



## BRIEFING

### Tourism recovery from COVID-19: support measures to date

<b>Date:</b>	12 November 2020	<b>Priority:</b>	High
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	2021-1174

Action sought		
	Action sought	Deadline
Hon Stuart Nash <b>Minister of Tourism</b>	<b>Discuss</b> the future direction of the Tourism Recovery Package and Tourism Recovery Ministers Group with officials	19 November 2020
Hon Peeni Henare <b>Associate Minister of Tourism</b>	<b>Note</b> the contents of this briefing	19 November 2020

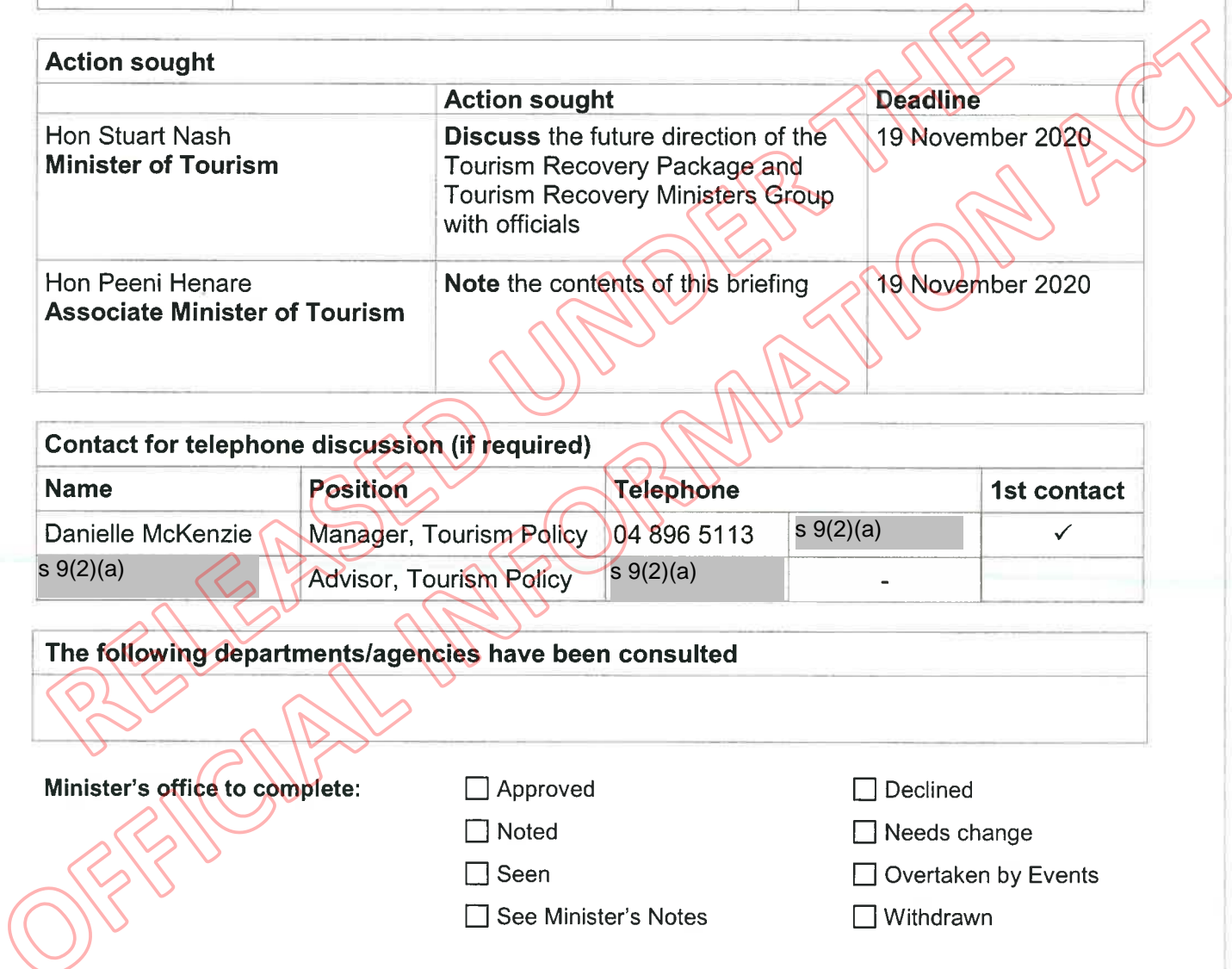
Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Danielle McKenzie	Manager, Tourism Policy	04 896 5113	s 9(2)(a)	✓
s 9(2)(a)	Advisor, Tourism Policy	s 9(2)(a)	-	

The following departments/agencies have been consulted

Minister's office to complete:

- |   |  |
|---|--|
| <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined            |
| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
| <input type="checkbox"/> Seen                 | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |

Comments





## BRIEFING

### Tourism recovery from COVID-19: support measures to date

<b>Date:</b>	9 November 2020	<b>Priority:</b>	High
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	2021-1174

#### Purpose

This briefing provides you with an overview of the Government's support measures for the tourism sector. These support measures aim to mitigate the impact of COVID-19 to help the tourism sector recover and increase domestic and international demand when conditions allow. This briefing has two key parts:

- The Tourism Recovery Ministers Group and \$400m Tourism Recovery Package
- Tourism New Zealand's pivot to the domestic market.

#### Executive summary

This briefing provides a detailed summary of the \$400 million Tourism Recovery Package. Overseeing this package is the Tourism Recovery Minister's Group (TRMG), previously consisting of the Ministers of Tourism, Finance, Māori Development, Conservation and the Parliamentary Undersecretary to the Minister for Regional Economic Development. As the Minister of Tourism, you are the chair of this Group. We recommend that you reconvene the TRMG to discuss its ongoing role, membership and area of focus.

The Tourism Recovery Package is made up of a number of discrete parts; the largest part is the Strategic Tourism Assets Protection Programme (STAPP). The STAPP is designed to protect assets in the tourism landscape that form the core of New Zealand's essential tourism offerings to ensure their survival through the disruption caused by COVID-19. Tourism officials moved rapidly to assess over 300 applicants and present them to Ministers for decision. The TRMG decided to fund 130 STAPP businesses through up to \$500,000 via a grant, and any remaining funding via a loan.

The Tourism Recovery Package also includes support for Inbound Tour Operators (ITOs). ITOs provide a vital link between the suppliers of New Zealand's tourism product and the overseas travel companies which buy it. ITOs promote and sell New Zealand travel packages to offshore buyers such as wholesalers, travel agents, meeting planners and event managers. In recognition of their importance to the tourism system, the TRMG allocated \$20 million in loans to support 26 ITOs. The Provincial Development Unit (PDU) was selected as the delivery agency for STAPP and ITO loans.

Regional Tourism Organisations (RTOs) support our tourism system through Destination Management planning, marketing and co-ordination within our regions. In recognition of their importance, and acknowledgement that their funding is at risk from local government, the TRMG approved up to \$20.2 million to support them for 12 months. Investment plans with each RTO have been agreed with MBIE, implementation is underway and positive feedback has been received about the RTO funding.

The Tourism Recovery Package also includes \$10 million to improve digital capability in the tourism sector and \$17 million for the Tourism Transition Programme. This programme is designed to help tourism businesses plan for their future, and provides advice on how to transition or hibernate their business. \$2 million was also allocated to New Zealand Māori Tourism due to an ongoing need for business support for Māori tourism businesses. The funding has been earmarked to deliver MBR Tāpoi – a service which is intended to support Māori tourism businesses.

Finally, the Tourism Recovery Package also includes \$50 million for a Regional Events Fund. This fund seeks to stimulate domestic tourism and travel between regions through holding of events and is intended to encourage expenditure missed from international tourists. Funding is distributed through the nine International Marketing Alliance (IMA) groupings and it is designed with a high degree of regional autonomy over how funding is distributed by the Event Investment Panel over two to four years. IMA groups are currently completing their investment plans which are due to MBIE by 1 December 2020.

A lawyer representing a number of tourism businesses who either did not apply to the STAPP, or were unsuccessful, has sought clarification about the STAPP process. He has also asked the Auditor-General to investigate the STAPP. MBIE's view is that the STAPP process was robust and consistent given the pace and urgency in which it was delivered.

Tourism New Zealand (TNZ), whose role is to market New Zealand internationally, pivoted to the domestic market as a result of the border closure. During the COVID-19 response, TNZ assisted tourism businesses to also pivot to the domestic market, and delivered business advisory services through Qualmark (tourism's quality assurance programme). TNZ has launched a domestic marketing campaign called 'Do Something New, New Zealand' to encourage domestic tourism and increase spend on commercial tourism products. TNZ has also collaborated with a range of government agencies to keep New Zealand's '100% Pure New Zealand' brand alive overseas.

This domestic marketing activity has raised issues with the appropriation that is used to fund TNZ. TNZ's current scope and intention limits TNZ to international marketing and to international visitors, and as a result, there is a risk that the pivot to marketing towards domestic travellers is in breach. We have prepared a Cabinet paper to address this in consultation with TNZ and the Treasury, and will provide this to you shortly.

## Recommended action

---

The Ministry of Business, Innovation and Employment recommends that the Minister of Tourism:

- a **Note** that a draft Cabinet Paper on the scope of TNZ's appropriation will be provided to your office shortly. *Noted*
  
- b **Agree** to reconvene the Tourism Recovery Ministers Group to discuss its ongoing role, membership, and area of focus. *Agree / Disagree*
  
- c **Discuss** the future direction of the Tourism Recovery Package and Tourism Recovery Ministers Group with officials. *Agree / Disagree*



Danielle McKenzie  
**Manager, Tourism Policy**  
Labour, Science and Enterprise, MBIE

12.11.2020

Hon Stuart Nash  
**Minister of Tourism**

..... / ..... / .....

Hon Peeni Henare  
**Associate Minister of Tourism**

..... / ..... / .....

RELEASED UNDER THE  
OFFICIAL INFORMATION ACT

## Tourism Recovery Ministers Group

---

1. In May 2020, the Government established a Tourism Recovery Ministers Group (TRMG) to oversee the tourism recovery and provide governance over the Tourism Recovery Package. In the COVID-19: Response and Recovery Fund Foundation Package, the Government established a \$400 million tagged contingency 'Tourism Sector Recovery Fund' for the purpose of cushioning the impact of COVID-19 on the tourism sector, and to position the sector for recovery [CAB-20-MIN-0219.04 refers].
2. TRMG was comprised of the Ministers of Tourism, Finance, Māori Development, and Conservation, and the Parliamentary Under-Secretary to the Minister for Regional Economic Development. The Group is chaired by the Minister of Tourism.
3. Cabinet authorised the Minister of Finance, Minister of Tourism, Minister for Trade and Export Growth, the Minister for Economic Development and any other relevant appropriation Ministers to jointly draw down from the tagged contingency.
4. TRMG has already made a range of decisions relating to the Tourism Recovery Package. These include:
  - The allocation and structure of support available through the Tourism Recovery Package
  - Strategic Tourism Assets and Protection Programme (STAPP) and Inbound Tour Operator (ITO) loan terms and conditions
  - STAPP and ITO recipients.

### The Future of the Tourism Recovery Ministers Group

5. As the Minister of Tourism, you are the chair of the TRMG. You are also a member of the Group in your capacity as Minister for Economic and Regional Development. If you wish, another relevant Minister could be appointed to the group to reflect that you hold three positions.
6. MBIE is of the view that the makeup of the TRMG should reflect the wide range of interest groups in the sector. At the same time, this needs to be balanced against ensuring the TRMG can make decisions quickly and effectively.
7. As the makeup of the TRMG was decided by Cabinet, any changes would require Cabinet approval. We welcome the opportunity to discuss this further with you in person.

### *Reconvening the Tourism Recovery Ministers Group*

8. We recommend that you reconvene the TRMG to discuss its ongoing role, membership and areas of focus. This would also be an opportunity for relevant Ministers to share their views on the TRMG, as well as discuss how any future funding could be allocated.
9. During the COVID-19 response, the TRMG was meeting weekly to make decisions quickly on the Tourism Recovery Package. Now that the Package has moved into the delivery phase, we recommend that these meetings are reduced to meet monthly. Alternatively, papers could be circulated by round robin.

### *The TRMG has decisions to make*

10. As we work through delivering the Tourism Recovery Package, issues have arisen which require Ministerial decisions.
11. These issues relate to ITO loans. We will provide a briefing to the TRMG seeking these decisions ahead of their first meeting.



## Tourism Recovery Package

12. The Tourism Recovery Package (the Package) goes beyond the Government's broad-based financial support to businesses. It targets tourism businesses and helps them identify their future, supports Māori tourism businesses, protects strategic tourism assets and aims to increase the long-term sustainability for the sector. The Package has eight initiatives and each initiative has a defined objective within the overarching goal of supporting the sector recover from the impact of the COVID-19 pandemic.
13. The below table illustrates how the \$400 million Tourism Recovery Package is allocated over the next four years.

Project	\$ million				
	2020/21	2021/22	2022/23	2023/24	TOTAL
<b>Strategic Assets Protection Programme (STAPP)</b>	<b>\$147.817</b>	<b>\$137.678</b>	-	-	<b>\$285.495</b>
AJ Hackett*	\$10.200	-	-	-	\$10.200
Discover Waitomo*	\$4.000	-	-	-	\$4.000
Whale Watch Kaikoura*	\$1.500	-	-	-	\$1.500
STAPP Approved Loans	\$38.998	\$116.993	-	-	\$155.991
STAPP Approved Grants	\$45.669	\$4.937	-	-	\$50.606
STAPP Māori Tourism Loans	\$3.338	\$10.013	-	-	\$13.350
STAPP Māori Tourism Grants	\$1.912	\$5.736	-	-	\$7.648
STAPP Administration	\$2.000	-	-	-	\$2.000
Regional Tourism Organisation Support	\$20.200	-	-	-	\$20.200
Inbound Tourism Operators Loans	\$20.000	-	-	-	\$20.000
<b>New Zealand Māori Tourism (through Te Puni Kokiri)</b>	<b>\$10.000</b>	-	-	-	<b>\$10.000</b>
<b>Funding administration</b>	<b>\$1.250</b>	<b>\$0.300</b>	<b>\$0.200</b>	-	<b>\$1.750</b>
<b>Tourism Futures Taskforce</b>	<b>\$0.755</b>	-	-	-	<b>\$0.755</b>
<b>Development of COVID-19 Response plans</b>	<b>\$17.000</b>	-	-	-	<b>\$17.000</b>
Support through Qualmark	\$5.000	-	-	-	\$5.000
Support through New Zealand Māori tourism	\$2.000	-	-	-	\$2.000
Support through Regional Business Partners Network	\$10.000	-	-	-	\$10.000
<b>Building digital capability</b>	<b>\$10.000</b>	-	-	-	<b>\$10.000</b>
Qualmark Digital Capability	\$5.000	-	-	-	\$5.000
Digital Enablement Package	\$5.000	-	-	-	\$5.000
<b>Regional Events Fund</b>	<b>\$49.850</b>	<b>\$0.075</b>	<b>\$0.075</b>	-	<b>\$50.000</b>
Regional Events Fund	\$47.750	-	-	-	\$47.750
TRENZ	\$2.000	-	-	-	\$2.000
Fund administration	\$0.100	\$0.075	\$0.075	-	\$0.250
<b>DOC Concessions Waiver</b>	<b>\$25.000</b>	-	-	-	<b>\$25.000</b>
	\$261.672	\$138.053	\$0.275	-	\$400.000

\*These three businesses were considered outside of the STAPP process by the TRMG and assigned funding separately.

14. A breakdown of this funding by region is attached at **Annex One**. A list of all STAPP and ITOs businesses who are receiving funding is attached at **Annex Two**.
15. Although the total funding is \$400 million, it has been rounded down in order to keep the total allocation within the tagged contingency.
16. This shortfall became apparent after finalising the cost of all the initiatives in the Tourism Recovery Package. s 9(2)(b)(ii)

17. We expect that the STAPP funding required will be revised down, as some applicants have identified costs already addressed by other government initiatives such as the Wage Subsidy Scheme and the Department of Conservation (DOC) concessions fee waiver. We also anticipate that not all eligible STAPP firms will take up the loans. Some firms may reconsider their viability in light of an extended border closure. Others will be unwilling to take on additional debt during this period of uncertainty, no matter how concessionary the loan terms are.

### **Strategic Tourism Assets Protection Programme (STAPP)**

18. STAPP is intended to protect assets in the tourism landscape that form the core of New Zealand's essential tourism offerings to ensure their survival through the disruption caused by COVID-19.
19. Tourism officials worked rapidly to create, develop and deliver the STAPP application process. MBIE received over 300 applications for STAPP funding over the two weeks that applications were open. Of these, an estimated 160 were assessed as eligible for STAPP funding.
20. Eligible STAPP applications were assessed against the criteria and scored out of 30 points. Applications received scores based on being:
  - nationally and/or internationally recognised
  - a key attraction for New Zealand or a region of New Zealand
  - responsible for generating significant visitation to the region here they are located
  - a historical, cultural and environmentally significant site
  - a generator of significant spill over benefits to the region where they are located, or critical to the tourism network in their region.
21. All eligible applications were presented to the TRMG with their scores out of 30 and an initial financial analysis completed by s 9(2)(b)(ii)
22. The TRMG agreed to support all STAPP applicants who rated 15/30 or higher, and all Māori tourism operators that were eligible for STAPP support – as identified by New Zealand Māori Tourism. This equates to 130 businesses receiving support through the STAPP.
23. The TRMG agreed that the successful applicants will receive support via a grant of up to \$0.5 million. Any remaining funding will be offered via a concessional loan. The grant is not contingent on accepting the loan.
24. All eligible STAPP applicants have signed their grant funding agreements. Three STAPP applicants have declined grant funding as they are able to survive off the domestic market.
25. STAPP grants have sustainability-related conditionality attached to them. Recipients must select one option from each of the 'four capitals' from the Treasury Living Standards Framework and report their progress on them. STAPP loans do not have sustainability-related conditionality attached to them.
26. At the time of writing, 44 STAPP applicants have received their loan offers. We are continuing to release loan funding agreements in tranches, and expect to provide all STAPP applicants with loan funding agreements over the next few weeks.

## **Inbound Tour Operators (ITO) loans**

27. ITOs promote and sell New Zealand travel packages to offshore buyers such as wholesalers, travel agents, meeting planners and event managers. ITOs provide a vital link between the suppliers of New Zealand's tourism product and the overseas travel companies which buy it.
28. Initially, ITOs applied for STAPP funding like other tourism businesses. Officials assessed that ITOs would not meet the criteria for STAPP funding, but were an important part of the tourism system and should be preserved.
29. A separate process was run for ITO loans. Tourism New Zealand (TNZ) put forward a number of ITOs which were key links to important markets and key ITOs for the TRMG to consider. TNZ advised on which ITOs should receive funding as it has in-market representatives with knowledge and experience on which ITOs are most important to New Zealand.
30. TRMG agreed to allocate \$20 million to 26 ITOs via loans to reflect their importance to the tourism system and acknowledge that most ITOs are trading at or near zero revenue while the borders remain closed. All ITOs have received draft loan offers.

## **STAPP and ITO loan terms and conditions**

31. TRMG have previously agreed on STAPP and ITO loan terms and conditions which are modelled on the terms and conditions of the Small Business Cashflow Loan Scheme. The high level terms and conditions are:
  - a five year loan term
  - an interest rate of 3%
  - loans are interest free for the first 24 months
  - loans are treated as subordinated
  - loans can be accessed before grants are exhausted
  - no repayment is required for 24 months
  - loan funding can be used for the payment of commercial debt, but only if businesses have exhausted all alternative options to repay the debt and it fits into a wider business plan of remaining solvent.

## **Delivery agency for STAPP and ITO loans**

32. The TRMG made decisions that MBIE's Provincial Development Unit (PDU) would be the delivery agency for all STAPP and ITO loans [briefing 2021-0526 refers].
33. The PDU was selected as it has the capability to deliver the loan scheme within the time constraints required by the TRMG. The PDU also manages Provincial Growth Fund Limited (PGFL), an asset holding company that holds loan and equity investments on behalf of the Crown. STAPP and ITO loans are held by PGFL, while PDU is responsible for the day to day management and administration of PGFL's investments on the company's behalf.
34. PDU officials have estimated a budget of up to \$8 million over four years is required to administer STAPP and ITO loans. The key assumptions of these figures are based on PDU having the capability to manage loan investments right through the end of its term: from applications, to assessment and possibly negotiations, to contract management and monitoring.
35. The Tourism Recovery Package has \$2 million budgeted for administrative costs. This funding has been transferred to the PDU to enable them to issue the loans and provide them with enough funding until the end of 2020/21 financial year. An additional \$6 million is required by the PDU to manage STAPP loans for the remainder of the loan term.



36. There is sufficient funding in appropriations for 2020/21 to allow the PDU to undertake management and payment of the STAPP loan scheme for this financial year.
37. We have previously advised the TRMG that there are options to provide PDU with administrative costs and address this shortfall [briefing 2021-0526 and 2021-0460 refers]. These options include:
- use funding which is allocated but not utilised by firms to contribute towards the shortfall once grant and loan uptake is known
  - seek to address it through Budget or any subsequent COVID-19 Response and Recovery Fund rounds
  - explore if funding can be found by delaying previously announced Tourism Recovery Fund projects.
38. We expect that the STAPP funding required will be revised down, as some applicants have identified costs already addressed by other government initiatives such as the Wage Subsidy Scheme and the DOC concessions fee waiver. We also anticipate that not all eligible STAPP firms will take up the loans. Some firms will be reconsidering their viability in light of an extended border closure. Others will be unwilling to take on additional debt during this period of uncertainty, no matter how concessionary the loan terms.
39. The TRMG has previously noted the potential shortfall as a financial risk which is not likely to eventuate. We will provide further advice to Ministers with more detailed options to manage this risk as further information on the STAPP loan uptake comes to light.

### **Regional Tourism Organisations (RTOs)**

40. RTOs are responsible for destination marketing – they promote their regions to potential domestic and international visitors. Many work closely with Tourism New Zealand and their local industry to achieve this goal. Some RTOs are funded in part or in full by their local council, others are funded by annual membership fees
41. RTOs play an important role in supporting the tourism system and their funding is at risk from local government as a result of COVID-19. The tourism sector is more productive with capable, secure and adequately resourced RTOs to lead and coordinate activities alongside the tourism industry, stakeholders, Māori/iwi and communities.
42. On 28 May 2020, the TRMG approved up to \$20.2 million for RTOs from the STAPP [briefing 3551-1920 refers].
43. In line with previous decisions, MBIE has established the funding model, conditional requirements, focus areas and process for distribution in partnership with the peak body, Regional Tourism New Zealand (RTNZ). RTO funding has been allocated via the following categories:
- small RTOs with a local government contribution of less than \$0.5 million are eligible to receive up to \$0.4 million
  - medium RTOs with a local government contribution of less than \$3 million are eligible to receive up to \$0.7 million
  - large RTOs with a local government contribution over \$3 million are eligible to receive up to \$1 million.
44. An RTO Investment Plan template was developed with support from RTNZ and TNZ. Investment plans with 31 RTOs have been agreed with MBIE, implementation is underway and positive feedback has been received about the RTO funding.

## Digital Capability

45. Low productivity has been, and remains, a challenge for the tourism sector. One reason for this is a lack of investment in (and uptake of) digital tools, platforms and systems, particularly among small and medium enterprises (SMEs).
46. Although SMEs are aware of the importance of digital capability, tourism businesses report that the cost of these tools has been a major barrier in accessing them.
47. TRMG have agreed to the following two initiatives to improve the uptake of digital tools by SMEs. You jointly announced these with the previous Minister of Tourism in September 2020:
  - fund \$5 million to Qualmark<sup>1</sup> to build off its work with tourism operators under the Tourism Transitions Programme, by helping them to develop digital strategies and access digital tools
  - fund \$5 million to the existing Digital Enablement Package, to be specifically earmarked to ensure that tourism operators can benefit from initiatives under this package.
48. This programme has a practical focus with tourism operators able to improve their knowledge and practical capability through both workshops and one-to-one programmes. It also builds on the support that Qualmark has been providing to tourism operators through its Tourism Advisory Support Service. Tourism operators do not need to be registered with Qualmark to access this support.

## Tourism Transition Programme

49. The Tourism Transitions Programme was established to provide support and advice to tourism businesses that have been impacted by COVID-19. \$17 million has been allocated to it, and it has three components.

### *Support through New Zealand Māori Tourism*

50. \$2 million was allocated to New Zealand Māori Tourism due to an ongoing need for business support for Māori tourism businesses. The funding has been earmarked to deliver MBR Tāpoi – an advisory service which is intended to support Māori tourism businesses.

### *Support through Qualmark*

51. Qualmark has received \$5 million to establish a free advisory service to support tourism businesses as they navigate the impacts of COVID-19. The Tourism Advisory Support Service is available to provide advice to businesses on things like how to transition their business for the domestic market, strategy development, and moving in and out of hibernation.
52. Businesses can find out about what support may be available to them, and register their interest for support, by visiting the Tourism Advisory Support Services page on the Qualmark website. As at 2 November 2020, 984 tourism operators have accessed this service.
53. This support is separate to the \$5 million to Qualmark to boost the digital capability of the tourism sector.

---

<sup>1</sup> Qualmark is the New Zealand tourism industry's official quality assurance organisation, providing a trusted guide to quality travel experiences. Qualmark uses a network of tourism business advisors to evaluate tourism businesses against key quality assurance standards in areas of finance and operations, people management, environment and culture, health safety and wellness.

### *Support through Regional Business Partners network*

54. NZ Trade and Enterprise's Regional Business Partners network (RBPN) has received \$10 million specifically for supporting small-medium tourism businesses impacted by COVID-19 to get expert advice. Eligible businesses will receive vouchers of up to \$5,000 to access advice and expertise to support business continuity.
55. A total of 1,259 tourism businesses have accessed support through the RBPN and is likely to run until early 2021.
56. The business advisory services offered by Qualmark and Regional Business Partners are running in tandem.

### **Regional Events fund**

57. The \$50 million Regional Events Fund (the REF) seeks to stimulate domestic tourism and travel between regions through holding events. It intends to support the tourism and events sector, and replace some of the reduced spend from international visitors as a result of COVID-19.
58. The REF is a high-trust funding model, with funding to be distributed to nine groups of regional tourism organisations (RTO) called International Marketing Alliances (IMA). Each IMA will receive funding based on its share of the international visitor spend prior to COVID-19.
59. Three key areas are in scope:
  - Any type of new or existing event (sporting, cultural, entertainment, food, business).
  - Capability building and strategy development (such as hiring a person to support events development).
  - Administration of the funding (MBIE, Lead Entity and others).
60. In order to receive funding, each IMA must develop a Regional Investment Plan which:
  - sets out how the IMA intends to invest the funding over the next two to four years
  - demonstrates how funding will stimulate domestic tourism
  - sets out how funding will be used to encourage collaboration and not competition between other IMAs.
61. Each IMA must agree upon a Lead Entity for the group. Each Lead Entity is responsible for facilitating the development and implementation of each Regional Investment Plan, and for managing the funding agreement with MBIE. Every RTO within an IMA must, agree to the Regional Investment Plan in order for funding to be approved to ensure all parts of the regions are considered.
62. Once a plan has been developed, the Lead Entity will submit it to a MBIE/RTNZ panel to confirm it meets the criteria. Investment plans are currently being developed by the IMA's and must be submitted to MBIE before 1 December 2020.
63. MBIE officials have worked closely with RTNZ and RTO representatives to develop the REF-policy and investment plan. MBIE has also been working with the Ministry for Culture and Heritage, Ministry for Primary Industries and Sport New Zealand to support wider Government understanding of the REF, and to share the lessons learned in the process of developing an events fund.

## **Tourism has also benefitted from the broad based economic response to COVID-19**

64. The Tourism sector has benefitted from the broad based COVID-19 economic response provided by the Government.
65. Data provided by Inland Revenue indicates that tourism businesses have accessed \$285 million in support through the Small Business Cashflow Scheme. This accounts for 18% of the total value of the Small Business Cashflow Scheme.
66. Tourism businesses have also claimed an estimated \$1.8 billion through the Wage Subsidy scheme, with 91% of businesses surveyed by Tourism Industry Aotearoa reported to have accessed this scheme.

## **Legal issues relating to the Tourism Recovery Package**

---

67. Since the TRMG made decisions on the STAPP, there have been high levels of public interest in the process. This has included a significant amount of correspondence and Official Information Act 1982 (OIA) requests, and a letter from Andy Glenie (GLegal) to the previous Minister of Tourism (Hon Kelvin Davis), other Ministers in the Tourism Recovery Ministers Group, and MBIE.
68. In the letter, Mr Glenie seeks explanations and information about the application and assessment process of the STAPP. Mr Glenie is not specific about who he represents other than 'tourism businesses offering services within New Zealand'. Media reports have suggested Mr Glenie represents a number of South Island tourism businesses that either did not apply to the STAPP, or were unsuccessful. Mr Glenie does not articulate what course of legal action his clients intend to take but instead suggests that a further funding round would address their concerns.
69. Mr Glenie has also written to the Auditor-General to seek a review of the STAPP procedures.

## **Our view is that the STAPP process was robust and consistent**

70. We have reviewed the process that was run for the STAPP and have concluded that the STAPP application process was robust and consistent. Although the process was truncated, the assessment criteria was the same for all applicants in the round. Applications were assessed, peer reviewed and moderated.
71. MBIE assessed the applications in consultation with The Treasury, TNZ, the Department of Conservation, Te Puni Kōkiri, Ministry of Culture and Heritage, Ministry for the Environment and New Zealand Māori Tourism (at the request of the previous Minister of Tourism) in line with eligibility criteria and other assessment factors.
72. While the intent of the STAPP did not change (for example, to protect strategic tourism assets), the broader context did change (the prospect of a Trans-Tasman bubble diminished, domestic tourism became more significant than expected and the wage subsidy provided longer assistance than was earlier envisaged). The changed policy context led to Ministers refocusing the programme to have a broader reach. This refocus was applied consistently to all applicants.
73. We will keep you updated if this issue progresses.

## **Tourism New Zealand's (TNZ) pivot to the domestic market**

---

74. TNZ is the organisation responsible for marketing New Zealand internationally as a tourism destination.
75. Due to the impact of COVID-19, TNZ assisted tourism businesses to pivot to the domestic market (through marketing material and marketing data), and delivered business advisory



services through Qualmark. TNZ also commenced a successful domestic marketing campaign, 'Do Something New, New Zealand,' which will continue throughout 2020.

### **'Do Something New, New Zealand' domestic marketing campaign**

76. In order to drive domestic tourism demand, TNZ launched their 'Do Something New, New Zealand' campaign in May 2020. The second stage of this campaign launched on 27 October 2020, with a song written by and starring Madeline Sami and Jackie Van Beek from the film *The Breaker Upperers*.
77. The aim of this campaign is to excite and encourage New Zealanders to holiday domestically, increase the participation of New Zealanders in domestic tourism and increase their spend on commercial tourism products.
78. The campaign has been well received, with 94% of New Zealanders reporting to have seen, heard or read something about holidaying in New Zealand since the campaign began.
79. Economic indicators also suggest the campaign has had some success, with domestic spend in tourism for July 2020 up 24.4% compared to last year.

### **Appropriation scope for TNZ**

80. As a result of TNZ's renewed focus on domestic marketing, there are now issues surrounding the scope of the appropriation that funds TNZ. The current scope and intention statement of TNZ's appropriation is:
  - Intention: this appropriation is intended to achieve a contribution towards the increase in the value of international visitors to in New Zealand.
  - Scope: this appropriation is limited to the promotion of New Zealand as a visitor destination in key overseas markets.
81. This is reflective of TNZ's original purpose to market New Zealand internationally as a tourism destination, but does not allow spending from the appropriation on domestic marketing.
82. MBIE has prepared a draft Cabinet paper which proposes to amend the scope and intention statement of TNZ's appropriation to state:
  - This appropriation is intended to achieve a contribution towards the increase in the value of visitors in New Zealand.
  - This appropriation is limited to the promotion of New Zealand as a visitor destination in key markets.
83. These changes would allow TNZ to continue their work within New Zealand and allow further spending in the appropriation for domestic marketing.
84. This change will require an immediate Cabinet decision to increase TNZ's scope to allow it to continue with its domestic marketing activities. We intend to provide a draft Cabinet paper to your office shortly for consideration.

### **Keeping New Zealand's brand alive overseas**

85. TNZ has worked hard to create, develop and build New Zealand's international brand overseas. Our international brand '100% Pure New Zealand' is the result of over 20 years of work, and is leveraged by many parts of government for cultural and economic means.
86. New Zealand's brand appeal in our top export markets has remained stable throughout the impact of COVID-19 (with the exception of China). In order to keep New Zealand alive in the

minds of international visitors, consumers, buyers and investors, TNZ has bought a range of government agencies together into 'Brand NZ'.

87. Brand NZ is made up of: TNZ, New Zealand Story, Ministry of Primary Industries, New Zealand Trade and Enterprise, Education New Zealand and the Ministry of Foreign Affairs and Trade.
88. These agencies will deliver a phased Brand Campaign incorporating "Messages from New Zealand", "Made with Care" for Food and Beverage, and "Ingenious Together" which is focused on New Zealand's ingenuity.

s 9(2)(i)

## Next steps

---

### The Tourism Recovery Ministers Group

91. In order to make the above decisions, we recommend identifying who will be represented in the next TRMG and convening a meeting in the next few weeks.
92. MBIE will provide an update on the progress of the Tourism Recovery Package for this meeting, as well as a paper seeking decisions from Tourism Recovery Ministers.

### Tourism Recovery Package appropriation

93. We anticipate that not all businesses will take up their STAPP and ITO loan offers. Some businesses may become insolvent due to the extended border closure, some will not be willing to take on any further debt and some will have successfully pivoted to the domestic market.
94. This will mean that there may be funds remaining in the Tourism Recovery Fund appropriation. As we have previously advised TRMG, the Tourism Recovery Fund is over allocated and any remaining funding left in the appropriation should be used to address this shortfall.
95. There are also decisions that need to be made relating to the appropriation of ITO loans.

### Tourism marketing appropriation

96. We will provide you with a draft Cabinet paper seeking agreement to amend the scope and intention of the financial appropriation that is used to fund TNZ, in order to permit domestic marketing.

## Annexes

---

Annex One: Tourism Recovery Package spend by region

Annex Two: List of businesses receiving STAPP and ITO funding

## Annex One: Tourism Recovery Package spend breakdown by region

Region	STAPP funding	RTO funding	Regional Events Fund [funding allocated to groups of regions]
Northland	\$7.279	\$0.700	\$19.000
Auckland	\$16.495	\$1.000	
Waikato	\$13.013	\$2.100	\$5.750
Bay of Plenty	\$38.946	\$1.700	
Gisborne/Tairāwhiti	-	\$0.400	
Hawke's Bay	\$1.694	\$0.700	
Taranaki	-	\$0.700	
Manawatu-Whanganui	\$0.870	\$2.100	\$1.000
Wellington	\$5.774	\$1.400	\$3.500
Tasman	\$10.004	\$0.700	\$1.500
Marlborough	\$0.543	\$0.700	\$7.000
West Coast	\$8.592	\$0.400	
Canterbury	\$27.082	\$3.000	
Otago	\$46.436	\$3.500	\$10.000
Southland	\$34.347	\$1.100	
<b>TOTAL</b>	<b>\$211.080</b>	<b>\$20.200</b>	<b>\$47.750</b>

All figures in \$m.

RELEASED UNDER THE OFFICIAL INFORMATION ACT



## Annex Two: List of businesses receiving STAPP and ITO funding

Business Trading Name	Grant amount	Loan offer amount
Air Milford	\$500,000.00	s 18(d)
Air Safaris	\$500,000.00	
Alpine Guides Aoraki	\$74,000.00	
Art Deco Trust	\$317,000.00	
Auckland Seaplanes	\$240,000.00	
Backcountry Helicopters	\$475,000.00	
Black Cat Cruises	\$500,000.00	
Buried Village of Te Wairoa	\$492,000.00	
Caveworld	\$145,000.00	
Christchurch Adventure Park	\$387,000.00	
Christchurch Tram and Punting on the Avon	\$500,000.00	
Dark Sky Project	\$500,000.00	
Dart River Safaris	\$450,000.00	
Discover Waitomo (Tourism Holdings Limited)	\$2,000,000.00	
Dive! Tutukaka	\$500,000.00	
Dolphin and Albatross Encounter	\$450,000.00	
Driving Creek	\$262,600.00	
Explore	\$500,000.00	
Fiordland Expeditions Limited	\$404,667.00	
Footprints Waipoua	\$390,595.00	
Forgotten World Adventures	\$110,000.00	
Fox Glacier Guiding	\$500,000.00	
Franz Josef Glacier Guides and Glacier Hot Pools	\$500,000.00	
Fullers Great Sights	\$500,000.00	
Glenbrook Vintage Railway	\$250,000.00	
Glenorchy Air	\$396,000.00	
Heliservices NZ	\$500,000.00	
Highlands Motorsport Park	\$500,000.00	
Howick Historical Village	\$500,000.00	
Huka Prawn Park	\$386,000.00	
INFLITE	\$500,000.00	
JUCY Cruise	\$500,000.00	
Kaikoura Kayaks	\$283,703.00	
Kapiti Island Nature Tours	\$500,000.00	
Kiwi Cave Rafting	\$350,000.00	
Kiwi Journeys	\$280,000.00	
Kiwi North	\$200,000.00	
KJet	\$500,000.00	
Ko Tāne	\$302,000.00	
Kohutapu Lodge and Tribal Tours Limited	\$500,000.00	
Lake Taupo Cruises	\$125,000.00	
Lakeland Queen	\$250,000.00	
Larnach Castle Limited	\$500,000.00	
Maniototo Curling International Inc.	\$99,883.00	
MDA Experiences	\$500,000.00	
Milford Sound Tourism	\$0.00	
Mitai Māori Village	\$500,000.00	
Monarch Wildlife Cruises and Tours	\$315,000.00	
Natures Wonders	\$500,000.00	
Ngati Awa Tourism Limited & Te Manuka Tutahi Marae	\$500,000.00	
Oamaru Penguin Colony	\$474,065.00	
Omaka Aviation Heritage Centre	\$243,000.00	
Orakei Korako Cave & Thermal Park	\$446,000.00	



Orana Wildlife Park	\$500,000.00
Otago Museum	\$500,000.00
Otorohanga Kiwi House	\$500,000.00
Over the Top	\$500,000.00
Penguin Place Limited	\$500,000.00
Polynesian Spa	\$300,000.00
Pukaha National Wildlife Centre	\$500,000.00
Puzzling World	\$500,000.00
Rainbows End Theme Park	\$100,000.00
River Valley	\$450,000.00
Rotorua Canopy Tours	\$500,000.00
Rover Tours Group Limited	\$500,000.00
Royal Albatross Centre	\$500,000.00
Salt Air	\$500,000.00
Sand Safaris & Dune Riders	\$500,000.00
SEA LIFE Kelly Tarlton's	\$300,000.00
Shantytown Heritage Park	\$500,000.00
Skydive Queenstown Ltd	\$500,000.00
Skyline Queenstown	\$500,000.00
Skyline Rotorua	\$487,500.00
Southern Alps Air Limited	\$500,000.00
Southern Discoveries	\$200,720.00
Spellbound Glowworm and Cave Tour	\$500,000.00
Tamaki Maori Village	\$500,000.00
Taupo DeBretts Spa Resort	\$500,000.00
Te Anau Helicopter Services	\$500,000.00
Te Puia	\$500,000.00
Tekapo Springs Limited	\$500,000.00
The Arts Centre Te Matatiki Toi Ora	\$500,000.00
The Duke of Marlborough Hotel	\$345,000.00
The Kauri Museum	\$500,000.00
Totally Tourism	\$500,000.00
Transport World	\$500,000.00
True South Flights	\$200,000.00
Velocity Valley	\$500,000.00
Volcanic Air	\$320,000.00
Waewae Pounamu	\$500,000.00
Waimangu Volcanic Valley	\$260,000.00
Waimarama Maori Tours	\$500,000.00
Waiotapu Thermal Wonderland	\$350,000.00
Waitomo Adventures	\$215,101.00
Wanaka River Journeys	\$500,000.00
Wellington Zoo	\$500,000.00
West Coast Wildlife Centre	\$250,000.00
Westcoast Treetop Walk and Café	\$500,000.00
Whakarewarewa - The Living Maori Village	\$1,500,000.00
Whale Watch Kaikoura	\$286,471.00
Wilkin River Jets	\$500,000.00
Zealandia	\$478,000.00
Ziptrek Ecotours	\$150,000.00
Zorb Rotorua	\$210,000.00
Te Hana Te Ao Marama	\$5,100,000.00
AJ Hackett Bungy NZ (Trojan Holdings)	\$0
The Hermitage Hotel and Glacier Explorers (Trojan Holdings)	\$0
NZ Ski (Trojan Holdings)	\$0
Ultimate Hikes - Milford Track, Routeburn Track,	\$0

<b>Greenstone Track Guided Walks (Trojan Holdings)</b>		s 18(d)
National Aquarium of New Zealand	\$400,000.00	
Auckland Zoo Te Whare Kararehe o Tamaki Makaurau	\$500,000.00	
New Zealand Maritime Museum Hui Te Ananui A Tangaroa	\$500,000.00	
Auckland Art Gallery Toi o Tamaki	\$500,000.00	
National Kiwi Hatchery	\$450,000.00	
Abel Tasman Sea Shuttles	\$500,000.00	
Kaiteriteri Kayaks	\$366,000.00	
Marahau Sea Kayaks Ltd	\$183,000.00	
Marahau Water Taxis Ltd	\$500,000.00	
Abel Tasman Soul Ltd (Abel Tasman Kayaks)	\$500,000.00	
Wilson's Abel Tasman National Park Ltd / Abel Tasman Services Ltd (a Wilson's company)	\$500,000.00	
Outback New Zealand	\$500,000.00	
Alpine Helicopters & Southern Lakes Heliski	\$416,000.00	
South Pacific Helicopters & Wings over Whales	\$500,000.00	
TSS Earnslaw and Walter Peak (Wayfare)	\$500,000.00	
Te Anau Glowworm Caves (Wayfare)	\$500,000.00	
Doubtful Sound Cruises (Wayfare)	\$500,000.00	
Real Journeys Milford Sound (Wayfare)	\$500,000.00	
Stewart Island Ferry Service (Wayfare)	\$500,000.00	
Cardrona and Treble Cone (Wayfare)	\$500,000.00	
International Antarctic Centre (Wayfare)	\$500,000.00	
<b>Grand Total</b>	<b>\$60,416,305.00</b>	<b>\$182,844,611.82</b>

Inbound Tour Operator	Loan offer amount
s 18(d)	\$250,000
	\$250,000
	\$250,000
	\$500,000
	\$500,000
	\$500,000
	\$500,000
	\$500,000
	\$500,000
	\$750,000
	\$500,000
	\$500,000
	\$750,000
	\$750,000
	\$750,000
	\$750,000
	\$1,000,000
	\$1,000,000
	\$1,000,000
	\$1,000,000
	\$1,000,000
	\$1,000,000
	\$1,000,000
	\$1,000,000
	\$1,000,000
	\$1,000,000
<b>Grand total</b>	<b>\$18,500,000</b>