



Initial Scope for the Tourism Industry Transformation Plan

October 2021

We are launching an Industry Transformation Plan for Tourism

1. The Government's Industry Strategy is a partnership-led approach for Government to work with businesses, workers and Māori to shape the future of key industries in New Zealand. It supports the government's goal to improve the wellbeing and living standards of New Zealanders by building a productive, resilient, inclusive, sustainable, and Māori-enabling (PRISM) economy.
2. Industry Transformation Plans (ITPs) are a high-intensity, high-engagement approach to industry policy, with the purpose of setting a transformative vision and action plan for key sectors in the New Zealand economy. They have a long-term vision of 20 to 30 years, accompanied by short- and medium-term actions that will support step changes towards that vision. Seven sectors are developing and implementing an ITP: Agritech, Digital Technologies, Food and Beverage, Advanced Manufacturing, Forestry and Wood Processing, Construction, and Tourism. Funding for the development of the Tourism ITP was included in the Tourism Communities: Support, Recovery and Re-set Plan, which was announced in May 2021.
3. Tourism was selected for an ITP because of its significance to the New Zealand economy, and because the loss of international visitors as the result of COVID-19 gives us an opportunity to rebuild a more regenerative tourism system.
4. This scoping document outlines the focus and direction of the Tourism ITP. The overarching objective of the Tourism ITP is to enable a transition to a regenerative tourism system. The initial focus within this objective is to enable Better Work.

The Tourism ITP will be developed in partnership

5. The guiding principle for the ITP is to achieve genuine partnership. For tourism, some of the actors invited to participate in this partnership approach include (among others):
 - the Government (in its role as regulator, strategy holder, financier, tourism employer, tourism asset owner, and Te Tiriti o Waitangi partner);
 - the tourism industry,
 - workers and unions,
 - Māori and iwi/hapū,
 - Academics, independent analysts and economists, and
 - local communities.
6. This is a high-engagement and resource-intensive process. To be effective, all actors must be willing to engage collaboratively to reach consensus.
7. A values-based foundation can support good-faith partnership. The New Zealand-Aotearoa Government Tourism Strategy identifies the following values for enabling a regenerative tourism system:
 - Ōhanga / Whairawa (economic prosperity and wellbeing).
 - Manaakitanga (shared respect, hospitality, generosity and care for others).
 - Kaitiakitanga (guardianship for our taonga/treasured things – particularly the environment).



- Whanaungatanga (a sense of family and belonging, relationships built on shared experiences and working together).

8. These values will enable the Tourism ITP to deliver on a genuine partnership approach.

The tourism industry is a significant part of our economy, and overlaps with a range of other sectors

9. Prior to COVID-19, international and domestic tourism made up a substantial part of our economy. Even with the impacts of COVID-19, at Alert Levels 1 and 2 domestic tourism has continued to represent a large portion of New Zealanders' spending. In the year to March 2019, the export value of international tourism totalled \$17.2 billion, or 20 per cent of export earnings. Tourism directly and indirectly employed 14 per cent of New Zealand's workforce, at different skill levels and across diverse regions.
10. Tourism is a cross-cutting industry defined by the consumer, rather than the good or service that is consumed. Most other sectors are defined by the product that is manufactured and sold. For example, the forestry sector is defined by wood products, and the fisheries sector is defined by seafood. For the tourism industry however, what matters is *who* is buying the good or service. The government defines 'tourism expenditure' as any spending that occurs more than 40km away from the purchaser's usual residence or place of work; regardless of what the good or service is. As a result, tourism cuts across a multitude of sectors. Tourism spending is most prevalent in the activities, entertainment, accommodation, hospitality, transport, and retail sectors.

The Tourism ITP builds on existing strategic analysis

11. Over the last few decades, the strategic approach to sustainable tourism in New Zealand has been the subject of extensive analysis, consultation and collaboration. This has resulted in a valuable body of existing work on the tourism system, which points towards a shared vision and sense of where the key challenges lie. The Tourism ITP is an opportunity to focus our collaborative energy on actions required to deliver systemic change, rather than producing another stocktake of issues and challenges for the tourism sector.
12. The ITP will be informed by key findings and principles underpinning a broad range of reports and strategies. In particular, the following three:
- a. The New Zealand-Aotearoa Government Tourism Strategy (MBIE and DOC, 2019).¹
 - b. The Tourism 2025 and Beyond Strategy (Tourism Industry Aotearoa, 2019).²
 - c. We are Aotearoa report (Tourism Futures Taskforce, 2021).³

¹ <https://www.mbie.govt.nz/immigration-and-tourism/tourism/new-zealand-aotearoa-government-tourism-strategy/>

² <https://www.tia.org.nz/tourism-2025>

³ <https://www.mbie.govt.nz/immigration-and-tourism/tourism/tourism-recovery/tourism-futures-taskforce/tourism-futures-taskforce-interim-report/>



- d. Parliamentary Commissioner for the Environment reports on the environmental impacts of tourism.^{4,5}

The Tourism ITP is a vehicle for building a regenerative tourism system

13. The overarching objective of the Tourism ITP is to contribute to the rebuilding of a regenerative tourism system. Regenerative tourism can be understood in a multitude of ways, but the underlying principle is that a regenerative tourism system is one that leaves a community and environment better than it was before. This comes from the concept of regeneration, initially applied to agriculture, of re-establishing systems that are healthy, thriving, and self-healing, in contrast to those systems that incrementally and continuously degrade and become more vulnerable to shock as a result.
14. A regenerative tourism system should deliver more for New Zealanders' intergenerational wellbeing than it takes away, and can be understood as an extension of sustainability. It considers the impact of tourism on the environment, social connections, and peoples' wellbeing and skills, and the physical infrastructure that tourism uses, as well as tourism's financial benefits. A regenerative tourism system will help us achieve our carbon neutrality objectives.
15. Two existing frameworks that are used by different government departments can help us to understand regenerative tourism:
 - a. The Living Standards Framework (Treasury).
 - b. The PRISM Economy Framework (Kānoa – The Regional Economic Development and Investment Unit), which was informed by the Living Standards Framework.
16. The Living Standards Framework represents the New Zealand Treasury's perspective on what matters for New Zealanders' wellbeing, now and into the future. It informs the way that the Government spends money, and has been reflected in the report of the Tourism Futures Taskforce, the Briefing to the Incoming Minister of Tourism, and other tourism strategies. The Living Standards Framework can help us to understand the opportunities that tourism brings for New Zealanders' wellbeing, and how it would have to be designed and managed to transition to a regenerative tourism system.
17. A PRISM economy is Productive, Resilient, Inclusive, Sustainable, and Māori-enabling. The PRISM approach underpins the Regional Economies Framework used by Kānoa to enhance economic development opportunities in regional New Zealand. As tourism is inherently tied to place, it is appropriate to align our framework for understanding regenerative tourism to our framework for understanding regional economies. As some regions are particularly reliant on tourism, the transformation of tourism goes hand-in-hand with broader economic and regional development.
18. These two frameworks are enhanced through consideration of Māori values applied through a location-based lens. The ITP, through partnership, will enable an avenue for exploring these concepts further to develop a shared understanding of regenerative tourism.

⁴ <https://www.pce.parliament.nz/publications/pristine-popular-imperilled-the-environmental-consequences-of-projected-tourism-growth>

⁵ <https://www.pce.parliament.nz/publications/not-100-but-four-steps-closer-to-sustainable-tourism>



The Tourism ITP will initially focus on enabling Better Work

19. The Tourism ITP will lay the foundation for change across a variety of facets of the tourism system. Once the partnership approach has been successfully established and applied to an initial area of focus, other topics can be explored subsequently. In future, the ITP could consider the costs and benefits of tourism to New Zealand's environment, society, culture, economy and infrastructure, to complement this focus on the workforce. Any future topics will be chosen in collaboration between partners and government in areas where there is clear desire and realistic opportunity for meaningful change.
20. This differs from the approach taken in many of the other ITPs, which has been to develop one action plan addressing a multitude of challenges and opportunities facing their industry. The step-by-step approach taken by the Tourism ITP recognises the pressures currently on tourism operators, workers and regulators due to COVID-19 which may limit their time and resources for engagement on a broader range of subjects; and recognises the commitment that actors across the tourism system have already demonstrated towards workforce transformation to date.
21. The first issue that the ITP will focus on is Better Work. The ITP will build an action plan that strategically examines the distinct challenges and opportunities affecting the tourism workforce, employers, educational organisations and other related actors; and identifies a series of practical actions that can be taken by actors in the tourism system to address them. People are the key to regenerative tourism, and need to be valued, trained, and connected with their communities, culture and history. It will focus on solutions for meaningful change, by taking a system view of the workforce problems and addressing the underlying causes.
22. For the purpose of the Tourism ITP, we will take a wide definition of tourism, including aspects of the accommodation, food and beverage, transport, activities and events sectors, among others. In particular, the Tourism ITP will include the hospitality sector, where appropriate. In 2019, 43 per cent of spending on food and beverage in the hospitality sector was by tourists, rather than locals. The hospitality sector is one of the most labour-intensive parts of the tourism industry, and many of the employment challenges faced by tourism businesses are most significantly exemplified within the hospitality sector.

There are some central opportunities to build a more resilient tourism and hospitality workforce system that delivers greater wellbeing

23. A number of systemic challenges have long affected the ability of tourism and hospitality businesses to find staff with the skills and experience they need, and provide high quality jobs for New Zealanders. Some of the key issues include (but are not limited to):
 - a. Negative perceptions of working in the tourism industry, with roles viewed as low-skill low-pay, and short-term.
 - b. Attracting and retaining talent within in the sector.
 - c. Reliance on low-paid, temporary, and migrant labour needed to fill roles which New Zealanders aren't filling.



- d. The seasonality of the industry, which impacts on businesses' ability to provide consistent employment.
24. Many of these challenges, and more, have been identified in the recent tourism reports and strategies listed above. These issues have been drawn into sharp focus by the impact of COVID-19 and the border restrictions. They are also demonstrative of trends seen in tourism systems around the world.
25. By understanding what makes quality jobs, and the motivations for people who work in tourism and hospitality, we can increase the attraction of tourism as a career. A strong workforce supports the tourism system's resilience and enables shifts in other areas, such as responding to climate change and moving from volume to value.
26. Some of the opportunities that we have heard could address these issues include:
- a. Improving the desirability of tourism and hospitality careers for potential employees.
 - b. Improving the training pipeline to increase the availability of tourism and hospitality skills.
 - c. Reducing the labour intensity of the sector.
 - d. Balancing the inconsistent patterns of tourism and hospitality consumption (seasonality, time of week and day) against New Zealanders' desire for consistent employment.
 - e. Balancing the regional nature of tourism against the gradual urbanisation of the New Zealand workforce
 - f. Increasing the workforce's literacy in sustainable approaches to tourism.
27. In looking to achieve Better Work, the Leadership Group may choose to examine related topics that cause, or could potentially solve, the workforce issues. These might include, for example, business models, tourism's seasonality, domestic tourism, and capital productivity. The impact of COVID-19 makes now an ideal time to partner on these opportunities.

This is a unique opportunity for the tourism industry to effect change

28. COVID-19 has substantially affected the tourism industry. The border restrictions introduced in response to COVID-19 have effectively eliminated international tourism, which previously contributed around 40 per cent of tourism spending.
29. The disruption caused by COVID-19 has also highlighted some longstanding and systematic challenges for the tourism workforce, such as the industry's reliance on migrant labour. This juncture presents a unique opportunity for the Tourism ITP to consider and address these issues.
30. One aspect of the tourism industry where the impact of COVID-19 is most visible is employment. Many people with experience working in the tourism industry have moved to other sectors or left the workforce as their tourism employers have needed to down-size, hibernate, or exit the market. Some of these people have been supported by the wage subsidy and other government support. Some have also been helped by government employment initiatives such as the Jobs for Nature programme, and the investment in shovel-ready infrastructure projects. While the government's Reconnecting New Zealanders to the World approach will lead to gradual increases in



people movement across the border, it is likely that it will be some time before New Zealand sees the same volumes of international tourism that it saw in 2019.

31. This has highlighted the opportunity within the domestic tourism market. New Zealanders are avid domestic travellers, and given the reduction in their ability to travel overseas, many more have chosen to travel to new places in New Zealand compared to previous years.
32. The Tourism ITP will need to remain adaptable as the international and domestic context changes in response to COVID-19, including the possibility of the emergence of a new variant which could affect different population groups.
33. For other parts of the tourism system, tourism employers are finding it challenging to recruit staff with the skills and experience that they need, given the border restrictions which largely prevent non-New Zealanders from coming to New Zealand. The government has supported these employers through changing some visa settings for migrant workers who are already onshore, with the vast majority of temporary migrant workers remaining in New Zealand since the onset of the pandemic. We have seen efforts across sectors, including the tourism sector, to adapt to this new reality.
34. This has highlighted the opportunity to increase the resilience of the tourism and hospitality workforce. This same objective underpins the Immigration Rebalance, which is being run concurrently. The intention of the rebalance is to reduce the reliance of some business models on lower skilled, lower paid migrant labour, in order to support the upskilling and retraining of New Zealanders, create jobs, and incentivise higher productivity investment. It is also important that our labour market becomes more resilient to shocks that affect our borders, as we gradually start to reconnect New Zealand and our labour market to the world in the coming months and years.

These challenges are systemic and we have an opportunity to address them in partnership

35. These challenges and opportunities are systemically embedded, and so they cannot be solved by businesses, government, workers or educators alone. Every part of the tourism system will need to work in partnership to effectively transition the tourism and hospitality workforce system to one that improves New Zealanders' wellbeing, and which is supported by New Zealanders who have the skills and experience that the industry needs.
36. The ITP presents a timely opportunity to mobilise this engagement from the industry in a meaningful dialogue, to develop a strategy in a spirit of genuine partnership to address these challenges, and to build the platform for seizing opportunities to transform tourism to a more regenerative system in relation to both employment and other potential future topics.
37. Ultimately, the objective of the ITP's initial focus on Better Work is to enable a more regenerative approach to tourism employment that fully integrates the four capitals of the Living Standards Framework.

Deliverables and timeframes

38. The initial objective of the Tourism ITP is to develop an action plan with a series of key initiatives, developed in partnership, for the actors involved in the tourism system to



collectively implement. The intention is that a draft Better Work Action Plan will be developed by second quarter of 2022. This will then be refined based on intensive collaboration with ITP partners. A final Action Plan will be delivered by the third quarter of 2022. The planning horizon for the Tourism ITP Better Work Action Plan is for it to produce intermediate actions (within the next 2-3 years) which will affect the medium-long-term future of the tourism workforce system (5-20 years).