne to wholesalers, distributors and retailers (travel trade)
- Product development and promotion of Whakatāne tourism operators for the cruise ship market

Online strategy, including website and social media channels. www.bayofplentynz.com

- Operators can list on the bayofplentynz.com website
- Promotion of Whakatāne as a destination within the bayofplentynz.com website
- Links between Whakatane.com and bayofplentynz.com
- Promotion of Whakatāne products and events and activities via social media (as and when appropriate)

Regional specific research and insights and development of our current dashboard to include Whakatāne District data

- Marketview Tourism Data and Data Dashboard on bayofplentynz.com