

6 May 2020  
Media release

---

## No time to lose in allowing safe NZ travel

A new Reserve Bank assessment of the economic impact of COVID-19 underlines the importance of getting New Zealanders moving again.

**Economic impacts of COVID-19 containment measures** forecasts an 8.8% reduction in New Zealand's GDP output under Level 2 – virtually all this reduction coming from a constrained tourism sector.

The border closure results in a 4.0% reduction in total GDP, with international arrivals falling to a fraction of previous levels. Restrictions on mass gatherings and events shave another 0.3% off GDP.

The Reserve Bank uses the current Level 2 guidelines, which allow for essential domestic travel only. This would have the biggest economic impact, shaving 4.5% from New Zealand's GDP output.

Tourism Industry Aotearoa says it is essential that the guideline updates being issued tomorrow allow for safe domestic travel.

"This Reserve Bank report highlights how crucial domestic and international tourism is to New Zealand's economy. The reality is it will be some considerable time before global travel resumes at any significant level, but we can safely get New Zealanders moving again and contributing to the economic and social wellbeing of communities across the country," TIA Chief Executive Chris Roberts says.

Aviation, accommodation, hospitality, retail, and most recreation and tourism activities can be operated safely under Level 2, with provisions for social distancing and contact tracing.

"Every day that passes before Kiwis can travel around their own country again puts more jobs and businesses at risk."

The table from the Reserve Bank report below highlights the impacts on tourism GDP of each COVID-19 alert level.

### **TOURISM INDUSTRY AOTEAROA**

Inspire House, 125 Featherston St, Wellington 6011, New Zealand  
P +64 4 499 0104 [www.tia.org.nz](http://www.tia.org.nz) E [info@tia.org.nz](mailto:info@tia.org.nz)



**TABLE 4: GDP IMPACTS AT COVID-19 ALERT LEVELS**

Level and restriction	Assumption: How binding?	GDP impact
<b>Level 1</b>		<b>3.8%</b>
Border restriction	<p>We assume two weeks in self-isolation would severely reduce tourist numbers but a few would still come or remain here (this may depend on the length of time the restriction is in place). Over time, we assume the international tourism contribution to GDP falls to 10 percent of its original level.</p> <p>We assume the GDP contribution of international students falls to half its original level.</p> <p>Domestic tourism linked to overseas travel falls to a negligible level.</p> <p>If alert level 1 was implemented with a stricter border closure for an extended period, GDP could fall by up to another 1 percentage point.</p>	3.8%
<b>Level 2</b>		<b>8.8%</b>
Border closure	<p>The border is closed to international tourists, severely affecting the tourism sector. We assume the contribution to GDP from international tourism falls to 5 percent of its original level. This accounts for foreigners already in the country before the restrictions were enacted.</p> <p>We assume the GDP contribution from international students falls to one third of its original level</p>	4.0%
Restrictions on mass gatherings and public venues	We assume these restrictions would reduce production in related industries by half. The proportion impacted is uncertain, and some groups would fare better than others. However, the marginal impact of this restriction is small compared to the other restrictions.	0.3%
Avoid non-essential domestic travel	<p>Domestic tourism is also restricted at this alert level. We assume a 75 percent reduction.</p> <p>It is unclear how much domestic travel is essential and would still take place. However, it is likely to be a relatively small. In addition, domestic tourism linked to overseas travel would fall.</p>	4.5%

For more information, please contact:

Ann-Marie Johnson  
 Communications Manager  
 0276 004 565  
[ann-marie.johnson@tia.org.nz](mailto:ann-marie.johnson@tia.org.nz)

**TOURISM INDUSTRY AOTEAROA**

Inspire House, 125 Featherston St, Wellington 6140, New Zealand  
 P +64 4 499 0104 [www.tia.org.nz](http://www.tia.org.nz) E [info@tia.org.nz](mailto:info@tia.org.nz)



## KEY FACTS

Prior to the COVID-19 pandemic:

- Tourism in New Zealand was a \$112 million per day industry. Tourism delivered around \$47 million in foreign exchange to the New Zealand economy each day of the year. Domestic tourism contributed another \$65 million in economic activity every day.
- Tourism was New Zealand's biggest export earner, contributing \$17.2 billion or 20.4% of New Zealand's foreign exchange earnings (year ended March 2019).
- 14.4% of the total number of people employed in New Zealand worked directly or indirectly in tourism. That means 393,279 people were working in the visitor economy.
- The **Tourism 2025 & Beyond** sustainable growth framework/Kaupapa Whakapakari Tāpoi has a vision of growing a sustainable tourism industry that benefits New Zealanders.

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

### TOURISM INDUSTRY AOTEAROA

Inspire House, 125 Featherston St, Wellington 6140, New Zealand

P +64 4 499 0104 [www.tia.org.nz](http://www.tia.org.nz) E [info@tia.org.nz](mailto:info@tia.org.nz)

