



FORWARD

5 May 2020

PACIFIC TOURISM: COVID 19 IMPACT & RECOVERY

Sector Status Report: Phase 1B

MFAT



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere



PACIFIC TOURISM
ORGANISATION



Contents.

03. **Scope**

05. **The current situation**

17. **By country: status and recovery focus**

33. **Emerging themes and initial considerations**





SCOPE AND PURPOSE

Covid 19 impact on pacific tourism

The purpose of this report is to provide high level analysis of the initial impact and of Covid-19 on Pacific tourism, and early responses.

The report is designed to be an aid to decision-making by Pacific tourism sector organisations and businesses, to raise issues, to inform thinking, and to highlight future themes around Pacific regional cooperation for tourism's recovery from COVID-19.

Stage 1 in a 3 phase process

This report is phase 1B of 3 phases:

Overall pacific and by country situation and initial response summary

High level recovery pathway options are outlined. Later, more detailed work on recovery themes and options will follow in phase 2 and 3

Focus countries

- Cook Islands
- Niue
- Tonga
- Samoa
- Solomon Islands
- Vanuatu
- Fiji

Process

Consultation: Wide consultation with Pacific tourism sector leaders has been undertaken and support and cooperation from SPTO and Pacific NTOs have enabled the consolidation of pacific wide analysis. Aviation sector expertise has also provided input and insight. New Zealand based tourism sector response has also been reviewed

Interviews conducted via skype

World wide tourism response review:

The analysis has also been informed by global tourism sector intelligence and input



THIS REPORT IS THE OUTPUT OF STAGE 1A OF THE COVID 19 IMPACT ASSESSMENT AND SUPPORT PROGRAMME OPTIONS

SCOPE: Information required

Phase 1 situation analysis

To identify the impact of Covid 19 on the tourism sectors of the focus countries: **Cook Islands, Tonga, Niue, Samoa, Solomon Islands and Vanuatu** – based on a pre virus baseline assessment and the immediate and projected evolving situation.

Understand the tourism sector overall and by sub sector category(accommodation, transport, activities and experiences) and then extended to include an overview of secondary down stream impacts and implications for associated sectors (including but not limited to food service, agriculture, retail)

Phase 1A Tourism sector quick scan

- Assess immediate impact of the COVID-19 situation; what is happening now?
- An immediate situation analysis and estimate of impact by country, sector within country
- Identify immediate/ critical key risks, key immediate needs and opportunity to mitigate risk.
- Identify prioritised opportunity and focus to enable future sector recovery

Phase 1B Tourism sector status analysis

- Develop a more through understanding of the situation, risks, needs through primary(talking to key people in each market and the region) and secondary data collection(tourism and economic data)
- High level overview of tourism pre-COVID-19 contribution to national economies and the current and estimated impact
- Understand in more depth risk, mitigation and stimulation opportunity. This will then enable the development of informed scenarios to be developed and engage key regional and in country stakeholders



Pacific country focus:

- Cook Islands
- Niue
- Tonga
- Samoa
- Solomon Islands
- Vanuatu
- Fiji

We are here

Initial high level status report. Note that all interviews have not been completed at this stage

Phase 2 Scenario development

To identify a set of possible tourism economic impact scenarios in selected Pacific destinations as a result of Covid-19-related travel pattern changes.

Immediate: a short-term impact and response phase

Scenario 1: Significant: Mid term impact and significant recovery period,

Scenario 2: Severe: long-term impact

Scenario 3: Major: a severe, major economic downturn and an extended period before recovery

Phase 3 Recovery pathways

Identify immediate needs and alternative support options for the mid and longer term that will facilitate sector, economic and social recovery

- What support options are there to retain tourism sector capability, employment, infrastructure and underpin business and sector readiness to rebuild and enable reactivation
- What support options within and outside the tourism sector might be practical, across whole of government activity, financial institution support, and in downstream subsectors and supply chains



“COVID-19 has impacted travel and tourism like no other event before in history”

UNWTO Secretary-General Zurab Pololikashvili



The current situation.



STATUS & RISK MATRIX OF THE TOURISM SECTOR OF PACIFIC ISLAND COUNTRIES

THE SITUATION

Global: 96% of all world destinations have travel restrictions. As of 6 April 2020

- No restrictions have been lifted globally at this stage

Pacific tourism: At this time, all tourism in the Pacific has ceased.

- All borders to Pacific countries including New Zealand are closed to commercial air traffic and cruise ships. There are currently no commercial air services, and global tourism has halted. Flights are operating on a charter basis only.

Covid status in the Pacific

- Currently there are no cases of Covid 19 in Cook Islands, Niue, Vanuatu, Tonga, Samoa, Solomon Islands, Tuvalu. There are confirmed Covid 19 cases in: Fiji, French Polynesia, New Caledonia and PNG

THE IMPACT

- Impact on all Pacific nations is significant, with the tourism sector and all associated businesses and sectors effectively shut down commercially and in maintenance mode at best.
- Of the target countries the Cook Islands is particularly vulnerable as tourism accounts for 87% of GDP. For Niue and Vanuatu tourism accounts for over 40% of GDP.

IMPACT MATRIX

vertical axis **Impact on ECONOMY:** based on tourism contribution to the local economy in terms of the share of the contribution of tourism to GDP

- horizontal axis **Impact on EMPLOYMENT:** based on share of tourism-related jobs within total employment

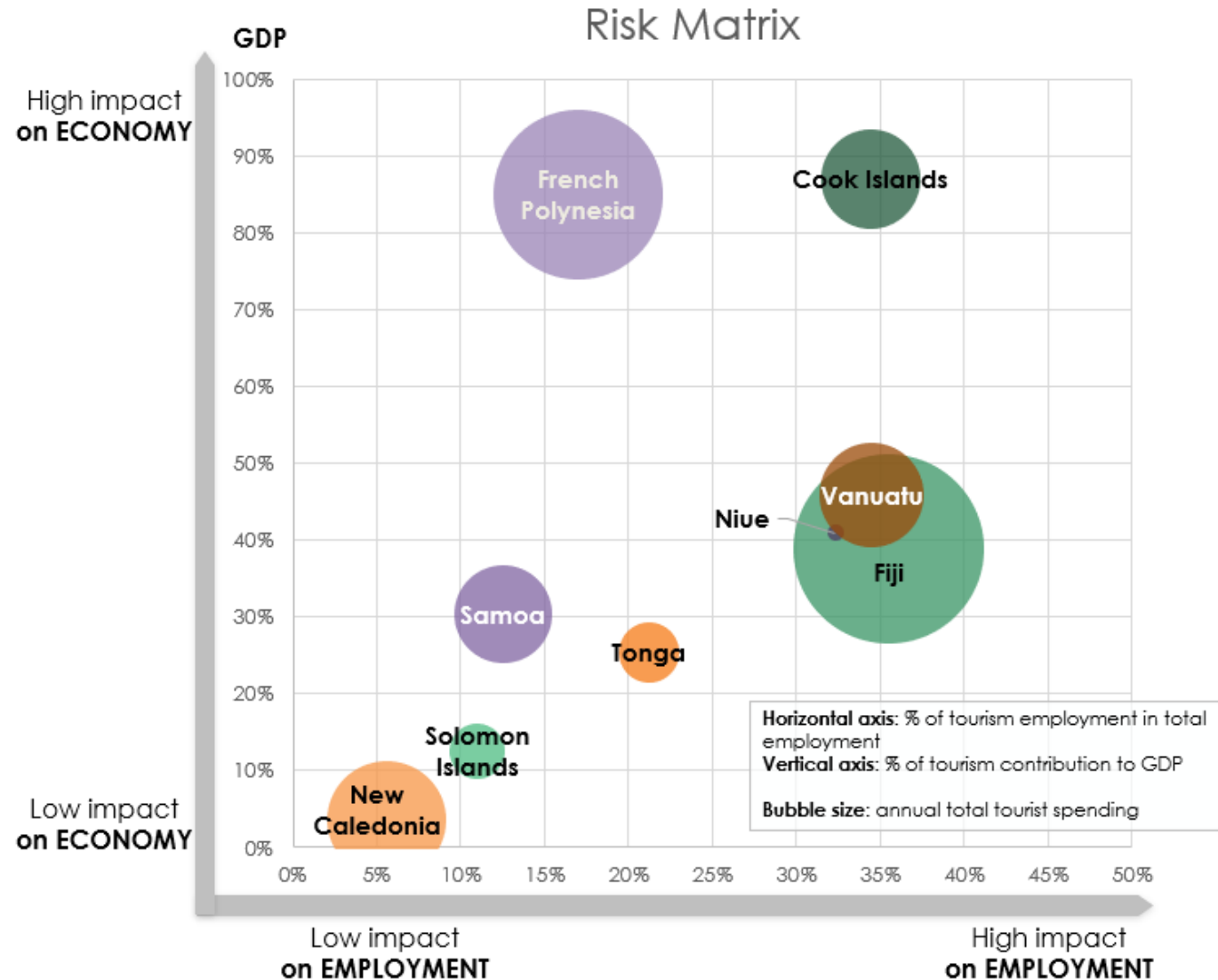
- size of the bubble **Size of the TOURISM sector:** based on annual total tourism spending

→ At HIGHEST RISK: TOP RIGHT = economies highly reliant on tourism with a high percentage of employment and GDP associated to the tourism industry.

→ At LOWEST RISK: BOTTOM LEFT = economies that rely on other export industries for most of their GDP and employment.

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Data source: SPTO online database, SPTO 2018 Annual Visitor Arrivals Report, World Bank, Reserve Bank of Fiji //note these figures include VFR and tourist arrivals





PACIFIC TOURISM: REGIONAL STATUS AND EMERGING THEMES

SITUATION

- Severe and substantial impact in all countries with immediate closure of the sector as international borders closed from the beginning of April 2020
- Significant unemployment in direct and related sectors
- Immediate and projected financial tourism business challenges with no income and ongoing costs – All business impacted, some failing immediately
- Sector resilience varies from country to country but all are vulnerable
- Air connectivity, local and international, is a key sector risk for all Pacific countries with local and international airlines and Pacific routes not financially viable

Most countries have established crisis response packages, however many do not include wage support and the ability to support these initiatives over time is limited. Overall financial support is limited and may not be sustainable for an extended period.

Tourism sector resilience and response is variable by market.

There is a key opportunity to enable cross Pacific recovery cooperation, sharing and initiatives to elevate total Pacific destination capability, impact and build a stronger future sector sustainability and resilience.

COMMON RISKS

- **Loss of skills and capability** – at all levels and particularly in skilled management and operations
- **Loss of core successful tourism sector businesses** – accommodation, experiences and transport
- **Loss of critical mass in the sector overall** to enable responsive recovery
- **Potential loss of local ownership and control** of core tourism infrastructure

- **Impact on the wider economy, community and society**

IMMEDIATE NEEDS

- Wage support to minimise skills losses and enable core staff to be retained
- Financial micro grants – contestable to enable targeted support of core high performing businesses to enable them to survive. This will shore up businesses and get them 'loan ready' if required, to support longer term recovery.
- Review taxes, charges and levies to reduce ongoing costs where possible
- Training programmes – to upskill and enable the sector to improve capability to respond to the recovery – particularly focused around digital capability
- Scenario planning to better inform response options and enable more effective and timely response and pivoting to respond to changing demand. This is also important to manage expectations and recovery planning focus and invest realistically



IMPACT BY COUNTRY

The potential direct financial impact due to loss of visitor income across the 7 target countries over a 12 month period is in excess of **NZ\$3.1 billion.** (if no tourism over 12 months – data covers tourists and VFR visiting friends and relatives)

Visitor arrivals

High proportion VFR in some markets

Employment

Visitor spend

Preparedness

Cook Islands



Very well organised, infrastructure is strong following substantial investment through the NZ economic stimulus package, economic support in place for at least 3 months

Niue



Very strong tourism status analysis and planning. A core group of successful operators – with some flexibility however only one large hotel

Tonga



Cyclone Harold has severely damaged infrastructure in some regions. This combined with covid 19 is a significant challenge

Samoa



The Samoan tourism sector already significantly impacted by the Measles epidemic and associated border closures. Revenue & associated business & employment challenges has been happening for over 7 months prior covid 19

Solomon Islands



An emergent tourism sector is highly venerable to any tourism contraction. Marginal financial viability with average 40% pre covid occupancy. Even successful operators are highly exposed

Vanuatu



Very strong planning and strategy based on strong information and research. Damage in cyclone Harold is an additional challenge to infrastructure

Fiji



Strong sector with a strong local capability. A strong core of very capable operators. Cyclone Harold has damaged infrastructure

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Data source: SPTO online database, SPTO 2018 Annual Visitor Arrivals Report, World Bank, Reserve Bank of Fiji /
/note these figures include VFR(sometimes 50%) and tourist arrivals

* Converted from US\$, as at 28/04/2020



IMPORTANCE OF NEW ZEALAND VISITOR SPEND IN THE PACIFIC

New Zealand visitor spend contribution in the pacific was substantial pre Covid19 (almost one billion NZD), and will be important for pacific tourism sector recovery

	Visitor arrivals <small>High proportion VFR in some markets</small>	Employment	Visitor spend	NZ Visitors	NZ Visitors spend <small>(estimate pre covid)</small>
Cook Islands 	International visitor arrival (2019) 166,934	Number of people employed in the related industry (2016) 2,386	Total visitor spending (2018)* NZ\$421,617,500	Share: 69% Visitor arrival from NZ (2019) 114,977	NZ visitors spending (2018)* NZ\$290,315,000
Niue 	International visitor arrival (2018) 10,448	Number of people employed in the related industry (2018) 226	Total visitor spending (2018)* NZ\$11,700,000	Share: 81% Visitor arrival from NZ (2018) 8,489	NZ visitors spending (2018)* NZ\$9,466,000
Tonga 	International visitor arrival (2019) 58,783	Number of people employed in the related industry (2018) 7,100	Total visitor spending (2018)* NZ\$156,650,000	Share: 49% Visitor arrival from NZ (2019) 28,873	NZ visitors spending (2018)* NZ\$76,922,000
Samoa 	International visitor arrival (2019) 181,473	Number of people employed in the related industry (2015) 5,158	Total visitor spending (2018)* NZ\$413,300,000	Share: 43% Visitor arrival from NZ (2019) 78,055	NZ visitors spending (2018)* NZ\$177,714,000
Solomon Islands 	International visitor arrival (2017) 25,700	Number of people employed in the related industry (2017) 6,400	Total visitor spending (2018)* NZ\$135,000,000	Share: 7% Visitor arrival from NZ (2017) 1,694	NZ visitors spending (2018)* NZ\$8,895,000
Vanuatu 	International visitor arrival (2019) 97,182	Number of people employed in the related industry (2018) 15,000	Total visitor spending (2018)* NZ\$468,280,000	Share: 14% Visitor arrival from NZ (2019) 13,432	NZ visitors spending (2018)* NZ\$64,706,000
Fiji 	International visitor arrival (2019) 894,389	Number of people employed in the related industry (2018) 41,338	Total visitor spending (2018)* NZ\$1,551,500,000	Share: 23% Visitor arrival from NZ (2019) 205,998	NZ visitors spending (2018)* NZ\$357,247,000

FORWARD

Data source: SPTO online database, SPTO 2018 Annual Visitor Arrivals Report, World Bank, Reserve Bank of Fiji /
/note these figures include VFR(sometimes 50%) and tourist arrivals

* Converted from US\$, as at 28/04/2020



MANAGING THE CRISIS - SITUATION BY COUNTRY 20 04 20

<p>Tonga No CONFIRMED CASES</p>	<ul style="list-style-type: none">• Tonga will be under nationwide curfew from 8pm to 6am until further notice• Economy will see zero growth in 2020 with no tourists• Tongan economy estimated gross domestic product (GDP) loss of over \$60m pa'anga for the FY2020.• If the pandemic continues without stopping in the first two quarters of FY2021, GDP loss of over \$200m is forecast• A \$60 million pa'anga short-term economic and social stimulus package launched• Some of the funding will go towards the economic and social recovery cluster. It will target affected businesses (\$16.4m), affected employees (\$5m), and community livelihood (\$1m). <p>ACCESS: All foreign nationals are now banned from entering Tonga, effective until 17th April</p> <ul style="list-style-type: none">• Tongan citizens and emergency officials will have to undergo a 14-day self- quarantine period• Public gathering restrictions are also being enforced; 20 people (indoors) and 40 people (outdoors)
<p>Cook Islands No CONFIRMED CASES</p>	<ul style="list-style-type: none">• In Code Yellow – work from home• Economy will contract to -2.2% in 2020 with collapse in tourism.• More information on travel restrictions and updates can also be sought from the Cook Islands Ministry of Health website and the Cook Islands Tourism Corporation website <p>ACCESS</p> <ul style="list-style-type: none">• Air Rarotonga interisland air services have been suspended until 30th April, 2020• Air New Zealand providing one return flight per week• Every person seeking entry into Cook Islands will have 14 day quarantine.
<p>Fiji Limited cases</p>	<ul style="list-style-type: none">• Fiji's economy is projected decline by 4.9% in 2020• A Government-mandated home quarantine — a compulsory requirement for all those returning to the country from abroad remains in effect• A nationwide curfew (from 10pm to 5am daily) is in effect until further notice• Social gatherings of up to 20 people are now permitted• All non-essential businesses remain closed. Businesses such as restaurants remain open provided, they cut seating capacity below 20 people, practice safe physical distancing between tables and at queues, and must focus on takeaway and delivery orders• Nation-wide curfew 8pm – 5am daily• Fever clinics open through-out Fiji <p>ACCESS</p> <ul style="list-style-type: none">• 26th March, the Nandi International Airport closed until further notice• All International borders closed except for repatriation. Home quarantine in effect.• All returning passengers will be subjected to a compulsory 28 day quarantine period• The port of Suva remains open for international freight shipping and inter-island cargo shipping; any passenger travel, however, remains forbidden
<p>Niue No CONFIRMED CASES</p>	<ul style="list-style-type: none">• Yellow Alert: Imminent Threat: Aim to delay widespread transmission via targeted measures including border restrictions.• Niuean residents to avoid non-essential travel. <p>ACCESS</p> <ul style="list-style-type: none">• Entry now closed to all but Niuean residents (citizens, permanent residents and working visas) and essential workers granted an exemption by the GoN• People intending to travel to Niue who have been in – The People's Republic of China (including Hong Kong, Taiwan, Macau), Iran, Italy, Japan, Singapore, South Korea, Indonesia and Thailand within the last 14 days prior to travel, without written authorization from the Government of Niue, will be refused entry.• Those returning to Niue are required to self-isolate for 14 days on arrival.



MANAGING THE CRISIS - SITUATION BY COUNTRY 20 04 20

<p>Samoa No CONFIRMED CASES</p>	<ul style="list-style-type: none"> Effective 15th April Samoa has eased some of its State of Emergency Orders after a close review by the Prime Minister and Cabinet this week, as the country still has no confirmed case of Covid-19. Restaurants reopened with conditions; inter-island ferries re-opened Samoa's economy is expected to contract from 3.5% in 2019 to -3.0%, before slightly rebounding to 0.8% in 2021 Already experienced low tourism espec. VFR due to measles and poor weather beginning. 2020 ahead of covid-19. No public gathering of more than 5 people in public places. \$US23.6 million stimulus package 07 04 Over ½ funded by donor partners. <p>ACCESS</p> <ul style="list-style-type: none"> Except in exceptional circumstances with cabinet approval, starting from 12am of Thursday morning, 26 March 2020, all international travel to and from Samoa by plane are ceased. Ship access to Apia wharf is limited specifically for the purposes of trade, fishing, and petroleum, and the Ministry of Health is required to continue with the approved medical clearance of all crew members.
<p>Vanuatu No CONFIRMED CASES</p>	<ul style="list-style-type: none"> Economy will contract to -1.0% in 2020 <p>ACCESS</p> <ul style="list-style-type: none"> Air: 20 March 2020, all Vanuatu ports of entry are now closed until further notice. As of 20 March 2020, all Vanuatu ports of entry are now closed until further notice. This measure is taken to minimize the risks of importing COVID-19 into the country. Returning permanent residents and citizens of Vanuatu are permitted to enter but must self-quarantine for 14 days on arrival before they can be allowed back to their families and communities Special consideration will be applied to foreign diplomatic missions and international organizations in Vanuatu on a case-by-case basis, in consultation with Vanuatu's Department of Foreign Affairs and International Cooperation. o Special consideration will be provided for medical evacuations on a case-by-case basis in consultation with Vanuatu's Department of Foreign Affairs and International Cooperation.
<p>Solomon Islands No CONFIRMED CASES</p>	<p>ACCESS</p> <p>Closed air travel</p> <p>Effective immediately all non-citizens will not be permitted to enter the Solomon Islands.</p> <ul style="list-style-type: none"> Incoming Solomon Islands Citizens and residents who travelled through any country reporting cases of COVID-19(Coronavirus) will be permitted to enter however, will undergo mandatory strict quarantine for 14 days. Any air crew upon or after arrival in the Solomon Islands is mandated to report to Health authorities if they become unwell and display symptoms of the COVID-19 during the 14-day period after arrival.
<p>Tuvalu No CONFIRMED CASES</p>	<ul style="list-style-type: none"> A state of public health emergency has been declared weak fiscal frameworks and a reliance on external revenue make sustainable trust funds vital for securing the economic future Growth still expected at 2.7% for 2020. <p>ACCESS</p> <p>New measures pertaining to entry requirements etc will be made available in due course</p>

Covid 19 pacific status

There are confirmed covid 19 cases in: Fiji, French Polynesia, New Caledonia and PNG within the pacific.



IN THE NEXT 12 MONTHS

If there were limited cases and no travel restrictions, New Zealanders are willing to travel.

Intention may be overstated, but when we compare the actual travel benchmark to Australia v intended, we can see a similar level.

Looking at pacific travel intentions the intended levels are higher than the actual 2019 data – this suggests a stronger propensity to travel to the pacific (given the current sentiment, perceptions and expectations).

NOTE: this confidence measure indicates intention. Factors like price, overall country health status, flight availability which may impact decision-making have not been considered

20. Assuming Covid19 was under control in New Zealand, Australia and the Pacific Islands, with limited number of cases, and no restrictions to travel nor quarantine imposed, how likely will you travel to any of the following destinations within the next 12 months?

	Very likely	Quite likely	Might or might not	Quite unlikely	Very unlikely	TOP2 BOX - VERY LIKELY+QUITE LIKELY	Benchmark: % of NZ population travel to this destination*	Benchmark: % of AU population travel to this destination*	
NZ - Auckland region	23%	20%	19%	15%	25%	42%			NZ - Auckland region
NZ - Southern North Island and Wellington	14%	17%	25%	10%	34%	31%			NZ - Southern North Island and Wellington
NZ - Central North Island	14%	15%	25%	12%	34%	29%			NZ - Central North Island
NZ - Lower South Island	12%	16%	24%	12%	36%	29%			NZ - Lower South Island
NZ - South Island East Coast	11%	16%	22%	15%	36%	27%			NZ - South Island East Coast
Australia	13%	12%	22%	12%	41%	25%	28%		Australia
NZ - North Island Northland	11%	13%	21%	17%	38%	24%			NZ - North Island Northland
NZ - Upper South Island	8%	15%	24%	17%	36%	23%			NZ - Upper South Island
NZ - South Island West Coast	8%	10%	23%	15%	44%	18%			NZ - South Island West Coast
Other parts of the world	6%	9%	14%	12%	60%	15%			Other parts of the world
Cook Islands	3%	5%	15%	12%	66%	8%	2.3%	0.1%	Cook Islands
Fiji	4%	4%	15%	13%	64%	8%	4.2%	1.4%	Fiji
Other Pacific destinations	3%	4%	11%	14%	67%	7%			Other Pacific destinations
Vanuatu	2%	3%	10%	14%	70%	6%	0.3%	0.2%	Vanuatu
Niue	2%	3%	11%	13%	71%	5%	0.2%	0.004%	Niue
Solomon Islands	2%	3%	8%	13%	74%	5%	0.03%	0.04%	Solomon Islands
Samoa	2%	3%	16%	14%	66%	5%	1.6%	0.2%	Samoa
Tonga	2%	3%	10%	16%	70%	4%	0.6%	0.05%	Tonga

Source FORWARD WELLBEING AND ATTITUDE SURVEY. 17 04 20(wave 2). New Zealand representative on line sample

Pacific destinations



PACIFIC AVIATION SECTOR CONNECTIVITY

STATUS SUMMARY

Airline connectivity and commercial capacity in the future is central to enable tourism sector recovery.

Airline connectivity is impacted by:

- **Border access or restriction (Local country policy on access)**
- **Airline viability and willingness to fly routes (commercial viability)**
- **Aviation infrastructure – to support and enable flights: safety & compliance to standards, maintenance capability, fuel, processing and security**

All borders to pacific countries including New Zealand are currently closed to commercial air traffic. There is no indication when these may open at this time

Flights are only operating on a charter basis for essential supplies, some cargo and essential personnel or repatriation to some countries.

- Niue still has a commercial flight once a week. It has restrictions on numbers (26 max coming up) and every second flight is a cargo only heading up (but can carry passengers for the return leg).
- Cook Islands has a once a week flight

The key current focus is maintaining air freight services on a charter or regular contract basis (Niue and Cook islands). This is a substantially reduced service.

Projecting scenarios that may enable border restrictions to be lifted will be very important in the development of tourism sector recovery within the pacific. New Zealand pacific policy is particularly important for many of the island nations in tourism recovery planning

Airlines status risk is extreme

With commercial flights suspended and immediate loss of income and related cash flow, all airlines operating within the pacific are at extreme financial risk and are relying on government support. Airline connectivity relates to both international and domestic (within country) connectivity. The need for both is a consideration in future tourism sector recovery and support for pacific airlines.

Airline sector infrastructure

Certification and compliance is critical to enable aircraft to fly. Without certification of aircraft, pilots, security, navigation and aerodromes, flights can not occur. Ensuring the continuation of this function, even over periods of limited flying, will enable the sector to be more immediately responsive to increased demand. Without this the time required to recertify could slow responsiveness down. Flight simulation time for pilots, while they are not actively flying is a consideration with limited access in the pacific to air simulators.

MODELING AIRLINE SECTOR STATUS WILL BE IMPORTANT IN CONSIDERING PACIFIC TOURISM RECOVERY AND SCENARIO TIMING

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PACIFIC AVIATION SECTOR: : RESPONSE FOR RECOVERY

Passenger air capacity is critical

- Tourism volumes are largely determined by supply of air capacity: available flights at the right price.
- Airlines are now uneconomic and are exiting the Pacific or cutting what are now non economic routes.
- Loss of competition and capacity are significant economic recovery risks.
- For tourism connectivity a minimum weekly service is required

Supply ahead of demand

- The tourism sector requires supply ahead of demand to enable rebuild. Minimum weekly flights with seats available to be booked at an accessible price for the market will generate demand.
- Early investment in maintaining connectivity and providing availability is key to stimulation and recovery

Potential of increasing prices and supply constraint

- Airlines will aim to grow margin/yields on constrained capacity to cover increased fixed cost allocations per flight. There will be an incentive for airlines to keep airfares high to generate cash and maintain demand ahead of supply. This is in conflict with tourism objectives and accelerating sector recovery.
- Distancing requirements on flights worsen yield. If distancing is required then flight risk for travellers and host countries may limit willingness to travel & open borders and financial viability for airlines
- Many travellers have airfare credits available. Use of this will not produce new cash. Airlines will seek additional cash plus use of credits to provide positive cash flows through higher airfares.
- A travel status not requiring on flight distancing is a key part of strategy to establish reasonable airfares quickly without additional financial support.
- Mechanisms to ensure no price gouging and to ensure capacity is available may be required.



PACIFIC AVIATION SECTOR: : RESPONSE FOR RECOVERY

Freight as a support mechanism to maintain connectivity

Reactivation timing

- Freight on key routes is a key avenue to maintain flight connectivity in the short term and to support route viability in recovery.
 - Open and regular freight flights support the overall airline sector and infrastructure to remain open and operational, and enable flexible and immediate response to increasing demand in reactivation and recovery.
 - The current freight only environment is not commercially viable for any airline with fixed costs on any of the Pacific routes.
 - Supporting variable cost (fuel and operational flight costs) would remove some of the risk from the airline and provide the kickstart required to re-establish air services and connectivity.
-
- Scenario planning to project recovery response timing and collaboration between airlines and sector leaders is critical to coordinate supply ahead of activated demand.
 - Policy, systems and procedures for managing travel safety at all journey points, and optimising capacity, yield and prices will be important and require clear pre planning to enable responsiveness as situations change.



AIR CONNECTIVITY STATUS 04 April 2020

Country	Status	Passenger	Freight	Risk Level	Key Notes
Cook Islands					
International	AKL Only	Limited	Yes	medium	Weekly scheduled flight Wednesdays
Domestic	Reduced	Suspended	Yes	medium	Air Rarotonga only flying freight, pax only by exception
Tonga					
	Diversion ends 4 April				
International	Suspended	No	No	medium	Air NZ scheduled flight 8 April
Domestic	Suspended	No	No	medium	Flights to re-start 6 April
Samoa					
	Closed	No	No	High	No commercial scheduled flights, charter only on request
Niue					
	Reduced	Limited	Yes	medium	Weekly scheduled flight Tuesdays
Tuvalu					
	Closed	No	No	High	No air service. Fiji also closed
Fiji					
	Restricted	No			Pax and crew banned. Fiji nationals 14 day quarantine. Outer island flights suspended



By country: status and recovery focus

Overview: Emerging themes

Summary from **pacific tourism leaders** from across the pacific. Overall there is strong alignment in overall focus and prioritisation. Local differences that emerged largely reflect differing stages of tourism sector development and the specific local tourism and economic environment.



Key Risks

Economic

- Immediate deep and sustained national economic impact
- Lack of internal financial reserves to provide support or sustained support across most countries
- Substantial flow on impact to the wider economy

People and capability

- Widespread unemployment
- Loss of skills at all levels
- Flight from country

Infrastructure

- Loss of core infrastructure and past investment – that would be very difficult to redevelop; Accommodation, F&B and experiences

Connectivity

- Loss of airlines, flight availability, frequency and potentially high prices

Situation: Significant impact



- No confirmed cases in



- Borders closed
- 14 - 28 day quarantine imposed across all countries



- Extremely limited flights mainly freight on a charter basis and not economic

Recovery preparedness

Short

- Clear recovery planning - response focus and initiatives
- Immediate financial support if available: wage, focused micro financing targeted at the viable core, tax, compliance fee and bank relief.
- Maintenance of air connectivity
- Identify the critical viable core and support
- Training, skills development & sector infrastructure employment initiatives

Mid

- Scenario planning and response timing clarity
- Focus on core markets: local, regional, NZ, AUS and early activation targets
- Advance a travel bubble strategy - safe opening if viable
- Develop digital capability and messaging
- Elevate differentiated country propositions and extend awareness of experiences available within the pacific
- Activate targeted differentiated reactivation campaigns - at the right time

Response themes

IDEAL

Economic

- Wage support
- Micro financing to support and maintain the core

Information

- To inform decision making around timing of initiatives, targeting, positioning and messaging

Sector skills development

- Digital, management, service and culture

Clear strategy

- To optimise timing, focus, initiatives and investment

Acceleration of sector development projects eg

- infrastructure,, marketing and positioning strategy, digital, sustainability

Reactivation marketing programmes



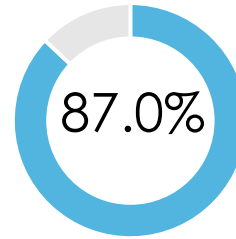
PRE COVID-19: TOURISM SECTOR STATUS – COOK ISLANDS



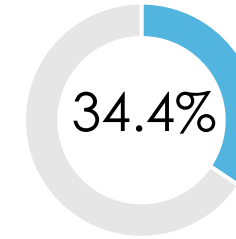
Mainly tourism,

other industries like agricultural exports have declined steadily

Share of tourism as a percentage of export (2018)



Share of tourism contributions as a percentage of GDP (2018)



Tourism Employment as % of total Employment (2016)



International visitor arrival (2019)

166,934



Number of people employed in the related industry (2016)

2,386

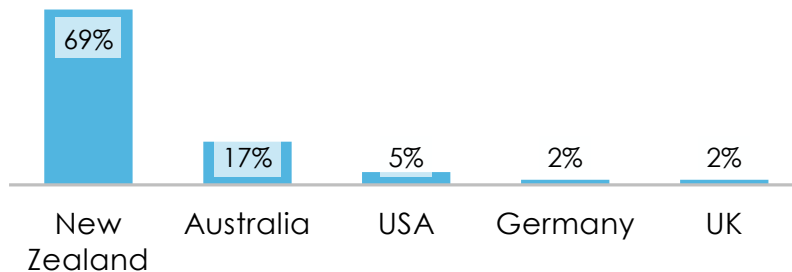


Total visitor spending (2018)*

NZ\$421,617,500



Top 5 source of visitors (2019)



Data source: SPTO online database, SPTO 2018 Annual Visitor Arrivals Report, World Bank, RNZ

* Converted from US\$, as at 28/04/2020

Cook Islands: Status summary



Situation: Significant long term impact



- No confirmed cases



- Borders closed
- 14 day quarantine



- 1 return flight per week scheduled
- Freight and repatriation

Key Risks

- Domestic Economy
- Limited Financial resources for longer term support if required
- Air Rarotonga – important for connectivity
- Population and skills flight
- Sustaining the core key businesses and infrastructure with debt and ongoing costs
- 35 per cent of businesses are outside the tourism sector. To be maintained an open local economy and some freight connection via New Zealand will be required.

Recovery

Short

- Recovery planning in place

Mid

- Maintenance of air connectivity critical
- Scenario planning focus on building NZ market first
- Funding support required to deliver recovery stimulation marketing activation

Response Themes

- Domestic stimulus package in place including wage support mirroring New Zealand so financially secure for 3 months
- Market intelligence surveys to understand the situation and focus response
- Jobs and skills development program – including public works
- Public private partnerships to support strategy and communication development

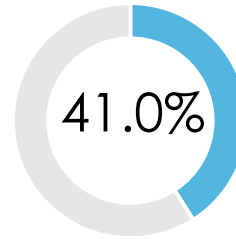
PRE COVID-19: TOURISM SECTOR STATUS - NIUE



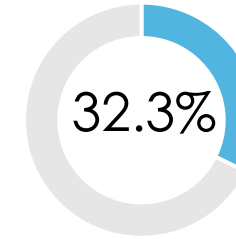
Mainly tourism,

taro export which used to dominate is reduced to almost zero

Share of tourism as a percentage of export (2018)



Share of tourism contributions as a percentage of GDP (2018)



Tourism Employment as % of total Employment (2018)



International visitor arrival (2018)

10,448



Number of people employed in the related industry (2018)

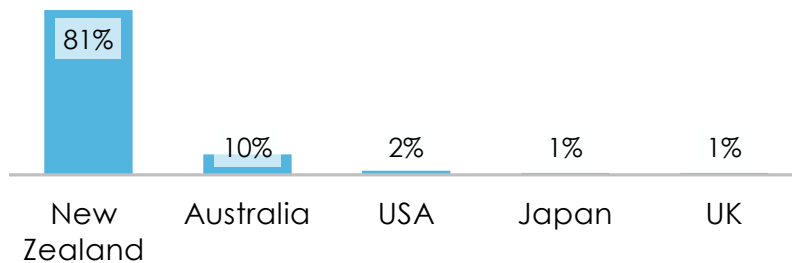
226



Total visitor spending (2018)*

NZ\$11,700,000

Top 5 source of visitors (2019)



Data source: SPTO online database, SPTO 2018 Annual Visitor Arrivals Report, New Zealand Geographic website

* Converted from US\$, as at 28/04/2020

Niue:

Status summary



Situation: Significant impact



- No confirmed cases



- Borders closed (Reparation & Emergency)
- 14 day quarantine



- 1 return flight per week scheduled (Flight reparation)

Key Risks

- Domestic Economy
- Population flight (to NZ) and related loss of businesses and skills
- Tourism business sustainability/closure
- Charter fishing & diving (most exposed)

Recovery

Short

- Recovery planning in place
- Domestic support for Food & beverage business is important
- Implement response package

Mid

- Maintenance of air connectivity critical
- Scenario planning + focus timing for reactivation marketing and product availability.

Response Themes

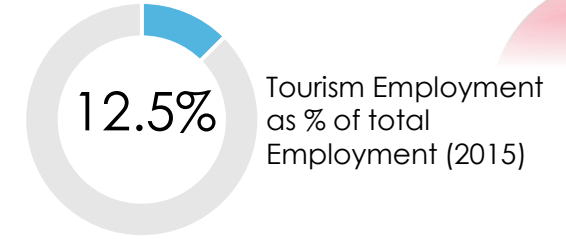
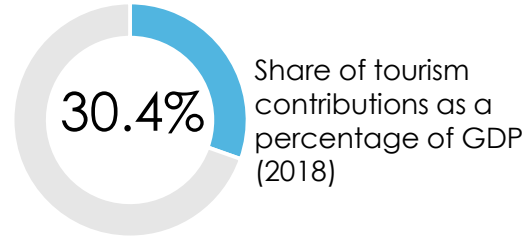
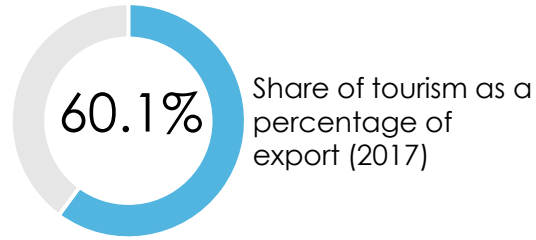
- 12 week wage subsidies
- Micro financing
- Acceleration of sustainable tourism projects
- Recovery marketing program elevates



PRE COVID-19: TOURISM SECTOR STATUS - SAMOA



Visiting friends and family is a key source of visitors to the pacific. If considering segment targeting for recovery, friends and family may be a consideration.



International visitor arrival (2019)

181,473



Number of people employed in the related industry (2015)

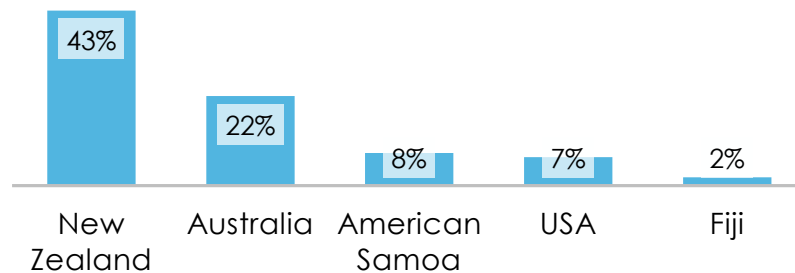
5,158



Total visitor spending (2018)*

NZ\$413,300,000

Top 5 source of visitors (2019)



Data source: SPTO online database, SPTO 2018 Annual Visitor Arrivals Report, World Bank

* Converted from US\$, as at 28/04/2020

Samoa:

Status summary



Situation: Significant impact



- No confirmed cases



- Borders closed (Reparation & Emergency)



- Charter freight flights
- Ship access limited to trade

Key Risks

- Domestic Economy
- CONNECTIVITY :: CAPABILITY :: INFRASTRUCTURE
- Losing air connectivity, sector capability and over a longer period infrastructure with extended sector closure

Recovery

Short

- **Immediate support** (wage and micro financing) to ensure the core of the sector and successful operators are not lost

Mid

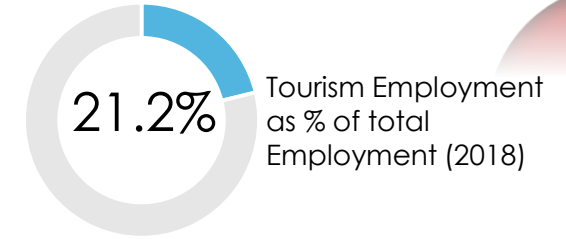
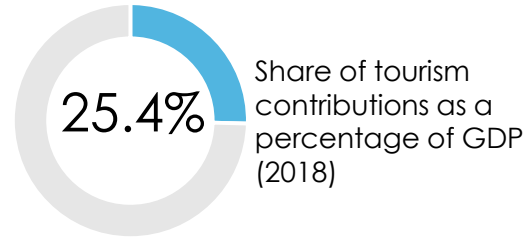
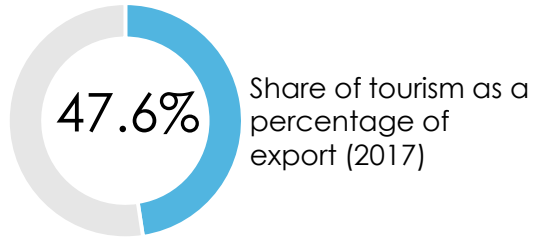
- Maintenance of air connectivity critical
- Scenario planning to focus timing for reactivation marketing and product availability.
- Activation for recovery including a strong digital response and promotional campaign – targeting NZ & Aus first

Response themes

- Immediate response package including wage and microfinancing required to maintain the core
- Training and capability building to strengthen the sector
- Alternative employment opportunities including New Zealand seasonal workers schemes



PRE COVID-19: TOURISM SECTOR STATUS - TONGA



International visitor arrival (2019)

58,783



Number of people employed in the related industry (2018)

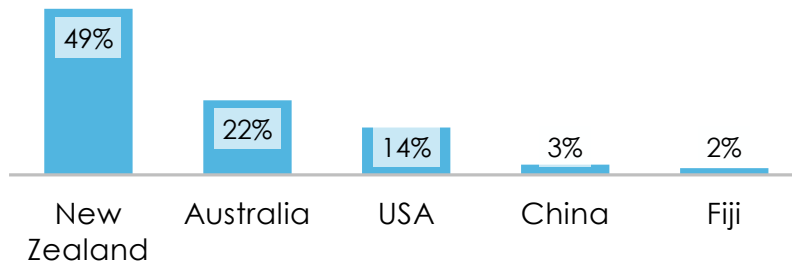
7,100



Total visitor spending (2018)*

NZ\$156,650,000

Top 5 source of visitors (2019)



Data source: SPTO online database, SPTO 2018 Annual Visitor Arrivals Report, World Bank

* Converted from US\$, as at 28/04/2020

Tonga:

Status summary



Situation: Significant impact



- No confirmed cases



- Borders closed (Reparation & Emergency)



- Charter freight flights

Key Risks

- Domestic Economy
- CONNECTIVITY :: CAPABILITY :: INFRASTRUCTURE
- Losing air connectivity, sector capability and over a longer period infrastructure with extended sector closure

Recovery

Short

- **Immediate wage support** Employees who have lost their jobs due to the
- Deferment of loan and interest repayments
- tax imposed on goods and services within Tonga would be deferred until 30 June, except for PAYE.
- goods imported to Tonga in order to revive the tourism sector as well as fisheries and agriculture would also be duty free until 30 June.

Mid

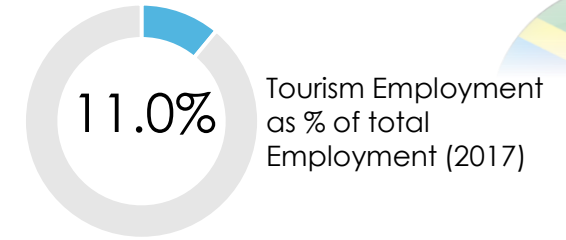
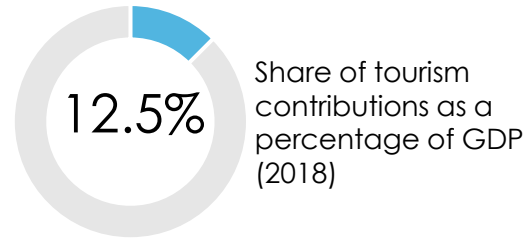
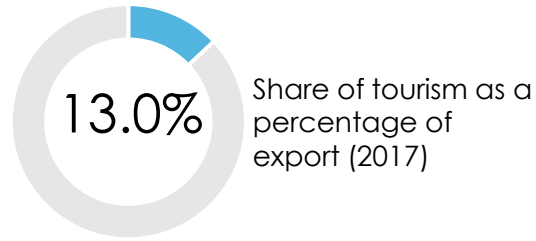
- Maintenance of air connectivity critical

Response themes

- Economic and social stimulus package of \$60 million pa'anga. The package will provide short-term financial assistance for all sectors of the Tongan economy, including tourism:
 - Economic and social recovery - \$22.4m [target affected businesses (\$16.4m), affected employees (\$5m), and community livelihood (\$1m)].



PRE COVID-19: TOURISM SECTOR STATUS – SOLOMON ISLANDS



International visitor arrival (2017)

25,700



Number of people employed in the related industry (2017)

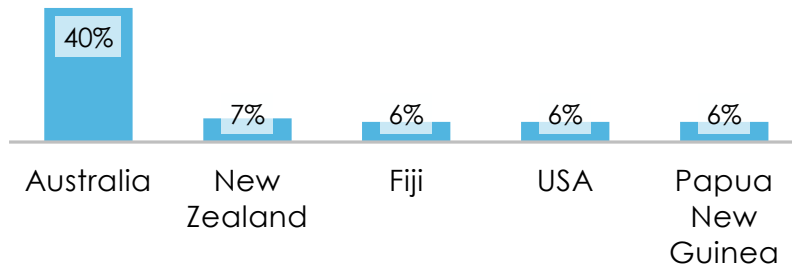
6,400



Total visitor spending (2018)*

NZ\$135,000,000

Top 5 source of visitors (2019)



Data source: SPTO online database, SPTO 2018 Annual Visitor Arrivals Report, World Bank

* Converted from US\$, as at 28/04/2020

SOLOMON ISLANDS :

Status summary



Situation: Significant impact on an emergent sector with low resilience



- No confirmed cases



- Closed to Air travel
- Closed to noncitizens
- Quarantine 14 days



- Charter freight flights

Key Risks

Lack of fundamental resilience and extreme vulnerability

The tourism industry in the Solomon Islands is fledgling, with around 40% occupancy on average

Maintaining the core of the sector is critical for future recovery

Air connectivity is tenuous. Virgin airlines have pulled out and are now under administration. Air Sol is potentially a critical part of future air connectivity. Transit restrictions from other countries may further limit access and recovery

Recovery

Short

- **Immediate identification of core successful business critical to the core tourism offer** and providing contestable microfinancing to enable a sustainable shut down and minimum capability retention

Mid

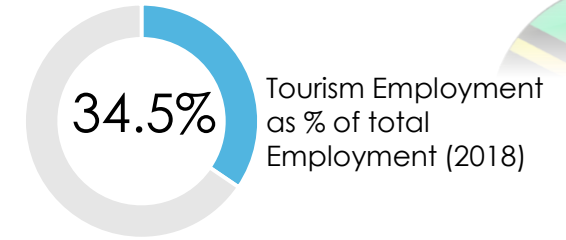
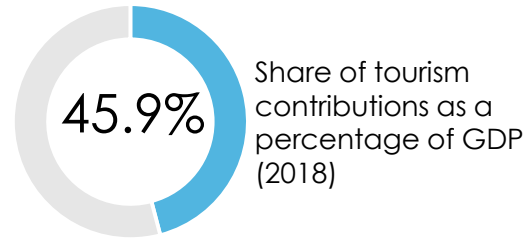
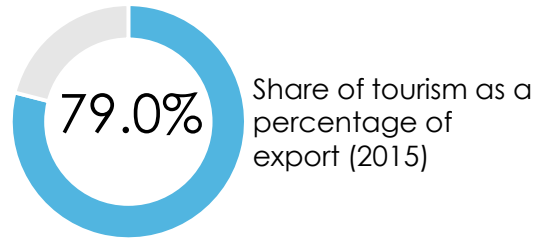
- Without support, previous sector investments in infrastructure and capability is at risk of being lost. The IFC of the world bank has been a strong supporter as have other government organisations.

Response themes

- There is no government capacity to provide wage relief or support and no capacity to administer this
- NZ government support has established 2 in country advisors. Product development and destination marketing have been a focus; however It is questionable if the resources and budget will be sufficient to complete a recovery programme. Technical and operational support for the sector will be required.



PRE COVID-19: TOURISM SECTOR STATUS - VANUATU



International visitor arrival (2019)

97,182



Number of people employed in the related industry (2018)

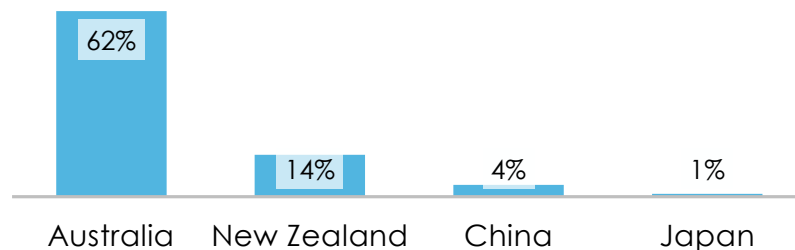
15,000



Total visitor spending (2018)*

NZ\$468,280,000

Top 5 source of visitors (2019)



Data source: SPTO online database, SPTO 2018 Annual Visitor Arrivals Report , World Bank

* Converted from US\$, as at 28/04/2020

Vanuatu: Status summary



Source Adela Issacher: Chief Executive Officer (CEO) Vanuatu Tourism Office

Situation: Significant impact. Cyclone Harold damage has further amplified the sector crisis



- No confirmed cases
- All ports of entry closed
- Quarantine 14 days for repatriation of citizens and residents
- Charter freight flights

Key Risks

- **Aviation connectivity** - international and domestic: Regional dispersal is currently challenging and the local airline failure would make it impossible. Sector recovery is dependent on international air connectivity.
- **Loss of key operators.** Without the core it is very difficult for the sector to meet visitor needs and expectations overall and rebuild will be very challenging.
- **Unemployment**, loss of jobs and incomes
- **Loss of skills.** Reduced short to medium term tourism employment will force people to move, potentially to seasonal agricultural work and with this loss of skills to the sector and the cost of retaining for recovery.

Recovery

Short

- **Consultation** with the wider sector to align programmes and recovery strategies.
- **Digital readiness programme** to ensure sector ability to reactivate and connect with markets quickly and more effectively
- Effective and **targeted marketing** campaign

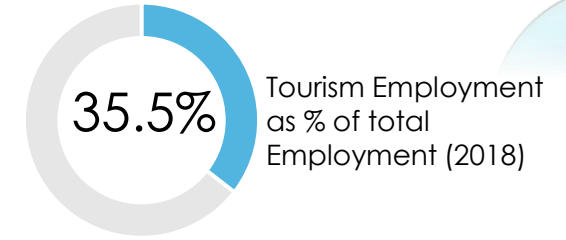
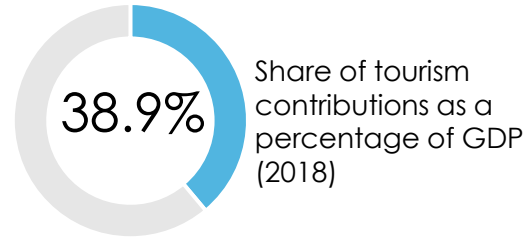
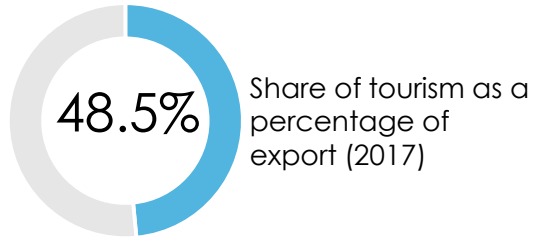
Mid

- **Targeting last 1/4 of 2020 and 2021 to be operational**
- **Focus recovery markets** are targeted at: local tourism then New Zealand, Australia and following New Caledonia.
- Sustainability policy and regenerative tourism

Response themes

- **Information – Data to** and enable focused decision-making
- **education and training** – Initiatives to build skills development. A key focus is digital readiness.
- **Scenario planning** Understanding scenarios to be able to better able to quickly respond to changing situations and plan response

PRE COVID-19: TOURISM SECTOR STATUS - FIJI



International visitor arrival (2019)

894,389



Number of people employed in the related industry (2018)

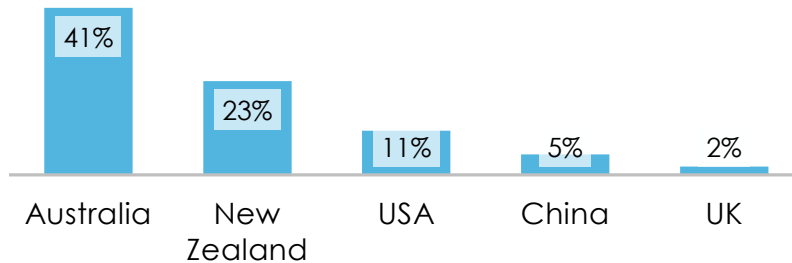
41,338



Total visitor spending (2018)*

NZ\$1,551,500,000

Top 5 source of visitors (2019)



Data source: SPTO online database, SPTO 2018 Annual Visitor Arrivals Report, World Bank, Reserve Bank of Fiji

* Converted from US\$, as at 28/04/2020

Fiji:

Status summary



Situation: Significant impact



- Limited cases



- Borders closed
- Repatriation 28 day quarantine



- International airport closed
- Port open to freight

Key Risks

- Wider economic impact
- Mass sector related **unemployment** and extended to the tourism support sectors
- **Loss of international management and specialist skills** - With this loss of skills and capability in the sector
- **Financial viability** of core sector operators and accommodation providers - with very high costs of maintaining facilities and security – for an extended time.

Recovery

Short

- **Timing of recovery initiatives and reactivating marketing** to ensure best use of resources
- Strong develop of **safety as part of the pacific proposition** campaign
- Build local leadership capability and skills overall

Mid

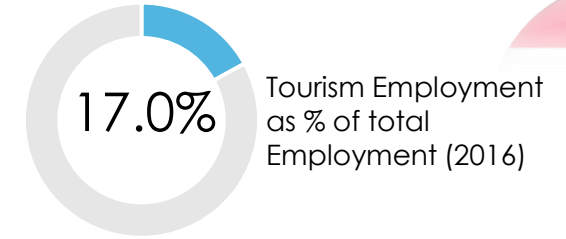
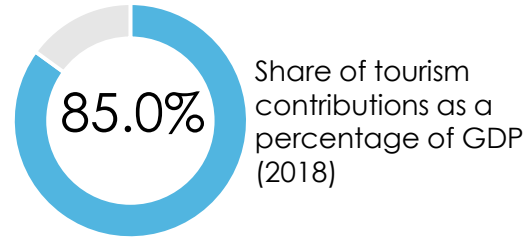
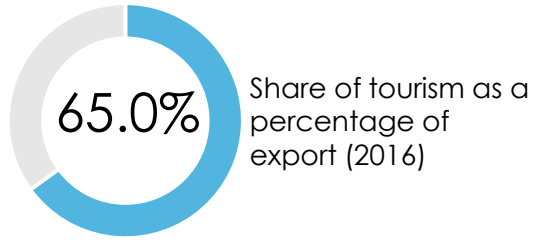
- **Further development of focused differentiated propositions within the pacific** - with clear understanding of primary initial targets and building awareness of experiences beyond sand, sea, sun

Response themes

- Development of **pacific new Zealand and Australian bubbles** to enable safe and earlier border opening and market development
- **Domestic and pacific regional tourism activation** is a possible first step in recovery
- **Scenario planning and information** to support timing for implementing recovery reactivation
- **training** - Continued training to upskill the local tourism sector – there is an opportunity to build local leadership skills and capability



PRE COVID-19: TOURISM SECTOR STATUS – FRENCH POLYNESIA



International visitor arrival (2018)

237,978



Number of people employed in the related industry (2016)

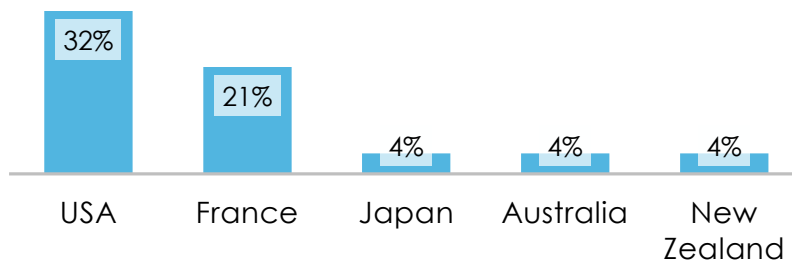
10,500



Total visitor spending (2018)*

NZ\$1,236,500,000

Top 5 source of visitors (2019)

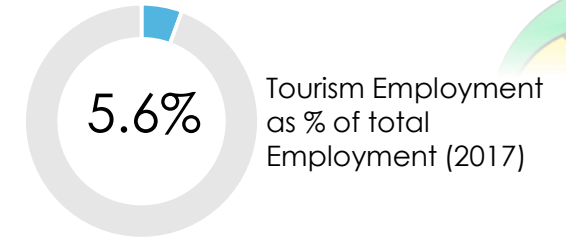
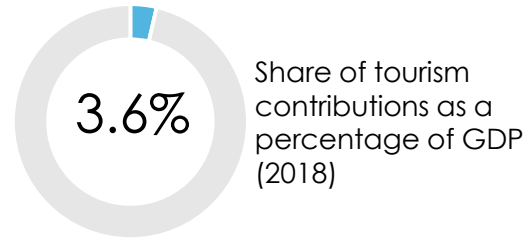
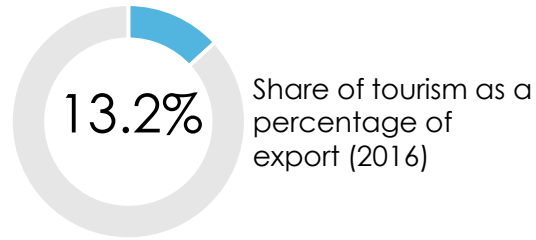


Data source: SPTO online database, SPTO 2018 Annual Visitor Arrivals Report, World Bank

* Converted from US\$, as at 28/04/2020



PRE COVID-19: TOURISM SECTOR STATUS – NEW CALEDONIA



International visitor arrival (2018)

120,339



Number of people employed in the related industry (2017)

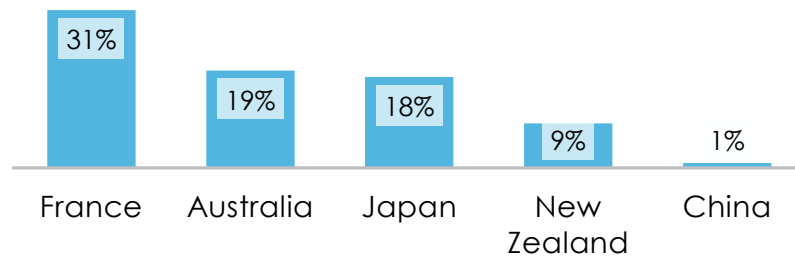
5,246



Total visitor spending (2018)*

NZ\$603,263,000

Top 5 source of visitors (2019)



Data source: SPTO online database, SPTO 2018 Annual Visitor Arrivals Report, World Bank

* Converted from US\$, as at 28/04/2020



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FORWARD

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