



TOURISM LEADING INDICATORS MONITOR

SERIES 2009/02 **MARCH 2009** NEW ZEALAND

This edition provides new data on:

- Inbound and Outbound Travel Feb 09
- Commercial Accommodation Jan 09
- International Visitor Expenditure YE Dec 08

It provides an update on New Zealand's tourism performance over the summer months and an outlook for the next three months.

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COMMENTARY

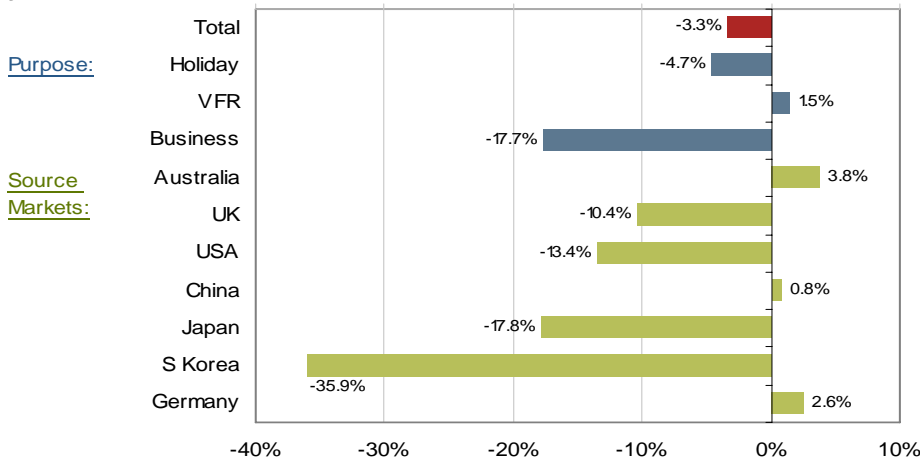
Summer Season Tourism Performance and Comment on Outlook

At the beginning of the summer season, it was clear that the New Zealand tourism industry was facing significant challenges as the global economic situation deteriorated. The view at the time was that the summer season would be slightly down, with less certainty beyond this.

As it has turned out, the main indicators for the summer season show a relatively small decline in demand, with international visitor arrivals down 3.3% for the Dec08-Feb09 quarter, and commercial accommodation nights down 3.2% for the months of Dec08-Jan09.

However, there has been considerable variation across the sector as seen in Figure 1 below. Australia was positive, as was Visiting Friends and Family travel. Otherwise, most indicators are negative, with some sharply down, such as the Asian markets and business travel. The important UK and US markets were down by over 10% for the Dec08-Feb09 quarter.

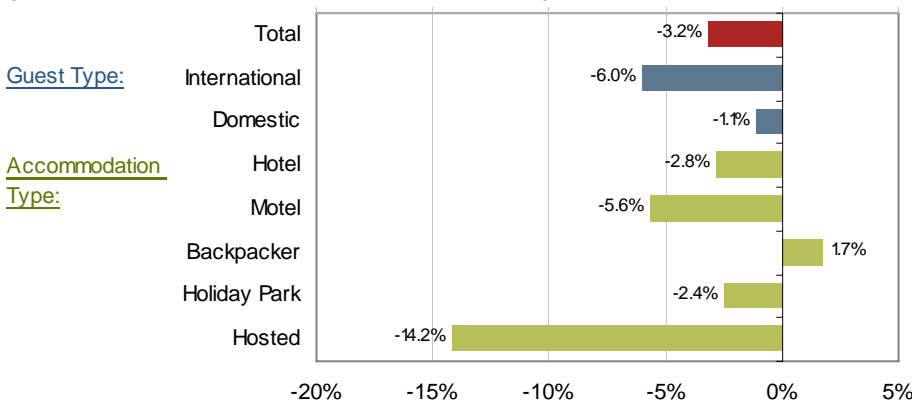
Figure 1: International Visitor Arrivals - Growth rates for Dec08-Feb09



Visitors from Australia, Germany and China recorded increases, while UK, US, Japan and South Korea recorded large decreases.

The differential performance of international markets is mirrored in the commercial accommodation sector for the months of Dec08 and Jan09 (February 2009 data is not yet available). This highlights that international nights were down significantly (-6.0%), with domestic nights less so (-1.1%). Motels and Hosted/B&B guest nights were down more than hotels and holiday parks, while backpackers recorded a small increase.

Figure 3: Commercial Accommodation Guest Nights – Growth rates for Dec08-Jan09



Greater loss of international guests than domestic guests.

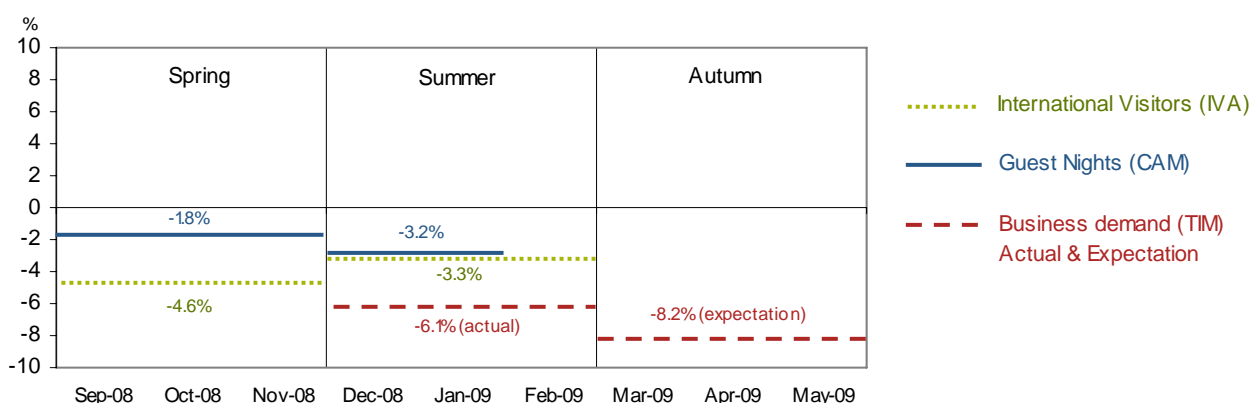
These statistics are national measures and do not necessarily reflect more specific effects on operators in the tourism industry, whether by type or location of business. For instance, at present operators providing services to Asian markets are being much more affected than those servicing domestic or Australian travellers.

COMMENTARY

In order to get a better sense of the sentiment of the tourism industry a new survey, the Tourism Industry Monitor (TIM), has been established to provide a monthly measure of the recent performance and outlook of the respondent firms. Overall demand was assessed as being down by 6.1% over the past quarter, with larger firms more affected than smaller ones.

Figure 4 below compares the TIM results with that of actual international visitor arrivals and commercial guest nights for the summer quarter. This shows that the TIM respondents have been more affected than other data would indicate. The TIM also asks respondents for their demand outlook, and they indicated that over the next quarter demand is expected to decline by 8.2%, a worsening of the current level.

Figure 3: Tourism Sector Performance and Expectation, % change from previous year



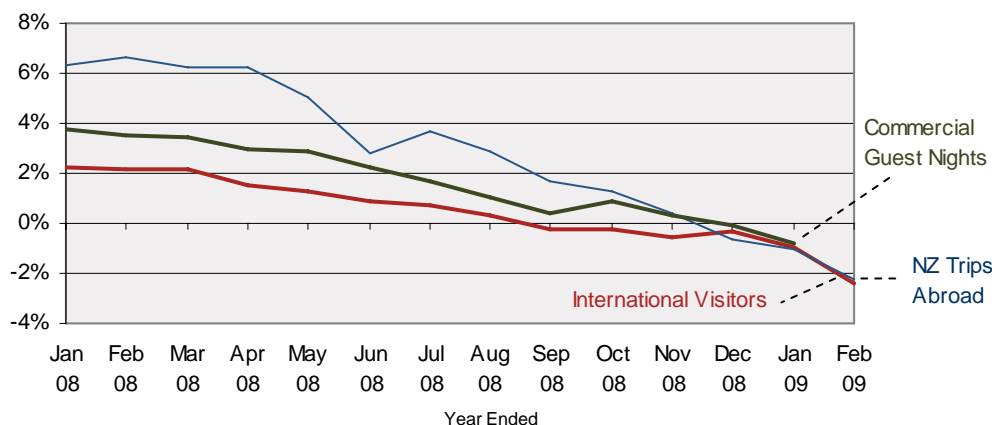
(TIM: Tourism Industry Monitor, a monthly survey of 1,000 tourism firms about performance over the last 3 months and expectation for next 3 months. For further details see www.tourismresearch.govt.nz/TIM)

The weakening expectations of tourism sector demand as expressed in the TIM for the next quarter is consistent with the wider economic context. It also matches the year-ended trend lines for the key sector indicators (refer Figure 4 below).

Consideration of the current data needs some explanation. Firstly, sector performance for the early part of 2008 was quite strong, so the current point of comparison is against record highs last year. Secondly, February 2008 was a leap year so this year's monthly fall of arrivals of 8.5% is adjusted to being a 5% decline based on the normal 28 days in February. Thirdly, March data will be affected by Easter moving into April this year. This will result in a significant fall before any real declines are felt, although April will be correspondingly stronger.

This is a challenging time for tourism, but against many tests, the level of activity in the sector is holding up better than might be expected given the international context, and this provides a degree of comfort around the depth and duration of the current downturn.

Figure 4: Rolling Annual Growth Rates: Inbound & Outbound Travel, and Guest Nights



1. INBOUND TOURISM

International Visitor Arrivals, February 2009 - In the month of February 2009 there were 257,000 international visitor arrivals, down by 8.5% (24,000) compared to February 2008. This is partly due to the extra day in February 2008, a leap year. Compared with 1-28 February 2008, visitors in February 2009 were down 5% (14,300).

Markets – Visitors from Australia (up 2,200 or 2.5%) recorded the largest increase in February 2009. This was followed by Fiji (up 600 or 39.4%), French Polynesia (up 370 or 28.6%), Thailand (up 230 or 22.2%), and Samoa (up 200 or 12.5%).

In contrast, there were fewer visitors from the United Kingdom (down 7,500 or 15.1%), United States (down 5,600 or 17.9%), China (down 3,400 or 21.8%), South Korea (down 2,000 or 28.6%), Hong Kong (down 1,700 or 52.5%), Japan (down 1,700 or 14.3%), Canada (down 1,600 or 17.5%), Taiwan (down 1,100 or 46.0%) and Germany (down 600 or 5.7%).

Purpose - There were fewer visitors on holiday (down 18,300 or 12.2%), visiting friends and relatives (down 2,300 or 2.8%) and on business (down 2,700 or 11.4%) in February 2009 compared to February 2008.

Duration – In February 2009, the average length of stay of visitors was 22.7 days, 0.5 day shorter than in February 2008. The total number of visitor days decreased by 9.1% (590,300) to 5.91 million.

Flights – There were 2,244 flight-arrivals in February 2009, 49 flights or 2.1% less than in February 2008.

Annual Arrivals – For the year ended February 2009, there were 2.425 million international visitor arrivals, down by 60,300 or 2.4% on the previous year.

Total visitor days were down by 9.1% to 50.46 million, with the average length of stay up 0.5 day to 20.9 days.

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

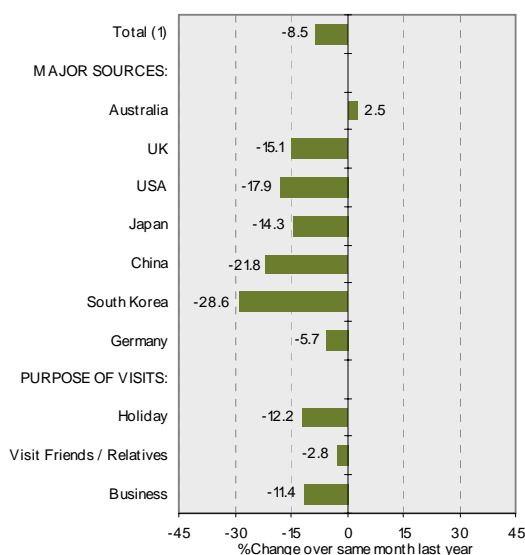
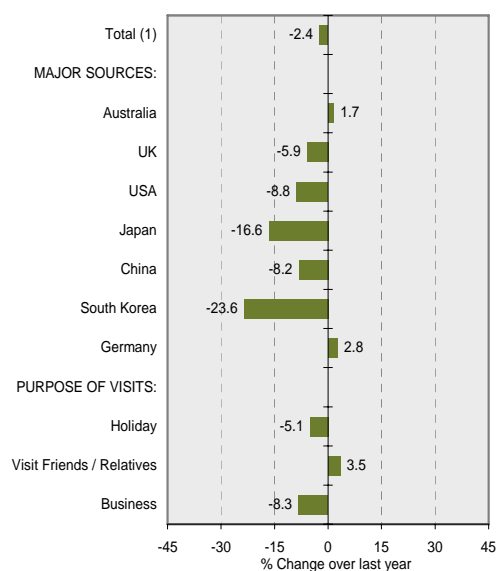


Figure 1b **Growth Rate of International Visitor Arrivals (Year Ended February 2009)**



1. INBOUND TOURISM

Table 1a International Visitor Arrivals (Month)

FEBRUARY MONTH	International Visitor Arrivals			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
Total (1)	267,569	280,513	256,559	4.8	-8.5
MAJOR SOURCES:					
Australia	77,993	85,376	87,538	9.5	2.5
UK	49,105	50,025	42,481	1.9	-15.1
USA	29,210	31,142	25,553	6.6	-17.9
Japan	13,340	11,546	9,890	-13.4	-14.3
China	14,927	15,433	12,075	3.4	-21.8
South Korea	8,510	7,084	5,060	-16.8	-28.6
Germany	9,545	10,120	9,545	6.0	-5.7
PURPOSE OF VISITS:					
Holiday	143,405	149,799	131,537	4.5	-12.2
Visit Friends / Relatives	74,658	80,086	77,832	7.3	-2.8
Business	23,069	23,690	20,999	2.7	-11.4
INTERNATIONAL ARRIVAL FLIGHTS:					
Passenger Flights	2,180	2,293	2,244	5.2	-2.1

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

Table 1b International Visitor Arrivals (Year)

YEAR ENDED FEBRUARY	International Visitor Arrivals			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
Total (1)	2,432,893	2,485,391	2,425,064	2.2	-2.4
MAJOR SOURCES:					
Australia	907,071	963,794	980,165	6.3	1.7
UK	300,029	290,367	273,120	-3.2	-5.9
USA	224,087	221,319	201,753	-1.2	-8.8
Japan	131,731	117,743	98,237	-10.6	-16.6
China	112,961	122,551	112,475	8.5	-8.2
South Korea	111,101	94,845	72,491	-14.6	-23.6
Germany	59,066	60,553	62,240	2.5	2.8
PURPOSE OF VISITS:					
Holiday	1,200,577	1,221,760	1,159,534	1.8	-5.1
Visit Friends / Relatives	697,050	718,616	743,424	3.1	3.5
Business	268,374	269,437	247,040	0.4	-8.3
INTERNATIONAL ARRIVAL FLIGHTS:					
Passenger Flights	28,568	27,903	28,870	-2.3	3.5

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

2. OUTBOUND TOURISM

Departures, February 2009 - In the month of February 2009, New Zealand residents undertook 96,700 short-term overseas trips, down by 11,200 or 10.4% compared to February 2008. This is partly due to the extra day in February 2008, a leap year. Compared to 1-28 February 2008 there were 7% (6,900) fewer trips than in February 2009.

Destinations - There were more trips to the United States (up 540 or 13.8%), followed by Samoa (up 510 or 33.3%), Malaysia (up 460 or 81.0%), Japan (up 110 or 13.3%) and Tonga (110 or 14.8%).

In contrast, there were fewer trips to Australia (down 5,940 or 9.9%), Fiji (down 1,190 or 30.8%), China (down 810 or 27.5%), The United Kingdom (down 700 or 25.0%), New Caledonia (down

650 or 85.7%), Singapore (down 380 or 36.8), South Korea (down 320 or 37.5%), France (down 320 or 63.2%), Taiwan (down 300 or 39.3%) and the Philippines (down 270 or 45.5%).

Purpose – There were more New Zealanders visiting friends and relatives (up 1,200 or 3.9%) in February 2009 compared to February 2008, while there were fewer New Zealanders on holiday (down 5,900 or 16.0%) and on business (down 4,200 or 17.1%).

Duration - The average length of trips in February 2009 was 19.2 days, 0.4 day longer than in February 2008.

Annual Departures – There were 1.950 million trips undertaken during the year ended February 2009, down by 44,100 or 2.2% on the previous year.

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

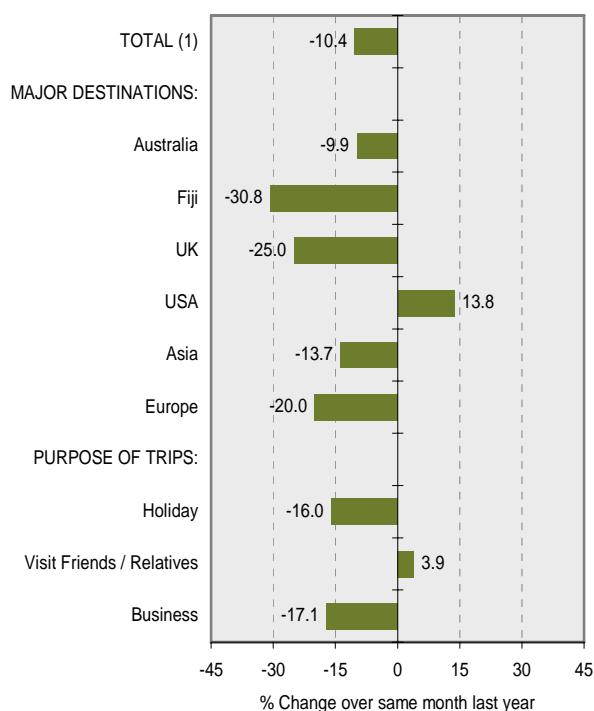
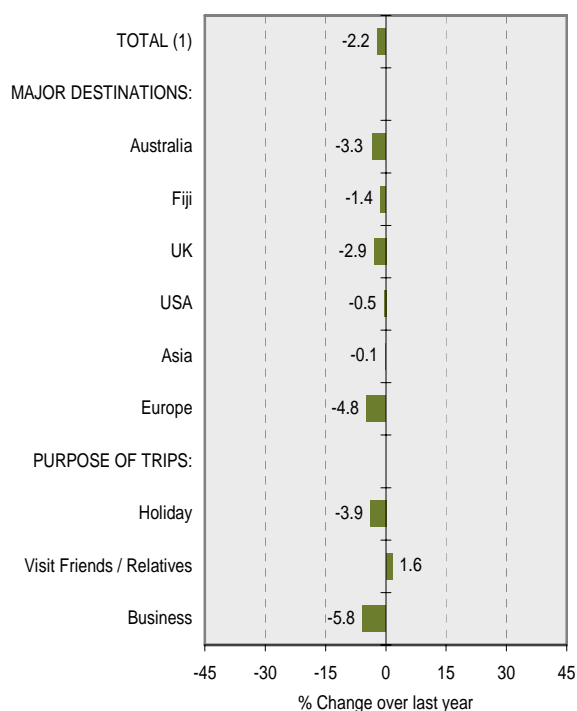


Figure 2b **Growth Rate of Trips Abroad by NZ Residents (Year Ended February 2009)**



2. OUTBOUND TOURISM

Table 2a Trips Abroad by NZ Residents (Month)

FEBRUARY MONTH	Trips Abroad by NZ Residents			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
TOTAL (1)	96,331	107,861	96,678	12.0	-10.4
MAJOR DESTINATIONS:					
Australia	53,568	60,237	54,297	12.4	-9.9
Fiji	3,618	3,861	2,673	6.7	-30.8
UK	3,051	2,808	2,106	-8.0	-25.0
USA	3,402	3,915	4,455	15.1	13.8
Asia	13,473	13,959	12,042	3.6	-13.7
Europe	4,617	4,725	3,780	2.3	-20.0
PURPOSE OF TRIPS:					
Holiday	33,480	36,963	31,050	10.4	-16.0
Visit Friends / Relatives	27,972	31,590	32,832	12.9	3.9
Business	22,086	24,273	20,115	9.9	-17.1

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

Table 2b Trips Abroad by NZ Residents (Year)

YEAR ENDED FEBRUARY	Trips Abroad by NZ Residents			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
TOTAL (1)	1,870,405	1,993,910	1,949,832	6.6	-2.2
MAJOR DESTINATIONS:					
Australia	932,903	979,429	946,934	5.0	-3.3
Fiji	105,382	97,780	96,455	-7.2	-1.4
UK	90,579	95,291	92,490	5.2	-2.9
USA	86,950	93,215	92,709	7.2	-0.5
Asia	235,945	252,653	252,341	7.1	-0.1
Europe	160,642	176,577	168,029	9.9	-4.8
PURPOSE OF TRIPS:					
Holiday	786,744	842,293	809,316	7.1	-3.9
Visit Friends / Relatives	578,286	623,980	634,256	7.9	1.6
Business	283,281	290,913	274,132	2.7	-5.8

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

3. COMMERCIAL ACCOMMODATION

Guest Nights, January 2009 - In the month of January 2009, a total of 4,307,235 guest nights were spent in commercial accommodation, a decrease of 153,400 nights (or 3.4%) from January 2008.

Both the North Island (down 107,000 or 4.2%) and South Island (down 46,400 or 2.4%) recorded a decrease in guest nights in January 2009.

International and Domestic - In January 2009, guest nights comprised 62.1% domestic guests (2.67 million) and 37.9% international guests (1.63 million). Domestic guest nights decreased by 1.2% (32,700) while international guest nights decreased by 6.9% (120,700).

Accommodation Types – Most accommodation types recorded a decrease in guest nights in January 2009. Backpackers recorded the only increase, up 18,700 or 3.8%.

Motels recorded the largest decrease (down 62,600 or 5.0%), followed by hotels (down 53,300 or 5.1%), caravan parks/camp grounds (down 46,800 or 2.9%) and hosted accommodation (down 9,400 or 11.6%).

Occupancy - The overall occupancy rate of accommodation establishments in January 2009 was 48.0%, down 2.5 percentage points compared to 50.5% in January 2008.

Motels recorded the largest decrease in occupancy (57.9%, down 4.7 points), followed by hotels (54.5%, down 4.6 points), hosted accommodation (35.8%, down 2.1 points), backpackers (54.7%, down 1.8 points) and caravan parks/camp grounds (35.9%, down 0.8 point).

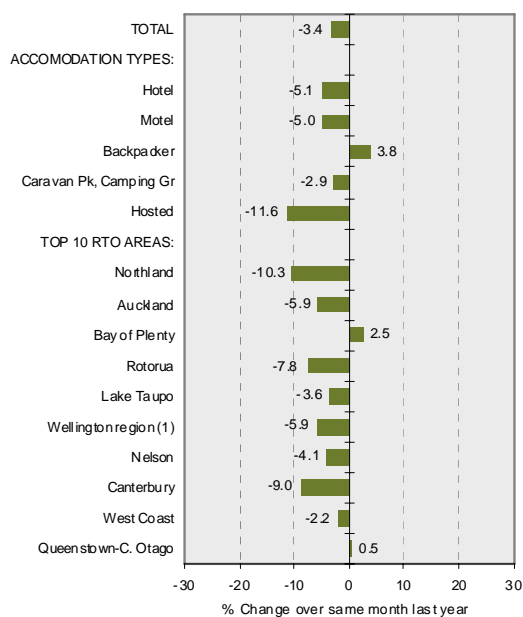
RTOs - In January 2009, most RTOs recorded a decrease in guest nights from January 2008.

Mackenzie/Timaru recorded the largest increase (up 12,300 or 13.8%), followed by Bay of Plenty (up 6,600 or 2.5%), Taranaki (up 5,500 or 6.5%), Waitaki (up 4,200 or 9.0%) and Southland (up 2,800 or 2.4%).

Canterbury recorded the largest decrease (down 48,900 or 9.0%), followed by Northland (down 36,700 or 10.3%), Auckland (down 34,900 or 5.9%), Rotorua (down 18,200 or 7.8%), Wellington (down 13,400 or 5.9%), Nelson (down 11,100 or 4.1%) and Eastland (down 8,000 or 7.4%).

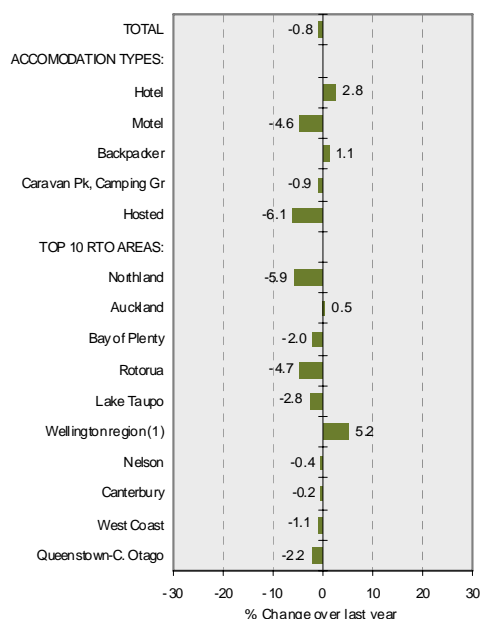
Annual - For the year ended January 2009, there was a total demand of 32.75 million guest nights, down by 265,000 or 0.8% on the previous year.

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



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

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



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

3. COMMERCIAL ACCOMMODATION

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

JANUARY MONTH	Guest Nights			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
TOTAL	4,363,887	4,460,593	4,307,235	2.2	-3.4
ACCOMODATION TYPES:					
Hotel	1,002,227	1,041,825	988,504	4.0	-5.1
Motel	1,241,624	1,241,139	1,178,588	0.0	-5.0
Backpacker	504,088	489,459	508,179	-2.9	3.8
Caravan Pk, Camping Gr	1,534,282	1,607,178	1,560,342	4.8	-2.9
Hosted	81,667	80,992	71,621	-0.8	-11.6
TOP 10 TO AREAS:					
Northland	363,742	355,486	318,742	-2.3	-10.3
Auckland	563,060	595,846	560,987	5.8	-5.9
Bay of Plenty	259,680	259,994	266,569	0.1	2.5
Rotorua	222,786	232,658	214,506	4.4	-7.8
Lake Taupo	135,633	131,398	126,644	-3.1	-3.6
Wellington region (1)	217,679	225,774	212,377	3.7	-5.9
Nelson	269,739	274,396	263,248	1.7	-4.1
Canterbury	501,409	544,067	495,183	8.5	-9.0
West Coast	178,031	177,103	173,279	-0.5	-2.2
Queenstown-C. Otago	428,936	437,371	439,409	2.0	0.5

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

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

YEAR ENDED JANUARY	Guest Nights			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
TOTAL	31,806,192	33,011,100	32,745,852	3.8	-0.8
ACCOMODATION TYPES:					
Hotel	10,040,537	10,357,260	10,647,141	3.2	2.8
Motel	10,720,031	11,016,951	10,506,517	2.8	-4.6
Backpacker	4,314,770	4,521,707	4,572,224	4.8	1.1
Caravan Pk, Camping Gr	6,153,871	6,537,677	6,477,509	6.2	-0.9
Hosted	576,984	577,506	542,461	0.1	-6.1
TOP 10 TO AREAS:					
Northland	1,764,370	1,762,762	1,659,240	-0.1	-5.9
Auckland	5,278,593	5,659,820	5,689,467	7.2	0.5
Bay of Plenty	1,208,692	1,276,560	1,250,519	5.6	-2.0
Rotorua	1,858,491	1,886,130	1,797,877	1.5	-4.7
Lake Taupo	1,053,085	1,014,549	985,955	-3.7	-2.8
Wellington region (1)	2,275,474	2,366,825	2,490,912	4.0	5.2
Nelson	1,213,827	1,271,521	1,266,176	4.8	-0.4
Canterbury	4,217,880	4,435,281	4,425,387	5.2	-0.2
West Coast	1,251,696	1,289,004	1,275,398	3.0	-1.1
Queenstown-C. Otago	3,152,845	3,301,293	3,227,031	4.7	-2.2

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

4. INTERNATIONAL VISITOR EXPENDITURE

Expenditure, Year ended December 2008 - International visitors spent a total of \$5,946.9 million in New Zealand for the year ended December 2008 (excluding international airfares). This is a decrease of 3.2% (\$200m) on the previous year.

Markets – The Canadian market recorded the largest increase, up by \$25 million or 21.0%, followed by Singapore (up \$4m or 5.8%), and Japan (up \$0.3m or 0.1%).

In contrast, the expenditure by the United Kingdom (down \$67m or 6.8%), South Korea (down \$57m or 22.3%), the United States (down \$50m or 7.5%), Taiwan (down \$25m or 34.1%) and Australia (down \$19m or 1.2%) markets were lower than the previous December year.

Average Spend - The average spend per visitor was \$2,682 down 2.1% on the previous year.

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

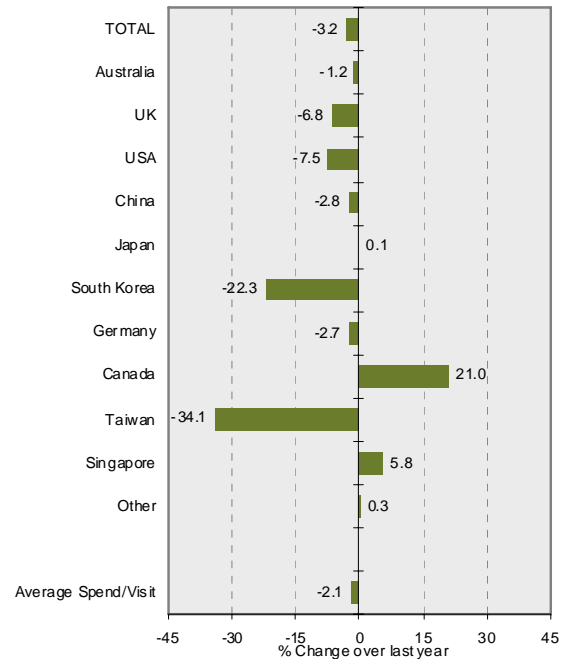


Table 4 International Visitor Expenditure (Year)

YEAR ENDED DECEMBER	NZ\$million ⁽¹⁾			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TOTAL	5,911	6,147	5,947	4.0	-3.2
Australia	1,434	1,610	1,591	12.3	-1.2
UK	906	979	912	8.0	-6.8
USA	655	667	617	1.8	-7.5
China	264	273	265	3.1	-2.8
Japan	412	419	419	1.7	0.1
South Korea	250	257	200	3.1	-22.3
Germany	266	246	239	-7.5	-2.7
Canada	133	116	141	-12.7	21.0
Taiwan	95	73	48	-23.5	-34.1
Singapore	56	61	65	9.1	5.8
Other	1,440	1,446	1,450	0.4	0.3
Average Spend/Visit	2,687	2,739	2,682	1.9	-2.1

⁽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)

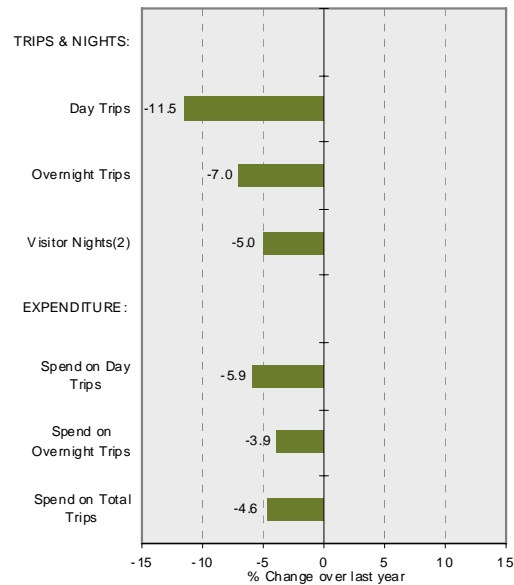


Table 5 Domestic Tourism (Year)

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.

(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)

(Note: New forecast series (2008-base) will be released in June 2009.)

Table 7 **Tourism Forecasts, 2008-2014**

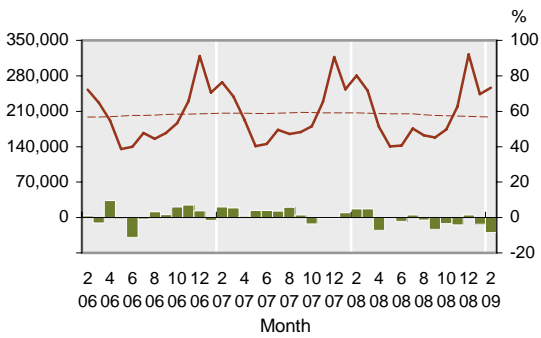
YEAR ENDED DECEMBER	Actual			Forecast					Growth 2008-2014		
	2007(1)	2008	2009	2010	2011	2012	2013	2014	Change	Total	Annual
International Visitors (000)	2,455	2,485	2,546	2,633	2,778	2,854	2,966	3,083	628	25.6%	3.3%
Domestic Total Trips (000)(2)	49,492	50,489	51,154	51,567	51,901	52,161	52,411	52,656	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.

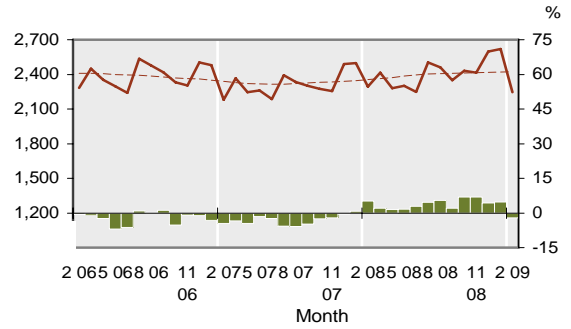
TRENDS AND PATTERNS

1. Inbound Tourism

1.1 International Visitor Arrivals

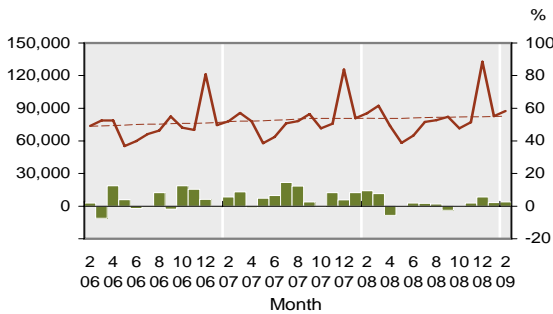


1.2 International Passenger Arrival Flights

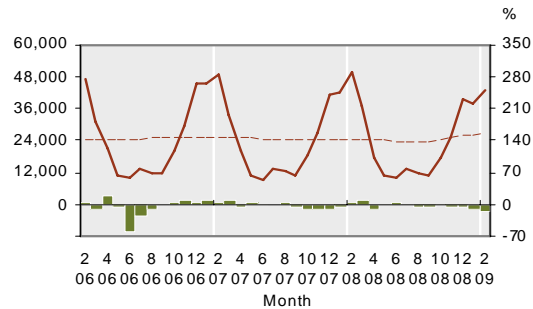


Major Sources

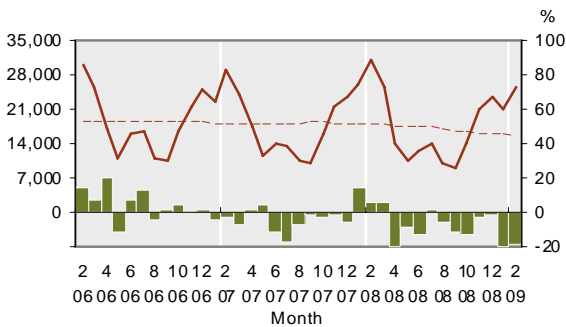
1.3 Visitors from - Australia



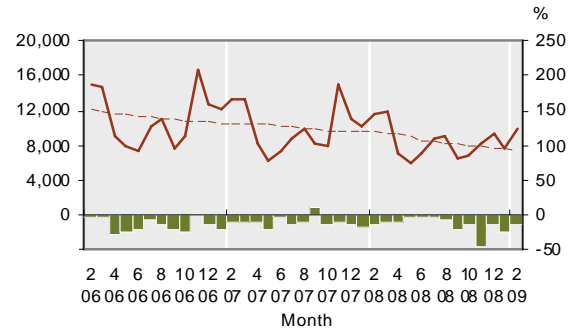
1.4 Visitors from - UK



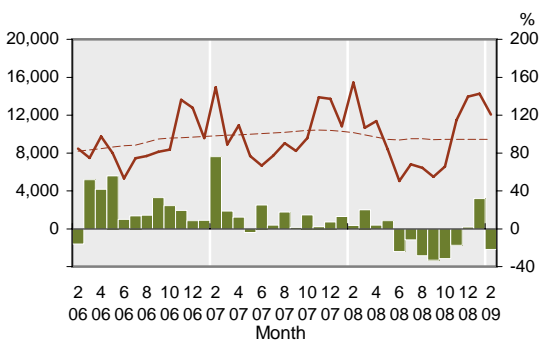
1.5 Visitors from - USA



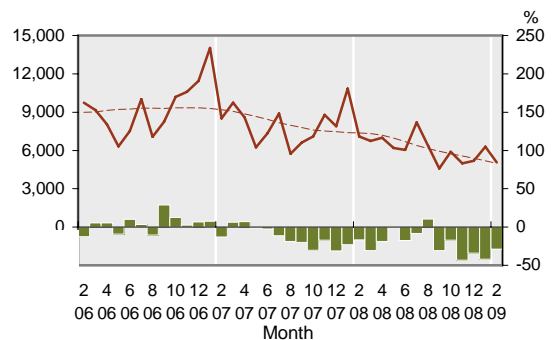
1.6 Visitors from - Japan



1.7 Visitors from - China



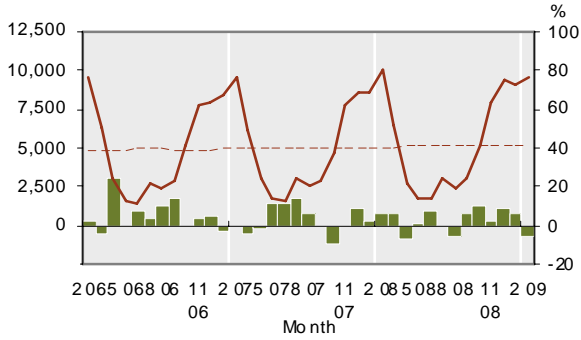
1.8 Visitors from - South Korea



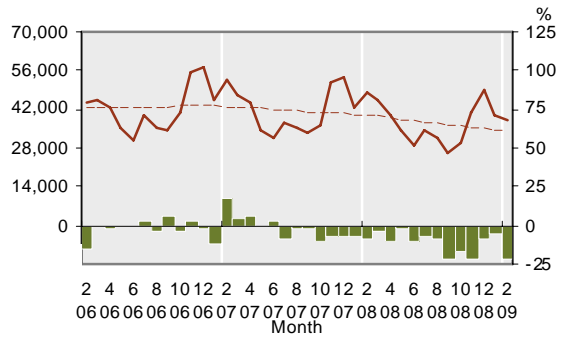
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 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

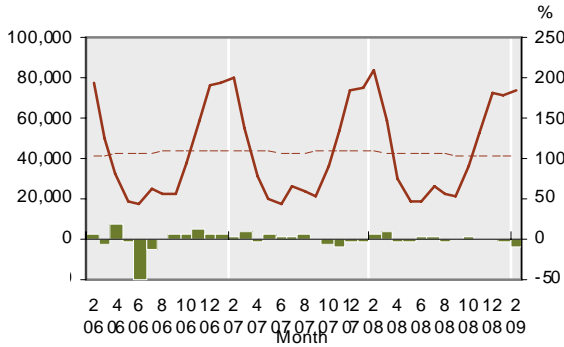
1.9 Visitors from - Germany



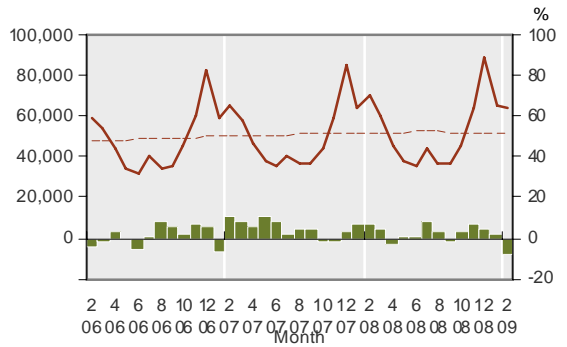
1.10 Visitors from - Asia



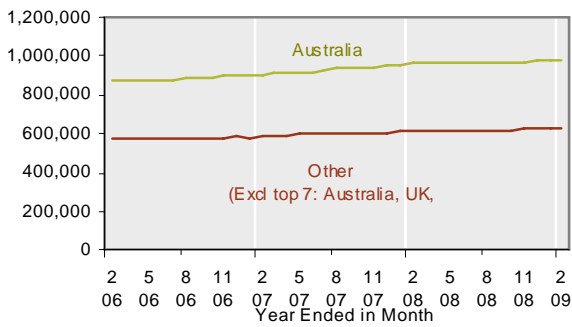
1.11 Visitors from - Europe



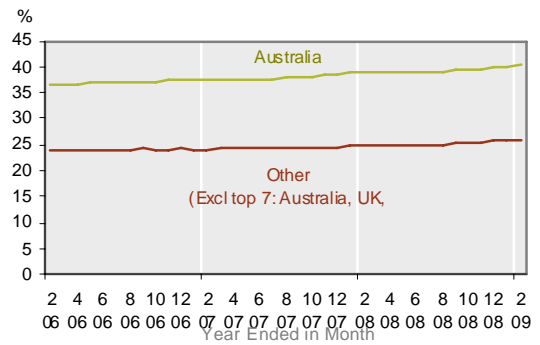
1.12 Visitors from - Other



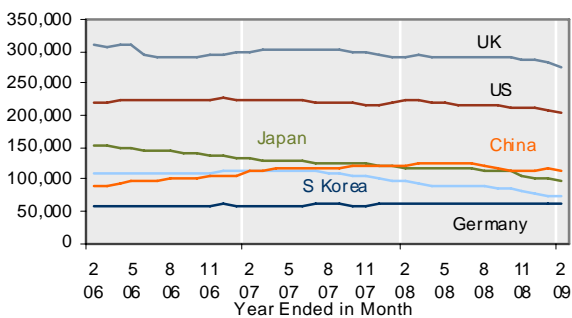
1.13 Visitors by Major Source



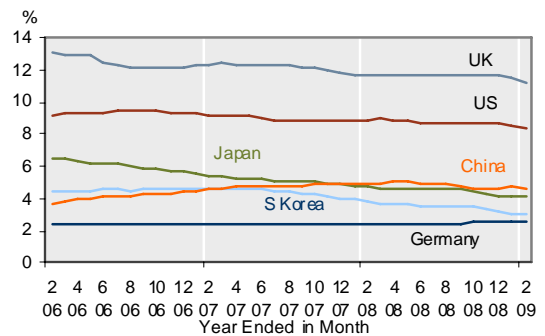
1.14 Share of Total International Visitors (%)



1.15 Visitors by Major Source



1.16 Share of Visitors by Major Source (%)

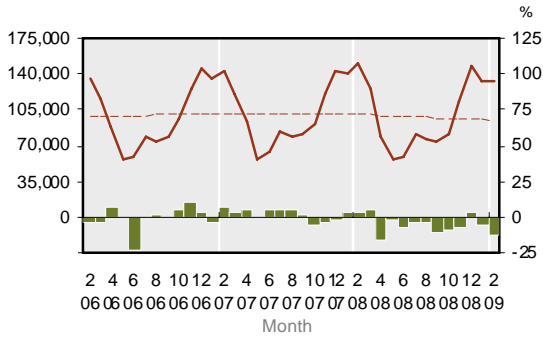


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 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

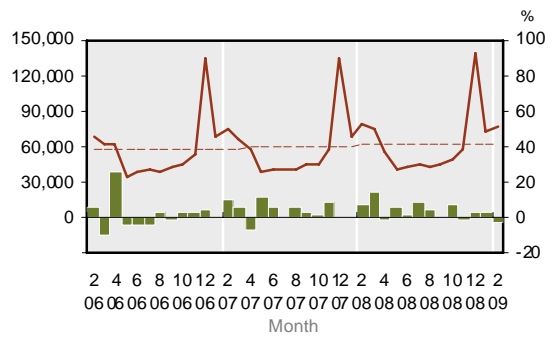
TRENDS AND PATTERNS

Purpose of Visits

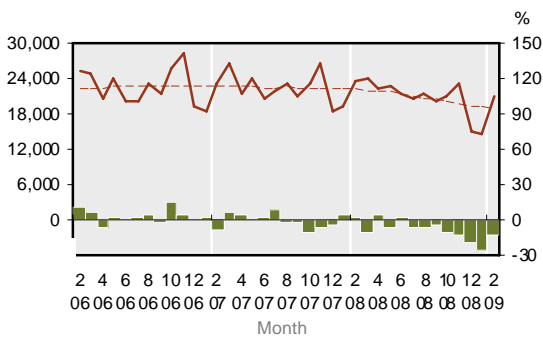
1.17 International Visitors - Holiday



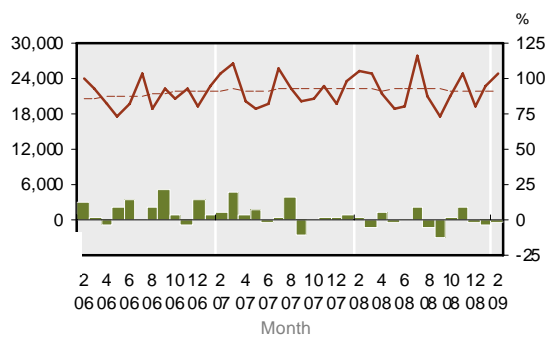
1.18 International Visitors - VFR



1.19 International Visitors - Business



1.20 International Visitors - Other

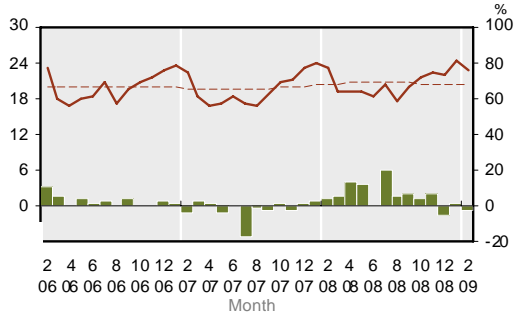


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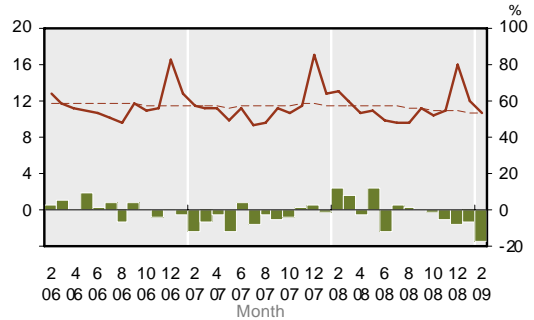
TRENDS AND PATTERNS

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

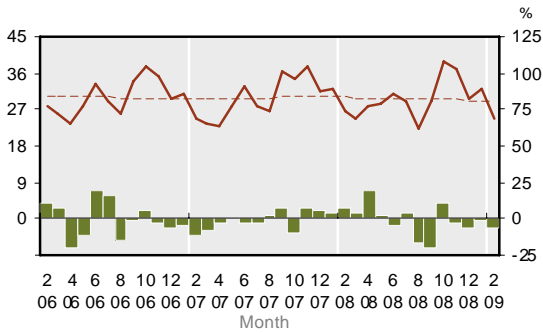
1.21 Average Days of Stay by Visitors



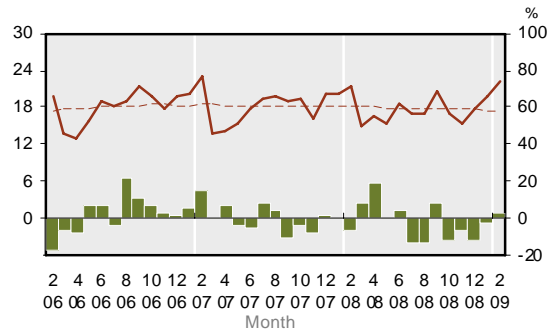
1.22 Average Days Stayed - Australian Visitors



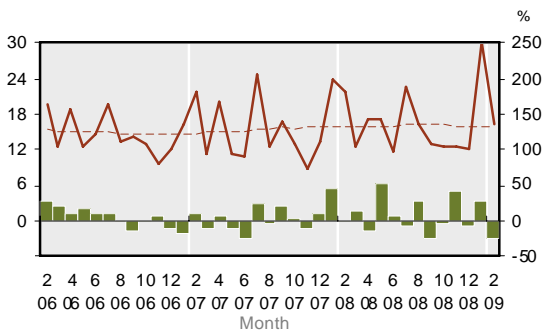
1.23 Average Days Stayed - UK Visitors



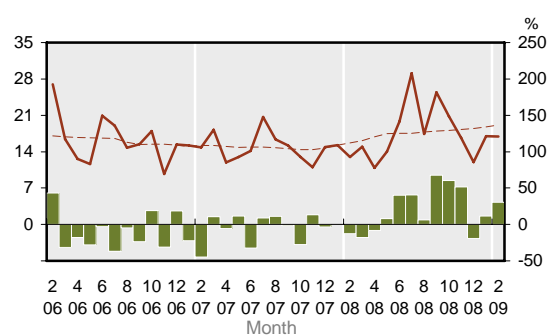
1.24 Average Days Stayed - US Visitors



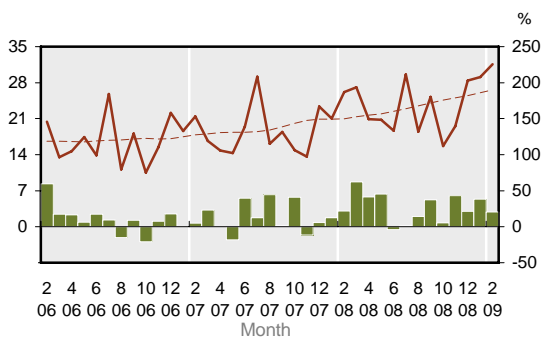
1.25 Average Days Stayed - Japanese Visitors



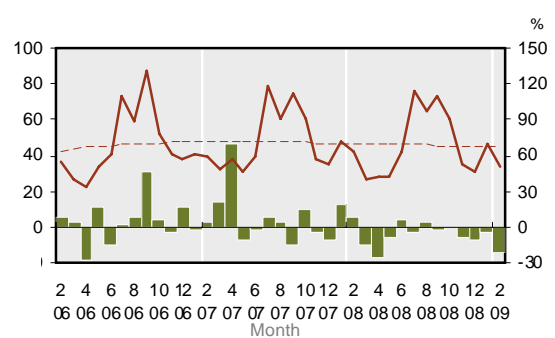
1.26 Average Days Stayed - Chinese Visitors



1.27 Average Days Stayed - S Korea Visitors



1.28 Average Days Stayed - German Visitors



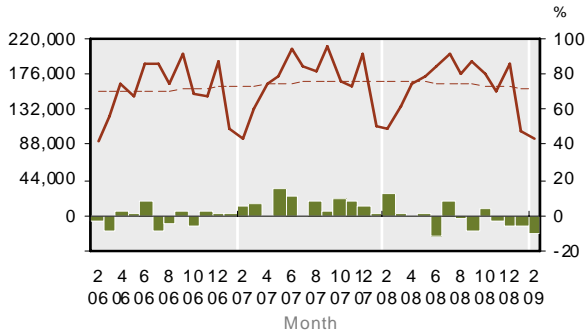
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TRENDS AND PATTERNS

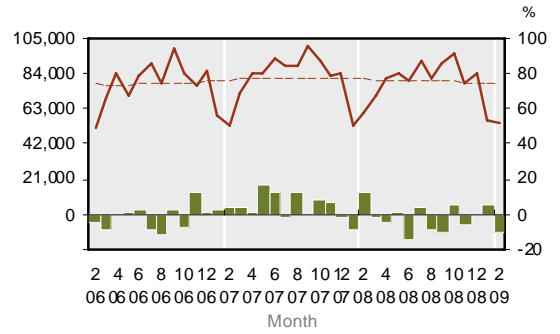
2. Outbound Tourism

Major Destinations

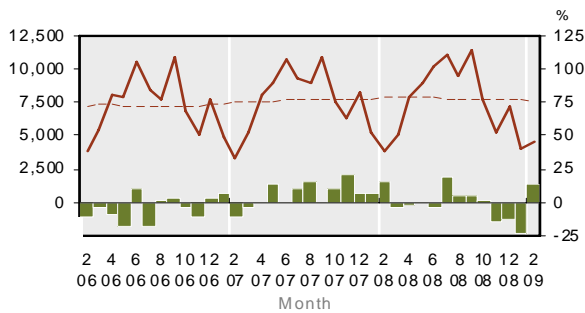
2.1 NZer Trips Abroad



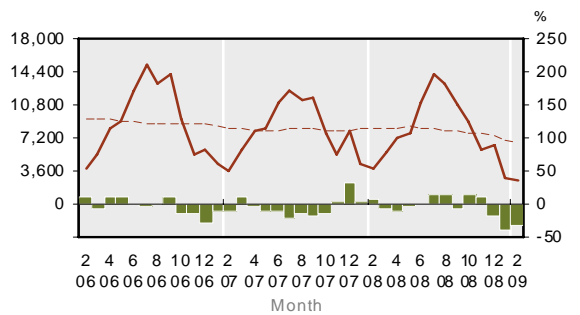
2.2 NZer Trips to - Australia



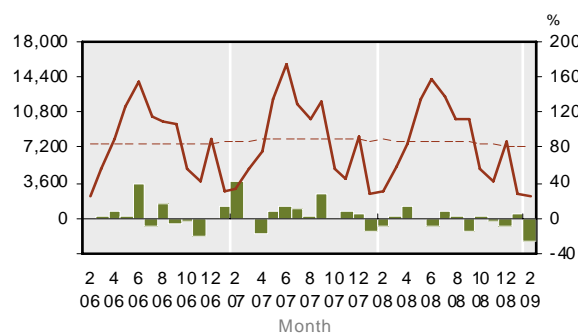
2.3 NZer Trips to - USA



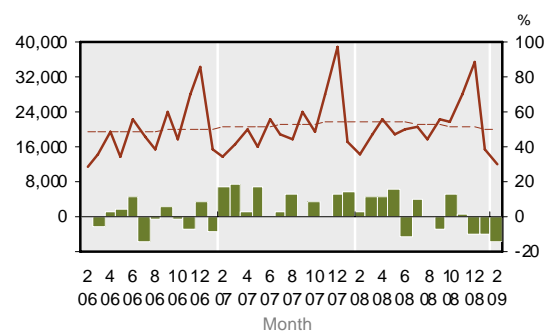
2.4 NZer Trips to - Fiji



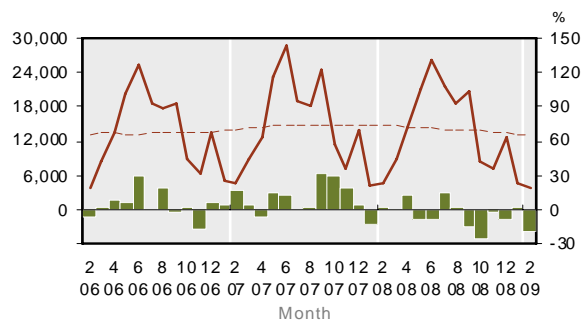
2.5 NZer Trips to - UK



2.6 NZer Trips to - Asia



2.7 NZer Trips to - Europe

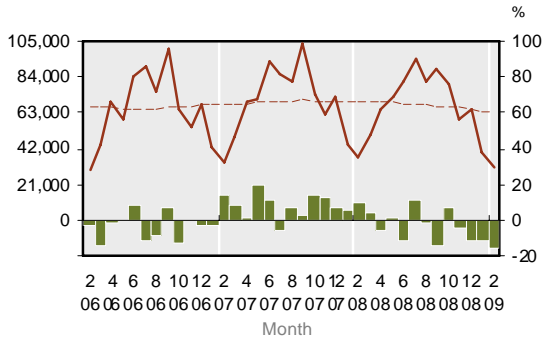


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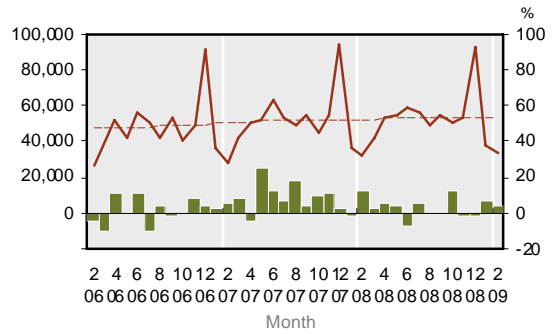
TRENDS AND PATTERNS

Purpose of Trips Abroad

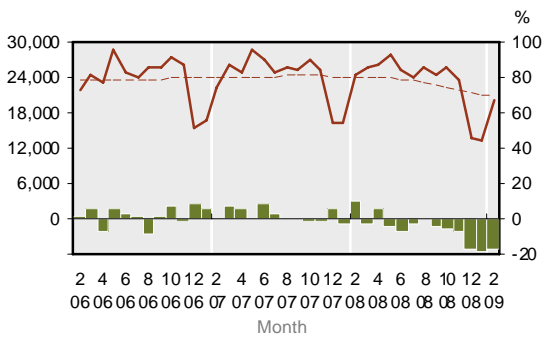
2.8 NZer Trips Abroad - Holiday



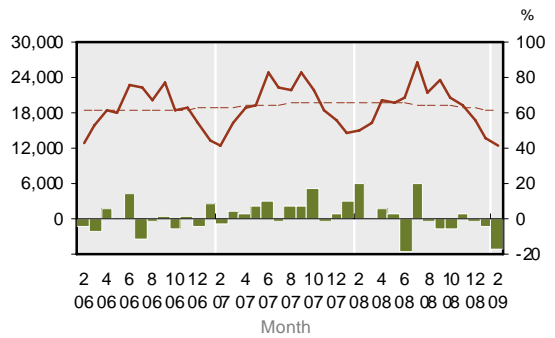
2.9 NZer Trips Abroad - VFR



2.10 NZer Trips Abroad - Business



2.11 NZer Trips Abroad - Other



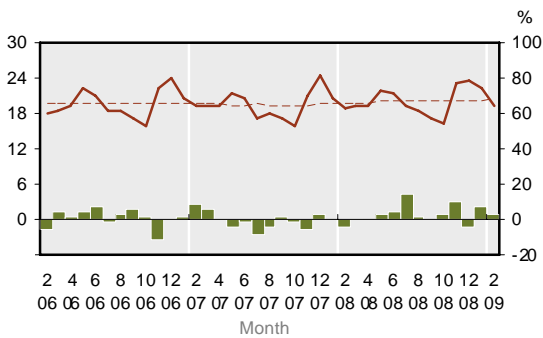
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TRENDS AND PATTERNS

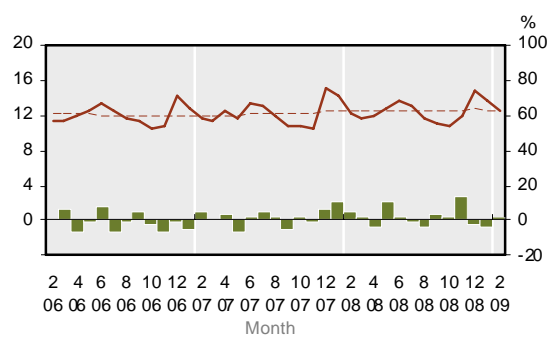
Length of Trips Abroad

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.

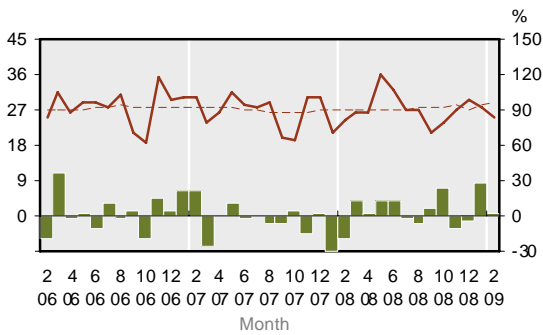
2.12 Average Days Abroad



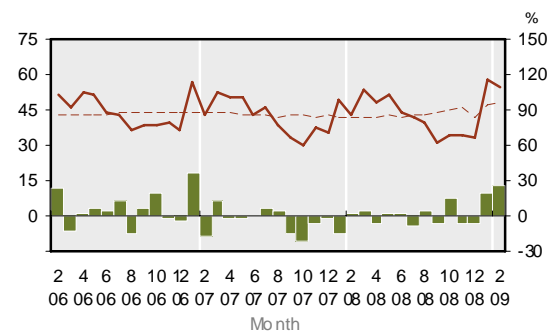
2.13 NZers Average Days Abroad - Australia



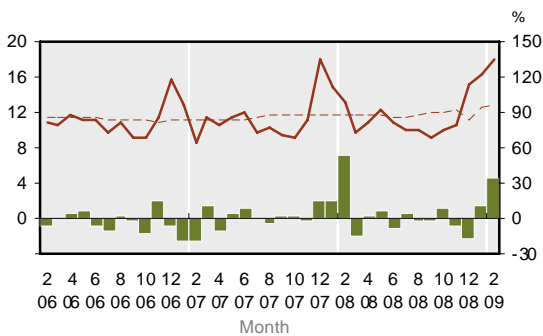
2.14 NZers Average Days Abroad - US



2.15 NZers Average Days Abroad - UK



2.16 NZers Average Days Abroad - Fiji

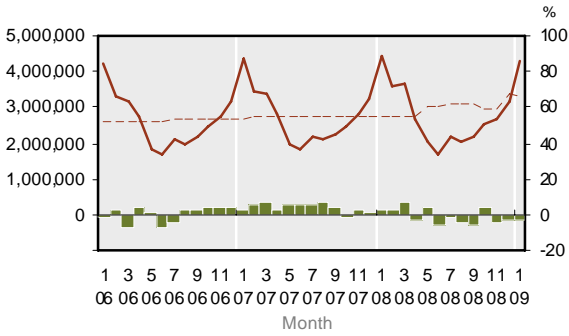


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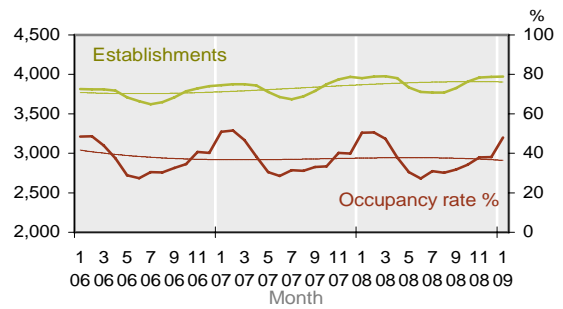
TRENDS AND PATTERNS

3. Commercial Accommodation

3.1 Total Guest Nights

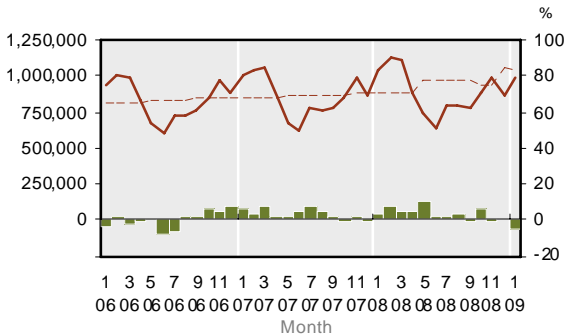


3.2 Total Establishments and Occupancy

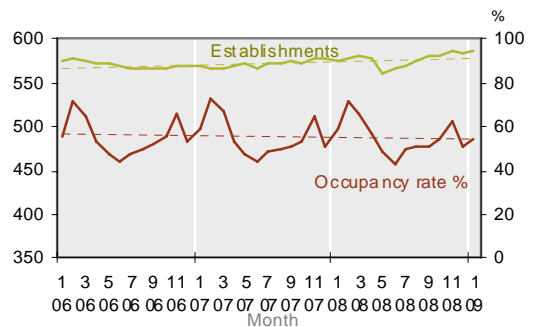


Guest Nights by Accommodation Type

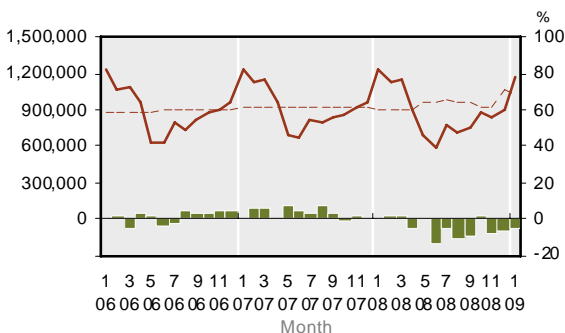
3.3 Hotel Guest Nights



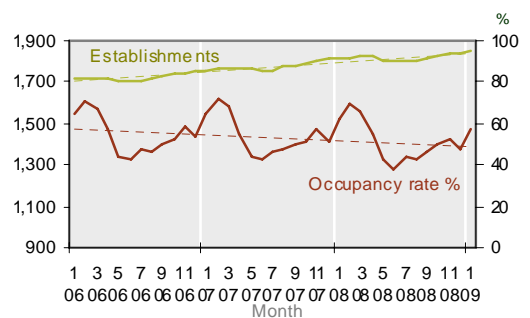
3.4 Hotels and Occupancy



3.5 Motel Guest Nights



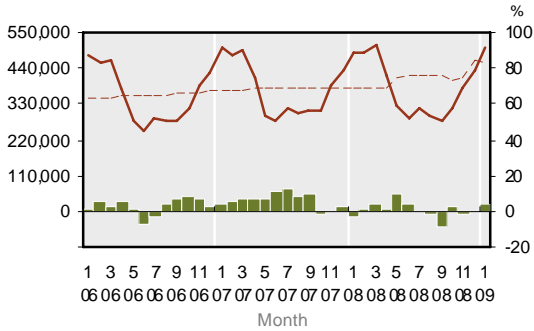
3.6 Motels and Occupancy



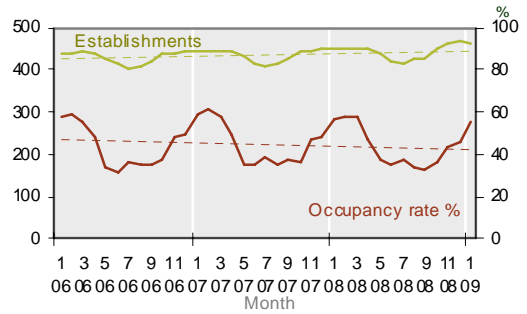
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TRENDS AND PATTERNS

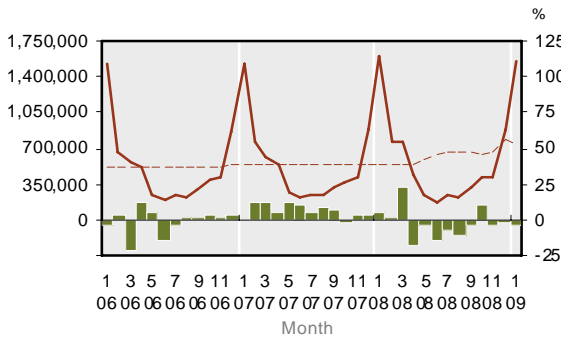
3.7 Backpacker Guest Nights



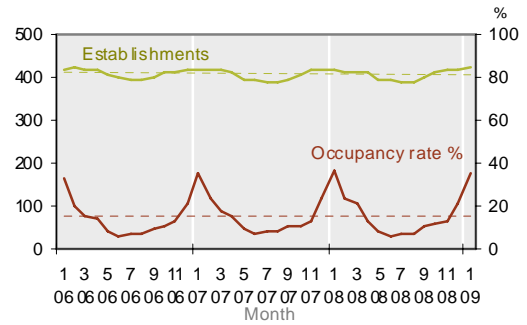
3.8 Backpackers and Occupancy



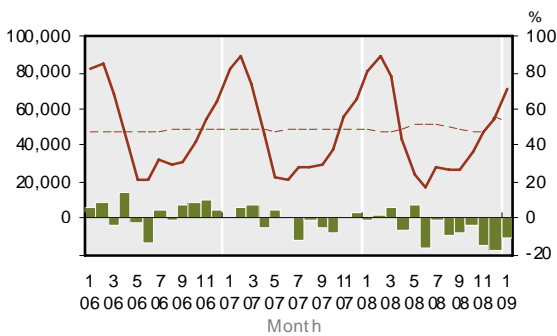
3.9 Caravan/Camping Guest Nights



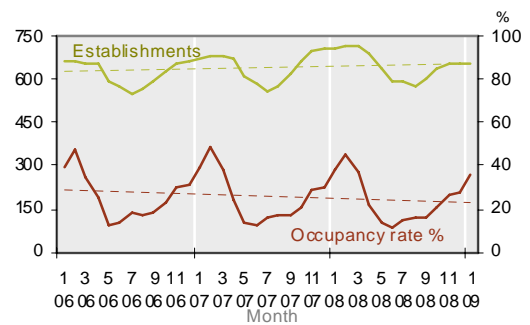
3.10 Caravan/Camping Est. and Occupancy



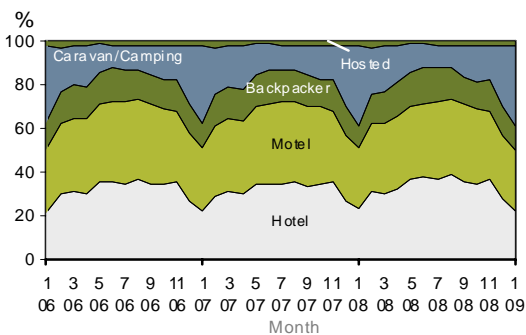
3.11 Hosted Guest Nights



3.12 Hosted and Occupancy



3.13 Share of Guest Nights by Establishment

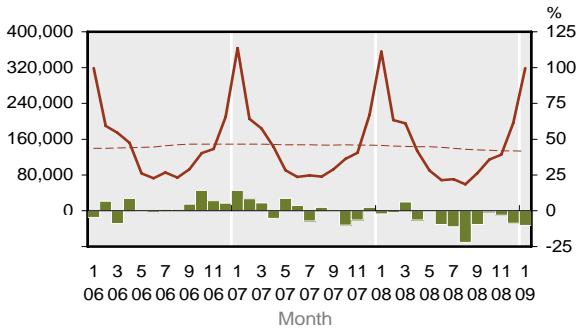


KEY:
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 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

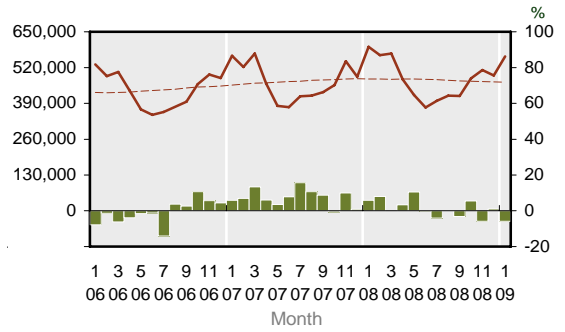
TRENDS AND PATTERNS

Guest Nights by Regional Tourism Organisation and District

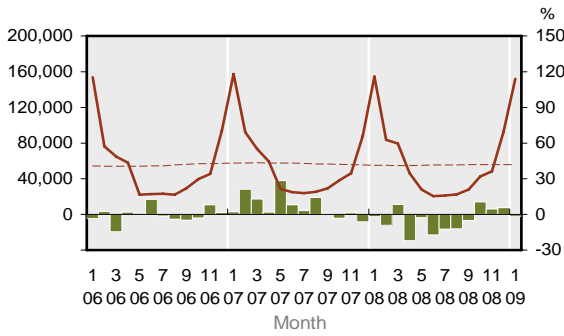
3.14 Northland RTO Guest Nights



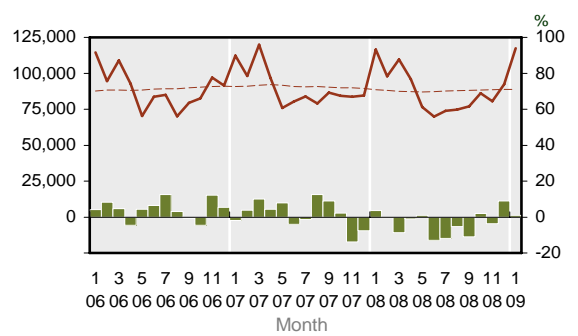
3.15 Auckland RTO Guest Nights



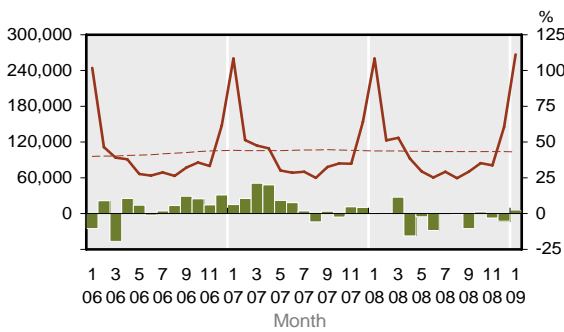
3.16 Coromandel RTO Guest Nights



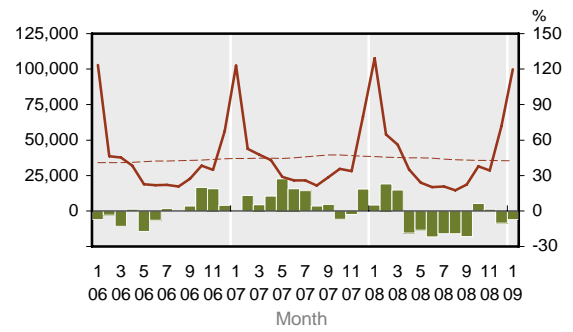
3.17 Waikato RTO Guest Nights



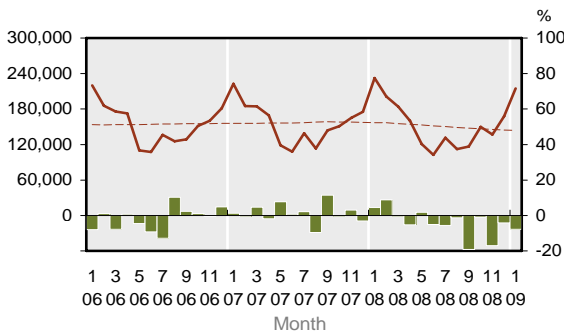
3.18 Bay of Plenty RTO Guest Nights



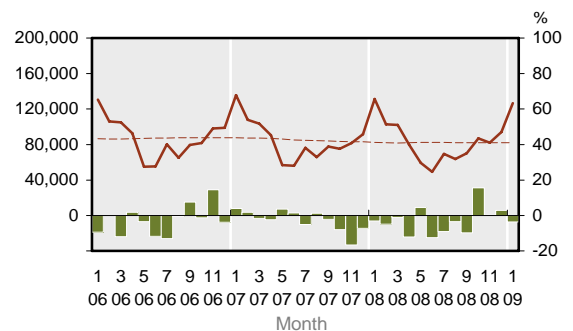
3.19 Eastland RTO Guest Nights



3.20 Rotorua RTO Guest Nights



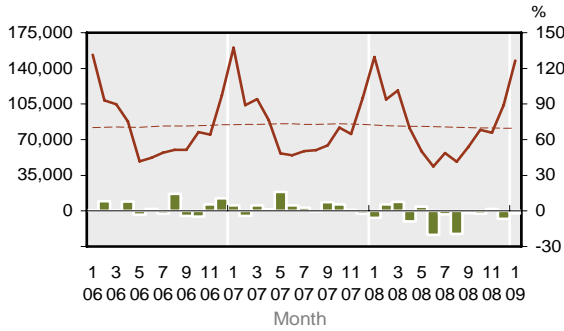
3.21 Lake Taupo RTO Guest Nights



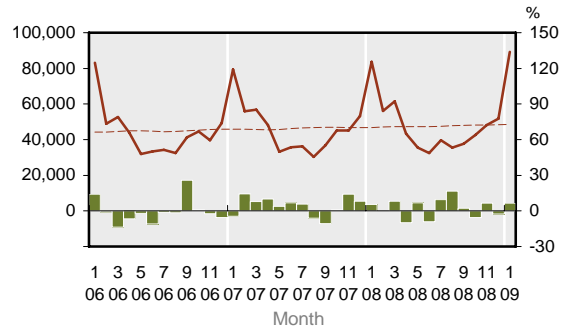
KEY:
 Solid line (brown) – show statistics described by the graph title (left scale).
 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

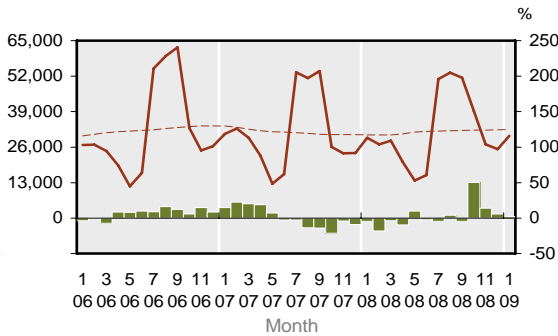
3.22 Hawke's Bay RTO Guest Nights



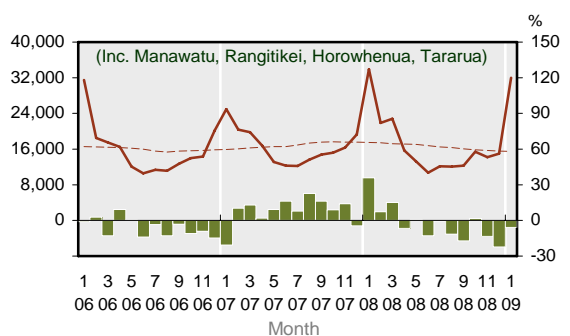
3.23 Taranaki RTO Guest Nights



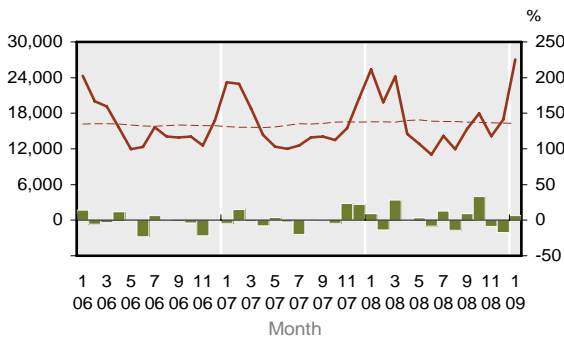
3.24 Ruapehu RTO Guest Nights



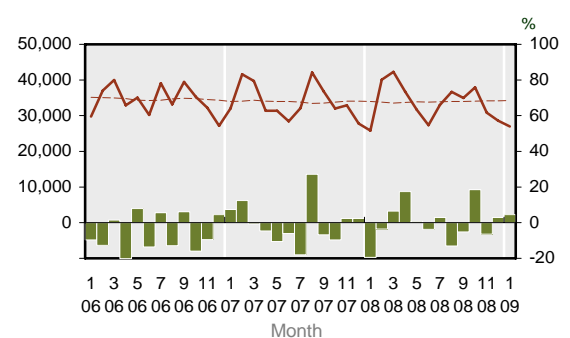
3.25 Combined Manawatu Guest Nights



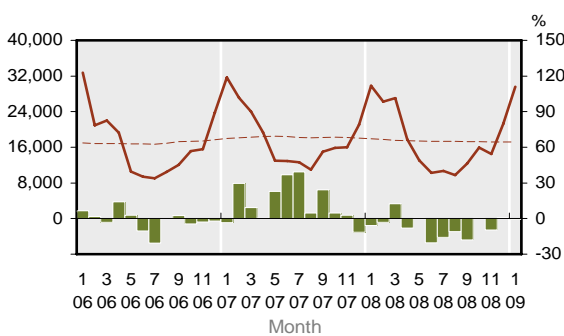
3.26 Wanganui District Guest Nights



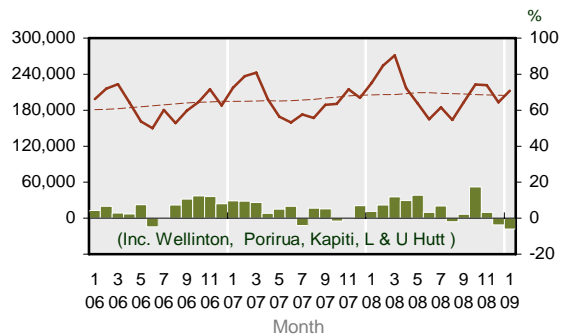
3.27 Palmerston North City Guest Nights



3.28 Wairarapa RTO Guest Nights



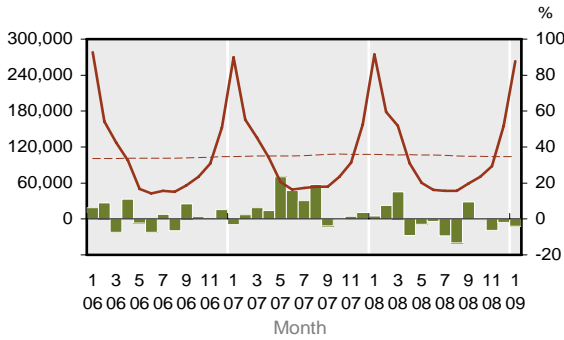
3.29 Wellington Region Guest Nights



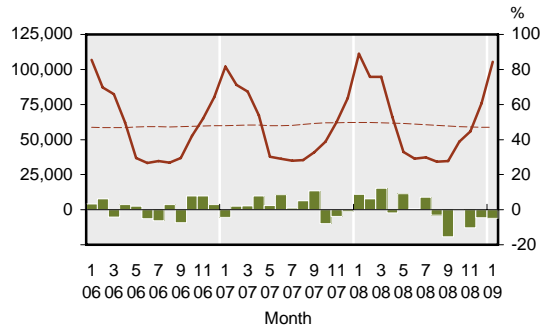
KEY:
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 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

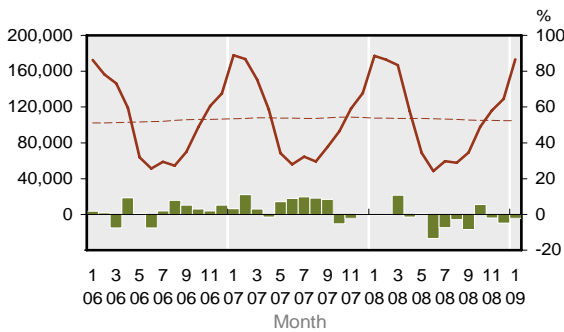
3.30 Nelson RTO Guest Nights



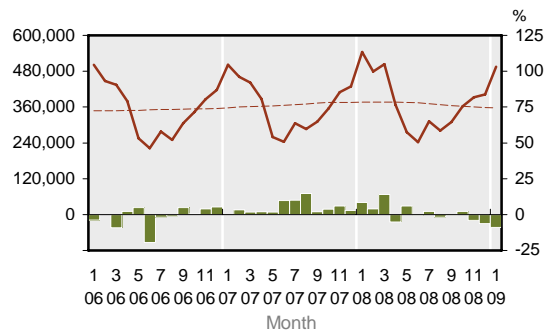
3.31 Marlborough RTO Guest Nights



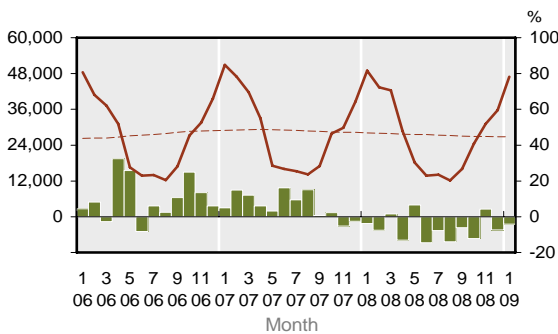
3.32 West Coast RTO Guest Nights



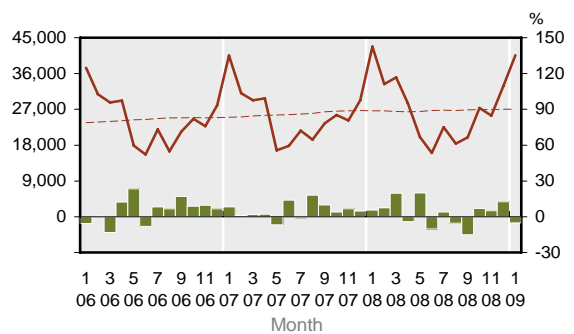
3.33 Canterbury Guest Nights



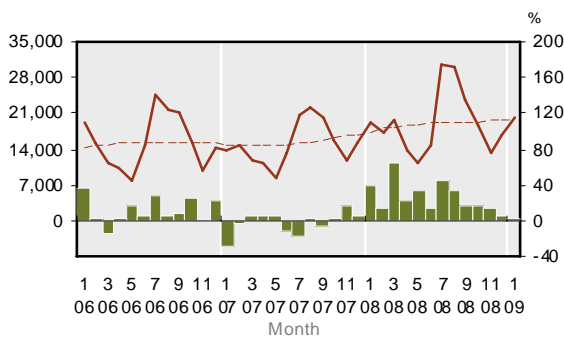
3.34 Kaikoura District Guest Nights



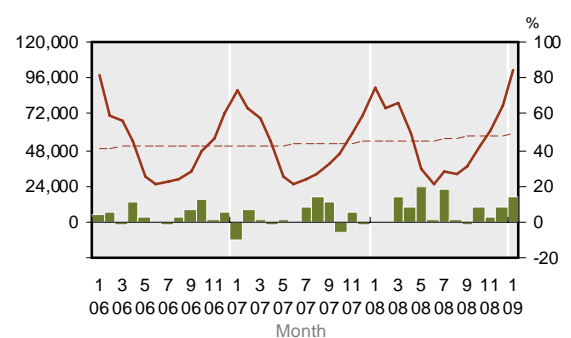
3.35 Hurunui RTO Guest Nights



3.36 Ashburton District Guest Nights



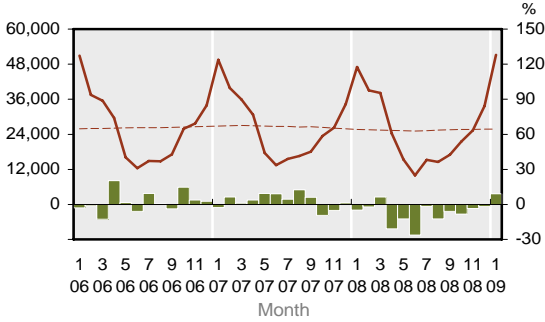
3.37 Mackenzie-Timaru Guest Nights



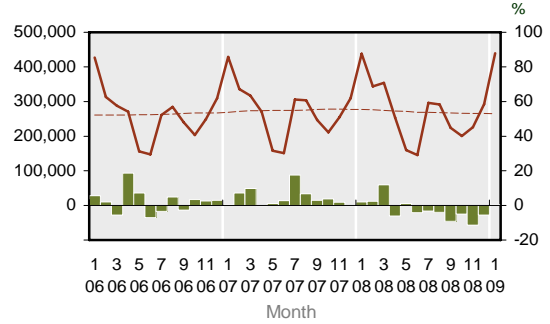
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 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

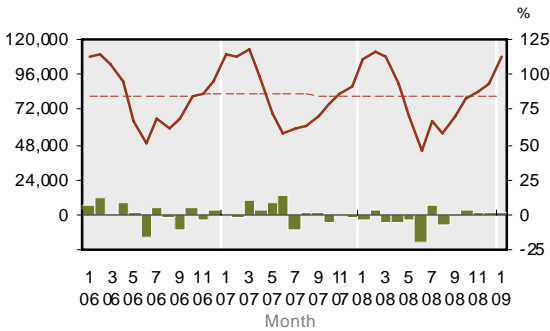
3.38 Waitaki-Waimate Guest Nights



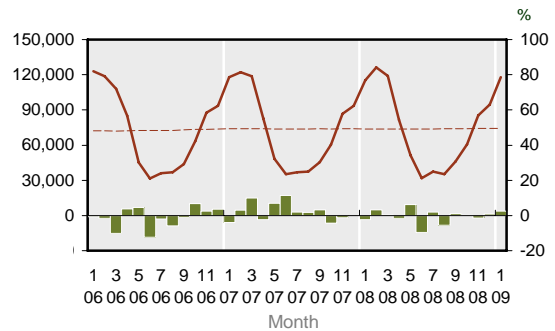
3.39 Queenstown Lakes - Central Otago Guest Nights



3.40 Dunedin - Clutha Guest Nights

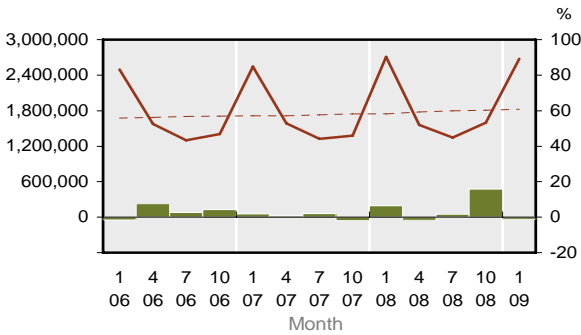


3.41 Southland Region Guest Nights

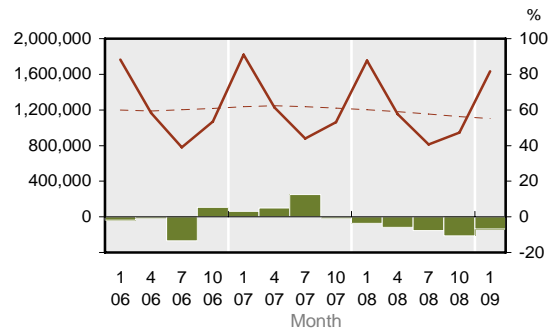


International and Domestic Guest Nights

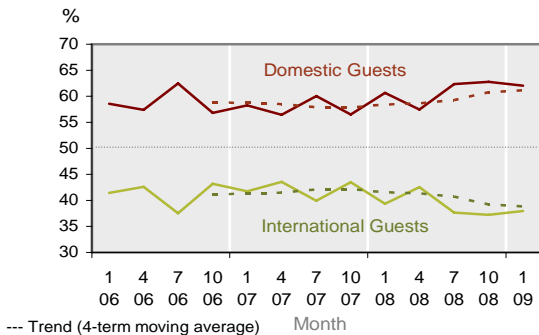
3.42 Domestic Guest Nights



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