



tourism
INDUSTRY
ASSOCIATION NEW ZEALAND

**Submission to the
Finance and Expenditure Select Committee
on the
Telecommunications (TSO, Broadband, and Other Matters
Amendment Bill)
11 March 2011**

Introduction

1. The Tourism Industry Association New Zealand (TIA or “the Association”) and its members support the government’s objectives for regional and rural New Zealand in making broadband services more widely available. The Association has made two previous submissions to MED in 2009 supporting the Rural Broadband Initiative (RBI). As well as supporting the RBI, TIA also supports improved telephone services in rural areas as a number of tourism operators in rural regions also lack good mobile and network coverage.
2. As New Zealand’s single largest export industry, tourism provides valuable export dollars with much of this money spent in the country’s more rural and remote regions. Below is a snapshot of the economic value provided by tourism to the New Zealand economy:
 - Tourism contributes more than 8.7% of gross domestic product (GDP) for New Zealand as well as directly and indirectly employing one in ten New Zealanders.
 - Tourism in New Zealand is a \$61 million per day industry. The New Zealand tourism industry delivers \$26 million in foreign exchange to the New Zealand economy each day of the year. Domestic tourism contributes another \$35 million in economic activity every day.
 - Tourism expenditure reached \$22.4 billion for the year ended March 2010. International visitor expenditure accounted for \$9.5 billion or 18.2% of New Zealand’s foreign exchange earnings.
 - Importantly, and despite more challenging times in the past three years, tourism is again New Zealand’s largest foreign exchange earner with its contribution felt at national, regional and local levels.

Comment

3. In order for New Zealand to maintain its position as a world class visitor destination, it must not only keep up with advancing technologies, but it must also have the infrastructure to provide them. By nature, tourism businesses and the visitors who use their services are not confined to the main urban areas. They are spread far and wide and the money they spend contributes in no small part to the economies of these regions.

Why is broadband important for tourism businesses?

4. While some traditional distribution and booking channels still take place, visitors are increasingly making their travel plans online. Those businesses that do not have the technology to support broadband services won’t be able to keep up with the competition. A tourism operator with good broadband infrastructure and an online booking engine is far more likely to secure a sale than a business relying on a dial-up connection.
5. Social media has exploded in the past few years. Facebook, Twitter and Trip Advisor have all become marketing tools in their own right. Sites like Trip Advisor that provide online reviews are a marketing dream for tourism operators who consistently provide

world class experiences. Many such experiences are provided by tourism operators working in New Zealand's remote areas and their location should not place these businesses at a competitive disadvantage.

6. The government's marketing agency, Tourism New Zealand, is now largely basing its international strategy around online media. The site called newzealand.com relies on tourism businesses having good broadband functionality. Again, those who don't are at a competitive disadvantage by virtue of their rural or remote location.

Adventure Review

7. The current adventure tourism review has highlighted the need to provide timely and accurate information to businesses working in this sector of the industry. The electronic delivery of this information depends almost entirely on modern technology. Those adventure tourism operators who are in remote areas currently have no broadband access and will not be in a position to receive this information.

Why is broadband important for visitors?

8. From an international perspective, the visitor experience is not just delivered in New Zealand. The experience starts from the moment a potential visitor sits down and logs on to research their holiday online. Whether they are young or old, more and more people are using the worldwide web to explore holiday options.
9. When in New Zealand more and more visitors expect to be able to access internet services. For example, this could be to download video images from a tourism operator's website, but equally it could be to upload photo and video images taken here to send to friends and family in their home country. All these services require a broadband platform.

Conclusion

What would success look like?

10. Success for the tourism industry would look like this:
 - Better access to broadband services in rural and remote areas of New Zealand.
 - Better online content and applications.
 - Improved infrastructure at a regional level.
 - Competitive choice of quality providers.
 - Improved co-ordination of the government's own online IT systems to minimise compliance for small businesses.

Background

A bed-rock of New Zealand's economy

11. Tourism for New Zealand is big business. It is a major contributor to the New Zealand economy that will always be here – and won't easily go offshore. Tourism takes the lead in promoting New Zealand to the world. Thanks to our 100% pure positioning, New Zealand is recognised as one of the most beautiful, unspoiled and scenic places on earth. 100% Pure signifies pride in our country, pride in our people and culture, and pride in the unique environment and experiences that New Zealand offers.
12. The brand positioning built by a vibrant tourism industry has become an important source of national confidence and identity and a front window for "Brand New Zealand". Indeed, the clean, green, pure offer that is synonymous with New Zealand tourism has been widely adopted and used to promote New Zealand exports in a range of other industries as well.
13. If New Zealand Inc. is to continue to prosper, to attract investment and to raise its position in OECD rankings, then it is vital the tourism industry, and the positive image it projects, remain strong.

About TIA

14. TIA has been the lead association that represents the interests of about 1,700 tourism businesses in New Zealand. The Association was first established in 1955 and the businesses TIA represent cover a range of tourism-related activities – hospitality, transport, accommodation, adventure and activities, attractions and retail as well as related tourism services.
15. The primary role of TIA is to be the voice of the tourism industry. This includes working for members on advocacy, policy, communication, events and membership and business services. The TIA team is based in Wellington and led by Chief Executive Tim Cossar.