



# COVID-19 Sector Implications

## Tourism



Please note that this sector summary should be read in conjunction with the [Overview](#), and that the information below considers the impact to date of COVID-19, then looks to the future under two different recovery scenarios. Additional information about the scenarios can also be found in the [Overview document](#).

- The first scenario assumes recovery by the end of 2020
- The second scenario assumes a longer-term recovery

### Impact to date

Travel restrictions on international flights and cruises have resulted in huge reductions in tourist numbers, with significant impacts across airlines, experiences, hotels, travel, motorhome and car hire. The precipitous fall in cash flows will impact all tourism operators for some time in the future.

### Recovery by end of 2020 Impact

Under this scenario tourist numbers are unlikely to come back until Q1 2021 due to the “consumer overhang effect” and even then, consumer behavior is likely to be very different given the scale of the challenges that have faced the aviation sector. Consumers will need to have assurance that future travel plans will have flexibility, and that insurers have returned to the travel market. Similar to the aviation industry, immediate and wider support will be required from the Government for this sector to recover. This will require consideration of what a re-sized tourism industry might look like.

On a positive note, New Zealanders may look to “staycation” more than they have previously, offering much needed support to the sector.

### Longer term recovery impacts

Tourism will not return for the peak season in 2021 and therefore the sector will not recover until 2022. The sector will need to have adapted to be more agile and flexible to respond to the new environment. The size and shape of the sector will be dependent on the support provided in the near term by the Government.

We have additional information, insights and practical advice on the business implications of COVID-19 available for you here:

- [Business implications](#)
- [Cyber safety](#)
- [IT resilience](#)
- [Financial reporting](#)
- [Business Continuity and Crisis Management](#)

### Contact Us:

Justin Ensor | Partner, Deals Advisory  
T: +64 9 367 5934 | E: [jmentor@kpmg.co.nz](mailto:jmentor@kpmg.co.nz)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2020 KPMG, a New Zealand partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved. KPMG and the KPMG logo are registered trademarks of KPMG International Cooperative (“KPMG International”), a Swiss entity.

[kpmg.com/nz](https://kpmg.com/nz)

