

Current measurement and future directions

The New Zealand TSA

July 2011

New Zealand

- ⊙ 268,680 sq km comparable in size to UK or Philippines
- ⊙ Exclusive economic zone of more than 4 million sq km
- ⊙ Multicultural population of 4.4 million people
- ⊙ GDP US\$150 billion and exports of more than US \$32 billion
- ⊙ More cows and sheep than people!



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Tourism to New Zealand

- ⊙ Total tourism expenditure NZ \$22.4 billion
- ⊙ International tourism expenditure \$9.5 billion
- ⊙ Overseas visitor arrivals 2.5 million
- ⊙ Top five visitor countries:
 - > Australia
 - > United Kingdom
 - > United States
 - > China
 - > Japan

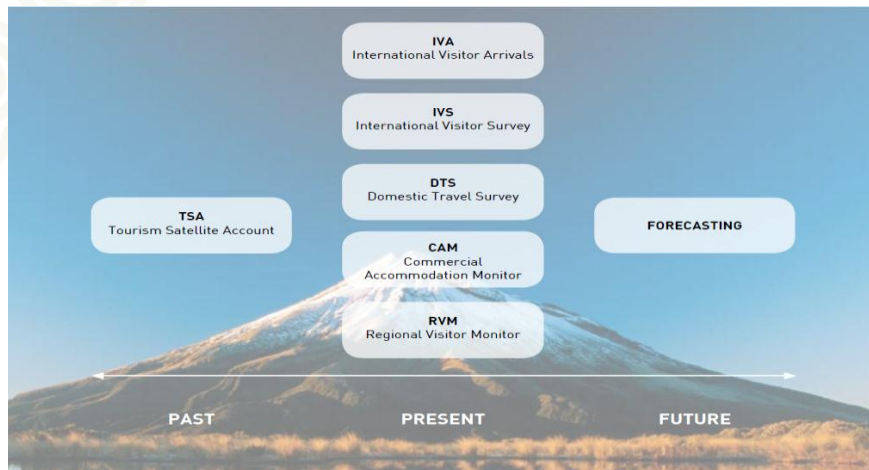
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Why is Tourism a Satellite Account?

- ⊙ Customer demand perspective
- ⊙ Measures the importance of tourism
- ⊙ Allows for valid export and country comparisons
- ⊙ Such thing as a tourism industry?
- ⊙ Key component of NZ tourism data suite

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Wider set of core tourism data



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Key measures from the NZ TSA

- ⊙ Tourism's direct and indirect contribution
- ⊙ Tourism expenditure by international, household, business and government travellers
 - > International, Domestic and Total Tourism Expenditure
 - > Contribution to export earnings
- ⊙ Tourism expenditure by commodity
- ⊙ Employment generated from tourism
- ⊙ GST revenue generated from tourism

Key results from the NZ TSA 2010

- ⊙ Total tourism expenditure - \$22.4 billion
- ⊙ International tourism - \$9.5 billion
- ⊙ Domestic tourism - \$12.9 billion
- ⊙ Direct contribution to GDP - \$6.5 billion
- ⊙ Indirect value added - \$6.2 billion
- ⊙ Directly employed 92,900 full-time equivalent employees
- ⊙ Indirectly employed 89,500 full-time equivalent employees
- ⊙ \$1.7 billion in GST revenue

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Tourism 'industries'

Tourism industry category	Tourism industry component	ANZSIC code	ANZSIC industry description
Tourism-characteristic industries	Accommodation ⁽¹⁾	H571	Accommodation
	Cafes and restaurants ⁽¹⁾	H572	Pubs, taverns and bars
		H573	Cafes and restaurants
		H574	Clubs (hospitality)
	Road passenger	I6121	Long distance bus transport
		I6122	Short distance bus transport
		I6123	Taxi and other road passenger transport
		I62	Rail transport
		I63	Water transport
	Air transport	I64	Air and space transport
	Other transport, storage and transport services	I65	Other transport
		I66	Services to transport
I67		Storage	
Machinery and equipment hiring and leasing	L774	Machinery and equipment hiring and leasing	
Cultural and recreational services	P92	Libraries, museums and the arts	
	P93	Sport and recreation	
Tourism-related industries	Retail trade	G511	Supermarket and grocery stores
		G512	Specialised food retailing
		G521	Department stores
		G522	Clothing and soft good retailing
		G523	Furniture, houseware and appliance retailing
		G524	Recreational good retailing
		G525	Other personal and household good retailing
		G526	Household equipment repair services
		G53	Motor vehicle retailing and services
All non-tourism-related industries			All other ANZSIC industries

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Tourism versus rest of economy

Total NZ Economy – all ANZSIC96 industries

(A – Q)

Industries comprising tourism –
[Tourism characteristic; Tourism-related;
All non-tourism-related (all other industries)]

(H012)

Tourism commodities – published level (23)

(Food and
beverage
serving
services)

Tourism commodities – working level (114)

(642.10,
642.20,
643.00)

What is a tourist?

- ⊙ Any person travelling to a place other than that of their
 - > usual environment
 - > for less than 12 months and
 - > whose main purpose is other than the exercise of an activity remunerated from within the place visited

- ⊙ NZ adaptation - travel
 - > by a scheduled flight or inter-island ferry service
 - > more than 40km's one way from their residence and outside the area they commute to for work or visit daily
 - > travel as an international tourist

Tourist types

Total Tourism

Domestic Tourism

Business and
Government

Household

International Tourism

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Business and Government tourism expenditure

- ⊙ Final year
 - Intermediate consumption from the balanced supply and use accounts with supplementation
 - Avoid double-counting business expenditure (DTS)
- ⊙ Provisional year
 - Intermediate consumption derived using a variety of data sources (GST purchases, annual reports, AES)
 - Travel expenses ratio applied to intermediate consumption from the latest final account

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Household tourism expenditure

- ⊙ DTS
- ⊙ Outbound travel purchased from New Zealand-resident firms
- ⊙ Off-trip purchases of tourism-specific consumer durable goods
- ⊙ Imputed rental on holiday homes

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International tourism expenditure

- ⊙ International Visitors Survey
 - > sample survey of 5,200 international visitors
 - > flight based
 - > face to face interviews
 - > quotas per month
 - > three major international air gateways

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International tourism expenditure

International Student expenditure

- > Student numbers; proportion <12 months; short term visitor arrivals
- > Average course fees by educational establishment and living costs (including accommodation)
- > Airfares: student numbers < 12 months x short term visitor arrivals x total NZ resident airline income

$$\text{Course fees} + \text{living costs} + \text{airfares} = \text{International Student expenditure}$$

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Derivation of TSA international expenditure

Total international tourism expenditure

Travel credits	Transport credits	International student expenditure
Travel credits total (BoP)	Transport credits total (BoP)	< 12 months
Less	Less	course fees
education estimate	Freight (and other) = passenger transport	+ airfares
	multiplied by tourism proportion	+ living expenses

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Data sources



Domestic travel survey

Year ended Dec	Domestic travel		Growth rate 09-10
	2009	2010	
Trips & nights	(000)		
Day trips	31,395	28,205	-10.2%
Overnight trips	16,681	15,872	-4.8%
Visitor nights	48,197	47,422	-1.6%
Expenditure	\$(million)		
Spend on day trips	3,071	3,019	-1.7%
Spend on overnight trips	5,836	5,623	-3.6%
Spend on total trips	8,907	8,642	-3.0%

- Expenditure distribution
- Total & average expenditure
- Expenditure by product

International visitor survey

Year ended Dec	\$(million)			Growth rate (%)	
	2008	2009	2010	08-09	09-10
Total	5,947	6,187	5,568	4.0	-10.0
Key markets					
Australia	1,591	1,776	1,624	11.6	-8.5
UK	912	812	668	-11.0	-17.7
USA	617	597	465	-3.2	-22.0
China	265	337	362	27.0	7.4
Japan	419	379	321	-9.6	-15.3
Other	2,143	2,287	2,127	6.7	-7.0
Purpose of visit					
Holiday	3,263	3,296	3,015	1.0	-8.5
Visit friends/relatives	1,189	1,172	978	-1.0	-16.6
Business	808	639	573	-20.9	-10.4
Average spend/visit	2,682	2,783	2,410	3.8	-13.4
Average spend/visit	131	122	113	-6.9	-7.6

- Measures by country and purpose
- Activities and attractions

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Commercial Accommodation Monitor



Balance of Payments

Household Consumption Expenditure

International Travel and Migration

Retail Trade Survey

Annual Reports

Domestic Travel Survey

Exports

Quarterly Employment Survey

Data sources/indicators

International Visitors Survey

Household Labour Force Survey

Annual Enterprise Survey

Education New Zealand

Ministry of Education

Quarterly and Annual GDP

Consumer Price Index

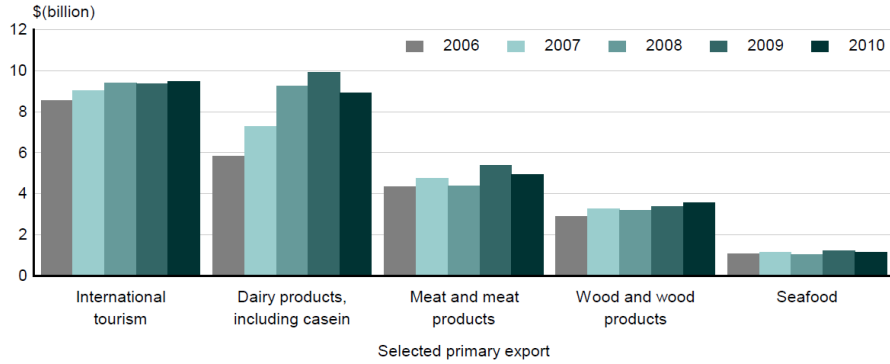
Household Economic Survey

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Exports

International tourism expenditure compared with selected primary exports

Year ended March 2006–10



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Tourism expenditure

By component

Year ended March 1999-2010

	Direct tourism value added	Indirect tourism value added ⁽²⁾	Imports used in production of goods and services sold to tourists; imports sold directly to tourists by retailers	GST paid on purchases by tourists	Total tourism expenditure	Value added as a percentage of total industry contribution to GDP		
						Direct tourism value added	Indirect tourism value added	Total tourism value added
	\$(million)					Percent		
1999	3,549	5,130	2,809	888	12,376	3.7	5.4	9.1
2000	3,930	5,653	3,164	978	13,725	3.9	5.6	9.5
2001	4,107	6,542	3,579	1,087	15,314	3.8	6.1	9.9
2002	4,481	6,801	3,710	1,172	16,165	3.9	5.8	9.7
2003	5,154	6,836	3,902	1,261	17,154	4.3	5.6	9.9
2004	5,504	6,894	3,931	1,300	17,629	4.2	5.3	9.6
2005	5,845	7,083 R	4,235 R	1,381	18,544 R	4.2	5.0 R	9.2 R
2006	6,098 R	7,396 R	4,535 R	1,452 R	19,482 R	4.1	5.0 R	9.1 R
2007	6,343 R	7,864 R	4,936 R	1,523 R	20,665 R	4.1 R	5.1 R	9.2 R
2008	6,673 R	8,215 R	5,225 R	1,589 R	21,702 R	4.0 R	4.9 R	8.9 R
2009	6,463 R	8,547 R	5,322 R	1,624 R	21,956 R	3.8	5.0 R	8.8 R
2010P	6,543	8,577	5,640	1,661	22,422	3.8	5.0	8.7

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Tourism expenditure

By type of product and type of tourist

Year ended March 2010

Product	Domestic demand		International demand	Total demand	Total supply	Tourism product ratio
	Business and government demand	Household demand				
	\$(million)					
Accommodation services	298	582	1,139	2,019	2,133	0.95
Food and beverage serving services	101	974	1,505	2,580	6,061	0.43
Air passenger transport	1,195	754	2,360	4,309	4,392	0.98
Other passenger transport	924	496	793	2,213	3,002	0.74
Retail sales – fuel and other automotive products	242	1,781	333	2,356	10,389	0.23
Retail sales – other	0	3,127	1,508	4,635	91,788	0.05
Other tourism products	191	1,206	1,252	2,649	56,748	0.05
Total tourism demand by type of tourist excluding GST	2,950	8,920	8,890	20,761
GST paid on purchases by tourists	15	997	649	1,661
Total tourism expenditure by type of tourist	2,965	9,917	9,539	22,422

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Tourism supply

Derivation of tourism supply from total supply

Year ended March 2010

Product	Total supply				Tourism product ratio	Tourism supply			
	Tourism characteristic industries	All other industries	Imports	Total		Tourism characteristic industries	All other industries	Imports sold directly to tourists by retailers	Total
	\$(million)					\$(million)			
Accommodation services	1,653	481	0	2,133	0.95	1,564	455	0	2,019
Food and beverage serving services	4,278	1,784	0	6,061	0.43	1,875	705	0	2,580
Air passenger transport	4,324	68	0	4,392	0.98	4,239	70	0	4,309
Other passenger transport	2,772	230	0	3,002	0.74	2,071	142	0	2,213
Retail sales – fuel and other automotive products	42	6,464	3,884	10,389	0.23	7	1,341	1,008	2,356
Retail sales – other	836	70,756	20,197	91,788	0.05	79	3,456	1,100	4,635
Other tourism products	4,476	52,272	0	56,748	0.05	608	2,041	0	2,649
Total supply of products	18,380	132,054	24,080	174,514	...				
Total tourism supply of products						10,443	8,210	2,108	20,761

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Tourism industry ratio

Derivation of tourism industry ratios⁽¹⁾⁽²⁾

Year ended March 2007

Product	Tourism-characteristic industries							Tourism-related industries	All non-tourism-related industries; imports sold directly to tourists by retailers ⁽⁴⁾	Total
	Accommodation	Cafes and restaurants	Road passenger, rail, and water transport ⁽³⁾	Air transport	Other transport, storage, and transport services	Machinery and equipment hiring and leasing	Cultural and recreational services	Retail trade		
\$(million)										
Total tourism-characteristic products purchased by tourists	1,633	1,571	595	3,958	973	408	625	490	1,164	11,416
Total tourism-related products purchased by tourists	20	38	1	0	5	0	126	1,310	6,227	7,727
Direct tourism sales	1,653	1,609	596	3,958	978	408	751	1,800	7,391	19,143
Total industry output	2,497	4,330	2,094	4,803	4,154	2,696	4,820	17,457	285,011	327,861
Tourism industry ratio	0.66	0.37	0.28	0.82	0.24	0.15	0.16	0.10	0.01	...

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Direct and indirect value added

Tourism expenditure by component⁽¹⁾

Year ended March 2007–10

	2007	2008	2009	2010P	2008	2009	2010P
	\$(million)				Annual percentage change		
Direct tourism value added	6,343 R	6,673 R	6,463 R	6,543	5.2 R	-3.1 R	1.2
Indirect tourism value added	7,864 R	8,215 R	8,547 R	8,577	4.5 R	4.0 R	0.4
Imports used in production of goods and services sold to tourists; imports sold directly to tourists by retailers	4,936 R	5,225 R	5,322 R	5,640	5.9 R	1.8 R	6.0
GST paid on purchases by tourists	1,523 R	1,589 R	1,624 R	1,661	4.4 R	2.2 R	2.3
Total tourism expenditure	20,665 R	21,702 R	21,956 R	22,422	5.0 R	1.2 R	2.1

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Direct & indirect value added relationship

Value added = Gross Output – Intermediate Consumption

Manufacturer roasts coffee

IC	GO
Raw beans \$10	Roasted beans \$20

VA = \$10

Wholesaler stocks goods for resale

IC	GO
Roasted beans \$20	Packaged beans \$30

VA = \$10

Café buys in goods and sells beverages

IC	GO
Packaged beans \$30	Coffee \$40

VA = \$10



Beverage coffee and service provided by café to tourists

Indirect tourism value added = \$20

Direct tourism value added = \$10

Total tourism value added = sum of individual contributors = \$30

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Tourism employment

☉ Data sources

☉ Deriving industry ratio

Year ended March 2007

Product	Tourism-characteristic industries							Tourism-related industries	All non-tourism-related industries; imports sold directly to tourists by retailers ⁽⁴⁾	Total
	Accommodation	Cafes and restaurants	Road passenger, rail, and water transport ⁽³⁾	Air transport	Other transport, storage, and transport services	Machinery and equipment hiring and leasing	Cultural and recreational services	Retail trade		
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Tourism employment

Year ended March 2001-10

	Employment (FTE persons)			Employment (FTE persons) in tourism as a percentage of total employment in New Zealand		
	Direct employment in tourism	Indirect employment in tourism	Total tourism employment in New Zealand	Direct employment in tourism	Indirect employment in tourism	Total tourism employment in New Zealand
	Number			Percent		
2001	85,200	73,400	158,600	5.3	4.6	9.9
2002	87,600	76,400	164,000	5.3	4.6	10.0
2003	94,000	82,000	176,000	5.6	4.9	10.4
2004	90,700	81,200	171,900	5.2	4.7	9.9
2005	88,400	84,200	172,600	4.9	4.7	9.6
2006	92,900	85,000	177,900	5.0	4.6	9.6
2007	93,100	88,500	181,600	5.0	4.7	9.7
2008	94,600	89,600	184,200	5.0	4.7	9.7
2009	94,400	90,200	184,600	4.9	4.7	9.6
2010P	92,900	89,500	182,400	4.9	4.7	9.6

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Future directions

Volume/constant prices

- ⊙ Analyse the growth of tourist expenditure in volume terms
- ⊙ Chain-linking approach annually reweighted chained Laspeyres volume measure
- ⊙ Focused on product categories
- ⊙ Key results:
 - > air passenger transport and retail fuel and other automotive products

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New Zealand territorial map



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Possible directions

Electronic card transaction data

- ⊙ Access to payment system
- ⊙ NZ highest users of Eftpos
- ⊙ 2010: transactions 878 million = NZ\$ 43 billion
- ⊙ Challenges

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Possible directions

Regional GDP

- ⊙ Feasibility study 2000-2003
- ⊙ Current price regional GDP for 15 regions and 16 industries
- ⊙ Production-based measure of GDP
- ⊙ Based on industry estimates for value-added



Regional TSA???