

Economic Importance of Tourism in Victoria's Regions 2007-2008



Tourism is a significant economic driver for Victoria. The 2007-08 Tourism Satellite Account for the State estimates the tourism industry to be worth \$15.8 billion to Victoria's economy and employ approximately 184,800 people.

In lieu of a Tourism Satellite Account for each tourism region across Australia, Tourism Research Australia (TRA) has estimated the economic importance of tourism within each region's local economy in the report; *The Economic Importance of Tourism in Australia's Regions*, Tourism Research Australia, Canberra.

To determine the economic importance of tourism in a regional economy, the ratio of each region's total tourism output to its total output is estimated using proxy variables.

Once estimates for tourism output and total regional output are obtained for each tourism region, the economic importance of tourism is estimated by finding the ratio of tourism output to total output for each tourism region.

$$\text{Economic Importance of tourism (\%)} = \frac{\text{Tourism output}}{\text{Total regional output}} \approx \frac{\text{Total tourism expenditure}}{\text{Total regional output}}$$

Please refer to the report for more information and a detailed explanation of the methodology used to derive the economic value of tourism in Australia's regions.

Melbourne & Regional Victoria

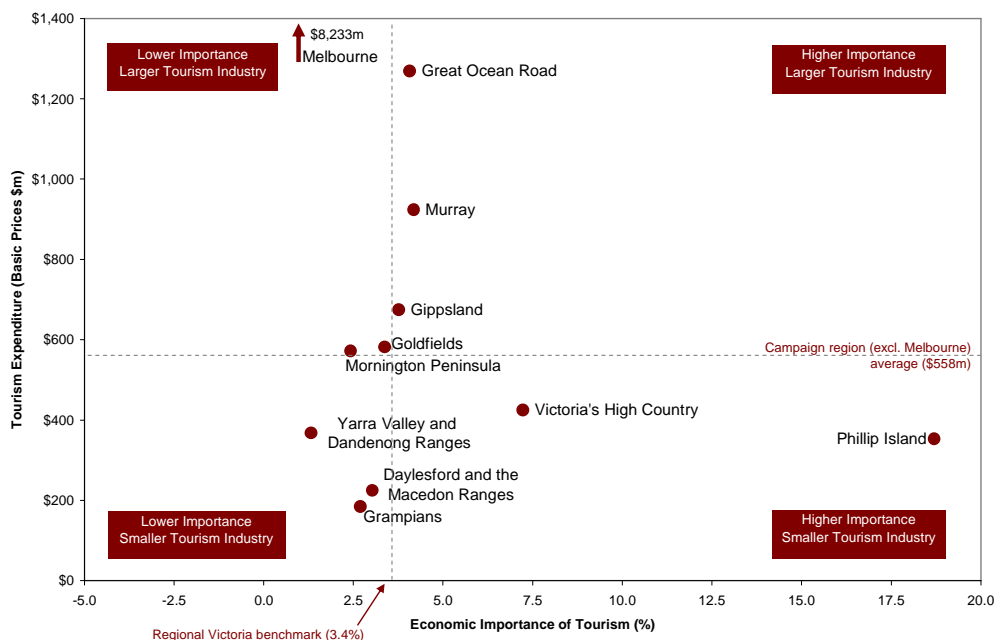
Melbourne, with a much larger and more diverse economy, is less reliant on tourism than most individual tourism regions in Victoria. Tourism is estimated to be worth 2.3% of Melbourne's economy, however at \$8.2 billion in total tourism expenditure in the region it has a very high value and is the highest of all regions across Victoria.

Tourism in regional Victoria is estimated at 3.4% of regional Victoria's economy. Therefore regional Victoria is more reliant on tourism than Melbourne.

Tourism in Phillip Island is estimated at 18.7% of the local economy and is the most reliant on tourism of all Victoria's regions and is ranked second highest in Australia.

Whether a regional economy is large or small, the importance of these local tourism industries to their regional economies can be considerable. Tourism regions with economies more dependent on tourism are also likely to be more vulnerable to shocks that affect the tourism industry.

Comparison between industry size and economic importance of campaign regions in Victoria



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Economic importance of tourism in regions of Victoria

Tourism Region/Campaign Region	Total Tourism Expenditure in Region		TRA data	Total Region Output	Economic Importance of Tourism
	Purchaser's prices ¹ , \$m	Basic prices ² , \$m	Sample size ³	Basic prices, \$m	%
Macedon	86	78	199	6,407	1.21
Spa Country	163	147	173	1,027	14.34
Daylesford and the Macedon Ranges	249	225	372	7,434	3.03
Gippsland	452	408	722	15,017	2.72
Lakes	296	267	283	2,898	9.21
Gippsland (Total)	748	675	1,005	17,915	3.77
Ballarat	310	280	439	7,372	3.79
Bendigo Loddon	334	302	512	9,861	3.06
Goldfields	644	582	951	17,233	3.38
Central Highlands	76	69	128	2,000	3.45
Western Grampians	110	99	254	3,410	2.90
Wimmera	19	17	51	1,449	1.17
Grampians	205	185	433	6,859	2.70
Geelong	526	475	849	18,367	2.59
Western	880	794	1,128	12,820	6.20
Great Ocean Road	1,406	1,269	1,977	31,187	4.07
Melbourne	9,120	8,233	10,570	357,108	2.31
Mornington Peninsula	634	572	1,018	23,618	2.42
Mallee	260	235	358	6,124	3.84
Goulburn	270	243	397	7,911	3.08
Central Murray	373	337	414	4,574	7.36
Murray East	121	109	173	3,477	3.13
Murray	1,024	924	1,342	22,086	4.18
Phillip Island	391	353	539	1,887	18.70
Victoria's High Country	470	425	479	5,872	7.23
Melbourne East	316	285	568	26,754	1.07
Upper Yarra	92	83	147	1,087	7.66
Yarra Valley and Dandenong Ranges	408	368	715	27,841	1.32
Regional Victoria	6,179	5,578	8,831	161,932	3.44
Victoria	15,299	13,811	19,401	519,040	2.66

Sources:

1. *The Economic Importance of Tourism in Australia's Regions*, Tourism Research Australia (TRA), Canberra.
http://www.ret.gov.au/tourism/Documents/tra/The_Economic_Importance_of_Tourism_in_Australia%27s_Regions_FINAL.pdf
2. *Tourism within States and Territories*, Sustainable Tourism Cooperative Research Centre, November 2009.

Note:

¹ Purchaser's prices: The amount paid by the purchaser, excluding any deductible tax, in order to take delivery of a unit of a good/service at the time and place required by the purchaser. The purchaser's price of a good includes any transport charges paid separately by the purchaser to take delivery at the required time and place.

² Basic prices: The amount receivable by the producer from the purchaser for a unit of a good or service produced as output, minus any tax payable plus any subsidy receivable, on that unit as a consequence of its production or sale. It excludes any transport charges invoiced separately by the producer.

³ Sample sizes: The estimates for tourism expenditure are derived by TRA using their regional tourism expenditure allocation model. This model relies on data from the National and International Visitor Surveys (produced by TRA). The aggregate sample sizes of these surveys for the 2007/08 financial year have been used.