

18 February 2022

Media release

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## **Tourism businesses suffering under Red setting – toughest trading conditions yet**

Tourism and hospitality operators are facing their toughest trading conditions since the beginning of the pandemic and desperately need financial support to survive, Tourism Industry Aotearoa says.

When the move to Red took effect on 23 January 2022 operators were anticipating some disruption to trade. However, rather than a slowdown, the industry has witnessed an almost wholesale stop to travel and spending, similar to a national lockdown, TIA Communications Manager Ann-Marie Johnson says.

New Zealanders have reverted to a lockdown mentality and many businesses, particularly in the tourism industry, are arguably now in the most difficult financial position they have been since the pandemic began, with few customers and little government support.

The situation is exacerbated when staff have to go into self-isolation, leaving businesses under-resourced to respond to any visitor demand they can attract.

“We are hearing harrowing stories every day from our members across all parts of the tourism system, from accommodation and transport operators to activities and attractions across the motu. Having proven their resilience by surviving two years of the pandemic, some are now facing ruin through no fault of their own just when they should be looking forward to recovery. We have grave concerns for their mental wellbeing,” Ms Johnson says.

TIA has asked Tourism Minister Stuart Nash for an immediate package of support that will help tourism businesses retain their workforce (Wage Subsidy) and pay the bills (Resurgence Payment).

“On top of that we urge the Government to be bold, and provide hope and certainty to our industry by moving at pace with reviewing border settings and isolation requirements. A recent survey by Angus & Associates found that 60% of the New Zealand public supported opening the borders with vaccination and negative testing,” Ms Johnson says.

“We have seen alarming results in recent surveys conducted by Hospitality New Zealand and Tourism Export Council that suggest many businesses might not survive the Omicron outbreak,” Ms Johnson says.

TIA is currently working with a network of tourism sector associations to survey industry operators and will have the full results early next week but initial responses suggest that:

- 94% of respondents are finding the current operating environment either difficult or extremely difficult

### **TOURISM INDUSTRY AOTEAROA**

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- Respondents are reporting that their revenues over the period 1 February to 30 April will be just 43% of their levels of the same period in 2021 (when revenues had already been severely impacted by the first summer without international visitors).

"Businesses that are still trading today are our most resilient operators who have navigated the COVID journey so far. They are the core of our tourism offering and worth Government investment. Further loss runs the very real risk that the DNA of the tourism industry will be decimated, severely limiting the industry's ability to build back better with the high quality, regenerative tourism economy that we are all aspiring to," Ms Johnson says.

"The industry is not seeking long-term government support. The need for support will disappear when we can once again welcome international visitors with no self-isolation requirement. The removal of self-isolation is another area that we are pressing Government to act on with urgency."

### Operator stories

Multi award-winning Queenstown tour operator **Altitude Tours**, which was named the world's best wine tour by Tripadvisor in 2021, is among those struggling at Red.

"We are currently lucky to operate two tours a week with 2-6 people per trip, when normally we would operate five per day with 50-100% occupancy," director Nigel Hobbs says.

"We are haemorrhaging tens of thousands of dollars each month, so without shareholder cash injections we would be close to putting our businesses into liquidation and walking away. As someone that has given my career to the tourism industry, hustled and worked hard, I would like the government to show us some kindness until we can get back to business."

In Rotorua, internationally renowned **Te Puia** welcomed less than 200 visitors last week.

Chief Executive Tim Cossar says there have also been numerous cancellations and postponements, especially in Te Puia's restaurant.

"This is made more challenging by the fact that we had built up the team as demand was looking strong. Now, with all the cancellations and postponements, we have little business and find ourselves carrying the costs but not wanting to alter staffing levels as great staff that meet our quality requirements are incredibly hard to find in a constrained labour market," he says.

"If ever there was a case for additional support in the form of wage subsidies and resurgence payments, it is now. There is literally next to no consumer demand. The next six months will be some of the toughest since COVID arrived. The future beyond that, as international markets return, gives us cause for more optimism, but as it is right now, trading has been severely impacted, and with Omicron and winter upon us it's not a great short-term prognosis."

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#### KEY FACTS

- TIA is New Zealand tourism's peak industry body. We are the only independent association that represents all sectors of New Zealand's large and diverse tourism industry.
- TIA has about 1300 member businesses from across the industry, ranging from small owner/operators to large publicly listed tourism corporates and international hotel chains.
- TIA is deeply involved in discussions on recovery and what the future of tourism in New Zealand will look like.
- TIA leads implementation of the industry's **Tourism Sustainability Commitment** which aims to see every New Zealand tourism business contributing positively to our people and cultures, our environment and our economy
- TIA delivers a comprehensive and diverse range of industry events including TRENZ, New Zealand Tourism Awards, Discussing Tourism regional events and the Tourism Summit Aotearoa.

Visit [www.tia.org.nz](http://www.tia.org.nz) for more information

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