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Future Pathways Team
Ministry of Business, Innovation and Employment

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Kia ora

Tourism Industry Aotearoa Submission on Futures Pathway Green Paper

TIA welcomes the opportunity to contribute to the process to design the future public research system so it can contribute most strongly to support the wellbeing of New Zealanders.

Tourism Industry Aotearoa

TIA is the peak body for the tourism industry in New Zealand. With around 1,400 members, TIA represents a range of tourism-related activities including hospitality, accommodation, adventure and other activities, attractions, retail, airports and airlines, transport, as well as related-tourism services.

TIA established and supports the tourism industry's strategic document, *Tourism 2025 & Beyond – A Sustainable Growth Framework*. This has the Vision of '*Growing a sustainable tourism industry that benefits New Zealanders*'.

The Tourism Industry

Tourism is a very important part of the fabric of Aotearoa New Zealand, and it is woven into who we are as a people. We welcome visitors to our shores, we travel around New Zealand ourselves and we are great explorers of the world. The breakdown of these movements in the COVID-19 period has highlighted an economic loss, but more so the loss of connectivity of people, of trade, of ideas, and much more. The connectivity that tourism enables is vital to us all, and so it is important that we get it right.

While size alone does not justify support, it is important to understand how tourism fits into and contributes to the wider Aotearoa New Zealand system. Pre-COVID, tourism generated 20.1% of New Zealand's export earnings, and it directly and indirectly supported 3384,186 jobs and 9.4% of GDP.¹ These figures reinforce how pervasive tourism is within our country, and thereby how important it is to get it right and to make the most of it.

Also, as we recover from the COVID-19 era, there will be a shift towards a more holistic focus on sustainable and regenerative tourism which requires a different approach to the research that will support the long-term future needs of the industry and society. Our ability to build back better will require new bodies of knowledge, new practices and different ways of thinking about and addressing the challenges we face in the industry.

Current State of Tourism Research

Tourism is poorly served by research, with the work that is undertaken tending to be small scale, fragmented and uncoordinated. The players in the public sector, include Tourism New Zealand that conducts marketing research and occasional work by the MBIE policy team, with MBIE also having a team supplying tourism data. Private sector

¹ Tourism Satellite Account, Year to March 2020, Statistics New Zealand. 2020.

research is limited to occasional research projects by TIA and other interests. New Zealand does have a strong university tourism research capability, but this is mainly academic-focused with only occasional tourism-related projects flowing out of the public science system. There has not been sufficient resource to sustain a private sector research capability. There is no single point of responsibility or capability to develop a more comprehensive programme, and there is no ready access into the public research system.

This Submission

This submission is being written from the perspective of this large and important industry that is essentially absent from the public research system. As such, we have addressed the 17 questions asked in the Green Paper as best we can (refer Attachment 1) and we take the opportunity to make the case for better inclusion of tourism within the research system in the text that follows.

TIA's Main Areas of Feedback

Firstly, this is a critically important matter for tourism, for TIA and the wider industry.

The lack of research support for the industry has hindered its development and has meant that issues do not get researched and addressed, but rather the remain and become systemic. Pre-COVID, matters like low productivity, declining social license and slowness in shifting to sustainable practices are all indicative of this failure.

We also acknowledge that this situation has as much to do with the tourism system as it does with the research system. To make progress we have to address both, and this has been on the agenda for TIA and others in the industry – including the academic tourism research community – for a considerable time. With the Future Pathways work there is opportunity to advocate for this within the public research system and there is also work underway led by MBIE on a Tourism Industry Transformation Plan that may progress the tourism system aspects. While not focussed on research, the ITP does have an interest in the effectiveness of the whole tourism system and TIA will advocate in this space.

TIA itself has a direct interest in this research, data and insight. In 2017 TIA released its Tourism Insight Framework that provided a good framework but, quite frankly, floundered due to the inability to act on the changes identified. This again reinforced the systemic nature of the lack of quality tourism research, and the reasons for it.

As such, and in the context of the Futures Pathway consultation, the critical points we seek to convey in this submission are:

1. Tourism currently does not have a place in the public research system. Tourism is absent from the key strategic documents in the RSI system and so decisionmakers within the system are simply not being authorised by government to prioritise and fund tourism research. Simply put, tourism is afforded no placement in the current RSI system, other than as a minor sub-text to some larger programmes.
Recommendation: Ensure that tourism is specifically mentioned as an area of research interest in the work flowing from the Green Paper, ideally as a priority area.
2. There is no dedicated point of leadership or institutional capability for tourism research and so when it comes to research there is no voice or champion, nor any ability to get work done. No-one to write the strategy, to write the applications, to build the research consortia, etc. Instead, the best we have got is TIA advocating for better research on a part time basis with no ability to act. What we need is full time institutional support, and it was heartening in the Green Paper to see this identified as important, and tourism seeks such support.
Recommendation: Identify the need for some structural support to ensure tourism has the institutional capacity to prioritise and to act.

3. A further hurdle faced by tourism in the current RSI system has been around the nature of the research funded where criteria place weight on the most innovative research methods. Because the tourism industry has always been research-poor, its immediate needs are for good, solid, basic research, which does not meet the criteria for the funding pools that can be applied for (e.g. the Endeavour Fund).

Recommendation: Ensure that the future research system uses criteria that are suitable for the tourism industry and the nature of its research needs.

Because of these three key reasons, the current RSI system has been a very difficult and frustrating place to operate for the tourism industry and for tourism researchers. For instance, the largely university-based research capacity that does exist in Aotearoa has become gun-shy and does not see any value in spending considerable time, money and effort in preparing research bids that will invariably fail.

Designing the future public research system for the future, therefore must include making space for industries like tourism that are both important parts of our society and which will benefit enormously from better research-informed leadership and decision-making.

Why tourism struggles, when other sectors don't

For the readers of this submission, you may be asking why tourism, as a (pre-COVID) large and prosperous industry, struggles to develop and fund its own research programme as other key export sectors manage to do. There are two key reasons for this:

- Firstly, tourism is highly fragmented and is essentially defined as any part of the economy where visitor spend their money. Even the most clearly 'tourism' sectors of accommodation and aviation only make up 8.3% and 12.9% of the total industry respectively.² Instead, most spending is dispersed throughout the economy with retail being the largest sector in terms of visitor spend. Because of this fragmentation and the small size of most tourism business, individual companies or sectors are not able to capture sufficient private benefit for activities such as broad industry research, meaning that there is more public-good involved, and less private.

As a result, clubbed activities do not take place, other than at a small scale through such membership-funded organisations as TIA. A well-scaled research programme cannot exist in this environment without some form of external support.

- Secondly, and related to above, is that tourism does not have a commodity levy that most of New Zealand's primary sectors use to support their 'industry-good' activities which invariably includes a research component. There is no levy for tourism for two key reasons: 1) it does not fall under the Commodity Levies Act; and 2) the highly fragmented nature of the industry means that a fair levy is very difficult if not impossible to establish.

As a result, the tourism industry has no income stream to support its industry-good research needs with the result that little research is undertaken, and certainly not with any scale or long-term investigation. This also means that the industry cannot fund the all-important research 'desk' and it cannot contribute as a funding partner in research. Without this, tourism has zero leverage within the public research system. By contrast, most levy-based primary sectors have healthy research programmes that are well supported by institutions such as the CRIs and have ready access to a range of research grants given their ability to co-fund.

² Tourism Satellite Account, Year to March 2020, Statistics New Zealand. 2020.

Concluding Comments

Taken together, there are major structural reasons why tourism has languished as a key industry without the support of a solid research base.

All previous attempts to drive change come up against the same barriers: lack of presence in strategic documents; unsuitable funding criteria; lack of a research 'desk' to set priorities, write applications, build consortia; and the lack of resourcing to bring to table to financially contribute and to co-fund projects.

The Green Paper and the wider Future Pathways reforms offer the opportunity to address the first three issues, and TIA will continue to work on the latter.

In all of this, the real point is that the future public research system must carve out a clearly signalled place for tourism research, a place where industry and researchers can build the programmes that will be essential for the sustainable growth of the New Zealand tourism industry for the wide benefit of all New Zealanders.

The massive dislocation to the tourism industry because of COVID-19 does provide the opportunity for driving step-changes in key areas of the industry, and we must pursue these. Research, science and innovation must be central to these processes and the public research system has an essential role to play.

Further Input

Finally, TIA is very keen to be part of the ongoing process to work out how to get the best out of our research system. We certainly see tourism as being part of this future and we have strong knowledge and experience to contribute to your work both at the consultation phases, and any time in between.

Please do not hesitate to contact me if you have any queries about our feedback, on 021 609 674 or bruce.bassett@tia.org.nz.

Ngā mihi,



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Tourism Industry Aotearoa

Attachment 1. TIA Responses to Consultation Questions

	Questions	TIA Response
Research Priorities		
1	<p>What principles could be used to determine the scope and focus of national research Priorities?</p>	<p>The ideas of clear priorities are good to increase transparency and reduce complexity. Clarity is important as it allows people to see if they have a place in the system. The level of detail is important. There has to be high level priorities, but how far does it need to cascade to? Groupings that are too high level or generalised can lose focus. Tourism currently has no hooks whatsoever in the strategic documents of the research system and is not supported accordingly. This is a key change we are seeking from this process to refresh the research system. In this, if tourism wasn't defined as a Priority area, how would its importance be signalled? The principles therefore need to factor this point into the design of the system. As a cross-cutting industry, the principles need to factor in sectors like tourism that run across multiple big priorities (climate change, infectious disease, biosecurity etc.), each of which will have a tourism element. What we have found with current programmes that have a tourism element, such as the National Science Challenges, the tourism elements get undertaken by non-tourism specialists and limited industry engagement. As a principle, TIA supports having a single 'home' for the research focus. Again, we are not sure how this would work for tourism. Currently, there is no 'home' for tourism research so there are no people dedicated to working on the overall research needs of the industry. To the point above, tourism may itself not be a Priority, so therefore how will the proposed system accommodate tourism given the structural constraints that currently exists. As a principle, there need to be one that mirrors the New Zealand society and economy, and our areas of competitive advance and potential for a better future that is sustainable and contributing strongly to the wellbeing of New Zealanders. In this, tourism has to be in the mix (21% of export earnings, employer of over 330,000 people, etc.).</p>
2	<p>What principles should guide a national research Priority-setting process? How can the process best give effect to Te Tiriti?</p>	<p>TIA seeks a priority setting process that has a clean look at what is needed for the future. It will be important that sectors that have a structural advantage in the current system don't get to exert excess influence over the process in order to retain their privileged positions. TIA supports giving effect to Te Tiriti in this process. The priority setting process needs to start from a clean slate and have input from specialists within each sector.</p>

3	How should the strategy for each national research Priority be set and how do we operationalise them?	<p>The cascade is really important for moving from Priority to the Strategy for each.</p> <p>We see considerable risk for tourism. As set out, tourism is an industry that cuts across many other sectors and national interests.</p> <p>This means that it will likely be a small part on most Priorities and then a small part of most Strategies.</p> <p>As such, there is a major risk that the issue tourism currently faces of little or no identification of its importance in the RSI system would likely continue. It is imperative that tourism is specifically identified as a sector of importance.</p> <p>This needs to be very specifically addressed within the process.</p>
Te Tiriti, mātauranga Māori and Māori aspirations		
4	How would you like to be engaged?	TIA supports giving effect to Te Tiriti in the RSI system and is happy to engage and advance within the tourism industry.
5	What are your thoughts on how to enable and protect mātauranga Māori in the research system?	No particular response
6	What are your thoughts on regionally based Māori knowledge hubs?	No particular response
Funding		
7	How should we decide what constitutes a core function and how do we fund them?	<p>Core functions as described are important and should be funded appropriately.</p> <p>Is Stats NZ included in this as a major producer of core data on and about New Zealand?</p> <p>There is a big gap in the tourism industry around the best use of a range of administrative data sources (phone, banking transactions, GPS, and more) that, if used well, will be increasingly useful for tourism and for many other applications.</p> <p>Consideration must be given to the place for these data sources and whether they are included as core functions.</p> <p>A particular interest for tourism is to have a strong body of indicators around the sustainable and regenerative performance of the industry.</p>
8	Do you think a base grant funding model will improve stability and resilience for research organisations, and how should we go about designing and implementing such a funding model?	<p>The 'base grant model' is good and will create a level of certainly in the system.</p> <p>TIA is concerned that this might apply just to those parts of the RSI system that have institutional support, such as the CRIs.</p> <p>It will provide stability for the institution and the researchers while making the process of applying for grants more transparent.</p> <p>However, TIA is concerned at the disadvantage that will be created for those sectors, like tourism, that do not have an institution or structure to place any base funds.</p> <p>Such sectors will be disadvantaged.</p> <p>Ideally, a structure of some sort for operating tourism research will be established.</p>
Institutions		
9	How do we design collaborative, adaptive and agile research institutions that will serve current and future needs?	The consultation document makes a good case for change.

		<p>For tourism, the current institutions have not assisted industry needs, and we note the closure of the social research CRI has been a gap throughout.</p> <p>As set out elsewhere, some form of institutional support for tourism research is needed.</p> <p>We need research institutions which regularly engage with a range of industry stakeholders, so they understand the needs of the sector and can respond to changing requirements.</p>
10	How can institutions be designed to better support capability, skills and workforce development?	The people who commit their careers to the science system need to be supported appropriately with career pathways, job security and other forms of recognition.
11	How should we make decisions on large property and capital Question Section Question investments under a more coordinated approach?	No particular response.
12	How do we design Tiriti-enabled institutions?	No particular response.
13	How do we better support knowledge exchange and impact generation? What should be the role of research institutions in transferring knowledge into operational environments and technologies?	<p>TIA is not well qualified as there is limited knowledge transfer due to the limited work underway.</p> <p>TIA is and has been involved with some National Science Challenge work (e.g. climate change adaptation) but this work has not necessarily had much industry cut-through.</p> <p>In part this has much to do with the industry's own lack of capability to engagement and apply knowledge generated by the RSI system.</p> <p>This reinforces that tourism does not have a health research culture due to its poor placement in the current system.</p> <p>TIA is well positioned to act as a conduit between research institutions and tourism businesses, to facilitate knowledge exchange. TIA could include this knowledge sharing as a part of our own communications with the industry stakeholders. TIA could incorporate knowledge sharing within our own newsletters, online presentations, regional workshops and conferences.</p>
Research workforce		
14	How should we include workforce considerations in the design of national research Priorities?	<p>The workforce should be an important consideration.</p> <p>The importance of people committing to careers in the RSI system should be recognised with things like job security and career pathways.</p> <p>On the other hand, flexibility to move to new priorities means that change will be needed over time and the workforce must be supported to be adaptive to these new priorities.</p> <p>Across the publicly funded RSI system, good employment practices must be in place.</p>
15	What impact would a base grant have on the research workforce?	It would provide a stable base for the employing institutions so it follows that this would also apply to the workforce.
16	How do we design new funding mechanisms that strongly focus on workforce outcomes?	No particular response.
Research Infrastructure		
17	How do we support sustainable, efficient and enabling investment in research infrastructure?	No particular response.