Update of forecast scenarios for passengers and cargo

December 2023

NEW ZEALAND
CUSTOMS SERVICE
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Air passenger arrivals – key assumptions & developments

New Zealand's border has been fully open since August 1st, 2022.

For each of the scenarios,
- Visa/airline data has been used to map the historical proportions.
- Airline schedules are now available for the Northern Winter Schedule which runs from 29 October 2023 till 31 March 2024.
- Seasonality based on historic trends have been incorporated into forecast.

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Updated air passenger scenarios

- The updated December 2023 Moderate scenario reflects the travel demand looking towards summer.

- Air passenger volumes are expected to be more stable and consistent with the historic trends.

- Recovery rates have been refined based on observed travel proportions, visa proportions, airline schedules and country of origin.
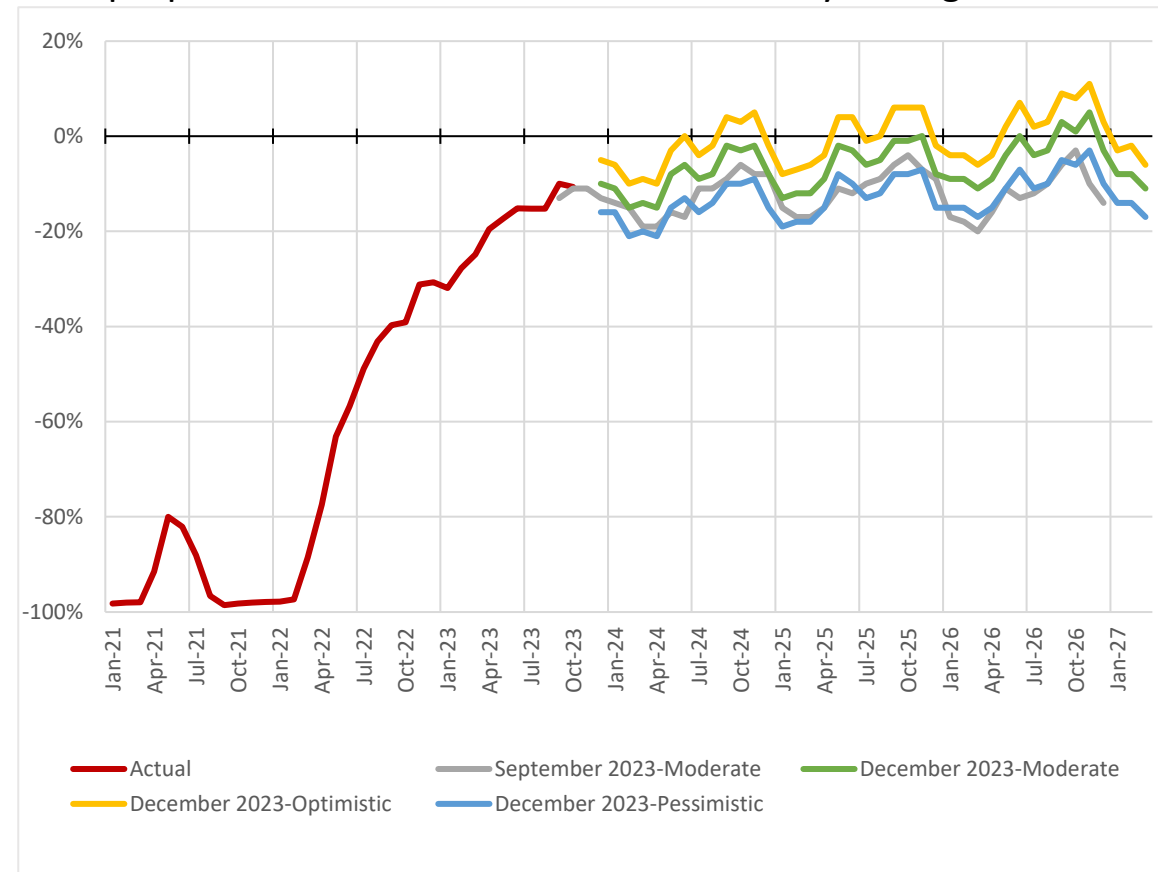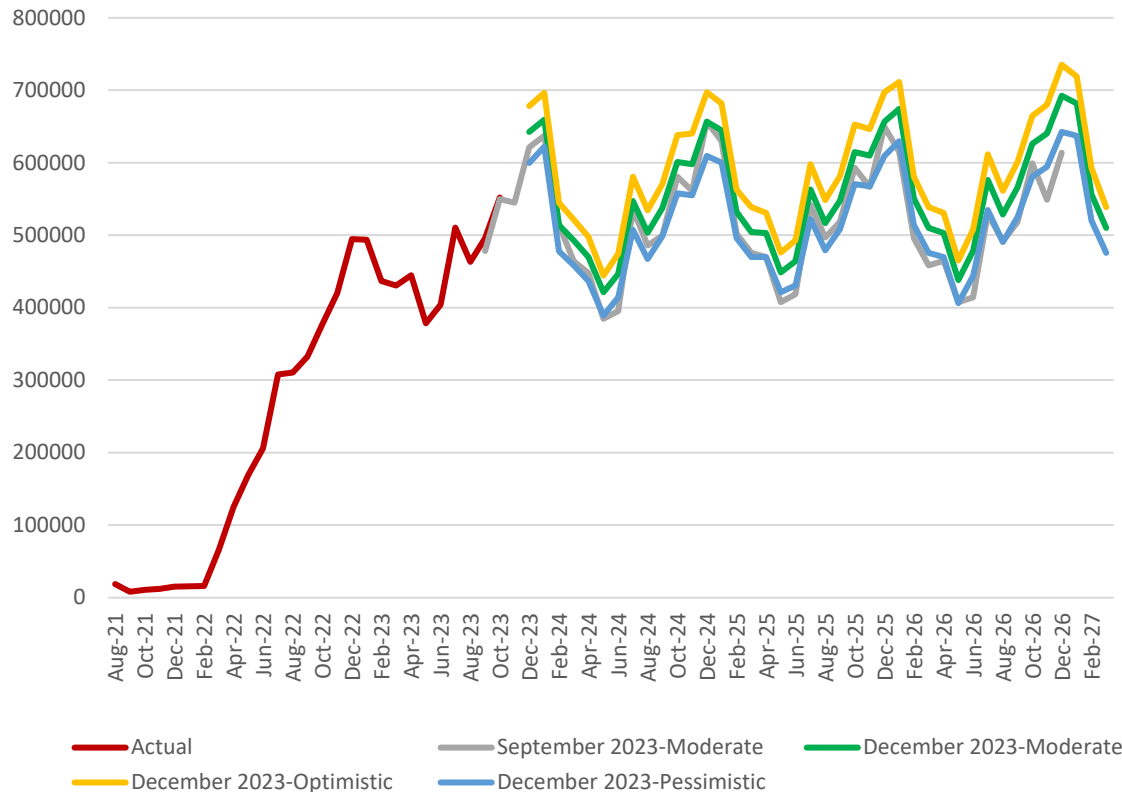
Cargo – Actual import entries

Cargo measures

The data presented here is for import entries over $1000 in value. The data shows the count of entries, not the size or value of imports.

Air cargo

- Air cargo makes up about 60% of total import entries and continues to perform at levels just above the pre-COVID baseline and trending up slowly.

- **Sea cargo**

- The quantity of sea cargo import entries has tracked below baseline levels since about December 2021, with a moderate downward trend.

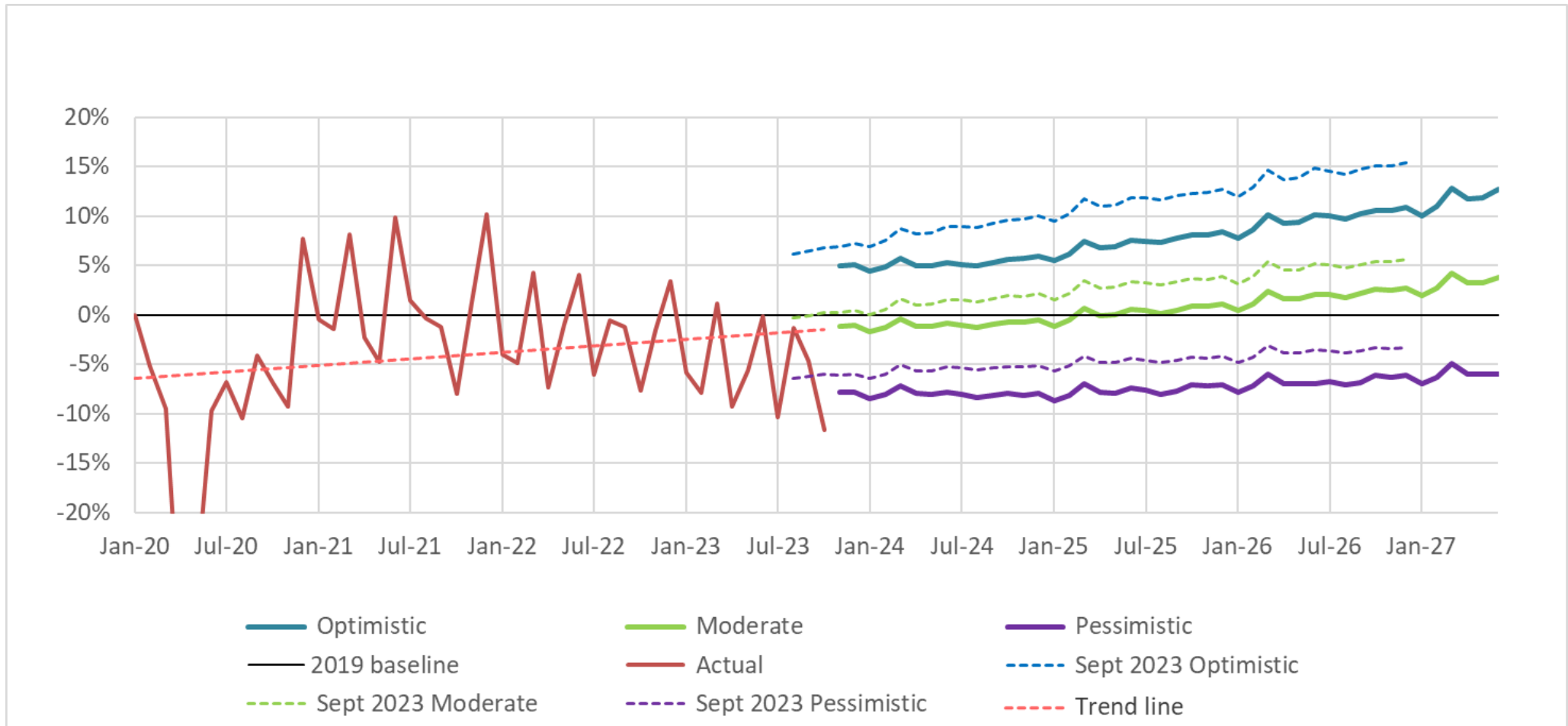% Air and Sea Import Entries compared to baseline year pre-COVID
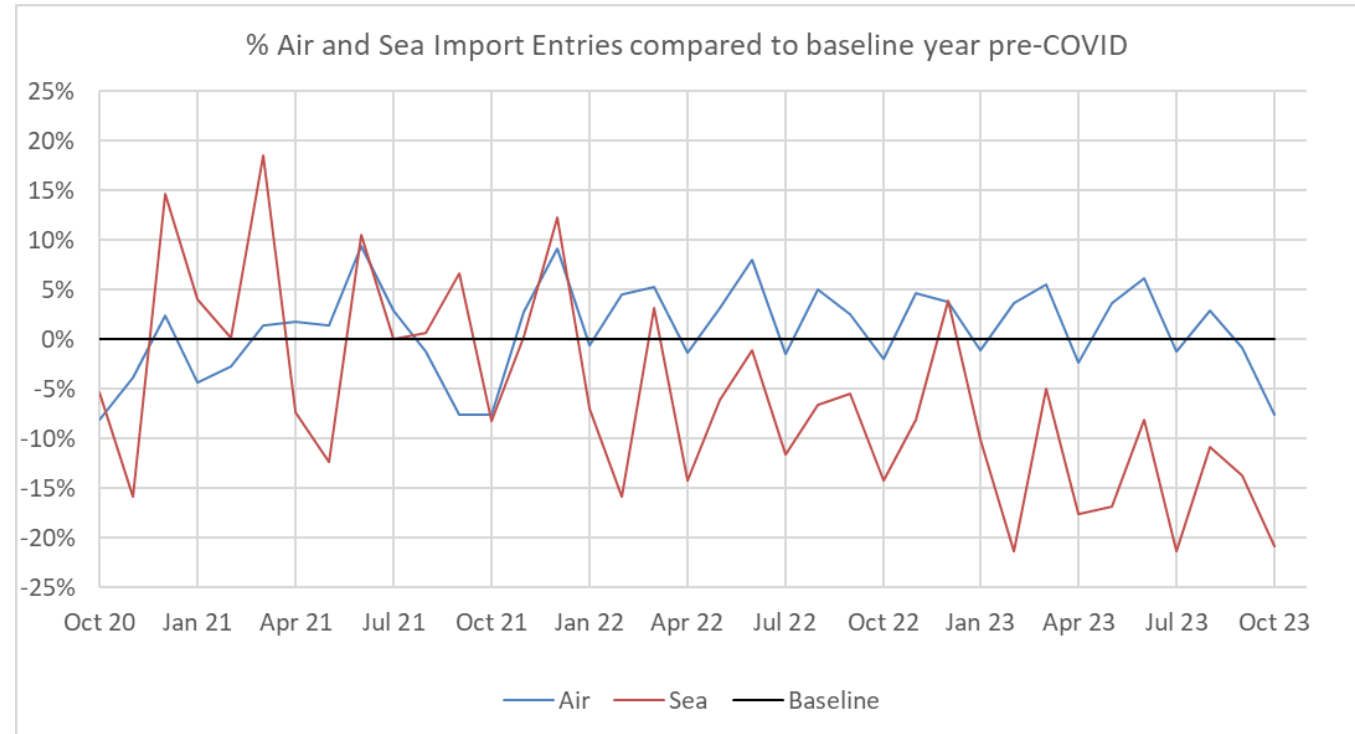
Cargo scenarios – key assumptions

We have reviewed and adjusted assumptions behind the following drivers that impact the cargo forecast. For each driver, we have three scenarios – optimistic, moderate and pessimistic.

Assumptions/drivers	Optimistic	Moderate	Pessimistic
Initial steady state What is the steady state of import entries since the border fully opened? • Based on the continued trends in performance, the starting point for air cargo has not changed since the last update in September 2023, and the sea cargo has reduced by 1 percent.	Air cargo: **+8%** Sea cargo: **-4%**	Air cargo: **+3%** Sea cargo: **-9%**	Air cargo: **-2%** Sea cargo: **-14%**
Long-term trend What is the new normal for air and sea freight post-COVID-19? • The optimistic scenario uses the average annual change in import entries over the five years pre COVID. • The pessimistic scenario uses growth/decline in 2019, the year prior to COVID. • The moderate scenario is the mid-point of the optimistic and pessimistic rates.	Air cargo: **+3.9%** Sea cargo: **+1.36%**	Air cargo: **+2.8%** Sea cargo: **+0.57%**	Air cargo: **+1.7%** Sea cargo: **-0.23%**

Cargo scenarios – current compared with September 2023 scenarios

Legend: Optimistic · Moderate · Pessimistic · 2019 baseline · Actual · Sept 2023 Optimistic · Sept 2023 Moderate · Sept 2023 Pessimistic · Trend line

Cruise passenger arrivals – key assumptions & developments

- Scenarios assume unrestricted cruising from August 2022.
- Cruise schedules are now available until September 2024; however, it is crucial to note that these schedules are subject to significant changes. Cruise operators reserve the right to cancel any operation at their discretion due to logistical or operational reasons. The cancellation of a scheduled cruise operation could result in a substantial loss in passenger arrivals
- Assumed a 2% increase in cruise capacity for 2024/25 and 4% increase for 2025/26 from 2023/24 levels.
- Cruise baseline reference value for September 2019 is initially zero. However, for the purpose of calculation, it is assumed to be 5,988, based on the assumed capacity of September 2023 set at 75%.

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Updated cruise scenarios

- Cruise industry is highly seasonal, from October to March. Material cruise travel in the 2022/23 season has seen strong recovery.

- Given the availability of tentative cruise schedules and return of many operators, the **December 2023 Moderate scenario** expects a higher volume of arrivals for the 2023/24 season than the September 2023 scenarios.

- Cruise passenger volumes for the 2023/24 (August 2023 – July 2024) season are projected to reach 99% of 2019 (baseline) levels.

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