

New Zealand

Tourism in the economy

Tourism directly accounted for NZD 8.3 billion or 4% of New Zealand's GDP in the year ended March 2014, and indirectly contributed an additional NZD 6.5 billion or 3.1% of GDP. Tourism is New Zealand's largest service export earner. It directly employs 94 100 full-time equivalents (4.7% of the workforce) and generates NZD 1.8 billion in goods and services tax revenue.

In the year ended March 2014, international overnight visitor arrivals numbered 2.8 million, an increase of 5.4% over 2013. Growth in international travel receipts outstripped that of arrivals, rising by 12% to NZD 10.2 billion. Australia is the largest source market for visitors, accounting for 43.7% of arrivals and 27.6% of expenditure. China is now firmly established as New Zealand's second largest visitor market, with arrivals increasing by 15.7% during 2014 to reach more than 264 000 and Chinese expenditure exceeding NZD 1 billion, a significant increase of 50% over 2013.

Recently released forecasts from the Ministry of Business, Innovation and Employment (MBIE) indicate that international visitor arrivals to New Zealand are likely to grow by 4% per year to reach 3.8 million in 2021. Tourism expenditure is expected to rise strongly from NZD 7.4 billion in 2014 to NZD 11.1 billion over the same period, up nearly 48.5%.

Tourism governance and funding

The Tourism Policy Unit within the Ministry of Business, Innovation and Employment provides policy advice on tourism to the Government. This includes working on strategies to build sector capability, encouraging the development of innovative tourism products and services, and advising on and managing the Government's investment in tourism-related infrastructure. The unit works closely with other policy units covering topics that impact on tourism including labour, immigration, science and innovation, and international policy. It reports to the Minister of Tourism.

The Evidence, Monitoring and Governance branch of the Ministry collects, analyses and publishes tourism data. It also monitors Tourism New Zealand and evaluates the effectiveness of government initiatives that impact tourism (e.g. the Tourism Growth Partnership).

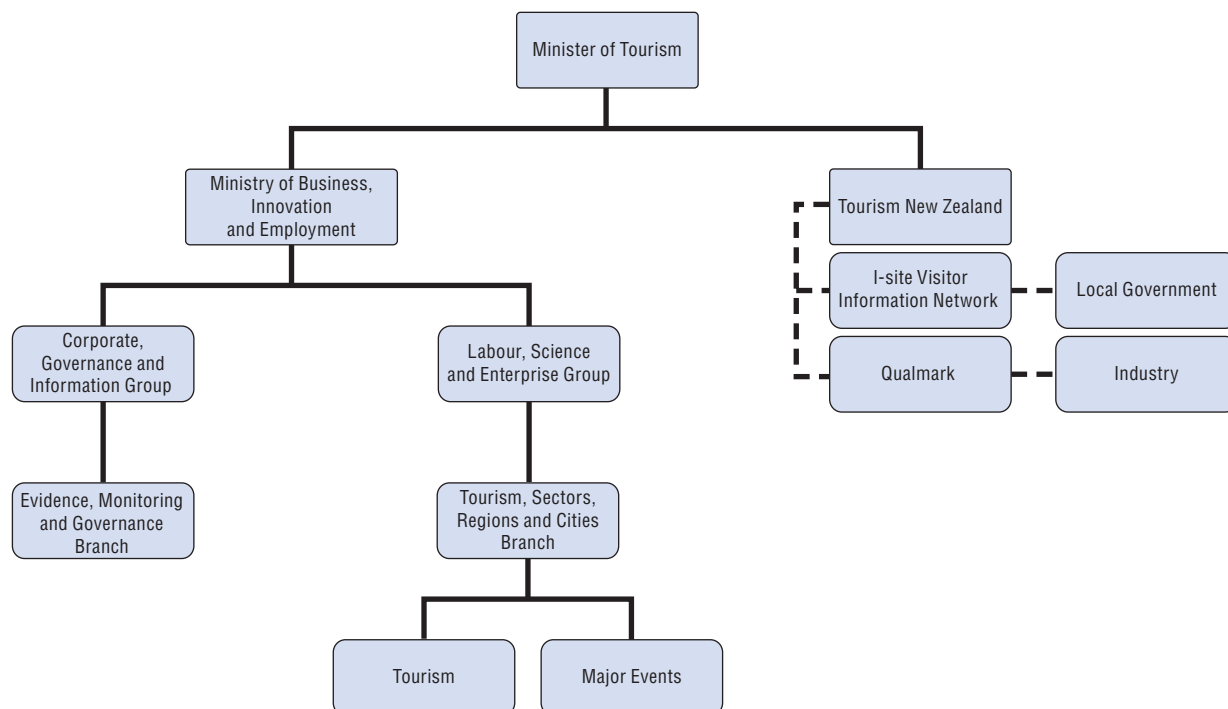
Tourism New Zealand has responsibility for marketing the country as an international destination using the "100% Pure New Zealand" marketing campaign. Its statutory functions are to develop, implement and promote strategies for tourism and to provide related advice to the Government and tourism industry. It has two subsidiary organisations, Qualmark Limited and Visitor Information Network Incorporated, that play an important role in efforts to improve visitor satisfaction and product quality.

There are 30 Regional Tourism Organisations (RTOs) which are responsible for promoting their regional destinations. They are funded and governed by local and regional governments or supported by annual membership fees from the local industry. RTOs act as a bridge between tourism operators, national tourism bodies, and local and central government.

The Government budget for tourism for 2015/16 is NZD 139.8 million. This comprises:

- NZD 115.85 million for the marketing of New Zealand as a visitor destination (managed by Tourism New Zealand),
- NZD 10.403 million for the Tourism Growth Partnership (administered by MBIE),
- NZD 6.12 million for the New Zealand Cycle Trail,
- NZD 3.202 million for tourism data and analysis (managed and provided by MBIE),
- NZD 2.542 million for policy advice (provided by MBIE),
- NZD 1.601 million to enable Tourism Ministers to discharge their portfolio functions,
- NZD 0.082 million for Tourism Facilities Development Grants.

New Zealand: Organisational chart of tourism bodies



Source: OECD, adapted from the Ministry of Business, Innovation and Employment, 2016.

Tourism policies and programmes

New Zealand is well-placed to benefit from future tourism growth, notably from the Asia and Pacific region. However, it faces a number of issues and challenges which are reflected in government policy priorities – in particular:

- Lifting productivity in the tourism industry. The tourism sector tends to employ relatively low-skilled people and pay relatively low wages – resulting in relatively low labour productivity. The Government is developing strategies to combat seasonality, improve skills, encourage the uptake of technology and support co-operation across the sector.

- Increasing profitability in the tourism industry. For much of the last decade, the average spend of international visitors has declined due to a changing mix in visitor arrivals. Additional resources have been allocated to Tourism New Zealand to position New Zealand as a high-value destination.
- Maintaining New Zealand’s competitiveness as a tourism destination. This includes differentiating the product from competitor destinations, delivering strong and inspiring messaging, and addressing connectivity challenges by creating a regulatory framework that has enabled new direct flights.
- Accelerating the industry’s responsiveness to current and future demand, notably from the growth markets of China, India and Indonesia.
- Ensuring regions are able to fully capitalise on their potential, addressing a tendency for international visitors to concentrate more on certain regions rather than others.

The Tourism Growth Partnership (TGP) was established in 2013 to boost innovation and to lift the productivity of the tourism sector. Under the TGP, the Government is making NZD 32 million available over four years to co-invest with industry in demand-led, commercially driven projects. TGP investment is focused on supporting: market development, and growth in high-value and emerging visitor markets; improved visitor flows and regional spread; rebuilding of Christchurch and Canterbury, restoring visitor numbers and attracting investment to the region; improved contribution by Māori, leveraging New Zealand’s unique cultural aspects; and investment in demand-led products.

A number of specific initiatives and actions illustrate the practical approach to addressing the tourism sector’s issues and challenges:

The ongoing programme of improving the collection and dissemination of accurate and relevant tourism data has seen further development .

Tourism Data Improvement Programme

The New Zealand Government spends over NZD 3 million per year on the collection and analysis of tourism data. In 2011 it approved a five year change programme to enhance the quality and usefulness of data that helps the tourism sector identify, understand and respond to emerging trends. So far, the programme has involved the redevelopment of the International Visitor Survey, (which estimates international visitor spend) and the development of world-first regional tourism indicators and estimates (based on electronic card transactions, which provide information about changes in expenditure by international and domestic travellers by region and industry). Focus has now moved to improving the measurement of domestic tourism volumes and expenditure, improving measures of regional tourism expenditure, and measuring the expenditure of international cruise ship visitors. Improvements to the dissemination of data also continue to be made, supporting the Tourism Industry Association of New Zealand’s Tourism 2025 strategic plan which identifies market insight as a key theme.

A lack of sufficient and appropriate labour and skills has led the Tourism Industry Association of New Zealand (TIANZ) to develop a People and Skills Strategy. It focusses on two areas: capacity (labour supply) and capability (skills, knowledge and training supply). ServiceIQ, the industry training organisation for the New Zealand services sector, is also developing Regional Roadmaps for New Zealand’s major visitor centres to link supply and

demand for skills, better connect different parts of the tertiary sector, provide information to young people about where there are likely to be opportunities, and ensure a pipeline to meet future needs. The Government is working closely with the various parties to support industry initiatives and/or remove barriers. It recognises that temporary migration will continue to play a role in filling critical skill gaps and short-term labour shortages and is making changes to immigration processes to make these more efficient.

In 2012/13, the Government initiated a China Market Review to capitalise on the rapidly growing China market. Relevant actions include signing co-operation agreements, increasing resources for marketing, developing an online toolkit to improve operators' readiness for Chinese visitors, and streamlining visa processes.

Increasing tourism revenue is a key priority for the Major Events Development Fund (MEDF) which invests in major events that generate significant immediate and long-term benefits. Examples of events supported include the 2015 Volvo Ocean Race stopover in Auckland, the 2015 International Cricket Council Cricket World Cup, and the 2015 Under 20 Men's Football World Cup.

Regional Growth Studies are assisting regions to identify their strengths and opportunities and to then determine the initiatives and investment required to realise opportunities. Tourism has been identified as a major opportunity that warrants greater investment in each study undertaken to date.

The Government has continued to support the recovery of Christchurch's visitor sector. In partnership with local bodies it has funded the development of a Visitor Sector Recovery Plan, with actions to improve air connections, accommodation development and marketing campaigns.

Outdoor activities provide a key part of the New Zealand tourism offer. It is particularly well known for innovative activities such as bungee jumping, glacier walking and zorbing, which carry some risk. The Health and Safety in Employment (Adventure Activities) Regulations 2011 require operators to register with the Government, develop safety management plans and pass safety audits. To assist operators to meet the implementation deadline of November 2014, the Government introduced a range of supportive measures including: a campaign to raise awareness of the regulations; developing guidance material including a template for safety management plans; and employing dedicated safety advisors to work alongside operators to help them prepare for audits. A further example of Government support for outdoor activities is the New Zealand Cycle Trail (Nga Haerenga), which was established in 2009 with the aim of addressing the economic downturn by stimulating regional economies and creating jobs and new tourism flows. The Government has since contributed NZD 54 million, with a further NZD 30 million from local communities to create 19 off-road cycle trails, covering some 2 600 km (Box 2.5).

Sustainability and environmental quality are very important for the future of tourism in New Zealand. Qualmark, the quality standard jointly owned by Tourism New Zealand, includes Qualmark Environmental, an official assurance system to evaluate the level of environmental sustainability of tourism businesses, with criteria including water conservation, energy efficiency, waste management, environmental conservation and community support.

Statistical profile

Table 1. New Zealand: Domestic, inbound and outbound tourism

	2010	2011	2012	2013	2014
TOURISM FLOWS, THOUSAND					
Domestic tourism					
Total domestic trips	..	..	..	..	..
Overnight visitors (tourists)	15 872	17 681	16 599	..	..
Same-day visitors (excursionists)	..	..	..	..	..
Nights in all types of accommodation	47 422	51 263	49 753	..	..
Hotels and similar establishments	37 649	38 069	38 500	39 261	41 518
Specialised establishments	..	..	..	..	..
Other collective establishments	..	..	..	..	..
Private accommodation	..	..	..	..	..
Inbound tourism					
Total international arrivals	2 525	2 601	2 565	2 710	2 854
Overnight visitors (tourists)	2 449	2 518	2 484	2 629	2 772
Same-day visitors (excursionists)	76	83	81	82	82
Top markets					
Australia	1 120	1 156	1 156	1 219	1 248
China	123	146	197	229	265
United States	190	185	178	201	221
United Kingdom	234	230	190	192	194
Japan	88	69	72	75	81
Nights in all types of accommodation	..	..	..	..	..
Hotels and similar establishments	26 837	25 968	24 379	26 167	27 707
Specialised establishments	..	..	..	..	..
Other collective establishments	..	..	..	..	..
Private accommodation	..	..	..	..	..
Outbound tourism					
Total international departures	2 026	2 093	2 169	2 197	2 276
Overnight visitors (tourists)	..	..	..	..	..
Same-day visitors (excursionists)	..	..	..	..	..
Top destinations					
Australia	980	978	994	1 022	1 096
United States	99	104	122	142	165
Fiji	97	101	105	112	130
United Kingdom	92	93	96	97	101
China	64	68	66	73	77
TOURISM RECEIPTS AND EXPENDITURE, MILLION NZD					
Inbound tourism					
Total international receipts	..	..	..	..	..
International travel receipts	9 051	9 292	8 798	9 112	10 203
International passenger transport receipts	..	..	..	..	..
Outbound tourism					
Total international expenditure	..	..	..	..	..
International travel expenditure	4 208	4 356	4 584	4 705	4 947
International passenger transport expenditure

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Source: OECD Tourism Statistics (Database).


StatLink  <http://dx.doi.org/10.1787/888933320318>


Table 2. **New Zealand: Enterprises and employment in tourism**

	Number of establishments	Number of persons employed				
	2014	2010	2011	2012	2013	2014
Total	..	97 500	95 700	92 500	92 400	94 100
Tourism industries	83 500	..	..	..
Accommodation services for visitors	3 186	..	14 500	..	..	..
Hotels and similar establishments
Food and beverage serving industry	25 000	..	..	..
Passenger transport	10 200	..	..	..
Air passenger transport
Railways passenger transport
Road passenger transport
Water passenger transport
Passenger transport supporting services	4 700	..	..	..
Transport equipment rental
Travel agencies and other reservation services industry
Cultural industry
Sports and recreation industry
Retail trade of country-specific tourism characteristic goods
Other country-specific tourism industries	29 100
Other industries	11 900

.. Not available

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Source: OECD Tourism Statistics (Database).

StatLink  <http://dx.doi.org/10.1787/888933320327>Table 3. **New Zealand: Internal tourism consumption**


Million NZD

	2014		
	Domestic tourism consumption	Inbound tourism consumption	Internal tourism consumption
Total	..	..	..
Consumption products	12 384	9 613	21 997
Tourism characteristic products	5 584	5 956	11 540
Accommodation services for visitors	1 084	1 089	2 173
Food and beverage serving services	1 195	1 644	2 839
Passenger transport services	3 305	3 223	6 528
Air passenger transport services	2 213	2 009	4 222
Railways passenger transport services	..	..	..
Road passenger transport services	..	..	..
Water passenger transport services	..	..	..
Passenger transport supporting services	..	..	..
Transport equipment rental services	..	..	..
Travel agencies and other reservation services industry	..	..	..
Cultural services	..	..	..
Sports and recreation services	..	..	..
Country-specific tourism characteristic goods	..	..	..
Country-specific tourism characteristic services	..	..	..
Other consumption products	6 800	3 656	10 456
Tourism connected products	..	..	..
Non-tourism related consumption products
Non-consumption products

.. Not available

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Source: OECD Tourism Statistics (Database).

StatLink  <http://dx.doi.org/10.1787/888933320331>



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