

TOURISM and LANDSCAPE PROTECTION



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First published April 2020

Published by:

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www.environmentguide.org.nz

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Design: Neale Wills, Wilsy Design & Production Ltd

Photographic images: Raewyn Peart

Cover image: Lake Ōhau

Copies can be downloaded from www.eds.org.nz

ACKNOWLEDGEMENTS

We would like to acknowledge the support of the Ministry of Business, Innovation and Employment and the Tourism Industry New Zealand Trust in funding this case study. We would also like to thank all those who generously agreed to be interviewed for this study and the peer reviewers for their invaluable contributions. This case study will form part of a report being supported by the Department of Conservation and Land Information New Zealand.

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ACRONYMS

DOC	Department of Conservation
EDS	Environmental Defence Society
MBIE	Ministry of Business, Innovation and Employment
NZTA	New Zealand Transport Authority
RMA	Resource Management Act 1991
RTO	Regional Tourism Organisation
TIA	Tourism Industry Aotearoa

EXECUTIVE SUMMARY

Introduction

Aotearoa New Zealand's distinctive natural landscapes are an integral component of our individual and national well-being. But despite their importance, we are still seeing poor landscape outcomes. In order to address this matter, the Environmental Defence Society (EDS) has initiated a project to investigate how existing legislative and policy tools could be more effectively deployed to protect important natural landscapes, as well as how a new 'protected landscapes' model could be adopted to achieve better landscape protection in New Zealand.

The project includes a number of case studies. This case study is focused on investigating potential linkages

between tourism and landscape protection, including identifying opportunities to develop positive synergies between them. An overall synthesis report for the project will be released later in 2020.

Most of the research for this case study was completed prior to the Covid-19 outbreak in March 2020 which has had catastrophic consequences for the tourism industry, at least in the short term. Our recommendations do their best to factor in the Covid-19 impacts, but this is a rapidly developing situation, and we recommend further work is undertaken once the situation and opportunities become clearer.



PART ONE: INDUSTRY OVERVIEW

History of tourism in New Zealand

New Zealand tourism has its roots in the traditional Māori practice of manaakitanga or hosting guests which was extended to manuhiri (visitors) including early European explorers. Well-to-do British, Australian and American travellers started visiting New Zealand in ocean-going steamships during the 1870s. This prompted the government to become involved in the tourism industry with the Department of Tourist and Health Resorts established in 1901.

It took many decades for the international tourism industry to develop due to New Zealand's long distance from major markets, the high cost of travel, and a lack of interest and investment by the private sector. Government bought out many failing companies so became a major tourism operator in its own right. There was a turnaround in the industry during the 1960s supported by the advent of passenger jets. Wide-bodied jets brought in greater numbers of visitors during the 1980s. As the industry became more profitable, government exited from commercial involvement in the sector.

The Tourist Department was disbanded in 1990, leaving in place a smaller policy unit. The New Zealand Tourist Board was established to market New Zealand overseas. The highly successful brand '100% Pure New Zealand' was developed during the early 2000s. The Department of Conservation (DOC) was established in 1987 and given the task of managing visitor activities on public conservation land and waters, along with a wide range of other regulatory responsibilities under the Conservation Act 1987.

Current New Zealand tourism industry

Until the impact of Covid-19, tourism was New Zealand's biggest export earner, contributing 20.4 per cent of the country's foreign exchange earnings. International tourists spent \$17.2 billion and domestic tourists \$23.7 billion over the past year. There were over 3.9 million visitor arrivals in New Zealand that year, with the greatest number from Australia (40%), followed by China (10%) and the USA (9%).

The tourist industry consists of a large number of small businesses, as well as some medium-sized and a few large entities. Prior to Covid-19, over 229,000 people were directly employed in the tourism industry, comprising 8.4 per cent of national employment. Another 164,000 were indirectly employed meaning that more than 1 out of 7 jobs in the country have been supported by tourism. The past two decades has seen a significant increase in Māori investment in tourism, particularly following Treaty settlements, with possibly around 1200 Māori tourism enterprises involved in the sector.

Institutional arrangements

Tourism support institutions include, at a national level, the Tourism Policy Unit in the Ministry of Business, Innovation and Employment (MBIE), Tourism New



Zealand, New Zealand Māori Tourism, DOC and Tourism Industry Aotearoa (TIA). Regional Tourism Organisations (RTOs) operate variously at regional and local levels around the country.

At the central government level, MBIE's tourism unit provides policy advice and commissions around \$4.8 million of tourism-related data each year. There are several notable gaps in the information gathered, particularly concerning domestic tourists and the value of landscape to tourism. Tourism New Zealand is a Crown Entity established under the New Zealand Tourism Board Act 1991 with the sole purpose of marketing New Zealand overseas, which it has done very successfully. New Zealand Māori Tourism supports the large network of Māori tourism businesses. DOC is heavily involved in the tourism industry with public conservation land and waters providing a major contribution to the tourism offering in New Zealand. As visitor numbers burgeoned in recent years, there has been a noticeable lack of proactive planning on how to manage such growth at a central government level.

TIA is an industry body representing around 1650 businesses and organisations in the tourism sector, which comprise some 85 per cent of total industry turnover. TIA is a membership-funded body (unlike primary sector industry bodies which are funded through statutory levies), and this has severely limited its budget. Its small team focuses on advocacy, communication and strategy.

There are 31 RTOs located around the country of greatly varying structures and sizes. They have mainly focused on destination marketing rather than management. There is a general lack of economies of scale and connection between the work of the RTOs and other council functions such as infrastructure provision and environmental protection.

The fragmented nature of the tourism industry and its institutional arrangements has been a barrier to involvement in broader landscape issues. This fragmentation will need to be addressed promptly in order to develop a coherent response to the Covid-19 downturn.

PART TWO: LANDSCAPE CHALLENGES

Social impacts

Tourism can impact small communities by swamping them with people, overloading local infrastructure, increasing property prices out of the reach of locals and reducing the availability of housing through conversion of homes to AirBnBs and the like. On the other hand, tourism can benefit such communities through providing much needed jobs and income.

A stronger focus on 'place' and the aspirations of the community at a local level when planning for tourism could help ensure that landscape values of importance to local communities are better protected. However, this may require linking such tourism plans to statutory processes, such as plans under the Resource Management Act 1991 (RMA), to give them 'teeth'.

Infrastructure impacts

New Zealand's rapidly increasing visitor numbers have outstripped available infrastructure in many areas. As well as detracting from the visitor experience, a lack of adequate tourism infrastructure can result in

environmental degradation through problems such as overflowing sewerage systems and waste left along tracks and in informal campsites.

There have been various government funds established over the years designed to provide assistance to councils in funding infrastructure improvements. However, such initiatives appear ad hoc and reactive, seeking to address serious problems after they have developed. More permanent funding arrangements, accompanied by better planning, might help to avert such crises before they occur.

Environmental impacts

Tourism can have significant impacts on the environment due to the large numbers of people travelling, engaging in outdoor activities, and being accommodated and provisioned. A degraded environment can also significantly impact the tourism industry although there is little quantification of this effect.

The downturn in tourism due to the pandemic should provide some short to medium term relief for the environment. It also provides the opportunity to rebuild a more resilient and environmentally-atuned tourism sector which is able to grow in the future without causing the damaging environmental impacts recently experienced.



Church of Good Shepherd, Tekapō

PART THREE: LANDSCAPE OPPORTUNITIES

Destination management

Destination management has traditionally been understood as the coordinated management of the visitor experience in a specific place including; marketing the area, managing its values and attractions (including people), and providing suitable visitor access and infrastructure. The aim is to ensure a quality visitor experience and therefore likely repeat visitation. The concept is rapidly evolving and broadening out from purely considering the tourist experience to include the local community and environment. It can include aims such as ensuring tourism is community led, enriches the environment and is financially sustainable.

Historically, there has been a strong emphasis in New Zealand on marketing to bring tourists into the country rather than on managing the places that tourists visit. Management of destinations at a regional and local level, if it happens at all, is particularly fragmented with the role undertaken by a variety of entities including territorial authorities, RTOs, economic development agencies and macro-regional marketing alliances.

Destination management planning provides an excellent opportunity to identify landscape values of importance to mana whenua, visitors and local communities. Landscape protection measures could be incorporated into statutory planning by linking them with policies and plans under the

RMA and conservation management strategies and plans under the Conservation Act.

Concessions on the conservation estate

Most commercial activities within conservation land and water require a concession, which are granted under the Conservation Act. Last year there were around 1100 tourism-related concessions managed by DOC and the government generated over \$27 million from conservation concessions, leases and licences.

The recent *Ngāi Tai Ki Tāmaki* Supreme Court decision, interpreting the application of Te Tiriti o Waitangi provisions to the grant of concessions, is likely to support greater involvement by iwi and hapū in tourism activities in the conservation estate. However, it has created some uncertainty for the broader tourism industry with expiring concessions currently being rolled over for short terms and reviews of park plans being put on hold.

A recent review of Tourism New Zealand and our interviewees from the tourism industry were critical of the current system. Some suggested DOC should be more entrepreneurial and facilitate more tourism activity if it is well managed and can contribute significant funds to conservation activities. Interviewees also noted that the concessionaire relationship with DOC was largely transactional and based on financial matters rather than exploring opportunities for mutual conservation and business gain. Mechanisms for managing the allocation of limited concession opportunities were also seen as fraught.



These comments from the industry reflect the inherent tension between the aspirations of the tourism industry and DOC's statutory role, which is to manage conservation land and water in the broader public interest. The challenge is to design a system that both supports tourism, which is an important industry for local communities and the nation, and generates positive outcomes for biodiversity and landscapes within the broader conservation management system.

Tourism levies and charges

A range of tourism charges have been developed over recent years, including the accommodation provider targeted rate in Auckland and the International Visitor Conservation and Tourism Levy which came into force in July 2019. The latter was particularly promising as it generated considerable funds (estimated to be \$450 million over 5 years) for both conservation as well as tourism provision. It therefore provided a very tangible mechanism for tourism to support biodiversity and landscape protection. But with the current closure of the borders, and likely paucity of international visitors over the next few years, the funds raised through this mechanism are likely to be negligible over the short to medium term.

'Impact' tourism

'Impact' tourism, is tourism which provides both economic and environmental benefits to the locality within which it takes place. Many New Zealand tourism operators are already seeking to directly contribute to biodiversity protection through funding or involving tourists directly in actions such as replanting indigenous vegetation and

predator control. The challenge is how to scale this activity up to a landscape level, and in the post-Covid-19 context, this will initially need to be on the back of domestic tourism.

'Slow' tourism

Experiences such as cycle trails and wine trails help to slow down tourist travel and they facilitate engagement with mana whenua, the local community and businesses such as on-farm accommodation and local cafes. A focus on promoting 'slow' tourism, including developing experiences where tourists have a deeper engagement with New Zealand's landscapes, Māori cultural associations with them and local communities which derive a livelihood from them, could help draw a closer linkage between tourism and landscape protection.

Impacts of Covid-19

At the time of writing, New Zealand is in level-3 lockdown with the borders closed to all visitors except returning New Zealanders. The tourism industry in New Zealand has ground to a halt. This is a fast-changing situation. The border seems likely to remain closed to international travellers until after a vaccine for Covid-19 is available in 12 to 18 months' time. However international tourism may take much longer to recover, possibly up to five years or more, due to a likely global recession and fewer planes flying internationally. As a result, any short-term revival of the tourism industry will need to be based on the domestic market. Overall, Covid-19 will have a devastating effect on New Zealand's tourism industry, but it also provides the opportunity for a reset in the way the industry operates.



PART FOUR: RECOMMENDATIONS

Harnessing opportunities

Covid-19 has changed everything for the tourism industry. New Zealand's economy will never be the same. Businesses will need to be more resilient. To flourish in the long-term, and minimise future shocks, they will need to be environmentally and climate friendly. Government is also likely to have much more involvement in the economy. A massive infrastructure renewal programme is in prospect to put jobless people into work, the ambit of which could also include conservation projects. Government is developing a plan to restart the tourism industry which will focus on promoting domestic tourism. It is possible that Government will become a co-investor in key sectors of the tourism industry as has happened in the past.

Change creates risk but also opportunity. A 'restarted' tourism industry could have a different focus, an emphasis on value over volume, and stronger links with the landscape, nature, Māori culture and local communities in a meaningful way. The relationship between the industry and the public conservation estate could be reorientated towards a deeper 'friendship' with mutual obligations as well as benefits. The industry could become more diverse to help build in resilience and we could start to develop positive synergies between tourism and the landscapes and communities that support it. Our specific recommendations on how a stronger link could be built between the tourism industry and landscape protection are as follows:

1. *Strengthen institutions through:*
 - Boosting tourism capacity within MBIE or establishing a separate Ministry for Tourism
 - Increasing the resources of New Zealand Māori Tourism
 - Developing a future sustainable funding model for TIA
 - Bringing together and better supporting RTOs either through rationalisation or building strategic alliances
2. *Mainstream destination planning through:*
 - Adopting a broad scope for destination planning including managing the impacts of tourism on local communities and the environment
 - Resourcing and incentivising the preparation of destination management plans

- Linking such plans with regional and district plans under the RMA
 - Linking such plans with conservation management strategies and plans under the Conservation Act
3. *Create sustainable funding models for infrastructure through:*
 - Putting in place a fairer and more sustainable funding model before any future tourism boom
 - Ensuring any funding is linked to close scrutiny to ensure infrastructure is well designed and carefully located to minimise landscape and other environmental impacts
 4. *Review Conservation Act concession system through:*
 - Undertaking a first principles review to ensure that the system works well for conservation, recreation, Maori, and for tourism
 5. *Focus government assistance on rebuilding a more resilient tourism sector through:*
 - Building value rather than volume
 - Reducing greenhouse gas emissions
 - Supporting 'slow' tourism to provide more authentic ways for tourists to engage with landscapes, and mana whenua and communities that live and work within them
 - Fully offsetting international visitor air miles through a programme of replanting indigenous vegetation

Conclusions

New Zealand's distinctive natural landscapes are an integral part of our national identity and they are at the heart of the tourism industry. Tourism can have negative impacts on natural landscapes and the environment more generally. But there is also considerable opportunity for tourism to be a positive contributor to conservation and landscape protection. This report has identified a range of areas where this could be progressed. The industry is already moving in this direction but would benefit from improved institutions, data and support to help achieve it. The Covid-19 pandemic provides an opportunity to rebuild a tourism industry that is more resilient, has a lighter environmental footprint, and provides authentic experiences that more fully engage with New Zealand's extraordinary landscapes.

1. INTRODUCTION

Aotearoa New Zealand's distinctive natural landscapes are an integral component of our individual and national well-being. For Māori, they provide a deep cultural connection with the past and future through whakapapa. Landscapes provide physical and spiritual respite, historical links and havens for biodiversity. They are a source for creative endeavour, a key component of the New Zealand brand, and have been a major drawcard to date for burgeoning international tourist numbers.

Despite the importance of landscapes to New Zealand, we are still seeing poor landscape outcomes. In order to address this matter, the Environmental Defence Society (EDS) has initiated a project to investigate how existing legislative and policy tools could be more effectively deployed to protect important natural landscapes, as well as how a new 'protected landscapes' model could be adopted to achieve better landscape protection in New Zealand.

The project involves case studies of landscape protection in Te Manahuna – Mackenzie Basin, Banks Peninsula, Waitakere Ranges and the Hauraki Gulf Islands. It also includes an investigation of potential linkages between tourism and landscape protection which is the subject

of this case study. All the case studies will be integrated into an overall synthesis report, which will also contain a broader exploration of the concept of landscape in the New Zealand context, to be released later in 2020.

The research for this case study was completed prior to the Covid-19 outbreak in March 2020. This has had catastrophic consequences for the tourism industry in New Zealand, at least in the short term. This case study reports on what we found in the context of a flourishing tourism industry prior to the pandemic.

We have included a brief section that provides some initial thoughts on what the implications of Covid-19 may be for the tourism industry. However, it is still early days for what is a very fast developing situation and it remains unclear to what extent travel around New Zealand will be possible in the near term and when New Zealand's borders will open to international visitors. Our recommendations do their best in this context to factor in the Covid-19 impacts and look to identify opportunities for strengthening the link between tourism and landscape protection during the post-Covid-19 economic reconstruction process. But we would recommend further work is undertaken in this area once the situation and opportunities becomes clearer.



Mackenzie Basin

2. TOURISM AND LANDSCAPE PROTECTION

“If we look at NZ tourism and its relationship with our landscape, the two are linked in a way few other countries can claim. Our attractions, almost without exception, are our landscapes.”

“People come to New Zealand mainly because of our natural landscapes. Many visitors want and expect to see us taking good care of those landscapes and a subset care about the protection of our unique biodiversity.”²

In the current New Zealand context, tourism and landscape are inextricably linked. The tourism industry benefits from outstanding natural landscapes and a healthy natural environment which can be a major draw for tourists. But at the same time tourism can negatively impact on these attractions. This occurs, for example, when tourist infrastructure and accommodation is built on visually prominent sites such as lakesides, sensitive sites are trampled and tourists leave waste behind. Well-managed tourism can, in turn, benefit landscapes and biodiversity values through improving understanding

of natural heritage values, gaining public support for its protection and contributing to the resources needed to achieve it. The challenge New Zealand faces is to develop positive synergies between tourism and landscape protection so that they strengthen each other.³ Identifying opportunities to achieve this is the focus of this case study.

The case study is, first, based on a review of the available literature. Overall, we found that there is a paucity of written material on the linkage between tourism and landscape protection. The small amount of available material was supplemented by interviews with 22 key informants and a small group meeting of tourism-related people in Wanaka. The interviews were undertaken on a confidential basis to encourage frankness. We have included some quotes from these interviews to provide ‘colour’ to the analysis below, however, we have not identified the source in order to maintain the confidentiality of the respondent. Some quotes are from published sources and where this is the case, we have footnoted the reference.

The report is structured into three main parts. Part One provides an overview of the tourism industry, Part Two explores current tourism challenges of relevance to landscape protection, and Part Three explores opportunities to draw a closer link between tourism and landscape protection. The report concludes with a set of recommendations as to how these opportunities could be further explored and developed.



PART ONE: INDUSTRY OVERVIEW



Lake Tekapo

3. HISTORY OF TOURISM IN NEW ZEALAND

New Zealand tourism has its roots in the traditional Māori practice of manaakitanga, or hosting guests, which was extended to manuhiri (visitors) including early European explorers. "Manaakitanga is a reciprocal practice that demonstrates peoples' mana (prestige and authority) and capacity to look after and enhance the mana of others. During pōwhiri (welcome ceremonies), tangata whenua display manaakitanga by putting on a hākari (feast) for their manuhiri and providing hospitality such as accommodation."⁴

Just three decades after the signing of Te Tiriti o Waitangi in 1840, well-to-do British, Australian and American travellers started visiting New Zealand in ocean-going steamships. They were coming to view the country's spectacular mountains, forests, lakes and geysers as well as to experience the unique Māori culture. Popular areas included Milford Sound, the Whanganui River and Rotorua which at the time featured the spectacular Pink and White Terraces (later destroyed in the 1886 Mount Tarawera eruption). These early tourists were hosted and guided by both Māori and Pākehā.⁵

The arrival of these visitors prompted the government to become involved in the tourism industry in order to foster its growth. Initial attention was focused on Rotorua, which was seen as having potential as a spa town due to its thermal activity. Instead of partnering with Māori to develop the industry, the government set about taking sole control of the thermal area. Facilitated by the passage of the Thermal-Springs Districts Act 1881, government obtained title to around 2000 hectares of Māori land on the shores of Lake Rotorua; land which included all of the best hot springs.⁶

As the tourism industry developed, Māori culture was treated as something to be "packaged and marketed as an exotic 'other'".⁷ Daily Māori life in Whakarewarewa village was exploited as an attraction for tourists, a model pā was established in Rotorua during the 1900s, and portraits of traditional Māori life and attractive Māori women were commonly used for tourist postcards.⁸

New Zealand's first national tourism office was established in 1901 in the form of the Department of



Tourist and Health Resorts. It is thought to be the first government tourism department in the world. The Department undertook a wide range of tourism activities including acting as a travel wholesaler, retail travel agent and coach tour operator, and providing a visitor information office. This early involvement of government in the industry led to tourism income being diverted away from Māori who were also excluded from areas later developed as tourist attractions including national parks.⁹

The earliest data on tourist numbers is for 1903 when 5233 international visitors were recorded. It took many decades for the international tourism industry to develop due to New Zealand's long distance from major markets, the high cost of travel and a lack of interest and investment by the private sector. Where there was investment, it often proved to be unprofitable. This led to the government buy out of many failing companies including the Hermitage Hotel at Mount Cook, the Chateau in Tongariro National Park and steamers on Lake Wakatipu. The Tourist Hotel Corporation was established in 1955 to expand the network of government-owned hotels.¹⁰

There was a turnaround in the industry during the 1960s, supported by the advent of passenger jets, when tourist numbers started to rapidly grow. Legislation established the Māori Arts and Crafts Institute in 1963 to help preserve traditional carving skills and produce high quality souvenirs for international tourists. The Auckland International Airport at Mangere was officially opened in 1966. To address an accommodation shortage for visitors, the government provided financial assistance to the private sector for the construction of more hotels, followed by support for the establishment of tourist activities such as the Agrodome in Rotorua.¹¹

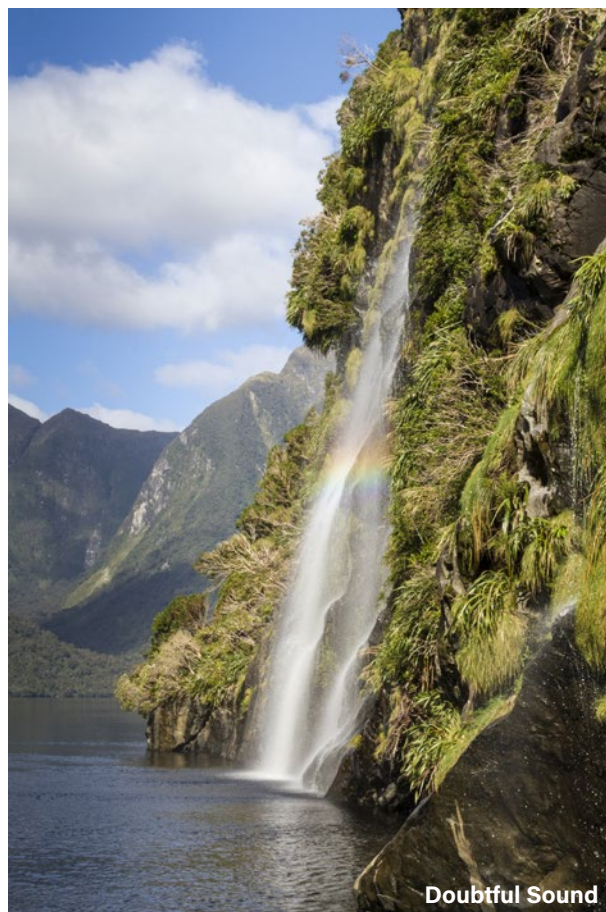
Wide-bodied jets brought in greater numbers of visitors during the 1980s. By 1985 annual international tourism numbers had reached half a million. The industry became more profitable and the government exited from active involvement in the sector, selling its hotels. Adventure tourism became established with bungy jumping from the Kawerau River bridge in Queenstown commencing in 1988.¹²

There has been a long history of nature-based tourism in New Zealand and it has a strong association with the country's growing environmental movement. One example is Les and Olive Hutchings who started offering tours on Lake Manapouri and into Doubtful Sound during the 1950s. The couple were involved in the successful Save the Manapouri campaign between 1969 and 1972 which stopped the raising of Lake Manapouri for power generation and ignited the environmental awareness of many New Zealanders. The growth of marine mammal-based tourism was led by Whale Watch Kaikōura which began operating in 1987.

The Department of Conservation (DOC) was established in 1987, with staff members drawn from the former New Zealand Forest Service, Department of Lands and Survey and the Department of Internal Affairs (including the Wildlife Service and Archaeology Section of the New

Zealand Historic Places Trust).¹³ Under the Conservation Act 1987, which established the department, its functions included; managing public conservation land, advocating for the conservation of natural and historic resources and fostering "the use of natural and historic resources for recreation, and to allow for their use for tourism" to the extent this was not inconsistent with its conservation.¹⁴ Therefore, DOC has always operated at the often difficult intersection between conservation and tourism. The Department has done much to support the tourism industry, including developing a network of 'Great Walks' in 1993, and forming a partnership with Air New Zealand in 2012 to market them to travellers. As part of this initiative Air New Zealand agreed to financially support DOC's conservation initiatives.¹⁵

The privatisation of the tourism sector led to the government disbanding the Tourist Department in 1990, leaving in place a smaller policy unit (the Ministry of Tourism, later merged into the Ministry of Business, Innovation and Employment (MBIE)). Government funnelled most of its public tourism funding into the New Zealand Tourist Board (later renamed Tourism New Zealand) in order to market the country overseas. The brand '100% Pure New Zealand' was developed during the early 2000s, designed to align with images of New Zealand's spectacular landscapes. The first of the *Lord of the Rings* movie trilogy was released in 2001, and this profiled a backdrop of stunning New Zealand landscapes, helping to further increase the country's appeal. By 2008, the combined annual spending of international and domestic tourists had reached \$20 billion.¹⁶



4. CURRENT NEW ZEALAND TOURISM INDUSTRY

4.1 Industry profile

Until the impact of Covid-19, tourism was New Zealand's biggest export earner, contributing 20.4 per cent of the country's foreign exchange earnings in the year ended March 2019. Interestingly, 2019 survey data indicated that only 12 per cent of New Zealanders were aware of tourism's status as the country's number one export industry.¹⁷ International tourists spent \$17.2 billion and domestic tourists \$23.7 billion during that year.¹⁸ This included \$3.8 billion in GST, with \$1.8 billion of this collected from international visitors.¹⁹ This payment of GST means that tourism is treated differently to other export sectors in New Zealand which can sell their goods and services to overseas customers without any GST being charged.²⁰

There were over 3.9 million visitor arrivals in New Zealand for the year ended December 2019. The greatest number were from Australia (40%), followed by China (10%) and the USA (9%). In terms of regional tourism spend, Auckland was by far the largest recipient (28% of the total), followed by Canterbury and Otago with 14 per cent each. Such arrivals included cruise ship passengers, which totalled 222,000 in the year ended June 2017, with half of these being from Australia.²¹ It should be noted that just under 2 million of the 2019 international visitors (50%) were holidaymakers, 27 per cent were visiting friends and relatives, 11 per cent were here on business or for conferences and 2 per cent to study.²²

There was a 35 per cent growth in visitor arrivals from 2014-2018, but only a 0.7 per cent growth in 2019.²³ Forecasts from early 2019 put the number of visitors arriving into New Zealand in 2025 at 5.1 million based on a 4 per cent increase each year.²⁴ However, these forecasts were undertaken prior to the slowdown in arrivals in 2019 and prior to Covid-19. The impact of the pandemic is likely to significantly reduce international travel into the future.

It is difficult to obtain information on the characteristics of businesses operating within the tourism industry itself, as such data is not collected by Statistics New Zealand. This seems initially surprising, given the economic importance of the sector to the country, but reflects the considerable difficulty in identifying what exactly a tourism business is. Supermarkets and fuel stations in popular tourism towns such as Queenstown, Wanaka and Twizel derive much of their income from tourists but would not normally be considered tourism businesses. The more directly tourist-related industry consists of a large number of small businesses as well as some medium-sized and a few large entities. Travel agents still play a large role in the sector, with around 70 per cent of Chinese and American and 50 per cent of Australian visitors using travel agents to book their holidays in New Zealand.²⁵ We were told by interviewees that there has been some aggregation of the sector during recent years.

Prior to Covid-19, over 229,000 people were directly employed in the tourism industry, comprising 8.4 per cent of national employment.²⁶ Another 164,000 were indirectly employed, meaning that more than 1 out of 7 jobs in the country have been supported by tourism.²⁷

The past two decades has also seen a significant increase in Māori investment in tourism, particularly following Treaty settlements, with possibly around 1200 Māori tourism enterprises currently operating.²⁸ Tourism offers iwi an opportunity to diversify investment away from the primary sector and to create job opportunities for young Māori. Many businesses now interweave Māori cultural elements throughout their operations, rather than only directly showcasing Māori culture through cultural performances and the like.

There has also been a move towards iwi co-investment with other partners with, for example, Ngāti Tuwharetoa



recently co-investing in the \$25 million Sky Waka Gondola on Mount Ruapehu. Ngāi Tahu Tourism is now one of the largest tourism operators in New Zealand with investments in a broad range of activities including the Agrodome, Rainbow Springs and Huka falls jet in the North Island, and Tekapo's Earth and Sky, glacier trips, walks, snowmobiles, jet boats and helicopter flights in the South Island.²⁹ Iwi have also formed partnerships with DOC for conservation initiatives including predator control projects in Te Manahuna Aoraki and Taranaki Mouna.

Overall, the tourism industry has been a significant contributor to New Zealand's foreign exchange, jobs and incomes. It has provided diversified investment opportunities for Māori and fuelled regional economies. It is an important industry for the country.

4.2 Institutional arrangements

Institutional arrangements for tourism are of relevance to this case study as they provide a structure through which positive initiatives within the industry might be incentivised and supported. They include, at a central level, the Tourism Policy Unit in MBIE, Tourism New Zealand, New Zealand Māori Tourism, DOC and Tourism Industry Aotearoa (TIA). Regional Tourism Organisations (RTOs) operate variously at regional and local levels around the country.

The small Tourism Policy Unit within MBIE provides policy advice to the Minister of Tourism, works on key tourism policy issues and undertakes monitoring of the operations of Tourism New Zealand. Staffing numbers have recently been increased to 50 from only around 15 staff dedicated to tourism matters within MBIE two years ago.³⁰ The Unit oversaw, in partnership with DOC, the development of the government's 2019 Tourism Strategy which identified five outcomes for the industry focused on; the economy, the environment, the visitor experience, New Zealanders and their communities, and regions.³¹ Although New Zealand's natural landscapes are well recognised as the main draw for international tourists, and feature strongly as part of the 100% Pure marketing campaigns run by Tourism New Zealand, the word 'landscape' does not receive a specific mention in the Strategy, nor the need to protect landscapes to strengthen the tourism sector long term (although such matters could be implied in the more general discussion about restoring and protecting the natural environment).

The Tourism Policy Unit also commissions research and the collection of tourism statistics. It currently commissions around \$4.8 million worth of data each year, including the International Visitor Survey, regional tourism estimates based on monthly credit card and eftpos data, a tourism satellite account prepared by Statistics New Zealand, and forecasts of international tourist numbers and expenditure.³²

There are many notable gaps in the information currently gathered. For example, there is no domestic visitor survey, despite domestic tourism being a larger sector than international. A Domestic Travel Survey was

undertaken from 1999 but was discontinued in 2012 due to concerns about high cost and low data quality.³³ The Accommodation Survey, which was undertaken by Statistics New Zealand under commission from MBIE for many years, was discontinued in October 2019 on the basis that "Stats NZ is under significant cost pressures and is no longer able to run them based on present funding."³⁴ The survey collected information on guest nights in hotels, motels, backpackers and holiday parks which was broken down by region. However it did not include a range of overnight accommodation options including Bookabach, AirBnb providers, bed and breakfast accommodation, cruise ships, tramping huts and freedom camping, so was unable to provide the full picture.³⁵ There is no survey of tourism providers. Overall, much remains unknown about tourists and the tourism industry in New Zealand.

There is also a paucity of information about the value of landscape to tourism. Some information on this topic can be gleaned from the International Visitor Survey data on visitor preferences and also records of the number of people visiting public conservation land, but there is little else. Such information would be valuable in informing choices about land use which may impact on landscape values of importance to the tourism industry.

"No-one does decent analysis into tourism."

"The previous government tended to chip away at budgets so things got smaller. The [tourism data] system is heavily degraded compared to what we had in the past."

The adequacy of current tourism data was questioned by several of our interviewees. In addition, the recent review of Tourism New Zealand identified the absence of systematic information on the preferences of domestic visitors as a notable gap.³⁶ This gap is likely to become more significant as the industry focuses on domestic tourists during a staged recovery or reconfiguration post-Covid-19. Such concerns led MBIE to convene a Tourism Data Hui in October 2019 to discuss the industry's future information needs. With the current changed circumstances, the data needs of the industry may now need to be reassessed.

Tourism New Zealand is a Crown Entity established under the New Zealand Tourism Board Act 1991. It has around 150 staff based in 13 offices around the world and a budget of \$111.5 million.³⁷ Its sole purpose is to market New Zealand overseas as a tourist destination and it has been highly successful in this role.³⁸ For the past 20 years, this marketing has focused on the 100% Pure New Zealand marketing campaign.

New Zealand Māori Tourism, which was established in 2005 and is primarily funded by Te Puni Kōkiri, supports a large network of Māori tourism businesses. It advocates

for Māori tourism within government and supports Māori tourism aspirations. This includes finding potential commercial partners for Māori tourism investments.

DOC is heavily involved in the tourism industry with the conservation estate providing a major contribution to the tourism offering in New Zealand. An analysis of trends for the year ending June 2017 identified that 53 per cent of international visitors recorded visits to national parks (totalling 1.7 million visitors) and the annual growth rate since 2014 had been 11 per cent. In addition, around 40 per cent of adult New Zealanders also visit national parks (totalling around 1.2 million people).³⁹ As well as managing visitors, DOC maintains or allows tourism infrastructure on public conservation land and waters. It also controls commercial tourism access to these areas through the conservation planning and concessions system which operates under the Conservation Act 1987. Visitor management is only a small part of what DOC does. The Department has a wide range of regulatory roles under the Conservation Act, Resource Management Act (RMA) and a raft of other legislation. It has long been acknowledged that DOC has been severely underfunded for the size of the task it has been given. Despite this, the Department has had many conservation successes and has managed to build up a network of recreational facilities on public conservation land which is “world class”.⁴⁰

Some interviewees identified an institutional gap for tourism planning which emerged when the earlier Tourist and Publicity Department was disestablished and government effort refocused primarily on international marketing through Tourism New Zealand. This gap has become more evident in recent times, with a noticeable lack of planning for how to cope with burgeoning visitor numbers, leading to overloaded infrastructure and visitor attractions in some areas. Other interviewees observed that tourism does not have the same institutional or political heft as the primary sectors. Government investment in policy advice between the sectors is instructive in this regard. MBIE invests around \$3 million in tourism policy advice each year which can be compared to around \$11 million being spent on fisheries policy advice

and \$25 million being spent on agricultural policy advice by the Ministry for Primary Industries (MPI) each year.⁴¹

We also received some comment on the need for central government to be better aligned on tourism matters, with there currently being poor alignment between MBIE, Tourism NZ, DOC and the New Zealand Transport Agency (NZTA) which provides much of the funding for transportation used by tourists along with others. Better alignment is now being achieved in some inter-agency initiatives such as the Milford Opportunities Project described below.

“Tourism is now the number one foreign exchange earner but there is a team of 50 in MBIE versus more than 3000 at MPI.”

“Roading to Tauranga is built for getting goods to port rather than for travelling tourists even though two Chinese visitors in a rental car equals a logging truck in economic value. So where are the passing lanes for cars and pull offs so they can take good photos?”

TIA is an industry body representing around 1650 businesses and organisations in the tourism sector, which comprise some 85 per cent of total industry turnover.⁴² There are also numerous other smaller sub-sector organisations such as the Bed and Breakfast Association, the Holiday Parks Association, the Tourism Export Council (for inbound tour operators) and the Mountain Guides Association.⁴³ TIA is a membership-funded body with membership fees totalling \$1.7 million in 2018/19. It also raises some funds from events, sponsorship, project funding and the like to bring the total up to around \$3.8 million.⁴⁴



Unlike primary sector bodies, which are commonly funded through statutory levies on commodities, there is no similar funding mechanism for the tourism industry. This means that funding of the industry body (TIA) is limited, and its activities mainly focus on advocacy, communication and strategy. In contrast, DairyNZ is funded through a statutory levy on milk solids, which totalled \$67.8 million in 2018/19, much of which is spent on research and development as well as advocacy. DairyNZ directly employs scientists who undertake applied research and carry out on-farm trials.⁴⁵ TIA does not have the resources to fund research or support innovation. In addition, the tourism sector has not traditionally received significant amounts of government funding for research and development.

“The international visitor levy is the nearest thing we have to an industry levy, the government is levying our customers, but none of the money went to TIA.”

Institutional arrangements for the tourism industry at the regional and local levels is particularly fragmented. There is a network of 31 RTOs around the country, with these entities largely focusing on marketing regional and local destinations. A network of Māori RTOs was created in 2001 and these are supported by the New Zealand Māori Tourism Council.

The structure of RTOs varies widely. Some are located within territorial authorities as part of economic or community services (eg Rotorua and Central Otago). Others are established as Council Controlled Organisations so sit at arms-length from council (eg Positively Wellington Tourism, Tourism Dunedin and Destination Great Lakes Taupo). Others are independent not-for-profit entities (eg Tourism Bay of Plenty which is a trust and Destination Queenstown and Lake Wanaka Tourism which are incorporated societies).⁴⁶ Some operate region wide, through alliances between several councils (eg Hamilton & Waikato Tourism which is a private-public partnership funded by seven councils). Some districts don't play any active role in tourist marketing (eg Mackenzie District Council which outsources this role to Christchurch & Canterbury Tourism). Some councils have combined their RTOs with broader economic development agencies (eg Auckland Tourism, Events and Economic Development which is a Council Controlled Organisation).⁴⁷ Some RTOs are funded in part or full by their local council and others by an annual levy or membership fee. However, nationwide the bulk of the funding for RTOs (83 per cent) is sourced from local government grants.⁴⁸ There are pros and cons to the various structures adopted around the country and this wide diversity in models indicates the different needs and preferences of the various destinations.

Sitting alongside RTOs is a nationwide network of over 80 i-SITES. These are accredited visitor information

centres which provide destination information as well as providing booking facilities and selling travel. Some are operated by RTOs, others by councils, and yet others by independent operators.⁴⁹ There is also a network of 19 DOC visitor centres.

Some commentators have expressed disquiet about the rather messy institutional arrangements for the tourism sector at the sub-national level. Albrecht (2017) notes that the high number of RTOs, and great disparities between them, has caused a range of problems. RTOs' "have been slow to keep up with the rapid change in the industry and markets". Regions are "fiercely parochial" and there has been historical rivalry between them. This, combined with personality issues between tourism managers in some cases, has complicated cross-RTO collaboration. There has also been poor connection between RTOs and national level tourism initiatives.⁵⁰

In an article published by *The Spinoff*, Newport (2017) notes that "There's a strong argument to be made that the free market model of allowing RTOs and the powerful tourism operators to compete for tourists is producing an unhealthy, unbalanced tourism landscape. The visitors basically go to the places which shout loudest."⁵¹ Pike and Ives (2018) note that most RTOs only have control over one element of the "4Ps" of the marketing mix – promotion. The other three – product development, pricing and product distribution are generally outside their remit and this limits the ability of RTOs to be effective. However, some more entrepreneurial RTOs have helped develop new attractions, such as Tourism Waitaki's involvement in the establishment of the Alps2Ocean cycle trail. There has also been a repackaging of existing attractions, such as that RTO's promotion of the Geopark concept.



What has generally been missing, however, is a focus on the protection of values that draw tourists to an area, which in many cases is their natural landscapes. Pike and Ives also express disquiet about the trend to merge RTOs into local economic development agencies which can lead to a lack of focus on tourism and tourism destination marketing relative to the interests of other economic sectors. There is also a general lack of connection between the work of the RTOs and other council functions such as infrastructure provision and environmental protection.

“While often funded by local government, RTOs sometimes have only limited input into wider local government decision-making processes regarding tourism-related infrastructure.”⁵²

A recent review of Tourism New Zealand has also identified some issues with the current structure of RTOs. The reviewers noted that RTOs are largely based on local government boundaries but these typically do not align with major tourism destinations or tourist itineraries which frequently cross such boundaries. In addition, many of the RTOs are small (sometimes comprising only two or three

people) thereby restricting their capability to be effective, although there have been some regional collaborations.⁵³ In addition, the focus of RTOs is largely on destination ‘marketing’ as opposed to destination ‘management’, although this is gradually changing. We were advised by one interviewee that some RTOs are now starting to take a more strategic view of their destinations, and are starting to think about what the environment will be like for visitors in 20, 50 or 100 years’ time. However, we were also told that RTOs are particularly poorly served by the limited tourism information currently available at a sub-national level.

The fragmented nature of the tourism industry and its institutional arrangements has been a barrier to the sector’s involvement in broader landscape issues. Most tourism businesses are too small to have the resources to get involved in statutory matters like district plans in order to protect landscape values of importance to tourists. TIA also lacks the resources to do this, as do the numerous and widely scattered RTOs. The Tourism Policy Unit in MBIE has limited capacity, although this was recently beefed up. DOC is a large institution, but it has a wide range of functions outside tourism including managing around a third of New Zealand’s land area. This fragmentation will need to be addressed promptly in order to develop a coherent response to the Covid-19 downturn.



PART TWO: LANDSCAPE CHALLENGES



Tekapō

5. ENVIRONMENTAL IMPACTS

“Tourism, if done properly, generally has a light environmental footprint when compared to the impacts of extractive industries and farming. It’s not perfect, but done well, tourism can protect and enhance the environment not damage it.”

“The environmental pressures from tourism growth are manifesting across temporal and spatial scales. The cumulative impact of growing visitor numbers is eroding visitor experience and making management of waste more difficult in popular locations. Infrastructure is often not designed to meet current needs, and where it is being built to accommodate growth it may contribute to greater environmental pressure. Most tourism activity results in greenhouse gas emissions. The emissions footprint is particularly high for international tourists for whom Aotearoa New Zealand is often a distant destination.”⁵⁴

Tourism can have significant impacts on the environment due to the large numbers of people travelling, engaging in outdoor activities, and being accommodated and provisioned. Tourists often visit remote areas which may be less resilient to visitor impacts. The Parliamentary Commissioner for the Environment recently reviewed the impacts of the New Zealand tourism industry on the environment in his report titled *Pristine, popular... imperilled? The environmental consequences of projected tourism growth*. The report highlights the challenges of waste generation, overloaded wastewater treatment facilities, infrastructure provision, biosecurity risks, greenhouse gas emissions associated with travel and increasing visitor numbers eroding the wilderness experience.⁵⁵

It is clear that tourism can impact the environment, but a degraded environment can also significantly impact the tourism industry. One of the rare efforts to put a value on the state of the environment for the tourism industry was undertaken in 2001 when the Ministry for the Environment commissioned a study into valuing New Zealand’s clean green image. The study calculated a potential loss of up to \$938 million (when direct value added and employment

were factored in) if the environmental perceptions of tourists worsened.⁵⁶

New Zealand is a long-haul destination so, along with Covid-19, climate issues may have a negative effect on tourism numbers in the future. If the greenhouse gas emissions generated by long haul flying are no longer seen as socially acceptable this may result in ‘climate shaming’ and New Zealand receiving fewer tourists. However, those that do travel here are likely to stay for longer in order to make the ‘climate miles’ more worthwhile. Post recovery, this could be a positive trend and enable tourists to engage more meaningfully with New Zealand’s landscapes.

One interviewee suggested that the government should pay to offset the carbon emissions of all overseas travellers as a way of addressing this issue and also to enhance New Zealand’s ‘green’ brand. Such offsetting could be linked to indigenous vegetation restoration of New Zealand’s landscapes in a potential ‘win win’ for tourism, biodiversity and landscape.

It has taken some time for the tourism industry to become alert to these issues. A focus on environmental sustainability in the government’s 2015 New Zealand Tourism Strategy (released in 2007) was not well received by tourism industry stakeholders who wanted a stronger emphasis on growth targets for visitor arrivals, lengths of stay and expenditure levels.⁵⁷

TIA is now proactively seeking to remedy some of these environmental impacts within the umbrella of its ‘Tourism 2025 and Beyond’ sustainable growth framework. Its private sector delivery tool is the ‘New Zealand Tourism Sustainability Commitment’.⁵⁸ The Commitment has four key pillars focused on economic prosperity, the host community, visitor experiences and contribution to the natural environment and biodiversity, which are designed to be factored into all major public and private sector decision making for tourism. The environmental element is linked to two goals, the first that “Tourism businesses actively support and champion ecological restoration initiatives” and the second that “Tourism businesses are measuring, managing and minimising their environmental footprint.” There are eight goals and 14 commitments including matters such as ecological restoration, waste management and carbon management. Members voluntarily report against the commitments.⁵⁹ Over 1340 members have signed up to the commitment (around three-quarters of TIA’s members) and performance is being monitored by the association. Another recent initiative has been the development of the ‘Tiaki Promise’ which is a campaign encouraging visitors to care for people and places when visiting New Zealand.

The Parliamentary Commissioner for the Environment reviewed the government’s current tourism-specific policies such as increasing tourism productivity,

increasing geographic dispersal of visitors, improving management at place and raising awareness and education, and concluded that most “have limited capacity to decouple tourism growth from the impacts it has on the environment.” He went on to suggest that more recent initiatives such as the International Visitor Conservation and Tourism Levy and development of destination management plans (both described below in Part Three: Landscape opportunities) were more promising but noted that “considerably more ambition will be required if a

continued worsening of tourism-related environmental pressures is to be avoided.”⁶⁰

In the context of the burgeoning tourism sector prior to Covid-19, we agree. The downturn in tourism due to the pandemic should provide some short to medium term relief for the environment. It also provides the opportunity to rebuild a more resilient and environmentally-atuned tourism sector which is able to grow in the future without causing the damaging environmental impacts recently experienced.



Auckland airport

6. SOCIAL IMPACTS

“The attitude of local people to tourism is critical.”

Tourism can impact small communities by swamping them with people, overloading local infrastructure, increasing property prices out of the reach of locals and reducing the availability of housing through conversion of homes to AirBnBs and the like. On the other hand, tourism can benefit such communities through providing much needed jobs and income. The extent to which Whale Watch uplifted the small town of Kaikōura is a

case in point (see spotlight). This can be contrasted with Wanaka, where the impacts of very fast tourism growth has generated considerable community opposition to a proposal to reopen Wanaka airport to jet-engined passenger planes (see spotlight).

Calculating the visitor-resident ratio is one way of measuring the potential impact of tourism on small communities. The highest number of visitors per resident occurs in the Mackenzie District (0.83 during peak season) followed by Kaikōura (0.62), Queenstown-Wanaka (0.61), Ruapehu District (0.43) and the Coromandel Peninsula (0.40).⁶¹



A spotlight on the impacts of tourism on Kaikōura

During the 1980s, Kaikōura was a small town in decline. Most of its 2000 residents had low incomes and there was very high unemployment, particularly amongst Māori. It was in this context that a group of families associated with Ngāti Kuri mortgaged their houses to purchase and equip a 6.7 metre-long inflatable vessel to take tourists out to view the humpback whales that frequented the area. The whales have great cultural and spiritual importance to Ngāti Kuri being a kaitiaki and taonga species.

Whale Watch Kaikōura was born in 1987 and during the first year of operation the company hosted 3000 passengers. The business, now owned by Ngāi Tahu Holdings Limited (which provided much needed capital for growth) and the Kaikōura Charitable Trust, has been highly successful. Prior to Covid-19 it was operating four purpose-built catamarans carrying 100,000 passengers a year. It is the single largest employer in Kaikōura.⁶² As the business grew, Kaikōura grew with it and became a flourishing town hosting around 1 million visitors a year. There has been low unemployment, increasing personal incomes and a thriving business community.⁶³

From Whale Watch's inception, there was a strong focus on the company contributing to the community on the basis that "a successful company in a small town has to help make the town successful". Some of the business profits were used to "take young people off welfare payments and give them skills and a future".⁶⁴ The company also had a strong focus on sustainability, not just for the company's operations, but for the whole town. The concept was embraced

by the local council and in 2002 Kaikōura became the first community in New Zealand to be benchmarked under Green Globe 21, an international programme focused on sustainable travel and tourism. Certification was achieved in 2004, making the Kaikōura District Council the first local authority in the world to achieve such a status.⁶⁵

During this time, the community also rallied together to provide greater protection for the marine area where the tourism took place through the Te Korowai o Te Tai ō Marokura process which commenced in the early 2000s. This resulted in special legislation for the area (the Kaikōura (te Tai ō Marokura) Marine Management Act 2014) which put in place protective measures including a marine reserve, a whale sanctuary and a fur seal sanctuary as well as the establishment of traditional management areas through the use of taiāpure and mātaītai. The Act also establishes the Kaikōura Marine Guardians to enable members of the rūnanga and local community to continue to provide advice to agencies on the management of the area.

The town has gone on to show considerable resilience, recovering rapidly from the Kaikōura earthquake in 2016, which left the town largely cut off. The rail and road network was destroyed by landslides and the town's harbour was left high and dry by the uplift of the seabed which also stranded much sea life. However, by 2019, visitor expenditure in the town had surpassed pre-quake levels at an annual \$121 million.⁶⁶ The evolving impacts of Covid-19 on this enterprise however, look dire, with closures and job losses expected.

This experience serves to demonstrate how tourism can serve to contribute positively to social and environmental outcomes in a local community context.



Kaikōura

A spotlight on the impacts of tourism in Wanaka

Wanaka is a small lakeside town of around 9000 residents, with around 13,000 residents in the wider Wanaka area. It is located within the Queenstown-Lakes District, less than an hour's drive from Queenstown, which is possibly New Zealand's only true resort town. As well as being located within an area with outstanding landscape values, Wanaka is a base for two very popular ski fields, the Treble Cone Ski Area opened in 1968 and the Cardrona Alpine Resort opened in 1978. The town is also on the road leading to the Mount Aspiring National Park which became part of the Te Wahipounamu-South West New Zealand World Heritage Site in 1990.

Wanaka has been experiencing some of the largest increases in population and tourists in the country. In its 2018-19 Annual Report, Lake Wanaka Tourism reported that resident and visitor numbers in the area had doubled over the past six years. Census figures show that the resident population of the Wanaka area increased by 40 percent over the 5-year period to 2018, and at a rate higher than Queenstown. The number of occupied dwellings had increased by 35 per cent over the same period, totalling 3675 in 2018. An analysis of AirBnBs in New Zealand as at November 2018 found that the Wanaka census area unit had the highest number in the country, totalling 722.⁶⁷

During the 2018-19 year, the Wanaka region received 455,000 visitors and provided close to 950,000 accommodation nights. The visitors spent \$574 million in the Wanaka region, a 5 per cent increase from the previous year, and the highest level ever recorded for the town.⁶⁸ This was on top of previous expenditure growth levels of 19.5 per cent in the 2017/18 year and 17 per cent in the 2016/17.

This significant growth has quickly changed the character of the town, and consequently the experience of residents, resulting in a significant backlash. The focus of the backlash has recently turned to proposals to reopen the local airport to commercial jet-engined passenger planes.

Air New Zealand stopped flying directly into the Wanaka airport some years ago due to lack of profitability. But as population and tourism numbers increase, and the Queenstown airport suffers from increasing congestion, there have been proposals to expand the runway to accommodate jet-engined planes in order to reintroduce commercial passenger services to Wanaka. Some locals fear this will result in the town being further swamped by tourists.

The Queenstown Airport Corporation, which is the owner of the Queenstown Airport, was recently granted a 100-year lease by the Queenstown-Lakes District Council over the Wanaka Airport. The Corporation is co-owned by the Queenstown Lakes District Council (75.01%) and Auckland International Airport Limited (24.99%).

There appears to be strong community opposition to the proposals with the Wanaka Stakeholders Group, which claims to have 3300 members (around a third of the adult population of the Wanaka area), judicially reviewing the grant of the 100-year lease. Several community groups including the Lake Hawea, Luggate, Albert Town and Mt Barker Community Associations representing about 3500 Upper Clutha Residents have also opposed the proposal. They did not object to the airport proposal per se, but to the provision of jet aircraft which could bring in large numbers of passengers.⁶⁹

With the likely impacts of Covid-19 on international tourism numbers and air travel within New Zealand, this proposal may not now proceed in the short to medium term. However, this experience highlights the dangers of focusing too heavily on growing tourist numbers without addressing local impacts as well as the aspirations of the local population and their attachment to their place.

In rural areas, tourism can provide important opportunities to diversify rural income streams, and has the potential to increase the welfare of local communities to a greater extent than equivalent tourist spending in urban areas.⁷⁰ In some rural areas, tourism can help protect agricultural and heritage landscapes, such as in West Auckland where many of the vineyards only survive due to the café and tourism activity attached to them. In many cases, services provided for tourists, such as shops and digital and physical connectivity, provide additional benefits to local residents.⁷¹ However, rural tourism is also associated with drawbacks including low wages, infrastructure strain, labour shortages and in-migration. In aggregate, these influences have led to ambivalent responses among residents to the growth of tourism in many rural areas.⁷²

There has been a recent concerted government effort to disperse tourists to a broader range of regions, as a way of taking pressure off key tourist locations. With this in mind, Tourism New Zealand has formed a three-year partnership with local players to promote Wellington, Tasman, Marlborough and Nelson, and also to promote road trips into the Australian market. Regional expenditure has been growing in absolute but not relative terms meaning that this dispersal strategy has yet to pay real dividends.⁷³

At the core of a successful tourism industry is the ability of visitors to interact positively with local people and places. This is why the tourism industry is taking the loss of 'social licence' in some communities seriously. The attitude of New Zealanders to tourism is now tracked through a 'mood of the nation' bi-annual survey commissioned by TIA and Tourism New Zealand. The results of the November 2019 survey indicated that overall New Zealanders were still positive towards international tourism (with 93% agreeing or strongly agreeing that international tourism is good for the country) and that just under a quarter (24%) thought that the number of visitors was too high. However, a sizeable 40% believed that tourism put too much pressure on New Zealand reflecting

concerns about the lack of infrastructure and negative impacts on the environment.⁷⁴

If New Zealanders become antagonistic to tourists, it undermines the tourism experience, and consequently the value of the industry. This highlights the need to understand local attitudes to, and aspirations for, tourism and to accommodate these as the industry develops. This can be a challenge when the industry is in a fast growth phase but the current downturn provides an opportunity to pay more attention to these matters. Linkages between tourism and the local economy (and the provision of better infrastructure) are also important so that those bearing the burden of providing for large numbers of visitors can also reap some benefits. There is very little data collected on such local matters.

One exception is the work undertaken by the New Zealand Tourism Research Institute, based at the Auckland University of Technology, which undertakes surveys of local attitudes and aspirations and then tailors tourism strategies around them. This includes setting local

indicators for performance which can be monitored by the local community. A recent example of the Institute's work is the 2018 Visitor Strategy for Aotea Great Barrier Island. The local research undertaken for the strategy found that the community generally supported tourism but did not wish to see "untrammelled growth of the industry". Negative impacts identified by community members included pressure on already strained infrastructure and resources, environmental damage and poor behaviour by some tourists. Residents also felt that the industry could do more for local income and job creation with a need to strengthen local ownership of the visitor industry, create opportunities for youth, and provide much needed support for tourism coordination.⁷⁵

A stronger focus on 'place' and the aspirations of the community at a local level when planning for tourism could help ensure that landscape values of importance to local communities are better protected. However, this may require linking such tourism plans to statutory processes such as plans under the RMA to give them 'teeth'.



7. INFRASTRUCTURE IMPACTS

“...visitor growth can create infrastructure pressures, overcrowding, increased pressure on our roads and environmental impacts ... The recent pace and scale of visitor growth has effectively outstripped the capacity of our system to respond in some areas.”⁷⁶

New Zealand’s rapidly increasing visitor numbers have outstripped available infrastructure in many areas. As well as detracting from the visitor experience, a lack of adequate tourism infrastructure can result in environmental degradation through such problems as overflowing sewerage systems and waste left along tracks and in informal campsites. A 2017 study commissioned by TIA from Deloitte on tourism infrastructure identified acute infrastructure gaps in a number of areas including:⁷⁷

- Visitor accommodation in Auckland, Queenstown-Wanaka, Wellington, Canterbury and Dunedin
- Airports and related facilities in Gisborne, Wellington, the West Coast and Northland
- Telecommunications in the Waikato, Coromandel, West Coast, Northland and the Bay of Plenty
- Carparking in Queenstown-Wanaka, Auckland, Coromandel, Waikato and Central Otago
- Public toilets in the Coromandel Peninsula, Taupo, Ruapehu District, Mackenzie District and Queenstown-Wanaka
- Water and sewerage systems in the Waikato, Northland and the Coromandel Peninsula
- Road transport in Auckland

“Growing tourism is putting pressure on infrastructure in smaller centres. Hahei, for example, a town of 300 residents in the Thames-Coromandel district, can host up to 10 times its residents during the peak summer season, but has only 1 car parking lot with 45 car parks.”⁷⁸

Much infrastructure is designed for the use of local residents and is now increasingly being shared between local communities and visitors. Although increasing tourist

numbers have outstripped spare capacity, the issue of inadequate infrastructure is likely to be at least partially symptomatic of a broader underlying problem of council long-term underinvestment. For example in 2014, the Auditor-General observed that if current spending trends had continued, by 2022 the gap between local government expenditure on the renewal of assets and depreciation would be between \$6 and \$7 billion.⁷⁹

TIA has put much effort into establishing the imperative for government to financially support tourism infrastructure. The industry argues that there is a mismatch in funding, with international tourists paying an estimated \$1.7 billion GST each year to central government, but with local government left to pick up the tab for providing infrastructure and services to accommodate the visitors. The Productivity Commission has noted the ad hoc approach adopted by central government to tourism infrastructure funding in the past with an array of schemes including; the Tourism Growth Partnership (\$23.4 million), Tourism Demand Subsidy Scheme (\$11 million) and Regional Mid-sized Tourism Facilities Grant (\$8.3 million).⁸⁰

A more recent example is the Tourism Infrastructure Fund which was established in 2017. This is a \$100 million contestable fund which provides up to \$25 million annually to develop tourism-related infrastructure. The fund is mainly targeted to district councils and applicants are expected to co-fund at least 50 per cent of the cost. The fund covers capital expenditure only, so councils are left to pick up the ongoing operating costs of the additional infrastructure. Eligible projects include carparks, toilets and freedom camping facilities.⁸¹ Examples of grants provided include those received by the Mackenzie District Council to build a new carpark and walkway in the vicinity of the Church of the Good Shepherd, seal and mark gravel carparks in Twizel and Tekapō and construct bus shelters for tourists. We were told that, overall, the main call on the fund has been to build public toilets.

The Responsible Camping Initiative, which was also established in 2018, has provided a total of \$14.7 million to councils for the provision of infrastructure and management of freedom camping. The Provincial Growth Fund has also supported many tourism-related initiatives including waterfront and skifield developments, roading improvements along tourist routes and destination management planning.⁸²

These initiatives appear reactive, seeking to address serious problems after they have developed. More permanent funding arrangements, accompanied by better planning, might help to avert such crises before they occur.

PART THREE: LANDSCAPE OPPORTUNITIES



Mount John

8. DESTINATION MANAGEMENT

“Historically there has been an emphasis on each region marketing itself and the country marketing itself. We now need to look at managing this place.”

“We need to manage tourism. Marketing is just one aspect of the industry, but that’s almost all we do as a nation. It brings to mind the image of a garden which is having plenty of seeds and water thrown at it but there’s no gardener in charge to make sure everything grows coherently.”⁸³

Destination management has traditionally been understood as the coordinated management of the visitor experience in a specific place including marketing the area, managing its values and attractions (including people) and providing suitable visitor access and infrastructure. The aim is to ensure a quality visitor experience and therefore likely repeat visitation.⁸⁴ The concept is rapidly evolving and broadening out from purely considering the tourist experience to include the local community and environment. It can include aims such as ensuring tourism is community led, enriches the environment and is financially sustainable.

In its recently released Destination Management Guidelines, MBIE has defined destination management as bringing “together different stakeholders to achieve the common goal of developing a self-managed, sustainable visitor destination. It is an ongoing process that requires destinations to plan for the future and considers the social, economic, cultural and environmental risks and opportunities.”⁸⁵

Historically, there has been a strong emphasis in New Zealand on marketing to bring tourists into the country rather than on managing the places that tourists visit. This reflects the history of the New Zealand tourism industry, as described in Part One, where there has been a struggle for more than a century to persuade international tourists to visit such a long-haul destination. It takes time for such an entrenched approach to change.

Management of destinations at a regional and local level, if it happens at all, is particularly fragmented with the role undertaken by a variety of entities including territorial authorities, RTOs, economic development agencies and macro-regional marketing alliances. In its 2019 report, the Tourism New Zealand review panel recommended that RTOs form super-regional clusters organised around airports and main international gateways to acknowledge and respond to visitor journeys. They could then be

supported by Tourism New Zealand, MBIE, DOC and TIA to develop a set of complementary visitor-centric destination development and management plans “To help each cluster identify and develop strengths that are both distinctive and attractive to potential visitors and for which the whole is greater than the sum of the parts.”⁸⁶

One supra-regional initiative which was recently commenced is the development of a South Island destination management plan. This appears to have a focus on infrastructure provision and visitor dispersal rather than on protecting the natural assets on which tourism is based. Landscape is not mentioned in the publicly available material which is likely a lost opportunity.⁸⁷ Such initiatives herald a positive shift in focus from solely marketing to managing the tourist experience once visitors arrive in New Zealand. However, they have yet to fully embrace local community and environmental considerations.

Government highlighted the importance of destination management and planning in its recent Tourism Strategy indicating that it is one of the top priorities for government over the 2019/2020 year, including undertaking “collaborative spatial planning projects with local government”.⁸⁸ TIA has also stated that “All of New Zealand needs to be covered by Regional Destination Management Plans.”⁸⁹ In addition, DOC is putting more emphasis on managing place, with its involvement in the Milford Opportunities Project (see spotlight below) being a notable example. Other areas where a similar approach is being established include the Tongariro National Park, the Mackenzie Basin and the south-west glaciers. All these initiatives provide opportunities to better recognise and protect important landscape values in tourism destinations.

Destination management planning provides an excellent opportunity to incorporate landscape protection measures into statutory planning by linking such tourism plans with policies and plans under the RMA, and conservation management strategies and plans under the Conservation Act. Perkins and Rosin propose that tourism strategies should have binding and legal effect and that this could occur through incorporating tourism planning within the provisions of the RMA.⁹⁰



A spotlight on the Milford Opportunities Project

"The Milford Opportunities Project is a good example of stakeholders working together in pursuit of a solution that enhances select tourism opportunities while strengthening protection of the natural environment."⁹¹

There were 946,000 visitors to Milford Sound *Piopiota* in 2018 with pre-Covid-19 numbers forecast to reach 1.3 million by 2023 and 2 million by 2035.⁹² Visitor numbers have roughly doubled in six years. "No one was prepared for the growth. There was no planning for Milford to handle anything like the numbers that came last year."⁹³ There were not enough car parks due to the rise in self-drive tourism. Around 35 per cent of visitors arrived between 10am and 1pm and stayed for around 3 hours leaving no parks for later arrivals. Up to 80 buses also arrived during this short window of time. Toilets along the Milford Road were unable to cope and eight out of nine DOC campsites along the highway needed urgent upgrades.

Concerns about congestion, lack of infrastructure and erosion of the visitor experience led to the establishment of the Milford Opportunities Project in 2017. The Project is led by a cross-agency and iwi governance group with an independent chair. The group is developing a master plan which will set out how to address these key challenges. It will not be a statutory document as such, but could inform other statutory plans. The agencies involved in the project are wide-ranging and include DOC, MBIE, NZTA and the Queenstown-Lakes and Southland district councils.

Dr Keith Turner, who is the independent chair of the project, contrasts the approach to tourism in Milford Sound to the carefully curated experience provided for people visiting the Rwandan gorillas. "Some tourists are paying between \$200 and \$300 for their Milford experience – often a return bus trip from Queenstown and a short cruise. Compare that to the \$US1500 tourists pay in Rwanda simply for a gorilla permit."⁹⁴ As Turner explains, "the cost of a permit to visit the gorillas is high and this enables high input into conservation of the gorilla estate. We struggle to look after our conservation estate in New Zealand. If we manage access to Piopiota we should be able to extract a far greater level of input and value for the conservation

estate. We currently get a few dollars a head for the conservation estate but we should get \$50 a head for every visitor. This would be a \$50 million injection into the Fiordland National Park and we could do things we can't even dream of today. There is synergy between creating a much richer experience, creating much more value for the visitor and siphoning more value into the conservation estate."⁹⁵

Some of the proposals to be investigated include connecting people with place, so visitors have a more immersive visitor experience along the Milford corridor and at the Sound, "with consistent application of stories of the place at stops which capture, frame and stage highlights to encourage visitors to engage with nature and heritage as well as the landscape." As Turner explains, "the thing that is saddest for me is that visitors get very little knowledge of the history and culture that iwi have in this part of the world. There is a fantastic history here particularly around the collection of pounamu. We are not telling the story of history and culture."⁹⁶

Also proposed is better connecting people with nature by offering advocacy, education and full immersion in the conservation effort, including by providing opportunities for visitors to be involved in hands on conservation.⁹⁷ Most bus and self-drive tourists simply 'drive through' the corridor to Milford Sound and do not fully engage with the landscape. Providing a park and ride facility from Te Anau, where people can camp overnight, is also an option being explored although this may need the buy in of the local Te Anau community.

This is a promising initiative that is seeking to apply innovative, blue skies thinking to a complex problem in order to drive successful outcomes for tourism and the environment. It could serve as a pilot for other areas. The Covid-19 pandemic has created important breathing space for the project. "The place was under real intense pressure. There was a need to spend quite a bit of money around run down assets such as finding more parking space and doing things with the aircraft runway. In effect, tourism has now been switched off, so it has taken the time pressure off all those things that are no longer priorities. So we have time to create the master plan and execute it well rather than wasting money on short term considerations."⁹⁸



9. CONCESSIONS ON THE CONSERVATION ESTATE

“Tourism can do really great things for our environment, so we need to align policy so that can happen.”

As indicated above, the public conservation estate provides a major contribution to the tourism offering in New Zealand with over 50 per cent of international visitors and 40 per cent of adult New Zealanders visiting national parks each year. It is clear that DOC’s visitor management capability has come under strain in recent years with the strong rise of visitor numbers in popular tourist spots such as Milford Sound, Aoraki Mount Cook National Park and the Tongariro Crossing. Several interviewees from the tourism industry thought DOC should charge for international visitor access to conservation land, even if independent New Zealand visitors continued to maintain free access. Some over-touristed locations overseas have moved to fully guided-only systems to manage demand and increase quality and safety levels. For example, trekking along the Inca Trail without a guide has been prohibited since 2001.⁹⁹ As well as potentially reducing demand, an international charging system could generate funding to improve management of tourists and services provided to them, as well as provide additional resources for conservation. However, such an approach would be difficult to manage in New Zealand (as there are many entry points to conservation land) and require a change to the legislation.

Other existing charges, such as hut fees, can be increased and have been over the years. Several interviewees considered that DOC was undervaluing what is a high value and highly sought-after resource.

Most commercial activities within the conservation estate such as accommodation facilities, guiding, commercial recreation, and transport services require a concession. Concessions are granted under section 17Q of the Conservation Act 1987 which states that “the Minister may grant a concession in the form of a lease, licence, permit, or easement in respect of any activity.” The consideration of concession applications focuses on an assessment of effects within the framework of statutory management plans, similar to the approach taken to resource consents under the RMA. Applications must include a description of the potential effects of the proposed activity and any actions proposed to avoid, remedy or mitigate adverse effects. Applications can be declined if they do not comply with or are “obviously inconsistent with” a relevant conservation management strategy or conservation management plan.¹⁰⁰

Although the ‘first in first served’ model often applies to the allocation of concessions, the Act includes provision for different approaches to be applied. Under section 17ZG the Minister may tender the right to make applications, invite applications and carry out other actions to encourage specific applications. This section also enables the Minister to attach an obligation to the concession



requiring the holder to undertake management of a conservation area or to reach a separate agreement with concession holders to do so. This enables positive conservation outcomes to be achieved through the grant of concessions and also for funds to be raised through a tendering process. Tendering processes, which are also referred to as reverse auctions, have been used successfully to increase conservation outcomes in other jurisdictions such as with the Australian BushTender programme which involves land owners tendering to protect areas of native vegetation.¹⁰¹

For the year ended 30 June 2019 there were 1141 'recreation' concessions managed by DOC which broadly equates to the number of tourism concessions. DOC also manages a range of other concessions for activities such as grazing, telecommunications and filming. Overall, the government generated over \$27 million from all its conservation concessions, leases and licences during that year. This is close to an 80 per cent increase in revenue over four years from this source, as visitor numbers increased from 2015 to 2018.¹⁰²

Section 4 of the Conservation Act states that "This Act shall so be interpreted and administered as to give effect to the principles of the Treaty of Waitangi." In 2018, the Supreme Court issued a decision on the grant of concessions in the context of the Treaty provision in the *Ngāi Tai Ki Tāmaki* case.¹⁰³ The case concerned the grant of concessions on Rangitoto and Motutapu islands to the Fullers Group and Motutapu Island Restoration Trust. These grants were challenged by the Ngāi Tai Ki Tāmaki Tribal Trust which argued that no concessions should be granted to other operators in order to preserve the Trust's opportunities to develop tourism services on the islands.

The Court noted that section 4 requires more than procedural steps and that "Substantive outcomes for iwi may be necessary including, in some instances, requiring that concession applications by others be declined." In addition, the court notes that "Enabling iwi or hapū to reconnect to their ancestral lands by taking up opportunities on the conservation estate (whether through concessions or otherwise) is one way that the Crown can give practical effect to Treaty principles."¹⁰⁴ DOC is still working through the implications of the decision and expiring concessions are currently being rolled over for short terms while a new approach to concessions is developed. The review of conservation strategies and plans has also been put on hold including processes underway to develop new management plans for the Aoraki Mount Cook and Westland Tai Poutini national parks¹⁰⁵ Understandably, the Court's decision has created some uncertainty within the tourism industry and will likely affect future investment. On the positive side, it could support greater involvement by iwi and hapū in tourism activities on conservation land, including as co-investment partners with existing concession operators.

A different approach is being applied within Te Urewera. Formerly a national park, Te Urewera now has its own legal identity under the Te Urewera Act 2014. The area is governed by the Te Urewera Board, consisting of

Tūhoe and Crown appointees. Concessions have been renamed 'Friendship Agreements' to emphasise a focus on values and relationships and "the fact the wellbeing of Te Urewera as a living system is at the heart of these relationships."¹⁰⁶ They operate within the framework of the Te Kawa O Te Uruwera (Te Uruwera Management Plan) which "describes the interrelationship between people and Te Uruwera".¹⁰⁷ This is starkly different to the effects-based approach under the Conservation Act and could be drawn on in any future review of the legislation.

Compliance has also been an issue. DOC is currently monitoring just under a quarter of its long-term tourism concessions each year. A recent compliance check undertaken of operators at Punakaiki, South Westland, Wanaka, Wakatipu and Te Anau found that about a quarter of concession holders were either breaching the conditions of consent or operating illegally.¹⁰⁸

The review of Tourism New Zealand noted several issues with the current concession system from a tourism industry perspective. First, the review panel argued that DOC under-prices access to parts of the conservation estate, partly due to the practical difficulties in controlling access. Secondly, the operation of the concessions system is constrained by legacy issues and by the provisions of the Conservation Act. It is also hard to build new eco-tourism businesses on the conservation estate due to the RMA and Conservation Act constraints. The reviewers concluded that "DoC's 'DNA' is not visitor-centric, commercial or business-like."¹⁰⁹

This conclusion was supported by some of our interviewees from the tourism industry who suggested that DOC should be more entrepreneurial and facilitate



more tourism activity if it is well managed and can contribute significant funds to conservation activities. The conservation planning process, which can take up to 15 years before a new plan is in place, was seen as slow and not supportive of new initiatives. The process is also not well-aligned with planning under the RMA which can cause difficulties for operators who require consents under both acts. Interviewees also noted that the concessionaire relationship with DOC was largely transactional and based on financial matters rather on exploring opportunities for mutual conservation and business gain. Mechanisms for managing the allocation of limited concession opportunities were also seen as fraught.

“The concession system has very arbitrary limits, they link to national park plans and a lot are old and very rigid.”

“When you look at all the activities in national parks, no new thing has occurred in 20 to 30 years ... Look at all the main built tourism attractions in Queenstown, whether it’s the Earnslaw, Gondola, bungee jumping or jet boating, it would be impossible to do another one now.”

These comments from the industry reflect the inherent tension between the aspirations of the tourism industry and DOC’s broader statutory role which is to manage the conservation estate in the broader public interest. It is clear that the DOC-managed concession system is a key shaper of the tourism industry in New Zealand, as it controls

highly sought-after commercial tourism access to public conservation land and waters. However, the concession system is broader than this, applying also to non-tourism activities. In addition, the conservation management plans that provide the policy and rule framework for the concession system also address a wide range of complex conservation matters. The challenge is to design a system that both supports tourism, which is an important industry for local communities and the nation, and generates positive outcomes for biodiversity and landscapes with the broader conservation management system.

“We have been trying to tinker with the concessions system and make it work more efficiently. But with the opportunity the Covid-19 crisis has provided us with, we could start from ground zero and do a complete rethink.”

The *Ngāi Tai Ki Tāmaki* Supreme Court decision has prompted a pause and time of reflection for DOC on how it should manage the concession system. The legal framework within which concession decisions are made is now somewhat outdated with its focus on avoiding negative effects rather than on generating positive outcomes. The impacts of Covid-19 on the tourism industry has created some breathing space. This is an opportune time to review the concessions system from first principles in order to design a system that better reflects Treaty obligations, generates a substantive income flow for DOC, provides better flexibility and business opportunity for the tourism industry, and generates positive outcomes for biodiversity and landscapes more generally.



10. TOURISM LEVIES AND CHARGES

Tourism levies can be charged at the border, on tourism facilities (such as pay toilets or an accommodation 'tax'), on ticket prices (such as the Real Journeys passenger levy on Doubtful Sound cruises – see spotlight), or on other aspects of the tourism industry. For example, since 2001 Environment Southland has charged passenger cruise ships entering the region an 'Environment Southland Marine Fee' through using the financial contribution mechanism under the RMA. The charge is based on the gross registered tonnage of each ship.¹¹⁰ It raised \$2.5 million for the 2018/19 year,¹¹¹ which covers the entire council expenditure on coastal management, thereby removing that financial burden from ratepayers. However, with the current ban on cruise ships entering New Zealand due to Covid-19 this amount will be severely reduced.

In 2017, Auckland Council imposed a targeted rate on hotels and motels operating within the city, termed the 'accommodation provider targeted rate' or colloquially a 'bed tax'. A year later it was expanded to include online accommodation providers such as those marketing their properties through Airbnb. The targeted rate collected around \$14 million per year.¹¹² However, because of the impact of COVID-19, the Council announced on April 2020 it was suspending the rate for a year. In Queenstown, the government was supporting the council to develop a local bill to impose a 5 per cent levy on commercial visitor accommodation in order to help fund infrastructure.¹¹³ With the Covid-19 generated downturn in tourism activity in Queenstown, this tool may no longer be required in the short to medium term.

The recently instituted International Visitor Conservation and Tourism Levy of \$35 per visitor, which came into force on 1 July 2019, was expected to raise around \$450 million

over the first five years.¹¹⁴ To date, the funding has been split equally between conservation and tourism initiatives. Of particular relevance to landscape protection was the planned increased investment in the "protection of sensitive and ecologically valuable landscapes" including through land purchase, protection and restoration, and greater investment in destination planning and management. Priority areas for investment in destination management included Milford/Piopiotahi, Mackenzie Country, Ruapehu and the West Coast glaciers.¹¹⁵ Projects funded to date include the Milford Opportunities Project (described above), destination planning in Westland, the Te Manahuna Aoraki conservation project in the Mackenzie Basin (described in the EDS Mackenzie Basin case study) and the development of Ruapekapeka Pa as a hub connecting Land War sites in Northland. A range of conservation projects have also been funded including kākāpō recovery and increasing predator free habitat on the Auckland Islands.¹¹⁶ This fund has provided a very tangible mechanism whereby international tourism can financially support better conservation and landscape management.

With the current closure of New Zealand's borders to international tourists, the amount generated by the levy will have dropped significantly and will likely be negligible for some years. However, there are currently funds already collected that have yet to be spent. The government is currently reviewing the investment strategy for the levy and it now looks likely the fund will be used to restart the tourism industry rather than being deployed on conservation and destination management initiatives.¹¹⁷ Such dedicated investment into the tourism industry creates opportunities to strengthen the connection between the industry and the landscapes and places within which it operates.



11. 'IMPACT' TOURISM

"High-value eco-tourism experiences, including those that give customers an opportunity to contribute to biodiversity (e.g., through pest eradication) are an economic and environmental opportunity."¹¹⁸

As already indicated, many tourists and tourism operators wish to make a positive contribution to the areas they visit, including through contributing to environmental enhancement efforts. For the purposes of this report we have referred to such efforts as 'impact' tourism. This is tourism which provides both economic and environmental benefits to the locality within which it takes place. An example of such an approach is that taken by Wild Mob, which was a not-for-profit organisation that took volunteers to the coalface of environmental conservation. The volunteers were involved in weed and pest control and endangered species recovery programmes. The entity closed in June 2019 but by that time had succeeded in involving many volunteers – who were charged the travel and administration costs of the trips – in conservation work. The volunteers were able to have an authentic tourism experience while contributing to conservation outcomes. Several Wild Mob groups came to the Hauraki Gulf to help with weed control on the Noises Islands and Rākino. They appreciated being able to visit these places to which few tourists have access.¹¹⁹

A different but aligned approach has been taken by a business start-up called 'Voluntourism' which is seeking to connect tourists with conservation initiatives in remote low-tourism areas. The project was developed in 2019 as part of the Lightning Lab operation which provides a three-month long mentor-intensive acceleration programme for business startups. At the end of three months each startup pitches for investment from angel investors and early-stage venture funds. Voluntourism was undertaken as a collaboration between MBIE, the Wayfare Group (which operates Real Journeys) and Squawk Squad. Squawk Squad provides a web-app that enables people to collectively fund traps for pest control projects. The donors are able to see where the traps they have funded are located and are sent an email notification when the trap deploys.¹²⁰

Many New Zealand tourism operators are seeking to directly contribute to biodiversity protection through funding or involving tourists directly in actions such as replanting and predator control (see spotlights below). The government has recognised the important contribution this kind of activity can play and has identified as an action in its Tourism Strategy to "Build a pathway to enable tourism businesses to easily undertake conservation restoration".¹²¹



A spotlight on Real Journeys¹²²

Real Journeys was established in 1954 by a young couple, Les and Olive Hutchings, who bought the Manapouri-Doubtful Sound Tourist Company which took small numbers of tourists into the remote Doubtful Sound. During the mid-60s the couple acquired Fiordland Travel Limited which expanded their operations to include taking tourists to visit the Te Anau glowworm caves and the Milford Track. They also purchased and restored the vintage steamship TSS *Earnslaw* which they based in Queenstown. As the company grew, it established a practice of diverting some of its profits to support conservation initiatives. Over the years the company has carried on and expanded this approach.

The company's current conservation initiatives include:

- Charging a \$1 passenger levy on Doubtful Sound cruises which raises more than \$50,000 each year. The money is contributed to the Leslie Hutchins Conservation Foundation
- Convening the annual Birds of a Feather Charity Ball: which includes a cruise across Lake Wakatipu to the Walter Peak High Country Farm, drinks, dinner, an auction and other charity events such as raffles. The 2019 Ball proceeds went to the Cardrona Kārearea Conservation Project focused on the native falcon – which is initially gathering information on the bird on the Cardrona Valley. Previously the ball supported DOC's kākāpō recovery work.
- Running an annual conservation cruise with DOC called the Dusky Sound Conservation Expedition. This is a 5-day cruise with DOC staff on board including a helicopter flight into or out of the Sound. Tickets cost \$3300. Passengers are involved in checking traps, monitoring birds and maintaining tracks with DOC staff as well as normal tourist activities. In addition to the tourists directly contributing to conservation on the ground, a percentage of the ticket price goes to the Dusky Sound Conservation and Restoration Project.
- Undertaking the Cooper Island Restoration Project with Real Journeys and undertaking work to eliminate stoats and rats from the 1779ha island. This involved putting traps all over the island and checking and rebaiting them. Funds for this work were raised by contributing \$100 from every Discovery Expeditions ticket sold (totalling around \$3500), \$500 from each Conservation Expeditions ticket sold (as above), a donation from the Leslie Hutchins Conservation Foundation (\$100,000) and money raised at the Birds of a Feather Charity Ball.
- Undertaking the Walter Peak Land Restoration Project on land owned by Real Journeys which involves the removal of wildling conifers (which are a major seed source for Queenstown) and replanting with indigenous species.

Eco Wanaka Adventures

In stark contrast to the large corporate base for Real Journeys' conservation contribution, Eco Wanaka Adventures is a small family-based operation that takes tourists to experience the Mou Wahi Island in Lake Wanaka. The island is part of the DOC estate and is predator free. The tourist company has a concession from DOC which allows it to take visitors to island and involve them in planting an indigenous tree while they are there. The tourist operator buys the seedlings from community nurseries, which collect the seeds from the island and germinate them. The planting is undertaken in accordance with a DOC-approved planting plan. "Tourists dig the hole, plant and water the trees on each trip. So now the birds are flourishing. We are increasing the value of the tourist experience ... For the young kids, it sows the seed of conservation."¹²³ This approach enables Eco Wanaka Adventures to continually improve the conservation values of the island which in turn increase the quality of the tourism experience in a win-win cycle.

We found considerable interest within the industry for aligning tourism activities with positive conservation outcomes. The challenge is how to scale this activity up to a landscape level, and in the post-Covid-19 context, this will need to be on the back of domestic tourism initially.



12. 'SLOW' TOURISM

"Many tourists are consuming New Zealand from the windscreen. People won't slow down or stop if there is nothing for them to engage with."

"We can either treat the destination as a commodity or encourage visitors to engage with it."

Tourism can create opportunities for visitors and local residents to engage more deeply with the landscape. Much recent international tourism into New Zealand has been based around a 'fast tourism' model where tourists seek to 'do' the country in a few days. Such tourists typically fly into Auckland, drive to Rotorua and back, then fly to Queenstown and do a quick trip to Milford Sound before leaving the country after a 4-5 day trip. The cruise ship experience of short stops around the country is even faster. Others stay longer and self-drive in cars or camper vans. However, this doesn't mean they necessarily engage with the landscape, rather than viewing it through the windscreen as they drive through, particularly if opportunities to do so are not provided.

"The Central Otago Rail Trail has been transformational slow tourism."

"In an ideal world, we would have more experiential smaller businesses, but they don't have the marketing horsepower, big margins and political heft to drive the industry."

Experiences such as cycle trails and wine trails help to slow down tourist travel and they facilitate engagement with mana whenua, the local community and businesses such as on-farm accommodation and local cafes. Tourists stay longer in an area and have a more meaningful experience. Local businesses can provide tailored experiences for tourists, focused around the unique attributes of their place, thereby bringing revenue into the local economy. And through telling stories about their landscapes, both visitors and local residents can come to better appreciate the specialness of what they have, and the need to look after it. Social media and apps can help communicate local stories to a broader audience (see the spotlight on Campermate).



A spotlight on Campermate

Campermate is a free app, first developed in New Zealand in 2011, which targets travellers in New Zealand and Australia. It shows in real time where tourist services are including camping grounds, accommodation, toilets, petrol stations, supermarkets, cafes, ATMs, EV charging stations and more. It also has information about tourism attractions, deals and safety alerts. Users can comment on the various services and attractions and can add new locations. It also has provision for people to rent out their driveways for campervan parking. The app has been loaded down 1.4 million times and has around 100,000 points of interest. It was recently bought out by Tourist Holdings Limited. It could be used to increase the value of the visitor experience more, such as with including mana whenua and community landscape stories attached to various places. "However, there is a risk that this could become a commodity-style approach which undermines opportunities for small businesses along tourists routes to provide added value. This is a risk that would need to be managed.

A spotlight on Ziptrek Ecotours

Ziptrek Ecotours is an example of a tourism operation that focuses on story telling in association with adventure tourism. It operates tours through a concession on Council land in Queenstown, catering for around 30,000 visitors a year. The tourists undertake a zip lining (or flying fox) guided tour through pine and beech forest. As founder Trent Yeo explains "We are in the game of memory making." The guides are story tellers who relate the story of Aotearoa New Zealand and sustainability. At several points, when the visitor feels emotionally heightened from travelling along the zip line, there is an interpretative stop to tell the next part of the story. Ziptrek Ecotours has applied the concept of sustainability to its entire business. It adheres to the Future Fit programme which is designed to help companies align their success with that of the societies in which they operate.

An important facet of slow tourism is storytelling – communicating information and stories about the landscape, its formation and history, its indigenous flora and fauna, its cultural meanings and associations and the people who live within it. We were told by a tourism consultant that visitors are increasingly looking for a richer experience, particularly one that involves making a personal connection. Slow tourism provides considerable opportunity for this connection, particularly through the expansion of cultural tourism incorporating mana whenua telling their own stories. The importance of this aspect is now well recognised with the Tourism Strategy identifying "Enable and support iwi, hapū and tangata whenua to tell their stories and share the value of places" as one of the actions to help "deliver high-quality, authentic visitor experiences".¹²⁴ TIA also highlights the need to "appropriately incorporate elements of Tikanga Māori"

within the operations of the tourism industry.¹²⁵ DOC has recently introduced 'story telling rangers' who "share local heritage and nature-based stories, information and conservation messages and values with visitors."¹²⁶

"... while international visitors choose to come to New Zealand primarily because of our natural landscapes, the friendliness of the people and the Māori culture, history and stories enrich the visitor experience once they are onshore."¹²⁷

A focus on promoting 'slow' tourism, including developing experiences where tourists have a deeper engagement with New Zealand's landscapes, Māori cultural associations with them and local communities which derive a livelihood from them, could help draw a closer linkage between tourism and landscape protection. More of the tourism revenues would be captured locally, part of which could be reinvested in sympathetic land management and landscape protection measures. In addition, local residents and land managers may gain an enhanced appreciation of the landscape values in their areas and may be more willing to protect them. As the domestic market rejuvenates, slow tourism may form an important part of reconnecting New Zealanders to their landscapes: a deeper experience than the traditional fast road trip.



13. IMPACTS OF COVID-19

“Overnight our hotel sector nosedived from dealing with a critical shortage of hotel rooms to accommodate our booming tourism sector, to the heartache of closed doors and empty beds.”¹²⁸

“There is huge uncertainty about what a recovery looks like. We know it’s not a return to what was before. It’s going to be a new visitor economy.”

At the time of writing, New Zealand is in level-3 lockdown with the borders closed to all visitors except returning New Zealanders. A 14-day quarantine at the border has been put in place. The tourism industry in New Zealand has ground to a halt. This is a fast-changing situation.

The border seems likely to remain closed to international travellers until after a vaccine for Covid-19 is available, if that can happen, in 12 to 18 months’ time. However international tourism may take much longer to recover, possibly up to five years or more, due to a likely global recession and fewer planes flying internationally. It is unclear what will happen to the cruise market, but given the number of vessels which have suffered Covid-19 outbreaks, there may be a greater reluctance amongst the public to embark on cruises and for countries to allow them to berth.

Any short-term revival of the tourism industry will need to be based on domestic tourism. With promising signs that Covid-19 will be eliminated (or at least well-controlled) within New Zealand, it seems likely that domestic tourism will be able to resume once domestic travel restrictions are eased. Fortunately, domestic tourism has historically been a strong component of the sector, generating 60 per cent of total annual tourism spending last year. In addition, New Zealanders will be unable to travel overseas in the foreseeable future, so may divert part of the \$6.5 billion spent on overseas travel last year¹²⁹ to domestic travel. On the negative side, there will be a sharp economic downturn with a large number of job losses and business failures, reducing New Zealanders’ discretionary spending. Air New Zealand CEO Greg Foran has indicated that the airline will be focused on domestic flights in the foreseeable future, with limited overseas flights to keep supply lines open.¹³⁰

“The foundation of our tourism is Kiwis, so even without a single international visitor we can still have a viable tourism industry here, built around New Zealanders.”¹³¹

“When the Covid-19 restrictions lift, New Zealanders will want to reconnect with nature in significant numbers. They will take advantage of our free attractions which are essentially our landscapes.”

TIA boss Chris Roberts predicts that revenue in the tourism industry will plummet by more than 50 per cent over the next 12 months, half of New Zealand’s tourism businesses could fail, and more than 100,000 jobs could be lost.¹³² One of the larger operators, Ngā Tahu Tourism, has announced it is closing for the foreseeable future and could shed up to 300 jobs.¹³³ There is likely to be some rationalisation of the industry with many small businesses disappearing and larger businesses buying up distressed assets. The impacts will vary between regions, with those more reliant on international tourism, such as Queenstown (62% of the total) and the Mackenzie District (60%), likely to be the hardest hit. New Zealand tourists are more price sensitive and so the prices that are charged by tourism operators will likely need to be reduced and offerings re-orientated towards the preferences of domestic travellers. Accommodation prices are also likely to reduce in the face of excess supply. During an economic slowdown, tourists are likely to focus on ‘value-based’ holidays.¹³⁴ The more expensive luxury end of the market is likely to be more seriously impacted as only a small group of New Zealanders can afford such premium tourism products.¹³⁵

The government is developing a plan to kickstart the tourism sector. This is likely to involve redirecting much of Tourism New Zealand’s resources from overseas to domestic marketing, in a way reminiscent of the 1980s tourism campaign focused on ‘Don’t leave town until you’ve seen the country’.¹³⁶

A possible addition to the domestic market in the short to medium term is Australian tourists. There have been suggestions that a ‘tranzastman travel bubble’ could be established over the next few months if both countries are successful in containing the spread of Covid-19.¹³⁷ As indicated in section 4, Australians comprised by far the biggest proportion of international travellers to New Zealand prior to the lockdown, being 40 per cent compared to only 10 per cent for Chinese which is the next largest sector. If such a bubble was able to be established prior to the end of 2020, this could be a major boost for the New Zealand and Australian tourism industries.

Overall, Covid-19 will have a devastating effect on New Zealand’s tourism industry, but it also provides the opportunity for a positive reset in the way the industry operates.

PART FOUR: RECOMMENDATIONS



Queenstown

14. HARNESSING OPPORTUNITIES

As described above, Covid-19 has changed everything for the tourism industry. New Zealand's economy will never be the same. Businesses will need to be more resilient. To flourish in the long-term, and minimise future shocks, they will need to be environmentally and climate friendly. Government is also likely to have much more involvement in the economy. A massive infrastructure renewal programme is in prospect to put jobless people into work, the ambit of which could also include conservation projects. Government is developing a plan to restart the tourism industry which will focus on promoting domestic tourism. It is possible that Government will become a co-investor in key sectors of the tourism industry as has happened in the past.

Change creates risk but also opportunity. A 'restarted' tourism industry could have a different focus, an emphasis on value over volume, and stronger links with the landscape, nature, Māori culture, story-telling and local communities in a meaningful way. The relationship between the industry and the public conservation estate could be reorientated towards a deeper 'friendship' with mutual obligations as well as benefits. The industry could become more diverse to help build in resilience and we could start to build positive synergies between tourism and the landscapes and communities that support it.

Our specific recommendations on how a stronger link could be built between the tourism industry and landscape protection are set out below.

14.1 Strengthen institutions

In Part One of this report we noted the lack of scale within tourism institutions both at the governmental and industry level, something that surprised us given the size and importance of the industry within the New Zealand economy. With government set to take a bigger role in supporting the sector post Covid-19, it is time to significantly boost the size of tourism capacity within MBIE, or even to reinstate a separate Ministry for Tourism to provide a stronger dedicated focus. We need a vibrant, forward looking and energetic entity that really drives change through good data, stronger strategic planning, and investment at a national level. Such investment could include commissioning research into the value of natural capital to tourism and more targeted data collection to provide greater insights on domestic tourists and the places and communities they visit.

This will be a time of considerable stress for Māori tourism businesses making the role of New Zealand Māori Tourism in providing support increasingly important. There may also be greater opportunities emerging for Māori co-investment in tourism operations. The resources of this entity will likely need to be increased as the Māori sector of the industry rebuilds.

We also commented in Part One on the funding difficulties of TIA, which is membership based. This is problematic as a strong industry leader is particularly important to support effective collective action when the sector consists of numerous small entities. With the current downturn in the tourism industry, the funding of TIA is likely to reduce significantly at the very time when an effective industry organisation is most needed. A levy system across the industry to support a better resourced industry body should be considered when the industry gets back on its feet. Some interim funding support may be required. TIA has already shown leadership on sustainability matters and this could be broadened to include a focus on better landscape management through robust destination planning.

At the regional and local levels, we also commented in Part One on the fragmented arrangements with RTOs, and problems with a lack of scale and narrow focus. With the industry now under pressure it may be time to rationalise RTOs into larger and better resourced regional level organisations, or at least to better coordinate and support their activities, so that they can undertake the range of functions needed for the re-establishment of a more sustainable tourism model. This will include supporting local businesses so they can survive while the industry rebuilds, connecting with the aspirations of mana whenua and local communities, and embracing destination management.

14.2 Mainstream destination planning

"Now that the tap has been turned off there is time to talk to local communities about what kind of tourism we want when it comes back. What do we want it to look like, what do we want to encourage and discourage and what infrastructure do we need when it comes back so previous problems don't occur?"

Although New Zealand has been very successful at marketing itself to tourists, there has been much less success at managing the visitor experience when tourists arrive here or at managing their community and environmental impacts. Place-based efforts have often been reactive, prompted by crises, and focused on the provision of infrastructure such as public toilets. Destination planning shows great promise and provides a tangible mechanism through which landscape values of importance to the tourism industry can be identified, protected and enhanced. It also provides an opportunity to better link tourism with mana whenua and community expectations.

Destination planning is a way of bringing fragmented RTOs together across regions and refocusing their activities on managing the tourist experience and impacts in their locality, in addition to promotion. Restructuring or grouping RTOs along regions, as suggested above, would enable more resources to be focused on place. Destination management plans could set out how 'slow' tourism might be encouraged in specific places, so that tourists engage more deeply with the landscape and communities they visit, and more funds are retained in the local economy. They are also a mechanism to better align central agencies (such as DOC and NZTA), and local councils with iwi and community aspirations. The preparation of destination management plans could be incentivised by making them mandatory in order to access tourism-relevant contestable funding pools. If destination plans were linked to regional and district plans under the RMA, and conservation management strategies and plans under the Conservation Act, a statutory mechanism to protect the landscape (and other values) of importance to tourism could be provided.

14.3 Create sustainable funding models for infrastructure

As the Parliamentary Commissioner for the Environment highlighted, a lack of adequate tourism infrastructure can result in environmental damage as well as detract from the visitor experience. In addition, badly designed and/or located infrastructure can have adverse landscape impacts. Infrastructure funding for tourism has been ad hoc and characterised by a plethora of schemes provided from time to time, by central government, to address specific issues. Much of the revenue from an expanding tourism sector ends up in central government coffers through GST and business and personal taxes, and yet it is local government that is often left to pick up the tab for providing tourism-related infrastructure. A fairer and more sustainable funding model needs to be developed ahead of any future tourism recovery. The current downturn in the industry provides an opportunity to properly design and construct tourism infrastructure ahead of future demand, rather than playing catch-up after the event. Any funding should be linked to close scrutiny to ensure that tourism infrastructure is well designed and carefully located to minimise landscape and other environmental impacts.

14.4 Review Conservation Act concession system

The planning and concession systems are a key elements of the tourism industry in New Zealand due to the number of international and domestic visitors that access the conservation estate. Concessions provide a promising tool for linking tourism with positive conservation and landscape outcomes on public conservation land and water. The system does not appear to be working well in the interests of Māori, conservation or tourism. Its legislative framework is dated and likely no longer fit for purpose. We recommend a first principles review of the system.

14.5 Focus government assistance on rebuilding a more resilient tourism sector

Government assistance aimed at 'restarting' the tourism sector should be used to support a transition to a different and more resilient model of tourism, one that is more focused on value rather than volume, reduces greenhouse gas emissions, supports 'slow tourism' and provides more authentic ways for tourists to engage with the landscape, and mana whenua and communities that live and work within them. It would support cycle trails, 'experiential' tourism businesses, story-telling and hands-on conservation. It would interweave Māori cultural insights and practices. In the short to medium term, when domestic tourism is the focus, it would enable New Zealanders to reconnect with their country and their landscapes in a meaningful way and to embrace the need to better care for them.

Government could also commit to offsetting the carbon emissions of all overseas visitors through offsetting plantings of indigenous vegetation as a way of supporting the sustainability credentials of a rebuilt tourism sector and restoring New Zealand's landscapes at the same time in a potential 'win win' for tourism, biodiversity and landscape.



15. CONCLUSIONS

New Zealand's distinctive natural landscapes are an integral part of our national identity and they are at the heart of the tourism industry. Tourism can have negative impacts on natural landscapes and the environment more generally. But there is also considerable opportunity for tourism to be a positive contributor to conservation and landscape protection. This report has identified a range of areas where this could be progressed. The industry is

already moving in this direction but would benefit from improved institutions, data and support to help achieve it. The Covid-19 pandemic provides an opportunity to rebuild a tourism industry that is more resilient, has a lighter environmental footprint, and provides authentic experiences that more fully engage with New Zealand's extraordinary landscapes.



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Aotearoa New Zealand's distinctive natural landscapes are an integral component of our national identity and they are at the heart of the tourism industry. Tourism can have negative impacts on natural landscapes and the environment more generally. But there is also considerable opportunity for tourism to be a positive contributor to conservation and landscape protection. This report identifies opportunities for such positive synergies to be supported.

The recent Covid-19 pandemic has decimated a once flourishing tourism industry. However, it provides an opportunity to rebuild a tourism sector that is more resilient, has a lighter environmental footprint, and provides authentic experiences that more fully engage with New Zealand's extraordinary landscapes

