

Vote Tourism

APPROPRIATION MINISTER(S): Minister of Tourism (M69)

APPROPRIATION ADMINISTRATOR: Ministry of Business, Innovation and Employment

RESPONSIBLE MINISTER FOR MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT:
Minister for Economic Development

Summary of the Vote

Overview

The Minister of Tourism is responsible for appropriations in the Vote for the 2014/15 financial year covering the following:

- a total of over \$7 million for departmental outputs for policy advice and research to promote a high value and sustainable tourism sector, services to support the Minister and monitoring the performance and compliance of Crown entities, and
- a total of just over \$124 million for non-departmental appropriations for the promotion of New Zealand to key overseas markets as a visitor and business destination, implementation of the Tourism Growth Partnership initiative, seed and operational funding for the operation of National Cycleways.

Details of these appropriations are set out in Parts 2-4.

Estimates of Appropriations

Details of Appropriations and Capital Injections

Annual and Permanent Appropriations

	2013/14		2014/15
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
Departmental Output Expenses			
Policy Advice - Tourism (M69)	2,309	2,309	2,552
This appropriation is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters.			
Tourism Data and Operational Policy, Ministerial Servicing and Crown Entity Monitoring (M69)	4,944	4,944	4,748
This appropriation is limited to collection, processing, analysis and dissemination of data on tourism; development of operational policies in relation to Tourism issues, research support, services to support the Minister, monitoring the performance and compliance of Crown Entities, and administering grants programmes.			
Total Departmental Output Expenses	7,253	7,253	7,300
Non-Departmental Output Expenses			
Marketing of New Zealand as a Visitor Destination (M69)	113,350	113,350	113,350
This appropriation is limited to the promotion of New Zealand as a visitor destination in key overseas markets.			
Tourism Growth Partnership (M69)	6,293	6,293	7,990
This appropriation is limited to the support of partnerships with industry that address strategic issues in the tourism sector.			
Total Non-Departmental Output Expenses	119,643	119,643	121,340
Non-Departmental Other Expenses			
Maintaining the Quality of the Great Rides (M69)	-	-	2,000
This appropriation is limited to the provision of financial assistance to maintain the quality of the Great Rides of Ngā Haerenga, the New Zealand Cycle Trail.			
New Zealand Cycle Trail Incorporated Seed Funding (M69)	185	185	349
This appropriation is limited to the provision of operational funding to the New Zealand Cycle Trail Incorporated.			
National Cycleway Fund - Extension (M69)	4,794	4,794	-
This appropriation is limited to the provision of financial assistance for the development of a National Cycleway.			
Total Non-Departmental Other Expenses	4,979	4,979	2,349
Total Annual and Permanent Appropriations	131,875	131,875	130,989

Supporting Information

Part 1 - Vote as a Whole

1.1 - New Policy Initiatives

Policy Initiative	Appropriation	2013/14 Budgeted \$000	2014/15 Budget \$000	2015/16 Estimated \$000	2016/17 Estimated \$000	2017/18 Estimated \$000
Formation of MBIE Savings	Policy Advice - Tourism	-	(47)	(47)	(47)	(47)
	Tourism Data and Operational Policy, Ministerial Servicing and Crown Entity Monitoring	-	(71)	(71)	(71)	(71)
Vote Alignment	Policy Advice - Tourism	(400)	-	-	-	-
	Tourism Data and Operational Policy, Ministerial Servicing and Crown Entity Monitoring	(100)	-	-	-	-
Tourism Growth Partnership Initiative	Policy Advice - Tourism	222	222	222	222	222
	Tourism Growth Partnership	(222)	(222)	(222)	(222)	(222)
Establish and Provide Short-term Funding	NZ Cycle Trail Incorporated Seed Funding	185	349	185	-	-
Ngā Haerenga - the New Zealand Cycle Trail	Maintaining the Quality of the Great Rides	-	2,000	2,000	2,000	2,000
Total Initiatives		(315)	2,231	2,067	1,882	1,882

1.2 - Trends in the Vote

Summary of Financial Activity

	2009/10	2010/11	2011/12	2012/13	2013/14		2014/15			2015/16	2016/17	2017/18
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
Appropriations												
Output Expenses	99,872	120,590	92,287	92,686	126,896	126,896	7,300	121,340	128,640	133,543	131,140	131,140
Benefits or Related Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	846	5,273	29,097	8,306	4,479	4,479	-	2,349	2,349	2,267	2,267	2,267
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Multi-Category Expenses and Capital Expenditure (MCA)												
<i>Output Expenses</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other Expenses</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditure</i>	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Appropriations	100,718	125,863	121,384	100,992	131,375	131,375	7,300	123,689	130,989	135,810	133,407	133,407
Crown Revenue and Capital Receipts												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	1,007	383	(1)	-	-	-	N/A	-	-	-	-	-
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Crown Revenue and Capital Receipts	1,007	383	(1)	-	-	-	N/A	-	-	-	-	-

Note - where restructuring of the vote has occurred then, to the extent practicable, prior years information has been restated as if the restructuring had occurred before the beginning of the period covered.

1.3 - Analysis of Significant Trends

Total All Appropriations

The changes in appropriations in Vote Tourism are largely driven by movements in non-departmental output expenses due to initiatives which have variances over the years in their funding profiles.

Output Expenses

The following are the key initiatives that impact the trends:

- the funding of marketing NZ as a visitor destination of \$15 million in 2009/10 and \$25 million in 2010/11 only
- a decrease in funding occurred in 2010/11 and outyears as funding was reprioritised for the Establishment of the Productivity Commission, and
- introduction of the International Growth Package initiative in Budget 2013 marketing international business events and growth partnerships with the private sector with \$36.500 million in 2013/14 and 2014/15, and \$39 million in outyears.

Other Expenses

The following are the key initiatives that impact the trends:

- from 2009/10 to 2011/12 the trend reflects the spending pattern for the Multi-Year Appropriation for the Cycleway initiative which was introduced in Budget 2009, and
- from 2014/15 to 2017/18 the funding relates to ongoing costs for the cycleway.

Part 2 - Details of Departmental Appropriations

2.1 - Departmental Output Expenses

Policy Advice - Tourism (M69)

Scope of Appropriation

This appropriation is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters.

Expenses and Revenue

	2013/14		2014/15
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	2,309	2,309	2,552
Revenue from the Crown	2,309	2,309	2,552
Revenue from Others	-	-	-

What is Intended to be Achieved with this Appropriation

This appropriation is to contribute to improved international flows of people, ideas, investment and trade.

How Performance will be Assessed and End of Year Reporting Requirements

	2013/14		2014/15
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Assessment of Performance			
The satisfaction of the Minister of Tourism with the policy advice service, as per the common satisfaction survey.	At least 70%	At least 70%	At least 70%
Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%.	At least an average of 73%	At least an average of 73%	At least an average of 73%
The total cost per hour of producing outputs.	At most \$155	At most \$155	At most \$155

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Ministry of Business, Innovation and Employment in its annual report.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2013/14 Budgeted \$000	2014/15 Budget \$000	2015/16 Estimated \$000	2016/17 Estimated \$000	2017/18 Estimated \$000
Formation of MBIE Savings	2014/15	-	(47)	(47)	(47)	(47)
Tourism Growth Partnership Initiative	2013/14	222	222	222	222	222
MBIE-Wide Vote Alignment	2013/14	(400)	-	-	-	-
China Market Information Project	2012/13	20	10	-	-	-
Efficiency Dividend	2012/13	(70)	(70)	(70)	(70)	(70)
Contribution to the establishment of the Productivity Commission	2010/11	(65)	(65)	(65)	(65)	(65)

Reasons for Change in Appropriation

The increased appropriation is a result of a \$400,000 fiscally neutral adjustment in 2013/14 only to reflect the introduction of one cost allocation methodology following the establishment of MBIE and implementation of the organisation's management structure.

This increase is offset by:

- \$100,000 expense transfer in to 2013/14 only to reflect the delays in releasing the Request for Quote for the China Market Information Project
- \$47,000 savings due to the formation of MBIE, and
- \$10,000 fiscally neutral adjustment from the Tourist Growth Partnership appropriation to support the China Market Information project.

Tourism Data and Operational Policy, Ministerial Servicing and Crown Entity Monitoring (M69)*Scope of Appropriation*

This appropriation is limited to collection, processing, analysis and dissemination of data on tourism; development of operational policies in relation to Tourism issues, research support, services to support the Minister, monitoring the performance and compliance of Crown Entities, and administering grants programmes.

Expenses and Revenue

	2013/14		2014/15
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	4,944	4,944	4,748
Revenue from the Crown	4,860	4,860	4,664
Revenue from Others	84	84	84

What is Intended to be Achieved with this Appropriation

This appropriation is intended to contribute to improved international flows of people, ideas, investment and trade.

How Performance will be Assessed and End of Year Reporting Requirements

	2013/14		2014/15
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Assessment of Performance			
Meet New Zealand Department of Statistics Official Statistics Standards for all core Tourism datasets published by the Ministry.	Maintain conformity with Official Statistics Standards	Maintain conformity with Official Statistics Standards	Maintain conformity with Official Statistics Standards
Responses to Parliamentary Questions, ministerial correspondence and ministerial Official Information Act 1982 requests are to be completed within either specified or statutory timeframes.	95% or above	95% or above	95% or above

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Ministry of Business, Innovation and Employment in its annual report.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2013/14 Budgeted \$000	2014/15 Budget \$000	2015/16 Estimated \$000	2016/17 Estimated \$000	2017/18 Estimated \$000
Formation of MBIE Savings	2014/15	-	(71)	(71)	(71)	(71)
MBIE-Wide Vote Alignment	2013/14	(100)	-	-	-	-
Future of the New Zealand Cycleway Trail Project	2012/13	25	-	-	-	-
Efficiency Dividend	2012/13	(106)	(106)	(106)	(106)	(106)

Reasons for Change in Appropriation

The decreased appropriation is a result of:

- \$100,000 fiscally neutral adjustment in 2013/14 only to reflect the introduction of one cost allocation methodology following the establishment of MBIE and implementation of the organisation's management structure
- \$71,000 efficiency savings as a result of the formation of MBIE, and
- \$25,000 reduction in funding for the Future of the NZ Cycleway Trail project.

Part 3 - Details of Non-Departmental Appropriations

3.1 - Non-Departmental Output Expenses

Marketing of New Zealand as a Visitor Destination (M69)

Scope of Appropriation

This appropriation is limited to the promotion of New Zealand as a visitor destination in key overseas markets.

Expenses

	2013/14		2014/15
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	113,350	113,350	113,350

What is Intended to be Achieved with this Appropriation

This appropriation is to increase the value of international visitors to New Zealand.

How Performance will be Assessed and End of Year Reporting Requirements

	2013/14		2014/15
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Assessment of Performance			
International Growth package: Deliver marketing activity in at least 3 emerging markets or regions - India, Indonesia, Latin America (Brazil, Chile, Mexico and Argentina).	Updated measure	Updated measure	Deliver marketing activity in at least 3 emerging markets or regions - India, Indonesia, Latin America (Brazil, Chile, Mexico and Argentina)
International Growth Package: Undertake activity to bring international business events to New Zealand.	Deliver activity to support conference and incentive travel to NZ from at least 4 markets (Australia, US, China, South East Asia)	Deliver activity to support conference and incentive travel to NZ from at least 4 markets (Australia, US, China, South East Asia)	Deliver marketing activity to promote conference and incentive travel to NZ from at least 4 markets (Australia, US, China, South East Asia)
International Growth Package: Increase the yield from visitors to New Zealand.	Measures will be included in Tourism New Zealand's Statement of Service Performance in the 2013/2016 Statement of Intent	Measures will be included in Tourism New Zealand's Statement of Service Performance in the 2013/2016 Statement of Intent	Deliver marketing activity to support special interest travel in core and emerging markets
International Growth Package: Grow the value of premium travel segment to New Zealand.	New measure	New measure	Deliver marketing activity to promote (high net worth) travel to NZ from at least 4 markets (Australia, US, Japan and Europe)

Assessment of Performance	2013/14		2014/15
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Campaign: Develop and run brand advertising and partnership campaigns in target markets.	100% Pure New Zealand will be implemented in at least 6 major markets	100% Pure New Zealand will be implemented in at least 6 major markets	Deliver 100% Pure New Zealand Brand and Partnership campaigns in at least 6 core markets and at least 3 emerging markets
International PR Activities: Run an international media programme and report on the results of that programme.	Media targets will be included in Tourism New Zealand's Statement of Service Performance in the 2013/2016 Statement of Intent	Media targets will be included in Tourism New Zealand's Statement of Service Performance in the 2013/2016 Statement of Intent	Deliver media/PR activity in at least 6 core markets and at least 3 emerging markets
Information for Visitors Websites: Maintain and update Tourism New Zealand's consumer website.	Consumer website output measures will be included in Tourism New Zealand's Statement of Service Performance in the 2013/2016 Statement of Intent	Consumer website output measures will be included in Tourism New Zealand's Statement of Service Performance in the 2013/2016 Statement of Intent	Maintain and update at least 20 editions of Tourism New Zealand's consumer website (newzealand.com)
Information for visitors: Support i-Site New Zealand to ensure quality of i-Sites to provide assurance that visitors receive quality and relevant information.	Updated measure	Updated measure	The i-Site network is supported with strategy development, marketing and training and all centres are regularly assessed to ensure they meet the networks memberships requirements and standards
Quality Assurance: Support Qualmark Ltd to provide quality accreditation ratings.	Updated measure	Updated measure	100% of Qualmark licence holders are regularly assessed to ensure they meet the required Qualmark standards and criteria for their category
Working with travel trade, business events and aviation sectors: Travel trade training - provide familiarisation experiences to overseas travel sellers to enhance their ability to sell destination New Zealand.	Measures will be included in Tourism New Zealand's Statement of Service Performance in the 2013 Intent	Measures will be included in Tourism New Zealand's Statement of Service Performance in the 2013/2016 Statement of Intent	Undertake education (training, famils), business development and partnership programmes with travel trade in at least 6 core markets and at least 3 emerging markets
Informing and Engaging with New Zealand Tourism Industry: Publications, Websites, Webinars and Workshops.	Measures will be included in Tourism New Zealand's Statement of Service Performance in the 2013/2016 Statement of Intent	Measures will be included in Tourism New Zealand's Statement of Service Performance in the 2013/2016 Statement of Intent	Drive alignment of public/private activity by engaging with industry through at least 4 corporate channels including: 1) Websites (China toolkit, corporate, business events, and trade); 2) e-newsletters; 3) Industry updates; 4) webinars

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Tourism New Zealand in its annual report.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2013/14 Budgeted \$000	2014/15 Budget \$000	2015/16 Estimated \$000	2016/17 Estimated \$000	2017/18 Estimated \$000
International Growth Package	2013/14	29,500	29,500	32,000	32,000	32,000
Three-Year Marketing Strategy	2011/12	15,000	15,000	15,000	15,000	15,000
Contribution to the establishment of the Productivity Commission	2010/11	(151)	(151)	(151)	(151)	(151)

Tourism Growth Partnership (M69)

Scope of Appropriation

This appropriation is limited to the support of partnerships with industry that address strategic issues in the tourism sector.

Expenses

	2013/14		2014/15
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	6,293	6,293	7,990

What is Intended to be Achieved with this Appropriation

This appropriation is to help drive some of the strategic changes required to overcome constraints to growth and lift the value that international tourism delivers to New Zealand. This contributes to productive and successful people, communities and regions; and improved international flows of people, ideas, investment and trade.

How Performance will be Assessed and End of Year Reporting Requirements

	2013/14		2014/15
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Assessment of Performance			
Provide advice to Minister on content of Portfolio Statement to guide investment.	Updated measure	Updated measure	Achieved
Undertake minimum of one funding round each year.	Updated measure	Updated measure	Achieved
Percentage of contracts assessed to achieve their objectives and critical steps.	New measure	New measure	100%

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Ministry of Business, Innovation and Employment in its annual report.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2013/14 Budgeted \$000	2014/15 Budget \$000	2015/16 Estimated \$000	2016/17 Estimated \$000	2017/18 Estimated \$000
Tourism Growth Partnership Initiative	2013/14	(222)	(222)	(222)	(222)	(222)
International Growth Package	2013/14	7,000	7,000	7,000	7,000	7,000

Reasons for Change in Appropriation

The increase in this appropriation for 2014/15 is mainly due to a \$2.403 million expense transfer from 2013/14 to 2015/16 to reflect the additional time required to assess proposals for the grant funds established in 2013/14. This is partially offset by an expense transfer from 2012/13 to 2013/14 for \$716,000 to reflect timing in specific work on implementing recommendations arising from the China Market Review.

3.4 - Non-Departmental Other Expenses

Maintaining the Quality of the Great Rides (M69)

Scope of Appropriation

This appropriation is limited to the provision of financial assistance to maintain the quality of the Great Rides of Ngā Haerenga, the New Zealand Cycle Trail.

Expenses

	2013/14		2014/15
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	-	-	2,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to maintain the quality of the 23 Great Rides throughout New Zealand and contribute to productive and successful people, communities, and regions.

How Performance will be Assessed and End of Year Reporting Requirements

Assessment of Performance	2013/14		2014/15
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Application round undertaken during the year based on agreed guidelines and selection criteria.	New measure	New measure	Achieved
Contracted Great Rides met the milestones and objectives outlined in the funding agreements.	New measure	New measure	Achieved

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Ministry of Business, Innovation and Employment in its annual report.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2013/14 Budgeted \$000	2014/15 Budget \$000	2015/16 Estimated \$000	2016/17 Estimated \$000	2017/18 Estimated \$000
Ngā Haerenga - the New Zealand Cycle Trail	2014/15	-	2,000	2,000	2,000	2,000

Reasons for Change in Appropriation

This appropriation was established during the 2013/14 year with funding commencing in 2014/15. This is a contestable fund over four years for the purpose of maintaining and enhancing the "Great Rides" of Ngā Haerenga, the New Zealand Cycle Trail.

New Zealand Cycle Trail Incorporated Seed Funding (M69)

Scope of Appropriation

This appropriation is limited to the provision of operational funding to the New Zealand Cycle Trail Incorporated.

Expenses

	2013/14		2014/15
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	185	185	349

What is Intended to be Achieved with this Appropriation

This appropriation is intended to provide operational funding for the New Zealand Cycle Trail Incorporated society to promote the long term sustainability and success of the Ngā Haerenga, the New Zealand Cycle Trail. This contributes to productive and successful people, communities, and regions.

How Performance will be Assessed and End of Year Reporting Requirements

Assessment of Performance	2013/14		2014/15
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Delivering the business plan and objectives as outlined in the funding agreement.	New measure	New measure	Achieved

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Ministry of Business, Innovation and Employment in its annual report.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2013/14 Budgeted \$000	2014/15 Budget \$000	2015/16 Estimated \$000	2016/17 Estimated \$000	2017/18 Estimated \$000
Approval to Establish and Provide Short-term Funding	2013/14	185	349	185	-	-

Reasons for Change in Appropriation

This appropriation was established during the 2013/14 financial year to establish and provide short-term funding to meet the operational costs of New Zealand Cycle Trail Incorporated and the increase reflects the policy initiative.