

# Review of the Tourist Infrastructure Fund



Ministry of Business, Innovation and  
Employment

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# Executive Summary

## Purpose

This report is an evaluation of the operation and effectiveness of the Tourism Infrastructure Fund (TIF). It will support an assessment and report to Cabinet in 2019/20 by the Ministry of Business, Innovation and Employment (MBIE) on whether the TIF funding mechanism is appropriate or if an alternative approach is necessary to achieve the desired outcomes.

## The Fund

The TIF was established in 2017 and supports local communities facing pressure from tourism growth and in need of assistance. The Fund aims to protect and enhance New Zealand's reputation both domestically and internationally. Supporting robust infrastructure contributes to quality experiences for visitors and maintains the social licence for the sector to operate.

The TIF provides up to \$25 million annually to develop tourism-related infrastructure that supports regions facing pressure from tourism growth. The Fund is administered by MBIE.

## Methodology

This evaluation is based on data provided by MBIE and information obtained through an online survey and individual interviews with 13 key stakeholders. These stakeholders included applicants for TIF funding (successful and unsuccessful) as well as other associated parties and sector stakeholders.

The online survey and individual interviews focused on the key evaluation questions. These questions were targeted at the outcomes agreed by Cabinet when the TIF was established in 2017 and questions from MBIE about how the TIF has operated. The key evaluation questions were developed in consultation with MBIE at the beginning of the evaluation process.

## Key Findings

### What has happened

#### ***What projects have been approved and delivered?***

1. Over the three funding rounds 173 applications were received by MBIE, of which 119 (69%) were successful.
2. Funding of \$45.3m was approved over the first three rounds covering 290 projects across 119 approved applications. The total value of approved projects was \$105.6m, with funding of \$60.3m or 57% of the cost of projects being contributed by successful applicants.
3. Toilet facilities comprised the largest number of approved projects at 26%, followed by general landscaping (17%), carparking facilities (13%) and other projects (15%).

4. There has been an increase in the proportion of applications approved over the three rounds. 55% of applications were approved in Round 1, 75% in Round 2 and 77% in Round 3. This is likely to be due to an increased understanding of the TIF criteria by applicants.
5. Over the three funding rounds, 53 (79%) of the 67 Territorial Authorities applied for funding at least once. The majority of the 14 Territorial Authorities which did not apply would not normally be classified as tourist destinations and may therefore be unlikely contenders for TIF funding.
6. 29% of the 173 received applications were submitted by 5 applicants: Westland DC (District Council); Marlborough DC; Ruapehu DC; Selwyn DC; and Whangarei DC. The success rate for the top 5 applicants was the same as for the other applicants and these 5 councils received \$10.2m or 23% of total approved funding.
7. 13 non-Council groups submitted one application each over the three funding rounds. Of these, 8 (62%) non-Council applications were successful and funding of \$2.4m was approved.
8. The type of projects approved largely reflect the priority areas identified in the tourism industry studies commissioned by Tourism Industry Aotearoa in 2017<sup>1</sup>. This indicates TIF has been well-targeted in respect of the type of infrastructure it has supported.

### ***What do evaluation participants think of the process?***

9. From a process perspective, evaluation participants thought that TIF was working well at both the pre and post application stages.
10. Council participants thought the eligibility criteria was clear, the application process straightforward, and compliance costs reasonable. These participants were also positive about the post-approval process and found MBIE to be responsive and engaging.
11. The TIF process and MBIE's approach is well regarded by evaluation participants. Council participants saw little need to significantly change a process that from their perspective works well.

### **What has been achieved**

#### ***Is TIF targeting tourism-related infrastructure that is difficult for local communities to provide?***

12. Funding tourism-related infrastructure continues to be a real challenge for Councils and local communities. The core issue is the extent to which tourism-related infrastructure can or should be funded by communities rather than visitors. It is therefore not surprising that

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<sup>1</sup> *National Tourism Infrastructure Assessment*, for Tourism Industry Aotearoa (Deloitte, April 2017)

Council participants consider TIF outcomes as being very valuable and want TIF to continue.

13. TIF has worked best for small-scale, ad hoc infrastructure: 55% of approved projects to date have supported toilet facilities, general landscaping and carparking facilities. From an applicant perspective, TIF works well if the ongoing operating costs are low, but less so if projects increase operating costs with no offsetting revenue stream.
14. TIF has not addressed larger-scale or systemic/strategic projects such as a coordinated approach to tourism-generated water issues on the West Coast, or a destination plan for Milford Sound. Although a small number of tourism-generated water projects (e.g. Te Anau wastewater and Punakaiki drinking water supply) have been approved, these are the exception.
15. In a few areas, the demand for TIF to fund basic infrastructure may be easing. At the same time, evaluation participants consider TIF is still needed.
16. TIF has provided a useful pressure valve for Councils and communities impacted by the significant growth in tourist numbers. This breathing space should be used to enable a more systemic, strategic approach to be developed and put in place.

### ***Is TIF contributing to quality experiences for visitors?***

17. Most participants consider TIF is positively impacting on the quality of the visitor experience. Several Council participants consider it is difficult or too early to tell.
18. Although toilet and rubbish facilities are recognised as being necessary, some participants regard these as having only a limited impact on the quality of tourist experiences.

### ***Is TIF maintaining the social license for the Tourism sector to operate?***

19. Evaluation participants consider that TIF has been very effective in maintaining the social license for tourism at a local level by addressing immediate pressure points. Even without projects in place there is an appreciation from communities that they are not having to fund the full costs of tourism-generated infrastructure.

## **What next**

### ***What changes would improve the operations and effectiveness of TIF?***

20. Evaluation participants consider that areas for improvement in the TIF process were few and relatively minor. The most common issues were around providing information as early as possible and providing greater flexibility in the timelines in the post-approval processes.
21. Changes to existing processes suggested by evaluation participants were:
  - increased publicity around announcements – the potential for a great story is not being fully utilised

- more time to prepare applications – 4-6 weeks to compile applications can be a bit tight<sup>2</sup>
- greater consistency and stability in the Fund - some Councils would like to see TIF operating for another 5 years to enable Councils to plan ahead
- applying 50:50 co-funding<sup>3</sup> as a guideline rather than a requirement – this may enable highly valuable projects at the margin of 50:50 co-funding to be approved
- more flexibility in the time for projects to be completed (if needed).

***What changes would enable the TIF to have greater impact?***

22. While TIF has delivered what has been needed over the last 3 years, it will need to evolve to meet increasing expectations from Councils and the sector that TIF will be transformative - more than small-scale projects such as toilets, carparks and rubbish bins.

23. The biggest tourism infrastructure demands are those involving roads and three waters investments. These are the areas where the greatest need is and where TIF can make the greatest financial impact. To date, TIF has funded a small number of tourism-generated three waters investments.

24. TIF applicants appear to be aggregating into four groups:

- Councils that have not yet made a TIF application
- Councils that have received TIF funding and have indicated they will continue to need TIF to fund small-scale infrastructure
- Councils that have used TIF to address most of their small-scale infrastructure needs, have developed their thinking about tourism and are now taking an amenities or destination-approach
- non-Council<sup>4</sup> organisations.

25. The different needs of each of these four groups should be assessed when possible changes to the TIF are considered.

26. In future, targeting TIF may be more of a challenge as the needs of these groups diverge, and gaps in the relative maturity levels of applicants increase further. In addition, there will need to be an ongoing focus on targeting to ensure that funding does not go to highly organised applicants seeking TIF funding for projects with marginal tourism outcomes.

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<sup>2</sup> Planning certainty was addressed in Round 3 by having two set rounds of funding each year

<sup>3</sup> Most evaluation participants accept that a significant level of co-funding will continue to be required and is a good design feature

<sup>4</sup> e.g. Milford Sound Tourism Ltd and Bike Taupō Advocacy Group

27. Given that the need for TIF is expected to be ongoing (rather than a short-term fix), there should be a greater focus on areas of highest need. This is most likely to be in regions or locations with high tourism demand or growth *and*:

- high visitor to resident ratios that are driving water infrastructure upgrades;
- high deprivation indices;
- reducing population; or
- localised Revenue and Financing policies in high demand locations.

28. While evaluation participants considered TIF to be a success and should continue, there are two different views on how TIF should operate in future:

- TIF needs to continue to be focused on small-scale infrastructure
- The focus of TIF needs to shift to larger-scale and systemic or strategic projects (i.e. more than basic amenities such as carparks, toilets and rubbish bins).

29. If TIF is to continue to be a success, it will:

- need to evolve to address both views in finding 28 above and the different needs of the four groups identified in finding 24 above
- require greater clarity on the policy outcomes and vision for TIF and what changes are needed to deliver these.

### ***Other issues – central procurement***

30. In general, Councils are best placed to assess which type of infrastructure is most appropriate in different locations, and a centralised approach to procurement might hinder Council considerations on this. For toilets as an asset group and at current TIF-funding levels, procurement of toilets by individual Councils is likely to be the best overall arrangement at this time.

31. For centralised procurement to be a success, this would need to be supported by most Councils as they (not MBIE) will be responsible for operation and ongoing maintenance costs. Given this, if centralised procurement arrangements for TIF infrastructure is considered further, trialling this approach for one asset category (rubbish bins) is suggested.

## Looking ahead

Questions for MBIE to consider include:

- Although TIF was initially designed as a short-term fix, the demand for TIF is likely to be ongoing (if tourism continues at current levels). This is because the financial capacity of Councils and other organisations to fund tourism-related infrastructure demands is already limited, and likely to become more constrained in future. Greater clarity on the policy outcomes and vision for TIF is therefore needed. MBIE should consider:



- whether the primary objective of TIF is still to mitigate stakeholder concerns by delivering small-scale infrastructure in high tourism growth areas, or does it have more strategic objectives?
  - if TIF does have more strategic longer-term objectives, when and what changes will be required?
- The ability to meet ongoing operating and maintenance costs is a real and significant constraint for most Councils, particularly where the operating and maintenance costs associated with infrastructure are significant, and there is little or no ability to generate any revenue from new infrastructure. Should the scope of TIF include funding these costs?
  - If there is a need for TIF to shift its focus towards systemic, more ambitious projects, or those that are innovative or rely on a high degree of collaboration between Councils, this is unlikely to come about through applicants continuing to apply individually, each with their own internal financing and Long-Term Plan priorities to consider. This suggests that rather than expecting these types of proposals to be generated by organisations applying on an individual and competitive basis, MBIE and the tourism sector may need to be proactive in ensuring that the highest priority proposals are put forward for TIF funding. If this is the case, how could this be done? What changes would be needed?
  - How does the TIF fit with the International Visitor and Conservation Levy<sup>5</sup> (IVL)? If TIF is intended to be from bottom-up, local perspectives and the IVL is intended to be from a top-down, national perspective, how can the TIF and IVL best leverage off and complement each other?
  - Experience to date has been that most TIF applications have come from Councils, the more innovative applications have come from non-Council organisations, and the approval rate for Council and non-Council applicants is about the same. Is the predominant focus on applications from Councils intended or as relevant as it was when the TIF was established? Is this focus on applications from Councils crowding out other, potentially more valuable proposals?
  - Feedback from survey participants indicated that they valued the independent and sector perspective of the Advisory Panel in the assessment process. This suggests that the Advisory Panel should continue to be involved in the assessment process. Beyond the assessment process, can more be gained from the expertise and experience of the Advisory Panel?

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<sup>5</sup> <https://www.mbie.govt.nz/immigration-and-tourism/tourism/tourism-funding/international-visitor-conservation-and-tourism-levy/>

# Introduction

SageBush has been engaged by MBIE to conduct a review of the Tourism Infrastructure Fund (TIF) to determine the following:

- The efficiency and cost of TIF application, assessment, decision-making and distribution processes;
- The nature of projects that have been approved and delivered; and
- Whether the objectives of the TIF are being achieved.

The Cabinet decision to establish the TIF included a direction to the Ministry of Business, Innovation and Employment (MBIE) to conduct a review of the effectiveness of the TIF. This review is to inform whether the TIF funding mechanism is appropriate or if an alternative approach is necessary to achieve the desired outcomes. MBIE will submit a report to Cabinet in 2019/20.

## Context

On 20 April 2017, Cabinet established the TIF with the purpose of providing financial support for local tourism-related infrastructure where there is pressure on the existing infrastructure and local community is unable to respond:

*The purpose of the Tourism Infrastructure Fund is to provide financial support for local tourism-related infrastructure where tourism growth (domestic and international) is placing pressure on, or potential growth is constrained by, existing infrastructure; and the local community is unable to respond in a timely way without assistance.*

*The Tourism Infrastructure Fund is intended to protect and enhance New Zealand's reputation both domestically and internationally by supporting robust infrastructure which in turn contributes to quality experiences for visitors and maintains the social license for the sector to operate<sup>6</sup>.*

Councils or community organisations with council support are eligible to apply for local visitor-related infrastructure. Examples of projects that have been funded through the TIF are carparks, freedom camping facilities, sewerage, water works and transport projects.

The TIF appropriation is currently \$25 million per year for 4 years beginning in 2017/18. From Round 3 on, there are two TIF funding rounds at set times each year. Currently, the TIF Round 4 is under way.

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<sup>6</sup> <https://www.mbie.govt.nz/assets/tourism-infrastructure-fund-eligibility-purpose-eligibility-and-assessment-criteria.pdf>

## Out of scope

This evaluation does not cover:

- An assessment of:
  - whether the TIF programme is an effective use of taxpayer and ratepayer funding
  - the value for money of the TIF programme
  - the scale of the investment needed in tourism-related infrastructure
  - the policy outcomes of TIF.
- An evaluation of:
  - the economic impacts of the TIF at a local or national level
  - applicants, individual programmes or TIF decisions.

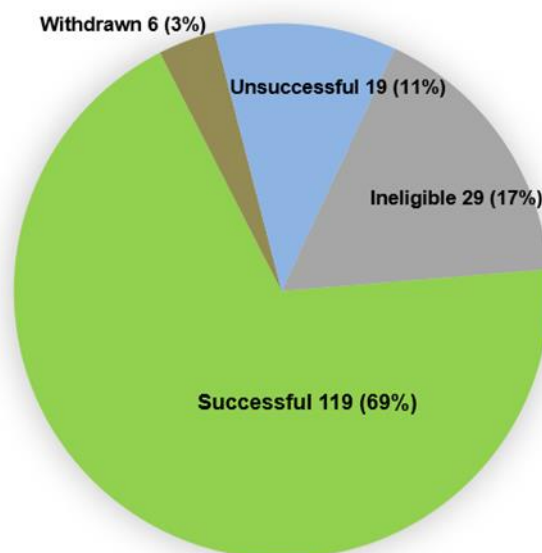
## What has happened

### What projects have been approved?

#### Applications

Over the three funding rounds 173 applications were received by MBIE, of which 119 (69%) were successful, as shown below (refer appendices 1 – 4):

**Application Status by Project for Rounds 1 to 3**



There has been an increase in the proportion of applications approved over the three rounds. 55% of applications were approved in Round 1, 75% in Round 2 and 77% in Round 3. This suggests that applicants were initially unsure about the eligibility criteria and that increased

familiarity and understanding of the processes in Rounds 2 and 3 led to fewer ineligible applications being submitted. This may have also been due to increased pre-application engagement between potential applicants and MBIE, and feedback on what type of projects were approved in Rounds 1 and 2.

Over the three funding rounds, 53 (79%) of the 67 Territorial Authorities applied for funding at least once. The majority of the 14 Territorial Authorities which did not apply would not normally be classified as tourist destinations and may therefore be unlikely contenders for TIF funding. Some Council participants consider the TIF profile needs to be lifted and publicity around announcements increased - this may explain why some Territorial Authorities have not yet made an application to the Fund.

Over the three funding rounds, 29% of applications were submitted by 5 applicants: Westland DC (District Council), Marlborough DC, Ruapehu DC, Selwyn DC and Whangarei DC. These applications were approved at the same rate as other applications and these 5 councils received \$10.2m or 23% of total approved funding. Of these 5 applicants, Ruapehu (9 applications, \$1.1m or 2.6% of approved funding) is the only area with high visitor to resident ratios<sup>7</sup> and would be expected to submit a high number of applications. Other areas with high visitor to resident ratios were Mackenzie (1 application, \$0.3m or 0.6% of approved funding), Kaikoura (2 applications, \$0.03m or 0.1% of approved funding), Queenstown/Wanaka (3 applications, \$2.7m or 6% of approved funding) and Coromandel (5 applications, \$3.3m or 7.5% of approved funding). Although TIF funding and areas with high visitor to visitor ratios do not match closely, there is a closer match on a regional basis between TIF funding and areas of need identified in the *National Tourism Infrastructure Assessment (April 2017)*.

MBIE should consider whether the spread of applications from Councils is broadly consistent with the highest areas of need. If this is not the case, MBIE may need to be more active in the post application phase to ensure that Councils in the highest areas of need are aware of the Fund and how to go about making applications.

Although evaluation participants considered the TIF eligibility criteria to be clear and easy to follow, the pie chart above highlights that 31% of applications were either ineligible (17%), unsuccessful (11%) or were withdrawn (3%).

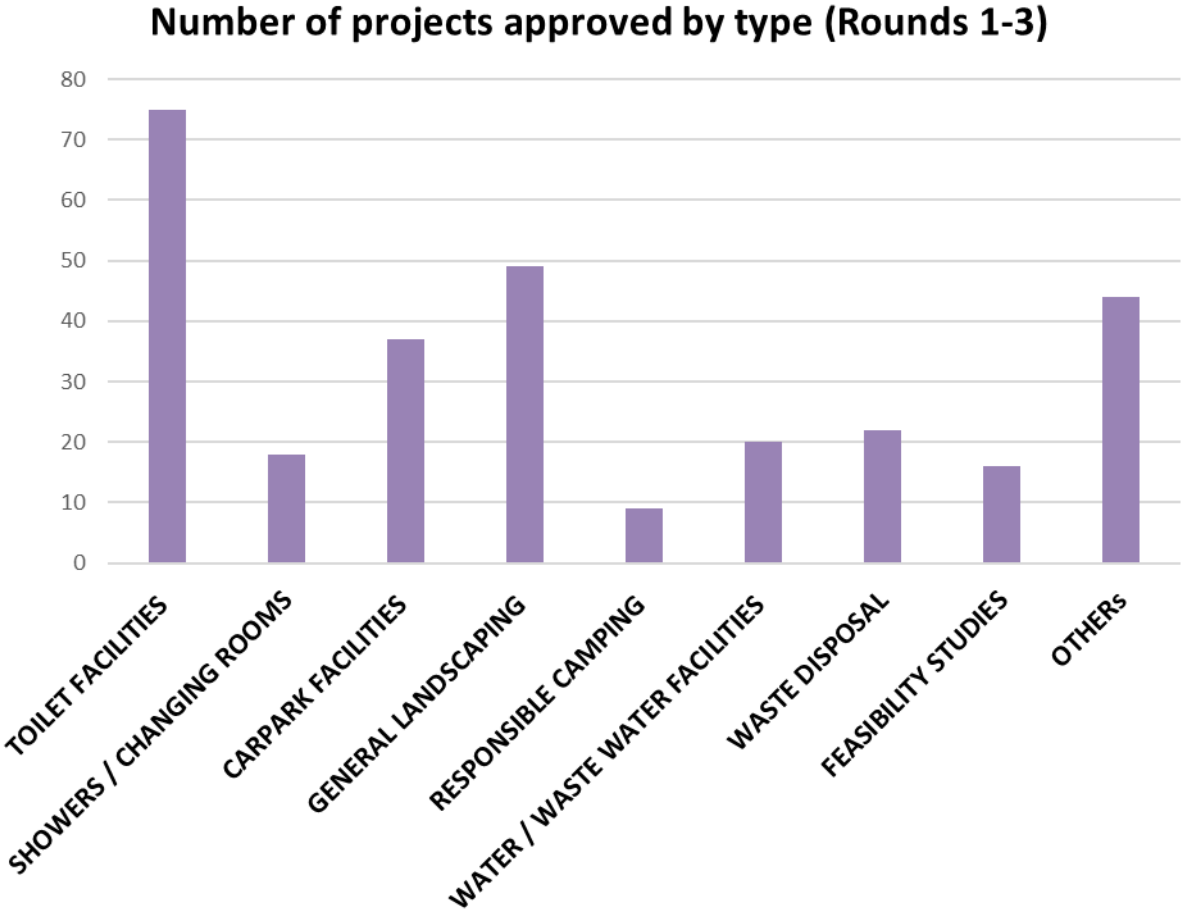
## Approved Projects

Funding of \$45.3m was approved over the first three rounds covering 290 projects across 122 approved applications. The total value of approved projects was \$105.6m, with applicants self-funding \$60.3m or 57% of the cost of projects.

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<sup>7</sup> *National Tourism Infrastructure Assessment – Summary Presentation, Tourism Industry Aotearoa, April 2017, slide 15 identified the five areas with greatest visitor to resident ratios in order as Mackenzie (Otago), Kaikoura (Canterbury), Queenstown-Wanaka (Otago), Ruapehu (Waikato) and Coromandel (Waikato).*

Approved projects by infrastructure type are shown below:



Toilet facilities comprised the largest number of approved projects at 26%, followed by general landscaping (17%), carparking facilities (13%) and other projects (15%). These projects largely reflect the need for funding that was identified in 2017 prior to the establishment of the fund - toilet facilities and carparking were identified as priority areas for funding in tourism industry studies commissioned by Tourism Industry Aotearoa in 2017<sup>8</sup>. This indicates TIF has been well-targeted in respect of the type of infrastructure it has supported.

The fact that landscaping is number two on the list is likely to be due classification grouping – in applications for projects in this grouping were often linked to the provision of car-parking, roading and toilet facilities.

This focus on small-scale (but much needed) infrastructure is likely to be why TIF is supported by Councils and communities whereas others want the Fund to be more ambitious and transformational.

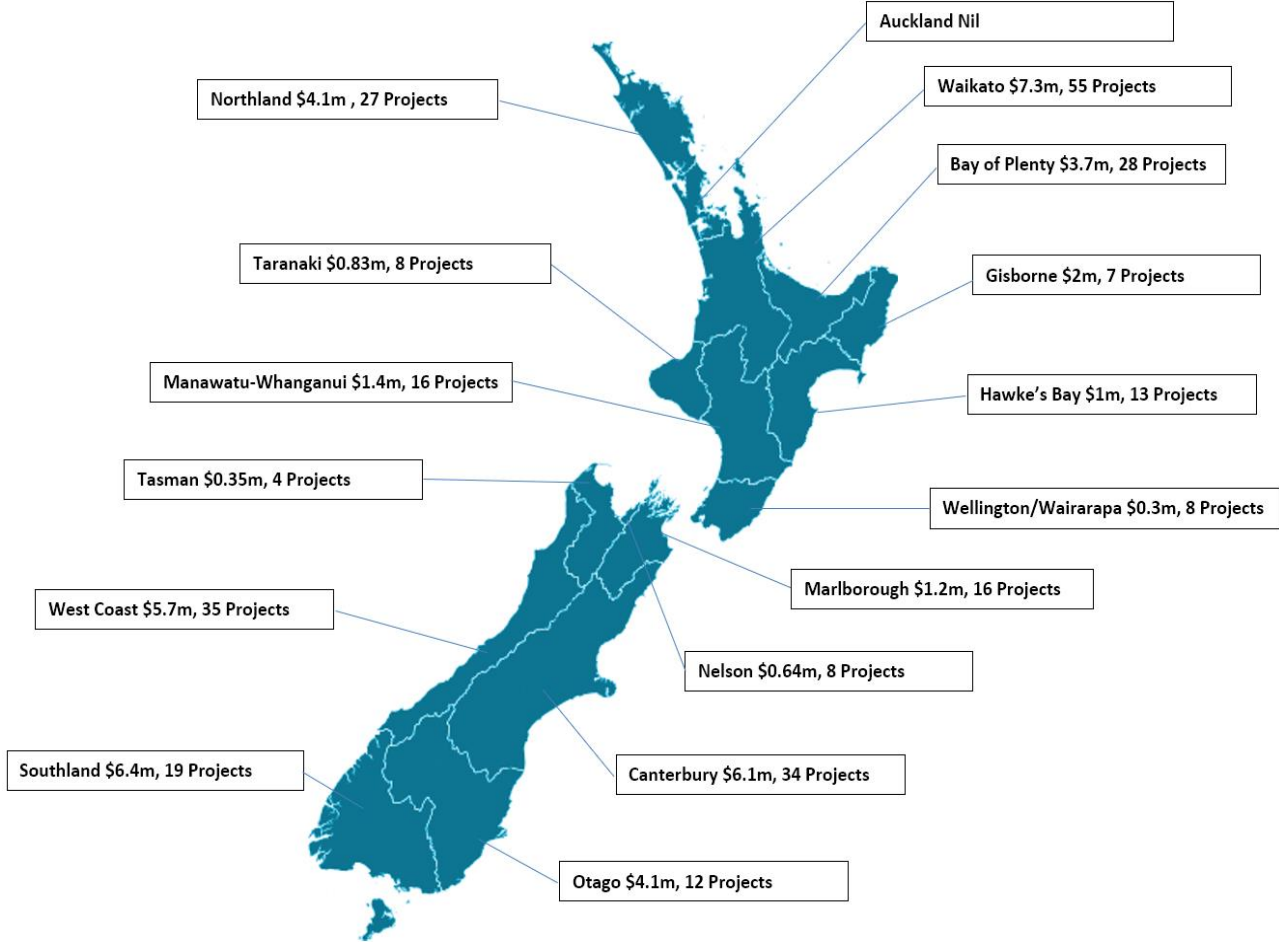
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<sup>8</sup> *National Tourism Infrastructure Assessment*, for Tourism Industry Aotearoa (Deloitte, April 2017, page 5)

Data on the amount of funding approved by the type of infrastructure is not available because projects typically cover a range of infrastructure and it has not been possible to attribute costs to individual items and infrastructure types.

### Regional Distribution

The distribution of approved funding and projects over the three funding rounds is shown below:



Three quarters of approved funding was received by 6 regions: Waikato received the most funding \$7.3m (16%), followed by Southland \$6.4m (14%), Canterbury \$6.1m (14%), West Coast \$5.7m (13%), Northland \$4.1m (9%) and Otago \$4.1m (9%). This regional distribution largely<sup>9</sup> reflects the areas identified as being under pressure from tourism in industry studies commissioned prior to the establishment of TIF<sup>10</sup>. This indicates TIF has been well-targeted in respect to the regional location of projects it has supported. The low level of funding approved for Tasman is unexpected and may warrant further investigation.

<sup>9</sup> The match is closer than it appears due to different grouping of regions

<sup>10</sup> *National Tourism Infrastructure Assessment – Summary Presentation*, Tourism Industry Aotearoa, April 2017, slide 15 identified the five areas with greatest visitor to resident ratios in order as Mackenzie (Otago), Kaikoura (Canterbury), Queenstown-Wanaka (Otago), Ruapehu (Waikato) and Coromandel (Waikato).

## Non-Council Applicants

13 non-Council organisations submitted one application each over the three funding rounds. Of these, 8 (62%) non-Council applications were successful and funding of \$2.4m was approved. The approval rate for non-Council applications was slightly below the average of 69% for all applicants.

Successful applications from non-Council organisations tended to be more innovative than applications from Councils.

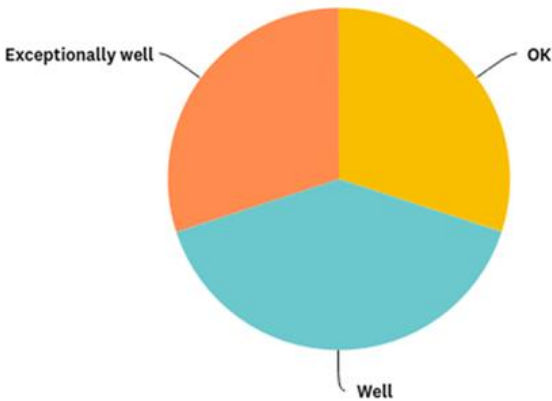
## How well has TIF operated?

The responses to the survey questions on how well the TIF has operated identified that:

- the eligibility criteria were well or exceptionally well communicated
- MBIE was considered to have provided satisfactory and timely answers on the application and eligibility processes
- the time, costs and effort required in the application process was reasonable
- the application process was clear and easy to follow
- most considered the application process enabled them to make the case in their funding application.

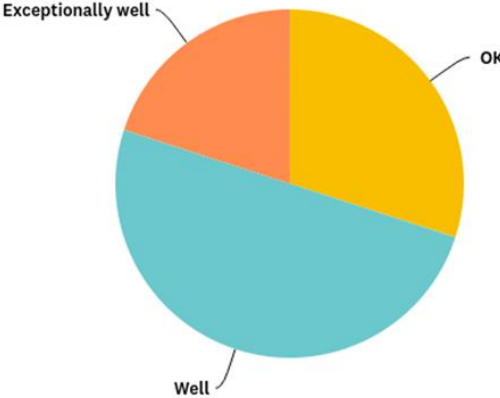
Evaluation participants were satisfied with how the application and eligibility (pre-approval) processes have worked:

### Overall, how well have the application and eligibility processes worked?



Evaluation participants were also satisfied with how the contract, distribution of TIF funds and reporting (post-approval) processes have worked:

**Overall, how have the contract, distribution of TIF funds and reporting processes worked?**



Comments provided in interviews on how the application process has worked were very positive:

- Improved exponentially from the Regional Mid-sized Tourism Facilities Grant Fund – TIF is a real improvement
- way of prioritising at MBIE end seems very clear
- MBIE staff fantastic team to work with
- financial assessment process worked well – high-level and direct, specific questions.

Areas for improvement in the pre- and post-approval process were few and relatively minor. The most common areas identified in interviews were around providing information as early as possible and providing greater flexibility in the timelines in the post approval processes:

- Priorities for each round need to be spelt out well in advance for each round as there are many LGFA<sup>11</sup> and community processes that need to be worked through particularly to gain commitment for co-funding. For Council and communities to make funding commitments of a substantial nature they need a reasonable level of certainty about the options and the likely cost - this can't be done in a compressed timeframe
- While it is important to have milestones to report against, we work in a contracting world where there are competing pressures and the scale of the jobs do not
- always result in us being the highest priority. Recognition of this with greater flexibility before needing to vary the contract would be useful.

The consistent view provided in interviews is that from a process perspective, the TIF has operated well and areas for improvement are relatively minor. This may not be surprising given their high proportion of successful applicants in the sample group.

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<sup>11</sup> Local Government Funding Authority

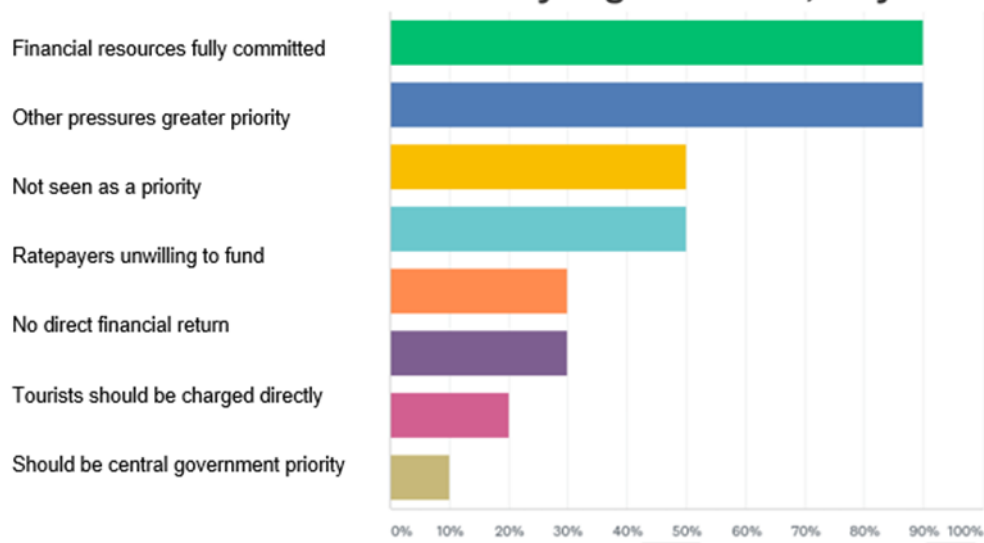


# What has been achieved

## How well is TIF targeted?

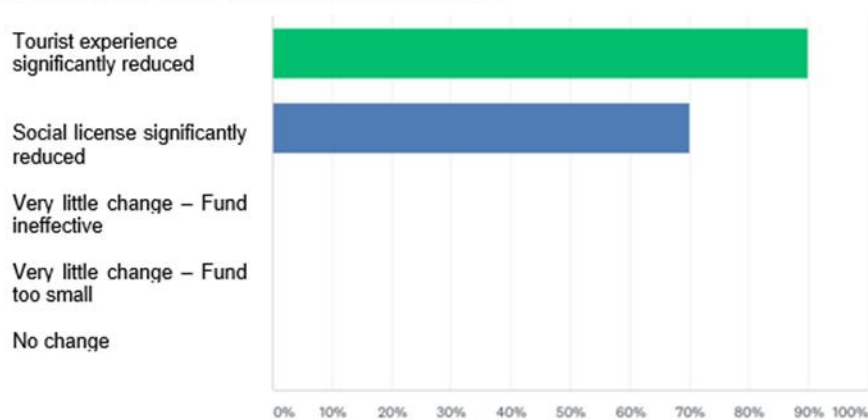
Funding tourism-related infrastructure remains a challenge for local authorities and other community organisations:

### When funding tourism-related infrastructure is a challenge for local authorities and other community organisations, why is this?



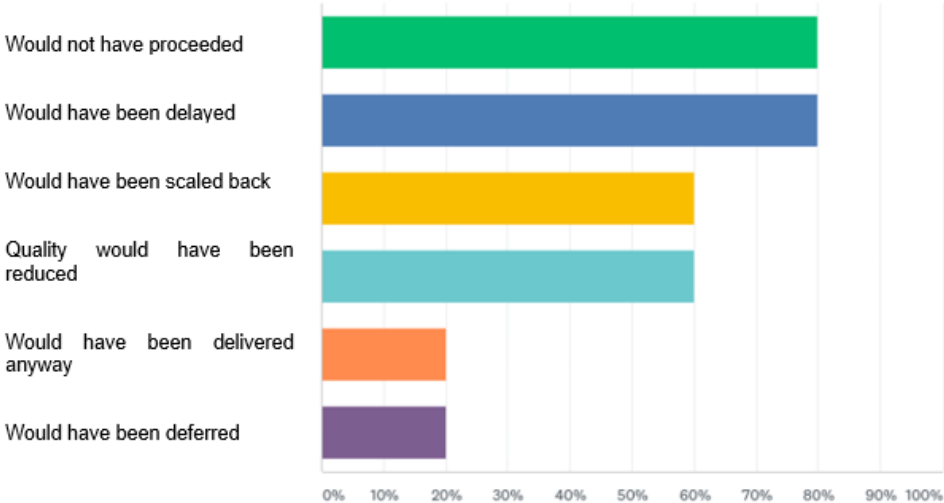
If the TIF was not available, the consistent view is that the tourist experience and social license of the tourism sector in their local community would have reduced:

### At an outcome level, what is most likely to have happened if the Tourism Infrastructure Fund was not available?



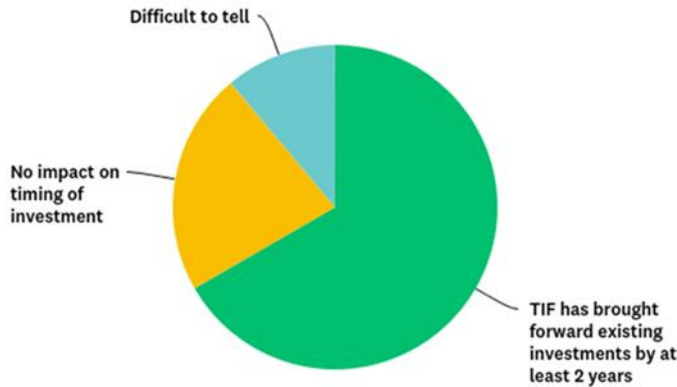
In the absence of the TIF, most infrastructure projects that received TIF funding would not have been delivered, would have been scaled back, been of lower quality, or delivery would have been delayed:

### At a project level, what is most likely to have happened if the Tourism Infrastructure Fund was not available?



If the TIF was not available, the timing of existing infrastructure projects would have been delayed:

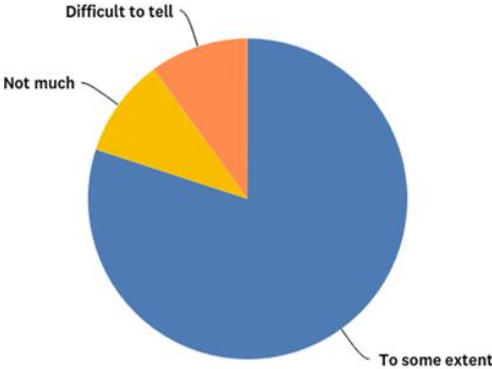
### What impact has the Tourism Infrastructure Fund had on the timing of investment by organisations in tourism-related infrastructure?



# How well is TIF enabling local communities to respond in a timely way?

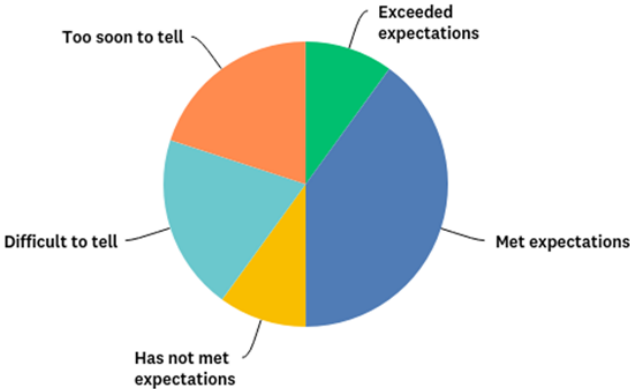
Most evaluation participants consider that to some extent, the TIF has mitigated tourism-generated pressures on local infrastructure:

## To what extent has the Tourism Infrastructure Fund mitigated tourism-generated pressures on local infrastructure in communities or regions?



Although the TIF has only mitigated pressures on local infrastructure to some extent, it has been successful in meeting the expectations of communities for support:

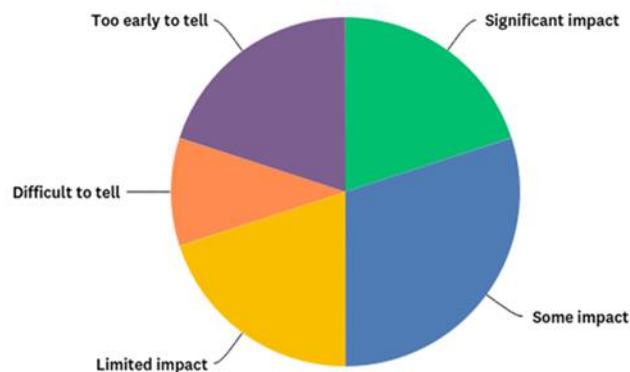
## To what extent has the Tourism Infrastructure Fund met the expectations of communities or regions for support to fund tourism-generated pressures on local infrastructure ?



## How well is TIF contributing to quality experiences for tourists?

Although difficult to quantify or measure, most Council participants consider TIF is contributing to quality experiences for tourists:

### What impact has the Tourism Infrastructure Fund had on the quality of tourist visitor experiences in communities or regions?



Comments provided in interviews by Council participants that support a positive impact on tourist experiences included:

- Visitor response to cleaner and more facilities
- Quality of basic amenities comes up in visitor surveys from time to time
- In areas where the Council has delivered new toilet blocks for instance, the complaints by residents and ratepayers has almost completely stopped
- we have received high scores from tourists in the areas where TIF investments have been made.

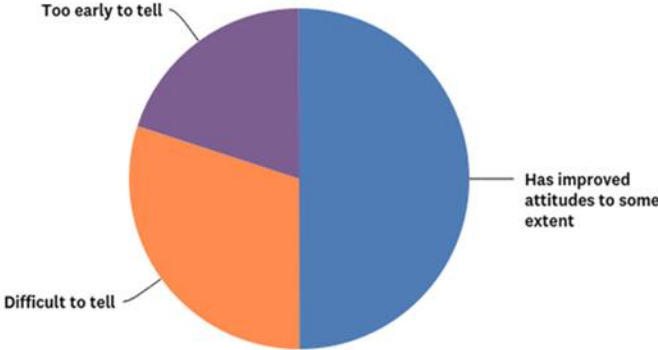
Participants with a national perspective see toilet and rubbish facilities as necessary but some regard these as having only a limited impact on quality of tourist experiences. Comments provided in interviews included:

- there are more toilets available, a few more rubbish bins, some better carparks. Relatively minor things in terms of the overall visitor experience
- the focus on toilets might remove a few unpleasant experiences, but TIF seems to be struggling to get applications for more systemic initiatives of greater than \$1m
- TIF has been good to get Councils to think from an amenity perspective
- quality of toilets and carparks has not come up in tourist surveys (this may indicate success).

# Is TIF maintaining the social license of the tourism sector to operate?

Evaluation participants consider TIF is having some impact on maintaining the social license of the tourism sector at a local level:

## What impact has the Tourism Infrastructure Fund had on the attitude of communities or regions to tourism and tourists?



Comments provided in interviews about the impact on maintaining the social license of the tourism sector included:

- TIF investments have removed a whole lot of submissions to the annual plan
- TIF has been very important in easing some of the local pressures
- TIF has been highly successful. Chatter on tourists in the community has reduced significantly
- Invaluable, really effective in some locations
- More willing to accept tourists now that they see better facilities being provided. Freedom camping complaints have previously been significant
- Is having quite an impact on a localised level
- Is doing a good job at removing irritants for a little fund
- Even without projects in place there is an appreciation from communities that they are not having to fund the full costs of infrastructure
- Locals are more tolerant if pressures such as parking are eased.

The responses to the three key evaluation questions above indicate the extent to which TIF is targeting tourism-related infrastructure:

Key evaluation question	Survey responses
<i>How well is TIF enabling local communities to respond in a timely way?</i>	The TIF has mitigated tourism-generated pressures on local infrastructure and has been successful in meeting the expectations of communities for support.

<i>How well is TIF contributing to quality experiences for tourists?</i>	Most Council participants consider TIF is contributing to quality experiences for tourists.
<i>Is TIF maintaining the social license of the tourism sector to operate?</i>	TIF is having some impact on maintaining the social license of the tourism sector at a local level.

Comments provided in interviews that support the conclusion that TIF is well-targeted included:

- [TIF] is well-targeted
- [TIF] very effectively targeted
- The scope of [TIF] projects is tightly defined
- [TIF] has addressed immediate needs and visitor pressures
- [TF] eligibility and assessment criteria are clear.

These responses indicate that TIF is well-targeted. This is a result of the original design of the scheme when it was established, clear eligibility criteria, and effective engagement with MBIE staff in the pre-application phase.

In some local areas, the demand for TIF to fund basic infrastructure may be easing and if so, TIF will need to evolve to meet a different type of tourism-related infrastructure needs. Comments provided in interviews suggested that demand in some areas may be easing:

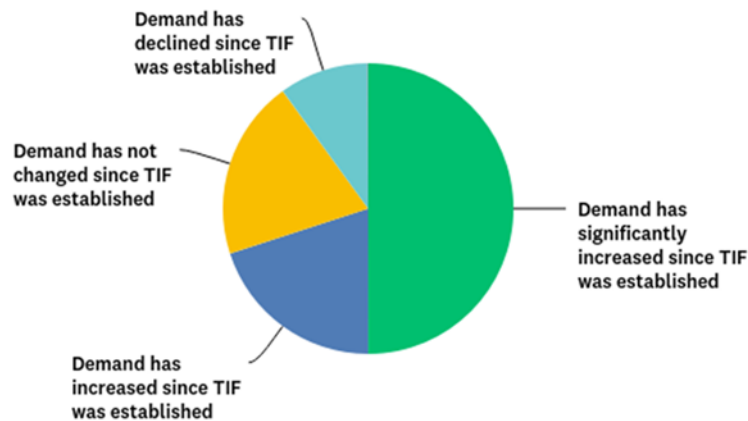
- Demand for basic infrastructure appears to be flattening and infrastructure needs are maturing – will be interesting to see how TIF copes with this
- The backlog of infrastructure is starting to be cleared and this provides an opportunity to reset TIF on a bigger scale.

## Is TIF ‘fit for purpose’?

Evaluation participants consider TIF is fit for purpose and are keen for it to continue. Some Council participants and those with a sector perspective are looking to the TIF to evolve to bigger projects with a broader impact than can be achieved with small-scale of projects.

At the same time, evaluation participants consider TIF is still needed:

## To what extent is the Tourism Infrastructure Fund still needed?



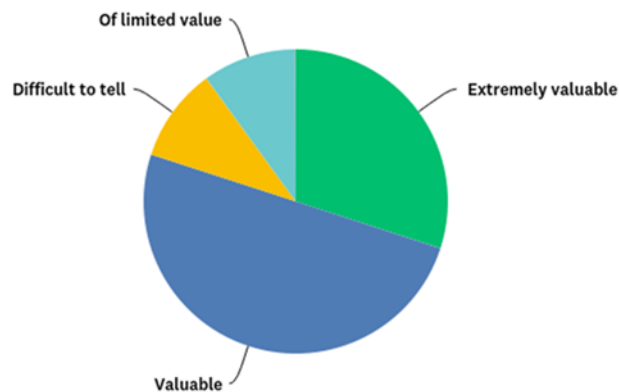
Comments provided in interviews by Council participants reflect strong support for TIF. This majority view is tempered by some views that TIF is delivering too many small-scale projects and opportunities for a greater impact at a system-level have not yet been realised:

- Yes, still needed, we are coming to the end of the toilets phase
- Lots more demand left in toilets
- Good investment for the government, small amounts, big impact
- Operating costs for a couple of years very welcome
- Fund is maturing, learning as it goes
- Predictable fund, assistance very welcome by Councils
- Yes, effective and works well, focused on areas most needed
- Good idea, works well, keen for TIF to continue
- Yes, still the right solution
- The Fund is helping Councils catch-up on one part of a systemic underinvestment in infrastructure
- Has a useful place in the tourism system but needs to evolve
- Should have addressed most urgent needs by now
- Move onto bigger things including national procurement of toilets and rubbish bins
- Meets immediate needs well, but is not creating a long-term funding plan for Councils to meet these needs
- Many projects are not really responding to tourism growth, but to decades of infrastructure neglect
- Councils are not thinking widely enough about the investments needed - it's not all about public toilets and rubbish bins.

## How valuable are TIF outcomes and for whom?

The TIF outcomes are valued by evaluation participants:

### How valuable are the outcomes generated by the Tourism Infrastructure Fund?



Comments provided in interviews that confirm TIF outcomes are valued by local Councils and communities include:

- TIF has had huge benefits to tourists and the community – a win: win all round
- Much appreciated – has changed visitor experience without impacting on locals
- Has assisted with Council moving to a destination perspective now that pressure from locals has been dealt with
- 8 out of 10 in terms of valuable outcomes
- Very valuable to Council – enabled quicker delivery and higher quality of infrastructure. Keen to see this continue
- Very positive about value of TIF – public impact has been noticeable
- Highly valuable - expect demand for TIF to increase
- Really valuable for Councils who have been struggling with the impact of high tourism growth
- There is an increasing concern about 'ability to pay'. Many of our communities have relatively low household incomes and the mean income can be skewed by a relatively few high-income households - this is particularly the case with our primarily rural community. There are several competing calls on funding whether it is being cash funded by rates or repaying loans over a longer period of time. Although there is a financial return from visitors, the benefits only accrue to a small number of businesses rather than the wider community
- Although meeting basic needs, the absence of TIF would have caused issues.

This suggests that although there is some frustration that TIF has not yet addressed larger, system issues, TIF has been effective in addressing local pressure points. Most (but not all)



Council participants have indicated they have an ongoing demand for TIF to meet small-scale, basic needs.

## What does TIF work best for?

TIF was expected to work best for small to mid-size infrastructure projects provided by Councils. This has pretty much been what has happened to date although the size of projects has been smaller than expected when TIF was established. Other than a few different projects, comments provided in interviews on what TIF works best for are similar:

- TIF has worked very well for water infrastructure challenges in areas with very high visitor to resident ratios (e.g. Te Anau, Punakaiki)
- Works well for toilets and carparks
- Projects to date have been under \$0.5m. Bigger projects are coming so it will be interesting to see how the Fund responds to these
- Best for getting tourists active (outdoor sports and recreation activities)
- Basic amenities (toilets and carparks). Still quite a long way to go in this category of asset. Have not even considered application of digital and smart technology
- Toilets, rubbish bins, carparks. Pressure in these areas less so than in earlier rounds
- Smaller communities – TIF struggles with urban proposals
- Quality of applications received over the 3 rounds has improved
- Small-mid range projects (less than \$5m) at a Council-level that are directly tourism-related
- Doesn't promote collaboration between Council well
- Small to medium-sized Councils.

In respect to TIF, applicants are starting to aggregate into one of the following groups:

- Councils that have not yet made a TIF application
- Councils that have received TIF funding and have indicated they will continue to need TIF to fund small-scale infrastructure
- Councils that have used TIF to address most of their small-scale infrastructure needs, have developed their thinking about tourism and are now taking an amenities or destination-approach
- Non-Council<sup>12</sup> organisations.

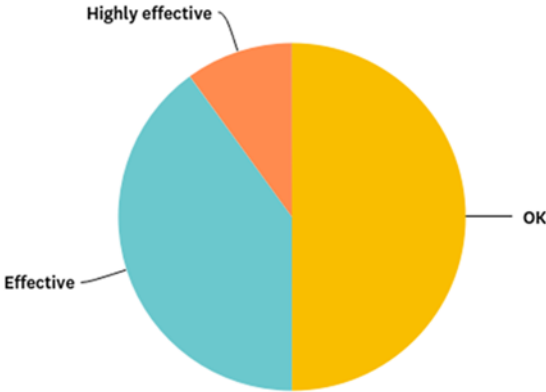
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<sup>12</sup> e.g. Milford Sound Tourism Ltd and Bike Taupō Advocacy Group

# How worthwhile is TIF?

Evaluation participants regard TIF as worthwhile and effective:

## Overall, how effective has the Tourism Infrastructure Fund been?



The questions that have been raised about TIF are more about how the TIF will evolve to focus more on larger-scale projects that have more of an impact at a system rather than immediate or pressure point level. Many Council participants see an ongoing need to address small to mid-scale infrastructure while some are becoming focused on a destination marketing approach and the amenities needed to support that. No evaluation participants thought TIF was a waste of time or had become irrelevant.

Comments provided in interviews indicate the TIF is worthwhile and has been a success to date:

- TIF has been highly valuable. Some projects would have gone ahead but it would have been a stretch and debate in the community would be ongoing
- Nearly a 100% score. 2 years of operating costs have been useful to give breathing space
- Has been very worthwhile for our Council. Has been good at relieving pressure at the right time. A real need for the things TIF has funded, has helped a lot with freedom camping
- Projects would not have gone ahead without TIF
- Very worthwhile process and outcomes. Has enabled targeted, small-scale work to be supported without always losing out to iconic tourist destinations
- Very worthwhile, good idea that was just in time to address needs
- Scored 8 out of 10. Has delivered basic amenities addressing decades of under investment. Tourism boom has very quickly monstered any spare capacity. Not a lot of thanks from operators, more appreciated by local communities
- TIF should be targeted at the relevant parts of regional destination plans
- Worthwhile, meeting needs including some water infrastructure pressures.

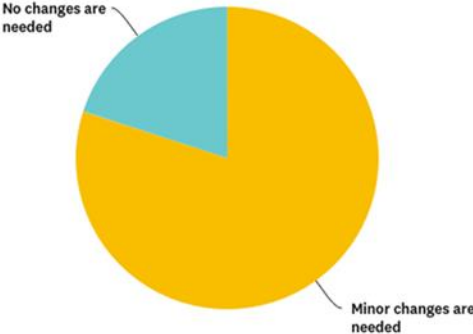
One of the benefits of TIF has been that it has been able to work effectively for different types of projects, and with Councils with different needs and tourism development maturity levels. TIF has also operated as a useful pressure valve, providing space and time to work on larger, more systemic issues.

# What next

## What changes would improve the operation of the TIF?

There is a consensus that only small-scale changes are needed to improve the operation of the TIF:

**What scale of change is needed to ensure that the Tourism Infrastructure Fund fully meets the job it was designed to do?**



Comments provided in interviews included:

- Success would be enhanced if there was better publicity around announcements – potential for a great story not being utilised
- Having an MBIE ‘ambassador’ to take people into and through the process (more than admin stuff), and train/facilitate an internal Council champion
- Increase visibility through better publicity or approved projects (government and Councils)
- The more certainty the better from a Council perspective – 4-6 weeks to compile applications can be a bit tight<sup>13</sup>
- Good process
- Greater consistency and stability would be very welcome. Would like to see TIF operating for another 5 years to enable Councils to plan ahead. Don’t increase requirements

<sup>13</sup> This has since been addressed through having 2 rounds each year at preset times

- Is there an opportunity to be less rigid on the 50:50 co-funding requirement? If this could be relaxed a little on a case-by-case basis, this should ensure really good projects do not miss out
- A bit more flexibility in the time for projects to be completed: Councils have no ability to influence many of the factors that impact directly on timing.

Rather than needing to be significantly modified, scaled back or closed, the critical question for the TIF is how it should evolve from hereon.

## What changes would enable TIF to have greater impact?

The relatively minor changes suggested to improve the TIF appears to reflect the view that TIF has delivered what has been needed over the last 3 years. While most Council participants have indicated that a high level of unmet demand for small-scale infrastructure remains, the success of TIF will diminish if it does not evolve to address larger, systemic challenges in funding tourism-generated infrastructure.

Based on evaluation participants, the success of TIF appears to be driving two different views. TIF needs to:

- continue with minor changes
- deliver larger-scale and systemic or strategic projects (more than just basic amenities such as carparks, toilets and rubbish bins).

The two different views of valuation participants come through in the comments received in interviews:

- “If it ain’t broke, don’t fix it”. Don’t introduce more criteria or require more information - working well in its current form
- Pretty happy with the overall process
- Noting much – well-structured, working well. TIF is a great scheme that came along at the right time. Want it to continue as long as possible
- Pretty good already
- Good process
- We are a happy Council that wants TIF to continue
- Eligibility criteria is clear, works well
- Retain the scheme as is – working well.

### ***Versus:***

- Take a broader picture – move on from toilets
- Really take the opportunity to take TIF further
- Quality of applications appears to be dropping off – is this a sign that demand may be close to peaking?
- Innovation, infrastructure is not just toilets and carparks

- TIF responds to applications, it is not set up to take a more strategic approach to solving the underlying problem of a lack of asset-related revenue.

These two views reflect different perspectives and levels of maturity in terms of tourism development. They are not incompatible or mutually exclusive. If TIF is to continue to be a success, it will need to address both views in the future.

## Other issues

### Central Procurement

Some evaluation participants have suggested that national or central procurement could be used to drive down the costs of infrastructure such as toilets, rubbish bins and carparks. This suggestion is whether there could be cost savings or efficiencies if procurement of toilets by individual Councils was managed centrally by utilising MBIE's skills and expertise in central procurement.

The answer to this procurement question appears to depend on the characteristics of different types of infrastructure, and the extent to which selection and delivery of infrastructure can or should be separated from procurement arrangements. For example, is the infrastructure:

- a commodity?
- highly-location sensitive?
- part of a network?

Furthermore, are:

- the long-run maintenance costs an important consideration?
- non-operational aspects (such as aesthetics<sup>14</sup>) important?

Council participants have mixed views on how feasible this would be in practice. They note that toilets, rubbish bins and carparks are less of a commodity than they might at first appear. For example, toilets are an extension of each Councils existing network<sup>15</sup>, and as such would need be a reasonable fit with existing maintenance and asset management arrangements of each Council. In addition, many Councils have local considerations that may not always sit easily with a national procurement approach. Using toilets as an example of these considerations:

- TIF-funded toilets are in effect an upgrade or extension of each Council's existing toilet network<sup>16</sup>, rather than creation of a TIF toilet network. This distinction is important because TIF-funded toilets become part of the existing Council system that need to be maintained and operated as part of the local network. This suggests that individual

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<sup>14</sup> e.g. some Councils may want their own look and branding for all rubbish and recycling bins located in their region

<sup>15</sup> both networked and non-reticulated toilets

<sup>16</sup> for both networked and non-reticulated toilets

Councils are best placed to undertake procurement of TIF-funded toilets and manage the inevitable timing and delivery issues from supply, network connectivity and ongoing maintenance cost perspectives, as well as location, local branding and aesthetic considerations.

- Councils bring a lot of expertise and local knowledge to ensuring that the most appropriate toilet is put into a diverse range of environments and locations. For example, one Council might be applying for funding that will support toilets in different locations that are:
  - not connected to a network (e.g. remote locations on Council reserves)
  - town toilets that needs to fit with urban expectations (efficiency and durability)
  - toilets in iconic tourist locations (where design and quality are critical).

Councils are best placed to assess which toilets are most appropriate in different locations. A more centralised approach to procurement might hinder Council considerations about the best type of toilet for each location. These are important considerations given Councils (not MBIE) will be responsible for the network connectivity and ongoing maintenance costs. For toilets as an asset group and at current TIF-funding levels, this suggests that procurement of toilets by individual Councils is likely to be the best overall arrangement at this time.

For centralised procurement to be a success, this would need to be supported by most Councils as they (not MBIE) will be responsible for operation and ongoing maintenance costs. In addition, Councils may see the design and branding of infrastructure (even rubbish bins) within their district as being aesthetically important. Given this, trialling this approach for one asset category is suggested.

If centralised procurement arrangements for TIF infrastructure is considered further, this should be trialled for rubbish bins. If TIF-funded toilets get to a level where volume, delivery on time and price become key drivers, then centralised procurement arrangements might become more appropriate or attractive for this asset category.

# Appendices

## Appendix 1: Key Evaluation Questions

The key evaluation questions for this evaluation were:

### ***What has happened?***

1. What is the nature of projects that have been approved?
2. What is cost of TIF application, assessment and distribution processes and are these processes efficient?
3. How well-designed and implemented has TIF been?
  - have TIF applicants and stakeholders been supported by easy to use, efficient and responsive application, assessment and distribution processes?

### ***What has been achieved?***

4. How well is TIF targeting tourism-related infrastructure?
  - Where the local community is unable to respond in a timely way without assistance?
  - That is contributing to quality experiences for visitors?
  - That is maintaining the social license for the tourism sector to operate?
5. To what extent is TIF 'fit for purpose'/ good enough to do the job it was designed to do?
  - Is TIF still needed? How well does it address the most important root causes? Is it still the right solution?
  - How valuable are the outcomes of TIF and for whom?
  - What does TIF work best for, under what conditions, and why/how?
6. How worthwhile is TIF overall?

### ***What next?***

7. What changes would improve the:
  - operation of the TIF and enable it to be more efficient?
  - effectiveness of the TIF and enable it to have greater impact?

## Appendix 2: Applications by Type of Infrastructure

	Round 1		Round 2		Round 3		Total	
	Applications Approved	Funding Approved \$000s	Applications Approved	Funding Approved \$000s	Applications Approved	Funding Approved \$000s	Applications Approved	Funding Approved \$000s
Toilet Facilities	18		34		23		75	
Showers/Changing Rooms	5		5		8		18	
Carpark Facilities	15		13		9		37	
General Landscaping	17		23		9		49	
Responsible Camping	3		3		3		9	
Water/Waste Water Facilities	6		7		7		20	
Waste Disposal	7		5		10		22	
Feasibility Studies	4		6		6		16	
Other	10		13		21		44	
<b>Total</b>	<b>85</b>	<b>14,162</b>	<b>109</b>	<b>19,356</b>	<b>96</b>	<b>11,770</b>	<b>290</b>	<b>45,288</b>



## Appendix 3: Applications by Region

	Round 1			Round 2			Round 3			Total			
	Applications		Funding Approved \$000s	Applications		Funding Approved \$000s	Applications		Funding Approved \$000s	Applications		Funding Approved	
	Received	Approved		Received	Approved		Received	Approved		Received	Approved	\$000s	%
Bay of Plenty	5	2	1,280	6	4	1,666	8	3	777	19	9	3,723	8%
Canterbury	8	4	2,700	8	6	1,009	7	6	2,426	23	16	6,135	14%
Gisborne	1	1	1,269	1	1	572	2	1	190	4	3	2,031	4%
Hawke's Bay	1	1	56	2	1	60	6	5	898	9	7	1,014	2%
Manawatu-Whanganui	10	4	1,124	2	1	102	3	2	163	15	7	1,389	3%
Marlborough				6	5	668	5	5	553	11	10	1,221	3%
Nelson	1	1	135	2	2	500				3	3	635	1%
Northland	6	3	229	8	7	2,235	2	2	1,653	16	12	4,117	9%
Otago	2	0		1	1	2,393	6	6	1,693	9	7	4,086	9%
Southland	2	2	456	5	5	5,906				7	7	6,362	14%
Taranaki	1	1	709	2	1	125				3	2	834	2%
Tasman	2	1	335	1	1	10				3	2	345	1%
Waikato	8	6	1,704	7	6	3,027	8	7	2,597	23	19	7,328	16%
West Coast	9	2	3,942	8	4	981	5	3	821	22	9	5,744	13%
Wellington-Wairarapa	4	5	223	2	1	100				6	6	323	1%
<b>Total</b>	<b>60</b>	<b>33</b>	<b>14,162</b>	<b>61</b>	<b>46</b>	<b>19,356</b>	<b>52</b>	<b>40</b>	<b>11,770</b>	<b>173</b>	<b>119</b>	<b>45,288</b>	<b>100%</b>
		<b>55%</b>			<b>75%</b>			<b>77%</b>			<b>69%</b>		

## Appendix 4: Applications by Applicant

	Round 1			Round 2			Round 3			Total			
	Applications		Funding Approved \$000s	Applications		Funding Approved \$000s	Applications		Funding Approved \$000s	Applications		Funding Approved	
	Received	Approved		Received	Approved		Received	Approved		Received	Approved	\$000s	%
Ashburton DC							1	1	740	1	1	740	1.6%
Buller DC	1			1	1	175	1	1	231	3	2	406	0.9%
Central Hawkes Bay DC							1	1	407	1	1	407	0.9%
Central Otago DC							1	1	247	1	1	247	0.5%
Christchurch CC				1	1	120	2	1	87	3	2	207	0.5%
Clutha DC	2						2	2	551	4	2	551	1.2%
Dunedin CC							1	1	559	1	1	559	1.2%
Far North DC	1		0	4	3	1,336				5	3	1,336	3.0%
Gisborne DC	1	1	1,269	1	1	572	2	1	190	4	3	2,031	4.5%
Grey DC	1	1	601							1	1	601	1.3%
Hamilton CC				2	1	220	1			3	1	220	0.5%
Hastings DC							2	2	232	2	2	232	0.5%
Hauraki DC	1	1	216				1	1	80	2	2	296	0.7%
Hawkes Bay RC							1			1	0	0	0.0%
Hurunui DC	1	1	2,250				1	1	936	2	2	3,186	7.0%
Kaikoura DC	1		0	1	1	36				2	1	36	0.1%
Kaipara DC	2		0	3	3	487				5	3	487	1.1%
Mackenzie DC	1	1	294							1	1	294	0.6%
Marlborough DC				6	5	668	5	5	553	11	10	1,221	2.7%
Masterton DC	1	1	111							1	1	111	0.2%
Matamata-Piako DC	1	1	221							1	1	221	0.5%
Nelson CC				2	2	500				2	2	500	1.1%
New Plymouth DC	1	1	709							1	1	709	1.6%
Opotiki DC	1	1	280				1			2	1	280	0.6%
Porirua City Council	1		0	1						2	0	0	0.0%
Queenstown Lakes DC				1	1	2,393	2	2	336	3	3	2,729	6.0%
Rangitikei DC	2		0	1			1			4	0	0	0.0%
Rotorua Lakes DC				1	1	453	1	1	293	2	2	746	1.6%
Ruapehu DC	7	3	1,004				2	2	163	9	5	1,167	2.6%
Selwyn DC	3	2	156	2	1	268	2	2	363	7	5	787	1.7%

	Round 1			Round 2			Round 3			Total			
	Applications		Funding Approved \$000s	Applications		Funding Approved \$000s	Applications		Funding Approved \$000s	Applications		Funding Approved	
	Received	Approved		Received	Approved		Received	Approved		Received	Approved	\$000s	%
South Taranaki DC				1	1	125				1	1	125	0.3%
South Waikato DC							1	1	157	1	1	157	0.3%
South Wairarapa DC	1	1	112							1	1	112	0.2%
Southland DC	1	1	221	3	3	5,436				4	4	5,657	12.5%
Stratford DC				1						1	0	0	0.0%
Tararua DC				1	1	102				1	1	102	0.2%
Tasman DC	2	1	335	1	1	10				3	2	345	0.8%
Taupo DC	3	2	296							3	2	296	0.7%
Tauranga City Council	2	1	1,000	1	1	578				3	2	1,578	3.5%
Thames Coromandel DC	1	1	104	3	3	2,003	1	1	1,271	5	5	3,378	7.5%
Timaru DC				1	1	50				1	1	50	0.1%
Waimakariri DC				1	1	150				1	1	150	0.3%
Waikato DC	1	1	868							1	1	868	1.9%
Waipa DC	1		0	1	1	250				2	1	250	0.6%
Wairoa DC	1	1	56	2	1	60	1	1	230	4	3	346	0.8%
Waitaki DC	2		0	1	1	385	1	1	300	4	2	685	1.5%
Waitomo DC							2	2	366	2	2	366	0.8%
Wellington City Council	1		0	1	1	100				2	1	100	0.2%
Westland DC	7	4	3,341	7	3	806	3	2	590	17	9	4,737	10.5%
Western BOP DC							4	2	484	4	2	484	1.1%
Whakatane DC	2		0	2	1	136	1			5	1	136	0.3%
Whanganui DC	1	1	120							1	1	120	0.3%
Whangarei DC	3	3	229	1	1	413	2	2	1,653	6	6	2,295	5.1%
Milford Sound	1	1	235							1	1	235	0.5%
Nelson CC, Nelson Mountain	1	1	135							1	1	135	0.3%
Bike Taupo Advocacy Group				1	1	555				1	1	555	1.2%
Deepcove Outdoor Education				1	1	170				1	1	170	0.4%
Governors Bay Jetty				1	0	0				1	0	0	0.0%
Lake Rotoiti Scenic Reserve				1	1	499				1	1	499	1.1%
Ngati Awa Group Holdings Ltd				1	0					1	0	0	0.0%
Real Journeys				1	1	300				1	1	300	0.7%
Buller Cycling Club							1			1	0	0	0.0%

	Round 1			Round 2			Round 3			Total			
	Applications		Funding Approved \$000s	Applications		Funding Approved \$000s	Applications		Funding Approved \$000s	Applications		Funding Approved	
	Received	Approved		Received	Approved		Received	Approved		Received	Approved	\$000s	%
Coromandel Independent							1	1	531	1	1	531	1.2%
Maungatautari Eco Trust							1	1	190	1	1	190	0.4%
Te Maara A Te Atua Reserve							1	1	30	1	1	30	0.1%
Wingspan Bird of Prey Trust							1			1	0	0	0.0%
<b>Total</b>	<b>60</b>	<b>33</b>	<b>14,162</b>	<b>61</b>	<b>46</b>	<b>19,356</b>	<b>52</b>	<b>40</b>	<b>11,770</b>	<b>173</b>	<b>119</b>	<b>45,288</b>	<b>100.0%</b>
		<b>55%</b>			<b>75%</b>			<b>77%</b>			<b>69%</b>		

## Appendix 5: Frequency Tables

### Summary (Rounds 1 – 3)

	Number of applications submitted per applicant	Number of applications approved per applicant	Funding approved per applicant \$000s	Number of applicants	
					%
<b>Councils</b>					
Westland DC	17	9	4,737	1	1.5%
Marlborough DC	11	10	1,221	1	1.5%
Ruapehu DC	9	5	1,167	1	1.5%
Selwyn DC	7	5	787	1	1.5%
Whangarei DC	6	6	2,295	1	1.5%
Other Councils	5	12	5,337	4	6.1%
Other Councils	4	16	9,754	7	10.6%
Other Councils	3	14	5,781	7	10.6%
Other Councils	2	16	5,992	11	16.7%
Other Councils	1	17	5,573	19	28.8%
<b>Non-Councils</b>					
	1	9	2,645	13	19.7%
<b>Total</b>		<b>119</b>	<b>45,288</b>	<b>66</b>	<b>100%</b>

This table shows that 7.5% of Council applicants<sup>17</sup> (by number) received 22.5% of TIF funds (by value) or 29% of projects (by number).

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<sup>17</sup> Westland DC, Marlborough DC, Ruapehu DC, Selwyn DC and Whangarei DC

## Detail (Rounds 1 – 3)

	Number applications submitted	Number applications approved	Funding Approved \$000s	%
Westland DC	17	9	4,737	10.5%
Marlborough DC	11	10	1,221	2.7%
Ruapehu DC	9	5	1,167	2.6%
Selwyn DC	7	5	787	1.7%
Whangarei DC	6	6	2,295	5.1%
Thames Coromandel DC	5	5	3,378	7.5%
Far North DC	5	3	1,336	3.0%
Kaipara DC	5	3	487	1.1%
Whakatane DC	5	1	136	0.3%
Southland DC	4	4	5,657	12.5%
Gisborne DC	4	3	2,031	4.5%
Wairoa DC	4	3	346	0.8%
Waitaki DC	4	2	685	1.5%
Clutha DC	4	2	551	1.2%
Western BOP DC	4	2	484	1.1%
Rangitikei DC	4	0	0	0.0%
Queenstown Lakes DC	3	3	2,729	6.0%
Tauranga City Council	3	2	1,578	3.5%
Buller DC	3	2	406	0.9%
Tasman DC	3	2	345	0.8%
Taupo DC	3	2	296	0.7%
Christchurch CC	3	2	207	0.5%
Hamilton CC	3	1	220	0.5%
Hurunui DC	2	2	3,186	7.0%
Rotorua Lakes DC	2	2	746	1.6%
Nelson CC	2	2	500	1.1%
Waitomo DC	2	2	366	0.8%
Hauraki DC	2	2	296	0.7%
Hastings DC	2	2	232	0.5%
Opotiki DC	2	1	280	0.6%
Waipa DC	2	1	250	0.6%
Wellington City Council	2	1	100	0.2%
Kaikoura DC	2	1	36	0.1%
Porirua City Council	2	0	0	0.0%
Waikato DC	1	1	868	1.9%
Ashburton DC	1	1	740	1.6%
New Plymouth DC	1	1	709	1.6%
Grey DC	1	1	601	1.3%
Dunedin CC	1	1	559	1.2%
Central Hawkes Bay DC	1	1	407	0.9%
Mackenzie DC	1	1	294	0.6%

	Number applications submitted	Number applications approved	Funding Approved \$000s	%
Central Otago DC	1	1	247	0.5%
Matamata-Piako DC	1	1	221	0.5%
South Waikato DC	1	1	157	0.3%
Waimakariri DC	1	1	150	0.3%
South Taranaki DC	1	1	125	0.3%
Whanganui DC	1	1	120	0.3%
South Wairarapa DC	1	1	112	0.2%
Masterton DC	1	1	111	0.2%
Tararua DC	1	1	102	0.2%
Timaru DC	1	1	50	0.1%
Hawkes Bay RC	1	0	0	0.0%
Stratford DC	1	0	0	0.0%
Milford Sound	1	1	235	0.5%
Nelson CC,Nelson Mountain	1	1	135	0.3%
Bike Taupo Advocacy Group	1	1	555	1.2%
Deepcove Outdoor Education	1	1	170	0.4%
Governors Bay Jetty	1	0	0	0.0%
Lake Rotoiti Scenic Reserve	1	1	499	1.1%
Ngati Awa Group Holdings Ltd	1	0	0	0.0%
Real Journeys	1	1	300	0.7%
Buller Cycling Club	1	0	0	0.0%
Coromandel Independent	1	1	531	1.2%
Maungatautari Eco Trust	1	1	190	0.4%
Te Maara A Te Atua Reserve	1	1	30	0.1%
Wingspan Bird of Prey Trust	1	0	0	0.0%
<b>Total</b>	<b>173</b>	<b>119</b>	<b>45,288</b>	<b>100.0%</b>
		<b>69%</b>		

## Appendix 6: Survey

### Purpose of the Tourism Infrastructure Fund

The purpose of the Tourism Infrastructure Fund is to provide financial support for local tourism-related infrastructure where tourism growth (domestic and international) is placing pressure on, or potential growth is constrained by, existing infrastructure; and the local community is unable to respond in a timely way without assistance.

The Tourism Infrastructure Fund is intended to protect and enhance New Zealand's reputation both domestically and internationally by supporting robust infrastructure which in turn contributes to quality experiences for visitors and maintains the social license for the sector to operate.

### How this information will be used

The information in this survey is sought on a voluntary, non-attributable and confidential basis.

This information will be:

- collected and held on a confidential basis by an independent third party (SageBush)
- used to inform an evaluation of the TIF
- presented to MBIE in aggregate form only.

### Description of stages in Tourism Infrastructure Fund process

Some survey questions are directed at specific stages in each Round of the Tourism Infrastructure Fund Round. If you are not sure about the stages referred to in the survey, please refer to the descriptions below:

#### 1. Application process

- Priorities for each Round are set by the Minister. MBIE reflects these in the TIF application round information that is communicated to Councils and other stakeholders and published on the MBIE website
- Councils and other applicants apply to the TIF round through an online application template that is emailed to MBIE.



## 2. Eligibility process

- MBIE confirms the eligibility of applications against the TIF criteria.

## 3. Assessment process

- Assessment of eligible applications is done by an independent financial assessment, review by an independent Advisory Panel and assessment by MBIE officials
- MBIE develops a report for the Chief Executive of MBIE (for projects under \$1m) and/or the Minister of Tourism (for projects over \$1m) incorporating the Panel's recommendations as to which projects should be approved/declined.

## 4. Decision process

- The Chief Executive of MBIE and/or the Minister of Tourism considers the report and makes decisions. Decisions are announced by the Minister and published on the MBIE website.

## 5. Contract confirmation

- MBIE engages with successful applicants and agrees contracts with them for each project
- Contracts ensure that there are binding conditions that apply to TIF funds being disbursed.

## 6. Distribution of funds and reporting

- Funds are paid to successful applicants per a payment schedule included in the funding agreement
- Each payment requires a satisfactory project status report to accompany the invoice.

## Part 1: How has the Tourism Infrastructure Fund operated?

Please answer these questions on behalf of your organisation.

1. Please provide your name and contact details (this will enable SageBush to contact you directly if needed)

Your name

Your contact details  
(phone)

2. On behalf of which organisation are you completing this survey?

3. How well were the **eligibility criteria** of the Tourism Infrastructure Fund communicated?

- Exceptionally well
- Well
- OK
- Not well
- Poorly

4. To what extent were you able to get satisfactory and timely answers from MBIE on the **application and eligibility** processes?

- Yes
- No

5. Was the time, cost and effort required by your organisation in the **application** process reasonable?

- Yes
- No

6. To what extent was the **application** process clear and easy to follow?

- Very clear
- Clear
- OK
- Not very clear
- Unclear

7. How well did the **application** process allow your organisation to make the case for your funding application?

- Exceptionally well
- Well
- OK
- Less than satisfactorily
- Poorly
- Difficult to tell

8. Which aspects of the **application and eligibility** processes have worked well?

9. Which aspects of the **application and eligibility** processes did not work well?

10. What changes are needed to improve the **application and eligibility** processes?

11. **Overall**, how well have the **application and eligibility** processes worked?

- |   |   |   |   |   |
|---|---|---|---|---|
| Poorly  | Less than satisfactory  | OK  | Well  | Exceptionally well  |
|  |  |  |  |  |

12. How well has the **TIF contract** process worked?

- Exceptionally well
- Well
- OK
- Less than satisfactory
- Poorly
- Not applicable

13. How well has the **distribution of TIF funds and reporting** processes worked?

- Exceptionally well
- Well
- OK
- Less than satisfactory
- Poorly
- Not applicable

14. Which aspects of the **contract, distribution of TIF funds and reporting** processes have worked well?

15. Which aspects of the **contract, distribution of TIF funds and reporting** processes did not work well?

16. What changes are needed to improve the **contract, distribution of TIF funds and reporting** processes?

17. Overall, how have the **contract, distribution of TIF funds and reporting** processes worked?

- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| Poorly  | Less than<br>satisfactorily   | OK  | Well  | Exceptionally well  | Not applicable  |
|  |  |  |  |  |  |

## Part 2: How effective has the Tourism Infrastructure Fund been?

18. When funding tourism-related infrastructure is a challenge for local authorities and other community organisations, why is this?  
(more than one option can be selected)

- It is not seen as a priority by ratepayers or local community
- There is no direct financial return to ratepayers or local community
- Ratepayers or the local community are unwilling to fund additional expenditure
- Existing financial resources are already fully committed
- Other infrastructure pressures are more immediate and or greater priority
- Tourist infrastructure should be a central government priority
- Tourists should be levied or charged directly for tourism-related infrastructure
- Ratepayers or the local community do not wish to support or encourage tourism in their area

Other reasons (please describe)

19. **At a project level**, what is most likely to have happened if the Tourism Infrastructure Fund was not available?

(more than one option can be selected)

- The projects would not have proceeded
- The timing of the projects would have been delayed
- The level of investment in the projects would have been scaled back
- The quality of the projects would have been reduced
- The projects would have been delivered within existing resources
- The projects would have been added to the next Long-Term Plan

Other (please specify)

20. **At an outcome level**, what is most likely to have happened if the Tourism Infrastructure Fund was not available?

(more than one option can be selected)

- Tourist visitor experience would have significantly reduced
- The social license for tourism would have significantly reduced
- Very little would have changed because the scheme is ineffective
- Very little would have changed because the level of funding is so small in relation to the level of demand
- Nothing would have changed

Other (please specify)

21. To what extent has the Tourism Infrastructure Fund **mitigated tourism-generated pressures** on local infrastructure in communities or regions?

- Fully
- To some extent
- Not much
- Not at all
- Difficult to tell

How do you know this?

22. To what extent has the Tourism Infrastructure Fund **met the expectations of communities or regions for support** to fund tourism-generated pressures on local infrastructure?

- Exceeded expectations
- Met expectations
- Has not met expectations
- Difficult to tell
- Too soon to tell

If the fund has not met the expectations of your community or region, why is this?

23. What impact has the Tourism Infrastructure Fund had on the **timing** of investment by organisations in tourism-related infrastructure?

- TIF has brought forward existing investments in infrastructure by at least 2 years
- TIF has limited impact on the timing of investments in tourism-related infrastructure
- No impact on timing of investment
- Difficult to tell

24. What impact has the Tourism Infrastructure Fund had on the **quality of tourist visitor experiences in communities or regions**?

- Significant impact
- Some impact
- Limited impact
- No impact
- Difficult to tell
- Too early to tell

How do you know this?

25. What impact has the Tourism Infrastructure Fund had on the **attitude of communities or regions to tourism and tourists**?

- Significantly improved attitudes in communities
- Has improved attitudes to some extent
- Has had a limited impact on attitudes
- Has had no impact
- Difficult to tell
- Too early to tell

How do you know this?

26. How valuable are the outcomes generated by the Tourism Infrastructure Fund?

- Extremely valuable
- Valuable
- Difficult to tell
- Of limited value
- Of no value

27. To what extent is the Tourism Infrastructure Fund **still needed**?

- Demand has significantly increased since TIF was established
- Demand has increased since TIF was established
- Demand has not changed since TIF was established
- Demand has declined since TIF was established
- TIF is no longer needed
- Difficult to tell

If demand has declined since the Tourism Infrastructure Fund was established or the Tourism Infrastructure Fund is no longer needed, why is this?

28. Given the purpose of the Tourism Infrastructure Fund (see Page 1), are there any barriers that are reducing the effectiveness of the Tourism Infrastructure Fund? If so, what are the top 3?

1.
2.
3.

29. Overall, how effective has the Tourism Infrastructure Fund been?

Ineffective

Less than satisfactory

OK

Effective

Highly effective



### Part 3: What are the opportunities to improve the Tourism Infrastructure Fund?

30. Given the purpose of the Tourism Infrastructure Fund (see Page 1), are there any aspects of the Tourism Infrastructure Fund that are **important to retain**? If so, which aspects?

1.

2.

3.

31. Given the purpose of the Tourism Infrastructure Fund (see Page 1), are there any changes that are needed to make the Tourism Infrastructure Fund **more effective**? If so, what are the top 3?

1.

2.

3.

32. What **scale of change is needed** to ensure that the Tourism Infrastructure Fund fully meets the job it was designed to do?

TIF should be discontinued

Major changes are needed

Minor changes are needed

No changes are needed



End of Survey

**Thank you for contributing to this evaluation of the Tourism Infrastructure Fund.**



## Appendix 7: Survey comments

Online surveys<sup>18</sup> were sent<sup>19</sup> to evaluation participants to collect the core information and data to support this evaluation. Aggregated responses to all multi-choice questions in the survey have been presented as graphs included earlier in this report.

The question numbers below (with the bolded headings) refer to the relevant comment/text box in the survey. For example, the heading –

### **8. Which aspects of the application and eligibility processes have worked well?**

- refers to question number 8 in the survey, and the bullet points that follow are the comments provided in the comment/text boxes associated with that question.

Comments provided in the comment/text boxes associated with specific multi-choice questions in the survey were:

### **8. Which aspects of the application and eligibility processes have worked well?**

- Very clear questions to follow to check eligibility. Like the tick boxes to make sure as double check
- The priorities statement coming out earlier than the opening date and its clarity. The application form is easy to understand, and the questions are clear. The TIF team is very customer service focused and available for questions.
- The application was easy enough to complete
- The process asks for focused information that is easy and quick to provide. Does not require heavy application full of information about everything
- Generally, the self-assessment for eligibility has worked well with relatively few applications deemed not eligible. The application process appears to be straightforward
- There are generally good opportunities for communication with MBIE staff to ensure that applications are going to be eligible
- The process being split between a stage 1 proposal/application and a stage 2 discussion works well. It provides an opportunity to focus on clear and concise applications, and then provides an opportunity to talk through the logic of the request with MBIE. This we feel has been positive for both our Council and MBIE in progressing the applications
- The process was fairly straight forward.

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<sup>18</sup> see Appendix 6

<sup>19</sup> using SurveyMonkey <https://www.surveymonkey.com/>

## 9. Which aspects of the application and eligibility processes did not work well?

- Only my understanding of it as a first-time applicant - process was good
- As we have used the application process more, we have had less issues, like anything the more you use it the easier it gets
- The information requested to determine the level of eligibility as well as evidencing our needs was poor, and again affects provincial NZ, as the framework is geared towards the larger urban centres
- The amount of funding offered (against what is applied for) is variable, and this can complicate the project in terms of achieving the outcomes for the project and the budget that the council has
- None. We have found that even when the delivery of projects has altered some of the design or approvals required for a particular project that working with MBIE to adjust the programme has been very reasonable. The end result of this is that the funding has delivered real tourist infrastructure benefits in our region
- Priorities for each round need to be spelt out well in advance for each round as there are many LGA and community processes that need to be worked through particularly to gain commitment for co-funding. For Council and communities to make funding commitments of a substantial nature they need a reasonable level of certainty about the options and the likely cost - this can't be done in a compressed timeframe
- some Councils are applying for this funding for the sake of obtaining additional funds rather than addressing specific issues related to visitors.

## 10. What changes are needed to improve the application and eligibility processes?

- 2 contacts on the application – our staff member left, and we found out the outcome in the media
- release the Round application form before it opens as we often start the process well before the round opens and is handy to have the right application form
- As above, the frameworks and measurements to determine our priority are poor. An example such as requiring overnight stayers as a method to measure demand - is quite frankly trash
- Councils do not have projects within their LTP funded at 50% that can easily be applied for. Trying to find the council share often means that other projects within the LTP are deleted or pushed out to later years in the plan
- Overall, I think this works well. We have few complaints
- We have found both application and eligibility processes very sensible and easy to work with
- Earlier communication of priorities or preferably removal of this aspect. It potentially penalises applicants that have important projects, but these aren't in sync with the funding round priorities. It encourages 'chasing the money' behaviour rather than enabling the targeting of the highest priority projects that are likely to have the biggest beneficial impact
- The conditions around what the funding is to be used for should be made clearer

- Provide some clearer guidance on the level of co-funding expected, based on criteria - e.g. urgency of the need, financial strength of the council
- Some projects could have been visited; we would have more accurate information on occasions.

**14. Which aspects of the contract, distribution of TIF funds and reporting processes have worked well?**

- Simple reporting template easy to use
- a pass mark here
- Overall, it's easy to administer and that is a bonus
- successful management of projects, offering appropriate transparency
- The process is easy to complete and submit in its current format

**15. Which aspects of the contract, distribution of TIF funds and reporting processes did not work well?**

- There needs to be more flexibility in the start date of projects as the best planned projects can come across challenges along the way and we sometimes have to delay start by a period of time. Therefore, we shouldn't lose this money it should still be available for the project as it is still going to be completed.
- None
- Overall, it's a good process
- While it is important to have milestones to report against, we work in a contracting world where there are competing pressures and the scale of the jobs doesn't always result in us being the highest priority. Recognition of this with greater flexibility before needing to vary the contract would be useful.

**16. What changes are needed to improve the contract, distribution of TIF funds and reporting processes?**

- Nil
- None
- none, just the eligibility and measurements requested to determine demand for additional infrastructure
- No real changes are required
- Change the threshold before a contract variation is required - make it higher
- The assessment is working well, the area of concern is more the quality of applications and the limited imagination being shown by Councils - there has to be more than toilets and rubbish bins that are needed.

**18. When funding tourism-related infrastructure is a challenge for local authorities and other community organisations, why is this?**

- There is quite often a large cost association with the Tourism areas - therefore limited money
- Very low rating base, very large size of district
- The problem is trying to find unallocated budget. Not aligned with LGA
- There is an increasing concern about 'ability to pay'. Many of our communities have relatively low household incomes and the mean income can be skewed by a relatively few high-income households - this is particularly the case with our primarily rural community. There are a number of competing calls on funding whether it is being cash funded by rates or repaying loans over a longer period of time. Although there is a financial return from visitors it can be viewed as only accruing to a small number of businesses rather than the wider community
- The danger of Central Government continuing to fund this rather than applying a user pays model is that Local Government will continue to take the easier options and ask for funds from Government
- It is usually mixed-used infrastructure that is also used by ratepayers, but has been neglected for decades

- Small rate payer base means councils need assistance.

**19. At a project level, what is most likely to have happened if the Tourism Infrastructure Fund was not available?**

- Limits on tourism numbers to some locations would be called for by small ratepayer base areas experiencing high numbers
- The projects would likely to have been delivered at a 'make do', if at all, and this would impact on the visitor experience overall. Each area having to 'cut its cloth' to suit its ability to fund visitor infrastructure is unsuitable for creating a high level of visitor experience for visitors to NZ
- Tourists experiences in NZ adversely affected.

**20. At an outcome level, what is most likely to have happened if the Tourism Infrastructure Fund was not available?**

- demand to concentrate on local facilities with a reduced level of service
- The TIF is significant in contributing to improved social license
- The visitor experience would be reduced but only slightly.

**21. To what extent has the Tourism Infrastructure Fund mitigated tourism-generated pressures on local infrastructure in communities or regions? How do you know this?**

- Hotspot areas are working better with less local complaints.
- Because we weren't successful in the application
- [we know because of] Feedback from Councils
- Most impact for smaller communities
- Although yet to be completed a number of our projects are directly related to calls from the community to do something to respond to increased visitors and pressure on infrastructure
- More funding being allocated to each round would help in delivering more projects across the country
- Shared use infrastructure has been improved
- Where Councils have responded to communities demands for say new public toilets, delivery of that new infrastructure will lessen concerns about visitor growth but not fully remove them.
- [we know because of] Feedback.

**22. To what extent has the Tourism Infrastructure Fund met the expectations of local communities or regions for support to fund tourism-generated pressures on local infrastructure? If the fund has not met the expectations of your community or region, why is this?**

- Met SOME expectations...
- There are still expectations/hopes for support for operating costs as well
- Projects need to be completed and monitored to see how well they achieve the initial aim
- Projects still to complete, expectations have been met.

**24. What impact has the Tourism Infrastructure Fund had on the quality of tourist visitor experiences in communities or regions? How do you know this?**

- Visitor response to cleaner and more facilities
- Because we weren't successful in the application
- Feedback, also there are more projects to complete
- Feedback from Councils
- Quality of basic amenities comes up in visitor surveys from time to time
- In areas where the Council has delivered new toilet blocks for instance, the complaints by residents and ratepayers has almost completely stopped
- There are more toilets available, a few more rubbish bins, some better carparks. Relatively minor things in terms of the overall visitor experience
- Feedback and visiting some projects.

**25. What impact has the Tourism Infrastructure Fund had on the attitudes of communities or regions to tourism or tourists? How do you know this?**

- People do not often differentiate a tourism / public space
- Locals are more tolerant if pressures such as parking are eased
- Because we weren't successful in the application
- Feedback
- Response to funding round announcements, and evaluation of the responsible camping pilot last year
- This is a gradual process to improve attitudes built up over many years. More work is required to manage tourist numbers better in our region
- Even without projects in place there has been an appreciation from communities that they are not having to fund the full cost of visitor infrastructure.

**27. To what extent is the Tourism Infrastructure Fund still needed? If demand has declined since the Tourism Infrastructure Fund was established or the Tourism Infrastructure Fund is no longer needed, why is this?**

- The number of applications has not increased but the types of projects are more varied. Not all aspects of applications are eligible so there is a move by Councils to push the envelope beyond lavatories and carparks.

- Demand is ongoing, but not sure at what level. Potentially it will increase long term, as we are adding more inventory without a revenue stream to support replacement/expansion in the future
- Meets immediate needs well, but is not creating a long-term funding plan for councils to meet these needs
- The projects coming through now are less urgent and more borderline. Many are not really responding to tourism growth, but to decades of infrastructure neglect
- Flattening growth in visitor numbers
- Councils are not thinking widely enough about the investments needed - it's not all about public toilets and rubbish bins
- The Fund is helping Councils catch-up on one part of a systemic underinvestment in infrastructure
- The problem is Local Government funding.

**28. Given the purpose of the Tourism Infrastructure Fund, are there any barriers that are reducing the effectiveness of the Tourism Infrastructure Fund? If so, what are the top 3?**

**Number 1**

- Lack of flexibility of the timing of projects to be completed
- Pulling forward projects from the LTP increases burdens on the ratepayer.
- Process Measurements i.e. overnight stayers as part of the framework to determine demand
- Councils having to find 50% of the budget required
- The TIF responds to applications, it is not set up to take a more strategic approach to solving the underlying problem of a lack of asset-related revenue
- Availability of in-house resources to seek funding and prepare applications
- Amount of funding provided in each round
- The level of co-funding required - ability to pay
- Replaces local investment
- Councils not having Destination Management Plans
- Effects on private enterprise.

**Number 2**

- Innovation, infrastructure is not just toilets and carparks
- Required Measurements - how is a small Council meant to quantify the needs - this would take additional staff resourcing just to have the data requested. If the application fails - this is a wasted resource - it's a catch 22
- Timing to provide council share
- TIF relies on councils to agree projects with their communities, which has not always been done well

- Having to link only to increased demand rather than having an ability to recognise the benefit of increasing visitor experience from an investment - particularly where that relates to key NZ visitor experiences
- Lack of national procurement for rubbish bins etc
- Councils that do not apply, need to be more proactive.

### **Number 3**

- The ability to leverage if a project is not in the LTP or Annual plan, i.e. using co-funding from other projects to administer to much needed projects that are not funded
- The system needs an ongoing responsive tool to meet pressures, therefore the TIF needs baseline funding (it only has 2 years to go)
- The difficulty in lining up network infrastructure approaches where there are multiple funding sources that need to be corralled to make that happen.

## **30. Given the purpose of the Tourism Infrastructure Fund, are there any aspects of the Tourism Infrastructure Fund that are important to retain? If so, which aspects?**

### **Number 1**

- Eligibility criteria clear, works well
- All of them
- All, just provide flexibility for smaller Councils
- All of it
- Helping out small communities who have large influxes of tourist traffic
- The qualification criteria work well as currently provided
- keep the relatively straight forward nature of the application process
- Eligibility criteria
- No more than 50/50 funding
- Twice yearly call for applications
- Diversity of panel.

### **Number 2**

- Independent assessment is a good idea because this avoids internal politics and possibility of conflicts of interest
- Core industries that work with the tourism sector are represented
- keep the reporting to a reasonable level
- Independent assessment
- Requirement for co-funding.

### **Number 3**

- Flexibility for contract negotiation dates
- keep good helpful MBIE staff with the ability to assist with advice



- is low rate payer base.

**31. Given the purpose of the Tourism Infrastructure Fund, are there any changes that are needed to make the Tourism Infrastructure Fund more effective? If so, what are the top 3?**

**Number 1**

- Increase the amount to be considered by [MBIE] Chief Executive to \$1.5 million (costs are increasing so it makes sense for this amount to also increase)
- Eligibility process - leveraging of funding
- provide flexibility of measurements for smaller Councils
- Keep it simple
- Funding made available to each round
- reducing co-funding requirements in some cases
- Make it more available to the private sector in partnership or with the support of Local Government
- National procurement of rubbish bins, toilets etc
- Applicants to be visited.

**Number 2**

- Timing can be an issue – needs to be a bit more flexibility around timing of delivery (there are lots of things beyond the control of Council that impact on the timing of delivery)
- Reduce the council share required
- include improvement of visitor experience as a criterion that can be used instead of 'increased demand' where an appropriate case can be made
- Encourage connection to a regional destination plan
- Programme to promote funds with councils.

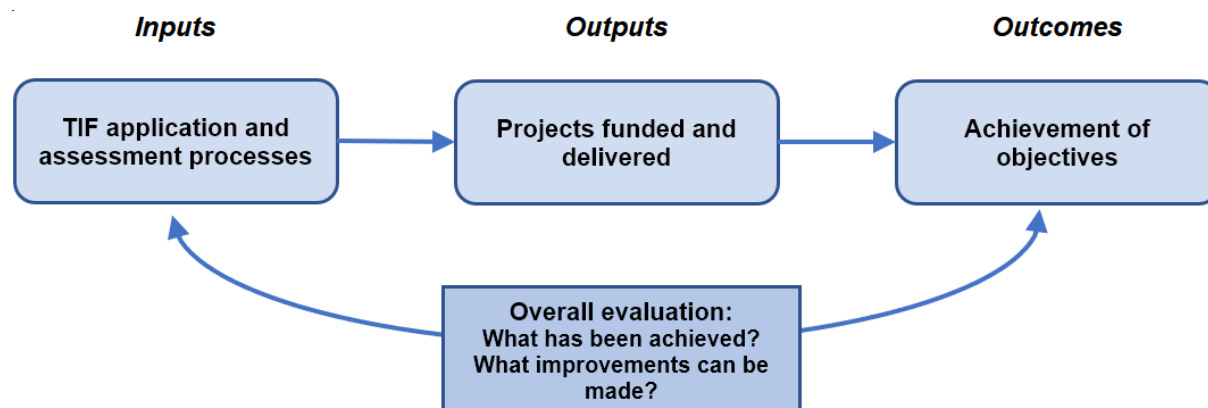
**Number 3**

- recognise that some areas have a more significant contribution to NZ being seen as a great place to visit that might be out of proportion to the numbers themselves - i.e. some are bucket list or must-have photo locations and therefore contribute significantly to the NZ visitor experience.

## Appendix 8: Methodology

### Approach

The review is based on the approach illustrated below:



The review was undertaken in three parts:

#### 1. What has happened:

- the efficiency and cost of TIF application, assessment, decision-making and distribution processes
- the nature of projects that have been approved
- the extent to which TIF stakeholders and applicants:
  - are supported by easy to use, efficient and responsive application, assessment, decision-making and funding processes
  - have seen improvements to the funding application and decision-making processes over the three funding rounds.

#### 2. What has been achieved:

- the extent to which the objectives of the TIF have been achieved, focusing on:
  - is TIF funding targeting local tourism-related infrastructure where the local community is unable to respond in a timely way without assistance
  - is the TIF supporting tourism-related infrastructure which
    - contributes to quality experiences for visitors; and
    - maintains the social license for the sector to operate.
- the extent to which the TIF programme is 'fit for purpose'/ good enough to do the job it was designed to do.

#### 3. What next:

- what would enable the TIF to be more efficient and effective
  - changes to improve the operation of the Fund

- changes to improve the impact of the Fund.

## Information base for this evaluation

This evaluation is based on information obtained through an online survey and individual interviews with 13 key stakeholders. Stakeholders contacted for the purposes of this evaluation were 7 applicants for TIF funding (6 successful and 1 unsuccessful applicants), 3 sector stakeholders (members of the TIF Advisory Panel), the Chief Executive of LGNZ and 2 MBIE staff who were responsible for the application and approval processes for Rounds 1 - 3 and policy development of TIF.

The online survey and individual interviews focused on the key evaluation questions. The key evaluation questions were targeted at the outcomes agreed by Cabinet when the TIF was established in 2017 and questions from MBIE about how the TIF has operated. The key evaluation questions were developed in consultation with MBIE at the beginning of the evaluation process.

An online survey was conducted (see Appendix 7), and interviews completed by phone or in person (for local stakeholders) based on the key evaluation questions. Interviews were up to an hour each and undertaken by SageBush with the Council individual who had completed the survey. All interviews were undertaken after online surveys had been completed and with the results of the survey available for both parties. This enabled any responses to be clarified and for responses to be expanded and discussion about the reasons for some of the responses.

Interviews with some Councils included more than one person, the additional people providing more detail and context. All individuals who completed the surveys also completed the interviews. As there was only one LGNZ interviewee, a survey was not completed. The LGNZ interview followed the same format (the key evaluation questions) as for other interviews.

The survey and interviews were undertaken by SageBush on a voluntary and in confidence basis. Information provided by evaluation participants was collected and held in confidence by SageBush. Information collected been presented to MBIE in this evaluation in an aggregate and non-attributable form only.

The number of stakeholders and mix of stakeholder groups to be contacted for the purposes of this evaluation was determined by MBIE. Sector stakeholders, the LGNZ person and MBIE staff contacted for this evaluation were provided by MBIE and the 7 applicant participants (all Councils) were selected by SageBush.

The sources of information from evaluation participants and how these were used in this evaluation were:

- survey multi-choice questions – responses to multi-choice questions have been reported as graphs in this evaluation

- survey comments are included in Appendix 6 <sup>20</sup>
- follow-up interviews – one-on-one interviews with evaluation participants focused on the key evaluation questions. Interviews were conducted individually with each evaluation participant, and the comments received incorporated into the body of the report.

## **Project data sources and analysis**

The review drew on the following data sources:

- Details of applications received and approved for all three TIF Rounds to date (provided by MBIE)
- Documents related to the operation of the TIF developed by MBIE officials, the independent financial assessment provider (SageBush) and the TIF Advisory Panel.

As data to enable the efficiency and comparative cost of the TIF process was not available, it was not possible to evaluate this aspect of the Fund.

## **SageBush involvement in TIF assessment process**

SageBush completed the independent financial assessments for TIF Rounds 1-3. In these rounds, SageBush did not provide any recommendations on which applications were approved and were not involved in the decision-making process.

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<sup>20</sup> these were included in the open-text boxes below some multi-choice questions in the survey. Comments that were attributable to an individual or MBIE have not been included in Appendix 6

## Appendix 9: Stages in the TIF Application Assessment process

Each Round of the TIF has 6 stages:

### 1. Application process

- Priorities for each Round are set by the Minister. MBIE reflects these in the TIF application round information that is communicated to Councils and other stakeholders and published on the MBIE website.
- Where necessary, some Councils discuss potential applications before these are submitted to confirm eligibility and information required.
- Councils and other applicants apply to the TIF round through an online application template. This downloaded template is signed on behalf of the applicant and forwarded to an MBIE TIF email address by the due date.

### 2. Confirmation of eligibility

- MBIE confirms the eligibility of applications against the TIF criteria.
- Applicants are not advised if an application is ineligible until the outcomes of the full round are advised to applicants. Ineligible applications are not assessed, and no further work is undertaken on these.

### 3. Assessment process - There are four parts to the application assessment process

- An independent financial assessment of applicants. This assesses the extent to which applicants can fund tourism infrastructure themselves and has the capacity to complete the projects if approved
- An assessment of projects in terms of tourism outcomes by MBIE secretariat. This assessment (which incorporates a summary of the findings of the financial assessment) is prepared for the Advisory Panel.
- Consideration of assessments by an independent Advisory Panel. The Panel decides which applications will be recommended to the decision-makers for funding. At this stage the Panel always requests a degree of follow-up or clarification in the details of some applications. The full list of the Panel decisions (recommendations) is confirmed with the Panel to ensure they are satisfied with the outcome and subsequent recommendations to the decision-makers.
- MBIE develops a report for the Chief Executive of MBIE (for projects under \$1m) and/or the Minister of Tourism (for projects over \$1m) incorporating the Panel's recommendations as to which projects should be approved/declined. This includes any conditions attached to individual projects or applicants. The report is informed by the financial assessments and Advisory Panel reports. A copy of the paper to the Chief Executive and/or the Minister is shared with the Panel once signed off by the Secretariat.

#### 4. **Decision process**

- the Chief Executive of MBIE and/or the Minister of Tourism considers the report and makes decisions. Decisions are announced by the Minister and published on the MBIE website.

#### 5. **Contract confirmation**

- MBIE engages with successful applicants and agrees contracts with them for each project.
- Contracts ensure that there are binding conditions that apply to TIF funds being disbursed e.g. funding will be used for the purposes described in the application, the timeline for completion of the project, what happens if the funding is partially used or not required, the timeline for completion is exceeded, etc.

#### 6. **Distribution of funds and reporting**

- funds are paid to successful applicants per a payment schedule included in the funding agreement.
- Each payment requires a satisfactory project status report to accompany the invoice. The final payment is contingent on a final project report signed off by the CE of the Council, documentation of the build completion and code of compliance.

## Appendix 10: Information Sources

### Documents and Data:

- National Tourism Infrastructure Assessment - for Tourism Industry Aotearoa (Deloitte, April 2017).
- Estimate of Scale of Need for 'Local and Mixed Use' Tourism Infrastructure (Deloitte, April 2017).
- National Tourism Infrastructure Assessment – Summary presentation, Tourism Industry Aotearoa, April 2017.
- TIF Priority statements – Rounds 1, 2 and 3 (Minister of Tourism).
- Guidance for TIF Assessors (MBIE).
- Tourism Infrastructure Fund review – proposed changes (MBIE, August 2018).
- LGNZ submission to TIF review (LGNZ, July 2018).
- Sustaining Tourism Growth in Queenstown (MartinJenkins, March 2018).
- Local Government Funding & Financing (Issues paper, NZ Productivity Commission, November 2018).
- New Zealand – Aotearoa Government Tourism Strategy - summary of consultation submissions (MBIE, May 2019).
- Addressing New Zealand's most pressing local tourism infrastructure needs (Tourism Infrastructure study – Executive Summary, November 2016).
- Tourism and Tourism Infrastructure in NZ (Chapter 2, Tourism Insight Series, MBIE August 2016).
- Report of the Responsible Camping Working Group (for the Minister of Tourism, July 2018).