

Opportunities of tourism growth

*By Chris Roberts, Chief Executive, Tourism Industry Association New Zealand
This column was first published as in the NZ Herald, March 2016*

New Zealand is welcoming a record number of international visitors this summer.

It's a huge boon to our economy, especially at a time when dairy prices are suffering. In fact, by the end of 2015 tourism (unofficially) overtook dairy as our number one export earner. When we include domestic travel, tourism becomes a \$30 billion a year industry enjoying double digit growth. Economists describe tourism as the current "bright spot" of New Zealand's economic performance.

The rapid growth is putting the tourism industry ahead of schedule to achieve our Tourism 2025 goal of \$41 billion total tourism revenue per year.

It has been over a decade since New Zealand has seen double digit tourism growth and we need to think about how we respond to this high growth environment, both as an industry and as a country.

The industry has been discussing how we manage the tourism boom and plan for the future for some time, but this has now become a national conversation, with numerous media stories highlighting what we might call 'growing pains'. Issues with freedom campers, visiting drivers, staff shortages and tight accommodation markets at peak periods have all hit the headlines.

We are fortunate that Tourism 2025 provides the industry with a framework to assess and tackle the issues. And in general, we agree on what the big issues are:

- Seasonality – to boost productivity and manage pressure points, we need to grow the shoulder seasons faster than the peak.
- Regional dispersal – to improve productivity we want people visiting every part of New Zealand. Domestic tourism has a big role to play.
- Infrastructure – there needs to be well targeted and timely investment in the assets that support both tourism and our regional economies.
- People and Skills – tourism directly and indirectly employs 1 in 8 working New Zealanders. We need to attract the right people with the right skills at the right time.
- Social licence – manaakitanga or Kiwi hospitality makes for a unique holiday experience. We need communities to understand and support the many benefits tourism brings.

In the last 12 months the number of international visitor arrivals grew by over 300,000. That pace may not be sustained, but within 4 or 5 years we could see

annual visitors grow from the current 3 million to over 4 million. Sounds a lot but on a world scale we have a long way to go.

Take Austria: it's a third of New Zealand's size and yet it welcomes eight times the number of visitors – 25 million a year.

There are more than 100 countries who manage a higher visitor density than we do. Without a doubt, we have plenty of capacity to host many more visitors. But we need to be smart about how we grow.

A key is encouraging people to travel here outside of the peak summer season (Tourism New Zealand's international marketing now focuses on encouraging shoulder season visitation) and giving them more reasons to visit the regions beyond Auckland, Rotorua and Queenstown – while accepting that those are all wonderful visitor destinations.

Dispersal will help our businesses develop demand year-round and employ more permanent staff. And tourism has enormous potential as a driver of regional development. Productive and profitable businesses contribute positively to their communities in a variety of ways, from supporting schools and local service providers, to growing their rating contributions.

The growth of domestic air services is boosting the number of people who are travelling around New Zealand, and we are seeing growing investment into regional attractions and events.

We also want to work more closely with local government to support them in addressing destination management and infrastructure development.

Our aim is more productive and profitable tourism businesses, working with supportive local communities to deliver outstanding and safe visitor experiences.

And let's put an end to any talk about another tax on our visitors. International visitors are already shelling out close to \$1 billion a year in GST – they are more than paying their way.

Visitors benefit all New Zealanders, whether directly or indirectly. \$83 million a day is feeding into our economy and is widely circulated.

Sure, a small number of overseas visitors might behave in ways we don't like. The same can be said for Kiwis.

Let's find solutions to any 'growing pains' we are experiencing and let's celebrate that we live in a country that the world wants to come to and enjoy with us.