

# SUBMISSION 20

## The Hon Sandra Nori MP

Minister for Tourism and Sport and Recreation

Minister for Women

Minister Assisting the Minister for State Development



RML B25466

Mr A McGowan  
Inquiry Secretary  
Parliament of Australia  
House of Representatives Standing Committee on  
Economics, Finance and Public Administration  
Parliament House  
CANBERRA ACT 2600

Dear McGowan

I refer to your recent request for submissions to the Inquiry into Australia's Service Industries.

The Inquiry's terms of reference includes a call for information relating to where the tourism service sector now sits in Australia's export (and import competing) environment.

The information provided below shows the tourism industry's direct contribution to the economy of NSW for the year 2000-01. This information has been drawn from the first research paper commissioned by a State Government to detail the profile of the service industry. Known as the Tourism Satellite Account (TSA), the paper was funded by Tourism NSW and the CRC for Sustainable Tourism, and was conducted by the Centre for Tourism Policy Studies, University of NSW and the Department of Economics, Monash University. A complete copy of the TSA is also provided for the Committee's reference.

- Tourism in NSW is larger than agriculture, forestry and fishing; mining; communication services; personal and other services; electricity, gas and water supply.
- Tourism is a \$23.3 billion dollar a year (or \$44,000 a minute) industry in NSW.
- NSW Tourism industry contribution to output is \$20.356 billion per annum.
- NSW Tourism industry contributes \$10.822 billion (or 4.5 percent) to Gross State Product each year.
- NSW Tourism industry contributes to Gross Value Added is \$8.92 billion (or 4.1 per cent) per year.
- NSW Tourism industry contribution to Australian exports represents 4.1%.

- Tourism industry in NSW employs 185,144; comprising of 6.1 % of the total NSW employment or 1 in 12 (direct and indirect) jobs in NSW.
- Of total tourism jobs, 75% are direct and 25% are indirect.
- The share of NSW in Australia's tourism Gross Value Added is 33.98%.
- Tourism ranks as 11<sup>th</sup> among major industry sectors in NSW.

Tourism NSW is working with the CRC for Sustainable Tourism on reviewing the TSA and will have a more up to date set of accounts available later in 2006.

Thank you for the opportunity to submit this information to the enquiry.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sandra Nori'.

**SANDRA NORI MP**

Minister for Tourism and Sport and Recreation

Minister for Women

Minister Assisting the Minister for State Development

Centre for Tourism  
Policy Studies  
UNSW  
and  
Department of  
Economics  
Monash University

2000-01

**TOURISM SATELLITE ACCOUNT, NSW  
SEPTEMBER 2003<sup>1</sup>**

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<sup>1</sup> Financial support for this project was provided by Tourism New South Wales and the Cooperative Research Centre for Sustainable Tourism.

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## ABOUT THIS PUBLICATION

This publication presents the key results of a Tourism Satellite Account (TSA) for the year 2000-01 for New South Wales (NSW). It has been funded by NSW Tourism and from Australia's CRC Sustainable Tourism.

**ABBREVIATIONS**

ABS	Australian Bureau of Statistics
BTR	Bureau of Tourism Research
CRC	Co-operative Research Centre for Sustainable Tourism
GDP	Gross domestic product
GSP	Gross state product
RoA	Rest of Australia
TSA	Tourism Satellite Account

## INTRODUCTION

The concept of a Tourism Satellite Account (TSA) emerged internationally following an International Conference on Travel and Tourism Statistics organised by the World Tourism Organisation (WTO) in 1991. This led to publication by the WTO in 1995 of *Tourism Satellite Account (TSA) – The Conceptual Framework* which set out a recommended framework for such accounts designed to be consistent with the UN endorsed System of National Accounts 1993. Since that time a growing number of countries, including Australia in October 2000, have developed TSA's at the national level (See *Australian National Accounts: Tourism Satellite Account 1997-98*, subsequently updated with the release of figures for 2000-01).

Because the National Accounts have traditionally not allowed ready classification of a tourism industry it has been difficult to identify clearly the size and value of the industry. A TSA extracts from the National Accounts the contribution which tourism makes to each other sector of the economy allowing measurement of the true contribution of tourism to GDP (or GSP) and permitting comparison with other economic sectors listed in the national accounts.

The extension of TSA's to the state or regional level is still in its infancy internationally, although in Australia the state of Queensland has invested substantial resources in this work and published its first TSA report for Queensland in 2002.

To develop this TSA for the state of NSW, we have utilised the data sources from the national TSA published by the Australian Bureau of Statistics (ABS) and statistical data from the Bureau of Tourism Research (BTR). In terms of tourism commodities and industries for NSW, the results are consistent with those for the national TSA.

Types of visitors, or tourism, are classified as domestic, outbound and inbound. To examine the contribution of domestic tourism to the NSW economy in more detail, domestic tourism has been further divided into intrastate and interstate tourism. A two region framework - NSW and Rest-of-Australia (RoA) – has been adopted for this study. RoA includes all other States and both Territories. In this model intrastate tourism in NSW represents travel within NSW by NSW households and interstate tourism in NSW represents travel in NSW by households from RoA. Conversely, intrastate tourism in RoA represents travel within RoA by its households, and interstate tourism in RoA represents travelling to RoA by NSW households.

It is necessary to construct patterns of tourism consumption for RoA, as well as for NSW, because tourism consumption in RoA also creates demand for NSW sourced products, which in turn has effects on the NSW economy.

The estimates of tourism consumption, output, value added and gross state product (GSP) in this TSA are recorded at current prices.

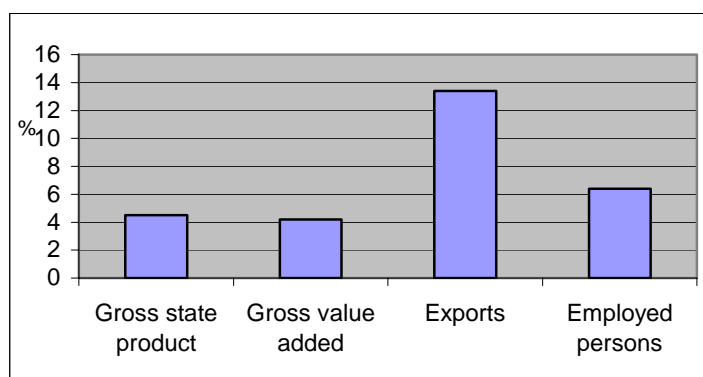
The concepts, sources and methods used in the TSA are described in Appendix 1.

## KEY RESULTS

In 2000-01 the tourism industry's direct contribution to the economy of NSW was as follows:

◆ Tourist consumption:	\$23.3 billion	
◆ Tourism industry contribution to output:	\$20.356 billion	
◆ Tourism industry contribution to Gross State Product:	\$10.822 billion	(4.5%)
◆ Tourism industry contribution to Gross Value Added	\$8.92 billion	(4.1 %)
◆ Tourism industry contribution to Australian exports:	\$6.37 billion	(13.4 %)
◆ Tourism industry contribution to NSW employment	185,144 jobs	
	comprising 6.1 % of total NSW employment.	
◆ Share of NSW in Australia's tourism Gross Value Added		33.98%
◆ Share of NSW in tourism Gross Domestic Product		33.98 %
◆ Tourism ranks as 11 <sup>th</sup> among major industry sectors in the state.		

### TOURISM'S SHARE OF THE ECONOMY OF NSW, 2000-01



## ANALYSIS OF RESULTS

Tourism is not an industry in the traditional sense because an industry is normally identified by the production of goods and services through the employment of intermediate inputs, capital, land and labour. The “tourism industry”, by contrast, is identified from the demand side through demand for various commodities from tourism characteristic and connected industries. This in turn generates effects on output, value added, Gross State Product and employment.

The results presented below relate to the tourism industry in New South Wales 2000-01.

Tourism consumption of \$23.3 billion directly contributes \$10.8 billion (4.5 %) to NSW Gross State Product (GSP) and \$8.9 billion (4.1%) to NSW Gross Value Added (GVA). Tourism also contributes to employment and exports. In 2000-01, tourism directly contributed 6.1 % of total NSW employment. It also contributed 13.4 % of NSW's total international exports of goods and services.

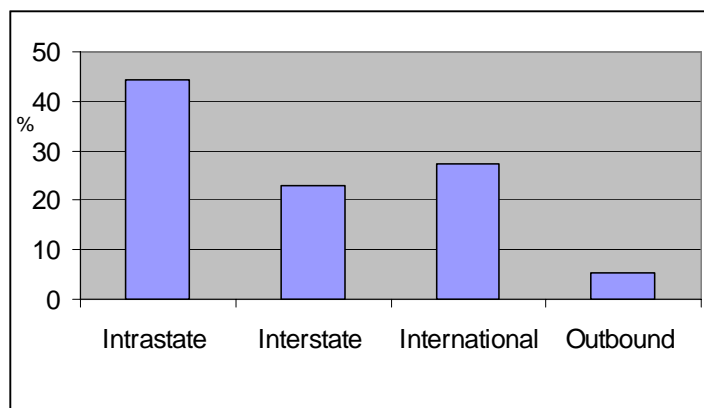
### **TOURISM CONSUMPTION BY ORIGIN AND PURPOSE OF TRAVEL**

#### **Total Tourism Consumption, NSW, by origin and purpose of travel, 2000-01**

	Holiday	VFR	Business	Other	Total (\$m)	Share of NSW Tourism Consumption (%)
Intrastate	6193.2	2215.8	1122.3	788.6	10319.9	44.3
Interstate	2671.7	1240.5	1310.2	175.8	5398.1	23.1
Outbound					1210.3	5.2
Inbound	2592.022	940.531	1062.136	1770.454	6365.144	27.3
Total	11456.922	4396.831	3494.636	2734.854	23293.444	100
% (excluding outbound)	51.881	19.910	15.825	12.384		100

NSW accounted for \$23.3 billion of tourism consumption in 2000-01.

#### **SHARE OF NSW TOURISM CONSUMPTION BY ORIGIN**



By origin, the share of visitor expenditure in tourism's direct contribution to the NSW economy is:

- ◆ Intrastate visitor expenditure 44.3%
- ◆ Interstate visitor expenditure 23.1%
- ◆ International visitor expenditure 27.3%



◆ Outbound traveller expenditure 5.2%

The spending by international tourists (\$6.365 billion) represents export income into the State economy as does the spending in the State by residents from other states (\$5.398 billion).

Every 1000 international visitors generates, on average, \$2.297 million in tourism consumption expenditure (\$6.365 billion from 2,771,000 overseas visitors; 2000/2001 figures).

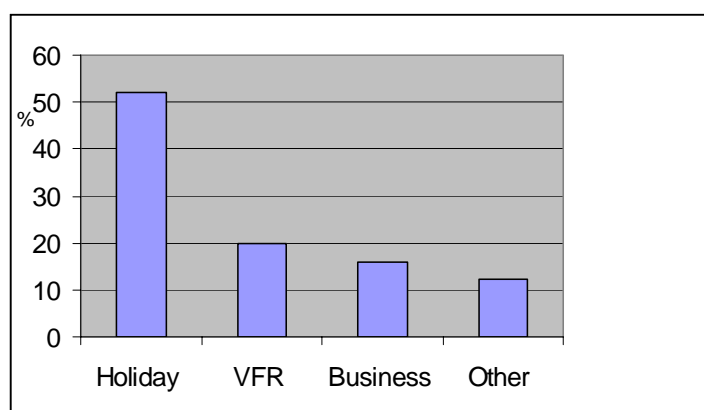
Every 1000 visitors to NSW from the other states and territories of Australia (RoA) generates, on average, \$650 million in tourism consumption expenditure (\$5.398 billion from 8,286,000 interstate visitors; 2000/2001 figures).

Outbound traveller expenditure includes the expenditure in NSW incurred by NSW residents making trips overseas - for example, international air travel on Australian airlines producing in NSW, and accommodation before and after flights.

The shares of visitor expenditure in NSW allocated by purpose of travel (excluding outbound) are:

◆ Holiday	51.9%
◆ VFR	19.9%
◆ Business	15.8%
◆ Other	12.4%

#### SHARE OF NSW TOURISM CONSUMPTION BY PURPOSE OF VISIT



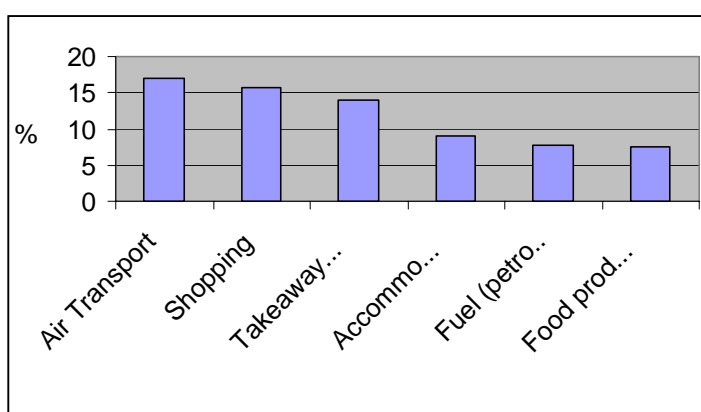
#### TOURISM CONSUMPTION BY ORIGIN AND COMMODITY

The main tourism consumption commodities by their share in total NSW tourism consumption are:

◆ Air Transport	17%
◆ Shopping	15.7%
◆ Takeaway and restaurant meals	14%
◆ Accommodation services	9.1%
◆ Fuel (petrol, diesel)	7.7%
◆ Food products	7.6%

These are the industries in New South Wales that rely most on tourism demand.

### SHARE OF NSW TOURISM CONSUMPTION BY COMMODITY



Consumption patterns vary by origin of the tourist. Air Transport, Shopping and Accommodation services are the dominant tourism products consumed by international visitors. Interstate visitor expenditure is dominated by Air Transport, Takeaway and Restaurant Meals, Accommodation Services and Shopping. In contrast, intrastate visitor expenditure is dominated by Shopping, Takeaway and Restaurant Meals, and Fuel.

**Table 1: Tourism consumption by origin and commodity, selected tourism products, by type of visitor, NSW, 2000-01, \$m**

COMMODITIES	NSW Total	% of NSW Tourism Consumption	Australia total	% of Aust. Tourism consumption	NSW share of total Aust. (%)
Travel agency and tour operator services	714.663	3.068	2271.099	3.187	31.468
Taxi fares	189.376	0.813	576.948	0.809	32.824
Air transport	3933.817	16.888	11203.243	15.723	35.113
Accommodation services	2111.933	9.067	6535.102	9.172	32.317
Takeaway and restaurant meals	3264.982	14.017	10366.908	14.549	31.494
Shopping (including gifts and souvenirs)	3666.531	15.741	11103.877	15.584	33.020
Other long distance transport	543.198	2.332	1616.594	2.269	33.601

costs					
Local area passenger transportation	124.473	0.534	365.103	0.512	34.093
Fuel (petrol, diesel)	1791.624	7.692	5585.001	7.838	32.079
Food products	1764.068	7.573	5565.105	7.810	31.699
Alcoholic beverages and other beverages	1038.244	4.457	3305.009	4.638	31.414
Recreational, cultural and sports services	777.248	3.337	2500.999	3.509	31.078
Education	557.314	2.393	1416	1.987	39.358
Other tourism goods and services	2815.973	12.088	8842.912	12.410	31.844
<b>Total expenditure, \$m</b>	<b>23293.44</b>	<b>100</b>	<b>71253.9</b>	<b>100</b>	<b>32.691</b>

NSW accounted for 32.7% of total tourism consumption in Australia. The following commodities in NSW recorded a percentage share of national tourism consumption higher than the NSW share of Australia's total tourism consumption.

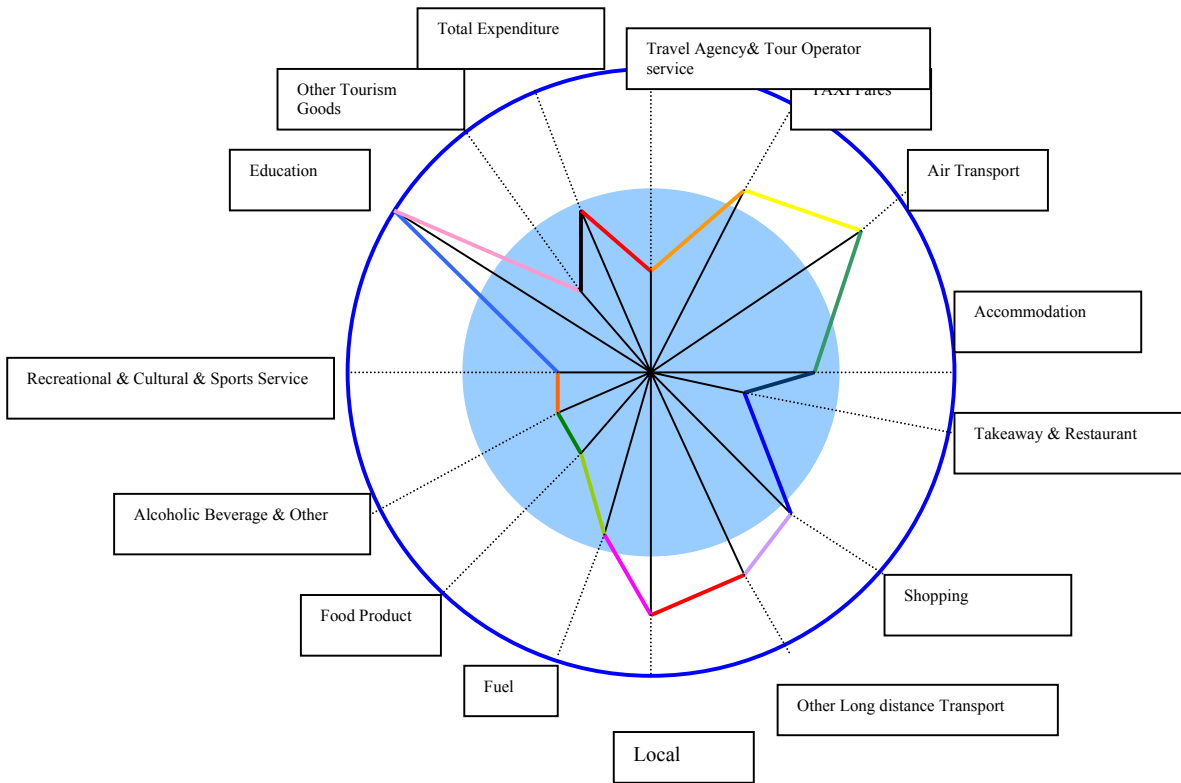
- ◆ Education
- ◆ Air transport
- ◆ Local area passenger transportation
- ◆ Shopping
- ◆ Other long distance transport costs
- ◆ Taxi fares

The results are displayed in Figure 1 (not to scale).

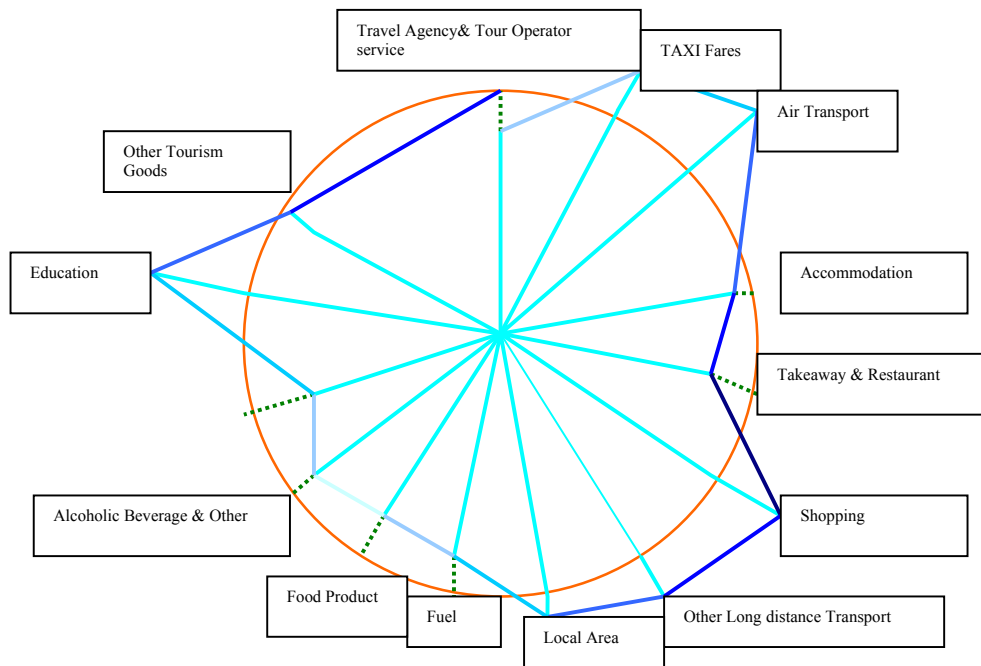
Tourism generated consumption in NSW for the following industries was above the national average for tourism in that industry:

- ◆ Education
- ◆ Air transport
- ◆ Local area passenger transportation
- ◆ Shopping
- ◆ Other long distance transport costs
- ◆ Taxi fares

The results are displayed in Figure 2 (not to scale).



**Figure 1**



**Figure 2**

Additional tables with information on Total Tourism Consumption in NSW by Commodity and by Origin of Travel appear in the Appendices.

### **TOURISM INDUSTRY OUTPUT BY ORIGIN AND INDUSTRY**

Tourism industry output in NSW in 2000-01 was \$20.356 billion.

**Table 2: Total Tourism Industry Output, 2000-01, NSW Region, \$m**

	Total NSW	% of total NSW industry output	Total Aust.	% of total Aust. Tourism industry output	NSW share of Aust. Tourism ind. Output (%)
Travel agency and tour operator services	640.584	3.147	2234	3.635	28.674
Air and water transport	3747.278	18.409	11493	18.701	32.605
Accommodation	1953.204	9.595	6460	10.512	30.235
Cafes, restaurants and food outlets	1905.13	9.359	6301	10.253	30.235
Clubs, pubs, taverns and bars	1029.816	5.059	3406	5.542	30.235
Other road transport	430.356	2.114	1669	2.716	25.785
Rail transport	213.101	1.047	820	1.302	25.988
Food manufacturing	1112.823	5.467	3098	5.041	35.921
Beverage manufacturing	517.977	2.545	1442	2.346	35.921
Transport equipment manufacturing	128.679	0.632	634	1.032	20.296
Other manufacturing	939.515	4.615	4629	7.532	20.296
Automotive fuel retailing	125.922	0.619	327	0.532	38.508
Other retail trade	2061.605	10.128	4760	7.746	43.311
Education	557.288	2.738	1313	2.137	42.444
Casinos and other gambling services	102.487	0.503	280	0.456	36.603
Libraries, museums and arts	272.69	1.34	745	1.043	36.603
Other entertainment services	558.922	2.746	1527	2.485	36.603
All other industries	4992.518	24.526	12869	20.941	38.795
Total (\$m)	20355.8	100	61455	100	33.123

By origin, the contribution of visitors to NSW tourism output is:

- ◆ Intrastate visitor expenditure 43.2%
- ◆ Interstate visitor expenditure 23.8%
- ◆ International visitor expenditure 27.7%
- ◆ Outbound traveller expenditure 5.3%

By industry sector, the main contributors to NSW tourism output are:

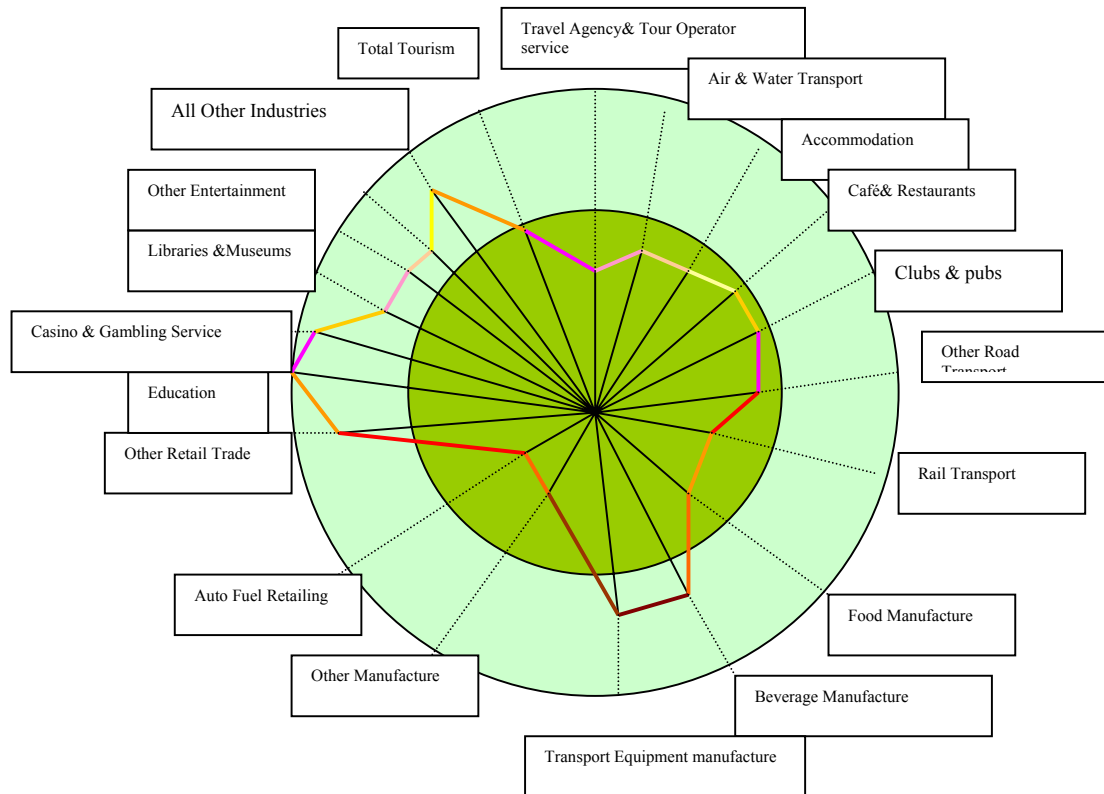
◆ Air and Water Transport	18.4%
◆ Other retail trade	10.1%
◆ Accommodation	9.6%
◆ Cafes, restaurants and food outlets	9.4%
◆ Food manufacturing	5.5%
◆ Clubs, pubs, taverns and bars	5.1%

Changes in output patterns vary by origin of the tourist. Air Transport; Accommodation; Other Retail Trade; and Cafes, Restaurants and Food Outlets are the dominant changes in output associated with international visitors. Output changes associated with interstate visitor expenditure are dominated by Air Transport; Accommodation Services; and Cafes, Restaurants and Food Outlets. In contrast, changes in output associated with intrastate visitor expenditure are dominated by Other Retail Trade; Accommodation; and Cafes, Restaurants and Food Outlets. Additional Tables appear in the Appendix.

NSW accounted for 33.1% of Australia's total tourism output. The following industries in NSW recorded a percentage share of tourism consumption higher than NSW's average share of all tourism industry output of 33.1%.

- ◆ Other retail trade
- ◆ Education
- ◆ Automotive fuel refining
- ◆ Casinos and other gambling services
- ◆ Libraries, museums and arts
- ◆ Other entertainment services
- ◆ Food and beverage manufacturing

The results are displayed in Figure 3 (not to scale)

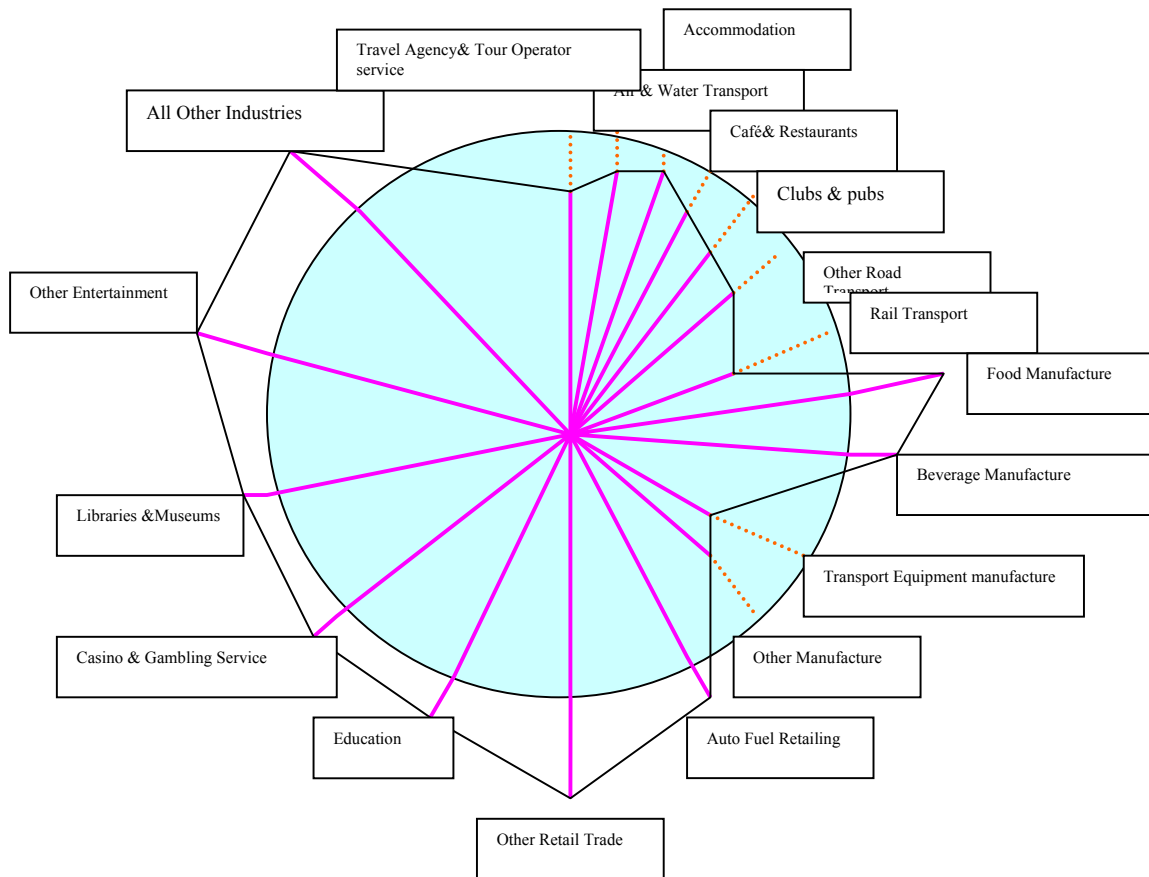


**Figure 3**

Output of the following industries in the state was above the national average for tourism in that industry:

- ◆ Food manufacturing
- ◆ Beverage manufacturing
- ◆ Automotive fuel retailing
- ◆ Other retail trade
- ◆ Education
- ◆ Casinos and other gambling services
- ◆ Libraries, museums and arts
- ◆ Other entertainment services
- ◆ All other industries

The results are displayed in Figure 4 (not to scale).



**Figure 4**

### **TOURISM INDUSTRY SHARE OF GROSS STATE PRODUCT (GSP), NSW**

Nationally, tourism Gross Domestic Product (GDP) represents the total market value of Australian produced goods and services consumed by visitors after deducting the cost of goods and services used in the process of production.

Tourism Gross State Product (GSP) for NSW represents the total market value (ie. purchasers' value) of NSW produced goods and services by all kinds of visitors inbound and outbound, from overseas, NSW and the Rest of Australia (RoA), after deducting the costs of goods and services used in the process of their production.



**Table 3: Tourism Gross State Product/GDP and Associated Statistics, 2000-01**

	<b>NSW</b>	<b>Australia</b>
Tourism gross value added at basic prices (\$b)	8.922	26.325
plus Net taxes on tourism products (\$b)	1.901	5.528
equals Tourism GSP/GDP(\$b)	10.822	31.854
Gross value added (\$b)	216.177	611.896
Gross state product/GDP (\$m)	238.759	669.307
Tourism share of gross value added (%)	4.127	4.302
Tourism share of GSP/GDP (%)	4.533	4.759
Share of NSW in Australia's tourism gross value added (%)		33.891
Share of NSW in tourism GDP (%)		33.976

NSW Tourism GSP in 2000-01 is equal to \$10.8 billion, which accounted for 4.5 percent of total GSP in NSW. NSW accounted for 34 percent of tourism GDP in Australia.

#### **NSW TOURISM GSP, BY ORIGIN AND PURPOSE OF TRAVEL**

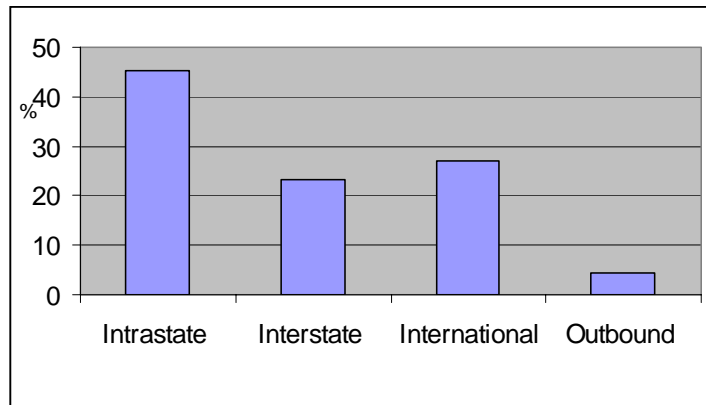
**Table 4: NSW Tourism GSP, by Origin and Purpose of Travel**

	Holiday	VFR	Business	Other	Total (\$m)	% of total NSW Tourism GSP
Intrastate	2947.727	1029.664	539.033	376.421	4892.844	45.211
Interstate	1273.597	570.591	581.655	88.639	2514.482	23.234
Outbound					470.894	4.351
Inbound	1112.706	402.649	455.253	973.516	2944.124	27.204
Total	5334.030	2002.904	1575.941	1438.576	10822.344	100.00
% (excluding outbound)	51.529	19.349	15.224	13.897	100.00	

By origin, the share of tourism in NSW GSP is:

- ◆ Intrastate visitor expenditure 45.2%
- ◆ Interstate visitor expenditure 23.2%
- ◆ International visitor expenditure 27.2%
- ◆ Outbound traveller expenditure 4.4%

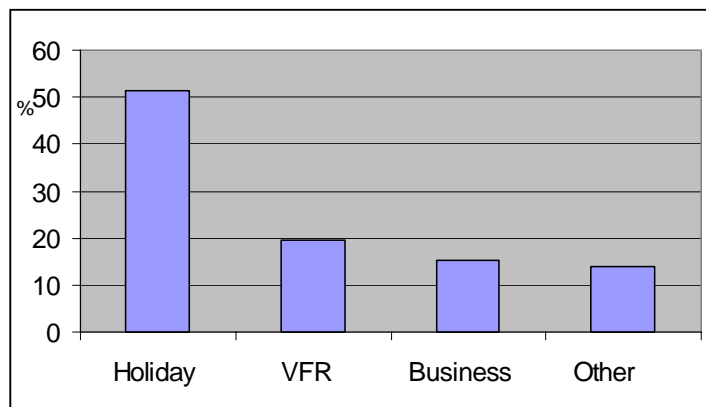
### SHARE OF NSW TOURISM GSP BY ORIGIN



By purpose of travel, the share of tourism GSP in NSW is:

◆ Holiday	51.5%
◆ VFR	19.4%
◆ Business	15.2%
◆ Other	13.9%

### SHARE OF NSW TOURISM GSP BY PURPOSE OF VISIT



Additional Tables with information on Tourism Share of Gross State Product in NSW by Origin and Purpose of Travel appear in the Appendix.

## TOURISM INDUSTRY SHARE OF GROSS VALUE ADDED (GVA), NSW

**Table 5: NSW Tourism Gross Value Added , by Origin and Purpose of Travel**

	Holiday	VFR	Business	Other	Total (\$m)	% of total NSW Tourism GVA
Intrastate	2405.803	788.202	395.082	305.507	3894.594	43.653
Interstate	1069.401	466.609	453.526	75.888	2065.425	23.151
Outbound					392.221	28.800
Inbound	944.041	343.177	391.799	890.458	2569.475	4.396
Total	4419.244	1597.988	1240.408	1271.854	8921.714	100.00
% (excluding outbound)	51.811	18.735	14.543	14.911	100.00	

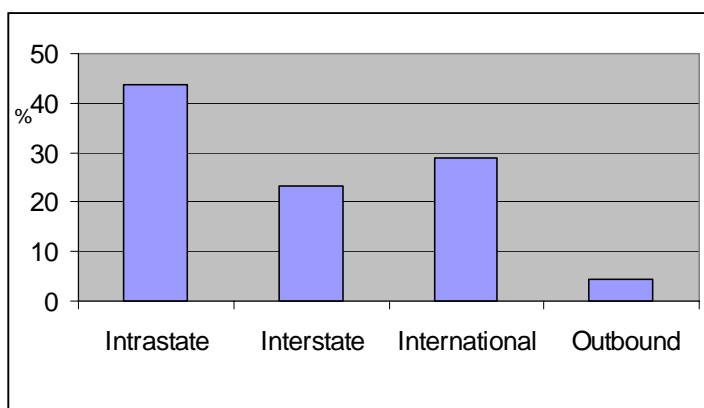
Industry Gross Value Added (GVA) measures the value of production exclusive of product taxes such as the GST. It is the preferred national accounts measure of the production of industries because it is free from distortions in prices caused by changes in tax rates or the introduction of new taxes over time.

The tourism industry share of total industry gross value added in NSW for 2000-01 was 4.15 percent (= \$8.922 billion).

Classified by the origin of the tourists, the share of tourism GVA in NSW is:

- ◆ Intrastate visitor expenditure 43.7%
- ◆ Interstate visitor expenditure 23.2%
- ◆ International visitor expenditure 28.8%
- ◆ Outbound traveller expenditure 4.4%

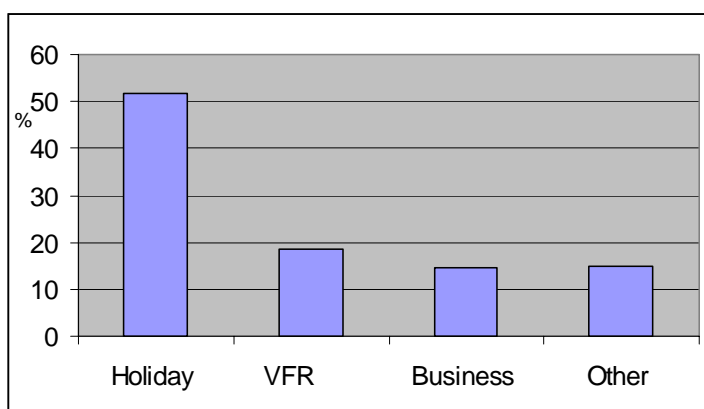
### SHARE OF NSW TOURISM GVA BY ORIGIN



Classified by purpose of travel, the share of tourism GVA in NSW is:

◆ Holiday	51.8%
◆ VFR	18.7%
◆ Business	14.5%
◆ Other	14.9%

#### SHARE OF NSW TOURISM GVA BY PURPOSE OF VISIT



Holiday and Business travel contribute a higher share of value added than they contribute to GSP.

#### TOURISM GROSS VALUE ADDED BY ORIGIN AND INDUSTRY

By Industry Sector, the main contributors to State Tourism GVA are:

◆ Air and Water Transport	14.3%
◆ Other Retail Trade	11.1%
◆ Accommodation	9.5%
◆ Cafes, Restaurants and Food Outlets	8.5%
◆ Education	5.5%
◆ Ownership of Dwellings	5.3%

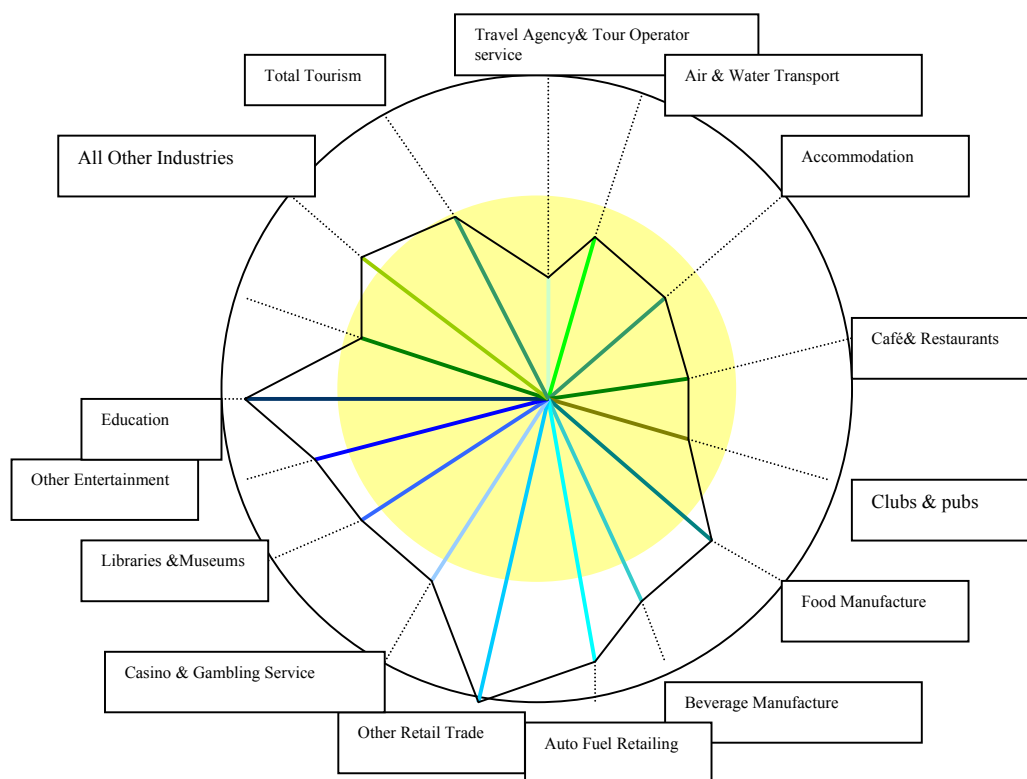
**Table 5: Tourism Gross Value Added, by Selected Industries, 2000-01, NSW, \$m**

	NSW total	% of NSW Tourism GVA	Australia	% of Aust. Tourism GVA	NSW share of Aust. TGVA (%)
Travel agency and tour operator services	282.155	3.163	984	3.738	28.674
Air and water transport	1275.503	14.297	3912	14.892	32.605
Accommodation	846.288	9.486	2799	10.632	30.235
Cafes, restaurants and food outlets	755.581	8.469	2499	9.493	30.235
Clubs, pubs, taverns and bars	367.36	4.118	1215	4.615	30.235
Food manufacturing	280.541	3.144	781	2.967	35.921
Beverage manufacturing	171.701	1.925	478	1.816	35.921
Automotive fuel retailing	69.315	0.777	180	0.684	38.508
Other retail trade	990.09	11.098	2286	8.684	43.311
Casinos and other gambling services	64.055	0.718	175	0.682	36.603
Libraries, museums and arts	152.999	1.715	418	1.588	36.603
Other entertainment services	268.297	3.007	733	2.784	36.603
Education	494.047	5.538	1164	4.422	42.444
Ownership of dwellings	470.717	5.276	1611	6.119	29.219
All other industries	2433.065	27.269	7090	26.933	34.317
Total (\$m)	8921.714	100	26325	100	33.891

NSW accounted for 33.9 percent of total tourism gross value added in Australia. The following industries in NSW recorded a percentage share of tourism gross value added higher than the NSW share average share of Australian tourism industry GVA of 33.9%.

- ◆ Other Retail Trade
- ◆ Education
- ◆ Automotive Fuel Retailing
- ◆ Casinos and other Gambling Services
- ◆ Libraries, Museums and Arts
- ◆ Other Entertainment Services
- ◆ Food and Beverage Manufacturing

The results are displayed in Figure 5 (not to scale).

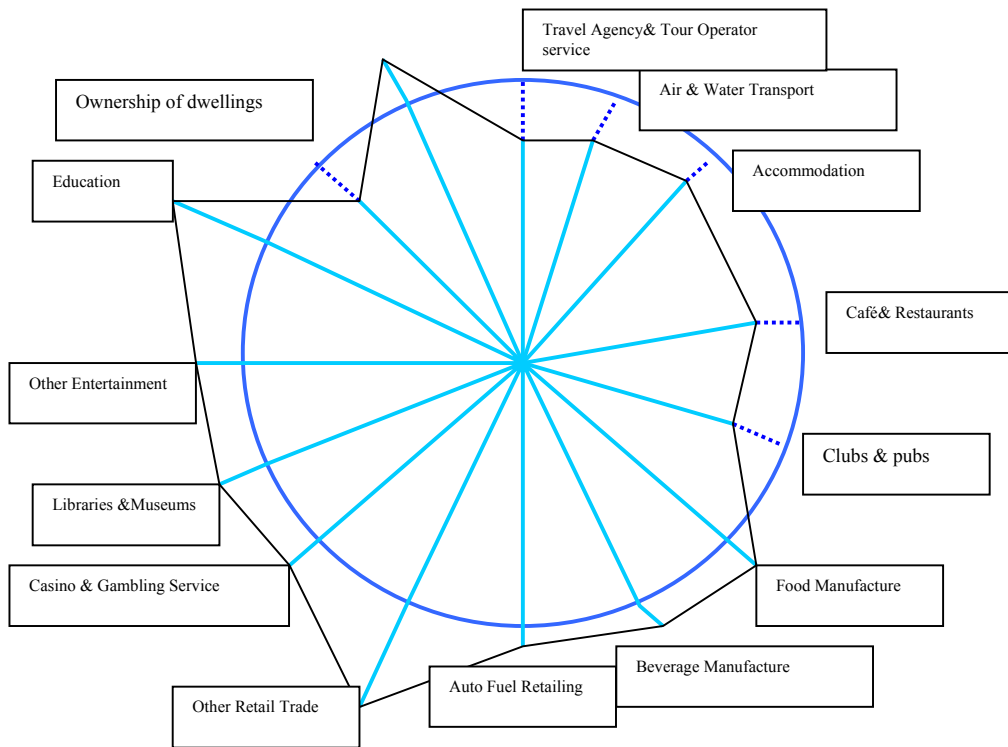


**Figure 5**

Gross value added of the following industries in NSW was above the national average for tourism in that industry:

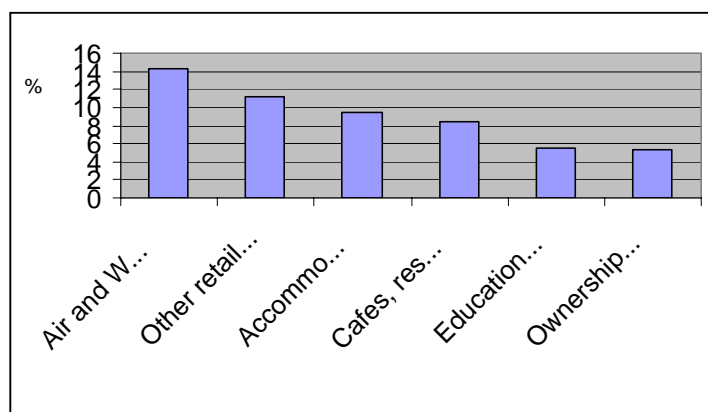
- ◆ Food Manufacturing
- ◆ Beverage Manufacturing
- ◆ Automotive Fuel Retailing
- ◆ Other Retail trade
- ◆ Casinos and Other gambling services
- ◆ Libraries, Museums and Arts
- ◆ Other Entertainment Services
- ◆ Education

The results are displayed in Figure 6 (not to scale).



**Figure 6**

**SHARE OF NSW TOURISM GVA BY INDUSTRY**



Additional Tables with information on Total Tourism Industry Share of Gross Value Added in NSW by Industry Sector and by Origin of Travel appear in the Appendices.

## COMPARISON WITH 'NON-TOURISM' INDUSTRIES

**Table 6: Gross Value Added, by Industry Division, NSW and Australia, 2000-01, \$m**

Industry	NSW	Australia	Percentage share of NSW
Property and business services	30554.173	74779	40.859
Manufacturing	28369.379	78266	36.247
Ownership of dwellings	26964.387	61117	44.119
Finance and insurance	19704.563	43950	44.834
Health and community services	12131.605	37466	32.380
Construction	11812.615	33543	35.216
Wholesale trade	11623.951	31378	37.045
Retail trade	11174.251	33915	32.948
Transport and storage	11037.185	32484	33.977
Education	9589.875	29287	32.744
<b>Tourism</b>	<b>8921.714</b>	<b>26325</b>	<b>33.891</b>
Government administration and defence	7167.008	24054	29.795
Communication services	6860.812	19710	34.809
Accommodation, cafes and restaurants	6252.24	16331	38.284
Agriculture, forestry and fishing	5534.225	21647	25.566
Electricity, gas and water	4956.139	16339	30.333
Personal and other services	4657.269	14490	32.141
Cultural and recreational services	4579.43	11542	39.676
Mining	3208.312	31598	10.154
<b>Total</b>	<b>216177.422</b>	<b>611896</b>	<b>35.329</b>

Tourism contributed \$8.922 billion to industry Gross Value Added in NSW in 2000-01. As indicated in the above table, when compared with the traditional eighteen Australian and New Zealand Standard Industrial Classification (ANZSIC) industry divisions, the gross value added of the tourism industry would rank eleventh in NSW. Tourism GVA exceeded that of Agriculture, Forestry and Fishing; Mining; Communication services; Personal and Other Services; Electricity, Gas and Water Supply; Accommodation, Cafes and Restaurants; Government Administration and Defence; and Cultural and Recreational Services.

The percentage share of NSW tourism GVA in Australia (33.9%) is below the average percentage share of NSW GVA in Australia for all industry (35.3%).



## TOURISM EMPLOYMENT BY ORIGIN AND INDUSTRY

**Table 7: Tourism Employed Persons, By Selected Industry and Type of Visitor, NSW, 2000-01, ('000)**

Tourism industries	NSW Total '000	% of NSW total tourism employment	Aust. Total '000	% of Aust. Total tourism employment	NSW % share of Aust tourism employment
<b>Tourism characteristic industries</b>					
Travel agency and tour operator services	7.007	3.8	23.7	4.3	29.6
Road transport and motor vehicle hiring	5.980	3.2	23.3	4.2	25.7
Air and water transport	12.103	6.5	36	6.6	33.6
Accommodation	26.743	14.4	99	18.0	27.0
Cafes, restaurants and food outlets	13.750	7.4	50.9	9.3	27.0
Clubs, pubs, taverns and bars	7.429	4.0	27.5	5.0	27.0
Total tourism characteristic industries	73.011	39.4	260.4	47.4	28.0
<b>Tourism connected industries</b>					
Rail transport	0.991	0.5	3.7	0.7	26.8
Manufacturing	8.950	4.8	38.8	7.1	23.1
Retail trade	60.942	32.9	143.6	26.1	42.4
Casinos and other gambling services	0.673	0.4	2.6	0.5	25.9
Libraries, museums and arts	3.218	1.7	11	2.0	29.3
Other entertainment services	4.505	2.4	15.4	2.8	29.3
Education	7.844	4.2	18.8	3.4	41.7
Total tourism connected industries	87.123	47.1	233.9	42.6	37.2
All other industries	25.009	13.5	55.3	13.0	45.2
Total industry tourism employment ('000)	185.144	100.0	549.6	100	33.7
Total employed person ('000)	3044.317		9123		
Share of tourism in NSW employment (%)	6.082		6.024		

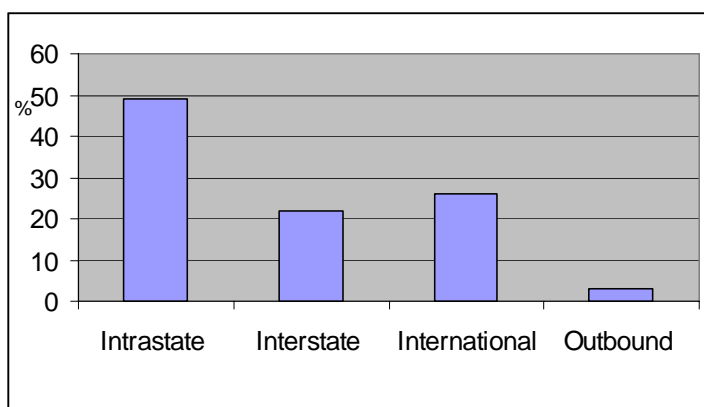
In 2000-01, tourism directly contributed 185,144 jobs comprising 6.1 % of total NSW employment. This is higher than tourism's share of employment in the Australian economy as a whole (6.0%). The share of NSW in total tourism employment in Australia is (33.7%).

Contribution to employment in NSW by origin of visitor is:

◆ Intrastate visitors                      48.6%

◆ Interstate visitors	21.8%
◆ International visitors	26.4%
◆ Outbound Travellers	3.2%

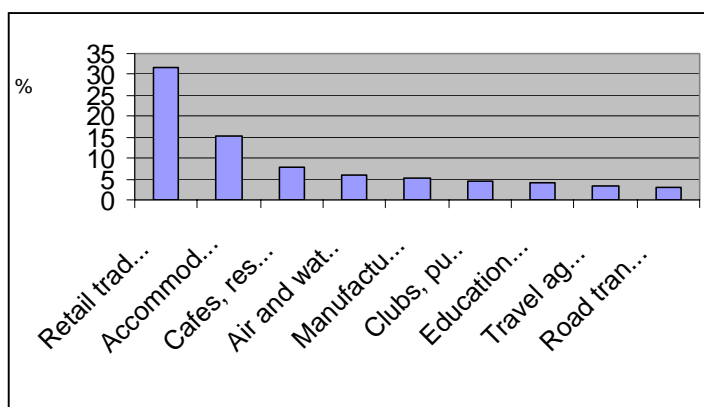
#### SHARE OF NSW TOURISM EMPLOYMENT BY ORIGIN



Retail Trade generated the most tourism employment, followed by Accommodation, and Cafes, Restaurants and Food Outlets. These industries account for more than half of the employment generated by tourism. The major tourism industry sectors contributing to total State tourism employment are:

◆ Retail Trade	32.9%
◆ Accommodation	14.4%
◆ Cafes, Restaurants and Food Outlets	7.4%
◆ Air and Water Transport	6.5%
◆ Manufacturing	4.8%
◆ Education	4.2%
◆ Clubs, Pubs and Taverns	4.0%
◆ Travel Agency and Tour Operator Services	3.8%
◆ Road Transport and Motor Vehicle Hiring	3.2%

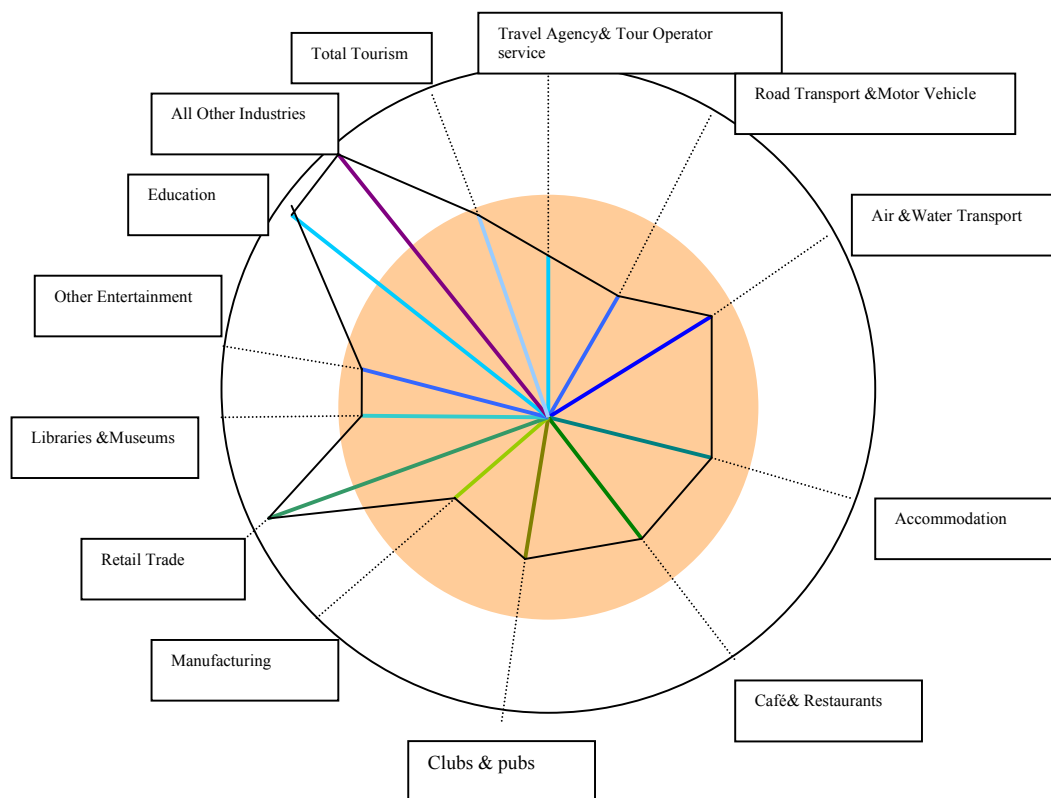
#### INDUSTRY CONTRIBUTION TO NSW TOURISM EMPLOYMENT



Industry sectors in NSW with percentage shares of employment above the average share of NSW in total Australian tourism employment (33.7%) are as follows:

- ◆ Retail trade
- ◆ Education

The results are displayed in Figure 7 (not to scale).

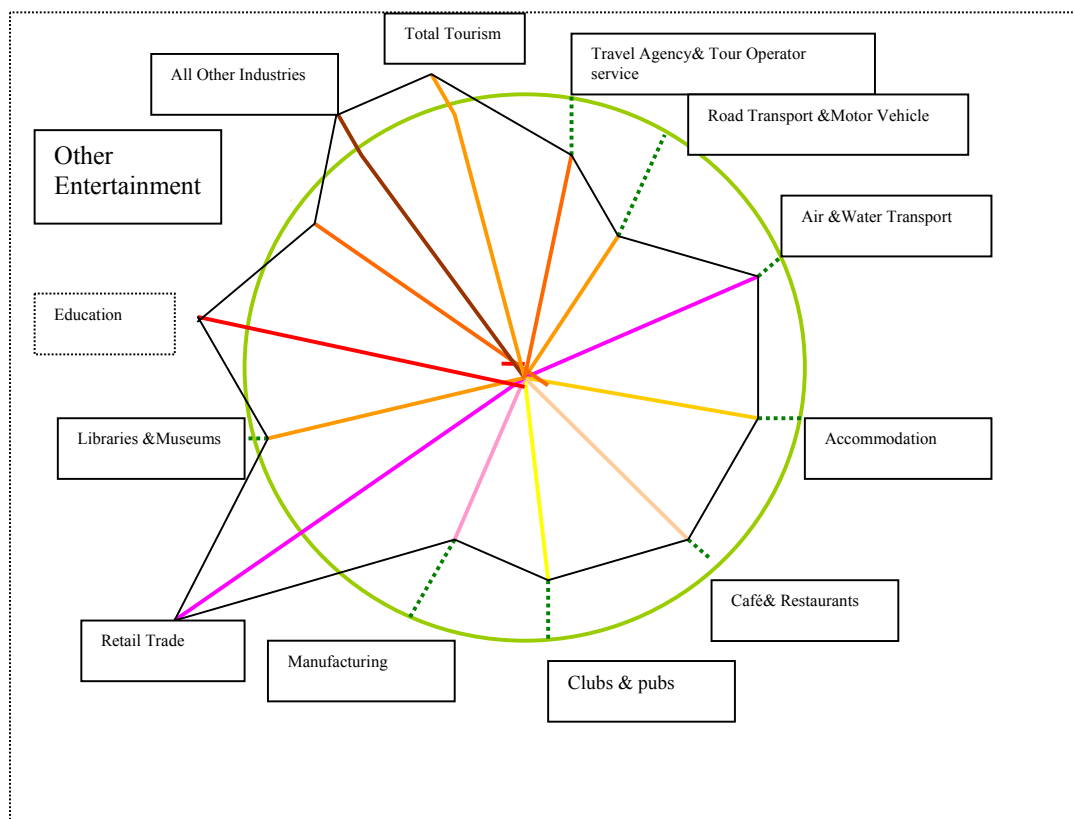


**Figure 7**

The proportion of tourism employment in the following industries in NSW was above the national average for tourism employment in that industry:

- ◆ Retail trade
- ◆ Education

The results are displayed in Figure 8 (not to scale).



**Figure 8**

Since direct tourism expenditure supports 185,144 jobs this implies that one job is directly maintained/created for every \$125,800 injected by tourism into the State. Taking indirect employment effects into account (see below), one job is maintained/created in the State for every \$94,700 tourist consumption.

Every 1000 international visitors generates, on average, 17.6 jobs (48,878 jobs from international tourism; 2,771,000 overseas visitors; 2000/2001 figures).

Every 1000 visitors to NSW from the other states and territories of Australia (RoA) generates, on average, 4.9 jobs (40,361 jobs from interstate tourism from RoA; 8,286,000 interstate visitors; 2000/2001 figures).

## Indirect Contribution of Tourism in New South Wales

Tourism's total worth is greater than the direct contribution estimated in the Tourism Satellite Account (TSA). The TSA does not include tourism's indirect contribution. The indirect contribution is “the gross value added, GDP and employment that are attributable to industries which provide inputs to produce tourism output of industries characterised as Tourism industries in the satellite account” (Salma 2002). The BTR provides the example of value added associated with the production of crude oil that is subsequently used in petroleum manufacturing and then used in transport of a tourist. In the Australian National Accounts and other ABS industry statistics this value added would be recorded against the Mining and Manufacturing industries, whereas it is really an indirect effect of tourism expenditure.

Direct effects occur when the visitor makes purchases from suppliers of goods and services within the region. Such purchases may cover a variety of items such as accommodation, transport, food and beverage, shopping, touring, entertainment etc. Indirect effects occur when firms that sell goods and services to visitors purchase inputs from other firms and these other firms (suppliers) purchase inputs from other firms (suppliers). For example, hotels and restaurants purchase carpets, linen, pool chemicals, computers from suppliers that purchase fuel, stationery, power, furnishings etc. from other firms, that purchase from other firms and so on. Almost every industry in the economy is affected to some extent by the indirect effects of the initial tourist expenditure. We hold the same view as the BTR that “Indirect effects should be understood as a method of redistributing value added, GDP, and employment that occurs outside the Tourism sector to the Tourism sector. They reflect the value of production and employment that occurs on an economy wide basis as a result of the demand by tourists for goods and services” (Salma 2002).

Tourism's worth is much greater when the indirect contribution is taken into account. BTR comparisons of the direct and indirect estimates between 1997-98 and 2000-01 indicates that the indirect contribution of tourism has been slightly higher than the direct contribution in terms of gross value added (GVA), thus more than doubling the contribution of tourism reported in the TSA (Salma 2002)

In this section, we employ the M2RNSW Input-Output Tourism Model to estimate the indirect effects of tourism on the economy of NSW. The expenditure inputs correspond to the aggregate consumption estimates for NSW as shown in Table 1.

- ◆ Inbound Tourism: an increase of \$6.365 billion in inbound tourism in NSW.
- ◆ Intrastate Tourism: an increase of \$10.320 billion in intrastate tourism in NSW.

- ◆ Interstate Tourism: an increase of \$5.398 billion in interstate tourism in NSW.
- ◆ Outbound Tourism: an increase of \$1.210 billion in inbound tourism in NSW.

These consumption expenditures, which generate the ‘direct effects’ discussed above, effectively act as ‘shocks’ to the economic system to produce the indirect effects.

**Table 8: Total effect (direct and indirect) of Tourism to NSW**

	<b>Direct Effect</b>	<b>Indirect Effect</b>	<b>Total Effect</b>
<b>Real Output (\$ billion)</b>	<b>23.293</b>	<b>35.609</b>	<b>58.802</b>
<b>Real GSP (\$ billion)</b>	<b>10.822</b>	<b>10.068</b>	<b>20.890</b>
<b>Employment (jobs)</b>	<b>185,144</b>	<b>60,916</b>	<b>246,060</b>

Assumptions: all final demand components are exogenously determined; labour, capital and land are endogenous.

Tourism’s contribution to the New South Wales economy is much greater when the indirect contribution is taken into account.

For Real Output, the indirect effect is 52 per cent greater than the direct effects. Total real output allowing for both the direct and indirect effects of tourism expenditure in the State is \$ 58.8 billion.

For Real GSP, the indirect effects are less than the direct effects. This is consistent with BTR estimates that indicate that indirect tourism GDP accounts for a lower share of national GDP compared to direct tourism GDP (Salma 2002). Addition of the indirect effects to the direct effects implies that the contribution of tourism to New South Wales GSP is \$ 20.890 billion, or 8.75 % of total NSW GSP.

Indirectly created tourism employment was 60,916 in 2000-01, giving total (direct plus indirect) employment of 246,060. In other words, just under one quarter of a million jobs in New South Wales are tourism related. This equates to 8.083% of total NSW employment. This compares with employment in Victoria’s tourism industry of 6.2 % of total state employment. (Access Economics 2003).

Taking indirect employment effects into account one job is maintained/created in New South Wales for every \$94,700 of tourist consumption.

Details of the direct, indirect and total effects of tourism expenditure in New South Wales by origin market are set out below.

**Table 9: Total effect (direct and indirect) of Tourism to NSW by Origin, 2000-01 (\$M)**

	Direct effect	Indirect effect	Total effect
<b>Intrastate</b>			
<b>Real Output (billion)</b>	10.320	15.649	25.969
Real GSP/GDP (billion)	4.893	4.523	9.416 (3.944%)
Employment (number of jobs)	90,069	19,778	109847 (3.608%)
<b>Interstate</b>			
<b>Real Output (billion)</b>	5.398	8.145	13.543
Real GSP/GDP (billion)	2.514	2.233	4.747 (1.988%)
Employment (number of jobs)	40,339	14,065	54404 (1.787%)
<b>Inbound</b>			
<b>Real Output (billion)</b>	6.365	9.710	16.075
Real GSP/GDP (billion)	2.944	2.641	5.585 (2.339%)
Employment (number of jobs)	48,886	21,443	70329 (2.310%)
<b>Outbound</b>			
<b>Real Output (billion)</b>	1.210	2.005	3.215
Real GSP/GDP (billion)	0.471	0.672	1.143 (0.479%)
Employment (number of jobs)	5,850	5,630	11480 (0.377%)
<b>Total</b>			

<b>Real Output (billion)</b>	23.293	35.509	58.802
Real GSP/GDP (billion)	10.822	10.068	20.890 (8.750%)
Employment (number of jobs)	185,144	60,916	246060 (8.083%)

Assumptions: all final demand components are exogenously determined; labour, capital and land are endogenous.

Every 1000 international visitors generates, on average, 25.3 jobs (70,329 jobs from international tourism; 2,771,000 overseas visitors; 2000/2001 figures).

Every 1000 visitors to NSW from the other states and territories of Australia (RoA) generates, on average, 6.6 jobs (54,404 jobs from interstate tourism from RoA; 8,286,000 interstate visitors; 2000/2001 figures).