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Media Release

Tourism business confidence strong

Tourism business confidence levels are strong, with most operators expecting their business to improve this year, according to the latest *State of the New Zealand Tourism Industry* report.

The report, authored by Wellington Institute of Technology research and tourism lecturer Jamie Smiler, is being released today by Tourism Industry Aotearoa. It includes the results of a survey of 354 tourism operators from around the country, as well as reviewing the industry's performance over the last 12 months. It also provides a Scorecard on how the industry is tracking to reach its **Tourism 2025** goal of achieving \$41 billion total annual tourism revenue.

The survey found that 62% of tourism businesses believe their performance will improve over the next 12 months, with 74% wanting to attract more high value visitors.

"International visitor arrivals have increased in each of the last five years and we know the industry has been booming. It's pleasing to see that operators are expecting to build on the current positive business conditions. Even in Kaikōura, where operators suffered major business downturns following the November 2016 earthquake, they are optimistic about their future," TIA Chief Executive Chris Roberts says.

However, the survey reveals that tourism operators share the New Zealand public's concerns about the ability of our infrastructure to cope with growing visitor arrivals. The Mood of the Nation survey, released by TIA and Tourism New Zealand earlier this month, found that New Zealanders were worried about the pressures tourism is placing on our infrastructure.

"In a highly competitive global tourism market, travellers have many destination options. Infrastructure is of strategic importance to our international competitiveness. Quality infrastructure is necessary for the industry to deliver a quality visitor experience," Mr Roberts says.

WelTec tourism lecturer Jamie Smiler, who authored the *State of the Industry 2017*, says the lack of investment in tourism infrastructure is not unique to New Zealand.

"Our research show that this is an issue affecting the tourism industry globally. Many survey respondents acknowledged that funding for infrastructure improvements is a challenge," Mr Smiler says.

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“Internationally, there is a lack of private and public investment in the areas of airport development, accommodation, road and rail, and communications technologies that is constraining growth.”

Infrastructure improvements would also support the industry to grow sustainably, survey respondents suggested. Increased regional dispersal of visitors and an increase in off-peak visitation were other key ways to grow sustainably.

Difficulties in finding skilled staff for tourism businesses were also highlighted by survey respondents.

“82% agreed that staffing is becoming a significant issue for New Zealand tourism businesses, compounded by uncertainty over immigration policies. As well as limiting business growth, this also constrains the wider industry’s ability to meet our Tourism 2025 goals,” Mr Roberts says.

“As the peak private sector organisation for the New Zealand tourism industry, TIA is actively working to address the challenges created by tourism’s growth. We have a number of projects underway that bring tourism representatives together with central and local government to find solutions.”

Overall, the *State of the Industry 2017* finds the industry is making good progress towards reaching its \$41 billion goal.

Strong progress has been made on improving air connectivity, reaching 10 million international seats, up from 6.7 million in 2014.

There has been good progress on growing tourism expenditure, with international visitors spending \$14.5 billion and domestic travellers \$21.4 billion in 2017. The total of \$35.9 billion is up from \$28.6 billion in 2014.

A high level of visitor satisfaction has been maintained, at 93.4%.

While there have been some encouraging efforts recently to address seasonality and encourage regional dispersal, the Scorecard notes there has been no significant progress since 2014 on increasing the visitor spend in the regions or on altering international visitors’ seasonal travel patterns.

“With another seven years until 2025 and the industry’s enthusiastic response to the **Tourism Sustainability Commitment** launched late last year, we are definitely well on track. But it’s clear we can do more to ensure that tourism’s economic and social benefits are better dispersed around New Zealand. This will be a focus of TIA’s work through 2018,” Mr Roberts says.

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To read the *State of the Tourism Industry 2017* go to <https://tia.org.nz/resources-and-tools/insight/state-of-the-tourism-industry-2017/>

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KEY FACTS

- Tourism in New Zealand is a \$99 million per day industry. Tourism delivers around \$40 million in foreign exchange to the New Zealand economy each day of the year. Domestic tourism contributes another \$59 million in economic activity every day.
- Tourism is New Zealand's biggest export earner, contributing \$14.5 billion or 20.7% of New Zealand's foreign exchange earnings (year ended March 2017).
- 14.5% of the total number of people employed in New Zealand work directly or indirectly in tourism. That means 399,150 people are working in the visitor economy.
- The [Tourism 2025](#) growth framework has a goal of growing total tourism revenue to \$41 billion a year by 2025.

Visit www.tia.org.nz for more information

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