

Māori Tourism Quarterly

APRIL 2016



**NZ MĀORI
TOURISM**

HE TOA TAKITINI

'OUR STRENGTH IS IN UNITY'

Tēnā tātou, te whānau whānui o Tāpoi Māori o Aotearoa

Nau mai ki tā mātou pūrongo tuatahi, te Māori Tourism Quarterly. Kei roto, ko nga tatari mo nga whakahaerenga moni e pa ana ki nga umanga Tāpoi. Ko te tūmanako, ka pārekareka koutou ki tēnei pūrongo.

Welcome to the first edition of the Māori Tourism Quarterly. For the past couple of years we have surveyed the Māori tourism whānau and one of the most consistent messages is the need to interpret the data so businesses can better plan, look for opportunities, and identify future markets. We have been particularly fortunate to partner with BERL to help us do exactly that. Whilst our focus is on Māori tourism it is also important to look more broadly across the sector and economy to provide context.

Whilst we are especially pleased about the growth occurring in and for Māori tourism, I'm not yet convinced we are capturing the right data and/or even asking the correct questions. That said, we are light years ahead on where we were in terms of data – so great on one hand and work to do on the other.

This is YOUR resource and our first attempt to deliver something that meets your needs, so if you have any suggestions, I'd love to hear from you.

Ngā mihi nui, nā

Pania Tyson-Nathan
Chief Executive, New Zealand Māori Tourism

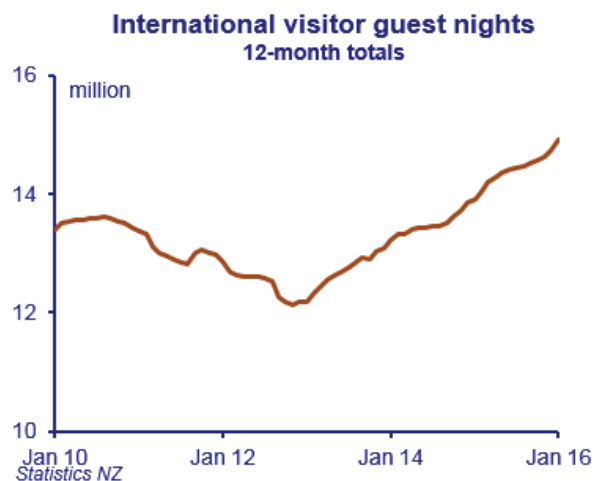


Tourism a saviour, as economic clouds gather

Without doubt the latest year has seen tourism take off in terms of visitor numbers and revenues. This has come at a convenient time for the NZ economy, given the collapse in dairy prices. While tourism has stepped up to the mantle, New Zealand's short-term economic prospects remain cloudy at best. This is primarily because of the weak global economy, evidenced by the continuation of low interest rates and reinforced by signs of deflation in several countries and regions.

For tourism the latest indicators are indeed little short of spectacular. International visitor numbers for the past 12 months are at over 3.1 million people, up by more than 9% on the previous year. In line with these figures, international guest nights are up more than

7%, with domestic guest nights up by over 5% on the year earlier. Even more spectacular are revenue figures, with tourism export earnings for the 2015 calendar year an astonishing 30% up on the previous year.



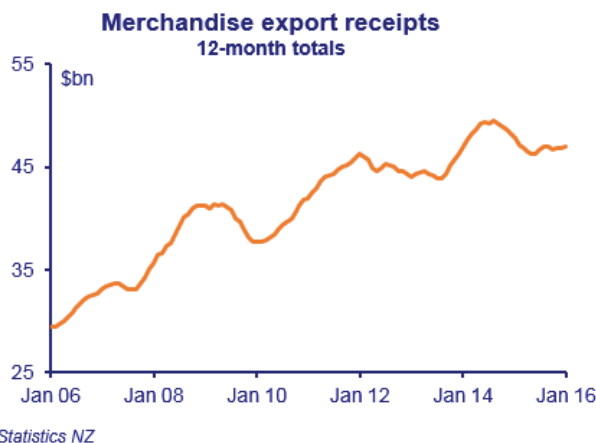
However, on the broader front, concerns over the slowing global recovery have put a dampener on short-term prospects. The recent struggles of the merchandise export sector is illustrated in the adjacent figure showing receipts well below the peak recorded in late-2014.

The latest cut in New Zealand's Official Cash Rate, to a historically low 2.25%, reflects our inability to escape the influences of a lacklustre global economic environment. However, despite this interest rate cut, New Zealand's rates remain above those of most developed economies around the globe. This feature has underpinned the attractiveness of our currency and so helped it to remain relatively high, despite the collapse in prices of one of our main export earners (i.e. dairy).

Of course, and particularly relevant to tourism, the relatively high value of the NZ\$ is not that welcome for our exporters. Unfortunately, there is likely to be little respite in this regard given the NZ economy – while slowing – is set to continue to grow at a rate faster than most other developed economies around the globe.

European economies continue to struggle to escape the consequences of the financial mayhem wrought by the Global Financial Crisis. The United States is in a relatively better position with job growth bringing the jobless rate recently to under 5%. However, the recent signal from its central bank that it will begin increasing interest rates may well be premature. The big unknown is the fate of the Chinese economy as it struggles to shift from an export-led growth phase to one based on domestic demand. Latest figures show that the Chinese economy continues to slow, with the pace of annual growth now under 7%. Indeed, for the first time in many years, economic growth in India is now at a faster pace than that in China.

This sets the scene for the New Zealand economy to grow and create jobs over the short-term horizon, but at a slowing pace. A collection of infrastructure projects, the ongoing Christchurch re-build, and the



boost from the continued inflow of migrants will underpin growth. The country will also look to the tourism sector to build on its recent performance as it further diversifies away from its traditional market bases.

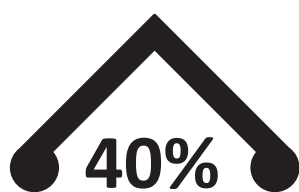
A million more visits to Māori tourism activities

From the Māori Tourism point of view, a key feature of the recently revised International Visitor Survey (IVS) is that it covers visits to a wider range of Māori activities. The previous survey covered visits to only three activities that are specifically Māori, while the new survey captures seven. While comparisons over several years is not currently available from this new series, the latest data indicate that Māori tourism is currently thriving.

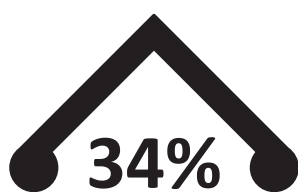
As illustrated, activities specifically related to Māori in the IVS attracted almost 40% more visitors in the period from March 2014 to December 2015. Including activities often associated with Māori, but not specifically identified as such, the growth in visitors attracted was estimated at 34%.

Increase in the number of visits to tourist activities

(year ended March 2014 compared with year ended December 2015)



Visits to activities specifically related to Māori



Visits to all activities associated with Māori



Visits to activities (Māori and non Māori)

This compares more than favourably with the overall average rise in visitor activities of close to 25%. Some details are provided in the accompanying table. This reveals that all but one of the Māori-specific and Māori-related activities experienced large increases in visitor numbers. The odd one out (but only because its growth was moderate, rather than strong), is “Experience a Māori tradition, e.g. story-telling.”

Without doubt, the rapid growth in the number of visits to activities specifically related to Māori is a standout feature of data from the revised IVS. The IVS is now a great tool for monitoring the progress of the tourism sector and, in particular, those specifically related to (or associated with) Māori. Clearly, we will be watching this data closely to assess the development of the sector and Māori tourism activities and businesses.

Number of visitors to	Year to		Percentage change
	Mar-14	Dec-15	
Activities specifically related to Māori:			
Place that is significant to Māori, e.g. landmark, pa etc.	613,348	861,688	40.5%
Eat Māori traditional food	235,479	338,004	43.5%
Experience a Māori tradition, e.g. story-telling	258,772	289,165	11.7%
See Māori art or crafts being created	225,638	359,422	59.3%
See Māori artefacts, arts & crafts in an exhibition	465,685	626,284	34.5%
Some other activity associated with Māori culture	314,775	442,178	40.5%
Visit a Māori marae	371,242	549,401	48.0%
Total, activities specifically related to Māori	2,484,939	3,466,142	39.5%
Other activities associated with Māori:			
Geothermal park	725,911	889,247	22.5%
Glow worms	483,859	609,455	26.0%
Jet-boating	253,418	320,984	26.7%
Whale watching	117,070	149,635	27.8%
Total, other activities associated with Māori	1,580,258	1,969,321	24.6%
Total, all activities related to, and associated with, Māori	4,065,197	5,435,463	33.7%
All activities (Māori and non-Māori)	26,862,847	33,442,939	24.5%

Source: MBIE

Visitors spending a lot more

Separate data from the IVS, for the calendar year 2015, show that total expenditure by international visitors was \$9.7 billion. This was \$2.3 billion (or 31%) more than during 2014. This increase was not simply because there were more visitors; the visitors also spent more. The number of international visitors to New Zealand grew from 2,857,400 in 2014 to 3,131,927 in 2015 (an increase of 9.6%). The average spend per visitor grew from \$2,880 in 2014 to \$3,440 in 2015 (an increase of 19%).

When looking at the main market segments (by purpose of visit), again, the data imply that the increased expenditure was not simply the result of more visitors arriving. Regardless of the purpose of visit, visitors spent considerably more on average in 2015 than they did in 2014. Average spending by business visitors increased the most, although this is the smallest market segment in terms of total visitor expenditure.

Holiday visitors account for the largest share of total visitor spending and the largest average per person spending. Separate research by BERL shows that

Average spend per visitor Y/E 2014

\$2,880

\$100 note equals \$1,000 dollars



Average spend per visitor Y/E 2015

\$3,440

\$100 note equals \$1,000 dollars



business visits increase trade and that increased trade tends to lead to increased holiday visits.

International Visitor Survey: Visitor Expenditure

	Y/E Dec 2015		Y/E Dec 2014		Percentage changes	
	Total (NZ\$m)	Average (NZ\$)	Total (NZ\$m)	Average (NZ\$)	Total	Average
Holiday/vacation	5,784	4,000	4,557	3,600	27	11
Visiting friends/relatives	2,037	2,400	1,526	1,900	33	27
Business	903	3,200	571	2,100	58	52
Other	974	3,800	734	1,600	33	23
Total	9698	3440	7388	2,880	31	19

Source: MBIE

Source markets changing

As has been the case for several years, the source of visitors to New Zealand continues to change. At the headline level the proportion of visitors from Europe is in decline; and is currently around the 15% mark, having been over 20% some 10 years ago. In contrast, visitors from China now account for well over 10% of all international tourists, a proportion that appears to be rising strongly.



While there are numerous contributing factors to this surge, two stand out as likely to be of considerable importance. Firstly, the strength of domestic Chinese economic growth (in contrast to weak European economic growth) has continued to assist middle-to-higher income Chinese in exploring overseas holidays. Secondly, the growing number and frequency of direct air links between New Zealand and China is likely to have facilitated the choice to venture south.

While India is not yet on this headline radar, among the 3.1 million visitors to New Zealand in 2015 were 46,000 visitors from India. These 46,000 people accounted for only 1.5% of all international visitors, but India is New Zealand's 10th most important tourism market, and it is a market that has enormous potential.

According to the United Nations, India's population in 2012 was almost 1.25 billion, and its GDP was almost US\$1.9 trillion. Its per capita GDP was only slightly more than US\$1,500 but, according to the World Bank, this increased at the rate of 6.1 percent per annum between 2010 and 2014.

In the last two years, however, there have been signs that the number of visitors from India is taking off. The total number of visitors from India increased by 23% in 2015, following growth of 21% during 2014.

On the basis of this data, it is probably too early to gauge whether the market for visitors from India is on a long-term expansionary surge, but the signs are clearly encouraging. However, noting the ongoing relatively strong economic growth in the Indian economy, there is undoubted potential for this source market for tourist visitors to grow. Of course, non-stop flights from Mumbai and/or Kolkata to Auckland would also likely play a noticeable role in boosting the number of Indians visiting New Zealand.

