

# The Treasury

## Budget 2011 Information Release

### Release Document

June 2011

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- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [2] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
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- [10] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

Date: 18 February 2011

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THE TREASURY

Kaitohutohu Kaupapa Rawa

To: Minister of Finance

## **AIDE MEMOIRE: ADVICE ON VOTE TOURISM'S RESUBMITTED FOUR YEAR BUDGET PLAN**

We understand that you and the Minister of Tourism have discussed Vote Tourism's resubmitted four year budget plan and would like to consider options for extending the time period for Tourism's funding, to ensure full tourism leverage from the Rugby World Cup (RWC) and the Time Warner Global Media Group partnership.

Tourism's revised proposal ([2] million in 2011/12 and [2] million in out-years) is based on the original [2] million submission but has been reduced due to synergies with the Time Warner Global Media Group partnership for the Hobbit films, and small efficiency gains from Tourism New Zealand (TNZ)'s marketing activities that will release funds to front line activities. Under the revised proposal TNZ and the private sector will jointly set co-funding targets. The evaluation of the marketing strategy is set for 30 October 2014.

Tourism's 2014 evaluation provides an opportunity for Ministers to consider the economic benefits from tourism marketing and is an opportunity for Ministers to determine the appropriate level of funding. There are risks that funding will not be reconsidered as the revised proposal seeks indefinite funding. We also think there are reduced funding options that allow Tourism to leverage off upcoming events with careful reprioritisation.

### **Funding options to discuss with the Minister of Tourism**

#### **1. Recommended option - support a \$15 million marketing proposal funded until 2014/15**

This option time limits funding, is contingent on the evaluation and balances fiscal constraints with the Minister of Tourism's desire to leverage off upcoming events. The Ministry of Economic Development indicated that this option was a potential compromise by achieving key priorities with significant reprioritisation.

The other specific benefits for this option are to:

- provide Ministers with a future opportunity to consider the economic benefits generated by Tourism marketing activities and determine appropriate funding;
- provide TNZ with the incentive to actively demonstrate success through the evaluation and by setting co-funding targets; and
- balances Tourism's promotion opportunities with fiscal constraints.

If this option is approved, Tourism has identified the following least priority activities as part of their move towards higher value tourism marketing:

- [2]
- a 15% cut in major markets budget for PR and marketing;

- all countries will maintain their trade budgets except [2] and
- a 15% cut in marketing support costs (campaign and brand development, research and intelligence).

Alternatively, you may wish to discuss the following options:

[2]

Treasury will be reporting next week on the four year resubmitted budget plan alongside other elements of the Budget. This aide memoire provides you early advice on what is coming up in the Budget report on Vote Tourism.

### **Proposed next steps**

Discuss with the Minister of Tourism that funding should be time limited and subject to a successful evaluation in 2014, and suggest that he submits this to Cabinet.

You could also discuss reduced funding options that balance tourism opportunities and the need for fiscal constraint.

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**Melody Guy**, Team Leader, Economic Performance Overview Coordination,