

Modest growth in tourism consumption forecast for 2011

The Tourism Forecasting Committee (TFC) today released its first round of forecasts for tourism activity in Australia for 2011. Set against a backdrop of continued economic uncertainty in many developed countries, political unrest in the Middle East, rising oil prices and recent natural disasters at home and abroad, the value of tourism to the Australian economy is forecast to increase 0.4 per cent to \$95 billion in 2011 and a further 2 per cent to \$97 billion in 2012.

The TFC notes that domestic visitor nights are forecast to fall by 0.3 per cent to 259 million in 2011 which is a downward revision from the growth of 0.6 per cent previously forecast in November 2010. The Chair of the TFC, Mr Bernard Salt, adds "the weaker short term outlook can be linked to the effects of recent floods and cyclones on travel, coupled with the sustained strength of the Australian dollar and restrained consumer spending".

Combined, these factors are expected by the TFC to have most impact on domestic leisure travel. Mr Salt said that "nights spent away for holiday and visiting friends and relatives are now forecast to fall marginally in 2011 whereas the near term outlook for business travel remains positive".

Despite the slow pace of recovery in many developed economies, rising oil prices, the strength of the Australian dollar relative to foreign currencies and recent natural disasters in Japan and New Zealand, the TFC expects inbound arrivals to increase 3.1 per cent to 6.1 million in 2011. This represents a downward revision on the 5.6 per cent growth previously forecast.

Reflecting the current stronger economic performance of Asian countries, the TFC expects the growth in inbound travel forecast for 2011 to be underpinned by the Asia region. Mr Salt says "China is forecast to lead the way with arrivals growth revised upward from 22 per cent to 26 per cent in 2011".

Japan is one exception to the mainly strong growth expected from Asia this year. In the wake of the recent earthquake and tsunami, the TFC has downgraded its forecast for Japanese visitor arrivals by 27 per cent (from 401,000 to 293,000).

In contrast to the short term outlook for domestic travel, the TFC considers conditions to remain particularly favourable for outbound travel. Supported by the strong Australian dollar, expanding seat capacity in the Asia Pacific region and the robust Australian economy, Mr Salt said that "forecasts for outbound resident departures have been revised upward to 7.8 million in 2011 (10 per cent growth) and 8.3 million in 2012 (6 per cent growth)".

Mr Salt cautioned that "there remains considerable global economic uncertainty at this time and changes from the assumptions used for economic growth, foreign exchange rates and oil prices pose a risk to the forecast outlook for tourism".

The TFC forecasts will be available at 10.00am 26 May 2011 for download from Tourism Research Australia's website: <http://www.ret.gov.au/tourism/tra>.

Contact: Bernard Salt, Chair, Tourism Forecasting Committee on 0404 875 705