ASSISTANCE TO THE TOURIST INDUSTRY

Ron Sandrey and Susan Scanlan

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PREFACE

This Research Report provides an analysis of the measurable assistance provided to the tourist Sector, expressed as Effective Rates of Assistance (ERA) for 1981/82, 1982/83 and 1983/84. Calculation of the ERA requires extensive data on the sector and the valuation of Government initiatives both for the particular sector and for other sectors or industries, part of the output of which is consumed by the sector under study. As a result of the normal problem of data availability, this analysis cannot be considered exhaustive. However, it does provide an indication of the ERA which applied to the sector and therefore provides a further input to the study of sectoral relativities within New Zealand.

This study is part of an ongoing interest within the AERU and associated Lincoln College Departments in the development of measurements of assistance to various sectors in New Zealand. Measurement of sector assistance levels allows an evaluation of the relative position of those sectors with respect to "non-market interference", in sectoral activities and therefore provides a basis for the assessment of the potential effect of the removal of those "non-market interferences". This Research Report provides another input to the ongoing study.

A.C. Zwart
DIRECTOR

CHAPTER 1

INTRODUCTION

This study has been carried out as part of the government's continuing review of the economy, in particular the levels of assistance provided to various sectors, and examines the levels of assistance given to the tourism sector in New Zealand. The measurement of the effective rates of assistance (as distinct from effective rate of protection) is a relatively new concept but has recently become accepted as a comparative analysis tool. It allows different forms of assistance to be aggregated and for a comparison of the assistance to different sectors of the economy.

The theory behind the effective rates of assistance (ERA) measurement is relatively simple in that it measures assistance given to the added value of an industry's output. In doing so it captures all assistance to inputs (both domestically produced and imported) and assistance on output and also the support given to other sectors whose goods are used in the industry under scrutiny. The ERA can be described as "a measure of net assistance delivered (in cents) for each dollar contribution an industry makes to GDP at world prices", (Moore, 1984).

This study is to form part of an economy wide review of assistance levels presently being carried out by Syntec Economic Services in conjunction with NZ Government Departments. This is to be the second measurement of the ERA for the tourism industry in New Zealand, following Moore (1984).

Identification and quantification of the various subsidies (and taxes) that apply to the tourism industry are major aspects of the ERA calculation. Details of various incentives and depreciation allowances which apply to the tourism industry are given in publications by the Tourist and Publicity Department.

However there are other major areas where quite substantial amounts of Government spending can be assumed to be of assistance to the tourism sector; for example, the loss New Zealand Railways (NZR) incurs, part of the Votes of Tourist and Publicity, Lands and Survey and the NZ Forest Service.

There are also cases where the regulatory environment affects the tourism sector. Examples include the question of international airline landing rights, the shop trading hours regulations, the law governing duty free shops and liquor and gambling licences. Although it may not be possible to quantify all these items here, recognition of their effect on the tourism industry in New Zealand is a first step towards that quantification.

The objectives of this report are:

(i) to identify and describe and where possible quantify, Government interventions which either assist or significantly disadvantage the tourist industry relative to other industries;

(ii) to identify the activities which constitute the tourist industry in New Zealand

CHAPTER 2

THE TOURIST SECTOR DEFINED

One of the main priorities in an analysis of the tourist industry is to define the sector "Tourism". A dictionary definition of "tour" is "Pleasure journey, including stops at various places and ending where it began ...". This definition has been modified by Leiper (1979) to "It is the system involving the discretionary travel and temporary stay of persons away from their usual place of residence for one or more nights, excepting tours made for the primary purpose of earning remuneration from points en route". Some definitions are broader; "The action and activities of people taking trips (to a place/s outside their home communities) for any purpose except commuting to work", (United States Senate, cited in Airey, 1985) and "Those aspects of leisure-time behaviour and their consequences which occur as a result of temporary trips away from the home environment and which are motivated exclusively by a concern for recreational matters", (Heeley, 1980). Both of these definitions cover all recreational activities conducted outside of the private home and are more liberal conceptual definitions.

Some confusion exists between a tourist and a visitor. In a recent publication on New Zealand Tourism an entire chapter (of 9 lines) is devoted to a definition of "visitor" without any mention of "tourism". An international visitor is "a person staying at least 24 hours in New Zealand for the purpose of leisure (e.g. holiday or sporting) or business", while a domestic visitor is "a New Zealand resident travelling outside his or her usual residential area and spending at least one night away from home" (New Zealand Tourism: Issues and Policies, 1984). These definitions must include the entire accommodation section and almost all travel. A further definition commonly used:

"Visitor: any person visiting a country other than that in which he has his usual place of residence, for not more than one year, and whose main purpose of visit is other than following an occupation remunerated from within the country visited."

This definition covers two classes of visitors: "tourists" and "excursionists" which are defined as follows.

"Tourist: i.e. visitors, as defined above, staying at least 24 hours, but not more than one year, in the coutry visited and the purpose of whose trip can be classified under one of the following headings:

(a) pleasure, recreation, holiday, sport;

(b) business, visiting friends and relatives, mission, meeting, conference, health, studies, religion. (World Tourist Organisation, 1985)"

The above definition is not appropriate for the purposes of this study. For the purpose of measuring effective rates of assistance there is good reason why the tourist industry should be separated out from the business, travel and accommodation industries. Excluding "business" from the overseas visitors reduces the international "tourist" sector to some 88 per cent of the international "travel" sector in New Zealand. Many problems remain with those persons who attend a convention or business appointment and stay on for a few days.

Where possible the Leiper definition will be used in this study. Reinforcement of the exclusion of business travel is obtained from the opening sentence of Mathieson and Wall (1982); "Tourism is the temporary movement of people to destinations outside their normal places of work and residence ...". Tourists exclude those earning remuneration, and a broad view of "remuneration from within the country" visited is taken.

There are some forms of assistance (e.g. free access to national parks and tourist roads) which are of particular benefit to the industry. This assistance provides an incentive for resources to flow into tourism at the expense of other industries which are competing for these resources. Since we want to compare the level of assistance provided to tourism with that provided to other industries, such as agriculture and forestry which are competing for resources in non-metropolitan areas, we need to identify that industry separately. More generally, if assistance to one part of a broadly defined industry differs from that provided to some other part of the same industry, this is worth knowing. This is why, for example, we estimate assistance for motor vehicle assembly as well as for the transport equipment industry as a whole. The definition adopted accords closely with the idea of a collection of activities producing tourism. It seems desirable to have the tourist industry defined in this manner for effective rate measurement purposes.

Within the tourist sector there are two sub-sets - International and Domestic tourists. Both groups contain some persons who combine earning remuneration with other activities, so a "grey" area exists between the business and non-business or tourist traveller. While one can make a theoretical differentiation between "business traveller" and "tourist", the practicalities preclude a split. One further conceptual problem which arises with respect to domestic tourists is the impact of government policies at the margin on a New Zealander deciding between a holiday in New Zealand or overseas. Thus, some policies influence the Tourist Industry in a manner which is difficult to measure. Exchange rate overvaluation is an example of this, and the extent to which regulation leads to increases international airfares may be another.

Another problem which arises with domestic tourism is the method of valuation. Roberts (1982) considers that incremental costs incurred by tourists over normal expenditure constitute the value of the Tourism sector in the economy. However, Moore (1984, p.11.) defines domestic tourist expenditure as total rather than incremental (additional to normal daily purchases) while on holiday. We agree with Moore, and total rather than incremental expenditure will be used for the domestic tourist sector.

CHAPTER 3

SUBSIDIES TO TOURISM

3.1 Parks and Reserves - Central Government

The provision of National and Forest Parks has been the responsibility of the Lands and Survey Department and the Forest Service. Most of these facilities are provided free of charge to users, be they New Zealanders or overseas visitors. This entails a substantial transfer of funds from tax payers to recreationists.

Estimates of the tourism related expenditure for both Lands and Survey and the Forest Service was obtained from the Estimates of Government Expenditure. Additionally, estimates of the current expenditure which is likely to go to the Department of Conservation were obtained from Treasury. These data have an allowance for corporate services which is difficult to obtain from Government Expenditure estimates. Included in later estimates is expenditure which is currently the responsibility of the Wildlife Department and the Historic Places Trust. Figures were obtained for the 1986/87 year, and these were derived from 1985/86 estimates. Earlier years were estimated by deflating by the CPI.

A major problem exists in the allocation of funds to "tourism". One mandate of the Lands and Survey Department is conservation and we are fully cognizant of the determinants of benefit to both users and non-users of National parks from conservation and environmental protection. However, real money is spent in providing services to users of parks in general, and given the geographical location of most parks it would seem appropriate to allocate these expenditures to tourism. The note is made that some conservation spending and all users of parks, both day-trippers and overnight "tourists", are included in this overall estimate of subsidies. In order to make an arbitrary allocation the overall figures were multiplied by 0.6 to obtain the subsidy to tourism. Admittedly there is no theoretical reason for choosing 0.6, but the figure must be between 0.0 and 1.0, and both of these are extreme cases.

Table 1 presents the actual expenditure on Parks as identified in the Estimates of Government Expenditure. Table 2 provides the Treasury estimate of expenditure for 1986/87 which includes other items not specifically identified in the Estimates. Table 3 is derived from the expenditure given in Table 2 by deflating by 10% to arrive at the 1985/86 level and then by the CPI for earlier years.

Table 1: **Central Government - Expenditure on Parks A. (From Government Expenditure) ($ m) 1981/82 - 1985/86**

	Year				
	81/82	82/83	83/84	84/85	85/86
National Parks and Reserves (Lands & Survey)	15.74	17.47	23.30	25.94	22.63
Forest Service	9.50	8.87	11.00	11.60	15.76
TOTAL	25.25	26.34	34.30	37.54	38.39

Note: Excludes Wildlife Department and Historic Places Trust

Table 2: **Central Government - Expenditure on Parks B. (Estimates from Treasury) ($ m), 1986/87**

	1986/87 Year
National Parks and Reserves	32.049
Forest Service	27.275
Wildlife	7.921
Historic Places	1.319
Less Recovery	-3.570
TOTAL	64.994

The estimates presented in Table 3 (based on Table 2) will be used, and referred to as DOC (Department of Conservation) expenditure for convenience.

Table 3: **Central Government Expenditure on Parks (from Table 2) (deflated)**

	Total $m	Tourism $m (times 0.6)
1981/82	38.575	23.145
1982/83	44.708	26.825
983/84	50.342	30.205
1984/85	52.104	31.262
1985/86	59.085	35.451

Note: These include Wildlife Department and the Historic Places Trust. Also, assumptions are made about expenditure in real terms (CPI deflation) and cost recovery.

3.2 Parks and Reserves - Local Government

As well as Central Government spending in this area a considerable amount of ratepayers money is spent by local authorities. An estimate was obtained from the Christchurch City Council of expenditure by the Parks and Reserves Department. For the year ending 1986, a total of $13.8m was spent, with a budget loss of $7.8m. Specific examples include $2.2m on QE.II Park with a recovery of $1.1m and $1.2m on the Botanical Gardens with a $49,000 recovery.

While much of the benefits are enjoyed by residents of Christchurch, it is also true that many benefits are enjoyed by tourists. Estimates by the City Council of the tourism component were placed at some $2.5m for the 1985/86 year. From these estimates it would not seem unreasonable to assign a value of $10.0m nationally as the subsidy from local government to tourism in New Zealand. Earlier years, discounted by the CPI are presented in Table 4:

Table 4: **Local Government Subsidy to Parks**

Year	Ratepayers Subsidy (Parks & Reserves) $m
1985/86	10.00
1984/85	8.86
1983/84	7.81
1982/83	7.55
1981/82	6.70

No attempt will be made to apportion between domestic and overseas tourism, although it is likely that much of the subsidy is domestic.

3.3 Accident Compensation Corporation

Overseas visitors to New Zealand are covered by Accident Compensation paying for medical and related costs resulting from accidents. Information obtained from the ACC in Wellington indicates the following costs were incurred by overseas visitors and borne by ACC.

Table 5: A.C.C. Subsidy to Tourism

Year	1981/82	1982/83	1983/84	1984/85	1985/86
Amount ($m)	0.238	0.206	0.248	0.240	0.232

Hospital expenses not relating to accidents are billed to visitors at commercial rates. Any further subsidy would be in the nature of problems with appropriate pricing policies or bad debts incurred.

3.4 State Highway Funding of "Tourist" Roads

Many roads in New Zealand exist almost entirely for the benefit of tourists, be they New Zealanders or overseas tourists. An estimate of the allocation of funds for State Highways carrying predominantly tourist traffic was obtained from the Ministry of Works and Development. These estimates related to the 1985/86 year and were deflated by the Capital Expenditure Price Index to earlier years, so this will be an indication only of earlier subsidies. The specific roads included (in descending order by amount spent in 1985/86), the Lumsden-Te Anau-Milford road, the Haast-Wanaka road and the Crown Range.

Table 6: Estimate of Roading Subsidy (based on 1985/86 figures)

Year	1981/82	1982/83	1983/84	1984/85	1985/86
Amount spent on major tourist roads ($m)	4.21	5.10	5.47	5.80	6.32

3.5 Chatham Islands Air Service

Subsidies have been paid in recent years to both the Chatham Air Services and the Chatham Shipping Service. For the 1985/86 year, these amounted to $0.423m and $1.961m respectively. Allocation of the tourism component is arbitrary, but the air service component will be treated as tourism related and not the shipping services. The actual amounts paid have been:

Table 7: Chatham Islands Air Service Subsidy

Year	1981/82	1982/83	1983/84	1984/85	1985/86
Amount ($m)	0.499	0.543	0.364	0.367	0.423

3.6 Railways Long Distance Passenger Loss

Explicit details on the subsidies to long distance rail passenger services have been available since the Railways became established as a Corporation. These amounts are available from the 1982/83 year onwards, and are as shown below. An estimate is provided for the 1981/82 year.

Table 8: Subsidies to Long Distance Rail Transport

Year	1981/82	1982/83	1983/84	1984/85	1985/86
Amount ($m)	30.00 (estimated)	34.179	30.573	23.438	27.752

These subsidies do not include suburban rail transport. In the absence of any further details on rail passengers this amount has been assigned to "tourism" as a subsidy. Should the Railways abandon all long distance passenger services, it is unlikely that all this "loss" would be recovered, therefore the subsidy is an overestimate.

3.7 Mountain Safety Council

Funds for this organisation come from Lottery Board Grants and from the Accident Compensation Corporation. The following payments have been made:

Table 9: Mountain Safety Council

Year	1981/82	1982/83	1983/84	1984/85	1985/86
Amount ($m)	0.308	0.362	0.366	0.366	0.395

Although, once again, there is a large recreational component involved in mountain safety, the amount has been allocated to "tourism". Additional expenses from search and rescue operations are not included in these subsidies, and following the definition of "away from home for 24 hours" adopted, one could argue that they should be, albeit an involuntary stay away from home!

3.8 Tourist and Publicity Department and the Ministry of Foreign Affairs

The Estimates of Expenditure publications were examined for the amounts allocated to the Tourist and Publicity Department. Allowance was made for the expenditure on the National Film Unit, National Publicity Studios and Information and Publicity Services (IPS - mostly press corp.).

Expenditure by the Foreign Affairs Department proved difficult to obtain. An estimate of 1985/86 actual tourism related expenditure of $10.5m was provided to the Tourist and Publicity Department by Foreign Affairs. This was discounted by the CPI to earlier years, and an error term may result from this procedure.

Table 10: Direct Tourism Expenditure (Central Government) ($m)

Year	1981/82	1982/83	1983/84	1984/85	1985/86
T & P Dept	10.958	11.788	17.408	20.151	32.29
Foreign Affairs	6.53	7.72	9.20	9.62	10.5
TOTAL ($m)	17.488	19.508	26.608	29.771	42.79

3.9 Summary

These data are shown in Table 11 for the 1981/82 to 1985/86 years.

Table 11: Subsidies to the N.Z. Tourist Industry ($m)

Subsidies	1981/82	1982/83	1983/84	1984/85	1985/86
DOC (x0.6)	23.145	26.825	30.205	31.262	35.451
Local Govt	6.700	7.550	7.810	8.860	10.000
ACC	0.238	0.206	0.248	0.240	0.232
Roads	4.210	5.100	5.470	5.800	6.320
Chatham	0.499	0.543	0.364	0.367	0.432
L.D.R.S.	30.000	34.179	30.573	23.438	27.752
Mount. Safety	0.308	0.362	0.366	0.395	0.395
T & P	17.488	19.508	26.600	29.771	42.790
Sub-Total	82.588	94.273	101.636	100.133	123.371

CHAPTER 4

LEGISLATION AFFECTING THE TOURIST INDUSTRY IN NEW ZEALAND

This report considers 5 major areas where legislation may be acting as a constraint to tourism in New Zealand. These are:

: the Shop Trading Hours Regulations
: the International Airline Landing Rights Legislation
: the regulations governing gambling in New Zealand
: the liquor licensing laws
: the restrictions on taxi licences

4.1 The Shop Trading Hours Regulations

Brief History

Prior to 1892 there was no legislation covering shop trading hours in New Zealand. By 1904, the Shops and Offices Act required half day closing for all shops except fruit shops, fish shops, tearooms, cafes and railway book stalls. Hours were limited from 8.00 a.m. to 6.00 p.m. four days a week, extended to 8.00 p.m. on one day with another half day.

In 1936 the 44 hour week became regulation. For several years the half day was Wednesday, and Saturday was a full trading day.

In 1945 the 5-day, 40-hour working week was introduced and Saturday trading in New Zealand disappeared for 35 years. However in 1955 an "approved goods list" was created which stipulated goods that could be sold at any time.

The Shop Trading Hours Act 1977 came into force establishing a three member Shop Trading Hours Commission; one magistrate, one union member and one employer member. The Act also made provision for a small number of "special goods" to be sold on Saturdays.

The last major change to the Shop Trading Hours Act was written in 1980. This amendment provided for the restoration of Saturday Trading with trading hours from 7.00 a.m. to 9.00 p.m. daily, except Sundays and public holidays. The Shop Trading Hours Commission was reduced to one member. A "fast-track" exemption procedure was introduced where dairy/mixed businesses could apply for exemption from the Act's trading hours.

Present Situation

There is still no Sunday trading and no 24-hour trading in New Zealand. However, for Queenstown retailers the Shop Trading Hours Commission has granted a 24 hour per day trading exemption. This exemption is to be reviewed in July 1986. In other parts of the country various traders have been given shop trading hours exemptions.

(Source: Department of Labour, pers com.)

Impact on Tourism

Although the present legislation governing Shop Trading Hours in New Zealand is more liberal than it was ten years ago, our regulations are still very restrictive compared to those in other countries. While it is not possible in this study to quantify the "cost" of having restricted trading hours in New Zealand and have some dollar cost to the tourism industry included in our study, we must not assume that the regulations have no impact at all on the industry. The Tourist and Publicity Department is currently preparing a paper on this issue for the Minister of Tourism. Until that paper is completed and presented they are not prepared to state their views on the issue of Shop Trading Hours in New Zealand.

4.2 Gambling Regulations

Gaming and Lotteries Act 1979

In recent years there has been speculation about when and if the government would legalise gambling in New Zealand and allow the country's first legal casino to be opened. No government has made any attempt to revoke the Gambling and Lotteries Act 1977. That Act specifically prohibits games of chance for commercial gain and prohibits gambling machines. However the Minister of Internal Affairs may grant licenses to societies to conduct games of chance provided that the object of the society is to raise money and that no money shall be paid to or received by any person for conducting the games of chance.

Prospects for a casino in New Zealand do not look very encouraging. The Tourist and Publicity Department's view on the issue of legalising a casino in New Zealand is that a casino would not attract visitors to New Zealand in its own right. It would "merely add another facility people could enjoy during their stay in New Zealand".

4.3 Liquor Licencing

The liquor industry in New Zealand is one of the most regulated and controlled aspects of the economy. All forms of licence, with the exception of wine distributors licences, are restricted by the Sale of Liquor Act, 1962. These licences determine what may be sold, and when and to whom liquor can be sold.

In some areas distribution is controlled by large companies. This acts as a major obstacle to new entrants and has led to a reduction in competition.

The affect of a highly regulated and controlled liquor industry in New Zealand is:

a) the unavailability of liquor on certain days and outside stipulated trading hours

b) the fact that alcohol can only be purchased from licenced outlets, who are also specialist liquor outlets - i.e. alcohol cannot be purchased at a supermarket as in other countries

c) the variation in price that exists throughout the country due to the distribution chain dominance and restrictions in availability of licences

While the effect of these regulations is more severe on New Zealand residents, there is no doubt that international visitors to New Zealand are also affected. There is presently a working party considering submissions on liquor licencing in New Zealand. The Tourist and Publicity Department would like to see the laws simplified, the number of types of licences reduced and controls on opening hours limited to a minimum and maximum number of hours per week. They would also like to see the link between food and alcohol licences more closely aligned making it easier for restaurants to obtain and/or lose liquor licences.

Again to quantify these effects is rather difficult, but when discussing assistance to the tourism industry it is important that barriers such as these are at least identified.

4.4 Taxis

The Transport Amendment Act of 1983 removed many of the restrictions which affected land transport. Entrants into the licensed transport sector are no longer, from June 1, 1984, required to prove a demand exists for their service, but only that the service will be provided in a safe and reliable manner. This does not apply to the taxicab industry which remained virtually untouched but "it is intended that a review of the taxi industry be carried out to determine if the current licencing system in force for it remains appropriate" (Ministry of Transport, undated).

Restrictions are placed on the number of taxicabs in New Zealand, and new entrants must purchase a permit on the open market from an existing operator. Prices vary by region, but $24,000 per vehicle is estimated by the Ministry of Transport (MOT) as being a national average of the market value of these quotas. Applying this to the 2,500 taxicabs in New Zealand gives a total market value of approximately $60 million. Two problems exist in estimating cost excesses to the tourist industry - the discount rate to use and the tourist share of total business.

Given the uncertainty associated with the review of the industry, it would seem appropriate to use a high discount rate. Accordingly, 33.3% has been chosen. This reduces rents to some $20m annually. An estimate of 10% of taxicab business as being tourist related was obtained from the largest Christchurch operator. This is reinforced by an estimate obtained of 7% of total taxi calls in Christchurch being airport visits, admittedly an arbitrary measurement. Thus, the cost excess for 1986/87 is estimated at $2m.

Problems exist in extrapolating what is essentially a marginal analysis over an entire industry. Should the industry deregulate, more information would be needed on the industries' cost curves before definitive statements can be made as to the degree of cost excess. Two million dollars for 1986/87 will be used as the best estimate, and a Transport Industry deflation used to back-date this estimate.

4.5 International Airline Landing Rights

Background

The issue of International Airline Landing Rights is a complicated and much debated one. Basically international civil aviation has been highly regulated with regulations covering not only safety but price, capacity and nature and types of service. New Zealand has historically had a highly international aviation environment.

A 1975 review of Civil Aviation in New Zealand stated that Air New Zealand's principal objective was the development of a pattern of regional and long haul services within the Pacific Basin designed to promote foreign travel to New Zealand and to carry New Zealanders overseas. Air New Zealand was to also have other roles as a flag carrier, a promoter of our tourist attractions and as a major earner of foreign exchange.

Scheduled air services to and from New Zealand operate according to bilateral agreements, as do most international air services. In the past the decision whether or not to enter into such agreements has been made by the government in consultation with Air New Zealand, and approval will be given to those seeking licences for services where it is thought that those services will advance New Zealand's policy goals.

It is also believed that New Zealand should continue to have a state owned international airline because of its foreign exchange earning capacities and its role as an import substitution industry. New Zealand with its own airline can influence the type, cost and frequency of air services including domestic links and routes. Having our own international airline gives us more flexibility when negotiating bilateral agreements, and because the airline is a "flag carrier" it has a means of promoting New Zealand overseas. Despite the impressive list of benefits we gain from having an international airline of our own, international civil aviation is highly regulated, especially in terms of entry barriers, and in the area of controls on existing operators. Thus the consumers, i.e. exporters, importers, and tourists, face high charges and restricted services.

An example of the assistance given to international airlines can be seen from the recent purchase by United Airlines of Pan America's pacific operations. It has been estimated that of the US$750m paid to Pan Am, US$350m was for the licences (i.e. landing rights) to the routes. On this basis, given United's cost structures, airfares are approximately 10% above competitive rates (Treasury Departmental Paper - Review of External Civil Aviation Policy). In a free market environment the value of licences would be zero.

The Impact on Tourism in New Zealand

The two most important effects of a highly regulated restricted air services market are the above competitive level air fares and the restricted services supplied (Findlay, 1985, Findlay and Forsyth, 1985).

Because of New Zealand's isolation, both have a major impact on the tourism industry in this country. International air fares priced above competitive levels act as a tax on the international tourist industry and will, along with frequency of service restrictions, restrict the numbers of tourists travelling to New Zealand.

The estimated increase in airfares due to market imperfections of 10% allows some quantification of the protection afforded Air New Zealand to be calculated.

In 1982 Air New Zealand earned $491,337,000 from passenger fares. Of this 70% ($343,936,000) is revenue from international services and of this $343,936,000 earned from international services only 40% is revenue related to flights into New Zealand - $137,574,000. If, as it has been estimated, assistance amounts to 10% of airfares then Air New Zealand was being assisted by approximately $13.8m in 1982. Similar calculations give figures of $15.9m for 1983, $18.6m for 1984 and $23.7m for 1985.

As Air New Zealand is only one of 12 international airlines flying into New Zealand, the actual level of assistance afforded to international airlines is much higher than the above figures would suggest.

On the trans-Tasman route Air New Zealand has 40% of the capacity available, on the long haul Pacific routes 55% and on the Orient routes 50%.

This gives Air New Zealand an overall seat capacity of about 40% of total capacity allowable into New Zealand.

The figures presented above can be used to give an estimate of the total assistance afforded to international airlines and an estimate of the implicit tax the New Zealand tourist industry faces as a result. The figures are:

for 1982 $$\frac{\$13.8m}{0.4} = \$34.50m$$

1983 $$\frac{\$15.9m}{0.4} = \$39.75m$$

1984 $$\frac{\$18.6m}{0.4} = \$46.50m$$

1985 $$\frac{\$23.7m}{0.4} = \$59.25m$$

The actual cost to the tourist industry may in fact be higher than the figure stated above depending upon the price elasticity of international airfares. If the price elasticity of airfares is high, then the cost of protection of Air New Zealand to the tourism industry may be significantly larger than estimated above. High price elasticity means that a reduction in price of airfares would lead to a significant increase in demand for international air travel.

However, McDermott and Jackson show an airfare elasticity of less than one, in absolute terms, for international arrivals in New Zealand. They consider this is contrary to economic expectation, but consistent with studies from other countries. A 10% decrease in fares would increase visitors from between 1.35% from the United States to 9.5% from Japan.

These same airfare regulations apply to New Zealanders travelling overseas. To the extent that a domestic holiday is a substitute for these people, the high airfares are a subsidy to the tourist industry. Thus the figures presented above should be offset by a subsidy to domestic tourism. Additionally, these estimates take no account of cost inefficiencies which may exist within Air New Zealand or the non-availability of so-called "no frills" air fares. Also, no equity considerations about the distribution of the rents have been considered. Some 40% accrues to New Zealanders as owners of Air New Zealand while the rest accrues to owners of other airlines.

4.6 Summary

Of the five specified areas where regulations affect the tourism industry, the most controversial is the issue of international airline landing rights.

That does not by any means imply that the others are insignificant regarding their affect on the tourism industry or indeed the public of New Zealand in general.

While the impact of liquor regulations, shop trading hours and gambling has not been quantified here, a study of the tourism industry in New Zealand cannot ignore their impact. Indeed quantification of the impact of each on the tourism industry is a major undertaking and an area where further research could be directed.

Likewise the protection figures calculated for the international airlines are only estimates, probably understated, but they give some indication of what market imperfections are costing the tourist industry in New Zealand.

Other subsidies are provided to the tourist industry in the form of taxation incentives, export market and performance grants and regional development incentives. Also, taxation in the form of cost excesses on inputs needs to be considered before rates of assistance can be quantified.

CHAPTER 5

TAXATION AND OTHER INCENTIVES APPLICABLE TO THE TOURISM INDUSTRY

A full discussion is provided as many of these schemes changed during the study period. Much of the information compiled in this section is based upon the Tourist and Publicity Department's booklet "Tourism Incentives in New Zealand".

5.1 Accommodation Incentives

1. First Year Depreciation Allowance for Tourist Accommodation

For tourist approved accommodation a first year depreciation allowance of 22% is available.

This applied, as of 1982, to:

1) new accommodation with a total of at least 50 lettable rooms for Wellington, Auckland and Christchurch and 25 rooms in other locations

2) extensions to existing accommodation, which for Auckland, Wellington and Christchurch must be of at least 15 rooms to give a total of 50 rooms. In other locations extensions should be for at least 10 rooms to give a total of 25 rooms.

Large hotels in Auckland of more than 200 rooms may qualify for a 9.5% cash grant on approved expenditure. This scheme was announced in the 1980 Budget. This is an alternative to the 22% first year depreciation allowance. In 1985 this was extended to cover international standard hotels in Auckland, Wellington or Christchurch with a minimum of 200 rooms and in Queenstown to hotels of similar standard with a minimum of 150 rooms. The grant was also increased to 10.5% of approved expenditure.

2. Private Facilities and Existing Licenced Hotels

Owners of older type hotels installing private facilities in existing bedrooms are eligible for first year depreciation claims of 22%.

3. Hotel Investment Account

The Hotel Investment Account enables holders of tourist house or hotel licences to provide accommodation in the middle to above-average bracket at reasonable tariffs for the travelling public. Emphasis is normally placed on the New Zealand public.

Assistance is in the form of concessionary interest rate loans, provided by the Housing Corporation of New Zealand.

Loans are usually for 5-20 years and are limited to 50-60% of the total cost of the proposed work.

Eligible projects include:

(1) New hotels, motels or motor inns
(2) Additions of further accommodation to existing hotels, motels or motor inns
(3) upgrading of existing accommodation facilities

Loans are not available for refinancing

5.2 Employment Assistance

There are 3 employment assistance programmes which those in the tourist sector can take advantage of:

1) **Additional Jobs Programme** (later renamed the Job Opportunities Scheme)

To encourage employers to employ additional staff and to reduce the initial cost of taking these staff, two options are available:

(i) a wage subsidy of $50/person per week for six months from the date of employment (by August 1985 this had been amended to $75 per person per week for up to 26 weeks)

(ii) a suspensory loan of $3000 per additional job for small tourist employers (small means less than 25 employees). Jobs are to be for a period of 2 years or longer. In August 1985 this had been removed and replaced by a subsidy of $120 per person per week which is available for up to 13 weeks.

2) **Younger Persons Training Programme**

This scheme is designed for young persons needing training before finding employment. Three options are available:

(i) Job Exploration - 3 weeks job exploration for individuals - Department of Labour pay a training allowance

(ii) Supervised Operator Training - on the job training for groups under supervision for up to 20 weeks. Department of Labour will assist with weekly allowances and equipment costs.

(iii) Training in Employment - allows for full time subsidised training in employment for up to 20 weeks.

The Younger Persons Training Programme has since been incorporated into the Training Assistance Programme Adult Retraining Programme. A subsidy of $75 per week is available for the training period - normally 6 to 8 weeks.

The scheme was later altered so that the subsidy was $95 per trainee per week, the period of training being normally 6-10 weeks but the subsidy could be available for up to 20 weeks.

5.3 New Zealand Regional Promotional Assistance Scheme

This programme allows travel industry groups in a common geographic area to combine and promote their area elsewhere in New Zealand. The grant available can cover up to one third of the cost of this promotion.

5.4 Grant in Lieu of First Year Depreciation for Major Tourism Development Projects

For major tourist developments a grant-in-lieu of first year depreciation is available. The grant is payable at 45% of the depreciation allowance that would normally apply and is available only to income tax paying entities.

This must be a major tourist project costing more than $1.0m and not less than 1/3 of total estimated patronage should be overseas visitors to New Zealand.

Following the tax changes announced in the August 1984 Budget the grant was increased to 40% of the amount of depreciation that would normally apply.

5.5 Regional Development Assistance

In 1982 Regional Development Assistance to the tourist industry was in the form of Preliminary Investigation Grants to partly cover the costs of initial investigations into the commercial viability of projects that are new to a region, and the Regional Development Concessionary Loans, available for projects not qualifying for other forms of government financial assistance.

By August 1986 however this form of assistance had been slightly modified.

Two grants were available under the scheme:

(i) Preliminary Investigation Grants (as above)

(ii) Regional Studies Assistance Grants - grants to assist with the cost of carrying out regional studies by an approved regional organisation (generally involved in the potential development of the region and its resources)

There were also two loans available:

(i) Regional Development Suspensory Loans - an interest free loan which converts to grant after 5 years - subject to loan conditions being met. Available for the establishment or expansion of new tourism projects not receiving other forms of Government Assistance.

(ii) Regional Development Concessional Loans - similar to the Regional Development Suspensory Loans, but although no interest or principal repayments are made for the first 2 to 5 years, following that principal will be repaid and interest payable on unpaid principal over a period of up to five years.

5.6 South Island Electricity Concession

This concession is administered by the Department of Trade and Industry.

For qualifying electricity costs of tourist accommodation offering five or more bedrooms anywhere in the South Island a rebate of 25% (in 1982) was available.

The rebate was lowered to 10% on 1 April 1985, and was terminated on 31 March 1986.

5.7 Export Market Development and Tourist Promotion Incentive

This scheme came into effect with the 1976 Income Tax Act (Section 156F) administered by the Inland Revenue Department.

The scheme provides for a tax rebate of 67.5% of qualifying expenditure on promotional programmes. The incentive can be claimed as a tax rebate or, where in a tax loss situation, in the form of a cash grant.

Qualifying expenditure includes:

(i) Costs of bringing overseas travel agents to New Zealand

(ii) Travel and accommodation expenses and remuneration of New Zealand based employees engaged in promotion sales and market development outside New Zealand

(iii) Costs of advertising outside New Zealand

(iv) Other costs incurred primarily for the purposes of attracting overseas tourists to New Zealand

(v) Costs, including salary and wages of sales representatives normally resident abroad and directly engaged in promoting tourism in New Zealand

(vi) Expenses incurred as an exhibitor at "Travel Marts" held within New Zealand to attract tourists to New Zealand.

In the August 1985 budget the following rates for future years were announced.

Income Year ending 31 March	1987	69%
	1988	64%
	1989	58%
	1990	53%

From the income year ending 31 March 1991 an ordinary deduction will be permitted for export market development and tourist promotion expenditure.

5.8 Export Performance Taxation Incentive - Tourism

The Export Performance Taxation Incentive was introduced in the Income Tax Act 1976 and replaced several older export oriented incentive schemes.

The incentive took the form of a tax rebate (or cash grant where a tax loss situation occurred) and was calculated on the basis of the New Zealand value added in each dollar's worth of foreign exchange earned and remitted to New Zealand.

For the tourism industry (the relevant Section of the Act is 156E) the following were eligible:

(i) travel agents selling internal travel services overseas

(ii) tourism operators who make sales directly overseas.

Qualifying services included the provision of accommodation and meals, internal transport, and admission to or use of sightseeing and recreational facilities.

International air fares do not qualify.

The incentive which is administered by the Inland Revenue Department was to be discontinued as from 1 April 1987.

Rates until that date were:

Year ended 31 March 1985	10.0%
" " " " "	5.0%
" " " " "	2.5%

5.9 Tourism Export Programme Grants Scheme

The export programme grants scheme was introduced in the 1979 Budget to replace the new markets development grant and the services exports development grants. Grants were for 64% of budgeted qualifying expenditure and the remaining expenditure was deductible for tax purposes, giving a total level of assistance of around 80 cents in the dollar. Qualifying expenditure included all costs involved in undertaking investigations and preparatory and feasibility studies both within New Zealand and overseas necessary to begin an overseas marketing project.

Programmes have a maximum of 3 years and are designed for activities in new areas or for "significantly greater penetration of existing markets". This programme terminated in June 1983 and was replaced by the Export Programme Suspensory Loan (EPSL) scheme.

CHAPTER 6

THE TOURISM SECTOR OUTPUT AND VALUE ADDED

The next step in calculating ERA's is to identify and quantify the tourist sector. This is done in the following section. The major sectors are identified and the value added component calculated. This allows total gross output to be estimated for each sector. Following this, the tourist ouptut and tourist value added are calculated. Detailed descriptions of each sector are provided in the form of notes.

Notes to Value Added & Gross Output Tables

1981/82 to 1983/84

Sector: These groups are those that the tourist purchases goods and/or services from directly.

Column 1: The total value added in millions of dollars (1976/77 prices) of each sector. The value was computed as follows:

- each sector has an equivalent item(s) in the inter-industry study tables. The value added for each sector has been calculated from the inter-industry (1976/77) tables.
- each Standard National Account (SNA) group corresponds to a number of items in the inter-industry tables and the total value added for each SNA Group that the various sectors shown fall into has also been calculated.
- the proportion of each sector's value added to the total value added for the appropriate SNA group is shown in column 3.
- this percentage was then applied to the GDP of the appropriate SNA group for the 1976/77 year as shown in the National Accounts (Monthly Abstract of Statistics) and the figure shown in column 1 arrived at

Column 2: merely indicates to which SNA production group the sector belongs

Column 3: is the proportion of each sectors value added in 76/77 to the total SNA group value added in 76/77 as calculated from the inter-industry tables.

Column 4: shows the SNA production group value added for each year (in $m) - taken from the national accounts. Note: figures for the 1983/84 year are provisional

Column 5: gives the calculated value added for each year for each of the sectors. This figure is obtained by multiplying columns 3 and 4 together.

Column 6: this column shows the ratio of total gross output of each sector to the value added of each sector - in 76/77 terms. The calculation is based on the data presented in the 1976/77 inter-industry study tables.

Column 7: gross output for each sector has been calculated by multiplying columns 6 and 5 together.

Sector	SNA Prodn. Group	No.	Inter-industry item
Trade	16	102	Wholesale/retail trade
Restaurants	16	103	Restaurants/cafes
Accommodation	16	104	Hotels, camps & other lodgings
Rail Transport	16	105	Rail Transport
Air Travel	17	110	Air Transport
Road Passenger Transport	17	106	Road Passenger Transport
Services to Land Transport	17	108	Services to Land Transport
Water Transport	17	109	Water Transport
Storage Freight & Travel Agents	17	111	Transport, storage and Communication

Example of Calculation 1981/82

SNA Production Group 16 - Trade Restaurants and Hotels

Inter Industry Value Added (1976/77)

			%
Item 102	(wholesale/retail trade)	$2186 m	86.47
103	(restaurant/cafes)	176 m	6.96
104	(hotels, camps etc.)	166 m	6.57
		$2528 m	100.0

SNA Production Group 16 - GDP (1976/77) = $2998 m

(National Accounts - MAS, Dept Stats)

To calculate the figures shown in column 1:

Item 102:	$2998 m x .8647	=	$2592 m
103:	$ 176 m x .0696	=	209 m
104:	$ 166 m x .0657	=	197 m
			$2998 m

Column 4 is the GDP figure for SNA Group 16 in 1981/82

Column 5 is column 3 x column 4

Column 6 is the ratio of total gross output of each sector to value added - as shown in inter-industry tables.

e.g., item 102 $\frac{\text{Gross Output}}{\text{Value Added}} \quad \frac{3524}{2186} = 1.61$

103 $\frac{\text{Gross Output}}{\text{Value Added}} \quad \frac{436}{176} = 2.48$

104 $\frac{\text{Gross Output}}{\text{Value Added}} \quad \frac{371}{166} = 2.23$

Table 12: Value Added and Gross Output (1981/82)

Sector	1 Value Added 76/77 $/m	2 SNA Group	3 % of SNA Prodn Group Value Added	4 SNA Value Added 81/82 $/m	5 = 3x4 Value Added 81/82 $/m	6 Ratio of Output to Value Added 76/77	7 = 6x5 Gross Output 81/82 $/m
Trade	2592	16	86.47	6167	5333	1.61	8586
Restaurants	209	16	6.96	6167	429	2.48	1064
Accommodation	197	16	6.57	6167	405	2.23	903
Rail Transp.	83	17	10.46	1465	153	2.35	360
Air Travel	129	17	16.18	1465	237	2.50	593
Road Pass. Transport	75	17	9.37	1465	137	1.47	201
Serv. to Land Transport	23	17	2.92	1465	43	6.38	274
Water Transp.	200	17	25.06	1465	367	1.67	613
Storage Freight & Travel Agents	49	17	6.20	1465	91	2.06	187

Table 12: Value Added and Gross Output (1982/83)

Sector	1 Value Added 76/77 $/m	2 SNA Group	3 % of SNA Prodn Group Value Added	4 SNA Value Added 82/83 $/m	5 = 3x4 Value Added 82/83 $/m	6 Ratio of Output to Value Added 76/77	7 = 6x5 Gross Output 82/83 $/m
Trade	2592	16	86.47	6904	5970	1.61	9612
Restaurants	209	16	6.96	6904	481	2.48	1193
Accommodation	197	16	6.57	6904	454	2.23	1012
Rail Transp.	83	17	10.46	1675	175	2.35	411
Air Travel	129	17	16.18	1675	271	2.50	678
Road Pass. Transport	75	17	9.37	1675	157	1.47	231
Serv. to Land Transport	23	17	2.92	1675	49	6.38	313
Water Transp.	200	17	25.06	1675	420	1.67	701
Storage Freight & Travel Agents	49	17	6.20	1675	104	2.06	214

Table 12: Value Added and Gross Output (1983-84)

Sector	1 Value Added 76/77 $/m	2 SNA Group	3 % of SNA Prodn Group Value Added	4 SNA Value Added 83/84 $/m	5 = 3x4 Value Added 83/84 $/m	6 Ratio of Output to Value Added 76/77	7 = 6x5 Gross Output 83/84 $/m
Trade	2592	16	86.47	7308	6319	1.61	10174
Restaurants	209	16	6.96	7308	509	2.48	1262
Accommodation	197	16	6.57	7308	480	2.23	1070
Rail Transp.	83	17	10.46	1983	207	2.35	486
Air Travel	129	17	16.18	1983	321	2.50	803
Road Pass. Transport	75	17	9.37	1983	186	1.47	273
Serv. to Land Transport	23	17	2.92	1983	58	6.38	370
Water Transp.	200	17	25.06	1983	497	1.67	830
Storage Freight & Travel Agents	49	17	6.20	1983	123	2.06	253

Table 13: Tourist Output and Value Added (1981/82)

Sector	Tourist Output $m	Tourist Value Added $m
Trade	261.08	162.16
Restaurants	138.28	55.76
Accommodation	595.40	267.00
Rail Transport	12.42	5.29
Air Transport	133	53.20
Road Pass. Transport	92	62.59
Serv. to Land Transp.	48.79	7.65
Water Transport	23	13.77
Travel Agents	20	9.71
TOTAL	1323.97	637.11

Table 13 cont'd: Tourist Output and Value Added (1982/83)

Sector	Tourist Output $m	Tourist Value Added $m
Trade	296.78	184.34
Restaurants	153.56	61.92
Accommodation	667.27	299.22
Rail Transport	14.18	6.03
Air Transport	158	63.2
Road Pass. Transport	104	70.75
Serv. to Land Transp.	64.8	10.16
Water Transport	26	15.57
Travel Agents	23	11.17
TOTAL	1507.59	722.35

Table 13 cont'd: Tourist Output and Value Added (1983/84)

Sector	Tourist Output	Tourist Value Added
	$m	$m
Trade	312.93	194.37
Restaurants	160.43	64.69
Accommodation	705.72	316.47
Rail Transport	16.77	7.14
Air Transport	180	72
Road Pass. Transport	123	83.67
Serv. to Land Transp.	76.6	12.01
Water Transport	31	18.56
Travel Agents	27	13.11
TOTAL	1651.72	782.02

CHAPTER 7

A PRELIMINARY RESULT

The Effective Rate of Assistance is the percentage increase (or decrease) in the value added by the industry when measured in assisted prices compared with the value added when measured in unassisted prices. Unassisted prices are prices that would prevail in an environment without assistance. This rate is calculated by dividing the net subsidy equivalent by the total value added.

The analysis is incomplete. Only the subsidies to tourism are used in the calculation. Data for legislative influences, taxation and other incentives, and cost excess on the input side are not included in the calculation, as this data is not immediately available. However, it was considered desirable to present an incomplete analysis rather than have no calculated ERA's. Consequently, caution must be exercised in interpreting these results.

Tourism value added is as follows (from Table 13):

Year	**Amount ($m)**
1981/82	637.11
1982/83	722.35
1983/84	782.02

Subsidies to the New Zealand Tourist Industry (from Table 11) are as follows:

Year	**Amount ($m)**
1981/82	82.588
1982/83	94.273
1983/84	101.636

Table 14: **Preliminary ERA's to Tourism**

Year	Value Added ($m)	Subsidy	ERA
1981/82	637.11	82.588	13.0
1982/83	722.35	94.273	13.0
1983/84	782.02	101.636	13.0

As discussed above, these are preliminary and incomplete estimates.

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APPENDIX

ESTIMATION OF VALUE ADDED FOR THE TOURIST INDUSTRY

NOTES ON TRADE SECTOR

NZSIC 61, 62
Inter Ind 102

Domestic tourist expenditure on trade items is difficult to obtain. BERL (1984) Macro-economic Implications of Increased Tourism in 1990, Technical Appendices list on page 14a tourist expenditures in 1976/77 terms.

Domestic Trade expenditure is shown as being 28.38% of Domestic accommodation expenditure (actual figures are $63.0m for trade and $222.0m for accommodation).

On that basis: domestic accommodation expenditure in 1982 was

$$\begin{array}{rr} & \$635.44\text{ m} \\ \times & 0.2838 \\ \hline & \$180.62\text{ m} \end{array}$$

spent by domestic tourists on "trade" items (the same proportion is applied to the 82/83 and 83/84 accommodation figures).

For foreign tourism we have details of their expenditure in the International Visitor Survey 1984. This is deflated by the 1984 Expenditure by the Tourism Trade Index found in BERL (1984), the Tourism Model. Using 1983/84 as a 1.00 base gives: 1982/83 = 0.954
1981/82 = 0.856

Trade 1981/82

Total Trade Gross Output 1981/82 is $8586m
Domestic Expenditure

Domestic Accommodation Output	$636.44 m
Ratio Accommodation: Trade spending (1976/77)	0.2838
Domestic Trade Exp 1981/82	$180.62 m

Overseas Visitors Expenditure (from IVES Breakdown of Personal Exp. for 1984 - deflated).

**Entertainment Plus .25 of "Other" Group	$25.42 m
Sheepskin Products	10.79 m
Clothing	22.94 m
Souvenirs	16.09 m
Duty Free	9.42 m
Total	$84.66 m

** The decision to put half the `other' personal expenditure group into the entertainment sector was made after consultation with J Nolan, T & P Dept. The other "half" should go into transport expenditure.

Total Tourist Trade Exp	Domestic	$180.62 m
	Foreign	84.66
	Total	$265.28 m

(This represents 3.04% of total Trade Gross Output)

1982/83

Total Trade Gross Output 1982/83 = $9,612m

Domestic Expenditure

Domestic Accommodation Output	$713.27 m
	0.2838

Domestic Trade Exp 1982/83	$202.43 m

Overseas Visitor Expenditure

Entertainment (+ .5 of `other' group)	$28.33 m
Sheepskin Products	$12.02 m
Clothing	$25.57 m
Souvenirs	$17.94 m
Duty Free	$10.49 m

Total	$94.35 m

Total Tourist Trade Exp	Domestic	$202.43 m
	Foreign	$ 94.35 m

		$296.78 m

(This represents 3.09% of total trade gross output)

1983/84

Total Trade Gross Output = $10,174m

Domestic Expenditure

Domestic Accommodation Output	$754.15 m
	0.2838

Domestic Trade Exp 1983/84	$214.03 m

Overseas Visitor Expenditure

Entertainment (+ .5 of "other" group)	$29.70 m
Sheepskin Products	$12.60 m
Clothing	$26.80 m
Souvenirs	$18.80 m
Duty Free	$11.00 m

Total	$98.90 m

Total Tourist Trade Exp	Domestic	$214.03 m
	Foreign	$ 98.90 m

		$312.93 m

(This represents 3.08% of total trade gross output)

NOTES TO RESTAURANT SECTOR

NZIC 631
Inter-Ind-103

Once again data has been a problem, especially where the domestic tourist is concerned. Data in foreign tourists has come from IVES expenditure breakdown. That data is for 1984 but using the Tourism Restaurant Index derived by BERL (1984) expenditure was deflated to 1982/83 and 1981/82 levels. The IVES breakdown gives expenditure on food/meals within accommodation and on meals outside accommodation. Meals purchased with accommodation are included in this sector.

Data on domestic expenditure is available in the Household Income and Expenditure Surveys but there is no distribution made there between holiday and normal expenditure. The Household Income and Expenditure survey also ignores business and trips longer than 4 days, so understates the true tourist expenditure.

From BERL (1984) Technical Appendices (p.14a) domestic tourist expenditure on restaurants is 10.36% of their expenditure on accommodation. (Actual figures are (in 1976/77 terms) $222.0m in accommodation and $23.0m restaurants).

The figure of 10.36% of domestic tourist accommodation has been used to estimate the domestic tourist restaurant expenditure.

ie	1981/82	Domestic tourist accommodation	$636.44 m
			x .1036
1981/82		Domestic tourist restaurant	$ 65.94m

Restaurants 1981/82

Total Restaurant Gross Output 1981/82 $1064m

Domestic Expenditure

Domestic Accommodation Output	$636.44 m
Ratio accom/rest (1976/77) spending	0.1036
Domestic Tourist Restaurant Exp.	$ 65.94 m

Overseas Visitors Expenditure
(from IVES and deflated)

Meals within accommodation	$ 9.93
Meals outside accommodation	62.41
Total	$72.34 m

Total Tourist Expenditure Restaurants 1981/82

Domestic	$ 65.94 m
Foreign	72.34 m
Total	$138.28 m

(This represents 13.00% of total Restaurant output)

1982/83

Total Restaurant Gross Output 1982/83 $1193m

Domestic Expenditure:

Domestic Accommodation Output	$713.27 m
	x 0.1036
Domestic Tourist Restaurant Output	$73.89 m

Overseas Visitor Expenditure (from IVES and deflated)

Meals within accommodation	$10.94 m
Meals outside accommodation	$68.73 m
Total	$79.67 m

Total Tourist Expenditure Restaurants 1982/83

Domestic	$ 73.89 m
Foreign	$ 79.67 m
Total	$153.56 m

(This represents 12.87% of the total restaurant sector output)

1983/84

Total Restaurant Gross Output 1983/84	$1262 m
Domestic Expenditure:	
Domestic Accommodation Output	$754.15 m
	x 0.1036
Domestic Tourist Restaurant Output	$78.13 m
Overseas Visitors Expenditure (from IVES)	
Meals within accommodation	$11.3 m
Meals outside accommodation	71.0 m
Total	$82.3 m
Total Tourist Expenditure Restaurants 1983/84	
Domestic	$78.13 m
Foreign	82.30 m
Total	$160.43 m

(This represents 12.71% of the total restaurant sector output)

NOTES TO ACCOMMODATION SECTOR

NZSIC - 632
Inter-Industry - 104

The number of rooms available in New Zealand motels and hotels in 1985 was:

1.	Licenced "up market" hotels	-	12,558
2.	Licenced motels, inc. some hotels	-	3,068
3.	Lower standard hotels	-	5,196
4.	Other motels	-	12,095
	Total		32,817

From the IVES, 88% of accommodation spending of international visitors was on hotels and motels. Hotels (1 and 3 above) make up 47.46% of the rooms, and motels (2 and 4) another 40.54% of rooms.

ACCOMMODATION 1981/1982

Total accommodation Output 1981/82 $903 m

Of that 47.46% is hotel	$428.56 m
40.54% is motel	$366.08 m
12.00% is the rest	$108.36 m
	$903.00 m

Breakdown of hotel sector (From T & P Hotel Accom. Survey, 4/81 to 3/82) Total $428.56 m

58.9% of business is from New Zealanders	$252.42m
41.1% " " " " overseas guests	$176.14m

Of the New Zealanders using hotels:

24.8% are on holiday	$ 62.60 m
17.7% conference /convention	44.68 m
47.7% business	120.40 m
9.8% other (sports etc.)	24.74 m
	$252.42 m

(if we exclude business and conference/convention, total output to tourism is $87.34 m)

Of the overseas visitors using hotels:

82.9% are on holiday	$146.02 m
4.7% conference/convention	8.28
9.7% are on business	17.09
2.8% other (sport etc)	4.93

(if we exclude business and conference/convention, total output to tourism is $150.77 m)

(Total hotel output related to tourism i.e. excluding business and conference/convention, is $238.11 m)

Breakdown of motel sector (From T & P Motel Accommodation Survey, 4/81 to 3/82)

Total $366.08 m

82.7% of business is from New Zealanders	$302.75 m
17.3% " " " " overseas visitors	63.33 m
Total	$366.08 m

of New Zealanders using motels:

51.8% on holiday	$156.82 m
31.6% business	95.67
5.4% conference/convention	16.35
11.2% other	33.91
	$302.75 m

(If business and conference/convention is excluded, total motels (NZer) output (tourist) is $190.73 m)

Of overseas visitors using motels

88.5% are on holiday	$56.05 m
6.3% business	3.99 m
1.8% conference/convention	1.14 m
3.4% other	2.15 m
	$63.33 m

(if business and conference/convention is excluded, total motel (overseas) output (tourism) is $58.20 m)

(Total motel output related to tourism i.e. excluding business and conference/convention is $248.93m)

The remaining 12% of the total accommodation sector ($108.36m) can be assumed to be all tourist related. (This group includes camping grounds etc.) Difficult to split this but if we assume 75% of NZ, 25% overseas then:

$108.36 m x 0.75 = $81.27 m relates to NZers
$108.36 m x 0.25 = $27.09 m relates to foreigners

Splitting the total sector between domestic and foreign tourists:

	Including Business/Conference $ (m)	Excluding Business/Conference $ (m)
(a) Domestic		
Hotels	252.42	87.34
Motels	302.75	190.73
Other	81.27	81.27
Total	626.44	359.34
(b) Foreign		
Hotels	176.14	150.77
Motels	63.33	58.20
Other	27.09	27.09
Total	266.56	236.06
Grand Total	903.00	595.40

1982/83

Total Accommodation Output 1982/83 $1012 m

of that hotel (47.46%)	$480.30 m
motel (40.54%)	$410.26 m
rest. (12.00%)	$121.44 m
	$1012.00 m

Hotel Sector (Total $480.30 m)

58.9% from New Zealanders	$282.90 m
41.1% from overseas visitors	$197.40 m

Of the New Zealanders

24.8% holiday	$ 71.16 m
17.7% conference/convention	50.07 m
47.7% business	134.94 m
9.8% other	27.72 m
	$282.90 m

(if we exclude business and conference, total output to tourism is $97.89 m)

Of overseas visitors using hotels

82.9% holiday	$163.64 m
4.7% conference	9.28 m
9.7% business	19.15 m
2.8% other	5.53 m
	$197.40 m

(if we exclude business and conference, then total output to tourism is $168.97 m)

(Total hotel output to tourism i.e. excluding business and conference, is: $266.86 m)

Motel Sector (Total $410.26 m)

82.7% from New Zealanders	$339.29 m
17.3% from overseas visitors	70.97 m
	$410.26 m

Of the New Zealanders:

51.8% holiday	$175.75 m
31.6% business	107.22 m
5.4% conference/convention	18.32 m
11.2% other	38.00 m
	$339.29 m

(If we exclude business and conference, total output to tourism is $213.75 m)

Of overseas visitors:

88.5% holiday	$62.81 m
6.3% business	4.47 m
1.8% conference	1.28 m
3.4% other	2.41 m
	$70.97 m

(If we exclude business and conference, then total output to tourism is $65.22m)

(Total motel output to tourism i.e. excluding business and conference, is $278.97 m)

Rest Sector (total $121.44 m)

75% to New Zealanders	$ 91.08 m
25% to overseas visitors	30.36 m
	$121.44 m

Splitting the total sector between domestic and foreign tourists:

	Including Business/Conference $ (m)	Excluding Business/Conference $ (m)
(a) Domestic		
Hotel	282.90	97.89
Motel	339.29	213.75
Other	91.08	91.08
Total	713.27	402.72
(b) Foreign		
Hotel	197.40	168.97
Motel	70.97	65.22
Other	30.36	30.36
Total	298.73	264.55
Grand Total	1012.00	667.27

1983/84

Total accommodation output $1070 m

of that hotel	(47.46%)	$507.82 m
motel	(40.54%)	433.78 m
rest.	(12.00%)	128.40 m
		$1070.00 m

Hotel Sector (total $507.82 m)

58.9% New Zealanders	$299.11 m
41.1% Overseas	208.70 m
	$507.82 m

Of that New Zealanders:

24.8% Holiday	$ 74.18 m
17.7% Conference	52.94 m
47.7% Business	142.68 m
9.8% Other	29.31 m
	$299.11 m

(If we exclude business and conference, then total output to tourism is $103.49 m)

Of Overseas:

82.9% Holiday	$173.02 m
4.7% Conference	9.81 m
9.7% Business	20.24 m
2.8% Other	5.84 m
	208.71 m

(If we exclude business and conference, then total output to tourism is $178.86 m)

(Total hotel output to tourism i.e. excluding business/conference, is $282.35 m)

Motel Sector (Total $433.78 m)

82.7% from New Zealanders	$358.74 m
17.3% from Overseas	75.04 m
	$433.78 m

Of the New Zealanders

51.8% holiday	$185.83 m
31.6% business	113.36 m
5.4% conference	19.37 m
11.2% other	40.18 m
	$258.74 m

(If we exclude business and conference, total output to tourism is $226.01 m)

Of overseas:

88.5% holiday	$66.41 m
6.3% business	4.73 m
1.8% conference	1.35 m
3.4% other	2.55 m
	$75.04 m

(If we exclude business and conference, total output to tourism is $68.96 m)

(Total motel output to tourism i.e. excluding business/conference, is $294.97 m)

Rest Sector (Total $128.40 m)

75% New Zealanders	$96.30 m
25% Overseas	32.10 m
	$128.40 m

Splitting the total sector between domestic and foreign tourists:

	Including BUsiness/Conference $ (m)	Excluding Business/Conference $ (m)
(a) Domestic		
Hotel	299.11	103.49
Motel	358.74	226.01
Rest	96.30	96.30
Total	754.15	425.80
(b) Foreign		
Hotel	208.71	178.86
Motel	75.04	68.96
Rest	32.10	32.10
Total	315.85	279.92
Grand Total	1070.00	705.72

NOTES TO RAIL TRANSPORT

To obtain a figure for the proportion of total railways (rail) revenue that comes from long distance passenger travel and the catering service the number of long distance passenger journeys (1982) was multiplied by the average revenue per jopurney (1982) to give total long distances passenger revenue.

Source of those figures Transport Statistics 83/84, Department of Statistics.

A figure for catering revenues (1982) was taken from the NZ Yearbook.

The figure for total rail revenue came from Transport Statistics 83-84.

The proportions of long distance passenger and catering to total revenue were assumed to be constant over the 1981/82 to 1983/84 period.

All revenue from long distance passenger travel and catering was assumed to be tourism related.

Rail Transport 1981/82

Rail Transport	grp 71110 (NZIC)	
Total Gross Output 1981/82	$360 m	

1982	total rail operators	revenue	$399,335,000
	long distance rail pass	"	9,099,000
	catering	"	4,660,000
	long distance pass	2.28% of total rail revenue	
	catering	1.17% of total rail revenue	

Total long distance passenger output:

$360 m x 0.0228 $8.21 m

Will assume that all Long Distance passenger travel is tourist related

Catering

$360 m x 0.0117 = $4.21 m

Will assume that all catering is Tourist related

Total rail output to Tourism : $ 8.21 m
\+ 4.21 m
= $12.42 m

(Tourist Output is 3.45% of total output)

Rail Transport 1982/83

Total Gross Output 1982/83 $411m

LD Passenger	(2.28%)	$9.37 m
Catering	(1.17%)	4.81 m
Total Tourist Output		$14.18 m

Railway Transport 1983/84

Total Gross Output 1983/84 $486m

LD Passenger	(2.28%)	$11.08 m
Catering	(1.17%)	5.69 m
Total Tourist Output		$16.77 m

NOTES TO AIR TRAVEL

AIR NEW ZEALAND - Bruce Rotheram pers com
Head of Reasearch and Information

Percentage of total revenue

%	
74	passenger (70% of that foreign services)
13	cargo
7	contract
6	other

Reason for travel

International	Bus/Convent	19%
	Visit Friends & Relatives (VFR)	20%
	Holiday	53%
	Other	8%
Domestic	Bus/Convent	53%
	VFR	18%
	Holiday	13%
	Other	16%

Of the passenger services at 74% of total revenue, some 70% of that (51.8% of revenue) are foreign services. Of that 51.8%, some 40% are overseas people coming to New Zealand - i.e. 20.72% of Air New Zealand's revenue relates to foreign visitors coming to New Zealand.

These percentages will be applied to the entire Air Transport sector to find:

(a) total passenger revenue (74% of total),
(b) foreign services and foreign services relating to overseas people coming to New Zealand,
(c) the domestic sector component (which includes overseas visitors travelling internally),
and (d) the tourism component of both international and domestic air travel

The assumption is made that the 74% passenger revenue/non passenger revenue is the same for the industry.

AIR TRANSPORT - 1981/82

NZSIC 713
Total turnover 538,471
Total V A 148,613

Air Carriers (1979/80)	91.62% of total turnover 81.42% of total value added

1981/82 Total Air Travel Gross output $593m
Air carrier (91.62%) $543m

74% of total revenue is from passengers ($543 x 0.74)
= $402m

of $402m	70%	foreign services	$281m
	30%	domestic	$121m
of $281m	40%	relates to NZ	$112m

Total revenue relating to NZ

$112 m foreign
$121 m domestic

$233 m
======

International	VFR	20%	=	$ 22 m
	Holiday	53%	=	59 m
	Business	19%	=	21 m
	Other	8%	=	9 m
				$112 m

Domestic	VFR	18%	=	$ 22 m
	Holiday	13%	=	16 m
	Business	53%	=	64 m
	Other	16%	=	19 m
				$121 m

Tourism Component = $133m (This includes VFR, Holiday and an arbitrary one half allocation of "other" to tourism)

AIR TRANSPORT - 1982/83

1982/83 Total Air Travel Gross Output $678m

Air carrier (91.62%) $621m

74% total revenue is from passengers ($621 x .74) = $460m

of $460m	70%	foreign services	$322m
	30%	domestic	$138m
of $322m	40%	relates to NZ	$129m

Total revenue relating to NZ	$129 m	foreign
	$138 m	domestic
	$267 m	

International	VFR	20% =	$ 26 m
	Holiday	53% =	68 m
	Business	19% =	25 m
	Other	8% =	10 m
			$129 m
Domestic	VFR	18% =	$ 25 m
	Holiday	13% =	18 m
	Business	53% =	73 m
	Other	16% =	22 m
			$138 m

Grand Total = $235m (34.66% total Air Transport Output)

Tourism Component = $158m (VFR, Holiday, one half "other")

AIR TRANSPORT - 1983/84

1983/84 Total Air Travel Gross output $803 m

Air carrier (91.62%) $736m

74% total revenue is from passengers ($736 x .74) = $544m

of $544m	70%	foreign services	$381 m
	30%	domestic	$163 m
of $381m	40%	relates to NZ	$152 m

Total revenue relating to NZ	$152 m foreign
	$163 m domestic
	$315 m

INternational	VFR	20% =	$ 30 m
	Holiday	53% =	81 m
	Business	19% =	29 m
	Other	16% =	26 m
			$152 m
Domestic	VFR	18% =	$ 29 m
	Holiday	13% =	21 m
	Business	53% =	86 m
	Other	16% =	26 m
			$163 m

Grand Total = $276m (34.37% Total Air Travel Output)

Tourism Component = $180 (VFR, Holiday, one half "other")

NOTES TO ROAD PASSENGER TRANSPORT

Road passenger transport comprises sections 7112, 7113 of NZIC and is Item 106 in the 1976/77 Inter-Industry Study.

In 1979/80 a Census of Transport was carried out by the Department of Statistics - total turnover for sections 7112 and 7113 was $188.658m of which

1. Route passenger services
2. Taxi
3. Bus tour operators and
4. Other road passenger operations

were the groups which were tourist orientated. (The proportions of the output of each of total [7112 and 7113] output is shown in the tables).

By methods previously explained the gross output for the road passenger transport section for 1981/82 was determined to be $201m.

The total output by the four groups (shown above) was arrived at by applying the appropriate percentage figure to $201m.

To arrive at a figure for tourism output a decision on what percentage of the output of each of the 4 groups was tourism related was required. For (1), (3) and (4) it was decided that 100% of their output was tourist related. Group (2) - Taxi - proved more difficult - but an estimate that 10% of turnover was due to tourists, was obtained from the Manager, Blue Star Taxis - Christchurch.

The sum of the above then, gave the total tourist output for Road Passenger Transport.

1981/82

Road Passenger Transport NZIC 7112, 7113

Total Turnover (9179/80)	7112	$ 86,861,000
	7113	$101,797,000
		$188,658,000

Route Passenger Bus Service	40.71% of grp 7112	(18.74% total)
Taxi	42.45% of grp 7113	(22.91% total)
Bus Tour Operators	43.85% of grp 7113	(23.66% total)
Other Road Pass Operators	0.46% of grp 7113	(0.25% total)

Road Passenger Transport Gross Output 1981/82 $201m

Route Passenger Bus	(18.74%)	$ 38 m	
Taxi	(22.91%)	$ 46 m	
Bus Tour Operators	(23.66%)	$ 48 m	
Other Road Pass Ops	(0.25%)	$ 1 m	(0.5m)
		$133 m	

Say	100% Route Passenger Bus Service	Tourist	$38 m
	100% Bus Tour Operator	Tourist	$48 m
	100% Other Bus Tour Operators	Tourist	1 m
			$87 m
10% Taxi (pers com Manager, Blue Star Taxis)			5 m
	Total Tourist Related Output		$92 m

Total tourist output is $45% of total road passenger transport output

1982/83

Road Passenger Transport

Route Passenger Bus Service	18.74% total Road Pass Transp Turnover
Taxi	22.91% total Road Pass Transp Turnover
Bus Tour Operators	23.66% total Road Pass Transp Turnover
Other Road Pass Operators	0.25% total Road Pass Transp Turnover

Road Passenger Transport Gross Output 1982/83 $231m

Route Passenger Bus	(.1874)	=	$ 43 m	
Taxi	(.2291)	=	53 m	
Bus Tour	(.2366)	=	55 m	
Other Road Pass	(.0025)	=	1 m	(0.5m)
			$152 m	

Of $152m the following is Tourist orientated

100%	Route Pass	$ 43 m
10 %	Taxi	5 m
100%	Bus Tour	55 m
100%	Other	1 m
		$104 m

Grand total to Tourism $104m (45.02% of the total gross output of the Road Passenger Transport Sector).

1983/84

Road Passenger Transport

Route Passenger Services	18.74% total Road Pass Trans Turnover
Taxi	22.91% total Road Pass Trans Turnover
Bus Tour Operators	23.66% total Road Pass Trans Turnover
Other Road Pass Operators	0.25% total Road Pass Trans Turnover

Road Passenger Transport Gross Output 1982/83 $273m

Route Passenger Bus	(.1874)	=	$ 51 m
Taxi	(.2291)	=	63 m
Bus Tour	(.2366)	=	65 m
Other Road Pass	(.0025)	=	1 m
			$180 m

Of $180m the following is Tourist oriented

100%	Route Pass	$ 51 m
10 %	Taxi	6 m
100%	Bus Tour	65 m
100%	Other	1 m
		$123 m

Grand total to Tourism $123m (45.05% of the total gross output of the Road Passenger Sector)

NOTES TO WATER TRANSPORT

Water transport is NZIC Code 712 and Inter-Industry Item 109.

From the Census of Transport in 1979/80 the total turn-over of the Water Transport group was $571.443m of which Ocean and Coastal Shipping was 47.16% ($269.465m) and Inland Water Transport 1.45% ($8.268m).

The Gross Output for Water Transport in 1981/82 was $613m - of which it was calculated that Ocean and Coastal Shipping was $289m and Inland Water Transport $9m - giving a total of $298m.

The tourist related portion of these two groups was calculated as follows:

1. Ocean and Coastal Shipping - the major item of interest in this group is the Cook Strait Ferries.

   In 1979/80 Income from Ocean and Coastal Shipping $268,463,000 (Census of Transport).
   1979/80 Income from Rail Ferries (Source: NZ Yearbook) $40,597,000

   the Rail Ferries were 15.21% of total.

   Gross Output for Ferries 1981/82 $289m x 0.1512
   = $44m

   Of the $44m only 31.63% is tourist related (i.e. passengers and their cars), this gives a total of $14m as being related to the tourism industry.

2. Inland Water Transport. Because all New Zealand's ports are coastal and we have no major shipping rivers - 100% of the Inland Water Transport Group has been taken as being Tourism related.

   This gives a total tourist gross output for water transport in 1981/82 of

Inland	$ 9 m
Ocean and Coastal	$14 m
	$23 m

   For 1982/83 and 1983/84 the same proportions and assumptions have been used to calculate the gross tourism related output for Water Transport for those years.

1981/82

Water Transport

NZIC 712
Inter-Ind 109

Total Water Transport Turnover (1979/80)		$(000) 571,443
(71210)	Ocean and Coastal Water Transport Turnover (1979/80)	$269,465 (47.16% of total)
(71220)	Inland Water Transport Turnover (1979/80)	$ 8,268 (1.45% of total)

Water Transport Gross Output (1981/82)	$613 m
Ocean and Coastal Output (.4716)	289 m
Inland Water Output (.0145)	9 m

	$298 m
	======

1979/80 Income from Ocean and Coastal Water Transport = $268,463,000
1979/80 Revenue from the Cook Strait Strait Ferries = $ 40,597,000

Rail Ferries 15.12% of total

Gross Output Rail Ferries 1981/82 $289m x .1512
= $44m

Of the $44m 31.63% tourist related (rest cargo) $14 m

Total Tourist Output:

Inland Water (100%)	$ 9 m
Rail Ferries - passenger & cars	14 m

	$23 m
	=====

Tourist output is 3.75% of total water transport output

1982/83

Gross Output Water Transport 1982/83	$701 m
Ocean and Coastal Transport (47.16%)	331 m
Inland Water Transport (1.45%)	10 m
	$341 m

Tourism related output

Ocean and Coastal Transport - Ferries (331 x .1512) = $50m

of the $50m 31.63% tourist related ($50m x .3163) = $16m

Total Tourist Gross Output - Water Transport

Ocean and Coastal	$16 m
Inland Water	10 m
	$26 m

Tourist Output is 3.71% of total water transport output

1983/84

Gross Output Water Transport 1983/84	$830 m
Ocean and Coastal Transport (47.16%)	391 m
Inland Water Transport (1.45%)	12 m
	$403 m

Tourism related output

Ocean and Coastal Transport - Ferries (391 x .1512) = $59 m

of the $59 m 31.63% tourist related $59m x 0.3163 = $19m

Total Tourist Gross Output - Water Transport

Ocean and Coastal	$ 19 m
Inland Water	12 m
	$ 31 m

Tourist Output is 3.74% of total water transport output

NOTES TO SERVICES TO LAND TRANSPORT SECTOR

NZIC 7116
Inter Industry 108

In 1979/80 the total turnover of group 7116 was $53.932m. Of this Car and Truck Rental was 69.60% ($37.535m). However we cannot attribute the total car and truck rental sector to tourism.

From conversations with Avis Marketing Manager and with Roger Shepherd (Hertz, Christchurch) the following has been arrived at:

	Avis	Hertz	Concensus (weighted average)
commercial trucks, vans	8%	20%	15%
car	92%	80%	85%
total business	100%	100%	100%
Now of the car rental side of their operations:			
domestic business rental	70%	60%	65%
offshore and NZ holiday	*30%	**40%	35%
total car rentals	100%	100%	100%

* of this 30%, 40% is Australian tourists
** 40% of this is New Zealanders travelling and 60% is overseas visitors

Both firms aim to replace every car every 18 months. Both Hertz and Avis intended to buy around 1500 cars in 1986 (to December). Since 1982 the fleet size of both firms has grown immensely. That means a large increase in hire business.

	Number of Cars	
	1982	1985
Hertz	1600	2600
Avis	1800	3600

Replacement cost per car was in the range of $23,500 to $25,000 (in 1986 terms)

Market Shares: (preliminary estimate of)

Avis	42%
Hertz	36%
Budget	12%
Others	10%

	100%

Therefore on the basis of the above figures we can attribute 85% of car and truck rental output to car rental.

Of that 65% is business hire
and 35% holiday/tourist hire

Campervans have increased from an estimated 500 two years ago to around 1500 in 1986. The figures from 1983/84 onwards may not be accurate unless some extra allowance was made for campervans. Estimates provided here for 81/82 to 83/84 could be underestimated.

SERVICES TO LAND TRANSPORT

1981/82

1979/80	NZSIC 7116	total turnover	$53,932,000
	71161	car and truck rental	$37,535,000

car and truck rental turnover was 69.60% of total

1981/82	Gross Output Services to Land Transprot	$274.00m
	Car and Truck Rental (69.60%)	$190.70m

of $190.70m 85% relates to car rental

$190.70 x 0.85 = $162.10m

Total size of the tourist sector is $162.10m. This can be split between business hire and tourist hire:

65% is business hire	$105.37 m
35% is tourist/holiday hire	56.74 m
	$162.11 m

Total tourist output is 59.16% of total service to land transport output.

1982/83

Total Gross Output Services to Land Transport	$313.00m
Car and Truck Rental (69.60%)	$217.85m

Of $217.85m 85% relates to car rental

$185.17m

Splitting this between business and tourist:

65% is business hire	$120.36 m
35% is tourist/holiday hire	64.81 m
	$185.17 m

Total tourist output is 59.16% of total service to land transport output.

1983/84

Total Gross Output Services to Land transport	$370.00m
Car and Truck Rental (69.60%)	$257.52m

Of $257.52m 85% relates to car rental

$218.89m

Splitting this between business and tourist:

65% is business hire	$142.28m
35% is tourist/holiday hire	76.61m
	$218.89m

Total tourist output is 59.16% of total sector output.

NOTES TO TRAVEL AGENTS

NZSIC 71911
Inter Ind 111

From the 1979/80 Census of Transport, Storage and Communication (Dept of Stats) total turnover of the storage freight and travel agency group (which is NZSIC 719) is $263.298m of which Travel Agencies turnover is $56.106m (21.31% of total).

Travel agents handle 3 broad types of clients. These are overseas travellers visiting New Zealand, domestic travellers with overseas destinations and New Zealanders travelling internally. Current estimates of these market shares are that at least one half is New Zealanders travelling overseas (Peter Lowry, Executive Officer, T.A.N.Z., Wellington) and thus do not fit the category of a tourist in New Zealand. The remainder of the market can be classified as tourism related, although some problems may exist with business travel being included.

Restrictions to entry into the industry are qualitative. Agents must be bonded to handle IATA airfares, but provided these bonding and quality constraints are met no apparent barriers to entry exist.

1981/82

Total Storage Freight Travel Agents Output 1981/82		
		$187 m
	x	.2131
Total Travel Agents Output		$39.85 m
Tourism related (for this study)	x	0.5
approx.		$20 m

1982/83

Total Storage Freight Travel Agents Output 1982/83

	$214 m
	x .2131

Total Travel Agents Output	$45.60m

Tourism related x 0.5 = $23 m

1983/84

Total Storage Freight Travel Agents Output 1983/84

	$253 m
	x .2131

Total Travel Agents Output	$53.91m
Tourism related x0.5	$27m

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