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Tourism still growing but more slowly

By Chris Roberts, Chief Executive, Tourism Industry Aotearoa

By any measure, New Zealand's tourism industry has experienced a remarkable period of growth. However, the downgrade to Air New Zealand's earnings forecast has confirmed that we are entering a new phase, where the growth is less spectacular.

In response, the government, local councils and the industry are working together to put in place better planning and management for future tourism growth.

We are also starting on a broad discussion about defining the true value of tourism and ensuring it enriches New Zealand and New Zealanders.

The most recent official numbers are astounding. Annual tourism spend by domestic and international visitors has reached \$39.1 billion a year, or \$107 million a day.

Travellers are spending \$10.5 billion a year more than they were in 2014. That's an extra \$29 million a day being spent in communities across New Zealand.

Over this period, we've seen international arrivals increase by 39%. Encouragingly, their spend has gone up much faster, by 54%. We are clearly getting better value per visitor.

And this means more jobs – 216,000 people are directly employed in tourism, with a further 149,000 indirectly employed providing products and services consumed by visitors.

Visitors and the businesses that service them are making a crucial contribution to the economic and social wellbeing of every city, town and region. Some small town petrol stations are surviving because of the visitors who fill up their vehicles. There may be five quality cafés along the main street, whereas even one might struggle to survive if there were no visitors. Jobs and business opportunities are being created that help keep young people in our regions.

My wife and I recently cycled the wonderful Timber Trail through the Pureora Forest. It's one of several activities, including Forgotten World Adventures, Whanganui River canoeing and rafting, that is attracting visitors to the King Country.

A local builder, born and bred in Taumaranui, reckons he has never seen the town so vibrant. And what does he put that down to? Tourism.

We recognise the industry's rapid growth has brought challenges as well as benefits. Public infrastructure, already suffering from decades of under-investment, has failed to cope when extra visitor numbers were added in some regions. The demand for staff can outstrip the available supply, leading to a dependence on overseas workers.

And locals may find that their 'hidden gem' destination is now a hit on Instagram and has seen an influx of visitors.

So it may not be a bad thing that the period of rapid arrivals growth appears to be over. The United Nations predicts the global economy will grow around 3% annually in 2019 and 2020, but political, economic and climate risks are clouding prospects. All of those issues have an impact on visitor movements.

Our outlook for 2019 and 2020 is soft. New Zealand is not hosting any major international sporting events in the next two years.

Travel from the UK could decline, influenced by what happens with Brexit. China's economy is slowing. We have increased air connections with Australia but that is yet to stimulate any significant growth. South America has been a rapidly developing market but is now slowing. And many of our top markets – Korea, Japan, Germany, Singapore – are increasingly volatile and hard to predict.

The attention of TIA and of industry leaders is firmly focused on ensuring the benefits that tourism brings to our communities are sustainable in the long-term. We want to ensure we can better ride out the inevitable cyclical ups and downs of our industry.

Over 750 tourism businesses have signed up to the Tourism Sustainability Commitment, showing a shared industry dedication to economic, visitor, community and environmental sustainability.

The introduction of Tiaki – Care for New Zealand is another innovative step. Tiaki outlines what travellers can do to care for New Zealand, travel safely and act as guardians of our land, waterways and ocean.

By prioritising the sustainability of the tourism industry we can manage and still grow our contribution to New Zealand's economy while protecting and enhancing the environment, and offering further benefits and opportunities to the communities in which we operate.