

Framework
Methodology for a

Sustainable Tourism Growth Monitor



Foreword

Tourism is growing and is now New Zealand's largest industry sector, employing over 215,000 people and directly contributing \$15.9 billion to GDP (year to March 2018).

But growth alone is not enough. Tourism growth must be sustainable for the community and environment. If growth and sustainability don't go hand in hand, the tourism industry risks losing the support of local communities, impacting the environment and the experience of our visitors.

Many of the issues raised around the impact of tourism growth appear to be anecdotal rather than based on accurate data. We commissioned economic consultancy Sense Partners to develop a framework for a Sustainable Tourism Growth Monitor (STGM) to better understand how our industry could measure all the factors that contribute to sustainable tourism growth.

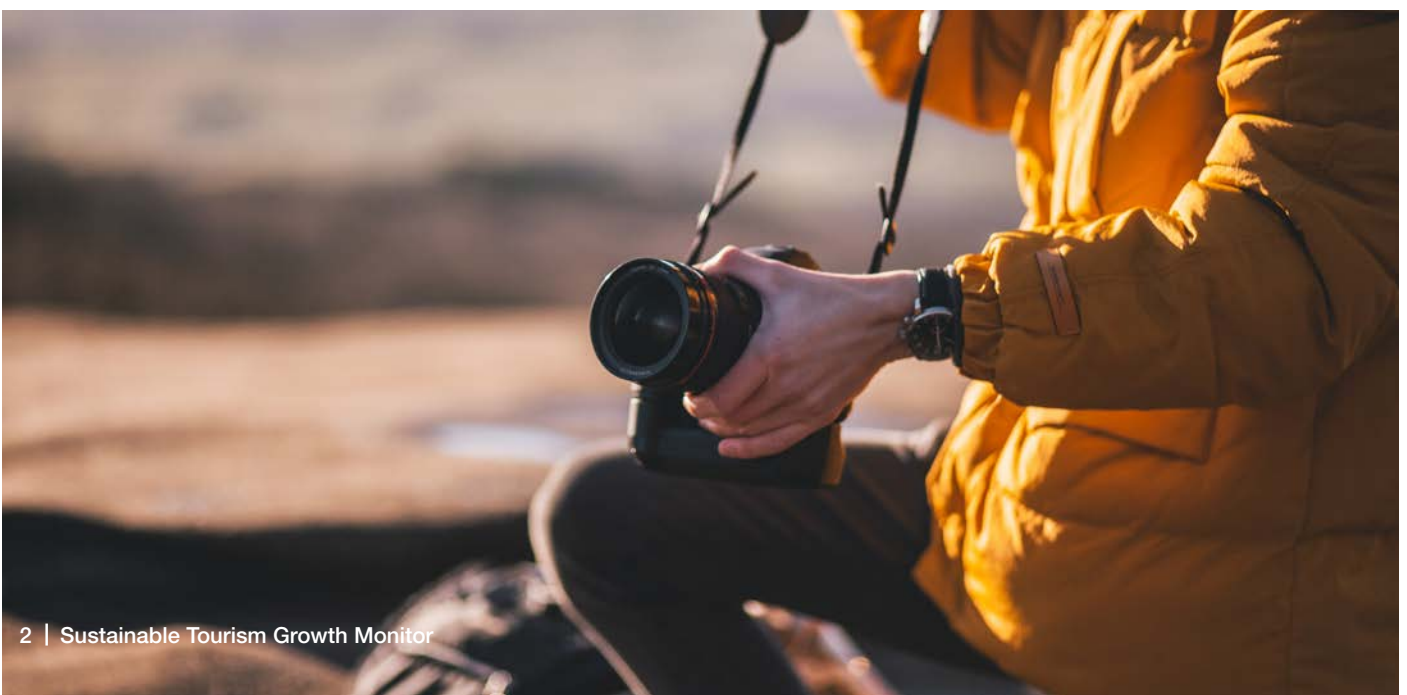
Since growth and sustainability have many dimensions, the STGM needs to consider a wide range of data in order to measure tourism and its impact. We want to be able to track progress, highlight opportunities and risks, and provide evidence-based ideas for informed conversations and action.

Sense Partners has developed a framework that we think is informative and valuable. While they found that some tourism data was of high quality and coverage, other data was not.

There are too many gaps to know confidently how New Zealand is truly performing as a tourism destination, particularly at a local, regional level. As a result, we will be collaborating with key tourism industry participants to stress test the framework, agree on the best data, and lead efforts to improve data where necessary with the goal of developing a robust STGM for New Zealand tourism.

We want New Zealand to be a growing, high-performing, high-value and sustainable tourism destination. As ever, we want to collaborate with key tourism industry participants and government to achieve this ambition.

Adrian Littlewood
CEO Auckland Airport



Introduction



Sustainability of our communities, environment, economy and visitors, is key to tourism growth. So, it makes sense that growth and sustainability are measured together.

We want to understand the growth of the tourism industry, its drivers, the indicators of success, and the sustainability of that growth. We want to ensure that tourism in New Zealand has the ability to continue growing without undermining the things that make the tourism industry successful.



The aim of the framework is to identify the factors that contribute to sustainable growth. It needs to:

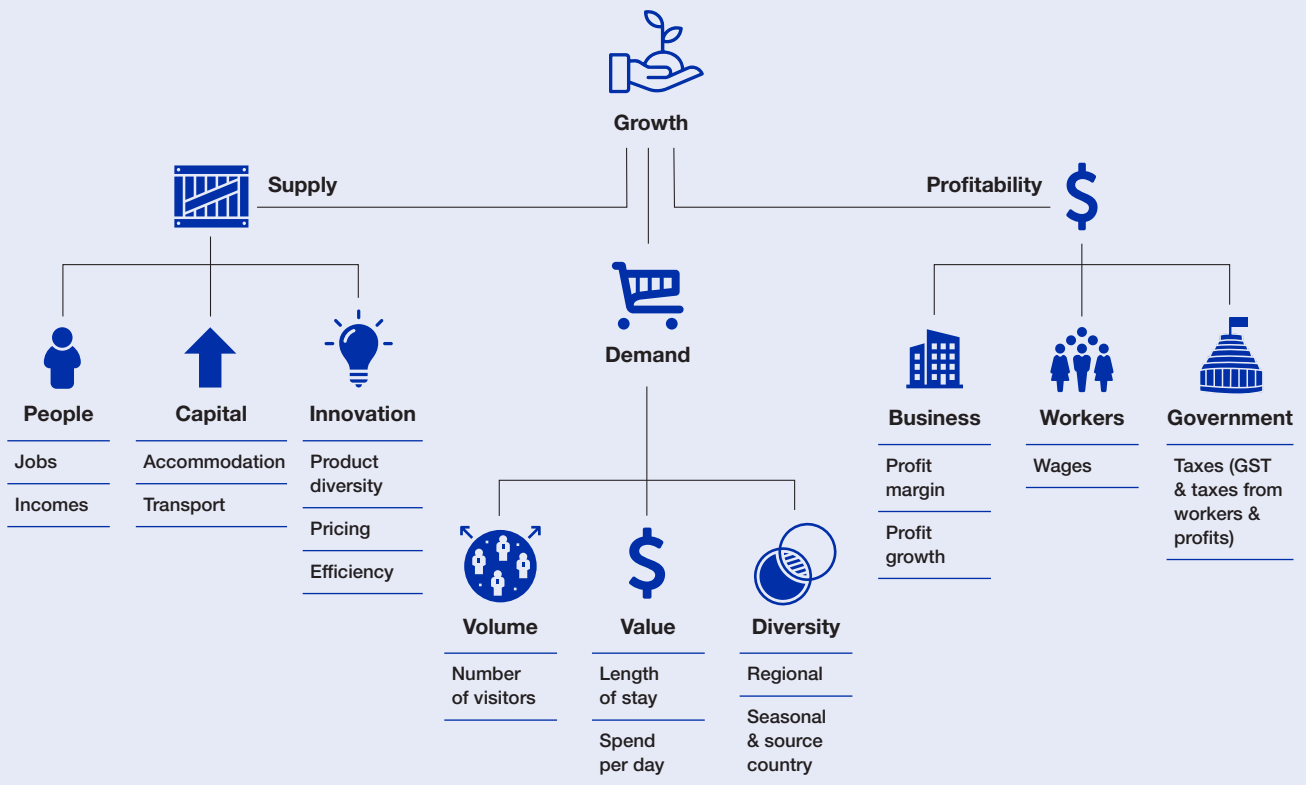
- enable visibility of the factors that contribute to sustainable growth of tourism;
- be quantifiable, so that complex ideas can be combined and understood together;
- be simple to understand, but not at the cost of the depth and breadth of the concepts that it is trying to measure;
- be ongoing and able to be measured over time to allow for comparisons to occur.



Methodology

The STGM framework is based on growth and sustainability sub-topics. Since growth and sustainability have many dimensions, each sub-topic has further sub-components that use a range of data to track growth and sustainability of tourism over time.

Tourism growth



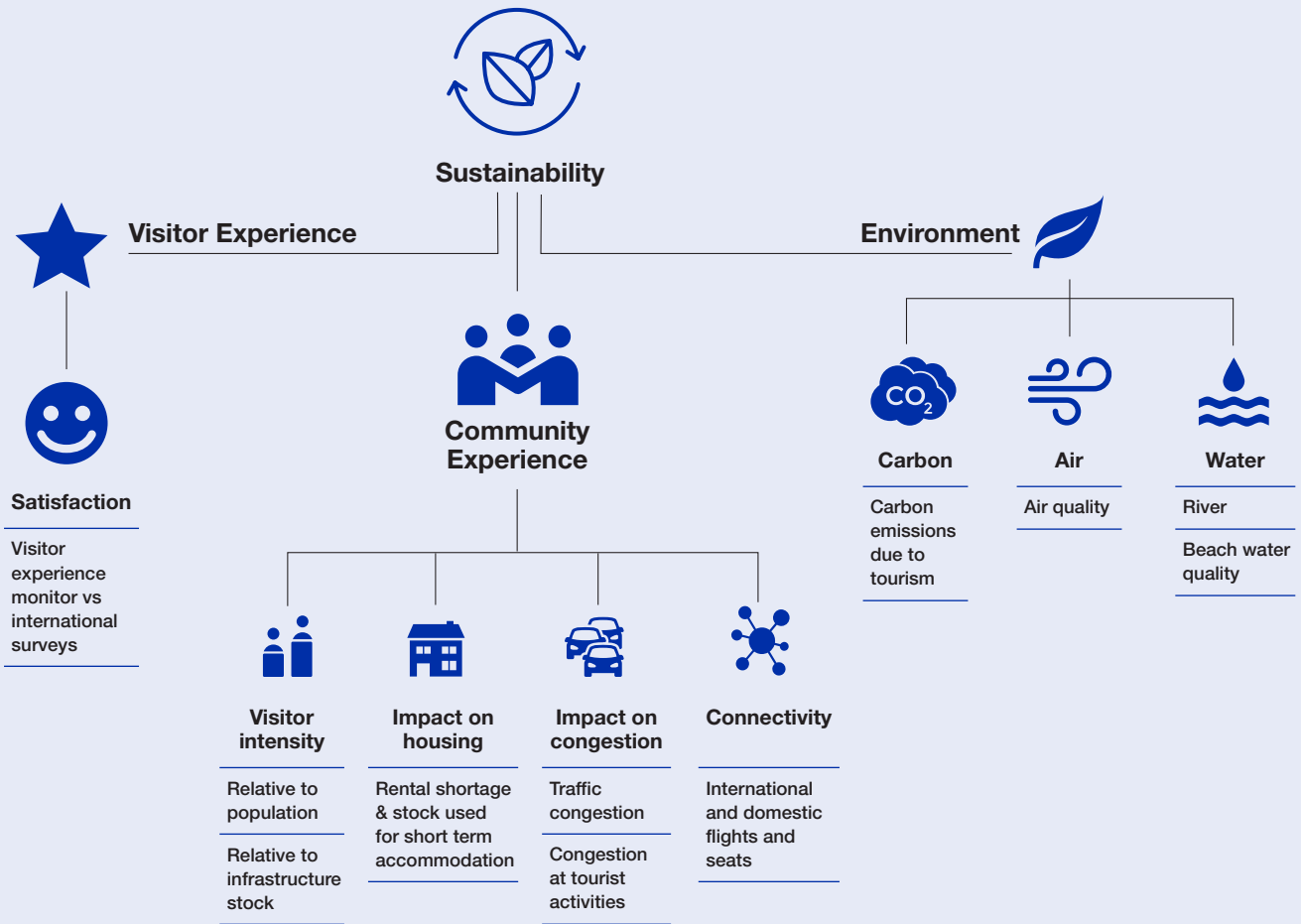
On tourism growth

We measure supply, demand and profitability:

- supply of local inputs like jobs, accommodation and other infrastructure, and the innovation that takes place;
- demand from both international and domestic tourism, including the number of visitors, how long they stay and how much they spend. Also included is diversity of tourism in terms of where visitors come from, what time of year they visit and which locations they go to;

- profitability of the businesses operating in the tourism industry, the wages earned by workers and the taxes collected by government.

Tourism sustainability



On tourism sustainability

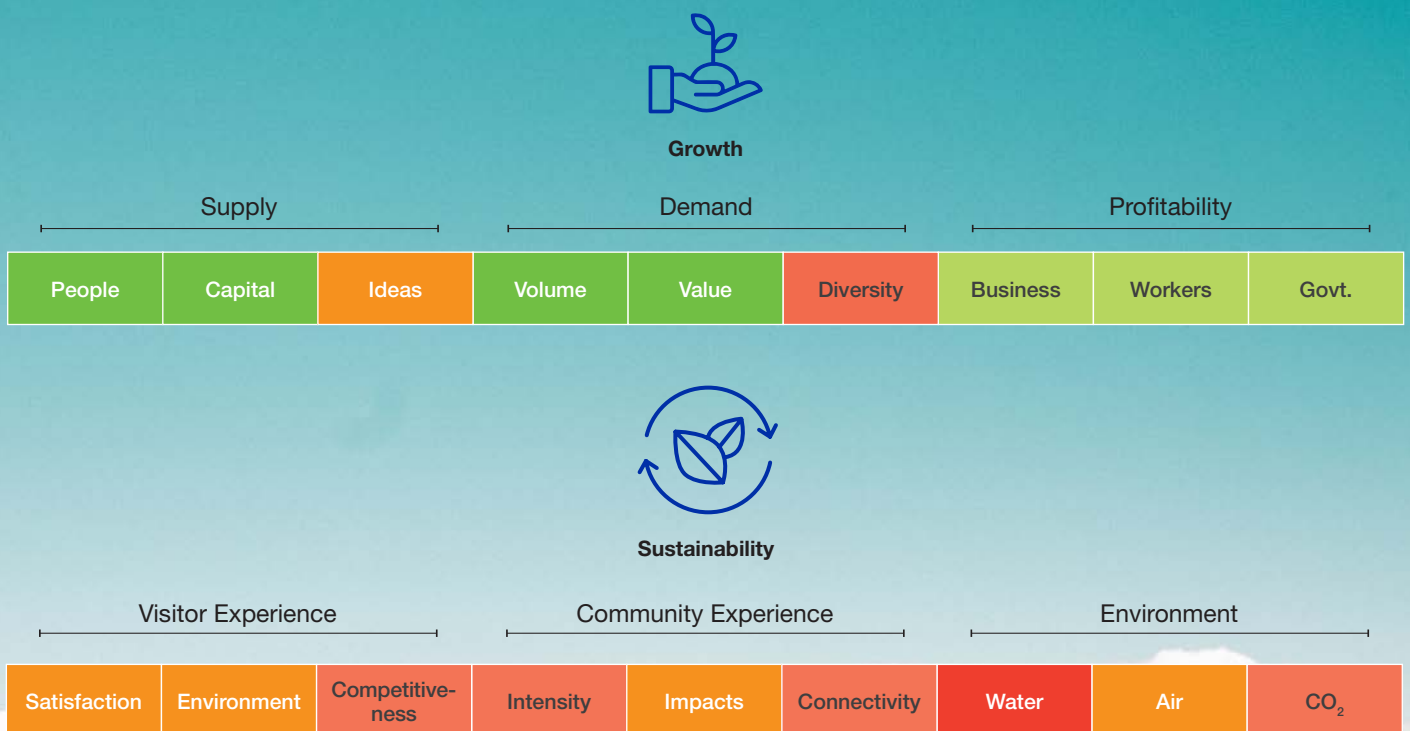
We measure visitor experience, community experience and the environment:

- visitors' overall trip experience, their experience of the amenities, infrastructure and the wider environment whilst in New Zealand, and also how that compares to other countries such as Australia, Japan and Norway, which already have similar visitor experience monitors. We may want to measure complaints as an early indicator of emerging issues and congestion on key amenities, such as the Great Walks;
- community experience, in terms of intensity of visitors relative to locals and the resulting impact on housing and other infrastructure; the benefits that tourism brings, such as greater diversity of economy and increased connectivity to other regions;
- any impact tourism has on the quality of water, air and greenhouse gas emissions.

Data complications

There are a number of areas where the data coverage is low. In particular, the sustainability metrics are not well measured and regional coverage is often low. This matters because tourism is experienced locally and a local focus is critical to ensure we measure the real benefits and impacts of tourism.

Sense Partners found that while the quality of data was good in some areas (e.g. visitor experience monitoring) it was less ideal in other areas (e.g. environmental impacts of tourism). The following diagram outlines the components of the framework, and the issues identified in data collection.



Key

Very good	Good	Adequate	Less than Adequate	Very poor
Good coverage, number of indicators available for the concept, timely, long history, robust, nationally recognised data available	Good coverage, 2-3 indicators for concept, timely data but perhaps not the length of history, recognised provider	Perhaps 1-2 indicators, provider not nationally recognised, some gaps in length of history	Perhaps a single indicator for the concept, data recognised as well constructed but without national standard e.g. Stats NZ	Single indicator only, possible poor match to concept, short time span of data

What could a Sustainable Tourism Growth Monitor look like?

The aim is to provide a structured approach to measuring the growth and impacts of tourism, and also to report summary measures to enable easy interpretation.

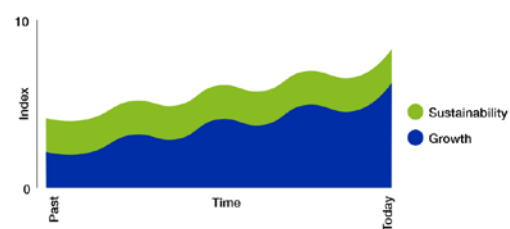
Sense Partners have recommended that the STGM be a composite indicator, which is commonly used to explore and monitor a subject by measuring its contributing factors. Composite indicators are useful because they summarise complex, multidimensional concepts making them easier to interpret than bundles

of individual indicators. They also reduce the size of a set of indicators without losing the underlying information base. This enables comparison of complex sub-component dimensions effectively.

Bringing the index together can be done in either a weighted fashion (giving different weights to different components) or equally weighted. The latter is a simpler approach to bringing together a disparate data set together into one composite monitor, rather than attempting to make judgments about whether some components should have greater value at this early stage.

Ultimately the STGM would provide an index - a score out of 10 for the performance of New Zealand's tourism industry at a national level over the past year. This score can

be measured each year, allowing comparisons to be made of the industry's performance over time. The STGM index would graph similar to the indicative one below. This approach to provide a STGM would also enable comparisons of performance of the factors of growth, sustainability and the interaction of these two components together. Given that the impacts of tourism are often hyper-local, the framework approach could be widened later to enable a considered region by region index of sustainable tourism growth.



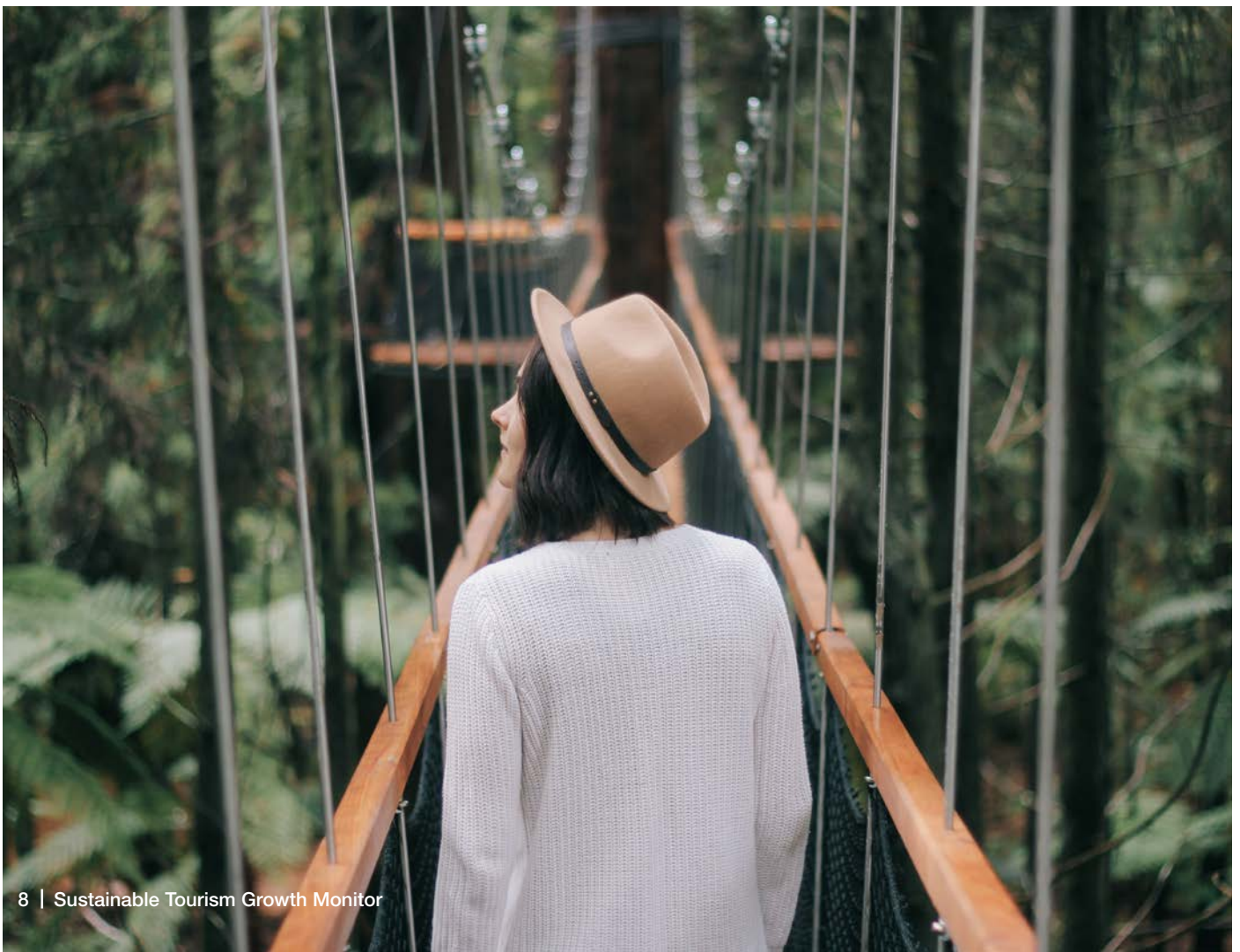
Discussion

It is envisaged that the STGM will enable better informed discussions around tourism's contribution to the economy, our success in growing the industry, and the positive impact for New Zealanders, our communities and the environment.

It will have the ability to objectively examine the things that may be at risk of overuse, exploitation, or damage. Bringing issues to light before they become crises will be a key driver of industry sustainability. Likewise, it will allow for the identification of positive trends.

A systemic, quantifiable view will enable interventions to create substantive change in the management and operation of New Zealand's tourism industry to enable growth opportunities to be realised and sustainability risks to be better managed in the future.

We hope that in time New Zealand's tourism operators, central and local governments, public and media find it a useful and usable tool that empowers and enables better decisions relating to policy, investment, returns visitor experiences and community outcomes.



Next steps

The following are the next steps to build a comprehensive STGM for New Zealand's Tourism industry:

- Gather tourism system input and feedback on the approach
- Work with key industry, central and local government stakeholders to improve the data sources and accuracy of the monitor
- Socialise and discuss the initial findings, emerging issues and trends
- Continuing to develop a final STGM platform which will deliver the measures and insights the industry seeks in order to aid better informed decision making and investment across the tourism system
- Run the monitor over time to enable properly informed discussions about sustainable tourism growth in New Zealand to aid ongoing quality decision making around sustainable growth and improved destination management outcomes.

