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## MEDIA ANNOUNCEMENT

### QUALITY OF NEW ZEALAND'S TOURISM OFFERING HIGH BUT PRICED TOO LOW

*Rates must rise to reflect rising costs of investment and development*

At the 2008 New Zealand Hotel Industry Conference, the Tourism Minister encouraged hoteliers to raise their rates in order to remain profitable and competitive, in line with the country's tourism strategy. The CEO of industry leader Tourism Holdings Limited, Trevor Hall, believes this is true for many of the major industry suppliers who have lifted their product quality substantially in recent years with little real rate increases.

"Currently the cost – value – price relationship is out of synch in New Zealand," Hall says, "and I predict that the quality end of the industry will move to match pricing to their quality investment."

According to Hall, real increases in the rates of tourism products and services over recent years has not kept pace with inflation, let alone reflected the increase in customer experience offered by New Zealand tourism operators.

THL's position is that realistic profitability is the only way industry players can continue to invest in the quality and vitality of their offerings to meet consumer demands, while remaining viable from an owner and shareholder perspective.

"A country's tourism industry must be profitable in order to grow, attract investment and remain competitive," says Hall, "not to mention pursue and retain the qualified staff complement required to keep it going."

But it's not all about staffing and product enhancements. Industry trends affect spending as well. With growing environmental awareness affecting tourism consumer behaviour, companies like Tourism Holdings Limited, who are committed to taking a leadership position on environmental sustainability, are backing their intentions with significant investment.

Increases in the cost of money, the cost of quality inherent in new vehicle platform and conversion fit out, consumables such as fuel and mechanical parts, property costs and general inflation are placing undeniable upward pressures on pricing.

Says Hall, "While THL will always reserve the right to price aggressively in a tactical manner in low demand periods, the company's over-all pricing strategy across all of its holdings is to see a fair increase in rates over the coming period."

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Editor's note:

Tourism Holdings Limited is New Zealand's premier tourism company with extensive operations in Australia and Fiji. Operations include car and motorhome rentals in Australia and New Zealand, a specialist caravan and motorhome manufacturing company in Hamilton and transport and tourism activities in the Bay of Islands, Auckland, Waitomo and Milford Sound. Tourism Holdings is listed on the New Zealand Stock Exchange under the ticker code THL.

Further details on [www.thlonline.com](http://www.thlonline.com)



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