

New Zealand

Tourism in the economy

International tourism makes a major contribution to the New Zealand economy, contributing 18.7% of New Zealand's total export earnings. International tourism receipts reached NZD 8.1 billion in the year ended March 2005 and is forecast to increase by 6.5% per year to 2012, with international visitor arrivals rising by 4% per year. Tourism growth has implications for the physical infrastructure, investment intentions and the skills and talents required of the workforce. All of these need to be of sufficient quality and quantity to support the sector, particularly in peak periods.

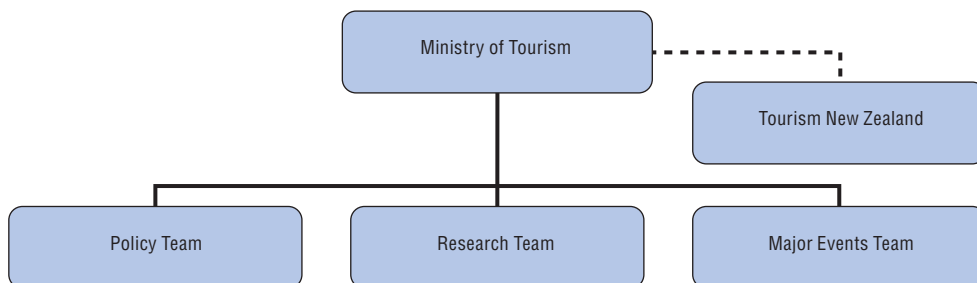
Domestic tourists' expenditure reached NZD 9.4 billion in the year ending March 2005, and is forecast to increase by 2.7% per year to 2012. Tourism directly and indirectly contributes NZD 12.3 billion or some 9.0% to New Zealand's GDP, and supports 9.8% of the total workforce (Table 3.76).

Employment in the tourism industry has risen steadily since 2002, by 7.3% in the period to 2005. Tourist arrivals have reached 2.4 million, of which Australia accounts for about 37%. Growth has been steady since 2001, with an increase of some 24% in arrivals in the period 2001-05.

Tourism organisation

The Ministry of Tourism, a ministry within the Ministry of Economic Development, handles national tourism policy which consists of providing core policy advice, including monitoring of Tourism New Zealand (TNZ), the provision of research and statistics, advice and assistance on major events and land and property management of tourism concessions (Figure 3.23). TNZ is the marketing agency responsible for the offshore marketing of New Zealand as a tourism destination, and for capability development of the tourism industry onshore, through, for instance, a national quality assurance scheme.

Figure 3.23. **Organisational chart of tourism bodies in New Zealand**



Source: OECD, adapted from Ministry of Tourism, 2007.

There are also 30 Regional Tourism Organisations (RTOs), owned and operated by New Zealand's local and regional governments and supported by the tourism industry, which market New Zealand's regional destinations.

Tourism budget

The budget of the National Tourism Administration is NZD 6.8 million in 2005-06. The budget of Tourism New Zealand is NZD 69 million in 2005-06. The main source of funding for tourism is from consolidated funds, i.e. the general budget. The Minister of Tourism allocates a special fund of NZD 2.5 million each year that is available to support initiatives to implement the New Zealand Tourism Strategy 2010. Information on implementation of the Strategy, including funded initiatives, is on the Ministry of Tourism's website.

The Ministry of Tourism provides advice on government's purchase of services from TNZ, and the New Zealand Maori Arts and Crafts Institute. Monitoring and reporting to the Minister on the financial and non-financial performance of Tourism New Zealand is provided annually via the Statement of Intent, the Memorandum of Understanding, the Output Agreement and the Annual Report. Other reporting is carried out quarterly and as required.

Tourism related policies and programmes

Co-operation with the tourism industry, consumers and other stakeholders

The Ministry is currently working in partnership with the Tourism Industry Association New Zealand and Tourism New Zealand to update the New Zealand Tourism Strategy 2010 (NZTS 2010 – see Box 3.14). The Strategy provides a shared vision and direction for the entire New Zealand tourism sector, public and private. Wide-ranging consultation with stakeholders has occurred and a draft of the updated New Zealand Tourism Strategy will be released for stakeholders' comments during the first half of 2007.

Box 3.14. New Zealand Tourism Strategy (NZTS 2010)

The New Zealand Tourism Strategy guides the tourism sector's approach to growth and development. The partnership approach between the public and private sectors applied in the development of the Strategy has been consolidated and enhanced in the implementation process, and there are many examples of where this partnership input has been critical (for example, TNZ working with RTOs and local visitor information offices to improve linkages between destination marketing and management).

Tourism businesses have access to business development assistance through the general business development programmes offered by New Zealand Trade and Enterprise (NZTE), the government's economic development agency. In addition, Maori tourism businesses have received individual mentoring during 2005-06 from the Maori Tourism Facilitation Service, a partnership between public sector agencies – Te Puni Kokiri (the Ministry of Maori Development) and the Ministry of Tourism – and private tourism providers.

The Ministry of Tourism is updating its Approved Destination Status (ADS) system for leisure travel to New Zealand by Chinese visitors to ensure tourism quality and immigration outcomes. Visitors are protected by a range of consumer protection laws and are eligible for state-funded accident compensation coverage while in New Zealand.

Box 3.15. Key tourism policy developments

Key tourism policy developments cover advice on economic, environmental and social policy affecting tourism, including the implementation of programmes to advance the recommendations of the New Zealand Tourism Strategy 2010 and the government's wider objectives as they relate to the sector, including the tourism aspects of major events. It includes the provision and management of tourism research and data to assist in sector decision-making. Further outputs include advice on the government's interests as owner of Tourism New Zealand, the New Zealand Maori Arts and Crafts Institute, and on the government's land and property holdings.

The main areas of intervention and programmes to advance the recommendations of NZTS 2010 are:

- Competitiveness (productivity, innovation, quality, etc.).
 - ❖ Qualmark (quality assurance scheme operated by TNZ).
- Sustainable tourism (environmental, economic, social).
 - ❖ Sustainable Tourism Charter project (aimed at sustainable business practice).
 - ❖ Tourism Planning Toolkit (for local government planning use).
 - ❖ Tourism Demand Subsidy Scheme (subsidising infrastructure in small communities with high tourism flows).
- Human resources (skills development, shortage of labour, obstacles in the labour market, immigration and labour, etc.).
 - ❖ Tourism and Hospitality Workforce and Skills Strategy 2006.
- Development of an evaluation culture (benchmarking of performance, targets and indicators).
 - ❖ Monitoring and evaluation of TNZ.
 - ❖ Refinement of marketing performance indicators.
- Legislative and regulatory environment.
 - ❖ Enhancement of the Approved Destination Status (ADS) for China (sub-regulatory).
- International and intra-regional activities.
 - ❖ Asia Pacific Economic Co-operation (APEC).
 - ❖ Australian Standing Committee on Tourism (ASCOT).

Tourism Satellite Account data and analysis

The Tourism Satellite Account in New Zealand is one component of the core tourism dataset, providing economic information for understanding and monitoring the levels and impact of tourism activity in New Zealand. The Tourism Satellite Account in New Zealand is well developed and consistent with the guidelines of the United Nations World Tourism Organisation.

Development of other indicators (employment, sustainability, industry performance)

The Ministry of Tourism is funding the Yield Research Programme, which looks at the development of more comprehensive indicators to measure the performance of the tourism industry and business by considering financial yield, economic yield and sustainable yield. This three year programme assesses yields from different types of travellers, examines public sector investment in tourism firms and benchmarks industry performance.

Tourism Flows Model


The Ministry of Tourism has launched the New Zealand Tourism Flows Model, which is a unique GIS software tool that represents the dynamics of tourism in New Zealand visually. It utilises two surveys from the core tourism dataset, the International Visitor Survey and the Domestic Travel Survey, together with other datasets to build a picture of current and future tourism flows in New Zealand. Users can identify trends and potential capacity constraints.

The purpose of the Tourism Flows Model is to facilitate informed decision-making on where to invest and where to adopt pro-active policy, planning and resource allocation practices. The target audience for this tool is primarily Local Government planners, tourism planners, Regional Tourism Organisations and tourism businesses. The model aims to provide a tool to plan for future growth in tourism to achieve optimum outcomes for New Zealand.

Statistical profile

Table 3.73. **Inbound tourism: International arrivals and receipts**

	Units	2001	2002	2003	2004	2005
Visitors¹	Thousands	1 909	2 045	2 104	2 334	2 366
<i>of which:</i>						
Australia	Thousands	632	634	703	857	876
United Kingdom	Thousands	212	237	265	284	307
United States	Thousands	187	205	212	218	215
Japan	Thousands	149	174	151	165	155
Korea	Thousands	87	110	113	114	112
Tourism receipts ¹	Million NZD	6 763	7 093	7 660	7 811	8 067


StatLink  <http://dx.doi.org/10.1787/156214664686>

1. Including nationals residing abroad (year ended March).

Sources: International Visitor Arrival, Tourism Satellite Account, Statistics New Zealand, 2007.

Table 3.74. **Outbound tourism: International departures and expenditure**

	Units	2001	2002	2003	2004	2005
Departures	Thousands	1 287	1 293	1 374	1 730	1 868
Tourism expenditure ¹	Million NZD	2 741	2 987	..


StatLink  <http://dx.doi.org/10.1787/156254176576>

1. Year ended June.

Sources: External Migration, Survey of Returned Travellers, Statistics New Zealand, 2007.

Table 3.75. **Employment in tourism**

	Units	2002	2003	2004	2005
Total tourism employment ¹	Thousands	164	176	173	176
Directly engaged in tourism	Thousands	98	105	104	105


StatLink  <http://dx.doi.org/10.1787/156265474487>

1. Full-time equivalent, year ended March.

Sources: Tourism Satellite Account, Statistics New Zealand, 2007.

Table 3.76. **Tourism in the national economy**

	Units	2001	2002	2003	2004	2005
Tourism as % of gross domestic product	Percentage	9.9	9.7	9.8	9.5	9.0
Tourism as % of employment	Percentage	..	10.0	10.4	10.0	9.8
Tourism as % of exports	Percentage	16.4	16.2	18.1	19.3	18.7
Total tourism expenditure	Million NZD	15 255	16 095	17 054	17 351	17 483
Domestic tourism share of NZ tourism	Percentage	55.7	55.9	55.1	55.0	53.9
Numbers of enterprises in tourism	Thousands	..	281	295	324	334

StatLink  <http://dx.doi.org/10.1787/156270474861>

Sources: Tourism Satellite Account, Business Demography Studies, Statistics New Zealand, 2007.

Synthesis

The following chapter presents summary details of the tourism sector in 32 countries, 30 of which are OECD members, in addition to Romania and South Africa. Each country section is set out under five main headings:

- Tourism in the economy.
- Tourism organisation.
- Tourism budget.
- Tourism related policies and programmes.
- Statistical profile

For further information, a synopsis table in Annex 3.A1 indicates the main websites for national tourism administrations, national tourism organisations and other important Tourism related organisations.

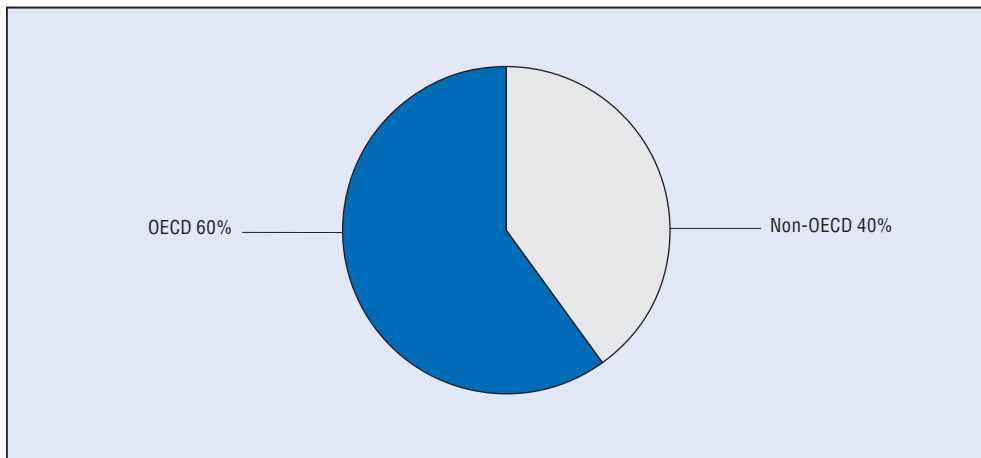
This chapter focuses mainly on international tourism (inbound and outbound). It also includes some partial data on domestic tourism based on Tourism Satellite Account sources or on national surveys. The measurement of domestic tourism, in terms of the number of tourist trips taken each year, is not generally provided by most countries on a consistent basis and does not readily lend itself to aggregations and international comparisons.

International tourist arrivals, however, are recorded for almost all countries. Data for 2005, the latest year for which complete data are available, show that globally there were 802 million international tourist arrivals (World Tourism Organisation). In the OECD member countries, international tourist arrivals in that year totalled 481.5 million, and thus these countries account for 60.0% of all international tourism by this measure (Figure 3.1).

Eight out of the top ten international tourism destinations are included in this chapter, the exceptions being China and Russia. These eight – France, Spain, USA, Italy, UK, Germany, Mexico and Austria – together accounted for 308.9 million arrivals in 2005, 38.5% of the global total.

Tourism in the economy

The importance of the tourism sector in the economies of these 32 countries varies widely. To generalise however, tourism accounts for an important share of Gross Domestic Product (GDP) and of services exports in many countries (see Chapter 1, *New Paradigm for International Tourism Policy*), and also generates a substantial share of total employment. Although data coverage of these measures is variable (see individual sections for country details), an idea of tourism's economic importance is given in the Figure 3.2.

Figure 3.1. **International tourist arrivals, world, 2005**


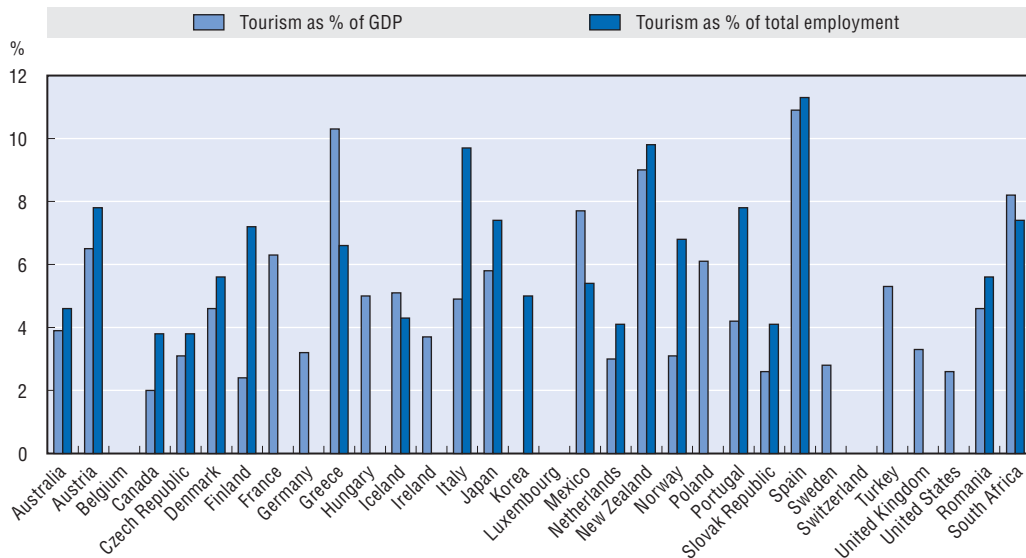

StatLink  <http://dx.doi.org/10.1787/153030008744>

Figure 3.2. **Tourism in the economy, 2006**

StatLink  <http://dx.doi.org/10.1787/152847245261>

Clearly tourism is an important economic force in many of the countries covered here. For some of the world's major tourism destinations, tourism plays a crucial role in sustaining employment and in earning foreign currency receipts.

Tourism organisation

The treatment of the tourism sector within the government structures of the countries covered in this chapter varies considerably. Moreover, due to variations in government structures it is difficult to be precise about which portfolio includes tourism. However, the growing economic and political importance of tourism is reflected by the fact that 15 OECD countries have a Ministry or a Secretariat of State with Tourism named in their title.

Several countries have their own dedicated tourism ministries (Greece, Mexico and New Zealand), however in most cases, the tourism portfolio is attached to Economy,

Industry, Trade or SME ministries (Australia, Austria, Canada, Denmark, Finland, France, Germany, Netherlands, Norway, Portugal, Romania, Slovak Republic, Spain, Sweden, Switzerland and United States). For a few others, the tourism portfolio is linked to Regional Development (Czech Republic and Hungary), Culture and Sports (Ireland, Korea, Poland, Turkey and United Kingdom), Environment (South Africa) or Transportation (Japan).

Tourism budgets

A comparison of tourism budgets is complicated by issues of exchange rates and, especially, of the different approaches to the public funding of tourism support adopted by governments. Readers are referred to the country sections for details.

As a generalisation, however, the largest item in public budgetary support for tourism tends to be the marketing budgets granted to national tourist offices or their equivalents for international marketing purposes. Again as a generalisation, it is typically the national tourist office that is responsible for marketing the country as a tourism destination to foreign visitors. Regions or specific destinations within countries are then responsible for their own promotion within the country concerned, but generally national governments discourage regions from direct (and usually costly) international marketing themselves. In some countries, such as the United States for example, where it is felt that the country's international profile is inherently high, international marketing budgets are limited.

For domestic tourism, countries are becoming increasingly aware of the economic benefits to be gained from encouraging nationals to take their holidays in their own countries, both in terms of balance of payments benefits (by avoiding expenditure on holidays abroad) and in terms of the economic stimulation that a vigorous domestic tourism sector can generate. As a result, national tourist offices or other public tourism organisations are taking on more responsibility for the active promotion of tourism opportunities within their own countries to their resident population.

Tourism related policies and programmes

Public investment in tourism is again highly varied across countries, and the reader is referred to the country sections for detailed information.

As an economic activity with the potential to create jobs, add value and earn foreign exchange, tourism is increasingly being seen as a sector in which public investment can be justified, in a number of areas. The most common are:

- Investment programmes in infrastructure which can contribute to facilitating access to the tourism industry for nationals and foreigners alike.
- Programmes supporting the small business sector which, in terms of the number of enterprises engaged, is dominated by SMEs; programmes to enhance quality in tourism most commonly through action of training.
- Programmes aimed at the quality of tourism facilities and services (these often involve the introduction and maintenance of national quality standards and quality accreditation schemes).
- Licensing schemes for personnel engaged in tourism (e.g. the licensing of tourism guides).
- The creation of a business and investment climate that is supportive of the tourism sector and which encourages the participation of the private sector as prime investors.

Governments are also increasingly conscious of their role in facilitating international access for visitors to their countries by means of the pursuit of increasingly liberal air transport policies. In the area of environmental policy and conservation, governments are also becoming more directly involved in the promotion of ecologically-friendly policies aimed at minimising the adverse impact of tourism on the physical environment and maximising the sustainability of their tourism sectors.

The concept of public-private partnerships in tourism is being pursued actively by a number of countries, both in the financing of national tourist offices and the development of tourism networks such as those providing information to tourists at a local level, as well as investment programmes geared to leveraging private investment in the tourism sector by means of public pump-priming money.

Policy advice and enabling measures are also increasing, led by national governments, to assist tourism industries and especially small businesses to meet the fast-growing competition in global tourism. A notable emphasis is now being seen on maximising the use of on-line technologies to enable tourism businesses to benefit from and cope with the rapid globalisation of tourism marketplaces and of tourism marketing. Information and reservation systems are at the heart of many of these initiatives, as the direct linkages via the Internet between the tourist and the tourism service supplier strengthen and disintermediation (the elimination of the need for the use of travel intermediaries such as travel agents) increases.

Finally, in addition to the pursuit of national policies and programmes and the promotion of tourism clusters and networks, governments are becoming increasingly aware of the potential benefits to be gained from international co-operation in tourism marketing and promotion and generally take the lead in developing tourism linkages with other, often contiguous, states.

Summary

To summarise, tourism is gaining in importance in the eyes of governments as an economic activity which justifies serious consideration at the level of national policy. Tourism in many countries has already surpassed in economic importance some of the more traditional sectors such as agriculture which historically have commanded greater political attention at national government level. Governments are becoming more aware of the benefits and of the potential pitfalls of the tourism sector in national economic development terms. Closer study of this chapter will illustrate the many initiatives taken by governments in the tourism field and will assist the reader in comparing their own national experience with international best practice.

Basic methodological references

The following definitions are based on UN and UNWTO (1994), International Recommendations on Tourism Statistics (IRTS), UN, Madrid and New York.

Inbound tourism

Arrivals associated to inbound tourism correspond to those arrivals by international (or non-resident) visitors within the economic territory of the country of reference.

Visitors include: a) *Tourists (overnight visitors)*: “a visitor who stays at least one night in a collective or private accommodation in the country visited”; b) *Same-day visitors*: “a visitor who does not spend the night in a collective or private accommodation in the country visited”.

When a person visits the same country several times a year, an equal number of arrivals is recorded. Likewise, if a person visits several countries during the course of a single trip, his/her arrival in each country is recorded separately. Consequently, *arrivals* cannot be assumed to be equal to the number of persons travelling.

Tourism receipts data are obtained from the item “travel, credits” of the Balance of Payments of each country and corresponds to the “expenditure of non-resident visitors (tourists and same-day visitors)” within the economic territory of the country of reference.

Fare receipts data are obtained from the item “transportation, passenger services, credits” of the Balance of Payments of each country and corresponds to the “fare expenditure of non-resident visitors (tourists and same-day visitors)” within the economic territory of the country of reference.

Outbound tourism

Departures associated to outbound tourism correspond to the departures of resident visitors outside the economic territory of the country of reference.

Tourism expenditure data in other countries are obtained from the item “travel, debits” of the Balance of Payment of each country and corresponds to the “expenditure of resident visitors (tourists and same-day visitor)” outside the economic territory of the country of reference.

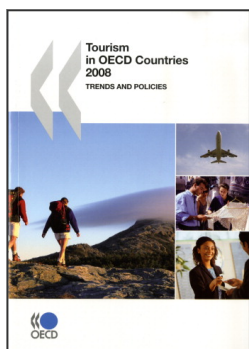
Fare expenditure data in other countries are obtained from the item “transportation, passenger services, debits” of the Balance of Payment of each country and corresponds to the “fare expenditure of resident visitors (tourists and same-day visitor)” outside the economic territory of the country of reference.

Symbols and abbreviations used

.. Not available

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