



tourism
INDUSTRY

ASSOCIATION NEW ZEALAND

Submission to the Draft Digital Strategy 2008

23 May 2008

Introduction

1. This submission is from the Tourism Industry Association New Zealand (TIA), located in Wellington. If you wish to contact us regarding this submission, please telephone Simon Wallace, Policy Manager on 04 494 1842 or 0272 489 375 or e-mail him at simon.wallace@tiaz.org.nz
2. TIA is grateful for the opportunity to comment on the Draft Digital Strategy 2008. In addition to outlining the roles and functions of TIA, this paper details the most important issues arising for tourism businesses from the Draft Digital Strategy. The New Zealand Tourism Strategy 2015 (NZTS2015) released in November 2007 makes strong linkages with the Draft Digital Strategy, indicating how critical it is to make sure the tourism industry has the information and communications technology it needs to do business.
3. The issues raised in this submission are not necessarily exclusive, and given the diversity of TIA's membership, some areas in the consultation document that could impact on Members, may not have been commented on. For this reason, the Association recommends the submission be considered alongside those you may have received from other tourism or hospitality based organisations.

Background

About the Tourism Industry Association New Zealand (TIA)

4. TIA is the umbrella organisation and peak body that represents and advocates for the interests of the tourism industry in New Zealand. The businesses we represent generate more than 85% of New Zealand's tourism-related revenue. Tourism is an \$18.6 billion industry (\$8.3b from international and \$10.3b from domestic tourism) with international tourist expenditure accounting for 19.2% of New Zealand's total export earning and a further \$5.8 billion value-added spend in industries that support tourism.¹
5. The tourism sector directly and indirectly, employs one in ten New Zealanders in a diverse range of businesses – the majority of which are small and medium sized enterprises with less than five people. Not only is tourism important because of its size, representing 8.9% of New Zealand's GDP, it is:
 - Highly employment intensive;
 - Regionally disparate; and

¹ "Key Tourism Statistics – July 2007", Ministry of Tourism website

- Very diverse - ranging from large stock exchange listed companies to small cottage industries.
6. The above businesses cover a range of tourism-related activities – hospitality, transport, adventure and activities, attractions and retail, as well as related tourism services. In many cases, regional tourism businesses have developed around regional assets divested by other industries and have revitalised those assets and the communities that depend on them.

Comment

The need for improved broadband

7. Technology take-up is a major issue for the tourism industry. As the industry association, TIA seeks to assist New Zealand's tourism businesses to develop the capability needed to grow their markets and revenue in a highly competitive market. The ability to access and to be able to utilise new media and information technologies is a critical component of this capability development. But not only is it critical for tourism operators, more and more visitors are expecting fast and efficient information technology services.
8. Broadband provides the means for tourism businesses to market their product to the world in a cost-effective manner, deal efficiently with enquiries and reservation requests, and capitalise on the ever increasing range of business applications and information sources available online. Those businesses without easily accessible websites and fast and efficient booking systems will simply not keep pace with their competitors.
9. The expectation for an efficient information technology system is not only held by tourism businesses, but by visitors as well. Overseas travellers, in particular, expect to be able to access internet services wherever they are in the country, something they currently cannot do. To deliver on the world class visitor experiences outlined in the NZTS2015, then providing connectivity in all areas of New Zealand is essential.
10. The absence of good broadband access is especially noticeable in regional areas of New Zealand and is acute in some of the more rural isolated areas. TIA has significant concerns for those regional tourism businesses that still have no broadband access. As with most industries, the road to increased efficiency and productivity in the tourism sector will be built on the adoption and use of information and communications technologies by all tourism businesses.
11. The key outcomes for the tourism industry from an implemented Digital Strategy would be:
- better access to broadband services

- improved infrastructure at a regional level
- better on-line content and applications
- improved co-ordination of the government's own online IT systems; and
- better international access

New Zealand Tourism Strategy and Digital Strategy

12. A key action in Outcome 2 of NZTS2015 (for New Zealand's tourism sector to be prosperous and attract ongoing investment) is to:

“make sure that tourism operators and destinations get better access to broadband services when the New Zealand Digital Strategy is being implemented” (p.38)

13. TIA supports the new goal of the Digital Strategy in aiming to make fast and affordable broadband available widespread to meet the needs of New Zealanders. Better access to broadband services is at the forefront of the NZTS2015 and is a top of mind concern for many tourism operators, especially those in regional and rural areas.

14. However, we do not believe that the actions outlined in the Digital Strategy alone, will fully achieve those outcomes. TIA acknowledges that regulatory reforms in the telecommunications sector, including the structural separation of Telecom, have promoted greater broadband investment, but there is still a significant lack of funding available to meet the connection goals set out in the Digital Strategy.

15. TIA calls upon the Government to follow the lead of the Australian Government and undertake steps to enable a more fundamental investment in New Zealand's broadband future. The announcement in the Budget yesterday of an initial \$500 million is a significant investment but further public and private sector funding will be needed to maintain and improve New Zealand's position on the OECD broadband table and provide the level of services that tourism businesses need. A public/private partnership with investment shared between central government and industry may be the right initiative to encourage the upgrading of rural broadband infrastructure.

Infrastructure investment

16. To achieve the goals of the Digital Strategy 2.0 New Zealand needs a national fibre optic network offering fibre to the home (FTTH). The Australian Government has committed up to \$4.7 billion to enable FTTH roll-out in Australia. This includes a commitment to deliver *minimum* download speeds of 12 megabits per second to 98 per cent of Australian homes and businesses. A similar, if proportionally smaller investment, is

needed for the New Zealand environment.

17. A National Broadband Network is needed, which will:

- have the network rolled out and made operational progressively over five years using fibre-to-the-node or fibre-to-the-premises technology;
- support high quality voice, data and video services including symmetric applications such as high-definition video-conferencing;
- earn the Commonwealth a return on its investment;
- facilitate competition in the telecommunications sector through open access arrangements that allow all service providers access to the network on equivalent terms; and
- enable uniform and affordable retail prices to consumers, no matter where they live.

Collaboration

Improved local and central government co-ordination

18. TIA supports the focus on collaboration in the Digital Strategy, especially the acknowledgement that more work is needed on community and local government engagement. The Community Partnership Fund is clearly an initiative that has helped build ICT capacity in communities while the Digital Communities Action Plan will help garner local council involvement. The extra money announced in the Budget yesterday will be a catalyst to get more councils and community organisations investing in broadband.

19. At a central government level, there is certainly a need for better co-ordination between agencies and across government to reduce compliance costs for small to medium sized businesses, like those in the tourism industry. Better broadband services will certainly help deliver on this goal.

Conclusion

20. In sum, the Digital Strategy 2.0 along with the initial investment announced in yesterday's Budget at least sets New Zealand on the right track to better broadband services. From a tourism industry perspective, the most pressing issue is broadband access in regional and rural areas, for tourism operators – those without it will continue to fall behind their competitors in an increasingly competitive market. Local and international visitors, too, have an expectation of high speed broadband services so the industry in New Zealand can continue to provide world class visitor experiences.