

29 NOV 2021

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**TOURISM  
SUMMIT**

AOTEAROA



# TOURISM INDUSTRY ROADMAP – WHERE ARE WE HEADING?

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CHRIS ROBERTS

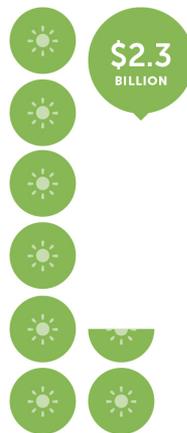
Prior to the pandemic, the visitor economy was our biggest foreign exchange earner, accounting for over 20% of New Zealand's exports (\$17.5b pa).



THAT IS EQUIVALENT TO:



**9**  
EXPORT WINE SECTORS



**7.5**  
EXPORT KIWIFRUIT SECTORS



**3**  
EXPORT FORESTRY SECTORS

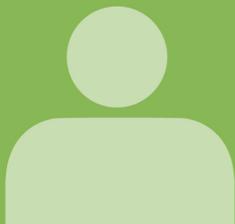


AND A LITTLE BIT  
**MORE**  
THAN DAIRY EXPORTS



WAS  
GREATER  
THAN





PRIOR TO THE PANDEMIC  
THE VISITOR ECONOMY  
SUPPORTED ALMOST

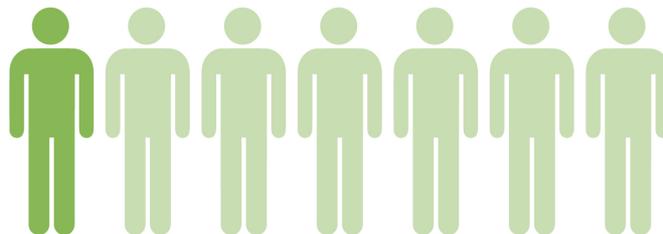
**385,000**

JOB

THAT IS ONE IN EVERY

**7**

JOB



THAT IS ENOUGH PEOPLE TO FILL EDEN PARK STADIUM:

**8**

TIMES



Compared to the overall workforce, tourism employs more Māori, Pacifica, women and young people.

In 2020, almost one-third (31.6%) of tourism jobs were in the South Island, considerably higher than the overall workforce share (24.1%).

IN 2020, THERE  
WERE ALMOST

**35,000**

TOURISM BUSINESSES  
IN NEW ZEALAND



EMPLOYING AN  
AVERAGE OF

**6.4**

STAFF EACH

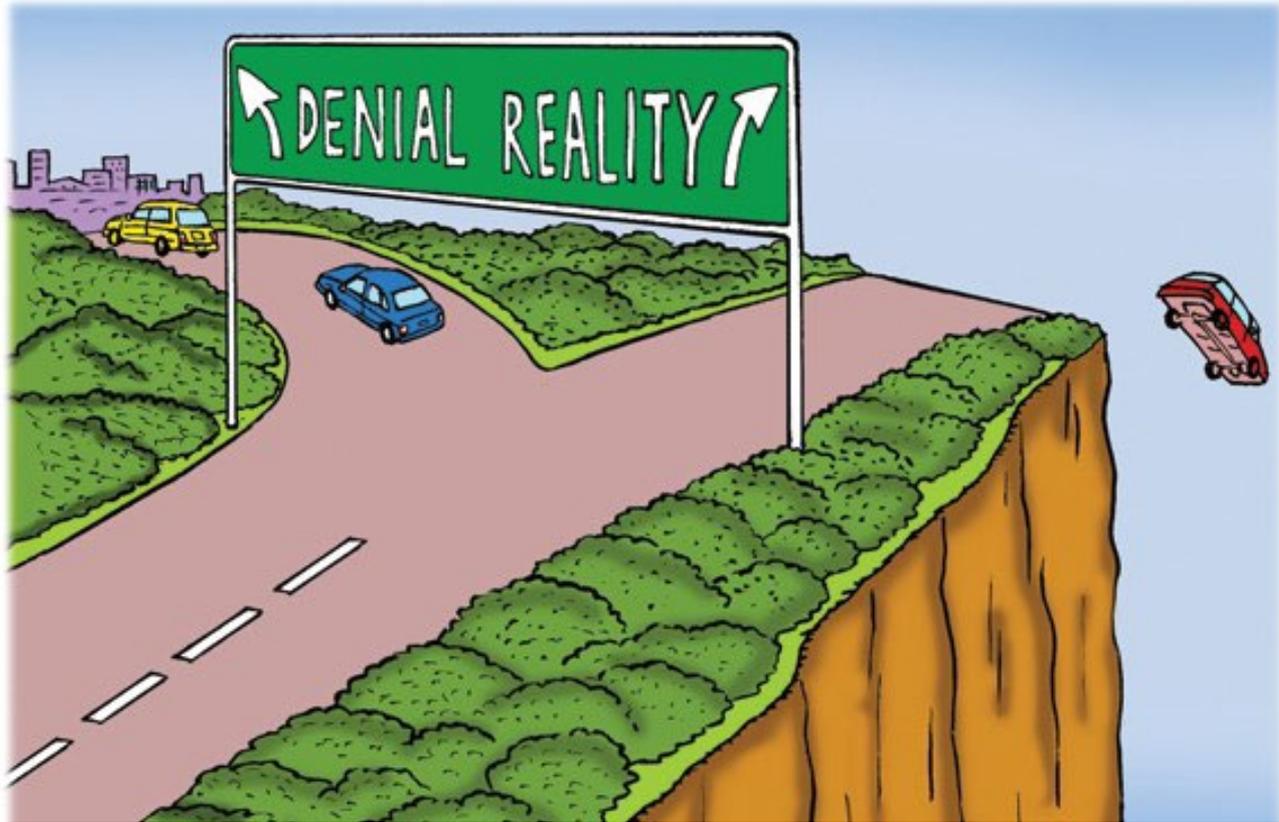


Through the tax system, tourism makes a significant contribution to the government's income, which is spent on providing services like health and education to New Zealanders.

**\$7.3b**

TOTAL DIRECT CROWN  
INCOME FROM TOURISM  
IN YE JUNE 2019





# May 2021: The 'Wedge of Uncertainty'



# Reconnecting NZ and other recent announcements

- **'Step 0' (15 Dec)** Auckland regional boundary opens (and stays open)
- **Step 1 (16 Jan)** fully vaccinated New Zealanders and other eligible travellers can travel to NZ from Australia without staying in managed isolation or quarantine.
- **Step 2 (13 Feb)** fully vaccinated New Zealanders and other eligible travellers can travel to NZ from all other countries.
- **Step 3 (30 April)** fully vaccinated foreign travellers can travel to New Zealand. This will happen in a staged way, with a seven day self-isolation requirement.

## Positive first steps as we end 2021

- ✓ Transition from MIQ
- ✓ Much-needed lead time for airlines and travellers
- ✓ Cautious, progressive steps – gives us time to momentum for the next stage
- ✓ New testing and treatment options



## We need to continue the momentum in 2022

- Safe completion and continued success of our public health strategy after each step
- Good border data on cases by country and vaccination status
- Remove need for 7-day self-isolation
- Certainty to make decisions for Summer 2022/23



# Delphi Group

Thank you!

## Industry

Les Morgan, Sudima Hotels  
Grant Webster, THL  
Anna Black, General Travel  
Gillian Millar, Accor Hotels  
Roger Sharp, Webjet  
Stephen England-Hall, RealNZ  
James Dalglish, Go Rentals  
John Thorburn, Entrada Group

## Aviation

Justin Watson, Christchurch Airport  
Justin Tighe-Umbers, BARNZ  
Scott Tasker, Auckland Airport  
Andrew Skilling, Air New Zealand  
Jenny Simpson, Air New Zealand  
Kevin Ward, NZ Airports  
Jenna Raeburn, Wellington Airport

## Associations

Chris Roberts, TIA  
Gráinne Troute, TIA  
Debbie Summers, NZ Cruise  
Ben McFadgen, Bus and Coach NZ

## Government

René de Monchy, TNZ  
Karl Woodhead, MBIE  
Amapola Generosa, MBIE  
Susanne Becken, DOC

## Secretariat

Bruce Bassett, TIA  
Emil Petrov, TNZ  
Shane Vuletich, Fresh Info

# Summary of qualitative responses

## Three steps with distinct drivers over the next three years

### 2022 CAREFUL REOPENING

- Limiting harm continues as priority.
- Inbound tourism picked by all to start in Q1, 2022.
- **Headwinds:** border policy uncertainty, higher costs and charges, competition re-emerging too.
- **Tailwinds:** NZ reputation is strong, seen as a safe destination, pent up demand.

*Government policy settings strongly influential*



### 2023 PARTIAL RECOVERY

- Industry will be shaped by the actual evolution of the pandemic with the expectation that it is near the end game
- **Headwinds:** aviation constraints (capacity and maybe cost), new costs and charges, likely price-led destination competition.
- **Tailwinds:** still pent up demand. Track record of delivering good, safe visitor experiences. Meeting high quality expectations.

*Aviation rebuild and industry transition*

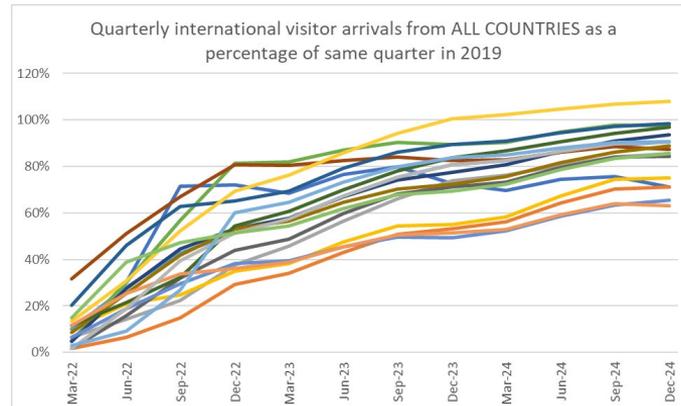
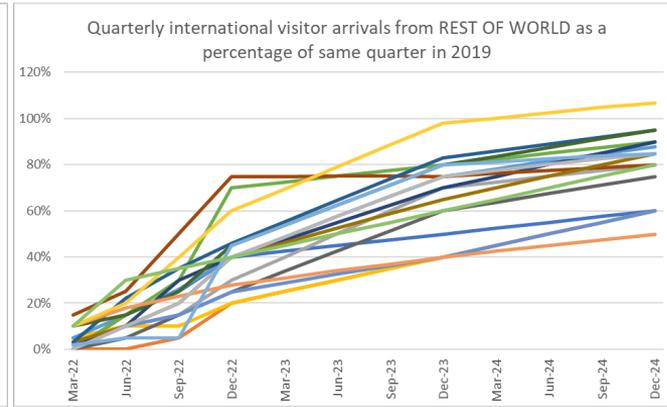
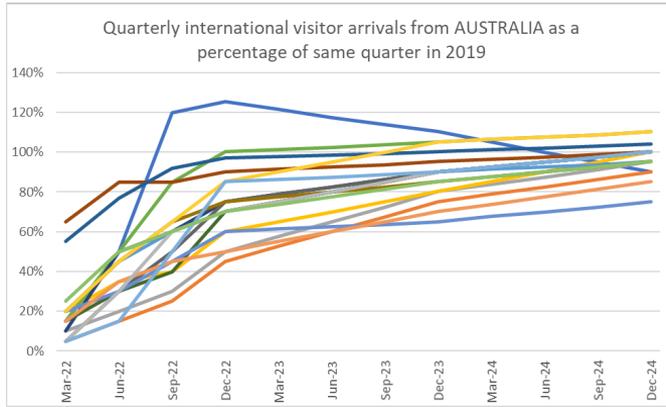


### 2024 THE NEW NORMAL

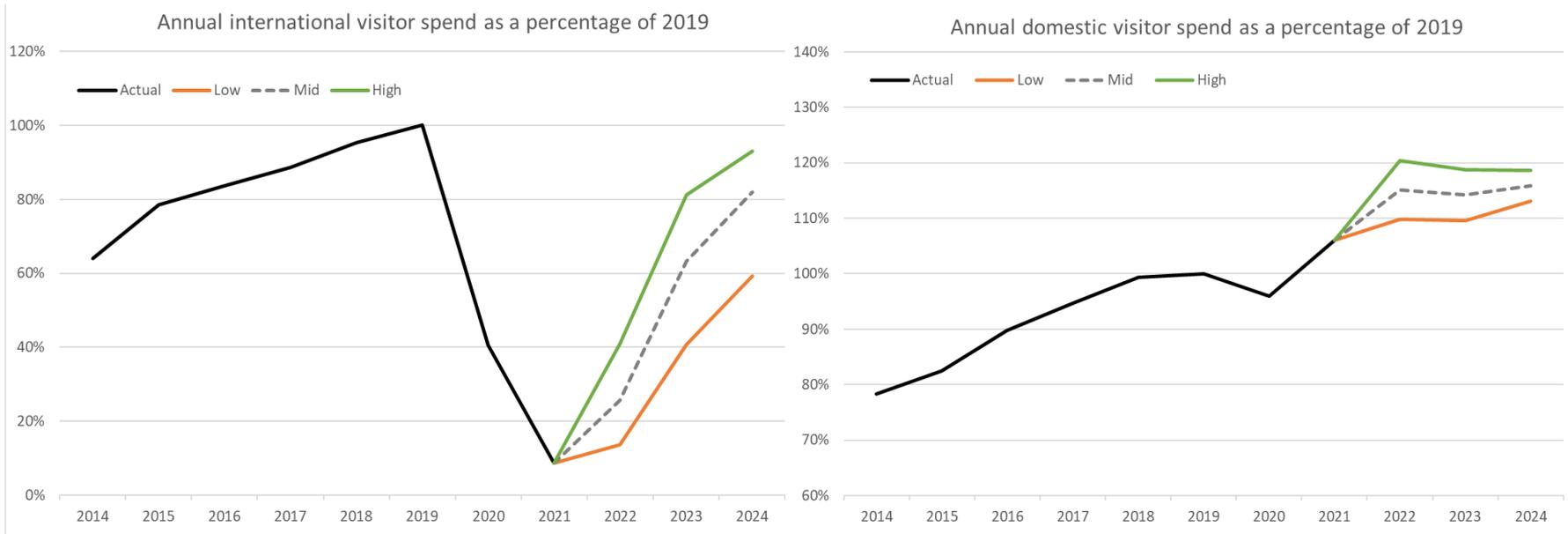
- Getting to, or close to the new normal.
- Many COVID-era concerns are being left behind.
- **Headwinds:** aviation may still be constrained, and still competitive intensity between destinations. Will quality be where it needs to be? Workforce issues.
- **Tailwinds:** Destination NZ reputation is top notch, offering a high and sustainable standard of experience.

*Industry performance and competitive forces*

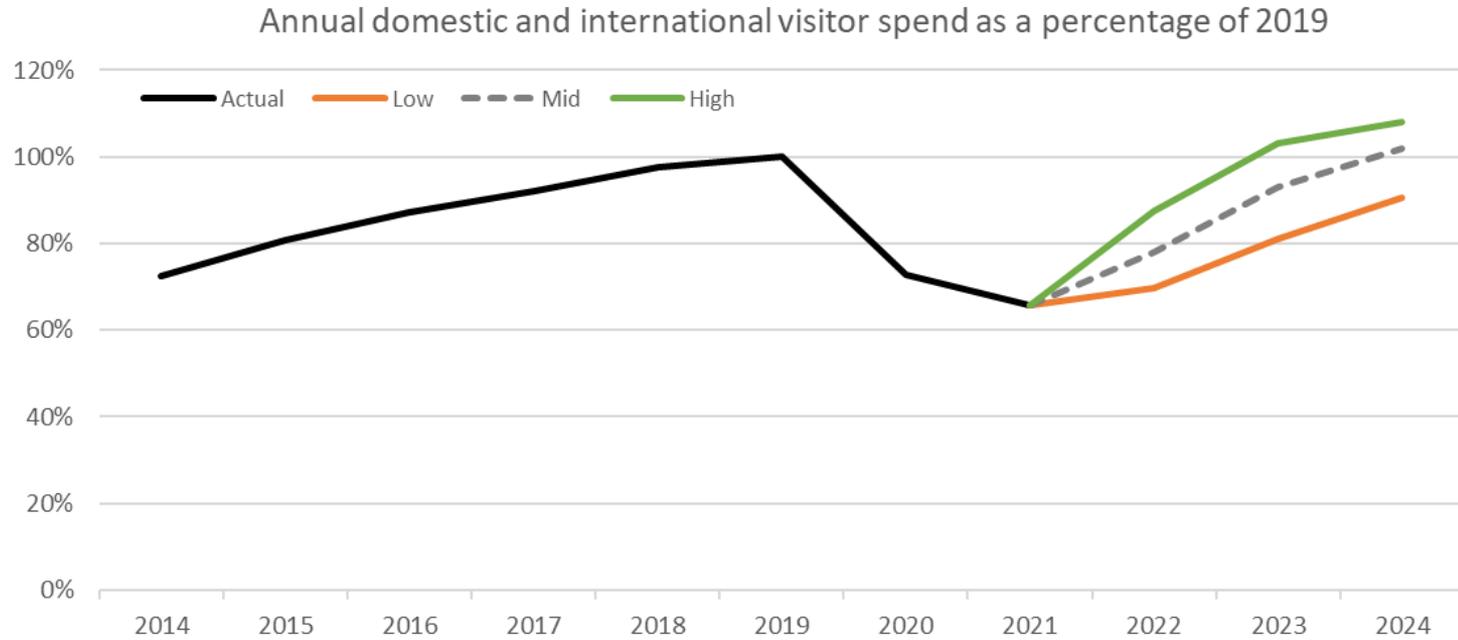
# Likely recovery path: A range of views...



# ...consolidated...domestic added...



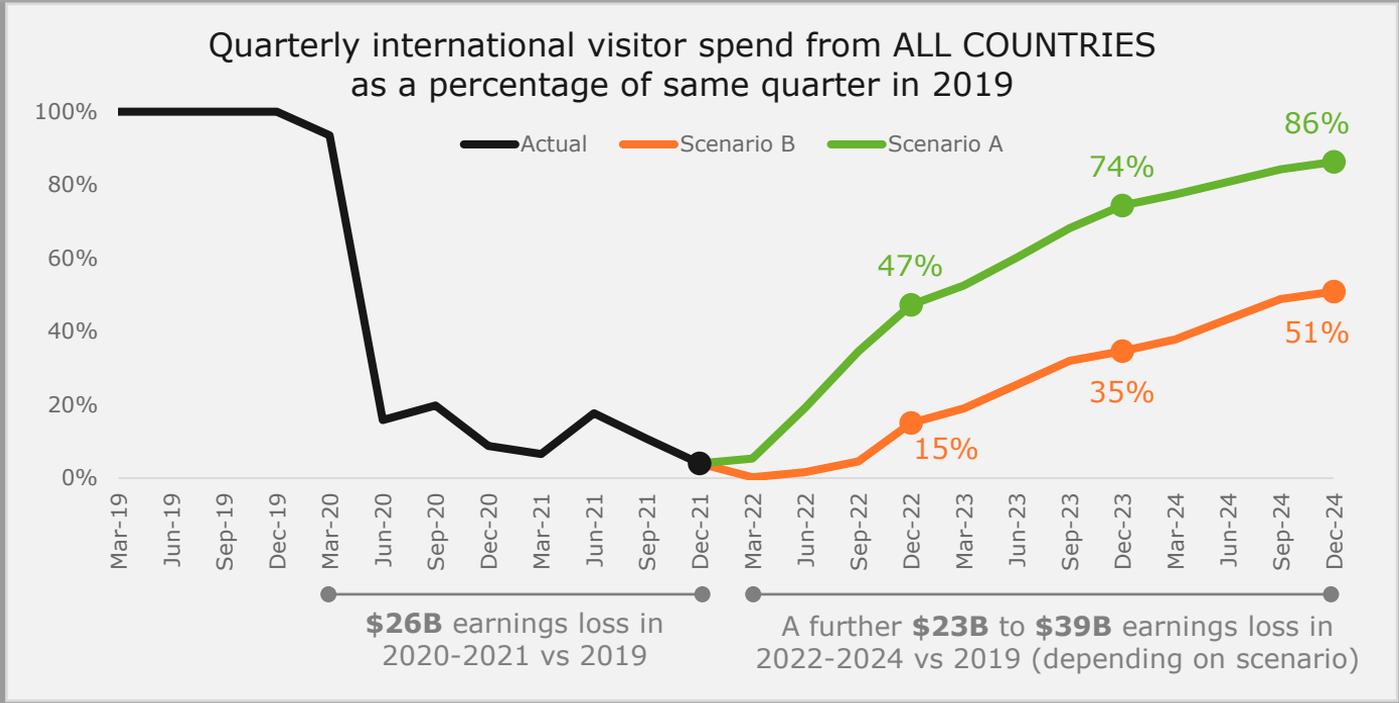
# ...into a new wedge



# Border reopening scenarios

Scenario	Market	Jan-Mar 2022	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar 2023	Apr-Jun	Jul-Sep	Oct-Dec
<b>Scenario A</b> Small steps  Safe transition to QFT in 2022	<b>NZ residents/passports</b>	Home Iso.	QFT →						
	<b>AU residents/passports</b>		Home Iso.	QFT →					
	<b>International visitors</b> from low risk countries incl. US & EU		Home Iso.	Home Iso.	QFT →				
	<b>Other countries</b>					TBC			
<b>Scenario B</b>  Slow transition to QFT in 2023  Minimal recovery of visitor economy prior to QFT	<b>NZ residents/passports</b>	Home Iso.	Home Iso.	Home Iso.	QFT →				
	<b>AU residents/passports</b>		Home Iso.	Home Iso.	Home Iso.	QFT →			
	<b>International visitors</b> from low risk countries incl. US & EU				Home Iso.	Home Iso.	QFT →		
	<b>Other countries</b>							TBC	

# Slow recovery: foreign exchange earnings loss jumps \$49B → \$65B



**\$16B**

Difference in foreign exchange earnings between Scenarios A and B

- Success Factors**
1. Continued success of our public health strategy at each step of reopening
  2. Lead times and border certainty for aviation rebuild
  3. Consumer demand and NZ's competitive strength globally
  4. Safe and swift transition to QFT

A single, daily Dreamliner flight has a significant impact on the New Zealand economy.



**\$157m**

OF VISITOR SPEND AND

**\$509m**

OF AIR FREIGHT VALUE PER YEAR

## CAPACITY & VALUE TO NZ OF A TYPICAL 787-9 FLIGHT:

PASSENGER



**300**

SEAT CAPACITY



**430k**

VISITOR SPEND FROM A SINGLE FLIGHT



**157m**

YEARLY VISITOR SPEND FROM A DAILY FLIGHT

FREIGHT



**20**

TONNE CAPACITY



**1.4m**

VALUE OF FREIGHT FROM A SINGLE FLIGHT



**509m**

YEARLY VALUE OF FREIGHT FROM A DAILY FLIGHT

Tourism supports all of our export industries, particularly primary produce, by building New Zealand's international profile and helping create demand. Exporters of perishable goods get better access to their markets when airlines open new routes in response to passenger demand.

The impact on communities from losing tourism businesses and jobs is immense, especially in many smaller towns with a strong reliance on the visitor economy.

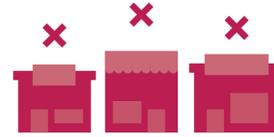


**59%**

OF FOOD AND  
BEVERAGE OUTLETS IN

**TAUPŌ**

WOULD NOT EXIST  
WITHOUT TOURISM\*



**23%**

OF RETAIL  
STORES IN

**ROTORUA**

WOULD NOT EXIST  
WITHOUT TOURISM\*

**THERE IS NO REGION THAT DOES  
NOT BENEFIT FROM TOURISM**



\*Tourism New Zealand

# Recap

- New normal for travel is shaping up around the world - and NZ is on the edge – in terms of logistics, connections and potentially decision making.
- Long lead times needed to rebuild high-quality air connectivity – if NZ is excluded it could take years to catch up.
- **Quarantine free is key!** Global competition is heating up. Consumers still desire NZ - if we can signal the way ahead.
- *The best way to get moving on the road ahead is to complete the first few small steps safely and swiftly.*

# TOURISM SUMMIT

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