

27 October 2023

The Secretariat team  
Te Tira Ārai Urutā – NZ Royal Commission Covid-19 Lessons Learned

Attention: [InquiryintoCOVID-19lessons@dia.govt.nz](mailto:InquiryintoCOVID-19lessons@dia.govt.nz)

Kia ora

### **TIA Early Submission: Royal Commission of Inquiry into COVID-19 Lessons Learned**

Tourism Industry Aotearoa welcomes your invitation to submit an early submission into the Royal Commission of Inquiry into COVID-19 Lessons Learned.

As you will be aware, tourism was devastated by the COVID-19 pandemic with borders closed or heavily restricted for over two years, and with periods of travel restrictions within Aotearoa New Zealand through this period.

This severely impacted inbound tourism from our international visitors, outbound travel by New Zealander and domestic travel within our country. Over the course of one year, YE March 2020 to YE March 2021, international visitor spending in New Zealand declined from \$17.7 billion to just \$1.5 billion.<sup>1</sup> That is a lot of dollars that did not circulate in our economy through wages, supply-chain purchases and within the tourism business community. The number of tourism working proprietors fell by 7791 over the two years to YE March 2022.<sup>2</sup>

Domestic tourism was the industry lifeline through the COVID-19 period, with expenditure increasing from \$23.7b in YE March 2020 to \$24.3 in YE March 2021 as New Zealanders who would otherwise have travelled off-shore travelled internally instead.<sup>3</sup>

Tourism always appreciated the need for the restrictions as COVID-19 emerged. The lives saved that otherwise would have been lost is well appreciated. And the support measures that were established did much to protect the industry and, while there were business losses, much of the industry has been able to reestablish itself in the post-COVID period that we are now in.

Our submission will focus on those areas where we see lessons to be learned, including the support provided, the two-way communications through the pandemic, and pace and transparency of the re-opening process. In each of these areas, we feel there is much to be learned.

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<sup>1</sup> StatsNZ, Tourism Satellite Account, Year ended March 2022

<sup>2</sup> StatsNZ, Tourism Satellite Account, Year ended March 2022

<sup>3</sup> StatsNZ, Tourism Satellite Account, Year ended March 2022

Necessarily, this is a brief account of our experience and perspectives, and we will consider a fuller account in the public submission phase.

## **Tourism Industry Aotearoa**

TIA is the peak body for the tourism industry in New Zealand. With over 1300 members, TIA represents a broad group of key tourism businesses across hospitality, accommodation, adventure and other activities, attractions, retail, aviation, land and sea transport, as well as tourism-related services.

To reflect the post-COVID environment, TIA will release on 7 November the next iteration of the industry strategy: *Tourism 2050 – a Blueprint for Impact*. The set out the longer-term ambition of the industry and the key actions we need to take to get there.

## **TIA role through the Pandemic**

During the COVID-19 period, TIA adopted a purposeful role to support our members in the face of the unprecedented challenges they were facing. We worked to act as an interface between the industry and the official government channels, to interpret the information that was available and to communicate to our members and to feed industry thinking and perspectives back into the official channels.

Towards the end of the pandemic, we articulated the view that the lack of information about the nature and timing of the removal of restrictions caused considerable industry concern, and we sought to make the case why restrictions should be eased sooner.

We maintained a high media profile with my predecessor, Chris Roberts, maintaining a prominent public position as part of our communications to our members and also keep a tourism perspective before the New Zealand public and the government.

## **Key Points**

TIA's active role through the COVID period makes us well placed to make some important observations.

- **Initial Lockdown.** Tourism recognised the need for the quick border closure. The short notice of it led to a scramble to get back to or depart New Zealand. And then there were many people from overseas stranded within the country. We don't know the numbers involved, but many of these needed to be accommodated and supported by tourism operators across the country. In particular, we know of many Inbound Tourism Operators who went above and beyond to ensure the welfare of their clients. We do not think that this role has been sufficiently appreciated given the vast number of issues that were needing attention through that time.

Quite quickly, a COVID19 - Tourism Action Group (CTAG) was formed with government agencies and tourism interests, and this served as a focal point for tourism-related issues and as a conduit for information and communication.

**Lesson learned.** Tourism is typically resilient to the events that periodically affect the world. However, this event was completely different and it was impressive to see the industry 'get with the programme' and do what needed to be done. Having the

COVID19 - Tourism Action Group in place early was a positive and effective action to put in place.

- **Business support.** The government support measures for tourism businesses were very important for keeping the industry in place and for keeping many people in the industry.

The Wage Subsidy was the single most important intervention in tourism as we understand it was across the country. It allowed people to maintain incomes through the lock-down periods which was vitally important. For operators, it allowed them to retain key staff, which in most businesses are their most important assets. For the staff, it provided surety of employment down the line. Nevertheless, total tourism employment fell from 366,282 in YE March 2020 to 234,471 in YE March 2021, a loss of 131,000 jobs.

The Tourism Recovery Package allocated \$400m for tourism recovery, of which \$326m was expended. A major part of this was the Strategic Tourism assets Protection Programme that provided grants or loans to tourism businesses to keep them operating. There were also grants to Regional Tourism organisations and Inbound tourism operators. The STAPP was regarded as important, but it did cause issues around the allocation processes that led to some unfairness across the industry, with resultant angst by those who didn't get funding whereas their competitors might have. These concerns have been investigated and MBIE should be able to provide more detail on this area. You can also refer to the Inquiry into the STAPP that was undertaken by the Auditor General. (<https://oag.parliament.nz/2022/stapp>)

The other aspects of the support programme worked well in their own ways. The Department of Conservation concession waiver (\$19.7m) was important as it freed many concessionaires from a fixed cost in the period where they were not able to operate and thereby not able to generate income from their DOC concession. The fee freeze for Qualmark was valued by industry especially as business advice and support was made available through Qualmark. The investment into domestic marketing was important for keeping a level of tourism demand through the extended period when we were without international visitors.

**Lesson learned:** The support from government was essential for keeping the industry intact and the speed the overall national measures were put in place was key. The tourism-specific support was largely effective although some programme allocation processes should be done better in any future event.

- **Flight connectivity support.** The programme to subsidise the New Zealand's connectivity to the world was extremely important. Not only did this maintain our ability to export our high value products with the world, and to receive vital products from overseas, it kept airlines serving New Zealand which has been very important for the recovery process. These flights also allowed for the managed movement of people through the different phases to the COVID-19 period.

**Lesson learned:** Keeping air capacity servicing New Zealand was a very important and effective intervention.

- **MIQ System.** The MIQ programme was a logical way to manage the safe movement of people entering New Zealand but it is fair to say it was problematic for a number

of reasons including for its booking system. From a tourism perspective, the flow of even a small number of people through the border was welcomed and a number of hotels found an alternative role through the period.

**Lesson learned:** The MIQ system was a massive programme activated quickly, but there is no doubt it would need to be done much better in a future event.

- **Ever changing levels.** The tourism industry was very sensitive to the various levels that were used during the COVID-19 period. The differences were often quite subtle and yet very meaningful to tourism operators who were often responsible for giving effect to these levels and their requirements. This caused widespread concern and frustration across the industry, particularly as measures were relaxed and when the implications of the changes were felt on the ground. TIA was very active at this time, doing its very best to stay on top of the changes and to communicate these to members in practical and helpful ways. This work took a lot of TIA's modest resources and there is no doubt caused a lot of concern at the individual business level, especially for the many SMEs that make up the tourism industry.

**Lesson learned:** The sense was that the levels were complex and hard to follow for operators across tourism. Less complexity and more sector engagement would alleviate this concern in a future event.

- **Reopening approach.** The relaxing of restrictions and the reopening of borders caused much concern across the industry. Critically, there was no clear plan by government on the reopening process and timelines. The signals from government were always very conservative when announced, and while they were often brought forward, tourism businesses were left in a limbo-land, not knowing whether to invest in readying their operations to get back to businesses.

TIA efforts to engage with government and officials through this period was not very effective even though the stance was always: 'health comes first, but what can we do with the situation as it is'.

TIA responded to this situation by working to put clear information in front of industry and advocating to government. TIA undertook analysis that was presented to industry conferences in May 2021 and November 2021. The key message in the May release was around what we called the 'wedge of uncertainty' for international visitor spend that highlighted the difficulty businesses faced in planning their future. For the November release, we sought to narrow that uncertainty by looking at scenarios for border reopening. This estimated the implications for a delayed opening, with a \$16b difference between the two scenarios examined. Material related to these studies is attached.

Another important factor is that New Zealand lagged the global shift back to normality which made it an outlier in the international tourism system. This placed New Zealand at a disadvantage in global markets as other destinations recovered and flourish well ahead of us.

**Lesson learned:** Closing is one thing, but opening up proved much harder. Tourism was at the forefront of the reopening but was not engaged in the process, and it should have been. A clear plan for reopening, communications and engagement would be areas for improvement.

As the industry now recovers, we are pleased that most of the industry is intact. The biggest issues have been around rebuilding staffing levels, and it has been found that many valued staff members have left the industry. This had implications for service quality, particularly of the 2022/23 summer season where staff shortages were acute.

Over the longer term, we look forward optimistically to the future of tourism as the recovery continues. As an industry, an overall learning for us is that there needs to be better preparedness for events such as this. Had the basis structures and systems been in place, the whole processes would not have had to invent everything from scratch which is how it appeared to many in the tourism industry.

Aotearoa New Zealand's COVID-19 response was an extraordinary occurrence in our history. Our hope is that we retain a 'muscle-memory' of this event so we can be well placed to face the new and different events and challenges that will come our way in the future.

### **Conclusion**

This submission sets out a high-level interpretation of tourism through the COVID-19 period from a TIA perspective. We would be most happy to expand on the points we have made and respond to any questions you have.

We will also carefully consider the information that you provide for the public consultation phase of the enquiry, and we will contribute where we can.

For any queries, please contact Bruce Bassett, Chief Advisor, ([bruce.bassett@tia.org.nz](mailto:bruce.bassett@tia.org.nz), 021 609 674).

Ngā mihi,

A handwritten signature in blue ink, appearing to read 'Rebecca Ingram', with a long horizontal flourish extending to the right.

Rebecca Ingram  
Chief Executive