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Media Release

**TOURISM INDUSTRY LEADER CALLS FOR FRESH PERSPECTIVES ON GROWTH**

Hotel Council Aotearoa (HCA) Strategic Director James Doolan has today [14 November 2023] called for fresh perspectives on tourism industry growth. Doolan delivered a keynote address at the third annual hotel leaders conference hosted by Pacific International Hotel Management School (PIHMS) at its campus in New Plymouth. He spoke of how hoteliers are generally “long-term travel bulls” despite the challenges faced during COVID. However, New Zealand’s leaders need to start thinking more about “growth done well” rather than just controls, limits or new taxes on tourism.

Today’s conference comprised panel discussions with hotel industry leaders from across New Zealand and Australia, exploring topics such as industry trends, innovation, sustainability, employee wellbeing, risk management, and employment opportunities. PIHMS in Bell Block, New Plymouth, is unique in New Zealand due to degree-level courses being offered in a fully operational 148-room hotel environment. PIHMS has delivered hospitality management qualifications since 1995, including diplomas, bachelor's, and master's-level programmes with a diverse international student-body.

In his keynote address, Doolan challenged tourism industry insiders to assume that long-term growth in international tourism arrivals is already “baked in”. He said that the answers to specific tourism industry challenges are likely to be found in smart growth strategies. According to Doolan, “expansion and infrastructure improvement, paired with geographic and seasonal dispersal strategies” would help solve challenges such as overcrowding in New Zealand’s national parks.

[Full text of James Doolan’s keynote address at the third annual PIHMS Hotel Leaders Conference follows.]

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**About HCA:** Hotel Council Aotearoa advocates on behalf of New Zealand’s 360 hotels, comprising approximately 36,000 guest rooms in total. Our paid-up membership is 129 of the largest of those hotels, with 17,200 guest rooms and an estimated replacement value in excess of $6 billion. We were formed in late 2020.

**About James Doolan**: James is Strategic Director of Hotel Council Aotearoa, a current board member of Tourism Industry Aotearoa (TIA) and an independent hotel sector consultant through Fantail Advisory. With a noteworthy 13-year tenure in Asia, including as Regional Vice President of Hotel Development for Marriott International, he offers a deep reservoir of industry experience. Prior to his time at Marriott, James enjoyed a successful career as a corporate and commercial lawyer, having practiced law with Norton Rose in Hong Kong and Bell Gully in Auckland.

**Keynote address at PIHMS – 14 November 2023**

**More, More, More**

It is an absolute pleasure to be here at PIHMS giving a keynote address before this collection of esteemed hotel leaders and talented students. Thank you Bill [McCallum, PIHMS CEO] Dean [McCallum, PIHMS], James [Cunningham, PIHMS], Mike [Potroz, PIHMS] and the entire faculty at PIHMS for the invitation and this opportunity. PIHMS is a critical part of the Tourism ecosystem in New Zealand. Those of us in industry see your work, we are very grateful for it, and I want to acknowledge your contribution today.

Establishing first my credentials to give this keynote speech, can I start by assuring you: “This ain't my first rodeo!”

In 2021, PIHMS gave me the great honour of delivering a commencement address for 400 graduating students. I say "great honour" because graduation is typically one of those days that sticks in your mind forever – the audience was perfectly primed for the pearls of wisdom I attempted to cast before them. Either that, or they were letting nothing get in the way of the *real* graduation celebrations afterwards…!

In that 2021 graduation address, I spoke about service ethic and how the most successful hoteliers, the ones who build lasting and meaningful careers in our wonderful industry, can never stop themselves from performing small, anticipatory acts of service for the people around them. I told a story of having an informal lunch alongside industry icon Bill Marriot, and how HE was the one to first grab the water jug and pour out drinks for the table.

Just this morning at Auckland Airport, New Zealand hospitality legend Franz Mascarenhas was offering to pour *me* a coffee…!

In that day’s PIHMS keynote, I encouraged everyone in the room to, effectively, "think small". By constantly performing acts of service for your guests, your staff and your superiors, you cannot help but become an extraordinary host. There is strength and dignity in hospitality done right.

Today’s keynote is a sequel to that 2021 speech – it’s Pulp Fiction following a couple of years after Reservoir Dogs, and hopefully as memorable.

Instead of thinking small, today I encourage you all to go in the opposite direction and “think bigger”. Our topic for the next wee while is “more, more, more”!

Last week, Mike got in touch to finalise arrangements for today. How long would I be speaking for? (“Three minutes is probably good, Mike…") More importantly: did I have a PowerPoint presentation and would I be playing any videos?

I told Mike, “No”. Today we are going old school and I’m challenging myself to keep you all enthused and engaged using no more than some cheap, secondary school-level debating tricks, potentially controversial content and, what my mother once described in the 90s as, "Hugh Grant looks if you squint a little bit".

What am I *not* going to do? The next 20 minutes is *not* going to be a one-dimensional call for untrammelled growth in tourism. Let's instead start by acknowledging some very real headwinds currently facing tourism.

* The world is getting warmer and the way we use fossil fuels clearly contributes to that.
* New Zealand is an isolated island destination, meaning almost everyone has to fly to get here.
* Once tourists arrive in New Zealand, our relatively low population density and hilly terrain means there is no reasonable prospect of travelling around by train.
* Many of New Zealand's icon tourist destinations are in nature. Overcrowding is a very real concern because every mountaintop, walking trail, white-sand beach and alpine lake has a maximum carrying capacity.

Tourism is sometimes said to be losing its "social licence". Residents in many tourist towns share their spectacular surroundings with international and domestic tourists, but they don't receive enough of the economic benefits that tourism delivers.

These problems are all real and crying out for solutions. In calling today for "more, more, more", I am not asking you to bury your head in the sand and pretend these issues don't exist. Instead, I'm asking you to consider whether growth – *good* growth, growth done well – might help us find solutions to these myriad issues.

Let's divert for a little bit to set the scene. My career has been closely aligned with hotel development. I'm often asked what draws people, and especially investors, to that sector. The answer is this: "optimism”. Hotel owners are long-term travel bulls who believe demand for travel is on a largely positive upward trend that shows no real sign of ending.

Where does this optimism come from? Let's start with a few basics. In the year 2000, New Zealand's population was 3.8 million, and today it's over 5 [million]. That's cumulative growth of 32%, or around 1.3 percent on an annualised basis.

Global population in the year 2000 was 6.15 billion, and today it is 8.05 billion, or growth of 31% across the entire period – interestingly, population growth globally is running slightly slower than population growth in New Zealand.

Population is increasing, but so too is wealth. Despite the current cost of living crisis, the world is getting wealthier much faster than the rate of population growth. According to McKinsey & Co, the global balance sheet and net worth has more than tripled since the turn of the century.

Everyone has heard the expression "emerging middle classes", but those of us living in wealthy countries such as New Zealand don't often reflect on what that *really* means for individuals or families. When I was based in Hong Kong and travelled through mainland China, I learned how a common aspiration for poor Chinese families was to be buy a refrigerator, a television and a vehicle (initially a motorbike). At that stage in China's economic development, these three things were rightly regarded as life-changing for many individuals and families living outside of China’s main cities.

Similarly, many of us in New Zealand will have heard the old chestnut that Kiwi success means a Beemer, a boat and a bach.

Hoteliers and other long-term tourism bulls know this to be true: Once human beings reach a certain level of material financial well-being – once we have our fridge, TV and motorbike, or our Beemer, boat and bach – when we finally decide we have accumulated sufficient *things*, at that point we start chasing *experiences*… Great experiences often involve travel.

You want proof? How about this. Chinese outbound travel in the year 2000 was approximately 10 million. Just before COVID hit in 2019, that had risen to a staggering 170 million trips out of China. There is still huge potential for new middle class travellers out of China, and also India, Africa and elsewhere in Asia.

Some people might argue that long-term optimism was punctured during COVID. I disagree. It's true that inbound international tourism to New Zealand has been slower to recover than in many comparable international destinations. However, it's also true that COVID appears not to have changed fundamental demand for tourism and travel in any way whatsoever. Planes and airports are filling up quickly, and it's rare to see passengers wearing masks. People are travelling *despite* the increased risk of catching a serious respiratory disease, and *despite* significantly increased travel costs.

Compare and contrast with office workers during and after COVID. We *readily* stopped rush-hour commuting, abandoned our windowless cubicles and cubbyholes, cast aside our suits and pencil skirts, and some of us even gave up on trousers during Zoom calls. Whereas demand for travel and tourism has bounced back quickly after COVID, many businesses are needing to entice, encourage or even mandate their workers back into an office-based work regimen.

So, history and demographic trends are positive for a growth in tourism demand. What about technology?

I was at an industry conference recently where one of the topics under discussion was virtual reality. An expert panellist said he felt, and I quote: "There will always be a place for the real experience". I both agree and disagree with what he said.

I disagree because, in my opinion, this statement isn’t remotely positive enough. The real experience is *at the heart* of things – technology only makes real experiences even more desirable.

We have plenty of evidence of this already. The internet has been helping us understand and explore the world around us for 30 years now. In that time, demand for real experiences has skyrocketed.

Consider live action sports events, such as Wimbledon tennis, the Olympic Games or the Masters Golf Tournament. Technology now allows sports fans to watch every single serve, swing and race in real time, *or* at our own convenience afterwards. We can follow along using event-specific apps, learning everything we want about the competitors, event history and venue.

It is now technologically feasible to watch major sports events on cinematic TVs at home, or on small but vivid smartphones when mobile, but that has only *added* to the appeal of attending in person.

If there is a broader trend towards *authentic* travel experiences, why do some commentators believe that VR goggles in your own lounge could ever replace the *lived experience* of being inside the stadium with your heroes?

In my opinion, there will always be a place for the *real* experience because the real experience is elevated, enhanced and made even more desirable through technology. If literally anyone can create an AI-generated picture of themselves on the Antarctic ice shelf, in the Gobi desert or walking the streets of Manhattan, doesn't that make it even more desirable to actually go to those places? Using a modern technical term that’s appropriate in the social media age, there is much greater "flex" in actually being there…!

Technology is also removing barriers to travel by making even the farthest reaches of the earth more familiar and accessible. Language barriers? Now easily solved. Lonely? Videoconferences back home are practically free.

The way I see it, tourism will *not* be completely different in future. Unless technology can completely overwrite large parts of what it is to be human – the desire to chase novelty, explore and show off – then expect tourism a hundred years from now to be very similar to what it is today:

* Safe and secure passage to where you need to be.
* Somewhere to sleep that's not in your ordinary home.
* Food that you don't have to prepare yourself.
* Opportunities for entertainment, distraction and spending in your free time.

Travel is about stimulation and diversion mixed with predictability. Novelty and memorable experiences delivered with just the right level of home comfort and personal safety. Technology helps us create memorable travel experiences, but I doubt it will ever replace travel experiences entirely.

Of course, *some* people are homebodies and completely uninterested in exploring the next town, state or country. There are exceptions to every rule. But for humanity as a whole – and *especially* for individuals and groups who have successfully generated enough wealth to survive and thrive in their daily lives – travel and tourism are hard-wired into our psyche.

In summary, many hotel investors are long-term optimists because travel is a life-affirming pastime with massive, unstoppable demographic and technological trends working in its favour. In addition to those core beliefs about increasing demand for travel, hoteliers apply that well-known truism of property investing – location, location, location.

If the collective human demand for travel keeps growing, and if you happen to own the corner of Main and Main St near an iconic tourism attraction, you're pretty well-placed for long-term financial success…!

Having set the scene, let's return now to the theme of today's keynote – more, more, more – and how thinking about tourism issues properly can open up new solutions.

What worries me is this. It seems that many regulators and tourism leaders in New Zealand talk an awful lot about “managing” tourism, when what they mean by that is “limits”, “quotas” and “controlling demand”. The last Labour government refused to commit to post-COVID growth targets at all, as if doing so would somehow contradict their favourite phrase, that the tourism industry needed to “build back better”.

Looking at the demographic data and changes that I’ve summarised already today, it seems crazy to think that New Zealand can somehow control or limit tourism. New Zealand will roar past our pre-COVID level of 3.9 million annual arrivals and well beyond. Long-term growth is already baked in – the only question is what we do with it…

New Zealand has open skies agreements with more than 40 countries. Open skies agreements place few restrictions on available routes, number of flights or flight prices. It would be almost impossible for New Zealand to substantially modify or unwind this web of air service agreements because to do so would massively impact on our other exporting industries.

As world airline capacity recovers after COVID, and assuming no major war, terrorist attack or new pandemic affecting our region, New Zealand is going to see MORE international tourists at our borders. I will take that bet any day of the week…!

What we need to do *isn’t* conceptually complicated. It’s the same solution that has been pursued by smart regulators for years and years overseas.

The best and most sustainable tourism destinations don’t focus on “controlling” or “limiting” tourism, or even raising taxes and prices so high that the *hoi polloi* stay away. Instead, they work out how to disperse *more and more* tourists across *more* dates in the calendar and *more* destinations. Expansion and infrastructure improvement, paired with geographic and seasonal dispersal strategies – this takes hard work, foresight and capital, but ultimately it’s the only solution that stands a chance of working.

I want to offer up a few topic-starters for “more more more” thinking – new approaches that that could truly help New Zealand to grow back better after COVID. Let’s talk about MICE, a new international-standard resort destination, National Parks and how we reinvest in tourism.

*Meetings, Incentives, Conventions & Exhibitions*

Now that we have two, almost three, international-standard convention centres in our three largest cities, why not dedicate a lot *more* money towards event attraction and destination marketing? People attending day-long conferences in our city centres are putting no strain whatsoever on our national parks. Perhaps experiment with a novel and dedicated meetings & convention campaign. It’s time to move beyond the realms of our successful, nature-focused 100% Pure branding and see what happens if we instead try and create *more* ways of conceptualising a trip to Aotearoa. Simply put, we need to do a lot more to build capacity, capability and branding in the MICE segment.

*A new resort destination*

The incoming National Party-led government is keen to get two lanes all the way to the Far North, but is that really a bold enough vision?

What would it take to develop a sustainable international airport in Northland in the next 10-20 years? Should New Zealand be giving serious thought to creating the right conditions for a much denser, beach-side destination than our typical Coromandel holiday homes. It might take us to uncomfortable places, but where is going to be this country’s version of Surfers Paradise or Los Vegas.

A larger population means denser living, and denser living means denser holidays – let’s not pretend that the next generation of Kiwis will grow up spending their summers in privately owned baches and cribs. There is nothing wrong with creating new mass market resort destinations in our own country. More people happily taking *more* of their domestic holidays at hotels is an idea we need to get used to and start planning for.

*More activation of our National Parks*

Seemingly crowded national parks cause a lot of angst. Our most famous hiking trails are filling up, even though 10% of New Zealand’s landmass is national parks, which puts us in about 8th place out of all countries globally. If we want to keep trading on Aotearoa’s natural beauty and the great outdoors, surely we need to create MORE activation of the public realm land – more walkways, DOC campsites, predator-free sanctuaries and privately-operated concessions.

While we’re at it, let’s be willing to consider new and ambitious ways to help the Department of Conservation pay for it all. More experimentation with priced attractions or innovative public/private models for amenity and accommodation development.

*More reinvestment*

Finally, future funding for tourism. Hotel Council Aotearoa is on record as calling for much more to be reinvested back into the Tourism industry, and we’ve repeatedly said that the hotel sector is willing to consider new revenue-raising methods if designed in genuine collaboration with industry stakeholders.

Today, let me just point out one thing. When GST was increased from 12.5% to 15% in 2010 under the leadership of the then Prime Minister (and Minister of Tourism) John Key, annual GST from Tourism stood at $2.05 billion per year. In the year prior to COVID, that annual GST revenue from tourism had ballooned to $3.9 billion. Imagine if *only* the incremental annual growth beyond two billion had been *earmarked* – set aside and shared properly with local communities and reinvested into “managing” tourism growth through improved infrastructure! Our industry today would be radically different if that farsighted funding decision had been taken 13 years ago. Does the new coalition government have the vision to make brave tourism funding decisions today?

This keynote speech has a very simple call to action. When people tell you they want to “control” or “manage” tourism, ask them *exactly* what they mean for the entire country. Ask them what they plan to do if the airlines deliver 5 million, then 6 million, then 7 million international arrivals to Aotearoa. That IS what’s going to happen. Ask them to instead imagine a world where growth is inevitable and unavoidable. What does *good* growth look like? How can we do *more more more* properly?

My name is James and when it comes to tourism, I am a growth-a-holic. Tourism spreads wealth throughout the regions of New Zealand, creates meaningful employment and supports infrastructure and amenities that improve the lives of visitors AND locals, alike.

The best and most interesting conversations around tourism happen when we assume, based on a lot of high-quality data, that growth is coming no matter what. Many wonderful New Zealanders have great ideas about how we can do MORE MORE MORE in this sector. Those voices need to be a prominent part of the conversations around *growing* back better.

Let’s summarise: global population is increasing, individuals are getting wealthier, technology is driving up demand for travel and also removing the friction that once made travel harder, aviation is on a path towards decarbonisation in our lifetimes and not even a global pandemic, of a scale without precedent in modern times, has permanently reduced demand for international travel.

This is a moment in time for New Zealand, and a very exciting one at that. There are problems to address, there are riddles to solve, but the best answers will be found in MORE MORE MORE. Thank you very much!

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