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Tourism industry needs more investment

Lincoln University Professor David Simmons wants more investment in strategic support for tourism as the industry continues to grow.

According to the just-released State of the Tourism Industry 2016 report, produced by Lincoln University with the Tourism Industry Aotearoa (TIA), the sector remains on the upswing.

“For the year ended March 2016, international tourism expenditure increased by an estimated 19.6 percent to $14.5 billion and contributed 20.7 percent to New Zealand’s total exports of goods and services,” says Professor Simmons.

“Domestic tourism expenditure also provisionally increased by 7.4 percent to $20.2 billion.”

Professor Simmons says that in light of this continued growth, it’s great to see the industry working to establish better research, policy and management frameworks “while we have the shoulder room”.

“Even though tourism is supposed to be one of the nation’s star performers, the industry often misses out on strategic investments as it’s not seen as important.

“Tourism’s contribution to GDP has been remarkably consistent across the past decade, and looking further back in time, tourist arrivals may well end up increasing tenfold during my career as an academic.

“We need to address a coordinated approach to leadership, public and private sector integration and management for the sector, as well as seriously discuss establishing a strategic oversight group. This is particularly pressing for the numerous public sector agencies with whom the sector engages.”

The State of the Tourism Industry Report summarises the current performance of the sector and includes results from a survey of New Zealand tourism businesses.

This year’s report, the sixth in an annual series, identifies seasonality, infrastructure issues, and lack of support for domestic tourism as key issues.

Seasonality has long been a problem due to its strong effects on return on capital and labour and the report indicates that the issue is becoming more pronounced.

"Strong December and February arrival peaks are evident for international arrivals," says Professor Simmons. "The summer peak is further strengthened by the number of holiday visitors, who made up more than 50% of all visitors in 2016."

Lack of investment in infrastructure, environmental concerns, satisfying demand for public facilities and amenities and higher regulatory demands and compliance costs were also high on the list of issues raised by the sector.

TIA Chief Executive Chris Roberts says the issues highlighted by tourism operators in the survey come as no surprise.

"These are all issues arising from the tourism boom, so they are good problems to have. TIA and the wider industry are actively working on several of these areas, in particular the need for more investment in infrastructure and activating domestic tourism.

"We are revealing updates on these projects at the Tourism Summit Aotearoa today. These include a major focus on domestic tourism, with greater market insight and a better understanding of domestic markets to assist with destination planning strategies.

"Domestic visitors generate around 60 percent of total tourism demand and make an important contribution to overcoming seasonality, as they are more likely to travel outside the peak season than international visitors."

Mr Roberts says the industry is well on the way to achieving its Tourism 2025 goal of growing total tourism revenue to $41 billion a year.

- To read the State of the Tourism Industry Report 2016, see: www.tourism2025.org.nz/making-it-happen/state-of-the-tourism-industry

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