

VOTE *Tourism*

Tourism

Overview

Appropriations for Vote Tourism in 2005/06 total \$86.419 million. They are to be applied as follows:

Departmental Appropriations

- \$6.887 million (8.0% of the Vote) on purchasing tourism related policy advice from the Ministry of Tourism.

Non-Departmental Appropriations

- \$62.361 million (72.2% of the Vote) for marketing New Zealand as a visitor destination by the New Zealand Tourism Board (NZTB).
- \$1.860 million (2.1% of the Vote) for implementation of the Tourism Strategy.
- \$5.044 million (5.8% of the Vote) for a subsidies programme for water and sewerage infrastructure costs for small local authorities.
- \$10.000 million (11.6% of the Vote) for promotion of New Zealand associated with the America's Cup 2007.
- \$267,000 (0.3% of the Vote) on funding tourism facilities under the Tourism Facilities Development Grant Programme.

Crown Revenue and Receipts

The Crown is forecast to collect \$700,000 from rent and concession fees in 2005/06.

Details of appropriations spending appear in Parts B1 and C of this Vote. Details of Crown Revenue appear in Part F.

Terms and Definitions Used

NZMACI	New Zealand Māori Arts and Crafts Institute
NZTB	New Zealand Tourism Board
NZTS 2010	New Zealand Tourism Strategy 2010
SPs	Strategic Priorities

Tourism

VOTE MINISTER: Minister of Tourism
ADMINISTERING DEPARTMENT: Ministry of Economic Development
The Minister for Economic Development is the Responsible Minister for the Ministry of Economic Development

Part A - Statement of Objectives and Trends

Part A1 - Objectives for Vote Tourism

Related Government Outcomes

The services to be purchased under Vote Tourism will contribute to the Government's goals of:

- growing an inclusive, innovative economy for the benefit of all, and
- strengthening national identity and upholding the principles of the Treaty of Waitangi.

The Ministry of Economic Development has identified five strategic priorities (SPs) that are considered to be the most important areas to focus on over the next three to five years. Of these, activities undertaken in Vote Tourism will make a particular contribution to the International Connections SP: Improving the international linkages that allow firms to benefit from trade, knowledge transfer and investment; the Innovation SP: Fostering entrepreneurship and innovation in New Zealand firms and the Infrastructure SP: Improving the quality and reliability of key infrastructure services.

The services to be purchased under Vote Tourism will allow the Ministry and other agencies to deliver outputs that contribute to these goals. Specifically, the Ministry of Tourism will provide advice on opportunities and barriers to tourism business so growth and innovation in New Zealand can be actively facilitated and encouraged and the New Zealand Tourism Board (NZTB) will promote New Zealand as a visitor destination to maximise foreign exchange earnings.

Appropriations

Departmental output expenses

The appropriations in this Vote contribute to a number of Ministry of Economic Development and Ministry of Tourism outcomes that are related to the Government's key goals. These outcomes and the Vote's contributions are set out below.

Outcomes	Contribution
Businesses are more capable of innovating and making the most of market opportunities.	Advising on tourism policy including on the implementation of the New Zealand Tourism Strategy 2010 (NZTS 2010), collecting and disseminating tourism statistics and undertaking applied research, and advising on the effectiveness of Government interventions and expenditure.
New Zealand's international connections facilitate increased international trade, foreign investment and knowledge transfer.	<p>Advising on tourism policy including on the implementation of the NZTS 2010 and advising on the effectiveness of Government interventions and expenditure including advising on the performance of the NZTB.</p> <p>For example, policy advice will be provided to assist in promoting achievement of the Government's Tourism objectives (a number of which are supported by the NZTS 2010 as a sustainable yield-driven strategy based on growing tourism demand and financial returns while enhancing the quality of the visitor experience and New Zealanders' quality of life). This will be done by ensuring that barriers to continued growth are minimised and that the sector has operating conditions, knowledge and expertise to maximise the benefits from the current and expected visitors to New Zealand.</p>
Businesses and consumers use information held by the Ministry or required by laws it administers, to help them make well-informed decisions.	Collecting and disseminating tourism statistics and undertaking applied research.
Māori realise more of their economic potential.	<p>Significant deliverables include:</p> <ul style="list-style-type: none"> • promoting the understanding and use of tourism information by Māori tourism businesses • in partnership with other government agencies, designing and delivering strategies for fostering business development • enhancing interaction between regional tourism organisations and Māori regional tourism organisations.
Businesses and consumers have access to reliable infrastructure services at reasonable cost.	<p>Providing policy advice on the effectiveness of Government interventions and its impact on tourism, and on tourism's impact on local and regional infrastructure.</p> <p>Implementing and administering a subsidy programme for the component of water and sewerage infrastructure costs associated with tourism demand in small communities will be undertaken in 2005/06.</p>

Non-departmental output expenses

The appropriation Marketing of New Zealand as a Visitor Destination contributes to the Government's goals and related outcomes by promoting increased awareness of New Zealand as a desirable travel destination for international visitors in order to contribute to increased foreign exchange earnings.

The appropriation Implementation of the Tourism Strategy contributes to the Government's goals and related outcomes by funding initiatives that implement the recommendations of the NZTS 2010.

For a full description of all appropriations refer to Part C.

Part A2 - Trends in Vote Tourism

Introduction

The appropriations for Vote Tourism are detailed in the trends table. A number of changes have occurred in Vote Tourism between 2000/01 and 2005/06.

The Office of Tourism and Sport was established within the Department of Internal Affairs on 1 July 1998. The administration of the Office of Tourism and Sport was transferred to the Ministry of Economic Development from 1 July 2000.

Trends from 2000/01 to 2005/06

From 1 July 2002 the Ministry of Tourism assumed responsibility for all tourism statistics, including those previously undertaken by the NZTB, increasing the research budget by \$673,000. At that time a further increase of \$533,000 was provided to enable the continuation of the Domestic Travel Survey, the Tourism Satellite Account and Tourism Forecasts. In 2003/04 and outyears a baseline increase of \$700,000 was provided to increase the Ministry's data and research capability.

Offsetting these increases is a reduction from 2003/04 when responsibilities for the management of Wairakei Tourist Park are transferred to Vote Agriculture and Forestry, with an annual reduction of \$444,000 from the departmental appropriations.

Other expenses have also increased significantly over the period 2001/02 to 2003/04 reflecting funding provided for promotion associated with the America's Cup and the Lord of the Rings by Crown entities across several portfolios and the implementation of the Tourism Strategy.

In addition, \$30 million of funding has been provided over the period 2002/03 to 2006/07 to Team New Zealand to assist in mounting a new challenge for the 2007 America's Cup. Additional funding was allocated from 2003/04 to further develop marketing efforts in the key USA market, and to undertake a substantial trade training and certification programme of Chinese travel agents in order to manage potential risks to the New Zealand tourism industry.

From 2004/05 a further increase of \$817,000 has been provided to address additional costs of obtaining the Ministry's core tourism data set, and to enhance policy capability.

Appropriation Changes from 2005/06

For 2005/06 an increase of \$8.889 million has been provided to boost the Tourism promotional budget for a targeted media campaign focusing on attracting a greater number of higher yield travellers from the USA, Japan and the United Kingdom. An additional \$178,000 has also been provided to meet costs associated with the Tourism offshore marketing baseline review.

For further details of new initiatives agreed as part of the 2005 Budget refer to the "New Policy Initiatives by Appropriation" below.

Crown Revenue and receipts

Crown Revenue from the Wairakei Tourist Park commenced in 1995/96 with the transition from operating as a trust account. Crown Revenue was then derived largely from tourism concessions and farm income. Crown Revenue continues to be received from land rentals and tourism concession payments.

New Policy Initiatives by Appropriation

Initiative	Appropriations as shown in Part B	\$000 increase/(decrease)				
		2004/05	2005/06	2006/07	2007/08	2008/09
Boost Tourism Promotional Budget	Non-Departmental Output Expense - Marketing of New Zealand as a Visitor Destination	-	8,889	-	-	-
Sponsorship of Team New Zealand's Challenge at the America's Cup 2007 regatta	Other Expenses to be Incurred by the Crown - Promotion of NZ Associated with the America's Cup 2007	10,000	10,000	5,000	-	-
Tourism: Offshore Marketing Baseline Review	Departmental Output Expense - Policy Advice - Tourism	-	178	-	-	-
Total Initiatives		10,000	19,067	5,000	-	-

Trends in Vote Tourism - Summary of Financial Activity

	2000/01	2001/02	2002/03	2003/04	2004/05		2005/06 Appropriations to be Used				2006/07	2007/08	2008/09	
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budget \$000	Estimated Actual \$000	By the Department Administering the Vote		For Non-Departmental Transactions		Total \$000	Estimated \$000	Estimated \$000	Estimated \$000
							Annual \$000	Other \$000	Annual \$000	Other \$000				
Appropriations														
Output Expenses	51,739	54,368	54,253	60,276	61,194	60,858	6,887	-	64,221	-	71,108	56,566	56,666	56,521
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Other Expenses	(64)	3,254	9,078	4,009	11,156	11,156	-	-	15,311	-	15,311	9,711	267	267
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	-	N/A	N/A	-	-	-	-
Total Appropriations	51,675	57,622	63,331	64,285	72,350	72,014	6,887	-	79,532	-	86,419	66,277	56,933	56,788
Crown Revenue and Receipts														
Tax Revenue	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-	-	-	-
Non-Tax Revenue	1,177	1,568	1,586	567	727	727	N/A	N/A	N/A	N/A	700	700	700	700
Capital Receipts	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-	-	-	-
Total Crown Revenue and Receipts	1,177	1,568	1,586	567	727	727	N/A	N/A	N/A	N/A	700	700	700	700

Part B - Statement of Appropriations

Part B1 - Details of Appropriations

	2004/05				2005/06		
	Budget		Estimated Actual		Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	Scope of 2005/06 Appropriations
Departmental Output Expenses (General)							
Policy Advice - Tourism	5,461	-	5,461	-	6,887	-	Policy advice on tourism policy issues and advice on the purchase and monitoring of non-departmental output expenses, research and ministerial services.
Total Appropriations for Departmental Output Expenses (General)	5,461	-	5,461	-	6,887	-	
Non-Departmental Output Expenses							
Marketing of New Zealand as a Visitor Destination	53,544	-	53,544	-	62,361	-	Promotion of New Zealand as a visitor destination in key overseas markets. This includes joint promotions with the private sector.
Implementation of the Tourism Strategy	2,189	-	1,853	-	1,860	-	Various initiatives to be developed by the Minister of Tourism to implement the Tourism Strategy.
Total Appropriations for Non-Departmental Output Expenses	55,733	-	55,397	-	64,221	-	
Other Expenses to be Incurred by the Crown							
Local Authority Tourism Infrastructure Grant Scheme	-	-	-	-	5,044	-	A subsidy programme to enable funding of Water and Sewerage Infrastructure costs associated with Tourism demand in small Local Authorities.

Promotion of NZ Associated with the America's Cup 2007	10,000	-	10,000	-	10,000	-	Sponsorship to assist Team New Zealand to mount a challenge for the 2007 America's Cup regatta.
Tourism Facilities Development Grants	1,156	-	1,156	-	267	-	Government Grants for non-commercial, nationally significant tourism facilities.
Total Appropriations for Other Expenses to be Incurred by the Crown	11,156	-	11,156	-	15,311	-	
Total Appropriations	72,350	-	72,014	-	86,419	-	

Part C - Explanation of Appropriations for Output Expenses

Part C1 - Departmental Output Expenses

Policy Advice - Tourism

This appropriation provides policy advice relating to:

- economic, environmental and social policy affecting tourism
- barriers and opportunities for tourism
- management of the tourism data set and applied research, and
- management of major events.

The Minister of Tourism will also purchase:

- advice on the Government's interests as owner of the NZTB and New Zealand Māori Arts and Crafts Institute (NZMACI)
- advice on requests for grants for non-commercial tourism facilities
- services for drafting replies to correspondence, including Official Information Act requests and Ombudsman's enquiries, and to parliamentary questions, and
- services for the management of tourism and other tenancies or concessions at Wairakei Tourist Park and Rotorua.

Part C2 - Non-Departmental Output Expenses

Marketing of New Zealand as a Visitor Destination

This appropriation covers the cost of purchasing services relating to the promotion of New Zealand, in international markets, as a visitor destination. This includes consumer advertising, promotion through media and events, training for international travel sellers and communication strategies. These activities are supported by product marketing, marketing research, tourism development and stakeholder communications and are developed in consultation and partnership with the tourism industry. Details such as key markets, target audience and type of promotion will be specified in the Minister of Tourism's 2005/06 Output Plan with NZTB.

Quantity, quality and timeliness

Performance Measures	2005/06 Performance Standards
<ul style="list-style-type: none"> Size of target audience, percentage reach and average frequency of viewing brand advertisements in key markets. 	As specified in the Output Plan.
<ul style="list-style-type: none"> Awareness, preference and intent to travel measures in key markets. 	As specified in the Output Plan.
<ul style="list-style-type: none"> Number of international travel sellers and product planners engaged with through trade training seminars and conferences, roadshows, online training modules and familiarisation visits. 	As specified in the Output Plan.
<ul style="list-style-type: none"> Evaluate and report on the effectiveness of the campaign. 	As specified in the Output Plan.
<ul style="list-style-type: none"> Percentage of surveyed industry stakeholders satisfied by Tourism New Zealand coordinated trade activities offshore. 	75%

Cost

2005/06	Total appropriation to be provided within (GST exclusive)	\$62,361,000
2004/05	Total appropriation to be provided within (GST exclusive)	\$53,544,000

Provider

New Zealand Tourism Board.

Implementation of the Tourism Strategy

This appropriation covers the cost of purchasing various initiatives that will be developed in consultation with other Ministers as appropriate, to implement the Tourism Strategy.

Quantity, quality and timeliness

Performance measures and standards will be developed for all proposals when purchase agreements are agreed with the organisations that are providing the services.

Cost

2005/06	Total appropriation to be provided within (GST exclusive)	\$1,860,000
2004/05	Total appropriation to be provided within (GST exclusive)	\$3,689,000

Part D - Explanation of Appropriations for Other Operating Flows

Part D3 - Other Expenses

Local Authority Tourism Infrastructure Grant Scheme

This appropriation provides grant funding to assist territorial local authorities establish new water and wastewater infrastructure to meet forecast tourism demand. The funding comprises \$5.044 million in 2005/06 and \$4.444 million in 2006/07 and is targeted at small communities with high tourism visitor numbers.

Promotion of New Zealand Associated with the America's Cup 2007

This appropriation provides \$10 million to support the Emirates Team New Zealand Challenge for the America's Cup in 2007.

Tourism Facilities Development Grants

This appropriation provides grant funding to assist with the provision of physical facilities that can not be made available on a commercial basis.

Part E - Explanation of Capital Flows

Part E2 - Statement of Estimated and Forecast Net Worth of Entities Owned

	Balance Date	Estimated Net Worth 30 June 2005 \$ million	Forecast Net Worth 30 June 2006 \$ million
Crown Entities:			
Tourism New Zealand	30 June	3.200	2.100

Part F - Crown Revenue and Receipts

Part F1 - Current and Capital Revenue and Receipts

	2004/05		2005/06	Description of 2005/06 Crown Revenue
	Budgeted \$000	Estimated Actual \$000	Budget \$000	
Current Revenue				
Non-Tax Revenue				
Recovery of Scholarship Funding	27	27	-	Recovery of funding for Research Scholarship Programme in partnership with the Ministry of Tourism.
Rent from Reserve Lands	440	440	440	Rent from NZMACI and Rotorua Golf Club for the leasing of reserves at Rotorua.
Concession Fees	260	260	260	Income from tourism and farming concessions in the Wairakei Tourist Park.
Total Non-Tax Revenue	727	727	700	
Total Current Revenue	727	727	700	
Total Crown Revenue and Receipts	727	727	700	

