

# Regional NSW Tourism Satellite Account

## 2013-14

In 2013-14, the tourism industry contributed an estimated \$12.1 billion to Regional NSW regional economy (7.5% of Regional NSW's gross regional product) and directly employed approximately 84,600 people (6.0% of Regional NSW's total employment).

Tourism Satellite Accounts (TSA) evaluate tourism industry activity and performance within a national accounting framework. The regional TSA measures both the direct and indirect impacts of tourism on the economy and includes metrics such as Gross Value Added (GVA), Gross Regional Product (GRP) and employment. It also provides information about tourism consumption, output, taxation and the composition of the tourism industry and its interaction with other industries.

This Regional NSW profile measures the economic contribution of tourism to the region both in absolute level terms and as a contribution to the regional economy. These measures are directly comparable to State, National, and indeed, international Tourism Satellite Accounts.

### Key aggregates

In 2013-14, the tourism activity in Regional NSW (Table 1.1) generated:

#### Tourism output

- \$11.0 billion and \$12.1 billion in direct and indirect tourism output, and \$23.1 billion in total tourism output.

#### Gross Value Added (GVA)

- \$5.7 billion and \$5.0 billion in direct and indirect tourism GVA, and \$10.7 billion in total tourism GVA.

#### Gross Regional Product (GRP)

- \$6.3 billion and \$5.9 billion in direct and indirect tourism GRP, and \$12.1 billion in total tourism GRP; and

#### Employment

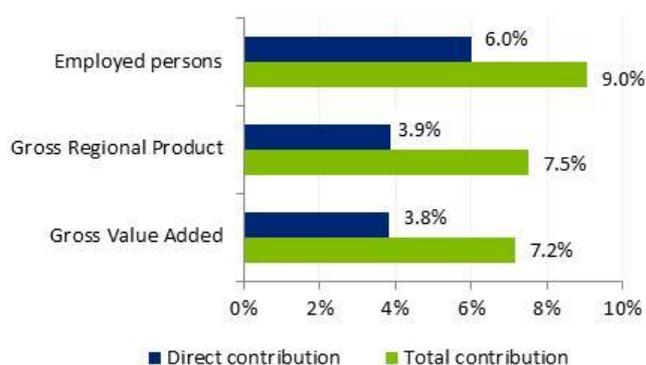
- 84,600 jobs for people employed directly by the tourism industry, 42,500 indirect jobs and a total employment impact of 127,100 people.

### Economic importance of tourism to Regional NSW

The ratio of Regional NSW's direct tourism contribution to the Regional NSW overall economy provides a point of reference snapshot for the importance of tourism to the region. In 2013-14, it is estimated that tourism directly represented 3.9% (Chart 1.1) of the total Regional NSW economy (in GRP terms), compared to 2.3% for Sydney.

Regional NSW has a strong tourism sector, attracting many visitors to the North Coast, Hunter, South Coast and other regions. Regional NSW represents about 45% of the state-wide direct contribution of tourism to GRP.

Chart 1.1: Tourism's contribution to the Regional NSW economy, 2013-14



Source: Deloitte Access Economics' Regional TSA model.

Table 1.1 Key tourism aggregates, Regional NSW, 2013-14 (\$ million)

| Visitor segment      | Consumption   | Output        | GVA            | GRP            | Employed ('000) |
|----------------------|---------------|---------------|----------------|----------------|-----------------|
| Day-trippers         | 3,815         | 1,665         | 829            | 903            |                 |
| Intrastate           | 9,058         | 5,285         | 2,736          | 2,981          |                 |
| Interstate           | 3,880         | 2,697         | 1,411          | 1,584          |                 |
| International        | 1,060         | 1,324         | 747            | 790            |                 |
| <b>Direct</b>        | <b>17,813</b> | <b>10,972</b> | <b>5,722</b>   | <b>6,259</b>   | <b>84.6</b>     |
| <b>Indirect</b>      |               | <b>12,151</b> | <b>5,003</b>   | <b>5,876</b>   | <b>42.5</b>     |
| <b>Total impact</b>  |               | <b>23,123</b> | <b>10,725</b>  | <b>12,135</b>  | <b>127.1</b>    |
| <b>Total economy</b> |               |               | <b>149,621</b> | <b>161,803</b> | <b>1,404</b>    |

Source: Deloitte Access Economics' Regional TSA model.

\* Regional indirect contribution does not include regional contribution to the rest of Australia. Total indirect contribution in the State Tourism Satellite Account however includes contribution to the rest of Australia.

## Consumption

In 2013-14, tourism consumption in Regional NSW was \$17.8 billion, equal to 51% of total tourism consumption in New South Wales. Regional NSW makes up a bigger share of consumption at the state level for day-trippers (60%) and intrastate overnight visitors (76 %).

In the year to 2013-14, Regional NSW tourism consumption grew by 2.6%. Since 2006-07, tourism consumption in Regional NSW has increased by 25%, representing an average growth rate of 3.3% per annum. Regional NSW's share of New South Wales tourism consumption has decreased over the last year, from 53% in 2012-13 to 51% in 2013-14.

At the industry level, the tourism products that contributed most to tourism consumption in Regional NSW in 2013-14 were: (1) \$3.1 billion on takeaway and restaurant meals; (2) \$2.2 billion on accommodation services; and (3) \$2.2 billion on long distance passenger transportation (Table 1.2). Total consumption of these products equates to \$7.6 billion or 42% of the total Regional NSW tourism consumption.

**Table 1.2: Tourism consumption by product, Regional NSW, 2013-14**

| Tourism product                        | Consumption (\$ million) | Share of total (%) |
|--|--------------------------|--------------------|
| Takeaway and restaurant meals          | 3,149                    | 17.7               |
| Shopping                               | 2,217                    | 12.4               |
| Fuel (petrol, diesel)                  | 2,196                    | 12.3               |
| Long distance passenger transportation | 2,068                    | 11.6               |
| Accommodation services                 | 2,023                    | 11.4               |
| All other                              | 6,160                    | 34.6               |
| <b>Total - tourism</b>                 | <b>17,813</b>            | <b>100.0</b>       |

Source: Deloitte Access Economics' Regional TSA model.

The largest portion of visitor consumption in Regional NSW was contributed by intrastate overnight visitors (\$9.1 billion). In relative terms, those visitors also spent the most per night, \$210 on average (Table 1.3).

**Table 1.3: Tourism activity summary, Regional NSW, 2013-14**

| Visitor segment | Nights ('000) | Nights (%) | Consumption (\$ million) | Consumption (%) | \$ per night |
|-----------------|---------------|------------|--------------------------|-----------------|--------------|
| Day-trippers    | 31,841*       | 29.7*      | 3,815                    | 21.4            | 120**        |
| Intrastate      | 43,113        | 40.2       | 9,058                    | 50.9            | 210          |
| Interstate      | 19,693        | 18.4       | 3,880                    | 21.8            | 197          |
| International   | 12,468        | 11.6       | 1,060                    | 6.0             | 85           |

Source: Tourism Research Australia Visitor Surveys and Deloitte Access Economics' Regional TSA model.

\* Relates to visitor numbers for day-trippers.

\*\* Related to \$ spend per day-trip visitor.

## Gross Value Added

In 2013-14, direct tourism GVA in Regional NSW was \$5.7 billion, its highest level since 2006-07 (nominally). In the year to 2013-14, Regional NSW direct GVA grew 2.9%. Since 2006-07, direct tourism GVA in Regional NSW has increased by 39%, representing an average rate of 4.8% per annum.

Regional NSW contributed 45% of the total New South Wales direct tourism GVA. Regional NSW's share of New South Wales direct tourism GVA has decreased over the last year, from 46% in 2012-13.

The tourism industries that generated the highest economic contribution to Regional NSW in 2013-14 (Table 1.4) were:

- Accommodation with \$1.2 billion in direct GVA and \$1.4 billion in direct GRP;
- Other retail trade with \$0.9 billion in direct GVA and \$1.0 billion in direct GRP; and
- Cafes, restaurants and takeaway food services with \$0.8 billion in direct GVA and \$0.9 billion in direct GRP.

**Table 1.4: Direct tourism GVA by industry, Regional NSW, 2013-14**

| Tourism industry                              | Direct GVA (\$ million) | GVA share (%) | Direct GRP (\$ million) | GRP share (%) |
|---|-------------------------|---------------|-------------------------|---------------|
| Accommodation                                 | 1,207                   | 21.1          | 1,352                   | 21.6          |
| Other retail trade                            | 911                     | 15.9          | 959                     | 15.3          |
| Cafes, restaurants and takeaway food services | 819                     | 14.3          | 901                     | 14.4          |
| Ownership of dwellings                        | 504                     | 8.8           | 551                     | 8.8           |
| Clubs, pubs, taverns and bars                 | 456                     | 8.0           | 478                     | 7.6           |
| All other                                     | 1,825                   | 31.9          | 2,017                   | 32.2          |
| <b>Total - tourism</b>                        | <b>5,722</b>            | <b>100.0</b>  | <b>6,259</b>            | <b>100.0</b>  |

Source: Deloitte Access Economics' Regional TSA model.

In 2013-14, Regional NSW direct tourism GVA accounted for 53% of total tourism GVA for the region, with total tourism GVA in Regional NSW being \$10.7 billion. Regional NSW made up 44% of the New South Wales total tourism GVA.

## Gross Regional Product

In 2013-14, tourism's direct contribution to Regional NSW GRP was \$6.3 billion, equal to 3.9% of total regional GRP. In the year to 2013-14, direct tourism GRP in Regional NSW grew by 3.1%. Since 2006-07, direct tourism GRP in Regional NSW has increased by 36%, representing an average growth rate of 4.5% per annum.

Regional NSW's share of direct tourism GRP in New South Wales was 45% in 2013-14, falling slightly from 46% in 2012-13.

In 2013-14, direct contribution to GRP of \$6.3 billion accounted for 52% of total tourism GRP in Regional NSW. The remaining \$5.9 billion came from indirect supply industry contributions to tourism GRP in Regional NSW.

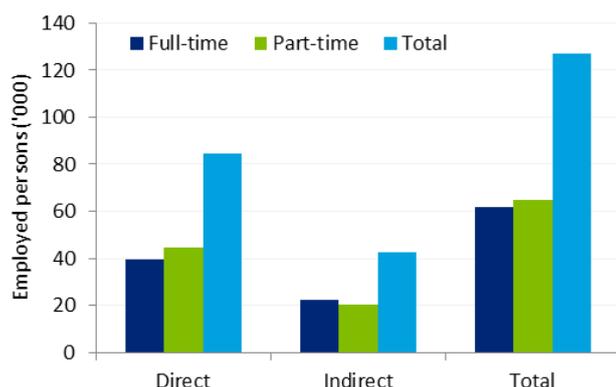
### Tourism employment

TSA's define tourism employment as the number of tourism employed persons. In 2013-14 there were 84,600 persons (made up of 39,600 full-time and 45,000 part-time) directly employed in tourism in Regional NSW (Chart 1.2).

In the year to 2013-14, direct tourism employment in Regional NSW fell by 1.3%. Since 2006-07, direct tourism employment has grown by 7.3%, representing an average increase of 1.0% per annum.

Regional NSW's share of direct tourism employment was 53% of the New South Wales direct tourism employment in 2013-14, decreasing from 55% in 2012-13.

**Chart 1.2: Contribution of tourism to employment, Regional NSW, 2013-14**



Source: Deloitte Access Economics' Regional TSA model.

The tourism related industries that contributed most to regional tourism employment in Regional NSW in 2013-14 (Table 1.5) were:

- Cafes, restaurants and takeaway food services (8,420 full time and 16,830 part time employed persons);
- Retail trade (8,910 full time and 10,100 part time employed persons); and
- Accommodation (5,440 full time and 6,160 part time employed persons).

**Table 1.5: Direct tourism employed persons, Regional NSW, 2013-14**

| Tourism industry                              | Jobs          | Share (%)    |
|---|---------------|--------------|
| Cafes, restaurants and takeaway food services | 25,250        | 29.8         |
| Retail trade                                  | 19,010        | 22.5         |
| Accommodation                                 | 11,600        | 13.7         |
| Travel agency and tour operator services      | 5,900         | 7.0          |
| Clubs, pubs, taverns and bars                 | 5,220         | 6.2          |
| All other industries                          | 3,650         | 4.3          |
| Other sports and recreation services          | 3,450         | 4.1          |
| Education and training                        | 3,190         | 3.8          |
| Road transport and transport equipment rental | 2,860         | 3.4          |
| Air, water and other transport                | 2,260         | 2.7          |
| Cultural services                             | 1,580         | 1.9          |
| Rail transport                                | 480           | 0.6          |
| Casinos and other gambling services           | 110           | 0.1          |
| <b>Total</b>                                  | <b>84,600</b> | <b>100.0</b> |

In 2013-14, tourism's direct contribution to Regional NSW employment, 84,600 jobs, accounted for 67% of total tourism employment in Regional NSW, and 1 in 17 jobs in the Regional NSW economy (Table 1.6).

The remaining 42,500 jobs represented tourism's indirect contribution to employment, 1 in 33 jobs in the Regional NSW economy.

**Table 1.6: Tourism employment and job ratio, Regional NSW, 2013-14**

| Job type     | Jobs ('000)  | Share (%)    | Job ratio           |
|--------------|--------------|--------------|---------------------|
| Direct       | 84.6         | 66.6         | 1 in 17 jobs        |
| Indirect     | 42.5         | 33.4         | 1 in 33 jobs        |
| <b>Total</b> | <b>127.1</b> | <b>100.0</b> | <b>1 in 11 jobs</b> |

Source: Deloitte Access Economics' Regional TSA model.

## Methodology

Destination New South Wales has worked with Deloitte Access Economics to produce consistent and comparable regional Tourism Satellite Account (TSA) estimates of the value of tourism to New South Wales's regions.

Tourism Satellite Accounts are used to estimate the contribution of tourism to a region by combining the contributions of the various goods and services that make up the industry. The regional, state and national estimates are based on an internationally recognised and standardised framework (although regional TSA methodology has been extended to determine the indirect impact of cross region trade flows).

There are a number of steps required to calculate the tourism industry's contribution to the Regional NSW economy. To start, a regional tourism consumption bundle is derived from TRA visitor survey data and adjusted to remove any price effects that are not directly attributed to the seller of the good or service (e.g. taxes, transport margins, pre-manufactured inputs etc.). The direct and indirect contributions of tourism are estimated by using regional input-output multiplier tables, derived from ABS data.

For consistency and assurance, the regional results are calibrated against the reported 2013-14 state TSA data.

## Tourism Standard Reporting

For consistency in reporting, when referring to the overall size or contribution of the tourism industry in a region, the appropriate measure is GRP. GVA should be used when comparing the tourism industry against another industry within the same region.

## Glossary

**Direct contribution of tourism:** The contribution generated by transactions between the visitor and producer for a good or service that involves a direct physical or economic relationship.

**Indirect contribution of tourism:** The subsequent flow-on effects created by the requirement for inputs from those industries supplying goods and services to visitors. For example, in the case of the hotel industry this might include the fresh produce supplied to a hotel and the electricity used.

**Input-output table:** An input-output table is a means of presenting a detailed analysis of the process of production and the associated use of goods and services and income generated. National input-output tables are produced annually by the Australian Bureau of Statistics.

**Tourism gross regional product:** Tourism GRP is tourism GVA plus net taxes on products that are attributable to the tourism industry. As such direct tourism GRP will generally have a higher value than direct tourism GVA. Direct tourism GRP is a satellite account construct to enable a direct comparison with the most widely recognised national accounting aggregate, gross domestic (or regional) product.

**Tourism gross value added:** Considered the most accurate measure of the contribution of the industry to the economy. It includes the total labour income and capital revenue received by the industry and the net taxes that government received from the production. This measure is directly comparable with the value added of 'conventional' industries such as mining and manufacturing and can also be used for comparisons across countries.

**Tourism output:** The total value of goods and services produced in Australia to satisfy visitor consumption. It is measured in basic prices, so it excludes net taxes on tourism products.