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Budget 2024: Wariness over TNZ funding 'switch & cut'

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The decision to reverse a $15m funding cut for Tourism New Zealand but then take away $20m over the next four years has raised eyebrows in the sector.


New Zealand needs a stronger presence in markets like India, not a funding cut for TNZ, say industry leaders. Image: TNZ

The coalition government will use the International Visitor Conservation and Tourism Levy to restore Labour's $15m cut, which was due to come into effect by the 2026/27 fiscal year.

However, TNZ's funding will be reduced by 5% each year over the next four years, resulting in $20.36m being taken from its budget.

"We would have preferred to see the $15m come from the government's main funding pool," said Tourism Export Council chief executive Lynda Keene.

"[This is] due to the high level of engagement and support Tourism New Zealand does with The New Zealand Story, New Zealand Trade & Enterprise and Ministry of Foreign Affairs and Trade."

The 5% funding cut was disappointing news.

“New Zealand needs a stronger presence in many markets to ensure its voice is heard and so our international recovery is not stymied by not having enough resources to be globally competitive with other countries vying to attract more visitors,” Keene said.

“New Zealand is currently sitting at 82% of international arrival on its recovery path. We still have a lot of work to do to get back to pre-pandemic visitor arrivals of 3.9 million and ensure the holiday/leisure traveller segment is increasing.”

Business Events Industry Aotearoa chief executive Lisa Hopkins said TNZ needed support at a time when the need had “never been greater”.

“We note that funding to Tourism New Zealand will drop by $5.5m [per year] in this budget, at a time when the expectation on visitor numbers and connectivity to places like China and India has never been greater and the call for off-peak/shoulder visitors has never been stronger, the latter of which is a key benefit of business events.”

Hopkins said there is little in the budget for business events, which could help drive activity in regions that were considering cutting funding to tourism to cope with fiscal pressures.

“While the government talked about the next 12 months delivering an environment of minor economic growth and productivity, coupled with geopolitical tensions and other inflationary contributors, to miss out on the level of stimulation events deliver to cities and regions will deprive the country of much-needed expansion,” Hopkins said.

“Instead, we will continue to find ways around this for the sake of the people who work in these industries and look to lobby the government in anticipation of a much more optimistic 2025 Budget.”

Tourism Industry Aotearoa chief executive Rebecca Ingram said “sobering economic indicators” were a feature of Budget 2024, which reinforced “what a meaningful and needed contribution tourism is making to our economy”.

She said the sector could take heart from the fact TNZ’s budget has been reduced by only 5%, rather than the government’s overall 6.5% – 7.5% in public sector reductions.

The use of the IVL for new purposes reinforced the importance of the consultation on the level of the levy, which is currently underway, Ingram said.

“TIA will be making a detailed submission on the industry’s behalf on what we believe is an appropriate rate for the IVL and how the money should be spent.”