

Tourism in New Zealand: A Critical Perspective on Current & Future Issues

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Abstract: *Tourism in New Zealand is often described as a successful partnership of a number of industries including hospitality, transport, retail and core tourism products such as attractions. Whilst the impression given by current statistics is positive, this article seeks to draw attention to some of the threats faced by New Zealand's inbound and domestic tourism and related industries in the future. Some hindrances to further development arise from global issues; others result from local issues such as current political decisions and occurrences within the country. The industries are facing change and an uncertain future; government and regulatory bodies are identified to have the most potential to mitigate, delay or avoid the issues identified in order to achieve a development that is sustainable in social, economic and environmental terms. First, the recent situation of tourism-related industries is presented. The subsequent discussion of possible future challenges may be of value to readers with interests in management of tourism and tourism development.*

Key Words: *New Zealand; international tourism; domestic tourism; tourism development; tourism planning and management*

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Milford track between Mintaro hut and Dumpling hut

Source: J. Albrecht



Source: Gabriel, Flickr: Cathedral Square 24/02

International tourism contributed NZ\$ 9.5 billion in export earnings to New Zealand's economy in the year ending March 2010 (Tourism Strategy Group 2010). Thus accounting for 18.2% of NZ's total export earnings, tourism is the country's largest export earner after the dairy industry (Schilling, Zuccollo & Nixon, 2010). Often underestimated in its relevance for NZ's economy, domestic tourism contributed another NZ\$ 12.9 billion. Excluding Good and Services Tax (GST) and import duties, the tourism industries combined provide 8.7% of the GDP; almost 10% of the workforce (182,400 individuals) is employed in tourism (Tourism Strategy Group 2010). Whilst these numbers emphasise the current significance of tourism to the NZ economy, further long-term growth cannot be taken for granted. This article assesses challenges in the future development of tourism in New Zealand. Whilst current forecasts predict further growth (Ministry of Tourism, 2010), a number of factors that potentially hinder an increase in visitor numbers are identified. First, an overview of international and domestic tourism is provided; this is followed by a consideration of fuel costs, environmental concerns and possible impacts of travel taxes. In order to reflect factors within New Zealand, recent government and policy decisions, the fragmented education system as well as possible impacts of natural disasters are discussed.

International markets

The top five international markets are Australia, the UK, the USA, China and Japan; combined these markets account for 70% of international visitors (see Table 1). The average intended length of stay is over 20 days; it varies greatly depending on the visitor market in question. Business visitors as well as Australian and Asian visitors tend to stay for a shorter time whereas, for example, free independent travellers from European countries stay significantly longer. As a result of spatial proximity as well as personal and business links, Australia is the top market both in terms of holiday and business travel. The same holds true, even though to a lesser extent, for the UK

markets. Interestingly, China and Japan are the only markets that show a significant growth; whereas Japanese are mainly holiday visitors; some of the growth in the Chinese market can be attributed to increased economic relationships between NZ and China (thus contributing to the, also significant, increase in business travel as listed in Table 1).

These markets differ in the type of travel visitors engage in. Travel modes include backpacking, package tours that are often associated with Asian visitor markets and free independent and semi-independent travelling. The latter travel modes are generally associated with Western markets but these trends are currently about to change. Another

important distinction is in lengths of stay. Australian visitors, for example, have the shortest lengths of stay (Ministry of Tourism, 2009a); Germans stay the longest (Ministry of Tourism, 2009b). Whilst this can be clearly be attributed to the distance travelled to the destinations, it also reflects travel modes (for example, Australians are more likely to visit friends and relatives whereas many German visitors fall in the category of free independent travellers) as well as annual leave allocations.

Domestic tourism

Domestic tourism is often underestimated as an economic force. Whilst despite high earnings not as valued as foreign exchange earning international

tourism, Table 2 illustrates that domestic tourism generates almost 50 million guest nights. Taking into account that the average spend per night per domestic traveller is NZ\$ 118 (compared to only NZ\$ 113 for international visitors; Tourism Strategy Group, 2010), domestic tourism is indeed relevant. This is particularly pertinent as the industries' reliance on domestic tourism is likely to increase in case international tourism declines.

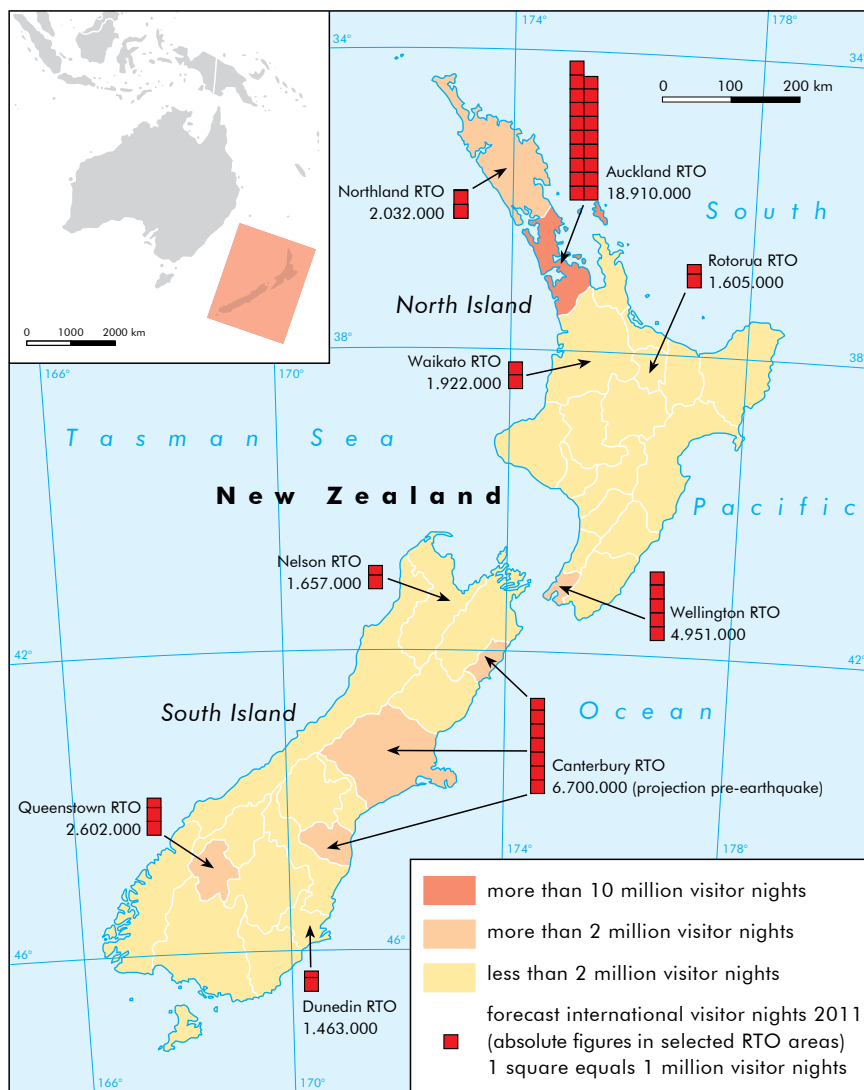
As the following discussion will show, domestic tourism is also less likely to suffer from a number of current issues that are likely to impact on international tourism such as rising fuel costs or increased environmental concern of travellers. While comparatively short travel distances clearly have a role in this consideration, the very high importance of VFR trips that are typically prioritised highly in travel decision-making is unlikely to decrease.

The following will identify and discuss issues that are likely to impact on the development of tourism in NZ in the future. These are rising fuel costs and a growing environmental concern of consumers, a growing uncertainty as more countries implement travel taxes, deficiencies in holistic governance and planning for tourism and a fragmented tourism education system.

Fuel costs & environmental concerns

Increasing costs in fuel are widely discussed as a challenge to agriculture, industry and service in general; the issue shall therefore not be discussed in great depth here. Diminishing resources are well recognised as having impacts on both travel behaviour (for example, in terms of travel decision making; Kelly, Haider & Williams, 2007; Xia, 2010).

Over the last 15 years, however, an additional factor has grown in importance. Consumer awareness of environmental issues has grown considerably, having additional impact on travel decision-making and wiping long-haul destinations from the maps (and travel intentions) of a growing number of travellers. Goodwin (1996) was one of the first researchers to emphasise this but the phenomenon has since been confirmed by a number of researchers (Miller, 2001; Williams & Ponsford 2009). This development puts NZ and its destination marketing



Forecast international visitor nights per Regional Tourism Organisation (RTO) areas

in an awkward situation: the country is sold as a “clean and green” destination (see images on page 11 & 14), a label that is impossible to uphold in the face of growing concern about the impacts of long-haul travel.

Impact of travel taxes

Supposedly so as to address environmental issues as well as consumer concern, travel taxes have been introduced in the UK, one of NZ's top markets. These have been met with considerable criticism. Despite being hailed as a “green” tax, there has not been significant spending on green issues from the funds raised through that tax (Starmer-Smith, 2009). Also, the tax can be seen to deter environmental benefits by creating the impression that air passengers “offset” their environmental impact by paying the tax.

As the tax to pay by the traveller increases with distance travelled, a return trip from London to Auckland now costs an additional NZ\$ 648,

roughly the equivalent of five days worth of average spending at the destination (see above; Coventry, 2010). This move is heavily criticised by NZ tourism industry representatives who state in a letter to British economy secretary Justine Greening:

“It is our understanding that the UK government intends to generate £ 520 million from the APD [Air Passenger Duty] without any specific environmental initiatives in mind. As well as deterring travellers, the APD is having a huge impact on airlines that are already making a contribution of £ 2,000 millions to the UK government's consolidated accounts.” (Coventry 2010, 1)

This undoubtedly creates a provoking situation for players in the transport industries and adds uncertainty to already volatile markets. Taking a holistic macro-economic viewpoint, consulting agency McKinsey & Company (2011) suggests that in addition to the dubiousness of claims of environmental benefits, expected econo-

Pacific News Cartography: © Claus Cartens 2011, Source: Ministry of Tourism 2010



Ferry at Glade Wharf – Lake Te Anau

mic benefits of such taxes are lacking. The above issues are relevant for destinations that are primarily long-haul and, indeed, as tourism is the most important export earner in New Zealand, reliance on the industry is more intensive than in some other long-haul destinations. In 2009/10, tourism was only the third most valuable export industry in Australia after mining and manufacturing (Australian Government, 2010; Anthill, 25 January 2010). Consequently, Australia is much less vulnerable to developments hindering its tourism industries. The issues discussed in the following sections are specific to NZ as they derive from developments within the country.

Governance and planning

When the New Zealand Tourism Strategy 2015 (NZTS 2015) was released in 2007; its declared aim was that "in 2015, tourism is valued as the leading contributor to a sustainable New Zealand economy" (Ministry of

Tourism, Tourism New Zealand, Tourism Industry Association 2007, 5). The document resulted from a comprehensive consultation process that involved most relevant industry and government representatives and organisations. Prepared under a Labour government, the strategy has not received the same attention and implementation support under the National government since 2008. New strategic directions have not been communicated since then and, as a result, the industries lack government support both in terms of resources and advice. This impression is endorsed by the fact that on 16 August 2010, the Ministry of Tourism was incorporated into the Ministry of Economic Development and ceased to exist as a separate entity. Resourcing for the newly established Tourism Strategy Group may not allow, for example, for the same level of industry-relevant research which was previously seen as one of the strengths of tourism governance

in NZ. Furthermore, a new CEO of Tourism New Zealand is currently implementing changes to the international marketing campaigns that aim to attract new target markets; for example, there is now a larger focus on marketing to the US than previously.

These efforts largely take place simultane-

ously and do not seem to be coordinated by any single agency. As a result, providers and managers of attractions, accommodation and transport are not closely involved. The experiences they offer and manage may therefore not be in line with what is communicated through marketing, a situation that can potentially lead to a gap between visitor expectations and tourism products.

Fragmented education

The quality, education and motivation of staff are clearly a significant feature of all products of service industries and tourism is no exception. Education providers respond to this challenge by offering a multitude of qualifications and degrees to prepare students for careers in tourism and hospitality. It is estimated that education institutions in NZ offer more than 600 related qualifications (personal communication Albrecht 2010). While this seems to respond to the shortage of staff in these industries, the real issues lie elsewhere.

Tourism and hospitality are not seen as sectors that potentially provide desirable career options. Indeed, tourism is perceived as a temporary career option for younger people. Reasons for this include seasonality and low pay rates but in order for tourism providers to be able to provide and manage their products professionally, experience and education are necessary. This situation is aggravated by another current development: In late 2010, the New Zealand Qualifications Authority (NZQA) has proposed changes to university entrance requirements. So far, credits earned in tourism courses at secondary school counted towards students' university entrance requirements. As many first-year students in tourism and tourism management have indeed completed such courses, they seemed to provide an avenue into a career in tourism and tourism management. Under the new proposal, only core courses such as mathematics, languages, science and humanities would count towards university entrance. Whilst the value of a humanistic and scientific (read non-vocational) education will be obvious to most readers, it is also understandable that the Aviation, Tourism and Travel Training Organisation (ATTTO) objects strongly to these plans (Valentine 2010).

The difficulty in addressing these challenges arises from the fact that

Key markets	Visitors (until Nov. 2010)	Annual growth
Australia	1,115,408	4.4%
UK	237,909	-7.8%
USA	191,902	-1.6%
China	120,222	15.0%
Japan	88,324	12.0%
Purpose of visit		
Holiday	1,210,449	2.9%
Visiting friends and relatives	781,219	0.4%
Business	249,179	8.4%

Table 1: International tourism markets and purpose of visit

none of these issues can be resolved by one actor or organisation only. Both require the collaboration (or at least agreement) of a number of players and, consequently, the responsibility lies with institutions in governance and planning at the national and regional levels as well as industry organisations.

Natural disasters

Situated on the boundary of the Australian Plate and Pacific Plate, New Zealand is well known for its particular proneness to earthquakes, volcanic eruptions and geothermal activity. The need for the tourism industries to be prepared for related disasters has been comprehensively discussed in a previous issue of Pacific News (Orchiston 2009) and shall not be explored in more detail here. The earthquake on 22 February 2011 in Christchurch hit the South Island's major gateway for international travellers. Whilst Christchurch's inner city was still off limits at the time of writing this article (see image on page 12), the international airport was operational within hours of the tremor. Airlines as well as ferry companies were able to evacuate travellers to other centres within a short timeframe. Whilst, given the circumstances, visitors to the region were dealt with exemplarily and the majority of tourism operators in the Christchurch region are up and running, there are reasonable fears among tourism operators that the earthquake may put off international visitors, in particular those from Asian markets that are known to be risk-averse.

Outlook

The discussion of the current state of affairs and future challenges above has emphasised a number of problems in the future of NZ's tourism-related industries. To date, the country successfully draws from its relatively unspoilt natural environment (a result of low population density, not environmental considerations), its successful international marketing campaigns and the fact that NZ is comparatively easy to travel as the infrastructure is well developed and the first language is English. However, drawbacks that result from current global developments as well as distance to visitor markets may have a considerable impact. In addition, countries like Norway and Chile aspire to offer very similar pro-



Te Puia, New Zealand Maori Arts & Crafts Institute, in Rotorua.

Source: J. Albrecht

ducts and both competitors are in closer proximity to some of NZ's core markets (Norway to Europe, Chile to the US and Canada). Cultural tourism drawing from NZ's indigenous Māori culture provides an opportunity to diversify but whether this opportunity can be seized successfully is still unclear (see image above). Film-induced tourism, first a result of the filming of Lord of the Rings from the late 1990s, now also including Bollywood and other international productions such as America's Next Topmodel, has become a driver of tourism development that is expected to increase in significance with the filming and producing of "The Hobbit" from 2011.

It remains therefore to be seen whether tourism in NZ can truly sustain itself as a major export earner in the long run. The current political framework suggests that there is only limited government support. Indeed, as made clear above, the current National

government mainly expresses interests in the economic aspects of the industry, leaving aside issues related to the natural environment and education. One focus of tourism industries must be the domestic sector. It is already significant in economic terms but there is neither marketing nor planning for domestic tourism. Taking into account NZ's aging population, increasing urbanisation as well as a likely decline in international tourism in the long term, the relevance of domestic tourism will increase. With much uncertainty ahead, few predictions can be made

Domestic trips	(in millions, year ending September 2010)
Day trips	27.5
Overnight trips	16
Total nights	47.7
Purpose of visit	
Holiday	16.5
Visiting friends and relatives (VFR)	14.9
Business	10.4

Table 2: Domestic tourism and purpose of visit

Source: Tourism Strategy Group 2010



for tourism but there is no doubt that the industries must adapt if they are to sustain the destination, themselves and their workforce economically, socially and ecologically.

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