

## Optimism growing but more challenges to come

Tim Cossar, Chief Executive, Tourism Industry Association New Zealand

The signs are indicating a mood of cautious optimism in the industry now we are two months into 2010.

Operators are telling me that activity over the peak summer period was at about or a little more than expected levels in most cases. Some did better than last summer but many outdoor operators have been affected by bad weather.

The late booking pattern seems to be continuing but there are some small signs that a bit more forward planning is occurring.

The latest international visitor expenditure research shows a heartening 4% increase, largely driven by Australian travellers, while the February Tourism Industry Monitor shows continuing confidence among operators.

The Fly Buys/Colmar Brunton Mood of the New Zealand Traveller released by TIA last week shows that Kiwis are keen to keep travelling, with 71% planning to take at least one overnight trip in the next six months. One in three New Zealanders has already made plans to travel at Easter, and another third are undecided – and open to good marketing offers!

But we can't afford to start thinking the worst is over. As an industry, we have big challenges to face.

In December, ITOC Chief Executive Paul Yeo and I visited our Australian counterparts at ATEC (Australian Tourism Export Council), TTF (Tourism and Transport Forum) and PATA. The main purpose of the visit was to update each other on important issues and to discuss areas we could collaborate on.

One issue that was particularly highlighted by the Australians was their concern over the potential for other European governments to follow the British in taxing long-haul air travel.

The British Government announced plans to increase its Air Passenger Duty (APD) in 2008. APD is levied based on how far the capital of the destination country is from London. There are four bands, all of which are rising, but the biggest increases are on long-haul travel.

The increase will raise tax on a flight for a family of four to this part of the world in a year's time by at least £340 or NZ\$760.

While the UK Government has said the money will be spent on environmental initiatives, I've seen no evidence this will be the case. We're already seeing predictions that travellers will change their travel patterns, to the benefit of short-haul destinations like Morocco and Tunisia.

This is certainly an issue that could seriously impact arrivals from our second biggest market, as well as other European markets if their governments take advantage of climate change concerns to raise taxes on long-haul flights.

I believe that working with Australia and other Pacific nations is likely to be the best way to approach this issue. We'll be discussing the issue further with TTF, ATEC and PATA early this year to decide how best to take action.

### **Closer to home**

TIA is dealing with a range of challenging issues that could all have major impacts on our industry closer to home.

The Government's review of the adventure tourism sector is well underway. Adventure tourism is a crucial part of our tourism offer so we are committed to achieving the best results for the sector to flourish.

Freedom camping has been high in the headlines lately with commentators expressing a range of views on whether freedom camping should continue to be permitted. The behaviour of some freedom campers is a real black mark against the tourism industry in the eyes of many.

The Freedom Camping Forum convened by TIA will be meeting again in April to focus on what more can be done to reduce the impacts of freedom camping on the environment and the community.

Environmental issues, including proposals to expand dairy farms in the Mackenzie region and mine parts of the public conservation estate will also be a focus in the months ahead.

We'll be getting active in the local government elections later in the year, to remind candidates of the importance of tourism to their regions and the need to support our industry.

There are a variety of other issues we will update you on as the year progresses. In short, TIA is very busy on members' behalf!