



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



This document has been proactively released. Redactions made to the document have been made consistent with provisions of the Official Information Act 1982

# Tourism

## Briefing for the Incoming Minister

20 December 2016



---

## Contents

Briefing for the Incoming Minister .....	1
Overview .....	3
Opportunities and challenges .....	4
Government’s tourism strategy .....	5
International and domestic tourism .....	6
Associate Minister of Tourism.....	6
Portfolio responsibilities .....	7
Tourism Chief Executives’ Group .....	8
Key MBIE officials, and tourism related functions within MBIE.....	8
Focus for the first 100 days.....	11
Kaikoura earthquake .....	11
Tourism infrastructure reports.....	12
2016/17 peak tourism season.....	13
Tourism New Zealand planning and accountability cycle .....	14
Tourism Strategy priorities.....	15
Beyond the first 100 days.....	16
Attract the right visitor mix.....	16
Respond to visitor demand .....	17
Ensure all regions benefit.....	19
Provide data and insight to support our work .....	20
Tourism funds administered .....	21
Links to other portfolios.....	23
Annex 1: Key tourism statistics – 18 November 2016 .....	25
Annex 2: Tourism strategy .....	26
Annex 3: Relevant legislation and regulations .....	27
Annex 4: Crown entities and statutory bodies.....	28
Annex 5: Key industry stakeholders .....	30
Annex 6: MBIE’s review of the 2015/16 peak season .....	32
Annex 7: Tourism cross-agency communications protocol .....	33



## Overview

1. As Minister of Tourism, you have responsibility for a portfolio that makes a significant contribution to New Zealand's economic success.
2. The tourism sector is a critical part of New Zealand's economy. It is our largest export earner, and biggest services export – contributing \$14.5 billion to New Zealand's total exports (20.7 percent, an increase of 19.6 percent from the previous year) and \$12.9 billion (5.6 percent) to New Zealand's total GDP in the year ended March 2016.
3. It is also a significant employer. Over the year ended March 2016, tourism directly employed 188,100 full-time equivalents, equating to 7.5 percent of total employment in New Zealand, and an increase of 3.7 percent from the previous year.
4. Just as valuable is tourism's indirect contribution to New Zealand's economy. In the year ended March 2016, the indirect value added to GDP by industries supporting tourism was an additional \$9.8 billion for tourism, or 4.3 percent of GDP.
5. Tourism in New Zealand is growing. In the year ending September 2016, 3.4 million international visitors arrived in New Zealand, an 11 percent growth on the previous year. Our six biggest visitor markets make up approximately 72 percent of visitors, and all are growing. For the year ending September 2016:

Country	Percent of total arrivals	Number of arrivals	Growth (from previous year)
Australia	41%	1,385,000	6%
China	12%	406,000	24%
USA	8%	270,000	14%
UK	6%	216,000	8%
Japan	3%	97,000	13%
Germany	3%	92,000	13%

6. MBIE's Key Tourism Statistics (as at 18 November 2016) is provided at Annex 1: Key tourism statistics – 18 November 2016.
7. Tourism also contributes to New Zealand's economic success in a number of broader ways – for instance, by:
  - helping build deeper international connections, particularly with rapidly-growing Asian economies – characterised by increased two-way flows of people, capital, ideas and trade, which enable other exporters to tailor and market their services and products to these markets
  - building awareness of New Zealand as a supplier of quality products in the international marketplace, providing a competitive advantage for our exporters
  - creating the scale needed to support infrastructure development and ensure the availability of a wider range of goods and services than could be supported by New Zealand's population alone.
8. In addition, a wide range of New Zealanders share in the benefits brought by tourism. Tourism provides opportunities for development in New Zealand's regions, employs



lower-skilled labour, and enables Māori to gain direct value from leverage of their cultural assets.

9. Government's role in relation to the sector is not straightforward. The sector is diverse, and ranges from a few large, highly-productive multinationals through to many small and seasonal operators. There is no regulation specific to tourism businesses (health and safety regulation relating to adventure activities includes operators outside the tourism sector) and tourism-specific international agreements – where they exist – are non-binding.
10. Each visitor's experience of New Zealand (and their willingness to spend while they are here) is determined by their interactions with a wide range of firms, all delivering different products and services. Government therefore plays an important role in providing leadership and coordination to the sector to help make sure that, collectively, the sector gets the most value out of each visitor.
11. The lead agency for policy advice on the tourism portfolio and tourism data provision is the Ministry of Business, Innovation and Employment. The lead agency for marketing New Zealand as a tourism destination in Tourism New Zealand.

### **Opportunities and challenges**

12. Internationally, tourism is a growing industry. Across the world, international travellers reached a record 1.2 billion in 2015, and are predicted to reach 1.8 billion by 2030.<sup>1</sup>
13. Major emerging tourism economies will continue to be the source of much of the predicted future growth in international visitor numbers. In particular, a large proportion of the arrivals of the next two decades are likely to originate from the Asia and Pacific regions. The United Nations World Tourism Organization 2011 forecasts indicate that these arrivals will grow at a rate of five percent a year (around twice that of arrivals from Europe) and generate an average of 17 million additional international arrivals every year.<sup>2</sup>
14. Visitor arrivals to New Zealand are expected to grow 5.4 percent a year, reaching 4.5 million visitors in 2022 from 3.1 million in 2015 and total international spend is expected to reach \$16 billion in 2022, up 65.5 percent from 2015. MBIE produces tourism forecasts annually. The forecasts are based on econometric modelling, current trends and best available forecasts of international factors and have been developed with input from members of the tourism industry.
15. New Zealand is particularly well-placed to benefit from the growth of emerging economies, given our geographic location. However, this unprecedented visitor growth has given rise to a number of new challenges for the sector and government to address. In particular:
  - lifting the productivity of the sector
  - increasing the value we earn from each visitor
  - maintaining New Zealand's competitiveness as a tourism destination

<sup>1</sup> *Tourism Towards 2030*, World Tourism Organization.

<sup>2</sup> *Tourism Towards 2030*, World Tourism Organization.



- 
- lifting the sector's responsiveness to current and future demand
  - maintaining the goodwill (or social licence to operate) of the sector among New Zealanders
  - ensuring a balanced and effective contribution from the conservation estate
  - ensuring regions are able to fully capitalise on their potential as tourism destinations
  - providing necessary infrastructure to support the pressures of growth (more information is provided in the 'Focus for the first 100 days' section).
16. Growth in visitors is exacerbating the scale and/or impact of these challenges. While they are largely manageable at present, they will require sustained effort from government and industry in order to respond long-term.
17. November through to March comprises of New Zealand's peak tourism season, when the industry is at its busiest. There is likely to be media and public attention on some aspects of the tourism season, and you may be asked to provide comment. More detail is provided in the '2016/17 peak tourism season' section of this briefing.

#### **Government's tourism strategy**

18. In December 2015, the previous Minister of Tourism agreed a government tourism strategy, the overall vision of which is to increase the net economic contribution made by tourism at a national and regional level. The Strategy identifies three main challenges which need to be addressed if this aim is to be realised, namely:
- 1) **Attracting the right visitor mix:** achieving a visitor mix that continues to attract high-value, high-spending visitors to New Zealand and ensures we are not over-reliant on a few visitor markets
  - 2) **Responding to visitor demand:** ensuring that government, the sector and communities are equipped to manage the projected increase in visitor numbers, while continuing to deliver high-quality visitor experiences
  - 3) **Ensuring all regions benefit:** ensuring that all regions are well-positioned to take advantage of visitor growth and make the most of their tourism potential.
19. The strategy outlines the attributes of a successful sector:
- Strong international transport links and world-class border services
  - High value visitors throughout the year
  - Robust tourism-related infrastructure
  - Sustainable and productive resource use
  - A skilled and committed workforce
  - A great visitor experience
  - Authentic cultural experiences and support for Māori economic aspirations
  - Dispersal of visitors across regions
  - Employment opportunities and career development pathways in tourism



- 
- A sector that's highly valued by New Zealanders.

20. In the light of the vision for the sector and the identification of the three challenges, the strategy identifies a number of priority actions for government. The actions and progress that have been made on these since December 2015 are outlined in more detail the section 'Beyond the first 100 days', and the full strategy is provided at Annex 2.

#### **International and domestic tourism**

21. Much of the activity in the portfolio focuses on international tourism – which generates export revenue for New Zealand– and therefore makes a significant contribution to the government's export target.

22. However, domestic tourism provides a critical financial base for the industry – with domestic visitors comprising around 59 percent of demand. Domestic tourism also plays an important role in many regional economies – and a network of 30 **Regional Tourism Organisations** (RTOs) across New Zealand focus on marketing New Zealand's regional destinations to both domestic and international visitors. These RTOs are primarily funded by local government.

#### **Associate Minister of Tourism**

23. The Associate Minister of Tourism is Hon Nicky Wagner.

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

25. There has also been an intention expressed for the Associate Minister to work closely with the Minister on tourism matters.



---

## Portfolio responsibilities

26. This section provides an overview of your Tourism portfolio responsibilities, and outlines how the Ministry of Business, Innovation and Employment (MBIE) can support you in your role as Minister of Tourism.
27. The main functions within your portfolio are delivered by **MBIE** and **Tourism New Zealand**.
28. MBIE is responsible for:
  - providing policy advice, research and data to promote a high-value tourism sector
  - monitoring the Crown entities that support the tourism sector
  - managing the Tourism Growth Partnership, the Regional Mid-sized Tourism Facilities Grants Fund and the Tourism Facilities Development Grant Fund
  - managing the operation of the New Zealand Cycle Trail including the management of the Cycle Trail Fund and the Maintaining the Quality of the Great Rides Fund.
29. The aim of Tourism New Zealand, as set out under the New Zealand Tourism Board Act 1991, is to ensure that New Zealand is marketed as a competitive visitor destination internationally, in order to maximise long-term benefits to New Zealand. Tourism New Zealand does this by:
  - developing, implementing and promoting strategies for tourism
  - advising the Government and the New Zealand tourism industry on matters relating to the development, implementation and promotion of those strategies.
30. MBIE works closely with Tourism New Zealand to help ensure that Tourism New Zealand's marketing and other activities are aligned with Tourism New Zealand's strategic direction, and that MBIE's advice is well-informed by market intelligence.
31. Tourism New Zealand will be providing you with a separate briefing.
32. As Minister of Tourism, you are also responsible for the **New Zealand Māori Arts and Crafts Institute** and the appointment the Chair of **Ngā Haerenga, The New Zealand Cycle Trail Incorporated** (NZCT Inc). NZCT Inc is an incorporated society established in 2013 to take on a long-term governance role in relation to Ngā Haerenga, the New Zealand Cycle Trail.
33. You have responsibility for the following Acts:
  - New Zealand Tourism Board Act 1991
  - the New Zealand Māori Arts and Crafts Institute Act 1963.
34. The overall budget allocation for the tourism portfolio in 2016/17 is \$146 million, through two appropriations: Tourism New Zealand (\$117 million) and New Zealand Tourism Facilities (\$29 million), both under Vote Business, Science and Innovation. The Vote also funds a range of support functions (set out under Key MBIE Officials below).
35. More detailed information on your portfolio is set out in the annexes to this briefing:



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

### **Tourism Chief Executives' Group**

36. The Tourism Chief Executives' Group was set up in mid-2016 to help coordinate the government's tourism-related activities by:
- providing strategic oversight
  - facilitating information sharing
  - removing roadblocks
  - helping manage relationships across the diverse range of Ministers whose portfolios intersect with the tourism sector.
37. The Group is chaired by David Smol, Chief Executive of MBIE. Other members of the Group are the Chief Executives of the Department of Conservation, Department of Internal Affairs; the Ministry of Culture and Heritage, Ministry of Transport, the New Zealand Transport Agency, and Tourism New Zealand. A representative of the Department of the Prime Minister and Cabinet also attends meetings, which occur approximately every two months.
38. The Group takes a proactive approach to looking at long-term strategic tourism questions. Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982
39. The Group has also considered the impact of the Kaikoura earthquake on transport and visitor flows, and the Government response to sector-generated reports on tourism infrastructure.
40. The Group has proposed to jointly meet with you at your earliest convenience.

### **Key MBIE officials, and tourism related functions within MBIE**

41. Within the Ministry of Business, Innovation and Employment (MBIE), responsibility for providing you with advice and support in relation to the Tourism portfolio sits mainly within the **Tourism Policy** unit located in the Tourism, Sectors, Regions and Cities branch, within the Labour, Science and Enterprise group. The Tourism Policy unit provides advice and analysis to support government and industry decision-making in relation to the sector; oversees the implementation of the government's tourism strategy; works with industry to help them build capability and develop new, innovative products and services; and advises on and manages government's investment in tourism-related infrastructure.
42. The **Labour, Science and Enterprise Engagement and Communications** unit in the Engagement, Communications and Ministerial Services branch provides the communications support for the tourism portfolio, and leads the cross-government tourism communications group, and tourism communications protocol.





43. Work led by a number of other areas within MBIE also falls within the tourism portfolio. In particular:

- the **Sector Trends** unit in the Evidence, Monitoring and Governance branch collects, analyses and publishes tourism data. This includes the production of official statistics on tourism - which enable you to monitor change and progress in the tourism sector and make well-informed policy and investment decisions. The products produced by the Sector Trends unit include:
  - The International Visitor Survey, which measures quarterly spend of international visitors (a Tier 1 Statistic)<sup>3</sup>
  - The Monthly Regional Tourism Estimates – estimates international and domestic spend by region, country of origin and tourism product
  - The New Zealand Tourism Dashboard – provides a one-stop shop for all tourism data in New Zealand. Information is presented using dynamic graphs and data tables
  - The International Tourism Forecasts – provides expectations on the future tourism demand in New Zealand. The forecasts are intended to support the tourism sector and government in decision making and planning.
- the **Monitoring and Governance** unit in the Evidence, Monitoring and Governance branch monitors the financial and non-financial performance of Tourism New Zealand. This includes advising ministers on Board appointments and key accountability processes.

44. In addition:

- the **Research and Evaluation** unit evaluates the effectiveness of government initiatives that impact on tourism (for instance, the New Zealand Cycle Trail)
- the **Major Events** unit in the Tourism, Sectors, Regions and Cities branch administers the Major Events Development Fund [reports to the Minister for Economic Development]
- the **Service Design and Performance** team within Immigration New Zealand focuses on Immigration New Zealand business change and quality improvement – including how to more effectively facilitate high-value, low-risk visitors from visa-required countries.

45. More broadly, work across a number of other MBIE areas contributes to your portfolio, including:

- work within the **Economic Development portfolio** to leverage investments in other sectors, such as screen and major events, to benefit the tourism industry, and to implement the regional economic growth programme
- work within the **Skills and Employment and Small Business portfolios** to lift skills and capability of those employed by, and managing, firms, and providing business support to firms

---

<sup>3</sup> Tier 1 statistics need to be of a high standard so that you, the public and international markets can have trust and confidence in their quality and integrity. The Principles and Protocols for Producers of Tier 1 Statistics provide standards for statistical production and release to ensure that Tier 1 statistics are independent, free from influence and equally accessible to all.



- work within the **Immigration portfolio** to help ensure the sector has access to the skilled labour it needs when New Zealanders are not available to fill tourism roles
- work within the **Communications and IT portfolio** to encourage the uptake of ICT by firms.

46. Key Ministry contacts are set out in the table below.

Contact	Role	Contact details
David Smol	Chief Executive	<b>E David.Smol@mbie.govt.nz</b> <small>Information withheld consistent with s9(2)(a) of the Official Information Act 1982</small>
Paul Stocks	Deputy Chief Executive, Labour, Science and Enterprise group	<b>E Paul.Stocks@mbie.govt.nz</b> <small>Information withheld consistent with s9(2)(a) of the Official Information Act 1982</small>
Siobhan Routledge (until 16 January 2017)	Acting General Manager, Tourism, Sectors, Regions and Cities branch	<b>E Siobhan.Routledge@mbie.govt.nz</b> <small>Information withheld consistent with s9(2)(a) of the Official Information Act 1982</small>
Iain Cossar (from 16 January 2017)	General Manager, Tourism, Sectors, Regions and Cities branch	<b>E Iain.Cossar@mbie.govt.nz</b> <small>Information withheld consistent with s9(2)(a) of the Official Information Act 1982</small>
Michael Bird	General Manager, Evidence, Monitoring and Governance	<b>E Michael.Bird@mbie.govt.nz</b> <small>Information withheld consistent with s9(2)(a) of the Official Information Act 1982</small>
Kate West	Manager, Tourism Policy	<b>E Kate.West@mbie.govt.nz</b> <small>Information withheld consistent with s9(2)(a) of the Official Information Act 1982</small>
Peter Ellis	Manager, Sector Trends	<b>E Peter.Ellis@mbie.govt.nz</b> <small>Information withheld consistent with s9(2)(a) of the Official Information Act 1982</small>
Adam Allington	Manager, Monitoring and Governance	<b>E Adam.Allington@mbie.govt.nz</b> <small>Information withheld consistent with s9(2)(a) of the Official Information Act 1982</small>
Astrid Smeele	Manager, Labour Science and Enterprise Engagement and Communications	<b>E Astrid.Smeele@mbie.govt.nz</b> <small>Information withheld consistent with s9(2)(a) of the Official Information Act 1982</small>



---

## Focus for the first 100 days

47. This section outlines a number of areas that will require your attention over the next 100 days, based on recent events and the upcoming 2016/17 peak tourism season. We welcome further discussion with you on these areas.

### **Kaikoura earthquake**

48. Assuming that no further major earthquakes occur, the impact from the 14 November Kaikoura earthquake on New Zealand's international visitor numbers and expenditure is likely to be relatively minor and short-term, given that the key drivers for international tourism remain the same, there have been no disruptions to international air connectivity and Kaikoura and Hurunui districts account for only around 1.3 percent of total tourism spend.

49. MBIE has purchased electronic spending data, which allows us to compare spending patterns of domestic and international visitors directly before and after the earthquake, and also allows us to benchmark this spend with what occurred at the same time in previous years. For mid-late November (i.e., the week of and the week following the earthquake), when compared to the same week of the previous years:<sup>4</sup>

- **Kaikoura District** is showing a significant fall in both international and domestic spending post-earthquake. Before the earthquake Kaikoura was expecting extremely strong growth for both domestic and international expenditure, similar to last year. International spend in the week of 21 November 2016 is negative, which we believe is largely due to cancelled bookings.
- **Hanmer Springs and Hurunui** have shown a drop of around 50% domestic and 40% international in the week after the earthquake (compared with the same time last year). This had largely recovered by the second week, at around 80% of previous domestic spending and 90% of international spending for the same period the previous year.
- **West Coast** appears to have had a boost from the earthquakes, with spend in the weeks following the earthquake around a third higher than the equivalent period the previous year for international. Domestic spending is largely unchanged.
- **Blenheim, Picton and the rest of Marlborough** appear to have taken a bit of a hit in the first week following the earthquake, with domestic spend at around 70% of usual; and 80% of usual for international spend. Spend seemed to have fully recovered for the international market by the second week; and to around 80% of total for domestic.

50. We will continue to monitor these trends until the end of January (with the potential to extend further). Information withheld consistent under s9(2)(f)(iv) of the Official Information Act 1982

---

<sup>4</sup> This is electronic spending data that covers approximately 20 percent of domestic and 70 percent of international spend. For this reason we are looking at the trends in spending, rather than the overall numbers. We do not have evidence to suggest whether or not the other types of spending have changed significantly as a result of the earthquake.



51. While the overall national impact of the Kaikoura earthquake on international visitor arrivals and expenditure is expected to be relatively minor and short-term, the visitor economies of several regions have been affected adversely, either directly or indirectly. These adverse impacts are caused by concerns about experiencing further aftershocks and a loss of access, amenities, attractions (affecting Kaikoura, and to a much lesser extent Wellington), or as a result of different patterns of regional dispersal (affecting Marlborough and Hurunui).
52. The Minister for Economic Development announced up to \$350,000 of support for tourism in Hanmer Springs and the Hurunui District on 14 December. The Acting Minister for Tourism also announced \$199,500 of funding for public restroom facilities at Springs Junction on the same day.
53. <sup>5</sup> Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982
54. In the immediate wake of the earthquake, MBIE activated the Visitor Sector Emergency Advisory Group (VSEAG), which is chaired by MBIE and made up of representatives from government agencies and tourism industry bodies. The Group was activated to assist international visitors impacted by the earthquake, mobilise the resources of the visitor sector to assist with the emergency response, and develop appropriate messaging about the earthquake for international visitor and student markets. Once VSEAG had fulfilled its role in relation to the Kaikoura earthquake, it deactivated in relation to this emergency. VSEAG is ready to activate again in the event of another emergency.
55. The Tourism Policy unit continues to participate in several groups that are addressing the ongoing impacts of the earthquake, including the cross-agency Regional Economic Recovery Officials' Group and the Kaikoura Earthquake Tourism Action Group (KE-TAG), convened by Tourism Industry Aotearoa.
56. Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982

#### **Tourism infrastructure reports**

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



---

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

### **2016/17 peak tourism season**

62. To keep abreast of developments in the current 2016/17 peak season, officials are engaging regularly with tourism stakeholders in the key visitor 'hotspots' of Mackenzie, the West Coast, Queenstown and Milford. These hotspots and the challenges they were expecting to face in 2016/17 were identified in MBIE's review of the 2105/16 peak season, a summary of which can be found at Annex 6.
63. Early feedback from these hotspots suggests:
- they are reporting increased visitor flows compared to previous seasons
  - visitor accommodation is already at capacity, or close to it, in some parts of the regions concerned
  - with the exception of the West Coast, accommodation for tourism workers is proving hard to find
  - while the new MBIE-administered Regional Mid-sized Tourism Facilities Grants Fund is working well, pressures on some local infrastructure are still building
  - on a positive note, visiting drivers and freedom camping are not expected to present any critical issues this summer and there are no reports of significant labour shortages.
64. Overall, stakeholders in tourism hotspots remain positive this season about dealing with 'problems of success', stemming from growth. No critical issues requiring immediate coordination and action beyond existing activity have so far been identified.



- 
65. Government agencies and the tourism industry are however aware of the potential for the changed touring routes in the top of the South Island, that are a consequence of the Kaikoura earthquake, to create issues this summer.
66. While NZTA is making a significant investment to improve the quality of the alternative Picton to Christchurch route to State Highway 1, this route does however include roads that are narrower and more winding and undulating, with fewer overtaking opportunities. It now takes approximately 7.5 hours to drive between Picton and Christchurch, with the potential for this time to increase in the event of an accident.
67. The nature of this route, the unfamiliarity of visitors with New Zealand roads and conditions, and the increased volume of heavy traffic will increase the safety risks for visiting drivers.
68. Information withheld consistent with s9(2)(g)(i) of the Official Information Act 1982
69. Initiatives to support this include NZTA has updated its maps to reflect changed driving conditions on these routes over the peak summer season. DOC is releasing information on rest stops and other points of interest along those routes to ensure visitors are aware of places they can break their journey. The Automobile Association has publicly released (and will regularly update maps that show routes visitors can take as they travel in areas directly and indirectly affected by the earthquake.
70. MBIE has developed a cross-government tourism communications protocol, for use over the peak tourism season when incidents that are related to tourism appear in the media. Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982
71. **Key decision required:** no decision required, however it is likely that issues will emerge that will require comment from you.

### **Tourism New Zealand planning and accountability cycle**

72. In the next 100 days as the Minister responsible for Tourism New Zealand, you will be asked to:
- send a Letter of Expectations for Tourism New Zealand. Potential areas of focus could include regional dispersal of tourism and shoulder season holiday arrivals
  - decide on two potential reappointments or new appointments to the Tourism New Zealand Board. The terms of these Board members expire in April 2017
  - table a Statement of Performance Expectations (SPEs) in Parliament, outlining what Tourism New Zealand intends to achieve in 2017/18
  - table a Statement of Intent (Sol) in Parliament, outlining Tourism New Zealand's refreshed strategy for 2017-2021.
73. We will provide you with advice on these as they arise.



---

### Tourism Strategy priorities

74. The **Approved Destination Status** (ADS) system is a bilateral tourism arrangement between the Chinese government and a foreign destination. New Zealand was granted ADS by the Chinese Government in 1999. Under the arrangement, the China National Tourism Administration (CNTA) approves travel sellers permitted to sell tours to New Zealand, and Tourism New Zealand approves inbound tour operators that are permitted to conduct ADS tours.
75. New Zealand adopted a Code of Conduct for ADS approved inbound tour operators and tour guides in 2010 and this was reviewed in 2012. MBIE is now commissioning an independent 'first principles' review of the Code to assess whether the Code is consistent with regulatory best practice for occupational regulation and is fit for purpose, and to consider options for improvement. This is due to be completed by June 2017, and was discussed between CNTA and the Deputy Chief Executive, Labour Science and Enterprise at a meeting in Beijing in October 2016.
76. **Key decision:** nothing required at this stage.
77. There are a number of actions and decisions required in relation to the **New Zealand Cycle Trail**:
- **Key action:** On 12 December 2016 Cabinet approved a recommendation from APH for the re-appointment of Richard Leggat as the Chair of the New Zealand Cycle Trail Incorporated Society. You will need to provide Mr Leggat with formal notification of his re-appointment prior to Christmas. We will provide you with a draft letter to sign.
- Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982
78. In November 2016 MBIE approved 14 applications for funding from **the Regional Mid-sized Tourism Facilities Fund**. A total of \$3,050,000 was awarded for round one  
Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982
79. Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982





## Beyond the first 100 days

80. This section provides a list of the priority actions identified by the government’s tourism strategy and what progress has been made on each since the introduction of the strategy in December 2015.
81. Following this is a list of the funds administered by the Minister of Tourism under the tourism multi-category appropriation within Vote Business, Science and Innovation.

Priority action	Progress since December 2015
<b>Attract the right visitor mix</b>	
Augment TNZ’s investment in the key growth markets of India and the USA	<ul style="list-style-type: none"> <li>• Budget 2016 included an extra \$8 million over four years for Tourism New Zealand to target key growth markets. This will enable enhanced marketing in FY17 and an expanded presence in the Indian market.</li> <li>• In FY16 the appointment of Bollywood actor Sidharth Malhotra as TNZ’s Tourism Ambassador in India significantly helped New Zealand to achieve greater brand visibility in the market.</li> <li>• Tourism New Zealand will continue to explore Bollywood/celebrity influencer opportunities to help profile New Zealand to Independent Professionals and to drive demand during shoulder seasons through the early launch of brand, trade and airline campaigns.</li> <li>• FY17 has brought the opportunity for a step change in the USA with 30 percent additional direct air seats available to New Zealand. Significant growth has materialised since the new air services have been available and future growth opportunities exist particularly beyond the traditional West Coast markets. Tourism New Zealand will partner with airlines to unlock and develop new East Coast markets, while defending our position on the West Coast.</li> </ul>
Maintain TNZ’s focus on special interest, international business event and high-end premium travellers and growing shoulder season arrivals	<ul style="list-style-type: none"> <li>• All of these sectors are reflected in Tourism New Zealand’s FY17 business plans.</li> <li>• An incentive bid was secured with Amway China, to bring 10,000 of its salespeople to Queenstown in 2018, worth an estimated \$50 million.</li> <li>• Luxury lodge data confirms a 21% increase in revenue for the 2015/16 year compared to the previous year – figures that are expected to keep increasing. In 2016 Tourism New Zealand received the ‘Destination Award’ for the second year running at ‘Luxperience’, one of the world’s biggest luxury travel trade shows in recognition of the importance placed on luxury travel in global marketing. Marketing in the luxury market is beginning to establish a strong position for New Zealand’s luxury offering and Tourism New Zealand will continue to grow on this, building on our existing partnerships and forging new ones.</li> <li>• Visitors for special interests of hiking, cycling and golf stay longer and spend more than our average visitor. They also tend to arrive in shoulders and visit regions for these experiences. Tourism New Zealand will</li> </ul>





	<p>continue to look to support product development through visitor insights, and the development of emerging special interests such as food and wine.</p> <ul style="list-style-type: none"> <li>• Since FY16 Tourism New Zealand has moved its entire focus into promoting shoulder season arrivals. In FY16 shoulder (spring and autumn) arrivals grew 18.4 percent compared to peak arrival growth of 15.1 percent the same period the year before.</li> </ul>
<p>Establish a dedicated Major Events prospecting function [Economic development portfolio]</p>	<ul style="list-style-type: none"> <li>• Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982  A dedicated Prospecting Secretariat within MBIE will be established in the third quarter of 2016/17. The necessary funding is in place.</li> </ul>
<p><b>Respond to visitor demand</b></p>	
<p>Identify where opportunities for hotel investment lie and present these to potential investors in NZ and overseas ('Project Palace')</p>	<ul style="list-style-type: none"> <li>• New Zealand Trade and Enterprise, MBIE and Tourism New Zealand commissioned a detailed report on supply, demand and building intentions for 3+ star hotels in Auckland, Wellington, Queenstown, Christchurch and Rotorua.</li> <li>• The report was published in May and has become the basis for information used in an Investor Prospectus that the NZTE Investment Team is using in off-shore investor presentations from July 2016.</li> <li>• Following on from the overseas roadshows, hotel consultants have mentioned there has been an increase in new hotel feasibility enquiries.</li> <li>• NZTE has made various investor introductions to developers and site owners and are currently working through development opportunities.</li> <li>• NZTE will update the hotel investor information next year; and will continue to promote investment opportunities to hotel investors.</li> </ul>
<p>Pursue initiatives aimed at lifting the quality and effectiveness of tourism-related ICT and roading infrastructure</p>	<p><i>ICT</i></p> <ul style="list-style-type: none"> <li>• The Mobile Black Spot Fund (MBSF) consists of \$50 million allocated to build mobile coverage in areas of mobile black spots, with the objective of improving safety on State Highways and improving the visitor experience. The project is being run concurrently with phase two of the Rural Broadband Initiative (RBI2).</li> <li>• In the last twelve months officials have worked through and almost completed the policy settings for the projects.</li> <li>• Crown Fibre Holdings has released a Request for Proposal (RFP) in October for the private sector to bid to deliver the required infrastructure and services. The RFP details which areas are in scope for RBI2 and the MBSF, and closes in April 2017.</li> <li>• Following commercial negotiations, the Minister for Communications will announce the areas to be covered by the RBI2 and the MBSF.</li> </ul> <p><i>Roading</i></p>



	<ul style="list-style-type: none"> <li>• New Zealand Transport Agency (NZTA) is piloting Great Kiwi Road Trips, a road safety initiative in the Northland region that will survey visiting drivers via a mobile app to better understand their expectations, motivations, information seeking and decision-making while driving.</li> <li>• The Pilot aligns with the Landmarks Whenua Tohunga Project (see below), by encouraging mobile app users to visit 'Landmark' sites.</li> <li>• The research will enable different agencies to identify ways to grow tourism and thereby leverage regional economic gains. It will also look at using innovative tools to capture unique visitor data during trips.</li> </ul>
<p>Increase the yield from visitors to public conservation land to enable better investment in the quality of their experience</p>	<ul style="list-style-type: none"> <li>• Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982</li> <li>• DOC will work with MBIE and Treasury to understand the gaps in visitor-related infrastructure and respond as appropriate.</li> </ul>
<p>Help the sector identify and address its labour and skills needs</p>	<ul style="list-style-type: none"> <li>• BERL has been commissioned to carry out research into labour flows and the pipeline into tourism jobs. Due to the closure of Statistics New Zealand's datalabs following the earthquake, the completion of this research has been delayed until March 2017.</li> <li>• MSD pilots to support the transition of beneficiaries into employment in the tourism industry in Wellington and the Bay of Plenty have been completed. These pilots focus on a 'package' approach using existing training programmes in the tourism industry and incorporated additional pre-employment and post-placement support involving industry stakeholders.</li> <li>• Two cohorts have gone through training in Wellington and these programmes have gone well. Two training programmes have also been completed in Tauranga, however the employment outcomes in Tauranga have been lower than expected. The Sector Workforce Engagement Programme will commission an evaluation of the impact of these pilots, which will be used to determine what, if any, changes should be made to the package.</li> </ul>
<p>Improve overseas driver safety</p>	<ul style="list-style-type: none"> <li>• The Visiting Drivers project, led by NZTA, began in 2014. It involves a number of organisations including central and local government, the private sector and others in New Zealand and overseas.</li> <li>• The project focuses on road safety at each stage of a visitor's holiday – planning, booking, in-flight, arriving in New Zealand, and when actually driving on-road.</li> <li>• There is also a specific focus in Otago, Southland and the West Coast and</li> </ul>



	<p>key tourist journeys within these areas. Following the Kaikoura earthquake, NZTA intends to expand the focus to areas expecting increased traffic as a result of the closure of State Highway 1.</p> <ul style="list-style-type: none"> <li>• In 2016, an Indian government representative was included in the project group. A Chinese government representative has been part of the group since its inception.</li> <li>• NZTA is running a trial to test Bluetooth technology as a way of providing on-the-road messaging to drivers. Messaging will be provided to visiting drivers who hire vehicles from GO Rentals and are driving the Christchurch to Queenstown route from 5 July. Minister Bridges and Minister Foss launched the trial on 2 July, and the trial concluded at the end of September. Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982</li> </ul>
Develop a Landmarks brand	<ul style="list-style-type: none"> <li>• The Landmarks Whenua Tohunga pilot project, led by the Ministry of Culture and Heritage, was launched on 1 December 2016. The pilot identifies nine Landmarks across the Northland region, which will have distinctive markers and branded signage, telling unique stories about their significance to our nation’s heritage and the varied experiences they offer to visitors.</li> <li>• The pilot is a partnership between MCH, DOC and Heritage New Zealand, as a contribution towards both tourism objectives and nationhood and identity. Landmarks Whenua Tohunga will be conducted over the summer of 2016/17, and, if successful will be rolled out nationally.</li> <li>• The nine initial Landmarks are: the Waitangi Treaty Grounds, Kororipo Heritage Park, Rangihoua Heritage Park, Cape Brett Rakaumangamanga, Clendon House, Māngungu Mission, Pompallier Mission, Ruapekapeka Pā and Te Waimate Mission</li> </ul>
<b>Ensure all regions benefit</b>	
Enhance and extend the NZ Cycle Trail	<ul style="list-style-type: none"> <li>• An additional \$31 million over five years was provided in Budget 2016 for the enhancement and extension of existing Great Rides.</li> <li>• The three-stage process for determining the distribution of those funds is underway. All 23 Great Rides have now submitted Concept Plans for their cycle trails over the next 10 years. Officials are now engaged with discussions on those plans. The next step in the process is the presentation of 3-year business cases by Great Rides that are seeking funding over that time period.</li> </ul>
Assist communities to deliver facilities utilised by visitors through the Regional Mid-sized Tourism Facilities Grant Fund (MFF)	<ul style="list-style-type: none"> <li>• \$12 million over four years was provided in Budget 2016.</li> <li>• MBIE, in consultation with TIA and Local Government New Zealand, developed the Fund’s scope and process.</li> <li>• Round One of the MFF closed on 17 September. A total of 40 applications were received seeking \$12.8 million in MFF funding. An Assessment Panel, approved grants totalling \$3.05 million for 14 projects, with successful recipients of MFF funding announced on 8 November.</li> </ul>



	<ul style="list-style-type: none"> <li>The Kaikoura earthquake of 14 November subsequently impacted two of these projects, resulting in the postponement of one in Kaikoura District (Ohau Waterfall Stream facilities upgrade) and the re-prioritisation of another within Buller District (Springs Junction).</li> <li>Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982</li> </ul>
Investigate taking a regional development approach to public conservation land	<ul style="list-style-type: none"> <li>Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982</li> <li>DOC is also responding to other regional growth study areas e.g. the development of experiences in the Manawatu-Whanganui region.</li> <li>Through the work of the Tourism Chief Executives' Group, DOC is looking to further understand what levers it has to encourage regional dispersal.</li> </ul>
Review the use of regulatory levers to manage the impacts of freedom camping	<ul style="list-style-type: none"> <li>The Department of Internal Affairs (DIA) is undertaking a review of the bylaw regime administered by local authorities. This included a focus on freedom camping bylaws, targeting two areas of concern: the efficiency of the infringement regime; and the effectiveness of freedom camping bylaws.</li> <li>The Minister of Local Government has agreed to a work programme for improving the management of freedom camping:             <ol style="list-style-type: none"> <li>Guidance for local authorities to support their development of bylaws to manage freedom camping</li> <li>National geospatial dataset of restricted, prohibited and designated freedom camping areas (with DOC and LINZ)</li> <li>Communication messages targeted at visitors on responsible camping etiquette (with the industry-led Responsible Camping Forum)</li> <li>Further analysis to determine if amendments to the Freedom Camping Act 2011 are required, for example in relation to the infringement process.</li> </ol> </li> </ul>
Prioritise Tourism Growth Partnership (TGP) investment into initiatives outside main centres	<ul style="list-style-type: none"> <li>In July 2016 Cabinet agreed to ring-fence \$4 million of the \$8 million per annum baseline TGP funding to target new regional tourism growth objectives. The TGP Regional Stream supports regional tourism development and jobs growth. It complements the current TGP stream, which will continue to focus on projects that deliver innovation and productivity gains.</li> <li>19 applications were received for funding were received for funding under the new regional stream in the most recent TGP funding round, which closed on 12 October.</li> </ul>
<b>Provide data and insight to support our work</b>	
Produce a 'NZ Tourism Insights' series of reports to support delivery of the tourism strategy	<ul style="list-style-type: none"> <li>The Insights is a series of papers designed to provide a knowledge base in specific research topics related to tourism, to help inform industry and government in making policy and business decisions in the tourism space.</li> <li>The first paper on infrastructure was released in August 2016; and the</li> </ul>



	<p>second paper of regional and seasonal dispersal was released in November 2016.</p> <ul style="list-style-type: none"> <li>The third and fourth papers, on visitor experience and skills and employment, are scheduled for publication in April 2017. There may be an opportunity to announce this should you wish to.</li> </ul>
Produce international visitor and spending forecasts	<ul style="list-style-type: none"> <li>Was first produced in-house at MBIE in May 2016. An updated version, which may include regional forecasts, is due the same time in 2017.</li> </ul>
Provide insight on regional spending	<ul style="list-style-type: none"> <li>The new data series produced by MBIE from electronic transaction data, the Monthly Regional Tourism Estimates, has been highly successful in understanding the trends occurring in the regions. This new series was first released in June 2016 for April 2016 data, and currently operates at a one-month delay from the reference month.</li> </ul>

### Tourism funds administered

82. The Minister of Tourism is responsible for appropriations of:
- just over \$117 million for the promotion of New Zealand to key overseas markets as a visitor and business destination
  - just under \$29 million for the funding of New Zealand Tourism Facilities, which falls under six funds, outlined below.
83. Funding is also available to support the development of policy advice, as well as tourism data and analysis. **The Regional Mid-sized Tourism Facilities Grant Fund (MFF)** of \$12 million over four years was established in Budget 2016 for mid-sized infrastructure projects that deliver facilities utilised by visitors, enhance the visitor experience and help communities maximize their tourism growth potential.
84. The Fund reflects the reality that some districts have a limited ability to respond to the pressure caused by visitor growth, because of funding constraints such as low ratepayer bases.
85. The Fund will provide the support needed so communities can afford to fund visitor-related facilities such as toilets, carparks, waste disposal and minor water management projects.
86. MBIE approved 14 applications for funding from the MFF. A total of \$3,050,000 was awarded for round one Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982
87. **National Cycleway Fund – Development and Extension of Ngā Haerenga, The New Zealand Cycle Trail** is a contestable fund of \$31 million over five years provides financial assistance for the development, enhancement and extension of the Great Rides.
88. There are 23 Great Rides at present – 19 of which are fully open. The Minister of Tourism approves all co-funding decisions in relation to this Fund.
89. **Maintaining the Quality of the Great Rides** is a contestable fund established in Budget 2014 for \$8.0 million to be used to maintain and enhance the quality of the Great Rides of Ngā Haerenga, the New Zealand Cycle Trail.



- 
90. The Ministry manages this contestable Fund and has approved a total of \$4.2 million of funding to 48 projects across 19 Great Rides since the fund began. The Minister of Tourism announces grants when they are made.
  91. **New Zealand Cycle Trail Incorporated funding** is \$400,000 per annum for the financial years 2016/17-2017/18 for operational funding to the Ngā Haerenga, New Zealand Cycle Trail Incorporated.
  92. **Tourism Facilities Development Grants fund** of \$267,000 per annum is a discretionary fund for assisting with the development of non-commercial tourism facilities and services. The Minister of Tourism considers grants from the fund on the recommendation of the Ministry.
  93. Through the **Tourism Growth Partnership (TGP)**, MBIE invests up to \$8 million annually in industry led projects that boost innovation and productivity, lift the value of international tourism and provide benefits to regions. Up to \$250,000 per annum is also now available to fund feasibility studies, to enable applicants to assess the costs, potential market and risks of their business proposition.
  94. To date 29 projects have been supported by the TGP, totalling \$21.05 million of TGP funding. Round Five of the TGP closed on 12 October 2016. Applications are currently being assessed by MBIE and an Independent Panel of Experts for final decision by the Chief Executive of MBIE. Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982





---

## Links to other portfolios

95. Beyond the Tourism portfolio, government delivers a range of other interventions that impact on the tourism sector. Work within your portfolio can help to ensure these interventions take account of the needs and characteristics of the tourism sector:

- Through the Economic Development portfolio, government plays an important role in leveraging investments in other sectors to benefit the tourism sector – for instance, through the Regional Growth Programme, investment in the screen sector and in business and other major events. A number of regions in the Regional Growth Programme have tourism as a key part of their economic action plan.
- Immigration is a particularly important area for tourism. The ease with which people can travel to New Zealand is often cited by the industry as a key factor in visitors' decision-making, and New Zealand's immigration settings are effectively in direct competition with those of its competitor countries – particularly in relation to high and very-high-worth individuals from markets that require visas to visit New Zealand. Temporary migrants are also a significant source of labour for the sector; there has been a growing reliance on migrants taking up tourism jobs in recent years in all regions.
- Transport is critical to the tourism industry, in relation to roading infrastructure, air connectivity and cruise facilities. It can act as a demand management tool. Under the Transport portfolio, the government is focused on agreeing the inter-government arrangements that need to be in place before international airlines can operate scheduled air services – with a focus on providing access to our key current and future markets. In 2016 several new regular direct services between New Zealand and both China and the United States started operating.
- There is also an important relationship between tourism and the border sector more broadly (biosecurity, customs, immigration and transport). The ease of which visitors can move through the border can impact on the visitor experience. The growth of visitor numbers can also place pressure on the services provided at the border, and can also pose biosecurity and customs risks that border agencies need to manage.
- Through the Conservation Portfolio the Department of Conservation plays a key role in the tourism industry, managing the publicly funded experiences and private sector activity on public conservation land that attract both international and domestic visitors, as well as managing the natural features that underpin these experiences. DOC is experiencing changes in volume, user patterns and demand at key destinations due to both increasing international visitor numbers and changes to New Zealand's population. DOC is developing a visitor experience strategy for public conservation land to manage this growth, but also to ensure that these experiences result in benefits for conservation, communities and the New Zealand economy.
- Other relevant areas include supporting Māori tourism in the Māori Affairs portfolio, and working with New Zealand Māori Tourism to identify opportunities to support the development and contribution of Māori tourism.



- 
- Activities under the Culture and Heritage portfolio also make a significant contribution, including through the participation of the Chief Executive of the Ministry of Culture and Heritage in the Tourism Chief Executives' Group, and by supporting opportunities for regional dispersal, e.g. through the Landmarks project.





---

## **Annex 1: Key tourism statistics – 18 November 2016**



## Key Tourism Statistics

November 18, 2016

### International visitor arrivals<sup>1</sup> (year ending September 2016)

	% of arrivals	Visits	Growth (pa)
<b>Annual international arrivals:</b>		3,387,000	11%
Australia (incl. Norfolk Island)	41%	1,385,000	6%
China	12%	406,000	24%
USA	8%	270,000	14%
UK	6%	216,000	8%
Japan	3%	97,000	13%
Germany	3%	92,000	13%

Combined, these markets provided 72.8 % of international visits to New Zealand for the year ended September 2016.

<b>Purpose of visit</b>	Visits	Growth (pa)
Holiday/Vacation	1,745,000	17%
Visit Friends/Relatives	999,000	7%
Business	285,000	5%
Other	356,000	7%

<b>Average intended length of stay:</b>	Days	Growth (pa)
	19	-1%

### Commercial accommodation<sup>3</sup> (year ending September 2016)

<b>Accommodation Type</b>	Nights	Growth (pa)
Hotels	13,486,000	6%
Motels	11,927,000	5%
Holiday parks	7,493,000	9%
Backpackers	5,135,000	5%
Total	38,041,000	6%

<b>Occupancy Rates</b>	This month	Month last year
Hotels	64.2%	61.8%
Motels	55.1%	51.9%
Holiday parks	12.7%	10.8%
Backpackers	35.8%	34.6%
Total	38.2%	36%

### Trips abroad by New Zealanders<sup>5</sup> (year ending September 2016)

	Trips	Growth (pa)
<b>Annual Outbound Departures</b>	2,540,000	7%
<b>Countries visited by New Zealanders</b>		
Australia (incl. Norfolk Island)	1,164,000	2%
USA	185,000	3%
Fiji	158,000	10%
UK	113,000	7%
China	96,000	16%

### International tourism forecasts<sup>7</sup> (forecast period 2016 to 2022)

	2022	Growth (pa)
Total visitor arrivals (millions)	4.5	5.4%
Total visitor days (millions)	90.3	5.7%
Total visitor expenditure (\$ billions)	16.0	7.5%

<b>Key international markets in 2022</b>	Visits	Spend (\$m)
Australia	1,653,000	2,973
China	921,000	5,317
USA	401,000	1,728
UK	252,000	1,313
Germany	125,000	665
Japan	120,000	336

### International visitor expenditure<sup>\*2</sup> (year ending September 2016)

		Growth (pa)
<b>Total expenditure (\$ millions)</b>	\$10,058	7%
Average expenditure per person per trip	\$3,300	-4%
Median expenditure per person per trip	\$2,170	3%

<b>Key international markets (\$ millions)</b>	Current year	Growth (pa)
Australia	\$2,441	1%
China	\$1,740	12%
USA	\$1,064	2%
UK	\$958	-7%
Germany	\$557	10%
Korea, Republic of	\$297	90%

<b>Total spend by purpose of visit (\$ millions)</b>	Current year	Growth (pa)
Holiday / vacation	\$6,260	11%
Visiting friends / relatives	\$2,089	5%
Business	\$787	-9%
Other	\$923	1%

\* Excludes international airfares and individuals whose purpose of visit to New Zealand was to attend a recognised educational institute, and are foreign-fee paying students.

### Economic contribution<sup>4</sup> (year ending March 2016)

<b>Tourism market</b>	Expenditure (\$b)	Growth (pa)
International <sup>†</sup>	14.5	19.6%
Domestic	20.2	7.4%
Total	34.7	12.2%

<sup>†</sup> Includes international airfares paid to New Zealand carriers.

#### Tourism Exports

International tourist expenditure accounted for \$14.5 billions or 20.7% of New Zealand total export earnings.

#### Tourism Contribution to GDP

Tourism directly contributes \$12.9 billions (or 5.6%) to New Zealand total GDP. A further \$9.8 billions (or 4.3%) is indirectly contributed. When comparing tourism to other industries, the direct contribution should be used.

#### Tourism Employment

Tourism directly employed 188,136 people (7.5% of the total employment in New Zealand).

### Regional Tourism Estimates<sup>6</sup> (year ending March 2015)

<b>RTO (\$ millions)</b>	International	Domestic	Total	Market Share
Auckland	3,227	3,268	6,496	29%
Wellington	476	1,690	2,166	10%
Christchurch	677	1,075	1,752	8%
Queenstown	1,182	506	1,688	8%
Waikato	233	998	1,230	5%
Hawke's Bay	110	581	691	3%
Other	2,366	6,014	8,381	37%

### Data sources

<sup>1</sup> Statistics New Zealand: International Travel and Migration. 'Business' excludes conferences.

<sup>2</sup> MBIE: International Visitor Survey. 'Business' excludes conferences.

<sup>3</sup> Statistics New Zealand: Accommodation Survey.

<sup>4</sup> Statistics New Zealand: Tourism Satellite Account.

<sup>5</sup> Statistics New Zealand: International Travel and Migration.

<sup>6</sup> MBIE: Regional Tourism Estimates (RTO = Regional Tourism Organisation).

<sup>7</sup> MBIE: New Zealand Tourism Forecasts 2016 to 2022. Expenditure forecasts based on International Visitor Survey data.

This paper was prepared by the Ministry of Business, Innovation and Employment (MBIE). For further information visit the tourism data section of the Ministry's website <http://www.med.govt.nz/sectors-industries/tourism>. Key Tourism Statistics are updated regularly throughout the month as data is released.

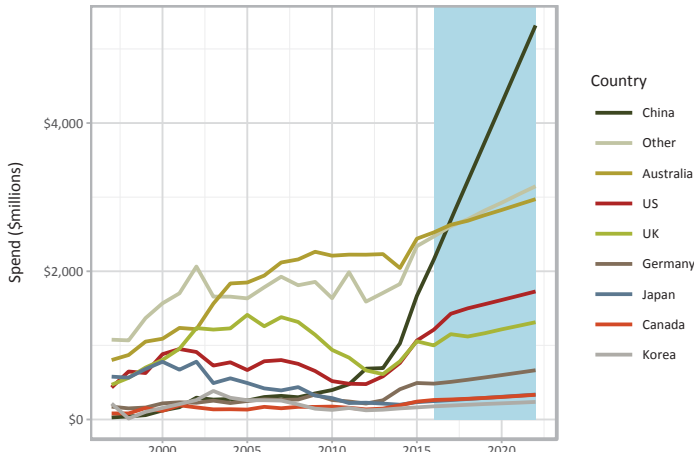


Regional tourism spend distribution (international compared to domestic)



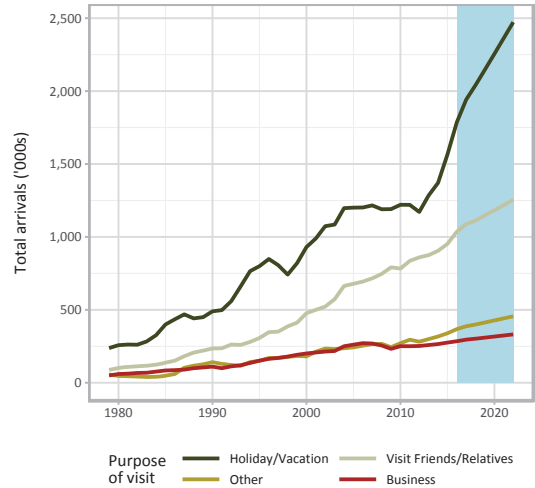
Source: MBIE - Regional Tourism Estimates

Total spend by country (year ending Dec 2015)  
(blue shaded area is forecast)



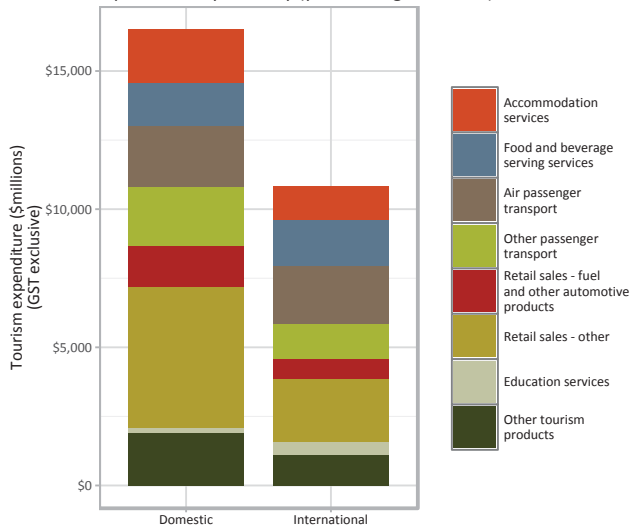
Source: MBIE - International Visitor Survey, MBIE - New Zealand Tourism Forecasts 2016 to 2022

Total arrivals by purpose of visit (year ending Dec 2015)  
(blue shaded area is forecast)



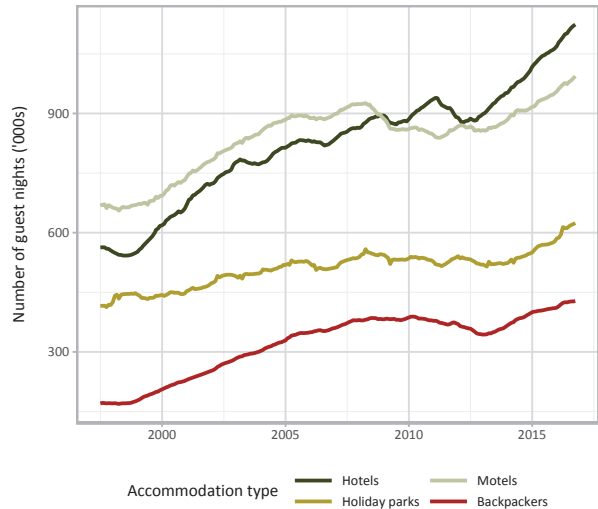
Source: Statistics New Zealand - International Travel and Migration, MBIE - New Zealand Tourism Forecasts 2016 to 2022

Tourism expenditure by industry (year ending Mar 2015)



Source: Statistics New Zealand - Tourism Satellite Account

Guest nights by accommodation type (month ending Sep 2016)



Source: Statistics New Zealand - Accommodation Survey



---

## **Annex 2: Tourism strategy**



## CHARACTERISTICS OF A SUCCESSFUL TOURISM SECTOR

Strong international transport links and world-class border services

High value visitors throughout the year

Skilled & committed workforce

Sustainable and productive resource use

Robust tourism-related infrastructure

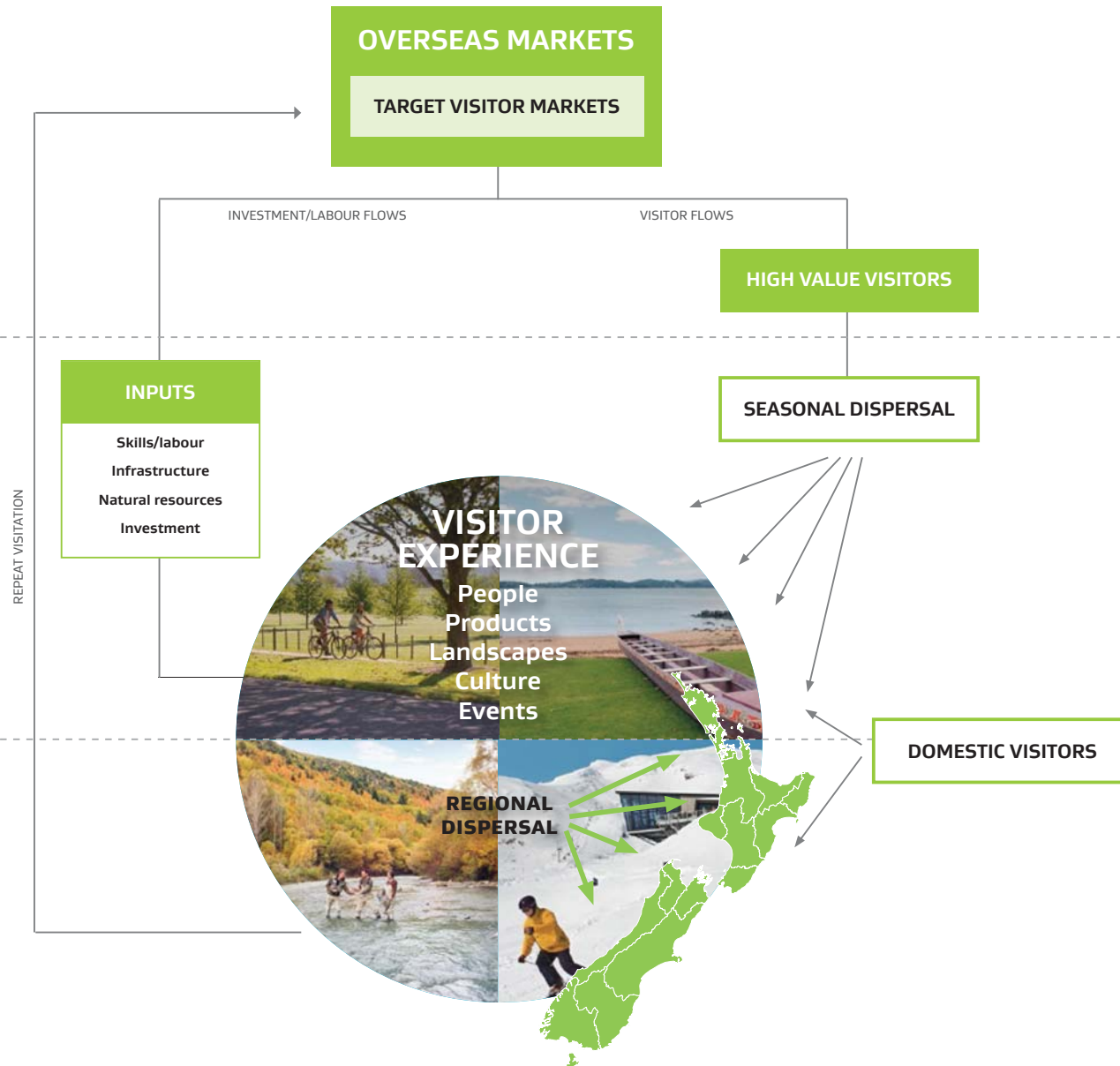
A great visitor experience

Authentic cultural experiences & support for Māori economic aspirations

Dispersal of visitors across regions

Employment opportunities and career development pathways in tourism

A sector that's highly valued by New Zealanders



## CHALLENGES

1. Attracting the right visitor mix

2. Responding to visitor demand

3. Ensuring all regions benefit

Alignment across industry, local government and central government  
High-quality insight and data

**OVERALL AIM**

**INCREASE THE ECONOMIC CONTRIBUTION MADE BY TOURISM AT A NATIONAL AND REGIONAL LEVEL**

**WHAT SUCCESS LOOKS LIKE**

High-value visitors throughout the year Strong international transport links & world-class border services	A great visitor experience	Sustainable and productive resource use Authentic cultural experiences Skilled and committed workforce	Robust national and regional tourism-related infrastructure A sector that's highly valued by New Zealanders	Employment opportunities & career development pathways in tourism Dispersal of visitors across regions Support for Māori economic aspirations
Alignment across industry, local government and central government High-quality insight & data				

**CHALLENGES**

**WHAT WE ARE ALREADY DOING**

ATTRACT THE RIGHT VISITOR MIX	RESPOND TO VISITOR DEMAND	ENSURE ALL REGIONS BENEFIT
Improving visa settings/visitor facilitation (border agencies) Strengthening international transport linkages (MoT) Strengthening key international relationships eg, CNTA, TMM, Indonesian MOU (MBIE, MFAT) Leading work on convention centre strategy and construction	Using the TGP to develop high-quality visitor experiences (MBIE) Developing and disseminating China market research (MBIE) Facilitating the smart use of ICT by the tourism sector (MBIE) Developing a Landmarks brand (MCH, DOC) Improving the operation of the China ADS scheme (TNZ, MBIE) Lifting the success of Māori tourism (NZMT)	Implementing the tourism-related aspects of the Regional Action Plans
Continuing to implement the Tourism Data Domain Plan (eg tourism dashboard)		
Augment TNZ's investment in the key growth markets of India and the USA (TNZ) Maintain TNZ's focus on special interest, international business event and high-end premium travellers and growing shoulder season arrivals (TNZ) Establish a dedicated Major Events prospecting function (MBIE)	Commission work to get a better picture of infrastructure demand and supply (MBIE) Identify where opportunities for hotel investment lie and present these to potential investors in New Zealand and overseas (NZTE, TNZ, MBIE) Pursue initiatives aimed at lifting the quality and effectiveness of tourism-related ICT and roading infrastructure (MBIE, MOT, NZTA) Increase the yield from visitors to public conservation land to enable better investment in the quality of their experience (DOC, MBIE) Help the sector identify and address its labour and skills needs (MSD, MoE, TEC, MBIE) Improve overseas driver safety (NZTA, MoT, TNZ)	Enhance and extend the New Zealand Cycle Trail to continue encouraging visitor flows into the regions (MBIE, NZCT, NZTA) Establish a fund that helps communities and regions to realise their tourism potential by providing assistance to build facilities that enhance the visitor experience (MBIE) Investigate taking a regional development approach to public conservation land (DOC, MBIE) Review the use of regulatory levers to manage the impacts of freedom camping on the environment and local communities (DIA, TNZ, MBIE) Prioritise TGP investment into initiatives outside main centres (MBIE)
Produce a 'New Zealand Tourism Insights' series of reports to support delivery of the tourism strategy (MBIE)		
Undertake a review of the 2015/16 peak season		
Gain a better understanding of the long-term implications of projected visitor growth		
Develop a framework to guide government's tourism-related investments in the regions		
Review any sector-generated options for funding visitor-related infrastructure and amenities at a national and regional level		

**PRIORITY ACTIONS**

**WORK TO SUPPORT DELIVERY OF THE STRATEGY**



---

## **Annex 3: Relevant legislation and regulations**

### **New Zealand Tourism Board Act 1991**

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

### **New Zealand Māori Arts and Crafts Institute Act 1963**

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

### **Health and Safety in Employment (Adventure Activities) Regulations 2011**

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



---

## **Annex 4: Crown entities and statutory bodies**

The Minister of Tourism has responsibilities for the following:

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

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

### **Tourism New Zealand**

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

Tourism New Zealand is governed by a board of five to nine directors, each appointed by the Minister of Tourism for a term of up to three years. The current Chair is Kerry Prendergast, who was reappointed for a second term in August 2015. The other Board members are Norm Thompson, Raewyn Idoine, Chris Parkin, John Thorburn, Richard Leggat, Jamie Tuuta and Michael O'Donnell. Norm Thompson and Chris Parkin's terms expire in April 2017.

Tourism New Zealand has appointed a new Chief Executive – Stephen England-Hall, who will start in April 2017. Brigid Kelly is the acting Chief Executive until April 2017.

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

### **The New Zealand Māori Arts and Crafts Institute**

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

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

Harry Burkhardt is the Chairman of the MACI Board and Tim Cossar the Chief Executive.

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

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





---

Work is now underway to vest MACI assets in the Trust, and Te Puni Kokiri (TPK) is currently working with Treasury and MBIE's Tourism Policy team to finalise the transfer.

**Ngā Haerenga, The New Zealand Cycle Trail Incorporated (NZCT Inc)**

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

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

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



## Annex 5: Key industry stakeholders

Organisation	Contact	Role
Accor Asia Pacific	Chris Sedgwick	Vice President, New Zealand, Fiji & French Polynesia
Air New Zealand	Tony Carter	Chair
	Christopher Luxon	Chief Executive
Auckland International Airport Ltd. (AIAL)	Sir Henry van der Heyden	Chair
	Adrian Littlewood	Chief Executive
Auckland Tourism, Events and Economic Development (ATEED)	David McConnell	Chair
	Brett O'Riley	Chief Executive
China Southern	Mike Ma	General Manager New Zealand
Christchurch International Airport Ltd. (CIAL)	David MacKenzie	Chair
	Malcolm Johns	Chief Executive
Hospitality New Zealand	Clare Davies	National President
	Vicky Lee	Chief Executive
Local Government New Zealand (LGNZ)	Lawrence Yule	President
	Malcolm Alexander	Chief Executive
Motel Association of New Zealand (MANZ)	Michael Baines	Chief Executive
New Zealand Cycle Trail Inc (NZCT Inc)	Richard Leggat	Chair
New Zealand Holiday Parks Association	Ian Smith	President
	Fergus Brown	Chief Executive
New Zealand Māori Tourism (NZMT)	Dale Stephens	Chair
	Pania Tyson-Nathan	Chief Executive
Ngāi Tahu Tourism	Sarah Smith	Chair
	Quinton Hall	Chief Executive
Queenstown International Airport	John Gilks	Chair
	Colin Keel	Chief Executive
Regional Tourism Organisations New Zealand (RTONZ)	Graham Budd	Chair
	Charlie Ives	Executive Officer
Rental Vehicle Association New Zealand	Barry Kidd	Chief Executive
SkyCity	Graeme Stephens	Chief Executive
Tourism Growth Partnership Independent Panel of Experts	Jennie Langley	Acting Chair
Tourism Export Council	Martin Horgan	Chair



---

	Lesley Immink	Chief Executive
<b>Tourism Holdings Limited (THL)</b>	Rod Campbell	Chair
	Grant Webster	Chief Executive
<b>Tourism Industry Aotearoa (TIA)</b>	Grant Webster	Chair
	Chris Roberts	Chief Executive
<b>Tourism New Zealand (TNZ)</b>	Kerry Prendergast	Chair
	Brigid Kelly	Acting Chief Executive
<b>Wellington International Airport</b>	Tim Brown	Chair
	Steve Sanderson	Chief Executive



---

## Annex 6: MBIE's review of the 2015/16 peak season

In mid-2016, Tourism Policy consulted with a wide range of industry stakeholders for the purpose of producing a report for the Tourism Chief Executives' Group on the 2015/16 visitor peak season, which was a period of record growth in both international visitor arrivals and expenditure. The report identified a range of both positive developments and challenges that arose during the 2015/16 season – many of which are likely to again emerge during the current 2016/17 peak season.

The positive developments observed during the 2015/16 season included:

- increased yields, profitability and confidence to invest across the sector
- job creation
- some dispersal of visitors to traditionally less-visited areas
- the peak season extending further into the shoulder seasons than in the past
- visiting drivers causing less concern than in the previous peak season.

Challenges faced during the 2015/16 season included:

- shortages of hotel accommodation in some regions
- shortages of rental vehicles and coaches
- traffic pressures, including problems with congestion and parking in areas that received high numbers of visitors
- in some of the busiest visitor areas (especially those with lower resident populations or ratepayer bases), pressures on local government infrastructure (for example water and wastewater)
- pressures on some central government visitor infrastructure (for example on some conservation sites, such as the Tongariro Crossing and Milford Sound)
- a shortage of accommodation for tourism workers in some busy regions, including Queenstown and Tekapo
- problems associated with freedom camping in some regions.

There are a number of actions underway to address these challenges, as outlined in the 'Focus for the first 100 days' and 'Beyond the first 100 days' sections.



---

## **Annex 7: Tourism cross-agency communications protocol**

# Tourism cross-agency communications group

---

## Communications protocol

- [Purpose of this protocol](#)
- [How the organisations will work together](#)
- [No surprises and informing Ministers' offices](#)
- [Who takes the lead and has signoff on specific communications?](#)
- [Key messages](#)
- [Key communications contacts](#)

## Key message bank

- [Earthquake-related issues](#)
- [Cross-government issues](#)
- [Work related to the tourism strategy](#)

## Communications protocol

[Purpose of this protocol](#)

[How the organisations will work together](#)

[No surprises and informing Ministers' offices](#)

[Who takes the lead and has signoff on specific communications?](#)

[Key messages](#)

[Key communications contacts](#)

### Purpose of this protocol

- This communications protocol aims to ensure that any communications to media and external stakeholders about tourism issues is well coordinated across the government agencies that support the tourism sector and takes a no surprises approach with the Minister's office.
- It also aims to ensure the agencies are kept appropriately informed about media and other communications activity (reactive and proactive) that may touch on their work, and have an opportunity for input where appropriate.
- The protocol supports a whole of government approach to all communications on the Government's tourism-related initiatives so information to internal and external stakeholders is transparent, consistent and aligned to the Government's [tourism strategy](#).
- The protocol assumes agreed key messages will be used as basis for all communications, including agreed key messages on the Government's tourism strategy.
- This protocol has been agreed to, and will be used by, the communications teams and spokespeople in the government agencies who are engaging with external stakeholders and media. It will be updated regularly.

### How the organisations will work together

**The main tourism cross-agency communications group reflects the membership of the Tourism Chief Executives Group:** MBIE, Tourism NZ, DOC, DIA, MCH, MOT, NZ Transport Agency.

**Other agencies that may be involved in hot tourism issues from time to time include:** NZTE, MPI, Customs, Police, WorkSafe, Civil Aviation Authority, Maritime NZ, MSD, MfE. Any of these agencies can be added to the core group distribution list, if they wish.

- When an organisation takes the lead on a media inquiry or communication about tourism, the organisation will inform and if necessary seek input from the others (using contact list below).
- Communications between agencies must indicate what type of response is expected from the other – for example, 'FYI only' or 'for action'.

- When the lead agency drafts media responses or proactive communications that touch on hot tourism issues that impact other agencies, before any response is given to the media it will
  - circulate them to the appropriate key contacts (listed below) for feedback
  - clearly indicate the deadline for feedback; and
  - follow up the email with a phone call (if no confirmation that agency has received the email).
- Any feedback will be taken into account as long as it arrives within the timeframes required to meet deadlines, noting that timelines are highly likely to be short in most instances.

### **No surprises and informing Ministers' offices**

- When a media inquiry is received, or proactive communications proposed on a hot tourism issue, the lead agency will give a heads up to the private secretary and press secretary in the lead Minister's office, copying in any other affected agencies.
- The lead Minister's office will then inform other relevant Ministers' offices if necessary.
- This is in addition to the heads up to agencies.

### **Key messages**

- Agencies will develop and share tailored key messages and questions and answers on their areas.

### **Who takes the lead and has signoff on specific communications?**

- The table below sets out which agency will take the lead on communications covering particular areas.
- The lead agency signs off the communications.
- The key contacts for each lead are at the end of the document.

<b>Topic</b>	<b>Lead agency on communications</b>
Seasonal dispersal <ul style="list-style-type: none"> <li>• Promotion</li> <li>• Major events</li> </ul>	Tourism NZ MBIE
Regional dispersal <ul style="list-style-type: none"> <li>• Promotion</li> <li>• Cycle Trails and Tourism Growth Partnership</li> <li>• Landmarks</li> </ul>	Tourism NZ MBIE MCH
Hotel investment attraction	NZTE
Visiting drivers	MOT/NZ Transport Agency
Freedom camping	DIA



Tourist safety	Police/WorkSafe/Civil Aviation Authority, Maritime NZ/DoC
Road crashes	NZ Transport Agency/MoT/Police
Other infrastructure <ul style="list-style-type: none"> <li>Regional Mid-Sized Tourism Facilities Grant Fund</li> <li>Broadband/mobile coverage</li> </ul>	MBIE
Conservation estate	DOC
Water	MfE/DOC
Skills shortages Seasonal workers	MBIE (including INZ) MSD
Tourism strategy <ul style="list-style-type: none"> <li>Government support for the sector and its growth</li> <li>Social licence</li> </ul>	MBIE
Tourism data Crash data	MBIE MoT
Wicked campers	DIA/Office of Film and Literature Classification
Kaikoura earthquake support package	MBIE (Tourism Policy and Enterprise Policy)

## Key communications contacts

### *Core tourism cross-agency communications group email group:*

[Trish.green@tnz.govt.nz](mailto:Trish.green@tnz.govt.nz); [f.lovell@transport.govt.nz](mailto:f.lovell@transport.govt.nz); [Emma.Blackmore@dia.govt.nz](mailto:Emma.Blackmore@dia.govt.nz); [anne-marie.johnsen@nzta.govt.nz](mailto:anne-marie.johnsen@nzta.govt.nz); [Christine.Seymour@mch.govt.nz](mailto:Christine.Seymour@mch.govt.nz); [lsutcliffe@doc.govt.nz](mailto:lsutcliffe@doc.govt.nz); [Astrid.smeele@mbie.govt.nz](mailto:Astrid.smeele@mbie.govt.nz); [Kerry.thomas@mbie.govt.nz](mailto:Kerry.thomas@mbie.govt.nz)

### *Agency leads*

[tmearns@doc.govt.nz](mailto:tmearns@doc.govt.nz); [ralph.johnson@mch.govt.nz](mailto:ralph.johnson@mch.govt.nz); [deborah.gray@tnz.govt.nz](mailto:deborah.gray@tnz.govt.nz); [s.vandeger@transport.govt.nz](mailto:s.vandeger@transport.govt.nz); [p.carr@transport.govt.nz](mailto:p.carr@transport.govt.nz); [Jim.Harland@nzta.govt.nz](mailto:Jim.Harland@nzta.govt.nz); [Jo.Gascoigne@dia.govt.nz](mailto:Jo.Gascoigne@dia.govt.nz); [Nick.Law@dia.govt.nz](mailto:Nick.Law@dia.govt.nz); [Jenny.Dickinson@nzta.govt.nz](mailto:Jenny.Dickinson@nzta.govt.nz); [elisa.eckford@mbie.govt.nz](mailto:elisa.eckford@mbie.govt.nz);

### *Core tourism cross-agency communications group contact details*

#### **Ministry of Business, Innovation and Employment**

[Astrid.smeele@mbie.govt.nz](mailto:Astrid.smeele@mbie.govt.nz), Information withheld consistent with s9(2)(a) of the Official Information Act 1982  
[Kerry.thomas@mbie.govt.nz](mailto:Kerry.thomas@mbie.govt.nz)

#### **Tourism NZ**

[Deborah.Gray@tnz.govt.nz](mailto:Deborah.Gray@tnz.govt.nz). Tel +64 21 624170

DRAFT

[Trish.Green@tnz.govt.nz](mailto:Trish.Green@tnz.govt.nz) Tel +64 21 243 0386 or +64 4 462 8053

**Ministry of Transport**

Fran Lovell [f.lovell@transport.govt.nz](mailto:f.lovell@transport.govt.nz). Tel 04 439 9230

**Department of Internal Affairs**

[Emma.Blackmore@dia.govt.nz](mailto:Emma.Blackmore@dia.govt.nz) 04 495 6095 or 027 201 7415

DIA media 027 535 8639

**Department of Conservation**

Lizzy Sutcliffe [lsutcliffe@doc.govt.nz](mailto:lsutcliffe@doc.govt.nz). Tel 03 363 1660 or 027 886 3507

**NZ Transport Agency**

[anne-marie.johnsen@nzta.govt.nz](mailto:anne-marie.johnsen@nzta.govt.nz) Tel 64 4 903 2333 or 64 22 354 7506

[frances.adank@nzta.govt.nz](mailto:frances.adank@nzta.govt.nz)

**Ministry of Culture and Heritage**

[Christine.Seymour@mch.govt.nz](mailto:Christine.Seymour@mch.govt.nz)

**Other agencies**

**MPI**

[William.Minchin@mpi.govt.nz](mailto:William.Minchin@mpi.govt.nz)

[Phill.Sherring@mpi.govt.nz](mailto:Phill.Sherring@mpi.govt.nz)

**NZTE**

[media@nzte.govt.nz](mailto:media@nzte.govt.nz)

[Anna.Hughes@nzte.govt.nz](mailto:Anna.Hughes@nzte.govt.nz), +64 27 2828 827

**Customs**

[communications@customs.govt.nz](mailto:communications@customs.govt.nz), +64 21 823 708

**Police**

[media@police.govt.nz](mailto:media@police.govt.nz), 04 2385 111

Megan Hubbard, Senior Communications Advisor Road Safety,

[Megan.hubbard@police.govt.nz](mailto:Megan.hubbard@police.govt.nz), 021 928 352 or 04 463 4439

**WorkSafe**

[media@worksafe.govt.nz](mailto:media@worksafe.govt.nz), 021 823 007

**Civil Aviation Authority**

0800 222 697

**Maritime NZ**

04 499 7318

**MSD**

DRAFT

[media@msd.govt.nz](mailto:media@msd.govt.nz), 04 916 3496

**MfE**

[media@mfe.govt.nz](mailto:media@mfe.govt.nz), 027 231 6930

**MoE**

[media@education.govt.nz](mailto:media@education.govt.nz)

**TEC**

[media@tec.govt.nz](mailto:media@tec.govt.nz), 027 838 5301

**Office of Film and Literature Classification**

Jared Mullen, [Jared.Mullen@classificationoffice.govt.nz](mailto:Jared.Mullen@classificationoffice.govt.nz)

DRAFT































