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EXECUTIVE SUMMARY

Since *State of the Industry 2013* was released in October 2013, Australian tourism continues to make steady progress.

In the year to September 2013, total visitor expenditure rose 4 per cent to $98.5 billion, with the key policy measure for overnight travel, the 2020 Tourism Industry Potential (the Potential), rising by a stronger 4.6 per cent. This stronger performance by the Potential reflects the lower growth in day travel expenditure over the same period.

Since the policy was launched in 2009, the Potential has risen 12.1 per cent, but still remains at the lower range of the Potential path.

There are some positive trends emerging for the industry, with stronger growth is occurring in some important segments. While the Chinese market continues to increase strongly, growth in other large segments is needed from important international markets such as the United Kingdom, the United States and India, and for leisure travel more generally. This report shows that in each of these segments, growth is picking up.

In particular, after years of poor performance, holiday travel expenditure continues to strengthen, with expenditure rising 5.7 per cent in the 12 months to September 2013. When taking into account lags in planning to travel (6 to 12 months), growth in holiday travel expenditure from both Australian and international visitors is likely to strengthen in coming quarters.

China continues to be the mainstay for growth, providing nearly half of the $1.3 billion increase in international visitor expenditure in the 12 months to September 2013. Direct air capacity from China is likely to increase strongly again in 2013–14, with all major Chinese carriers looking to increase services. However, the introduction of the China Tourism Law is likely to have a negative short-term impact. This law introduced by the Chinese government on 1 October 2013, aims to protect Chinese domestic and outbound tourists from ‘coercive shopping measures, low prices and low quality tours’ (Tourism Australia, 2013). Some early signs to date suggest a small contraction in arrivals, but its impact will be better assessed when results become available following the next major holiday seasons (including the Chinese New Year) in mid-2014.
Latest information for supply is available for aviation and shows that domestic and international seat capacities continue to expand at a solid rate. The latest Tourism Satellite Account (released 19 December 2013) shows that the number of persons employed in tourism rose 2.2 per cent (or by 11,500 jobs) to 543,600 jobs in 2012–13. As growth in tourism jobs was nearly double that for total jobs in Australia, tourism’s share of Australian jobs rose by 0.1 percentage points to 4.7 per cent.

While jobs growth in tourism strengthened in 2012–13, this was mainly sourced from an increase in part-time jobs (up 4.6 per cent), while tourism full-time jobs were largely unchanged. Overall, there was only moderate 1.0 percentage growth in the number of hours worked in tourism jobs, but this was still much stronger than the weak 0.2 per cent increase in total hours worked by Australians.

The high cost of travelling in Australia is highlighted in the latest release of the Consumer Price Index. This release shows strong growth in both domestic and overseas price indices for travel and accommodation. Rising oil and domestic fuel prices, and the ongoing high prices in accommodation are partly reflected in these results.

Other key statistics released in the latest Tourism Satellite Account for 2012–13 show that tourism’s share of Australia’s GDP rose slightly to 2.8 per cent, while tourism exports rose 5.7 per cent. Valued at $27.0 billion, tourism represented around 8.9 per cent of the nation’s exports in 2012–13. With tourism imports declining slightly to 32.2 billion in 2012–13, tourism’s trade deficit decreased by $1.5 billion to $5.2 billion.
Tourism’s role in the Australian economy strengthened in 2012–13.

The latest benchmark indicators for tourism in the Australian economy are:

- Tourism GDP increased by 3.7 per cent (or $1.5 billion) to $42.3 billion in 2012–13. Domestic tourism GDP provided most of the increase in dollar terms, up 3.2 per cent (or $957 million) to $30.8 billion. In 2012–13, domestic tourism accounted for 73 per cent of total direct tourism GDP.

- International tourism GDP increased 5.2 per cent (or by $560 million) to $11.4 billion, underpinned by a 4.9 per cent increase in international visitor arrivals.

- Tourism Gross Value Added increased by 3.8 per cent to $38.8 billion in 2012–13. Strongest growth occurred for motor vehicle hiring (up 7.6 per cent), while accommodation rose 4.8 per cent. Moderate growth was recorded for café, restaurants and takeaway food services (up 1.6 per cent) and air, water and other transport industries (up 2.3 per cent).

- Tourism exports (or international visitor consumption) increased 5.7 per cent to $27.0 billion in 2012–13. Tourism accounts for around 8.9 per cent of the nation’s exports in 2012–13.

- Tourism imports—that is, Australians’ consumption abroad—decreased slightly to remain at $32.1 billion in 2012–13; its first fall in eleven years. Combining the results for exports and imports suggests that the net tourism trade deficit was reduced by $1.5 billion to $5.2 billion in 2012–13.

- Direct tourism employment increased 2.2 per cent (or by 11,500 jobs) to 543,600 in 2012–13, of which 46 per cent were part-time jobs. The large 4.6 per cent increase in tourism part-time jobs was the main factor driving the smaller 1.0 per cent increase in hours worked on the job. By gender, females currently constitute 54 per cent of the total tourism workforce, an increase of 3.0 percentage points since 1997–98.

### FIGURE ES2: SUMMARY OF TOURISM SATELLITE ACCOUNT 2012–13

<table>
<thead>
<tr>
<th></th>
<th>2011–12</th>
<th>2012–13</th>
<th>CHANGE (PER CENT)</th>
<th>(UNIT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism gross value added ($m)</td>
<td>37,354</td>
<td>38,783</td>
<td>3.8</td>
<td>1,429</td>
</tr>
<tr>
<td>Net taxes on tourism products ($m)</td>
<td>3,384</td>
<td>3,472</td>
<td>2.6</td>
<td>88</td>
</tr>
<tr>
<td>Tourism gross domestic product ($m)</td>
<td>40,738</td>
<td>42,255</td>
<td>3.7</td>
<td>1,517</td>
</tr>
<tr>
<td>Total consumption by tourists in Australia ($m)</td>
<td>105,813</td>
<td>109,993</td>
<td>4.0</td>
<td>4,180</td>
</tr>
<tr>
<td>Consumption by domestic visitors in Australia ($m)</td>
<td>80,302</td>
<td>83,031</td>
<td>3.4</td>
<td>2,729</td>
</tr>
<tr>
<td>Consumption by international visitors in Australia ($m)</td>
<td>25,511</td>
<td>26,962</td>
<td>5.7</td>
<td>1,451</td>
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<tr>
<td>Consumption by Australian visitors while overseas ($m)</td>
<td>32,157</td>
<td>32,122</td>
<td>-0.1</td>
<td>-35</td>
</tr>
<tr>
<td>Tourism balance of trade ($m)</td>
<td>-6,646</td>
<td>-5,160</td>
<td>n.a.</td>
<td>1,486</td>
</tr>
<tr>
<td>Persons employed in tourism</td>
<td>532,100</td>
<td>543,600</td>
<td>2.1</td>
<td>11,500</td>
</tr>
<tr>
<td>Full Time</td>
<td>295,100</td>
<td>295,600</td>
<td>0.2</td>
<td>500</td>
</tr>
<tr>
<td>Part Time</td>
<td>237,000</td>
<td>247,900</td>
<td>4.6</td>
<td>10,900</td>
</tr>
<tr>
<td>Male</td>
<td>245,900</td>
<td>250,900</td>
<td>2.0</td>
<td>5,000</td>
</tr>
<tr>
<td>Female</td>
<td>286,200</td>
<td>292,700</td>
<td>2.3</td>
<td>6,500</td>
</tr>
<tr>
<td>Tourism employment (hours worked index) (% change)</td>
<td>0.1</td>
<td>1.0</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Tourism share of gross value added (%)</td>
<td>2.7</td>
<td>2.7</td>
<td>n.a.</td>
<td>0.0</td>
</tr>
<tr>
<td>Tourism share of gross domestic product (%)</td>
<td>2.7</td>
<td>2.8</td>
<td>n.a.</td>
<td>0.1</td>
</tr>
<tr>
<td>Tourism share of total employment (%)</td>
<td>4.6</td>
<td>4.7</td>
<td>n.a.</td>
<td>0.1</td>
</tr>
</tbody>
</table>


Notes: (1) Consumption by international visitors in Australia is equivalent to the value of tourism exports; (2) Consumption by Australians while overseas is equivalent to the value of tourism imports; (3) Tourism balance of trade is equal to the value of tourism exports minus the value of tourism imports.

How to read this table: The table shows that in the period 2012–13, tourism gross domestic product (GDP) was $42.3 billion, an increase of 3.7 per cent from 2011–12 (or a change of $1.5 billion from 2011–12).
INTRODUCTION

This publication was previously titled ‘TRA Quarterly’. Its new title, ‘State of the Industry Update’, better indicates its main purpose of informing industry stakeholders on key areas of progress to supplement the benchmark statistics contained in the annual State of the Industry report.

This update provides a brief assessment on the latest available information on tourism, following the release of the State of the Industry 2013 in October 2013. This new information includes:

- For demand, the latest statistics on visitor movements from the Overseas Arrivals and Departures (OAD, and related series), and the September quarter 2013 release of TRA’s National Visitor Survey and International Visitor Survey.

- For supply, the latest available statistics from the Bureau of Infrastructure, Transport and Regional Economics (BITRE), and indicator series on tourism employment from the Australian Bureau of Statistics’ (ABS) detailed Labour Force statistics.

In addition, this update contains a summary of the latest available information from ABS’ Tourism Satellite Account (TSA) for 2012–13 (released 19 December 2013). A summary of key points is provided on page 4, with more detailed information on the TRA website.

A detailed breakdown of tourism statistics in the form of the Tourism Ready Reckoner was released as part of State of the Industry 2013. This information has been updated and is presented at Appendix A. This information is also available on the TRA website and on the TRA Statistics app, available through Apple’s App Store and Google play.

THE BACKDROP

Global economic growth continues to recover slowly, but economic growth remains below trend for most economies important to tourism, including Australia.

Key international economies are continuing to recover in 2013 after the significant downturn following the Global Financial Crisis (GFC) in 2008–09. Although economic growth was strongest in China, its performance in the past 12 months to September 2013 was below the average growth preceding the GFC (Figure 1). This also occurred for most other major Asian economies, except for Indonesia and Malaysia. Growth for most western economies, such as the United States and leading European economies also remained at below-trend rates for most leading economies over the past year.

Australia’s economic growth also remains below historical trend. In the year to September 2013, growth eased slightly to 2.4 per cent and featured continuing strong growth in non-dwelling investment, but weak growth in household consumption and government expenditure.

Growth in key tourism-related industries was mixed, with growth strongest for the arts and recreation (up 4.5 per cent). However, accommodation and food services contracted 0.9 per cent in the year to September 2013.
The Australian dollar is weakening against most other tourism currencies, improving the price competitiveness of international and domestic tourism.

The Australian dollar has depreciated sharply over the course of 2013. After being over parity with the US dollar at the start of the year, the Australian dollar fell sharply (to US$0.89), before making a partial recovery to trade around US$0.93 to US$0.98 (Figure 2).

Overall, in the first three quarters of 2013, the Australian dollar depreciated 5.1 per cent against the US dollar, compared to the 2012 average. It also depreciated against the Euro, the Renminbi and the New Zealand dollar, but by a lesser amount. Although the Australian dollar has appreciated slightly against the UK Pound, the strong monetary stimulus that is occurring in the Japanese economy has led to the Yen falling sharply against all currencies, including the Australian dollar so far in 2013 (Figures 2 and 3).

The Australian dollar again depreciated to under US$0.90 cents in mid-December 2013, which should have additional positive impact on domestic and international travel in Australia, particularly in the price-sensitive leisure tourism segments.

ABS price indices for domestic tourism suggest a very strong increase in travel costs domestically and for overseas travel in the September quarter 2013.

Despite the fall in the Australian dollar, ABS data on tourism’s price competitiveness is mixed. ABS’ Consumer Price Index (CPI) data suggest that holiday travel and accommodation prices for domestic and overseas holidays each rose strongly (by 6.1 per cent and 3.5 per cent respectively) in the September quarter 2013, compared to the previous quarter. This result was after a period of muted prices growth for each segment in 2012–13. The September quarter 2013 result was much stronger than the 1.2 per cent increase in the headline CPI index for the same period.

FIGURE 3: CHANGE IN THE AUSTRALIAN DOLLAR, JANUARY TO SEPTEMBER 2013, COMPARED TO THE 2012 AVERAGE
FIGURE 4: CHANGE IN AUSTRALIAN PRICES, SEPTEMBER QUARTER 2013 COMPARED TO THE PREVIOUS QUARTER

International travel/accommodation: 6.1%
Domestic travel/accommodation: 3.5%
Headline CPI: 1.2%
Global oil prices: 12.5%
Auto fuel: 7.6%
Cultural and rec services: 1.9%
Food and takeaway services: 0.5%
AU$/US$: -7.7%

Source: ABS Cat. No. 6401.0, Consumer Prices, Australia

FIGURE 5: GLOBAL AVIATION INDUSTRY PROFITABILITY AND OIL PRICES

Source: International Air Transport Association (IATA), 2013
While the ABS does not disaggregate its data on holiday travel and accommodation prices, the strong growth is partly explained by the strong 7.6 per cent increase in Australian petrol prices. Although this increase in turn reflects the 12 per cent increase in global oil price (in terms of the US dollar), combined with the 8 per cent fall of the Australian dollar, the continued fall in the Australian dollar suggests that upward pressure could remain on fuel prices in coming quarters.

Although data on prices for accommodation is unavailable, prices are likely to remain high in most gateway capital cities, which reflects the solid growth in international visitor arrivals.

On the other hand, the low prices growth in another component, food and takeaway food services, was consistent with an underperforming accommodation and food services industry.

Global international aviation demand strengthened, and profitability continues to improve, albeit from a low base. the International Air Transport Association (IATA) forecasts that high oil prices will ease next year.

According to IATA, international air travel continues to expand at a solid rate with Revenue Passenger Kilometres—a key passenger demand indicator—up 5.2 per cent in the year to September 2013. IATA reported that the total number of international passengers travelling by air passed the three billion milestone for the first time in 2013.

Strongest growth in the 12 months to September 2013 was from the Middle East (up 12 per cent), the Asia-Pacific (including Australia, but also the still-growing traffic on intra-north Asia routes, up 5.2 per cent), North America (2.7 per cent) and Europe (2.1 per cent). In comparison, total international passengers to Australia rose over 6 per cent over the same period.

IATA forecast that oil prices could ease slightly in 2014. This, combined with further solid growth in passenger demand, could improve profitability for global carriers in 2014.

### FIGURE 6: TOURISM SCORECARD UPDATE—DEMAND-SIDE ONLY, YEAR ENDING SEPTEMBER 2013

**DEMAND**

- **INTERNATIONAL** $28.4 billion EXPENDITURE ▲ 4.6%
  - ASIAN MARKETS EXPENDITURE ($ MILLION) CHANGE
    - CHINA 4,700 15.6%
    - JAPAN 1,363 -9.2%
    - SINGAPORE 1,203 0.2%
    - SOUTH KOREA 1,120 -11.9%
    - MALAYSIA 996 -5.2%
    - INDIA 795 11.0%
  - OTHER MARKETS EXPENDITURE ($ MILLION) CHANGE
    - NEW ZEALAND 2,138 2.5%
    - UNITED KINGDOM 3,049 8.5%
    - UNITED STATES 2,529 7.8%
    - FRANCE 599 9.5%
    - GERMANY 902 4.7%
- **DOMESTIC OVERNIGHT** $51.7 billion EXPENDITURE ▲ 4.6%
- **DOMESTIC DAY** $18.4 billion EXPENDITURE ▲ 1.5%

**EXPENDITURE**

- **TOTAL VISITOR EXPENDITURE** $98.5 billion EXPENDITURE ▲ 4.0%
  - BY PURPOSE EXPENDITURE ($ MILLION) CHANGE
    - HOLIDAY 47,723 5.7%
    - VISITING FRIENDS & RELATIVES 19,628 6.3%
    - BUSINESS 17,196 -2.0%
    - EMPLOYMENT 2,247 -2.2%
    - EDUCATION 6,777 1.0%
  - BY LOCATION
    - NSW 27,566 7.6%
    - Vic 19,110 -0.4%
    - Qld 22,305 4.3%
    - SA 4,983 -1.8%
    - WA 9,172 5.5%
    - Tas 2,488 3.2%
    - NT 1,776 -5.3%
    - ACT 1,851 10.2%

Note: All percentage changes are as compared to year ending September 2012
Source: Tourism Research Australia surveys (September quarter 2013)
Solid growth for most tourism indicators except day travel.

Over the 12 months to September 2013, most indicators for tourism increased solidly (Figure 7).

Total expenditure by tourists travelling to and in Australia rose 4.0 per cent to $98.5 billion, featuring further strong growth in domestic overnight expenditure (up 4.6 per cent to $51.7 billion).

Although total trip expenditure by international visitors rose by 4.6 per cent (to $28.4 billion) in the year to September 2013, growth in spending on domestic day travel eased to 1.5 per cent (to $18.4 billion), its lowest growth in over two years in rolling annual terms (Figure 7).

Leisure travel expenditure (i.e. holiday and VFR travel combined) increased the strongest over the past 12 months, while business travel expenditure contracted slightly, after growing strongly since the start of the GFC in 2009.

The largest tourism states (in terms of expenditure), New South Wales and Queensland, increased strongly. Victoria contracted slightly, despite its strong performance in recent years.

Tourism 2020 progress – overnight spend up 4.6 per cent.

The Tourism Industry Potential (the Potential) is the industry’s collective goal to generate between $115 billion and $140 billion in annual overnight visitor expenditure by 2020. Over the 12 months to September 2013, total overnight visitor expenditure rose 4.6 per cent to $80.1 billion (Figure 8).

Since 2009, the Potential has increased 12.1 per cent, which is at the lower end of the Potential’s growth path. Tourism 2020 remains in its ‘setting the foundation’ phase with growth expected to gather momentum in 2015 and beyond.

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**FIGURE 7: EXPENDITURE GROWTH BY TRAVEL SEGMENTS**

<table>
<thead>
<tr>
<th>Segment</th>
<th>YE Sept 2013 on YE Sept 2012</th>
<th>Average annual growth (YE Sept 2010 to YE Sept 2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total visitor expenditure</td>
<td>4.0</td>
<td>3.4</td>
</tr>
<tr>
<td>2020 Potential</td>
<td>2.9</td>
<td>3.4</td>
</tr>
<tr>
<td>International visitor expenditure</td>
<td>2.7</td>
<td>4.6</td>
</tr>
<tr>
<td>Total domestic</td>
<td>3.8</td>
<td>3.9</td>
</tr>
<tr>
<td>Day expenditure</td>
<td>1.5</td>
<td>7.0</td>
</tr>
<tr>
<td>Overnight expenditure</td>
<td>2.8</td>
<td>4.6</td>
</tr>
</tbody>
</table>

Source: Tourism Research Australia surveys, calculated.
International tourism by segment: growth continues to be sourced from China, but recovering holiday sector now a driver.

In the year ending September 2013, international visitor expenditure rose 4.6 per cent (or $1.3 billion) to $28.4 billion. Underpinning this result was the 5.2 per cent growth in international visitor arrivals.

This result is also mirrored in ABS’ latest International Trade statistics. In the September quarter 2013, tourism-related service credits increased 4.5 per cent to $8.7 billion compared to the same period 12 months earlier.

China provided just less than half this growth, up $0.6 billion (or by 15.6 per cent) to $4.7 billion, while strong growth in Indian visitor expenditure (up 11 per cent to $795 million) has helped recover some of the expenditure lost over the last two years.

Some traditional markets including the United Kingdom (up 8.5 per cent) and the United States (up 7.8 per cent) also gained momentum (Figure 9), while growth in expenditure from New Zealand visitors remained modest.

However, visitor expenditure from Japan and South Korea has fallen sharply, in both cases for non-package travel. The very strong Yen was a contributing factor to the sharp fall (again) in Japanese visitor expenditure in the year to September 2013.
FIGURE 9: CHANGE IN INTERNATIONAL VISITOR EXPENDITURE, YEAR TO SEPTEMBER 2013 ON YEAR TO SEPTEMBER 2012

Source: Tourism Research Australia’s International Visitor Survey (September quarter 2013)

FIGURE 10: INTERNATIONAL VISITOR EXPENDITURE, BY PURPOSE AND TOTAL

Source: Tourism Research Australia’s International Visitor Survey (September quarter 2013)
The strong recovery in international holiday travel expenditure has been a big feature over the 12 months to September 2013, as it represents the largest purpose-of-visit share of total international visitor expenditure. International holiday travel expenditure rose 9.4 per cent (or by $970 million) to $11.2 billion, and this strong growth lies in stark contrast with the average 4.4 per cent contraction to growth in the preceding three years.

On the other hand, expenditure for international business and employment travel contracted slightly. Both these sectors (along with education) have been the main sources for expenditure growth since 2009 (Figure 10).

Underpinning the solid growth in international visitor expenditure was the solid growth in international visitor arrivals (up 5.2 per cent) and nights (up 4.5 per cent), with both at record levels of 6.4 million and 212 million respectively for the year ending September 2013 (Figure 11).

Arrivals growth was also solid for the month of October 2013 (up 5.5 per cent, compared to October 2012), despite the slight decrease (3.4 per cent) in Chinese visitor arrivals. This decrease was likely due to the introduction of the China Tourism Law for all Chinese international and domestic travel on 1 October 2013.

Leisure, a key driver for domestic overnight travel dollars and nights, has now recovered to levels seen ten years ago.

In the year ending September 2013, spending on domestic overnight travel for leisure (holiday and VFR) underpinned growth in domestic visitor expenditure (Figure 12). Although travel expenditure on VFR and other purposes (mainly education and employment) has remained strong in the preceding three years, domestic expenditure on business travel has declined after increasing strongly in previous years.

Sources: Department of Immigration and Citizenship (DIAC) and Tourism Research Australia’s International Visitor Survey (September quarter 2013)
FIGURE 12: DOMESTIC EXPENDITURE, BY PURPOSE AND TOTAL

Source: Tourism Research Australia’s National Visitor Survey (September quarter 2013)

FIGURE 13: DOMESTIC VISITOR NIGHTS AND DOMESTIC DAY TRIPS, ROLLING ANNUAL

Source: Tourism Research Australia’s National Visitor Survey (September quarter 2013)
In the year to September 2013, travel activity indicators for domestic travel were mixed, with domestic visitor nights increasing 2.8 per cent (to 286 million) (Figure 13).

On the other hand, the number of Australian day trips fell by 4.8 per cent, largely due to the sharp 12 per cent reduction in business trips combined with a small decrease in single day holiday trips.

Australians are still travelling overseas in record numbers, but growth is easing.

The number of overseas trips by Australians increased 6.2 per cent in the year ending September 2013 to a record 8.6 million departures. With the Australian dollar falling from near-record levels, growth in Australian outbound trips is the lowest since 2008–09.

Data for outbound visitor nights and expenditure is now available for the 2012–13 financial year. With Australian resident departures increasing 5.0 per cent to 8.4 million in 2012–13, total outbound nights rose 4.3 per cent to 150 million (Figure 14). Overall, Australians spent $46 billion on overseas travel in 2012–13, up 7.4 per cent on the previous 12-month period.

Around 40 per cent ($18.3 billion) of total outbound expenditure is undertaken in Australia before or after the overseas trip. Although Australians are tending to book more items online before they travel, some Australian businesses—such as travel agents—would be benefiting from the still-solid growth in outbound travel.

**Total travel expenditure by Australian residents remains strong.**

Australians continue to spend on travel, despite Australian economic growth (and consumption) being ‘below trend’. In 2012–13, Australians spent $115.4 billion on domestic and overseas travel, up 4.8 per cent on the previous financial year.

Total travel nights are also increasing well above the population benchmark of around 1.2 per cent, with nights rising 3.3 per cent to 436 million in 2012–13. However, with the return to strong growth in domestic visitor nights, outbound’s share of total Australian resident travel nights fell for the first time in nearly a decade, but remains at around 35 per cent (Figure 15).

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**FIGURE 14: AUSTRALIAN OUTBOUND TRAVEL, TRIPS AND NIGHTS, ROLLING ANNUAL**

![Graph showing the number of outbound trips and nights from 1999-2000 to 2012-13.](image)

Source: Department of Immigration and Citizenship (DIAC) and Tourism Research Australia’s National Visitor Survey (September quarter 2013)
FIGURE 15: AUSTRALIAN RESIDENT VISITOR EXPENDITURE AND OUTBOUND SHARE OF VISITOR NIGHTS

There is some new information on key supply-side indicators for tourism since the release of State of the Industry 2013. However, there is no new information to track accommodation industry performance. Since the ABS is moving from quarterly to annual publication of the Survey of Tourist Accommodation, the next benchmark information on the industry is not expected until December 2014. The latest information indicates that since 2009, Australian room supply rose 3,600 rooms (with most of this growth occurring in 2011−12, and in Melbourne). For Tourism 2020, room supply has reached around 18 per cent of its (revised) target of 20,000 more rooms over the eleven-year period to 2020.

As stated earlier, the number of jobs in tourism increased by 2.2 per cent (or by 11,500 jobs) to 543,600 jobs in 2012−13. This now suggests that the number of jobs has increased by 29,800, which represents around 20 per cent of the 152,000 Potential target for tourism jobs by 2020.

Information on Australian aviation seats is mixed. In the year to September 2013, growth in Australian international seat capacity increased by 5.9 per cent to 19.4 million seats. This growth was broadly matched by a 6.2 per cent increase in passengers and a small increase in load factors (Figure 17). Underpinning this growth was the continued strong growth in direct access from Singapore (up 21 per cent) and Indonesia (up 11 per cent), while the recent strong growth in direct flights to China eased slightly to 8.8 per cent.

As competition increases in the domestic market, growth in Australian domestic aviation supply (in terms of available seat kilometres) rose 5.3 per cent in the year to September 2013, to be 22 per cent higher since 2009.

In both cases, aviation capacity has achieved well over half the anticipated capacity needed to achieve the goals of the Tourism 2020 Potential.

However, slower growth is expected for international and domestic capacity in coming years. IATA forecasts that growth in international services will remain strong in Asia, but stronger growth is likely in in Europe and North America. Domestically, the cut-throat competition in recent quarters from both major domestic operators—Qantas and Virgin Australia—along with regional carriers winding back services (from very high levels) in servicing Fly-In/Fly-Out workers for mining and construction, may result in some consolidation of services in order to preserve profitability.
Indicators for investment—latest indicators are mixed.

As indicated in TRA’s Tourism Investment Monitor 2013 (released in May 2013), the tourism investment pipeline was worth $44.1 billion in 2012, which was an increase of $7.9 billion (or 22 per cent) in pipeline investment on the previous year. The key components of this pipeline investment were:

- Accommodation pipeline of $5.6 billion providing an additional 9,760 rooms to supply. A further 2,500 rooms would be expected if mixed-use developments were included.
- Aviation pipeline investment of $29 billion, most of which relates to aircraft fleet expansion by national carriers.
- Arts and recreation industry investment pipeline valued at $9.6 billion.

TRA’s Tourism Investment Monitor will be updated in April 2014. In the meantime, however, early indicators released by the ABS suggest that the pipeline investment in tourism-related industries will add to supply, but this may take some time to come on line.

The latest ABS data on building approvals and building activity was mixed. It shows that, over the January to October 2013 period, building approvals for tourism-related construction increased 6 per cent, featuring solid growth in accommodation and transport building. However, the value of commencements in these industries in the first six months of 2013 fell 7 per cent, particularly for buildings for the accommodation and entertainment and recreation services industries.
WHAT’S NEXT FROM TOURISM RESEARCH AUSTRALIA?

In early 2014, TRA will be releasing a series of publications that directly align to this release, including the *State and Territory Tourism Satellite Accounts* and *Tourism’s Contribution to the Australian Economy*. TRA will also release its tourism productivity report early in 2014.

... and note the delays for the next quarter’s tourism information

The next release of *State of the Industry Update* will be delayed to May 2014. The ABS has announced that from March 2014, the Overseas Arrival and Departures (OAD) statistics will be published using a different imputation methodology. This involves a different method for those visitors who did not complete their passenger card on arrival in Australia and for those who list 12 months as their length of stay. This revision to OAD data will be backcast to July 2004.

TRA uses this data for benchmarking the international visitor movements for its surveys, and will need more time to process these changes. At this stage, TRA anticipates that the December quarter 2013 release of the International Visitor Survey will also be delayed to late April 2014.
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TRA (2013), Tourism Forecasts, Spring 2013, TRA, Canberra

TRA (2013), Tourism Investment Monitor, 2013, TRA, Canberra
### Tourist Visitor Expenditure (Year Ending September 2013)

<table>
<thead>
<tr>
<th>Expenditure Type</th>
<th>Amount</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Visitor Expenditure</td>
<td>$98.5b</td>
<td>4.0%</td>
</tr>
<tr>
<td><strong>Total International Visitor Expenditure</strong></td>
<td>$28.4b</td>
<td>4.6%</td>
</tr>
<tr>
<td><strong>Total Domestic Visitor Expenditure</strong></td>
<td>$51.7b</td>
<td>4.6%</td>
</tr>
<tr>
<td><strong>International Visitor Expenditure in Australia</strong></td>
<td>$19.4b</td>
<td>3.4%</td>
</tr>
<tr>
<td><strong>Tourism Industry Potential</strong></td>
<td>$80.1</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

**Notes:**
- Combined value of Total International visitor & Total Domestic visitor expenditure.
- Or Total Inbound Tourism Expenditure (TITE). All expenditure made by international visitors when travelling to Australia. Includes international pre-paid airfares and packages expenditure.
- Expenditure by Australian residents travelling on a day trip. Excludes the purchase of motor vehicles.
- Amount that international visitors spend while in Australia. Excludes international pre-paid airfares and packages expenditure.

### Tourism's Direct Contribution to the Australian Economy 2012-13

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tourism Exports</strong></td>
<td>$27.0b</td>
<td>5.7%</td>
</tr>
<tr>
<td><strong>Tourism Imports</strong></td>
<td>$32.1b</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>Tourism GDP</strong></td>
<td>$42.0b</td>
<td>3.7%</td>
</tr>
<tr>
<td><strong>Tourism GVA</strong></td>
<td>$38.8b</td>
<td>3.8%</td>
</tr>
<tr>
<td><strong>Tourism Consumption</strong></td>
<td>$109.9b</td>
<td>4.0%</td>
</tr>
<tr>
<td><strong>Domestic Consumption in Australia</strong></td>
<td>$83.0b</td>
<td>3.4%</td>
</tr>
<tr>
<td><strong>Balance of Trade</strong></td>
<td>-$5.2b</td>
<td>22.0%</td>
</tr>
<tr>
<td><strong>Tourism Employment</strong></td>
<td>543,600</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

**Notes:**
- Tourism's share of GDP is based on a flow to gross domestic product (GDP).
- Tourism's share of GVA is calculated as a flow to the gross value added (GVA).
- Tourism's contribution to the balance of trade is calculated as gross exports less gross imports.
- Tourism's contribution to employment is based on the proportion of persons employed in tourism-related industries.
<table>
<thead>
<tr>
<th>VISITORS ('000)</th>
<th>TRIP NIGHTS IN AUSTRALIA ('000)</th>
<th>SPEND IN AUSTRALIA ($ MILLION)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INTERNATIONAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOP 5 COUNTRIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Zealand</td>
<td>1,204</td>
<td>1,093</td>
</tr>
<tr>
<td>China</td>
<td>719</td>
<td>676</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>612</td>
<td>579</td>
</tr>
<tr>
<td>USA</td>
<td>498</td>
<td>465</td>
</tr>
<tr>
<td>Japan</td>
<td>334</td>
<td>304</td>
</tr>
<tr>
<td><strong>TRAVEL PURPOSE</strong></td>
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</tr>
<tr>
<td>Holiday</td>
<td>2,835</td>
<td>2,640</td>
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<tr>
<td>VFR</td>
<td>1,609</td>
<td>1,509</td>
</tr>
<tr>
<td>Business</td>
<td>879</td>
<td>794</td>
</tr>
<tr>
<td>Education</td>
<td>369</td>
<td>362</td>
</tr>
<tr>
<td>Employment</td>
<td>209</td>
<td>210</td>
</tr>
<tr>
<td><strong>DOMESTIC OVERNIGHT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NSW</td>
<td>75,955</td>
<td>75,955</td>
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<tr>
<td>Vic</td>
<td>25,511</td>
<td>25,511</td>
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<tr>
<td>Qld</td>
<td>18,056</td>
<td>18,056</td>
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<tr>
<td>SA</td>
<td>17,872</td>
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<td>WA</td>
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<tr>
<td>Tas</td>
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<td>2,185</td>
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<tr>
<td>NT</td>
<td>928</td>
<td>928</td>
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<tr>
<td>ACT</td>
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<td>2,039</td>
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<tr>
<td><strong>TRAVEL PURPOSE</strong></td>
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<td></td>
</tr>
<tr>
<td>Holiday</td>
<td>165,821</td>
<td>165,821</td>
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<tr>
<td>VFR</td>
<td>78,776</td>
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<tr>
<td>Business</td>
<td>49,843</td>
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<tr>
<td>Other</td>
<td>16,983</td>
<td>16,983</td>
</tr>
<tr>
<td>DEPARTURES</td>
<td>8,651</td>
<td>8,651</td>
</tr>
</tbody>
</table>

**SUMMARY OF TOURISM IN AUSTRALIA**


Notes: (A) Movement of all overseas visitors who arrive in Australia (ABS OAD). These numbers do not include pre-nata allocation of purpose not stated. (B) Visitors aged 15 years and older. (C) Excludes motor vehicle purchases for Domestic visitors; excludes international pre-paid airfare and package expenditure for International visitors. (D) Visitors from overseas who stay in Australia for a period of less than twelve months. (E) Ranking is based on the number of trip nights in TRA 14/15 year ending September 2013. (F) Includes conferences and conventions. (G) Australian residents who spend a minimum of one night at a location 40km or more away from home. (H) Australian residents who take a day trip (minimum of 4 hours) at a location at least 50km or more away from home. (I) Movement of Australian residents who travel overseas for a period of one year or less (ABS OAD).