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Tourism Businesses Show Resilience Amid Ongoing Challenges

Despite rising operational costs and economic uncertainty, Australian tourism businesses continue to show resilience and cautious optimism. The March 2025 quarterly business sentiment survey from the Australian Tourism Industry Council, supported by the state and territory Tourism Industry Councils, reveals that while business activity and confidence is improving, cost pressures remain a key challenge.

During the March quarter, 73% of businesses were operating as usual, showcasing their ability to maintain steady performance amid uncertain conditions. Notably, 59% said their activity levels were similar or stronger activity compared to the same quarter in 2024.

Staffing levels remained relatively stable for 66% of respondents. However, 46% reported price increases compared to the March 2024 quarter, with 57% also noting higher wage expenses. As one Victorian operator put it, “profitability has declined even though revenue has increased”. With wage pressures contributing to price increases, it is unsurprising that rising staff costs were raised as the biggest challenge facing businesses. Other major concerns included cashflow and insurance expenses – one South Australian operator reported their insurance costs had “essentially doubled in 12 months”.

Despite all this, tourism businesses are responding to these challenges by improving their digital presence, expanding their offerings, and capitalising on strong forward bookings. The Quality Tourism programs remain an essential support system for businesses, helping them develop and enhance their offerings to innovate and deliver top-tier visitor experiences. To learn more, [click here](#).

Encouragingly, 63% of respondents expect similar or stronger bookings in the coming months. A New South Wales-based respondent expressed their optimism, citing, “higher occupancy, longer stays, higher spend per booking, new skilled staff, more waitlist bookings, and more future bookings”. A Victorian operator also reported “strong forward

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bookings, increased demand for tickets, [and] growth in international markets”.

Looking ahead, 42% of respondents are planning to invest more into their business in the next 12 months, driven by stronger results and improving conditions. A South Australian operator shared that their “future bookings are looking stronger than previous years,” with a Victorian operator highlighting “stronger trading over both Q2 and Q3 of this financial year” alongside “improving economic conditions”.

Overall, 52% of respondents reported feeling confident to extremely confident about their business prospects for the year ahead. One South Australian business said that as the “economy in general appears to be stable” it meant that they were “confident with the next 12 months”. A New South Wales-based operator said that “remaining positive with a plan to support that positivity is crucial” and that international figures increasing meant their business would be “working on capturing that market now and not waiting until the time arrives”.

While the visitor economy faces continues to face economic pressures, Australian tourism businesses are navigating these challenges with resilience and adaptability. Through strategic planning, a focus on quality, and sustained investment in growth, the industry remains well-positioned for long-term sustainability and success.

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