EXECUTIVE SUMMARY

ROTORUA: VISION 2030
This is our home, we are its people.
We’re the heart of Te Arawa and a centre for Māori culture and expression.
We’re innovative and we share what we learn.
We’re driving opportunity, enterprise and diversity.
We’re supporting a legacy of sustainability for our environment.
Rotorua is a place for everyone.
Tatau Tatau - We together.

Kaioi tō tātāu kāinga. Ko tātāu ōna tāngata.
Nā tātāu tonu i ora ai te ahurea Māori me ōna āhuatanga katoa.
He iwi auaha tātāu e tuku nei i tā tātāu e ako nei.
E kōkiri nei tātāu i te angitu,
i te hīkirī me ngā rerekētanga maha.
E kaha tautoko nei tātāu i whakapūmutanga o te tāiao.
Mō te tāiao a Rotorua. Tatau Tatau

THE GOALS:
PAPA WHAKATIPU
Outstanding places to play
WAAHI PŪMANAWA
Vibrant city heart
HE HĀPOI PŪMANAWA
A resilient community
KĀINGA NOHO, KĀINGA HAUMARU
Homes that match needs
WHAKAWHANAKE PĀKIHI
Business innovation and prosperity
HE HUARAHI HOU
Employment choices
TIAKINO TO TAI AO
Enhanced environment

THE ROTORUA WAY IDENTIFIED OUR KEY STRENGTHS:

ACTIVE ENVIRONMENT
Spouting geysers and crater lakes, adventurous spirit, invigorating the senses, expansive forests and farmlands

STRONG CULTURE
Spirit of manaakitanga, heart of te ao Māori, contemporary expression, shared cultures and passions

EASY LIFESTYLE
Essence of Rotorua, choice and wellbeing, easy living, key connections

DIVERSE OPPORTUNITIES
Economic strength and diversity, top in tourism, leading the way, central business hub

This strategy sits within the broader strategic framework for Rotorua that is summarised in the infographic above. Rotorua has identified four key strengths that have guided the identification of priorities in this strategy.

Rotorua is a sub region of the wider Bay of Plenty region. It has a long-established history as a visitor destination, attracting both domestic and international visitors for over 150 years.

Rotorua comprises the area of the Rotorua Lakes Council that covers a 2600Km2 area surrounding Lake Rotorua and the other Rotorua lakes. The district has a population of over 70,000.

It offers visitors a long tradition of cultural and geothermal experiences. More recently a wide range of adventure activities such as canopy tours, tree-walk and mountain biking have been added to the offering for visitors.

Visitation in the region comprises around 50% international visitors and 50% domestic visitors.

Domestic visitors largely come from nearby regions and in particular, Auckland. International visitation to Rotorua is characterised by high visitation from Asia which comprises around 35% of international visitors.

Total visitor spend is estimated at $772M which comprises around 28% of regional GDP. Rotorua has experienced the greatest growth rate in the region at 7.2% CAGR since 2009, largely because of the major increase in China visitors to New Zealand.

With an aspiration to continue to increase visitor spend in the district there are significant opportunities for tourism investment in the region to remove capacity constraints and barriers as well as lifting the overall quality of the visitor experience.

Tourism investment must occur within the context of environmental sustainability and an overall strategy of increasing the value (versus volume) of tourism to the local economy. Three key areas of focus have been identified:

1. Destination Infrastructure – Lifting the quality of the infrastructure and corresponding visitor experience for the destinations critical infrastructure.
2. Network and Connectivity – Making it easier for visitors to get both to and around Rotorua.
3. Capability – Deepening the cultural experience, supporting Te Arawa investment, and lifting the capability of staff and tourism leadership.

Within each of these focus areas a number of priorities have been identified. Looking at destination infrastructure, the first priority is supporting the underlying landowners of Tokorangi and Whakarewarewa Forests to identify development precincts and opportunities related to recreational and cultural activities and attractions. This will include
commercial opportunities, public infrastructure planning and development, and recreation/cultural activities.

Both forests are highly used and valued recreational areas for the Rotorua community and national and international visitors. The number of forest users has seen significant year on year increases (estimated at 250,000 Mountain Bikers and 500,000 Visitors in 2016). This growth is impacting on the visitor experience as the level of service has lagged behind growth but it has also created an attractive investment environment.

The second destination infrastructure priority is the transforming of the Rotorua Lakefront and Government Gardens precinct into a world class spa and wellness precinct.

This product development would be compatible with expectations for an area with a rich cultural history and geothermal waters and therefore would find ready acceptance for all visitor markets.

Establishing a world class spa and wellness precinct would diversify the clientele and also offer more in the winter and wet weather times. If the offer was of a high standard, the destination perceptions of quality and price could also be enhanced.

Thirdly, while the city currently has plenty of accommodation on offer much of the product has seen limited reinvestment and requires refurbishment. In addition, recent research indicates that an additional 500 rooms will be required over the next decade to meet forecast demand. The main requirement is for accommodation of a high standard, of 4.5 or 5 stars.

In addition to new accommodation capacity are opportunities to improve the nightlife and dining experience to expand the visitor experience to beyond just daytime. A significant contributor to this is increasing the number of visitors staying in the inner city. Achieving this means creating policy settings that concentrate any new investment within the inner city.

The final destination infrastructure priority is a programme of work to lift the capacity and quality of visitor infrastructure around the Rotorua Lakes. Demand is increasingly outstripping the ability of current infrastructure to provide an appropriate level of service.

Further investment, beyond the programmed renewals, in facilities (including boat ramps, parking, camping, toilets, rubbish disposal, picnic and park facilities) is required to meet increased visitor demand and address heavy congestion at peak periods.

The second area, network and connectivity, includes priorities split across the road network, aviation connectivity, trails and other improvements such as gateways and wayfinding signage. These improvements are essential to enable the region to continue to grow and develop as a high quality destination with a very large international visitation.

In addition to the critically important improvements to Rotorua’s Eastern Corridor, road connectivity between the major gateway and population centre of Auckland, via the continued extension of the Waikato Expressway is vital to enabling continued tourism growth. Some roads require immediate improvement to alleviate congestion and to improve safety in winter driving conditions.

Aviation connectivity, especially to other tourism destinations would be of significant benefit to the Rotorua region. With time short travellers, reduction in travel time will result in increased satisfaction and likely higher spend. Increased connectivity both north and south, as well as linking with international flights will be important in the future.

Further opportunities exist to enhance and link the current mountain biking experiences to other experiences and trails in the region and beyond. There is also the opportunity to increase the use of the trails and connecting them to the city which would expand the user base.

The third area of focus is building the capability of the tourism sector within the region to lift the visitor experience and corresponding value add to the local economy. Within this area the priorities include enriching and deepening the cultural experience for visitors, supporting Te Arawa tourism product development, supporting ongoing skills development for those on the ‘frontline’, and investing in developing leadership and organisational capability.

As the home of Te Arawa, there are numerous opportunities to provide a greater expression of this heritage. Becoming a centre for cultural storytelling and guiding will offer a deeper and more authentic experience for visitors to the region. Alongside this is supporting Te Arawa landowners to achieve aspirations for developing tourism products.

This links to the next priority of lifting skills across the tourism industry, as a key lever to improve the visitor experience and value add, ultimately leading to improved productivity and wages. The region is likely to generate an additional 500 jobs over the next decade. Training and skill development to present quality and authentic services will be vital to deliver sustainable tourism growth in the region.

The final priority relates to developing leadership and organisational capability to drive ongoing innovation and improvement. This investment is required to support the shift from destination marketing to destination management which as a central concept
requires an ongoing focus on delivering not just great but outstanding visitor experiences.
When compared with other destinations in the Bay of Plenty Region Rotorua:

- Has experienced the highest growth rate when compared to other destinations in the Bay of Plenty.
- Receives the lowest percentage of domestic visitor spend when compared to the other sub regions in the Bay of Plenty at 52% of total expenditure and correspondingly receives the highest share of international visitor spend at $370M in 2016.
- Of the international visitors that stay in one place during their visit, 45% stay in Rotorua, a significantly higher proportion than any other destination in the region.
- The number of visitors from China is high when compared with the wider region.

Rotorua district receives a high domestic net promoter score compared with other destinations in the Bay of Plenty. Roughly two thirds of guest nights are in commercial accommodation, with the remainder in private (mainly holiday home) accommodation.

Rotorua receives the majority of its domestic visitors from nearby with Auckland, Waikato and other areas of Bay of Plenty comprising over 70% of domestic visitation.

Compared with other destinations, international visitors spend significantly more on tourism products and services in the Rotorua region. Around 45% of total expenditure is on these components of the international visitor spend profile. Rotorua is under represented in retail sales and passenger transport services by comparison.

Domestic visitors also spend more on cultural, recreation and gambling services in Rotorua than the national average.

The spend and activity profile of Rotorua as a visitor destination demonstrates the significant level of activities and attractions that are on offer in the district. The expenditure on these aspects is a major component of the Rotorua visitor economy. The accommodation and travel components are largely consistent with national norms, although domestic visitors spend less on accommodation, reflecting the trend to staying with friends and relatives in the location. The low transport component of spend indicates that Rotorua is a drive destination for the majority of visitors.

---

1 The domestic Net Promoter Score (NPS) is calculated by asking AA Traveller respondents how likely they are to recommend the destinations they visited within the Bay of Connections region as places to visit.
LEVERAGING GROWTH

New Zealand is going through a strong period of tourism growth, fuelled by increased international arrivals. We need to capitalise on this to improve the visitor experience, increase visitor expenditure and increase the economic benefits flowing through to the community. Rotorua Economic Development Ltd, is the recently established agency with responsibility for tourism promotion and destination management in the district. Its current tourism outcomes are detailed below:

**GROWTH TARGETS**

- **Grow Overall tourism spend in the district**
  - $1.5 billion by 2030
    (From $799m at June 2017)

- **The $1.5 billion by 2030 goal requires visitor expenditure to nearly double from what it is today. As an example of what this means in practice a scenario is provided below:**

  - **Increase visitor nights**
    - 7.08 million nights by 2030
      (From 3.77m at June 2017)

  - **Increase attractions and activities visits**
    - 6.14 million visits by 2030
      (From 3.27m at June 2017)

  - **Increase business events**
    - 2706 events by 2030
      (From 1441 events per year at June 2017)

  - **Increase Business Delegate Days**
    - 274,600 delegate days by 2030
      (From 146,267 delegate days per year at June 2017)

A growth target of $1B of visitor expenditure for Rotorua was established in 2011 with an expected trajectory of around 5% CAGR over the period until 2030. Since 2014 there has been significant above trend growth with a major increase in visitation from China and other Asian countries. As a result, the growth target has recently been revised to $1.5B. Rotorua has been a major beneficiary of this increased visitation with a suite of experiences that appeal to this market as well as being well located in relation to the gateway city of Auckland.

Whether this recent growth rate is sustainable is open to question. Ease of travel is important to time short visitors and therefore improvements in access to Rotorua will ensure that the destination remains attractive to a wide visitor market, both international and domestic.
ISSUES AND OPPORTUNITIES

SWOT ANALYSIS

The SWOT analysis below provides a summary of the responses grouped under key themes, for use as an indicator of the sorts of feedback received about the challenges and opportunities facing the regional visitor economy. The aim of the SWOT is not to provide a comprehensive assessment of the issues and opportunities, but rather to reflect the most commonly raised issues across the region and concerns through the consultation process.

STRENGTHS
- Has a longstanding history and reputation with international visitors as a cultural destination
- Strong natural geothermal experience and offering
- Some unique cultural, historical and geothermal experiences
- Located within easy distance from major Auckland market for international visitors
- Located within easy reach from major cruise ship market at Tauranga
- Close to growing domestic market of upper half of North Island
- Able to manage high visitor numbers
- Significant domestic visitor base mainly drawn from nearby regions
- Strong mountain bike product offer and events drawcard
- Well equipped for C&I sector with quality conferencing and exhibition space
- Experienced operators with strong links to wholesale trade

OPPORTUNITIES
- Improved accommodation offer – 4-5 star Hotel especially with a known brand
- Improve quality and yield of motel offer
- Increased luxury offer
- Mountain biking extension and connection – growing length of stay and additional experiences for an existing visitor market
- Treaty Settlements will provide an increased capital base for iwi and hapu and enable potential cultural tourism and other opportunities
- A more comprehensive and deeper cultural offer,
- Bespoke and more personalised tourism offers
- Linkage of environmental and cultural experiences
- Wellness and Spa linked to geothermal
- Grow an events identity

WEAKNESSES
- Lack of high end product, experience and accommodation offer
- Mass tourism oriented product offering
- Limited night time and food and beverage offering
- Limited renewal of experiences (hence domestic have limited repeat business)
- Retail offering is tired
- Little connection of town to lake and natural areas
- Inconsistent cultural offering
- Air links from other key tourism destinations limited
- Much of the offering is price driven rather than value driven

THREATS
- Continued decline in aviation connectivity
- A shift in domestic visitor preferences for more “urban” experiences
- Repeat visitors change their travel patterns
- Lack of re-investment in accommodation stock causes international visitors to bypass the district
- Competition for events and conferencing from newer facilities
- Further retail decline due to online competition
- Lack of re-investment creating low quality or declining quality of experiences
- International marketing focuses on “new and different”
# WHAT DO WE NEED TO ACHIEVE GROWTH?

## TOURISM OPPORTUNITIES

### 1. Destination infrastructure

<table>
<thead>
<tr>
<th>Priority Description (In no particular order)</th>
<th>Market Assessment and potential benefit</th>
<th>Likely cost and appropriate source of funding</th>
<th>Actions</th>
<th>Linkage with other strategic frameworks</th>
</tr>
</thead>
</table>
| **1.1 Tokorangi (Redwoods) and Whakarewarewa development** | Tokorangi and Whakarewarewa forests are both highly used and valued recreational areas for the Rotorua community and national and international visitors. The number of forest users has seen significant year on year increases (estimated at 250,000 Mountain Bikers and 500,000 Visitors in 2016). This growth is impacting on the visitor experience as the level of service has lagged behind growth but it has also created an attractive investment environment. Potential benefits include:  
- Increased visitor spend  
- Improved seasonality  
- Improved length of stay | The cost of public infrastructure such as toilets, roading, car-parking, trails and a new visitor centre estimated at $5-10M will be refined and fed into the Rotorua Lakes Council next Long Term Plan. Other potential funders include Central Government and Trusts. The landowners will determine the mix and scale of any other development along with the optimal funding arrangements. This proposal has potential for Tourism Infrastructure Funding | In order to lift the visitor experience, maximise the potential returns to landowners and ensure that the values and character are enhanced. It is timely to consider the creation of a spatial development plan which details potential development precincts, a range of specific opportunities with indicative development costs and investment returns, and the supporting public infrastructure. | Links to the Governments investment in further development in the neighbouring SCION (Crown Research Institute) campus. Links to proposal to re-route Te Ara Ahī (Great Ride), currently with MBIE and NZCT. |
<table>
<thead>
<tr>
<th>Priority Description (In no particular order)</th>
<th>Market Assessment and potential benefit</th>
<th>Likely cost and appropriate source of funding</th>
<th>Actions</th>
<th>Linkage with other strategic frameworks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.2 Lakefront and Government Gardens precinct including the Rotorua Museum, and natural hot springs and wellness development</strong></td>
<td>Rotorua is fortunate to have a large undeveloped lakefront on the edge of the inner-city and bordering the Government Gardens. This area provides an opportunity to create a large planned ‘wellbeing’ precinct that lifts the amenity of this reserve and allows product development aligned with Te Arawa stories, and hot springs and wellness.</td>
<td>This product development would be compatible with expectations for an area with a rich cultural history and geothermal waters and therefore would find ready acceptance for all visitor markets. Establishing a world class spa and wellness precinct would diversify the clientele and also offer more in the winter and wet weather times. If the offer was of a high standard, the destination perceptions of quality and price could also be enhanced.</td>
<td>Development would occur alongside the current development by Pukeroa Oruawhata Trust of a lakefront spa complex. Development within the reserve will be determined in partnership with Ngati Whakaue. This would include the mix and scale of any development along with the optimal funding arrangements. This proposal has potential for Tourism Infrastructure Funding.</td>
<td>Create a MoU between Ngati Whakaue (that gifted the land for public reserve) and Rotorua Lakes Council (that administers the reserve) to create an overall vision and development plan for the area.</td>
</tr>
<tr>
<td>Priority Description (In no particular order)</td>
<td>Market Assessment and potential benefit</td>
<td>Likely cost and appropriate source of funding</td>
<td>Actions</td>
<td>Linkage with other strategic frameworks</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>----------------------------------------</td>
<td>---------------------------------------------</td>
<td>---------</td>
<td>---------------------------------------</td>
</tr>
<tr>
<td><strong>1.3 Hotel and accommodation improvements</strong></td>
<td>While Rotorua offers plentiful hotel accommodation, with over 1800 rooms on offer, there is seen to be a deficit at the 4.5 star and above level. Existing room rates limit the ability for existing properties to upgrade to this level, although this approach is possible. Expected growth rate is estimated at 3.2% CAGR with a shortfall of approximately 500 rooms in the next decade. There is currently an absence of new hotel developments to meet future demand. The benefit of a 5-star offer is that it has the ability to raise the standard across the whole sector and also establish new price points and expectations. Encouraging future accommodation development to occur in the city centre will increase the market for hospitality businesses and improve the night time food, beverage and entertainment offering. A single national approach for ‘freedom camping’ would positively impact the visitor experience and reduce tensions in the local community. Similarly, a national approach to ensuring the ‘sharing economy’ (AirBnB, BookaBach etc.) operates on a level playing field with the rest of the accommodation sector would strengthen the investment case for the commercial accommodation sector and would reduce compliance costs.</td>
<td>A hotel product cost depends on the size and quality offer that is viable from a return on investment basis. Assuming a moderate sized hotel of around 200 rooms and a high quality offer, it is estimated that a hotel with limited conferencing facilities would be estimated to require around $100M - $200M depending on room numbers. Given Rotorua already has high quality conferencing, it is expected that such a hotel product would locate in the vicinity of the events centre, rather than attempt to duplicate or compete with existing facilities. Implementation costs of any policy change are unknown, but it is useful to note that AirBnB collects local taxes in other destinations overseas and BookaBach have expressed a willingness to engage on this issue at a national level.</td>
<td>Work with a regional mini “project place” to develop cheque book ready investment proposals. While there is one current announced hotel conversion, around 400 more rooms will be required to meet future demand. Develop regulatory interventions to encourage any future accommodation development to occur within the central city. Complete the market analysis for a Casino. Work with LGNZ and Central Government (MBIE) to develop national policies for Freedom camping and for those components of the ‘sharing economy’ related to tourism.</td>
<td>Possible land issues may also be where Rotorua Council could play a role. NZTE Project Palace.</td>
</tr>
<tr>
<td>Priority Description (In no particular order)</td>
<td>Market Assessment and potential benefit</td>
<td>Likely cost and appropriate source of funding</td>
<td>Actions</td>
<td>Linkage with other strategic frameworks</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>----------------------------------------</td>
<td>-------------------------------------------</td>
<td>---------</td>
<td>----------------------------------------</td>
</tr>
<tr>
<td><strong>1.4 Lakes infrastructure</strong></td>
<td>Demand is increasingly outstripping the ability of current infrastructure to provide an appropriate level of service. Heavy congestion at peak periods needs to be resolved to ensure that continued growth in demand can be met.</td>
<td>The current long term plan has a budget allocation of $8.0M to sustain existing infrastructure. An additional $5-10M is required to develop additional infrastructure to meet future demand and expectations. Potential for Tourism Infrastructure funding.</td>
<td>Work with ‘Lakes’ communities and operators to identify capacity constraints and infrastructure improvements for inclusion in upcoming LTP.</td>
<td>A joint engagement requirement with RDC, the regional councils and possibly DOC to develop an infrastructure plan and funding regime.</td>
</tr>
</tbody>
</table>
### 2. Network and Connectivity

<table>
<thead>
<tr>
<th>Priority Description (In no particular order)</th>
<th>Market Assessment and potential benefit</th>
<th>Likely cost and appropriate source of funding</th>
<th>Actions</th>
<th>Linkage with other strategic frameworks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2.1 Eastern Corridor and other improved roading connections:</strong></td>
<td>Improved connectivity between Rotorua has been achieved with the Eastern Arterial road. Further improvements could be made to enhance the remainder of the route and reduce travel times. This is particularly important over the summer period with cruise visitors on tight timetables between Rotorua and the Port of Tauranga. As traffic volumes rise, and especially campervans and coaches, the route from Hobbiton/Matamata to Rotorua will become increasingly congested with the forecast growth. SH27 and SH5 require improvement to maintain existing travel times and ideally reduce times due to congestion and heavy traffic delays. An extension of the Waikato expressway from Tirau to Rotorua would provide the longer term solution. NZTA currently have significant roading improvements under business case development in their present plans. Inclusion of tourism requirements is required.</td>
<td>Existing projects are budgeted at: $7.3M for SH5/S30 intersection $24M currently allocated to Connect Rotorua Project SH30, additional funding will be required to meet anticipated future demand. New projects to improve safety or travel times are not budgeted.</td>
<td>Engage with NZTA on its business case development. In particular, tourism trends and visitor requirements need to be well understood in the context of economic benefit. Engage with NZTA on interim measures to improve travel times and safety enhancements such as passing lanes where change is decades away</td>
<td>NZTA and Regional Transport Planning</td>
</tr>
<tr>
<td>Priority Description (In no particular order)</td>
<td>Market Assessment and potential benefit</td>
<td>Likely cost and appropriate source of funding</td>
<td>Actions</td>
<td>Linkage with other strategic frameworks</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| **2.2 Aviation connectivity:**              | Given the importance of Rotorua to international visitor flows, enhancing the north south visitor connectivity by increasing the frequency and ideally reinstating jet services to Christchurch would be a significant enhancement to the international visitor offer.  
Saving time and cost by direct connection to the South Island rather than doubling back to Auckland would be beneficial to visitors.  
Improved air connectivity for scheduled services would be vital to achieve enhancement of Rotorua as a conference destination, especially if south to north connections can be enhanced to enable the destination to be accessible from a wide variety of locations. | $4.9M for terminal upgrade to be implemented between 2017 and 2019.  
Air connectivity enhancements will largely depend on supply and demand for services, with airlines generally responding to demand.  
Revised visitor itineraries of international visitors that incorporate an air link south could facilitate additional demand. | Develop long term forecast of demand with Air New Zealand and other airlines.  
Prepare business case for enhanced facilities and connectivity.  
Develop partnership with Airlines to increase frequency and capacity over the longer term including partnering on destination marketing campaigns. | Air New Zealand and International Airlines.  
Auckland and Christchurch Airports. |
<table>
<thead>
<tr>
<th>Priority Description (In no particular order)</th>
<th>Market Assessment and potential benefit</th>
<th>Likely cost and appropriate source of funding</th>
<th>Actions</th>
<th>Linkage with other strategic frameworks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2.3 Other network improvements including the off-road trail network, Gateway and way-finding signage</strong></td>
<td>Rotorua is recognised as one of the premier mountain biking centres in New Zealand. It offers a diversity of attractions including the Whakarewarewa redwoods park and the Skyline gravity mountain bike park on Mt Ngongotaha. In addition, there is the opportunity to enhance connections both in the south to Taupo and to the north in Kawerau, Whakatane and Opo tik. Enhancements that increase the connectedness of trails to town and family oriented trails would improve their attractiveness to a wider audience. Enhanced urban cycleway opportunities are being incorporated into city roading improvements. The ability to ride between key mountain biking and other visitor attractions and activities within the urban area of Rotorua City would reduce traffic and provide an additional visitor experience within the city. Implementation of the “CyWay” project will contribute to this objective. Portal and Identity development could be achieved through an integrated approach to development of the eastern corridor and other major road improvements. Ensuring a cultural dimension and identity would require NZTA agreement to design and funding.</td>
<td>The NZ Cycle Trail Maintaining the Quality of Great Rides Fund provides 50% support for improvements to Great Rides. This fund received an additional $25M for enhancement and extension of Great Rides and also the development of cycle-safe connections that will enable cyclists to ride even more safely between some of the Great Rides. This fund is a potential funding source. Connectivity expansions and enhancement options between great rides and major centres have been estimated at $5-10M for the northern connections. For the southern connections, the cost is estimated to be in a similar range given the distance and terrain. Given the comparatively minor cost of portal type identification, an approach such as this should be able to be achieved within the roading and wayfinding costs associated with these developments and with support from local cultural institutions.</td>
<td>Trails Trust to complete Rotorua Trails Strategy. Complete project to develop ‘destination architecture’ for gateways and way-finding signage. Consider funding for further trail development, gateways, and way-finding signage as part of LTP.</td>
<td>Key linkages include: Eastern Bay of Plenty Cycling Strategy 2015. The NZ Cycle Trail programme – Maintaining the Quality of Great Rides Fund and the enhancement and extension funding. Cycling opportunities between attractions within the city by completion of the “CyWay” project by 2018 and develop future extensions to this project to link the city with additional attractions and activities. Open negotiations with NZTA to integrate a Rotorua Portal Schema on all key access roads.</td>
</tr>
</tbody>
</table>
### 3. Capability

<table>
<thead>
<tr>
<th>Priority Description (In no particular order)</th>
<th>Market Assessment and potential benefit</th>
<th>Likely cost and appropriate source of funding</th>
<th>Actions</th>
<th>Linkage with other strategic frameworks</th>
</tr>
</thead>
</table>
| **3.1 Cultural experiences**                 | As the home of Te Arawa, there are opportunities for a greater expression of this heritage and also offer a deeper and authentic experience for visitors to the region. The key opportunities are:  
  - Implementation of Rotorua’s bi-lingual city initiative, which will include a stronger spatial representation of Te Arawa stories and heritage.  
  - Lifting participation of Te Arawa in the tourism sector.  
  - Making sure those at the ‘frontline’ of tourism have a solid understanding of the stories and heritage of Rotorua.  
  - Creating a centre of ‘cultural storytelling’ that focuses on excellence in communicating the rich culture and history through guiding and other interactions. | These opportunities have not yet been costed. It is likely that existing funding sources (local and central government) along-side the private sector will be sufficient to progress the first three opportunities.  
A feasibility analysis for the centre of cultural storytelling is required prior to determining the appropriate form of funding. | Te Tatau o Te Arawa to lead implementation of Rotorua’s bi-lingual city initiative.  
Work with “Maori in Tourism” and the tertiary education sector to develop a programme for frontline tourism staff.  
Develop feasibility analysis for centre of cultural storytelling. | Rotorua Tourism Investment Partnership.  
Te Tatau O Te Arawa Board.  
Tertiary Education Sector.  
Te Puni Kokiri Maori in Tourism |
<table>
<thead>
<tr>
<th>Priority Description (In no particular order)</th>
<th>Market Assessment and potential benefit</th>
<th>Likely cost and appropriate source of funding</th>
<th>Actions</th>
<th>Linkage with other strategic frameworks</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2 Supporting Te Arawa tourism product development</td>
<td>Rotorua has considerable existing cultural attractions and this is one of the prime international drawcards for the subregion. There is opportunity for additional product that makes use of the broader subregion including the lakes, forest and other marae in natural settings. With over 150,000 cruise ship visitors and 1.1M international guest nights in the region there is potential to offer a more diverse suite of products to this audience. The success of Rotorua Canopy Tours exemplifies the ability of more niche experiences to succeed. With the expected growth in visitation and an aspiration to extend length of stays there is potential to generate additional revenue in the order of $100M if an additional one night stay could be achieved. Benefit calculation: 1.1M x 0.5 x 0.5 x $150 = $30 - $40M additional activity spend (assuming 50% do one additional activity) LOS addition 10% increase = 110K nights x 0.5 x $150 = $8M additional spend</td>
<td>Establishing new attractions and experiences has the potential to add to the repertoire of product offering for the region. Depending on the location and the scale of the offering, new product developments of this sort generally cost in the range of $3-10M depending on the land costs and complexity of the offer. Simple structures such as ziplines are in the order of $1m whereas more complex offers such as gondolas and significant structures can cost $15 -$20M and above. It is envisaged that new product development will be the preserve of the private sector. The role of the public sector, both local and central government is expected to be limited to a regulatory approval, facilitation and public infrastructure provision role.</td>
<td>Support iwi aspirations to create a Tarawera Great Walk. Provide support for market and feasibility analysis.</td>
<td>Department of Conservation Te Puni Kokiri</td>
</tr>
<tr>
<td>Priority Description (In no particular order)</td>
<td>Market Assessment and potential benefit</td>
<td>Likely cost and appropriate source of funding</td>
<td>Actions</td>
<td>Linkage with other strategic frameworks</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>----------------------------------------</td>
<td>-------------------------------------------</td>
<td>---------</td>
<td>-----------------------------------------</td>
</tr>
<tr>
<td><strong>3.3 Skilled Staff</strong></td>
<td>Service IQ has completed a roadmap for the service sector in the Bay of Plenty that covers much of the tourism sector. Their detailed needs analysis requires implementation and acceleration in the light of recent growth in the sector. The roadmap is a regional programme that will deliver on the Service IQ National Workforce Development Programme. Around 2500 additional jobs will require significant investment by the tourism sector, educational institutions as well as private individuals. There are significant gaps in making the linkage between education and the workplace that would benefit from additional funding and skilled facilitators and ambassadors.</td>
<td>No specific cost estimate for overall implementation of the roadmap. Other components such as connecting workplaces with students would need to be costed.</td>
<td>Partner with Service IQ and providers to develop funding case. Seek additional funding from Education via tertiary institutes. Co funding from students and industry. Engage with Toi Ohomai to assess current training and its relevance to industry needs. Industry to be proactive in working with Toi Ohomai in developing needs based training. Industry to work to develop a quality internship programme. Industry to facilitate quality employees through participating in rigorous selection into programmes.</td>
<td>Service IQ and Tertiary Education Sector. Rotorua Tourism Investment Partnership.</td>
</tr>
</tbody>
</table>
### 3.4 Leadership and organisational capability

With a growing tourism sector and increasing business complexity and scale, leadership skills are necessary to ensure future business performance.

In order to lift the visitor experience, there is a need to focus on developing industry leadership talent, producing accurate and reliable market intelligence and insights, and ensuring organisations have the capability to continually enhance the visitor experience.

<table>
<thead>
<tr>
<th>Priority Description (In no particular order)</th>
<th>Market Assessment and potential benefit</th>
<th>Likely cost and appropriate source of funding</th>
<th>Actions</th>
<th>Linkage with other strategic frameworks</th>
</tr>
</thead>
<tbody>
<tr>
<td>As the country’s largest sector there is a noticeable lack (outside of the larger industry organisations) of investment in developing industry leadership talent, something which can be contrasted with the investment in the Primary Industries sector. This investment has been demonstrated to lift the level of innovation and performance.</td>
<td>Potential to adopt leadership development models from other sectors, such as the Primary Industries Stanford Bootcamp programme. Opportunity exists for individuals from the private sector to develop a ‘angel investment’ fund for tourism start-ups.</td>
<td>Investigate with MBIE the potential to develop a tourism industry leadership programme. Facilitate a discussion with the private sector to test the appetite for a tourism focused angel investment fund. MBIE, TNZ and Stats NZ working with Destination Rotorua and others to develop new market intelligence tools and insights. NZTE, TPK and the Tertiary Education sector along-side Destination Rotorua to develop tools and programmes that can be deployed across the range of tourism businesses.</td>
<td>Key linkages include Central Government (MBIE, TNZ, NZTE, TPK Stats NZ) and Tertiary Education Sector</td>
<td></td>
</tr>
</tbody>
</table>
The image shows a prioritization matrix for infrastructure actions in the Rotorua subregion. The matrix uses a quadrant system to categorize actions based on their level of impact and urgency. The size of the bubbles represents the relative costs of the actions on a regional basis.

- **High Impact, High Urgency**: Roading Connectivity, Visitor Accommodation improvements.
- **High Impact, Low Urgency**: Skills and Training, Air Connectivity.
- **Low Impact, High Urgency**: Digital Capability and Connectivity.
- **Low Impact, Low Urgency**: Visitor Accommodation improvements.

The matrix includes a legend indicating the responsibility for each action:
- **Public Sector National Responsibility**
- **Public Sector Local Government Responsibility**
- **Mixed responsibility**
- **Private Sector Responsibility**

The matrix helps to identify the most critical areas for investment based on the expected outcomes and the current state of the infrastructure.
**DISCUSSION ON PRIORITIES**

Rotorua is one of the major visitor destinations in New Zealand. For over a century it has been a drawcard for international visitors. It continues to occupy a “must see” place on the itinerary of most international visitors. With Auckland being the gateway of over 75% of international visitors that arrive by air, and also a large cruise ship market from Tauranga, connectivity is the key infrastructure issue facing Rotorua.

The existing programmes for roading have recognised the need for investment in this infrastructure asset to alleviate current congestion and improve traffic flows. However, there are specific flows of visitors that need to be considered in future investments. In particular, the value of tourism to the regional economy and the need to ensure that time short visitors can reach destinations and attractions and activities efficiently and safely. To this end, additional investment is required in the development and improvement of feeder roads to the region as well as intraregional roads. Given the long term planning involved in roading, some initial consideration of investment in passing lanes and safety improvements are needed in some areas.

Local government has committed to the development of cycling infrastructure as part of its long term investments for the district. Additional connectivity between the cycle trails and implementation of the “cyway” project will ensure that there are greater and more diverse opportunities for visitors in the district. Also, longer connections around the wider region does offer the opportunity to develop new product of a cycle touring nature. Existing infrastructure such as the redwoods also require investment to maintain their attractiveness as a visitor destination and to meet future demand. Both the Council and private sector will need to consider the investment opportunities to enable continued tourism growth.

Tourism product development for Rotorua is required for the additional forecast visitor arrivals and expenditure. Both new accommodation, upgrades to existing accommodation and new activities and attractions will be required. At present there appears to be sufficient capital and interest in the tourism sector for the industry to develop the required new product to meet this demand. With recent iwi settlements, there is also a major opportunity for investment and increased engagement to develop new product and services within the sub region. In particular, promotion of authentic and high quality experiences would appear to be an area of opportunity.

Skills and training will require strong partnership between government, education institutions and Industry. While the requirements have been mapped, the execution is less clear and funding not evident. Tourism training is available within existing regional education institutions but the connection with industry can be less than ideal. Industry will need to ensure training is fit for purpose and that there is a pathway to employment that can be achieved at little or no cost to industry employers. One of the key constraints reported by the industry is the ability of operators to devote resources to recruitment and induction processes to ensure that there is a good connection between training and work. An overarching issue is the attractiveness of tourism as a career. Historically tourism has been seen as a transitional job for many, rather than as a career. Additional education by the industry is required to change this perception of the employment opportunities within the industry. As the industry grows and tourism businesses expand, the need for quality leadership and management within the industry also becomes an important factor in enabling future growth. At present there is little management and leadership training that is targeted at the tourism industry and its specific experiences and needs.

Air connectivity for Rotorua is also an important infrastructure requirement. While aviation connectivity is largely driven by demand, there is a desire to improve connectivity with southern locations and specifically Christchurch and Queenstown with more direct flights and ideally jet services. Airlines will respond, but partnerships on marketing to stimulate demand is one option to achieve sustainable growth, especially to grow these South Island Rotorua connections. Proposed additional investments in the airport terminal and services will enable increased demand to be met and a high level of service to be maintained. Over the longer term the ability of the wider region to facilitate international connections should be addressed.

The public estate, both that of local government and the national conservation estate, have had little investment over the last 20 – 30 years compared with the increased visitor growth and increased domestic recreational demand. Activity in the subregion is limited and is largely responding to private initiatives in product development. Industry need to support business case development. Visitor satisfaction, demand, profitability, concessions policy etc are all required as components of seeking funding that will sustain future growth.
Appendix 1: Rotorua Subregion

OVERVIEW OF THE ROTORUA SUBREGION

The Rotorua subregion is served by State Highway 30 and State Highway 5, and is on the route of the Thermal Explorer Highway which runs along State Highway 5. Rotorua is located in the centre of the Bay of Plenty Region, one hour from Taupo, an hour and a half from Whakatane and 80 minutes from Tauranga. The region is situated around Lake Rotorua, which is nearly 300 metres above sea level and is the centre of an ancient caldera which is 20km across at its widest point. Rotorua is famous for its geothermal activity, with seven geothermal fields with hot pools and spectacular steam eruptions which attract over 3 million visitors per year. Volcanic activity has also shaped the wider landscape with Mt Tarawera, Rainbow Mountain, Mt Ngongotaha and Mokoia Island being significant features.

The region also includes 18 lakes and three major rivers and 100,000 hectares of native and exotic forests with the largest commercial plantation forest in the Southern Hemisphere. There are 120 wetlands and hundreds of kilometres of walking, cycling and mountain bike tracks.

ROTURA SUBREGION VISITOR ECONOMY STRATEGY

The Toi Moana Bay of Plenty Regional Growth Study 2015 identified the need for central and local government, iwi, industry and the community to work together to identify the regional priority actions for tourism with the goal of growing the visitor economy to $2.5b by 2030. In response four subregional strategies for each destination in the Bay of Plenty (Taupo, Rotorua, Western Bay of Plenty and Eastern Bay of Plenty) have been developed collaboratively. The Rotorua subregional strategy identifies the priorities specifically relevant to Rotorua as a destination within the broader Bay of Plenty region.

The priorities in each subregion were then analysed and are presented in the Bay of Plenty Region Visitor Economy Strategy. The strategy identifies the regional priorities that will drive the visitor economy and achieve the stated growth targets.

The Rotorua subregional strategy and the Bay of Plenty Regional strategy aligns with the Rotorua Lakes Council’s Long Term Plan 2015 -2025 that seeks to encourage a wide range of events and conferences, continue to promote destination marketing and strengthen the i-SITE. The long term plan also seeks to improve road safety. A targeted rate is used to fund tourism marketing of the district.

Rotorua Economic Development Ltd, is the recently established economic development agency that has responsibility for tourism promotion and destination management in the district. The Statement of Intent outlines the tourism outcomes sought.

They are:

- Target $1.5B in visitor expenditure by 2030
- Market positioning of Rotorua as the premier North Island destination acting as a hub for Central North Island
- Providing destination marketing and management programs designed to deliver greater visitor expenditure and improved visitor experiences
- To provide benefits to tourism operators through the Rotorua Tourism and Investment Partnership Programme.

The organisation also has a role in attracting investment in the tourism sector and natural hot springs and wellness as two priorities.

These priorities are intended to deliver on the broader long term strategy of Rotorua Lakes Council’s “Rotorua 2030”.

Rotorua – Subregional Strategy FINAL report, prepared by TRC Tourism 31 August 2017
**ROTORUA OVERVIEW**

Rotorua is a long-established visitor destination. For over 150 years, visitors have come to Rotorua for both volcanic and cultural experiences unique to the region and New Zealand.

The region covers the Rotorua district area that surrounds Lake Rotorua and the other lakes within the region.

The region continues to attract significant numbers of international visitors for cultural and geothermal experiences. Domestic visitors also visit the region which has become known as a hub for mountain biking and other adventure activities.

**THE VISITOR ECONOMY**

The Rotorua subregion receives around 3.7 million visitor nights per annum

$773 million was spent by visitors in the local economy in to the year ending January 2017\(^2\). Around half of this spending is generated by international visitors and half by domestic visitors’

Between 2009 and 2017 annual visitor spend grew by 87%\(^3\). The compound annual growth rate was 7.2%.

The growth in visitation and spending is occurring largely through international visitors (from $196 million to $370 million between 2009 and 2016), with the share of visitor spend from international visitors rising from 41% to 48% over the same period. Domestic visitors are also growing, albeit at a slower pace, at approximately 4-5% per annum. Overall Rotorua subregion has the strongest growth rate in the wider region at 7.1%. This high growth rate partially reflects the very strong rebound in international visitor stay in Rotorua and the very strong growth in the China visitor market over the same period.

Two thirds of visitor nights are spent in commercial accommodation and one third in private accommodation. Around 57% of guest nights are generated by domestic visitors with the remainder by international visitors.

The main international markets are China, Australia, USA and UK/Europe. Main domestic visitor spend is generated by residents visiting Rotorua from the nearby regions of Auckland, Waikato and other Bay of Plenty locations.

With diverse source markets Rotorua is less seasonal than other Bay of Connections destinations. However, it still has a winter low season that spans May to September with a peak for the school holidays in July. The strong domestic market also contributes to reduced seasonality.

Overall, the Rotorua Subregion has a wide range of visitor product and services, well developed to service the group international market and to cater to the large domestic market.

Spend Profile for the Rotorua Subregion

- Retail sales – other $171M
- Food and Beverage serving services $121M
- Accommodation Services $105M
- Retail Sales – Fuel and Automotive $67M
- Retail – Alcohol, Food and Beverages $58M
- Cultural, Recreation and Gambling $135M
- Other passenger transport $62M
- Other tourism products $50M

---

\(^2\) Monthly regional tourism estimates

\(^3\) ibid
### Rotorua Destination Appeal

- **Cultural hub attracting international visitors for over 150 years**
- **A geothermal attraction with a diversity of features including geysers, mudpools and hot pools**
- **Diverse environment of forests and lakes easily accessed**
- **A variety of recreational opportunities on the lakes and an excellent trout fishery**
- **World's best 365 day a year international mountain biking destination**
- **Popular major tourism activities**
- **Major events centre and infrastructure and services for conference market**
- **Low cost accommodation for families and groups**
ACTIVITIES AND ATTRACTIONS

Rotorua offers the visitor a wide variety of paid and unpaid attractions. In particular, there are a number of major attractions that have been developed to cater to the groups and family markets. These include Skyline Luge, Agrodome, Rainbow Springs, Polynesian Pools, Te Puia, Zorb, Canopy Tours. There are also a number of activities that centre around natural attractions and adventure activities. Cultural experiences such as Te Puia, Tamaki Village, Whakarewarewa and Mitai Maori Village are also a major component of the attraction landscape of Rotorua. The high international visitation is reflected in the large percentage of visitor spend on cultural, recreational and other tourism products comprising over $200M and being 26% of total visitor spend in the district.

RETAIL AND RESTAURANTS

Rotorua has recently developed an “Eat Street” which is a street specifically developed as a dining precinct with geothermally heated ground and cover. This has extended the attractiveness of the area for all weather and all season dining. New innovations such as street market nights have also improved the food and beverage offering of the town.

Retail in the town is somewhat limited and presents a comparatively poor offer to visitors. Much of the retail comprises national chains and there is little that is distinctive or tourism oriented in the provision of retail services.

ACCOMMODATION

Rotorua’s visitor nights are spent in a mix of private and commercial accommodation. Roughly two thirds of guest nights are in commercial accommodation, with the remainder in private accommodation.

Rotorua has over half of all hotel rooms within the wider Bay of Connections region. With over 1800 rooms this component of the accommodation offer is an important driver of groups business. Overall Rotorua has over 6700 beds and this is reflected in a high number of visitor nights in commercial accommodation. In 2016, 2.15 million bed nights were spent in commercial accommodation with this roughly evenly split between international and domestic visitors.

The subregion has a large stock of motel accommodation, most of which is 3 to 4 stars. There is concern about some of the motel stock being of low quality and therefore attracting low room rates and lowering the overall market expectation of accommodation costs in the Rotorua district.

The low room rates mean that there has been little new hotel construction over the last two decades and refurbishment and redevelopment of existing properties is problematic.