

# Economic Contribution of Tourism to Victoria 2008-2009



**Tourism is a significant economic driver for Victoria. Tourism was estimated to be worth \$15.2 billion to Victoria's economy and employ approximately 193,200 people in 2008-2009.**

Tourism Research Australia (TRA), in conjunction with the Centre for Economic and Policy, has provided Tourism Victoria with an estimate of tourism's economic contribution to Victoria for 2008-2009. This analysis provides an update of the Sustainable Tourism Cooperative Research Centre (STCRC) estimates for 2007-2008.

The Centre for Economic and Policy prepares Tourism Satellite Accounts (TSA) for each Australian state and territory that is reconciled to the National TSA produced by the Australian Bureau of Statistics (ABS). TSA are best estimates based on the internationally recognised and accepted methodology.

The 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, and taxation regarding the composition of the tourism industry and its interaction with other industries.

Since the release of the TSA 2007-2008, the ABS has implemented significant changes in the methodology of calculating these figures, which brings them into alignment with international standards set by the United Nations World Tourism Organisation (UNWTO). These revisions mean that the tourism industry is defined as having a smaller contribution to the economy.

Note: It is important that 2008-2009 results only be compared to previous results using the same methodology. Retrospective assessment of direct economic contributions for previous years has been undertaken, however, this has not yet been done for indirect contributions.

## GROSS STATE PRODUCT (GSP)

Tourism directly contributes \$7.2 billion to the Victorian economy and accounts for 2.5% of GSP.

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 contributes an additional \$8.1 billion to the Victorian economy. Therefore, tourism is worth \$15.2 billion in total or 5.2% of total Victorian GSP.

## GROSS VALUE ADDED (GVA)

The true contribution of tourism to the Victorian economy is best measured by GVA. The Victorian tourism industry directly accounted for \$6.5 billion, or 2.5% of total industry GVA for all industries in Victoria during 2008-2009.

Tourism's direct contribution to the Victorian economy was in line with that of electricity, gas, water and waste services, and ahead of mining.

Share of Total VIC GVA by ANZSIC Industry 2008-2009	Direct GVA (%)
Financial and insurance services	12.9%
Manufacturing	11.4%
Ownership of dwellings	8.1%
Professional, scientific and technical services	6.9%
Health care and social assistance	6.5%
Construction	6.3%
Wholesale trade	6.1%
Transport, postal and warehousing	5.2%
Education and training	5.2%
Retail trade	5.1%
Information media and telecommunications	4.2%
Public administration and safety	3.5%
Rental, hiring and real estate services	3.2%
Administrative and support services	3.1%
Agriculture, forestry and fishing	2.7%
Electricity, gas, water and waste services	2.5%
<b>Tourism</b>	<b>2.5%</b>
Accommodation and food services	2.2%
Mining	1.9%
Arts and recreation services	1.0%
Other services	2.0%

Indirectly, tourism contributed an additional \$7.2 billion to GVA in Victoria. Therefore, tourism is worth \$13.8 billion in total or 5.2% of total Victorian GVA.

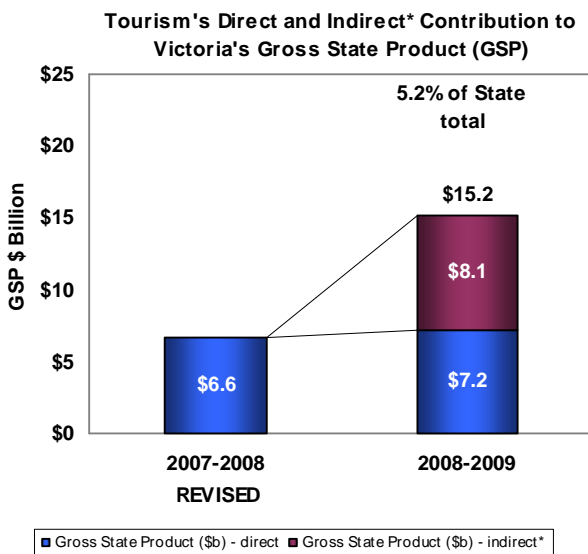
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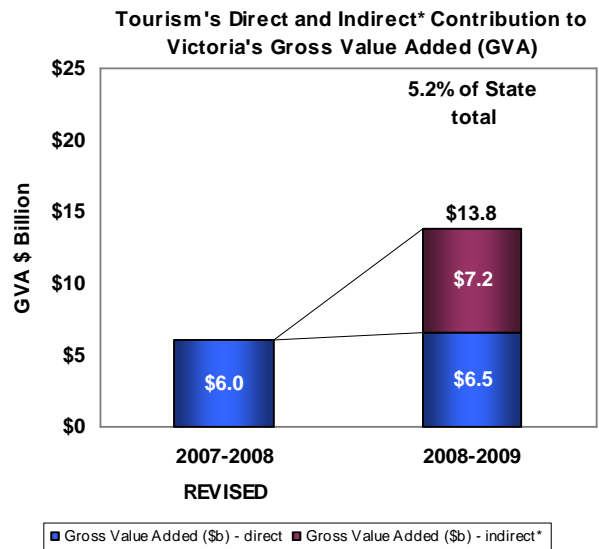
## GROWTH IN THE ECONOMIC IMPACT OF TOURISM

The Victorian tourism industry's direct contribution to the State economy has grown for both Gross State Product (GSP) and Gross Value Added (GVA) for the period 2007-08 and 2008-09.

As highlighted in the chart below, tourism is currently worth a total of \$15.2 billion to Victoria's economy, or 5.2% of total Victorian GSP. Tourism's direct contribution to GSP of \$7.2 billion represents an 8.2% increase from \$6.6 billion in 2007-08.



As highlighted in the following chart, tourism is currently worth \$13.8 billion in GVA, or 5.2% of total Victorian GVA. Tourism's direct contribution to 2008-09 GVA of \$6.5 billion represents an 8.1% increase from \$6.0 billion in 2007-08.



The Victorian tourism industry has increased its share of direct tourism in Australia for the period 2007-2008 to 2008-09. Victoria's share of Australia's tourism GDP increased from 20.1% in 2007-2008 to 21.8% in 2008-09.

Victoria's Share of the Australian Tourism Industry	2007-2008 REVISÉD	2008-2009
Tourism Gross Value Added (\$m)	20.1%	21.8%
Tourism Gross State Product (\$m)	20.1%	21.8%



Milawa Cheese Factory

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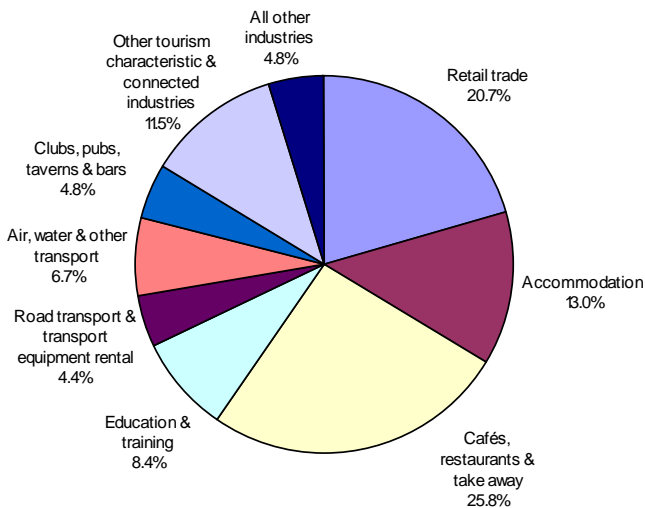
Yering Station – Produce Store

## TOURISM AND EMPLOYMENT

In 2008-2009, tourism consumption directly generated approximately 106,500 jobs in Victoria or 4.0% of total employment in the state.

Looking at the distribution of tourism jobs across Victorian industries, cafés, restaurants and takeaways (25.8%) accounted for the largest share of direct tourism employment, followed by retail trade (20.7%), accommodation (13.0%), and education (8.4%).

Direct Contribution to Employment 2008-2009



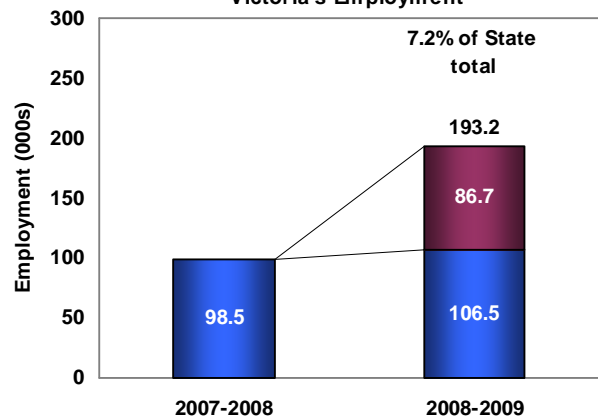
In 2008-09 tourism indirectly contributed an additional 86,700 jobs to the Victorian economy.

As highlighted in the following chart, the number of persons employed in the Victorian tourism industry in 2008-09 was 193,200 in total, or 7.2% of total employment in Victoria. Tourism's direct contribution of 106,500 jobs in 2008-09 represents an 8.1% increase from 98,500 jobs in 2007-08.

Victoria also increased its share of direct Australian tourism employment from 20.2% in 2007-08 to 21.9% in 2008-09.

Tourism's share of direct employment (4.0%) was higher than tourism's share of direct industry GVA (2.5%) because tourism is more labour intensive than many other industries.

Tourism's Direct and Indirect\* Contribution to Victoria's Employment



■ Employment (000s) - direct ■ Employment (000s) - indirect\*

## DEFINITIONS

**The Tourism Industry:** Tourism is an unconventional industry. Industries are conventionally defined on the supply side, that is, according to the types of goods or services they sell, such as textiles, petroleum, education or restaurant services.

Tourism is actually a demand-oriented concept. Anyone can buy a t-shirt, a tank of petrol, attend a conference or buy a meal, but it is only when the purchaser is travelling, away from his/her normal residential area, does that spending become part of the tourism industry.

Therefore, unlike traditional supply side industries, it's the status of the purchaser of the goods and services (rather than the producer) that defines a tourism transaction.

**A tourist or visitor** is defined as any person travelling for business or leisure, but not people travelling as part of a permanent migration or regular commuting. In Australia, using Australian Bureau of Statistics (ABS) and Tourism Research Australia (TRA) definitions, a domestic tourist is a person travelling at least 40km each way overnight or at least 25km each way on a day trip.

**Victorian tourism Gross State Product (GSP)** represents the total market value (taxes less subsidies) of goods and services used in Victoria, after subtracting the cost of production.

**Victorian tourism Gross Value Added (GVA)** measures the value of tourism gross output at basic prices by all industries which supply tourism products, less the value of the inputs used in producing these tourism products. Direct tourism GVA is directly comparable with the GVA of 'conventional' industries such as agriculture and manufacturing and should be used for comparison purposes.



Peninsula Hot Springs and Day Spa

## MORE INFORMATION

For more detail on the methodology and results please refer to the full report, Tourism Satellite Account Victoria 2008-2009 which can be found at:

<http://www.ret.gov.au/tourism/Documents/tra/Snapshots%20and%20Factsheets/2011/Tourism-Satellite-Accounts-2008-09-Summary-Spreadsheets.pdf>

Tourism's contribution to the Australian Economy 1997-98 to 2007-08, Tourism Research Australia, Canberra is another useful reference.

[http://www.ret.gov.au/tourism/Documents/tra/Economic%20Analysis/Tourisms\\_contribution\\_1997-98%20to%202007-08\\_FINAL.pdf](http://www.ret.gov.au/tourism/Documents/tra/Economic%20Analysis/Tourisms_contribution_1997-98%20to%202007-08_FINAL.pdf)

### Source:

"Tourism Satellite Accounts 2008-09: Summary Spreadsheets. The Economic Contribution of Tourism to Australian States & Territories", Centre for Economics and Policy, June 2011.

Updated by Tourism Victoria, June 2011