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SECTION

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## REGIONAL DISPERSAL

ALL AREAS IN NEW ZEALAND HAVE BENEFITED TO SOME DEGREE FROM THE STRONG GROWTH IN INTERNATIONAL TOURISM SPENDING OVER THE PAST THREE YEARS. HOWEVER, THE GROWTH IS NOT EQUALLY DISTRIBUTED ACROSS REGIONS.



## 2 Regional dispersal

### ■ Key messages

- › All areas in New Zealand have benefited to some degree from the strong growth in international tourism spending over the past three years. However, the growth is not equally distributed across New Zealand. International tourists' spending remains skewed towards the four main 'gateway' regions: Auckland, Wellington, Christchurch and Queenstown (covering 65 per cent of overall international tourism spending in the June 2016 year).
- › This doesn't appear to be changing – the proportion of expenditure by international visitors travelling to the non-gateway regions has remained flat over the past several years, at around 35 per cent.
- › However, the distribution of international tourism spend within gateway regions and within non-gateway regions is changing. Tourism expenditure has grown faster in Queenstown and Christchurch than in Auckland and Wellington. Within the non-gateway regions, the South Island has on average grown faster than the North Island.
- › Where the visitor comes from makes a significant difference to whether they move outside of the main gateway regions. Over half of expenditure by visitors to Germany are in the non-gateway regions. In comparison, most Asian expenditure is not. Only a fifth of Chinese visitor expenditure, for instance, is outside of the gateway regions.
- › Regional dispersal for both South Korea and China has improved significantly for the past eight years, while staying roughly the same or growing gradually for most other measured countries.

### 2.1 Spending in all RTO regions has grown

Over the last three years, international tourism expenditure grew in all RTO regions around the country. The largest growth in absolute spend occurred in gateway RTO regions, but all RTO regions saw some level of expenditure growth. Table 2 shows the 10 largest RTO regions by international tourism spend. The full list of RTO regions is presented in Appendix 2 of this report.

**Table 2: Top 10 RTO regions by international tourism spend**

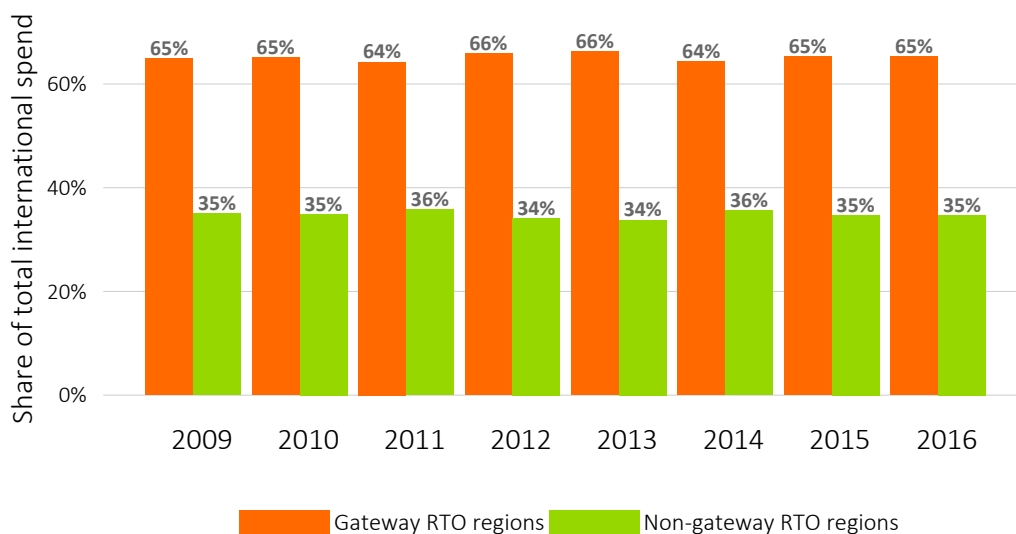
RTO region	International tourism spend (June 2016 year), \$ million	Change in spend between 2013 and 2016, \$ million	Compound annual growth rate, June 2013 to June 2016
Auckland	3,428	827	10.0%
Queenstown	1,203	418	15.0%
Christchurch	815	258	14.0%
Wellington	612	153	10.0%
Rotorua	314	101	14.0%
Waikato	274	98	16.0%
West Coast	229	81	16.0%
South Canterbury	223	63	12.0%
Northland	223	58	11.0%
Lake Wanaka	220	77	15.0%

Source: Monthly Regional Tourism Estimates, MBIE

## 2.2 The share of spending in the non-gateway RTO regions isn't changing

Regional dispersal for international tourists, measured by the proportion of international tourism spend in non-gateway RTO regions, has remained static during the past eight years (to June). Around 35 per cent of international tourism spend occurred in non-gateway RTO regions, while 65 per cent occurred in gateway RTO regions, as shown in Figure 1.

**Figure 1: Share of international tourism spend by gateway and non-gateway RTO regions, June years**



Source: Monthly Regional Tourism Estimates, MBIE

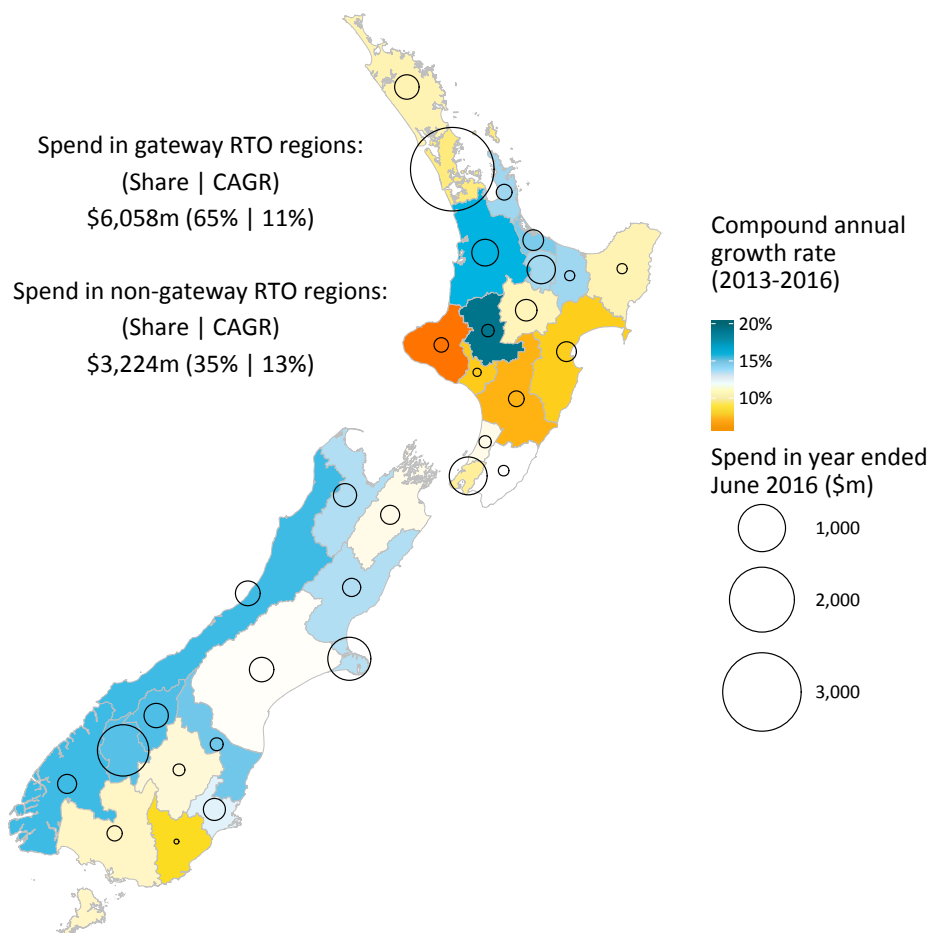
## 2.3 The distribution of spending within gateway and non-gateway RTO regions is changing

The distribution of international tourism spend within gateway and non-gateway RTO regions is changing. Within gateway RTO regions, spend grew faster in Queenstown and Christchurch than in Auckland and Wellington. Within non-gateway RTO regions, more South Island regions experienced above-average growth than North Island regions did – though much of this growth is the South Island recovering market share that was lost following the Canterbury earthquakes.

Figure 2 shows a map of international tourism spend for the year ended June 2016, and compound annual growth in spend for the past three years by RTO region.

Detailed information on spend, share, absolute changes, and growth by RTO region is available in Appendix 2.

**Figure 2: International tourism spend, June 2016 year, and compound annual growth rate (CAGR) for the past three years by RTO region<sup>10</sup>**



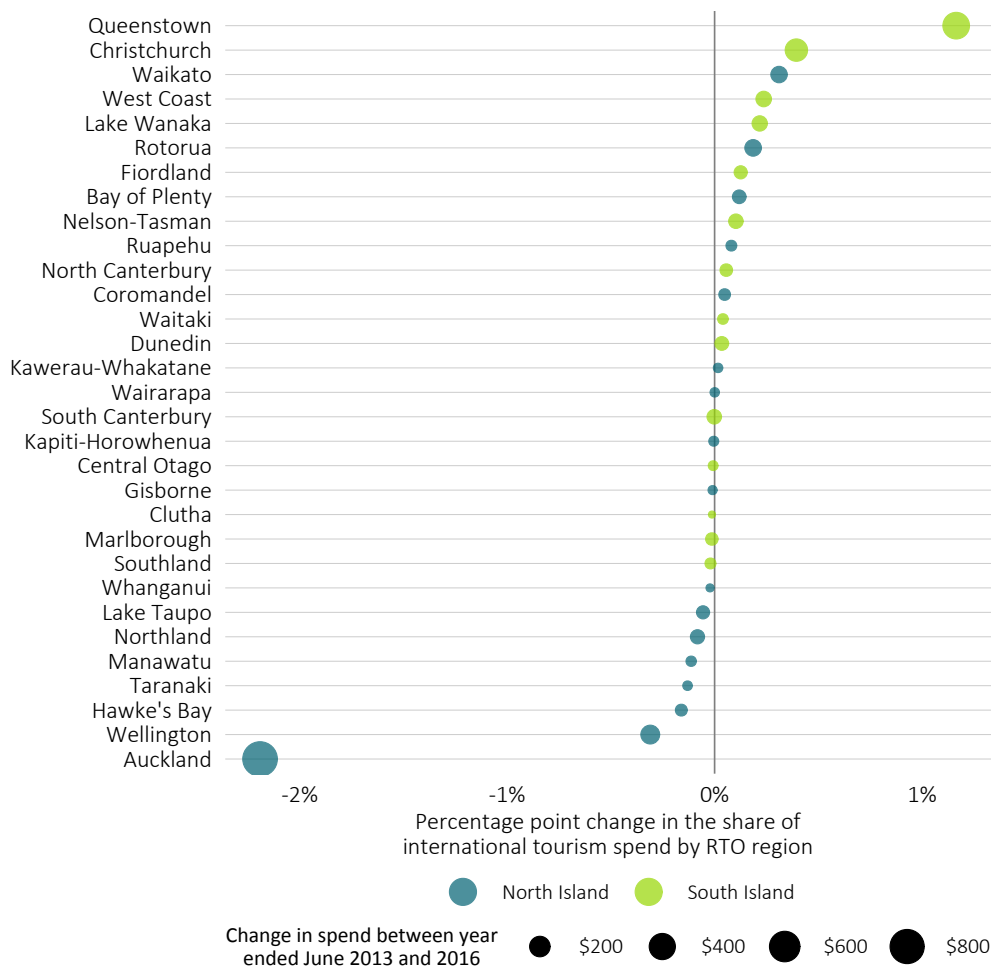
Source: Monthly Regional Tourism Estimates, MBIE

Figure 3 shows changes in the share of international tourism spend by RTO region for the past three years. For the gateway RTO regions, the shares for Auckland (down 2.2 percentage points) and Wellington (down 0.3 percentage points) fell over the period, while the shares for Queenstown (1.2 percentage points) and Christchurch (0.4 percentage points) grew.

In the non-gateway RTO regions, South Island regions (green bubbles) are either gaining or maintaining their shares, while most North Island regions' shares are falling (blue bubbles). West Coast, Lake Wanaka, Fiordland, and Nelson-Tasman experienced large gains in their share of spend while Hawke's Bay, Taranaki, Manawatu, Northland, Lake Taupo, and Wanganui lost their shares.

<sup>10</sup> The bubbles on the map illustrate international tourism spend. The size of bubbles corresponds with the size of spend. The colour on the map reflects compound annual growth rate for the past three years.

**Figure 3: Change in share of international tourism spend between June 2013 and June 2016 by RTO region**



Source: Monthly Regional Tourism Estimates, MBIE

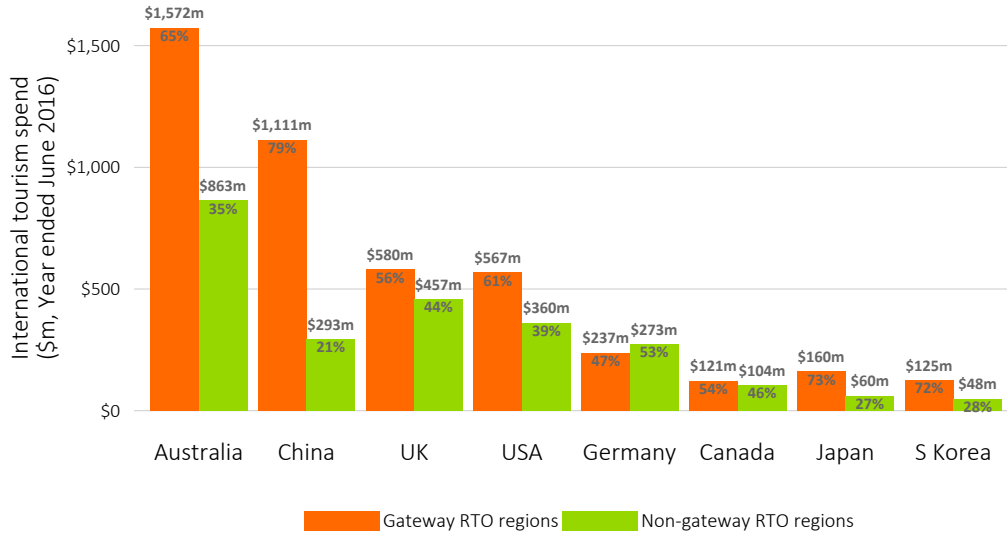
### 2.4 Regional dispersal varies significantly by country

People from countries with English as a primary or secondary language tend to have greater regional dispersal when in New Zealand – suggesting they may be more comfortable to go ‘off the beaten track’. Germany (55 per cent), Canada (46 per cent), the UK (44 per cent), the US (39 per cent), and Australia (35 per cent) all have a relatively higher level of regional dispersal, while South Korea (28 per cent), Japan (27 per cent), and China (21 per cent) have a relatively lower level.

Germany is the only market that spends more in non-gateway than in gateway RTO regions. Although China is the least regionally dispersed market, the spend in non-gateway RTO regions (\$293 million) was greater than Germany’s (\$273 million) as a result of the sheer size of the market.

Figure 4 shows both spend and share of spend in gateway and non-gateway RTO regions for key markets.

**Figure 4: Spend in gateway and non-gateway RTO regions by key markets, year ended June 2016**

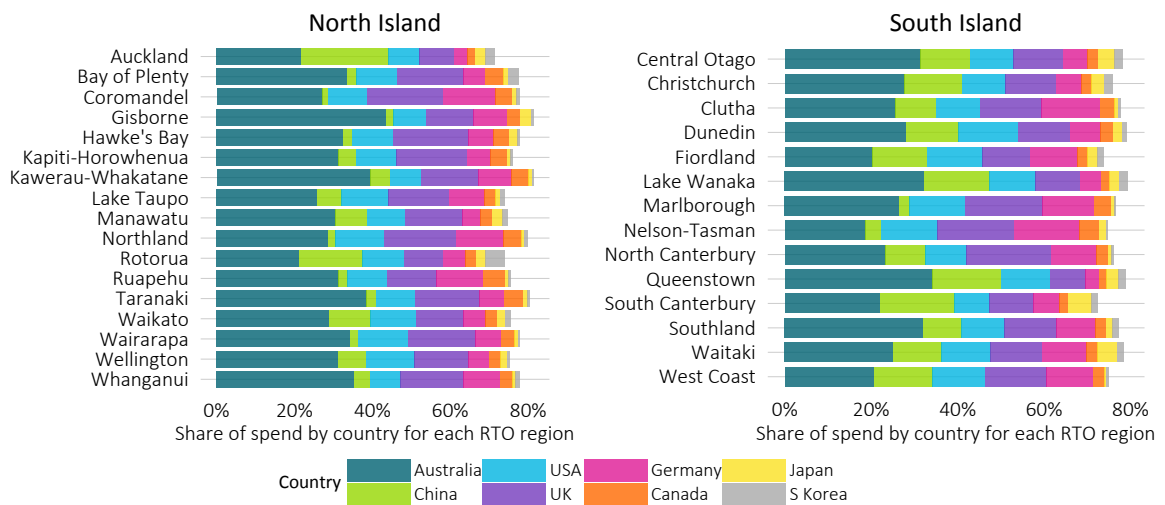


Source: Monthly Regional Tourism Estimates, MBIE

The share of international tourism spend by country varies significantly for different RTO regions. Australians’ tourism spend dominated all RTO regions apart from Auckland, in which Chinese spend was proportionately larger. The share of spend from China was significantly higher in the gateway RTO regions, along with Rotorua – indicating a clear preference for regions with built-up infrastructure and recognised international tourism attractions. Regions such as Gisborne, Ruapehu, Northland, Bay of Plenty and Hawke’s Bay have very low shares of spend by Chinese tourists.

Spend from the US, the UK, Germany, and Canada were significant sources of international tourism income for all RTO regions, but tended to be a greater share in the non-gateway RTO regions.

**Figure 5: Share of international tourism spend by selected markets for each RTO region, June 2016**



Source: Monthly Regional Tourism Estimates, MBIE

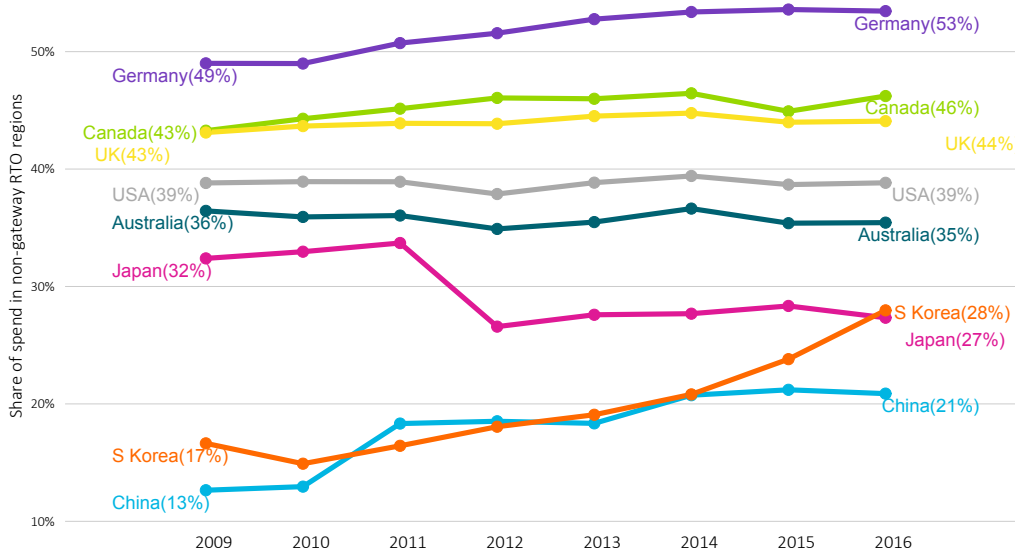
## 2.5 South Korea and China lead growth in regional dispersal

Regional dispersal for both South Korea and China has improved significantly for the past eight years, while staying roughly the same or growing gradually in other countries. Figure 6 shows the share of spend in non-gateway RTO regions for selected markets over time.

South Korea experienced the greatest growth in the proportion of spending going to the non-gateway RTO regions, increasing from 17 to 28 per cent in eight years – and becoming the most regionally dispersed Asian market in the June 2016 year. China’s share of spend in non-gateway RTO regions jumped from 13 to 17 per cent in the June 2011 year, and has been increasing slowly since then, reaching 21 per cent in the June 2016 year. In comparison, Japan’s share of spend into the non-gateway RTO regions has fallen, from 32 per cent in the June 2011 year to 27 per cent in the June 2012 year, and has been steady at that level since.

Germany’s share of spend in non-gateway RTO regions is the highest of all countries analysed, at 53 per cent in the June 2016 year. Canada, the UK, the US, and Australia’s share of spend in non-gateway RTO regions has remained roughly the same over the June 2009 to June 2016 period.

**Figure 6: Share of spend in non-gateway RTO regions by country from 2009 to 2016, June years**



Source: Monthly Regional Tourism Estimates, MBIE