

Rotorua Resource Hearing for MHUD to RLC for 12 + 1 Motel consent:

Notes from Bruce Thomasen

RTIP – Board Member, Redwoods Treewalk – Managing Director

- Tourism industry has had its hardest 30 months ever
- Pre covid 1 in 5 residents employed in tourism sector in the city compared to National average of 1 in 10.
- Reputational damage been done from bad headlines on homeless issue is creating an increase in day tripping to Rotorua instead of staying the night – leading to lost sales.
- Loosing Corporate and school group business
- Tourism sector lost sales revenue from our under performance compared to rest of NZ over last 3 months has been \$184k per day, or \$1.3m per week, or \$17m from May to July 2022 or \$92m per annum.
- If we took industry average of 30% wage cost (this is light) then lost wages paid is \$27.6m per annum
- Visitor spend pre covid 2019 was \$841m, (\$493m domestic, 58% & \$348m International)
- The tourism industry was advised by RLC last year that the 12 contracted motels and the wrap around support services from them would be the only motels used for homeless and that the “cowboy” motel operators outside of those contracted would cease to be used. (no WINZ vouchers)
- Motels are making 2 to 3 times the profit of pre covid due to the high contracted rates from MHUD. This is creating an incentive situation where motels are targeting and advertising to homeless around the country as it more profitable than tourists.
- Homeless motels super profits come from two areas 1) high rates being charged e.g., \$1500 to over \$2k per week and 2) costs are substantially lower to host long term homeless as there is no marketing channel costs (e.g. booking.com charge 10% to 17%) Credit card fees 2.75%, no sales and marketing costs, no shampoo and amenities, no daily cleaning of rooms or laundry costs (around \$25 to \$35 per room night)
- Rates that MHUD pay should be truly commercially negotiated based on above. Should be around \$70 to \$100 per room per night maximum
- Tenancy services website shows averages of 1 bdrm to 2 bdrm homes in Rotorua as being from \$390p.w. to upper quartile of \$485 per week (2 bdrm)
- Short term tenancy regulations were put in place by our Council in the past for a reason. That was to protect Rotorua’s Tourism offering
- In addition to the labour shortage the country is facing we are facing the additional challenge of potential staff and their families not wanting to move to Rotorua for work / schooling due to reputation damage done by homeless policy.

We need:

1. Exit Strategy – must be a clear strategy with sinking lid and time limit. E.g., if 4 years granted then motels contracted must decrease by 25% per annum. Yr. 1 = 12 motels, Yr2 = 9 motels... Yr. 4 = 3 motels and Yr. 5 = zero.
2. MHUD to pay no more than usual commercial long-term rates - \$65 to \$100 per night not \$200 to \$250
3. Extra Police needed to ensure visitor safety, police visibility and deterrence to offensive behaviour - our city is understaffed in Police. Our international visitors

must be safe for our cities and the countries reputation

4. Healthy homes standards must be met by all motels - the same as any landlord in this country.