Submission of Tourism Industry Aotearoa

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On behalf of Tourism Industry Aotearoa

Question set 1 – The Science, Innovation and Technology System.

1. What future should be envisaged for a publicly supported science, innovation and technology systems?

   The desired future is one that reflects and develops the society of Aotearoa New Zealand, with focus on those areas where our competitive advantages can be leveraged for optimal outcomes.

   From a tourism industry perspective, TIA does not believe this is occurring at present settings. For instance, we are concerned that pre-COVID tourism contributed 20% of New Zealand export earnings and 13.3% of employment (since recovered to 11.4% and 11.3% respectively, YE March 2023) and yet it is virtually a non-participant in the current science system. This is in terms of both a paucity of funding grants and the sort of institutional support that other export sectors benefit from.

   The future science system should operate on an inclusive basis to ensure key parts of our society and economy have the research support to enable them to flourish.

2. What are the opportunities, challenges and barriers that need to be addressed to build a more thriving research, science, innovation, and technology system that delivers positive sustainable growth and prosperity for New Zealand?

   Tourism will inevitably be part of Aotearoa New Zealand's future society and economy. This is set out in TIA's industry strategy, Tourism 2050 – a Blueprint for Impact that was released in late 2023. Refer: https://www.tia.org.nz/tourism-2050/

   Two key ideas from Tourism 2050 are that global aviation capacity is expected to double to 2040 and that we will need to be much better at managing and optimising tourism within New Zealand to ensure this growth generates broad benefits for New Zealand. We called this 'balanced growth'.

   To achieve this balanced growth, we are going to need to be much more purposeful and informed in the way that we operate tourism activity in our country. Tourism 2050 recognised that the data, research and innovation supporting tourism needs to be significantly geared up. 'Power-up Data and Research' is one of just ten Actions in Tourism 2050, reflecting the strategic importance placed by the industry on the tourism industry knowledge system.

   The opportunity for New Zealand tourism is significant from gearing up its supporting knowledge system. This will serve to allow the industry to optimise its growth potential

and to find new ways of doing things, whether new products and processes, applying new skills and expertise, and developing new innovations and technologies in tourism. These will cover a multitude of areas, including climate change adaptation, biodiversity loss and restoration, societal health, technology application, and others.

Immediate priorities are around research to support the production of Sustainable Aviation Fuel (SAF) and climate mitigation tools. On the latter, Aotearoa has done substantial foundational work that needs to be built upon (refer https://www.theaotearoacircle.nz/reports-resources/tourism-sector-climate-change-scenarios.

3. What principles should underpin the design of a science, innovation, and technology system for New Zealand, given its demographic composition and distinctive cultural makeup, its geographical position, and its social, environmental and economic futures?

The overriding principle is that the system should support who we are as a nation. As we see tourism is an important part of our country, we need to ensure we have the science to assess opportunities and risks, to evaluate progress and to develop and apply new processes and technologies, amongst others.

In this, the science applied needs to be reflective of the problems or opportunities at hand. The knowledge required may be theoretical or new-frontier science, but equally more applied science might be what is needed. We believe that this more applied science has its place and should not be disadvantaged in the science system. We believe that historically tourism industry has been disadvantaged in that its research needs often require application of tried-and-true methodologies and not ground-breaking science that is favoured by the criteria used in the current system.

Tourism reflects New Zealand society and has important interrelationships with many parts of it, including economic, environment, community and increasingly with Māori. We believe that all aspects of tourism need knowledge support, especially as issues or areas of concern arise over time.

Many sectors in New Zealand have institutional support for their research needs, especially through the CRIs, and tourism lacks this support. The implication of this lies not just with the lack of tourism-related research capacity and expertise within institutions, but also on the industry side where there is lack of people in jobs responsible for developing, funding and undertaking research programmes. These functions take resource, and without this, sectors such as tourism cannot compete for the research funding that is available.

Question set 2 – Public Research Organisations.

4. What is the role of public research organisations such as Crown Research Institutes (CRIs) in the New Zealand context?

The CRIs establish and maintain a stable infrastructure upon which research programmes can be developed and operated. This function is very important and it is clear that our key primary sectors have benefited greatly from this support.

This sort of institutional support should be available more widely across productive sectors in New Zealand, including for tourism.

The incentives for the wider research community are important, including both institutions and universities. Our feeling is that these incentives are not well or consistently set. For instance, the CRIs are oriented to the sectors they operate to (e.g. Scion, Plant and Food Research, AgResearch), but other sectors not covered by these CRIs are disadvantaged.

On the University side, there is again an orientation to our primary sectors and we believe it is likely that the PBRF system actually serves to reduce engagement with the tourism industry given that published research is deemed more valuable that industry applicable research.

5. Does New Zealand need an advanced technology organisation doing applied and developmental research? If so, how would it be structured, governed, and organised? How would the private sector be engaged?

Tourism is increasingly becoming a technology-based industry, but it lacks any support for how it develops and uptakes technology. An appropriately designed technology organisation could generate real benefits for tourism if it was established in such a way to ensure connection with the industry.

Question set 3 – The Innovation System

6. Does New Zealand have appropriate mechanisms to develop the innovation pipeline, attract global partners and funding?

Tourism has engaged with the innovation system through Creative HQ in two tourism incubator programmes. These were good, but as ad hoc initiatives, they did not result in any system change in the industry. A more structured and ongoing programme could have a stronger impact.

Elsewhere in tourism, there has been a struggle to engage with the innovation system, particularly in Queenstown where a motivated local group has struggled to get the support it needed to see through its objective to develop the industry through innovation.

In 2022, MBIE Tourism Policy launched the Innovation Programme for Tourism Recovery to utilise COVID-19 funds that had been made available for tourism. The fund stimulated strong interest with 22 projects funded for the Stream 1 Discovery stage to examine ideas. The quality of the ideas across these 22 projects was regarded as high. Unfortunately, due to reprioritisation of funds, none of these projects were supported to the Stream 2 Development stage. It is fair to say that there was considerable lost opportunity with the 22 projects not having a pathway to bring them to fruition.

Question set 4 – Contestable Research

7. What is an optimal structure for managing mission-led and contestable research? In answering this question consider:

The contestable funds have been highly problematic for tourism. Over the years there has been such a low success rate for tourism research projects that the tourism research community had essentially stopped applying. Applications are expensive to prepare and if the chances of success are low, then the exercise becomes speculative rather than realistic. That said, we note one Otago University project has recently been funded.

A major impediment for tourism research projects relates to the criteria requirements, particularly those that require leading-edge science methods. While TIA agrees that the science investment should seek to advance scientific methods, sometimes it is the application of tried-and-true methods that can most effectively address the knowledge gap.

Requirements for co-funding has also disadvantaged tourism, which is largely a result of the structural arrangements of the tourism industry that lacks funding mechanisms for industry-good activities. Without such a mechanism, tourism lacks the ability to invest in research or to contribute to co-funded projects. New Zealand's primary sectors utilise levies under the Commodity Levies Act to raise funds for such industry-good research, including to build internal research capability and to invest in co-funded projects. Tourism lacks such a mechanism and therefore lacks both a research capacity and ability to invest in the work it needs.

While this internal industry funding issue is not one to be solved by the Science System Advisory Group, we do believe that such sector characteristics should be considered in the criteria for the contestable funds.

Question set 5 – Governments Research Needs.

8. How should the government's own research needs be identified and addressed? How should such research be quality assured?

Government research needs should be identified, publicly notified, and then addressed.

Also, the cross-over with industry research interests should be factored into these considerations. For example, tourism has many issues that involve both public and private interests, including such topics as how to optimise returns from tourism use of the conservation estate, or assess overall benefits of freedom camping in New Zealand, how we adapt to climate change, and many others.