TOURISM BUSINESSES IN AUSTRALIA

June 2012 to June 2016
ACKNOWLEDGMENTS

Tourism Businesses in Australia, June 2012 to June 2016 is the fifth 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 the Australian Bureau of Statistics’ publication ‘Count of Australian Businesses Entries and Exits’ (ABS Cat. No. 8165.0).

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1. INTRODUCTION

MEASURING THE STRENGTH OF THE TOURISM SECTOR

As Australia transitions to a more diversified service-based economy, tourism is becoming increasingly important, with the potential to be Australia’s fastest growing industry.

Tourism Gross Domestic Product (GDP) grew 7.4% in 2015–16, well ahead of the 2.3% growth rate for the wider economy. This strong growth is expected to continue, with Tourism Research Australia’s (TRA) forecasts showing that total overnight tourism spend will increase to $196.3 billion by 2026–27, up from $96.8 billion in 2015–16.

Tourism contributed 3.2% to national GDP in 2015–16 (up from 2.8% in 2011–12). Between 2011–12 and 2015–16, 6% more people were employed in tourism, and average revenue per business grew significantly (20%).

A healthy business sector will be instrumental to continued growth in the tourism sector. Tourism businesses, both large and small, are meeting the diverse and changing needs of tourists and providing direct and indirect employment for one-in-thirteen Australian workers. This report, plus the more detailed statistical tables that accompany it, contain data on the size of tourism-related businesses, and their main activities and locations across Australia. This helps to better understand the composition of the tourism industry, and its capacity to keep pace with demand.

In assessing the performance of the industry, and its appeal to potential visitors, a mixture of different businesses is also essential. In this respect it is important to achieve a balance between the inherent efficiencies and consistency of product from Australia’s large tourism businesses against the more diverse and specialised offerings of the many thousands of smaller businesses.

The findings from this report work with other TRA products to measure the strength of Australia’s tourism sector. Collectively, the Tourism Satellite Accounts (which measure the economic and labour market impacts of tourism) and Tourism Forecasts (which predict growth in the industry over a decade-long timeframe) and Tourism Businesses help in providing the evidence needed by industry and government to assess the industry’s ongoing performance. This enables change to be monitored, as well as informing well targeted policies and sound investment decisions.
278,977
TOURISM BUSINESSES IN AUSTRALIA

13%
OF THE TOTAL
2.2 MILLION
BUSINESSES IN
AUSTRALIA

210,805
NON-EMPLOYING AND
MICRO BUSINESSES
(0–4 PEOPLE)

53,540
SMALL BUSINESSES
(5–19 PEOPLE)

14,628
MEDIUM AND LARGE
BUSINESSES
(20 OR MORE PEOPLE)

DISTRIBUTION OF TOURISM BUSINESSES

NT
REGIONAL: 0.8K (37%)
CAPITAL CITY: 1.3K (63%)
ALL AREAS: 2.1K

WA
REGIONAL: 6K (20%)
CAPITAL CITY: 22K (80%)
ALL AREAS: 27K

SA
REGIONAL: 5K (31%)
CAPITAL CITY: 12K (69%)
ALL AREAS: 18K

VIC
REGIONAL: 24K (32%)
CAPITAL CITY: 52K (68%)
ALL AREAS: 76K

TAS
REGIONAL: 2.9K (51%)
CAPITAL CITY: 2.8K (49%)
ALL AREAS: 5.7K

QLD
REGIONAL: 21K (39%)
CAPITAL CITIES: 33K (61%)
ALL AREAS: 54K

NSW
REGIONAL: 34K (36%)
CAPITAL CITY: 62K (64%)
ALL AREAS: 96K

ACT
REGIONAL: 0 (N/A)
CAPITAL CITY: 3.7K (100%)
ALL AREAS: 3.7K

IN 2012 THERE WERE
210,805
NON-EMPLOYING AND
MICRO BUSINESSES
(0–4 PEOPLE)

53,540
SMALL BUSINESSES
(5–19 PEOPLE)

14,628
MEDIUM AND LARGE
BUSINESSES
(20 OR MORE PEOPLE)

DISTRIBUTION OF TOURISM BUSINESSES
2. KEY FINDINGS

AUSTRALIA’S TOURISM BUSINESSES

- Tourism businesses made up 13% (around 279,000) of the total 2.2 million businesses in Australia at June 2016. The majority (95%) of tourism businesses are small – employing less than 20 workers, while 43% do not employ any staff. This compares with non-tourism businesses, 98% of which have fewer than 20 employees, while 63% do not employ any staff. These differences in levels of employment between tourism and non-tourism businesses reflect the greater labour intensity of the tourism industry.

- Despite only having a 5% share of total tourism businesses, medium and large businesses contributed two-thirds (66%) of total tourism revenue in Australia during 2015–16 and more than three-fifths (61%) of employment.

EXITS AND ENTRIES

- Between June 2012 and June 2016, the number of non-employing tourism businesses fell by 5.0% from 126,300 to 120,000.

- Over the same period, these declines were partly offset by the following increases in employing businesses:
  - micro – up 0.5% from 90,400 to 90,800
  - small – up 2.5% from 52,300 to 53,500
  - medium – up 3.7% from 13,400 to 13,900
  - large – up 13.3% from 677 to 767.

- The higher growth rates of larger businesses shows the structural consolidation that has occurred within the industry.

- However, the net effect of these changes was a 1.4% fall in tourism businesses (equivalent to 4,000 fewer businesses) between June 2012 and June 2016. The fall in non-employing businesses was the sole cause of this decline. This is in contrast to the 1.4% increase in business numbers (equivalent to 30,300 additional businesses) for the wider economy over the same period. This included an increase of 1.0% (or 12,500 additional businesses) in the number of non-employing businesses.

- The number of employing businesses, that is, those with one or more employees, has increased by 1.5% over the period June 2012 to June 2016, which has contributed to a growing tourism labour force. The Australian Bureau of Statistics’ (ABS) Tourism Satellite Account (Cat. No. 5249.0) shows the number of people directly employed in the tourism industry increased by 6% from 547,500 to 580,200 between 2011–12 and 2015–16. This growth in employment coincides with strong growth in total visitor nights and spend (up 20% and 21% respectively between 2011–12 and 2015–16).

BUSINESS LOCATION

- In June 2016, the majority (80%) of tourism businesses in Australia were located in three states: New South Wales, Victoria and Queensland. This is consistent with other findings from satellite account data that show these three jurisdictions accounted for 76% of tourism GDP and 75% of national visitor consumption in 2015–16.

- Only one-third of tourism businesses were located in regional areas, however, they accounted for 44 cents of every visitor dollar spent in Australia in 2015–16. This indicates that on average tourism-related businesses in regional Australia received more revenue from tourism than those in capital cities and the Gold Coast. As visitors to regional Australia spend less on average, these higher revenues may also indicate lower competition for the tourist dollar among regionally based businesses.

- Further to this point, data for 2015–16 shows that regional Australia only attracts a 20% share of international visitor nights, compared with 61% of domestic overnight stays and 56% of domestic day trips.

- These variations between regional areas and capital cities highlight the potential growth opportunities to be realised in regional areas. From a government and industry perspective, they demonstrate the importance of well targeted marketing strategies and policies, plus the need for continued investment to make regional areas more accessible and more appealing, especially to high spending international holidaymakers.
3. **AUSTRALIA’S BUSINESSES (TOURISM AND NON-TOURISM)**

At June 2016, there were around 279,000 tourism businesses operating in Australia. Of these, 57% were businesses with one or more employees, and the remaining 43% were non-employing businesses.

Tourism businesses were more likely than non-tourism businesses to employ staff (57% compared to 37%). This reflects the greater incidence of part-time employment found in the tourism sector, along with its tendency to be labour intensive (Figure 1).

![Image: Twelve Apostles Lodge Walk, Great Ocean Road, VIC. Tourism Australia/Adrian Brown](image-url)

**FIGURE 1: TOURISM AND NON-TOURISM BUSINESSES BY SIZE, JUNE 2016 COMPARED TO JUNE 2012**

<table>
<thead>
<tr>
<th></th>
<th>TOURISM BUSINESSES</th>
<th>NON-TOURISM BUSINESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>NON-EMPLOYING</td>
<td>119,990</td>
<td>1,198,589</td>
</tr>
<tr>
<td>▼ 5.0%</td>
<td>▲ 1.6%</td>
<td></td>
</tr>
<tr>
<td>MICRO</td>
<td>90,815</td>
<td>508,593</td>
</tr>
<tr>
<td>▲ 0.5%</td>
<td>▲ 3.3%</td>
<td></td>
</tr>
<tr>
<td>SMALL</td>
<td>53,540</td>
<td>145,181</td>
</tr>
<tr>
<td>▲ 2.5%</td>
<td>▼ 0.6%</td>
<td></td>
</tr>
<tr>
<td>MEDIUM</td>
<td>13,861</td>
<td>37,163</td>
</tr>
<tr>
<td>▲ 3.7%</td>
<td>– 0%</td>
<td></td>
</tr>
<tr>
<td>LARGE</td>
<td>767</td>
<td>3,045</td>
</tr>
<tr>
<td>▲ 13.3%</td>
<td>▲ 4.0%</td>
<td></td>
</tr>
<tr>
<td>ALL EMPLOYING</td>
<td>158,983</td>
<td>693,982</td>
</tr>
<tr>
<td>▲ 1.5%</td>
<td>▲ 2.3%</td>
<td></td>
</tr>
<tr>
<td>ALL BUSINESSES</td>
<td>278,977</td>
<td>1,892,567</td>
</tr>
<tr>
<td>▼ 1.4%</td>
<td>▲ 1.8%</td>
<td></td>
</tr>
</tbody>
</table>

47% OF TOURISM INDUSTRY WORKERS WERE EMPLOYED PART TIME IN 2015–16 COMPARED TO 31% FOR THE AUSTRALIAN WORKFORCE

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

Note: Tourism businesses in this table are unconfidentialised estimates obtained from the ABS.
Between June 2012 and June 2016, there was a reduction in the number of tourism businesses nationally (Table 1). This was driven mainly by a 5.0% decline in the number of non-employing businesses, with 6,300 fewer non-employing businesses in June 2016 (120,000 businesses compared to 126,300 businesses in June 2012). This decline was partly offset by increases in the number of employing tourism businesses, with 2,284 more operating in June 2016.

In contrast, between June 2012 and June 2016, the number of non-tourism businesses increased by 34,300 from 1.86 million to 1.89 million – an overall increase of 1.8%. This growth can be accounted for by the growth in non-employing businesses (an additional 18,800 businesses over this period) and micro businesses (an additional 16,300 businesses).

TABLE 1: CHANGE IN TOURISM BUSINESS COUNTS, JUNE 2016 ON JUNE 2012

<table>
<thead>
<tr>
<th></th>
<th>Tourism businesses</th>
<th>Non-tourism businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-employing businesses</td>
<td>▼ 6,283 (5.0%)</td>
<td>▲ 18,769 (1.6%)</td>
</tr>
<tr>
<td>Employing businesses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Micro</td>
<td>▲ 419</td>
<td>▲ 16,270</td>
</tr>
<tr>
<td>Small</td>
<td>▲ 1,285</td>
<td>▼ 904</td>
</tr>
<tr>
<td>Medium</td>
<td>▲ 490</td>
<td>▲ 12</td>
</tr>
<tr>
<td>Large</td>
<td>▲ 90</td>
<td>▲ 116</td>
</tr>
<tr>
<td>Total employing</td>
<td>▲ 2,284</td>
<td>▲ 15,494</td>
</tr>
<tr>
<td>Net change</td>
<td>▼ 3,999 (1.4%)</td>
<td>▲ 34,259 (1.8%)</td>
</tr>
</tbody>
</table>

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

These changes demonstrate a shift away from non-employing tourism businesses, towards larger, employing businesses, reflecting in part expansion and/or consolidation among smaller tourism businesses. These shifts are occurring in an environment of rapidly increasing tourist consumption, and during a period of growth and improving business conditions. Between 2011–12 and 2015–16, employment in the tourism industry increased 6% from 547,500 to 580,200, whereas total spend, inclusive of domestic day trips, domestic overnight and international visitation increased 20% from $109 billion to $130 billion. Tourism GDP increased 25% from $42 billion to $53 billion over the period. In terms of share of national economic activity, this was an increase from 2.8% to 3.2% over the period.
4. STATE AND TERRITORY TOURISM BUSINESSES

In June 2016, tourism businesses were distributed geographically as follows:

- Around 80% of total tourism businesses in Australia were located in:
  - New South Wales (34%, or 95,300 businesses)
  - Victoria (27%, or 74,900 businesses)
  - Queensland (19%, or 53,100 businesses).

- Western Australia and South Australia shared 15.8% of total tourism businesses – Western Australia, 9.6% (26,800 businesses); and South Australia, 6.2% (17,400 businesses).

- The remaining 4.1% of total tourism businesses were represented by Tasmania, 2.0% (5,700 businesses); the Australian Capital Territory, 1.3% (3,700 businesses); and the Northern Territory, 0.8% (2,100 businesses).

Compared with June 2012, there were only minimal changes in the distribution of businesses across Australia (Figure 3).

**FIGURE 3: SHARE OF TOURISM BUSINESSES BY STATE AND TERRITORY, JUNE 2016 COMPARED TO JUNE 2012**
Nationally, the number of tourism businesses accounted for 13% of all Australian businesses. Jurisdictions with the highest proportion of tourism businesses as a share of total businesses were Tasmania (15.3%) and the Northern Territory (14.9%) – the lowest share was in Western Australia (11.9%).

As shown in Figure 2, the proportion of tourism businesses without employees ranged from 43% of businesses in New South Wales, Victoria and Queensland, through to 36% for those in the Northern Territory. For the Australian Capital Territory, Tasmania, South Australia and Western Australia, the proportions of employing tourism businesses were 37%, 39%, and 42% (for both South Australia and Western Australia) respectively. In the wider economy, employing businesses accounted for 39% of all businesses.

The majority (57%) of tourism businesses did, however, have employees, with smaller employing businesses – micro and small businesses with up to 19 employees – being more prevalent in Tasmania, the Australian Capital Territory and the Northern Territory. In these jurisdictions, they accounted for 55%, 54% and 53% respectively of businesses. Large and medium businesses constituted a greater proportion of tourism businesses in the Northern Territory, Australian Capital Territory and Western Australia – accounting for 11.2%, 8.2% and 7.0% shares respectively.

Non-employing and micro businesses are generally the first to react to changes in economic conditions, due to their smaller size and simpler management structures. When a downturn occurs, this often leads to disproportionately greater reductions in employees and closures among smaller businesses, as many of these entities do not have the financial reserves needed to deal with a fall in demand. When economic conditions improve, however, these businesses tend to take on more employees and consequently become larger entities. Encouraged by the more buoyant conditions, new businesses may also enter the market.

Between 2011–12 and 2015–16, the total number of tourism businesses fell by around 4,000. The falls were most pronounced in the Northern Territory (down 9%), Tasmania (down 8%) and South Australia (down 5%). Reflecting the national situation, a common outcome across all states and territories was a decline in numbers of non-employing tourism businesses, ranging between 2% (for Victoria and Western Australia) and 12% (for Northern Territory) (Figure 4). The number of micro businesses also decreased across most states and territories, although it grew nationally, primarily due to growth in New South Wales and Victoria. Over this same period, New South Wales, Victoria, and Western Australia reported substantial increases in medium to large businesses, with 5.5%, 12.2% and 5.1% growth across these segments respectively.

While there was a general downturn in the number of businesses across jurisdictions between 2011–12 and 2015–16, all jurisdictions (excluding Queensland) experienced growth in their employment levels:

- New South Wales – up 4.6%, or 7,200 employees
- Victoria – up 6.6%, or 8,300 employees
- Queensland – down 2.0%, or 2,900 employees
- South Australia – up 11.3%, or 3,700 employees
- Western Australia – up 23.7%, or 13,700 employees
- Tasmania – up 6.3%, or 1,000 employees
- The Northern Territory – up 10.2%, or 800 employees
- The Australian Capital Territory – up 5.1%, or 500 employees.

Therefore, even though the number of participating businesses have fallen, we have seen growth in employment levels among most jurisdictions. Importantly, the growth in large businesses sufficient to accommodate growth in employment.
FIGURE 4: PERCENTAGE CHANGE IN TOURISM BUSINESSES BY STATE AND TERRITORY, JUNE 2016 COMPARED TO JUNE 2012

Source: Derived by TRA using ABS Business Register (unpublished) data (ABS Cat. No. 8165.0).
### FIGURE 5: STATE-WIDE DISTRIBUTION OF VISITORS AND TOURISM BUSINESSES INCLUDING AVERAGE SPEND PER VISITOR, 2015–16

<table>
<thead>
<tr>
<th></th>
<th>Domestic Day</th>
<th>Domestic Overnight</th>
<th>International</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Visitor share (%)</td>
<td>Average spend per visitor</td>
<td>Visitor share (%)</td>
</tr>
<tr>
<td>NSW Capital city</td>
<td>$106</td>
<td>$102</td>
<td>$721</td>
</tr>
<tr>
<td>NSW Regional area</td>
<td>$102</td>
<td>$102</td>
<td>$476</td>
</tr>
<tr>
<td>VIC Capital city</td>
<td>$110</td>
<td>$86</td>
<td>$808</td>
</tr>
<tr>
<td>VIC Regional area</td>
<td>$86</td>
<td>$86</td>
<td>$366</td>
</tr>
<tr>
<td>QLD Capital city</td>
<td>$97</td>
<td>$118</td>
<td>$686</td>
</tr>
<tr>
<td>QLD Regional area</td>
<td>$118</td>
<td>$118</td>
<td>$712</td>
</tr>
<tr>
<td>SA Capital city</td>
<td>$118</td>
<td>$82</td>
<td>$809</td>
</tr>
<tr>
<td>SA Regional area</td>
<td>$82</td>
<td>$82</td>
<td>$424</td>
</tr>
<tr>
<td>WA Capital city</td>
<td>$99</td>
<td>$113</td>
<td>$747</td>
</tr>
<tr>
<td>WA Regional area</td>
<td>$113</td>
<td>$113</td>
<td>$718</td>
</tr>
<tr>
<td>TAS Capital city</td>
<td>$107</td>
<td>$102</td>
<td>$761</td>
</tr>
<tr>
<td>TAS Regional area</td>
<td>$102</td>
<td>$102</td>
<td>$627</td>
</tr>
<tr>
<td>NT Capital city</td>
<td>$127</td>
<td>$96</td>
<td>$1,302</td>
</tr>
<tr>
<td>NT Regional area</td>
<td>$96</td>
<td>$96</td>
<td>$940</td>
</tr>
<tr>
<td>ACT Capital city</td>
<td>$161</td>
<td>$-</td>
<td>$550</td>
</tr>
<tr>
<td>ACT Regional area</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>AUS Capital city</td>
<td>$105</td>
<td>$99</td>
<td>$741</td>
</tr>
<tr>
<td>AUS Regional area</td>
<td>$99</td>
<td>$99</td>
<td>$531</td>
</tr>
</tbody>
</table>

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

Note: The Gold Coast, along with Brisbane, is counted as a capital city tourism region for Queensland.
Most tourism businesses (67%, or 188,200 businesses) were located in capital cities and the Gold Coast, with the following states having the highest capital city concentration:

- Western Australia – 80% of tourism businesses were located in Perth
- South Australia – 69% were located in Adelaide
- Victoria – 68% were located in Melbourne.

Tasmania was the only state where more than half (51%) of tourism businesses were located in regional areas.

While only one-third of tourism businesses were located in regional Australia, 56% of domestic day trips, 61% of domestic overnight stays and 20% of international visitor nights were outside of state and territory capitals and the Gold Coast in 2015–16. Further, 44% of total spend – comprising domestic day trips, domestic overnight and international – was spent in regional Australia during 2015–16.

- On average, tourism businesses in regional Australia will receive greater tourism revenue than those located in capital cities and the Gold Coast.
- Regional tourism businesses will receive a greater share of their revenue from domestic travellers than those based in the cities.

It is important to note, however, that this higher average revenue per regional tourism business does not translate into a higher revenue per visitor – visitors to capital cities and the Gold Coast tend to spend more than visitors to regional areas. Further, Figure 4 shows that:

- Nationally, average spend per domestic overnight visitor was around 40% higher in capital cities and the Gold Coast than in regional areas ($741 compared to $531). For international visitors, average spend in capital cities and the Gold Coast was 86% higher ($2,216 compared to $1,192).
- There was considerable variation across the states and territories:
  - For Tasmania, regional and capital city spend were very similar ($1,174 vs $1,171)
  - The Northern Territory was the only jurisdiction where spend in the regions was significantly greater than in the capital city ($1,245 vs $1,184)
  - These differences were especially large in Victoria, with domestic spend being 120% higher in Melbourne than regional Victoria and international spend being 187% higher.
- Among domestic day visitors, the results were more balanced. For Queensland and Western Australia, average spend in regional areas exceeded spend in capital cities. However, for New South Wales, Victoria, South Australia, Tasmania, the Northern Territory and the Australian Capital Territory, the reverse was true.
5. THE INDUSTRIES THAT MAKE UP TOURISM

There are many industries that contribute to tourism in Australia. Knowing how much these industries contribute in terms of business numbers, and the extent to which these numbers are growing or declining over time, can provide additional insights into the changing nature of tourism in Australia. In addition, knowing the prevalence of smaller businesses within particular industries will help determine which tourism-related industries are more vulnerable to economic downturns.

As shown in Table 2, at June 2016, the largest number of tourism-related businesses were found in Cafés, restaurants and takeaway food services (68,300 businesses), Taxi transport (18,900 businesses), Accommodation (12,800 businesses) and Cultural services (13,900 businesses). A further 127,000 businesses were classified as Other retail trade, which includes Food retailers (25,000 businesses), Other store-based retailing (77,000 businesses), Non-store and commission-based retailing (15,000 businesses), and Motor vehicle and motor vehicle parts retailing (10,000 businesses).

As can be seen in Figure 6:

- There was a substantial over-representation of non-employing businesses in Taxi transport, Cultural services and Motor vehicle hiring with 94%, 80%, and 69% of businesses respectively.
- Smaller employing businesses, those with fewer than 20 employees, were over-represented in Cafés, restaurants and takeaway food services (70%), Clubs, pubs, taverns and bars (55%), Casinos and other gambling services (63%), and Travel agency and tour operator services industries (51%). These smaller businesses were under-represented in the Taxi transport industry, only accounting for 6.0% of businesses, reflecting the dominance and growing share of self-employed operators, such as those signed up with Uber.

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2 Cultural services are comprised of creative and performing arts and heritage-related activities.
### TABLE 2: BUSINESS COUNTS BY EMPLOYMENT SIZE IN TOURISM INDUSTRIES, JUNE 2016

<table>
<thead>
<tr>
<th></th>
<th>Non-employing businesses</th>
<th>Employing businesses</th>
<th>Total businesses</th>
<th>Total change on June 2012 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Micro</td>
<td>Small</td>
<td>Medium</td>
<td>Large</td>
</tr>
<tr>
<td>Accommodation</td>
<td>5.9</td>
<td>3.2</td>
<td>2.8</td>
<td>0.9</td>
</tr>
<tr>
<td>Cafés, restaurants and takeaway food services</td>
<td>16.2</td>
<td>27.9</td>
<td>19.7</td>
<td>4.4</td>
</tr>
<tr>
<td>Clubs, pubs, taverns and bars</td>
<td>2.1</td>
<td>1.9</td>
<td>3.1</td>
<td>1.9</td>
</tr>
<tr>
<td>Taxi transport</td>
<td>17.7</td>
<td>1.0</td>
<td>0.2</td>
<td>0.1</td>
</tr>
<tr>
<td>Air, water and other transport</td>
<td>2.8</td>
<td>1.1</td>
<td>0.4</td>
<td>0.2</td>
</tr>
<tr>
<td>Motor vehicle hiring</td>
<td>1.1</td>
<td>0.3</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Travel agency and tour operator services</td>
<td>2.8</td>
<td>2.3</td>
<td>0.8</td>
<td>0.2</td>
</tr>
<tr>
<td>Cultural services</td>
<td>11.1</td>
<td>2.2</td>
<td>0.4</td>
<td>0.2</td>
</tr>
<tr>
<td>Casinos and other gambling services</td>
<td>0.5</td>
<td>0.7</td>
<td>0.2</td>
<td>0.0</td>
</tr>
<tr>
<td>Other sports and recreation services</td>
<td>5.2</td>
<td>3.5</td>
<td>1.7</td>
<td>0.6</td>
</tr>
<tr>
<td>Automotive fuel retailing</td>
<td>1.1</td>
<td>1.5</td>
<td>1.3</td>
<td>0.2</td>
</tr>
<tr>
<td>Other retail trade</td>
<td>53.4</td>
<td>45.2</td>
<td>22.9</td>
<td>5.2</td>
</tr>
<tr>
<td>Total tourism industries</td>
<td>120.0</td>
<td>90.8</td>
<td>53.6</td>
<td>13.9</td>
</tr>
</tbody>
</table>

Source: Derived by TRA using ABS Business Register (unpublished) data (ABS Cat. No. 8165.0).
As mentioned earlier, the period June 2012 to June 2016 saw a structural shift away from non-employing and micro businesses towards small, medium and large businesses. The industries having the most influence on this change in tourism businesses were:

- **Cafés, restaurants and takeaway food services industry** – there was a 12% increase in these types of businesses over this period, representing a greater range of choices for consumers. Growth was reported across all categories ranging from 4.4% (or 684 more non-employing businesses) to 14.5% (or 6,613 more employing businesses).

- **Automotive fuel retailing** – with the exception of large businesses employing 200 or more workers, there was growth across all size categories. Overall growth in the industry was 5.0% (or 195 businesses).

- **Travel agency and tour operator services** – non-employing, micro and medium business numbers increased, by 29.3%, 6.8% and 9.7% respectively, contributing to overall growth for the industry of 14.9% (776 businesses). The increased presence of low cost online technologies has enabled new players, both non-employing and employing, to enter the industry.

- **Other sports and recreation services** – micro, small and large businesses increased collectively by 13%, with overall growth of 5.3% (560 businesses).

- **Air and water transport** – small gains in the number of micro businesses, non-employing and large businesses, accompanied by larger falls in small and medium businesses, saw an overall decline of 13% in the number of businesses (342 businesses).

- **Cultural services** – non-employing, micro and small businesses declined by 10.9% (1,363 businesses), 2.1% (47 businesses) and 4.2% (16 businesses), respectively. Medium businesses increased by 9.7% (15 businesses).

The growth of the sharing economy may also have had impacts on:

- **Taxi transport** – non-employing businesses grew strongly, up by 9.4% over the period. Overall growth for the industry was 8.6% (1,494 businesses).

- **Motor vehicle hiring** – non-employing businesses increased by 13%, with overall growth of 6.0% for the industry (92 businesses).

- **Accommodation** – the number of businesses fell by 4.4% over this period (598 fewer businesses). While operators in the sharing economy are offering visitors a competitive alternative to traditional accommodation providers, in many instances their businesses will not be formally registered. Therefore, they will not be included in the ABS’ business register, on which this report is based.
6. HOW ARE TOURISM BUSINESSES PERFORMING?

Over the 2011–12 and 2015–16 period, total visitor numbers increased at an average annual rate of 3.5%, while visitor nights grew by 4.7% annually. This growth in visitation resulted in tourism consumption increasing $21 billion, from $109 billion to $130 billion. Tourism’s contribution to Australia’s economy, as measured by GDP, increased 25% (or $11 billion) during this period, from $42 billion in 2011–12 to $53 billion in 2015–16. In terms of tourism’s share of national economic activity, this increased from 2.8% to 3.2%. Tourism accounted for an 11% share of exports in 2015–16 – up from an 8% share in 2011–12.

Tourism, like most other industries, is dominated by smaller businesses, with medium and large businesses only accounting for 5% of tourism businesses nationally. However, based on TRA estimates, which draw off ABS Australian Industry data for 2015–16 (ABS Cat. No. 8155.0), these larger businesses employed 61% of the total tourism labour force and accounted for 66% of total revenue generated in the industry (Figure 7).

FIGURE 7: PERCENTAGE SHARE OF BUSINESSES AND GROSS REVENUE BY SIZE, 2015–16

Source: Derived by TRA using revenue data from the ABS publication, Australian Industry (ABS Cat. No. 8155.0) and ABS Business Register (unpublished) (ABS Cat. No. 8165.0).
The structural transformation within the industry has had some positive outcomes, particularly for small businesses (less than 20 employees) and large businesses (200 or more employees), where revenue per business rose on average by 3.1% and 2.4% respectively between 2011–12 and 2015–16. Medium businesses, however, suffered a decline in revenue per business (down 3.8% annually) during this period. This could be partly due to:

- the expansion of some small and micro businesses into medium businesses. Initially, these businesses will tend to be smaller than the more established medium business, contributing to a decline in average turnover.
7. BUSINESS TURNOVER

As an alternative to the number of employees, another way of analysing tourism business size is through turnover. Using this approach, Australia’s tourism businesses have been grouped as follows:

- less than $50,000
- $50,000 to less than $250,000
- $250,000 to less than $750,000
- $750,000 to less than $2 million
- $2 million or more.

As can be seen from Figure 8, nearly nine-in-ten (89%) of Australia’s tourism businesses have turnover of less than $2 million per year. While direct comparisons aren’t possible with the data used to compile this report, this figure is consistent with the report’s earlier finding that 95% of tourism businesses have fewer than 20 employees. Further to this, the data also show that half (50%) of Australia’s tourism businesses have turnover of less than $250,000 per year.
Geographically, around 31% of these smaller businesses are located in regional Australia, with 69% in the capital cities and the Gold Coast. Looked at another way, 46% of tourism businesses in regional Australia have turnover of less than $250,000 per year, compared with 52% of tourism businesses in capital cities and the Gold Coast. At the other end of the spectrum, 26% of tourism businesses in regional Australia have turnover in excess of $750,000, two percentage points higher than in the capital cities (Figure 9).

Across the different jurisdictions:

- The proportion of smaller businesses is comparable – with around half of businesses in most states and territories having turnover of less than $250,000 per year. The main outliers were regional Northern Territory, Darwin and regional Western Australia with 36%, 43% and 41% of businesses having turnover of less than $250,000.
- Consistent with this, regional Northern Territory (19%), regional Western Australia (14%) and Darwin (17%) have a high proportion of larger businesses with turnover in excess of $2 million.

**Figure 9: Distribution of Tourism Businesses by Turnover, June 2016**
8. METHODOLOGY

The methodology used in this report applies a narrower definition of tourism industries in Australia than classified in the ABS’ Tourism Satellite Account (TSA) (ABS 2016). To avoid an over-representation of businesses in tourism, TRA does not report on the tourism industries that contributed less than 5.0% to the individual industry’s Gross Value Added (GVA).

1. Ownership of dwellings, consisting mainly of the many small residential property owners in Australia. This industry’s contribution to total GVA represents 2.7%, and there were 53,413 actively trading businesses in June 2016.

2. Other road transport, consisting mainly of private freight services. The majority of businesses (94%) are related to Road freight transport (‘truckies’). This industry has a reliance on tourism of 2.8%, and there were 52,154 actively trading businesses in June 2016.

3. 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). This sector has around 5% reliance on tourism. In June 2016, there were 28,356 actively trading businesses.

HOW ARE TOURISM BUSINESSES MEASURED?

This report is based on data showing stock of all actively trading businesses in Australia from June 2012 to June 2016, and is sourced from customised datasets produced from the ABS’ Business Register (ABS 2017). These businesses have then been divided into tourism and non-tourism related businesses based on their industry type. Tourism businesses are defined by the United Nations World Tourism Organization (UNWTO) as belonging to industries where tourists account for a significant proportion (5% or more) of the goods and services consumed. Based on the Australian and New Zealand Standard Industrial Classification (ANZSIC), these industries comprise:

- Accommodation
- Cafés, restaurants and takeaway food services
- Clubs, pubs, taverns and bars
- Rail transport
- Taxi transport
- Air and space transport
- Water and other transport
- Motor vehicle hiring
- Travel agency and tour operator services
- Cultural services
- Casinos and other gambling services
- Other sports and recreation services.

In this report, and the accompanying statistical tables, the business counts obtained are reported and analysed by employment size, industry, location, and financial performance (turnover) (Table 3).

3 This does not comply with international tourism standards (please refer to www.unwto.org).

4 While many different industries contribute to tourism, they all derive varying benefits from tourism. For example, accommodation establishments, car hire firms and travel agencies are all highly reliant on tourism; while food and fuel retail (industries that both contribute to tourism in Australia) receive the majority of their revenue from non-tourists. These differential benefits from tourism are reflected in satellite accounts, used to estimate the economic and labour market impacts of tourism. However, in this report, the objective is to provide detailed estimates of the numbers of tourism-related businesses and, as a result, these interaction effects are not required.
### TABLE 3: HOW BUSINESSES ARE MEASURED AND REPORTED

<table>
<thead>
<tr>
<th>Business size</th>
<th>Industry</th>
<th>Location</th>
<th>Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-employing</td>
<td>Accommodation</td>
<td>National</td>
<td>Less than $50,000</td>
</tr>
<tr>
<td>Micro: fewer than 5 employees</td>
<td>Cafés, restaurants and takeaway food services</td>
<td>State and territory</td>
<td>$50,000 to less than $250,000</td>
</tr>
<tr>
<td>Small: 5 to 19 employees</td>
<td>Clubs, pubs, taverns and bars</td>
<td>Tourism region*</td>
<td>$250,000 to less than $750,000</td>
</tr>
<tr>
<td>Medium: 20 to 199 employees</td>
<td>Taxi transport</td>
<td></td>
<td>$750,000 to less than $2 million</td>
</tr>
<tr>
<td>Large: 200 or more employees</td>
<td>Air and space transport</td>
<td></td>
<td>$2 million or more</td>
</tr>
<tr>
<td></td>
<td>Water and other transport</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Motor vehicle hiring</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Travel agent and tour operator services</td>
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<td></td>
<td>Cultural services</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Other sports and recreation services</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Automotive fuel retailing</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other retail trade</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Only available in the appendices separate to this report.
9. GLOSSARY

BUSINESS: A business is generally considered to be a person, partnership, or corporation engaged in business or commerce.

BUSINESS CONSOLIDATION: Occurs when businesses grow in employment size and, as a result, change from one business category to another based on employment size.

CAPITAL CITIES AND REGIONAL AREAS: Capital cities refer to the eight capital cities of Australia plus the Gold Coast. Areas other than these capital cities are considered regional areas.

CONFIDENTIALISATION: When publishing data which are highly disaggregated (SA2 level), it is necessary to suppress the data cells which contain very small counts to prevent the potential identification of individual businesses. This process is known as confidentialisation and can lead to data that differ from the estimates once aggregated. For example, counts at the tourism region level are the sum of counts at the SA2 level. Thus confidentialisation at the SA2 level could result in different business counts to the actual number at the tourism region level.

EMPLOYING BUSINESSES: Employing businesses are split into four employment sizes - Micro (1–4 employees); Small (5–19 employees); Medium (20–199 employees); and Large (200+ employees).

GROSS REVENUE: The value of output produced during a period before paying for any expenses.

INDUSTRY CLASS: The Australian and New Zealand Standard Industrial Classification (ANZSIC) structure comprises four levels, of which industry class is the finest level. Activities are narrowly defined within the industry class level, which is identified by a four-digit code, e.g. Industry Class 1510, Pulp, paper and paperboard manufacturing. Usually, an activity is primarily defined to one class. However, some activities may be primary to more than one class.

INDUSTRY DIVISION: The structure of ANZSIC comprises four levels, of which industry division is the broadest level. The main purpose of the industry division level is to provide a limited number of categories which give a broad overall picture of the economy. There are 19 divisions within ANZSIC.

INDUSTRY SUBDIVISION: This is the broadest level category within each industry division of ANZSIC and is identified by a two-digit code, e.g. Industry Subdivision 14, Wood product manufacturing. Industry subdivisions are built up from industry groups which, in turn, are built up from industry classes.

NON-EMPLOYING BUSINESSES: Non-employing businesses are the businesses in the Australian Taxation Office Maintained Population (ATOMP) that have not remitted Business Activity Statement (BAS) data for their Income Tax Withdrawal (ITW) role for five consecutive quarters prior to the reference period. Such businesses include self-employed people such as taxi drivers and takeaway or grocery shop owners who do not employ people other than themselves, but possess an Australian Business Number (ABN).

TOURISM BUSINESS: Business related to an industry classified as a tourism industry in the National Tourism Satellite Account (ABS Cat. No. 5249.0). Since it is difficult to allocate a part of a business that serves tourists as opposed to non-tourists, all businesses in a tourism industry are considered tourism businesses.

TOURISM GROSS DOMESTIC PRODUCT (GDP): Tourism Gross Value Added (GVA) plus net taxes on products that are attributable to the tourism industry (tourism net taxes on products).

TOURISM GROSS VALUE ADDED (GVA): The value of tourism output at basic prices, less the value of the inputs used in producing these tourism products.

VISITOR CONSUMPTION: The sum of money paid by visitors to retailers in the process of buying tourism goods and services plus value of the goods and services consumed by visitors but paid by any other person on the visitor’s behalf. For example, cost to a friend or family member when a visitor stays with them; cost to the government for a visitor’s free entry to a museum or art gallery.

VISITOR SPEND: The sum of money paid by visitors to retailers in the process of buying tourism goods and services.
10. REFERENCES


ABS (2017a), Count of Australian Businesses, Including Entries and Exits, Catalogue No. 8165.0, ABS, Canberra.


Tourism Research Australia, 2017c, Tourism Forecasts 2017, Tourism Research Australia, Canberra.


Image: Wildman Wilderness Lodge, Mary River National Park, NT Tourism Australia/Adrian Brown