



**Submission to
the State Services Commission
on the
Reform of the State Sector Act 1988**

Date: 12 October 2018

TOURISM INDUSTRY AOTEAROA

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Tourism Industry Aotearoa (TIA) welcomes the opportunity to comment on the reform of the State Sector Act 1988.


This submission is filed without prejudice to TIA's future position. Our ability to prepare a comprehensive submission responding to the consultation document relied on the provision by the State Services Commission of information relevant to the connection between the consultation document and the benefits that would accrue. If any information is provided at a later date, TIA reserve the right to comment further.

EXECUTIVE SUMMARY

1. The State Sector Act underpins the management of New Zealand's State sector. A wide range of public service agencies have influence on the tourism industry and are seen by TIA as important stakeholders including MBIE, DOC, Tourism NZ, DPMC, Ministry for the Environment, Ministry of Education, Ministry of Transport, NZ Transport Agency, New Zealand Customs Service, StatsNZ, Immigration NZ, WorkSafe, Maritime NZ and CAA.
2. The tourism industry is at a crossroads, poised for further growth and benefit to New Zealand but requiring a planned, co-ordinated and strategic approach to growth and investment.
3. It is important that government does not take a narrow or ad hoc approach to tourism management and investment. There is much more needed – the need to look at the tourism system in New Zealand, where the weaknesses and deficits are, and then a planned and strategic approach to growth and investment. There is a need for the Government to take stronger leadership in partnership with industry.
4. There are as many good examples of government agencies working effectively together as there are occasions when tourism is not either effectively or fully represented in government strategic documents and supporting policy documentation.
5. A fuller discussion needs to ensue between Central Government, agencies and tourism industry into how the tourism system can be better served through a more co-ordinated and joined-up approach. There is a fragmented approach to managing tourism spread amongst a range of government departments. There is no one that is stewarding the tourism system. There needs to be a re-think of how tourism is viewed and managed within the machinery of government.
6. The primary outcomes TIA is seeking of this more structured approach would include:
 - a. A deeper understanding and recognition within the public service of the depth and breadth of the tourism industry and its relevance to the NZ economy.
 - b. Improved decision-making that recognises the full impact of policy decisions on tourism operators and visitors.
 - c. Increased support and resource for tourism policy makers within the state sector.

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- d. Increased support for the Minister of Tourism.

INTRODUCTION

7. Tourism Industry Aotearoa (TIA) is the peak body for the tourism industry in New Zealand. With around 1,600 members, TIA represents a range of tourism-related activities including hospitality, accommodation, adventure and other activities, attractions and retail, airports and airlines, transport, as well as related tourism services.
8. The primary role of TIA is to be the voice of the tourism industry. This includes working for members on advocacy, policy, communication, events, membership and business capability. The team is based in Wellington and is led by Chief Executive, Chris Roberts.
9. Any enquiries relating to this paper should in the first instance be referred to Steve Hanrahan, TIA Advocacy Manager, at steve.hanrahan@tia.org.nz or by phone on 027 9122 624.

COMMENT

Tourism 2025


10. [Tourism 2025](#), an industry-led, government supported economic growth framework was launched in New Zealand in 2014 and has set an aspirational goal of reaching \$41 billion in annual tourism revenues by 2025. The industry's focus is on growing value faster than volume.
11. The Tourism 2025 growth framework is based around five key themes which are Insight, Connectivity, Productivity, Visitor Experience and Target for Value. This growth framework has been reviewed ([Tourism 2025-two years on](#)) in 2016. While the five themes of the framework remain unchanged, the emphasis in some focus areas has shifted. This year, TIA will be working on a Tourism 2025 reset that will include: integrating sustainable tourism, in particular the Tourism Sustainability Commitment; articulating a longer-term view of tourism in coordination with central government; and identifying new priority actions to be addressed over the next 1-3 years.

Our understanding of the issue

12. The State Sector Act underpins the management of New Zealand's State Sector. The current Act is 30 years old and while it has created significant positive change, there is now a need to ensure it fits the current and future needs of New Zealanders.
13. We understand that the proposed changes to the State Services Act would enable the New Zealand Public Service to:

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- a. Deliver better outcomes and services, building citizen-centred services and achieving Government priorities.
- b. Support the Crown/Maori relationship and better respond to the needs and aspirations of Maori.
- c. Respond flexibly and with agility, to new circumstances and the demands of a diverse and fast changing, digitally enabled, society.
- d. Work as a unified institution with a common ethos and culture based on the spirit of service to the community.
- e. Fulfil its role and responsibilities, as part of the Executive Branch, to support and enable New Zealand's democratic form of government.

General

14. The tourism industry is at a crossroads, poised for further growth and benefit to New Zealand but requiring a planned, co-ordinated and strategic approach to growth and investment. The rapid growth of tourism over recent years has been a boon to the industry and New Zealand, generating many business and employment opportunities, as well as benefitting the New Zealand economy and communities across the country. Tourism directly or indirectly underpins many aspects of New Zealand's overall economic, social and cultural health. It helps grow economies in regions and it brings more people into a community – both as visitors and as residents.
15. Tourism is a large and complex system. The challenges and opportunities of tourism growth have many dimensions, not least of which is that there are a diverse range of communities in New Zealand and an uneven distribution of tourism activity across the country. Some areas are feeling the pressure of visitor numbers and are expressing a sense of being 'crowded out'. Other areas have little tourism activity and want more.
16. In the past decade, the visitor economy in New Zealand has experienced a period of stagnation (2008-2012) followed by a period of rapid growth (2013-18). In the year ended March 2017, total tourism spend in New Zealand was \$36.0 billion, compared to \$27.2 billion in the year ended March 2013. The growth has come from both domestic tourism (60% of total spend) and international tourism. Since 2013 annual international visitor arrivals have increased from 2.6 million to 3.8 million. Visitor forecasts from MBIE are for international visitor numbers to grow 4.6% per annum, reaching 5.1 million visitors in 2024. Tourism is the largest earner of foreign income and a significant employer with 230,000 people directly employed in tourism and a further 170,000 people indirectly.

State Sector support for the tourism industry can be fragmented

17. It is important that government does not take a narrow or ad hoc approach to tourism investment. There is much more needed – the need to look at the tourism system in New Zealand, where the weaknesses and deficits are, and then a planned and strategic approach to growth and investment. There is a need for the Government to take stronger leadership in partnership with industry.

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18. Tourism policy has long been a function of government, delivered under a number of guises over the years including a Tourism Policy Group, Office of Tourism & Sport, and a Ministry of Tourism (as a subset of a larger Ministry). The tourism policy team within the Tourism, Sectors, Regions and Cities group of MBIE leads a significant amount of the current policy work.
19. TIA regularly engages with a wide range of public service agencies including MBIE, DOC, Tourism NZ, DPMC, Ministry for the Environment, Ministry of Education, Ministry of Transport, NZ Transport Agency, New Zealand Customs Service, StatsNZ, Immigration NZ, WorkSafe, Maritime NZ and CAA.

The range of tourism work undertaken by these agencies is wide and varied. Examples include:

- a. Government CEO Working Group - developing a Tourism2050 vision.
 - b. MBIE Tourism - developing a new Tourism Strategy, using a joined up approach with DOC.
 - c. DOC – developing a Visitor Strategy and installing a dedicated Recreation, Tourism & Heritage team
 - d. Tourism New Zealand – undertaking Mood of the Nation research, and taking a stronger approach to management of the system via the ‘destination readiness’ initiative.
 - e. MBIE Tourism Research and Data – provide data and insight for the sector.
 - f. New Zealand Transport Agency (NZTA) - deliver on the Visiting Drivers programme, and the Government Policy Statement on Land Transport, where tourism is a strategic priority.
 - g. Immigration New Zealand – responsible for border control, issuing travel and work visas and managing immigration to New Zealand
20. There are a number of examples of government agencies working effectively together to the benefit of the tourism system. We consider the Visiting Drivers programme led by NZTA to be very effective. It was well resourced and managed, and took a cross-agency approach along with industry and local government representation. Additionally the recent work led by MBIE on addressing freedom camping issues, and the introduction of the International Visitor Levy have been well-managed with good levels of communication and a range of opportunities to inform the debate.
 21. Our concerns about the fragmented approach to managing tourism is supported in the consultation document (p8) as the Silo Effect – *‘matters of fragmentation including the narrowing of each department’s focus to its own particular outputs and a short-term horizon’*.
 22. A common example of this fragmentation in the system occurs when proposed cost increases such as fees/levies do not consider where efficiencies may exist but are not considered.

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23. TIA raised concerns about potential inefficiency during the recent rounds of consultation on border management. Over recent months, government border agencies have consulted on border issues including the proposed Electronic Travel Authority, increased visa fees and levies for migrants, increases to the Border Clearance Levy, and proposed fee increases to fund AVSEC services. The agencies involved included MBIE, Immigration NZ, Customs, MPI, and AVSEC. What was apparent to us was that the agencies were operating in silos when developing these proposals. Consultation documents did not indicate that consideration had been given to the wider environment in which these agencies operated.
24. As a minimum, it would be reasonable to expect there had been some effort to take a joined-up approach to this work. While a joint border force might be too much to hope for at this stage, from our perspective it is a strong example of where the silo effect impacts on costs and services to visitors.
25. Page 10 of the consultation document further notes that *'fragmentation, difficulty of system-wide leadership development, barriers to collaboration, and system integrity concerns still remain 30 years after the State Services Act came into effect'*.

A fuller discussion is required into how the tourism system can be better served

26. A fuller discussion needs to ensue between Central Government, agencies and the tourism industry on how the tourism system can be better served through a more co-ordinated and joined-up approach. There is a fragmented approach to managing tourism spread amongst a range of government departments. There is no one that is stewarding the tourism system and there needs to be a re-think of how tourism is viewed and managed within the machinery of government.
27. The primary outcomes TIA is seeking of this more structured approach would include:
- a. A deeper understanding and recognition within the public service of the depth and breadth of the tourism industry and its relevance to the NZ economy.
 - b. Improved decision-making that recognises the full impact of policy decisions on tourism operators and visitors.
 - c. Increased support and resource for tourism policy makers within the state sector.
 - d. Increased support for the Minister of Tourism.
28. The form or shape of delivering on such outcomes will follow once the functions are agreed. The principle need is that there needs to be a champion for tourism within the state services sector. In the past, the sector has been well-served by a Ministry of Tourism and the time may be right to revisit this. Alternatively, there may be other models in a modern and progressive state services sector that meet the future needs of the tourism industry.

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Accessibility and responsiveness is an important principle

29. The consultation document proposes five principles of the New Zealand Public Service – political neutrality, free and frank advice, merit selection, openness, and stewardship. We are supportive of these principles and propose a sixth is added, that of Accessibility & Responsiveness. This captures the importance of a state sector that is accessible and responsive to the needs of stakeholders including employers and industry groups.

30. Of interest below may be the set of agreed relationship principles that TIA currently has in place with one of the key government agencies that we enjoy a strong relationship with:

Principles of Engagement

Responsiveness	Responding promptly to requests
Transparency	Sharing of each other’s priorities and concerns
Collaboration	Working collaboratively to solve the big issues
Solutions-based	Working together to deliver solutions
Act on commitments	Doing what we say we’re going to do
No surprises	Engaging early in the spirit of no surprises
The right people	Having a single point of contact and providing the right people to enable prompt decision making

Follow up process

31. TIA wishes to participate further in any follow-up process, including any formal meetings, to ensure that the potential impacts on tourism are adequately represented.

BACKGROUND

32. Tourism for New Zealand is big business as the country’s largest export sector. It is a major contributor to the New Zealand economy that will always be here and won’t easily go offshore. Tourism takes the lead in promoting New Zealand to the world. The brand positioning built by a vibrant tourism industry has become an important source of national confidence and identity and a front window for “Brand New Zealand”. Indeed, the clean and pure offer that is synonymous with New Zealand tourism has been widely adopted and used to promote New Zealand exports in a range of other industries as well.

33. The tourism industry delivers the following value to New Zealand’s economy:

- Tourism in New Zealand is a \$99 million per day and \$36 billion a year industry. Tourism delivers around \$40 million in foreign exchange to the New Zealand economy each day of the year. Domestic tourism contributes another \$59 million in economic activity every day.



- The tourism industry directly and indirectly supports 14.5% of the total number of people employed in New Zealand. That means 399,150 people are working in the visitor economy.
- Tourism is New Zealand's biggest export industry, earning \$14.5 billion or 20.7% of New Zealand's foreign exchange earnings (year ended March 2017).

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