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Tourism businesses remain optimistic despite economic pressures, with wages a key concern

The outlook for Australian tourism businesses remains cautiously positive, despite continued economic pressures – especially rising wage expenses – placing strain on operators. The December 2024 quarterly business sentiment survey from the Australian Tourism Industry Council, supported by the eight state and territory Tourism Industry Councils, reveals that while many businesses are seeing stable or improving conditions, cost pressures are a defining challenge.

More than half of survey respondents (57%) reported stronger or similar bookings for the January – March 2025 quarter compared to the same period last year, and 60% noted stronger or similar forward bookings over the next 12 months. However, increasing wage costs remain the most pressing concern, with 53% of businesses reporting higher wage expenses due to minimum wage and superannuation increases. Many respondents, particularly in South Australia, highlighted that competitive wages and promotions were critical for attracting and retaining quality staff.

In the December 2024 quarter, 46% of businesses reported raising their prices compared to the same time the previous year, with staff costs cited as the main driver. Staffing shortages were also flagged as a significant challenge, though 68% of businesses were able to maintain consistent staffing levels, and 17% even reported an increase.

Overall trading activity varied: 69% of businesses were open and trading as usual, yet 39% experienced weaker activity compared to the same quarter in 2023. These businesses pointed to reduced visitation, economic uncertainty, and rising business costs as key contributors. In contrast, others saw stronger performance thanks to factors like school holidays, high season traffic, improved digital marketing, local events, and product or service adaptations. The Quality Tourism programs can support businesses when developing and improving their digital presence, including through online distribution channels. For more information, [click here](#).

In association with



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Respondents are focused on resilience and adaptability. One New South Wales-based business said they were “expanding revenue streams, pivoting to meet market needs and taking on the feedback from visitors to provide updated services.” A Victorian operator noted that “increased domestic visitation due to cost of living” helped boost their numbers, prompting them to “increase services and new visitor servicing offerings.” At the same time, other Victorian businesses expressed concern over the state’s short stay levy, which they said was already contributing to a decline in forward bookings.

Despite the challenges, 51% of respondents expressed confidence to extreme confidence in their business prospects over the next 12 months. It’s hoped that the February interest rate cut will ease financial pressures on both tourism operators and consumers, leading to stronger visitation and a more robust recovery through 2025.

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