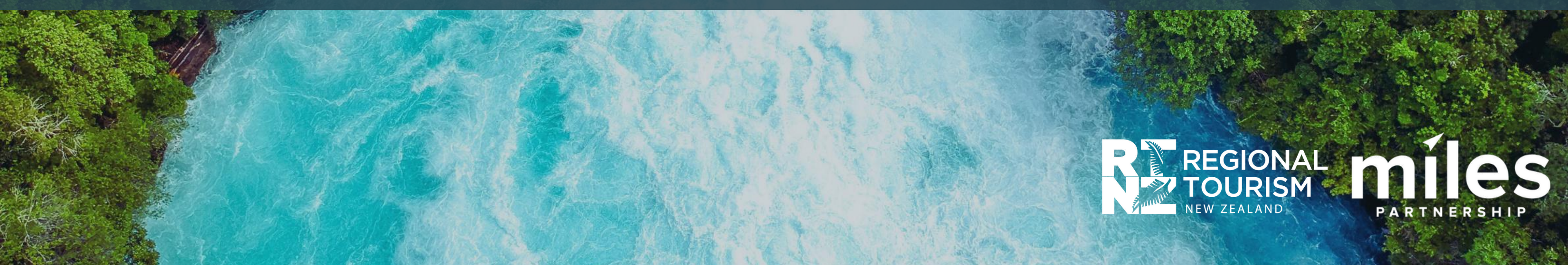




TŌNUI

A white paper examining the past, present and future of regional tourism in Aotearoa | New Zealand



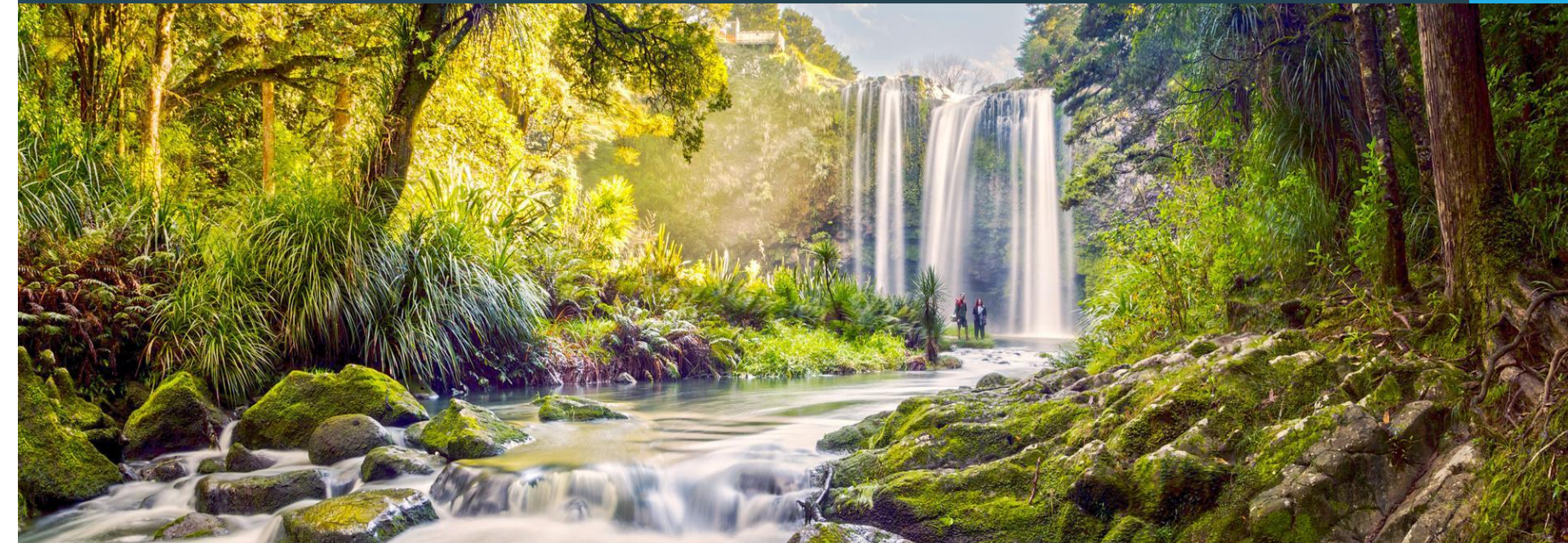
PREFACE

Tōnui was chosen as the name for this project, as the aspiration is for a tourism system that is prosperous, productive and flourishing - for communities, the whenua and the manuhiri (domestic and international visitors) that share Aotearoa | New Zealand as guests

The study is to assist Regional Tourism New Zealand (RTNZ) in providing leadership and guidance across the regional tourism network, identify best practices, and help to inform and assist stakeholder discussions.

The white paper examines:

- The **roles of an RTO** in supporting, facilitating and coordinating a destination management approach in their regions.
- The **core functions of an RTO** and how this will continue to evolve to support the regional visitor system.
- The **resources required to fulfil the role** and undertake the core functions and how and why those might vary from place to place.
- The **structural models** to be considered which best respond to the evolution that is taking place, recognising the challenges and opportunities of the respective regional contexts.



PROCESS

Interviews were conducted with:

Local Government New Zealand, Tourism New Zealand, Tourism Industry Aotearoa, Department of Conservation, Ministry for Business Innovation and Employment, New Zealand Māori Tourism, and Taituarā.

Interviews for case-examples were conducted with:

Domestic and international case studies have been developed demonstrating destination management implementation here in Aotearoa | New Zealand and globally. Case studies can be found from page 71 of the full white paper including Murihiku | Southland, Te Tai Tokerau | Northland and Te Moananui ā Toi | Bay of Plenty, 4Vancouver Island, Iceland, Slovenia and New South Wales.

Primary research was conducted with RTOs via a workshop with RTNZ trustees, a digital survey to all members and an on-line roundtable discussion.

INTRODUCTION

Over the past few years there has been a shift towards a holistic Destination Management (DM) approach which enables the industry's desire for a more sustainable/regenerative tourism sector.

DM was recognised in the Aotearoa New Zealand Government Tourism Strategy 2019, subsequent Destination Management Guidelines 2020, and funding for RTOs as part of the Government's COVID-19 support programme. This has resulted in the development of destination management plans (DMPs) across the country.

The challenges RTOs face outlined in this whitepaper are not a reflection of their skills, commitment, and passion for the sector and their region. Instead, today's RTOs are a 'recipient' and therefore 'product' of an inadequate tourism system that is not fit for purpose, and unable to deliver optimal outcomes for New Zealand's tourism sector and communities.

As a sector we need an agreed vision and national strategy, where our community led DMPs are aligned, supported and funded, and RTOs are recognised for the vital role they play in the tourism system.

RTNZ believes the tourism system requires closer examination and review, with a greater focus on balancing demand and supply. We also need to determine the future governance,

structures, roles, responsibilities and accountabilities which will better serve tourism, particularly at a regional level.

There is an urgent need to look at the resourcing requirements across the tourism system, and the potential use of legislation to enable clarity of mandate, and guide policy and investment decisions.

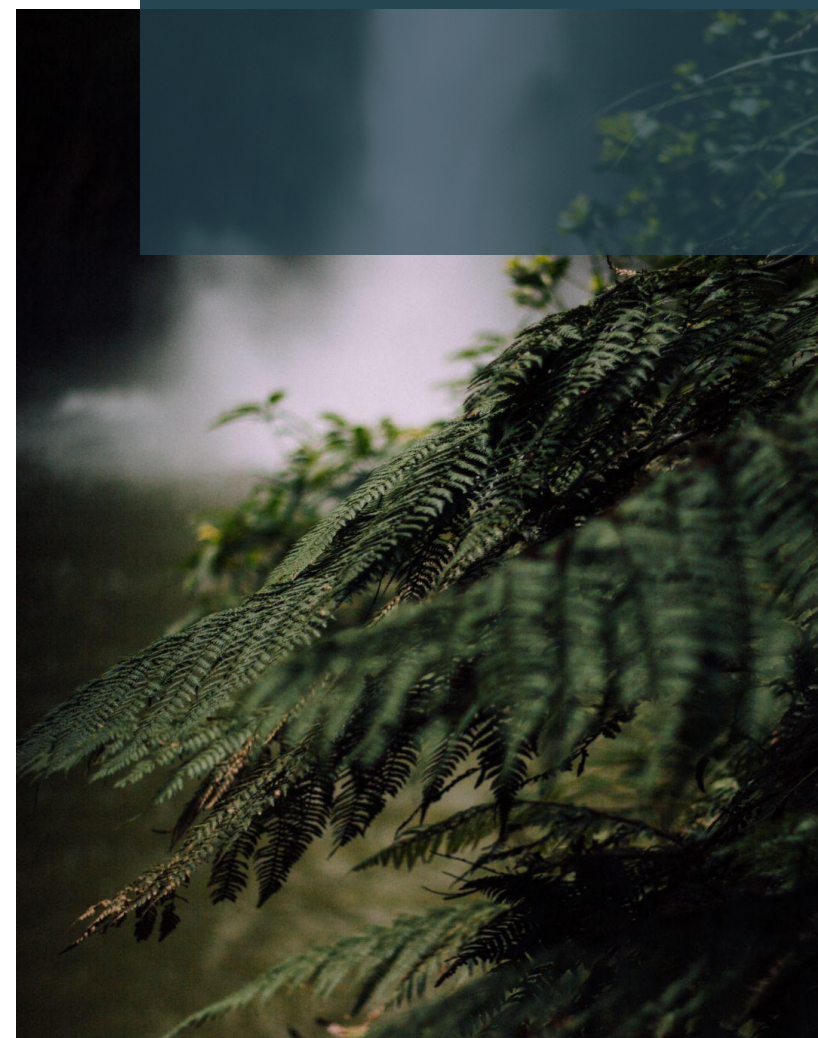
Numerous strategies have previously recommended a broader destination management approach. Little progress has been made, as the barriers that have prevented an evolution to destination management over the past 30 plus years, still exist today.

The two biggest barriers are: mandate has not followed mantra and funding has not followed function.

This work has identified a range of key constraints and challenges which RTNZ views as opportunities for our sector to collectively address and action. If there is agreement and support, then Aotearoa | New Zealand can be amongst the first in the world to commit to a systemic and impactful national tourism model that embeds destination management values, principles and approach across the entire tourism system.

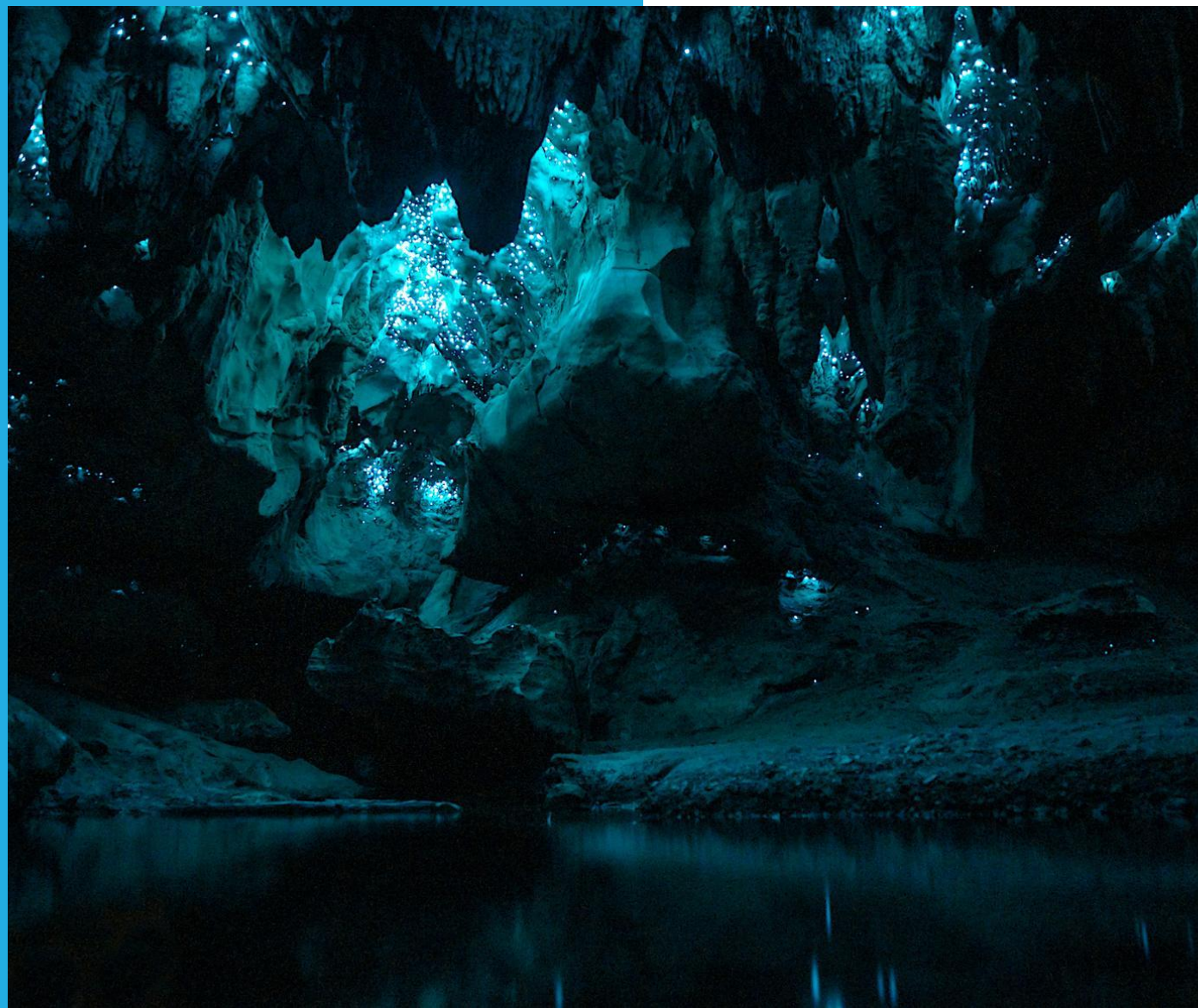
**Kia whakatōmuri te
haere whakamua.**

**I walk backwards into
the future with my
eyes fixed on my
past.**



Done well, destination management both protects a place and the businesses that rely on the travel industry. Done poorly, it erodes a place, its businesses and everyone's – including residents' – experience.

Reference: World Economic Forum Ten Principles for Sustainable Destinations: Charting a new path forward for travel and tourism White Paper, September 2022.



STRATEGIC CONTEXT

- The tourism system is a complex network of human, geographical, and institutional relationships and structures which are interrelated and interdependent. It involves many different components which must operate in an integrated manner for a destination to function effectively and meet the needs of visitors and communities.
- In the public sector the national interest in tourism is led directly by the Minister of Tourism who is supported by the Ministry of Business, Innovation and Employment (MBIE). Whilst not a specific tourism Ministry, **MBIE is responsible for the stewardship of the tourism system.**
- Tourism New Zealand (TNZ) is the National Tourism Organisation for New Zealand and is primarily focused on promoting New Zealand as a destination for international visitors, but also undertakes domestic marketing activity. **TNZ receives approximately \$110m in annual funding from government.**
- **Local Government are the primary funders of RTOs with an estimated \$45m invested across the network annually.** Local government is also a key enabler, regulator, investor, and tourism operator. Their function is to promote the social, economic, environmental, and cultural wellbeing of communities (Local Government Act 2002, section 10 (1)).
- In response to the COVID-19 pandemic, between 2020-2023 the **Government invested \$47.8 million through the Strategic Tourism Assets Protection Programme to help RTOs support their tourism sector by developing a destination management plan,** supporting product development, industry capability building, and undertaking domestic marketing.

PAST

NGĀ WA Ō MUA

Whilst there is significant global discussion on a destination's responsibility to evolve from destination promotion to destination management - it is important to note that **destination management is not a new concept and Aotearoa | New Zealand appears to have been an early pioneer.**

We must look back to understand the origins of RTOs and destination management. And then, look much further back into the innate wisdom of our indigenous past to find the solutions that will shape the framework for the destination stewardship that is required as we move towards a more regenerative tourism sector.

Through this process we ensure a future for our industry, destinations and communities, as well as the leadership organisations which support and enable success.

The following slide shows a timeline of the evolution of Destination Management in Aotearoa | New Zealand to date.





1901

World leading New Zealand's Department of Tourist & Health Resorts established - the first government department in the world established specifically to develop the business of tourism.

1930

1930 | First FTE publicity officer appointed

1953

A name change to the Tourist and Publicity Department (TPD), reflected a tip in the scales towards overseas promotion.

NZ Travel & Holiday Association (now TIA) formed

1986

New Zealand Tourism Department (NZTD - previously TPD) recommended an evolution of PROs. **Three years funding provided, and 22 RTOs established.**

1997

Roles and functions of RTOs were clarified. The key mandate of RTOs was to promote tourism at a regional level.

1999

NZTD became a new Crown Agency in 1999, and was given the trading name of Tourism New Zealand (TNZ).

2000

1.5 MILLION VISITORS

Tourism contributes 16% to New Zealand's export earnings.

NZ Māori Tourism Council formed

2001

New Zealand Tourism Strategy 2010 (NZTS) published, envisioning tourism in the next decade, **a greater role for RTOs, encompassing co-ordination of tourism planning and development.**

2011

In 2011, the **Department of Conservation released a 'Destination Management Framework' (DMF)** - A new approach to managing destinations.

2012

the 'Tourism2050' project, commissioned by the Ministry of Tourism and the Foundation for Research in Science and Technology, set out to envision the future of tourism in New Zealand.

2019 - 2020

The MBIE Destination Management Guidelines were produced in January 2020. The guidelines were recommended as a unified framework for RTOs to create destination management plans (DMPs).

2020

Global Pandemic Begins

3.8 MILLION VISITORS

Tourism is New Zealand's largest export earner.

2020

On 19 March 2020 "For the first time in history, the government closed the country's borders to all but New Zealand citizens and permanent residents."

2020 - 2022

Government invested \$47.8 million through the Strategic Tourism Assets Protection Programme to enable RTOs to support their tourism sector and to develop a DMP, support product development and industry capability building and undertake domestic marketing.

2023

On 13 March 2022, borders re-open to eligible travellers.

2023

As of June 2023, all RTO DMPs will be complete. At this time, all Government STAPP funding will have been expended with no future funding plan currently in place.

Between 2020 - 2023 \$11.1m has been spent by RTOs on destination management planning



PRESENT

NGĀ WA Ō NĀIANEI

There are currently 31 RTOs across Aotearoa | New Zealand. In most instances councils provide funding to RTOs directly or through a contracted organisation.

RTOs can cover single or multiple council jurisdictions and 17 are part of Economic Development Agencies, also funded by the local government. There are a small number of districts that are not covered by an RTO e.g. Rangitikei, Waimate, and Ōpōtiki.

RTOs work closely with their region's tourism industry. A few regions are governed by a membership structure, whilst most operate partnership programmes which contribute funding to support regional tourism activities.

There are various structures and operating models in the form of Council Controlled Organisations (CCOs), Units within Council, Limited Liability Companies, Incorporated Societies and Trusts.

The trend in the past decade has been to combine RTO function with wider economic development organizations, although feedback on the advantages and disadvantages of this is mixed.

There is no 'official' policy, set of requirements or criteria to be a RTO and the level of funding (provided by councils primarily) determines their purpose, functions, and accountabilities.

Regional Visitor Spend* in NEW ZEALAND

Domestic Visitor Spend | International Visitor Spend
\$11,230 M | \$1,373 M

* Data Source: MBIE Tourism Electronic Card Transactions YE Oct 2022



Reference: MBIE Tourism Electronic Card Transactions, Year End October 2022. Information is based on spend via electronic card transactions to Year End October 2022. Data only represents a portion of the market (only electronic card transactions, rather than total visitor spend).

DESTINATION MANAGEMENT

WHERE ARE WE NOW?

- **The Government's one-off funding has enabled RTOs to take on a more strategic, holistic, and broader role in destination management. Stakeholders have shown strong support for this and the opportunities and benefits that a DM approach provides.**
- **As of April 2023, 26 regions have completed or updated their destination management plans, with all plans to be completed by June 2023.**
- **Throughout the DMP process, RTO leaders have reported the benefits of new and deeper connections with their wider stakeholders, most importantly iwi, councils, local communities, and other industries.**
- **The DMP process has allowed RTOs to strengthen their networks and gain a seat at the table for regional discussions, and tourism is taking a leadership role in connecting different players and facilitating action at a regional.**
- **A destination management approach creates the opportunity to be better stewards 'at place' of each destination's unique history, culture and environment. It puts our communities at the centre, and in doing so ensures that tourism and visitors positively contribute to the vibrancy, prosperity and well-being of our society. We have only just begun, therefore we must continue.**



Coordination is important because there is no single entity that is responsible for the functioning of all of the elements that make up the destination; in larger destinations particularly, these elements are managed by many different public and private stakeholders. Where there is a lack of coordination between these players, it is very difficult to achieve any of the aims of destination management.

Market failure needs to be addressed where the tourism economy is largely driven by competing private sector interests, each operator intent on maximising revenues. These practices can often come at the expense of the destination as a whole – 'the public good' – growing too fast, threatening communities and the environment, introducing congestion, pollution and behaviours that other stakeholders in the destination resent.

Reference: 2022/23 World Bank Group Destination Management

FUNCTIONS OF RTOS IN AOTEAROA NEW ZEALAND

The funding and resources available to a RTO affects the breadth and depth of functions it can effectively manage.

RTOs have primary responsibility for many functions and were asked to whether they **lead**, **advocate**, **consult** or **support** these functions in their destination.

Of 31 possible functions presented in the survey, organisations indicated they participated fully in 26 functions on average. This includes:

- **13 functions they “lead” (on average)**
- **8 functions they “support”**
- **6 functions they “advocate” for**

Considering the average staff count was just under 7 FTE, we can assume most RTO staff are performing multiple functions. This is amplified in smaller RTOs where 1-2 staff are performing those 26 separate functions.

RTOs across New Zealand indicated they spend an average of 40% of their staff time on destination management and 60% on destination promotion activities.

Core Functions

RTOs typically lead these functions in their communities.

- Destination Branding & Marketing
- Promotion to Trade
- Public Relations
- Destination Planning & Strategy
- Funding Requests for Own Organisation
- Product Development/Development Activities
- Supporting TNZ Activities
- Visitor & Resident Sentiment/Attitudes
- Data, Research and Analysis
- Industry Capability and Development
- Business Event Attraction
- Membership Support

Secondary Functions

RTOs typically support or advocate these functions.

- Event Development
- Risk & Crisis Management
- Quality Assurance
- Māori Experience Development
- Amenities & Infrastructure Investment
- Access Development - Air Road, Rail, Sea
- Environmental Stewardship, Resource Management

Additional Functions

Some RTOs perform these functions, some don't.

Economic Development
Health & Safety Capability Building
Information Provision and Reservations - Online
Major Event Attraction
Other Public Facilities Management
Partnership Management Broker/Connector
Funding and Fostering Investments
Cruise Management
Tourism/Visitor Information Centre(s), iSITE
Visitor Experience Management

Infrequent Functions

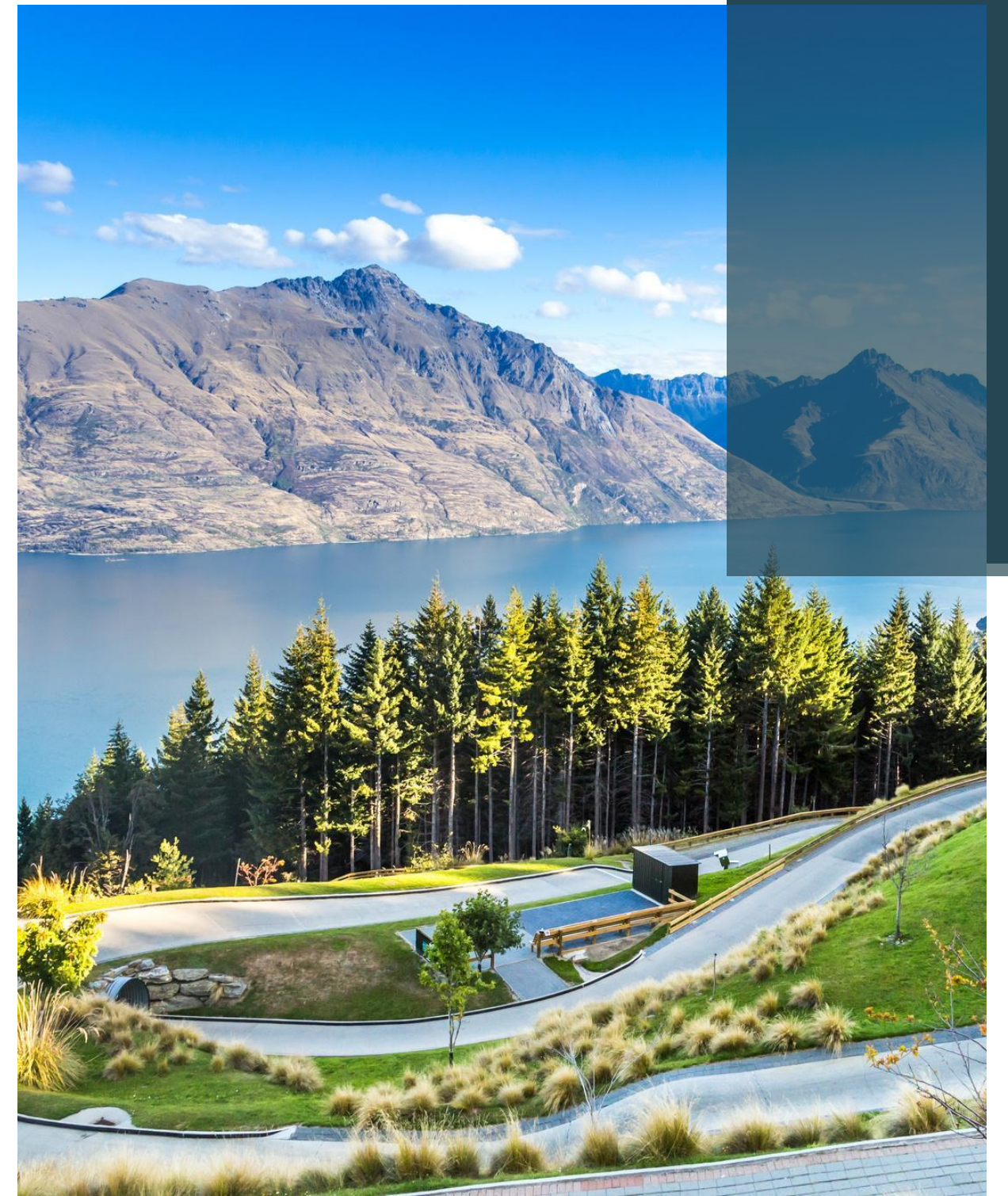
Most RTOs don't perform these functions.

Convention Centre Management
Venue Management

CURRENT RESOURCES TO FULFIL ROLE

What resources are available for a Regional Tourism Organisation to fulfil the role of supporting, facilitating and coordinating a destination management approach in their regions.

- As of July 2023, all funding from Government will have been expended. RTOs will return to baseline budgets with local government as primary funders.
- Some RTOs have made operational and governance changes to integrate destination management principles and practices into their organization. However, base-line council funding in most instances remains unchanged, and no additional resources are available to facilitate broader destination management responsibilities.
- Local councils hold significant influence on tourism planning and management, but there is no statutory mandate for them to fund tourism. Currently local government is determining the regional tourism system and structures, which is often disconnected from industry policy or strategy.
- LG funding for RTOs varies considerably and is suboptimal for most. For many RTOs, existing documents and funding agreements do not have a clear mandate for broader DM responsibilities.
- Local Government funding is constrained and priorities have increased substantially, tourism can be “a trade-off with other unfunded mandates” and is not a legislative priority and therefore discretionary.
- Aotearoa | New Zealand is relatively unique in its approach to funding of tourism, with most RTOs funded by and aligned solely to local councils and with reliance on regional residential and commercial property rates to fund regional tourism.



RTO FUNDING 2022 - 2023

- Approximately \$45m is invested by local government in RTOs annually.
- Funding levels range from \$225k to \$4.5m per annum.
- There is no consistent mandate, methodology, or set of indicators to calculate RTO funding.
- RTO funding appears to be based on political or resident support for the sector.

Analysis of Funding for Regional Tourism Organisations

<i>RTO</i>	<i>2022-2023 RTO Budget</i>
Central Economic Development Agency	\$ 944,222
ChristchurchNZ	\$ 3,666,564
Clutha Development	\$ 325,000
Destination Great Lake Taupo	\$ 2,093,000
Destination Hauraki Coromandel	\$ 594,748
Destination Kaikōura	\$ 225,000
Destination Marlborough	\$ 1,098,561
Destination Queenstown	\$ 4,500,000
RotoruaNZ	\$ 3,400,000
Destination Wairarapa	\$ 470,832
Development West Coast	\$ 985,704
Enterprise Dunedin	\$ 1,948,462
Hamilton & Waikato Tourism	\$ 1,507,392
Hawke's Bay Tourism	\$ 1,500,000
Hurunui Tourism	\$ 337,728
Lake Wanaka Tourism	\$ 1,280,000
Mackenzie Tourism	\$ 285,000
Nelson Regional Development Agency	\$ 1,323,472
Northland Inc	\$ 546,314
Tairāwhiti Gisborne Tourism	\$ 408,000
Tātaki Auckland Unlimited	\$ 1,700,000
Tourism Bay of Plenty	\$ 2,264,000
Tourism Central Otago	\$ 1,092,000
Tourism Waitaki	\$ 400,000
Venture Taranaki	\$ 300,000
Venture Timaru	\$ 367,500
Visit Fiordland	\$ 635,000
Visit Ruapehu	\$ 614,524
Visit Southland	\$ 1,228,000
WellingtonNZ	\$ 4,587,000
Whanganui and Partners	\$ 611,200

Source: 2022/23 RTNZ member survey responses.



In 2023 - 2024

- One third of RTOs will work within budgets less than \$500,000.
- 61% will be less than \$1,000,000.
- Forecast staffing shows a total network loss of 28 FTE compared to 2022-2023 (With COVID funding, RTOs took on extra staff to carryout additional activities), approximately a 13% reduction in RTO staff.

Source: 2022/23 RTNZ member survey responses.

TOTAL RTO BUDGET 2019 (ACTUAL) - 2024 (FORECAST)

The chart below demonstrates the significant increase in total system budget during 20-21 and 21-22 due to STAAP and TSRR contributions.

- Total budget for 22-23 is lower than 19-20 despite increased responsibilities and expectations.
- The 23-24 forecast is even lower.
- Overall loss to the system is over \$10,000,000 compared to pre-pandemic budgets.
- Larger RTO's such as Auckland and Christchurch contributed significantly to this loss.
- There are significant reductions across the country, including Southland, Fiordland, Nelson, and Otago.

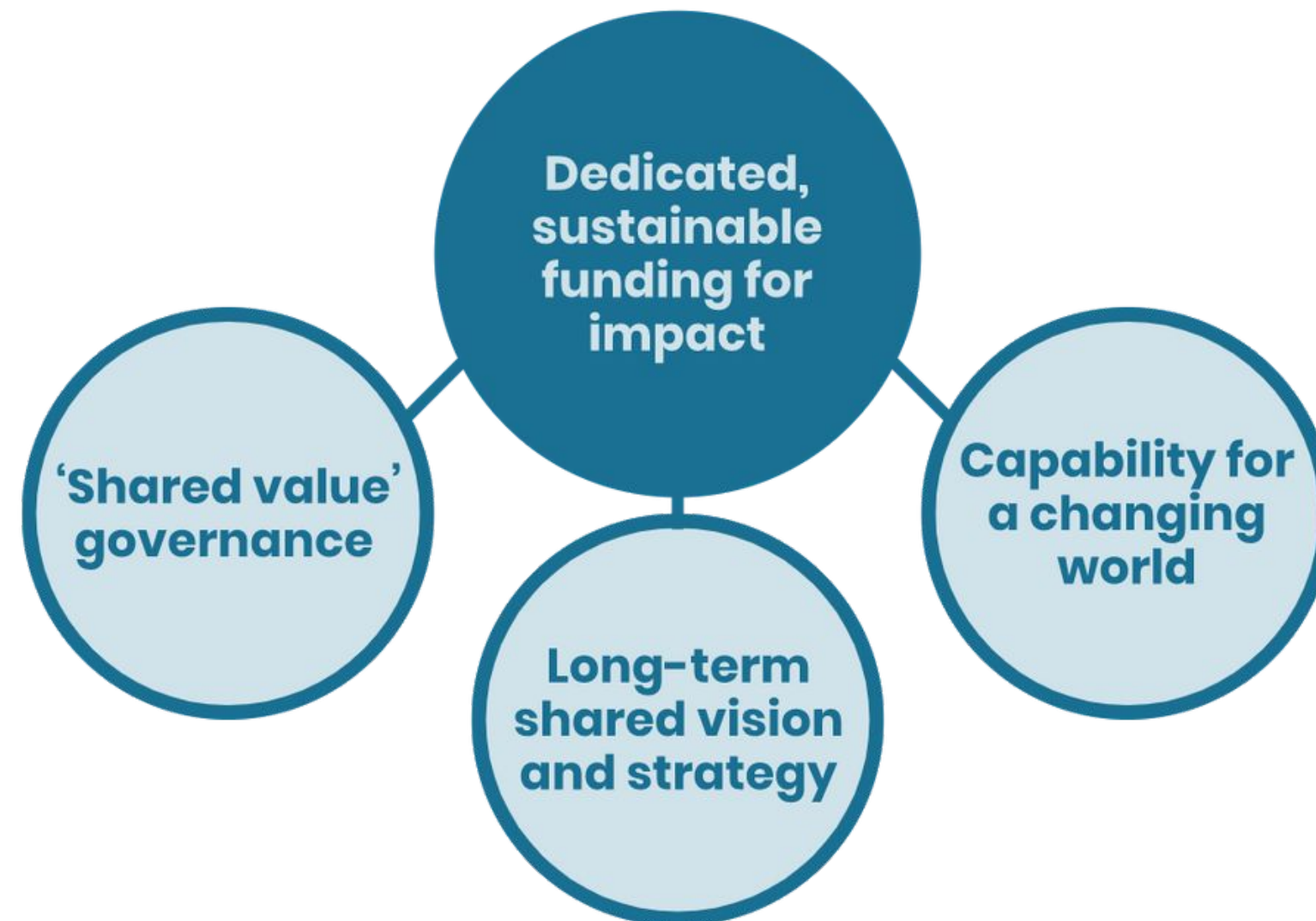


THE OPPORTUNITY

Interviews with RTO leaders and key partners have identified a range of common constraints and challenges for our sector and the regional tourism system.

RTNZ views these as opportunities that require collective commitment and action and form the basis of RTNZ's recommendations and priority going forward.

RTNZ is advocating for transformational systems change, and that a holistic destination management approach remains the cornerstone of our national strategy, informs the roles and responsibilities of the structures and actors in the system, and investment decisions.



SUMMARY OF OBSERVATIONS

For tourism to contribute positively to Aotearoa | New Zealand's wellbeing, we must build a regional tourism system that is Tōnui - prosperous, productive and flourishing - for industry, communities, the whenua and the manuhiri (visitors) both our domestic travellers and those that temporarily share Aotearoa | New Zealand as guests.

If we are to achieve this, we need to fix the root cause, not symptoms. A revolution of the tourism system is required, not just an evolution.

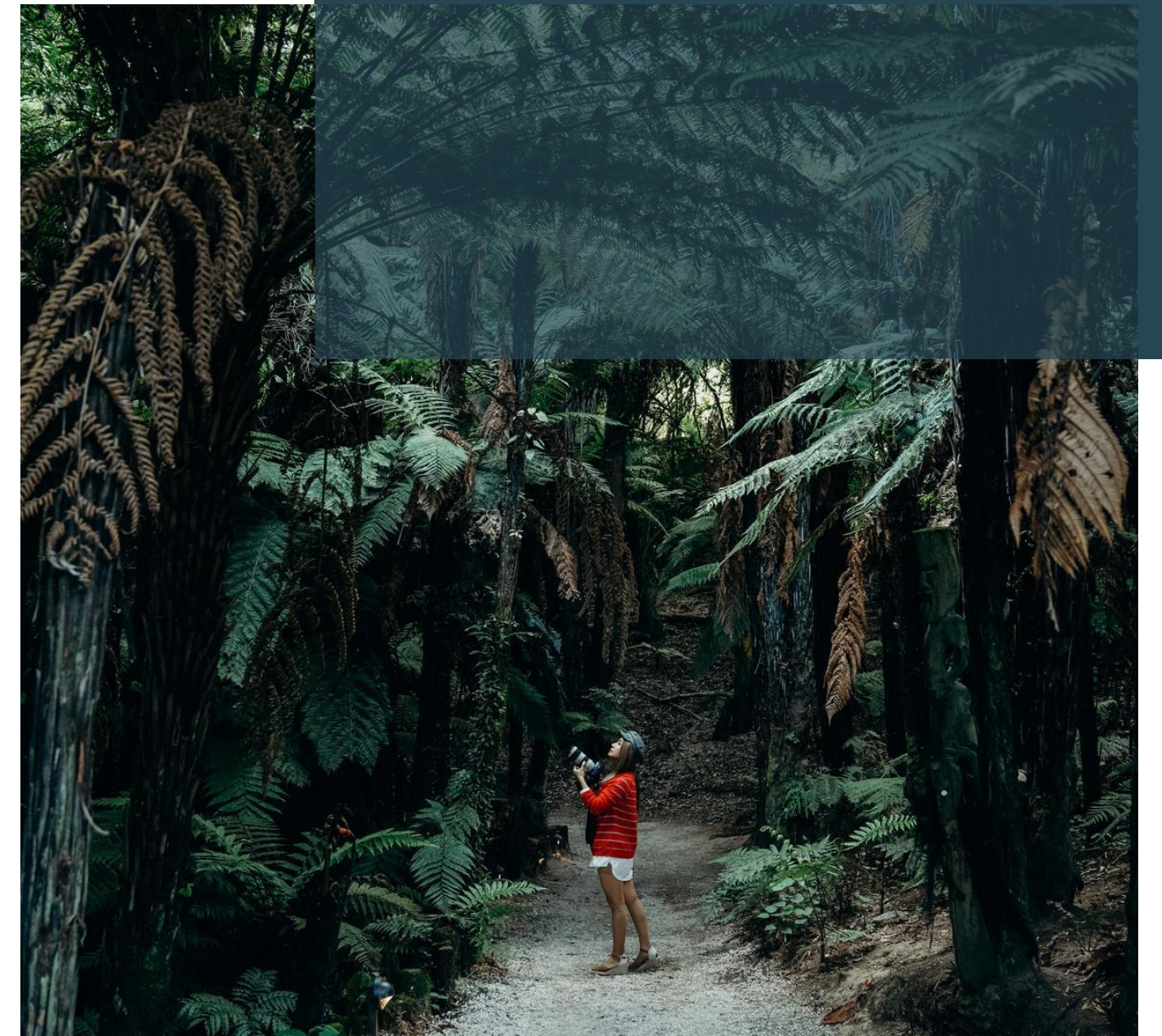
Our four key observations are:

- **Mandate has not followed mantra. Problems have been decentralised not powers.**
- **No one is in charge of sustainably managing our destinations.**
- **Regional funding has not followed function.**
- **Our current measurement system is flawed, with low use of technology solutions.**

The following pages detail the recommendations and actions RTNZ suggests in order to remove the challenges and constraints that continue to hinder progress.

**If not us, then
who?**

**If not now, then
when?**



OBSERVATION 1

Mandate has not followed mantra. Problems have been decentralised, not powers.



RECOMMENDATION

Shared value and governance.

Many of the challenges facing the tourism system and industry today is that there is no mandating legislation that enables tourism in Aotearoa | New Zealand outside of the Tourism Board Act, which pertains solely to Tourism New Zealand operations.

ACTIONS

- Explore enabling legislation which defines goals for tourism that:
 - Provides a clear and enduring mandate for the sector.
 - Sets out the required structures, roles, responsibilities and accountabilities to deliver optimal outcomes.
 - Facilitates a sustainable funding solution.
- Contribute to a review of the overall tourism system, including how the sector is governed and led at national, regional and local levels that ensures an equitable flow of resources.
- Define the future role for regional tourism, within the overall tourism system that provides clarity on role and responsibility.

OBSERVATION 2

No one is in charge of sustainably managing our destinations.



RECOMMENDATION

Shared long term vision and strategy.

We need a single tourism strategy that articulates a shared vision and is holistic and inclusive in its approach. It needs to balance demand and supply management, where mana whenua, environment, community and visitor are valued and engaged .

ACTIONS

- Strengthen partnerships with iwi/mana whenua to enable the integration of Te Aō Māori innate wisdom and concepts, and deepen understanding of how Te Tiriti ō Waitangi can be an influential governance document for tourism.
- Explore international sustainability frameworks, align and adopt to best meet regional needs and enable a collective, collaborative and consistent approach.
- Rapidly consider the opportunities with the Resource Management Act reforms to position tourism as a key sector and stakeholder.
- Develop tourism's credibility as a trusted partner for implementation of climate adaptation, mitigation and biodiversity policies and initiatives.

OBSERVATION 3

Regional funding has not followed function.



RECOMMENDATION

Dedicated sustainable funding for impact.

Funding for tourism should be responsive, equitable, and consistent across regions and respect the unique characteristics and aspirations of different communities. It should also recognize the various disciplines of destination management and provide opportunities for professional development.

ACTIONS

- Contribute to a dedicated, sustainable funding solution that is responsive and resilient, bridges political cycles and enables consistency and equity across all regions.
- Investigate a tripartite model for funding with a balance between central government, local government and industry/visitor contributions to support investment across the tourism system.
- Enable RTO funding that provides for the capacity and capability to deliver on their responsibilities of leading and facilitating a destination management approach across their region.

OBSERVATION 4

Our current measurement system is flawed, with low use of technology solutions.



RECOMMENDATION

Build knowledge and resilience for action in a changing world.

Measurement across the four well-beings as described in the Government tourism strategy measuring the benefits, costs, impacts, risks and opportunities is required.

ACTIONS

- Advocate for a national tourism data information system (TDMIS) which enables benchmarking against best of breed international systems.
- Bring together a model of shared governance of data requirements that promotes industry use of data for decision making.
- Increase the focus on technology and innovation to be at the forefront of the experience economy, tech, creative, digital and smart city innovations.

READ THE FULL WHITE PAPER

[CLICK HERE TO
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Or visit rtnz.org.nz/project-tonui



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MARCH 2023

REGIONAL TOURISM NEW ZEALAND



TŌNUI

A white paper examining the past, present
and future of regional tourism in
Aotearoa | New Zealand



Tōnui | To be prosperous, productive and flourishing