



TOURISM LEADING INDICATORS MONITOR

SERIES 2008/10 **NOVEMBER 2008** NEW ZEALAND

This edition provides new data on:

- Inbound and Outbound Travel Oct 08
- Commercial Accommodation Sep 08
- International Visitor Expenditure YE Sep 08

It provides an update on New Zealand's tourism performance in light of the deteriorating global economic environment in recent months.

For enquiries please contact The Ministry of Tourism, PO Box 5640, Wellington, New Zealand, t: (04) 498 7440, info@tourism.govt.nz
To subscribe to our free monthly email distribution service please register at:

www.tourismresearch.govt.nz/tlim

CONTENTS

Commentary	2
Inbound Tourism	4
Outbound Tourism	6
Commercial Accommodation	8
International Visitor Expenditure	10
Domestic Tourism	11
Tourism Satellite Account	12
Tourism Forecasts	13
Trends and Patterns	14
Explanatory Notes	28

ISSN 1175-8589



COMMENTARY

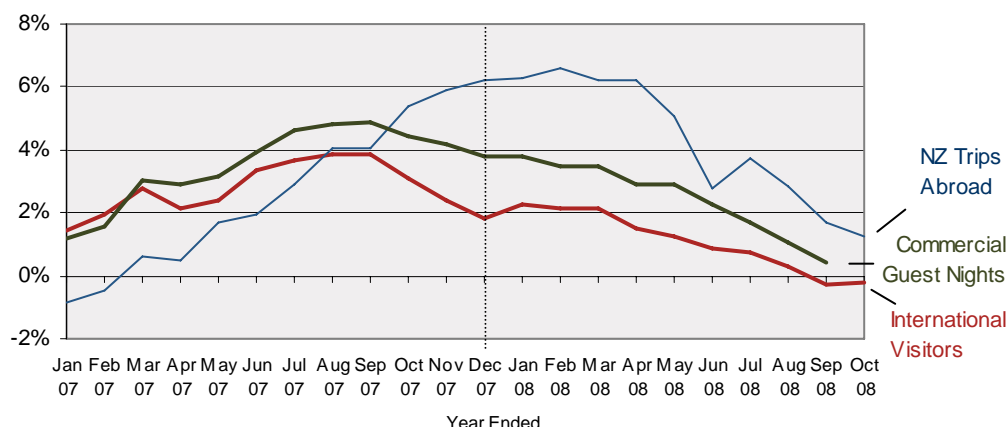
Tracking Tourism Sector Progress

The global economic situation continues to deteriorate with the International Monetary Fund (IMF) projecting that the advanced economies (e.g. US, UK, Germany, France, Japan) will be in recession in 2009. Emerging and developing economies are projected to grow, but at lower rates than previous years.

An early picture of the effects on tourism is emerging. The UNWTO projects that in 2009 global tourism growth will be between 0 and 2%, well down on recent averages (e.g. 6% in past two years). In addition, the confidence of the UNWTO's panel of experts has fallen sharply over the past two quarters as wealth erodes and consumer confidence declines.

The Ministry's tracking of a number of indicators shows what is likely to be the early stages of the longer term impacts on New Zealand tourism. The latest data (refer Figure 1) reinforces a consistent weakening of tourism activity - international arrivals (down 0.2% in the year to October), overseas trips by New Zealanders (falling to 1.3% in year to October) and nights in commercial accommodation (falling to 0.4% in year to September 2008).

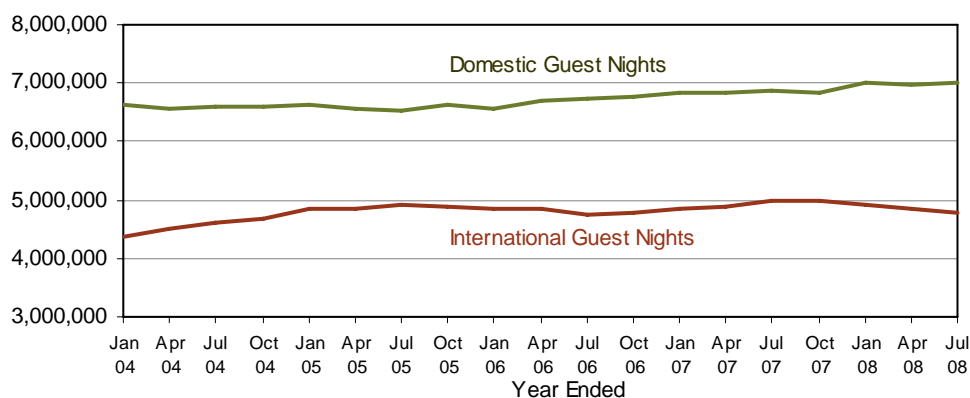
Figure 1: Tourism Indices – Inbound Travel, Outbound Travel and Accommodation Nights



International visitor arrivals 0.2% lower in the year to October 2008.

The difference in performance of international and domestic tourism is of particular interest, given the present risks to international tourism. Figure 2 sets out the nights in commercial accommodation by international and domestic visitors. This shows that over the past year, domestic guest nights have increased while international guest nights have decreased.

Figure 2: Guest Nights by International and Domestic Guests
(Rolling totals for 4 months of the year - Jan, Apr, Jul, Oct – based on available data)



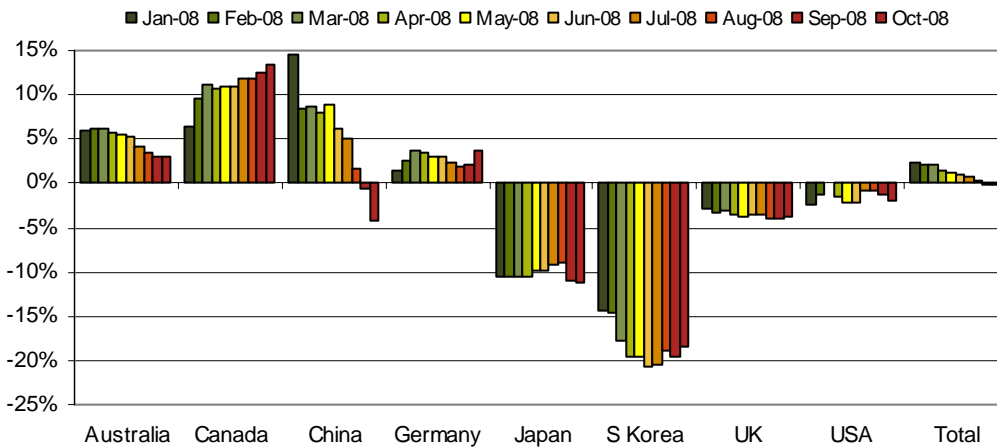
Domestic guest nights growing, while international guest nights are down.

COMMENTARY

This shows the importance of domestic tourism in terms of the volume of guest nights and that domestic tourism has performed better than international tourism over the last three years. Given that domestic tourism occupies the greater part of the sector and that as outbound trips by New Zealand residents are slowing, the potential for the domestic market to insulate the industry from a weakening international visitor sector is highlighted.

Two other key areas of resilient demand are the Australian market and the Visiting Friends and Families (VFR) traveller segment (refer Figure 3 and 4 below).

Figure 3: Rolling Growth Rates of International Visitors by Market, Year Ended Jan-Oct 2008

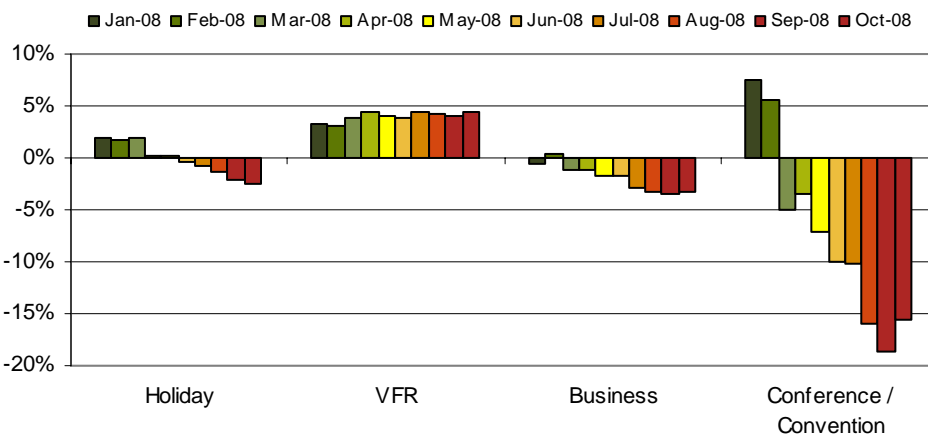


Australia key performer of the large inbound markets.

Of the growth markets, Australia is by far the largest with 968,000 arrivals in the year to October 2008, comprising 39% of total arrivals. Another feature is the weakness of Asian markets, with the Asia region falling by 8.7% in the year to October (-17.1% for the month).

The VFR travellers comprise 30% of total arrivals, and form significant proportions of important markets (e.g. 36% of Australian arrivals, 42% of UK and 19% of US arrivals). In the year to October 2008, VFR arrivals increased by 4.5% (+8.2% in the October month).

Figure 4: Rolling Growth Rates - Inbound Travel by Purpose, Year Ended Jan-Oct 2008



VFR travel segment remains resilient in difficult economic time.

While there are risks to New Zealand tourism in the current environment, significant parts of the sector (e.g. domestic, Australia and VFR travel) are showing resilience. These areas will likely play an important role in buffering the sector from the full effects of the global economic slowdown, and may offer opportunities to stimulate activity. The downside is that these areas impact differently across the sector. For instance, regions or businesses focussed on Asian holiday travellers will be more affected than those focussed on domestic and VFR travellers.

1. INBOUND TOURISM

International Visitor Arrivals, October 2008 - In the month of October 2008 there were 173,938 international visitor arrivals, down by 3.3% (6,000) compared to October 2007. This is the lowest October total since 2003 (166,000).

Markets – Visitors from Singapore (up 600 or 44.3%) recorded the largest increase in October 2008. This was followed by Germany (up 470 or 10.0%), Hong Kong (up 360 or 32.0%), South Africa (up 350 or 25.2%), India (up 260 or 17.0%) and France (up 220 or 17.9%).

In contrast, there were fewer visitors from China (down 3,000 or 31.5%), USA (down 2,000 or 12.4%), South Korea (down 1,200 or 17.0%), Japan (down 1,200 or 15.1%), Taiwan (down 700 or 35.9%), Indonesia (down 550 or 51.2%), Malaysia (down 500 or 29.4%) and the UK (down 400 or 2.3%).

Purpose - There were more visitors visiting friends and relatives (up 3,800 or 8.2%) in October 2008 compared to October 2007, while there were fewer visitors on holiday (down 8,000 or 9.3%) and on business (down 2,000 or 9.2%).

Duration – In October 2008, the average length of stay of visitors was 21.5 days, 0.7 day longer than in October 2007. The total number of visitor days decreased by 0.4% (14,000) to 3.72 million.

Flights – There were 2,432 flight-arrivals in October 2008, 157 flights or 6.9% more than in October 2007.

Annual Arrivals – For the year ended October 2008, there were 2,463 million international visitor arrivals, down by 5,500 or 0.2% on the previous year.

Total visitor days were up by 3.4% to 51.40 million, with the average length of stay up 0.7 day to 21.0 days.

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

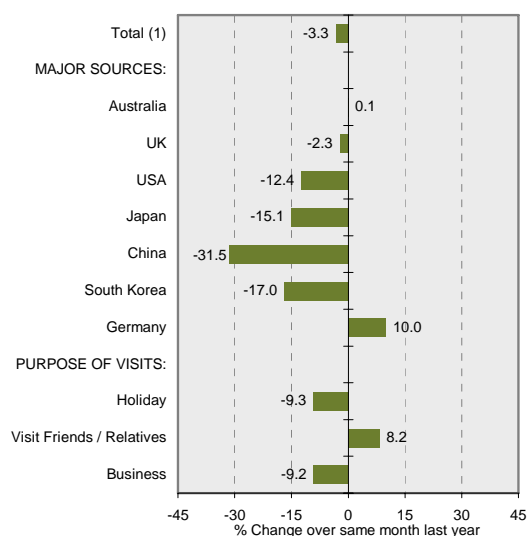
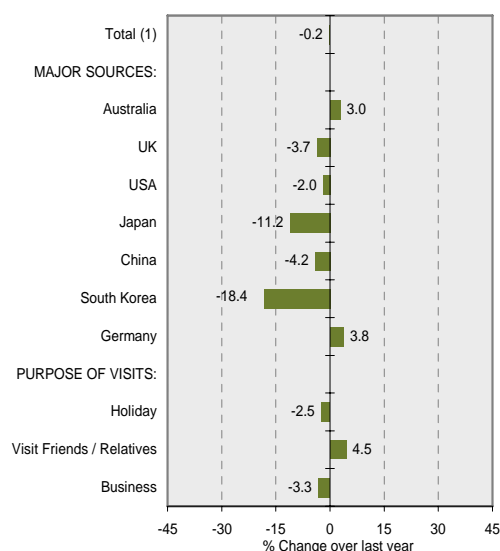


Figure 1b **Growth Rate of International Visitor Arrivals (Year Ended October 2008)**



1. INBOUND TOURISM

Table 1a International Visitor Arrivals (Month)

OCTOBER MONTH	International Visitor Arrivals			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
Total (1)	186,639	179,947	173,938	-3.6	-3.3
MAJOR SOURCES:					
Australia	72,072	71,691	71,760	-0.5	0.1
UK	20,064	18,400	17,976	-8.3	-2.3
USA	16,742	16,307	14,280	-2.6	-12.4
Japan	8,976	7,912	6,720	-11.9	-15.1
China	8,338	9,568	6,552	14.8	-31.5
South Korea	10,186	7,084	5,880	-30.5	-17.0
Germany	5,126	4,646	5,112	-9.4	10.0
PURPOSE OF VISITS:					
Holiday	95,062	90,091	81,744	-5.2	-9.3
Visit Friends / Relatives	44,792	45,517	49,272	1.6	8.2
Business	25,718	23,207	21,072	-9.8	-9.2
INTERNATIONAL ARRIVAL FLIGHTS:					
Passenger Flights	2,332	2,275	2,432	-2.4	6.9

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

Table 1b International Visitor Arrivals (Year)

YEAR ENDED OCTOBER	International Visitor Arrivals			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
Total (1)	2,394,363	2,468,561	2,463,055	3.1	-0.2
MAJOR SOURCES:					
Australia	892,050	939,854	967,717	5.4	3.0
UK	290,367	299,857	288,823	3.3	-3.7
USA	225,088	217,368	213,014	-3.4	-2.0
Japan	138,422	124,938	110,960	-9.7	-11.2
China	102,489	119,602	114,589	16.7	-4.2
South Korea	110,391	104,807	85,551	-5.1	-18.4
Germany	58,781	59,120	61,350	0.6	3.8
PURPOSE OF VISITS:					
Holiday	1,179,194	1,217,759	1,187,856	3.3	-2.5
Visit Friends / Relatives	683,014	707,696	739,446	3.6	4.5
Business	268,667	270,144	261,262	0.5	-3.3
INTERNATIONAL ARRIVAL FLIGHTS:					
Passenger Flights	28,801	27,831	28,533	-3.4	2.5

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

2. OUTBOUND TOURISM

Departures, October 2008 - In the month of October 2008, New Zealand residents undertook 175,854 short-term overseas trips, up by 7,800 or 4.6% from the previous year. The later timing of the school holidays, finishing on 12 October 2008 compared with 7 October 2007, contributed to the increase. Combining the two months of September and October 2008, overseas trips were down 2% from the same period in the previous year.

Destinations - There were more trips to Australia (up 4,600 or 5.1%), followed by Fiji (up 1,700 or 13.8%), China (up 770 or 18.9%), India (up 730 or 31.4%), Hong Kong (up 420 or 26.6%) and Philippines (up 350 or 99.4%).

In contrast, there were fewer trips to France (down 2,800 or 84.0%), followed by Canada (down 300 or 31.9%), Tonga (down

270 or 15.7%) and Vanuatu (down 230 or 17.9%). The large drop in trips to France was due to the high number of trips there last October for the Rugby World Cup.

Purpose – There were more New Zealanders visiting friends and relatives (up 5,400 or 12.1%) and on holiday (up 5,100 or 6.9%), while there were fewer trips on business (down 1,300 or 4.9%).

Duration - The average length of trips in October 2008 was 16.1 days, 0.4 day longer than in October 2007.

Annual Departures – There were 1.984 million trips undertaken during the year ended October 2008, up by 25,000 or 1.3% on the previous year.

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

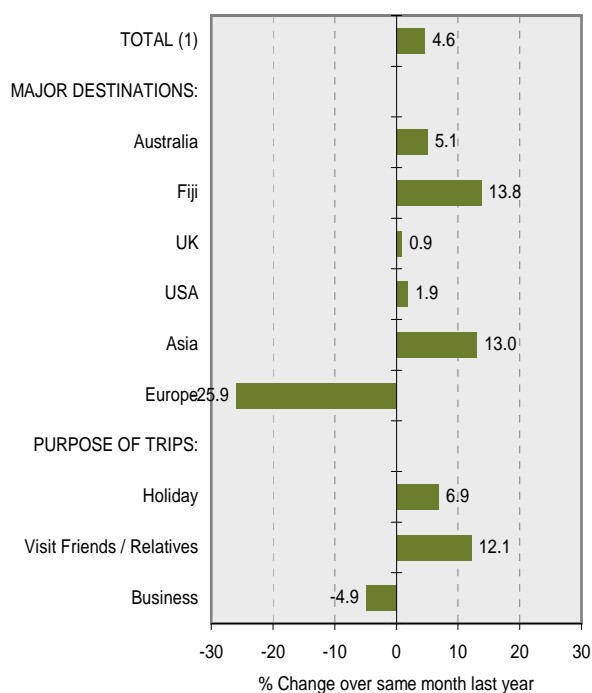
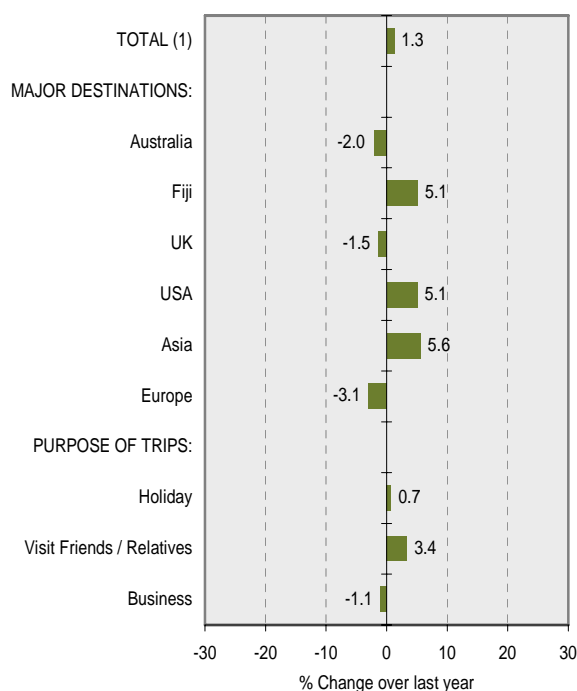


Figure 2b **Growth Rate of Trips Abroad by NZ Residents (Year Ended October 2008)**



2. OUTBOUND TOURISM

Table 2a Trips Abroad by NZ Residents (Month)

OCTOBER MONTH	Trips Abroad by NZ Residents			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TOTAL (1)	152,419	168,092	175,854	10.3	4.6
MAJOR DESTINATIONS:					
Australia	84,240	91,260	95,872	8.3	5.1
Fiji	9,178	7,803	8,876	-15.0	13.8
UK	4,992	4,968	5,012	-0.5	0.9
USA	6,864	7,560	7,700	10.1	1.9
Asia	17,784	19,251	21,756	8.2	13.0
Europe	8,762	11,448	8,484	30.7	-25.9
PURPOSE OF TRIPS:					
Holiday	65,676	74,655	79,772	13.7	6.9
Visit Friends / Relatives	40,846	44,847	50,288	9.8	12.1
Business	27,170	26,784	25,480	-1.4	-4.9

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

Table 2b Trips Abroad by NZ Residents (Year)

YEAR ENDED OCTOBER	Trips Abroad by NZ Residents			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TOTAL (1)	1,858,367	1,959,077	1,983,752	5.4	1.3
MAJOR DESTINATIONS:					
Australia	919,948	974,248	954,807	5.9	-2.0
Fiji	109,418	95,344	100,228	-12.9	5.1
UK	90,396	95,271	93,850	5.4	-1.5
USA	87,385	90,721	95,344	3.8	5.1
Asia	234,649	245,638	259,484	4.7	5.6
Europe	160,085	175,511	170,035	9.6	-3.1
PURPOSE OF TRIPS:					
Holiday	785,777	824,370	830,253	4.9	0.7
Visit Friends / Relatives	568,803	612,927	633,555	7.8	3.4
Business	281,468	288,817	285,603	2.6	-1.1

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

3. COMMERCIAL ACCOMMODATION

Guest Nights, September 2008 - In the month of September 2008, a total of 2,166,899 guest nights were spent in commercial accommodation, a decrease of 119,000 nights (or 5.2%) from September 2007.

Both the North Island (down 86,000 or 6.2%) and South Island (down 32,000 or 3.6%) recorded a decrease in guest nights in September 2008.

International and Domestic - In September 2008, guest nights comprised 59.2% domestic guests (1.28m) and 40.8% international guests (885,050).

Accommodation Types – All of the five accommodation types recorded a decrease in guest nights in September 2008.

Motels recorded the largest decrease in guest nights, down 77,000 or 9.2%. This was followed by backpackers (down 28,000 or 9.2%), caravan parks/camp grounds (down 10,000 or 3.2%), hosted accommodation (down 2,000 or 8.1%) and hotels (down 1,000 or 0.2%).

Occupancy - The overall occupancy rate of accommodation establishments in September 2008 was 31.7%, down 1.2 points compared to 33.0% in September 2007. Hotels recorded the only increase (51.3%, up 1.0 point).

Backpackers recorded the largest decrease (33.3%, down 4.0 points), followed by motels (46.0%, down 3.6 points), hosted (15.8%, down 1.4%) and caravan parks/camp grounds (10.3%, down 0.3 point).

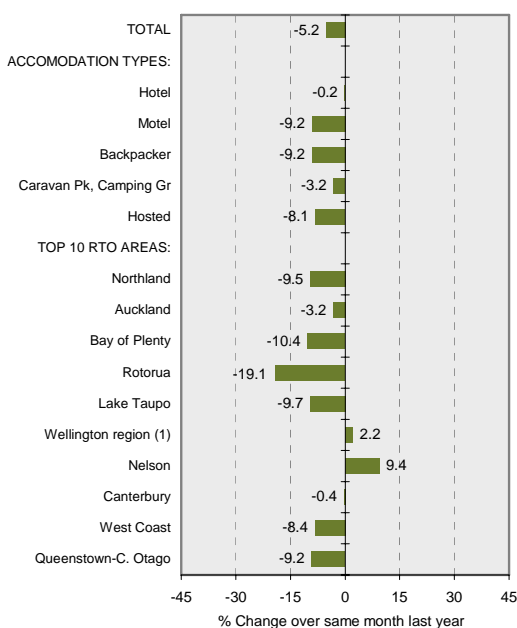
RTOs - In September 2008, most RTOs recorded a decrease in guest nights from September 2007.

Nelson recorded the largest increase (up 5,000 or 9.4%), followed by Wellington (up 4,000 or 2.2%), Ashburton (up 3,000 or 16.5%), Wanganui (up 1,000 or 9.2%) and Taranaki (up 1,000 or 2.3%).

Rotorua recorded the largest decrease (down 28,000 or 19.1%), followed by Queenstown/Central Otago (down 23,000 or 9.2%), Auckland (down 14,000 or 3.2%), Waikato (down 9,000 or 11.0%), Northland (down 9,000 or 9.5%), Bay of Plenty (down 8,000 or 10.4%), Lake Taupo (down 8,000 or 9.7%), West Coast (down 6,000 or 8.4%), Marlborough (down 6,000 or 15.4%) and Eastland (down 5,000 or 21.6%).

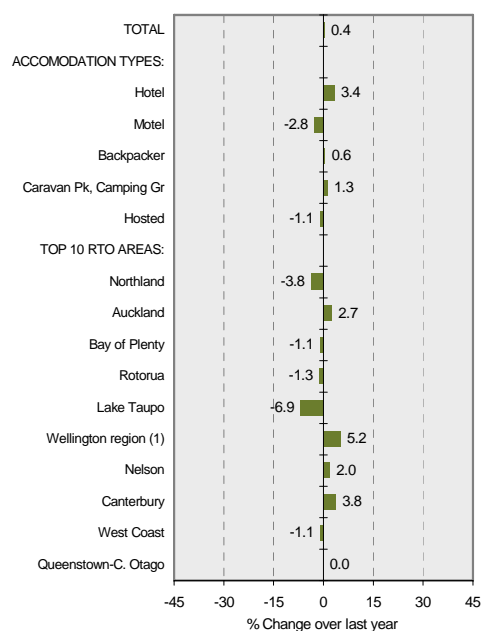
Annual - For the year ended September 2008, there was a total demand of 33.00 million guest nights, up by 141,000 or 0.4% on the previous year.

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



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

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



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

3. COMMERCIAL ACCOMMODATION

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

SEPTEMBER MONTH	Guest Nights			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TOTAL	2,196,531	2,285,838	2,166,899	4.1	-5.2
ACCOMODATION TYPES:					
Hotel	766,458	784,970	783,777	2.4	-0.2
Motel	813,840	835,109	758,383	2.6	-9.2
Backpacker	278,398	307,142	278,966	10.3	-9.2
Caravan Pk, Camping Gr	306,580	329,108	318,667	7.3	-3.2
Hosted	31,254	29,511	27,106	-5.6	-8.1
TOP 10 RTO AREAS:					
Northland	92,618	92,885	84,019	0.3	-9.5
Auckland	396,297	431,013	417,088	8.8	-3.2
Bay of Plenty	77,064	78,317	70,168	1.6	-10.4
Rotorua	129,058	143,902	116,371	11.5	-19.1
Lake Taupo	79,368	77,618	70,115	-2.2	-9.7
Wellington region (1)	179,310	188,699	192,914	5.2	2.2
Nelson	56,340	54,150	59,229	-3.9	9.4
Canterbury	305,294	311,235	309,986	1.9	-0.4
West Coast	69,666	75,428	69,119	8.3	-8.4
Queenstown-C. Otago	239,857	246,808	224,081	2.9	-9.2

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

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

YEAR ENDED SEPTEMBER	Guest Nights			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TOTAL	31,332,722	32,866,457	33,007,237	4.9	0.4
ACCOMODATION TYPES:					
Hotel	9,830,051	10,316,225	10,665,111	4.9	3.4
Motel	10,605,059	11,012,709	10,701,080	3.8	-2.8
Backpacker	4,229,910	4,531,207	4,557,633	7.1	0.6
Caravan Pk, Camping Gr	6,101,910	6,426,691	6,510,252	5.3	1.3
Hosted	565,792	579,624	573,162	2.4	-1.1
TOP 10 RTO AREAS:					
Northland	1,683,421	1,787,686	1,719,727	6.2	-3.8
Auckland	5,156,035	5,577,475	5,725,916	8.2	2.7
Bay of Plenty	1,164,130	1,268,320	1,254,041	9.0	-1.1
Rotorua	1,846,841	1,877,731	1,852,759	1.7	-1.3
Lake Taupo	1,040,453	1,048,697	976,206	0.8	-6.9
Wellington region (1)	2,198,016	2,349,012	2,471,867	6.9	5.2
Nelson	1,213,907	1,260,034	1,285,859	3.8	2.0
Canterbury	4,180,204	4,344,303	4,510,220	3.9	3.8
West Coast	1,234,361	1,297,246	1,282,887	5.1	-1.1
Queenstown-C. Otago	3,129,064	3,280,525	3,281,605	4.8	0.0

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

4. INTERNATIONAL VISITOR EXPENDITURE

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

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

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

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

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

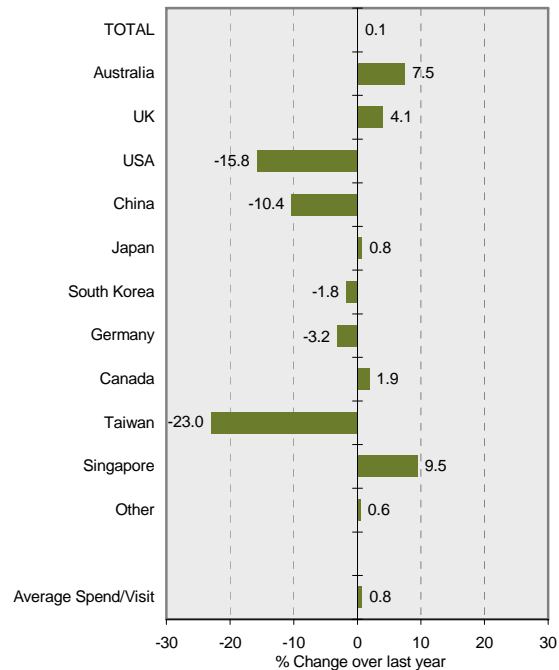


Table 4 International Visitor Expenditure (Year)

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

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

5. DOMESTIC TOURISM

Overnight Trips, Year ended June 2008 - For the year ended June 2008, the number of overnight trips decreased by 5.5% (839,000) to 14.36 million trips, while the number of visitor nights decreased by 4.3% (or 1.9 million) to 42.94 million. On average, overnight visitors stayed 3.0 nights away from home.

Day Trips - The number of day trips decreased by 15.5% (or 4.72 million) to 25.85 million for the year ended June 2008.

Expenditure - Overall, domestic tourism expenditure decreased by 6.4% (or \$507 million) to \$7.389 billion for the year ended June 2008. Overnight trip expenditure was down 3.6% to \$4.876 billion while day trip expenditure was down 11.5% to \$2.512 billion.

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

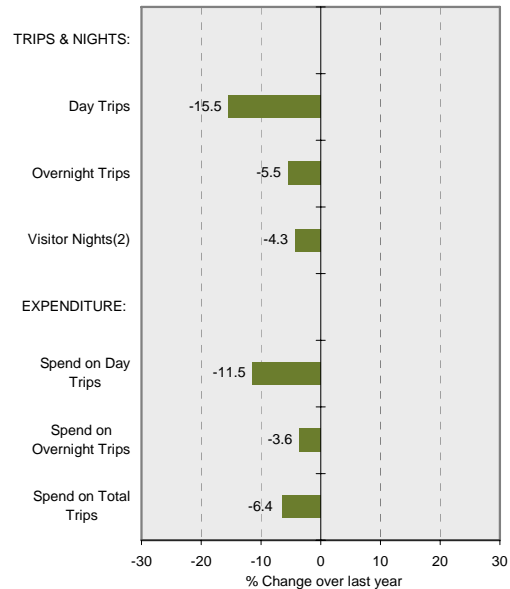


Table 5 Domestic Tourism (Year)

YEAR ENDED JUNE	Domestic Travel ⁽¹⁾			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TRIPS & NIGHTS:	(000)				
Day Trips	29,120	30,570	25,846	5.0	-15.5
Overnight Trips	14,298	15,198	14,360	6.3	-5.5
Visitor Nights ⁽²⁾	43,604	44,875	42,937	2.9	-4.3
EXPENDITURE:	(\$million)				
Spend on Day Trips	2,486	2,838	2,512	14.2	-11.5
Spend on Overnight Trips	4,580	5,058	4,876	10.4	-3.6
Spend on Total Trips	7,066	7,896	7,389	11.8	-6.4

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

6. TOURISM SATELLITE ACCOUNT

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

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

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

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

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

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

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

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

Table 6 Tourism Satellite Account, 2005-2007

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

(1) Includes international airfares.

7. TOURISM FORECASTS

Tourism forecasts, 2008-2014 - The latest Ministry of Tourism forecasts provide a set of expectations on the future tourism demand in New Zealand. The forecasts are intended to assist the tourism sector decision-making and planning.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Table 7 Tourism Forecasts, 2008-2014

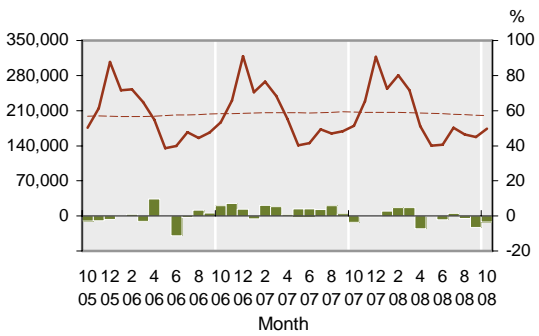
YEAR ENDED DECEMBER	Actual			Forecast					Growth 2008-2014		
	2007(1)	2008	2009	2010	2011	2012	2013	2014	Change	Total	Annual
International Visitors (000)	2,455	2,485	2,546	2,633	2,778	2,854	2,966	3,083	628	25.6%	3.3%
Domestic Total Trips (000)(2)	49,492	50,489	51,154	51,567	51,901	52,161	52,411	52,656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

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

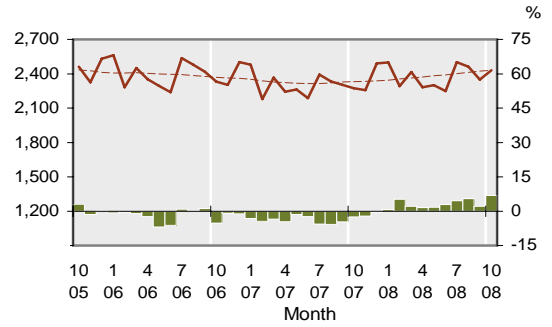
TRENDS AND PATTERNS

1. Inbound Tourism

1.1 International Visitor Arrivals

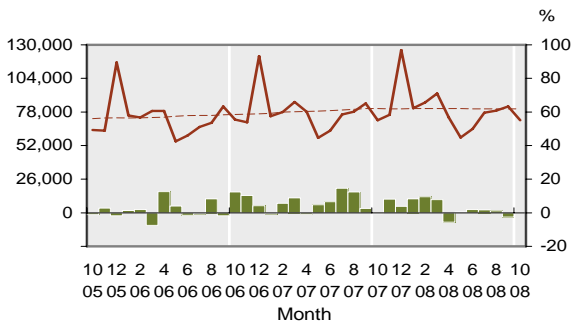


1.2 International Passenger Arrival Flights

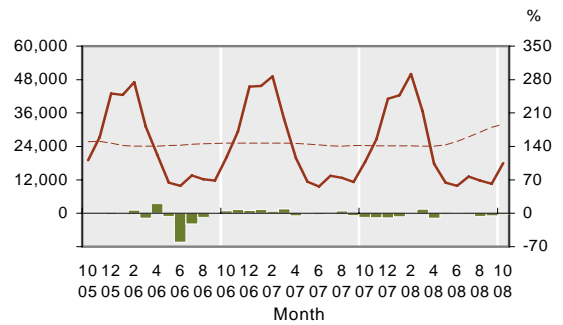


Major Sources

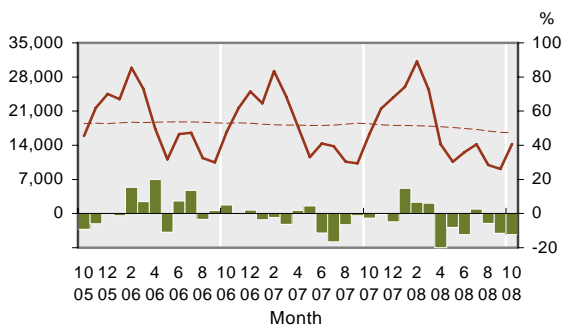
1.3 Visitors from - Australia



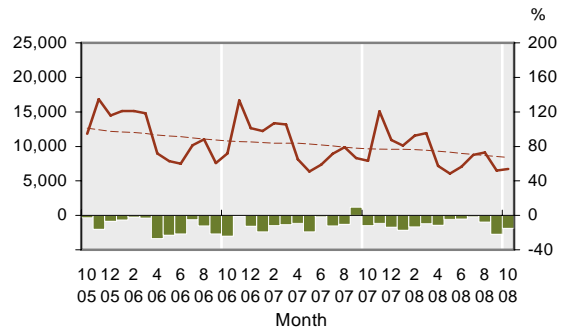
1.4 Visitors from - UK



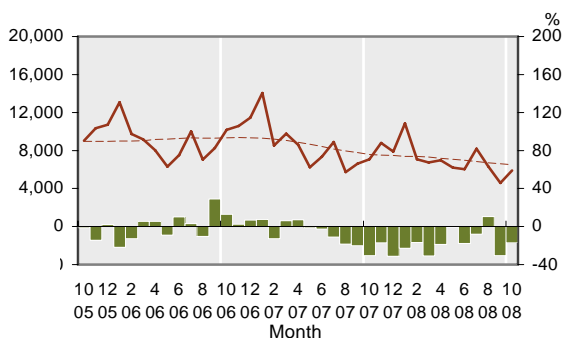
1.5 Visitors from - USA



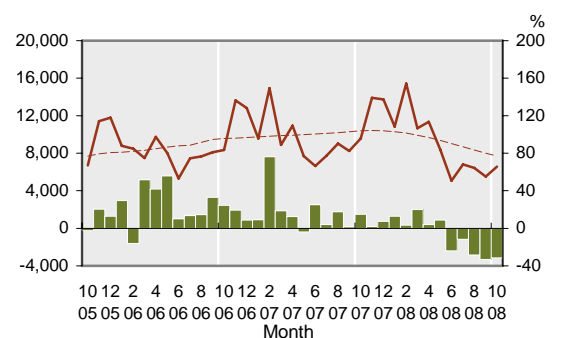
1.6 Visitors from - Japan



1.7 Visitors from - South Korea



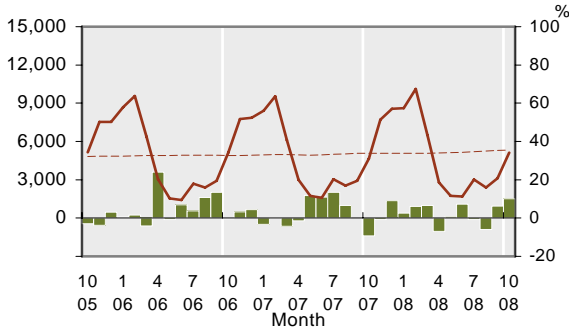
1.8 Visitors from - China



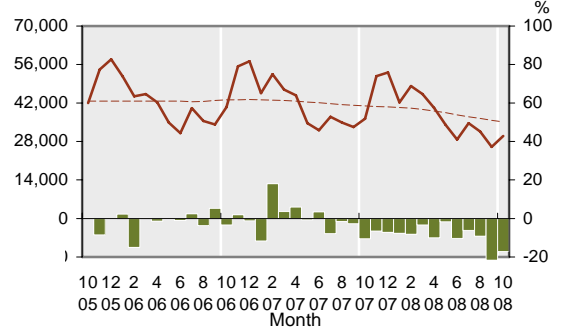
KEY:
 Solid line (brown) – show statistics described by the graph title (left scale).
 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

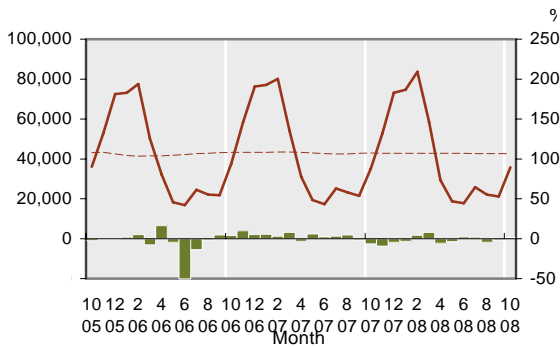
1.9 Visitors from - Germany



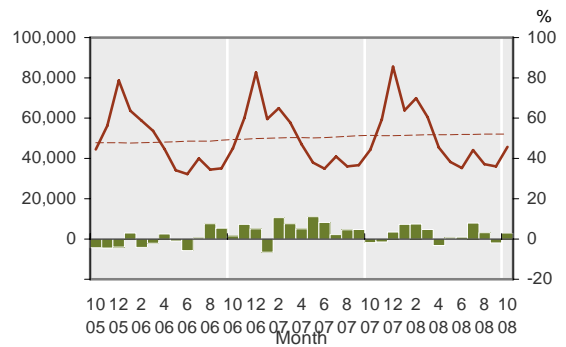
1.10 Visitors from - Asia



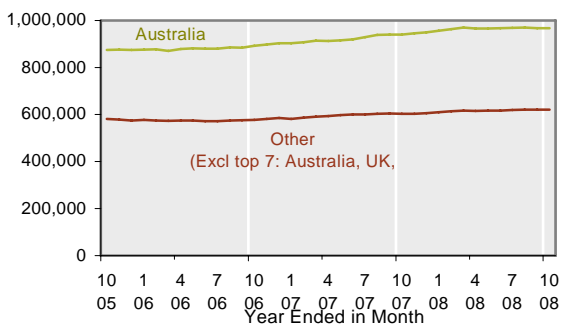
1.11 Visitors from - Europe



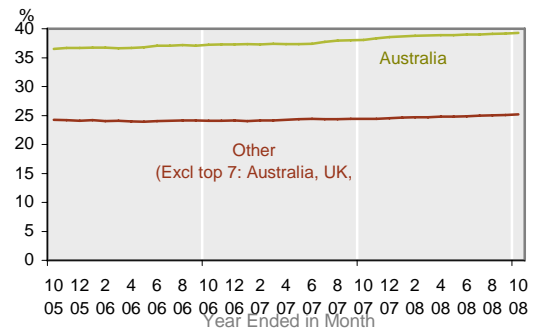
1.12 Visitors from - Other



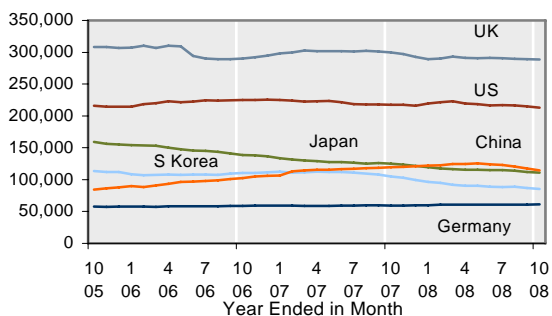
1.13 Visitors by Major Source



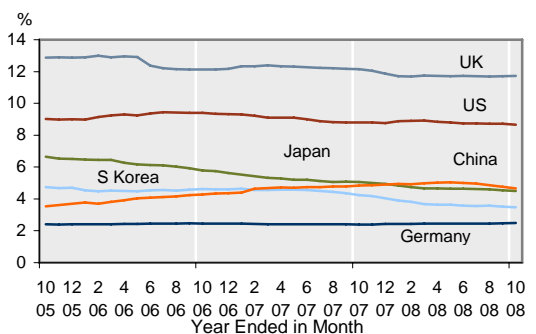
1.14 Share of Total International Visitors



1.15 Visitors by Major Source



1.16 Visitors by Major Source (%)

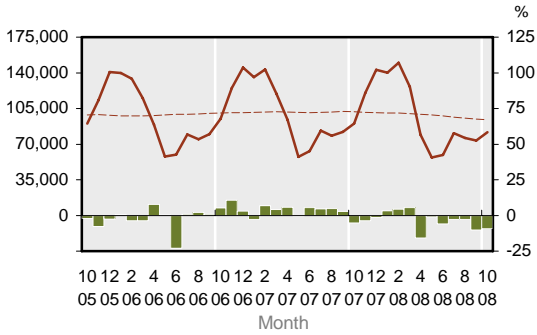


KEY:
 Solid line (brown) – show statistics described by the graph title (left scale).
 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

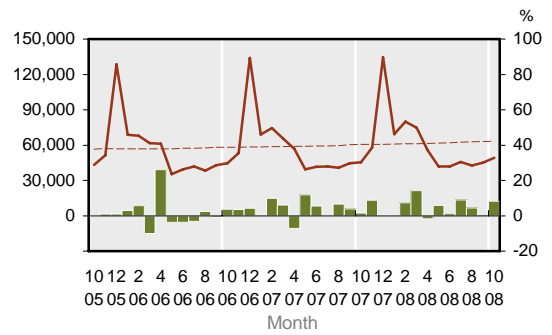
TRENDS AND PATTERNS

Purpose of Visits

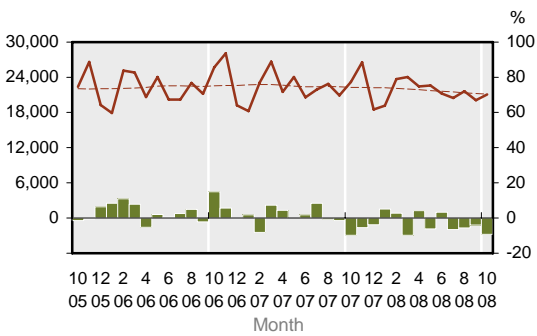
1.17 International Visitors - Holiday



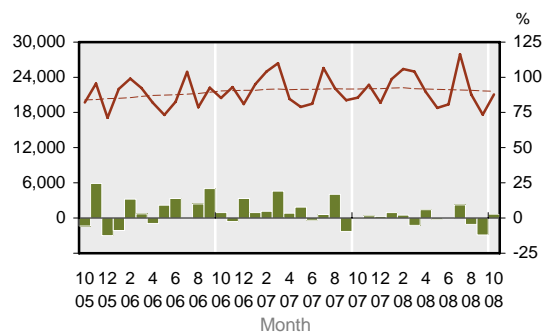
1.18 International Visitors - VFR



1.19 International Visitors - Business



1.20 International Visitors - Other

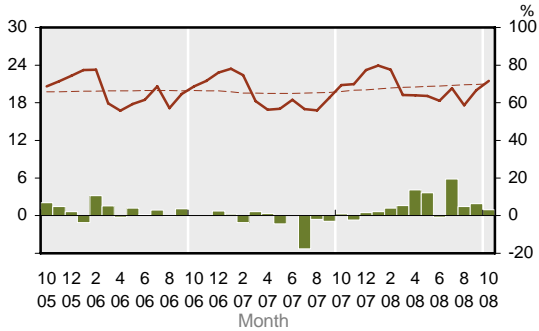


KEY:
 Solid line (brown) – show statistics described by the graph title (left scale).
 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

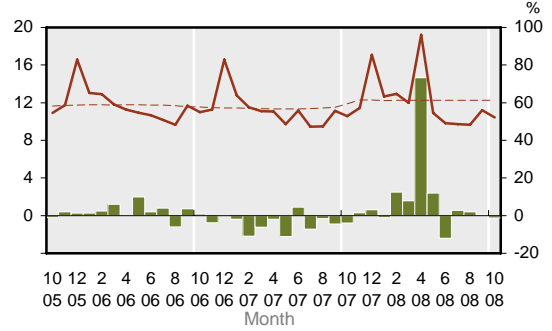
TRENDS AND PATTERNS

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

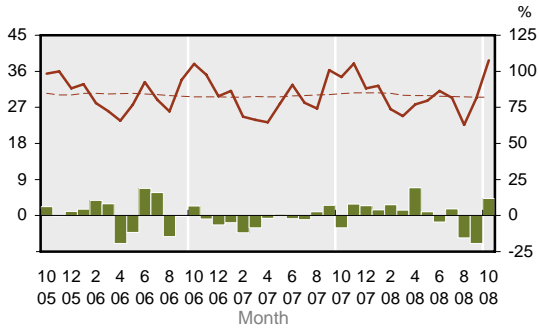
1.21 Average Days of Stay by Visitors



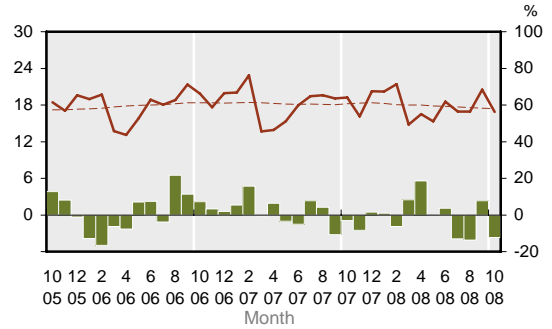
1.22 Average Days Stayed - Australian Visitors



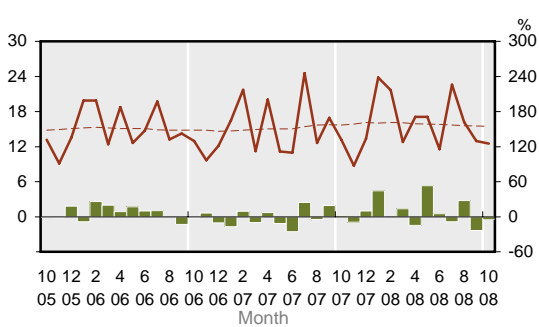
1.23 Average Days Stayed - UK Visitors



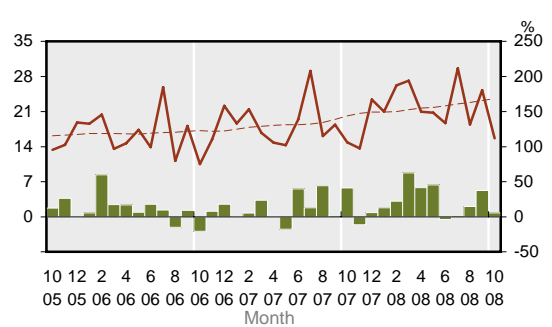
1.24 Average Days Stayed - US Visitors



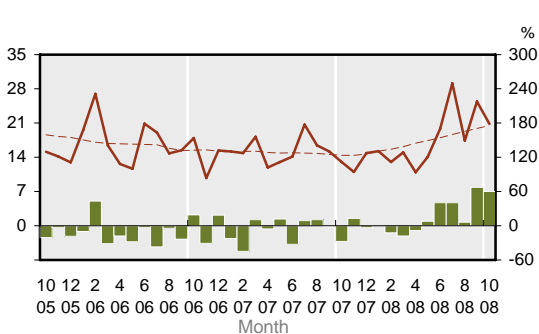
1.25 Average Days Stayed - Japanese Visitors



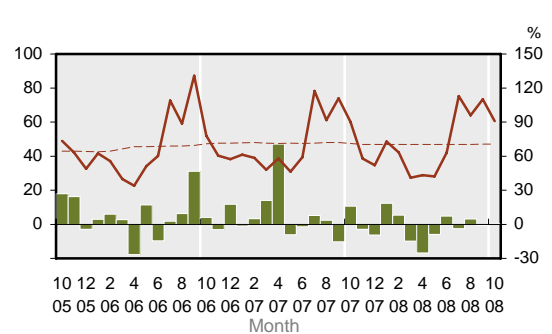
1.26 Average Days Stayed - S. Korea Visitors



1.27 Average Days Stayed - Chinese Visitors



1.28 Average Days Stayed - German Visitors



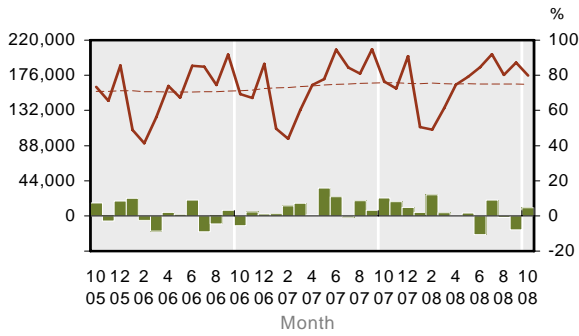
KEY:
 Solid line (brown) – show statistics described by the graph title (left scale).
 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

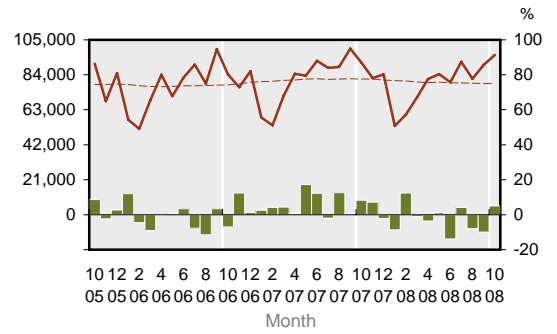
2. Outbound Tourism

Major Destinations

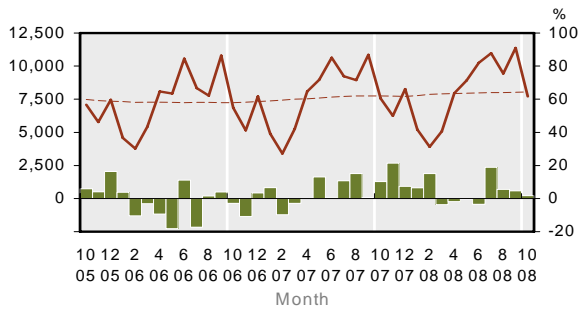
2.1 NZer Trips Abroad



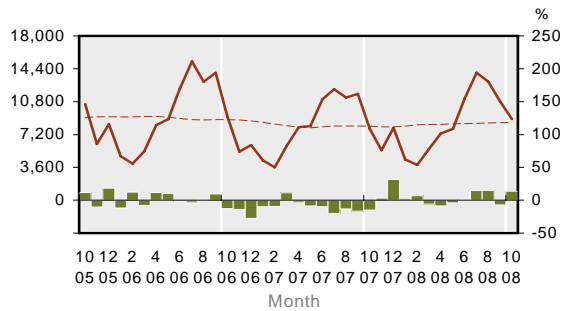
2.2 NZer Trips to - Australia



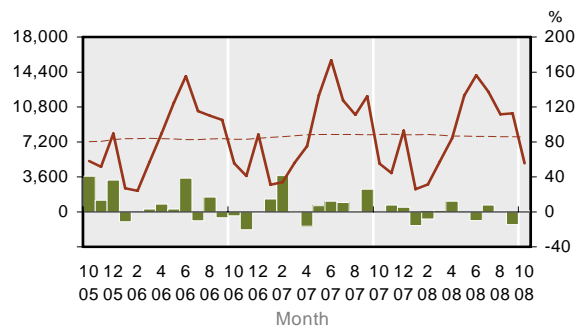
2.3 NZer Trips to - USA



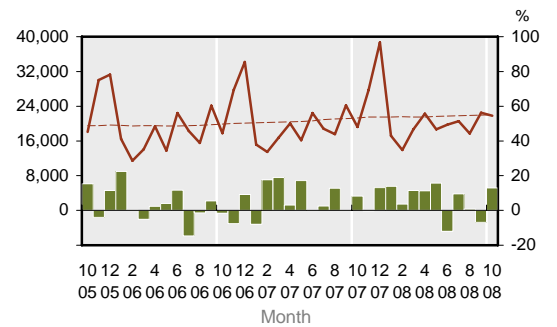
2.4 NZer Trips to - Fiji



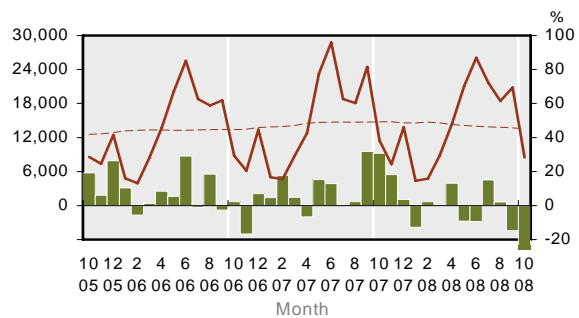
2.5 NZer Trips to - UK



2.6 NZer Trips to - Asia



2.7 NZer Trips to - Europe

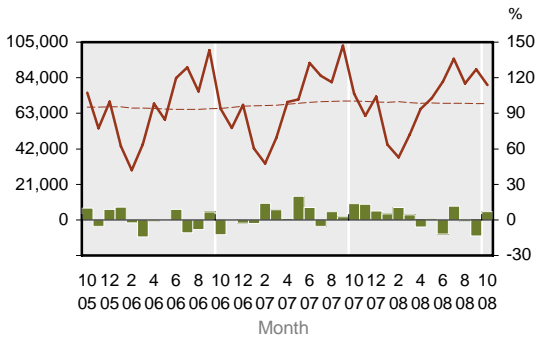


KEY:
 Solid line (brown) – show statistics described by the graph title (left scale).
 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

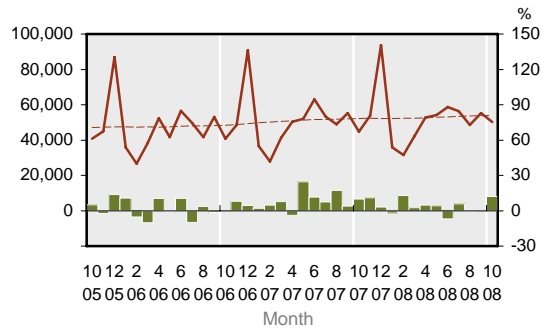
TRENDS AND PATTERNS

Purpose of Trips Abroad

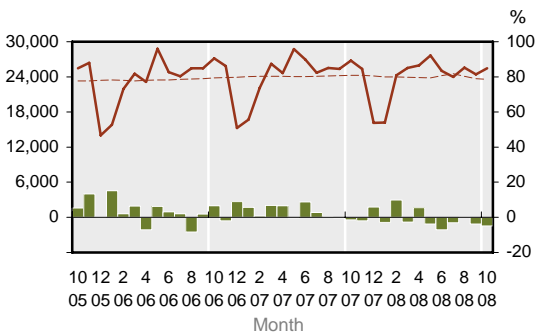
2.8 NZer Trips Abroad - Holiday



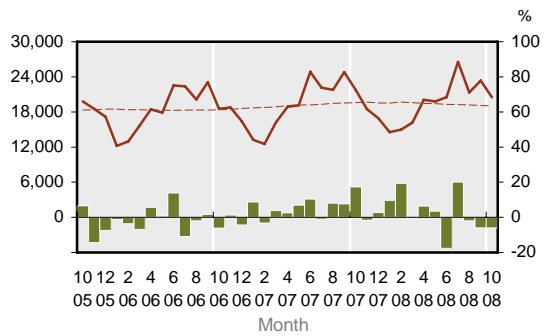
2.9 NZer Trips Abroad - VFR



2.10 NZer Trips Abroad - Business



2.11 NZer Trips Abroad - Other



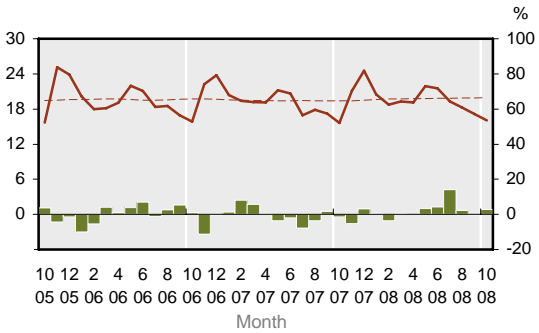
KEY:
 Solid line (brown) – show statistics described by the graph title (left scale).
 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

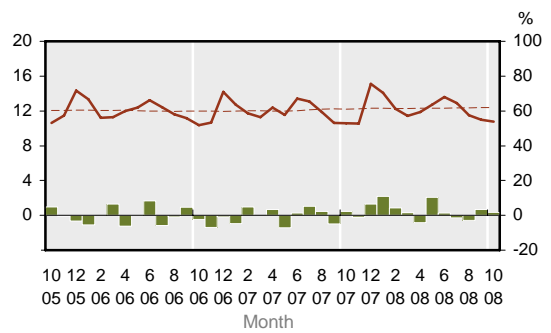
Length of Trips Abroad

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

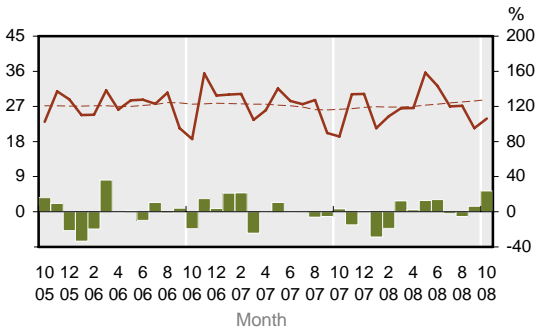
2.12 Average Days Abroad



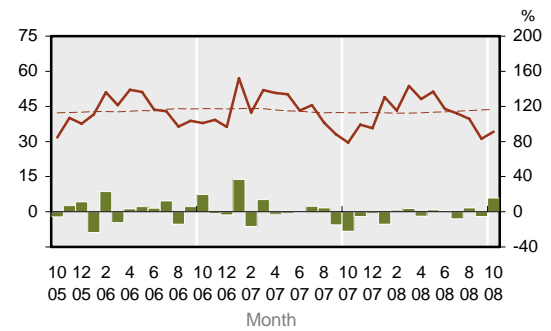
2.13 NZers Average Days Abroad - Australia



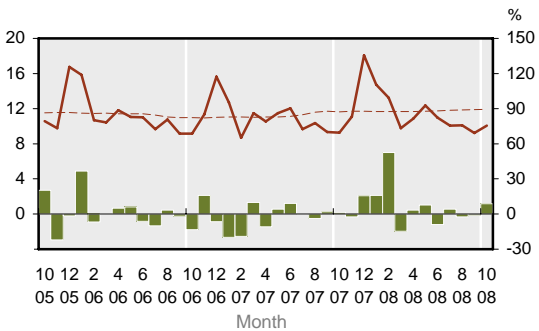
2.14 NZers Average Days Abroad - US



2.15 NZers Average Days Abroad - UK



2.16 NZers Average Days Abroad - Fiji

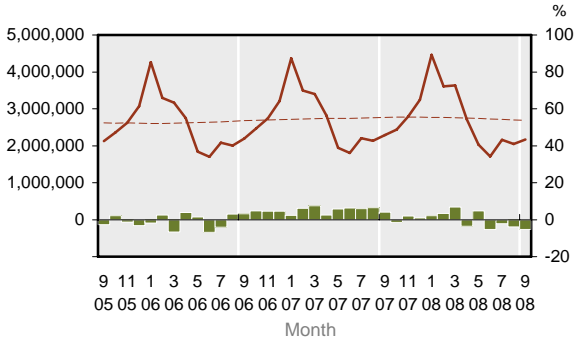


KEY: Solid line (brown) – show statistics described by the graph title (left scale).
 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

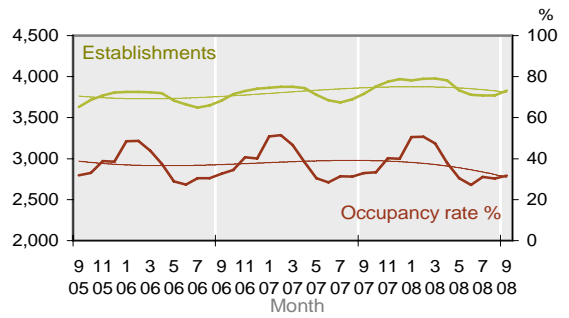
TRENDS AND PATTERNS

3. Commercial Accommodation

3.1 Total Guest Nights

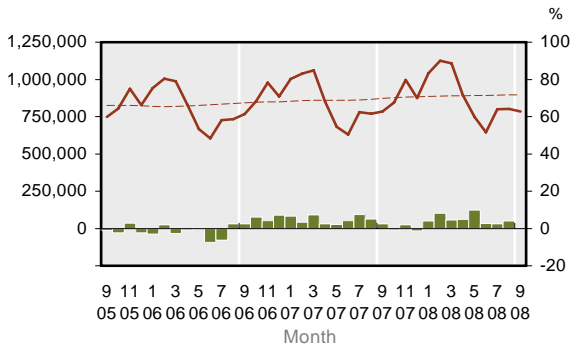


3.2 Total Establishments and Occupancy

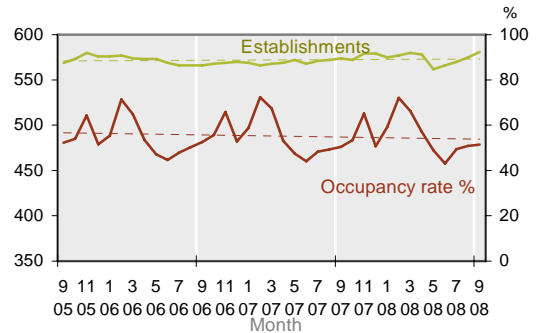


Guest Nights by Accommodation Type

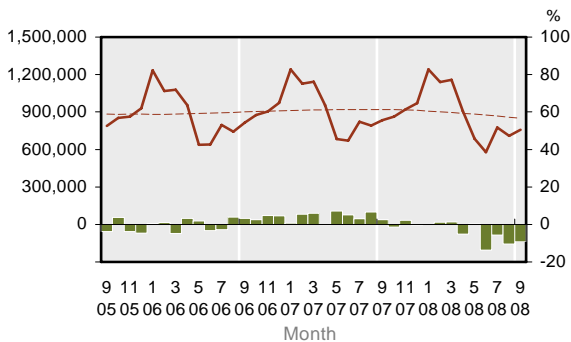
3.3 Hotel Guest Nights



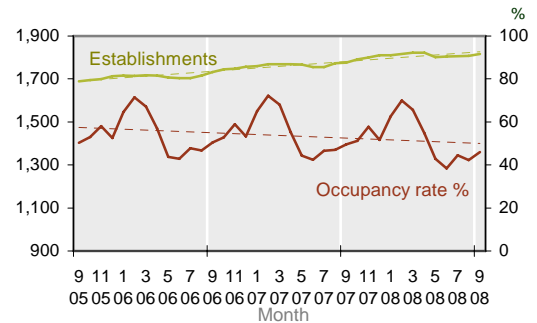
3.4 Hotels and Occupancy



3.5 Motel Guest Nights



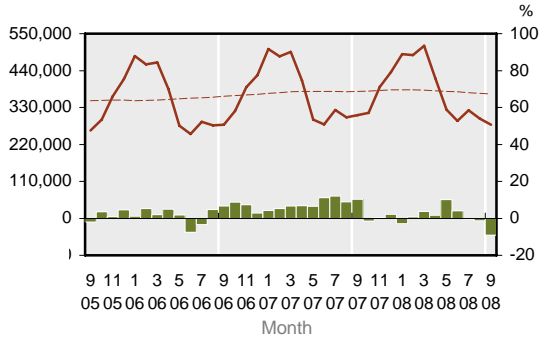
3.6 Motels and Occupancy



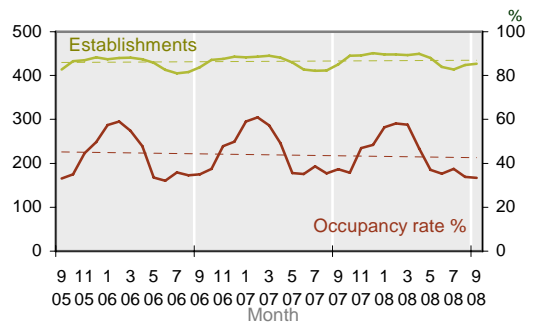
KEY:
 Solid line (brown) – show statistics described by the graph title (left scale).
 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

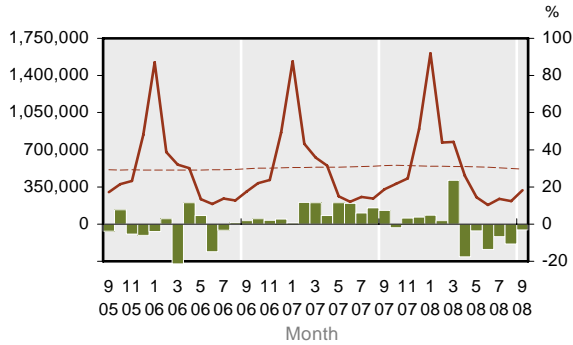
3.7 Backpacker Guest Nights



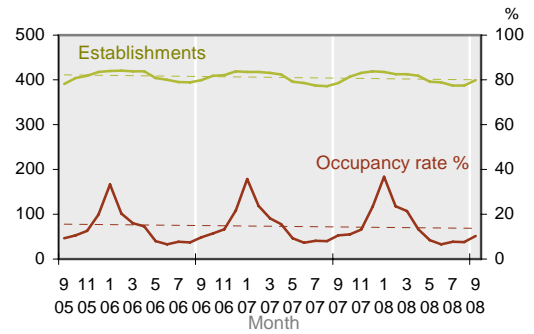
3.8 Backpackers and Occupancy



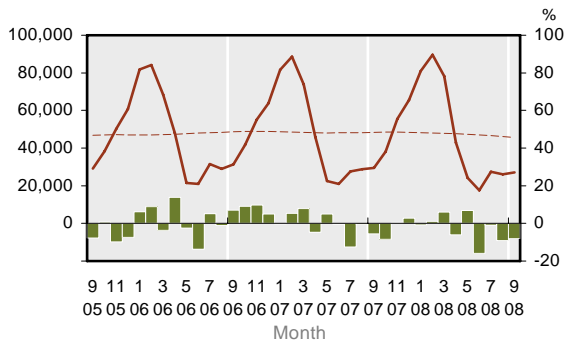
3.9 Caravan/Camping Guest Nights



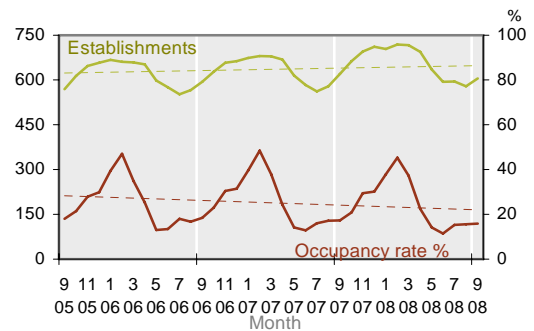
3.10 Caravan/Camping Est. and Occupancy



3.11 Hosted Guest Nights



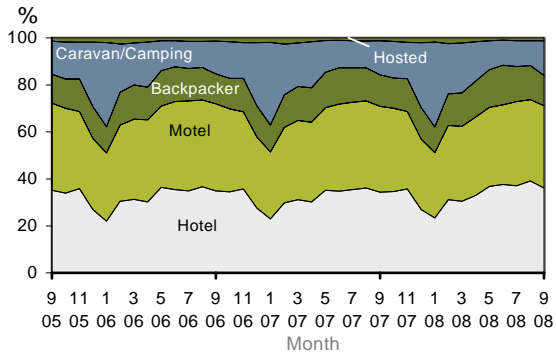
3.12 Hosted and Occupancy



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

3.13 Share of Guest Nights by Establishment

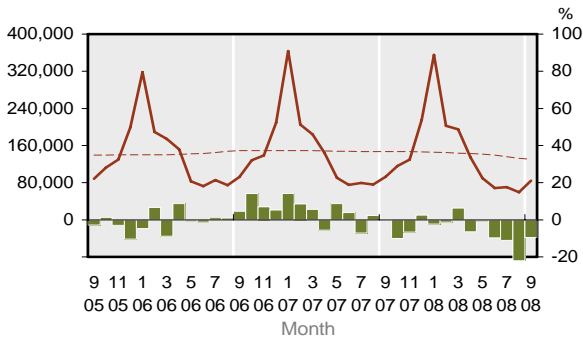


KEY: Solid line (brown) – show statistics described by the graph title (left scale).
 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

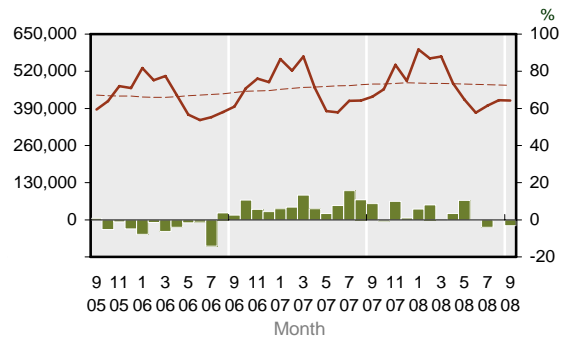
TRENDS AND PATTERNS

Guest Nights by Regional Tourism Organisation and District

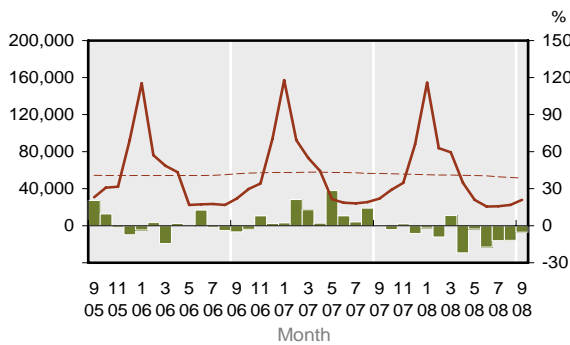
3.14 Northland RTO Guest Nights



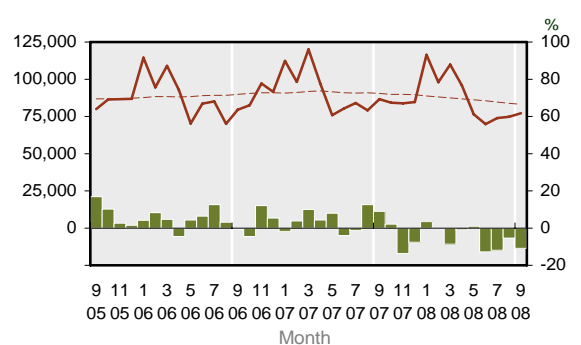
3.15 Auckland RTO Guest Nights



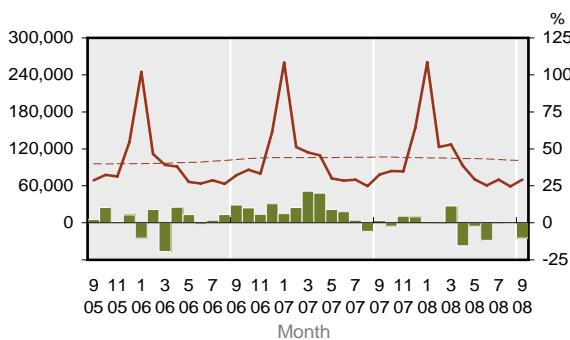
3.16 Coromandel RTO Guest Nights



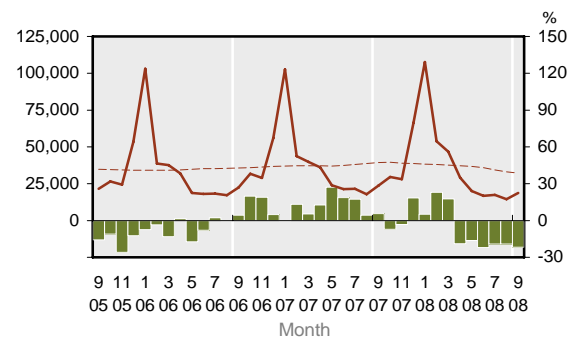
3.17 Waikato RTO Guest Nights



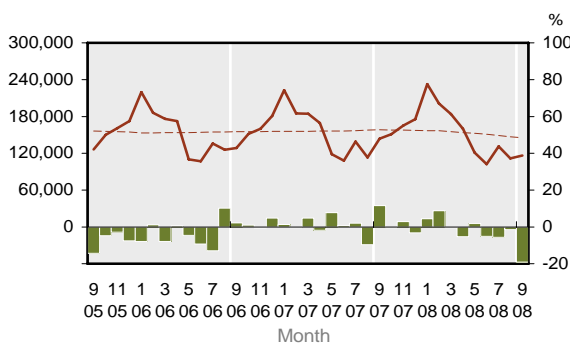
3.18 Bay of Plenty RTO Guest Nights



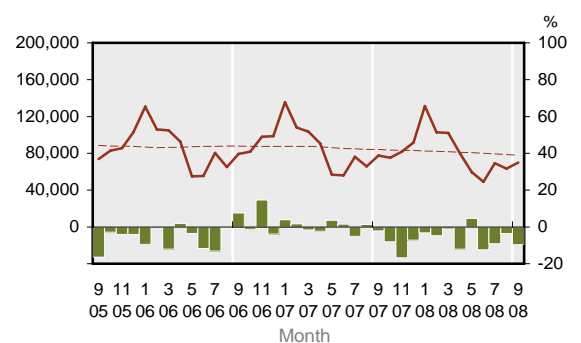
3.19 Eastland RTO Guest Nights



3.20 Rotorua RTO Guest Nights



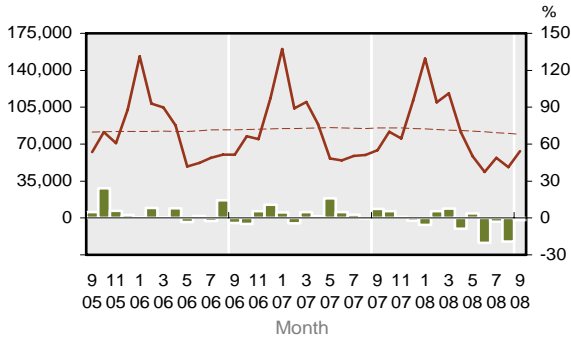
3.21 Lake Taupo RTO Guest Nights



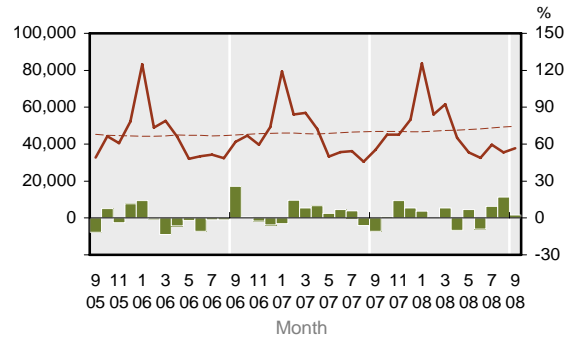
KEY:
 Solid line (brown) – show statistics described by the graph title (left scale).
 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

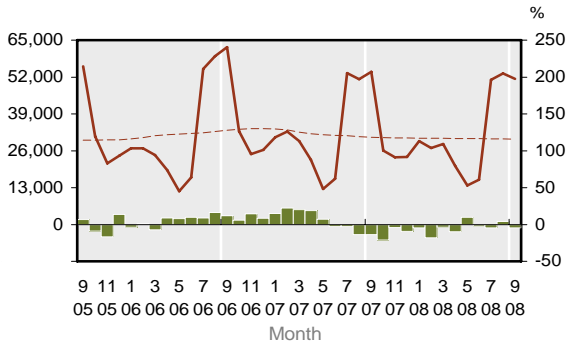
3.22 Hawke's Bay RTO Guest Nights



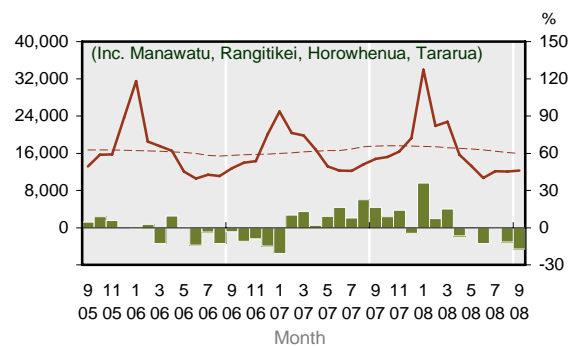
3.23 Taranaki RTO Guest Nights



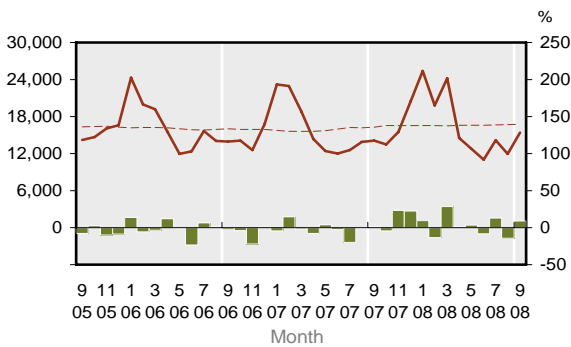
3.24 Ruapehu RTO Guest Nights



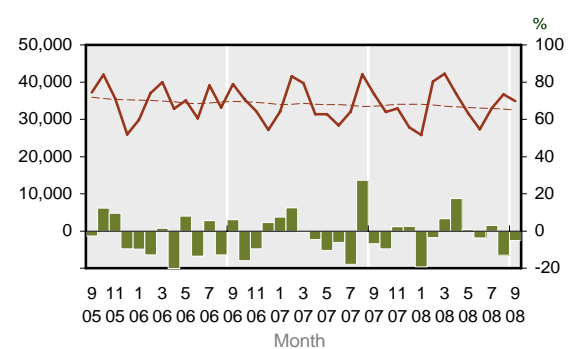
3.25 Combined Manawatu Guest Nights



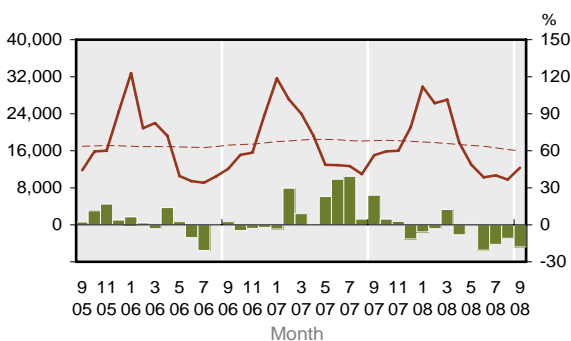
3.26 Wanganui District Guest Nights



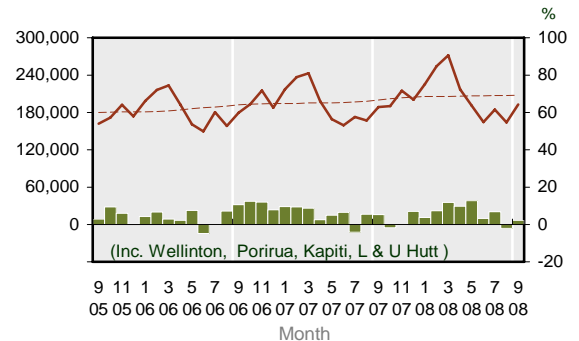
3.27 Palmerston North City Guest Nights



3.28 Wairarapa RTO Guest Nights



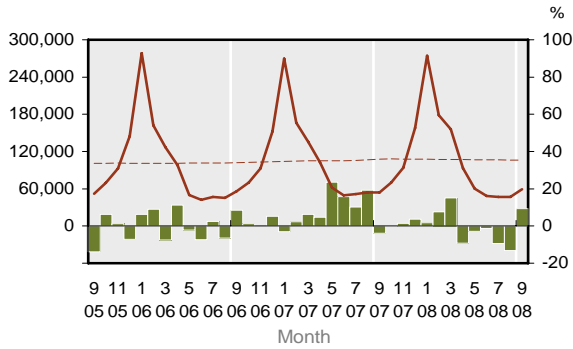
3.29 Wellington Region Guest Nights



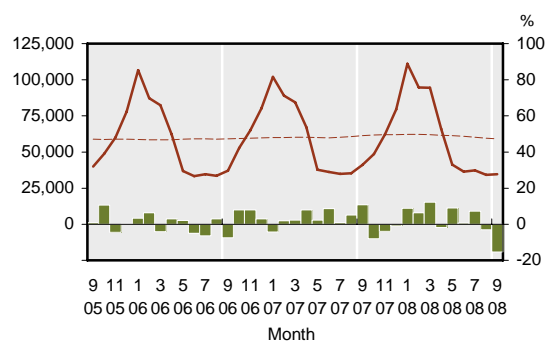
KEY:
 Solid line (brown) – show statistics described by the graph title (left scale).
 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

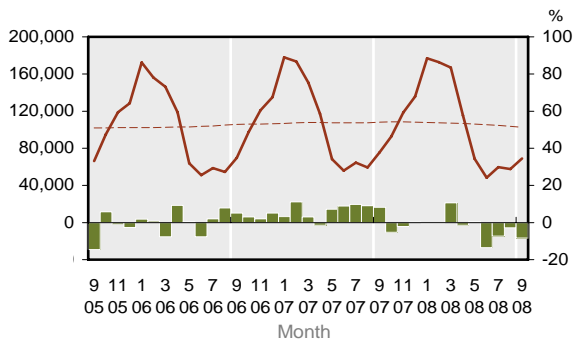
3.30 Nelson RTO Guest Nights



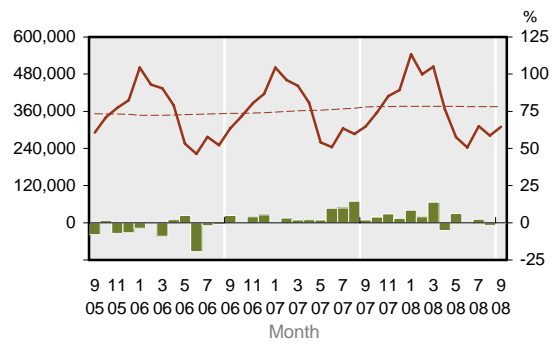
3.31 Marlborough RTO Guest Nights



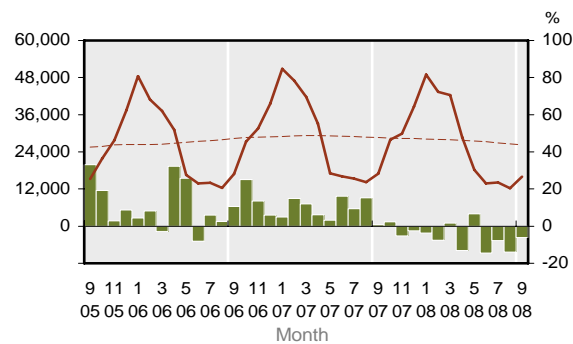
3.32 West Coast RTO Guest Nights



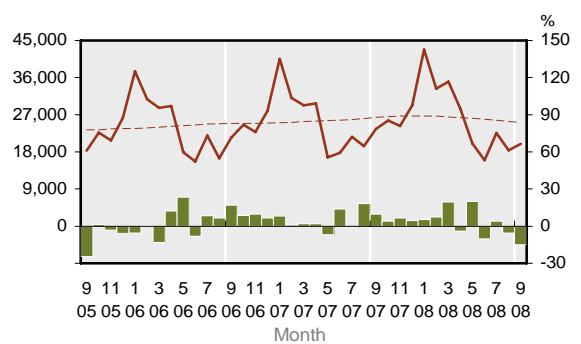
3.33 Canterbury Guest Nights



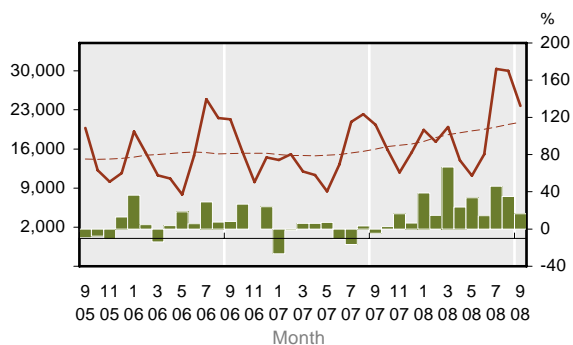
3.34 Kaikoura District Guest Nights



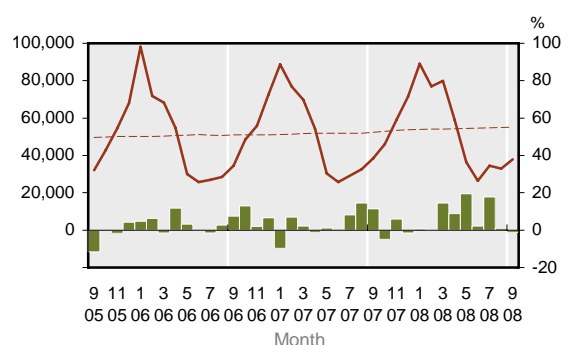
3.35 Hurunui RTO Guest Nights



3.36 Ashburton District Guest Nights



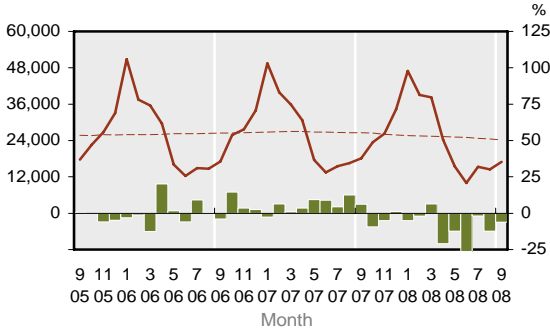
3.37 Mackenzie-Timaru Guest Nights



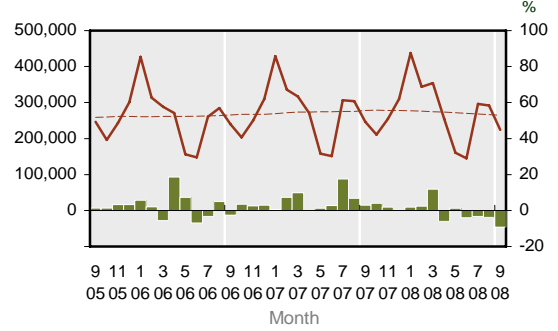
KEY:
 Solid line (brown) – show statistics described by the graph title (left scale).
 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

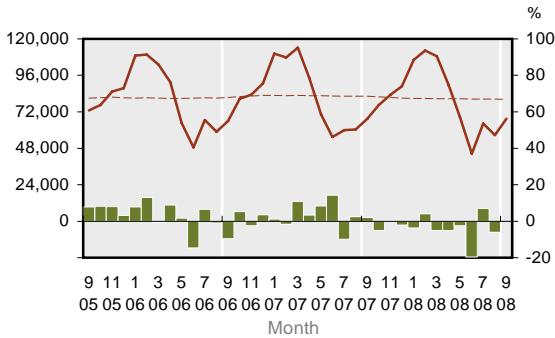
3.38 Waitaki-Waimate Guest Nights



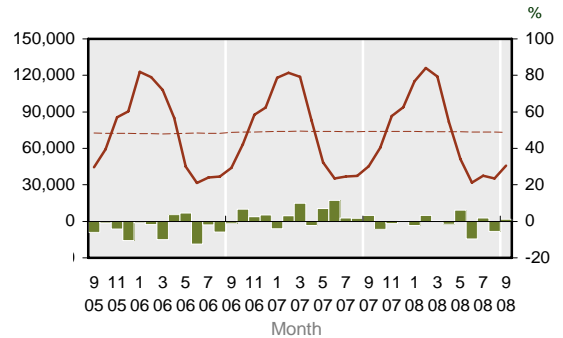
3.39 Queenstown Lakes - Central Otago Guest Nights



3.40 Dunedin - Clutha Guest Nights

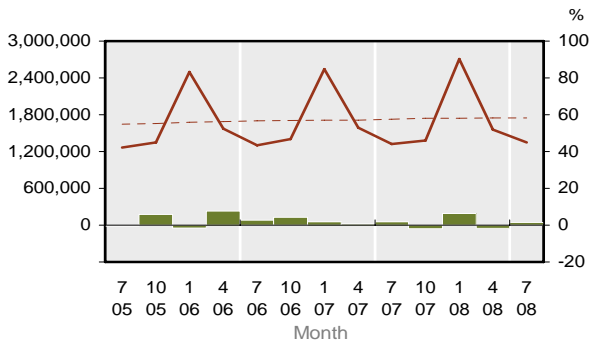


3.41 Southland Region Guest Nights

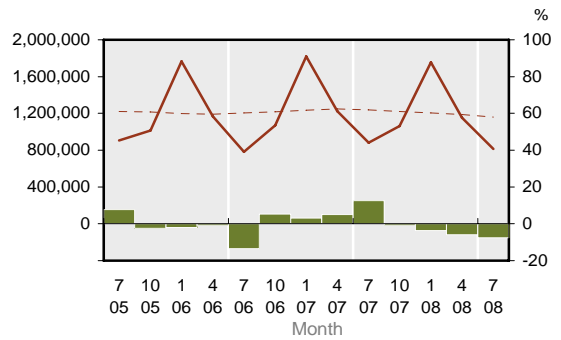


International and Domestic Guest Nights

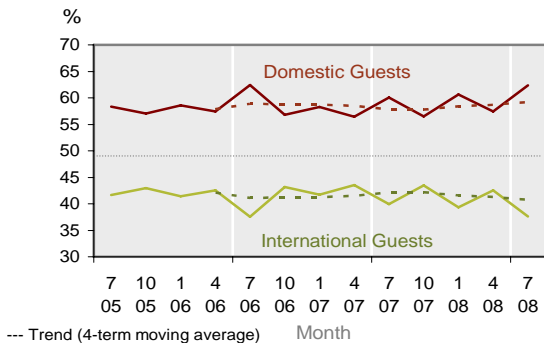
3.42 Domestic Guest Nights



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>

Image Credits

Mt Taranaki from Poukai Range – Iain Guilliard, www.iainguilliard.com.

Fern – Rebecca Davis, www.moxie.co.nz