

January 2021

## Wheatbelt Tourism Economic Briefing Paper

The information presented in this paper is for 14 individual Wheatbelt Shires that had expenditure data available on the Tourism Research Australia, Local Government Area Profiles website for the period November 2019 to November 2020. International and domestic expenditure data was only available for the Shires of Dandaragan, Gingin, Kondinin, Northam and York (yellow stars in Figure 1). Domestic expenditure data was available for the Shires of Beverley, Chittering, Dalwallinu, Lake Grace, Merredin, Moora, Narrogin, Toodyay and Yilgarn (orange stars in Figure 1).

Figure 1. Wheatbelt region Local Governments



## Executive Summary

- Tourism expenditure based on economic data of the 14 shires derived from National Visitor Survey Monthly Snapshot (2020), amounted to \$387 Million in 2019-2020. This comprised \$355 million of domestic and \$32 million of international expenditure.
- In the 12-month period up until the COVID lockdown of international borders International visitation to the Shires of Dandaragan, Gingin, York, Northam and Kondinin accounted for:
  - 58,000 international visitors
  - 262,000 international visitor nights
  - \$32 million of international expenditure
- Closure of international borders may have resulted in the loss of between 200 and 226 jobs based on the either a job created for every \$141,600 in tourism consumption; or a job generated for every 283.5 visits.
- There were 836 tourism businesses in the Wheatbelt including 30 with 20 or more employees.
- The five shires with an international market had 60% of the Wheatbelt's tourism businesses with 20 or more employees.
- Of the 14 shires with the relevant available data in the National Visitor Survey Monthly Snapshot (2020), the Shires of Narrogin, Beverley, York, Northam, Toodyay, Chittering, Gingin and Dandaragan accounted for:
  - 91% of domestic visitors
  - 81% of international visitors
  - 81% of domestic nights
  - 89% of international nights
  - 50% of the region's tourism businesses
  - 53% of the region's tourism businesses with 0 employees
  - 46% of the region's tourism businesses with 1-4 employees
  - 47% of the region's tourism businesses with 5-19 employees
  - 70% of the region's tourism businesses with 20 or more employees.

## Economic comparisons between geographical locations

The 14 shires with expenditure data were separated into two groups, the Western shires comprising, Narrogin, Beverley, York, Northam, Toodyay, Chittering, Gingin and Dandaragan; and the Northern and Eastern shires of Dalwallinu, Moora, Kondinin, Lake Grace, Merredin and Yilgarn.

Major differences between the two regions include:

- A higher level of average revenue per businesses in the Western shires of just over \$800,000 compared to the Northern and Eastern shires of \$300,000.
- A higher percentage of the Western Shires 15-64 years labour force (15%) employed in the tourism sector compared to the Northern and Eastern Shires (12%).
- A higher percentage of the Western Shires 15-24 years work force (20%) employed in the tourism sector compared to the Northern and Eastern Shires (15%).
- A significantly higher percentage of the Western Shires 15-24 years labour force (30%) employed in the tourism sector compared to the Northern and Eastern Shires (18%).

These figures indicate the importance of the tourism sector to regional employment and more so, the importance of the tourism sector employment of the Wheatbelt's 15-24 years population.

## International Market

Prior to COVID, international and domestic visitation to the Wheatbelt Region in 2019 was approximately worth \$387 million with the International expenditure being valued at approximately \$32 million. Therefore, it would be reasonable to propose that the closure of international borders in 2020 resulted in an at least immediate 8% decrease of the region's tourism revenue. While anecdotal evidence suggests that there has been increased domestic visitation to the Wheatbelt during the remainder of 2020 and the 2021 holiday period, it remains to be seen if this has offset the loss of the international expenditure as well as creating issues around labour availability and capacity to adequately deliver tourism services.

The international expenditure was driven by around 58,000 visitors of which just over 37,000 spent an average of seven nights in the region spending an estimated \$213 per day on food and accommodation. Overall, the average trip spend for all International visitors to the region was \$482 which was comparatively higher than the domestic visitor trip spend of \$238.

There were 17 international markets that comprised the top three markets across 32 shires. Overall, the largest international market was the UK with it being in the top three of 28 shires followed by NZ (18 shires), Germany (14 shires) and Switzerland in the top three of 12 shires. The other international market volume segments were:

- Singapore and the Netherlands - 6 shires
- China- 4 shires
- Canada, USA, Malaysia, Scandinavia and France- 3 shires
- Japan and Taiwan– 2 shires
- India, Hong Kong and Italy- 1 shire

## International Tourism service sectors

In the five shires with available international data, there were 273 designated tourism businesses of varying sizes. These businesses comprised 31% of the Wheatbelt's 836 designated tourism businesses. The breakdown across business size by employees, shows that the five shires with available international expenditure data had 60% of the region's tourism businesses with 20 or more employees (Figure 2).

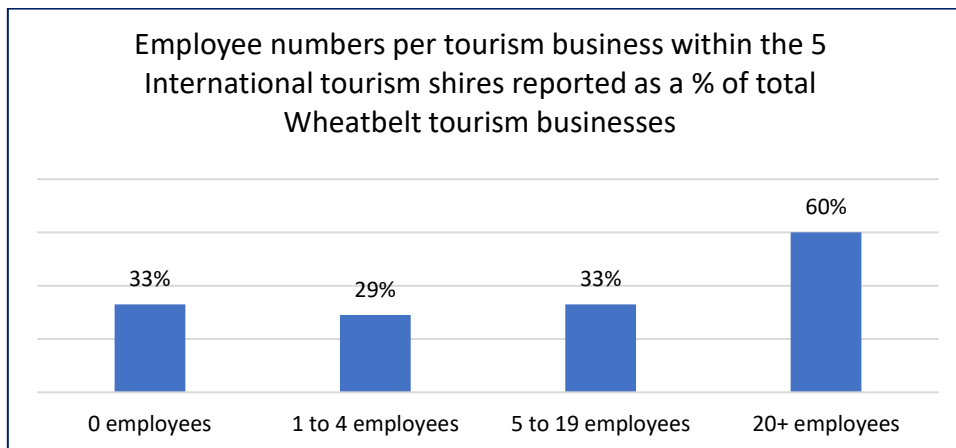


Figure 2: Employee numbers per tourism business within the 5 International tourism shires reported on as a percentage of total number of tourism businesses in the Wheatbelt.

In comparison, there were only four out the remaining 37 shires that had multiple businesses with 20 or more employees. These were, Chittering, Lake Grace, Merredin and Toodyay with three of these size businesses in each shire.

It could be anticipated that a proportion of the businesses with 20 or more employees in the international market shires came under economic duress when the inward bound borders were closed. Additionally, anecdotal evidence derived from some of these businesses in both the international and domestic markets indicated that there were difficulties in accessing labour when the regional border lockdown was lifted. One business owner attributed such issues primarily to the reduction in the availability of international backpackers and a reticence of casual employees who were eligible for Government financial support to return to casual employment.

### Impacts of loss of international tourism expenditure

The loss of the international market expenditure would have had varying degrees of impacts on the five shires with available data relative to the individual shire’s tourism sector’s exposure to the international market and the strength of their domestic market. For instance, international markets expenditure made up over a quarter of Kondinin’s tourism revenue and 19% of Dandaragan’s (Figure 3).

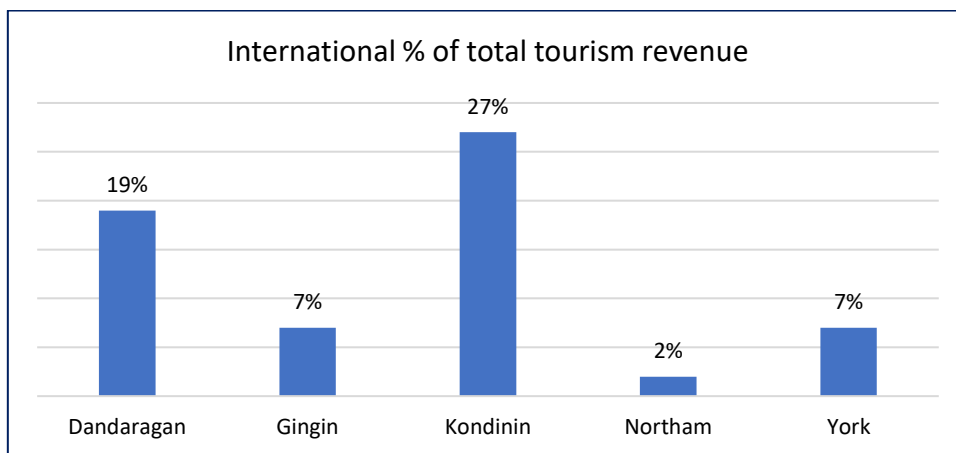


Figure 3: International expenditure as a % of total tourism revenue

However, further examination shows that the Shire of Kondinin’s tourism sector’s exposure to the international market was more deleterious than the other shires due to the low domestic tourism revenue stream of \$8 million which was just \$5 million more than its international revenue stream. In comparison, while the Shire of Dandaragan’s tourism sector faced a much greater loss of \$19 million of international expenditure, it had a relatively solid foundation of \$83 million of domestic tourism expenditure that would have somewhat alleviated the impacts of the international expenditure loss.

A critical element associated with the loss of the international expenditure of \$32 Million is the direct impact it would have had on employment. According to a Tourism and Transport Forum (T&TF) Report (2018)<sup>1</sup>, a single tourism job in WA is generated for every \$141,600 in tourism consumption. Additionally, the report indicated that in WA a single tourism-related job is generated for every 283.5 visits.

In effect it could be proposed that the loss of the international expenditure equated to the potential to put at risk or terminate 226 employment positions in the Wheatbelt’s tourism sector. Alternately using the tourism job generation per set number of trips suggests that 200 jobs may have been put at risk or terminated with the loss of the international tourist dollar.

Added to the adverse impact on employment in the region’s tourism sector is the negative effect the loss of the international expenditure has in terms of tax contributions and contributions to the GDP. The T&TF report proposed that for every \$1 Million in tourism consumption that generates 7.1 tourism jobs in WA,

<sup>1</sup> STAFFORD STRATEGY (2018). TOURISM: SUPERCHARGING AUSTRALIA’S FUTURE. Report for Tourism and Transport Forum. 7 MACQUARIE PLACE, SYDNEY NSW 2000

there is a tax contribution component of almost \$80,000 and a \$725,000 contribution to GDP. Based on these formulas it is reasonable to assume that there is a tax contribution shortfall of \$2.5 Million and a GDP contribution loss of \$23.2 Million.

### Domestic tourism market trend

While anecdotal visitor evidence drawn from the Wheatbelt and high levels of caravan and camper sales indicated that the domestic visitor market had shown an increase in trips, Tourism Research Australia November 2020 Snapshot<sup>2</sup> showed that the numbers of visitors in regional WA had fallen by 35,000 between November 2019 and November 2020.

Additionally, the number of nights spent in regional areas had decreased by 430,000 which represented a 15% decline. However, despite these falls, there was only a decrease of \$1 million in the expenditure in November 2020 compared to the same time in 2019.

### Western Wheatbelt shire tourism economic profile

Data indicates that the primary area of visitation in the Wheatbelt are the eight shires located in the western regions running in a general north/south line and include the Shires of Narrogin, Beverley, York, Northam, Toodyay, Chittering, Gingin and Dandaragan.

Of the 14 shires with the relevant available data in the National Visitor Survey Monthly Snapshot (2020), these eight shires accounted for:

- 91% of domestic visitors
- 81% of international visitors
- 81% of domestic nights
- 89% of international nights
- 50% of the region's tourism businesses<sup>3</sup>
- 53% of the region's tourism businesses with 0 employees
- 46% of the region's tourism businesses with 1-4 employees
- 47% of the region's tourism businesses with 5-19 employees
- 70% of the region's tourism businesses with 20 or more employees.

These levels of visitation and numbers of businesses contributed to the eight shires accounting for 89% of domestic tourism expenditure and 90% of international expenditure out of the 14 shires with available data. A shire-by-shire analysis of the region's eight western shires shows high levels of domestic and international activity in the Shires of Dandaragan and Gingin with a lower level of international activity in the Shires of York and Northam (Figure 4).

Alternately, the Shires of York, Northam and Toodyay exhibited healthy levels of domestic visitation activity but there were more subdued levels of visitation in the southern Shires of Beverley and Narrogin although Narrogin did record a reasonable degree of domestic expenditure that was comparative with the Shires of Toodyay and Chittering.

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<sup>2</sup> NATIONAL VISITOR SURVEY MONTHLY SNAPSHOT, November 2020 [Monthly results of the National Visitor Survey \(NVS\) | Tourism Research Australia](#)

<sup>3</sup> Numbers of tourism businesses were available for all Wheatbelt Shires in the NATIONAL VISITOR SURVEY MONTHLY SNAPSHOT, November 2020 [Monthly results of the National Visitor Survey \(NVS\) | Tourism Research Australia](#)

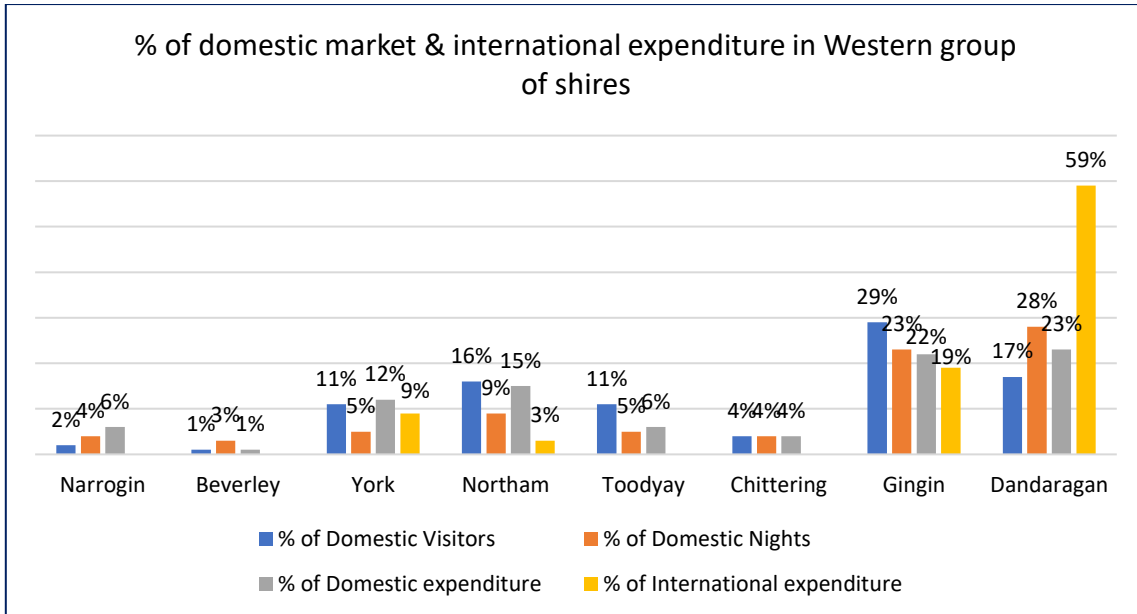


Figure 4. Percentage of domestic and international expenditure in eight western wheatbelt shires

Conversely, the six remaining shires which are in the Northern and Eastern inland areas of the Wheatbelt had a much lower share of the domestic market with only Kondinin registering a level of international expenditure due primarily to Wave Rock in Hyden (Figure 5).

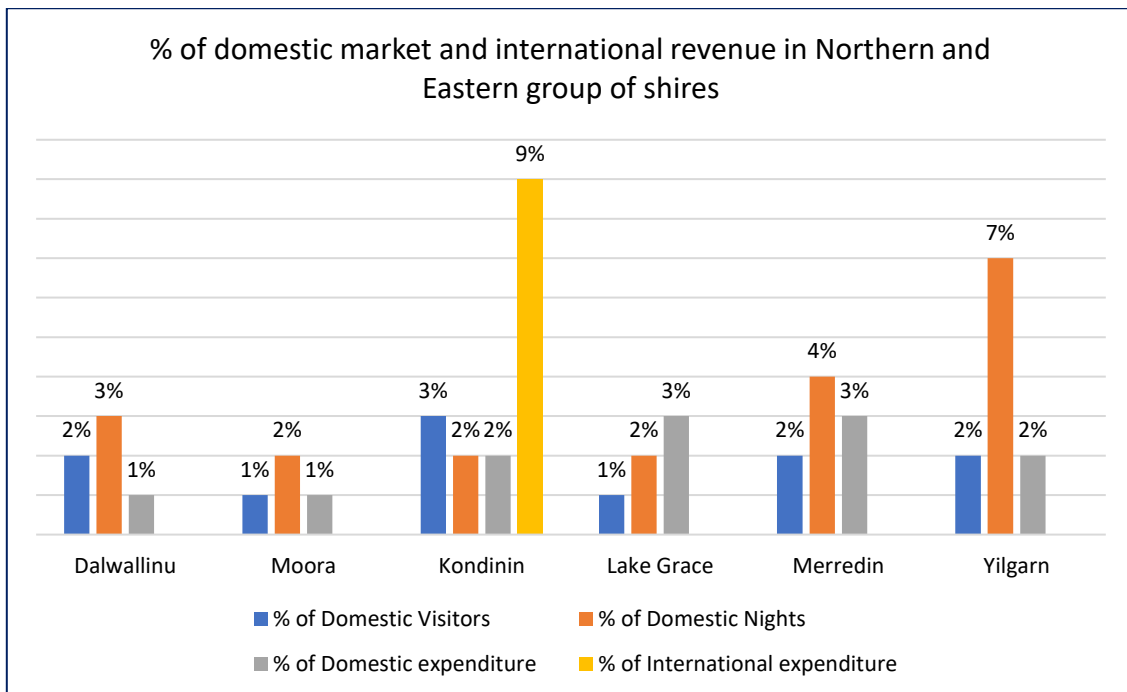


Figure 5. Percentage of domestic and international expenditure in the northern and eastern group of shires

The effect of the lower share of the domestic and international market in the Northern and Eastern shires is further demonstrated when comparisons in average revenue across businesses are made between those shires and the Western group with the Western businesses averaging just over \$500,000 more than the Northern and Eastern business (Table 1).

Also of note is the effect international expenditure has on the averages with the businesses in the five shires with international expenditure averaging well above the shires with only domestic expenditure.

Table 1. Number of tourism businesses and average revenue

Western Shires	Number of tourism businesses	Average of revenue per business	Northern & Eastern Shires	Number of tourism businesses	Average of revenue per business
Narrogin	62	\$370,967	Dalwallinu	22	\$136,363
Beverley	16	\$250,000	Moora	34	\$117,647
York*	41	\$1,073,170	Kondinin*	18	\$611,111
Northam*	105	\$504,762	Lake Grace	26	\$346,153
Toodyay	41	\$512,195	Merredin	33	\$272,727
Chittering	45	\$288,888	Yilgarn	19	\$315,789
Gingin*	57	\$1,491,228			
Dandaragan*	52	\$1,961,538			
<b>total</b>	<b>419</b>		<b>total</b>	<b>152</b>	
<b>average</b>	<b>52</b>	<b>\$806,594</b>	<b>average</b>	<b>25</b>	<b>\$299,965</b>

\*Denotes international and domestic expenditure

Table 2. Tourism and allied tourism related employment<sup>4</sup>

Western group of shires	% of the total labour force employed in tourism workforce aged 15-64 yr old	% of the tourism work force made up of 15-24 yr olds	% of 15-24 labour force in tourism jobs	Northern & Eastern group of shires	% of the total labour force employed in tourism workforce aged 15-64 yr old	% of the tourism work force made up of 15-24 yr olds	% of 15-24 labour force in tourism jobs
Narrogin	16%	19%	25%	Dalwallinu	9%	5%	4%
Beverley	10%	13%	18%	Moora	14%	18%	23%
York	18%	21%	39%	Kondinin	16%	0%	0%
Northam	15%	23%	29%	Lake Grace	8%	5%	6%
Toodyay	25%	22%	56%	Merredin	17%	22%	28%
Chittering	11%	25%	28%	Yilgarn	2%	0%	0%
Gingin	13%	15%	20%				
Dandaragan	18%	17%	34%				
<b>Average</b>	<b>15%</b>	<b>20%</b>	<b>30%</b>	<b>Average</b>	<b>12%</b>	<b>15%</b>	<b>18%</b>

<sup>4</sup> This employment data was drawn from ABS 2016 Census of Population and Housing, General Community Profile by LGA. Table G-51, Industry of Employment by Age and Sex and Table G-43, Labour Force Status by Age and Sex. As ABS data does not include tourism specific employment, analysis of associated tourism sectors such as food, fuel and beverage retail and accommodation and food were used.



As would be expected, the higher levels of visitor activity and expenditure in the group of eight Western shires is reflected in higher percentages of tourism and allied tourism employment as a proportion of labour force participation compared to the six Northern and Eastern Shires (Table 2).

This is particularly the case for the 15-24 years population with significantly more of the labour force in the Western group of shires employed in tourism associated businesses than the Northern and Eastern Shires.

The relatively high levels of employment within the tourism sector of both the 15-64 years and 15-24 years labour forces indicates the importance the sector holds as an employment option in the Wheatbelt region.

## Conclusion

- Tourism is an important part of the Wheatbelt economy. Total tourism expenditure across the 14 shires in this report was \$387 million, of this only 8% was derived from international expenditure.
- There are 836 tourism businesses in the Wheatbelt and 30 of these employ more than 20 people.
- COVID travel restrictions have had an impact on the region. Closure of international borders may have resulted in the loss of 200-226 jobs.
- Exposure to the impacts of COVID travel restrictions were higher in shires such as Kondinin where 27% of the visitor market was international with a visitor spend of \$3 million; and in Dandaragan where 19% of the visitor market was international with a visitor spend of \$19 million. However, Dandaragan had a greater domestic visitor spend of \$83 million which would have alleviated the impact of the loss of international spend.
- In the Wheatbelt tourism is an important employer of youth aged 15-24. Across the 8 Western group of shires one third of youth are employed in the tourism sector. Toodyay in particular has 56% of 15-24 year old labour force employed in the tourism sector.
- The shires of Narrogin, Beverley, York, Northam, Toodyay, Chittering, Gingin and Dandaragan accounted for 81% of international visitors and 91% of domestic visitors to the 14 shires analysed in the National Visitor Survey Monthly Snapshot (Nov 2019-Nov 2020).
- The average spend for international visitors was \$482 compared to the domestic visitor average trip spend of \$238.

