

# The Economic Impact of Extending Marriage to Same-Sex Couples in Australia

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## Introduction

If Australia grants same-sex couples the right to marry, the Australian economy will benefit from a surge in spending related to weddings by same-sex couples. This boost to the economy will result from spending by same-sex couples who reside in Australia, those who travel to Australia to marry, and the wedding guests of both. Businesses most likely to benefit from this spending will be businesses in the wedding and tourism industries such as hotels, restaurants, florists, wedding planners, photographers.

In this report we estimate the impact of wedding spending by same-sex couples if they were allowed to marry throughout Australia and evaluate the impact for the economy of Tasmania if same-sex couples were only allowed to marry in that state.

Overall, our conservative estimate of the economic impact is that the 17,820 Australian same-sex couples projected to marry would result in a likely boost to the Australian economy of \$161 million over the first three years that marriage is allowed. This estimate does not include wedding and tourism spending by same-sex couples from other countries or spending by any wedding guests.

Another recent estimate for this spending is \$742 million. This estimate is plausible and compatible with our estimate under other scenarios: if couples travel to Australia from

other countries, if we could take into account spending by wedding guests, if more resident same-sex couples marry than we project, and if the spending by same-sex couples on their weddings closely mirrors that of different-sex couples.

Given this range of estimates, we can project with a great deal of confidence that the overall impact of these marriages on the Australian economy will be in the hundreds of millions of dollars for the first three years.

Additionally, we evaluate the impact if only one Australian state allowed same-sex couples to marry while all other states did not. In that case, most of the business gains from new weddings would go to that one state. Since Tasmania is currently considering whether to allow same-sex couples to marry, we consider that state and estimate it would see an economic boost of \$96 million or more.

## Australia

We use a method from studies that estimate the economic impact of marriages by same-sex couples in the United States. The first step is to estimate the number of couples who would marry. The second step is to estimate how much spending each wedding would generate. The figures in this report are based on the best available data from several sources. Specifically, we use estimates from the most recent Labour Force Survey, IBISWorld business analyst's

calculations, a survey by Australian Marriage Equality, the Australian Bureau of Statistics, and other sources. All dollar values are in Australian dollars.

The Australian Labour Force Survey counted approximately 33,000 same-sex couples that currently live in Australia (Labour Force Survey).<sup>1</sup> A recent survey of same-sex couples reports that 54% of same-sex couples would “prefer Australian law to recognize [their] relationship” as a marriage.<sup>2</sup> That finding suggests that a good estimate of the number of Australian couples who would marry if they could is 54%, or 17,820 same-sex couples. We note that approximately 50% of same-sex couples in Massachusetts, the first state in the U.S. to allow same-sex couples to marry, got married over the first three years they could do so, suggesting that the Australian estimate is reasonable over a period of a few years.<sup>3</sup>

Several figures have been offered by different sources for the average wedding spending in Australia. A 2009 figure of \$28,000 has been used in some other calculations of economic spending on same-sex couples’ weddings. IBISWorld is cited in several sources as calculating that the average wedding would cost \$36,200 in 2011.<sup>4</sup>

However, for a variety of reasons, same-sex couples might spend less on their weddings than the national average. Due to societal discrimination, same-sex couples may receive less financial support from their parents and other family members to cover wedding costs, resulting in overall reduced spending. Couples who have been together for many years might not spend as much as newer couples. Also, only spending that comes from couples’ savings would truly be “new spending” for businesses, rather than money diverted from some other kinds of purchases. To take these factors into

account, as in previous studies by the Williams Institute at UCLA School of Law, we estimate here that same-sex couples spend one-quarter of the amount that different-sex couples spend on wedding arrangements.

Using 25% of the IBISWorld figure of \$36,200 results in an estimate of total spending by each couple of \$9,050. The 17,820 same-sex couples projected to marry would generate a boost to the Australian economy of \$161,271,000 over the first three years.

Actual spending could well be higher for a number of reasons:

- If guests from other countries visit Australia for the weddings of their gay and lesbian friends and family members, those guests would be generating tourist spending, adding to the economic effect estimated above.
- Also, same-sex couples might travel to Australia from other countries that do not allow them to marry. For example, the 2006 New Zealand census counted almost 6,000 couples. Some of them might make the relatively short trip to Australia in order to marry, adding to tourist and wedding spending.
- The estimate that 33,000 same-sex couples who live in Australia might be too low. If same-sex couples are reluctant to report themselves as such, as may be the case in a situation of legal inequality, then the number derived from surveys could be too low.
- More same-sex couples might choose to marry than we predict.
- Our estimate of wedding spending is a conservative one. Couples might well spend much more, and more closely approximate the spending of

different-sex Australian couples than we predict.

Another recent estimate of the economic impact suggests that same-sex couples would spend \$742 million on their weddings.<sup>5</sup> For the reasons stated above, we find this estimate is plausible and compatible with our estimate. If our predictions about the above elements are too conservative, then the actual impact could be somewhere between our \$161 million estimate in this report and the \$742 million estimate in the other report. Combining both estimates, we can project with a great deal of confidence that the impact on the Australian economy of weddings by same-sex couples will be hundreds of millions of dollars for the first three years.

## Tasmania

A state that is the first mover to allow same-sex couples to marry might be able to claim a large share of that \$161 million. Here we look at the potential economic impact of opening marriage to same-sex couples in Tasmania, using the same method used for the national estimate.

First, we predict that 54% of Tasmania's own same-sex couples will marry. While the 2011 same-sex couples figures from the Labour Force Survey are not available by state, we can estimate the number of Tasmanian couples. In 2006, Tasmania was home to 1.7% of Australia's 25,000 same-sex couples. Applying that percentage to the 2011 figures shows that about 570 same-sex couples are likely to be living in Tasmania. If 54% marry and spend \$9,050, they will spend \$2.8 million on their weddings.

Tasmania is also likely to benefit beyond spending by its resident same-sex couples' weddings. Australian Marriage Equality

conducted a survey of over 800 people with same-sex partners across Australia. Of those couples, 87% reported that they would marry in Tasmania if it was the first state to allow it. Of the 17,513 same-sex couples predicted to marry from other states, the 87% figure would mean that 15,236 couples would travel to marry in Tasmania. However, this number may be high, since the respondents to this survey are likely to be those who are most likely to marry, so 87% is most likely an upper bound of the couples who will travel to Tasmania to marry.

In the same survey, same-sex couples were asked how much money they would spend on a wedding in Tasmania. Using the survey data to create an average suggests that each would spend on average approximately \$12,220. Since this spending would not otherwise take place in Tasmania, it would be not be discounted as in the national estimates (in other words, more of it will be new spending for the Tasmanian economy), so we take 50% of that figure for the typical out-of-state couple marrying in Tasmania.<sup>6</sup> For 15,236 couples, the added spending would be \$93 million.

Taking the resident and non-resident couples suggests that Tasmania would see a boost of \$96 million if that state were the first to allow same-sex couples to marry. If more guests came from other states or countries, the gains could be even larger.

## Conclusion

Weddings are an important day in the life of couples, and their spending on the ceremony, reception, and other related events, reflects that personal and cultural importance. Allowing more couples to marry—in this case, same-sex couples—would add to the economic activity of the wedding industry. Given data on the

number of same-sex couples, their interest in marrying, and typical spending in Australia, we conservatively estimate that the country's economy would see a boost of \$161 million. That effect could be much larger if the actual number of couples or amount of spending exceeds our conservative figures here. We can project with a great deal of confidence that the overall impact of these marriages on the Australian economy will be in the hundreds

of millions of dollars for the first three years. If Tasmania became the "first mover" in allowing same-sex couples to marry, that state's economy would capture a large share of that boost, as much as \$96 million.

## About the Authors

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## Endnotes

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<sup>1</sup> Labor Force Survey. June 2011.

<http://www.abs.gov.au/ausstats/abs@.nsf/Products/6224.0.55.001~Jun%202011~Chapter~Couple%20Families>

<sup>2</sup> Ms. Sharon Dane, Dr. Barbara Masser and Dr. Julie Duck, "Not So Private Lives: The Ins and Outs of Same-Sex Relationships," University of Queensland, 2009.

<sup>3</sup> M. V. Lee Badgett and Jody Herman, "Patterns of Relationship Recognition by Same-Sex Couples in the United States," Williams Institute, November 2011.

<sup>4</sup> IBISWorld. <http://www.ibisworld.com.au/about/media/pressrelease/release.aspx?id=270>

<sup>5</sup> Australian Marriage Equality, "Marriage equality and the economy."

<sup>6</sup> The spending on weddings in Tasmania would likely either reduce spending on non-wedding goods and services somewhere else in Australia, or it would reduce the estimate of wedding spending in other states were they to allow same-sex couples to marry in the future.