

Alarming Impact Of COVID-19 On Tourism Industry Revealed

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A survey by Tourism Industry Aotearoa has revealed the devastating impact of COVID-19 on New Zealand's tourism industry and what individual businesses are doing to survive.

TIA conducted the survey of its 1600 members to provide a comprehensive assessment of how tourism businesses are navigating the crisis. The results from 569 respondents have now been fully analysed. This has both quantified the impacts on the industry and revealed the individual actions being taken by tourism businesses, including the extent to which Government support is being utilised.

78% of respondents are taking major steps to adapt their businesses to the changed operating environment, including one third of businesses (33%) indicating they are going into hibernation for the foreseeable future. 40% are sharply reducing business size and capacity, and 21% are scrambling for capital in order to survive.

“Tourism business operators, especially smaller businesses, are desperate for a wider range of support measures from Government,” says TIA Chief Executive Chris Roberts. “The results show that some form of bespoke support for tourism is urgently needed beyond the initial 12 weeks of the wage subsidy.”

Responses to the survey indicated that tourism businesses have drawn heavily on the Government support measures, with 93% of respondents accessing the Employer Wage Subsidy Scheme and 30% accessing tax relief measures.

“The current universal support programmes are not sufficient for tourism businesses,” says Mr Roberts. “No other industry has been as affected by COVID-19 and the support needs to acknowledge and address this accordingly.

“Previously, tourism was over 20% of the country's exports, 10% of GDP, and supported almost 400,000 jobs. It needs targeted assistance.”

Along with extending the wage subsidy scheme for the tourism industry, TIA suggests the Government makes some urgent decisions on investing the \$45m available in the International Visitor Levy fund, considers targeted loans or grants to cover rent and lease payments, and discusses sensible tax and rating relief.

The survey responses have reinforced TIA's job loss predictions. Combined, the respondents indicated they would normally have employed 27,635 full-time staff in April. This was halved due to COVID-19.

“The gravity of this impact is emphasised when you apply this ratio across the 393,000 people directly or indirectly employed by tourism,” says Mr. Roberts. “We could see up to half these jobs disappear, without targeted intervention.”

Mr Roberts says it is clear there is a high degree of ‘state of shock’ relating to the COVID-19 crisis.

“The situation requires new thinking. There is a strong thread of the natural optimism of people in the tourism industry, with new opportunities, pivoting and reimagining very much on their minds.

“On the other hand, there is tremendous uncertainty. The duration of the crisis is unknown, and the timing is not in the hands of operators.”

In the meantime, businesses are under enormous financial stress. Some have the structure and capital to see out an extended period of uncertainty, whereas others are less secure. Some businesses have closed already, many are hibernating, and no doubt other businesses will fold over coming months. This will have great human cost for the business owners and their staff.

“As each business goes, a piece of the highly connected tourism industry network will disappear. If too many businesses go under, then the industry may not be in the position to recover quickly when demand returns.”

Mr Roberts says this makes the role of Government very important in assisting the industry to navigate its way through the crisis.

“A strong theme coming from the survey respondents is the high degree of uncertainty around what lies ahead. The industry and Government working together will be critical”.