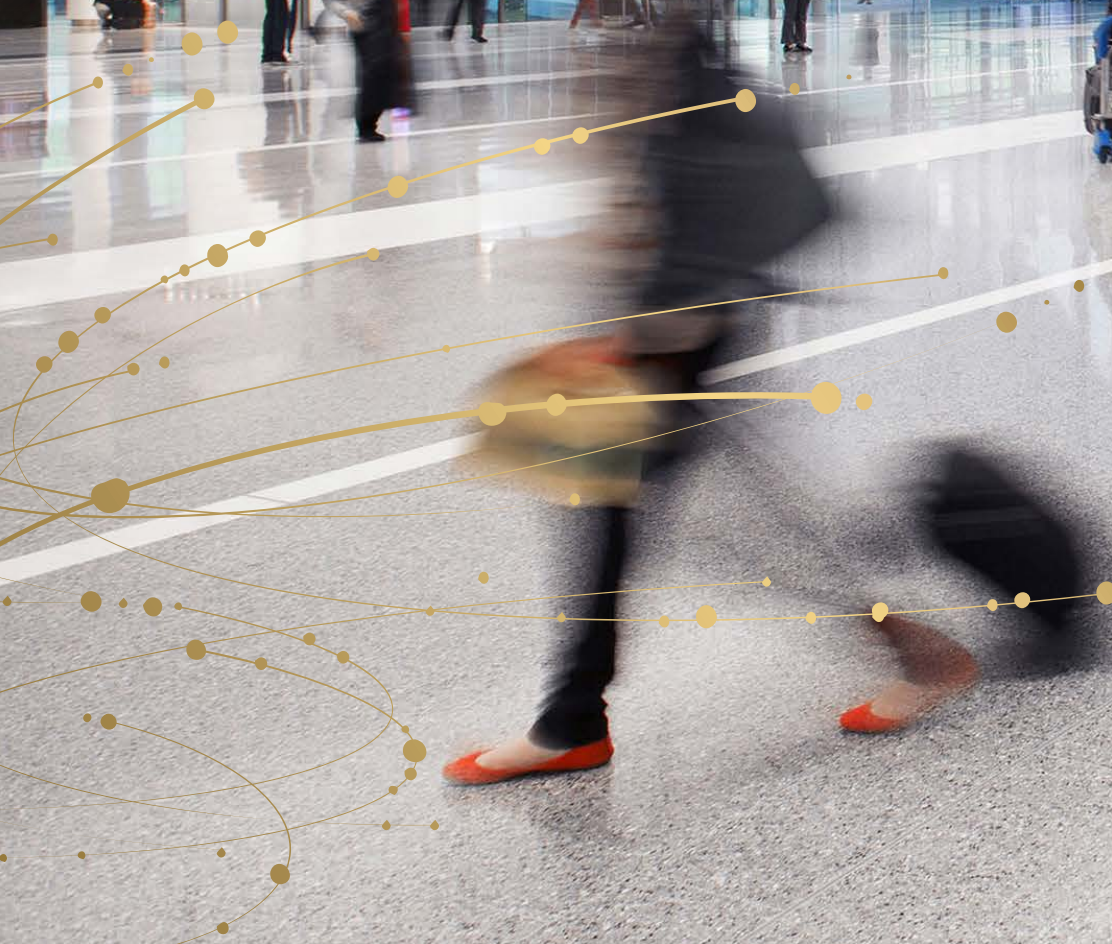




Australian Government
Australian Trade and Investment Commission
Tourism Research Australia

Tourism forecasts for Australia

2023 to 2028



Acknowledgements

Acknowledgement of Country

In the spirit of reconciliation, we acknowledge the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

Tourism Forecasting Expert Panel

As part of the forecasting process, and consistent with past practice, Tourism Research Australia (TRA) established a Tourism Forecasting Expert Panel comprising experts from academia, industry, and government. TRA acknowledges the contribution of the Panel members in providing survey responses, views, and feedback that supported the development of the forecasts.

This work should be attributed as *Tourism forecasts for Australia: 2023 to 2028*, Tourism Research Australia, Austrade, Canberra.

This report is available at <https://www.tra.gov.au/>

Further enquiries are welcome at tourism.research@tra.gov.au

Cover image: Canberra airport
Courtesy of VisitCanberra

All images in this report are courtesy of Tourism Australia unless otherwise stated.

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Overview

Information on the expected rate and profile of growth in travel demand is particularly important to policy makers, product developers, planners, and investors. Using a combination of statistical methods and expert input, Tourism Research Australia (TRA) has produced forecasts for a range of tourism indicators. This report discusses the drivers and implications of the forecast data and is intended to assist decision makers by providing intelligence on the expected path forward for the sector. The forecast values for the next 5 years are available for download from the TRA website in excel format.

International forecasts are delivered at the national level, by purpose of travel, as well as for selected source markets. This year, TRA has published forecasts for short-term visitor arrivals to Australia from 18 individual source markets and 4 regional groupings (which is a significant increase in the number of markets analysed compared with last year). Domestic forecasts are presented at the national level and for each state and territory.

Summary of forecasts

The forecasts present a positive outlook for growth in international arrivals over the next 5 years. The outlook for international arrivals growth has been revised higher this year relative to that presented last year (see Tourism forecasts for Australia: 2022–2027). However, it is still expected to take until 2025 for international arrivals to surpass the pre-pandemic level.

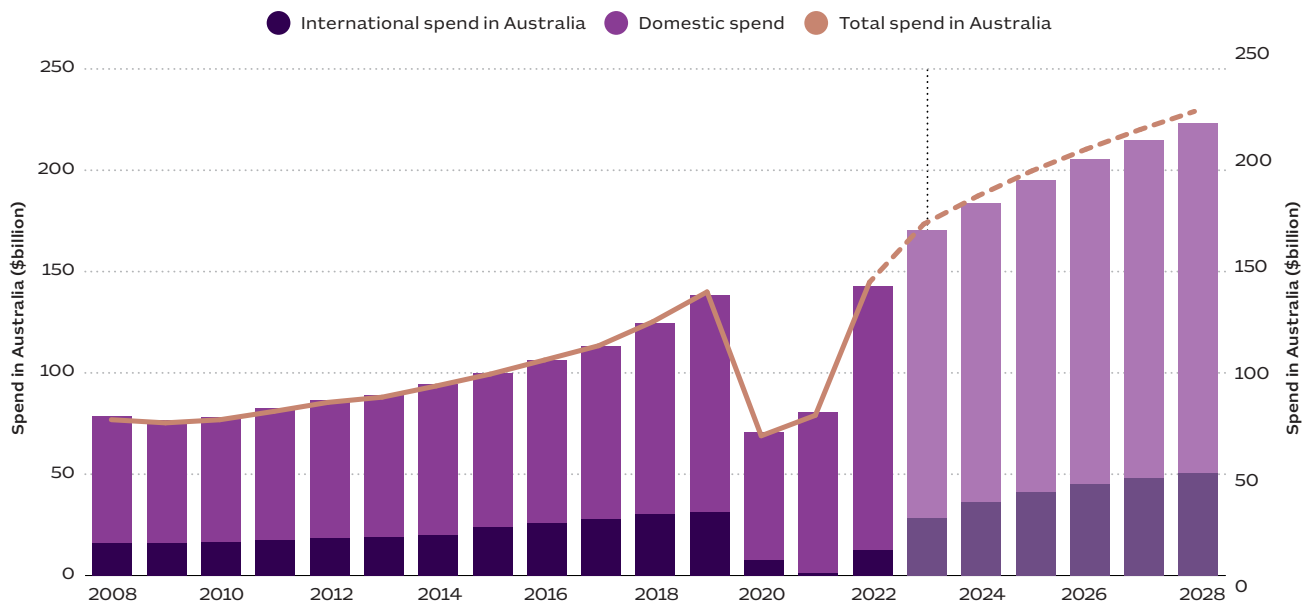
On the other hand, the noticeable slowdown in domestic leisure travel in 2023 has led to a reassessment of the factors that had boosted demand in 2022. As a result, the forecast profile for domestic travel demand is generally softer than that presented last year. Nevertheless, domestic tourism spend (which is already above its pre-pandemic level) is forecast to continue to grow over the forecast period, as are domestic trip numbers.

Total visitor expenditure in Australia is forecast to increase further from a record high of \$143 billion in 2022 to \$170.3 billion in 2023, an increase of 19% (\$27.3 billion) in the year (Figure 1). Total visitor spend is therefore forecast to be 23% (\$31.9 billion) above the pre-pandemic level in 2023.¹

Growth in total visitor spend is forecast to average 6% per year over the next 5 years, and total visitor spend in Australia is forecast to reach \$223.3 billion in 2028 (61% above the pre-pandemic level).

1 No adjustment for inflation is made to nominal values. Note that the THRIVE Strategy's target values refer to aggregate visitor economy spend in nominal terms, including international students who stay in Australia for longer than 12 months. Using this measure, total spend in Australia in 2019 was \$166 billion. Excluding students who stay in Australia for more than 12 months, total visitor spend in Australia in 2019 was \$138 billion. This report follows the latter approach, which is consistent with the TRA International Visitor Survey (IVS).

Figure 1. International, domestic and total tourism spend in Australia. Nominal, annual values in A\$ billion, not adjusted for inflation. Actual data to 2022, forecast values from 2023 to 2028.



Sources: TRA International Visitor Survey, National Visitor Survey, and forecast data

Total visitor spend includes:

- International visitor expenditure² – forecast to increase from \$12.7 billion in 2022 to \$28.6 billion in 2023 (an increase of 124% or \$15.8 billion) and then increase to \$50.7 billion in 2028 (annual average growth of 12% over the forecast horizon)
- Domestic overnight trip spend – forecast to increase from \$101.3 billion in 2022 to \$109.1 billion in 2023 (increase of 8% or \$7.8 billion) and then increase to \$132 billion in 2028 (annual average growth of 3.9% over the next 5 years)
- Domestic day trip expenditure – forecast to increase from \$29 billion in 2022 to \$32.6 billion in 2023 (increase of 12% or \$3.6 billion) and then increase to \$40.5 billion in 2028 (annual average growth of 4.4% over the forecast period).

International visitors

The recovery of international tourism has progressed well, off an extremely low base, and generally in line with earlier expectations.

In 2023, there are forecast to be 7.3 million international visitors to Australia, almost twice as many as last year (3.7 million). While the current forecast profile for international arrivals is stronger than last year, it is still expected to take until 2025 for international arrivals to move higher than the 2019 level. International visitor spend, however, is forecast to reach above the pre-pandemic level one year sooner, in 2024.

The pace of the international recovery varies by source market, with arrivals from Vietnam, Thailand, the Philippines and India all expected to return to or exceed the pre-pandemic level of visitors in the current year (2023). On the other hand, the recovery from Europe has been slower and is expected to lag the overall trend. The recoveries from China and Japan have lagged to date, but are expected to gain pace going forward. The strong ongoing overall growth profile for international arrivals is supported by Australia’s close ties with many rapidly growing nations, including several throughout the nearby Asian region.

² Throughout this report, international visitor expenditure refers to spend in Australia by international visitors. International visitors are all visitor types, including students, who travel to Australia for short-term visits (i.e. less than 12 months).

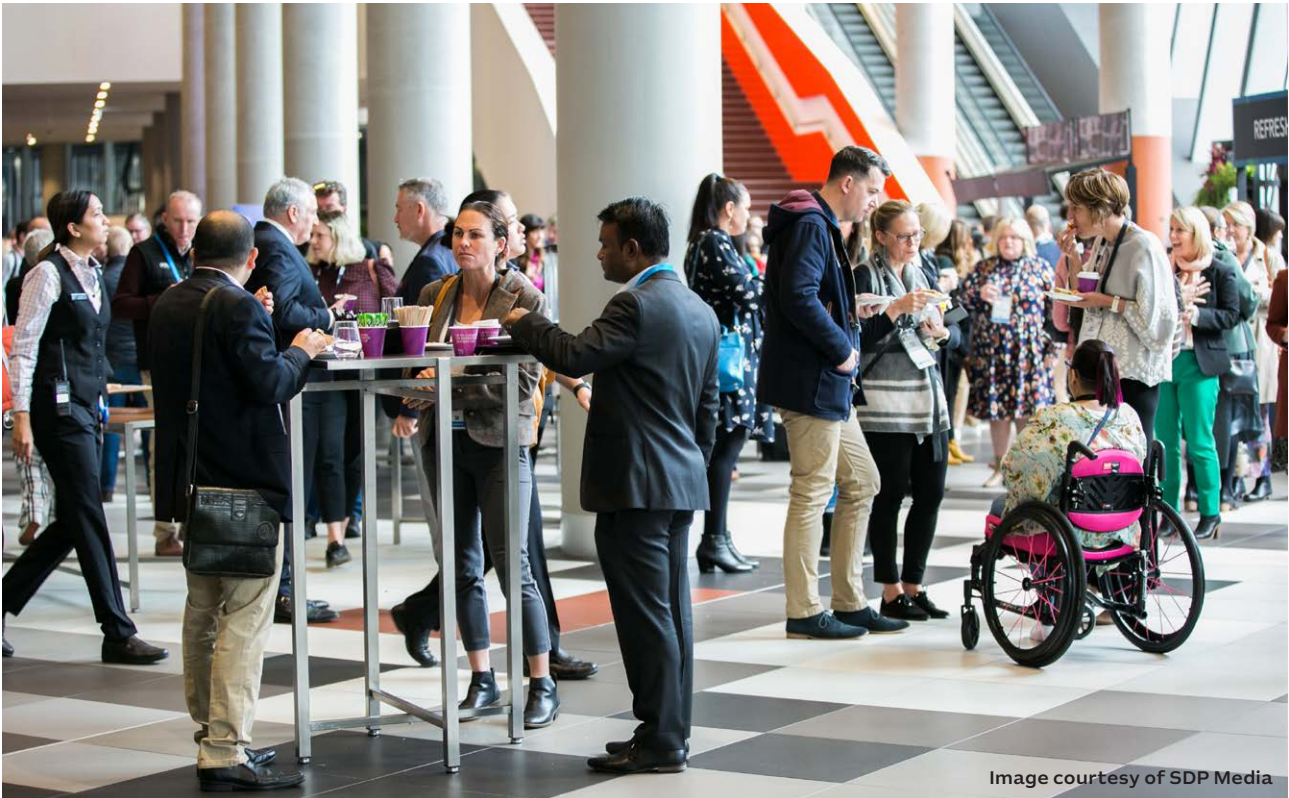


Image courtesy of SDP Media

Domestic travel

In contrast to the progressive recovery in international travel to Australia in 2023, growth in domestic travel is expected to be much more moderate. Domestic overnight leisure travel increased rapidly in 2022, but is now facing headwinds, including:

- increased competition from international outbound travel
- cost-of-living pressures leading to reduced discretionary spending.

Meanwhile, domestic overnight business travel is expected to grow strongly in 2023, reflecting the continued recovery of the segment, which experienced a slower pick up than leisure travel following the pandemic.

Total domestic visitor spend (on overnight and day trips) is forecast to increase to \$141.7 billion in 2023, up from \$130.3 billion in 2022, an increase of 9% (\$11.4 billion). The growth rate in domestic spend moderates in future years, returning to a more typical trend rate of growth, as inflation eases and the impetus from the recovery in business travel and day trips wanes.

By 2028, domestic visitor spend is forecast to reach \$172.6 billion (61% higher than the 2019 level), and there are forecast to be:

- 466.9 million domestic visitor nights (up 12% on 2019)
- 128.9 million domestic overnight trips (up 10% on 2019)
- 262.3 million domestic day trips (up 6% on 2019).

Across the states and territories, growth in domestic visitor nights varies in 2023. Those states/territories that remained further below their pre-pandemic level in 2022 are generally expected to continue to recover further in 2023 and 2024. In contrast, those states/territories that had experienced a surge in interstate holiday demand in 2022 are generally expected to see a pull-back in domestic leisure travel in the near-term – notably Queensland and the Northern Territory. This reflects the increased availability of overseas travel as well as the pull-back in discretionary household spending.



International students at Queensland University of Technology (QUT).

Key forecast assumptions

The baseline assumptions underlying the forecasts (over the next 5 years) include:

- No national or global travel restrictions in response to pandemics or other major crises
- A continued recovery in Australian and global demand for domestic and international travel, acknowledging the important role that travel and connecting with people plays in supporting business, investment, family bonds, mental health and wellbeing
- Continued gradual increases in aviation capacity as the airline industry recovers from the pandemic-related disruptions, noting that supply chain issues, difficulty restaffing, cost pressures and teething issues have all contributed to a lagged recovery to date but are expected to gradually ease going forward

- Only incremental, rather than dramatic, impacts from efforts to improve sustainability of the aviation sector, including both regulatory and public sentiment changes
- That pent-up demand and ‘revenge travel’ drove a spike in domestic leisure travel in 2022, and this temporary phenomenon has now largely run its course, resulting in a much smaller boost to growth in domestic leisure travel over the forecast period.

A range of factors that could affect the speed of growth in international travel to Australia are noted later in this report and cover global economic, social, and political risks. Similarly, there are a range of upside and downside risks to the profile of domestic growth that are discussed in the relevant section of this report. These include changes in travel preferences and affordability.

International tourism forecasts

International visitor arrivals

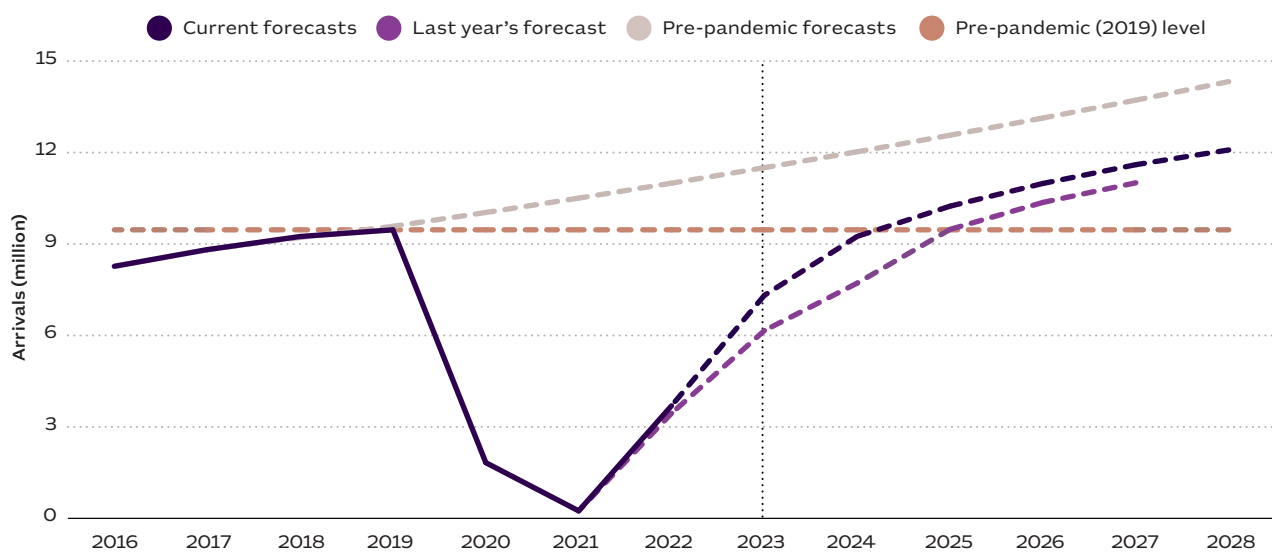
In 2022, there were 3.7 million international arrivals, which was an enormous increase on the 2021 level, but still only 39% of the pre-pandemic number. TRA forecasts the number of international arrivals to nearly double in 2023, to reach 7.3 million (Figure 2). The number of international arrivals is then forecast to increase by a further 26% in 2024 to reach 9.3 million (98% of the pre-pandemic level). The number of short-term visitor arrivals is expected to surpass the pre-pandemic level in 2025 to set a new record of 10.2 million international visitors in the year. The number of international visitor arrivals is expected to reach 12.1 million in 2028.

The current forecast growth profile for international arrivals is stronger than was projected last year. This reflects:

- the reopening of China to outbound travel and a more solid and positive outlook for the return of Chinese visitation to Australia compared with last year
- sustained high growth in international arrivals to Australia throughout 2023 to date (across a number of source markets and purposes of travel)
- continued re-opening of flight routes and commencement of new flight routes connecting Australia to the growing global outbound travel market.

Despite the upgraded outlook, total international arrivals are expected to remain below the level that had been projected prior to the pandemic (pre-pandemic forecasts) over the forecast period.

Figure 2. International visitor arrivals forecasts, comparison of latest and previous forecasts. Total short-term international visitor arrivals per year.



Sources: ABS Overseas Arrivals and Departures, TRA forecast data

Drivers and risks

The current growth profile projects a strong and progressive recovery in international visitation, supported by ongoing increases to aviation capacity and strong desire to travel to Australia for a range of reasons. Australia will also benefit from close and growing ties with a number of high-growth markets in our region.

Nevertheless, global economic headwinds remain and the persistence of elevated inflation has led to higher travel costs and tighter household budgets in some economies. Global efforts to combat climate change and reduce carbon emissions will also affect inbound arrivals to Australia increasingly over time. Negative consumer sentiment towards long-haul flights is expected to affect growth in arrivals from Europe, and regulatory and reporting requirements for businesses are expected to affect growth in international business travel. The forecasts do not include any estimated impact from major changes to policies or regulations on the aviation industry.

Risks that could affect the speed of growth in international travel to Australia include:

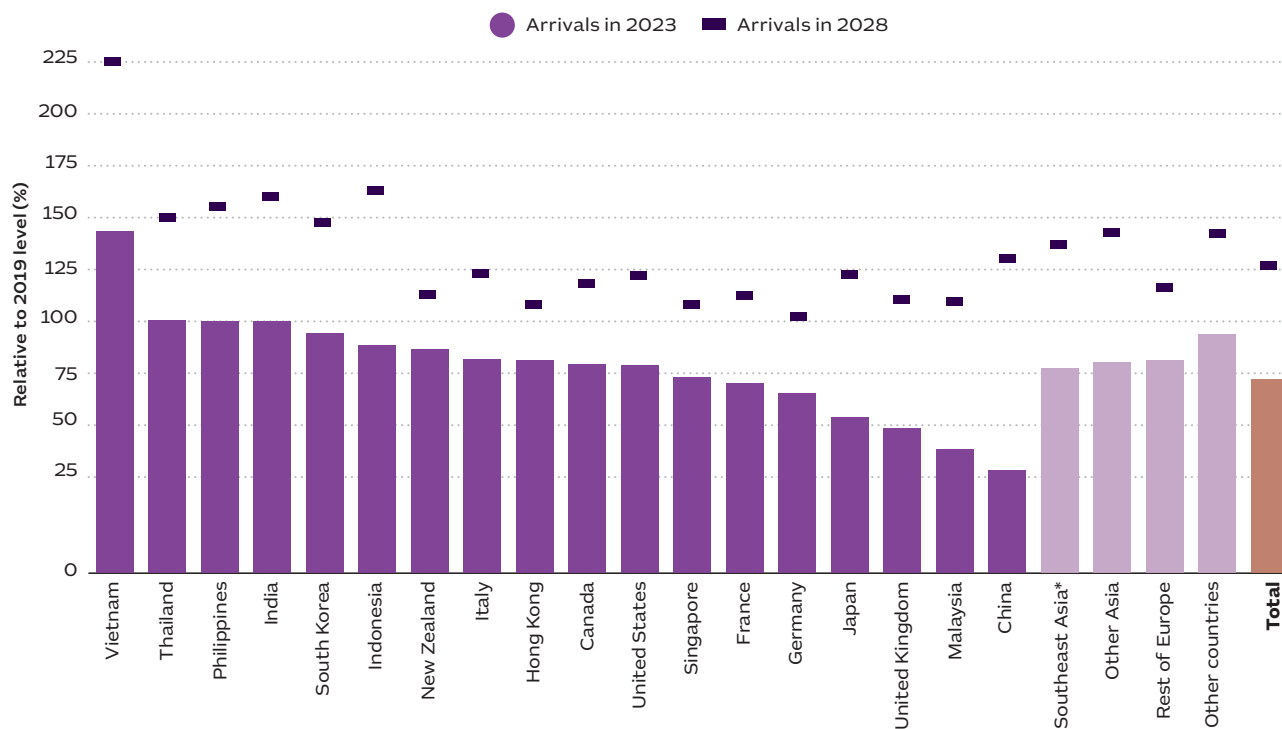
- A prolonged weak global economic outlook could see slower than expected arrivals growth, particularly from western markets – this reflects below trend global growth expectations combined with high inflation, high interest rates and cost-of-living pressures in several economies, with a larger impact on travel more likely the longer the weakness persists
- On the other hand, Australia’s increasing connections with several high growth economies could see stronger than anticipated growth in arrivals – this reflects the ongoing growth in aviation routes connecting Australian and Southeast Asian cities, as well as strong economic growth prospects for the region and for India
- As one of our largest markets pre-pandemic, the rate of return in Chinese arrivals to Australia has an obvious impact on the overall rate of recovery – there are reasons to consider that growth would be faster or slower than is expected in the forecasts presented here, given it is still less than a year since the Chinese border reopened
- A larger than expected impact from efforts, regulatory or industry driven, to reduce carbon emissions in aviation, and faster shift in consumer preferences regarding long-haul flights
- Significantly greater than expected cost pressures facing airlines as they increase capacity, including fuel costs, which could lead to slower growth in routes and higher airfares
- The risk of intensified global conflict that results in broad disruptions to air travel.

Arrivals by source market

The pace of recovery has varied across our leading international source markets to date, with key markets in South and Southeast Asia picking up the fastest (Figure 3). Vietnam, Thailand, the Philippines, and India are the source markets that have recovered the quickest and are expected to surpass their pre-pandemic number of arrivals this year (in 2023). South Korea and Indonesia have also recovered relatively quickly, with a full recovery expected in 2024 followed by ongoing solid growth. A larger group of countries are then expected to surpass their pre-pandemic levels in 2025; these include New Zealand, China, Japan, Singapore, the United States, Canada, the United Kingdom, and Italy. Some European markets, as well as Hong Kong and Malaysia have been slower to recover to date and are forecast to take longer to return to their pre-pandemic levels than the other markets.

The pace of growth is forecast to remain varied across markets over the next 5 years. As a result, the forecast number of arrivals by market in 2028 relative to its pre-pandemic level ranges from a high of 226% for Vietnam to just 106% for Germany (Figure 3).

Figure 3. International visitor arrivals by source market in 2023 and 2028, relative to 2019 level.



* Southeast Asia is total of 11 nations including 6 separately identified.

Region groups, and the total, are coloured differently as they are not single source markets.

Source: TRA, forecast data

The total number of international arrivals in 2028 is forecast to reach 12.1 million. This is an increase of 4.8 million visitors (an increase of 65%), compared with the number of arrivals in 2023 (7.3 million).

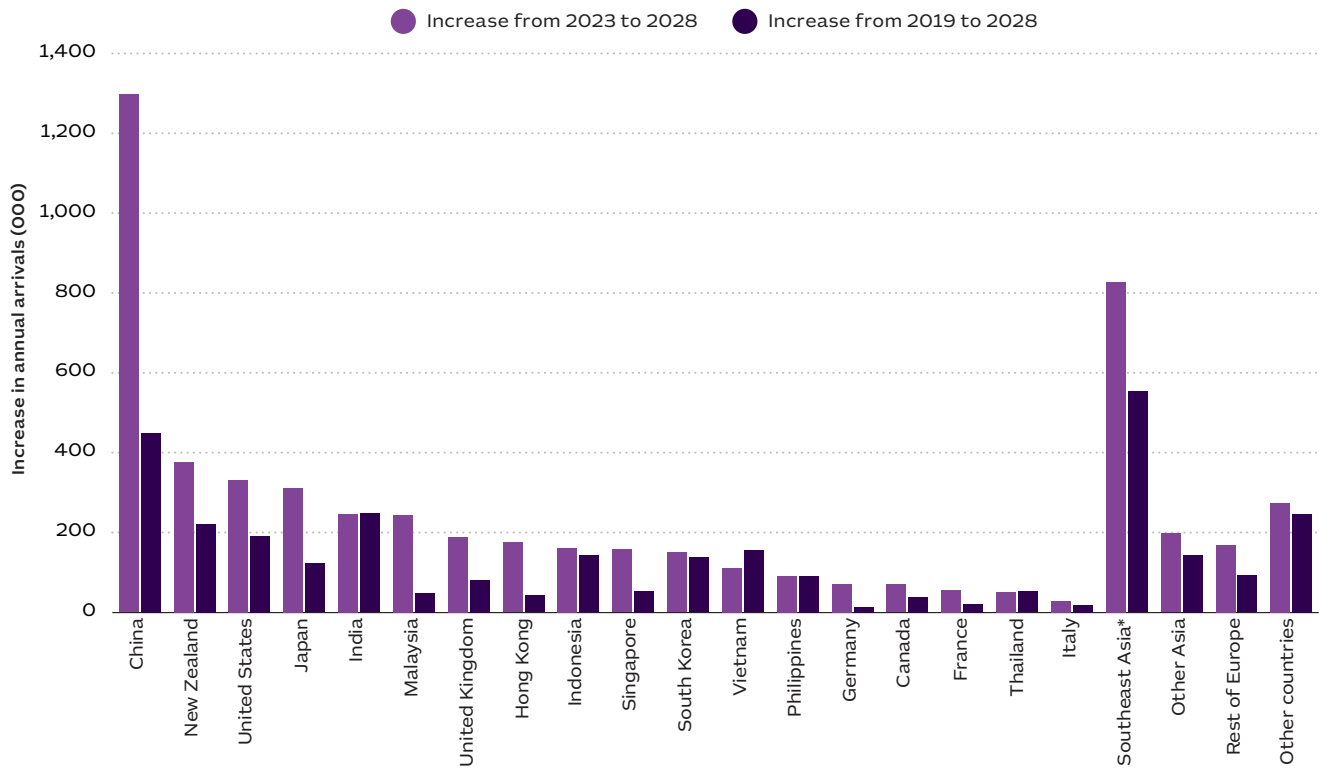
Over the full forecast horizon, the increase in arrivals from China is expected to be substantially larger than for any other individual source market. There are forecast to be 1.3 million additional arrivals from China in 2028 compared with 2023, accounting for more than one-quarter of the total increase in annual international arrivals (Figure 4). Note that two-thirds

of the increase in visitation from China over the period reflects a return to the pre-pandemic level.

There is also forecast to be a very large increase in the number of arrivals from the Southeast Asia³ region (827,500), with a larger share (two-thirds) of this growth representing additional arrivals above the pre-pandemic level. From the current year to the end of the forecast period, there are expected to be large increases in arrivals from New Zealand (376,400), the US (331,500), Japan (311,300) and India (245,500).

3 This region includes 11 nations: Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste, Vietnam – the largest 6 are also separately identified.

Figure 4. Expected increase in international visitor arrivals by source market in 2028 compared to 2023 (current year) and compared to 2019 (pre-pandemic)



* Southeast Asia is total of 11 nations including 6 separately identified.

Source: ABS Overseas Arrivals and Departures data, TRA forecast data

New Zealand

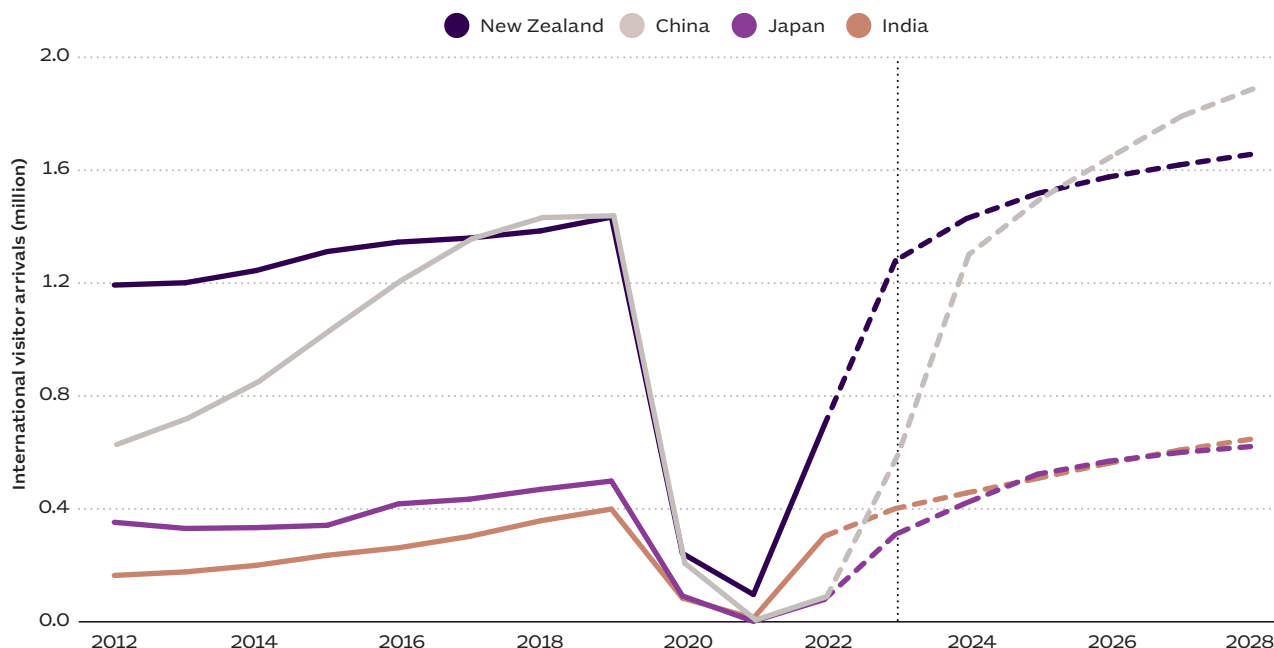
New Zealand has been Australia’s largest source market over recent years and is expected to remain the largest individual market inbound market in 2023. This market rebounded strongly in 2022 and growth continued into 2023 thanks to the flexibility of trans-Tasman travel, short travel distances to Australia’s eastern seaboard, and the high share of travel for the purpose of visiting friends or relatives (VFR travel).

In 2022, there were 698,000 arrivals from New Zealand, which was 49% of the 2019 level. In 2023, the number of arrivals is expected to increase by 83% to 1.3 million, which is 89% of the 2019 level (Figure 5).

Over the year to August 2023, monthly short-term international arrivals from New Zealand were 88% of the corresponding pre-pandemic period (January-August 2019).

Beyond the recovery period, growth is forecast to slow towards its relatively modest pre-pandemic trend rate. This reflects New Zealand being a very large, mature visitor market where Australia has high market saturation. In 2028, 1.7 million visitors from New Zealand are expected to arrive. This would make New Zealand the second largest source market for Australia in 2028, behind China.

Figure 5. International arrivals by market for 4 major markets, actual and forecast annual values.



Sources: ABS Overseas Arrivals and Departures, TRA forecast data

China

Prior to the pandemic, China was Australia’s largest inbound market with 1.4 million arrivals in 2019 (marginally ahead of New Zealand). Arrivals from China had risen rapidly over the period 2008 to 2018, by 15% on average each year.

In 2022, due to ongoing COVID-19 related travel restrictions in China, there were only 89,000 arrivals from China to Australia, which was just 6% of the pre-pandemic level. In 2023, the number of arrivals is expected to increase dramatically to 590,700, which is 41% of the 2019 level. Over the year to August 2023, monthly short-term international arrivals from China were 31% of the corresponding pre-pandemic period.

Growth in Chinese arrivals is expected to outpace total arrivals from all markets over the forecast horizon. This reflects both the delayed recovery to date of the China market

relative to most others, as well as the growth potential for travel to Australia from China thanks to the large population of travelling age, middle- and high-income earners, and strong interest in visiting Australia. In 2028, 1.89 million visitors from China are expected to arrive in Australia. This would see China account for 16% of total arrivals, or 1 in 6 international arrivals to Australia.



India

In 2019, India was Australia's fastest growing visitor market and more than half of Indian arrivals came to Australia for VFR purposes. The importance of VFR and education travellers, along with the opening of critical new direct flight services between India and Australia early in 2022, drove a rapid return in Indian arrivals in 2022. Arrivals from India totalled 303,000 in 2022, which was 76% of the pre-pandemic number. This was a much faster recovery than most other markets.

Growth in arrivals from India continued in 2023, and arrivals over the year to August (257,600) exceed those over the same period in 2019. In 2023 as a whole, arrivals from India are expected to exceed their pre-pandemic level, making India one of only a handful of countries to fully recover its 2019 level this year (and India is the largest market in this group).

Over the forecast period, arrivals from India are expected to continue to grow strongly. This reflects India's strong economic growth and population growth outlooks, and the large Indian diaspora in Australia. By 2028, arrivals from India are expected to reach 646,800. This would see India jump to our 5th largest visitor market (from 7th in 2019).



Japan

Japan is regarded as one of Australia's leading holiday markets. Following an extended period of decline, the Japanese visitor market experienced a return to growth in the years leading into the pandemic.

Arrivals from Japan were among the slowest of all markets to recover in 2022, as it maintained strict control measures to prevent the spread of COVID-19 through the year. Once these eased, growth picked up markedly in 2023. Arrivals from Japan over the year to August 2023 were 57% of the pre-pandemic level. For 2023 in total, there are expected to be 309,700 arrivals from Japan, which is 62% of the pre-pandemic level.

The forecast profile of arrivals from Japan has been revised higher this year, reflecting the rise throughout the year to date, and a full recovery is now expected in 2025. In 2028, there are expected to be 621,000 arrivals from Japan, 25% more than pre-pandemic. Growth in arrivals from Japan is stronger through the forecast horizon than from some other advanced nations, reflecting stronger economic prospects and a return to the growth trend observed prior to the pandemic.

Southeast Asia

The Southeast Asia region includes 11 nations. The 6 largest nations in the region (Singapore, Malaysia, Indonesia, Philippines, Vietnam and Thailand) are also identified individually in this report, recognising they are large single source countries. The 6 largest nations accounted for the overwhelming majority (97%) of arrivals from the region in 2019. The 5 smaller nations (Cambodia, Brunei Darussalam, Myanmar, Timor-Leste, and Laos) accounted for 40,000 arrivals to Australia in 2019, just 2.7% of the total for the whole region.

This regional grouping accounted for 1.5 million visitor arrivals in 2019, more than from China or New Zealand. This region has been identified as offering major opportunity for Australia’s visitor economy in the recent report, *Invested: Australia’s Southeast Asia Economic Strategy to 2040*, see: [Chapter 8: Visitor economy | Australian Government Department of Foreign Affairs and Trade \(dfat.gov.au\)](#). This reflects the region’s proximity to Australia, strong economic and population growth trends, growing middle class population, increasing flight route connections and continued development of economic, political and community links with Australia.

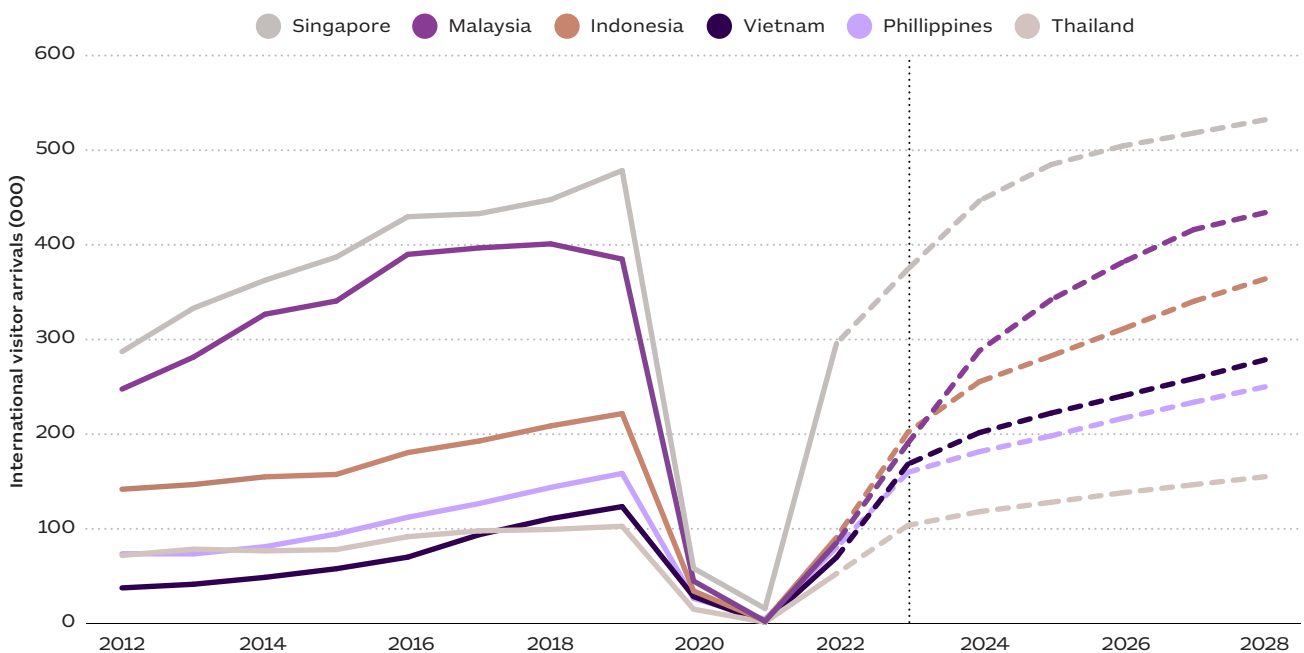
In 2023, arrivals from the region are expected to reach 1.24 million, an increase of 77% in the year. Arrivals from the region are then forecast to rise by a further 24% in 2024 to surpass the pre-pandemic level. To date, the recovery has been the most rapid for Vietnam, which has seen monthly arrivals in 2023 year to August surpass the 2019

level and is forecast to comfortably exceed its pre-pandemic level in the current year. Among the other major source markets in the region, the expected recovery in 2023 varies, with Malaysia the furthest behind. In 2023, there are forecast to be:

- 168,400 arrivals from Vietnam, 136% of the 2019 level
- 103,700 arrivals from Thailand, 101% of the 2019 level
- 159,700 arrivals from Philippines, 101% of the 2019 level
- 202,100 arrivals from Indonesia, 91% of the 2019 level
- 374,400 arrivals from Singapore, 78% of the 2019 level
- 190,600 arrivals from Malaysia, 50% of the 2019 level.

Over the forecast years, annual growth in arrivals from Southeast Asia is expected to remain strong. This is driven by the larger nations (Figure 6).

Figure 6. International arrivals by market in Southeast Asia, actual and forecast annual values.



Sources: ABS Overseas Arrivals and Departures, TRA forecasts

Between 2023 and 2028, international arrivals from the region are expected to increase by 827,500 (67%), which comprises:

- 243,500 more arrivals from Malaysia (128% increase) – noting that most of this reflects the return to pre-pandemic level that is much further behind for Malaysia
- 162,000 more arrivals from Indonesia (80% increase)
- 157,800 more arrivals from Singapore (42% increase)
- 110,300 more arrivals from Vietnam (65% increase)
- 90,400 more arrivals from Philippines (57% increase)
- 51,400 more arrivals from Thailand (50% increase).

In total, there are forecast to be 2.1 million visitor arrivals from the Southeast Asia region in 2028. This region accounts for 17% of the total forecast increase in visitor arrivals to Australia over the 2023 to 2028 period (refer back to Figure 4).

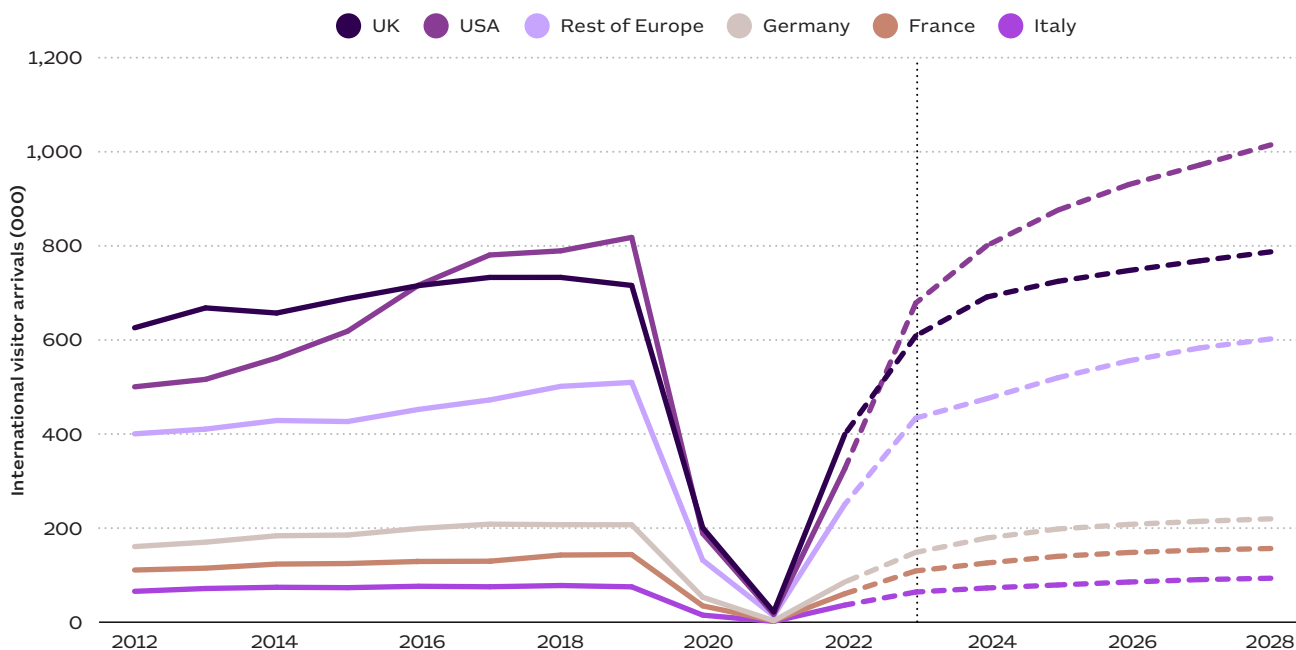
United States

Pre-pandemic, the United States was a large and growing visitor market for Australia, driven by growth in holiday travel. There were 818,000 arrivals from the US in 2019, and the US was Australia’s third largest single inbound market after China and New Zealand.

The recovery in visitation from the US has progressed well, supported by increases in aviation capacity, strong ties between our nations and active tourism marketing. In 2022, there were 326,000 visitor arrivals from the US, which was 40% of the 2019 level. In 2023, the number of arrivals is expected to more than double to 678,500, which is 83% of the 2019 level.

Arrivals from the US are forecast to reach above the 2019 level in 2025 (871,700 arrivals from the US are forecast in 2025) and to increase to just over 1 million in 2028 (Figure 7).

Figure 7. International arrivals by market, Western markets, actual and forecast annual values.



Sources: ABS Overseas Arrivals and Departures, TRA forecast data

United Kingdom

Leading into the pandemic, visitor growth from the United Kingdom had stagnated. There were 716,000 arrivals from the UK to Australia in 2019, the same number as in 2016. Nevertheless, the UK was Australia's 4th largest single inbound market after China, New Zealand and the US.

Arrivals from the UK rebounded strongly in 2022, reflecting the impact of close personal/family connections and increasing aviation capacity via key gateways as well as new direct flights to London. In 2022, there were 399,200 visitor arrivals from the UK, which was 56% of the 2019 level. The UK was Australia's second largest inbound market in 2022, behind only New Zealand.

In 2023, the number of arrivals is expected to increase to 608,600, which is 85% of the 2019 level. Over the year to August 2023, monthly short-term international arrivals from the UK were 83% of the corresponding pre-pandemic period. Arrivals from the UK are forecast to surpass their 2019 level in 2025, then grow mildly to reach 797,600 in 2028. Soft economic growth projections for the UK, the high-cost, long-haul flight requirement for travel to Australia from the UK, and the relative maturity of this market all contribute to the modest pace of growth. Nevertheless, the UK remains one of Australia's top 4 largest single source markets throughout the forecast period.

Europe (excluding UK)

Pre-pandemic visitor growth from Europe averaged 3.7% annually from 2015 to 2019. There were 936,000 arrivals from all European markets in 2019, of which 46% came from Germany, France and Italy.

In the year to August 2023, there have been 442,500 European arrivals in Australia, which was 79% of the pre-pandemic level over the same period. Arrivals from Germany were 71%, France 75%, Italy 83% and the rest of Europe at 83% of pre-pandemic levels in the year to August 2023. Across Europe, the recovery so far has been varied with southern and eastern Europe recovering faster overall than the much larger western and northern European countries.⁴

Arrivals from Italy and the rest of Europe are forecast to return to pre-pandemic levels in 2025, while arrivals from Germany and France are expected to fully recover in the following year. Economic headwinds, high airfares to and from Australia, negative sentiment towards long-haul flights due to the associated carbon emissions, and the ongoing war in Ukraine are all expected to weigh more heavily on arrivals from Europe.

In 2028, 1.1 million visitors are forecast to arrive from Europe comprising:

- 220,100 from Germany
- 165,400 from France
- 93,400 from Italy
- 602,100 from the rest of Europe.

4 Some of the nations that had more arrivals in the year to August 2023 than they did in the January to August of 2019 (pre-pandemic) include Ireland, Greece, Portugal, North Macedonia, Albania, Montenegro, Bosnia and Herzegovina and Romania. Some of the slowest recovering nations in 2023 include Finland, Sweden, Germany, Belgium, Russia, Poland, Belarus, the Czech Republic and Slovenia.

Arrivals by purpose of travel

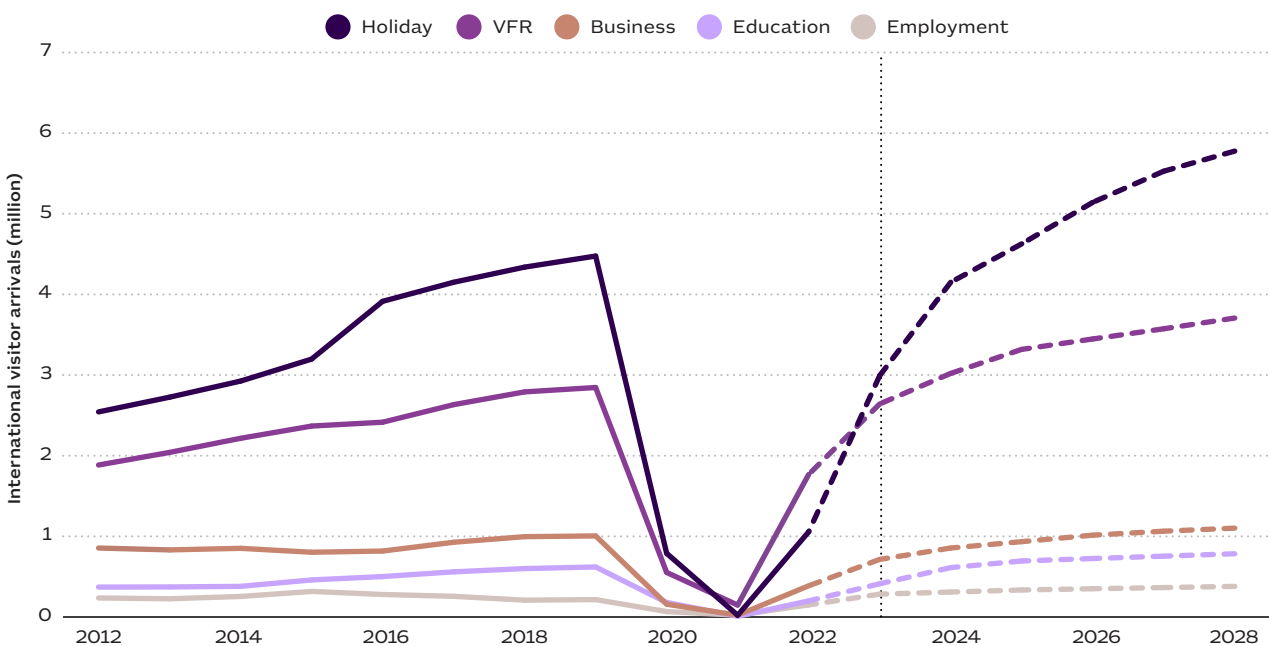
While visitor arrivals for all purpose types are forecast to grow throughout the forecast horizon, the path differs by purpose of travel.

Holiday

Holiday travel was slow to increase in 2022, but gathered pace in 2023 and overtook VFR as the largest purpose of arrival. In 2023, holiday arrivals are expected to increase

nearly three-fold to reach close to 3 million (up from around 1 million in 2022). Holiday arrivals are then forecast to exceed their pre-pandemic level (4.5 million) in 2025 before increasing to 5.8 million in 2028 (Figure 8). This will see holiday travel recover its pre-pandemic share of total arrivals in 2026 (47%) after it dropped sharply during the pandemic years (only 9% of total arrivals in 2021 were for holiday, and 29% of arrivals in 2022).

Figure 8. International arrivals by purpose, actual and forecast annual values.



Sources: ABS Overseas Arrivals and Departures, TRA forecast data

VFR

In contrast, pent-up demand to reunite with family and friends saw a surge in VFR travel in 2022. Growth then eased for this purpose in 2023 and is expected to continue to be more moderate over the rest of 2023 and into 2024. Nevertheless, VFR arrivals are forecast to reach above their pre-pandemic level in 2024 then trend higher over the forecast horizon to reach 3.7 million arrivals in 2028. The share of VFR arrivals is forecast to trend down through the forecast horizon, after it surged to 60% in 2021 (and 48% of total arrivals in 2022). However, the VFR share of total arrivals is likely

to remain slightly above the pre-pandemic level (of 30%) going forward due to the increasing share of Australians born overseas.

Business

In 2022, arrivals for the purpose of business were at 39% of the 2019 level, which lagged the VFR recovery, but was ahead of the return in holiday travel. In 2023, business arrivals increased strongly, and were 69% of the 2019 level in the year to August 2023. There are expected to be 714,200 business arrivals in 2023, which would be 71% of the 2019 level.

Business arrivals are forecast to surpass 1 million and the pre-pandemic level in 2026, then increase to over 1.1 million in 2028. The prolonged recovery reflects the change in business routines through the pandemic with the demonstrated effectiveness of virtual business practices, and that the economic outlook remains constrained across many countries. It is also expected that the carbon emissions and climate impacts of long-haul travel will be an increasing concern for business travellers over the longer-term. Importantly though, the enduring value of business travel continues to drive a strong level of demand, particularly as businesses re-establish in-person business connections that suffered during the pandemic.

Education

International education arrivals grew rapidly in the pre-pandemic period and increased by 63% between 2014 and 2019 (from 380,000 to 620,400). In 2019, travel for the purpose of education was dominated by visitors from China. There were 275,400 arrivals from China, representing 44% of total arrivals in 2019 (Figure 9). Arrivals from the next 3 largest markets, Japan, India and the US, totalled 76,300 or 12% of total arrivals in 2019.

There were 200,000 international arrivals for the purpose of education in 2022. This was 32% of the pre-pandemic level. Arrivals from China remained the largest source, but

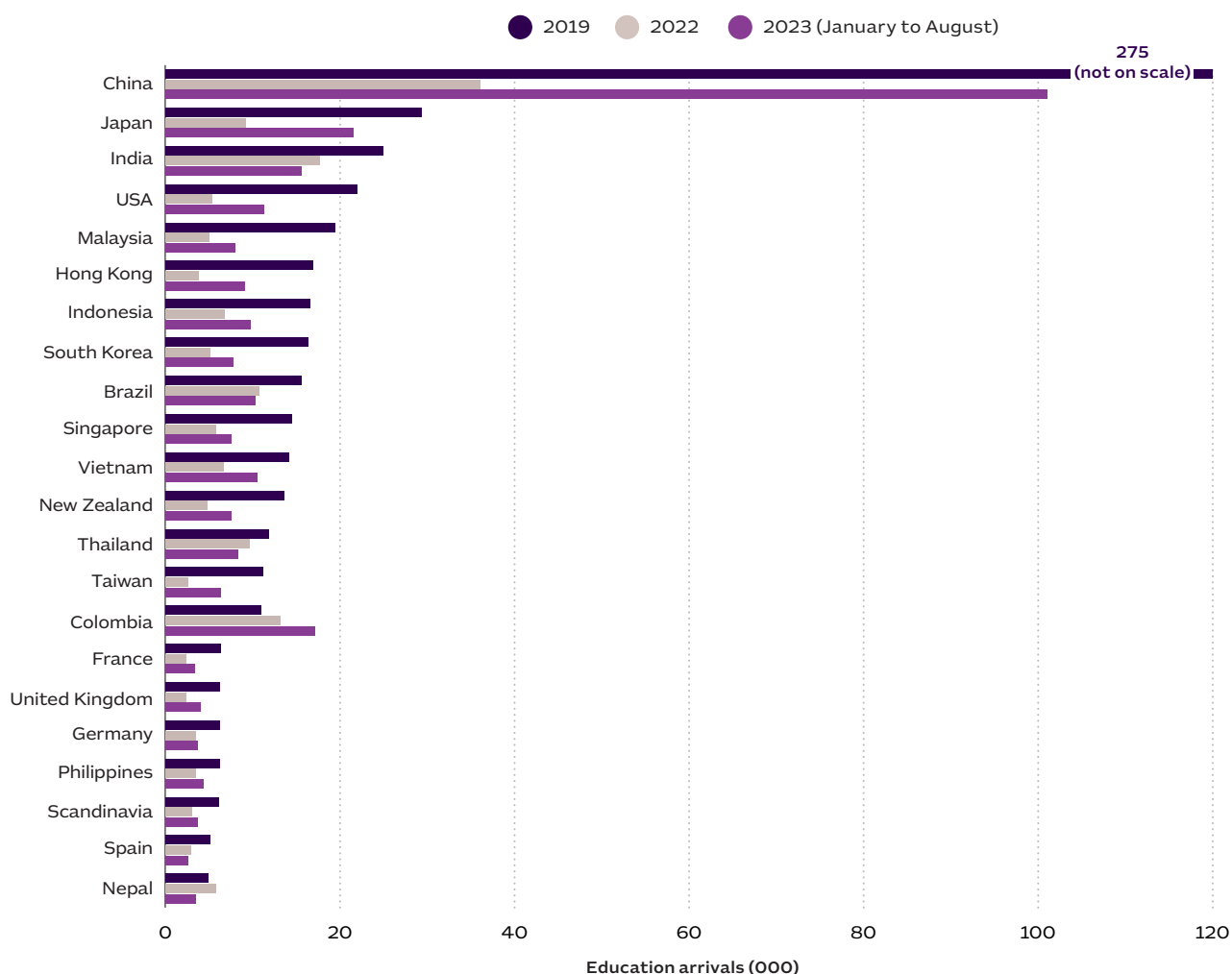
at 36,100 arrivals, was only 13% of its pre-pandemic level, lagging the overall recovery. Arrivals from the next 3 largest markets, India, Colombia and Brazil, totalled 41,600 or 21% of total arrivals in 2022.

In 2023, education arrivals are forecast to more than double, to reach 412,700, which would be 67% of the pre-pandemic level (620,400 arrivals in 2019). Education arrivals are forecast to surpass the pre-pandemic level in 2025, then continue to rise to reach 784,200 arrivals in 2028. The recovery profile has been upgraded compared with last year's forecasts, with arrivals from China expected to support the strong growth in the near term. Ongoing increases in international student numbers from South Asian and Southeast Asian nations is also expected to support growth over the forecast horizon.

A strong outlook for education arrivals is positive for Australia's visitor economy because of the valuable economic and social contributions international students make to the visitor economy and Australian communities. This is because international students live, study and work in Australia for an extended period. In addition to their own travel during their stay in Australia, international students are a motivation for their family and friends to visit Australia, and they tend to continue acting as ambassadors for Australia even after their return home.



Figure 9. International short-term visitor arrivals for the purpose of education, by source market



Top 22 source markets in 2019

Source: Overseas Arrivals and Departures dataset provided by the Department of Home Affairs

Employment

International arrivals for the purpose of employment recovered rapidly after the border reopened, and these arrivals were already 30% above the pre-pandemic period in the year to August 2023. Employment is therefore the only purpose of travel to have already more than recovered to its pre-pandemic level. In contrast, prior to the pandemic, employment arrivals had declined in 3 of the 4 years from 2015 to 2019, declining by around one-third from a peak of 317,000 arrivals in 2015.

There were 215,700 employment arrivals in 2019, and there are forecast to be 283,600

employment arrivals in 2023 (31% higher than in 2019). Employment arrivals are forecast to increase at an average annual rate of 6% over the forecast period. Employment arrivals are expected to reach 379,800 in 2028, which will be 76% higher than the pre-pandemic level.

The strong outlook for employment arrivals reflects Australia's:

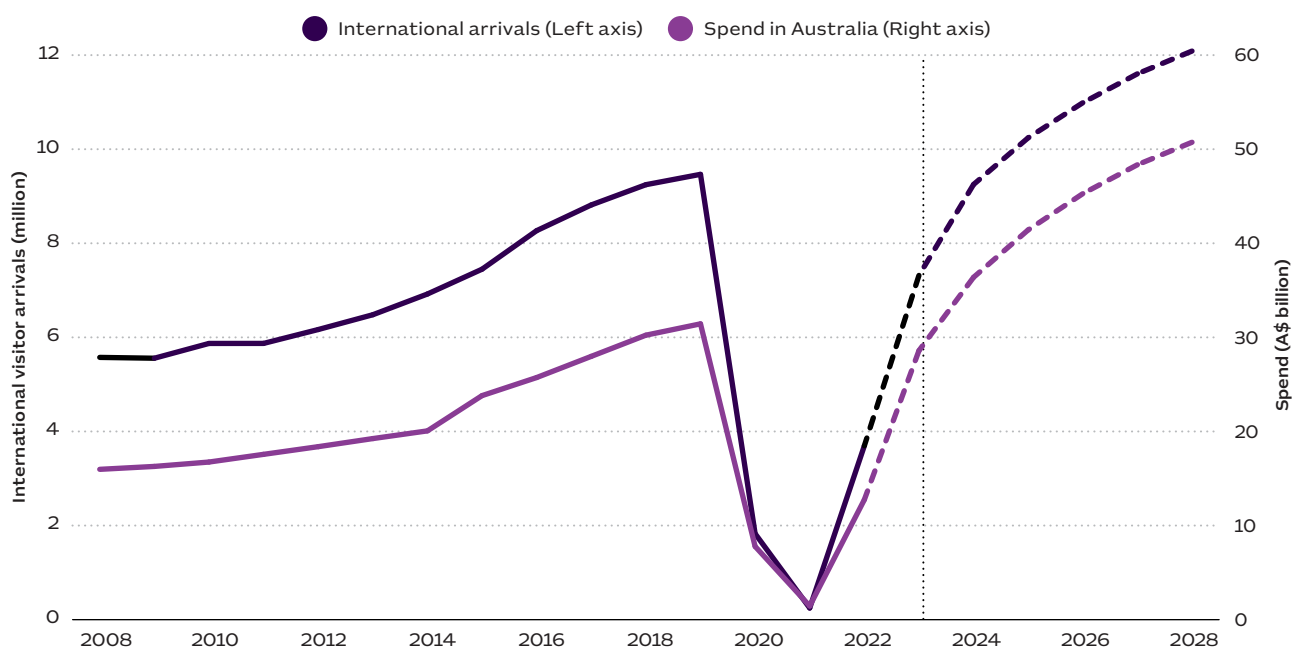
- low unemployment rate and prevalence of skills shortages
- comparatively high wages and living standards
- solid economic growth prospects for businesses.

International spend in Australia

International spend in Australia is expected to grow at a slightly faster rate than arrivals throughout the forecast horizon. This sees the value of international spend surpass the pre-pandemic level in 2024, one year earlier than the recovery in arrivals.

International spend is forecast to increase by 124% in 2023 to be \$28.6 billion, which is 91% of the pre-pandemic level (\$31.4 billion in 2019). Spend is then forecast to grow to \$36.4 billion in 2024 (16% above the pre-pandemic level) and to \$50.7 billion in 2028 (61% above the pre-pandemic level) (Figure 10).

Figure 10. International visitor arrivals and international visitor spend in Australia, actual and forecast annual values



Sources: ABS Overseas Arrivals and Departures, TRA International Visitor Survey and forecast data

Higher annual growth rates for international spend relative to international arrivals over the next five years reflects:

- increased travel costs in Australia relative to pre-pandemic
- the progressive recovery of the higher average spend purposes of travel, such as holiday and education travel
- a return to the pre-pandemic trend characterised by slightly faster growth in spend than arrivals.

These factors see the average spend in Australia per international visitor trend higher over the forecast period. Average spend was imputed⁵ and much higher during the pandemic but declined substantially in 2022, returning to near its pre-pandemic level. The large decline in 2022 was also partly driven by the very high share of VFR travellers, which have a lower average spend.

⁵ International visitor spend data was imputed from April 2020 to June 2022 due to insufficient numbers of international visitors. Imputed values were generated for a range of visitor characteristics using historical IVS records. Records were selected by matching real-time visitor profiles from the ABS overseas arrivals and departures data with the historical IVS reported profiles. Imputed values were adjusted to account for hotel quarantine restrictions and state border closures.

Resident outbound tourism forecasts travel

For an extended period leading into the pandemic, Australians enjoyed an increasing number of outbound trips each year. After the Australian border reopened, Australians were again very eager to travel overseas. To date, progress towards a full recovery has been faster for outbound travel than for inbound travel. In 2022, there were 5.2 million resident returns from short-term international trips, which was 46% of its pre-pandemic level (compared with international arrivals at 39% of pre-pandemic level in 2022).

The rapid recovery in outbound travel reflected pent-up demand, the range of affordable travel destinations available to Australians, the rapid return in aviation routes to popular outbound travel destinations and Australians enduring love of travel.

Looking forward, cost-of-living and budget pressures in Australia are expected to weigh on outbound travel growth. Compared to last year's forecasts, the profile for outbound growth is very similar. However, high global travel costs and reduced household savings in Australia have had a mild dampening effect. Historical data was also revised a little lower.

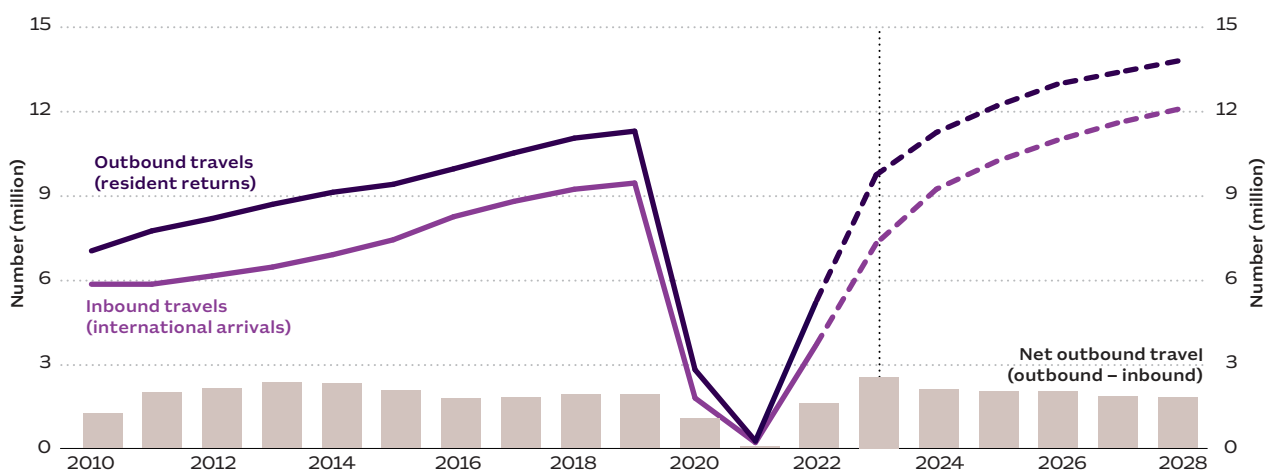
In 2023, 9.8 million resident returns are expected, which would be 86% of the pre-pandemic level (Figure 11). This increases to

11.3 million resident returns in 2024, which is nearing parity with the number of resident returns in 2019. The annual growth rates over the forecast period are softer for outbound travel than for inbound travel. This is in line with:

- expectations for stronger economic and population growth among Australia's inbound market sources than domestically over the forecast period
- soft expectations for growth in Australian discretionary spending
- an earlier return to normal growth rates for outbound travel, since the recovery is more advanced for outbound travel than for inbound travel, as the boost from pent-up demand due to prolonged border closures wanes.

On average, prior to 2019, there were 1.9 million more resident outbound trips each year than international inbound trips to Australia. This is 'net outbound travel'. The volume of net outbound travel is higher in 2023 than its pre-pandemic average, reflecting the more advanced recovery in outbound travel than inbound travel in 2023. However, net outbound travel eases gradually over the forecast horizon as inbound travel maintains a faster growth rate than outbound travel. Nevertheless, the long-established trend for greater outbound than inbound travel is expected to persist over the forecast horizon.

Figure 11. Australian resident outbound travel, international arrivals, and net outbound travel. Actual and forecast annual values.



Sources: ABS Overseas Arrivals and Departures, TRA forecast data



Domestic tourism forecasts

Summary

Domestic tourism accounts for a large majority of Australia's total visitor economy (domestic visitor spend accounted for 77% of total visitor spend in Australia in 2019). Domestic travel was severely hampered during the pandemic, due to state border closures and lockdown measures. However, restrictions on domestic travel were removed sooner than those on international travel, which led to a very strong increase in domestic travel in 2022. Australians' love of exploring their own country resulted in some parts and measures of domestic tourism having already fully recovered to their pre-pandemic highs. These include holiday nights and domestic visitor spend. Other segments, however, remain below pre-pandemic levels and have further to recover.

Growth in domestic travel is expected to moderate in 2023 compared to the strong recovery in 2022. This reflects two main drivers:

1. The impact of reduced discretionary spending by Australians as budget pressures rise. As was anticipated, it seems that Australians drew on savings and recreational leave accumulated during the pandemic to support their travel needs in the immediate aftermath. Now that the household saving rate is at its lowest level in 15 years,⁶ spending on domestic travel is expected to slow.
2. The increased availability of international travel. For those that do not face acute budget pressures, outbound travel options offer competition for Australians' tourism dollars. Australians took twice as many short-term international outbound trips in the year to August 2023 than in the same period the previous year. To a large extent, this effect had been anticipated as Australians became more confident in international travel, and the cost and availability of outbound travel options improved.

Compared to last year, interest rates are now expected to remain higher for longer, while consumer confidence and savings have fallen to be lower than previously expected. As a result, the forecasts assume that Australians reign in discretionary spending, leading to a pull-back in the profile for domestic tourism overnight spend compared with the forecast profile from last year. There are also downward revisions to domestic visitor nights forecasts as some trips become shorter. However, the number of trips is still expected to maintain a very similar recovery path to that outlined last year. Therefore, it is expected that the lower travel spend will be achieved through adjustments to trip details to reduce the overall cost of the trip, including by taking shorter trips, rather than foregoing the trip entirely. Moreover, not all types of travel and travel spend are discretionary, and there remains a compelling desire and need to travel to connect, explore, unwind and recharge.

⁶ See [Domestic Economic Conditions | Statement on Monetary Policy – August 2023 | RBA](#)



Offsetting the effort to decrease trip spend is ongoing travel cost inflation. As a result, the growth rates for overnight and day trip spend remain above those for trip numbers and visitor nights in 2023 and 2024. However, with inflation forecast to return to within the Reserve Bank of Australia (RBA) target range of 2–3% at the end of 2025, growth in domestic trips, nights and spend are expected to be more closely aligned later in the forecast period.

The forecasts show that after a period of adjustment in the near-term, domestic tourism growth will strengthen. Some of the factors that support the solid growth outlook include:

- effective marketing to stimulate domestic travel demand alongside innovation and adaption that has taken place in the sector to align with consumer trends (sustainability, connection, wellness, digital nomad, etc.)

- continued investment in the sector throughout recent years which has continued to revive the high-class and varied tourism products and services available to domestic travellers (see [Tourism Investment Monitor 2021-22](#))
- an easing in tourism sector workforce shortages after acute labour shortages in 2022 affected the visitor economy’s ability to meet demand
- the increase in affordable domestic aviation links across cities and regions.

By 2028, there is forecast to be:

- 128.9 million domestic overnight trips (10% higher than pre-pandemic – i.e. 2019)
- 262.3 million domestic day trips (up 6% on 2019)
- \$132 billion in domestic overnight trip spend (up 64% on 2019)
- \$40.5 billion in domestic day trip spend (up 54% on 2019)
- \$172.6 billion in total domestic spend (sum of overnight and day trip spend, 61% higher than pre-pandemic)
- 466.9 million domestic visitor nights (up 12% on 2019).

Key risks

Risks that could affect the forecast profile for domestic travel in Australia include:

- A prolonged or intensified pull-back in household travel budgets could result in slower than anticipated growth in 2024 and 2025, particularly for overnight leisure travel
- The rate of growth in outbound travel and whether Australians return to pre-pandemic travel preferences for a similar combination of international outbound, domestic interstate, intrastate travel and day trips
- Increasingly large, uncontrolled, unpredictable and damaging weather events could dampen demand for travel to an increasing number of destinations over an increasing period of time throughout the year.

This year's forecasts acknowledge the strong portfolio of events coming in Australia and persistent strong travel trends. However, it is also possible that significant ongoing investment in the visitor economy and emerging trends could lead to additional growth beyond what is assumed in the current forecast profile. For example:

- the increasing demand for hybrid working holidays, the new category of 'bleisure' travel and renewed travel enthusiasm could lead to additional growth beyond what is assumed in the current forecasts
- efforts by the visitor economy to attract growth segments including accessible tourism, wellness tourism, first nations experiences, nature tourism and adventure travel may stimulate additional growth beyond the baseline assumptions
- similarly, a trend towards more personalised, bespoke and luxury trips could see average trip spend increase faster than currently assumed in the forecasts.



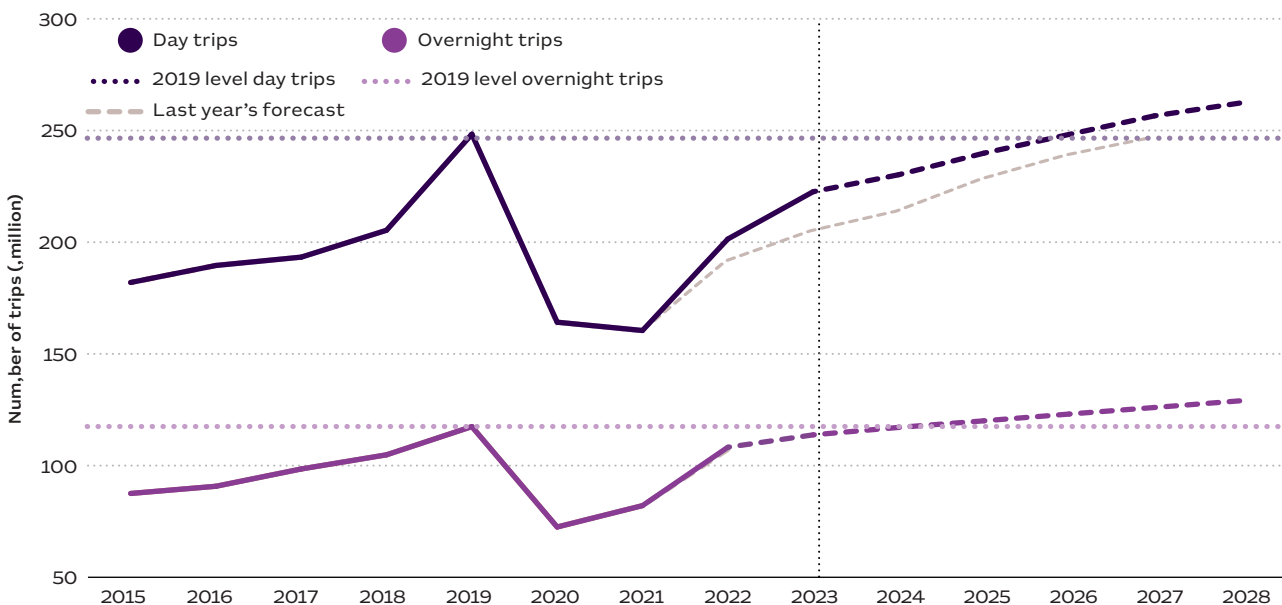
Domestic trip numbers

The number of domestic overnight trips is forecast to increase by 5% in 2023 to reach 113.8 million trips (97% of the 2019 level). The number of domestic overnight trips is forecast to recover to be around its pre-pandemic level in 2024 (Figure 12). Overnight trips are forecast to increase at an average annual rate of 2.5% over the forecast horizon. The profile of growth in overnight trips is similar to that from last year.

The number of day trips is forecast to increase by 11% in 2023 to reach 222.6 million day trips (90% of the 2019 level). The number of day trips has been slower to recover to date and remained much lower relative to the pre-pandemic level (19% lower) in 2022 than the number of overnight trips (8% lower). It is forecast to take until 2026 for the number of day trips to return to around its pre-pandemic level, which is 2 years longer than the recovery in overnight trips.

It is possible that pent-up demand and the use of accumulated leave and savings encouraged Australians to turn typical day trips into overnight trips in the immediate post-pandemic period. With these temporary factors now ending, budget pressures are expected to lead to growth in day trips outpacing growth in overnight trips in 2023 and beyond. On the other hand, technological advances in the way businesses communicate, as well as cost and environmental considerations, have lowered demand for single day business trips. This had led to a slow recovery in propensity to take business day trips. The cost of petrol/fuel also weighs on growth in day trips.

Figure 12. Domestic trip numbers, overnight and day trips, actual and forecast values.



Sources: TRA, National Visitor Survey and forecast data

Domestic visitor spend

Despite the number of trips remaining below the 2019 level, spend on domestic travel soared in 2022 to well above the pre-pandemic level. Domestic spending on overnight trips rose by 67% in 2022, which was 25% above the 2019 level, while spend on day trips increased by 59% to be 10% above the 2019 level. As previously explained, the passing of temporary factors that boosted growth in domestic spend last year, such as pent-up demand and drawing down on savings, has led to a downward revision of the profile for domestic spend over the forecast period.

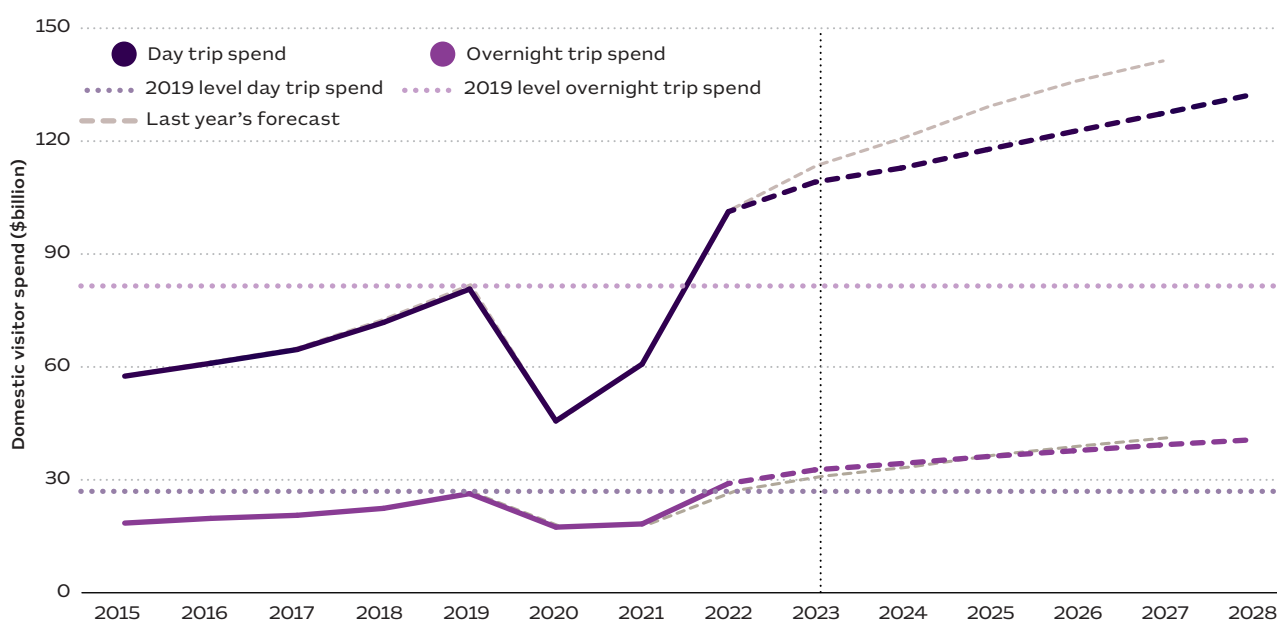
The profile of domestic spend growth acknowledges the sudden rise in inflation across the economy (and the world) in 2022 and the slow decline in travel-related inflation to date. To lower their total spend, leisure travellers are expected to look to make adjustments to trip details including through taking shorter trips compared with that in 2022. Offsetting weak leisure trip spend is growth in business spending. Spend on business travel is expected to increase

strongly in 2023 as the number of business trips taken increases and the average length of business trips increases.

Consequently, domestic overnight spend is forecast to increase by 8% in 2023. This is a sharp moderation from the rapid pace of growth in 2022. Nevertheless, growth remains solid in the year overall, supported strong gains in the March quarter 2023 prior to softening in the middle of the year. In 2023, domestic overnight spend is forecast to be \$109.1 billion, which is 35% above the pre-pandemic level (Figure 13). Domestic overnight spend is forecast to increase at an average annual rate of 3.9% over the forecast horizon to reach \$132 billion in 2028.

Day trip spend is forecast to increase by 12% in 2023, which is slightly faster than growth in the number of day trips in the year. Over the forecast horizon, day trip spend is forecast to increase at an average annual rate of 4.4% to reach \$40.5 billion in 2028. The forecast profile assumes no marked change in average trip spend per day trip.

Figure 13. Domestic spend on overnight and day trips, nominal, actual and forecast values.



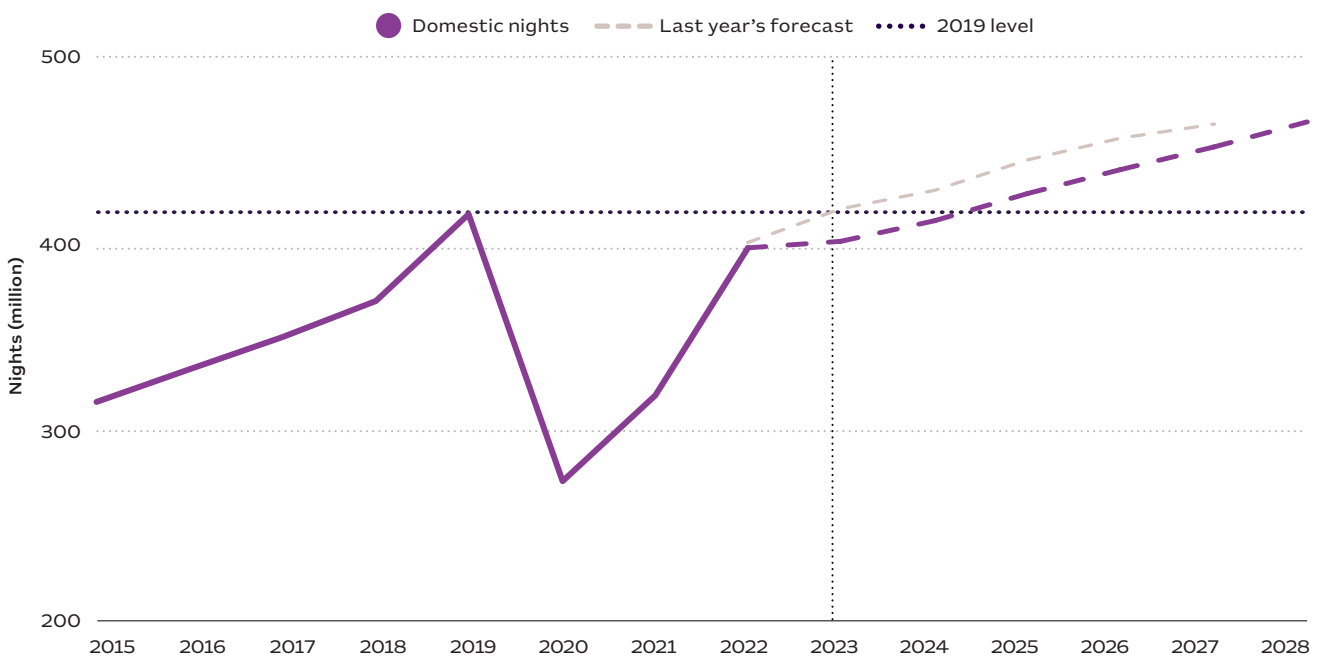
Sources: TRA, National Visitor Survey and forecast data

Domestic visitor nights

Domestic visitor nights had recovered to 96% of the pre-pandemic level in 2022. In 2023, domestic visitor nights are forecast to increase mildly (by 0.9%) to 403.5 million nights (which is 97% of the pre-pandemic level). Domestic visitor nights are forecast to approach the pre-pandemic level in 2024 then rise above that level in 2025. The number of nights is forecast to increase at an average annual rate of 3% over the period 2023 to 2028, to reach 466.9 million nights in 2028 (Figure 14).

The current forecast profile of solid growth sees the number of nights spent away from home for each member of the Australian population aged over 15 returns to its pre-pandemic high of 20.5 nights per year in 2026. It then increases slightly further over the remaining forecast years to 21.9 nights. Prior to the pandemic, the number of nights spend away per person had been rising, from 16.5 nights in 2016 to 20.5 nights in 2019.

Figure 14. Domestic visitor nights, actual and forecast values, and comparison to last year's forecasts.



Sources: TRA, National Visitor Survey and forecast data

As was the case for domestic visitor spend, growth in domestic visitor nights is forecast to be weighed down in 2023 and 2024 by household budget pressures. This has led to a downward revision of the growth profile for domestic visitor nights. Nights in 2023

are forecast to be 4.1% lower than last year's forecasts. The downward revision moderates over the forecast period and domestic visitor nights in 2027 are now forecast to be 2.6% lower than previously expected.

Purpose of travel

Domestic visitor nights growth by purpose of travel reveals varying trends across leisure and non-leisure domestic overnight travel.

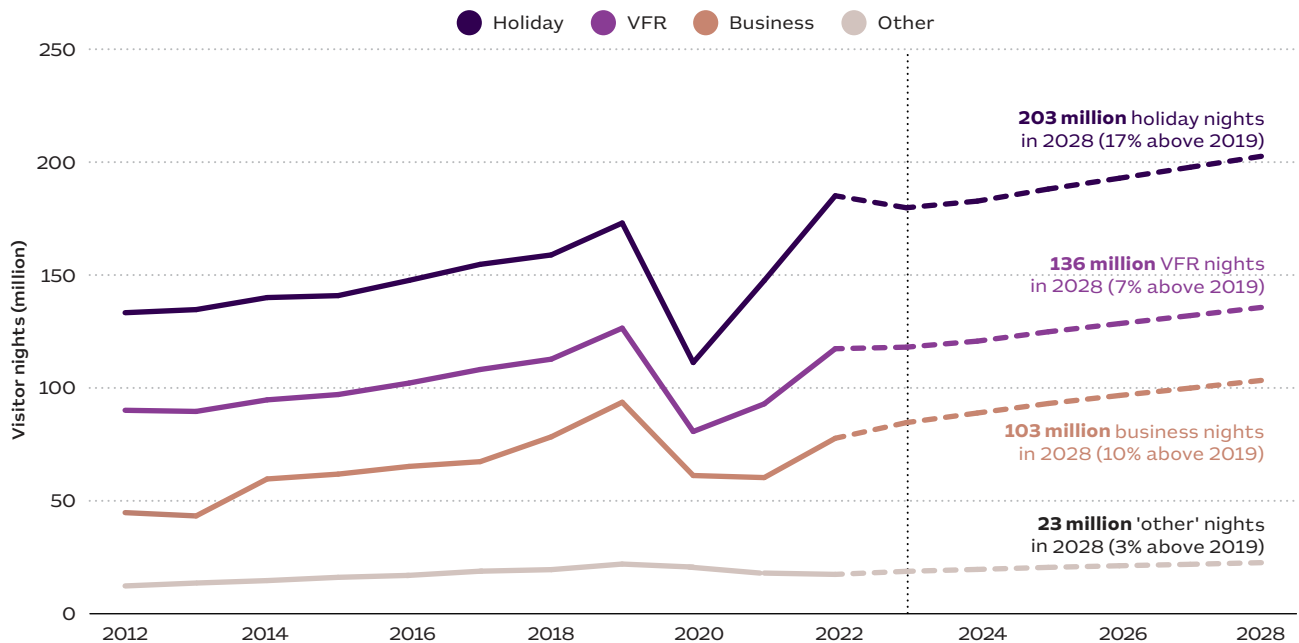
Holiday travel

Holiday travel is the largest component of overnight travel, typically accounting for over 40% of total domestic nights. This purpose is the most discretionary type of travel, as people have more choice over where and when to take a holiday according to their needs. In 2022, there was a significant increase in holiday travel as Australians chose to holiday throughout Australia after several disrupted years.

In 2023, with less impetus from pent-up demand and international outbound travel a more available alternative to domestic travel, domestic holiday travel has softened. Moreover, household budgets have been stretched. It is therefore expected that the number of domestic holiday nights in 2023 will decline by 2.9%. Despite the pull-back in 2023, the number of holiday nights is forecast to remain 3.9% above the pre-pandemic level of 2019 in 2023 – which indicates just how strong demand for domestic holiday travel was in 2022 (Figure 15).

Over the forecast period, domestic holiday nights are expected to grow at an average annual rate of 2.4%. By 2028, domestic holiday nights are forecast to be 17% higher than they were pre-pandemic, and 9% higher than they were in 2022.

Figure 15. Domestic visitor nights by purpose, actual and forecast.



Sources: TRA, National Visitor Survey and forecast data

VFR travel

The second largest category of travel is VFR, which is a lower average spend type of leisure travel. This segment recovered to 93% of its pre-pandemic level last year, driven by a strong need for families and friends to reconnect after a period of travel restrictions. This desire to reconnect is expected to continue to drive travel demand over the forecast horizon.

In 2023, growth in VFR nights is forecast to slow to 0.6%, down from 26% growth in 2022. The pull-back in growth in 2023 is less severe for VFR nights than for holiday travel, partly because VFR travel is a more budget-friendly type of leisure travel.

Over the forecast period, domestic VFR nights are expected to grow at an average annual rate of 2.8%. By 2028, domestic VFR nights are forecast to be 7% higher than they were pre-pandemic, and 16% higher than they were in 2022.

Business travel

Business travel is the category of domestic travel that still has the furthest to recover. As at the end of 2022, domestic business nights were still 17% below the pre-pandemic level. In 2023, business nights are forecast to increase by 9%, to reach 90% of the pre-pandemic level. This is a faster rate of growth in 2023 than for the leisure categories of travel. Growth in 2023 is supported by the continued return of business travel after it was severely cut back during the pandemic. The proven efficacy of online communication technologies no doubt contributed to the slow recovery in business travel to date. However, growth in demand for business travel going forward reflects the great value of face-to-face connections and distinct advantage of being present at large events and conferences.

Over the forecast period, business nights are expected to rise by an average annual rate of 4.1% to be 33% above the 2022 level, and 10% above the pre-pandemic level. It is expected that the more flexible, mobile and geographically dispersed workforces will undertake travel to engage with their teams, stakeholders and clients, and to participate in business meetings, events and conferences in person.

Other travel

Travel for 'other' purposes is the smallest category of travel, typically accounting for around 5% of total domestic nights. 'Other' purposes of travel include travel for medical reasons, education, to attend a funeral, for personal appointments and for employment. These types of travel are not for leisure purposes and are typically non-discretionary.

Domestic nights for 'other' purposes are forecast to increase by 4.8% in 2023, after declining by 3.2% in 2022. The decline in nights in 2022 was driven by fewer nights for the purposes of education and employment. Employment nights had increased during the pandemic when state border restrictions resulted in some workers temporarily relocating interstate to avoid the need to quarantine between shifts.

Over the forecast period, annual average growth in 'other' nights is expected to be 3.8% as the number of domestic 'other' nights gradually returns to the pre-pandemic level. Travel for 'other' purposes is not expected to benefit from pent-up demand in the same way other types of travel have. However, growth is supported by an increasing propensity to travel for 'other' reasons as Australian's become progressively more confident making personal commitments that require travel.



States and territories

Near-term trends vary somewhat across the states and territories. Factors influencing this variation include:

- The progressive return to pre-pandemic levels for those states and territories that had experienced extended lockdowns, such as Victoria, New South Wales and the ACT.
- The normalisation of travel trends after a surge in domestic travel demand in 2022 when outbound travel was less popular than normal, which affects most notably Queensland, the Northern Territory and Tasmania.
- The variation in aviation capacity and airfares across routes relative to their pre-pandemic level. While new routes are opening and supporting growth, other routes still have lower capacity and higher airfares than in the past. This is expected to weigh on near term growth

for those destinations highly reliant on air travel, such as the Northern Territory and Tasmania.

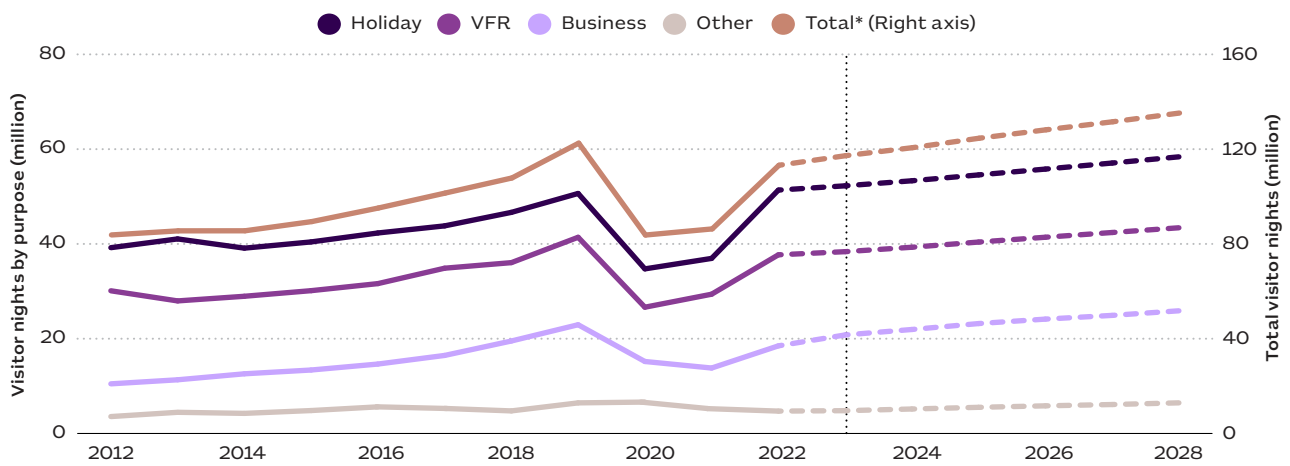
- The typical composition of travel in each state/territory such as the share of interstate versus intrastate travel, the share of business travel versus leisure travel, and the share of regional versus capital city travel. Western Australia is a stand-out this year with the large shares of business travel and lower-cost intrastate travel working to its advantage in 2023 after weighing on growth in 2022.

The downward revision to domestic visitor nights (particularly for leisure travel) over the forecast period are reflected across all states and territories, however, the largest downward revisions occur in Queensland, the Northern Territory and Tasmania.

New South Wales

Domestic visitor nights in New South Wales (NSW) are forecast to increase by 3.6% in 2023 and by 2.9% on average over each of the next 5 years (Figure 16). Total domestic visitor nights in NSW are forecast to rise above the pre-pandemic level in 2025. In the near-term, weaker growth in leisure travel is more than offset by strength in business travel.

Figure 16. Domestic visitor nights in New South Wales, by purpose (left axis) and total (right axis).



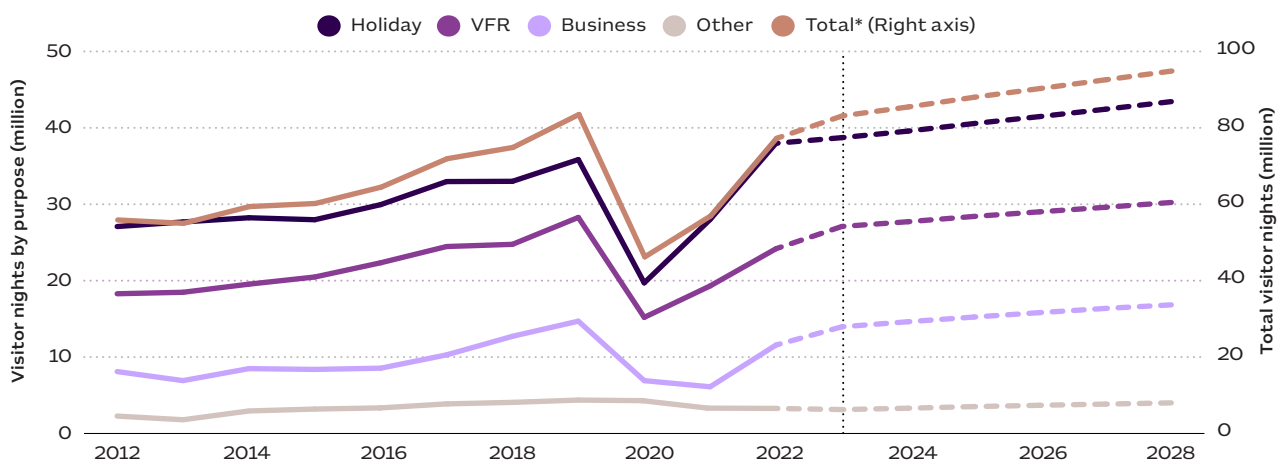
*Total includes nights spent in transit and purpose not stated

Sources: TRA, National Visitor Survey and forecast data

Victoria

Domestic visitor nights in Victoria are forecast to increase by 8% in 2023 and by 2.7% on average over each of the next 5 years (Figure 17). Total domestic visitor nights in Victoria are forecast to rise above the pre-pandemic level in 2024. Victoria sees one of the strongest growth rates in 2023, partly reflecting a larger impetus from the ongoing recovery (more pent-up demand remains for travel in this state).

Figure 17. Domestic visitor nights in Victoria, by purpose (left axis) and total (right axis).



*Total includes nights spent in transit and purpose not stated

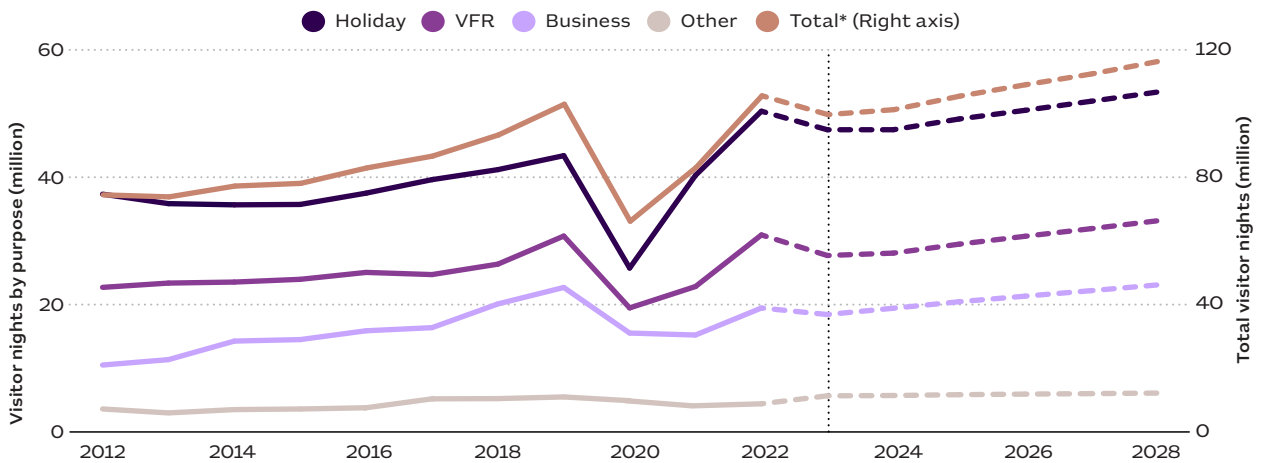
Sources: TRA, National Visitor Survey and forecast data

Queensland

Domestic visitor nights in Queensland are forecast to decline by 6% in 2023, after rising very strongly over the previous two years. Growth over the forecast period is expected to average 3.1% per year. Total domestic visitor nights in Queensland are forecast to surpass the pre-pandemic level in 2025 (Figure 18).

Domestic holiday nights in Queensland are expected to decline in 2023 but remain above the pre-pandemic level. Slower economic growth and household budget pressures are expected to continue to weigh on leisure travel growth into 2024. Business travel to Queensland is also expected to soften in 2023, but is forecast to rise strongly over the next 5 years, supported in part by the work and events leading up to the Olympics.

Figure 18. Domestic visitor nights in Queensland, by purpose (left axis) and total (right axis).



*Total includes nights spent in transit and purpose not stated

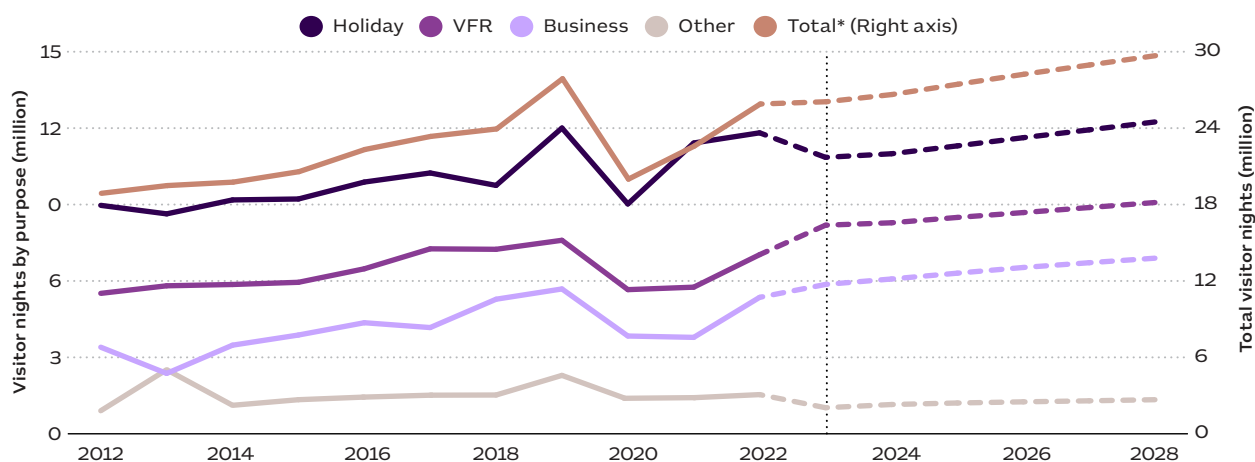
Sources: TRA, National Visitor Survey and forecast data

South Australia

Domestic visitor nights in South Australia are forecast to rise by 0.7% in 2023, and by 2.6% on average each year over the forecast period. Total domestic visitor nights in South Australia are forecast to return to close to the pre-pandemic level in 2025.

Domestic travel for VFR and business purposes in South Australia are forecast to move above their 2019 levels this year (Figure 19).

Figure 19. Domestic visitor nights in South Australia, by purpose (left axis) and total (right axis).



*Total includes nights spent in transit and purpose not stated

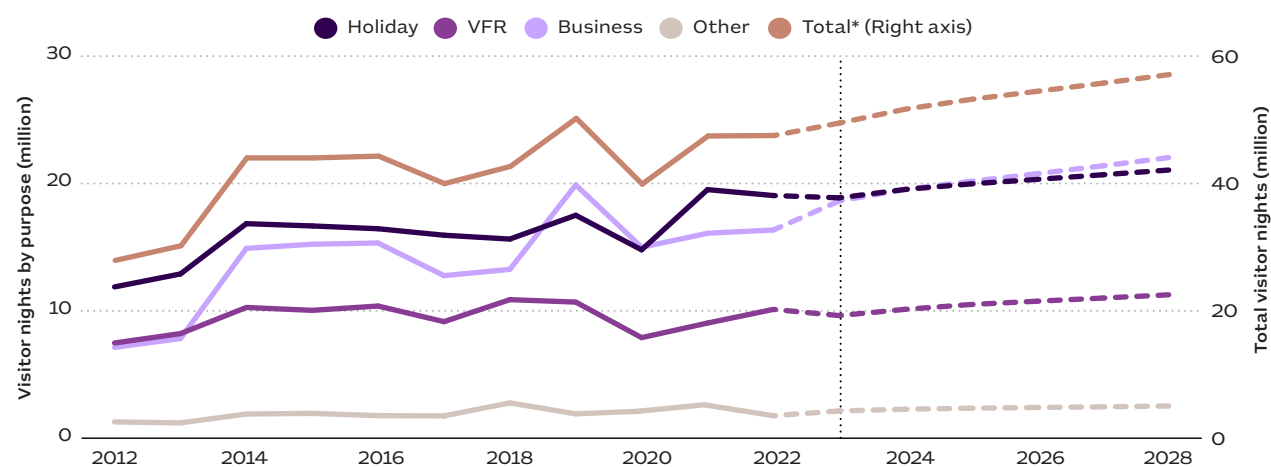
Sources: TRA, National Visitor Survey and forecast data

Western Australia

Domestic visitor nights in Western Australia (WA) are forecast to increase by 4.2% in 2023, and by 2.9% on average each year over the forecast period. Total domestic visitor nights in WA are forecast to return to the pre-pandemic level in 2024 (Figure 20).

Holiday travel in WA declined in 2022 in contrast to other states and territories, as WA residents were able to holiday elsewhere after a prolonged period of border closures. The return to more normal travel patterns sees the drag on growth ease in 2023. The strong WA economy is also forecast to support domestic travel in the state given the high share of intrastate travel.

Figure 20. Domestic visitor nights in Western Australia, by purpose (left axis) and total (right axis).



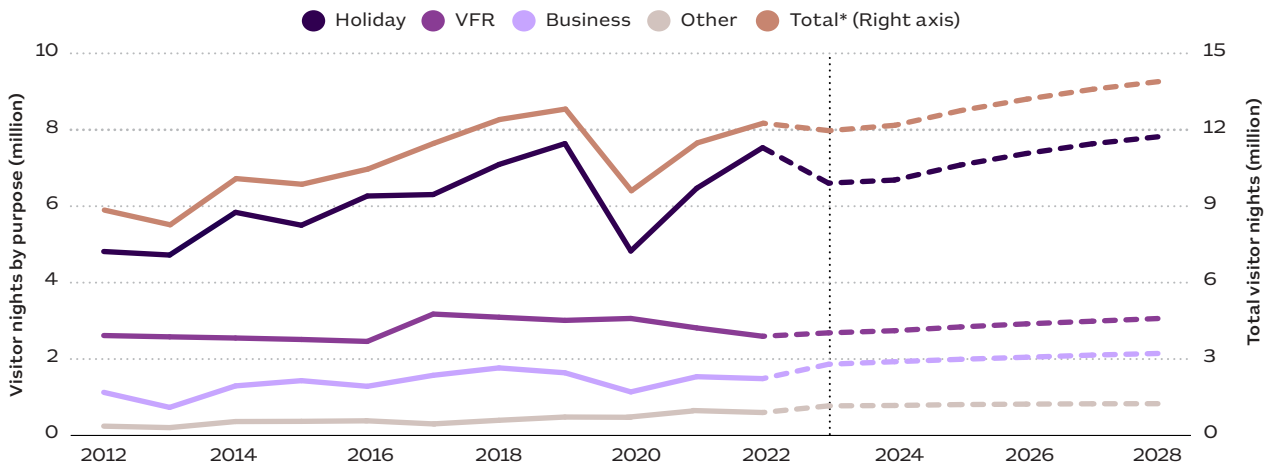
*Total includes nights spent in transit and purpose not stated

Sources: TRA, National Visitor Survey and forecast data

Tasmania

Domestic visitor nights in Tasmania are forecast to decline by 2.4% in 2023, then rise by an average of 3% per year over the forecast period. Total domestic visitor nights in Tasmania are forecast to return to around the pre-pandemic level in 2025 (Figure 21).

Figure 21. Domestic visitor nights in Tasmania, by purpose (left axis) and total (right axis).



*Total includes nights spent in transit and purpose not stated

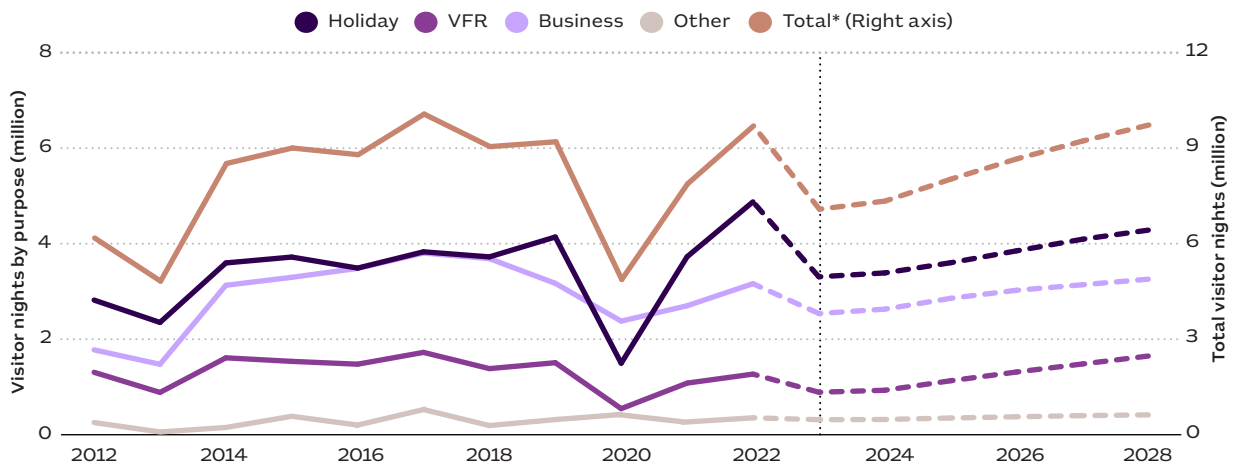
Sources: TRA, National Visitor Survey and forecast data

Northern Territory

Domestic visitor nights in the Northern Territory (NT) are forecast to decline by 27% in 2023, the weakest outcome across all the states and territories. The decline reflects a sharp pull-back in leisure travel in the year to August 2023 compared to 2022, as international outbound travel rose and household budgets tightened. Moreover, structural changes, weak population growth and high airfares are expected to continue to weigh on domestic travel in the NT for some time.

Nevertheless, growth in visitor nights is then expected over the remainder of the forecast period, with annual growth averaging 7% per year between 2024 and 2028. Total domestic visitor nights in the NT are forecast to rise above the pre-pandemic level in 2027 and above the 2022 level at the end of the forecast horizon (Figure 22).

Figure 22. Domestic visitor nights in the Northern Territory, by purpose (left axis) and total (right axis).



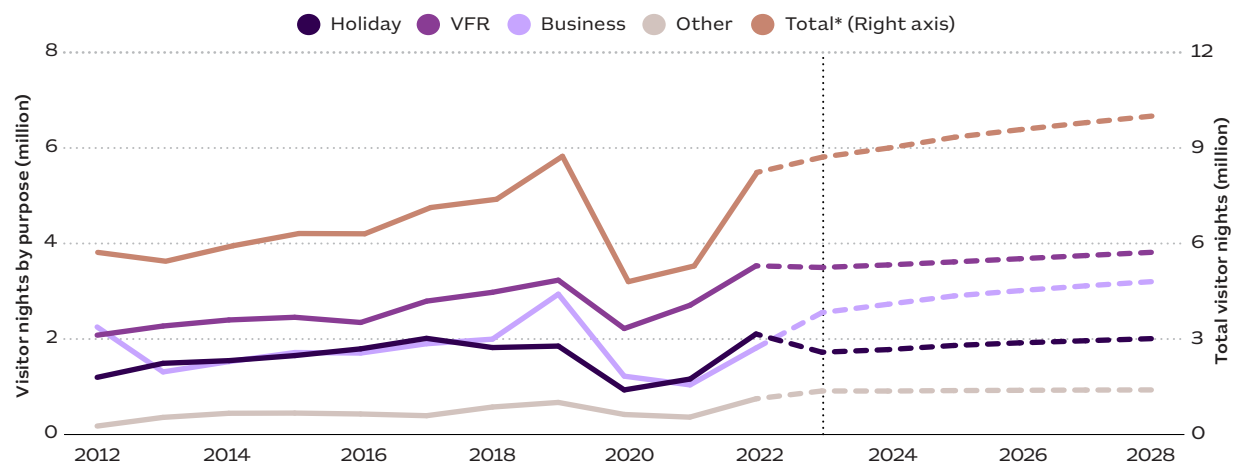
*Total includes nights spent in transit and purpose not stated

Sources: TRA, National Visitor Survey and forecast data

Australian Capital Territory

Domestic visitor nights in the Australian Capital Territory (ACT) are forecast to rise by 6% in 2023, then rise by an average of 2.8% per year over the forecast period. Total domestic visitor nights in the ACT are forecast to rise above the pre-pandemic level in 2024 (Figure 23). The recovery in business travel in the ACT supports the strong growth outlook.

Figure 23. Domestic visitor nights in the Australian Capital Territory, by purpose (left axis) and total (right axis).



*Total includes nights spent in transit and purpose not stated

Sources: TRA, National Visitor Survey and forecast data

Methodology

TRA forecasts are produced using a hybrid, evidence-based approach which combines quantitative data-based modelling and expert judgement. This method utilises market intelligence, the best available data and relevant research, including confrontation against other travel forecasts, including those produced by Oxford Economics.

Insights from the Tourism Forecasting Expert Panel are a critical component of TRA's tourism forecasts. The Tourism Forecasting Expert Panel is a particularly important source of broad-based, respected, and constructive intelligence drawn on by TRA to inform the tourism forecasts. TRA has been supported by a forecasting panel over many years: this year it comprised academic, industry and government experts and the state and territory tourism organisations.

Given the uncertainty around how recovery from COVID-19 will progress within a challenging global and domestic economic environment, this year's forecast approach again relied heavily on input from the Tourism Forecasting Expert Panel, market intelligence and recent data trends for short- and medium-term results. Model-based and structural parameters are given a larger weight in the longer-term forecasts. Tourism is expected to have recovered from the pandemic-related downturn. Future growth then reflects more normal, conventional factors. Forecasts for domestic tourism at the national level over these years are modelled from two parameters: Australian population growth and travel propensities of age cohorts. Travel propensities are estimated using recent and pre-pandemic TRA data. Population growth projections are sourced from the [Economic Intelligence Unit](#).

The judgement overlay permits weighting of the various forecast component inputs. Factors such as aviation capacity, availability of labour within the visitor economy, the accommodation outlook, national savings and disposable income growth, and behavioural considerations related to pent-up demand are also accounted for in this way.

The steps to incorporate expert judgement and market intelligence into TRA's forecasts are as follows:

1. Data-driven analysis and modelling by TRA to produce initial forecasts
2. Survey of panel members to collect views and forecasts
3. Statistical analysis of the survey results to encompass all views and determine the average expectation for each tourism indicator at various time periods
4. Adjusting the model-based forecasts to incorporate survey results and confrontation with other data sources
5. Expert panel review of draft, high-level initial forecast outputs
6. Incorporation of feedback from expert Panel, updating input data sources, review of modelled components by TRA prior to finalisation of data
7. Internal and external consultative review of detailed forecast data.

During the current period of rapid change, revisions to forecasts are more likely than they were in the past. This reflects the pace of change in the input data series as well as updates to the forecasting methodology to capture key drivers of tourism demand in the current environment.



Data sources

Australian Bureau of Statistics

- Consumer Price Index, Australia, June Quarter 2023, September Quarter 2023
- Overseas Arrivals and Departures, Australia – various releases up to August 2023

Australian Trade and Investment Commission (Austrade)

- [THRIVE 2030 Strategy](#) – Austrade, March 2023

Bureau of Infrastructure, Transport and Regional Economics (BITRE), Department of Infrastructure, Transport, Regional Development, Communications and the Arts

- [Australian Domestic Airline Activity—time series: Domestic Totals & Top Routes July 2014–July 2023](#)
- [Growth Potential for Foreign Airlines](#) – 26 April 2023
- [International Airline Activity monthly airline performance](#) – June 2023
- [International Airlines Operated Flights and Seats](#)
- [International airlines timetable summary](#)

Centre for Population

- [Budget 2023-24: Population projections, Australia, 2022-23 to 2033-34](#)

Consensus Economics

- Consensus forecasts (via subscription)

Economist Intelligence Unit

- Australian population forecasts (via subscription)

Euromonitor passport

- International outbound travel forecasts (via subscription)

Oxford Economics

- Travel and Tourism Databank (via subscription)

Reserve Bank of Australia

- Statement on Monetary Policy, August 2023, November 2023

Tourism Australia

- Scheduled international flights, average weekly flights to Australia, data provided via Cirium as at 19 October 2023, [Aviation – Corporate – Tourism Australia](#)

Tourism Research Australia (TRA)

- Domestic mobility data
- International Visitor Survey (IVS), various editions
- National Visitor Survey (NVS), various editions
- Tourism Forecasts for Australia 2022 to 2027
- Tourism Investment Monitor 2021-22



Australian Government

Australian Trade and Investment Commission
Tourism Research Australia

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