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TOURISM RESEARCH AUSTRALIA

STATE TOURISM SATELLITE ACCOUNTS

2013–14

STATE TOURISM SATELLITE ACCOUNTS

ACKNOWLEDGMENTS

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Cover image: Sydney Harbour, New South Wales. Image courtesy of Tourism Australia/Con Poulos.

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EXECUTIVE SUMMARY

The 2013–14 State Tourism Satellite Accounts (state TSA) publication builds on the Australian Bureau of Statistics (ABS) National Tourism Satellite Account (TSA) to present a comprehensive set of data on the direct and indirect economic contribution of tourism for all states and territories. In doing so, the report highlights changes, in nominal terms, that have occurred in 2013–14 and examines longer-term patterns in tourism's contribution to the national and state and territory economies.

The 2013–14 TSA highlights the high value contribution tourism makes to the Australian economy:

$113 BILLION worth of Australian tourism goods and service were consumed by visitors

▲ **$4.0 BILLION** (3.7%)

This consumption contributed the following (both directly and indirectly) to national gross domestic product (GDP), gross value added (GVA), and employment:

DIRECT TOURISM EFFECTS		
GDP	**$43 billion**, or 2.7% of national GDP	▲ **$1.4 billion** (3.4%)
GVA	**$40 billion**, or 2.7% of national GVA *similar to the share of the Agriculture (2.5%) and Utility (2.9%) industries*	▲ **$1.3 billion** (3.4%)
Employment	**534,000 jobs**, or 4.7% of national employment	▼ **6,000 jobs** (1.0%)

INDIRECT TOURISM EFFECTS	
GDP	**$50 billion** *(generating a total flow-on effect of **$93 billion** to total national GDP)*
GVA	**$42 billion** *(generating a total flow-on effect of **$82 billion** to total national GVA)*
Employment	**391,000 jobs** *(generating a total flow-on effect of **925,000 jobs**; equivalent to 1 in 12 across Australia)*

DIRECT TOURISM GVA

The larger tourism states of New South Wales, Queensland and Victoria contributed the majority share (around 78 per cent) of national tourism direct GVA in 2013–14. The mid-sized tourism states, South Australia and Western Australia, contributed a further 16 per cent and the smaller tourism states of Tasmania, the Northern Territory and the Australian Capital Territory contributed the remaining 6 per cent.

The $1.3 billion increase in direct tourism GVA in 2013–14 was largely contributed by New South Wales ($684 million, 50 per cent), Victoria ($464 million, 36 per cent), Western Australia ($269 million, 21 per cent) and South Australia ($176 million, 13 per cent). There was a decline in direct tourism GVA for other states and territories.

Over the period 2006–07 to 2013–14, direct tourism GVA increased 4.4 per cent on average per year at the national level. As a result, tourism has retained a 2.7 per cent share of Australia's total GVA since 2010–11 and a marginally lesser share than the 3.0 per cent held in 2006–07. This was despite the economy favouring mining and related industries over much of this period.

DIRECT TOURISM EMPLOYMENT

The majority of states and territories had increases in direct tourism employment in 2013–14, but these were insufficient to offset losses in Queensland, Tasmania and the Australian Capital Territory. Notwithstanding, tourism's direct share of state jobs continued to be higher for Tasmania (6.5 per cent), the Northern Territory (5.7 per cent) and Queensland (5.6 per cent) than elsewhere in Australia.

TOURISM'S FUTURE

With the resources boom now behind us, many see tourism playing an increasingly prominent role in driving growth in the Australian economy. Reflecting this, Deloitte has predicted tourism to be one of five industries to grow significantly faster than average over the next twenty years.

Certainly, Australia has a competitive advantage in tourism through its proximity to the growing Asian market, appealing natural assets and safe environment coupled with a depreciating exchange rate. In addition, government (working with industry) has a national strategy for tourism—Tourism 2020; the target of which is to double overnight spend to between $115 and $140 billion by 2020. Although industry is on track to meet the lower end of the target, governments and industry have identified the following key reform areas:

- increasing cross portfolio collaboration
- improving visa arrangements
- improving aviation capacity and customer experience
- integrating national and state tourism plans into regional development and local government planning.

They will be incorporated into the Tourism 2020 Implementation Plan (2015–2020) and are aimed at assisting industry to meet the higher end of the target. The implementation of these key reforms will place tourism in a good position to accelerate its growth in coming years.

INTRODUCTION

Although the tourism industry is a high value contributor to the Australian economy, the ABS System of National Accounts (SNA) does not capture tourism as a single industry because of the sector's diverse products and services. The TSA bridges this gap by measuring the economic contribution of tourism and effectively supplementing the SNA. By doing this, comparisons can be made between the tourism industry's economic contribution and that of conventional industries within an economy, or even between tourism sectors across different countries.

TRA's state TSA specifically play an important role in highlighting the diversity of Australia's tourism offerings, and how tourism contributes to each state's economy.

There are some changes to the inputs used to produce the 2013–14 state TSA:

- ABS' revision[1] of the National Accounts and Overseas Arrivals and Departures (OAD) counts
- Introduction of mobile phone interviewing[2] to the TRA National Visitor Survey from 2 January 2014.

At the national level, these changes have affected state TSA data from 2010–11 onwards only. However, state level TSA estimates have been impacted for the whole series (2006–07 onwards) because the OAD changes altered the state and territory composition of input data from the TRA International Visitor Survey (IVS) back to 2005. Comparisons should not be made to the previously published state TSA estimates as data have been revised.

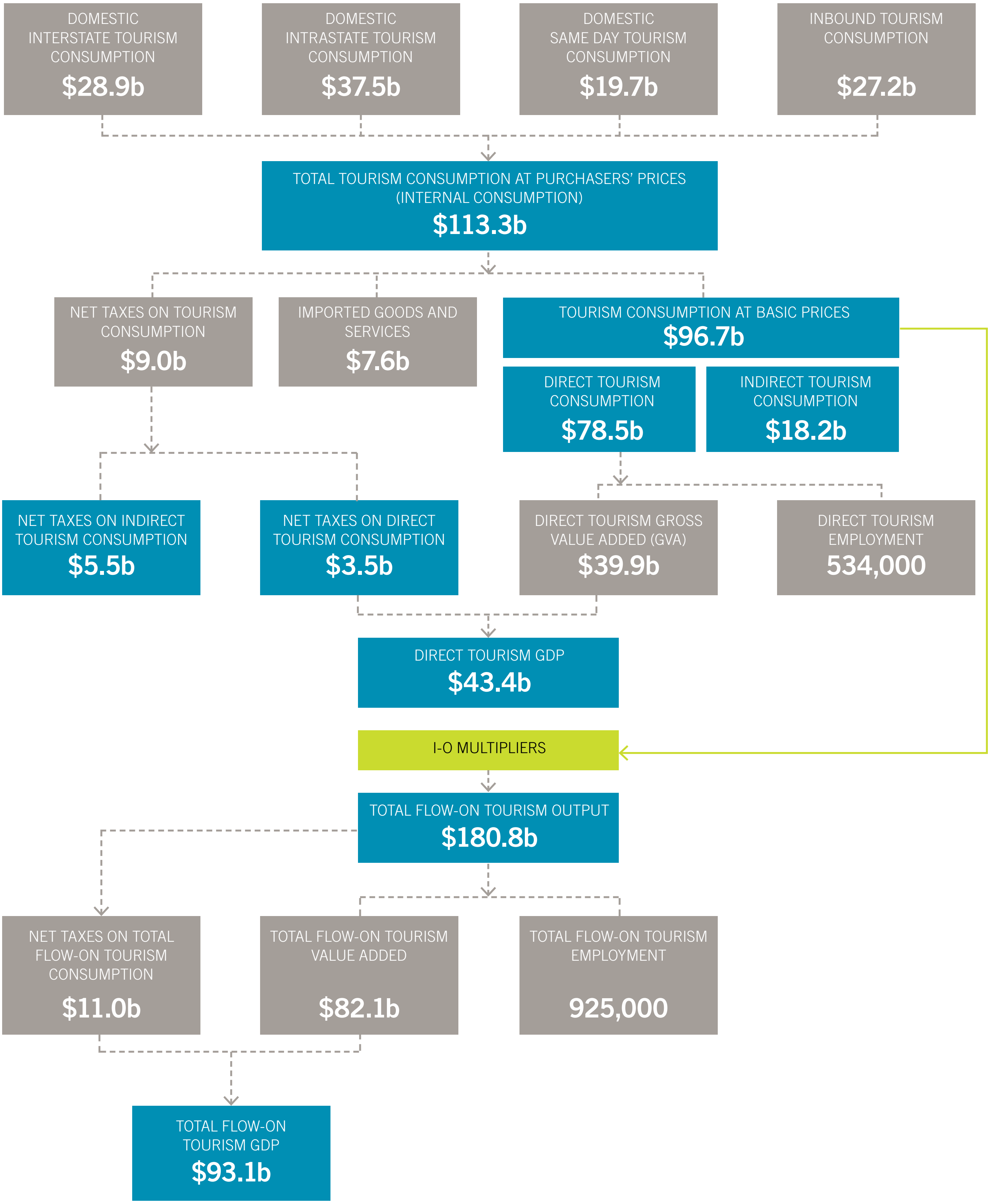
This release of the state TSA continues to report data in nominal terms (i.e. not adjusted for inflation). In future releases, data will also be incorporated in real terms.

Figure 1 summarises the direct and indirect contribution of tourism to the Australian economy.

1 www.abs.gov.au

2 Mobile phone sampling was added to the national visitor (domestic) survey from the beginning of 2014. Prior to this, NVS data was only collected from persons with landline phones. This change has resulted in a break in series for the NVS as some of the reported trip rates and trip profiles are different for mobile phone respondents. Comparison of the 2013-14 data with earlier estimates should be interpreted with caution, as large apparent increases or decreases may be due (at least in part) to the change in methodology.

FIGURE 1: SUMMARY CHART, 2013–14



KEY TRENDS IN TOURISM

NATIONAL TRENDS

In 2013–14:

- Tourism consumption (at purchasers' prices) was $113 billion, representing an annual increase of 3.7 per cent.
- Direct GDP contributed by Australia's tourism industry was $43 billion (2.7 per cent of national GDP); an annual increase of 3.4 per cent.
- Direct tourism GVA amounted to $40 billion (2.7 per cent of national GVA); an annual increase of 3.4 per cent.
- Australia's tourism industry indirectly contributed a further $50 billion (3.1 per cent) of GDP and $42 billion (2.9 per cent) of national GVA.

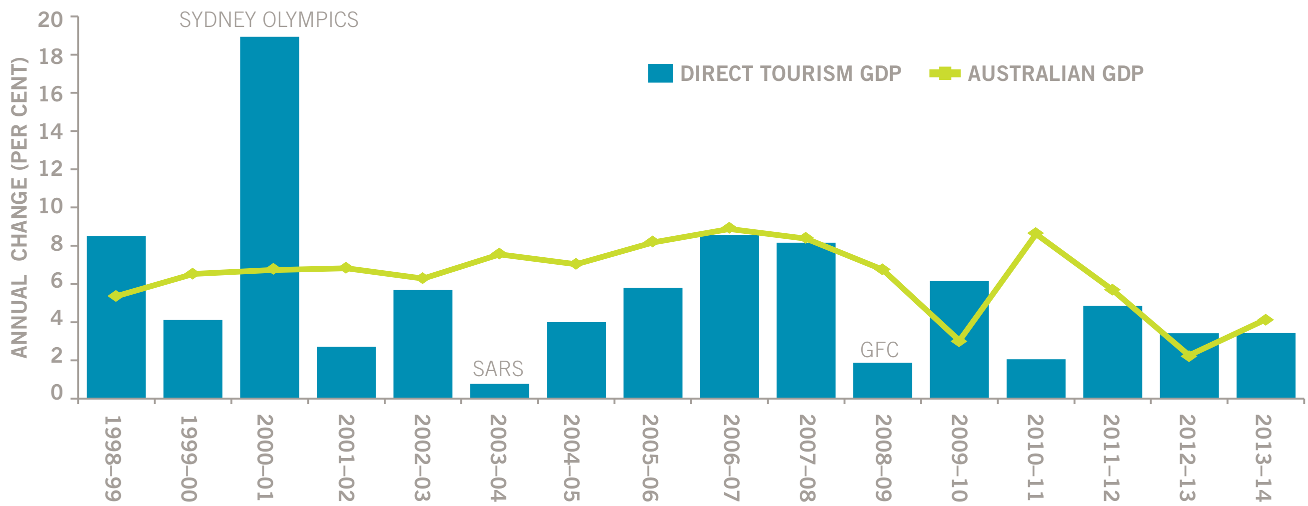
Figure 2 presents a comparative long-term view of the direct tourism GDP against Australian GDP growth. External shocks such as SARS and the Global Financial Crisis (GFC) have at times depressed demand for tourism.

Over the period 2006–07 to 2013–14, tourism GDP and GVA increased 4.3 per cent and 4.4 per cent on average per year respectively. While this represents solid growth, there has been a modest fall in the direct tourism share in the national totals of GVA and GDP over the period. A similar reduction to the total flow-on tourism share in both GVA and GDP has occurred over 2006–07 to 2013–14 (Table 1).

The modest fall in tourism's direct and total share of GVA and GDP between 2006–07 and 2013–14 can be attributed to the stronger growth in some non-tourism related industries favoured during the resources boom. *Mining* (7.9 per cent), *Health Care and Social Assistance* (7.6 per cent), *Construction* (7.3 per cent) and *Professional, Scientific and Technical Services* (6.9 per cent)[3] were among the industries with the highest average annual growth in GVA over the period.

With the resources boom now behind us, tourism is likely to play an increasingly prominent role in driving growth in the Australian economy. This is backed up by Deloitte's prediction that tourism will be one of five industries to grow significantly faster than average over the next twenty years.

FIGURE 2: ANNUAL GROWTH IN DIRECT TOURISM GDP AND AUSTRALIAN GDP



Source: TRA estimates derived from ABS Cat. No. 5204.0; direct tourism contribution estimates derived from ABS Cat. No. 5249.0, 2013–14.

3 Data here are in nominal growth rates to be consistent with the nominal growth rates of tourism in Table 1. In real terms, GVA of Mining, Healthcare and social assistance, Construction, and, Professional, Scientific and Technical Services industry grew at an annual average growth rate of 5.8 per cent, 4.5 per cent, 4.4 per cent and 4.1 per cent, respectively.

TABLE 1: DIRECT TOURISM'S SHARE OF NATIONAL GVA, GDP AND EMPLOYMENT

	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14	AVERAGE
					(Per cent)				
Direct tourism GVA share[(a)]	3.0	2.9	2.8	2.9	2.7	2.7	2.7	2.7	2.8
Direct tourism GDP share[(a)]	3.0	3.0	2.8	2.9	2.8	2.7	2.8	2.7	2.8
Direct tourism employment share[(a)]	4.8	4.8	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Total flow-on tourism GVA share[(b)]	6.4	6.3	5.8	5.9	5.5	5.5	5.6	5.5	5.8
Total flow-on tourism GDP share[(b)]	6.7	6.5	6.1	6.2	5.8	5.8	5.9	5.9	6.1
Total flow-on tourism employment share[(b)]	8.0	8.0	7.8	7.9	7.8	8.0	8.0	8.1	7.9

Sources: (a) ABS' estimates; (b): TRA's estimates.

Tourism also continues to be a significant direct and indirect employer. The direct tourism share of Australian jobs has remained unchanged at 4.7 per cent since 2008–09 while tourism's total flow-on (including direct and indirect contribution) share in national employment increased from 8.0 per cent in 2012–13 to 8.1 per cent in 2013–14. This is the highest rate recorded over the past eight years and above the long-term average share (7.9 per cent) due to nearly 15,000 more people being employed in industries supporting tourism demand indirectly.

STATE TRENDS

The performance of Australia's tourism sectors can be quite different at the state and territory level, due to a range of factors across the states and territories. Figure 3 shows the trends of the state/territories' tourism GVA as a share of Australia's total direct tourism GVA. Overall, the figure shows that states and territories can be classified into three broad groups:

CONTRIBUTION TO TOTAL NATIONAL TOURISM GVA (COMBINED) IN 2013–14		
Large tourism states	New South Wales, Queensland and Victoria	78%
Mid-sized tourism states	South Australia and Western Australia	15.9%
Small tourism states	Tasmania, the Northern Territory and the Australian Capital Territory	6.1%

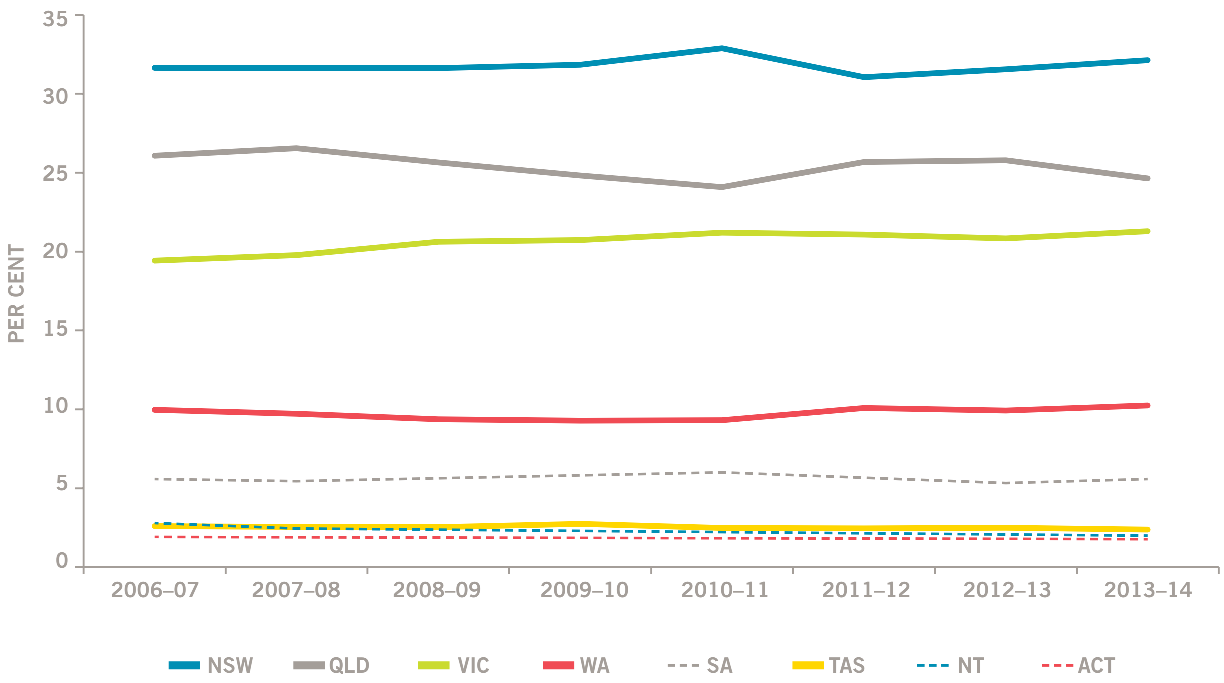
For the period 2007–08 to 2010–11:

- New South Wales, Victoria and South Australia increased their (direct) tourism contribution to the national total (Figure 3).
- Queensland, Western Australia and the Northern Territory experienced declines in their shares of the national total. These declines were mainly due to a reduction in interstate and inbound tourism demand caused by the mining boom in these states. Queensland also experienced major floods and Cyclone Yasi in 2010–11, which added to the adverse impacts on its tourism sectors.
- As reported in the last two state TSA releases, the opposite movements in visitor demand shares of the two groups above were indicative of the 'substitution effect'[4] among tourism destinations. This could be in response to price sensitivity, and reductions in accommodation and air transportation demand in certain parts due to the effect of the mining boom.

From 2011–12 onwards – the post mining boom period:

- There have been relatively modest increases in the New South Wales and Victoria share in national tourism GVA, a marginal decline for Queensland and little change for other states and territories. Over this period, there has been solid growth in tourism expenditure for New South Wales, Victoria, Western Australia and South Australia. However, tourism expenditure declined slightly for Queensland, Tasmania and the Australian Capital Territory in 2013–14 (Figure 4).

FIGURE 3: STATE/TERRITORY TOURISM GVA SHARE OF AUSTRALIA'S TOTAL DIRECT TOURISM GVA



Source: TRA's estimates

FIGURE 4: ANNUAL CHANGE IN STATE AND TERRITORY TOURISM EXPENDITURE, 2012–13 AND 2013–14

STATE AND TERRITORY TOURISM EXPENDITURE IN 2013-14 ($ MILLION)

NSW	VIC	QLD	SA	WA	TAS	NT	ACT
34,855	25,227	27,162	6,656	12,100	2,967	2,390	1,985

TOURISM CONSUMPTION

Tourism consumption is the total value of goods and services consumed by domestic and overseas visitors in Australia[5]. It is measured in purchasers' prices—the price the visitors pay[6], including taxes and subsidies and other mark-ups. In 2013–14, tourism consumption totalled $113 billion; 3.7 per cent higher than 2012–13.

DOMESTIC TRAVEL'S CONTRIBUTION

In 2013–14, domestic travel accounted for $86 billion (76 per cent) of total tourism consumption.

Between 2006–07 and 2013–14, there was little change in the composition mix of how domestic travel contributed to total tourism consumption—intrastate travel consistently accounted for 31 to 33 per cent of total tourism consumption, interstate travel 25 to 28 per cent, and same-day travel 17 to 18 per cent.

INTERNATIONAL TRAVEL'S CONTRIBUTION

In 2013–14, international travel accounted for $27 billion (24 per cent) of total tourism consumption.

Between 2006–07 and 2013–14, international tourism consistently contributed from 23 per cent to 25 per cent of total tourism consumption.

STATE/TERRITORIES' CONTRIBUTION

The contribution of New South Wales, Queensland and Victoria to total tourism consumption in 2013–14 (77%) was largely unchanged compared to the four preceding years. Over the same period, the combined share of the remaining states/territories was around 23%. Domestic travel's share of total tourism consumption was largest for Tasmania and South Australia and smallest for the Northern Territory (Table 2 and Figure 5).

Between 2006–07 and 2013–14, the contribution—and therefore the relative importance of international tourism—to total consumption increased in Victoria (from 23 per cent to 26 per cent); Western Australia (from 23 per cent to 25 per cent); the Australian Capital Territory (from 15 per cent to 23 per cent); and South Australia (from 14 per cent to 17 per cent).

In contrast, there was an increase in the contribution of domestic tourism consumption for Queensland (up 2.6 percentage points to 79%). Furthermore, the share of domestic tourism consumption in Queensland increased for intrastate travel relative to interstate travel.

TABLE 2: STATE/TERRITORY CONTRIBUTION TO TOTAL TOURISM CONSUMPTION, 2013–14

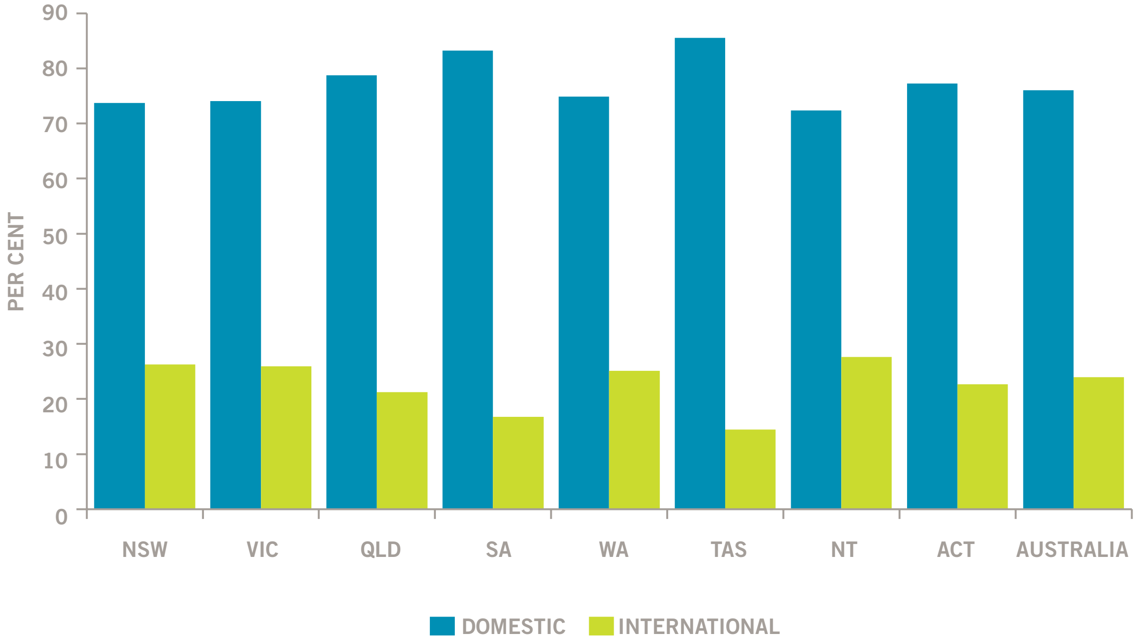
	CONTRIBUTION OF STATE/TERRITORY TO TOTAL TOURISM CONSUMPTION (NATIONAL), 2013–14 ($ BILLION)	DOMESTIC TRAVEL'S SHARE OF STATE/TERRITORY TOURISM CONSUMPTION
NSW	$35.0 (or 31%)	74%
Qld	$27.2 (or 24%)	79%
Vic	$25.2 (or 22%)	74%
SA	$6.7 (or 5.9%)	83%
WA	$12.1 (or 10.7%)	75%
Tas	$3.0 (or 2.6%)	86%
NT	$2.4 (or 2.1%)	72%
ACT	$2.0 (or 1.8%)	77%
Australia	$113.30	76%

Sources: TRA's estimates (for states/territories) and ABS (2014) (for Australia)

5 This also includes imputed non-market transactions such as the estimated rental value of accommodation in self-owned holiday homes; the cost to households of food and alcohol in hosting visiting friends and relatives; and non-market services provided by governments, such as entry to museums and galleries.

6 Please refer to flow chart on page 4 for more information on purchasers' prices and basic prices.

FIGURE 5: DOMESTIC AND INTERNATIONAL TRAVEL'S SHARE OF TOURISM CONSUMPTION, 2013–14



CONTRIBUTION BY TOURISM PRODUCTS

At the product level, the tourism characteristic[7] products that contributed most to tourism consumption nationally in 2013–14 were:

- takeaway and restaurant meals ($17.7 billion or 15.6 per cent)
- long distance passenger transportation ($17.0 billion or 15.0 per cent)
- accommodation ($13.2 billion or 11.7 per cent).

The tourism connected[8] products that contributed most to tourism consumption were:

- shopping ($14.3 billion or 12.6 per cent)
- fuel ($11.0 billion or 9.7 per cent)
- food products ($7.9 billion or 7.0 per cent).

Among all tourism characteristic and connected products, these had the highest state shares, although the rankings varied from state to state. Typically, long distance passenger transport was a relatively more important contributor to tourism consumption for the smaller and mid-sized tourism states than for the larger tourism states (Table 8 in Appendix).

7 As defined by the ABS, tourism characteristic products are defined as those products which would cease to exist in meaningful quantity, or for which sales would be significantly reduced, in the absence of tourism.

8 As defined by the ABS, tourism connected products are those that are consumed by visitors but are not considered as tourism characteristic products.

TOURISM GROSS VALUE ADDED

Tourism GVA is considered the most accurate measure of tourism's contribution to the economy. It includes total labour income, the capital revenue the industry receives, and net taxes on production.

DIRECT TOURISM GVA

Direct tourism GVA was $40 billion in 2013–14 (up 3.4 per cent), which represented 2.7 per cent of Australia's total GVA. This share has remained unchanged since 2010–11 and is only slightly below the 3.0 per cent share held in 2006–07. This was despite the economy favouring mining and related industries over much of the period. Tourism's share of the Australian economy (2.7 per cent) is similar to other conventional industries – *Agriculture, Forestry and Fisheries (2.5 per cent); Utilities (2.9 per cent); Information, Media and Telecommunications (3.0 per cent);* and, *Administrative and Support services (3.1 per cent).*

In 2013–14, total direct tourism GVA was made up of:

- domestic travel—$29 billion (72% of total tourism GVA). Of this figure, $13.5 billion (or 47%) was for intrastate travel, $10.7 billion (or 37%) for interstate travel and $4.5 billion (or 15.7%) for same-day travel
- international tourism—$11.2 billion (28% of total tourism GVA).

The states that contributed most to total direct tourism GVA in 2013–14 were:

- New South Wales $12.8 billion or 32%
- Queensland $9.8 billion or 25%
- Victoria $8.5 billion or 21%.

Domestic travel plays a significant role in all states. However, the proportions of GVA generated by domestic travel varied across states:

- Tasmania $769 million or 82%
- South Australia $1.8 billion or 79%
- Queensland $7.4 billion or 75%
- Australian Capital Territory $499 million or 71%
- Western Australia $2.9 billion or 71%
- New South Wales $9.0 billion or 70%
- Northern Territory $548 million or 69%
- Victoria $5.8 billion or 68%.

In 2013–14, domestic travel contributed the following to the state/territories' total direct tourism GVA shown in Figure 6.

FIGURE 6: DOMESTIC AND INTERNATIONAL TRAVEL'S SHARE OF DIRECT TOURISM GVA, 2013–14

Sources: TRA's estimates (for states/territories) and ABS (2014) (for Australia)

In the domestic tourism segment, the share of total direct tourism GVA attributed to interstate travel was highest for the Australian Capital Territory (70 per cent); the Northern Territory (57 per cent); and Tasmania (51 per cent). The contribution of intrastate travel was highest in Western Australia (55 per cent); Queensland (50 per cent); and New South Wales (49 per cent) (Figure 7).

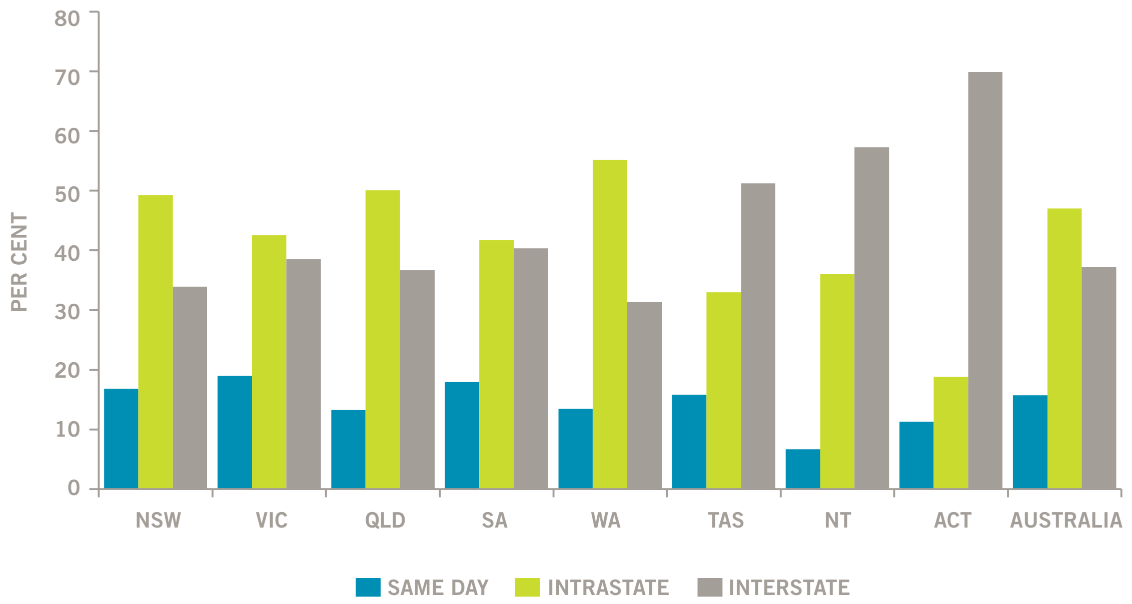
During 2013–14, total direct tourism GVA contributed most to total state GVA in Tasmania (4.0 per cent); the Northern Territory[9] (3.8 per cent); and Queensland (3.5 per cent). For most other states, the share of total state GVA ranged between 2 and 3 per cent – New South Wales (2.8 per cent); Victoria (2.6 per cent); South Australia (2.5 per cent); and the Australian Capital Territory (2.0 per cent). Direct tourism GVA made the smallest contribution in Western Australia (1.6 per cent). Between 2006–07 and 2013–14, Victoria was the only state where tourism's direct share of total state GVA increased; albeit marginally (Figure 8).

By industry, the tourism characteristic industries that contributed most to total direct tourism GVA nationally in 2013–14 were:

- Accommodation ($7.0 billion or 17.6 per cent)
- Air, water and other transport ($5.8 billion or 14.6 per cent)
- Cafes, restaurants and takeaway food services ($4.4 billion or 11.1 per cent).

These tourism characteristic industries accounted for large shares of total direct tourism GVA in all states and territories. However, in Victoria and South Australia, *Ownership of dwellings*[10] was ranked ahead of *Cafes, restaurants and takeaway food services*. *Air, water and other transport* ranked above *Accommodation* in the Northern Territory as the top contributing industry to total direct tourism GVA (Table 6 in Appendix).

FIGURE 7: CONTRIBUTION OF SEGMENTS TO DOMESTIC DIRECT TOURISM GVA, 2013–14

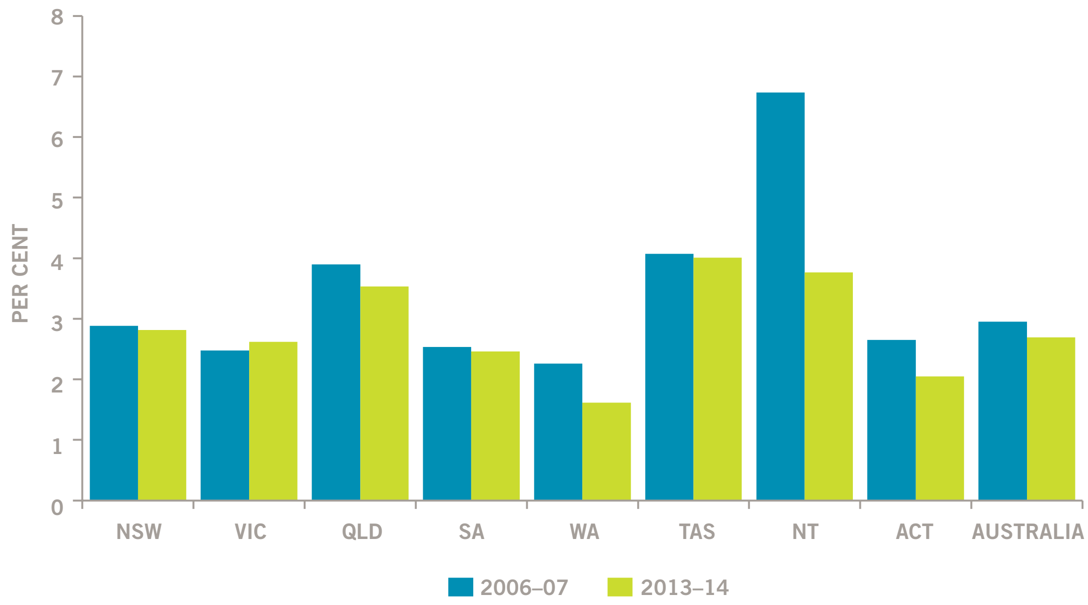


Sources: TRA's estimates (for states/territories) and ABS (2014) (for Australia)

9 The Northern Territory GVA share declined from 6.7 per cent in 2006–07 to 3.8 per cent in 2013–14. This was caused by an increase (69 per cent) in total GVA while tourism GVA declined (down 5.4 per cent) for the Northern Territory between 2006–07 and 2013–14.

10 This class (ANZSIC class 6711: Residential property operators) is related to activities of the units mainly engaged in renting or leasing residential properties, (other than holiday houses or holiday flats which are a part of the Accommodation industry) including space in such properties. The units may be owner lessors or they may sub-lease properties of which they are themselves lessees.

FIGURE 8: CONTRIBUTION OF DIRECT TOURISM GVA TO EACH STATE AND TERRITORY ECONOMY: 2006–07 AND 2013–14



Sources: TRA's estimates (for states/territories) and ABS (2014) (for Australia)

INDIRECT AND TOTAL FLOW-ON TOURISM GVA

Indirect tourism GVA contributed a further $42 billion nationally in 2013–14 (Table 9 in Appendix). Combined with direct tourism GVA, this represented total GVA from tourism of $82 billion (Table 10 in Appendix) or 5.5 per cent of Australia's total GVA (Table 14 in Appendix). Between 2006–07 and 2013–14, the contribution of indirect tourism GVA to the total flow-on GVA has reduced from 54 to 51 per cent (comparing Table 9 with Table 10 in Appendix).

The states that contributed most to total GVA from tourism (direct plus indirect) in 2013–14 were:

- New South Wales ($26.2 billion or 32 per cent)
- Queensland ($20.0 billion or 24 per cent)
- Victoria ($17.9 billion or 22 per cent).

TOURISM EMPLOYMENT

The TSA defines tourism employment as the number of persons employed[11] in tourism-related industries. There were 534,000 persons directly employed by the tourism industry nationally in 2013–14 (ABS, 2014), representing 4.7 per cent of the workforce. While this was a 1.0 per cent decrease from the previous year, on average there has been an annual increase of 1.1 per cent since 2006–07, when there were 496,000 persons employed directly by the tourism industry (Table 1 in Appendix).

The states that contributed most to the total number of persons employed directly in tourism in 2013–14 were:

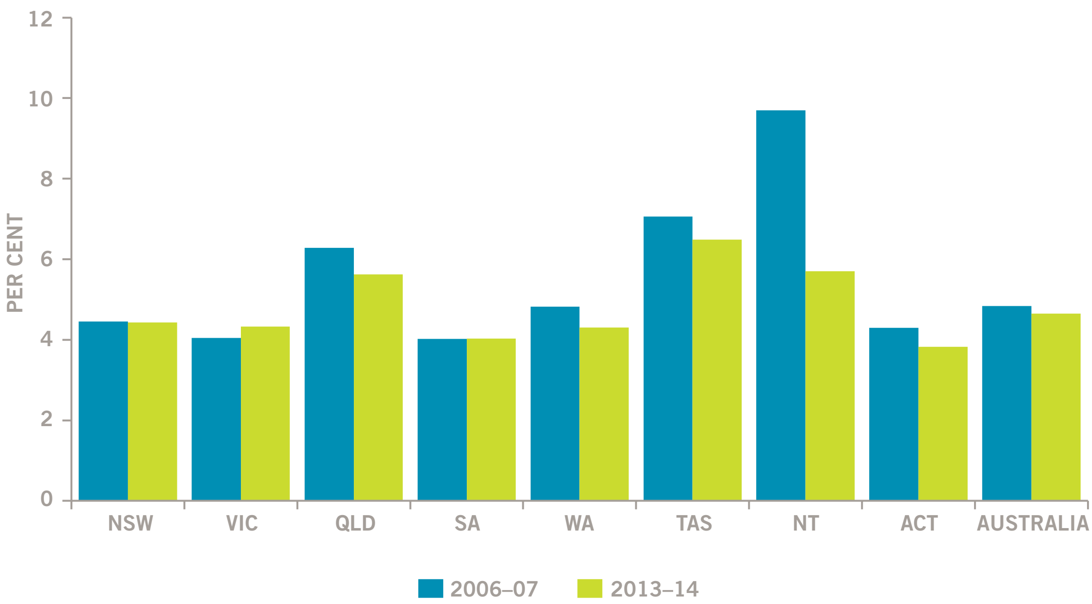
- New South Wales (159,000 or 30 per cent)
- Queensland (131,000 or 25 per cent)
- Victoria (124,000 or 23 per cent)
- All other states/territories together accounted for the remaining 121,000 or 22 per cent.

The majority of states and territories had increases in direct tourism employment in 2013–14. However, these were insufficient to offset losses in Queensland, Tasmania and the Australian Capital Territory. Notwithstanding, tourism's direct share of state jobs continued to be higher for Tasmania (6.5 per cent), the Northern Territory (5.7 per cent) and Queensland (5.6 per cent) than elsewhere in Australia.

- Tasmania 6.5 per cent
- Northern Territory 5.7 per cent
- Queensland 5.6 per cent
- New South Wales 4.4 per cent
- Victoria 4.3 per cent
- Western Australia 4.3 per cent
- South Australia 4.0 per cent
- Australian Capital Territory 3.8 per cent

11 'Persons employed' is not Full Time Equivalent (FTE)

FIGURE 9: CONTRIBUTION OF DIRECT TOURISM EMPLOYMENT TO EACH STATE ECONOMY, 2006–07 AND 2013–14



Sources: TRA's estimates (for states/territories) and ABS (2014) (for Australia)

Between 2006–07 and 2013–14, direct tourism employment's share of total state employment increased marginally in Victoria (up 0.3 percentage points), while remaining unchanged in New South Wales and South Australia. In all other states, tourism's direct share to total employment declined (Figure 9 and Table 14 in Appendix).

Victoria increased its share in the national total of direct tourism employment between 2006–07 and 2013–14 from 20.7 per cent to 23.2 per cent. The New South Wales and Western Australia shares also grew marginally, but they fell for the remaining states and territories (derived[12] from Table 1 in Appendix).

By industry, the tourism characteristic industries that contributed most to tourism employment nationally in 2013–14 were:

- *Cafes, restaurants and takeaway food services* (144,300 employed persons or 27 per cent in national direct tourism employment)
- *Retail trade* (102,000 employed persons or 19 per cent)
- *Accommodation* (69,700 employed persons or 13 per cent).

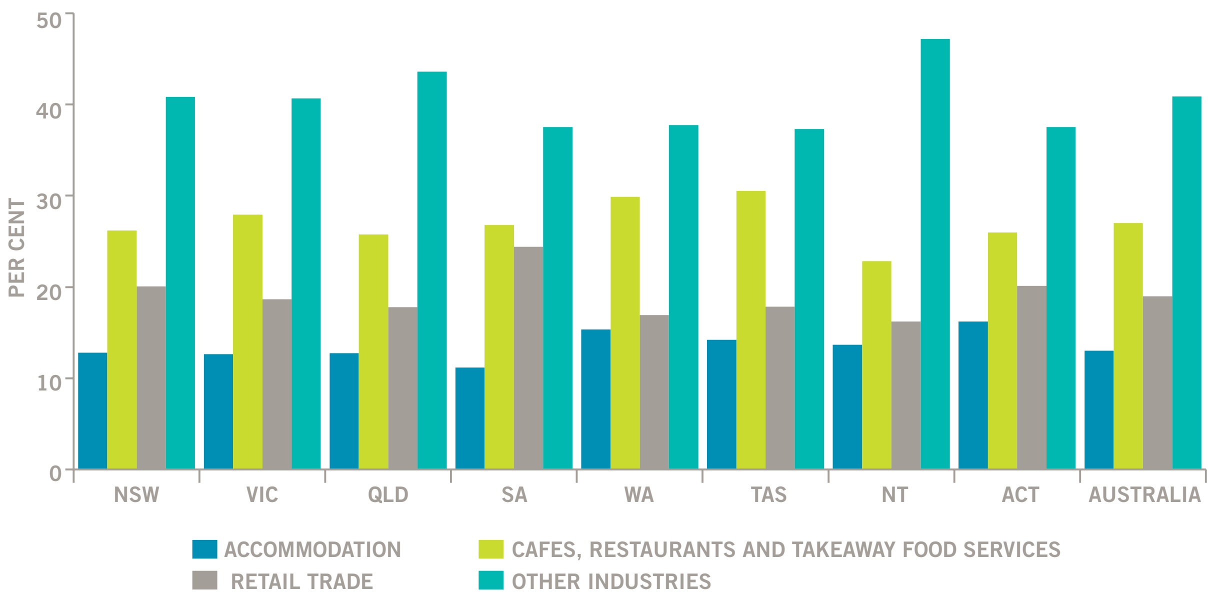
These tourism characteristic industries also accounted for the largest share of total direct tourism employment in all states and territories (Figure 10 and Table 7 in Appendix).

INDIRECT AND TOTAL FLOW-ON TOURISM EMPLOYMENT

Overall, an additional 391,000 people were employed in a wide range of industries to support tourism demand indirectly in 2013–14. Combined with the direct tourism employment, this represented a total of 925,000 employed persons, or 8.1 per cent of total employment in Australia.

At the state level, New South Wales (272,000 persons or 29 per cent), Queensland (230,000 persons or 25 per cent), and Victoria (206,000 persons or 22 per cent) contributed most to total tourism employment in 2013–14 (Table 10 in Appendix). Tourism's total share of state employment was largest in Tasmania (16.2 per cent); the Northern Territory (11.5 per cent); and Queensland (9.9 per cent) (Table 14 in Appendix).

FIGURE 10: CONTRIBUTION OF INDUSTRIES TO DIRECT TOURISM EMPLOYMENT, 2013–14



Sources: TRA's estimates (for states/territories) and ABS (2014) (for Australia)

12 Comparing row shares between 2006–07 and 2013–14, derived from Table 1 for all states and territories

CONCLUSION

The 2013–14 State TSA present a comprehensive set of tourism data—direct and indirect—for all states and territories in Australia over the period 2006–07 and 2013–14. The report shows the pattern of change to tourism over the period, and highlights the key changes that occurred in 2013–14.

TOURISM CONSUMPTION[13]

- Tourism consumption totalled **$113 billion** in 2013–14; **3.7 per cent (or $4.0 billion) higher** than in 2012–13:
    - The majority of states and territories experienced an increase in visitor consumption, with most of the $4.0 billion increase occurring in New South Wales, Victoria, Western Australia and South Australia.

TOURISM GROSS VALUE ADDED (GVA) AND TOURISM GROSS DOMESTIC PRODUCT (GDP)

- Tourism contributed directly **$40 billion** of GVA and **$43 billion** of GDP (each up by 3.4 per cent) to the Australian economy in 2013–14:
    - While New South Wales and Victoria contributed most to the total increase in the value of national tourism GVA, South Australia and Western Australia had the strongest growth rates.
    - Queensland, Tasmania, Northern Territory and the Australian Capital Territory experienced declines in their tourism GVA.
- Tourism also contributed indirectly **$42 billion** of GVA (up 3.4 per cent) and **$50 billion** of GDP (up 3.6 per cent) to generate a total flow-on effect of **$82 billion** of GVA and **$93 billion** of GDP through all industries in the economy.

TOURISM EMPLOYMENT

- The tourism industry directly employed approximately **534,000 persons** and indirectly generated additional employment for approximately **391,000 persons**, representing **925,000 persons** employed in total.
- Tourism direct employment share in total national employment has been unchanged at 4.7 per cent for the last six years, ranking the sector's contribution to employment ahead of *Mining* (2.3 per cent), *Agriculture* (2.7 per cent) and *Financial and insurance services* (3.6 per cent)
- Tourism's total flow-on employment share was 8.1 per cent; slightly above the long-term average of 7.9 per cent.
- New South Wales, Victoria and Queensland contributed the most to tourism employment: 77 per cent directly and 75 per cent indirectly respectively.

Over the period 2006–07 to 2010–11, there was a range of external shocks that depressed demand for tourism. Most prominent factors were the mining boom (TRA, 2013) and the GFC effects that actually lowered demand from within Australia and from overseas countries. However, tourism demand (or tourism expenditure) has picked up over the period 2011–12 to 2013–14. This is more so for **inbound** markets across most states and territories; **up 4.1 per cent** overall in 2013–14. The main drivers for inbound tourism expenditure growth for the last two years have been China and the UK. Growth for the USA was strong in 2012–13, but softened in 2013–14.

Tourism expenditure for the **domestic** market in 2013–14 was **up 3.5 per cent**, matching the growth of 2012–13. While the same-day travel share of total domestic tourism expenditure remained unchanged, intrastate tourism increased its contribution to 44 per cent in 2013–14 (up 2.9 percentage points) from its lowest level in 2009–10. Interstate tourism was reduced to 34 per cent (down 2.4 percentage points) over the same period.

Australia has a competitive advantage in tourism through its proximity to the growing Asian market, appealing natural assets, and safe environment. Favourable macro-economic conditions in the form of a depreciating exchange rate also assist in making Australia a desirable destination. As the *Tourism 2020 Implementation Plan (2015–2020)* reform agenda is progressed, it will seek to drive additional growth to enable industry to meet its potential of contributing $115 billion to $140 billion in overnight spend by 2020.

13 See the Glossary on page 18 for definitions of tourism consumption, GVA, GDP and employment.

EXPLANATORY NOTES

NOTES ON THE TSA CONCEPTUAL FRAMEWORK

The following organisations jointly developed the framework for the TSA:

- Commission of the European Communities
- Organisation for Economic Co-operation and Development (OECD)
- United Nations World Tourism Organization (UNWTO)
- World Travel and Tourism Council (WTTC).

It was approved by the United Nations Statistical Commission (EUROSTAT et al. 2000) and has been revised in UNWTO (2008) and Tourism Satellite Accounts: Recommended Methodological Framework (2008). The framework has been widely applied in Australia and internationally, so the recommended methodology for TSAs is not reproduced in this report.

METHODOLOGY AND DATA SOURCES

DIRECT CONTRIBUTION OF TOURISM

The approach that has been adopted to derive the direct contribution of tourism in the state TSA is similar to that developed by Pham et al. (2009). Essentially, tourism expenditure data and state/territory industry input–output (I-O) data are combined with the national TSA benchmark. This ensures both the supply of and the demand for tourism at the state level are captured.

The main data sources are:

- unpublished modelled regional expenditure data from the TRA International Visitor Survey (IVS) and National Visitor Survey (NVS)
- the I-O database from The Enormous Regional Model (TERM) (Horridge, Madden & Wittwer, 2003)
- the national TSA produced by the Australian Bureau of Statistics (ABS, 2014).

Regional expenditure data are used to derive tourism consumption, or demand, in each state. The regional I-O database provides the cost structure and all required information to derive the supply side of the tourism sector in the state TSA.

The supply and demand elements of the state TSA data are then reconciled with the national TSA benchmark so that the summing conditions between state and national levels are satisfied. Reconciliation is required because the sum of state expenditure data is not equal to the national TSA produced by the ABS. The main reason for this difference is that the ABS makes an upward adjustment to tourism expenditure to derive the national TSA data. Unfortunately, the equivalent information necessary to apply an upward adjustment to the state tourism expenditure is not available. Importantly, the relativity of state differences captured from the regional I-O database and regional expenditure patterns is maintained when reconciling the state TSA data to the national target.

INDIRECT AND TOTAL CONTRIBUTION OF TOURISM

The indirect effects of tourism demand on businesses that provide goods and services to the tourism industry have also been measured. For example, the indirect tourism demand generated from supplying a meal to a visitor starts with the production of what the restaurant needs to make the meal, such as fresh produce and electricity for cooking.

This approach complements the direct effects presented through the TSA framework and provides a clearer picture of the total contribution of tourism to the economy. However, as the TSA framework is not designed to measure these indirect effects at state and territory level, they have been calculated using I-O analysis methods.

The I-O analysis methods provide a breakdown of the supply and demand of commodities in the Australian economy. As the tourism sector by nature does not have its own multiplier, the multipliers for other industries are used as the basis for calculating tourism's indirect effects. The multipliers measure the individual contribution of the industries associated with supplying goods and services to tourists and thus provide estimates of the flow-on effects for tourism output, tourism GVA, tourism GSP and tourism employment.

Table 11 in the Appendix includes the state and territory and national multipliers used in estimating total tourism output. The national multipliers for tourism output, along with the GVA to output and employment to output ratios, have been derived from the latest available I-O data from the ABS, the 2009–10 I-O tables published in late 2013.

The equivalent state and territory output multipliers and state-specific industry level GVA to output and employment to output ratios have been derived from the TERM I-O database. This database widely used in Australia—is the only source available for this information at the state and territory level and is based on 2004–05 data. The same state multipliers and the associated ratios have been applied to all TSA years (2006–07, 2007–08, 2008–09, 2009–10 and 2010–11, 2011–12, 2012–13 and 2013–14) presented in this report.

REGIONAL EXPENDITURE

As indicated in the previous section, state TSA data are based on TRA modelled regional expenditure estimates, which were derived from IVS and NVS data. The survey data are allocated to tourism regions using an iterative procedure (TRA, 2013). Essentially, the technique takes into account visitors' reported expenditure on their entire trip in Australia, relative to the nights they spend in different tourism regions in Australia.

The estimates derived from the regional expenditure model show there are considerable differences in expenditure patterns across states and territories. As a key input to the state TSA, they are therefore an important contributor in shaping the patterns evident in the estimates of each state and territory and the shares attributed to specific tourism characteristic and tourism connected industries in each state and territory.

Importantly, it should be recognised that as the modelled regional expenditure figures are derived from survey data, there can be some volatility in these estimates. This is particularly the case for smaller states and territories and expenditure categories with lower levels of expenditure.

TOURISM CONSUMPTION AND OUTPUT

The modelled tourism expenditure estimates which are used as an input to the state TSA are measured at purchasers' prices. This includes the following components that are not directly related to industries producing goods and services for tourism purposes:

- imports
- wholesale, retail margins, and transports (margins)
- net commodity taxes.

Consumption represents the demand side of tourism, with visitors paying a final price for goods and services. Thus consumption in this report is generally measured in purchasers' prices (Tables 5 and 9) to reflect the full price paid by tourists for goods and services. Most consumption data in the national account and state TSA are presented in the same way.

However, in order to measure flow-on effects correctly, it is necessary to use consumption measured at basic prices. If consumption were measured at purchasers' prices, flow-on effects would be over-estimated by the inclusion of values (such as imports) which are not related directly to domestic production. For this reason, Table 11 presents tourism consumption at basic prices.

Tourism output measures how much demand is satisfied by domestic industries. Often, output is less than total consumption (at purchasers' prices) due to the amount of imports, commodity taxes and any associated margins that are required to facilitate the transfer of goods and services from producers to tourists. Road and rail transport and the wholesale and retail sectors are good examples of this. Only at basic prices is consumption equal to output of the producing industry, as all add-on components paid by the consumers are removed (noting the amounts of margins that are re-allocated to the applicable industries to reflect their contribution to tourism consumption explicitly).

It is also important to note that within the basic prices category, not all goods and services are now defined as direct output in the new TSA framework. As indicated previously, the output of an industry is defined as direct tourism output only when the industry has physical contact with tourists (for example, cafes, restaurants and accommodation). Items like fuel are not direct tourism outputs. For example, if a tourist spends $98 to fill up their petrol tank, and $80 is the cost of fuel and $18 is the cost to run the petrol station, then only $18 is recorded as direct tourism output associated with the retail industry. The remaining $80 is considered to be the cost to the retailer of the domestic good sold to tourists and would be captured in the flow-on effects to account for the value-adding tourism has generated in the domestic economy.

BACK-CASTING

The national benchmark data for the back-cast years (2006–07, 2007–08, 2008–09, 2009–10 and 2010–11, 2011–12, 2012–13) were obtained from the 2013–14 TSA while regional expenditure data were collated for each of these years. In addition, to calculate the relativity of the direct and indirect contributions to associated conventional Australian and New Zealand Standard Industrial Classification (ANZSIC) industries, current price GVA data (i.e. in nominal terms) from relevant issues of the Australian National Accounts: State Accounts (ABS Cat. No. 5220.0) were used.

GLOSSARY

Basic price: The amount receivable by the producer from the purchaser for a unit of a good or service prior to any additional costs such as net commodity taxes or any margins required to facilitate transfer of the goods and services from the producer to the tourists. These additional costs are paid by consumers but received by other industries (transport) and government (tax revenue).

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. For example, the direct effects of an increase in the number of visitors staying in hotel accommodation are the sales and any associated changes in payments for wages and salaries, taxes and supplies and services. These direct economic impacts are measured according to the TSA framework throughout this report.

Employed person: A person aged 15 years or over who during the reference week worked for one hour or more for pay, profit, commission or payment in kind in a job or business or on a farm, or worked for one hour or more without pay in a family business or on a farm. Direct and indirect tourism employment are measured separately using the TSA framework and I-O modelling techniques respectively. Combined they provide an estimate of total tourism employment.

Indirect contribution of tourism: The subsequent or flow-on effects created by the requirement for inputs from those industries supplying goods and services to tourists. For example, in the case of the hotel industry this might include the fresh produce supplied to a hotel and the electricity used. These indirect economic impacts are measured using I-O modelling techniques in this report as the TSA framework is not designed to produce such estimates at the state and territory level.

International tourism: Overseas visitors to Australia for a period of less than 12 months.

Interstate travel: Domestic overnight travel where a visitor travels to a state or territory other than that in which they reside.

Intrastate travel: Domestic overnight travel where a visitor travels to a location in the state or territory in which they reside.

Net taxes on products: The combined taxes or subsidies on a product, payable per unit of a good or service. These usually become payable when the product is sold or imported but these may also become payable in other circumstances such as when a good is exported.

Purchasers' price: The amount payable by the purchaser (excluding any deductible tax) to take delivery of a unit of a good or service at the time and place they require it. This includes any transport charges paid separately to take delivery of the good or service.

Same-day travel: Domestic travel involving a round trip distance of at least 50 kilometres and at least four hours, and no nights spent away from home. Same-day travel as part of overnight travel is excluded, as is routine travel such as commuting between work or school and home.

Total contribution of tourism: The total contribution of tourism taking into account direct and indirect effects (see direct contribution of tourism and indirect contribution of tourism).

Tourism characteristic industries: Industries that would either cease to exist in their present form or be significantly affected if tourism were to cease. Under the international TSA standards, core lists of tourism characteristic industries, based on the significance of their link to tourism in the worldwide context, are recommended to facilitate international comparison. The core list of tourism characteristic industries is consistent with the newly revised international classification of industries, namely the International Standard Industrial Classification, Revision 4 (ISIC Rev. 4), which aligns closely with ANZSIC 2006. In the Australian TSA, for an industry to be a country-specific tourism characteristic industry, at least 25 per cent of its output must be consumed by visitors.

Tourism characteristic products: Products that would either cease to exist in their present form or be significantly affected if tourism were to cease, or for which sales would be significantly reduced in the absence of tourism. Under the international TSA standards, core lists of tourism characteristic products, based on the significance of their link to tourism in the worldwide context, are recommended to facilitate international comparison. In the Australian TSA, for a product to be a country-specific tourism characteristic, at least 25 per cent of the output of the product must be consumed by visitors.

Tourism connected industries: Industries, other than tourism characteristic industries, for which a tourism-related product is directly identifiable (primary) and where the products are consumed by visitors in volumes which are significant for the visitor and/or the producer. All other industries are classified as 'all other industries', though some of their products may be consumed by visitors and are included in the calculation of direct tourism GVA and direct tourism GDP.

Tourism connected products: Products that are consumed by visitors but are not considered as tourism characteristic products.

Tourism consumption: The total value of tourism goods and services consumed by residents and visitors from overseas in Australia. It includes household, business and government tourism consumption. It represents the price paid by the visitor (which therefore includes taxes and subsidies) and is measured in purchasers' prices.

Tourism gross domestic product: The total market value of tourism goods and services produced in Australia within a given period after deducting the cost of tourism goods and services used up in the process of production but before deducting allowance for the consumption of fixed capital.

Tourism gross state product: Tourism GVA plus net taxes on products that are attributable to the tourism industry. As such it generally has a higher value than tourism GVA. Direct and indirect flow-on GSP are measured separately using the TSA framework and I-O modelling techniques respectively. Combined they provide an estimate of total tourism GSP.

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 receives from the production, and is measured in basic prices. Direct and indirect flow-on GVA are measured separately using the TSA framework and I-O modelling techniques respectively. Combined they provide an estimate of total tourism GVA.

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. Direct and indirect flow-on outputs are measured separately using the TSA framework and I-O modelling techniques respectively. Combined they provide an estimate of total tourism output.

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