



TOURISM LEADING INDICATORS MONITOR

SERIES 2009/5 **JUNE 2009** NEW ZEALAND

This edition provides new data on:

- Inbound and Outbound Travel May 09
- Commercial Accommodation Apr 09

It provides an indication on the impact of the 2009 influenza pandemic on New Zealand's inbound travel so far.

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COMMENTARY

Impact of the 2009 Influenza Pandemic on New Zealand's Inbound Travel

In late April, the World Health Organisation (WHO) announced the emergence of a novel Influenza A (H1N1) virus. By mid June, it has spread to over 80 countries resulting in the current global influenza pandemic.

The WHO considers the overall severity of the global Influenza A (H1N1) pandemic to be moderate, with most people recovering without the need for hospitalization or medical care. This makes it similar in severity to normal seasonal influenza, although appears to be more contagious.

WHO is not recommending travel restrictions related to the influenza pandemic. It considers that imposing travel restrictions would have little effect on stopping the virus from spreading, but would be highly disruptive to the global community. Despite this, many national health authorities around the world have introduced measures to prevent or delay the spread of the virus, including quarantining visiting travellers identified or suspected of such viral infection. Also, consumers are considering their travel activities in light of the existence of the virus.

The impact to date on international visitor arrivals to New Zealand is best seen through the weekly arrivals data (refer www.tourismresearch.govt.nz to access or to subscribe). The latest data for the four weeks up to 7 June 2009 is set out in Table 1 below.

Table 1: Provisional Four-weekly Overseas Visitor Arrivals - Top Ten Markets
Percentage change from previous year

Four weeks ended	Australia	UK	US	China	Japan	Sth. Korea	Germany	Canada	Singapore	Total
1 Mar 09	5	-11	-14	-21	-14	-22	1	-11	-10	-5
8 Mar 09	3	-13	-17	-22	-13	-21	-1	-11	8	-5
15 Mar 09	3	-19	-19	-10	-16	-19	-3	-11	3	-7
22 Mar 09	-4	-26	-18	11	-9	-17	-4	-8	-6	-9
29 Mar 09	-2	-27	-18	7	-9	-22	-4	-14	3	-9
5 Apr 09	0	-22	-14	16	-13	-23	5	-8	9	-5
12 Apr 09	15	-14	-9	14	-17	-27	21	-5	20	5
19 Apr 09	20	-2	-9	-2	-19	-37	24	-6	28	8
26 Apr 09	19	5	0	-4	-17	-42	36	6	21	8
3 May 09	25	0	12	-3	-11	-44	29	19	17	11
10 May 09	7	-4	-5	-4	-18	-49	10	-1	6	-1
17 May 09	16	-5	-3	-10	-26	-50	23	-3	6	3
24 May 09	22	-3	2	-16	-36	-51	12	-1	-3	5
31 May 09	13	-3	1	-40	-46	-58	19	-7	-15	-2
7 Jun 09	17	-6	-1	-52	-49	-60	25	-3	-13	-2

Source: Statistics New Zealand

This data shows that Asian markets have fallen sharply since mid-May after the influenza outbreak, with South Korea, China and Japan most impacted. The pandemic-induced downturn is now compounding the existing weakness in these markets caused by the global economic downturn (refer to Figure 1 for the graphical representation of market performance).

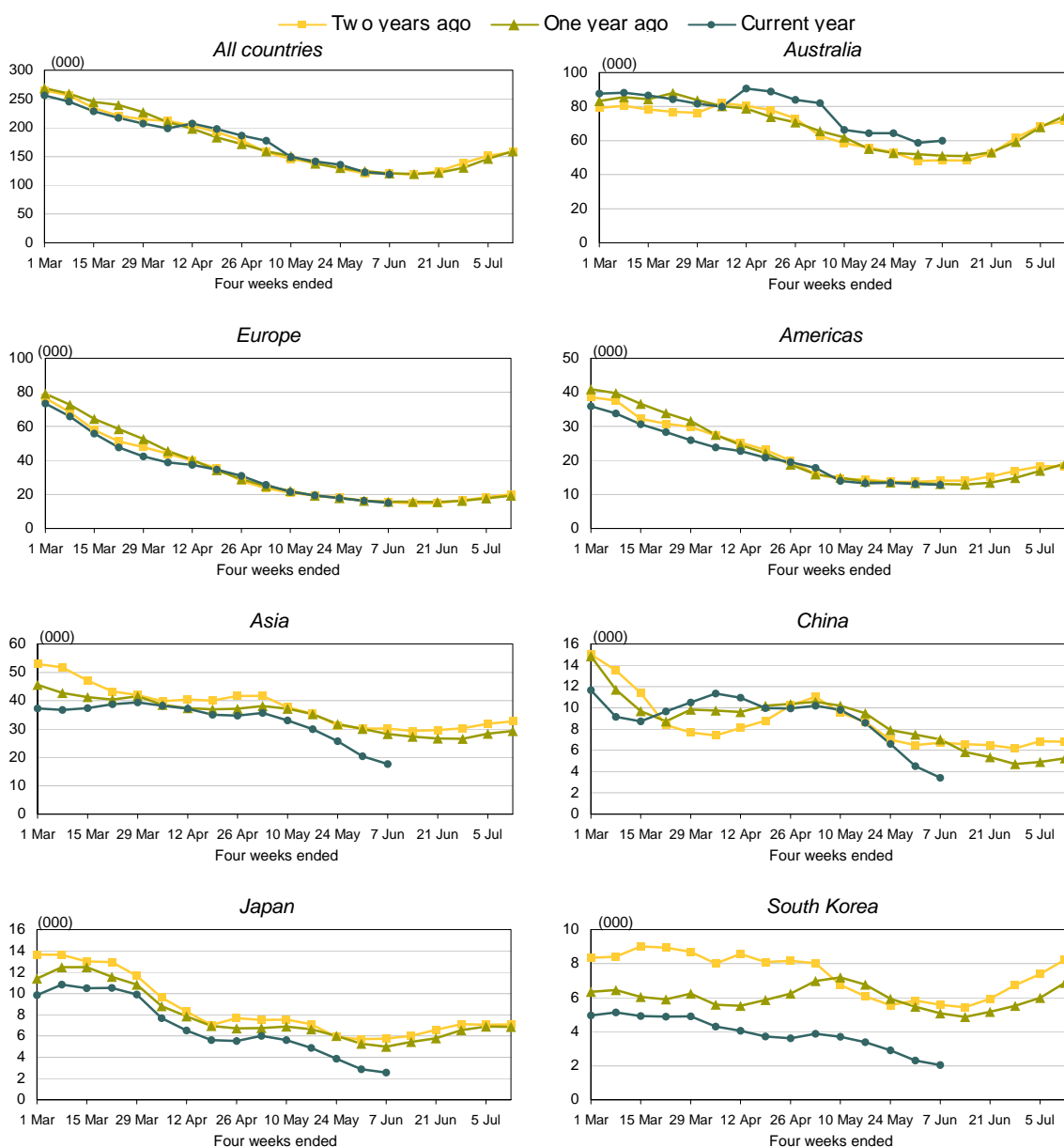
Other important markets are not responding in the same way as the Asian markets. The US and European markets appear to have stabilised to their normal winter season levels following weakness earlier in the year due to the economic conditions, and so there is no discernable impact from the pandemic.

On the other hand, Australia is performing very strongly, and since April has been tracking well above the levels of previous years. For the first time, Australian visitors exceeded one million in the year to May 2009.

Overall, in the four weeks ended 7 June 2009, total arrivals were down by 2% which was a reasonable result given that the Asian markets were down by 38%.

COMMENTARY

Figure 1: Provisional Four-weekly Overseas Visitor Arrivals, to 7 June 2009



To provide a point of reference to the current pandemic impact, we have examined the international arrival patterns during the outbreak of SARS in March 2003 and Avian Flu over 2005/06, with SARS providing the best comparison.

When SARS occurred, it caused a rapid drop-off in arrivals from Asian markets while other markets moved very little from their normal seasonal patterns. Also, while the Asian markets fell quickly, they recovered rapidly and within six months Asian arrivals had returned to normal seasonal levels. The Avian Flu was a more gradual phenomenon that had little impact on visitor arrivals to New Zealand.

While this experience suggests that the current pandemic could be a fleeting effect, there is uncertainty about how the H1N1 virus will evolve over time. It is also unclear how the pandemic will affect the travel behaviours of individual travellers – will the current Asian patterns start to be seen in other markets? Consequently, the depth and duration of the influence of the pandemic on the New Zealand tourism industry remains uncertain.

1. INBOUND TOURISM

International Visitor Arrivals, May 2009 - In the month of May 2009 there were 141,916 international visitor arrivals, up by 1.0% (1,400) compared to May 2008. This is the highest ever recorded figure for a May month.

Markets – Visitors from Australia (up 9,210 or 15.8%) recorded the largest increase in May 2009. This was followed by Fiji (up 590 or 39.9%), Thailand (up 390 or 26.0%), New Caledonia (up 370 or 44.9%), French Polynesia (up 260 or 21%) and Germany (up 200 or 11.7%).

In contrast, there were fewer visitors from South Korea (down 3,370 or 54.4%), China (down 2,740 or 32.8%), Japan (down 2,530 or 41.8%), South Africa (down 540 or 33.6%), Taiwan (down 500 or 35.7%), the United Kingdom (down 400 or 3.6%) and the Philippines (down 390 or 46.4%).

Purpose - There were more visiting friends and relatives (up 5,600 or 13.4%) and on holiday (up 2,100 or 3.7%) in May 2009 compared to May 2008, while there were fewer visitors on business (down 4,450 or 19.7%).

Duration – In May 2009, the average length of stay of visitors was 17.9 days, 1.2 days shorter than in May 2008. The total number of visitor days decreased by 6.0% (160,200) to 2.52 million.

Flights – There were 2,285 flight-arrivals in May 2009, 16 flights or 0.7% less than in May 2008.

Annual Arrivals – For the year ended May 2009, there were 2.419 million international visitor arrivals, down by 64,230 or 2.6% on the previous year.

Annual visitor arrivals from Australia exceeded 1 million for the first time in the year ended May 2009, up 35,500 or 3.7% on the previous year.

Total visitor days were down by 3.8% to 49.41 million, with the average length of stay down 0.2 day to 20.5 days.

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

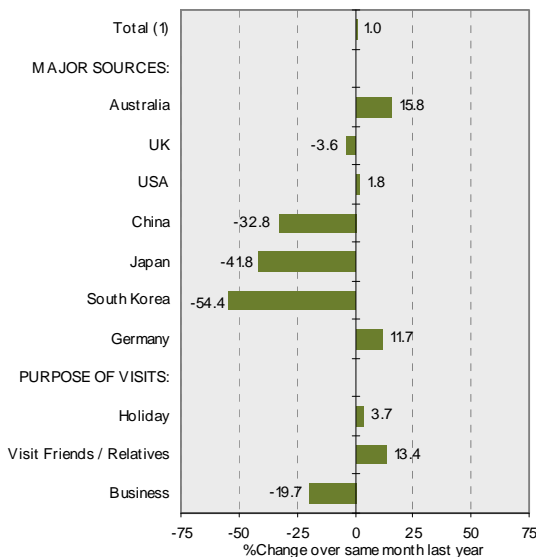
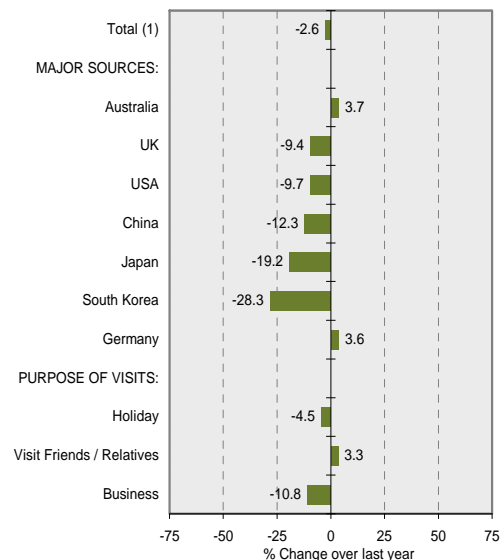


Figure 1b **Growth Rate of International Visitor Arrivals (Year Ended May 2009)**



1. INBOUND TOURISM

Table 1a International Visitor Arrivals (Month)

MAY MONTH	International Visitor Arrivals			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
Total (1)	140,755	140,483	141,916	-0.2	1.0
MAJOR SOURCES:					
Australia	57,924	58,240	67,446	0.5	15.8
UK	11,268	11,000	10,602	-2.4	-3.6
USA	11,592	10,640	10,836	-8.2	1.8
China	7,686	8,360	5,616	8.8	-32.8
Japan	6,354	6,060	3,528	-4.6	-41.8
South Korea	6,228	6,200	2,826	-0.4	-54.4
Germany	1,728	1,740	1,944	0.7	11.7
PURPOSE OF VISITS:					
Holiday	57,600	56,960	59,058	-1.1	3.7
Visit Friends / Relatives	39,564	41,900	47,502	5.9	13.4
Business	24,048	22,560	18,108	-6.2	-19.7
INTERNATIONAL ARRIVAL FLIGHTS:					
Passenger Flights	2,262	2,301	2,285	1.7	-0.7

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

Table 1b International Visitor Arrivals (Year)

YEAR ENDED MAY	International Visitor Arrivals			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
Total (1)	2,452,187	2,482,881	2,418,647	1.3	-2.6
MAJOR SOURCES:					
Australia	915,933	966,383	1,001,880	5.5	3.7
UK	301,869	290,852	263,505	-3.6	-9.4
USA	223,275	218,279	197,055	-2.2	-9.7
China	115,261	125,424	110,039	8.8	-12.3
Japan	127,787	115,253	93,164	-9.8	-19.2
South Korea	112,169	90,197	64,661	-19.6	-28.3
Germany	58,925	60,764	62,980	3.1	3.6
PURPOSE OF VISITS:					
Holiday	1,209,961	1,213,003	1,158,883	0.3	-4.5
Visit Friends / Relatives	700,574	729,319	753,153	4.1	3.3
Business	271,074	266,252	237,596	-1.8	-10.8
INTERNATIONAL ARRIVAL FLIGHTS:					
Passenger Flights	28,343	28,028	28,876	-1.1	3.0

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

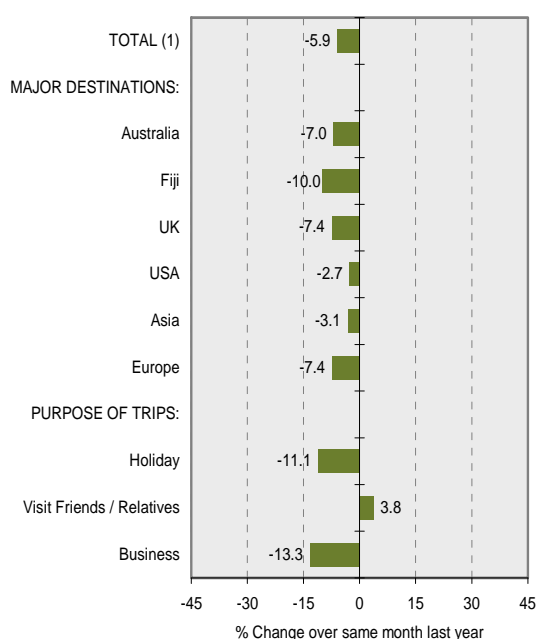
2. OUTBOUND TOURISM

Departures, May 2009 - In the month of May 2009, New Zealand residents undertook 163,690 short-term overseas trips, down by 10,300 or 5.9% compared to May 2008.

Destinations - There were more trips to Singapore (up 570 or 54.2%), the Cook Islands (up 320 or 6.0%), South Africa (up 260 or 28.8%), Thailand (up 170 or 7.3%) and Vanuatu (up 140 or 19.2%).

In contrast, there were fewer trips to Australia (down 5,890 or 7.0%), the United Kingdom (down 890 or 7.4%), Fiji (down 780 or 10.0%), Hong Kong (down 570 or 36.5%), New Caledonia (down 370 or 38.1%) and Tonga (down 340 or 23.4%).

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

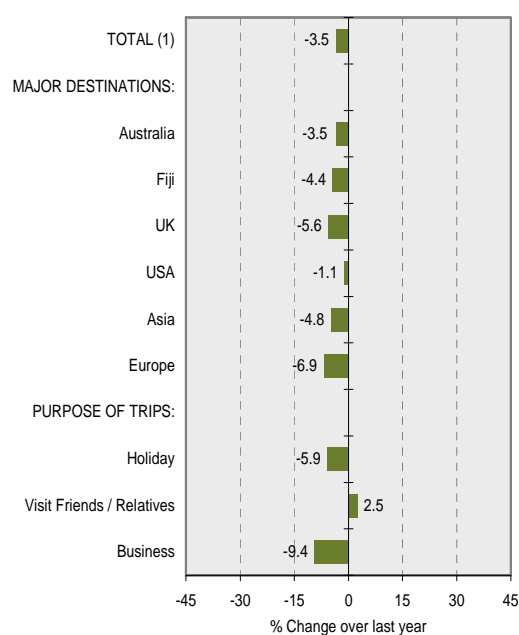


Purpose – There were more New Zealanders visiting friends and relatives (up 2,040 or 3.8%) in May 2009 compared to May 2008, while there were fewer New Zealanders on holiday (down 7,960 or 11.1%) and on business (down 3,690 or 13.3%).

Duration - The average length of trips in May 2009 was 20.6 days, 1.3 day shorter than in May 2008.

Annual Departures – There were 1.930 million trips undertaken in the year ended May 2009, down by 70,100 or 3.5% on the previous year.

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



2. OUTBOUND TOURISM

Table 2a Trips Abroad by NZ Residents (Month)

MAY MONTH	Trips Abroad by NZ Residents			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
TOTAL (1)	171,348	173,983	163,686	1.5	-5.9
MAJOR DESTINATIONS:					
Australia	83,512	84,408	78,518	1.1	-7.0
Fiji	8,140	7,800	7,018	-4.2	-10.0
UK	12,012	11,976	11,088	-0.3	-7.4
USA	8,976	8,928	8,690	-0.5	-2.7
Asia	16,148	18,672	18,084	15.6	-3.1
Europe	23,276	21,120	19,558	-9.3	-7.4
PURPOSE OF TRIPS:					
Holiday	71,236	71,976	64,020	1.0	-11.1
Visit Friends / Relatives	51,986	54,192	56,232	4.2	3.8
Business	28,732	27,648	23,958	-3.8	-13.3

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

Table 2b Trips Abroad by NZ Residents (Year)

YEAR ENDED MAY	Trips Abroad by NZ Residents			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
TOTAL (1)	1,903,540	1,999,576	1,929,513	5.0	-3.5
MAJOR DESTINATIONS:					
Australia	948,651	976,418	942,225	2.9	-3.5
Fiji	104,989	96,415	92,177	-8.2	-4.4
UK	89,993	96,151	90,776	6.8	-5.6
USA	87,840	92,829	91,770	5.7	-1.1
Asia	241,602	259,395	246,841	7.4	-4.8
Europe	163,217	176,113	163,931	7.9	-6.9
PURPOSE OF TRIPS:					
Holiday	803,336	841,010	791,622	4.7	-5.9
Visit Friends / Relatives	589,411	629,643	645,356	6.8	2.5
Business	286,385	290,492	263,064	1.4	-9.4

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

3. COMMERCIAL ACCOMMODATION

Guest Nights, April 2009 - In the month of April 2009, a total of 2,829,298 guest nights were spent in commercial accommodation, an increase of 115,900 nights (or 4.3%) from April 2008. The timing of the Easter holidays, which occurred in March in 2008, and this year in April, contributed to this increase. For the combined two months March and April 2009, guest nights were down 4.3% on March and April 2008.

Both the North Island (up 83,000 or 5.3%) and South Island (up 33,000 or 2.8%) recorded an increase in guest nights in April 2009.

International and Domestic - In April 2009, guest nights comprised 60.1% domestic guests (1.70 million) and 39.9% international guests (1.13 million). Domestic guest nights increased by 9.0% (140,000) while international guest nights decreased by 2.1% (1.13 million).

Accommodation Types – Two of the five accommodation types recorded an increase in guest nights in April 2009.

Both caravan parks/campgrounds (up 128,200 or 28.2%) and backpackers (up 8,400 or 2.0%) recorded increases.

Hotels recorded the largest decrease (down 13,700 or 1.5%), followed by hosted accommodation (down 3,600 or 8.4%), motels (down 3,400 or 0.4%).

Occupancy - The overall occupancy rate of accommodation establishments in April 2009 was 37.5%, down 0.4 percentage point compared to 37.9% in April 2008.

Caravan parks/camp grounds (16.1%, up 2.8 points) and backpackers (48.2%, up 1.4 points) recorded increases.

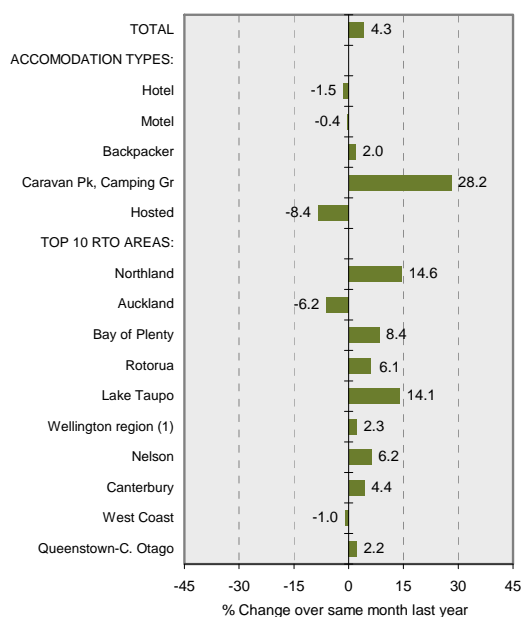
Motels recorded the largest decrease in occupancy (50.3%, down 4.5 points), followed by hotels (53.1%, down 4.0 points) and hosted accommodation (22.1%, down 0.4 point).

RTOs - In April 2009, most RTOs recorded an increase in guest nights from April 2008. Northland recorded the largest increase (up 19,700 or 14.6%), followed by Coromandel (up 17,300 or 37.4%), Canterbury (up 16,100 or 4.4%), Eastland (up 13,200 or 45.1%), Lake Taupo (up 11,300 or 14.1%), Hawke's Bay (up 10,800 or 13.3%) and Rotorua (up 9,800 or 6.1%).

Auckland recorded the largest decrease (down 29,500 or 6.2%), followed by Dunedin/Clutha (down 3,700 or 4.1%), Palmerston North (down 1,300 or 3.6%) and West Coast (down 1,200 or 1.0%).

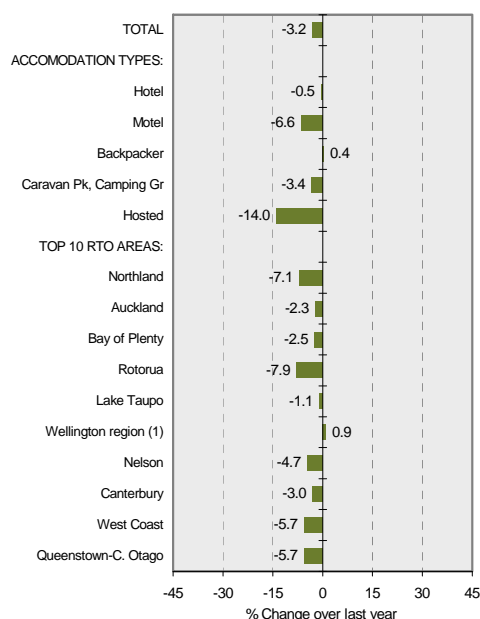
Annual - For the year ended April 2009, there was a total demand of 32.20 million guest nights, down by 1.06 million or 3.2% on the previous year.

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



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

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



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

3. COMMERCIAL ACCOMMODATION

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

APRIL MONTH	Guest Nights			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
TOTAL	2,813,986	2,713,389	2,829,298	-3.6	4.3
ACCOMODATION TYPES:					
Hotel	851,902	893,914	880,228	4.9	-1.5
Motel	954,467	905,198	901,825	-5.2	-0.4
Backpacker	410,400	416,870	425,247	1.6	2.0
Caravan Pk, Camping Gr	551,510	454,440	582,654	-17.6	28.2
Hosted	45,707	42,968	39,344	-6.0	-8.4
TOP 10 RTO AREAS:					
Northland	143,542	134,289	153,960	-6.4	14.6
Auckland	462,310	477,628	448,112	3.3	-6.2
Bay of Plenty	109,378	92,351	100,129	-15.6	8.4
Rotorua	169,173	160,304	170,149	-5.2	6.1
Lake Taupo	90,687	79,714	90,975	-12.1	14.1
Wellington region (1)	197,964	217,271	222,239	9.8	2.3
Nelson	102,449	93,063	98,871	-9.2	6.2
Canterbury	387,155	367,116	383,204	-5.2	4.4
West Coast	117,196	115,571	114,400	-1.4	-1.0
Queenstown-C. Otago	270,508	253,958	259,665	-6.1	2.2

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

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

YEAR ENDED APRIL	Guest Nights			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
TOTAL	32,312,198	33,260,419	32,198,173	2.9	-3.2
ACCOMODATION TYPES:					
Hotel	10,167,396	10,531,816	10,477,522	3.6	-0.5
Motel	10,841,073	10,996,396	10,273,546	1.4	-6.6
Backpacker	4,396,914	4,550,244	4,567,848	3.5	0.4
Caravan Pk, Camping Gr	6,322,284	6,601,758	6,380,302	4.4	-3.4
Hosted	584,532	580,205	498,955	-0.7	-14.0
TOP 10 RTO AREAS:					
Northland	1,781,846	1,762,363	1,636,507	-1.1	-7.1
Auckland	5,406,164	5,717,058	5,585,559	5.8	-2.3
Bay of Plenty	1,258,598	1,272,338	1,240,022	1.1	-2.5
Rotorua	1,862,795	1,892,918	1,743,655	1.6	-7.9
Lake Taupo	1,050,982	997,266	986,573	-5.1	-1.1
Wellington region (1)	2,320,414	2,432,285	2,454,441	4.8	0.9
Nelson	1,230,168	1,295,188	1,234,648	5.3	-4.7
Canterbury	4,247,703	4,495,040	4,358,872	5.8	-3.0
West Coast	1,271,787	1,302,736	1,229,072	2.4	-5.7
Queenstown-C. Otago	3,203,155	3,330,396	3,141,428	4.0	-5.7

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

4. INTERNATIONAL VISITOR EXPENDITURE

Expenditure, Year ended March 2009 - International visitors spent a total of \$6,123 million in New Zealand for the year ended March 2009 (excluding international airfares). This is a decrease of 0.1% (\$5 million) on the previous year.

Markets – The Japanese market recorded the largest increase, up by \$52 million or 12.3%, followed by Canada (up \$39 million or 31.8%), Germany (up \$34 million or 13.9%), China (up \$32 million or 11.6%) and Singapore (up \$2 million or 3.5%).

In contrast, the expenditure by Australia (down \$69 million or 4.1%), South Korea (down \$41 million or 16.6%), the United Kingdom (down \$36 million or 3.8%), Taiwan (down \$25 million or 37.0%) and the United States (down \$14 million or 2.2%) markets were lower than the previous March year.

Average Spend - The average spend per visitor was \$2,798 up 3.1% on the previous year.

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

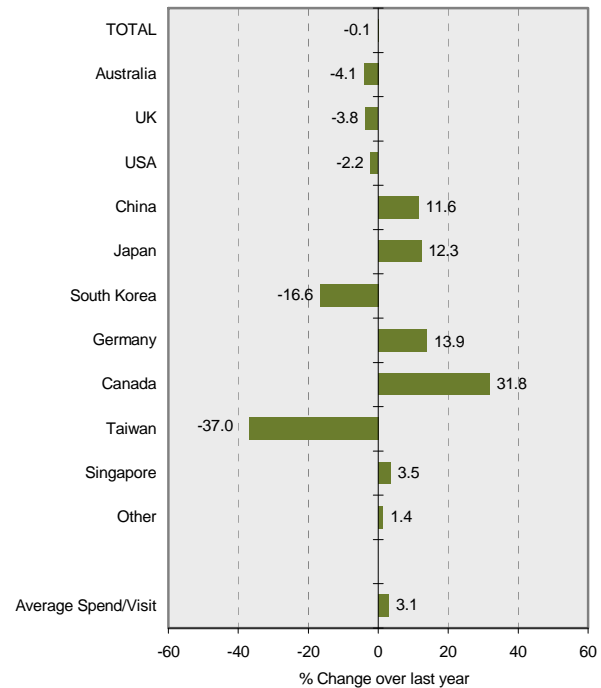


Table 4 International Visitor Expenditure (Year)

YEAR ENDED MARCH	NZ\$million ⁽¹⁾			Growth Rate (%)	
	2007	2008	2009	07-08	08-09
TOTAL	5,957	6,128	6,123	2.9	-0.1
Australia	1,437	1,685	1,616	17.2	-4.1
UK	890	951	916	6.9	-3.8
USA	698	625	612	-10.5	-2.2
China	278	276	308	-0.9	11.6
Japan	397	419	471	5.5	12.3
South Korea	247	249	207	0.9	-16.6
Germany	269	243	277	-9.4	13.9
Canada	110	124	164	12.6	31.8
Taiwan	93	68	43	-27.1	-37.0
Singapore	62	62	64	-0.2	3.5
Other	1,475	1,425	1,446	-3.4	1.4
Average Spend/Visit	2,679	2,714	2,798	1.3	3.1

⁽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)

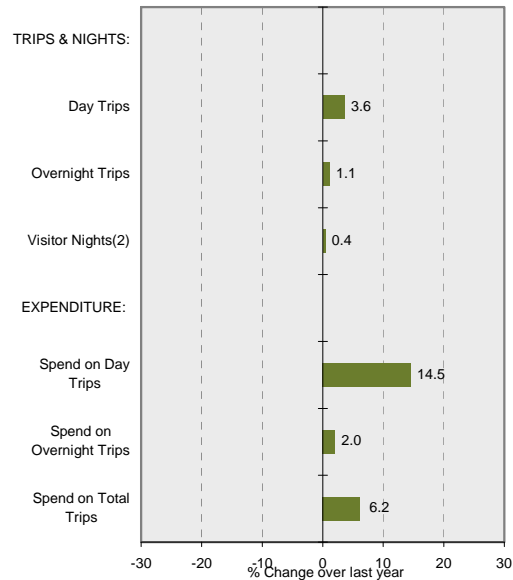


Table 5 Domestic Tourism (Year)

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 July 2009.)

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

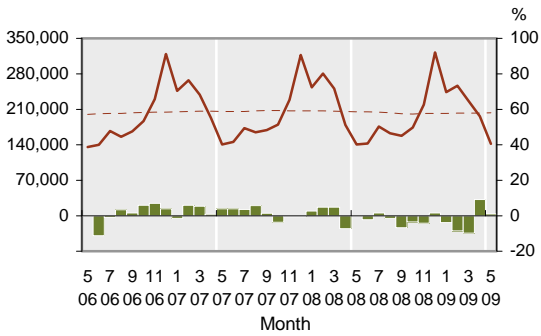
YEAR ENDED DECEMBER	Actual	Forecast							Growth 2008-2014		
	2007(1)	2008	2009	2010	2011	2012	2013	2014	Change	Total	Annual
International Visitors (000)	2,455	2,485	2,546	2,633	2,778	2,854	2,966	3,083	628	25.6%	3.3%
Domestic Total Trips (000)(2)	49,492	50,489	51,154	51,567	51,901	52,161	52,411	52,656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

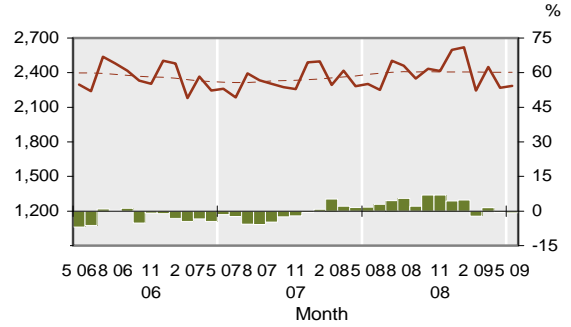
TRENDS AND PATTERNS

1. Inbound Tourism

1.1 International Visitor Arrivals

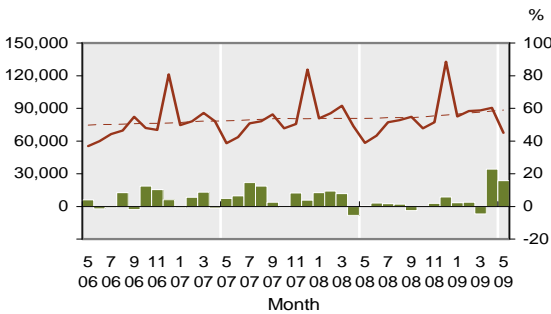


1.2 International Passenger Arrival Flights

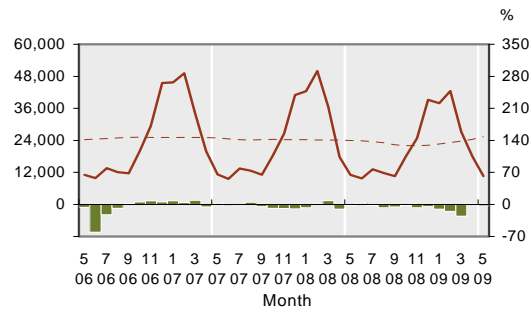


Major Sources

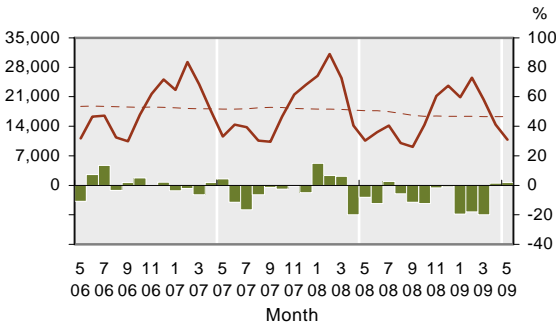
1.3 Visitors from - Australia



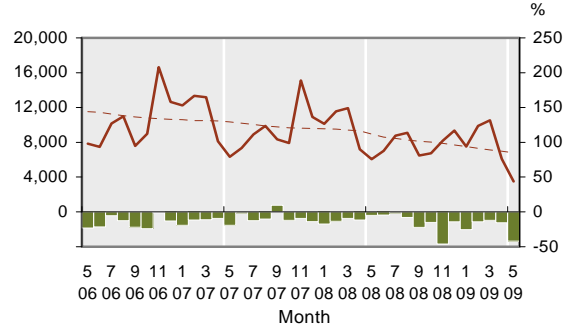
1.4 Visitors from - UK



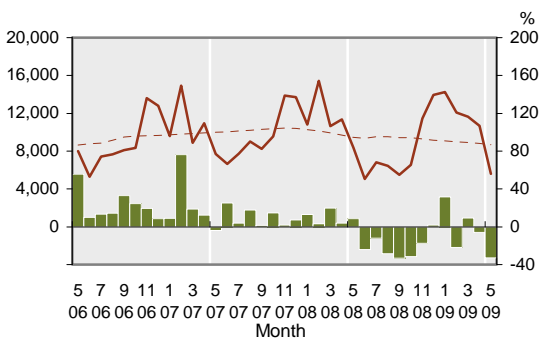
1.5 Visitors from - USA



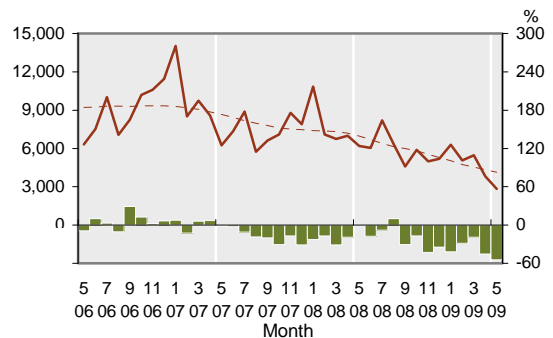
1.6 Visitors from - Japan



1.7 Visitors from - China



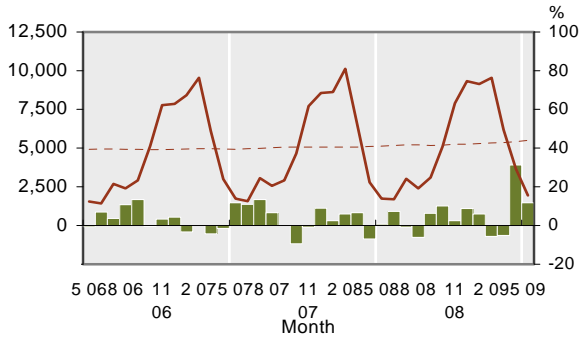
1.8 Visitors from - South Korea



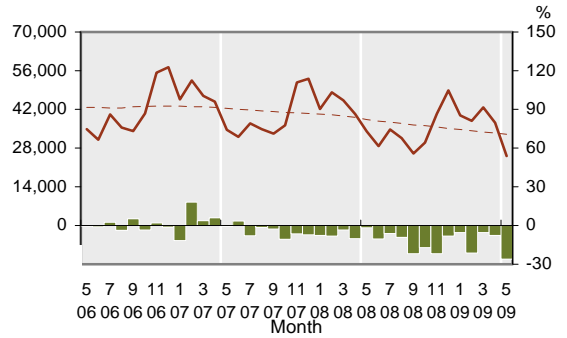
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 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

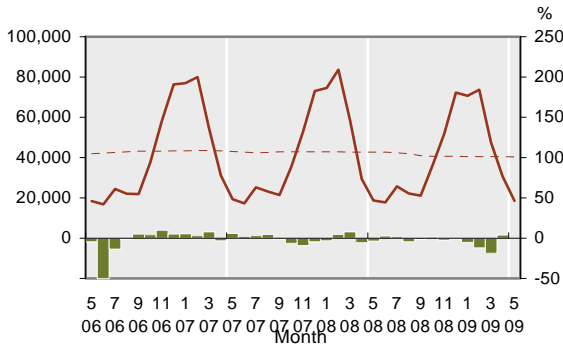
1.9 Visitors from - Germany



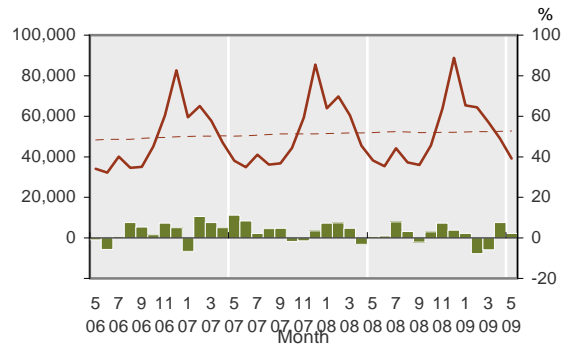
1.10 Visitors from - Asia



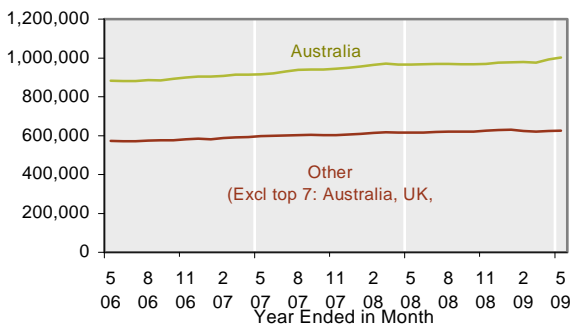
1.11 Visitors from - Europe



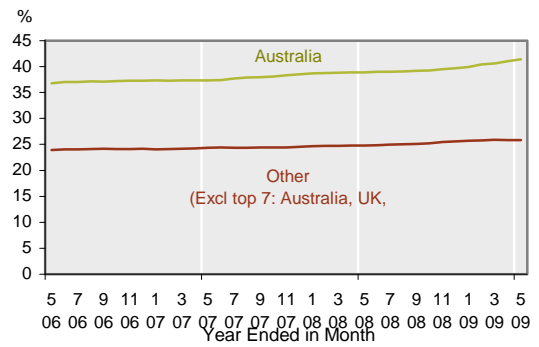
1.12 Visitors from - Other



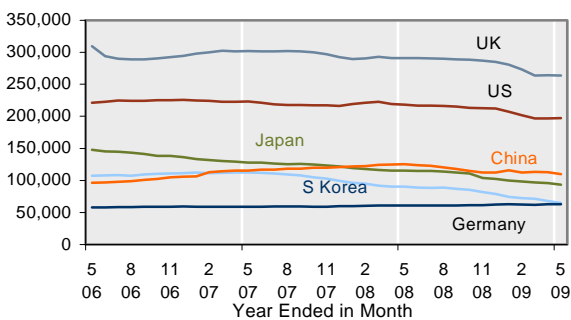
1.13 Visitors by Major Source



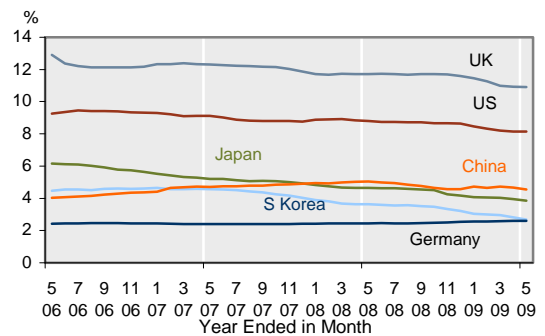
1.14 Share of Total International Visitors (%)



1.15 Visitors by Major Source



1.16 Share of Visitors by Major Source (%)

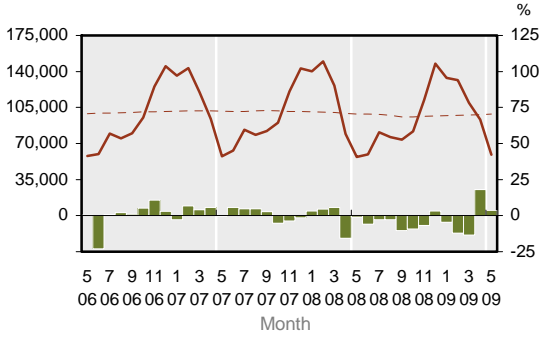


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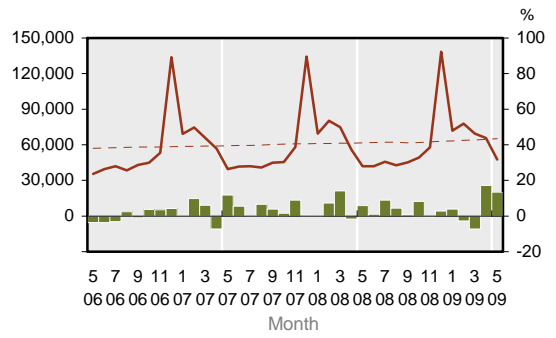
TRENDS AND PATTERNS

Purpose of Visits

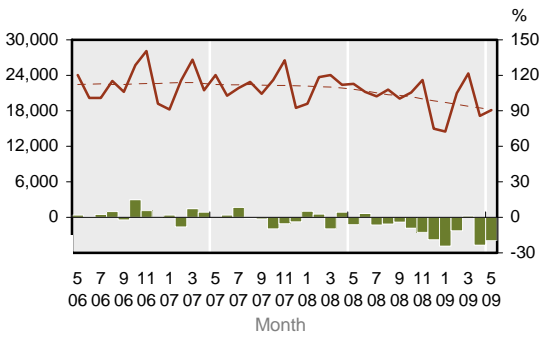
1.17 International Visitors - Holiday



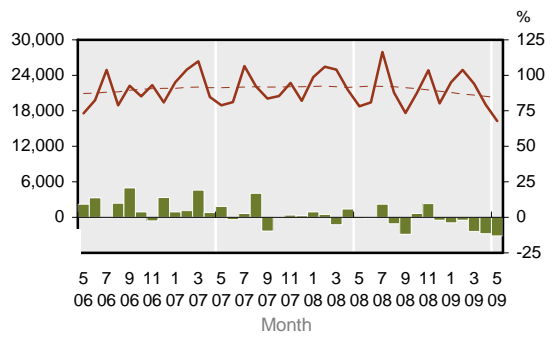
1.18 International Visitors - VFR



1.19 International Visitors - Business



1.20 International Visitors - Other

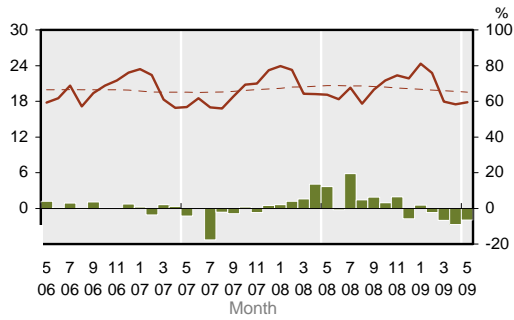


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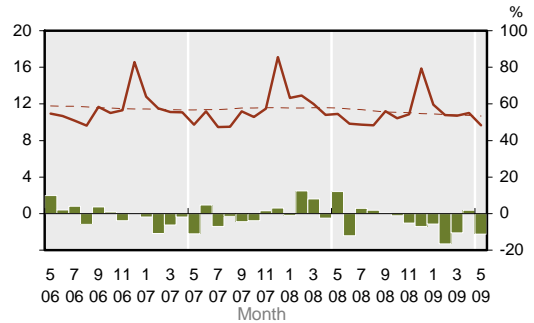
TRENDS AND PATTERNS

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

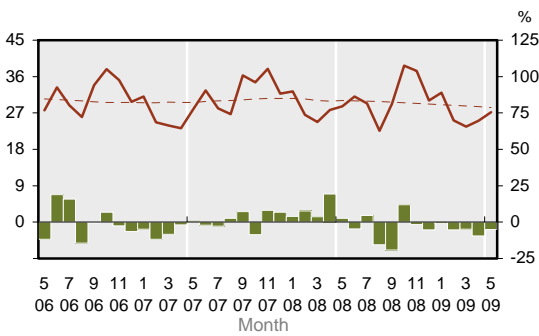
1.21 Average Days of Stay by Visitors



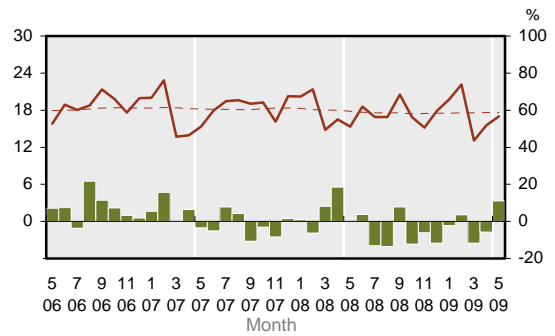
1.22 Average Days Stayed - Australian Visitors



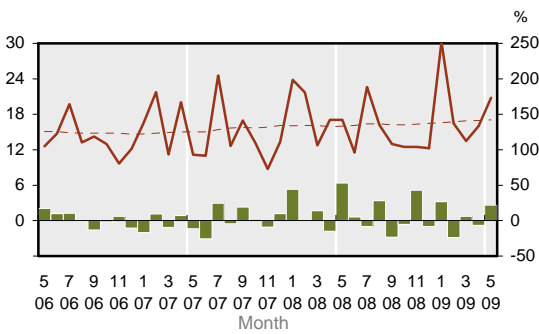
1.23 Average Days Stayed - UK Visitors



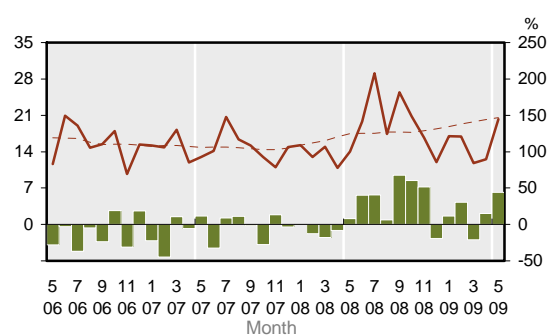
1.24 Average Days Stayed - US Visitors



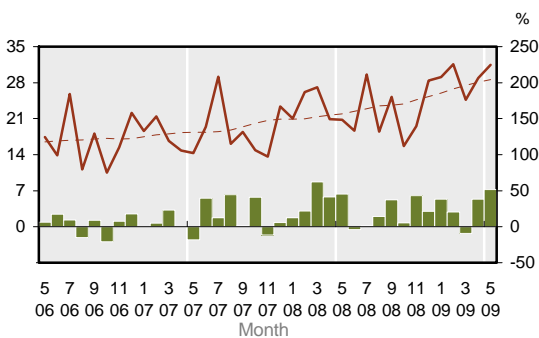
1.25 Average Days Stayed - Japanese Visitors



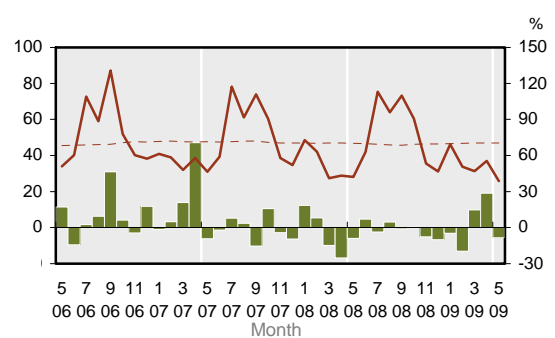
1.26 Average Days Stayed - Chinese Visitors



1.27 Average Days Stayed - S Korea Visitors



1.28 Average Days Stayed - German Visitors



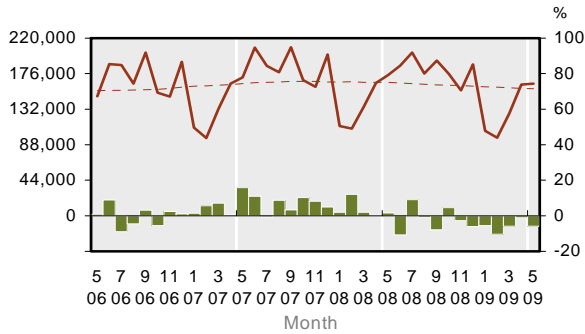
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TRENDS AND PATTERNS

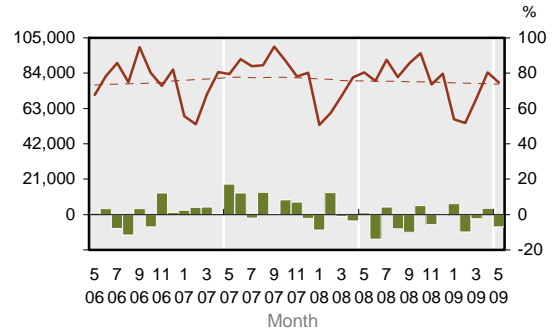
2. Outbound Tourism

Major Destinations

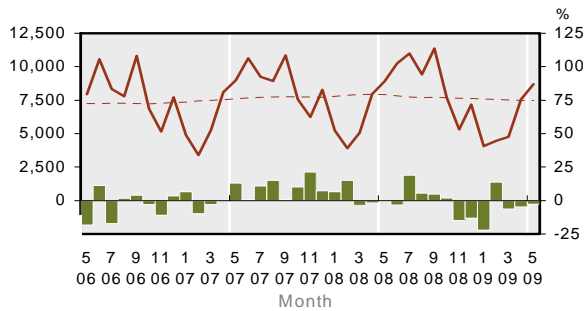
2.1 NZer Trips Abroad



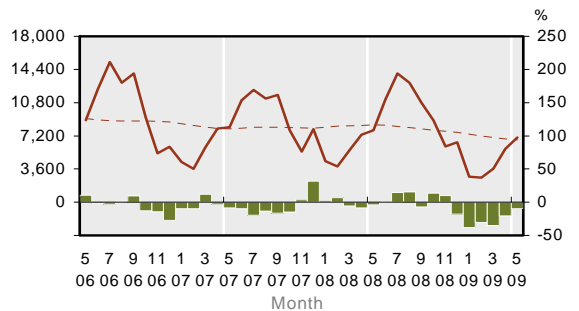
2.2 NZer Trips to - Australia



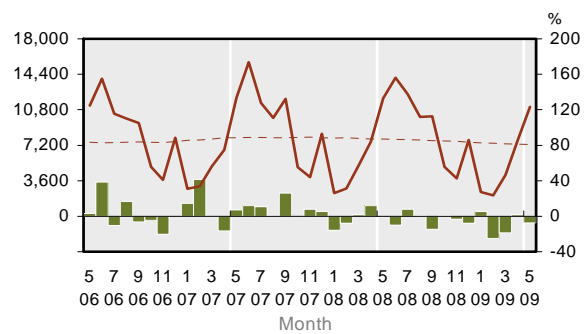
2.3 NZer Trips to - USA



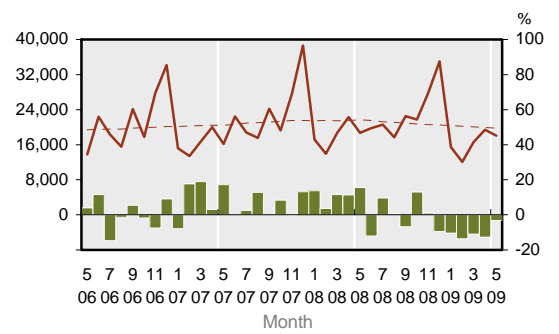
2.4 NZer Trips to - Fiji



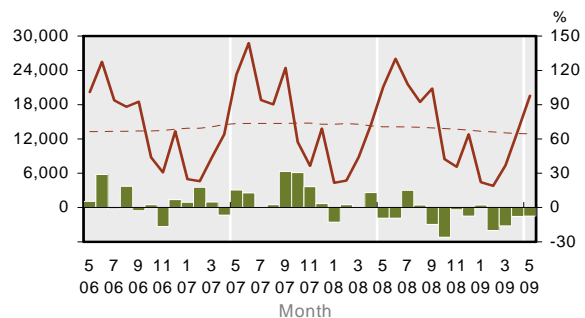
2.5 NZer Trips to - UK



2.6 NZer Trips to - Asia



2.7 NZer Trips to - Europe

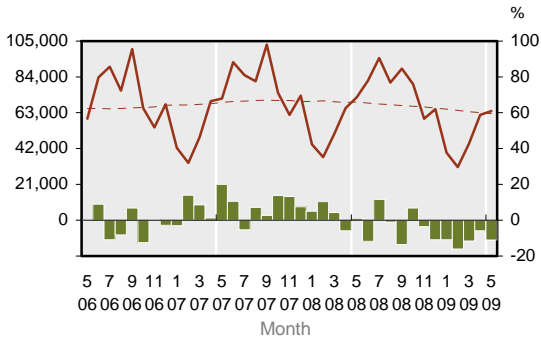


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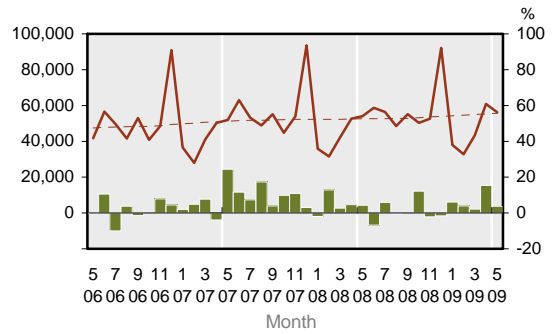
TRENDS AND PATTERNS

Purpose of Trips Abroad

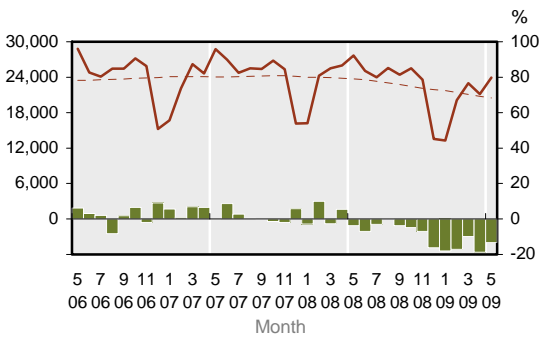
2.8 NZer Trips Abroad - Holiday



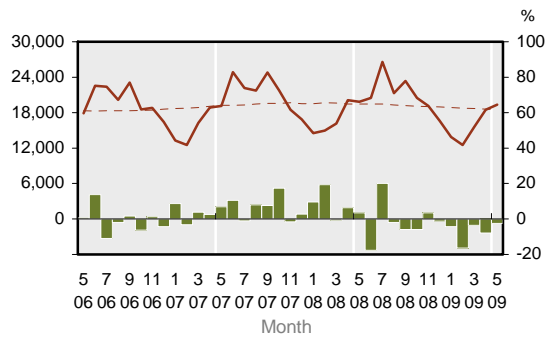
2.9 NZer Trips Abroad - VFR



2.10 NZer Trips Abroad - Business



2.11 NZer Trips Abroad - Other



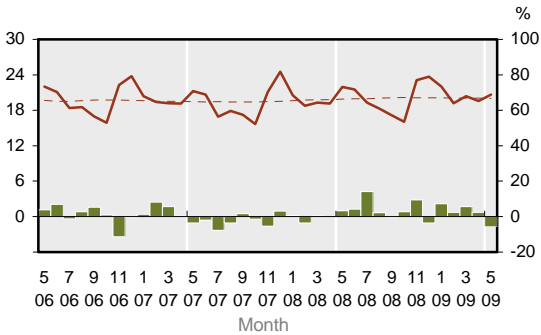
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TRENDS AND PATTERNS

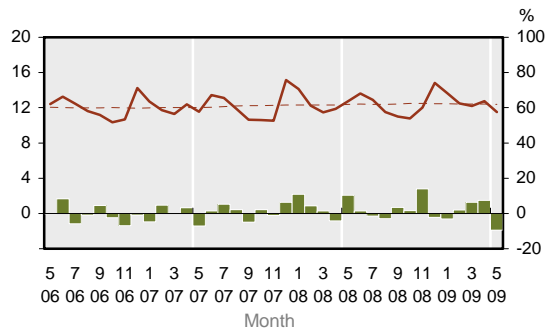
Length of Trips Abroad

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.

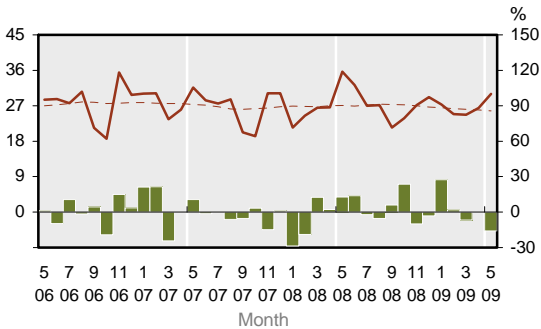
2.12 Average Days Abroad



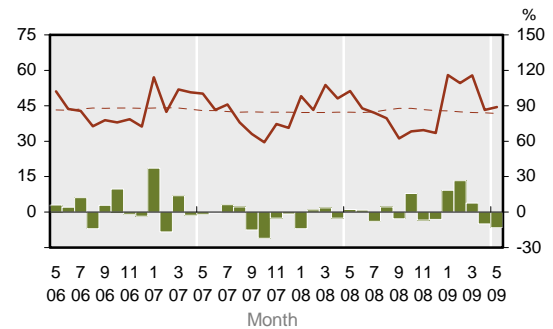
2.13 NZers Average Days Abroad - Australia



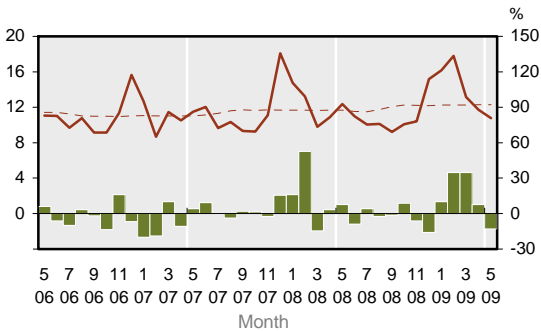
2.14 NZers Average Days Abroad - US



2.15 NZers Average Days Abroad - UK



2.16 NZers Average Days Abroad - Fiji

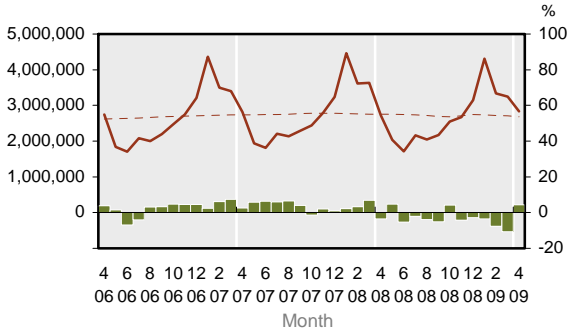


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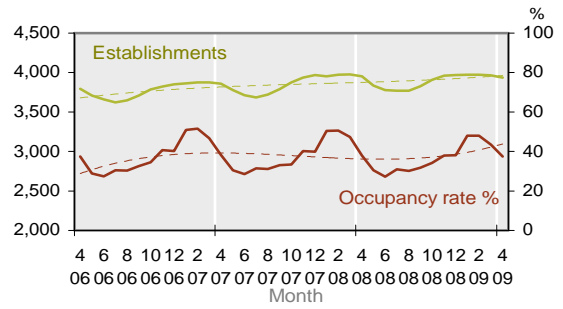
TRENDS AND PATTERNS

3. Commercial Accommodation

3.1 Total Guest Nights

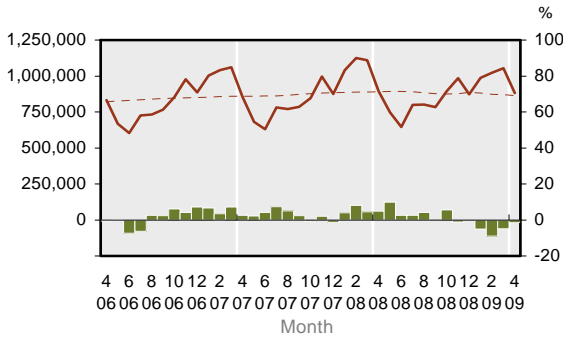


3.2 Total Establishments and Occupancy

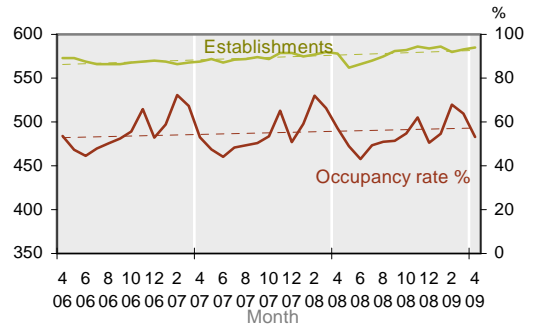


Guest Nights by Accommodation Type

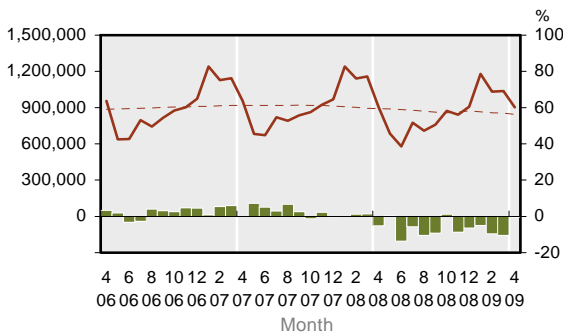
3.3 Hotel Guest Nights



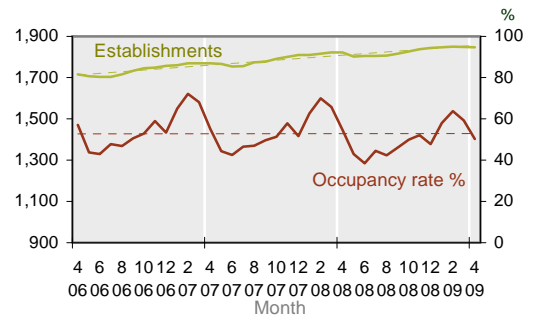
3.4 Hotels and Occupancy



3.5 Motel Guest Nights



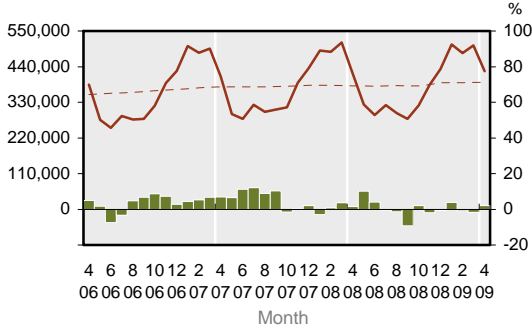
3.6 Motels and Occupancy



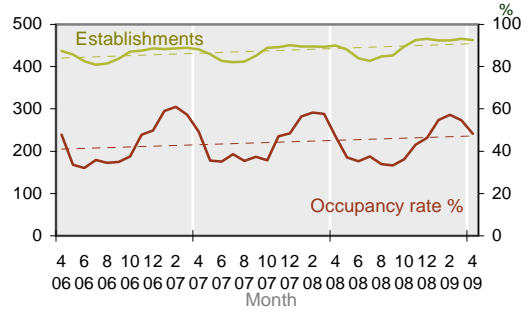
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TRENDS AND PATTERNS

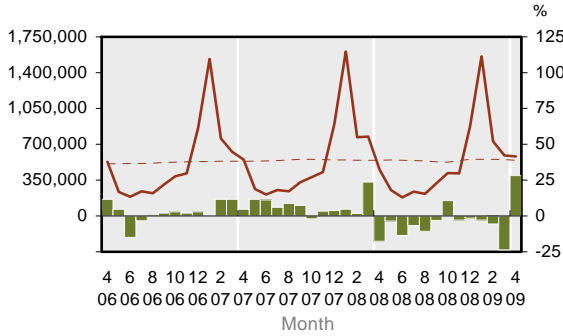
3.7 Backpacker Guest Nights



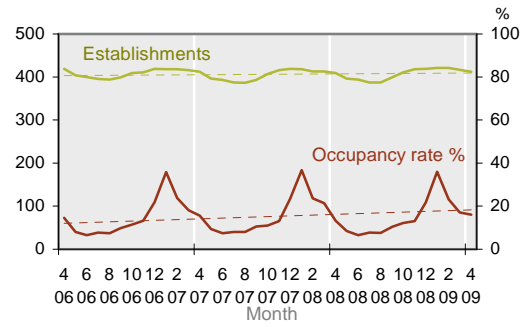
3.8 Backpackers and Occupancy



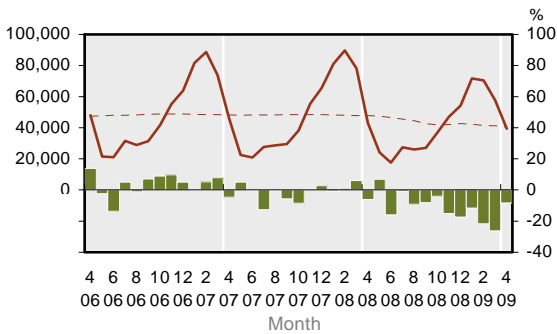
3.9 Caravan/Camping Guest Nights



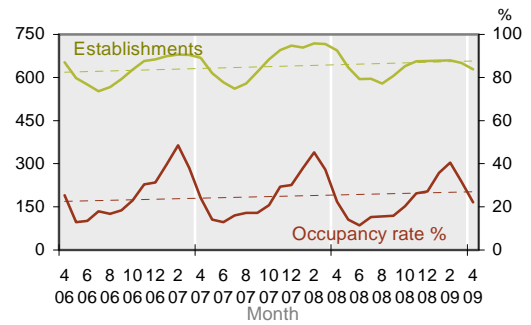
3.10 Caravan/Camping Est. and Occupancy



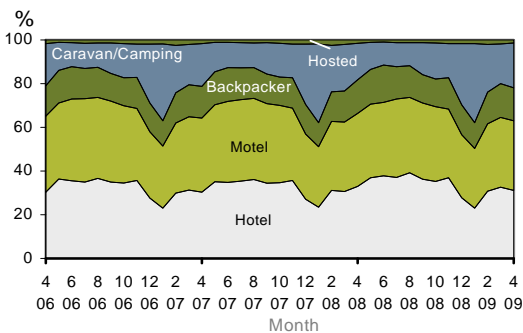
3.11 Hosted Guest Nights



3.12 Hosted and Occupancy



3.13 Share of Guest Nights by Establishment

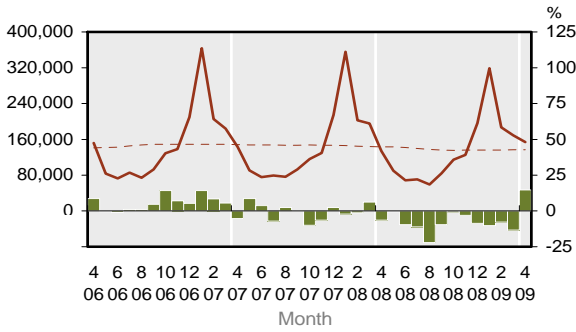


KEY:
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 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

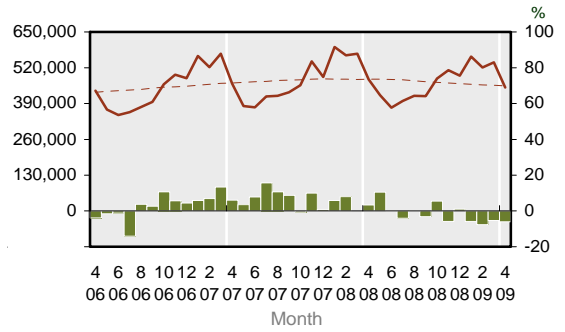
TRENDS AND PATTERNS

Guest Nights by Regional Tourism Organisation and District

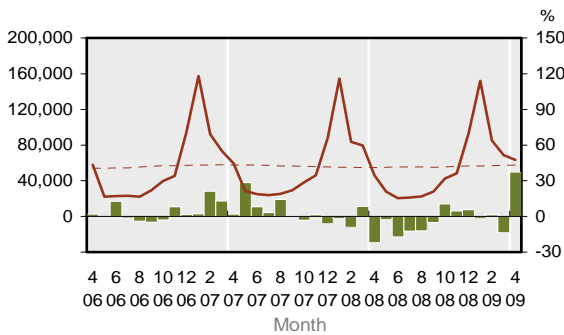
3.14 Northland RTO Guest Nights



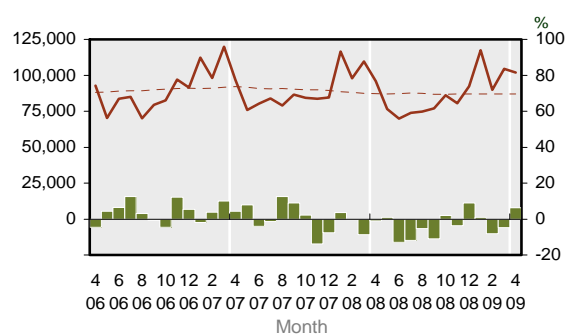
3.15 Auckland RTO Guest Nights



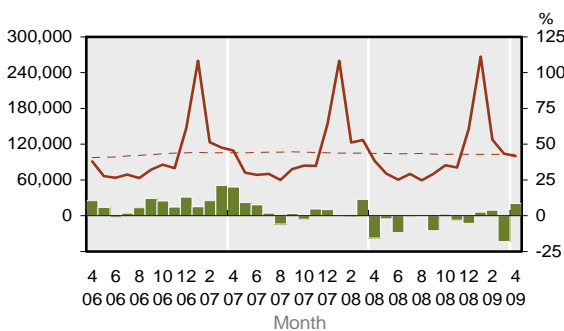
3.16 Coromandel RTO Guest Nights



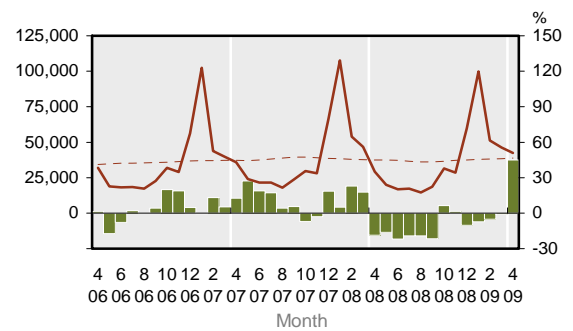
3.17 Waikato RTO Guest Nights



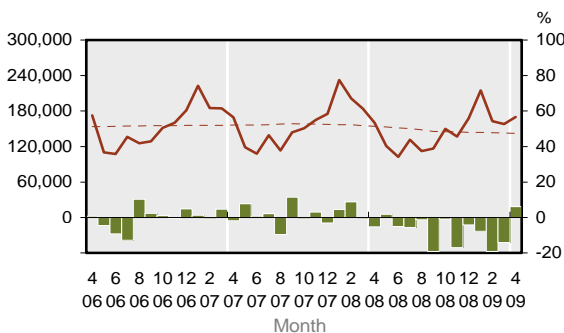
3.18 Bay of Plenty RTO Guest Nights



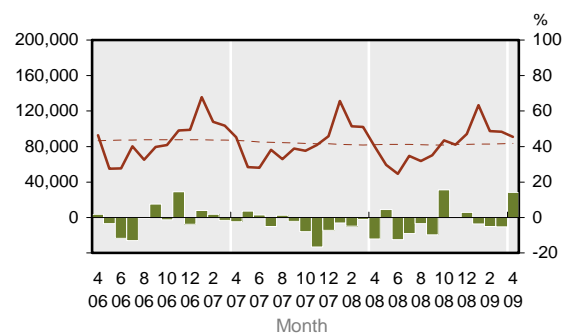
3.19 Eastland RTO Guest Nights



3.20 Rotorua RTO Guest Nights



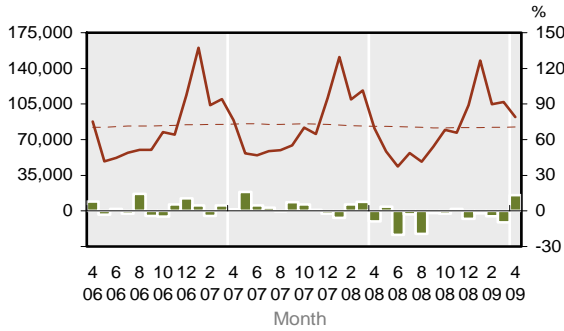
3.21 Lake Taupo RTO Guest Nights



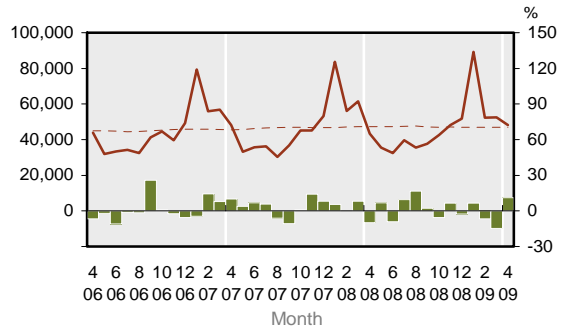
KEY:
 Solid line (brown) – show statistics described by the graph title (left scale).
 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

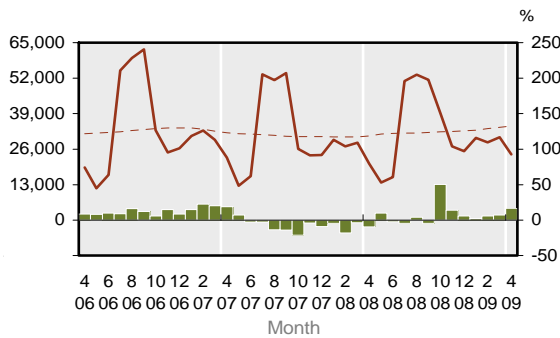
3.22 Hawke's Bay RTO Guest Nights



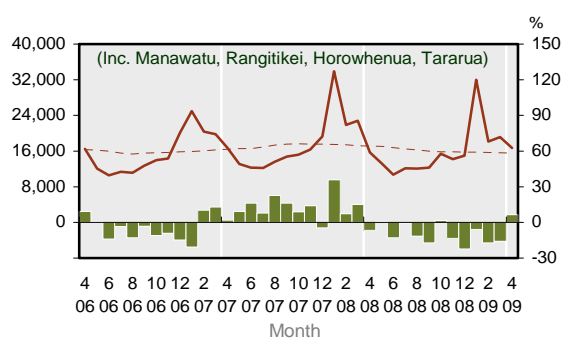
3.23 Taranaki RTO Guest Nights



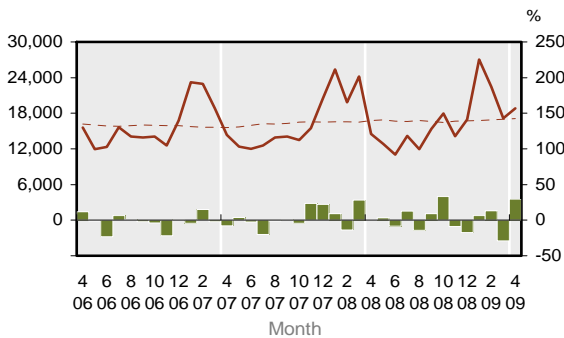
3.24 Ruapehu RTO Guest Nights



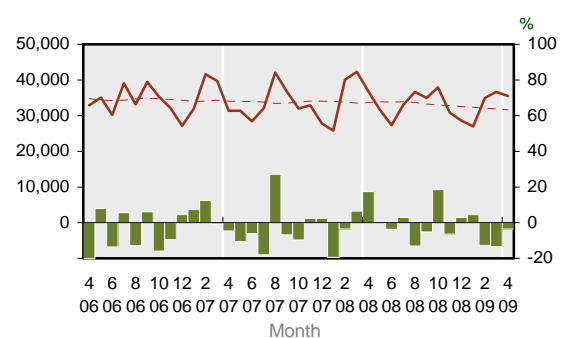
3.25 Combined Manawatu Guest Nights



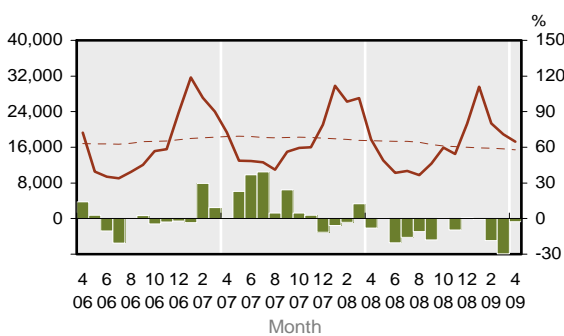
3.26 Wanganui District Guest Nights



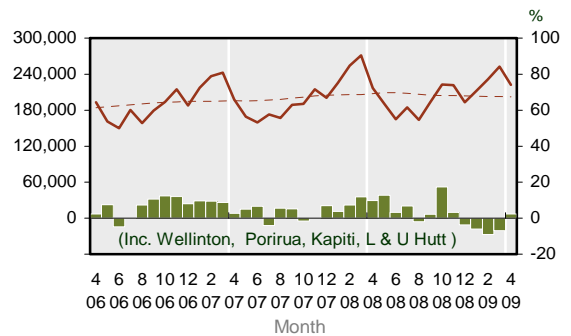
3.27 Palmerston North City Guest Nights



3.28 Wairarapa RTO Guest Nights



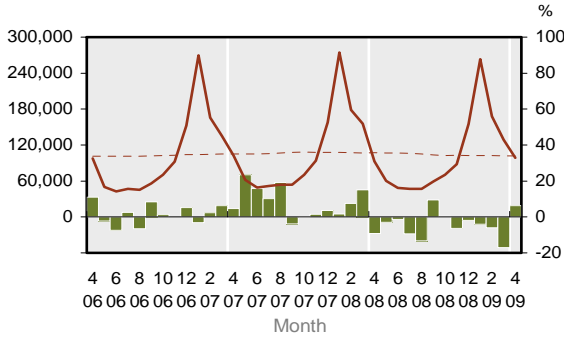
3.29 Wellington Region Guest Nights



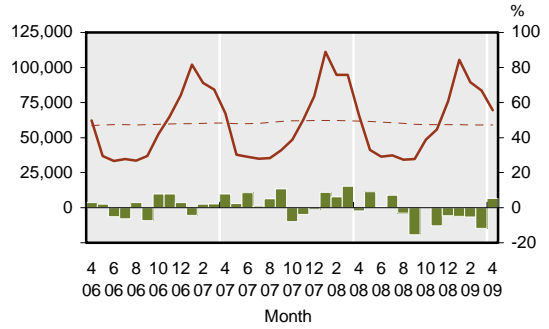
KEY:
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 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

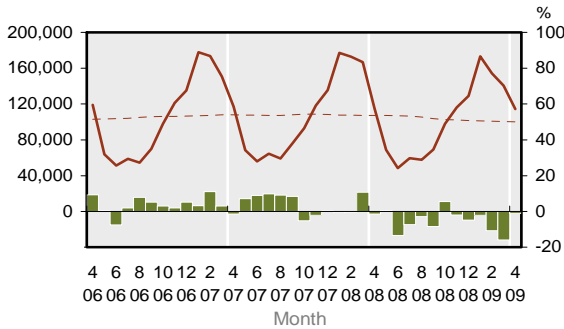
3.30 Nelson RTO Guest Nights



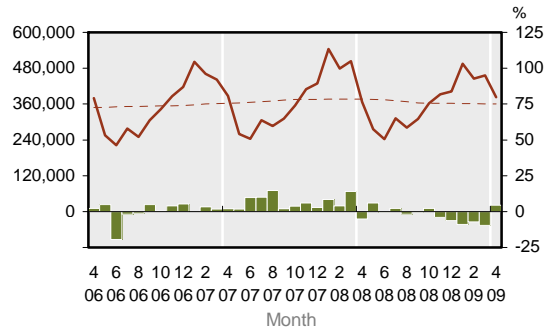
3.31 Marlborough RTO Guest Nights



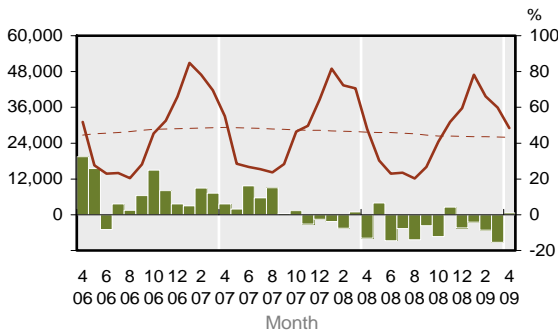
3.32 West Coast RTO Guest Nights



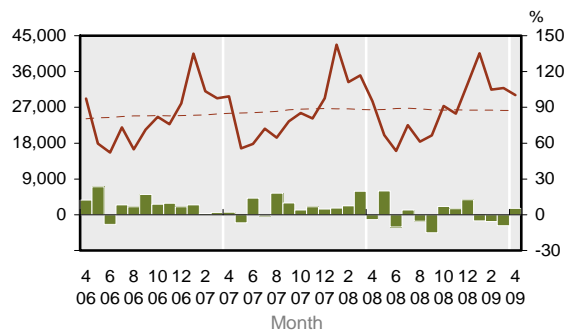
3.33 Canterbury Guest Nights



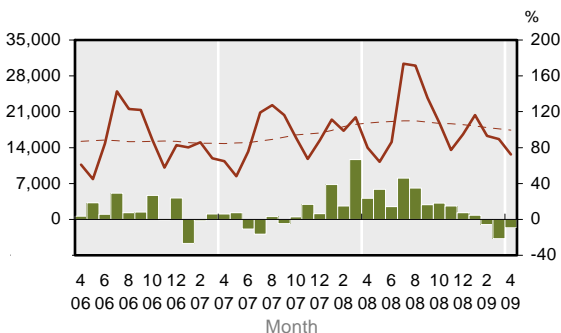
3.34 Kaikoura District Guest Nights



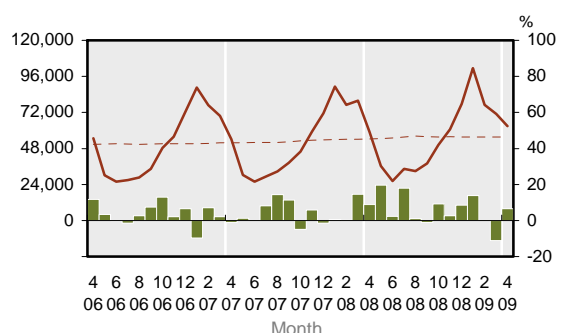
3.35 Hurunui RTO Guest Nights



3.36 Ashburton District Guest Nights



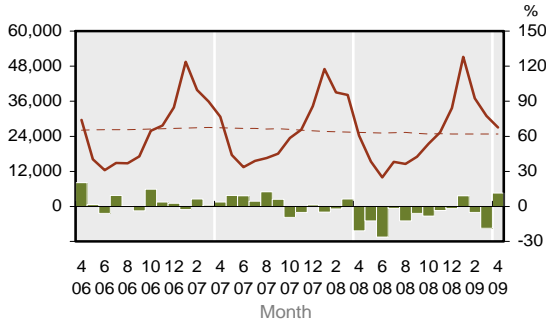
3.37 Mackenzie-Timaru Guest Nights



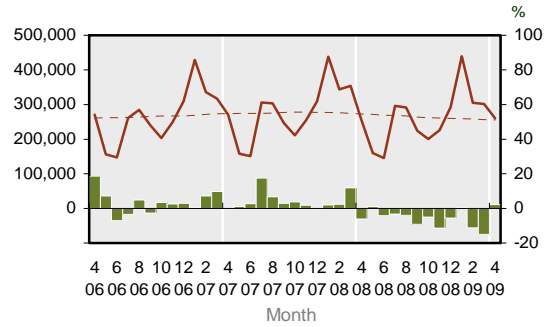
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 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

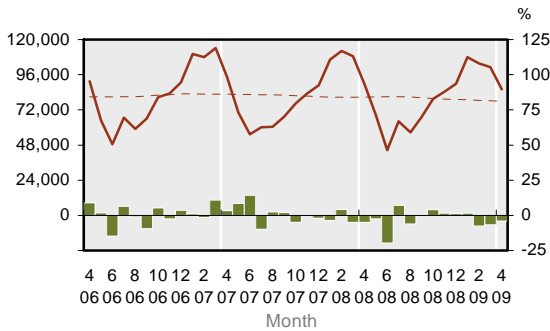
3.38 Waitaki-Waimate Guest Nights



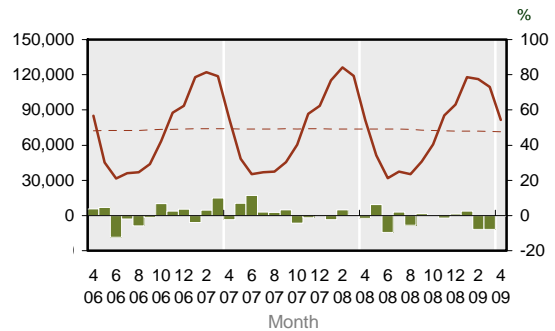
3.39 Queenstown Lakes - Central Otago Guest Nights



3.40 Dunedin - Clutha Guest Nights

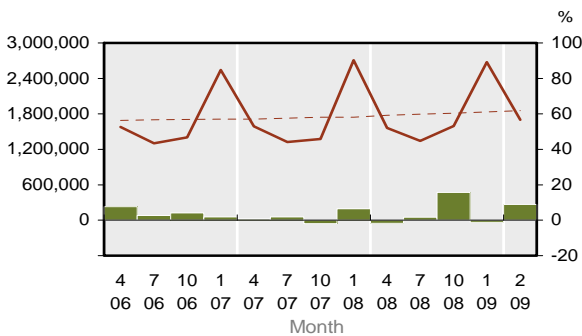


3.41 Southland Region Guest Nights

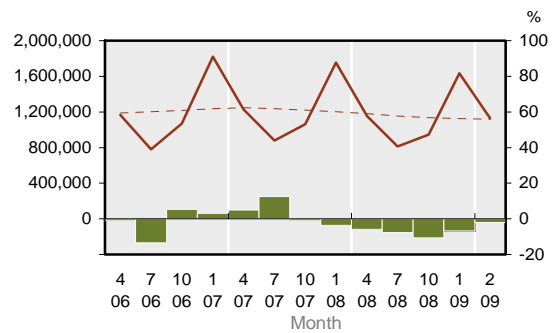


International and Domestic Guest Nights

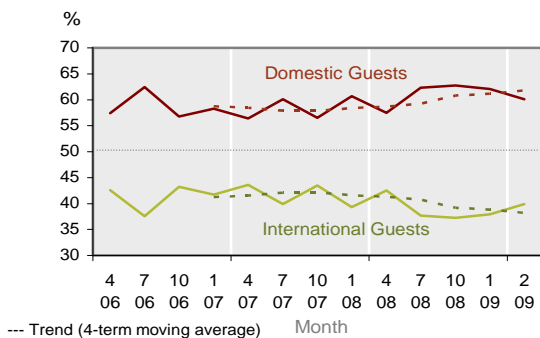
3.42 Domestic Guest Nights



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