



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



Department of Conservation
Te Papa Atawhai

Aotearoa New Zealand Government Tourism Strategy

Draft for consultation



LSE 4200 OCT 2018

New Zealand Government

Contents

Introduction	4
Purpose and scope.....	5
<i>Implementing the strategy</i>	<i>5</i>
The cross-cutting nature of tourism and relationship to the government’s economic strategy.....	6
Aotearoa New Zealand Government Tourism Strategy Summary	7
Strategic context.....	8
<i>The opportunities and challenges of visitor growth</i>	<i>8</i>
Government’s role in tourism.....	14
<i>A long-standing role for government.....</i>	<i>14</i>
<i>A well-functioning tourism system.....</i>	<i>15</i>
Government’s goals for tourism	17
<i>Government’s aim.....</i>	<i>17</i>
<i>Government’s tourism outcomes.....</i>	<i>17</i>
Government’s approach.....	19
<i>New Zealand benefits from more productive tourism growth</i>	<i>19</i>
<i>Exceptional visitor experiences ensure the sector’s future success</i>	<i>22</i>
<i>Tourism protects and enhances New Zealand’s natural, cultural and historic heritage, and promotes New Zealand culture.....</i>	<i>26</i>
<i>New Zealanders’ lives are improved by tourism</i>	<i>30</i>
<i>Regions and communities benefit from tourism.....</i>	<i>34</i>
Annex 1: A proposed government investment framework for tourism.....	40
Annex 2: Roles of government agencies in tourism	50
Annex 3: Alignment with other government strategies and work programmes	51
Annex 4: Alignment with other stakeholder strategies and work programmes.....	54

Introduction

In line with increasing global demand for tourism, international visitor arrivals to New Zealand have experienced an unprecedented recent period of growth – up 35 per cent in the last five years. Domestic visitor numbers have also increased in line with population growth. Forecasts predict this growth will continue, with international annual visitor arrivals expected to reach 5.1 million by 2024.

This growth has the potential to significantly boost New Zealand’s economy, bring prosperity to the regions and improve New Zealanders’ quality of life. However, realising this potential will require central and local government, the tourism industry and New Zealand’s regions and communities to work together to manage and mitigate the impacts more visitors will inevitably have.

Government has a significant part to play in both helping realise the opportunities created by growth, and supporting the sector and regions to tackle the issues associated with increasing visitor numbers. Looking forward, that will require government to take a more active, deliberate and coordinated role in relation to tourism by strengthening its stewardship of the tourism system, more actively partnering with the sector, local government, iwi and regional and community stakeholders to shape future growth, and better coordinating its tourism-related investments.

This strategy sets out how government proposes to take on such a role. It provides a clear direction for government agencies, as well as signalling to the sector, regions and other stakeholders how the government’s priorities for tourism will contribute to more productive, sustainable and inclusive tourism growth.

DRAFT ONLY

Purpose and scope

This strategy sets out how the government will work with the tourism sector, iwi, local government, communities, and other stakeholders to take advantage of the opportunities offered by both international and domestic visitor growth, and to manage, mitigate or avoid the negative impacts of this growth.

The strategy:

- outlines the strategic context in which central and local government, the sector, iwi and other stakeholders are operating in relation to tourism
- identifies government's goals for tourism, in the context of the government's economic strategy, the sector's own Tourism 2025 framework and other key initiatives
- outlines the priorities that government will focus on to give effect to the strategy.

Implementing the strategy

Government investment framework for tourism

This strategy is supported by a decision-making framework to enable government to make choices about where it invests in the tourism system to support its strategic objectives – both at a national and regional level.

The framework will also act as a guide for government agencies when making tourism-related investment decisions; including helping them ensure their tourism-related investments are well-aligned with the government's broader tourism goals as set out in this strategy, and to prioritise these investments relative to their other, non-tourism related objectives.

In summary, the framework:

- articulates a set of overarching criteria, aligned with the government's goals for tourism, against which different investment choices can be assessed and prioritised
- provides a way of assessing how government can best prioritise and align its investment at a regional level, based on both national priorities and regional needs.

The framework is attached as Annex 1.

Implementation plan

This strategy will also be supported by an implementation plan that will set out:

- measures of progress (short-term, medium-term and long-term) to help assess how government is tracking against the outcomes in this strategy
- a prioritised work programme for government, including specific actions and key milestones
- how the implementation of the strategy will be resourced, including outlining any new governance and institutional arrangements needed to deliver the strategy.

The cross-cutting nature of tourism and relationship to the government's economic strategy

The Ministry of Business, Innovation and Employment (MBIE) is the government's lead agency on tourism policy, and responsible for coordinating the government's tourism efforts across the public sector. Its role includes providing advice, research and data to promote a high-value tourism sector, monitoring the Crown entities that support the tourism sector (including Tourism New Zealand) and managing a number of tourism-related government funds such as the Tourism Infrastructure Fund and the Maintaining the Quality of the Great Rides Fund.

Tourism New Zealand (TNZ) has primary responsibility for ensuring that New Zealand is marketed as a competitive visitor destination internationally. This includes gathering and sharing insight on the expectations and preferences of our different international market segments, and working with the regions and the sector to help them respond to these.

Beyond this, Government's tourism levers are dispersed across multiple agencies and portfolios.

Annex 2 sets out those agencies with the main tourism levers and the role they play in the tourism system (it should be noted however that many other agencies – such as those in the justice and health sectors – also play a part).

The cross-cutting nature of tourism also means that this tourism strategy sits in the context of a range of other intersecting government strategies and work programmes.

In particular, the government's economic goal focuses on a planned and just transition to a more productive, sustainable and inclusive economy, improving the living standards and wellbeing of all New Zealanders. This tourism strategy sets out how government's tourism-related interventions and investments can support such a transition, and more productive, sustainable and inclusive growth.

This strategy is also informed by, and aligned with, the other key government strategies and work programmes outlined in Annex 3.

The tourism industry, local government and Māori play central roles in the tourism system. Annex 4 provides examples of how this government strategy aligns with the strategies and work programmes of such stakeholders.

Aotearoa New Zealand Government Tourism Strategy Summary

Overall aim	Enrich New Zealand through sustainable tourism growth				
Government economic goals	Productive growth	Sustainable growth		Inclusive growth	
Government's tourism outcomes	New Zealand benefits from more productive tourism growth	Exceptional visitor experiences ensure the sector's future success	Tourism protects & enhances New Zealand's natural, cultural and historic heritage & promotes New Zealand culture	New Zealanders' lives are improved by tourism	Regions and communities benefit from tourism
What does long term success look like?	<p>Value has grown faster than volume, with average spend per visitor night increasing steadily</p> <p>New Zealand is benefitting from international and domestic tourism at all times of the year</p> <p>The sector has become more innovative, with greater uptake of technology</p> <p>The sector is benefitting from a more skilled workforce, with more New Zealanders employed in the sector</p>	<p>New Zealand delivers on its brand promise</p> <p>New Zealand delivers on and exceeds international and domestic visitor expectations</p> <p>Visitors enjoy authentic, world-class experiences based on New Zealand's unique nature, culture and heritage, and a strong understanding of visitors' preferences</p> <p>New Zealand has a coherent national visitor proposition that reflects the strengths of our different regions</p> <p>New Zealand welcomes visitors from a diverse range of overseas markets and is not overly-reliant on a small number of markets</p> <p>Tourism generates secure, sustainable funding streams for central government, local government and regions that can readily adjust to changes in visitor numbers, safeguarding the quality of experiences offered to visitors</p>	<p>Visitors and the tourism sector are contributing fairly to protecting New Zealand's natural, cultural and historic heritage</p> <p>The costs of people visiting natural, cultural and historic heritage sites are being met through sustainable, secure, and equitable funding streams</p> <p>As a result of their New Zealand tourism experiences, visitors develop greater awareness of conservation and biosecurity risks and the importance of following best practice to protect our natural, cultural and historic heritage</p> <p>The sector is a world-leading model for environmental sustainability, and is playing a key role in New Zealand's transition towards a low emissions economy.</p> <p>Māori tourism experiences are at the heart of the New Zealand visitor experience and encourage New Zealanders and international visitors to connect to and value our land, people, heritage and stories</p>	<p>Tourism is enhancing New Zealanders' experience of their own country and they are able to be involved in its planning/or decision making, both as residents and domestic visitors</p> <p>Tourism is supporting social inclusion through the creation of quality jobs and skills for New Zealanders</p> <p>Manaakitanga – shared respect and hospitality – characterises connections between New Zealanders and visitors</p>	<p>Tourism is helping regions and communities to thrive, creating vibrant places to live and, in the case of some disadvantaged rural communities, contributing to their sustainability</p> <p>Tourism is enabling Māori to realise their economic aspirations in the regions</p> <p>Traditional visitor destinations have been able to absorb increased growth and continue to deliver quality experiences</p> <p>New "must visit" destinations have developed</p> <p>Tourism has brought jobs, new businesses and prosperity to regions that previously welcomed few visitors</p> <p>Regions and communities are determining how they manage and realise their tourism potential, with government supporting or partnering</p>
Priority work areas	<p>Deepen understanding of how the sector's productivity can be lifted</p> <p>Ensure government's levers are used in a joined-up way to lift value and address seasonality</p> <p>Continue Tourism New Zealand's strategy of targeting for value over volume and encouraging off-peak growth</p> <p>Continue to work with the sector to lift the skills of workers</p> <p>Continue to support tourism businesses, including Māori operators, to build capability</p>	<p>Develop a detailed picture of future demand</p> <p>Develop a national destination plan for New Zealand, informed by regional plans</p> <p>Establish a process for generating 'game-changing' new ideas and initiatives, including through deeper understanding of any barriers to innovation</p> <p>Support local government and the sector to identify and develop reliable funding streams</p> <p>Implement the International Visitor and Conservation Levy</p> <p>Identify and implement tourism-related actions arising from the Productivity Commission Inquiry into local government funding</p> <p>Enhance the data, insight and education available to the sector, including by implementing prioritised initiatives from the Tourism Data Domain Plan</p> <p>Continue to focus on marketing to a diverse range of markets and segments</p>	<p>Develop a better understanding of how tourism and the sector can positively contribute to conservation outcomes, including biodiversity</p> <p>Deepen understanding of the implications for the tourism sector of climate change and the move towards a low-emissions economy</p> <p>Enable and support iwi to tell their stories and share the value of places</p> <p>Continue to increase the awareness of Māori tourism, improve the quality and authenticity of the experiences, and incorporate people and culture into the destination brand</p> <p>Extend Landmarks to new regions/themes</p> <p>Complete and implement DOC's heritage and visitor strategy</p> <p>Review DOC's approach to pricing</p> <p>Implement Biosecurity 2025 to manage risks associated with increased tourism</p> <p>Respond to the Parliamentary Commissioner for the Environment's report into tourism</p>	<p>Work with the sector and education providers to strengthen pathways from education into tourism employment while encouraging more New Zealanders into the industry</p> <p>Implement a cross-agency work programme based on the recommendations of the Responsible Camping Working Group</p> <p>Continue work to promote positive visitor behaviour</p> <p>Continue Tourism New Zealand's destination readiness work programmes, including supporting the industry to find ways of giving back to their communities and to communicate this</p> <p>Continue work to improve overseas driver safety</p>	<p>Implement the government investment framework for tourism</p> <p>Work with regions to support them to take a strategic and coherent approach when deciding how they want to plan, manage, market and develop their destinations</p> <p>Collaborate with regions to build a deeper understanding of the impacts that regional decision-making and investment may have on their natural, cultural and historic heritage</p> <p>Support iwi to develop Māori tourism experiences, including distinctive regional offerings</p> <p>Investigate generating new data to deepen understanding of regional visitor flows and tourism's impact on regional economies</p> <p>Ensure that land transport investment supports safe and resilient transport connections in regional New Zealand, to enable all regions to benefit from visitor growth and realise their tourism potential</p>

Strategic context

The opportunities and challenges of visitor growth

The importance of tourism

The tourism sector makes a significant contribution to New Zealand's economic success, accounting for over a fifth of our exports¹.

In the year to March 2017, overseas visitor spend reached over \$14 billion, as a result of compound annual growth of seven per cent in the previous five years². Tourism also contributed \$14.7 billion to GDP (and another \$11.3 billion of GDP through the indirect value added by industries supporting tourism)³.

In the same year, tourism provided jobs for over 230,000 New Zealanders⁴. The labour-intensive nature of the tourism industry - where people are actually part of the visitor experience - means tourism is likely to continue to be a significant employer into the future.

In addition, tourism provides a pathway for many to enter the workforce, gaining important skills that can allow them to move into higher-paid positions. At the same time, low barriers to entry enable New Zealanders to relatively easily start up their own tourism business ventures – creating new jobs, products and services.

Tourism creates inclusive growth by distributing economic opportunities and bringing social benefits across regions and communities outside of the main urban centres. For example, through job and business creation, tourism can help attract investment and retain the population and services needed to ensure the long-term sustainability of some communities.

No less importantly, tourism brings wider economic, social and cultural benefits.

In particular, tourism provides an opportunity for Māori to showcase their unique culture on a world stage and leverage their assets to help realise their economic goals.

It helps create more vibrant communities and to foster the international connectedness critical for a small, distant, trading nation.

Domestic tourism

While international visitors help grow New Zealand's export revenue, domestic visitors also make up an important part of the tourism system.

This strategy outlines the government's approach to both international and domestic visitors. In many cases, this approach will be very similar. However, there are some key differences.

¹ Tourism Satellite Account 2017, Statistics New Zealand

² Tourism Satellite Account 2017, Statistics New Zealand

³ Tourism Satellite Account 2017, Statistics New Zealand

⁴ Tourism Satellite Account 2017, Statistics New Zealand

An important focus for this strategy is to ensure that New Zealanders’ ability to explore and enjoy their own country as domestic visitors is preserved in the context of increasing international visitor numbers. This is particularly critical in relation to New Zealanders’ access to public conservation lands and waters.

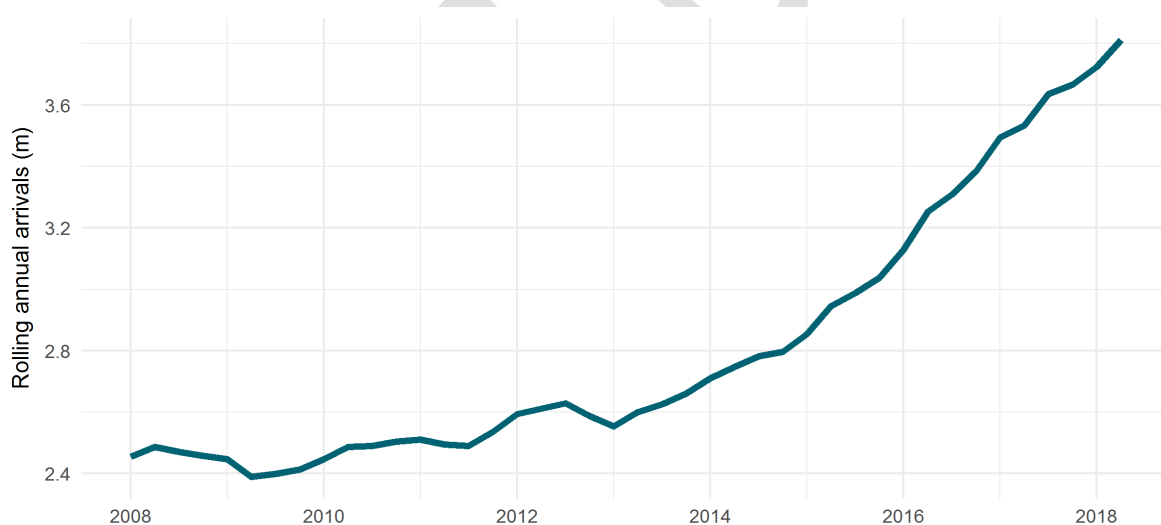
Domestic visitors also make an important contribution to regional economic development outside the main cities and tourism centres, as they are more likely to visit a broader range of places than international visitors. They may play a role in helping some emerging destinations to increase their readiness for international visitors – in much the same way as smaller firms produce goods and services for the domestic market as a means of growing the expertise and scale they need to become export-ready.

One important work priority flowing out of this strategy will be to better understand what the current and future domestic demand picture looks like, and how we can better leverage domestic demand to support the government’s regional economic development objectives as well as tourism outcomes.

Current and future growth in visitor numbers

In line with global growth in tourism, international visitor arrivals to New Zealand have experienced an unprecedented recent period of growth – up by 43 per cent in the last five years⁵.

Figure One: Annual international visitor arrivals 2008-2018



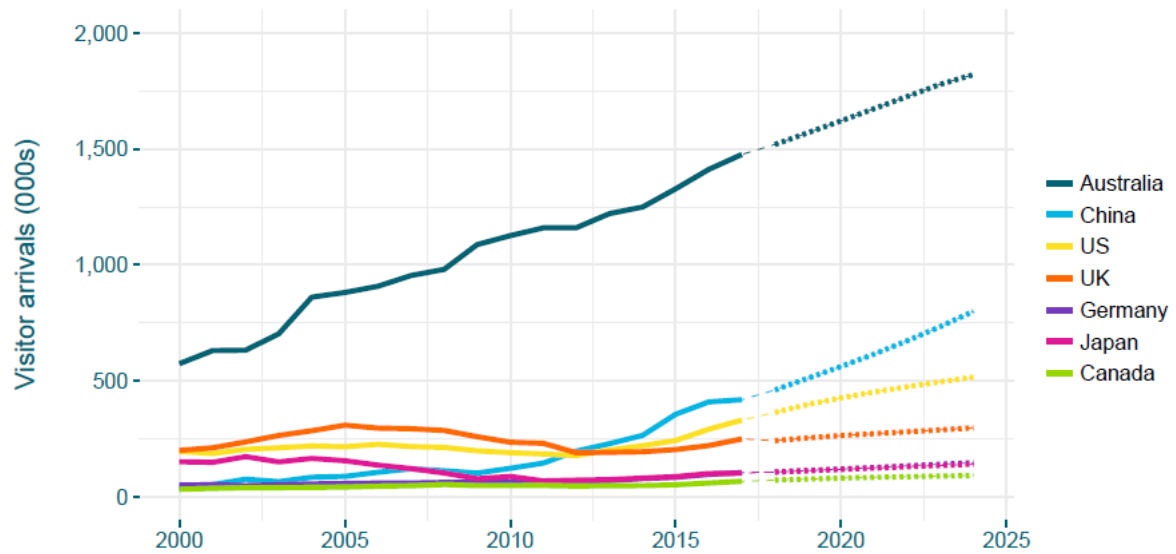
Source: International Travel and Migration, Stats NZ

This growth is predicted to continue, with the latest MBIE forecasts anticipating more than 5 million international visitors in 2024, up a further 37.1 per cent from the 3.7 million arrivals in 2017⁶.

⁵ International Travel and Migration Survey May 2018, Statistics New Zealand

⁶ New Zealand Tourism Forecasts 2018-2024, MBIE

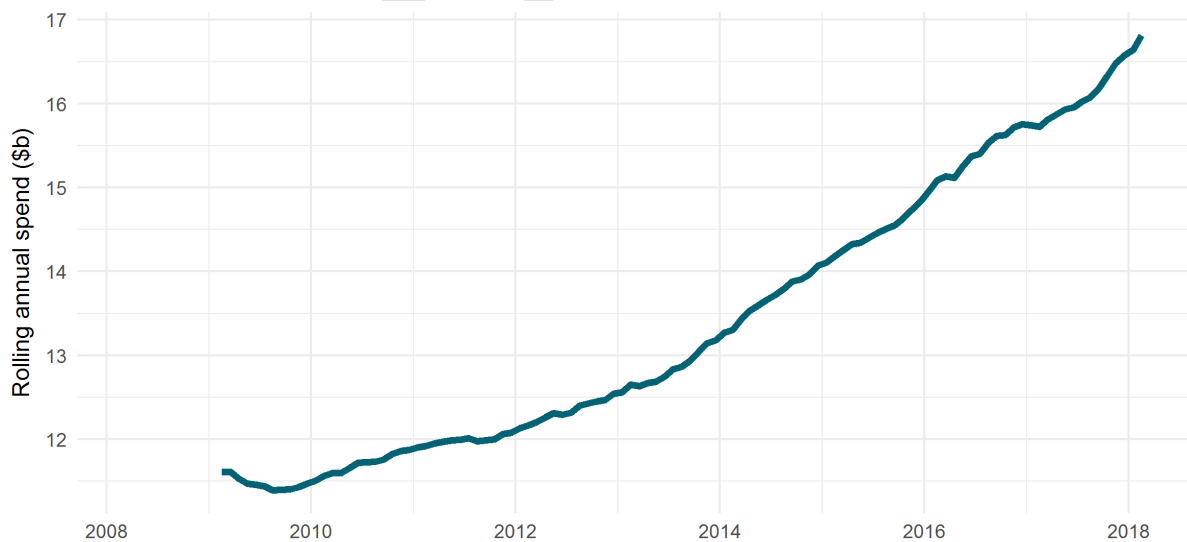
Figure Two: MBIE forecasts of annual international visitor arrivals by key markets



Source: Stats NZ and MBIE

At the same time, domestic visitor spend has been increasing⁷ – indicating growth in domestic visitor numbers, probably in line with population growth.

Figure Three: Annual domestic visitor spend 2008-2018



Source: Monthly Regional Tourism Estimates, MBIE

All projections see this growth continuing in line with global trends. While there is the possibility that shocks (e.g. a global pandemic or major geo-political event) or other events (such as a volcanic eruption) may stop or slow tourism growth for a time, such impacts have historically been short-lived, with growth recovering over the short to medium term.

⁷ Tourism Satellite Account 2017, Statistics New Zealand – note data on domestic visitor volumes is not collected.

However, any strategy should acknowledge the possibility that visitor growth may slow or even decline over time and, in some cases, this effect may not be short-lived or even temporary. The most obvious source of a potentially longer-term reduction in tourism growth is climate change. The global move towards reducing carbon emissions, and New Zealand's focus on transitioning to a low-emissions economy, is likely to have a significant and long-term impact on New Zealand's tourism industry, for example in terms of the transportation options available to, or demanded by, visitors. Better understanding the nature of this impact will therefore be an important part of the future work programme supporting implementation of this strategy.

The challenges of visitor growth

While it is clear that visitor growth provides real opportunities for New Zealand, the increasing numbers of people travelling around our country and using our resources inevitably pose challenges. These challenges range from the increased pressure placed on our environment and infrastructure, through to some perceptions that the character of some of our best-loved places is changing.

This is particularly the case in a country like New Zealand, where our relatively low population density makes visitors and their impacts more visible. These impacts are often more pronounced when growth is poorly managed.

The tourism system should function to ensure that the positive effects of visitor growth are maximised, while the negative impacts are managed, mitigated or avoided. This requires a well-functioning tourism system that delivers optimal outcomes for both New Zealanders and visitors.

However, the recent pace and scale of visitor growth, combined with an increase in New Zealand's population, has effectively outstripped the capacity of our tourism system to respond in some areas. This means that the economic and other opportunities afforded by this growth are not being fully realised, and the pressures created not always adequately managed.

Challenges in the tourism system that have been exacerbated or created by recent growth include:

- enduring seasonal and regional travel patterns that exacerbate the pressures caused by visitor numbers, meaning that the gains from tourism are not spread evenly across regional New Zealand. These patterns can lead to congestion, adverse environmental impacts at specific places at specific times and loss of community support for tourism
- a fragmented regional picture, with some regions competing rather than cooperating, and some more focused on attracting visitors rather than managing destinations in line with the expectations of both local communities and visitors
- funding arrangements that do not quickly respond to significant and rapid shifts in visitor volumes. This contributes to some less-than-optimal investment in maintaining and building the infrastructure, amenities and attractions necessary to support quality visitor experiences
- some policy settings and institutional arrangements – which were established at a time when government was focused on increasing visitor numbers – that are not always fit-for-purpose for a high-growth environment.

These challenges predominantly manifest themselves at a local government level. Local government provides much of the infrastructure needed to support tourism. However, funding arrangements for some infrastructure have not been able to cope with the rapid growth in tourism volumes. For example, some funding arrangements do not ensure that visitors pay for what they use, nor meet the costs of externalities they generate. This has meant that ratepayers fund any shortfall, which is not always affordable (or equitable, as local ratepayers are not always the main economic beneficiaries of tourism activity), or that investments are not made.

This can be particularly challenging for towns with small ratepayer bases but large tourist throughput (for example Franz Josef or Hanmer Springs). Visitors can also place a load on the infrastructure services in these towns, such as pressure to upgrade drinking water and wastewater systems to cope for tourist demand at peak times.

The issue of camping in public places is another example of how challenges in the tourism system can combine to create problems that are difficult to resolve at both a local and national level. Other examples of how these challenges show up include congestion at popular visitor destinations (e.g. Tongariro, Punakaiki, Waiheke Island and Milford), and border services and the biosecurity system needing to adjust to the increased risk that higher visitor numbers pose to the spread of pests and diseases.

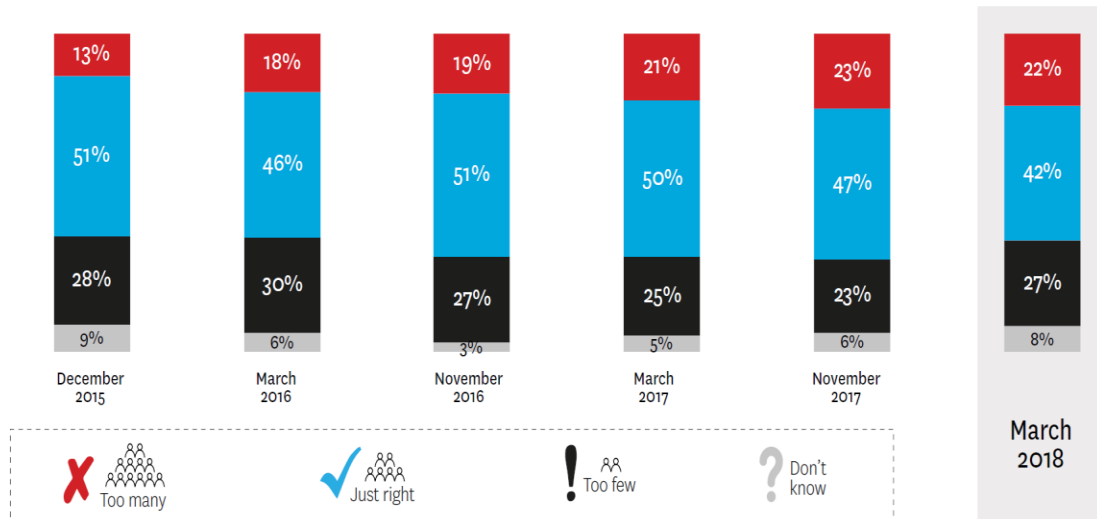
These challenges have the potential to impact adversely on the quality of the experiences we offer to our visitors and on New Zealand's reputation as a destination.

In addition, they are likely to have contributed to a recent increase in the number of New Zealanders concerned about the impacts of tourism. This is despite the fact that New Zealand as a whole has relatively low visitor density compared to other destinations. For example, the 'Mood of the Nation' research commissioned by Tourism Industry Aotearoa and Tourism New Zealand has shown that the percentage of those surveyed who thought that international tourism was putting too much pressure on New Zealand rose from 18 per cent to 40 per cent between December 2015 and November 2017 – although later results suggest this trend may now have stabilised. It should be noted however that 96 per cent of those surveyed in the latest March 2018 'Mood of the Nation' research still agreed or strongly agreed that international tourism is good for New Zealand. A large majority of those surveyed in March 2018 also thought New Zealand attracted either just the right number of tourists or too few tourists.

Figure Four: Extract from 'Mood of the Nation' survey results – March 2018

PERCEPTIONS OF VISITOR NUMBERS

The common view is that New Zealand attracts just the right number of international visitors, while one in five think that the country attracts too many international visitors – a stable result over the past year.



Research commissioned by Tourism Industry Aotearoa and Tourism New Zealand

DRAFT

Government's role in tourism

A long-standing role for government

The New Zealand government has played a role in tourism since the nineteenth century, when laws were passed to create reserves to attract both New Zealand and international visitors.

From the early twentieth century, the government often acted as a direct provider of tourism attractions and amenities – largely by buying up failing hotels and tourism businesses. Around the same time, government moved into international marketing through the establishment of the Department of Tourist and Health Resorts.

Today, the government continues to play an active role in the tourism system - including as a provider of public goods needed by the industry, such as international destination marketing, State highway networks and tourism data, and the provision of facilities on, and access to, public conservation lands and waters. It is also responsible for the protection and guardianship of many of the natural attractions and biodiversity in them.

The government also intervenes where the market is not delivering optimal outcomes (e.g. by introducing regulation to improve the safety of adventure activities, or working with Queenstown to address local traffic issues), or where the market is unlikely to act to take advantage of specific opportunities (e.g. investing in convention centres to capitalise on the growing conference and business travel market).

However, it is critical that Government's efforts augment and complement the activities of the other participants in the system – particularly local government, Māori and the sector - rather than displace or cut across them.

Local government

Local government plays a significant role in tourism including:

- planning and decision-making about the type of destinations that local communities want to offer
- destination marketing, either directly or by co-funding or partnering with others
- providing, alongside the Department of Conservation (DOC), much of the infrastructure that visitors use in locations. Much of this infrastructure is mixed-use, benefiting both tourists and locals
- regulating tourist behaviour as needed, for example through bylaws for the management of responsible camping or parking.

Māori

Māori culture, customs, traditions and stories have always been at the heart of our tourism sector – and the tourism industry benefits significantly from the unique and authentic visitor experiences that the increasing numbers of Māori tourism businesses provide.

At the same time, tourism is a key way in which Māori can build on their assets to achieve economic, social and cultural success – particularly in a post-settlement context.

Tangata whenua also play an important role as kaitiaki of public conversation lands and waters.

The tourism sector

The sector fundamentally shapes the direction of New Zealand tourism:

- Individual tourism businesses and operators make commercial decisions every day about the types of products and services they deliver and the prices they set for these
- Organisations like Tourism Industry Aotearoa and Regional Tourism New Zealand play an important role helping to align and find common ground across a range of businesses and regions.

A well-functioning tourism system

A well-functioning tourism system is central to realising the opportunities brought by tourism growth – as well as managing the challenges – and achieving long-term success.

The government plays an important role in ensuring the tourism system delivers optimal outcomes for all the actors in the system including visitors, tourism businesses, regions and communities and New Zealanders.

It does this in two main ways:

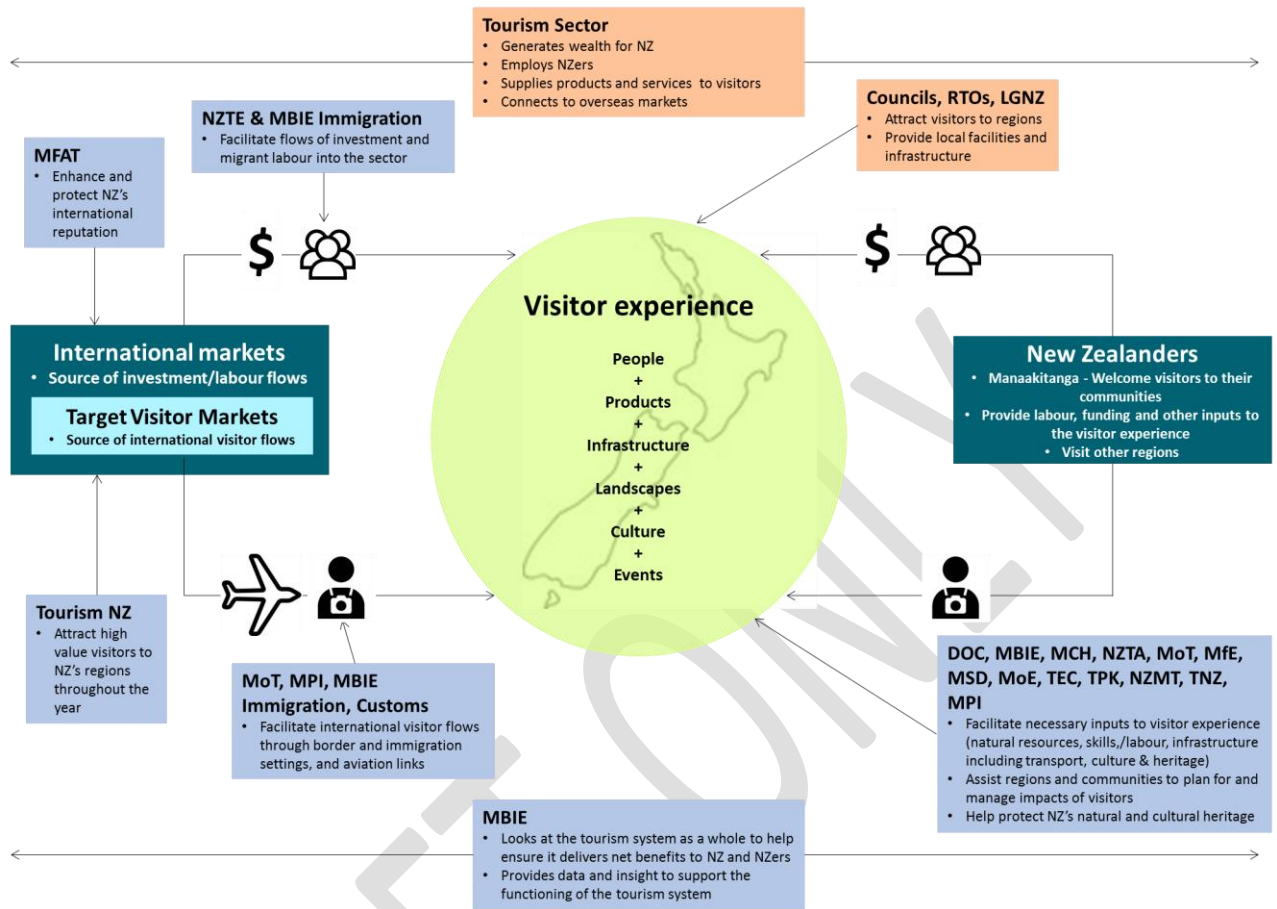
- As a **steward**, government looks across the whole tourism system to make sure that it is working effectively, and that the other participants have the incentives, information and capability to play their respective roles. Government's role as a steward includes helping shape visitor demand, helping ensure the market can respond to that demand, and coordinating, facilitating and regulating activity across the system
- Government also operates as an **actor** in the tourism system directly through its own investments and interventions – for instance by providing public goods used by visitors such as roads, broadband and amenities on public conservation lands. This requires it to ensure its own interventions are joined up across multiple agencies, and well-aligned with those of industry and regional players.

In the current environment of rapid visitor growth, it is particularly important that government plays both these roles effectively if it is to support visitor growth and address the associated challenges. In particular, government needs to take a stronger role in its stewardship of the tourism system, more actively partner with local government, iwi and other regional stakeholders on tourism development and dispersal, and better align its regional tourism-related investments and interventions. This will enable us to ultimately 'shift the dial' in terms of the performance of the tourism system as a whole.

The tourism industry also has an important role to play in the tourism system and collectively each party needs to deliver their roles effectively to help ensure the system functions well. This strategy sets out government's role and responsibilities, whilst the Tourism Industry Aotearoa Tourism 2025 framework sets out the industry's aspiration for the sector.

Figure 5: The tourism system

A large number of government and non-government actors play interconnected roles to help ensure the tourism system functions effectively



Government's goals for tourism

Government's aim

Government's overarching aim is to **enrich New Zealand through sustainable tourism growth**.

"Enrich" describes improvements in New Zealanders' social, cultural and environmental wellbeing as well as the economic opportunities created by tourism – and links back to the government's economic goals of productive and inclusive growth.

The focus on sustainability recognises the importance of the future tourism system being environmentally and socially sustainable, as well as economically sustainable. It also recognises the potential impacts of climate change on the sector and supports the government's focus for a just transition to a 'clean, green, and carbon neutral New Zealand'.

Government's tourism outcomes

In the context of the overarching aim, government has identified five mutually-reinforcing outcomes to articulate what it wants to achieve in relation to tourism – and in particular, how tourism can help deliver the productive, sustainable, inclusive growth envisaged in its economic strategy.

1. New Zealand benefits from more productive tourism growth

The first outcome focuses on the type of economic growth that we want tourism to deliver – with a focus on lifting the productivity of the sector, rather than continuing to rely on input-fuelled growth.

2. Exceptional visitor experiences ensure the sector's future success

The second outcome focuses on how we can ensure the economic sustainability of the tourism sector by developing and promoting high-quality, authentic visitor experiences that draw on New Zealand's unique visitor proposition. It also focuses on how we can ensure our industry is resilient to shocks and the tourism system is underpinned by secure, responsive funding streams that can be used to maintain and build the quality infrastructure, amenities and attractions our visitors expect.

3. Tourism protects and enhances New Zealand's natural, cultural and historic heritage, and promotes New Zealand's culture

The third outcome signals the importance of both maintaining and restoring the quality of the unique natural, cultural and historic heritage that visitors come here to experience – for example by ensuring that the tourism system is environmentally sustainable, including in the context of climate change and protected from biosecurity risks - and that tourism makes a positive contribution to conservation. It also reflects how tourism can encourage international visitors to connect to, and value, New Zealand's land, people, heritage and stories, particularly in relation to Māori tourism.

4. New Zealanders' lives are improved by tourism

The fourth outcome focuses on New Zealanders continuing to support tourism by enhancing New Zealanders experiences of their own country, offering quality jobs and skills, as well as shared respect and hospitality – which is critical to ensuring the industry's social sustainability, and also recognises tourism's role in delivering inclusive growth.

5. Regions and communities benefit from tourism

The final outcome focuses on ensuring the benefits of tourism are distributed across regions and communities, contributing to inclusive growth. This includes ensuring whānau, iwi and hapū benefit from tourism.

The strategy summary on page 6 shows how these outcomes link back to the government's economic objectives.

DRAFT ONLY

Government's approach

The government's tourism outcomes are long-term and aspirational in nature. The section below discusses in more detail what success looks like for each outcome, and how government proposes to work towards that success.

New Zealand benefits from more productive tourism growth

What would long-term success look like?

- Value has grown faster than volume, with average spend per visitor night increasing steadily
- New Zealand is benefitting from international and domestic tourism at all times of the year
- The sector has become more innovative, with greater uptake of technology
- The sector is benefitting from a more skilled workforce, with more New Zealanders employed in the sector.

Where are we now?

Lifting tourism productivity is a challenge...

Getting more productive growth is a real challenge for the sector, which is made up of predominantly low-productivity industries like accommodation and retail.

It should also be noted that, because tourism is a 'non-measured' sector, we do not have good measures of productivity, nor a good understanding of whether it faces particular issues relative to other sectors.

...but there are a number of possible ways to increase it

There are a number of ways we can look at lifting tourism productivity:

- A focus on 'value over volume' - that is, further moving New Zealand's tourism offering up the value chain towards higher-end products and experiences, rather than just trying to increase the number of visitors coming here (although it should be noted that volume is still important for the viability of many tourism businesses). We have already had some success in this regard with visitor spend growing faster than visitor numbers over recent years. Annual visitor spend reached \$14.5 billion in the year to March 2017, after compound annual growth of seven per cent in the previous five years⁸.
- Lifting skills and increased take up of technology - part of the sector's productivity challenge simply reflects the fact that the sector is predominantly made up of small businesses with relatively low-waged and low-skilled jobs. In addition, tourism as a sector is more difficult to automate than some other sectors due to the labour-intensive nature of the tourism industry, where people are actually part of the visitor experience⁹. However, there remains potential for increased take-up of technology and the upskilling of workers - this will also support a focus on value over volume, as higher-end experiences may require higher-skilled

⁸ International Visitor Survey , Year ended March 2018, MBIE

⁹ Note that, in the context of the future of work and job numbers, this could however provide a potentially insulating effect for tourism

workers and the development of more knowledge-intensive products. Getting more young Māori into higher-skilled roles will also be important here.

- Growing the shoulder seasons – uneven seasonal dispersal contributes to lower productivity through poor utilisation of existing assets and facilities, reducing the ability to make productivity gains through economies of scale. New Zealand remains a highly seasonal destination, with the vast majority of visitors arriving over the summer months of December to February, and fewer arriving over the shoulder and winter season months of May to November (although there has been some relative growth in the autumn shoulder season).

What is already happening?

The government is helping the sector to focus on value, address seasonality and encourage more visitors to less-visited regions...

The government is already working to help shape demand to focus on higher-value visitors and address seasonality.

In particular, Tourism New Zealand has focused on targeting higher-spending and specialist/niche markets over the past few years. In selecting which markets to target, consideration is given to existing travel preferences and how these dovetail with the seasonal travel patterns of other markets. The total picture enables Tourism New Zealand to deploy marketing strategies that target higher-value visitors and encourage travel only in the shoulder season.

Tourism New Zealand: trialling innovative marketing strategies

Te Tai Tokerau / Northland – the ‘winterless north’, home to ancient living forests, incredible marine life, cultural experiences, the incomparable Bay of Islands; and the location of Tourism New Zealand’s first regional dispersal pilot campaign focused on a single region ‘Everyday a different journey in Northland’.

Together with Northland Inc, Facebook, Flight Centre and Air New Zealand, a pilot campaign ran in late FY17 reaching 1.5M Australians in the state of Victoria and promoting travel in FY18’s shoulder periods.



Results from the campaign showed that, overall, Northland’s international visitor nights increased 1.3% in FY18 (compared to FY17). Notably, however, October 2017 guest nights shot up 10.8% and March 2018 noted a 13% increase, corresponding with the travel period promoted in Tourism New Zealand’s single region road trip campaign. Furthermore, credit card spend from Victorian-based Australians in Northland was up 18.2%, compared to the rest of Australian cards, which were up 3.6%. Interestingly, total arrivals from the State of Victoria across New Zealand were up 18%, showing that the regional campaign benefitted not just Northland but all of New Zealand.

Tourism New Zealand Chief Executive, Stephen England-Hall, says “We are focused on encouraging more international visitors to the regions to share the economic benefits tourism delivers. The pilot was the first Tourism New Zealand campaign focused on a single region to test whether we can influence a shift in travel patterns toward our less visited regions.”

David Wilson Chief Executive Officer, Northland Inc says the Northland campaign had immediate positive impacts.

“Northland has one of the country’s highest seasonality gaps, and Australia is our largest

international source market so this campaign was right on target to address both our region's needs and market potential. We will never have the resources to promote directly to the consumer in Australia in this way, so the Tourism New Zealand test was a wonderful opportunity and we really valued the leadership taken by Tourism New Zealand to do this. Having the Northland region profiled individually created immediate results in consumer awareness with our analytics showing a significant spike in traffic from newzealand.com to our website, NorthlandNZ.com," he says.

One company benefiting from Northland's popularity and Tourism New Zealand's work to drive off peak season visitation is Salt Air. The Paihia-based family business employs eight permanent staff and runs charter flight and helicopter tours of the Bay of Islands. Owner (and CEO/Operations Manager/Chief Pilot) Grant Harnish established the business in 1992 – a time when the peak season lasted "around six weeks". Nowadays, he says, visitation is spread throughout the year with eight to nine months of profitable business.

"There used to be a small window of opportunity to make money and if it rained over the six week summer period, you were through. That was it for the year. Now we're seeing a lot more people visit in the shoulder seasons, and this is definitely where we need to concentrate our efforts," says Grant.

"Australia is our biggest international visitor market and Tourism New Zealand has done a great job at promoting Northland to this market. Tourism New Zealand is a great asset for the industry to have and we really appreciate the work the organisation does. Our Marketing and Sales Manager uses Tourism New Zealand's insights and data on visitor a lot for planning purposes, and this complements what we know from working on the ground in the sector."

...and it will be important that its efforts are well-coordinated

It will be important that all of government's other relevant levers – including its various funds, and investment in public conservation lands and waters – are also used in a joined-up way to support this focus on lifting value and addressing seasonality. The Government investment framework for tourism set out in Annex 1 provides government agencies with guidance in ensuring their tourism-related investments are aligned with this focus.

Government is also working with the sector to lift skills and capability...

In relation to skills, the multi-agency Sector Workforce Engagement Programme (SWEP)¹⁰ is working with the tourism industry to improve the supply of skilled labour and improve the quality of work on offer. SWEP works with employers to help them plan for, and develop solutions to, their labour and skills needs, working across the education, welfare, and immigration systems. In addition, Tourism Industry Aotearoa is working to implement its People and Skills 2025 framework – which focuses on how the sector can ensure tourism businesses attract and retain staff with the right skills and attitude.

Government also plays a role in supporting tourism businesses to build capability. For example, Tourism New Zealand shares insights that encourage operators to ensure they can respond to evolving market preferences.

¹⁰ SWEP is co-led by MBIE, the Ministry of Social Development, the Ministry of Education and the Tertiary Education Commission, in conjunction with industry.

...including in relation to Māori tourism businesses

Initiatives such as the Māori Innovation Fund and the support provided through New Zealand Māori Tourism are focusing on accelerating start-ups and the development of the operational, management and leadership capability of Māori tourism businesses.

What priority areas should government focus on?

- Deepen understanding of how the sector's productivity can be measured and lifted
- Ensure government's levers are being used in a joined-up way to lift value and address seasonality through the implementation of Government's investment framework for tourism
- Continue Tourism New Zealand's strategy of targeting for value over volume and encouraging off-peak growth
- Continue to work with the sector to lift the skills of workers
- Continue to support tourism businesses, including Māori operators, to build capability

Exceptional visitor experiences ensure the sector's future success

What would long-term success look like?

- New Zealand delivers on its brand promise
- New Zealand deliver on and exceeds international and domestic visitor expectations
- Visitors enjoy authentic, world-class experiences based on New Zealand's unique nature, culture and heritage, and a strong understanding of visitors' preferences
- New Zealand has a coherent national visitor proposition that reflects the strengths of our different regions
- New Zealand welcomes visitors from a diverse range of overseas markets and is not overly-reliant on a small number of markets
- Tourism generates secure, sustainable funding streams for central government, local government and regions that can readily adjust in response to changes in visitor numbers, safeguarding the quality of the visitor experiences.

Where are we now?

International visitors tend to rate their experience in New Zealand highly

Our visitors' satisfaction with New Zealand as a destination – in particular, the overall quality of the visitor experience – is at the heart of the industry's long-term economic success. The available data tells us that visitor satisfaction is consistently high. According to 2017 International Visitor Survey data, nine out of 10 international visitors said they were highly satisfied with the New Zealand experience, with 94 per cent saying that New Zealand met or exceeded their expectations.

We also know that word of mouth is an important factor in whether people decide to visit New Zealand. Data from the 2017 International Visitor Survey tells us that 76 per cent of visitors are likely to recommend New Zealand as a visitor destination.

However, we do not have a coherent visitor proposition that links all our regions...

In terms of New Zealand's visitor proposition, while we have a strong, well-defined national brand for marketing overseas, we do not have a coherent visitor proposition that links across all of New Zealand's regions, or always have a good understanding of the unique visitor proposition of each region. As noted earlier, although some regions are working collaboratively, other regions work independently of each other, and sometimes in competition with each other, focusing largely on attracting visitors to their particular region.

...nor a clear understanding of how to address barriers to innovation in the tourism system...

There is also scope to develop a deeper understanding of barriers to the generation and adoption of innovation in the tourism system, and how government and the sector can most effectively respond to these barriers.

...and we need to be planning for the trends and disrupters that will shape the future of tourism

Understanding the preferences, travel patterns, behaviour and impacts of all our different visitors – both domestic and international – is central to delivering high-quality visitor experiences.

Government already collects and provides a variety of data and insight to local government and other regional stakeholders and the industry to help build this understanding.

However, to ensure that we remain an attractive visitor destination, we need to develop a stronger understanding of how the future demand picture in relation to both international and domestic visitors is likely to change over time. This includes understanding the impact of major social, economic, environmental and technological megatrends and disrupters, such as how they will influence who comes to New Zealand, where and how far they are likely to travel and the sort of experiences they will seek.

It will also be important to help increase sector resilience...

The future success of the sector will also rely on its ability to withstand shocks – such as economic downturns in key overseas markets. Ensuring our visitors come from a diverse range of markets is central to this, and forms part of Tourism New Zealand's ongoing strategy. However, while there has been significant growth in some newer markets such as India and the Philippines, our top three markets (Australia, China and the USA) still account for nearly 60 percent of our visitor arrivals.

...and ensure sustainable funding streams particularly for local government

Sustainable funding streams are another critical part of ensuring the system can continue to provide quality visitor experiences.

However, as noted earlier, New Zealand's tourism system has in the past been hampered by funding arrangements that were not designed to adapt quickly to significant and rapid shifts in visitor numbers and demands. This is a particular issue for some local authorities, which can struggle to fund the necessary infrastructure and services needed to support tourism.

What is already happening?

Government helps provide many of the components of the visitor experience...

Government plays an important role in providing and investing in some of the main infrastructure, facilities and attractions that draw visitors to New Zealand and/or contribute to the quality of their overall experience while they are here.

...including nature, culture and heritage...

In particular, through DOC, the government administers public conservation lands and waters that make up approximately one-third of New Zealand. They are both a major drawcard for international visitors and central to domestic visitors' enjoyment of their own country.

The government also offers some limited support to regions for the development of culture and heritage through the Regional Culture and Heritage Fund. This fund offers funding of last resort for capital construction projects for cultural facilities such as museums, galleries and performing arts venues.

...and transport infrastructure...

The safety and quality of New Zealand's land transport system is an important contributor to the visitor experience, given that New Zealand is a touring destination. A well-coordinated transport system is important for connecting our visitors with places. Government and industry each have responsibility for aspects of the transport system - including across air, road and rail to ensure New Zealand's visitor experiences on the transport network are coordinated, connected, safe and high quality.

The latest Government Policy Statement on Land Transport (GPS), which took effect in July 2018, supports tourism by ensuring extra capacity is provided to meet increased tourist numbers and safe and resilient connections between regions. The GPS guides the decisions of the NZ Transport Agency as to what is included in the National Land Transport Programme and, ultimately, funded by the National Land Transport Fund.

The NZ Transport Agency also has a range of projects underway to improve the experiences of visitors on our roads including:

- strategic improvements to key tourist routes such as the Twin Coast Discovery Route, the Rain Forest Route and State highway 43
- developing a stopping places strategy and guidelines to support safer journeys and improved visitor experiences
- carrying out customer research (Great Kiwi Road Trip) to better meet customer needs and motivations.

...and is supporting the sector to deliver a high-quality visitor experience in a variety of other ways...

More broadly, Tourism New Zealand has begun work on destination readiness to ensure the tourism sector and communities are continuing to provide a high value visitor experience, in the context of

ongoing tourism growth. This activity focuses on education and support for the sector to enable digital innovation and adoption, provision of data and insights, delivery of visitor safety and education campaigns and working with DOC to ensure that tourism contributes towards conservation and biodiversity.

In relation to data, the government has developed a Tourism Data Domain Plan in consultation with the industry and other stakeholders to agree the main priorities for tourism data and how to address these priorities over the next five to eight years.

In addition, government is helping to develop more sustainable funding mechanisms

In terms of funding, the government currently plays a part working within the tourism system - addressing specific funding issues in particular places, including helping local government to address its tourism-related infrastructure deficits and developing new drawcards for visitors, for example through the Tourism Infrastructure Fund or the Provincial Growth Fund.

But we are also undertaking broader work to strengthen the tourism system by identifying and designing enduring funding mechanisms to allow both central and local government to respond to changing visitor demand and put the tourism system on a more sustainable footing.

The government's International Visitor Tourism and Conservation Levy is a first step towards getting this more sustainable funding at a whole-of-system level. Other, complementary options will also be considered – including how asset owners can generate reliable funding streams to fund operating costs and further investment. Technology and private partnerships may provide further opportunities in this area.

Other work currently underway includes the Productivity Commission looking at improvements to the local authority funding and financing environment, including recommendations in response to tourism pressures. DOC is also thinking about how best we charge for facilities on public conservation lands.

The government is also focused on accelerating and attracting private investment in tourism infrastructure, amenities and attractions through initiatives such as the Tourism Attractions and Hotel Attractions Projects led by New Zealand Trade & Enterprise.

What priority areas should government focus on?

- Develop a detailed picture of the future demand and the implications for the tourism system
- Develop a national destination plan for New Zealand, informed by regional plans
- Establish a process for generating ‘game-changing’ new ideas and initiatives, including through deeper understanding of any barriers to innovation
- Support local government and the sector to identify and develop reliable funding streams for asset owners to help fund operating costs and further investment
- Implement the International Tourism Visitor and Conservation Levy, including agreeing a process for strategically investing the funding it generates
- Identify and implement tourism-related actions arising from the Productivity Commission Inquiry into local government funding
- Enhance the data, insight and education available to the sector, including by implementing prioritised initiatives from the Tourism Data Domain Plan
- Continue to focus on a diverse range of markets and segments

Tourism protects and enhances New Zealand’s natural, cultural and historic heritage, and promotes New Zealand culture

What would long-term success look like?

- Visitors and the tourism sector are contributing fairly to protecting New Zealand’s natural, cultural and historic heritage
- The costs of people visiting natural, cultural and historic heritage sites are being met through sustainable, secure, and equitable funding streams
- As a result of their New Zealand tourism experiences, visitors develop greater awareness of conservation and biosecurity risks and the importance of following best practice to protect our natural, cultural and historic heritage
- The sector is a world-leading model for environmental sustainability, and is playing a key role in New Zealand’s transition towards a low-emissions economy
- Māori tourism experiences are at the heart of the New Zealand visitor experience and encourage New Zealanders and international visitors to connect to and value our land, people, heritage and stories.

Where are we now?

Protecting our natural environment in the face of visitor growth is an ongoing challenge...

The success of our industry depends heavily on the quality of our natural environment – given that the vast majority of international visitors come here to experience it.

...including the challenge of increased visitors to public conservation lands...

However, as visitor numbers have grown, the capacity of some of New Zealand’s most popular nature-based attractions on public conservation lands to handle visitor demand has come under pressure. Issues that are common during peak visitor times include inadequate amenities and car

parking, and congestion on selected tracks and huts. This in turn can lead to impacts on New Zealand's natural, cultural and historic heritage when not well managed. Many places on public conservation lands can accommodate more visitors – the challenge lies in influencing how, when and where people visit to reduce pressure on the most popular places.

...and increased biosecurity risks...

The biosecurity system helps safeguard New Zealand's unique natural environment. However, the arrival of more visitors at our borders and increased travel between regions heightens the risk that pests and diseases such as didymo or Kauri die-back will be introduced or spread – posing challenges in terms of ensuring that our border services and post-border biosecurity system can respond.

...and this may impact on New Zealanders' support for tourism

Some New Zealanders' support for the tourism industry may be compromised if tourism is seen to adversely impact on the quality of our natural environment, along with New Zealanders' own ability to enjoy our natural environment, or our historic and cultural heritage.

Getting a better sense of the overall environmental impacts of tourism will be important...

While we have a good sense of the local impacts visitors are having at particular places at particular times, we do not have the same understanding of the overall impacts that visitors have on New Zealand's environment across the whole of the system.

We do know that international visitors' perceptions of the quality of New Zealand's natural environment are still very positive, with 98 per cent of visitors reporting that their expectations of the natural environment are met or exceeded, according to the 2017 International Visitor Survey¹¹.

...as well as the impact of climate change

In addition, we do not yet have a good understanding of the implications for the tourism sector of climate change, and New Zealand's move towards a low-emissions economy.

Visitors express high degrees of satisfaction with their Māori tourism experiences

Experiencing Māori culture is not cited by many international visitors as a major factor in their decision to travel to New Zealand. However, those international visitors who experience Māori visitor activities tend to express high degrees of satisfaction with them. According to the 2017 International Visitor Survey, international visitors gave an average score of 8.3 out of 10 for these activities.

What is already happening?

The industry's sustainability charter is an important initiative

The industry is currently looking to embed sustainability in tourism business practices through the development of a sustainability charter. The development of the Tourism Industry Aotearoa Tourism Sustainability Commitment includes achieving environmentally sustainable tourism where the sector is recognised for its contribution to protecting, restoring and enhancing the natural environment and biodiversity. Through the initiative, tourism businesses sign up to environmental commitments on

¹¹ International Visitor Survey, Year ended March 2018, MBIE

ecological restoration, carbon reduction, waste reduction and management and actively engage with their visitors and communities on the importance of restoring, protecting and enhancing New Zealand's natural environment.

The tourism sector is also working with DOC through initiatives like Project Groundswell. This joint DOC/Tourism Industry Aotearoa project seeks to support practises that exemplify kaitiakitanga and grow conservation activity by the sector.

Government is looking at how to manage visitor growth on public conservation lands...

For government, a key priority is looking at how we manage the growth of visitors to public conservation lands and waters.

DOC is developing a visitor strategy to articulate how it will protect New Zealand's natural, cultural and historic heritage while planning for, managing and realising benefit from visitors in an innovative way. The visitor strategy will look at how DOC manages places and visitor behaviour to influence the specific places and times when people visit. It will also think about how to manage flows of visitors across different parts of public conservation lands and waters – for instance, by using pricing mechanisms to manage demand, rationing tools like booking systems, or targeted investment in facilities and attractions to encourage people to go to less-visited places. As part of visiting conservation land, DOC is also seeking to encourage visitors to contribute more to conservation both on and off public conservation lands by growing visitor understanding and appreciation of the natural, cultural and historic values of the places they visit.

...and to raise visitors' awareness of biosecurity risks

Through the Biosecurity 2025 programme, the Ministry for Primary Industries is planning actions to raise visitors' awareness of their role in minimising the risk of introducing and spreading pests and diseases, and why this is so important to New Zealand.

The findings of the Commissioner for the Environment's investigation will inform future work

The Parliamentary Commissioner for the Environment recently launched an investigation into the environmental impacts of tourism, focusing on the claims the sector makes on New Zealand's natural resource base and examining the ways in which any impacts can be reduced. This will help to build a better picture of the overall environmental impacts of tourism and what role government may need to play in helping to reduce or mitigate them.

Government is also helping connect visitors to New Zealand's culture and heritage...

The Landmarks Whenua Tohunga programme – a partnership between the Ministry for Culture and Heritage, DOC, Heritage New Zealand and MBIE – also provides opportunity for New Zealanders and international visitors to connect with our culture, heritage and identity. Storytelling is used to bring history, culture and identity to life to enable visitors to connect more deeply and, in the process, enhance support for their protection. The Landmarks programme supports this as significant sites need to be maintained to international visitor quality. Currently, Landmarks incorporates 21 historically and culturally important places in Northland and Otago, but there is scope to expand the programme to other regions.

Sharing kaitiakitanga in the Waipoua Forest

DOC shares guardianship (kaitiakitanga) of many of New Zealand's special places with tangata whenua. DOC therefore works closely with its Treaty partners across the country to ensure whānau, hapū and iwi can practise their responsibilities as kaitiaki of natural and cultural resources on public conservation lands and waters.

One example of this is the Rākau Rangatira project, a partnership between Te Roroa and DOC in the Waipoua Forest, where Te Roroa are kaitiaki.

The project is working to help improve the visitor experience at Waipoua Forest, starting with improved infrastructure to manage impacts and lengthen visits.

This partnership also brings significant conservation benefits.

Iwi ambassadors are employed to provide education and advocacy about reducing the spread of Kauri Dieback at Tāne Mahuta during peak season.

In addition, the rūnanga are collaborating with the community to increase the population of kiwi in Waipoua Forest through establishment of a core protected area (Kaitiaki Kiwi). They have established Te Toa Whenua to transform around 900 hectares of Treaty settlement cultural redress lands in the lower Waipoua Valley from exotic forestry to a mosaic of sustainable land uses.

This living Treaty partnership helps to ensure the history and culture of Te Roroa is brought to life in a meaningful and memorable way; nature is protected; and the visitor experience is greatly enhanced.



...and helping ensure Māori culture is at the heart of New Zealand's tourism experience

The increasingly rich variety of Māori tourism experiences – New Zealand Māori Tourism has set a target of over 2,000 profitable Māori tourism businesses employing more than 40,000 people by 2025 - provides opportunities to engage visitors and help them to understand our culture, stories and the value of our places. One key focus for New Zealand Māori Tourism is on helping to lift the

quality and authenticity of the Māori tourism experience by helping define Māori tourism experience and standards, creating tools and frameworks to support experience delivery, and promoting high performers.

Tourism New Zealand also plays a role by working with international travel sellers to help them understand Māori culture and the variety of cultural tourism experiences on offer in New Zealand, and to support them in selling these experiences to their customers.

In addition, Tourism New Zealand is evolving the country's destination brand to incorporate more of New Zealand's unique people and culture alongside our landscapes. Tourism New Zealand is working closely with New Zealand Māori Tourism on the brand evolution.

DOC is also actively looking for opportunities for iwi to be involved in visitor interpretation of the natural and historic values on public conservation lands and be the interpreter of Māori cultural resources.

What priority areas should government focus on?

- Develop a better understanding of how tourism and the sector can positively contribute to conservation outcomes, including biodiversity
- Deepen understanding of the implications for the tourism sector for climate change and the move towards a low-emissions economy, and what this means for tourism growth in the future
- Enable and support iwi to tell their stories and share the value of places
- Continue to increase the awareness of Māori tourism, improve the quality and authenticity of the experiences, and incorporate people and culture into the destination brand
- Work with Heritage NZ and regional partners to extend Landmarks to new regions/themes
- Complete and implement the DOC's heritage and visitor strategy
- Review DOC's approach to pricing
- Implement Biosecurity 2025 to manage biosecurity risks associated with increased tourism
- Respond to the Parliamentary Commissioner for the Environment's report into tourism

New Zealanders' lives are improved by tourism

What would long-term success look like?

- Tourism is enhancing New Zealanders' experience of their own country and they are able to be involved in its planning/or decision making, both as residents and domestic visitors
- Tourism is supporting social inclusion through the creation of quality jobs and skills for New Zealanders
- Manaakitanga – shared respect and hospitality – characterises connections between New Zealanders and visitors.

Where are we now?

Support for the tourism industry has been declining

Social license is a critical pre-condition for the tourism industry to operate in New Zealand.

However, social license has declined in recent times, with the Mood of the Nation survey showing us that more New Zealanders have become concerned about the impacts visitors are having in a number of areas – although the majority of New Zealanders still see tourism as a good thing.

Much of this concern about the impacts of tourism can be attributed to specific issues resulting from failures in the tourism system as outlined earlier – camping in public places is a good example of this.

Ensuring that the sector provides good quality jobs for New Zealanders will be important

As a labour-intensive industry, the tourism system has historically depended on relatively liberal immigration settings to get the labour it needs to respond to tourism growth. Wages have remained relatively low in the sectors that make up tourism, and many jobs are seasonal or short-term.

What is already happening?

Government is working to address specific issues impacting on social license...

Government is already working in the tourism system to address some specific issues – for instance, the work the NZ Transport Agency has been leading on visiting drivers, working closely with industry and other stakeholders.

...including responsible camping...

In the case of camping in public places, government is both working within the existing system, as well as improving the system itself to get better outcomes for visitors and New Zealanders. The Responsible Camping Working Group, which includes members from local government, the tourism industry and central government agencies, is looking firstly at what can be done ahead of the 2018/19 peak summer season to better manage responsible camping within the system we currently have. Following that, it will be taking a longer-term view, looking at the responsible camping system as a whole. That includes looking at what responsible camping in New Zealand looks like, and what settings are required to achieve it.

Working together to shift from freedom camping to responsible camping Like visitor numbers generally, the number of people freedom camping over the past few years has increased significantly. Many communities are noticing increased use of facilities and public spaces, and can feel unable to use their local spaces, which is contributing to social license issues.

Managing camping in public places requires central government, local government and the tourism sector to work together. While we are doing the best we can within the existing system, there are some gaps and challenges that need to be addressed.

The Minister of Tourism set up the Responsible Camping Working Group as a partnership between central government, local government and the private sector to address these issues and to ensure the views and needs of all are considered in designing a new system.

The Working Group has recommended to the Minister a framework for changes to the system, and the Minister has asked that the partnership continues, in order to oversee the work needed to design and implement these changes.



...as well as trying to anticipate and avoid issues before they arise

Government is also starting to work on the tourism system to see where we can make broader improvements to prevent or mitigate the sorts of issues that turn New Zealanders off tourism – for instance through the development of sustainable funding streams to reduce the burden on ratepayers, and work to shape visitor demand to try and reduce congestion at particular places at particular times.

Tourism New Zealand is also helping build social license for the industry

Tourism New Zealand's destination readiness work is also contributing to maintaining and building social license. This includes its partnership with DOC, work with industry to showcase the positive social, cultural and economic impacts of visitors, and partnership campaign work to educate visitors about how to travel through New Zealand responsibly.

DOC and Tourism New Zealand have been investigating the relationship between culture and nature in visitors' home countries to better understand their behaviour when exploring New Zealand. Work is underway to align behaviour between New Zealanders and international visitors to build respect for the environment and the expectations of host communities.

Sharing kaitiakitanga of our great outdoors

With increasing numbers of people visiting New Zealand's great outdoors, behaviours once acceptable at low levels are now becoming problematic. Advocating effectively for responsible visitor behaviour has never been more necessary.

This goes beyond just doing the right thing – visitors should assume a shared responsibility for guardianship of the sites they visit.

DOC and Tourism New Zealand are working together to build better understanding of visitors' behaviour in nature and identify how best to communicate messages about minimising effects. This work will inform a marketing and education campaign to manage responsible camping issues, the development of 'Tiaki – care for New Zealand' and DOC's summer visitor campaign to communicate expectations of responsible behaviour on public conservation lands.

DOC is also looking at several ways to achieve enhanced and shared responsibility for respecting places separate from its work to guide and influence visitor behaviour (from flyers for campervan hire companies to face-to-face visitor centre and ranger advice).

For example, DOC has partnered with 'Leave No Trace New Zealand'. This has involved:

- engaging with concessionaires to increase their involvement in promoting responsible behaviour
- developing promotional materials such as flyers, posters and a video for use on Facebook and Instagram.



Government is also working to ensure tourism employers look for locals first...

Immigration New Zealand recently tightened its Skilled Migrant/Essential Skills policy, which has had an immediate reduction in the number of residence visa applications, particularly in the hospitality sector. The Government's approach will ensure that the sector can access migrants where they can prove there is a genuine need but will strengthen obligations on the sector to employ and train New Zealanders to fill jobs before accessing migrant labour. Government will also look to increase our understanding of the impact of tourism on the labour market.

...and to help increase career opportunities in tourism, particularly for young New Zealanders

The government is also focused on reducing youth unemployment through He Poutama Rangatahi (HPR), a \$13.275 million cross-agency pilot programme announced in January 2018. HPR aims to support communities to develop pathways for rangatahi (aged 15-24) that are not currently in employment, education or training and take them through to sustained employment - including in the tourism sector - underpinned by intensive pastoral care. It is being piloted in Te Tai Tokerau, Eastern Bay of Plenty, Tairāwhiti and Hawke's Bay.

In addition, the government has established a working group involving MBIE, New Zealand Māori Tourism, Te Puni Kōkiri and the Ministry of Education, which is focusing on strengthening pathways for rangatahi from education into employment, and is currently designing a pilot programme to fund a community coordinator in Tairāwhiti to work with education providers and employers.

The government will also be encouraging the sector to be responsible employers, which will help attract and retain New Zealanders in the tourism industry. Government and the tourism industry each need to step up and play their part in the tourism system to ensure New Zealanders lives are improved by tourism.

What priority areas should government focus on?

- Work with the sector and education providers to strengthen pathways from education into tourism employment while encouraging more New Zealanders into the industry
- Implement a cross-agency work programme based on the recommendations of the Responsible Camping Working Group
- Continue work to promote positive visitor behaviour
- Continue Tourism New Zealand's destination readiness work programmes, including supporting the industry to find ways of giving back to their communities and to communicate and to tell their stories of the positive impacts of visitation for their community
- Continue work to improve overseas drivers safety

Regions and communities benefit from tourism

What would long-term success look like?

- Tourism is helping regions and communities to thrive, creating vibrant places to live and, in the case of some disadvantaged rural communities, contributing to their sustainability
- Tourism is enabling Māori to realise their economic aspirations in the regions
- Traditional visitor destinations have been able to absorb increased growth and continue to deliver quality experiences
- New "must visit" destinations have developed
- Tourism has brought jobs, new businesses and prosperity to regions that previously welcomed few visitors
- Regions and communities are determining how they manage and realise their tourism potential, with government supporting or partnering.

Where are we now?

Ensuring more even distribution of tourism benefits will be important...

Making sure that tourism growth is inclusive – that is the benefits are spread across New Zealand's regions and communities – is also critical.

New Zealand has well-entrenched patterns of regional distribution, with the proportion of international visitor spending in the non-gateway regions remaining flat over the past several years, at around 35 per cent and the four main 'gateway' regions: Auckland, Wellington, Christchurch and Queenstown covering over 65 per cent of international visitor spending in the year to February 2018.

Moreover, the recent strong growth in visitor numbers and spending over the past few years has not resulted in significant changes to visitor patterns. Instead, a small number of regions have accounted for the great majority of this growth and faced increasing pressures (infrastructural, environmental, and social) as a result.

...as well as sharing the costs

As well as the productivity impacts discussed earlier, these uneven patterns of regional dispersal mean that the costs of tourism (for instance infrastructure pressures) fall disproportionately on some councils and communities. The quality of the visitor experience may be affected in high-growth areas and potential impacts on environmental, social and cultural wellbeing may cause some New Zealanders to lose support for tourism.

What is already happening?

TNZ is focusing on growing the value of regional tourism...

Tourism New Zealand's strategy includes an aspiration to grow the value that tourism delivers to the regions by \$1billion by 2023. Specific actions it will take to enable this growth include encouraging greater collaboration within the sector, in particular through activity with regional partners or groups of operators and partnering with industry and regional tourism organisations to enable integrated marketing and trade strategies that are inclusive of regions and promote regional touring.

...while DIA is working with local government on projects that will support regional tourism growth

The Department of Internal Affairs also leads on a number of initiatives to improve outcomes at a system level for local government, and tourism considerations are often an important part of this work. Examples include the establishment of a Central Local Government Partnerships Group, the Three Waters Review and work on community resilience. DIA is also supporting the Productivity Commission's Local Government Funding and Financing Inquiry.

Government also works with specific regions to help them plan for and manage visitor growth

In addition, government works with specific regions to help them plan for and manage visitor growth. For instance:

- it works with regions to implement tourism actions identified in regional economic development plans

- it funds both deficits in, and improvements to, visitor infrastructure and amenities, for example through the National Land Transport Fund and the Tourism Infrastructure Fund
- it invests in regional tourism projects through the Provincial Growth Fund, including those that can add value to regional visitor economies, spread demand beyond the peak season and to more regions, enhance the productivity and sustainability of regional tourism economies and enable Māori to reach their full potential
- through DOC, it is developing a collaborative approach to working with local government and other regional stakeholders to deepen understanding about the potential impacts of tourism development on regions' natural, cultural and historic heritage and long-term planning to manage this.

Gisborne/Tairāwhiti: Building the Māori economy in the regions through tourism

Māori history, values, stories and assets are core to the Tairāwhiti visitor experience. Tairāwhiti aspires to deliver world-class, authentic Māori visitor experiences, partly based around being the first region to see the sun and the historical significance of Captain James Cook's first landing in Aotearoa.

Tourism in the region is currently underdeveloped and was identified as a key sector for the future in the Tairāwhiti Economic Action Plan, developed by Tairāwhiti community with support from government. Government has since been working with Tairāwhiti stakeholders to attract tourism investment, create jobs, build capability and increase revenue. Key barriers to growth are a lack of commissionable product, lack of experience/capability in tourism and challenging accessibility.

Government has made a range of investments to grow tourism in Tairāwhiti and support the local Māori economy, including:

- investing in a series of events aimed at attracting 10,000 additional visitors to the region as part of the Te Ha Sestercentennial celebrations to mark the first encounter between Māori and Europeans when James Cook and the Endeavour ship landed in New Zealand in 1769 off the coast of Tairāwhiti
- committing funding from the Provincial Growth and Tourism Infrastructure Funds for the Gisborne Inner Harbour Project
- providing further funding from the Provincial Growth Fund to Activate Tairāwhiti to develop three tourism projects in the region (also supported by Air New Zealand)
- looking to invest in a pilot tourism employment programme to help catalyse economic development and improve coordination between employers, educators and potential employees in Tairāwhiti. The proposal includes employing a coordinator to assess the gaps and opportunities for tourism and would work closely with Ngāti Porou to support tourism growth.



Pipiriki: Tourism as an opportunity for improved community outcomes

Pipiriki is a small, isolated settlement that serves as an entry and exit point for the increasing number of visitors who travel to Te Awa Tupua, the Whanganui River, for kayaking and jetboating. Currently most visitors just drive in and out of the area, placing pressure at peak times on the unique environment and small community, and with little benefit being able to be realised by the locals.

The Pipiriki community recognises there is potential to offer visitors a greater range of experiences, also catering and accommodation. However – like many traditional settlements – in recent years Pipiriki has lost population, capability and infrastructure, meaning its ability to develop its visitor offer is constrained.

The community is showing leadership and commitment by working with consultants and the Ruapehu District Council to assess what it needs and wants, if it is to create a sustainable base for realising the economic and social opportunities offered by the growing visitor numbers. This would be a long term and ambitious plan but could include:

- investment in key infrastructure, such as a quality water supply, parking, toilets, rubbish and waste management, secure power and internet availability – to help manage the impact of visitor growth and reduce stress on the land and river
- design and delivery of accommodation, with catering and cultural experiences, that would reflect the community's unique values and stories and be managed and delivered by the community rather than external providers
- increasing the resourcing capacity and capability of the community to provide services to visitors.

If acceptable to the Pipiriki community, government could play a role in facilitating and enabling the delivery of the infrastructure, capacity and capability requirements – based on a partnership concept that would respect the community's own stated aspirations. Examples of how the government could assist could include by coordinating work programmes with local and regional councils and across central agencies, identifying resource needs and options for meeting them, and encouraging the tourism sector to provide expertise to assist in the design and delivery of tourism accommodation, catering and other products.

If successful, the result could be the delivery of a unique and desirable environmental and cultural tourism product, which in turn could provide an isolated and disadvantaged community with a sustainable source of jobs, income, social capability and connectedness.



Government is also developing a more coordinated approach to its regional tourism investments

More broadly, government has begun work on how to use its various levers in a more deliberate and joined-up way across New Zealand's regions, including cities and communities. Support to traditional visitor destinations is focused on absorbing increased growth and continuing to deliver high-quality experiences. Government also has a role to facilitate the development of new 'must visit' destinations and encourage people to go to less visited regions.

The development of the tourism investment framework set out in Annex 1 is an important first step in this process. In summary, at a regional level, the framework sets out how the government can deploy its levers in a coordinated way to support regional destination development across five areas: access, amenities, attractions, awareness and attitudes. These '5As' can be used to identify how developed a region is as a destination and what kind of support it would benefit from most.

In implementing this framework, it will be critical to ensure that the different government agencies involved are coordinating their efforts with each other – as well as with industry, local government and other interested stakeholders.

As part of this, we want to make sure that we are working with regions and communities to understand how they want to develop as destinations and what capability and support they need to do this. This includes, helping with destination management planning, thinking about any impacts on regions' natural, cultural and historic heritage and encouraging regions and communities to focus on the qualities that make their tourism offer unique.

Milford Opportunities Project: Central government working with local government and industry on destination management

The Milford Opportunities Project (MOP) has been set up in response to growing visitor numbers at Milford Sound/Piopiotahi.

MOP is led by a Governance Group that comprises central government agencies – the Ministry of Business, Innovation and Employment, the NZ Transport Agency and the Department of Conservation – as well as representatives from the local tourism industry, Ngāi Tahu, Southland District Council and Queenstown Lakes District Council.

The aim of MOP is to make sure that the world class standard of the Milford visitor experience can be sustained into the future, while simultaneously ensuring that the values of the place are never lost. This is more than just a story about Milford and the road from Te Anau - it is about taking visitors on a journey through the whole of southern New Zealand.



The MOP team will produce a conceptual masterplan, due for completion in late 2019, which is intended to deliver on the project's aim and to provide a platform for all parties to move forward with a collective vision into the future.

What priority areas should government focus on?

- Implement the government investment framework for tourism
- Work with regions to support them to take a strategic and coherent approach when deciding how they want to plan, manage, market and develop their destinations, including through supporting the development of quality destination management plans
- Collaborate with regions to build a deeper understanding of the impacts that regional decision-making and investment may have on their natural, cultural and historic heritage and taking a long-term approach to planning for these impacts, both at a regional and national level
- Support iwi to develop Māori tourism experiences, including distinctive regional offerings, that will help grow their regional employment and business opportunities
- Investigate generating new data to deepen understanding of regional visitor flows and tourism's impact on regional economies (e.g. on GDP and jobs)
- Ensure that land transport investment supports safe and resilient transport connections in regional New Zealand, to enable all regions to benefit from visitor growth and realise their tourism potential

DRAFT ONLY

Annex 1: A proposed government investment framework for tourism

A proposed government investment framework for tourism

DRAFT ONLY

Purpose

This paper outlines a proposed framework to articulate and help deliver on the priorities and strategic outcomes set out in the government's tourism strategy.

In particular, this framework is intended to help the government make choices about how, when and where to intervene or invest in the tourism system at both national and regional levels, and provide more transparency and certainty around those interventions and investments to regions¹² and the sector.

There are two parts to the proposed framework:

- Establishing national-level direction – this part focuses on how the government can best play its stewardship role by articulating at a high level how it plans to use its levers to get the tourism system working optimally and address system failures
- Establishing regional-level priorities – this part focuses on how the government can best play its role as an actor in the system, ensuring all its interventions and investments line up with its national-level direction, and with each other to shape regional tourism growth.

Used together, these two parts of the framework should help promote alignment across all the government's international, national and regional-level interventions, and encourage other actors in the system to work in a more joined-up way.

¹² For the purposes of this framework, regions are defined by Regional Tourism Organisation boundaries. This reflects how regions have chosen to organise themselves for the purposes of tourism. In some cases, it may however make more sense to look at specific towns or cities within a wider region – for example Christchurch rather than Canterbury in its entirety.

Establishing national-level direction: government as a tourism system steward

Government acts in three main ways to ensure the tourism system is able to deliver productive and sustainable growth:

- It shapes visitor demand
- It helps ensure the market can respond effectively to that demand
- It helps ensure the system as a whole delivers optimal outcomes for visitors and New Zealanders.

This section identifies how government proposes to prioritise its interventions to improve the operation of the system.

Taken together, this outlines a proposed national-level direction for government's role in relation to the tourism sector.

Shaping visitor demand

Government plays a role in helping shape visitor demand in terms of what visitors come to New Zealand, when they visit, and where they go when they're here.

Government's main lever in relation to shaping demand is its international marketing activity delivered through Tourism New Zealand. However, many of the government's 'supply levers' discussed later in this framework also help to shape both who comes here and where they go when they are here (for example building a nationwide cycle trail has increased the attractiveness of New Zealand as a visitor destination for cyclists).

In order to optimise visitor demand across the tourism system the government should prioritise interventions that:

- focus on attracting visitors from high-value visitor markets and market segments
- help to make New Zealand more attractive as an off-peak visitor destination
- help to diversify our visitor markets
- help to attract visitors who want to go to less-visited regions.

Helping ensure the tourism market can respond to demand

As a steward, Government operates in a number of ways to ensure the effective operation of the tourism system by facilitating flows of necessary inputs across the system. The government should prioritise interventions that:

- support the development of sustainable, responsive funding mechanisms for government, the regions and the sector
- provide for and/or support the sector and regions to develop infrastructure, attractions and experiences that align with our marketing offer and visitor preferences
- support the industry to increase its attractiveness as a career for New Zealanders and/or create more secure pipelines for the employment of New Zealanders in the industry
- help to increase productivity, innovation and/or the economic, environmental and social sustainability of resource use across the tourism system

- provide quality data and insight to support planning and investment decisions by industry and regions.

Helping ensure the system as a whole delivers optimal outcomes for visitors and New Zealanders

In addition to helping manage demand and supply within the tourism system, government also coordinates, facilitates and (sometimes) regulates activity to help ensure the system as a whole delivers optimal results for visitors and New Zealanders. In order to do this, government should prioritise interventions that:

- improve key frameworks and systems that govern the behaviour of actors in the system
- improve coordination across actors in the tourism system
- support a better understanding of the impacts for tourism of moving to a low-emissions economy, or help to facilitate such a move for the sector
- help to address specific system-related issues that are impacting on social license
- incentivise or educate all actors in the system to behave in optimal ways.

DRAFT ONLY

Establishing regional-level priorities: government as a tourism system actor

The discussion above sets out government's priorities at a national level, to ensure that it is using its levers in the best way possible as the steward of the tourism system.

This section looks at how government can best function as an actor within the system – with a particular focus on how government can help achieve more optimal distribution of tourism across regions through more coherent and deliberate use of its levers.

Government as an actor in the tourism system

Government acts in the tourism system in five specific ways to support the development of well-functioning regional visitor destinations – namely through its investments and interventions to help:

- raise visitors' **awareness** of regions (e.g. its tourism marketing)
- ensure regions have the **amenities** and **attractions** that visitors want (e.g. its investments across public conservation land, in relation to culture and heritage, and through the Tourism Infrastructure Fund and Provincial Growth Fund)
- ensure visitors can **access** regions (e.g. its investments in transport)
- ensure the **attitudes** of people who live in the regions make for a positive visitor experience (e.g. the work done to address the impact of visiting drivers).

It is important that these investments and interactions are coordinated at a regional level – for instance, there is no point funding a regional attraction if there is limited access to that region. In addition, government also needs to align the use of its levers with industry and local government efforts – for instance, supporting a significant new regional attraction developed by a tourism business by ensuring the necessary roading or broadband infrastructure is in place, and understanding the potential impacts of investment on other attractions such as public conservation lands.

What would an optimal tourism system look like?

In an optimal tourism system, New Zealand's regions should be able to grow their tourism industries in a way that enhances the overall wellbeing of their communities – economic, social and environmental. In addition, the resources available to each region would be used in the most efficient way.

What should government's focus be?

Overall, the government's focus should be on addressing this fragmentation by working with other actors in the system to shape regional tourism growth in line with government's overall priorities, position regions in the best possible way to benefit from visitor growth, and effectively mitigate and manage the costs of that growth.

The creation of the Provincial Growth Fund is a particularly significant development in this regard, providing the government with a significant new lever to realise this opportunity.

Government should therefore focus on using its levers in a way that helps to:

- enable ongoing growth in the value of the contribution that the tourism sector makes to the New Zealand economy
- protect and enhance the quality of experience that New Zealand regions offer to visitors, with consequential impacts on the overall reputation of New Zealand as a destination

- enable better, more productive use of resources available across the country (e.g. labour, landscapes, infrastructure)
- distribute the benefits of increased visitor growth more widely across New Zealand's regions
- contribute to the overall sustainability of tourism growth – economically, environmentally and socially.

The remainder of this framework sets out how the government can make choices about where and how it invests at a regional level to achieve these objectives.

Where should government invest?

Classifying regions

New Zealand regions can be divided into three broad groupings in terms of their development as destinations:

- Established tourism regions:* already have mature tourism offers, and are recognised by many visitors as key 'must do' destinations when travelling in New Zealand. These regions are generally experiencing pressures due to visitor growth, and in many cases these pressures have come into sharper focus because of the recent unprecedented rate of growth in arrivals.
- Emerging tourism regions:* have existing tourism offers but have capacity to host greater numbers of visitors, given the right conditions and investment.
- Embryonic tourism regions:* will require considerable investment and support in order to offer quality experiences to sufficient visitors to provide a return on the investment involved. Such regions often face economic challenges, when compared to national averages for income, employment and investment.

The '5As' taxonomy outlined above can be used to help identify where regions fit in the continuum of development as tourism regions (and identify the type of tourism investment from which they could most benefit).

Using this taxonomy, in order for a region to be a successful tourism destination:

- visitors must be able to *access* a regional destination – and the more transport modes and gateways that regions have, then the more likely they are to be discovered by visitors. Forms of access include air, road, rail and sea (including cruise)
- visitors need to be serviced by fit-for-purpose *amenities* including public infrastructure that residents also use (for example water, wastewater, refuse collection, car parking etc.), accommodation and retail and hospitality options
- there must be a range of *attractions* to encourage visitors to a region – this will also influence how long they stay and their spend in the region
- visitors must have *awareness* of regional destinations – this will drive visitor numbers, spend and seasonal choices and enhance returns on investment in access, amenities and attractions
- host communities' *attitudes* towards tourism are important – recent research tells us that this is potentially the most significant factor in determining the success of a regional visitor destination – however it is also an area where government has few direct levers.

Overlaying the 5As with our regional classification tells us the following:

- *Established tourism regions* are likely to already have established access, amenities, attractions and visitor awareness. However their access, amenities and attractions may come under pressure, for example due to strong growth in visitor numbers or inadequate ongoing investment and maintenance. Community attitudes may vary strongly as large numbers of residents will be involved in the industry, but other residents are likely to be unhappy about visitor-related pressures. Government intervention for those regions under pressure might take the form of a coordinated programme of government support for the region with a focus on addressing infrastructure, environmental and other pressures.
- *Emerging tourism regions* may already have established access, amenities and attractions that are either already suitable for visitors, or that can be relatively easily enhanced to levels that will provide quality experiences. They may have underutilised capacity and/or potential for significant growth in visitor numbers and spend given efforts to raise awareness of their attractiveness as destinations. Community attitudes may be mixed between those who want to see more tourism development and those concerned about the possible impacts. Government intervention in relation to these regions may include interventions to develop the region's amenities and/or access, along with helping to increase awareness of the region.
- *Embryonic tourism regions* are likely to require considerable investment to ensure their access, amenities and/or attractions are lifted to levels that enable them to offer quality visitor experiences to sufficient visitors to provide a return on the investment involved. Visitors' awareness of such regions as destinations is likely to be limited, especially amongst some international visitor markets. Community attitudes may be more favourable towards tourism if it is perceived that more visitors might allow the development of more businesses and jobs for residents. Government's interventions in relation to these regions will most likely be developed through a regional economic development lens and focus initially on ensuring the region has the amenities and attractions to attract visitors.

Prioritising regions

Government is also likely to need to make some choices about how it prioritises which regions it invests in, given that it is unlikely to have the resources to invest in all regions or address all needs simultaneously.

To meet all of its objectives for investing in regional tourism, and to fully address the uneven distribution of visitors across New Zealand, it would make sense for central government to invest in regions across all three groupings, i.e. established, emerging and embryonic tourism regions.

Established regions – These regions already host significant numbers of visitors. The main rationale for government investment will be to support these regions to maintain and/or enhance the value and quality of the experiences they deliver to visitors, manage or reduce the impacts of visitor pressure and, in doing so, to protect New Zealand's international reputation as a destination. A prioritisation exercise for these regions would therefore take account of:

- whether these regions have significant gaps or deficits in one or more areas that are appropriate for investment by government (for example, gaps in access or amenities)
- the ability of the local community/region to fund improvements to address these gaps or deficits (measured for example by ratios of residents/ratepayers to visitor numbers).

Emerging tourism regions – A key rationale for government investing in emerging regions will be to move them along the continuum of tourism development, so as to grow both the contribution that the visitor sector can make to their regional economies, along with their capacity to attract more

visitors and to relieve pressures from more established tourism regions. A prioritisation exercise for these regions would therefore take account of:

- whether these regions have significant gaps or deficits in one or more areas that are constraining their development as visitor destinations and which are suitable to be addressed through government investment
- whether investment by government in one or more areas could readily accelerate these regions' development as visitor destinations and their capacity to attract and absorb visitors
- how well-resourced these regions are to fund any tourism-related improvements needed, for example by taking account of their economic performance (one indicator for which is whether they have been identified as a 'surge region' for the Provincial Growth Fund) and any constraints on the size of their resident/ratepayer bases.

Embryonic tourism regions – Such regions are likely to require significant investment to advance them to a stage where they can attract and cater for significant numbers of visitors, especially international visitors. The main rationale for government tourism-related investment in these regions is therefore likely to relate to whether there is also a need to lift their overall economic performance, for example by attracting more visitor spend or creating more jobs through tourism. A prioritisation exercise for these regions would therefore take account of:

- whether regions are Provincial Growth Fund 'surge regions' and have identified tourism as a means of lifting their economic outcomes
- whether they have some visitor attractions on which they can build and/or which have potential to relieve pressures from neighbouring 'hotspot' regions or attractions
- economic indicators for regions (e.g. GDP per capita and unemployment levels).

What should government invest in?

As well as prioritising which regions it should invest in, government will need to make prioritisation decisions about the best interventions or investments to support those regions.

Those decisions should firstly be based on two sets of criteria to assess whether a proposed investment or intervention:

- aligns with government's system-level focus as set out in the first part of this framework
- is well-coordinated with the actions of all actors in the system (including within and across regions).

Assessing alignment with the government's system-level priorities

To ensure alignment with the government's overall focus for the tourism sector, government's regional-level interventions and investments should support the government's prioritisation of how it uses its system-level levers, as outlined earlier in this framework. In particular, this means the prioritisation of those regional interventions and investments that contribute to:

- attracting visitors from high-value visitor markets and market segments
- making New Zealand more attractive as an off-peak visitor destination
- diversifying our visitor markets
- attracting visitors who want to go to less-visited regions

- developing sustainable, responsive funding mechanisms
- supporting the industry to increase its attractiveness as a career for New Zealanders and/or create more secure pipelines for the employment of New Zealanders in the industry
- increasing productivity and/or the economic, environmental and social sustainability of resource use across the tourism system
- effectively managing and mitigating the impact of increased visitation on public conservation lands and waters
- generating quality data and insight to support planning and investment decisions by industry and regions
- improving the operation of key frameworks and systems that govern the behaviour of actors in the system
- improving coordination across actors in the tourism system
- addressing specific system-related issues that are impacting on social license
- incentivising or educating actors in the system to behave in optimal ways.

Assessing coordination within the system

To ensure that government is acting in a coordinated way across (and within regions) and with other actors in the system, regional-level investments should be prioritised where they:

- reflect the stage of development a region is at – for instance, a focus on marketing may not be appropriate for a region with limited attractions or poor access
- are part of, and aligned with, a broader destination management plan for that region, which clearly articulates how the region proposes to develop as a visitor destination and retain and grow the support of its host community
- are well-aligned with the plan of other regions – for instance by collaborating with regions with complimentary visitor offers or identifying a point of difference from other regions to avoid direct competition and unintended flow-on impacts.

Implementing the framework

As it stands, this draft framework provides a potential mechanism for government agencies to make more robust, transparent choices about how, where and when they intervene or invest in the tourism system.

However, for it to be used to its full potential, the next steps for this draft framework would involve it being:

- tested with key central government, local government and sector stakeholders
- supported by a strong evidence base around where regions fit on the embryonic, emerging, established continuum.

As an interim measure, a summary set of considerations has been developed, based on this framework, that can be used by government agencies to assess the merits of different tourism-related investments or interventions (see Figure 1 below).

Figure One: Considerations when assessing proposals for tourism-related investment

Alignment with national-level objectives

- Will *regional dispersal* be encouraged (i.e. drive visitors to areas with capacity and/or not exacerbate existing challenges in congested areas)?
 - Will year-round and/or *off-peak travel* be encouraged?
 - Will *high-value* or higher-spending visitors be attracted?
 - Will visitors be attracted from *new or emerging markets*, contributing to market diversification?
- Will the investment *attract more New Zealanders to work in tourism*, particularly New Zealanders identified as needing particular assistance
 - Will the investment *improve tourism productivity and/or sustainability of resource use* by the tourism system?
 - Will the investment *assist tourism's transition to a low emissions economy*?
 - Will the investment *encourage take-up of innovation* in the tourism system?
- Will the investment ensure *safe, resilient national infrastructure, amenities and attractions* that meet visitor expectations?
- Will the investment meet *gaps in data and insight* needed to inform planning, investment or system improvements?
 - Will the investment *improve collaboration and coordination* across the tourism system?

Alignment with regional tourism objectives (where investment is region-specific)

- Is the region an *established destination* i.e. already a 'must do'/popular destination for many? If yes:
 - will the investment maintain or improve visitor experience by *addressing deficits* in congested or ageing access, amenities or attractions?
 - is there a compelling reason *why the community cannot self-fund* e.g. a low ratepayer to visitor ratio?
- Is the region an *emerging destination* i.e. it already has access, amenities and attractions suitable for visitors, or that can be relatively easily enhanced to ensure a quality visitor experience? If yes:
 - will the investment *improve the region's capacity and/or offer* for visitors, or *take pressure of other busy destinations*?
 - does the investment *take account of the region's overall capacity and development as a destination* e.g. if a new attraction is created, will the region's access and amenities cope with more visitors?
 - is there a compelling reason *why the community cannot self-fund* e.g. low ratepayer to visitor ratio or poor economic outcomes?
- Is the region an *embryonic destination*, i.e. needs significant investment to bring its access, amenities and/or attractions to a level where they can offer quality experiences to sufficient visitors to give a return on investment? If yes:
 - is there a *compelling reason to grow tourism in the region* e.g. to lift economic indicators or create jobs?
 - does the investment *take account of the region's overall capacity and development as a destination* – e.g. a focus on raising awareness may be inappropriate if the region has poor access or amenities, or few attractions?
- Does the region have a destination development plan? If so, will the investment *align with this existing plan*? Will the investment align with the other regions' tourism offers - e.g. offer a complimentary visitor experience or build on a regional point of difference?
- What attitudes does the local community hold about tourism? Will the investment *enhance community support for tourism*?
- Will the investment *support Māori* economic, social or cultural opportunities?

Note: These considerations do not cover standard due diligence factors, e.g. viability, governance, risk assessment, regulatory compliance, not crowding out private sector investment

An all-of-Government approach to the tourism system

Government agencies work closely with the sector and local authorities to maximise the net benefits of tourism

Many government agencies play a part in realising the potential and managing the challenges of the tourism system

Providing Infrastructure	Regional destination development	Destination marketing and insights	Border and International	Natural Resources	Culture and heritage	Māori tourism	Safety and Regulation
<ul style="list-style-type: none"> • MBIE (cycleways, cruise, broadband, mobile coverage) • NZTA (roading, public transport, cycleways) • DOC (walks and cycleways) • DIA (local authority settings) • NZTE (attracting overseas investment e.g. hotels) 	<ul style="list-style-type: none"> • MBIE administers the Provincial Growth Fund (many agencies have input) • TNZ and DOC also use a regional lens <p>Assisting regional New Zealand to implement priority actions identified in their regional growth action plans, and/or leveraging regional attractions to encourage regional dispersal. Communicating with host communities to inform development. Helping employers meet their skills and</p>	<ul style="list-style-type: none"> • Tourism NZ • MBIE • Statistics NZ • DOC • NZTA <p>Supporting sustainable industry development through a portfolio approach to marketing New Zealand off shore and attracting major events, with a focus on regional and seasonal dispersal. Producing raw data and insight reports.</p>	<ul style="list-style-type: none"> • NZ Customs Service • MBIE (INZ) • MPI (Biosecurity) • MoT (air services) <p>Facilitating travel through immigration and border settings, and aviation links.</p>	<ul style="list-style-type: none"> • DOC • MfE • MPI (Internal biosecurity) <p>Creating economic, social and cultural opportunities from visitors' enjoyment and use of New Zealand's natural resources, and mitigating the environmental and other impacts.</p>	<ul style="list-style-type: none"> • MCH • DOC • Te Puni Kokiri <p>Protecting and promoting distinctive stories and places to deliver authentic and unique visitor experiences.</p> <p>Connecting people with New Zealand's culture through a range of platforms and interactions.</p>	<ul style="list-style-type: none"> • NZ Māori Tourism • Te Puni Kokiri • MBIE • DOC <p>Helping realise the potential of the Māori tourism sector.</p> <p>The Māori Arts and Crafts Institute (MACI) encourages and promotes all types of Māori arts, craft and culture.</p>	<ul style="list-style-type: none"> • NZTA • NZ Police • MCDEM • Worksafe • Tourism NZ • Commerce Commission • IRD • DIA (local authority settings) <p>Ensuring safety and good practice, including road safety, visiting drivers, policing, emergency management, and adventure tourism.</p>

Annex 3: Alignment with other government strategies and work programmes

The government's economic goal

The government's economic goal focuses on a planned and just transition to a more productive, sustainable and inclusive economy, improving the living standards and wellbeing of all New Zealanders.

This tourism strategy shows how government's tourism-related interventions and investments can support such a transition, and more productive, sustainable and inclusive growth.

Supporting a just transition to a low emissions economy

A transition to a 'clean, green, and carbon neutral New Zealand' is one of the Government's priority outcome areas for a productive, sustainable and inclusive economy. This, along with the impacts from technological change and the changing nature of work, will see significant transformation of the New Zealand economy over the next 30 years.

A just transition is about understanding and shaping the pathways to transform our economy in order to take collective action to ensure no-one is left behind through this transition. It is about partnering with Māori (iwi, hapū), communities and businesses and across government to identify, create and support new opportunities, new jobs, new skills and new investments. It will involve understanding how impacts of transitions are distributed across the economy – sectors, regions and vulnerable populations – and making choices about how we manage these in a just and inclusive way.

The tourism strategy highlights the importance of understanding the impacts of moving to a low emissions economy on the tourism sector, so that the sector can play a key role in supporting a just transition.

Department of Conservation heritage and visitor strategy

The Department of Conservation (DOC) is developing a new visitor strategy to provide a framework for DOC to navigate the changing context for recreation and tourism on public conservation lands and waters.

Public conservation lands and waters are central to New Zealand's tourism offering – with DOC managing a third of New Zealand's land, which in turn welcomes 5.1 million visitors every year.

The draft visitor strategy focuses on how best DOC can protect and enhance the values of New Zealand's natural, cultural and historic heritage while sustainably managing visitors to public conservation lands and waters to provide quality visitor experiences, and support regions and communities to benefit from visitors.

He kai kei aku ringa, the Māori economic development strategy

Tourism plays an important role in He kai kei aku ringa, the Māori economic development strategy. Creating opportunities for Māori tourism will contribute in particular to the strategy's goals of

increasing the number of small and medium enterprises (SMEs) by 30 per cent, and increasing Māori exports by nine per cent per annum by 2021.

Maihi Karauna

Te Puni Kōkiri is developing a draft Māori Language Strategy – Maihi Karauna – one of the outcomes of which is to ensure te reo Māori is valued. Tourism businesses that integrate te reo me ngā tikanga Māori into their business models exemplify how cultural participation can contribute to stronger social and economic outcomes. Consultation on the draft Mahi Karauna will occur during the second half of 2018.

The Provincial Growth Fund

The \$1 billion a year Provincial Growth Fund (PGF) aims to lift productivity potential in the provinces. Its priorities are to enhance economic development opportunities, create sustainable jobs, enable Māori to reach their full potential, boost social inclusion and participation, build resilient communities, and help meet New Zealand’s climate change targets.

Supporting and funding regions and the sector to identify, develop and implement high-quality regional tourism initiatives, consistent with the government’s overall aims for tourism, will play an important part in the PGF’s achievement of its goals.

Major Events Strategy

The Government’s Major Event Strategy sets out how government will invest in major events that generate significant immediate and long-term benefits, and align with wider government objectives, (including its tourism objectives) through leverage and legacy opportunities. Key measures of impacts include increased tourism revenue, as well as increased opportunities for the promotion of New Zealand’s brand in international markets.

Government Policy Statement on Land Transport

The Government Policy Statement (GPS) on Land Transport 2018/19-2027/28 took effect in July 2018. It outlines the Government’s strategy to guide land transport investment over the next decade and guide decision-makers about where the Government will focus resources.

The GPS 2018 has four priorities – safety, access, environment and value for money. It supports tourism by ensuring extra capacity is provided to cater for increased tourist numbers and that there are safe and resilient connections between regions. The GPS guides NZ Transport Agency decisions about what is included in the National Land Transport Programme (NLTP) and, ultimately, what projects are funded through the National Land Transport Fund. The NLTP must also be reflected in Regional Land Transport Plans developed by local authorities.

Inquiry into Local Government Funding and Financing

The Productivity Commission Inquiry into Local Government Funding and Financing will investigate:

- factors that drive local authorities’ costs, in particular including the role of growth and decline in population (including visitors and other temporary residents)
- options for new funding and financing tools to serve demand for investment and services.

The Commission is expected to recommend improvements to the local authority funding and financing environment, including recommendations in response to tourism pressures. The Commission's report back is scheduled for 2019, with exact timing yet to be confirmed.

Three Waters Review

This fundamental review covers the delivery of potable water, wastewater and storm water infrastructure and services by local authorities. It could result in potential changes to the regulatory and/or service delivery arrangements for the three waters. It will have implications for tourism given:

- peak tourism demand places pressure on council infrastructure and resources
- clean drinking water is core to the visitor experience, regardless of how small or remote the destination may be.

Biosecurity 2025

Biosecurity 2025 is a programme administered by the Ministry for Primary Industries to strengthen New Zealand's biosecurity system to ensure it can respond to pressures on our environment, economy and way of life from trade and travel, including tourism. An implementation plan is being developed for Biosecurity 2025 which will include visitors being made aware of the values the biosecurity system protects and what they should do to minimise risk. It will also include providing communities, organisations and government agencies with the information and tools they need to manage risks of introducing or spreading pests and diseases through tourism.

Vision 2050

The Government Tourism Chief Executives Group¹³ has developed a high-level long-term vision which 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 is to act as a sign-post for the Tourism Chief Executive Group when developing their tourism-related future priorities and work programmes. As such, it has informed the development of this strategy.

The vision focuses on how the tourism sector can enrich New Zealand economically, socially, culturally and environmentally by being "the most thoughtful visitor ecosystem in the world."

¹³ The central government Tourism Chief Executives' group coordinates and aligns government's tourism-related activities by providing strategic oversight, facilitating information sharing, removing roadblocks and helping manage relationships across the diverse range portfolios that intersect with the tourism sector. The Group is chaired by the CE of the Ministry of Business, Innovation and Employment, and also includes the CEs of the Department of Conservation, the Department of Internal Affairs, Ministry of Culture and Heritage, Ministry of Transport, NZ Transport Authority and Tourism New Zealand.

Annex 4: Alignment with other stakeholder strategies and work programmes

Tourism 2025: Growth Framework

Tourism Industry Aotearoa developed the industry's *Tourism 2025 Growth Framework* in 2014 to align the industry for growth and signal what success looks like out to 2025. The Goal was to achieve \$41 billion of visitor expenditure by 2025. The Tourism 2025 framework comprised five themes:

- Productivity for profit
- Drive value through outstanding visitor experience
- Grow sustainable air connectivity
- Targeting for value
- Prioritising insight to drive and track progress.

In 2016, TIA released its *Tourism 2025 – Two Years On* document to recognise strong progress made towards the \$41b goal and to place emphasis on sustainability and infrastructure as new areas of importance for the industry.

TIA's *Tourism Sustainability Commitment* was developed in 2017 as part of the Tourism 2025 family of initiatives to establish a platform for the tourism industry to improve its sustainability performance, and this has been taken up strongly by the industry in the period since.

In 2018, TIA has further developed this industry framework by, in essence, integrating the Tourism Sustainability Commitment into the Tourism 2025 framework. This resulted in the *Tourism 2025 & Beyond* framework that is based on themes of Visitor, Community, Environment and Economy, with Connections and Knowledge as enablers and with Sustainability at its heart. The industry Goals are wider than that of a single economic goal, with Goals established for each of the themes to clearly reflect the desire of the tourism industry to contribute positively to communities and the environment, while improving the visitor experience and being a commercially successful industry. *Tourism 2025 & Beyond* was released in draft in November 2018, to be completed in early 2019 following consultation with industry on the priority actions to enable the Goals to be achieved.

The Tourism 2025 industry framework sits alongside and complements the government tourism strategy, and creates the opportunity for linked government/industry drive to address those matters of most importance to the tourism industry.

New Zealand Māori Tourism Strategic Plan

New Zealand Māori Tourism's (NZMT's) vision is *Mā te pūkenga Māori te wheako Māori i Aotearoa nei, e ārahi: Māori leading Aotearoa New Zealand visitor experiences.*

NZMT aims to achieve this by helping to sustain high-quality growth for Māori tourism through a truly special experience for our visitors, and to create positive outcomes for Māori people, employment, enterprises and environment.

To achieve this, NZMT has set three goals:

1. Whaihua - Increasing Value

To achieve 10% per annum in foreign exchange revenue to achieve a \$2 billion Māori tourism industry by 2025 through increasing the value of existing businesses; developing existing and new market opportunities; leveraging our assets and relationships and attracting new investment.

2. Rangatiratanga - Developing Leadership

To develop authoritative, future-focused sector leaders with the right competency and skills to attain the vision.

3. Whakaritenga - Coordinating support

To organise and coordinate systems for the provision of information and support services at national, regional and operator levels necessary to attain the vision.

