



Economic Contribution of Tourism to Western Australia 2016-17

Prepared by Tourism Western Australia based on
Tourism Research Australia's State Tourism Satellite
Accounts 2016-17

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ABOUT THIS REPORT

Produced by Tourism Research Australia (TRA), the *State Tourism Satellite Accounts* (State TSA) report highlights the importance of tourism to each state and territory's economy. The State TSA measures the direct and indirect impact of tourism across a number of measures including Gross State Product (GSP), Gross Value Added (GVA), and employment.

Underpinning these accounts is a framework built on international and domestic tourist spend (sourced from TRA's International and National Visitor Surveys), industry statistics, labour force statistics, and national accounts data. The development of a State TSA is necessary because there is no tourism 'industry' identified within the current national accounting framework, due to the sector's diverse products and services.

This report summarises key findings for Western Australia (WA) from the 2016-17 State TSA, and is considered the most recent and accurate data on tourism's contribution to the WA economy.

KEY FINDINGS

Key findings for WA for 2016-17 are as follows (see Table 1):

- The WA tourism industry directly employs 71,100 people and accounts for a further 32,800 indirectly, making a total of 103,900 people in WA employed in the tourism industry.
- The value of the WA tourism industry is \$11.8 billion by Gross State Product (GSP).

Table 1: Summary of Economic Contribution of Tourism to Western Australia in 2016-17

	Gross Value Added (\$ billion)	Gross State Product (\$ billion)	Employment (persons employed)
Direct Tourism Contribution	\$5.556	\$6.092	71,100
Indirect Tourism Contribution	\$5.049	\$5.697	32,800
Total Tourism Contribution	\$10.605	\$11.789	103,900

The WA tourism industry is a major contributor to the State's economy (see Table 2). In 2016-17:

- The WA tourism industry directly accounted for 5.3% of persons employed in the State, and indirectly a further 2.4%, contributing 7.7% of the State's employment in total.
- The WA tourism industry directly accounted for 2.5% of the State economy by GSP, and a further 2.3% indirectly, contributing 4.8% in total.

Table 2: Tourism's Proportionate Contribution to the West Australian Economy in 2016-17

	Gross Value Added (% of WA economy)	Gross State Product (% of WA economy)	Employment (% of WA economy)
Direct Tourism Contribution	2.3%	2.5%	5.3%
Indirect Tourism Contribution	2.1%	2.3%	2.4%
Total Tourism Contribution	4.4%	4.8%	7.7%

TOURISM EMPLOYMENT

The WA tourism industry generates a significant number of jobs in the WA economy (7.7% of the State's employment) and accounts for 11.9% of people directly employed in tourism nationally (71,100 people in WA, compared to 598,000 people nationally). More than a quarter of people directly employed by tourism in WA are in the *cafes, restaurants, and takeaway food services* sector (27.2%), with a further 15.1% in the *accommodation* sector. The split between full time and part time employment for direct tourism is approximately 50/50 (36,900 full time vs. 34,200 part time in 2016-17, as shown in Table 3 overleaf).

Table 3: Direct Tourism Employment in WA by Industry

Tourism Industry	Full-time employment	Part-time employment	Total employment	% of WA tourism total employment	% of National tourism total employment
Accommodation	5,500	5,200	10,700	15.1%	12.1%
Cafes, restaurants and takeaway food services	6,500	12,800	19,300	27.2%	11.5%
Clubs, pubs, taverns and bars	2,300	1,600	3,800	5.4%	11.5%
Rail transport	100	0	100	0.2%	4.4%
Road transport and transport equipment rental	1,200	400	1,700	2.4%	7.8%
Air, water and other transport	2,900	800	3,700	5.2%	9.3%
Travel agency and tour operator services	5,900	3,000	9,000	12.7%	21.0%
Cultural services	400	500	800	1.2%	7.9%
Casinos and other gambling services	200	100	300	0.4%	10.5%
Other sports and recreation services	800	1,200	2,000	2.8%	11.2%
Retail trade	5,200	5,300	10,500	14.8%	10.6%
Education and training	3,100	2,200	5,300	7.4%	11.3%
<i>All other industries</i>	<i>2,800</i>	<i>900</i>	<i>3,700</i>	<i>5%</i>	<i>15.3%</i>
Total direct tourism employment	36,900	34,200	71,100	100%	11.9%

Note: Figures represent number of persons directly employed by tourism in WA (rounded to the nearest 100).

To be read as: In 2016-17, 15.1% of direct tourism industry jobs in WA were in the accommodation sector, equivalent to 10,700 jobs and 12.1% of direct tourism jobs in the accommodation sector nationally. Of these jobs, 5,500 were full-time and 5,200 were part-time.

CONTRIBUTION BY SOURCE MARKET

In 2016-17, tourism directly contributed \$5.556 billion to the WA economy by Gross Value Added (GVA). Of this amount, almost half (47.3%) was contributed by intrastate overnight travel, while international visitors accounted for a quarter (25.4%) of WA's direct tourism GVA. Interstate visitors contributed 15.8%, while daytrip visitors contributed 11.6%. Combining the domestic source markets demonstrates three quarters of WA direct tourism GVA was generated by the domestic market (74.6%), while a quarter was generated by international markets (25.4%). International visitors to WA contributed 8.5% to national GVA generated by this market (see Table 4).

Table 4: Direct Tourism Gross Value Added (GVA) by Source Market

	WA Direct Tourism GVA (\$ million)	% of WA Direct Tourism GVA	National Direct Tourism GVA (\$ million)	WA Share of National Direct Tourism GVA
Daytrips	\$642	11.6%	\$5,682	11.3%
Intrastate	\$2,627	47.3%	\$15,982	16.4%
Interstate	\$875	15.8%	\$12,378	7.1%
International	\$1,411	25.4%	\$16,599	8.5%
Total	\$5,556	100%	\$50,641	11.0%

CONTRIBUTION OF TOURISM INDUSTRIES

The industries that contributed most significantly to WA's direct tourism GVA in 2016-17 were *air, water and other transport* (15.1% of GVA), *accommodation* (14.8%) and *cafes, restaurants and takeaway food services* (11.5%). The WA tourism industry accounted for 11.0% of national direct tourism GVA in 2016-17. WA over-indexed on contribution to the national economy for *travel agency and tour operator services*, accounting for 24.9% of national GVA generated by this industry (see Table 5).

Table 5: Direct Tourism Gross Value Added (GVA) by Industry

	WA Direct Tourism GVA (\$ million)	% of WA Direct Tourism GVA (\$ million)	National Direct Tourism GVA (\$ million)	WA Share of National Direct Tourism GVA
<i>Tourism characteristic industries</i>				
Accommodation	\$821	14.8%	\$8,008	10.2%
Ownership of dwellings	\$390	7.0%	\$3,968	9.8%
Cafes, restaurants and takeaway food services	\$638	11.5%	\$6,479	9.8%
Clubs, pubs, taverns and bars	\$315	5.7%	\$3,197	9.8%
Rail transport	\$71	1.3%	\$557	12.8%
Taxi transport	\$36	0.6%	\$458	7.8%
Other road transport	\$90	1.6%	\$822	10.9%
Air, water and other transport	\$839	15.1%	\$8,027	10.5%
Motor vehicle hiring	\$152	2.7%	\$1,029	14.8%
Travel agency and tour operator services	\$480	8.6%	\$1,929	24.9%
Cultural services	\$55	1.0%	\$606	9.1%
Casinos and other gambling services	\$65	1.2%	\$563	11.5%
Other sports and recreation services	\$65	1.2%	\$694	9.4%
<i>Tourism connected industries</i>				
Automotive fuel retailing	\$22	0.4%	\$272	8.0%
Other retail trade	\$655	11.8%	\$6,323	10.4%
Education and training	\$416	7.5%	\$4,590	9.1%
<i>All other industries</i>	\$447	8.0%	\$3,119	14.3%
Total GVA	\$5,556	100%	\$50,641	11.0%

COMPARISON TO OTHER INDUSTRIES

Tourism consumption falls across many different sectors of the Australian economy, and hence the 'tourism industry' does not fit within the conventional framework used to calculate measures of economic activity. This makes it difficult to accurately rank and compare tourism against other industries. Regardless, Table 6 overleaf provides an *indication* of how the tourism industry contributed to the State in 2016-17 in terms of GVA and persons employed, in comparison to other key sectors of the economy.

Table 6: Industry Shares of West Australia's Total GVA and Total Employment

	Share of WA Total GVA	Share of WA Total Employment
Health care & social assistance	5.6%	11.7%
Construction	8.5%	10.1%
Education & training	3.9%	7.8%
Tourism (Direct + Indirect)	4.4%	7.7%
Professional, scientific and technical services	5.3%	7.3%
Mining	30.3%	7.3%
Manufacturing	5.0%	5.8%
Agriculture, forestry and fishing	2.9%	2.6%
Financial and insurance services	4.6%	2.5%

Note: Industries ranked by share of total employment.

TIME SERIES UPDATES

A recurring feature of the State TSA is that historical estimates for previous years are revised to reflect revisions to input data, such as changes in Australian Bureau of Statistics National Accounts data. TRA makes changes to previous time series estimates as required in each State TSA release, therefore the historic data presented in this report (for years 2012-13 to 2015-16) differs from that published in the 2015-16 report.

As demonstrated in Table 7 below, the number of persons employed in WA by tourism (directly and indirectly) declined by (-) 0.8% (or 800 people) from 104,700 in 2015-16 to 103,900 in 2016-17. Meanwhile, tourism's total contribution to GVA increased (+) 1.4% (from \$10.5 billion to \$10.6 billion), and tourism's total contribution to GSP increased (+) 0.9% (from \$11.7 billion to \$11.8 billion).

While tourism GVA and GSP saw growth in numeric terms, the relative contribution of tourism to the State's economy declined. Tourism contributed 4.4% to WA's economy by GVA in 2016-17, down from 4.6% in 2015-16. Therefore, the estimate of tourism employment in the State declined year on year, as tourism employment is reliant on the ratio of tourism's contribution to total State GVA.

Table 7: Key Estimates over Time (Direct + Indirect)

	2012-13	2013-14	2014-15	2015-16	2016-17
Gross Value Added (\$ million)	\$7,610	\$8,725	\$9,691	\$10,458	\$10,605
Gross State Product (\$ million)	\$8,510	\$9,777	\$10,842	\$11,681	\$11,789
Employment (persons employed)	81,800	92,000	99,100	104,700	103,900

Definitions

Direct contribution of tourism: The contribution generated by transactions between the visitor and producer for a good or service that involves a direct physical or economic relationship. For example, the direct effects of an increase in the number of visitors staying in hotel accommodation are the sales and any associated changes in payments for wages and salaries, taxes and supplies and services. These direct economic impacts are measured according to the TSA framework throughout this report.

Employed person: A person aged 15 years or over who, during the reference week, worked for one hour or more for pay, profit, commission or payment in kind in a job or business or on a farm, or worked for one hour or more without pay in a family business or on a farm. Direct and indirect tourism employment are measured separately using the TSA framework and I-O modelling techniques respectively. Combined they provide an estimate of total tourism employment.

Indirect contribution of tourism: The subsequent or flow-on effects created by the requirement for inputs from those industries supplying goods and services to tourists. For example, in the case of the hotel industry this might include the fresh produce supplied to a hotel and the electricity used. These indirect economic impacts are measured using I-O modelling techniques in this report as the TSA framework is not designed to produce such estimates at the state and territory level.

International tourism: Overseas visitors to Australia who stay for a period of less than 12 months.

Interstate travel: Domestic overnight travel where a visitor travels to a state or territory other than that in which they reside.

Intrastate travel: Domestic overnight travel where a visitor travels to a location in the state or territory in which they reside.

Daytrip travel: Domestic travel involving a round trip distance of at least 50 kilometres and at least four hours, and no nights spent away from home. Same-day travel as part of overnight travel is excluded, as is routine travel such as commuting between work or school and home.

Total contribution of tourism: The total contribution of tourism taking into account direct and indirect effects (see direct contribution of tourism and indirect contribution of tourism).

Tourism-characteristic industries: Industries that would either cease to exist in their present form or be significantly affected if tourism were to cease.

Tourism-connected industries: Industries, other than tourism characteristic industries, for which a tourism-related product is directly identifiable (primary) and where the products are consumed by visitors in volumes that are significant for the visitor and/or the producer. All other industries are classified as 'all other industries', though some of their products may be consumed by visitors and are included in the calculation of direct tourism GVA and direct tourism GDP.

Tourism gross state product: Tourism GVA plus net taxes on products that are attributable to the tourism industry. As such, it generally has a higher value than tourism GVA. Direct and indirect flow-on GSP are measured separately using the TSA framework and I-O modelling techniques, respectively. Combined, they provide an estimate of total tourism GSP.

Tourism gross value added: Considered the most accurate measure of the contribution of the industry to the economy. It includes the total labour income and capital revenue received by the industry and the net taxes that government receives from the production, and is measured in basic prices. Direct and indirect flow-on GVA are measured separately using the TSA framework and I-O modelling techniques, respectively. Combined, they provide an estimate of total tourism GVA.

Source and further information

All data presented in this report is sourced from Tourism Research Australia's report *State Tourism Satellite Accounts 2016-17*. To access a copy of the full report, and detailed data tables for each State and Territory, please visit the TRA website (www.tra.gov.au).

For any queries about this summary, please contact the Tourism WA research team via research@westernaustralia.com.