



New Zealand Hotel Industry Outlook

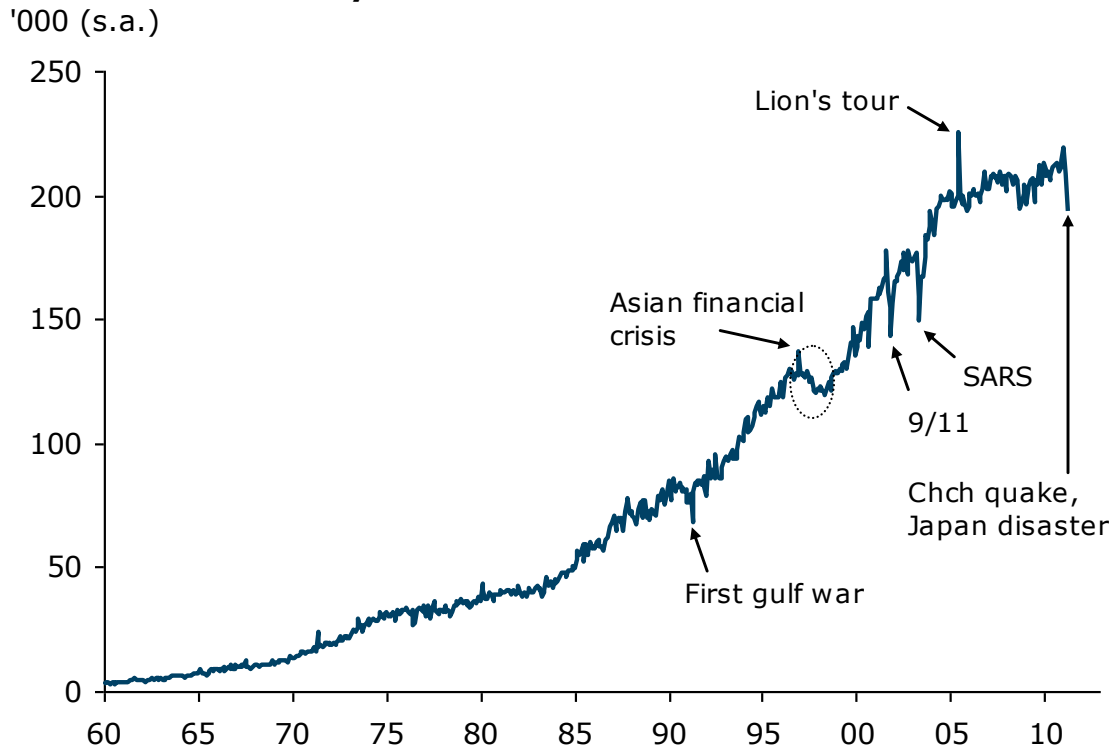
Adapting to a rapidly changing world

Khoon Goh

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The long view on tourism. Past strong growth rate unlikely to be repeated.

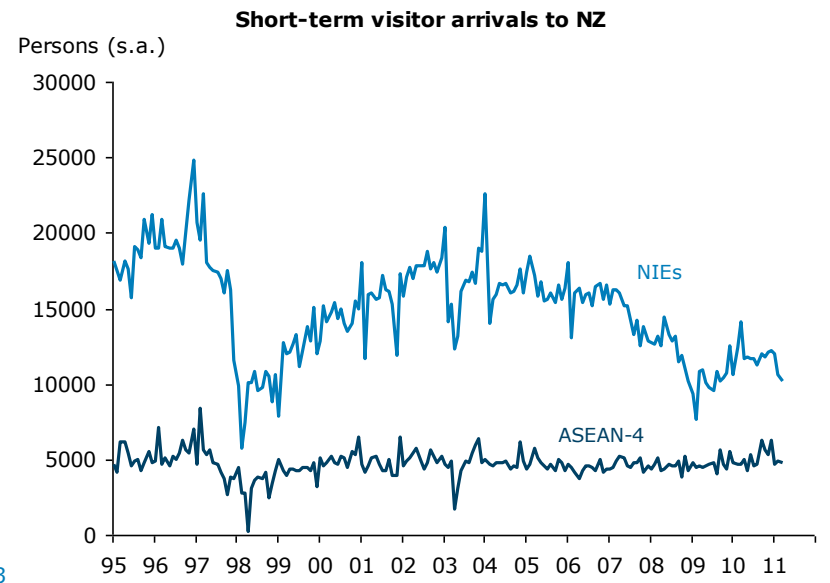
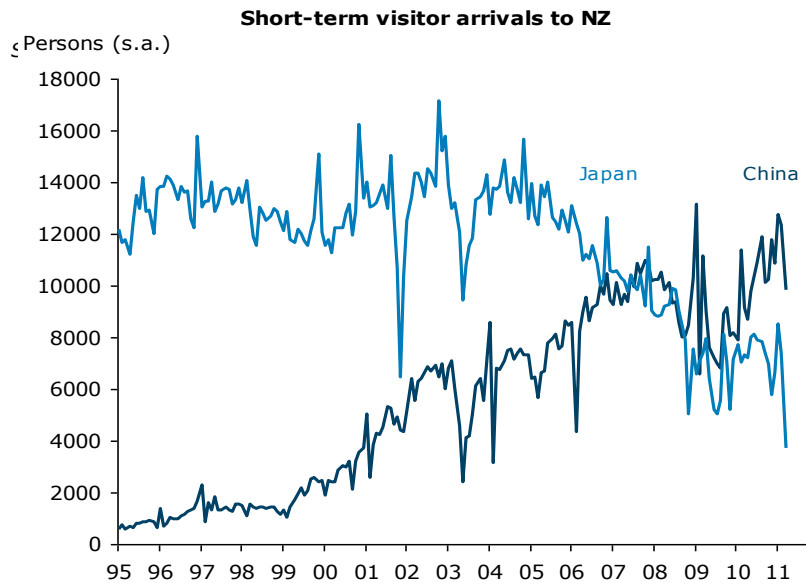
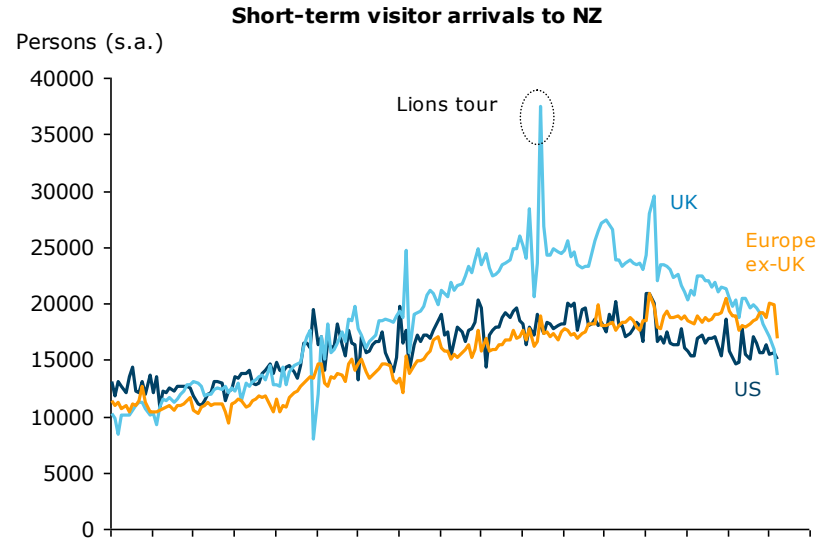
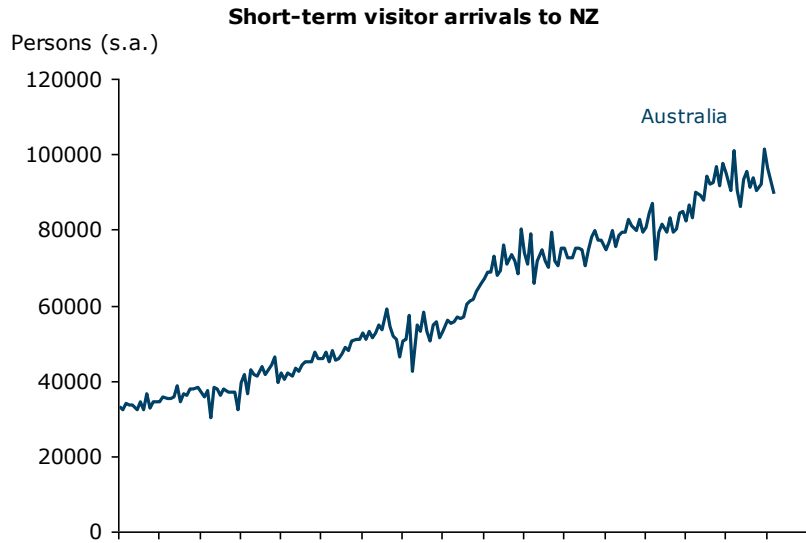
Monthly short-term visitor arrivals to NZ



Sources: ANZ, Statistics NZ

	Average growth rate per annum
1960s	16.3
1970s	10.1
1980s	7.7
1990s	6.2
2000s	3.5
2010s	3 to 5

The changing face of NZ tourism

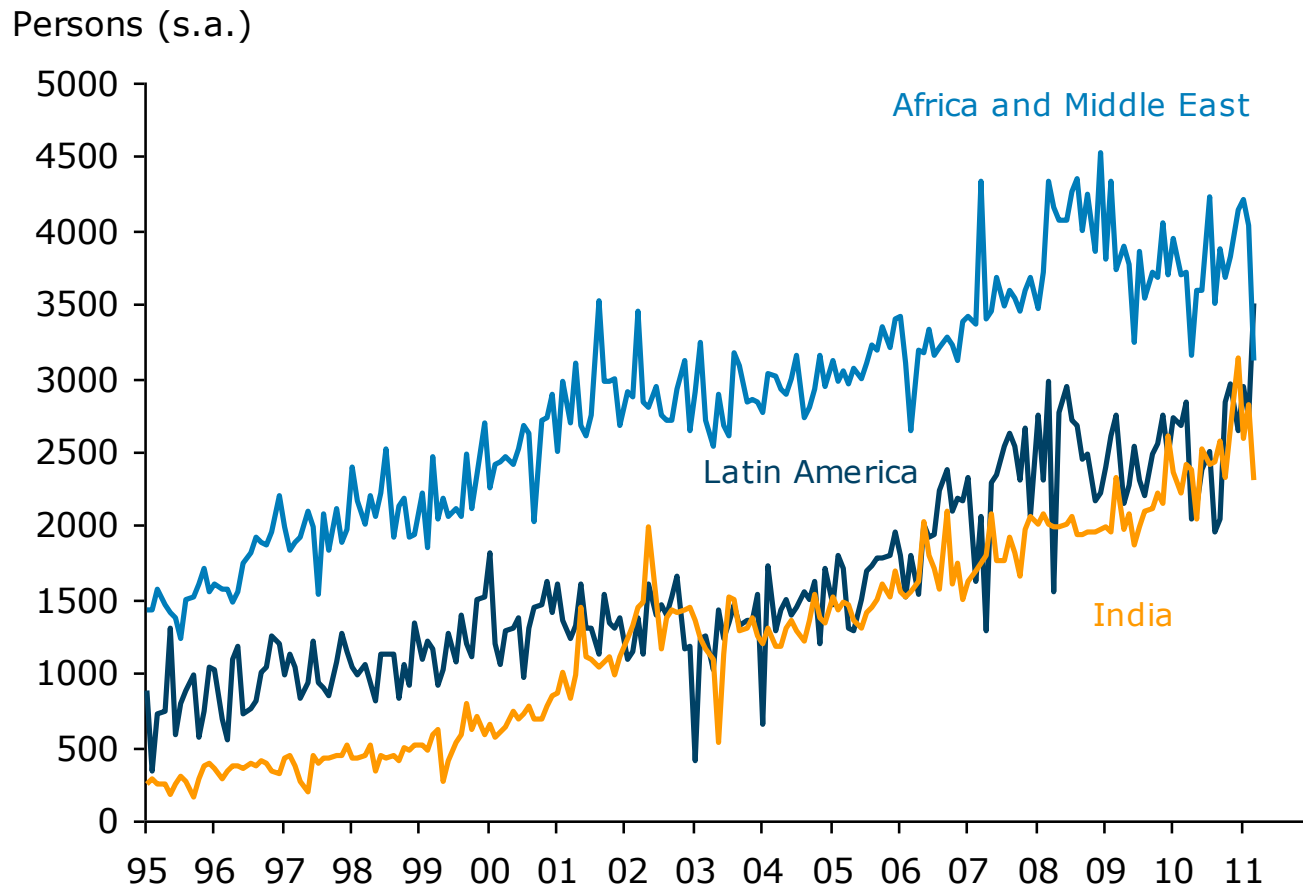


Sources: ANZ, Statistics NZ

3 Sources: ANZ, Statistics NZ

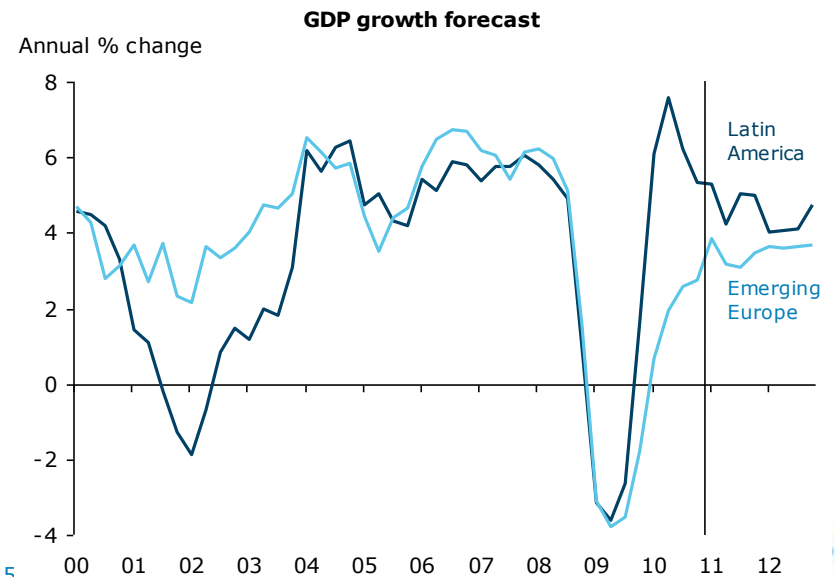
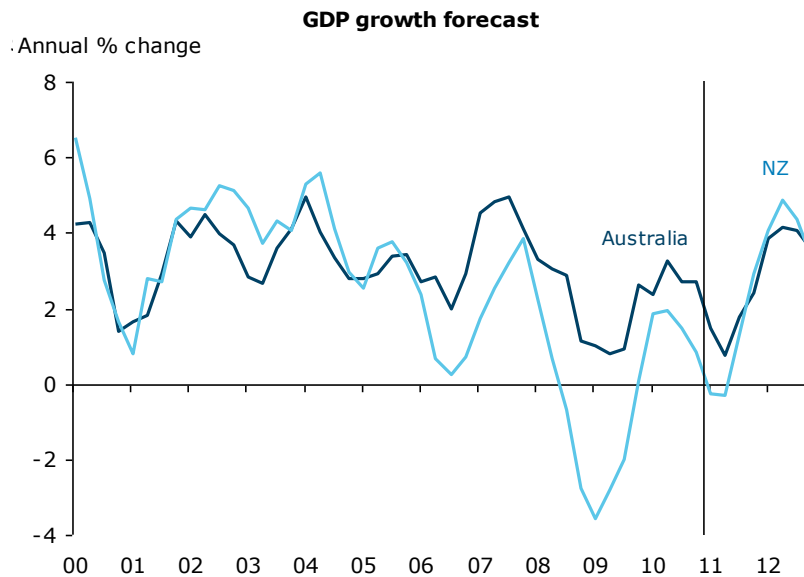
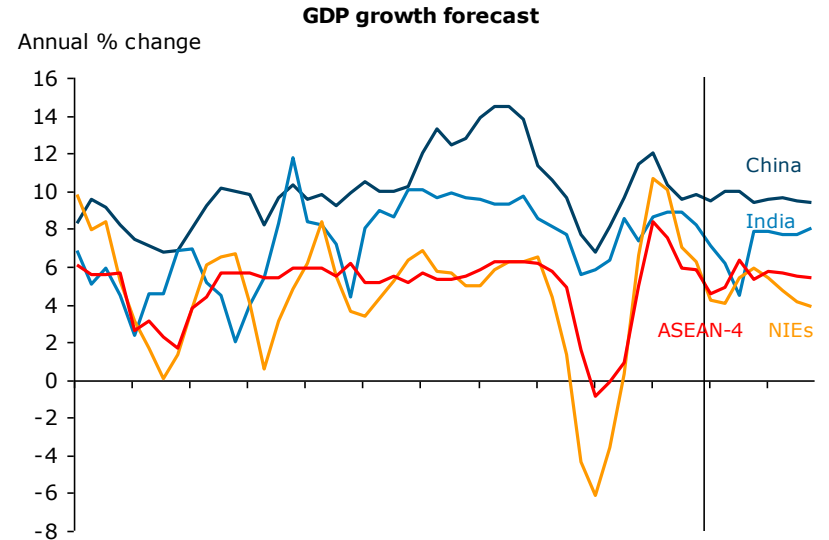
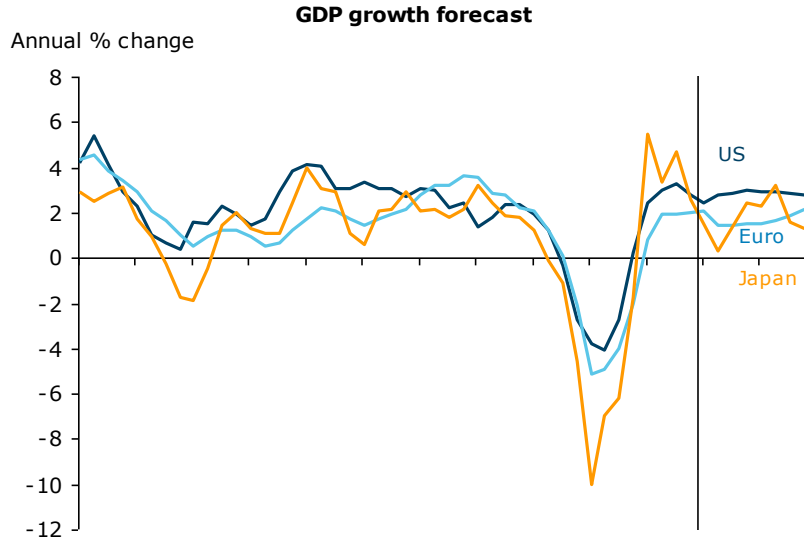
Is this the future?

Short-term visitor arrivals to NZ



Sources: ANZ, Statistics NZ

Diverging fortunes



Sources: ANZ

5

Sources: ANZ, IMF

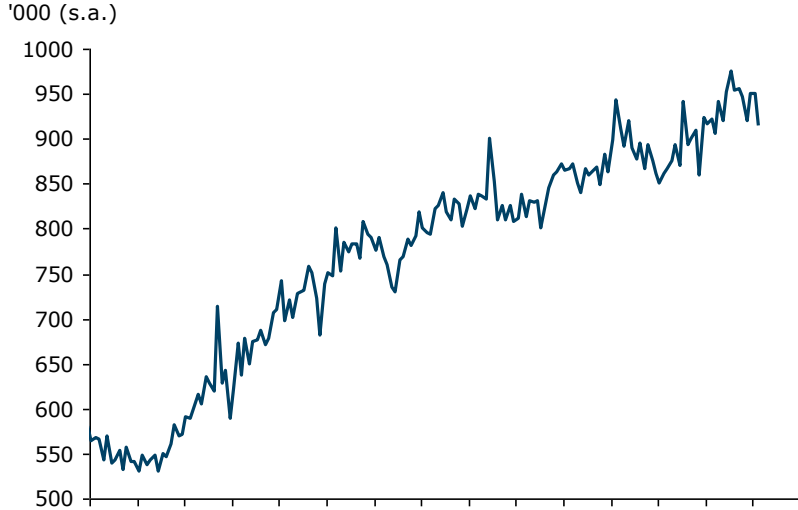
Trends in accommodation spend.

March year	Expenditure on accommodation (\$m excl GST)			
	Business and government	Domestic tourists	International tourists	Total
2007	271	536	1,115	1,922
2008	285	557	1,139	1,981
2009	291	571	1,124	1,986
2010	298	582	1,139	2,019

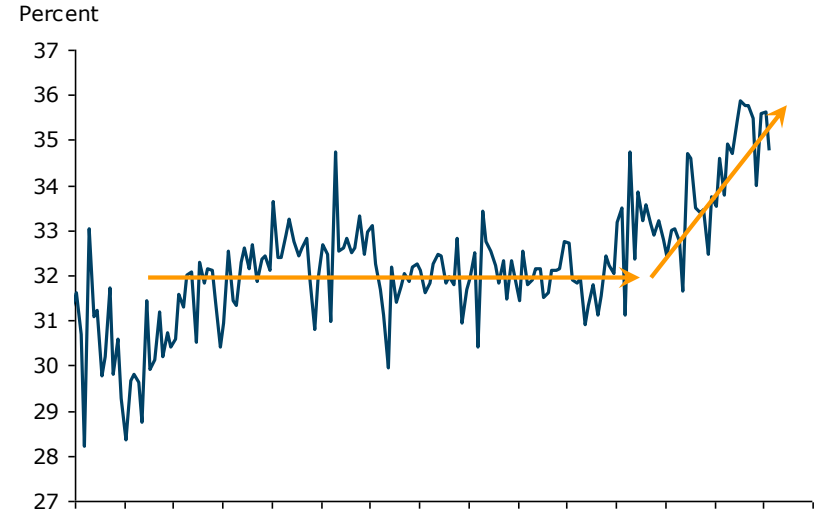
Source: ANZ, Statistics NZ

Hotel industry increasing market share in tough market.

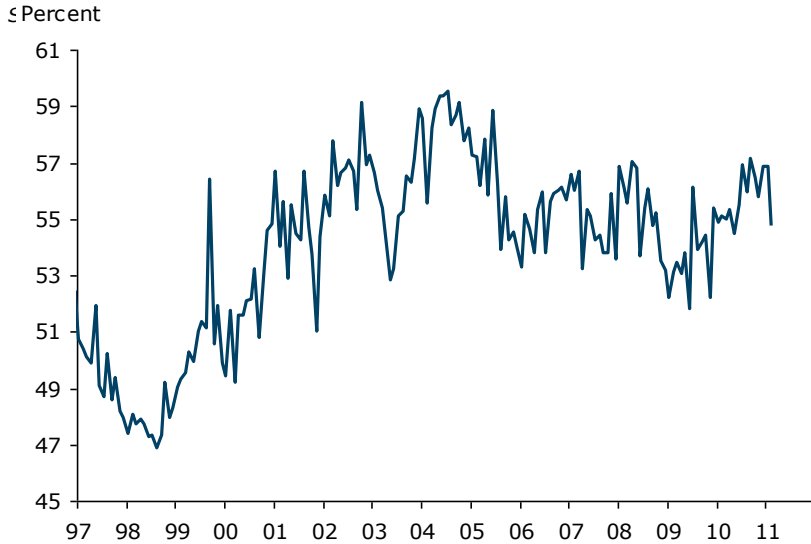
Monthly hotel guest nights



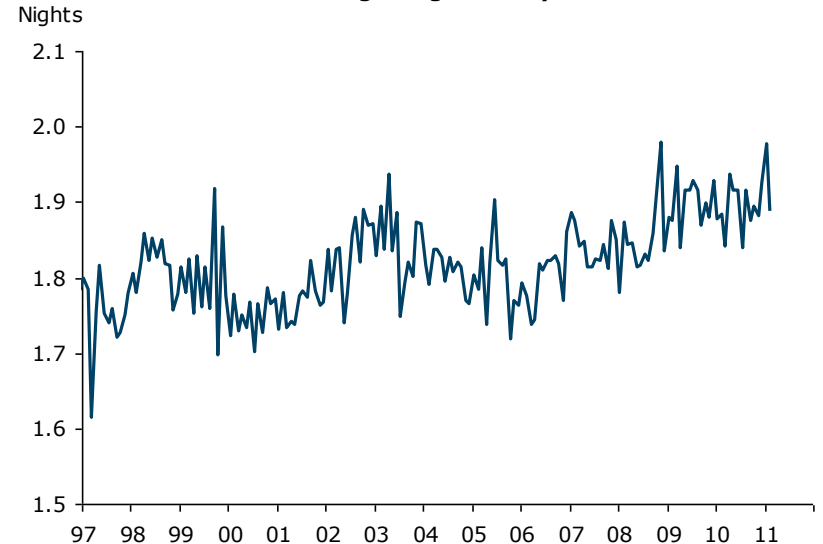
Hotel market share of all guest nights



Monthly hotel occupancy rate



Average length of stay



Sources: ANZ, Statistics NZ

Sources: ANZ, Statistics NZ

RWC boost substantial.

Key Metrics	RWC 2011	Lions Tour 2005
Duration (days)	45	35
Overseas visitors ('000)	85	20
Matches	48	11
Direct tourism earnings (\$m)	700	130

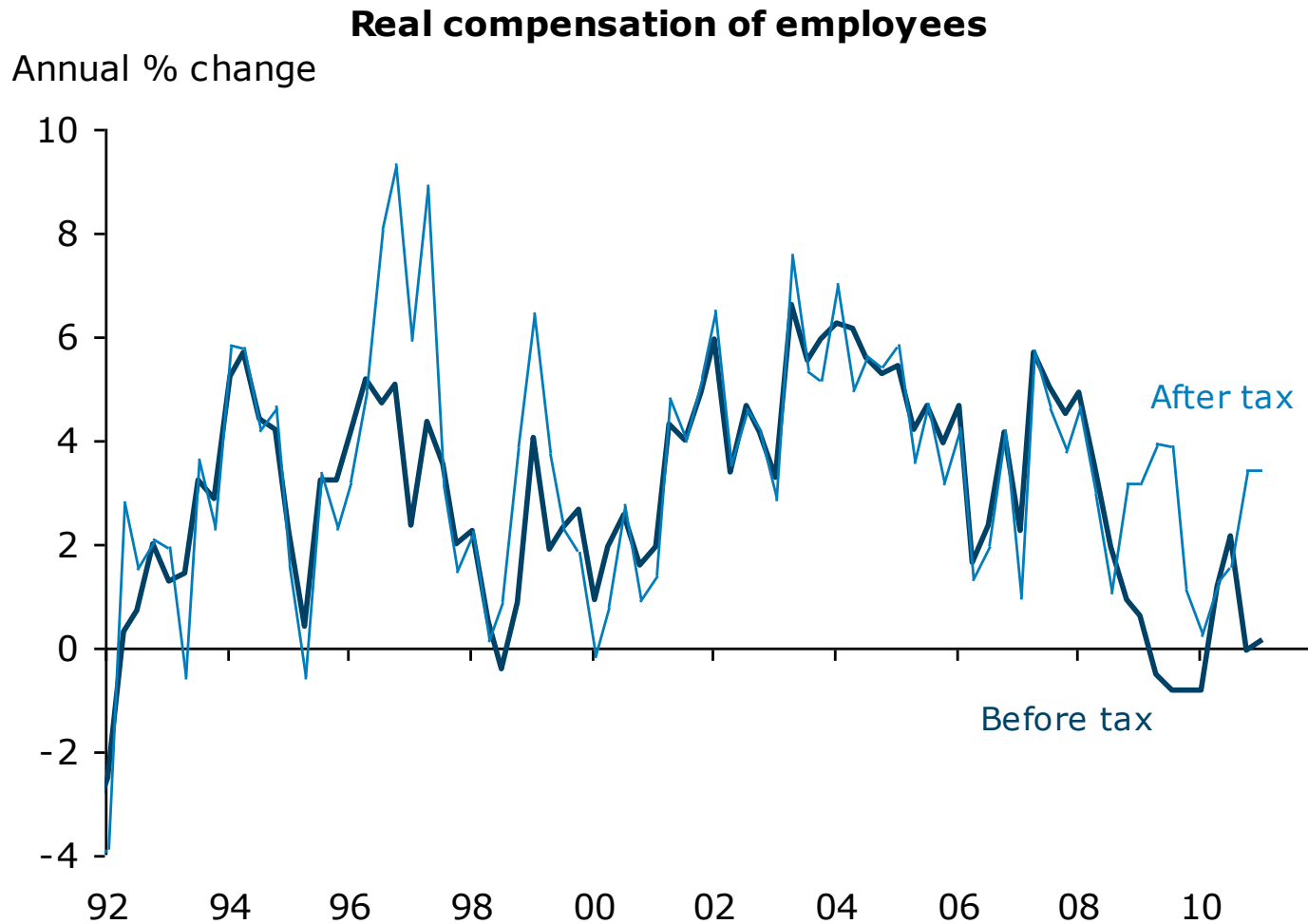
Concluding comments

- **Visitor arrivals growth unlikely to match previous strong growth rates. But it will still be positive.**
- **The composition of future tourists will change markedly. This makes catering for different cultures and tastes increasingly important.**
- **Growth in expenditure on accommodation by business and government to slow. Domestic tourists have greater overseas choice. International market will remain key.**
- **RWC will bring a welcome boost. But should not rely on permanent long-term benefits.**



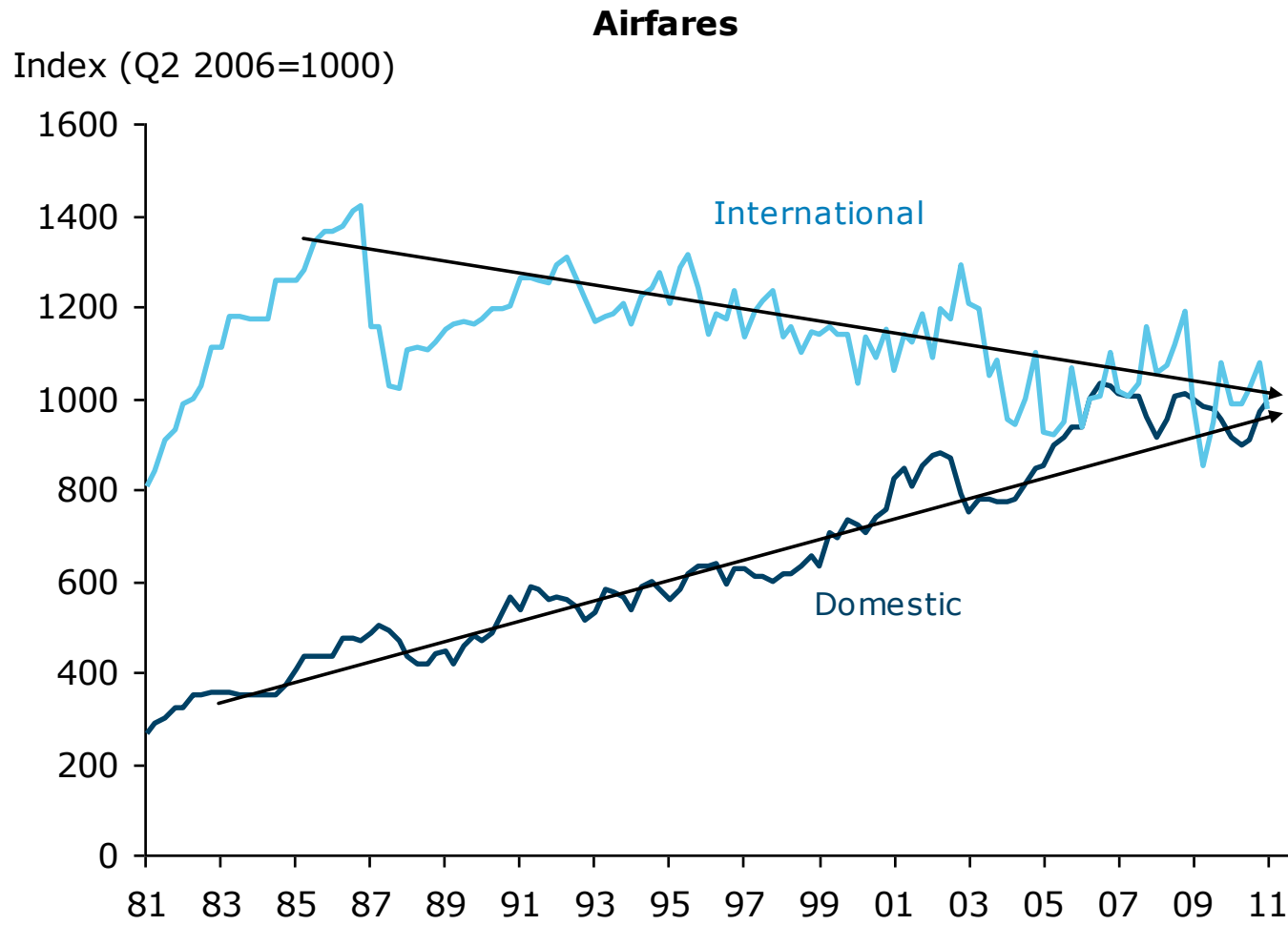
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At least there is some decent income growth to pay back debt.



Sources: ANZ, Statistics NZ, Treasury

Cost of international airfares still trending lower, but domestic up.



Sources: ANZ, Statistics NZ

Jet fuel prices set to stay high, impacting the cost of travel.

Jet fuel prices



Sources: ANZ, Bloomberg

Disclaimer

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- Associate Member of Investment Savings & Insurance Association of NZ;
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- Adjudicated bankrupt;
- Prohibited by an Act or by a court from taking part in the management of a company or a business;
- Subject of an adverse finding by a court in any proceeding that has been taken against them in their professional capacity;
- Expelled from or has been prohibited from being a member of a professional body; or
- Placed in statutory management or receivership.

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At the time of providing this disclosure statement it is not practicable to provide accurate disclosure of the fees payable for all securities that may be advised on. However, this information will be disclosed to you should you seek advice from one of the Bank's investment advisers on a specific investment.

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- Equity securities such as listed and unlisted shares;
- New Zealand and overseas unit trusts;
- Share in a limited partnership;
- Superannuation schemes and bonds;
- Group investment funds;
- Life insurance products;
- Derivative products including interest rate and currency forward rate contracts and options; and
- Other forms of security, such as participatory securities.

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- Providing cash;
 - Providing a cheque payable to the relevant product or service provider and crossed 'not transferable'; or
 - Making an automatic payment or payment through another electronic delivery mechanism operated by the Bank.
- Investment property (other than money) may be delivered to the Bank by lodging the relevant property (for example, share certificates) with any branch of the Bank offering a safe custody service, or by posting (using registered post) the documents or other property to a branch of the Bank, identifying your name, account number and investment purpose.

Any investment money lodged with the Bank for the purchase of securities offered by the Bank, its subsidiaries or any third parties will be deposited in accordance with your instructions, to your nominated account or investment. Such money will be held by the Bank according to usual banking terms and conditions applying to that account or the particular terms and conditions relating to the investment and will not be held by the Bank on trust unless explicitly accepted by the Bank on those terms. Any investment money or property accepted by the Bank on trust will be so held until disbursed in accordance with your instructions. Any investment property lodged with the Bank will be held by the Bank as bailee according to the Bank's standard terms and conditions for holding your property.

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