



## BRIEFING

### Demand initiatives for a tourism growth roadmap

<b>Date:</b>	30 January 2025	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	BRIEFING-REQ-0008437

Action sought		
	Action sought	Deadline
Hon Louise Upston Minister for Tourism and Hospitality	Indicate the demand initiatives you want further advice on for inclusion in a tourism growth roadmap.	5 February 2025

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Saskia Vervoorn	Manager, Tourism Environment and Economy	Privacy of natural persons	✓
Adele Lonergan	Senior Policy Advisor		

The following departments/agencies have been consulted
Ministry of Transport, Tourism New Zealand

Minister's office to complete:

☐ Approved

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Comments



## BRIEFING

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### Purpose

To provide you with initial advice on a tourism growth roadmap and seek your direction on progressing the roadmap and the proposed demand initiatives.

### Recommended action

The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

- a **Note** you have identified increasing the number of international visitors to New Zealand as an immediate priority for your Tourism and Hospitality portfolio. (Noted)
- b **Note** that the outgoing Minister for Tourism and Hospitality initiated work on a tourism growth roadmap, co-designed with a small advisory group of industry leaders, with an initial focus on demand-side initiatives to drive international tourism growth. You have indicated you will continue this programme of work. (Noted)

- c **Identify** the demand initiatives you want further advice on for inclusion in a tourism growth roadmap.

Targeted Australia Campaign	Progress / Do not progress / Discuss
Visitor Visas	Progress / Do not progress / Discuss
Accelerated International Marketing	Progress / Do not progress / Discuss
Supercharged Business Events	Progress / Do not progress / Discuss
Enhanced Major Events Fund	Progress / Do not progress / Discuss
Confidential advice to Government	Progress / Do not progress / Discuss

- d **Note** the total proposed investment exceeds the level of International Visitor Conservation and Tourism Levy (IVL) revenue available for tourism. You will need to make decisions on prioritisation and/or scaling of initiatives. (Noted)

- e **Agree** to convene the advisory group to refine and confirm the initiatives for inclusion in the final roadmap.

Agree / Disagree

DISAGREE

- f **Agree** that the tourism growth roadmap be a key input into the International Visitor Conservation and Tourism Levy investment plan. We will provide you with a draft IVL investment plan based on the final roadmap.

Agree / Disagree

DISCUSS  
H.M.

Privacy of natural persons

Saskia Vervoorn  
**Manager, Tourism Environment and  
Economy**  
Labour, Science and Enterprise, MBIE

Hon Louise Upston  
**Minister for Tourism and Hospitality**

28 / 02 / 2025

30 / 01 / 2025

## The previous Minister for Tourism and Hospitality initiated work on a tourism growth roadmap

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1. The Government is focused on building a strong economy and doubling the value of New Zealand's exports in ten years, and tourism growth plays a key role in delivering on this ambition [Briefing to the incoming Minister REQ-0008241 refers]. However, New Zealand is currently facing a range of headwinds to achieve growth in international visitors. These include:
  - a. **Limited flight capacity:** Globally, there is a constrained aircraft fleet with a backlog in the supply of wide body aircrafts, particular engines and their maintenance. The impact of this varies significantly between airlines.
  - b. **Declining purchasing power for tourism marketing and major events:** Tourism New Zealand's (TNZ) international marketing budget has reduced in real terms over the past decade, reducing its media purchasing power and market presence. This is compounded by media cost inflation of 42 per cent over last 10 years. New Zealand Major Events is facing a similar challenge, with declining funding in real terms, combined with increased international competition, reducing its ability to bid for and win major events.
  - c. **Negative perceptions on visa processing:** Consistent feedback from the tourism industry is that inconsistent turnaround times for visitor visas is impacting demand.
  - d. **Increasing border costs:** There has been an array of increases to border fees and levies for international visitors and businesses operating at the border, such as airlines and cruise. The tourism industry has expressed concern with the cumulative costs visitors are required to pay to enter New Zealand and the impact this may have tourism demand for our price sensitive markets and spending habits while in the country.
2. While the global tourism industry has largely recovered, with international visitor arrivals reaching 99 per cent of pre-pandemic levels in 2024 (approximately 1.4 billion), New Zealand's tourism recovery has slowed. For the year-end November 2024, New Zealand reached 86 per cent of pre-COVID visitor arrivals (3,262,899). Our tourism recovery is broadly consistent with Australia, who reached 86 per cent of pre-COVID visitor arrivals in year-end September 2024 (7.5 million). You have identified increasing international visitor numbers as an immediate priority for the Tourism and Hospitality portfolio.
3. The previous Minister had begun developing a tourism growth roadmap to support sustainable international tourism growth and address headwinds. The previous Minister convened a small advisory group consisting of industry leaders from Tourism Industry Aotearoa (TIA), Regional Tourism New Zealand (RTNZ) and New Zealand Māori Tourism (NZMT), as well as TNZ and MBIE to help co-design the roadmap.
4. Work on the roadmap was split into two phases: the first phase focused on identifying demand levers to grow international travel demand to New Zealand (led by MBIE and TNZ), and the second phase was set to focus on supply levers to enable and support our businesses, workforce and regions (with initial scoping work being led by TIA, RTNZ and NZMT).

## We have identified six priority demand initiatives to support international tourism growth


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5. At the end of 2024, the advisory group identified five priority demand side initiatives to support short-to-medium term tourism export growth. Where applicable, we have updated these initiatives to better align with your immediate priority for increased visitor numbers and separated out an initiative seeking to boost Australian visitation in the next 90 days. The revised demand initiatives are outlined below.
6. A summary table of the initiatives is provided at **Annex One**. The table details the lead agency, financial investment and resource required, implementation timeframe, potential impact on growth and key risks for each initiative. We have provided current draft proposals for each of the initiatives at **Annex Two**<sup>1</sup>.
7. A mix of initiatives is required to effectively address the headwinds we have identified. Many of these initiatives are mutually supporting and could have a compounding benefit on visitor numbers if aligned. Headline costings have been provided at a scale which we assess would deliver a material impact towards achieving the Government's objectives of returning tourism exports to pre-COVID levels or greater.

### Targeted Australia Campaign (\$500,000)

8. We understand that you have an immediate priority to increase visitor numbers from Australia. To support this objective, you could use existing revenue to increase TNZ's marketing in Australia to accelerate growth of arrivals in the next 90 days. TNZ is briefing you separately on this initiative.

### Visitor visas (cost neutral)

9. This initiative identifies three different actions in the immigration space that could support tourism growth.
  - a. *Visitor visa troubleshooters – India and China*: This action creates and promotes ways in which the travel trade can contact Immigration New Zealand (INZ) when visitor visa applications are held up or encounter problems. This action is underway and INZ is exploring options to pilot in-country support for India June 2025. This initiative is likely to have a small impact on visitor numbers.
  - b. *On-going promotion of visitor visa changes to support remote working*: This action utilises marketing material being developed by INZ to support the on-going promotion of recent visitor visas changes to attract remote workers [BRIEFING-REQ-0008522 refers]. This action is underway and is likely to have a small impact on visitor numbers.
  - c. Confidential advice to Government  

10. We note that any changes to visa settings, processing targets, fees or express visa pathways would be subject to agreement from the Minister of Immigration and a reprioritisation within the immigration work programme. We will work with your office to support any meetings with the Minister of Immigration related to this initiative.
11. As the immigration system is cost-recovered from user fees and levies, any actions in this initiative would be funded through INZ baseline.

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<sup>1</sup> These proposals were prepared prior to the separate advice on Australia.



## **Accelerated International Marketing Fund** Confidential advice to Government

12. This initiative would temporarily increase Tourism New Zealand's marketing in core, emerging and mid-sized markets. Where applicable, investment in campaigns and activities will be co-funded with TNZ's partners (e.g., airline joint venture campaigns). You have options within this initiative to prioritise investment in certain markets.
  - a. TNZ has strong foundations in our core markets (Australia, China and the USA) and these markets have the ability deliver relatively quick impact in visitor numbers and spend.
  - b. Greater investment in our emerging markets (India and Southeast Asia) would help diversify away from a potential over-reliance on core markets and support increased airline and trade opportunities in these areas.
  - c. There are also notable benefits to reintroducing paid media in our mid-sized markets (Germany and South Korea) which have not recovered well following COVID-19.
13. Incremental investment in marketing commencing in FY25/26 could have a high impact on visitor numbers from FY26/27 onwards. TNZ has estimated this could generate an additional \$1.1 billion in visitor spend from these markets by June 2028. In some cases, this is dependent on external factors influencing a markets' ability to travel, including air capacity and connectivity. Note that you have received separate advice from TNZ on options to accelerate this activity.
14. We have heard broad support for increased international marketing in our roadmap discussions with industry associations, New Zealand's international airports, airlines operating into New Zealand and the Ministry of Transport.


## **Supercharged Business Events Fund** Confidential advice to Government

15. This initiative would provide additional funding to support bid development and cash subvention for attracting business events. Government investment in business events would be supplementary to private investment and subvention funds would only be payable if a conference is won.
16. Business events are particularly beneficial as they support visitation in the off-peak season and can increase visitation to our regions. Incremental investment in business events commencing in FY26/27 is anticipated to have a medium impact on visitor numbers from FY27/28 onwards. Increased visitation is only guaranteed during the event period. Note that you have received separate advice from TNZ on options to accelerate this activity.

## **Enhanced Major Events Fund** Confidential advice to Government

17. This initiative would provide additional funding to the Major Events Fund (MEF) to target major events that bring international visitors and boost New Zealand's international profile to drive future visitation. Government investment in major events would be supplementary to private investment and the money is only spent if the event is secured.
18. Extra MEF funding of <sup>Confidential advice to Government</sup> commencing FY25/26 could secure an additional 18 events over the 2026-2033 event delivery period and drive attendance of over 64,000 new international visitors. Increased visitation is only guaranteed during the event period. The MEF is not a tourism fund and requires co-ordination with the Minister responsible for Major Events.
19. Mega events, such as the FIFA Women's World Cup, have the greatest impact on visitor numbers, however these are funded outside of the MEF due to significant levels of investment required.

Confidential advice to Government



## **We recommend using these initiatives to inform your International Visitor Conservation and Tourism Levy investment plan**

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27. The International Visitor Conservation and Tourism Levy (IVL) is the primary tool available to fund your portfolio objectives. The Minister of Finance has requested that you develop an IVL investment plan for tourism spending in 2025/26 to be announced alongside Budget 2025 [BRIEFING-REQ-0008302 refers]. Each of these demand initiatives (other than changes to visa settings and their promotion) require government investment and we recommend using the IVL investment plan to fund them.
28. We note that the combined total of investment required to progress these initiatives at the scale initially recommended by the advisory group exceeds the amount of available IVL tourism revenue (\$35 million per annum for new spend). You will need to make decisions to prioritise certain initiatives and/or make changes to the recommended scale of investment to enable their delivery.

## **Next steps**

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29. Following your identification of which demand initiatives to progress, we will develop final proposals for these initiatives. You may wish to reconvene the advisory group to confirm your intentions for the roadmap content and process going forward. We will develop a draft IVL investment plan informed by the final roadmap initiatives.

## **Annexes**

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Annex One: Summary of demand initiatives

Annex Two: Draft proposals for demand initiatives



## Annex One: Summary of demand initiatives

Initiative	Lead	Description	IVL investment required (\$m)	Additional government resource	Implementation timeframe	Potential impact on tourism growth and key risks
Targeted Australia Campaign	TNZ	Temporarily increasing Tourism New Zealand's marketing in Australia to increase visitor numbers in the next 90 days.	Low \$500,000	Low Extension of existing programme	Immediate Implementation commencing FY24/25 Expected outcomes Q2 2025 onwards	TNZ to advise.
Visitor Visas	INZ	<i>Visitor visa troubleshooters - India and China</i> Create and promote ways in which the travel trade can contact Immigration New Zealand when visitor visa applications are held up or encounter problems.	N/A	Low Reallocation of existing resourcing	Low Implementation completed in FY24/25	Small <ul style="list-style-type: none"> <li>Potential impact on perceptions, but limited impact on visa processing.</li> <li>Minister of Immigration is responsible for decisions in this space.</li> </ul>
		<i>On-going promotion of visitor visa changes to support remote working</i> Utilise INZ marketing material to support the on-going promotion of visitor visas changes to attract remote workers.	N/A	Low Extension of existing programme	Low Implementation underway and will continue to FY25/26	Small <ul style="list-style-type: none"> <li>Potential increase for visitor visa applications from international visitors interested in remote work.</li> <li>Minister of Immigration is responsible for decisions in this space.</li> </ul>
		Confidential advice to Government				
Accelerated International Marketing	TNZ	Temporarily increasing Tourism New Zealand's marketing in core, emerging and mid-sized markets.	High <small>Confidential advice to Government</small> (over three years) Requires Cabinet approval	Low Extension of existing programme	High Implementation commencing FY25/26 Expected outcomes 2026/27 onwards	High <ul style="list-style-type: none"> <li>TNZ has estimated this could generate an additional \$1.1 billion in visitor spend from these markets by June 2028.</li> <li>Reliant on adequate air capacity to service increased demand.</li> </ul>
Supercharged Business Events Fund	TNZ	Additional funding to support bid development and cash subvention for attracting business events.	Medium <small>Confidential advice to Government</small> (over three years) Requires Joint IVL Ministers approval	Low Extension of existing programme	Medium Implementation commencing FY26/27 Expected outcomes 2027/28 onwards	Medium <ul style="list-style-type: none"> <li>Increasing annual bid target to 150 will increase conference bid value from \$140m to \$233m per annum.</li> <li>Subvention funding is only spent if the event is secured.</li> </ul>
Enhanced Major Events Fund	MBIE	Additional funding to target large Major Events that bring international visitors and boost New Zealand's international profile to drive future visitation.	High <small>Confidential advice to Government</small> (over three years) Requires Cabinet approval	Low Extension of existing programme	Medium Implementation commencing FY25/26 Event delivery window 2026-2033	Medium <ul style="list-style-type: none"> <li>Could help New Zealand to secure an additional 18 events and 64,000 international visitors.</li> <li>Increased visitation is only guaranteed for event period.</li> <li>Money is only spent if the event is secured.</li> <li>Not a tourism fund and requires co-ordination with the Minister responsible for Major Events.</li> </ul>
Confidential advice to Government						

## **Annex Two: Draft proposals for demand initiatives**

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*Attached as a separate document.*

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**Confidence**

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