

THE SIGNIFICANCE OF TOURISM TO AUSTRALIA

BACKGROUND

- Tourism makes a significant contribution to Australia's economy. In 2005-06, tourism directly accounted for \$37.6 billion (or 3.9%) of total national GDP. Of this, 76 per cent was generated by domestic visitors, with the remaining 24 per cent by international visitors. The international visitors segment is expected to be an area of major growth in the short to medium term, particularly with regard to visitors from Asia.
- In terms of industry gross value added, tourism contributes more than Agriculture, Forestry and Fishing; Communication Services; Electricity, Gas and Water supply; Accommodation, Cafes and Restaurants; Personal and Other Services; and Cultural and Recreational Services.
- Tourism also makes a significant contribution to employment in Australia. In 2005-06, tourism was directly responsible for employing around 464,500 people, or 4.6 per cent of total employment. It is estimated that an additional 397,000 are employed indirectly. More than half of all tourism related employment occurs within the Retail Trade, Accommodation, Cafes and Restaurants industries.
- Tourism plays a significant role in the development of regional and rural areas, with regional tourism accounting for around 185,000 jobs or 7 per cent of rural and regional employment. Over 70 per cent of domestic and 23 per cent of international tourist visitor nights are spent in regional and rural Australia.
- The tourism sector consists of over 350,000 tourism related enterprises, and includes a wide range of activities and products. The majority are small-to-medium size businesses, with more than 90 per cent employing less than 20 staff.
- During the year ending 30 June 2007 there were 5,194,013 international visitors to Australia aged 15 years and over. Around half of those visitors came primarily to holiday, with another 21 per cent visiting friends and relatives. Business travel accounted for 16 per cent and remains an important sector for Australian tourism, as does the 6 per cent who come for educational purposes.
- New Zealand is currently the largest source of visitors, with just over 1 million visiting annually. This is followed by the United Kingdom, Japan and the United States. Over the year to June 2007, international visitors consumed around \$22.6 billion of Australian goods and services. On a per visitor basis, those from Asia tend to have the highest expenditure, particularly those from China and Japan, followed by European visitors. These high yielding visitors represent a particularly important segment to Australia's tourism industry.
- Domestic travel also makes a significant contribution to tourism. In the year to June 2007, there were 74.6 million overnight domestic trips taken, with associated expenditure amounting to \$43.8 billion. Over the same period there were also 138.8 million domestic day trips, with expenditure amounting to \$13.9 billion.
- In addition to economic benefits, the tourism and events industry also delivers a range of allied benefits, including improved social cohesion and participation, public confidence, broader business opportunities, international recognition and improved relations, support for the branding and identity of Australia and widespread media coverage. It can also contribute to the promotion of Australia's culture, heritage and natural assets.

KEY ISSUES

- Tourism is expected to remain a significant contributor to the Australian economy. It also has considerable growth potential.
- Tourism export earnings are expected to increase by an annual rate of just over 5 per cent from \$19 billion in 2005 to around \$27 billion by 2012. However achieving these goals will require a directed and concentrated effort from all stakeholders.
- The industry will be influenced by several trends, both international and domestic, over the coming decade, to which it must successfully respond in order to achieve these growth targets. These trends are likely to include changing consumer tastes and income levels, increased international competition for the tourist dollar, growing demand from the Asian market, and the impact of new technology.
- Central to achieving this growth will be improving the understanding of the depth and breadth of the tourism industry, and the significant role that the sector plays in the economic, social and environmental well-being of the nation.
- To maximise potential growth, Australia must strengthen relationships with key markets to facilitate increased arrivals. Key markets include: Asia-Pacific countries including China, Japan, Singapore and South Korea; the United Kingdom and other European countries including Germany, France and Italy; and North America.

POLICY POSITION

- VTIC supports of the tourism industry as a key driver of economic growth, employment and investment in Australia. The industry plays a vital role in urban and regional development, local and national investment, exports, jobs and incomes, and the importance of this role must be reinforced and further developed with the support of Government at all levels.
- VTIC is committed to raising the profile and awareness of the importance of the industry among Government, industry and the wider community.

POLICY DEVELOPED: OCTOBER 2007

Data Sources

- Australian Bureau of Statistics, Tourism Satellite Account (2005-06)
- Australian Government, A Medium to Long Term Strategy for Tourism: Tourism White Paper (2003).
- Tourism Research Australia, International Visitor Survey – Quarterly Reports (June 2007)
- Tourism Research Australia, National Visitor Survey – Quarterly Reports (June 2007)