

The Exponential Growth of Travel and Tourism - Benefits vs Pitfalls

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The exponential growth of Travel and Tourism – Benefits and Pitfalls

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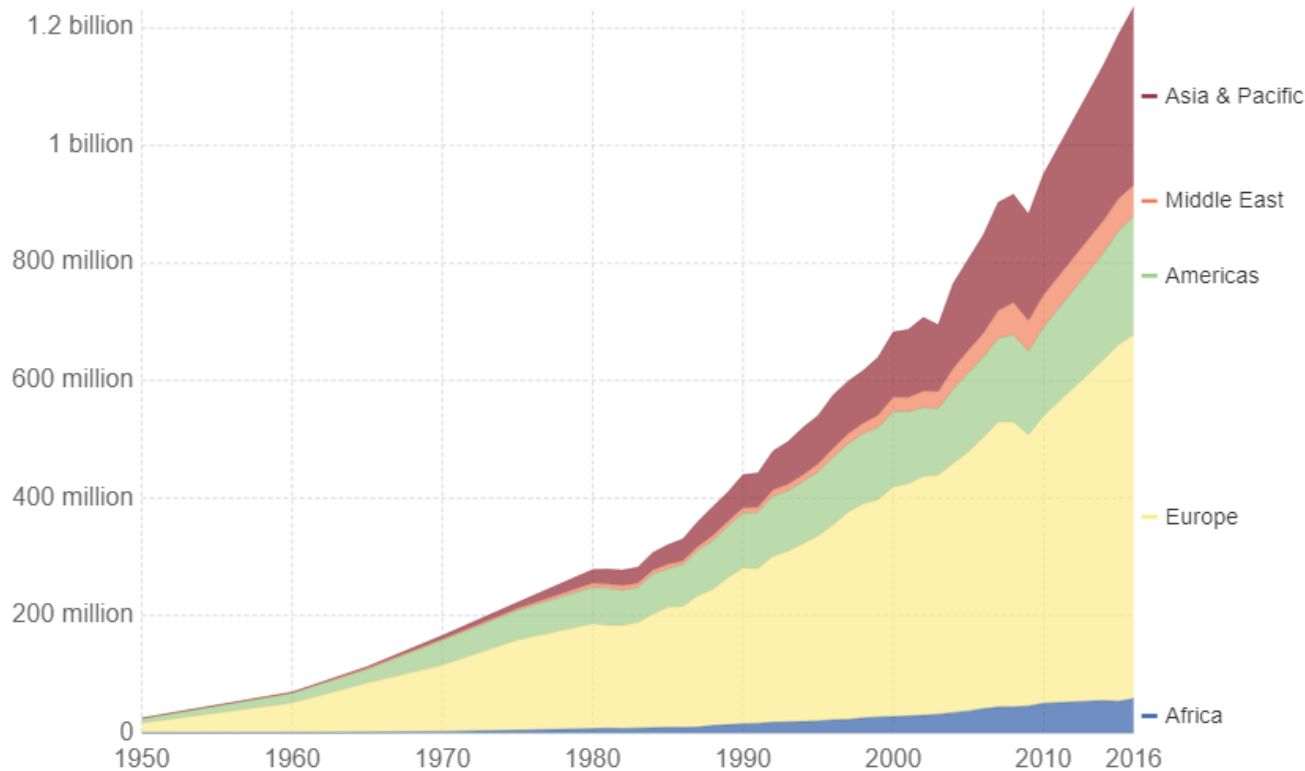


Tourism growth



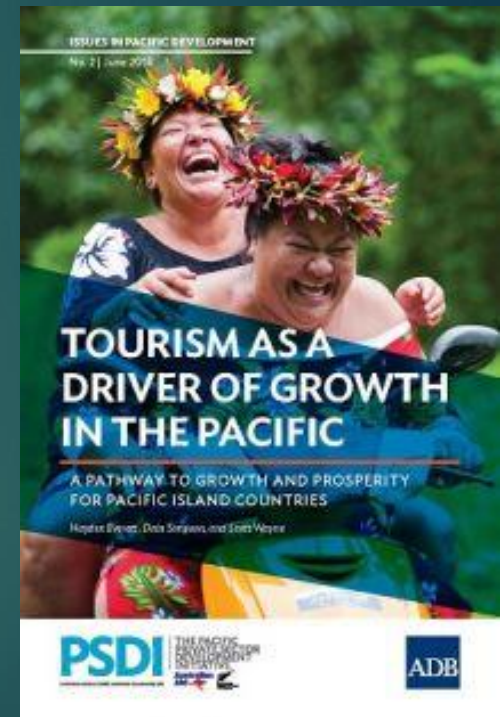
International tourist arrivals by world region

Our World in Data



Source: United Nations World Tourism Organization (UNWTO) (2017)

OurWorldInData.org/tourism/ • CC BY-SA





Travel Pays

HOW MONEY TRAVELS



But...

What outcomes are we seeking from tourism?

Pacific Tourism Strategy

Four sustainable pillars of the PTS:

- ▶ 1. Increasing the **economic benefits** of tourism
- ▶ 2. Conserving the region's highly distinctive **environment and cultures**
- ▶ 3. Ensuring **visitors experience** a safe environment and unique Pacific hospitality
- ▶ 4. Ensuring **effective collaboration** amongst the stakeholders

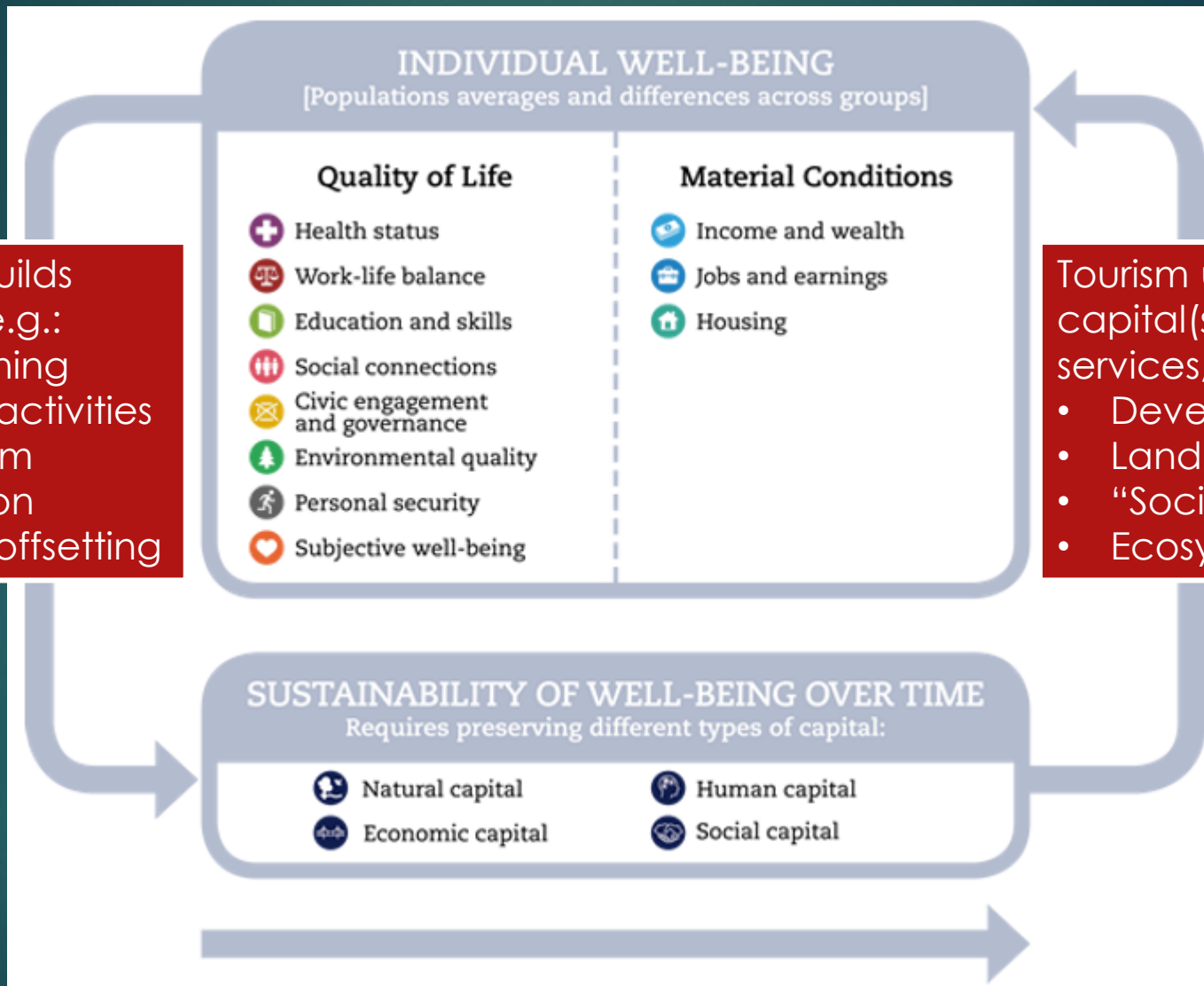
Sustainable tourism = Economy + Place + People + Visitors
+ Governance



**Sustainable tourism can
contribute to achieving
other social and
economic priorities in
Pacific island countries.**

must

Well-being as the outcome




Tourism rebuilds capital(s), e.g.:

- Staff training
- Cultural activities
- Ecosystem restoration
- Carbon offsetting

Tourism uses capital(s) to produce services, e.g.:

- Development
- Land use change
- "Social license"
- Ecosystem services

A young child is climbing a thick rope on a beach. The child is shirtless and wearing dark shorts, holding the rope with both hands and feet. The background shows a blue ocean, a sandy beach, and a cloudy sky. A red vertical bar is on the right side of the image.

**Pacific tourism depends
on a triple bottom
line of sustainability:
sociocultural assets,
environmental assets,
and financial stability.**

DRAWING ON SOCIOCULTURAL ASSETS
A child plays on a beach on the outskirts of
Honolulu (photo by ADB)

We need better measures

- ▶ Recap:



- ▶ Standard measures: Tourist expenditure => GDP => Jobs

- ▶ What else needs to be assessed?
Full-cost accounting....



Ecological Rucksack



Public sector costs

Table 3: Financial Impacts for the Four Case Study Regions 2005 (million/year)

Region	Total Council Budgets	Tourism Costs	Tourism Benefits	Estimated Cost or Benefit per year from Tourism	Net Financial Benefit as % of Total Council Budget
Christchurch City	\$267	\$30.1	\$28.6	Cost: \$1.6	-0.6%
Mackenzie District	\$5.9	\$1.17	\$1.23	Cost: \$0.177	-3.0%
Hurunui District	\$12.2	\$5.9	\$6.7	Benefit: \$0.760	+6.2%
Rotorua District	\$52.9	\$11.3	\$17.3	Benefit: \$6.0	+11.3%

Note: These estimates cannot be considered robust over time. They are subject to assumptions and data limitations and present a single year snapshot only.

Public sector makes money from tourism, but also has to spend money.

How can we ensure a positive net balance from tourism?

Understand the yield from each visitor





- ▶ The average guest in a hotel consumes 658 Litres of water and produces 1.9 Litres of waste (EarthCheck Data).



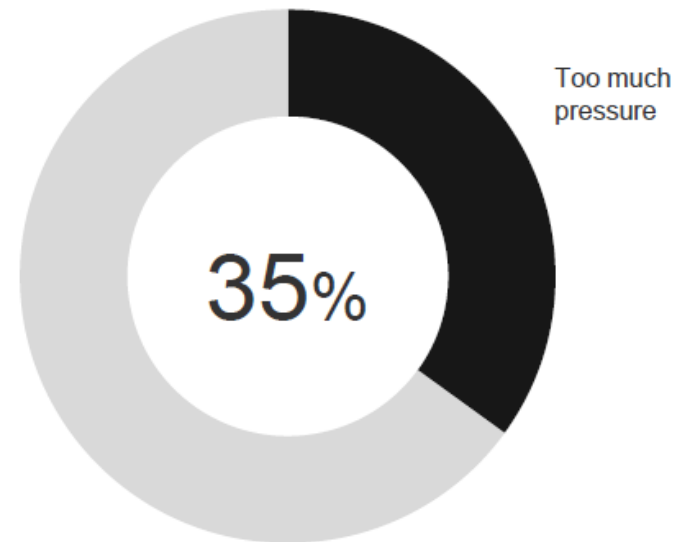
Tourism exports consumption but imports environmental costs.



Social costs



Perceptions of the pressure that tourists put on NZ (%), Mood of the Nation survey, March 2017



Dec-15
18%

Mar-16
25% ▲

Nov-16
34% ▲

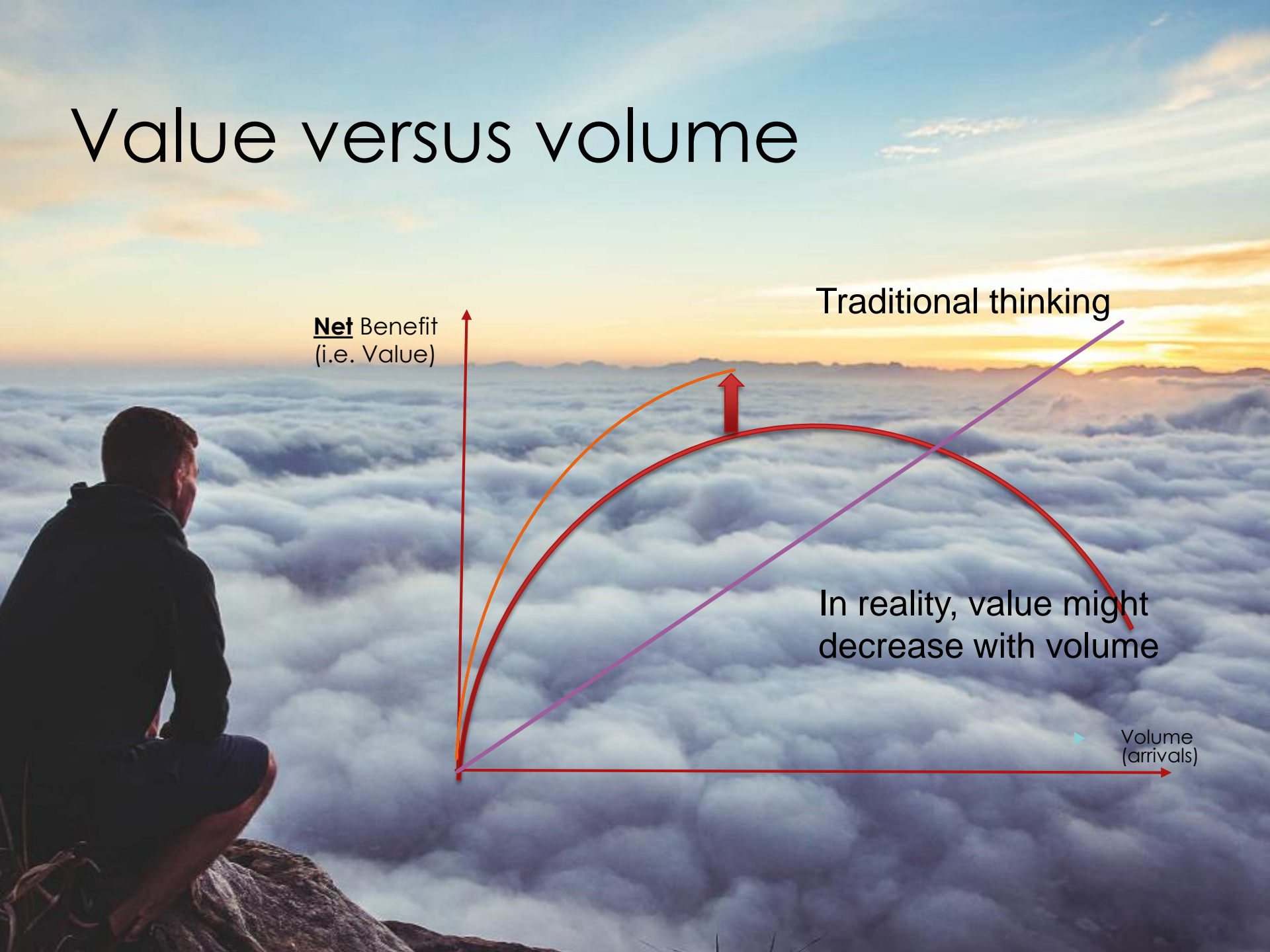
Value versus volume

Net Benefit
(i.e. Value)

Traditional thinking

In reality, value might decrease with volume

Volume
(arrivals)



Stakeholders & governance

KPI – Growth and shareholder return



KPI – Social connectedness and cultural integrity



Pacific guardians

Value of tourism = Depends who you ask.

Where to next?



- ▶ Understand what tourism development is for (and for whom)?
- ▶ Do we capture all benefits and all costs?
- ▶ Are all affected stakeholders 'being heard'?
- ▶ How does tourism link to broader economic activity and well-being?
- ▶ Tourism needs to grow capital, not erode it.
- ▶ Taking a broader perspective will generate higher yield and provide value to all.



Questions?



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