TOURISM LEADING INDICATORS MONITOR

SERIES 2009/7 **AUGUST 2009** NEW ZEALAND

This edition provides new data on:

- Inbound and Outbound Travel Jul 09
- Commercial Accommodation Jun 09
- International Visitor Expenditure YE Jun 09
- Tourism Forecasts 2009-2015

It highlights the new forecast of international visitor arrivals, providing an outlook over the next seven years.

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MINISTRY OF TOURISM
TE MANATŪ TĀPOI

COMMENTARY

Forecasts of International Visitor Arrivals 2009-2015

Forecasts released by the Ministry of Tourism expect international visitor arrivals to increase by 455,000 to reach 2.9 million in 2015. This represents a growth of 18.6% over the next seven years, or an average annual growth rate of 2.5% (refer Figure 1).

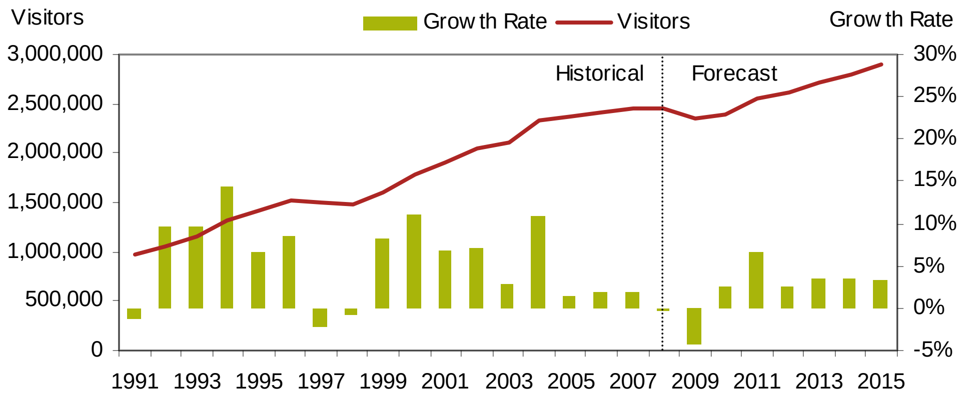
The performance will be weak in the short term, with international visitor arrivals expected to decline by 4.2% in 2009. This would be the largest annual decrease in the last six decades and reflects the impact of the recent global recession and Influenza A (H1N1) pandemic.

New Zealand's expected performance in 2009 is in line with global tourism that is expected to be down by 4-6%, unprecedented in the last six decades (United Nations World Tourism Organisation).

Visitor arrivals to New Zealand are forecast to recover slowly in 2010, increasing by 2.5% as global economies gradually recover. 2011 is expected to see a stronger growth of 6.5% as economies further improve and with New Zealand hosting the Rugby World Cup. For the balance of the forecast period, annual growth of 3.4% is expected.

International visitors are forecast to revert to growth trend after the downturn in 2009.

Figure 1: Forecast International Visitor Arrivals, 2009-2015

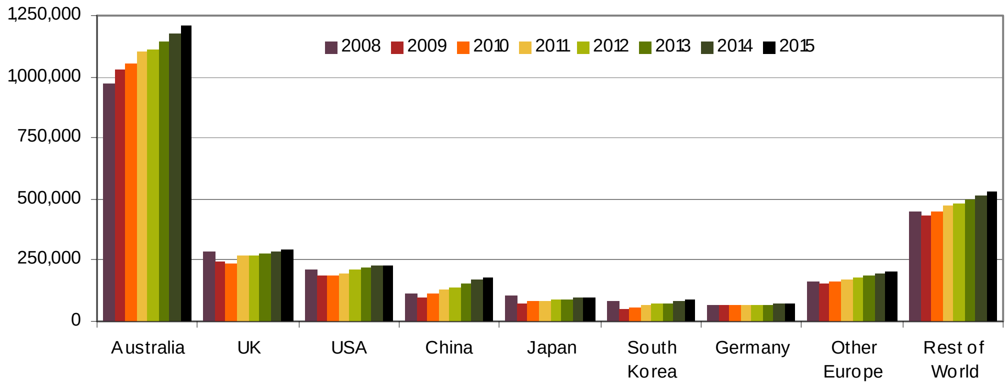


The performance of inbound visitor markets will vary considerably. Most of the growth over the next seven years is expected to come from Australia (up 230,000 or 24%) and China (up 70,000 or 63%) with these two markets contributing two-thirds of the total increase in visitors (refer Figure 2).

A number of New Zealand's other major markets are expected to contribute more modest growth. For example, the UK, USA, Japan, South Korea and Germany are expected to grow more slowly (under 16%). Of note is that significant growth is forecast from a number of other markets, with those in 'Other Europe' expected to increase by 37,000 or 22%, and 'Rest of World' by 76,000 or 17%.

Australia is expected to contribute half of the total increase in international visitors over the next seven years.

Figure 2: Forecast International Visitor Arrivals by Key Market, 2008(base) - 2015



COMMENTARY

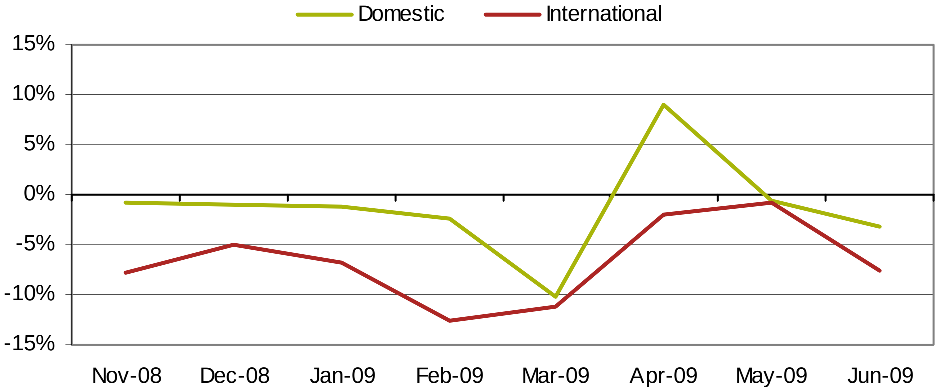
Lower Demand for Commercial Guest Nights

The latest year-ended indicators for tracking tourism performance are down by around 2-4% at present (to June/July), e.g. international arrivals down 2.8%, New Zealand outbound down 3.9%, international spend down 2.6% and commercial accommodation nights down 3.5%.

While these indicators present a picture of modest weakness at the macro level, it is clear that international guest nights in the commercial accommodation have fallen considerably more than domestic guest nights. In the first half of 2009, international guest nights fell by 633,000 or 8% while domestic guest nights fell by 163,000 or 1.6% (refer Figure 3).

This highlights that parts of the tourism sector are being more affected by the current downturn than the overall indicators would suggest.

Figure 3: Monthly Growth Rates of Accommodation Guest Nights by International and Domestic Guests, Nov08-Jun09



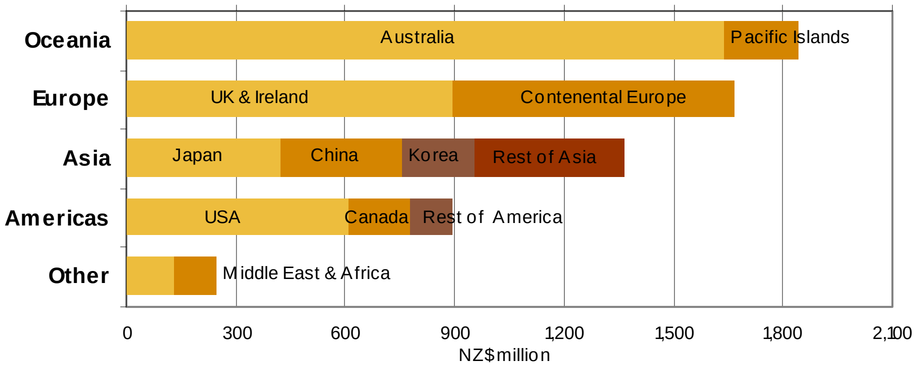
The recent tourism downturn affected international guest nights more severely than domestic guest nights.

International Visitor Spend

In the year to June 2009, international visitors spent a total of $6,016 million while in New Zealand, at an average $16.5 million per day.

The largest regional market is Oceania, that is dominated by Australia; Oceania contributed $1.84 billion or 31% of the total spend. Europe was the second largest contributing region with spending of $1.67 billion or 28% of total spend. Within this region, the UK and Ireland contributed $894 million, with Continental Europe not far behind at $775 million.

Figure 4: International Visitor Spend by Source Market, Year Ended June 2009



Visitors from Continental Europe are amongst the highest spenders, on average at $4,087 per person, 49% higher than for all visitors.

International visitors spent on average $2,750 per person in New Zealand. Generally visitors from Continental Europe spent most on average at $4,087, compared with around $3,500 for visitors from UK/Ireland, Asia and Americas, and $1,793 from Australia. These differences are influenced by the length of stay and the purpose of visits of different markets.

1. INBOUND TOURISM

International Visitor Arrivals, July 2009 - In the month of July 2009 there were 176,198 international visitor arrivals, up by 0.3% (460) compared to July 2008.

Markets – Visitors from Australia (up 15,800 or 20.4%) recorded the largest increase in July 2009. This was followed by Germany (up 430 or 14.1%), United Arab Emirates (up 300 or 27.8%), Malaysia (up 250 or 32.9%) and French Polynesia (up 200 or 11.2%).

In contrast, there were fewer visitors from Japan (down 5,000 or 57.5%), South Korea (down 3,000 or 37.0%), China (down 2,700 or 39.3%), the United Kingdom (down 1,300 or 9.6%), the United States (down 700 or 5.0%), South Africa (down 680 or 45.9%), Taiwan (down 480 or 22.9%), France (down 450 or 22.2%), Ireland (down 420 or 23.6%) and Canada (down 330 or 11.2%).

Visitor arrivals from Japan and China have dropped sharply since concerns over the worldwide H1N1 influenza outbreak emerged in late April 2009. Large decreases in visitor arrivals from South Korea were being recorded before the H1N1 outbreak.

Purpose - There were more visiting friends and relatives (up 4,600 or 10.1%) and on holiday (up 2,400 or 3.0%) in July 2009 compared to July 2008, while there were fewer visitors on business (down 2,300 or 11.0%).

Duration – In July 2009, the average length of stay of visitors was 19.2 days, 1.1 day shorter than in July 2008. The total number of visitor days decreased by 5.0% (177,000) to 3.38 million.

Flights – There were 2,530 flight-arrivals in July 2009, 27 flights or 1.1% more than in July 2008.

Annual Arrivals – For the year ended July 2009, there were 2.412 million international visitor arrivals, down by 70,600 or 2.8% on the previous year.

Total visitor days were down by 4.3% to 49.16 million, with the average length of stay down 0.3 day to 20.5 days.

Figure 1a **Growth Rate of International Visitor Arrivals (Month of July 2009)**

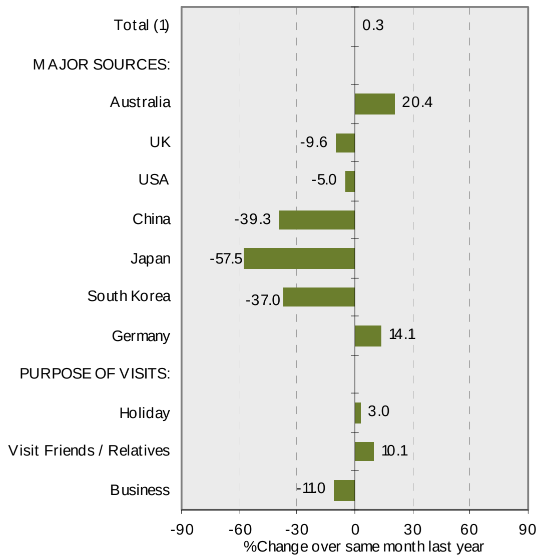
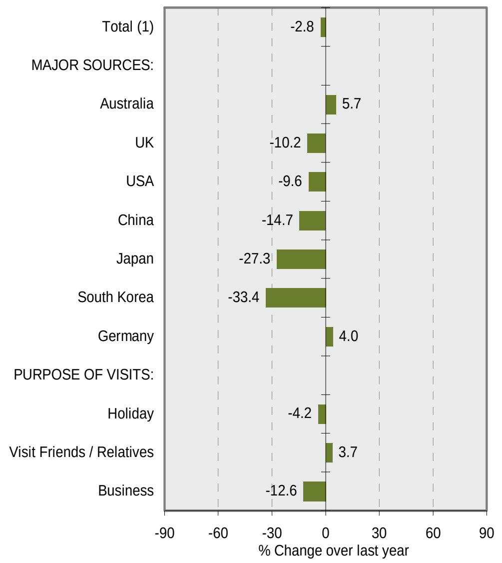


Figure 1b **Growth Rate of International Visitor Arrivals (Year Ended July 2009)**



1. INBOUND TOURISM

Table 1a International Visitor Arrivals (Month)

JULY MONTH	International Visitor Arrivals			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
Total (1)	173,046	175,738	176,198	1.6	0.3
MAJOR SOURCES:					
Australia	76,152	77,400	93,173	1.6	20.4
UK	13,512	13,176	11,914	-2.5	-9.6
USA	13,824	14,184	13,478	2.6	-5.0
China	7,728	6,816	4,140	-11.8	-39.3
Japan	8,928	8,760	3,726	-1.9	-57.5
South Korea	8,904	8,184	5,152	-8.1	-37.0
Germany	3,048	3,024	3,450	-0.8	14.1
PURPOSE OF VISITS:					
Holiday	83,304	80,952	83,375	-2.8	3.0
Visit Friends / Relatives	41,880	45,648	50,255	9.0	10.1
Business	21,864	20,448	18,193	-6.5	-11.0
INTERNATIONAL ARRIVAL FLIGHTS:					
Passenger Flights	2,393	2,503	2,530	4.6	1.1

(1) Totals are actual visitor counts and may differ from sample based data.

Table 1b International Visitor Arrivals (Year)

YEAR ENDED JULY	International Visitor Arrivals			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
Total (1)	2,463,870	2,482,488	2,411,856	0.8	-2.8
MAJOR SOURCES:					
Australia	929,520	968,866	1,023,633	4.2	5.7
UK	301,527	290,725	261,116	-3.6	-10.2
USA	218,669	216,853	196,081	-0.8	-9.6
China	116,889	122,916	104,865	5.2	-14.7
Japan	126,404	114,762	83,440	-9.2	-27.3
South Korea	110,875	88,185	58,701	-20.5	-33.4
Germany	59,440	60,854	63,263	2.4	4.0
PURPOSE OF VISITS:					
Holiday	1,216,984	1,206,889	1,156,125	-0.8	-4.2
Visit Friends / Relatives	702,768	733,543	760,696	4.4	3.7
Business	273,139	265,501	232,155	-2.8	-12.6
INTERNATIONAL ARRIVAL FLIGHTS:					
Passenger Flights	28,146	28,201	28,887	0.2	2.4

(1) Totals are actual visitor counts and may differ from sample based data.

2. OUTBOUND TOURISM

Departures, July 2009 - In the month of July 2009, New Zealand residents undertook 198,367 short-term overseas trips, down by 3,800 or 1.9% compared to July 2008.

Destinations - There were more trips to the Cook Islands (up 800 or 12.9%), the United Kingdom (up 800 or 6.5%), New Caledonia (up 430 or 46.1%), Canada (up 390 or 15.3%) and Samoa (up 320 or 8.1%).

In contrast, there were fewer trips to Australia (down 2,800 or 3.1%), Fiji (down 1,170 or 8.4%), China (down 800 or 19.1%), Thailand (down 520 or 13.4%) and Tonga (down 460 or 20.0%).

Purpose – There were more New Zealanders visiting friends and relatives (up 5,600 or 9.9%) in July 2009 compared to July 2008, while there were fewer on holiday (down 2,400 or 2.5%) and on business (down 2,100 or 8.6%).

Duration - The average length of trips in July 2009 was 18.5 days, 0.9 day shorter than in July 2008.

Annual Departures – There were 1.916 million trips undertaken in the year ended July 2009, down by 78,000 or 3.9% on the previous year.

Figure 2a **Growth Rate of Trips Abroad by NZ Residents (Month of July 2009)**

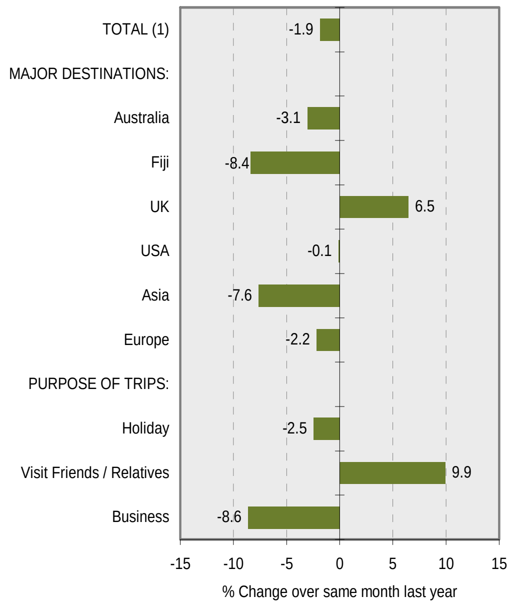
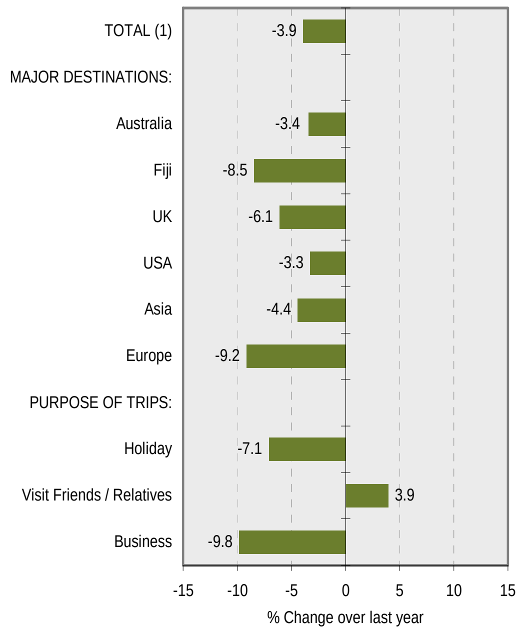


Figure 2b **Growth Rate of Trips Abroad by NZ Residents (Year Ended July 2009)**



2. OUTBOUND TOURISM

Table 2a Trips Abroad by NZ Residents (Month)

JULY MONTH	Trips Abroad by NZ Residents			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
TOTAL (1)	185,472	202,166	198,367	9.0	-1.9
MAJOR DESTINATIONS:					
Australia	88,200	91,868	89,046	4.2	-3.1
Fiji	12,180	13,972	12,798	14.7	-8.4
UK	11,480	12,376	13,176	7.8	6.5
USA	9,240	10,976	10,962	18.8	-0.1
Asia	18,788	20,580	19,008	9.5	-7.6
Europe	18,788	21,616	21,141	15.1	-2.2
PURPOSE OF TRIPS:					
Holiday	85,204	95,088	92,718	11.6	-2.5
Visit Friends / Relatives	53,256	56,364	61,965	5.8	9.9
Business	24,724	23,968	21,897	-3.1	-8.6

(1) Totals are actual visitor counts and may differ from sample based data.

Table 2b Trips Abroad by NZ Residents (Year)

YEAR ENDED JULY	Trips Abroad by NZ Residents			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
TOTAL (1)	1,922,781	1,993,999	1,915,989	3.7	-3.9
MAJOR DESTINATIONS:					
Australia	956,851	967,229	934,034	1.1	-3.4
Fiji	100,774	98,276	89,947	-2.5	-8.5
UK	92,754	95,483	89,667	2.9	-6.1
USA	88,802	94,197	91,112	6.1	-3.3
Asia	242,131	258,496	247,071	6.8	-4.4
Europe	166,520	176,227	160,079	5.8	-9.2
PURPOSE OF TRIPS:					
Holiday	807,339	839,900	780,377	4.0	-7.1
Visit Friends / Relatives	599,578	628,427	653,220	4.8	3.9
Business	289,191	287,827	259,552	-0.5	-9.8

(1) Totals are actual visitor counts and may differ from sample based data.

3. COMMERCIAL ACCOMMODATION

Guest Nights, June 2009 - In the month of June 2009, a total of 1,630,679 guest nights were spent in commercial accommodation, a decrease of 82,500 nights (or -4.8%) from June 2008.

Both the North Island (down 69,500 or 6.4%) and the South Island (down 13,000 or 2.0%) recorded a decrease in guest nights in June 2009.

International and Domestic - In June 2009, guest nights comprised 63.6% domestic guests (1.04 million) and 36.4% international guests (593,500). International guest nights decreased by 7.6% (48,900) and domestic guest nights decreased by 3.1% (33,600).

Accommodation Types – All of the five accommodation types recorded a decrease in guest nights in June 2009.

Motels recorded the largest decrease (down 27,600 or 4.8%), followed by backpackers (down 26,800 or 9.2%), hotels (down 14,000 or 2.2%), caravan parks/camping grounds (down 13,600 or 7.5%) and hosted (down 490 or 2.8%).

Occupancy - The overall occupancy rate of accommodation establishments in June 2009 was 25.1%, down 2.1 percentage points compared to 27.2% in June 2008.

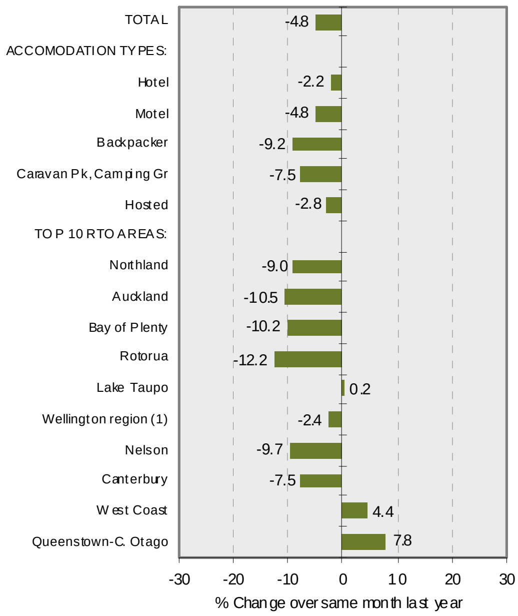
Hosted (11.4%, up 0.01 point) recorded the only increase in occupancy. Backpackers recorded the largest decrease in occupancy (31.1%, down 4.2 points), followed by motels (34.9%, down 3.5 points), hotels (41.5%, down 1.6%), and camping grounds/caravan parks (5.8%, down 0.8 point).

RTOs - In June 2009 most RTOs recorded a decrease in guest nights Queenstown/Central Otago recorded the largest increase (up 11,300 or 7.8%) in guest nights from June 2008. This was followed by Ruapehu (up 7,800 or 49.1%), Dunedin/Clutha (up 4,700 or 10.5%), West Coast (up 2,100 or 4.4%), Waitaki (up 1,600 or 16.1%) and Eastland (up 1,000 or 6.0%).

Auckland recorded the largest decrease (down 39,600 or 10.5%), followed by Canterbury (down 18,200 or 7.5%), Rotorua (down 12,500 or 12.2%), Marlborough (down 7,300 or 20.1%), Bay of Plenty (down 6,100 or 10.2%), Northland (down 6,100 or 9.0%), Taranaki (down 5,800 or 17.9%), Nelson (down 4,700 or 9.7%) and Wellington (down 4,000 or 2.4%).

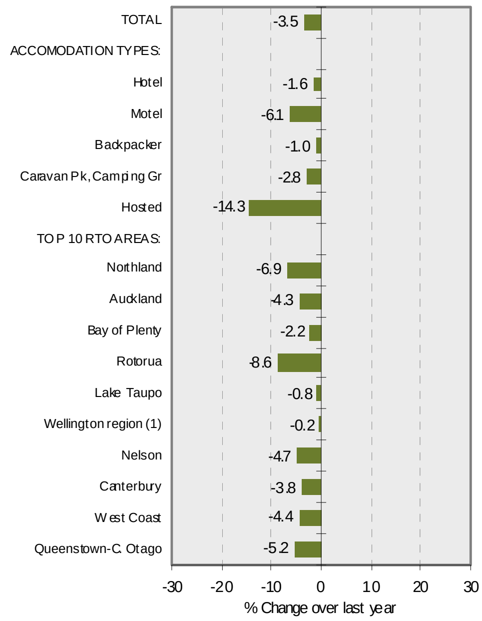
Annual - For the year ended June 2009, there was a total demand of 32.10 million guest nights, down by 1.15 million or 3.5% on the previous year.

Figure 3a **Growth Rate of Guest Nights (Month of June 2009)**



(1) Includes Wellington, Porirua, L & U Hutt cities and Kapiti district.

Figure 3b **Growth Rate of Guest Nights (Year Ended June 2009)**



(1) Includes Wellington, Porirua, L & U Hutt cities and Kapiti district.

3. COMMERCIAL ACCOMMODATION

Table 3a Guest Nights (Month)

JUNE MONTH	Guest Nights			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
TOTAL	1,809,222	1,713,194	1,630,679	-5.3	-4.8
ACCOMODATION TYPES:					
Hotel	629,156	645,471	631,505	2.6	-2.2
Motel	670,576	579,093	551,476	-13.6	-4.8
Backpacker	279,083	290,254	263,442	4.0	-9.2
Caravan Pk, Camping Gr	209,521	180,814	167,188	-13.7	-7.5
Hosted	20,887	17,561	17,068	-15.9	-2.8
TOP 10 RTO AREAS:					
Northland	75,670	68,308	62,169	-9.7	-9.0
Auckland	376,133	375,326	335,754	-0.2	-10.5
Bay of Plenty	68,559	60,473	54,295	-11.8	-10.2
Rotorua	107,919	102,402	89,880	-5.1	-12.2
Lake Taupo	56,091	49,112	49,201	-12.4	0.2
Wellington region (1)	159,708	164,826	160,850	3.2	-2.4
Nelson	49,300	48,657	43,928	-1.3	-9.7
Canterbury	244,004	243,017	224,818	-0.4	-7.5
West Coast	55,839	48,352	50,459	-13.4	4.4
Queenstown-C. Otago	151,173	144,991	156,340	-4.1	7.8

(1) Wellington region includes - Wellington, Porirua, Kapiti, L & U Hutt

Table 3b Guest Nights (Year)

YEAR ENDED JUNE	Guest Nights			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
TOTAL	32,524,915	33,255,423	32,102,601	2.2	-3.5
ACCOMODATION TYPES:					
Hotel	10,207,414	10,615,264	10,445,592	4.0	-1.6
Motel	10,918,557	10,906,977	10,237,950	-0.1	-6.1
Backpacker	4,443,172	4,590,993	4,543,646	3.3	-1.0
Caravan Pk, Camping Gr	6,370,275	6,563,745	6,379,658	3.0	-2.8
Hosted	585,498	578,444	495,755	-1.2	-14.3
TOP 10 RTO AREAS:					
Northland	1,791,825	1,754,273	1,632,791	-2.1	-6.9
Auckland	5,445,938	5,756,159	5,511,010	5.7	-4.3
Bay of Plenty	1,269,477	1,262,607	1,235,435	-0.5	-2.2
Rotorua	1,872,162	1,889,543	1,726,538	0.9	-8.6
Lake Taupo	1,053,714	992,875	985,241	-5.8	-0.8
Wellington region (1)	2,338,280	2,459,127	2,454,917	5.2	-0.2
Nelson	1,248,717	1,292,763	1,232,491	3.5	-4.7
Canterbury	4,274,058	4,509,817	4,337,627	5.5	-3.8
West Coast	1,280,914	1,295,576	1,238,374	1.1	-4.4
Queenstown-C. Otago	3,208,975	3,326,079	3,151,481	3.6	-5.2

(1) Wellington region includes - Wellington, Porirua, Kapiti, L & U Hutt

4. INTERNATIONAL VISITOR EXPENDITURE

Expenditure, Year ended June 2009 - International visitors spent a total of $6,016 million in New Zealand for the year ended June 2009 (excluding international airfares). This is a decrease of 2.6% ($161 million) on the previous year.

Markets – The Chinese market recorded the largest increase, up by $73 million or 28.0%, followed by Germany (up $45 million or 18.8%).

In contrast, the expenditure by the United Kingdom (down $188 million or 18.6%), South Korea (down $58 million or 22.8%), Australia (down $56 million or 3.3%), the United States (down $11 million or 1.7%) and Japan (down $4 million or 0.9%) markets were lower than the previous June year.

Average Spend - The average spend per visitor was $2,750 up 0.3% on the previous year.

Figure 4 **International Visitor Expenditure Growth Rate (Year Ended June 2009)**

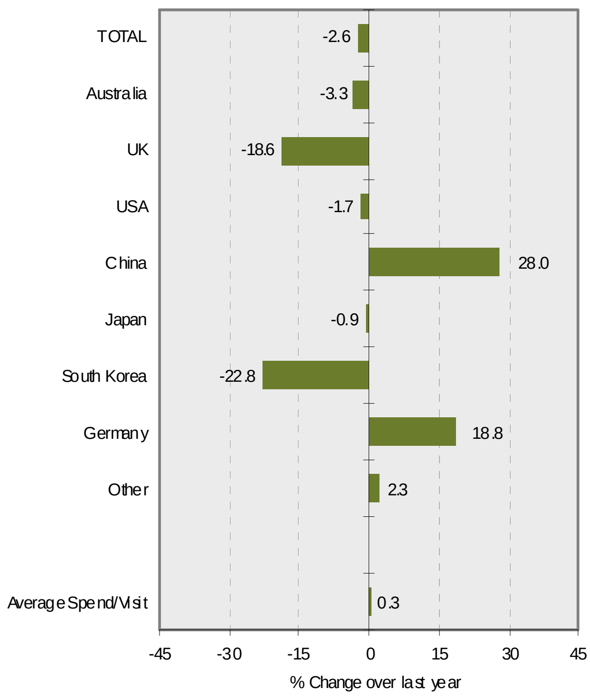


Table 4 **International Visitor Expenditure (Year)**

YEAR ENDED JUNE	NZ$million(1)			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
TOTAL	5,902	6,177	6,016	4.7	-2.6
Australia	1,453	1,694	1,637	16.5	-3.3
UK	892	1,014	826	13.7	-18.6
USA	699	618	608	-11.5	-1.7
China	265	261	334	-1.7	28.0
Japan	385	426	422	10.6	-0.9
South Korea	240	256	198	6.5	-22.8
Germany	262	240	285	-8.6	18.8
Other	1,705	1,669	1,707	-2.1	2.3
Average Spend/Visit	2,641	2,742	2,750	3.8	0.3

(1) Expenditure refers to spend by travellers aged 15+, and excludes international airfares.

5. DOMESTIC TOURISM

Overnight Trips, Year ended December 2008 - For the year ended December 2008, the number of overnight trips increased by 1.1% (168,000) to 15.1 million trips, while the number of visitor nights increased by 0.4% (or 193,000) to 44.5 million. On average, overnight visitors stayed 3.0 nights away from home.

Day Trips - The number of day trips increased by 3.6% (or 990,000) to 28.3 million for the year ended December 2008.

Expenditure - Overall, domestic tourism expenditure increased by 6.2% (or $471 million) to $8.06 billion for the year ended December 2008. Overnight trip expenditure was up 2.0% (or $100 million) to $5.14 billion while day trip expenditure was up 14.5% (or $371 million) to $2.92 billion.

- Average spend per day trip $103
- Average spend per overnight trip $341
- Average spend per night $116

Figure 5 **Domestic Tourism Growth Rate (Year Ended December 2008)**

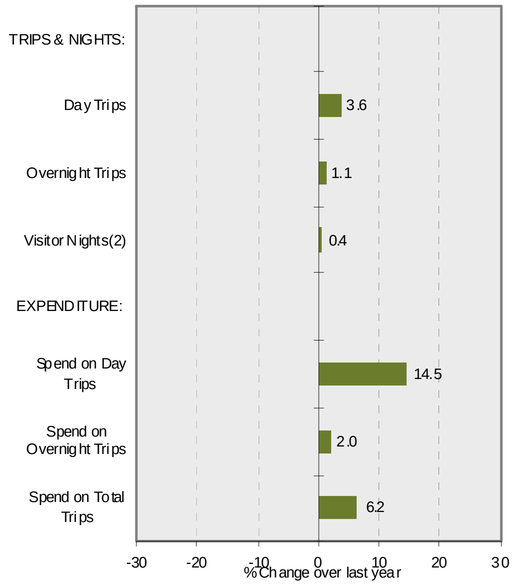


Table 5 **Domestic Tourism (Year)**

YEAR ENDED DECEMBER	Domestic Travel[1]			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TRIPS & NIGHTS:		(000)			
Day Trips	29,471	27,333	28,322	-7.3	3.6
Overnight Trips	14,739	14,896	15,064	1.1	1.1
Visitor Nights[2]	43,971	44,352	44,545	0.9	0.4
EXPENDITURE:		($million)			
Spend on Day Trips	2,626	2,550	2,920	-2.9	14.5
Spend on Overnight Trips	4,843	5,038	5,138	4.0	2.0
Spend on Total Trips	7,468	7,587	8,058	1.6	6.2

(1) Refer to travellers aged 15+. (2) Include stays in commercial and private accommodation.

6. TOURISM SATELLITE ACCOUNT

The Tourism Satellite Account provides key measures of tourism's contribution to the New Zealand economy.

Tourism Expenditure, Year ended March 2007 - Total tourism expenditure for the year to March 2007 was $20.1 billion, up by 4.7% (or $896 million) on the previous year. This was driven by a 4.9% ($527m) increase in domestic visitor spend and by a 4.4% ($370m) increase in international visitor spend.

Tourism Contribution to GDP - Tourism's direct and indirect value-added contribution to the economy was $14.1 billion (excluding GST, import duties and other taxes on production), which represents 9.2 % of the total New Zealand GDP.

Domestic and International Segments - Domestic tourists spent $11.3 billion and international tourists spent $8.8 billion. This represents a 56% domestic and 44% international contribution to total expenditure. Domestic travel activity includes both household travel of $8.7 billion, and business and government travel of $2.6 billion.

Tourism Export Earnings - International tourist expenditure in 2007 ($8.8 billion) represents 18.3% of the total export earnings ($48.2 billion). Tourism remains as New Zealand's largest export earner, ahead of key export product groups such as dairy ($7.3b or 15.2% of exports).

Tourism Employment - Tourism is estimated to support directly and indirectly 181,000 full-time equivalent jobs, or 9.7% (one in ten) of the total New Zealand workforce in 2007.

Tourism Contribution to GST - Tourists contributed $1.49 billion in GST payments in 2007, or 11.3% of total GST on production received by Government.

Note: The report *Tourism Satellite Account 2007* which contains more detailed data is available on the Ministry of Tourism research website: http://www.tourismresearch.govt.nz/tsa , and Statistics NZ website: www.stats.govt.nz.

Table 6 **Tourism Satellite Account, 2005-2007**

YEAR ENDED MARCH	2005	2006	2007	Growth Rate (%) 05-06	Growth Rate (%) 06-07
Tourism Expenditure ($million)	18,400	19,188	20,084	4.3	4.7
Direct Tourism Value Added	7,095	7,463	7,871	5.2	5.5
Indirect Tourism Value Added	5,764	5,959	6,208	3.4	4.2
Imports (sold/used in production sold to tourists)	4,172	4,339	4,519	4.0	4.1
GST Paid on Purchases by Tourists	1,369	1,426	1,486	4.2	4.2
International Tourism Expenditure(1)	8,139	8,428	8,798	3.6	4.4
Domestic Tourism Expenditure	10,261	10,759	11,286	4.9	4.9
Persons Engaged in Tourism (full-time equivalent, 000)	173	179	181	3.1	1.4
Directly Engaged in Tourism	104	106	108	1.7	1.9
Indirectly Engaged in Tourism	69	73	73	5.2	0.7
Tourism Contributions to NZ Economy (Percent)					
Tourism Direct & Indirect Value Added Expenditure (% of GDP)	9.3	9.2	9.2	..	..
Tourism Direct & Indirect Employment (% of Total FTE Employment)	9.6	9.7	9.7	..	..
Tourism GST (% of Total GST on production)	12.3	12.0	11.3	..	..
Tourism Export Earning (% of Total Export)	18.8	19.2	18.3	..	..

(1) Includes international airfares.

7. TOURISM FORECASTS

Tourism forecasts, 2009-2015 - The latest Ministry of Tourism forecasts provide an outlook on tourism demand in New Zealand over the next seven years. The forecasts are intended to assist the tourism sector decision-making and planning.

International visitor arrivals - are forecast to increase from 2.45 million in 2008 to 2.90 million in 2015. This represents a growth of 18.6% (or 455,000 visitors). The average annual growth rate is 2.5%.

The performance will be weak in the short term, with international visitor arrivals are expected to decrease by 104,000 or 4.2% in 2009. This is the largest annual decrease in the last six decades, reflecting significant impact of the worst economic recession in this period and compounded by the influenza A (H1N1) pandemic.

Visitor arrivals to New Zealand are forecast to rebound by 2.5% in 2010 as global economy is expected to recover gradually. This will be followed by a strong 6.5% growth in 2011 boosted by New Zealand hosting the Rugby World Cup event. For the rest of forecast period a sound growth level of 3.4% per year is expected.

At the market level performance will vary considerably over the next seven years. The largest visitor growth is expected to come from Australia (up 230,000 or 24%) and China (up 70,000 or 63%). These two markets will contribute two-thirds of the expected total increase in visitors. Other mature key markets will contribute more modest growth including the USA (up 20,000 or 9%), Germany (up 9,000 or 15%), South Korea (up 8,000 or 9%), Canada (up 8,000 or 16%) and UK (up 7,000 or 2%). The Japan market is forecast to decrease slightly. The rest of the world markets are forecast to increase by 113,000 or 18%.

Visitor numbers from our largest market, Australia, are expected to reach 1.2 million in 2015, comprising 42% share of total international visitors, up from 40% in 2008.

Domestic trips - are forecast to increase from 51.1 million in 2008 to 53.7 million in 2015, up by 2.6 million or 5%, averaging 0.7% per annum. The growth will be driven by an additional 0.6 million overnight trips (up 3.4%) and 2.0 million day trips (up 5.9%).

Visitor nights - are forecast to increase from 102 million in 2008 to 111 million in 2015, up by 8.6 million or 8.4%, averaging 1.2% per annum. The growth will be driven by an additional 7.0 million international visitor nights (up 14.4% from 48.7 to 55.8 million) and 1.6 million domestic visitor nights (up 2.9% from 53.4 to 55.0 million).

Outbound travel by New Zealand residents - is forecast to increase from 1.97 million in 2008 to 2.23 million in 2015, an increase of 262,000 or 13.3%, averaging 1.8% per annum.

Visitor spend – *(Note: Forecast of visitor expenditure will be released in September 2009.)*

Further details of these forecasts are available in report as well as Excel *pivot tables* at: www.tourismresearch.govt.nz/forecasts

Table 7 **Tourism Forecasts, 2009-2015**

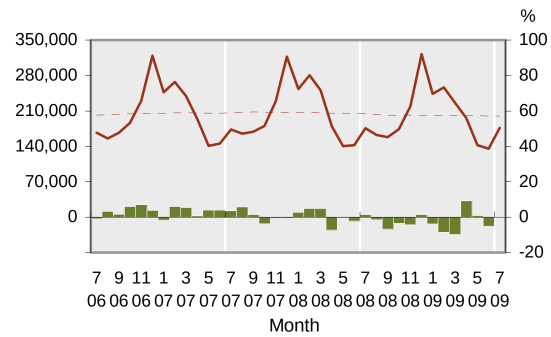
YEAR ENDED DECEMBER	Actual	Forecast							Growth 2008-2015		
	2008(1)	2009	2010	2011	2012	2013	2014	2015	Change	Total	Annual
International Visitors (000)	**2,447**	**2,344**	**2,402**	**2,557**	**2,620**	**2,714**	**2,807**	**2,902**	455	18.6%	2.5%
Domestic Trips (000) (2)	**51,094**	**51,740**	**52,450**	**52,847**	**53,034**	**53,214**	**53,439**	**53,662**	2,569	5.0%	0.7%
Overnight Trips (000)	17,998	18,351	18,769	18,872	18,791	18,703	18,659	18,614	616	3.4%	0.5%
Day Trips (000)	33,096	33,389	33,682	33,974	34,243	34,511	34,780	35,048	1,953	5.9%	0.8%
Visitor Nights (000)	**102,155**	**99,793**	**101,944**	**105,206**	**106,015**	**107,468**	**109,071**	**110,746**	8,591	8.4%	1.2%
International (000)	48,729	45,320	46,247	49,309	50,441	52,178	53,931	55,761	7,031	14.4%	1.9%
Domestic (000)	53,425	54,474	55,697	55,896	55,574	55,290	55,140	54,985	1,560	2.9%	0.4%
NZ Outbound Trips (000)	**1,965**	**1,890**	**1,870**	**1,959**	**2,060**	**2,119**	**2,173**	**2,228**	262	13.3%	1.8%

(1) Actual for base year. (2) Domestic visitors refer to all ages as in international visitors.

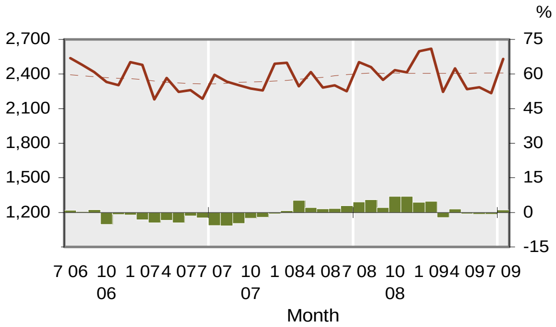
TRENDS AND PATTERNS

1. Inbound Tourism

1.1 International Visitor Arrivals

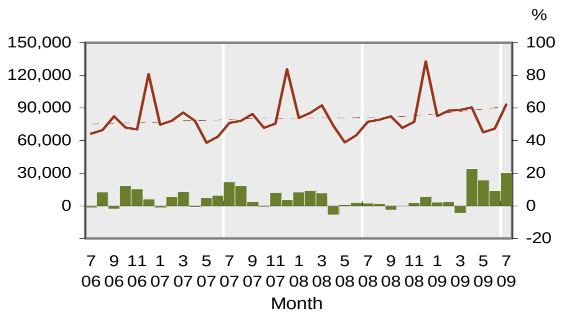


1.2 International Passenger Arrival Flights

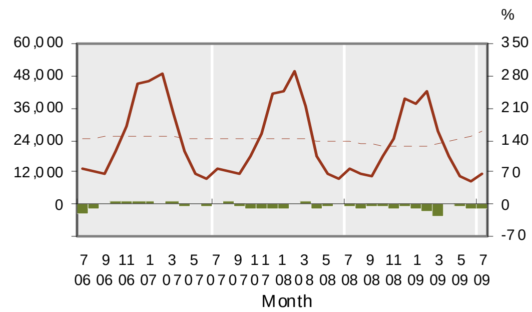


Major Sources

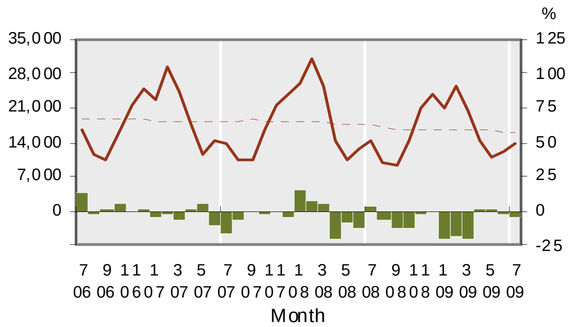
1.3 Visitors from - Australia



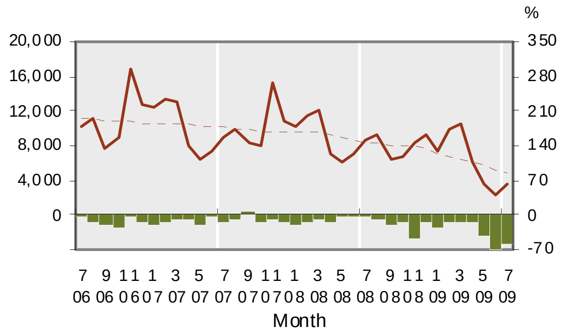
1.4 Visitors from - UK



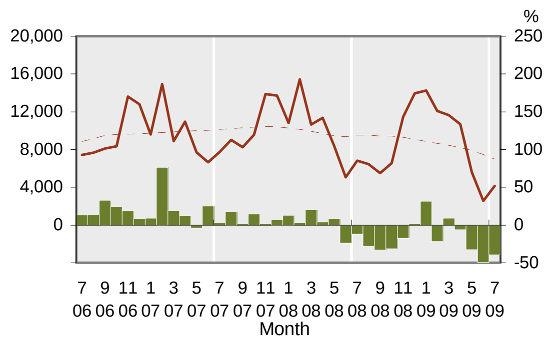
1.5 Visitors from - USA



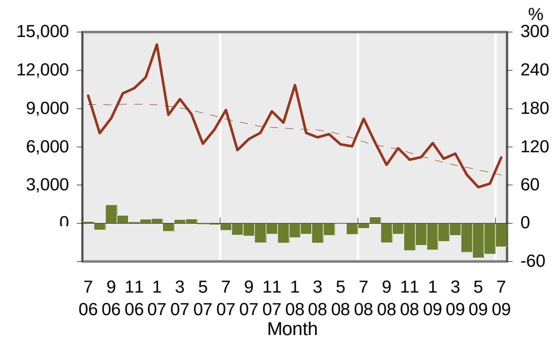
1.6 Visitors from - Japan



1.7 Visitors from - China



1.8 Visitors from - South Korea



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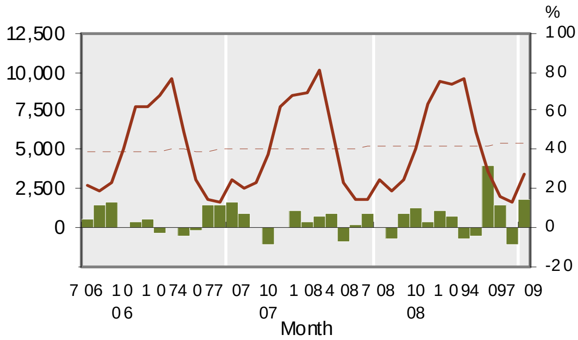
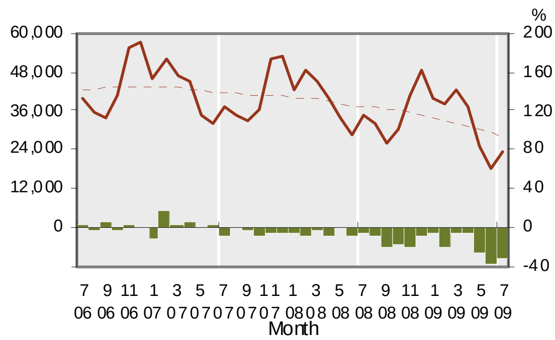
Solid line (brown) – show statistics described by the graph title (left scale).
Dotted line (brown) – trend line.
Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

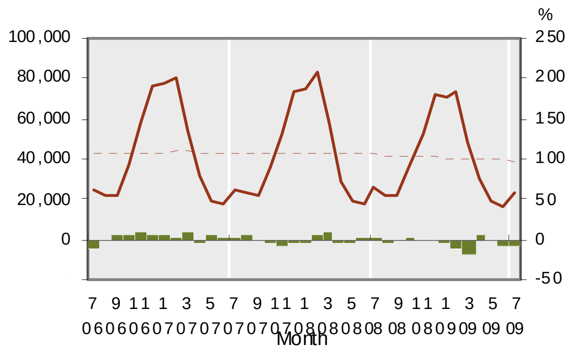
1.9 Visitors from - Germany



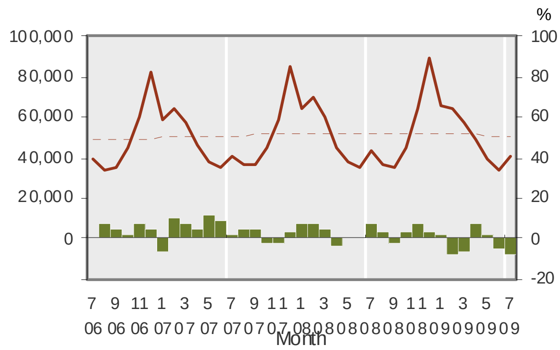
1.10 Visitors from - Asia



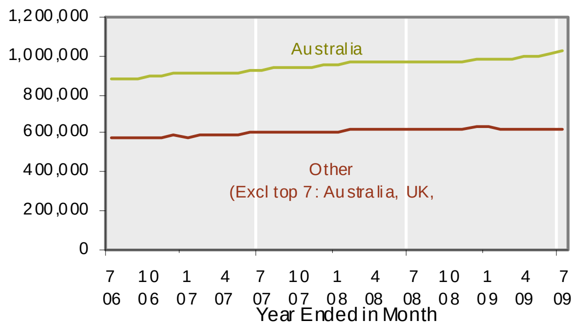
1.11 Visitors from - Europe



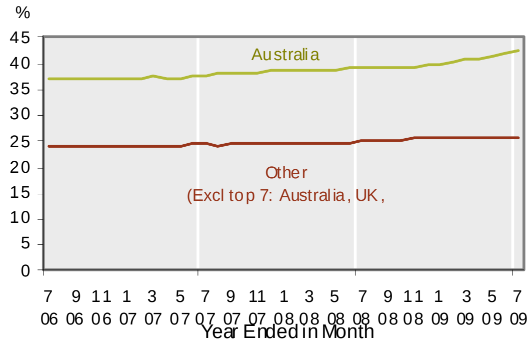
1.12 Visitors from - Other



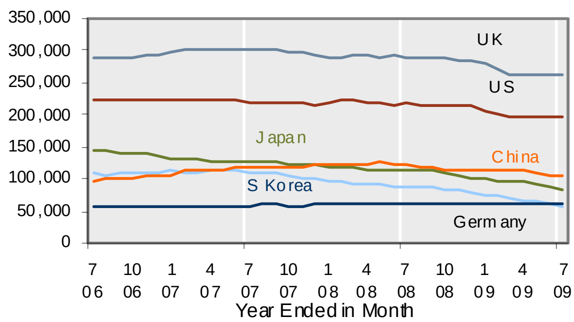
1.13 Visitors by Major Source



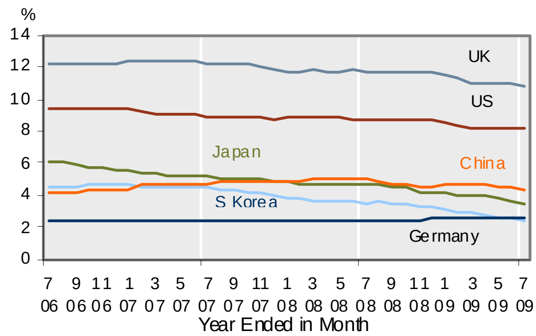
1.14 Share of Total International Visitors (%)



1.15 Visitors by Major Source



1.16 Share of Visitors by Major Source (%)

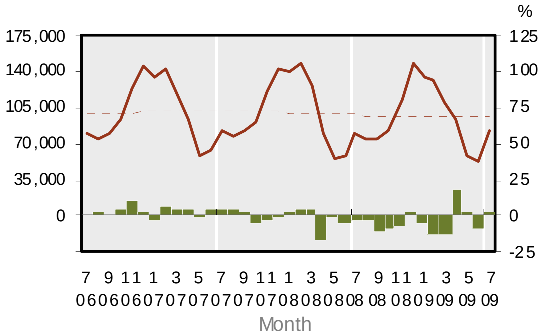


KEY: Solid line (brown) – show statistics described by the graph title (left scale).
Dotted line (brown) – trend line.
Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

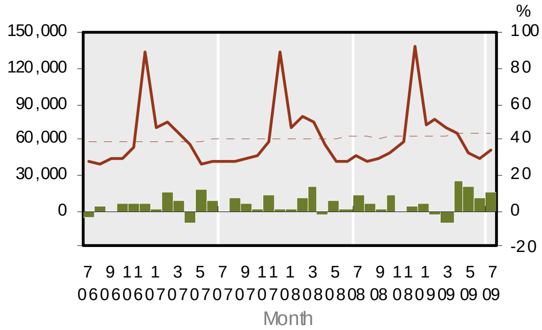
TRENDS AND PATTERNS

Purpose of Visits

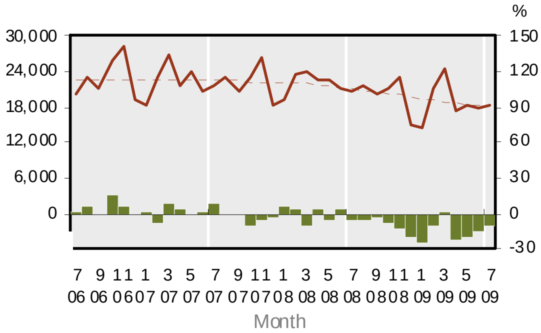
1.17 International Visitors - Holiday



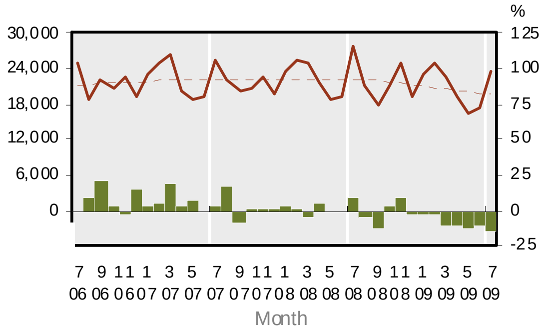
1.18 International Visitors - VFR



1.19 International Visitors - Business



1.20 International Visitors - Other



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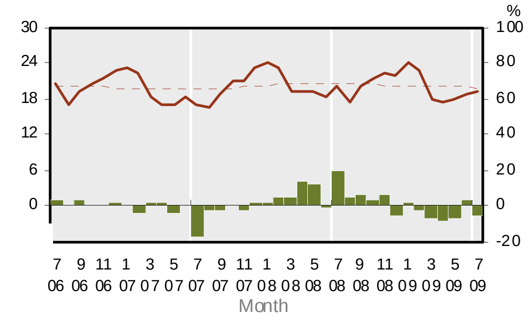
Dotted line (brown) – trend line.
Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

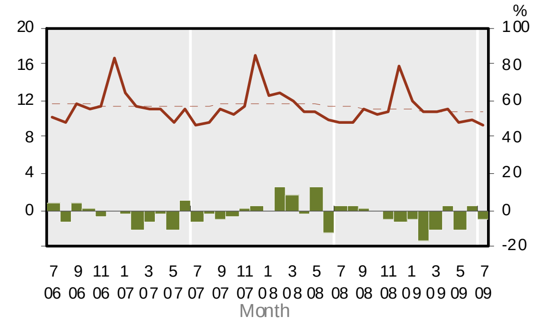
TRENDS AND PATTERNS

Length of Stay (Note: Figures based on intended length of stay in NZ)

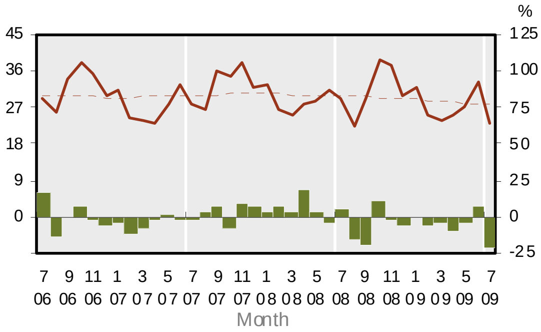
1.21 Average Days of Stay by Visitors



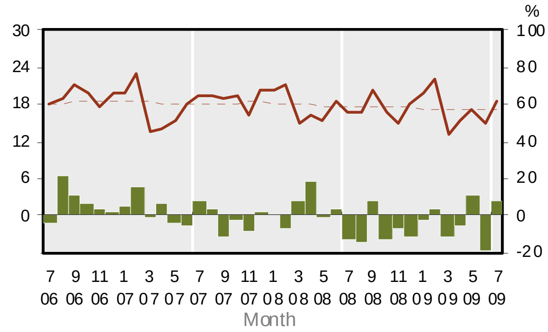
1.22 Average Days Stayed - Australian Visitors



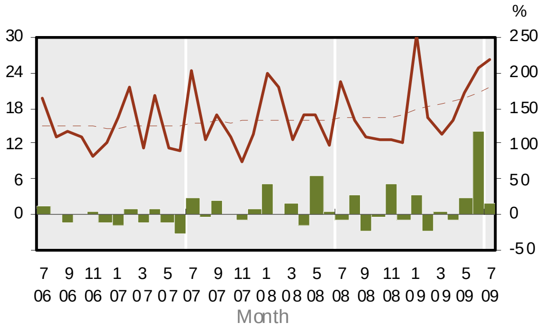
1.23 Average Days Stayed - UK Visitors



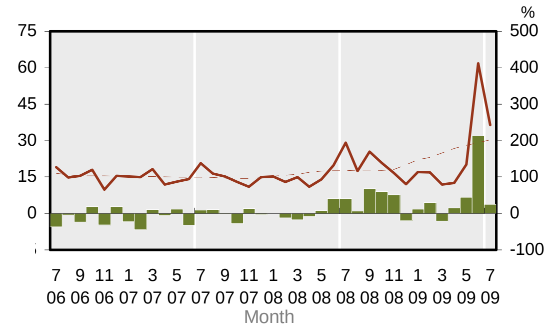
1.24 Average Days Stayed - US Visitors



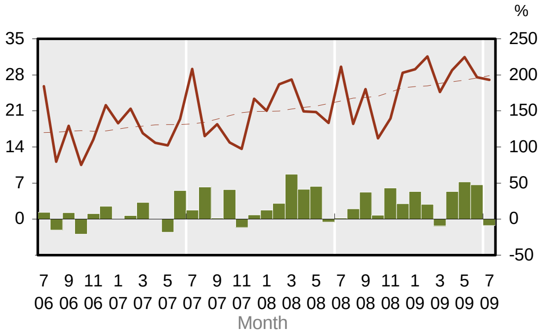
1.25 Average Days Stayed - Japanese Visitors



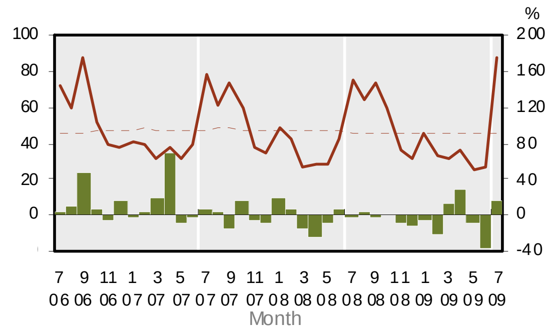
1.26 Average Days Stayed - Chinese Visitors



1.27 Average Days Stayed – S Korea Visitors



1.28 Average Days Stayed - German Visitors



KEY:

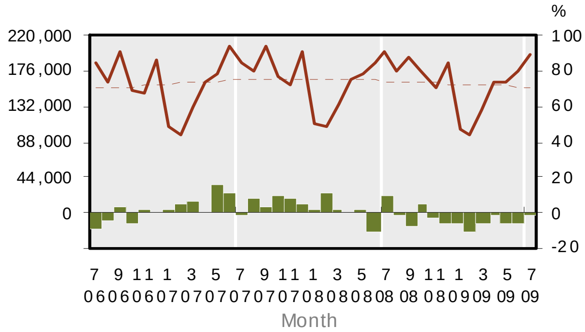
Solid line (brown) – show statistics described by the graph title (left scale).
Dotted line (brown) – trend line.
Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

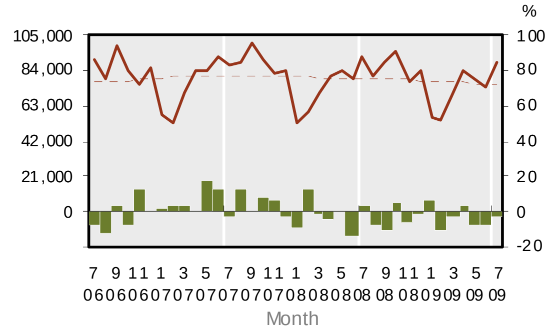
2. Outbound Tourism

Major Destinations

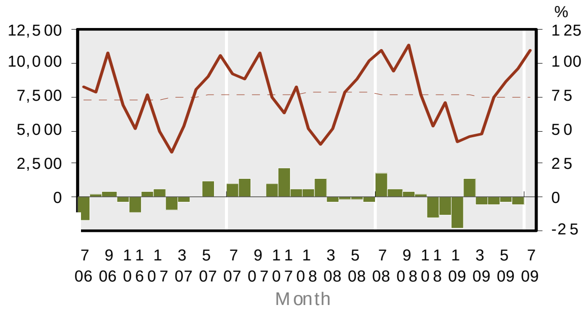
2.1 NZer Trips Abroad



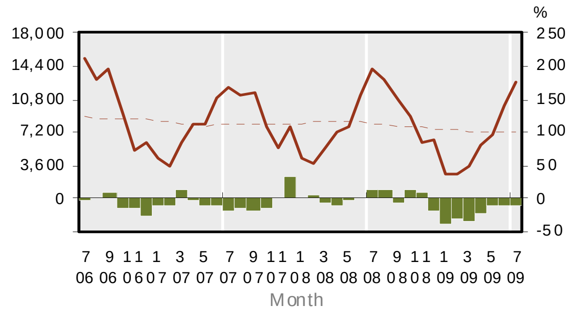
2.2 NZer Trips to - Australia



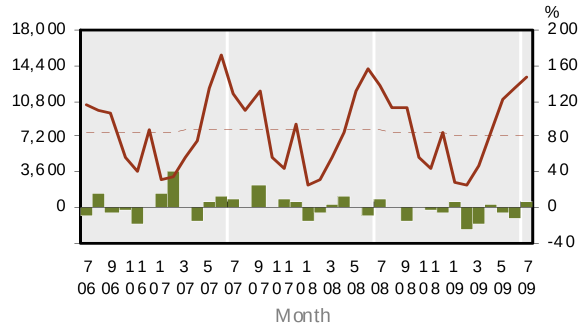
2.3 NZer Trips to - USA



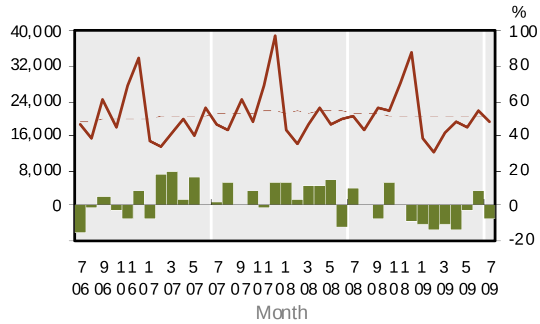
2.4 NZer Trips to - Fiji



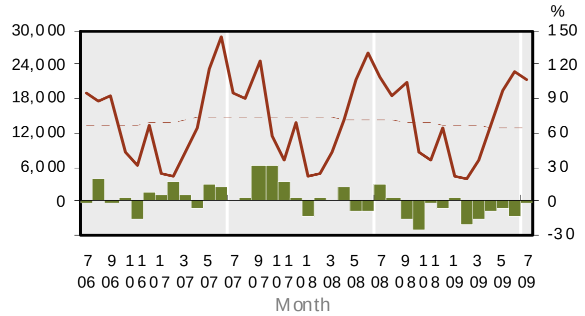
2.5 NZer Trips to - UK



2.6 NZer Trips to - Asia



2.7 NZer Trips to - Europe



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Solid line (brown) – show statistics described by the graph title (left scale).
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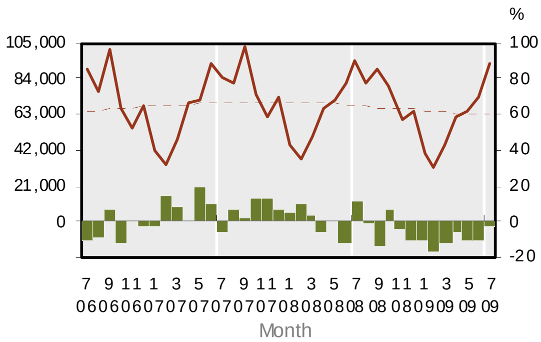
Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

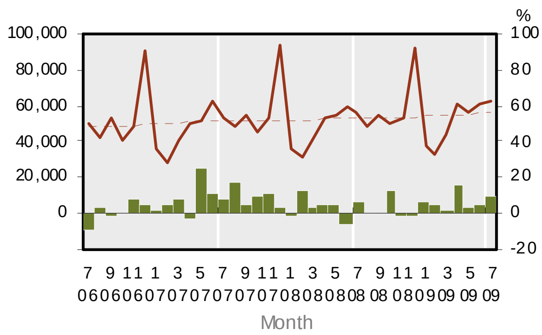
TRENDS AND PATTERNS

Purpose of Trips Abroad

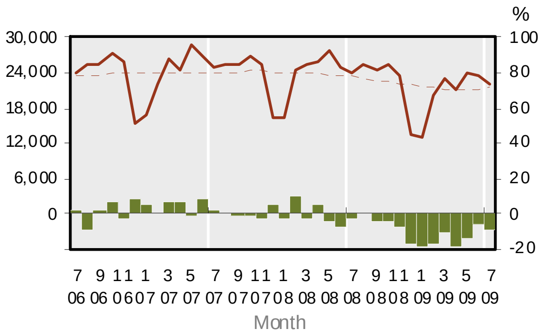
2.8 NZer Trips Abroad - Holiday



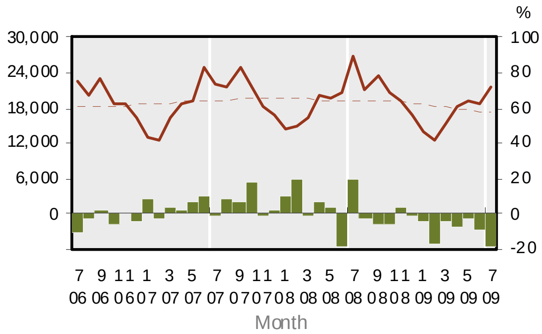
2.9 NZer Trips Abroad - VFR



2.10 NZer Trips Abroad - Business



2.11 NZer Trips Abroad - Other



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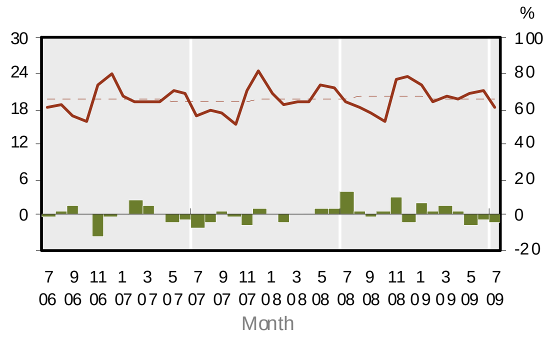
Dotted line (brown) – trend line.
Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

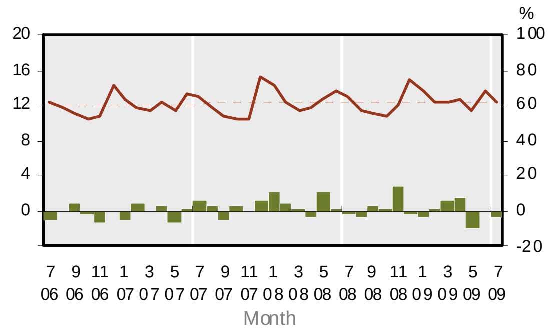
Length of Trips Abroad

Note: Figures are based on intended length of short-term departure trips by New Zealand residents. The average days abroad refer to period of absence from New Zealand but not necessarily all spent in one country. The country referred is the main destination where they spent most time in.

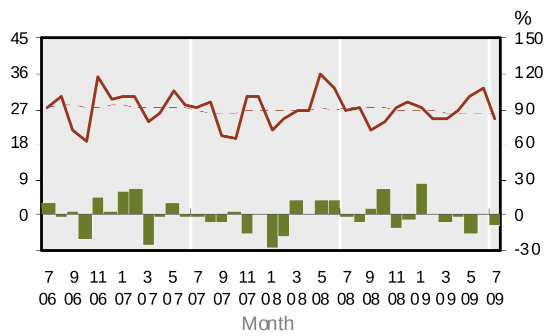
2.12 Average Days Abroad



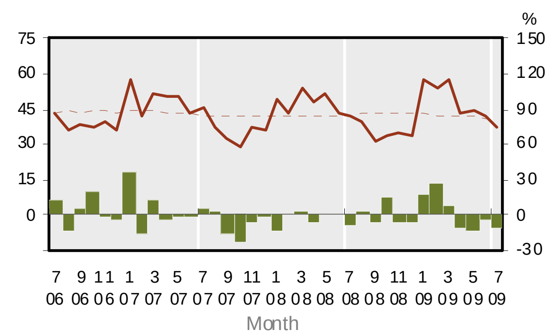
2.13 NZers Average Days Abroad - Australia



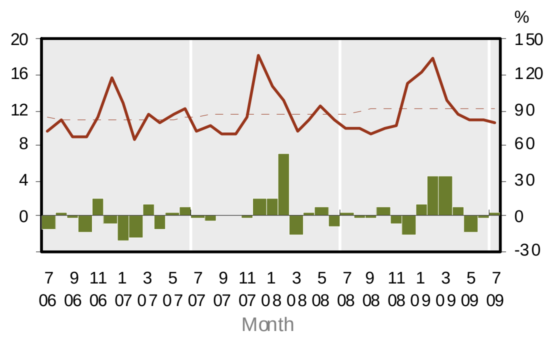
2.14 NZers Average Days Abroad - US



2.15 NZers Average Days Abroad - UK



2.16 NZers Average Days Abroad - Fiji



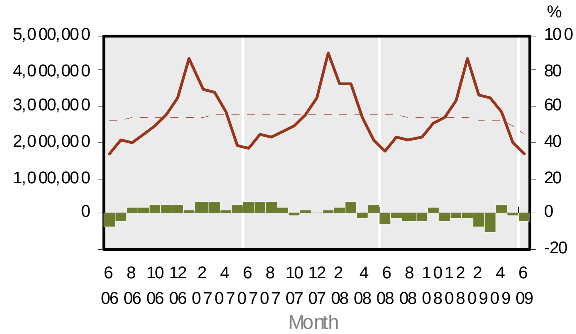
KEY:

Solid line (brown) – show statistics described by the graph title (left scale).
Dotted line (brown) – trend line.
Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

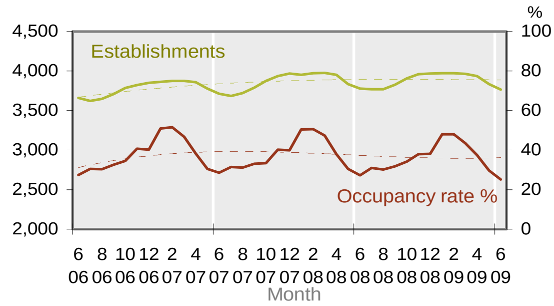
TRENDS AND PATTERNS

3. Commercial Accommodation

3.1 Total Guest Nights

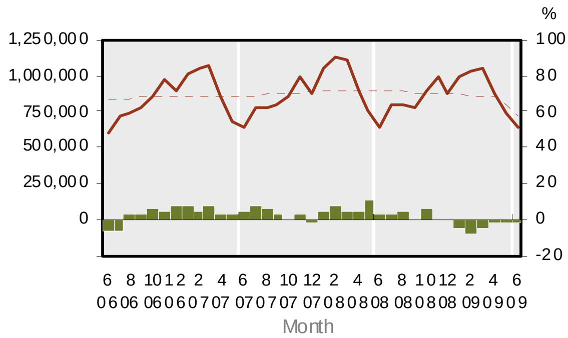


3.2 Total Establishments and Occupancy

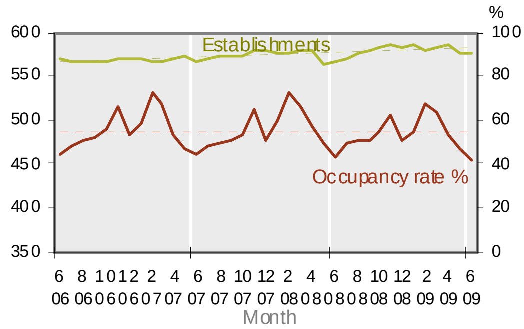


Guest Nights by Accommodation Type

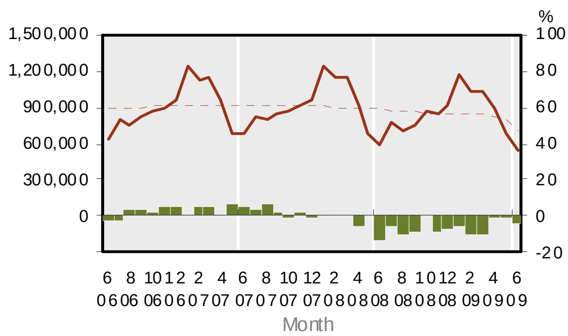
3.3 Hotel Guest Nights



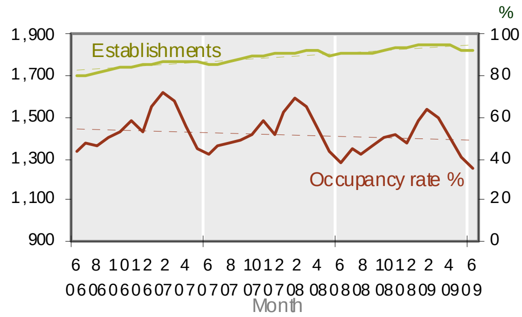
3.4 Hotels and Occupancy



3.5 Motel Guest Nights



3.6 Motels and Occupancy

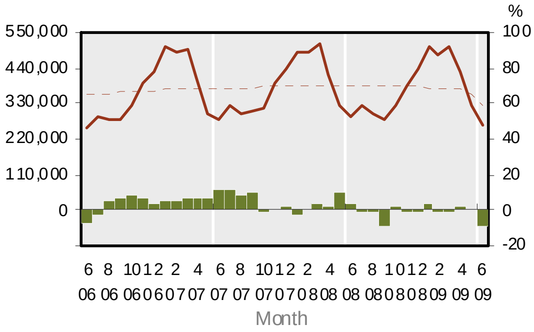


KEY:

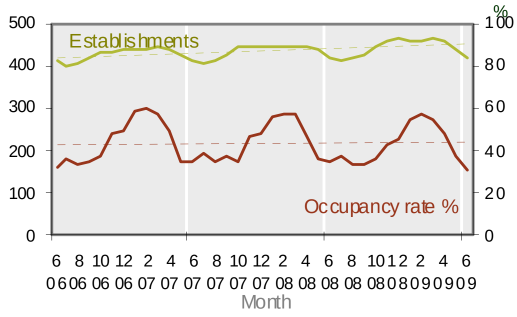
Solid line (brown) – show statistics described by the graph title (left scale).
Dotted line (brown) – trend line.
Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

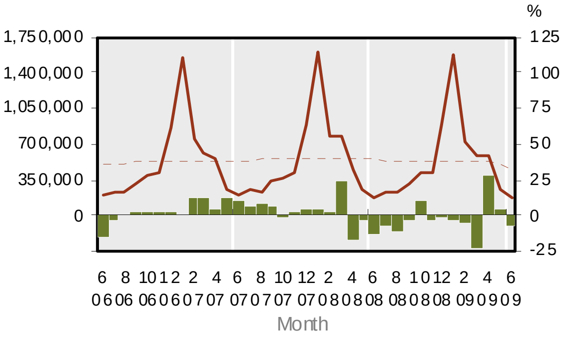
3.7 Backpacker Guest Nights



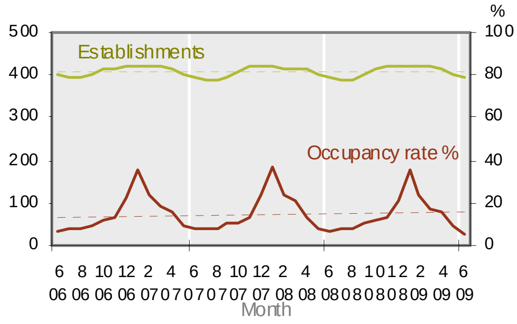
3.8 Backpackers and Occupancy



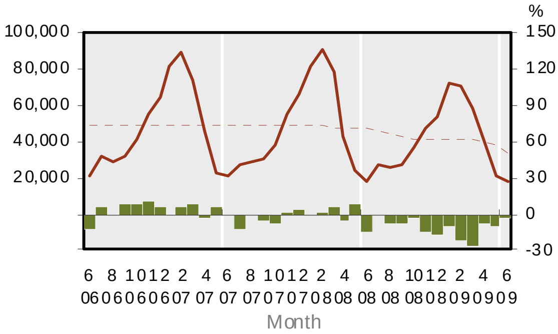
3.9 Caravan/Camping Guest Nights



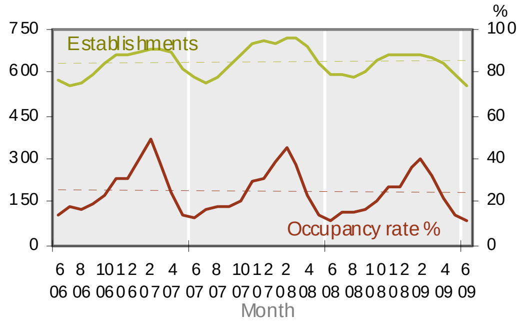
3.10 Caravan/Camping Est. and Occupancy



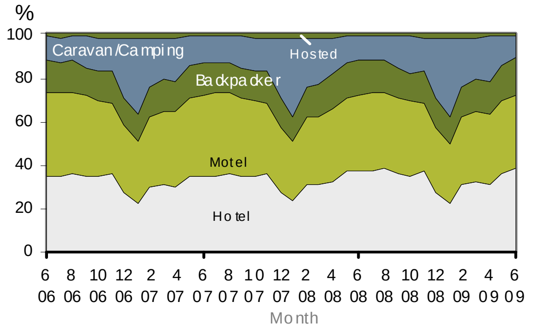
3.11 Hosted Guest Nights



3.12 Hosted and Occupancy



3.13 Share of Guest Nights by Establishment



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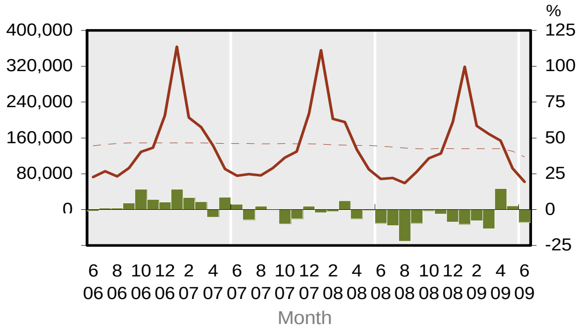
Solid line (brown) – show statistics described by the graph title (left scale).
Dotted line (brown) – trend line.
Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

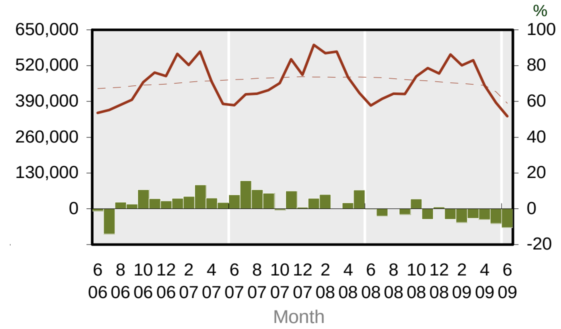
TRENDS AND PATTERNS

Guest Nights by Regional Tourism Organisation and District

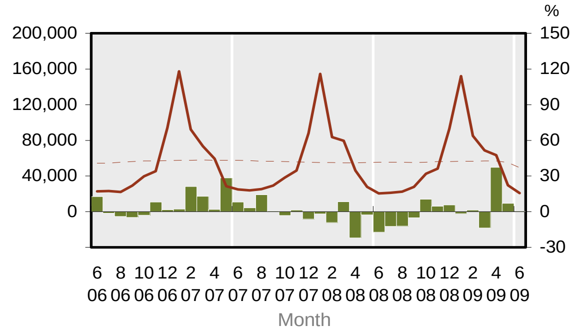
3.14 Northland RTO Guest Nights



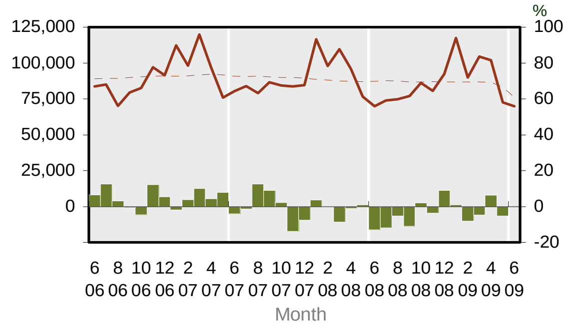
3.15 Auckland RTO Guest Nights



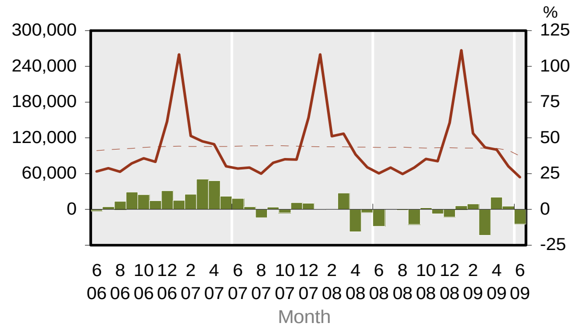
3.16 Coromandel RTO Guest Nights



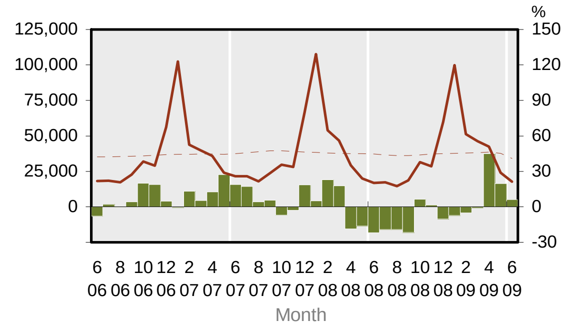
3.17 Waikato RTO Guest Nights



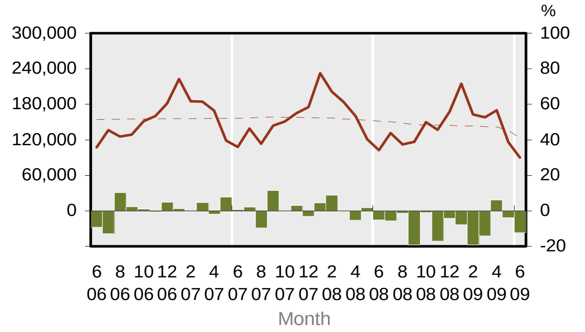
3.18 Bay of Plenty RTO Guest Nights



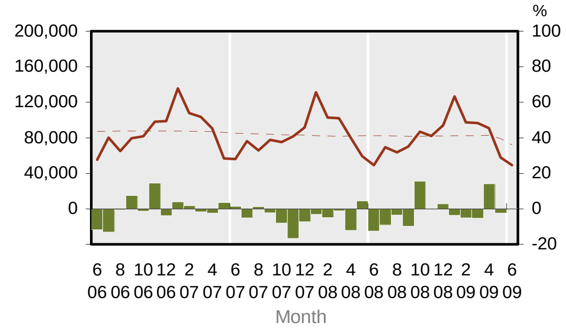
3.19 Eastland RTO Guest Nights



3.20 Rotorua RTO Guest Nights



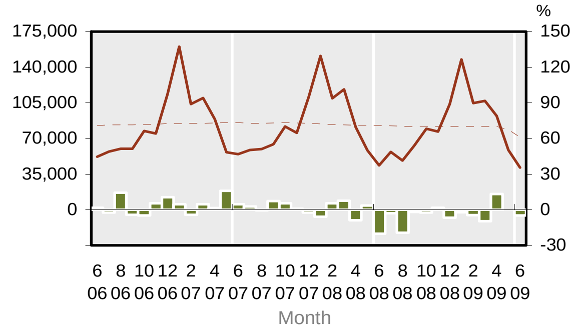
3.21 Lake Taupo RTO Guest Nights



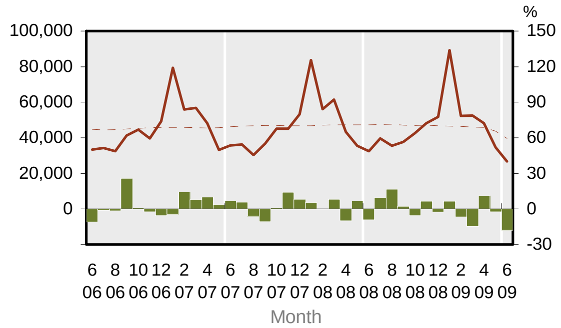
KEY:
Solid line (brown) – show statistics described by the graph title (left scale).
Dotted line (brown) – trend line.
Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

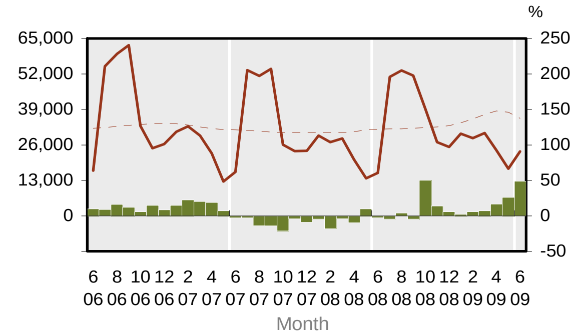
3.22 Hawke's Bay RTO Guest Nights



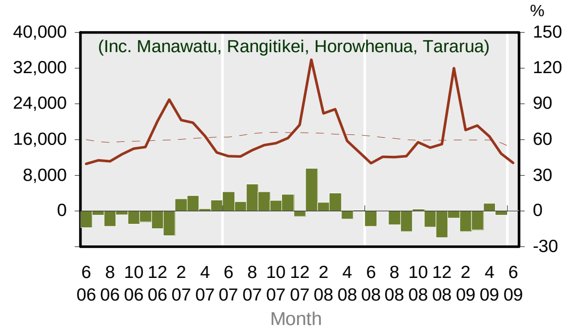
3.23 Taranaki RTO Guest Nights



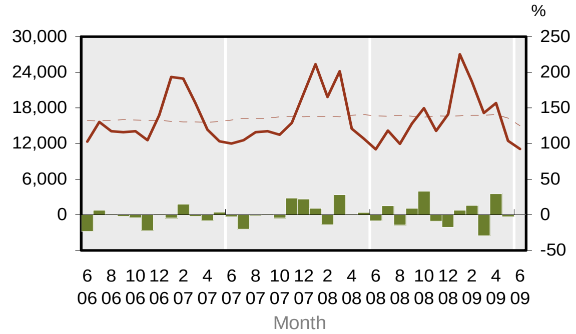
3.24 Ruapehu RTO Guest Nights



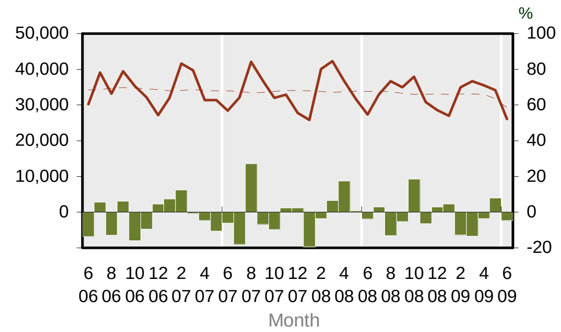
3.25 Combined Manawatu Guest Nights



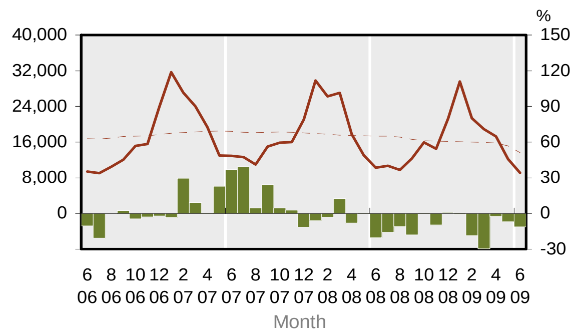
3.26 Wanganui District Guest Nights



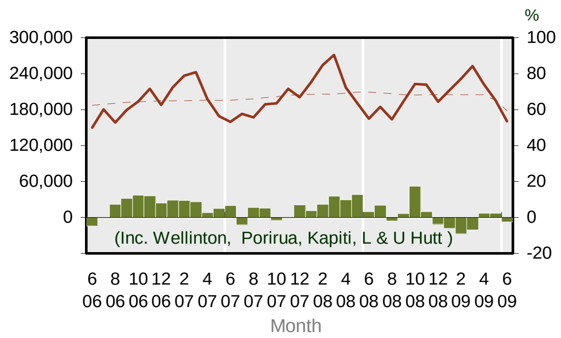
3.27 Palmerston North City Guest Nights



3.28 Wairarapa RTO Guest Nights



3.29 Wellington Region Guest Nights

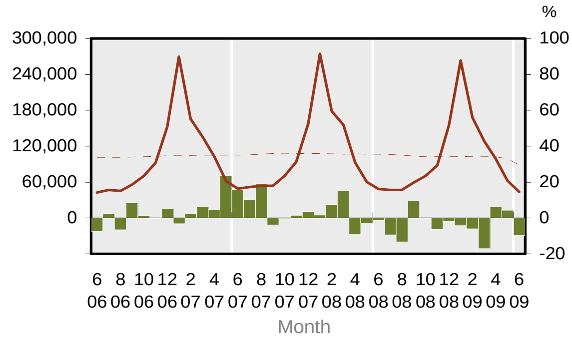


KEY:

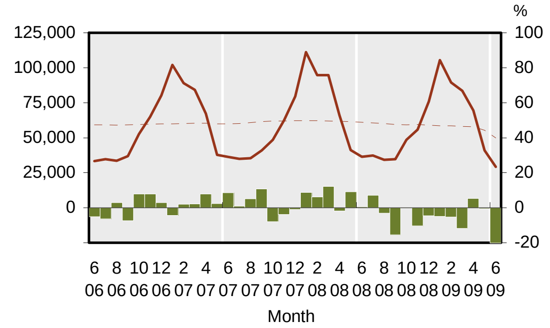
Solid line (brown) – show statistics described by the graph title (left scale).
Dotted line (brown) – trend line.
Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

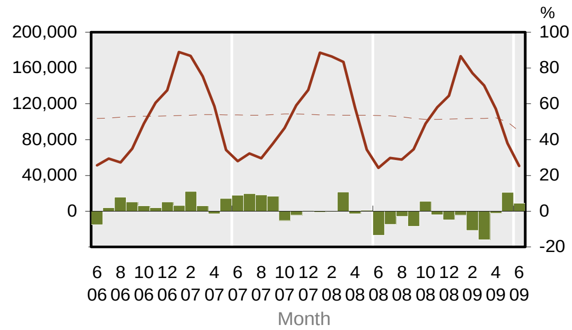
3.30 Nelson RTO Guest Nights



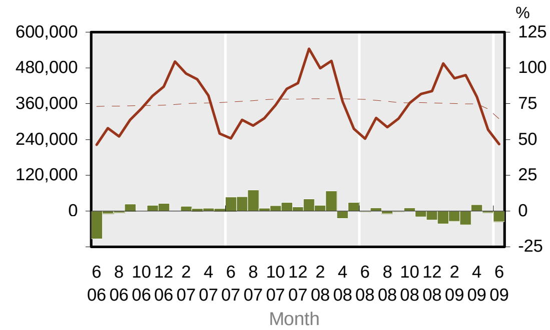
3.31 Marlborough RTO Guest Nights



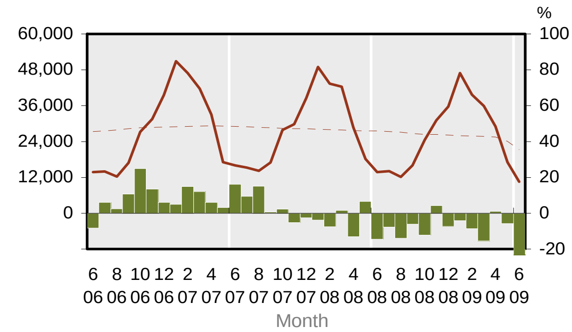
3.32 West Coast RTO Guest Nights



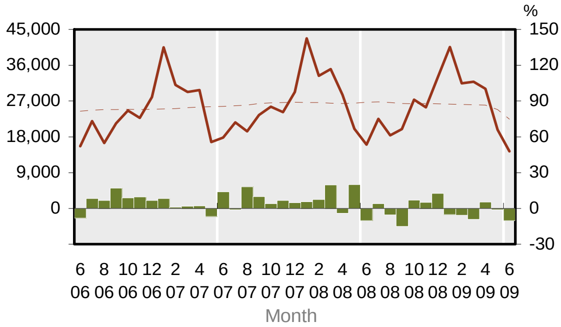
3.33 Canterbury Guest Nights



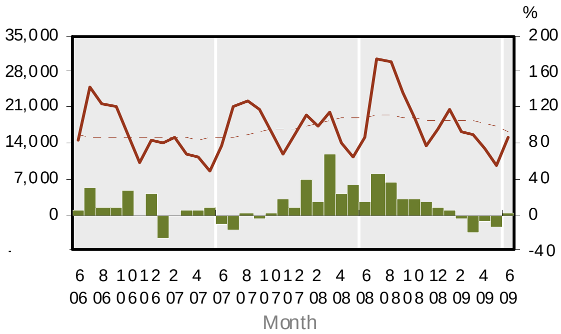
3.34 Kaikoura District Guest Nights



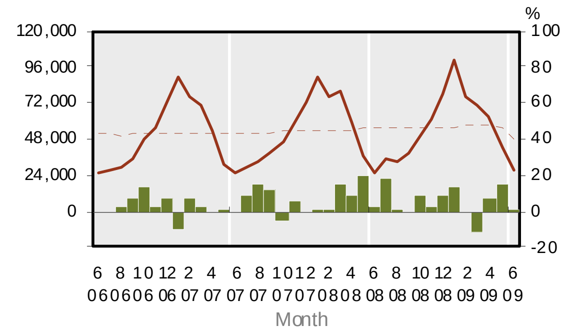
3.35 Hurunui RTO Guest Nights



3.36 Ashburton District Guest Nights



3.37 Mackenzie-Timaru Guest Nights



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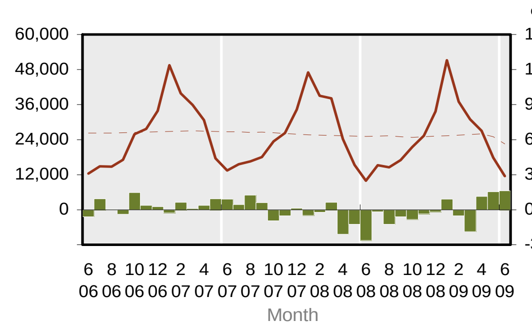
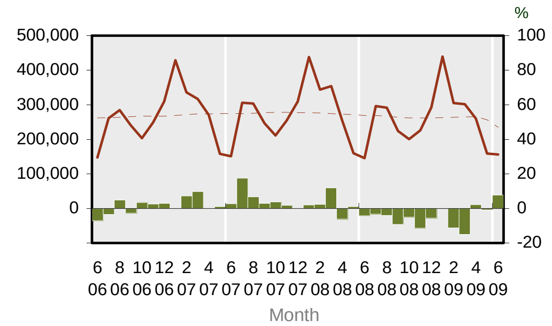
Solid line (brown) – show statistics described by the graph title (left scale).
Dotted line (brown) – trend line.
Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

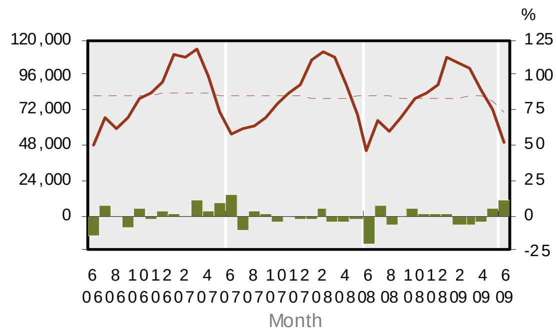
3.38 Waitaki-Waimate Guest Nights



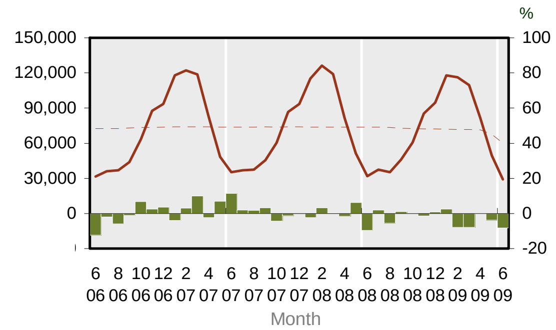
3.39 Queenstown Lakes - Central Otago Guest Nights



3.40 Dunedin - Clutha Guest Nights

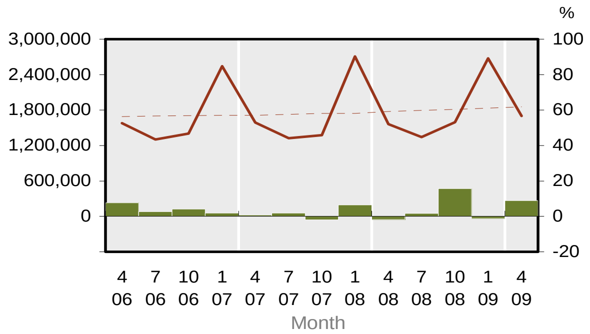


3.41 Southland Region Guest Nights

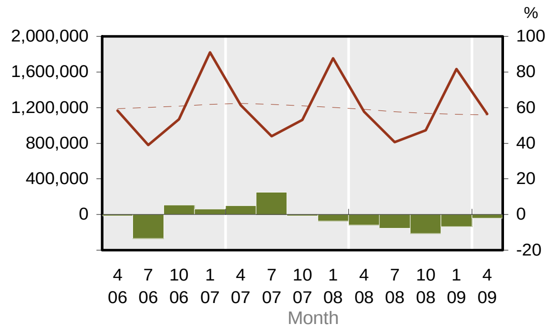


International and Domestic Guest Nights

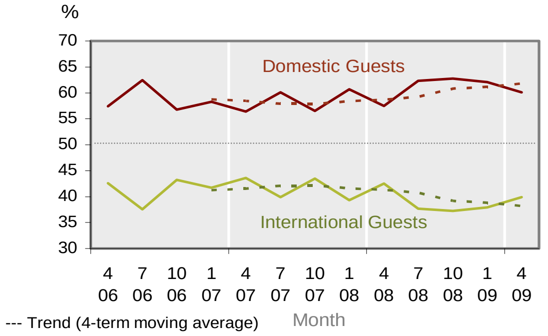
3.42 Domestic Guest Nights



3.43 International Guest Nights



3.44 Share of Total Guest Nights



Note: Total guest night data by international and domestic guests are available only for the months of Jan, Apr, Jul and Oct.

KEY:

Solid line (brown) – show statistics described by the graph title (left scale).
Dotted line (brown) – trend line.
Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

EXPLANATORY NOTES

Inbound Tourism

This information refers to international visitors who arrive in New Zealand intending to stay for a short-term period of less than 12 months. Statistics are from passenger arrival cards collected at various NZ international airports and seaports. Data is processed by Statistics New Zealand and is partly sponsored by the Ministry of Tourism. Statistics are available monthly.

Outbound Tourism

This information refers to NZ residents who went on overseas trips for a short-term period of less than 12 months. Statistics are from passenger departure cards collected at various NZ international airports and seaports. Data is processed by Statistics New Zealand and is partly sponsored by the Ministry of Tourism. Statistics are available monthly.

Commercial Accommodation

Statistics are obtained from the Accommodation Survey (commonly referred to as CAM – Commercial Accommodation Monitor) conducted by Statistics New Zealand and sponsored by the Ministry of Tourism. The survey covers those commercial accommodation providers that are GST-registered and have a turnover of at least $30,000 a year. Those smaller providers that do not meet these criteria or provide accommodation as a secondary business activity (e.g. farm-stay) are excluded from the survey. Data collected include - number of establishments, guests, nights stayed, and international and domestic guests.

International Visitor Expenditure

This information is obtained from the International Visitor Survey (IVS, conducted by The Nielsen Company for the Ministry of Tourism). The survey covers an annual sample of 5,000 departing overseas visitors aged 15 years or over who are interviewed at the Auckland, Wellington and Christchurch international airports. Data collected include - visitor demographics, places visited, tourism activities undertaken and expenditure in New Zealand. IVS statistics are released quarterly.

Domestic Tourism

This information is obtained from the Domestic Travel Survey (DTS, conducted by The Nielsen Company for the Ministry of Tourism). The survey covers an annual sample of 15,000 NZ residents aged 15 years or over who are interviewed via telephone about their travel experience within New Zealand. Data collected include - traveller demographics, day and overnight trips, places visited, tourism activities undertaken and expenditure. DTS statistics are released quarterly.

Tourism Satellite Account

The TSA provides a range of measures on tourism's contribution to the NZ economy. Key measures include tourism expenditure as a proportion of GDP, export earnings, GST and employment. More detailed expenditure measures include breakdown by direct and indirect tourism value added, international and domestic, tourism related product groups. The TSA is produced annually by Statistics New Zealand and sponsored by Ministry of Tourism. The New Zealand TSA has adopted the UNWTO methodology.

Differences between TSA and IVS & DTS

TSA gives a most definitive account of tourism value and is most complete (compared to IVS and DTS). TSA uses IVS and DTS among other data sources for its calculations, but there are some conceptual and coverage differences as outlined below. The values of international and domestic tourism given in TSA are normally greater than those measured in IVS and DTS, as illustrated below, comparing tourism expenditure for year ended March 2007:

TSA (International) = $8,798m vs IVS = $6,291m;

TSA (Domestic) = $11,286m vs DTS = $7,620m

The key difference in IVS vs TSA is that IVS includes only international visitor expenditure incurred within NZ. This means IVS does not include international airfares paid to NZ carriers (such as Air NZ) before arrival as the travel was undertaken outside NZ. However, prepaid expenditure for items to be used while in NZ is included in IVS, eg tour packages, accommodation, food, etc. In contrast, TSA does include international airfares paid to NZ carriers, Also, in TSA the expenditure of education visitors is calculated separately using more robust data from Statistics NZ and Ministry of Education instead of sample estimate from IVS.

In DTS, it measures domestic travel of households. Therefore, travel expenditure incurred by many business and government organisations are not fully captured in DTS. However, in TSA, Statistics NZ used more robust data to calculate business and government travel expenditure more fully.

TSA measures are calculated for year ended March only, while IVS and DTS data are available quarterly.

Users should exercise caution when using TSA and IVS & DTS expenditure data. They are not directly comparable because of the differences outlined above.

EXPLANATORY NOTES

Growth rate

All growth rates in this monitor refer to the percentage change in a particular variable over the same period (month or quarter) in the previous year. Because tourism variables typically have large seasonal variation it is more meaningful to compare the change in a variable of a reference month/quarter on a year-on-year basis. Caution should be exercised when interpreting growth rates. A large change in growth rate could be due to irregularity or different timing of major annual events which can distort growth patterns significantly (e.g. Easter holidays, major sporting and local events). A negative/low growth rate in one year may be due to exceptional growth rate in the previous year, and vice versa.

Trend line

Trend lines have been provided for variables in graphs under the Trends and Patterns section. A trend line helps identify more clearly the general direction and pace of change that may not be apparent in seasonal time series as in tourism variables.

The trend lines have been calculated using a 'moving average' method. Each trend value is calculated centred on 13 data points for monthly series and 5 data points for quarterly series. Equal weight (1/12 for monthly and 1/4 for quarterly series) is applied to all data points except at both ends of the period that are given half the normal weight. Furthermore, for monthly series, in order to calculate the trend values for the last 6 months of a time series it requires forward estimates of the variable for next six months. These estimates are derived by assuming that their growth rates are generally the average for the preceding 3 months. Similarly, for quarterly series, forward estimates are required for two quarters which are assumed to have an average growth rate for the previous two quarters. Because of the assumptions used the trend values for the latest 6 months in a monthly series and latest 2 quarters in a quarterly series are provisional and are subject to revision as later data become available.

Sources of Statistics

All statistics in this publication are drawn from the following sources:

1. Inbound Tourism : "*International Travel and Migration*", Statistics New Zealand
2. Outbound Tourism : "*International Travel and Migration*", Statistics New Zealand
3. Accommodation : "*Accommodation Survey*", Statistics New Zealand
4. International Visitor Expenditure : "*International Visitor Survey*", Ministry of Tourism
5. Domestic Tourism : "*Domestic Travel Survey*", Ministry of Tourism
6. Tourism Satellite Account : "*Tourism Satellite Account, 2007*", Statistics New Zealand
7. Forecasts : Ministry of Tourism
   - *New Zealand Tourism Forecasts, 2009-2015 (Summary Document)*
   - *New Zealand Regional Tourism Forecasts, 2009-2015*

     (Note: new regional forecasts 2009-2015 will be released in September 2009)

For further information contact:

a. Ministry of Tourism, t: (04) 498 7440, http://www.tourismresearch.govt.nz

b. Statistics New Zealand, t: (04) 9314600, http://www.stats.govt.nz/tourism

c. Tourism New Zealand, t: (04) 917 5400, http://www.tourismnewzealand.com

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