

ECONOMIC OUTLOOK REPORT 3



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Murraylands Economic Outlook Report: Headline Analysis (Summary)

A report prepared for



Prepared by



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The Economic Impact of Tourist Accommodation Growth

Selected tourism statistics were obtained from the Australian Bureau of Statistics (ABS) (Tourist Accommodation, Small Area Data, South Australia, Cat. No. 8635.4.55.001), these data include:

- number of establishments;
- number of room nights occupied;
- occupancy rate;
- number of guests; and
- takings from accommodation.

Selected tourist accommodation statistics are summarised in Table 1 for 2006/07

Table 1 Accommodation occupancy, number of guests and accommodation takings in the Murraylands, 2006/07

	Hotels, Motels and Serviced Apartments			Caravan Parks				
	Number	Nights occupied (no)	Guest Nights (no)	Takings (\$'000)	Number	Site Nights Occupied (no)	Guest Nights a (no)	Takings (\$'000)
July	13	2,452	2,779	194	10	15,700	17,794	161
August	13	2,498	2,610	190	10	15,400	16,090	144
September	13	2,804	3,868	233	10	16,600	22,899	176
October	13	3,523	3,594	272	10	17,500	17,853	233
November	13	3,206	3,310	271	10	15,300	15,796	148
December	13	3,044	3,310	253	10	16,900	18,380	172
January	13	2,881	4,077	234	9	15,327	21,690	229
February	13	2,215	2,768	163	9	12,677	15,842	164
March	13	3,227	3,862	250	9	14,668	17,554	204
April	13	3,024	3,850	247	9	15,000	19,097	247
May	13	3,013	2,834	233	9	13,000	12,228	152
June	13	2,573	2,731	204	9	12,400	13,161	176
Total		34,460	39,593	2,745		180,472	208,384	2,206

Source: EconSearch analysis

In addition to hotels, motels, serviced apartments and caravan parks in the Murraylands region, it is likely that there are a large number of holiday rentals and house boats available for short-term tourist accommodation.

Estimates of economic impact were based on the assumption that demand for accommodation would increase in line with current occupancy rates to meet the additional supply.

Estimates of economic impact have been calculated for the following scenarios:

- Tourist accommodation capacity in the Murraylands increases by 10 per cent (approximately 24,700 additional overnight visitors).
- Tourist accommodation capacity in the Murraylands increases by 25 per cent (approximately 61,800 additional overnight visitors).

Economic impact estimates are based on the assumption that average expenditure per visitor night is approximately \$86 (SATC 2007 and ABS 2007b).

Economic Impact of 10 per cent Growth in Tourist Accommodation

Estimates of the net regional economic impact of 10 per cent growth in tourist accommodation in the Murraylands in 2006/07 are provided in Table 2.

Table 2 Estimated regional economic impact of 10 per cent growth in tourist accommodation

	Output ^a	Employment	Contribution to GRP
	\$m	fte	\$m
<i>Accommodation, Restaurants & Cafes</i>	0.36	4	0.14
<i>Trade</i>	0.46	6	0.21
<i>Transport</i>	0.09	1	0.04
<i>Other</i>	0.33	2	0.14
Total direct	1.23	12	0.54
Flow-ons		6	0.39
Total ^b		18	0.93

Source: EconSearch analysis

Tourism expenditure in the Murraylands region (i.e. direct output impacts) is concentrated in the accommodation, cafes and restaurants, trade and transport sectors. An increase in tourist accommodation of 10 per cent is expected to increase tourism related expenditure in the region by approximately \$1.2 million. Flow-on output impacts are not reported as there is a problem with double counting which can give a misleading impression of the significance of individual industries.

Tourism expenditure associated with a 10 per cent increase in tourist accommodation would generate direct employment of around 12 fte in the Murraylands region. Flow-on business activity would generate a further 6 fte jobs, to give a total employment impact of approximately 18 fte jobs.

As noted above, the contribution to gross regional product (GRP) is measured as the value of output less the costs of goods and services (including imports) used in producing the output. The total contribution to GRP in the Murraylands region attributable to a 10 per cent increase in tourist accommodation was estimated to be approximately \$930,000, \$540,000 generated by tourism expenditure directly and \$390,000 generated in other sectors of the regional economy.

Economic Impact of 25 per cent Growth in Tourist Accommodation

Estimates of the net regional economic impact of 25 per cent growth in tourist accommodation in the Murraylands in 2006/07 are provided in Table 3.

Table 3 Estimated regional economic impact of 25 per cent growth in tourist accommodation

	Output ^a	Employment	Contribution to GRP
	\$m	fte	\$m
<i>Accommodation, Restaurants & Cafes</i>	0.89	9	0.35
<i>Trade</i>	1.16	14	0.54
<i>Transport</i>	0.22	1	0.10
<i>Other</i>	0.82	4	0.36
Total direct	3.09	29	1.35
Flow-ons		15	0.97
Total ^b		44	2.32

Source: EconSearch analysis

An increase in tourist accommodation of 25 per cent is expected to increase tourism related expenditure in the region by approximately \$3.1 million.

Tourism expenditure associated with a 25 per cent increase in tourist accommodation would generate direct employment of around 29 fte in the Murraylands region. Flow-on business activity would generate a further 15 fte jobs, to give a total employment impact of approximately 44 fte jobs.

The total contribution to GRP in the Murraylands region attributable to a 25 per cent increase in tourist accommodation was estimated to be approximately \$2.3 million, almost \$1.4 million generated by tourism expenditure directly and \$1.0 million generated in other sectors of the regional economy.

The Regional Economic Impact of Expansion of Arts and Cultural Activities

In 2006, 70 per cent of total overnight visits to the Murraylands region visited for the purpose of leisure or holiday. In addition to the significant number over overnight visitors to the Murraylands, there were a large number of domestic day trip visits. For the purpose of this analysis it has been assumed that 70 per cent of domestic day visitors visit the region for the purpose of leisure or holiday.

An expansion of arts and cultural activities in the Murraylands has the potential to increase the number visitors to the region. Estimates of economic impact have been calculated for the following scenarios:

- Number of domestic day visits for holiday and leisure purposes increases by 5 per cent.
- Number of domestic day visits for holiday and leisure purposes increases by 15 per cent.

In 2006, the average expenditure for day trip visitors to the Murraylands was approximately \$55 per visit (SATC 2007). The 2006 estimates of expenditure have been updated to 2007 based on the consumer price index (ABS 2007b). Results of the 2007 National Visitor Survey (TRA, 2007) provide some insight into the different magnitudes of expenditure by purpose of visit. These survey results have been used to calculate the average expenditure by purpose of visit for visitors to the Murraylands. Estimates of economic impact were based on the assumption that holiday and leisure visitors spend \$63 per day visit

Economic Impact of a 5 per cent Increase in Holiday and Leisure Visitors

Estimates of the net regional economic impact of a 5 per cent increase in the number of holiday and leisure visitors to the Murraylands (in response to expansion of arts and cultural activities) are provided in Table 4.

Table 4 Estimated regional economic impact of a 5 per cent increase in holiday and leisure visitors

	Output ^a	Employment	Contribution to GRP
	\$m	fte	\$m
<i>Accommodation, Restaurants & Cafes</i>	0.28	3	0.11
<i>Trade</i>	0.37	5	0.17
<i>Transport</i>	0.07	0	0.03
<i>Other</i>	0.26	1	0.12
Total direct	0.98	9	0.43
Flow-ons		5	0.31
Total		14	0.74

Source: EconSearch analysis

A 5 per cent increase in holiday and leisure visitors as a result of expansion of arts and cultural activities is expected to increase tourism related expenditure in the region by almost \$1.0 million.

Tourism expenditure associated with a 5 per cent increase in holiday and leisure visitors would generate direct employment of around 9 fte in the Murraylands region. Flow-on business activity would generate a further 5 fte jobs, to give a total employment impact of approximately 14 fte jobs.

The total contribution to GRP in the Murraylands region attributable to a 5 per cent increase in holiday and leisure visitors was estimated to be approximately \$0.7 million, just over \$0.4 million generated by tourism expenditure directly and approximately \$0.3 million generated in other sectors of the regional economy.

Economic Impact of a 15 per cent Increase in Holiday and Leisure Visitors

Estimates of the net regional economic impact of a 15 per cent increase in the number of holiday and leisure visitors to the Murraylands (in response to expansion of arts and cultural activities) are provided in Table 5.

Table 5 Estimated regional economic impact of a 15 per cent increase in holiday and leisure visitors

	Output ^a	Employment	Contribution to GRP
	\$m	fte	\$m
<i>Accommodation, Restaurants & Cafes</i>	0.85	9	0.33
<i>Trade</i>	1.11	14	0.51
<i>Transport</i>	0.21	1	0.10
<i>Other</i>	0.78	4	0.35
Total direct	2.94	28	1.29
Flow-ons		14	0.92
Total		42	2.21

Source: EconSearch analysis

A 15 per cent increase in holiday and leisure visitors as a result of expansion of arts and cultural activities is expected to increase tourism related expenditure in the region by approximately \$2.9 million.

Tourism expenditure associated with a 15 per cent increase in holiday and leisure visitors would generate direct employment of around 28 fte in the Murraylands region. Flow-on business activity would generate a further 14 fte jobs, to give a total employment impact of approximately 42 fte jobs.

The total contribution to GRP in the Murraylands region attributable to a 15 per cent increase in holiday and leisure visitors was estimated to be approximately \$2.2 million, almost \$1.3 million generated by tourism expenditure directly and just over \$0.9 million generated in other sectors of the regional economy.

The Economic Impact of Large Scale Investment in Conference Centres and

In 2006, approximately 7 per cent of total overnight visits to the Murraylands region visited for business purposes. In addition to the significant number over overnight visitors to the Murraylands, there were a large number of domestic day trip visits. For the purpose of this analysis it has been assumed that 7 per cent of domestic day visitors visit the region for business purposes.

An investment in conference centre facilities and high level business infrastructure in the Murraylands has the potential to increase the number of business visitors to the region. Estimates of economic impact have been calculated for the following scenarios:

- Number of domestic day visits and overnight visits for business purposes increases by 20 per cent.
- Number of domestic day visits and overnight visits for business purposes increases by 50 per cent.

In 2006, the average expenditure for overnight visitors to the Murraylands was approximately \$86 per night (SATC 2007). The 2006 estimates of expenditure have been updated to 2007 based on the consumer price index (ABS 2007b). Estimates of overnight visitor expenditure by purpose of visit were based on the results of the 2007 National Visitor Survey. Estimates of economic impact are based on the assumption that business visitors spend \$112 per overnight visit and \$57 per day visit.

Economic Impact of a 20 per cent Increase in Business Visitors

Estimates of the net regional economic impact of a 20 per cent increase in the number of business visitors to the Murraylands (in response to investment in conference centres and infrastructure) are provided in Table 6.

Table 6 Estimated regional economic impact of a 20 per cent increase in business visitors

	Output ^a	Employment	Contribution to GRP
	\$m	fte	\$m
<i>Accommodation, Restaurants & Cafes</i>	0.25	3	0.10
<i>Trade</i>	0.33	4	0.15
<i>Transport</i>	0.06	0	0.03
<i>Other</i>	0.23	1	0.10
Total direct	0.88	8	0.38
Flow-ons		4	0.27
Total		13	0.66

Source: EconSearch analysis

A 20 per cent increase in business visitors to the Murraylands as a result of investment in conference centres and infrastructure is expected to increase tourism related expenditure in the region by approximately \$0.9 million.

Tourism expenditure associated with a 20 per cent increase in business visitors would generate direct employment of around 8 fte in the Murraylands region. Flow-on business activity would generate a further 4 fte jobs, to give a total employment impact of approximately 13 fte jobs.

The total contribution to GRP in the Murraylands region attributable to a 20 per cent increase in business visitors was estimated to be approximately \$0.7 million, almost \$0.4 million generated by tourism expenditure directly and almost \$0.3 million generated in other sectors of the regional economy.

Economic Impact of a 50 per cent Increase in Business Visitors

Estimates of the net regional economic impact of a 50 per cent increase in the number of business visitors to the Murraylands (in response to investment in conference centres and infrastructure) are provided in Table 7.

Table 7 Estimated regional economic impact of a 50 per cent increase in business visitors

	Output ^a	Employment	Contribution to GRP
	\$m	fte	\$m
<i>Accommodation, Restaurants & Cafes</i>	0.63	7	0.25
<i>Trade</i>	0.82	10	0.38
<i>Transport</i>	0.15	1	0.07
<i>Other</i>	0.58	3	0.26
Total direct	2.19	21	0.96
Flow-ons		11	0.69
Total		31	1.65

Source: EconSearch analysis

A 50 per cent increase in business visitors to the Murraylands as a result of investment in conference centres and infrastructure is expected to increase tourism related expenditure in the region by approximately \$2.2 million.

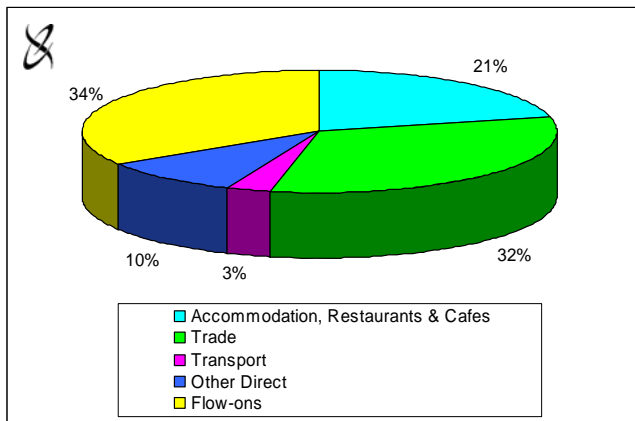
Tourism expenditure associated with a 50 per cent increase in business visitors would generate direct employment of around 21 fte in the Murraylands region. Flow-on business activity would generate a further 11 fte jobs, to give a total employment impact of approximately 31 fte jobs.

The total contribution to GRP in the Murraylands region attributable to a 50 per cent increase in business visitors was estimated to be \$1.7 million, almost \$1.0 million generated by tourism expenditure directly and approximately \$0.7 million generated in other sectors of the regional economy.

Summary Results

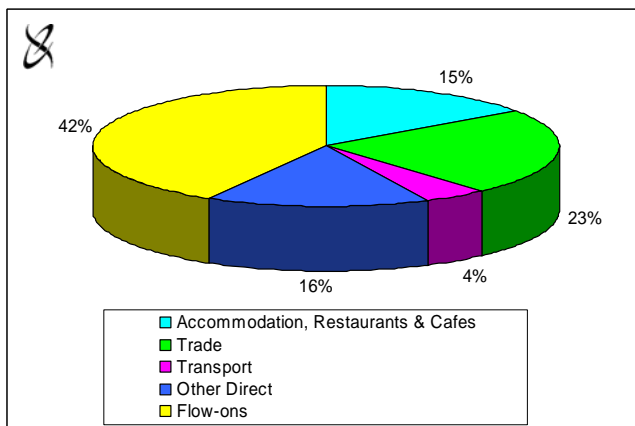
As each of the analyses was based on growth in the tourism sector in the Murraylands, the distribution of the impacts was similar for all scenarios. The overall distribution of the impacts of growth in the tourism sector are summarised in Figures 1 and 2.

Figure 1 Distribution of employment impacts for growth in the tourism sector



Source: EconSearch analysis

Figure 2 Distribution of GRP impacts for growth in the tourism sector



Source: EconSearch analysis

Employment impacts are concentrated in trade (32 per cent), accommodation, restaurants and cafés (21 per cent) and transport and storage (10 per cent). Flow-on employment into other sectors of the regional economy account for approximately 34 per cent of the total employment impact.

GRP impacts would be concentrated in trade (23 per cent), accommodation, restaurants and cafés (15 per cent) and transport and storage (4 per cent). Flow-on GRP into other sectors of the regional economy account for approximately 42 per cent of the total GRP impact.

References

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Disclaimer

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