



BRIEFING

Briefing to the Incoming Minister – Tourism Portfolio

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|---------------------------------|-----------------|-------------------------|-----------|
| Date: | 3 February 2023 | Priority: | Medium |
| Security classification: | In Confidence | Tracking number: | 2223-2458 |

| Action sought | | |
|--|---|-----------------|
| | Action sought | Deadline |
| Hon Peeni Henare Minister of Tourism | Discuss the tourism portfolio at your first officials meeting | 7 February 2023 |

| Contact for telephone discussion (if required) | | | | |
|--|--|-------------|----------------------------|-------------|
| Name | Position | Telephone | | 1st contact |
| Chris Bunny | Deputy Secretary, Labour, Science and Enterprise Group | 04 901 8728 | Privacy of natural persons | |
| Rebecca Heerdegen | Director, Tourism Branch | 04 9011564 | Privacy of natural persons | ✓ |

| The following departments/agencies have been consulted |
|--|
| nil |

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

Comments



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Purpose

This briefing provides you with an overview of the tourism portfolio, including:

- background on the tourism sector, including impacts of and recovery from the COVID-19 pandemic
- the current work programme and key decisions up to the 2023 election, and
- information on other key topics in the portfolio

Executive summary

Tourism is an important part of the economy and creates inclusive growth by distributing economic opportunities and bringing social benefits across regions, cities and communities. Employing 225,000 people in 2019 (or 7.9% of the workforce), and making up a fifth of our exports at that time. Tourism also supports the provision of a range of services, amenities and activities on a larger scale for many communities.

However, by 2019 the system was also under significant strain, with high volumes impacting infrastructure, the environment, and (to some extent) the visitor experience. Both the industry and Government were taking steps to address some of these challenges, including the Tourism Sustainability Commitment (Tourism Industry Aotearoa) and the New Zealand Aotearoa Government Tourism Strategy. A broad sustainability approach was emerging.

The key challenge for tourism is to move away from a volume-driven system that competes on price and results in environmental degradation, degraded mixed-use infrastructure¹, net costs in the tourism system, and a lower-quality visitor experience negatively impacting the social licence for tourism, leading to wider negative economic and social impacts for New Zealand as a whole, and a general erosion of our global brand built on quality of experience around the 100% pure promise. It is not sustainable for New Zealand, or even the tourism sector. The key challenges that need to be met are:

- Protecting and enhancing the environment
- Management of tourism ‘at place’
- Raising productivity

The current work programme has a strong focus on supporting the rebuild in a way that sets the sector on a sustainable, and even regenerative track (where the sector gives back more to communities than it takes, across a number of dimensions), given the systemic issues facing tourism. Key elements of the work programme include:

¹ Mixed-use infrastructure is used by both visitors and residents and communities.

- The **Tourism Industry Transformation Plan (ITP)** which is focussed on better work and the environment. It is a partnership between government, industry, workers and Māori to drive transformation. ITPs involve partners setting a shared, long-term vision for the transformation of the sector, and map an action plan to support that transformation. The Better Work Action Plan has been finalised, and a draft Environment Action Plan is due in April.
- **Destination Management**, which brings together different stakeholders to achieve the common goal of developing a well-managed, sustainable visitor destination. It is an ongoing process that requires destinations to plan for the future and considers the social, economic, cultural and environmental risks and opportunities. Regional Tourism Organisations (RTOs) have either finalised or nearly completed their first Destination Management Plans.
- Deploying economic tools, such as rationing and pricing, to support and protect the values of our places. Innovative approaches are being considered for specific locations, the most significant being the **Milford Opportunities Project**.

The work programme also includes some near-term issues, particularly ensuring New Zealand (and its tourism sector) is ready to host the FIFA Women's World Cup. The sector is also very concerned about the current workforce shortages.

We will meet with you at 11.30 on Tuesday 7 February to discuss the Tourism portfolio and your priorities. We will also provide more detailed advice on workstreams in the coming weeks.

Recommended action

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

- a **Note** the contents of this briefing, including current work programme and Confidential advice to Government *Noted*
- b **Note** officials will meet with you to discuss your tourism portfolio at 11.30 on Tuesday 7 February. *Noted*



Chris Bunny
Deputy Secretary
 Labour, Science and Enterprise, MBIE

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Hon Peeni Henare
Minister of Tourism

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Overview of the tourism sector

The tourism sector - past and present

Tourism is a key part of the economy, bringing a range of benefits to communities and regions

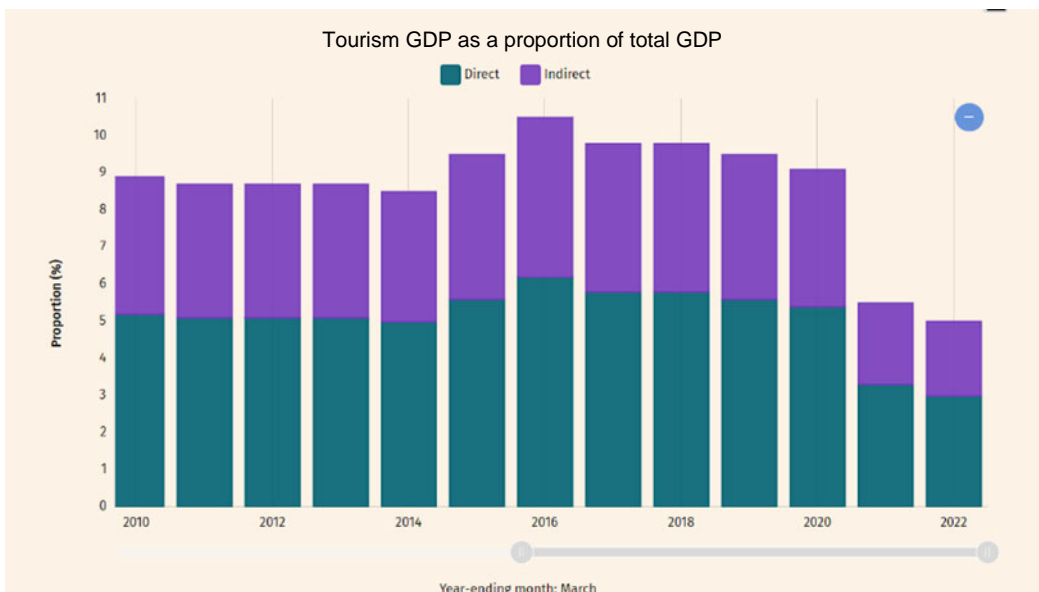
1. Tourism is an important part of the economy and creates inclusive growth by distributing economic opportunities and bringing social benefits across regions, cities and communities. Tourism is a large share of some local economies, including Southland (Te Anau/Milford), Queenstown-Lakes, the lower West Coast, Mackenzie, and Kaikōura. The scale created by tourism also supports a wider range of services, amenities, and activities in communities that benefit both local businesses and residents.
2. Prior to the COVID-19 pandemic, tourism was one of our largest and fastest growing sectors, around 10% per annum over much of the decade. In the year ended March 2020, tourism generated 5.5 per cent of New Zealand-Aotearoa's GDP and 20.1 per cent of exports². The sector also employed 225,000 people (7.9 per cent of the workforce). The graphs on page 4 show the contribution that growth made to economic activity.
3. However, there were growing concerns about the impacts of this level of tourism. Some communities were losing social licence for the sector, ratepayers in some locations were funding (or unable to fund) the necessary infrastructure and amenities, and there were growing concerns about the environmental impacts – both local and in terms of carbon emissions.

Recovery from the impacts of the COVID-19 pandemic

4. The impact of COVID-19 on the tourism sector has been severe. International visitor arrivals to New Zealand all but ceased, and the number of people directly employed by tourism decreased by a third. The graphs on page 4 also illustrate the scale of change.
5. The Government invested heavily in the sector to strengthen tourism for when the border reopened, with a series of packages, many targeted to the most affected communities; this includes:
 - a. targeted funding for the five key tourism communities of Queenstown Lakes, Southland (focussing around Te Anau and Fiordland), Kaikōura, Mackenzie, and Westland (focussing around Fox Glacier and Franz Josef):
 - i. \$49 million allocated for the Tourism Kick Start Fund to support businesses to re-start or scale up as borders reopen
 - ii. \$24.5 million allocated for psycho-social support (\$4.5m) and business advisory support (\$20m)
 - b. \$26.8 million for RTO's to help develop destination management plans, industry capability and product development, and some marketing activities
 - c. \$15 million for New Zealand Māori Tourism to deliver a business support programme for Māori businesses
6. Some tourism firms pivoted to the domestic market or to alternative offerings, and many tourism workers found new employment outside the sector or returned overseas (temporary migrant labour was a significant part of the workforce).

² Tourism Satellite Account, Year ended March 2020

Tourism growth and impacts of COVID since 2010



7. Now that our border is open and international visitors are returning, the tourism sector is beginning to rebuild. Tourism demand is returning at pace, which has created strong optimism in the sector, bolstered further by the opening of China (albeit tempered by the recent floods). Tourism Industry Aotearoa are currently preparing for the annual TRENZ event, and already have over 250 buyers attending.
8. Global and domestic challenges are affecting the recovery. There is uncertainty in the global economy, including inflationary pressures, high fuel and other travel costs, reduced air connectivity, labour shortages and constrained supply chains. Of these, the sector is most concerned with labour shortages (discussed in more detail below).

Moving towards a regenerative model

9. This rebuild phase provides an opportunity to re-set the system, so that the systemic challenges and pain points experienced in the late 2010s do not re-emerge – that is moving away from reliance on volume and operating a sustainable sector. The aspiration from both sector and government is to go one step further, and have the tourism system operate on a regenerative model. A regenerative tourism model gives back to people and places more than it takes and actively enriches communities. It also improves the resilience of firms.
10. The key challenges that need to be met in tourism are:
 - a. Move to a model that **protects and enhances the environment**, rather than degrading the very resource that New Zealand tourism relies on. Over-crowding, poor waste management, and carbon emissions all degrade the visitor experience, and community willingness to host (social licence).
 - b. **Management of tourism at place** to protect the values and aspirations of the community through a range of tools that may include rationing/limiting access, sustainable funding models, educating/improving visitor behaviours, and improved infrastructure/amenities.
 - c. **Raising productivity** to improve living standards, and enable investment. Returns in the sector are low, relative to other parts of the economy. For example, the tourism median wage is \$2.50/hr lower than for horticulture and \$6/hr lower than the national median. Opportunities to boost productivity include: attracting, retaining, and developing an engaged workforce (which also reduces reliance on low-skilled migrant labour), and innovation and adoption of technology.
11. The sector has always had a share of businesses with sustainability objectives, and significant steps were being taken prior to the pandemic to increase the uptake of these, including the Tourism Sustainability Commitment³ established by Tourism Industry Aotearoa, and the Tiaki Promise⁴, which is aimed at educating visitors.
12. The 2019 New Zealand Aotearoa Government Tourism Strategy set out the role of Government in supporting that shift (the following figure summarises the components of the Strategy). Tourism's recovery phase has provided further opportunity to accelerate the sector's transition to a regenerative, lower carbon, higher skill, and higher wage industry.

³ [Tourism Sustainability Commitment](#)

⁴ [Tiaki \(tiakinewzealand.com\)](https://www.tiakinewzealand.com)



13. The growing pressures created by tourism growth pre-pandemic⁵, has resulted in a work programme to move the sector towards a regenerative model. There is a strong partnership approach to this work.
14. The key actions include, but aren't limited to:
 - a. *Mix of strategic and tactical investments to alleviate pressures.*
This has included the Tourism Infrastructure Fund, which aims to support a network of good facilities and alleviate the financial pressures on councils where visitors create disproportionate costs; and the International Visitor Conservation and Tourism Levy (IVL)⁶ which has invested in a range of projects to improve system performance, infrastructure, and give back to conservation.
 - b. *Stewardship of regulatory settings to support transition*
Regulatory settings can support the transition of the sector. For example, the Freedom Camping reforms⁷ aim to reduce the local environmental impacts from freedom camping, Department of Conservation's ongoing work on concessions will support moving up the value chain, and work on sustainable funding tools aims to improve cost recovery from visitors/businesses enjoying our natural environment and supporting infrastructure and amenities.
 - c. *Co-ordination between central and local government, and within local communities.*
Key to co-ordination is Destination Management, which brings together different

⁵ Described in many publications, including [Tourism Futures Taskforce](#), and [Parliamentary Commissioner of Environment report on the consequences of projected tourism growth \(pce.parliament.nz\)](#)

⁶ \$35 levy payable on visas and NZ electronic travel authority by most short-term visitors. New Zealanders, Australians, and most Pacific Island Countries are exempt.

⁷ Freedom Camping was largely unregulated until 2011, and this is the first subsequent change to the legislation

stakeholders to achieve the common goal of developing a well-managed, sustainable visitor destination. It is an ongoing process that requires destinations to plan for the future and consider the social, economic, cultural and environmental risks and opportunities. Using COVID recovery funding, RTOs have largely completed their first Destination Management Plans.

- d. *Addressing co-ordination failures within industry that exacerbate the race to the bottom.* With relatively low barriers to entry in the tourism sector, and low marginal costs, the financial incentives in tourism drive a model of low pricing and high volume. This isn't sustainable, in that this kind of growth results in negative impacts for communities, workers, the environment, and visitors. Over time, these negative impacts will affect New Zealand's brand and the financial performance of businesses. The solution requires the sector to co-ordinate for better outcomes. Destination Management plans are one mechanism, at a local level. Nationally the ITP provides a platform to work through these issues, agree on what good looks like, and then develop a programme to support the sector to transition. The ITP is discussed further below.
 - e. *Innovative management at place*
Destination Management is a significant shift in the way regions think about tourism (most RTOs have focussed on marketing). Some locations require an even more innovative approach to manage their unique features. The Milford Opportunities Project (discussed further below) has considered a wide range of tools to manage the area and preserve the features that make it so special. These include entry charges, rationing access, and limiting or preventing certain types of access, for example the Master plan proposes limiting aerial access to helicopters, and excluding cruise ships from the Sound. Queenstown Lakes District has developed a Spatial Plan to manage growth (residential and visitor driven), and is considering a local bed tax. Innovative solutions are required in those places under the most pressure, and may well demonstrate the effectiveness of those tools for potential use elsewhere.
15. There are also near-term issues that need to be addressed, such as ensuring New Zealand, and its tourism sector, are ready to host the FIFA Women's World Cup (discussed below).

Priorities up to the election

Industry Transformation Plan

16. Under the Government's Industry Strategy, **Industry Transformation Plans (ITPs)** are the mechanism by which government, industry, workers and Māori partner to drive transformation. ITPs involve partners setting a shared, long-term vision for the transformation of the sector, and map an action plan to support that transformation. An industry lens across the economy provides a rich and deep understanding of the economy and can inform and drive both vertical (industry-based) and horizontal (system-based) policy decisions that strike a balance between outcomes for individual firms and New Zealand as we drive for transformation to a high wage, low emission economy.
17. There are eight ITPs underway across government and industry: Advanced Manufacturing, Agritech, Construction, Digital Technologies, Fisheries, Food and Beverage, Forestry and Wood Processing and Tourism. As Minister for Tourism, you are lead minister for the Tourism ITP. ITPs are coordinated by the Industry Policy Ministers Group (IPMG), which has responsibility for ensuring ITPs operate as a cohesive and coherent programme, including identifying areas for collective impact and opportunities for cross-portfolio coordination. As a Minister responsible for an ITP, you will join this group. It is chaired by Hon Stuart Nash (in his role as Minister of Economic Development) and also includes the Minister for Building and Construction, Minister of Forestry, Minister for Oceans and Fisheries, Minister of Agriculture and the Minister for the Digital Economy and Communications. The IPMG meets approximately 4 times per year.

Better Work Phase

18. The first phase of the Tourism ITP was launched by Hon Stuart Nash in November 2021. It focuses on Better Work. The choice of topic reflects the long-standing systemic challenges the Tourism and Hospitality industries have in attracting, retaining, and developing an engaged workforce. The Better Work ITP Leadership Group, as with all ITPs, comprises leaders from industry, unions, government, and Māori and has three chairs – one union (John Crocker, Unite Union National Secretary), one industry (Gráinne Troute, Tourism Industry Aotearoa Chair), and one Government (MBIE Tourism GM Heather Kirkham). The Leadership Group worked on the Better Work Action Plan over six months before going through public consultation that included in-person workshops, online workshops and online submissions.
19. The Better Work Action Plan has now been finalised. It contains six Tirohanga Hou, or new pathways, that together form a package of proposals that will bring about positive changes to the tourism industry, leading to a more regenerative and resilient industry. They are:
 - a. Recognising quality employers and improving employment standards and practices
 - b. Fit-for purpose education and training
 - c. Embrace the flux, enable the flex (how to embrace the seasonality)
 - d. Improving cultural competency and ensuring authentic storytelling
 - e. Lifting technology uptake and innovation to support Better Work
 - f. Showcasing the great – pathways and people in tourism
20. The final Better Work Action Plan was approved by Cabinet in December 2022 to be launched to the public in early 2023. There is a detailed plan for the launch, which involves the Minister of Tourism and the three ITP co-chairs, with the plan being to have a tourism or hospitality-focused activity. The preferred option is to hold it in a Sudima Hotel, a chain of hotels known for its high employee wellbeing standards. MBIE will work with your office to finalise this plan.
21. Meanwhile, planning is underway on the implementation of the Better Work Action Plan. This will be a four-year, complex project involving multiple government agencies which will be overseen by MBIE Tourism Branch. Confidential advice to Government

Environment Phase

22. The second phase of the Tourism ITP, which focuses on the Environment, was launched by Hon Stuart Nash in November 2022. Ensuring the tourism industry protects and restores the environment is important because Aotearoa New Zealand's natural environment is central to our attraction as a destination. Reducing the contribution that tourism makes to greenhouse gas emissions is vital, both to achieve Aotearoa New Zealand's emissions reduction commitments and to ensure it remains a popular destination for climate-conscious visitors.
23. The Environment phase has three pillars:
 - a. Climate change adaptation – understanding the impact that climate change will have on the tourism industry and taking action to ensure the industry can adapt to climate events
 - b. Climate change mitigation – transforming the tourism industry into a low carbon emissions industry
 - c. Fostering positive ecological outcomes, such as biodiversity and ecosystem restoration
24. The Environment ITP Leadership Group meets approximately monthly and consists of 25 representatives of industry, workers, Māori, youth, MBIE, Tourism New Zealand and the Department of Conservation (DOC). The Co-Chairs are Laurissa Cooney (Air New Zealand

Director, Chair Tourism Bay of Plenty Board, Co-Chair Aotearoa Circle Visitor Economy workstream), John Crocker (National Secretary of Unite Union) and Heather Kirkham (General Manager of the MBIE Tourism Branch). A list of members is available online⁸.

25. Focus areas that the Leadership Group is currently exploring include levers to prioritise visitors who will be guardians of the environment; incentivising businesses to adopt regenerative practices (for example through certification); and advocating for and adopting technological advances that will reduce or eliminate emissions.
26. MBIE Tourism is working towards finalising a draft Action Plan for the Leadership Group's approval by the end of April, prior to submission to you. Subject to your feedback and approval, we anticipate that Cabinet approval would then be sought to publicly consult on the draft Action Plan before the July pre-election period.
27. To advance progress on the climate change adaptation pillar of the Environment ITP scope, MBIE has provided funding towards the development of a Visitor Economy Adaptation Roadmap by the Aotearoa Circle. The Circle expects to release the Roadmap for public consultation in April.
28. We will communicate developments on the ITP to you primarily through the weekly report, with separate briefings when decisions are required.

Freedom Camping

29. The freedom camping reforms will improve the sustainability of freedom camping in New Zealand by protecting the natural environment and local communities' enjoyment of it.
30. The Self-Contained Motor Vehicles Legislation Bill (Bill) is currently at the Select Committee stage. The Bill establishes a new regulated system for self-contained vehicles. The Bill establishes:
 - a. that vehicles must have a fixed toilet
 - b. new infringements and offences,
 - c. a new national regulator for this system and
 - d. mandates the use of a new self-contained vehicle register to support enforcement by local government.
31. The Committee will report back to the House in March 2023. In parallel with the Bill, Regulations are being developed which set out the technical detail to underpin the law.
Confidential advice to Government

Confidential advice to Government

32. MBIE has also initiated work on key implementation activities. This has included operating the \$10 million Freedom Camping Transition Fund for local authorities, Confidential advice to Government

⁸ [Environment phase of the Tourism ITP Leadership Group members \(mbie.govt.nz\)](https://www.mbie.govt.nz/environment-phase-of-the-tourism-ityp-leadership-group-members)

33. We will provide a further briefing to you on the freedom camping reforms, including details of the next key stages and where Ministerial decisions and involvement are needed.

Milford Opportunities Project

34. Arguably the best example of both the benefits and challenges of Tourism in New Zealand is Milford Sound/Piopiotahi. A record 870,000 visitors went to Milford Sound Piopiotahi in 2019 and, before COVID-19, demand was forecast to reach 1.1 million visitors by 2030 and 1.5 million by 2050.
35. However, the journey to Milford Sound Piopiotahi and the destination itself has become crowded, rushed, noisy and unsafe, and fails to tell the story of its rich culture and history. Conservation values are being compromised, infrastructure is ageing and there are barriers to investment, innovation, and change.
36. The Milford Opportunities Project (MOP) is a collaborative process designed to transform the way Piopiotahi/Milford Sound is managed. From a tourism policy perspective this is an important opportunity to use more contemporary approaches to better manage access to the place (eg to manage congestion at peak and gain revenue to reinvest in the sustainability of the destination), and to ensure that commercial arrangements are encouraging higher value tourism. MBIE is engaged in this work because of the importance in getting it right from a tourism, regional development and environmental perspective.
37. The work has been going since 2017. On 23 June 2021, Cabinet noted the recommendations of the masterplan and agreed to the formation of a dedicated Unit and Board to commence the next stage of work [DEV-21-MIN-0135]. Cabinet also agreed that any international visitors entering Piopiotahi/Milford Sound would pay an entry fee and that MOP would be self-funding, via differential pricing access for international visitors collected through a permit and public transport system.
38. MOP has moved into the detailed feasibility assessment and planning stage of work, to test and potentially implement the masterplan recommendations. This includes a better understanding of the implications of different masterplan proposals, and options for meeting the intent.
39. Because of the collaborative nature of the work, the MOP structure is complex. The Ministerial Group overseeing the work includes: you as Minister of Tourism, the Minister of Conservation and the Associate Minister of Transport. To date the Minister of Conservation has chaired the group. There is a Board, led by Keith Turner, and an independent unit within DOC that undertake much of the work. MBIE, DOC and the Ministry of Transport provide expert advice into the unit and are represented on the Board.
40. Further complexity arises in that most of the regulatory and operational changes affect the State Highway and Public Conservation Land, but most of the points of conflict relate to different views of, and aspirations for, tourism.
41. Significant upcoming decisions include:
 - a. The Chair Keith Turner has resigned, and a replacement will be required.
 - b. Confidential advice to Government
 - c. There is a Cabinet report back due in March.
 - d. Substantive policy decisions are due in June.

42. Your leadership as Tourism Minister will be important. Free and frank opinions

Tourism New Zealand

43. Tourism New Zealand (TNZ) is the Crown Entity that markets New Zealand's tourism offering internationally. It does so, as a co-ordinated effort is more impactful and promoting New Zealand's brand has spin-off benefits for the rest of the economy. TNZ partners with industry, for example Air NZ, and RTOs where they are marketing overseas. TNZ will separately provide you with a BIM, but as your advisors, MBIE is working on the following upcoming decisions.

Domestic Demand Review

44. While New Zealand's borders were closed because of COVID-19 Cabinet agreed to amend TNZ's appropriation to formally allow for the marketing of domestic tourism. TNZ were quickly able to set up a domestic tourism programme which included the *Do Something New, New Zealand* advertising campaign.
45. With the reopening of New Zealand's borders, the previous Minister of Tourism commissioned MBIE and TNZ to review whether it would be appropriate and beneficial to continue running a domestic tourism function.
46. Confidential advice to Government

Monitoring of Tourism New Zealand

49. In February you will be provided with a draft Letter of Expectations for Tourism New Zealand (TNZ) for the 2023/24 year, which will enable you to communicate your priorities and expectations to TNZ. We will then brief you on the development of TNZ's Statement of Performance Expectations and its non-financial performance measurement framework.
50. We note that in 2021/22, TNZ reported mixed results against its non-financial performance measures, primarily due to COVID-19 and its associated impacts on the sector. The results reflected that TNZ continued to operate in a challenging environment and whilst it remained responsive and adapted its strategy, the impacts to planned activities such as delays to campaigns, and the effects of COVID-19 including lockdowns and border closures, have had wide-ranging effects on its results. As such, we do not consider there is an overall

performance concern based on these results, but will continue to monitor its performance going forward.

51. We are in the process of recruiting a new Chair of the TNZ Board, interviews are taking place in the second week of February 2023. We expect to provide you with advice on the preferred candidate in mid-February. TNZ's Board is comprised of eight members including the Chair, Jamie Tuuta. In 2022, three members were appointed, three were reappointed, and Kauahi Ngapora was appointed as Deputy Chair.
52. We will also continue to engage with TNZ on its quarterly reporting and provide you with advice on key aspects of its performance.

FIFA Women's World Cup – Tourism Readiness

53. The FIFA Women's World Cup (WWC) is the largest women's sporting event in the world. Hosting an event of this magnitude will generate significant social and economic benefits for NZ and leave a lasting legacy for football and women's sport. The Minister for Sport and Recreation is the lead Minister for the FIFA event. Other portfolios have a support role.
54. MBIE tourism are working across government and the tourism sector to ensure Aotearoa New Zealand is prepared to host the tens of thousands of visitors we expect to visit for the tournament, taking place from 20 July to 20 August. The tourism readiness work programme includes: host city RTOs, sector bodies, and other relevant government agencies such as TNZ, MSD and MBIE (including immigration).
55. Risk areas identified which will be a focus for the forums include: adequate workforce, sector preparedness including accommodation availability, airline and transportation capacity, and immigration matters (trans tasman visa, visitor visa processing, workforce visas).

Innovation Programme for Tourism Recovery

56. The Innovation Programme for Tourism Recovery (Innovation Programme) was agreed by Cabinet and announced on Budget Day 2022 [CAB-22-MIN-0169]. MBIE worked with a group of key stakeholders, selected by the previous Minister of Tourism, to co-design the Innovation Programme.
57. The purpose of the Innovation Programme is to support projects that:
 - a. seek to stimulate, catalyse, or achieve transformative innovation
 - b. seek to deliver on the core values of tourism
 - c. seek to achieve at least one of the five desired outcomes: sustainability, climate resilience, technology or Taonga Māori, and
 - d. are applicable to the New Zealand-Aotearoa visitor journey.
58. The design of the Innovation Programme is deliberately targeted at lifting the level of innovation in the tourism sector. The Stakeholder Advisory Group identified the concept transformational innovation to signal the ambitious nature of the Programme, and deliver on the previous Minister of Tourism's expectations for the Programme in delivering system change.
59. The Innovation Programme is delivered as a contestable fund that provides grants to applicants across two separate funding streams:
 - a. **Stream One:** designed to support innovative ideas that may require further validation before receiving significant financial support. Between \$10,000 and \$25,000 of government funding is available per project with an expected co-funding requirement of 50 per cent. Stream One has been allocated a total of \$1 million.

b. **Stream Two:** designed to support innovative projects that are validated and have a full proposal and business case. Between \$100,000 and \$10 million of government funding is available per project with an expected co-funding requirement of 50 per cent of project costs. There is some flexibility for projects to receive up to 75 per cent of the project costs from the government if the project has significant community or sector-wide benefits. Stream Two has been allocated a total of \$49.2 million split across three separate funding rounds.

60. MBIE has been delegated responsibility to make all Stream One funding decisions. You, as the Minister of Tourism, have responsibility for all Stream Two funding decisions. The previous Minister of Tourism appointed an Expert Advisory Group to provide independent advice to him to support his decision-making. That Expert Advisory Group is scheduled to meet for the first time at the beginning of March, with funding recommendations expected to be ready for your decision later in March. The members of the Expert Advisory Group are Paul Brock (Chair), Andrew Baker, Leslie Preston and Dan Walker.


61. A number of early applications are failing to meet the transformative innovation outcome and will not receive funding. This will be managed in our proactive communications with the sector. We will brief you after the first of three funding rounds has been completed on the level of eligible applications we are seeing.

62. Confidential advice to Government

Confidential advice to
Government

Confidential advice to Government


Confidential advice to Government



Confidential advice to Government



Confidential advice to Government



Overview of Tourism Sector Funding

66. The Tourism Branch administers a number of tourism-related funding programmes that align with the Government's priorities. These cover a range of needs/opportunities including supporting regions to address tourism-related infrastructure pressures, regional tourism development (by supporting the Great Rides), Freedom Camping, driving sector innovation, and mitigating the impacts of COVID-19 (Annex One sets out the current suite of Funds in more detail). These programmes are impactful and generate significant interest from tourism sector stakeholders and local/regional communities. Over the coming months there will be a number of announcements and engagement opportunities relating to projects funded, and awarding funding. Key decisions are listed below and further detail is in Annex Three.

| Action | Estimated Date |
|-----------------------------------|----------------|
| Innovation Programme Stream Two | March |
| Confidential advice to Government | |
| | |
| | |
| | |

Other key topics in the portfolio

67. The following topics are not necessarily likely to require decisions this side of the 2023 election, however, they are significant issues that stakeholders are likely to raise, and are included in our longer term work programme.

Worker shortages

Reduction in tourism workforce driven by COVID

68. The major challenge facing the tourism industry as it recovers from COVID is a shortage of labour. While the challenge can be seen across the economy, there are some factors that have exacerbated the impacts in tourism. The size of the tourism workforce dropped from 225,000 pre-COVID to 146,000 in 2021, with many leaving the sector and now choosing not to return. The sector has also relied heavily on migrant labour and the border closure led to a halt in the supply of temporary migrants and working holiday visa holders. In addition, some migrant workers returned home.
69. Although Immigration NZ has prioritised attracting as many working holiday visa holders as possible, in the three months prior to Christmas working holiday scheme arrivals were only 65% of 2019 levels (12,369 compared to 19,050). Tourism Industry Aotearoa, the key industry body, reported in October 2022 that 79% of tourism businesses were trying to recruit staff, with 130 respondents to a regular survey in need of 1400 roles.
70. This has led to many tourism businesses offering lower hours or limited services over the summer peak period. To some extent this was eased by tertiary students working over the summer break, but they will return to studies on 20 February. We have also seen some uptake in new technology to augment the workforce, such as ordering by app in cafes and restaurants.

Immigration Rebalance

71. Separately, the Immigration Rebalance led by the Minister of Immigration led to changes in the Immigration system designed to make it easier to attract and hire high-skilled migrants, while supporting some sectors to transition to more productive and resilient ways of operating instead of relying on lower-skilled migrant workers. Tourism and hospitality are two key sectors that need to transition away from a reliance on low-skilled migrant workers, and so the sectors were given a time-limited exemption to the median wage threshold, enabling them to recruit migrants for \$25/hr until April 2023 (as opposed to the standard threshold of \$27.76). A sector agreement was also created for specific snow and adventure tourism roles

to provide for a short-term or ongoing need for access to lower paid migrants, in recognition of the uniquely seasonal nature of these roles.

72. In conversations with the industry about this challenge, the Government has made clear that while immigration can help alleviate immediate shortages, worker shortages are a global challenge and, with record low unemployment in Aotearoa, something that all sectors in New Zealand are experiencing. The Government has encouraged the sector to reflect on the systemic challenges leading to high staff turnover and the reliance on migrants, including through the Better Work phase of the ITP (above), which aims to bring about long-term improvements to the quality of work and create more viable career pathways in tourism particularly for New Zealanders.

MBIE Tourism is providing an advisory role

73. MBIE tourism is working with other parts of MBIE, other government agencies and the sector to provide advice on issues related to workforce shortages. However, workforce shortages are being experienced across the economy, and so the issue is likely to persist while unemployment remains low.

Sustainable funding (and other economic tools)

74. It is important that we have sustainable public amenities and infrastructure in place, and a regenerative tourism system to deliver a high-quality visitor experience. Degraded mixed-use infrastructure¹⁰, net costs in the tourism system, environmental degradation and a lower-quality visitor experience negatively impacts the social licence for tourism, leading to wider negative economic and social impacts for New Zealand as a whole, and a general erosion of our global brand built on quality of experience around the 100% pure promise.
75. Establishment of sustainable funding (and other economic tools, such as rationing) is an essential step to support communities and ensure visitors (domestic and international) and businesses make a fair contribution, financially, to the natural environment and infrastructure they enjoy and use. Relying on ratepayers and taxpayers predominantly bearing the costs results in under-investment, as well as loss of social licence. The need for sustainable funding models and other management tools was underscored by the substantial large-scale annual growth in international visitors to New Zealand over the 2010's. However, the principle remains sound, even at lower levels of visitors.

International Visitor Conservation and Tourism Levy

76. The International Visitor Conservation and Tourism Levy (IVL) was established in 2019 and is a key national-level funding tool, supporting investment in tourism infrastructure and conservation. The IVL is a \$35 charge paid by most short-term visitors to New Zealand. Funding collected through the IVL is split equally between conservation projects (administered by the Department of Conservation) and tourism projects (administered by MBIE). Investment decisions are made jointly by the Ministers of Tourism, Finance and Conservation.
77. As international visitors are now returning to New Zealand, officials have commenced work to explore how future IVL tourism-focused funding can be strategically invested to have long-lasting and significant impacts for the sector, communities and environment. We will provide you with advice on this as the project progresses.

A package of tools is required to achieve sustainable management of place

78. The IVL was designed to ensure that future tourism growth continues to provide benefits for communities, visitors and the environment. When it was introduced, officials advised that a package of sustainable funding tools would best address the many challenges associated

¹⁰ Mixed-use infrastructure is used by both visitors and residents and communities.

with insufficient funding. Other tools could include user pays models, demand management, reviews of pricing strategies and other levies (e.g. bed taxes or visitor levies).

79. To further support the uptake of currently available funding tools, MBIE commissioned the Tourism Funding Toolkit for use by local councils. We also work with the Department of Conservation on initiatives such as Great Walks differential pricing and Milford Opportunities Project.
80. Sustainable funding for tourism is also being explored as part of the Review into the Future of Local Government Review, and we have contributed to discussions with the secretariat for the review and Department of Internal Affairs.

Working with the sector on sustainable funding models

81. In August 2022, Cabinet agreed that while sustainable funding for tourism was crucial, the IVL rate should not be changed at that time, as it could interfere with the sector's recovery post-COVID-19. The former Minister of Tourism was invited to revisit sustainable funding options in late 2023 in a collaborative way with the tourism industry, which could include a third phase of the Tourism ITP, or some other review process.

Māori in tourism

82. Māori culture is unique to Aotearoa and is integral to the visitor offering. While we can't quantify it, we know tourism offers a wide range of Māori business and employment opportunities, many iwi entities are invested in tourism businesses, and tourism creates an opportunity to practice and showcase cultural arts and tikanga.
83. MBIE partner with New Zealand Māori Tourism (NZMT), primarily in support of MBIE policy and programme implementation participation and guidance, for example, in providing business support to Māori businesses during COVID. Increasingly we are working more on policy development activities as well, such as the Better Work Action Plan.
84. In terms of working with our Treaty Partners, engagement with Māori tends to be location-driven, given that tourism happens at place, and the aspirations of local iwi vary.
 - a. Ngāi Tahu are a key partner in the Milford Opportunities Project, with 2 representatives on the Board: Muriel Johnstone and Michael Skerrett.
 - b. We are currently at the early stages of working with Ngāi Tūhoe as they develop Te Urewera as an iconic destination. This work is part of a commitment by MBIE as a Crown agency under He Tapuae, Service Management Plan¹¹, under the Deed of Settlement.
 - c. We are also ready to support MBIE engagement with Ngāpuhi, as and when they seek advice on tourism opportunities.
 - d. To support engagement across the system, we have made engagement with iwi a requirement for all Destination Management Plans, to support good discussions at the local level.
85. An area for consideration in the short term is how we engage with Māori for policy development activities that impact on all Māori, beyond location. Continuing and strengthening our relationship with NZMT is one mechanism, as is activating a tourism-oriented relationship with the Iwi Leaders Group.

Upper North Island Floods - Visitor Sector Emergency Advisory Group

¹¹ [Ngāi Tūhoe: He Tapuae: Service Management Plan \(www.govt.nz\)](http://www.govt.nz)

86. The Visitor Sector Emergency Advisory Group (VSEAG) is currently activated in response to the flooding in Auckland and other parts of the upper North Island. VSEAG’s primary role is response and to pass on information to other groups for the recovery phase. VSEAG is uniquely positioned to communicate messages about emergencies to onshore and offshore markets.
87. VSEAG is chaired by the General Manager of MBIE Tourism and membership is made up of Government agencies and industry bodies, including:

| Core Membership | Additional Attendees for this event |
|--|--|
| National Emergency Management Agency Education New Zealand Immigration New Zealand Department of Conservation Ministry of Business Innovation and Employment Ministry of Education Ministry of Foreign Affairs and Trade New Zealand Qualifications Authority Regional Tourism New Zealand Tourism Industry Aotearoa Tourism New Zealand | Auckland Airport Auckland Unlimited Business Events Industry Aotearoa Civil Aviation Authority Cruise Association Ministry of Transport New Zealand Māori Tourism Northland Inc (Regional Tourism Organisation) Tourism Export Council Waikato NZ (Regional Tourism Organisation) |

88. VSEAG was activated on Monday 30 January to assist with communications and the VSEAG networks will distribute key messaging from National Emergency Management Agency (as the lead agency).
89. VSEAG is currently meeting daily to address concerns about the impact of the flooding on the tourism industry and international education sector.

Short-Term Rental Accommodation





90. Short-Term Rental Accommodation (STRA) is typically defined as the rental of any residential home unit or accessory building for a short period of time. STRA is most commonly associated worldwide with Airbnb, though other providers do exist such as Bookabach in New Zealand.
91. STRA can be defined in two categories:
- a. Hosted stays – where guests stay on or in someone’s primary residence, this may be a bedroom in a home or a detached purpose-built property. Levels of interaction between the host and guests vary.
 - b. Non-hosted stays – where the owner does not reside on the property, such as a holiday house or bach.
92. The rise in STRA has created more accommodation options for visitors and has had a significant impact on the accommodation sector, encouraging the creation of new products and services, and bringing accommodation options to regions and communities that lack sufficient commercial provision.
93. At the same time, communities and industry have expressed concerns on the long-term impact of STRA on New Zealand. Concerns raised include impacts on community cohesion, industry concerns of unfair competition and impact on supply of worker accommodation and rental prices for long-term rental.

94. Many regions in New Zealand are using local levers to address the issue of STRA through local powers and legislation, however it is too early to tell what effect local councils' actions have had due to legal challenges and ongoing consultations.
95. Confidential advice to Government [REDACTED]
96. We will continue to assess the STRA market's ongoing value and continue sit on the Industry Tourism Accommodation group to find practical industry led solutions. We intend to revisit this work stream in 12 months.

Key Contacts

MBIE contacts

97. The following table sets out the senior contacts in MBIE for the Tourism portfolio. Annex Two includes an overview of MBIE, including the Senior Leadership Team.

| Contact | Role | Contact details |
|--|--|---|
| <p>Carolyn Tremain</p>  | Chief Executive | <p>E Carolyn.Tremain@mbie.govt.nz</p> <p>P 04 901 1357</p> <p>Privacy of natural persons [REDACTED]</p> |
| <p>Chris Bunny</p>  | Deputy Chief Executive, Labour, Science and Enterprise group | <p>E Chris.Bunny@mbie.govt.nz</p> <p>Privacy of natural persons [REDACTED]</p> |
| <p>Heather Kirkham</p>  | General Manager, Tourism branch | <p>E Heather.Kirkham@mbie.govt.nz</p> <p>Privacy of natural persons [REDACTED]</p> |
| <p>Daniel Griffiths</p>  | Head of Evidence and Insights branch | <p>E Daniel.Griffiths@mbie.govt.nz</p> <p>Privacy of natural persons [REDACTED]</p> |

External stakeholders

98. The table below lists the major stakeholders in the sector.

| Organisation | Description | Contact | Role |
|--|---|----------------------|-------------------------------|
| Air New Zealand | A key New Zealand airline providing domestic/international passenger and cargo services. | Dame Therese Walsh | Chair |
| | | Greg Foran | Chief Executive |
| Auckland International Airport Ltd. | Auckland Airport is the largest and busiest airport in New Zealand, providing extensive domestic and international connections. | Dr Patrick Strange | Chair |
| | | Carrie Hurihanganui | Chief Executive |
| Christchurch International Airport Ltd. | Christchurch Airport is New Zealand's second largest airport, with 12 partner airlines coming from 25 destinations. It acts as an international gateway for Christchurch and the South Island. | Catherine Drayton | Chair |
| | | Justin Watson | Chief Executive |
| Kō Tatou Local Government New Zealand | Kō Tatou LGNZ represent the national interests of councils in New Zealand and lead best practice in the local government sector. | Susan Freeman-Greene | Chief Executive |
| | | Stuart Crosby | President |
| Milford Opportunities Project | The Project aims to address the pressures experienced on the Milford corridor and at Milford Sound Piopiotahi due to increasing visitor numbers. | Dr Keith Turner | Chair of the Governance Group |
| Ngā Haerenga - New Zealand Cycle Trail Inc | NZCT Inc. is responsible for the long-term governance and management of Ngā Haerenga - the New Zealand Cycle Trail. Ngā Haerenga funding is administered by MBIE, and the project aims to grow New Zealand through sustainable and outstanding cycling experiences. | Alan Vane | Chair |
| New Zealand Māori Tourism | NZMT works with the Māori tourism sector to support leaders and partnerships that generate value in the Māori and wider tourism sector – ensuring quality Māori tourism experiences. | Dale Stephens | Chairman |
| | | Pania Tyson-Nathan | Chief Executive |
| Regional Tourism Organisations New Zealand | RTNZ represents all RTOs throughout New Zealand, who are responsible for destination management/marketing and promotion in their regions. | David Perks | Chair |
| Tourism Industry Aotearoa | TIA is an independent association that represents all sectors of New Zealand's tourism industry. Their Tourism Sustainability Commitment aims to see every businesses committed to sustainability by 2025. | Rebecca Ingram | Chief Executive |
| Tātaki Auckland | Tātaki is Auckland's economic development agency, controlled by Auckland Council. It aims to make | Nick Hill | Chief Executive |

| Organisation | Description | Contact | Role |
|--|--|-----------------|---|
| Unlimited | Auckland a desirable place to live, work, visit, invest and do business. | Pam Ford | Director, Investment and Industry |
| Board of Airline Representatives New Zealand | BARNZ is an incorporated association representing over 22 member airlines in New Zealand and internationally. BARNZ works closely with the Government, regulators, businesses and local communities on behalf of its members. | Cath O'Brien | Executive Director |
| Business Events Industry Aotearoa | BEIA aims to increase New Zealand convention and meeting activity from international and domestic sources, as well as advocate for the convention and incentive tourism sectors. | Steve Armitage | Chair |
| | | Lisa Hopkins | Chief Executive Officer |
| Hospitality New Zealand | HNZ are a trade association representing around 3,000 hospitality and commercial accommodation businesses. | Julie White | Chief Executive |
| | | Nick Keene | National President |
| Tourism Industry Transformation Plan | As noted above, the ITP is governed under a tripartite model and as such are co-chaired by industry, unions, and MBIE. | John Crocker | Union co-Chair Better Work and Environment phases |
| | | Gráinne Troute | Industry co-Chair Better Work phase |
| | | Laurissa Cooney | Industry co-Chair Environment phase |
| | | Heather Kirkham | MBIE co-Chair Better Work and Environment phases |
| Queenstown Lakes District Council | There are a number of tourism projects underway impacting Queenstown and the surrounding district, as tourism represents a large part of their regional economy. QLDC are currently proposing a visitor levy for the district. | Glynn Lewers | Mayor |
| Tourism Export Council New Zealand | TECNZ is a membership organisation representing the interests and advocate for the New Zealand inbound tourism industry and tourism industry operators (ITO). | Lynda Keene | Chief Executive Officer |
| | | Scott Mehrtens | Chair |

| Organisation | Description | Contact | Role |
|---------------------------------------|---|---------------|-------------------------|
| New Zealand Holiday Parks Association | HAPNZ is an industry association that represents the commercial holiday park sector in New Zealand. HAPNZ has 305 member parks and over 90 trade members. | Fergus Brown | Chief Executive |
| New Zealand Motor Caravan Association | NZMCA is a membership based organization for private motor caravan owners. It provides services and information to its members, and advocates on a range of relevant issues. NZMCA has a strong interest in Freedom Camping reform, and has a major role in self-contained vehicle certification under the current regime | Bruce Lachore | Chief Executive |
| Restaurant Association New Zealand | RANZ is a membership organisation representing the restaurant and hospitality industry, and aims to link good food and good business. | Marisa Bidois | Chief Executive |
| Wellington International Airport | New Zealand's third largest airport with 6 million passengers direct to 26 destinations around the world each year. | Rachel Drew | Chair |
| | | Nick Hill | Chief Executive Officer |

Tourism is connected with many other portfolios

99. Tourism is closely connected with a number of other Government portfolios, and we often need to work through those in order to achieve our objectives.

| Portfolio(s) Organisation(s) | Intersection with the Tourism Portfolio |
|--|--|
| Conservation <i>Department of Conservation</i> | Joint responsibility with the Tourism Portfolio for the New Zealand-Aotearoa Tourism Strategy, conservation visitor experience, and conservation visitor infrastructure. Joint responsibility for IVL expenditure. Milford Opportunities Project is led by DOC, with support from MBIE |
| Local Government <i>Department of Internal Affairs</i> | Intersection on strategic tourism issues facing the local government sector and relevant regulatory frameworks, including responsible camping, cost recovery, and destination management. The Ministerial Inquiry into the Future for Local Government is likely to generate some areas of shared work, for example the draft report recommends bed taxes. |
| Immigration Customs <i>MBIE, including Immigration New Zealand New Zealand Customs Service</i> | The Immigration and Customs portfolios facilitate the entry to New Zealand of international visitors. Immigration settings are also important for the sector in shaping the tourism workforce, the sector has a significant reliance on migrant workers. |
| Transport <i>Ministry of Transport New Zealand Transport Authority</i> | The tourism portfolio has a key interest in the roads, rail infrastructure, air and ship travel as it facilitates the international and domestic travel of visitors. |
| Economic Development Regional Economic Development Māori development Small Business <i>MBIE Te Puni Kōkiri</i> | These four portfolios coordinate the overarching strategy for New Zealand's economic development, of which tourism has played a strong role. They also leverage investments in other sectors, such as screen and major events, to benefit the tourism industry, and promote the spread of economic development benefits to the regions and Māori. The Tourism sector has a large share of small business, and so often these two portfolios work together, for example some of the initiatives in the Better Work Action Plan will leverage platforms in the Small Business portfolio. |

| Portfolio(s) Organisation(s) | Intersection with the Tourism Portfolio |
|---|---|
| Workplace Relations and Safety Employment Education Tertiary Education <i>MBIE WorkSafe Ministry of Education Tertiary Education Commission</i> | These four portfolios jointly support the tourism workforce by ensuring that New Zealanders are developing the skills that the tourism workforce will need in the future; and improving the quality of tourism jobs. We are currently working with these portfolios on the implementation of the Better Work Action Plan. |
| Foreign Affairs Trade <i>Ministry of Foreign Affairs and Trade</i> | The Foreign Affairs and Trade portfolios manage New Zealand's international engagement, including trade agreements. Trade agreements can include tourism-related provisions, generally a joint responsibility with the immigration portfolio, including Working Holiday Schemes and visa-waiver arrangements. |

Next steps

100. We will meet with you at 11.30am on Tuesday 7 February to discuss the tourism portfolio with you and your priorities. Further advice will be provided in the coming weeks on progressing each of the workstreams outlined above.

Annexes

Annex One: Overview of Tourism appropriations and funds

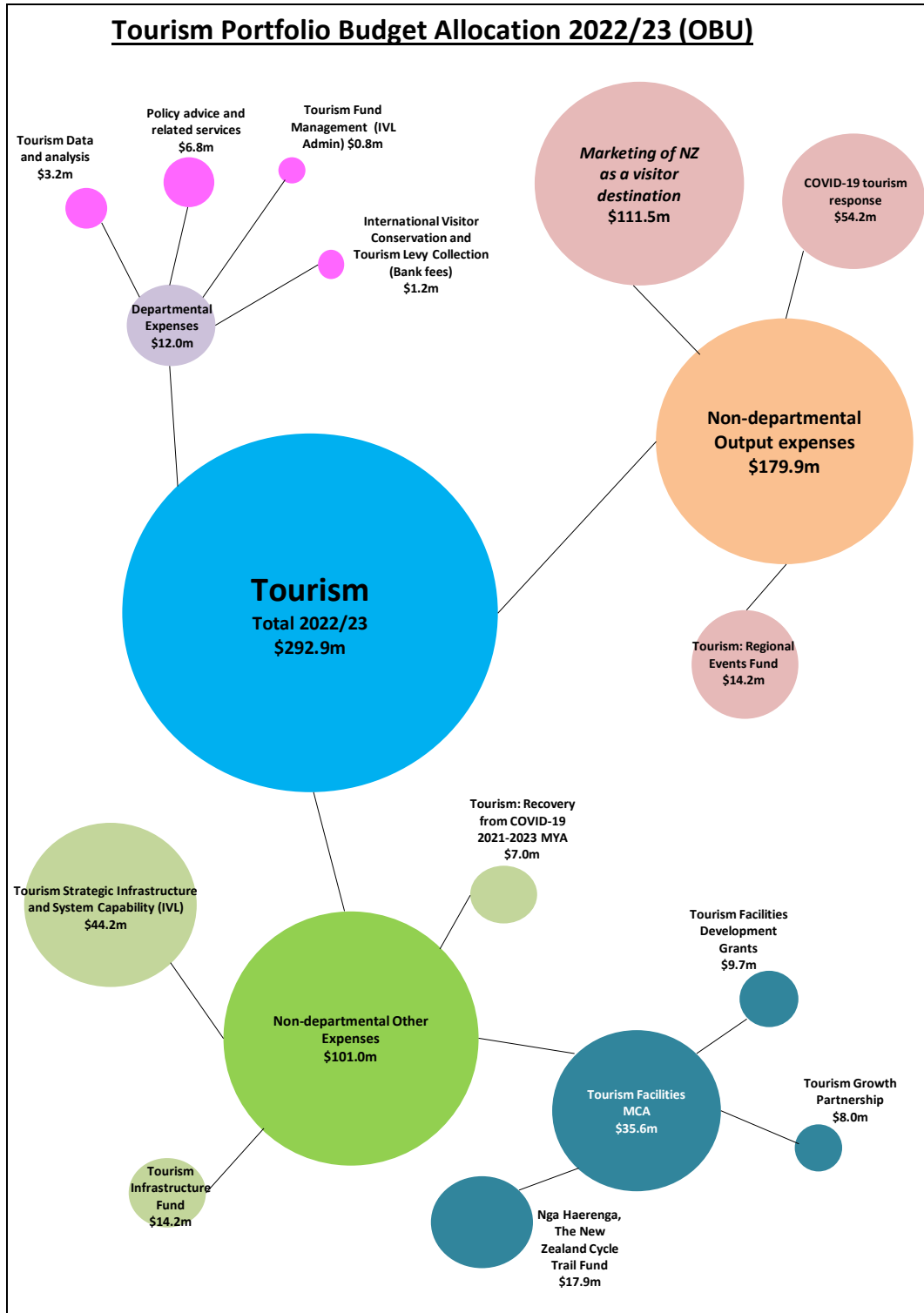
Annex Two: MBIE overview

Annex Three: Calendar of key decisions and potential engagement opportunities

Annex One: Overview of Tourism appropriations and funds

Appropriations

- The overall budget allocation for the Tourism portfolio in 2022/23 is \$290 million under Vote Business, Science and Innovation. This is primarily non-departmental funding (funding provided via MBIE to other agencies and organisations), with an additional \$12 million for departmental funding (funding provided to MBIE to provide services directly)



Note: Within the appropriation Economic Development: Industry Transformation Plans there is \$7.8m in funding for a Tourism ITP

Tourism Infrastructure Fund

2. The Tourism Infrastructure Fund (TIF) was established in Budget 2017. It supports the development of visitor-related public infrastructure such as carparks, toilets, safety upgrades to public spaces (such as footpaths), infrastructure that supports natural attractions and responsible camping, and the tourism related portion of sewerage and water works. The TIF targets local communities that are disproportionately affected by visitor growth, and are unable to respond in a timely way without assistance.
3. The TIF is a contestable fund with up to two funding rounds per year. ^{Confidential advice to Government} MBIE publishes a priorities statement setting out the objectives for each round. A panel made up of independent advisors, sector representatives, and government officials provides recommendations to you in your role as the Minister of Tourism for funding decisions over \$1 million.

Cycle-ways funding

4. Ngā Haerenga, the New Zealand Cycle Trail Fund (NZCT Fund) is contestable fund designed to develop, maintain, enhance and extend the 23 Great Rides that make up Ngā Haerenga, the New Zealand Cycle Trail (NZCT). It is an annual appropriation of \$8 million. The fund is an amalgamation created in 2020 of the two distinct funds for cycle trails: the Development and Extension Fund (which was a contestable fund over the previous five years of \$31 million) and the Maintaining the Quality of the Great Rides fund (which was a contestable fund over the previous six years of \$11.8 million). MBIE manages this fund, and the Minister of Tourism announces grants when they are made.

Innovation Programme for Tourism Recovery

5. As discussed in the work programme above, the Innovation Programme for Tourism Recovery is a new fund. It has \$54 million available for projects that will have meaningful impact across the tourism system to achieve sustainable and productivity outcomes.

Freedom Camping Transition Fund

6. The government has provided \$10 million (\$5 million each year) through the Freedom Camping Transition Fund to support local authorities to undertake activities relating to the transition to the new freedom camping rules during 2022/23 and 2023/24. Funding has been awarded for 2022/23, and a second round will be opened for 2023/24 in due course.

Strategic Tourism Assets Protection Programme (STAPP)

7. The Government has allocated \$107.4 million of funding for STAPP loans, including \$20 million for loans offered to 26 inbound tourism operators (ITOs). This is part of the broader Tourism Sector Recovery Fund to cushion the impact of COVID-19 on the tourism sector and to position the sector for recovery.
8. Kānoa Regional Economic Development & Investment Unit (Kānoa – RDU) is responsible for delivering STAPP loans, including loans for ITOs. Crown Regional Holdings Limited (CRHL), the asset holding company for Kānoa – RDU holds the STAPP loans on the Crown's behalf.

Queenstown Economic Transformation and Resilience Fund

9. The \$20 million fund supports Queenstown's economic diversification beyond tourism, with the aim of increasing economic resilience and developing higher paying jobs. The fund provides loans, equity, or underwrites to projects for developing alternative industries to tourism. The fund aligns with the Queenstown Lakes District Grow Well Wahiora – Spatial Plan.

10. There is \$18 million in the fund available for allocation with \$2 million set aside for administration costs. The fund is currently open for applications and aims to be fully allocated by November 2023. As of 31 January 2023, there is \$10 million still to be allocated.
11. Decisions on investments from the Fund were previously subject to approval by the Minister of Finance, the Minister for Economic and Regional Development (who was also Minister for Tourism), the Minister of Research, Science and Innovation, and the Minister for Trade and Export Growth. Membership of this group will be updated following the portfolio reshuffle which will require approval by Cabinet. Investments are administered by Kānoa - RDU and CRHL and will require ongoing management and oversight.

Tourism Facilities Development Grants

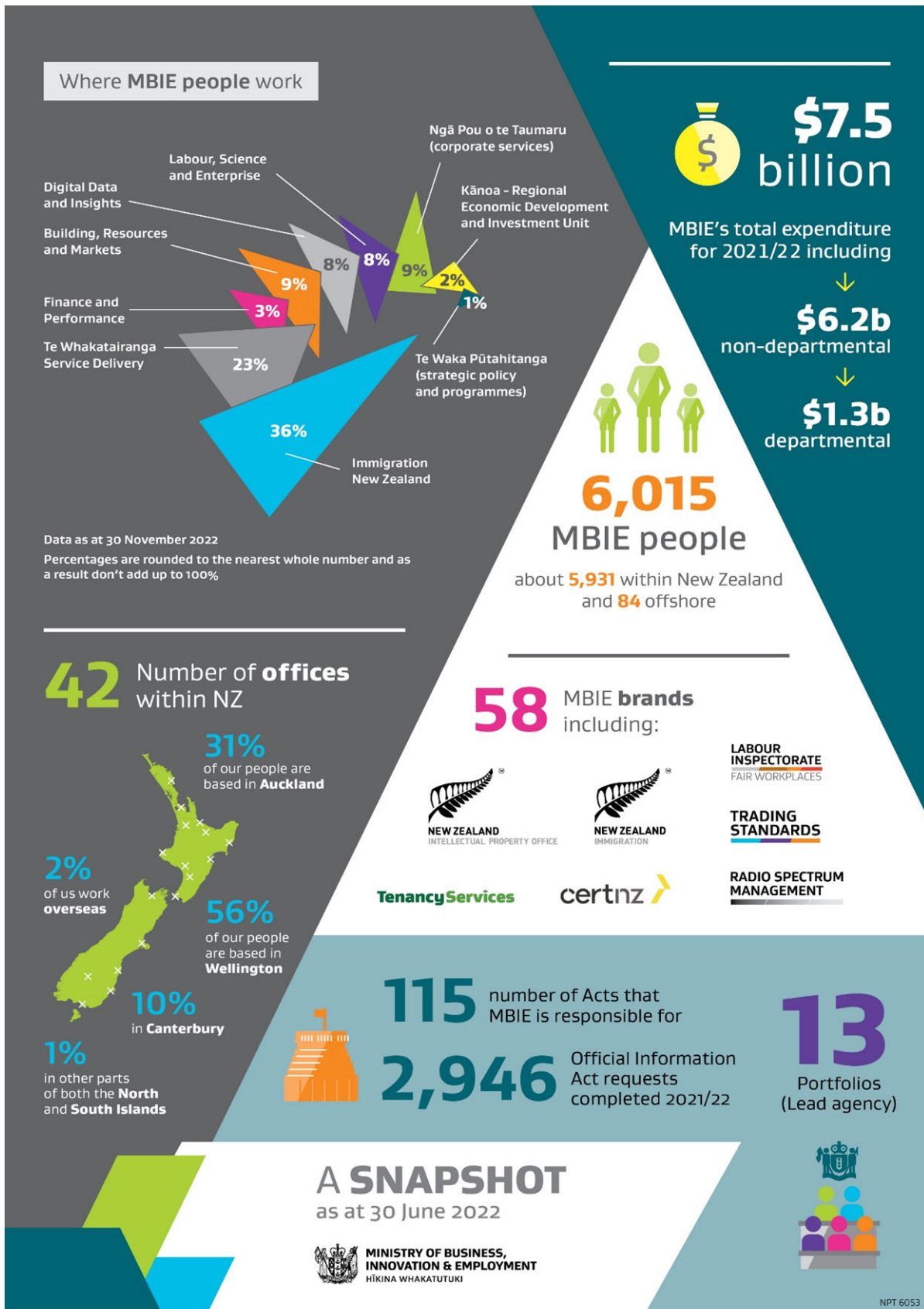
12. The Tourism Facilities Development Grants (TFDG) fund is a \$0.267 million per annum discretionary fund for assisting with the development of non-commercial tourism facilities and services. The Minister of Tourism considers grants from the fund on the recommendations of MBIE.

Annex Two: MBIE overview

MBIE's role

1. MBIE's role is to Grow Aotearoa NZ for All. We work to lift the country's economic performance to improve the lives and living standards of New Zealanders. We take a long-term view of building the economy, focusing on productive and sustainable use of resources across Aotearoa New Zealand and empowering people to participate confidently in fair and thriving markets. We recognise that a strong economy is one where peoples' skills, knowledge, and time work together with our natural, financial, and physical capital to improve the wellbeing of current and future generations.
2. MBIE is a large Ministry with a diverse range of functions. We have over 6,000 people working across nine business groups. Our people support communities and businesses across New Zealand and offshore in a variety of roles, ranging from policy development and implementation to regulation and frontline operations such as our immigration officers, call centre operators and labour inspectors.
3. We work across the breadth of government – from early identification of issues, policy development, regulation, service delivery, and dispute resolution through to monitoring and evaluation. Concentrating all these functions and capabilities in one entity means that MBIE can leverage its size, skills, connections, and reach to address complex issues, especially in times of crisis. While the number of people supporting each of these functions may be small, the range of experience in MBIE allows us to provide high quality services and service levels.
4. The **Māori-Crown partnership** is central to our work. Across our work, we are committed to improving results for Māori and meeting our obligations under Te Tiriti o Waitangi. In 2021, Whāinga Amorangi was endorsed as MBIE's plan to strengthen Māori–Crown relations by building internal capability. It provides MBIE the necessary capability framework for us to have the ability to work in partnership with Māori in an enduring and consistent way.
5. MBIE has a significant work programme underway that supports the Government's climate change goals and targets. We had a major role in development of the **Emissions Reduction Plan (ERP)**, and the **National Adaptation Plan (NAP)**. Our current focus is on delivery of many key strategies, policies and other actions in these plans, and helping inform other major climate change policy including on managed retreat and the review of the Emissions Trading Scheme (ETS). Our secretary is a member of the Climate Change Chief Interdepartmental Executives Board which provides system-level oversight of the Government's response to climate change. MBIE is also a key partner of and contributor to the **Carbon Neutral Government Programme (CNGP)**.
6. MBIE also has a **functional leadership** role (assigned by Cabinet) to improve the effectiveness of cross-government **procurement and property management**. In addition, MBIE exercises a number of system leadership and coordination roles – eg coordinating government work on Māori and Pasifika economic development, and regulatory system and data stewardship.

MBIE at a glance



Ministerial portfolios and regulatory system responsibilities

MBIE is the lead agency for 13 ministerial portfolios¹²

- › **ACC** – Minister Henare
- › **Building and Construction** – Minister Woods
- › **Commerce and Consumer Affairs** – Minister Webb
- › **Digital Economy and Communications** – Minister Andersen
- › **Economic Development** – Minister Nash
- › **Regional Development** - Minister Allan
- › **Energy and Resources** – Minister Woods
- › **Immigration** – Minister Wood
- › **Research, Science and Innovation** – Minister Verrall
- › **Small Business** – Minister Andersen
- › **Social Development and Employment** (lead for Employment) – Minister Sepuloni
- › **Tourism** – Minister Henare
- › **Workplace Relations and Safety** – Minister Wood

MBIE has stewardship or other responsibility across 17 regulatory systems

- › **Accident compensation**
- › **Building**
- › **Communication markets**
- › **Competition**
- › **Consumer and commercial**
- › **Corporate governance**
- › **Employment relations and standards**
- › **Energy markets**
- › **Financial markets conduct**
- › **Health and safety at work**
- › **Housing and tenancy**
- › **Immigration**
- › **Intellectual property**
- › **Outer space and high altitude activities**
- › **Petroleum and minerals**
- › **Standards and conformance**
- › **Trade remedies**

¹² MBIE also has Ministerial responsibilities in additional areas, eg we support the Housing portfolio through Tenancy Services.

MBIE's Senior Leadership and Business Groups

| | | |
|-----------------------------|--|--|
| |  <p>Secretary for Business, Innovation and Employment</p> | <p>Carolyn has over 20 years' experience leading large, complex service delivery organisations, and substantial change management programmes. Carolyn joined us from the NZ</p> <p>As well as her Chief Executive responsibilities, Carolyn is Chair of the Public Sector Auckland University of Wellington Business School Advisory Board.</p> |
| <p>Oliver Valins</p> |  <p>Chief Advisor to the Secretary</p> | <p>Oliver's role is as the Head of the Office of the Chief Executive at MBIE. Prior to this he was the Deputy Chief Executive, Strategy and Corporate at Crown Law. He worked for almost 10 years at the New Zealand Treasury, with positions ranging from managing the Justice and Security team to being the Treasury representative on New Zealand's United Nations Climate Change negotiations team.</p> |

MBIE groups

| Group | Deputy Secretary | Function |
|--|---|--|
| <p>Labour, Science and Enterprise (LSE)</p> |  <p>Chris Bunny, Deputy Secretary Labour, Science and Enterprise</p> | <p>LSE helps boost the New Zealand economy by developing Aotearoa New Zealand's skills system, and science and innovation systems, alongside labour market policy. They advise on labour market, immigration, health and safety at work, and accident compensation policy, including managing related international obligations. LSE leads industry, investment, and business development policy and programmes, including for tourism and major events. We lead science and innovation system policy and invest significant public funds. International partnerships and engagement are integral to its trade remedies, innovation and space regulation functions.</p> <p>LSE also leads MBIE's monitoring arrangements for its Crown entities and is the trusted kaitiaki and kaihapai of Aotearoa New Zealand's quarantine and isolation capability including having responsibility for readiness capability and a range of functions to support delivery and continuous improvement of the Managed Isolation and Quarantine (MIQ) system, fees recovery and responses to reviews and complaints.</p> |

| | | |
|---|---|---|
| <p>Kānoa – Regional Economic Development & Investment Unit (Kānoa – RDU)</p> |  <p>Robert Pigou - Deputy Secretary and Head of Kānoa - RDU</p> | <p>Originally established as the Provincial Development Unit in 2018, Kānoa – RDU aims to build more Productive, Resilient, Inclusive, Sustainable and Māori-Enabling (PRISM) regional economies and improve the well-being of New Zealanders living in our regions. Kānoa – RDU does this by delivering government funding to support regional economies so they can grow and develop to reach their full potential.</p> <p>Kānoa – RDU has strong regional knowledge, relationships, and presence, and is responsible for the delivery of the Regional Strategic Partnership Fund (RSPF), the Provincial Growth Fund (PGF), COVID-19: Response and Recovery Fund Infrastructure Reference Group, COVID-19 Response – Worker Redeployment Package, Regional Investment Opportunities (NZ Upgrade Programme), the Strategic Tourism Assets Protection Programme and the Queenstown Economic Transformation and Resilience Fund.</p> |
| <p>Building, Resources and Markets (BRM)</p> |  <p>Paul Stocks, Deputy Secretary Building, Resources and Markets</p> | <p>BRM's role is to support a fair, competitive business environment and well-functioning telecommunications, building and construction and resources sectors and operations. We also serve as the Government's Procurement System Leader and the Government's Property System Leader. BRM oversees many of the regulatory systems that govern New Zealand's markets: consumer protection; financial markets; intellectual property; competition; corporate governance; energy markets; minerals and petroleum; energy efficiency; communications; and building performance.</p> |
| <p>Te Waka Pūtahitanga (formerly Strategic Policy & Programmes)</p> |  <p>Melanie Porter, Deputy Secretary - Te Waka Pūtahitanga</p> | <p>Te Waka Pūtahitanga works across MBIE and the wider system to progress key cross-cutting outcomes such as the climate change; Government's long-term economic strategy, Future of Work issues; Māori economic development; Pacific economic development. Te Waka Pūtahitanga also has an oversight role for regulatory stewardship, supporting MBIE's regulatory systems to create and maintain regulatory systems that enable people, businesses and future generations to thrive. This includes working closely with the Treasury, which has overall responsibility for regulatory management across government.</p> |
| <p>Immigration New Zealand (INZ)</p> |  <p>Alison McDonald, Deputy Secretary Immigration</p> | <p>INZ's purpose is to be a trusted steward of the immigration system by ensuring we get the balance right between facilitating the migration New Zealand needs, managing risk and enabling people to visit, work, study, live, or invest here. This supports the economy and strengthens New Zealand's relationships with other parts of the world.</p> |

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| <p>Te Whakatairanga Service Delivery</p> |  <p>Suzanne Stew, Deputy Secretary Te Whakatairanga Service Delivery</p> | <p>Te Whakatairanga Service Delivery provides critical functions and services that support businesses, employees, and consumers to operate successfully in the marketplace. We deliver information, advisory, dispute resolution, regulatory and enforcement services across the majority of MBIE’s regulatory systems and on behalf of other government agencies. Te Whakatairanga Service Delivery works to ensure <i>Fair Markets that Thrive: an environment where businesses can succeed, and New Zealanders are protected.</i></p> |
| <p>Ngā Pou o te Taumarū</p> |  <p>Richard Griffiths, Deputy Secretary Corporate Services, Finance & Enablement</p> | <p>Ngā Pou o te Taumarū works in partnership with MBIE’s business groups to enable them to deliver their objectives and portfolio obligations. Ngā Pou o te Taumarū supports the stewardship obligations of the organisation, including its medium and long-term sustainability. Ngā Pou o te Taumarū provides the frameworks, tools and infrastructure to ensure that MBIE is a safe, inclusive, highly skilled and engaging place of work.</p> |
| <p>Finance and Performance (F&P)</p> |  <p>Michael Alp, Deputy Secretary Finance & Performance (Acting)</p> | <p>F&P supports the effective management of MBIE’s resources, including finance, procurement, risk management, control practices and processes. F&P works in partnership with MBIE business groups, supporting them to successfully deliver services allowing the Ministry to achieve its outcomes.</p> |
| <p>Digital, Data and Insights (DDI)</p> |  <p>Greg Patchell, Deputy Secretary Digital, Data and Insights</p> | <p>The DDI Group is responsible for the data and insights, digital and technology functions within MBIE. The group partners with MBIE’s business groups to ensure MBIE has the data and technology to ‘Grow Aotearoa New Zealand for All’. DDI leads strategic direction for data assets and knowledge management, ensures cyber security of MBIE’s technologies, optimises information insights and data intelligence, provides digital capability and expertise, ensures the operational integrity of MBIE’s digital systems, and makes sure digital and data efforts are aligned, efficient and effective.</p> |

Annex Three: Calendar of key decisions and potential engagement opportunities

| | Key External Appearances | Tourism Funding Decisions and Announcements | Freedom Camping Reform | Tourism Industry Transformation Plan (Better Work and Environment phases) |
|------------------|-----------------------------------|---|---|---|
| February | | Innovation Programme for Tourism Recovery (IPTR): Stream Two Round 1 applications close (28 February) STAPP loan management (late February) | Ministerial decision on possible Supplementary Order Papers | |
| March | Confidential advice to Government | Confidential advice to Government Confidential advice to Government | Confidential advice to Government | Better Work Action Plan launch – Ministerial decision |
| April | | Confidential advice to Government Confidential advice to Government | Confidential advice to Confidential advice to Confidential advice to Government | Confidential advice to Government |
| May | Confidential advice to Government | Confidential advice to Government | Confidential advice to Government | |
| June | Confidential advice to Government | Confidential advice to Government | | Confidential advice to Government |
| July | Confidential advice to Government | Confidential advice to Government Confidential advice to Government | | |
| August | Confidential advice to Government | | | |
| September | Confidential advice to Government | | | |
| October | | Confidential advice to Government | | Confidential advice to Confidential advice to Government |

*dates are indicative and subject to change