

Report to Upper North Island Strategic Alliance Chief Executives

The value of UNISA to Tourism

Purpose

To discuss how local government is currently involved in tourism and to explore where the Upper North Island Strategic Alliance may add value to the Tourism sector.

Tourism as an issue

Tourism is important to the regional economies, and to the Upper North Island economy. Tourism has a significant place in regional economies, coupled with a spatial importance focussed around destinations and points of interest. The tourism sector contributes significantly to GDP and the spend from tourists spreads beyond “tourism specific” sites (such as accommodation and attractions) into many parts of the community (such as food outlets, petrol stations, public transport and shops).

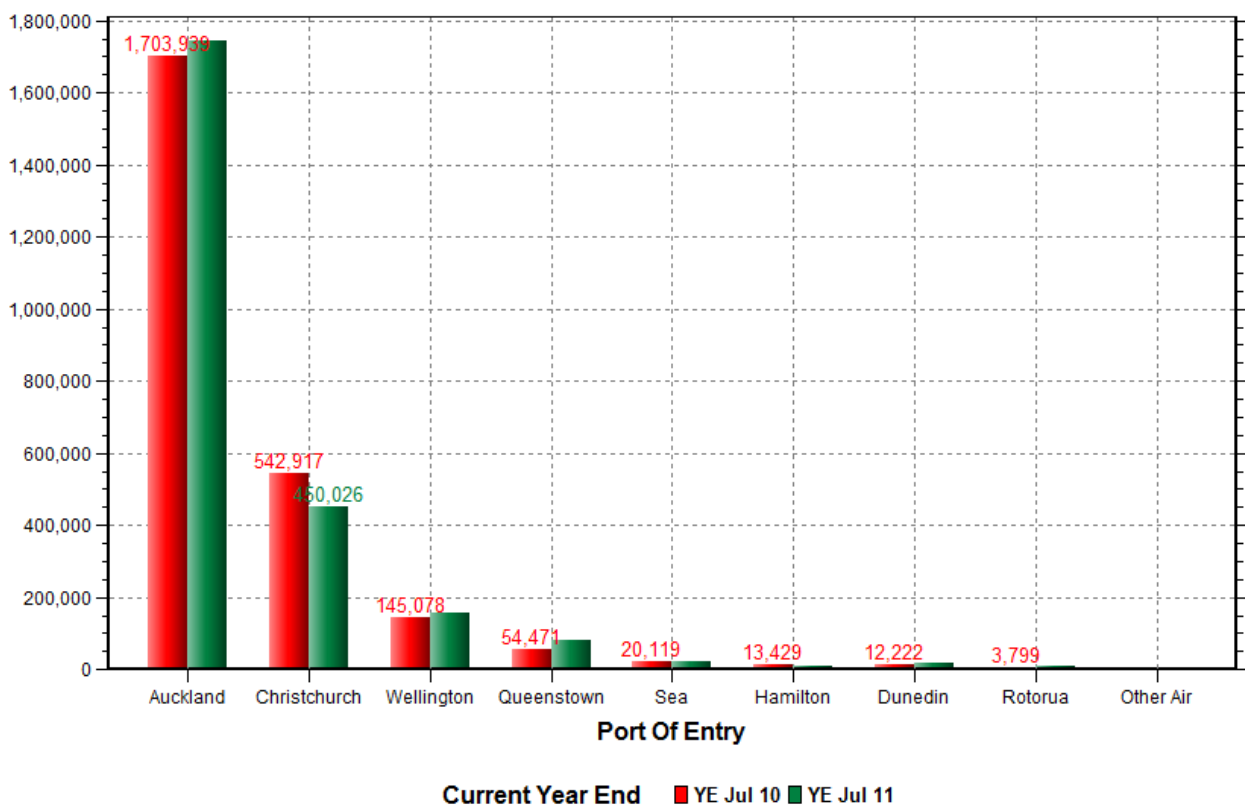
Currently visitor growth to New Zealand is forecast to increase at 3.5 per cent on average each year to 2016 (Ministry of Tourism – Tourism Forecasting Programme July 2010).

Table 1: Forecasts of Total Visitor Arrivals, Nights and Spend (Source Ministry of Tourism - Tourism Forecasting Programme 2002 – 2010)

Calendar Year	Arrivals		Nights		Spend	
	000s	Growth	000s	Growth	\$NZm	Growth
2009 actual	2,448	0.0%	47,713	-2.1%	6,187	4.0%
2010	2,538	3.7%	48,690	2.0%	6,278	1.5%
2011	2,709	6.8%	51,351	5.5%	6,909	10.0%
2012	2,767	2.1%	51,875	1.0%	6,989	1.1%
2013	2,860	3.4%	53,424	3.0%	7,293	4.4%
2014	2,949	3.1%	54,898	2.8%	7,589	4.1%
2015	3,035	2.9%	56,358	2.7%	7,885	3.9%
2016	3,117	2.7%	57,721	2.4%	8,166	3.6%
Growth 2010-16	669	27.3%	10,008	21.0%	1,978	32.0%
Annual Average	96	3.5%	1,430	2.8%	283	4.0%

Of critical interest to the Upper North Island are the gateways – the airports and passenger terminal ports. Of these, by far the most importance is Auckland International Airport which sees the majority (approximately 70%) of international visitor movements. Auckland International Airport is the gateway to the tourism experiences of the Upper North Island and beyond.

Diagram 1: International Visitors by Port of Entry 2010 and 2011 (Source Statistics NZ/Ministry of Tourism)



Visitors to New Zealand do not see local or regional government boundaries. New Zealand's *Tourism Strategy 2015* states that tourism needs welcoming, well-managed communities if it is to be successful. Without them the sector cannot offer visitors a world-class experience. The Strategy identifies as a priority that local authorities understand the benefits tourism offers and lead destination management and planning initiatives and processes to maximise these benefits.

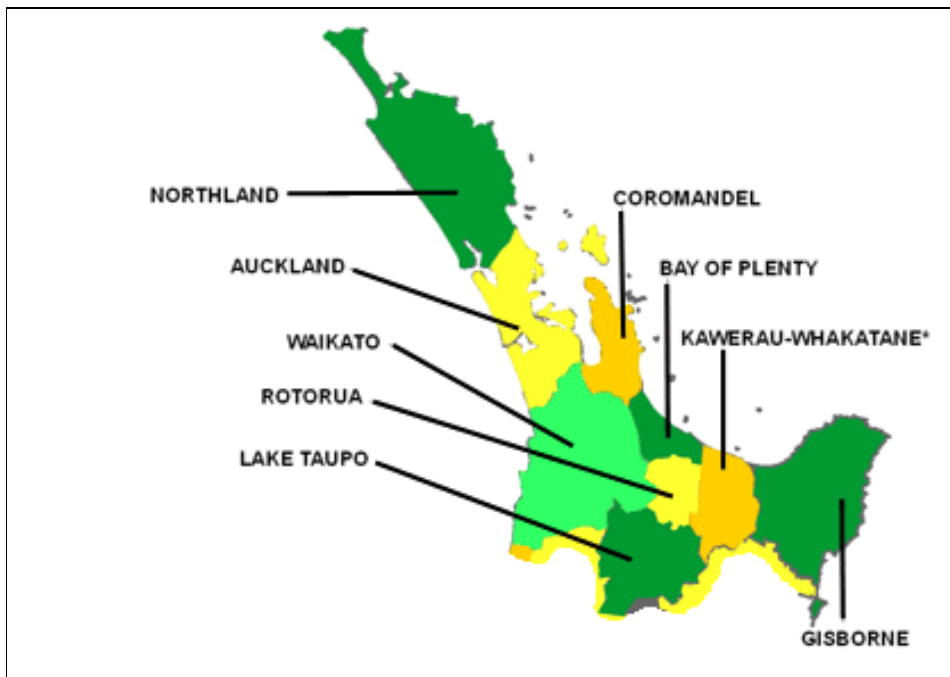
Local government's role is identified as providing leadership and undertaking destination planning to make sure that communities get the most out of tourism and to minimise any negative effects it might have. The strategy also recognises that the economic benefits of tourism could be spread more widely if visitors were dispersed more evenly throughout New Zealand. This would also help spread the costs and impacts of tourism, and help prevent problems with crowding and capacity.

Increasing the value to the Upper North Island from Tourism can be achieved in a number of ways but it is perhaps most helpful to focus on growing "the size of the pie" rather than seeking to alter the distribution of tourists. This represents a challenge to the Upper North Island and introduces a goal of lifting the Upper North Island's share of the market. Opportunities include extending stays in the region, new and different products tailored to specific markets, and recognising the role of inter-regional air transport.

Tourism structures in the Upper North Island

The development of the tourism sector is already supported by local government through Regional Tourism Organisations (RTOs). The key role of these organisations is to promote their regions to potential domestic and international visitors. There are nine RTOs areas within the Upper North Island local authority boundaries. While these organisations generally follow local government boundaries there are variations in relation to specific circumstances and need. Their activities are variable in terms of resources and funding.

Diagram 2: RTO boundaries (Source RTONZ)



Tourism New Zealand provides central government support to RTOs such as the recent funding for joint ventures. Joint venture marketing campaigns between RTOs, industry partners and TNZ were initiated to address low awareness of the different experiences that some regions of NZ offer. Coordination with New Zealand branding (100% Pure) was also seen as being beneficial. This funding stream saw Auckland obtain funding (in association with Air New Zealand and Auckland International Airport) and the Central North Island receive funding for the Central Park concept. These initiatives were around ad hoc alliances that were formed for specific marketing purposes.

Other promotion-based alliances, such as those around New Zealand travelling routes, also provide collective marketing opportunities. As an example, the Pacific Coast and Thermal Explorer highway collectives have been in place for a number of years and are used to promote New Zealand into the Australian travel wholesaler markets.

Funding sources also come from New Zealand Trade and Enterprise such as the Major Regional Initiative funding for *Activate Northland* (Tourism). Such regional initiatives are designed to work closely with firms in the relevant industries to build capability, develop international markets and establish local sector infrastructure.

What is changing in the Tourism landscape?

The tourism landscape is always subject to the vagaries of international economic conditions and the current global financial situation is no exception. There are also the vagaries of nature with volcanic eruptions having an effect on international and local flights. These however are short term impacts and it is of more importance to consider how tourism in the Upper North Island may change on a medium-term basis.

Auckland Council has launched the draft Auckland Plan and Economic Development Strategy. Both of these documents recognise Auckland's role as a gateway and focus on Auckland developing into a creative, vibrant world city. Tourism is already one of Auckland's major export earnings and making Auckland into a destination can enhance this contribution by encouraging people to visit and stay longer. The provision of key infrastructure such as the international airport, effective transport network, cruise ship terminal and convention facilities are all elements contributing to this strategic direction. This has the potential to impact on tourist flows through the

Upper North Island and beyond. While Auckland International Airport will remain as the gateway the role of Auckland City as a destination will continue to evolve – such as it being seen as a domestic destination by many Australian east coast visitors.

The state of play in Christchurch has created an interesting dynamic where the earthquake has severely damaged tourism infrastructure in Christchurch but has also galvanised marketing efforts within the South Island. Promotion of the South Island as a destination is organised and a current focus for Central Government. The impacts within Christchurch are expected to take a number of years to be mitigated.

The last decade has seen a rapid evolution in visitor composition. This has led to changes in how travel is organised and expenditure patterns. The change in visitor composition has been caused by changes in aviation capacity and pricing, competition and economic factors (such as exchange rates and the performance of the New Zealand dollar). Recent influences on visitor composition include strong growth in the Australian inbound market, a sharp decline in the Asian inbound market despite rapid growth in visitor numbers from China, and a falling market share from Northern America.

Does the Upper North Island work together?

The dynamics of the tourism industry within the Upper North Island are already recognised in the strategic discussions that are or will be occurring between Rotorua, Northland, Auckland, Coromandel and Waitomo tourism entities (to be led by Rotorua). When combined with other initiatives, such as the drafting of a long-term visitor plan for Auckland, this means that joined-up thinking is occurring in the tourism sector.

Specific initiatives include Auckland Tourism, Events and Economic Development (ATEED) and Destination Northland looking at a number of short term initiatives to be worked on through to the end of 2011. Another example, is Destination Rotorua undertaking marketing promotions through the creation of a Rotorua Pavilion at No1 Queen Street in co-operation with ATEED. Other initiative such as Central Park or the Great New Zealand Touring Routes involve a range of RTOs and local authorities.

As can be seen there are a range of collaborative initiatives within UNISA occurring at present. Irrespective of this, contributors to this paper identified that greater collaboration would be beneficial particularly in terms of marketing strength and for linkages to national level funding and Tourism NZ initiatives.

Where might UNISA add value to the Tourism Sector?

While it is tempting to suggest that UNISA should develop a common approach to tourism this may work against the market differentiation that identifies specific differences within the Upper North Island. The tourism market within New Zealand is based on providing different experiences to different markets.

However, Auckland is surrounded by a range of destinations – and is in itself a destination. There is a hub and spoke relationship that sees Auckland and Auckland International Airport at the centre of a range of visitor experiences. To deliver an improved visitor experience based on the concept above, UNISA regions could work to ensure that visitor needs are being met for excursion trips to the “spoke” regions. For example, limited-stay Chinese visitors may be interested in one or two day air excursions to the iconic attractions of the Central Volcanic Plateau. This option could also be a serious consideration for conference and incentive groups.

There are potential benefits of considering how air linkages between international airports within the UNISA boundary (Auckland, Hamilton and Rotorua) are linked with domestic airports to ensure efficient and timely tourist transits between destinations.

There is also the potential via UNISA to leverage better cooperation between the tourism sector and other productive sectors, such as through encouraging locally grown and locally made products within the Alliance. Tourism product enhancement could also occur in the Maori cultural tourism offering for which the UNISA region has a clear comparative advantage. Working with the Regional Tourism Organisations of NZ (RTONZ) and the Maori Regional Tourism Organisations, it would be possible to improve the integration of cultural experiences and assist with better differentiation between regions.

Another important goal for UNISA could be to ensure that Tourism New Zealand is effectively selling the Upper North Island, as pre-earthquake figures show the South Island was gaining market share in relation to leisure travellers. Reducing any fragmentation of regional messages could assist with overseas marketing.

Summary

There appears to be a number of areas where collaboration and joint leverage could improve the functioning of the tourism sector in the Upper North Island. However, any shift in emphasis or development of collaborative initiatives must be led by the sector – specifically RTOs and industry. The recommendations of this paper follow this theme and suggest that as a first step UNISA could promote the idea of bringing together a range of tourism agencies to see whether mutual benefits can be identified and strategies for working together agree upon. Coordination of such a forum is perhaps best led by the sector itself rather than local government. However, as the UNISA councils have a range of interests in tourism they will have a part to play in such a forum.

Recommendations

It is recommended that the UNISA:

1. Note the current level of collaboration that exists within the Tourism sector covered by UNISA.
2. Promote the idea of a forum on the potential for enhanced collaboration within the Upper North Island Tourism sector, to be led by the tourism sector.
3. Request a report back from the tourism collaboration forum by the end of 2011, and a presentation to the next UNISA Forum meeting.

Report from

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