

Aide-mémoire



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

Cabinet paper

Date: 1 April 2021 **Security Level:** Cabinet Sensitive

For: Hon Carmel Sepuloni, Minister for Social Development and
Employment

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Supporting Tourism Reliant Communities Through 2021

**Cabinet
Committee**

Economic Development

Date of meeting

15 March 2021

Minister

Hon Carmel Sepuloni, Minister for Social Development and
Employment

Proposal

Hon Stuart Nash, the Minister of Tourism seeks agreement to a package of support for five identified communities that are most reliant on international tourism (Kaikōura, Mackenzie, Queenstown Lakes, Te Anau/Milford Sound and Glacier Country).

We recommend that you **support** the proposal but note there is potential for duplication of supports in these communities.

We therefore suggest further collaboration with MSD's existing supports to mitigate overlap and duplication and ensure supports are effective.

Background

The Cabinet paper proposes that a support package of approximately \$200 million is provided for Tourism Reliant industries and is funded from the COVID-19 Response and Recovery Fund (CRRF).

The proposed support packages align with your priorities as Minister for Social Development and Employment, as it focuses on supporting employment in COVID-19 affected industries.

There is opportunity for this package to complement existing MSD supports to the labour market that are available to those affected by the loss of revenue for the Tourism industry.

Key issues

The paper proposes \$4.5m over three years is provided for place-based psycho-social support.

This includes four additional staff in tourism reliant communities

to support the region with centralised communication, connection to services and implementation of wellbeing events and mental health training.

We are broadly in support of the need to increase funding for psycho-social support in the regions. However, there are currently services provided by MSD for a similar purpose, such as:

- MSD's industry partnerships (in multiple regions, including the South Island) to provide targeted support to the Hospitality industry and people working in the Tourism industry who have lost their job due to COVID-19.
- MSD's Employment Liaison Advisors who work in 33 sites across the country to coordinate employment, education and training projects and services across government.

We therefore consider there is potential for duplication and overlap with existing MSD roles if the additional funding does not take into consideration existing MSD provision

We recommend you raise that coordination of this work needs to involve the Regional Public Service Leads (RPSLs).

- Talking point: I suggest that the RPSLs are involved in coordinating how the psycho-social support funding is administered to avoid any overlap with existing government services

RPSLs could help in bringing agencies together at the regional level to ensure we are joined up and not duplicating support in this area.

RPSLs have a mandate to convene cross-agency decision makers in their region about social and economic development needs. The RPSLs are also involved in developing regional priorities, so it would be good to have this work align.

This is even more important now that the proposals for place-based initiative co-ordinators have been removed, which we understand was at Minister Nash's request on the basis that existing positions could assume this role. Many of the RPSLs are also MSD Regional Commissioners.

The paper also proposes up to \$10m of funding over three years for grants for businesses to implement advisory support recommendations.

The paper proposes this funding be made available to businesses who have undergone business advice and need to make subsequent changes to the way they operate. However, there may be a risk of grants supporting businesses to close temporarily without looking at the viability of that business or other alternatives for staff until they are able to re-open.

MSD has a number of programmes in place (including through industry partnerships) that can provide support via wage subsidies and training for impacted staff to upskill while they

aren't working full time (due to reduced business). One key example is Flexi-Wage Retention which is a partial wage subsidy paid to employers for up to 26 weeks to retain employees who would otherwise be made redundant. The intention is to allow employers to move permanent staff out of roles at risk of redundancy and into more stable parts of their business. Flexi-Wage Retention can also be used to assist an employee to temporarily transition into fixed term employment with another employer while waiting for business at their permanent role to return to levels that make the job sustainable again.

We recommend those administering the business advisory support are explicit about existing options available through MSD programmes

- Talking point: I suggest that those administering the business advisory support are explicit about options available through MSD programmes when making recommendations for business owners (so that funding isn't duplicated for a similar purpose).

This would ensure that businesses are aware of the full suite of options that are available to them and that funding isn't duplicated for a similar purpose.

This will also maximise the efficacy of grant spend for sustainable business support.

The paper proposes \$15m support for Māori Tourism businesses.

This will be deployed via New Zealand Māori Tourism (noting Māori tourism attractions are often more reliant on international visitors). MSD recommends you support this investment.

Māori are disproportionately affected by COVID-19 impacts on tourism and employment and can have a different impact profile than can be seen through combined-ethnicity data. There is further available analysis on the types of industries that we should look to divert Māori away from, including hospitality.

We recommend you raise that MBIE officials need to work closely across agencies to determine how best to offer a coordinated response for Māori

- Talking point: I suggest that MBIE officials work closely across agencies to determine how best to offer a coordinated response for Māori

This includes connecting with Te Puni Kōkiri who have done extensive analysis of the impact of COVID-19 on Māori across several sectors including Tourism.

Further work may be necessary to address the growing number of Pacific families settling in the South Island, especially around Ashburton, Timaru, Oamaru and Christchurch. Impacts to these communities as a result of Tourism job losses is likely to be significant.

The paper does not include Northland in its regional support proposal.

The paper limits support to five select regions: Kaikōura, Mackenzie, Queenstown Lakes, Fiordland and South Westland.

It would be useful for officials to include a deprivation heat map alongside the heat map on domestic visitation in the paper. From a Northland perspective, hospitality and tourism is a key revenue generator and employer. It is also a sector that needs to be invested in comparative to other regions so that, when international tourism comes back, the industry has caught up to other parts of the country (products, collaboration, profile). Regional Public Service Leads are concerned about the compounding impact that loss of tourism revenue and employment is having on deprivation in the region.

We recommend MBIE broaden the number of key regions to include Northland (due to deprivation, employment potential, and to enable Northland tourism operators to stay in business and not fall further behind)

- Talking point: I suggest that MBIE broaden the number of key regions to include Northland (due to deprivation, employment potential, and to enable Northland tourism operators to stay in business and not fall further behind).

Next Steps

MSD officials did work with MBIE on an earlier paper for Minister Nash (albeit at a late stage in development) and see that feedback around the need for explicit supports for Māori have since been incorporated.

Going forward, assuming the paper is approved by Cabinet, MSD can work directly with MBIE on the design of how this might operate on the ground, and who needs to be involved, to ensure that it is co-ordinated at a regional level and implement the recommendations raised here.

This includes working closely across agencies to:

- leverage existing regional partnerships with industry
- utilise the coordination mechanism of RSPLs
- employ and strengthen supports already underway for affected businesses and staff
- give due consideration to impacts to Māori communities or supports for Māori tourism and planning for impacts to Pacific communities as a result of Tourism job losses which are likely to be significant
- consider widening supports to include the Northland region.

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