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TOURISM  
RESEARCH  
AUSTRALIA

# STATE OF THE INDUSTRY 2017–18

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## INTRODUCTION

Tourism continues to power ahead, generating \$131.4 billion in spend in 2017–18. This marks nine consecutive years of expenditure growth – total visitor spend is almost \$50 billion more than in 2008–09. Growth in 2017–18 was driven by domestic visitors, with overnight spend increasing 7.9% to \$67.5 billion.

A number of underlying changes are ensuring that tourism deservedly retains its status as a super growth industry. The lower Australian dollar means that domestic travellers are choosing to travel in Australia rather than overseas, with growth in outbound trips slowing. For international visitors, our lower exchange rate also makes Australia a more competitive destination.

While visitors are increasing, enticing them to leave the capital cities and travel to Australia's regions will likely remain a challenge for the industry, as both domestic and international visitors are exhibiting a trend towards shorter stays. Within the international market, shorter stays equate to less time to explore the country, which is the number one single reason that international visitors do not travel to Australia's regions. Limited dispersal combined with increased visitation is putting added pressure on infrastructure and amenities in the cities. Compounding this is the phenomenal growth in Asian markets (particularly China and India) due to rapid growth in prosperity. Asian markets made up almost half of all international visitors in 2017–18, however, they are less likely to disperse than our traditional European markets.

With almost one-third of tourism-related businesses located in regional Australia, encouraging visitors to disperse more widely will support these businesses and spread the economic benefits of tourism more evenly.

Meanwhile, Australia's tourism strategy, Tourism 2020, is entering its final stage, *Achieving the Potential*. A number of the upper bound supply side targets have already been met, while overnight spend is continuing to track above the lower bound figure of \$115 billion by the end of 2020, sitting at \$110 billion in 2017–18.

While tourism continues to thrive, our industry is operating in an increasingly competitive global environment. At the same time, we are seeing the growing influence of younger travellers in both domestic and international markets.

Maintaining a strong growth trajectory while delivering a memorable experience for visitors requires the industry to continue diversifying, expanding and marketing its offerings to match changing visitor expectations. The tourism workforce of the future will also need to evolve to meet these expectations through embracing new technologies that lift productivity, while facilitating and enhancing the visitor experience.

Continued investment in hotels, infrastructure and attractions that are produced in environmentally responsible ways will also be critical in expanding accessibility, spreading the tourism dollar more widely, and preserving and improving visitor attractions and experiences.

## THE TOURISM INDUSTRY: A 2017–18 OVERVIEW

## VISITORS

<b>TOTAL VISITOR SPEND</b> <b>\$131.4B ▲ 6.9%</b>	Combined value of total international visitor & total domestic visitor spend
<b>TOTAL INTERNATIONAL VISITOR SPEND</b> <b>\$42.5B ▲ 4.5%</b>	All spend from international visitors when travelling to Australia. Includes international pre-paid airfares & packages spend
<b>DOMESTIC OVERNIGHT VISITOR SPEND</b> <b>\$67.5B ▲ 7.9%</b>	Spend by Australian residents who travel away from home for at least one night
<b>DOMESTIC DAY TRIP VISITOR SPEND</b> <b>\$21.4B ▲ 8.6%</b>	Spend by Australian residents travelling on a day trip
<b>TOTAL OVERNIGHT SPEND</b> <b>\$110.0B ▲ 6.6%</b>	Combined value of total international visitor & domestic overnight visitor spend, and to track Tourism 2020
<b>INTERNATIONAL VISITORS</b> <b>8.4M ▲ 6.2%</b>	All international visitors to Australia aged 15 or over who stayed less than 12 months
<b>DOMESTIC OVERNIGHT TRIPS</b> <b>100.3M ▲ 7.0%</b>	Australian residents aged 15 or over who travel away from home for at least one night
<b>DOMESTIC DAY TRIPS</b> <b>200.4M ▲ 6.8%</b>	Australian residents aged 15 or over travelling on a day trip, more than 50 km from their home
<b>DOMESTIC OUTBOUND TRIPS</b> <b>9.5M ▲ 4.4%</b>	Australian residents aged 15 or over travelling out of Australia for less than 12 months

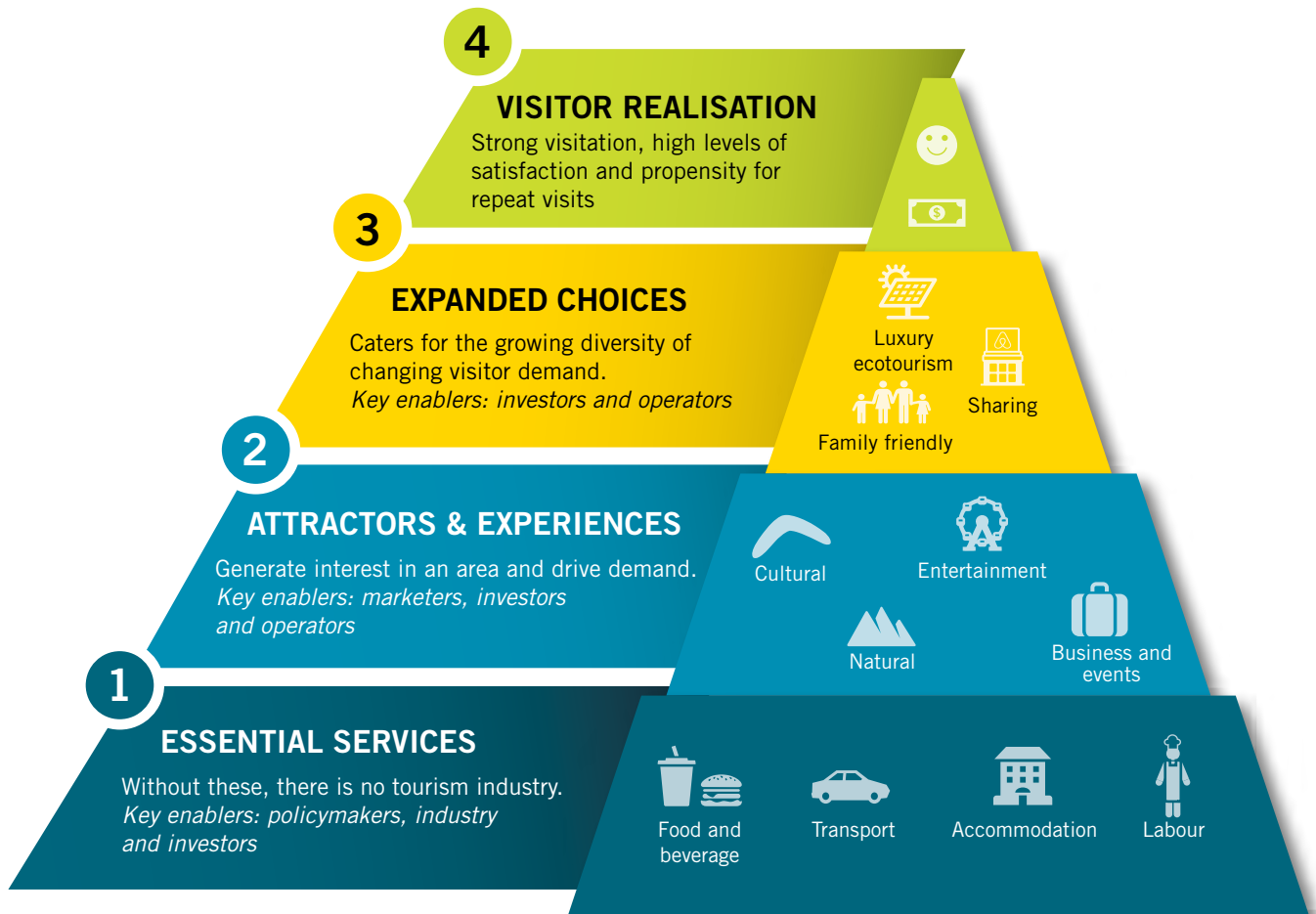
## SUPPLY

<b>ROOMS</b> <b>284,680 ▲ 2.5%</b>	The total number of rooms available in accommodation establishments with 10 rooms or more	ACCOMMODATION
<b>OCCUPANCY</b> <b>76.0% ▲ 0.8 PPT</b>	The percentage of rooms sold, or occupied in establishments of 10 rooms or more	
<b>INTERNATIONAL SEATS</b> <b>26.4M ▲ 4.6%</b>	The total number of seats available on flights to Australia	
<b>INTERNATIONAL LOAD FACTORS</b> <b>80.1% ▲ 0.2 PPT</b>	The percentage of seats on flights into Australia occupied by revenue passengers	AVIATION
<b>DOMESTIC SEATS</b> <b>77.5M ▲ 0.3%</b>	The number of seats available to people flying within Australia	
<b>DOMESTIC LOAD FACTORS</b> <b>78.6% ▲ 1.7 PPT</b>	The percentage of seats on domestic flights occupied by revenue passengers	
<b>INVESTMENT</b> <b>\$44.0B ▲ \$6.4B</b>	The total value of investment in tourism infrastructure projects valued over \$20 million	
<b>EMPLOYMENT*</b> <b>598,200 ▲ 3.0%</b>	The number of people directly employed by the tourism industry	
<b>BUSINESSES*</b> <b>288,614 ▲ 3.4%</b>	The number of Australian businesses in tourism-related industries	

\*Note: These figures relate to year end June 2017.

## TOURISM'S OPERATING FRAMEWORK

A successful tourism industry like Australia's involves many related and complementary activities across government and industry.



### 1 ESSENTIAL SERVICES

At the most fundamental level, accommodation, transport, food and beverages, and a labour force are all required to sustain tourism. These need to be enabled by a range of government policies and programs, such as air service agreements to allow travel to and from Australia, strong and efficient regulation to provide operator certainty, a positive financial environment for foreign and domestic investment and a diverse, geographically dispersed workforce to meet visitor needs.

### 2 ATTRACTORS AND EXPERIENCES

With the basics in place, creating demand for a tourism region means offering attractions and experiences that appeal to visitors. These include Australia's pristine natural environment, unique cultural attributes and world-class tourism attractions. In addition, well-targeted marketing is needed to generate awareness and interest among potential travellers and to convert a desire to travel into actual visitation. Adding to the marketing challenge is an increasing level of global competition for the tourist dollar and the lure of outbound travel for Australians.

### 3 EXPANDED CHOICES

In this era of more intense competition, operators also need to adapt their offerings to deal with increasing expectations among visitors, and changes in the visitor mix. This can include embracing the use of new technologies to enhance the visitor experience, providing a diverse range of accommodation options, and anticipating emerging trends in demand. Investors, both foreign and domestic, also have an important role in expanding tourism's essential infrastructure, particularly in regional Australia.

### 4 VISITOR REALISATION

Success at the above three levels translates into positive visitor realisation. This is reflected by high levels of visitor satisfaction and return visitation, plus strong and widespread economic benefits driven by high yield, longer stays and increased regional dispersal.

## VISITATION

With tourism spend growing to \$131 billion in 2017–18, tourism continues to be a strong performer for the Australian economy, and well deserving of its super-growth status. Its success, however, cannot be attributed to any one factor. The increased prosperity of global consumers, changing economic conditions and visitor preferences have all been influential, while also having wide-ranging impacts and implications for the industry.

## SHIFTING TRAVEL BEHAVIOURS

### THE DOMESTIC STORY

Falling exchange rates, low inflation, increased consumer confidence, and more budget travel options means that travelling at home is becoming far more attractive due to its price competitiveness with overseas holiday destinations. This is providing a strong boost for regional economies, due to the fact that most domestic overnight spend occurs outside the capital cities. In 2017–18, domestic overnight spend increased 7.9% to \$67.5 billion, while day trip spend passed \$20 billion for the first time.

While Australians have taken an extra 25 million domestic overnight trips over the last five years – or one extra trip per year for every Australian resident – they are staying for shorter periods. However, an increase in both day and overnight trips has offset any decline in trip spend, with every Australian spending almost \$4,400 on domestic travel in 2017–18 (up more than \$700 compared to 2012–13).

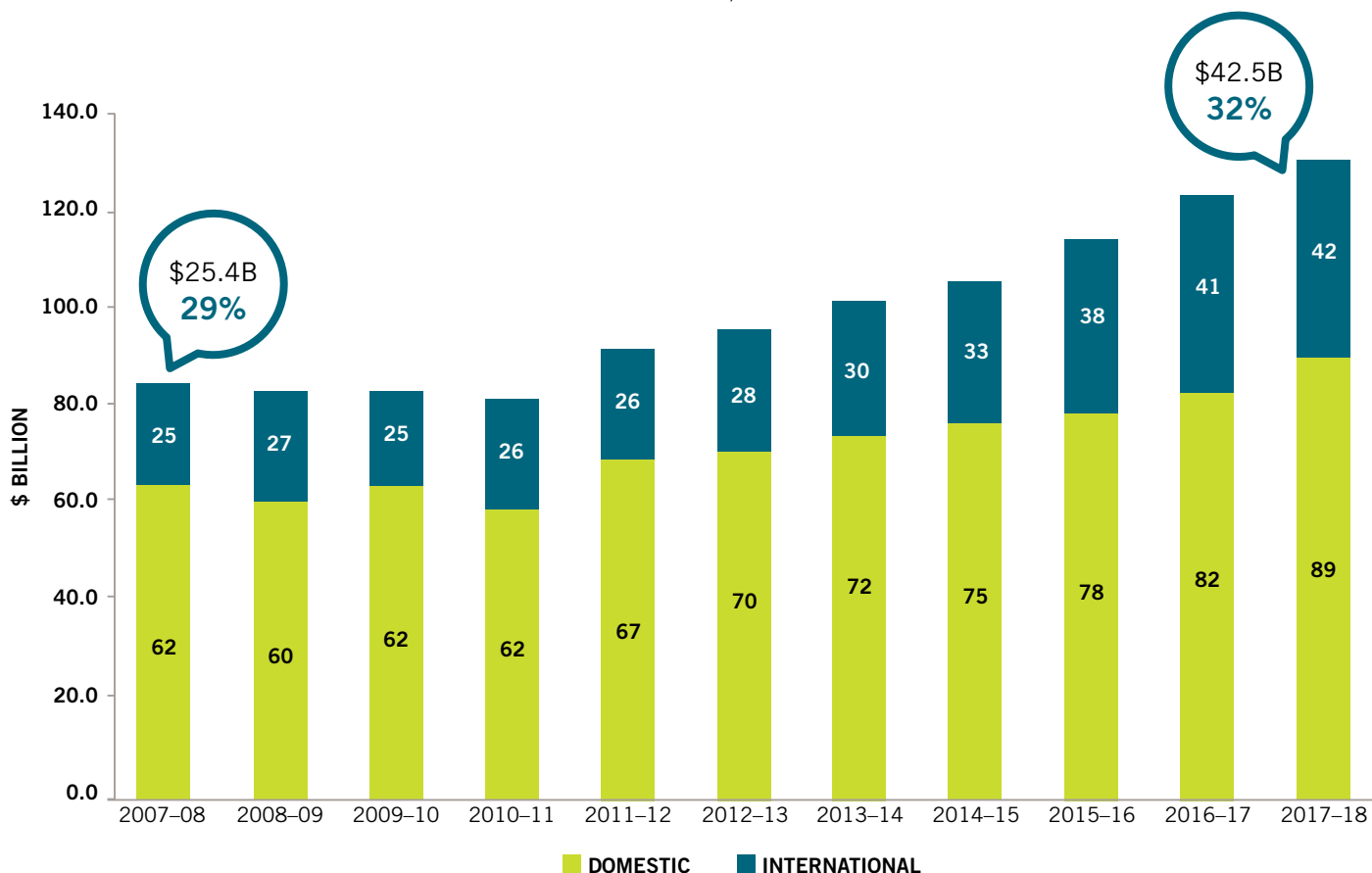
Meanwhile, outbound travel remains popular but growth slowed in 2017–18.

### THE INTERNATIONAL STORY

The global appeal of Australia saw international visitors surpass nine million for the first time with spend reaching \$42.5 billion. However, while trips increased, the average length of stay decreased from 34 nights to 32 nights, which led to a decrease in average trip spend (down \$79 per visitor to \$5,080).

Despite these lower yields, international visitors are increasingly important. The emergence of newer Asian markets and the growing impact of the international student cohort on the visitor economy means they will continue to capture an increasing share of spend. Forecasts show that visitor numbers will increase by another 3 million visitors in the next five years, with two-thirds coming from Asian markets.

FIGURE 1: CHANGING SHARE OF INTERNATIONAL SPEND, 2007–08 TO 2017–18

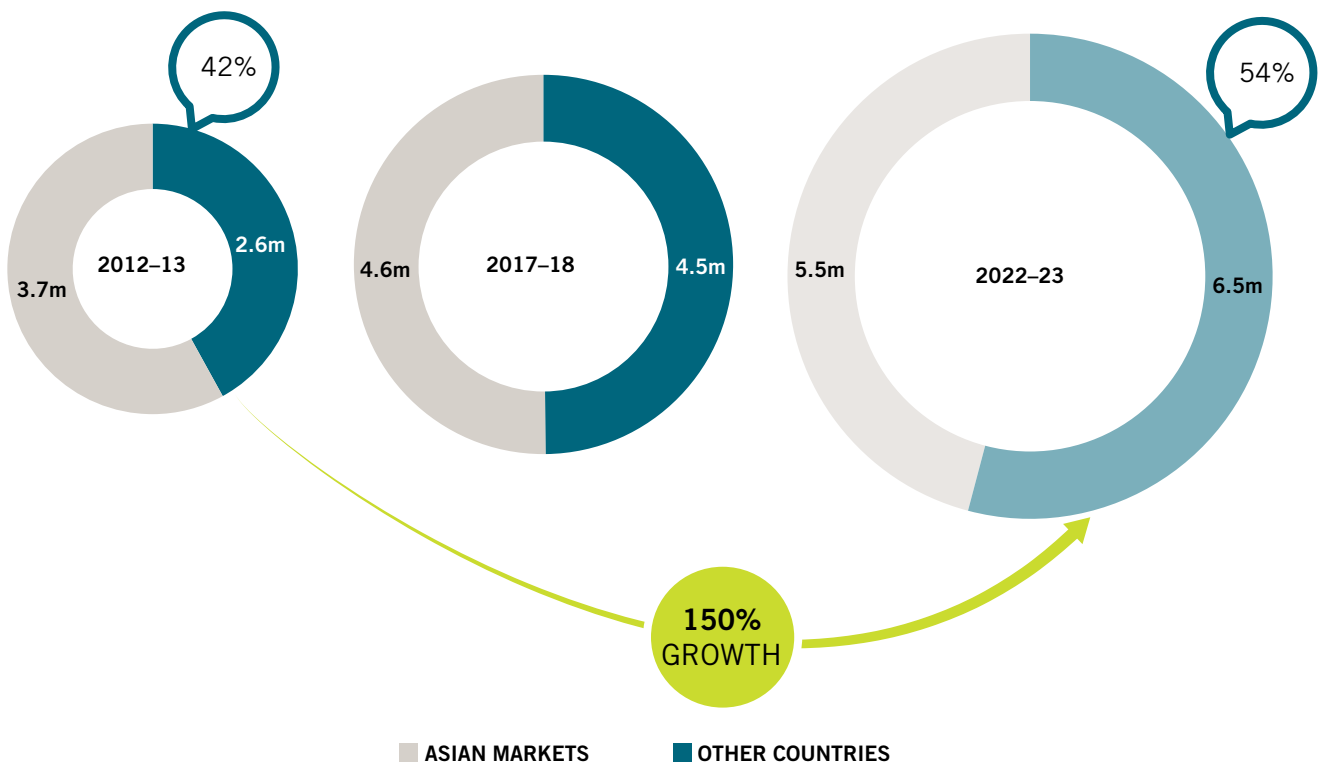


## DRIVERS OF CHANGE

### GROWING ASIAN PROSPERITY

The surge in current and future visitation from Asia comes from rapidly expanding middle class populations – a result of unprecedented levels of urbanisation and industrialisation and large, relatively young populations and workforces. This global trend will see the world's middle class swell to over 5 billion people by 2030, with nearly 3.5 billion coming from the Asia Pacific region.

FIGURE 2: THE RISE OF ASIAN MARKETS, 2012–13 TO 2022–23\*



\*Numbers relate to all age visitors and arrivals.

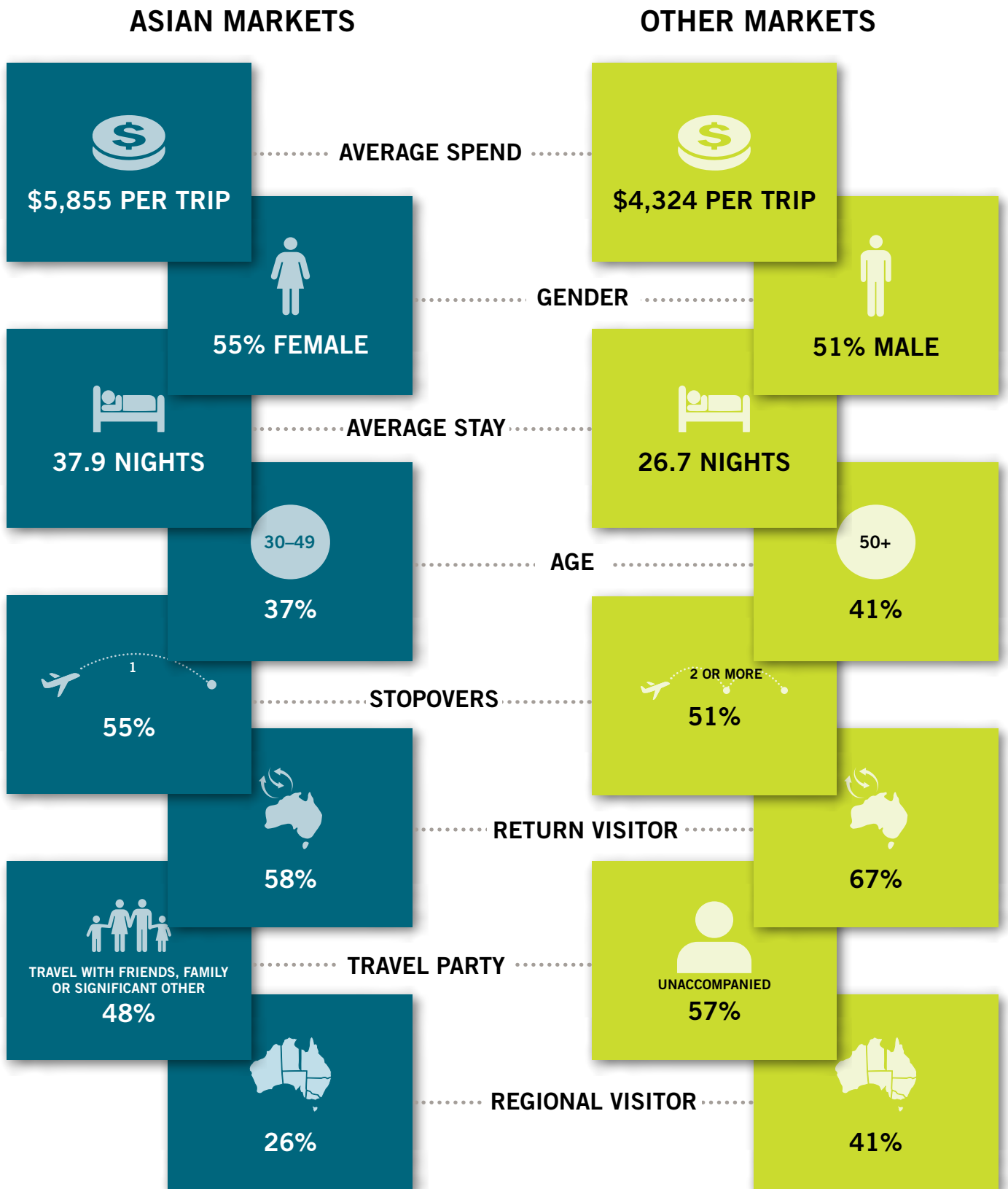
Asian visitors have different travel expectations compared to our traditional visitors. In general, they:

- are younger
- spend more per trip
- spend more on shopping to take home
- prefer to visit Australia's cities over the regions
- are first-time travellers.

Some of our more established Asian markets, such as Japan, Korea and China, are more likely to come to Australia on travel packages. However, these markets have been shifting towards free and independent travel (FIT), from 30% of holiday visitors a decade ago, to 50% in 2017–18. As the Asian market matures, the share of package and group travel is expected to decline, allowing for more independent experiences.



FIGURE 3: TYPICAL CHARACTERISTICS OF ASIAN VISITORS COMPARED TO OTHER VISITORS, 2017–18



## AN EMERGING YOUTH MARKET

Over the past decade, travellers at the older end of the market have driven growth in international and domestic demand. For example, those aged 55 and over accounted for one-third of the total growth in visitor spend between 2007–08 and 2017–18.

This is due to:

- Ageing populations - internationally and domestically, the number of older people is on the rise
- Life stage effects – older people typically have fewer expenses and more time at their disposal, enabling them to take greater advantage of Australia's offerings.






Industry has responded to these demographic changes, adapting offerings and making investments which cater for the tastes of older travellers and have improved accessibility.

Looking to the future, however, the youth market (those aged 15–29 years) will assume increasing importance. This is already evident in the international sector, with these young travellers accounting for 45% of international spend in 2017–18.

These younger visitors present a different profile to older generations, staying longer but spending less per night due to their economic circumstances and life stage. They also have a preference for budget travel, which is reflected by:

- greater use of low cost carriers (LCCs)
- lower patronage of traditional hotel accommodation
- lower average daily spend
- more likelihood of independent travel
- a tendency to travel alone.

TABLE 1: CHARACTERISTICS OF THE YOUTH MARKET

	YOUTH MARKET 15-29	OTHER AGE GROUPS 30+
 Travel on a low cost airline	19%	11%
 Nights in hotel accommodation	4%	18%
 Average nightly spend	\$131	\$188
 Non travel package/group tour	92%	83%
 Travel alone	64%	48%

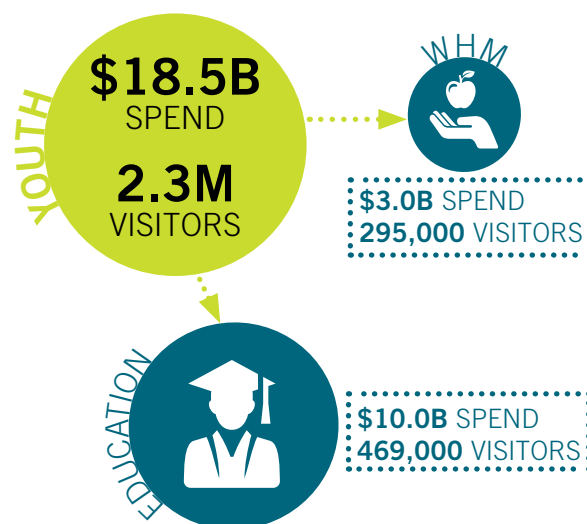
Younger travellers are also behind much of the increased demand for more authentic tourism experiences including:

- preferring authentic, adventurous and local tourism offerings over mainstream attractions<sup>1</sup>
- greater appreciation for environmental sustainability
- being more connected socially
- more spontaneity in their decisions.

From an international perspective, the economic value of youth travellers comes predominantly from students or working holiday makers (WHM). As they stay in Australia longer than average and generally have working rights, they also make significant contributions to the economy and labour force through:

- spend on everyday items and holiday experiences
- employment and study
- revenues to Australia's taxation system.

FIGURE 4: INTERNATIONAL YOUTH MARKET SPEND BY VISITOR TYPE, 2017\*



\*Numbers are based on 2017, as visitors by purpose are not available beyond 2017

### BOX 1: INTERNATIONAL EDUCATION – A KEY COMPONENT OF TOURISM

International education is a major export earner for Australia – valued at \$31.9 billion in 2017–18. This reflects Australia's status as an in-demand study destination, and its proximity to increasingly prosperous Asian middle classes. For example:

- Australia is the third largest destination for international students in tertiary education behind the US and UK
- Australia is predicted to overtake the UK within the next few years
- China is Australia's largest source market, but South Asian countries are gaining market share, especially India and Nepal.

A flow-on effect is that education-related travel is an increasingly important part of Australia's visitor economy, representing 6.8% of all international travellers in 2017. Education visitors also have a broader economic footprint, capturing approximately 27% of international visitor nights and spend in 2017.

As the majority are in Australia on a student visa, they are also able to undertake part-time work during their studies and can apply for a temporary graduate visa, which allows them to live and work

in Australia for up to four years after completion of their studies. The experience of living, working and studying in Australia also fosters strong and long lasting social, cultural and economic ties with source markets.

While China is the largest source of students to Australia, accounting for 36% of education visitors and 48% of education visitor spend in 2017, enrolments have slowed. This reflects a transition as China also becomes a competitor for international students. China has ambitions of hosting 500,000 international students by 2020 (*The PIE News*). The continued expansion of education infrastructure has seen nearly 3,000 colleges and universities developed in China with a number among the top 100 in the world (*World University Rankings*).

The international education market shows the effects of the changing trends in tourism. Among short-term education visitors:

- almost 85% are in the youth market
- more than 70% are from Asian markets
- 15% had family come to visit while they were studying
- 97% had a smart device on arrival in Australia
- 50% used Uber
- 24% travelled to regional Australia.

<sup>1</sup> [http://www.millennialmarketing.com/wp-content/uploads/2016/10/FutureCast\\_Millennial-Brief-on-Travel-and-Lodging-.pdf](http://www.millennialmarketing.com/wp-content/uploads/2016/10/FutureCast_Millennial-Brief-on-Travel-and-Lodging-.pdf)

## IMPACTS ON TOURISM

These shifts in visitor composition and behaviour will contribute to a changing visitor market. They are also a signal to investors and operators of the importance of adapting and updating their offerings to cater for this change.

### GROWING ASIAN MIDDLE CLASSES

The increasing share of Asian visitation will continue to drive much of the future growth in the industry. However, compared with domestic travellers and those from traditional overseas markets, this market is less likely to leave the major cities and visit Australia's regions. This has the effect of adding to the burden on accommodation, infrastructure and attractions and limiting the economic benefits to regional communities.

This creates opportunities for regional areas to attract first-time visitors from the fast growing Asian markets to help stimulate regional growth. However, it should be noted that some of the key barriers to greater dispersal are:

- a lack of information on regional destinations
- perceptions of the times and distance required to visit regional Australia
- the complexities of booking and adding a trip to regional Australia
- insufficient activities and offerings to convert day visitors to overnight visitors.

### THE EMERGING YOUTH MARKET

It is important for operators and investors to recognise that the youth market is represented by early adopters<sup>2</sup> of digital technologies that facilitate and enhance their experiences and communication, and that they play a large role in bringing many of these technologies into mainstream use. Compared to late adopters<sup>3</sup>, they are:

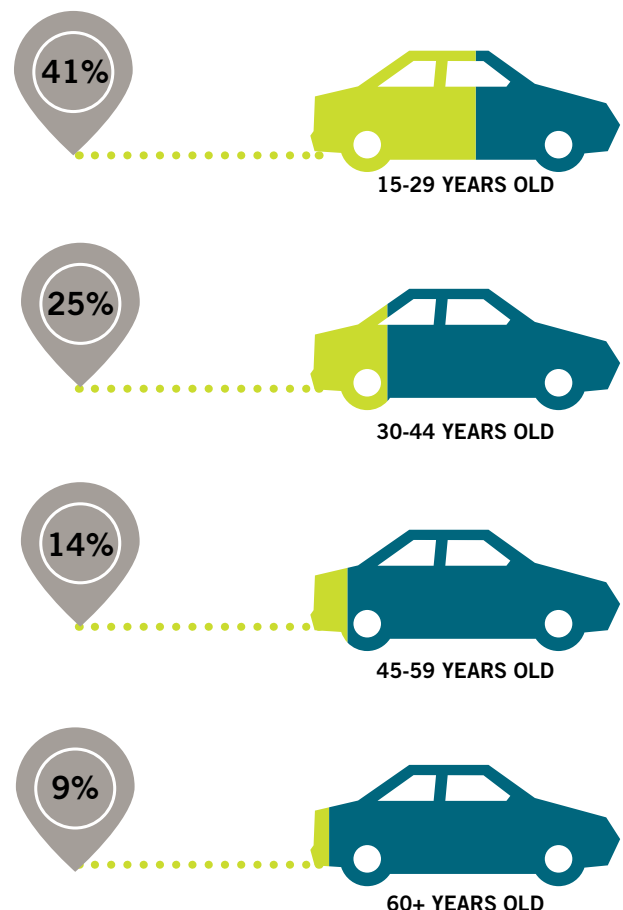
- typically younger in age
- of higher social status
- better educated
- more financially aware
- more socially forward.

Similarly, they are also more likely to have their travel decisions influenced by targeted marketing on their preferred social media platforms and through friends and 'influencers'. The 'fear of missing out' and 'social currency'<sup>4</sup> are key considerations in their travel choices, while their confidence with digital technologies means they quickly respond to online offers that pique their interest, and just as quickly dismiss those that don't live up to their ideals.

As digital disruption becomes part of everyday life, the tourism workforce of the future will also need to evolve to meet these expectations through targeted training and embracing new technologies that boost productivity and facilitate the visitor experience.

A number of emerging technologies provide key opportunities for the tourism sector, including augmented and virtual reality, visitor tracking and increased influence through new communication channels. From a longer term perspective, it is also important to note that many of the young budget travellers of today will transform into the high yielding travellers of tomorrow, and although their economic standing will increase substantially, the values and behaviours they hold today are unlikely to change.

FIGURE 5: SHARE OF INTERNATIONAL VISITORS WHO USED UBER BY AGE GROUP, 2017–18



2 On digital marketing, [The 5 Customer Segments of Technology Adoption](#)

3 As above

4 The existing and potential resources which arise from the presence of social networks and communities – both online and offline

## OPTIMISING THE BENEFITS OF TOURISM

The greater dispersal of tourists beyond the major cities is critical in ensuring the benefits of tourism are spread more evenly across the country, diversifying the economic base of regional communities, while reducing the burden on tourism infrastructure in our gateway cities.

In 2017–18, 44 cents in every tourism dollar was spent in regional areas, an injection of \$51 billion to regional communities. This spend resonates at a local level, with around one-third of tourism-related businesses and more than half of the tourism workforce located in regional Australia. Tourism itself accounts for 4% of economic output and 8% of jobs in regional Australia.

## CHALLENGES

Regional dispersal does, however, remain a challenging, multi-faceted issue for tourism operators and policymakers for the following reasons:

- **Differences between domestic and international are stark** – Two-thirds of Australians live in a capital city, but 52% of domestic overnight spend and 56% of day trip spend is in the regions. By contrast, 97% of international visitors arrive in a capital city, but only 10% of international spend is in regional Australia.
- **Dispersal is shallow** – The five most popular regional destinations (North Coast NSW, Tropical North Queensland, Sunshine Coast, Hunter and South Coast), accounted for 32% of total regional spend. Dispersal is particularly shallow for international visitors, with just five destinations (all of which are coastal or adjoin a capital city) accounting for 46% of total spend.

FIGURE 6: SPEND IN AUSTRALIA'S REGIONS



- **Dispersal is low yield** – Average spend by international visitors to regional Australia is just \$86 per night, compared with \$113 per night in capital cities. While domestic visitors spend more, the gap is even more pronounced – \$151 per night for regions and \$250 per night for capitals.
- **Dispersal rates are not increasing** – Among domestic travellers, the rate of regional dispersal has not budged for more than a decade, while international visitors have steadily declined, with just 34% visiting a regional area in 2017–18. Much of this has been driven by strong growth from emerging Asian markets that are less likely to travel beyond the cities, with only 45% having more than one stop over.
- **Composition is changing** – Holiday travel is where policymakers, marketers and operators have the most effect; it is also one of the most lucrative, with an average nightly spend of \$196 for domestic overnight visitors in 2017–18. However, while regional Australia is maintaining its share of domestic overnight travel, its share of international holiday travel is falling.

## POSITIONING THE INDUSTRY FOR THE FUTURE

From a demand perspective, it is important to understand which cohorts are less likely to venture beyond the cities so that perceived and real barriers to regional dispersal can be identified and addressed. In these respects:

- Dispersal among international visitors is higher among those who are staying longer and among return visitors. It is also higher among the youth market and those aged 55 and above.
- Domestic dispersal remains high, with more than 60 million trips to regional areas. However, the likelihood of dispersal increases continually after age 50, and is highest among holiday visitors.
- From a supply perspective, it is important to steer more investment into regional Australia to improve the pulling power of our world class attractions and unique visitor experiences and entice more visitors out of the capital cities.
- The 52 significant tourism projects in regional Australia in 2017–18 (mainly in accommodation) represents less than one-quarter of the national pipeline. Additionally, outside of the accommodation sector, a high proportion of these regional investments require government support.
- The government's *Regional Tourism Infrastructure Investment Attraction Strategy* recognises these issues and strives to create an environment that attracts foreign direct investment into iconic regional tourism areas.



- Additionally it is important to understand what motivates and inhibits investors. Typically:
  - investors prefer assets with broad demand profiles, which makes capital cities more attractive
  - regional greenfield projects can be considered high risk
  - current regional investors are more likely to consider new opportunities
  - the operating environment in regional areas is considered more difficult.
- Many of these views create barriers to regional investment, however, they can be counteracted to a degree through provision of more comprehensive supply and demand side data on the region, better informing the investor and alleviating some of the perceived risk.

## NEW OPPORTUNITIES

Currently, Australians have the highest propensity to cruise in the world, with 1.3 million taking a cruise in 2017.

While the South Pacific was Australia's most popular destination, more than one-third of these passengers took a domestic cruise, with ships calling at 41 regional ports and anchorages around Australia. Cruise passengers, therefore, have the potential to contribute to greater regional dispersal and spread the economic benefits of tourism more widely (See [CLIA, Cruise industry ocean source market report](#)).



## DELIVERING A SUSTAINABLE TOURISM SECTOR

### TOURISM 2020 AND BEYOND

Tourism 2020 is a national strategy partnership between government and industry to achieve the tourism industry's potential. With a focus on doubling overnight visitor spend to between \$115 billion and \$140 billion by 2020, it is supported by a number of supply side targets to enable the industry to achieve this goal.

Progress against Tourism 2020 targets is regularly tracked. For 2017–18, overnight spend was \$110.0 billion, tracking well above the lower bound target of \$115 billion by 2020.

### BOX 2: LOOKING BEYOND 2020

In 2019, consultations began for the next long-term national strategy to help grow the tourism industry. The steering committee report calls for a strategy to increase visitor numbers, trip length and spend for all visitors, encourage regional dispersal and empower the tourism industry to thrive in our increasingly digital world. It looks to ensure Australia can maintain and grow its market share in an increasingly competitive global tourism market.

## ALIGNING GROWTH WITH SUPPLY

To prosper in an era of increased competition, rapid growth and change, the supply of accommodation, attractions and infrastructure across Australia needs to be aligned with users' expectations.

Ensuring that growth is not constrained by supply or a lack of support involves collaboration across the industry and includes:

- policies and programs delivered by government to support growth while ensuring tourism is positively received by the wider community and does not impact negatively on the natural environment or local residents.
- a high level of supporting services and infrastructure, including efficient transport networks, seamless travel experiences and uninterrupted connectivity. Continued investment in road and rail is also needed to improve access to the regions with research showing perceptions around journey times being the main reason why international visitors did not travel to regional Australia.
- effectively marketing our pristine natural environment, our unique cultural attributes and our world-class tourism attractions to generate interest among potential travellers and to convert a desire to travel into visitation.
- operators providing a diverse, high quality range of accommodation and food choices that meet (or exceed) the expectations of visitors.
- a strong investment pipeline to expand tourism's essential infrastructure, particularly in regional Australia.
- a large, well trained workforce, adaptable to the seasonal fluctuations in the industry and changing technologies and capable of delivering a memorable, high quality visitor experience.

## RECENT DEVELOPMENTS

### EXPANDING AIR SERVICES

The number of flights into Australia has increased by almost 25% over the last five years, driven by strong growth in flights from Asia, as more LCCs enter the market. The signing of major air service agreements with China, India and a number of Mediterranean countries has also assisted progress. While inbound seats have increased by almost 31%, demand has kept pace and load factors remain above 80%.

#### BOX 3: THE RISE OF LOW COST CARRIERS

The introduction of international low cost airlines has made Australia more affordable for budget conscious travellers. In 2017–18, LCCs accounted for almost 16% of seats and flights into Australia and maintained load factors of around 83%.

LCCS ACCOUNTED FOR ALMOST

**16%**

OF SEATS



AND FLIGHTS INTO AUSTRALIA



There are eight main carriers, with the majority servicing the fast growing Asian markets. AirAsia X also services New Zealand, and Jetstar services Fiji, New Zealand and the US. Jetstar is, however, the standout performer, accounting for 56% of LCC passengers.

The growth in flights has seen a number of airports nearing capacity – especially Sydney, which accounts for almost 42% of international visitor arrivals. This has led to investment in the Western Sydney Airport. However, with construction not due for completion until 2026, and international arrivals to Australia expected to grow by more than 60% over this time, there will be significant additional pressure on Sydney and other gateway airports.

At the same time, capacity is increasing in other parts of Australia. Avalon is now operating as an international airport, supporting services from AirAsia X, and providing travellers additional choice.

While aviation continues to expand, a number of airports maintain the 'historical precedence' rule<sup>5</sup>. This can make it more difficult for new airlines to enter the market – especially where airports are reaching capacity – or to negotiate the most convenient operating time slots.

Globally, continued development in the aviation space sees new 'ultra-long-haul' services becoming available. This comes as Singapore Airlines announced a new 19-hour flight between Singapore and Newark in late 2018, improving access to New York and the rest of the US North-East. With flights of this length now possible, this may create opportunities for more direct flights to Australia in the future.

### NEW TECHNOLOGIES

The Department of Home Affairs is investing in new technologies to modernise Australia's visa system. This includes a global processing platform which will contribute to faster and more consistent visa outcomes, simplification of existing, highly complex visa arrangements and more efficient detection of individuals posing a security, law enforcement or immigration risk, while also speeding up the flow of legitimate travellers.

<sup>5</sup> Historical precedence depicts that if an airline already held a scheduled slot, they have the first preference to that slot in the next scheduling period.

**BOX 4: COMPETING OR COMPLEMENTING? THE GROWING INFLUENCE OF DISRUPTORS**

New technologies have driven a shift towards the sharing economy and spurred new developments in online platforms. This has seen the rise of many competitive business opportunities across the tourism sector, including accommodation, transport and food services. In the accommodation sector, this has led to the rapid rise of multinational corporations such as Airbnb and Homeaway.

The traditional view of the accommodation sector involves large-scale investments that require significant planning and long development times. Today's consumer now benefits from the relatively simple re-purposing of existing private accommodation.

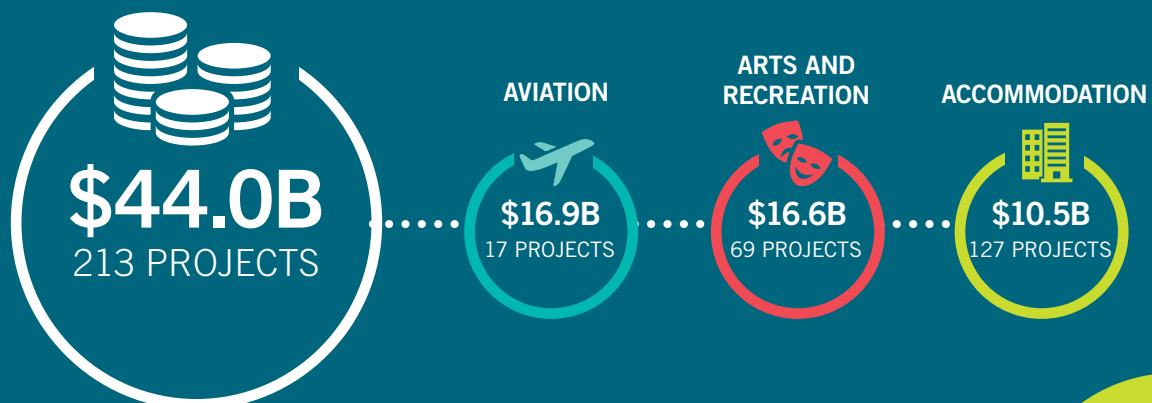
When Airbnb launched in 2012, Australians were already making use of holiday houses, particularly in coastal areas. The introduction of accessible and easy to use online platforms made this type of holiday available to a much wider group – both domestic and international:

- around 9% of international visitors booked accommodation through Airbnb alone in 2017–18
- 5.5 million domestic overnight visitors booked accommodation through a sharing accommodation website in 2017–18.

The accommodation sector has responded to these challenges with record levels of large-scale tourism investment. As at June 2018, the tourism investment pipeline was valued at \$44.0 billion across 213 projects. The accommodation component has the potential to add 22,000 rooms to supply, with another 28,000 rooms available in mixed-use projects.

Outside of the accommodation sector, the continued appetite for disruptive technologies is evident in the transport sector. The popularity of ride share technology continues to grow as it becomes normalised and continues to expand:

- almost one-quarter of international visitors used Uber while in Australia in 2017–18 – an increase of almost 500,000 on the year before
- Australians used Uber on 5.6 million overnight trips
- there are 62,000 Uber drivers active in Australia.

**TOTAL TOURISM INVESTMENT PIPELINE, 2017–18**

FOR MORE  
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