



TOURISM LEADING INDICATORS MONITOR

SERIES 2008/11 **DECEMBER 2008** NEW ZEALAND

This edition provides new data on:

- Inbound and Outbound Travel Nov 08
- Commercial Accommodation Oct 08

It provides an update on New Zealand's tourism performance and an early indication as the tourism sector is heading towards the peak summer season.

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COMMENTARY

Tourism Sector Heading into Peak Summer Season

In mid-December, the Ministry of Tourism and the Tourism Industry Association (TIA) convened a tourism sector meeting to assess the impact of the recent global economic downturn on tourism. The over-riding finding is that there is considerable uncertainty in the current operating environment given the state of the wider macro-economic conditions. The main economic indicators in many of our origin markets are clearly of considerable concern.

The 3-4 month outlook is that the sector will be soft, but not necessarily sharply affected. International arrivals will likely be down (in the region of 5-15%) but there will be considerable variation in how different markets will be affected (e.g. long-haul markets including UK, USA and Asian holiday travel will be most affected, whereas Australia and VFR segments are expected to stay reasonably strong). The domestic travel market was recognised as being both large and showing resilience, and will buffer the industry from lower international demand.

The consequence of these shifts will be differential impacts across the sector with operators and regions servicing Asian holiday travellers most affected, whereas operators and regions focussed on Australian, VFR and domestic travel less so.

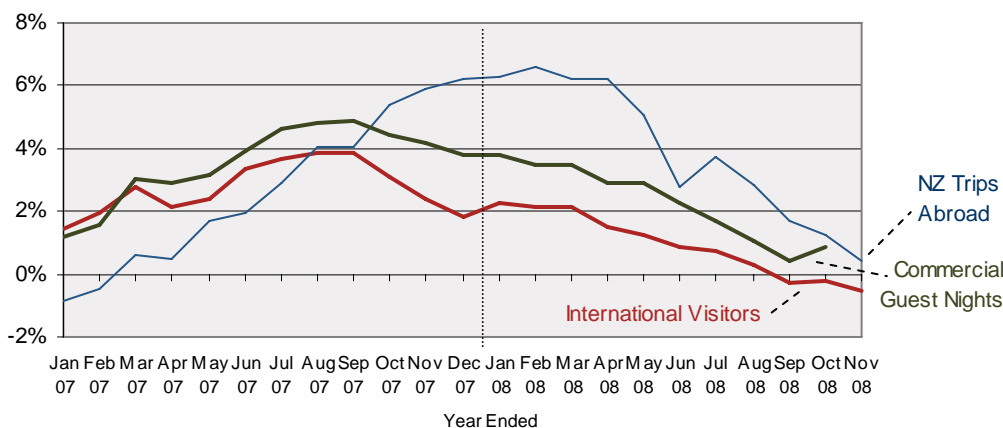
The longer term outlook is of considerably more concern, with the recognition that how the global economic situation unfolds will be the main determinant of tourism activity.

It is becoming evident that travellers are reducing their booking times, and the forward booking data is considerably lower compared with previous years. As such, the early booking information to build a picture of the future position is less relevant, therefore increasing the uncertainty for the next autumn, winter and spring seasons. Given the paucity of information, the Ministry will be working with industry to gather better leading indicator data and will reassess the longer term view in early 2009.

The meeting discussed possible responses to the challenges faced at present. At the firm level, the key message was to expect reduced demand and to respond by staying liquid and boosting the balance sheet to protect the financial position of the firm. At the sector level, there was a consensus that Australian and domestic demand offered best opportunities, but not at the expense of our long-haul key markets.

The latest data for the key indicators shows a steady softening of tourism activity, but not dramatically so (refer Figure 1 below).

Figure 1: Rolling Annual Growth Rates:
Inbound & Outbound Travel and Commercial Accommodation Guest Nights



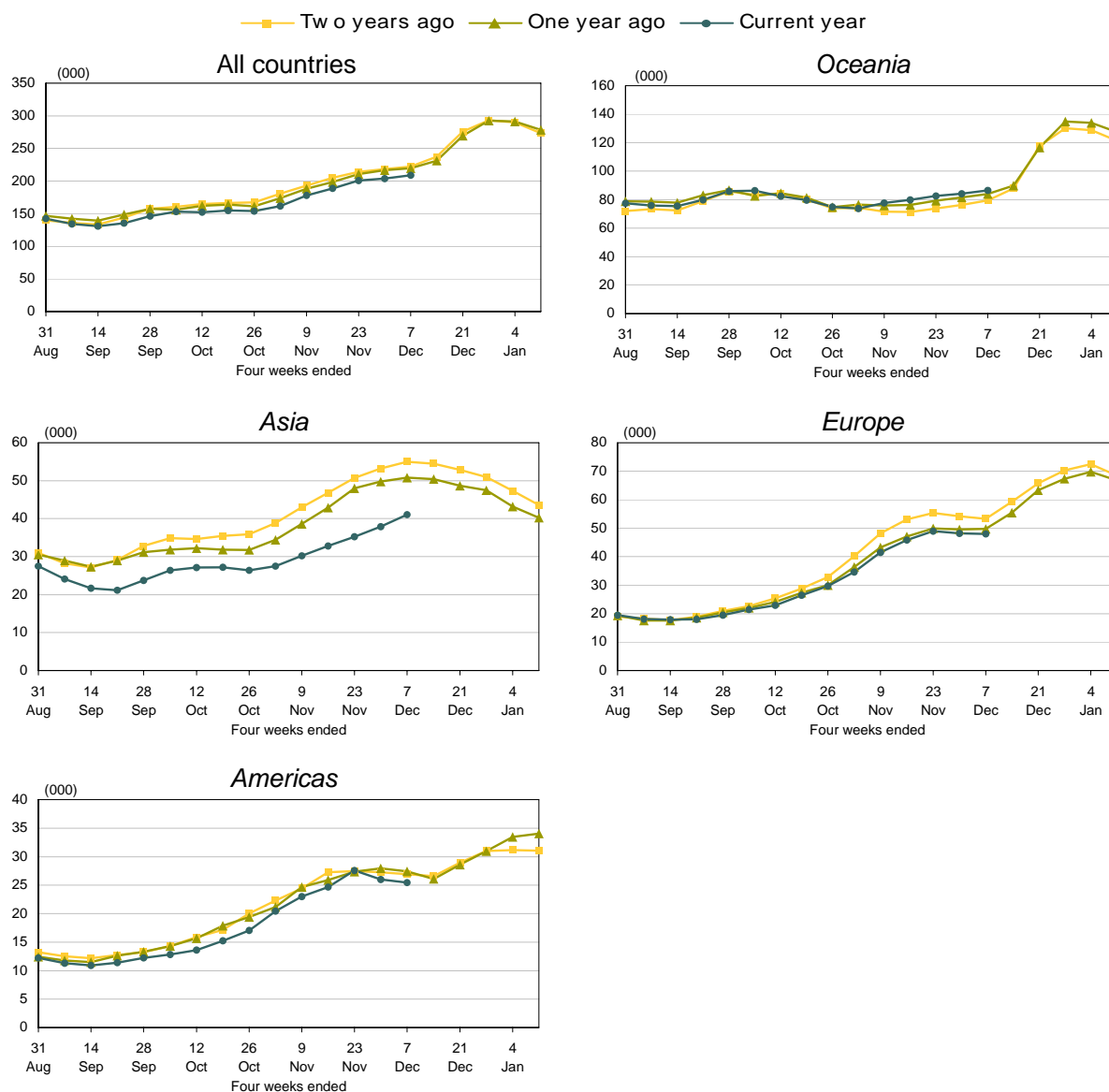
For the year-ended November 2009, international visitor arrivals were down 0.6% (-4.2% for the month) and New Zealand outbound travel was slowing, still up 0.4% for the year ended

COMMENTARY

November (-2.7% for the month). The commercial accommodation guest nights were up by 0.8% in the year to October (up 4.2% for the month), with this growth stemming from a decline in international nights, but a significant rise in domestic nights (up 15.7% for the month).

The most recent 'weekly' data from the Statistics New Zealand's *International Travel and Migration* series provides the latest sector data for the week ended 7 December 2009.

Figure 2: Provisional Four-weekly Overseas Visitor Arrivals (up to 7 December 2008)



These graphs highlight that while total international arrivals are tracking slightly below previous years, the pattern is very consistent with the normal seasonal variations that occur. The exception is the Asian markets that are down significantly on normal seasonal patterns (with Japan and South Korea the most affected).

The Ministry's research website link below has more detailed coverage for all regions and the top ten countries. This series will be next updated on 12 January 2009.

<http://www.tourismresearch.govt.nz/Data--Analysis/Key-Statistics/Weekly-Inbound-and-Outbound-Statistics/>

1. INBOUND TOURISM

International Visitor Arrivals, November 2008 - In the month of November 2008 there were 219,313 international visitor arrivals, down by 4.2% (9,500) compared to November 2007. While down from last year, this is the second highest number of arrivals in a November month.

Markets – Visitors from Australia (up 1,400 or 1.8%) recorded the largest increase in November 2008. This was followed by Singapore (up 1,000 or 27.5%), Thailand (up 600 or 62.2%), Fiji (up 500 or 27.4%), French Polynesia (up 500 or 45.5%) and France (up 400 or 18.9%).

In contrast, there were fewer visitors from Japan (down 6,900 or 45.8%), South Korea (down 3,800 or 43.1%), China (down 2,400 or 17.5%), the United Kingdom (down 1,900 or 7.0%), Taiwan (down 400 or 20.8%) and the United States (down 390 or 1.8%). The large drop from the Japan market was mainly due to the cancellation of student charter flights to New Zealand. This accounts for about two-thirds of the decrease in Japanese visitors in November.

Purpose - There were fewer visitors on holiday (down 8,200 or 6.8%), on business (down 3,400 or 12.6%) and visiting friends and relatives (down 300 or 0.5%) in November 2008 compared to November 2007.

Duration – In November 2008, the average length of stay of visitors was 22.3 days, 1.4 day longer than in November 2007. The total number of visitor days increased by 2.0% (97,000) to 4.87 million.

Flights – There were 2,414 flight-arrivals in November 2008, 157 flights or 7.0% more than in November 2007.

Annual Arrivals – For the year ended November 2008, there were 2,454 million international visitor arrivals, down by 13,900 or 0.6% on the previous year.

Total visitor days were up by 3.9% to 51.50 million, with the average length of stay up 0.9 day to 21.1 days.

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

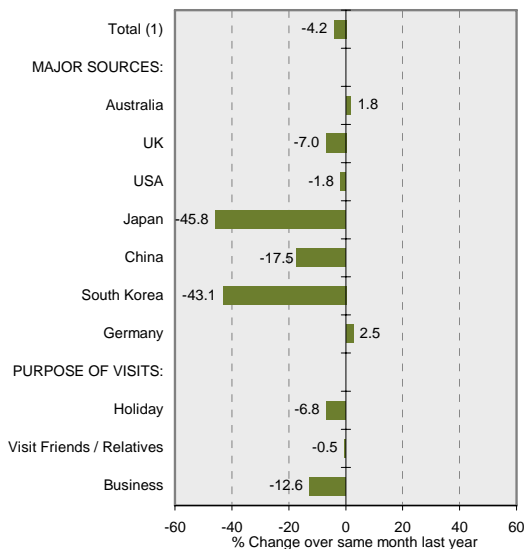
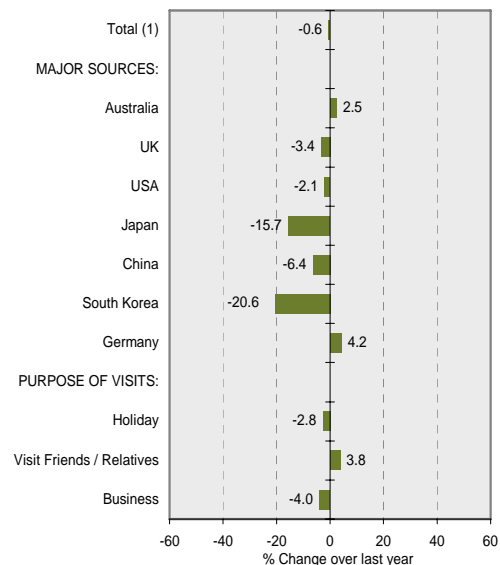


Figure 1b **Growth Rate of International Visitor Arrivals (Year Ended November 2008)**



1. INBOUND TOURISM

Table 1a International Visitor Arrivals (Month)

NOVEMBER MONTH	International Visitor Arrivals			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
Total (1)	229,913	228,813	219,313	-0.5	-4.2
MAJOR SOURCES:					
Australia	70,070	75,816	77,198	8.2	1.8
UK	29,348	26,616	24,750	-9.3	-7.0
USA	21,670	21,552	21,164	-0.5	-1.8
Japan	16,654	15,096	8,184	-9.4	-45.8
China	13,618	13,896	11,462	2.0	-17.5
South Korea	10,582	8,784	4,994	-17.0	-43.1
Germany	7,766	7,704	7,898	-0.8	2.5
PURPOSE OF VISITS:					
Holiday	125,158	120,528	112,332	-3.7	-6.8
Visit Friends / Relatives	53,284	58,008	57,728	8.9	-0.5
Business	28,094	26,544	23,188	-5.5	-12.6
INTERNATIONAL ARRIVAL FLIGHTS:					
Passenger Flights	2,304	2,257	2,414	-2.0	7.0

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

Table 1b International Visitor Arrivals (Year)

YEAR ENDED NOVEMBER	International Visitor Arrivals			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
Total (1)	2,409,582	2,467,461	2,453,555	2.4	-0.6
MAJOR SOURCES:					
Australia	898,594	945,600	969,099	5.2	2.5
UK	292,414	297,125	286,957	1.6	-3.4
USA	225,115	217,250	212,626	-3.5	-2.1
Japan	138,240	123,380	104,048	-10.7	-15.7
China	104,699	119,880	112,155	14.5	-6.4
South Korea	110,646	103,009	81,761	-6.9	-20.6
Germany	59,026	59,058	61,544	0.1	4.2
PURPOSE OF VISITS:					
Holiday	1,191,238	1,213,129	1,179,660	1.8	-2.8
Visit Friends / Relatives	684,824	712,420	739,166	4.0	3.8
Business	270,150	268,594	257,906	-0.6	-4.0
INTERNATIONAL ARRIVAL FLIGHTS:					
Passenger Flights	28,780	27,784	28,690	-3.5	3.3

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

2. OUTBOUND TOURISM

Departures, November 2008 - In the month of November 2008, New Zealand residents undertook 155,231 short-term overseas trips, down by 4,300 or 2.7% from the previous year.

Destinations - There were more trips to the Cook Islands (up 590 or 15.4%), followed by Fiji (up 540 or 9.9%), India (up 500 or 11.5%), Malaysia (up 400 or 19.2%), Hong Kong (up 210 or 9.7%) and Tonga (up 180 or 16.1%).

In contrast, there were fewer trips to Australia (down 4,700 or 5.7%), the United States (down 940 or 15.1%), Canada (down

580 or 46.3%), Japan (down 430 or 25.4%) and Singapore (down 300 or 18.5%).

Purpose – There were fewer New Zealanders on holiday (down 2,190 or 3.6%), on business (down 1,800 or 7.0%) and visiting friends and relatives (down 1,200 or 2.2%).

Duration - The average length of trips in November 2008 was 23.1 days, 2.0 days longer than in November 2007.

Annual Departures – There were 1.979 million trips undertaken during the year ended November 2008, up by 8,500 or 0.4% on the previous year.

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

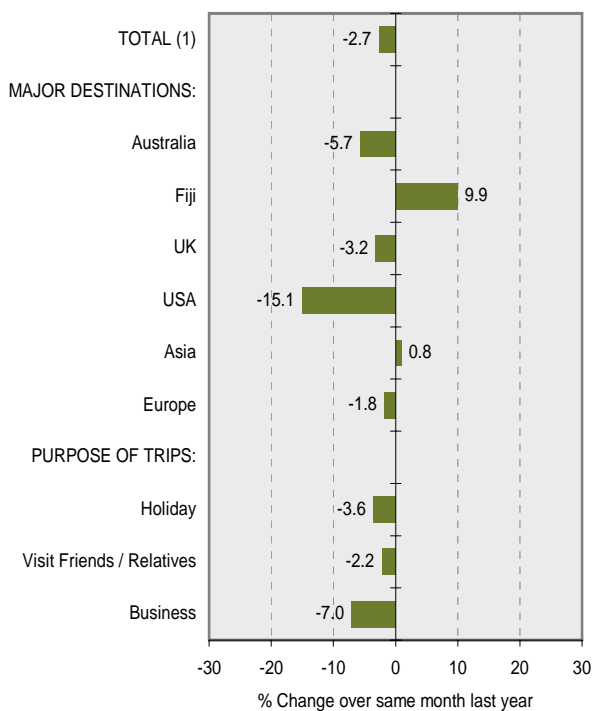
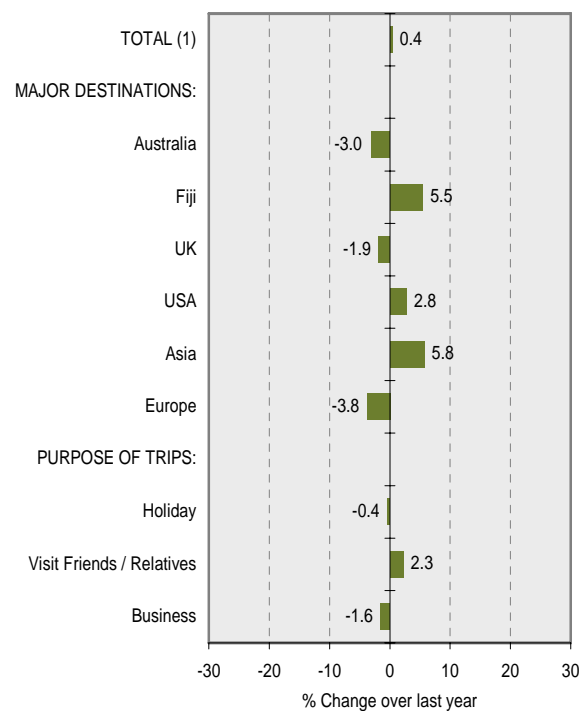


Figure 2b **Growth Rate of Trips Abroad by NZ Residents (Year Ended November 2008)**



2. OUTBOUND TOURISM

Table 2a Trips Abroad by NZ Residents (Month)

NOVEMBER MONTH	Trips Abroad by NZ Residents			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TOTAL (1)	147,582	159,493	155,231	8.1	-2.7
MAJOR DESTINATIONS:					
Australia	76,466	81,928	77,272	7.1	-5.7
Fiji	5,304	5,488	6,032	3.5	9.9
UK	3,692	3,976	3,848	7.7	-3.2
USA	5,148	6,244	5,304	21.3	-15.1
Asia	27,742	27,664	27,898	-0.3	0.8
Europe	6,162	7,280	7,150	18.1	-1.8
PURPOSE OF TRIPS:					
Holiday	54,392	61,600	59,410	13.3	-3.6
Visit Friends / Relatives	48,516	53,844	52,676	11.0	-2.2
Business	25,870	25,368	23,582	-1.9	-7.0

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

Table 2b Trips Abroad by NZ Residents (Year)

YEAR ENDED NOVEMBER	Trips Abroad by NZ Residents			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TOTAL (1)	1,861,752	1,970,988	1,979,490	5.9	0.4
MAJOR DESTINATIONS:					
Australia	928,320	979,710	950,151	5.5	-3.0
Fiji	108,539	95,528	100,772	-12.0	5.5
UK	89,444	95,555	93,722	6.8	-1.9
USA	86,755	91,817	94,404	5.8	2.8
Asia	232,367	245,560	259,718	5.7	5.8
Europe	158,849	176,629	169,905	11.2	-3.8
PURPOSE OF TRIPS:					
Holiday	785,926	831,578	828,063	5.8	-0.4
Visit Friends / Relatives	572,364	618,255	632,387	8.0	2.3
Business	280,959	288,315	283,817	2.6	-1.6

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

3. COMMERCIAL ACCOMMODATION

Guest Nights, October 2008 - In the month of October 2008, a total of 2,541,868 guest nights were spent in commercial accommodation, an increase of 102,968 nights (or 4.2%) from October 2007.

Both the North Island (up 95,240 or 6.5%) and South Island (up 7,728 or 0.8%) recorded an increase in guest nights in October 2008.

International and Domestic - In October 2008, guest nights comprised 62.8% domestic guests (1.60m) and 37.2% international guests (946,650). Domestic guest nights increased by 15.7% (216,880) while international guest nights decreased by 10.7% (113,930).

This year the third term school holidays was later by a week resulting in five more days of holiday falling in October compared to last year. This may have contributed to the large increase in domestic guest nights.

Accommodation Types – Four accommodation types recorded an increase in guest nights in October 2008. Hotels recorded the largest increase (up 48,000 or 5.7%), followed by caravan parks/camp grounds (up 40,000 or 10.7%), motels (up 9,800 or 1.1%) and backpackers (up 6,300 or 2.0%).

Hosted accommodation recorded the only decrease in guest nights, down 1,600 or 4.1%.

Occupancy - The overall occupancy rate of accommodation establishments in October 2008 was 34.1%, up 0.8 point compared to 33.4% in October 2007.

Hotels recorded the largest increase (54.8%, up 1.4 points), followed by caravan parks/camp grounds (12.2%, up 1.2 points) and backpackers (36.2%, up 0.5%). Motels (49.9%, down 1.4 points) and hosted accommodation (20.4%, down 0.5 point) recorded the decreases in occupancy rates.

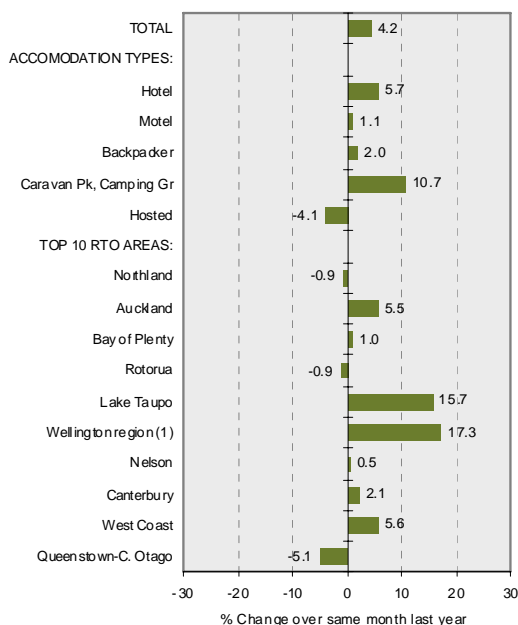
RTOs - In October 2008, most RTOs recorded an increase in guest nights from October 2007.

Wellington recorded the largest increase (up 33,000 or 17.3%), followed by Auckland (up 25,000 or 5.5%), Ruapehu (up 13,000 or 50.3%), Lake Taupo (up 12,000 or 15.7%), Canterbury (up 7,000 or 2.1%) and West Coast (up 5,000 or 5.6%).

Queenstown/Central Otago recorded the largest decrease (down 11,000 or 5.1%), followed by Taranaki (down 3,000 or 5.6%), Hawke's Bay (down 2,000 or 2.4%), Waitaki (down 2,000 or 8.5%) and Rotorua (down 1,400 or 0.9%).

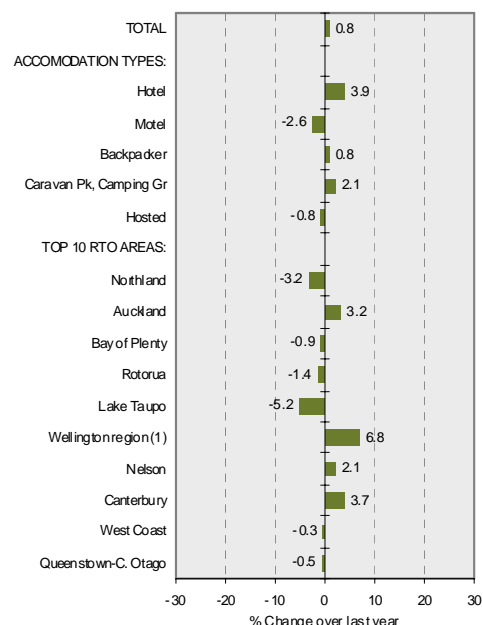
Annual - For the year ended October 2008, there was a total demand of 33.11 million guest nights, up by 279,000 or 0.8% on the previous year.

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



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

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



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

3. COMMERCIAL ACCOMMODATION

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

OCTOBER MONTH	Guest Nights			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TOTAL	2,474,056	2,438,899	2,541,868	-1.4	4.2
ACCOMODATION TYPES:					
Hotel	852,210	845,285	893,365	-0.8	5.7
Motel	874,691	862,638	872,388	-1.4	1.1
Backpacker	319,107	314,148	320,467	-1.6	2.0
Caravan Pk, Camping Gr	386,355	378,666	419,055	-2.0	10.7
Hosted	41,694	38,162	36,593	-8.5	-4.1
TOP 10 TO AREAS:					
Northland	128,672	115,832	114,826	-10.0	-0.9
Auckland	459,931	456,218	481,335	-0.8	5.5
Bay of Plenty	85,882	83,843	84,702	-2.4	1.0
Rotorua	151,839	151,266	149,853	-0.4	-0.9
Lake Taupo	81,605	75,108	86,866	-8.0	15.7
Wellington region (1)	193,396	190,202	223,136	-1.7	17.3
Nelson	70,342	70,307	70,625	-0.1	0.5
Canterbury	342,710	355,455	362,854	3.7	2.1
West Coast	97,992	92,888	98,071	-5.2	5.6
Queenstown-C. Otago	203,141	211,049	200,384	3.9	-5.1

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

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

YEAR ENDED OCTOBER	Guest Nights			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TOTAL	31,444,367	32,831,300	33,110,206	4.4	0.8
ACCOMODATION TYPES:					
Hotel	9,879,442	10,309,300	10,713,191	4.4	3.9
Motel	10,627,138	11,000,657	10,710,830	3.5	-2.6
Backpacker	4,255,644	4,526,249	4,563,952	6.4	0.8
Caravan Pk, Camping Gr	6,112,914	6,419,003	6,550,641	5.0	2.1
Hosted	569,229	576,092	571,592	1.2	-0.8
TOP 10 TO AREAS:					
Northland	1,699,513	1,774,846	1,718,722	4.4	-3.2
Auckland	5,200,198	5,573,762	5,751,033	7.2	3.2
Bay of Plenty	1,172,063	1,266,282	1,254,900	8.0	-0.9
Rotorua	1,848,297	1,877,158	1,851,346	1.6	-1.4
Lake Taupo	1,039,439	1,042,200	987,965	0.3	-5.2
Wellington region (1)	2,219,510	2,345,819	2,504,801	5.7	6.8
Nelson	1,214,813	1,259,998	1,286,177	3.7	2.1
Canterbury	4,181,693	4,357,047	4,517,620	4.2	3.7
West Coast	1,237,271	1,292,142	1,288,070	4.4	-0.3
Queenstown-C. Otago	3,135,696	3,288,433	3,270,941	4.9	-0.5

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

4. INTERNATIONAL VISITOR EXPENDITURE

Expenditure, Year ended September 2008 - International visitors spent a total of \$6,028 million in New Zealand for the year ended September 2008 (excluding international airfares). This is an increase of 0.1% (\$7m) on the previous year.

Markets – The Australian market recorded the largest increase, up by \$116 million or 7.5%, followed by the UK (up \$38m or 4.1%), and Singapore (up \$6m or 9.5%).

In contrast, the expenditure by the USA (down \$111m or 15.8%), China (down \$28m or 10.4%), Taiwan (down \$16m or 23.0%) and Germany (down \$8m or 3.2%) markets were lower than the previous September year.

Average Spend - The average spend per visitor was \$2,692 up 0.8% on the previous year.

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

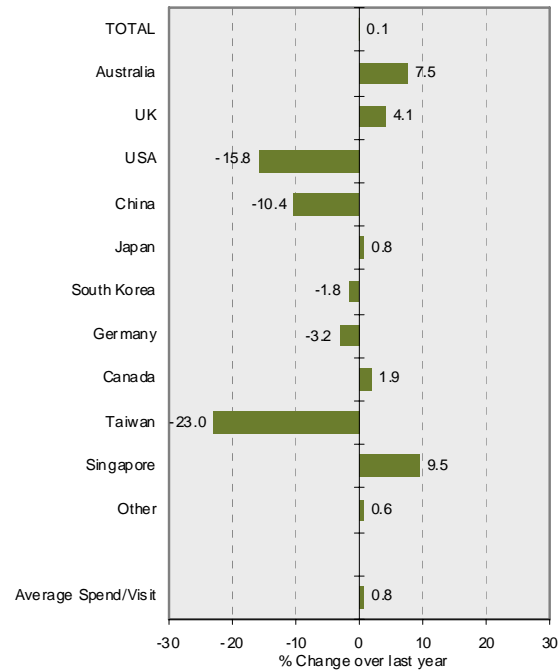


Table 4 International Visitor Expenditure (Year)

YEAR ENDED SEPTEMBER	NZ\$million ⁽¹⁾			Growth Rate (%)	
	2006	2007	2008	06-07	07-08
TOTAL	5,795	6,021	6,028	3.9	0.1
Australia	1,396	1,539	1,655	10.3	7.5
UK	933	933	971	0.0	4.1
USA	629	701	590	11.4	-15.8
China	285	268	241	-5.9	-10.4
Japan	398	403	407	1.3	0.8
South Korea	232	239	235	2.9	-1.8
Germany	245	250	242	2.1	-3.2
Canada	133	120	122	-9.4	1.9
Taiwan	101	69	53	-32.2	-23.0
Singapore	58	59	65	2.3	9.5
Other	1,384	1,440	1,448	4.0	0.6
Average Spend/Visit	2,666	2,670	2,692	0.2	0.8

⁽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)

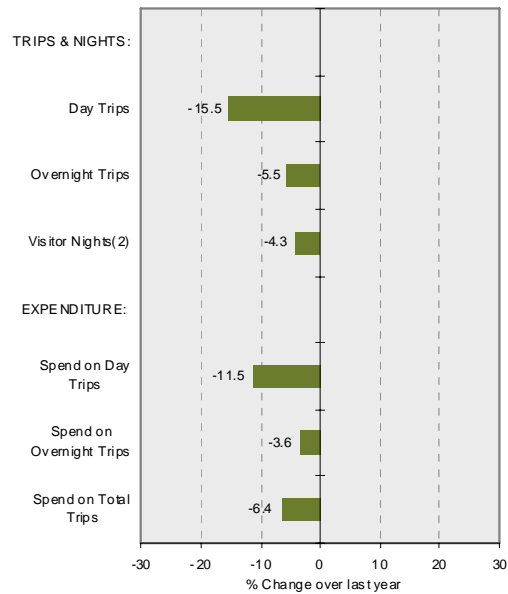


Table 5 Domestic Tourism (Year)

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

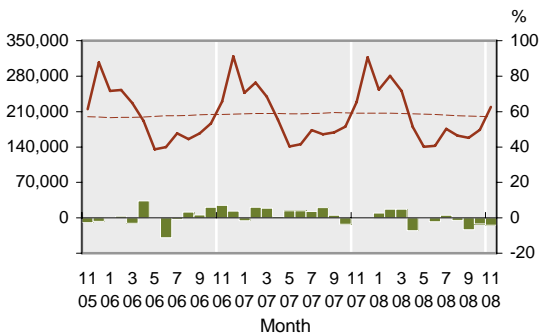
YEAR ENDED DECEMBER	Actual			Forecast					Growth 2008-2014		
	2007(1)	2008	2009	2010	2011	2012	2013	2014	Change	Total	Annual
International Visitors (000)	2,455	2,485	2,546	2,633	2,778	2,854	2,966	3,083	628	25.6%	3.3%
Domestic Total Trips (000)(2)	49,492	50,489	51,154	51,567	51,901	52,161	52,411	52,656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

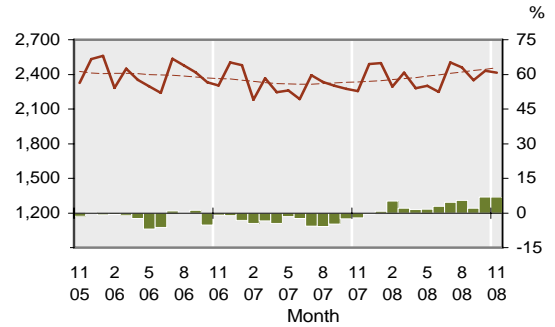
TRENDS AND PATTERNS

1. Inbound Tourism

1.1 International Visitor Arrivals

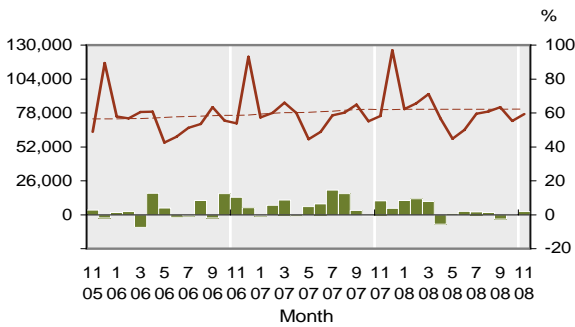


1.2 International Passenger Arrival Flights

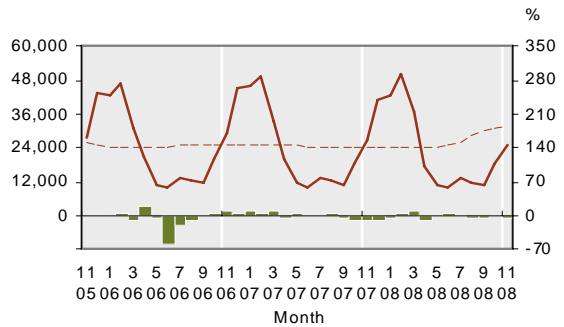


Major Sources

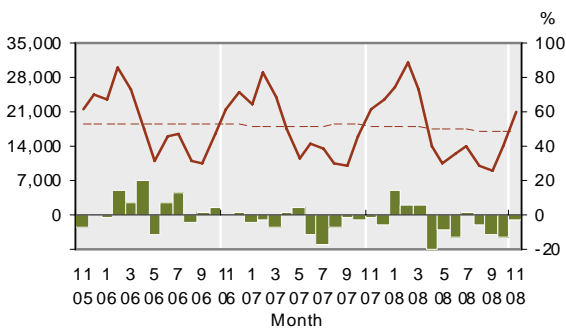
1.3 Visitors from - Australia



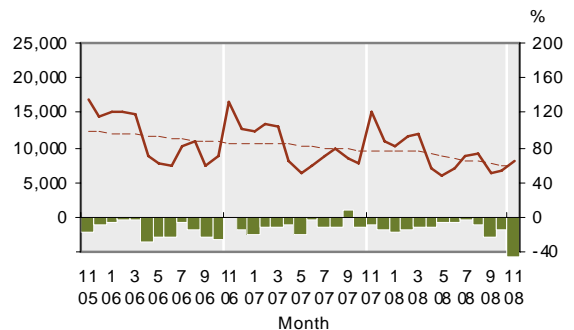
1.4 Visitors from - UK



1.5 Visitors from - USA



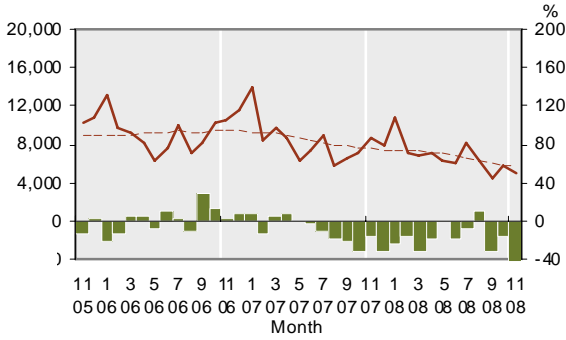
1.6 Visitors from - Japan



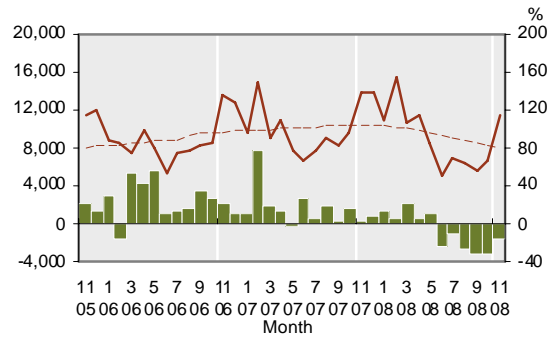
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 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

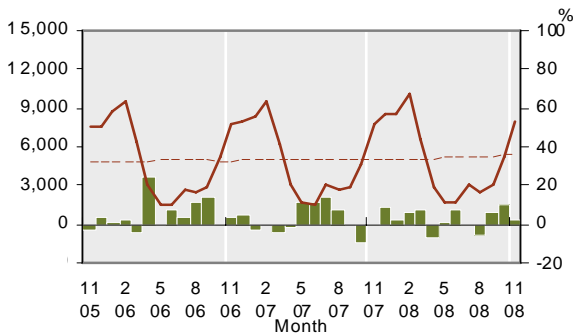
1.7 Visitors from - South Korea



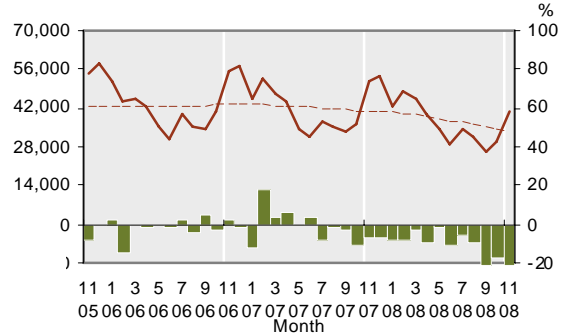
1.8 Visitors from - China



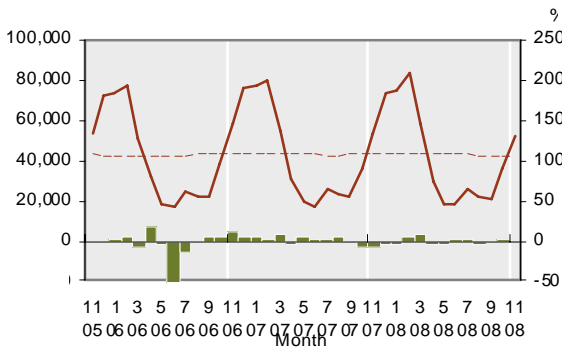
1.9 Visitors from - Germany



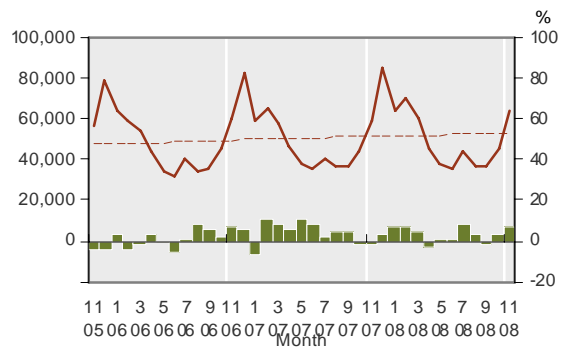
1.10 Visitors from - Asia



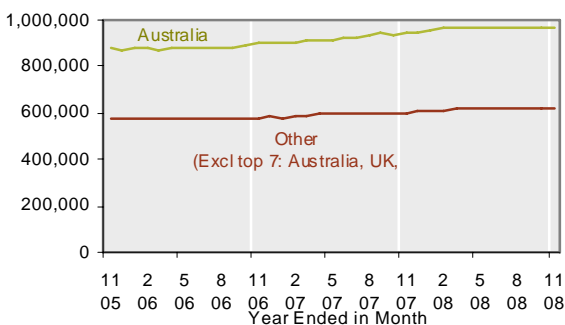
1.11 Visitors from - Europe



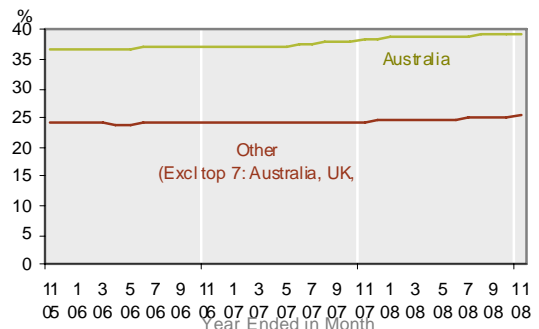
1.12 Visitors from - Other



1.13 Visitors by Major Source



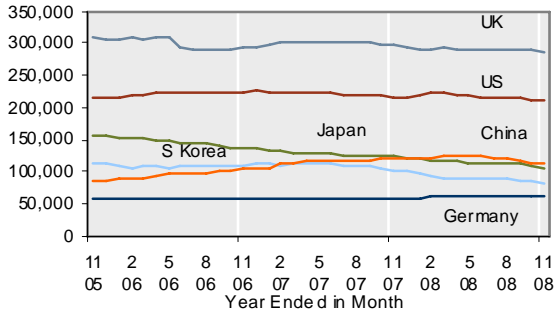
1.14 Share of Total International Visitors



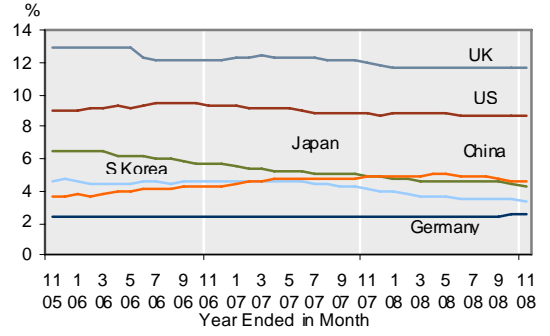
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 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

1.15 Visitors by Major Source



1.16 Visitors by Major Source (%)

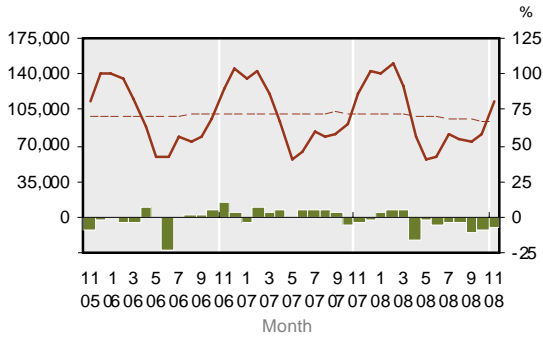


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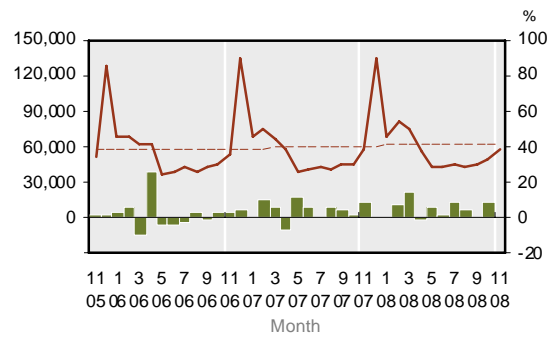
TRENDS AND PATTERNS

Purpose of Visits

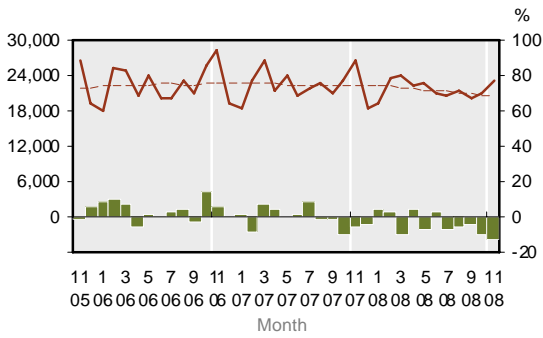
1.17 International Visitors - Holiday



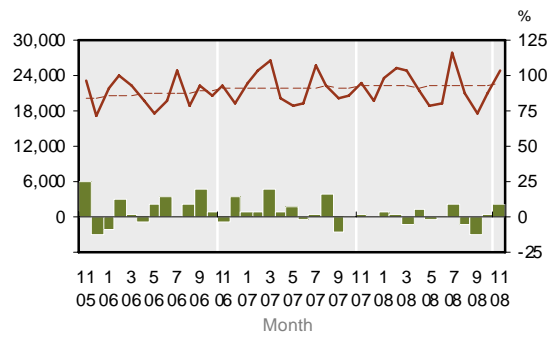
1.18 International Visitors - VFR



1.19 International Visitors - Business



1.20 International Visitors - Other

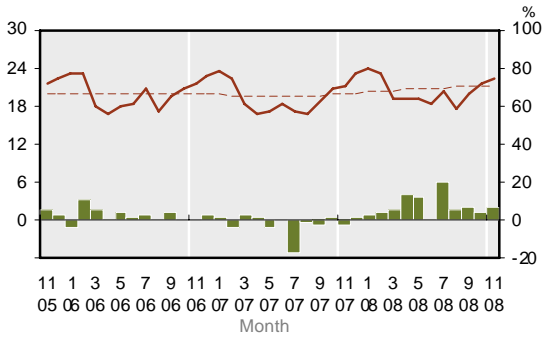


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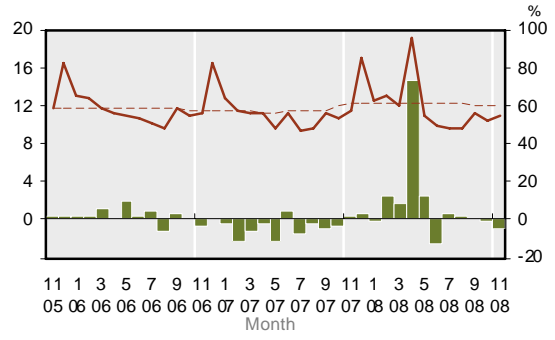
TRENDS AND PATTERNS

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

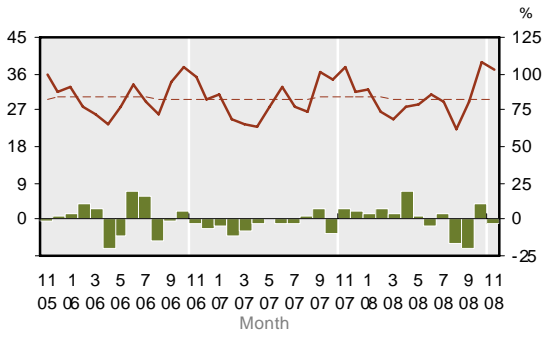
1.21 Average Days of Stay by Visitors



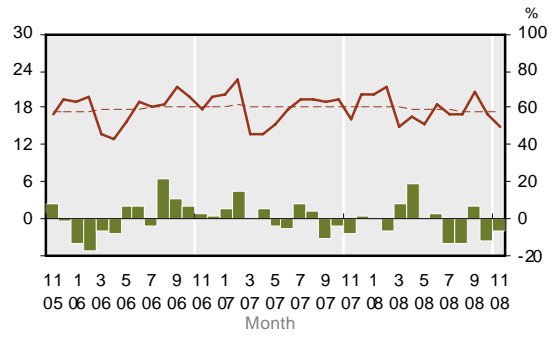
1.22 Average Days Stayed - Australian Visitors



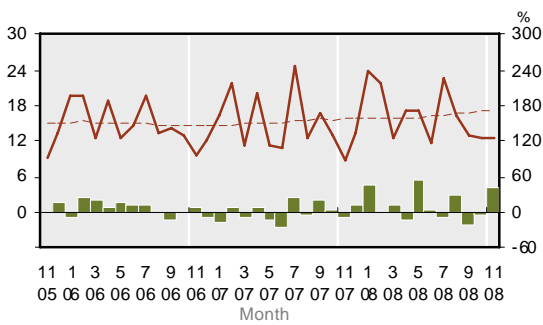
1.23 Average Days Stayed - UK Visitors



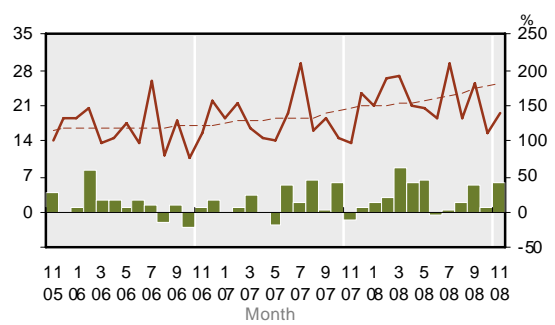
1.24 Average Days Stayed - US Visitors



1.25 Average Days Stayed - Japanese Visitors



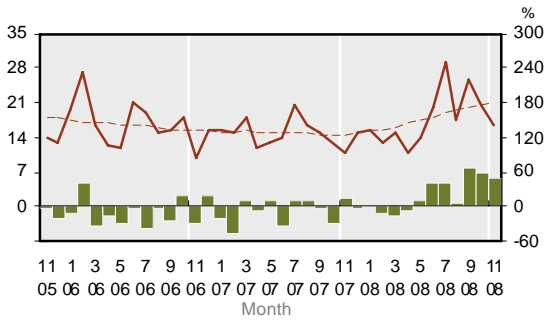
1.26 Average Days Stayed - S. Korea Visitors



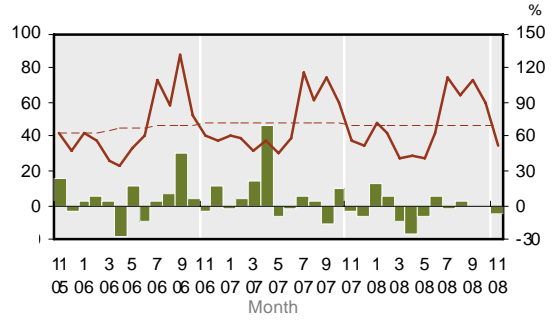
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 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

1.27 Average Days Stayed - Chinese Visitors



1.28 Average Days Stayed - German Visitors



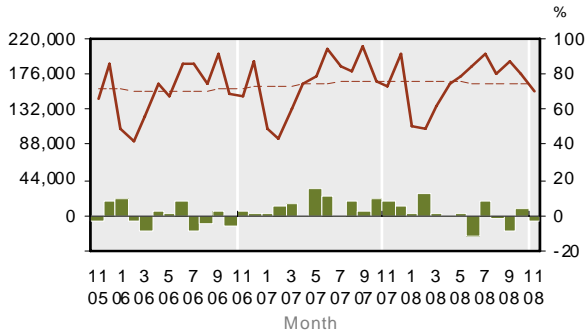
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TRENDS AND PATTERNS

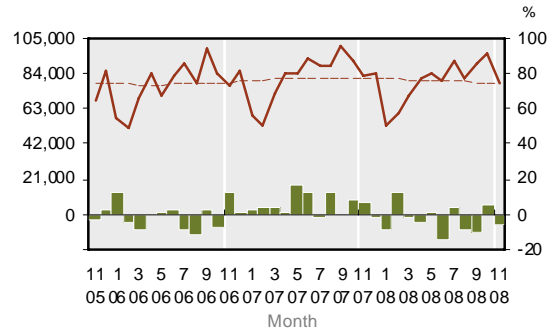
2. Outbound Tourism

Major Destinations

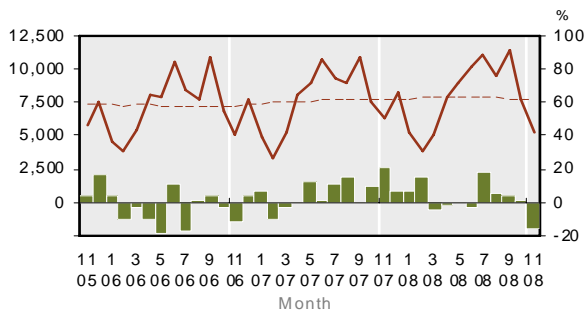
2.1 NZer Trips Abroad



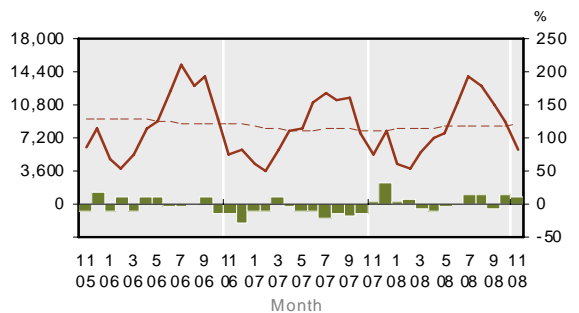
2.2 NZer Trips to - Australia



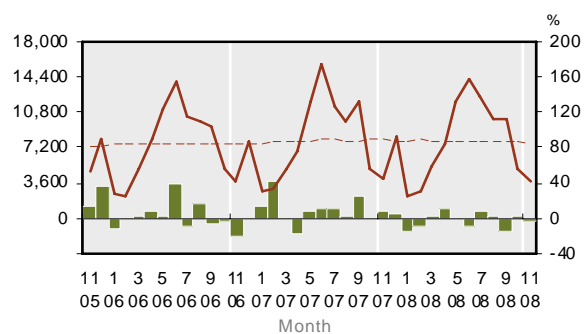
2.3 NZer Trips to - USA



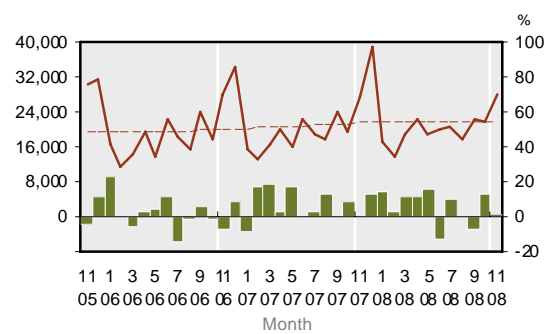
2.4 NZer Trips to - Fiji



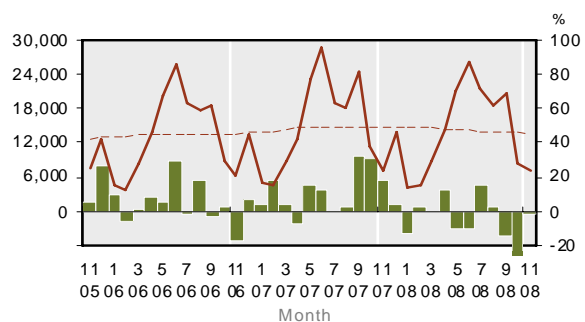
2.5 NZer Trips to - UK



2.6 NZer Trips to - Asia



2.7 NZer Trips to - Europe

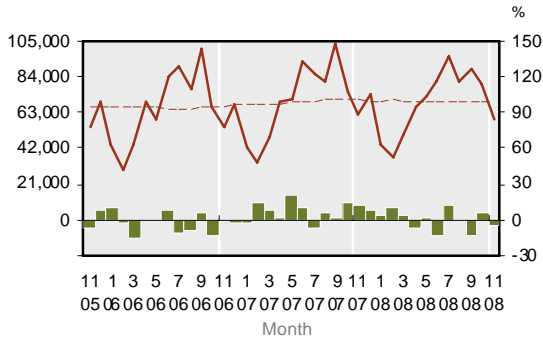


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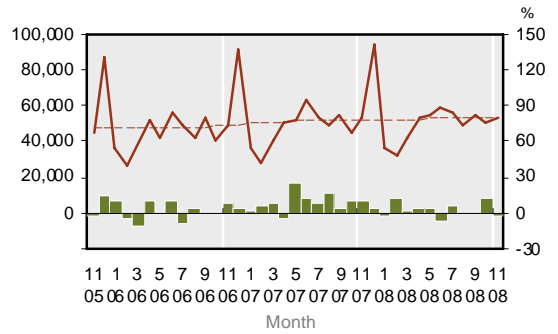
TRENDS AND PATTERNS

Purpose of Trips Abroad

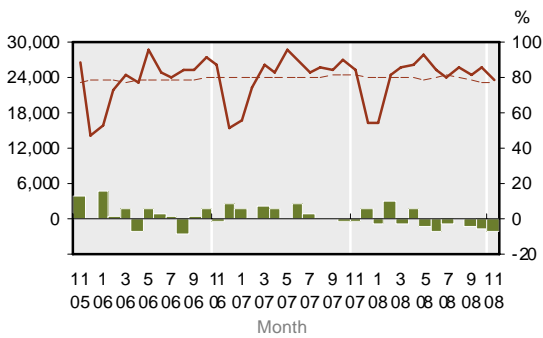
2.8 NZer Trips Abroad - Holiday



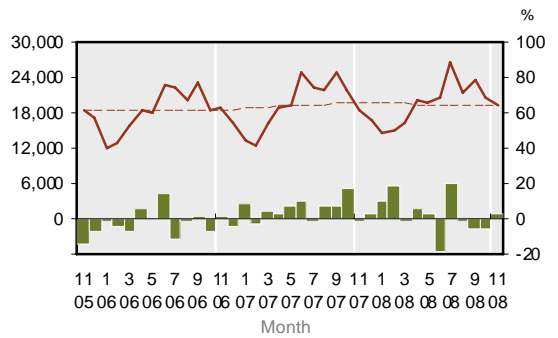
2.9 NZer Trips Abroad - VFR



2.10 NZer Trips Abroad - Business



2.11 NZer Trips Abroad - Other



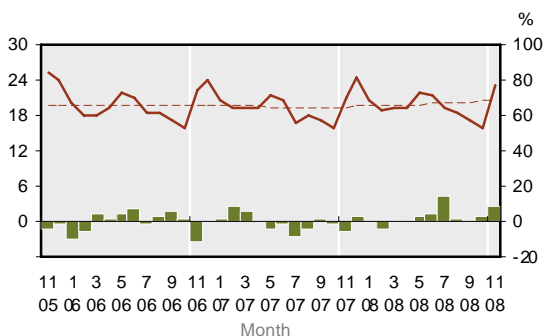
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TRENDS AND PATTERNS

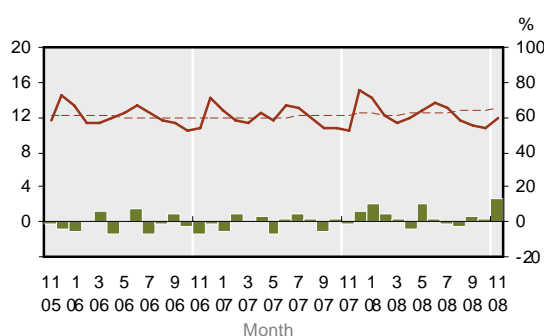
Length of Trips Abroad

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.

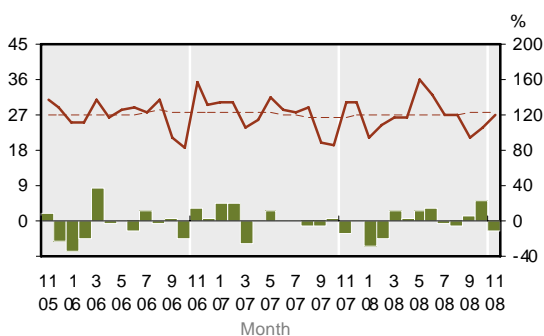
2.12 Average Days Abroad



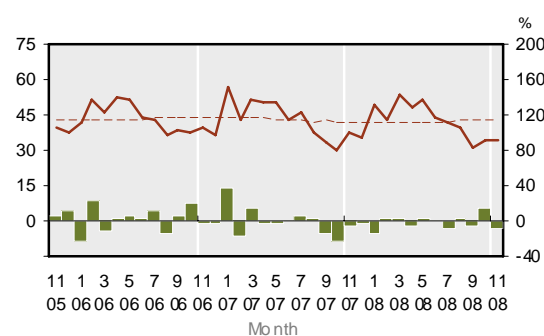
2.13 NZers Average Days Abroad - Australia



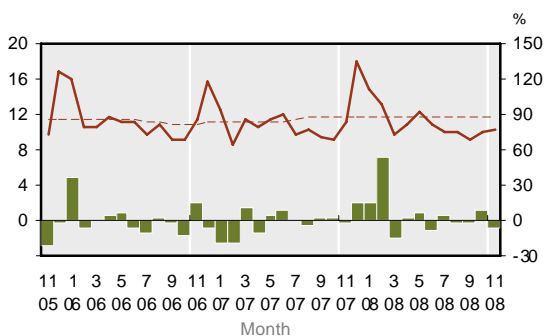
2.14 NZers Average Days Abroad - US



2.15 NZers Average Days Abroad - UK



2.16 NZers Average Days Abroad - Fiji

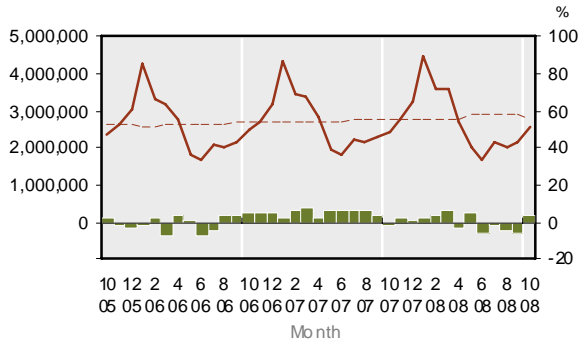


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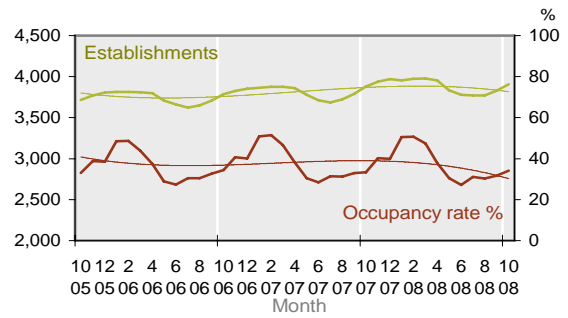
TRENDS AND PATTERNS

3. Commercial Accommodation

3.1 Total Guest Nights

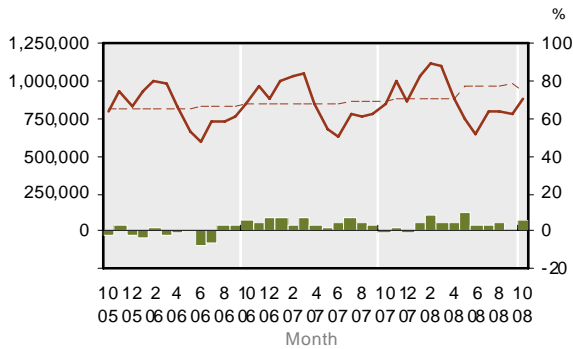


3.2 Total Establishments and Occupancy

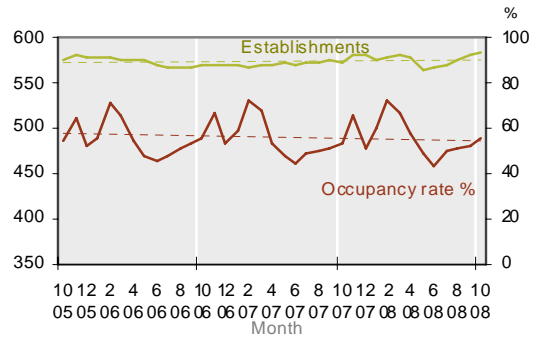


Guest Nights by Accommodation Type

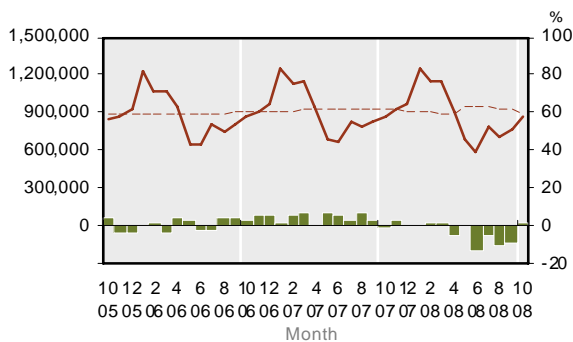
3.3 Hotel Guest Nights



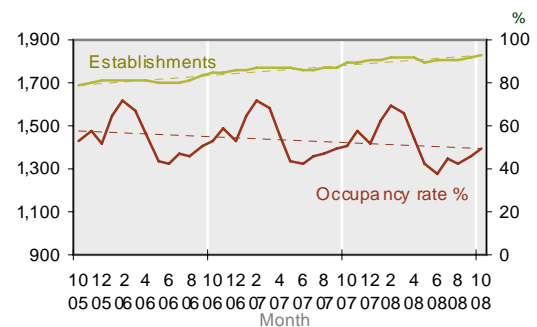
3.4 Hotels and Occupancy



3.5 Motel Guest Nights



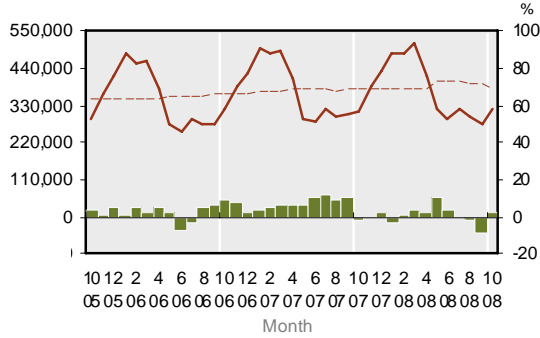
3.6 Motels and Occupancy



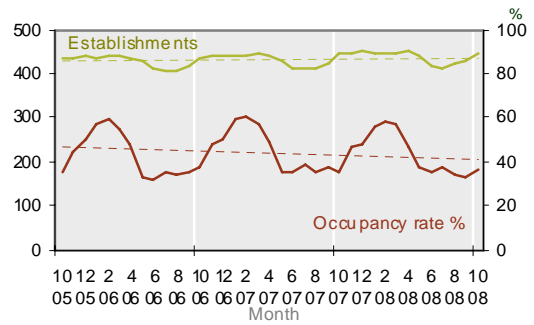
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TRENDS AND PATTERNS

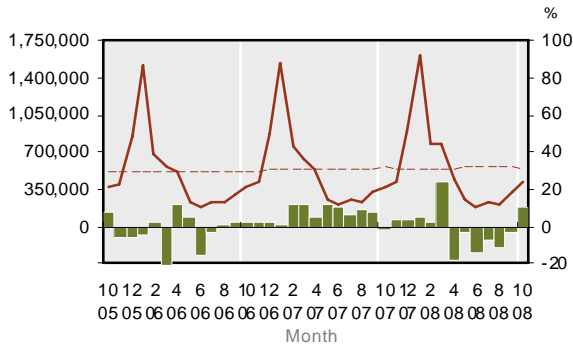
3.7 Backpacker Guest Nights



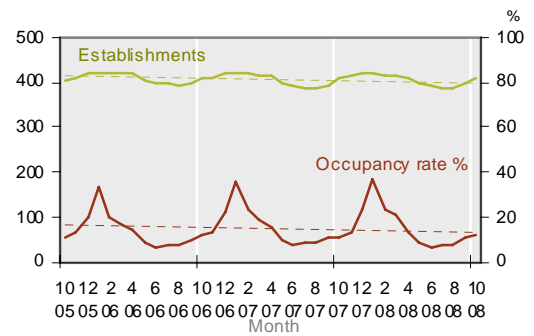
3.8 Backpackers and Occupancy



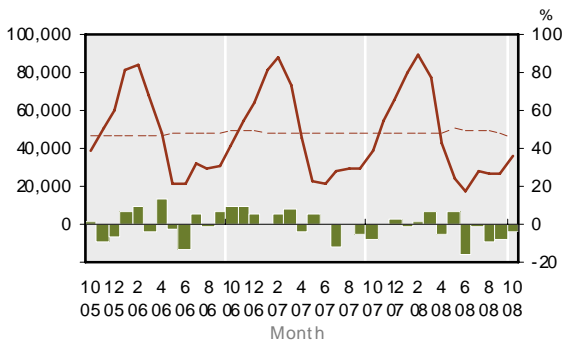
3.9 Caravan/Camping Guest Nights



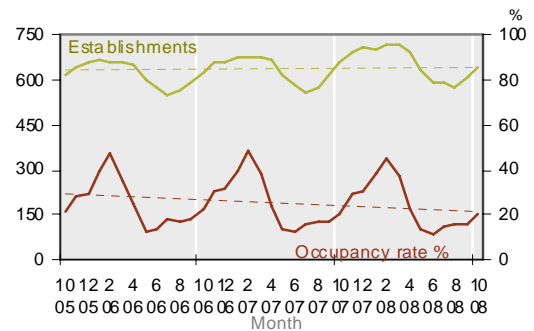
3.10 Caravan/Camping Est. and Occupancy



3.11 Hosted Guest Nights



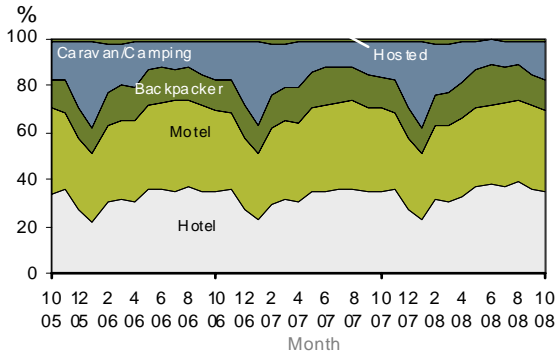
3.12 Hosted and Occupancy



KEY:
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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

3.13 Share of Guest Nights by Establishment

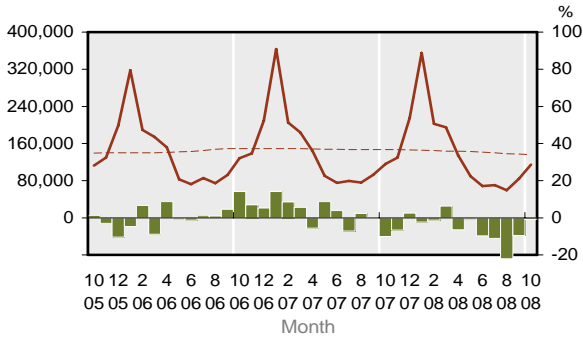


KEY: Solid line (brown) – show statistics described by the graph title (left scale).
 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

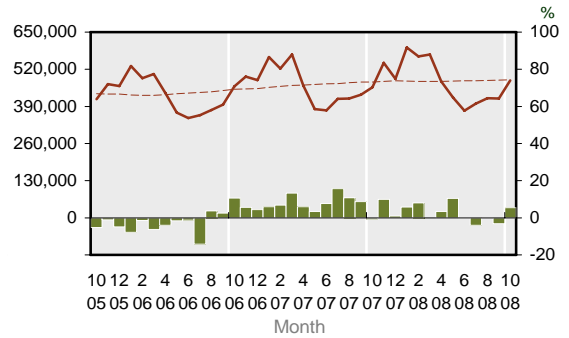
TRENDS AND PATTERNS

Guest Nights by Regional Tourism Organisation and District

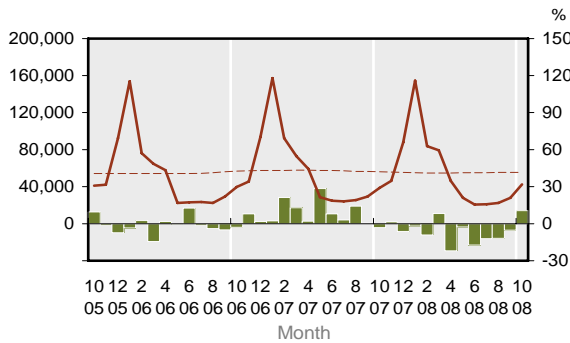
3.14 Northland RTO Guest Nights



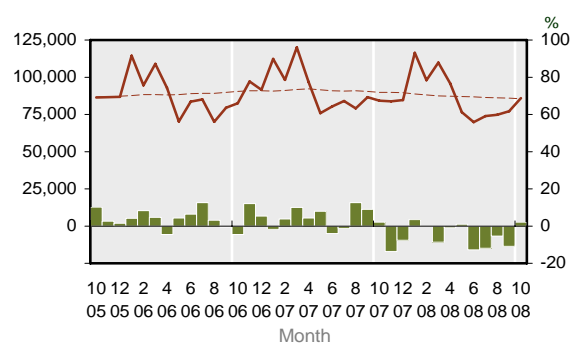
3.15 Auckland RTO Guest Nights



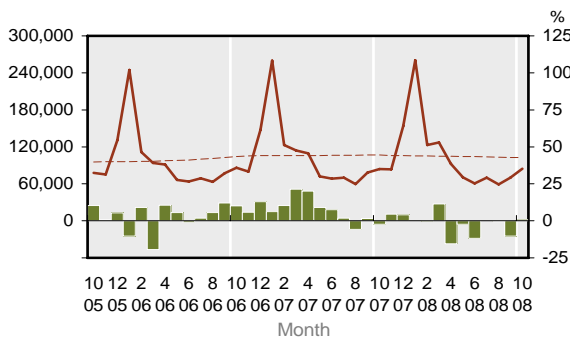
3.16 Coromandel RTO Guest Nights



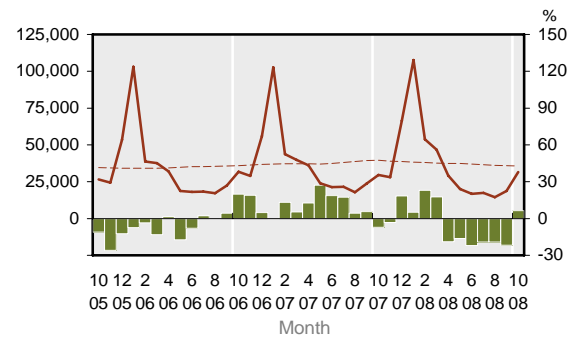
3.17 Waikato RTO Guest Nights



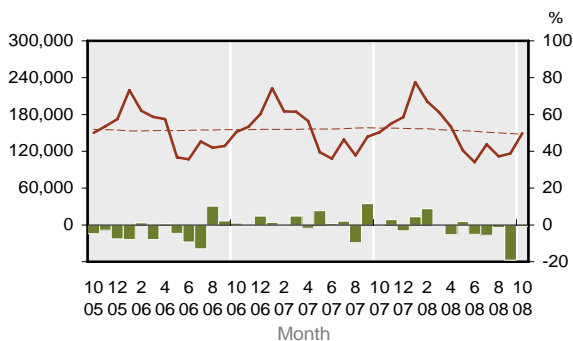
3.18 Bay of Plenty RTO Guest Nights



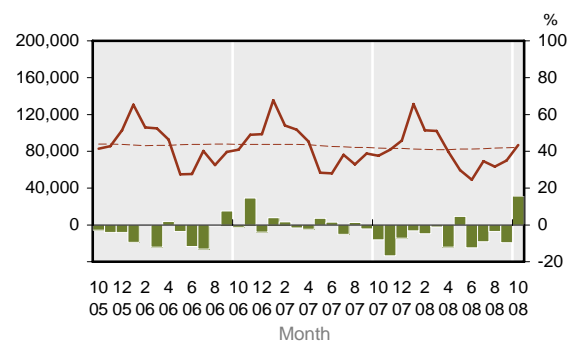
3.19 Eastland RTO Guest Nights



3.20 Rotorua RTO Guest Nights



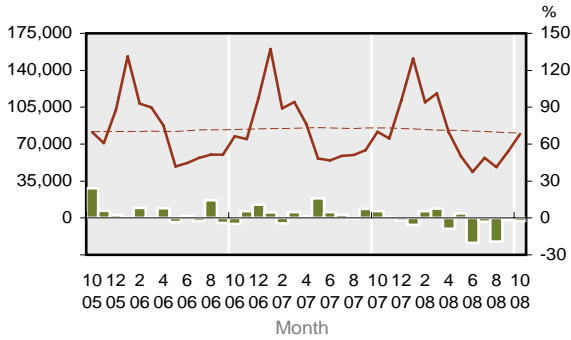
3.21 Lake Taupo RTO Guest Nights



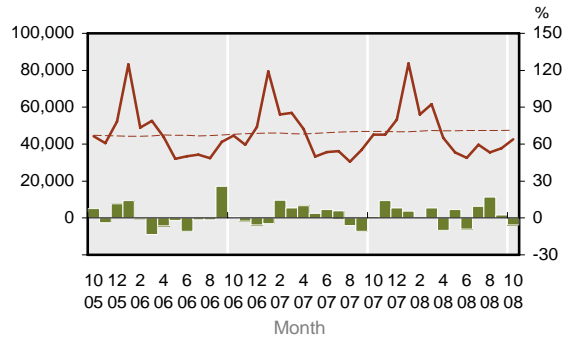
KEY:
 Solid line (brown) – show statistics described by the graph title (left scale).
 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

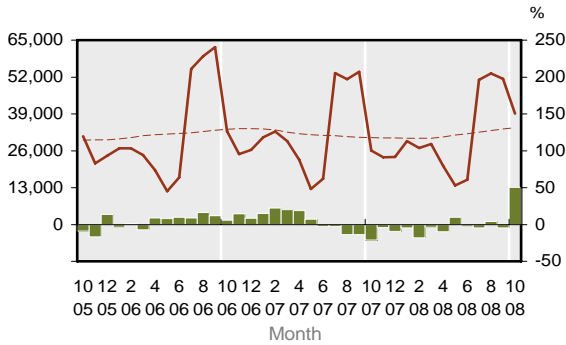
3.22 Hawke's Bay RTO Guest Nights



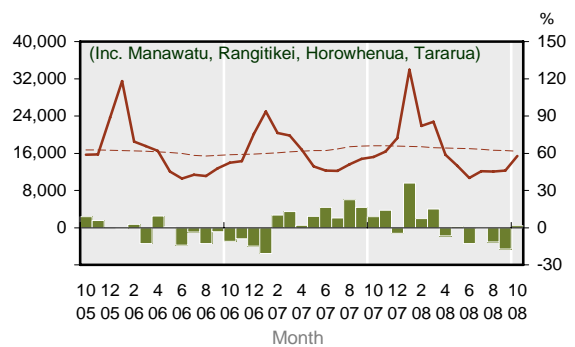
3.23 Taranaki RTO Guest Nights



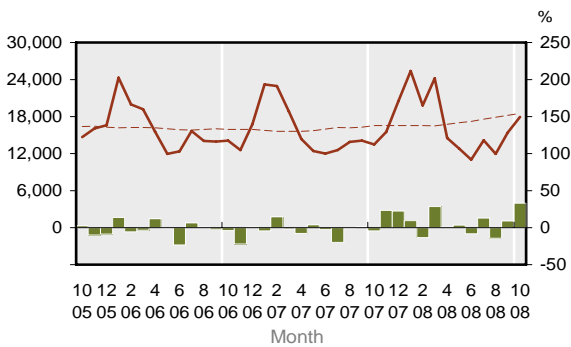
3.24 Ruapehu RTO Guest Nights



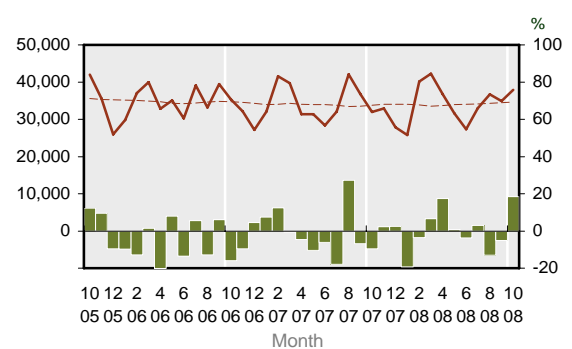
3.25 Combined Manawatu Guest Nights



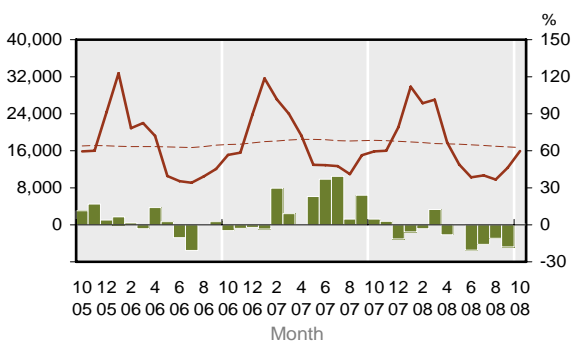
3.26 Wanganui District Guest Nights



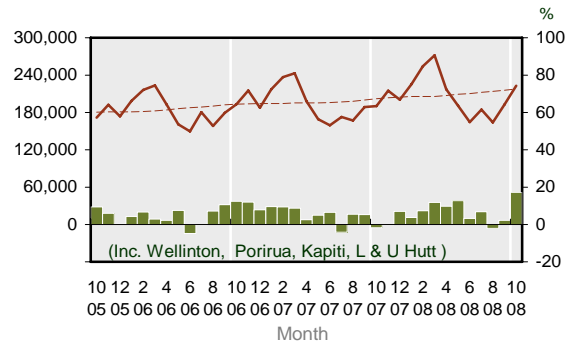
3.27 Palmerston North City Guest Nights



3.28 Wairarapa RTO Guest Nights



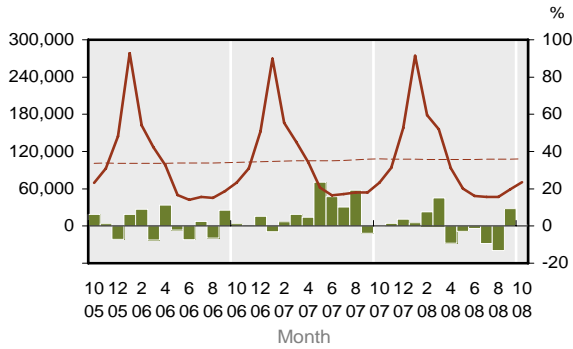
3.29 Wellington Region Guest Nights



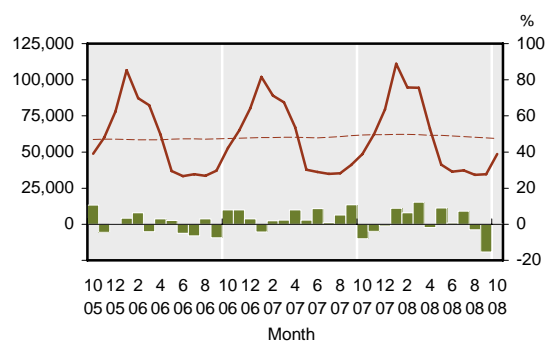
KEY:
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 Dotted line (brown) – trend line.
 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

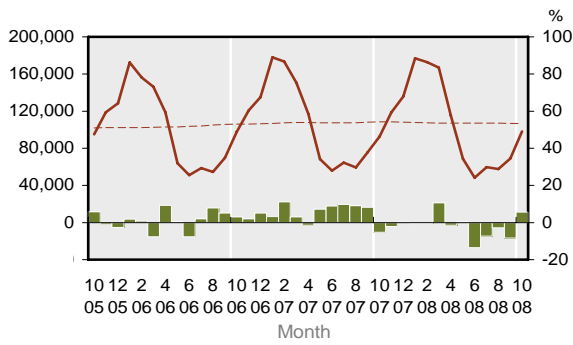
3.30 Nelson RTO Guest Nights



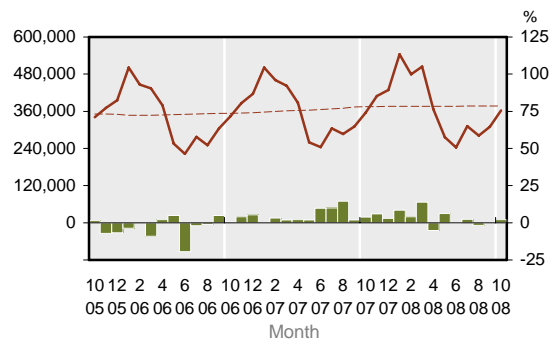
3.31 Marlborough RTO Guest Nights



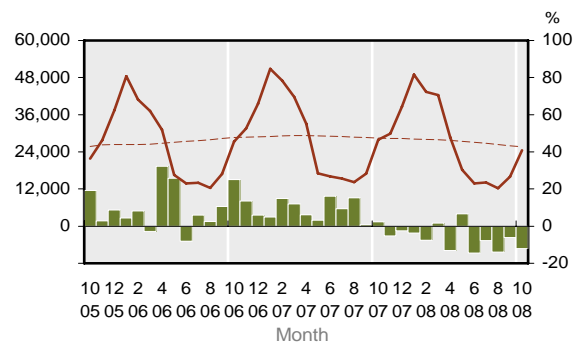
3.32 West Coast RTO Guest Nights



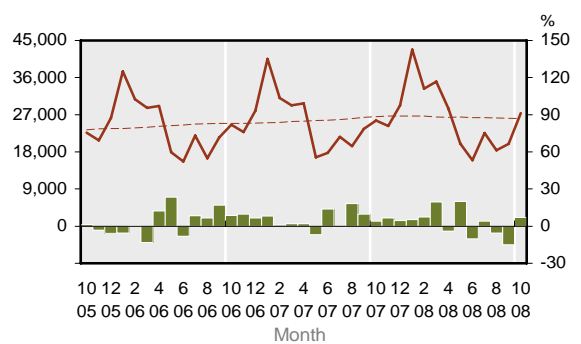
3.33 Canterbury Guest Nights



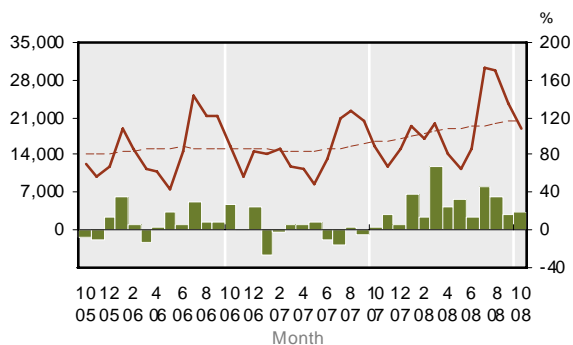
3.34 Kaikoura District Guest Nights



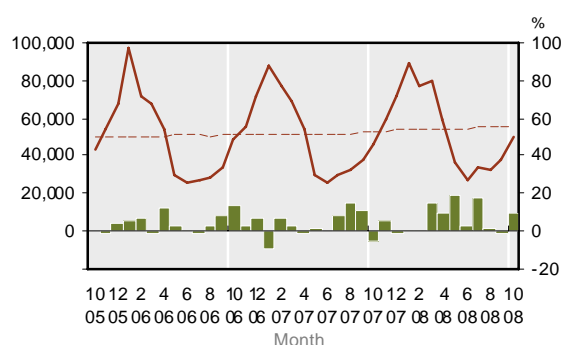
3.35 Hurunui RTO Guest Nights



3.36 Ashburton District Guest Nights



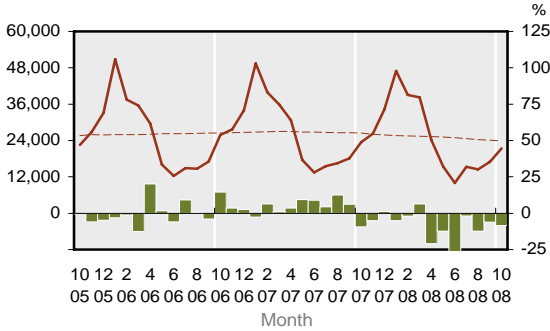
3.37 Mackenzie-Timaru Guest Nights



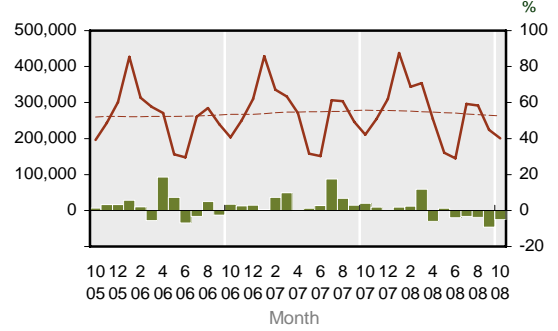
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 Bar chart (green) – growth rate of statistics over the same month previous year (right scale)

TRENDS AND PATTERNS

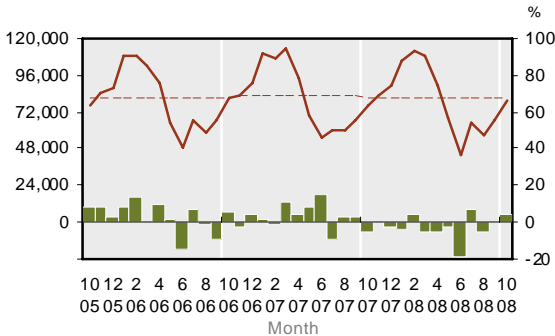
3.38 Waitaki-Waimate Guest Nights



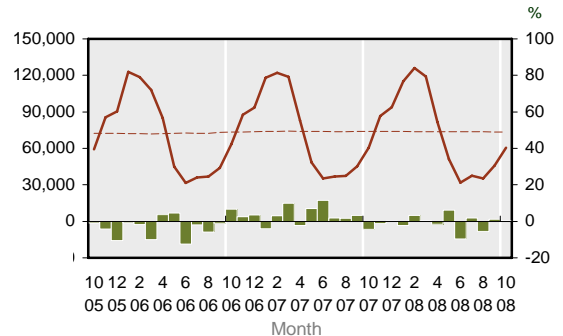
3.39 Queenstown Lakes - Central Otago Guest Nights



3.40 Dunedin - Clutha Guest Nights

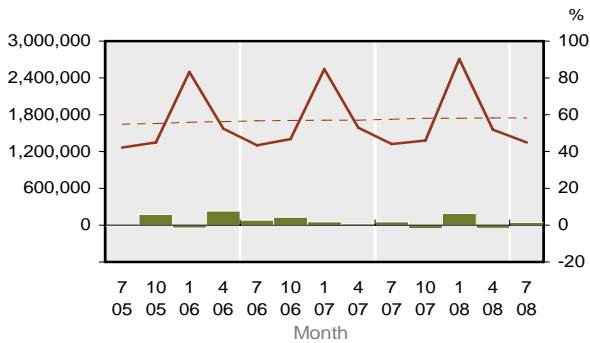


3.41 Southland Region Guest Nights

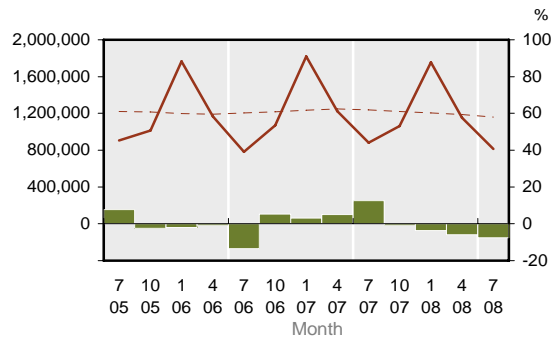


International and Domestic Guest Nights

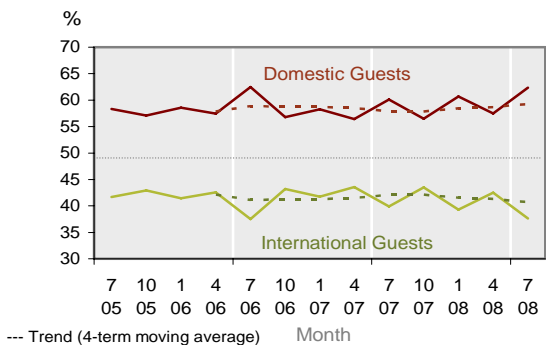
3.42 Domestic Guest Nights



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