



TOURISM LEADING INDICATORS MONITOR

SERIES 2008/9 **OCTOBER 2008** NEW ZEALAND

This edition provides new data on:

- Inbound and Outbound Travel Sep 08
- Commercial Accommodation Aug 08
- Domestic Tourism YE Jun08
- Tourism Spend Forecasts 2008-2014

It highlights New Zealand's tourism performance in an international context in light of a volatile global economic environment in 2008.

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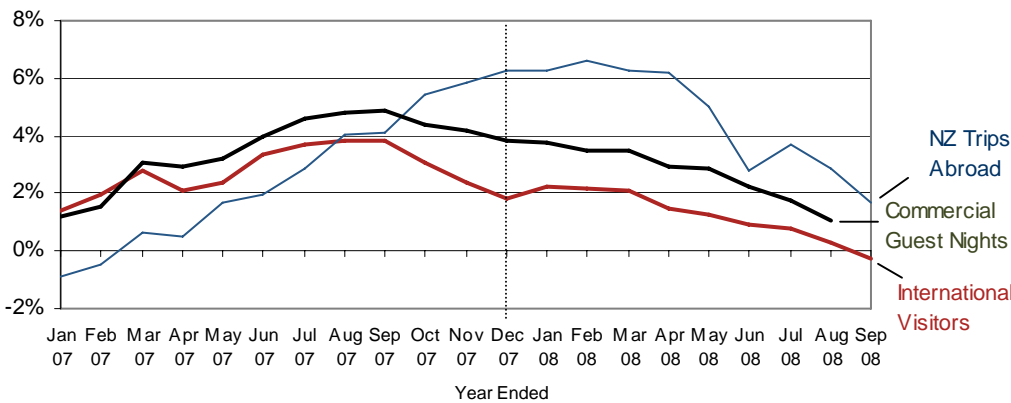
COMMENTARY

New Zealand's Tourism Performance in International Context

In the current volatile economic period, the Ministry of Tourism will utilise this publication to track the progress of the sector to inform the industry.

International arrivals to New Zealand declined by -0.3% in the year to September 2008 (refer Figure 1). Other than in the year following the Lions Rugby tour, over the last four decades the only events that caused declines in international visitors were the 1991 Gulf war and the 1997/98 Asian financial crisis. Both of these major events affected global travel patterns and yet in both cases our visitor numbers rebounded after one to two years after the initial shock.

Figure 1: Rolling Annual Growth Rates - Inbound, Outbound and Accommodation Nights

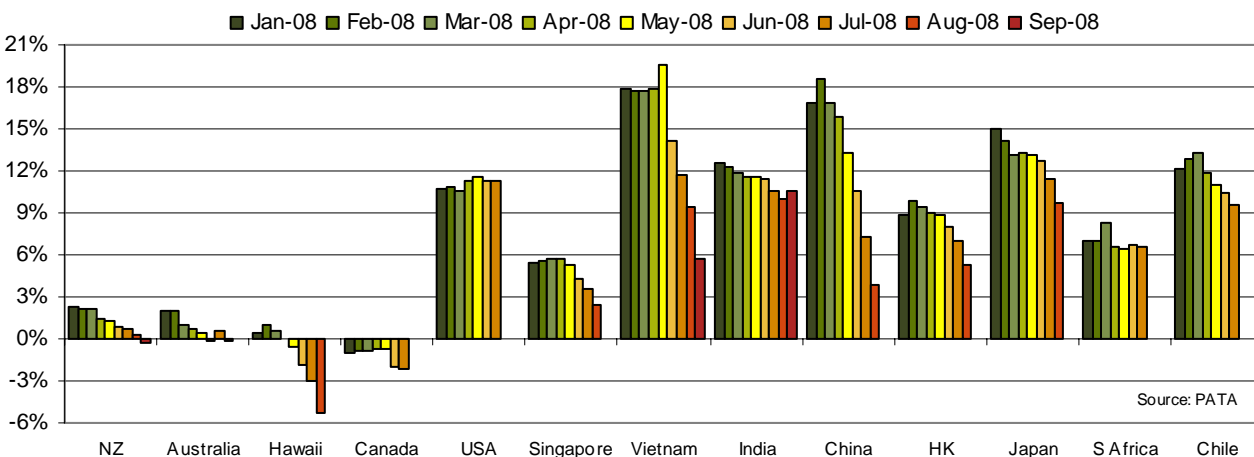


International arrivals fell by 0.3% in the year to September 2008.

A number of contributing factors have negatively affected both international and domestic travel. The current global financial crisis is clearly a major factor, but it is important to note that the global economic conditions have been deteriorating over the past year since the sub-prime mortgage issues emerged. As such, the declines shown in this graph precede the major shock of the last month and it remains a critical question how that shock will affect tourism. The period was also affected by high energy costs that increased travel costs and high commodity prices that impacted on people's disposable income.

Figure 2 sets out how other countries are faring at present with their arrivals. This highlights that so far in 2008 there has been a consistent slowdown in arrivals in nearly all countries. Pacific rim destinations of New Zealand, Australia, Hawaii and Canada appear to be in the same pattern, with each experiencing declining growth rates and hitting negative growth in September. Many Asian destinations had been experiencing high growth, but in each case, this has fallen off significantly as the year has progressed.

Figure 2: International Comparison - Inbound Travel Rolling Year Ended Growth Rates, 2008

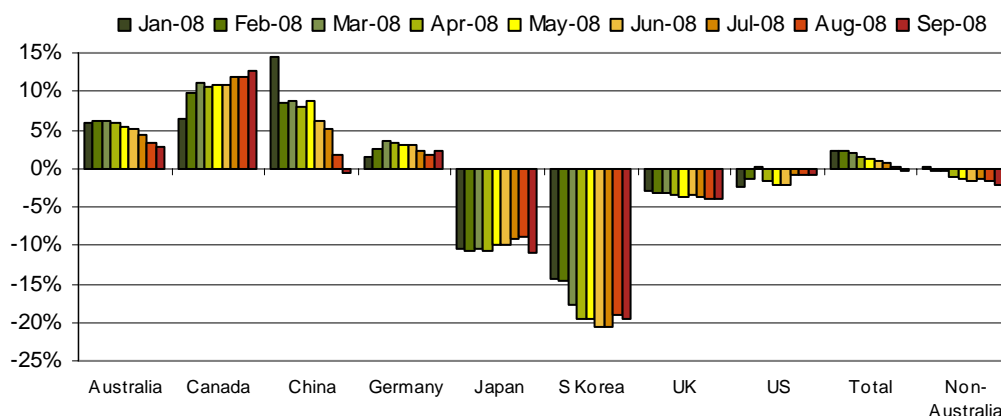


Source: PATA

COMMENTARY

In terms of our origin markets, most key inbound markets showed deterioration in growth rates in the last nine months (refer Figure 3) although Australia, Germany and Canada continue to show growth. The Australian market is particularly important for the New Zealand tourism industry as it contributed most of the inbound tourism growth over the last four years. There is continuing softness in the Asian markets, particularly Japan and South Korea.

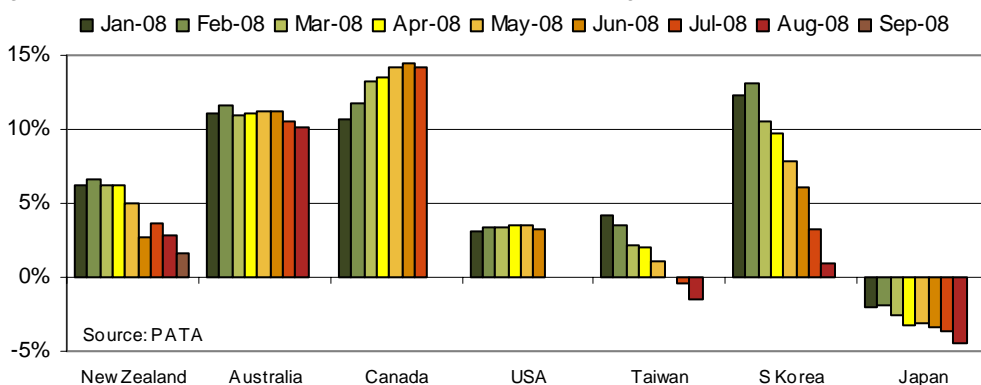
Figure 3: Rolling Growth Rates of International Visitors by Market, Year Ended Jan-Sep 2008



The Australian market is cushioning the decline in the long-haul markets.

Figure 4 below shows the outbound travel performance of a number of countries for which data is available. This highlights that the outbound travel patterns of these countries do not reflect the performance of New Zealand's arrivals from these countries. For instance, South Korean outbound has been positive to date, while New Zealand's arrivals from South Korea have fallen markedly, owing to the change in commission structure that raised tour prices.

Figure 4: International Comparison - Outbound Travel Rolling Year Ended Growth Rates 2008



There is a clear decline underway in tourism activity that is affecting New Zealand and many other countries around the world. It is also clear that the data reflects, not the current global economic crisis itself, but the period leading up to it. Declining economic performance and high fuels costs were the drivers of this pattern. Now, the full force of the global economic crisis has hit, and this will surely affect tourism as global GDP growth slows markedly.

The International Monetary Fund's latest world economic outlook is for a substantial slowdown in the global economy, with advanced economies being in, or close to, recession in the second half of 2008 and early 2009, with anticipated recovery later in 2009. With New Zealand's origin markets largely being from these advanced economies, logically there will be a further softening of demand. Against that, energy prices and the value of the New Zealand dollar have fallen, together with the ability of the industry to respond and stimulate demand, there will be countervailing factors to the overriding economic weakness.

1. INBOUND TOURISM

International Visitor Arrivals, September 2008 - In the month of September 2008 there were 157,704 international visitor arrivals, down by 6.6% (11,134) compared to September 2007. This is the lowest September total since 2003 (148,400).

Markets – Visitors from Indonesia (up 736 or 229%) recorded the largest increase September 2008. This was followed by Malaysia (up 322 or 29%), South Africa (up 299 or 21.7%), Canada (up 230 or 12.0%), New Caledonia (up 230 or 23.3%) and Germany (up 184 or 6.3%).

In contrast, there were fewer visitors from China (down 2,737 or 33.2%), Australia (down 2,208 or 2.6%), South Korea (down 2,024 or 30.7%), Japan (down 1,840 or 22.1%), USA (down 1,196 or 11.6%), Thailand (down 828 or 48.6%), Taiwan (down 759 or 47.1%) and the UK (down 598 or 5.3%).

Purpose - There were more visitors visiting friends and relatives (up 322 or 0.7%) in September 2008 compared to September

2007, while there were fewer visitors on holiday (down 8,464 or 10.3%) and on business (down 828 or 4.0%).

Duration – In September 2008, the average length of stay of visitors was 20.0 days, 1.2 days longer than in September 2007. The total number of visitor days increased by 0.9% (27,000) to 3.13 million.

Flights – There were 2,351 flight-arrivals in September 2008, 48 flights or 2.1% more than in September 2007.

Annual Arrivals – For the year ended September 2008, there were 2,469 million international visitor arrivals, down by 6,000 or 0.3% on the previous year. This is the first time in 24 months that annual visitor arrivals have been lower than for the previous year. The previous negative growth was in the year ended September 2006 (-0.7%), owing to the after effect of the British Lions rugby tour in 2006.

Total visitor days were up by 3.2% to 51.42 million, with the average length of stay up 0.7 day to 20.9 days.

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

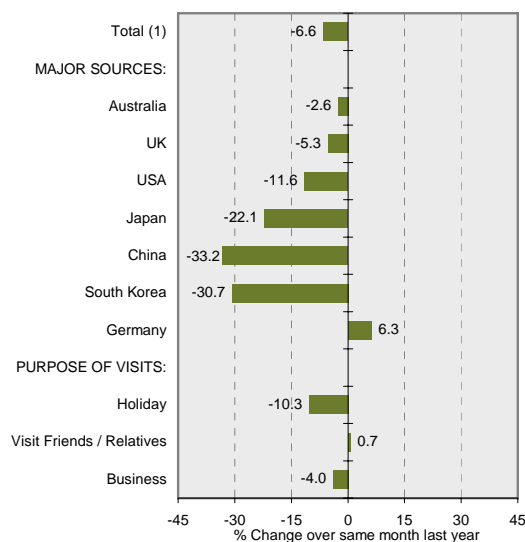
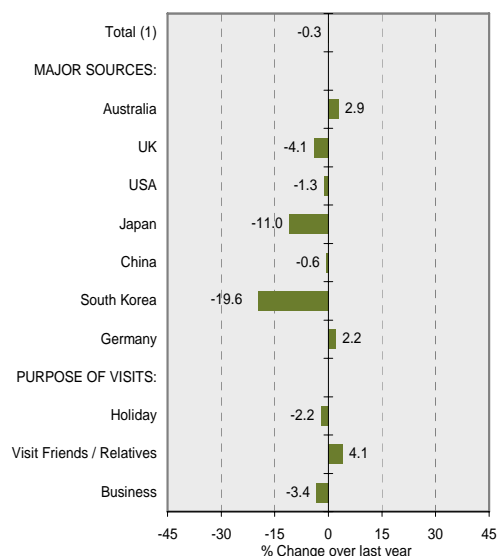


Figure 1b **Growth Rate of International Visitor Arrivals (Year Ended September 2008)**



1. INBOUND TOURISM

Table 1a International Visitor Arrivals (Month)

SEPTEMBER MONTH	International Visitor Arrivals			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
Total (1)	166,531	168,838	157,704	1.4	-6.6
MAJOR SOURCES:					
Australia	82,404	84,525	82,317	2.6	-2.6
UK	11,718	11,178	10,580	-4.6	-5.3
USA	10,458	10,327	9,131	-1.3	-11.6
Japan	7,602	8,326	6,486	9.5	-22.1
China	8,106	8,234	5,497	1.6	-33.2
South Korea	8,253	6,601	4,577	-20.0	-30.7
Germany	2,919	2,921	3,105	0.1	6.3
PURPOSE OF VISITS:					
Holiday	79,905	82,110	73,646	2.8	-10.3
Visit Friends / Relatives	43,092	44,781	45,103	3.9	0.7
Business	21,189	20,884	20,056	-1.4	-4.0
INTERNATIONAL ARRIVAL FLIGHTS:					
Passenger Flights	2,417	2,303	2,351	-4.7	2.1

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

Table 1b International Visitor Arrivals (Year)

YEAR ENDED SEPTEMBER	International Visitor Arrivals			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
Total (1)	2,383,940	2,475,253	2,469,064	3.8	-0.3
MAJOR SOURCES:					
Australia	884,056	940,235	967,648	6.4	2.9
UK	289,324	301,521	289,247	4.2	-4.1
USA	224,285	217,803	215,041	-2.9	-1.3
Japan	141,291	126,002	112,152	-10.8	-11.0
China	100,844	118,372	117,605	17.4	-0.6
South Korea	109,244	107,909	86,755	-1.2	-19.6
Germany	58,807	59,600	60,884	1.3	2.2
PURPOSE OF VISITS:					
Holiday	1,174,499	1,222,730	1,196,203	4.1	-2.2
Visit Friends / Relatives	681,393	706,971	735,691	3.8	4.1
Business	265,328	272,655	263,397	2.8	-3.4
INTERNATIONAL ARRIVAL FLIGHTS:					
Passenger Flights	28,929	27,888	28,376	-3.6	1.7

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

2. OUTBOUND TOURISM

Departures, September 2008 - In the month of September 2008, New Zealand residents undertook 192,020 short-term overseas trips, down by 16,447 or 7.9% from the previous year. This is the lowest September total since 2004 (186,300).

Destinations - There were more trips to Canada (up 891 or 64.7%), USA (up 513 or 4.7%), Germany (up 513 or 70.4%), Vietnam (up 162 or 24.0%) and Hong Kong (up 135 or 8.3%).

In contrast, there were fewer trips to Australia (down 9,936 or 10.0%), France (down 3,132 or 55.2%), UK (down 1,755 or

14.7%), China (down 1,188 or 19.0%) and Fiji (down 837 or 7.2%).

Purpose – There were fewer trips on holiday (down 13,932 or 13.5%), on business (down 972 or 3.8%) and visiting friends and relatives (down 27 or 0.05%).

Duration - The average length of trips in September 2008 was 17.1 days, 0.1 day longer than in September 2007.

Annual Departures – There were 1.976 million trips undertaken during the year ended September 2008, up by 33,000 or 1.7% on the previous year.

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

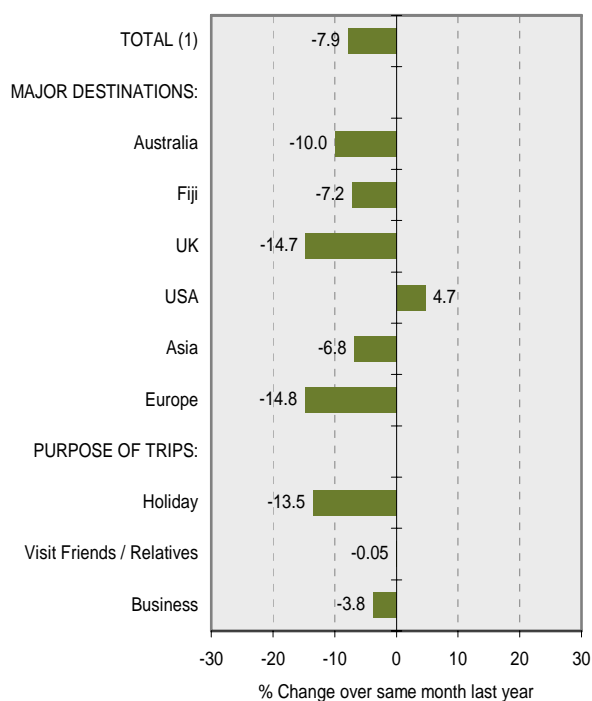
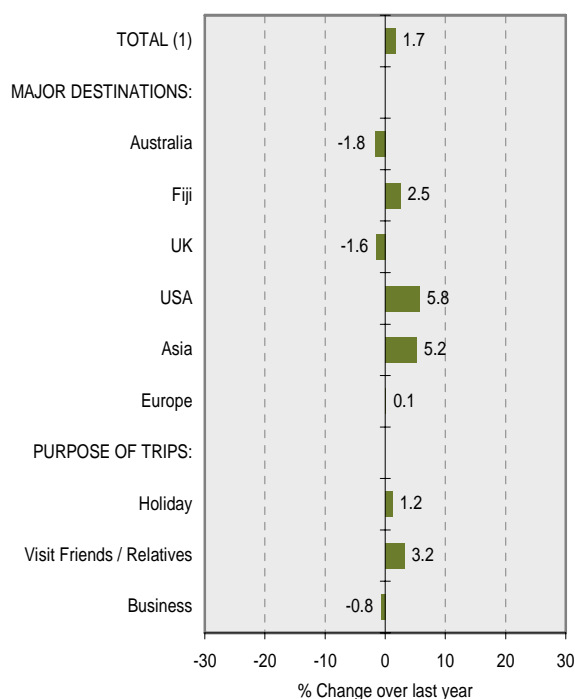


Figure 2b **Growth Rate of Trips Abroad by NZ Residents (Year Ended September 2008)**



2. OUTBOUND TOURISM

Table 2a Trips Abroad by NZ Residents (Month)

SEPTEMBER MONTH	Trips Abroad by NZ Residents			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TOTAL (1)	201,928	208,467	192,020	3.2	-7.9
MAJOR DESTINATIONS:					
Australia	99,350	99,792	89,856	0.4	-10.0
Fiji	13,975	11,637	10,800	-16.7	-7.2
UK	9,450	11,907	10,152	26.0	-14.7
USA	10,800	10,854	11,367	0.5	4.7
Asia	24,125	24,165	22,518	0.2	-6.8
Europe	18,550	24,435	20,817	31.7	-14.8
PURPOSE OF TRIPS:					
Holiday	100,225	102,897	88,965	2.7	-13.5
Visit Friends / Relatives	53,125	55,242	55,215	4.0	-0.05
Business	25,450	25,380	24,408	-0.3	-3.8

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

Table 2b Trips Abroad by NZ Residents (Year)

YEAR ENDED SEPTEMBER	Trips Abroad by NZ Residents			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TOTAL (1)	1,867,268	1,943,404	1,975,990	4.1	1.7
MAJOR DESTINATIONS:					
Australia	926,320	967,228	950,195	4.4	-1.8
Fiji	110,770	96,719	99,155	-12.7	2.5
UK	90,642	95,295	93,806	5.1	-1.6
USA	87,595	90,025	95,204	2.8	5.8
Asia	234,955	244,171	256,979	3.9	5.2
Europe	159,882	172,825	172,999	8.1	0.1
PURPOSE OF TRIPS:					
Holiday	795,161	815,391	825,136	2.5	1.2
Visit Friends / Relatives	568,808	608,926	628,114	7.1	3.2
Business	279,786	289,203	286,907	3.4	-0.8

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

3. COMMERCIAL ACCOMMODATION

Guest Nights, August 2008 - In the month of August 2008, a total of 2,047,607 guest nights were spent in commercial accommodation, a decrease of 83,000 nights (or 3.9%) from August 2007.

Both the North Island (down 49,000 or 3.9%) and South Island (down 34,000 or 3.9%) recorded a decrease in guest nights in August 2008.

International and Domestic - In August 2008, guest nights comprised 61.5% domestic guests (1.26m) and 38.5% international guests (788,000).

Accommodation Types – Of the five accommodation types, hotels recorded the only increase in guest nights, up 32,000 or 4.1%.

Motels recorded the largest decrease in guest nights (down 83,000 or 10.4%). This was followed by caravan parks/camp grounds (down 26,000 or 10.7%), backpackers (down 4,000 or 1.3%) and hosted accommodation (down 3,000 or 9.2%).

Occupancy - The overall occupancy rate of accommodation establishments in August 2008 was 30.2%, down 0.9 point in compared to 31.1% in August 2007. Hotels recorded the only increase (50.9%, up 1.6 point).

Motels recorded the largest decrease (42.3%, down 4.7 points), followed by backpackers (33.9%, down 1.6 points), hosted accommodation (15.6%, down 1.6 points) and caravan parks/campgrounds (7.6%, down 0.4 point).

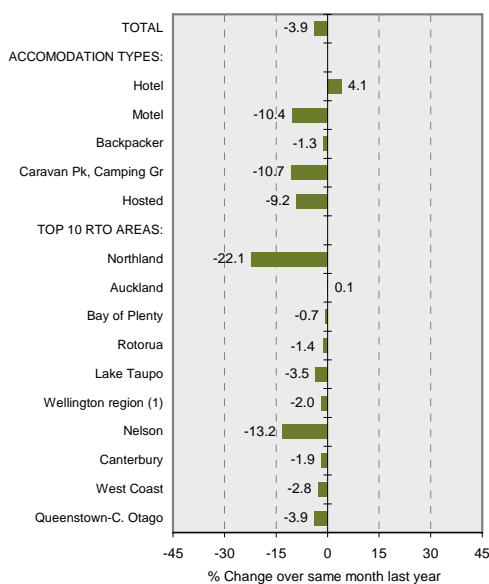
RTOs - In August 2008, most RTOs recorded a decrease in guest nights from August 2007.

Ashburton recorded the largest increase (up 8,000 or 34.8%), followed by Taranaki (up 5,000 or 16.9%), Ruapehu (up 2,000 or 4.1%), Auckland (up 600 or 0.1%) and Mackenzie/Timaru (up 300 or 1.0%).

Northland recorded the largest decrease (down 17,000 or 22.1%), followed by Queenstown/Central Otago (down 12,000 or 3.9%), Hawke's Bay (down 11,000 or 19.1%), Nelson (down 7,000 or 13.2%), Palmerston North (down 5,000 or 13.0%), Canterbury (down 5,000 or 1.9%), Waikato (down 4,000 or 5.3%) and Dunedin/Clutha (down 4,000 or 6.1%).

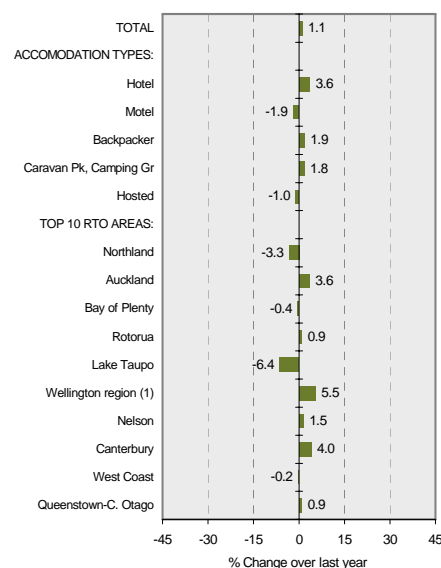
Annual - For the year ended August 2008, there was a total demand of 33.13 million guest nights, up by 349,000 or 1.1% on the previous year.

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



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

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



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

3. COMMERCIAL ACCOMMODATION

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

AUGUST MONTH	Guest Nights			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TOTAL	2,001,757	2,130,829	2,047,607	6.4	-3.9
ACCOMODATION TYPES:					
Hotel	732,696	769,230	800,791	5.0	4.1
Motel	741,744	790,533	707,992	6.6	-10.4
Backpacker	276,298	300,748	296,895	8.8	-1.3
Caravan Pk, Camping Gr	222,146	241,606	215,849	8.8	-10.7
Hosted	28,874	28,711	26,081	-0.6	-9.2
TOP 10 RTO AREAS:					
Northland	74,401	76,115	59,262	2.3	-22.1
Auckland	377,359	417,698	418,307	10.7	0.1
Bay of Plenty	63,408	59,781	59,384	-5.7	-0.7
Rotorua	125,560	113,470	111,917	-9.6	-1.4
Lake Taupo	64,933	65,751	63,477	1.3	-3.5
Wellington region (1)	158,540	167,168	163,872	5.4	-2.0
Nelson	45,488	54,218	47,049	19.2	-13.2
Canterbury	250,264	286,833	281,507	14.6	-1.9
West Coast	54,394	59,280	57,605	9.0	-2.8
Queenstown-C. Otago	284,565	303,678	291,984	6.7	-3.9

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

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

YEAR ENDED AUGUST	Guest Nights			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TOTAL	31,264,697	32,777,149	33,126,177	4.8	1.1
ACCOMODATION TYPES:					
Hotel	9,812,055	10,297,713	10,666,305	4.9	3.6
Motel	10,580,312	10,991,441	10,777,805	3.9	-1.9
Backpacker	4,212,509	4,502,464	4,585,809	6.9	1.9
Caravan Pk, Camping Gr	6,096,099	6,404,163	6,520,692	5.1	1.8
Hosted	563,723	581,368	575,567	3.1	-1.0
TOP 10 RTO AREAS:					
Northland	1,679,356	1,787,419	1,728,593	6.4	-3.3
Auckland	5,146,154	5,542,759	5,739,841	7.7	3.6
Bay of Plenty	1,155,806	1,267,067	1,262,190	9.6	-0.4
Rotorua	1,844,013	1,862,888	1,880,289	1.0	0.9
Lake Taupo	1,034,858	1,050,448	983,708	1.5	-6.4
Wellington region (1)	2,180,762	2,339,623	2,467,652	7.3	5.5
Nelson	1,209,506	1,262,224	1,280,780	4.4	1.5
Canterbury	4,166,104	4,338,362	4,511,470	4.1	4.0
West Coast	1,230,927	1,291,484	1,289,197	4.9	-0.2
Queenstown-C. Otago	3,135,674	3,273,574	3,304,332	4.4	0.9

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

4. INTERNATIONAL VISITOR EXPENDITURE

Expenditure, Year ended June 2008 - International visitors spent a total of \$6,177 million in New Zealand for the year ended June 2008 (excluding international airfares). This is an increase of 4.7% (\$276m) on the previous year.

Markets – The Australian market recorded the largest increase, up by \$240 million or 16.5%, followed by the UK (up \$122m or 13.7%), Japan (up \$41m or 10.6%) and South Korea (up \$16m or 6.5%).

In contrast, the expenditure by the USA (down \$81m or 11.5%), Germany (down \$22m or 8.6%), Taiwan (down \$14m or 19.4%) and China (down \$5m or 1.7%) markets were lower than the previous June year.

Average Spend - The average spend per visitor was \$2,742 up 3.8% on the previous year.

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



Note on Technical Changes to the IVS Data Series

The release of the results for 2008 includes a revision to previously published results. This has resulted in a revised series starting in 2003. The revision incorporates two enhancements aimed at improving the quality and reliability of the IVS.

The revised data excludes expenditure on capital items such as property and land which is not representative of tourism expenditure. This treatment is consistent with international best practice guidelines. The previously published data included capital expenditure which can misrepresent the level of tourism expenditure.

The revised data also includes changes to the weighting method so that the sample reflects the key characteristics of international visitors travelling to New Zealand. The new weighting method includes extra weighting variables for purpose of visit and length of stay in addition to the current variables of country of residence, age and gender.

A full technical note is available at www.tourismresearch.govt.nz/ivs.

Table 4 International Visitor Expenditure (Year)

YEAR ENDED JUNE	NZ\$million ⁽¹⁾			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TOTAL	5,872	5,902	6,177	0.5	4.7
Australia	1,426	1,453	1,694	1.9	16.5
UK	1,077	892	1,014	-17.2	13.7
USA	617	699	618	13.3	-11.5
Japan	422	385	426	-8.7	10.6
China	260	265	261	2.1	-1.7
South Korea	202	240	256	19.0	6.5
Germany	238	262	240	10.2	-8.6
Canada	128	118	114	-7.4	-3.5
Singapore	60	58	62	-3.3	6.4
Taiwan	101	71	58	-29.2	-19.4
Other	1,342	1,457	1,436	8.6	-1.4
Average Spend/Visit	2,686	2,641	2,742	-1.7	3.8

⁽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)

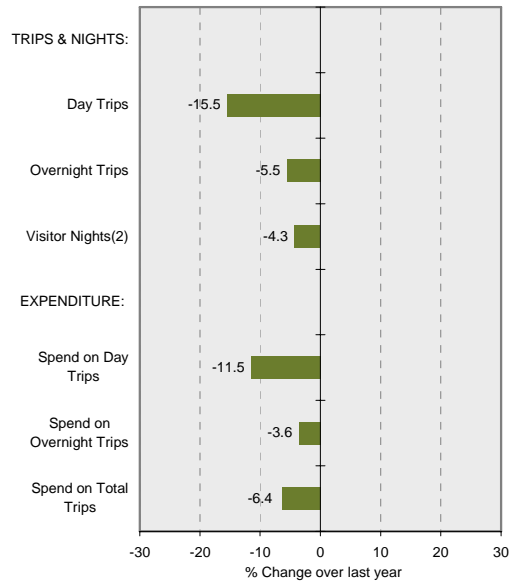


Table 5 Domestic Tourism (Year)

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**

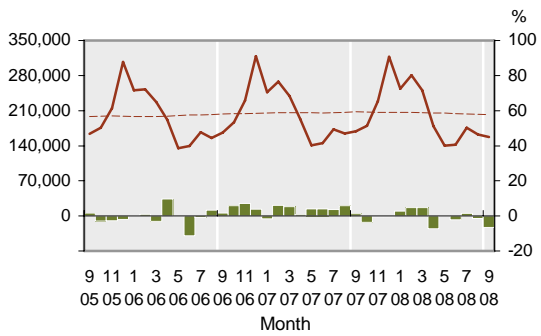
YEAR ENDED DECEMBER	Actual		Forecast						Growth 2008-2014		
	2007(1)	2008	2009	2010	2011	2012	2013	2014	Change	Total	Annual
International Visitors (000)	2,455	2,485	2,546	2,633	2,778	2,854	2,966	3,083	628	25.6%	3.3%
Domestic Total Trips (000)(2)	49,492	50,489	51,154	51,567	51,901	52,161	52,411	52,656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

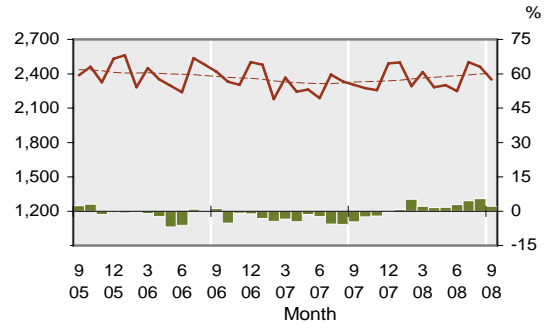
TRENDS AND PATTERNS

1. Inbound Tourism

1.1 International Visitor Arrivals

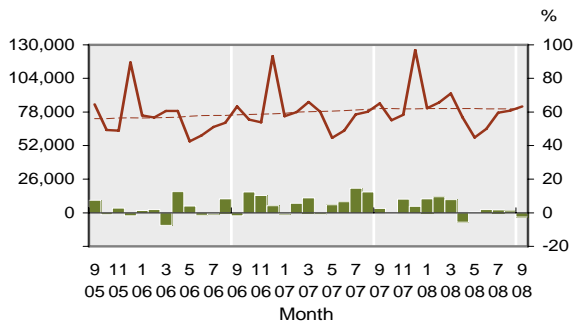


1.2 International Passenger Arrival Flights

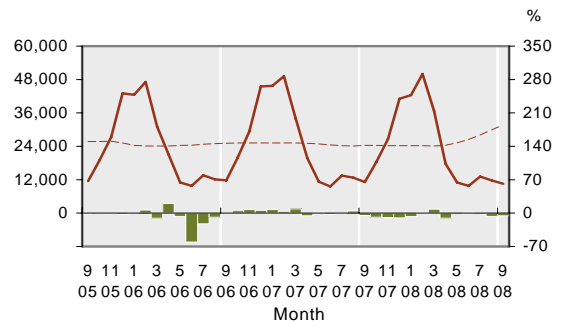


Major Sources

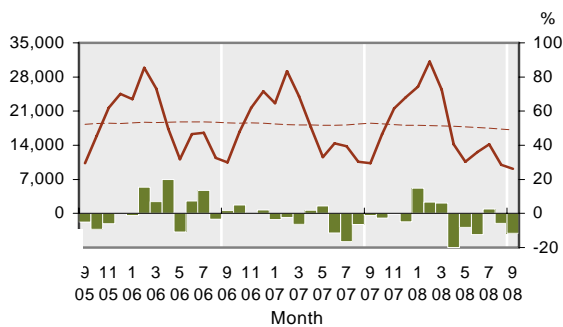
1.3 Visitors from - Australia



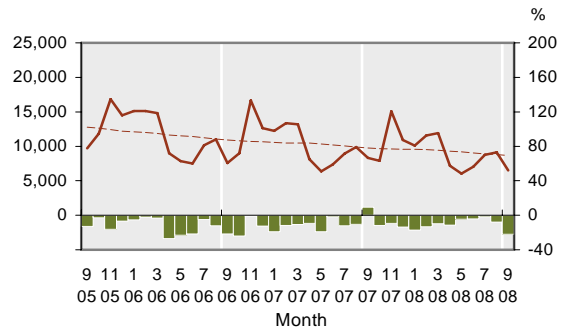
1.4 Visitors from - UK



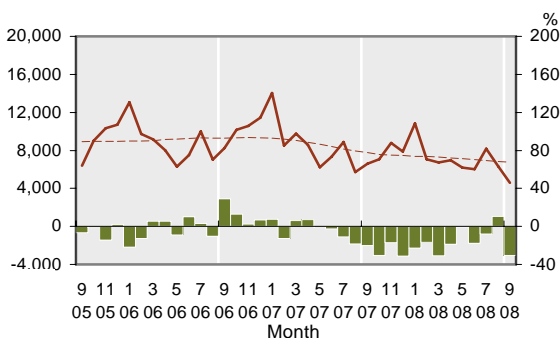
1.5 Visitors from - USA



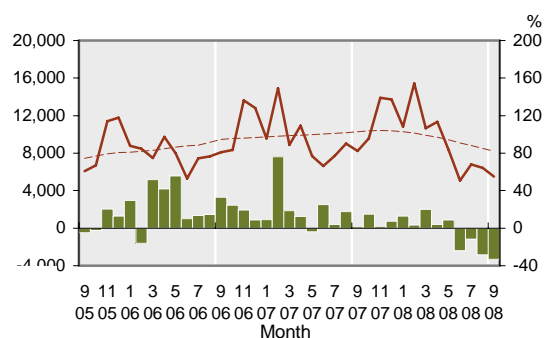
1.6 Visitors from - Japan



1.7 Visitors from - South Korea



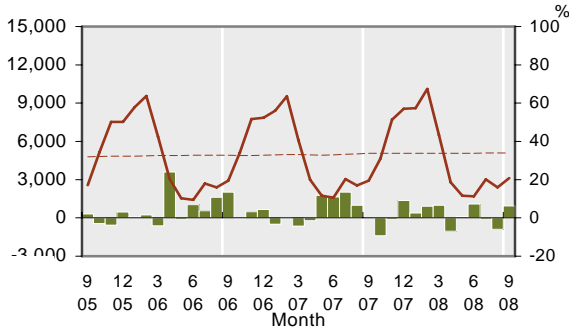
1.8 Visitors from - China



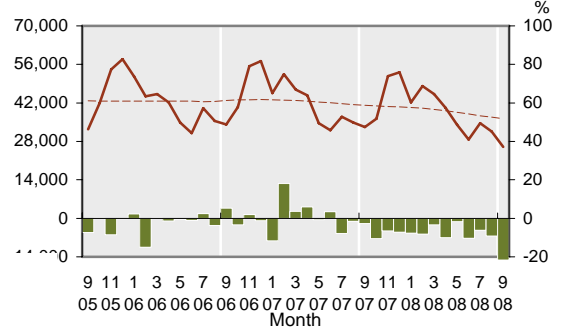
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 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

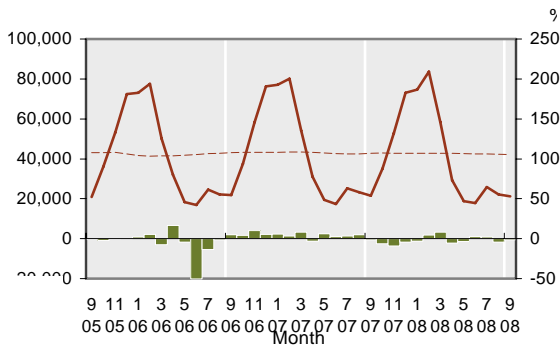
1.9 Visitors from - Germany



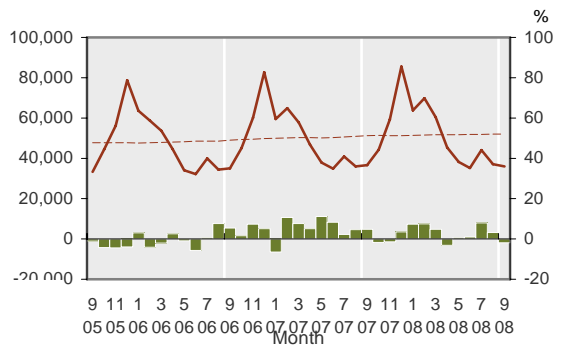
1.10 Visitors from - Asia



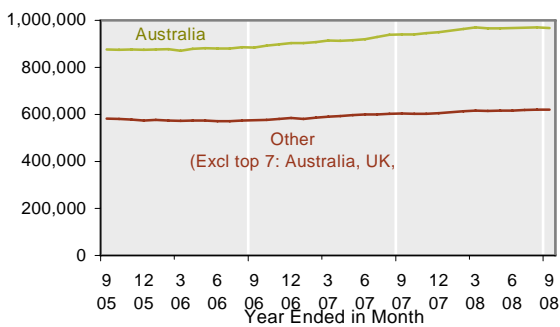
1.11 Visitors from - Europe



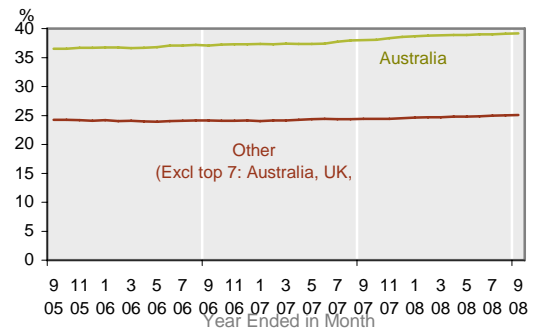
1.12 Visitors from - Other



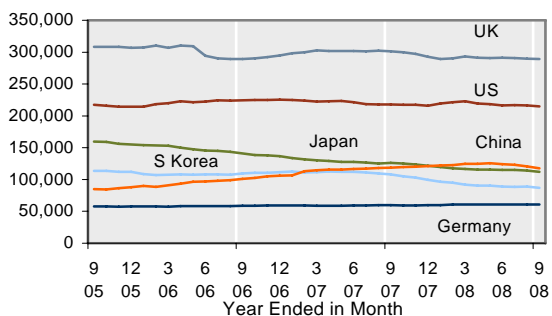
1.13 Visitors by Major Source



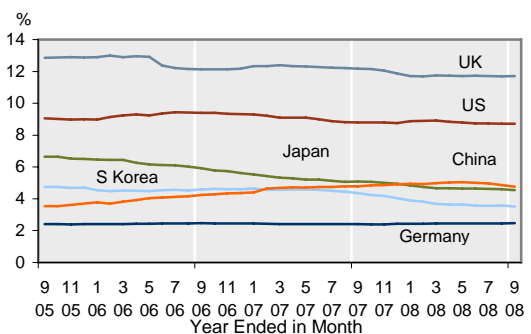
1.14 Share of Total International Visitors



1.15 Visitors by Major Source



1.16 Visitors by Major Source (%)

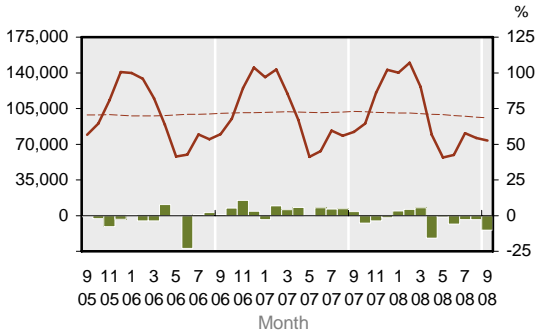


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 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

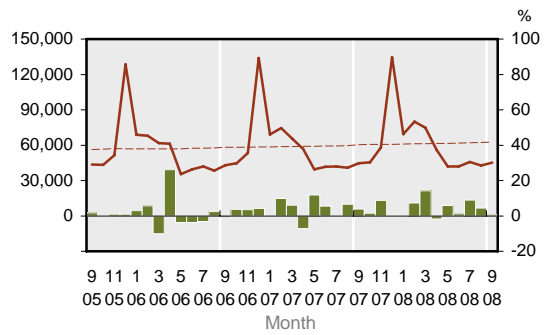
TRENDS AND PATTERNS

Purpose of Visits

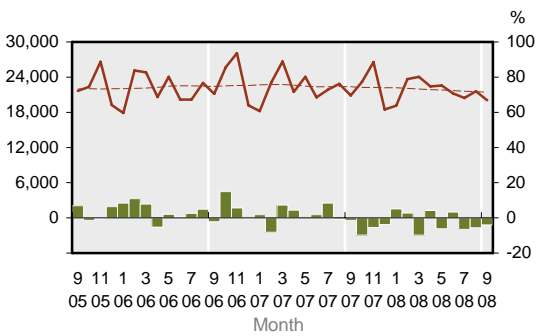
1.17 International Visitors - Holiday



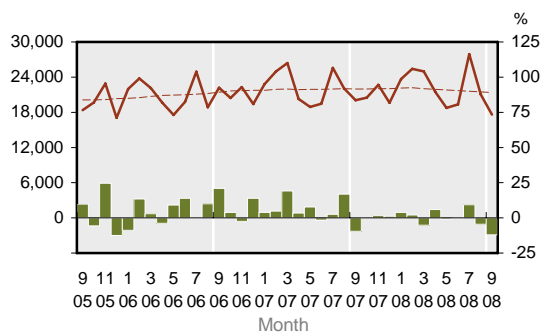
1.18 International Visitors - VFR



1.19 International Visitors - Business



1.20 International Visitors - Other

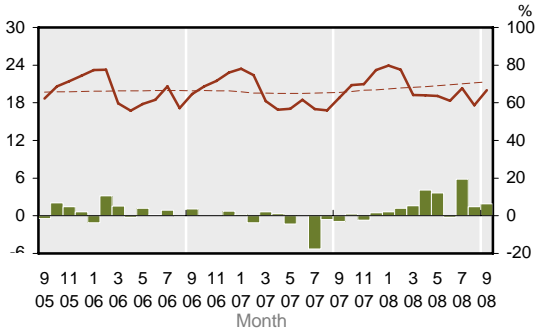


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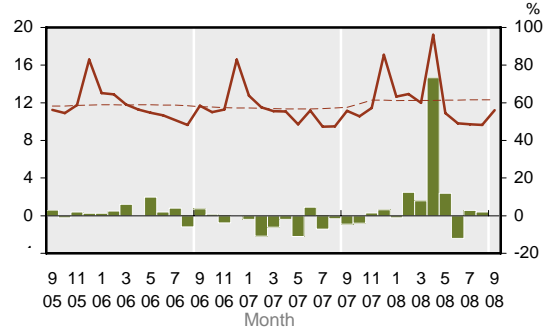
TRENDS AND PATTERNS

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

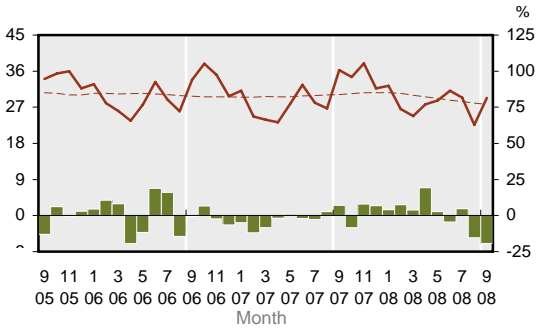
1.21 Average Days of Stay by Visitors



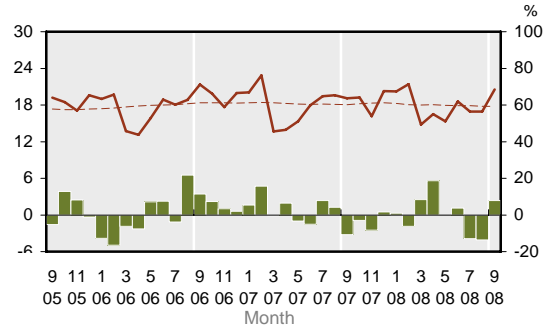
1.22 Average Days Stayed - Australian Visitors



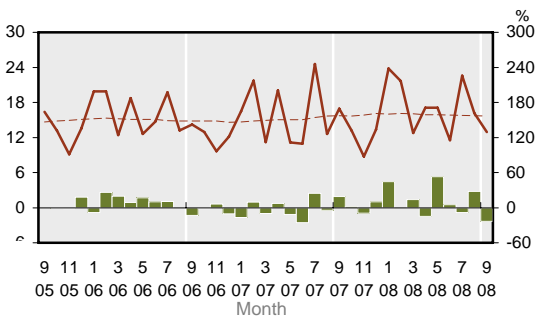
1.23 Average Days Stayed - UK Visitors



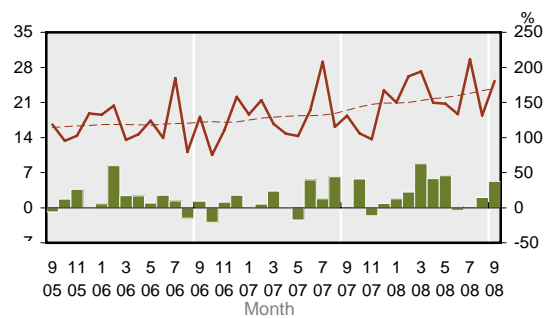
1.24 Average Days Stayed - US Visitors



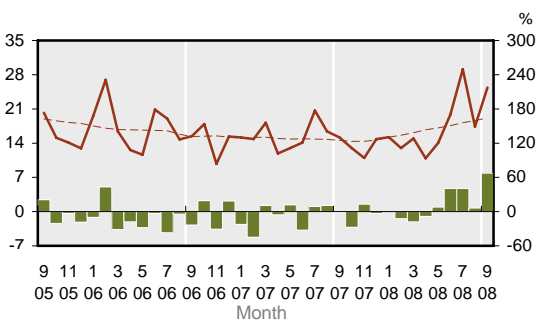
1.25 Average Days Stayed - Japanese Visitors



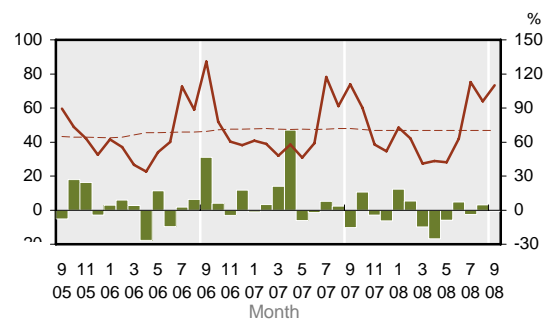
1.26 Average Days Stayed - S. Korea Visitors



1.27 Average Days Stayed - Chinese Visitors



1.28 Average Days Stayed - German Visitors



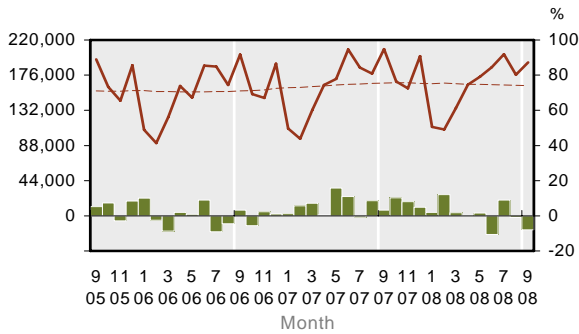
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TRENDS AND PATTERNS

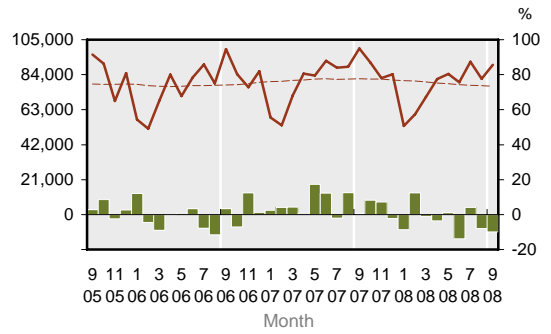
2. Outbound Tourism

Major Destinations

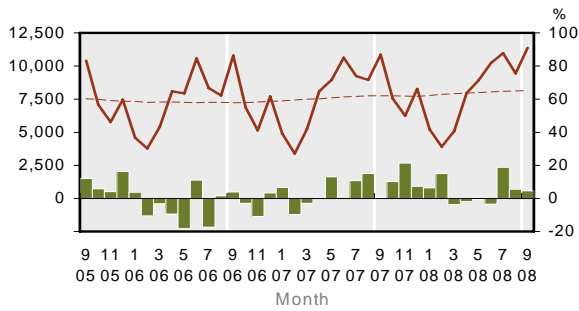
2.1 NZer Trips Abroad



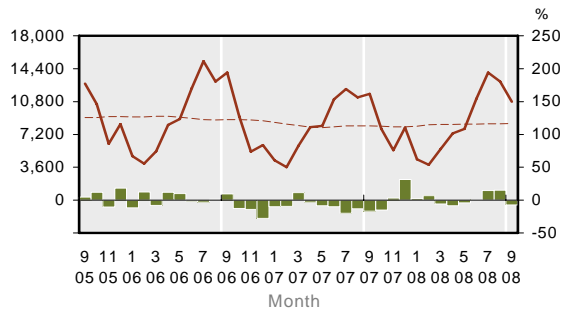
2.2 NZer Trips to - Australia



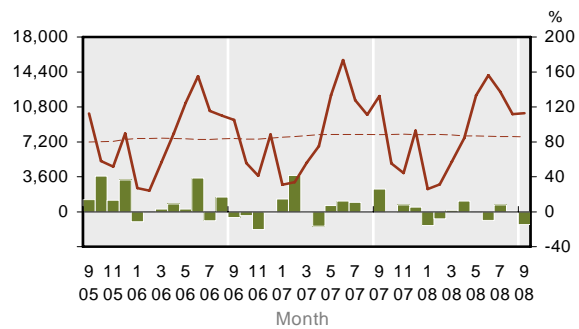
2.3 NZer Trips to - USA



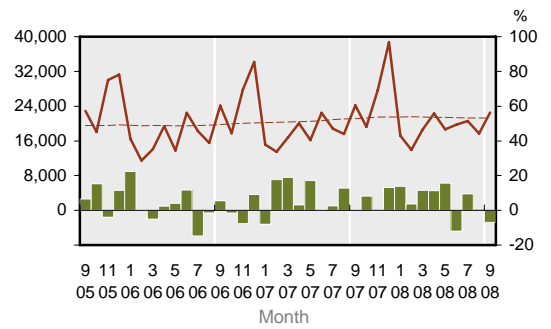
2.4 NZer Trips to - Fiji



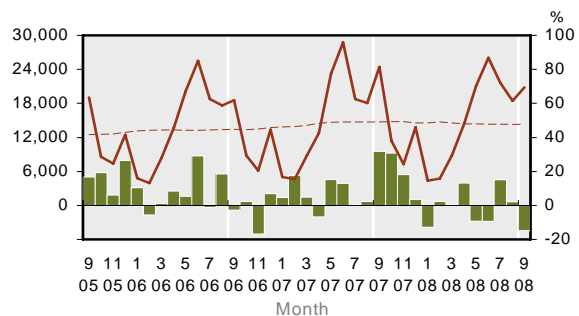
2.5 NZer Trips to - UK



2.6 NZer Trips to - Asia



2.7 NZer Trips to - Europe

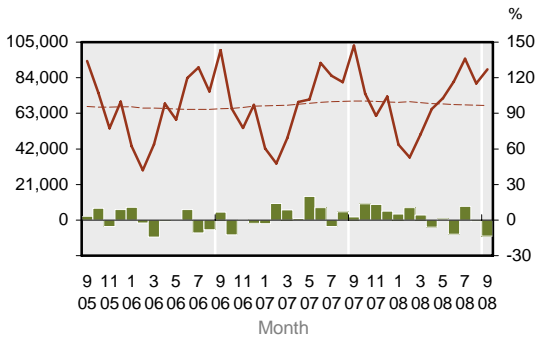


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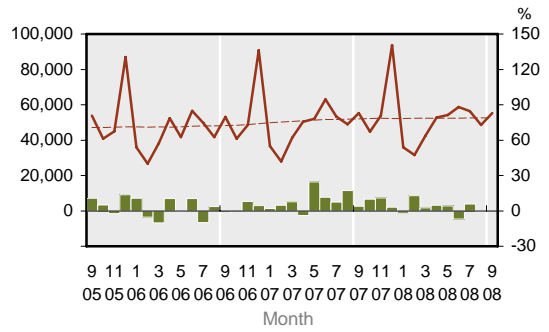
TRENDS AND PATTERNS

Purpose of Trips Abroad

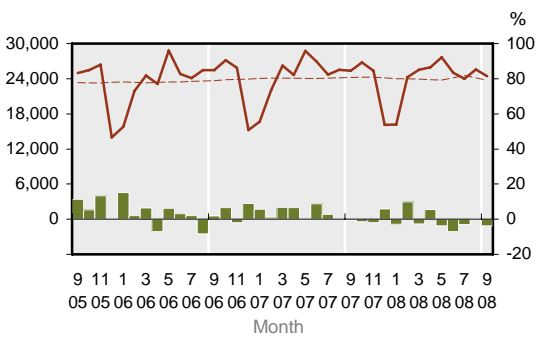
2.8 NZer Trips Abroad - Holiday



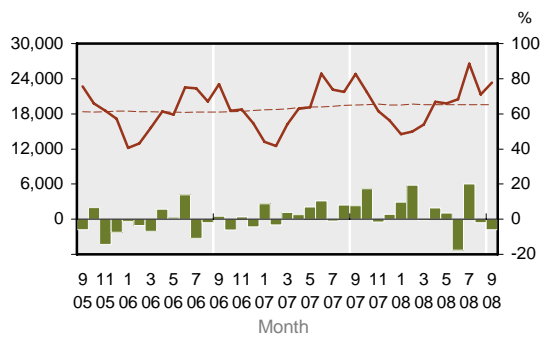
2.9 NZer Trips Abroad - VFR



2.10 NZer Trips Abroad - Business



2.11 NZer Trips Abroad - Other



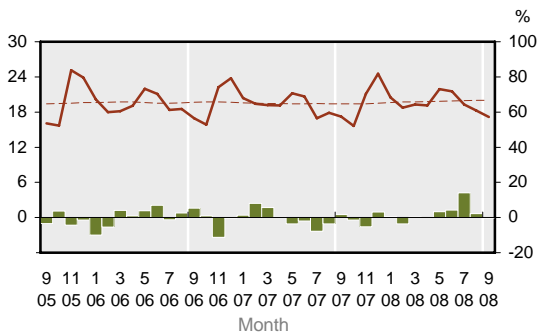
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TRENDS AND PATTERNS

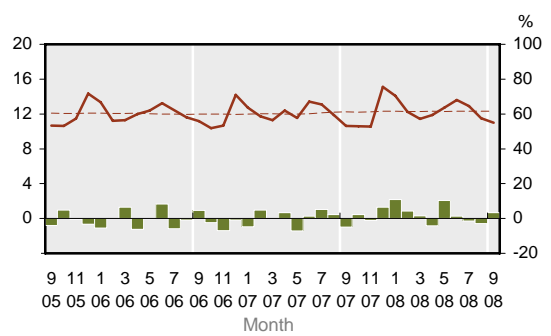
Length of Trips Abroad

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.

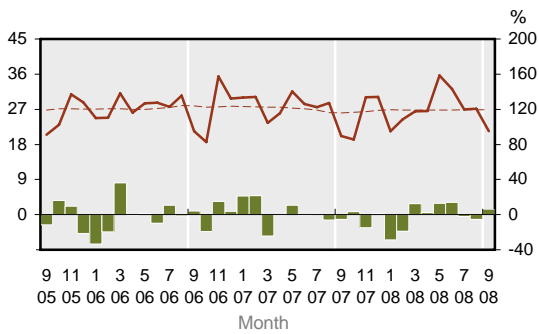
2.12 Average Days Abroad



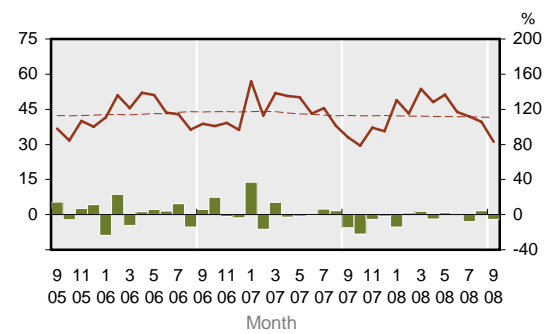
2.13 NZers Average Days Abroad - Australia



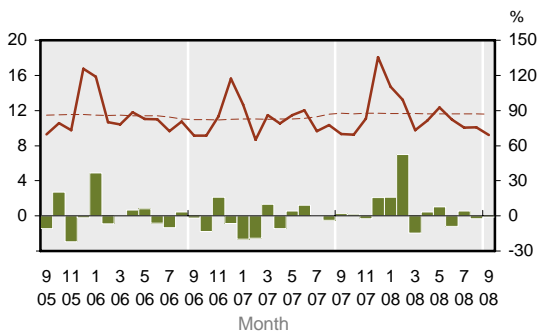
2.14 NZers Average Days Abroad - US



2.15 NZers Average Days Abroad - UK



2.16 NZers Average Days Abroad - Fiji

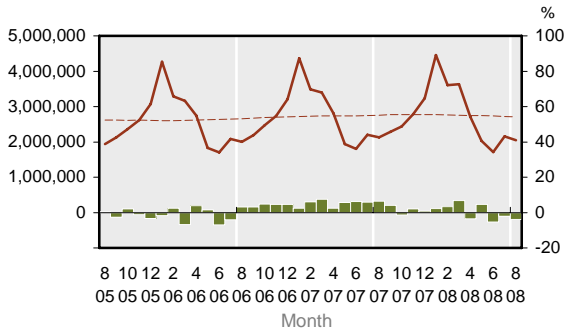


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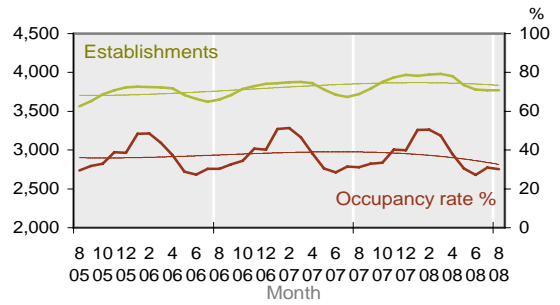
TRENDS AND PATTERNS

3. Commercial Accommodation

3.1 Total Guest Nights

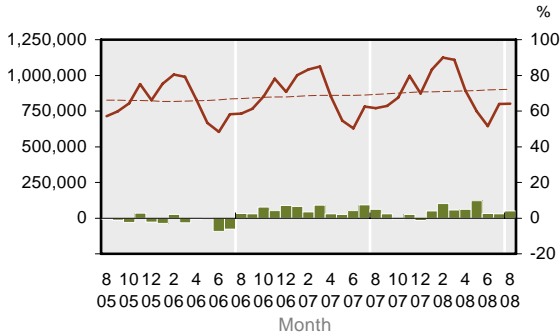


3.2 Total Establishments and Occupancy

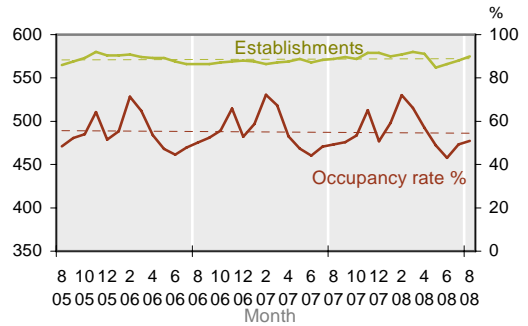


Guest Nights by Accommodation Type

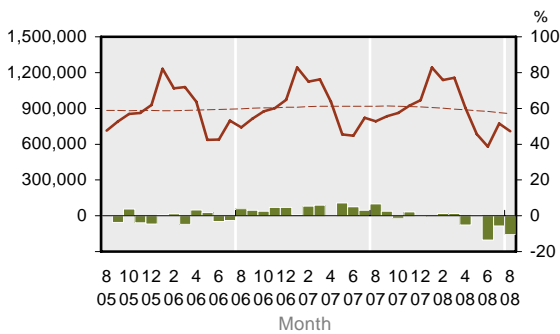
3.3 Hotel Guest Nights



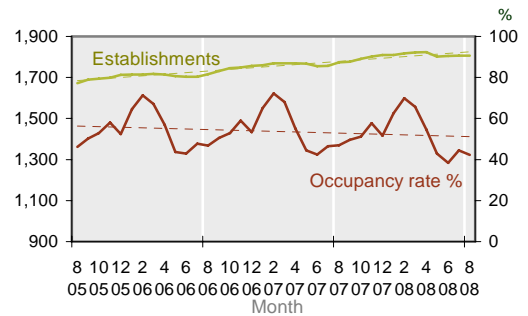
3.4 Hotels and Occupancy



3.5 Motel Guest Nights



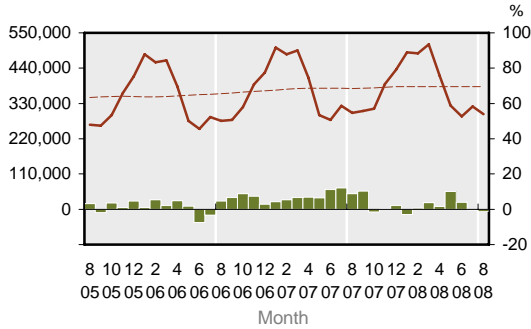
3.6 Motels and Occupancy



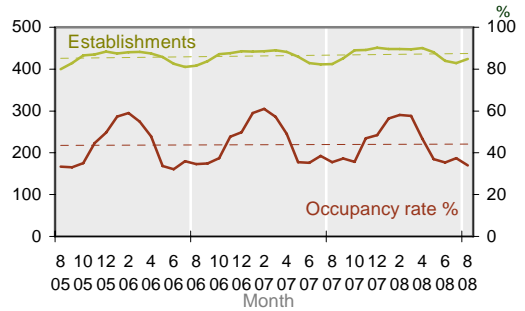
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TRENDS AND PATTERNS

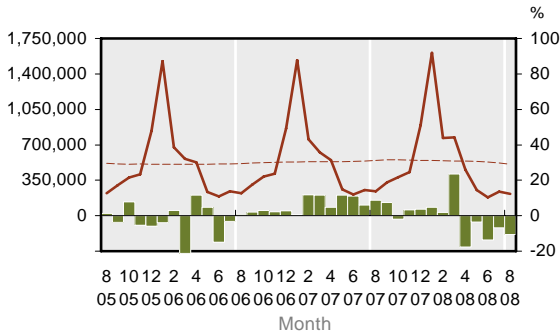
3.7 Backpacker Guest Nights



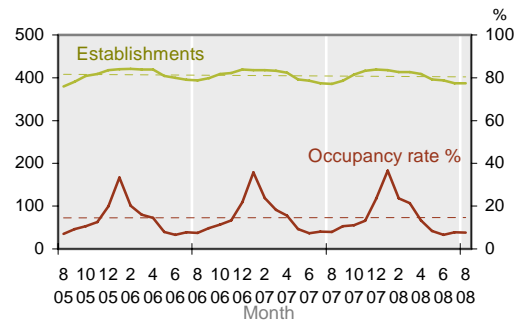
3.8 Backpackers and Occupancy



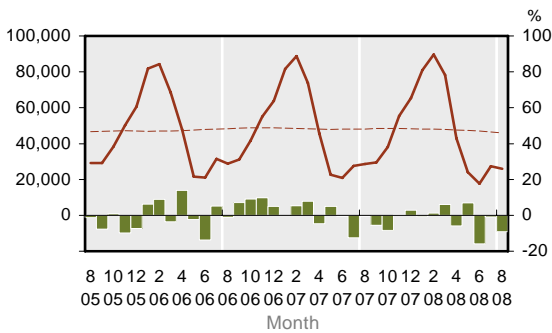
3.9 Caravan/Camping Guest Nights



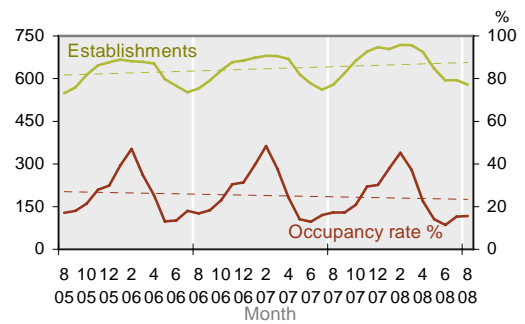
3.10 Caravan/Camping Est. and Occupancy



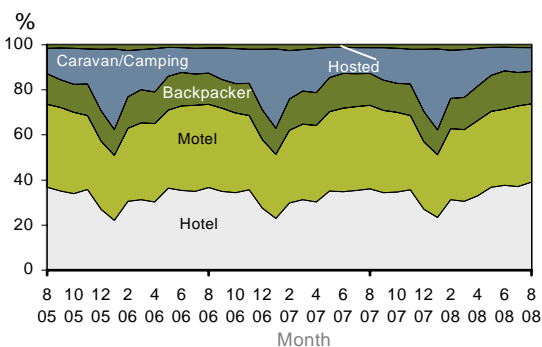
3.11 Hosted Guest Nights



3.12 Hosted and Occupancy



3.13 Share of Guest Nights by Establishment

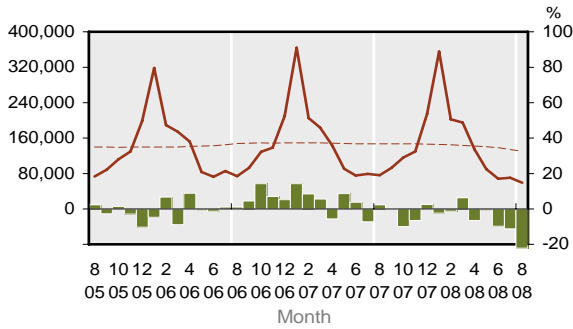


KEY:
 Solid line (brown) – show statistics described by the graph title (left scale).
 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

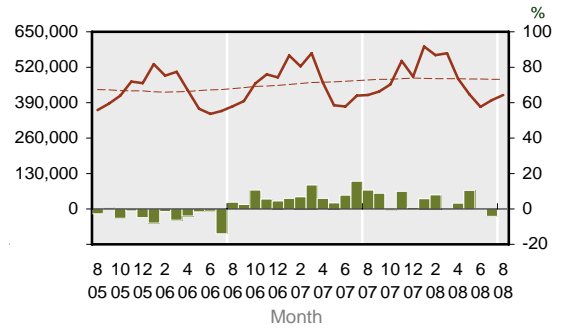
TRENDS AND PATTERNS

Guest Nights by Regional Tourism Organisation and District

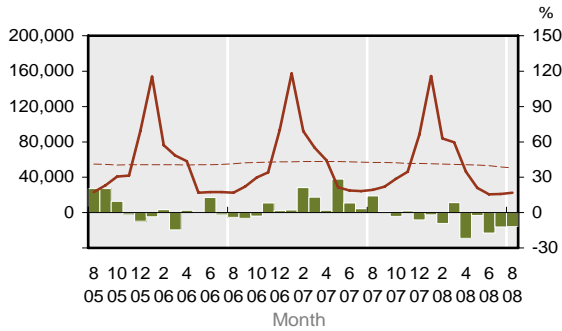
3.14 Northland RTO Guest Nights



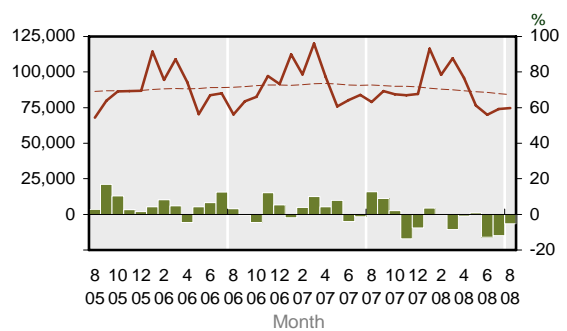
3.15 Auckland RTO Guest Nights



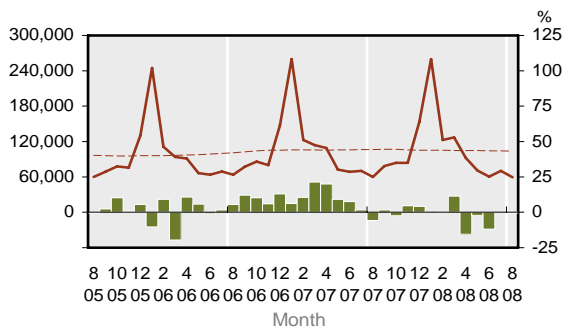
3.16 Coromandel RTO Guest Nights



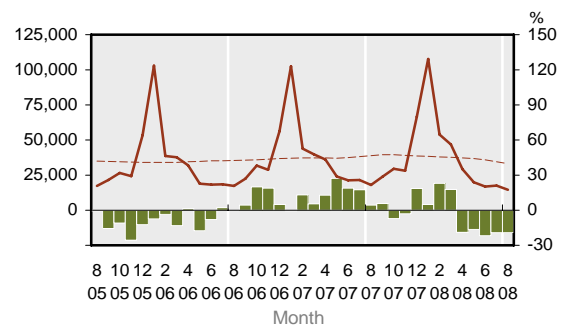
3.17 Waikato RTO Guest Nights



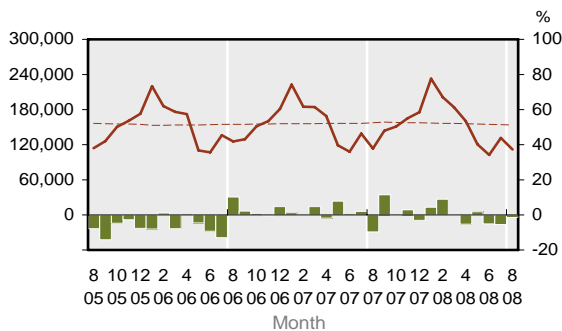
3.18 Bay of Plenty RTO Guest Nights



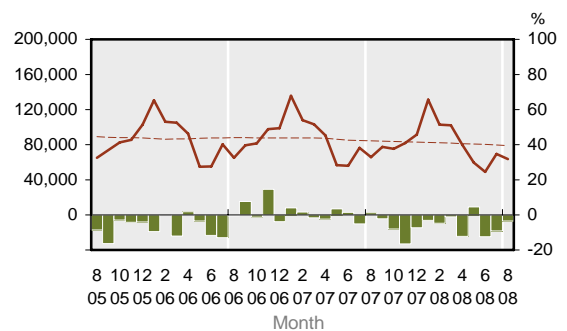
3.19 Eastland RTO Guest Nights



3.20 Rotorua RTO Guest Nights



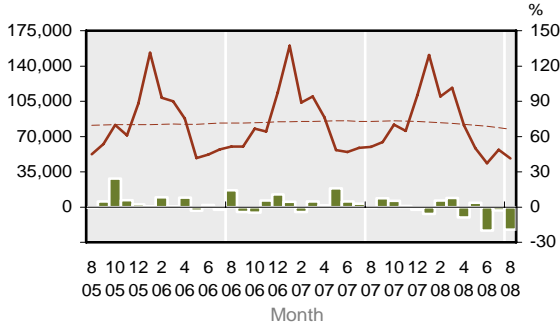
3.21 Lake Taupo RTO Guest Nights



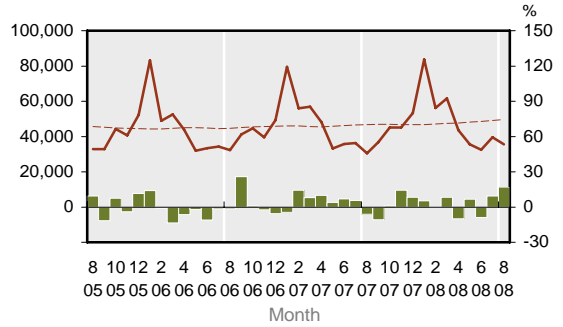
KEY:
 Solid line (brown) – show statistics described by the graph title (left scale).
 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

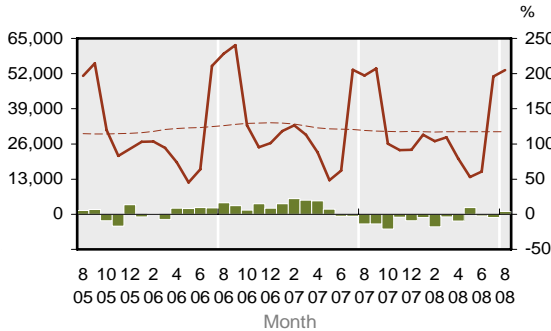
3.22 Hawke's Bay RTO Guest Nights



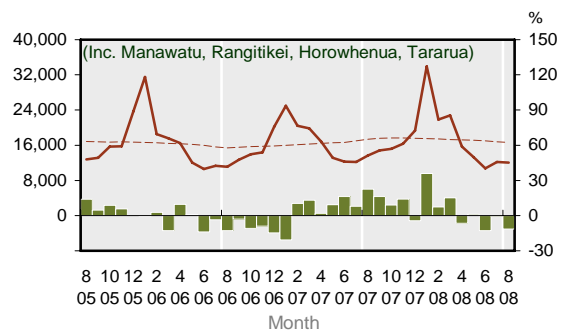
3.23 Taranaki RTO Guest Nights



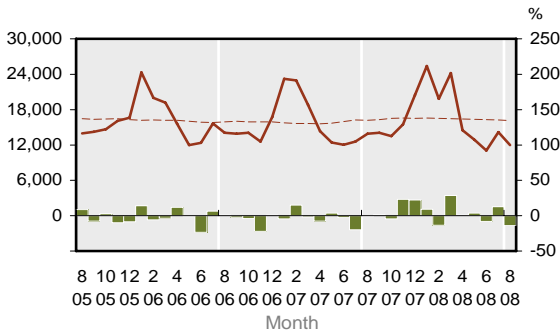
3.24 Ruapehu RTO Guest Nights



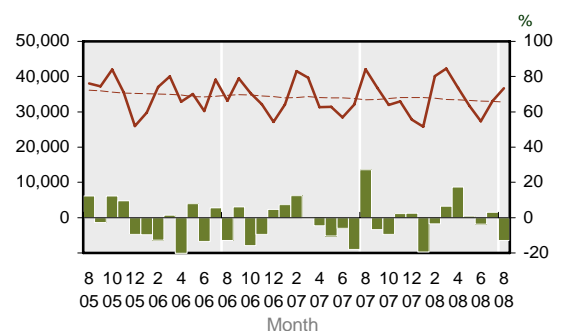
3.25 Combined Manawatu Guest Nights



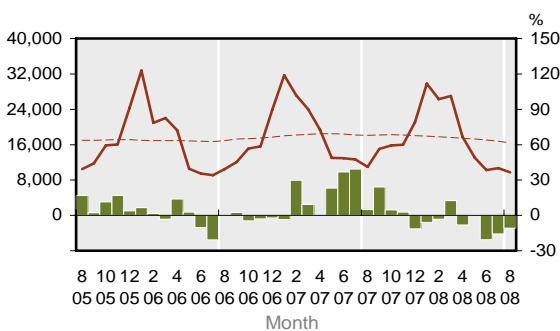
3.26 Wanganui District Guest Nights



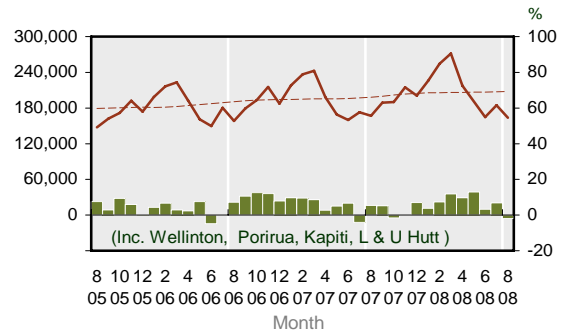
3.27 Palmerston North City Guest Nights



3.28 Wairarapa RTO Guest Nights



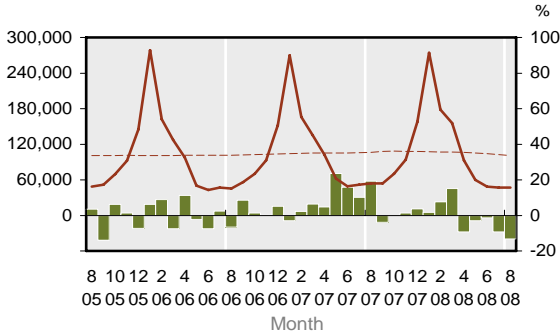
3.29 Wellington Region Guest Nights



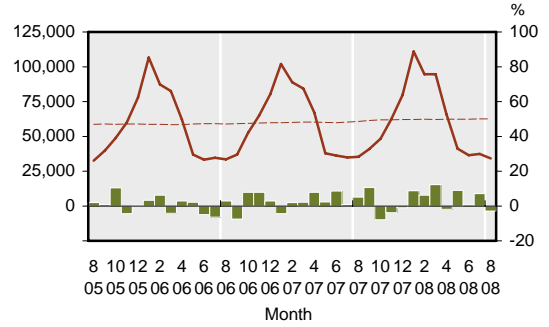
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TRENDS AND PATTERNS

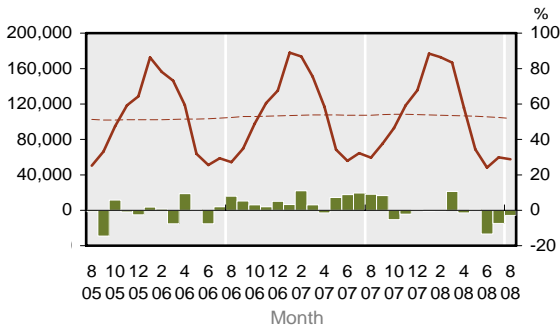
3.30 Nelson RTO Guest Nights



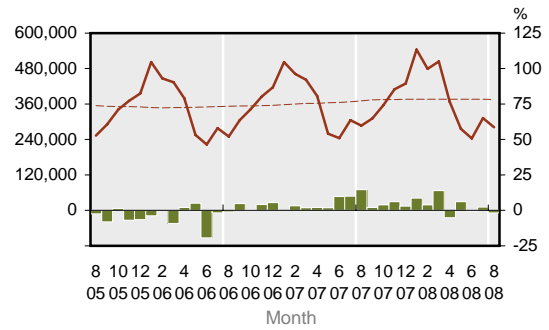
3.31 Marlborough RTO Guest Nights



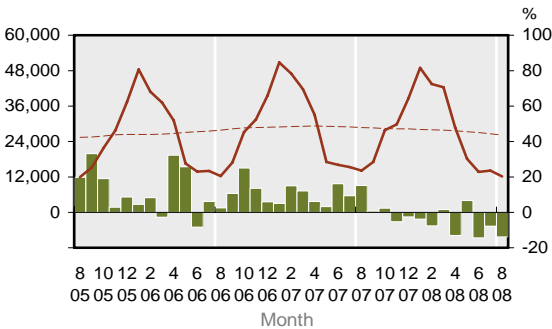
3.32 West Coast RTO Guest Nights



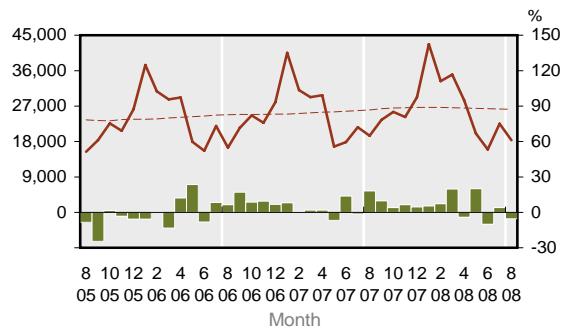
3.33 Canterbury Guest Nights



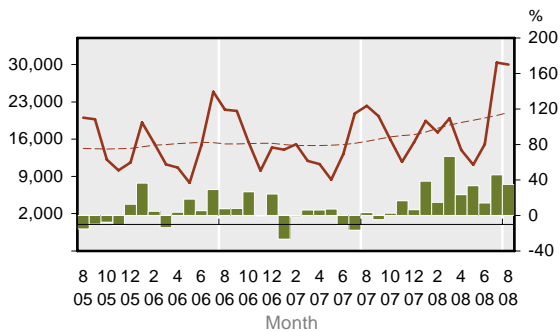
3.34 Kaikoura District Guest Nights



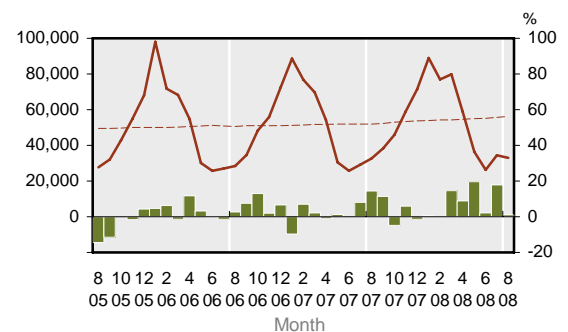
3.35 Hurunui RTO Guest Nights



3.36 Ashburton District Guest Nights



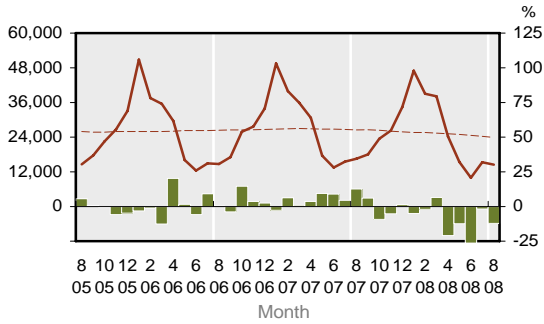
3.37 Mackenzie-Timaru Guest Nights



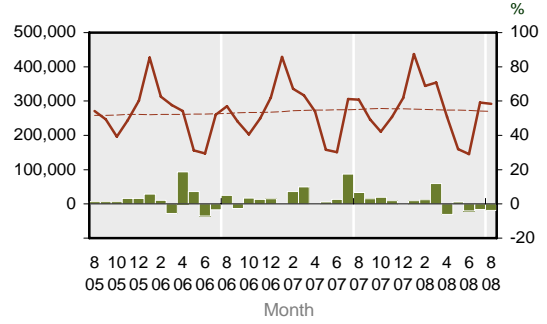
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 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

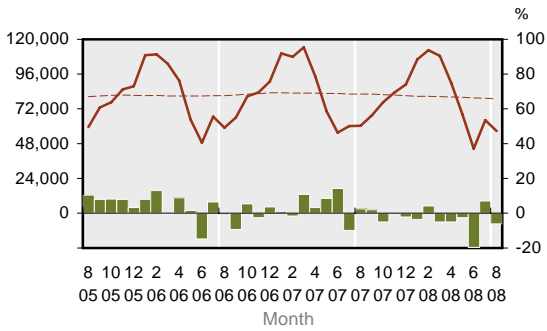
3.38 Waitaki-Waimate Guest Nights



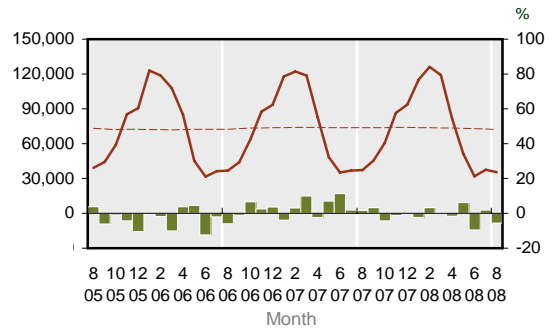
3.39 Queenstown Lakes - Central Otago Guest Nights



3.40 Dunedin - Clutha Guest Nights

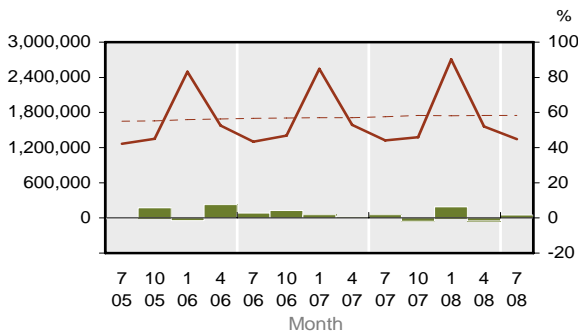


3.41 Southland Region Guest Nights

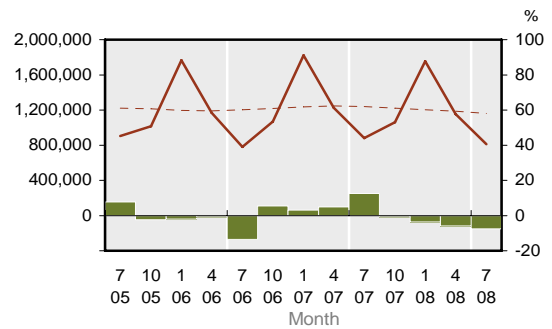


International and Domestic Guest Nights

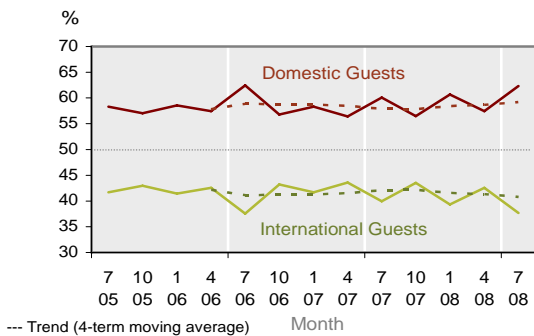
3.42 Domestic Guest Nights



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.