

Economic Contribution of Tourism to Victoria 2013-14

Tourism is a significant economic driver for Victoria. Tourism in Victoria was estimated to be worth \$20.6 billion to the economy and employed approximately 206,000 people in 2013-14.

Tourism Research Australia (TRA) has provided Tourism Victoria with an *estimate* of tourism's economic contribution to Victoria for 2013-14.

The Tourism Satellite Account (TSA) includes measures of the economic contribution of tourism to Gross Value Added (GVA), Gross State Product (GSP) and employment. It also provides information about tourism consumption, output, taxation, and the composition of the tourism industry and its interaction with other industries.

TSA includes best estimates based on the internationally recognised and accepted methodology of 'measuring tourism'. As an economic modelling exercise, the TSA estimates generated are subject to the quality of data inputs and underlying assumptions.

The 2013-14 state TSA report follows the release of the National Tourism Satellite Account for 2013-14 by the Australian Bureau of Statistics (ABS) and **includes back-cast data to 2006-07**. There are some changes to the inputs used to produce the 2013-14 state TSA. These are:

- ABS' revision of the National Accounts and Overseas Arrivals and Departures (OAD) counts
- Introduction of mobile phone interviewing 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 regional composition of input data from the TRA International Visitor Survey (IVS) back to 2005.

Note: It is important that 2013-14 results only be compared to the revised time-series results included in the current publication.

GROSS STATE PRODUCT (GSP)

In 2013-14, tourism directly contributed \$9.2 billion to the Victorian economy or 2.6 per cent of GSP in the State.

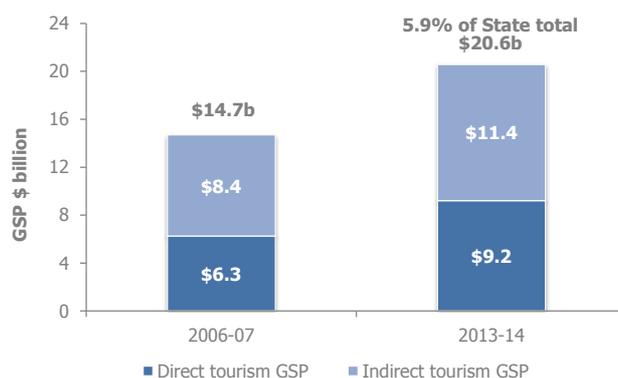
Every conventional industry depends directly or indirectly upon spending by travellers, although the links may not immediately be apparent. The benefits of the tourism dollar are spread well beyond the hotel lobby, filtering through to the petrol pump, the corner store and even the local mechanic. This flow on is referred to as the indirect economic contribution of tourism.

Tourism indirectly contributed an additional \$11.4 billion to the Victorian economy in 2013-14.

In total tourism was worth \$20.6 billion in total GSP or 5.9 per cent of the total Victorian economy. Tourism's share of Victoria's GSP has increased from 5.8 per cent in 2006-07.

Total tourism industry GSP for Victoria grew at an average annual rate of 4.9 per cent between 2006-07 and 2013-14, marginally ahead of the average annual growth for GSP in the whole of the State economy during this period (4.7%).

Tourism's Direct and Indirect Contribution to Victoria's Gross State Product (GSP)



GROSS VALUE ADDED (GVA)

The true contribution of tourism to the Victorian economy is best measured by GVA. Tourism GVA measures the value of production exclusive of product taxes such as the GST.

The Victorian tourism industry directly accounted for \$8.5 billion or 2.6% of total industry GVA for all industries in Victoria during 2013-14.

Note: Figures may not add up due to rounding.

Source: State Tourism Satellite Accounts 2013-14, produced by Tourism Research Australia, April 2015.
Research Factsheet produced by Tourism Victoria, April 2015.

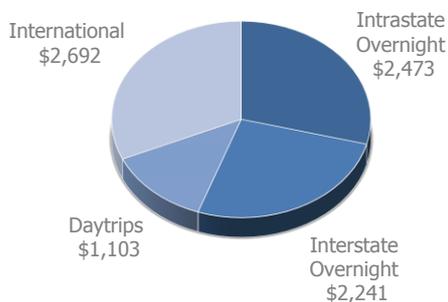


Factsheet *Economic contribution of Tourism to Victoria 2013-14*

As highlighted in the chart overleaf, in 2013-14 total direct GVA in Victoria was made up of the following:

- Domestic travel - \$5,817 million (68%);
 - Intrastate overnight travel - \$2,473 million (29% of direct GVA);
 - Interstate overnight travel - \$2,241 million (26%);
 - Same day trips - \$1,103 million (13%); and
- International travel - \$2,692 million (32%).

Composition of total direct GVA in Victoria 2013-14 (\$ millions)

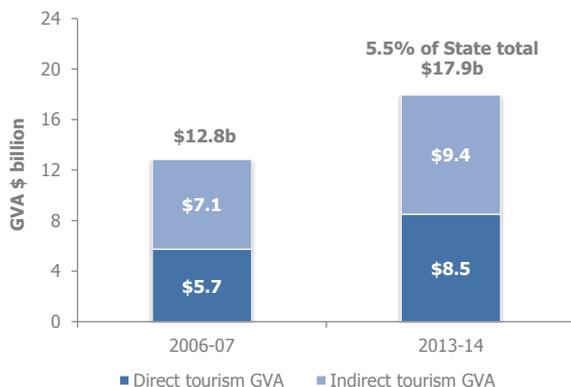


Tourism indirectly contributed an additional \$9.4 billion to GVA.

Therefore, tourism was worth \$17.9 billion to Victoria's GVA in 2013-14. This represents an average annual increase of 4.9 per cent per annum from 2006-07.

GVA in the whole of the Victorian State economy grew 5.0 per cent per annum between 2006-07 and 2013-14 and the tourism sector's share of Victoria's GVA has remain relatively constant over the period at 5.5-5.6 per cent.

Tourism's direct and indirect contribution to Victoria's Gross Value Added



TOURISM AND EMPLOYMENT

In 2013-14, tourism directly generated approximately 124,000 jobs in Victoria or 4.3% of total employment in the state.

Looking at the distribution of tourism jobs across Victorian industries, cafés, restaurants and takeaway food services (28%) accounted for the largest share of direct tourism employment, followed by retail trade (19%) and accommodation (13%).

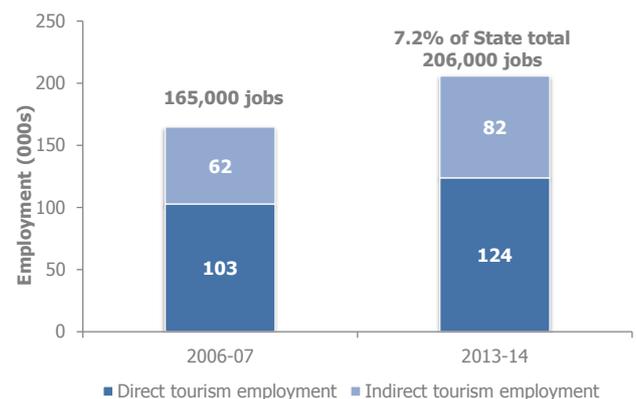
Tourism indirectly contributed an additional 82,000 jobs in 2013-14.

In total, tourism generated 206,000 jobs or 7.2 per cent of employment in Victoria in 2013-14 (growing from 6.5% share of employment in 2006-07).

Employment in the whole of the Victorian State economy grew 1.7 per cent per annum between 2006-07 and 2013-14 whereas tourism employment in Victoria grew by 3.2 per cent per annum over the same period.

Tourism's share of total employment (7.2 per cent) was higher than the tourism share of industry GVA (5.5 per cent) because tourism is more labour intensive than many other industries.

Tourism's direct and indirect contribution to Victoria's employment



Note: Figures may not add up due to rounding.

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Research Factsheet produced by Tourism Victoria, April 2015.



Factsheet Economic contribution of Tourism to Victoria 2013-14

INDUSTRY COMPARISONS

Tourism's share of direct GVA for the State (2.6%) was higher when compared to mining (2.5 %) in 2013-14, but was below industries such as agriculture, forestry and fishing (2.8%) and financial and insurance services (11.1%).

Tourism's share of direct employment for the State (4.3%) was higher when compared to financial and insurance services (4.1%), agriculture, forestry and fishing (3.1%) and mining (0.5%) in 2013-14.

Share of State Total by Industry 2013-14	GVA (%)	Employment (%)
Financial and insurance services	11.1	4.1
Professional, scientific and technical services	8.4	8.8
Manufacturing	8.0	9.7
Health care & social assistance	7.4	12.4
Construction	6.4	8.6
Education & training	5.9	8.0
Agriculture, forestry and fishing	2.8	3.1
Mining	2.5	0.5
Tourism – Direct	2.6	4.3
Tourism – Total (direct & indirect)	5.5	7.2

STATE COMPARISONS

Within each state & territory, tourism's share of total (direct and indirect) GSP and employment varies, indicating the different levels of importance of tourism on the individual state economies.

The chart below shows that Tasmania has the greatest reliance on tourism with 9.1% of GSP and 16.2% of employment in that state, followed by the Northern Territory (8.1% and 11.5% respectively) and Queensland (7.6% and 9.9%). Tourism's share of GSP in Victoria is in line with the national average (both 5.9%), while tourism's share of employment in Victoria (7.2%) is below the national average (8.1%).

Contribution of Total GSP & employment to each State & the National economy



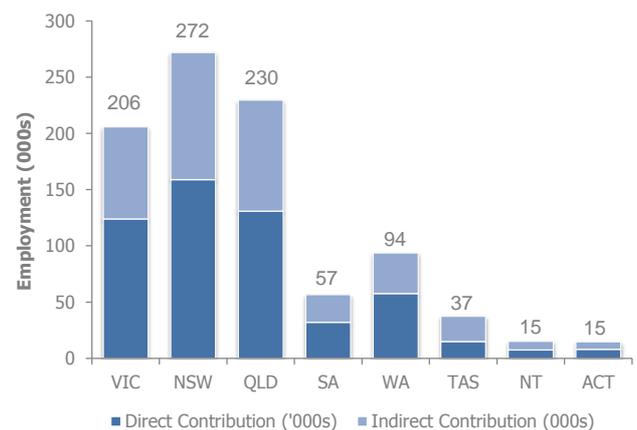
Nationally, tourism's total contribution (direct and indirect) was \$93.1 billion to Gross Domestic Product (GDP). The states that contributed the most to total tourism GDP were New South Wales at \$29.7 billion, Queensland at \$22.6 billion and Victoria at \$20.6 billion.

State comparison of Tourism's direct and indirect contribution to 2013-14 GSP



Nationally, tourism's total contribution (direct and indirect) to employment was 925,000. The states that contributed the most to total tourism employment were New South Wales at 272,000, Queensland at 230,000 and Victoria at 206,000.

State comparison of Tourism's direct and indirect contribution to 2013-14 Employment



Note: Figures may not add up due to rounding.

Source: State Tourism Satellite Accounts 2013-14, produced by Tourism Research Australia, April 2015.
Research Factsheet produced by Tourism Victoria, April 2015.



Factsheet *Economic contribution of Tourism to Victoria 2013-14*

DEFINITIONS & NOTES

What is a Tourism Satellite Account: Tourism Satellite Accounts (TSA) are used to supplement the System of National Accounts by measuring the economic contribution of tourism. The TSA estimates the worth of the tourism sector by combining the contributions of various goods and services across the economy. This then makes it possible to compare the economic contribution of the tourism industry, and its individual sectors to conventional industries.

Concept of Tourism: Tourism is defined differently to other standard industries, such as manufacturing or transport, as it is defined by the nature of the consumer, as a tourist (demand side), rather than the process by which goods or services are produced (supply side). Tourism is a component of many other standard industries, as tourists create demand in range industries including accommodation, cafes, restaurants, retail trade and transport.

A tourist or visitor is defined as any person travelling for business, leisure or other reason for less than 12 months duration, but not people travelling as part of a permanent migration or regular commuting. In Australia, using ABS and Tourism Research Australia definitions, a domestic visitor is a person travelling at least 40 km each way overnight or at least 25 km each way on a day trip.

Tourism consumption represents the demand side of tourism. It is the total value of goods and services *consumed* by domestic, inbound and outbound visitors. It consists of tourism expenditure plus imputed consumption on tourism related products. It is measured as the price the visitor pays including all taxes, subsidies and sales margins (i.e. purchasers' prices).

Tourism gross value added (GVA): 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. GVA is often considered the most accurate way of measuring the contribution of an industry to the economy and is best used when comparing the direct contribution of the tourism industry against conventional industries (such as mining or manufacturing) or across countries and regions. Direct and indirect flow-on GVA are measured separately. Combined they provide an estimate of total tourism GVA.

Tourism gross state product (GSP): The equivalent of Gross Domestic Product (GDP) at a State level. GSP refers to tourism GVA plus net taxes on products that are attributable to the tourism industry. Generally has a higher value than tourism GVA. Direct and indirect flow-on GSP are measured separately. Combined they provide an estimate of total tourism GSP.

State TSA goes beyond the scope of the national TSA by providing both the **direct** and **indirect** impacts of tourism and are measured separately using the TSA framework and Input Output (IO) modelling techniques respectively. Combined they provide an estimate of total tourism GSP.

*The **direct contribution of tourism** measures the contribution of direct transactions between a visitor and producer of a good or service that involves a direct physical or economic relationship. Put simply, this would include the direct impact of a visitor staying at hotel or participating in a tour. Direct economic impacts are measured according to the TSA framework.*

*The **indirect contribution of tourism** captures the flow-on or 'second round' impacts created by the tourism industry. These result from the need for inputs to be supplied to the industries that directly provide goods and services to visitors. For example, this might include the fresh produce supplied to a hotel to deliver meals to guests. The inclusion of indirect contributions is not valid when comparing tourism against other industries (as it would involve extensive double counting), however it is useful when considering tourism in isolation and the flow-on effect and impact it has on the total economy.*

Employed person: Is a person aged 15 years and over who worked for one hour or more per week 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.

Quality of Estimates: It is important to note that the estimates of economic contribution are derived from estimates and assumptions of complex interactions amongst all components of the economy which change over time. While as much care as possible has been taken to ensure the quality of the estimates in the satellite accounts, users should exercise some caution in the use and interpretation of the results. In order to produce estimates at a finer level of detail than is normally provided in the national accounts, some of the data used to produce the satellite accounts have been extended to the limits of their design capabilities. Assumptions underlying the estimates also have an effect on the estimates' quality.

MORE INFORMATION

For more detail on the methodology and results please refer to the full report: State Tourism Satellite Accounts 2013-14:

<http://www.tra.gov.au/publications/tourism-and-the-australian-economy.html>

Tourism Victoria's summary of Research sources, definitions and methodologies document found here:

<http://www.tourism.vic.gov.au/research.html>

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