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TOURISM  
RESEARCH  
AUSTRALIA

**STATE OF THE  
INDUSTRY 2015–16**

SUMMARY

FEBRUARY 2017



# STATE OF THE INDUSTRY



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Cover image: The Beltana Camel Experience, Beltana Station, SA. Image courtesy of the South Australian Tourism Commission.

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# AUSTRALIAN TOURISM INDUSTRY 2015-16

## \$116.7b ▲9%

TOTAL VISITOR SPEND

### \$97.1b TOURISM OVERNIGHT SPEND

TRACKING ABOVE THE LOWER BOUND OF \$115B BY 2020

#### INTERNATIONAL



**\$38.1 BILLION** ▲14%  
SPEND



**7.2 MILLION**  
INTERNATIONAL VISITORS ▲10%



**248 MILLION**  
NIGHTS ▲5%

#### DOMESTIC



**\$59.0 BILLION** ▲7%  
SPEND



**88.9 MILLION**  
DOMESTIC OVERNIGHT VISITORS ▲7%



**328 MILLION**  
NIGHTS ▲5%



**66.0%**  
OCCUPANCY  
RATE

**249,131** ROOMS ▲1%



**23.5 MILLION**  
INTERNATIONAL AIRLINE SEATS  
(INBOUND) ▲6%



**77.0 MILLION**  
DOMESTIC AIRLINE SEATS  
(TOTAL) ▲1%



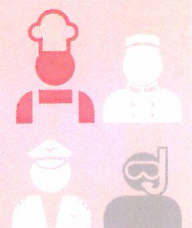
**\$53.0b**

TOURISM'S DIRECT  
CONTRIBUTION TO  
GROSS DOMESTIC  
PRODUCT ▲7%

THERE ARE

**580,200**

PEOPLE EMPLOYED DIRECTLY  
IN TOURISM-RELATED  
INDUSTRIES ▲1%





## INTERNATIONAL & DOMESTIC VISITORS

### INTERNATIONAL VISITORS



In 2015–16, international visitors, nights and expenditure continued their run of record highs. International visitors increased by 10.3%, which drove international spend up 14.1% to \$38.1 billion. This was despite the average trip length falling by 4.6% overall. Declines in trip length were reported across most international markets and for most trip purposes.

### COUNTRY OF RESIDENCE

#### ASIAN MARKETS

Asian markets continue to drive the growth in international tourism. China showed the strongest growth of all Asian markets, with visitors increasing 23% to almost 1.1 million. Nights increased at a slower rate, up 13.2% to 41.6 million, due to a decrease in the average length of stay of business and education visitors, as well as those visiting friends and relatives (VFR). Spend by Chinese visitors increased 27% to \$8.9 billion.

South Korea and Japan helped to drive growth from Asia.

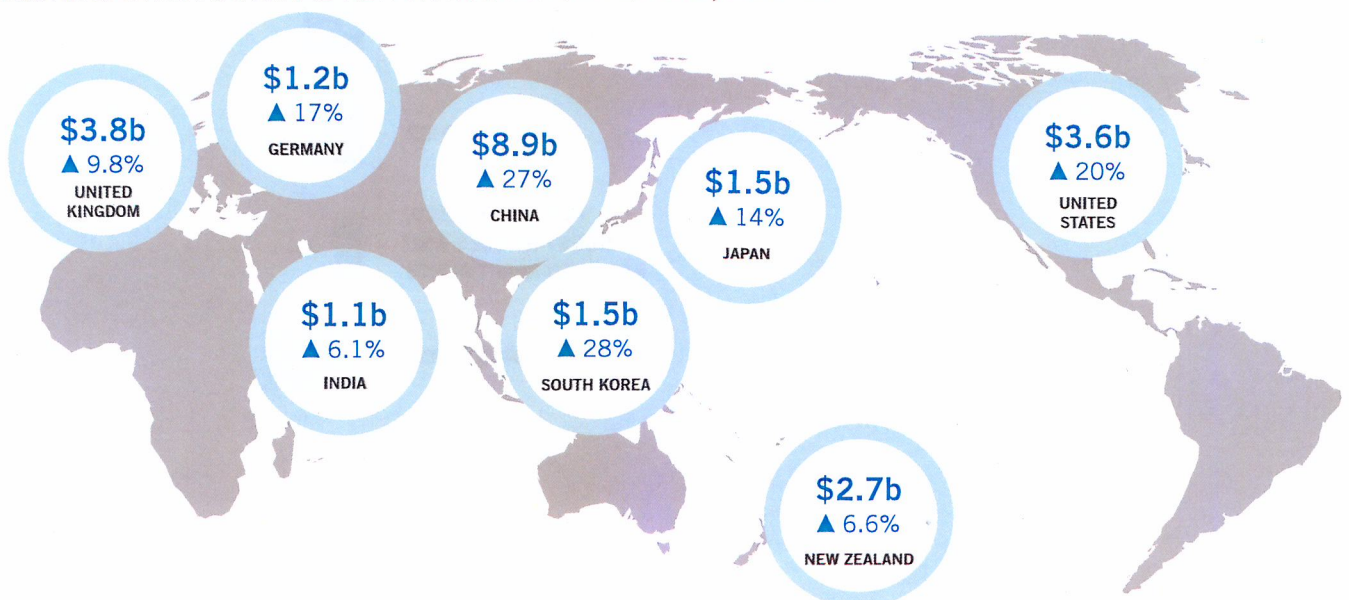
- South Korea – visitors up 21% (to 239,200 visitors), nights up 27% (to 1.5 million nights) and spend up 28% to \$1.5 billion. This continues the strong recovery experienced since June 2014 to return close to its 2006–07 peak.
- Japan – visitors up 16.8% (to 347,200 visitors), nights up 10.2% (to 9.1 million nights) and spend up 14.3% to \$1.5 billion. Japan begins to recover after a \$1.3 billion decline in visitor spend between December 2005 and December 2015.

#### TRADITIONAL MARKETS

New Zealand (NZ), the United States (US) and the United Kingdom (UK) continued to grow, but at a more modest rate than that of Asian markets. The US led the way, with visitors up by 14% to 619,000, nights up 11% and spend up 20% to \$3.6 billion.

- UK visitors increased 5.6% to 664,500, and their spend increased 9.8% to \$3.8 billion – both at their highest levels since 2006–07.
- NZ continued to grow to record levels, retaining the top spot for visitor numbers (up 4.2% to 1.2 million visitors). Spend increased 6.6% to \$2.7 billion.

FIGURE 1: INTERNATIONAL VISITOR MARKETS BY SPEND, 2015–16





## REASON FOR TRIP

In 2015–16, the main travel reasons of holiday (up 22%) and education (up 14%) showed the largest growth in visitors. These travel categories also continued to have the highest spend, contributing almost two-thirds of international visitor expenditure.

- Holiday visitors increased to 3.5 million visitors, with 81.6 million nights and \$15.9 billion in total spend (up 23%).
- Education visitors increased to 475,100 visitors, nights increased to 62.5 million and spend increased to \$9.3 billion (up 23%). Education visitors also had the longest average length of stay (131.6 nights per visit).

## ACCOMMODATION TYPE

Hotels, motels, guest houses and serviced apartments continued to be the most popular form of accommodation for visitors, with 54% (3.9 million) choosing this accommodation type (up 11.8%). However, shorter stay holiday and business visitors were more likely to choose this accommodation, so the average length of stay was just 7.4 nights and only accounted for 11.6% of nights (28.7 million nights).

Rented houses or apartments attracted the most nights of all accommodation types, with 1 million visitors staying 96 million nights (or 39% of all nights). Driven largely by longer staying education and employment visitors, the average stay was 93.4 nights per visitor.

FIGURE 2: MAIN REASON FOR TRIP BY SPEND 2015–16

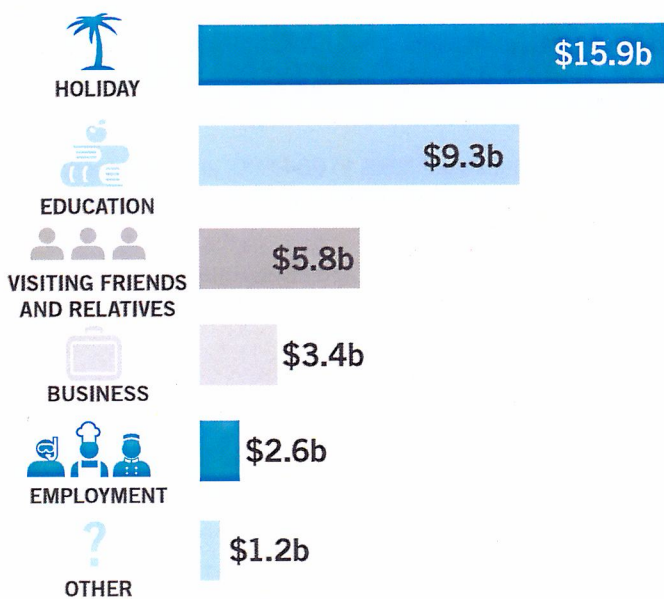
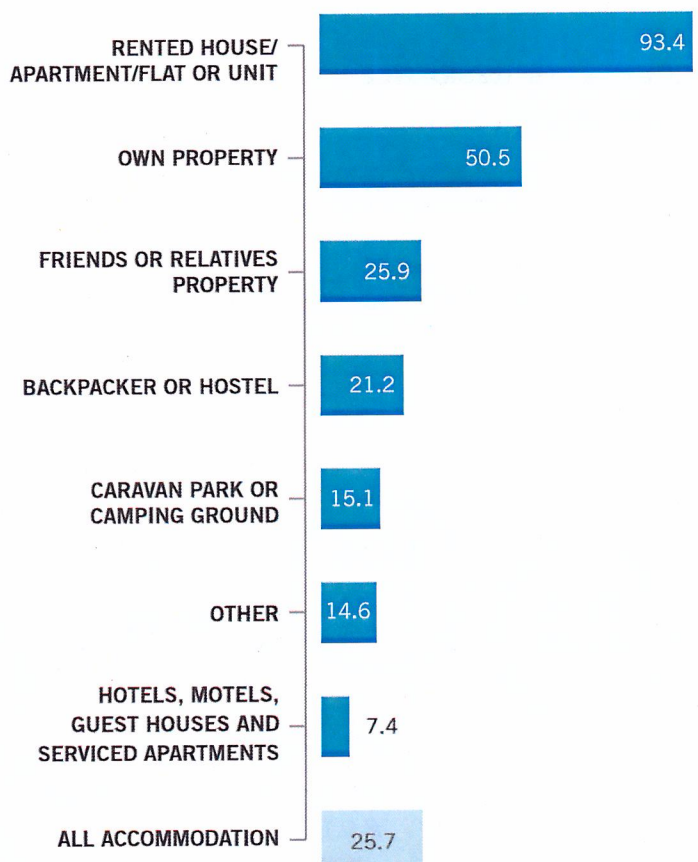


FIGURE 3: AVERAGE INTERNATIONAL VISITOR NIGHTS SPENT IN AUSTRALIA BY TYPE OF ACCOMMODATION, 2015–16





## VISITOR DISPERSAL

Visitors increased to all states and territories except the Northern Territory, which fell by 2.9% to 279,500 in 2015–16. Average nights remained the highest in Western Australia at 31 nights, despite a 3.7% decline in total nights spent there.

Almost 300,000 more international visitors went to a regional area<sup>1</sup> in 2015–16 compared to 2014–15, with 37% (or 2.7 million visitors) venturing out of the capital cities. However, they continued to spend less time in regional areas, with nights only accounting for 20% of total nights.

## TOURISM FORECASTS

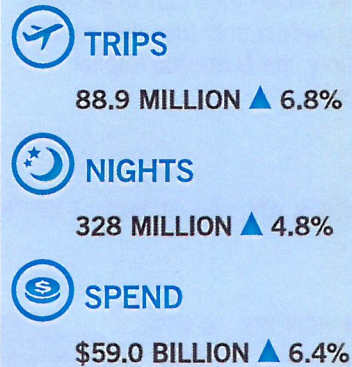
Tourism Research Australia forecasts show that in 2020–21, Australia could expect to receive 10.2 million international visitors at a growth rate of 5.3% per annum (p.a.) over five years. Growth in nights and average spend could see international spend increase by 9.6% p.a. to \$60.3 billion. Asian markets, particularly China, will drive this growth, with China expected to overtake NZ as our top inbound market in 2017–18.

While Asian markets are expected to remain the key drivers, current forecasts show more traditional markets will also continue to perform well. Spend from the US is expected to overtake the UK in 2016–17, and visitors from the US are expected to exceed those from the UK in 2020–21.

Holiday travel will continue as the key driver of growth over the next five years, accounting for 51% of all visitors (or 5.2 million visitors) in 2020–21. Those who are visiting friends and relatives (VFR) are expected to reach 2.6 million, an increase of 5.3% p.a.

<sup>1</sup> Regional areas are defined as all tourism regions outside of state capital cities (Sydney, Melbourne, Brisbane, Adelaide, Perth, Hobart, Darwin and Canberra) and the Gold Coast.

## DOMESTIC OVERNIGHT<sup>2</sup>



In 2015–16, overnight domestic trips showed strong growth, increasing 6.8% to 88.9 million trips – equivalent to more than 4.5 trips for each Australian resident aged 15 and over. Nights also increased, but at a slower rate (up 4.8% to 328 million nights). Spend continued to increase at a similar rate to trips (up 6.4%) to reach \$59.0 billion.

## REASON FOR TRIP

Holiday trips drove the increase in overnight trips, while growth in VFR trips slowed.

- Holiday – trips up 9.8% to 36.4 million, spend up 7.8% to \$28.9 billion
- VFR – trips up 3.0% to 30.4 million, spend up 1.8% to \$12.1 billion.

Overnight business trips saw strong growth, up 7.9% to 18.6 million trips. While the average length of stay declined from 3.8 nights to 3.6 nights, average trip expenditure increased by \$24 to \$833 per trip.

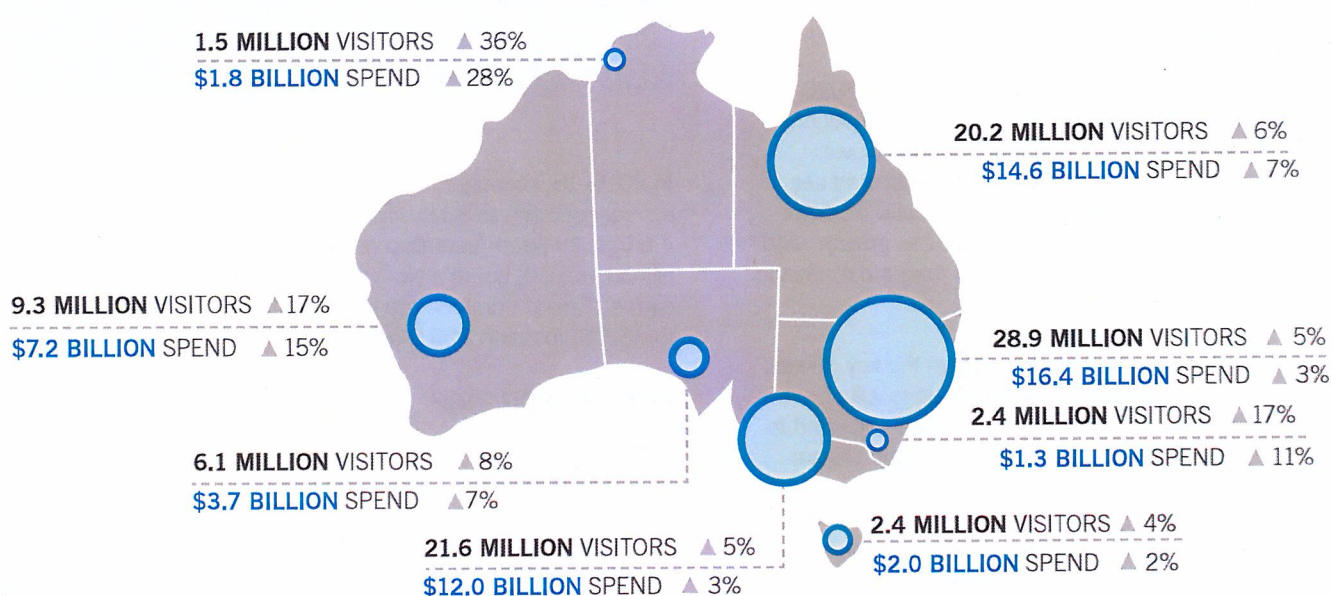
<sup>2</sup> Note: The National Visitor Survey (NVS) has shown some recent data discrepancies, this is currently being rectified through a back-cast process. Please see the full report for more details



## STATE TRAVEL

Overnight domestic travellers increased their trips to all states and territories. The strongest growth in both trips and spend occurred in the Northern Territory, the Australian Capital Territory and Western Australia.

FIGURE 4: OVERNIGHT TRIPS AND REGIONAL EXPENDITURE BY STATE/TERRITORY, 2015–16



Domestic overnight travellers spent the most in New South Wales, Victoria and Queensland, with these states accounting for 73% (or \$43.0 billion) of domestic overnight spend as well as 72% of nights (237 million nights). Of these three states, Queensland maintained the highest average length of stay (4.0 nights) and average trip spend (\$724 per trip).

Overall, however, average spend was highest in the Northern Territory (\$1,239 per trip) and Tasmania (\$811 per trip).

### INTRASTATE/INTERSTATE TRIPS

Most domestic travellers' trips were intrastate, accounting for 69% of trips overall. As a result, more tourist spend was generated by intrastate than interstate trips – \$31.9 billion compared to \$27.1 billion. However, growth in interstate travel (up 8.0%) exceeded growth in intrastate travel (up 6.4%).

## ACCOMMODATION

Domestic travellers were most likely to stay in the property of a friend or relative, accounting for 40% of trips and 36% of nights. Nights increased most for people staying in their own properties (up 14.8% to 12 million nights), and at caravan parks and commercial camping grounds (up 8.9% to 31.8 million nights).

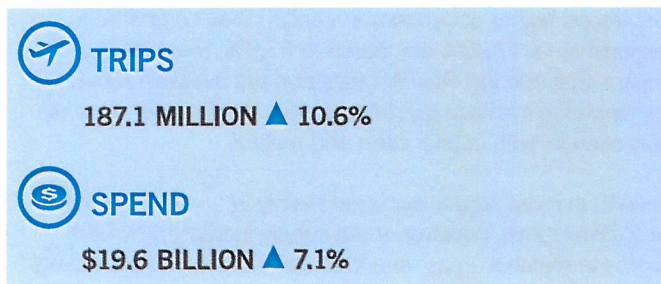
### TOURISM FORECASTS

Over the next five years to 2020–21, domestic overnight trips are forecast to increase 3.5% p.a. to reach 105.7 million trips. Over the same period, nights are expected to increase 3.0% p.a. to 380.5 million nights, while spend could increase 4.9% p.a. to reach \$74.9 billion.

Growth in nights is expected to come from business trips (up 5.0% p.a. to 85.7 million nights) and holiday trips (up 2.7% p.a. to 160.3 million nights). Nights in hotels, motels, guest houses and serviced apartments are expected to increase to 99.8 million nights – equivalent to a 26.2% share of the accommodation sector.



## DOMESTIC DAY TRIPS<sup>3</sup>



In 2015–16, domestic day trips increased 10.6% to 187.1 million trips, driving a subsequent increase in day trip expenditure, up 7.1% to \$19.6 billion.

### REASON FOR TRIP

Holiday trips (up 16.4%) drove the increase in domestic day trips, with the share of holiday trips increasing from 46% to 48% (or 90.1 million trips), and accounting for 55% of spend (\$10.9 billion).

Growth in day trip travel also included:

- Business – trips up 11.0% to 19.3 million trips, spend up 8.2% to \$1.9 billion
- Visiting Friends and Relatives – trips up 4.2% to 52.6 million trips, spend up 3.6% to \$3.8 billion.

### STATE TRAVEL

New South Wales continued as a popular destination for domestic day travellers, accounting for 31% of both trips and spend. The strongest growth in domestic day trip spend occurred in the Australian Capital Territory (up 25% to \$365 million), Queensland (up 20% to \$4.5 billion) and South Australia (up 17.9% to \$1.3 billion).

The Northern Territory experienced very strong growth (up 49.6% to 1.6 million trips), but this did not translate into a proportionate increase in spend, which only increased 6.3% to \$170 million.

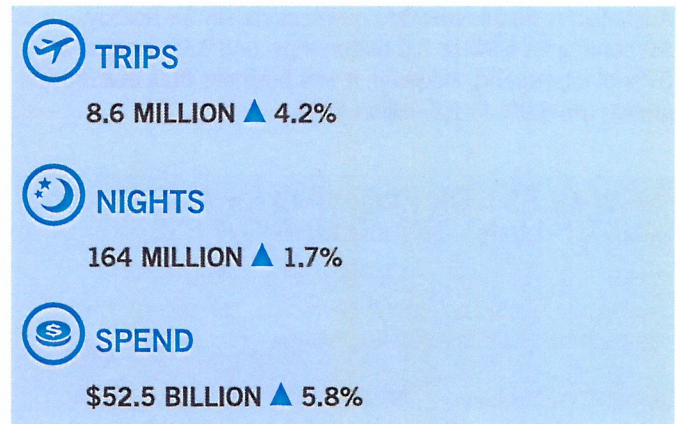
Day trips continued to be predominantly intrastate, accounting for 95% of all day trips and 91% of spend.

### TOURISM FORECASTS

Domestic day trips are expected to increase 3.7% p.a. to 224 million by 2020–21, with spend expected to increase 6.2% p.a. to \$26.4 billion, an increase of \$6.8 billion.

<sup>3</sup> Note: The National Visitor Survey (NVS) has shown some recent data discrepancies, this is currently being rectified through a back-cast process. Please see the full report for more details.

## DOMESTIC OUTBOUND

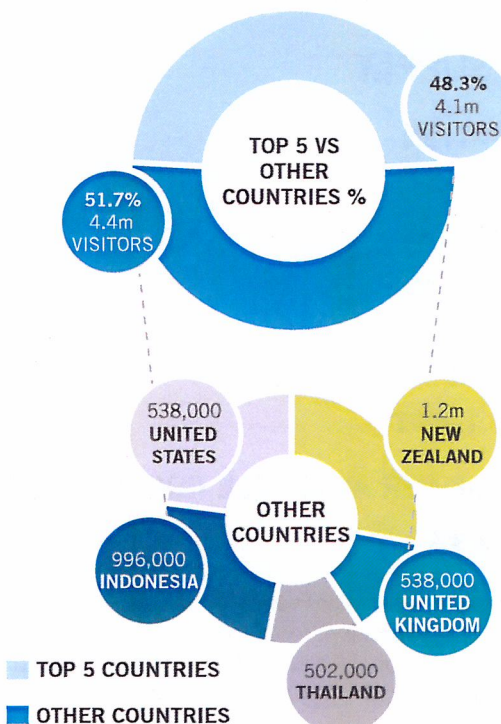


Australian residents took 8.6 million outbound trips in 2015–16, an increase of 4.2%. While nights increased at a slower rate (up 1.7% to 164 million nights), spend increased 5.8% to \$52.5 billion. This resulted in average spend increasing to \$6,117 per trip (up \$93 per trip).

### INTERNATIONAL DESTINATIONS

NZ continued as the most popular destination for Australians travelling overseas, with 1.2 million Australian residents visiting NZ in 2015–16. However, the US leads the way in nights spent overseas, with Australian travellers spending 20 million nights there in 2015–16. As a destination, the US also received the highest spend by Australians (\$8.8 billion).

FIGURE 5: MAIN DESTINATIONS FOR OUTBOUND VISITORS, 2015–16





## REASON FOR TRIP

Australian residents travelled overseas mostly for holidays, accounting for 58% or 5.0 million trips, and \$35.3 billion or 67% of total spend. However, it was business trips that drove growth (up 8.9% to 1.3 million trips).

### HOW DOES OUR ECONOMY BENEFIT FROM AUSTRALIANS TRAVELLING OVERSEAS?

While much of the spend by Australian residents on outbound trips goes to other countries, Australia's economy can still benefit in the following ways:

- 766,000 trips (or 8.9% of all trips) involved spending time in paid accommodation within Australia before or after the outbound trip
- \$25.5 billion (49% of total spend) was spent by the traveller before or after their trip while they were still in Australia. An additional \$2.8 billion was paid by employers
- 37% of resident departures were on Australian airlines (Qantas, Virgin Australia, Jetstar or Tigerair).

## TOURISM FORECASTS

Domestic outbound trips are forecast to increase by 3.6% p.a. to 11.6 million trips by 2020–21. This growth will continue to be driven by holiday trips, which are forecast to reach 6.9 million trips by 2020–21. The other main area of growth over the next five years is VFR travel, which is forecast to increase 4.0% p.a. to 2.9 million trips.

## TOURISM SUPPLY

### ACCOMMODATION



#### ROOMS

249,131 ▲ 1.4%



#### OCCUPANCY

66.0% ▲ 1.2PPT\*



#### REVENUE PER AVAILABLE ROOM

\$115 ▲ 3.8%

In 2015–16, accommodation room supply increased 1.4% to 249,131 rooms. The number of room nights occupied increased at a faster rate, up 3.7% to 59.8 million, which led to an increase in occupancy rates (up 1.2 percentage points, to 66.0%).

\* PPT - Percentage points

## DISPERSAL

Continued higher occupancy in capital cities compared to regional areas (76.6% compared to 53.9%, respectively) means that national RevPAR (revenue per available room) continued to increase (up \$4 to \$115). The RevPAR increase was seen in both capital cities and regions.

Growth in room supply occurred mainly in capital cities (81% or 2,794 rooms), however, room supply increased by 648 rooms in regional areas, due to an increase in establishments (up seven establishments to 3,020).

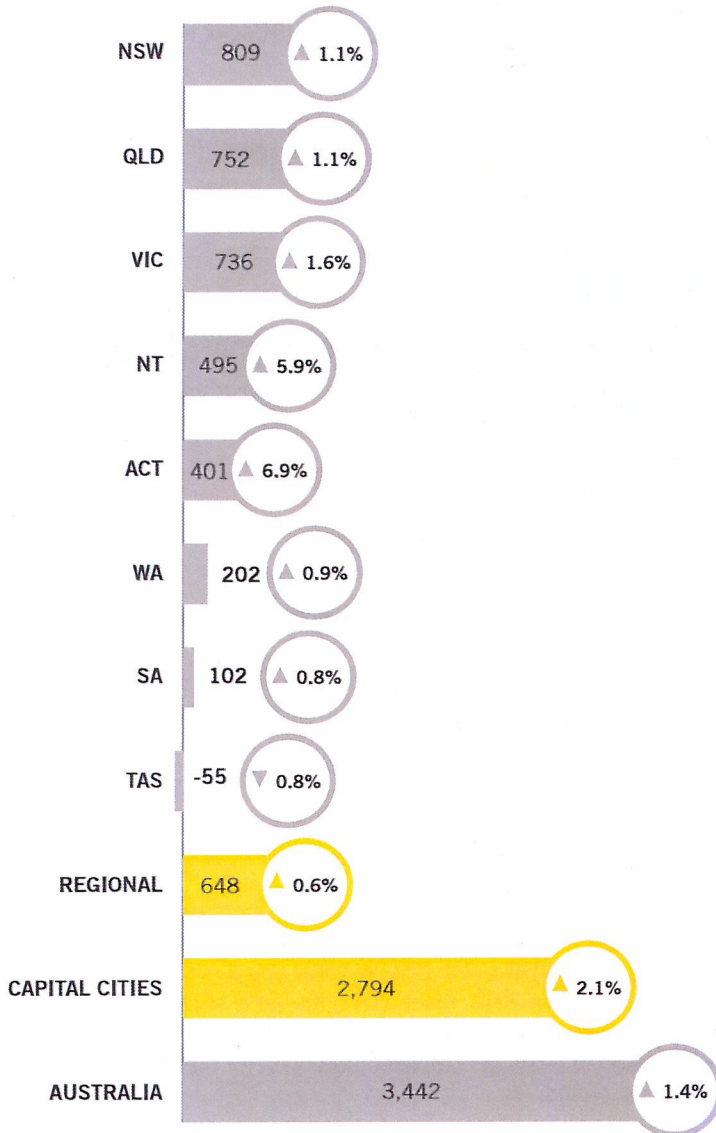
|                    | CAPITAL CITIES<br>(INCL. GOLD<br>COAST) | REGIONS        |
|--------------------|---|----------------|
| Rooms              | 133,153 ▲ 2.1%                          | 115,978 ▲ 0.6% |
| Occupancy          | 76.6% ▲ 1.1ppt                          | 53.9% ▲ 1.2ppt |
| RevPAR             | \$145 ▲ \$4.20                          | \$81 ▲ \$3.70  |
| Average daily rate | \$189 ▲ \$2.80                          | \$151 ▲ \$3.60 |

Room supply increased across all states and territories except Tasmania (down 55 rooms to 6,840 rooms), while the largest growth was seen across New South Wales, Queensland and Victoria.

In general, occupancy increased nationally, while there were some decreases across states, including the Northern Territory, Western Australia and South Australia at both the capital city and regional level.

RevPAR continued to increase across Australia (up \$4.20 to \$115), and was driven by strong growth in New South Wales (up \$8.70 to \$129), the Australian Capital Territory (up \$7.60 to \$120), and Victoria (up \$3.70 to \$125).



ADDITIONAL ROOMS ADDED TO THE  
ACCOMMODATION SUPPLY BY STATE, 2015–16

## AVIATION

**INBOUND  
AVAILABLE SEATS**

23.5 MILLION ▲ 6.2%

**INBOUND SEAT  
UTILISATION**

80.2% ▲ 0.7PPT

**DOMESTIC  
AVAILABLE SEATS**

77.0 MILLION ▲ 0.9%

**DOMESTIC SEAT  
UTILISATION**

75.7% ▲ 1.0PPT

There was a large jump in aviation product in 2015–16. The number of available inbound seats increased 6.2% (or 1.4 million seats) to 23.5 million seats, while passengers (including those transiting in Australia) increased 7.1% to 18.8 million passengers. This strong growth saw seat utilisation<sup>4</sup> increase 0.7 percentage points to 80.2%.

In 2015–16, the number of available domestic seats increased 0.9% to 77.0 million, while available seat kilometres<sup>5</sup> (ASKs) increased 0.9% to 88.7 billion.

## INTERNATIONAL

Routes into Australia are largely made up of flights from New Zealand (4.6 million inbound seats) and the 'hub' airport countries of Singapore (3.0 million inbound seats) and United Arab Emirates (2.4 million seats). Together, these three countries account for approximately 43% of all inbound seats into Australia.

International inbound passengers<sup>6</sup> increased to 18.8 million in 2015–16, with increases across all international airports except Darwin (down 11.2% to 129,600 inbound passengers), and Adelaide (down 9.1% to 427,100). Collectively, Sydney and Melbourne accounted for 82% of the 1.2 million additional inbound arrivals:

- Sydney – up 516,100 to 7.3 million inbound passengers
- Melbourne – up 448,800 to 4.7 million inbound passengers.

<sup>4</sup> Seat utilisation is the percentage of available seats bought by paying customers.

<sup>5</sup> Available seat kilometres are the total number of kilometres available to be travelled if the capacity of every plane was 100%.

<sup>6</sup> International inbound passengers included all people coming into Australia – international visitors, returning Australian residents, as well as long-term arrivals and returns.



Qantas continues to offer the most inbound seats (3.8 million seats), followed by Emirates (2.4 million seats) and Jetstar (2.2 million seats). The dominance of Qantas and Jetstar within the market has meant that Australian airlines continue to operate almost one-third of all inbound seats.

The continued growth from Airlines such as Jetstar and Air Asia has seen the share of seats from low-cost airlines increase to 17.5%. While full-service airlines operate a higher seat utilisation (80.5%), the increasing popularity and availability of low-cost seats has seen low-cost seat utilisation rise to 78.9%, significantly higher than it was just two years ago (73.9%).

### DOMESTIC ROUTES

The main domestic routes continued to be between the three major Eastern seaboard capitals of Sydney, Melbourne and Brisbane. Flights between these three cities accounted for 27% of all available seats and 29% of domestic passengers.

An increase in ASKs (up 0.9%) was driven by strong growth in longer than average flights (the average flight within Australia is 1,151 km) such as Adelaide-Alice Springs, Alice Springs-Darwin, Cairns-Melbourne, and Gold Coast-Melbourne.

While available seats increased 0.9%, the number of passengers increased 2.3%, which led to a 0.9 percentage point increase in seat utilisation.

### BUSINESSES



#### TOURISM BUSINESSES

**273,512**

**13% OF TOTAL BUSINESSES**

There were 273,512 tourism businesses operating across Australia in the year ending June 2015 – a 13% share of the nationwide total of 2.1 million businesses.

The number of tourism businesses has decreased 3.8% since the year ending June 2011, mostly due to business consolidation caused by mergers and acquisitions. The number of businesses employing fewer than four people have decreased by 6.2% since 2011, while those with five or more employees have increased by 4.6%.

- Larger businesses (employing more than 200 people) - increased 16% between June 2011 and June 2015
- Medium businesses (employing 20-199 people) increased 7.1% over the same period.

Despite these shifts, most businesses are operating within the industry are small. For the year ending June 2015, 43% of tourism businesses were operating without employees, with a further 33% of businesses having between one and four employees.

Larger businesses attract a large and growing share of tourism revenue. In June 2015, only 5.0% of Australia's tourism businesses were large or medium-sized enterprises, however, these businesses contributed two-thirds (66%) of total tourism revenue during 2014–15.

The majority (80%) of tourism businesses in June 2015 were located in Australia's three most populated states: New South Wales (34% of all tourism businesses), Victoria (27%) and Queensland (19%).

### INVESTMENT

#### TOURISM INVESTMENT PIPELINE

**\$59.8 BILLION ▲ \$6.5B**



#### AVIATION

**\$37.6B ▲ \$6.2B**



#### ARTS, RECREATION AND BUSINESS SERVICES

**\$14.6B ▲ \$0.7B**



#### ACCOMMODATION

**\$7.6B ▼ \$0.6B**

The size of the tourism investment pipeline increased in 2015, and included a total of 173 projects worth \$59.8 billion – a net increase of \$6.5 billion (or 12%) in value and a net increase of 6 projects from 2014. Since 2011, the value of the tourism investment pipeline has grown by \$23.6 billion, with around \$4.0 billion of projects completed and open for business over the same period.

The 2015 investment pipeline comprised:

- Aviation – increased \$6.2 billion to \$37.6 billion. The value of the aviation pipeline increased largely as a result of the devaluation of existing fleet orders, following a 17% decline in the value of the Australian dollar against the US dollar in 2015
- Arts, recreation and business services – increased \$0.7 billion to \$14.6 billion. Fifteen new projects worth \$1.6 billion entered the pipeline in 2015, twelve of which were in regional Australia, with a total worth of \$1.4 billion
- Accommodation – decreased \$0.6 billion to \$7.6 billion. The accommodation pipeline included the potential to add 15,900 rooms to supply.



While the value of the pipeline decreased, it should be noted that there has been a structural shift within the industry, as investors increasingly pursue mixed-use developments rather than typical 'standalone' hotels. These developments provide accommodation alongside leisure and retail facilities, and appeal to investors because they offer increased returns and diversification of risk across a variety of complementary uses.

Mixed-use developments are outside of the current scope of the tourism investment pipeline. They are, however, a significant part of Australia's tourism industry, with 79 mixed-used projects valued at \$35.1 billion at the end of 2015. The mixed-use pipeline has the potential to generate around 24,000 additional rooms.

## THE TOURISM ECONOMY

### GROSS DOMESTIC PRODUCT

In 2015–16, Gross Domestic Product (GDP) from tourism increased 7.4% (or \$3.7 billion) in nominal terms<sup>7</sup>, to reach a record of \$53 billion. In real terms<sup>8</sup>, the increase was 6.1%.

In 2015–16, tourism accounted for a 3.2% share of total GDP – up from a 3.0% share in 2014–15, and the highest share since 2003–04.

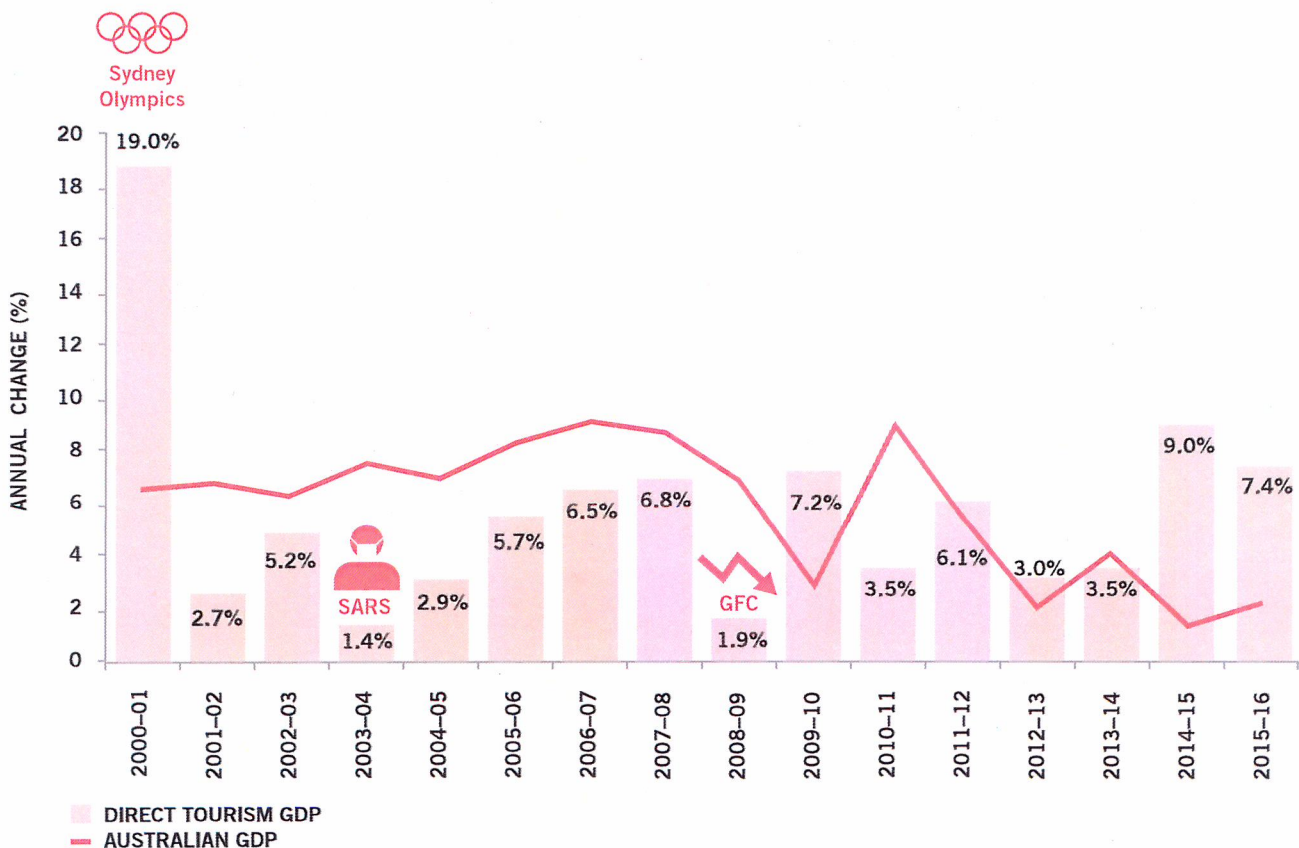
### GROSS VALUE ADDED

By excluding payments through the taxation system, Gross Value Added (GVA) is a more accurate indicator of economic activity. Direct tourism GVA increased 7.5% (or \$3.4 billion) to \$49 billion in 2015–16. This represented 3.1% of the national economy, and places tourism ahead of Agriculture, forestry and fishing, which holds a 2.6% share of national GVA.

<sup>7</sup> Nominal terms: the value includes price (inflation) effect and volume

<sup>8</sup> Real terms: the value represents volume only without the effect of price

FIGURE 6: THE GROWTH OF THE TOURISM ECONOMY COMPARED TO THE AUSTRALIAN ECONOMY, 2000–01 TO 2015–16





The tourism industry segments that drove most of the growth in GVA were Food services (up 9.5% to \$9.0 billion), Air and water transport (up 9.4% to \$8.2 billion), and Accommodation (up 7.1% to \$7.5 billion).

## EMPLOYMENT

Tourism is a major employer of Australia's workers. In 2015–16, the industry provided jobs for 580,200 workers directly – equivalent to 4.9% of Australia's total workforce. Tourism's workforce is larger than that of Mining (227,800 workers), Agriculture (321,600 workers) and Utilities services (144,000 workers).

## GENDER

In 2015–16, there were 311,500 females employed in the industry – 54% of the total tourism workforce, and 0.7% more than the previous year. The number of males employed in tourism was 268,800 – an increase of 4,700 (or 1.8%) on 2014–15.

## EMPLOYMENT TYPE

Those working in tourism are more likely to be part-time workers than the workforce as a whole. In 2015–16, tourism provided employment to 310,100 full-time workers and 270,200 part-time workers, meaning that just under half (47%) of those employed were part-time workers. For the Australian labour force as a whole, 31% were employed part time.

In 2015–16, tourism hours worked were 1.1% lower than in 2014–15, while the number of persons employed in the industry increased by 1.2%. This indicates that average hours worked have decreased slightly over the past 12 months.

## INDUSTRY

The food services industry consists of Cafes, restaurants and takeaways, and Clubs, pubs, taverns and bars – the main employers of tourism workers. The industry provided employment to 194,300 persons in 2015–16, which was 5,300 more than in 2014–15.

FIGURE 7: DIRECT TOURISM EMPLOYMENT, 2000–01 TO 2015–16





## TOURISM CONSUMPTION



In 2015–16, tourism consumption increased 6.1% to \$130 billion. Domestic travellers contributed \$95.7 billion (or 74% of consumption) and international visitors contributed \$34.2 billion (or 26% of consumption).

Among domestic travellers, \$74 billion was contributed by overnight trips. Their main expenditure items in 2015–16 were eating out, long-distance passenger transport and shopping – accounting for 17, 16 and 11 cents of every dollar spent.

For every dollar spent by international visitors, 14 cents was spent on accommodation, 17 cents on long distance transport, 14 cents on shopping and 12 cents on takeaway and restaurant meals.

## TOURISM TRADE

Aggregate expenditure by international visitors adds to Australia's export earnings, and totalled \$34.2 billion in 2015–16, an increase of \$3.4 billion on 2014–15. This makes tourism one of our largest service exports, accounting for 11.0% of all Australian exports for the year.

Imports are measured by the expenditure of Australians travelling overseas. In 2015–16, outbound tourism increased 7.2% to \$38.6 billion.

Therefore, over the year, the value of exports increased faster than imports, which resulted in a decline in the trade deficit. Australia's tourism trade deficit narrowed to \$4.3 billion, compared to \$5.2 billion in 2014–15.

FIGURE 8: TOURISM EXPORTS, IMPORTS AND NET TRADE BALANCE, 2015–16





## TRACKING TOURISM 2020

Tourism 2020 is Australia's national tourism strategy and a partnership between government and industry to achieve a set of key targets listed in the *2020 Tourism Industry Potential* (the *Potential*). The *Potential* outlines the industry's collective goal to generate between \$115 billion and \$140 billion in overnight visitor spend (domestic and international) by 2020.

In 2015–16, tourism visitor expenditure increased to \$116.7 billion (up 8.9% compared to 2014–15). International visitors have continued to drive spend growth, up by 14% to \$38.1 billion. Domestic spend increased 6.6% to \$78.5 billion, comprising:

- Domestic overnight – spend up 6.4% to \$59.0 billion
- Domestic day trips – spend up 7.1% to \$19.6 billion.

Overnight spend (domestic and international) increased 9.3% to \$97.1 billion and continues to track above the lower bound of the Tourism 2020 target of \$115 billion in overnight spend by 2020.

Since 2009, overnight visitor spend has increased 36% (or \$26.0 billion); an average annual growth rate of 4.9%. This means that overnight visitor spend has now achieved 38% of the \$140 billion upper bound target.

### Growth rates required from 2015–16 onwards to hit the Tourism 2020 targets in overnight tourism spend

|                                  |           |
|----------------------------------|-----------|
| \$115 billion lower bound target | 3.5% p.a. |
| \$140 billion upper bound target | 8.5% p.a. |

FIGURE 9: TRACKING THE TOURISM INDUSTRY AGAINST TOURISM 2020 TARGETS, 2009 TO 2020

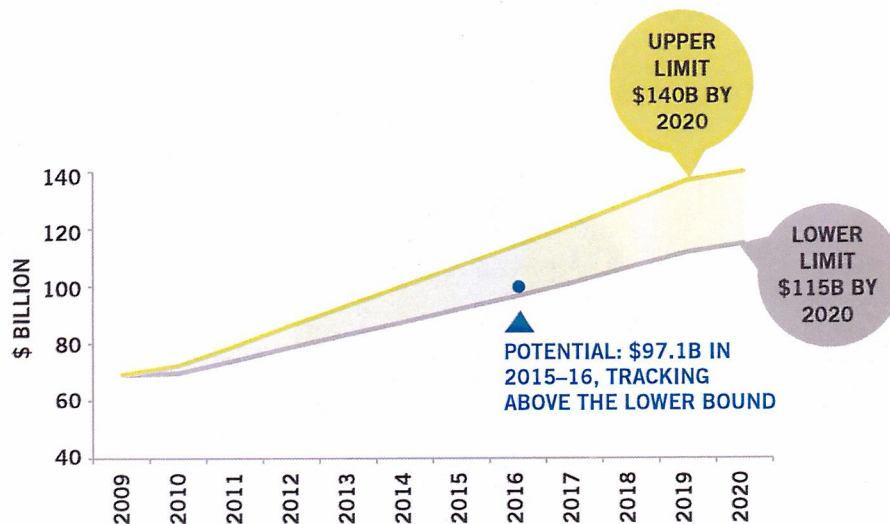




FIGURE 10: TRACKING THE TOURISM INDUSTRY AGAINST TOURISM 2020 TARGETS BY MARKET, 2015–16 PROGRESS

| MARKET                                 | 2009        | 2015-16     | CHANGE:<br>2015-16 ON 2014-15 |            | 2020<br>UPPER<br>BOUND<br>TARGET | CURRENT PROGRESS |            |
|--|-------------|-------------|-------------------------------|------------|----------------------------------|------------------|------------|
|  | \$ BILLION  | \$ BILLION  | \$                            | %          |                                  | \$ BILLION       | % ACHIEVED |
| <b>2020 Tourism Industry Potential</b> | <b>71.2</b> | <b>97.1</b> | <b>8.3</b>                    | <b>9.3</b> | <b>140.0</b>                     | 38               | 62         |
| Domestic - overnight                   | 45.6        | 59.0        | 3.5                           | 6.4        | 76.6                             | 43               | 57         |
| International - total                  | 25.5        | 38.1        | 4.7                           | 14.1       | 63.4                             | 33               | 67         |
| China                                  | 2.6         | 8.9         | 1.9                           | 27.3       | 9.0                              | 98               | 2          |
| United States                          | 2.3         | 3.6         | 0.6                           | 20.0       | 5.5                              | 42               | 58         |
| New Zealand                            | 1.9         | 2.7         | 0.2                           | 6.6        | 4.2                              | 33               | 67         |
| Singapore                              | 0.8         | 1.5         | 0.2                           | 19.5       | 2.8                              | 32               | 68         |
| India                                  | 0.7         | 1.1         | 0.1                           | 6.1        | 2.3                              | 27               | 73         |
| Malaysia                               | 0.9         | 1.2         | 0.1                           | 9.1        | 2.5                              | 19               | 81         |
| Other international                    | 8.3         | 10.4        | 0.7                           | 6.9        | 20.0                             | 18               | 82         |
| United Kingdom                         | 3.5         | 3.8         | 0.3                           | 9.8        | 6.7                              | 11               | 89         |
| France                                 | 0.6         | 0.7         | -0.1                          | -8.8       | 1.4                              | 9                | 91         |
| South Korea                            | 1.4         | 1.5         | 0.3                           | 28.4       | 3.4                              | 8                | 92         |
| Germany                                | 1.1         | 1.2         | 0.2                           | 16.8       | 2.3                              | 8                | 92         |
| Japan                                  | 1.5         | 1.5         | 0.2                           | 14.3       | 3.3                              | 3                | 97         |

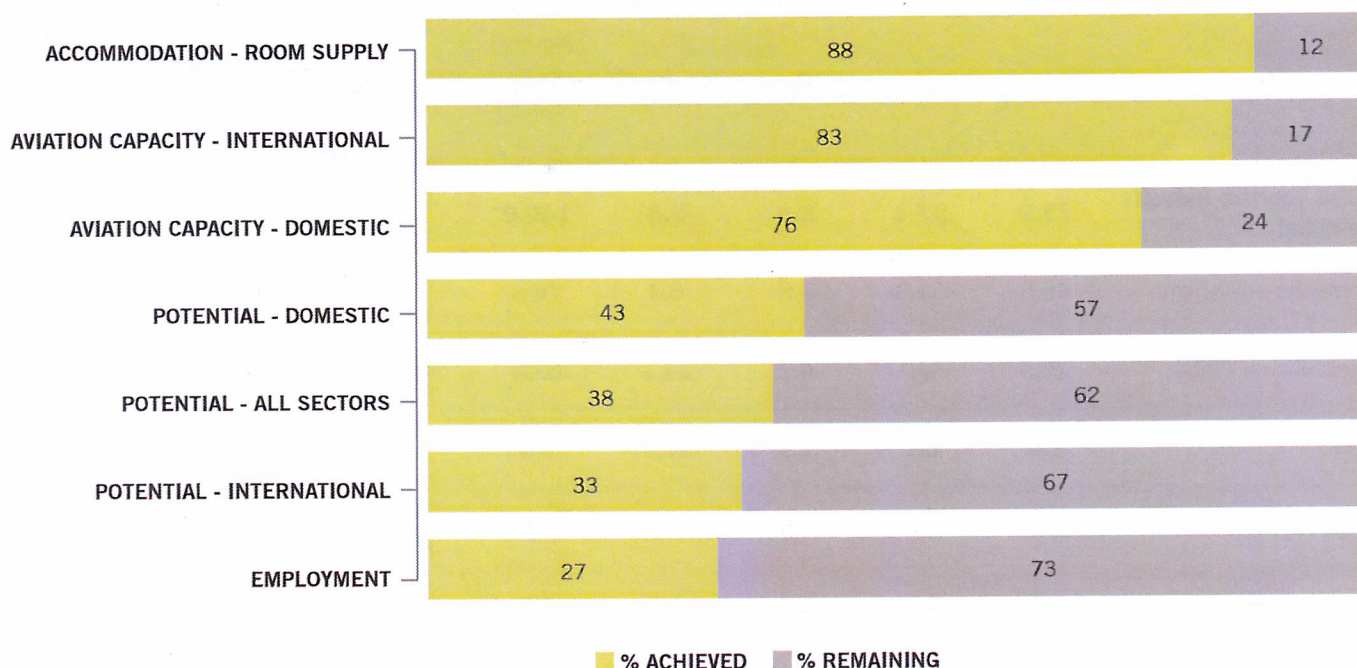
The top performing markets since 2009 include:

- China – up \$6.3 billion (242%) to \$8.9 billion
- US – up \$1.4 billion (60%) to \$3.6 billion
- Singapore – up \$0.6 billion (73%) to \$1.5 billion.

The recovery in South Korea and Japan means that in 2015–16, all major markets have shown positive growth against their Tourism 2020 targets.



FIGURE 11: TRACKING OF THE TOURISM INDUSTRY AGAINST TOURISM 2020 TARGETS, 2015–16 PROGRESS



## ACCOMMODATION

In 2015–16, the supply of tourism accommodation increased 1.4% to 249,131 rooms. This represents an increase of 17,694<sup>9</sup> available rooms since the end of 2009. This is well above the lower bound target of an additional 6,000 rooms by 2020, and has now tracked 88.5% of the way towards the upper bound target of 20,000 additional rooms.

Analysis of the combined accommodation and mixed-use investment pipelines at the end of 2015 indicate the potential for another 39,900 rooms to be added to the stock of accommodation. While some of these rooms became available in the first half of 2016 (and therefore incorporated in the figures above), with such a large pipeline of projects remaining, it is highly likely that the upper bound tourism accommodation target will be achieved in the near future.

## AVIATION

Domestic air capacity (ASKs) increased 0.8% to 88.7 billion seat kilometres. Domestic aviation has now tracked 76% of the way towards the upper bound target of an additional 30% in available seat kilometres by 2020 (or a total of 94.2 billion available seat kilometres). This follows a small decline in 2014–15.

International aviation continued to strive ahead. In 2015–16, the number of available inbound seats increased 6.2% to 23.5 million. As a result, international aviation has now tracked 83% of the way towards the upper bound target of an additional 50% in international inbound seats by 2020 (or a total of 24.8 million inbound seats).

Tourism Research Australia forecasts that by 2019–20, there will be a net 20.8 million short-term visitors into Australia (including international arrivals and resident returns). An estimated 29.3 million seats will be required to accommodate them. Capacity will need to grow consistently to cater for this increased demand and enable the tourism industry to reach the targets of between \$115 billion and \$140 billion in overnight spend by 2020. This will only happen if air service agreements continue to be negotiated and implemented.

## EMPLOYMENT

In 2015–16, tourism industry employment increased 1.2% (or 6,800 persons) to 580,200 persons. Employment in the industry is 27% of the way towards its 2020 target of an additional 152,000 persons employed.

Tourism employment is expected to return to growth and continue through to 2020, keeping up with tourism demand. Deloitte Access Economics (DAE, 2015) estimates that in order to reach the \$140 billion upper bound expenditure target of Tourism 2020, employment in the industry will need to increase to 720,400 persons.

<sup>9</sup> See 'Changes in accommodation tracking' box on the website for more information on the calculation of this number







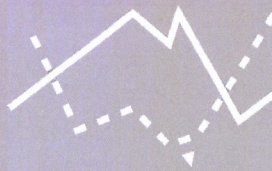






Australian Government

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TOURISM RESEARCH AUSTRALIA

# AUSTRALIAN TOURISM INDUSTRY 2015-16

## \$116.7b ▲9%

TOTAL VISITOR SPEND

### \$97.1b TOURISM OVERNIGHT SPEND

TRACKING ABOVE THE LOWER BOUND OF \$115B BY 2020

#### INTERNATIONAL



### \$38.1 BILLION ▲14%

SPEND



### 7.2 MILLION

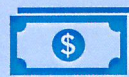
INTERNATIONAL VISITORS ▲10%



### 248 MILLION

NIGHTS ▲5%

#### DOMESTIC



### \$59.0 BILLION ▲7%

SPEND



### 88.9 MILLION

DOMESTIC OVERNIGHT VISITORS ▲7%



### 328 MILLION

NIGHTS ▲5%



### 66.0%

OCCUPANCY RATE

## 249,131 ROOMS ▲1%



### 23.5 MILLION

INTERNATIONAL AIRLINE SEATS (INBOUND) ▲6%



### 77.0 MILLION

DOMESTIC AIRLINE SEATS (TOTAL) ▲1%



## \$53.0b

### TOURISM'S DIRECT CONTRIBUTION TO GROSS DOMESTIC PRODUCT ▲7%

THERE ARE

## 580,200

### PEOPLE EMPLOYED DIRECTLY IN TOURISM-RELATED INDUSTRIES ▲1%





