Submission on the Hurunui District Council Long Term Plan by Hanmer Springs Business Association

Introduction

Hurunui District Council is seeking input from individuals and organisation on their proposed Long Term Plan (LTP) dealing with a number of changes to Council’s finances, including the level of rates to be set for the future and the uses to which those rates are to be applied.

Following attendance at a public meeting where Council’s CEO made a presentation on the proposed changes, a meeting of all interested members and non members of Hanmer Springs Business Association (HSBA) was held to discuss the issues raised and the HSBA’s formal response to them.

Background

The village Hanmer Springs is a significant part of Hurunui District with just 8% of the population but over 20% of businesses.

HSBA members number some 74 businesses and individuals representing around 65% of all business in the village, together having a turnover in excess of $20m per annum and paying an estimated $2m in rates each year.

Whereas the main industries of Hurunui are agriculture and services, Hanmer Springs is predominately centred on tourism (almost 50% of Hurunui’s tourism related business are concentrated in Hanmer) and property development and is the site of the Hanmer Springs Thermal Pools and Spa (HSTPS), which is owned by Hurunui Council and has a monopoly on the thermal water resource.

Tourism in Hurunui is promoted through Hurunui Tourism, the marketing manager for which is also marketing manager of HSTPS as it has been deemed more cost effective to have a shared resource. The tourist information centre (i-Site) is also owned by Council and operates as a subsidiary of HSTPS.

Hanmer Springs benefitted substantially from the Christchurch earthquakes as local visitor demand (which was already around 60% of all visitors) from the area jumped significantly and offset the corresponding decline in international (predominately Australian) visitors. This is now settling back to pre-earthquake levels.

Over the past 10 years, Hurunui Council have invested a significant amount of capital in HSTPS (around 50% of a total $16m of borrowed funds) in order to make the facility more attractive to visitors and it generates around $3.3m net profit. This is currently used by Council to subsidise the general rate to one of the lowest levels in NZ.
The Council are now proposing in the LTP to change how these funds are used in order to help repay debt and fund new infrastructure which will impact the overall level of rates being paid.

Issues raised by HSBA in relation to these proposals

HSBA acknowledges Hurunui Council’s foresight in originally taking on the Hot Pools and saving, protecting and enhancing a unique asset for the region and congratulates the management of the pools for their professionalism and passion.

HSBA however sees a potential conflict of interest with Council’s role as a service provider to ratepayers and as a major commercial operator through HSTPS, which as the largest business in the Village and with a monopoly on the thermal water resource, needs to exercise care in its business operations to further tourism and the economic benefits it brings to Hanmer and the district.

HSBA members are split between believing HSTPS should not extend its business operations outside of the Pools Reserve into the village of Hanmer in direct competition with other much smaller businesses and seeing any growth in its operation as a positive.

HSBA supports Hurunui Council acknowledging HSTPS profits are used to subsidise lower rates for the community and that a cap should be placed on that subsidy.

HSBA support the decision to fund depreciation and repay debt out of profits and reduce the rates subsidy accordingly, whilst continuing to invest for the future.

HSBA supports the position that sewage and water rates must increase in order to meet acceptable standards and accepts that this is best done on an across the District basis.

HSBA however believes Council are under investing / failing to support Hurunui Tourism to effectively promote tourism to the district, which is a vital part of the Hanmer economy and is the life blood of a large proportion of residents and ratepayers. HSBA believes the budget for Hurunui Tourism should be increased by re-directing some of the HSTPS profits and reducing the cap and lengthening the repayment of debt. HSBA also believes the shared position of HSTPS and Hurunui Tourism Marketing Manager should be made into two positions to increase resources and avoid any conflict of interest. HSBA also believes the i-Site is an important source of visitor information and its operation should be continued but possibly under the direct control and budget of an enlarged Hurunui Tourism.

HSBA believes Council should again take a forward lead in facilitating the development of the Queen Mary Hospital site as unique visitor attraction for the village to further develop tourism for the region, such development to be funded out of profits generated by HSTPS. Suggestions put forward include a hospitality training school, spa and beauty college, indoor laser game, interactive museum of local and regional history.
In presenting this submission on behalf of members, I want to acknowledge contributions made by members and particularly Tony Balch for preparing the submission.

We look forward to discussing our submission with Council during the hearing process.

Paul Baigent
Hanmer Springs Business Association
30 April 2015