



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI

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Briefing for the Incoming Minister of Tourism

26 October 2017

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1. Portfolio overview

1. This section provides you with an overview of the tourism sector. The key focus of the portfolio is ensuring that all New Zealanders benefit from tourism by making sure that tourism happens in a socially, environmentally and economically sustainable way.

Tourism delivers a wide range of benefits to New Zealanders

2. The tourism sector is an important part of New Zealand's economy and it brings a number of benefits to New Zealanders and their communities. In the year to March 2016, domestic and international tourism expenditure was \$34.7 billion and tourism contributed \$12.9 billion (5.6 per cent) to New Zealand's total GDP. Tourism is consistently one of New Zealand's top two export earners and the largest services export – contributing \$14.5 billion (or 20.7 per cent) to New Zealand's total exports in the year ended March 2016.¹
3. Tourism is a labour intensive industry and so is a significant employer. Over the year ended March 2016, tourism directly employed 188,100 people (7.5 per cent of the total number of people employed in New Zealand) – an increase of 3.7 per cent from the previous year. Employment, industrial relations and immigration settings play an important role in the supply of labour to support the tourism sector.
4. Just as valuable is tourism's indirect contribution to New Zealand's economy. In the year ended March 2016, the indirect value added to GDP by industries supporting tourism was an additional \$9.8 billion, or 4.3 per cent of GDP.
5. A wide range of New Zealanders share in the benefits tourism brings. Tourism provides opportunities for development in New Zealand's regions, employs lower-skilled labour, and enables Māori to gain direct value from leveraging their cultural assets.
6. Tourism also contributes to New Zealand's communities and economic success in broader ways, e.g:
 - New Zealanders benefitting from the additional scale visitor flows create, for example, infrastructure development and the availability of a wider range of goods and services in particular locations
 - helping build deeper international connections, particularly in Asia, which enable other exporters to tailor and market their services and products to these markets
 - building awareness of New Zealand as a supplier of quality products in the international marketplace
 - social understanding and integration across New Zealand communities.

¹ Figures are from the Tourism Satellite Account 2016, produced by Stats NZ. Note that MBIE's quarterly International Visitor Survey also provides a measure of international visitor spending, but it does not include air travel sold by New Zealand companies to international visitors, or the spend of education visitors in New Zealand for less than 12 months.

There has been significant growth in the sector, although this has moderated more recently

7. International visitor numbers and spend have grown significantly over the last few years. Between March 2013 and March 2016, annual international visitor numbers to New Zealand grew 24.7 per cent, and international visitor expenditure grew 46.3 per cent. The growth in value compared to volume has been a priority for the portfolio.
8. International visitor numbers continue to grow steadily. In the year to August 2017, there were 3.67 million international visitor arrivals, 9 per cent growth on the previous year. New Zealand's six biggest visitor markets make up approximately 72 per cent of visitors. For the year to August 2017:

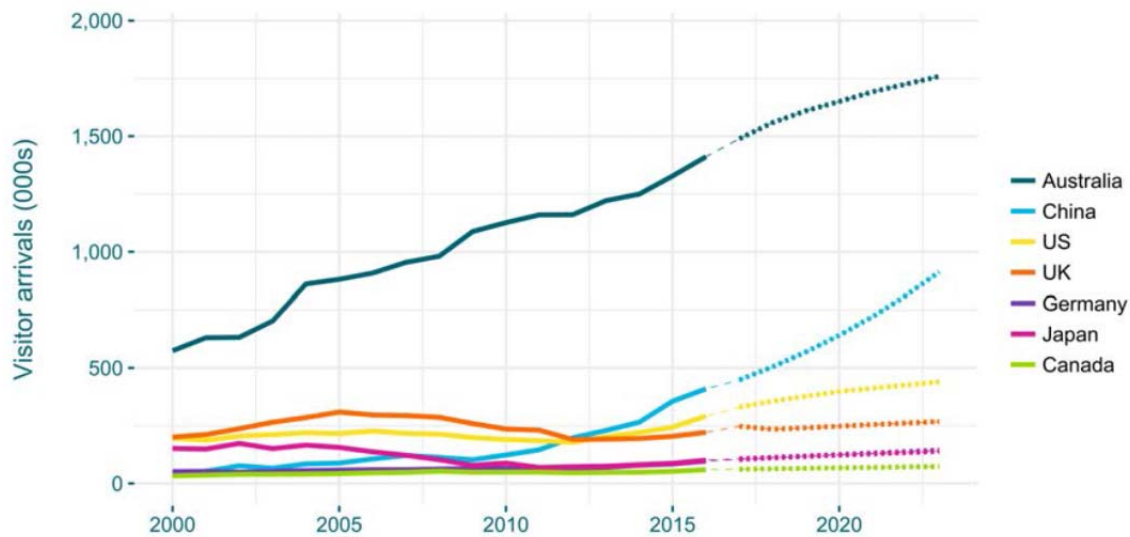
Country	Per cent of total arrivals	Number of arrivals	Growth (from previous year)
Australia	40%	1,462,000	6%
China	11%	404,000	0%
USA	9%	321,000	21%
UK	7%	246,000	15%
Germany	3%	104,000	14%
Japan	3%	102,000	6%

9. International tourism expenditure has been through a period of high growth, with expenditure increasing 19.6 per cent in the year to March 2016. However, this growth has moderated over the last year and the most recent figures indicate that international visitor spending was unchanged in the year to June 2017, though it remains at a record high level of international spend.
10. MBIE's Key Tourism Statistics are provided at **Annex 1**.
11. Growing tourism numbers is a global trend. Across the world, international travellers reached a record 1.2 billion in 2015, and are predicted to reach 1.8 billion by 2030.² Major emerging economies in the Asia-Pacific are expected to continue to be the source of much of the predicted future growth in international visitor numbers, with the rise of the middle class in those economies.
12. MBIE's latest forecasts³ estimate that visitor arrivals to New Zealand will grow at 4.8 per cent a year, reaching 4.9 million visitors in 2023, from 3.5 million in 2016. Total international spend is expected to reach \$15 billion in 2023, up 52 per cent from 2016.

² Tourism Towards 2030, World Tourism Organization.

³ MBIE produces tourism forecasts annually. The forecasts are based on econometric modelling, current trends and best available forecasts of international factors and are developed with input from members of the tourism industry.

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13. Key to achieving these results is growth in the Chinese market, with China predicted to become New Zealand's largest market in terms of expenditure by 2023. Recently there has been a softening in the China market, with no growth in visitor numbers in the year to August 2017 and spending down 16 per cent in the year to June 2017.

The tourism system needs to be able to respond to changes in growth

14. It is important to recognise that future growth is not guaranteed and that tourism is vulnerable to external shocks (e.g. the Global Financial Crisis, natural disasters). We need to ensure that central government, local government and private sector activity in relation to the sector is able to expand and retract appropriately with demand.

It is important for future growth to be sustainable

15. Visitor growth brings significant opportunities for New Zealanders and their communities. However, there are also challenges that will require effort from government (central and local) and industry in the short and long term in order to respond. Visitor growth is placing significant pressure on infrastructure, particularly in smaller communities.
16. The issues facing tourism cut across many portfolios and government agencies (see section 3 – Major links to other portfolios). The central government Tourism Chief Executives' Group provides a mechanism for cross-agency coordination and strategic oversight of government agencies' tourism-related activities. The Group is chaired by the Chief Executive of MBIE and also includes the Chief Executives of the Department of Conservation (DOC), Department of Internal Affairs (DIA), Ministry for Culture and Heritage, Ministry of Transport, the NZ Transport Agency (NZTA), and Tourism New Zealand (TNZ). **Annex 2** provides an overview of the all-of-government approach to the tourism system.
17. Central government is seeking to address three key challenges:
 - **visitor mix:** focussing on driving value over volume, which means attracting high value visitors throughout the year (with a particular focus on growth outside the peak season using spare capacity), and not being reliant on a few source markets
 - **visitor demand:** ensuring that government supports the sector and communities to manage the projected increase in visitor numbers (e.g. by identifying gaps in visitor infrastructure and providing support to address these gaps), while continuing to deliver high quality visitor experiences

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- **regions benefit:** promoting sustainable and inclusive tourism growth by ensuring that regions are well positioned to realise the value of their tourism potential, including developing new destinations, and supporting sustainable development of existing destinations.
18. At this stage, it is not clear whether short-term and modest interventions (i.e. in the order of tens of millions of dollars, like the Tourism Infrastructure Fund, or other funding mechanisms such as a targeted visitor levy) will be sufficient to enable the system to catch-up with growth. If there is sustained high visitor growth over the long term, more structural/institutional changes may be needed to put the sector on a sustainable footing (e.g. a long-term or more substantial visitor levy).
 19. In order to ensure that tourism continues to deliver benefits to New Zealanders, and that the sector is socially, environmentally, and economically sustainable, there are four key issues and opportunities.

Are government and communities generating sufficient revenue to cover the costs of tourism?

20. There is a growing concern about the costs to communities from tourism and the ability of local government to meet those costs. Local government is particularly concerned about their ability to pay for the infrastructure required to support the visitor experience.
21. Ensuring that central and local government are able to sufficiently monetise tourism and offset the costs will be critical to ensuring that tourism continues to be supported by New Zealanders, and that local and central government are able to invest for growth.
22. In order to do this, government needs a better understanding of who meets the monetary costs of tourism and who receives the revenue. MBIE has commissioned work to look at these issues, which can help inform any future consideration of whether New Zealand has the right funding models in place in the long-term.
23. Some local authorities use existing rating tools to (partly) recoup their financial support for the sector. For example:
 - Auckland Council recently adopted a targeted rate for accommodation providers to partly fund Auckland Tourism, Events and Economic Development (ATEED)
 - Queenstown Lakes District Council classes accommodation as a type of land use (enabling council to charge accommodation providers differently for each rate type, for example water rates are higher for accommodation properties) and has a Tourism Promotion Rate targeted to commercial and accommodation properties
 - Wellington City Council has a Downtown Levy (targeted rate) on all commercial properties in the downtown area for marketing and events, and retail and tourism activities.

Are government funding and regulatory systems fit for purpose in the face of visitor growth?

24. Tourism operates across the economy, and is therefore underpinned by a wide range of government funding and regulatory systems.
25. The central government Tourism Chief Executives' Group has commissioned work to ensure that local and central government systems are fit for purpose, agile and able to support the government in achieving its objectives for tourism. This includes making sure that government systems can capture the benefits and meet the challenges of visitor growth, but also that they are able to adapt if visitor growth slows.

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26. The Tourism CEs' group has identified three areas to focus on:
- DOC's ability to respond to changes in demand in relation to tourism and recreation. Funding increases for DOC will likely assist with this
 - the Government Policy Statement on Land Transport and how this translates into investment decisions by NZTA
 - local government funding models.

How do we ensure that tourism flows across regions support inclusive and sustainable growth?

27. Ensuring regional New Zealand benefits from tourism will be important in making sure that tourism growth is sustainable and inclusive.
28. This includes supporting less-visited regions to make the most of their tourism potential, to both allow these regions grow their economies and relieve pressures from the busiest regions. Many regions have identified tourism as a priority sector and MBIE has provided funding for tourism-related initiatives in these areas.
29. It is also important to support those regions that are experiencing pressures from visitor growth. For example, Queenstown is facing a range of infrastructure challenges as a result of strong visitor growth combined with a small rating base – there are 39 visitors to every one ratepayer. Given Queenstown is an iconic New Zealand visitor destination, there is a reputational risk to New Zealand's tourism industry if Queenstown does not continue to deliver a high-quality visitor experience.
30. Several agencies make decisions about how they support tourism in the regions. Examples include NZTA with regard to land transport, DOC with regard to the public conservation lands, and TNZ with regard to decisions about which regions to promote in overseas markets.
31. It is important to ensure that current and future government support is aligned in order to maximise the overall effectiveness in protecting the quality of the visitor experience, contributing to the sustainability of visitor growth and distributing the benefits of this growth across regions.
32. Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982
- This is
- based around the '4As framework' commissioned by MBIE and developed by Business and Economic Research Limited (BERL) which states that established tourism regions will:
- be able to be readily *accessed* by a range of transport modes and gateways
 - have a range of *attractions* that encourage visitation
 - have adequate *amenities*, including accommodation and public infrastructure, to ensure visitors have quality experiences
 - enjoy a level of *awareness* in the market that ensures they attract visitors.

How can the sector continue to enjoy the support of the majority of New Zealanders?

33. Community support – or “social licence” – is critical for a successful and sustainable tourism sector. The Mood of the Nation survey⁴ shows the majority of respondents – 96 per cent – think tourism is good for New Zealand.
34. However, continuing visitor growth could lead to concerns about “over-tourism”, particularly if New Zealanders feel the costs outweigh the benefits, or if they feel they are being “pushed out” (e.g. due to overcrowding at some attractions, pressure on local infrastructure and amenities, or hotel prices increasing). This is a trend overseas, in places like Venice and Barcelona, but does not yet appear to be an issue in New Zealand. While still in the minority, the number of respondents to the Mood of the Nation survey who think that New Zealand has too many visitors has grown from 13 per cent in December 2015, to 21 per cent in March 2017.
35. To maintain the support of the majority of New Zealanders, it will be important for central government to continue to work with the sector and local government to address the specific issues that can undermine the reputation of tourism. Currently, visiting drivers and freedom camping are two of the main challenges to the sector’s social licence to operate.
 - There is a cross-agency programme of work to improve overseas driver safety – the Visiting Drivers Signature Project. The Ministry of Transport’s Overseas Drivers in Crashes 2016 report shows that the number of crashes involving overseas licence holders has stayed relatively constant over the last 10 years.
 - The Freedom Camping Act 2011, administered by DIA and DOC, provides the framework to regulate freedom camping in New Zealand. There has been a growing focus, by industry and government, on ensuring that the local rules to manage freedom camping are communicated clearly to visitors to encourage responsible camping behaviour. Freedom camping continues to place pressure on some communities and the system is becoming more complex, with different regions operating different bylaws. There may be a need to consider the role that freedom camping plays in New Zealand’s tourism and recreation offering.
36. It will also be important to increase New Zealanders’ understanding of the direct and indirect benefits tourism brings, and in doing so help retain their support of the sector. The tourism sector is largely responsible for communicating and demonstrating the value of the tourism industry to New Zealanders. However, there is an opportunity for central government to support the sector to create a positive narrative around tourism growth. At the request of the Tourism CEs’ Group, a cross-agency communications group developed a social licence communications plan in May 2017. The plan includes messaging about work currently underway to address issues that may be causing some concern in New Zealand communities where tourism growth is strong.
37. Finally, an emerging consideration is ensuring that communities are able to self-determine the role tourism plays in their region.

⁴ The Mood of the Nation research is commissioned by TNZ and Tourism Industry Aotearoa (the industry peak body) and measures New Zealanders’ perceptions of tourism. The survey began in 2015 and is conducted twice a year, with over 1000 New Zealanders interviewed across the two surveys.

2. Portfolio responsibilities

39. Government's role in relation to the sector is not straightforward. The sector is diverse, and ranges from a few large, highly-productive multinationals through to many small and seasonal operators. There is no regulation specific to tourism businesses (health and safety regulation relating to adventure activities includes operators outside the tourism sector)⁵ and tourism-specific international agreements – where they exist – are non-binding.
40. Each visitor's experience of New Zealand (and their willingness to spend while they are here) is determined by their interactions with a wide range of businesses, as well as central and local government services. In order to deliver high quality visitor experiences, it is important that the overall tourism system – from airlines, to accommodation providers, to local government infrastructure – is able to respond to sudden changes in the number and types of visitors coming to New Zealand. Government has a role in enabling the system to adapt as quickly as possible to changes in demand in order to maintain New Zealand's international reputation and ensure tourism continues to deliver benefits to New Zealanders.

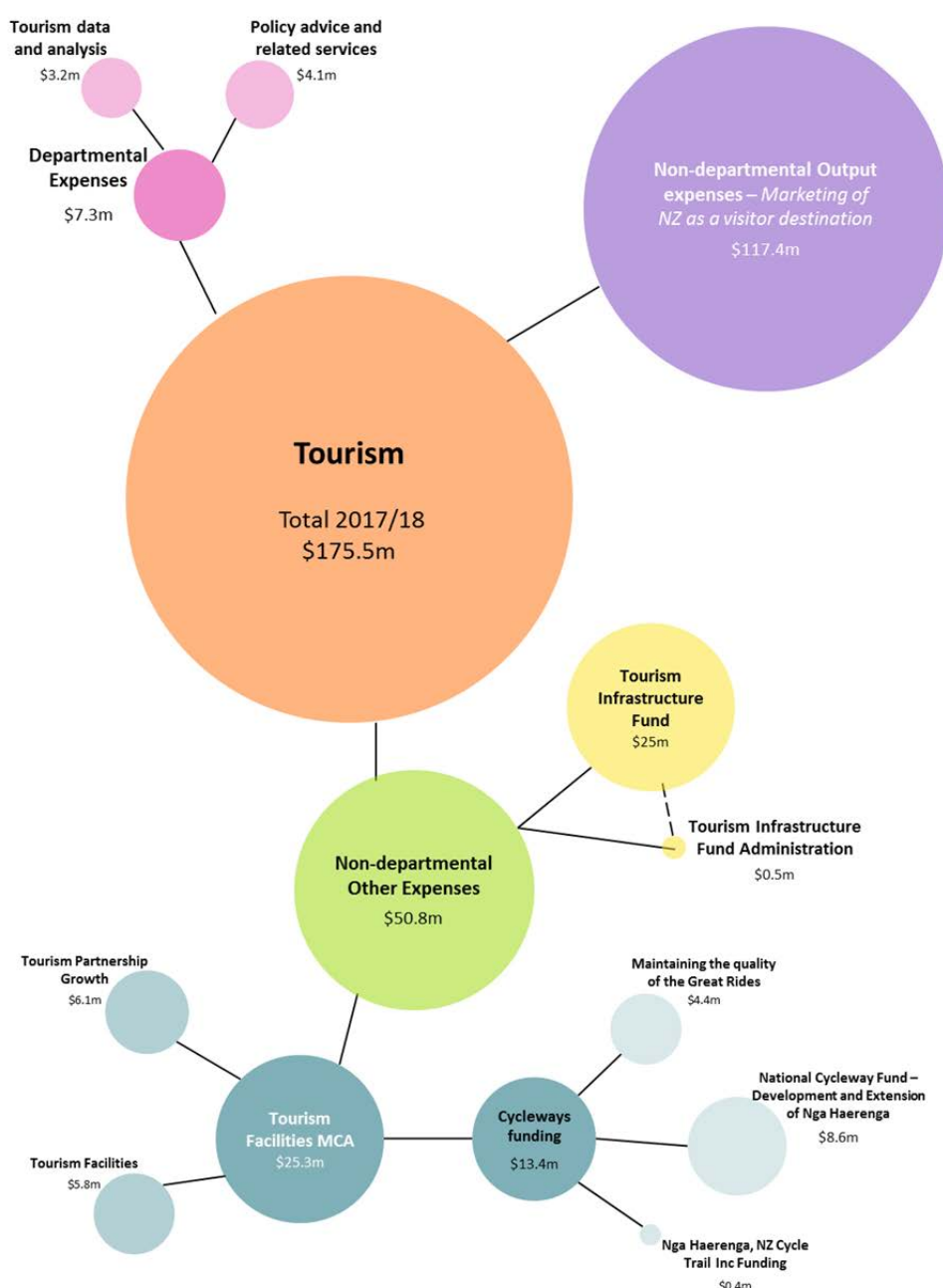
The main functions within your portfolio are delivered by MBIE and Tourism New Zealand

41. MBIE is responsible for:
- providing policy advice, research and data to promote a high-value tourism sector
 - monitoring the Crown entities that support the tourism sector
 - managing the Tourism Infrastructure Fund and the Tourism Facilities Development Grant Fund
 - managing the operation of Ngā Haerenga, the New Zealand Cycle Trail, including the management of the Cycle Trail Fund and the Maintaining the Quality of the Great Rides Fund.
42. Given the cross cutting nature of tourism, MBIE is also involved in a wide range of cross-government initiatives. You are often called on to comment on a wide range of issues that also touch on other portfolios e.g. freedom camping, hotel investment. The Tourism CEs' group helps to coordinate across the range of portfolios that impact tourism.
43. The aim of TNZ, as set out under the New Zealand Tourism Board Act 1991, is to ensure that New Zealand is marketed as a competitive visitor destination internationally, in order to maximise long-term benefits to New Zealand. TNZ does this by:
- developing, implementing and promoting strategies for tourism
 - advising the Government and the New Zealand tourism industry on matters relating to the development, implementation and promotion of those strategies.
44. MBIE works closely with TNZ to help ensure that its marketing and other activities are aligned with TNZ's strategic direction, and that MBIE's advice is well-informed by market intelligence.
45. TNZ will be providing you with a separate briefing.

⁵ Health and Safety at Work (Adventure Activities) Regulations 2016

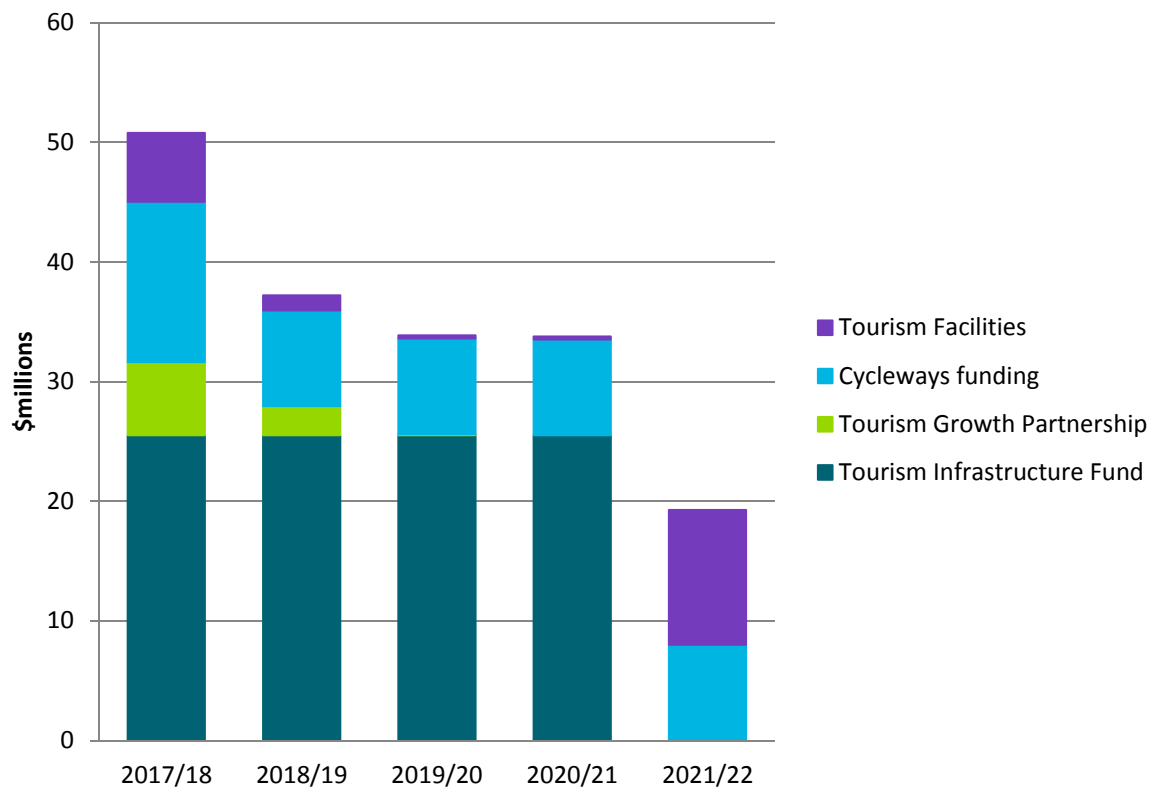
You are also responsible for other entities, legislation and funds

46. As Minister of Tourism, you are also responsible for the New Zealand Māori Arts and Crafts Institute and the appointment the Chair of Ngā Haerenga, the New Zealand Cycle Trail Incorporated (NZCT Inc). NZCT Inc is an incorporated society established in 2013 to take on a long-term governance role in relation to Ngā Haerenga, the New Zealand Cycle Trail.
47. You have responsibility for the following Acts:
 - New Zealand Tourism Board Act 1991
 - the New Zealand Māori Arts and Crafts Institute Act 1963.
48. The overall budget allocation for the tourism portfolio in 2017/18 is \$175 million under Vote Business, Science and Innovation. The diagram below sets out the total 2017/18 appropriation for the Tourism portfolio. This captures both departmental funding (funding received by MBIE to provide services directly) and non-departmental funding (funding provided via MBIE to other agencies for them to provide services).



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49. Some of the non-departmental funding is time-limited and will decline over the next four years⁶:



50. More detailed information on your portfolio is set out in the annexes to this briefing:

- **Annex 3** sets out relevant funds and appropriations
- **Annex 4** sets out relevant legislation and regulations
- **Annex 5** sets out relevant Crown entities and statutory bodies
- **Annex 6** sets out key sector stakeholders.

The Tourism Chief Executives' Group helps provide cross-portfolio coordination and strategic oversight to deliver on tourism objectives

51. The Tourism Chief Executives' Group was established in 2016, recognising that the issues facing tourism cut across many portfolios and government agencies. The Tourism CEs' group aims to coordinate and align the government's tourism-related activities by:

- providing strategic oversight
- facilitating information sharing
- removing roadblocks

⁶ \$11 million funding has been transferred from Tourism Facilities to fund the Tourism Infrastructure Fund (TIF) from 2018-2021. Since the Tourism Facilities funds have closed, this \$11 million is available to continue funding the TIF, or other Tourism programmes from 2021/22 onward.

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- helping manage relationships across the diverse range of Ministers whose portfolios intersect with the tourism sector.
52. The Group is chaired by the Chief Executive of MBIE. Other members of the Group are the Chief Executives of DOC, DIA, the Ministry for Culture and Heritage, Ministry of Transport, NZTA, and TNZ. A representative of the Department of the Prime Minister and Cabinet also attends meetings, which occur approximately every two months. A group of senior officials (tier 3 managers) also meet at the same frequency to support the CEs.
 53. The Group takes a proactive approach to identifying and addressing short-term pressures, ensuring the tourism system can respond to growth in the medium-term and setting a long-term vision for the tourism system. The Group's current work programme is set out in **Annex 7**.
 54. The Group proposes to meet with you at your earliest convenience.

3. Major links with other portfolios

55. Beyond the Tourism portfolio, government delivers a range of other interventions that impact on, and are impacted by, the tourism sector. Work within your portfolio can help to ensure these interventions take account of the needs and characteristics of the tourism sector. The following model summarises the major links of the tourism policy portfolio across government:



4. How MBIE assists you





56. Responsibility for providing you with advice and support in relation to the Tourism portfolio sits mainly within MBIE's **Tourism Policy** unit (approx. 15 people) located in the Tourism, Sectors, Regions and Cities branch, within the Labour, Science and Enterprise group. The Tourism Policy unit provides advice and analysis to support government and industry decision-making in relation to the sector; oversees the implementation of government priorities; works with industry; and advises on and manages government's investment in tourism-related infrastructure.
57. The **Labour, Science and Enterprise Engagement and Communications** unit in the Engagement, Communications and Ministerial Services branch provides the communications support for the portfolio, and leads the cross-government tourism communications group.
58. The **Sector Trends** unit (approx. 3-4 people) in the Research, Evaluation and Analytics branch collects, analyses and publishes tourism data. This includes the production of official statistics on tourism, which enable you to monitor change and progress in the tourism sector and make well-informed policy and investment decisions. The products produced by the Sector Trends unit include:
- the International Visitor Survey, which measures quarterly spend of international visitors (a Tier 1 Statistic)⁷
 - the Monthly Regional Tourism Estimates – estimates international and domestic spend by region, country of origin and tourism product
 - the New Zealand Tourism Dashboard – provides a one-stop shop for all tourism data in New Zealand. Information is presented using dynamic graphs and data tables
 - the International Tourism Forecasts – provides expectations on the future tourism demand in New Zealand. The forecasts are intended to support the tourism sector and government in decision making and planning.
59. The **Board Appointments and Governance** unit in the Entity Performance and Investment branch monitors the financial and non-financial performance of TNZ. This includes advising ministers on Board appointments and key accountability processes.
60. In addition:
- the **Research and Evaluation** unit in the Research, Evaluation and Analytics branch evaluates the effectiveness of government initiatives that impact on tourism (for instance, Ngā Haerenga, the New Zealand Cycle Trail)
 - the **Major Events** unit in the Tourism, Sectors, Regions and Cities branch administers the Major Events Development Fund (reports to the Minister for Economic Development).

⁷ Tier 1 statistics need to be of a high standard so that you, the public and international markets can have trust and confidence in their quality and integrity. The Principles and Protocols for Producers of Tier 1 Statistics provide standards for statistical production and release to ensure that Tier 1 statistics are independent, free from influence and equally accessible to all.


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61. More broadly, work across a number of other MBIE areas contributes to your portfolio, including:
- work within the **Economic Development and Regional Economic Development portfolios** to leverage investments in other sectors, such as screen and major events, to benefit the tourism industry, and support regional economic development
 - work within the **Employment and Small Business portfolios** to lift skills and capability of those employed by, and managing, tourism businesses, and providing business support
 - work within the **Immigration portfolio** to facilitate high-value, low-risk visitors from visa-required countries, as well as helping to ensure the sector has access to the skilled labour it needs when New Zealanders are not available to fill tourism roles.

Key MBIE contacts

Contact	Role	Contact details
<p>Carolyn Tremain</p> 	Chief Executive	<p>E Carolyn.Tremain@mbie.govt.nz</p> <p>Information withheld consistent with s9(2)(a) of the Official Information Act 1982</p>
<p>Paul Stocks</p> 	Deputy Chief Executive, Labour, Science and Enterprise group	<p>E Paul.Stocks@mbie.govt.nz</p> <p>Information withheld consistent with s9(2)(a) of the Official Information Act 1982</p>
<p>Iain Cossar</p> 	General Manager, Tourism, Sectors, Regions and Cities branch	<p>E Iain.Cossar@mbie.govt.nz</p> <p>Information withheld consistent with s9(2)(a) of the Official Information Act 1982</p>
<p>Michael Bird</p> 	General Manager, Entity Performance and Investment	<p>E Michael.Bird@mbie.govt.nz</p> <p>Information withheld consistent with s9(2)(a) of the Official Information Act 1982</p>

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Contact	Role	Contact details
<p>Eileen Basher</p> 	<p>General Manager, Research, Evaluation and Analytics branch</p>	<p>E Eileen.Basher@mbie.govt.nz Information withheld consistent with s9(2)(a) of the Official Information Act 1982</p>

5. Tourism work programme

Focus for the first 100 days

62. The tables below lists the major decisions and actions you will be asked to consider in your first 100 days as the Minister of Tourism, as well as possible meetings and announcement opportunities.

Key decisions and appointments

Topic	Description	Driver	Timing
Things that are going to happen			
100 day plan	We would welcome an early meeting with you to discuss your priorities for the first 100 days.	Ministerial priorities	At your earliest convenience
Tourism Infrastructure Fund (TIF)	<p>Decisions needed for TIF funding Round One and announcement of successful applicants.</p> <p>The TIF provides up to \$100 million over four years to support the development of visitor-related public infrastructure such as carparks, toilets, and sewerage and water works. The TIF targets local communities that are disproportionately affected by visitor growth, and are unable to respond in a timely way without assistance.</p> <p>Applications to Round One of the TIF closed on 4 September 2017. 43 eligible applications were received – 39 applications for infrastructure projects, seeking funding of \$17.8 million for projects worth a total of \$35 million; and four applications seeking a total of \$70,000 for feasibility study funding.</p> <p>MBIE is assessing the eligible proposals and will make recommendations to the TIF Panel. The Panel's role is to consider MBIE's evaluation and make funding recommendations to the Minister of Tourism.</p> <p>Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982 As the Minister of Tourism, you have the final approval of successful applications.</p>	Agency briefing on proposed options	November
October Baseline Update for 2017	The October Baseline Update is an in-year revision of the Budget, where variances against the previous set of forecasts are charged against the operating allowance. You will be asked to sign a 2017 October Baseline Update submission for Vote Tourism, before submission to the Minister of Finance. This is a technical document.	Public Finance	15 November
Budget 2018	We would like to have an early conversation with you about your plans for Budget 2018.	Budget 2018	At your earliest convenience

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Topic	Description	Driver	Timing
Things currently scheduled to happen			

Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982

National Cycleway Fund – Development and Extension of Ngā Haerenga, NZCT Inc	<p>MBIE will seek the Minister’s approval to fund some Priority Projects and a Business Case for Great Ride cycle trails.</p> <p>The Priority Projects are for remedying immediate, high priority safety concerns on existing Great Rides. A Business Case is the document that provides the basis for the Minister to make funding decisions to enhance and extend a Great Ride.</p>	Agency briefing on proposed options	November
A response will be required to:			

Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982

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Topic	Description	Driver	Timing
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Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982

The 2017/18 peak visitor season	MBIE leads the cross-government tourism communications group, which has developed a protocol and key message bank for use over the peak season when incidents related to tourism appear in the media. The protocol document will be updated ahead of the next peak season. Issues are likely to emerge that you will be asked to comment on.	Peak visitor season	December - February
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Upcoming meetings, events, publications, workshops and announcements

Topic	Description	Driver	Timing
Tourism Infrastructure Fund (TIF)	Once Round One TIF funding decisions are made, the successful applicants will need to be announced.	Announcement opportunity	November
Tourism Chief Executives' Group	The Tourism Chief Executives' Group propose to meet with you at your earliest convenience.	Possible meeting	November/December
Tourism Industry Aotearoa (TIA)	TIA is the largest tourism membership organisation. TIA represents around 85% of the total tourism industry turnover. We recommend meeting with TIA ahead of the TIA summit.	Possible meeting	November
TIA Tourism Summit	The annual Tourism Summit is the largest national annual tourism event that brings together businesses and government. The Minister of Tourism will be invited to speak at the event.	Speaking opportunity	14 November
Maintaining the Great Rides (MGR)	Once decisions on Round 7 of the MGR are made (by MBIE), you may like to announce the successful projects.	Announcement opportunity	November

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Topic	Description	Driver	Timing
<p>The Great Southern Tourism Opportunity</p>	<p>Queenstown Lakes District Council is hosting the Southern Tourism Opportunity forum on the evening of 30 November (6-8pm) and the full day of 1 December in Queenstown (7.30am-4pm).</p> <p>MBIE has been working with QLDC to look at the infrastructure investment required to respond to tourism growth pressures. The summit will be looking at destination management and planning for tourism across the lower South Island – the regional opportunities, visitor flows, growth, investment and how this fits with wider regional economic development and regional infrastructure. QLDC will be inviting Mayors/CEs from a number of South Island Councils, Iwi, key tourism players and representatives from central government including NZTA, DOC, DIA, TNZ and MBIE.</p>	<p>Speaking opportunity</p>	<p>30 Nov – 1 Dec</p>

Annex 1: Key tourism statistics

Contribution to the New Zealand economy (year ending March 2016)¹

- \$34.7 billion tourism expenditure – an increase of 12.2 per cent:
 - Domestic tourism = \$20.2 billion
 - International tourism = \$14.5 billion (20.7 per cent of exports)
- Direct contribution to GDP - \$12.9 billion (5.6 per cent of GDP)
- 188,136 people employed in tourism (7.5 per cent of total employment)
- \$2.8 billion in GST revenue

International visitor arrivals and spend

- There were 3.67 million visitor arrivals in the year to August 2017 (9 per cent growth). Our six key markets provided 72.2 per cent of visitor arrivals.
- Total international visitor expenditure (year ending June 2017) - \$10.25 billion (0 per cent growth)
- Average expenditure per person per trip - \$3,170 (down 8 per cent)
- Average intended length of stay – 19 days (down 3 per cent)

Arrivals and spend – by market

Country	Per cent of total arrivals	Arrivals, YE August 2017	Growth (from previous year)	Spend, YE June 2017 (millions)	Growth (from previous year)
Australia	40%	1,462,000	6%	\$2,488	0%
China	11%	404,000	0%	\$1,503	-16%
USA	9%	321,000	21%	\$1,162	8%
UK	7%	246,000	15%	\$950	-5%
Germany	3%	104,000	14%	\$518	-8%
Japan	3%	102,000	6%	\$286	0%

Source: Arrivals – Stats NZ, International Travel and Migration; Spend – MBIE, International Visitor Survey

Arrivals and spend – by purpose of visit

Purpose of visit	Number of arrivals, YE August 2017	Growth (from previous year)	Spend, YE June 2017 (millions)	Growth (from previous year)
Holiday/vacation	1,912,000	11%	\$6,547	4%
Visit Friends/Relatives	1,060,000	7%	\$2,074	-2%
Business	299,000	5%	\$708	-20%
Other	387,000	9%	\$920	-9%

Source: Arrivals – Stats NZ, International Travel and Migration; Spend – MBIE, International Visitor Survey

¹ Stats NZ, Tourism Satellite Account. Note that MBIE's quarterly International Visitor Survey also provides a measure of international visitor spending, but it does not include air travel sold by New Zealand companies to international visitors, or the spend of education visitors in New Zealand for less than 12 months

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Regional tourism spend (year ending August 2017)

RTO	Domestic (millions)	International (millions)	Total (millions)	Market share
Auckland	\$3,619	\$4,332	\$7,951	29%
Christchurch	\$1,281	\$945	\$2,225	8%
Queenstown	\$706	\$1,490	\$2,196	8%
Wellington	\$1,320	\$745	\$2,066	8%
Waikato	\$1,076	\$373	\$1,448	5%
Northland	\$814	\$287	\$1,101	4%
Bay of Plenty	\$637	\$193	\$831	3%

Source: MBIE, Monthly Regional Tourism Estimates (RTO = Regional Tourism Organisation)

Commercial accommodation (year ending August 2017)

Accommodation type	Nights	Growth (from previous year)	Occupancy rate – August 2017	Occupancy rate – August 2016
Hotels	13,759,000	2%	62.8%	62.4%
Motels	12,298,000	4%	50.6%	50.7%
Holiday parks	7,757,000	4%	10.1%	9.9%
Backpackers	5,173,000	1%	32.3%	32%
Total	38,987,000	3%	35.6%	35.2%

Source: Stats NZ, Accommodation Survey

Trips abroad by New Zealanders (year ending August 2017)

Countries visited by New Zealanders	Trips	Growth (from previous year)
Annual outbound departures	2,787,000	11%
Australia	1,219,000	6%
USA	209,000	15%
Fiji	166,000	6%
UK	119,000	2%
China	112,000	19%

Source: Stats NZ, International Travel and Migration

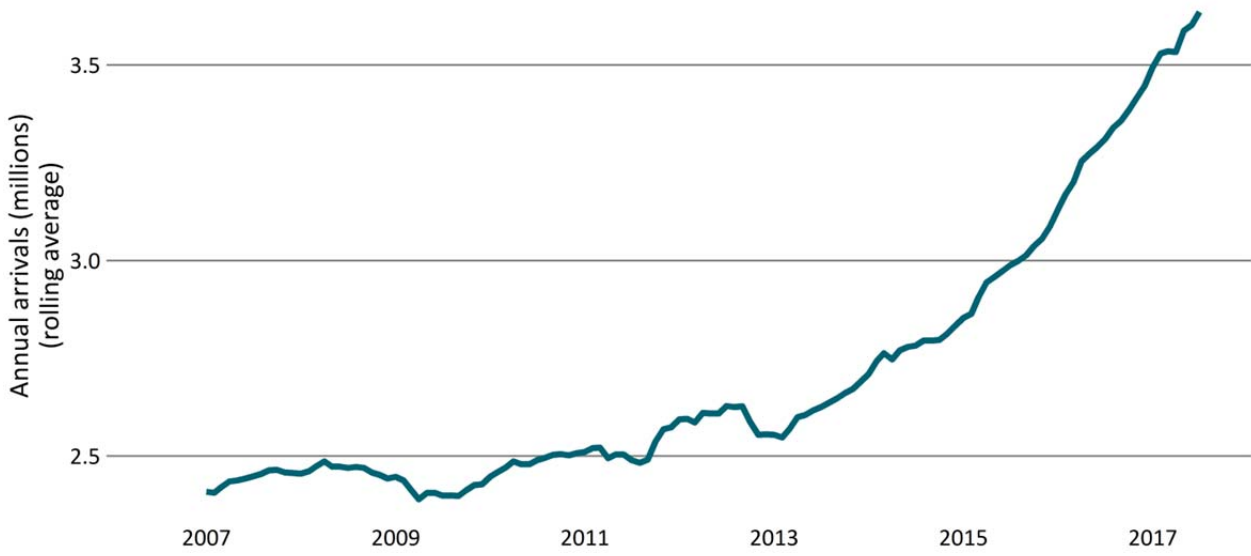
MBIE's international tourism forecasts (2017 – 2023)

- Total visitor arrivals are estimated to be 4.9 million by 2023 – 4.8 per cent growth per annum
- Total visitor expenditure is estimated to be \$15.3 billion by 2023 – 6.2 per cent growth per annum

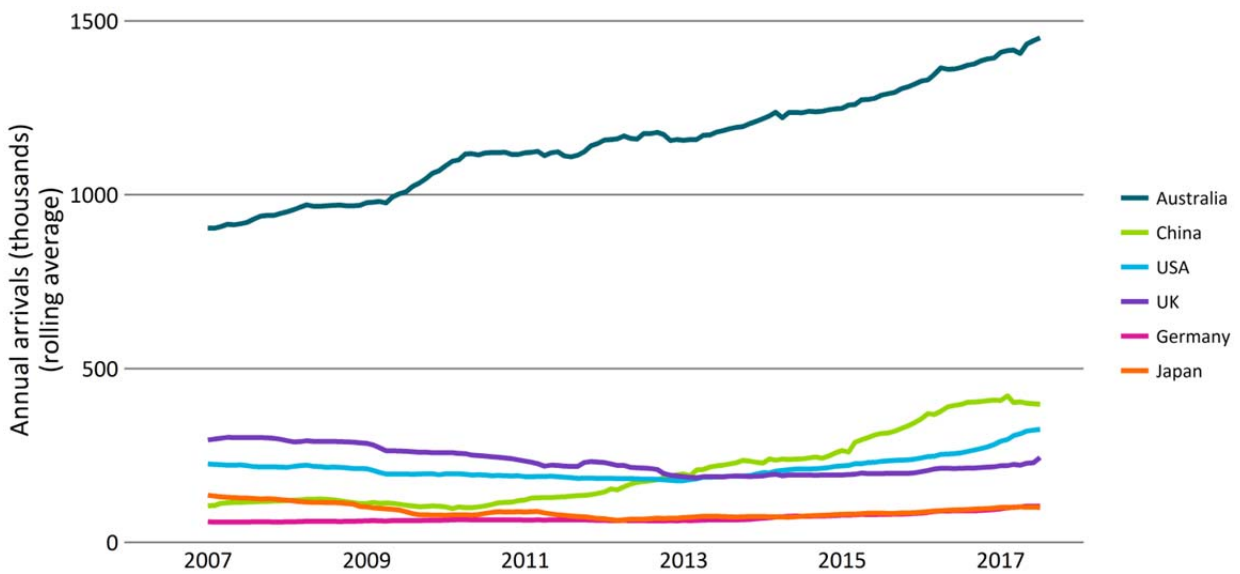
Country	Arrivals	Spend (millions)
Australia	1,759,000	\$3,073
China	913,000	\$4,348
USA	440,000	\$1,715
UK	268,000	\$1,106
Germany	144,000	\$873
Japan	140,000	\$448

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Total visitor arrivals

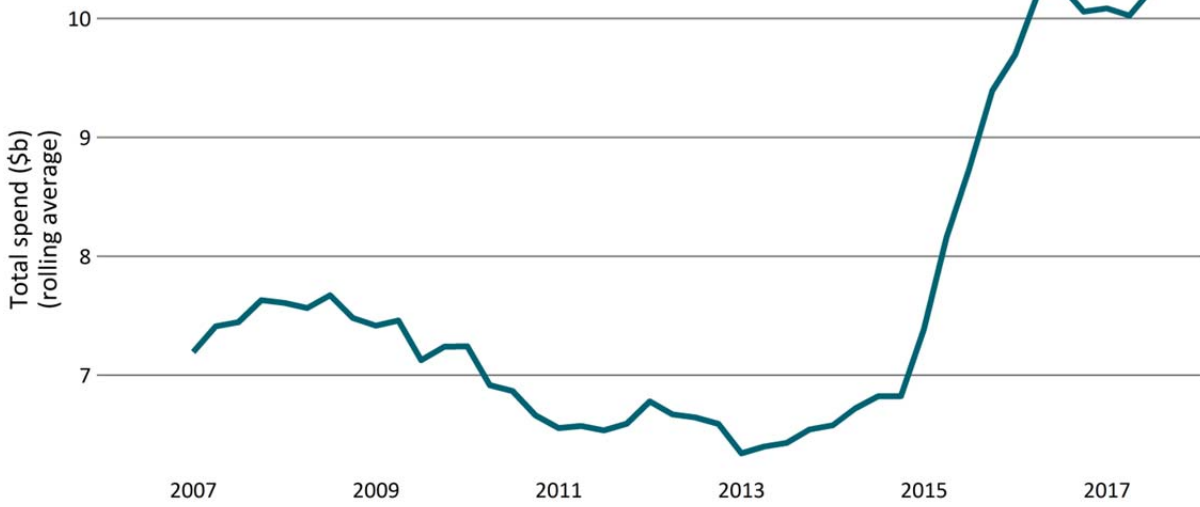


Visitor arrivals, by market

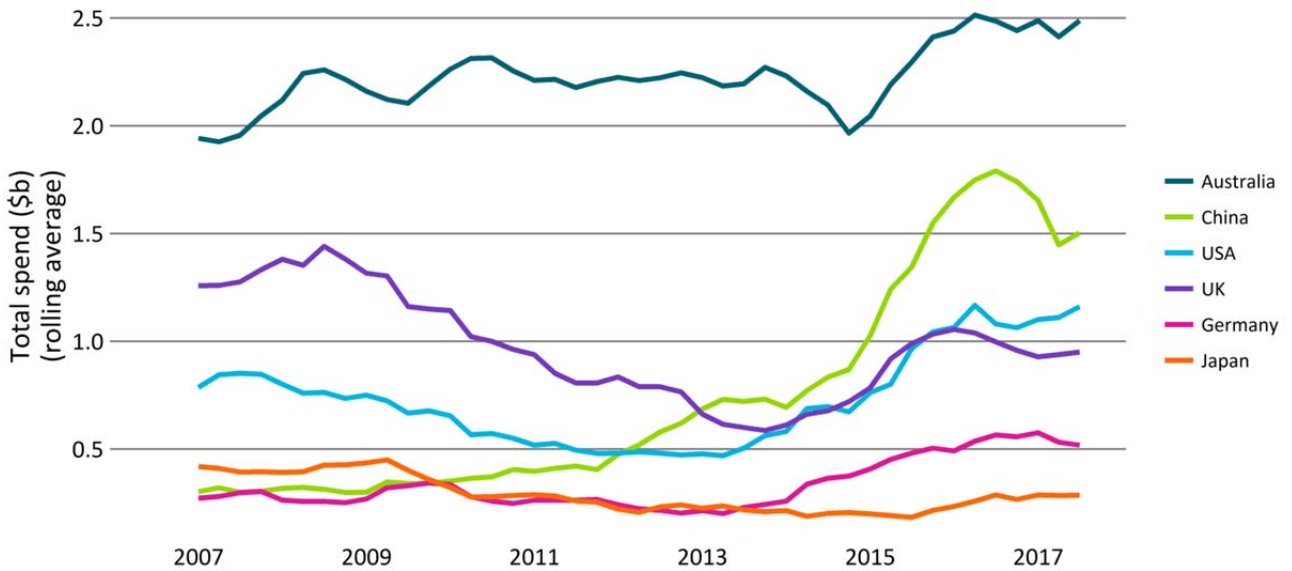


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International visitor spend, total



International visitor spend, by market



Annex 2: An all-of-government approach to the tourism system

Annex 3: Funds and appropriations

The Minister of Tourism is responsible for appropriations of:

- just over \$117 million for the promotion of New Zealand to key overseas markets as a visitor and business destination
- just under \$26 million for the funding of New Zealand Tourism Infrastructure
- just over \$25 million for the funding of New Zealand Tourism Facilities
- just over \$7 million for the funding of Policy Advice, Related Services to Ministers and Data and Analysis.

Tourism Infrastructure Fund

The Tourism Infrastructure Fund (TIF) was established in Budget 2017, providing up to \$100 million over four years to support the development of visitor-related public infrastructure such as carparks, toilets, and sewerage and water works. The TIF targets local communities that are disproportionately affected by visitor growth, and are unable to respond in a timely way without assistance.

The TIF is a contestable fund with up to two funding rounds per year. A priorities statement is published setting out the objectives for each round. A panel made up of independent advisors, sector representatives, and government officials will provide recommendations to the Minister of Tourism, who will give final approval on projects that will receive funding.

Current panel members are: Judy Kirk (Chair), Norm Thompson (ex Air NZ), Kauahi Ngapora (Whale Watch Kaikoura), Chris Roberts (TIA), Sarah Hannan (Southland Regional Development Strategy), Iain Cossar (MBIE) and Bruce Parkes (DOC).

Tourism Facilities funding

- *National Cycleway Fund – Development and Extension of Ngā Haerenga, The New Zealand Cycle Trail*: a contestable fund of \$31 million over five years which provides financial assistance for the development, enhancement and extension of the Great Rides. There are 22 Great Rides at present – 19 of which are fully open. The Minister of Tourism approves all co-funding decisions in relation to this Fund.
- *Maintaining the Quality of the Great Rides*: a contestable fund established in Budget 2014 for \$8.0 million to be used to maintain and enhance the quality of the Great Rides of Ngā Haerenga, the New Zealand Cycle Trail. MBIE manages this Fund and has approved a total of \$4.8 million of funding to 59 projects across 20 Great Rides since the fund began. The Minister of Tourism announces grants when they are made.
- *New Zealand Cycle Trail Incorporated funding*: \$400,000 per annum for the financial years 2016/17-2017/18 for operational funding to the Ngā Haerenga, New Zealand Cycle Trail Incorporated.
- *Tourism Facilities Development Grants fund*: a \$267,000 per annum discretionary fund for assisting with the development of non-commercial tourism facilities and services. The

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Minister of Tourism considers grants from the fund on the recommendation of the Ministry.

The remainder of the Tourism Facilities funding is for the completion of contracts already awarded under the Regional Mid-sized Tourism Facilities Grant Fund (\$5.7 million) and the Tourism Growth Partnership (\$6.1 million). These funds were closed and the funding was incorporated into the Tourism Infrastructure Fund when it was created.

Annex 4: Relevant legislation and regulations

New Zealand Tourism Board Act 1991

The New Zealand Tourism Board Act 1991 establishes Tourism New Zealand (the New Zealand Tourism Board) and defines its functions and powers. The Act is administered by MBIE under Vote Business, Science and Innovation.

New Zealand Māori Arts and Crafts Institute Act 1963

The New Zealand Māori Arts and Crafts Institute Act 1963 establishes the New Zealand Māori Arts and Crafts Institute (MACI) to encourage, develop and promote all types of Māori culture and the practice and appreciation of Māori arts and crafts. The Act is administered by MBIE under Vote Business, Science and Innovation.

Health and Safety in Employment (Adventure Activities) Regulations 2011

The Health and Safety in Employment (Adventure Activities) Regulations 2011 require adventure activity operators to undertake and pass an external safety audit of their safety management systems to continue to legally provide adventure activities. These regulations are administered by MBIE under Vote Labour.

Annex 5: Crown entities and statutory bodies

The Minister of Tourism has responsibilities for the following:

- the New Zealand Tourism Board (operating as Tourism New Zealand)
- the New Zealand Māori Arts and Crafts Institute.

You are also responsible for appointing the Chair of New Zealand Cycle Trail Inc.

Tourism New Zealand

Tourism New Zealand is the Crown entity responsible for ensuring New Zealand is effectively marketed as a visitor destination to maximise long-term benefits to New Zealand. Its statutory responsibilities under the New Zealand Tourism Board Act 1991 are to develop, implement and promote strategies for tourism, and to advise the government and the New Zealand tourism industry on matters relating to the development, implementation and promotion of those strategies.

Tourism New Zealand is governed by a board of five to nine directors, each appointed by the Minister of Tourism for a term of up to three years. The current board members are:

Board member	Appointment dates
Kerry Prendergast (Chair)	15/8/2011 – 17/8/2018
Richard Leggat	1/2/2010 – 10/4/2018
Raewyn Idoine	18/8/2015 – 17/8/2018
Mike O'Donnell	1/12/2013 – 15/12/2019
Chris Parkin	11/04/2014 – 30/6/2018
Jan Hunt	1/07/2017 – 30/6/2018
John Thorburn	6/8/2012 – 30/6/2018
Jamie Tuuta	7/3/2013 – 17/8/2018

Stephen England-Hall is the Chief Executive.

MBIE monitors Tourism New Zealand's performance on behalf of the Minister of Tourism. MBIE provides advice to accompany Tourism New Zealand's accountability documents and quarterly reports.

The New Zealand Māori Arts and Crafts Institute

The New Zealand Māori Arts and Crafts Institute (MACI) was established under the New Zealand Māori Arts and Crafts Institute Act 1963 to encourage, develop and promote all types of Māori culture and the practice and appreciation of Māori arts and crafts. The MACI legislation is administered by MBIE. However, while MBIE provides policy advice, the Minister for Māori Development is the lead Minister for MACI, with support from Te Puni Kōkiri (TPK).

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The Act provides for the Crown to appoint a board of up to seven members for a three-year term and for MACI to provide an Annual Report with audited accounts to the responsible Minister to be tabled in Parliament. MACI is not subject to the Crown Entities Act 2004. The board members are:

Board member	Appointment dates
Harry Burkhardt (Chair)	31/5/2007 – 7/8/2019
Deryck Shaw	31/5/2007 – 7/8/2019
Kenneth Raureti	9/6/2010 – 7/8/2019
Robyn Bargh	9/6/2010 – 7/8/2019
Tupara Morrison	9/6/2010 – 7/8/2019
David Tapsell	29/6/2015 – 28/6/2018
Manutai Schuster	29/6/2015 – 28/6/2018

Tim Cossar is the Chief Executive.

MACI (trading as Te Puia) sells tourism services comprising tours of the Whakarewarewa thermal valley, concerts, carving and weaving demonstrations, as well as retail products.

In May 2008, the government agreed in principle that the preferred option for future ownership of MACI is to vest ownership in Ngāti Whakaue and Tūhourangi Ngāti Wāhiao. Subsequently, on 19 November 2010, the Crown land from which the MACI business operates (the Whakarewarewa thermal valley) was vested in the Whakarewarewa Joint Trust, which holds the land for Ngāti Whakaue and Tūhourangi Ngāti Wāhiao.

The government has subsequently been advancing efforts to vest the MACI business in the Whakarewarewa Trust. In July 2017, a ballot seeking to endorse the vesting process was approved by trust beneficiaries. This enabled the Minister for Māori Development to sign a Vesting Agreement with Te Puia/MACI on 4 August 2017. Vesting legislation is required to give effect to the terms of the agreement.

Ngā Haerenga, the New Zealand Cycle Trail Incorporated

Ngā Haerenga, the New Zealand Cycle Trail Incorporated (NZCT Inc) was established as an incorporated society in 2013 to take on a long-term governance role in relation to Ngā Haerenga, the New Zealand Cycle Trail. In light of the injection of \$31 million more funds for enhancing and extending the Great Rides, MBIE, NZTA and NZCT Inc have recently agreed to a re-alignment of their respective roles in relation to the New Zealand Cycle Trail.

The government has provided \$400,000 per annum in financial years 2016/17 and 2017/18 towards the operational costs of NZCT Inc.

The Minister of Tourism appoints the Chair of NZCT Inc. The current Chair, Richard Leggat, has recently been appointed for a further term through to 30 June 2018. The other five Directors are elected by members.

Annex 6: Key sector stakeholders

Organisation	Contact	Role
Accor Asia Pacific	Chris Sedgwick	Vice President, New Zealand, Fiji & French Polynesia
Air New Zealand	Tony Carter	Chair
	Christopher Luxon	Chief Executive
Auckland International Airport Ltd. (AIAL)	Sir Henry van der Heyden	Chair
	Adrian Littlewood	Chief Executive
Auckland Tourism, Events and Economic Development (ATEED)	David McConnell	Chair
	Nick Hill	Chief Executive
China Southern	Mike Ma	General Manager New Zealand
Christchurch International Airport Ltd. (CIAL)	David MacKenzie	Chair
	Malcolm Johns	Chief Executive
Hospitality New Zealand	Clare Davies	National President
	Vicki Lee	Chief Executive
Local Government New Zealand (LGNZ)	Dave Cull	President
	Malcolm Alexander	Chief Executive
New Zealand Cycle Trail Inc (NZCT Inc)	Richard Leggat	Chair
New Zealand Holiday Parks Association	Ian Smith	President
	Fergus Brown	Chief Executive
New Zealand Māori Tourism (NZMT)	Dale Stephens	Chair
	Pania Tyson-Nathan	Chief Executive
Ngāi Tahu Tourism	Sarah Smith	Chair
	Quinton Hall	Chief Executive
Queenstown International Airport	John Gilks	Chair
	Colin Keel	Chief Executive
Regional Tourism Organisations New Zealand (RTONZ)	Graham Budd	Chair
	Charlie Ives	Executive Officer
Rental Vehicle Association New Zealand	Barry Kidd	Chief Executive
SkyCity	Graeme Stephens	Chief Executive
Tourism Infrastructure Fund Panel	Judy Kirk	Chair
Tourism Export Council	Anna Black	President
	Judy Chen	Chief Executive
Tourism Holdings Limited (THL)	Rob Campbell	Chair
	Grant Webster	Chief Executive
Tourism Industry Aotearoa (TIA)	Grant Webster	Chair
	Chris Roberts	Chief Executive
Wellington International Airport	Tim Brown	Chair
	Steve Sanderson	Chief Executive

Annex 7: Tourism Chief Executives' Group work programme

The Tourism CEs' work programme is organised around:

- identifying and addressing short-term pressures in the tourism system
- ensuring the tourism system can respond to visitor growth in the medium-term
- setting a long-term vision for how a successful tourism system would look in 2050.

Addressing short-term pressures

Tourism CEs have mainly focused on:

- NZTA and MBIE's work, including with the Queenstown Lakes District Council (QLDC), to address pressures and constraints in Queenstown resulting from rapid visitor growth
- work by DIA and MBIE relating to freedom camping.

Addressing pressures in Queenstown

Queenstown is an iconic New Zealand visitor destination, which is facing a range of pressures as a result of strong visitor growth. Queenstown Lakes District Council (QLDC), with support from central government, has been working to develop a long term plan to address the challenges and unlock the opportunities presented from strong visitor growth. Local leaders are key drivers of this work.

On 4 October, Queenstown Mayor, Jim Boulton, and QLDC Chief Executive, Mike Theelen, presented progress on the business case to the Tourism CEs group. NZTA activity is a large part of the proposed investment and QLDC is looking at a range of scenarios to fund their share of the shortfall, including maximising its debt ratio and selling assets. QLDC also needs to continue to deliver its core services to the local community.

QLDC is developing its masterplan to address growth pressures and maintain and enhance Queenstown's reputation as a premier destination. It outlines a 35-year plan for growth, and focuses on transport infrastructure and enhancing the town centre.

A key component of the masterplan is a proposal for a new arterial route around the CBD. This arterial route is included in the Queenstown Integrated Transport Programme Business Case, which was considered by the Transport Agency Board on 25 August 2017.

MBIE officials meet fortnightly with QLDC to ensure there are no surprises in the business cases being developed, and to provide advice to QLDC as required. In addition, MBIE's Iain Cossar (General Manager, Tourism, Sectors, Regions & Cities branch) is part of the Queenstown Transport Governance Group, alongside NZTA's Jim Harland (Regional Relationships South Island Director).

MBIE is also providing input and guidance to assist QLDC to frame Queenstown's growth pressures within broader district, regional, and national contexts. QLDC is engaging a consultant to assist them with this work.

Freedom camping work programme

Reflective of wider trends, visitors coming to New Zealand for a freedom camping experience provide an opportunity for the tourism sector nationally, but the impact and cost of enabling that experience is felt most by a few popular communities. There is an opportunity to look at how New Zealand balances access for freedom campers to public places and the load on physical and social community infrastructure. The Minister of Local Government has been the lead Minister on work to date on freedom camping, however there are strong linkages into other portfolios, particularly Tourism and Conservation. Recent work has seen MBIE and DIA jointly briefing the Ministers of Tourism and Local Government.

DIA is leading a programme of work to address issues caused by freedom camping. This includes the development of a national geospatial dataset to provide a single source of information about freedom camping rules. DIA is working on a cloud-based option, where councils can up-load their geospatial data and maintain ownership and responsibility for the accuracy of the information. In addition, DIA is looking to improve access to guidance material prepared with councils on effective practices in managing freedom camping.

Possible future work areas include research (in particular into freedom camper behavioural insights), standardising signage, instant infringement collection opportunities and messaging ahead of the 2017/18 peak visitor season.

Responding to growth in the medium term

Looking out to the medium term, Tourism CEs' work programme focuses on:

Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982

- overseeing the testing of key government frameworks and systems to ensure they are fit for purpose to support future growth in the tourism sector.

Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982

Review of government frameworks and systems that impact on tourism

Tourism CEs are focusing on three key systems and frameworks that underpin tourism, to test if they are fit for purpose, agile and able to support the government in achieving its objectives for tourism. They are:

- DOC's legislative framework, as it relates to tourism and recreation (including the Conservation Act 1987)

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- the Government Policy Statement on Land Transport (GPS) and how this translates into investment decisions by NZTA
- local government funding models.

In each area, lead agencies (DOC, NZTA and DIA respectively) will use the Tourism CEs group as a senior oversight forum to either identify any issues, or test known issues, and possible options to address these.

Setting a long-term vision for tourism

Tourism CEs have agreed on the importance of developing a shared long-term vision across government for the tourism sector, including what success could look like by 2050 for both the government and the sector.

The objective is to create a visionary 'statement' that paints a picture of the future of tourism in New Zealand and why this matters to New Zealanders and international visitors. The main purpose of the vision for 2050 is to act as a sign-post for CEs when developing their tourism-related future priorities and work programmes.

TNZ is leading this project and has contracted an external provider, DesignWorks, to deliver the product.