

More needs to be done to increase Sydney visitor levels

Paul Nicolaou



Our tourism sector is working hard to get international visitor numbers back to pre-pandemic levels but it is going to take some time to achieve this ambitious goal.

So, in the meantime, do we need to put another “shrimp on the barbie” in overseas markets to attract more visitors? At a time when international travellers are staying closer to home and when we still need to get more planes back in the air, two unrelated sectors have come roaring back to life.

International students are returning to Sydney in big numbers and the cruise industry rode the crest of a wave in its recent summer season that was close to 2019 levels.

Of course, we need to keep the foot on the accelerator to get more visitors coming our way because tourists are the lifeblood of many small businesses, particularly in the hospitality sector.

Business Sydney recently hosted a tourism forum where Philippa Harrison, head of Tourism Australia, and Steve Cox, head of Destination NSW, outlined plans to woo international visitors. And, as they emphasised, Sydney is crucial because the bulk of visitors arrive via our city, the gateway to Australia.

The tourism bodies are looking to India and the return of visitors from China as the drivers for renewed

inbound tourism growth. Australian Bureau of Statistics numbers illustrate the size of the challenge.

In February this year, 247,020 short-term overseas visitors arrived in NSW, a little more than the 238,430 back in February 2013. And also well short of the 357,420 in the halcyon days of February 2019, just before the pandemic hit.

We share the confidence of tourism industry leaders that these numbers will improve going into 2024.

However, the rapid return of international students to Sydney has been a welcome boost. This group is actually more lucrative to the local economy than short-term visitors.

According to 2019 Tourism Research Australia figures, each “education visitor” accounted for \$19,000 in spending annually compared with \$1600 for other

visitors. Consideration of the net value of international students is important at a time when Sydney is in the middle of a rental crisis with low housing stock and rising rents.

Unlike short term visitors staying in Sydney for around two and a half days, students are here for extended periods. They live, work, spend and play within the conditions of their visas – a virtuous circle for our economy. During their time with us, their families are also likely to visit, adding to the visitor numbers. In some cases, families buy home units to provide accommodation for their children during their studies.

And with an acute labour shortage, they take on jobs in key areas of the economy such as the hospitality sector. When they were not here during the pandemic, our businesses and employers missed their

contribution. At a time of rising rents and low housing affordability, some might see the presence of international students as a negative because it adds to rental demand.

It would be wrong to view international students so narrowly.

Yes, their need for housing can add to demand but they are equally impacted by the rent crisis as it applies in areas surrounding their respective campuses.

Instead of questioning the presence of international students, we should be looking for short-term and long-term solutions to Sydney’s housing shortage. Government and local councils should encourage the build-for-rent sector. If that happens, we could even consider an increase in international student numbers. **Paul Nicolaou is executive director of Business Sydney.**