

Stewart Island Community Board Submission on the Southland District Council (Stewart Island/Rakiura Visitor Levy) Empowering Bill

Thank you for the opportunity to submit on the Southland District Council (Stewart Island/Rakiura Visitor Levy) Empowering Act 2010. The Stewart Island Community Board **fully supports the proposed legislation**. The Board would like to take the opportunity to highlight its reason for this Bill, its history and its hopes for the future. The Board wishes to appear before the Committee to speak to its submission.

The members of the Stewart Island Community Board are:

Barry Rhodes **Chairperson**

Brent Beaven

Aaron Conner

Ken Jones

Jon Spraggon

David Squire **Deputy Chairperson**

In addition the Ward Councillor for Stewart Island Bruce Ford is a member of the Community Board.

The Stewart Island Community Board in the first instance can be contacted via David Adamson, Chief Executive, Southland District Council, PO Box 15 Forth Street, Invercargill 9840.

Summary

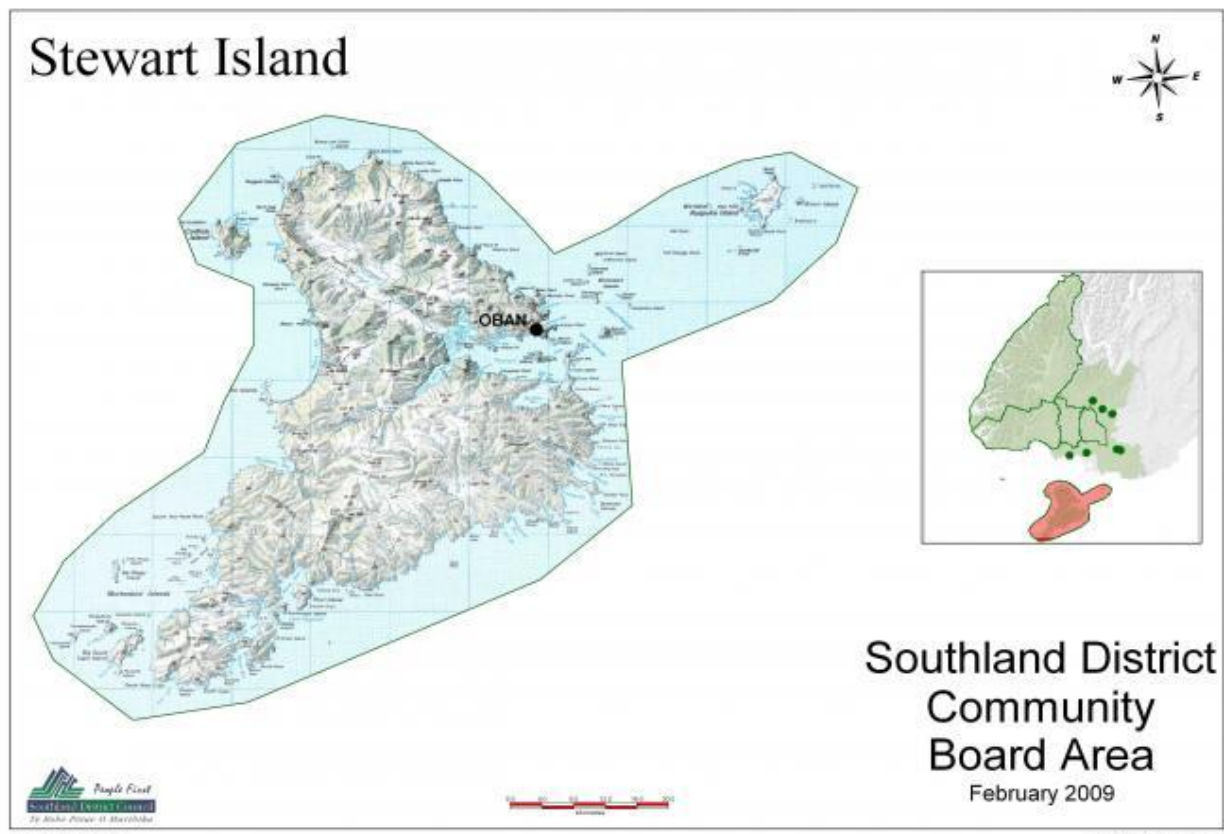
1. Stewart Island is a small community that needs to provide a high level of infrastructure, services and amenities for the proportionally large number of visitors received. Tourism whilst important is generally seasonal and the community is still reliant on other economic activity in particular fishing for its economic base.
2. Facilities used by tourists need to be maintained and upgraded to support the sector but the economic base of Stewart Island at this point in time is too small to capture the benefits, with a significant level of benefit leaking off Stewart Island.
3. An ongoing revenue stream from a visitor levy is the preferred mechanism to maintain and develop tourist infrastructure, services and amenities. There is a risk that one-off grants will result in higher long term costs to the community through the cost for ongoing maintenance or future upgrades.
4. Legislation will provide clarity and certainty that the power exists for a levy to be set and collected from visitors to Stewart Island.

About Stewart Island

Stewart Island is the third largest island of New Zealand and is located beside Foveaux Strait at 47°00'S 167°50'E, area 1,746 km², highest elevation 979 m (3,212 ft), the highest point is Mt Anglem/Hananui.

Detailed Statistics

Attached as an appendix are detailed statistics of Stewart Island.



Getting There

Stewart Island is a one hour ferry ride or 15 minute flight over the Foveaux Strait.

History of Stewart Island

Te Punga o Te Waka a Maui, the original Māori name, positions Stewart Island firmly at the heart of Māori mythology. Translated as "*The Anchor Stone of Maui's Canoe*", it refers to the part played by this Island in the legend of Maui and his crew, who from their canoe (the South Island) caught and raised the great fish, (the North Island). The more commonly known and used name however is Rakiura. Translated as "*The great and deep blushing of Te Rakitamau*" an early Māori Chief, seen today as the glowing sunrises, sunsets and the Aurora Australis or Southern Lights.

Te Rakitamau left his home to ask a high ranking Kati Mamoe family for the hand in marriage of the elder of his two daughters. To his embarrassment he blushed terribly when he was turned down. Te Raki Tamau then asked for the hand of the second daughter, but she too was already betrothed. It is said that the red skies of Stewart Island reflect the blushing embarrassment of Te Rakitamau.

From this story came Te raki o te uraka o Te Rakitamau, then, Te raki ura o Te Rakitamau. It has been shortened to Rakiura. In memory of the heat of his face the highest peak was named Hananui (the great blush).

In 1809 the 'Pegasus', sailing from Port Jackson, Australia, on a sealing expedition had on board as first officer, William Stewart. While the boat was in the large south eastern harbour (which now bears its name 'Pegasus'), William Stewart began charting the southern coasts, and his work is acknowledged by the Island's present name.

Halfmoon Bay/Oban

Halfmoon Bay is the only settlement on Stewart Island, New Zealand's third largest island. The only town is Oban, on Halfmoon Bay. Oban is the doorway for visitors to the National Park.



Oban has one pub, a post office agency, a few shops, a wharf and airfield, a diesel generated power-supply with 440 customers, 21 kilometres of road, 206 residential houses, and four walking tracks (excluding DOC tracks). About half of the residences are owned by non-residents and are used for holiday accommodation.

In addition to the roading network there is a number of jetties looked after by the community. With less than 2% of Stewart Island inhabited, of which 1% is road accessible, sea transport and associated wharves/jetties are critical infrastructure.

On the whole Oban is a fishing town that also serves as a base for hikers and birdwatchers. Most of the Island's hiking tracks start here; others can be accessed by water taxi. Birdlife is prolific - around the coast there are sooty shearwaters, mollymawks, cape pigeons and various types of penguin; while hiking inland, you'll see and hear bellbirds, tui, fantails, kaka and many more. But one of the secrets of Oban is that wildlife is often more visible around the town than further inland.

Tourism on Stewart Island

Whilst tourism is important its present size and scale means that it is largely a secondary source of income, with residents having their primary income derived from cod, crayfish and paua fishing, salmon and mussel farming. With the long term decline in the fishing industry tourism is important to the long term sustainability and commercial basis of the Stewart Island economy. Businesses with a reasonable component of their activity servicing tourism demand make up 21% (19 *Geographic Units*) of Stewart Island's urban businesses and approximately 18% of all employment.

The Stewart Island community is completely isolated by the sea and surrounded by non-rateable Department of Conservation or Māori land.

The creation of Rakiura National Park (and subsequent events such as visits by Sirrocco the kakapo) has increased the tourism profile of Stewart Island, but this profile comes with a cost to the local community. As part of the creation of the park some infrastructure predominately used by tourism was handed over to the community (walking tracks) but that was without ongoing funding for the maintenance and upgrade. This increased profile is welcome, but it is important that a funding system is in place that ensures an ongoing revenue stream to provide the investment and maintenance of tourism infrastructure, services and amenities.

Stewart Island Community Board

The Community Board is the heir to the province of New Leinster created by Royal Charter in 1841. New Leinster was merged into New Munster which subsequently became the Southland and Otago provinces. Stewart Island was its own County Council prior to the Local Government reforms in 1989 when it became part of the newly created Southland District Council.

The Stewart Island Community Board is drawn from the residents and ratepayers of the local community. It has a significant level of input and decision making on water supply, sewerage, drainage, reserves, footpaths, street lighting, camping grounds, traffic management, waste management and many other local activities. The Community Board is also responsible for the preparation of and recommendations on local rates.

The Community Board believes that it is important that any visitor levy is administered by a subcommittee of the Council with membership from the Community Board and transport/tourism operators, ensuring local decision and that any infrastructure, services and amenities funded or developed are actually those that are needed. The local community is also very robust in ensuring local accountability.

The Stewart Island Visitor Levy

The community of Stewart Island has debated and investigated the establishment of a form of visitor levy for many years. In 1978 a remit was taken to the National County Council's meeting to establish a levy, whilst this remit was passed no progress was made in establishing the levy. When the Rakiura National Park was being established in 2000, the community was concerned about the cost of infrastructure support for visitors and a levy was considered, but put on hold for the duration of negotiations with the Crown over infrastructure support. After a long and slow negotiation period that resulted in limited Crown, support a visitor levy working party was established in 2005.

The 2005 working party was established at the request of the Stewart Island Community Board to investigate and develop a voluntary visitor levy. The working party was set up made up of representatives from the following organisations:

- Stewart Island Flights
- Stewart Island Experience
- Stewart Island Community Board
- Stewart Island Council Ward Councillor
- Southland District Council

The planning for the levy progressed to such a stage whereby a Memorandum of Understanding was developed at which point a major transport operator decided they no longer wanted to be involved in the initiative.

At this point the progression of the implementation of the levy came to a halt. Numerous attempts were made to rectify some of the issues and concerns that were originally expressed by the transport operator. Despite many attempts a final decision was not able to be reached with the operator.

After this experience it was decided that any levy system established could be too easily disrupted by any participant withdrawing from the agreement at any time, this creates an unhealthy incentive to free ride on other participants or the general ratepayer base. The Community Board in 2009 decided that the best option would be to seek a local bill providing the powers to Southland District Council to establish bylaws enabling the setting and collecting of a visitor levy. This option is the current "Southland District Council (Stewart Island/Rakiura Visitor Levy) Empowering Bill 2010".

Rationale for Legislative Power for a Visitor Levy

The rationale of the visitor levy compared to other options such as rates, fees and charges, restricting visitors or other funding such as a government contribution can be found in the attached Regulatory Impact Statement prepared by the Southland District Council for the proposed legislation.

Whilst there is a theoretical possibility that the Local Government Act 2002 may provide the ability to establish a levy via bylaws or fees and charges, the case of *Carter Holt Harvey v North Shore CC* [2006] 2 NZLR 787 illustrates that the powers conferred to local government within the Local Government Act are not unfettered and a bylaw may be found *ultra vires* if it is considered a tax. Therefore legislation is recommended firmly establishing that the ability to set and collect a levy on visitors to Stewart Island/Rakiura is *intra vires*.

Stewart Island Infrastructure Issues

- A. Sewerage - A study by Market Economics in 2003 identified that the costs of sewerage supply exceeded the benefits of tourism generating a deficit of \$8,000-\$9,000, which grows yearly with increased visitors and is currently estimated at about \$20,000.
- B. Water - there is no public water supply, nationally water quality continues to be highlighted as a key issue. It is also a restriction on the development of local tourism, due to the absence of a reticulated water supply effecting the development of tourism accommodation and other services. Supplies are also needed to service public toilets.
- C. Roads - The roading network is concentrated in and around Oban. The main roads (12.8 km) are sealed but are narrow single lane or lane and a half suitable for limited traffic volumes. 8.3 km of narrow gravel roads make up the remainder.

Construction costs are generally three times the cost as similar work on the mainland and road sealing is twice the cost. The impact of visitors over the normally resident population increases the need for safer and more durable roading to ensure that pedestrian vs. vehicle and vehicle vs. vehicle crashes are minimised and access to tracks is maintained.

- D. Footpaths - Foot access is important in Oban. Typically up to half of the town population are visitors without vehicles and pedestrians are therefore very common. However, other than in the flat downtown areas of Oban, there are very few footpaths and the road pavement has to be used as the footpath. Immediately out of the downtown area the roads wind through hilly country or are carved out of seaside bluffs. In consequence they are narrow and use by pedestrians is dangerous.

Alongside improvements to narrow winding roads is the need to provide footpaths alongside roads at critically unsafe locations on visitor sightseeing routes.

- E. Tracks - with a number of day visitors and in particular cruise ship visitors the community's walking tracks are being heavily used. Consideration needs to be given to upgrading tracks to a high standard with low risk to cater for inexperienced walkers, the elderly or where possible, people with disabilities.

- F. Electricity - Electricity is supplied by the Stewart Island Electricity Supply Authority (SIESA). About 440 consumers are connected to Stewart Island's electricity supply, which is owned and managed by Stewart Island Electrical Supply Authority (SIESA). SIESA's network is powered by five diesel generators at a central power station and the power is delivered by 30 km of overhead lines, 10 km of underground cables and 35 distribution transformers. SIESA is investigating the possibility of alternative power generation through renewable resources such as wind and solar, with wind turbines and solar panels installed on the Island in 2008 in a trial. The Rakiura Resource Recovery Centre and waste collection on the Island are also managed by SIESA.
- G. As a consequence of the need to use diesel generators for electricity supply on Stewart Island/Rakiura electric power is around three times more expensive than on the South Island, at \$NZ 0.52/kWH in 2008.
- H. Public Toilets - the need for public toilets has been identified by the Department of Conservation particularly at road ends leading into the National Park and in visitor surveys.
- I. Parks and Walking Tracks - the community is responsible for four walking tracks that are outside of the National Park but in close proximity to the town. The Moturau Moana gardens are also managed by the community. The estimated cost of parks and walking tracks are \$200,000.
- J. Jetties - The jetties on Stewart Island are managed solely by the community with ownership having been turned over by South Port, these jetties service the National Park, concession holders and cruise ship visitors. Jetties are an important aspect of Stewart Island infrastructure with sea travel being the primary means of transportation to, from and around the Island. A particular concern is the need to replace the jetty at Ulva Island. This is currently under investigation with a cost estimate of around \$200,000.

Community Support for Visitor Levy

At the request of the Stewart Island Community Board a flyer/feedback form was sent out to all ratepayers and non rate-paying residents on Stewart Island. The purpose of the flyer was to introduce the concept of a visitor levy for Stewart Island and to get feedback as to whether the local community support the implementation of such an initiative.

The flyers were distributed on 16 January 2009 and collected and collated on 2 February 2009.

The following information is a summary of the feedback received:

Total number of flyers distributed	485
Total number of responses received	129
Number of responses supportive of a visitor levy	119
Number of responses against a visitor levy	8
Number of responses 'unsure'	2

Recommendation

The Stewart Island Community **recommends** that the Southland District Council (Stewart Island Visitor Levy) Empowering Bill proceed, thereby allowing the community the ability to be responsible for ensuring the funding and provision of the infrastructure, services and amenities that support visitors to the Island.