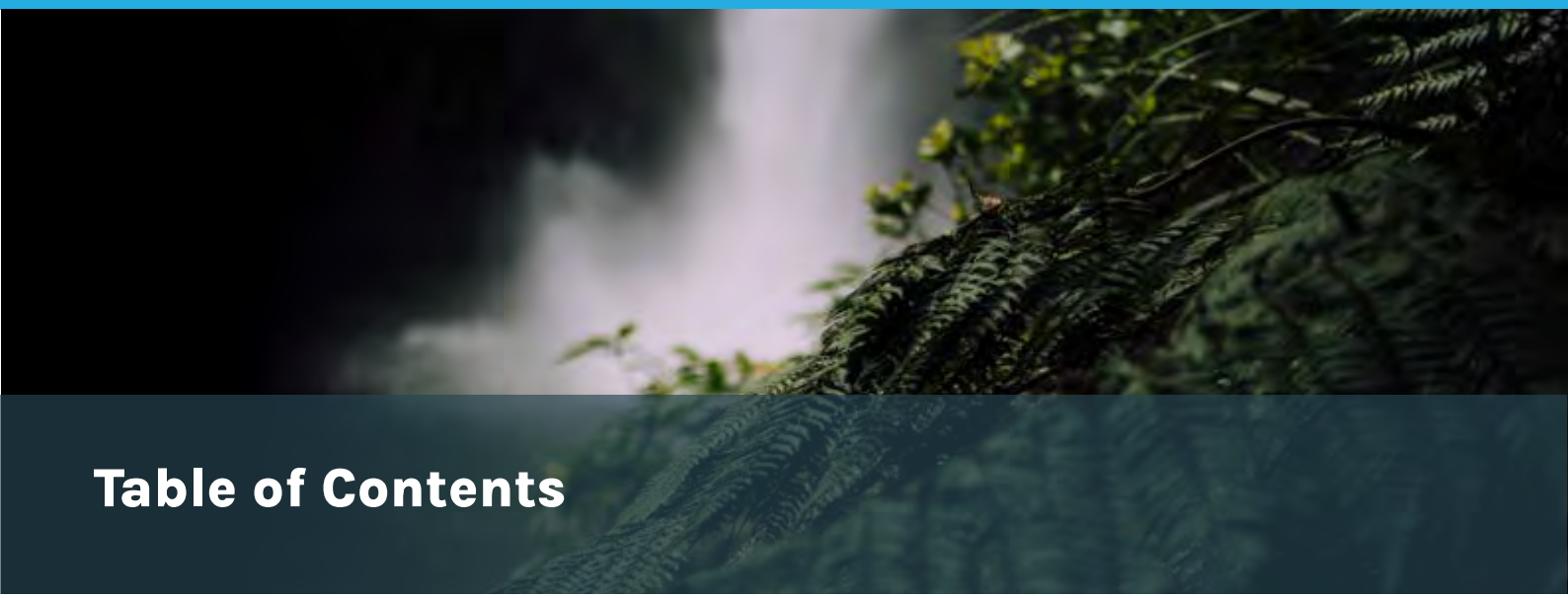
TŌNUI

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

REGIONAL TOURISM NEW ZEALAND

miles PARTNERSHIP

Huka Falls Lake Taupō



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Preface

This is a white paper examining the purpose and structure of Regional Tourism Organisations (RTOs) and related investment needs, which best enable RTOs to operate and deliver optimal tourism outcomes for their industry, communities, stakeholders and the regional tourism system.

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

The white paper examines:

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

In addition to extensive secondary research, this paper has had the input of most major stakeholders and some of the most well respected minds in the sector, both in New Zealand and internationally. Secondary Research sources can be found **here.**

Interviews were conducted with: President of Local Government New Zealand, Tourism New Zealand, Tourism Industry Aotearoa, Department of Conservation, Ministry for Business Innovation and Employment, New Zealand Māori Tourism, and Taituarā.

These stakeholders were asked to share their perspectives on the regional tourism network and its role in the overarching visitor economy. The valuable, yet varied, comments and perspectives are their own and are shared throughout this white paper. They reflect both the opportunity they see in regional tourism development but also indicate a lack of clarity and mixed understanding of the role and value of RTOs. This is a reflection of the fact that RTOs are a recipient and product of a system that is currently not fit for purpose, and should not be interpreted as a performance issue.

Interviews for case-examples were conducted with: (Murihiki | Southland, Te Tai Tokerau | Northland and Te Moananui ā Toi | Bay of Plenty), 4Vancouver Island, Iceland, Slovenia and New South Wales. Primary research was conducted with RTOs via a workshop with RTNZ trustees, a digital survey to all members and an on-line roundtable discussion.

The paper, is structured into three core sections, Ngā wa ō mua (past), Ngā wa ō nāianei (present) and Te mea akeake (future). It acknowledges Aotearoa | New Zealand's history as a pioneer of destination management and its current strength as a global leader for implementation of a national destination management approach.

The paper also acknowledges the systemic challenges and constraints faced in the here and now, that will need to be addressed to continue to implement regional destination management plans with conviction. The paper draws five key observations and makes recommendations for critical actions to ensure Aotearoa | New Zealand's continued success as a destination.

Finally, it proposes how we use the existing destination management building blocks to pave a way into more holistic destination stewardship; the next step on our journey to a regenerative future.

Redwoods, Rotorua
Photo by Aaron Birch on Unsplash

Strategic Context

The tourism system is a complex network of human, geographical, and institutional relationships and structures which are interrelated and interdependent. It involves many different components which must operate in an integrated manner for a destination to function effectively and meet the needs of visitors and communities.

The structure of the tourism system in New Zealand is made up of multiple parties with respective remits at national, regional, district and local levels. Many of these parties or organisations have been in place for some time. And for many, their focus and activities continue to evolve and adapt to changing political viewpoints, and shareholder strategies. Investment is often influenced by limited resources and funders and governors' desire to improve efficiencies and effectiveness.

Currently some organisations are singularly focused on tourism, whilst others operate to a broader scope where tourism is one component alongside other sectors within an Economic Development Agency.

In the public sector the national interest in tourism is led directly by the Minister of Tourism who is supported by the Ministry of Business, Innovation and Employment (MBIE). Whilst not a specific tourism Ministry, MBIE is responsible for the stewardship of the tourism system. They collaborate with other departments on key tourism policy issues, research and statistics and manage investments such as the International Visitor Levy, Tourism Infrastructure Fund and the Tourism Facilities Development Grant Fund. MBIE also monitors Crown entities that support the tourism sector.

The Government invests approximately $110m in annual funding to Tourism New Zealand (TNZ Crown Agency) to act as the National Tourism Organisation for New Zealand. TNZ is primarily focused on the promotion of New Zealand as a destination for international visitors, although during the pandemic border closure also undertook domestic marketing activity. Other parts of government such as the Department of Conservation play an important role in the provision of tourism infrastructure and experiences on the conservation estate and Waka Kotahi manage the national roading network.

Hobbiton Movie Set, Matamata
Photo by Nate Johnston on Unsplash

Local government is a key enabler, regulator, investor, and tourism operator. Their function is to promote the social, economic, environmental, and cultural wellbeing of communities in the present and for the future. (Local Government Act 2002, section 10 (1)). At a local government level, the public investment in tourism is diversified across multiple areas of activity which also deliver on community wellbeing outcomes.

There are two forms of local government, regional councils, and territorial local authorities (district and city councils) with 6 unitary authorities where regional and territorial functions are combined. Local territorial authorities are the primary funders of RTOs with an estimated $45m invested across the network annually. Councils create the policy, planning and regulatory environment within which the tourism sector operates.

Territorial authorities are also tourism operators through their investment in attractions (zoos, museums, galleries, events), and through the provision of amenities, services and infrastructure enjoyed by residents and visitors alike. Some Territorial Authorities (TA's) also fund and manage i-SITE visitor centres, while others pass this responsibility to the RTO or other organisation.

There are a number of recent or current strategic reviews in progress that could have impact at several levels of the tourism system. These include the Local Government and RMA reforms, an MBIE led review of Tourism New Zealand's core role(s), and TNZ led reviews of Qualmark and I-SITE NZ.

The Government led, Tourism Industry Transformation Plans (ITPs) is a phased project focussed firstly on workforce issues and opportunities through the 'Better Work' stream and then a focus on climate mitigation/decarbonisation and fostering positive ecological outcomes through the 'Environmental' work stream. The third ITP workstream is anticipated to consider Sustainable Funding. Other important political issues such as the upcoming 2023 General Election, potential 'Three Waters' reform and Co-Governance discussions are also highly relevant to this paper.

This white paper considers the past, present and future role of Regional Tourism Organisations within this context.

"Change is occurring in a number of areas and Regional Tourism Organisations will need to consider how they fit within these changes. Flexibility and agility will be important as they navigate the future. For example, government approaches to regional investment through Kānoa are changing, the local government reforms are in draft form and the Tourism New Zealand Domestic Demand review could cause material change to the tourism system.

We encourage Regional Tourism New Zealand to think for the future in terms of structures and options but also to match aspirations with resourcing and ensure international examples are relevant"

Ministry of Business Innovation and Employment

Eastcape sunrise

Tongariro National Park
Photo by Katie McBroom on Unsplash

Executive Summary

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

The strongest observation made from writing this paper is that the current tourism system is taurangi (not complete).

It requires closer examination to determine the structural changes and future resourcing that would enable a more productive tourism sector that contributes greater benefits for all.

All destinations are managed either implicitly or explicitly, different actors participate either knowingly or unknowingly, and through their decisions and behaviours shape a destination either positively or negatively.

World Economic forum

Whilst the impacts of the pandemic and a two year total border closure on the entire tourism eco-system is evident; research into Aotearoa | New Zealand's tourism system over the past 20 to 40 years shows systemic issues that have been consistently reported, but remain unsolved. We recognise the observations in this paper have been previously observed by numerous authors and commentators.

What has changed drastically in that time, is the world around us, and resident and traveller behaviour.

Kia whakatōmuri te haere whakamua.

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

Regional Tourism New Zealand, the peak body for 31 tourism organisations commissioned this discussion paper with and for their members, to prompt thought-provoking conversations with stakeholders at all levels. The focus of the study was to look towards the future and the evolution of RTO roles and functions to enable a wider destination management approach and how global best practice might inform this.

In commencing this future focussed white paper, what became apparent was the need to write three sections: Ngā wa ō mua (past), Ngā wa ō nāianei (present) and Te mea akeake (future), and this whakatauki above became symbolic. It is important to look back to understand the origins of RTOs and destination management. And then, look much further back into the innate wisdom of our indigenous past to find the solutions that will shape the framework for the destination stewardship that is required as we move towards a more regenerative tourism sector. Through this we ensure a future for our industry, destinations and communities, as well as the leadership organisations which support and enable success.

Whilst there is significant global discussion on a destination's responsibility to evolve from destination promotion to destination management - it is important to note that destination management is not a new concept and Aotearoa | New Zealand appears to have been an early pioneer, founding the world's first tourism focussed government department (1901) to lead the country's destination development, management and promotion.

Since then, numerous strategies have been developed that recommended a broader destination management approach, however, the same barriers preventing an evolution to destination management during that time, still exist today.

From interviews with industry leaders and key stakeholders, we identified the key current constraints and challenges facing regional tourism as lacking:

1. Shared value and governance.
2. Dedicated sustainable funding for impact.
3. Shared long-term vision and strategy.
4. Knowledge and resilience for action in a changing world.

The two biggest barriers that have prevented implementation of repetitive tourism strategies is that: mandate has not followed mantra and funding has not followed function.

Since the 1950s, the Central Government has decentralised tourism to local governments but without dedicated, sustainable funding and resources to solve the necessary problems. Further, the Local Government Act 2002 provides no specific mandate for tourism. In fact it is pertinent to note that the words "tourism", "tourists" or "destination management" do not feature in the Local Government Act (1974) No. 66 (July 2022). Lack of progress towards a sustainable destination management approach is widely attributed to "decentralised problems not powers, and an unfunded (non)-mandate", with Local Government also being under-resourced and needing to prioritise resources to "core" activities. Many of these core investments also enable tourism related activity, however, the quality of destination management and therefore the visitor experience varies widely.

To be effective at destination management there needs to be a legitimised entity - institutionally, legally and operationally speaking - to lead the management of tourism. By its nature, destination management cannot just be governed hierarchically, however we observe that comparative to many other countries Aotearoa | New Zealand does not have a dedicated national tourism entity to govern the system, and tourism is not legislated, or mandated within any entity, (other than Tourism New Zealand for international promotion of the country only). This white paper suggests investigation of a more formalised governance approach with a review of the existing tourism eco-system structure, roles and accountability and the potential use of further legislation, mandate and policy as enabling tools.

Funding is also a fundamental constraint across the tourism eco-system, and for RTOs, resourcing rarely has correlation to the value of the visitor economy in their region. There is no consistent methodology or set of indicators to calculate RTO funding, which instead appears to be based on political or resident appetite for property rating increases. Why the tourism sector is funded by ratepayers to meet a market-failure can be misunderstood and contentious.

However, tourism is not like other industries. It sells an encounter between a visitor and a place and its people. The transaction occurs in the home of the destination's residents and often involves the unique natural, historical, and cultural capitals of that place. This paper suggests that investigation into a tripartite sustainable funding model is an urgent priority to ensure RTOs and indeed the wider tourism eco-system is no longer 'funded to fail'.

Looking internationally, barriers to a destination management approach also exist in most other countries and the sobering reality is that most tourism eco-systems seem to be operating sub-optimally. Further, there is no RTO governance or structural model that works universally, or could be deemed best practise to be imported to Aotearoa | New Zealand.

In embarking on this white paper, we aimed to find global best practice destinations who had already successfully transversed the evolution to a destination management approach and included as relevant case-examples are: New South Wales, Slovenia, Iceland and 4 Vancouver Island. This paper also considers how three local case-examples (Murihiki | Southland, Te Tai Tokerau | Northland and Te Moananui ā Toi | Bay of Plenty) have already embraced a destination management approach.

Most destinations globally are also pondering how to be fit for a purposeful future.

> "No one arm or representative of the travel and tourism industry or government is presently in charge of protecting destinations"
>
> **Epler-Wood et al 2019**

Specific, one-off central government investment in destination management capability and capacity over the last two years, has resulted in RTOs stepping into a more strategic and broadened role, from which they are poised to continue to support, facilitate and coordinate a destination management approach. Interviews with stakeholders of RTNZ shows strong support for RTOs continuing in this role.

If the key constraints and challenges raised in this white paper are removed, with action on the key observations and recommendations, then Aotearoa | New Zealand has an exciting opportunity to be amongst the first in the world to commit to a systemic and impactful national tourism model that embeds destination management values, principles and approach across the entire tourism system. Aotearoa | New Zealand's innovation in this space will provide thought leadership to many other countries as they contemplate their own future evolutions.

If this happens, then Aotearoa | New Zealand's long run-way and strong foundation in destination management represents a competitive opportunity. The land in Aotearoa | New Zealand is considered taonga tuku iho (a treasure handed down) and innate Māori wisdom understands the balance of manaaki (welcome) and kaitiaki (stewardship). This wisdom, combined with legendary kiwi science and innovation, would be a powerful antidote to the significant issues facing the tourism eco-system today. This paper suggests increased partnership to elevate Indigenous knowledge and wisdom into mainstream tourism management to lead the evolution beyond destination management to destination stewardship.

Destination stewardship builds on destination management to recognise tourism impacts and implications more holistically and uses tourism as a vehicle to support achieving biodiversity and targeted climate action, as well as heritage and cultural conservation. We observe that the Resource Management Act reforms may be an ideal trigger for developing a more robust role for regional tourism at the macro-regional level, as stewards positioned to both help protect the past, and shape the future.

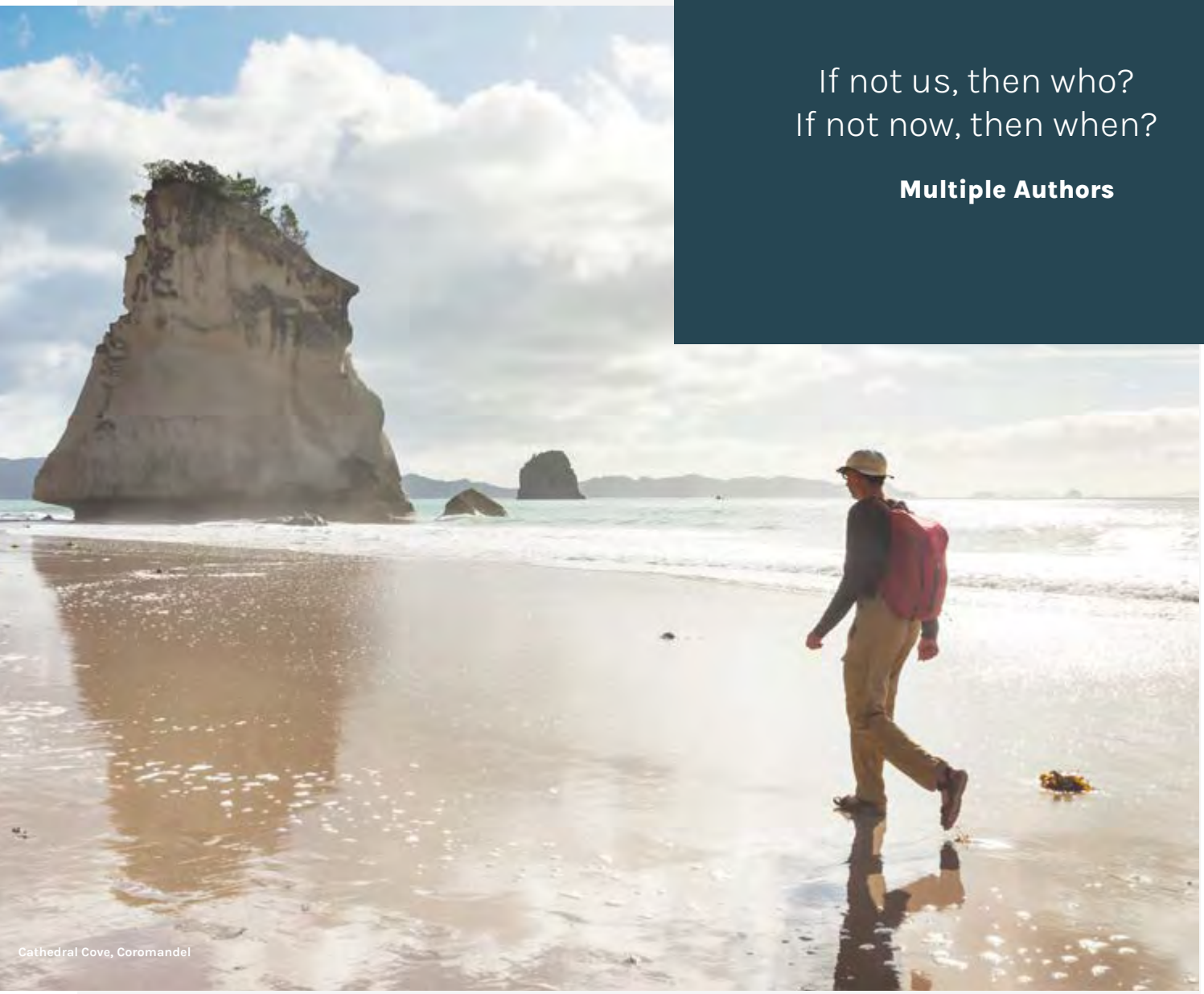
Tōnui is a nuanced story of our collective history, and how we have arrived here in the present. It is our collective hope that this white paper highlights the challenges and constraints faced by our sector and inspires thought provoking discussion beyond the symptoms, to the causes and root causes that have been systemic for decades.

The next pages summarise the white papers key observations and recommendations to bring ideas to the table for meaningful change, and how we can, collectively, enable a regenerative tourism system that is more prosperous, productive and flourishing for future generations.

Otuihau Whangārei Falls, Northland

If not us, then who?
If not now, then when?

Multiple Authors



Cathedral Cove, Coromandel

Summary of Observations and Recommendations

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

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

Our four key observations are:

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

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

1

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

RECOMMENDATION

Shared value governance.

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

ACTIONS

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

2

No one is in charge of sustainably managing our destinations.

RECOMMENDATION

Shared long term vision.

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

ACTIONS

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

3

Regional funding has not followed function.

RECOMMENDATION

Dedicated sustainable funding for impact.

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

ACTIONS

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

4

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

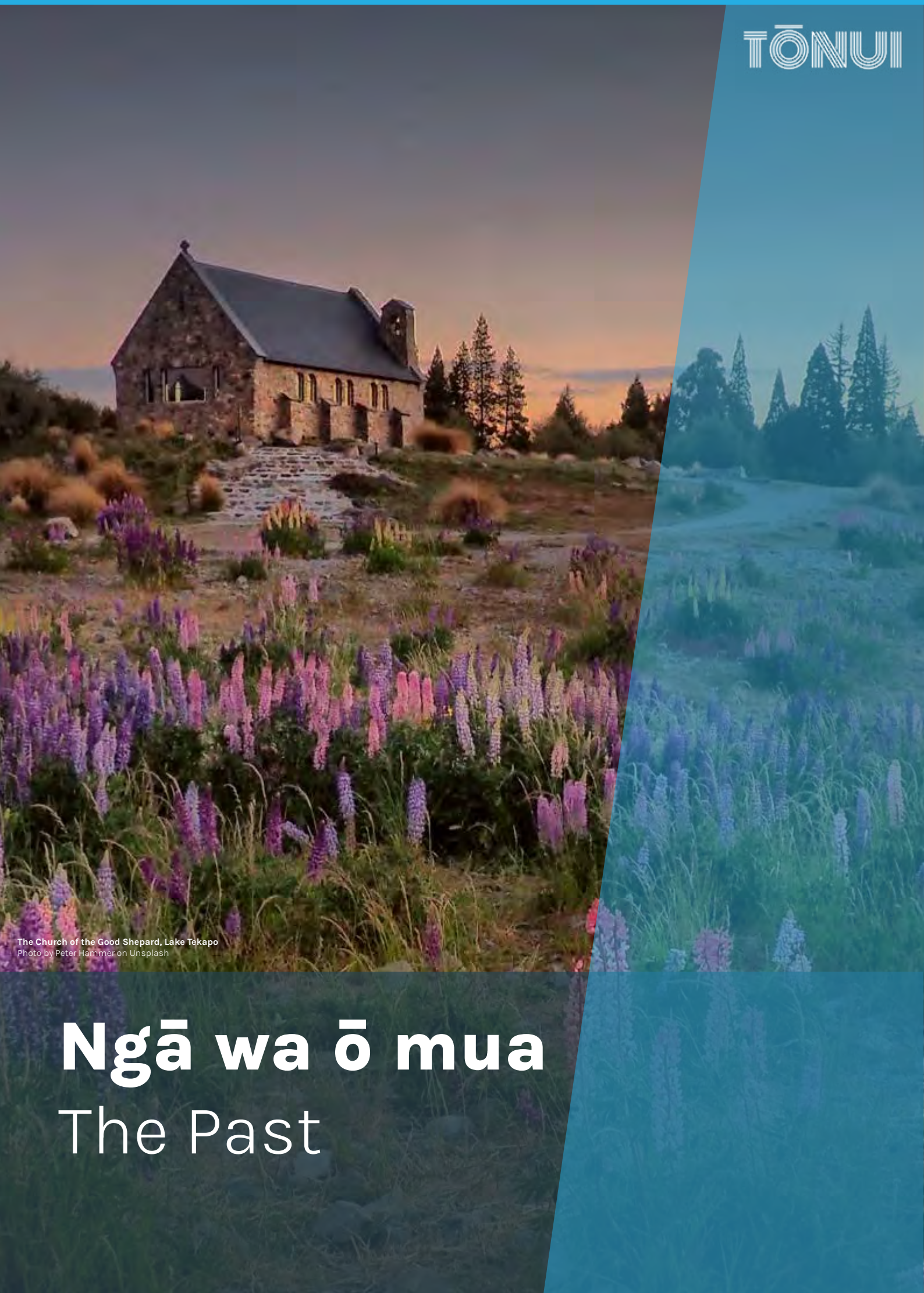
RECOMMENDATION

Build knowledge and resilience for action in a changing world.

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

ACTIONS

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



The Church of the Good Shepard, Lake Tekapo
Photo by Peter Hammer on Unsplash

Ngā wa ō mua
The Past

"The longer you can look back, the farther you can look forward"

Winston Churchill

New Zealand's Department of Tourist and Health Resorts was a world leader - the first government department in the world established specifically to develop the business of tourism.

Established in 1901, the department's role was to "improve facilities for tourists and encourage international visitors. This included developing existing, and establishing new facilities and access, managing publicly owned assets, the promotion of New Zealand overseas and the provision of a booking service/itinerary planning for visitors." The Tourism New Zealand centenary publication "100 years pure progress" (2001) describes this deliberate intervention by the Government to develop and manage Aotearoa | New Zealand as a destination.

Māori held a pivotal role in this development and the earliest hosts and guides were the Te Arawa people, and particularly women, of the Rotorua district. Most of these early tourism developments still exist today as pivotal tourist attractions (see text box below/ sidebar), with the exception of the recently closed Grand Chateau Hotel.

In 1930 the first full-time publicity officer was appointed and by 1954 a name change to the Tourist and Publicity Department, reflected a tip in the scales towards overseas promotion.

In 1956 the ten government-owned hotels, managed by the tourist department, were transferred to the new Tourist Hotel Corporation (THC) for management and promotion.

In the late 1980s, with the move towards privatisation and a shifting role of the Department, the Government Tourist Bureaux, National Film Unit, New Zealand Rail, Air New Zealand and THC were sold by the Government to private enterprise. As a result, the Department was renamed the 'New Zealand Tourism Department' in 1990, to reflect the loss of its publicity, travel sales and business unit functions. In 1991, it was disestablished and replaced with a New Zealand Tourism Board, (a private sector led Tourism Board as a Crown owned entity), and a small policy advice unit (Ministry of Tourism and Sport).

It became a new Crown Agency in 1999, and was given the trading name of Tourism New Zealand (TNZ). Today TNZ is the national tourism organisation (NTO) and international tourism marketing body for New Zealand.

Initially the local government territorial authorities' role of enabling visitor growth and tourism development was relatively limited to providing the required utilities and amenities, and administering necessary planning and development control processes, related to tourism.

"Prior to 1901 development of thermal areas and attractions had been haphazard with no uniformity of ownership, development or provision of funds. The Department of Lands and Survey, local boroughs, boards and individuals all contributed to the development of the spas. Early attractions such as the Waitomo Caves, Rotorua district, Mt Cook, Milford Sound, Te Anau and Queenstown were accessible by the 1890s. Te Aroha, Rotorua, Hanmer Springs and Morere thermal areas had been attracting tourists and locals alike for their health benefits and warm waters for many years, but were in varying stages of development and often with limited or difficult access.

Now, with the Government's involvement, management was taken over, roads and tracks, bridges, jetties and huts were built, hotels bought and additional buildings constructed. Improvements were targeted to those reserves and resorts under the Department, as well as areas in need that fell outside of the Department's direct control. Promotion of New Zealand overseas began immediately with agencies set up both overseas and at home, promotional material and advertising distributed and international exhibitions attended. By 1911, these agencies, called Government Tourist Bureaux (GTB), were providing a full travel booking, itinerary planning and information service to tourists and travel agents in New Zealand and offshore."

Source: "100 years pure progress" (2001)

The Birth of RTOs

Although many territorial authorities did have localised public relations officers (PROs) who promoted local activities and events. In 1986 the New Zealand Tourism Department recommended an evolution of the existing PRO's with an assistance scheme to encourage the establishment of larger territories based on regional and united councils.

They recommended a framework for establishing Regional Tourism Organisations (RTOs) and provided three years funding assistance to enable appointment of a regional tourism Chief Executive, marketing planning and some marketing activity. Twenty-two RTOs were established at this time. This also allowed territorial authorities to create a separation between their regulatory and promotional roles by devolving direct responsibility for destination promotion to the RTO.

Originally, RTOs were structured with diverse boards of management, including ten representatives from local government, the tourism industry, businesses and community groups. Over time they became more independent, and less directly involved with local councils, coinciding with the creation of council controlled organisations (CCO's) with more independent boards of management.

During this same period the Department of Conservation (DOC) was established in 1987. It formed from an amalgam of several existing government departments, to manage the natural and cultural heritage of New Zealand, known as the public conservation estate, for broad recreational use by New Zealanders and visitors. The Resource Management Act 1991 (RMA) saw the principal responsibility for resource management devolved to local government amongst a series of changes to the structure and functions of local and regional government.

Under the RMA (1991) the role(s) regional councils could undertake in tourism planning and management were limited to those activities 'permitted' by territorial local authorities within its jurisdiction. As a consequence of this legislative constraint, regional councils play only a limited and indirect role in tourism management that mainly involves managing the adverse biophysical impacts of tourism and other activities from an integrated regional perspective. It is important to note that

Split Apple Rock, Abel Tasman National Park

regional councils do or can have an indirect influence on sustainable/ regenerative tourism through regional policy statements and regional plans on air, water and soil quality, and coastal activities.

In 1953, the New Zealand Travel and Holiday Association was formed. In 1970 it became the New Zealand National Travel Association, then the New Zealand Tourist Industry Federation in 1984. More changes followed and from 1993, it was known as the Tourism Industry Association New Zealand (TIANZ). In 2016 the association launched its new identity, Tourism Industry Aotearoa (TIA), as it is recognised today. Throughout this evolution, the remit of TIA has remained consistent at its core as representatives for all sectors of Aotearoa New Zealand's large and diverse tourism industry, including RTOs.

Under the guidance of the (then) Tourism Industry Association New Zealand and TNZ, the roles and functions of RTOs were clarified in 1997. Twenty-six bodies were designated as Regional Tourism Organisations (RTOs), with an associated tier of District Tourism Organisations (DTO's). The key mandate of RTOs was to promote tourism at a regional level. Primary functions at this time were: liaising with travel agents and local tourism operators to provide information, providing product manuals, attending industry fairs, facilitating media promotions, offering economic or community development initiatives and business advice, and funding or managing events.

By the turn of the century Aotearoa | New Zealand was welcoming over 1.5 million visitors per annum and tourism was contributing 16% to New Zealand's export earnings. This phenomenal growth began to spark discussions for how to manage tourism's adverse social and environmental impacts.

At the New Zealand Tourism Conference in August 2000, the New Zealand Tourism Strategy Group (nine members from a cross-section of representatives from central and local government, Māori, and the industry) were tasked by Government to "focus on the sustainable development of the tourism industry – not just economically but environmentally, culturally and socially". The Minister of the time said "While visitor numbers have grown year after year, and tourism is now New Zealand's biggest single industry, we have never had a proper strategy to manage the continued growth of the sector, and the implications of that growth. The Strategy Group must consider and balance the demands of tourists, the needs of the industry, the views of the general public and the role of the government".

The resulting **New Zealand Tourism Strategy 2010** (NZTS, 2001) envisaged tourism in the next decade "In 2010, visitors and their host communities (will) understand and embrace the spirit of manaakitanga (hospitality) while, New Zealanders' environment and culture is conserved and sustained in the spirit of kaitiakitanga (guardianship) and, Tourism is a vibrant and significant contributor to the economic development of New Zealand.".

They also envisioned a greater role for RTOs, encompassing co-ordination of tourism planning and development among local operators, local government interests, and communities. This included the prediction of some consolidation of the current RTO numbers and creation of "new RTOs" to "act as key strategy planning agencies".

The NZTS envisages strengthened links between central government, local government and operators, and that tourism planning will be better co-ordinated and managed regionally. It is also clear that to undertake wider ranging functions proposed by NZTS, RTOs would need to undergo radical changes to their statutory and organisational mandates, funding, and staffing in order to adequately address planning for sustainable tourism.

The 2002 Local Government Act (Local Government New Zealand, 2002) first put an emphasis on local government to "promote the social, economic, environmental, and cultural well-being of communities in the present and for the future". And at the time territorial authorities were encouraged to "take a lead role in destination management by forming partnerships with key stakeholders" as one of the four strategic aims. Whilst this section of the Local Government Act has evolved over time this clause remains in section 6(1) of the Local Government (Community Well-being) Amendment Act 2019 (2019 No 17).

In order to respond to the New Zealand Tourism Strategy (2001) and the Local Government Act reforms (2002), numerous reports were commissioned to look more deeply into the required changes to the tourism system and, within that, regional tourism.

One report "Emerging Tourism Planning Processes and Practices, 2003 (Lincoln University)" included a postal survey to key stakeholders which indicated "an apparent absence of clearly allocated responsibilities and structured communication within and between surveyed organisations.

This is particularly apparent within territorial local authorities where, for example, key tourism contacts differ widely, reflecting inconsistent conceptualisations of the core aspects of tourism planning. Collection and use of data by organisations pertains mainly to demand, for example visitor numbers, rather than supply-side issues, such as infrastructure needs and environmental quality associated with tourism. Furthermore, funding and staffing priorities are focussed on development-based issues, such as destination marketing and promotion, while broader strategic and environmental management concerns appear to be largely ignored."

The "universal concerns and key constraints" faced by organisations surveyed in this 2003 study were "a lack of adequate funding, staffing and tourism-related data. These concerns are followed by legislative constraints and institutional boundaries, which serve to limit the ability of these organisations (especially regional councils) to be more pro-active in tourism planning and management. These factors are perceived as limiting potential for more effective regional tourism planning and management."

These same universal concerns and key constraints are reflected in our research some twenty years later.

As visitor numbers have continued to grow, there is increasing realisation of the inter-related economic, social and biophysical implications of tourism and the need for coordinated planning strategies within central and local government. Local government has been criticised for its lack of response to the challenge of promoting sustainable tourism development (Tourism Strategy Group, 2001). This concern is attributed to an inadequate appreciation of the role local government can play in providing strategic direction.

To achieve sustainable tourism development, local government has the opportunity to formulate strategies that provide direction and guidance to the industry, set development standards appropriate to the social and biophysical carrying capacities of the host area and make provision for the development and maintenance of adequate infrastructure. However, the findings of this research suggest that there is currently a paucity of clearly articulated, co-ordinated and integrated strategies for sustainable tourism development at the local and regional levels in New Zealand.

Source: "100 years pure progress" (2001)

From 2004, Māori owned tourism businesses across all sectors were represented by the New Zealand Māori Tourism Council (previously the Aotearoa Māori Tourism Federation).

The council was made up of a number of Māori Regional Tourism Organisations (MRTOs) in a number of regions across Aotearoa | New Zealand to support the economic development, growth and sustainability of Māori tourism economy and operators. In 2008, the New Zealand Māori Tourism Council noted that there were more than 350 Māori tourism businesses operating in Aotearoa | New Zealand.

Today, New Zealand Māori Tourism (NZMT) is an independent incorporated society that promotes, helps and leads the Māori tourism sector to deliver rich cultural visitor experiences, build commercial and cultural skills, and leadership among Māori tourism operators to support the aspirations of their people and place.

In 2011, the Department of Conservation released a 'Destination Management Framework' (DMF) – A new approach to managing destinations. The strategy recognised DOC as a significant provider of tourism and outdoor recreation opportunities in New Zealand.

The framework aimed to "ensure that the delivery of these opportunities is focused, fit for purpose, demand-driven and affordable, and that DOC works with others in providing such opportunities". The DMF focused on increasing the participation of people in recreation and in protecting historic heritage.

In 2012 the 'Tourism2050' project, commissioned by the Ministry of Tourism and the Foundation for Research in Science and Technology, set out to envision the future of tourism in New Zealand by asking the question: 'What will New Zealand tourism look like in the year 2050?' And the pertinent question posed in the paper "Will tourism become a 'future maker', shaping and contributing to the sustainability of the planet, or 'future taker', consuming a disproportionate amount of resources"? appears to remain largely unanswered as a sector.

The Regional Tourism New Zealand benchmarking report (2018) concludes: "Destination management for RTOs suggested in the 2001 New Zealand Tourism strategy meant focussing more on tourism development and support while still developing regional marketing initiatives. Even though this expectation was there, most RTOs kept their focus on promotions as they lacked the skills, resources, and mandate from their funders to deliver destination management" Source: 2018 RTNZ Benchmarking report

In 2017, TIA launched the Tourism Sustainability Commitment (TSC) with the vision of leading the world in sustainable tourism: Toitū te taiao, toitū te tāpoi. E kōkiri ana e Aotearoa. The project, led by TIA, was developed with the support of an external reference group with representatives from TNZ, Air New Zealand, Griffith University, Real Journeys, Ziptrek Ecotours, DOC, Discover Wanaka, THL and Whale Watch Kaikoura. The commitment, which is still active today, addresses sustainability across the industry through an environmental, social and

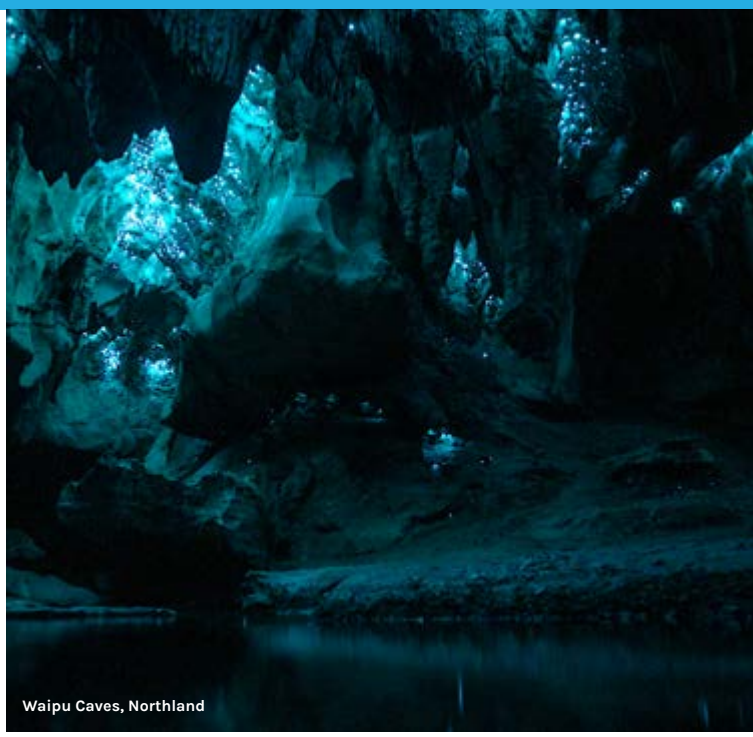
economic lens and was influenced by the United Nations Sustainable Development Goals. By 2020, and after a refresh of the programme, more than 1400 tourism businesses across Aotearoa | New Zealand had signed up to the TSC.

The 2019 New Zealand-Aotearoa Government Tourism Strategy and the Tourism Industry Aotearoa (TIA) strategy 'Tourism 2025 and beyond' both aimed to embed sustainability at the heart of the Government and industry led strategies for tourism. A further strategy was developed by the 'Tourism Futures' Task Force which was appointed in June 2020 as an independent public private partnership (PPP) to lead a strategy for 'the future of tourism in New Zealand'. The first draft report "We are New Zealand" (link) was highly regarded and supported by a cross-section of stakeholders, however the taskforce was disbanded by the Government prior to completing the final report.

Whilst in a number of regions' RTO work already involved destination development type activity, by 2019 some regions such as Hamilton & Waikato, ATEED, Southland and the Bay of Plenty RTOs were commencing on a very deliberate self-directed journey towards destination management. The (MBIE) Destination Management Guidelines were produced mid 2019 and released to RTOs in January 2020. The Destination Management Guidelines were recommended as a unified framework for RTOs to create destination management plans (DMP).

At this time tourism was New Zealand's largest export earner with 3.8 million visitors which was leading to localised (in time or place) overtourism and social licence was becoming a more significant issue, as in many other countries around the world. The Central Government intervened in 'at-need' regions funding regional development plans and providing resources for priority regions - Queenstown (Queenstown Lakes District Spatial Plan), MacKenzie (DMP) and Milford Sound (Tourism Opportunities Project).

The global Covid-19 pandemic began to emerge in Aotearoa | New Zealand at the end of January 2020 and by early February the first entry restrictions commenced. On 19 March 2020 "For the first time in history, the government closed the country's borders to all but New Zealand citizens and permanent residents." After almost two years, the border re-opened to eligible travellers on Sunday 13 March 2022.


Waipu Caves, Northland

During this time, the Government invested $47.8 million through the Strategic Tourism Assets Protection Programme to enable RTOs to support their tourism sector during the crisis. This funding was to develop a destination management plan, support product development and industry capability building and undertake domestic marketing. Between 2020 - 2023 $11.1m has been spent by RTOs on destination management planning. Central Government investment continued to be made in Regional Tourism New Zealand (RTNZ) to provide destination management expertise to the regions and to fund a national professional development programme focussed on increasing destination management capacity and capability. All 31 RTOs participated in 'Te Ūnga Mai' during 2022. The initiative won a New Zealand Tourism award for industry collaboration with judges noting "The Te Ūnga Mai programme is a fantastic, collaborative effort to lead all regions of New Zealand into genuinely uncharted territory".

The impact of these Government interventions and targeted investments in destination management can be evidenced by the number of completed destination management plans. In addition, RTOs understand the value and benefit of a destination management approach and are endeavouring to support their communities goals and aspirations as outlined in their DMPs as best as possible. As of February 2023, 26 regions have completed or updated their DMP's. All plans will be completed in June 2023, bringing the total to 29 completed plans. (Queenstown/ Wanaka and Fiordland/Southland are combined).

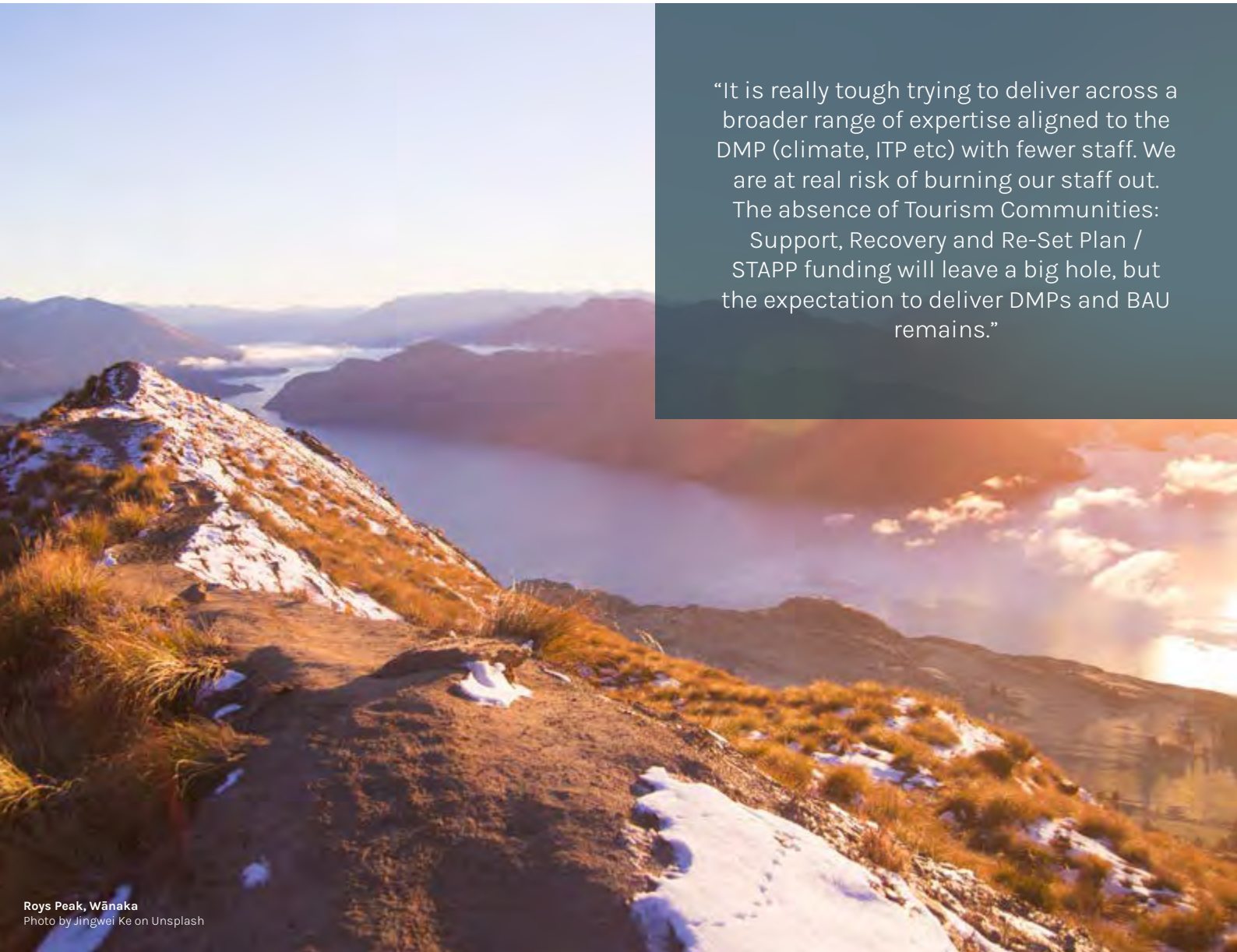
Throughout the DMP process, RTO leaders have reported the benefits of new and deeper connections with their wider stakeholders, most importantly iwi, councils, local communities, and other industries. The destination management plan process has allowed RTOs to consult more widely with their stakeholders and strengthen their networks to gain a seat at the table for many regional discussions. In some regions, tourism is taking a leadership role in connecting different players and facilitating action at a regional level.

However, other destination leaders report that whilst the Government provided additional funding for destination management planning and implementation, there isn't a clear mandate through existing RTO constitutional, corporate or deed documents, and funding agreements with local government funders.

The additional STAPP funding allowed RTOs to recruit contractors to deliver projects that would not have been otherwise possible. They felt this broader range of activities had raised the relevance of their organisation's role within their community and also raised stakeholder expectations, which will present a challenge once funding returns to base-line levels in the 2023/24 financial year. As of June 2023 all Government STAPP funding would have been expended.

Some RTOs have reported making specific operational and governance changes to cement the destination management principles and approach into their organisation.

This includes adding destination management activities to job descriptions and reflecting new KPIs in strategic plans. However, for many, the expectations attached to base-line district council funding remain unchanged and no additional resources are available to facilitate additional destination management responsibilities. This means that RTOs are currently feeling the pressure to achieve more with less resources, which will put additional pressure on staff and resources as outlined in the quote below.



"It is really tough trying to deliver across a broader range of expertise aligned to the DMP (climate, ITP etc) with fewer staff. We are at real risk of burning our staff out. The absence of Tourism Communities: Support, Recovery and Re-Set Plan / STAPP funding will leave a big hole, but the expectation to deliver DMPs and BAU remains."

Roys Peak, Wānaka
Photo by Jingwei Ke on Unsplash

Ngā wa ō nāianei
The Present

There are currently 31 RTOs across Aotearoa | New Zealand. In most instances councils provide funding to RTOs directly or through a contracted organisation. There are various structures and operating models in the form of Council Controlled Organisations (CCOs), Units within Council, Incorporated Societies and Trusts. RTOs can also cover single or multiple council jurisdictions and 17 are part of Economic Development Agencies which are also funded by the local government. However, there are a small number of districts that are not covered by RTOs activities e.g. Rangitikei, Waimate, and Ōpōtiki.

RTOs work closely with their region's tourism industry. A few regions are governed by a membership structure, whilst most operate partnership programmes which contribute funding to support regional tourism activities. There is no 'official' policy, set of requirements or criteria to be a RTO and the level of funding (provided by councils primarily) determines their purpose, functions, and accountabilities.

The following map introduces the tourism regions that are represented by a regional tourism organisation. It shows post-pandemic domestic and international visitor spend (year ending Oct 2022).

The data is limited to only electronic card spend, however this is the only multi-year comparative data source available to show regional relativities. Visitor spend has yet to return to pre-pandemic levels, but remarkably the post-pandemic nationwide total is down just 2.7% vs 2019 data. Regional variations however are much more significant with smaller markets tending to be ahead of 2019 and larger markets behind. For more detailed information see the section "Comparing pre and post pandemic visitor spend" in the appendix.

Aotearoa | New Zealand visitor spend from MBIE Tourism Electronic Card Transactions by Regional Tourism Organisation.

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

The Role of RTOs

What are the current roles of an RTO in supporting, facilitating and coordinating a destination management approach in their regions.

The pre-pandemic global travel boom showed the possible impacts and challenges insufficient destination management might have, with consequences like 'over-tourism' and the degradation of the environment as the most visible effect. Conversely, the global pandemic showed the impacts of 'under-tourism' and negative consequences particularly for the economic well-being of communities. Whether a community suffers from too many or too few visitors, rectification of the corresponding social and economic issues requires a more managed approach.

The 2022/23 World Bank Group Destination Management Handbook articulates the importance of a destination management approach and the roles of a destination specific organisation to "address coordination and market failures."

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

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

Reference: 2022/23 World Bank Group Destination Management Handbook

Whilst evolution to a destination management approach is discussed widely across the world, evidence of a thorough implementation of this approach has been more difficult to find.

"The impacts of poor destination management can include overexploitation of cultural and natural resources; negative economic impacts on communities like inflation, price bubbles created by tourists' higher purchasing power, and the overuse of infrastructure leading to dangerous local conditions; a lack of connecting visitor revenue with local communities for long-term job creation and sustainable livelihoods; backlash and anger where resources are skewed towards visitors versus locals; or feelings of a lack of control as local communities bear the costs of not being included in destination design and management".

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

We have included four case-examples: Iceland, New South Wales, 4VI (Vancouver Island) and Slovenia which have the most relevance to Aotearoa | New Zealand. Post-pandemic there is a marked increase in the number of destinations analysing the merits and meaning of the evolution from destination promotion to destination management and some evolving further towards destination stewardship. However, Aotearoa | New Zealand's long runway to, and concerted nationwide emphasis on destination management remains relatively unique.

In a survey conducted in 2022 for this white paper, ninety one percent (91%) of RTOs have confirmed their role responsibilities have increased since 2019, largely due to increased responsibility for destination management themes such as:

- Destination management plan development, ongoing leadership and stakeholder engagement.
- Increased levels of stakeholder, community and Māori engagement.
- Regenerative, sustainability, climate change related roles including increased focus on risk and crisis management.
- Increased development activity including product/ experience development, city transformation projects/ place making, workforce development and industry capability.
- Increased focus on data, research and insights.
- Increased collaboration with other regions.

Other increased responsibility was seen in areas of visitor promotion / attraction also, including:

- Content development
- Public Relations
- Events and Business Events

Key Stakeholder Perspectives

This evolution towards a more all encompassing destination management role is also recognised and supported by key partners in the tourism system.

Tourism Industry Aotearoa reflected that, **"The role of a Regional Tourism Organisation as a purely marketing organisation is gone"**. They see RTOs active as champions of place, business advocates, incubators of industry and performing an important intermediary role connecting to operators with capability building and sustainability initiatives. They see a definite role for custodianship and connection "at place" - someone who is the connection to the community and the insights and lived experience on the ground to see and feel the community response in real time.

New Zealand Māori Tourism also reflected the growing scope of RTOs, **"to have a community lens as well as a visitor lens"**. They reflected the importance of the Regional Tourism Organisation's role as an intermediary providing connection vertically from Tourism New Zealand to operators, and horizontally within the region - coordinating stakeholders and operators as attractors such as major events, business events, and familiarisations.

Tourism New Zealand also appreciated the Regional Tourism system as enablers of international activity and "on-the-ground" delivery of familiarisations, content creation and media visits. They too are observing a **"notable change of role blending into more destination management, working within the wider ecosystem and being advocates for tourism back into their communities and stakeholders".**

The Ministry for Business Innovation and Employment reflected seeing RTOs, **"operating in a more strategic role, connecting with communities and demonstrating the value of tourism with each region in a way that is appropriate and understanding the context of tourism in that individual place".** They saw implementation and continual updating of destination management plans as key to the Regional Tourism role going forward.

As can be seen by this analysis the RTO role has already evolved beyond destination promotion to destination management. Government interventions and investments in destination management has been a catalyst for this evolution and by June 2023 all regions will have completed or updated destination management plans, many in implementation. Major stakeholders are supportive of this role for RTOs and see benefit in the RTOs holding a role in 'at-place' destination management in the overall tourism eco-system. The next section looks at current resources to continue to fulfil a destination management role.

Current Resources to Fulfil Role

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

Central Government investment of approximately $110m is made to enable the role of a National Tourism Organisation (Tourism New Zealand) to attract targeted visitors to Aotearoa | New Zealand. The International Visitor Conservation and Tourism Levy (IVL), is the only visitor related funding mechanism in New Zealand, and was introduced in July 2019, It provides funding for investment priorities split between conservation and tourism. Aotearoa | New Zealand is relatively unique in its approach to funding of tourism, with most RTOs funded by and aligned solely to local councils and with reliance on regional residential and commercial property rates to fund regional tourism.

Although there is no statutory mandate, territorial authorities currently hold the broadest and most significant influence on tourism planning and management broadly categorised as the enablement of tourism and the management of tourism's negative impacts. Local Government funding for RTOs varies considerably and funding is provided from the general rate, a targeted rate, or combination of the two. Funding mechanisms and investment levels are influenced by the nature, size, and scale of the industry within the jurisdiction, and the most effective means

of collection and distribution. Recognition of the tourism sector, and local government's interest in it varies considerably, is also considered in relation to other council requirements and priorities.

Local Government investment has traditionally been to enable RTOs to promote individual districts and/or regions. However, increasingly and as a result of RTOs facilitating broader discussions, local territorial authorities are realising the need to ensure balance between a quality visitor experience and community social licence. Local Government funding is also constrained and priorities have increased substantially, so it is reported that tourism can be "a trade-off with other unfunded mandates" that are not a legislative priority and therefore discretionary.

One key observation is that resourcing of RTO's rarely has correlation to the value of the visitor economy in the region.

There there is no consistent methodology or set of indicators to calculating RTO funding, which instead appears to be based on political or resident appetite for property rating increases.

Analysis of Funding for Regional Tourism Organisations:

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

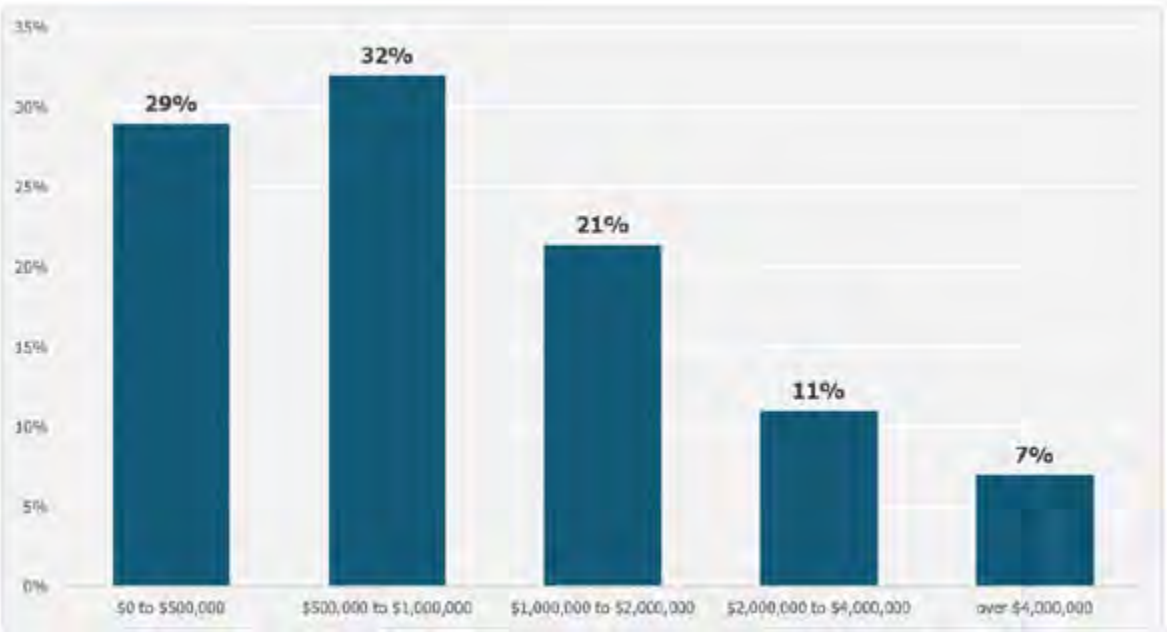
Source: RTNZ Member Survey

It is also recognised that Local Government makes significant investment in infrastructure, amenity and services for their communities and visitors, and in some territories there is an imbalance between cost and benefit, particularly in areas with low population density and high visitor demand. In the previous table, current RTO funding for the financial year 2022 - 2023 is presented.

There are no clear correlations which might guide investment decisions. Rather, the funding provided to the RTO appears more dependent on the understanding of the tourism sector and tolerance for visitors in their communities, and by extension their councils. This, coupled with the lack of mandate for local government to fund tourism has resulted in significant variance and sub optimal funding levels for most RTOs. This is set to decline further in the coming fiscal year. In the 2020/21 and 2021/22 financial years RTOs operated on larger budgets with a two year introduction of Covid-19 recovery funding under the Strategic Tourism Assets Protection Programme (STAPP) and Tourism Communities: Support, Recovery and Reset (TSRR). As much as possible from the information provided, this funding has been removed from any RTOs who have rolled-over STAPP or historical TSRR funding to 'normalise' budgets.

Based on the survey data collected for this white paper, 29% of RTOs will work within budgets less than $500,000 for the 2023-2024 FY (see chart below) and 61% will be less than $1,000,000. The survey results also revealed that 91% of the RTOs felt they needed additional funding to meet the expanded expectations created over the last two years meaning most of the organisations will struggle to deliver on increased community expectations with the budgets they expect to be provided.

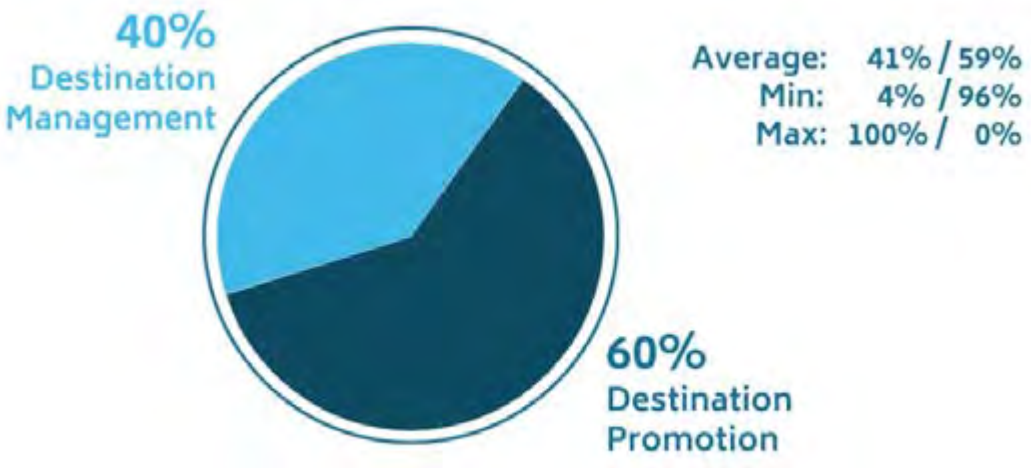
Distribution of total budget value:



Source: RTNZ survey data 2022-2023

Cathedral Cove, Coromandel

Median Distribution of staff time between Destination Management and Destination Promotion



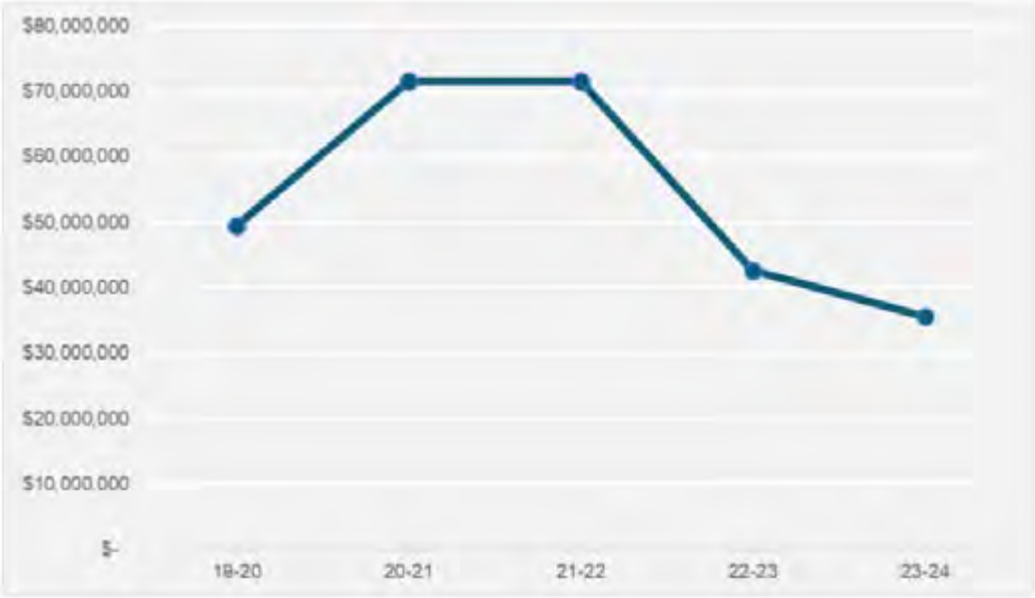
Source: 2022/23 RTNZ member survey responses.

In 2022-23 RTOs across Aotearoa | New Zealand will spend an average forty percent (40%) of their staff time on activities related to destination management and the remaining sixty percent (60%) on destination promotion activities. Organisations in smaller markets leaned more significantly towards promotion than those in larger visitor markets.

Notably, a few organisations responded that 100% of their activity fell under Destination Management signalling a significant shift to a fully integrated destination management approach. While we don't have data from previous benchmarking to compare, we can infer from other responses that the average 40% of effort expended towards Destination Management is, in itself, a significant lift from prior to 2019. The RTO network as a whole has embraced the change in role despite significant funding challenges to sustain that work.

Whilst there are some examples of modest increases in budget in relation to 2019/2020, overall the total expenditure across the system is forecast to be lower than pre-pandemic.

Total RTO budget 2019 (actual) to 2024 (forecast)



Source: 2022/23 RTNZ member survey responses.

The previous chart demonstrates the significant increase in total system budget during 20-21 and 21-22 due to STAAP and TSRR contributions. Importantly however, the total in 22-23 is already lower than 19-20 despite increased responsibilities and expectations. The 23-24 forecast is lower still with an overall loss to the system of over $10,000,000 vs. pre-pandemic budgets. Much of this loss can be attributed to larger RTO's including Auckland and Christchurch, but there are significant reductions across the country which include Southland, Fiordland, Nelson and Otago.

For FY 2022-2023, RTOs report employing an average of seven permanent Full Time Equivalent (FTE) staff with a range of one FTE on the low end and a high of nineteen, excluding i-SITE staff. In addition to the permanent staff survey data showed an average of 1.4 contractors each ranging from zero contractors to a high of seven.

Forecast staffing for FY 2023-2024 shows a total network loss of 28 FTE compared to 2022-2023, approximately a 13% reduction in RTO staff. In the Regional Tourism Organisation Roundtable thirteen regions said they would shed at least one person as a result of government funding finishing, an indication that the losses will be largely from the destination management area rather than destination promotion.

Current Functions

What are the current core functions of an RTO to fulfil the role of supporting, facilitating and coordinating a destination management approach in their regions.

Funding and resources available to the RTO affects the breadth and depth of functions that they can effectively manage; however, there are areas of core functions that are common to all. The myriad of responsibilities that may fall under the umbrella of an RTO will largely depend on its mandate, priorities and governance structure.

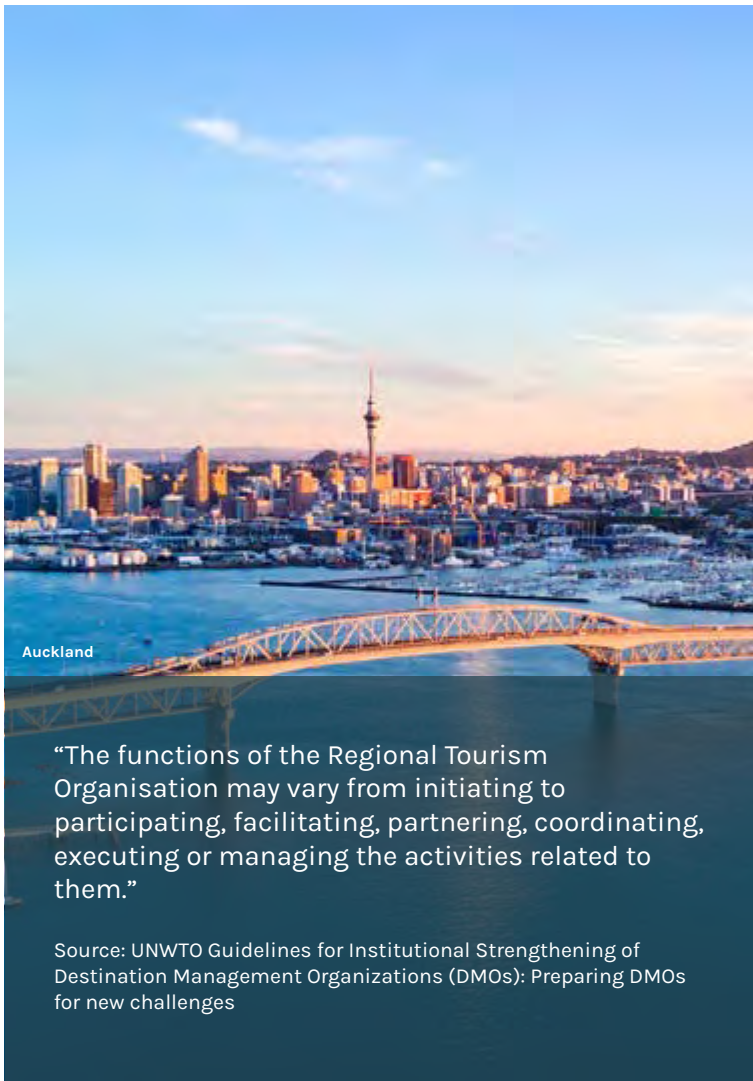
As highlighted in the previous section, most RTOs have limited resources and staff which creates challenges to fulfil wider functions of a destination management approach. Without additional funding, RTOs, (and their funders and governors), will need to determine what core functions they will carry out.

and governors), will need to determine what core functions they will carry out. Roles and responsibilities across other partners will need to be defined and commitments made. RTOs have indicated they will make the best possible effort to continue their coordination role across the range of actors in the destination as outlined below.

"The tourism offering of any destination is made up of diverse elements: access, experiences and attractions, health and safety, cleanliness, quality, destination image and information - that are the responsibility of different actors and agencies. Many different stakeholders are involved in the planning and management of these elements. "

Source: UNWTO Guidelines for Institutional Strengthening of Destination Management Organizations (DMOs): Preparing DMOs for new challenges

RTOs have primary responsibility for various core functions. For this study, RTOs were asked to indicate the functions they undertake categorised by whether they lead that function, or advocate, consult or support that function in their destination.



"The functions of the Regional Tourism Organisation may vary from initiating to participating, facilitating, partnering, coordinating, executing or managing the activities related to them."

Source: UNWTO Guidelines for Institutional Strengthening of Destination Management Organizations (DMOs): Preparing DMOs for new challenges

Core Functions

RTOs typically lead these functions in their communities.

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

Secondary Functions

RTOs typically support or advocate these functions.

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

Additional Functions

Some RTOs perform these functions, some don't.

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

Infrequent Functions

Most RTOs don't perform these functions.

Convention Centre Management
Venue Management

Source: RTNZ workshop and survey data

The core functions of RTOs cover both promotional activity and destination management activities. The destination management activity primarily pertains to areas the RTOs can directly influence and act on. This includes things like understanding resident and visitor perceptions, helping industry build capability, and product development.

Activities that involve a wider group of stakeholders and that are broader in scope than just tourism can be considered secondary functions of an RTO. In these cases they play a coordination role, often advocating, consulting or supporting other entities to actually 'do' the work. This may include advocating or influencing access and amenities development, environmental stewardship, and risk and crisis management.

There are a range of activities that some RTOs are heavily involved in (i.e. cruise, i-SITE management, events), while this is not within the purview of other RTOs at all.

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

This includes an average of 13 functions they "lead," 8 functions they "support" and 6 which they advocate for. Considering the average staff count was just under 7 FTE, we can assume most RTO staff are performing multiple functions. This is amplified in smaller markets where 1-2 staff are performing those 26 separate functions.

Current Structural Models

What are the current structural models of an RTO and what are the benefits and risks. Which are best responding to the evolution to fulfil the role of supporting, facilitating and coordinating a destination management approach in their regions.

Under the Local Government Act (2002), the Resource Management Act and other legislation, local territorial authorities appear to have the most statutory responsibility to carry out a range of general functions that include those relating to aspects of destination management, notably provision of local infrastructure and services, spatial planning and environmental protection Although some of these supply-side functions may be contracted out, they remain the responsibility of the local territorial authority. However, councils have a considerable amount of discretion in terms of the manner and extent to which they engage in destination management, whether in terms of making explicit provision for tourism in their statutory functions or in the discretionary ones with regard to economic development, destination marketing and information provision. It is this mix of statutory and discretionary functions which permits variation in functional structures.

As the national administrative regime permits variation in the organisational and inter-organisational framework for achieving destination management and the ways and extent to which different functions are undertaken. RTOs can have various administrative and legal forms.

Regional Tourism Organisation Type	Number	Entities
Local Authority Business Unit	4	Enterprise Dunedin (EDA) Hurunui (Managed by Hanmer Springs Thermal Pools & Spa) Destination MacKenzie Tourism Central Otago
CCO	15	Tātaki Auckland Unlimited (CCO + EDA) Central Economic Development Agency (CCO + EDA) Christchurch NZ (CCO + EDA) Hamilton & Waikato Tourism (CCTO) - subsidiary for Hamilton Airport. Nelson Regional Development Agency (CCO - EDA) Northland Incorporated (CCO + EDA) Rotorua Economic Development (CCO +EDA) Visit Ruapehu Great South (CCO + EDA) (incl. Fiordland) Tourism Waitaki (CCTO + EDA) WellingtonNZ (CCO + EDA) Whanganui and partners (CCO + EDA) Venture Taranaki (CCO+ EDA) Venture Timaru (CCO + EDA)
Incorporated Society	5	Destination Clutha (EDA) Destination Wairarapa Destination Kaikōura Destination Queenstown Lake Wanaka Tourism
Trust	5	Tourism West Coast (EDA) Trust Tairawhiti (EDA) Destination Great Lake Taupo (CCO) Destination Coromandel Destination Marlborough
Registered Charitable Trust	1	Tourism Bay of Plenty (CCO)
Limited Liability Company	1	Hawkes Bay Tourism

Four RTOs are local authority business units within Council's and the remainder are standalone entities - either CCOs/companies, or trusts or incorporated societies. Of these fifteen identify as Council Controlled Organisations (CCO's) and 16 are within an Economic Development Agency. Five are classified as Incorporated Societies, and five as a trust. Of the five trusts, two sit within Economic Development Agencies and three are Council Controlled Organisations.

Tourism Bay of Plenty is the only Registered Charitable Trust, whilst Hawkes Bay is the only company with private ownership, and Hamilton Waikato is the only company with airport ownership and by virtue is a CCO.

The resulting variation reflects differing circumstances and differing views on the advantages and disadvantages of the various structures.

The key structural question which arises is which discretionary functions are best carried out within council and which are best performed through a CCO or some other arm's length organisation.

The next is whether to bring different functions together or have them separate. In the past decade there has been a trend towards combining the RTO function within wider economic development organisations.

The combining of RTO/EDA operations is generally determined by local government funders who often see a singular entity as creating efficiencies and ensuring better value and return on investment for ratepayers, however feedback from destination leaders on the advantages and disadvantages of this is mixed.

Structure	Advantages	Disadvantages
EDA/RDA Governance: Central Government, council, iSITES, industry, MBIE, partnerships, private sector EDU groups	• (Potentially) better access to iwi • Integration with DM delivery • Industry relationships • Higher pay - more access to better resources • Less vulnerable to politics • Better commercial engagement • Access to broader skill sets + workforce • Funding opportunity is greater • 'Joined up conversations' across sectors (particularly in smaller communities where the boundary between sectors is more blurred). • Potential resource efficiencies and skills not traditionally found in an RTO are at hand.	• Complexity and breadth of responsibilities • Tourism may get lost in other priorities • Lack of clarity of purpose • Misalignment on language and focus • Susceptible to commercial market changes • Competing priorities for things like workforce • Infrastructure challenges for tourism • Tourism can be seen as risky (especially post-Covid) • The role of Destination marketing as a tool for other sector reputation development is not well understood. • Expected to do more, on the same or lesser budgets.
INDEPENDENT COMPANY OR TRUST Governance: Central Govt. Council grant, rates, iSITES, industry partnerships - cash and in-kind, events, membership, external partners, sponsorships	• Flexibility - autonomous • AgileAbility to limit remit • Measurement visibility • Stability of some funding • Clearer functions • Simplicity of responsibility • Industry relationships	• More vulnerable to market changes/politics • Limits access to iwi • Double-ups on staff • Integration with DM delivery • Limited pay • Always on the outside • Management of trust • Reporting overhead • Multiple councils
LOCAL AUTHORITY BUSINESS UNIT Governance: council - rates, industry participation, sponsorship	• Connected to other elements of destination management delivery • Resident or community focus - resident/business/visitor • Four well-beings baked into decision making • Simplicity • Advantages for small destinations • More direct decisions • Delivery of destination management	• Funding dependant on council/rates • Crossover & confusion regarding responsibility • Limitations with industry, reputational • Challenge if larger • Tourism gets lost

The various types of existing structures and their potential advantages and disadvantages were discussed with the Regional Tourism New Zealand board of trustees and are summarised in the previous table.

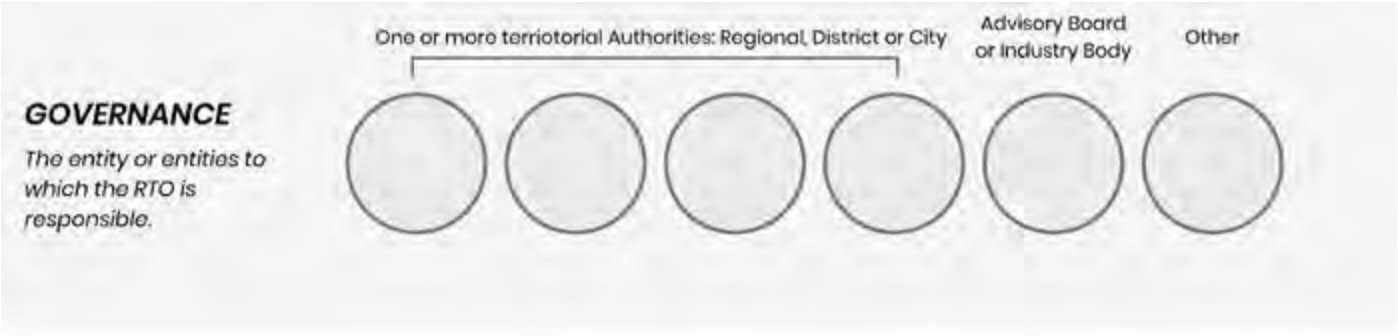
Whilst there is variation to the type of entity there is further variation and complexity to the governance structures of RTOs.

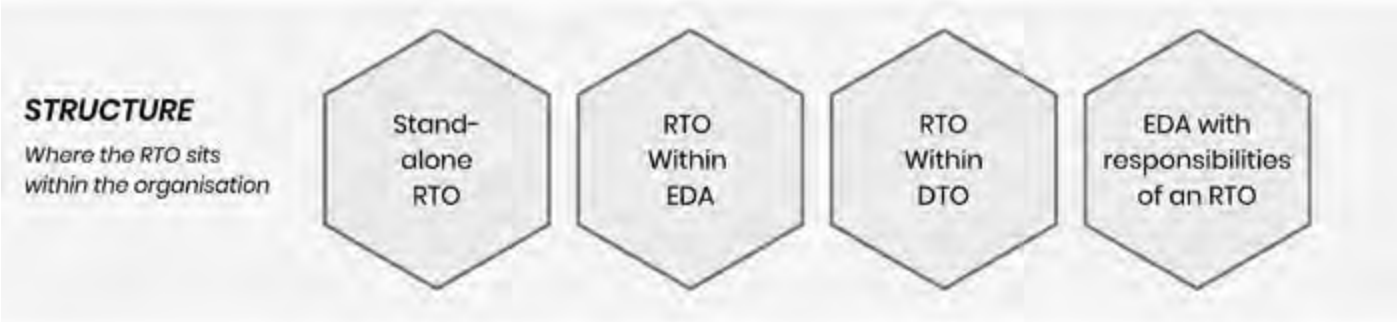
This can be illustrated using the diagram on the next page. At the governance level, each RTO is responsible to one or more territorial authorities, however not all territorial authorities provide funding for tourism specifically. RTOs may also report to a Board of trustees or directors, and an industry or advisory group. RTOs fall into five legal entity types, and then at least four structure types, and may be standalone or operate within an EDA or local government. The specific makeup of any given RTO can be drastically different from the next. We have provided two examples below, but encourage RTOs to draw their own complex governance situations.

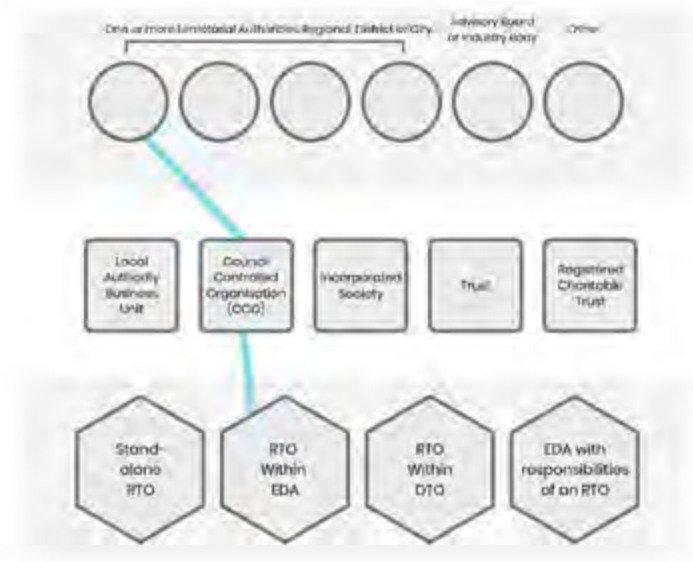
"RTO's are fragmented and highly variable in terms of structure, funding models and levels of income, governance structures, geographical coverage, activities and levels of partnership working".

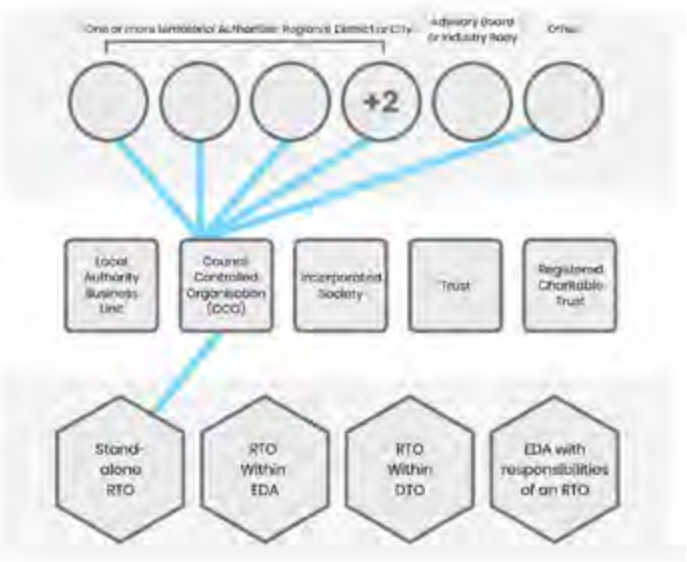
De Bois Report

Mount Taranaki
Photo by Chun Fei Chin on Unsplash







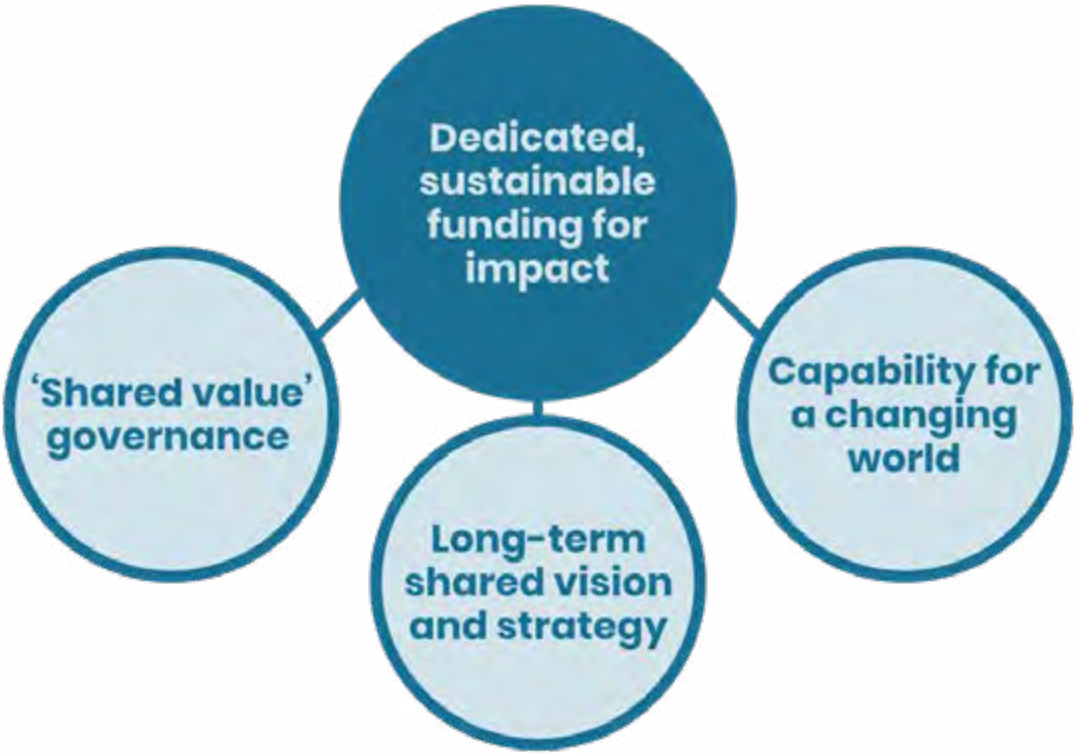


Some examples can be quite simple, Tātaki Auckland Unlimited reports to one TA (Regional), is a CCO and sits within an EDA.

Other examples can be significantly more complicated. Hamilton Waikato Tourism is a subsidiary of the Hamilton airport with seven councils (Territorial Authorities) and one regional council within its jurisdiction, six of which it is funded by and reports to.

Constraints & Challenges In The Present

Interviews with RTO leaders and key partners in the ecosystem have identified common constraints and challenges to performing the existing role and functions, within existing resources. The observations from various interviewees also demonstrates the differing levels of understanding, perceptions and expectations of RTOs. The key constraints and challenges can be summarised into the following key areas:



1. Dedicated, sustainable funding for impact

All interviewees identified a lack of secure, sustainable funding to enable strategic long-term planning and to enable impactful implementation of the expected or desired functions of a RTO.

"Finance does not follow function"

"We have long-term plans with short term budgets".

"We have an unfunded mandate - actually, we don't have the mandate either"

"Currently, funding is creating whirlpools in the same pond, which is not helpful."

"Long-term sustainable funding is the greatest constraint. Funding certainty beyond one – three years would offer greater certainty and discourage short-term, tactical behaviours leading to tourism being a more strategic part of the overall economic development and master planning strategies and processes". **Tourism Industry Aotearoa**

RTO leaders reflected an inability to do destination promotion as well as destination management on their base-line budgets and within existing resources.

"With the Strategic Tourism Assets Protection Programme (STAPP) we had enough money to start doing both, although we would have still been short, but without it we're back to not having enough to do even 'core' roles adequately".

Source: RTO Survey

In a survey completed for this white paper, 91% of RTOs stated they needed additional funding to meet the expectations of their expanding role.

The ability of an RTO to deliver impact within existing resources was questioned, and interviewees encouraged further discussion about opportunities for scalability and partnership to create the greatest efficiency and efficacy.

Some interviewees questioned whether more funding was required to enable a broader scope for destination management and therefore enable implementation of destination management plans. Or, whether the role of the RTO needs to be narrowed and more focussed, whilst partnering with other parts of the tourism eco-system to deliver the required outcomes in a more integrated way.

"Regional tourism organisations have limited resources and this is spread thin across their objectives. Funding may not grow, so perhaps there needs to be a rethink and a reset about the role of regional tourism organisations leaning into crucial parts of destination management that has the most meaning for communities" **Tourism New Zealand**

"Destination management plans are good if they can be implemented. We think there is an opportunity to get real clarity of what investment is needed to implement them across the country and be specific with Central and Local Government about the 'ask'. We wonder if there is perhaps enough funding in the overall system but whether roles and responsibilities need to be realigned so it is applied in all the right areas". **Tourism Industry Aotearoa**

"We have clear feedback from RTOs that they are challenged around implementation of DMPs, with some grappling around how to fund and what to do next. At the same time the Government has given clear direction that synergies and alignment needs to be created with Local Government. There is an opportunity for RTOs to find a way to do this well, and have the DMP become a more integrated part of the regional planning process and of the community, in turn enhancing the perceived value of the RTO in their region." **Ministry of Business Innovation and Employment**

"We question what the threshold is to be an RTO, and is it too low? What resources are required to be effective, particularly in the context of robust destination management? Understanding minimal viable funding to be effective is an important part of this project. Does every region need and can it afford tourism representation?" **Tourism Industry Aotearoa**

The relationship between the current funding model and the role of the RTO was also raised. To some stakeholders, the current base-line funding model appears to be "exasperating current modes of operation and current structures" with the question being asked that if alternative funding models were introduced, what impact would that have on the role, purpose and structure of RTOs.

> "Currently the key customer is Local Government, rather than the visitor, industry or arguably community. Who should have the most power, governance and control needs to be considered in future funding decisions. If alternative funding models were introduced, what impact would that have on governance, role, functions and structure".

2. 'Shared Value' Governance

Globally, funding sources tend to dictate the governance model and also the desired outcomes and objectives. Interviewees' perspectives on existing governance ranged from concern regarding the lack of a formal mandate, to concerns about shifting mandates. Interviewees also questioned the optimum levels of regional representation, and some advocated for a more visitor centric model with less political emphasis.
A shared understanding of value between RTOs and their stakeholders is another key constraint and challenge, which is reportedly exacerbated by frequent leadership change with central and local government political cycles. Other's posed questions around how Te Tiriti o Waitangi needs to be more fully considered in future Governance considerations.

"Regional Tourism Organisations could evolve their understanding and approach to Te Ao Maori in an authentic way by fostering and encouraging equity at a Governance level and diversity within their operational teams". **New Zealand Māori Tourism**

"We see the perspectives of Iwi and Māori are critical to the future evolution of tourism management". **Ministry of Business Innovation and Employment**

Regional leaders raised a "mismatch" between long-term strategy and short-term turnover of council and board governance. "With destination management aiming to look at strategies and outcomes 10, 20, 50 years into the future, but councils turning over every few years ....even with our activity embedded into long-term council plans, new elected members need to be continuously re-educated to bring them on the journey. It is like building a cathedral but the architect changes every couple of years and decides to build a different shape each time" .

Interviewees discussed the relationship between resident and visitors as part of a destination management approach and the role of the RTO in "brokering" between residents and visitors to ensure "a good place to live is a good place to visit." Tourism's role as a source of community pride, a catalyst for placemaking, an investor for new amenities, events and experiences was widely recognised, however a disconnect between ratepayer based funding sources and community outcomes was also recognised "property values don't go up or down in proportion to RTO actions and outcomes - so how do residents understand efficacy or value?".

Therefore the community and other stakeholders need to be (constantly) educated about the value of tourism, the costs of it and the ways those costs are being managed."

Interviewees reflected a lack of clarity of the breadth of what a RTO does for visitors, industry, and community and the impact on wider economic development. They reflected a "disconnect" between what RTOs provided and what was perceived or understood as value by local and central governments and other economic development agencies.

Whilst there is an opportunity for greater communications and understanding of how RTOs benefit the communities they serve, others observe that there appears to be a fundamental lack of clarity for what the role of the RTO is and what role would provide the most value in the overall eco-system.

"Regional Tourism Organisations sometimes do not feel a valued part of the wider local government or economic development team and relationships can seem strained rather than constructive. There also appears to be competition which feels displaced within and between regions. This extends to relationships with industry that can feel combative or non-productive."

Tourism not being a legislative requirement for local government was also raised as a potential constraint. "Each region and council body determines the priority, role and investment into destination management which can be positive or negative depending on the political will and available rate-payer funding of the region".

> "Some regions need more tourism, some need less. There is an opportunity to work together to move people around, however the challenge is that responsibilities, funding and expectations are totally different in different regions".

Other leaders reflected that tourism was not seen as a priority by stakeholders they tried to engage with which often have other priorities. "For councils their first interest is in the activities in which they have legislative responsibility, which is almost never tourism or destination management related." For iwi and hapū also tourism is not always a priority and so even with positive engagement and relationships, "we're a long way down the agenda".

Taituarā, the national membership organisation for local government professionals felt the "hook" to the Local Government Act (2002) did exist within Local Government's mandate for the social, cultural, economic wellbeing of the community, however in their view without overall sector direction at a national level and no formalised policy - "the territorial authority level will be a patchwork approach that is full of holes". This was echoed by the President for Local Government who agreed that tourism sits within the provision of the four-well being's and that Local Government territorial authorities "would respond best to legislation and policy from central government that make their role and mandate specific."

Regional progress seems to be largely based on a number of personal relationships, and the political and leadership skill of the RTO rather than on strategic shared goals. Letters of Expectations and Statements of Intent provide an opportunity to agree shared goals and priorities but some regional leaders reflected they were not used strategically and could often be a "repeat" of the previous year. They also reflected that a "universal" understanding for the need and value of

destination management was only "skin-deep" and so establishing true shared value was an obstacle.

This was affirmed by Taituarā, whose organisational purpose is to promote and support professional management in local government. However, they "couldn't have less connection with the tourism industry and cannot recall any direct connection between Regional Tourism New Zealand or any regional tourism organisations." They saw an opportunity for collaboration on destination management training materials – what is it?, how does it fit and why is it important to a local authority? To help build the depth of understanding between regional tourism and local government.

The optimum level of coverage for RTOs was a common theme. Concern was raised that some RTOs were so small, with such limited budgets that effectiveness and impact could be limited. Conversely, the need for "at place" "on the ground" local expertise who had the "pulse of the community" was also seen as important. Some questioned whether we needed less coverage and representation, whilst others argued more local representation was required to ensure genuine community engagement.

> "There are many functional differences in the RTO model with various modes of delivery in the regions, however there seems to be systemic limitation which is a 'baked in' function of Local Government funding and management approach. We would like to see more cohesive connections between regions".
>
> **Ministry of Business Innovation and Employment**

Further investigation into an ideal regional tourism system that is efficient and effective within an optimised tourism eco-system was recommended to investigate the optimum level of coverage and a potentially new mix of partnerships, or more formal regional collaborations and/ or larger regional management organisations.

"An investigation of the optimum structure for the required regional connectivity and inter-relationship's is an important consideration to avoid frictions, duplication or inefficiencies". **Tourism Industry Aotearoa**

"From a government perspective, it is difficult to support 31 individual RTO's and multiple councils – some with very small rate payer bases, all seeking further funding from the Government". **Ministry of Business Innovation and Employment**

"The current structure of RTOs doesn't align with iwi and hapū boundaries. This is where we would encourage cross-boundary collaboration to fully support Māori in the communities". **New Zealand Māori Tourism**

"Further to analysing that, it raises the question of whether every region needs and can support and / or afford tourism representation. There may be some smaller destinations and smaller RTO's that are not able to be effective, particularly in a destination management role and perhaps more consolidation and/ or collaboration is required. **Tourism Industry Aotearoa**

"We advocate for a subsidiarity approach placing decisions at, and by, the people most affected. However, with legislation and policy statements that can be interpreted and adaptable, perhaps tourism is best managed at a regional level as a hub, servicing the territorial authorities as important spokes." **President, LGNZ**

3. Shared long-term vision and strategy

The "glaring gap" of a long-term, Central Government supported, national strategy and / or national destination management plan was universally agreed on. As the PAST - Ngā wa ō mua section reflected, Government or Industry initiated strategies have not been updated since 2019.

As part of this theme there was the desire for a national strategy or destination management plan. Some viewed this as a "weaving together" of existing regional DMP's into one master plan, and others as a visitor centric plan that focussed on the regions who receive the most benefit from tourism, but also bear the most impacts. There was a desire to have a "unifying strategy" that was Government led (or endorsed), that was an actionable strategy,

with clarity of the investment required to achieve outcomes. An "overall approach to demand and supply management" was desired as well as greater clarity of the tourism system could better work together with clear articulation of the roles and responsibilities for implementation in specific time-frames.

"There appears to be no overall sector direction or plan, and no overall demand and supply management. A national destination management plan is a glaring gap." **Taituarā**

"We wonder about the need for a national DMP so that the individual regional DMP's are contributing to something bigger. We think collectively we need to be brave enough to think about the best way to experience New Zealand and optimise that experience for international visitors." **Tourism Industry Aotearoa**

Interviewees also expressed interest in clarifying the overall tourism system, or value chain and clarifying the roles and functions of the RTO in context of the roles and functions of other "actors" in the system.

"There is an opportunity to consider further - what is the whole tourism system and therefore what is the role of the Regional Tourism Organisation within the system?." **Tourism Industry Aotearoa**

In contrast to the need for an integrated national strategy other interviewees felt greater alignment was required at the regional, rather than national level with RTO's becoming a more strategic part of the overall economic development and master planning strategies and processes in each region.

"The DMP's present a challenge and an opportunity and the RTO's ability to help create synergies between regional plans and opportunities to align with stakeholders on commonalities with practical, implementable activity will enhance the perceived value of the RTO in their region." **Ministry of Business Innovation and Employment**

"Tourism does not exist in isolation and needs to work as part of the wider regional networks. The optimum structure for the required regional connectivity and interrelationships is an important consideration to avoid frictions, duplication or inefficiencies'." **Tourism Industry Aotearoa**

Interviewees felt the lack of a national strategy was particularly significant given a number of potentially significant policy or legislative changes which could affect the tourism sector such as the Local Government, RMA and Three Waters reform, changes to regional investment through Kānoa or the Industry Transformation Plans.

"With proposed reforms to the Resource Management Act, by the Ministry for Environment, there is potential for regional planning groups consisting of representatives from central and local government, iwi and hapu and other key representatives who will be charged with creating regional level spatial, growth infrastructure and environmental plans. As tourism sits within the four well-beings it can be a contributor to moving from managing effects to realising more positive outcomes." **President, LGNZ**

An integrated, co-created and co-governed strategy to assist RTOs and the rest of the tourism system "navigate the future together" was seen as a key requirement by all interviewees.

However, interviewees were also reflective that many national level strategies had been developed, but not thoroughly implemented and that the systemic issues needed to be addressed.

4. Building Capability (for action) in a changing world

Interviewees raised significant gaps in the future-focussed skills sets required for the changing world. Existing work-force capacity and capability was raised as a key constraint, particularly securing the skills and resources to support the implementation of a destination management approach.

Regional leaders reflected that additional, and more specialist resources were required to upweight community and stakeholder engagement, and build partnerships inherent to the destination management role.

"We just do not have the scalability within existing resources, let alone the specialisation and expertise required to match the change in expectations that destination management brings".

Further gaps were in the areas of quantification and consistent measurement of value, with the long running gaps in tourism data coming to the forefront of feedback.

The need for consistent and future-focussed measurement of 'value' was raised and expertise on how to move beyond measurement of economic value to overall value of social, cultural and environmental values. The absence of a national set of holistic metrics that could be benchmarked to provide consistent measurement was a key constraint.

Key concerns were also raised about how to manage climate related issues, with natural disaster and weather related issues becoming more frequent and the need for more specialised health and safety expertise, emergency planning and crisis communications capability.

"Aotearoa | New Zealand has a small tourism system at the bottom of the world and this is posing increasing challenges post-Covid and with climate change issues. Destination management plans need to re-consider the risk and urgency of key barriers to travel and apply climate adaptive thinking" **Tourism Industry Aotearoa**

"The opportunity for regenerative tourism and sustainability initiatives has been a consistent message from the Central Government. However, in regions that want to increase visitation, engagement about regenerative tourism from local government, stakeholders and industry might be less of a priority.

We see a need for 'at place' capability and a champion 'of place'. Regional tourism organisations increasingly viewing their role as Kaitiakitanga of place is a real opportunity for visitors and residents. The pandemic has accelerated the focus and importance of sustainability." **Tourism New Zealand.**

Limitation of resources led to the constant risk of stress and burn-out with a wide breadth of stakeholder expectations pulling RTO staff in different directions.

Opportunities were raised for greater collaboration between RTOs and the potential of a shared services approach utilising shared resources for role functions that were common to all, or frequently outsourced by individual RTOs.

It was also reflected that building relationships with mana whenua is beyond the colonial construct of time and money and being restrained by those items does not serve the process. An interview with New Zealand Māori Tourism is provided below to offer more perspective on this important area of capability.

The challenges and contraints identified by RTOs leaders and key partners form the foundation for future opportunity, and support the key observations and recommendations made in this white paper.

Franz Josef Glacier Walk
Photo by Asap PANG on Unsplash

Te Aō Māori

This section is a transcript from an interview with New Zealand Māori Tourism so as to authentically and respectfully reflect their viewpoints, no editorial has been added.

From a Māori Tourism development perspective, some regions lack ability and connection to support Māori businesses. This impacts the number of authentic Māori experiences that are supported and promoted by their RTOs. Te Moananui ā Toi (Coastal Bay of Plenty) is an example of where concerted efforts can positively impact the development of Māori businesses and experiences .

We have seen an increase in the desire to use te reo and apply tikanga, improve engagement between RTOs and regional iwi and hapū. However, this is just the beginning of what is required to create meaningful partnerships and true understanding of Te Ao Māori into the existing RTO model.

There is still, however, a lack of capability and resources to engage meaningfully with Māori businesses and build collective knowledge, confidence and support for the entire region. Due to many Māori businesses not feeling understood or supported, there is low participation with RTOs and there are a number of barriers to participation. Historically, Commonplace "tools" such as membership programmes, co-operative marketing programmes, qualmark assessments etc have not always been developed with a Māori perspective.

We see the need for a fundamental shift to create more RTOs who are ready, willing and capable to support Māori operators. Tourism New Zealand and New Zealand Māori Tourism are working together to create deeper connections and understanding of an authentic Te Ao Māori approach within the organisation, this approach could also be done at a regional level.

Sadly, culture is being used to entice visitors but visitor spend is often dispersed to non-Māori businesses, mostly due to limited trade-ready authentic Māori tourism experiences which is resulting in only few authentic proof points to substantiate the marketing campaigns This is where focussed development support at a regional level would be valuable for everyone.

From a base level of cultural competency comes a deeper conversation about how to support and market Māori operators and be more confident with that narrative. We see Te Ūnga Mai as a good start to use as an ongoing platform with the ultimate result being meaningful relationships with Iwi and hapū.

NZMT will continue to support RTOs who are actively working closely with Māori operators, iwi and hapū.

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

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

Tourism Value Chain And Ecosystem

At a high level provide insights into various roles and responsibilities of key stakeholders within the tourism system and correlation of this optimum structural model.

The tourism value chain is the sequence of primary and support activities which are strategically fundamental for the performance of the tourism sector. The tourism eco-system is built around the value chain and aims to empower and support it.

The value chain should aim to maximise positive impacts while not creating negative externalities, for example, social pressure, environmental degradation, or culture erosion. A comprehensive destination management approach can help to align the interests of the various actors along the value chain and can create a more resilient tourism eco-system.

Below, a simplified representation of the tourism value chain for Aotearoa | New Zealand shows four levels of activities that are all embedded in the impact areas that tourism can positively influence. The five activity levels are:

1. Visitor operations

These are activities delivered directly to visitors in New Zealand and apply to both domestic and international visitors. Together they form the key value chain in tourism and all other levels support and facilitate these activities.

2. Destination management

The visitor operations are embedded in the destination context, which sets the scene for the visitor experiences. Destinations manage marketing and promotion to create demand, the visitor experience to ensure quality, and resources to make sure that the destination does not suffer in the long-run. All of these activities require coordination, because there are a multitude of actors involved in managing the destination.

3. Support roles

These are more general roles in the ecosystem that are often not provided exclusively for tourism. They include innovation support capacity building and skills development, information and research, as well as support services for operators. These are specific skill-sets that are often provided by specialist operators or organisations.

4. Framework setting

These activities happen at a higher level and they set the stage for all other activities. These include, infrastructure development, policy and planning, strategy development, investment and regulation. Together these activities should set a clear vision for the industry and provide mechanisms for coordinating activities at the lower levels.

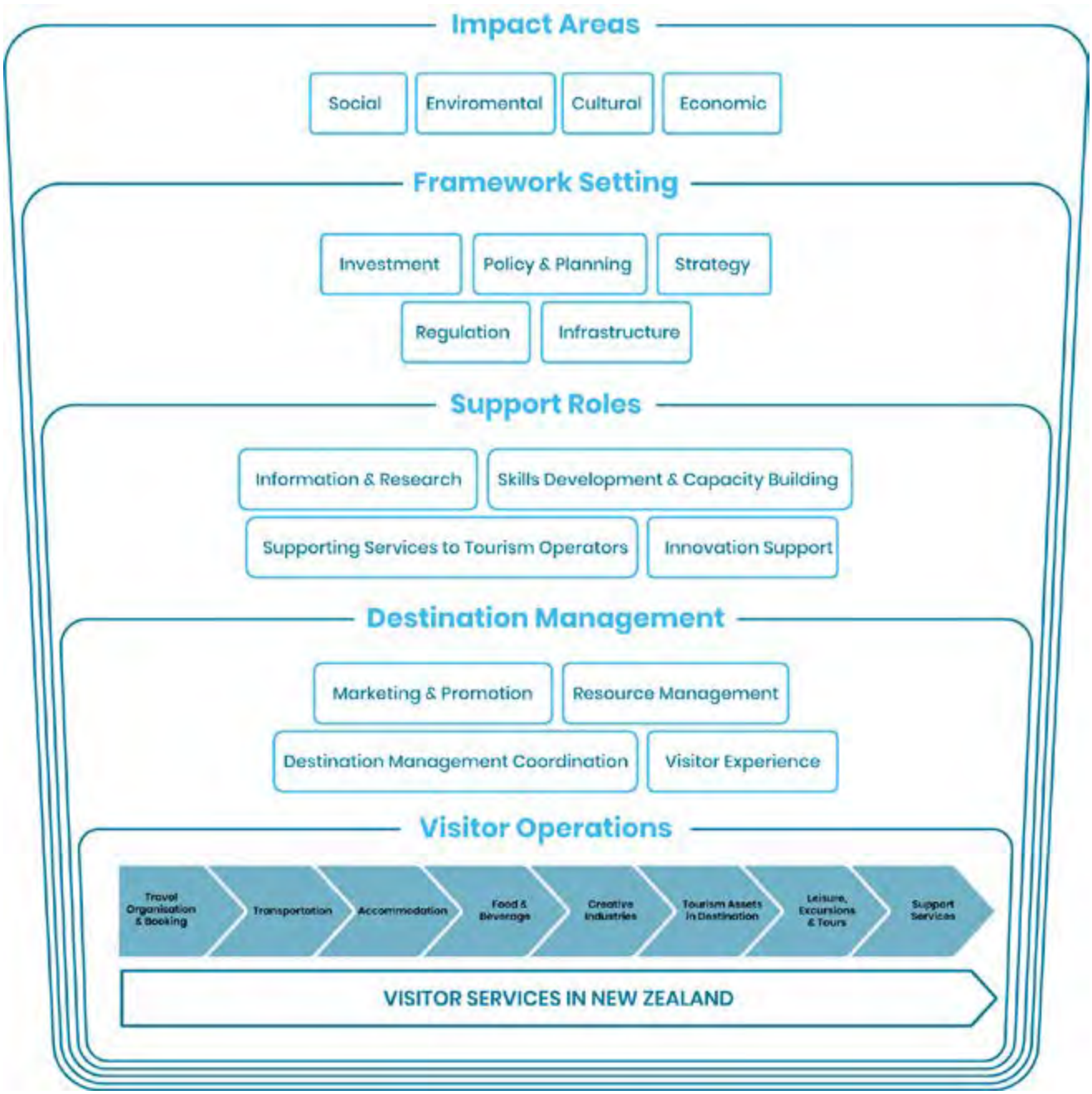
5. Impact areas

The impact areas - economic, social, cultural, and environmental - are where tourism wants to have a positive impact or at least reduce any negative impacts. At times there will be trade-offs between these and it is important to take a holistic approach to create lasting value for Aotearoa New Zealand and the communities that are in direct contact with visitors.

Ideally, all levels of activities should have a clear common purpose and work together to achieve the overarching goal of creating value for Aotearoa | New Zealand in all four impact areas.

Hobbiton Movie Set, Matamata
Photo by Nate Johnston on Unsplash

The New Zealand Tourism Value Chain



Source: 2022/23 RTNZ member survey responses.

Whilst the diagram looks organised and linear, the operation of the ecosystem and value chain is far from simple. It consists of a complex mix of: national/regional/local governmental/public authorities; agencies established for economic development; town centre management organisations; national park management; providers of transport services; tourist attractions, events and cultural organisations; providers of hospitality services (accommodation, restaurants, leisure and retail operations); intermediaries (tour operators, travel agencies, organisers of events, cultural organisations, etc.) media; local/regional tourism consortia and partnerships; agencies encouraging and supporting business development; organisations focusing on developing skills amongst others.

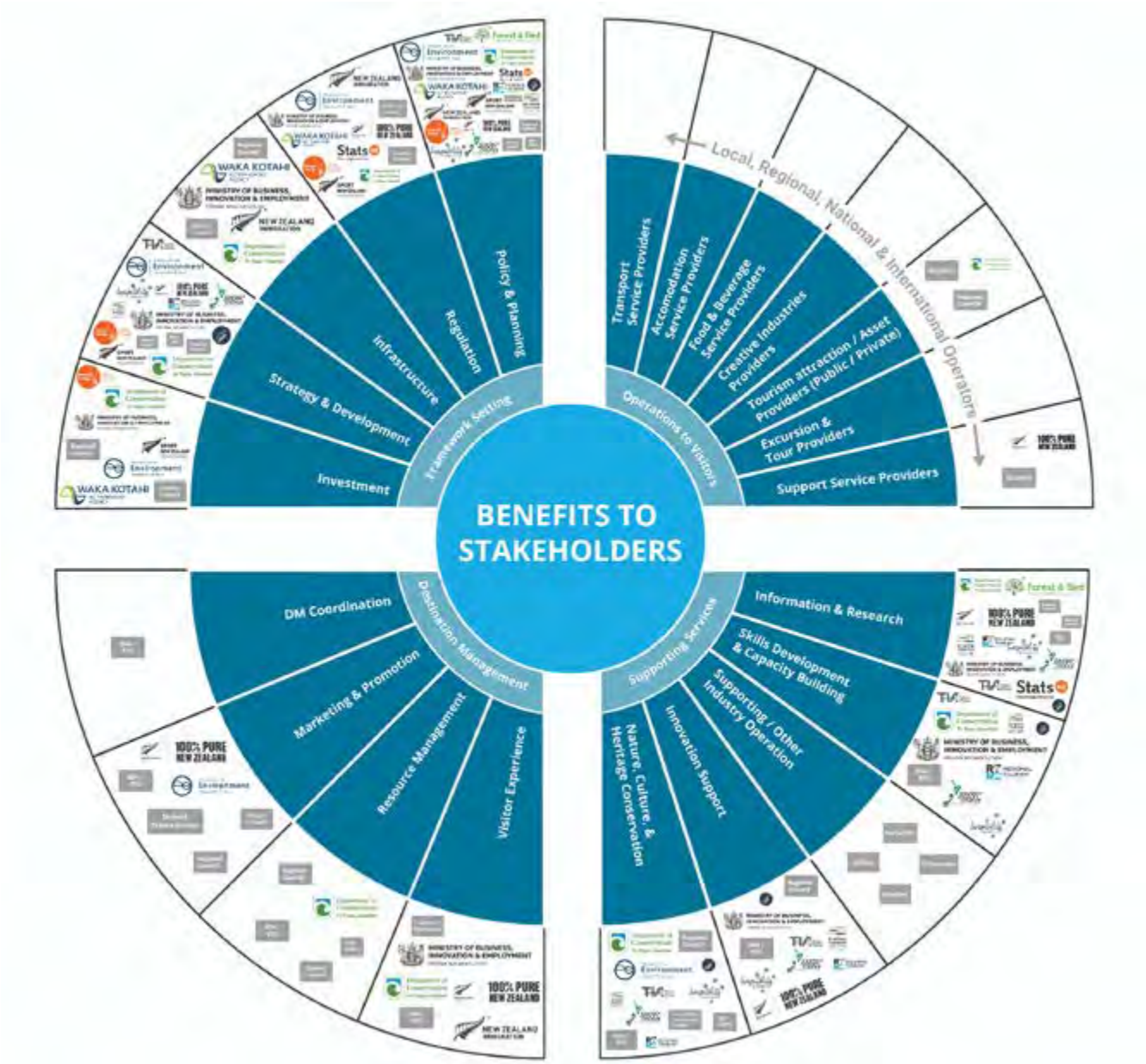
> An important observation is that all destinations are managed either implicitly or explicitly, different actors participate either knowingly or unknowingly, and through their decisions and behaviours shape a destination either positively or negatively.
>
> **World Economic Forum**

The actors in New Zealand's tourism eco-system take on a variety of roles along the value chain. These include high level framework setting activities, support activities, and finally operation of tourism services. The intersections of activity in the value chain all contribute to the overall success of the industry and the destinations they operate within.

Therefore, destination management is an important role for the overall system to coordinate and facilitate alignment between the different levels and roles. The destination management planning process is the opportunity to bring together the actors to align on objectives and drive coherent action. As destinations draw on demand drivers, resources and assets like nature, culture, existing capital and infrastructure to attract travellers, those assets can be overexploited and even destroyed, if not managed well.

Therefore, without a coordinated approach and reinvestment back into those assets there can be negative rather than positive consequences for the destination and its residents.

In Aotearoa | New Zealand stakeholders and regional leaders currently describe the tourism system as "sub-optimal" for achieving its full potential. Reportedly, from a specific RTO perspective, there is too much variation in terms of geography, structure, size, model and performance which causes confusion amongst stakeholders. This variability leads to a lack of credibility as a natural and professional delivery partner for consistency across the country. Added to this fragmentation across 31 territories raises questions about economies of scale, or ways to evaluate performance consistently. Ultimately this fragmentation, variation and lack of clarity leads to diminished voice for the visitor economy overall.



The previous diagram shows the main roles that key national, regional and local 'actors' play within the tourism eco-system. It demonstrates the sheer number of agencies and objectives covered and why it is sometimes difficult for RTOs to coordinate the destination management process in their region. The RTO plays a central role in facilitating destination management work and therefore needs to align with both local and national level stakeholders to ensure that local benefits from tourism are maximised and harmful impacts are reduced. This requires a new set of skills beyond the traditional marketing roles and might require changes in organisational structure, mandate negotiations, or hiring for new competencies and networks.

A current challenge in the New Zealand ecosystem is the lack of definition in roles and responsibilities for the different actors. The high level of variation and fragmentation is not conducive to enable the delivery of Government priorities through the ecosystem.

Actors require a clear mandate to perform their tasks in the value chain and, if they are providing support or framework setting activities, also need the appropriate level of funding. As an example, an OECD study showed that unfunded mandates in local government can "have a negative, robust, and statistically significant impact on economic growth". Although the study did not address the effect on other impact areas, it is likely to also be negative. According to the report, Aotearoa| New Zealand has a high incidence of unfunded mandates and this mismatch between mandates and resources to fulfil them is evident in tourism as well.

A number of RTOs reported frustrations with getting the right people "to the table" as part of their destination management plan development, which seems to further prove this point. Destination management is an opportunity to coordinate the different functions, but the organisation leading the destination management work, mostly the RTOs, also require the mandate and funding to deliver to Government goals.

Many tourism leaders reported that the NTO (TNZ) role and inter-relationship with the RTO needs to be further considered/ defined as without vertical and horizontal integration relationships can end up in conflict rather than co-operative and synergistic. The relationship between the TNZ and the RTOs is already being considered with MBIE's review of TNZ's role in domestic marketing, and also with the Memorandum of Understanding between TNZ and RTNZ to work together on a destination management approach.

Future research might consider other questions such as how functions across the tourism sector mesh with broader territorial management functions and macro-regional spatial planning. For example by incorporating tourism explicitly in spatial plans and economic development strategies rather than by treating it separately. Assessing the effectiveness of different functions and how they are performed under different structures is critical in terms of vertical and horizontal relationships and coordination.

In a sector dependent on effective multi-level governance, it is important to clarify how responsibilities are assigned to different government levels, and that this process is explicit, mutually understood and clear for all actors. Due to the evolving nature of multi-level governance systems, a periodic review of jurisdictional responsibilities should be made to ensure flexibility in the system.

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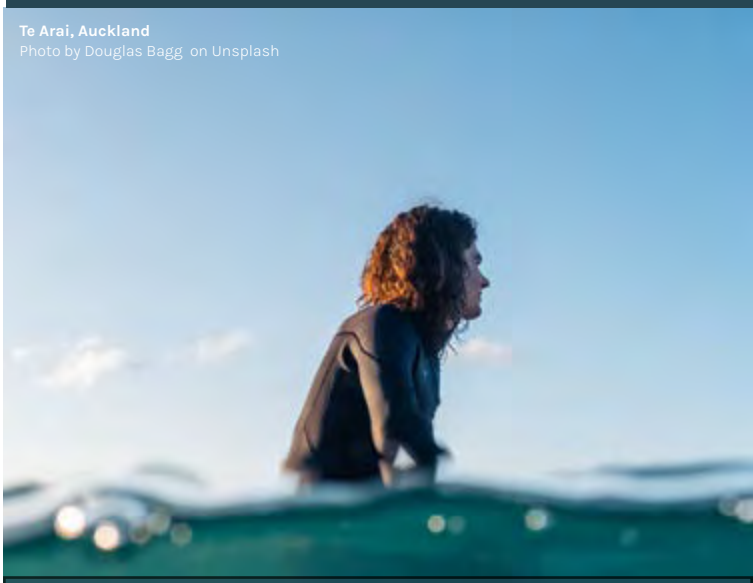


Te Arai, Auckland
Photo by Douglas Bagg on Unsplash

Our key observation is that consideration must be given to the roles of formal structures and informal relationships between actors in the system and how legislation, policy or partnership arrangements can influence interfunctionality and efficacy.

Mitai Māori Village Rotorua

Te mea akeake

The Future

Future Roles

What are the future roles of an RTO in supporting, facilitating and coordinating a destination management approach in their regions.

Whilst global discussion and debate is still analysing the merits and meaning of the evolution from destination promotion to destination management, Aotearoa | New Zealand has an opportunity to be amongst the first in the world to implement a concerted nationwide destination management planning approach.

Since the early 2000's, central Government legislation, policy and investment decisions have signalled expansion in the role of RTOs, beyond the more tactical role of destination promotion. From 2018, specific central government investment in destination management capability and capacity has resulted in RTOs stepping into a more strategic and broadened role, from which they are poised to continue to support, facilitate and coordinate a destination management approach.

The 2022 United Nations World Tourism Organisation report (UNWTO) focuses on preparing tourism organisations for new challenges, and states that destinations with effective destination management coordinated and led by a Destination Management Organisation (DMO), whichever its governance structure might be, present a higher capacity to keep pace with tourism trends, to innovate and to adapt to consumer patterns, are more resilient to challenges, have a higher level of effectiveness in planning and product development and agility in decision-making. They state that destination management offers destinations a competitive edge by:

1. Establishing a strong and unique positioning (i.e. offering a different experience compared to other destinations) by developing the destination's attractions and resources in a way that highlights its authenticity and unique characteristics; and

2. Delivering excellent quality experiences, superior customer service and value for money, by ensuring that all aspects of the visitor experience are of the highest standard and effectively coordinated.

Ki te kore te whai, ka ngaro te moemoeā.

Without the pursuit, the dream will be lost.

Mauao, Mount Maunganui
Photo by Ivan Sanford on Unsplash

"From traditional marketing and promotion boards, the trend is for Regional Tourism Organisations to become leading organisations, with a broader mandate which includes: strategic planning; coordination and management of a full range of activities within an adequate governance structure; integration of different stakeholders operating under common goals. Destinations where such an organisation is not still in place are increasingly creating or plan to create a destination management organisation (DMO) as the organisational entity to lead the way."

Reference: UNWTO Guidelines for Institutional Strengthening of Destination Management Organizations (DMOs): Preparing DMOs for new challenges

The UNWTO also provide the three destination management key performance areas (KPA's) they ascertain are essential to the role of destination management:

1	2	3
Strategic Leadership	**Effective Execution**	**Effective Governance**
Creating the conditions for an attractive, competitive and sustainable destination by harnessing stake-holder efforts and energy towards a collective vision, mapping a strategy for achieving the vision, communicating and advocating the advantages and principles of effective tourism management.	Effective execution of the strategic plan through specific operational plans with tangible and specific actions, financial and human resources needs, identification of responsible entity(s) and potential partners for its execution, key performance indicators (KPI's) and other measurement toolkits, to achieve the defined goals.	Overseeing the development and implementation of a cohesive tourism destination strategy, an appropriate strategic framework to ensure the effective implementation of policy and a consistent operational system and efficient and transparent corporate governance (e.g. financial, administrative and HR practices, speedy/flexible execution, performance monitoring, and evaluation.

Reference: UNWTO Guidelines for Institutional Strengthening of Destination Management Organizations (DMOs) Preparing DMOs for new challenges

A useful assessment and certification tool from the UNWTO evaluates these three areas of key performance to promote excellence in DMO planning, management and governance. UNWTO.QUEST offers a certification process that comprises three phases: 1) Online self assessment and pre-audit, 2) Improvement plan & training 3) Audit and validation. For more information refer UNWTO.QUEST.

This paper recommends Regional Tourism New Zealand investigate providing an assessment and certification to provide benchmarking data on current levels of Destination Management excellence as an assessment of varying capability and resources and to offer a base-line for further professional development.

In New Zealand both destination leaders and key stakeholders agree that continuing the evolution from destination promotion to destination management is "the right direction of travel".

"The destination management approach is a fantastic development and New Zealand has a first leader advantage on this having taken a nationwide, yet regional approach to destination management."
Tourism New Zealand

Given destination management has been discussed on the "agenda" for the last forty years. It is fundamental to understand the root-cause of the barriers that are preventing destination management plans. An analogy Du Bois uses to describe England's tourism system also applies here. "It has become somewhat like an elasticated bungee run – with the resources they have, DMOs can

can get so far but never quite to the end of the run because they always pinged back to destination promotion." Du Bois review 2021.

From interviews with industry leaders and key stakeholders, we identified the key current constraints and challenges facing regional tourism as lacking:

1. dedicated, sustainable funding to create impact
2. a long-term shared vision and strategy
3. shared value governance and
4. capability for the changing world

An RTOs ability to meaningfully undertake a Destination Management role to the standard the UNWTO suggests, with strategic leadership, effective execution and efficient governance will require these barriers being overcome. We note that in the current ecosystem these barriers could be overcome at local or regional level with agreement and partnership between the local territorial authority, the RTO and other partner stakeholders. The case-examples of Murihiku Southland and Te Tai Tokerau in the case-study section, show this in particular.

We also observed in the present section that there appears to be a fundamental lack of clarity for the role(s) of the RTO and what role(s) would add the most value in the overall ecosystem. In addition to the fore-mentioned constraints we observe there needs to be greater role clarity for RTOs and greater alignment within the tourism eco-system, and this is confirmed by stakeholder feedback and RTO leaders:

"We hear a lack of clarity for what an RTO does with industry and community. And an opportunity for greater communications and understanding of how RTOs benefit the communities they serve eg: community pride, a catalyst for placemaking, new amenities, events and experiences. A good place to visit is a good place to live". **Tourism Industry Aotearoa**

"Coming out of Covid the challenge is to reset and rethink about where RTOs can have the most impact. There is an opportunity for their role to have a bigger impact on areas of Destination Management by leaning into the crucial parts of Destination Management that will have the biggest impact for the community". **Tourism New Zealand**

"There are Immediate challenges of whether councils agree with the Destination Management work and how to get DMP's to land in Councils and other agencies' long-term plans. There are opportunities to drive implementation via other agency plans that do have the mandate, however alignment is critical." **Department of Conservation**

Role Clarity and Alignment

During the RTO roundtable discussion, role clarity, consistency and alignment within the overall eco-system was also a key topic. Key concerns raised were:

- Not being clearly identifiable as the organisation responsible for coordinating and directing the efforts of the many parts of the diverse and complex tourism eco-system.
- Not having the support of all major actors in the ecosystem and not having a strong enough sphere of influence to impact the decisions and actions of other parts of the ecosystem to ultimately determine the nature and quality of the visitor experience.
- Having the tools necessary to stimulate and encourage the type of supply-side development required to ensure the nature and quality of the visitor experience.
- Maintaining sufficient independence and flexibility to develop innovative strategies that can be implemented in a timely manner in response to rapidly evolving market and environmental conditions.

Most interviewees wanted to see a robust structure with clear roles, responsibilities and channels of communication between key actors, and within that a clear definition or mandate as to the role of the RTO, with a common understanding of expectations, roles and priorities.

In particular questions were raised about alignment between Tourism New Zealand and RTOs. Clarity was sought about TNZ's vision and role going forward, particularly with regard to MBIE's review of TNZ's role in the domestic marketing space.

An MOU between Regional Tourism New Zealand (RTNZ) and TNZ has been signed for 2023 which is a "significant milestone for the RTNZ and TNZ strategic partnership and is focused on supporting destination management through integration into TNZ via building and optimising current tools and platforms to exchange knowledge, expertise, and insights".

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

Reference: Ten Principles for Sustainable Destinations: Charting a new path forward for travel and tourism

Protecting the past and shaping the future | Becoming stewards of history, nature and culture

Reflecting back further into our Māori wisdom for kaitiaki of people and place, and thinking further forward into our uncertain future, raises the observation that in the near future RTOs need to consider building from the stable base established with destination management to a more holistic role as destination stewards.

Assuming continued investment in a nation-wide, systemic destination management approach, then Aotearoa | New Zealand's long run-way and strong foundation in destination management represents a competitive opportunity. The land in Aotearoa | New Zealand is considered taonga tuku iho (a treasure handed down) and innate Māori wisdom understands the balance of manaaki (welcome) and kaitiaki (stewardship). This paper suggests increased partnership to elevate Indigenous knowledge and wisdom into mainstream tourism management to lead the evolution beyond destination management to destination stewardship, globally.

The Swedish Energy Agency and Smith School collaborative paper 'The role of Ministries of Finance' (2023) states the world is in crisis and permacrisis. "With a war, a pandemic, an energy crisis, inflation, slower economic growth and a possible global recession in 2023, it is no surprise that the Collins Dictionary 2022 word of the year was 'permacrisis'."

The paper continues to articulate the 'symptoms' being felt globally are due to an "unchecked and endless erosion of social and natural capitals."

Presently Aotearoa | New Zealand seems a very real case-study for their comment that "the climate crisis", and its associated impacts in floods, fires, droughts and other extreme weather events is already destroying physical capital and is testing the resilience of key systems, such as food production.

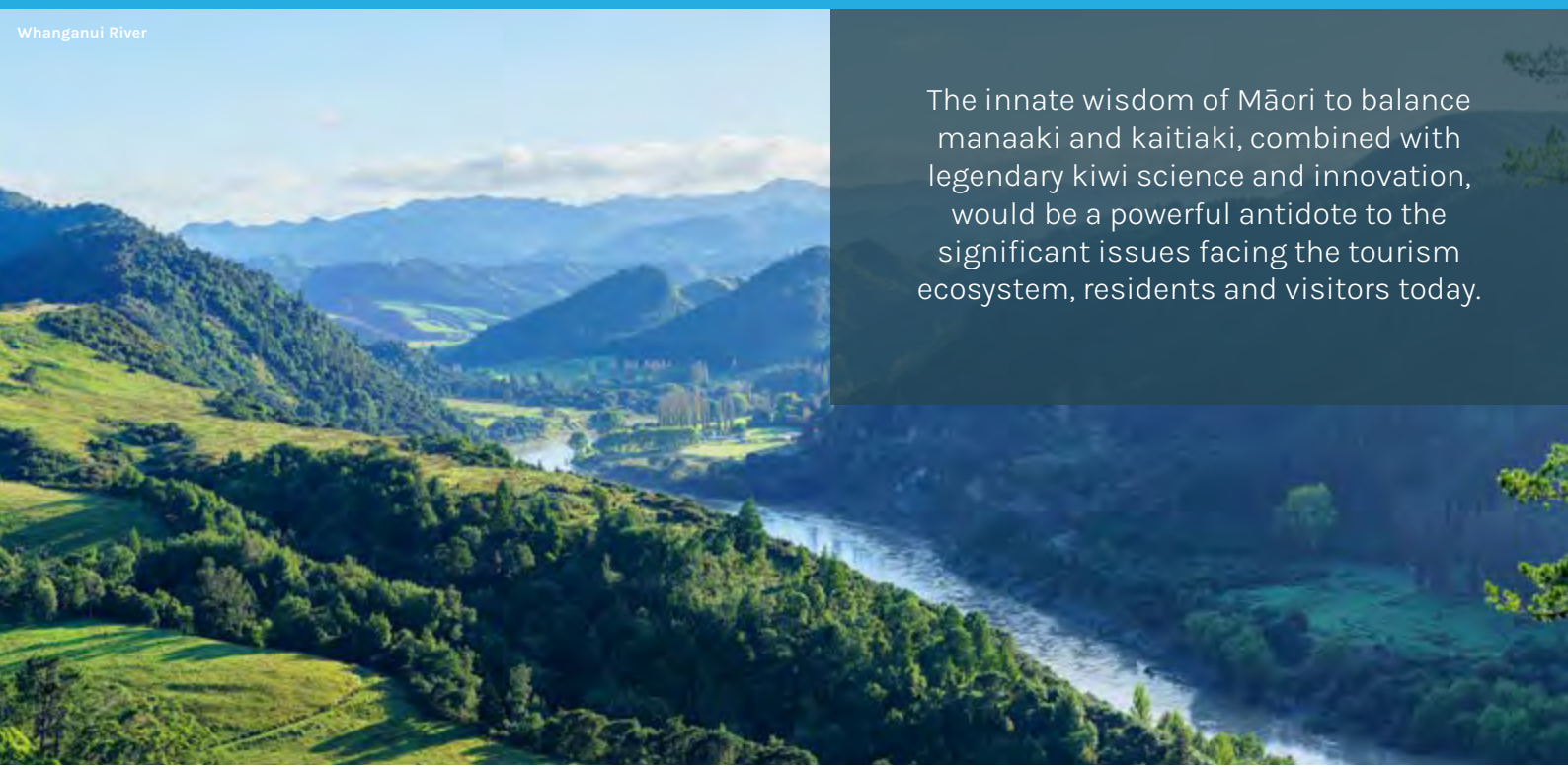
Referencing the tourism sector specifically the UNWTO states that: "The urgency of climate action can no longer be ignored and the tourism industry has seen increased awareness and action in the face of this urgent need. Actions and investments are required to avoid further significant disruptions in the travel and tourism sector as it can be particularly vulnerable to climate impacts."

In Aotearoa | New Zealand the Industry Transformation Plan (ITP) Environment is a "vehicle for building a regenerative tourism system". MBIE defines a regenerative tourism system as one that "leaves a community and environment better than it was before" and seeks to re-establish systems that are healthy, thriving and self-healing. The work seeks to "deliver more for New Zealanders' intergenerational well-being than it takes away".

The ITP has been tasked with considering how tourism "would need to be designed and managed to transition to a regenerative tourism system" that contributes to New Zealanders' wellbeing. The ITP has three initial focus areas: 1) Better Work (completed and launched), 2) Environment (in progress) and 3) Funding (tbc). The Environment ITP is focussed on a) climate change adaptation, b) climate change mitigation and c) positive ecological and biodiversity outcomes. This work is linked to the Aotearoa Circle Visitor Economy Adaptation Roadmap which is focussed on climate change adaptation.

"Recognising the reality of tourism impacts and implications is the prerequisite to collaborative destination stewardship. That begins with true tourism management".

Reference: Future of Tourism Coalition


Whanganui River

The innate wisdom of Māori to balance manaaki and kaitiaki, combined with legendary kiwi science and innovation, would be a powerful antidote to the significant issues facing the tourism ecosystem, residents and visitors today.

Destination stewardship builds on destination management to recognise tourism impacts and implications more holistically and uses tourism as a vehicle to support achieving biodiversity and targeted climate action, as well as heritage and cultural conservation.

The travel and tourism sector can meaningfully support achievement of the sustainable development goals that meet the Aotearoa | New Zealand Government aspirations within the National Adaptation Plan (2022) and the ongoing climate kaupapa of Aotearoa Circle and the environment Industry Transformation Plan (ITP).

We observe that the Resource Management Act reforms may be an ideal trigger for developing a more robust role for regional tourism at the macro-regional level, as stewards positioned to both help protect the past, and shape the future.

What is Destination Stewardship?

Whilst the differences in definition between destination management and destination stewardship are yet to be debated, we believe destination stewardship reflects a more holistic approach that has the potential to better reflect innate indigenous wisdom and the living-system values of regenerative tourism.

The ground-breaking 2021 paper "Towards Destination Stewardship" from the World Travel and Tourism Council (WTTC), the Travel Foundation, Stenden and European Tourism Futures Institute (ETFI) offers the following definition:

"Destination stewardship can be defined as an approach to destination governance that seeks to balance and meet the economic, environmental, and social/cultural needs of a destination; whilst operating within a legitimate governance model with active participation from the public and private sectors, as well as the local community.

"Destination stewardship is an approach that balances and meets the needs of a destination and its communities, and operates with legitimacy and consent under a participatory governance model. It requires a clear mandate, good knowledge and data and the identification of mutual interests and priorities, particularly between the public and private sectors."

The Global Sustainable Tourism Council (GSTC) defines destination stewardship as a "process by which local communities, governmental agencies, NGO's, and the tourism industry take a multi-stakeholder approach to maintain the cultural, environmental, economic, and aesthetic integrity of their country, region, or town. In other words, to ensure that the destination retains and enhances the distinctive attributes that make it attractive".

In the writers view, the key differences between a destination management and destination stewardship world-view are clarified here:

	Destination Management	Destination Stewardship
World-view	Control	Kaitiaki (take care of)
Role	Manager	Steward
Style	Leader	Servant
Scope	Visitor	Holistic
Horizon	Short-medium term	Long-term
System	Mechanistic	Nature / Living
Approach	Consultation	Co-creation
Practice	Sustainable	Regenerative
Value	Partnerships	Diversity & Inclusion
Focus	Recovery	Transformation
Driver	Mandate	Relevance and value
Visitor	High value	High values
Resident	Sentiment	Empowerment
Consultation	One-off	Ongoing engagement
Desired outcome	Volume & spend	Social well-being & equity

Reference: Miles Partnership 2022

Whilst the definitions of destination stewardship are aligned to Aotearoa | New Zealand's current regenerative tourism aspirations, this approach would signal a significant shift in the tourism eco-system as it cannot be implemented without genuine system level Public, Private, Community (PPC) partnership and requires a more robust national, regional and local governance structure.

However, key government departments affirmed the importance of a Te Aō Māori and regenerative approach.

"We see the perspectives of Iwi and Māori are critical to the future evolution of tourism management. Also regenerative tourism remains a focus for the Government. The Industry Transformation Plans are impactful and we encourage RTO involvement."
Ministry of Business Innovation and Employment

"We see the tension between the short-term and a long-term mentality playing out. With the reality of climate change we worry what will happen to our really unique offerings - what is their future? There are fundamental big challenges that we all need to help lead in, RTOs can help lead a real transition into regenerative tourism as a point of difference for Aoteroa | New Zealand."
Department of Conservation

"Tourism has a role in all four well-beings and the blended principles of Te Tiriti and the Treaty of partnership, participation, and protection are highly relevant. I believe the blend of Māori wisdom and environmental science is the basis for exciting innovations for place management and stewardship."
President LGNZ

"We share a vision where visitors give back more than they take, reducing use of resources and carbon. Where visitors are considered high-value in an ethical and low impact way, where they give back into the social, environmental and cultural aspects of the community. We are starting to see integrated community approaches which is really exciting and initial sustainability initiatives from a number of RTOs. Going 'all-in' to regenerative tourism would be a real point of difference for Aotearoa | New Zealand."
Department of Conservation

In this white paper we have observed four key barriers that would need to be removed, to comprehensively implement destination management and these are the same barriers to destination stewardship, as reported by the WTTC. We observe that whilst system level barriers to performing in a destination management role are being removed, now is the time to establish the foundations for a more holistic destination stewardship role.

Barriers to Destination Management Role	Barriers to Destination Stewardship role
Sector fragmentation	A fragmented sector
Funding and mandate	Unclear mandate for destination stewardship
Lack of data and insights	Lack of knowledge and data
Role clarity and alignment	Clashing cultures and agendas
Reference Primary Research with stakeholders	Reference WTTC: Destination Stewardship framework

Recommend Further Reading

World Travel and Tourism Council (WTTC) "Towards Destination Stewardship" 2021
A good place to start considering the shift that would be required from Aotearoa | New Zealand's current approach to destination management to destination stewardship is the 'Lines of enquiry to be addressed by selected stakeholders' from the report.

Stakeholder benefits of a Destination Stewardship approach, WTTC, 2021.

Private Sector Benefits

- Complete on a level playing field.
- Receive government support for tourism.
- Connect with destination needs (CSR).
- Co-opetition with other businesses for mutual benefit.
- Protected products and investments as destination quality is preserved.
- Access to new, innovative or authentic products.
- Positive community relations
- Less - or more efficient - regulation.
- More resilient supply chains.

Public Sector Benefits

- A mandate for destination management.
- Shared resources/ accountability.
- Positive community relations.
- Private sector commitment to changes.
- Backing for investment in new infrastructures.
- Successful diversification of products and markets.
- A more resilient visitor economy.
- Enhanced destination image.
- Improved liveability.

Community Benefits

- Strong voice in the development process.
- Improved quality of life.
- Diverse amenities.
- Inclusive opportunities for employment and entrepreneurialism.

"A destination can bounce back and return to business as usual, which may at times place an unsustainable burden on destinations and communities, or it can proactively bounce forward and adopt a stewardship approach that balances the needs of visitors with the needs of destinations and residents. Old business and governance models will likely hold back new aspirations for destination stewardship. A reset based on structural changes to how tourism is governed, can help protect the future of destinations and the sector. Implementing comprehensive destination stewardship is a significant undertaking with far reaching implications"

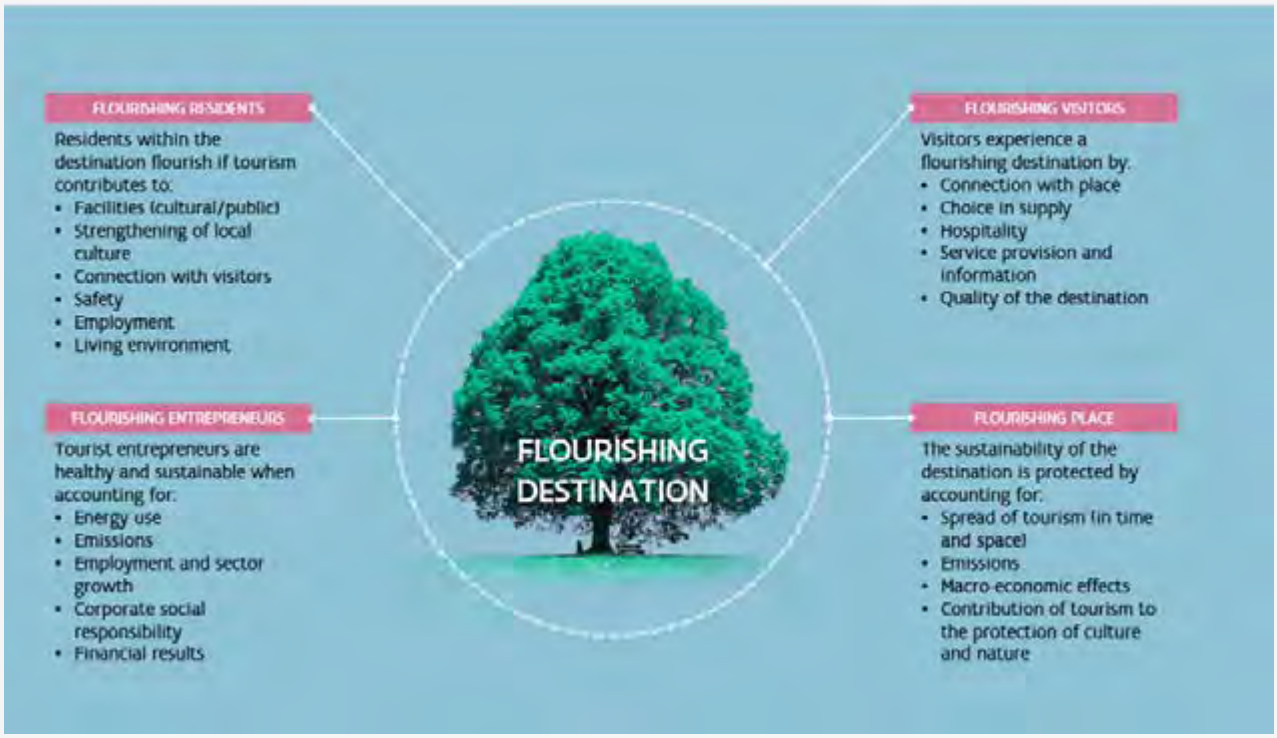
Reference: WTTC Destination-Stewardship-Framework

Three destinations on the leading edge of a destination stewardship approach are Visit Flanders, Amsterdam and 4VI (Vancouver Island). See the case-study section for more on 4V1's transition from a DMO to a social enterprise.

Visit Flanders

Over a period of 18 months, Visit Flanders and the Flanders Department of Foreign Affairs worked with tourism stakeholders to develop the vision "Travel to Tomorrow". This detailed exploration of how Flanders can reposition its tourism sector to provide a broader set of benefits and opportunities involved a highly participative, co-creative thinking methodology. This included listening to over 1 600 tourists and their experiences, to build up a picture that identified Place, People and Activities as key touchpoints and motivators to form the basis for a more positive version of tourism rooted in the authentic and personal.

Discussions questioned the current model, the need and tools for transformation, the importance of carrying capacities, the concept of place-keepers and the elements that lead to thriving communities.



Visit Amsterdam

Amsterdam's vision to be 'a thriving, regenerative and inclusive city for all citizens, while respecting the planetary boundaries' makes the city a pioneer of such systemic transformation. In this spirit, the City of Amsterdam has joined the Thriving Cities Initiative (TCI), a collaboration between C40, Circle Economy, and Doughnut Economics Action Lab, which works with cities pursuing such a transformation.

A key tool of the TCI is a City Portrait based on the Doughnut of social and planetary boundaries. It is a holistic snapshot of the city and one that serves as a starting point for big-picture thinking, co-creative innovation, and systemic transformation, It presents city life and its impacts through four 'lenses' – social, ecological, local, and global – which together provide a new perspective on what it means for a city to thrive. The Amsterdam City Doughnut is intended as a stimulus for cross-departmental collaboration within the City, and for connecting a wide network of city actors in an iterative process of change. With Amsterdam's Circular Roadmap 2020-25 and the Roadmap to Climate Neutrality 2050, Amsterdam is ideally positioned to use the portrait as a tool for transformative action.

CREATING A **THRIVING CITY PORTRAIT**

The Doughnut of social and planetary boundaries can be turned into a city-scale tool by asking the very 21st century question posed on this page. It is a question that invites every City to start exploring what it would mean to thrive within the Doughnut, given that particular city's location, context, culture and global interconnections – and the result is the City Portrait.

In order to dive more deeply into this question, the City Portrait comprises four interconnected lenses, each one highlighting a different aspect of what it means to be a thriving city.

Shaping the lenses: city targets and snapshots

Each lens draws on the available targets for defining the Doughnut's social foundation and ecological ceiling, for both the city's local outcomes and its global impacts. It then matches these with the most relevant statistics available that give an illustrative snapshot of city life and its impacts in relation to those targets.

As a tool the Thriving City Portrait can be used to:

- envision what it means to be a thriving city, combining social goals with ecological ones, and local aspirations with global responsibility
- connect a network of city actors, with diverse interests and concerns, through a common framework
- explore the city from a holistic perspective, inviting city actors to see interconnections, recognise tensions, and identify synergies for action
- inspire city-wide initiative and co-creation through an iterative process of transformative innovation (see p.14)
- develop metrics fit for a 21st century city, that start to measure and reflect what it means for this city to thrive

HOW CAN OUR CITY BE A HOME TO THRIVING PEOPLE IN A THRIVING PLACE, WHILE RESPECTING THE WELLBEING OF ALL PEOPLE AND THE HEALTH OF THE WHOLE PLANET?

LOCAL

GLOBAL

1 What would it mean for the people of Amsterdam to thrive?

2 What would it mean for Amsterdam to thrive within its natural habitat?

3 What would it mean for Amsterdam to respect the health of the whole planet?

4 What would it mean for Amsterdam to respect the wellbeing of people worldwide?

The Thriving City Portrait is a new tool which is being piloted through the Thriving Cities Initiative in Amsterdam, Philadelphia and Portland. The TCI welcomes feedback and suggestions on how to enrich it conceptually and in practice, so that it can support transformative action in many more cities to follow.

The rest of this document sets out the four lenses of The Amsterdam City Doughnut. These lenses were created in collaboration with a wide range of city staff, whose expertise generated valuable insights along with access to the most recent and relevant city data. The result is a holistic snapshot of the city, not a comprehensive assessment, and is intended for use in big-picture thinking, co-creative innovation, and systemic transformation, rather than simply as a report.

Shotover River, Arrowtown

Future Functions

What are the core future functions and capabilities of an RTO and how will this continue to evolve to support an efficient and effectively functioning regional visitor system.

Getting visitors to a destination is just one aspect of developing a competitive and sustainable visitor economy.

Reference: Du Bois Review, 2021

There are many important functions that need to be carried out to successfully achieve the aims and objectives of destination management. Responsibility for delivering the functions will be shared by RTOs and the main partners across their region and the wider tourism eco-system. As RTOs in Aotearoa | New Zealand are not legitimised legally to lead management of tourism in the destination, the successful performance of an RTO is determined by its capacity to obtain the credibility and trust of all stakeholders in the destination and beyond its boundaries.

To help resolve one of the aforementioned barriers to destination management - lack of role definition and clarity - we offer a view that aims to capture the core and enabling functions of an RTO at three role levels: Destination promotion, destination management and destination stewardship.

Reference: Miles Partnership 2022

The first two levels, incorporating both current and traditional functions have been circulated and explored with the RTO network previously in this process. The destination promotion section describes the functions that RTO's are primarily funded to undertake. The second level captures broader destination management functions, which due to resourcing, is currently a stretch for most.

The third level is future focussed and is included here as a roadmap for planning what is "next" for RTOs. We firmly believe that these functions are cumulative - the destination stewardship role encompasses and is enabled by the destination management role which in turn encompasses and is enabled by the destination promotion role. An RTO may perform the functions within each level to varying degrees, represented as lead, support or advocate.

This progression of role and function has been incorporated into the Minimum Viable Funding Methodology described later in this document. See the table "Core and Enabling Functions for Destinations" in the appendix for detailed functions.

Future Resources To Fulfil Role

What are the future resources required to fulfil the role and undertake the core functions and how and why those might vary from place to place.

In most countries, the majority of funding for tourism comes from central government budgets. Other sources include taxes and charges on accommodation stays, air travel, arrival and departures.

Reference: OECD, 2018

Tourism is not like other industries, it sells an encounter between a visitor and a place and its people. The transaction occurs in the home of the destination's residents and often involves the unique natural, historical, and cultural capitals of that place. The travel and tourism sector can be an effective vehicle to support achieving biodiversity and targeted climate action, as well as heritage and cultural conservation. However currently the system is not configured or resourced to enable the delivery or fulfilment of current, let alone more ambitious priorities.

Aotearoa | New Zealand is unusual amongst comparative nations with important visitor economies in having very few dedicated tourism funding mechanisms. The International Visitor Conservation and Tourism Levy is the only current example of a national level visitor levy.

Dedicated and sustainable funding for both RTOs and the wider tourism eco-system is identified by all stakeholders as the key constraint and challenge to a more productive and flourishing sector. Increased investment is required at many levels of the tourism ecosystem, for example: to enable core infrastructure, experience development, innovation, improved data and insights for decision making, and increased sustainability practices that support future growth, whilst protecting communities.

As previously observed, funding for RTOs in Aotearoa | New Zealand is highly variable and does not correlate to the value of the visitor economy. There is no consistent methodology for calculating RTO funding, and there is no policy for the setting of investment into regional tourism. Unlike comparative countries, there are currently very limited opportunities for regional jurisdictions to raise revenue.

As it stands, RTOs are unable to carry out the full suite of functions required to take a destination management approach. Interviews with regional tourism leaders repeatedly highlighted the lack of resources available to deliver on the implementation of their destination management plans. This included the necessary investment, but also the number and capability of staff, particularly specialist roles, for example cultural advisors, that were hard to obtain due to inadequate budgets.

"DMP's are good if they can be implemented. We think there is an opportunity to get real clarity of what investment is needed to implement them, across the country and be specific with Government, Local Government and industry about the 'ask'. " **Tourism Industry Aotearoa**

To help provide clarity for the level of extra investment that would be required for RTOs to fulfil the destination management role or the more holistic destination stewardship role, we propose a minimal viable funding methodology that RTOs can use to calculate the funding they would require to complete the functions they and their governance have prioritised in the previous section.

Nugget Point Totāra Scenic Reserve

Minimum Viable Funding Methodology

The funding fiscal resources (minimal viable product) that are required to deliver the activities described in 2a, 2b and 2c, and how and why those resources might vary from place to place, including examples and methodology of how a region might calculate the resources it should seek to commit to delivering these activities to meet the desired outcomes and expectations of funders, industry, community and stakeholders. This should consider the security/sustainability of funding commitments. Consider capacity (FTE's) required to deliver core functions and how and why that might vary from place to place.

In the development of this white paper, a significant amount of data was collected both historical and contemporary from a broad set of sources. This includes multi-year visitor spend data, RTO supplied data such as budgets, forecasts, staffing and effort estimates, RTNZ supplied data, as well as international data.

Using this data, a proposed methodology for describing the relationship between RTO functions and RTO budgets has been created. This minimal viable funding (MVF) methodology is packaged into a printable "worksheet" format which provides instructions and suggested values for calculating RTO budget ranges.

It is important to note that the MVF methodology that has been developed is intended to outline relationships between variables and not to dictate specific values used in the formulas. The MVF Worksheet provides suggested values for each of the formulas presented; and those suggestions are based entirely on data received directly from RTOs themselves; but specific contextual differences may exist within regions that would require adjustments.

The MVF Worksheet is downloadable as a printable PDF from the **RTNZ online library** and Tūhono networking platform.

The worksheet contains instructions for using the Proposed MVF methodology to explore the relationships between function and funding in your region.

Once there is clarity on the extra investment that is required to perform the required destination management or stewardship functions, region by region, sources for that investment can be investigated further. Aggregated together this data is important to quantify how much extra investment is required for regional tourism at a national level.

When interviewed, some stakeholders felt there may be adequate funding within the overall tourism eco-system but it may need more equitable distribution, whereas others felt the whole tourism ecosystem lacked adequate levels of investment.

"The number one issue for the near future is funding. We are not clear whether there are not enough total resources invested in tourism, or if funding would be sufficient with more coordinated, collaborative and dedicated action. On balance, both are likely to apply, meaning both need to be addressed."
Tourism Industry Aotearoa

We observe the Aotearoa | New Zealand is relatively unique in that national taxes that visitors pay e.g. goods and services tax, are almost fully retained by the central government. Additionally, the distribution of all nationally collected taxes to local governments is only ten percent, as opposed to the OECD average of thirty percent. Finally, there is only one form of visitor levy currently and options widely used overseas such as Transient Occupancy Tax (TOT) or Tourism Improvement Districts (TID's) are not utilised at this time.

International best practices favours a tripartite approach to funding with central government, local governments and either industry/ visitor levy's contributing to the visible and invisible costs of hosting visitors. Specific 'at-place' pricing is also increasingly common to provide additional revenue for the ongoing marketing and management of natural or built assets. There are a range of potential additional funding sources that could be applied at the regional or national level and could create increased investment for RTOs as well as other actors in the overall eco-system.

There is a broad range of potential funding solutions that could be applied at the regional or national level and could create increased investment for RTOs as well as other actors in the overall eco-system.

These potential sources can be quite complex and will require a thorough investigation in a separate study from this white paper. It is important however that any funding solution meets minimum global best practices including:

- Responsive: Funding must be responsive to the growth of tourism, enabling proper management of the visitor industry.
- Reflective: funding must account for the full benefits and costs of tourism to the community, environment and industry.
- Dedicated: Funding must be dedicated to specific tourism purposes.
- Transparent: Funding must have clear governance around how it is collected and spent.

For further detail on these global best practices, see **Funding for Tomorrow 2021** report from Miles Partnership.

Future Focused Funding

"Stakeholders must invest in protection, resilience and adaptation to mitigate externalities and guarantee the long-term future of the natural, built and soft infrastructure that enables the sustainability of tourism". **World Economic Forum**

An increasing body of research and international examples emphasise taxes, fees and levies could encourage positive market behaviours or discourage wasteful or impactful activities. Future focussed funding builds on 'outcome based funding models' recognising that not only do the full costs of tourism need to be assessed and covered, but also recognises the finite resources that every destination relies on.

The important work of Megan Eppler Wood in the 'Invisible Burden' is reflective here.

"Today's tourism managers focus on an incomplete set of economic measures to assess the health of the tourism destination - total number of visitors, as well as direct and indirect economic impacts. Those figures provide a one-sided view of tourism contributions to local economies and fail to account for management costs at the local level"

Epler Wood et al, 2019

A regenerative approach to funding models is to not only fund the operation of the RTO and other tourism related management functions, but to directly contribute to the restoration or enhancement of environmental, social, artistic, or cultural assets to improve the local community or its natural or built environment.

New Zealand's International Visitor Levy is an example of a levy with environmental purpose. Elsewhere, Iceland, The Maldives, Fiji and Palau also have green taxes or levies on visitors.

Queenstown, New Zealand

A range of destinations, including Iceland, Amsterdam, Croatia and Spain use such pricing mechanisms, including varying day use fees for cruise passengers in crowded ports, coach fees that penalise short visits and variable bed taxes depending on visitor season. Air passenger duties (APDs) have been a hot topic in some European states with Sweden, Germany and Switzerland examples of countries to introduce taxes on air passengers to reduce carbon emissions.

International Best Practice Examples

The **Balearic Islands** in Spain is probably the most complete example of a leading green taxation system. It combines dedicated funding for sustainable tourism projects with an exemplary governance structure, including the local community, tourism industry and government, and a mandated level of openness and transparency. Funds collected from the tourism levy have been streamed into various environmental projects throughout the Balearic Islands of Mallorca, Menorca Ibiza and Formentera.

A commission on sustainable tourism was set up to decide (together with existing organisations and the community) how the money is to be spent each year. The main focus areas are environmental restoration, improving the quality of tourism offering, improving infrastructure for future tourism, promotional projects, cultural heritage projects, research, development and the improvement of job quality (including educational aspects) within the Balearic Islands.

Another regenerative funding example is **Palau**, who is the first nation on earth to change its immigration laws for the cause of environmental protection. From 2018, every visitor to Palau is charged a $100 environmental fee. It's part of the island nation's move to promote high value tourism and first-rate hospitality. The environmental fee is the primary financing mechanism for the Palau National Marine Sanctuary. Upon entry, visitors need to sign a passport pledge to act in an environmentally responsible manner and ecologically and culturally responsible way on the island, for the sake of Palau's children and future generations.

Visitors to Palau are now able to accumulate points in the Ol'au Palau digital app by behaving in environmentally friendly ways. Points are given for offsetting carbon (using Palau's personal carbon calculator), using reef-safe sunscreen, patronising eco-friendly businesses, visiting culturally significant tourism sites, eating sustainably sourced local food, participating in regenerative tourism projects, avoiding single-use plastics and correctly answering questions about Palau's biodiversity and culture.

Recommended Further Reading

We recommend the Institute 2019 report "Towards Greener Taxes and Subsidies in the Pacific Island Nations & Territories" from the European Environmental Policy Unit, Australian National University and CISRO which recommends best practices for regenerative tourism taxation, or see **Funding For Tomorrow 2021** report from Miles Partnership, which provides an overview of funding best practices across over 100 global destinations.

Governance and Structure

What are governance and structural models to be considered which best respond to the evolution that is taking place, recognising the challenges and opportunities of the respective regional contexts.

"Inclusive governance and effective regulations are essential factors to guide, enable and incentivise tourism sector players and users to implement business practices and behaviours promoting sustainability".

WTTC Destination Stewardship framework (2022)

The ongoing evolution to destination management, and onwards to destination stewardship necessitates a broadened role scope and expanded functions. This also impacts on how the regional tourism organisation best responds, and what structural form this takes, and how that form is governed.

To be effective at destination management or stewardship, there needs to be a legitimised entity - institutionally, legally and operationally speaking - to lead the management of tourism.

By its nature, destination management or stewardship cannot just be governed hierarchically, however we observe that comparative to many other countries Aotearoa

| New Zealand does not have a dedicated national tourism entity to govern the system, and tourism is not legislated, or mandated within any entity, (other than Tourism New Zealand for international promotion of the country only).

Discussion on the most effective and efficient governance structures requires a review of the entire ecosystem and a rebalancing of vertical and horizontal cooperation between the actors in the system. Greater cooperation between actors aims to result in positive synergic rather than negative conflictual effects. At the same time, contemporary destination management or stewardship consists of the ability to partner with horizontal partners within the destination and a public-private-community approach is recommended at the regional level. We recommend the consideration of a macro-regional layer to assist with horizontal and vertical integration and a focus on stewardship through a multi-actor stewardship council or councils.

"In government, there is the Ministry for the Environment, the Climate Change Coalition, and a small policy group within the Ministry of Economic Development. Is it time for a single, specialised government agency that brings all of these voices in tourism together? I don't think we've got a good direction about the ways in which we want to use tourism in New Zealand. - Dave Simmons. Lincoln University Emeritus Professor

MBIE states the Government's role is to be a steward of the tourism system, regulator, strategy holder, funding, tourism employer, tourism asset owner and Te Tiriti O Waitangi partner. These roles are performed across a number of Government Departments, without singular leadership by any one entity, minister or chief executive. We observe that Te Tiriti O Waitangi is underutilised as a governing document, and this could be further explored with knowledgeable experts.

Since the 1950's, Central Government has decentralised tourism to local governments but without dedicated, sustainable funding and resources to solve the necessary problems. Further, the Local Government Act 2002 provides no specific mandate for tourism. In fact it is pertinent to note that the words "tourism", "tourists" or "destination management" do not feature in the Local Government Act (1974) No. 66 (July 2022).

Lack of progress towards a sustainable destination management approach is widely attributed to "decentralised problems not powers, and an unfunded (non)-mandate". The President of Local Government New Zealand (Stuart Crosby) reflected in an interview that Local Government is also under-resourced and needs to prioritise resources to "core" activities.

Many of these core investments do enable tourism related activity, however, the quality of destination management and therefore the visitor experience varies widely at the territorial authority level. Crosby also reflected that this was unlikely to improve or change at the territorial level without Government strategy, legislation and mandates. Crosby recommended considering the concept of 'subsidiarity' when considering where the delivery of tourism is best placed, to allow decision making that involves those most affected and ensuring policy can be interpreted and adaptable at the regional level.

Crosby did not feel the local government reform 'think-piece' would be a vehicle for the required change, however he felt the repeal and reform of the Resource Management Act (1991) presented an opportunity for tourism to be more interconnected with regional spatial planning, regional infrastructure and economic development as well as a contributor to environmental outcomes.

The Resource Management Act reform is well advanced with the Natural and Built Environmental Bill and Spatial Planning Bill introduced to Parliament on 15 November 2022. The Climate Change Adaptation Bill is likely to follow this year.

Roys Peak, Wānaka

The Government has set five objectives for the new resource management system:

1. To protect and, where necessary, restore the environment and its capacity to provide for the wellbeing of present and future generations.
2. To better enable development within natural environmental limits including a significant improvement in housing supply, affordability and choice, and timely provision of appropriate infrastructure including social infrastructure.
3. To give proper recognition to the principles of Te Tiriti o Waitangi and provide greater recognition of te ao Māori including mātauranga Māori.
4. To better prepare for adapting to climate change and risks from natural hazards and better mitigate the emissions.
5. To improve system efficiency and effectiveness and reduce complexity while ensuring local input and involvement.

In brief the three proposed new acts are the:

1. Spatial Planning Act (SPA) which requires the development of long-term regional spatial strategies to help coordinate and integrate decisions made under relevant legislation.
2. Natural and Built Environment Act (NBA), the main replacement for the RMA, to protect and restore the environment while better enabling development.
3. Climate Adaptation Act (CAA) to address complex issues associated with managed retreat, and funding and financing climate adaptation.

We observe that the Resource Management Act Reform is an ideal trigger for developing a more robust role for regional tourism at the macro-regional level, whilst advocating for single, specialised government agency accountability at the national level.

The high degree of variability in how RTOs are governed results in wide variability in the role and functions they perform. Whether an RTO reports to a publicly elected official, to a board of directors elected by industry members, or to a board appointed by local government modifies the tone and the practices of the organisation.

Whether the RTOs governance membership has a public or private sector orientation can be particularly impactful on the role it performs.

Interviews with stakeholders and RTO leaders raised the ongoing question of optimal coverage for regional representation.

"The current RTO model doesn't seem sustainable due to the number of RTOs versus resources. A merged RTO approach may be a way to combine resources and skill-sets to achieve desired outcomes"
New Zealand Māori Tourism

"There are currently 31 defined RTO entities, the evolution of this could be based on consumer traveller needs as 31 entities might not be the most effective way forward."
Tourism New Zealand

Looking internationally, there is no one existing destination or set of best practices that will translate perfectly to Aotearoa | New Zealand, and in this section we present a range of international best practices and case-examples for consideration, refinement and adaptation to Aotearoa | New Zealand.

The WTTC Destination Stewardship framework (2022) states four key principles for effective governance:

1. Identifying or, if necessary, establishing the governing entities at the state, regional or destination level with responsibility for policy-making and the co-ordination of tourism related activities.
2. Sound policy-making informed by international best practices.
3. Engagement with local stakeholders to ensure top-down regulations are understood and bottom-up initiatives are valued and supported.
4. Capacity building at all levels to guarantee adequate implementation.

The same report states that Governance needs to be "robust, forward-thinking, flexible and capable". It goes on to state that success factors include:

1. The ability to create a legal and governance system that makes tourism a strategic priority, mitigates risks and transcends political cycles through institutionalisation

2. A constant tracking of sustainability data compared to sustainability developments for international benchmarking purposes.
3. Competent administrators able to turn general principles into a specific rule book tailored to the destination and to monitor its implementation by stakeholders (and take action when necessary).
4. A two-way consultation process with stakeholders that seeks feedback on proposed regulations and embraces constructive private initiatives.
5. Capacity building through training and technical assistance to foster operational delivery.

Whilst not a subject of this research we observe that regional tourism cannot evolve without a national level system-wide revolution. Also, RTOs in any form, or number cannot be successful without a sustainably funded national mandate for tourism.

In this section we introduce three concepts for further discussion:

6. Public, private and community partnership (PPC)
7. Macro-regional layers
8. Destination stewardship councils

Public, Private and Community Partnerships (PPC)

Successful regional tourism development (on behalf of the visitor) needs to be a smart balance of central and local government with the private sector. However, increasingly there is recognition that the other 'leg of the stool' is the destination community.

Noosa, Australia is a good example of integrated destination management which is based on community governance, allowing the community to be involved in decision making processes. The Tourism Noosa board consists of community, industry and council representatives. Four of the board members are elected by industry members, three appointed by Tourism Noosa and council, three board members represent the community and one member is appointed by the council. "In some countries, destinations may be managed for tourism directly by the central or regional tourism authority, but the trend is towards decentralisation and encouraging greater local involvement. Governments are realising the complexity of managing tourism

Purakaunui Falls, The Catlins

at the ground level, the need for the different sectors of stakeholders to work together and the importance of taking into account local needs, opportunities and concerns.

This often leads to the formation of a partnership of key players – including the local community - involved in the planning, development, management and marketing of tourism in the destination". World Bank

At a minimum there are partnership opportunities for neighbouring or complimentary destinations to collaborate on marketing projects. Already common in international marketing, this co-operation can be extended into other areas of marketing eg: business events, trade marketing, research and insights, and other opportunities to share overhead costs. We observe there is an opportunity to explore a shared services model for RTOs.

In Aotearoa | New Zealand there are already examples of collaborative initiatives between RTOs for example: 45 South and ECNI, however the case-study on Central Otago Cycle Trails (see case-study section) stands out for being a P-P-C approach, that progressed from a promotional initiative to a destination management and development initiative that had community at its heart.

Macro regional layers

A wide range of the destinations we reviewed have some type of 'macro regional' tourism structure to help create vertical and horizontal integration. While regional management organisations (RMO's) can present their own challenges – especially in the absence of macro regional funding – they can make real sense for visitors, for tourism partners and for gaining scale and efficiency. The challenge remains to balance efficiency and economies of scale while retaining and strengthening strong local community and political connections, within an overall regional and national framework.

Many of the nations and states we reviewed have taken steps to address this issue by creating larger 'macro' regions to help coordinate and support local RTOs whilst also generating more efficiencies of scale. We have provided case-examples relevant to Aotearoa | New Zealand from Iceland, Slovenia and New South Wales.

Macro regional organisations (RMO's) are established with central funding to provide core services e.g: industry and community education and support, destination management strategies and international marketing support, strategic planning and development, marketing, system management and research at the regional level. The RMO's aim to enhance the impact of existing RTOs by enabling co-operation where this make sense and providing strategy, training and support services that the RTOs themselves have difficulty in providing. RTOs continue to

"These developments stem from the urge to achieve an optimal management of the destination which ensures that the various authorities, all relevant stakeholders and professionals are coordinated by a leading entity under a coherent strategy and a collective vision pursuing a common goal: the competitiveness and sustainability of the destination. This approach should also engage the residents and the local community in the tourism policy and decision-making process and its implementation in a truly Public (P) – Private (P) – Community (C) approach.

Source: UNWTO Guidelines for Institutional Strengthening of Destination Management Organizations (DMOs)"

Te Mata Peak, Hawke's Bay

bring stakeholders from public, private sectors and the community together with the purpose of operational destination management and achievement of the locally driven common vision for tourism development.

Ireland has the most tightly controlled model with four macro regions, with a high degree of funding, staffing and management provided from the national level.

Fàilte Ireland makes this investment through the four macro regional entities – working with local communities and the private sector to market the more remote parts of the country – for example, the 'Hidden Heartlands' region. In another example the macro region 'Wild Atlantic Way' on Ireland's west coast has 20+ Fàilte Ireland staff based in the region. There are clear benefits in such a model – but finding the right balance between national efficiencies and local control and flexibility is important.

Denmark has also established macro-regions,, as have Iceland, Slovenia and NSW. See case-examples on pages 80 - 88..

"The cross-cutting nature of the sector, together with the differing national contexts, means that there is no 'one size fits all' optimum place for tourism to be situated in national government structures. Wherever it is placed, tourism administration requires a sophisticated set of horizontal coordination measures across national government departments and agencies to ensure that other parts of government, with either an interest in or influence over tourism, can be fully involved in its planning and development. The administration of tourism also needs to be coordinated vertically, taking into account the roles and activities of regional and local jurisdictions."

Source: OECD TOURISM TRENDS AND POLICIES 2020 © OECD 2020

Destination Stewardship Councils

Destination stewardship councils (DSC's) build on the concept of a tourism council, or industry advisory group. They are responsible for a coordinated approach to sustainable tourism where private, public and civic representatives have defined responsibilities for the management of the four well being's.

Destination stewardship is defined by the Global Sustainable Tourism Council (GSTC) as "a process by which local communities, governmental agencies, NGOs, and the tourism industry take a multi-stakeholder approach to maintaining the cultural, environmental, economic, and aesthetic integrity of their country, region, or town. It is about protecting the qualities that make a place first and foremost a wonderful place to live, with the added benefit of being a wonderful place to visit".

DSC's have gained traction post-covid as destinations grapple with how to avoid bouncing black to "business as usual" that can place an unsustainable burden onto destinations and communities. The WTTC Destination Stewardship Framework recommends DSC's as one way a destination can "pro-actively bounce forward and adopt a stewardship approach that balances the needs of visitors with the needs of destinations and residents".

DSC's are designed as a collaborative P-P-C that can convene members from across the tourism eco-system and where no single part of the sector has control. DSC's are designed to survive changes in leadership, government and economic cycles with a long-term co-visioned agenda for the destination, and multi-stakeholder engagement and motivation.

"To achieve Destination Stewardship, cooperation and a shared vision among stakeholders of the future of tourism and the destination are prerequisites. Indeed, destination stewardship can only thrive with the commitment of a wide range of actors and the engagement of both the private and public sectors. Such engagement implies an interest in shaping and leading on the destination's priority issues and collaborating with the local community, in line with the triple bottom line, of people, planet and profit".

Reference: WTTC, Towards Destination Stewardship

While there is no one-size-fits-all model for destinations, the Centre for Responsible Travel (CREST) and the Destination Stewardship Center have been compiling and studying successful initiatives and offer a model and roadmap for successful formation of a DSC.

Recommend Further Reading

Ten Principles for Sustainable Destinations: Charting a new path forward for travel and tourism, World Economic Forum (2022), a white paper published in September 2022 to guide policy-makers, businesses and destination management companies to enable positive planning and behaviour change to restore destinations and optimise their offerings for a sustainable future. The principles are usefully aligned with the SDGs so that they can be integrated meaningfully into existing or complementary initiatives or planning processes that seek to achieve the Global Goals.

UNWTO Guidelines for institutional strengthening of Destination Management Organisations (2019), these guidelines aim to stress the relevance of having a leading organisational entity at destination level and setting a sound framework of criteria and indicators for RMO's, based on the UNTWO. QUEST certification; overall to provide a set of recommendations for RMO's to improve their planning, managing and institutional governance.

Du Bois Review, and independent review of Destination Management Organisations in England (2021), commissioned by the Department for Digital, Culture, Media and Sport (DCMS) the review examined and assessed how DMO's across England are funded and structured, and how they perform their roles, in order to establish whether there may be a more efficient and effective model of supporting English tourism at the regional level, and if so what that model may be. Following the report, the UK Government responded with an additional 4 million pounds to develop and deliver a new DMO accreditation scheme and DMO's are being renamed Local Visitor Economy Partnerships (LVEP's).

Milford Sound, Fiordland

Measurement of Value

Suggest measurement of an RTOs/ destination value beyond existing data and economics.

What we measure affects what we do and if our measurements are flawed our decision may be too.

Source: Stiglitz, Sen & Fitoussi (2010)

Robust quantifiable evidence on the impact of destination marketing and management impact is lacking and RTOs are unable to provide reliable, consistent evidence on how they can prove their own value and the value they do, or can, add to their communities and places.

Presently in Aotearoa | New Zealand destinations cannot measure even the basics of strategic performance. The absolute base-line of data that is required is shown in the table below. In Aotearoa | New Zealand some of this is available however it is not a consistent quality or to the level of granularity required. Preferably all measures would be available at the territorial authority and national levels.

Measure	Indicators
Demand	Volume and value of leisure travel (day and overnight) Air arrivals Length of stay Accommodation occupancy and yield Seasonality index Volume and value of business travel Business events travel Consumer events travel Leisure travel Cruise travel. Attraction attendance
Visitor Satisfaction	Total satisfaction + NPS Leisure, business, events
Resident Sentiment	Total satisfaction + NPS Measurement of 'hot button' local issues including short term rentals, traffic etc.
Environment	Impact on the natural environment

Measurement Methodology

Whilst numerous attempts have been made to improve data collection, analysis and insight over several decades, regional New Zealand would benefit greatly from a consistent, trusted tourism data management information system (TDMIS) that allows for national (and preferably international) benchmarking. In December 2022, the Government appointed Tourism Data Leadership Group recommended "improving the quality and usefulness of existing tourism data sets, developing new data sets, and bundling together regional tourism indicators.

The TDLG also recommends investigating ways of measuring the full impact of tourism activities and designing a data capability-raising programme for tourism stakeholders." Four specific areas were suggested for improvement:

- Regional tourism volumes and flows
- International arrivals and spend forecasts
- Visitor profile modelling

$5 million has been allocated from the International Visitor Levy to support this initial work programme and sector contributions will be sought in terms of co-funding, provision of data, or in-kind capacity for use by the TDLG. Whilst this is a good initial step forward to finally get to 'table-stakes', - tourism data and insight is advancing rapidly around the globe. This is driven by the proliferation of smart-data that is available in most modern destinations, and also the desire to better balance demand and supply impacts, and understand the true costs and benefits of tourism in any particular location.

A good example of a comprehensive economic destination data dashboard is Destination Toronto which uses a **Simpleview** tool to facilitate the collection, compilation and presentation of its data into a reporting tool.

Whilst the future of measurement that accounts for tourism's full value and costs would require an entire white paper on its own, we aim to summarise and provide links to some of the emerging thinking and resources.

The future of tourism measurement will depend on the industry and government's ability to efficiently and effectively measure and manage the full costs and benefits of each visitor. For costs, this will require systems that calculate the full impact of tourism development on local economies.

> "Today's tourism managers focus on an incomplete set of economic measures to assess the health of the tourism destination – total number of visitors, as well as direct and indirect economic impacts. Those figures provide a one-sided view of tourism's contributions to local economies and fail to account for management costs at the local level".
>
> Source: Epler Wood et all 2019.

Those costs include the infrastructure required to transport, feed and house, provide energy and water, and manage waste and waste water for the growing numbers of visitors and tourism workers in each destination. These local economic burdens are too often invisible (i.e. overlooked, misunderstood, or ignored) to national decision makers who focus on promoting tourism growth, but are very real for local councils who are seeing costs that exceed local use by multiples of 8-10 times higher than local consumption without the utility metering to properly assess these costs. (Gossling & Peeters, 2015)

Destination Managers of the future will need the skill sets, tools and data to assess risk and crisis across a range of factors including: air pollution, deforestation & bushfires, biodiversity, climate change, diversity, equity and inclusion / inequality, overtourism, waste, plastic and pollution and pandemics. Emerging approaches to finding balance between people and planet are summarised below.

1. Calculating RTO impact

Robust, quantifiable evidence on RTO impact is lacking and RTOs are unable to provide reliable, consistent evidence on where and how they add value, which leads to on-going under investment. The sophistication of Return on Investment (ROI) research has improved significantly in recent years, and we recommend investigating research into the ROI generated by investment in tourism - and the lost or foregone benefits when this investment is not made.

In the appendix is a case-study of "The Rise and Fall of Colorado Tourism". This analysis (2009) is a cautionary tale of what happens to a destination when marketing budgets are cut. It also speaks to the importance of ongoing

ROI research that can help maintain and defend budgets into the future.

RTO's, and more broadly tourism in Aotearoa | New Zealand, would also benefit from additional research into the 'halo effect' and broader benefits of destination marketing and tourism on a destination. The World Travel & Tourism Council (WTTC) identifies the 'halo effect' as the direct, indirect, and induced benefits of the visitor dollar through the economy that brings benefits to most businesses and residents. This value can be calculated using methodology such as **Longwoods International Halo Effect research 2008.**

Tourism is also often referred to as the "shop window" empowering visitors to return on multiple visits, work, invest, set up a business or study in the destination and the power of this can also be measured by studies such as **Longwoods International summary, A Perfect Combination.**

In Aotearoa| New Zealand, some work on the wider benefits of tourism was undertaken with a 2019 project commissioned by Queenstown Lakes District Council, Central Otago District Council and Auckland Unlimited to research the life-time value of the visitor and the longer term influence a visit may have on subsequent consumption, investment, study and migration choices. However, almost no Customer Lifetime Value (CLV) research has been undertaken in tourism to understand a visitor's travel and other behaviours over the long term.

2. Smart city, smart data

The global prevalence of internet connectivity, mobile devices and smart technologies such as recommender systems, QR codes, and beacons has already fundamentally changed perceptions for how destinations are shared between visitors and residents. Google map technology that facilitates mobility (e.g: Uber AirBnB, electric scooter apps, smart bike-sharing) are essential to make cities more accessible to people. Many of these apps enable the blending of visitors and residents and the conversion of regular homes or cars into tourism and hospitality offerings. Applications like Yelp are built on the opinions of residents and visitors alike and these forms of 'smartification' encourages visitors to spill into all areas of a destination and blurs the lines between visitors and residents. Big data, networks and smart technologies such as artificial intelligence (AI) augmented reality

Blue Pools, Haast Pass

(AR) virtual reality (VR), 5G, cloud computing, Internet of Things (IOT), and cashless payments also provide numerous data points.

Master plans generated by Geographic Information Systems can track measurements of tourism impacts on social and build capital, including heritage, culture and historical sites. Mapping everything from environmental impacts to local residents' concerns could help destination managers to prioritise and preserve natural, cultural and social assets. GIS is well-suited to tracking invisible burden related risks such as climate, water scarcity, and waste. For example, by mapping vulnerable coastal areas, decisions can be made for tourism zones that are less vulnerable to the impacts of climate change.

The combination of technologies is leading to an explosion of data generation from residents as well as visitors and the data can be exploited in Smart Cities to increase efficiencies and improve quality of life. Lee et al (2020) describes the essence of smart tourism cities as bringing public and private sector interests together to serve both visitors and residents. Smart cities are increasingly moving towards a smart destination model.

The concept of 'smart tourism' is defined by the European Union as a destination facilitating access to tourism and hospitality products, services, spaces and experiences through ICT-based (Information and communications technology) tools. By investing and developing these resources a city's intelligence is strengthened and visitor engagement enhanced. This has implications on businesses and individuals alike who benefit from a more efficient infrastructure and service provision.

Cities such Amsterdam, Copenhagen, Malaysia (smart city Malaysia), Gothenburg Smart City Sweden, Malaga and El Hierro in Spain, Slovenia, Helsinki, Singapore (among others) are leading the way for smart destinations and an increasingly data and technology driven future for tourism.

3. Balancing the Books

Central and local Governments require a balanced set of accounts that can view the cost (and benefit) per visitor within the overall territorial authority accounts. With the four well-beings an economic, social, cultural and environmental imperative has been set, however new data, insights and protocols have not been set to measure and monitor these for current, let alone projected demand for sustainable tourism growth.

Measuring the cost for delivering essential services to the visitor includes the infrastructure required to transport, house, provide energy and water and manage waste and waste water for the growing numbers of visitors and seasonal workers in each destination. National organisations can focus on promoting tourism growth, whilst local governments are seeing costs escalate well beyond local consumption, but with no methodology to properly assess these costs.

These holistic data and insight advancements will require new skills-sets and resources to manage an intelligent data-driven tourism economy. Further collaboration with University institutes is encouraged as well as professional development of individuals able to measure and analyse invisible burden-related data will be invaluable to economies. Science based data on energy, water, wastewater management, and biodiversity are essential in order to ascertain sustainable tourism. Universities, urban planning experts, science-based agencies will need to collaborate to monitor tourism intelligently in the future.

The Global Sustainable Tourism Criteria (GSTC) for industry and destinations serve as a global standard, and the minimum baseline to which all standards should adhere. The Global Sustainable Tourism Council manages the Global Sustainable Tourism Criteria, which need to be followed to be internationally recognised or accredited.

There is a strong relationship between the GSTC Criteria and the Sustainable Development Goals (SDGs). The GSTC Destination Criteria v2.0 includes performance indicators designed to provide guidance in measuring compliance with the Criteria. Application of the Criteria helps a destination to contribute towards the 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals. Against each of the Criteria, one or more of the 17 SDGs is identified, to which it most closely relates.

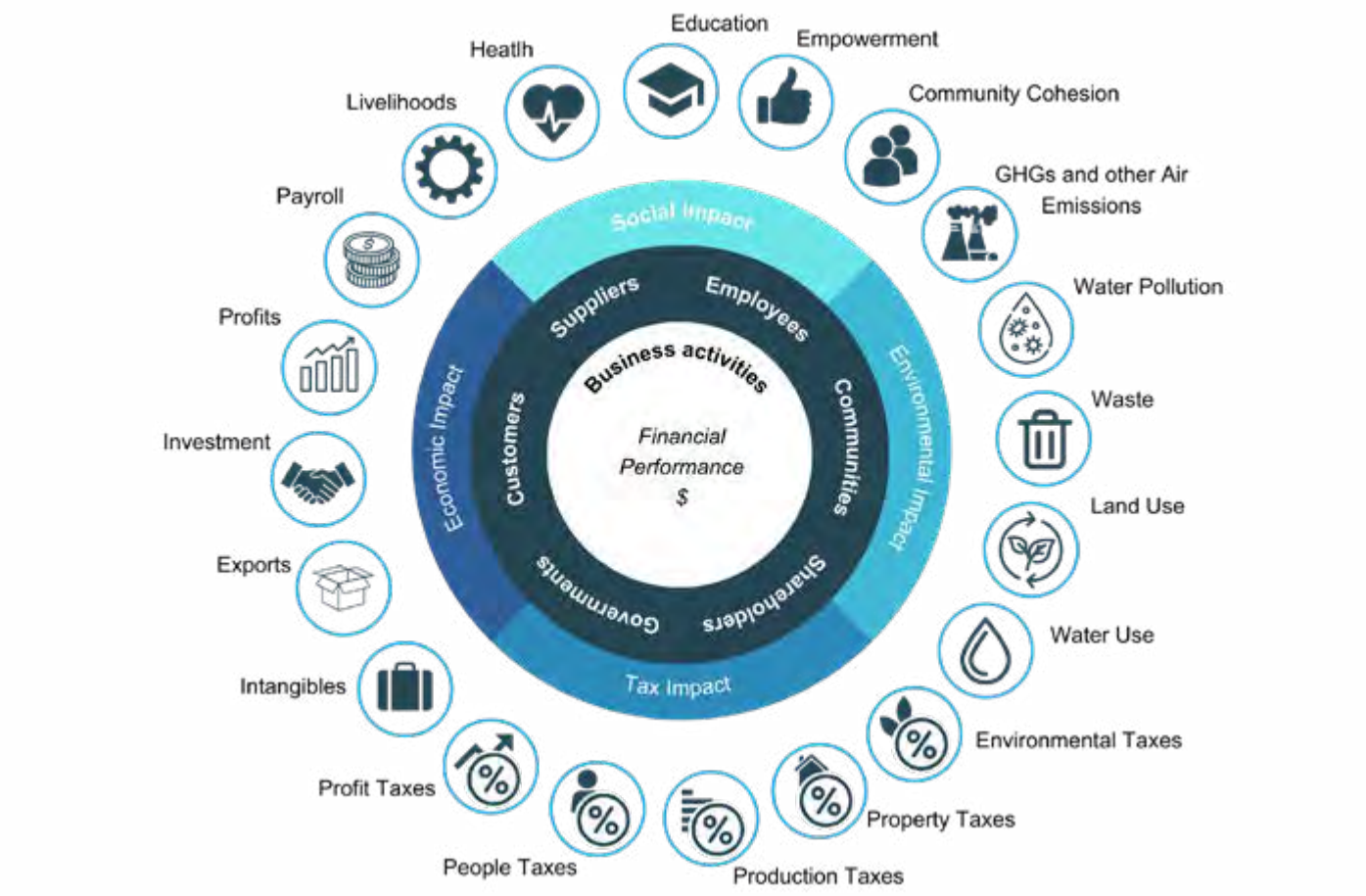
Customisation of the criteria to the Aotearoa | New Zealand context is important to include the priorities of tangata whenua and Aotearoa | New Zealand's specific natural environment goals (eg: its goal of predator free environment by 2050)

The UNWTO and the UN Statistics office are also moving closer to a new measurement system for sustainable tourism, which will draw on the Tourism Satellite Account but will also include statistics on the environment and society. This framework will be tabled for approval at the United Nations forum in July 2023.

Price Waterhouse Cooper (PWC) Total Impact Measurement and Management (TIMM) is another valuation framework that considers economic impact (including employment), tax, as well as environmental factors such as emission to air, land and water and the use of natural resources and social issues such as skills, livelihoods and cultural heritage. TIMM estimates the value of each impact, at the direct, indirect and induced level, so they can be compared to each other.

The diagram below illustrates the data that is collected and analysed to calculate impacts across the tourism value chain.

Total Impact Measurement and Management (TIMM)



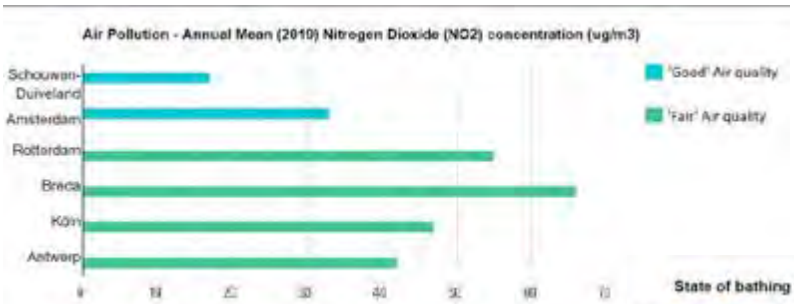
Source: Price Waterhouse Cooper (PwC), 2015

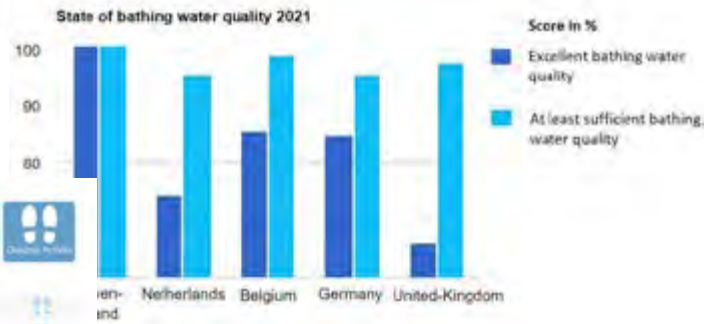
4. Towards Stewardship

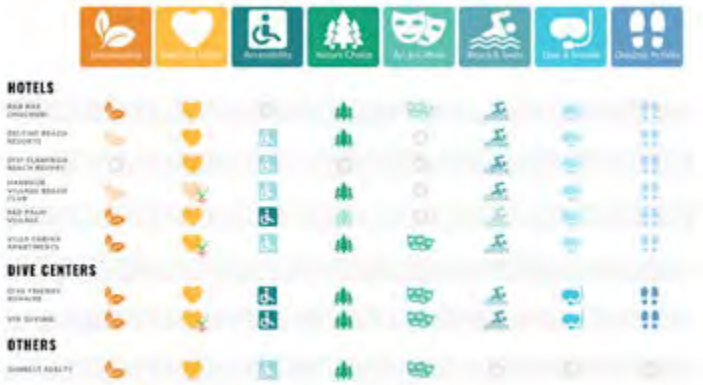
Recent presentations from Centre for Responsible Travel (CREST), Travel Foundation, Green Destinations and the Good Travel Guide highlight the expanding types of measures and indicators required by destination stewards to help manage and mitigate impacts and risks. The measures and indicators highlighted below are a significant advancement on the base-line data that is incomplete in Aotearoa | New Zealand today. With an increasing need to focus on risk mitigation and crisis management a whole new set of measures, indicators and KPI's are required.

The list below is compiled from presentations from the aforementioned companies and is not exhaustive, but indicates the future data requirements for a destination stewardship approach.

Measure	Indicators	Impacts and Risks
Economic	Income to local business Foreign infrastructure investment Tourism investment Well-paid, permanent, local jobs	Take-over by global chain outlets Take-over by global booking platforms Foreign ownership, new colonialism Economic leakage Taxpayers (de)investment Low-paid unskilled jobs Growing inequality Loss of food production Disruptive seasonality
Social	Diversity, equity, inclusion Resident satisfaction Local quality of life Local, domestic tourism NPS Healthcare improvement Support to culture and tradition	Discrimination, exclusion Exploitation, modern slavery Displacement of locals Overtourism Tourists bringing Covid Pressure to local life and culture Nuisance and disruption
Environmental	Carrying capacities % renewable energy use Emission reduction Local and domestic tourism Mobility Conservation projects Sanitation and drinking water Air quality Sea level rise Land use % Biodiversity loss / gain	Climate emergency Carbon offsetting Long haul air travel Flooding Heat stress, fires Pollution Deforestation, poaching Nature & landscape degradation Waste, food waste Plastic litter Noise







Source: Future of Tourism & Green Destinations, Measuring Sustainability: why, what, how

Another innovative approach to measurement of wellbeing is the Happiness Alliance's Happiness Index survey, based on Bhutan's pioneering approach to measure Gross National Happiness. www.ourheritageourhappiness.org . The Happiness Index is OECD recognised and measures how residents and destination communities view their wellbeing. One-page scorecards are developed and in-depth reports that measure Bhutan's Gross National Happiness (GNH) factors:

Community **Environment** **Life-long learning, arts and culture** **Psychological well-being** **Government** **Health**	**Standard of living** **Economy** **Social support** **Time balance** **Satisfaction with life** **Work** **Tourism**

As travellers become more sensitive to climate related issues and conscious of their travel behaviour, methodologies to help destinations measure, manage and report their economic, social, cultural and environmental sustainability are increasing. These are evolving into data and dashboards to help inform residents and visitors and provide benchmarks to help travellers make values based travel decisions.

One example of a certification process that consumers can view to make sustainable travel decisions can be found **here.** Aotearoa | New Zealand does not feature.

Pancake Rocks, West Coast

Case Studies

Kepler Track, Fiordland National Park
Photo by Samuel Bordo on Unsplash

Aotearoa | New Zealand Case-Example

Murihiku | Great South

Building systems for destination management

Organisational structure

Venture Southland, a joint committee of four councils, transitioned into Southland Regional Development Agency, a council-controlled LLC trading as Great South, in March 2019. This change has made the organisation more efficient because now not every decision needs to go through the councils, but it also meant Great South could seek other avenues of funding to offset local government rating contributions. The shareholders jointly sign off the plan for the coming year, and then the team can get on with their work within those parameters. Another advantage is that as a council-controlled organisation, Great South can take on more commercially sensitive projects and shield these from council through Non-Disclosure Agreements. This helps to build trust with the industry because they might not want the council (as a regulator) involved in new project scoping or development.

The new organisation is jointly owned by the four councils in Southland (Invercargill City Council (48.73%), Southland District Council (48.73%), Gore District Council (2.15%), and Southland Regional Council (0.17%) together with the Invercargill Licencing Trust (0.06%), Mataura Licencing Trust (0.06%), the Southland Chamber of Commerce (0.06%), and the Southern Institute of Technology (0.06%). The primary governance mechanisms are the company constitution and their Statement of Intent (SoI) as well as compliance with the Local Government Act 2002 and the Companies Act 1993 . Tourism is not specifically mentioned as a priority in the SoI but the 5 priority themes - 1) Regional leadership, 2) Diversify the economy, 3) Support business growth, 4) Promote the region, and 5) Support environment and climate action - are all relevant to tourism and tourism can contribute to their achievement.

In 2021 the Southland and Fiordland RTOs were combined under Great South's leadership and were rebranded as Visit Southland and Visit Fiordland. The objective was to gain efficiencies across the tourism activities in the whole Southland region. However, the integration was tricky at times because in addition to marketing campaigns, Great South inherited some social license issues that needed resolving, particularly considering the pandemic and Fiordland being the most adversely affected region in the country (because of its high dependence on international visitation).

DMP process

Great South had already gone through a destination planning process in 2019 before the MBIE guidelines were published. The goal of that plan was to align the diverse sub-regions in Southland and provide clear leadership and direction. Fiordland and Milford were suffering from over tourism at the time while some emerging parts of the destination needed product development support.

There were (and continue to be) significant challenges with providing fit for purpose infrastructure which meets the needs of visitors and locals alike. This is particularly important because of the large

geographic size of the Southland region and sensitivity of the natural environment (in which most of Southland's tourism offering is based). For example over half of the region is conservation estate, Southland has 3,400kms of coastline and Southland boasts half of all the Great Walks.

The fact that the plan was already written meant that the STAPP funding could be assigned to project implementation over the past two years. This was a "once in a lifetime opportunity" to move projects forward. Some key project goals were to develop relationships with iwi and create sub-regional plans that would not have been feasible under normal funding.

One of the KPIs for the DMP at the beginning was how many projects were completed in a time period, because no data sources or measurement of the impacts was possible. The team is looking to refine their measurement capability to more accurately track the impact of DM work going forward.

From a process level, a large steering group of around 20-25 stakeholders guided the plan development. They represented all sub-regions and key interest groups/sectors in the region. Not everyone attended all meetings, but Great South kept them informed and gave them different ways of providing their input. The goal was to make it as easy as possible for people to have their say. The group was disbanded after the plan was completed. A new group will be formed soon to oversee the plan's revision and next stage of implementation. Currently, discussions are ongoing about what the purpose of this group will be and the terms of reference. The focus of the revision is to support the region to deliver activities, drive sustainability, and align actions with what communities want. Therefore the steering group will evolve with that in mind too.

Roles and responsibilities

Fiordland National Park
Photo by Samuel Ferrara on Unsplash

One key success factor was continuity of leadership over the past years and senior leadership that cleared the way for the RTO to do their work. This meant that team members had clear mandates for their roles and were empowered to deliver on the objectives.
As an EDA, Great South can also draw on specialist teams to work on tourism projects. This includes a climate change and carbon team to run sustainability programmes and an in-house data role that can help support analysis. These cross-cutting functions are a key advantage of being part of a larger organisation.

Great South experimented with different functional department structures after integrating the Fiordland RTO. The goal was to manage tourism regionally and not have local duplication of efforts. However, since Fiordland is a very different proposition to other parts of the region, some local operations and the regional trade function has been relocated back to Fiordland. This has linked back to recruitment and skills of staff and Great South were fortunate to recruit a Visit Fiordland Manager who had extensive tourism trade experience. To the outside world there are two functioning RTOs but internally, the operation of both RTOs is integrated within Great South.

The destination management role is a core part of the tourism function and works across different parts of the organisation. The destination manager is a facilitator and connector that requires strong networks and goodwill from locals to be effective. This would affect hiring decisions and prioritise local knowledge and connections over skills. An example is one leader of a regional sub-committee on tourism who is very well known and integrated in that community and has achieved outstanding results. Getting everyone to the table would be more difficult or unachievable for someone without the existing connections, especially in small communities where stakeholders like to work with familiar faces.

> “As a destination manager you facilitate the process, you don’t always get to do the work.”

Outlook and future requirements

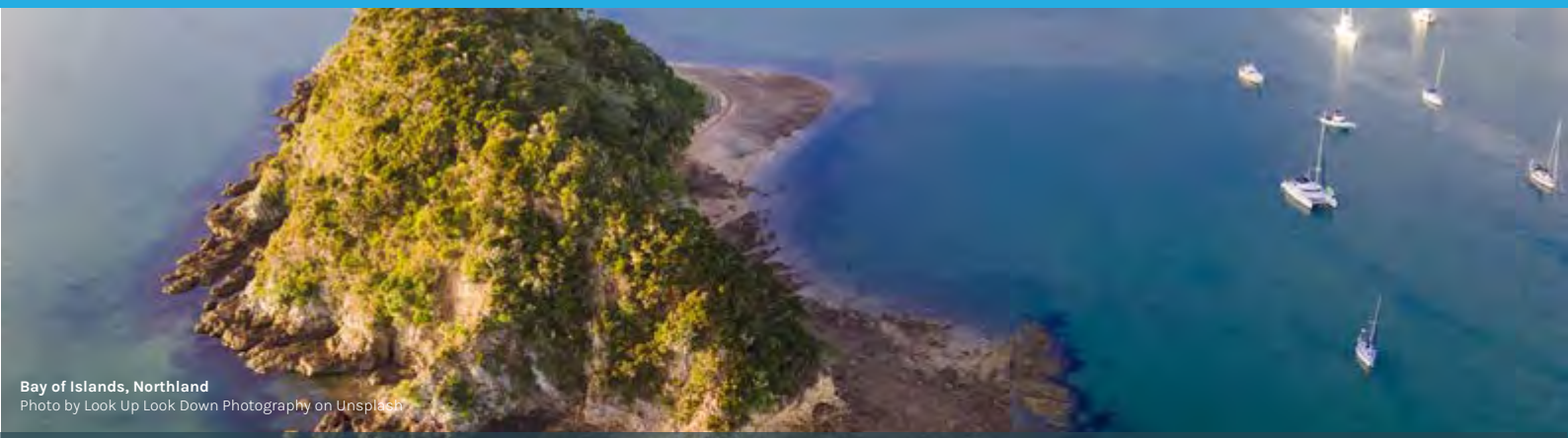
Funding is one of the main challenges going forward. Great South spent the time and money over the past years to build structures that will allow them to continue their work. They will retain their tourism staff without the STAPP funding but projects will need to be reduced or slowed down. Getting more funding is looking less likely in the current climate, because tourism is no longer the councils’ key focus. Other issues, like health, the cost of living, or the local government reform process are taking up the shareholders time. This means that tourism will need to compete for funding with other political priorities.

Great South used the STAPP funding and time wisely to establish its structure, build connections, and get runs on the board. This will help them to continue their work now that funding had reduced and they can further develop their facilitator role, bringing stakeholders together for the region.

Key points for other RTOs to consider

- Destination management means aligning with share- and stakeholders’ planning horizons, for example linking destination management projects to Long Term Plan timelines.
- Tourism lacks the indicators and data to properly measure the effects of good destination management. RTOs should work to develop datasets that cover more than traditional occupancy metrics, for example community wellbeing or sentiment analysis.
- Destination management demands a different skill-set to traditional destination marketing. This switch will be difficult for some organisations and people and should be taken into account when hiring or transitioning new team members.
- Destination managers require local networks and social license to be effective. This means that destination management roles, especially in smaller communities, are better suited to people who are already well established in the local community.

Milford Sound, Southland
Photo by Katie McBroom on Unsplash



Bay of Islands, Northland
Photo by Look Up Look Down Photography on Unsplash

Aotearoa | New Zealand Case-Example

Te Tai Tokerau | Northland Inc

An overnight success years in the making

Organisational structure

Destination Northland merged into the regional EDA, Enterprise Northland, in 2001. Destination Northland retained its name until 2013 when a rebrand brought them together under Northland Inc. It is a Limited Liability Company owned by three Northland councils - Northland Regional Council, Far North District Council, Kaipara District Council - in equal shares and receives additional investment from Whangarei District Council. The key governance documents are the company constitution and Statement of Intent (SoI). The SoI outlines the tourism activities that Northland Inc will undertake, and the first of these is to implement the Tai Tokerau Northland Destination Management Plan (TNDMP). The performance indicators for tourism focus on delivery of destination marketing campaigns , and workshops held to promote sustainable product development. Other related indicators are media features that profile Northland as a region and Māori economic development engagements resulting in positive outcomes. The team is working to evolve these indicators to meaningfully reflect the TNDMP objectives and to measure what matters to the stakeholders.

As part of an EDA, tourism is managed as an integral part of the larger regional economic development activities and destination management has been one of the strategic Pou for the organisation since 2016. In fact, the tourism section of the EDA has been named destination management since then, which gave Northland Inc a good base when starting to develop their DMP in 2020.

Learnings from DMP process

The DMP journey initially brought together a partnership group made up of Te Au Mārie Sestercentennial Trust, Te Hiringa Trust & Business Promotions, Northland Inc. and Te Puni Kōkiri (TPK) Taitokerau, with an MOU signed between these groups in July 2020. This ensured that key stakeholders for economic development were represented from the beginning and that this would be a regional plan with collective ownership and accountability. The partnership also cemented a strong co-governance approach which was the basis for the DMP development.

The next step was to bring together a high-profile and experienced leadership advisory group. Through existing relationships and governance structures, the partnership was able to confirm Dame Jenny Shipley and Harry Burkhardt as co-chairs. These relationships helped to fill the group with high-level representatives and experts from iwi, DOC, NZTA, tourism industry, as well as the councils (Northland Regional Council, and district councils Far North, Whangārei and Kaipara). The group's wide representation was an advantage, because all important groups were represented and had ownership in the process. However, it also led to several rounds of revisions once the plan was drafted because at various stages the individual groups couldn't "see themselves" or those they represented in the early drafts.

This forced some important discussions on priorities and interests which strengthened the commitment of the stakeholders to the final product. The advisory group is still active after the DMP publication and is guiding the implementation and future strategic direction. This has ensured continuity so far and there will be room to evolve the group as the implementation progresses.

> "The goal right from the start was to make it a regional plan, not a Northland Inc plan. This came with challenges when trying to integrate the different views and interests of the key stakeholder groups. "

Roles and responsibilities

The Northland Inc destination management team focuses on seven main areas of work: Industry engagement, product development, destination marketing, destination development, events, digital visibility, and data and insights. This work is driven by the destination management plan and guided by the ongoing engagement of the Leadership Advisory Group.

A new contract role was created to drive the destination management work, and destination management activities are also being added into job descriptions . This ensures that destination management provides the context for all work by the RTO, and the related tasks become part of the team's day job and not an afterthought.

The biggest challenge is funding for future activities and finding the balance between implementing the current DMP and creating more granular local plans. Northland Inc has moved more into a facilitator and connector role in some respects, building bridges between stakeholders to create outcomes, rather than doing the work themselves. This could future proof activities, if operators and stakeholders are willing to take over or fund work that is required to manage the destination. At the same time, important discussions need to happen around what can the RTO stop doing to best serve their stakeholders with limited resources.

Outlook and future requirements

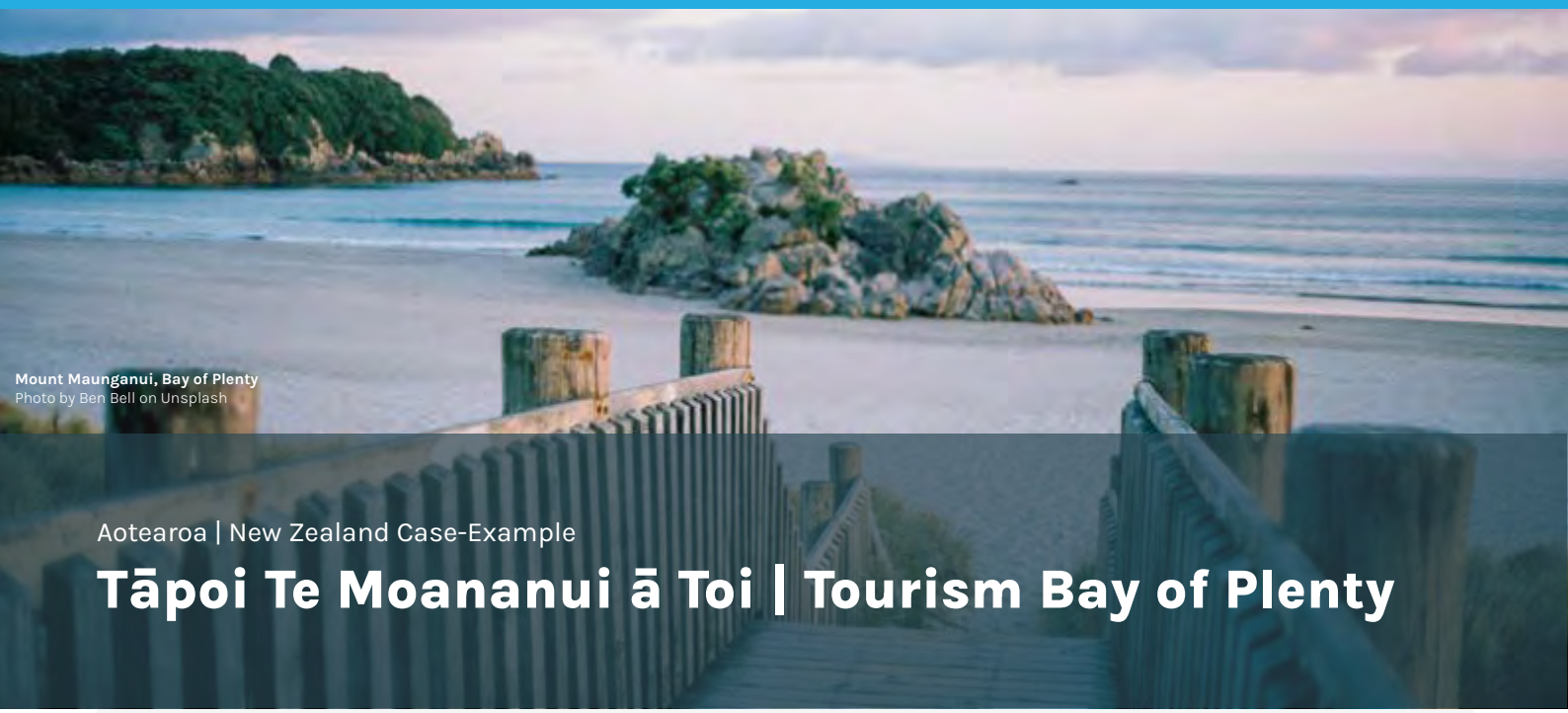
The DMP was developed successfully due to the strong relationships and trust that Northland Inc was able to build with their stakeholders. This was not a fast process and many relationships had started years before the DMP planning commenced. The key going forward is to maintain that trust and strengthen the relationships for future tourism development.

The DMP is a living document that will develop further over time as the team and the stakeholders implement actions and lessons learnt from this activity. The leadership group will also evolve as requirements change and new stakeholders become more prominent or involved in the DMP process.

As a by-product of the DMP process, regional champions have emerged and are actively supporting the RTO through their own activities, including looking for funding mechanisms. For funding it is important the DMP language is integrated into the overall regional development strategies and the councils' annual planning and Long Term Plan process.

Key points for other RTOs to consider

- **Building trusting relationships with regional stakeholders is key.**
- **Building the trust in these relationships takes time but will lead to a stronger local tourism system and more commitment from stakeholders.**
- **Don't lose lessons - the process (engagement, negotiation, alignment) is more important than the output (DMP).**
- **Integrating DM language into governance and operational documents helps to make them a priority.**



Mount Maunganui, Bay of Plenty
Photo by Ben Bell on Unsplash

Aotearoa | New Zealand Case-Example

Tāpoi Te Moananui ā Toi | Tourism Bay of Plenty

Regenerative goals and restructuring for success

Organisational structure and DMP process

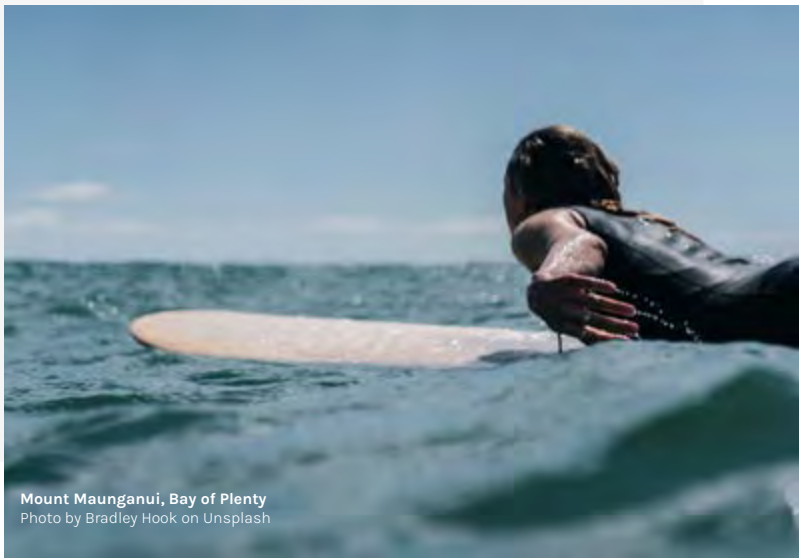
Tourism Bay of Plenty's (TBOP) legal structure is a trust that is jointly controlled by Tauranga City Council and Western Bay of Plenty District Council. TBOP's activities are based on an Enduring Statement of Expectations (ESE) with a 10-year horizon and an annual Letter of Expectation (LOE) from each of the two councils. These outline goals and KPIs in relation to the four wellbeing's and are aligned with destination management objectives. TBOP responds with a unified Statement of Intent (SoI), which addresses how it will work towards achieving the Council's expectations.

TBOP also has a Memorandum of Understanding with Whakatāne District Council to support them with their international marketing and other tasks throughout the COVID pandemic. TBOP is separate from the Western Bay of Plenty EDA but works closely with them and with other interested organisations in the region to promote economic development.

TBOP was an early adopter of a destination management approach in 2016. At the time, the TBOP board changed from a volunteer board to a paid professional board which changed the dynamic at the governance level. Partnership discussions with Air New Zealand started a process of developing a longer-term strategic framework (2018 - 2028) which was the first time they looked at the global trend towards a shift from marketing to management. TBOP applied for additional funding from the councils to finish the tourism development strategy and to start the shift towards management.

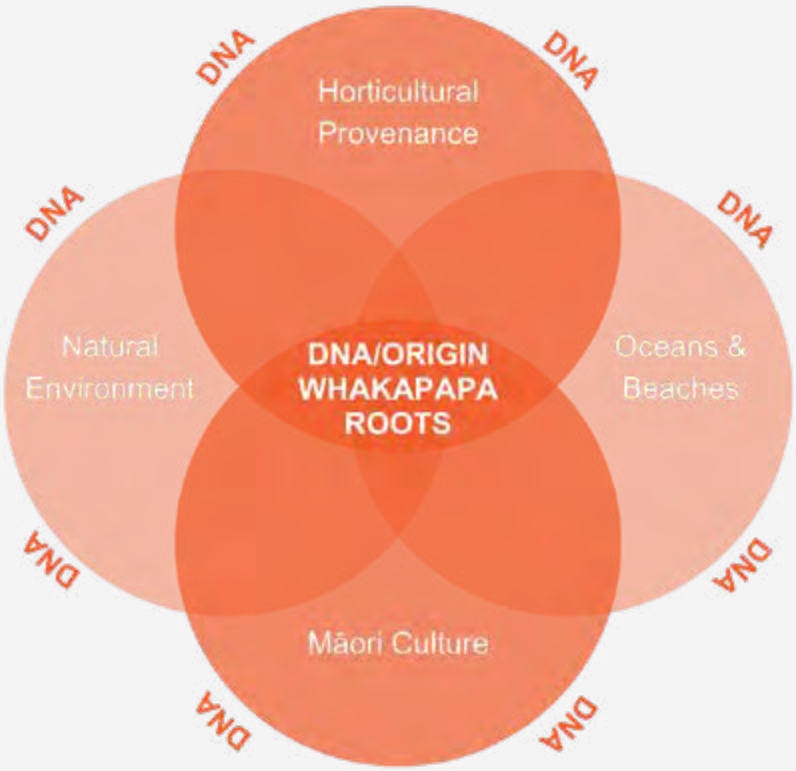
As part of the application, TBOP conducted a thorough community engagement process to convince ratepayers to support the funding increases. This led to an in-depth consultation process with a range of stakeholders, including iwi and local communities in the region.

Tourism planning was very economics focussed at the time, and the goal was to move towards something more inclusive that took the community's views and values into account. A key point was the move towards more holistic goals and a stronger Kaitiaki role, with TBOP in a leadership role. The funding application was successful with support from Tauranga airport, TIA, Air NZ, and even with a 'lessons learned' input from Destination Queenstown. The successful application allowed TBOP to hire four new positions that would give TBOP the skills to make the switch and to engage Destination Think in 2018 to provide international expertise for the broader strategy.



Mount Maunganui, Bay of Plenty
Photo by Bradley Hook on Unsplash

As part of this process, the destination development plan then changed to a destination management plan. MBIE was developing the Destination Management guidelines at the same time, and TBOP worked to align with these to take advantage of future funding opportunities. The plan was initially written with sustainability in mind, but then the aspirations increased to regenerative tourism approaches. The outcome was a plan with a strong focus on a regenerative approach to tourism that set clear ambitions as to how tourism will give back to the communities it operates in. This was built around four aspects of Place DNA (copyright Destination Think) - Horticultural Provenance, Natural Environment, Māori Culture, and Oceans & Beaches - that together make up the region's roots. These elements still drive the destination development and promotion now.



Source: Te Hā Tāpoi | The Love of Tourism 2020-2021

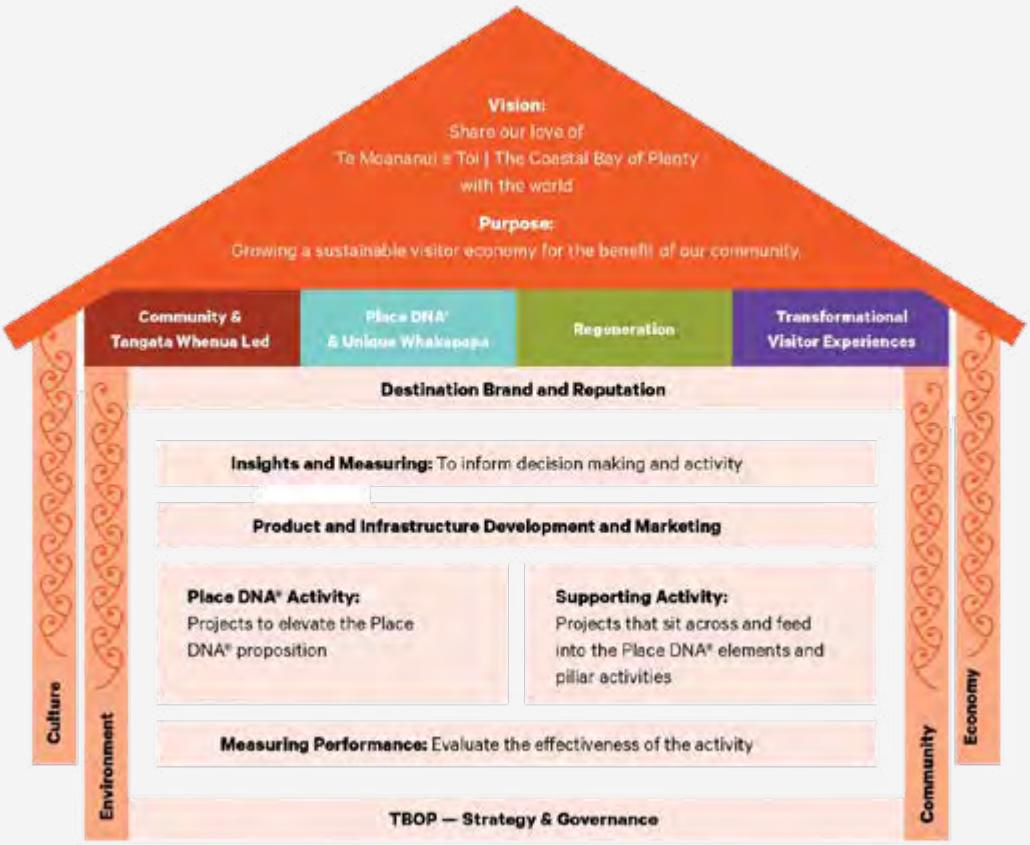
The plan received international recognition for its focus on regeneration. The 2019 Whakaari White Island disaster and the 2020 start of the COVID pandemic slowed the implementation of the plan and forced the region to once again rethink what tourism meant and what actions to take. Since the plan was already published when STAPP funding became available, TBOP could use the additional funding to bring on additional resources and work towards restructuring to deliver the plan.

Roles and responsibilities

TBOP has been through two restructures since starting its destination management journey in 2016. The first was in 2018 when more staff were bought in to fill key roles to support the transition to destination management, for example, a role focussed on insights.

The second restructure created a clear demarcation in the structure that focussed on Destination Management and Destination Marketing, supported by Strategy, Insights and Finance.

This was essential as the reality of implementing Te Hā Tāpoi | The Love of Tourism DMP was clearly about understanding the fact that TBOP itself does not have the mandate or power to deliver on everything in the destination management plan. Success in doing so comes from developing valued relationships and understanding the plans and aspirations of other key entities (particularly those with the funds), and connecting those joint aspirations in a way that results in actionable delivery and programmes, particularly as it relates to the likes of climate response plans or regional strategies. This collaborative approach is at the heart of TBOP's purpose, which is:
'To connect and enrich people and place through tourism'.



Source: Te Hā Tāpoi | The Love of Tourism 2020-2021

Outlook and future requirements

With STAPP funding coming to an end, the challenge going forward will be to manage stakeholder expectations whilst also ensuring key objectives within the destination management plan continue to be delivered. Since TBOP was one of the first published plans, there is scope to review and revise it as tourism recovers after the pandemic and severe weather events create new challenges. Updating the plan and evolving the response will be an exercise that requires ongoing negotiation and discussion with funders to ensure the organisation can continue to deliver on both the destination management plan and its letters of expectation from funders.

Stronger working relationships and mutually shared goals remain the key to working with key regional bodies, such as EDAs, Chambers of Commerce and Iwi. This is something TBOP has focussed extensively on through and post-COVID, and the strengths of these relationships are very much coming to the fore.

Key points for other RTOs to consider

- Start with identifying what communities want from tourism and build a strategy to deliver this.
- Consultants can support, but it is ultimately the RTO that needs to maintain local relationships.
- Although stakeholder consultation takes time, it definitely strengthens the overall position.
- Adjusting to a DMP approach requires courage, collaboration and ongoing checking in and up.
- An organisation restructure is likely as you'll need the right skillsets and team to deliver.
- RTOs cannot deliver a DMP on their own, it can only happen in collaboration with others.

Historical bridge, Alexandra

Aotearoa | New Zealand Case-Example

Central Otago

Public – Private – Community partnerships - From marketing initiative to destination management

Tourism Central Otago first suggested this partnership in 2020 in a proposal that outlined the intended outcomes and purpose of the collaborative marketing activities. These included:

- Clear and consistent messaging
- Economies of scale
- Ability to disperse visitors
- Joint fundraising opportunities for larger proposals
- Better utilisation of stakeholder time on trail development

An initial Memorandum of Understanding (MoU) was signed by three RTOs - Tourism Central Otago, Clutha Development, and Enterprise Dunedin – three trail trusts - Otago Central Rail Trail Trust, Roxburgh Gorge and Clutha Gold Trail Trusts and the Central Otago Queenstown Network Trail Trust (who were developing the new Lake Dunstan Trail - and the Rail Trail Operators Group (now renamed as the Rail Trail Business Network). The Department of Conservation was also kept informed of the project due to their interest in and maintenance of the Otago Central Rail Trail. However, they are not signatories to the MoU.

Each stakeholder initially had one representative on the governance group, and the three RTOs provided a share of the funding for the group activities. Over time it became clear that it was tricky to get consistent participation from just one representative, so then the operational trail managers were also included in the meetings. This provided more direct input and awareness for the group of the daily issues faced by the trail managers and ensured that there was always someone from each group at the meetings. The governance group meets about 6 times per year, overtime additional mechanisms for decisions making have been added – for example, a subgroup to discuss marketing spend – in between meetings as well.

The group's daily activities are overseen by a Trails Executive, which is a part-time position, as proposed in the original proposal. The role has grown since then and is now funded for 30 hours per week.

Destination Queenstown joined the group in 2022, and with them, the Queenstown Trails Trust. This is proof that this type of collaborative activity is of interest to the surrounding areas, and the value of the network will grow as more partners join. The Memorandum of Understanding provides the general direction of what the group wants to achieve, but some of the mechanisms are still informal and adaptable to the situation.

Shifting Towards Destination Management

Marketing was the primary focus for the establishment of the group, but visitor and destination management have become an important part of the group's activities. Including providing trail information, visitor education, and safety videos. These assets were available for operators on the trail to use and reference for visitors and locals. The other important activity was using communication to disperse riders to different trails in the regions that were more appropriate for their skill levels or less busy at certain times of the year. Each trail has capacity constraints, so coordinating this at a regional level can help to raise awareness and shift riders where appropriate.

The first time the group got involved in solving a destination management issue was around parking issues on the Lake Dunstan Trail after its opening in May 2021. A single-lane dirt road suddenly became an unintended access point to the trail. Tourism Central Otago, as part of the Central Otago District Council, were immediately brought in to work with their roading and infrastructure teams to look at these challenges and identify solutions to the congestion created and to reduce impact on surrounding landowners. In hindsight, this flow of visitors to the trail could have been predicted and preemptively managed. The group has learned valuable lessons from this, and for new trail developments progress these challenges and issues are being addressed from the outset.

Cromwell, Otago

As part of new trail developments and network expansion, the group has also focused on supporting product development and operator education. For some existing operators and communities, a new trail connection brings new opportunities, and they need help to see how this will affect them and how they can prepare for the future. At the same time, new operators that see a business opportunity also require information on how to work on and with the trails and with other operators. The group encourages regular completion of the NZ Cycle Trail User Surveys and reviews this information across trails to identify areas where improvements are required. They can then collectively approach the relevant stakeholders for support or assistance.

A new communication tool that the group established is www.trailhub.co.nz. This came from the observation that RTOs and Trail Trusts were good at providing practical information, like where to rent bikes or access shuttle services – but they were not so good at the storytelling or narrative around the on and off trail experiences.

The site is promoted as "Tales from the Otago Trails" the sites shares information about the towns the trails pass through, good track etiquette, practical tips for riders, and more. All of this is intended to have visitors and locals engage with the places off the main trails, spend more and stay longer, and understand the people and work behind the trails. The site uses a combination of curated content and self-created content to tell the stories and continually add new information. Stakeholders see this as an asset that adds value to the work they are doing. The important thing is that they see it as a collaboration, and not competition for their own initiatives.

Future Outlook

Low-carbon transportation and sustainable travel are important topics for the future, and multi-day cycling is a product that fits this ambition very well. Therefore, the four RTOs involved will all continue marketing and offering support to their cycle trails and operators. As the trail network grows, so does the value of the trails as a tourism and community asset that offers a variety of options and experiences for riders of all levels.

At times the individual trails had seen each other as competitors but have now embraced collaboration and the value of the network. This collaborative model will evolve as new trails are added, new products are developed, and new operators get involved.

Depending on how mature the trail organisations are, it will require different support, and the group will need to constantly update their mechanisms to ensure fairness and relevance to the stakeholders. As the group grows or expands its operation, certain areas that are currently managed through an informal process will need to be formalised to allow for more consistency.

Key points for other RTOs to consider

- Start with a purpose and outcomes in mind.
- Start, even if not everyone is on board – as the results come, others will join.
- Employ a coordinator early – these partnerships need management, and a dedicated person will accelerate progress and bring cohesion.
- Regularly review the processes in the group and make changes as needed – especially as new members join.
- Use collaborative research across projects to gain insights to approach stakeholders for support.

Clutha River

Vancouver island, British Columbia, Canada

International Case-Example

4VI Vancouver Island

An innovative social enterprise model signifies a new focus on destination stewardship

Tourism Vancouver Island announced in April 2022 it was dropping its traditional tourism marketing business model of more than 60 years to operate as a non-profit social enterprise — a business designed to invest all its revenue back into social goals. Rebranded as "4VI" to reflect its four key pillars — community, businesses, culture, and environment — this "social enterprise tourism board" appears to be the first such entity of its kind to date. Tourism Vancouver Island's multifaceted approach in engaging with tourism's negative impacts ranges from certification to climate action. The DMO-turned-social-enterprise earned its biosphere certification from the Responsible Tourism Institute this year, designating it as a sustainable destination and one that is also committed to progress under all 17 of the United Nations' Sustainable Development Goals (SDG). They are also focussed on reconciliation with their indigenous people and elevating indigenous wisdom into the heart of the social purpose organisation. This year, 4VI has chosen to make an additional, deeper commitment to focus on SDG 14 or Life Below Water as its social goal for the year ahead, with the aim to fund for healthy seagrass and clean up of ocean debris, for instance.

Vancouver Island, BC At a Glance

- Vancouver Island has strong similarities to the South Island of New Zealand in landscape, tourism offerings, types of communities and population.
- 4VI is the regional Destination Marketing and Management Organisation (DMO) for the Island and its 14 communities, including the city of Victoria and 13 other smaller towns and cities.
- The island is one of six macro 'tourism regions' that have been set up by Destination BC to better coordinate destination marketing and management services.
- 4VI was originally established in the 1980s as a not for profit focused on destination marketing but was renewed in April 2022 as a social enterprise with a clearer, stronger focus on destination stewardship
- 4VI has focused on its commitment to destination stewardship with programs covering the four pillars of sustainable tourism; community, environment, cultural and business.
- It has a long term partnership with the Travel Foundation and is investing in specific projects across sustainable and indigenous tourism, social equity and climate action under its latest 3 year Impact plan.
- The 14 communities across Vancouver Island receive a proportion of a bed or occupancy tax – the Municipal Regional District Tax program (MRDT), complimented by local government funding a wide range of provincial and national funding sources.
- Destination BC contracts the six macro regional DMOs for destination marketing and management services from its $65 million NZD budget including an approximately $13 million destination management budget.
- Provincial and federal government agencies also offer a wide range of grant and funding programs including two recently announced British Columbia tourism funds covering destination development and rural tourism development and infrastructure funding (approximately $68 million NZD

Introduction to Vancouver Island & British Columbia Tourism

Vancouver Island in British Columbia, Canada has strong similarities to New Zealand's South Island with a similar population, mountains reaching over 2,000 meters, extensive temperate rainforests and a rugged coastline. Victoria (the capital of British Columbia) and Nanaimo – the two largest cities on the island are very similar in size to Christchurch and Dunedin respectively.

The Island's visitor mix is still heavily domestic but international visitor numbers saw strong growth in the decade up to the pandemic with 4 million and 600,000 visitors respectively from domestic vs. international markets. The tourism industry is heavily seasonal with most travellers visiting for summer travel between June and September.

Destination Management & the DMO Structure on Vancouver Island & BC

4VI is the regional destination marketing and management organisation (DMO) for Vancouver Island. It is one of six, macro regional DMOs or 'Tourism Regions' in British Columbia, Canada. As with other destinations included as case studies, British Columbia, Canada groups the 70+ community DMOs across the province into six macro regions for better coordinating destination marketing and management.

One of the regional DMOs is run directly by the Provincial Tourism Organisation – Destination BC and 5, including 4VI, are contracted to the Destination BC. 4VI is a new iteration of an older, not for profit DMO ('Tourism Vancouver Island') dating back to the 1980s but reconstituted in April 2022 with a new name and a clearer, stronger focus on destination management and stewardship. This refreshed focus covers the four pillars of sustainable tourism - Communities, Environment, Culture and Businesses.

4VI is now termed a social enterprise – a not for profit organisation with a social purpose. 4VI still undertakes marketing related services for the 14 community DMOs across Vancouver Island, particularly the many smaller community DMOs including Vancouver Island North, Comox Valley and Cowichan (see above). However, increasingly 4VI's focus is on support of sustainable tourism plus destination management and stewardship.

This macro regional approach in British Columbia is similar to the approach in a number of other countries including Iceland and Slovenia (see separate case studies) and the States of Oregon in the USA and New South Wales in Australia.

4VI operates under a 3 year impact statement which is focused on 3 strategic priorities:

- Organisational Transformation: to reorientate the structure, capabilities and resources of the DMO to its new mission.
- Industry Transformation: work with tourism businesses and organisations to create a "kinder, gentler and greener" tourism industry through training, support and investment
- Service Delivery Excellence: while recommitting to service excellence – in both its newer destination stewardship services as well as in its long established and still continuing destination marketing role.

4VI has specific projects planned across a wide range of destination management and stewardship areas including sustainable and indigenous tourism, accessible travel and climate action – including work under a partnership with the Travel Foundation. It is a signatory to the Glasgow Declaration on Climate Action (committing itself to net zero by 2030) and is certified as a Biosphere from the Responsible Tourism Institute.

At a provincial level, Destination BC operates under a corporate strategy (2023-2025) and strategic tourism plan which was updated in 2022 by the Provincial Government with an expanded focus on people and planet (social and environmental goals) as well as recovery and resilience.

Destination Management Funding – Local, Provincial & National

14 communities on Vancouver Island and around 70 communities in total across British Columbia are part of the Municipal Regional District Tax (MRDT) Program. MRDT is up to a 3% occupancy tax applied to medium to large commercial accommodation and is jointly administered by two Provincial Government Ministries and Destination BC. First introduced in 1987 with a focus on supporting destination marketing increasingly the funding has been allocated to destination management related projects and programs, In 2018 affordable housing was added as an explicit use of the MRDT funds – an investment which some community DMOs on Vancouver Island are now making.

At a provincial level, Destination BC has a budget of approximately $65 million NZD including $15 million NZD for destination management specific services and investments. The provincial tourism organisation supports the 6 regional DMOs through contracted destination marketing and management services. Provincial government in Canada, as with State Governments in Australia, have access to a wide range of taxation and funding sources including a share of GST.

MRDT funds and support from Destination BC are complimented by local government funding and access to a wide range of provincial and national funds including the newly announced BC Destination Development Fund (approximately $37 million NZD) and the Rural Economic Diversification & Infrastructure Program (approximately $40 million NZD).

These local and provincial funding sources are complimented by national sources of funding through federal agencies including Canada's 13 'Regional Development Agencies' who also directly support tourism business and DMOs. The wide range of funding sources for Canada's DMOs was summarized in Miles Partnership's 'Funding Futures' report of 2020 and 2021.

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Based on Secondary Research & Interviews:
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Plus a visit to Vancouver, Victoria and Vancouver Island, BC, Canada and interviews with Destination BC and the Victoria, BC DMO as part of a global study on community engagement best practices, Time for DMOcracy (2023) and Tourism Taxation and DMO Funding – Funding for Tomorrow (2020 and 2021).

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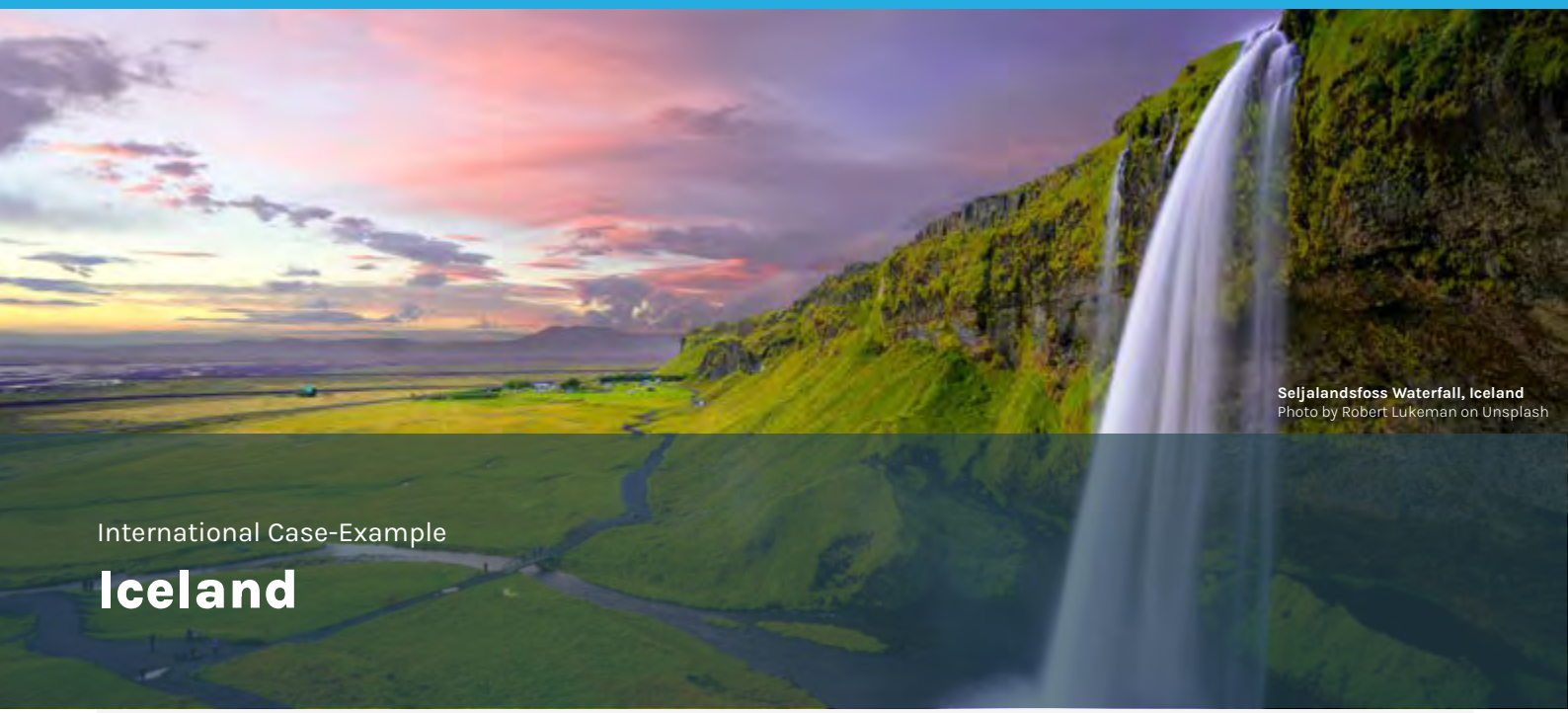
Inner Harbour of Victoria, Vancouver Island, British Columbia, Canada



Seljalandsfoss Waterfall, Iceland
Photo by Robert Lukeman on Unsplash

International Case-Example

Iceland

A Balanced, Regional Approach to Destination Management & Marketing

Iceland At a Glance

- Iceland has many similarities to New Zealand in its geography, government and visitor industry structure.
- Iceland has grouped 66 municipalities into 7 macro regions for destination marketing and management purposes, including the development and implementation of 7 regional Destination Management plans.
- Like New Zealand, local government (municipalities) in Iceland has limited funding for both destination marketing and management and do not receive a proportion of the taxes paid by visitors (VAT and bed taxes)
- However, the government through the Ministry of Culture & Business Affairs and the Icelandic Tourist Board provide significant support to the destination management (and marketing) work of the Regional DMOs including $2 million NZD to cover the core business costs of the regional DMOs.
- This is complimented by a wide range of grant programs including $9 million NZD from the Tourist Site Protection Fund.
- The regional DMOs are either part of the Regional Development Agency (national-local government) or as a Not-for-Profit organisation providing services to local municipalities.
- The regional DMOs are managed by boards consisting of both local government and industry representatives.

Introduction to Iceland Tourism

Iceland is a small, sparsely populated and hugely successful visitor destination located in the North Atlantic between North America and Europe. Explosive growth in international visitor numbers from a few hundred thousand a year in the early 2000s to more than 2 million in 2019 (down from a peak of 2.3 million in 2018) put enormous pressure on the natural environment and visitor infrastructure across the country. This led over the last decade to a far greater investment in destination management planning and support services from both public and private sector in the country.

Iceland has many similarities to New Zealand that make it a particularly appropriate case study. A small population, its island geography, rich, natural environment, strong international visitor growth and the importance of the primary sector (notably fishing) in the economy are all similar to New Zealand. It also has a similar political structure as a Unitary State – governed by a national parliament with 66 local municipalities (no State or Provincial structure). A dedicated Department of Business Affairs & Tourism (within the Ministry of Culture & Business Affairs) is responsible for tourism policy and the oversight of the Icelandic Tourist Board.

It is the Icelandic Tourist Board that is primarily responsible for coordinating destination management across the country between the public and private sector. Visit Iceland (part of Business Iceland) is like Tourism New Zealand, focused primarily on international visitor marketing. The structure of the national tourism organisations in Iceland are as follows:

Destination Management & the DMO Structure in Iceland

Iceland's response to destination management expanded significantly in 2015 with a national commitment to destination management planning process. These destination management plans were undertaken across groupings of municipalities constituting 7 macro regions in the country. An example of a Destination Management plan for one of these regions – Visit North Iceland is available here.

This macro regional approach is similar to the approach in a number of other countries including Slovenia (see separate case study) and the States of Oregon in the USA and New South Wales in Australia.

These seven regions each have a Regional Destination Marketing and Management Organisation that deliver both marketing and management services with public and private sector partners. In 4 of the regions, the DMO is operated within the Regional Development Agency – a national and local government business development agency. In 3 of the regions, including North Iceland, the DMO is run by a not for private company that undertakes work on a 3 year contract with the local government. In Visit North Iceland's case the regional DMOs collaborates with 4 smaller municipality tourism organisations and also work collaboratively with over 300 tourism businesses. The governance of these regional DMOs is through elected and appointed boards consisting of both local government and industry representatives.

Destination management roles and responsibilities include product development (new experiences and new touring routes), business education including a digital toolbox and training, collaboration with a wide range of industry groups including the development of the ski sector, birding and cruise. DMOs also undertake visitor education and a wide range of visitor service issues ranging from signage to trail development in collaboration with local municipalities.

Two destination management programs stand out as of particular note:

- Bridge to Sustainable Program – the Regional DMOs work with tourism businesses on their visitor management planning and sustainability initiatives including investment into a range of sustainable business practices and enhanced infrastructure including charging stations (also supported by a grant program)

- The Varða/Sites of Merit programme. This more recent programme (launched in 2021) aims to support world class, holistic destination management at popular tourist sites. The Þingvellir National Park was the first destination awarded the Sites of Merit label in June 2022.

Destination Management Funding – Local & National

- Destination management in Iceland operates within an environment that is well funded – primarily from national sources. Currently there is limited local government funding available for tourism as municipalities are funded primarily from resident taxes and do not receive a % of the bed tax or the 11% to 24% VAT (GST) paid by visitors. The funding also illustrates a balanced commitment to both destination management and marketing with the budget of Visit Iceland (international visitor marketing) representing just a minority of national funding for tourism. The overall budgets of the national entities include:
- Icelandic Tourist Board: ~$8 million NZD including ~$2 million in grants to the DMOs.
- Tourist Site Protection Fund Grants to Local Regions (from Bed Tax): `$9 million NZD.
- Visit Iceland Budget: ~$11 million NZD (an additional ~$15 million NZD was added as a special post pandemic marketing & promotion boost).
- Tourism in Iceland including grants to DMOs, businesses and efforts to stimulate domestic travel received over $34 million NZD in support during the pandemic.
- The 6 rural DMOs (outside the capital of Reykjavík) are supported by municipality funding – heavily supplemented by $~25 million in funding from the Icelandic Tourist board to help with their core, base costs. There is also a range of grant opportunities that constitute up to one third of the DMO's budget including Innovation Grants (from the Department of Business Affairs & Tourism), site development or protection (from the Tourist Site Protection Fund) and even grants from the European Union that are being explored for the first time.

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Iceland
Photo by Ben Suter on Unsplash

Piran, Slovenia
Photo by Mikita Karasiou on Unsplash

International Case-Example

Slovenia

An early leader in sustainable tourism with a strong regional & local DMO structure

Slovenia At a Glance

- Slovenia hosts a similar number of international visitors each year to New Zealand (4.7 million) and has a broadly similar government, regional and local government structure.
- The country has a long term and impressive commitment to sustainable tourism – including a national 'Green Scheme', first launched in 2014, developed with the GSTC, and covering training, business support and certification.
- As of March 2023, 62 destinations (municipalities), 137 accommodation properties, 59 restaurants and 11 attractions across the country had become certified in the scheme.
- There are 35 local DMOs and 12 Regional Development Agencies, who assume responsibility for key parts of tourism development including infrastructure investments.
- Local DMOs are expected to be active partners in the Green Scheme – and this is required for their full partnership with the Slovenia Tourism Board's in its programs, including marketing.
- Local DMOs are also expected to participate in both destination management and marketing training programs for their staff run by the Slovenia Tourism Board'.
- A new 7-year tourism strategy was launched in 2022 with the vision of "A green boutique destination, with a smaller footprint and greater value for all". This includes an expanded commitment to sustainable tourism including a greater investment in climate change action.
- This updated strategy calls for a major review of the structure and funding of local DMOs – a process that is underway as of March 2023.
- Currently, funding for DMOs in Slovenia relies only for a minority (44%) of funding from municipalities with a diverse mix of national and European funding making up the rest of the funding.
- Tourism in Slovenia, including the STB, receive a proportion of two bed taxes paid by visitors and revenue from gambling operations in the country.

Introduction to Slovenia Tourism

As with Iceland, Slovenia is a small European nation with a number of strong similarities to New Zealand. The nation has a highly varied landscape including the Slovenia Alps, lakes and a small but significant coastline on the Adriatic sea. Slovenia saw strong growth in international visitation to the nation in the years leading up to the COVID-19 pandemic, peaking at 4.7 million international visitors in 2019.

Like New Zealand (and Iceland), Slovenia is a unitary state – with a national parliament and 212 local municipalities. For the purposes of economic and tourism development plus other regional government responsibilities, there are 12 regional development areas.

There are 35 local Destination Marketing and Management Organisations across Slovenia – and in each of the 12 regions there is a Regional Development Agencies (RDAs) – that provides a macro regional structure for management of tourism the country.

The Ministry of Economic Development and Technology (MEDT) is the main government department for setting policy and providing support to the tourism sector. The Slovenia Tourism Board (STB) is not only responsible for international tourism marketing but has long taken a role with the Ministry, other government agencies and DMOs across the country on providing leadership in Sustainable tourism (see below).

Destination Management & the DMO Structure in Slovenia

At a national level the Slovenia Tourism Board has been actively involved in destination management related issues for around a decade. First launched in 2014, the 'Green Scheme of Slovenian Tourism'. was developed and is accredited with the Global Sustainability Tourism Council (GSTC) . Slovenia's 'Green Scheme' one of the most comprehensive industry training, education and certification programs in sustainable tourism anywhere in the world. This is one critical part of a national Sustainable Tourism Strategy that was just updated in 2022 as a 7 year strategy to 2028.

As of March 2023, 62 destinations (municipalities), 137 accommodation properties, 59 restaurants and 11 attractions across the country had become certified in Green Scheme of Slovenia Tourism. Currently around one third of STB staff and approximately $3-5 million NZD is invested annually into destination management. This compares to an STB marketing budget of approximately $28 million NZD.

The new 7 year national strategy has the vision of "A green boutique destination, with a smaller footprint and greater value for all". The strategy emphasizes higher value visitors, who disperse more widely (around the country and across the year) plus expanded investment in the Green Scheme and climate change action. This includes a far greater investment in decarbonisation programmes. The Ministry (MEDT) works with the STB on the development and updating of an action plan every 2 years. A major review of the structure and funding of local DMOs is also part of this strategy. As of March 2023 the Slovenia Tourism Board was hosting a national workshop on this. We recommend staying in touch with the STB in coming months to determine the outcome of this work.

Support of sustainable tourism and destination management currently occurs at both a local level (through the 35 DMOs and their partner municipalities), and the 12 Regional Development Agencies (RDAs). The 35 local DMOs have been upskilled through comprehensive professional development training programs covering both on destination management and marketing that are run annually as intensive 3-4 month programs requiring a commitment of around 8 hours per week – and an exam at the end.

Separate from the 12 regions used for tourism development, 4 macro regions are used by the STB and the 35 local DMOs for marketing purposes – creating larger scale and more coherent areas for international marketing programmes.

The RDAs in Slovenia take the lead on many destination development issues including investment in significant visitor infrastructure projects. Tourism development is determined by the national strategy but is localised to include local priorities in consultation with municipalities.
This macro regional approach is similar to the approach in a number of other countries including Iceland (see separate case study) and the States of Oregon in the USA and New South Wales in Australia.

Destination Management Funding – Local & National

As in Iceland, the 122 municipalities in Slovenia provide only a minority of the funding for local DMOs across the country. This includes support of their Destination Management activities. There are a wide range of large and smaller organisations and budgets amongst the 35 DMOs, but on average their mix of funding is estimated as:

Municipalities (Local Govt)	44%
Commercial activities	16%
EU Grants & Support	16%
Slovenia Ministry & STB Grants	13%
Industry Contributions	1%

Source: figures supplied by Slovenia Tourism Board, March 15th, 2023

Slovenia tourism benefits considerably from EU funding – while a smaller part of the funding for individual DMOs, at a national level, EU funding for tourism development amounts to 38 million Euro in 2022 – over half of the national budget of 63 million Euro. The Regional Development Agencies (RDAs) also benefit from EU funding.

There are two separate bed taxes in Slovenia which include targeted funds for sustainable tourism and destination management initiatives across the country. This is complimented by concession fees from gambling.

The 35 local DMOs commit around one third of their budget and staffing to destination management – and around two thirds to marketing. However, in order to be a full partner of the Slovenia Tourism Board – including in its marketing, every DMO must embrace and support the national 'Green Scheme of Slovenian Tourism'. This includes a set of tools and a certification program for Slovenia businesses – which the local DMOs are expected to actively support. This provides a powerful incentive for every DMO to be actively involved in sustainable tourism and destination management related priorities.

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Lake Bled, Bled, Slovenia
Photo by Johnny Africa on Unsplash

Manly Beach, New South Wales, Australia
Photo by Cat Mastro on Unsplash

International Case-Example

New South Wales

A well-funded & tightly coordinated approach to Destination Management

New South Wales At a Glance

- The visitor economy in New South Wales, $30 billion NZD in 2022, is broadly similar in size to the tourism sector in New Zealand – though more heavily reliant on domestic tourism.
- There are 128 local councils across the State (which is 3x the size of New Zealand), many with small populations and large areas of responsibility.
- Responding to this challenge, Destination NSW created in 2016, 6 Destination Networks (DN) regions to group council areas into larger, macro regions across the State. A 7th region was added in 2021 to better serve the central parts of the State.
- Along with, Sydney, these 8 regions aim to better coordinate, manage and resource destination marketing and management across the State.
- Each DN has an independent board and their own General Manager plus administration staff. There is also a regional tourism development manager supporting each DN based at Destination NSW
- Each of the 8 regions has a Destination Management Plan – which are currently being updated to align with both the State and National 2030 tourism strategies.
- Funding of tourism in New South Wales is substantial, with a budget of approximately $450 million NZD in 2022/2023 from the State Government. A large part of this is the funding of Destination NSW and its destination marketing and management activities.
- Destination NSW, the State and Federal governments also fund a wide range of event and tourism grants.
- This includes substantial funding of major events and also the Regional Events Fund which has been a critical part of a vibrant range of rural events across NSW since 1996.

Introduction to New South Wales Tourism

New South Wales tourism generates around $30 billion NZD in expenditure a year from domestic and international overnight visitors (2022) – broadly in line with New Zealand's total visitor spending. Domestic visitors make up 80%+ of the spending – both from the 8 million residents of NSW and the wider Australian market.

Sydney dominates New South Wales in terms of population, the economy and visitor sector – with two thirds of all NSW residents and 40% of visitor spending and visitor nights. This share is far greater for international visitors. Outside of Sydney, the rural areas of New South Wales are Australia's most visited rural areas of any State for both domestic and international visitors.

Destination Management & the DMO Structure in New South Wales

New South Wales has 128 Local Government Areas (LGAs). Given the State's size (3x that of New Zealand) and sparse rural population, many of these local councils have limited resources for both tourism marketing and management.

In response to this challenge, Destination NSW established in 2016, 6 x "Destination Networks" – macro regions covering the rural parts of the State to better coordinate destination management and marketing. A 7th Destination Network region, Destination Central West NSW, was added in 2021 to better serve the central parts of the State (see the map below). Sydney forms am 8th 'region'.
The 7 Destination Networks (DNs) each have an independent board and their own General Manager plus administration staff. There is also a regional tourism development manager supporting each DN based in the Sydney office of Destination NSW Destination NSW.

Highlighting the challenges of introducing a macro regional model - the Destination Network in New South Wales has seen some criticism (especially leading up to the pandemic) as not always being responsive to local issues, opportunities and messaging – including some councils/shires opting out of State marketing campaigns organised by Destination NSW. Destination NSW operates under the Destination NSW Act of 2011 and the NSW Visitor Economy Strategy 2030. This was developed in conjunction with the national tourism strategy, Thrive, released in March 2022.

A board of industry and government appointees provide oversight of Destination NSW's work. The organisation also supports and/or works with separate meetings & event organisations in Sydney, Newcastle and for Rural New South Wales.

Destination NSW released back in 2020, 7 Destination Management Plans to guide destination management activities across the State.

Like the National and State tourism strategies, these are currently being updated as of March, 2023 to reflect changes in issues, challenges and opportunities, post pandemic – particularly a greater focus on stewardship. See the this updated strategy from Destination Southern NSW.

This macro regional approach to destination marketing and management in New South Wales is similar to the approach in a number of other destinations including Vancouver Island and British Columbia, Iceland and Slovenia (see separate case studies) and the State of Oregon in the USA.

Kanangra-Boyd National Park, Kanangra, Australia
Photo by Erico Marcelino on Unsplash

Destination Management Funding – Local, Provincial & National

The State Government of New South Wales receives a wide range of taxation and other funding sources including a proportion of GST, payroll taxes and stamp duties on real estate sales. This has enabled the State Government to make tourism funding – and that of its State and regional DMOs, substantial and resilient. In 2022/2023 the NSW Government allocated over $450 million NZD to tourism – including its funding of Destination NSW.

The strong State government support of tourism mitigates the limited resources of local councils in the State. As in New Zealand, the 128 councils in New South Wales rely almost exclusively on rates as their source of income.

Hence, the State takes the lead on supporting most destination marketing and management across the State. Destination NSW directly funds the 7 rural Destination Networks, including staffing and overhead, and the development of Destination Management Plans in all 8 regions. They also fully fund or heavily subsidize much of the domestic and international visitor marketing undertaken by the DNs and their local councils.

Destination NSW and/or the State Government also support a wide range of Events and Tourism Grants including an expanded Aviation Attraction Fund for regional airports (plus Sydney International Airport) and a significant Regional Event Fund that has been critical to a vibrant range of regional events across the State since 1996.

Each Destination Network works with Destination NSW to highlight these funds and also promotes more locally focused grants and funds aimed at rural communities including "Strengthening Rural Communities (SRC)" grants ($10,000) that supports a wide range of tourism related programs in small remote, rural communities.

In addition, State Government in NSW has a wide range of grants and funds that are more generally applicable to businesses of all types including tourism.

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Sydney, New South Wales, Australia
Photo by Caleb Russell on Unsplash

Appendix

Primary Research

Stakeholder interviews were conducted with:

TIA
Rebecca Ingram
Bruce Bassett

MBIE
Dale Elvy
Poppy Shelton

RTNZ
Trustees

RTNZ
Members

TNZ
Bjoern Spritzer

NZMT
Matt Ammunson-Fyall
Kylee Daniel

DOC
Lynnell Greer

TAITUARA
Raymond Horan

LGNZ
Stuart Crosby

PERSONAL
Paul Davis
Rob McIntyre

International:
Roger Carter (Team Tourism)
Frank Cuypers (ex Destination Think)
Jane Cunningham (Destinations International)
Signe Jungersted (Group NAO)
Dianne Dredge

A research survey was completed with Regional Tourism organisations

Secondary Research

An extensive review of existing research on tourism taxation and visitor related fees and assessments from around the world was conducted. A summary of this research can be found **here.**

Analysis of Funding for Regional Tourism Organisations:

RTO	2022 Domestic Visitor Spend (TECT Estimates)	2022 International Visitor Spend (TECT Estimates)	2022-2023 RTO Budget
Central Economic Development Agency	$309m	$16m	$ 944,222
ChristchurchNZ	$1,004m	$129m	$ 3,666,564
Clutha Development	$43m	$1m	$ 325,000
Destination Great Lake Taupō	$359m	$21m	$ 2,093,000
Destination Hauraki Coromandel	$374m	$11m	$ 594,748
Destination Kaikōura	$51m	$5m	$ 225,000
Destination Marlborough	$168m	$13m	$ 1,098,561
Destination Queenstown	$502m	$193m	$ 4,500,000
RotoruaNZ	$292m	$29m	$ 3,400,000
Destination Wairarapa	$162m	$7m	$ 470,832
Development West Coast	$144m	$14m	$ 973,000
Enterprise Dunedin	$377m	$30m	$ 1,948,462
Hamilton & Waikato Tourism	$709m	$48m	$ 1,507,392
Hawke's Bay Tourism	$392m	$29m	$ 1,500,000
Hurunui Tourism	$85m	$5m	$ 337,728
Lake Wanaka Tourism	$207m	$41m	$ 1,280,000
Mackenzie Tourism	$70m	$11m	$ 285,000
Nelson Regional Development Agency	$263m	$24m	$ 1,323,472
Northland Inc	$557m	$35m	$ 546,314
Tairāwhiti Gisborne Tourism	$101m	$8m	$ 408,000
Tātaki Auckland Unlimited	$2,161m	$472m	$ 1,700,000
Tourism Bay of Plenty	$654m	$43m	$ 2,264,000
Tourism Central Otago	$125m	$6m	$ 1,092,000
Tourism Waitaki	$103m	$4m	$ 400,000
Venture Taranaki	$253m	$18m	$ 300,000
Venture Timaru	$163m	$6m	$ 367,500
Visit Fiordland	$34m	$7m	$ 635,000
Visit Ruapehu	$80m	$8m	$ 614,524
Visit Southland	$238m	$11m	$ 1,228,000
WellingtonNZ	$883m	$113m	$ 4,587,000
Whanganui and Partners	$101m	$6m	$ 611,200

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

Comparing pre and post pandemic visitor spend

The data used for this report incorporates visitor spend data (ECT) from pre-pandemic (calendar year 2019) and post-pandemic (12 months ending Oct 2022.) In total, the post-pandemic visitor spend is 2.7% lower than pre-pandemic. The range of variance for individual RTOs goes from 23% higher in Wairarapa to a loss of 50% in Fiordland.

Importantly, though the relationships between the regions pre and post pandemic is highly consistent. This is illustrated below in a table which colour codes the visitor spend, note the high degree of alignment between pre and post pandemic columns.

Region/RTO	Visitor Spend (In Millions)	
	Pre-Pandemic	Post-Pandemic
New Zealand	12,949	12,603
Tātaki Auckland Unlimited	3,077	2,633
Central Economic Development Agency (CEDA)	285	325
ChristchurchNZ	1,101	1,133
Clutha Development	41	44
Destination Hauraki Coromandel	348	385
Destination Great Lake Taupo	352	381
Destination Kaikōura	65	56
Destination Marlborough	181	181
Destination Queenstown	838	695
Destination Rotorua	412	321
Destination Wairarapa	137	169
Development West Coast	192	158
Enterprise Dunedin	408	406
Hamilton & Waikato Tourism	735	758
Hawke's Bay Tourism	385	421
Hurunui Tourism	87	90
Lake Wanaka Tourism	221	248
Mackenzie Tourism	113	81
Nelson Regional Development Agency (NRDA)	290	288
Northland Inc	540	592
Not elsewhere classified	221	275
Tourism Bay of Plenty	629	697
Tourism Central Otago	115	131
Tourism Waitaki	99	107
Tairāwhiti Gisborne Tourism	94	109
Venture Taranaki	235	271
Venture Timaru	153	169
Visit Fiordland	82	41
Visit Ruapehu	98	88
Visit Southland	219	249
Whanganui and Partners	92	107
WellingtonNZ	1,103	995

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

Tourism Value Chain and Eco System

Level	Role	Description
Framework setting	Policy & Planning	Policy development and analysis, including sector development
Framework setting	Regulation	Managing compliance with legislation
Framework setting	Infrastructure	Infrastructure development and provision
Framework setting	Strategy development	Developing an overall strategy and action plan for both the demand and supply sides of the tourism industry
Framework setting	Investment	Provision of funds to conduct destination management activities
Support	Information & research	Information provision and research
Support	Skills development & capacity building	Developing business capability and training staff (including owners) to deliver better services to visitors.
Support	Supporting / other industry operation	Provision of support services, not exclusively for the tourism industry
Support	Innovation support	Support for new or improved business models in tourism or supporting industries
Support	Nature, culture & heritage conservation	Supporting or leading specific activities for the preservation of nature, culture & heritage
Destination Management	DM coordination	Developing and managing stakeholder relationships for unified DM planning & implementation within and across regions.
Destination Management	Marketing & promotion	Managing the destination's marketing and promotional activity, creating demand and enabling the destination to be competitive, productive and sustainable (MBIE 2020).
Destination Management	Resource management	Managing the destination's strategy, policy and regulatory frameworks, Te Tiriti o Waitangi, organisational structures and the investments that support the destination (MBIE 2020).
Destination Management	Visitor experience	Managing the destination's experience offering, including activities, attractions, supporting infrastructure, services and amenities (MBIE 2020).
Operational	Tourism Operations	Direct land/ tourism asset management and/or service provision directly to visitors

Source: based on RTNZ report 2003, with additional roles added.

Core and Enabing Functions for Destinations

Functions	Destination Promotion	Destination Management	Destination Stewardship
Core			
	Destination branding and marketing communications planning	Destination Management planning	Destination Stewardship planning
	Consumer and travel trade promotion	Destination marketing Strategy (all p's and audiences)	Destination Stewardship Council convenor
	Public relations	Convenor between public and private partnership (PPP)	Contributor to Place master planning/ placemaking
	Industry 'trade ready' capability	Advocate for tourism in major investment decisions	Convenor between public, private and community partnership (PPC)
	Business event attraction	Advocate for Industry	Ongoing community participation and stakeholder engagement
	Industry/ membership support	Product & experience development	Contributor to major place/ destination investment decisions
	Event marketing	Visitor and resident sentiment / attitude research	Biodiversity & resource measurement and management
	Supporting TNZ activity	Industry capability & skills development	Monitoring impacts on natural, built, and historial environments and cultural and social values
	Website / information provision	Data, research & analysis	Digitalisation and innovation
		Industry capability and development	Regenerative and climate change related activity
		Quality assurance	Policy development
		Cruise management	Destination benchmarking dashboard for visitors and residents
		i-SITE management	Carrying capacity monitoring and management
		Partnership & stakeholder engagement	
		Access development - air, road, rail & sea	
		Amenities and infrastructure investment	
		Major event attraction / development	
		Venue management	
		Convention centre management	
		Workforce development	
Enabling Functions			
	Fundraising and financial management	Funding and fostering investment	Holistic Tourism Data Information Systems / Dashboards
	Human resources management	Digital systems / tools implementation and management	
	Campaign/ communications reporting	Risk & crisis planning and management	
	Health & safety		
	Advocacy for organisation		

Source: based on RTNZ report 2003, with additional roles added.

TŌNUI

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