



TOURISM LEADING INDICATORS MONITOR

SERIES 2009/01 **FEBRUARY 2009** NEW ZEALAND

This edition provides new data on:

- Inbound and Outbound Travel Dec 08
- Commercial Accommodation Nov 08
- Domestic Tourism YE Sep 08

It highlights the performance of international visitor arrivals in 2008.

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ISSN 1175-8589



COMMENTARY

2008 Tourism Performance and Outlook

International visitor arrivals to New Zealand for 2008 were slightly below the previous year at 2,458,503 - down by 0.3%.

This performance was achieved in a year where the conditions were highly unfavourable for the industry. In the first half of the year, the price of oil and a highly valued New Zealand dollar were the main factors, and in the second half the deepening global financial crisis was the dominant influence.

While the 2008 result can be regarded positively given the extent of the challenges faced, it is clear that the resilience shown is unlikely to be sustained through the 2009 year.

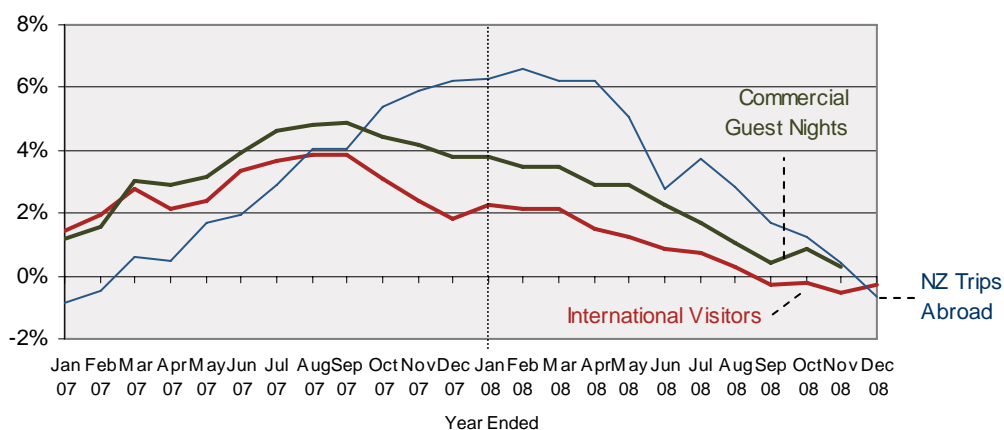
The economic difficulties in all of our major origin markets are becoming more acute and this will affect demand for travel given that the main determinant of travel is economic growth in the origin market. The United Nations World Tourism Organisation (UNWTO) is forecasting a zero to two percent contraction in global travel in 2009. The forecasts of GDP performance by the International Monetary Fund (IMF) become more negative with each release. It is projecting a two percent contraction of the GDPs in advanced economies in 2009.

Clearly, the tourism industry needs to be preparing for a reduction in tourism demand over 2009. The Ministry of Tourism will be reviewing all available information over the next few months in order to prepare forecasts for 2009 and for the longer term (refer next page).

2008 Assessment

Figure 1 below sets out the rolling annual results for the key measures of international arrivals, New Zealand outbound travel and commercial accommodation guest nights. The arrivals data has been negative since September, but has been holding and indeed has slightly recovered with the relatively strong December arrivals (up 1.6%). Outbound travel by contrast deteriorated in December, declining by 6.2% for the month.

Figure 1: Rolling Annual Growth Rates:
Inbound & Outbound Travel and Commercial Accommodation Guest Nights



The nature of international arrivals to New Zealand has been very dynamic in 2008, with markedly different performances by markets (refer Figures 2a and 2b). Australia has been an important buffer having grown by 2.7%, and a number of other markets also grew e.g. Germany (up 4.2%), Canada (up 11.5%), South Africa (up 17.2%), France (up 13.1%) and Singapore (up 7.5%). By contrast, important markets such as the UK and the US were down by moderate amounts (2.6% and 1.7% respectively), and Japan (down 15.8%), China (down 7%) and South Korea (down 20.5%) fell sharply.

At a regional level, visitor arrivals from Asia decreased by 52,000 or 10.4%, while there was growth from Oceania (up 36,000 or 3.4%), Americas (up 5,500 or 1.9%) and Europe (up 1,300 or 0.2%).

COMMENTARY

Figure 2a International Visitor Arrivals
Annual Change by Market, 2007-08

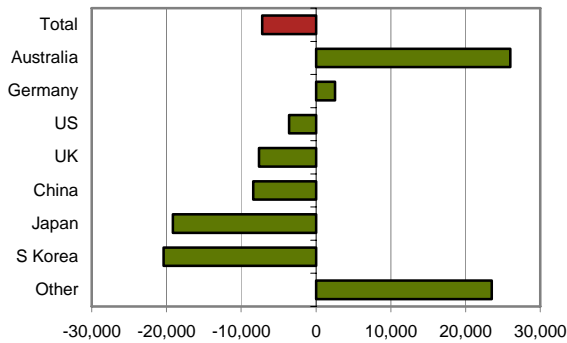
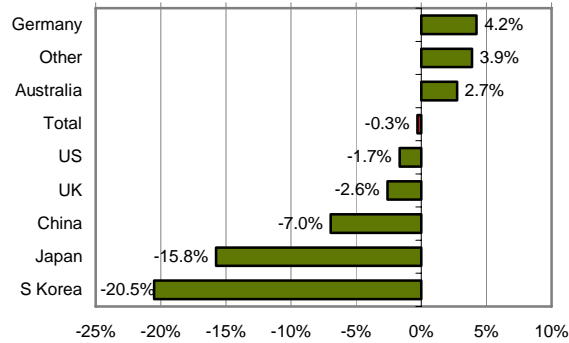


Figure 2b International Visitor Arrivals
Growth Rate by Market, 2007-08



In terms of the purpose of visit, the Visiting Friends and Relatives (VFR) travel has been the most robust (refer Figure 3 below). Holiday travel weakened through the second half of 2009, but did recover, to a degree, in December. Of concern is the weakness of the Business and Conference types that points to an underlying weakness in the business sector. For instance, Business travel declined by 5% over 2008, but by 19% in December.

Figure 3a International Visitor Arrivals
Annual Change by Purpose, 2007-08

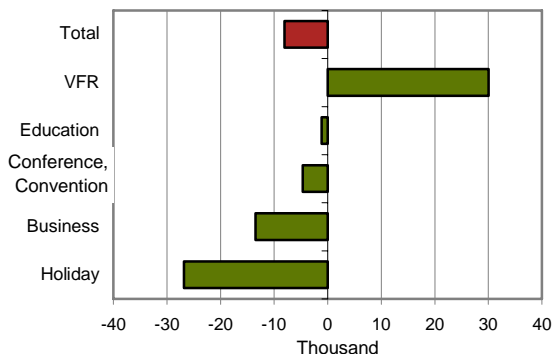
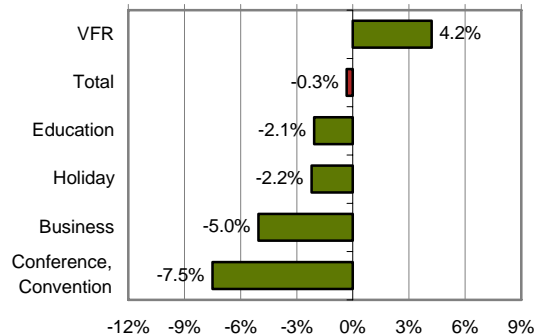


Figure 3b International Visitor Arrivals
Growth Rate by Purpose, 2007-08



2009 Outlook

There is no sound basis for forecasting the magnitude, depth or duration of the downturn facing the New Zealand tourism industry at this stage. The uncertainties around the wider economic environment, and the way consumers react to these conditions, are just too great.

However, the Ministry of Tourism is taking a systematic approach to providing as much clarity around the environment as possible. It is:

- Undertaking analysis on how previous 'shocks' have affected tourism in New Zealand, including what recovery patterns can look like.
- Gathering information from operators on booking levels, load factors and outlook etc, drawing on data that other parties (such as Tourism New Zealand and Tourism Industry Association) have collected from their networks, and from a new on-line 'confidence' survey.

This information will inform a sector leaders' meeting to be convened in March. This meeting will result in communications to the wider industry on the outlook, and on any mitigation actions to be taken. The Ministry will also utilise all of the above information in its annual forecasting programme that will be released in June. These forecasts will provide a long-term outlook, but also the expected levels of demand over the 2009/10 summer season.

1. INBOUND TOURISM

International Visitor Arrivals, December 2008 - In the month of December 2008 there were 322,207 international visitor arrivals, up by 1.6% (4,900) compared to December 2007. This figure was the highest monthly total ever recorded.

Markets – Visitors from Australia (up 7,100 or 5.6%) recorded the largest increase in December 2008. This was the highest monthly total ever recorded for a market. This was followed by Fiji (up 780 or 22.1%), Germany (up 760 or 8.8%), France (up 350 or 14.8%), and New Caledonia (up 320 or 22.6%).

In contrast, there were fewer visitors from South Korea (down 2,700 or 34.2%), United Kingdom (down 1,900 or 4.5%), Japan (down 1,600 or 14.4%), Hong Kong (down 430 or 12.5%) and Ireland (down 400 or 15.0%).

Purpose - There were more visitors on holiday (up 4,600 or 3.2%) and visiting friends and relatives (up 3,800 or 2.9%) in December

2008 compared to December 2007 while there were fewer visitors on business (down 3,500 or 19.0%).

Duration – In December 2008, the average length of stay of visitors was 21.9 days, 1.3 days shorter than in December 2007. The total number of visitor days decreased by 4.4% (325,000) to 7.0 million.

Flights – There were 2,598 flight-arrivals in December 2008, 108 flights or 4.3% more than in December 2007.

Annual Arrivals – For the year ended December 2008, there were 2.459 million international visitor arrivals, down by 7,200 or 0.3% on the previous year.

Total visitor days were up by 3.1% to 51.18 million, with the average length of stay up 0.7 day to 20.9 days.

Figure 1a **Growth Rate of International Visitor Arrivals (Month of December 2008)**

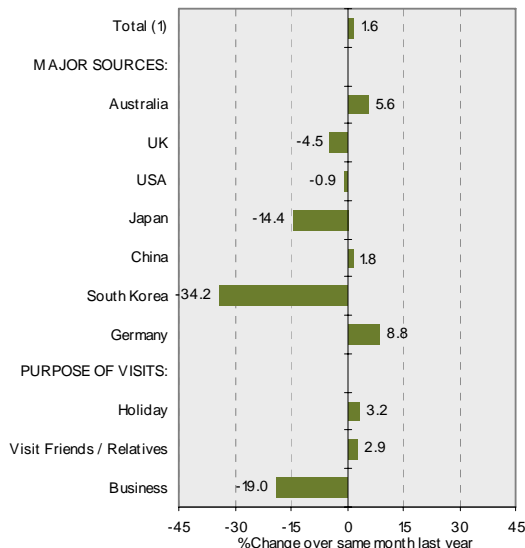
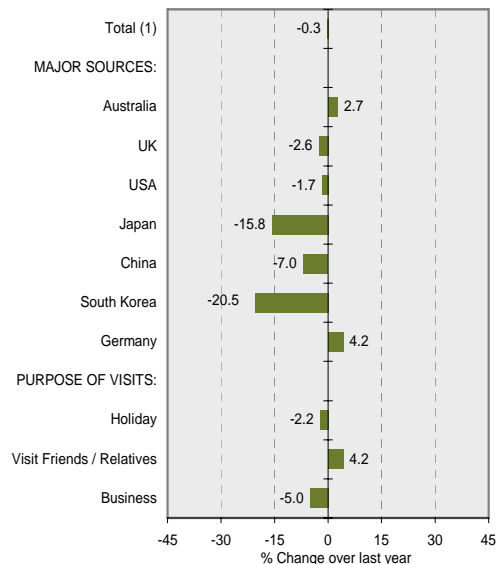


Figure 1b **Growth Rate of International Visitor Arrivals (Year Ended December 2008)**



1. INBOUND TOURISM

Table 1a International Visitor Arrivals (Month)

DECEMBER MONTH	International Visitor Arrivals			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
Total (1)	319,040	317,259	322,207	-0.6	1.6
MAJOR SOURCES:					
Australia	121,160	125,766	132,867	3.8	5.6
UK	45,448	41,040	39,177	-9.7	-4.5
USA	25,064	23,841	23,625	-4.9	-0.9
Japan	12,636	10,908	9,342	-13.7	-14.4
China	12,792	13,716	13,959	7.2	1.8
South Korea	11,440	7,884	5,184	-31.1	-34.2
Germany	7,852	8,559	9,315	9.0	8.8
PURPOSE OF VISITS:					
Holiday	145,054	142,965	147,555	-1.4	3.2
Visit Friends / Relatives	133,926	134,460	138,294	0.4	2.9
Business	19,214	18,495	14,985	-3.7	-19.0
INTERNATIONAL ARRIVAL FLIGHTS:					
Passenger Flights	2,503	2,490	2,598	-0.5	4.3

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

Table 1b International Visitor Arrivals (Year)

YEAR ENDED DECEMBER	International Visitor Arrivals			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
Total (1)	2,421,561	2,465,680	2,458,503	1.8	-0.3
MAJOR SOURCES:					
Australia	903,504	950,206	976,200	5.2	2.7
UK	294,812	292,717	285,094	-0.7	-2.6
USA	225,629	216,027	212,410	-4.3	-1.7
Japan	136,401	121,652	102,482	-10.8	-15.8
China	105,716	120,804	112,398	14.3	-7.0
South Korea	111,361	99,453	79,061	-10.7	-20.5
Germany	59,353	59,765	62,300	0.7	4.2
PURPOSE OF VISITS:					
Holiday	1,195,492	1,211,040	1,184,250	1.3	-2.2
Visit Friends / Relatives	690,200	712,954	743,000	3.3	4.2
Business	270,089	267,875	254,396	-0.8	-5.0
INTERNATIONAL ARRIVAL FLIGHTS:					
Passenger Flights	28,751	27,771	28,798	-3.4	3.7

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

2. OUTBOUND TOURISM

Departures, December 2008 - In the month of December 2008, New Zealand residents undertook 187,300 short-term overseas trips, down by 12,000 or 6.2% compared to December 2007.

Destinations - There were more trips to France (up 370 or 54.5%), followed by the Philippines (up 310 or 17.5%), Japan (up 190 or 8.1%) and Viet Nam (up 160 or 14.3%).

In contrast, there were fewer trips to all the top 10 destinations. There were fewer trips to Fiji (down 1,400 or 18.0%), China (down 1,300 or 13.4%), the United States (down 1,100 or 13.1%), Taiwan (down 800 or 36.6%), Cook Islands (down 700 or 16.8%),

India (down 700 or 11.3%), New Caledonia (down 700 or 56.4%) and the United Kingdom (down 700 or 7.8%).

Purpose – There were fewer New Zealanders on holiday (down 8,000 or 11.0%), on business (down 2,600 or 16.2%) and visiting friends and relatives (down 1,600 or 1.7%).

Duration - The average length of trips in December 2008 was 23.7 days, 0.9 day shorter than in December 2007.

Annual Departures – There were 1.967 million trips undertaken during the year ended December 2008, down by 13,000 or 0.7% on the previous year.

Figure 2a **Growth Rate of Trips Abroad by NZ Residents (Month of December 2008)**

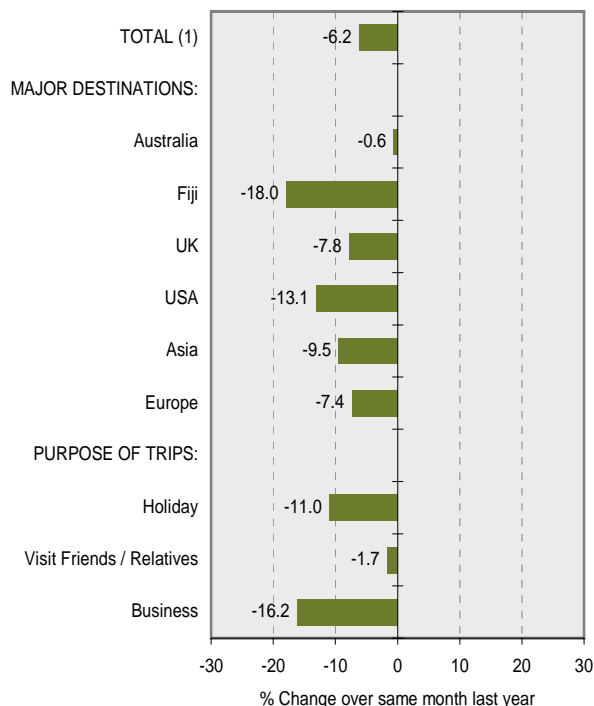
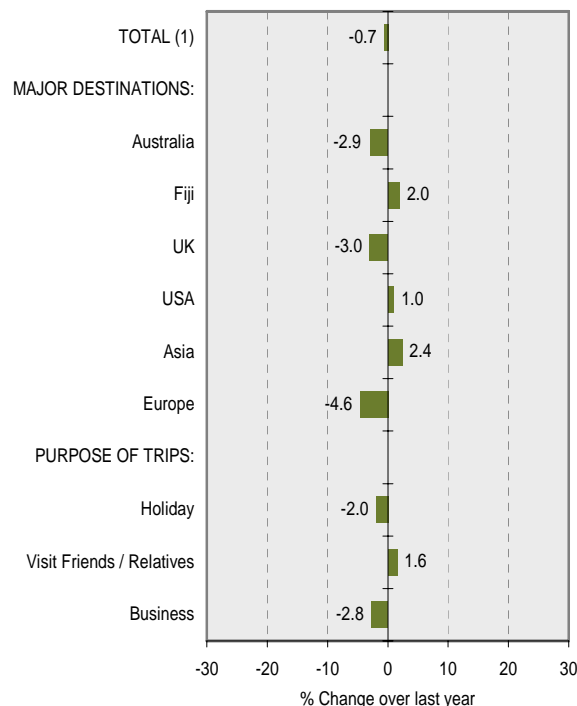


Figure 2b **Growth Rate of Trips Abroad by NZ Residents (Year Ended December 2008)**



2. OUTBOUND TOURISM

Table 2a Trips Abroad by NZ Residents (Month)

DECEMBER MONTH	Trips Abroad by NZ Residents			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TOTAL (1)	190,466	199,693	187,329	4.8	-6.2
MAJOR DESTINATIONS:					
Australia	86,040	84,196	83,669	-2.1	-0.6
Fiji	6,030	7,936	6,510	31.6	-18.0
UK	7,950	8,370	7,719	5.3	-7.8
USA	7,710	8,277	7,192	7.4	-13.1
Asia	34,140	38,657	34,999	13.2	-9.5
Europe	13,350	13,826	12,803	3.6	-7.4
PURPOSE OF TRIPS:					
Holiday	67,890	72,974	64,976	7.5	-11.0
Visit Friends / Relatives	90,840	93,651	92,070	3.1	-1.7
Business	15,240	16,120	13,516	5.8	-16.2

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

Table 2b Trips Abroad by NZ Residents (Year)

YEARENDED DECEMBER	Trips Abroad by NZ Residents			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TOTAL (1)	1,863,784	1,980,215	1,967,126	6.2	-0.7
MAJOR DESTINATIONS:					
Australia	929,361	977,866	949,624	5.2	-2.9
Fiji	106,246	97,434	99,346	-8.3	2.0
UK	89,332	95,975	93,071	7.4	-3.0
USA	87,012	92,384	93,319	6.2	1.0
Asia	235,216	250,077	256,060	6.3	2.4
Europe	159,729	177,105	168,882	10.9	-4.6
PURPOSE OF TRIPS:					
Holiday	783,984	836,662	820,065	6.7	-2.0
Visit Friends / Relatives	576,262	621,066	630,806	7.8	1.6
Business	282,221	289,195	281,213	2.5	-2.8

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

3. COMMERCIAL ACCOMMODATION

Guest Nights, November 2008 - In the month of November 2008, a total of 2,675,349 guest nights were spent in commercial accommodation, a decrease of 119,296 nights (or 4.3%) from November 2007.

Both the North Island (down 59,900 or 3.7%) and South Island (down 59,400 or 5.0%) recorded a decrease in guest nights in November 2008.

International and Domestic - In November 2008, guest nights comprised 52.1% domestic guests (1.40 million) and 47.9% international guests (1.28 million). Domestic guest nights decreased by 0.7% (10,200) while international guest nights decreased by 7.9% (109,100).

Accommodation Types - All accommodation types recorded a decrease in guest nights in November 2008. Motels recorded the largest decrease (down 79,800 or 8.7%), followed by caravan parks/camp grounds (down 12,100 or 2.8%), hotels (down 11,500 or 1.2%), hosted accommodation (down 8,400 or 15.1%) and backpackers (down 7,500 or 1.9%).

Occupancy - The overall occupancy rate of accommodation establishments in November 2008 was 38.0%, down 2.3 percentage points compared to 40.3% in November 2007.

Motels recorded the largest decrease in occupancy (52.1%, down 5.7 points), followed by backpackers (43.2%, down 3.8 points), hosted accommodation (26.2%, down 3.2 points), hotels (62.1%, down 3.1 points) and caravan parks/camp grounds (13.0%, down 0.1%).

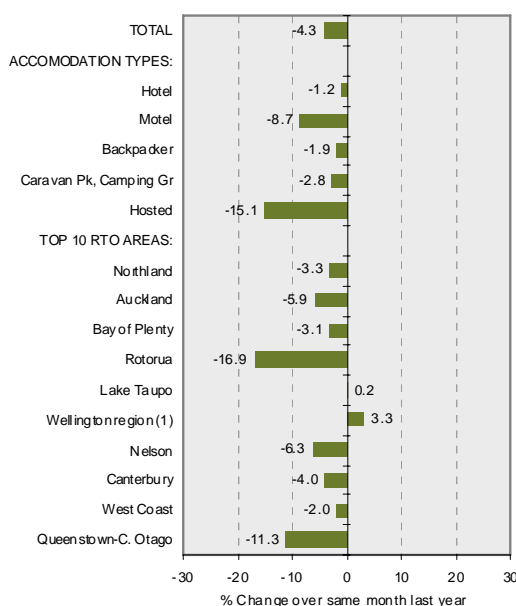
RTOs - In November 2008, most RTOs recorded a decrease in guest nights from November 2007.

Wellington recorded the largest increase (up 7,000 or 3.3%), followed by Ruapehu (up 3,300 or 13.9%), Taranaki (up 3,000 or 6.6%), Coromandel (up 2,100 or 4.5%) and Ashburton (up 1,800 or 14.9%).

Auckland recorded the largest decrease (down 32,100 or 5.9%), followed by Queenstown/Central Otago (down 28,800 or 11.3%), Rotorua (down 27,900 or 16.9%), Canterbury (down 16,500 or 4.0%), Marlborough (down 6,500 or 10.4%), Nelson (down 6,000 or 6.3%), Northland (down 4,200 or 3.3%) and Waikato (down 3,100 or 3.7%).

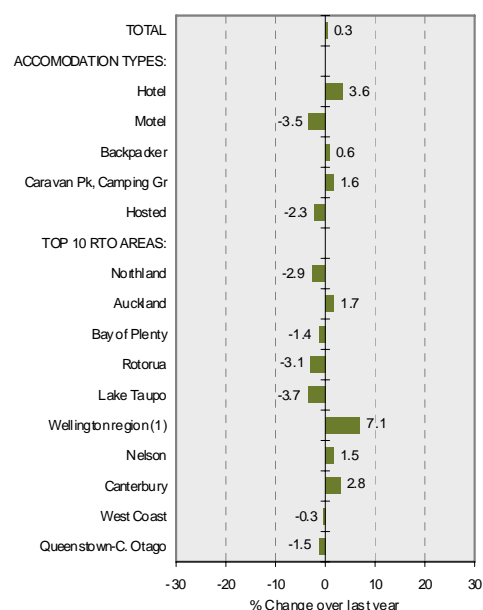
Annual - For the year ended November 2008, there was a total demand of 32.99 million guest nights, up by 105,000 or 0.3% on the previous year.

Figure 3a **Growth Rate of Guest Nights (Month of November 2008)**



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

Figure 3b **Growth Rate of Guest Nights (Year Ended November 2008)**



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

3. COMMERCIAL ACCOMMODATION

Table 3a **Guest Nights (Month)**

NOVEMBER MONTH	Guest Nights			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TOTAL	2,739,846	2,794,645	2,675,349	2.0	-4.3
ACCOMODATION TYPES:					
Hotel	977,421	997,486	985,971	2.1	-1.2
Motel	902,226	921,955	842,124	2.2	-8.7
Backpacker	389,571	390,518	383,018	0.2	-1.9
Caravan Pk, Camping Gr	415,547	429,287	417,187	3.3	-2.8
Hosted	55,081	55,399	47,049	0.6	-15.1
TOP 10 R TO AREAS:					
Northland	138,483	129,430	125,216	-6.5	-3.3
Auckland	494,130	543,051	510,941	9.9	-5.9
Bay of Plenty	79,862	83,574	80,952	4.6	-3.1
Rotorua	160,290	165,043	137,114	3.0	-16.9
Lake Taupo	97,991	81,706	81,851	-16.6	0.2
Wellington region (1)	215,172	214,954	222,012	-0.1	3.3
Nelson	92,563	93,888	87,933	1.4	-6.3
Canterbury	386,128	409,493	392,953	6.1	-4.0
West Coast	121,048	118,420	116,108	-2.2	-2.0
Queenstown-C. Otago	249,542	254,183	225,398	1.9	-11.3

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

Table 3b **Guest Nights (Year)**

YEAR ENDED NOVEMBER	Guest Nights			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TOTAL	31,565,295	32,886,099	32,990,910	4.2	0.3
ACCOMODATION TYPES:					
Hotel	9,919,288	10,329,365	10,701,676	4.1	3.6
Motel	10,668,177	11,020,386	10,630,999	3.3	-3.5
Backpacker	4,282,168	4,527,195	4,556,453	5.7	0.6
Caravan Pk, Camping Gr	6,121,528	6,432,742	6,538,541	5.1	1.6
Hosted	574,136	576,411	563,241	0.4	-2.3
TOP 10 R TO AREAS:					
Northland	1,708,589	1,765,793	1,714,508	3.3	-2.9
Auckland	5,226,598	5,622,683	5,718,924	7.6	1.7
Bay of Plenty	1,176,553	1,269,994	1,252,278	7.9	-1.4
Rotorua	1,847,432	1,881,911	1,823,418	1.9	-3.1
Lake Taupo	1,051,944	1,025,914	988,110	-2.5	-3.7
Wellington region (1)	2,242,579	2,345,602	2,511,858	4.6	7.1
Nelson	1,214,883	1,261,323	1,280,222	3.8	1.5
Canterbury	4,196,676	4,380,411	4,501,080	4.4	2.8
West Coast	1,239,609	1,289,514	1,285,758	4.0	-0.3
Queenstown-C. Otago	3,141,918	3,293,073	3,242,156	4.8	-1.5

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

4. INTERNATIONAL VISITOR EXPENDITURE

Expenditure, Year ended September 2008 - International visitors spent a total of \$6,028 million in New Zealand for the year ended September 2008 (excluding international airfares). This is an increase of 0.1% (\$7m) on the previous year.

Markets – The Australian market recorded the largest increase, up by \$116 million or 7.5%, followed by the UK (up \$38m or 4.1%), and Singapore (up \$6m or 9.5%).

In contrast, the expenditure by the USA (down \$111m or 15.8%), China (down \$28m or 10.4%), Taiwan (down \$16m or 23.0%) and Germany (down \$8m or 3.2%) markets were lower than the previous September year.

Average Spend - The average spend per visitor was \$2,692 up 0.8% on the previous year.

Figure 4 International Visitor Expenditure Growth Rate (Year Ended September 2008)

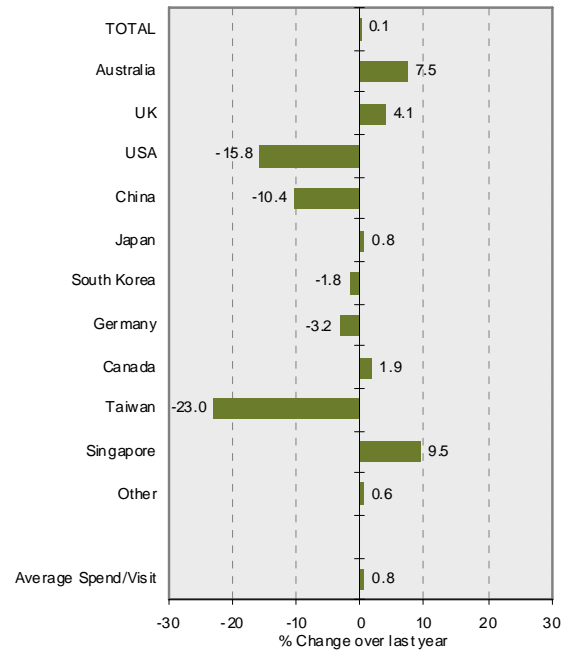


Table 4 International Visitor Expenditure (Year)

YEAR ENDED SEPTEMBER	NZ\$million ⁽¹⁾			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TOTAL	5,795	6,021	6,028	3.9	0.1
Australia	1,396	1,539	1,655	10.3	7.5
UK	933	933	971	0.0	4.1
USA	629	701	590	11.4	-15.8
China	285	268	241	-5.9	-10.4
Japan	398	403	407	1.3	0.8
South Korea	232	239	235	2.9	-1.8
Germany	245	250	242	2.1	-3.2
Canada	133	120	122	-9.4	1.9
Taiwan	101	69	53	-32.2	-23.0
Singapore	58	59	65	2.3	9.5
Other	1,384	1,440	1,448	4.0	0.6
Average Spend/Visit	2,666	2,670	2,692	0.2	0.8

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

5. DOMESTIC TOURISM

Overnight Trips, Year ended September 2008 - For the year ended September 2008, the number of overnight trips decreased by 7.0% (1.08 million) to 14.38 million trips, while the number of visitor nights decreased by 5.0% (or 2.28 million) to 43.04 million. On average, overnight visitors stayed 3.0 nights away from home.

Day Trips - The number of day trips decreased by 11.5% (or 3.39 million) to 26.03 million for the year ended September 2008.

Expenditure - Overall, domestic tourism expenditure decreased by 4.6% (or \$364 million) to \$7.601 billion for the year ended September 2008. Overnight trip expenditure was down 3.9% to \$4.992 billion while day trip expenditure was down 5.9% to \$2.609 billion.

- Average spend per day trip \$100
- Average spend per overnight trip \$347
- Average spend per night \$116

Figure 5 Domestic Tourism Growth Rate (Year Ended September 2008)

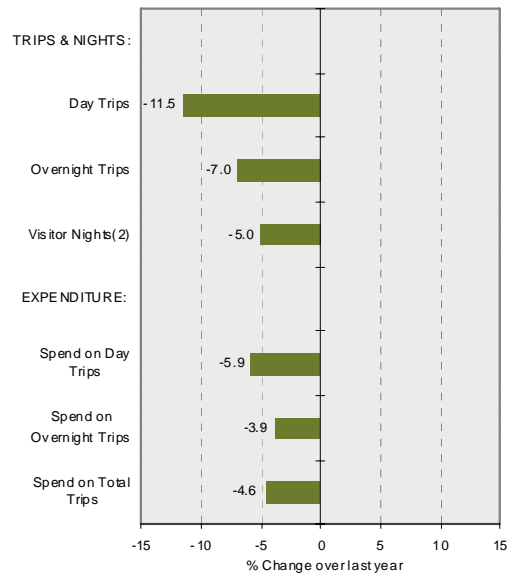


Table 5 Domestic Tourism (Year)

YEAR ENDED SEPTEMBER	Domestic Travel ⁽¹⁾			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TRIPS & NIGHTS:	(000)				
Day Trips	28,698	29,415	26,027	2.5	-11.5
Overnight Trips	14,393	15,463	14,380	7.4	-7.0
Visitor Nights ⁽²⁾	43,725	45,316	43,037	3.6	-5.0
EXPENDITURE:	(\$million)				
Spend on Day Trips	2,512	2,772	2,609	10.3	-5.9
Spend on Overnight Trips	4,700	5,193	4,992	10.5	-3.9
Spend on Total Trips	7,212	7,965	7,601	11.8	-4.6

(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				Growth Rate (%)	
	2005	2006	2007	05-06	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, 2008-2014 - The latest Ministry of Tourism forecasts provide a set of expectations on the future tourism demand in New Zealand. The forecasts are intended to assist the tourism sector decision-making and planning.

Over the next seven years, 2008-2014, New Zealand tourism is forecast to continue to grow with international tourism growing faster than domestic tourism.

The forecasts indicate that the long term prospects for tourism remain positive.

International visitor arrivals - are forecast to increase from 2.46 million in 2007 to 3.08 million in 2014. This represents a growth of 26% (or 628,000 visitors). The average annual growth rate is 3.3%.

This is a lower growth expectation than in previous series at 4.0% per annum (3.17 million in 2013). This assessment is influenced by a number of factors - including expected global economic growth to be slower, rising airfares (due to soaring fuel prices), higher inflation (driven primarily by rising food, transport and housing costs) and the persistent high New Zealand dollar.

The forecasts for the next two years are for more modest growth of 1.2% (2008) and 2.4% (2009), but are more positive in the longer term, particularly in the Rugby World Cup year with an expected 5.5% growth in 2011.

Almost 80% (498,000) of the forecast increase in visitors will come from the six markets - the largest contribution is expected to come from Australia (up 298,000 or 31%), followed by China (up 96,000 or 80%), UK (up 45,000 or 16%), US (up 21,000 or 10%), Canada (up 19,000 or 40%) and India (up 18,000 or 83%).

The Japan and South Korea markets are expected to decrease by 10% (12,000) and 8% (8,000) respectively.

Visitor numbers from our largest market, Australia, are expected to reach one million in 2009, up from 950,000 in 2007.

Domestic trips - are forecast to increase from 49.5 million in 2007 to 52.7 million, up by 3.2 million or 6.4%, averaging 0.9% per annum. The growth will be driven by an additional 0.6 million overnight trips (up 3.5%) and 2.5 million day trips (up 8.0%).

Visitor nights - are forecast to increase from 99 million in 2007 to 114 million in 2014, up by 15 million or 15.3%, averaging 2.1% per annum. The growth will be driven by an additional 12.8 million international visitor nights (up from 47.2 to 60.0 million) and 2.4 million domestic visitor nights (up from 52.1 to 54.5 million).

Outbound travel by New Zealand residents - is forecast to increase from 1.98 million in 2007 to 2.30 million in 2014, an increase of 326,000 or 16.5%, averaging 2.2% per annum.

Visitor spend - is forecast to increase from \$13.7b in 2007 to \$19.0b in 2014, up by \$5.3b or 38.7%, averaging 4.8% per annum. The growth will be driven by an additional \$3.4b from international visitor spend (up from \$6.1b to \$9.6b) and \$1.9b from domestic visitor spend (up from \$7.6b to \$9.5b). By 2014 international tourism is expected to eclipse domestic tourism.

RTOs - (Note: forecasts for NZ regions will be released in Sep/Oct 2008.)

(Further details of these forecasts are available in the tourism forecast report as well as in electronic Excel *pivot tables*, which can be downloaded at www.tourismresearch.govt.nz/forecasts)

Table 7 Tourism Forecasts, 2008-2014

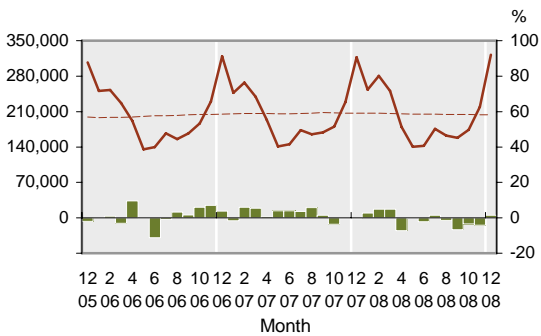
YEAR ENDED DECEMBER	Actual		Forecast						Growth 2008-2014		
	2007(1)	2008	2009	2010	2011	2012	2013	2014	Change	Total	Annual
International Visitors (000)	2,455	2,485	2,546	2,633	2,778	2,854	2,966	3,083	628	25.6%	3.3%
Domestic Total Trips (000)(2)	49,492	50,489	51,154	51,567	51,901	52,161	52,411	52,656	3,164	6.4%	0.9%
Overnight Trips	17,740	17,818	18,198	18,327	18,382	18,383	18,373	18,358	617	3.5%	0.5%
Day Trips	31,752	32,671	32,956	33,240	33,519	33,779	34,038	34,298	2,547	8.0%	1.1%
Visitor Nights (000)	99,294	102,040	104,176	106,083	108,972	110,220	112,301	114,466	15,172	15.3%	2.1%
International	47,189	49,175	50,171	51,697	54,429	55,678	57,793	60,006	12,817	27.2%	3.5%
Domestic	52,105	52,865	54,005	54,387	54,543	54,543	54,509	54,460	2,355	4.5%	0.6%
Visitor Spend (\$million)	13,734	14,484	15,239	15,940	16,832	17,438	18,223	19,048	5,314	38.7%	4.8%
International (3)	6,147	6,560	6,981	7,418	8,065	8,438	8,988	9,574	3,427	55.8%	6.5%
Domestic	7,587	7,924	8,257	8,521	8,767	9,001	9,235	9,474	1,887	24.9%	3.2%
NZ Outbound Trips (000)	1,978	1,990	1,992	2,036	2,093	2,159	2,230	2,304	326	16.5%	2.2%

(1) Actual for base year. (2) Domestic visitors refer to all ages as in international visitors. (3) Refers to spend in NZ, including GST but exclude international airfares.

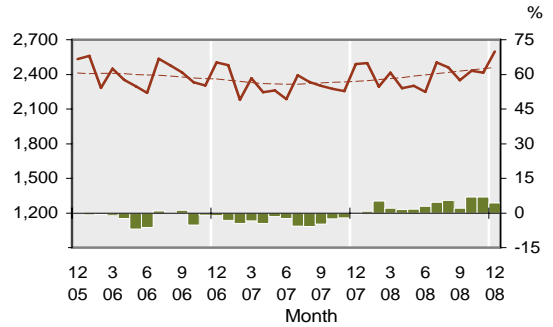
TRENDS AND PATTERNS

1. Inbound Tourism

1.1 International Visitor Arrivals

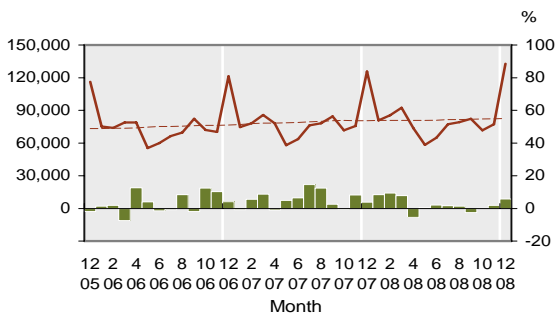


1.2 International Passenger Arrival Flights

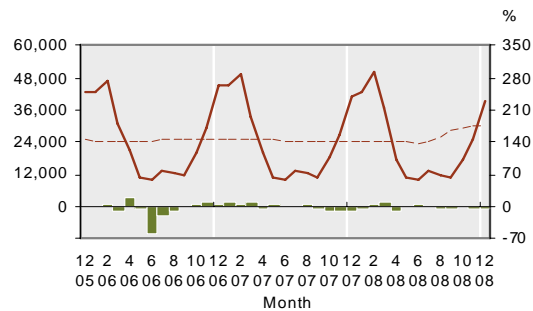


Major Sources

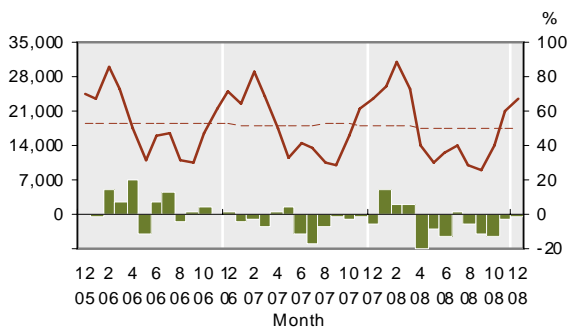
1.3 Visitors from - Australia



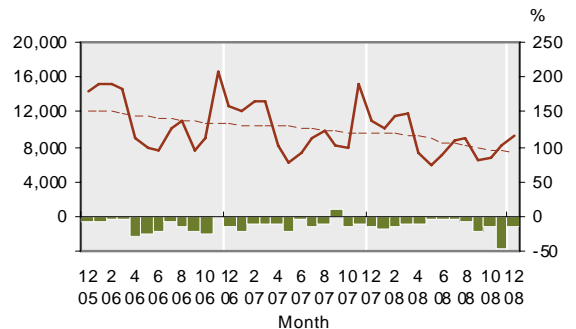
1.4 Visitors from - UK



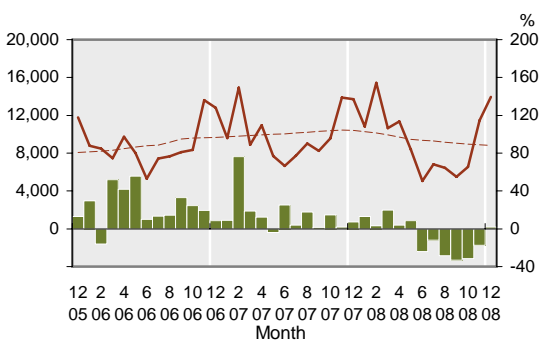
1.5 Visitors from - USA



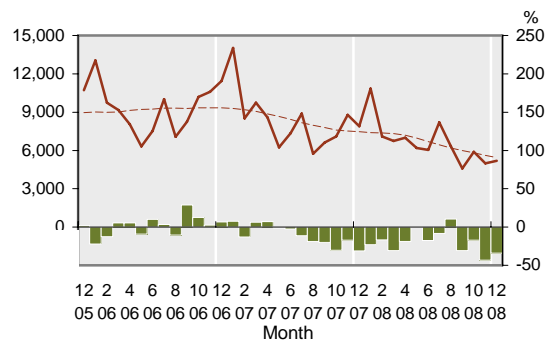
1.6 Visitors from - Japan



1.7 Visitors from - China



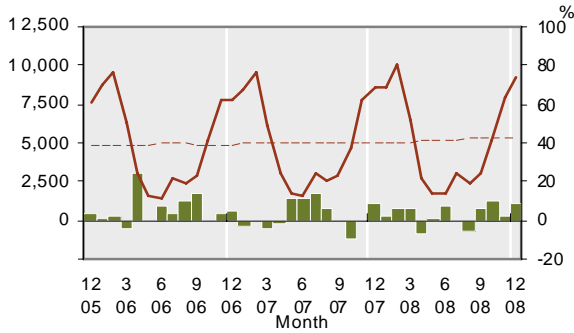
1.8 Visitors from - South Korea



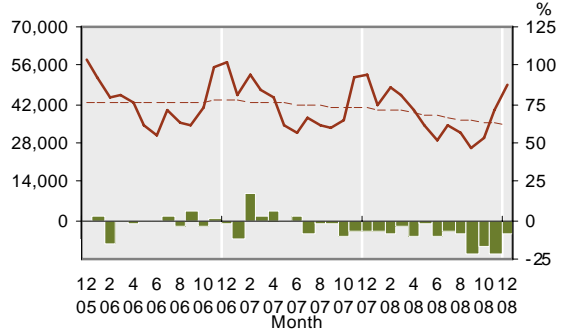
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 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

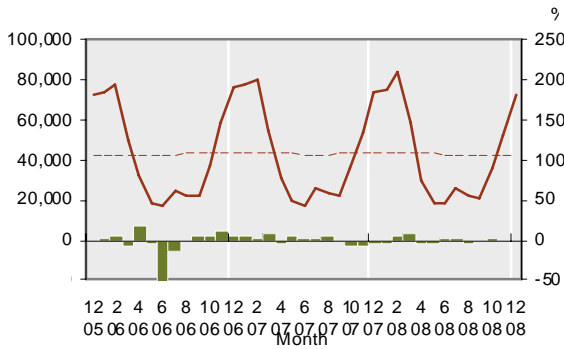
1.9 Visitors from - Germany



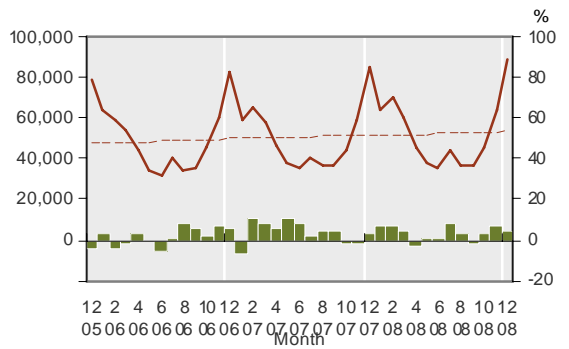
1.10 Visitors from - Asia



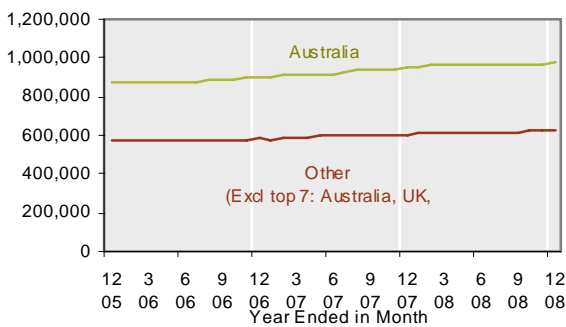
1.11 Visitors from - Europe



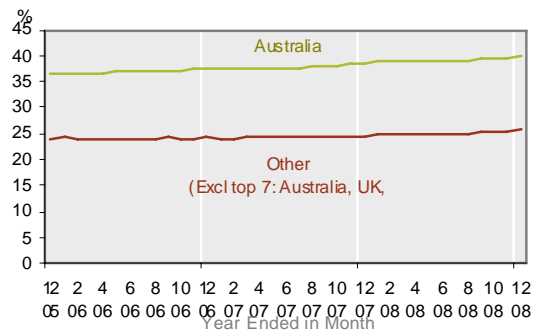
1.12 Visitors from - Other



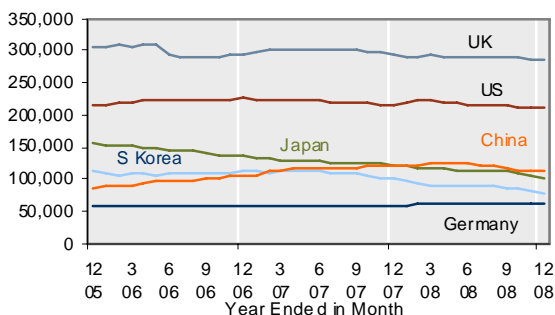
1.13 Visitors by Major Source



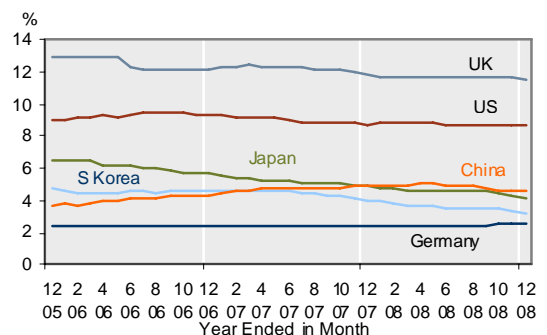
1.14 Share of Total International Visitors (%)



1.15 Visitors by Major Source



1.16 Share of Visitors by Major Source (%)

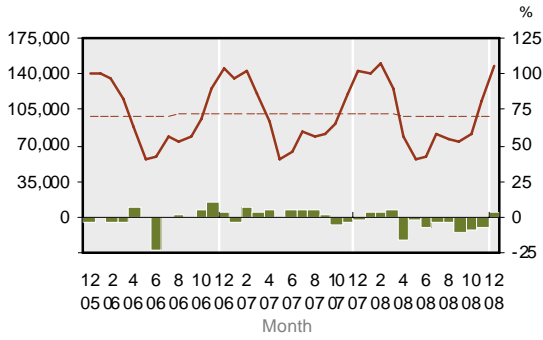


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 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

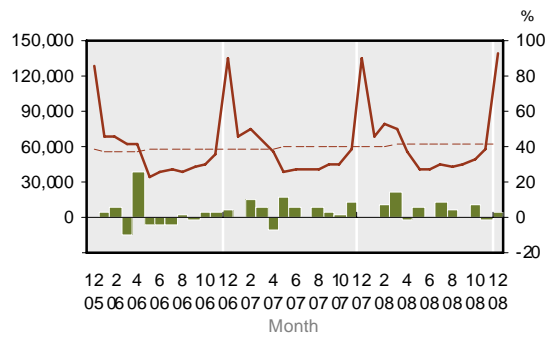
TRENDS AND PATTERNS

Purpose of Visits

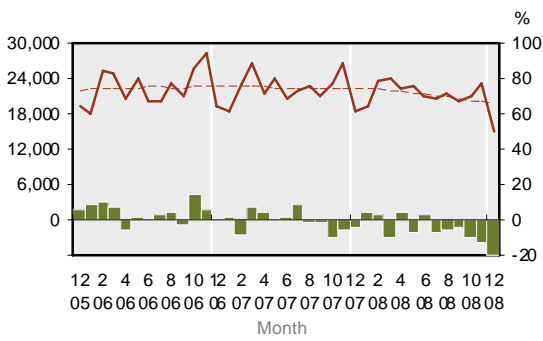
1.17 International Visitors - Holiday



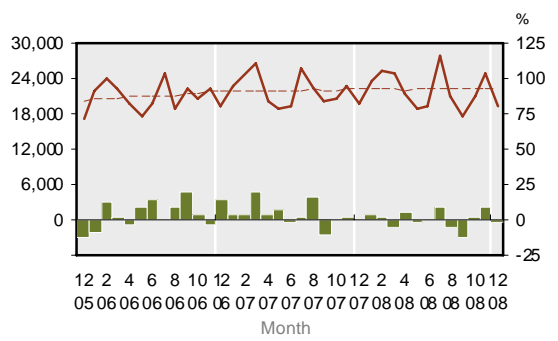
1.18 International Visitors - VFR



1.19 International Visitors - Business



1.20 International Visitors - Other

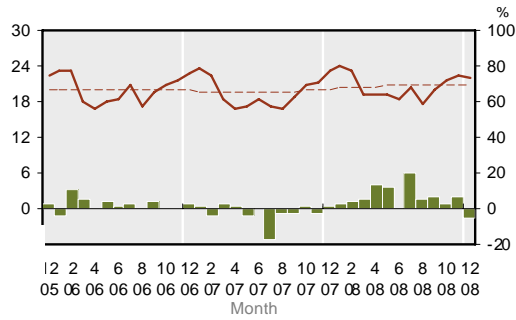


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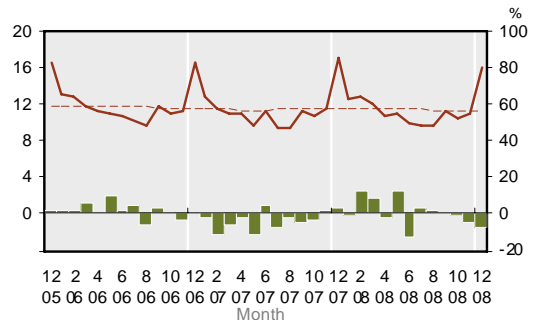
TRENDS AND PATTERNS

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

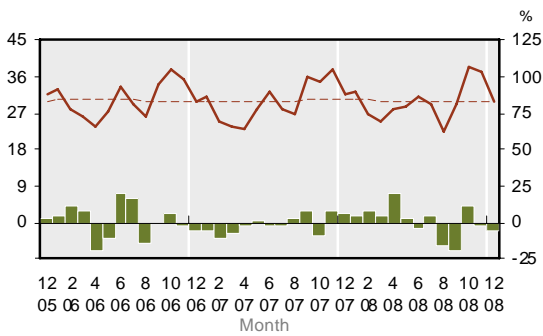
1.21 Average Days of Stay by Visitors



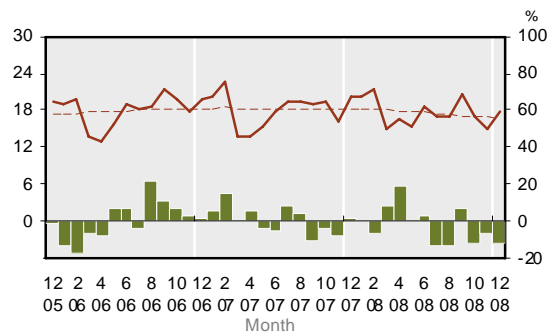
1.22 Average Days Stayed - Australian Visitors



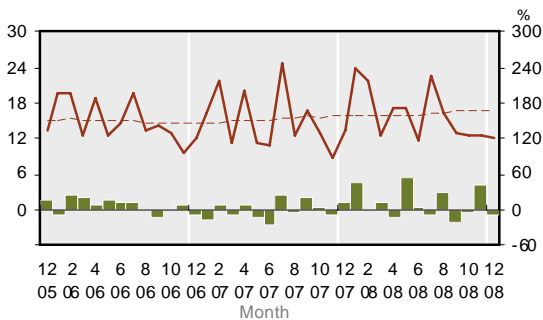
1.23 Average Days Stayed - UK Visitors



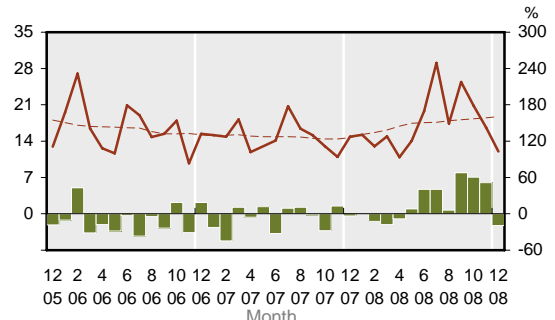
1.24 Average Days Stayed - US Visitors



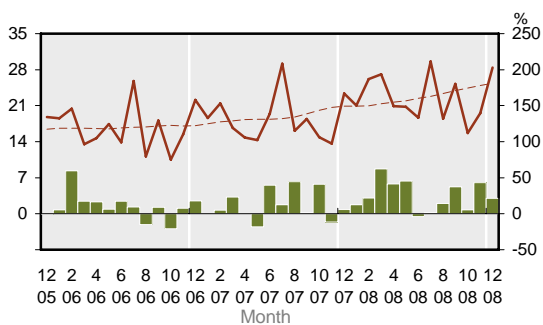
1.25 Average Days Stayed - Japanese Visitors



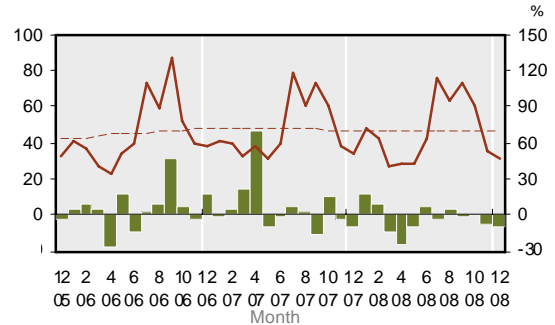
1.26 Average Days Stayed - Chinese Visitors



1.27 Average Days Stayed - S Korea Visitors



1.28 Average Days Stayed - German Visitors



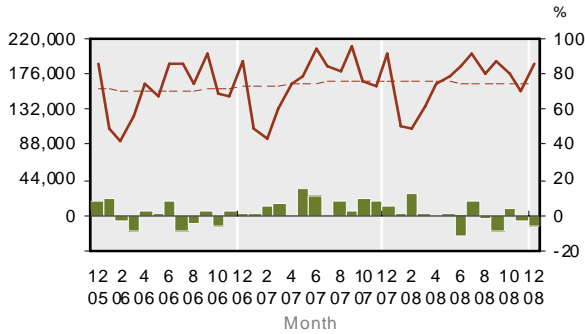
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TRENDS AND PATTERNS

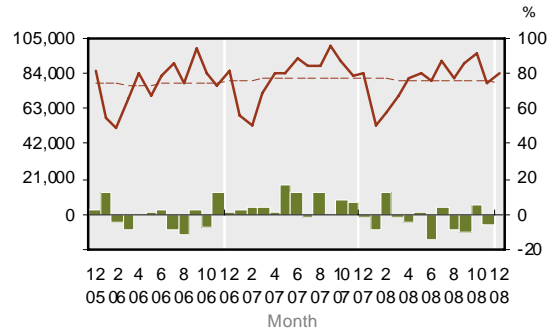
2. Outbound Tourism

Major Destinations

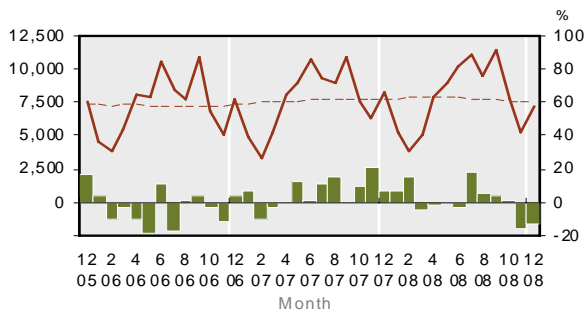
2.1 NZer Trips Abroad



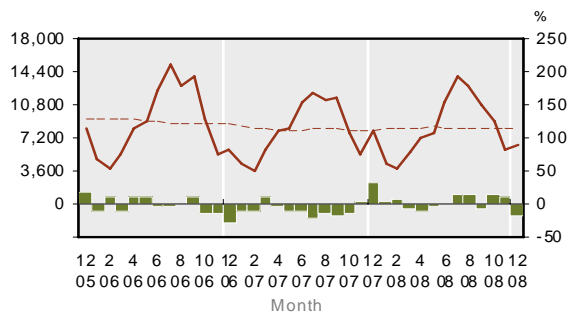
2.2 NZer Trips to - Australia



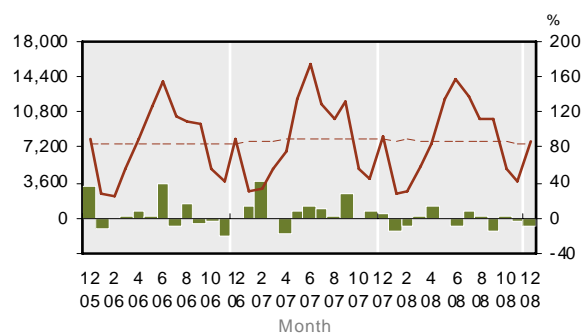
2.3 NZer Trips to - USA



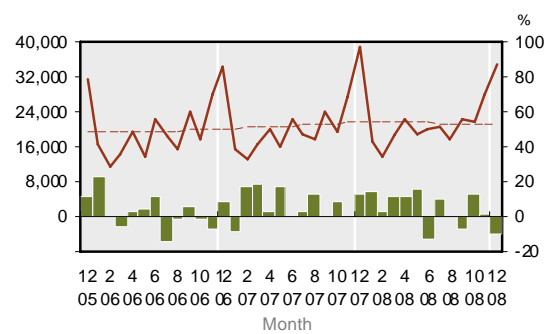
2.4 NZer Trips to - Fiji



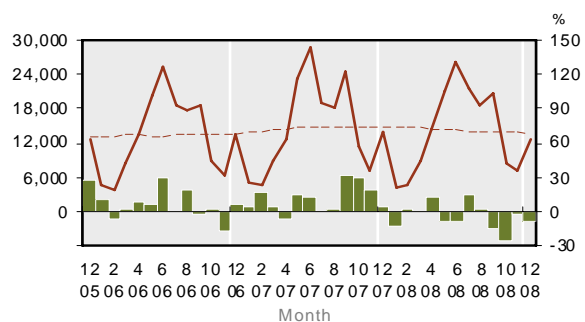
2.5 NZer Trips to - UK



2.6 NZer Trips to - Asia



2.7 NZer Trips to - Europe

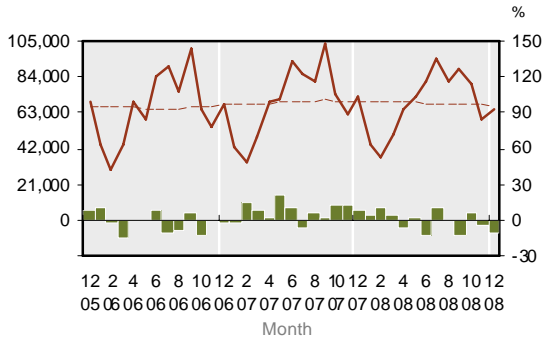


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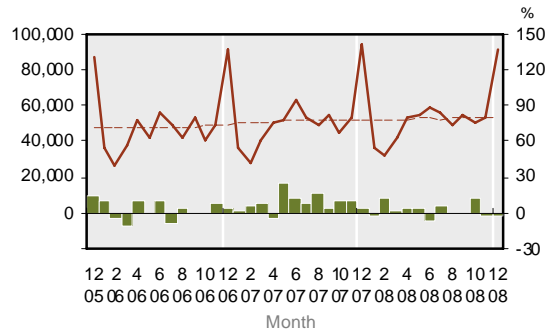
TRENDS AND PATTERNS

Purpose of Trips Abroad

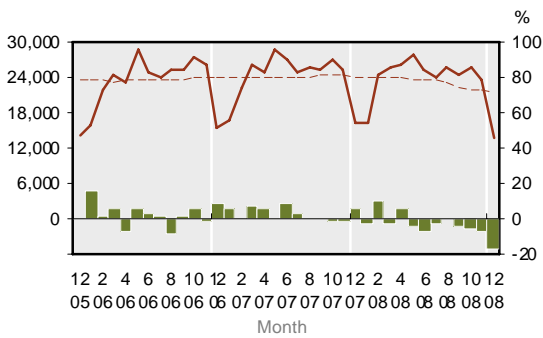
2.8 NZer Trips Abroad - Holiday



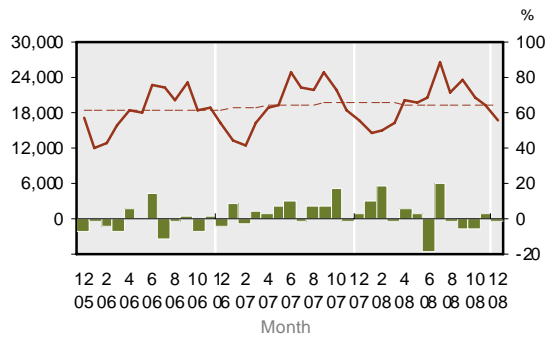
2.9 NZer Trips Abroad - VFR



2.10 NZer Trips Abroad - Business



2.11 NZer Trips Abroad - Other



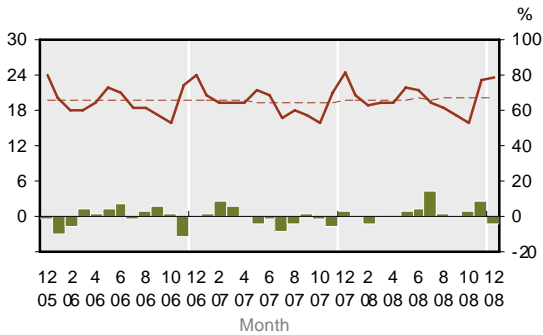
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TRENDS AND PATTERNS

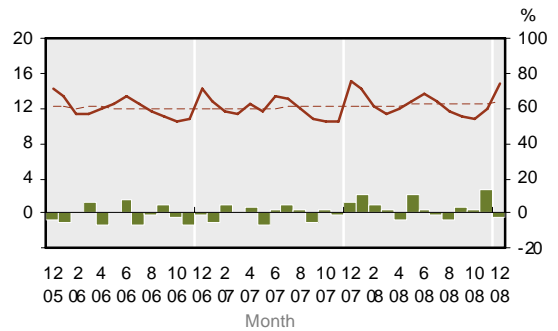
Length of Trips Abroad

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.

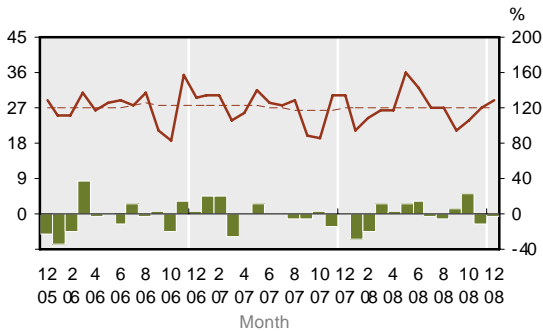
2.12 Average Days Abroad



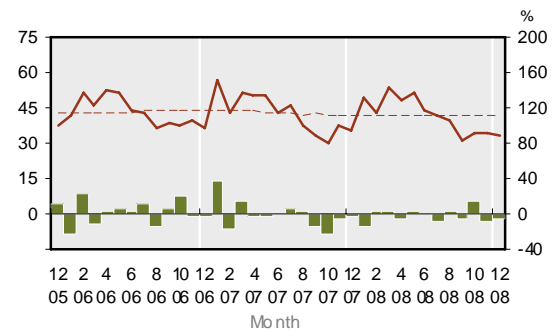
2.13 NZers Average Days Abroad - Australia



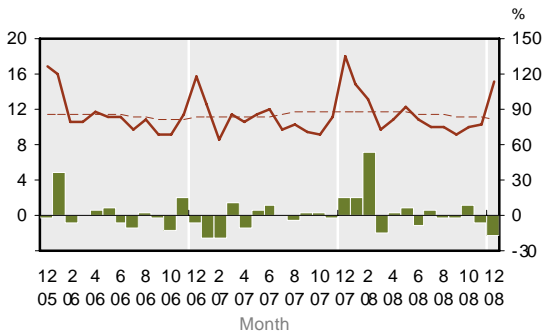
2.14 NZers Average Days Abroad - US



2.15 NZers Average Days Abroad - UK



2.16 NZers Average Days Abroad - Fiji

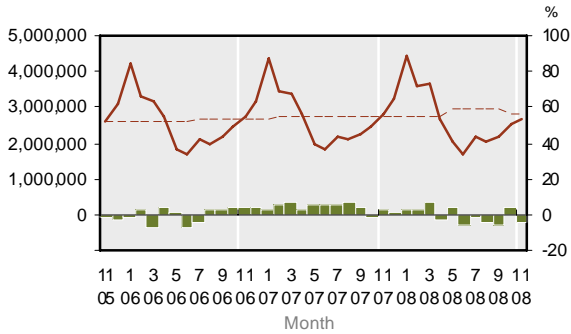


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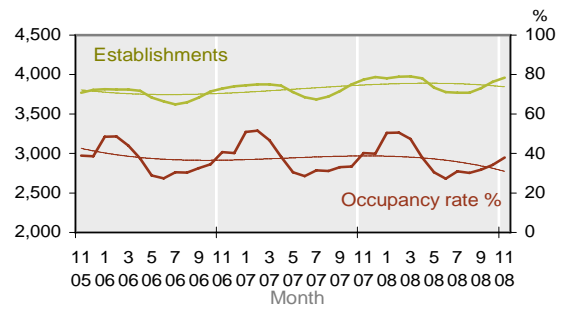
TRENDS AND PATTERNS

3. Commercial Accommodation

3.1 Total Guest Nights

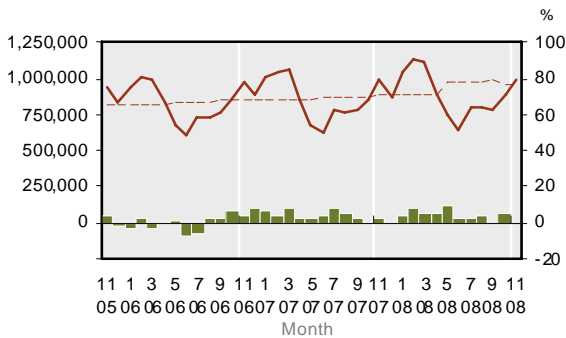


3.2 Total Establishments and Occupancy

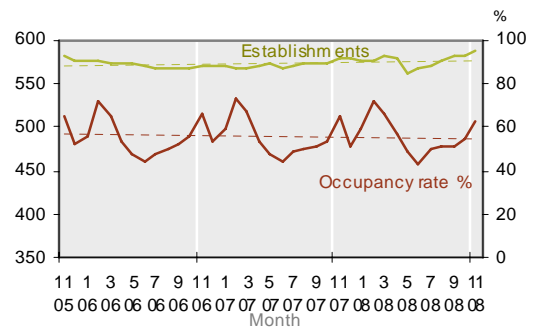


Guest Nights by Accommodation Type

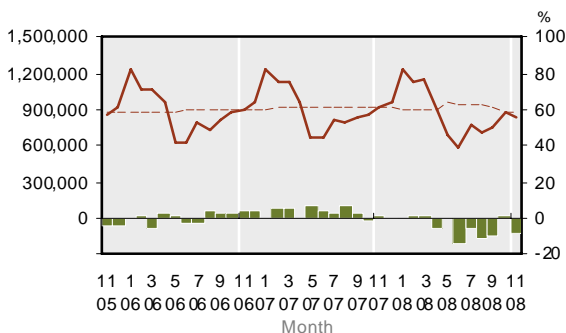
3.3 Hotel Guest Nights



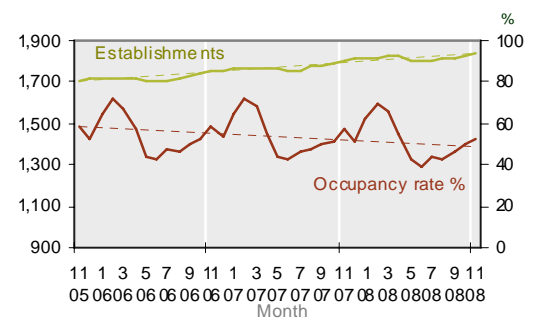
3.4 Hotels and Occupancy



3.5 Motel Guest Nights



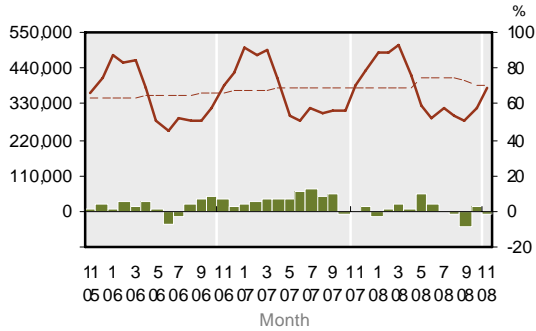
3.6 Motels and Occupancy



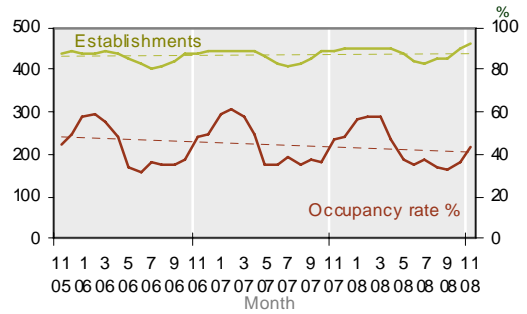
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TRENDS AND PATTERNS

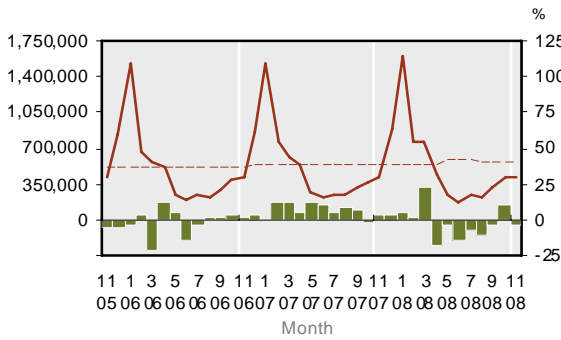
3.7 Backpacker Guest Nights



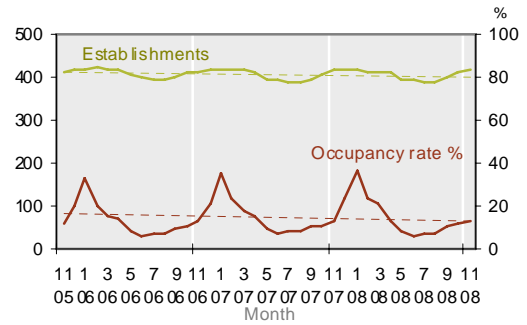
3.8 Backpackers and Occupancy



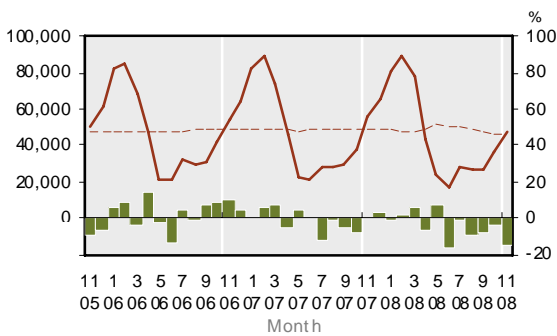
3.9 Caravan/Camping Guest Nights



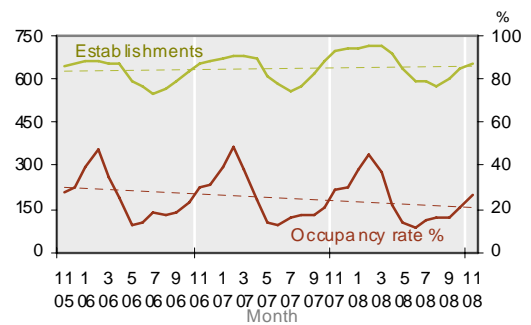
3.10 Caravan/Camping Est. and Occupancy



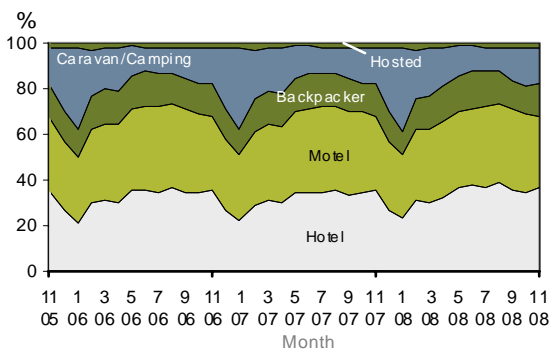
3.11 Hosted Guest Nights



3.12 Hosted and Occupancy



3.13 Share of Guest Nights by Establishment

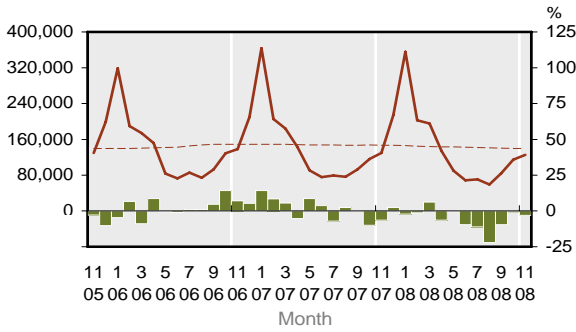


KEY:
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 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

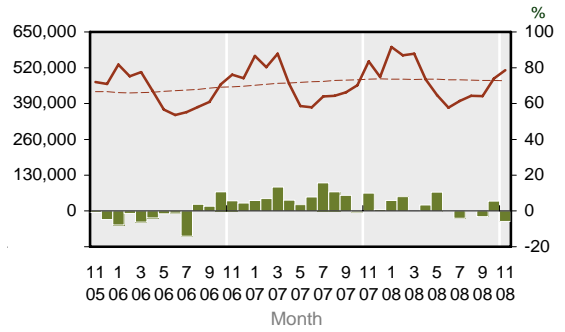
TRENDS AND PATTERNS

Guest Nights by Regional Tourism Organisation and District

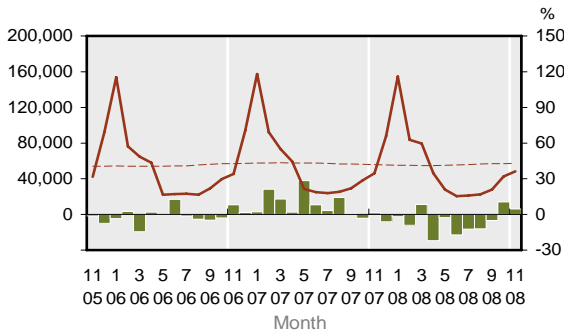
3.14 Northland RTO Guest Nights



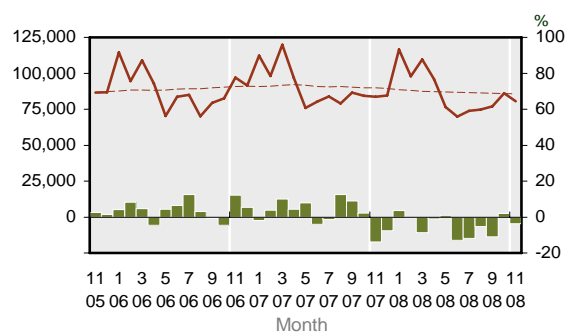
3.15 Auckland RTO Guest Nights



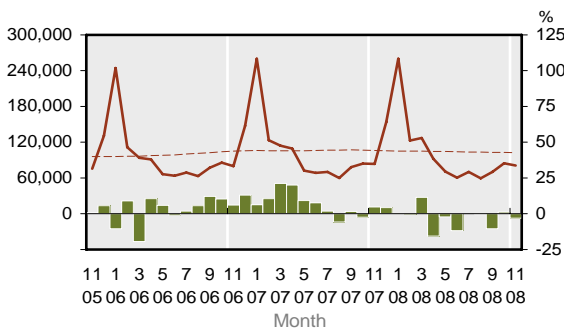
3.16 Coromandel RTO Guest Nights



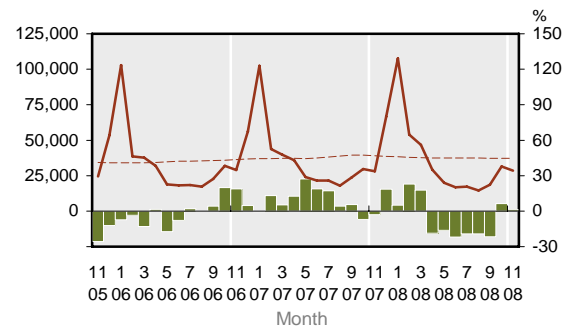
3.17 Waikato RTO Guest Nights



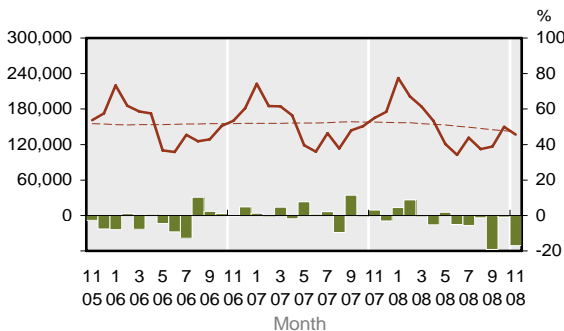
3.18 Bay of Plenty RTO Guest Nights



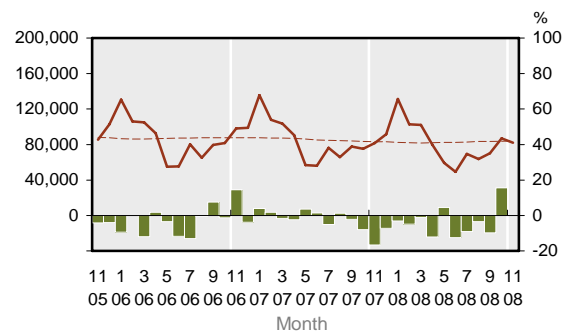
3.19 Eastland RTO Guest Nights



3.20 Rotorua RTO Guest Nights



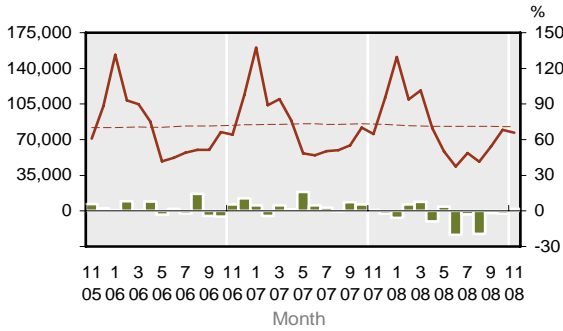
3.21 Lake Taupo RTO Guest Nights



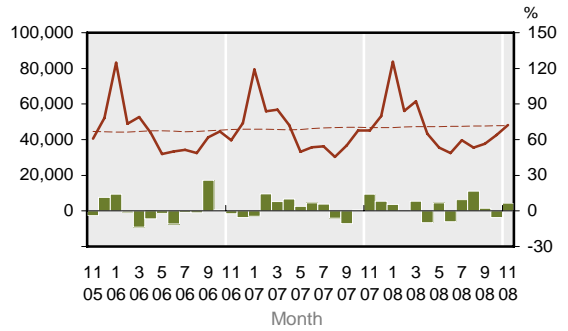
KEY:
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 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

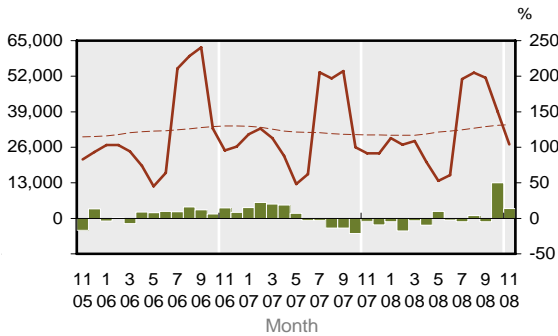
3.22 Hawke's Bay RTO Guest Nights



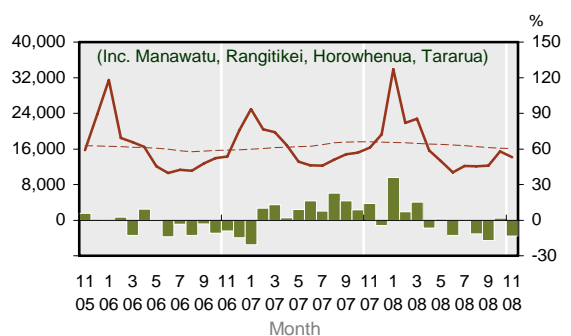
3.23 Taranaki RTO Guest Nights



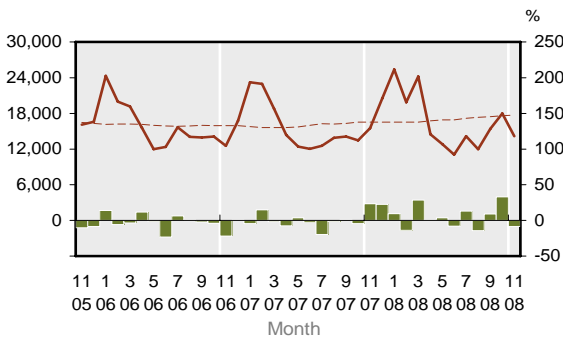
3.24 Ruapehu RTO Guest Nights



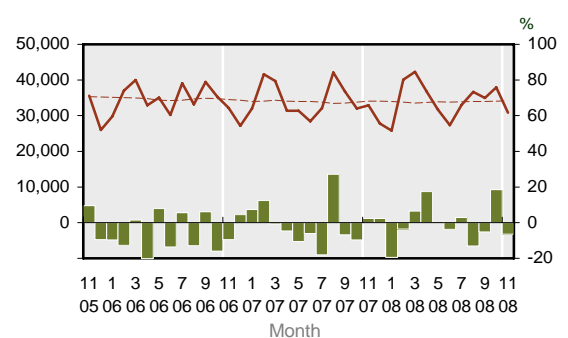
3.25 Combined Manawatu Guest Nights



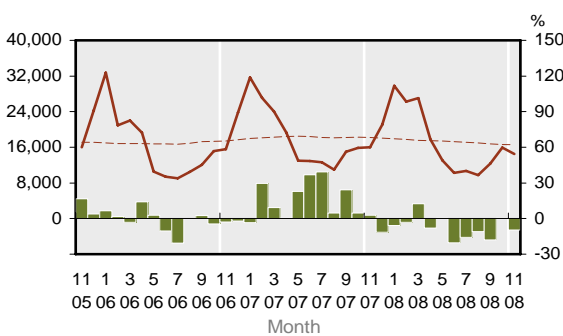
3.26 Wanganui District Guest Nights



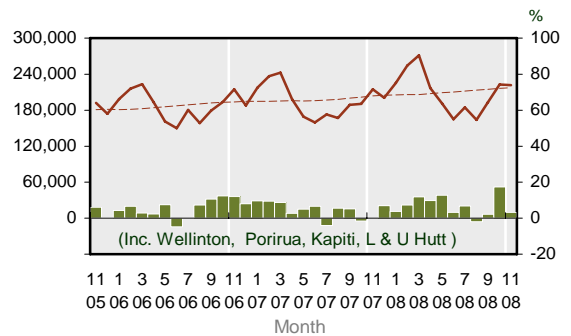
3.27 Palmerston North City Guest Nights



3.28 Wairarapa RTO Guest Nights



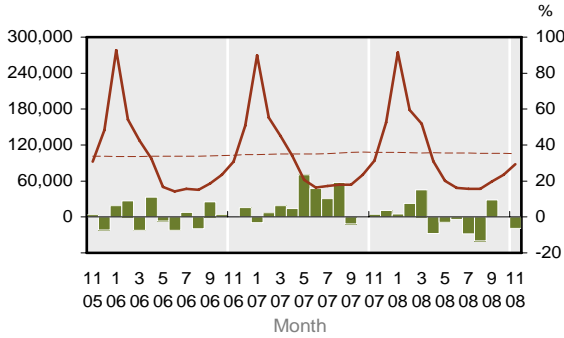
3.29 Wellington Region Guest Nights



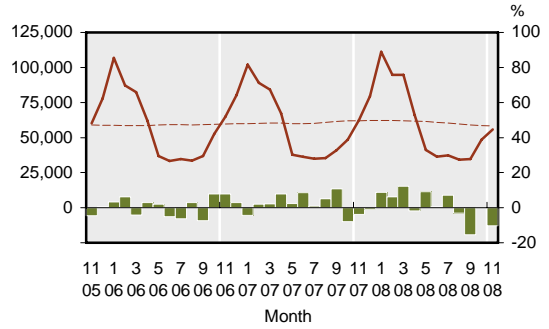
KEY:
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 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

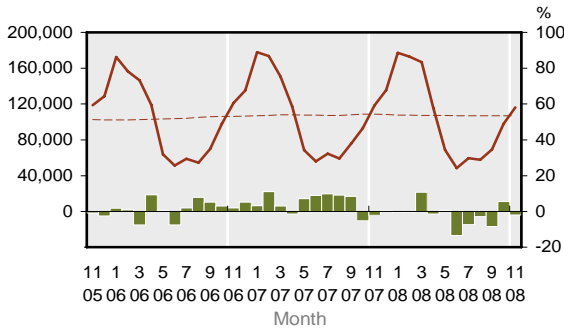
3.30 Nelson RTO Guest Nights



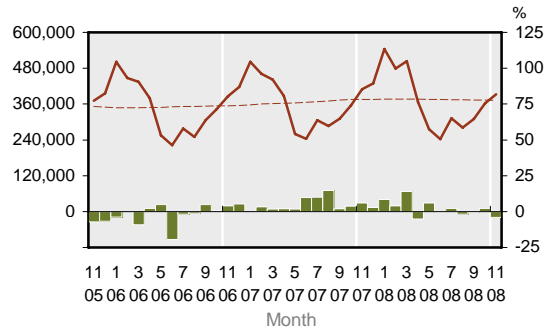
3.31 Marlborough RTO Guest Nights



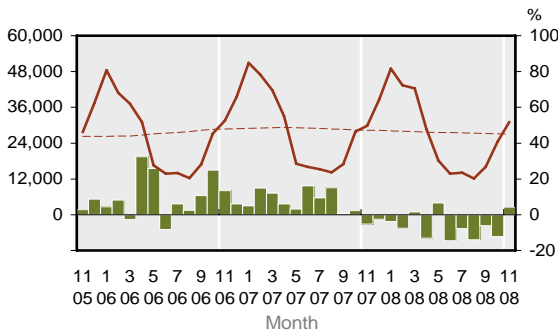
3.32 West Coast RTO Guest Nights



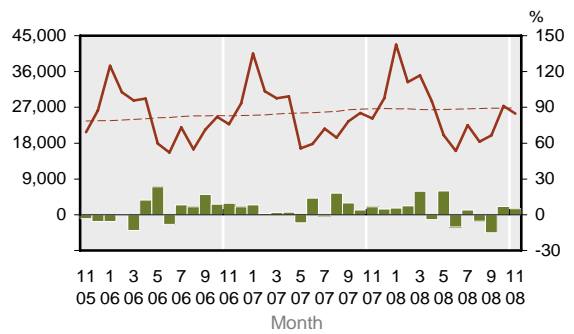
3.33 Canterbury Guest Nights



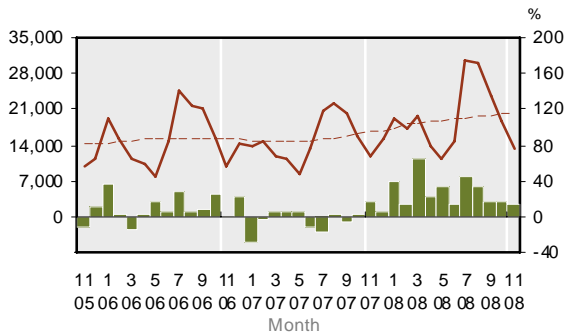
3.34 Kaikoura District Guest Nights



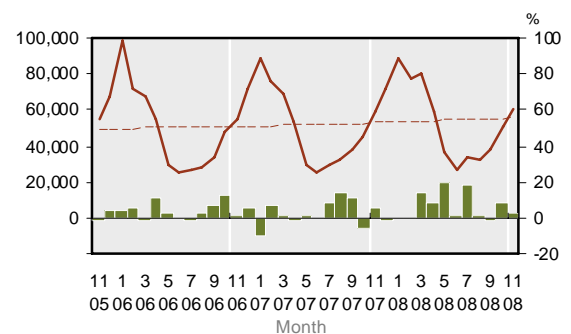
3.35 Hurunui RTO Guest Nights



3.36 Ashburton District Guest Nights



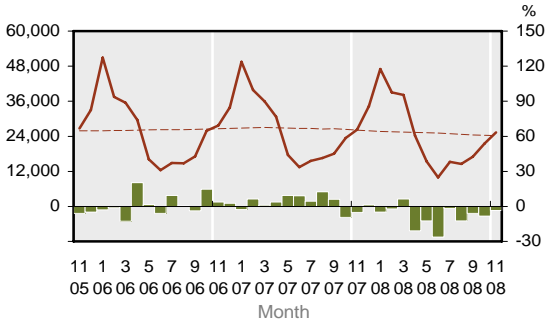
3.37 Mackenzie-Timaru Guest Nights



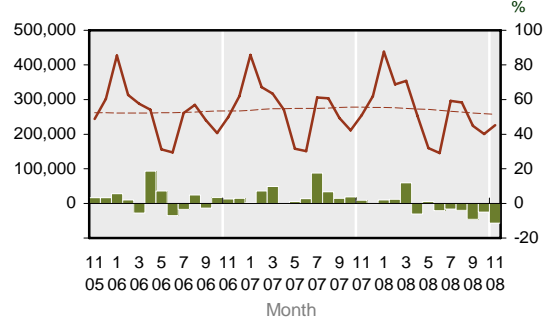
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 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

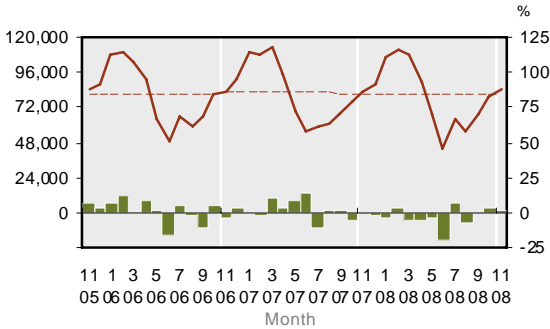
3.38 Waitaki-Waimate Guest Nights



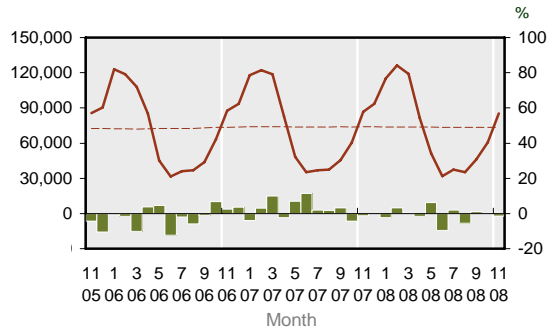
3.39 Queenstown Lakes - Central Otago Guest Nights



3.40 Dunedin - Clutha Guest Nights

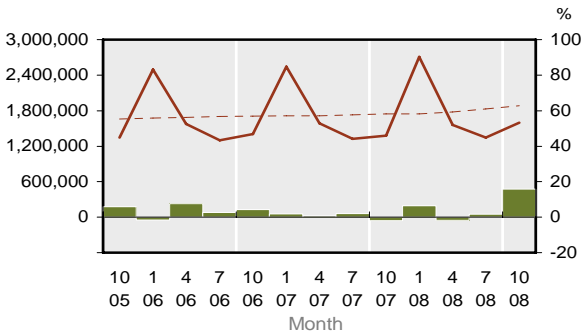


3.41 Southland Region Guest Nights

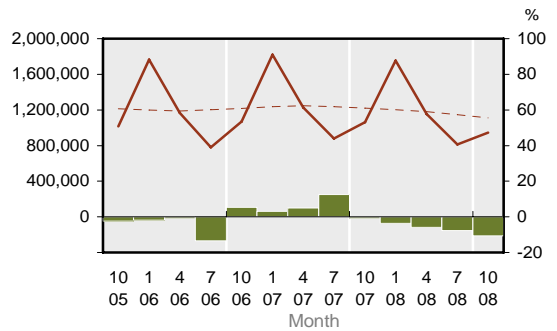


International and Domestic Guest Nights

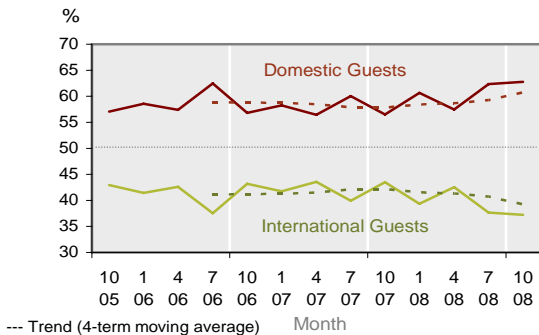
3.42 Domestic Guest Nights



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, 2008-2014 (Summary Document)*
 - *New Zealand Regional Tourism Forecasts, 2007-2013*
(Note: new regional forecasts 2008-2014 will be released later in 2008)

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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Fern – Rebecca Davis, www.moxie.co.nz.