



TOURISM LEADING INDICATORS MONITOR

SERIES 2009/3 **APRIL 2009** NEW ZEALAND

This edition provides new data on:

- Inbound and Outbound Travel Mar 09
- Commercial Accommodation Feb 09
- Domestic Tourism YE Dec 08

It updates the tourism industry performance and provides evidence on how the tourism sector is adapting to the downturn in demand.

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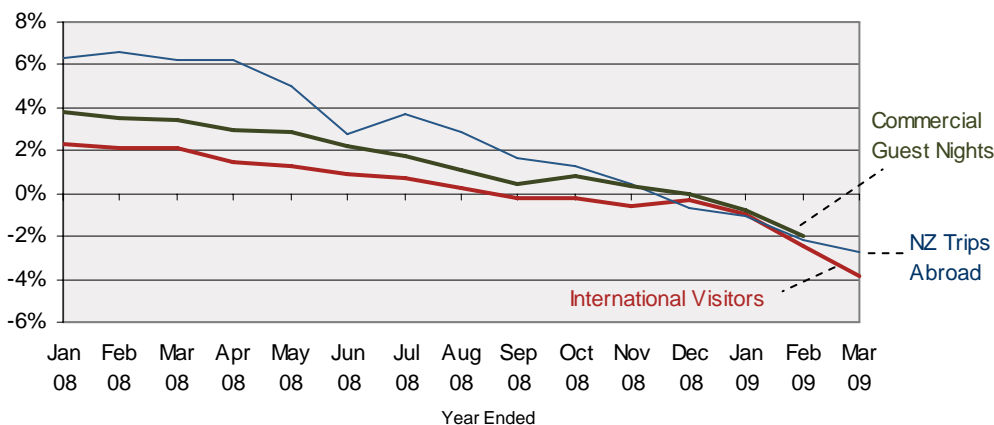


COMMENTARY

Tourism Sector Adapting to Downturn

The global economic slowdown is impacting on the New Zealand tourism industry with tourism demand in New Zealand continuing to soften (refer Figure 1 below). International visitors were down 3.9% in the year to March 2009 and outbound trips by New Zealand residents were down 2.7%. Commercial guest nights in the year to February 2009 were down 2.0%.

Figure 1: Inbound Travel, Outbound Travel and Commercial Guest Nights
Rolling Annual Growth Rates, Jan08-Mar09

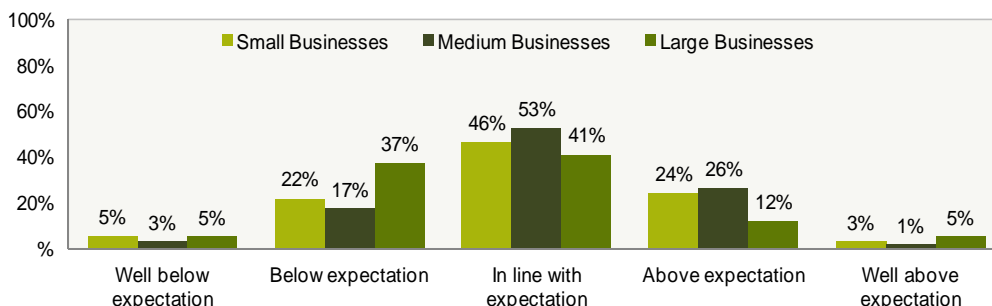


Tourism demand continued to soften in the first quarter of 2009.

The timing of Easter, however, significantly influenced these results with a significant volume of travel associated with the Easter break falling in April this year compared to March last year. By adjusting for the 'Easter effect', the year-ended decline in international arrivals reduces to -2.5% (compared to the -3.9% figure). The Easter effect also means that the April figures will look correspondingly better, resulting in likely positive growth in terms of international arrivals.

A key factor in understanding tourism in this environment is how the sector is experiencing and responding to the challenges at present. The *Tourism Industry Monitor* (www.tourismresearch.govt.nz/tim) provides some insights in this regard. Firstly, it provides a picture of firms' past performance and their future expectations. Secondly, it highlights the issues faced, with the 'lack of demand' clearly the main issue. Thirdly, it shows how firms are performing in this environment (refer Figure 2).

Figure 2. Performance of Tourism Firms Over Past 3 Months Compared to Prior Expectations



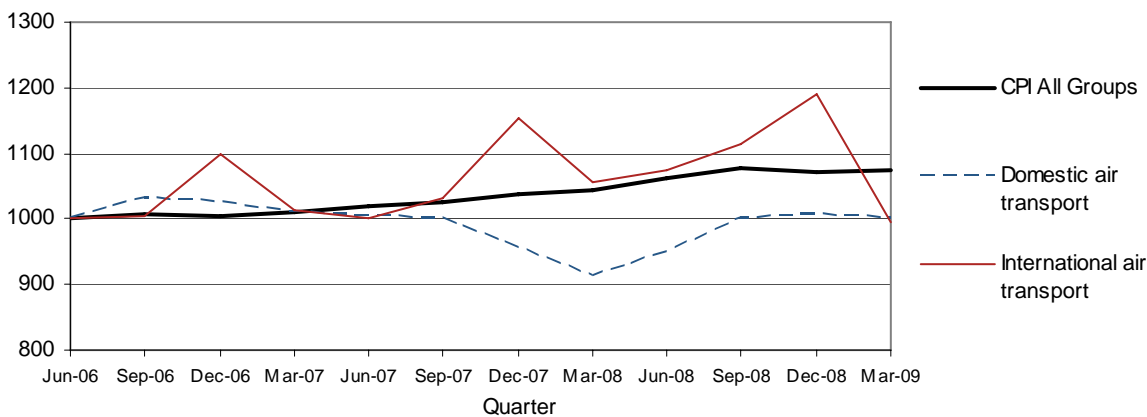
The bell-curve shape of the results highlights that the firms are adapting, even though some firms were reporting demand levels to be down. This adaptation is important as it shows that the industry is able to adjust their operations to the current conditions. Such adaptation is important to weathering downturns.

The other response approach is to stimulate demand, and there is evidence that this is occurring widely across the sector.

COMMENTARY

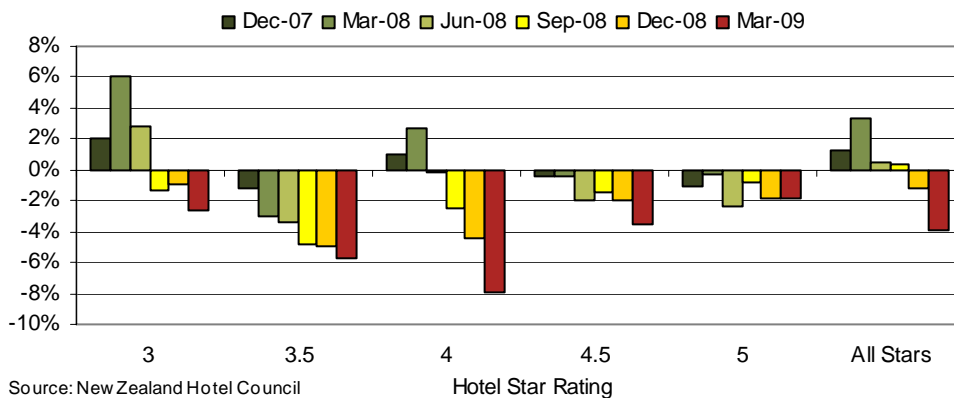
In the aviation sector, price has been used to stimulate demand. The best data to illustrate this is the Consumer Price Index to March 2009 (refer Figure 3). For international airfares, prices had been rising on a regular seasonal pattern, up to December 2008, but had fallen markedly since then and more sharply than the normal from the peak-season high (down 5.8% in Mar-09 quarter). Domestic airfares have been consistently lower than the overall CPI throughout 2008 and into 2009 and this will have stimulated domestic travel.

Figure 3: Consumer Price Indices – International and Domestic Airfares, Jun06-Mar09



Another illustration of industry response comes from the New Zealand Hotel Council's room rate data. This shows that average hotel room rates have decreased in the last two quarters, and by 3.9% in the first quarter of this year (refer Figure 4). However, the price response has varied depending on the quality of hotels, with 3.5 and 4 star hotels showing a greater drop in room rates by 5.7% and 8.0% respectively.

Figure 4: Percentage Change in Hotel Room Rates by Quarter and Star Rating, Dec07-Mar09



Source: New Zealand Hotel Council

Four-Star hotels showed the greatest decrease in room rates.

Other important stimulatory factors in place at present include the relative exchange rate of the New Zealand dollar, which has become significantly more favourable over recent months, and the marketing activities of government and industry. An additional \$2.5 million has been provided for Tourism New Zealand to boost the Australian market and this has been supported by significant additional investment, for instance by Air New Zealand.

Finally, the 6.2% increase in domestic travel expenditure in 2008 has more than off-set the 3.2% reduction in international spend, resulting in total spend by international and domestic travellers increasing by 2% in 2008 to \$14 billion. So, while significant challenges are being faced across the tourism industry at present, the large base of economic activity associated with tourism is actually holding up relatively well.

1. INBOUND TOURISM

International Visitor Arrivals, March 2009 - In the month of March 2009 there were 226,000 international visitor arrivals, down by 9.7% (24,000) compared to March 2008. This decline is partly due to the change in the Easter Holiday period which occurred in March 2008 but moved to April in 2009.

It is estimated that about 6% of the March decline is attributable to the 'Easter effect', making the underlying seasonally adjusted fall in international arrivals -4%.

Markets – Visitors from China (up 1,000 or 9.3%) recorded the largest increase in March 2009. This was followed by India (up 350 or 17.9%), French Polynesia (up 330 or 17.8%), New Caledonia (up 330 or 41.0%), and Fiji (up 320 or 19.6%).

In contrast, there were fewer visitors from the United Kingdom (down 9,400 or 25.6%), United States (down 5,100 or 20.0%), Australia (down 4,300 or 4.6%), Japan (down 1,400 or 11.8%), South Korea (down 1,300 or 18.9%), Canada (down 900 or 13.8%), Hong Kong (down 700 or 27.1%), South Africa (down 600 or 21.2%), the Philippines (down 550 or 46.0%), Ireland (down 470 or 21.9%) and Germany (down 330 or 5.1%).

Purpose - There were more visitors on business (up 300 or 1.1%) in March 2009 compared to March 2008, while there were fewer visitors on holiday (down 17,000 or 13.4%) and visiting friends and relatives (down 5,500 or 7.3%).

Duration – In March 2009, the average length of stay of visitors was 18.0 days, 1.3 days shorter than in March 2008. The total number of visitor days decreased by 15.8% (763,000) to 4.1 million.

Flights – There were 2,450 flight-arrivals in March 2009, 34 flights or 1.4% more than in March 2008.

Annual Arrivals – For the year ended March 2009, there were 2.401 million international visitor arrivals, down by 96,300 or 3.9% on the previous year (the underlying growth rate was -2.5% when seasonally adjusted for the Easter effect).

Total visitor days were down by 15.8% to 49.60 million, with the average length of stay up 0.3 day to 20.8 days.

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

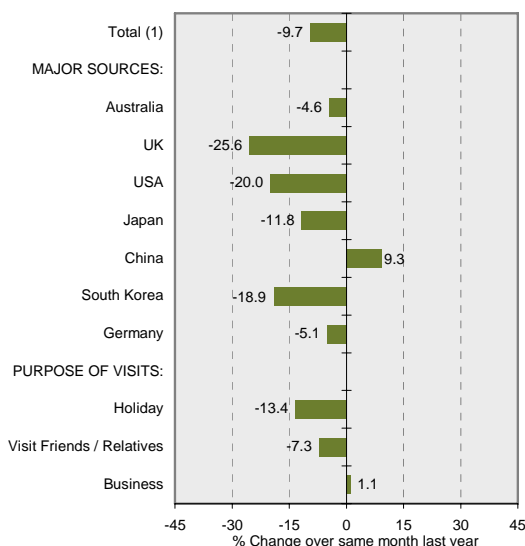
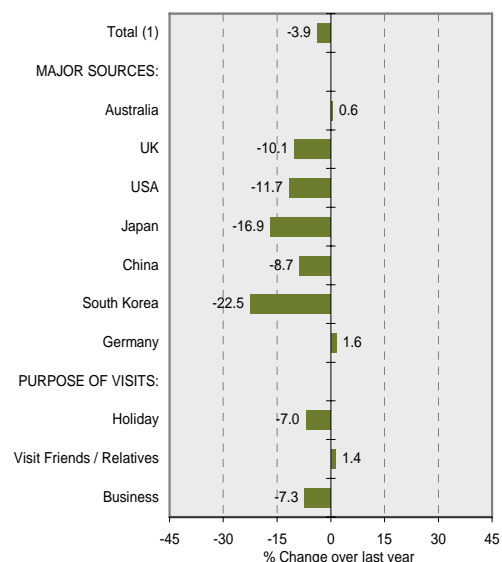


Figure 1b **Growth Rate of International Visitor Arrivals (Year Ended March 2009)**



1. INBOUND TOURISM

Table 1a International Visitor Arrivals (Month)

MARCH MONTH	International Visitor Arrivals			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
Total (1)	239,203	250,806	226,461	4.9	-9.7
MAJOR SOURCES:					
Australia	85,698	92,375	88,080	7.8	-4.6
UK	33,833	36,675	27,288	8.4	-25.6
USA	24,012	25,450	20,352	6.0	-20.0
Japan	13,179	11,925	10,512	-9.5	-11.8
China	8,878	10,650	11,640	20.0	9.3
South Korea	9,752	6,750	5,472	-30.8	-18.9
Germany	6,095	6,500	6,168	6.6	-5.1
PURPOSE OF VISITS:					
Holiday	119,715	126,375	109,416	5.6	-13.4
Visit Friends / Relatives	65,573	74,875	69,408	14.2	-7.3
Business	26,657	24,050	24,312	-9.8	1.1
INTERNATIONAL ARRIVAL FLIGHTS:					
Passenger Flights	2,366	2,416	2,450	2.1	1.4

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

Table 1b International Visitor Arrivals (Year)

YEAR ENDED MARCH	International Visitor Arrivals			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
Total (1)	2,445,130	2,496,994	2,400,719	2.1	-3.9
MAJOR SOURCES:					
Australia	913,994	970,471	975,870	6.2	0.6
UK	302,812	293,209	263,733	-3.2	-10.1
USA	222,454	222,757	196,655	0.1	-11.7
Japan	130,121	116,489	96,824	-10.5	-16.9
China	114,364	124,323	113,465	8.7	-8.7
South Korea	111,676	91,843	71,213	-17.8	-22.5
Germany	58,790	60,958	61,908	3.7	1.6
PURPOSE OF VISITS:					
Holiday	1,205,315	1,228,420	1,142,575	1.9	-7.0
Visit Friends / Relatives	700,822	727,918	737,957	3.9	1.4
Business	270,191	266,830	247,302	-1.2	-7.3
INTERNATIONAL ARRIVAL FLIGHTS:					
Passenger Flights	28,484	27,953	28,904	-1.9	3.4

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

2. OUTBOUND TOURISM

Departures, March 2009 - In the month of March 2009, New Zealand residents undertook 126,700 short-term overseas trips, down by 8,100 or 6.0% compared to March 2008. This decline is partly due to the change in the Easter Holiday period which occurred in March 2008 but moved to April in 2009.

Destinations - There were more trips to the Cook Islands (up 340 or 10.9%), followed by Samoa (up 230 or 9.8%), Japan (up 200 or 14.7%), the Philippines (up 140 or 17.2%) and Italy (100 or 24.1%).

In contrast, there were fewer trips to Fiji (down 2,000 or 35.3%), Australia (down 1,700 or 2.4%), the United Kingdom (down 960 or 18.6%), New Caledonia (down 530 or 63.4%), Thailand (down

500 or 22.5%), Viet Nam (down 470 or 62.9), Hong Kong (down 320 or 16.4%) and the United States (down 320 or 6.2%).

Purpose – There were more New Zealanders visiting friends and relatives (up 920 or 2.2%) in March 2009 compared to March 2008, while there were fewer New Zealanders on holiday (down 5,800 or 11.5%) and on business (down 2,500 or 9.9%).

Duration - The average length of trips in March 2009 was 20.4 days, 1.1 days longer than in March 2008.

Annual Departures – There were 1.942 million trips undertaken during the year ended March 2009, down by 54,600 or 2.7% on the previous year.

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

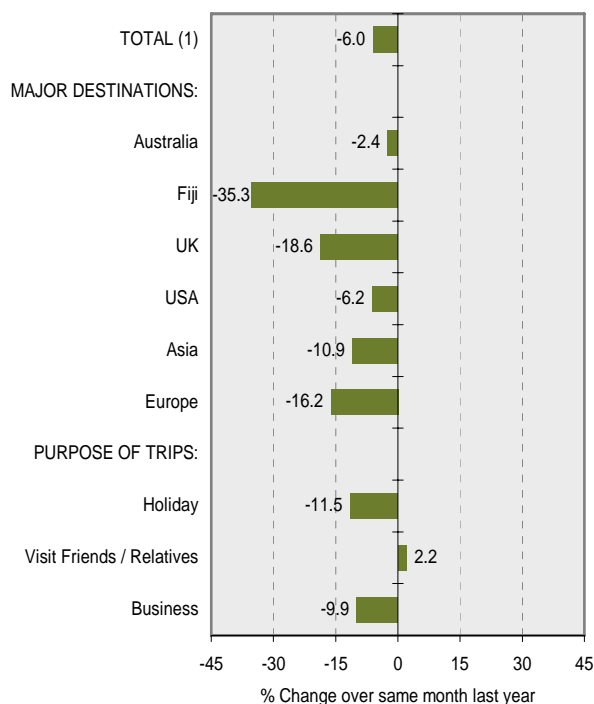
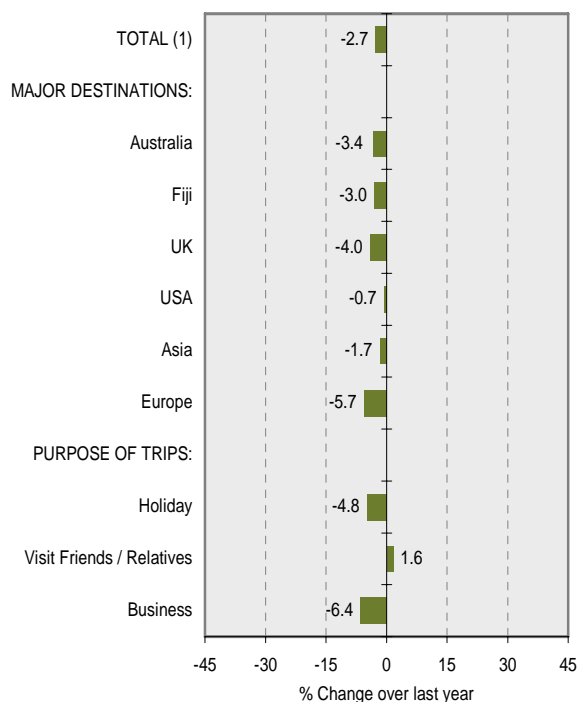


Figure 2b **Growth Rate of Trips Abroad by NZ Residents (Year Ended March 2009)**



2. OUTBOUND TOURISM

Table 2a Trips Abroad by NZ Residents (Month)

MARCH MONTH	Trips Abroad by NZ Residents			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
TOTAL (1)	132,414	134,818	126,721	1.8	-6.0
MAJOR DESTINATIONS:					
Australia	71,496	70,673	68,964	-1.2	-2.4
Fiji	5,967	5,626	3,640	-5.7	-35.3
UK	5,076	5,162	4,200	1.7	-18.6
USA	5,265	5,075	4,760	-3.6	-6.2
Asia	16,740	18,676	16,632	11.6	-10.9
Europe	8,802	8,816	7,392	0.2	-16.2
PURPOSE OF TRIPS:					
Holiday	48,573	50,634	44,800	4.2	-11.5
Visit Friends / Relatives	41,310	42,398	43,316	2.6	2.2
Business	26,217	25,520	22,988	-2.7	-9.9

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

Table 2b Trips Abroad by NZ Residents (Year)

YEAR ENDED MARCH	Trips Abroad by NZ Residents			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
TOTAL (1)	1,879,229	1,996,314	1,941,735	6.2	-2.7
MAJOR DESTINATIONS:					
Australia	935,792	978,606	945,225	4.6	-3.4
Fiji	106,003	97,439	94,469	-8.1	-3.0
UK	90,552	95,377	91,528	5.3	-4.0
USA	86,788	93,025	92,394	7.2	-0.7
Asia	238,618	254,589	250,297	6.7	-1.7
Europe	161,047	176,591	166,605	9.7	-5.7
PURPOSE OF TRIPS:					
Holiday	790,551	844,354	803,482	6.8	-4.8
Visit Friends / Relatives	581,229	625,068	635,174	7.5	1.6
Business	284,955	290,216	271,600	1.8	-6.4

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

3. COMMERCIAL ACCOMMODATION

Guest Nights, February 2009 - In the month of February 2009, a total of 3,332,677 guest nights were spent in commercial accommodation, a decrease of 276,263 nights (or 7.7%) from February 2008. This performance was affected by the extra day in last February in a leap year.

Both the North Island (down 148,000 or 7.5%) and South Island (down 128,000 or 7.9%) recorded a decrease in guest nights in February 2009.

International and Domestic - In February 2009, guest nights comprised 51.1% domestic guests (1.70 million) and 48.9% international guests (1.63 million). Domestic guest nights decreased by 2.3% (40,100) while international guest nights decreased by 12.6% (236,200).

Accommodation Types - All accommodation types recorded a decrease in guest nights in February 2009. Motels recorded the largest decrease (down 108,800 or 9.6%), followed by hotels (down 101,700 or 9.0%), caravan parks/camp grounds (down 42,200 or 5.5%), hosted accommodation (down 19,400 or 21.6%) and backpackers (down 4,200 or 0.9%).

Occupancy - The overall occupancy rate of accommodation establishments in February 2009 was 48.0%, down 2.6 percentage points compared to 50.6% in February 2008.

Motels recorded the largest decrease in occupancy (63.7%, down 6.2 points), followed by hosted accommodation (40.5%, down 4.8 points), hotels (67.9%, down 4.2 points), backpackers (57.1%, down 1.0 point) and caravan parks/camp grounds (23.3%, down 0.4 point).

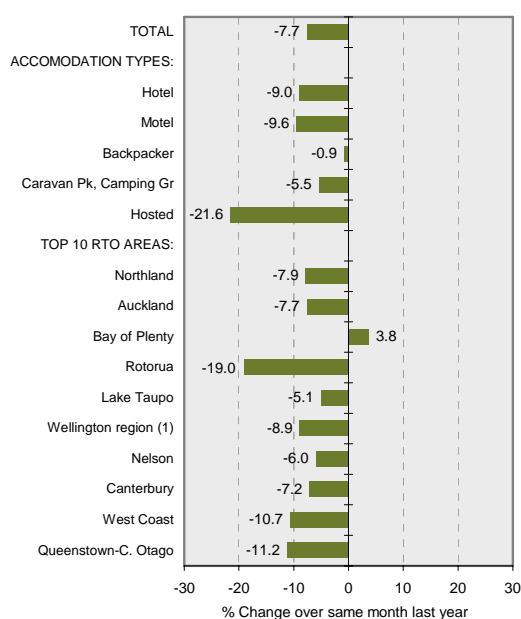
RTOs - In February 2009, most RTOs recorded a decrease in guest nights from February 2008.

Bay of Plenty recorded the largest increase (up 4,700 or 3.8%), followed by Wanganui (up 2,600 or 13.2%), Ruapehu (up 1,500 or 5.7%), and the Coromandel (up 1,300 or 1.5%).

Auckland recorded the largest decrease (down 43,200 or 7.7%), followed by Queenstown/Central Otago (down 38,700 or 11.2%), Rotorua (down 38,400 or 19.0%), Canterbury (down 34,400 or 7.2%), Wellington (down 22,700 or 8.9%), West Coast (down 18,500 or 10.7%), Northland (down 16,000 or 7.9%), Nelson (down 10,800 or 6.0%) and Southland (down 9,800 or 7.8%).

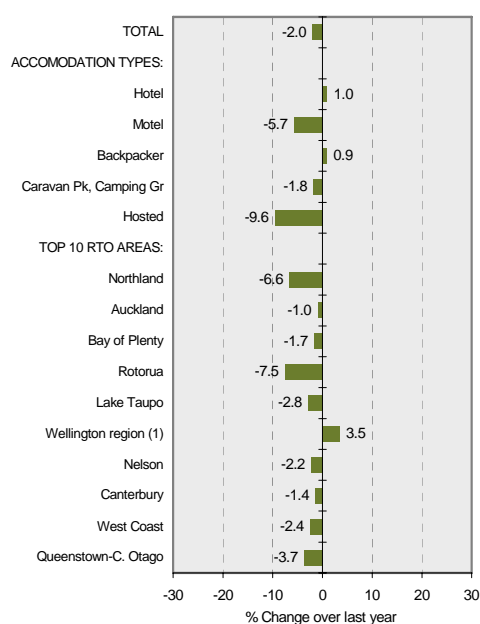
Annual - For the year ended February 2009, there was a total demand of 32.47 million guest nights, down by 658,000 or 2.0% on the previous year.

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



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

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



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

3. COMMERCIAL ACCOMMODATION

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

FEBRUARY MONTH	Guest Nights			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
TOTAL	3,492,768	3,608,940	3,332,677	3.3	-7.7
ACCOMODATION TYPES:					
Hotel	1,040,514	1,124,959	1,023,258	8.1	-9.0
Motel	1,125,565	1,139,111	1,030,320	1.2	-9.6
Backpacker	482,727	486,305	482,111	0.7	-0.9
Caravan Pk, Camping Gr	755,279	768,851	726,655	1.8	-5.5
Hosted	88,684	89,713	70,333	1.2	-21.6
TOP 10 RTO AREAS:					
Northland	205,403	202,703	186,701	-1.3	-7.9
Auckland	523,090	564,868	521,643	8.0	-7.7
Bay of Plenty	122,964	122,756	127,432	-0.2	3.8
Rotorua	185,006	201,368	163,009	8.8	-19.0
Lake Taupo	107,964	102,784	97,550	-4.8	-5.1
Wellington region (1)	236,698	254,128	231,384	7.4	-8.9
Nelson	166,065	178,650	167,895	7.6	-6.0
Canterbury	461,095	479,195	444,840	3.9	-7.2
West Coast	173,660	172,893	154,352	-0.4	-10.7
Queenstown-C. Otago	335,879	343,980	305,298	2.4	-11.2

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

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

YEAR ENDED FEBRUARY	Guest Nights			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
TOTAL	32,007,015	33,127,272	32,469,589	3.5	-2.0
ACCOMODATION TYPES:					
Hotel	10,074,891	10,441,704	10,545,440	3.6	1.0
Motel	10,778,515	11,030,498	10,397,726	2.3	-5.7
Backpacker	4,339,345	4,525,285	4,568,029	4.3	0.9
Caravan Pk, Camping Gr	6,232,860	6,551,250	6,435,312	5.1	-1.8
Hosted	581,405	578,535	523,081	-0.5	-9.6
TOP 10 RTO AREAS:					
Northland	1,780,462	1,760,062	1,643,238	-1.1	-6.6
Auckland	5,312,378	5,701,597	5,646,243	7.3	-1.0
Bay of Plenty	1,220,301	1,276,352	1,255,194	4.6	-1.7
Rotorua	1,857,670	1,902,492	1,759,519	2.4	-7.5
Lake Taupo	1,054,875	1,009,369	980,721	-4.3	-2.8
Wellington region (1)	2,295,954	2,384,255	2,468,168	3.8	3.5
Nelson	1,217,552	1,284,106	1,255,422	5.5	-2.2
Canterbury	4,232,357	4,453,381	4,391,032	5.2	-1.4
West Coast	1,268,962	1,288,236	1,256,857	1.5	-2.4
Queenstown-C. Otago	3,175,419	3,309,393	3,188,349	4.2	-3.7

(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)

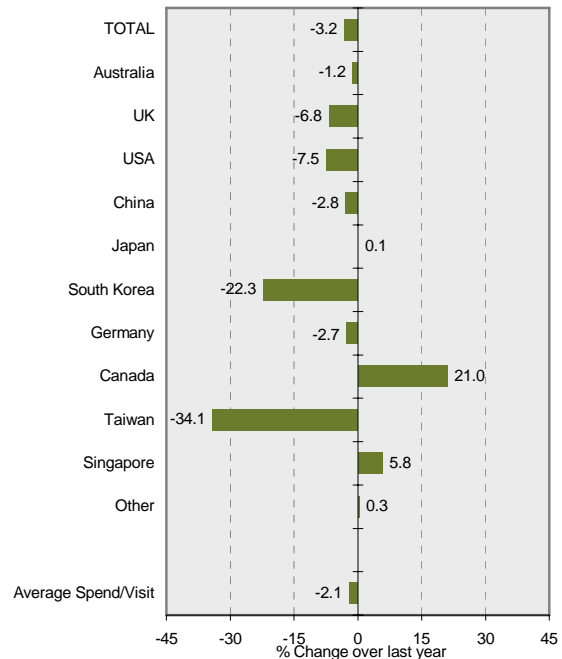


Table 4 International Visitor Expenditure (Year)

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

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

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

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

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

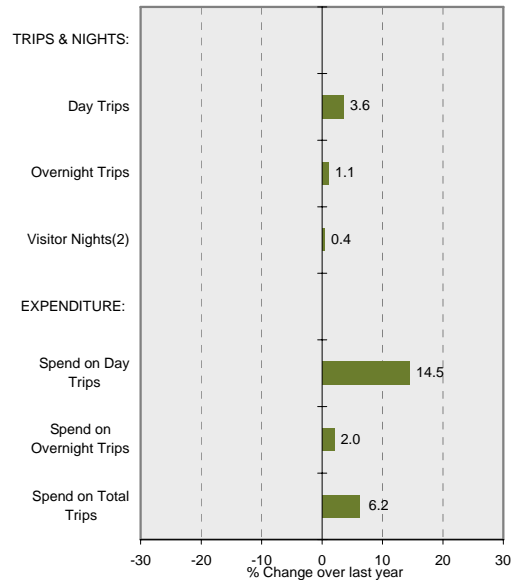


Table 5 Domestic Tourism (Year)

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

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

6. TOURISM SATELLITE ACCOUNT

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

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

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

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

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

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

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

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

Table 6 Tourism Satellite Account, 2005-2007

YEAR ENDED MARCH				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**

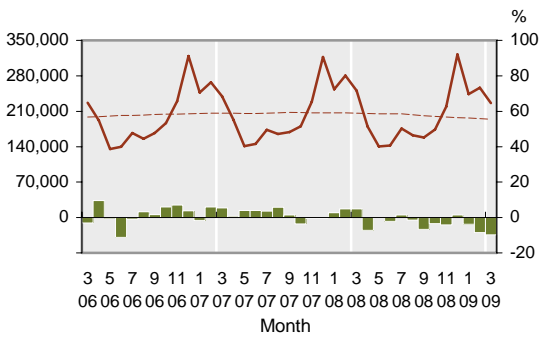
YEAR ENDED DECEMBER	Actual			Forecast					Growth 2008-2014		
	2007(1)	2008	2009	2010	2011	2012	2013	2014	Change	Total	Annual
International Visitors (000)	2,455	2,485	2,546	2,633	2,778	2,854	2,966	3,083	628	25.6%	3.3%
Domestic Total Trips (000)(2)	49,492	50,489	51,154	51,567	51,901	52,161	52,411	52,656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

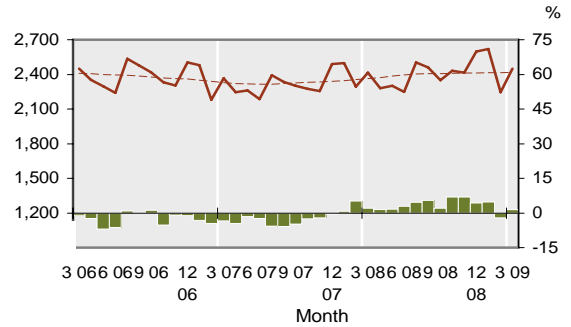
TRENDS AND PATTERNS

1. Inbound Tourism

1.1 International Visitor Arrivals

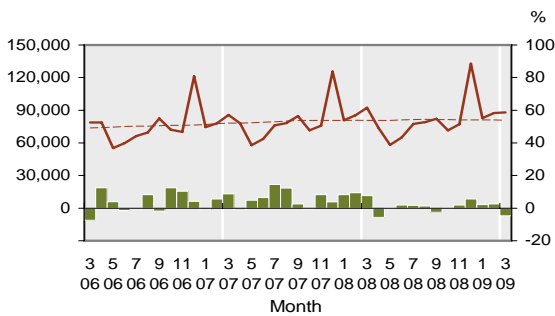


1.2 International Passenger Arrival Flights

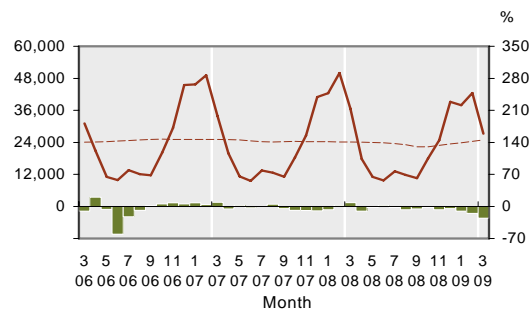


Major Sources

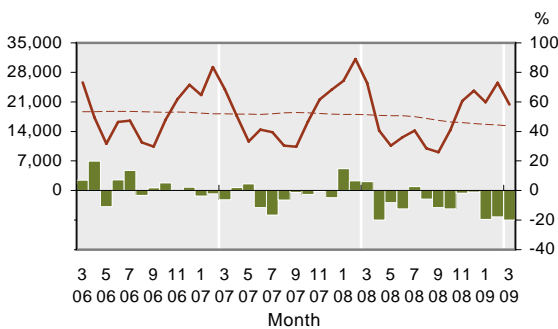
1.3 Visitors from - Australia



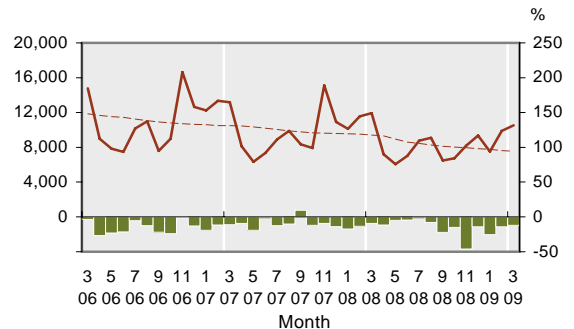
1.4 Visitors from - UK



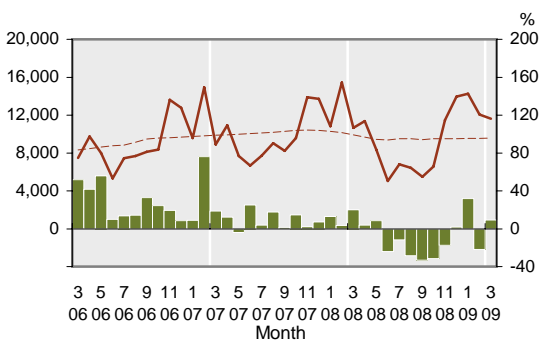
1.5 Visitors from - USA



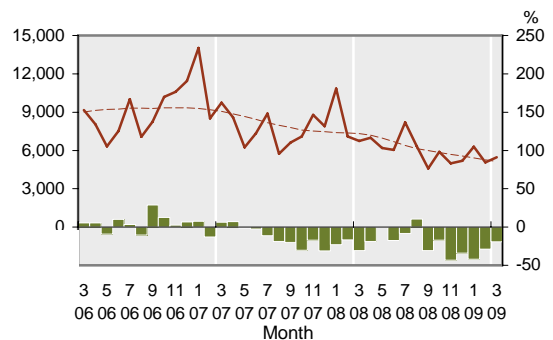
1.6 Visitors from - Japan



1.7 Visitors from - China



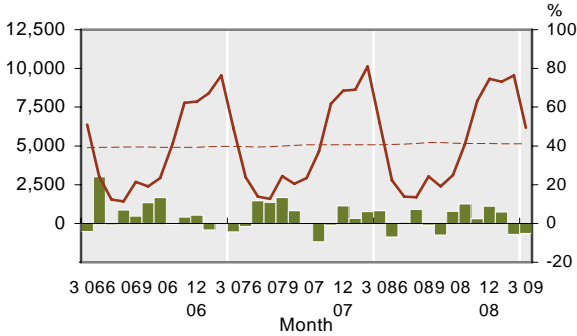
1.8 Visitors from - South Korea



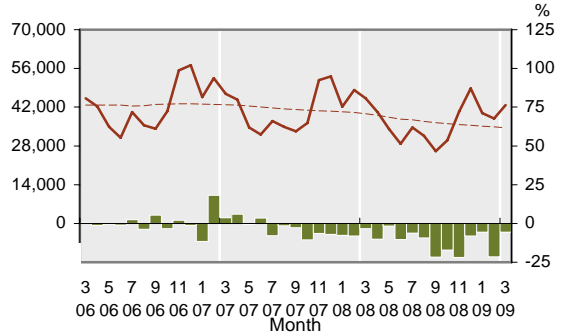
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 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

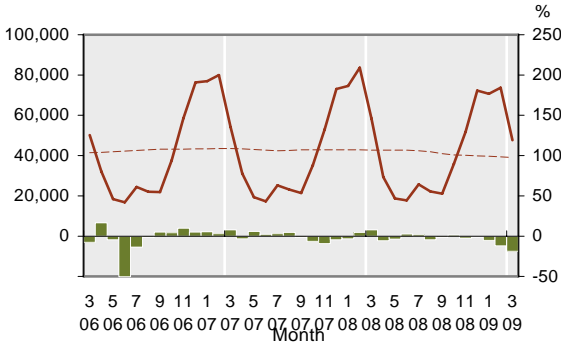
1.9 Visitors from - Germany



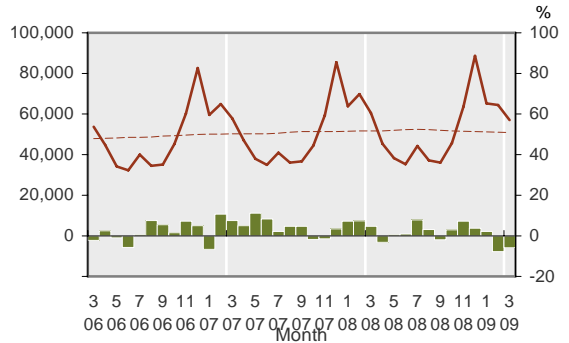
1.10 Visitors from - Asia



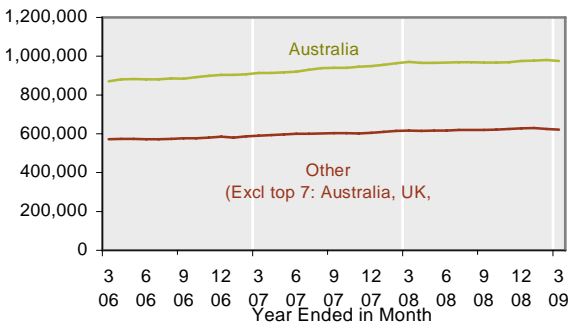
1.11 Visitors from - Europe



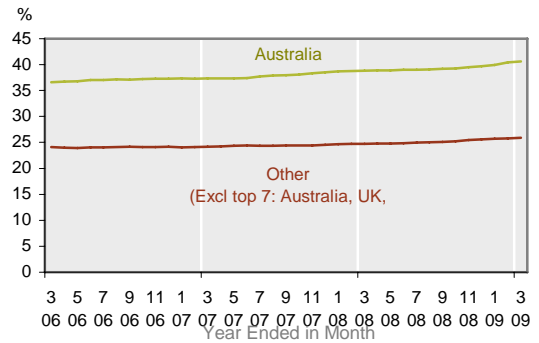
1.12 Visitors from - Other



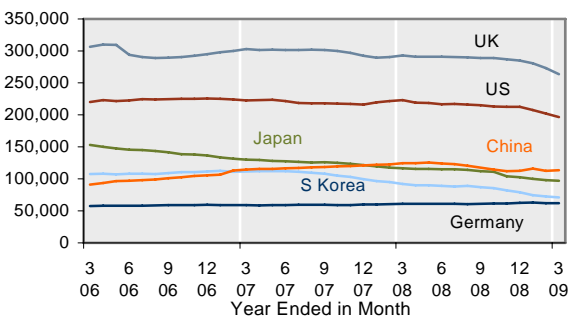
1.13 Visitors by Major Source



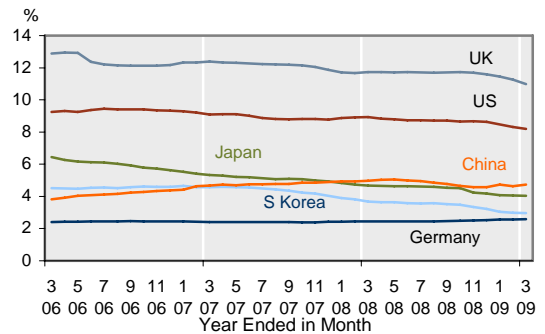
1.14 Share of Total International Visitors (%)



1.15 Visitors by Major Source



1.16 Share of Visitors by Major Source (%)

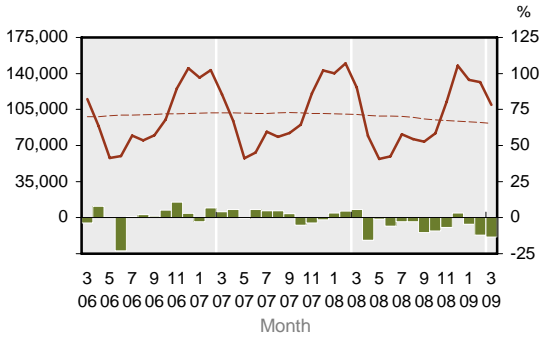


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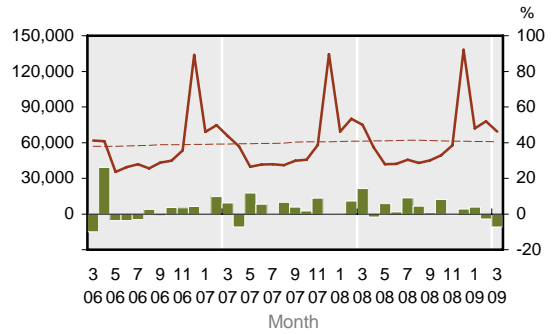
TRENDS AND PATTERNS

Purpose of Visits

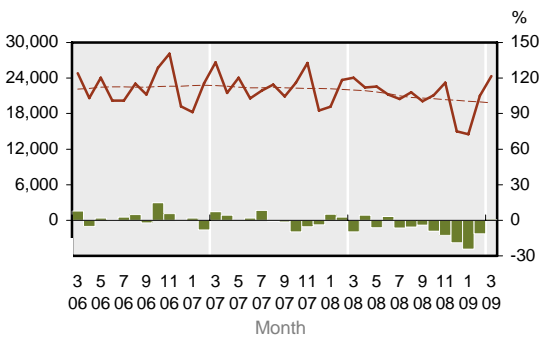
1.17 International Visitors - Holiday



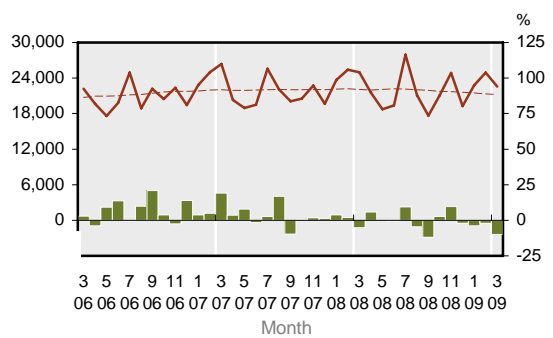
1.18 International Visitors - VFR



1.19 International Visitors - Business



1.20 International Visitors - Other

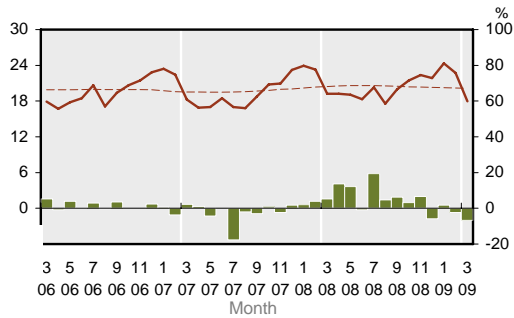


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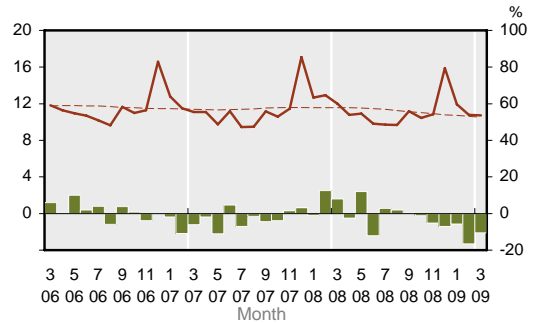
TRENDS AND PATTERNS

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

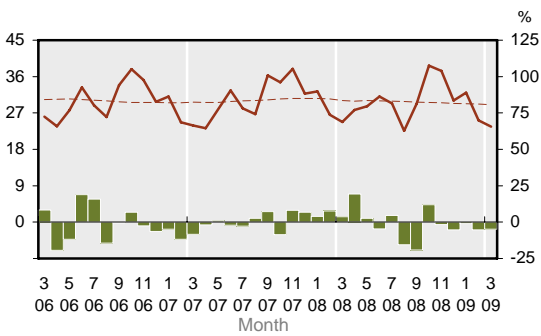
1.21 Average Days of Stay by Visitors



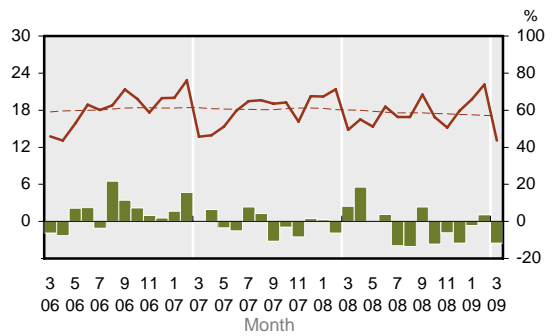
1.22 Average Days Stayed - Australian Visitors



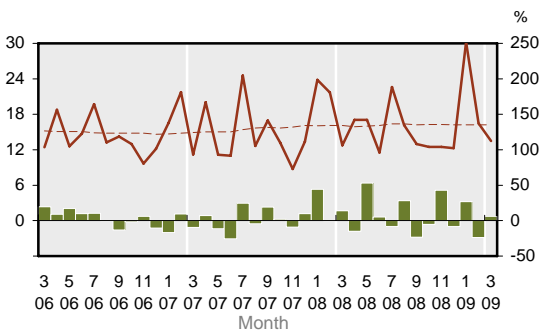
1.23 Average Days Stayed - UK Visitors



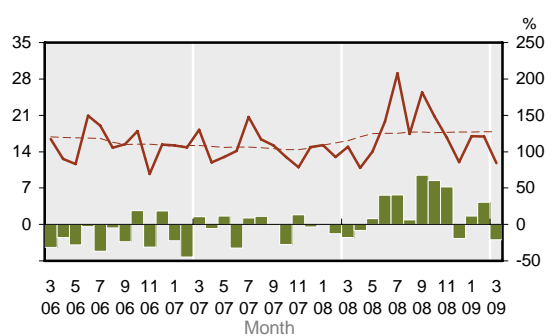
1.24 Average Days Stayed - US Visitors



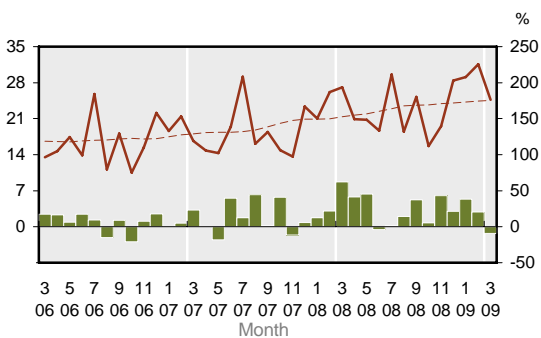
1.25 Average Days Stayed - Japanese Visitors



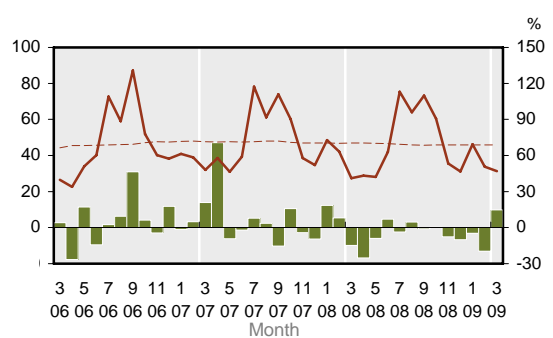
1.26 Average Days Stayed - Chinese Visitors



1.27 Average Days Stayed - S Korea Visitors



1.28 Average Days Stayed - German Visitors



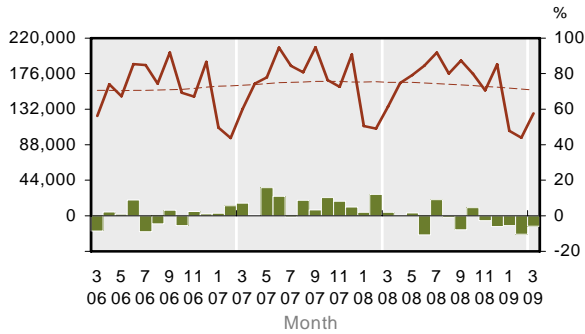
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TRENDS AND PATTERNS

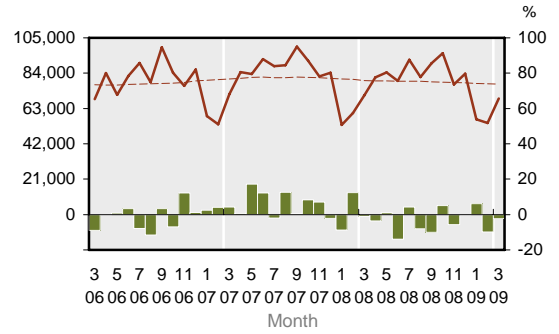
2. Outbound Tourism

Major Destinations

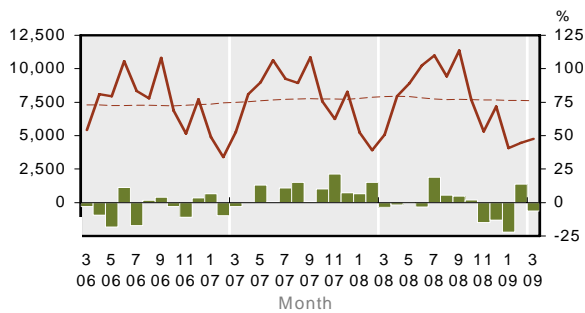
2.1 NZer Trips Abroad



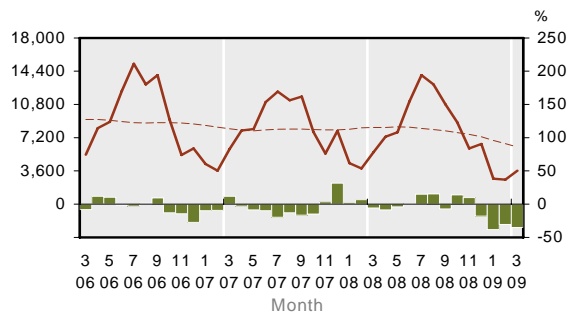
2.2 NZer Trips to - Australia



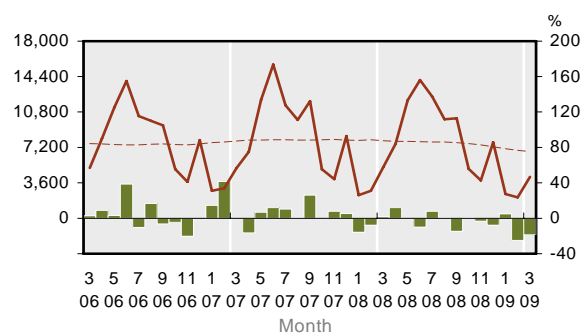
2.3 NZer Trips to - USA



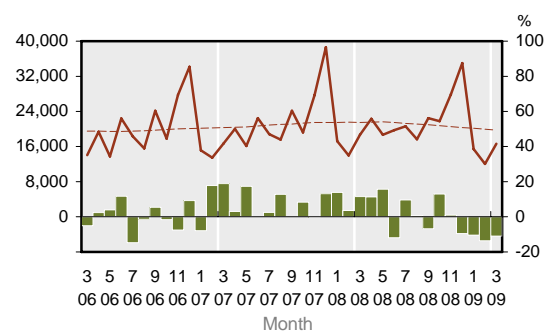
2.4 NZer Trips to - Fiji



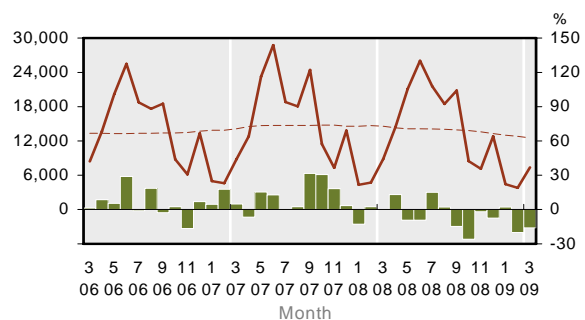
2.5 NZer Trips to - UK



2.6 NZer Trips to - Asia



2.7 NZer Trips to - Europe

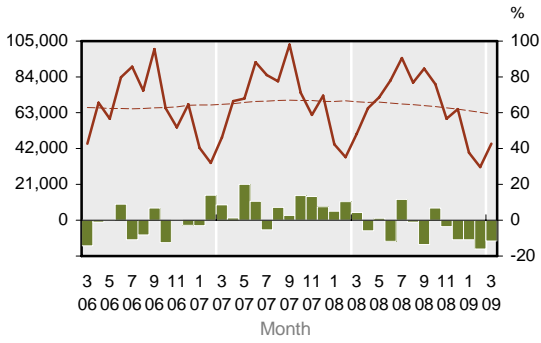


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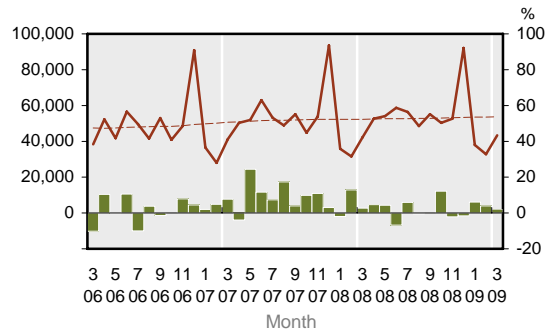
TRENDS AND PATTERNS

Purpose of Trips Abroad

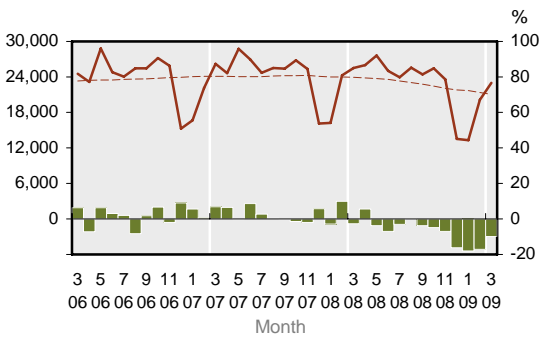
2.8 NZer Trips Abroad - Holiday



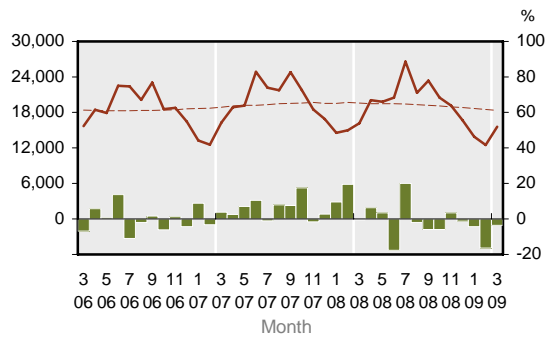
2.9 NZer Trips Abroad - VFR



2.10 NZer Trips Abroad - Business



2.11 NZer Trips Abroad - Other



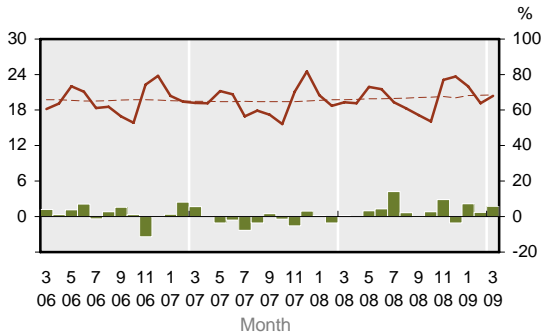
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TRENDS AND PATTERNS

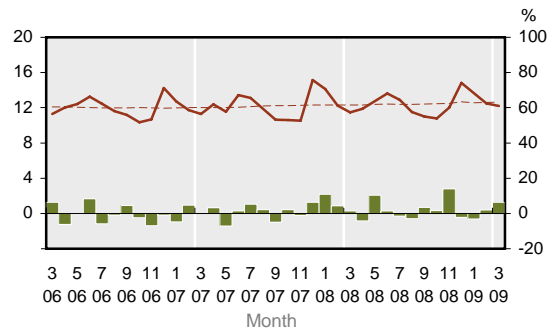
Length of Trips Abroad

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.

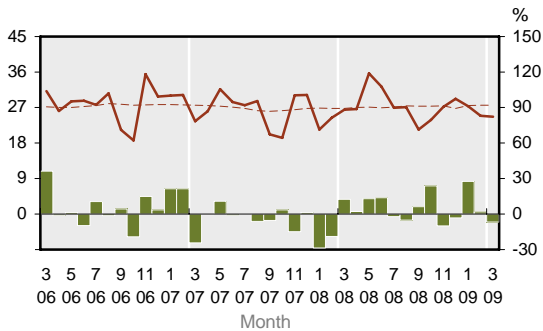
2.12 Average Days Abroad



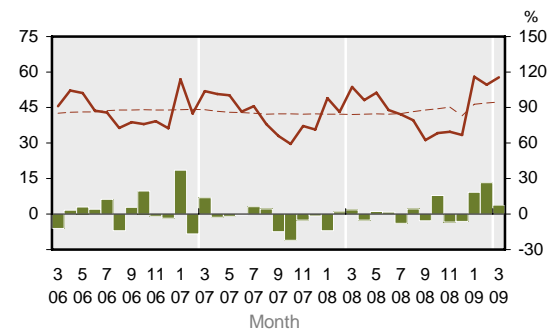
2.13 NZers Average Days Abroad - Australia



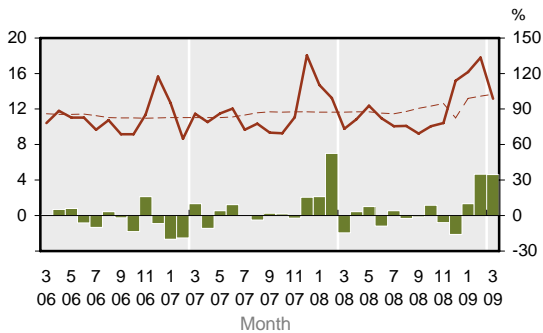
2.14 NZers Average Days Abroad - US



2.15 NZers Average Days Abroad - UK



2.16 NZers Average Days Abroad - Fiji

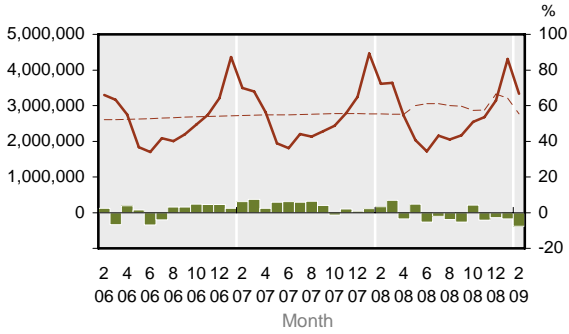


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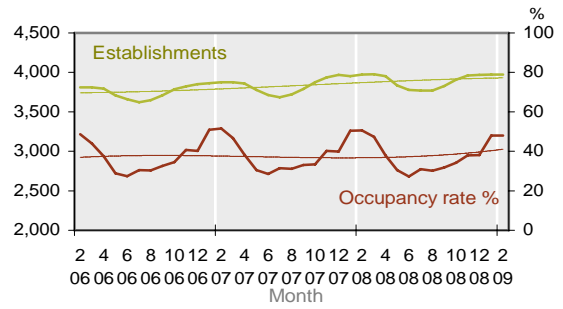
TRENDS AND PATTERNS

3. Commercial Accommodation

3.1 Total Guest Nights

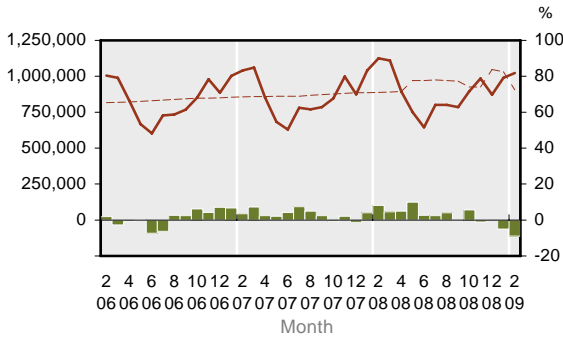


3.2 Total Establishments and Occupancy

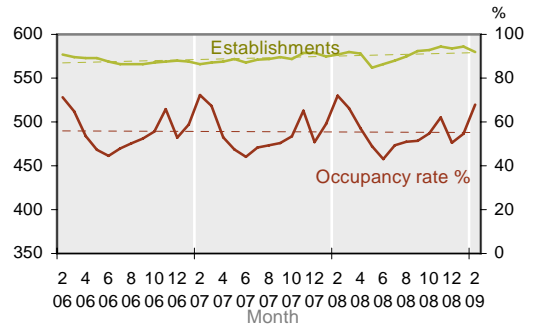


Guest Nights by Accommodation Type

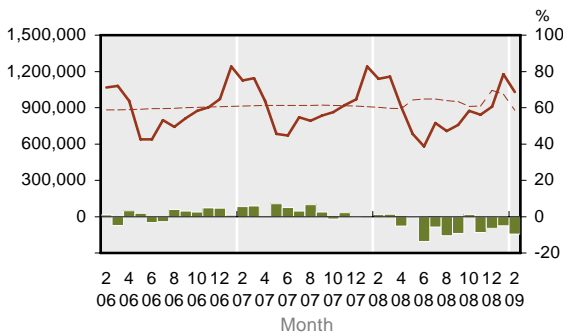
3.3 Hotel Guest Nights



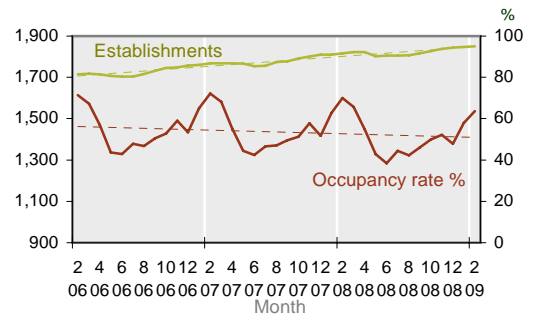
3.4 Hotels and Occupancy



3.5 Motel Guest Nights



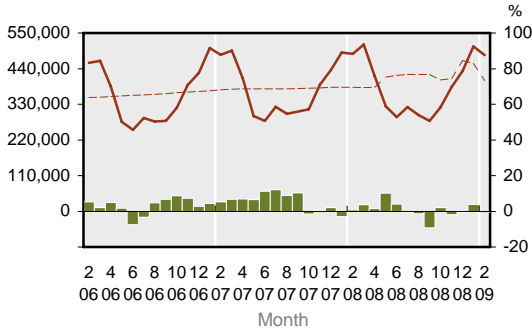
3.6 Motels and Occupancy



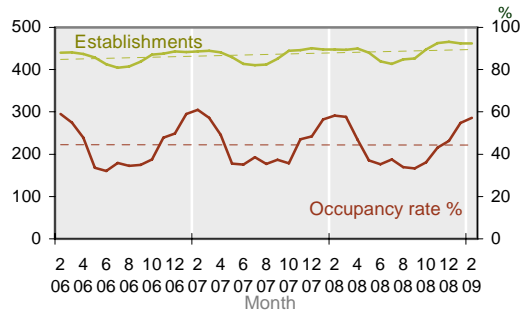
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TRENDS AND PATTERNS

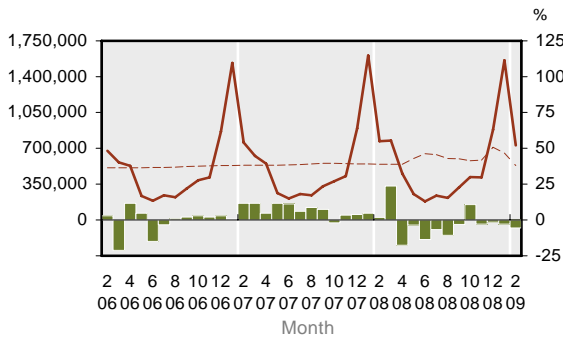
3.7 Backpacker Guest Nights



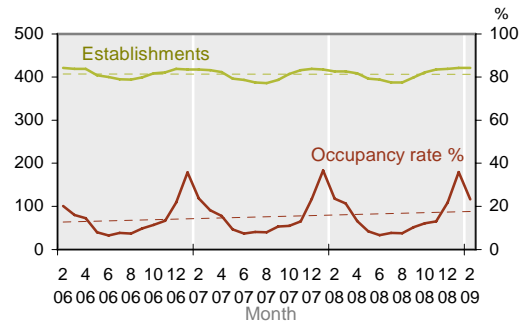
3.8 Backpackers and Occupancy



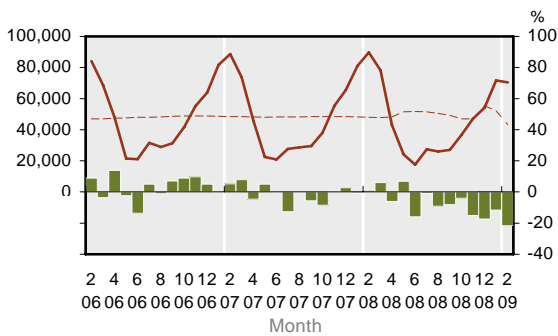
3.9 Caravan/Camping Guest Nights



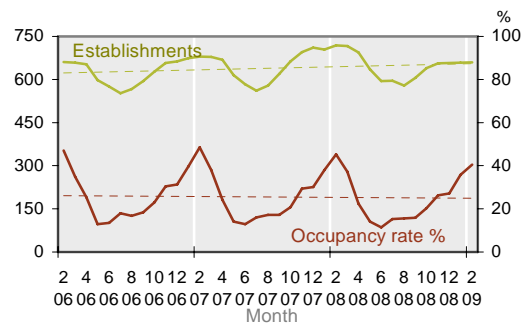
3.10 Caravan/Camping Est. and Occupancy



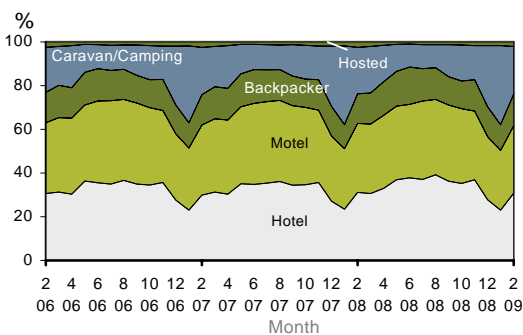
3.11 Hosted Guest Nights



3.12 Hosted and Occupancy



3.13 Share of Guest Nights by Establishment

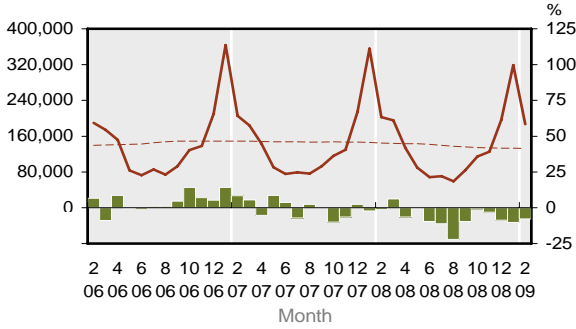


KEY:
 Solid line (brown) – show statistics described by the graph title (left scale).
 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

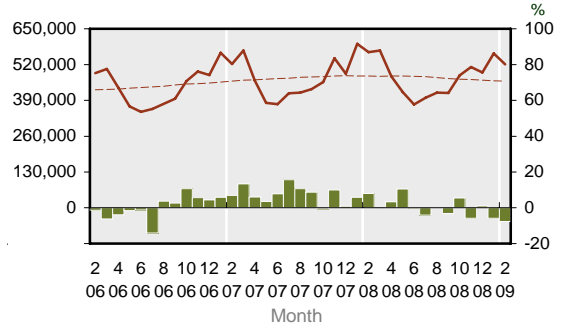
TRENDS AND PATTERNS

Guest Nights by Regional Tourism Organisation and District

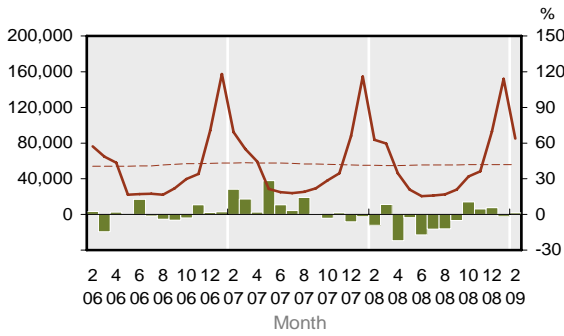
3.14 Northland RTO Guest Nights



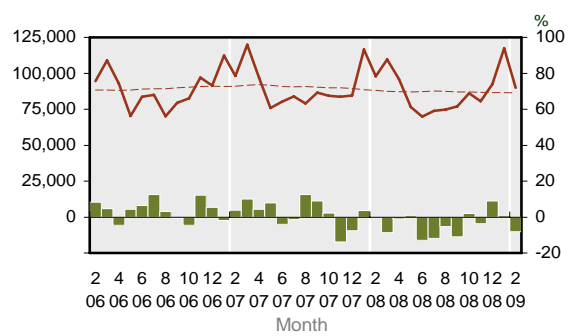
3.15 Auckland RTO Guest Nights



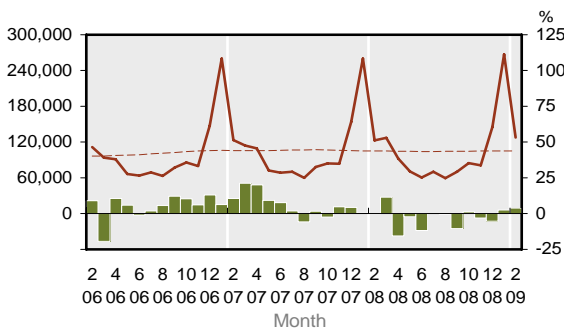
3.16 Coromandel RTO Guest Nights



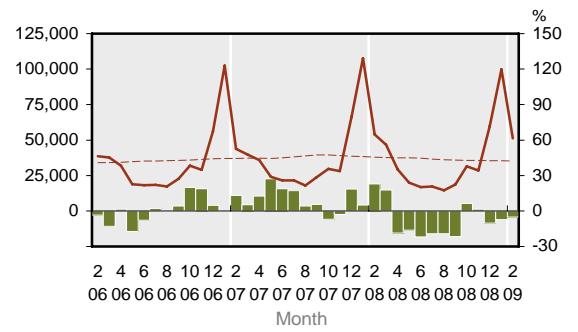
3.17 Waikato RTO Guest Nights



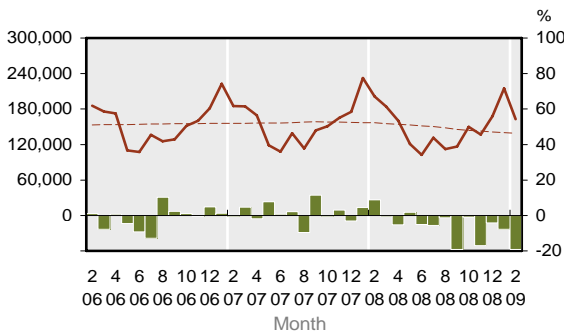
3.18 Bay of Plenty RTO Guest Nights



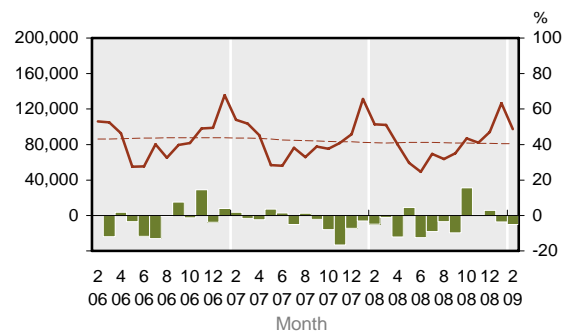
3.19 Eastland RTO Guest Nights



3.20 Rotorua RTO Guest Nights



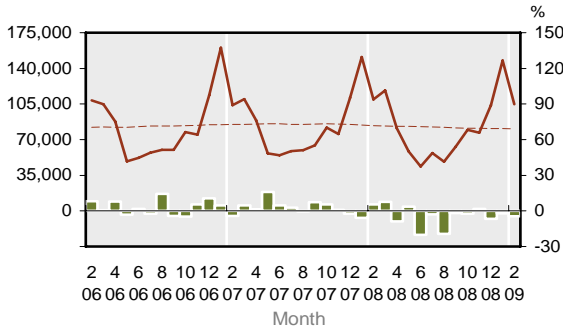
3.21 Lake Taupo RTO Guest Nights



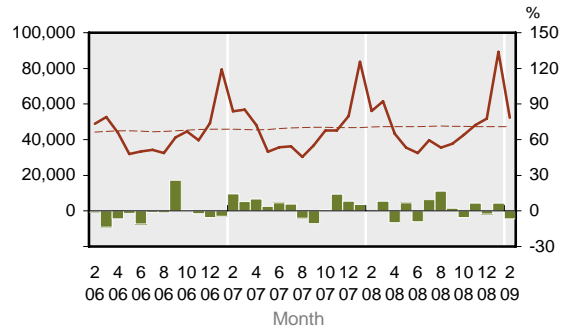
KEY:
 Solid line (brown) – show statistics described by the graph title (left scale).
 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

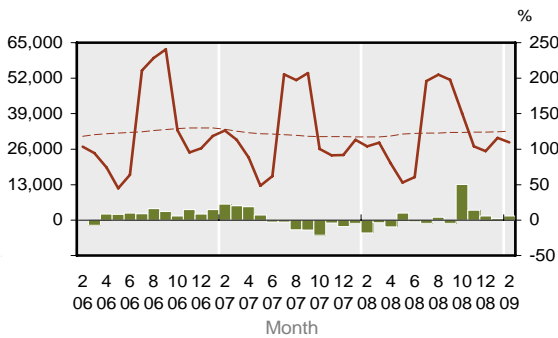
3.22 Hawke's Bay RTO Guest Nights



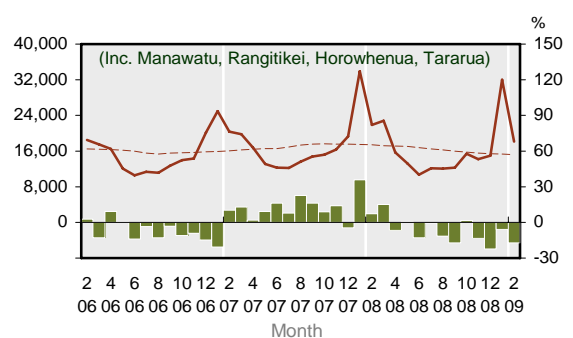
3.23 Taranaki RTO Guest Nights



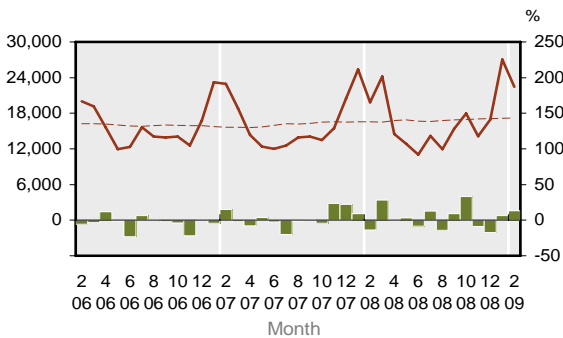
3.24 Ruapehu RTO Guest Nights



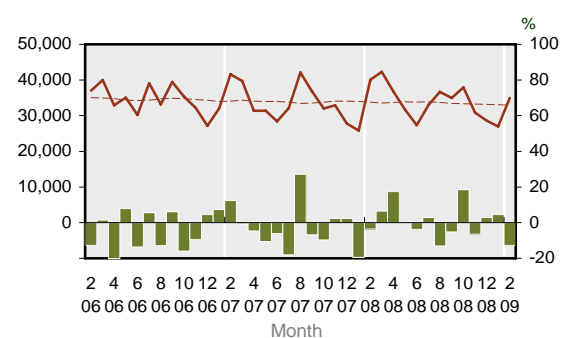
3.25 Combined Manawatu Guest Nights



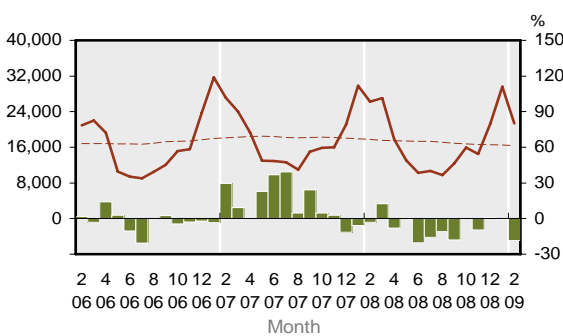
3.26 Wanganui District Guest Nights



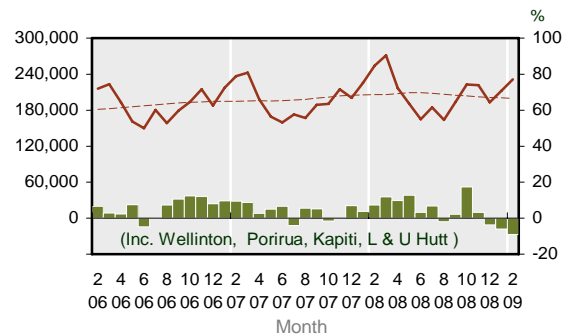
3.27 Palmerston North City Guest Nights



3.28 Wairarapa RTO Guest Nights



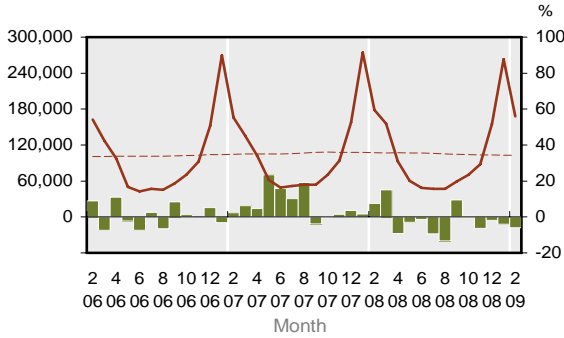
3.29 Wellington Region Guest Nights



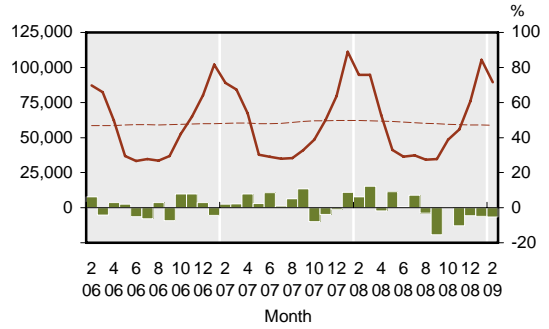
KEY:
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 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

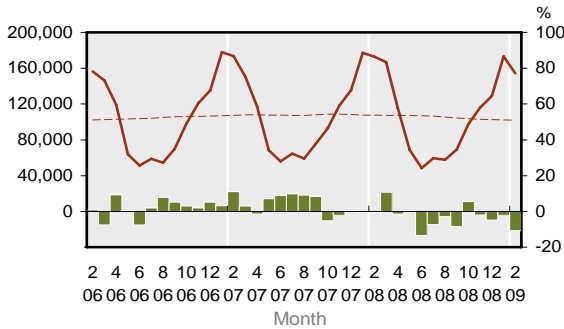
3.30 Nelson RTO Guest Nights



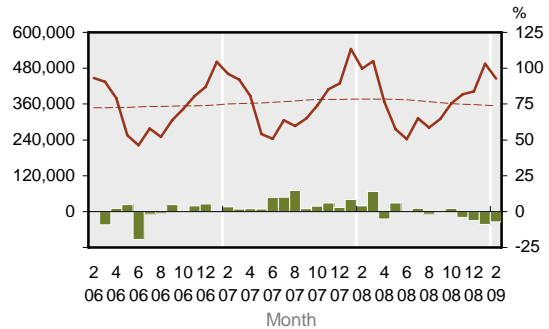
3.31 Marlborough RTO Guest Nights



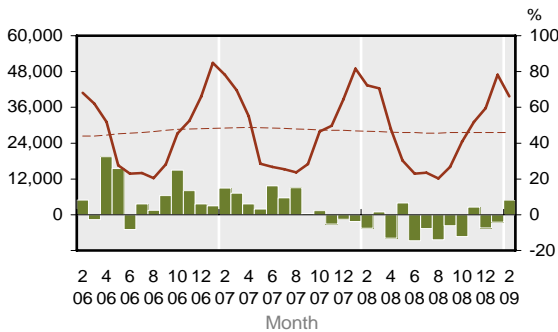
3.32 West Coast RTO Guest Nights



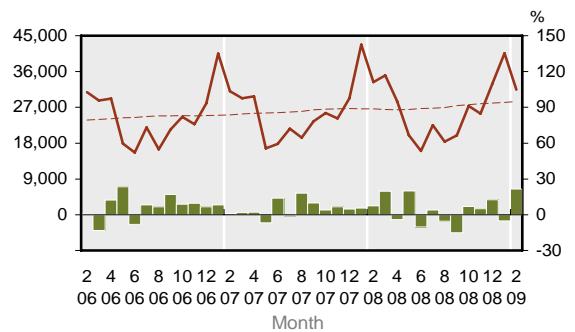
3.33 Canterbury Guest Nights



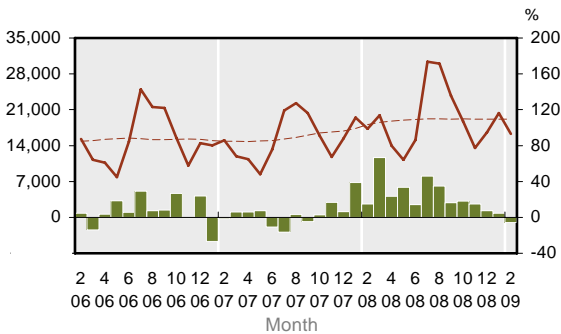
3.34 Kaikoura District Guest Nights



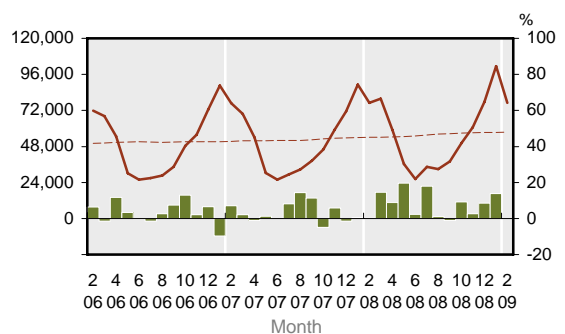
3.35 Hurunui RTO Guest Nights



3.36 Ashburton District Guest Nights



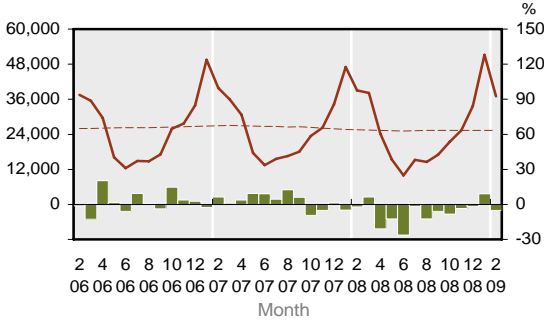
3.37 Mackenzie-Timaru Guest Nights



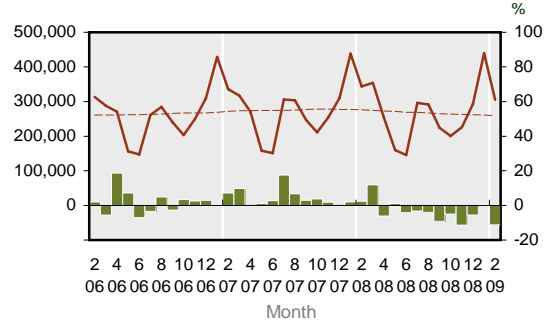
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 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

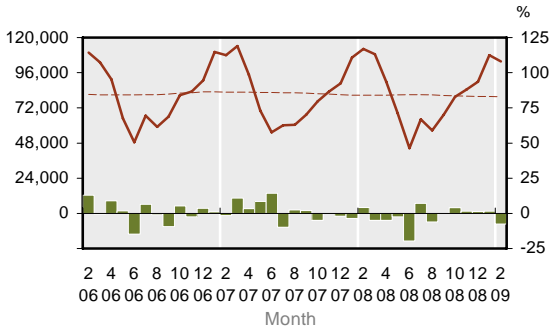
3.38 Waitaki-Waimate Guest Nights



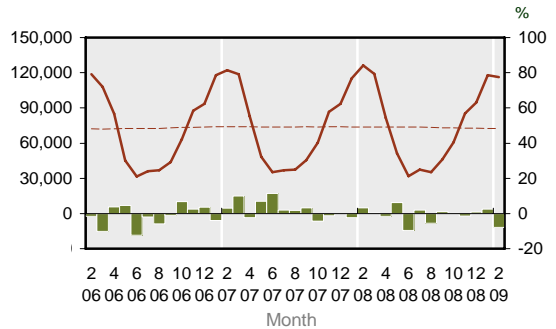
3.39 Queenstown Lakes - Central Otago Guest Nights



3.40 Dunedin - Clutha Guest Nights

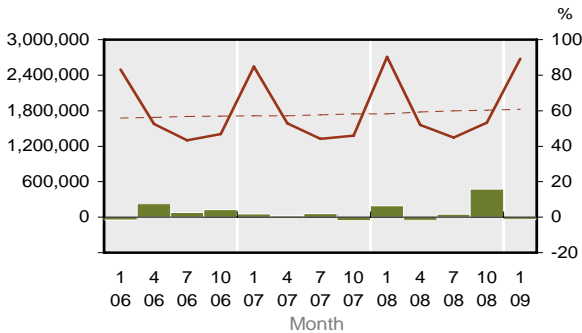


3.41 Southland Region Guest Nights

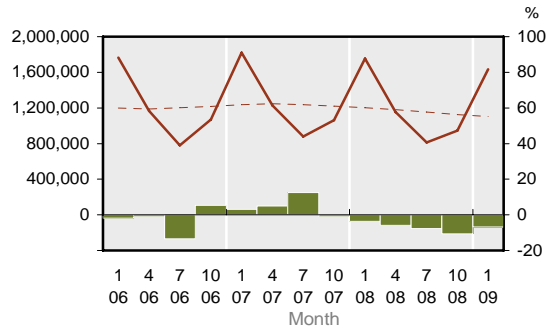


International and Domestic Guest Nights

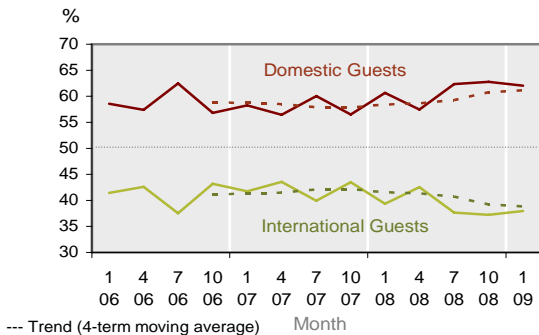
3.42 Domestic Guest Nights



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