



Infrastructure Review

Submissions by

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The motel sector is a beneficiary of the investment made in Infrastructure. Motels operate, in part, in the Tourism Industry which is predicated on two basic requirements;

1. Tourists must be able to get there
2. They must be able to stay there.

Infrastructure gives people the ability to reach a destination and also provides the services to ensure that there is accommodation available and to spend adequate time in the area to take full advantage of the opportunity.

As a consequence the Motel Association is vitally interested in the way that central government sees future investment in infrastructure.

We believe that New Zealand is unique in many ways but its size, shape, population and population densities makes it difficult to import international models to create investment policy.

Issues of sufficient capital available, in a New Zealand context, and the return on investment required in raising capital in the private market (pay back times on large projects would be far too long to satisfy private investors) make the public sectors involvement in these projects the only option.

The issues associated with public good need to be explored in this context as well. Where profit is the only motive and return on investment criteria requires this then there is no room for public good investment unless an adequate return on investment and return on shareholders' funds is attained.

The Association sees infrastructure in basic terms; the provision and maintenance of capture points and reticulation systems. Whether capture is by way of generation or entry point into the system it is a matter of making sure that the correct balance is maintained. It would be irresponsible to create multiple capture points without a adequate reticulation system and vice versa create a "state of the art" reticulation system that has nothing or little to service it.

We believe that the process starts with a "stock-take" of all existing infrastructural assets under the control of the government. The value and scope of what is already on hand gives the ability to identify the gaps in the delivery system and the underperforming assets. It allows a proper asset management programme to be formed and also to prioritise the way infrastructure projects are identified and undertaken.

For Tourism in New Zealand it is the creation and maintenance of the points of entry into New Zealand and also provision maintenance of the roading and utilities reticulation systems.

As an industry we interface both at a national and local government level in the provision of infrastructure. It would be fair to say that the immediate concern is with the infrastructure at the point of service delivery.

Local Authority issues

1. Authorities with small rating bases struggle to provide consistent services for the local community let alone for those who travel through their areas. As an example the Westland District Council operates in a huge land base, 11,400 square kilometres, with only 8403 people living in an area that stretches from north of Hokitika to South of Jackson Bay. It means that provision of infrastructure for visitors is limited by the size of the rating base and the distances covered. Public Toilets for those travelling through the area are few and far between which creates a problem for the disposal of human waste and this is a major source of friction on the West Coast in the byways and car parks etc!
2. The provision of the water reticulation, waste water and sewerage systems are the responsibilities of the local authorities as are the repairs and maintenance of these. Failure in these areas can impose huge costs on the local authorities who recover it through rates which in most regions the private sectors are subsidised by the commercial sectors. This creates a further burden on the profitability of particularly small businesses in local communities.
3. The prioritisation of local infrastructure investment can be an issue where local authorities are more interested in building community projects. Popular spending decisions can impact on the funding available for repair and maintenance programmes on the existing infrastructure. Short term gain for potential longer term deferred pain!

National issues

1. The provision of quality point of entry into New Zealand facilities works both from a Tourism position and from an outward projection of New Zealand as a first world nation, economically, socially and politically. The facilities coupled with an efficient, speedy and friendly border control process are very important to the impression that visitors gain on entry into New Zealand. It is important to recognise that some entry points are far more lucrative than others so there needs to be a prioritisation of work in this area. Wants and needs are not necessarily compatible.
2. The roading system is of vital importance; it is the life blood of tourism it is the reticulation system for visitors. It needs to be efficient, safe and easily accessible. The roading system needs to reach the areas that are attractive to visitors. It creates economic outputs as facilitates economic activity both in and out of a destination. The roading system is not designed for the Tourism industry it's a national asset but the ability to deliver travellers into areas of interest needs to be considered when assessing the worth of any project.
3. The ability for the people and businesses in New Zealand to be able to utilise the knowledge and markets available through access to the Internet is a fundamental plank in the future of New Zealand. The reticulation system

needs to be fast, efficient and robust. It needs to be flexible enough to incorporate new technologies and also to be available wherever the need for it occurs. We believe that this is a strategic necessity to allow New Zealand to be competitive and available in the future global economies whatever its shape!

4. The conservation estate is an untapped resource for the tourism industry. There are many examples internationally (Costa Rica being a prime example) where the National Park system is an attraction in its own right and that there is a strong affiliation between the commercial and conservation aims. There is a vested commercial interest if businesses working inside the conservation estate are dependent on their ongoing viability by preserving the integrity of the conservation asset.
5. There is a need for a major convention style facility. On an international stage we are unable to compete in terms of size but we can niche market into the smaller conventions and trade fairs. To do this successfully there needs to be a “state of the art” facility that will cater for the needs of organisations looking to organise projects in New Zealand for an international audience. Coupled with quality accommodation offerings adjacent to the facility it is a lucrative market to be involved in. The ability of private sector capital sufficient to undertake such a project is hampered by the lack of sufficient money to do so and the pay back on the investment would take too long to satisfy the needs of the investors.

Conclusion

New Zealand is a unique proposition when it comes to the provision of infrastructure. The geography, population base and population densities mean that there needs to be a far greater participation in the provision of utilities and infrastructure by the State. New Zealand’s taxation system is designed to provide a collective pool of money for, amongst other things, the provision of these necessities for a first world country.

An infrastructure plan is vital to allow political decisions to be made that reflect real rather than perceived needs. The framework needs to identify gaps in the structure, the directions that can be followed and what needs to be done to achieve the goals set. It must have the facility to recognise priority investment; the needs over the wants.

The Motel Association welcomes the initiative being taken and recognises it as a positive step forward in rationalising the decision-making and priority setting processes.

We also see the need to ensure that the right people are providing the decision makers with advice that truly reflects the needs of the country. We see the need for those who work with the outcomes of infrastructure decisions being included in the decision-making process. This is not a role for engineers, lawyers and corporate business people alone; it needs small and medium business engagement from a national as well industry sector representation. We believe decisions must represent national interest not self interest!