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Tourism Research Australia



State of the Industry

2021

Tourism Research Australia

Australian Trade and Investment Commission (Austrade)

Email: tourism.research@tra.gov.au

Web: www.tra.gov.au

Acknowledgements

Acknowledgement of Country

The Australian Government acknowledges the Traditional Owners and Custodians of Country throughout Australia and acknowledges their continuing connection to land, water and community. We pay our respects to them, their Elders past and present, and the continuation of cultural, spiritual and educational practices of Aboriginal and Torres Strait Islander peoples.

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This report is available at <https://www.tra.gov.au/economic-analysis/state-of-the-industry>

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Courtesy of Tourism Whitsundays.

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Image courtesy of Tourism Australia



Foreword

The State of the Industry 2021 report is a record of the personal and commercial disruption caused by COVID-19. However, this report also demonstrates the resilience and persistence of the industry, the support offered by government programs, the rapid return of domestic visitors following lockdowns, and the positive international border announcements towards the end of the year, all of which point to a brighter future for the industry.

This report is markedly different from previous versions. It contains similar statistics and data insights as reports of past years, yet the format and approach have changed. These changes echo the state of the visitor economy. The composition of the industry has changed, the size of the industry has changed, and the prospects and aspirations of the industry were, at their lowest point, distinctly different from those of just a couple of years ago.

Most of the industry change in 2021 was negative. International tourism was down by over 95% compared with more normal years, the economic impact of tourism was down by around 50% and jobs were down by around 25%. These represent real impacts on real people.

The light on the horizon was the way Australians rediscovered domestic travel and, in particular, travel to regional areas. By the end of 2021, regional travel accounted for 63% of domestic tourism expenditure, up from 44% in 2019.

Many tourism businesses had to rapidly pivot from servicing international to domestic visitors, while other businesses hibernated and some closed. Many employees left the industry for other sectors. Government programs also had to rapidly adapt to the pandemic realities. This report highlights a number of these industry and government responses.

Samantha Palmer

GM, Visitor Economy and Client Programs

Overview

About this report

This State of the Industry report provides evidence and insights on how Australia’s visitor economy has emerged from the pandemic, and the challenges and opportunities that lie ahead. In providing a comprehensive description of the issues, the report canvasses data from a variety of sources and describes how industry and governments have responded to an extraordinary set of challenges.

The last two years have had a debilitating impact on Australia’s visitor economy. Statistics can *measure* this impact but are not able to fully *describe* it. Statistics alone are also inadequate when it comes to understanding how businesses and governments responded to limit further harm from the COVID-19 pandemic. As a result, this report breaks with tradition: it shifts away from a purely statistical approach towards a more descriptive account of calendar year 2021.

The report focuses on how the sector performed in 2021, often comparing it with 2020 and the pre-pandemic performance of 2019. Some additional information covering the early months of 2022 and the future outlook has been included to give the reader a sense of trajectory.

This report also gives more attention than in previous years to the significant and growing contribution of the international education sector, which is often omitted from tourism analysis. This ensures that the report is aligned with the objectives and vision of THRIVE 2030, the industry-led, government-enabled long-term Strategy to help the industry recover and sustainably grow through to 2030 and beyond.¹

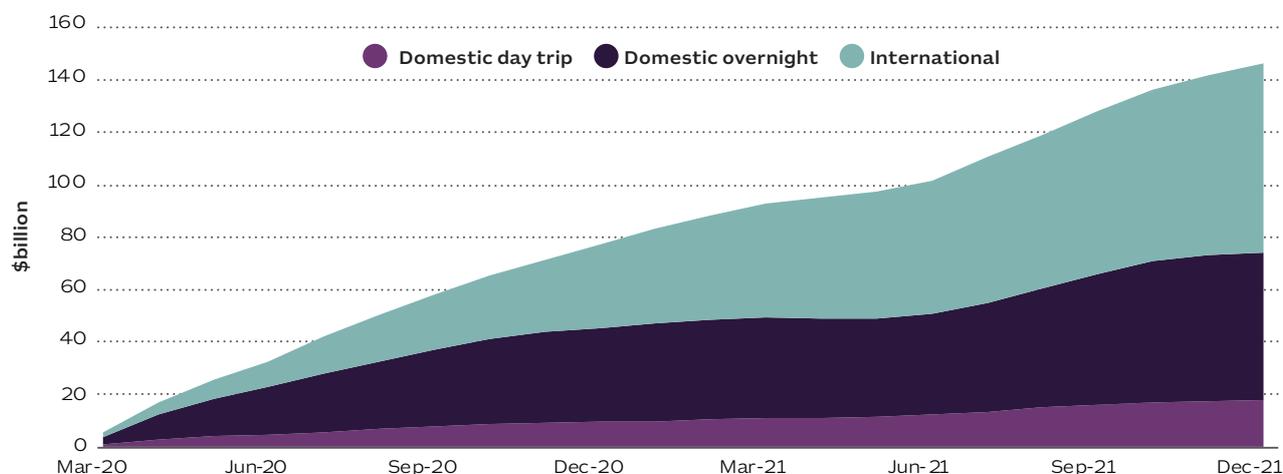
Two difficult years

The prolonged pandemic and border closures have had a major impact on the Australian visitor economy. Restrictions on domestic travel, metropolitan and regional lockdowns, heightened traveller hesitancy and a closed international border all contributed to a difficult 2021. However, unlike in 2020, there were periods of optimism as vaccination rates surged and signs that a recovery was underway became clearer.

Nevertheless, by the end of December 2021, cumulative losses for the visitor economy since March 2020 had reached \$146.5 billion, with \$69.2 billion of this loss occurring in 2021 (Figure 1).

International tourism accounted for around half of these losses, reflecting the absence of all but essential overseas travel over most of this period.

Figure 1. Cumulative losses in travel, March 2020 to December 2021*



* The summing of individual months may result in slight differences due to rounding and weighting variations.

Source: Tourism Research Australia

1. <https://www.austrade.gov.au/news/publications/thrive-2030-strategy>

In sharp contrast, overall measures of domestic tourism performance improved substantially in 2021 compared with 2020. The recovery has, however, been unevenly paced and unevenly spread.

- From the middle of the year, the return of prolonged lockdowns across several eastern states impeded interstate and intrastate travel demand. In contrast, Western Australia, which had maintained low COVID caseloads, but was still closed to the rest of the country, experienced strong intrastate tourism.
- As lockdowns from the Delta variant ended in the last few months of 2021, there were once again positive signs that a recovery was materialising.
- The visitor economy then faced another setback at the end of 2021 and into 2022 with the sharp rise in Omicron cases. This inhibited many Australians from travelling and saw increased holiday cancellations. Higher absenteeism also made it difficult for operators to adequately staff their businesses.

This latest setback proved to be short-lived, however, as Australians learned to live with the virus and self-isolation replaced lockdowns. As a result, visitation and visitor spend have picked up markedly since Delta lockdowns eased from October 2021.

Also, from late last year, a staged reopening of the international border began. While the return of international tourism is very positive for the visitor economy, it will likely take some years for international travel to return to pre-pandemic levels. The border opening does, however, mark the return of international students and working holiday makers (WHMs) to Australia. These travellers have traditionally been an important part of the visitor economy workforce, and will provide some relief to businesses facing severe worker shortages.

Emerging from the pandemic

In 2022, with borders open and lockdowns likely a thing of the past, the tourism outlook is substantially better than it has been at any time over the past 2 years. From a domestic perspective, this positive outlook is supported by high levels of pent-up demand and eagerness to travel domestically, high savings and accrued leave balances, fewer constraints at venues and greater traveller confidence.

Factors supporting a positive outlook for international tourism include the desire to reconnect with family and friends, marketing Australia as a destination, and Australia's perceived safe holiday destination status.

But conditions are still challenging. The recovery will take time, particularly for a few specific subsectors, such as business events and cruising, and for businesses and regions that are highly reliant on international tourists. In addition, the industry must now face an environment of increased international competition alongside emerging labour shortages and cost of living pressures.

2022 is a critical year for the industry as the recovery takes hold. The THRIVE 2030 Strategy for the Australian visitor economy has been designed collaboratively to support the industry during the recovery and suggests way to 'build back better'. The Strategy aspires to see the industry recover to pre-pandemic levels by 2024 and then continue growing so that expenditure in the visitor economy reaches \$230 billion by the year 2030.

Building back better

As the Australian and global tourism industries recover from the pandemic, the United Nations World Tourism Organization (UNWTO) encourages industry participants to focus on building back better. The UNWTO has developed the 'One Planet Vision' along with a 'repository of inspiring initiatives, tools and strategic thinking' to transform the vision into action.²

The focus is to support tourism industries to be more sustainable, more respectful and inclusive of local communities and cultures and more able to contribute to the economic, social and environmental wellbeing of communities. These objectives also form part of the THRIVE 2030 Strategy and are already being targeted by participants in the Australian tourism industry.

The UNWTO vision and the THRIVE 2030 Strategy objectives also align with travellers' desire to connect more deeply with communities, their natural history and the environment. Therefore, potential growth segments for the Australian tourism industry as it 'builds back better' include ecotourism, low-impact tourism, and Indigenous tourism.

2. See [One Planet Vision for a Responsible Recovery of the Tourism Sector | UNWTO](#), accessed April 2022.

Embedding Indigenous tourism components (see box: The Jina Plan) and improving accessibility (case study: Accessible tourism pilot project) have been raised as avenues to ‘build back better’ in Australia. Improving the reach and contribution of the tourism industry to those with accessibility needs and promoting the sustainability and community principles of the world’s oldest living cultures may also provide greater yields for operators.

Moreover, as the world emerges from the COVID-19 pandemic that caused so many changes to the way people live, work and play, possible growth segments include wellness tourism and ‘work-cations’/work-from-anywhere travel.

To help the sector going forward, Tourism Research Australia (TRA) is investing in enhanced data offerings and complementary data sources which will complement the existing surveys data. While ensuring we adhere to the strictest privacy protocols through the use of statistical methods and use of sample limitations for publishing, TRA is investigating the use of data that has:

- more frequent reporting ability
- more granular level of detail (geographic)
- opportunities for new insights and modelling.

The most useful sources are likely to be related to telecommunications data and bookings data, as they are able to closely replicate key tourism definitions.

Accessible tourism pilot project

A 2017 study by Tourism Research Australia revealed three quarters of people living with disability regularly travel, spending about \$3.2 billion each year.* But it also showed that many others would travel if products or technologies were available to support them.

Austrade has appointed Push Adventures to deliver the National Accessible Tourism Mentoring Pilot Program, which will encourage tourism operators to explore practical ways to improve the accessibility and inclusiveness of their product or service. The program aims to develop an approach that can be widely adopted, as well as identify ‘champions’ of accessible tourism. The program will be developed in partnership with state and territory tourism organisations (STOs).

Push Adventures will provide a report to Austrade and the STOs by the end of August 2022.

* See [Accessible Tourism in Victoria and Queensland | Tourism Research Australia](#)





Image: Campfire with Wulu Gurua Nyinda Eco Adventures.

CASE STUDY

The Jina Plan

In May 2021, the WA Government launched Jina: Aboriginal Tourism Action Plan 2021–25. The Jina Plan is a whole-of-government approach to grow economic, job and social outcomes for Aboriginal peoples and communities through tourism. It was developed through a cross-government initiative led by Tourism Western Australia, in consultation with the Western Australian Indigenous Tourism Operators Council.

The Jina Plan incorporates three main focus areas: positioning Western Australia as the premier Aboriginal tourism destination in Australia; building capacity for Aboriginal people to enter the tourism sector; and facilitating the development of Aboriginal cultural experiences. Some of the key achievements over the past year include:

- A celebration of Noongar culture through weekly smoking ceremonies and dance performances at the WA Museum, Boola Bardip
- Jobs and skills training programs delivering Aboriginal hospitality employment outcomes
- The use of local Aboriginal language and traditional place names in marketing and promotional activities
- The opening of WA's sixth Camping with Custodians campground and commencement of construction of the seventh
- An expression of interest process to identify additional Camping with Custodians campground opportunities around Western Australia
- An infrastructure and capacity building support program targeted at enhancing and expanding Aboriginal tourism businesses on the Dampier Peninsula
- Supporting operators' attendance at the 2022 Australian Tourism Exchange and Australian Indigenous Tourism Conference.

THRIVE 2030

On 25 March 2022, the Australian Government released the national long-term visitor economy strategy, [THRIVE 2030 \(The Re-Imagined Visitor Economy\)](#) to rebuild and grow the visitor economy. THRIVE 2030 is the national industry-led, government-enabled long-term national strategy for visitor economy recovery and return to sustainable growth, spanning across 2022-2030. The Strategy has three key themes: Collaborate, Modernise, and Diversify.

The Strategy's first phase, to 2024, is focused on recovery. It contains a comprehensive action plan including 66 actions for the Commonwealth, states, territories and industry to address the short-term challenges created by COVID-19, as well as pre-existing structural trends, challenges and issues. Twenty-one Commonwealth agencies will be involved in implementation. The Recovery phase is followed by the Consolidation phase (from 2025 to 2027), and the Acceleration phase (from 2028 to 2030). This phased approach enables prioritisation of recovery activities to rebuild the industry and to provide the foundation for sustainable and accelerated growth in the second and third phases.

THRIVE 2030 sets a long-term target of \$230 billion total visitor spend by 2030, of which \$100 billion is in regional spend. An interim target of \$166 billion has been set for 2024 (reflecting a return to pre-pandemic spend in 2019), with a \$70 billion target for total regional visitor expenditure.

There are seven priorities underpinning the THRIVE 2030 Strategy:

1. Deliver success through comprehensive collaboration
2. Improve data and insights
3. Grow a secure and resilient workforce
4. Embrace leading-edge business practices
5. Enhance visitor infrastructure
6. Build markets and attract visitors
7. Grow unique and high-quality products, including Aboriginal and Torres Strait Islander experiences

The priorities align with the Strategy's vision elements of collaborate, modernise and diversify.



Arboretum director Scott Saddler AM kneels among the smooth flax lily, at the Arboretum Bush Tucker Garden. Image credit: Dion Georgopoulos

National Arboretum Canberra – embedding Indigenous tourism experiences in cities

Located in the Australian Capital Territory, the National Arboretum Canberra has created the Bush Tucker Garden, made up of plants that have been used as food and medicine by the Ngunnawal and Wiradjuri people for thousands of years.

Developed in consultation with local Indigenous Elders, the garden aims to educate visitors about Indigenous culture and the uses of plants native to the Southern Tablelands.

The National Arboretum Canberra has diversified its tourism offering, which now includes cultural tours, workshops and educational programs conducted for schools, domestic and international visitors, and Canberra locals.

Two examples of tourism operators fulfilling some of the objectives of the Strategy are provided in box: Adelaide Oval (diversification) and box: National Arboretum Canberra (embedding Indigenous culture).



Image credit: Game On! RoofClimb experience at Adelaide Oval.

CASE STUDY

Adelaide Oval: providing diverse experiences for visitors to Adelaide

Adelaide Oval is nestled in the parklands between the city centre and North Adelaide along the River Torrens. The venue has a history of being used predominantly for cricket and Australian rules football, with the likes of Sir Donald Bradman having played major games at the Adelaide Oval.

In more recent times Adelaide Oval is also the place to go to see rugby league, rugby union, soccer and the tennis as well as global concert tours and major events, such as Stadium Stomp, Adele and the Rolling Stones.

Built in 1871 to accommodate the South Australian Cricket Association, the historic Adelaide Oval has become a modern and iconic tourist destination. This has been achieved by developing a diverse range of technology advancements, services and experiences for visitors that has progressed Adelaide Oval beyond the traditional stadium spectator offering.

Visitors to the Adelaide Oval can enjoy fully curated experiences, including:

- cultural experiences such as historical tours of the grounds, heritage scoreboard and the Bradman Collection*
- thrill seeker experiences such as RoofClimb – the first of its kind in Australia, with the world’s first roof-top seats
- gastronomic delights at Five Regions Restaurant. A fine dining experience featuring the 5 internationally celebrated wine regions of South Australia in one central, city location. Or more casual dining at Bespoke Wine Bar & Kitchen, Koffee Ink cafe or Malt Shovel Taphouse
- on-site accommodation at Australia’s first stadium-integrated hotel, Oval Hotel.

Courtesy of Adelaide Oval

* The Bradman Collection is on loan from the State Library of South Australia.

Demand trends

International travel

Australia's international border was closed for all but essential travel in March 2020 and did not fully reopen to visitors until February 2022. This closure impeded the arrival of international visitors in Australia as well as the departure of Australian residents abroad. Compared with pre-pandemic levels of 2019, in 2021:

- international visitor numbers were down by 97% to 223,700 visitors
- international visitor spend was down by 95% to \$2.4 billion
- international visitor nights were down by 94% to 16.5 million nights
- Australian outbound travellers declined by 95% to 527,300 departures.

Total international tourism losses from the start of the pandemic (March 2020) to the end of December 2021 reached \$72.8 billion. Segments that were particularly exposed to the halt in international travel included CBD accommodation, international aviation, travel agents and tour operators. Businesses in regions with high economic reliance on international tourists were also severely affected. Examples of these regions are Tropical North Queensland, the Whitsundays, Kangaroo Island and Lasseter – the region centred around Uluru (Table 1).

From November 2021, the international border was reopened in stages to fully vaccinated travellers (see box: The staged reopening of the Australian border). The period between November 2021 and March 2022 saw visitor arrivals increase sharply: there were over 390,000 visitor arrivals in these 5 months – nearly double the total

Table 1: Reliance on international tourism by tourism region in 2019 calendar year

Tourism region name	Total spend in 2019 (\$ million)	International share of spend (%)
Sydney (NSW)	\$22,814	45
Melbourne (Vic)	\$20,336	40
Lasseter (NT)	\$539	34
Brisbane (Qld)	\$10,397	28
Kangaroo Island (SA)	\$191	28
Tropical North Queensland (Qld)	\$3,964	26
Destination Perth (WA)	\$7,435	26
Gold Coast (Qld)	\$5,937	23
Adelaide (SA)	\$4,515	23
Whitsundays (Qld)	\$808	19
Hobart and the South (Tas)	\$2,193	17
Alice Springs (NT)	\$433	15
Australia's Coral Coast (WA)	\$936	14
Launceston and the North (Tas)	\$1,017	12
Darwin (NT)	\$1,176	12
Litchfield Kakadu Arnhem (NT)	\$267	12
MacDonnell (NT)	\$75	10

Source: Tourism Research Australia

number of arrivals during the previous 19 months (since the international border closed at the end of March 2020), which is an increase of almost 200,000 arrivals. Almost two-thirds of these recent arrivals travelled to Australia to visit friends and relatives (VFR; Figure 2).

The staged reopening of the Australian border

A temporary travel bubble between Australia and New Zealand operated for three months in the first half of 2021, until the Delta strain outbreaks. From 1 November 2021, quarantine-free arrivals from New Zealand were again permitted into New South Wales. Arrivals from Singapore (from 21 November 2021), then also from Japan and Hong Kong were similarly welcomed to Australia towards the end of 2021.

From 15 December 2021, fully-vaccinated international students were permitted to enter without exemptions, as were those on a working holiday maker visa or a skilled worker visa.

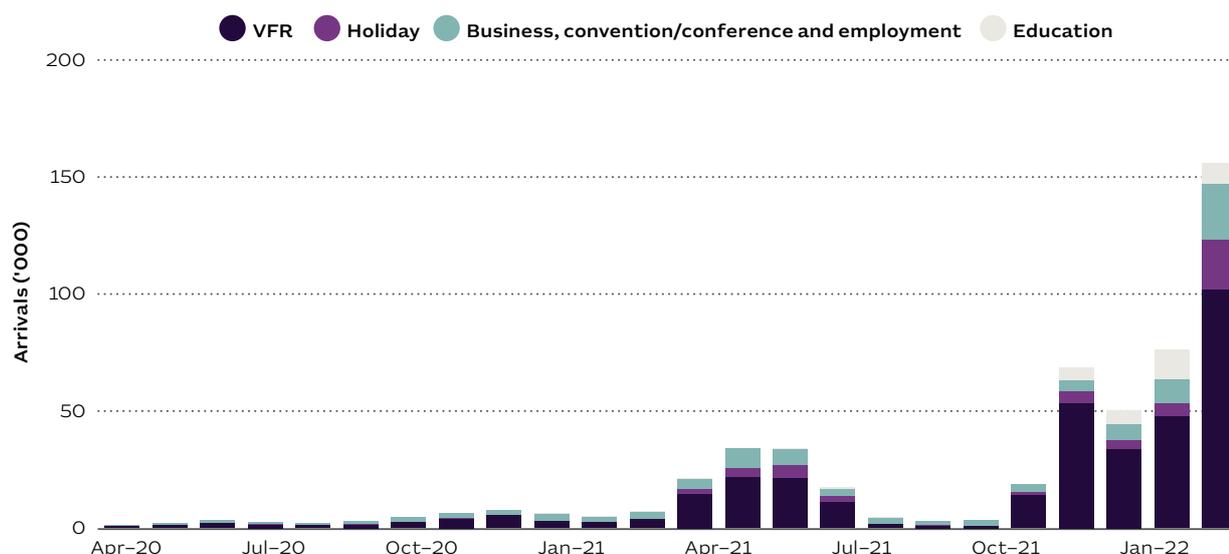
The international border fully reopened to all vaccinated travellers on 21 February 2022.

International student arrivals have also increased strongly from November 2021. Around 122,000 international students arrived between late November 2021 and mid-March 2022. There has also been a gradual increase in the share of international students studying onshore, compared with those enrolled offshore. While both onshore and offshore students contribute to Australia's visitor economy through the fees they pay, onshore students make additional contributions by their spending on day-to-day expenses in Australia and by many taking on part-time work to support their studies. In addition, onshore students are a motivation for their family and friends to visit Australia and they tend to act as ambassadors for Australia after their return.

Although international student and leisure travel has increased markedly since the border reopening, international visitation remains well below pre-pandemic levels. For example, the number of visitors (390,000) arriving between November 2021 and March 2022 was still only around 10% of the number of arrivals in the months leading up to the closing of Australia's border (November 2019 to March 2020). However, the expectation is that international visitor numbers will continue to grow through 2022. This growth will be driven largely by VFR, but with an increasing contribution from holiday travel. As a result, the outlook for international tourism in 2022 is more positive compared with recent years – see the [Looking forward](#) section of this report.



Figure 2: Monthly international arrivals by main reason, April 2020 to March 2022



Source: ABS, Overseas Arrivals and Departures, Australia – March 2022 (cat. no. 3401.0)

International students during the pandemic

Prior to COVID-19, there was strong growth in demand from international students. Between December 2002 and December 2019, the number of international student enrolments more than tripled, to over 950,000. In terms of exports, the value of international education increased six-fold over the same period, to \$40.3 billion. This equated to almost one-quarter of the total visitor economy.

International students are a valued part of the Australian community and the visitor economy specifically. They live, study and work in Australian communities and contribute to the economy both economically and socially. Because they stay for a long time in Australia, international students spend more on average than other types of international visitors. In addition to travelling during their time in Australia, many students work during their stay – during, and possibly also after, their studies – often in visitor economy businesses. Just as importantly, international students contribute to the cultural richness of our communities and social vibrancy of society in general.

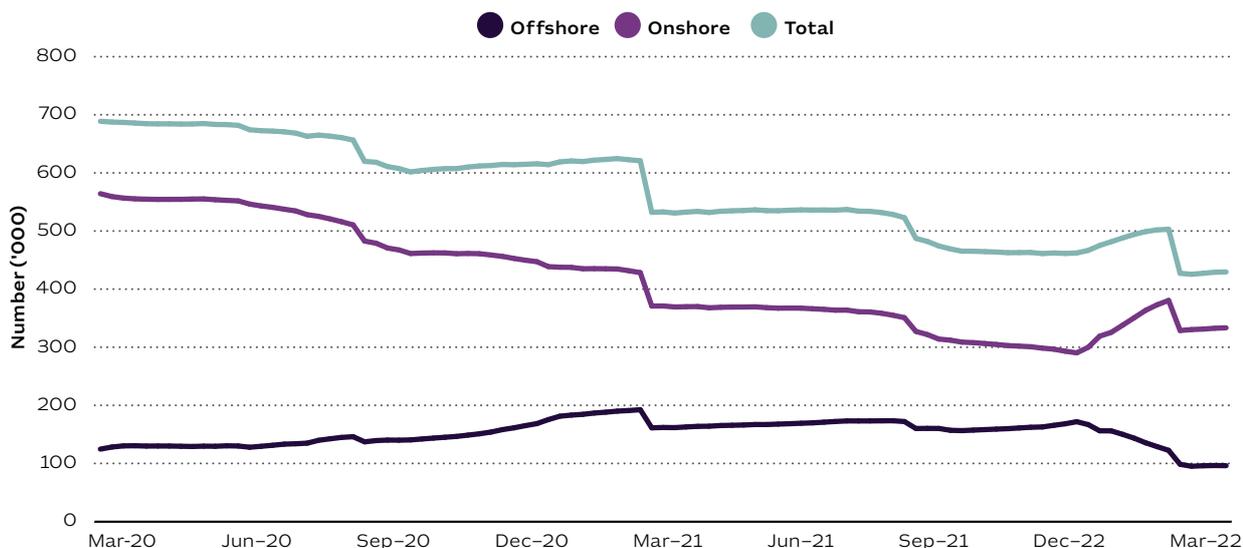
When Australia closed its borders in early 2020, the initial impact on international student demand was more muted than for other international visitors. This was because most international students (81%) had arrived in Australia for the start of the academic year before the restrictions were imposed. The one major exception was China, which had had the earliest outbreaks and was closed to

Australia one month before other markets. As at 1 February 2020, 56% of international students from China were located offshore. In contrast with most other markets, this figure remained high even in early 2022: in March 2022, the share of students from China located offshore was still high at 54%.

Throughout 2020 and 2021, as each semester ended, some students returned overseas while others moved onto temporary work visas. At the same time, newly enrolled students were unable to arrive in Australia. In response to this challenge, institutions developed online courses that could be undertaken overseas. While many students participated in these courses, others decided to defer their studies to a later date. As a result, there was:

- a gradual decline in student numbers. In March 2022 there were 427,200 holders of Australian student visas. This was 38% fewer than in March 2020 (Figure 3).
- a sharper decline in onshore student numbers. There were 328,700 student visa holders in Australia in March 2022 – 42% fewer than in March 2020. The number of offshore visa holders also declined, but by a lower rate – down by 21% over the same period, from 124,600 to 98,500.
- an increase in deferrals. There were 105,000 enrolment deferrals in 2020, a threefold increase on the 35,800 reported in 2019. While falling to 72,700 in 2021, deferrals remained at double pre-pandemic levels.

Figure 3. International student enrolments, March 2020 to March 2022



Source: Department of Education, Skills and Employment (now named the Department of Education). Data supplied by the Department of Home Affairs

Long-term students in the visitor economy

International students are counted as tourists if their stay in Australia on any given visit is less than 12 months.* Therefore, official measures of tourism include students taking short courses in Australia as well as those doing longer courses but leaving Australia during academic breaks.

The THRIVE 2030 strategy, extends this definition to include students staying in Australia for one year or more. This is because, in general, students come to Australia with similar motivations and expectations, and in terms of everyday life in Australia, behave much the same.

Extending the definition therefore enables a more consistent and coherent policy response to this important and rapidly growing sector. Also, based on 2019 data, it increases the international component of Australia’s visitor economy from \$31 billion to \$59 billion.

* This is the approach taken in the TRA International Visitor Survey and is consistent with international definitions.

The Australian Strategy for International Education 2021-2030, released in November 2021, charts a path to sustainable growth for Australia’s international education sector. The Strategy focuses on diversification, meeting national skills needs, placing students at the centre and growing Australia’s global competitiveness. Implementation of the Strategy will be supported by changes to visa settings to ensure students whose studies have been impacted by COVID are not disadvantaged and to extend measures to protect and/or lengthen the post-study work rights of international students.

The Australian Government (through Austrade) is encouraging diversification and supporting the return of students, including through the Study Australia website and digital tools. For example, under the Australia-India Comprehensive Strategic Partnership, the first country-specific digital education hub was established in 2021. To date the Hub has driven:

- a 314% increase in the number of new visitors to the Study Australia website
- 72% increase in enquiries generated for Australian providers
- 19% increase in social media followers.

Domestic travel

Over the course of the pandemic, Australia's visitor economy has been almost entirely reliant on the domestic travel sector. However, this sector was also severely affected by travel restrictions and interstate border closures. Total domestic tourism losses since the start of the pandemic (March 2020) reached \$73.8 billion at the end of December 2021 (see Figure 1). This amount comprised:

- \$56.2 billion from domestic overnight travel
- \$17.6 billion from domestic day travel.

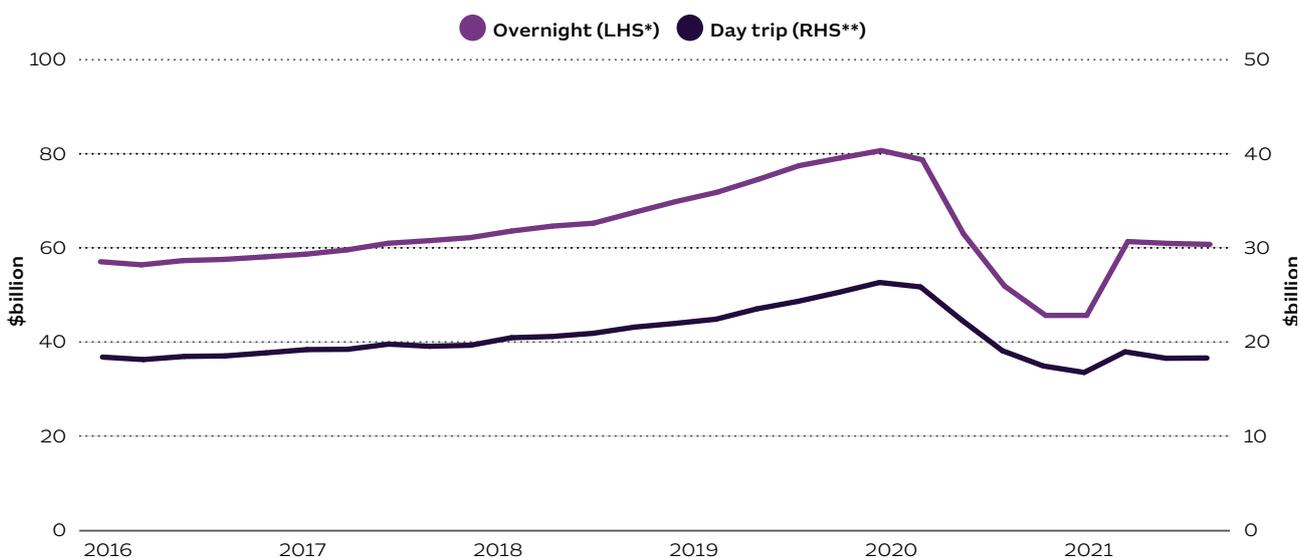
A closer look at losses in domestic overnight travel shows three distinct phases of the pandemic:

- Between March 2020 and November 2020, the first wave of COVID-19 produced losses of \$34.6 billion (62% of the total losses).
- Between December 2020 and June 2021, a rebound in demand after the initial COVID-19 outbreak saw losses of \$3.7 billion (just 7% of the total losses).
- Between July 2021 and December 2021, the Delta and Omicron waves produced losses of \$17.9 billion (32% of total losses).

Despite the significant cumulative losses, there are signs that the worst impacts of the pandemic have receded. The number of domestic overnight trips in 2021 was up by 13% on 2020, while spend increased by 33%. The average duration of an overnight trip also increased, as did the average spend per trip. The pick-up so far has been led by holiday travel, while business travel continued to decline in 2021 – see [Reason for travel](#) section below. Even with these improvements, demand is still well below pre-pandemic levels. The number of overnight trips in 2021 was 30% lower than 2019 levels and spend was 25% lower (nearly \$20 billion less; Figure 4).

In comparison, day-trip travel suffered a milder downturn than overnight travel in 2020 and a mixed recovery in 2021. For example, in 2021, the number of day trips was slightly lower than in 2020 (down by 2%) while spend increased by 5%. Relative to 2019, day-trip numbers were down by 35% while spend was down by 31%.

Figure 4. Domestic visitor spend, year ending March quarter 2016 to December quarter 2021



* Left-hand side axis

** Right-hand side axis

Source: Tourism Research Australia

Characteristics of the domestic-led recovery

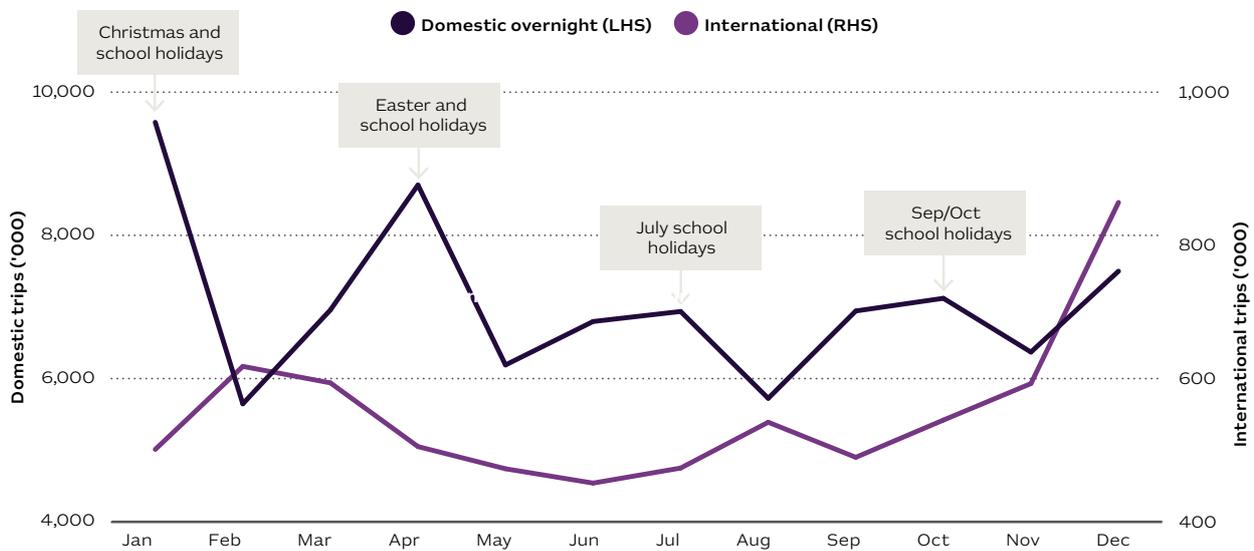
With domestic travel accounting for the vast majority of revenue throughout the pandemic, businesses have had to adapt to a changing visitor mix and vastly different travel behaviours. Notably, domestic trips:

- tend to be shorter and have a lower average spend than international trips; travellers also tend to visit only one destination per trip

- are concentrated on weekends, with spikes in demand over long weekends and school holiday periods, while demand from international visitors is spread more evenly, which helps support businesses during non-peak periods (Figure 5)

- are more likely to be in regional areas, in contrast to city-centred international trips
- are less reliant on commercial travel options and aviation, since most domestic travellers use their own car to get around.

Figure 5. Leisure trips by domestic overnight and international travellers, 2019



Source: Tourism Research Australia



Interstate versus intrastate travel

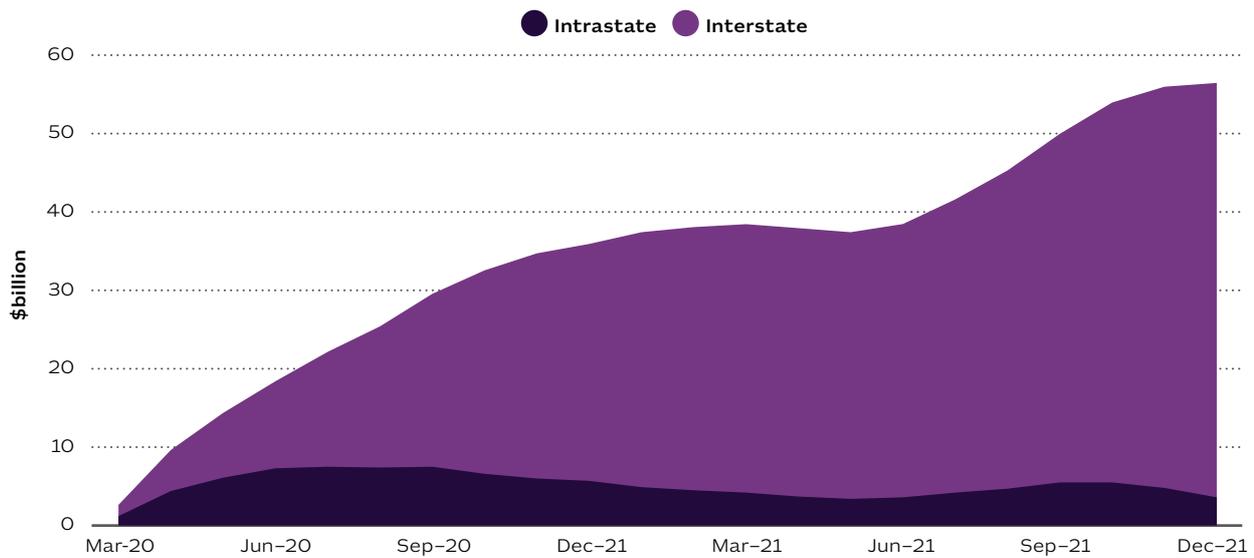
As a result of border closures, interstate travel has seen larger declines than intrastate travel over the course of the pandemic.

- Following a 66% decline in 2020, spend on interstate trips increased by 49% in 2021 to \$22.7 billion. However, this was only around half of the pre-pandemic level of \$45.0 billion.

- Spend on intrastate trips experienced a modest 15% decline in 2020. Spend then increased by 25% to \$38.0 billion in 2021. As a result, intrastate spend in 2021 was 7% higher than the pre-pandemic level in 2019.

The overall effect of this is that interstate travel accounted for 94% of the total loss in spend on domestic overnight travel over the COVID-19 period (Figure 6).

Figure 6. Cumulative loss in domestic overnight spend, March 2020 to December 2021



Source: Tourism Research Australia



Reason for travel

With border closures and travel restrictions impeding movement across the country, all types of domestic travel have seen significant losses. However, business travel was the most affected with business trips (overnight and day trips) down by 44% and spend down by 52%, or \$11.2 billion, since the start of the pandemic.

The rapid uptake of technology as a substitute for face-to-face meetings supported businesses by:

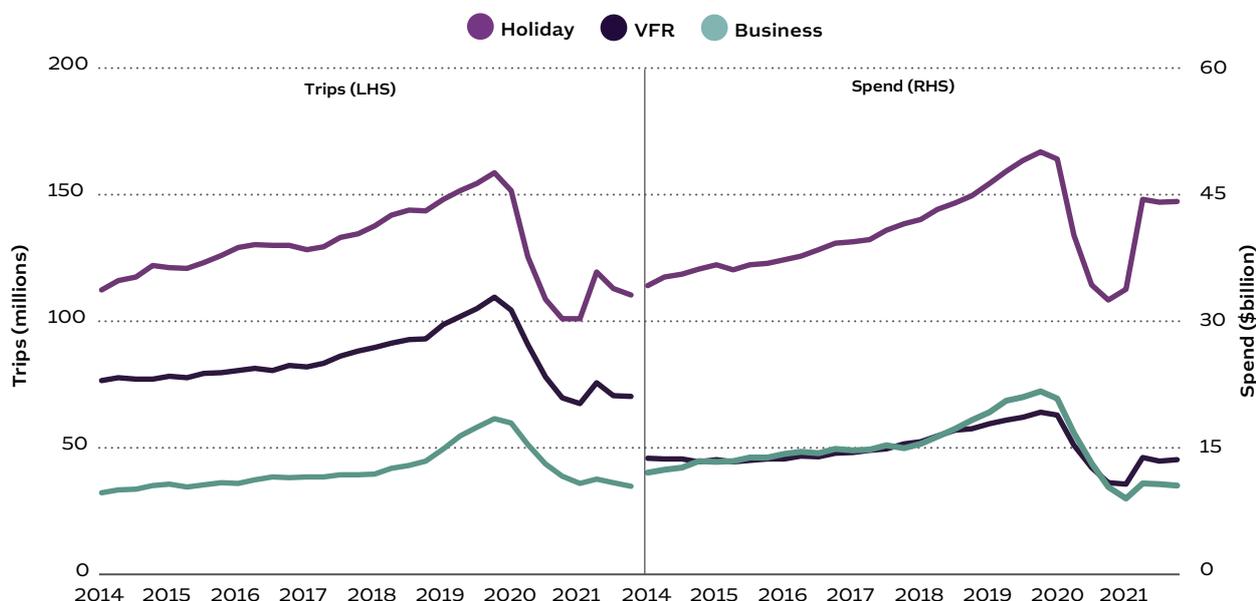
- minimising health risks to workers
- allowing business meetings, courses and conferences to be set up at short notice and at lower cost
- avoiding the inconvenience and downtime of limited domestic flights
- reducing the disruptive effects from local lockdowns and flight cancellations.

Domestic trips to visit friends and relatives (VFR) fell by 36% in 2020 then increased marginally in 2021. Spend on domestic VFR trips increased by 25% in 2021 but remained almost 30% down on the pre-pandemic level.

Holiday travel has increased the most since its trough (Figure 7). This is due to high pent-up demand, along with many more Australians viewing a domestic experience as a viable substitute for an international holiday. Self-drive holidays, regional trips and camping/caravanning trips have become even more popular over the pandemic period. In the initial phases of recovery, especially when state borders remained closed, those regional centres within driving distance of a major city experienced faster rebound rates.

Another feature that shows up in the data is the recent trend of ‘work-cations’ and ‘work-from-anywhere’, the recent trend of ‘work-cations’ and ‘work-from-anywhere’ has shown up in the data, showing that some people have chosen to work remotely from a holiday location.³

Figure 7. Domestic tourism by purpose of travel, year ending March quarter 2014 to December quarter 2021



Source: Tourism Research Australia

3. For example, the private accommodation booking platform Airbnb reports that stays over 4 weeks and longer than 3 months have increased during the pandemic period as people take advantage of these more flexible work options: [Businesses get creative with flexible living policies as remote work becomes more permanent](#), accessed April 2022.

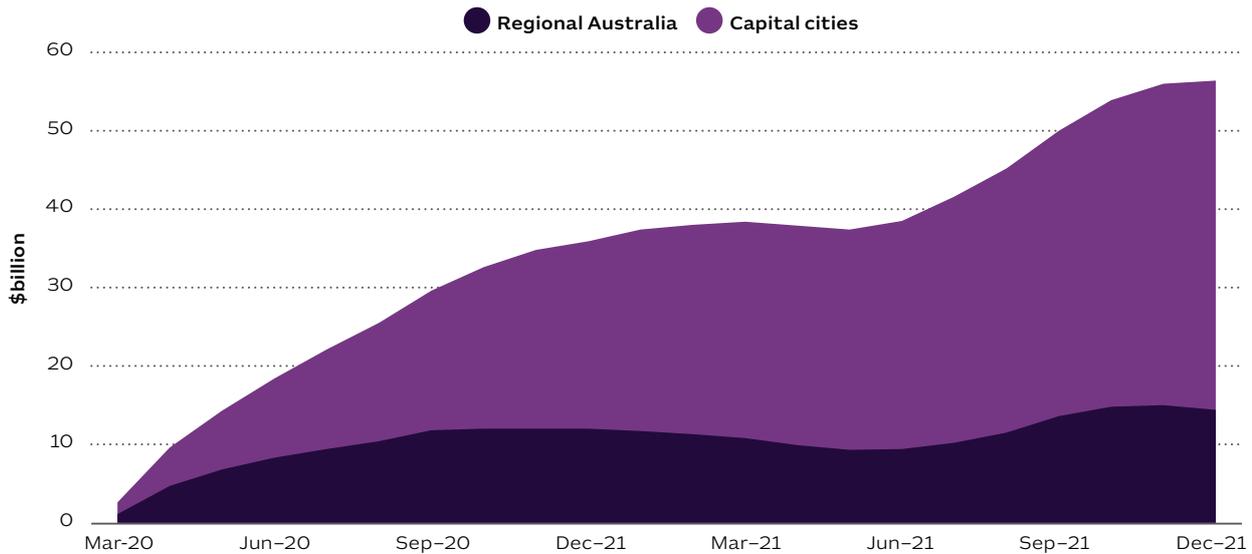
Capital cities and regional areas

Capital cities were hit harder than regional areas during the pandemic. Since the start of the pandemic, the cumulative loss in domestic overnight spend reached:

- \$42 billion in capital cities – a loss of 58%
- \$14 billion in regional Australia – a loss of 19%.

Capital cities accounted for 74% of the total domestic overnight spend loss (Figure 8).

Figure 8. Cumulative loss in domestic overnight spend, March 2020 to December 2021



Source: Tourism Research Australia

Differences between regional and capital city performance were due to:

- more frequent lockdowns in capital cities
- greater reliance of capital cities on visitors arriving by air and/or for business (both of which were severely disrupted during the pandemic)
- large city populations opting for holidays outside of cities
- easier access to socially distanced and outdoor activities in the regions.

The lack of international visitors has also had a larger impact on capital cities than on the regions, as international travellers typically spend more time in capital cities and account for a greater share of their visitor economies.

As a result of all these factors, regional tourism grew from:

- a 53% share of domestic spend in 2019 to a 63% share of domestic spend in 2021
- a 44% share of total tourism spend in 2019 to a 63% share of total spend in 2021.

Transport

The share of domestic overnight trips using aircraft as a means of transport dropped by half in the first year of the pandemic. This was due to:

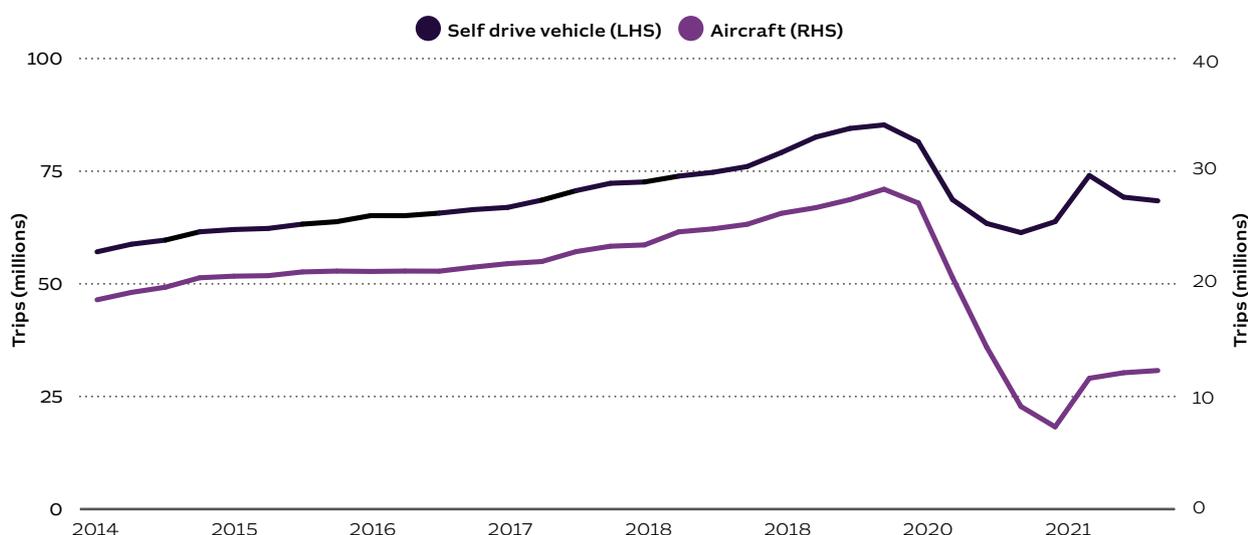
- restrictions on travelling further due to interstate border closures and public health guidance to limit non-essential travel and to avoid travelling far from home
- fewer flights being available and a higher rate of flight cancellations
- health concerns regarding shared transport and enclosed spaces

- a longer planning time required for booking flights compared with driving your own car.

As these issues became less prominent, travel involving aircraft increased in 2021 (by 35%) though it remained at less than half the pre-pandemic level (57% below 2019; Figure 9). In contrast, the number of self-drive trips increased by 11% in 2021 to be 20% below the pre-pandemic level.

Again, the overall impact on aviation is larger when the loss of international travellers is incorporated, since international travellers typically rely more heavily on air travel.

Figure 9. Domestic overnight trips by mode of transport, year ending March quarter 2014 to December quarter 2021



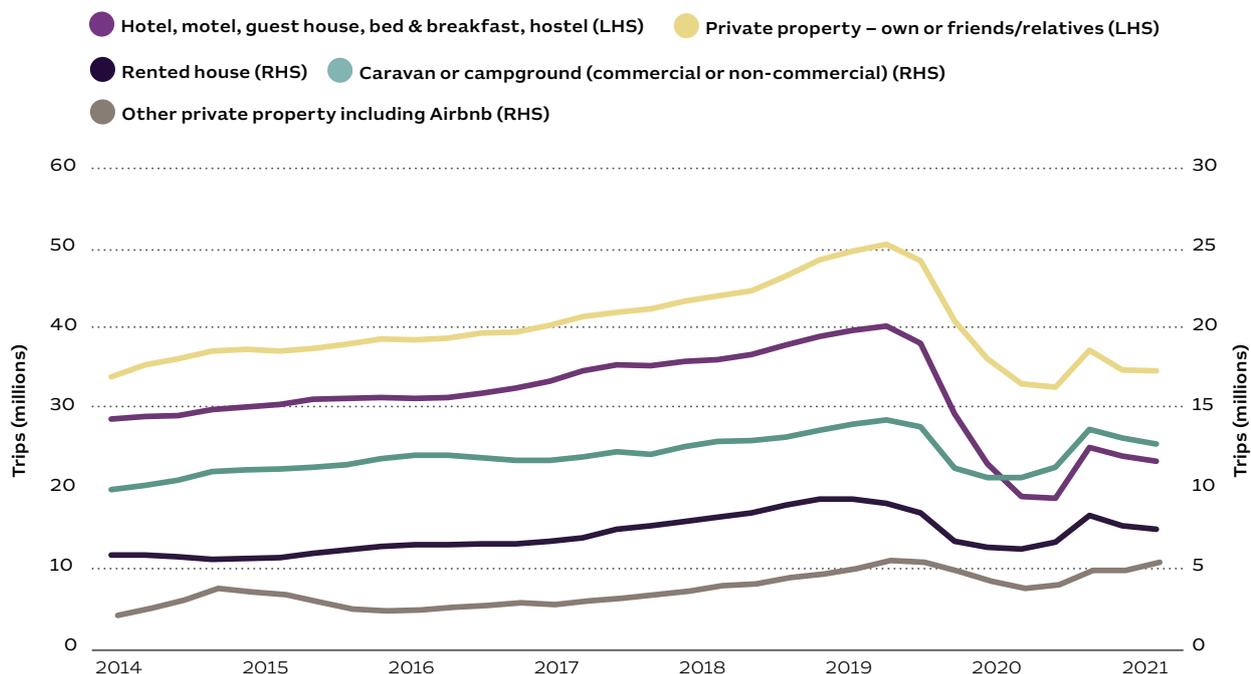
Source: Tourism Research Australia

Accommodation

In the first year of the pandemic, domestic stays in commercial accommodation such as hotels/motels/hostels declined by more than half, the greatest decline of all major accommodation categories. While the number of stays then increased in 2021,

it remained 42% lower than in 2019 (Figure 10). In contrast, stays in rented houses, caravan or campgrounds, and 'other private accommodation' (which includes private homestay options such as Airbnb) declined by less initially, then almost fully rebounded in 2021.

Figure 10. Domestic overnight trips by accommodation type, year ending March quarter 2014 to December quarter 2021



Source: Tourism Research Australia

In more detail, across the different hotel types, stays in backpackers and hostels as well as serviced apartments declined by the most in 2020, followed by luxury hotels/resorts (4 and 5 star), then standard hotels/motor inns (below 4 star). In 2021, demand increased for all accommodation types, with standard hotels/motor inns and backpackers/hostels rebounding the most. Declines across the other non-hotel accommodation types, such as rented houses and caravans/camping, were far less severe. As a result, at the end of December 2021, stays in:

- serviced apartments were down by 55% on 2019 levels
- guest houses or bed and breakfasts were down by 48% on 2019 levels
- luxury hotels/resorts were down by 48% on 2019 levels
- backpackers/hostels were down by 46% on 2019 levels
- standard hotels/motor inns were down by 34% on 2019 levels

- rented houses were down by 17% on 2019 levels
- caravans/campgrounds were down by 10% on 2019 levels
- other private properties (including Airbnb) were down by just 1.9% on 2019 levels.

Within these, some specific travel reasons and accommodation types increased in popularity over the course of the pandemic. For example:

- overnight business trips to regional Australia using the traveller’s ‘own property’ as the accommodation type increased sharply in 2020 and at the end of 2021 were 24% higher than the pre-pandemic level.
- The number of overnight trips by holiday-makers using private home accommodation was higher at the end of 2021 than it was prior to the pandemic. Of note, spend by holiday-makers using other private properties (including Airbnb) increased by 77% in 2021 to be 26% higher than the pre-pandemic level. The increase was even larger for long stays (31 or more nights) within this category.

Long stays also increased in popularity over the pandemic period. Domestic overnight expenditure on stays 15-30 nights was 14% higher at the end of 2021 compared with December 2019. The increase was slightly larger for stays in capital cities (23%) than in regional Australia (12%).

Activities

In addition to changing where and how people travel, the pandemic has also seen a shift towards more outdoor and socially distanced activities by Australians. For example, participation in the following activities in 2021 was above 2019 levels:

- snorkelling, up by 17%
- birdwatching, up by 5%
- bushwalking, up by 3%.

Conversely, either by choice or necessity, Australians participated in fewer activities involving large crowds or indoor venues in 2021 compared with pre-pandemic levels. Examples include:

- attending festivals/fairs or cultural events, down by 65% on 2019
- going to cinemas, down by 62%
- attending theatres, concerts or other performing arts, down by 61%
- attending an organised sporting event, down by 61%
- visiting casinos, down by 49%
- visiting amusement/theme parks, down by 42%
- eating out at restaurants and/or cafés, down by 38%
- visiting wildlife parks/zoos/aquariums, down by 19%.





Supply-side performance

Accommodation

Supply of rooms

According to STR,⁴ the amount of commercial accommodation in Australia fell slightly in 2020. This was followed by a more substantial increase in 2021. As a result, the supply of commercial accommodation was higher at the end of 2021 than before the pandemic. Compared with December 2019:

- the number of rooms in December 2021 was 1.3% higher (3,800 additional rooms)
- the number of properties in December 2021 was 0.9% higher (52 additional properties).

TRA's Tourism Investment Monitor 2020–21 reports that there were a large number of accommodation projects completed/opened in 2020–21. There were also many more such projects under construction, moving towards an opening date in the near future. In 2020–21, there were:

- 28 stand-alone accommodation projects completed
- 18 mixed-use accommodation projects completed
- 40 stand-alone accommodation projects under construction
- 47 mixed-use accommodation projects under construction.

Continued investment in Australia's accommodation supply is important to adequately address demand growth and changes in consumer preferences. For example, in recent years there has been greater demand for environmentally friendly and boutique accommodation options. In response, the average number of rooms per hotel and the average value of new developments have fallen over the past few years.⁵

Occupancy and room rates

Travel restrictions, hesitancy to travel and an increased preference to stay at home have each affected hotel occupancy rates across Australia. Hotel occupancy rates declined rapidly to extremely low levels in the first half of 2020 under the nationwide lockdown. On average, occupancy then recovered over the next 10 months to be down by only 13% on pre-pandemic levels in April 2021. The Delta outbreak and lockdowns across several eastern states/territories from mid-2021 saw the national average occupancy rate decline sharply once again. Nevertheless, occupancy rates picked up quite rapidly as lockdowns ended.

The nationwide average occupancy rate across all accommodation options was 53.3% in December 2021, up from 43.7% in December 2020, but well below the pre-pandemic rate of 70.9% in December 2019 (Figure 11).

Figure 11. Average monthly occupancy rate for all Australian accommodation establishments, June 2018 to December 2021



Source: STR

4. See for example, [STR Australian Accommodation Monitor 2021](#).

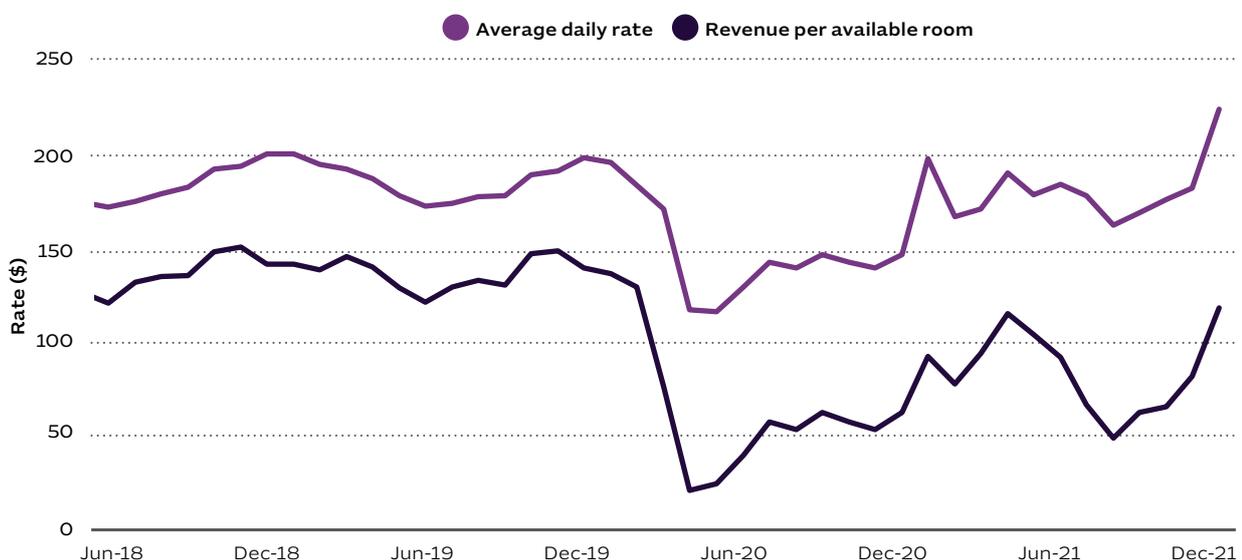
5. Based on projects in the pipeline measured by TRA's annual [Tourism Investment Monitor](#).

Average room rates also declined as lockdowns were imposed, then subsequently rose to above pre-pandemic levels. In December 2021, the average daily rate (ADR) charged was \$225.75, 13% above the \$200 rate of December 2019. However, because of much lower occupancies, revenue per available room (RevPAR) remained well below pre-pandemic levels (Figure 12).

The higher average daily rate by the end of 2021 could reflect a range of factors, including:

- The preference of hotels to maintain room rates, instead of discounting heavily in the face of low occupancy rates given that travel restrictions (supply-side issues) rather than income pressures on travellers (demand-side issues) were a key driver of reduced travel.
- A change in travel preferences, including demand for smaller accommodation options and more luxury-type offerings capable of providing more socially distanced activities and offerings that address a need for wellness, rest and reinvigoration.
- Cost pressures across the tourism sector. These were evident towards the end of the year when lockdowns ended, and demand increased, while at the same time there were supply chain disruptions, higher transport costs, and labour shortages.
- Over the period, the share of hotel and resort rooms and properties increased relative to the share of serviced apartments, holiday parks and motels/guest houses. Hotel and resorts typically charge a higher room rate.
- More intense periods of peak demand, particularly as lockdowns eased and travellers wanted to secure bookings as quickly as possible.

Figure 12. Average monthly financial performance for all Australian accommodation establishments, June 2018 to December 2021



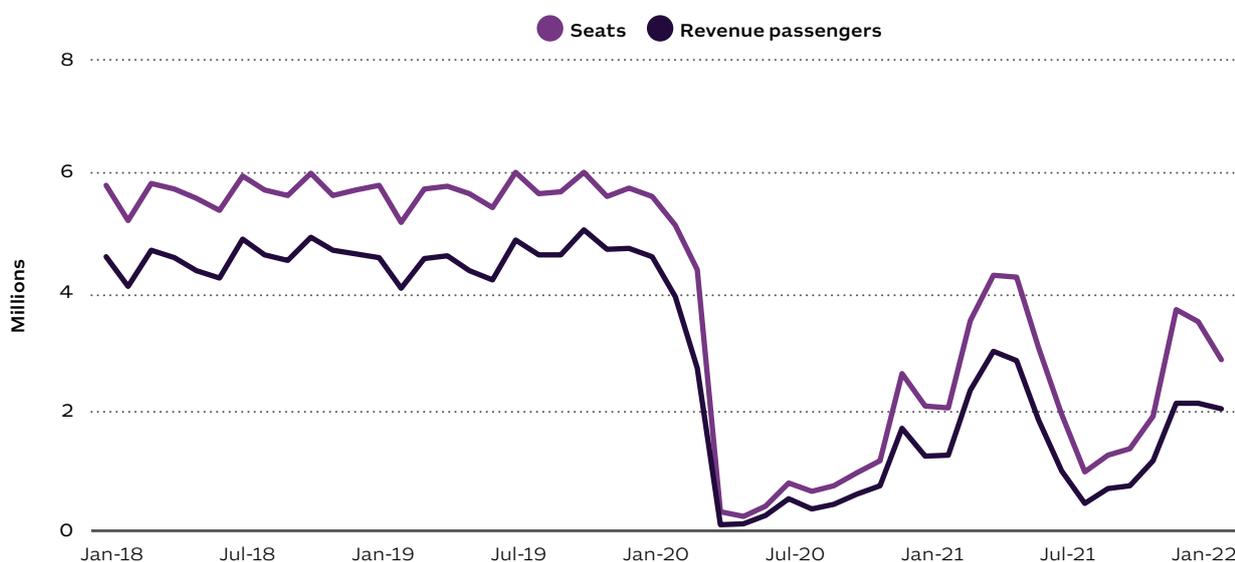
Source: STR

Aviation

Australia's international border closure drastically reduced the number of inbound flights to Australia. In April 2020, the first full month of the Australian border closure, there were 1,256 international flights to Australia. This was 85% fewer than the 8,399 flights in April the previous year (April was consistent with the average number of international flights arriving per month in 2019), meaning that 6 in every 7 typical international flights did not operate. The number of monthly international flights remained extremely low throughout the rest of 2020 and most of 2021, then increased to 2,867 in December 2021.

The nationwide lockdowns also had a major impact on domestic air travel. The number of domestic airline seats available fell by 95% between February 2020 (5.2 million seats) and May 2020 (0.2 million seats; Figure 13). As domestic travel restrictions eased, more flights were scheduled. This increase was complemented by the Tourism and Aviation Network Support (TANS) Program (see box: Tourism and Aviation Network Support Program). However, despite a substantial recovery in demand from the lows of 2020, the number of revenue passengers in December 2021 remained less than half that of December 2019.

Figure 13. Australian domestic airline activity monthly, January 2018 to February 2022



Source: Department of Infrastructure, Transport, Regional Development and Communications (BITRE)

The slow recovery in air travel suggests some ongoing hesitancy to travel further from home or by airplane.

Despite extremely difficult operating conditions, investment in aviation capacity has continued. A new domestic airline carrier is being launched in 2022 (see box: BONZA!) and a major new airport in Western Sydney is under construction. The Western Sydney International (Nancy-Bird Walton) Airport is expected to open in 2026 and will operate curfew-free international and domestic flights. It expects to service 5 million passengers per year from opening and grow to 10 million passengers per year by 2030, with ongoing growth in capacity expected for future years.

BONZA! A new domestic airline for Australia

Plans for a new domestic airline were unveiled in 2021. Bonza will be based at Melbourne Airport and Sunshine Coast Airport and service 25 routes across 16 destinations in New South Wales, Queensland and Victoria. These include Albury, Avalon, Bundaberg, Cairns, Coffs Harbour, Gladstone, Mackay, Mildura, Newcastle, Port Macquarie, Rockhampton, Toowoomba, Townsville and the Whitsunday coast. The Bonza business plan aims to give Australians more low-fare options to explore their own backyard. Services are expected to begin in 2022.

Tourism and Aviation Network Support Program

The Tourism and Aviation Network Support Program (TANS) offered over 800,000 discounted airfares to select tourism regions. The program was designed to help drive tourism demand for interstate travel and support economic recovery in regional Australia. Discounted economy class fares were available from April 2021 and the program was extended to February 2022.

There were 13 regions all across Australia included under the program and 7 airlines participated. The regions selected were hit by the loss of international tourists, were economically dependent on tourism (for jobs and GDP) and were dependent on aviation for tourism. Some of the regions were also severely affected by bushfires.

Previously reported TRA research found that the program appeared to have been effective in generating additional demand for the regions covered. During the June quarter 2021, interstate spend totalled \$3.6 billion across the 18 destinations included in the program. This was a 33% or \$895 million increase in interstate spend on that of the June quarter 2019. Over the same period interstate spend to other areas of Australia fell by 19% or \$1.2 billion to \$4.8 billion, due largely to significant losses in the capital cities that were not included in the program.

The average length of stay for interstate visitors to the cheaper airfare destinations was up from 4.8 nights in June quarter 2019 to 5.6 nights in the June quarter 2021. The amount visitors spent on accommodation, food and drink increased by 43% or \$658 million to \$2.2 billion.



Employment

In the December quarter 2019, the number of filled jobs in the visitor economy was 749,400. During the pandemic, this number declined by 26%, or 195,600 jobs, to a low of 553,800 in the September quarter 2021.

The education and training industry accounted for 38% of total job losses as the number of filled jobs in this sector fell by 99%. Much of this decrease is because, while many international students were still in Australia, the vast majority had been here for over 12 months. As a result, these students were no longer classified by the Australian Bureau of Statistics as tourists. Therefore, the jobs providing services to these students were no longer counted as tourism-related jobs (see box: Tourism ratios).

In the December quarter 2021, there was a substantial increase in the number of filled jobs in the visitor economy. Jobs increased by 75,100 (14%) from the September quarter 2021 – by far the largest quarterly increase on record – bringing the number of filled jobs to 628,900, the highest number since the March quarter 2020 (the start of the pandemic).

An increase in the number of filled jobs was expected in the December quarter 2021 given the end of lockdowns in New South Wales, Victoria and

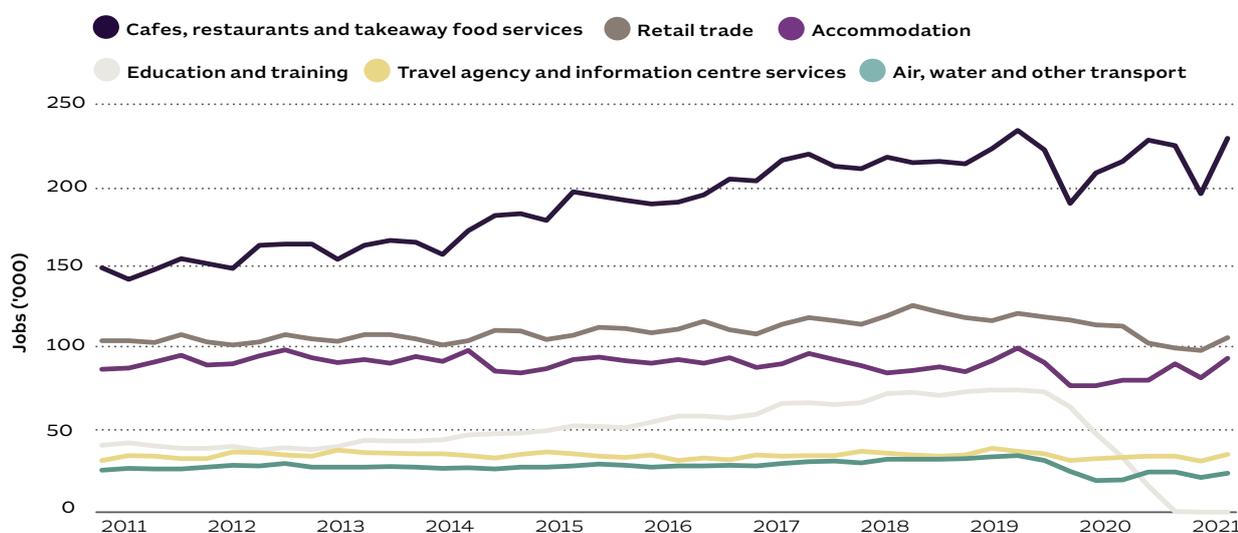
the Australian Capital Territory, and related border openings. During that quarter the international border also reopened to students and working holiday-makers. Moreover, the December quarter is seasonally a strong quarter for employment.

In the December quarter, all tourism-connected industries, except for education and training, reported increases in filled jobs compared with the September quarter 2021 (Figure 14). The largest increases occurred in:

- cafes, restaurants and takeaway food services (33,800 jobs, up by 17%)
- accommodation (11,800 jobs, up by 14%)
- clubs, pubs, taverns and bars (8,500 jobs, up by 17%)
- retail trade (7,700 jobs, up by 8%).

Despite this significant improvement, there were 120,500 fewer filled jobs in Australia’s visitor economy in December 2021 than before the pandemic. This equates to a 16% decline in job numbers for the tourism sector, in contrast to the 2% increase in the national labour force over the same period. Across the tourism-related industries, losses in filled jobs between December 2019 and December 2021 were as follows:

Figure 14. Tourism filled jobs by industry, March quarter 2011 to December quarter 2021



Source: ABS, *Tourism Satellite Accounts: quarterly tourism labour statistics, Australia, experimental estimates – December 2021*

Tourism ratios

Tourism ratios are calculated by the Australian Bureau of Statistics (ABS) and represent the share of value add from each industry classification that is attributed to the visitor economy.

For example, the tourism share of the accommodation and food services industry was 33.3% in 2019–20, then declined to 26.2% in 2020–21. This means that the visitor-related contribution of accommodation and food services to the national economy has declined as business has adapted to a different customer-mix.

The tourism ratios are then applied to industry employment shares to produce a jobs estimate. For example, a barista may have previously been counted as working in the visitor economy when they were mostly serving coffees to visitors, but now that the business has shifted to serving mostly locals, that barista is no longer counted as working in the visitor economy (but the job itself has not been lost).

Tourism ratios have typically been recalculated every three years. However, due to the rapid changes brought about by COVID-19, the ABS has been updating the tourism ratios annually and will continue to do so until at least 2023. More revisions to the visitor economy job numbers can be expected over this period as a result of updates to tourism ratios.

- education and training, down by 99% (74,500 jobs)
- air, water and other transport, down by 30% (10,600 jobs)
- cultural services, down by 20% (2,500 jobs)
- sports and recreation services, down by 12% (4,300 jobs)
- retail trade, down by 12% (14,900 jobs)
- accommodation, down by 6% (6,500 jobs)
- travel agency and information centre services, down 5% (1,900 jobs)
- cafés, restaurants and takeaways, down 2% (4,600 jobs).

As public health restrictions eased, tourism businesses faced the additional challenge of finding the skilled and unskilled workers needed to meet the increase in visitor demand. These challenges became especially acute in the regions that would normally benefit from the increase in visitation during Australia's summer holiday season. Such challenges are likely to persist for some time as:

- the national unemployment rate is at an historical low
- job vacancies are at record highs (after having nearly doubled since the start of the pandemic)
- arrivals of working holiday-makers, international students and other temporary workers are well below pre-pandemic levels
- COVID-related absenteeism continues to impact the existing workforce, despite high vaccination rates
- visitor demand will continue to grow as traveller confidence increases and international arrivals increase. The visitor economy has faced longstanding challenges with workforce and skills shortages. Prior to COVID-19, many positions were filled by overseas workers and short-term casual staff, due to perceptions around poor industry careers and a lack of career opportunities. The pandemic exacerbated these challenges as workers left to join other industries, and foreign nationals returned overseas.

Addressing workforce and skills shortages is a key priority of the THRIVE 2030 Strategy, which has an action to establish a Workforce and Skills Technical Working Group (WTSWG) to identify the gaps, barriers and future needs of the visitor economy. In fulfilling this role, the WTSWG will:



Image courtesy of Tourism Australia

- help develop a Visitor Economy Workforce and Skills Long Term Strategy. Actions to build a world-class workforce include improving the resilience of the domestic workforce pipeline by addressing skills and training gaps, building the visitor economy as a career of choice, and attracting workers from under-represented cohorts.
- identify, in partnership with industry, options to increase workforce participation, including from a broad range of under-participating cohorts within Australia such as mature workers, people living with disability, Aboriginal and Torres Strait Islander peoples, and women.
- champion and promote the standards expected of employers within industry to addressing poor perceptions about employment conditions in the industry.

Overseas workers also play an important role in the visitor economy workforce, and there is a need to prioritise the return of temporary overseas workers and support their employment

experience. International workers, including working holiday-makers (WHMs) and international students, make valuable contributions to the visitor economy not only as visitors and a potential workforce (see box: Working holiday-makers).

International students contributed \$40 billion to visitor expenditure in 2019. In addition to filling critical roles in the seasonal and casual workforce, WHMs spent about \$2.6 billion in 2019, and contributed to Australia’s soft power overseas.

During the pandemic, the Government relaxed certain work restrictions for a range of visas including eligible Student and Working Holiday Maker visa holders. This included announcing incentives for international students and WHM visa holders to bring forward their arrival in Australia by refunding the Visa Application Charge for Student visa holders who arrived between 19 January 2022 and 19 March 2022, and for WHM visa holders who arrived in Australia between 19 January 2022 and 19 April 2022 (inclusive).

CASE STUDY

Work in Paradise

With COVID-19 exacerbating workforce shortages in Queensland, in 2021 the Queensland Government took action to attract workers to the regions with the \$7.5 million Work in Paradise program.

Launched in May 2021 with a bold campaign that tapped into the allure of coming to work, live and play in the state’s world-class destinations, Work in Paradise attracted instant global attention. The program was a partnership between the Department of Tourism, Innovation and Sport and Tourism and Events Queensland, which delivered the marketing campaign. It was a first for the Queensland Government and unique in Australia in that it combined a \$1,500 incentive payment to workers to take a tourism job in regional Queensland for 6 months, a \$250 travel bonus if they moved more than 100km to take the job and a dedicated Tourism and Hospitality Jobs website.

The website facilitated the work, live and play promise with links to jobs, information on accommodation, training and living in the state’s regions. Employers can post jobs to the site for free. Flight Centre holiday vouchers worth \$200 were provided to the first 1000 people who received the travel bonus, which supported tourism attractions and experiences across the state.



Courtesy of Tourism and Events Queensland

The program closed to applications three months early due to demand, with the Tourism and Hospitality Jobs website remaining live as an ongoing asset to attract workers to the state.

The initiative was a success, attracting 3500 Workers to take a job in regional Queensland from July 2021 to March 2022.

Working holiday-makers

Working holiday-makers (WHMs) are good news for Australia's visitor economy – they have the potential to support tourism's recovery in five important ways.

- **They stay longer:** in 2019, the average WHM stayed 149 nights in Australia while other visitors stayed on average only 27 nights.
- **They spend more:** in 2019, WHMs spent \$2.6 billion in Australia – an average of \$8,550 per WHM compared with \$2,260 for international holiday-makers and \$2,090 for business visitors. Other long-stay visitors such as international students also have a high average spend in Australia.
- **They work:** 80% of WHMs worked during their time in Australia, with 60% spending at least half the trip working. With work a way of funding their travel experience, most of what WHMs earn is spent in Australia. The most common occupations were farm hand, waiter and construction worker. More than a third of WHM jobs were outside the capital cities and Gold Coast – helping to address skills shortages in regional Australia.
- **They disperse more:** 62% of WHMs travel into regional Australia. That's one-and-a-half times the dispersal rate of holiday-makers (40%), almost double that of VFR (32%) and more than triple that of international students (20%). The most popular regional destinations were Tropical North Queensland, North Coast New South Wales and the Sunshine Coast.
- **They do more activities:** Operators in Australia's visitor economy stand to benefit from the many activities WHMs undertake. Some of the more popular activities included going to festivals (38% of WHMs), visiting distilleries and wineries (15% of WHMs) and taking part in Indigenous experiences (25% of WHMs). They were also 3 times more likely to go snorkelling, 4 times more likely to go cycling and 7 times more likely to take up surfing than other international visitors. It was not all fun, however, with almost one in 10 undertaking some study in Australia.

The importance of WHMs to employers is backed up by [recent independent research](#) commissioned by Austrade. This showed that 9 in 10 employers believed the WHM program provided an essential workforce, with three quarters indicating it provided an economic boost to the local area.



Businesses

While conditions were extremely difficult for the visitor economy, the number of operating tourism-related businesses increased in the year to June 2021 to reach 334,532. (See: Tourism businesses in Australia: June 2016 to 2021.) This meant that in June 2021:

- there were 3% more tourism businesses than in June 2020
- there were more tourism businesses than in June 2019
- there were 19% more tourism businesses than in June 2016
- one in 7 Australian businesses (14%) were tourism related.

The increase in number of businesses was due to new entrants, the vast majority of which were micro or small businesses. The number of medium and large businesses declined as those businesses shed staff. As a result, tourism businesses in 2021 predominantly comprised businesses with fewer than 5 employees and were smaller on average than in previous years in terms. For example, at June 2021:

- almost half of tourism business (45%) had no employees other than the owner (150,768 businesses).

- a further 33% had between one and 4 employees (109,895 businesses).
- over half (53%) of tourism businesses had annual revenues of less than \$200,000. This compares with 44% of businesses in 2016.

Low turnover may be concerning as businesses face rising costs in 2022.

The number of tourism businesses in regional Australia at June 2021 was 100,873 – the first time ever this figure has exceeded 100,000. However, the growth in regional tourism businesses has lagged that of non-regional Australia since 2016. As a result, regional Australia has declined from a 33% share of all tourism businesses in 2016 to a 30% share in 2021.

Investment

Continued investment in the visitor economy is vital to support its capacity to grow and adapt to demand for tourism. Despite the challenging environment, investment in the tourism sector remained resilient in the past two years and the pipeline of investment projects in the sector remained substantial (see TRA's annual Tourism Investment Monitor 2020-21). In 2020-21 Australia's tourism investment pipeline was \$42.8 billion across 225 projects. This was only slightly down on the 2019-20 figure of \$43.6 billion and reflects the longer-term view of investors.

CASE STUDY

Opening the Gate project

The isolated shingled stone boatshed perched on the edge of Kelvedon beach on Tasmania's East Coast is one of the state's most famous images. The boatshed is part of the historic Kelvedon Estate, a superfine wool property and vineyard, producing chardonnay, pinot noir and sauvignon blanc wines.

Thanks to Opening the Gate, a project designed to accelerate agritourism across Tasmania, the boatshed is to play a part in a new venture for Jack and Anna Cotton.

Joining the Business Development Program helped Anna consider the farm's potential and create a wine and food tasting experience that starts at the historic boatshed and explores various locations to sample the range of vintages, finishing at the highest point of Kelvedon, with sweeping views towards Freycinet and Schouten Island.

Courtesy of Tourism Tasmania



Image credit: Cormac Hanrahan Photography

Across the 3 tourism sectors, the pipeline was split by:

- aviation – 13 projects valued at \$16.7 billion
- arts, recreation and business services – 79 projects valued at \$15.7 billion
- accommodation – 133 projects valued at \$10.5 billion, with the potential to add 20,100 rooms to accommodation supply

In 2020–21 there were also 136 mixed-use developments valued at \$58.7 billion with the potential to add 28,000 rooms to accommodation supply. While mixed-use projects are excluded from the investment pipeline due to the difficulties in measuring their tourism component, they offer significant value to the visitor economy and to the stock of hotel rooms. In 2020–21 the mixed-use pipeline was larger than the stand-alone accommodation pipeline and had the potential to add more rooms.

In addition to projects that remained in the pipeline in 2020–21, there were 42 projects valued at \$4.7 billion that were completed and removed from the pipeline. There were also 49 new projects valued at \$6.5 billion added to the pipeline in the year. The continued flow of new projects moving into development suggest that investor confidence in the longer-term prospects for the industry has held firm.

Businesses in the visitor economy have also continued reinvesting in their own existing operations during the pandemic. Some businesses have taken the opportunity to review their operations, invest in their online presence and rethink their staffing and training needs.

As explained in the earlier ‘Businesses’ section of this report, tourism businesses are often very small operations with low revenues. During busy times, these businesses may find it difficult to invest as much as they would like in their online presence. Therefore, the past 2 years have provided an opportunity for businesses to update their websites, post updated information, and streamline the user experience. This is opportune timing: the pandemic has increased online patronage, as potential travellers had been prohibited from travelling in person but took advantage of virtual travel offerings.

In response to public health measures during the pandemic, businesses have also invested in internal policies, procedures and physical assets. Many of these changes have led to upgraded cleaning and infection reduction/ tracing measures.

For example, businesses have:

- installed signage, protective screens and hand sanitiser stations
- separated dining spaces and tables, redesigned common areas and waiting spaces, and upgraded booking systems and processes
- generated new, more hygienic menus (sometimes online), restructured dining options from buffet style to directly serving patrons, and converted to contactless processes for payments, deliveries, check-ins and other encounters
- connected check-in applications and adhered to mask-wearing rules and other public health measures by supplying masks, hand sanitiser and single-use disposables to patrons.

CASE STUDY

South Australian Tourism Industry Development Fund

In September 2020, South Australia launched a \$20 million co-funding boost for the tourism industry to encourage private investment in demand-driving regional tourism infrastructure, to create jobs and to aid COVID recovery. Despite the devastating impacts of COVID, the fund received a huge response by an industry brimming with confidence to invest in the future of South Australian tourism.

Off-grid accommodation, tiny homes, a boutique gin distillery, and luxury coach tours were some of the tourism projects funded through the Tourism Industry Development Fund. In total 114 projects were funded across South Australia.

The fund unlocked a total of \$82.7 million worth of new and improved tourism infrastructure and experiences, creating 608 ongoing tourism jobs in the process.

Courtesy of South Australian Tourism Commission



Support measures

Industry and governments were quick to react to the difficult trading conditions faced by visitor economy businesses imposed by travel restrictions. Beyond the significant support offered to industry through the government's JobKeeper program, in March 2020, the Australian Government announced the \$1 billion COVID-19 Relief and Recovery Fund. This included a number of targeted support measures for the industry, including:

- the Consumer Travel Support Program (\$258 million committed over 3 rounds)
- the Recovery for Regional Tourism Program (\$50 million)
- the Zoos and Aquariums support program (\$95 million)
- the Business Events Grant program (\$50 million).

This funding was in addition to the \$76 million allocated for bushfire recovery in the tourism sector. Whole-of-economy measures such as the JobKeeper wage subsidy and boosting cash flow for employers programs were also highly utilised by the tourism industry.

For the aviation sector, the government formed a \$5 billion support package, recognising the dramatic impact of the pandemic on the aviation sector and that aviation is a key driver of growth in the broader economy. From March 2020, the Australian Government delivered a range of COVID-19 crisis support programs to the aviation sector under three objectives: maintaining essential air connectivity, preserving critical aviation capacity and protecting supply chains.⁶ These programs supported the sector by:

- assisting airlines, airports and aviation support services to meet the costs of maintaining important and mandated safety and security protocol despite the reduction in travel volume
- helping the sector to retrain staff and maintain capabilities so that it was better equipped to address the increase in travel demand as restrictions were eased

- helping maintain critical air services, including to regional Australia, for freight, medical equipment, supplies and transportation of essential personnel.

The International Freight Assistance Mechanism (IFAM) was also put in place by the Australian Government to keep global air links open during the COVID-19 pandemic. The sudden drop in commercial passenger flights in March/April 2020 had an immediate and devastating effect on Australia's ability to airfreight goods. As an island nation, Australia is heavily reliant on passenger flights for time-sensitive freight, with 80% of Australia's airfreight typically carried in the cargo holds of passenger planes. Since April 2020, IFAM has successfully supported rebuilding global airfreight routes and the program has been extended to mid-2022.

Towards the end of 2021, several support measures to address workforce shortages were announced. These included an increase in the number of places available to WHMs and visa charge refunds for certain WHM visa holders and student visa holders. There was also funding announced for the skills and workforce online platform (\$2 million over 2 years). This will enhance the industry's ability to find employees and point potential employees to opportunities.

Increase in WHM caps in 2022–23 to help address worker shortages

The one-off cap increase to the number of places available to Work and Holiday visa holders in 2022–23 will result in around 11,000 additional WHM visas being made available for backpackers. To further encourage the arrival of WHMs to Australia, between 19 January 2022 and 19 April 2022 WHMs who arrive in Australia can apply for a refund of the visa application charge. This complements visa refunds for Student visa holders who arrive between 19 January 2022 and 19 March 2022.

6. Specific programs included the Australian Airline Financial Relief Package, International Aviation Support, Domestic Aviation Network Support, Regional Airline Network Support, Tourism and Aviation Network Support, Regional Airports Screening Infrastructure, International Airports Security Costs Rebate, Domestic Airports Security Costs Support, Retaining Domestic Airline Capability, Regional Airlines Funding Assistance and Aviation Services Accreditation Support.

Various state governments also provided support through measures such as:

- rent deferral for tourism operators
- specific fee waivers or refunds for relevant tourism businesses
- business support funds delivering support to accommodation and food services businesses, arts and recreation services businesses and travel agency and tour arrangement services businesses
- targeted support packages for regional accommodation businesses, CBD businesses, night-time economy businesses and hospitality businesses as well as for the live-music industry, outdoor eating and entertainment businesses, community sport and recreational bodies and the racing industry
- voucher schemes – many states and territories funded travel voucher schemes, dining voucher schemes and accommodation voucher schemes to encourage and support residents to engage with and explore the visitor economy
- additional jointly-funded commonwealth and state/territory grants were also provided to tourism businesses affected by lockdowns in 2021.

While the most significant economy-wide support programs have ended, there is ongoing support for the visitor economy. Of note, to deliver the THRIVE 2030 Strategy, the Australian Government outlined an initial investment of \$142.3 million*, comprising:

- \$75.5 million in targeted support for travel agents and tour arrangement service providers to continue to operate and rebook travel credits
- \$60 million over 3 years to attract visitors to Australia from new and diverse international markets. This includes support for the Business Events bid fund attracting major events to Australia
- \$2 million over 2 years for the development of an industry-led visitor economy online employment and skills platform
- \$4.8 million for Tourism Research Australia to analyse new tourism and visitor data sources, to support businesses, organisations and governments make more timely and informed business decisions.

*Subject to confirmation by the incoming government.



Image courtesy of Visit Victoria: Melbourne Cricket Ground by Michelle Couling.

CASE STUDY

Victoria: Working with industry to restore and reinvigorate tourism so it can thrive again

Victoria has responded with a forward-thinking strategy supporting long-term growth and resilience.

Pivotal to the strategy is the Visitor Economy Recovery and Reform Plan to boost visitor expenditure to \$35 billion, supporting 300,000 jobs by June 2024.

The state government is working with the tourism industry to strengthen the sector's capacity. Funding and training have focused on digital and business skills gaps, as well as regional workforce plans to attract and retain workers. Investment in new ideas and improving iconic attractions are underway to ensure the state continues to attract visitors.

The Victorian and Seniors Travel Voucher Schemes have encouraged people to explore the state, while supporting local businesses. Victorians spent more than \$68 million on accommodation, tours and experiences under the voucher schemes in 2021.

Courtesy of Victoria State Government.

In addition to the THRIVE 2030 specific measures above, several whole-of-economy measures, including funding announced in the 2022 Commonwealth Budget*, will support the vision and goals set out in THRIVE 2030:

- Small businesses will have access to a new 20% bonus deduction for eligible external training courses for upskilling employees through the Skills and Training Boost.
- A new Technology Investment Boost will encourage small businesses to go digital. Small businesses will be able to deduct a bonus 20% of the cost of expenses and depreciating assets that support digital uptake.
- Working Holiday Makers and International students will be supported by reducing their visa application fees a period of 12 weeks and 8 weeks respectively. The refund will be \$495 for students and \$630 for working holiday-makers.
- A \$7 million Work and Play the Aussie Way marketing campaign, led by Tourism Australia, will attract young people from overseas (the United Kingdom, Europe, Japan and Republic of Korea) to work and holiday in Australia.
- Funding of \$543.5 million will continue support for the aviation sector as part of the Government's response to the sector's recovery from the COVID-19 pandemic.
- Funding of \$12.4 million in 2022–23 will extend fee relief to local tourism businesses that operate in the Great Barrier Reef Marine Park impacted by the COVID-19 pandemic.
- An additional \$678 million will fund the Outback Way in the Northern Territory, Queensland and Western Australia to improve access to regional destinations for drive tourism.

*Subject to confirmation by the incoming government.

CASE STUDY

Gold Creek Adventure

The National Dinosaur Museum, Cockington Green Gardens, Canberra Reptile Zoo and Canberra Walk-In Aviary successfully applied for grant funding to develop a Gold Creek Adventure Ticket to increase visitation to Canberra's Gold Creek precinct. The ticket reduces the combined admission cost to all four attractions and allows for commissionable pricing – making it attractive for travel trade.

Funding helped develop brand assets, an online booking portal and a marketing campaign – and with sales exceeding expectations, the ticket is now a permanent offering.

Grant support was provided under the ACT Government's \$1 million Tourism Cooperative Marketing Fund (TCMF), established in response to COVID-19 and designed to encourage local tourism businesses to collaborate on new marketing activity and product development.

TCMF projects supported to date have involved partnerships across 184 businesses.

Courtesy of VisitCanberra.



Image: National Dinosaur Museum, VisitCanberra

Looking forward

The COVID-19 pandemic had a devastating impact on Australia's visitor economy. TRA and other industry data shows that the lockdowns and travel restrictions in place at various times over the past 2 years have been detrimental to tourism activity. This report has documented some of the ways the industry has adapted to these challenges and to changes in traveller preferences.

As Australia emerges from the pandemic it is also clear that challenges remain for the sector. Businesses with a high reliance on international visitors will take longer to recover, there is lingering travel hesitancy among some Australians, and workforce shortages have quickly become a major concern.

Fortunately, the risk of future widespread lockdowns is now much lower and travel restrictions have eased substantially. As a result, domestic tourism is recovering lost ground, and the outlook is better than it has been at any point in the past two years. A full recovery will take some time, though. The THRIVE 2030 Strategy aims to support the industry through the recovery and guide future growth.

While the overall outlook is positive, as is discussed in the following sections, a range of risks to the outlook remain. These are more likely to affect the rate of return for international travel, and include:

- global uncertainty caused by both the pandemic and the war in Ukraine

- uncertainty around if and when Chinese travellers and students will return to the Australian markets
- general traveller hesitancy with relation to long-haul travel
- global inflation-related cost of living increases which may reduce consumer capacity to spend on discretionary items like travel.

Domestic outlook

TRA's Domestic Tourism Forecasts indicate that domestic visitation is expected to return to around its pre-pandemic level in 2022–23, then surpass that previous peak in 2023–24. The strength of the projected recovery in domestic tourism, particularly in the near term, is underpinned by many factors, including:

- reopened state borders
- low risk of lockdowns
- pent-up demand for travel
- more flights, plus new routes
- accrued savings and holiday leave balances during lockdowns
- incentivisation from government travel subsidies and support payments
- marketing by the tourism industry (see box: Holiday Here This Year), and
- positive traveller sentiment and increased traveller confidence to travel domestically.



TRA's National Visitor Survey (NVS) data shows that domestic tourism is on track to achieve these strong results. Visitor activity increased soon after lockdown measures were eased in the December quarter 2021. TRA's 'Trip rate' measure then increased to record highs in the peak travel period containing Christmas holidays. The Trip rate for April 2022 shows that demand remains very high relative to the pandemic period history (Figure 15).

Figure 15. Domestic overnight trips and trip rate, March 2020 to April 2022



* The trip rate for April 2022 tells us 30.7% of NVS respondents interviewed reported taking one or more overnight trips in the preceding 28 days (the reference period). The return date will have been in March for some of these trips. The trip estimate of 7.1 million for the month of February refers to overnight trips returned from in that month.

Source: Tourism Research Australia



Image courtesy of Tourism Australia

In the near term, it is also expected that domestic tourism will continue to benefit from a slower rebound in outbound travel than in domestic travel. The slower recovery in outbound travel is because of additional hurdles overseas travellers face. Examples include:

- additional costs, complexity and risks when undertaking overseas travel, including increased costs of comprehensive health and travel insurance
- the ongoing risk of disruptions to travel plans from quarantine requirements and virus testing at the destination
- lingering health concerns felt by potential travellers resulting from the prolonged nature of the pandemic and lower vaccination rates overseas.

CASE STUDY

Holiday Here This Year

Key to Tourism Australia's response to the COVID-19 pandemic was the development of the marketing platform Holiday Here This Year. Initially developed as a response to the summer bushfires of 2019/2020, the platform was an ideal message to support the Australian tourism sector as the extent of the crisis became apparent.

Holiday Here This Year was not one marketing campaign but several, each aimed at addressing the core challenges of the pandemic. At the heart of each of each of the campaigns was a message reminding Australians that our tourism industry needed assistance, and that it needed Australians to step up by doing something they really wanted to do...take a holiday. In essence this is the most fun act of patriotism in Australia's history – just get out, take a proper holiday, and see incredible things.

Key marketing campaigns Tourism Australia undertook in 2021 through the Holiday Here This Year platform included:

- driving confidence in domestic travel
- encouraging Australians to take longer trips
- encouraging the buying of travel experiences instead of Christmas presents
- driving demand for cities.

Hit the Cities for Australia

In the early months of 2021 Australia's cities, particularly our international 'gateway cities' including Sydney and Melbourne, were in urgent need of support in the form of increased domestic visitation. Cities faced one core domestic challenge: they were viewed as less safe and not open and therefore less appealing for a domestic trip.



Image: Tourism Australia's Holiday Here This Year campaign ambassadors Hamish Blake and Zoë Foster-Blake in the Hit the Cities For Australia campaign, 2021.

Tourism Australia cities strategy: collective confidence is the antidote to fear.

The aim of the cities campaign was to rebuild confidence in our cities by reassuring Australians that it was okay to get out there and have fun with other Australians again, as the antidote to people's real fears. The campaign leaned into principles of social norming to rebuild collective confidence. The ad aimed to mirror what those around us are already doing. People did not want crowded spaces so the campaign would show 'people like them' having a great time while remaining socially distanced. The media strategy saturated not only the airwaves but also the news cycle with stories about the safety and vibrancy of Australian cities.

The campaign delivered solid results. In campaign testing Tourism Australia found that 44% of respondents said the advertisements made them keen to book a city trip in the near future, while 36% of respondents agreed with the statement that they now intended to take a trip that they wouldn't otherwise have taken. And 20% in post-campaign analysis stated they had taken a trip to a city that was strongly influenced by this marketing campaign (source: BDA for Tourism Australia, Sentiment and Campaign Tracking, 2021).

Courtesy of Tourism Australia.

Sustainability

Sustainability initiatives are increasingly being sought after by customers and ingrained into all aspects of travel and tourism. Sustainability is at the heart of the THRIVE 2030 Strategy and the UNWTO's objective to 'build back better'.

The efforts of individual tourism operators to become more sustainable are being made more prominent and comparable thanks to changes by major global travel booking sites such as Skyscanner and Booking.com that make it easier to identify sustainable travel options. Skyscanner introduced the 'Greener Choice' option to search functionality, which identifies flights with lower-than-average carbon emissions.⁷ Booking.com has similarly introduced the 'Travel Sustainable' filter, which identifies products and partners who have taken significant steps to make their guests' experiences more sustainable.

As discussed in the 'Opportunities for the Visitor Economy' report, Technavio forecast in September 2020 that ecotourism would grow at 10% per year through to 2023, a rate two-and-a-half times faster than that of the overall tourism market. Fortunately, the 2021 Consumer Demand Project ranked Australia as the destination most associated with sustainable tourism experiences. With excellent assets like Tasmania's Three Capes Walk or Overland Track and abundant destinations with similar potential, that reputation can only strengthen.

Seeking out higher-yielding customers is another way that businesses can look to generate revenue more sustainably. Developing experiences that attract high-value travellers may provide economic and employment benefits with a smaller environmental and social footprint. (See box: High-yielding travellers.)

2022 Sustainable Travel Report

Booking.com's 2022 Sustainable Travel Report finds that 'travellers are selecting planet-first options and looking to brands for sustainable choices and more purposeful travel'.

It claims that people are:

- travelling more thoughtfully and intentionally, as awareness of the climate crisis increases
- seeking authentic cultural experiences that bolster and add value back into local communities, while actively avoiding over-visited destinations
- making decisions informed by climate concerns, are mindful about how far they travel and how they get there, and are opting to travel closer to home and choosing public transport and renting bicycles once there to reduce their carbon footprint.

Based on its global survey, Booking.com found that:

- 78% of travellers intend to stay in a sustainable property at least once in the coming year
- 71% of travellers want to make an effort to travel more sustainably in the next year
- 46% of travellers have stayed in sustainable accommodation at least once over the past year.

7. Skyscanner has also invested in technologies and innovations that aim to make travel more sustainable in the future, such as sustainable aviation fuel (SAF), which uses sustainable sources such as biomass, waste oil, and green waste, rather than fossil fuel resources to produce fuel. Use of SAF has increased dramatically since it was first trialled in 2016. The transition to using predominantly SAF in the aviation industry is expected to contribute 65% of the reduction in emissions required by aviation to reach the net-zero target by 2050. Source: [Net zero 2050: sustainable aviation fuels \(iata.org\)](#), accessed April 2022

8. [Opportunities for the Visitor Economy report](#), 2021, accessed April 2022. Technavio, Global Sustainable Tourism Market 2019-2023, 2020

High-yielding travellers

Using data from TRA's NVS, it is possible to classify domestic travellers into 132 categories. They can then be banded into 4 groups according to how long they stay and how much they spend.

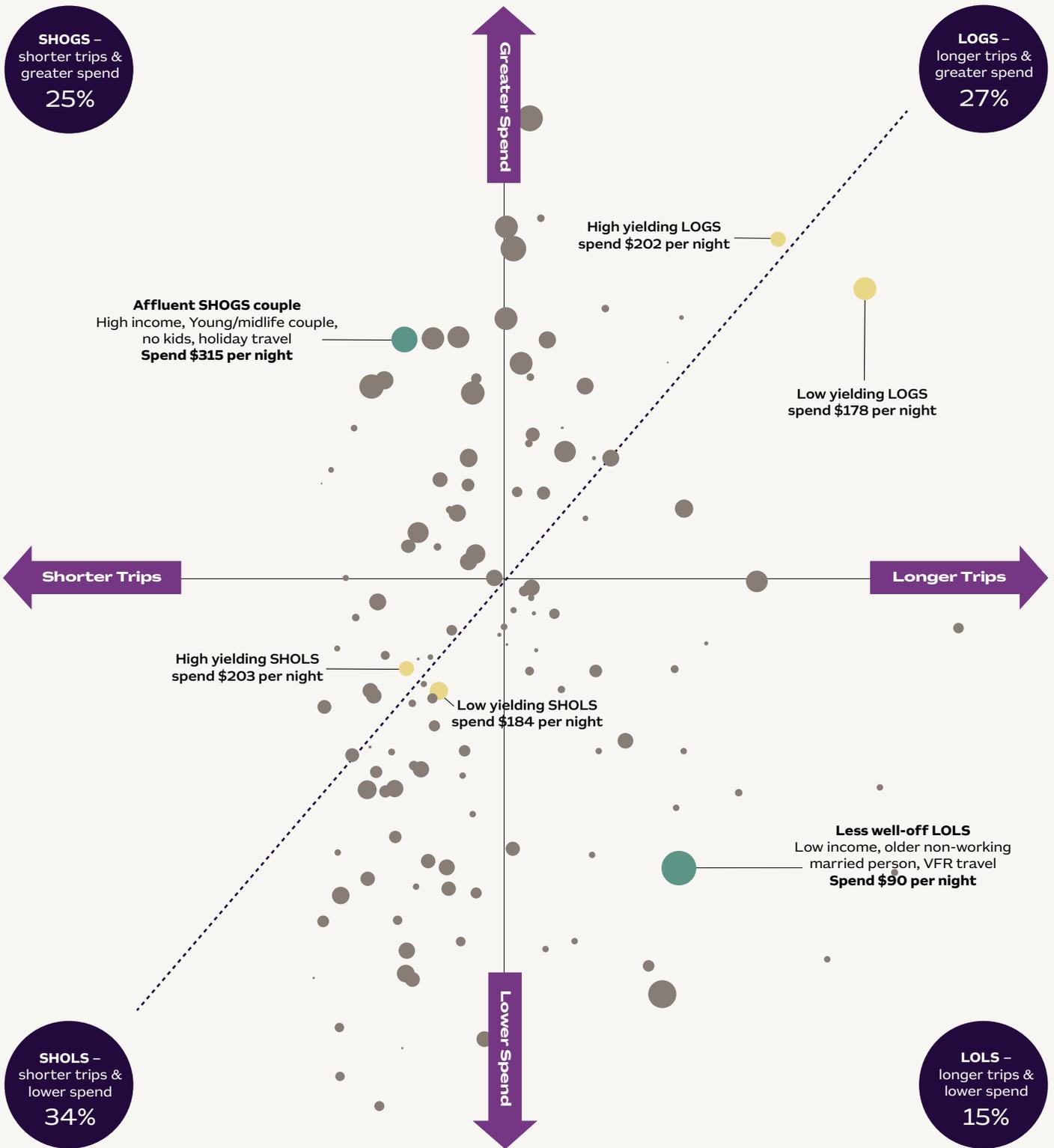
Shorter stay, greater spend (SHOGS) make up 25% of visitors. SHOGS make short but expensive trips and may therefore be more profitable visitors. An example of these travellers are young, high-income couples. They spend about \$950 each on a 3-day trip, or about \$315 per day. One in 5 flies to their destination, and over 60% stay in commercial accommodation. Once there, they are also more likely to visit local attractions. Markets and wineries are popular experiences.

At the other end of the scale, longer stay/ lower spend (LOLS) make up 15% of visitors, and make longer trips but spend less. For example, a retiree on a low income who is visiting grandchildren will spend about \$90 per day. Only one in 10 will fly, and just 25% will stay in commercial accommodation. They are also less likely to visit local attractions.

The other two categories – shorter stay, lower spend (SHOLS, 34% of visitors) and longer stay, greater spend (LOGS, 27% of visitors) – fall somewhere in between (see Figure 16 in box below). Many SHOLS are visiting friends or relatives, while LOGS are often families on holiday.



Figure 16: Yield, by traveller category based on pre-pandemic trip characteristics*



* Dots above the diagonal line represent higher yielding traveller categories. They have a higher spend relative to the average for their length of stay. Dots that are furthest above the diagonal are the highest yielding. The size of the dot represents the number of trips taken annually by that traveller category.

Source: Tourism Research Australia

International outlook

International tourism is expected to see rapid growth initially off a low base, with good tailwinds supporting demand growth.⁹ Australia's status as an attractive travel destination remains intact given Australia has benefited from effective handling of the pandemic, and now boasts low quarantine requirements. This is in addition to Australia's long-held status as a clean, welcoming, and aspirational destination. Of course, Australia's major tourist icons also remain intact, and marketing to revive global enthusiasm to experiences these attractions is in place.

With Australia's border now open to all vaccinated arrivals and support in place to encourage arrivals, the outlook for international tourism is much more positive than it has been at any time over the past 2 years. Nevertheless, a full recovery in international tourism is expected to take some time. Some factors that may weigh in the near term include:

- Australia's long-haul status. Australia is a long flight from almost all source markets. There are some indications that travellers are more wary of taking long-haul flights relative to short-haul flights. This is evidenced by global visitation data showing a faster return in international visitation to countries that are closer to their source markets. Being a long way from many of our source markets, and with more attention on aviation's environmental impacts, Australia is more vulnerable to declining sentiment towards long-haul flights.
- Australia's delayed opening relative to some competitors. There are indications that markets that reopened earlier have seen increased international visitation. There may have been international travellers eager to holiday somewhere as soon as restrictions eased. Those destinations that were accessible early on may have secured a larger market share.
- Strong international competition. Almost all advanced economies are seeking to rapidly reinvigorate their visitor economies, to restore jobs and earn export revenue, and are very active in visitor attraction.

- Lower global international travel demand in the near-term. Given the lengthy pandemic and the ongoing infections, the number of people willing to travel internationally may be lower in the near term. Moreover, the ongoing presence of travel restrictions in some markets continues to restrain the rate of growth in outbound travel from those markets (notably China).
- Less international travel in the Asia-Pacific region in the near term. The recovery in international travel and air travel in the Asia-Pacific region has generally been slower than other regions.¹⁰ Europe has generally been the most advanced, followed by regions such as the Americas and the Middle East. While international forecasters suggest that the international tourism recovery in the Asia-Pacific region will take longer than in other regions, a full recovery to 2019 levels is expected to occur by around 2025.



Image courtesy of Tourism Australia

9. Tourism Research Australia did not produce forecasts for international travel in 2021 given the highly uncertain outlook for international tourism at the time.

10. See '[Passenger Recovery Accelerates in February](#)', accessed April 2022.

Australia's global standing (section contributed by Tourism Australia)

Australia is a premium and extremely high-quality destination that attracts high yielding international tourists. Being a long-haul destination for most international source markets means that Australia receives a relatively small volume of international visitors compared with some of our competitors. However, those visitors spend big while in Australia and Australia ranks in the top 10 of all international destinations for trip spend.¹¹ These high-yielding visitors are a boon to the Australian visitor economy as they provide additional expenditure that an Australian domestic traveller is unable to replicate. Moreover, thanks to the quality of tourism product that Australia has to offer these international visitors, many are likely to visit more than once.

However, Australia's position as a world-class destination for high-yielding international travellers is not guaranteed. While both the [World Economic Forum](#) and Tourism Australia's Consumer Demand Project (CDP) rate Australia highly on the core reasons why a tourist would choose a leisure destination, a significant number of competitors are equally well (if not better) ranked, against these same attributes, including the United States, New Zealand, Japan and the United Kingdom. The global landscape for tourism is also expected to become even more competitive as destinations at a city, state, and national level look to reinvigorate their tourism industries as part of their economic recovery strategies following COVID-19.

Given this context, the role for driving 'top of funnel' demand via national tourism marketing becomes essential to the overall health of the Australian visitor economy. Key to this health is maintaining Australia's high 'visitor consideration', a consumer-centric metric measured by the CDP. Visitor consideration is a slow-moving metric that is driven by increased consumer understanding of the breadth and depth of what a destination has to offer. While marketing is not the only way to increase a destination's consideration, marketing plays a valuable and proven role in driving consideration that leads to international visitation to this country.

Australia is now well placed to face this post-COVID competitive context. Throughout the pandemic, Tourism Australia has run tactical 'dreaming' campaigns in each of the 15 key international markets of importance to maintain consideration of visitation to Australia. More recently, as Australia has 'opened up' and as airline capacity returns, Tourism Australia has shifted its messaging and marketing activity from dreaming context to consideration driving with the Don't Go Small Go Australia campaign. The campaign is designed to challenge COVID-19 related international travelling behaviour in many of those in our key international markets who are holding off on their next long-haul trip and instead choosing to travel shorter distances (destinations within four hours flight or less) for shorter periods of time. The campaign is pushing our international consumers to take a proper holiday to Australia – a destination that is already very high on travellers' consideration lists.

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Australian Government

Australian Trade and Investment Commission
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