



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

**Optimising Tourism New Zealand's future role and
contribution to New Zealand**

(Tourism New Zealand Report)

Terms of Reference

1 Background

1. Tourism New Zealand operates a stable and successful business model traditionally focused on destination attraction and impacting seasonal arrivals through marketing activities.
2. Tourism New Zealand activities were last considered in 2010. Since then the tourism landscape has shifted:
 - tourism numbers have increased significantly, creating infrastructure capacity constraints
 - the recently released draft Aotearoa New Zealand Government Tourism Strategy increases the focus on areas such as regional development along with shifting towards both higher value and innovative new tourism activities
 - digital disruption has altered the way that consumers receive information and make decisions
 - new funding models like the international visitor levy are being introduced.
3. Tourism New Zealand is responding to this landscape shift. It has taken steps to promote greater distribution of visitors both across the shoulder seasons and to the regions.
4. However, it is becoming increasingly apparent that the sector's overall offering is struggling to accommodate the rate of growth and rapidly changing visitor expectations. Overlaying this is uncertainty over the impact the international environment will have on global tourism.
5. This means that New Zealand is not securing the full value from the growth of the sector and the negative impacts of this growth are not being well managed, with the flow on effects on the sector's licence to operate. Also, any uncertainty in international tourism growth will place even greater imperatives on the sector in New Zealand to be able to market a high quality and relevant product.
6. Tourism New Zealand is not the only actor in the system. For example, MBIE, local government, regional tourism organisations, the Department of Conservation and New Zealand Trade and Enterprise are also adjusting their activities to support changing tourism needs. Other government agencies also have tourism functions, including New Zealand Story, Education New Zealand, and the Te Puni Kokiri New Zealand Maori Tourism initiative.
7. MBIE has therefore commissioned a report into the future role of TNZ. The report will examine how to best leverage TNZs skills and capability to benefit brand New Zealand and the tourism economy.

2 Scope, Product and Principles

Scope

8. The purpose of the report is:

What role should Tourism New Zealand play to support New Zealand's future tourism needs and how is it positioning its capabilities to deliver on this role?

9. The report will consider the following areas:

Strategic context

- The changing international environment, including the key factors that could impact on future of international tourism to New Zealand
- New Zealand's tourism trends and future needs in the context of the draft Tourism Strategy

Current government priorities

- Tourism New Zealand's response to current government priorities including regional growth, focus on off peak tourism, high value visitors, a balanced market portfolio and making data available to the tourism sector.

Core business

- How Tourism New Zealand's is positioning its core marketing role to adapt to future tourism and marketing trends, and any capability shifts needed

Broader role

New Zealand institutional settings and how this compares with overseas models for supporting tourism

- Tourism New Zealand's broader role within the system, what it could look like, where it is now, and any capability shifts needed to get there. This includes considering:
 - a. if Tourism New Zealand should take on more marketing functions for other government agencies
 - b. if Tourism New Zealand should extend into data provision, innovation and product development, destination planning and management, and potentially business development.

Product

10. The report product will:

- set out a future state for Tourism New Zealand to work towards, in the context of broader institutional settings, and the critical capability shifts it needs to achieve
- provide a more general assessment of Tourism New Zealand's organisational capabilities and improvement needs.

11. This report will then set the foundation for:

- Tourism New Zealand to develop its response and an action plan to move towards this future state

-
- a second engagement round with other actors in the system to discuss any proposals that may have implications for their activities
 - any enabling budget bids and policy work.
12. The report is not a funding review and is not designed to evaluate any single proposal. The report may also identify gaps within New Zealand's tourism settings but conclude that Tourism New Zealand is not the right mechanism for addressing them.
13. The report owners are the General Manager Tourism and General Manager Entity Performance and Investment.

Principles

The report process will be:

- future focused – on future New Zealand needs, future consumer preferences and tourism trends, and Tourism New Zealand's adaptability to future shifts in these areas
- open and transparent – ensuring that there are "no surprises" for either Tourism New Zealand or MBIE
- panel driven – ensuring the panel of experts bring external expertise relevant to the report
- based on effective stakeholder engagement – balancing the opportunity for stakeholder input with engagement fatigue.
- efficient – ensuring compliance costs for gathering information is minimised
- sensitive to the need to ensure appropriate protection of information.

3 Process for the report

Panel membership

The panel will comprise three individuals necessary to ensure the appropriate mix of experience and knowledge is represented, including:

- an ability to connect with Tourism New Zealand and challenge its thinking
- understanding of the tourism industry and its economic contribution
- expertise in key potential capability areas, for example business growth support
- general organisational capabilities such as strategy and change management.

A digital marketing expert may also be co-opted to the panel where needed.

MBIE will ensure appropriate steps are taken to manage any potential conflicts of interest.

Report process

The report phases are:

1. Panel recruitment, commissioning meeting with MBIE and review of background material
2. Initial Panel meeting with board and chief executive: Board's own reflections on the tourism landscape and where it sees the issues and opportunities
3. Interviews with Tourism New Zealand staff across locations, and wider stakeholders
4. Follow up meeting with Board and Chief Executive
5. Draft report
6. Final meeting with Board and Chief Executive
7. Report finalisation, including Tourism New Zealand's response and action plan
8. Board meeting with Minister to discuss report and action plan

The Panel Chair will have regular (e.g. weekly) 'check ins' with the Board Chair and Chief Executive throughout the process to test thinking and ensure no surprises. The Panel Chair will also check in with MBIE on progress.

The process will commence early April, involve around 15 days on-site, with a final report, response and action plan targeted for late June.

Administration

MBIE's Entity Performance and Investment Team (MBIE) will recruit and provide support for the panel throughout the process. The key contact for the process is Alan Vandermolen, Director, Entity Performance and Investment.

MBIE will work with Tourism New Zealand to develop background material for the report panel, and book key stakeholder meetings. The cost of the report will be met by MBIE.

The report will be subject to requests under the Official Information Act (1982). The panel's final report and Tourism New Zealand's action plan will be released publicly, with any commercial-in-confidence material withheld.

Annex 1: Report questions

Questions to consider in developing the report product (set out in paragraph 9)

Strategic context

- What aspects of the international environment could impact on future international tourism to New Zealand?
- What are the future New Zealand tourism needs and trends that New Zealand needs to respond to?

Government priorities

- How well is Tourism New Zealand positioned to respond to current government priorities including regional growth, focus on off peak tourism, high value visitors, a balanced market portfolio and making data available to the tourism sector?

Core Business

- How well is Tourism New Zealand positioned to fulfil its core marketing role and adapt to future tourism and marketing trends?

What key shifts are needed across the four key capability dimensions (below) to respond to government priorities and fulfil its core marketing role?

Broader role

- What are the current New Zealand institutional settings for supporting tourism, and how does this compare with overseas models?
- Are there any gaps in New Zealand's institutional settings relative to New Zealand's tourism needs?
- Is Tourism New Zealand best placed to address any identified gaps for supporting tourism? In particular:
 - a. Should Tourism New Zealand take on more marketing functions for other government agencies?
 - b. If Tourism New Zealand should extend into data provision, innovation and product development, destination planning and management, and potentially business development
- What does this mean for the future role that Tourism New Zealand could play?
 - a. What could this mean for Tourism New Zealand arrangements?
 - b. What could this mean for future Tourism New Zealand capabilities across the four key capability dimensions (below)?

Four key capability dimensions:

1. **Leadership and direction:** Purpose vision and strategy, leadership and governance, and culture
2. **Delivery for Customers and New Zealand:** Understanding customer needs, value proposition, operating model, collaboration and partnerships
3. **People development:** Leadership and workforce development, performance and engagement
4. **Financial and resource management:** including information management