



May 2011

Tourism in the NSW Economy

Tourism's contribution to the NSW economy

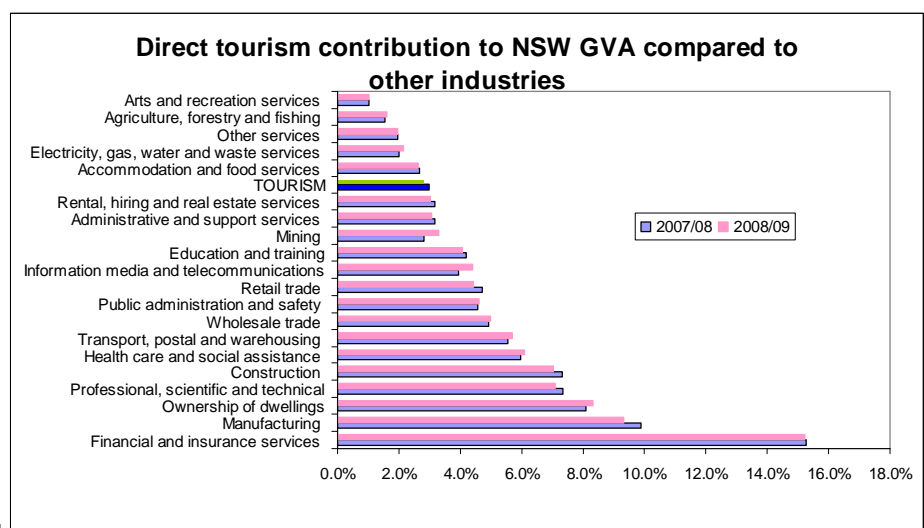
Total tourist consumption in NSW was \$28.7 billion in 2008-09. This figure represents the total amount spent by tourists, or on behalf of tourists, during their trip. Tourism consumption therefore represents goods and services consumed or 'demanded' by customers of the tourism industry.

The flip side of tourism consumption is tourism gross state product (GSP), which represents the total value produced or 'supplied' by the tourism industry. Tourism GSP is the value of goods and services produced, less the value of those goods and services used in production, plus taxes paid on tourism products less the subsidies they receive. In 2008-09, tourism directly contributed \$11.5 billion to the NSW economy's GSP. When both direct and indirect factors are included, the NSW tourism industry can be considered to have contributed \$23.5 billion to the State's GSP, or 5.8% of total NSW GSP in 2008-09. (Source: 2008-09 NSW Tourism Satellite Accounts, published by Tourism Research Australia, June 2011).

Size of the tourism industry relative to other industries

Tourism is the 16th largest industry in NSW when measured by gross value added (GVA). This measure is important as it indicates the additional value generated by the industry beyond the cost of producing the goods or services, and without taxes or subsidies included. In 2008-09, tourism's 2.8% direct contribution to the State's GVA was greater than agriculture, forestry and fishing (1.6%) but had fallen behind mining (3.3%). See Graph One below for more detail.

Tourist consumption in NSW contributes \$28.7 billion to the NSW economy



Graph 1



NSW tourism industry relative to other states' tourism industries

In relation to other states, NSW is the largest contributor to Australia's total direct tourism GVA, contributing 34%, followed by Queensland with 23% (\$7 billion) and Victoria 22% (\$6.5 billion).

The NSW economy is not as dependent on tourism as the economies of the Northern Territory, Tasmania or Queensland. Tourism contributed 4.2% of total GVA in the Northern Territory, the highest percentage of all states. This was followed by Tasmania where tourism contributed 3.7% to the State's GVA and then Queensland (3.0%). The NSW tourism industry's contribution to the State's GVA was slightly above the national level (2.6%).

Sectors within the NSW tourism industry

Tourism industry output measures the value of goods and services produced by establishments to satisfy visitor consumption, excluding net taxes. In NSW, the largest contributor to tourism industry output over 2008-09 was the air, water and other transport sector (26%), followed by accommodation (16%), cafés, restaurants and food outlets (15%). 'Other retail' trade (10%) was also an important sector in the NSW tourism industry over this period. When compared to the other states and Territories, the NSW economy is particularly strong in the transport (air, rail and road) and education aspects of the tourism industry.

Tourism employment

In 2008-09, Tourism was directly responsible for 4.7% of jobs in NSW, up by 0.1% pts from 2007-8.

- Direct tourism employment in NSW increased from 158,100 in 2007-08 to an estimated 160,300 in 2008-09. This is 1.4% more than in 2007-8 and is above the national movement in growth of direct tourism employment (-0.3%).
- In 2008-09 it is estimated that 129,000 people were indirectly employed in tourism in NSW giving a total of 289,300 directly and indirectly employed in the State.
- One-third of all tourism jobs in Australia are based in NSW. Graph 2 shows that NSW is well ahead of the other states and territories in terms of direct employment in tourism.

Tourism directly provides over 160,000 jobs in NSW



Graph 2:



Tourism businesses and employment

The NSW tourism industry is dominated by small businesses. It has over 195,000 tourism businesses, but only half employ any staff. Of those that do employ staff, more than half employ only 1-4 people and less than 1% employ more than 200 people (ABS, ABS Business Register (Unpublished Data 2007) in TRA Regional Profile for NSW).

Employment by subsector

Of the 160,300 people employed directly by the tourism industry in NSW, almost a quarter (40,600) are employed by café's, restaurants and takeaway food services. The next highest employing sectors are retail trade providing 29,500 jobs; the accommodation industry providing 22,300 jobs; and air, water and other transport providing 14,600 jobs; followed by education and training providing 11,900 jobs.

Summary estimates for 2008-09:

NSW provides one-third of the tourism industry in Australia

Gross Value Added (GVA)

- Tourism's contribution to NSW Gross Value Added: \$10.2 billion (down 3% from 2007-08)
- Tourism GVA in NSW ranks 16th, above GSP for agriculture (1.6%) and just below mining (3.3%)

Gross State Product (GSP)

- Tourism's contribution to NSW Gross State Product: \$11.1 billion (down 4% from 2007-08)
- Tourism's share of NSW GSP: 2.7% in 2008-09 (down from 3.1% in 2007-08)

Consumption

- Tourism Consumption: \$28.7 billion in 2008-9 (comparisons with previous years are not available)

Employment

- Tourism Direct Employment: 160,300 jobs, or 4.7% of jobs in NSW (up by 0.1% pts from 158,100 in 2007/08).
- Tourism Employment in NSW ranks 11th above employment for agriculture, forestry & fishing (2.6%) and well ahead of mining (1.0%).
- Indirect Employment: 129,000 jobs
- Total (Direct and Indirect) Employment: 289,300



Where do these figures come from?

The State Tourism Satellite Account (TSA) 2008-09 has been prepared on behalf of the States & Territories by Tourism Research Australia. The State TSA highlights the economic contribution of tourism to the State economy.

History of the Satellite Accounts

The National Tourism Satellite Account (TSA), prepared by the Australian Bureau of Statistics (ABS), is regarded as the benchmark for measuring tourism's contribution to the national economy. It allows tourism to be compared with other industries that are listed in the National Accounts. It also allows international comparisons of tourism's value and provides a calibration for the State TSAs.

The first TSA for Australia was produced for 1997-98 and the first State-based TSAs were produced a few years later. The 2008-09 Australian TSA were published by the ABS in December 2010.

Revision to methodology and data sources for the 2008-09 TSAs:

The methodology for the 2008-09 TSA has been revised to meet new international standards. The revised methodology has reduced the estimates for certain measures in the TSA. The two components most affected are:

- Retail trade - only the retail margin is now included in the direct value of retail services in the tourism industry. The manufacture of items for sale to visitors, previously included in the value of retail services, has now been excluded.
- Education services - improved migration statistics allow for more precise estimates of the proportion of overseas students who fully meet the tourist definition of remaining in Australia for less than 12 months.

A change in the source used for the calculation of the indirect tourism contribution means that estimates for indirect and total (direct plus indirect) are available for 2008-09 only.

It should be noted that the 2008-09 TSA estimates are likely to have been affected by the Global Financial Crisis.

This Summary report prepared by the Economics Analysis team at the Department of Trade and Investment, Regional Infrastructure and Services & Tourism NSW. More detail available in the Appendix & Tables NSW Tourism Satellite Accounts 2008-09 document.

For more information and statistics on visitors to NSW, please visit www.tourism.nsw.gov.au and click on Facts & Figures.

Appendix 1:

Detailed results of the NSW Tourism Satellite Accounts for 2008-09 & Summary Tables

The 2008-09 NSW TSA includes state by state indicators and comparisons for direct impacts on the economy for a number of measures. Previous years' indicators have been adjusted for the new methodology to allow valid comparisons

Tourism Gross Value Added (GVA) measures the value of tourism goods and services at basic prices (not including taxes and subsidies on products) by all industries which supply tourism products, less the value of the inputs used in producing these tourism products.

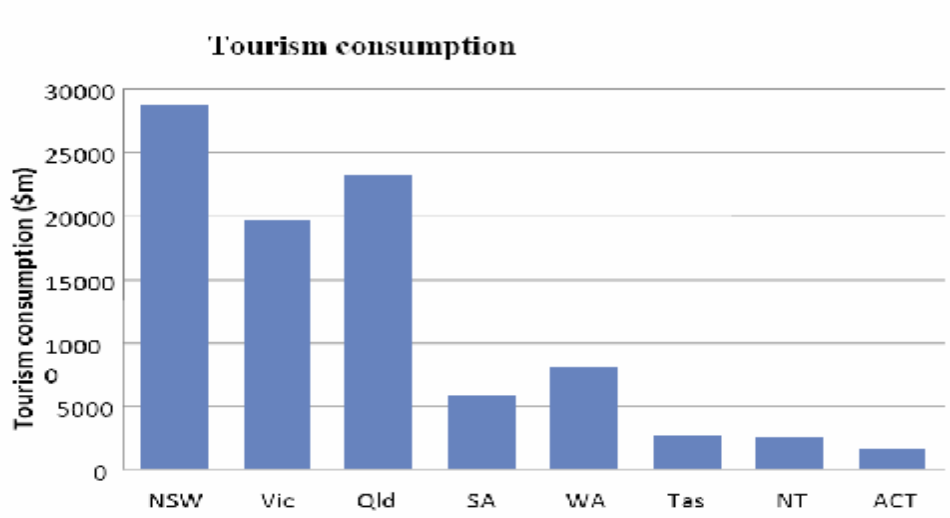
- NSW accounts for the largest share of direct tourism GVA, making up 34% of the national total.
- NSW tourism direct GVA decreased from \$10.5 billion to \$10.2 billion in 2008-09, a 3% decrease from 2007-8. Nationally, GVA was steady, increased in Victoria and South Australia by 8% and 9% respectively and fell in WA by 11%.

Tourism Gross State Product (GSP) is tourism gross value added plus taxes paid less subsidies received on tourism related products and reflects the prices that visitors actually pay.

- The direct contribution of tourism to GSP in NSW has decreased from \$11.5 billion to \$11.1 billion in 2008-09, a decrease of 4% from 2007-8. Tourism's direct contribution to Australia's Gross Domestic Product (GDP) was steady in 2008-09, while Victoria and South Australia had increases in GSP of 8% and 10% respectively and WA fell by 11%.
- Tourism's share of NSW GSP has declined from 3.1% in 2007-08 to 2.7% in 2008-09. The national contribution of tourism to GDP has also declined - from 2.8% in 2007-08 to 2.6% in 2008-09 and the shares of direct tourism to GSP in Qld and WA have also declined.
- The percentage contribution from tourism to GSP in NSW is still higher than in Victoria, South Australia, Western Australia and the Australian Capital Territory.

Tourism consumption is the total spending of visitors, or on behalf of visitors, for and during their trip and stay at the destination, including related expenditure before and after the trip. It also includes the imputed value of services for which visitors do not make an actual payment (e.g. food and accommodation provided by host family/ friends).

- The value of tourism consumption in NSW was \$28.7 billion in 2008-9 (adjusted comparisons with previous years are not available). NSW made the biggest contribution (31.2%) of all tourism consumption in Australia; followed by Queensland with 25.2% and Victoria 21.3%.



Tourism consumption by state and territory 2008-09, \$m

Taxes - Total direct tourism net taxes on products for NSW was \$854 million.

[Comparison to other industries](#)

The ranking of the economic contribution of the tourism industry against other industries in NSW on a number of economic measures shows:

- Tourism GSP in NSW (2.8%) ranks 16th, above GSP for agriculture, forestry & fishing (1.5%) and just below mining (3.0%).
- Direct Tourism Employment in NSW (4.7%) ranks above employment for agriculture, forestry & fishing (2.6%) and well ahead of mining (1.0%).

NSW's direct contribution to the value of tourism in Australia has a number of industry components that perform well above NSW's aggregate contribution. This highlights NSW's position and strengths in transport and education services:

- NSW's aggregate direct contribution to Australian tourism GVA is 34%. Well above this aggregate contribution for NSW are the components of 'air, water and other transport' 41.3%, 'rail transport' 38.7%, 'education' 37.8% and 'other road transport' 37%.

It should be noted that the 2008-9 TSA estimates are likely to have been affected by the Global Financial Crisis.

Direct Tourism GSP	Millions \$ 2007/08	Millions \$ 2008/09	difference (\$millions)	% change	% share of tourism in total GSP,GDP 2007/08	% share of tourism in total GSP,GDP 2008/09	difference ppts	% state share of national total 2007/08	% state share of national total 2008/09
NSW	11,521	11,052	-469	-4.1%	3.1	2.7	-0.4	35%	34%
VIC	6,623	7,168	545	8.2%	2.4	2.5	0.1	20%	22%
QLD	7,627	7,770	143	1.9%	3.4	3.2	-0.2	23%	24%
SA	1,750	1,925	175	10.0%	2.3	2.4	0.1	5%	6%
WA	3,102	2,754	-348	-11.2%	1.9	1.6	-0.3	9%	8%
TAS	839	853	14	1.7%	3.8	3.7	-0.1	3%	3%
NT	871	710	-161	-18.5%	5.3	4.1	-1.2	3%	2%
ACT	630	596	-34	-5.4%	2.6	2.3	-0.3	2%	2%
AUS	32,963	32,829	-134	-0.4%	2.8	2.6	-0.2	100%	100%

Direct Tourism GVA	Millions \$ 2007/08	Millions \$ 2008/09	difference (\$millions)	% change	% share of tourism in total GVA 2007/08	% share of tourism in total GVA 2008/09	difference ppts	% state share of national total 2007/08	% state share of national total 2008/09
NSW	10,520.0	10,198	-322.0	-3.1%	3.0	2.8	-0.2	35%	34%
VIC	6,047.2	6,537	489.8	8.1%	2.4	2.5	0.1	20%	22%
QLD	6,964.0	7,032	68.0	1.0%	3.3	3.0	-0.3	23%	23%
SA	1,598.3	1,747	148.7	9.3%	2.4	2.4	0	5%	6%
WA	2,832.2	2,526	-306.2	-10.8%	1.8	1.5	-0.3	9%	8%
TAS	765.7	775	9.3	1.2%	4.0	3.7	-0.3	3%	3%
NT	795.4	642	-153.4	-19.3%	5.1	4.2	-0.9	3%	2%
ACT	575.7	556	-19.7	-3.4%	2.5	2.3	-0.2	2%	2%
AUS	30,098.0	30,013	-85.0	-0.3%	2.8	2.6	-0.2	100%	100%

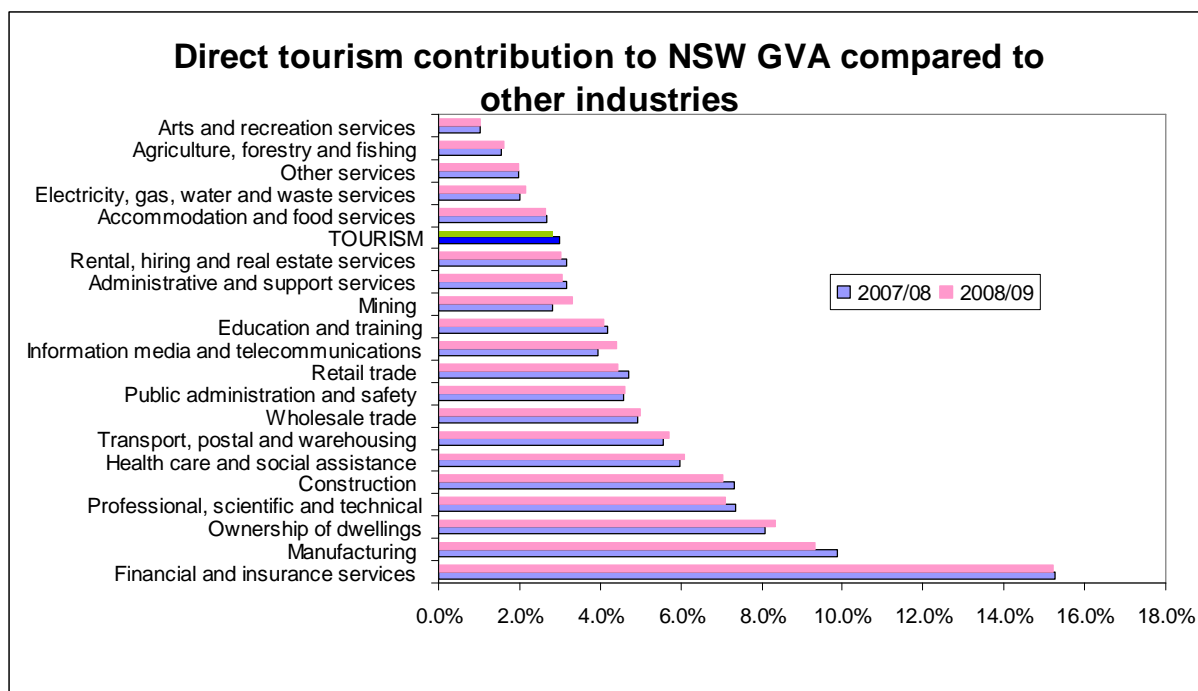
Direct Tourism Employment	(000's) 2007/08	(000's) 2008/09	(000's)	% change	% share of tourism in employment 2007/08	% share of tourism in employment 2008/09	difference ppts	% state share of national total 2007/08	% state share of national total 2008/09
NSW	158.1	160.3	2.2	1.4%	4.6	4.7	0.1	32%	33%
VIC	98.5	106.5	8.0	8.1%	3.7	4.0	0.3	20%	22%
QLD	125.4	118.0	-7.4	-5.9%	5.8	5.3	-0.5	26%	24%
SA	28.0	29.6	1.6	5.5%	3.6	3.8	0.2	6%	6%
WA	45.3	39.7	-5.6	-12.4%	4.0	3.4	-0.6	9%	8%
TAS	14.3	13.2	-1.1	-7.5%	6.1	5.6	-0.5	3%	3%
NT	10.1	10.4	0.3	3.1%	9.2	9.0	-0.2	2%	2%
ACT	7.9	8.3	0.4	5.2%	4.1	4.2	0.1	2%	2%
AUS	487.6	486.1	-1.5	-0.3%	4.6	4.5	-0.1	100%	100%

Tourism Consumption \$ Millions 2008/09	% share of national total 2008/09
NSW	28,739 31.2%
VIC	19,578 21.3%
QLD	23,174 25.2%
SA	5,792 6.3%
WA	8,107 8.8%
TAS	2,613 2.8%
NT	2,430 2.6%
ACT	1,572 1.7%
AUS	92,005 100.0%

Prepared by Innovation & Economic Analysis. NSW Office of Trade, Business and Industry using the Tourism Satellite Accounts 2008-09: summary spreadsheets - TRA, 2011

Direct tourism contribution to GVA in NSW compared to other industries	2007/08	2008/09	Ranking
Financial and insurance services	15.2%	15.2%	1
Manufacturing	9.9%	9.3%	2
Ownership of dwellings	8.1%	8.3%	3
Professional, scientific and technical services	7.3%	7.1%	4
Construction	7.3%	7.0%	5
Health care and social assistance	6.0%	6.1%	6
Transport, postal and warehousing	5.5%	5.7%	7
Wholesale trade	4.9%	5.0%	8
Public administration and safety	4.6%	4.6%	9
Retail trade	4.7%	4.4%	10
Information media and telecommunications	3.9%	4.4%	11
Education and training	4.2%	4.1%	12
Mining	2.8%	3.3%	13
Administrative and support services	3.2%	3.1%	14
Rental, hiring and real estate services	3.2%	3.0%	15
TOURISM	3.0%	2.8%	16
Accommodation and food services	2.7%	2.6%	17
Electricity, gas, water and waste services	2.0%	2.1%	18
Other services	2.0%	2.0%	19
Agriculture, forestry and fishing	1.5%	1.6%	20
Arts and recreation services	1.0%	1.0%	21
Total all industries	100.0%	100.0%	

Source: for GVA: ABS 5220.0 (2009b)
Source: for GVA for tourism: Tourism Satellite Accounts 2008-09 summary spreadsheets
Note: Tourism GVA was calculated on a base for NSW GVA sourced from an earlier release than (2009b)
Note: Columns add up to more than 100% because tourism contributes to many of the industries listed



Direct tourism contribution to Employment in NSW compared to other industries	2007/08	2008/09	Ranking
Retail Trade	11.8%	11.2%	1
Health Care and Social Assistance	10.4%	10.5%	2
Manufacturing	9.3%	8.8%	3
Construction	8.6%	8.7%	4
Professional, Scientific and Technical Services	7.8%	8.1%	5
Education and Training	7.1%	7.0%	6
Accommodation and Food Services	7.2%	6.9%	7
Public Administration and Safety	5.4%	6.0%	8
Transport, Postal and Warehousing	5.7%	5.6%	9
Financial and Insurance Services	5.0%	5.1%	10
TOURISM	4.6%	4.7%	11
Wholesale Trade	3.8%	3.8%	12
Administrative and Support Services	3.2%	3.2%	13
Agriculture, Forestry and Fishing	2.8%	2.6%	14
Information Media and Telecommunications	2.4%	2.5%	15
Arts and Recreation Services	1.6%	1.8%	16
Rental, Hiring and Real Estate Services	1.7%	1.6%	17
Electricity, Gas, Water and Waste Services	0.9%	1.1%	18
Mining	0.7%	1.0%	19
Other Services	4.6%	4.3%	20
Total	100.0%	100.0%	

Source: for Employment: ABS Employed persons by Industry Division, 2011
Source: for Employment for tourism: Tourism Satellite Accounts, 2008-09 summary spreadsheets
Note: Columns add up to more than 100% because tourism contributes to many of the industries listed

