



Time to discover your own back yard  
**Supporting Australia's Visitor Economy**

Committee for Melbourne and Committee for Sydney

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# Introduction

---- the tourism sector has had a good decade, outpacing growth of the economy by a healthy margin

---- our response measures to COVID-19 have had an immediate and profound impact on the sector

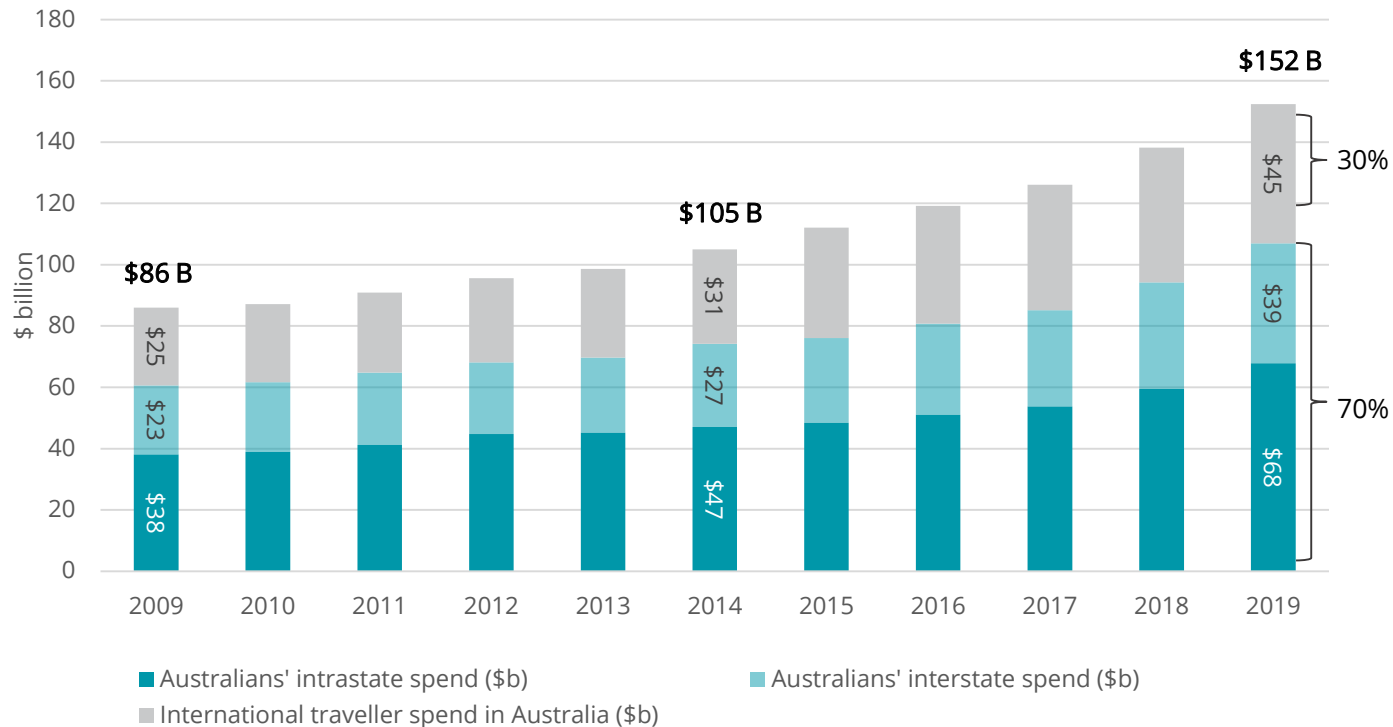
---- the period ahead and the recovery will be fuelled by domestic demand, but the shifts in markets, travel patterns and preferences will see an uneven recovery

---- Melbourne and Sydney, more the same than different when it comes to the challenge ahead and the response needed.

# The mix of tourism expenditure by visitors in Australia

International and domestic tourism expenditure increased from \$86 billion in 2009 to \$152 billion in 2019, an impressive 5.9% increase annually over the last 10 years.

Tourism expenditure mix in Australia



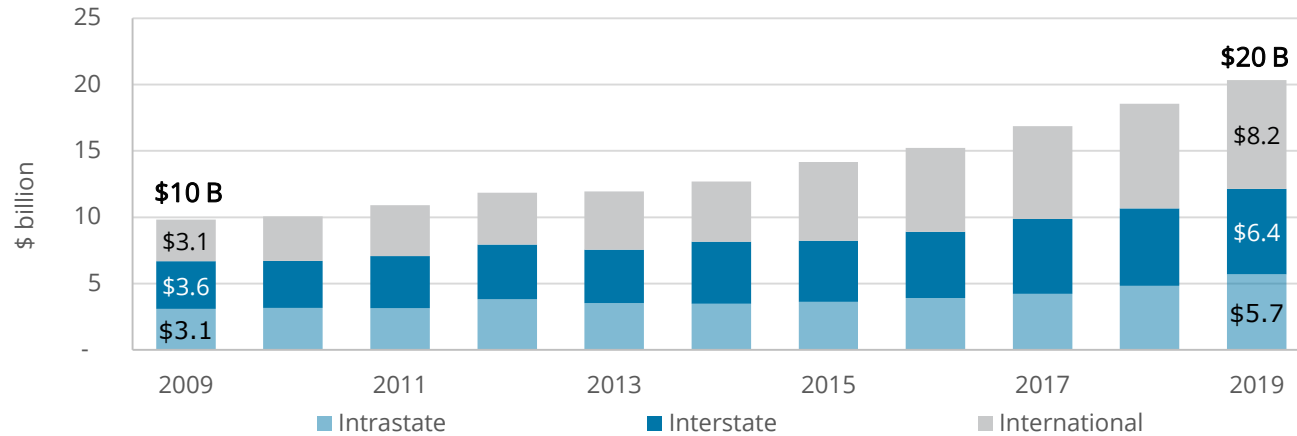
Source: Deloitte Access Economics, Tourism Research Australia

- Total tourism spend in Australia is worth \$152 billion in 2019.
- Both international and domestic tourism expenditure have recorded significant growth, with an average annual growth of 6.0% and 5.8% respectively over the last decade.
- 70% of the spending comes from Australians travelling around the country, of which 75% is from overnight visitors
- Australians are ready to travel again when restrictions are lifted, though travel patterns will be different
- Unlikely international tourism will return before the end of 2020 (perhaps travel to New Zealand earlier... )

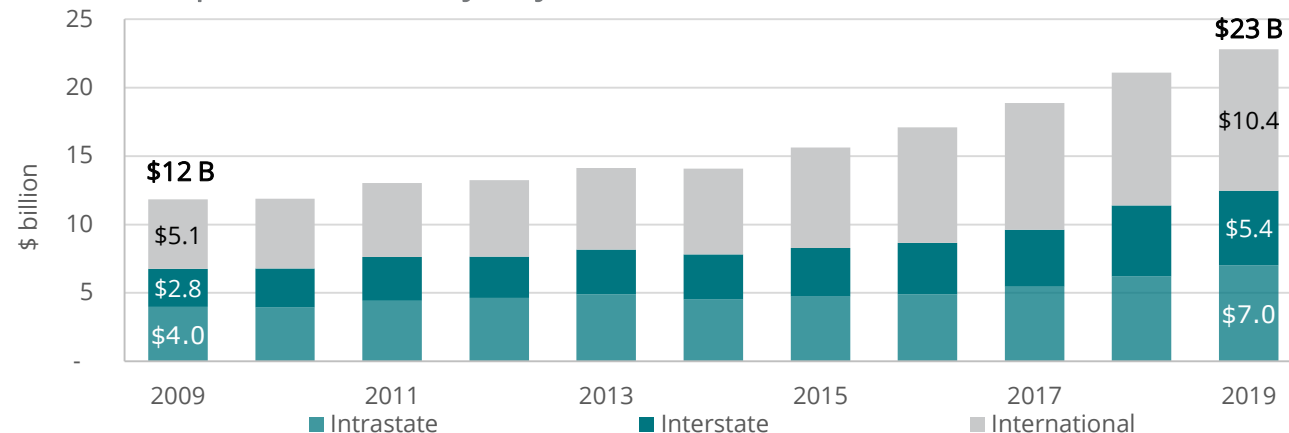
# Mix of tourism expenditure in Melbourne and Sydney

Combined international and domestic tourism expenditure over the decade has essentially doubled in each of Melbourne and Sydney.

Tourism expenditure mix in Melbourne



Tourism expenditure mix in Sydney

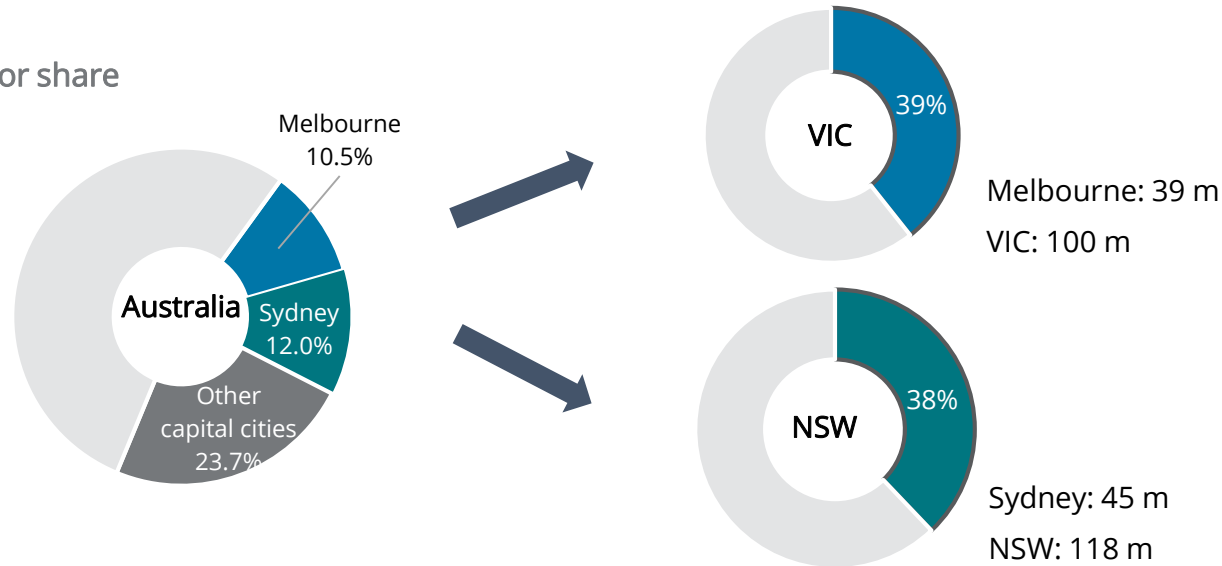


- Total tourism spend in Melbourne and Sydney was worth \$20 billion and \$23 billion respectively in 2019
- Over the last decade, both capital cities saw significant growth in both international and domestic tourism expenditure.
  - **Melbourne:** 10% growth p.a. for international and 6% growth p.a. for domestic
  - **Sydney:** 7% growth p.a. for international and 6% growth p.a. for domestic
- Between 26% and 28% of the spending in the two cities originates from residents travelling within their home states.

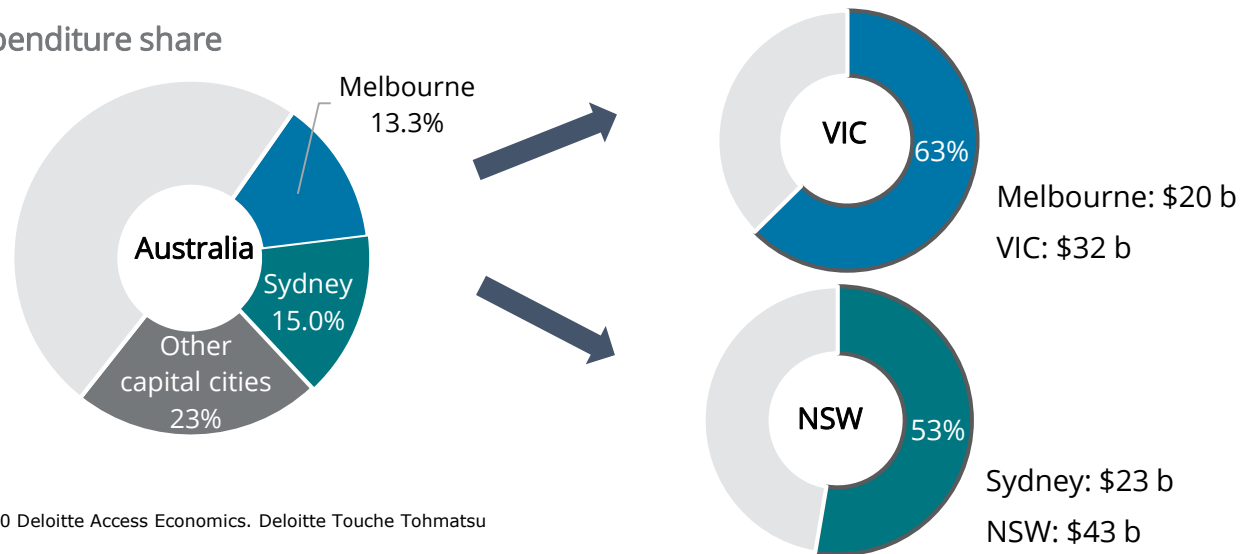
# The visitor economy of Melbourne and Sydney

Combined, Melbourne and Sydney contribute 28% of Australia's total tourism expenditure.

Visitor share



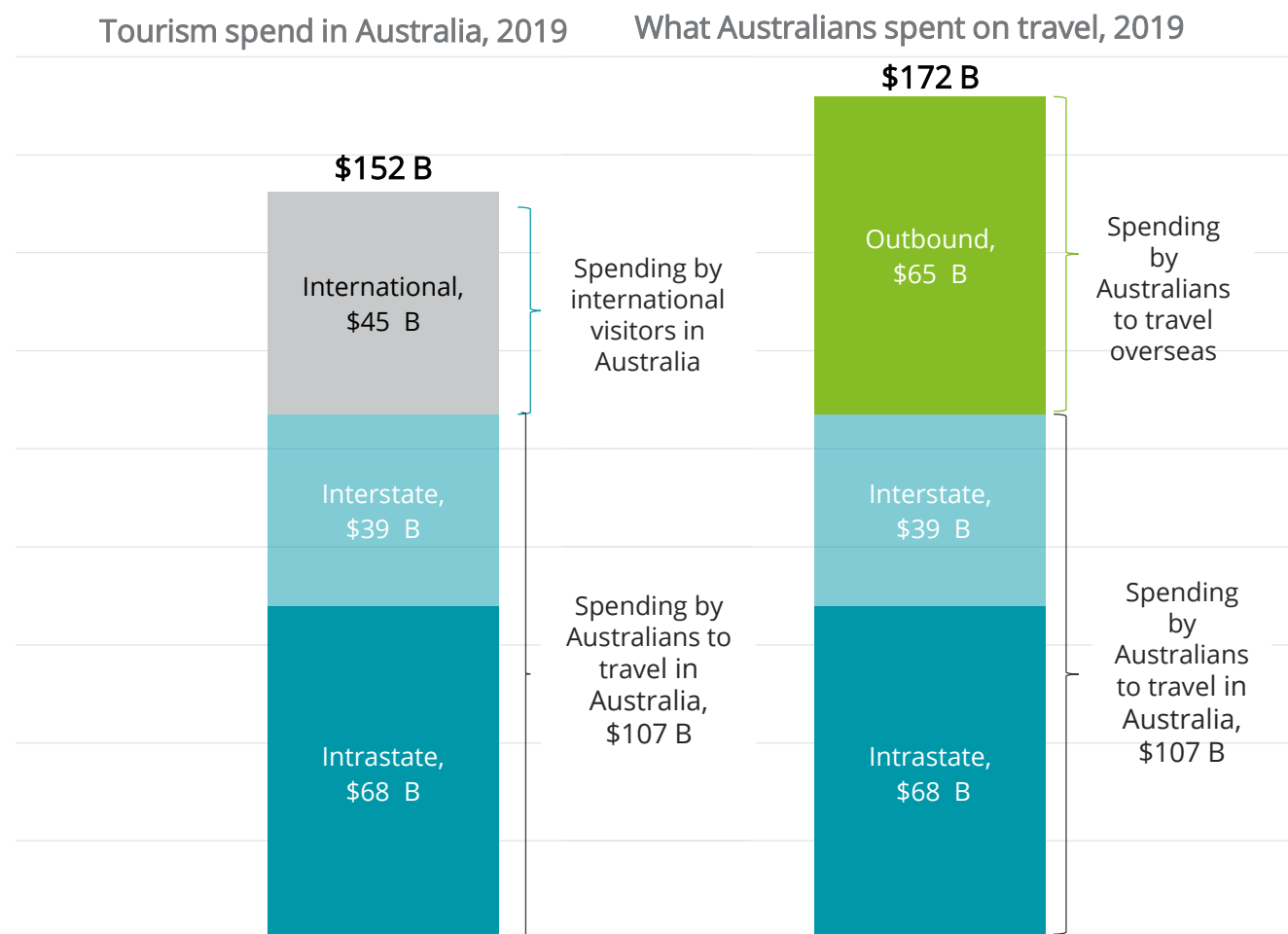
Expenditure share



- Across Australia, capital cities contribute around half (51%) of national tourism expenditure.
- Around 40% of tourists of visitors to Victoria and New South Wales visit the capital cities, contributing 63% and 53% of the total tourism expenditure to each state.
- Around a third of tourism spend in Melbourne and Sydney were from holidaymakers.
- Sydney and Melbourne account for 77% of convention / conference visitors to Australia. Over 180,000 international visitors travelled to Sydney and Melbourne for a convention or a conference.

A look at residents' spend on travel

# The restart of the tourism sector will be right here in Australia, with home region travel to first to revive...

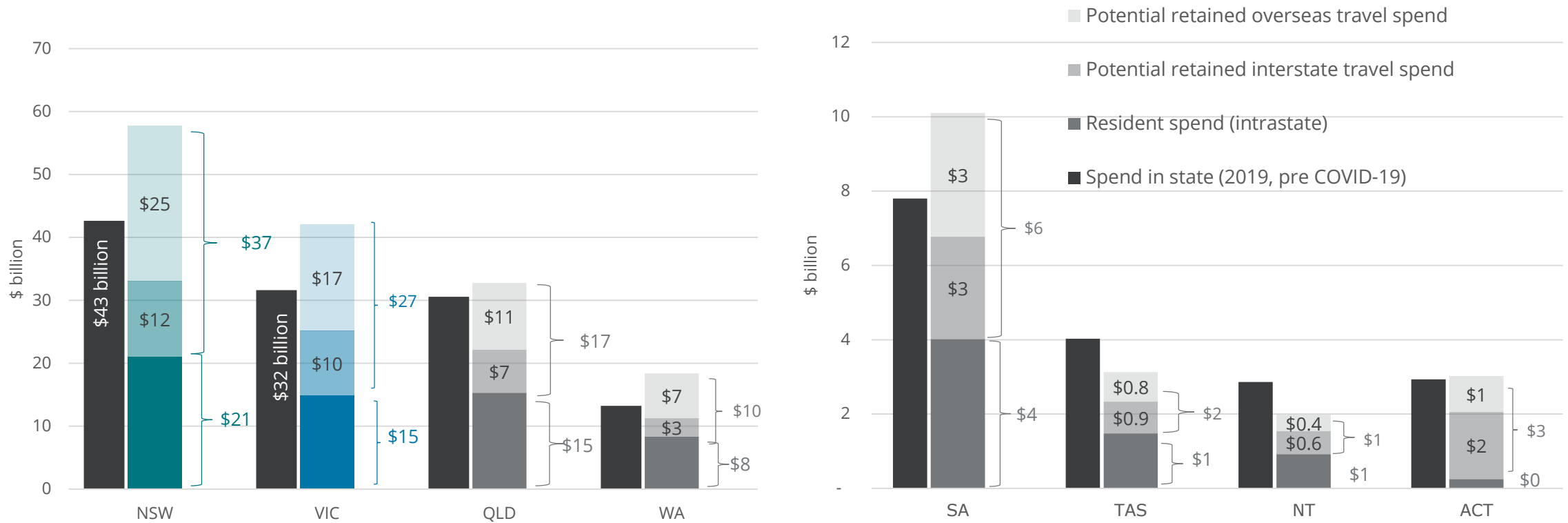


Source: Deloitte Access Economics, Tourism Research Australia

- Australians spend **\$170 billion** on travel – domestic and overseas, equating to about **\$6,600 per capita**
- Australians took just under **10 million trips** outside of Australia in 2019, spending a total of **\$65 billion**, of which an estimated 12% (or \$8 billion) stayed in the Australian economy
- **40% of travel spend** is Australians travelling within their **home state or territory**
- **Domestic travel** is the new currency for Australia for the moment at least (and unsure how long this moment will last), though **household propensity to travel** is expected to be weaker
- Australians *could* increase their spending on intrastate trips in the early stage of the recovery and interstate trips in the upcoming stage as they redirect (*at least some*) of the spending they would *usually* be making on interstate trips (early) and overseas trips (later).

# What is the opportunity to redirect and retain spending across the country?

Australians *could* increase their spending on intrastate trips in the early stage of the recovery as they redirect (at least some) of the spending they would *usually* be making on interstate and overseas trips.



Source: Deloitte Access Economics, Tourism Research Australia

- The **darker coloured** stack above shows the total visitor spend usually **occurring within each state** from international markets, interstate markets and from **residents** traveling within their home states (intrastate visitors).
- While the spending of **intrastate visitors** once state-level travel restrictions ease will provide an initial step up in activity for tourism industry operators (beyond strictly local demand), redirecting residents *usual* **interstate** and **overseas** spend provides a chance to make up for the shortfall in interstate and international visitor spending.

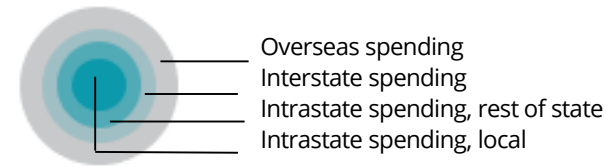
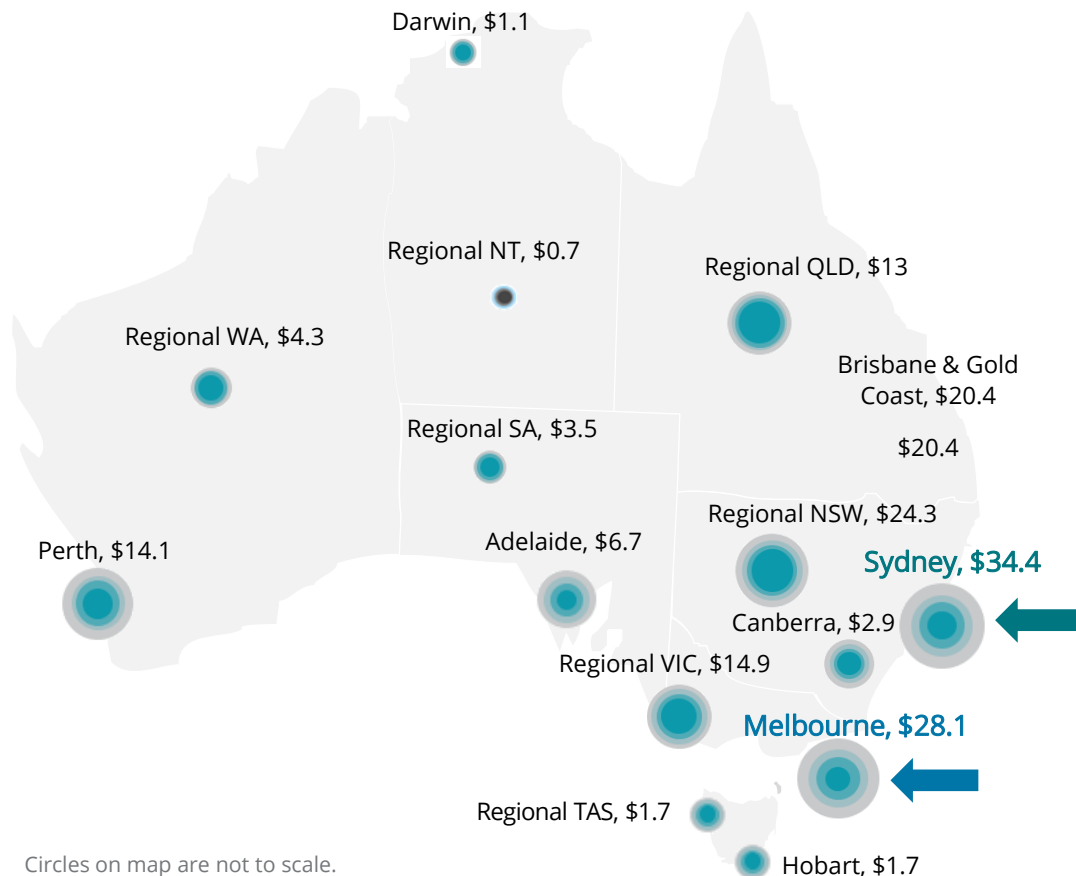


A look at capital cities and regional destinations

# Where to focus attention in the near term

The level and mix of spending, and the scale of the opportunity to redirect some of the retained spending, differs between residents of cities and regional areas.

Residents' visitor expenditure across segments, 2019



The two inner bands represent residents' spending on **intrastate** travel pursuits.

The two outer bands represent residents' usual spending on **interstate** and **international** trips that is curtailed at the moment that could be repurposed and redirected to the current mission of restarting tourism.

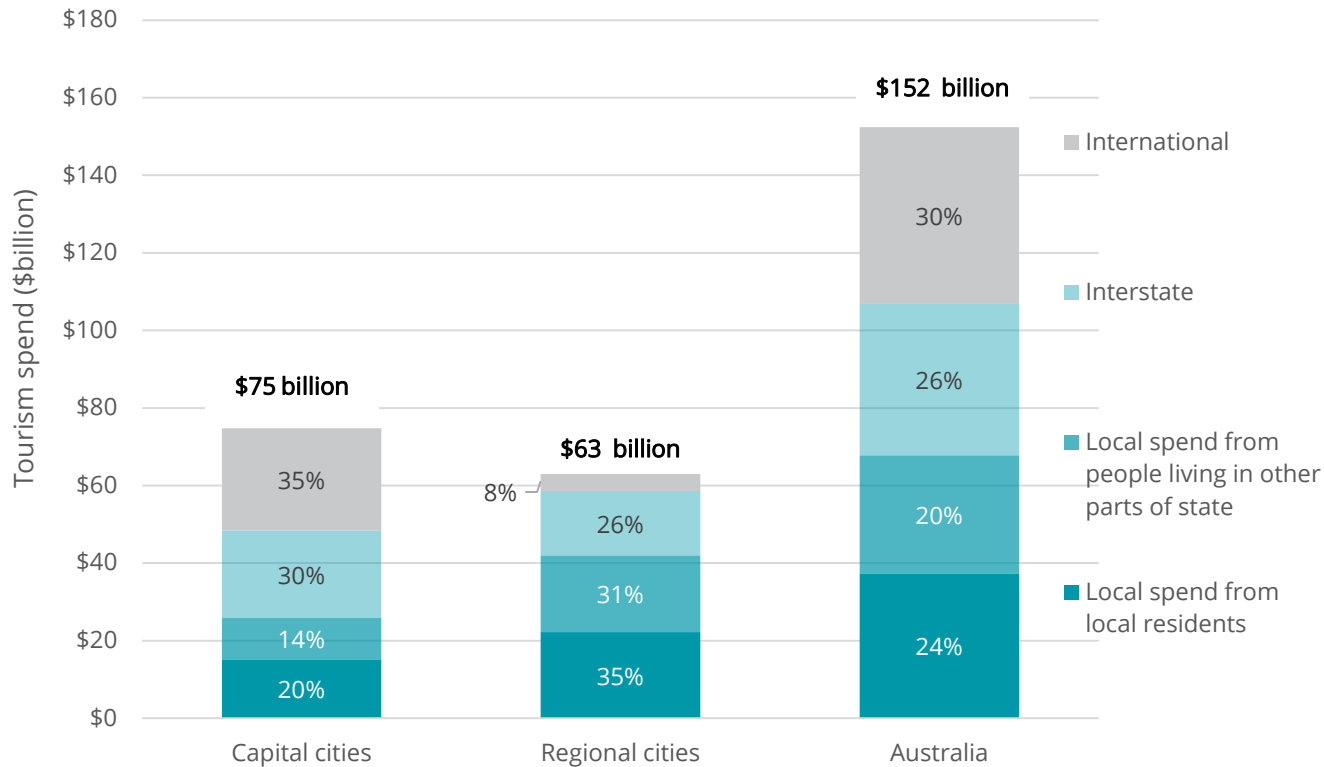
- The combined spend of residents of Melbourne and Sydney on travel (domestic and overseas) totalled more than \$60 billion
- However, a greater share of their spending (than that of their regional counterparts) was spent on travel pursuits outside of their local region and home state
- How do we engage with this market, and harness their 'usual' spending?

Circles on map are not to scale.

# The outlook for cities and regional destinations

Capital cities have bigger challenges compared to the regions with only a third of usual visitor expenditure coming from the intrastate market.

Tourism expenditure mix in capital cities vs. regional destinations, 2019



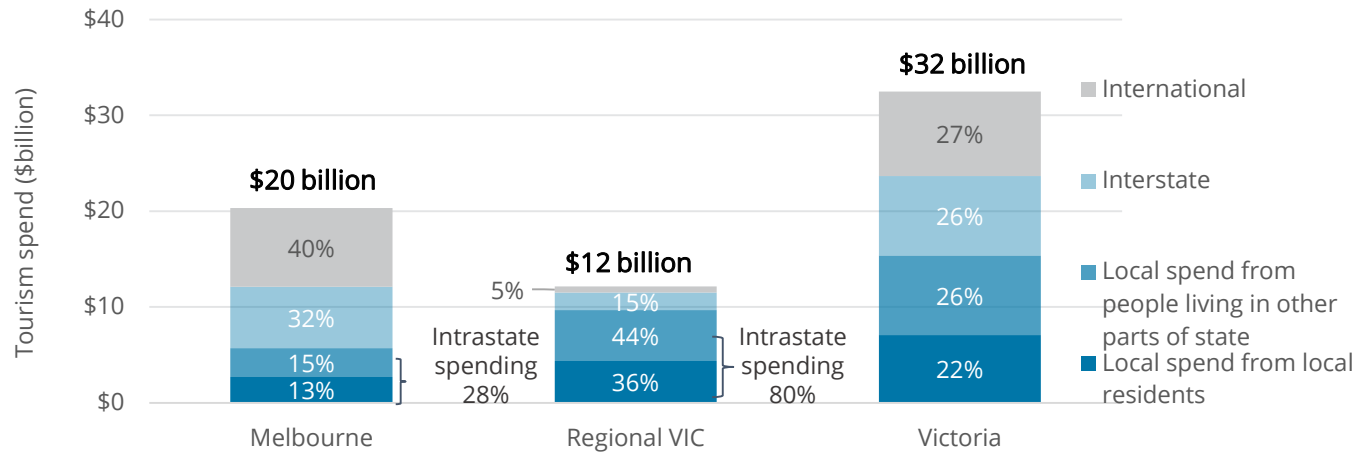
Source: Deloitte Access Economics, Tourism Research Australia  
Note: International visitor spend for Australia includes pre-arrival expenditure

- **Capital cities** attract a greater share of interstate and international visitors than regional destinations, and therefore the task of replacing this revenue in the short term during the intrastate travel only period will be a greater one given the **share of intrastate spending in capital cities is 34%**, while across regional destinations intrastate spend represents 66% of their total tourism revenue.
- Even closer to home, over a third of tourism spend in regional destinations is from local visitors compared to **just 20% in capital cities**.
- Even once interstate borders open, the task of replacing the prior expenditure of international visitors falls squarely on the shoulders of cities.

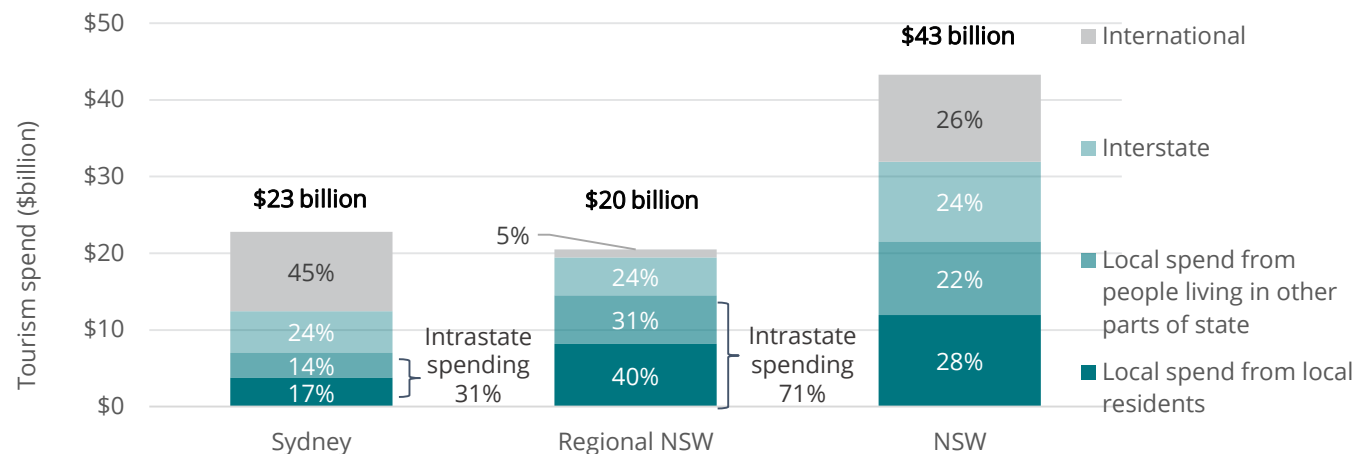
# The outlook for Melbourne and Sydney

Capital cities have bigger challenges to redirect intrastate spend with only a third of tourism revenue from this segment.

Tourism expenditure mix in Melbourne vs. regional Victoria, 2019



Tourism expenditure mix in Sydney vs. regional NSW, 2019



Source: Deloitte Access Economics, Tourism Research Australia

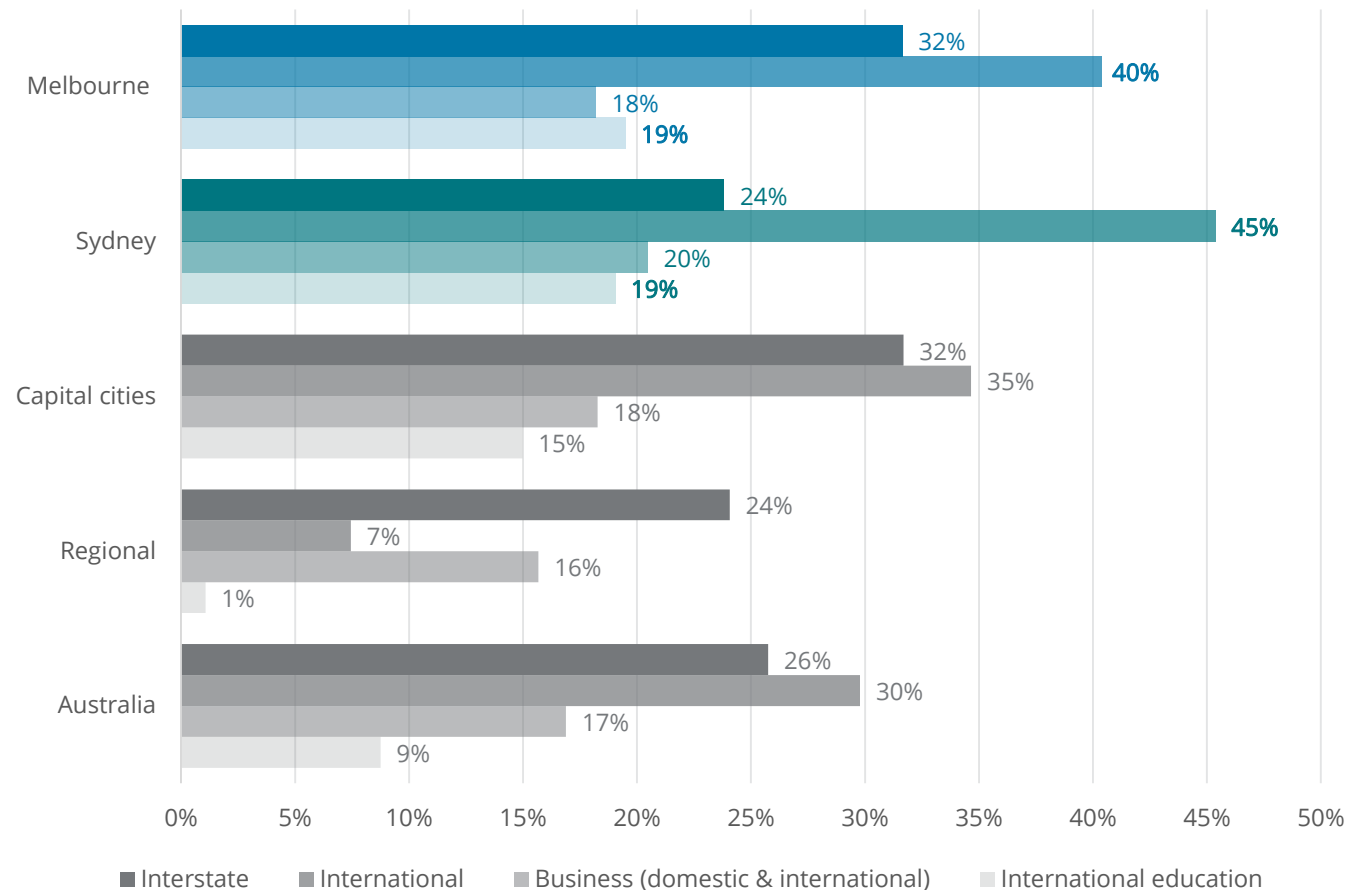
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- Melbourne and Sydney face an even greater challenge (than other major cities) in redirecting travel spend from state residents with around 70% of tourism revenue from interstate and international visitors, compared to a much smaller share in regions in each state.
- 80% and 70% of tourism spend in regional Victoria and New South Wales respectively is from intrastate visitors.

# The composition of visitors in Melbourne and Sydney

Both Melbourne and Sydney have a greater exposure to segments most impacted by COVID-19, interstate and international markets, business travel and the international student market.

Tourism expenditure mix by visitor segment, 2019



- At least four out of every 10 tourism dollars in Melbourne and Sydney comes from the international market.
- The international education segment is a key contributor, making up almost a fifth of tourism expenditure for both cities – double the exposure across the country.
- The corporate market is equally important for both capital cities.
- The return of these three groups of travellers will be dependent on international borders opening, government efforts to facilitate the return of international students and businesses' need to travel for face to face meeting versus virtual meetings.



# Thank you.

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