

POLICY & ADVOCACY UPDATE

Issue #39, 20 February 2025

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Pre-election activity heats up

Particularly after the RBA announced a rate cut this week, predictions have firmed on an early federal election on either the 5th or the 12th of April. In this intensely political period, AA has been active in the media and with its direct advocacy to Government and Opposition on issues important to our industry. Our [Pre-Budget Submission](#) provides the platform to push out into the public domain the key issues that impact our industry. In a [media release](#) this week, AA CEO James Goodwin said Accommodation Australia has outlined 24 recommendations across six broad categories, including skills, migration, tourism, short term rental reforms, energy, and tax and small business support measures. He added that "our sector is predicted to grow by 59,400 jobs in the next five years and we can barely keep up with staffing as it is, and that we need changes to skilled visas and rules around Working Holiday Makers, but more importantly we need help getting young Australians into the industry." In addition, he advocated that we need to increase employer incentives for food trade apprentices and to re-introduce hospitality traineeship incentives. This broader message was picked up by a number of industry media outlets including in [Accommodation News](#).

One specific issue raised in the pre-budget submission on the need for greater regulation of Short-Term Rental Accommodation was a feature of a story in the [Australian Financial Review](#) where James is quoted as saying "Our concern is the unregulated and increasing rise in people buying properties as investments to list as a short-term rental has worsened the housing affordability and housing accessibility crisis." This story was followed up by interviews including on radio 2 GB. There is sure to be further attention on this and other key issues in the coming weeks.



AA National Board meets in Sydney this week

The AA national board met at its new premises within the AHA NSW offices in Sydney yesterday, with policy issues and the forthcoming election a key discussion focus of the agenda. The Board benefited from the expertise of AA adviser and former federal Minister Martin Ferguson AM, as well as AHA CEO Stephen Ferguson and the AA team. The Board also discussed the progress of the careers, jobs and training platform, [eeger](#), the importance of generating greater international tourism demand, and the forthcoming AA board elections and membership.

AA Victorian members updated on latest issues

On the 11th of this month, a well-attended meeting of AA members in Melbourne heard an update from AA CEO James Goodwin (pictured right) on advocacy progress on national issues as well as the association generally. The meeting also received a useful briefing from Adam Donaldson, Head of Macro Sales in the Global Markets at the Commonwealth Bank, on the stalled state of the economy and likely direction in household expenditure which now may rise as a result of the interest rate drop. That said, as Adam said on the day, the possible impact on travel could be an increase in outbound rather than on domestic tourism. Jacq Choo from STR provided a hotel market update including the note that supply growth in Melbourne has been higher than the other four largest Australian capital cities, and has outstripped demand resulting in a slower increase in occupancy rates.



Airline update from the ACCC

The Australian Competition and Consumer Commission (ACCC) provided two updates this week on airline activity which are of interest to members. Firstly, after initially granting permission to sell tickets on an interim basis, the ACCC is proposing to grant authorisation to Virgin Australia and Qatar Airways, which will allow them to engage in cooperative conduct under an integrated alliance for five years. Virgin Australia and Qatar Airways will commence 28 new weekly return services between Doha and Perth, Brisbane, Sydney and Melbourne. Under the proposed arrangements, Virgin Australia would use Qatar Airways' aircraft and crew to operate the new services. This is known in the aviation industry as 'wet lease' arrangements. The ACCC considers that the proposed cooperative conduct is likely to result in public benefit. The Commission noted that a number of interested parties raised concerns with the ACCC that the proposed cooperative conduct would circumvent Australian workforce laws and regulations, and that the lack of time limits on the use of Qatar-based crew will have negative implications for the Australian aviation workforce. However, the ACCC said that as Virgin Australia is unlikely to commence operating long-haul international services between Australia and the Middle East on a stand-alone basis in the next five years, they did not consider that there was likely to be a material impact on the Australian aviation workforce. The AA CEO James Goodwin commented on the announcement in the *Australian Financial Review* on February 18th saying, "This is good news for Australian tourism. Additional airline access should lead to cheaper airfares, bringing in more travellers and meaning more Australian jobs in the accommodation and hospitality sectors." The next hurdle for the Qatar/Virgin arrangement will be approved by the Foreign Investment Review Board and the Treasurer of a 25% equity stake Qatar seeks to make in Virgin.



Photo credit: Virgin Airlines



Photo credit: Qatar Airways

Secondly, the ACCC's latest [Domestic Airline Competition report](#) has found that Virgin Australia and Jetstar reported strong passenger demand growth throughout most of 2024, which continued into the Christmas period. Compared to December 2023, the number of domestic passengers flown by Virgin Australia in December 2024 increased by 15.8 per cent, while Jetstar's passengers grew by 11.2 per cent. The number of passengers flown by Qantas increased by 3.2 per cent over the same period. This growth outstripped seat supply, leading to fuller flights. In November 2024, flights on services between metropolitan cities were 90.4% full which was the highest rate since at least January 2019 when ACCC commenced collecting data. The industry cancellation rate improved in December 2024, when 1.8% of flights were cancelled, which is an improvement on the long-term average of 2.2%. It has been reported in the media that Qantas and Jetstar's market share rose to 64% in the December quarter, while Virgin Australia's market share grew to 35%, with passenger numbers rising by 3% across the domestic market.

In related aviation news, Qantas and Virgin Australia's joint control over Sydney Airport's landing slots has ended, with Airport Coordination Limited winning the government-led tender to manage the allocation of slots.

Regional share of international holiday visitor nights falling

Last week I took a deeper dive into the International Visitor Survey (IVS) accommodation data we receive from Tourism Research Australia. As can be seen in the table below, the share of international holiday visitor nights spent in the regions has declined in the last ten years from 31.3% in 2014 to 29% in 2024. The hotel share of international regional holiday visitor nights has increased in the last ten years from 18.6% to 21.3%. This increase has not matched the more significant rise in the use by international holidaymakers of regional rented houses/units (Air BNB etc), where the share has risen from 22.6% ten years ago to 33.3% in 2024. There has been a decline of 11.5% in the total number of international holiday visitor nights between the year to September 2019 and the corresponding period in 2024. This compares with only a 4% decline in total visitor nights, reflecting that international holiday tourists have not returned to the same extent as other visitors. The overall international holiday visitor nights across Australia at 75.6 million is the lowest figure since 70.6 million in 2015. In 2019 the equivalent figure was 85.4 million. AA has looked at regional dispersal at a state level, for NSW, Victoria, Queensland, SA and WA (noting that for the other states and territories the data is not sufficient for reliable analysis. This state data can be found [here](#).

International holiday visitor nights dispersal - Year to September Source TRA IVS						
	Regional (outside Capital Cities and Gold Coast)					
	2014	%	2019	%	2024	%
Hotel/resort/motel or motor Inn	4,030,042	18.6	4,993,671	18.6	4,664,190	21.3
Guest house or Bed & Breakfast	325,527	1.5	274,127	1.0	174,363	0.8
Rented house/apartment/flat or unit	4,910,540	22.6	8,082,713	30.1	7,279,684	33.3
Caravan park or commercial camping ground	2,295,417	10.6	2,491,435	9.3	1,452,170	6.6
Backpacker or hostel	4,311,741	19.9	4,018,364	15.0	3,080,772	14.1
Other commercial accommodation	172,691	0.8	392,497	1.5	1,051,590	4.8
Total Commercial	16,045,959	73.9	20,252,808	75.5	17,702,769	80.9
Own Property	137,453	0.6	np		np	
Friends or relatives property	1,928,139	8.9	1,581,558	5.9	1,397,321	6.4
Caravan or camping - non commercial	1,177,713	5.4	1,137,797	4.2	717,562	3.3
Other Private Accommodation	2,216,329	10.2	3,580,593	13.3	1,852,846	8.5
Total Private	5,459,634	25.1	6,460,264	24.1	4,050,967	18.5
Total Regional Visitor Nights	21,716,281		26,839,630		21,878,014	
% regional of total int visitor nights	31.3 %		31.4 %		29.0 %	
Total International Holiday visitor nights	69,359,580		85,384,484		75,563,432	
Holiday nights as % of Total international nights	31.5 %		31.0 %		26.3 %	

Overseas arrivals for December 2024

The latest statistics from the ABS for December 2024 show that there were 945,280 short-term visitor arrivals in Australia, an increase of 7.8% compared to December 2023 but 12.3% below pre-COVID December 2019 arrivals. Both of these comparisons are an improvement on a disappointing November. New Zealand was the largest source country accounting for 14% of all arrivals, followed by the UK and the USA. Of the top 10 source countries, only South Korea, India and Indonesia had more arrivals in December 2024 compared with December 2019. For the year ending December 2024, there were 8.27 million short term visitor arrivals compared with 7.19 million in the previous corresponding period, which is an increase of 15.1% but still down by 12.6% from the 9.5 million arrivals in the year to December 2019. The trend imbalance between international visitors and Australian's travelling overseas continued, with 823,000 Australians returning from a short-term trip in December 2024, up 9.8% on pre-COVID levels in December 2019.

In December 2024 there were 39,930 international student arrivals to Australia, a decrease of 1,740 students compared with the corresponding month of the previous year. The number of student arrivals in December 2024 was 3.2% lower than the pre-COVID levels in December 2019. From this month onwards, this comparison will be more problematic as the pandemic first came to world attention the end of December 2019 with China, our main source of international students, the first affected.

Kind Regards

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