



**Submission to:**

**Ministry of Business, Innovation and Employment**

**On:**

**The Draft Government Tourism Strategy**

**Date: 4 February 2019**

**TOURISM INDUSTRY AOTEAROA**

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## **BACKGROUND**

1. Tourism Industry Aotearoa (TIA) is the peak body for the tourism industry in New Zealand with around 1600 members. The primary role of TIA is to be the voice of the tourism industry, including advocacy, policy, communication, events, membership and business capability. The team is Wellington-based and led by Chief Executive, Chris Roberts.
2. Enquiries relating to this paper should be referred to Bruce Bassett, Industry Strategy Manager, at [bruce.bassett@tia.org.nz](mailto:bruce.bassett@tia.org.nz) or 021 609 674.
3. This submission represents the views of Tourism Industry Aotearoa as a collective whole and may not necessarily represent the views of individual members.
4. This submission is provided without prejudice to TIA's future position should further or different information become available.

## **INTRODUCTION**

5. This submission sets out feedback from TIA on the draft *Aotearoa New Zealand Government Tourism Strategy*. It is in three parts. Below are comments on what TIA sees as the major points to raise, followed by attachments on some specific points and responses to the specific consultation questions.

## **OVERARCHING TIA FEEDBACK**

6. TIA welcomes the draft Government Tourism Strategy. It reflects a more active, deliberate and coordinated role of government in the visitor economy across its roles to support, guide and regulate. It also recognises government as an important player in the industry across a multitude of touch-points. As the consultation document states, government is both a steward and an actor.
7. We strongly support the 'tourism system' approach used in the strategy and we share this way of looking at the visitor economy. This allows us to draw in the wide range of parties with a role to play in how tourism operates for the benefit of New Zealand. We support the Government's aim 'to enrich New Zealand through sustainable tourism growth'. The five themes are sensible and largely mirror the structural elements of Tourism 2025.

## **RELATIONSHIP WITH TOURISM 2025 AND TOURISM SUSTAINABILITY COMMITMENT**

8. As the owner of the industry's Tourism 2025 Growth Framework, TIA has a strong interest in the establishment of the public sector tourism strategy. In particular, our interest is that the Government Strategy and the Industry Framework are seen as two halves of a whole – one activating the public sector and the other activating industry,

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with both openly acknowledging the indispensable role of the other. This creates a rare opportunity to align and coordinate efforts to grasp opportunities and tackle difficult issues.

9. TIA is in the process of resetting Tourism 2025 to the current operating context and it will become *Tourism 2025 & Beyond – A Sustainable Growth Framework*. This work will be completed by the end of March 2019, around the same time as the Government Tourism Strategy is finalised. We are seeing a lot of commonality across the two approaches, which is reassuring. Most importantly, the reset of Tourism 2025 includes sustainability at the heart of the framework which reflects the determination of the industry to accelerate its drive towards a sustainable future at an industry level.
10. Like the Government Tourism Strategy, *Tourism 2025 & Beyond* will have a set of actions supporting it – these being the priority actions that we have identified for progress in the next 1 to 3 years if we are to achieve our longer-term goals. Some of these will be similar across the government and industry approaches, and this is positive as it reflects both the priority nature of the actions and that we can work on them jointly. In addition, some actions will be quite different, and this is appropriate as industry and government have different incentives. TIA will share with MBIE the developing action-level material over the coming months.
11. We appreciate the references in the draft Government Tourism Strategy to TIA's *Tourism Sustainability Commitment* (TSC). The TSC is being taken up strongly by industry (now more than 750 sign-ups – nearly half of TIA's membership) and as it becomes universal across the industry, we will be looking to 'harden it up' to ensure the TSC is bringing about the required changes within businesses and across the industry. The TSC's eight industry-level Goals and 14 business-level Commitments overlap with many of the Government Strategy's priority work areas so there is scope for mutual benefit. For instance, the Government work on how businesses can best tackle the move to a low-emissions industry will clearly assist TSC implementation. The inverse of this is that the TSC can provide a platform for achieving government objectives. With 'sustainability' central to the Government strategy, the draft strategy would benefit from a description on how this will be achieved, including the role of the TSC as part of the tourism system.
12. A key element of Tourism 2025 is targeting value over volume. The Tourism 2025 framework has a spend goal (\$41b pa by 2025) and no arrival targets. It is generally accepted that New Zealand should be targeting high value visitors and there is some evidence of progress – in the past 5 years international arrivals have increased by 39% while international spend has risen by 54%. It is important the government strategy also has a clear focus on delivering greater value. It would be useful to include an action to better define what a 'value visitor' is, by incorporating factors like time of visit, regions visited, nature of spend; and for the government to consider what levers it has to pull to influence the visitor mix (in addition to TNZ marketing).

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## **ROLE OF INDUSTRY WITHIN THE GOVERNMENT TOURISM STRATEGY**

13. As the peak industry body, TIA has a unique perspective on the tourism system, and the challenges and lost opportunities of operating within this system.
14. We see the multitude of tourism businesses as the 'engine' of the tourism system. As such, we believe there should be greater recognition of the role of industry (that is, commercial tourism operators) within the Government Tourism Strategy, and recognition that in some areas support is needed to ensure the industry can operate most effectively. An enabling business environment for tourism operators is a key ingredient for achieving both industry and Government's goals. Recognising the role government has to support business to be the driver of tourism success is the most significant gap in the current draft of the government strategy.
15. Central to this is the current structural inability of the highly fragmented tourism industry to organise itself to undertake a range of 'industry-good' activities. TIA, through its membership-based structure, secures sufficient funding for some industry advocacy work, but can undertake little work beyond this. This is a constant limitation to pursuing a number of important industry-good activities, including such things as: organising an industry-led R&D capability; undertaking substantive actions to implement the industry's desire to be a more attractive place for New Zealanders to work; telling stories to the New Zealand public on how tourism works for them; and establishing a sustainable funding model for the Tourism Sustainability Commitment.
16. New Zealand's large primary industries face similar 'collective-effort' problems, and for each of them the problem is solved by establishing industry levies on the product produced. This levy income goes to the sector itself to support a range of industry-good activities, including advocacy, research, marketing, etc. Typically, these levies are established by government legislation and regulations relating to each sector.
17. Tourism has no such levy and no ability to organise one for itself. However, in 2019 the Government will introduce the International Visitor and Conservation Levy. This demand-side levy will generate the type of annual income that other sectors receive through their supply-side levies.
18. In consultation documents, MBIE has indicated that 5-10% of the IVL (\$4-\$8 million pa) will go to System Capability – 'projects that inform investment, or build capability to achieve optimal outcomes for the tourism system (as outlined in the Government Tourism Strategy)'.
19. TIA strongly agrees with this approach. A proportion of the IVL should be available for industry use on pressing industry-good issues. We think this approach needs to be signalled in the Government Tourism Strategy. The industry wants to be more self-reliant and proactive, but needs an income stream so it can do this. After all, it is

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difficult to see how well New Zealand's primary industries would work if the Ministry of Primary Industries was responsible for all of the research and development needed by these important and innovative sectors. The same applies for tourism – a strengthened and more capable tourism industry will be better able to support the achievement of the Government's aims for tourism.

## **DATA TO SUPPORT INDUSTRY DECISION-MAKING**

20. The draft Strategy includes a number of references to data, and this is welcomed given the essential role that data plays within the tourism system. Our view is that the Government's role in the provision of public-good tourism data should be more clearly set out in terms of what needs to be done to substantially improve the current situation. The Tourism Data Domain Plan is a sound document, but it is not necessarily focused on getting the 'core tourism data' into the shape needed to support high quality decision-making across the industry. This has been a long-standing issue for us and while recent work by MBIE has been positive, we believe that the Government Tourism Strategy should take a clear position that the Government will provide quality, trusted data at the right levels of disaggregation to support the range of other priorities within the Strategy, such as comprehensive regional destination plans.

21. We also see a difference between the 'public-good' core tourism data that should be provided by Government, and the research and development capability that we see as 'industry-good' and which should be undertaken by industry (with appropriate Government support). Clearly, there are overlaps in these two areas which reinforces that cooperation is needed by both government and industry interests to ensure best outcomes.

## **NEXT STEPS**

22. TIA would be happy to talk to, or elaborate on, any of the points raised, with Tourism 2025/TSC alignment, industry capability, and tourism data being our key areas of interest. We will also continue to keep MBIE informed of the new reset Tourism 2025 material as it is developed.

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## ATTACHMENT 1. SPECIFIC COMMENTS

- TIA uses the term 'industry' to describe the wider industry as a whole, and uses the term 'sector' to describe the components of the industry, e.g. hotel sector, rental vehicle sector, etc. Having the government and industry standardising its use of these terms would make it easier for stakeholders to understand the nature of tourism.
- Mood of the Nation data (page 16). The November 2018 data is now available.
- Figure 5, Page 16. The model does not include the 'collective-effort' elements of the tourism industry, e.g. TIA and its role on advocacy and policy, owning Tourism 2025, running the TSC, operating the industry awards systems, operating leadership platforms such as the Tourism Summit, operating TRENZ as the key industry trade show, etc.
- Enhance the data, Page 26. This should include specific reference to the quality and coverage of the core tourism data, not all of which is contained on the TDDP. In general, the draft Strategy is light regarding the wider research and development environment for tourism, and the role of the industry in this.
- Bullet 5, Page 26. The wording used here is '...a world-leading model for environmental sustainability...'. This is an old, narrow definition of sustainability. The TSC is a balanced scorecard approach (environment, economic, visitor and community sustainability), and this should ideally be used in the GTS, noting that the vision of the TSC is *'leading the world in sustainable tourism'*.
- Box, page 33. There could be a better description of the Tiaki Promise and the nature of it as a joint public and private sector initiative.
- Figure 1, page 49. The criteria is missing the importance of considering the impacts on the capability and capacity of the industry in contributing towards supporting the national-level objectives. We recommend the addition of a further consideration - *'Do tourism operators currently have the capability and capacity to support/enable the desired outcomes?'*
- Annex 2, Page 50. This is useful diagram. Three points: 1) the position of the MBIE tourism function and overall ownership of the tourism system should be set out, perhaps including as a new box between the existing two dark green boxes. 2) Need to make sure this is complete. For instance, under Safety and Regulation, CAA and Maritime NZ should be included. 3) The tag-line on the first box should read *'Government agencies work closely with other government agencies, the industry and local authorities...'*

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## **ATTACHMENT 2: RESPONSES TO CONSULTATION QUESTIONS**

### **1 What do you think about the government's proposal to take a more active and deliberate role in the tourism system?**

TIA welcome the more active role of government. Government controls many levers that influence the industry and it plays many direct roles within the industry. Viewing tourism as a wide 'system' will allow the many interconnections to be recognised and managed to contribute to the attainment of the stated goals for the industry.

TIA's key reservation lies with the risk of government over-stepping into areas that are best led by the tourism industry itself. Instead, the strategy should be looking at how industry can be supported to manage its own affairs, with support provided where industry fragmentation limits the ability of the industry to organise itself for 'industry-good' activities.

### **2 What are the areas that you think should be a particular focus?**

With tourism being an interconnected 'system', it is appropriate that a broad set of initiatives are pursued. For TIA, this means covering the range of activities that will generate most benefit. That said, TIA is interested in what we see as new elements, particularly around developing destination plans and implementing the government investment framework. TIA is also very keen to see a major step-change around the provision of data and research and development to support tourism industry decision-making. People & Skills is also a priority – the ability for industry, supported by government, to be better at co-ordinating and improving how operators attract, develop and retain employees, particularly New Zealand employees.

Enabling industry to be self-reliant in undertaking a range of 'industry-good' activities is a specific area of focus for TIA.

### **3 Are there areas where the government's role should be limited?**

The tourism industry is largely a private sector industry. As such, the government role needs to be about facilitating this private activity so that it delivers the desired industry and government outcomes. Therefore, enabling business is an important role, and government needs to demonstrate care not to overstep its roles, and ensure the things it does are conducive to a vibrant, innovative tourism industry.

With a Government Strategy and an Industry Framework being released at the same time, it will be really important to ensure that the complementarity and cohesion of the two approaches are made crystal clear to the industry, and the public more generally.

### **4 The draft strategy proposes five tourism outcomes for government. Do you support these outcomes and are these the right outcomes to focus on?**

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From the perspective of alignment with the reset Tourism 2025/TSC, the five outcomes work well. Together, they cover the 'balanced scorecard' approach of Tourism 2025/TSC.

## **5 The strategy identifies an ambitious work programme for government. What are the highest priority actions from your perspective?**

The draft strategy lists 33 priority work areas. Around half of these are activities already occurring – 'Continue; Complete; Support; Work with' is the language typically used. There are also some significant new commitments – 'Develop a detailed picture of future demand; Develop a national destination plan; Support iwi to develop Māori tourism experiences'. Are there higher priorities within this long priority list; is there funding and resources to advance them; and over what timeframe?

We are all too well aware of the Tourism Data Domain Plan, which has identified a long list of insight priorities, but with no associated resources or funding to deliver on them. As mentioned above, TIA believes the core tourism data needs to be provided as a priority 'public-good', while other mechanisms are needed to develop the capability of the industry to meet its wider research and development requirements.

TIA's main priorities lie with Tourism 2025/TSC alignment and what can be done to enhance industry capability. As set out in Question 2, we see tackling a range of activities as key, rather than prioritising a smaller number. TIA will be a willing partner for government to engage with when establishing the strategy implementation plan and setting budgets.

## **6 What are the areas in this draft strategy that you think could be strengthened?**

To reiterate TIA's main points - Tourism 2025 alignment, industry capability and tourism data - are the key points that need to be strengthened.

There needs to be a greater recognition of the central role of commercial tourism operators.

Also, while the importance of domestic tourism is discussed in the Government Tourism Strategy, there is no specific reference to domestic tourism in the priority work areas. We recommend drawing the paragraph on page 9 into a Priority Work Area – *'Better understand what the current and future domestic demand picture looks like, and how industry and government can better leverage domestic demand to support the government's regional economic development objectives as well as tourism industry outcomes.'*

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