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TOURISM
RESEARCH
AUSTRALIA

TOURISM BUSINESSES IN AUSTRALIA

June 2010 to June 2012

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ACKNOWLEDGMENTS

Tourism Businesses in Australia, June 2010 to June 2012 is the second report in a series that estimates the number of businesses in the Australian tourism industry. The methodology was developed by Tourism Research Australia with data derived from ABS' publication 'Count of Australian Businesses Entries and Exits' (ABS Cat. No. 8165.0).

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SUMMARY

In June 2012, there were approximately 280,088 tourism businesses in Australia, representing over 13 per cent of the total 2.1 million businesses in Australia. In comparison to June 2010, the tourism industry has lost around 2,900 businesses. This was in contrast to the total number of businesses in Australia where around 17,000 businesses were added.

TOURISM BUSINESSES IN AUSTRALIA: June 2012

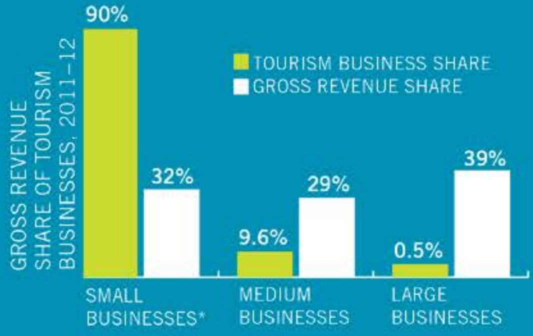
280,088 TOURISM BUSINESSES IN AUSTRALIA **EQUALS** **13%** OF THE TOTAL **2.1 MILLION** BUSINESSES IN AUSTRALIA

253,794 SMALL BUSINESSES* (LESS THAN 19 EMPLOYEES)

24,916 MEDIUM BUSINESSES (20-199 EMPLOYEES)

1,378 LARGE BUSINESSES (200 OR MORE EMPLOYEES)

Medium and large businesses constituted only about **10%** of total tourism businesses but generated more than two thirds **(68%)** of total revenue.

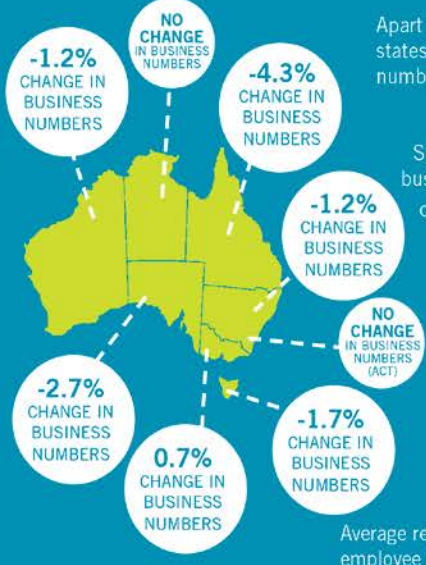


IN JUNE 2012 (COMPARED TO JUNE 2010):

Approximately **3,700** non-employing businesses (2.9%) were lost but **793** employing businesses (mainly small & medium) were gained.

This results in a net loss of approximately

▼2,900 BUSINESSES



Apart from **VIC, NT & ACT**, all other states experienced a decline in the number of businesses.

Sydney and Melbourne increased business numbers while all other capital cities **experienced decreases in tourism business numbers.**

NT & ACT remained steady while all other regional areas suffered declines in business numbers.

CHANGE IN BUSINESSES BY TOURISM INDUSTRIES**

Cafes, restaurants and takeaway food services industry gained the most—approximately **2,933 BUSINESSES**

AUTOMOTIVE FUEL RETAILING	CASINOS & OTHER GAMBLING SERVICES	OTHER SPORT & RECREATION SERVICES	CULTURAL SERVICES	ACCOMMODATION	OTHER RETAIL TRADE
▼10	▲1	▲71	▼675	▼367	▼2768

TRAVEL AGENCY & TOUR OPERATOR SERVICES	MOTOR VEHICLE HIRING	AIR, WATER & OTHER TRANSPORT	TAXI TRANSPORT	RAIL TRANSPORT	CLUBS, PUBS, TAVERNS & BARS
▼164	▲136	▼502	▼2362	▼19	▼189

Average returns per employee in tourism business were lower compared to all industries.

TOURISM $65K | ALL INDUSTRIES $119K

The best performing industries in Australia are estimated by TRA to achieve a rate of GVA per employed person between **five to eight times** higher compared with the average tourism industry GVA per employed person of

$65,000.

* Small businesses include non employing, micro, and small businesses and have less than 19 employees. ** Sum of business numbers by tourism industries is greater than 2900 (based on unconfidentialised data) due to confidentialisation process of the ABS.

In terms of size, the tourism industry— like most other industries—is dominated by small businesses, which include non-employing, micro, and small businesses and employ less than 19 persons. Medium (employing 20 to 199 persons) and large businesses (employing 200 or more people) shared approximately 9.0 per cent and 1.0 per cent of total tourism businesses respectively.

In June 2012, the majority (80 per cent) of tourism businesses in Australia were located in three States: New South Wales, Victoria and Queensland. This share approximates these states' share of tourism's contribution to the Australian tourism GDP (78 per cent during 2011−12).

It should be noted that the reporting period for the analysis in this report (June 2010 to June 2012) covers the early recovery stages of the Global Financial Crisis.

1. INTRODUCTION

Tourism comprises a large number of employing and non-employing businesses. In Tourism Research Australia's (TRA) previous report released in 2012, approximately 283,000 tourism businesses in Australia were operational in June 2011, with approximately 91 per cent of these businesses being *non-employing* (e.g. self-employed tradesman), *micro* (1-4 employees) and *small* (5-19 employees).

For the first time, this report includes analysis of the contribution (Gross Revenue) of different sizes of businesses to the Australian tourism industry. This report also provides new benchmark information on:

- tourism business count
- employment size
- legal organisation
- type
- location (state, territory and tourism region)
- financial performance.

Business counts are sourced and derived from the Australian Bureau of Statistics' Business Register (ABSBR) (unpublished data) (ABS 2013a).

This report follows the release of the ABS publication, *Count of Australian Businesses, including Entries and Exits* (ABS Cat. No. 6255.0), and outlines the stock of all actively trading businesses in Australia in June 2010, June 2011 and June 2012[1,2].

2. FINDINGS

This report confirms that the tourism industry is dominated by micro and small businesses.

In June 2012, approximately 91 per cent of total businesses were classed as either non-employing, micro or small. Interestingly, the analysis revealed that the significance of medium and large businesses, although they only hold a small share (approximately 9 per cent) of total businesses, should not be underestimated. This group of businesses collects more than two-thirds (68 per cent) of total tourism revenue in Australia.

The expansion of tourism businesses is, however, limited to a few capital cities and the regional areas in most states and territories are still suffering declines in business numbers. All states and territories—except Victoria—lost businesses between June 2010 and June 2012.

Tourism Satellite Accounts data indicated that tourism is a labour-intensive industry, driven by higher labour costs. This report demonstrates that as an industry, with a high share of micro and small businesses, the Gross Value Added (GVA) per employee is low. The average GVA for an employee in a tourism business in 2011-12 was approximately $65,000, much lower than the average of $119,000 for all industries.

However, the tourism industry has shown some signs of consolidation and better use of labour resources in recent years. This is shown by a decline in the number of non-employing businesses; a moderate increase in the number of employing small and medium enterprises; lower employment growth; and strong growth in tourism industry GVA. Between 2009−10 and 2011−12, real GVA per

[1] The reference period for tourism GVA and employment is a financial year, whereas the reference period for tourism businesses is the last month (June) of the financial year.

[2] Please refer to the latest Tourism businesses user guide for a definition of tourism businesses and how the number of tourism businesses is estimated. This guide is available from www.tra.gov.au

employed person (used as an approximate measure of labour efficiency) in the tourism industry increased 8.9 per cent, from $60,000 to $65,000. This is compared to the average growth in GVA per employed person of 2.6 per cent for all industries increasing from $116,000 to $119,000 during the same period.

A recovery in the economic climate—returning to trend after the adverse events of the GFC in 2008−09—is resulting in expansion of the Australian tourism industry. This is confirmed in tourism volume data showing that between June 2010 and June 2012, total tourism activity (domestic day, domestic night and international) has risen strongly with visitors up 9.2 per cent and visitor nights up 7.8 per cent. Improving confidence, and better use of labour resources, has assisted drive the output growth per tourism business by 12.8 per cent between 2009−10 and 2011−12.

Tourism is an integral component of Australia's economy with 13 per cent of businesses linked to tourism. Like many high labour cost, trade-exposed industries, tourism faces certain challenges both internally and externally. For the many micro, small and medium businesses, increased profitability is vital for advances in innovation and productivity, but is an ongoing challenge as they compete for investment funding.

3. ANALYSIS

3.1 NATIONAL PROFILE OF TOURISM BUSINESSES

In June 2012, there were 2.1 million actively trading businesses in Australia (Table 1). Of those, approximately 280,088 (or 13 per cent) were in tourism industries[3] (Table 2).

TABLE 1: BUSINESSES IN AUSTRALIA JUNE 2010, JUNE 2011 AND JUNE 2012

	Employing businesses	Non-employing businesses	Total businesses
Tourism businesses			
June 2010	154,858	128,171	283,029
June 2011	156,445	127,242	283,687
June 2012	155,651	124,437	280,088
Non-tourism businesses			
June 2010	666,752	1,174,869	1,841,621
June 2011	669,944	1,178,781	1,848,725
June 2012	679,536	1,181,656	1,861,192
Total tourism and non-tourism businesses			
June 2010	821,610	1,303,040	2,124,650
June 2011	826,389	1,306,023	2,132,412
June 2012	835,187	1,306,093	2,141,280

Source: Derived using ABS Business Register (unpublished) data (ABS Cat. No.8165.0).
Note: Businesses in this table are unconfidentialised unpublished estimates obtained from the ABS.

[3] Tourism businesses in this report refer to all businesses in industries identified in the TSA as tourism characteristic and tourism connected industries. This is because it is not possible to separate businesses providing services to tourists and non-tourists.

TABLE 2: NUMBER OF TOURISM BUSINESSES BY EMPLOYMENT SIZE IN AUSTRALIA, JUNE 2012

	No. of tourism businesses	% of total tourism businesses
Total tourism businesses in Australia in June 2012	280,088	100%
Non-employing *(e.g. self-employed tradespeople)*	124,437	44%
Micro *(1-4 employees)*	72,748	26%
Small *(5-19 employees)*	56,609	20%
Medium *(20-199 employees)*	24,916	8.9%
Large *(200+ employees)*	1,378	0.5%

In terms of employee numbers, approx. **91%** of tourism businesses fall into these three categories.

Figures for the stock of businesses at June 2010, June 2011 and June 2012 allow a review of the net change (entry minus exits) in the number of tourism businesses across the total period.

Between June 2010 and June 2012, there was a net decrease of 1.0 per cent (or approximately 2,900 businesses) in the number of tourism businesses caused wholly by decline in the non-employing category.

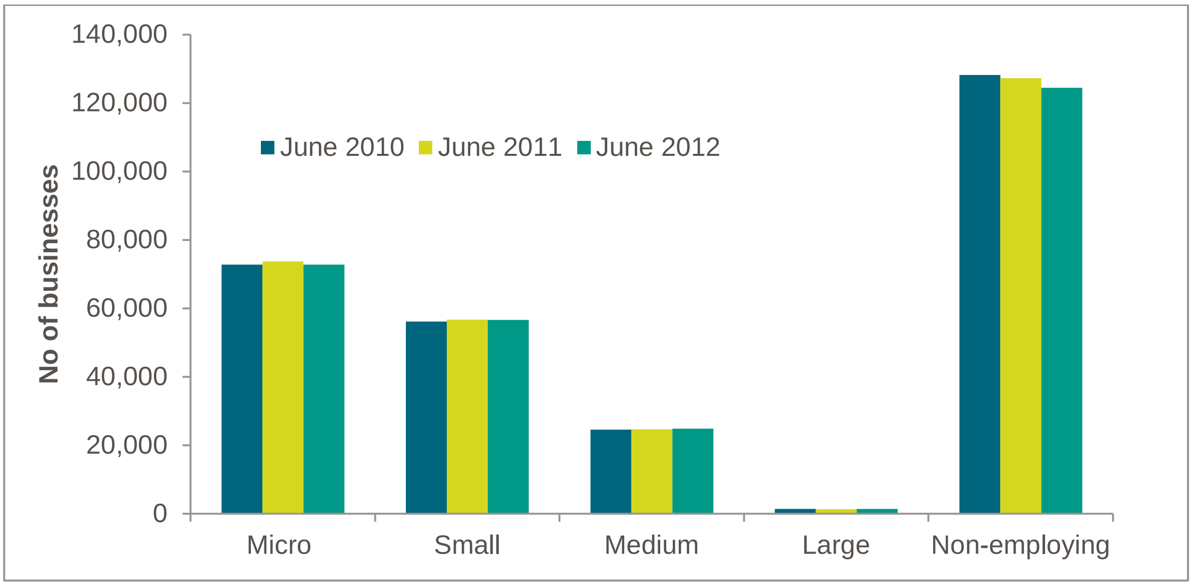
In June 2012, there were approximately 3,700 or 2.9 per cent less non-employing businesses in Australia's tourism industries compared to June 2010. Around 900 non-employing businesses were lost between June 2010 and June 2011, and a further 2,800 between 2011 and 2012.

In contrast, employing tourism businesses registered a net gain of 793 businesses between June 2010 and June 2012. However, the net change in business numbers over this period (June 2012 compared to June 2010) was mixed (Figure 1):

- The number of micro businesses remained unchanged between June 2010 and June 2012. This was due to the gains achieved during June 2010 to June 2011 being completely offset by a loss of the same magnitude during June 2011 to June 2012.
- Among other employing businesses, small and medium tourism businesses showed only a net increase of 0.9 per cent (or 485 businesses) and 1.3 per cent (or 322 businesses) respectively. The number of large tourism businesses declined by 0.9 per cent (to 1,378 businesses) in June 2012.

Meanwhile, non-tourism industries gained approximately 20,000 more businesses between June 2010 and June 2012 with approximately two-thirds (65 per cent or around 13,000 businesses) of this increase coming from employing businesses and the rest (35 per cent or around 7,000 businesses) from the non-employing category.

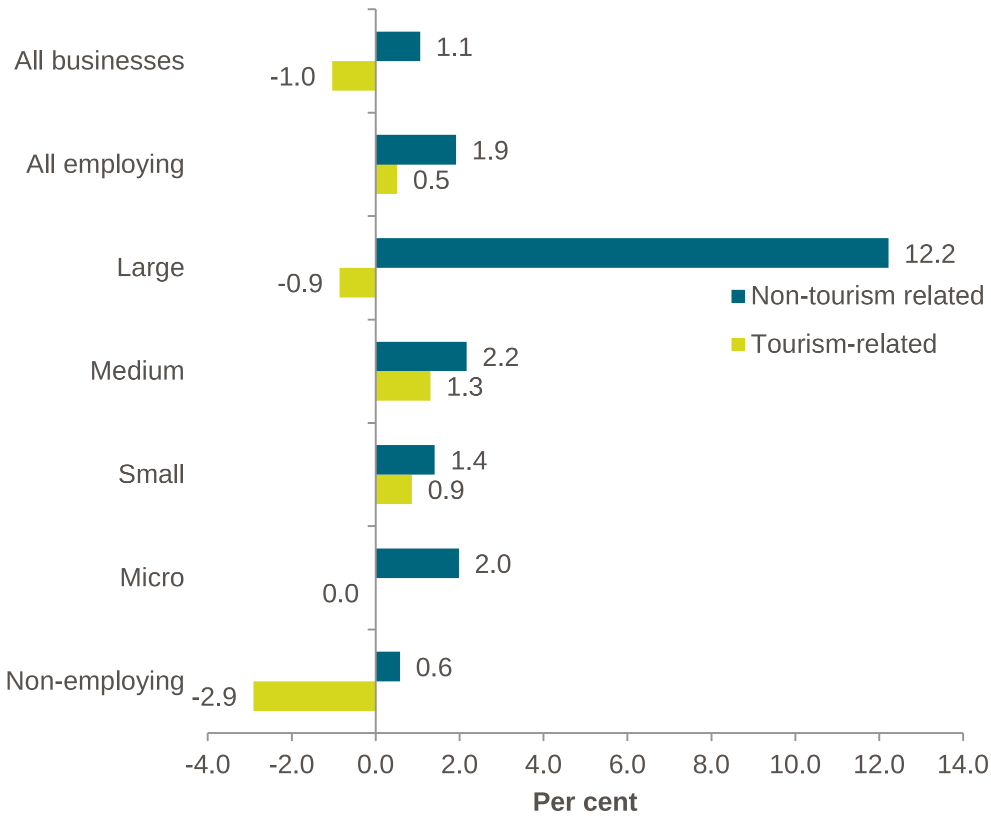
FIGURE 1: NET CHANGE IN THE NUMBER OF EMPLOYING BUSINESSES, JUNE 2012 AND JUNE 2011



Source: Derived by TRA using ABS Business Register (unpublished) data (ABS Cat. No. 8165.0).

There was a net increase in the number of non-tourism businesses (1.1 per cent), while tourism businesses decreased by 1.0 per cent over the period from June 2010 to June 2012. The tourism industry recorded an increase in small and medium sized employing businesses, whereas in the non-tourism industry category, the increase occurred in all categories (Figure 2).

FIGURE 2: COMPARISON OF THE NET PERCENTAGE CHANGE IN THE NUMBER OF BUSINESSES IN TOURISM AND NON-TOURISM INDUSTRIES, JUNE 2012 ON JUNE 2010



Source: Derived by TRA using ABS Business Register (unpublished) data (ABS Cat. No. 8165.0).

3.2 BUSINESSES IN TOURISM CHARACTERISTIC AND TOURISM CONNECTED INDUSTRIES

Important aspects when tracking tourism businesses are the industry components and their reliance on tourism. Businesses that have a high reliance on tourism are classified as tourism *characteristic*, while those that have a lesser reliance are classified as tourism *connected* (see Table 3).

Of the 280,088 tourism businesses in Australia in June 2012, tourism *characteristic* and *connected* businesses shared around half of total tourism businesses each. Comparing the number of tourism businesses by industry highlights the size and structure of each industry's contribution to tourism.

Among tourism *characteristic* businesses, in June 2012:

- The largest industry contributor was *Cafes, restaurants and takeaway food services*, with approximately 60,000 businesses (or 22 per cent). Sixty one per cent (approximately 36,000) of businesses in this category employed 1 to19 employees.
- *Taxi transport* and *Cultural services* contributed approximately 17,000 and 15,000 businesses respectively, with 99 per cent of these businesses employing less than 19 persons.
- *Accommodation* industry had 13,300 businesses. Slightly less than half (around 47 per cent) of these businesses were non-employing, while 41 per cent employed 1 to 19 persons.

Among tourism *connected* businesses, *Other retail trade* industry was the largest contributor to total tourism businesses with approximately 137,000 businesses. Around 93 per cent of these businesses were small (employing less than 19 persons).

Table 3 also provides a guide to each industry's contribution to tourism GVA, where the *Accommodation* industry contributed the highest share (17.3 per cent) of Australian tourism GVA. In turn, that industry consists largely of small businesses (approximately 87 per cent, employing less than 19 persons). Other prominent tourism businesses industries contributing significantly to tourism GVA during 2011−12 were:

- *Air, water and other transport* (16.2 per cent of tourism GVA)
- *Other retail trade* (13.2 per cent)
- *Cafes, restaurants and takeaway food services* (11.0 per cent)
- *Clubs, pubs taverns and bars* (6.1 per cent)
- *Travel agency and tour operator services* (4.8 per cent)
- *All other industries* (around 1 to 2 per cent).

TABLE 3: BUSINESS COUNT BY EMPLOYMENT SIZE IN TOURISM CHARACTERISTIC AND CONNECTED INDUSTRIES, JUNE 2012

	Employing businesses					Non-employing businesses	All tourism businesses		Tourism industry	
	Micro	Small	Medium	Large	Total employing			Share	Gross Value Added	Share*
	('000)							%	$ million	%
Tourism characteristic industries										
Accommodation	2.6	2.8	1.6	0.1	7.2	6.2	13.3	4.8	6,499	17.3
Cafés, restaurants and takeaway food services	18.9	17.6	8.0	0.4	44.9	15.3	60.2	21.5	4,129	11.0
Clubs, pubs, taverns and bars	1.7	2.0	3.1	0.1	6.8	2.1	8.9	3.2	2,295	6.1
Rail transport	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	509	1.4
Taxi transport	0.9	0.2	0.1	0.0	1.2	16.1	17.3	6.2	375	1.0
Air, water and other transport	0.9	0.4	0.3	0.0	1.6	3.1	4.6	1.6	6,079	16.2
Motor vehicle hiring	0.3	0.2	0.1	0.0	0.6	1.0	1.6	0.6	687	1.8
Travel agency and tour operator services	1.7	1.1	0.3	0.0	3.1	2.1	5.2	1.8	1,815	4.8
Cultural services	2.2	0.5	0.2	0.0	2.9	12.4	15.3	5.5	512	1.4
Casinos and other gambling services	0.6	0.4	0.1	0.0	1.0	0.5	1.5	0.5	461	1.2
Other sports and recreation services	2.5	1.8	1.0	0.1	5.4	5.3	10.6	3.8	593	1.6
Total tourism characteristic industries	**32.2**	**27.0**	**14.7**	**0.8**	**74.7**	**63.9**	**138.6**	**49.5**	***27,868***	***74.1***
Tourism connected industries										
Automotive fuel retailing	1.1	1.4	0.5	0.0	2.9	1.2	4.1	1.5	208	0.6
Other retail trade	39.6	28.2	9.6	0.5	77.8	59.5	137.4	49.1	4,953	13.2
Total tourism connected industries	**40.7**	**29.5**	**10.1**	**0.5**	**80.8**	**60.7**	**141.5**	**50.5**	***7,571***	***20.1***
Total tourism characteristic and connected industries	**72.9**	**56.6**	**24.7**	**1.3**	**155.5**	**124.6**	**280.1**	**100**	**37,621**	**100**

*Shares excludes Ownership of dwellings industry share and as a result does not sum up to 100

Source: Derived by TRA using ABS Business Register (unpublished) data (ABS Cat. No. 8165.0) and tourism GVA (in nominal terms) derived using estimates from ABS Cat. No. 5249.0.

3.3 REVENUE CONTRIBUTION BY TOURISM BUSINESS SIZE

Latest estimates (June 2012) confirm that tourism—like most other industries—is dominated by small businesses (91 per cent employing less than 19 persons) and the share of medium and large businesses is less than 10 per cent. The contribution of each business size category to the tourism industry GVA or income is an important consideration, but there are no direct data available on average income by business size at tourism industry level. ABS report “Australian Industry” (ABS Cat. No. 8155.0) provides the financial information (gross income, GVA, OPBT[4]) by business size (small, medium and large) at single digit ANZSIC division level only.

In the following analysis, gross income (returns) by business size was collected for those aggregate industries that largely represent the tourism industries. For example, all small businesses in *Retail trade* industry were tourism-related, as were 99 per cent of medium *Retail trade* businesses and 96 per cent of large *Retail trade* businesses (Table 4).

TABLE 4: SHARE OF TOURISM BUSINESSES IN TOTAL BUSINESSES IN AUSTRALIA, JUNE 2012

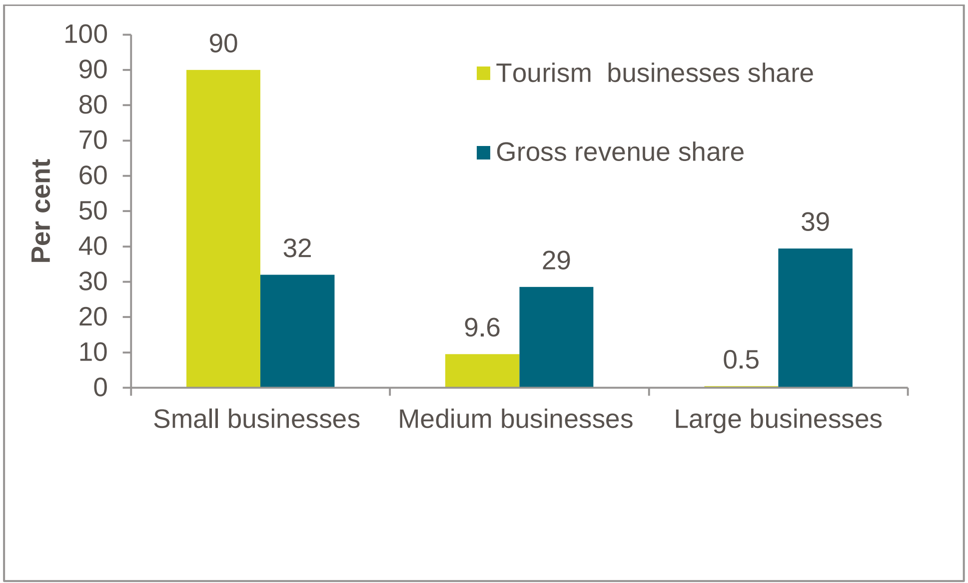
	Small business (1 to 19 employees)	Medium business (20 to 199 employees)	Large business (200 or more employees)
	Per cent		
Retail trade	100	99	96
Accommodation and food services	100	99	81
Transport, postal and warehousing	17	12	17
Rental, hiring and real estate services	1	2	7
Administrative and support services	6	5	2
Arts and recreation services	100	100	100
Share of all above industries	39	70	47
Share of selected tourism-related industries (sum of shaded rows)	**100**	**99**	**89**

Source: Derived by TRA using ABS Business Register (published and unpublished) data (ABS Cat. No. 8165.0).

This analysis shows that, although medium and large businesses share less than 10 per cent of total tourism businesses, their contribution to total revenue was more than two-thirds of total revenue in 2011−12. Small businesses together contributed one-third of total revenue (Figure 3).

[4] Operating profit before tax

FIGURE 3: PERCENTAGE SHARE BY BUSINESS SIZE IN GROSS REVENUE, 2011–12



Source: Derived by TRA using revenue data from the ABS publication Cat. No. 6255.0 and ABS Business Register (unpublished) (ABS Cat. No. 8165.0).

3.4 TYPE OF LEGAL ORGANISATION (TOLO)

While the size of a business provides an understanding of the number of businesses in a particular employment range, it is also important to investigate the pattern of business distribution from a legal entity/ownership perspective.

The Australian tourism industry mainly comprises incorporated companies (proprietary, limited, and other registered companies), sole proprietors, partnerships, and trusts. Of these, approximately 36 per cent of businesses are incorporated companies, with a further 27 per cent structured as sole proprietors (Table 5).

TABLE 5: TOURISM BUSINESSES BY TYPE OF LEGAL ORGANISATION AND EMPLOYMENT SIZE, JUNE 2012

	Employing businesses					**Non-employing businesses**	**Total businesses**
	Micro	Small	Medium	Large	Total		
	Per cent						
Incorporated company	47	47	51	63	48	22	36
Sole proprietor	18	10	3	4	12	44	27
Partnership	17	15	11	5	15	20	17
Trust	19	28	34	27	25	14	20
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Derived by TRA using ABS Business Register (unpublished) data (ABS Cat. No. 8165.0).
Note: TOLO classifications are from Bolin, R. and Greenwood, T. (2003).
Total may not add due to rounding.

Wide variations occurred in terms of business ownership at industry levels (Figure 4). The three main categories of business ownerships in different industries were:

- incorporated companies
- partnerships
- trusts

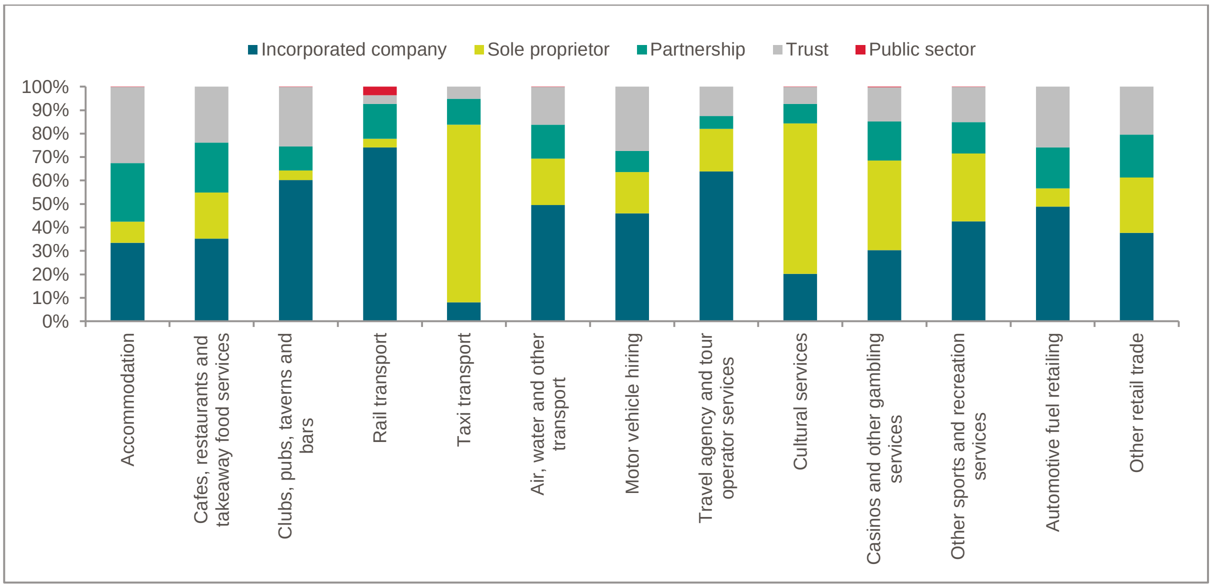
The only exception to this was the *Taxi transport* and *Cultural services* industries where sole trader ownership held the largest share (76 and 64 per cent respectively).

In the case of *Cafes, restaurants and takeaway food services* and *Other retail trade* industries, the ownership types were evenly spread among the following:

- incorporated company
- sole proprietor
- partnership
- trusts.

More than 60 per cent of businesses in each of *Travel agency and tour operator services*, *Rail transport* and *Clubs, pubs, taverns and bars* industries were operating as incorporated companies.

FIGURE 4: PERCENTAGE SHARE OF BUSINESSES BY LEGAL OWNERSHIP TYPE IN TOURISM INDUSTRIES, JUNE 2012



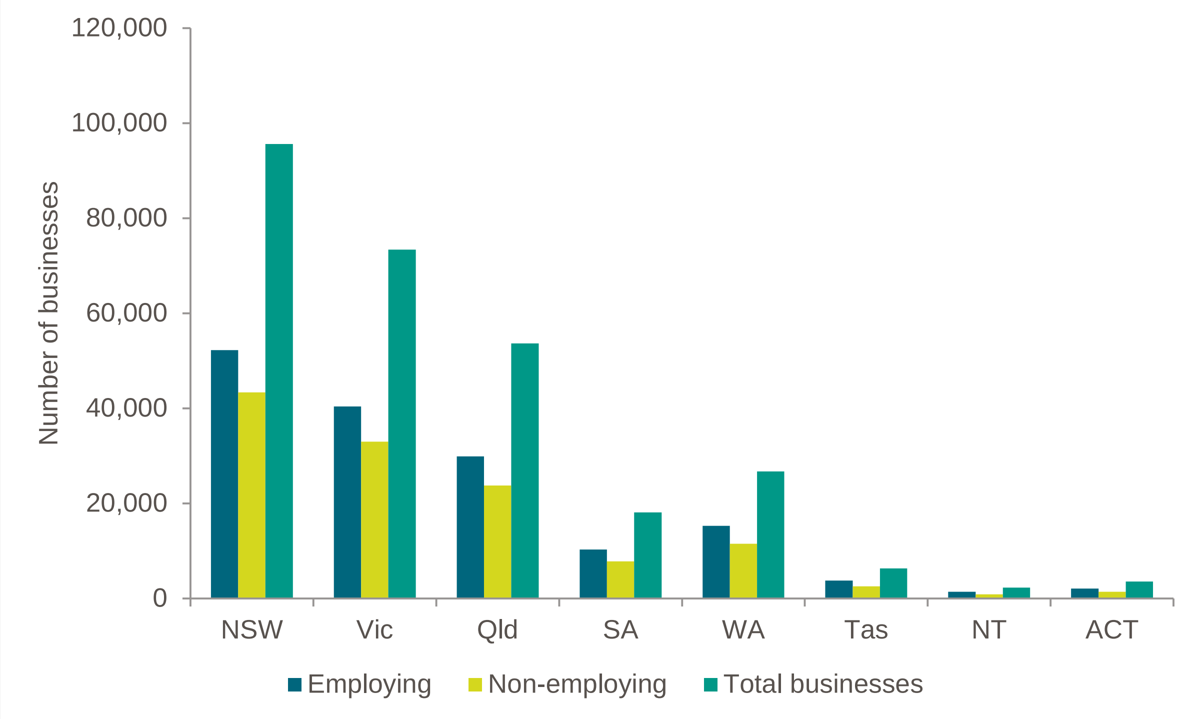
*Source: Derived by TRA using ABS Business Register (unpublished) data (ABS Cat. No. 8165.0).*Underlying data to Figure 4 are available in Appendix B.

3.5 STATE PROFILE OF TOURISM BUSINESSES

In June 2012, the majority (approximately 80 per cent) of tourism businesses in Australia were located in New South Wales (34 per cent), Victoria (26 per cent) and Queensland (19 per cent). The smaller states shared the remaining 20 per cent.

A little under half of tourism businesses in each state and territory were non-employing businesses (Figure 5). Detailed data on the distribution of businesses by size of employment in each state and territory can be found in Appendix C in the documents accompanying this report.

FIGURE 5: TOURISM BUSINESSES BY STATE, JUNE 2012



Source: Derived by TRA using ABS Business Register (unpublished) data (ABS Cat. No.8165.0). Underlying data to Figure 5 are available in Appendix C.

In June 2012 compared to June 2010, the tourism industry lost approximately 3,900[5] businesses, with all of the losses having occurred in non-employing businesses. Among the employing businesses category, all states except Queensland registered an increase in business numbers. The largest increase occurred in Victoria (up 2.8 per cent) followed by New South Wales (up 0.8 per cent). In contrast, Queensland experienced a decline in employing business numbers in June 2012 (down 4.0 per cent), compared to June 2010 (Figure 6). Among non-employing businesses, all states experienced a decline in business numbers.

At the state and territory level, however, the net gain or losses of employing and non-employing businesses were not uniform. All states and territories, except for Victoria, showed a net decrease (business entries higher than business exits) in total business numbers in June 2012 compared to June 2010. In Victoria, employing businesses increased by twice the magnitude of the decline in non-employing businesses.

[5] Please note: This estimate (3900 businesses) is based on estimates using sub-state level data (Statistical Area 2) which was subjected to the confidentialisation process by ABS and as a result these estimates are about 1000 counts higher than the estimates calculated based on aggregated unconfidentialised estimates.

In June 2012:

- New South Wales experienced an increase in employing businesses (up 0.8 per cent), which partially offset the decrease (down 3.4 per cent) in the non-employing businesses category. Similarly, other states (except Queensland) experienced a small increase in the number of employing businesses while the non-employing businesses declined to a greater extent.
- Queensland suffered a decline in both employing and non-employing categories (down 4 per cent and 4.8 per cent respectively).

FIGURE 6: PERCENTAGE CHANGE IN TOURISM BUSINESSES BY STATE, JUNE 2012 ON JUNE 2010

Source: Derived by TRA using ABS Business Register (unpublished) data (ABS Cat. No. 8165.0).

3.6 STATE PROFILE OF TOURISM BUSINESSES BY INDUSTRY

Changes in business numbers across industries in different states and territories showed that geographical location and nature of business appeared to influence business entries and exits. The most favoured employing business category for new entrants between June 2010 and June 2012 in New South Wales, Victoria, South Australia, Western Australia and Tasmania was *Cafés, restaurants and takeaway food services* in tourism *characteristic* industries. Among other states and territories, a uniform pattern did not exist (Table 6).

The *Taxi transport* industry, mainly a non-employing industry experienced business exits in all states and territories. Among the larger states, New South Wales lost 518 businesses, Victoria 709 businesses and Queensland 627 taxi businesses between June 2010 and June 2012. Western Australia and South Australia lost 248 and 182 taxi businesses respectively. Around 75 *Taxi transport* businesses were lost in other states and territories.

TABLE 6: ANNUAL CHANGE IN TOURISM BUSINESSES NUMBERS[6]

	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	Total
Accommodation									
To June 2011	-122	61	-119	-30	-14	3	6	-16	-225
To June 2012	-74	-127	61	-34	14	-23	17	27	-142
Total change	-196	-66	-58	-64	0	-20	23	11	-367
Cafes, restaurants and takeaway food services									
To June 2011	811	708	448	72	142	6	-26	72	2,233
To June 2012	273	340	-169	99	111	92	7	-53	700
Total change	1,084	1,048	279	171	253	98	-19	19	2,933
Clubs, pubs, taverns and bars									
To June 2011	-163	110	-63	-53	95	-52	9	23	-94
To June 2012	-48	-29	-3	23	22	26	-37	-49	-95
Total change	-211	81	-66	-30	117	-26	-28	-26	-189
Rail transport									
To June 2011	0	-18	0	0	3	0	-3	0	-18
To June 2012	-3	-1	-3	3	0	3	0	0	-1
Total change	-3	-19	-3	3	3	3	-3	0	-19
Taxi transport									
To June 2011	-160	-421	-399	-118	-166	-18	-5	-45	-1,335
To June 2012	-358	-288	-228	-64	-82	10	-8	-9	-1,027
Total change	-518	-709	-627	-182	-248	-8	-13	-54	-2,362
Air, water and other transport									
To June 2011	-123	-121	41	31	-19	-24	9	-3	-210
To June 2012	-78	22	-131	-84	-43	-3	9	9	-292
Total change	-201	-99	-90	-53	-62	-27	18	6	-502
Motor vehicle hiring									
To June 2011	37	-20	24	-31	-38	15	12	3	2
To June 2012	31	75	-20	40	5	12	-3	-6	134
Total change	68	55	4	9	-33	27	9	-3	136
Travel agency and tour operator services									
To June 2011	10	-19	10	7	-89	-13	-47	-3	-144
To June 2012	20	77	-162	4	33	3	-10	12	-20
Total change	30	58	-152	11	-56	-10	-57	9	-164
Cultural services									
To June 2011	-272	46	-82	36	-98	-28	-23	10	-408
To June 2012	-110	-127	-49	-53	49	7	29	-10	-267
Total change	-382	-81	-131	-17	-49	-21	6	0	-675
Casinos and other gambling services									
To June 2011	26	0	-5	-2	12	15	0	-9	37

[6] These estimates are based on estimates using sub-state level data (Statistical Area 2) which was subjected to the confidentialisation process by ABS and as a result these estimates are about 1000 counts higher than the estimates calculated based on aggregated unconfidentialised estimates.

To June 2012	-28	-21	-4	5	-6	3	18	-3	-36
Total change	-2	-21	-9	3	6	18	18	-12	1
Other sports and recreation services									
To June 2011	-60	-11	16	-48	31	14	6	24	-24
To June 2012	21	74	-96	46	15	-33	21	1	95
Total change	-39	63	-80	-2	46	-19	27	25	71
Automotive fuel retailing									
To June 2011	-8	-87	-84	38	-61	-21	15	-9	-217
To June 2012	0	150	4	-25	66	33	0	-3	225
Total change	-8	63	-80	13	5	12	15	-12	8
Other retail trade									
To June 2011	225	299	-68	-370	-111	-112	44	96	13
To June 2012	-972	-136	-1,347	-1	-194	-21	-34	-69	-2,781
Total change	-747	163	-1,415	-371	-305	-133	10	27	-2,768
Total tourism- related industries									
To June 2011	201	527	-281	-468	-313	-215	-3	143	-390
To June 2012	-1,326	9	-2,147	-41	-10	109	9	-153	-3,507
Total change	-1,125	536	-2,428	-509	-323	-106	6	-10	-3,897

Source: Derived by TRA using ABS Business Register (unpublished) data (ABS Cat. No. 8165.0).

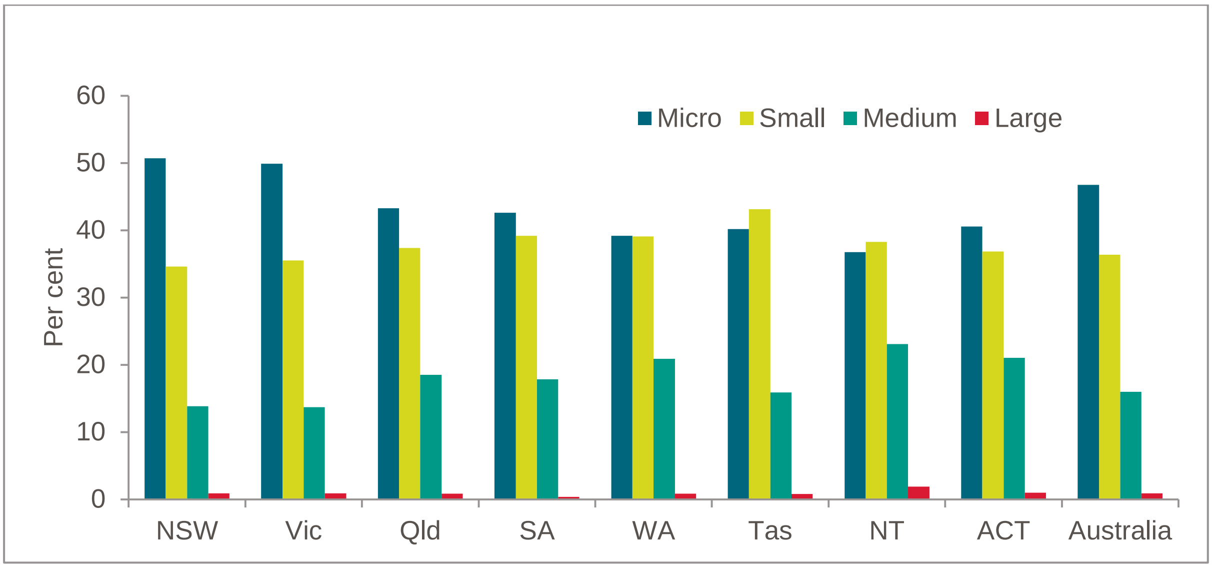
3.7 MICRO AND SMALL BUSINESSES BY STATE

Micro businesses (employing 1 to 4 persons) and small businesses (employing 5 to 19 persons) make up the majority of businesses in the tourism industry (Figure 7). In June 2012, the share of these businesses of total employing businesses varied from 75 per cent in the Northern Territory to 85 per cent in Victoria and New South Wales. In addition:

- approximately half of employing businesses in New South Wales and Victoria were micro businesses
- the proportion of micro businesses was between 37 per cent and 43 per cent in all other states and territories.

Interestingly, business spread was skewed towards micro and small employing businesses in New South Wales and Victoria. However, distribution was more evenly spread between micro, small and medium businesses in other states and territories, especially in Western Australia, the Northern Territory and the Australian Capital Territory. In these states and territories, the proportion of medium sized businesses ranged between 21 per cent and 23 per cent.

FIGURE 7: SHARE OF EMPLOYING TOURISM BUSINESSES BY STATES AND TERRITORIES, JUNE 2012



Source: Derived by TRA using ABS Business Register (unpublished) data (ABS Cat. No. 8165.0). Underlying data to Figure 7 are available in Appendix C.

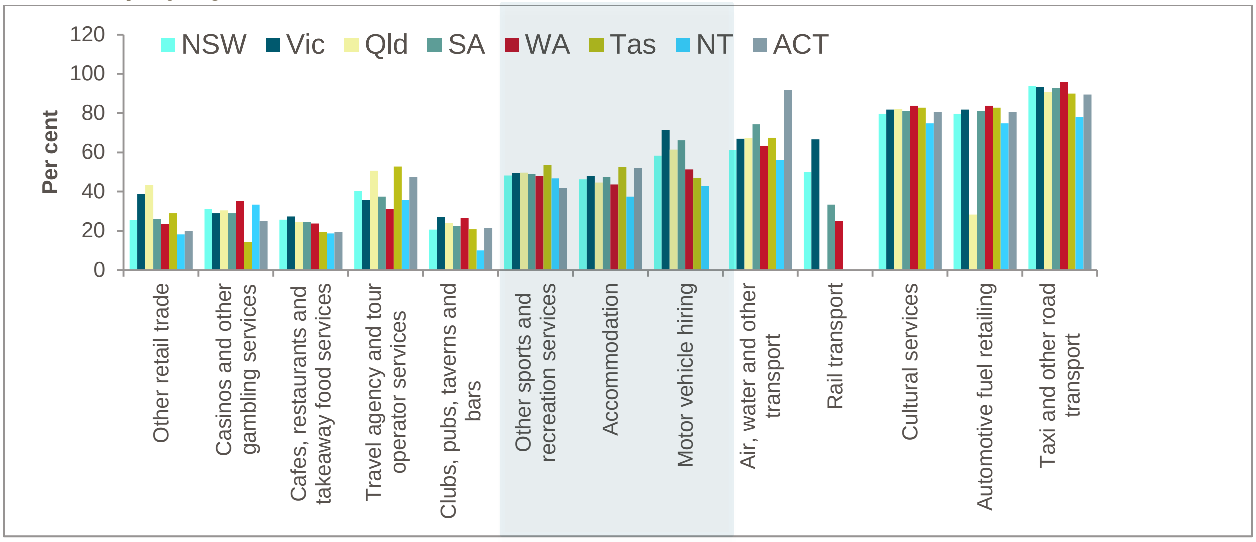
Most businesses in the tourism industry are either non-employing or employ less than 19 persons. The distribution of these businesses in different tourism industries showed that, in June 2012:

- *Taxi and other road transport*, *Automotive fuel retailing*, *Cultural services*, *Air water and other transport* and *Motor vehicle hiring* industries had a high proportion of non-employing businesses in all state and territories
- *Other retail trade, Casinos and other gambling services*, *Cafes, restaurants and takeaway food services, Clubs pubs, taverns and bars* and *Travel agency and tour operating services* industries had a higher share of small employing businesses
- *Accommodation*, *Other sports and recreation services* and *Motor vehicle hiring* industries had an even mix of employing and non-employing businesses (Figure 8)
- All states and territories had a similar mix of businesses, except for Queensland where *Rail transport* and *Automotive fuel retailing* businesses were dominated by small employing businesses.

FIGURE 8: SHARE OF EMPLOYING AND NON-EMPLOYING BUSINESSES BY TOURISM INDUSTRIES, JUNE 2012

Small businesses (1-19 employees)

Non-employing businesses

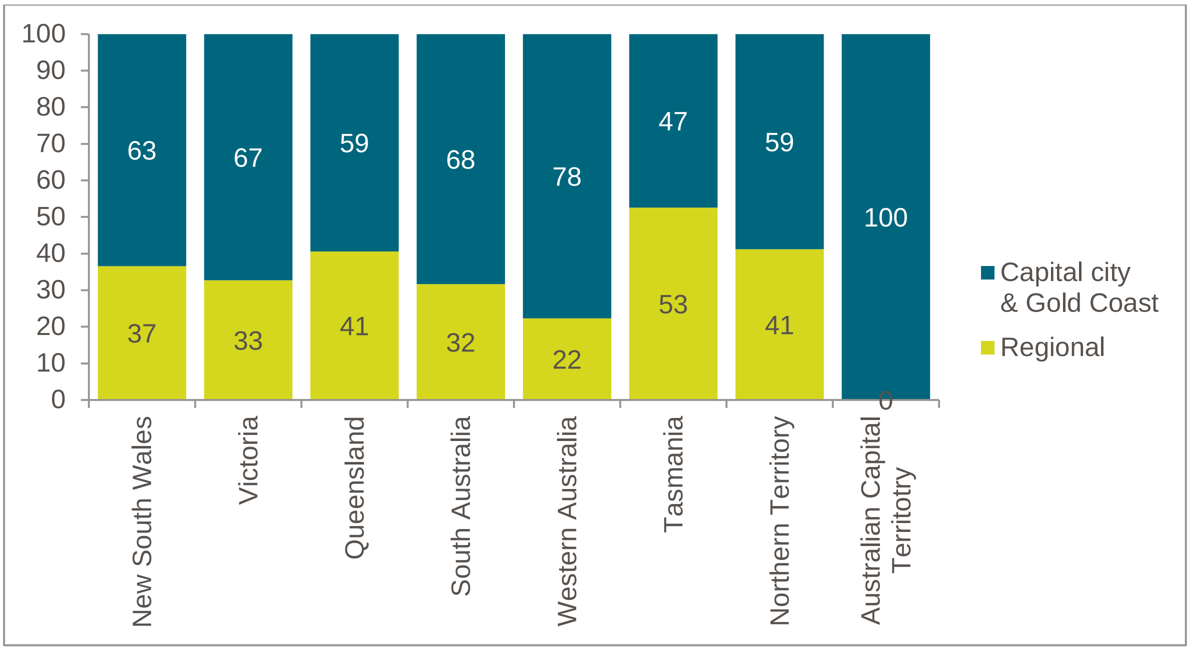


Source: Derived using ABS Business Register (unpublished) data (ABS Cat. No. 8165.0).
Related data to Figure 8 are available in Appendix C.

3.8 TOURISM BUSINESSES BY CAPITAL CITY AND NON-CAPITAL CITY TOURISM REGIONS

Most tourism businesses were located in the capital cities and the Gold Coast (Figure 9) with the remainder in regional[7] areas. In most of the states and territories, approximately two-thirds of total tourism businesses were located in the capital cities and one-third in the regional areas. In Western Australia, the share was larger with 78 per cent of total tourism businesses located in Perth. In Tasmania, 53 per cent of tourism businesses were in regional Tasmania.

FIGURE 9: TOURISM BUSINESSES IN CAPITAL CITIES AND REGIONAL AREAS, JUNE 2012



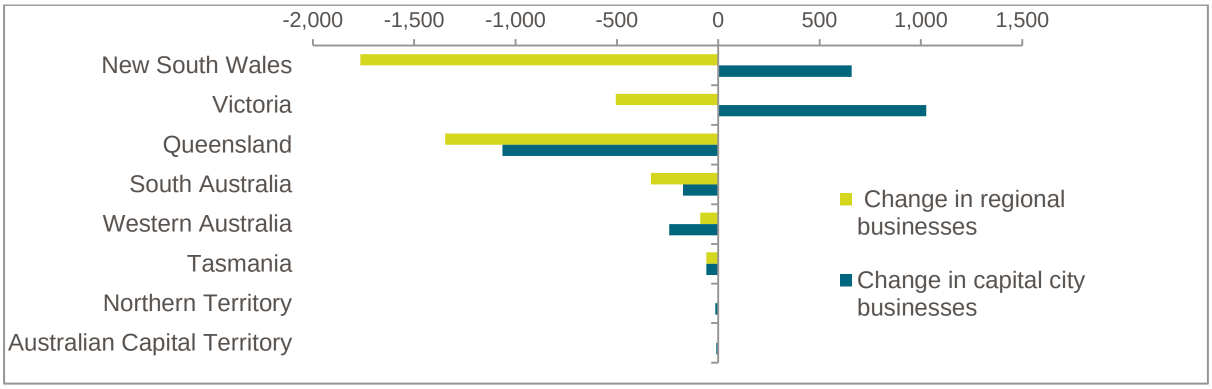
Source: Derived using ABS Business Register (unpublished) data (ABS Cat. No.8165.0).
Data on tourism businesses by tourism regions and employment sizes for all states and territories are presented in Appendix D.

Over the period June 2010 to June 2012, tourism businesses in regional areas (excluding all capital cities and Gold Coast) suffered a loss in number of tourism businesses. More than two-thirds (76 per cent) of total decline (approximately 4,100 businesses) in business numbers in regional areas occurred in New South Wales and Queensland alone. Victoria and South Australia shared approximately 12.3 per cent and 8.1 per cent respectively of total decline in regional areas (Figure 10). The Northern Territory maintained its stock of regional businesses.

For all capital cities except Melbourne and Sydney, the number of tourism businesses decreased. In Melbourne and Sydney, 1,026 and 659 additional tourism businesses were in operation in June 2012 compared to June 2010, respectively. This increase in business numbers in Melbourne and Sydney more than offset the total decline in tourism businesses in all other capital cities including Gold Coast.

[7] Regional areas exclude capital cities and the Gold Coast.

FIGURE 10: CHANGE IN SPATIAL DISPERSAL OF TOURISM BUSINESSES, JUNE 2012 COMPARED TO JUNE 2010



Source: Derived using ABS Business Register (unpublished) data (ABS Cat. No. 8165.0).
Data on tourism businesses by tourism regions and employment sizes for all states and territories are presented in Appendix D.

3.9 FINANCIAL PERFORMANCE OF TOURISM BUSINESSES

Tourism is a labour-intensive industry as reflected by its higher contribution to total employment compared to its contribution to Australia's GVA. During 2011−12, the tourism industry[8] accounted for 4.0 per cent of Australia's employment and 2.2 per cent of Australia's GVA (Table 7).

While there was a decrease in the number of tourism businesses in June 2012 compared to June 2010, tourism GVA in these industries increased 11.4 per cent and employment rose by 2.3 per cent across the same period. This is an indication that tourism businesses are taking advantage of improved economic conditions.

TABLE 7: GVA AND EMPLOYMENT IN TOURISM BUSINESSES, JUNE 2010 TO JUNE 2012

	Businesses ('000)			Real GVA ($m)			Employment ('000)		
	June 2010	June 2011	June 2012	2009-10	2010-11	2011-12	2009-10	2010-11	2011-12
Accommodation	13.7	13.5	13.3	5,779	6,053	6,612	73.0	71.8	68.6
Cafés, restaurants and takeaway food services	57.2	59.4	60.1	3,747	3,838	4,201	133.7	142.9	141.1
Clubs, pubs, taverns and bars	9.1	9.0	8.9	2,098	2,154	2,335	35.0	32.1	33.1
Rail transport	0.1	0.1	0.1	488	476	518	3.5	3.6	3.3
Taxi transport and Motor vehicle hiring	21.1	19.8	18.9	1,026	1,009	1,080	NA	NA	NA
Air, water and other transport	5.1	4.8	4.6	5,596	5,707	6,185	33.1	34.5	37.7
Travel agency and tour operator services	5.3	5.2	5.2	1,514	1,594	1,847	31.3	31.1	32.4
Cultural services	15.9	15.5	15.3	491	491	521	10.2	9.7	11.2
Casinos and other gambling services	1.5	1.5	1.5	437	449	469	4.0	4.3	3.8
Other sports and recreation services	10.5	10.5	10.6	568	568	603	19.3	20.1	20.3
Retail trade	144.2	143.9	141.4	4,855	5,010	5,251	99.3	102.0	101.0
Total tourism-industries*	**283.7**	**283.3**	**279.8**	**26,598**	**27,349**	**29,620**	**442.4**	**452.1**	**452.5**
All industries Australia*	**2,125**	**2,132**	**2,141**	**1,279,348**	**1,310,364**	**1,353,897**	**10,061**	**10,347**	**11,413**
Tourism industry share	**13.4**	**13.3**	**13.1**	**2.1**	**2.1**	**2.2**	**4.0**	**4.0**	**4.0**

Source: Tourism businesses derived using ABS Business Register (unpublished) data. The GVA and employment are from ABS Cat. No.5249.0.

**Note: the total number of businesses (unconfidentialised) does not equal the sum of states and territories due to the confidentialisation process of the ABS for sub-national level data, See Appendix A for more detail.*

[8] Here tourism industry excludes *Ownership of dwellings*, *Other road transport* and *Education and training* industries.

To examine the financial performance of tourism businesses, annual changes in the GVA and employment per business were derived for each tourism industry (Table 8). GVA per employed person per business provides a rough guide for labour use efficiency, where an increase in this indicator means an increase in GVA per unit of labour. During this period, tourism's labour efficiency increased 0.6 per cent in 2010−11 and a further 8.2 per cent during 2011−12.

At individual industry level, however, in 2011−12, some industries performed better than others. For example, *Rail transport* increased its GVA per employed person per business by 18.7 per cent due to an increase in real GVA (10.1 per cent), while the number of employed persons declined (down 7.2 per cent). Most other industries improved performance in 2011−12 except for *Air, water and other transport* and *Cultural services,* where growth in labour employment was larger than GVA growth in 2011−12.

TABLE 8: TOURISM BUSINESS PERFORMANCE IN TERMS OF ANNUAL CHANGE IN TOURISM GVA AND TOURISM EMPLOYMENT PER BUSINESS

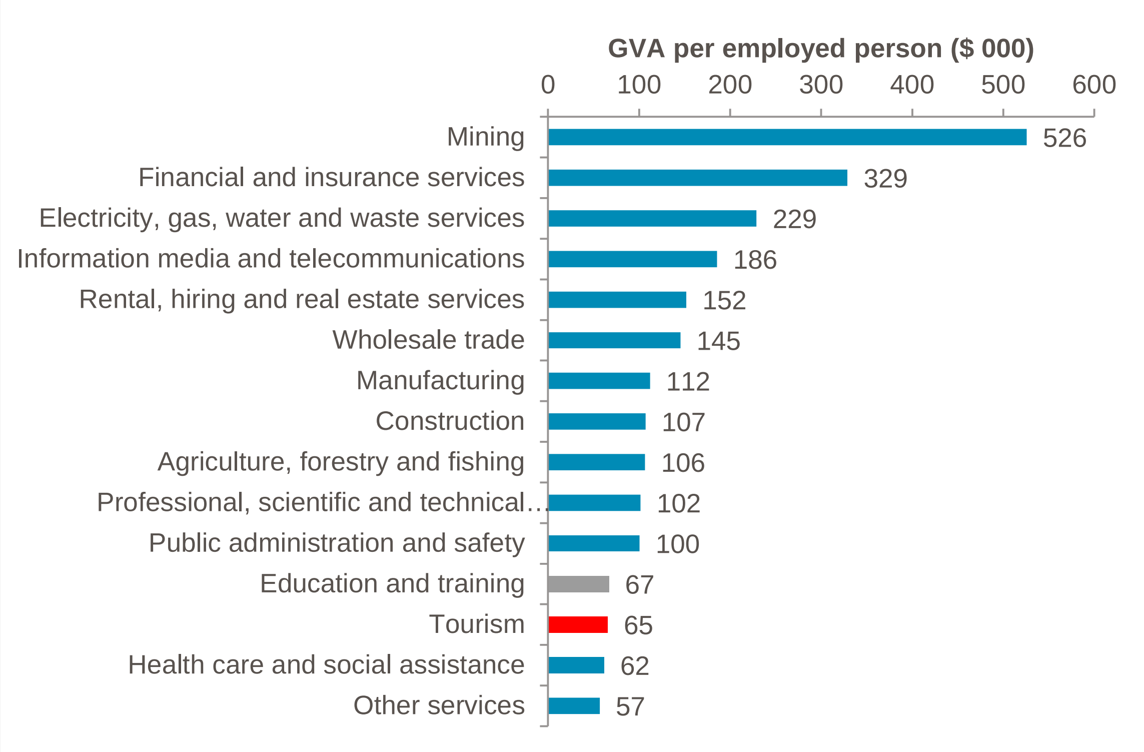
	Change in GVA		**Change in employment**		**Change in GVA per employed person**	
	2010-11 over 2009-10	2011-12 over 2010-11	2010-11 over 2009-10	2011-12 over 2010-11	2010-11 over 2009-10	2011-12 over 2010-11
	Per cent					
Accommodation	6.5	10.4	0.0	-3.4	6.5	14.3
Cafés, restaurants and takeaway food services	-1.4	8.2	2.9	-2.4	-4.2	10.8
Clubs, pubs, taverns and bars	3.7	9.5	-7.3	4.2	11.9	5.1
Rail transport	19.0	10.1	25.4	-7.2	-5.1	18.7
Taxi transport and motor vehicle hiring	5.0	12.1	NA	NA	NA	NA
Air, water and other transport	6.4	15.3	8.7	16.3	-2.1	-0.8
Travel agency and tour operator services	8.2	16.3	2.1	4.6	5.9	11.2
Cultural services	2.7	7.9	-2.4	17.5	5.2	-8.1
Casinos and other gambling services	0.3	7.0	4.9	-9.5	-4.4	18.2
Other sports and recreation services	0.3	5.3	4.4	0.1	-3.9	5.2
Retail trade	3.3	6.7	2.9	0.8	0.5	5.8
Total tourism industries	**3.0**	**9.7**	**2.3**	**1.3**	**0.6**	**8.2**
All industries	**2.1**	**2.9**	**2.2**	**0.2**	**-0.2**	**2.7**

Source: Tourism businesses derived using ABS Business Register (unpublished) data (ABS Cat. No. 8165.0) and GVA and employment from ABS Cat. No. 5249.0.

Analysis of business and industry data of the tourism industries indicated that tourism has lower profitability, high cost of labour and lower prices achieved for tourism goods and services. As a result, average returns per employee in tourism businesses were lower compared to most other industries.

This is clearly shown in Figure 11 where in 2011−12, businesses in the best performing industries (*Mining* and *Financial and insurance services*) achieved between five to eight times higher compared with the average tourism industry GVA per employed person of $65,000.

FIGURE 11: GVA (REAL) PER EMPLOYED PERSON PER BUSINESS IN TOURISM AND NON-TOURISM INDUSTRIES IN AUSTRALIA 2011–12



Source: Tourism businesses derived using ABS Business Register (unpublished) data (ABS Cat. No. 8165.0) and the GVA and employment are from ABS Cat. No. 5249.0.

4. METHODOLOGY

In continuation of TRA's 2012 report, this report follows the revised methodology adopted by TRA for calculating the number of tourism businesses.

Similar to the previous report (see TRA 2012), this report uses a narrower definition of tourism industries in Australia than classified in the ABS' Tourism Satellite Account (TSA) (ABS 2013b). TRA has removed the tourism industries that had a large number of businesses, but contributed less than 5.0 per cent to the individual industry's GVA.

Consequently, this report excludes the following industries:

a) *Ownership of dwellings*, which is mainly the many small residential property owners in Australia. This industry's contribution to total GVA represents 2.7 per cent.

b) *Other road transport*, which is mainly private freight services (largely 'truckies') and a reliance on tourism of 3.6 per cent.

c) *Education and training*, which is more reliant on non-tourists (Australian resident students or overseas students who are undertaking a course for longer than one year)[9]. This sector has only a 4.2 per cent reliance on tourism.

[9] This does not comply with international tourism standards (please refer to UNWTO website www.unwto.org).

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