



Australian Government  
Austrade



TOURISM  
RESEARCH  
AUSTRALIA

STATE OF THE  
INDUSTRY 2016–17

SUMMARY

FEBRUARY 2018

A large circular graphic with a blue background, surrounded by a ring of various industry-related icons such as airplanes, buildings, factories, and gears. The text 'STATE OF THE INDUSTRY' is centered in large white letters.

STATE OF  
THE INDUSTRY

2016–17

Tourism Research Australia

Australian Trade and Investment Commission

Nishi Building, 2 Phillip Law Street, Canberra ACT 2601, Australia

Email: [tourism.research@tra.gov.au](mailto:tourism.research@tra.gov.au)

Web: [www.tra.gov.au](http://www.tra.gov.au)

Publication date: February 2018

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## INTRODUCTION

The tourism industry continues to thrive, with total tourism spend reaching \$122.9 billion in 2016–17. This is up 6.0% on the previous year and 20% since 2013–14, and was driven by substantial increases in overnight visitors. Growth in spend was widespread, with the majority of key international markets increasing during the year, and with very strong growth in domestic overnight visitors.

This continued growth in demand led to a prosperous year for tourism, which flowed into the Australian economy. Direct tourism Gross Domestic Product (GDP) is valued at \$55.3 billion, an increase of \$3.2 billion on 2015–16. At the same time, this monetary flow translated into 598,200 direct tourism jobs, or 1 in 20 people employed nationally.

While demand continues to flourish, there needs to be an adequate supply of tourism product to meet the demand. In February 2017, international aviation surpassed the upper bound of the Government's *Tourism 2020* strategy, which has a target of 50% growth in inbound available seats. Although the cessation of the ABS' *Survey of Tourist Accommodation* means that the accommodation target can no longer be tracked beyond 2015–16, Tourism Research Australia (TRA) has estimated supply using data from the *Tourism Investment Monitor* (see Accommodation on page 20 for more information). Estimates show that as of 2016–17, this sector has also exceeded its *Tourism 2020* upper bound target of 20,000 additional rooms.

Though these targets are valuable milestones, it is important to note that at \$103.2 billion currently, overnight spend is expected to exceed the lower bound target of \$115 billion by 2020, but has only tracked 47% towards the upper bound of \$140 billion. TRA forecasts predict overnight spend will reach approximately \$131 billion by 2020. While more needs to be done to reach this target, the outlook is positive, with more than \$37.8 billion worth of infrastructure in the tourism investment pipeline, and continued progress towards streamlining access into Australia.

## THE TOURISM ECONOMY

### GROSS DOMESTIC PRODUCT

**\$55.3 BILLION ▲ 6.1%**

In 2016–17, tourism directly contributed \$55.3 billion to Australia's economy, accounting for 3.2% of national GDP. The GDP growth of 6.1%, while slightly lower than the 7.4% experienced in 2015–16, was the third consecutive year that tourism growth exceeded the national growth, making tourism an economic driver.

Domestic consumers contributed 70% or \$38.6 billion to tourism GDP.

### GROSS VALUE ADDED

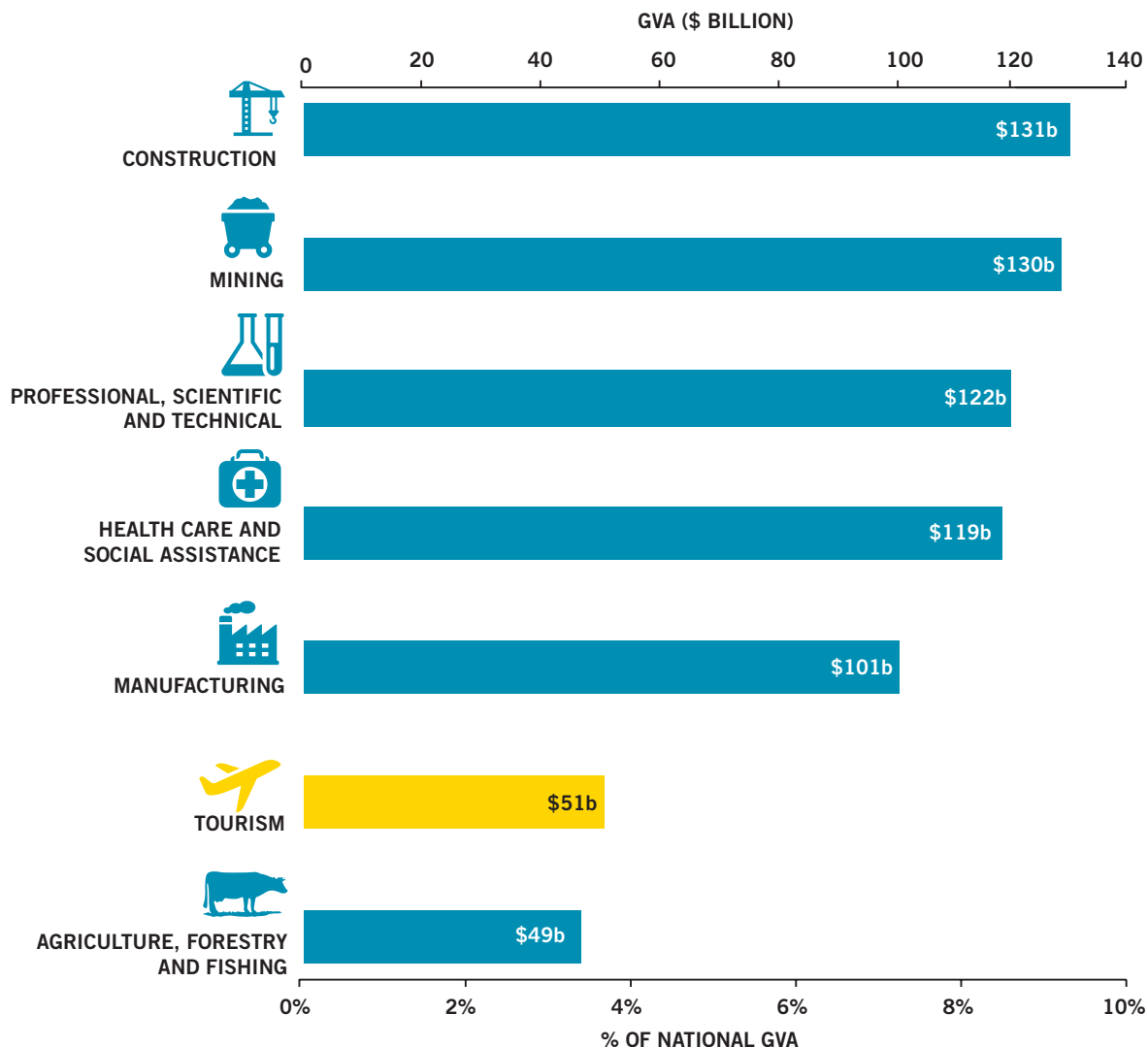
**\$50.6 BILLION ▲ 6.1%**

Direct Tourism Gross Value Added (GVA) increased 6.1% to \$50.6 billion, accounting for 3.1% of the national economy. GVA is a more accurate indicator of economic performance as it removes the impact of taxes and allows for comparisons across industries. This means that tourism continues to place ahead of *Agriculture, Forestry and Fishing* (2.8% of the national economy).

Within the tourism industry, the biggest contributors were the more traditional industries.

- Food services – up 7.5% to \$9.7 billion
- Air, water and other transport – up 7.1% to \$8.0 billion
- Accommodation – up 7.1% to \$8.0 billion.

FIGURE 1: ECONOMIC CONTRIBUTION OF TOURISM, 2016–17



## EMPLOYMENT

**598,200 PERSONS ▲ 3.0%**

Direct tourism employment grew 3.0% to 598,200 persons, approximately one-in-twenty people employed in Australia, or 4.9% of the workforce.

However, tourism employment varied from national employment:

- 47% were employed part time, compared to 32% nationally
- 54% of tourism workers were female (322,200 persons), compared to 47% nationally.

The dominance of female tourism employees was even more obvious in the industries of *Education and training* (71%), *Travel agency and tour operator services* (67%), and *Accommodation* (62%).

While total tourism employment grew 3.0% in 2016–17, this was not even across all sectors. Consistent with the current strong investment environment, provision of new airport infrastructure, and number of new accommodation offerings, strong growth was seen across:

- Travel agency and tour operator services – up 9.7%
- Air, water and other transport – up 9.3%
- Accommodation – up 7.1%.

However, declines were experienced in *Retail trade* (down 3.4% to 98,800), *Cultural services* (down 2.8% to 10,400), *Other sports and recreation services* (down 3.2% to 18,100) and *Casinos and other gambling services* (down 3.8% to 2,500).

## INTERNATIONAL TRADE

 **EXPORTS**

**\$37.2 BILLION ▲ \$2.6 BILLION**

 **IMPORTS**

**\$48.6 BILLION ▲ \$1.8 BILLION**

 **TRADE BALANCE**

**-\$11.4 BILLION ▼ \$0.8 BILLION**

Australia's export earnings totalled \$37.2 billion, an increase of \$2.6 billion. This makes tourism one of Australia's largest service exports, accounting for 10% of all Australian exports for the year.

International trade also includes imports, measured by the spend of Australians travelling overseas. In 2016–17, outbound tourism consumption increased \$1.8 billion to \$48.6 billion.

The increase in value of exports outweighed imports, which resulted in a decline in the trade deficit. Australia's tourism trade deficit narrowed to \$11.4 billion, compared to \$12.2 billion in 2015–16. This is the lowest trade deficit since 2010–11.

The exchange rate can have a significant impact on international trade, of which tourism is an important part. In 2016–17, the Australian dollar averaged 75.4 US cents, an increase from 72.7 US cents in 2015–16. An increase in the strength of the Australian dollar makes coming to Australia more expensive for overseas visitors, while at the same time, it reduces the cost of outbound travel for Australians, encouraging more of us to consider travelling overseas. Fewer international visitors and more outbound travel has a negative impact on Australia's balance of trade.

## TOURISM VISITORS

### INTERNATIONAL



**VISITORS**

7.9 MILLION ▲ 8.7%



**NIGHTS**

266 MILLION ▲ 7.3%



**SPEND**

\$40.6 BILLION ▲ 6.5%

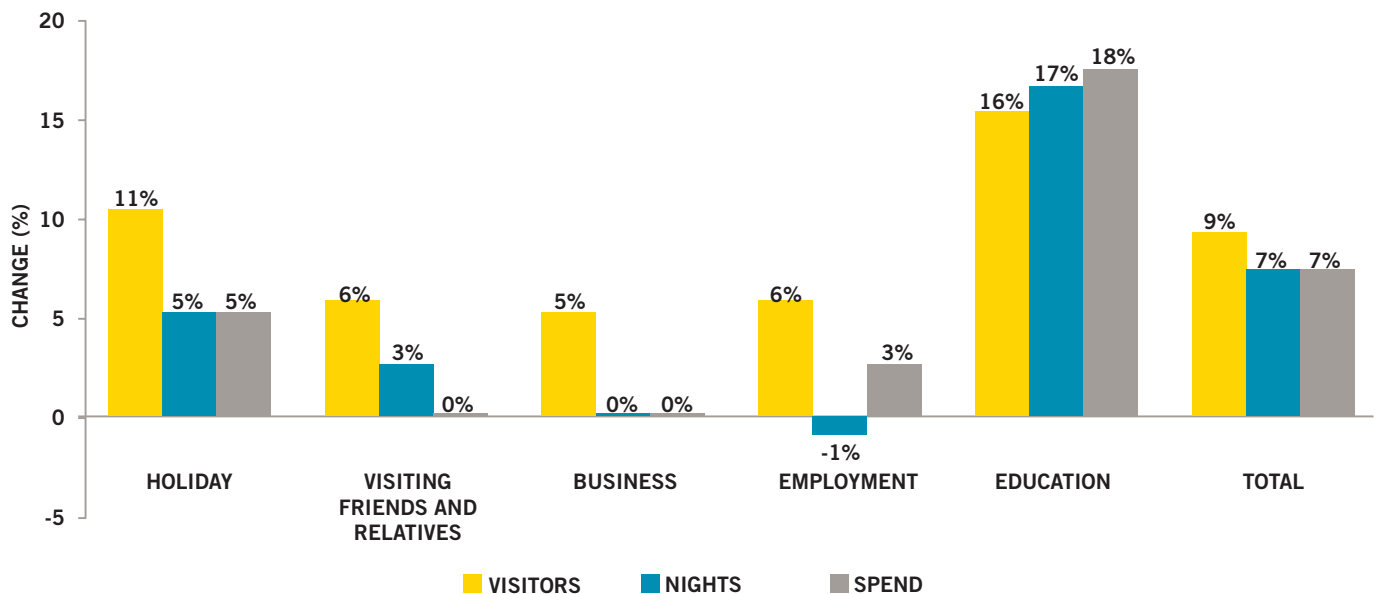
In 2016–17, international spend increased 6.5% to \$40.6 billion – slightly lower than the growth rates of recent years. While there has been a slowdown in the rate of spend growth, much of this came from spend outside of Australia on items such as airfares and pre-paid tour packages. Spend within Australia increased a more solid 9.8% to \$28 billion. This stronger growth is a positive sign, as it means a greater share of the international tourism dollar is reaching Australian shores and Australian businesses.

While the average length of stay declined slightly to 33.8 nights (down from 34.2 nights in 2015–16), the volume of passengers increased 8.7% to 7.9 million trips. Nights also increased 7.3% to 266 million nights, which was driven by international education visitors.



International visitors enjoyed eating out, with more than 92% (or 7.3 million visitors) dining in a restaurant or café during their trip. Medium-priced casual restaurants were the most popular establishments, followed by cafés and coffee shops<sup>1</sup>

FIGURE 2: GROWTH IN INTERNATIONAL VISITORS, NIGHTS AND SPEND BY PURPOSE, 2016–17 COMPARED TO 2015–16



Source: TRA, [International Visitor Survey](#).



Australia's beaches remain a draw card for international visitors, with 64% of visitors going to the beach while in Australia. Almost 90% of international visitors who went to the beach also visited the eastern seaboard states of Queensland, New South Wales (NSW) or Victoria

<sup>1</sup> This is based on the September and December quarters of 2016





## COUNTRY OF RESIDENCE

In 2016–17, international visitors increased across all major markets. While China continued to contribute the most to national growth across visitors, nights and spend in absolute terms, there were a number of other Asian markets that saw significant growth in percentage terms during the year.



**International visitor participation in Indigenous culture activities increased 18.6% to 945,000 – 12% of all international visitors. More than one-third of these visited an Indigenous site or community**

TABLE 1: INCREASE IN VISITORS, NIGHTS AND SPEND ACROSS TOP ASIAN GROWTH MARKETS, 2016–17 COMPARED TO 2015–16

 COUNTRY	 VISITORS	 NIGHTS	 SPEND
<b>India</b>	260,600 ▲ 14.8%	14.7 million ▲ 4.4%	\$1.4 billion ▲ 29.5%
<b>Japan</b>	391,200 ▲ 12.7%	10.0 million ▲ 10.1%	\$1.8 billion ▲ 14.7%
<b>Malaysia</b>	359,300 ▲ 12.0%	8.7 million ▲ 13.8%	\$1.3 billion ▲ 11.2%
<b>Taiwan</b>	158,400 ▲ 13.5%	10.6 million ▲ 14.3%	\$945 million ▲ 15.4%
<b>Thailand</b>	87,600 ▲ 10.8%	5.1 million ▲ 34.6%	\$483 million ▲ 26.2%

*Note: Due to varied growth across indicators, the markets are presented in alphabetical order.*

Source: TRA, [International Visitor Survey](#)

- Growth in the Indian market was driven by a very strong increase in education-related travel. Spend for Indian education visitors increased more than 50% to \$524 million.
- Holiday visitors continued to propel the recovery in the Japanese market. Spend by holiday visitors increased 23.2% to \$1.1 billion, while average trip length increased to over 20 nights.

In other markets, there was strong visitor growth, however, this did not translate into similar growth in spend.

- Visitors from the United States (US) increased 14.1% to 706,000, while spend only increased 4.0% to \$3.8 billion. However, spend has increased 43% in the last three years, overtaking the UK to become the second largest market in terms of value behind China.
- Visitors from the United Kingdom (UK) increased 2.6% to 682,100, while spend declined 8.3% to \$3.5 billion.



## REGIONAL DISPERSAL

The propensity for international visitors to disperse into Australia's regions declined slightly in 2016–17, with visitors to capital cities and the Gold Coast growing faster than those to regional Australia (up 8.9% compared to 6.2%, respectively). Just over half of international visitors to capital cities (3.7 million) went beyond their port of entry. However, those travelling to regional areas were likely to take in more of Australia, with 69% of those travelling in regional areas having three or more stopovers while in Australia.



The global popularity of rideshare apps was evident among our international visitors, with 1.5 million claiming to have used Uber while in Australia. Additionally, more than 500,000 used the Airbnb website to book private accommodation (up almost 80%)

## THE AVERAGE INTERNATIONAL VISITOR, 2016–17



The number of Chinese visitors on group and package tours declined by 5.8%, continuing the trend towards free and independent travel

### FUTURE TRENDS (5 YEARS)<sup>2</sup>


Strong growth in international visitors is forecast to continue for the next five years, increasing at 6.0% per year to reach 11.4 million arrivals by 2021–22. This is expected to translate into higher spend, which is expected to increase 9.7% annually to reach \$64.6 billion.

China is set to continue driving this growth, increasing at an average annual rate of 12.3% to reach 2.2 million visitors by 2021–22, overtaking New Zealand (NZ) as the largest inbound market in 2017–18.

Visitor numbers from the US are also expected to grow strongly – up 6.1% per year to 1.0 million in 2021–22. In the short term, this growth is expected to be because of improvements in their domestic economy and the lower value of the Australian dollar relative to the US currency.

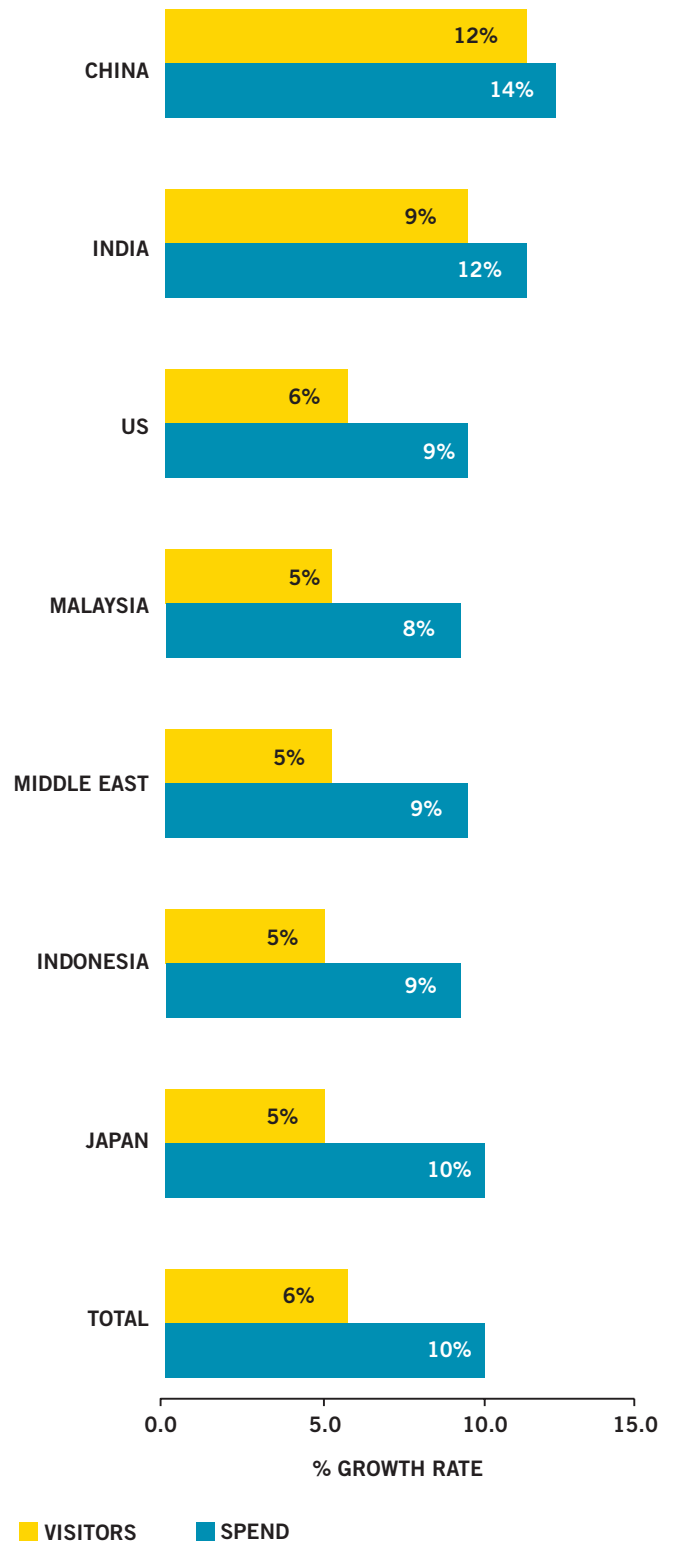
In terms of spend, India is expected to have average annual increases of 12.4% over the next five years to reach \$2.6 billion by 2021–22. This rapid increase in spend will come off the back of increases in visitation of 9.4% annually over the next five years, and is brought about by growing prosperity and the continuing transition of millions of people into consumer oriented, middle-class populations.

Holiday is expected to remain the main purpose of visit, increasing its share of trips from 51% to 53% in 2021–22, reaching 6.1 million visitors. Other categories will remain largely unchanged.



**While the internet is an important part of trip planning and booking, 1.6 million international visitors still went to a visitor information centre while in Australia**

FIGURE 3: FORECAST FIVE-YEAR AVERAGE ANNUAL GROWTH BY MARKET, 2016–17 TO 2021–22



Source: TRA, [Tourism Forecasts 2017](#)

<sup>2</sup> All spend figures refer to nominal spend, which take into account inflation

## DOMESTIC OVERNIGHT



### TRIPS

93.7 MILLION ▲ 5.2%



### NIGHTS

338 MILLION ▲ 3.7%



### SPEND

\$62.6 BILLION ▲ 6.6%

In 2016–17, Australian residents took 93.7 million overnight trips within the country – an average of 4.7 trips per person. This generated \$62.6 billion in tourism spend, up 6.6% when compared to 2015–16, representing an increase of \$3.9 billion. While Australians have a high propensity to travel outbound, this \$3.9 billion growth in domestic overnight spend was the largest increase in value terms over the past decade.

Although nights continued to increase, growth was slower than that seen in trips, reflecting a slight decrease in average trip length. However, while trips were shorter, average trip spend increased slightly to \$668 per trip (up \$9 per trip). This was mostly due to increased spend on shopping, accommodation and airfares, and occurred despite minor decreases in the share of people being transported by aircraft or staying in commercial accommodation.

The most popular reason for travel remained holiday, with 37.7 million holiday trips in 2016–17. However, a strong increase saw those visiting friends and relatives (VFR) (up 6.5% to 32.1 million trips) continuing to close the gap on the number of holidaymakers.

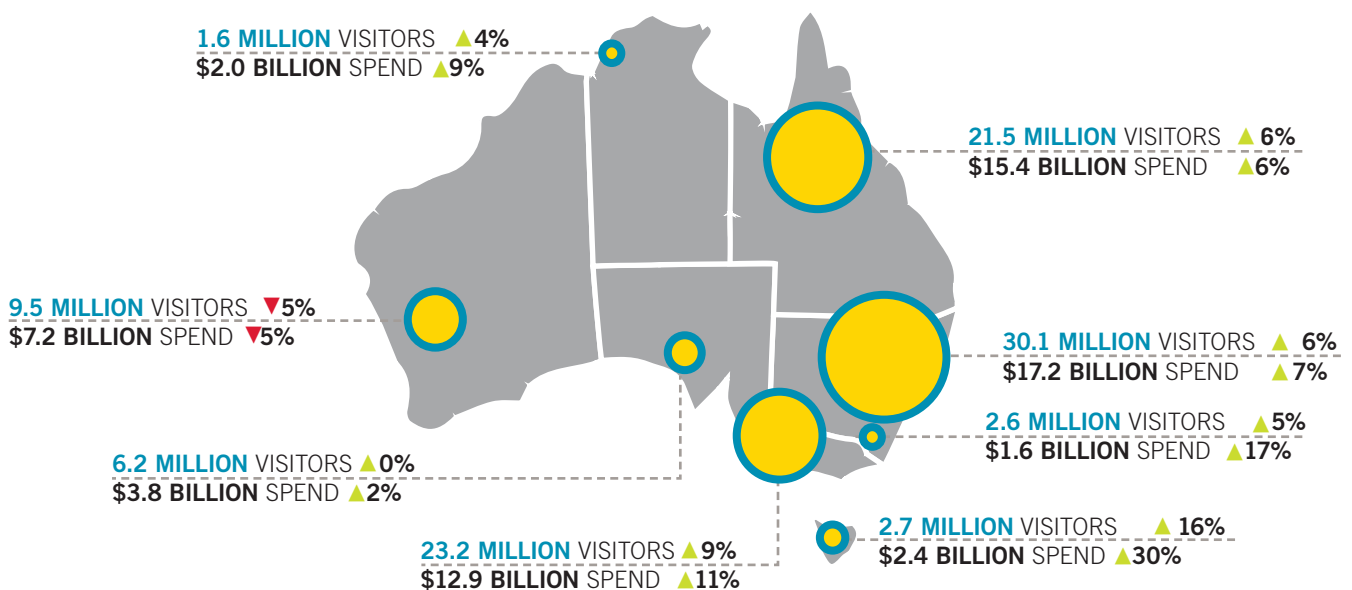
## REGIONAL DISPERSAL

In 2016–17, all states and territories recorded increases in domestic overnight trips and spend except Western Australia (WA). NSW remains the most popular state for domestic overnight trips, accounting for 32% of trips. Two of the smaller states and territories of Tasmania and the Australian Capital Territory (ACT) experienced the largest growth in spend (up 30% and 17%, respectively), with both increases driven by greater spend from holiday visitors.



While visitor information centres were only used by a minority of domestic overnight visitors, they were still an important information source of visitor information. Around 6.4 million trips involved a trip to a visitor information centre, with 4.8 million of these trips being in regional Australia

FIGURE 4: DOMESTIC OVERNIGHT TRIPS AND SPEND BY STATE, 2016–17



Domestic overnight visitors were the most likely to disperse outside of capital cities, with 63% of trips including regional Australia. This is positive news for regional Australia, as the majority of trips to each state and territory involved a visit to the regions, with the exception of the ACT.

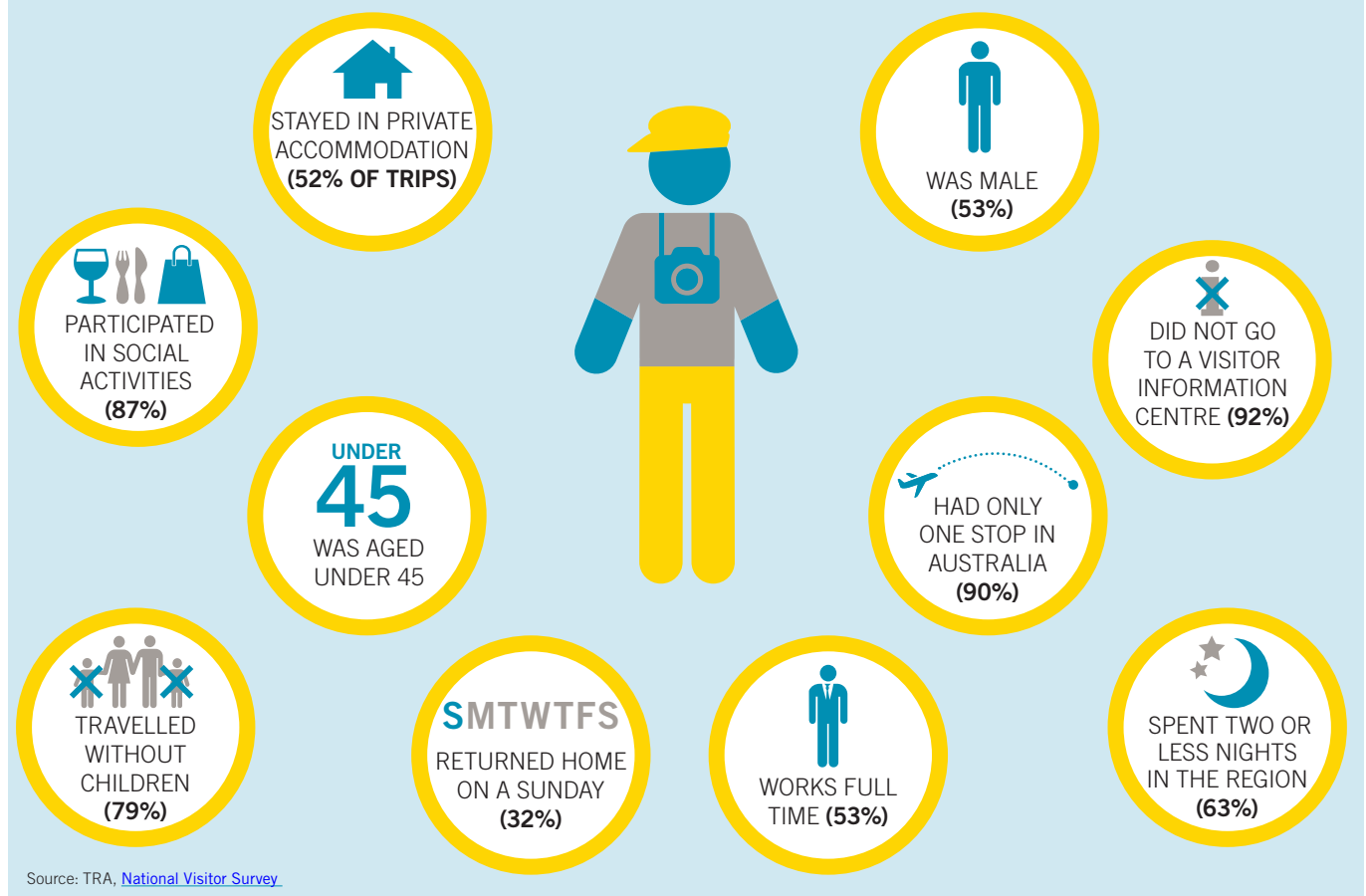
Dispersal was highest in NSW with 71% of all trips including travel outside of Sydney. Queensland had the lowest regional dispersal with 56% of trips, however, it should be noted unlike other states and territories, regional Queensland excludes two large population centres – the Gold Coast and Brisbane. There were 1.3 million domestic overnight trips to the Gold Coast by Brisbane residents in 2016–17.



While food and wine remained a major focal point for Australian tourism, with 3.6 million domestic overnight visitors to wineries, this declined 5.1% in 2016–17. The decrease in this type of tourism was experienced across all states and territories, except in Tasmania and South Australia (SA)

Intrastate trips showed the most growth (up 6.1% to 65 million trips) compared with 3.8% in growth for interstate trips. However, growth in nights and spend for interstate trips were comparable with growth for intrastate trips. Average spend on an interstate trip was \$1,139, compared with \$443 for intrastate trips.

## THE AVERAGE DOMESTIC OVERNIGHT VISITOR, 2016–17



Approximately 4.3 million people used a ride-share service while on their trip. While this continues to rise, it still remains significantly lower than those using public transport (such as a bus) or a taxi service<sup>3</sup>

<sup>3</sup> This only considers the March and June quarters of 2017

## FUTURE TRENDS (5 YEARS)

Domestic overnight trips are expected to show continued growth, but at a slightly slower rate than experienced in recent years, increasing at 2.2% per year to reach 104.3 million trips by 2021–22. Spend is expected to grow at the same rate as trips, reaching \$69.5 billion. This indicates that average trip spend will change little over the next five years. At the same time, however, there will be a minor decrease in average trip length.

Domestic travel costs, particularly for accommodation in capital cities, are also likely to remain high, while continued low growth in domestic air capacity could result in higher airfares in 2017–18. One positive area is the strong likelihood that petrol prices will remain at, or near, current levels, reflecting high global oil supplies.



**There has been a strong increase in domestic overnight trips to Indigenous sites or communities, up 21% to 428,000 trips. The Northern Territory (NT) was the most common place for these activities (173,000 trips). Those experiencing Indigenous arts, crafts and cultural displays on their trip also increased to 491,000 nationally**

## DOMESTIC DAY TRIPS



**TRIPS**

**187.7 MILLION ▼ 0.3%**



**SPEND**

**\$19.7 BILLION ▲ 2.9%**

In 2016–17, Australian residents took 187.7 million day trips – a 0.3% decline compared to 2015–16. Despite the small decline in trips (approximately 494,000 trips), visitor spend increased 2.9% to \$19.7 billion.

Similar to other visitors, leisure visitors (combining those visiting for holiday, and those visiting friends and relatives, or VFR) accounted for more than 76% of day trips, but holiday trips accounted for most of the decline (down 1.5%). VFR offset some of this decline with a 0.3% increase in trips.

However, this did not translate into increased spend, with VFR visitors traditionally having a lower average spend to other visitors (\$71 per trip compared to an average of \$105 for all trips). Instead, the increase in spend was driven by business visitors (up 9.7%) and those travelling for other reasons, such as employment, personal appointments or providing transport (up 14.6%).

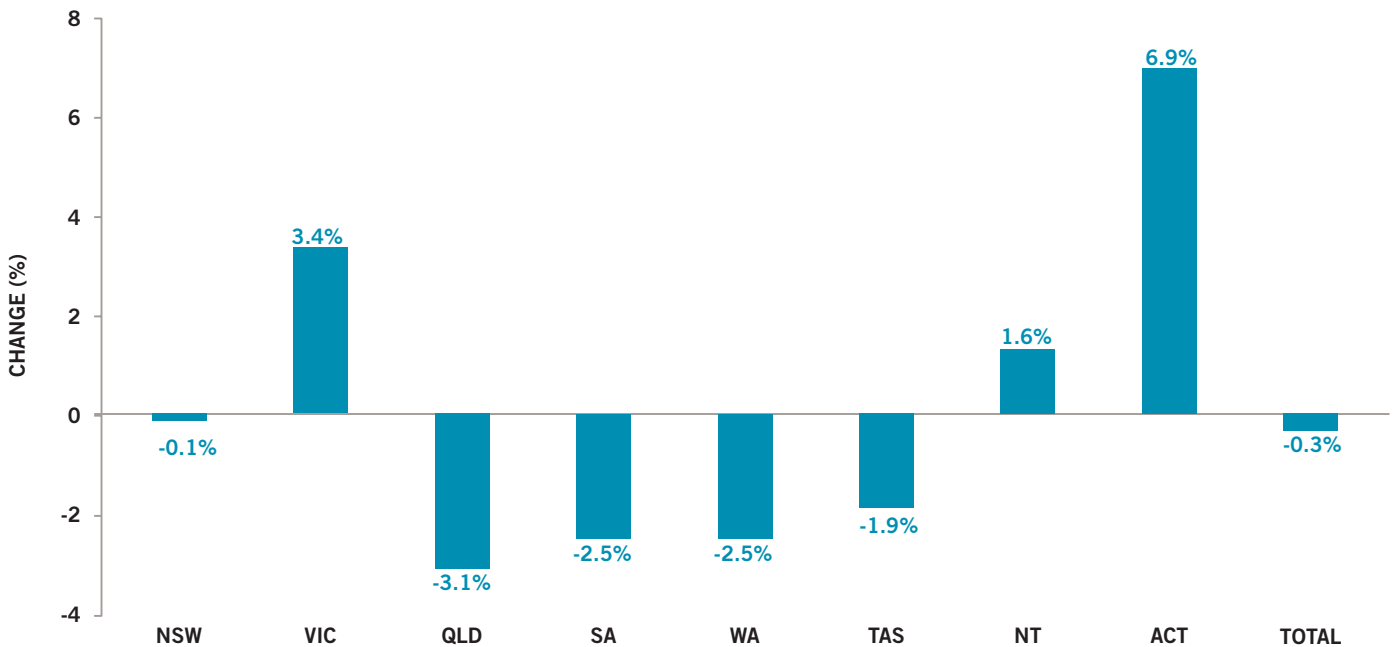


**Coastal activities continued to be a major drawcard with 26.2 million domestic day trippers engaging in activities such as going to the beach, whale watching or snorkelling. The biggest proportion of these were in Queensland (18.5%)**

## REGIONAL DISPERSAL

Victoria, along with the smaller territories of the NT and ACT, were the only states and territories to see increases in day trips in 2016–17. However, their growth was not enough to offset the declines in the other states. In terms of spend, only Queensland and the ACT declined (down 4.6% and 0.2%, respectively).

FIGURE 5: GROWTH IN DOMESTIC DAY TRIPS BY STATE, 2016–17



Source: TRA, [National Visitor Survey](#).

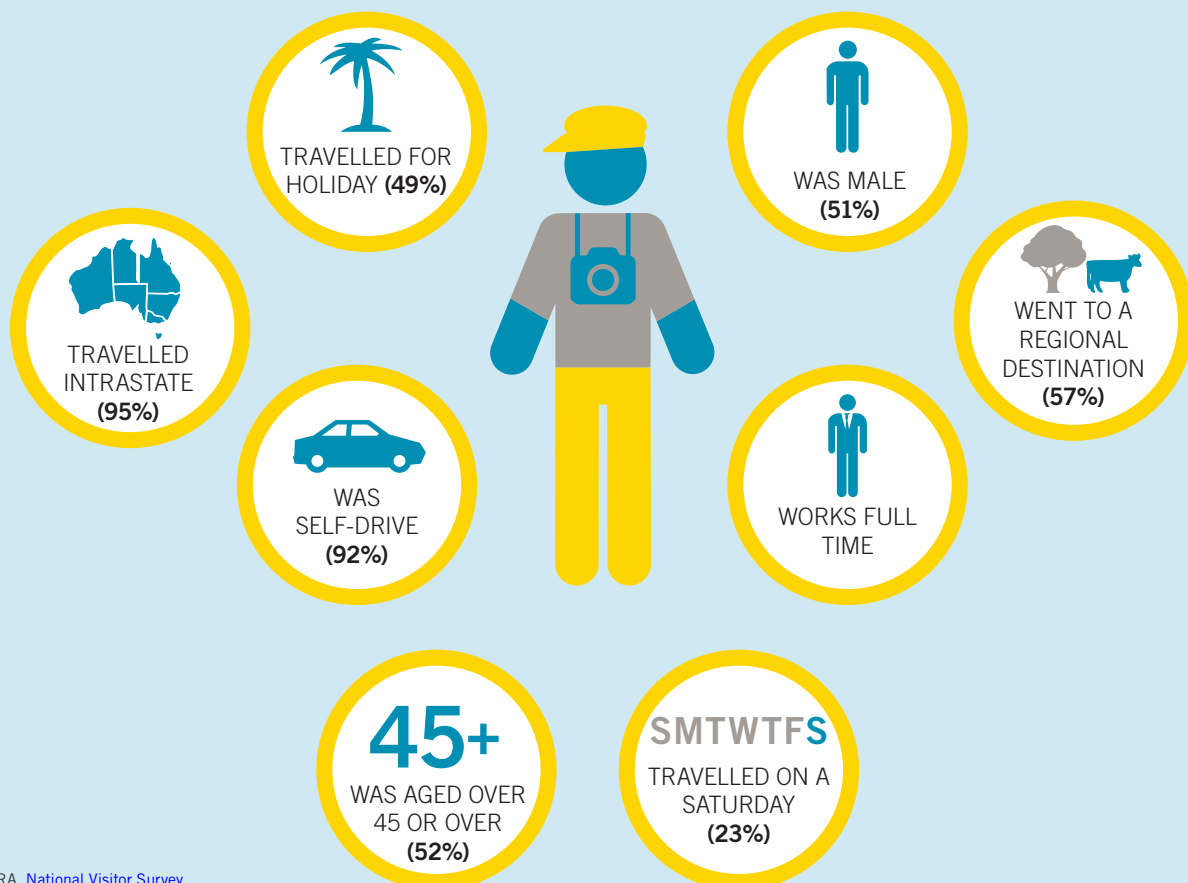
While domestic day trips are not as high yield as overnight trips, they are important for regional Australia. Regional day trips increased 3.0% to 107.8 million, increasing their share to over 57%. Somewhat more importantly, this share was replicated in spend after a 6.5% increase to \$11.2 billion. In general, tourism spend is skewed towards capital cities due to the higher cost of accommodation and goods in these areas.

The number of day trips involving interstate travel also increased – up 8.1%. However, as these only represent 5.3% of total day trips, this had little impact on the total.



**Domestic day trippers continued to explore their own backyard, visiting a number of Australia's national landscapes including the Great Ocean Road (2.7 million trips), The Great Barrier Reef (1.6 million trips) and the Australian Alps (1.5 million trips)**

## THE AVERAGE DAY TRIP VISITOR, 2016–17



Source: TRA, [National Visitor Survey](#).

### FUTURE TRENDS (5 YEARS)

Day trips are expected to increase at a rate higher than domestic overnight trips over the next five years, up 2.9% per year to 216.5 million trips by 2021–22. Continued inflation will see nominal spend increase at a rate higher than trips, up 3.7% per year to \$23.6 billion by 2021–22.

## DOMESTIC OUTBOUND



### TRIPS

9.1 MILLION ▲ 6.3%



### NIGHTS

175 MILLION ▲ 6.5%



### SPEND

\$55.7 BILLION ▲ 6.1%

In 2016–17, Australians took 9.1 million trips overseas and spent \$55.7 billion. Nights grew at a faster rate than visitors (6.5% compared to 6.3%, respectively) indicating a minor increase in the average length of trip to 19.2 nights.

However, the relatively longer trips to destinations such as the US and UK continue to draw interest, with increases primarily coming from the business and VFR markets, respectively.





The most popular destinations continued to be driven by ease of access and relative price, with NZ and Indonesia continuing to dominate the outbound market.

The largest growth was seen outside of the top five markets.

- Canada – up 17.3% to 146,000 trips
- Japan – up 14.3% to 332,000 trips.

Trips continued to increase at a rate faster than the population, which increased 1.7%, resulting in an increased propensity for Australians to travel outbound (reaching almost 47%)<sup>4</sup>.

TABLE 2: TOP FIVE OUTBOUND MARKETS – TRIPS, AVERAGE NIGHTS AND AVERAGE SPEND, 2016–17

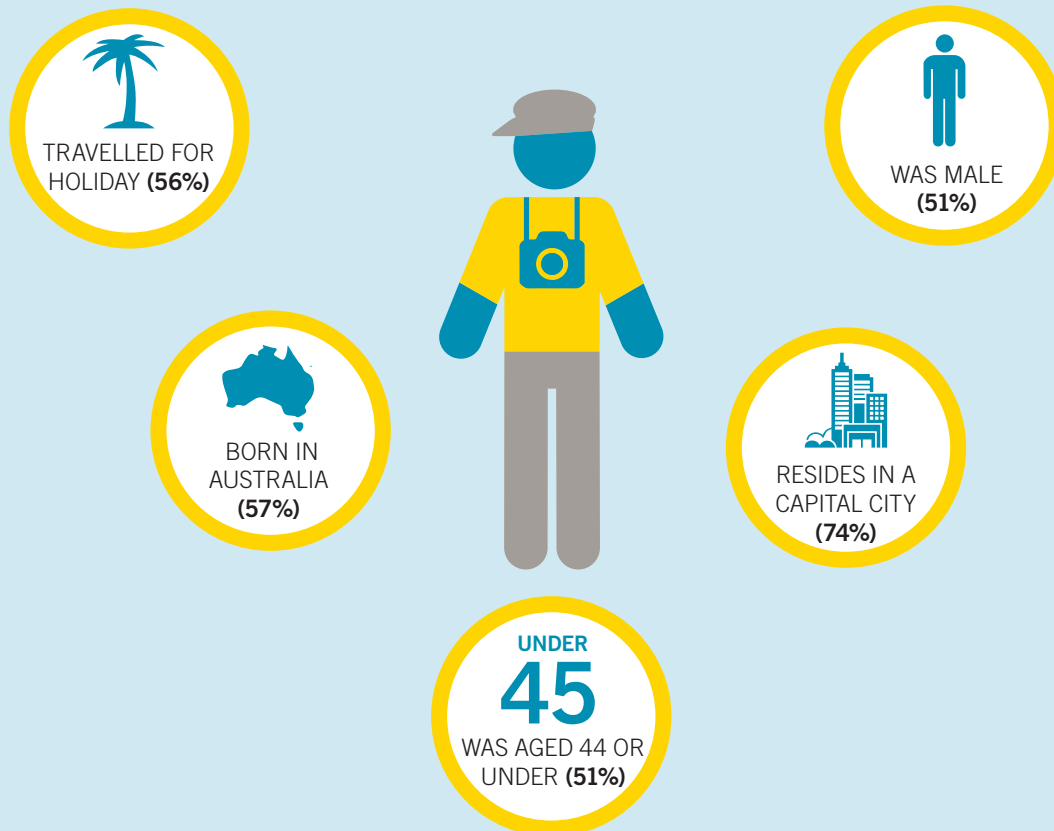
 COUNTRY	 TRIPS ('000)	 AVERAGE NIGHTS	 AVERAGE SPEND
NZ	1,266 ▲ 9.5%	10.5	\$3,417
Indonesia	1,054 ▲ 5.8%	10.4	\$3,266
US	962 ▲ 1.6%	20.6	\$9,657
UK	543 ▲ 0.9%	32.6	\$9,095
Thailand	503 ▲ 0.1%	14.9	\$5,167

Source: TRA, [National Visitor Survey](#)

<sup>4</sup> Propensity to travel is calculated as the number of trips divided by population for those aged 15 years and over



## AVERAGE DOMESTIC OUTBOUND VISITOR, 2016–17



Source: TRA, [National Visitor Survey](#)

## FUTURE TRENDS (5 YEARS)

Growth in outbound trips is expected to continue to slow when compared to historical trends. Subdued economic conditions combined with low wages growth will likely have a negative impact on discretionary spend, including travel. However, outbound trips are still expected to reach 12.3 million trips by 2021–22 (up 2.8% per year).

Leisure trips will continue to dominate the reason for travel, with 59% of trips for the purpose of holiday and 24% for VFR by 2021–22. While relatively small in terms of numbers, the education market is expected to continue to show high growth, with a 33% increase forecast between 2016–17 and 2021–22.

NZ is expected to remain the number one destination for outbound travel in 2021–22 with 1.6 million visitors, followed by Indonesia (1.5 million visitors) and the US (1.3 million).

## THE TOURISM ENVIRONMENT

### ACCOMMODATION

#### HOTELS, MOTELS AND SERVICED APARTMENTS (HMSA)

Hotels, motels and serviced apartment (HMSA) accommodation accounted for 114.9 million nights, or 19% of total accommodation nights in Australia, with 35% of overnight visitors spending a night in this accommodation type. While there has been a subtle decline in the share of visitor nights spent in hotels, motels and serviced apartments over the past decade, strong growth in 2016–17 saw a minor rebound.

Domestic overnight visitors dominated this category, accounting for almost three-quarters of nights in hotels, motels and serviced apartments (85.4 million nights). Additionally, almost half of these nights were spent in capital cities, with strong representation coming from business travellers. Business visitors accounted for 35% of domestic nights in HMSA accommodation.

In 2016–17, 78% of international nights (23.1 million nights) spent in a HMSA were in a capital city. This was a 21% increase in capital city demand compared to 2006–07. Over the same time period, regional nights in a HMSA declined 2.5% to 6.4 million nights.

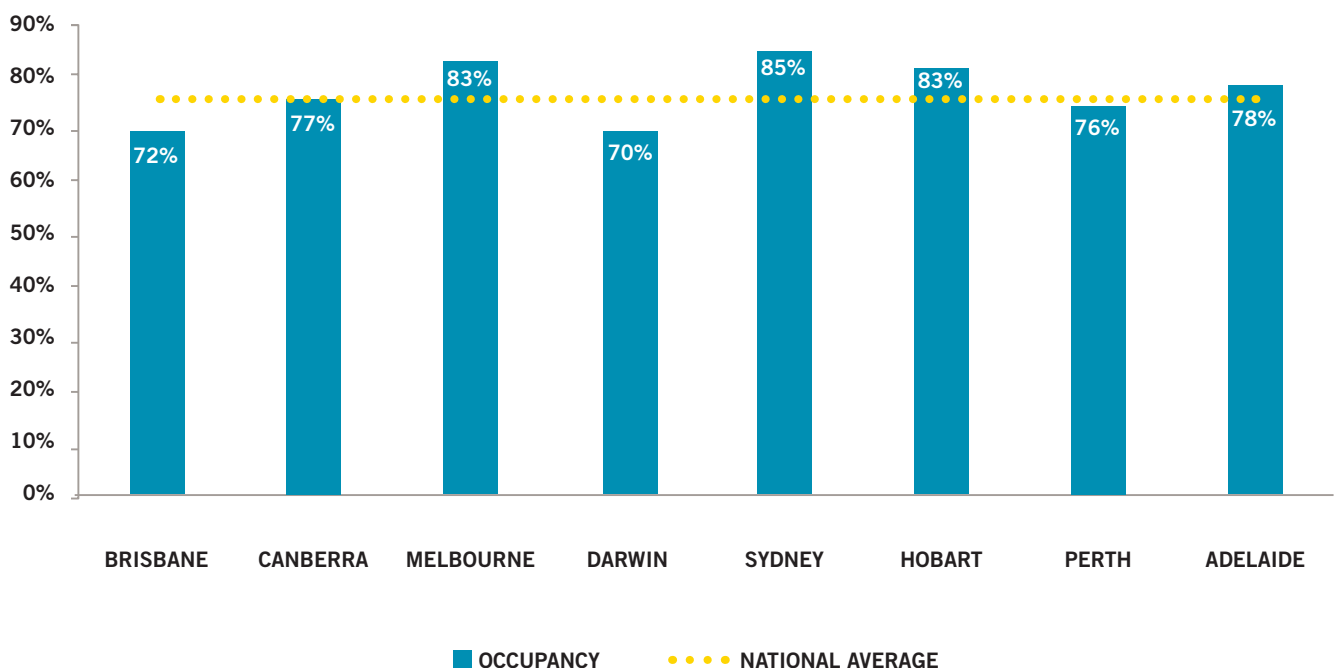
TRA's *Tourism Investment Monitor* indicates that more than 5,000 rooms opened in 2016–17, with the majority in capital cities. However, supply remains constrained, particularly in:

- Sydney – 85.4% occupancy, \$193 Revenue Per Available Room (RevPAR)
- Melbourne – 83.5% occupancy, \$155 RevPAR
- Hobart – 82.8% occupancy, \$143 RevPAR.

This strong increase in capital city demand and room rates has flowed through at a national level. Nationally, occupancy rates reached 75.6% and RevPAR increased to \$140.

While more than half of international visitors utilised HMSA accommodation, it was only for relatively short periods – an average stay of 7 nights, compared with an average trip length of 34 nights. This indicates that international visitors may be turning to low or no cost alternatives when staying for longer periods of time.

FIGURE 6: OCCUPANCY RATES FOR HOTEL, MOTEL AND SERVICED APARTMENTS BY CAPITAL CITY, 2016–17

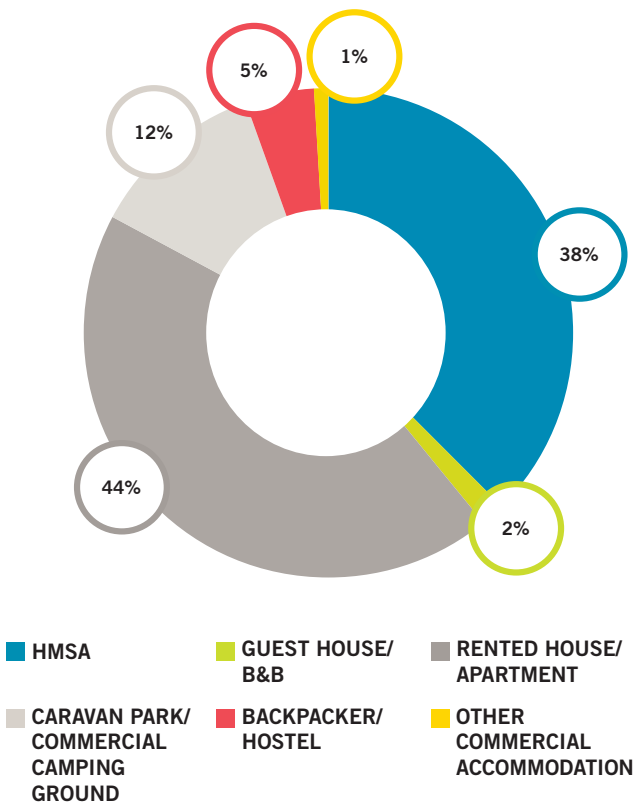


## OTHER COMMERCIAL

Outside of hotels, motels and serviced apartments, there were a number of other commercial accommodation options for visitors. These included, but were not limited to:

- rented houses and apartments
- backpacker accommodation or hostels
- guest houses or bed & breakfasts
- caravan or commercial camping grounds.

FIGURE 7: SHARE OF NIGHTS IN COMMERCIAL ACCOMMODATION, 2016–17



A strong increase in the number of nights spent in rented houses and apartments sees this category being the most commonly used commercial accommodation type, accounting for 133.9 million nights (or 22% of total nights). This accommodation type was preferred by longer stay visitors, with an average stay of 16.8 nights (compared to 5.9 nights total). The effect is more pronounced among international visitors, who have an average stay of 95 nights in a rented house or apartment and 60% of whom spend more than a month in the region of the rented house or apartment.

The increased popularity of rented houses and apartments has led to a subsequent decrease in nights spent in backpacker accommodation and hostels, down 3.4% to 13.9 million in 2016–17. Ninety per cent of these nights were from international visitors, with a large proportion of these (almost 70% of international nights) attributed to unaccompanied travellers.

## NON-COMMERCIAL

Nights in non-commercial accommodation accounted for almost half of all accommodation nights (294.4 million nights, or 49% of total nights). The most common source of non-commercial accommodation is the home of a friend or relative, which accounted for almost one-third of all visitor nights in Australia (119.7 million nights). Other types of non-commercial accommodation included:

- Non-commercial caravan or camping site – 19.4 million nights
- Own property – 17.1 million nights
- Education institution – 7.6 million nights

As these visitors weren't paying for a room or dwelling, they had a far lower average nightly spend than those who stayed in commercial accommodation (\$140 per night compared to \$256, respectively).

## TRANSPORT AND ACCESS

### INTERNATIONAL AVIATION<sup>5</sup>



#### INBOUND PASSENGERS

20.2 MILLION ▲ 7.3%



#### AVAILABLE INBOUND SEATS

25.3 MILLION ▲ 7.8%



#### LOAD FACTORS

79.9% ▼ 0.3PPT

In 2016–17, there were 25.3 million inbound seats available to Australia, carrying 20.2 million passengers. These seats were spread across 96,650 flights, which was more than double the amount of inbound flights operated in 2003. This volume of travel equates to:

- 265 inbound flights per day
- 209 passengers per flight.

Despite strong demand from passengers (up 7.3%), there was a slight drop in load factors, due to a 7.8% increase in available seats. This was particularly obvious at the beginning of the financial year, with the first five months (July to November) all showing double-digit growth compared to the year earlier. This growth dropped off in the later months due to significant increases already made in the same period of 2016.

Growth in inbound seats remained strong, with Australia's main market of NZ up 8.5% to 5 million seats, and the main hubs of the United Arab Emirates and Singapore also increasing (up 8.3% to 2.6 million seats, and up 5.8% to 3.2 million seats, respectively). The largest growth came from:

- Canada – up 85% to 220,000 seats, due to a new direct daily service into Brisbane
- Qatar – up 68% to 518,000 seats, following the commencement of a daily service to Sydney in March 2016 and to Adelaide in May 2016.

In 2016–17, there were 58 airlines servicing Australia. Qantas group airlines remained among the top performers, with Emirates joining them in the top three:

- Qantas Airways – up 8.6% to 4.1 million seats
- Emirates – up 5.5% to 2.5 million seats
- Jetstar – down 0.9% to 2.1 million seats.

Low-cost carriers (LCC) continued to play an increasing role in Australia's international aviation, with LCCs servicing 18% of inbound seats, up from 16.7% in 2015–16. LCCs also had an 18.4% share of passengers, meaning that they operated with higher load factors than full-service carriers (82.0% compared to 79.9%). This is in line with the LCC business model, which is designed to maximise returns through greater seat utilisation.

### DOMESTIC AVIATION



#### REVENUE PASSENGERS

59.3 MILLION ▲ 1.5%



#### AVAILABLE SEATS

77.1 MILLION ▲ 0.1%



#### AVAILABLE SEAT KM (ASKS)

88.4 BILLION ▼ 0.3%

In 2016–17, the number of domestic seats remained unchanged at 77.1 million seats. In the same period, passengers increased 1.5% to 59.3 million passengers, resulting in an increase in seat utilisation to 76.9% (up 1.1 percentage points).

While the number of seats remained unchanged, ASKs fell marginally (down 0.3%). This was due to fewer seats on long domestic routes from Perth to Brisbane, Melbourne and Sydney. As these cross-country flights are some of the longest domestic flights, a decrease in these services can significantly impact the total ASKs.

<sup>5</sup> Source: BITRE, [International Airline Activity](#)




In terms of seats available, the Sydney-Melbourne route was the most popular, offering 10.7 million seats (up 0.6%). Other well-served routes included:

- Sydney-Brisbane – 5.8 million seats
- Melbourne-Brisbane – 4.4 million seats
- Sydney-Gold Coast – 3.2 million seats
- Melbourne-Adelaide – 3.0 million seats.

In terms of flights, the Sydney-Melbourne and Sydney-Brisbane routes are considered among the busiest routes globally (second and eighth respectively).

Sydney remained the most popular domestic airport, with 13.5 million inbound domestic passengers. Capital cities (including the Gold Coast) remained the most popular airports, with only 10.1 million passengers (17.1%) having a regional airport destination.

TABLE 3: TOP FIVE AIRPORTS BY NUMBER OF INBOUND DOMESTIC PASSENGERS, 2016–17

		
AIRPORT	INBOUND PASSENGERS ('000)	% CHANGE
SYDNEY	13,529	▲ 1.7%
MELBOURNE	12,497	▲ 2.1%
BRISBANE	8,538	▲ 0.4%
PERTH	3,993	▼ 3.3%
ADELAIDE	3,526	▲ 1.7%

Source: [BITRE, International Airline Activity](#)

In terms of prices, average business class tickets remained the same in 2016–17 as they were in 2015–16, but with more consistent pricing across the year. However, restricted economy and best discount fares increased.

## MARITIME TOURISM<sup>6</sup>

Traditionally, the geographic isolation and expanse of Australia has created a reliance on aviation for tourism. In recent years, however, there has been substantial growth in maritime tourism, in particular cruises. It is estimated that in 2016–17, there were 1,401 cruise ship visit days at Australian ports. This was an increase of 224 visit days compared to 2015–16. P&O Australia were a significant contributor to this, accounting for 430 visit days (up 15.3%).

Cruise ship visit days are estimated to have generated almost 3 million passenger visit days and 417,000 crew visit days. Almost 2 million (or 65%) of these days were in the ports of Sydney, Brisbane and Melbourne. In line with the Australian tourism average, domestic passengers accounted for approximately three-quarters of these days. These passenger days included 1.9 million home port days, which were days before or after the cruise that required accommodation, and 1.1 million transit days, where accommodation was provided on the ship.

Cruise visits are estimated to have resulted in \$1.15 billion in tourism spend in Australia, with almost 85% of this spent in home ports. Additionally, it is estimated that crew spent almost \$40 million, while cruise lines spent \$1.5 billion on operating and administrative expenses in Australian ports. Their main expenses were port charges and fees, food and beverage and fuel.

The cruise industry estimates that the flow-on effect of this spend has resulted in \$1.3 billion in GVA and 12,235 full-time equivalent jobs<sup>7</sup>.

Oil prices can have a significant impact on tourism through both income effects and travel costs. In 2016–17, the oil price recovered to approximately US\$50 per barrel after a sharp decline between the end of 2014 and the beginning of 2016. This may be reflected in increased airfare prices.

<sup>6</sup> This is based on an independent study undertaken by the Cruise Lines International Association (CLIA)

<sup>7</sup> This is an independent study and is not directly comparable to the ABS Tourism Satellite Account

TABLE 4: CRUISE VISITS AND SPEND IN AUSTRALIA

	2015–16	2016–17	% CHANGE
<b>CRUISE SHIP VISIT DAYS</b>			
Home port	552	632	▲ 14.5
Transit port	625	769	▲ 23.0
<b>Total</b>	<b>1,177</b>	<b>1,401</b>	<b>▲ 19.0</b>
<b>PASSENGER AND CREW VISIT DAYS ('000)</b>			
Home port	1,615	1,851	▲ 14.6
Transit port	868	1,134	▲ 30.6
Crew	336	416	▲ 23.9
<b>Total</b>	<b>2,820</b>	<b>3,402</b>	<b>▲ 20.7</b>
<b>DIRECT SPEND (\$M)</b>			
Home port	\$821	\$976	▲ 18.9
Transit port	\$138	\$174	▲ 25.6
Crew	\$37	\$40	▲ 6.8
Cruise lines	\$1,310	\$1,470	▲ 12.2
<b>Total</b>	<b>\$2,306</b>	<b>\$2,659</b>	<b>▲ 15.3</b>

Source: BREa, Contribution of cruise tourism to the Australian economy in FY2016–17

While cruise is the most visible sector for maritime tourism, super yachts are a high yield passenger industry, especially during the core summer season (September/October to March). In 2015–16, it is estimated that there were approximately 180 to 220 super yachts operating in Australian waters, of which 60 to 70 were foreign vessels. It is estimated that these foreign vessels generated approximately \$190 million in spend.

### VISA SYSTEMS

Australia's visa system is undergoing major changes to make it more responsive to our economic, social and security interests. Simplifying the complex visa arrangements currently in place will result in faster outcomes and an improved client experience.

With international competition increasing, Australia's tourism industry stands to benefit from the offering of more streamlined visa processes that are easier to understand and easier to navigate.

As well as encouraging more high yielding holidaymakers to travel to Australia, a simpler visa system will contribute to more repeat visits. This, combined with improvements in transport and accommodation infrastructure, should lead to a greater share of travel going into regional Australia, ensuring the substantial economic benefits of tourism are more widely spread.

The links between tourism and international education will also be strengthened through these reforms, as visitors from some nationalities have a tendency to visit Australia as tourists, and then return as international students.

In 2016–17, international visitors mainly entered Australia on the following visas:

### VISITOR VISAS

- Tourist visas accounted for the majority of visa applications, with almost 4.9 million granted (up 11.1%).
- Business visas continue to be widely utilised, with 489,000 visas granted (up 14.6%).
- As at 30 June 2017, there were more than 294,000 visitor visa holders (tourist and business) in Australia.
- Chinese citizens were granted 196,000 tourist visas under the Approved Destination Scheme (ADS) – a decrease of 15%, which was likely due to the growth of independent travel from China.

### STUDENT VISAS

- There is no cap on the number of student visas available, as long as applicants meet the legislative requirements. In 2016–17, 343,000 student visas were granted (up 10.4%).
- A number of student visa holders apply for further visas at the end of their stay. In the 2016–17 program year, most former student visa holders who applied for another substantive visa were granted:
  - further student visas (42%)
  - tourist visas (20%)
  - temporary graduate (subclass 485) visas (19%).

### WORKING VISAS

- The *Accommodation and Food Services* industry was the second largest sponsoring industry for temporary work (skilled) visas (subclass 457), with 8,000 applications lodged (up 6.0%), second only to the *Other Services* industry. The average nominated base salary for workers in the *Accommodation and Food Services* industry was \$58,500 per year, well below the average salary of \$90,900 for all applications. Only 5,130 visas for this industry were granted.
- A total of 211,000 Working Holiday Maker (WHM) visas (subclass 417 and subclass 462) were granted (down 1.7%). As at 30 June 2017, there were 134,000 WHM visa holders in Australia.

### IMPROVING ACCESS THROUGH VISA REFORM

Australia's visa system has undergone major changes in recent years. In 2017, the Department of Home Affairs (DHA) completed the global rollout of online visa lodgement. Now available to all tourists, online visa lodgement streamlines the visa process, and will deliver quicker outcomes for applicants. Other changes include:

- The availability of long validity visas to eligible visitors from Chile, China, India, Indonesia, Thailand, Vietnam, and Singapore.
- The introduction of online visitor visa lodgement in simplified Chinese for Chinese nationals.
- A 'fast track' (48 hour) processing service for a fee for eligible applicants from China, India and the United Arab Emirates.

To support continued improvements to the Australian visa system, DHA announced a once-in-a-generation review of Australia's visa services, supported by a \$100 million investment in strengthening our visa risk assessment systems in 2017. Not only will these reforms improve the efficiency of the visa system, they will also enhance Australia's competitiveness as a destination for international visitors.

## EMPLOYMENT

**598,200 PERSONS ▲ 3.0%**  
**4.9% OF THE NATIONAL WORKFORCE**

In 2016–17, 598,200 persons were directly employed by the tourism industry. This was an increase of 17,500 persons or 3.0% compared to 2015–16, above the national average of 1.3%. Of these, 48% were employed in the accommodation and food service industries.

The 2016 census undertaken by the Australian Bureau of Statistics (ABS) provides a unique insight into the lives of Australians, including their employment and education. Almost 20% of Australians identified as full-time students, with over 408,000 of these students also employed in the most notable tourism industries of *Accommodation and food services* and *Retail trade*. This accounted for more than half of all employed full-time students (56%). Additionally, full-time students accounted for 23% of all people working in these industries.

While a large proportion of the work force are students, these industries have some of the lowest education attainments – 57% having completed only high school, compared to the national average of 35%.

This could be in part due to the relatively young workforce not having had the chance to complete higher education yet, with 47% of the workforce in these industries aged 29 years or under (55% for accommodation and food services and 42% for retail trade). This is significantly more than the national average of 26% aged 10 to 29 years.

However, unlike other industries, the workforce of *Accommodation and food services* and *Retail trade* are made up of more than 50% part-time employees (59% and 50%, respectively). In fact, these are the only two industries to break this barrier, with the closest being another tourism-related industry, *Arts and recreation services* (47%). As a result, more than half (54%) of people employed in these industries having a weekly income of less than \$650. However, it still provides career opportunities with more than 62,000 people in these industries had a weekly income of \$2,000 or more, but this only accounted for 3.6% of employees.

Reflecting on the diversity of Australian society, these tourism-related industries:

- provided jobs for one-in-six of employed Indigenous people
- had more than 435,000 employees who spoke a language other than English
- employed 538,000 people born outside of Australia
- provided employment for more than 15,000 people who required *assistance with core activities*.

In May 2017, the average weekly earnings for Australians was \$1,179, but this was heavily distorted by the mining sector, which had average weekly earnings of \$2,595 per person. In contrast, a number of tourism-related industries including *Accommodation and food services* and *Retail trade* have among the lowest weekly earnings in the country, at almost half that of the national average. Additionally, these industries generally have a younger employee demographic.

TABLE 5: AVERAGE WEEKLY EARNINGS AND AGE BY INDUSTRY

	AVERAGE AGE (MAY 2016)	EARNINGS (MAY 2017)	% CHANGE ON MAY 2016
Accommodation and food services	28.8	\$556.10	2.8%
Arts and recreation services	36	\$814.50	10.1%
Retail trade	35	\$683.60	-1.3%
Transport, postal and warehousing	44.8	\$1,434.70	2.7%
<b>Total</b>	<b>39.4</b>	<b>\$1,179.00</b>	<b>1.6%</b>

Source: ABS, [Average weekly earnings \(Cat. No. 6302.0\)](#), [Employee earnings and hours \(Cat. No. 6306.0\)](#)

While the minimum wage helps to protect employees, it may be difficult to sell a career path in an industry with such a low income to those joining the work force. In general, these tourism-related industries are utilised as a half-way point as employees progress to their chosen career.



## INVESTMENT



### AVIATION INFRASTRUCTURE

**\$10.1B** 19 PROJECTS



### ARTS, RECREATION AND BUSINESS SERVICES

**\$17.0B** 83 PROJECTS



### ACCOMMODATION

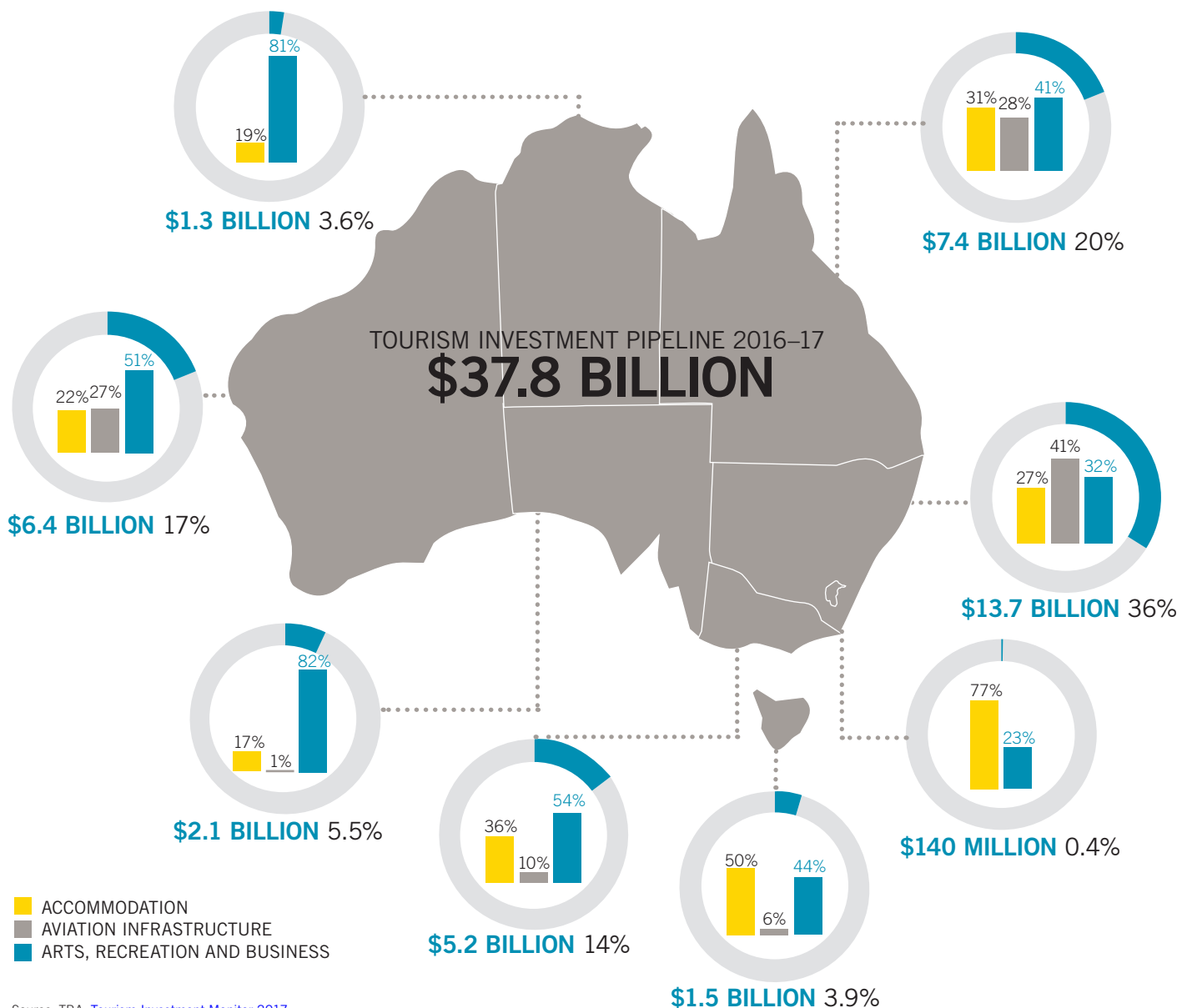
**\$10.8B** 102 PROJECTS

In 2016–17, there were 204 projects in the tourism investment pipeline, valued at \$37.8 billion. In terms of location, a substantial amount of activity has occurred in NSW (\$13.7 billion), Queensland (\$7.4 billion) and WA (\$6.4 billion).

The tourism investment pipeline is split across three categories:

- Arts, recreation and business services – \$17.0 billion
- Aviation infrastructure – \$10.1 billion
- Accommodation – valued at \$10.8 billion, with the potential to add an additional 19,730 rooms to the accommodation sector.

FIGURE 8: TOURISM INVESTMENT PIPELINE 2016–17



Source: TRA, [Tourism Investment Monitor 2017](#)

There has been a substantial increase in accommodation establishments and room supply, but due to continued increases in demand, occupancy rates remain high. This indicates that more investment is required to match forecast strong growth in demand.

In 2016–17, there were 102 accommodation projects in the pipeline with the potential to add 19,730 rooms to national supply. In addition to this, there were 90 mixed-use projects that contained an accommodation component. While these projects sit outside the traditional pipeline, they have the capacity to add 19,910 rooms to supply. The growing popularity of mixed-use developments in Australia reflect what is happening in Asian markets, and could be aligned with the high level of foreign investment in the mixed-use investment pipeline.

Aside from accommodation, there were a number of other investment projects in the pipeline relevant to tourism.

The aviation infrastructure pipeline was worth \$10.1 billion across 19 projects. The majority of this investment can be attributed to the proposed new Western Sydney Airport at Badgerys Creek (\$5.3 billion). Aside from this, there were eight projects initiated to upgrade airports in regional areas.

While aviation is a key component of transport for Australian tourists, there has also been a push to invest in seaports. One of the most evident cases of this is the \$1 billion upgrade to the Spirit of Tasmania and terminals.

Outside of key accommodation and aviation infrastructure, there was continued activity in *Arts, recreation and business services* infrastructure. In 2016–17, there were 83 projects worth a total \$17.0 billion, with \$2.2 billion of this to be spent in regional areas. A large share of this activity was attributed to sport, with 35 projects valued at \$7.6 billion.

The strength of the investment pipeline is supported by continued interest from foreign investors in Australia, particularly around accommodation projects. This complements the work of national, state and regional governments and their focus on facilitating the development of sporting and aviation infrastructure.

## TOURISM BUSINESSES

### NON-EMPLOYING BUSINESSES

120,000 ▼ 0.5%

### EMPLOYING BUSINESSES

159,000 ▲ 1.5%\*

### TOTAL BUSINESSES

279,000 ▼ 1.4%

\* All percentage changes are June 2016 compared to June 2012

In June 2016, there were 279,000 tourism businesses in Australia – approximately 13% of all Australia's 2.2 million businesses. A significant number (57%) of these businesses had employees – substantially higher than the national Australian business average of 39%. This demonstrates the importance of tourism businesses to employment. The majority of tourism businesses (95%) were small enterprises (employing less than 20 workers), but this was a smaller proportion than the national average of 98%.

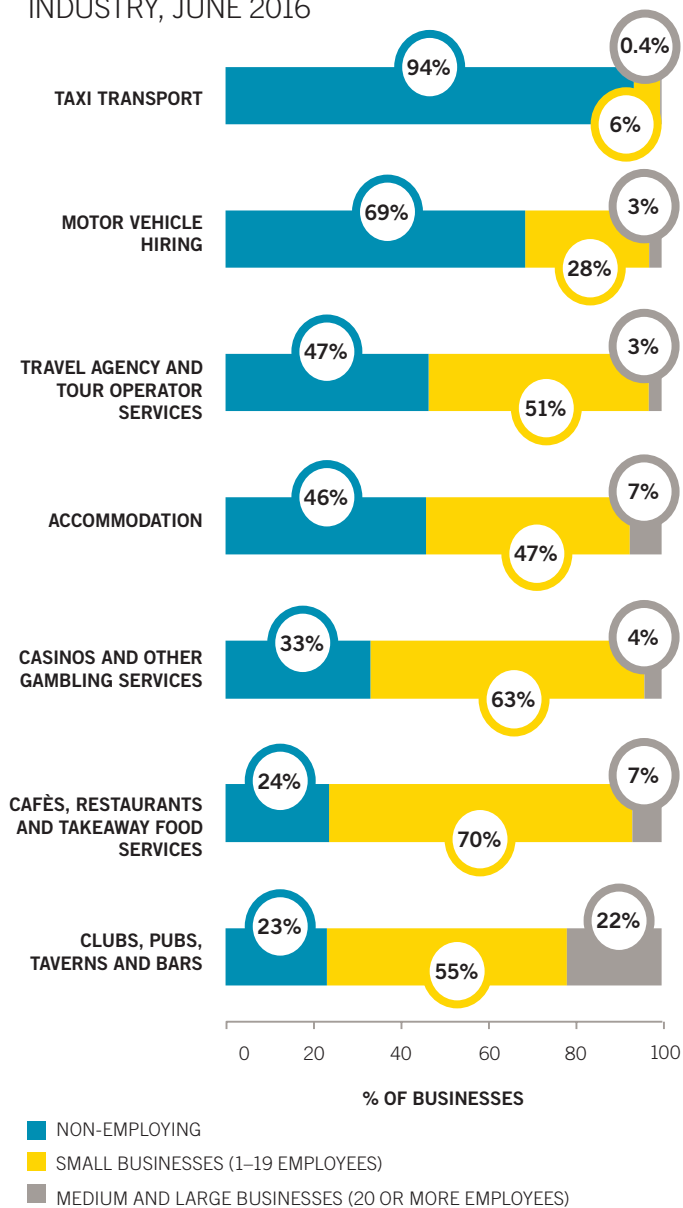
There has been a 1.4% decline in tourism businesses between June 2012 and June 2016, caused by a 5.0% decline in non-employing businesses. This was offset by a 1.5% increase in the number of employing businesses. The growth in employing businesses corresponded with a 6% increase in tourism employment (to 580,700 persons) over the same period.

While small enterprises are an important feature of the tourism industry it is medium businesses (those with 20 to 199 employees) and large businesses (those with more than 200 employees) that continue to drive growth. In June 2016, these businesses made up only 6% of tourism businesses in Australia, but generated two-thirds of tourism revenue and provided employment for over 60% of the industry. Medium and large businesses have also experienced the greatest growth in recent years, up 4.1% since June 2012, which is indicative of consolidation in the industry. The majority of this growth came out of Victoria, NSW and WA.

In line with tourism visitation and spend, the majority of tourism businesses (80%) were located in the eastern seaboard states of NSW, Victoria and Queensland. Additionally, almost two-thirds of tourism businesses were located in capital cities or the Gold Coast. Despite having a smaller share of businesses, regional areas received 44 cents from every tourism dollar in 2015–16. This reflected higher tourism spend in regional businesses.

Employment varied significantly depending on the nature of the industry. For example, there was a substantial over-representation of non-employing businesses in taxi transport (94% of businesses) reflecting the dominance and growing share of self-employed operators. By comparison, industries focused around hospitality and customer service such as *Cafés, restaurants and takeaway food services* and *Clubs, pubs, taverns and bars* (23%) had far fewer non-employing businesses (24% and 23%, respectively).

FIGURE 9: TOURISM BUSINESSES BY SIZE AND INDUSTRY, JUNE 2016



Source: TRA, [Tourism Businesses in Australia, June 2012 to June 2016](#)

## MEASURING INDUSTRY PROGRESS – TRACKING *TOURISM 2020*

*Tourism 2020* is the Australian Government's current tourism strategy to increase tourism demand to generate between \$115 billion and \$140 billion in overnight visitor spend by 2020. There are also a number of key supply side targets to ensure that the industry can continue to operate under such growth.

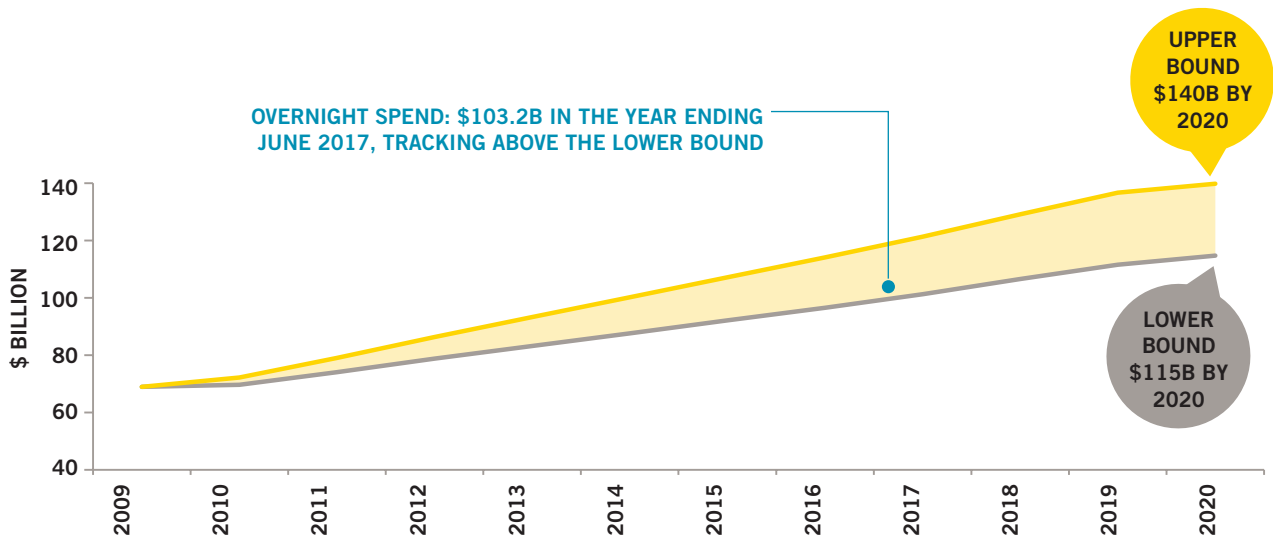
### VISITORS AND THEIR SPEND

In 2016–17, overnight tourism spend increased 6.6% (or \$6.4 billion) to \$103.2 billion. This comprised:

- international visitor spend – up 6.5% to \$40.6 billion
- domestic overnight spend – up 6.6% to \$62.6 billion.

Overnight spend continues to track above the strategy's lower bound target of \$115 billion by 2020. This is an important achievement as the strategy moves from the 'seeing the results' phase and into the 'achieving the potential' phase from 2017 to 2020.

FIGURE 10: TRACKING THE TOURISM INDUSTRY AGAINST 2020 TARGETS, 2009 TO 2020



Source: TRA, [National Visitor Survey](#) and [International Visitor Survey](#)

Since the beginning of the strategy in 2009, total overnight visitor spend has increased 45% (or \$32.0 billion) and is 47% of the way towards the \$140 billion upper bound target. This is driven by domestic overnight spend, which has achieved 55% of the upper bound target of \$76.6 billion. In comparison, international spend has achieved only 40% of its upper bound target of \$63.4 billion.

#### Growth rates required from 2016–17 onwards to hit the Tourism 2020 targets in overnight tourism spend

\$115 billion lower bound target – ▲ 3.1% p.a.

\$140 billion upper bound target – ▲ 9.1% p.a.

Current TRA forecasts suggest that nominal overnight tourism spend should reach approximately \$131 billion by 2020, surpassing the lower bound target of \$115 billion spend set under *Tourism 2020*.

In terms of markets, China continued to strive ahead, having already surpassed the upper bound target of \$9 billion by 2020. Current forecasts suggest that spend from China should reach more than \$14 billion by 2020. Other markets that performed well against their targets included:

- India – up 111% to \$1.4 billion, tracking 48% towards its upper bound target of \$2.3 billion
- US – up 66% to \$3.8 billion, tracking 46% towards a target of \$5.5 billion
- Singapore – up 74% to \$1.5 billion, tracking 32% towards a target of \$2.8 billion.

Despite a small decline by the UK in 2016–17, all major markets have continued to show positive progress towards their targets since 2009.

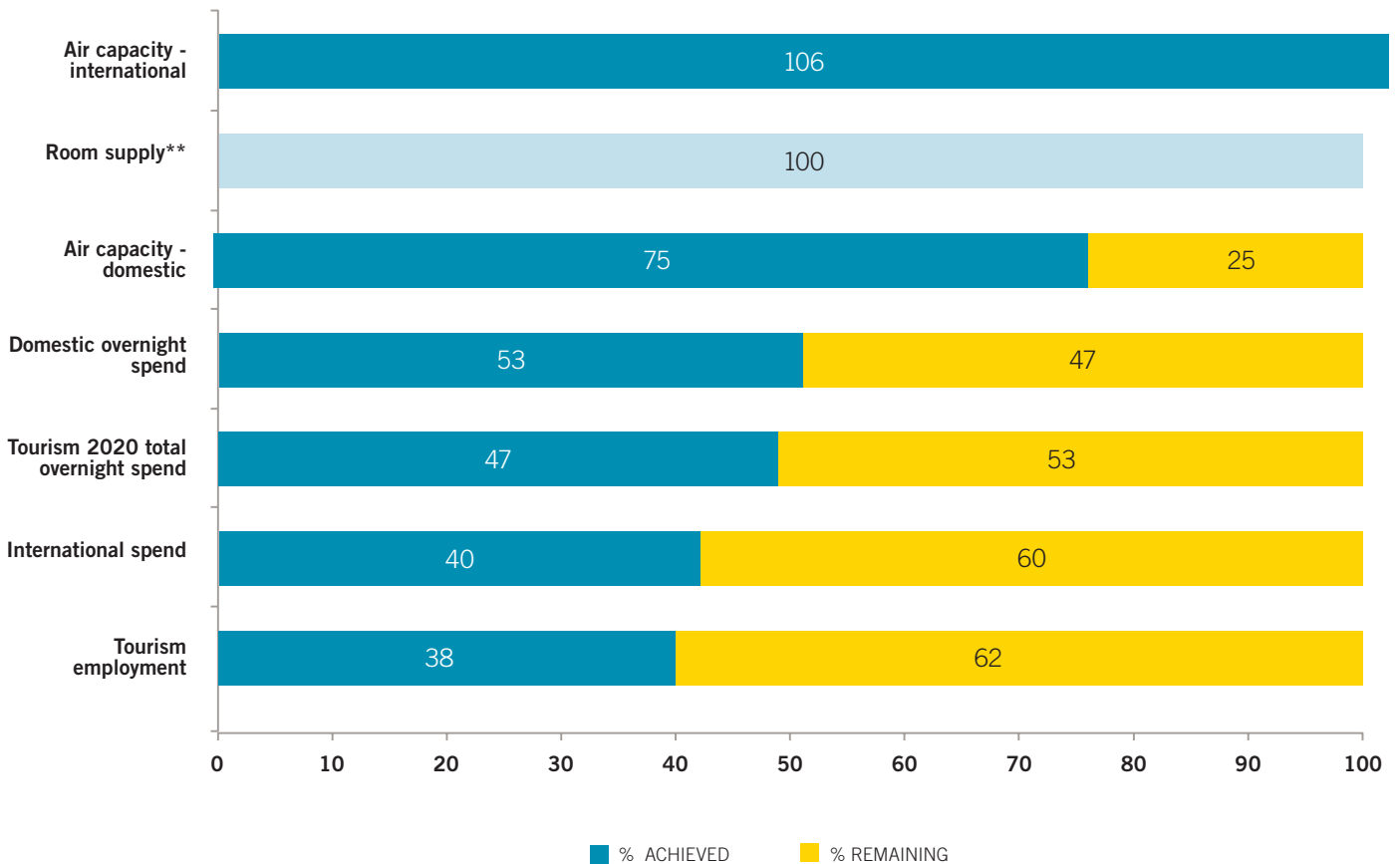
FIGURE 11: TRACKING THE TOURISM INDUSTRY AGAINST TOURISM 2020 TARGETS BY MARKET, 2016–17 PROGRESS

MARKET	2009	JUN-17	CHANGE: JUN-17 ON JUN-16		2020 TARGET	CURRENT PROGRESS	
	\$ BILLION	\$ BILLION	\$ BILLION	%	\$ BILLION	% ACHIEVED	% REMAINING
<b>Tourism 2020 – total overnight spend</b>	<b>71.2</b>	<b>103.2</b>	<b>6.4</b>	<b>6.6</b>	<b>140.0</b>	47	53
<i>Domestic - overnight</i>	45.6	62.6	3.9	6.6	76.6	55	45
<i>International - total</i>	25.5	40.6	2.5	6.5	63.4	40	60
China	2.6	9.8	0.9	9.8	9.0	112	
India	0.7	1.4	0.3	29.5	2.3	48	52
US	2.3	3.8	0.1	4.0	5.5	46	54
NZ	1.9	2.7	0.0	0.3	4.2	34	66
Singapore	0.8	1.5	0.0	0.5	2.8	32	68
Malaysia	0.9	1.3	0.1	11.2	2.5	27	73
Other international	8.3	11.5	1.1	10.4	20.0	27	73
Japan	1.5	1.8	0.2	14.7	3.3	16	84
France	0.6	0.7	0.0	0.1	1.4	9	91
South Korea	1.4	1.5	0.0	0.1	3.4	9	91
Germany	1.1	1.2	0.0	0.9	2.3	8	92
UK	3.5	3.5	-0.3	-8.3	6.7	1	99

Source: TRA, [National Visitor Survey](#) and [International Visitor Survey](#)

## SUPPORTING SERVICES AND INDUSTRIES

FIGURE 12: TRACKING OF THE TOURISM INDUSTRY AGAINST TOURISM 2020 TARGETS, 2016–17  
PROGRESS



Note: \*Room supply increase is an estimation and is not based on actual data

Source: TRA, supplied


## ACCOMMODATION

The cessation of the ABS' *Survey of Tourist Accommodation* means that this target can no longer be tracked beyond 2015–16. However, progress against the *Tourism 2020* accommodation target for 2016–17 can be estimated using the following approach:

- The *Survey of Tourist Accommodation* shows 17,694 rooms had been added to supply as of 2015–16.
- The *Tourism Investment Monitor* shows approximately 5,130 rooms added to supply in 2016–17 (Table 6).
- The sum of these two figures shows 22,800 rooms added to supply since 2009.

However, this figure of an additional 22,800 rooms could be a slight overestimate, as it does not account for accommodation providers who left the market in 2016–17. Nonetheless, with more than 2,800 rooms surplus above the upper bound *Tourism 2020* target of an additional 20,000 rooms, it can be inferred that the accommodation sector has now passed its upper bound target.

TABLE 6: ROOM OPENINGS FOR THE TOURISM INVESTMENT PIPELINE, 2016–17

	 ROOMS
Accommodation investment pipeline (\$20m or more)	2,650
Mixed-use investment pipeline	1,730
Tracked small-scale investments (outside of the pipeline)	750
<b>Total</b>	<b>5,130</b>

Source: TRA, [Tourism Investment Monitor 2017](#)

## AVIATION

In the year ending February 2017, international aviation surpassed the upper bound target of a 50% increase in available inbound seats. By the end of 2016–17, inbound seats had increased 53% to almost 25.3 million seats. While exceeding the upper bound target for international aviation is a positive achievement, international spend is only 40% towards its upper bound target. On these figures, attracting a greater proportion of high yielding travellers – especially holidaymakers and business travellers – will be important in growing international spend.

The 2017 *Tourism Forecasts* suggest that more than 22.6 million passengers (international arrivals and resident returns) will require seats to Australia by 2020–21. This is 20% more than that experienced in 2016–17.

Domestic aviation continues to contract against its upper bound target of a 30% increase in ASKs. However, it has still increased 24.9% since 2009, placing it above the lower bound target of a 23% increase. The recent contraction in ASKs is due to a shift in flight patterns away from longer flights, which has outweighed the growth in available seats.

## EMPLOYMENT

In 2016–17, tourism employment increased by 17,500 persons to reach 598,200 workers. This is a 58,400 person increase on the 2008–09 base of 539,800 persons, and surpasses the lower bound target of an additional 56,000 employees by 2020 for the first time. However, this is only 38% towards the upper bound target of an additional 152,000 employees by 2020. This means that there is still much work to be done to ensure that tourism demand can be serviced and that tourism can strengthen its position as a career for the future.

While there has been strong jobs growth in the industry, the challenge remains how to encourage jobseekers to take up these jobs and build a career in the industry. Governments and industry must continue to build the capacity of the domestic workforce that accounts for approximately 90% of all tourism workers. Foreign labour will continue to play an important role addressing labour and skills shortages, particularly in regional areas.

## ABBREVIATIONS

ABS – Australian Bureau of Statistics

ACT – Australian Capital Territory

ASK – Available Seat Kilometres

NT – Northern Territory

GDP – Gross Domestic Product

GVA – Gross Value Added

NSW – New South Wales

VIC – Victoria

QLD – Queensland

SA – South Australia

WA – Western Australia

TAS – Tasmania

RevPAR – Revenue Per Available Room

ADR – Average Daily Rate

STA – Survey of Tourist Accommodation

TSA – Tourism Satellite Account

OAD – Overseas Arrivals and Departures

VFR – Visiting friends and relatives