Accommodation Australia
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Industry concerned budget cuts will damage Victorian tourism

Accommodation Australia has expressed concern over cuts made to Victoria's destination marketing budget, saying it will damage the way Victoria is promoted to intrastate, interstate and international visitors.

Accommodation Australia (Victoria) General Manager, Dougal Hollis said Visit Victoria typically receives $32.5m for marketing each year, but that was slashed to $32.5m over four years in yesterday's State Budget.

"These funding cuts are significant and come at a time when inbound international travel into Victoria has plateaued at around 70 per cent of pre-pandemic levels," he said.

"Budget reductions on this scale, with just $15.5m available over the next three financial years, will significantly restrict the brand campaigns Visit Victoria is able to activate with airline and accommodation partners, as we enter the slower off-peak winter season of trade," he said.

Accommodation Australia National Chair, David Mansfield said these cuts send the wrong message to hotel investors.

"Victoria has had the strongest new hotel development pipeline of any state/territory over the past five years, but investor confidence comes from a strong and continually growing level of in-bound tourism demand," said Mansfield.

"Investors have required returns, stemming from expectations increased demand across the city will help fill this new hotel room supply."

"Key Melbourne hotel metrics (Average Daily Rate and Revenue Per Available Room) still lag significantly behind Sydney and if we don't adequately promote Victoria it will only get worse.

In a further blow to the city's visitor economy, the Victorian Government has acknowledged that Melbourne's long anticipated Melbourne Airport Rail Link project is "now at least four years delayed."

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